



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF PUBLIC UTILITIES**

A Regular Board meeting of the Board of Public Utilities was held on September 22, 2017, at the State House Annex, Committee Room 11, 125 West State Street, Trenton, New Jersey 08625.

Public notice was given pursuant to N.J.S.A. 10:4-18 by posting notice of the meeting at the Board's Trenton Office, on the Board's website, filing notice of the meeting with the New Jersey Department of State and the following newspapers circulated in the State of New Jersey:

Asbury Park Press  
Atlantic City Press  
Burlington County Times  
Courier Post (Camden)  
Home News Tribune (New Brunswick)  
North Jersey Herald and News (Passaic)  
The Record (Hackensack)  
The Star Ledger (Newark)  
The Trenton Times

The following members of the Board of Public Utilities were present:

Richard S. Mroz, President  
Joseph L. Fiordaliso, Commissioner  
Mary-Anna Holden, Commissioner  
Dianne Solomon, Commissioner  
Upendra J. Chivukula, Commissioner

President Mroz presided at the meeting and Irene Kim Asbury, Secretary of the Board, carried out the duties of the Secretary.

It was announced that the next regular Board Meeting would be held on October 20, 2017 at the State House Annex, Committee Room 11, 125 West State Street, Trenton, New Jersey 08625.

## CONSENT AGENDA

### I. AUDITS

#### A. Energy Agent, Private Aggregator and/or Energy Consultant Initial Registrations

EE17080820L	Tri State Energy Consultants, Inc.	I – EA
EE16121166L	Gotham Energy 360, LLC	I – EA/PA/EC
GE16121167L	d/b/a Gotham 360	
EE17080901L	Big Bang Energy Group	I – EA/PA/EC
GE17080902L		
EE16100927L	EnerConnex, LLC	I – EA/PA/EC
GE16100928L		

#### Energy Agent, Private Aggregator and/or Energy Consultants Renewal Registrations

EE17020110L	NJ Green Energy Consulting, LLC	R – EA/PA
GE17020111L	d/b/a NJGEC	
EE17080832L	Muirfield Energy, Inc.	R – EA/PA/EC
GE17080833L		

#### Electric Power Supplier Initial License

EE17080923L	Park Power, LLC d/b/a Park Power	I – ESL
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#### Electric Power and/or Natural Gas Supplier Renewal Licenses

EE15040408L	Inspire Energy Holdings, LLC	R – ESL
EE17050557L	Town Square Energy East, LLC	R – ESL
EE17090944L	Josco Energy USA, LLC	R – EGSL
GE17090943L	d/b/a Josco Energy Corp.	
EE15080889L	SFE Energy NJ, Inc.	R – EGSL
GE15080888L	d/b/a SFE NJ or SFE	

**BACKGROUND:** The Board must register all energy agents and consultants, and the Board must license all third party electric power suppliers and gas suppliers. An electric power supplier, gas supplier, or clean power marketer license shall be valid for one year from the date of issue, except where a licensee has submitted a complete renewal application at least 30 days before the expiration of the existing license, in which case the existing license shall not expire until a decision has been reached upon the renewal application. An energy agent, private aggregator or energy consultant registration shall be valid for one year from the date of issue. Annually thereafter, licensed electric power suppliers, gas suppliers, and clean power marketers, as well as energy agents, private aggregators and energy consultants, are required to renew timely their licenses in order to continue to do business in New Jersey.

Staff recommended that the following applicants be issued initial registrations as an energy agent private aggregator and/or energy consultant for one year:

- Tri State Energy Consultants Inc.
- Gotham Energy 360 LLC d/b/a Gotham 360
- Big Bang Energy Group
- EnerConnex, LLC

Staff also recommended that the following applicants be issued a renewal registration as an energy agent, private aggregator and/or energy consultant for one year:

- NJ Green Energy Consulting LLC d/b/a NJGEC
- Muirfield Energy, Inc.

Staff further recommended that the following applicant be issued an initial license as an electric power supplier for one year:

- Park Power, LLC d/b/a Park Power

Finally, Staff recommended that the following applicants be issued a renewal license as an electric power and/or natural gas supplier for one year:

- Inspire Energy Holdings, LLC
- Town Square Energy East, LLC
- Josco Energy USA, LLC d/b/a Josco Energy Corp
- SFE Energy NJ, Inc. d/b/a SFE NJ or SFE

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

## II. ENERGY

**A-1. Docket Nos. BPU EO15030383 and OAL PUC 08235-15 – In the Matter of the Petition of Jersey Central Power & Light Company Pursuant to N.J.S.A. 40:55D-19 for a Determination that the Montville-Whippany 230 kV Transmission Project is Reasonably Necessary for the Service, Convenience or Welfare of the Public – Request for Extension.**

**BACKGROUND:** The Initial Decision of the Administrative Law Judge was received by the Board on August 10, 2017; therefore, the 45-day statutory period for review and the issuing of a Final Decision will expire on September 25, 2017. Prior to that date, the Board requested an additional 45-day extension of time for issuing the Final Decision in order to adequately review the record in this matter.

Good cause having been shown, pursuant to N.J.S.A. 52:14B-10(c) and N.J.A.C. 1:1-18.8, Staff recommended that the time limit for the Board to render a Final Decision be extended until November 9, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**A-2. Docket Nos. BPU EO15030383 and OAL PUC 08235-15 – In the Matter of the Petition of Jersey Central Power & Light Company Pursuant to N.J.S.A. 40:55D-19 for a Determination that the Montville-Whippany 230 kV Transmission Project is Reasonably Necessary for the Service, Convenience or Welfare of the Public – Request for Extension for Filing Exceptions to Initial Decision.**

**BACKGROUND:** On or about March 27, 2015, Jersey Central Power & Light Company (JCP&L or Company) filed a petition with the Board seeking a determination that the Montville-Whippany 230 kV Transmission project (Project) is reasonably necessary for the service, convenience or welfare of the public, and therefore the Company is entitled

to relief from complying with the zoning, site plan review and other municipal land use ordinances or rules passed by municipalities along the proposed Project route under authority of Title 40, the Municipal Land Use Law (MLUL). The matter was transmitted to the Office of Administrative Law (OAL) for hearing as a contested matter, and subsequently assigned to the Honorable Leland McGee, Administrative Law Judge (ALJ McGee).

On May 1, 2015, the Township of Montville (Montville), a municipality located within JCP&L's service territory along the proposed route of the Project, moved to intervene as a party in the proceeding. ALJ McGee granted Montville's motion to intervene on June 17, 2015. The Montville Board of Education (Montville BOE) filed a motion to intervene on August 19, 2015, which was granted on September 8, 2015.

After prehearing conferences, JCP&L filed a Motion to Establish a Procedural Schedule on August 21, 2015. ALJ McGee issued a Prehearing Order which contained the Procedural Schedule on September 8, 2015.

A public hearing was held on December 8, 2015. Evidentiary hearings were held on May 23, 24, 25, and 26, 2016. Post hearing briefs were filed by all parties in June 2016, and ALJ McGee closed the record on June 27, 2016.

On July 26, 2017 the Board issued an Order granting the OAL multiple, as within time, extensions to issue an initial decision on or before August 9, 2017.

On August 10, 2017, ALJ McGee issued an Initial Decision which was received by the Board on August 10, 2017 stating that exceptions to the Initial Decision must be filed within thirteen days of the date the decision was mailed to the parties.

On August 17, 2017, Montville BOE filed a request for a ten day extension of time to file exceptions to the initial decision, or on or before September 5, 2017. Counsel for all parties consented to the request, which was granted by the Board on August 23, 2017.

On August 24, 2017, Wildlife Preserves, Inc. (Wildlife Preserves) filed a letter indicating that due to a service error, it did not receive the initial decision until August 18, 2017. Wildlife Preserves requested an extension of time to file exceptions to the Initial Decision, or on or before September 15, 2017, stating that the attorney would be on vacation at the end of August. Counsel for all parties and Staff consented to the request.

Staff recommended that the Board grant Wildlife Preserves' requested for an extension of time, to September 15, 2017, to file exceptions to the Initial Decision.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**B-1. Docket No. GE16121155 – In the Matter of the Petition of South Jersey Gas Company for Approval of a Municipal Consent in the Borough of Magnolia, Camden County, New Jersey.**

**BACKGROUND:** On December 14, 2016, South Jersey Gas Company (SJG or Company) filed a petition with the Board requesting approval of the consent adopted by the Borough of Magnolia (Borough). As required by law and after notice, a hearing in

this matter was held on July 28, 2017. Appearances were made on behalf of the Company, the New Jersey Division of Rate Counsel (Rate Counsel) and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

The Rate Counsel, in its written comments to the petition dated August 18, 2017, indicated that it did not object to the Company's petition since the Company represented that it has the capacity necessary to continue to provide natural gas service to the Borough, and since the term of the municipal consent related to the use of streets is limited to the statutory maximum term of fifty years. However, Rate Counsel requested that approval of the petition include certain restrictions which are incorporated in this Order.

Following its receipt of Rate Counsel's comments, SJG filed correspondence with the Board on August 29, 2017 indicating that it had no additional comments.

Staff recommended that the Board approve consent granted to SJG by the Borough to continue to provide gas service, and for the continued use of its public streets for that purpose for a period of fifty (50) year duration of the municipal consent to use the streets is consistent with N.J.S.A. 48:3-15.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**B-2. Docket No. GE16121147 – In the Matter of the Petition of South Jersey Gas Company for Approval of a Municipal Consent in the Township of Pilesgrove, Salem County, New Jersey.**

**BACKGROUND:** On December 5, 2016, South Jersey Gas Company (SJG or Company), filed a petition with the Board requesting approval of the consent adopted by the Township of Pilesgrove (Township). As required by law and after notice, a hearing in this matter was held on July 28, 2017. Appearances were made on behalf of the Company, the New Jersey Division of Rate Counsel (Rate Counsel) and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

Rate Counsel, in its written comments to the petition dated August 18, 2017, indicated that it did not object to the Company's petition since the Company represented that it has the capacity necessary to continue to provide natural gas service to the Borough, and since the term of the municipal consent related to the use of streets is limited to twenty-five years, which is less than the statutory maximum term of fifty years. However, Rate Counsel requested that approval of the petition include certain restrictions which are incorporated in this Order.

Following its receipt of Rate Counsel's comments, SJG filed correspondence with the Board on August 29, 2017 indicating that it had no additional comments.

Staff recommended that the Board approve the consent granted to SJG by the Township to continue to provide gas service, and for the continued use of its public streets for that purpose for a period of twenty-five (25) year duration of the municipal consent to use the streets is consistent with N.J.S.A. 48:3-15.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**B-3. Docket No. GE17030230 – In the Matter of the Petition of South Jersey Gas Company for Approval of a Municipal Consent in the Township of Tabernacle, Burlington County, New Jersey.**

**BACKGROUND:** On March 9, 2017, South Jersey Gas Company (SJG or Company) filed a petition with the Board requesting approval of the consent adopted by the Township of Tabernacle (Township). Appearances were made on behalf of the Company, the New Jersey Division of Rate Counsel (Rate Counsel) and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

Rate Counsel, in its written comments to the petition dated August 18, 2017, indicated that it did not object to the Company's petition, and noted that the term of the municipal consent related to the use of streets is limited to ten years. However, Rate Counsel requested that approval of the petition include certain restrictions.

Following its receipt of Rate Counsel's comments, SJG filed correspondence with the Board on August 29, 2017 indicating that it had no additional comments.

Staff recommended that the Board approve the consent granted to SJG by the Township to continue to provide gas service, and for the continued use of its public streets for that purpose for a period of and that the ten (10) year duration of the municipal consent to use the streets is consistent with N.J.S.A. 48:3-15.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**B-4. Docket No. GE17030271 – In the Matter of the Petition of South Jersey Gas Company for Approval of a Municipal Consent in Woolwich Township, Gloucester County, New Jersey.**

**BACKGROUND:** On March 17, 2017, South Jersey Gas Company (SJG or Company), filed a petition with the Board requesting approval of the consent adopted by the Woolwich Township (Township). As required by law and after notice, a hearing in this matter was held on July 28, 2017. Appearances were made on behalf of the Company, the New Jersey Division of Rate Counsel (Rate Counsel) and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

Rate Counsel, in its written comments to the petition dated August 18, 2017, indicated that it did not object to the Company's petition since the Company represented that it has the capacity necessary to continue to provide natural gas service to the Township, and since the term of the municipal consent related to the use of streets is limited to the statutory maximum term of fifty years. However, Rate Counsel requests that approval of the petition include certain restrictions which are incorporated in this Order.

Following its receipt of Rate Counsel's comments, SJG filed correspondence with the Board on August 29, 2017 indicating that it had no additional comments.

Staff recommended that the Board approve the consent granted to SJG by the Township to continue to provide gas service, and for the continued use of its public streets for that purpose for a period of fifty (50) year duration of the municipal consent to use the streets

is consistent with N.J.S.A. 48:3-15.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**C. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. ER17-2267: PJM Interconnection, LLC Re: Amendment to Service Agreement No. 3579.**

**BACKGROUND:** Staff, on behalf of the Board, intervened in this case. Intervention is necessary to create party status before Federal Energy Regulatory Commission (FERC), which enables the party to participate fully. In this matter, Staff filed a protest on behalf of the Board, which is also pending ratification. The Board is an “interested state commission” under the FERC rules, and therefore is granted intervention.

Staff recommended that the Board ratify the intervention.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**III. CABLE TELEVISION**

**A. Docket No. CE17040432 – In the Matter of the Application of Cablevision of Rockland/Ramapo, LLC for the Renewal of Its System-wide Cable Television Franchise.**

**BACKGROUND:** On December 16, 2010, the Board issued an order memorializing the conversion by Cablevision of Rockland/Ramapo, LLC of its municipal consent-based franchise in the Borough of Montvale to a System-wide Cable Television Franchise in Docket No. CE10090684, for a term of seven years to expire on September 17, 2017. The Borough of Montvale is the only municipality in Cablevision of Rockland/Ramapo, LLC’s System-wide Cable Television Franchise.

Prior to Cablevision of Rockland/Ramapo, LLC’s System-wide Cable Television Franchise application filing, staff of the Office of Cable Television & Telecommunications (OCTV&T) reviewed Cablevision of Rockland/Ramapo, LLC’s performance under its system-wide franchise.

- On October 7, 2014, the OCTV&T notified Cablevision of Rockland/Ramapo, LLC of its intention to review its performance under its system-wide franchise pursuant to Federal and state guidelines.
- On September 13, 2016, the OCTV&T invited Cablevision of Rockland/Ramapo, LLC to file comments on its performance under its System-wide Cable Television Franchise and to assess how it will meet the future needs of the communities listed in its franchise application.
- Cablevision of Rockland/Ramapo, LLC filed its Initial comments with the OCTV&T on December 21, 2016.
- On January 25, 2017, the Board issued a report on Cablevision of Rockland/Ramapo, LLC’s performance under its System-wide Cable Television Franchise and the future system-wide cable television franchise needs of the State and the Borough of Montvale.

The New Jersey Division of Rate Counsel (Rate Counsel) provided comments for the record outlining the responsibilities of Cablevision of Rockland/Ramapo, LLC under its Renewal System-wide Cable Television Franchise. Written comments were accepted from July 20, 2017 through August 21, 2017. Rate Counsel filed written comments on July 28, 2017. No other comments were received.

On May 26, 2016, in Docket No. CM15111255, the Board approved the merger of Altice, USA and Cablevision Systems Corporation, the parent of Cablevision of Rockland/Ramapo, LLC. Altice is obligated to abide by all commitments under Cablevision of Rockland/Ramapo, LLC's franchise agreements.

After review, the Office of cable Television & Telecommunications recommended that the Board approve issuance of an order for Renewal System-wide Cable Television Franchise to Cablevision of Rockland/Ramapo, LLC for a term of seven years, which will expire on September 17, 2024.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**B. Docket No. CE17030275 – In the Matter of the Petition of Comcast of Garden State, L.P. for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the Township of Haddon, County of Camden, State of New Jersey.**

**BACKGROUND:** On November 22, 2016, the Township of Haddon (Township) adopted an ordinance granting renewal municipal consent to Comcast of Garden State, LP (Comcast). On January 3, 2017, Comcast formally accepted the terms and conditions of the ordinance. On March 21, 2017, Comcast filed with the Board for a renewal of its Certificate of Approval for the Township.

After review, Staff recommended approval of the proposed Automatic Renewal Certificate of Approval. This Certificate shall expire on April 29, 2031.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**C. Docket No. CE12020171 – In the Matter of the Petition of Comcast of South Jersey, LLC for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the City of Absecon, County of Atlantic, State of New Jersey.**

**BACKGROUND:** On February 27, 2012, Comcast of South Jersey, LLC (Comcast) filed a petition for an Automatic Renewal Certificate of Approval for the City of Absecon (City) based on the automatic renewal provision, for a term to expire on January 23, 2022. The petition is based on the City's ordinance granting renewal municipal consent which was adopted on October 16, 1997. The City's ordinance granted a term of 15 years with an automatic renewal term of ten years.

After review, Staff recommended approval of the proposed Automatic Renewal Certificate of Approval. This Certificate shall expire January 23, 2022.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.



#### IV. TELECOMMUNICATIONS

##### **A. Docket No. TM17080926 – In the Matter of the Verified Joint Petition of GTT Americas, LLC and Transbeam, Inc. for Approval to Transfer Control of Transbeam, Inc. to GTT Americas, LLC.**

**BACKGROUND:** On August 23, 2017, GTT Americas, LLC (GTTA or Transferee) and Transbeam, Inc. (Transbeam) (together, Petitioners), submitted a Joint Petition to the Board requesting approval to transfer control of Transbeam to Transferee and its direct parent company GTT Communications, Inc. (GTT Parent).

Following the proposed Transaction, Transbeam will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

Staff, having reviewed the Petition and supporting documents, did not find any reason to believe that there will be an adverse impact on rates, competition in New Jersey, the employees of the Petitioners, or on the provision of safe, adequate and proper service to New Jersey consumers. Moreover, a positive benefit may be expected from the strengthening of the Petitioner's competitive posture in the telecommunications market.

Staff shared the concern of the New Jersey Division of Rate Counsel (Rate Counsel) to avoid the potential for diminished service, service quality and customer service capability based on post-transaction employment attrition. Staff also concurred with Rate Counsel that there is a need for the Board to be notified when there is a reduction in staff, and consistent with the Board's findings in similar merger reviews, Staff recommended that those provisions adopted in previous cases are appropriate and should be maintained. Accordingly, no additional pre-reduction reporting requirements will be imposed at this time.

Staff recommended that the Petitioners be allowed to proceed with the transaction, finding that there will be no adverse effect to customers in New Jersey. Staff also recommended that the Petitioners be ordered to notify the Secretary of the Board and the Office of Cable Television and Telecommunications within five days of the closing of the transaction.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

##### **B. Docket No. TM17080873 – In the Matter of the Verified Joint Petition of Network Billing Systems, LLC, Assignee, and BCN Telecom, Inc., Assignor, for Approval for Assignee to Acquire Certain Assets and Mass Migration of Certain Customers of Assignor.**

**BACKGROUND:** On August 18, 2017, Network Billing Systems, LLC d/b/a Fusion d/b/a Solex (NBS), assignee, and BCN Telecom, Inc. (BCN), assignor (collectively, Petitioners) filed a petition with the Board, for approval or such authority as may be necessary to consummate a transaction whereby NBS would acquire a limited subset of BCN subscriber assets, including certain commercial customer accounts through a mutually negotiated Asset Purchase Agreement (Transaction).

Upon consummation of the Transaction, those limited subscriber assets, and certain commercial customers of BCN will become the presubscribed local exchange and

interexchange customers of NBS and continue to receive the same services under the same rates, terms and conditions that they currently receive without any immediate changes.

On August 18, 2017, in supplement to its petition, the Petitioners also filed an Application for Waiver of certain provisions of the Board's Mass Migration rules, N.J.A.C. 14:10-12.1 et seq.

By letter dated August 28, 2017, the New Jersey Division of Rate Counsel (Rate Counsel) filed comments stating that it did not object to relaxation, modification and/or waiver of the mass migration rules under these facts because additional customer notices might lead to customer confusion. The Rate Counsel indicated that Petitioners provided a migration plan and provided affected customers with notice of over thirty days prior to the migration of services from BCN to NSB d/b/a/ Solex, which will continue to provide services under the same terms, rates and conditions as BCN. The Rate Counsel commented that rule waivers have been granted under very limited circumstances on a case by case basis only when customers would not be prejudiced or detrimentally impacted by a notice waiver.

Having reviewed the Petition and supporting documents, Staff did not find any reason to believe that there will be an adverse impact on rates, competition in New Jersey, the employees of the Petitioners, or on the provision of safe adequate and proper service to New Jersey consumers. Moreover, a positive benefit may be expected from the strengthening of the Petitioner's competitive posture in the telecommunications market. Staff recommended that the Petitioners be allowed to proceed with the Transaction finding that there will be no adverse effect to customers in New Jersey.

Staff recommended that the Board grant the waiver requested for the reasons set forth in Petitioners' filings. Staff also recommended the Board authorize the request by Petitioners to finalize the transaction. Staff further recommended the Board order that Petitioners shall notify the Board of the closing on the transaction within ten days of consummation of the transfer.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

**V. WATER**

There were no items in this category.

**VI. RELIABILITY & SECURITY**

There were no items in this category.

**VII. CUSTOMER ASSISTANCE**

There were no items in this category.

**VIII. CLEAN ENERGY**

There were no items in this category.

**IX. MISCELLANEOUS**

There were no items in this category.

**After appropriate motion, the consent agenda was approved.**

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

## AGENDA

### 1. AUDITS

**A. Docket No. EA17030297 – In the Matter of an Audit of the Affiliated Transactions between Atlantic City Electric Company, Pepco Holdings, LLC, Exelon Inc. and Affiliates Including a Review of Operational and Financial Performance of Atlantic City Electric Company Pursuant to N.J.S.A. 48:3-49, 48:3-55, 48:3-56, 48:3-58 and N.J.A.C. 14:4-3.7(e) and (f) and a Comprehensive Management Audit of Atlantic City Electric Company Pursuant to N.J.S.A. 48:2-16.4 and N.J.A.C. 14:3-12.1 et seq.**

**Alice A. Bator, Director, Division of Audits**, presented this matter.

**BACKGROUND AND DISCUSSION:** At its regular agenda meeting of April 21, 2017, the Board initiated an audit and authorized Board Staff to mail a Request for Proposal to seven pre-approved management consulting firms for their bid submission for a two-phase audit of Atlantic City Electric Company (ACE or Company). Phase One will consist of an audit of affiliated transactions of ACE, Exelon Corporation (Exelon) and PEPCO Holdings, LLC and all affiliates and any competitive services of ACE. It will also include a review of ACE's financial and operational performance. Phase Two will consist of a comprehensive management audit.

By June 9, 2017, six bid proposals were received by the Board's Division of Audits. The bids received were from Silver Point Consulting, Sage Management Consultants, Overland Consulting, Schumaker and Company, The Liberty Consulting Group (Liberty) and Saleeby Consulting. The seventh firm, NorthStar Consulting Group (NorthStar), advised Board Staff in writing, that they would not bid on this project. The bids ranged from a low of \$747,420.00 to a high of \$1,254,068.00. The Voting Committee, which was comprised of representatives from Audits, the Division of Energy, the Office of the Economist and Counsel's Office, has reviewed the bid proposals and recommends Liberty.

Staff recommended that the Board approve the Voting Committee's recommendation that Liberty be awarded this consulting engagement. Liberty's not-to-exceed bid is \$1,254,068.00. Staff further recommended that the Board authorize President Mroz to execute a consulting agreement with Liberty consistent with the consulting agreement.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

## 2. ENERGY

### A. Docket No. ER17060676 – In the Matter of the 2017/2018 Annual Compliance Filings for the Universal Service Fund Program Factors Within the Societal Benefits Charge Rate.

Peter Hilerio, Esq., USF Team, presented this matter.

**BACKGROUND AND DISCUSSION:** On June 23, 2017, Public Service Electric and Gas Company (PSE&G), on behalf of itself and the other Gas and Electric Distribution Companies (collectively, Utilities), made a filing with the Board for the 2017/2018 Universal Service Fund (USF) and Lifeline program year. (June 2017 Filing) The June 2017 Filing included actual cost data from October 2016 to April 2017 and estimated data for May 2017 through September 2017, and proposed a USF program budget of \$121.6 million and a Lifeline program budget of \$74.6 million.

During the discovery process, the Utilities provided Board Staff and the New Jersey Division of Rate Counsel (Rate Counsel) with updated cost data to include actual costs through June 2017. The Department of Community Affairs (DCA) submitted its 2017-2018 administrative budgets to the Board in the amount of \$6.5 million. This is an approximate \$400,000.00 decrease from the prior program year's budget, and an approximate \$800,000.00 decrease from the projected DCA budget contained in the Utilities' June 2017 Filing. Also, on July 28, 2017, the Utilities provided Board Staff and Rate Counsel updated cost data and supporting documentation through June 30, 2017.

This updated information reflected a lower USF budget of approximately \$116.7 million, a gas over-recovery balance of approximately \$4.9 million, and an electric over-recovery balance of approximately \$15.7 million. The Lifeline program budget did not change.

On August 23, 2017, the Rate Counsel submitted comments concerning the 2017-2018 USF Compliance filing. In its comments, the Rate Counsel stated that it did not identify any serious discrepancies in the filing and is not opposed to the proposed USF and Lifeline rates becoming effective on October 1, 2017. In addition, the Rate Counsel took no position concerning the reasonableness of DCA's proposed administrative USF budget. Finally, Rate Counsel did not object to the Board making the present interim USF and Lifeline rates permanent.

On August 25, 2017, the Utilities submitted comments in response to the Rate Counsel's comments. The Utilities noted that the SUT rate cited by the Rate Counsel on page 3 of their comments was incorrect, and the USF/Lifeline rate on page 3 of their comments was also incorrect. Further, the Utilities also noted that the Utility administrative expenses that Rate Counsel listed in their comments was incorrect. Finally, the Utilities urged the Board to approve the updated USF and Lifeline rates.

The combined USF/Lifeline rates represent a decrease of \$4.80 for an average residential gas customer utilizing 1,200 therms per year and a decrease of \$3.94 for an average residential electric customer utilizing 7,800 kWh per year. The combined USF/Lifeline annual bill would be \$28.10 per year for an average residential customer who uses both gas and electricity, a decrease of approximately 23.73% or \$8.74 from the current level of \$36.82 per year.

Staff recommended that the Board issue an Order approving the rates, based on the updated data, on an interim basis and allow the Utilities to recover their deferred administrative expenses from the USF Trust Fund account during the first month after the new rates become effective. Staff further recommended that the Board direct the Utilities to file the appropriate tariff sheets consistent with the Board's order prior to October 1, 2017. Finally, Staff recommended that the Board determine that the interim USF rates approved in the prior year be considered final rates.

President Mroz asked staff to assess the reasons why the number of program recipients has decreased, and also whether there are applicants or residents that are underserved. Further, President Mroz said that the reduction in rates are about \$4 for a customer on an average bill.

Commissioner Fiordaliso asked staff how the program is publicized, and then stated that the USF and Lifeline programs are extremely important because there are still people who have to decide whether to heat their home or to eat that night, and that's deplorable.

Commissioner Chivukula asked staff if they knew why enrollment in the program is down by 13,000 households.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**B. Docket No. GR17070776 – In the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism.**

**Thomas Walker, Director, Division of Energy,** presented this matter.

**BACKGROUND AND DISCUSSION:** On July 27, 2017, Public Service Electric and Gas Company (Company or PSE&G) filed a petition seeking Board approval of the next phase of the Gas System Modernization Program and an associated cost recovery mechanism (GSMP II). PSE&G anticipated that GSMP II will be conducted over a five year period from 2019 through 2023. The Company stated that the GSMP II: (1) is comprised of gas utility projects designed to replace cast iron mains and unprotected steel 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 years, or approximately \$536 million per year. 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, 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. Where appropriate, services will have excess flow valves installed for improved safety.

PSE&G is proposed a cost recovery mechanism for GSMP II that is consistent with the recently proposed Board Infrastructure Investment and Recovery regulations 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 sought 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%.

Staff recommended that the Board retains the GSMP II for hearing, and designated Commissioner Joseph L. Fiordaliso as the presiding officer and be 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. Staff further recommended the Board direct that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 13, 2017. Commissioner Fiordaliso, as the presiding officer, will render a decision with regard to any pending motions following the expiration of the October 13, 2017 deadline, including the motions pending filed by New Jersey Large Energy Users Coalition.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**Stacy Peterson, Deputy Director, Division of Energy,** presented these matters.

**C. Docket No. ER17040357 – In the Matter of the Application of Atlantic City Electric Company to Adjust the Level of Its “Rider RGGI” Rate Associated with Its Solar Renewable Energy Certificate Financing Program (2017).**

**BACKGROUND AND DISCUSSION:** On April 7, 2017, Atlantic City Electric Company (ACE or Company) filed a petition (2017 Petition) with the Board. In the filing, ACE sought Board authorization to adjust the level of the Regional Greenhouse Gas Initiative Recovery Charge Rider (Rider RGGI) charge associated with ACE’s Solar Renewable Energy Certificate (SREC) Financing Program rate component. Based on actual program costs through February 2017, and forecasted costs from March 2017 through August 2018, ACE proposed to recover approximately \$3.19 million of costs associated with the SREC Financing Program. ACE requested that the Board approve its request to adjust the SREC Financing Program component of its Rider RGGI rate from the current per kWh charge of \$0.000566 to \$0.000387, or an approximate \$1.43 million decrease over the current level of revenues being recovered for the SREC Financing Program.

In response to discovery, the Company updated the revenue requirement to reflect updated program data through June 30, 2017. (June Update) The net effect of the updated data would modify the amount to be recovered through the Rider RGGI for this program to approximately \$3.23 million. The updated data had the effect of increasing the requested SREC Financing Program component of its Rider RGGI rate to \$0.000392 per kWh, which is still a decrease from the current rate.

Company, Board Staff and the New Jersey Division of Rate Counsel (collectively the Parties) conducted discovery in this matter and ultimately executed of a Stipulation of Settlement (Stipulation) of all factual and legal issues pertaining to this docket. Per the Stipulation, ACE will implement a revised SREC Financing Program component of its Rider RGGI rate of \$0.000392 per kWh, including Sales and Use Tax. This was based on the information in the June Update.

Staff recommended that the Board issue an order adopting the Stipulation of Parties as it is just and reasonable and in the public interest. In addition, Staff recommended that ACE be directed to file revised tariff sheets in compliance with the terms and conditions of the Stipulation prior to October 1, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**D. Docket Nos. BPU ER17030308 and OAL PUC 04989-17 – In the Matter of the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and for Other Appropriate Relief (2017).**

**BACKGROUND AND DISCUSSION:** On March 30, 2017, Atlantic City Electric Company (ACE or Company), filed a petition with the Board for approval of an increase in its current base rates of approximately \$70.2 million, excluding Sales and Use Tax (SUT) (\$74.8 million including SUT. The Company also requested a return on equity of 10.10%. The Company's petition was based on five months of actual data and seven months of estimated data.

ACE also requested the authority to (i) create a regulatory asset to record the costs to achieve merger synergy savings to amortize those costs over a five year period; (ii) incorporate the results of ACE's Costs of Service Study and consider the unitized rate of return for each customer rate class in the allocation of overall revenue requirements among rate classes and (iii) modify certain charges, including monthly customer charges and provide format changes to tariff sheets delineating the pricing for certain schedules.

The Company stated that it did not use the Peak and Average Coincident Peak method to develop its proposed rates in this proceeding. ACE further sought approval of a proposed System Renewal Recovery Charge.



Throughout the course of the proceeding, the Company, Board Staff, the New Jersey Division of Rate Counsel as well as other parties held numerous discovery and settlement conferences. Additionally, ACE provided updates during the proceeding to provide actual data through the end of the test year (July 31, 2017). In its 12+0 update, ACE updated its revenue requirement to \$84.6 million, excluding SUT (\$90.2 million, including SUT).

Following discussions among the parties, the Company, Board Staff, Rate Counsel, and Walmart (collectively, Signatory Parties) executed a stipulation of settlement (Stipulation) resolving this matter. Unimin, PSE&G, JCP&L and the Builders League of South Jersey submitted letters of non-objection. On September 12, 2017, Administrative Law Judge Jacob S. Gertsman issued his Initial Decision in this matter approving the Stipulation of the Signatory Parties, finding that the settlement is voluntary, consistent with the law and fully disposes of all issues in controversy.

Staff recommended that the Board adopt the Initial Decision and approve the Stipulation for service rendered on or after October 1, 2017. Staff further recommended that the Board direct ACE to file tariffs consistent with its order prior to October 1, 2017.

President Mroz asked staff for confirmation that the original request was for \$70 million, and the settlement is for \$43 million. Further, the President asked Mark Beyer to speak about the terms of the settlement. Mr. Beyer responded and said that the 9.6 return on equity is within the zone of reasonableness. Moreover, Mr. Beyer said that the approved capital structure of 50.47 percent equity and 49.53 percent long-term debt is consistent with financial integrity, investment grade credit ratings and is reasonable.

Commissioner Fiordaliso stated that we try to strike a balance between the concerns for the ratepayer and concern for the Company because the Company has to be financially healthy because they go out and borrow money to do various types of projects. And if they were to downgrade a company, it would cost that company more money to borrow money, and ultimately it's going to cost the ratepayer more money in their monthly bill. Also, the Commissioner stated that they have to continue to keep the ratepayer in mind and the company in mind and try to strike a balance that's going to be beneficial to both. Finally, the Commissioner said that the past few settlements have not really kept that balance.

Commissioner Holden asked staff about this shift in the balance in debt and equity, because a lower ROE would attract less capital from shareholders.

Commissioner Chivukula asked staff to explain what the risk is in these utility investments, and whether they knew of a utility that had not been able to recover their capital.

Commissioner Solomon stated that we had talked about the audit that we're going to be undertaking and we've had six in the past seven years. Further, the Commissioner said that there's something going on here that needs further investigation. Also, the Commissioner said that it is her hope that this audit will not only help the Company, but help us identify what they need to do in order to meet the revenue requirement and not have this revolving door. So maybe this audit will help us to understand why they continue to operate in this fashion.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**Thomas Walker, Director, Division of Energy,** presented these matters.

**E. Docket No. GR16080794 – In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to Revise the Remediation Adjustment Clause Component of Its Societal Benefits Charge Rate.**

**BACKGROUND AND DISCUSSION:** On August 16, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (ETG or Company) filed a petition (2016 RAC Petition) with the Board seeking review and approval of the Company's Manufactured Gas Plant Remediation Adjustment Clause (RAC) activities and net Manufactured Gas Plant costs incurred between July 1, 2015 and June 30, 2016 (RAC Period).

The RAC related costs for which recovery was sought in the 2016 RAC Petition were the costs to test, contain and remediate the Company's former manufactured gas plant sites (described above) incurred during the period July 1, 2009 through June 30, 2016, based on a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. The 2016 costs totaled \$7,305,684.00 from which third party recoveries of \$30,400,000.00 were deducted and a net of \$183,326.00 or the deferral of fifty percent of litigation costs were deducted, resulting in proposed recoverable net remediation credits of (\$23,277,642.00) that are subject to refund over the seven-year period.

In accordance with the Company's tariff, the Company's original proposed Societal Benefits Charge (SBC) SBC-RAC rider rate was determined by calculating the sum of (a) one seventh of its net deferred remediation costs incurred during the twelve months ended June 30th for the periods ending 2016, 2015, 2014, 2013, 2012, 2011 and 2010 totaling (\$2,920,421.00), plus the deferred tax adjustment of \$350,927.00, which equals (\$2,569,494.00), (b) the prior year's RAC over recovery balance of (\$851,905.00) and (c) (\$903,957.00) of interest accrued on RAC-related costs calculated in the manner approved by the Board in its order in BPU Docket No. GX99030121 and GO99030122 dated March 30, 2001. The sum of these amounts total (\$4,325,356.00) which was divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed SBC-RAC rider credit rate of \$0.0095 per therm inclusive of all applicable taxes.

The proposed RAC rate credit of \$0.0095 per therm is a decrease from ETG's currently effective RAC rate credit of \$0.0016 per therm. The proposed SBC-RAC rate is designed to refund approximately \$4.3 million in RAC-related costs over a twelve month period ending June 30, 2017.

After review of discovery and subsequent settlement discussions, the Company, the New Jersey Division of Rate Counsel and Board Staff (collectively, Parties) reached an agreement on the 2016 RAC Petition, and on September 7, 2017 executed a stipulation of settlement (Stipulation).

Staff recommended that the Board approve the Stipulation of the Parties. Staff further recommended that the Board direct ETG to file tariffs consistent with the Board's Order by October 1, 2017 with a new RAC credit rate of \$0.0128 per therm effective on that date.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**F. Docket No. GR17060590 – In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to Review Its Periodic Basic Gas Supply Service Rate.**

**BACKGROUND AND DISCUSSION:** On May 31, 2017, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (ETG or the Company) filed a petition (2017 Basic Gas Supply Service (BGSS) Petition) with the Board seeking an increase its Periodic Basic Gas Supply Service (BGSS-P) from \$0.3757 per therm to \$0.4592, to be effective October 1, 2017. As stated in its 2017 BGSS Petition, the Company projected that it would have an estimated under recovery balance of September 30, 2017. The proposed BGSS-P rate of \$0.4592 per therm is designed to bring the BGSS balance to approximately zero as of September 30, 2018 at the time of the filing. The proposed rate increase would have increased the monthly bill of a typical residential heating customer using 100 therms by \$8.35 from \$81.82 to \$90.17, an increase of 10.2%.

ETG, Board Staff, the New Jersey Division of Rate Counsel (collectively, Parties) determined that, while additional time is needed to complete a review of the 2017 BGSS Petition, it is reasonable and in the public interest for the proposed rate to be implemented on a provisional basis, subject to refund. Accordingly, on September 18, 2017, the Parties executed a stipulation of settlement (Stipulation) for a provisional BGSS-P rate. Based on updated information through July 31, 2017, the Parties agreed to a provisional BGSS-P rate of \$0.4551 per therm.

Staff recommended that the Board issue an Order adopting the Stipulation of the Parties which sought to implement a provisional BGSS-P rate, subject to refund to be effective as of October 1, 2017. In addition, Staff recommended that the Board direct ETG to file tariffs consistent with its Order by October 1. Staff further recommended that this matter be transmitted to the Office of Administrative Law for hearing.

President Mroz stated that there is increasing demand across the nation and even into Mexico for natural gas. So it seems that is a factor that the people don't necessarily take into account when they think about this issue. But that increase in demand does have impact on this market. Further, President Mroz asked Mr. Beyer to provide his insight on the current state of the natural gas industry. Mr. Beyer said that it is possible that the price of natural gas could increase because of restrictions on fracking, severe weather, or because of increased demand from power generators and exports.

Commissioner Fiordaliso stated that what staff mentioned about demand points out the necessity to have a diversified fuel generation portfolio, because right now natural gas is a good bargain, but it may not always be a good bargain. So that diversity is important. In addition, Commissioner Fiordaliso also stated that he believes that the Board should retain as many cases as possible.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**G. Docket No. GR17080874 – In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit.**

**BACKGROUND AND DISCUSSION:** On August 11, 2017, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (Elizabethtown or Company) filed a petition with the Board seeking approval to modify its rates relating to the review and true up of its Weather Normalization Charge (WNC), the New Jersey Clean Energy Program (CEP) component of its Societal Benefits Charge, and its On-System Margin Sharing Credit (OSMC). The WNC, CEP and OSMC rates were last adjusted by Order dated July 26, 2017 (July 26 Order), in Docket No. GR16080786.

With respect to the WNC, the current recoverable margin deficiency of \$6.846 million increased by the prior year excess recovery of \$8.013 million will result in a \$14.859 million net revenue deficiency. The Company proposed to recover \$7.303 million over the 2017-2018 Winter Period, with the remaining deficiency of \$7.556 million to be recovered over the 2018-2019 Winter Period. After ceiling restrictions, the Company proposed a WNC rate of \$0.0232 per therm.

The CEP was created through the Electric Discount and Energy Competition Act in an effort to promote energy efficiency and renewable energy programs by offering financial incentives, programs, and services to New Jersey residents, business owners and local governments. The Board annually sets each energy utility's share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs. For Elizabethtown, projected CEP costs for the period ending June 30, 2018 total \$10.637 million. In addition, the petition indicated that the Company incurred \$2.135 million of CEP costs during the period July 1, 2016 through June 30, 2017. When combined with certain adjustments, Elizabethtown's proposed CEP rate of \$0.0251 per therm would recover approximately \$11.376 million from customers.

The OSMC provides for 80% of the margins generated from certain on-system non-firm sales and transportation services to be flowed-back (credited) to firm customers. The petition proposed a decrease in the OSMC credit to customers from a credit of \$0.0135 per therm to a credit of \$0.0047 per therm. The Company's total OSMC customer credit would be \$1.300 million.

Based on the Company's most recent forecast, the three rate adjustments proposed in the filing will increase the Company's revenues by \$17.378 million.

After a review of the petition and discovery responses, on September 18, 2017, Elizabethtown, the New Jersey Division of Rate Counsel, and Board Staff (collectively, Parties) executed a Stipulation Regarding Provisional WNC, CEP, and OSMC Rates (Stipulation) on the proposed rates.

Staff recommended that the Board issue an Order approving the Stipulation of the Parties. In addition, Staff recommended that the Board direct Elizabethtown to file tariff sheets consistent with its Order by October 1, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**H. Docket No. GR17060588 – In the Matter of the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of Its Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) Rates for Fiscal Year 2018.**

**BACKGROUND AND DISCUSSION:** On June 1, 2017, New Jersey Natural Gas Company (NJNG or Company) filed a petition (2017 Basic Gas Supply Service (BGSS) / Conservation Incentive Program (CIP) Petition) with the Board requesting approval to: 1) increase its per therm Periodic Basic Gas Supply Service (BGSS) billing rate from \$0.3654 to \$0.4099. The Company projects to be under-recovered by \$3.018 million at September 30, 2018. The 2017 BGSS/CIP Petition also sought an increase in the Company's Conservation Incentive Program rates. The changes in the Company's CIP rates would yield a net decrease of \$16.260 million in CIP revenues. NJNG requested that the changes to the Periodic BGSS and CIP rates become effective October 1, 2017.

The Company also proposed to increase its balancing charge rate by \$0.0062 per therm, from \$0.0621 to \$0.0683. There is no balancing charge impact on sales customers' bills as the balancing charge is deducted from the BGSS price and added to the delivery price.

NJNG, Board Staff and the New Jersey Division of Rate Counsel (collectively, the Parties) have determined that, while additional time is needed to complete a review of the 2017 BGSS/CIP Petition, it is reasonable and in the public interest for the proposed rates to be implemented on a provisional basis. Accordingly, on September 8, 2017, the Parties executed a stipulation of settlement (Stipulation) for provisional Periodic BGSS, CIP and Balancing Charge rates.

Staff recommended that the Board issue an Order adopting the Stipulation of the Parties which seeks to implement provisional Periodic BGSS, CIP and Balancing Charge rates, subject to refund, to be effective as of October 1, 2017. In addition, Staff recommended that the Board direct NJNG to file tariffs consistent with its Order by October 1, 2017.

Staff further recommended that this matter be transmitted to the Office of Administrative Law for hearing.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**I. Docket No. GR17030326 – In the Matter of the Petition of New Jersey Natural Gas Company for Approval of Base Rate Adjustments Pursuant to Its NJ RISE and SAFE II Programs.**

**Stacy Peterson, Deputy Director, Division of Energy,** presented this matter.

**BACKGROUND AND DISCUSSION:** On March 30, 2017, New Jersey Natural Gas Company (NJNG or Company) filed a petition (March 2017 Petition) with the Board seeking authority to establish rates to recover annualized increases in the revenue requirements associated with its New Jersey Reinvestment in System Enhancement program (NJ RISE Program), and the extension of its Safety Acceleration and Facility Enhancement (SAFE) program (SAFE II Program), which includes capital investments in the Company's gas distribution system for the replacement of existing unprotected steel mains and services) investment costs. The March 2017 Petition sought approval to recover \$1.184 million in NJ RISE Program revenues and \$3.101 million in SAFE II Program revenues based on actual costs from October 1, 2016 through February 28, 2017 and projected program expenditures from March 1, 2017 through June 30, 2017.

On July 20, 2017, NJNG updated the March 2017 Petition to include actual NJ RISE Program and SAFE II Program expenditures through June 30, 2017. The update reflected a decrease in the revenue requirement associated with the NJ RISE Program to \$0.769 million and an increase in the revenue requirement associated with the SAFE II Program to \$3.302 million.

On September 11, 2017, the Company, Board Staff and the New Jersey Division of Rate Counsel executed a Stipulation of Settlement (Stipulation) that allows the Company to recover revenues of \$0.769 million related to the NJ RISE Program expenditures and \$3.302 million related to the SAFE II Program expenditures as of June 30, 2017.

Staff recommended that the Board issue an Order approving the Stipulation. Staff further recommended that the Board direct NJNG to file tariffs consistent with the Board's Order by October 1, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**Thomas Walker, Director, Division of Energy**, presented these matters.

**J. Docket No. GR17060589 – In the Matter of Public Service Electric and Gas Company’s 2017/2018 Annual BGSS Commodity Charge Filing for Its Residential Gas Customers Under Its Periodic Pricing Mechanism.**

**BACKGROUND AND DISCUSSION:** On June 1, 2017, Public Service Electric and Gas Company (PSE&G or Company) filed a petition with the Board requesting authority to increase the Company’s Basic Gas Supply Service (BGSS) Residential Gas Service (RSG) from the current rate of \$0.339408 per therm (including losses and Sales and Use Tax (SUT)) to \$0.369939 per therm (including losses and SUT). Approval of the request would result in an increase in annual revenues of approximately \$34.4 million.

The Company, the New Jersey Division of Rate Counsel, and Board Staff (collectively, the Parties) determined that, while additional time is needed to complete a review of the Company’s petition, it is reasonable and in the public interest for the proposed rate reductions be provisionally approved. Subsequently, the Parties executed Stipulation of Settlement (Stipulation) which would allow PSE&G to implement BGSS rates, on a provisional basis, subject to refund.

Staff recommended that the Board issue an Order accepting the Stipulation of the Parties which seeks to implement provisional changes in the Company’s BGSS-RSG rate subject to refund to be effective as of October 1, 2017. In addition, Staff recommended that the Board order PSE&G to file tariffs consistent with the Order by October 1, 2017. Staff further recommended that the Board direct that this matter be transmitted to the Office of Administrative Law for hearing.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**K. Docket No. GR17060720 – In the Matter of the Petition of Public Service Electric and Gas Company to Revise Its Weather Normalization Charge for the 2017-2018 Annual Period.**

**BACKGROUND AND DISCUSSION:** On June 29, 2017, Public Service Electric and Gas Company (PSE&G or Company) filed a petition (2017 Weather Normalization Clause (WNC) Petition) with the Board seeking approval to adjust its WNC. In the 2017 WNC Petition, PSE&G seeks to recover \$54,738,895.00 of which \$31,882,242.00 will be recovered over the 2017-2018 Winter Period, with the remaining deficiency of \$22,856,653.00 to be recovered over the 2018-2019 Winter Period.

In recovering the \$31,882,242.00 over the 2017-2018 Winter Period, the Company proposed a WNC rate of \$0.021647, without New Jersey Sales and Use Tax (SUT), (\$0.023135 including SUT) per balancing therm applicable to Residential Service Gas (RSG), General Service Gas and Large Volume Gas customers. If approved by the

Board, a typical residential heating customer using 165 therms in a winter month and 1,010 therms annually would experience a decrease in their annual bill from \$864.94 to \$864.19 or \$0.75 or approximately 0.09% based upon delivery rates and BGSS-RSG charges in effect on September 1, 2017, with the WNC set to the rate that was in effect for the 2016-2017 WNC Winter Period, assuming that the customer receives commodity service from PSE&G.

After an initial review of the petition, on September 14, 2017, PSE&G, the New Jersey Division of Rate Counsel, and Board Staff (collectively, Parties) executed a Stipulation for a Provisional WNC (Stipulation).

Staff recommended that the Board issue an Order approving the Stipulation of the Parties. In addition, Staff also recommended that the Board direct PSE&G to file tariff sheets consistent with its Order by October 1, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**L. Docket No. GR17060586 – In the Matter of the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service Charge and Conservation Incentive Program Charge for the Year Ending September 30, 2018.**

**BACKGROUND AND DISCUSSION:** On June 1, 2017, South Jersey Gas Company (South Jersey or Company) filed a petition (2017 Basic Gas Supply Service (BGSS)/ Conservation Incentive Program (CIP) Petition) with the Board seeking authority to: 1) decrease its Periodic BGSS rates; and 2) revise its CIP rates. With respect to the BGSS request, the proposed change would decrease the monthly bill of a residential heating customer using 100 therms by \$1.35 or 1.1%. With respect to the CIP rates request, the same residential heating customer would see an increase in the monthly bill of \$0.55 or 0.5%. On a combined basis, based on the 2017 BGSS/CIP Petition, a typical residential customer would experience a net monthly bill decrease of \$0.80 or 0.6%.

South Jersey, the New Jersey Division of Rate Counsel, and Board Staff (collectively, Parties) have determined that, while additional time is needed to complete a review of the 2017 BGSS/CIP Petition, it is reasonable and in the public interest for the proposed rates to be implemented on a provisional basis. Accordingly, on September 5, 2017, the Parties executed a stipulation (Stipulation) for provisional BGSS and CIP rates.

Staff recommended that the Board issue an Order adopting the Stipulation of the Parties which seeks to implement provisional BGSS and CIP rates, subject to refund to be effective as of October 1, 2017. In addition, Staff recommended that the Board direct South Jersey to file tariffs consistent with its Order by October 1, 2017. Staff further recommended that this matter be transmitted to the Office of Administrative Law for hearing.



**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**M. Docket No. GR17050442 – In the Matter of the Petition of South Jersey Gas Company for Approval of Base Rate Adjustments Pursuant to the Storm Hardening and Reliability Program.**

**BACKGROUND AND DISCUSSION:** On April 28, 2017, South Jersey Gas Company (SJG or Company) filed a petition (April 2017 Petition) with the Board requesting Board approval for base rate adjustments associated with the Company's Storm Hardening and Reliability Program (SHARP). The April 2017 Petition represents SJG's third annual filing related to the SHARP.

The Company sought recovery of the revenue requirements related to SHARP projects placed into service from July 1, 2016 through June 30, 2017. The Company's April 2017 Petition included actual SHARP investment data for the period July 1, 2016, through March 31, 2017 and projected data for the period April 1, 2017 through June 30, 2017. As part of its petition, the Company sought authority to recover SHARP revenue requirements of approximately \$4.0 million (including Sales and Use Tax (SUT)) associated with actual and projected SHARP investments of approximately \$36.1 million, including Allowance for Funds Used During Construction (AFUDC).

On July 17, 2017, the Company filed an update to its April 2017 Petition, providing a full year of actual SHARP investment data through June 30, 2017. The update provided schedules supporting a revenue requirement of approximately \$4.1 million (including SUT) associated with approximately \$37.7 million of SHARP investments, including AFUDC and provided an updated proposed base rate adjustment.

On August 22, 2017, SJG submitted updated schedules supporting a revenue requirement of approximately \$3.6 million (including SUT) associated with approximately \$33.7 million of SHARP investments, including AFUDC, and provided an updated proposed base rate adjustment. The August update reflected the removal of approximately \$4 million in SHARP investments that were in excess of the Board's approved investment level.

On September 18, 2017, following review of the petition and discovery responses, SJG, the New Jersey Division of Rate Counsel, and Board Staff (collectively, Parties) executed a Stipulation of Settlement (Stipulation) that would allow SJG to roll in approximately \$33.7 million related to SHARP investments, with an associated revenue requirement of \$3.6 million.

Staff recommended that the Board issue an Order approving the Stipulation of the Parties. In addition, Staff also recommended that the Board direct SJG to file tariff sheets consistent with its Order by October 1, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**N. Docket No. GR17050441 – In the Matter of the Petition of South Jersey Gas Company for Approval of Base Rate Adjustments Pursuant to the Accelerated Infrastructure Replacement Program.**

**BACKGROUND AND DISCUSSION:** On April 28, 2017, South Jersey Gas Company (SJG or Company) filed a petition (April 2017 Petition) with the Board seeking authority to establish rates to recover annualized increases in the revenue requirements associated with the extension of its Accelerated Infrastructure Replacement Program (AIRP II) to replace unprotected bare steel and cast iron mains and services. The April 2017 Petition sought approval to recover \$4.239 million, excluding Sales and Use Tax (SUT) (\$4.531 million including SUT) related to AIRP II expenditures based on actual costs from October 1, 2016 through March 31, 2017 and projected program expenditures from April 1, 2017 through June 30, 2017.

On July 17, 2017, SJG updated the April 2017 Petition to include actual AIRP II expenditures through June 30, 2017. As reflected in the update, the revenue requirement sought by SJG was modified to recover approximately \$4.654 million, excluding SUT (\$4.962 million including SUT).

On September 18, 2017, the Company, Board Staff and the New Jersey Division of Rate Counsel executed a stipulation of settlement (Stipulation) that allows the Company to recover revenues of \$4.654 million, excluding SUT (\$4.962 including SUT) related to the AIRP II expenditures as of June 30, 2017.

Staff recommended that the Board issue an Order approving the Stipulation. Staff further recommended that the Board direct SJG to file tariffs consistent with the Board's Order by October 1, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**Cynthia L. M. Holland, Esq., Legal Specialist, Office of the Chief Counsel,** presented these matters.

**O. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. EL17-82: Independent Market Monitor for PJM v. PJM Interconnection, LLC**

**BACKGROUND AND DISCUSSION:** This matter involved Staff, on behalf of the Board, filing an Answer in support of the Independent Market Monitor's (IMM's) ability to file complaints at Federal Energy Regulatory Commission (FERC). In this proceeding, the IMM filed a complaint with FERC challenging a decision made by PJM Interconnection LLC (PJM). In response, PJM filed a Motion to Dismiss, alleging that the IMM does not have the authority to file such complaints in its capacity as IMM. This issue has been raised by PJM in an unrelated docket and has yet to be decided by FERC. The Board, several sister state commissions, and the Organization of PJM States, Inc. (OPSI) opposed PJM's position in the prior docket. OPSI similarly opposed PJM's position in this docket, by unanimous vote of its state commission members.

Staff recommended that the Board ratify the Answer.

President Mroz stated that the independent market monitor is essential as a check and balance to matters that come to the FERC in and around the market, market design, and pricing ultimately in the PJM marketplace, whether for transmission or generation. And in this matter, with the way PJM has gone about making this challenge, there is an essential divide now between the way PJM sees the role of the market monitor.

President Mroz also said that he has conveyed his serious concern about that position directly to the senior management at PJM. Further, the President said that OPSI and the Board have unanimously agreed to make a filing that challenges this position, and they are asking FERC to make a decision on the role of the market monitor.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**P. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. ER17-1420: PJM Interconnection, LLC Tariff Filing Re: Artificial Island.**

**BACKGROUND AND DISCUSSION:** This matter involved Staff, on behalf of the Board, filing these comments in the above referenced docket. Staff's position is that Federal Energy Regulatory Commission (FERC) must look at the proposal, as filed by PJM. FERC has already denied claims that the cost allocation of the Artificial Island project is unjust and unreasonable. Staff contends that no new information has been presented that would change that decision. Staff further challenges that FERC should not craft a cost allocation methodology that is preferential to protesting parties and ultimately disadvantageous to New Jersey ratepayers.

On April 13, 2017, as amended on April 28, 2017, PJM submitted revisions to Schedule 12-A of the Open Access Transmission Tariff (Tariff) to incorporate cost responsibility assignments for baseline upgrades included in the recent update to the Regional Transmission Expansion Plan approved by the PJM Board of Managers (PJM Board) on April 6, 2017. This filing was made pursuant to Schedule 12 of the Tariff, Schedule 6 of the PJM Amended and Restated Operating Agreement, and Section 205 of the Federal Power Act. PJM requested that the proposed Tariff revisions become effective on October 10, 2017.

This filing is specific to the Artificial Island Project, which has been the subject of contentious litigation over cost allocation. Artificial Island is a stability project proposed by PJM that includes the installation of underwater transmission line carrying electricity from the Salem/Hope Creek nuclear plants to Delaware (more specifically the Delmarva Peninsula).

Specifically, PJM's Transmittal Letter references a complaint filed by the Delaware and Maryland Public Service Commissions, which alleged that the use of a solution-based distribution factor method to allocate costs was unjust and unreasonable. On June 9, 2017, at a special meeting of its Transmission Expansion Advisory Committee, PJM staff presented a document outlining two alternative cost allocation methodologies, which PJM acknowledged was "not intended to represent an exhaustive analysis." Significantly, PJM explained that it would not be filing alternative cost allocation methodologies, but provided the information and ideas to aid transmission owners, the states and other stakeholders should they chose to seek FERC approval for an alternative. The States of Delaware and Maryland have challenged the cost allocation of the project in several dockets. FERC granted motions for extensions of time to file comments until August 25. Staff filed at that time.

Staff recommended that the Board ratify the comments.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**Q. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. ER17-2073: PJM Interconnection LLC Re: Amendment to Service Agreement No. 2536, Queue Nos. O66/V1-034 to Convert TWR.**

**BACKGROUND AND DISCUSSION:** This matter involved Staff, on behalf of the Board, filing an Answer challenging the filing as a further attempt by certain parties to circumvent Federal Energy Regulatory Commission's (FERC) prior cost allocation decisions and to obtain a preferential rate for New York customers at the expense of New Jersey ratepayers. The filing made by PJM at Hudson Transmission Partners', LLC (HTP) request undermines the concept of the beneficiary-pays approach and runs contrary to principles of fairness and public interest. This position is consistent with the Board's position in other related cases.

On July 10, 2017, PJM submitted for filing an unexecuted Interconnection Service Agreement entered into among PJM, Hudson Transmission Partners, LLC (Hudson or Interconnection Customer), and Public Service Electric and Gas Company (HTP Interconnection Service Agreement (ISA), which modifies Service Agreement No. 2536 filed with and accepted by the Commission in Docket No. ER10-1740-000. Hudson sought to modify its ISA, but PSE&G refused. PJM's filing states, as further clarified, that it was submitted by PJM at the request of HTP.

On July 26, 2017, the New York Power Authority's (NYPA) filed a Motion to Intervene and Supportive Comments claiming, among other things, that the filing "will appropriately unburden NYPA from its election to receive firm rights that are no longer needed and have grown increasingly perilous to own." Almost immediately, the NYPA comments identify cost allocation, in particular allocation of the Bergen-Linden Corridor Project (BLC Project) as a "\$645 million liability that threatens the continued viability of the Hudson Transmission Project merchant transmission facility." NYPA later dedicates an additional three pages to discussing its cost allocation disputes, from which NYPA and other merchant transmission facility owners they "have been unable to obtain the necessary and timely recourse."

On July 31, 2017, the Hudson Transmission Partners, LLC submitted Comments in Support of PJM Filing, with substantially similar arguments to those advanced by NYPA. In response to the suggestion that HTP terminate its ISA and, effectively, cut its losses, HTP claimed doing so would "waste valuable transmission infrastructure, and hurt system reliability."

Staff filed an Answer challenging the filing as a further attempt by NYPA and HTP to circumvent FERC's prior decisions in an effort to obtain a preferential rate for New York customers to the detriment New Jersey ratepayers. The filing made by PJM at HTP's request undermines the concept of the beneficiary-pays approach and runs contrary to principles of fairness and public interest.

Staff recommended that the Board ratify the filing.

President Mroz stated it's important for us to put this in the context of those other matters which regard the interconnection between PJM and New York's power grid. New York cannot and should not be in a position to have FERC confirm something where they're getting the benefit of the infrastructure here in New Jersey for their power needs and don't want to pay for it.

Commissioner Chivukula stated that he agreed with staff, and that they've had this issue with the Con Ed Wheel early on, and it is something that they need to visit.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**R. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. ER17-2267: PJM Interconnection LLC Re: Amendment to Service Agreement No. 3579.**

**BACKGROUND AND DISCUSSION:** This matter involved Staff, on behalf of the Board, filing an Answer in this docket challenging the filing as a further attempt by certain parties to circumvent Federal Energy Regulatory Commission's prior cost allocation decisions and to obtain a preferential rate for New York customers at the expense of New Jersey ratepayers. The filing made by PJM at Hudson Transmission Partner's request undermines the concept of the beneficiary-pays approach and runs contrary to principles of fairness and public interest. This position is consistent with the Board's position in other related cases.

Staff recommended that the Board ratify the filing.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**S. Docket Nos. BPU EO16080750 and OAL PUC 12098-16 – In the Matter of the Petition of Jersey Central Power & Light Company Pursuant to N.J.S.A. 40:55D-19 for a Determination that the Monmouth County Reliability Project is Reasonably Necessary for the Service, Convenience or Welfare of the Public.**

**Paul Flanagan, Executive Director**, presented this matter.

**BACKGROUND AND DISCUSSION:** This matter involved the September 7, 2017 request of Jersey Central Power and Light Company (Petitioners, JCP&L), for interlocutory review of the August 30, 2017 Order of the Honorable Gail M. Cookson, Administrative Law Judge (ALJ Cookson), denying the admission of portions of the redacted and confidential rejoinder reports (Rejoinder Report) of Lawrence A. Hozempa, P.E. (marked for identification as JC-53 and JC-54) filed on June 8, 2017 by JCP&L. JCP&L requested that the Board impose a stay of these proceedings pending the outcome of the request for interlocutory review.

On August 9, 2016, JCP&L filed a petition with the Board seeking a decision that a proposed 230 kilovolt transmission line between NJT's Aberdeen substation in Aberdeen, New Jersey, and JCP&L's Red Bank substation in Red Bank, New Jersey, as well as associated upgrades to JCP&L's Taylor Lane substation in Middletown, New Jersey is reasonably necessary for the service, convenience or welfare of the public and that, accordingly, zoning and land use ordinances of municipalities along the proposed route of the new line shall not apply.

On August 10, 2016 the Board transmitted this matter as contested case to the Office of Administrative Law, where it was assigned to ALJ Cookson. On September 21, 2016, ALJ Cookson entered a Case Management Order that established, inter alia, the schedule for discovery, the filing of pre-filed testimony, and the hearing dates.

Evidentiary hearings were held on April 4, 5, 6, 7, 10, 11, 12, 2017 and July 6 and 7, 2017, during which ALJ Cookson ruled that JCP&L was permitted to determine how the New Jersey Division of Rate Counsel's (Rate Counsel) witness, Peter Lanzalotta, derived a calculation presented in oral sur-rebuttal, and that JCP&L could respond to the oral sur-rebuttal testimony regarding a power flow study presented by Resident's Against Giant Electric, Inc.'s (RAGE) witness, Jeffrey Palermo. In response, JCP&L filed the Rejoinder Report. The Joint Municipal Group (JMG) and RAGE moved to suppress the Rejoinder Report. ALJ Cookson allowed oral argument on the motions and reserved decision while allowing Mr. Hozempa, to testify regarding the Rejoinder Report.

Prior to the conclusion of the evidentiary hearings, on June 22, 2017, the Rate Counsel filed a motion to suppress the Rejoinder Report. On June 24, 2017, RAGE filed a motion to strike the Rejoinder Report. By correspondence dated June 26, 2017, JMG joined in the motions and filed a letter brief in support of the applications.

JMG, Middletown Township Board of Education, RAGE and Monmouth County were granted intervenor status by ALJ Cookson.

Staff recommended that the Board deny Petitioner's request for interlocutory review. If the Board decides not to review this matter on an interlocutory basis, Staff further recommended that the Board deny JCP&L's request for a stay pending the outcome of the Board's review of its request for interlocutory review as moot.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**T. Docket No. EO12121072 – In the Matter of the Board's Review of the Applicability and Calculation of a Consolidated Tax Adjustment – Executive Session.**

This matter was discussed in executive session pursuant to attorney-client privilege exception to the Open Public Meetings Act. The Board will make the contents of its discussion of the above matter public at the earliest appropriate time.

**3. CABLE TELEVISION**

There were no items in this category.

**4. TELECOMMUNICATIONS**

There were no items in this category.

**5. WATER**

There were no items in this category.

**6. RELIABILITY & SECURITY**

There were no items in this category.

**7. CUSTOMER ASSISTANCE**

There were no items in this category.

**8. CLEAN ENERGY**

**A. Docket No. QO17080939 – In the Matter of Approval of the Contract between Rutgers’ Bloustein School – Center for Green Buildings and the New Jersey Clean Energy Program.**

**Anne Marie McShea, Clean Energy Program Administrator, Division of Economic Development & Emerging Issues**, presented this matter.

**BACKGROUND AND DISCUSSION:** This matter addresses the proposed contract between the Board’s Office of Clean Energy (OCE) and the Rutgers University, Bloustein School of Public Policy, Center for Green Buildings (RCGB) in the implementation of the New Jersey Energy Master Plan, for the period from November 1, 2017 through October 31, 2018, contingent upon annual funding. The proposed budget for Year 1 funding is \$580,000.00 which covers RCGB and subcontractors to conduct specified evaluation studies.

Since 2003, Rutgers Bloustein School of Public Policy has been performing evaluations for the New Jersey Clean Energy Program (NJCEP Programs) and assisting the Board in initiating the State Energy Master Planning (EMP) Process by providing extensive economic, environmental, and rate impact analysis. The new contract with RCGB will provide staffing, expertise and resources necessary to perform programmatic evaluations and cost-benefit analyses of the NJCEP Programs to ensure effective design and resource allocations necessary to reach New Jersey’s Energy Master Plan goals. The contract will be managed by the RCGB but will utilize a team of experts from across multiple disciplines. The Rutgers University’s Department of Marine and Coastal Sciences will enter into a separate contract for wind resource modeling and evaluations.

Implementation of the Governor’s Energy Master Plan requires that OCE conduct extensive economic, environmental, and rate impact analysis in order to develop and manage programs per the EMP goals and measure progress in meeting those goals. In Year 1, RCGB will be assisting with any necessary updates or analysis for the Energy Master Plan.

Staff recommended that the Board approve the one year Contract for Evaluation & Research Services, between the Board through the OCE and RCGB, and authorized President Mroz to execute the contract on behalf of the NJBPU.



**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**Marisa Slaten, Esq., Director, Division of Economic Development & Emerging Issues,** presented this matter.

**B. Docket No. ER17080869 – In the Matter of the Verified Petition of Rockland Electric Company for Approval of a Low Income Audit and Direct Install Energy Efficiency Program and Associated Rate Recovery Mechanism (Low Income III Program).**

**BACKGROUND AND DISCUSSION:** On August 9, 2017, Rockland Electric Company's (RECO or Company) filed a petition with the Board requesting authorization to implement its proposed Low Income Audit and Direct Install Energy Efficiency III Program (Low Income Audit III Program).

RECO stated that the Low Income Audit III Program is a continuation of the Low Income Audit II Program, with certain modifications. As proposed, the program will target participation by 100 eligible customers in each year of the two-year life of the program. The Company outlines a number of strategies to achieve expanded enrollment and energy savings. The total projected cost of the Low Income Audit III Program is approximately \$455,400.00 over the two year program period. Approximately \$356,000.00 remains from the Low Income Audit II Program because average participation and measure spending was lower than projected. RECO requests the Board approve the use of those funds and an additional \$100,000.00 for the Low Income Audit III Program.

In addition, the Company requested approval of rate recovery of all costs through its Regional Greenhouse Recovery Surcharge (RGGI Surcharge), totaling \$455,400.00, with the carrying charge on its deferred balances for the Low Income Audit III Program based on the overall weighted average cost of capital as authorized by the Board in its most recent base rate case (7.47%).

Staff recommended that the petition be retained by the Board for hearing. Staff also recommended that the Board designate Commissioner Upendra J. Chivukula as the presiding officer who is 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. Staff further directed that the Board direct that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 17, 2017.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

**C. Docket No. QX17090949 – In the Matter of the Board of Public Utilities Initiating a Generic Proceeding on the Solar Market in New Jersey.**

**B Scott Hunter, Renewable Energy Program Administrator and Marisa Slaten, Esq., Director, Division of Economic Development and Emerging Issues,** presented this matter.

**BACKGROUND AND DISCUSSION:** In the eighteen years since Electric Discount and Energy Competition Act of 1999 (EDECA) was enacted, the solar photovoltaic industry in the State has grown from a small market focused on research, development, and demonstration to a multi-million dollar industry with thriving, diverse businesses supplying services in a variety of different competitive market segments. In 2001, the Societal Benefits Charge incentivized the first three solar projects in New Jersey, totaling 8 kilowatts. By the close of 2016, there were nearly 69,000 solar projects installed throughout the State with total capacity exceeding 2,000 megawatts (MW) (or 2 million kilowatts).

As the solar market has matured, the volume of solar modules manufactured and sold has increased, the efficiency and efficacy of systems have improved, and the installation and sales practices of solar installers have become more refined. The economics and the financial models of the solar industry have also changed significantly during the years that the Board has overseen the development of New Jersey's solar market.

Staff recommended that the Board direct Staff to convene all interested parties to participate in a generic proceeding to review the state of the solar market. Staff further recommends that the Board direct Staff to develop a list of topic areas and questions upon which the stakeholders may provide written or oral comment.

In addition, Staff recommended that during the pendency of this proceeding, the Board order that all existing programs will continue to operate in accordance with their implementing statute, regulations, and/or Board Orders, with the exception of Subsection r of the Solar Act of 2012.

President Mroz stated that we now need to consider whether the Board should look more comprehensively at the condition of the solar market, the management of it by this Board, and even look at the underlying financial issues associated with the incentives that go with this marketplace. Further, President Mroz said that since we are responsible to ensure that there is not volatility in the marketplace, particularly for the support mechanisms like the SREC, it's incumbent upon us to take steps like this to look thoughtfully at the economics and the conditions of the marketplace to make sure that the market is viable, but at the same time protect the ratepayers.

Commissioner Fiordaliso stated that one of the things that sets New Jersey apart from a lot of other states, is the fact that we are willing to periodically and in some cases constantly monitor the market as far as the solar industry is concerned. It keeps us hopefully ahead of the curve, and keeps the industry vital. Further, Commissioner Fiordaliso stated that we have to continue to monitor the industry because it has become an important industry here in the State of New Jersey. Moreover, the Commissioner said that he applauds the efforts of the Clean Energy Division in initiating this and we look forward to recommendations and the input of TRC. Finally, the Commissioner said that in his opinion, this market will continue to thrive and will continue to keep New Jersey in the forefront of the renewable industry.

Commissioner Solomon said that this is an important proceeding for this Board in moving this program forward. Further, the Commissioner said that she hopes that the policymakers in other areas outside of the Board of Public Utilities will take note of this proceeding and the information that is garnered from it when looking at making their own decisions moving forward.

Commissioner Chivukula said that he knows staff is looking at net metering, and at all aspects related with solar. Further, the Commissioner asked staff if they would be looking at battery storage of solar.

**DECISION:** The Board adopted the recommendation of Staff as set forth above.

<b>Roll Call Vote:</b>	<b>President Mroz</b>	<b>Aye</b>
	<b>Commissioner Fiordaliso</b>	<b>Aye</b>
	<b>Commissioner Holden</b>	<b>Aye</b>
	<b>Commissioner Solomon</b>	<b>Aye</b>
	<b>Commissioner Chivukula</b>	<b>Aye</b>

## **9. MISCELLANEOUS**

There were no items in this category.

## EXECUTIVE SESSION

After appropriate motion, the following matter, which involved pending litigation attorney-client privilege, and/or contract exceptions to the Open Public Meetings Act was discussed in Executive Session.

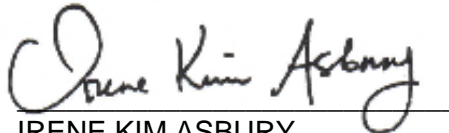
### 2. ENERGY

#### **T. Docket No. EO12121072 – In the Matter of the Board’s Review of the Applicability and Calculation of a Consolidated Tax Adjustment.**

The substance of this discussion shall remain confidential except to the extent that making the discussion public is not inconsistent with law.

After appropriate motion, the Board reconvened to Open Session.

There being no further business before the Board, the meeting was adjourned.

  
IRENE KIM ASBURY  
BOARD SECRETARY

Date: November 21, 2017