



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A GAS SYSTEM MODERNIZATION PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM ("GSMP II")	)	ORDER GRANTING MOTION FOR ADMISSION PRO HAC VICE
	)	
	)	
	)	DOCKET NO. GR17070776

**Parties of Record:**

**Danielle Lopez, Esq.**, Public Service Electric and Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel  
**Steven Goldenberg, Esq.**, Fox Rothschild, LLP, for New Jersey Large Energy Users Coalition  
**Christopher D. Miller, Esq.**, Maraziti Falcon, LLP, for Environmental Defense Fund

BY COMMISSIONER JOSEPH L. FIORDALISO:

**BACKGROUND:**

Gas System Modernization Program I Petition

On February 27, 2015, Public Service Electric and Gas ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") that requested approval to implement and administer a Gas System Modernization Program ("GSMP I") and to implement an associated cost recovery mechanism. GSMP I sought to invest in the replacement of cast iron mains, replace unprotected steel mains and services, abandon district regulators associated with cast iron and unprotected steel plant and relocate inside meter sets.

Following the review of discovery, testimony and transcripts, on November 2, 2015, PSE&G, Rate Counsel, and numerous interveners executed a stipulation of settlement ("Stipulation") resolving all of the issues in the GSMP I proceeding, which was approved by the Board by Order dated November 16, 2015.

Gas System Modernization Program II Petition

On July 27, 2017, the Company filed a petition for Board approval of a continuation of the GSMP I and associated cost recovery mechanism ("GSMP II" or "Program"). PSE&G

anticipates that GSMP II will be conducted over a five (5) year period from 2019 through 2023. The Company states that the GSMP II: (1) is comprised of gas utility projects designed to replace cast iron mains and unprotected steel<sup>1</sup> mains and services; (2) addresses the abandonment of district regulators associated with this cast iron and unprotected steel plant; (3) will rehabilitate large diameter elevated pressure cast iron; (4) includes upgrades to utilization pressure portions of the system to elevated pressure; (5) replaces limited amounts of protected steel and plastic mains; and (6) provides for the relocation of inside meter sets.

According to the petition, the GSMP II, as proposed, would result in the replacement of approximately 250 miles of main per year, with an estimated investment of approximately \$2.68 billion over the course of the five (5) years, or approximately \$536 million per year.<sup>2</sup> At this time, the Company anticipates these expenditures will result in the replacement of approximately 870 miles of unprotected cast iron main, 130 miles of elevated pressure cast iron main, 200 miles of unprotected/bare steel main, fifty (50) miles of unprotected cathodically protected steel and plastic main, and reinforcement of approximately 4,000 elevated pressure cast iron bell joints. The Company claims that this main replacement will result in approximately 266 abandoned district regulators, replacement of approximately 99,200 unprotected steel services, and the relocation of approximately 70,900 inside meter sets to the outside of buildings. Where appropriate, services will have excess flow valves installed for improved safety.

PSE&G is proposing a cost recovery mechanism for GSMP II that is consistent with the recently proposed Board Infrastructure Investment and Recovery regulations<sup>3</sup> and the GSMP I. The proposed capital expenditure forecast, the first base rate roll-in filing will not occur until December 31, 2019, for rates effective June 1, 2020. The Company also seeks a return on the approved investments using an after-tax weighted average cost of capital of 6.1735% based on a return on equity of 9.75% and a cost of debt of 4.1439%.

By Order dated September 22, 2017 ("September 22, 2017 Order"), the Board determined that the GSMP II petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, designated the undersigned as the presiding officer authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. The September 22, 2017 Order further directed that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 13, 2017.

On November 9, 2017, I issued an Order on Motions to Intervene or Participate and for Admission Pro Hac Vice, along with a Prehearing Order and Procedural Schedule ("November 9, 2017 Order"). The November 9, 2017 Order granted intervention status to New Jersey Large Energy Users Coalition ("NJLEUC") and the Environmental Defense Fund ("EDF"), and granted intervention status to AARP, Inc., Creamer-Sanzari Joint Venture, Ferreira Construction Company, Inc., Local Union 94 of the International Brotherhood of Electrical Workers and Local 855 of the United Association of Journeymen and Apprentices of Plumbing and Pipefitting Industry, Engineers Labor-Employer Cooperative, New Jersey Laborers Employers Cooperation

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<sup>1</sup> For purposes of this petition, "unprotected steel" is steel that is not cathodically protected and includes both bare steel and coated steel.

<sup>2</sup> The Company represents that work required to complete the GSMP II will continue into the first six (6) months of a sixth (6) year of the Program, i.e., through June 30, 2024. The \$2.68 billion cost of this Program includes this work.

<sup>3</sup> Proposed New Subchapter: N.J.A.C. 14:3-2A, BPU Docket Number: AX17050469, Order dated June 30, 2017.

and Education Trust. The November 9, 2017 Order also granted a motion for admission pro hac vice of Mr. Forshay that was filed by NJLEUC.

Christopher D. Miller, Esq, on behalf of EDF, filed a motion, pursuant to N.J.A.C. 1:1-5.2 and R. 1:21-2 for the admission pro hac vice of Holly Pearen, Esq. The motion included a sworn affidavit by Ms. Pearen. The Certificate of Service accompanying the motion indicates that it was served on the Board on November 2, 2017, however Board Staff and Rate Counsel did not become aware of the motion until after the issuance of the November 9, 2017 Order.

Mr. Miller states that Ms. Pearen is a member in good standing admitted to the bar of the State of Colorado and has significant experience representing the interests of EDF and EDF's membership. By her affidavit, Ms. Pearen represents that she is associated with Mr. Miller as New Jersey counsel of record, EDF has requested her representation in this matter and that she has experience representing EDF and its members in various proceedings before state public utility commissions and federal agency adjudicatory boards. Ms. Pearen represents that she will pay the fees required by R. 1:20-1(b) and 1:28-2, and she agrees to abide by the other requirements for admission pro hac vice.

By correspondence dated November 15, 2017, the New Jersey Division of Rate Counsel filed a response to EDF's motion indicating that it had no objection. The Company also indicated that it had no objection to the motion by email dated November 15, 2017.

#### **DISCUSSION AND FINDINGS:**

I have reviewed EDF's motion and the supporting affidavit of Ms. Pearen. I am persuaded that Ms. Pearen has experience representing EDF and its members in these types of proceedings and has an attorney-client relationship with EDF. Having received no objections to the motion after due notice to the parties, I **FIND** that Ms. Pearen has satisfied the conditions for admission pro hac vice, and therefore, Ms. Pearen **IS HEREBY ADMITTED** to practice before the Board pro hac vice in this matter provided that she shall:

- (1) Abide by the Board's rules and all applicable New Jersey court rules, including all disciplinary rules;
- (2) Consent to the appointment of the Clerk of the Supreme Court as agent upon whom service of process may be made for all actions against each of them that may arise out of her participation in this matter;
- (3) Notify the Board immediately of any matter affecting her standing at the bar of any other jurisdiction;
- (4) Have all pleadings, briefs and other papers filed with the Board signed by an attorney of record authorized to practice in this State, who shall be held responsible for them and for the conduct of this case and the admitted attorney therein; and
- (5) Provide to the Board proof of payment to the New Jersey Lawyers' Fund for Client Protection of the fees required by R. 1:20-1(b) and 1:28-2.

In addition, to the extent that the November 9, 2017 Order was unclear, I **HEREBY FIND**, pursuant to N.J.A.C. 1:1-16.6(b), the members of EDF living in PSE&G's service territory will be directly affected by the outcome of the GSMP II proceeding, and that EDF has expertise in the detection and remediation of gas leaks that should contribute to the development of a full and complete record for review by the Board in its evaluation of the GSMP II. Therefore, I **HEREBY FIND** that EDF has met the standards for intervention in the GSMP II proceeding, as it has an interest in this proceeding that is not represented by another party. Accordingly, I **HEREBY GRANT** EDF's motion for intervention on the basis of its representation that it will adhere to the scope of the issues to be addressed in this proceeding.

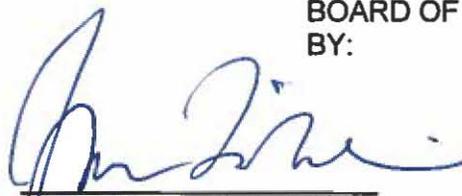
The parties are directed to work cooperatively with each other to the fullest extent possible in the interests of reaching a just determination in this proceeding.

I **HEREBY DIRECT** that this Order be posted on the Board's website.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: 11/30/17

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
COMMISSIONER

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OF A GAS SYSTEM MODERNIZATION PROGRAM  
AND ASSOCIATED COST RECOVERY MECHANISM ("GSMP II")  
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