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August 13, 2014

Via Electronic Mail and Hand Delivery

Ms. Kristi Izzo
Secretary
New Jersey Board of Public Utilities
CN 350
44 South Clinton Avenue
Trenton, New Jersey 08625-0350

Re: I/M/O the Board's Review of N.J.A.C. 14:5-9
Electric Utility Line Vegetation Management Rules
BPU Docket No. EX14010104

Dear Secretary Izzo:

Please accept these comments on behalf of the Division of Rate Counsel ("Rate Counsel") in response to the request for written comments by the Staff of the Board of Public Utilities ("Board" or "BPU") in connection with the Board's re-adoption of its Electric Utility Line Vegetation Management regulations, N.J.A.C. 14:5-9.1 through -9.10. We enclose one additional copy of these comments. Please stamp and date the copy as "filed" and return it in the enclosed self-addressed envelope. Thank you for your consideration and assistance.

Background

On January 23, 2013, the Board adopted the Energy Preparedness Partnership's Report ("EPP Report") which included, among other things, recommendations that the regulated New Jersey electric distribution companies ("EDCs") could implement to better prepare for future storms. By Orders dated January 23 and February 20, 2013, the Board directed the EDCs to initiate certain vegetation management recommendations in the EPP Report. Based on the EPP Report recommendations, the Board Staff convened a stakeholder meeting on April 1, 2014 to discuss "issues and ideas" to better implement vegetation management in the state. Based on the discussion during the April 1 meeting, Board Staff invited submission of additional comments in writing by April 24, 2014.

At the April 1 meeting, Board Staff expressed a need to better understand how the various EDCs approach vegetation management. The discussion explored individual utility practices with respect to certain types of hazards in relation to the threat of disruption to the distribution system. There was some discussion identifying the need for particularized vegetation management practices for each utility given the variety and differences of vegetation hazards presented within New Jersey.

Rate Counsel filed comments with Board Staff on April 24. Among other comments, Rate Counsel expressed our belief that the Board can set some uniform standards that would encourage all the EDCs in the state to operate more efficiently; that annual system performance reporting requirements should be enhanced; and that the violation provisions of the rules should be clarified and enhanced. Rate Counsel incorporates its April 24 comments herein by reference.

Board Staff arranged another stakeholder meeting on May 12, 2014. At that meeting, Board Staff circulated for discussion a revised draft of its Vegetation Management Rules. Staff invited comments from all parties but especially from the EDCs. Staff also asked the EDCs to respond to three specific questions, by May 27. Those questions primarily involved minimum clearances from electric distribution systems and whether vegetation management should be enhanced near critical distribution system facilities such as substations and crucial circuits.

On July 24, Board Staff convened a final stakeholder meeting. Staff again circulated for discussion a draft of its Vegetation Management Rules, revised to reflect some of the comments submitted by stakeholders since the May 12 meeting. Recurring themes in the July 24 discussion included the scope of EDCs' responsibility for trees located outside their rights of way that could damage EDC equipment if they were to fall, technical standards, and increased reporting requirements. Staff asked the attendees to submit any further written comments by August 15.

Vegetation management practices can be one of the EDCs' most efficient and cost-effective methods of preventing blackouts and expensive damage to utility infrastructure, especially during storm conditions. Rate Counsel appreciates the opportunity to provide input on this important service quality issue. Rate Counsel respectfully submits these comments to the Board to include in the record of this rulemaking proceeding.

Rate Counsel Comments

The July 24, Staff draft rule proposal includes a cost-shifting provision for when an EDC agrees to perform additional vegetation management work requested by a municipality or a private property owner for aesthetic purposes. N.J.A.C. 14:5-9.3(g). If the EDC agrees to perform any vegetation management work other than as required by Board rules, then the requesting party must pay any incremental costs. Id. A question may arise, however, as to whether the municipality's request for additional vegetation management work is necessary for electric system reliability and therefore required by the Board's vegetation management rules or is merely "aesthetic." The N.J. League of Municipalities raised this question in its July 9 comment letter to the Board. The League did not believe it was equitable for a municipality to pay for work it believes necessary for reliability. Rate Counsel encourages the Board to establish a process to consider a municipality's objection that an EDC's proposed vegetation management activity will be inadequate, and to determine whether the extra vegetation management work requested by the municipality is necessary for reliability and therefore paid for by the EDCs.

The draft rule proposal would require removal of "all overhanging vegetation ... from the distribution line segment from the substation / switching station to the first protective device (lock out zone) on the distribution line." N.J.A.C. 14:5-9.8(c). Rate Counsel defers to the Board as to whether trimming all overhanging vegetation is necessary for reliability. If this work has been shown empirically to improve reliability, then Rate Counsel would support this additional requirement. Rate Counsel recognizes, however, that this provision would increase the scope of vegetation management work and its cost,

and that the cost impact may be most acute in the first round of implementing this additional vegetation management work. Accordingly, Rate Counsel suggests that the Board consider phasing in initial implementation of this rule over more than the usual four-year trimming cycle, and then incorporating this additional trimming work into each EDC's subsequent normal four-year vegetation management cycle thereafter.

Rate Counsel thanks the Board for this opportunity to submit these additional comments. We very much appreciate the Board's attention to this important issue. Rate Counsel looks forward to working with the Board and other stakeholders to improve the State's vegetation management rules going forward.

Respectfully submitted,

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: *s/Brian Weeks*
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