A Regular Board meeting of the Board of Public Utilities was held on September 17, 2018, at the State House Annex, Committee Room 6, 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:

Joseph L. Fiordaliso, President
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Upendra J. Chivukula, Commissioner
Robert M. Gordon, Commissioner

President Fiordaliso presided at the meeting and Aida Camacho-Welch, 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 29, 2018, location to be announced.
CONSENT AGENDA

I. AUDITS

A. Energy Agent Initial Registrations

<table>
<thead>
<tr>
<th>Application ID</th>
<th>Company Name</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE17080916L</td>
<td>Infinity Power Partners, LLC</td>
<td>I – EA</td>
</tr>
<tr>
<td>EE18020164L</td>
<td>Blitz Ventures, LLC</td>
<td>I – EA</td>
</tr>
<tr>
<td></td>
<td>d/b/a Blitz Energy Ventures, LLC</td>
<td></td>
</tr>
</tbody>
</table>

Energy Agent, Private Aggregator and/or Energy Consultant Renewal Registrations

<table>
<thead>
<tr>
<th>Application ID</th>
<th>Company Name</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE18070783L</td>
<td>Broker Online Exchange, LLC</td>
<td>R – EA</td>
</tr>
<tr>
<td>EE18060607L</td>
<td>Onix Energy, LLC</td>
<td>R – EA</td>
</tr>
<tr>
<td>EE18060668L</td>
<td>National Energy Cost Services, Inc.</td>
<td>R – EA</td>
</tr>
<tr>
<td></td>
<td>d/b/a Cost Services Group</td>
<td></td>
</tr>
<tr>
<td>EE17090988L</td>
<td>EnerNOC, Inc.</td>
<td>R – EA/PA/EC</td>
</tr>
<tr>
<td>GE17090989L</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EE18040467L</td>
<td>Diversegy, LLC</td>
<td>R – EA/PA/EC</td>
</tr>
<tr>
<td>GE18040468L</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EE18070779L</td>
<td>I.C. Thomasson Associates, Inc.</td>
<td>R – EA/PA</td>
</tr>
<tr>
<td>GE18070780L</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Electric Power and/or Natural Gas Supplier Initial Licenses

<table>
<thead>
<tr>
<th>Application ID</th>
<th>Company Name</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE18040387L</td>
<td>Discount Power, Inc.</td>
<td>I – EGSL</td>
</tr>
<tr>
<td>GE18040386L</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EE18080931L</td>
<td>CIMA Energy Solutions, LLC</td>
<td>I – EGSL</td>
</tr>
<tr>
<td>GE18080932L</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Electric Power and/or Natural Gas Supplier Renewal Licenses

<table>
<thead>
<tr>
<th>Application ID</th>
<th>Company Name</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE18070760L</td>
<td>Harborside Energy, LLC</td>
<td>R – EGSL</td>
</tr>
<tr>
<td>GE18070759L</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

Having reviewed the submitted applications in accordance with N.J.A.C. 14:4-5.4, -5.8 and -5.11, Staff recommended that the Board issue initial registrations as an energy agent, private aggregator and/or energy consultant for one year to:

- Infinity Power Partner, LLC
- Blitz Ventures LLC d/b/a Blitz Energy Ventures LLC
Staff also recommended that the following applicants be issued renewal registrations as an energy agent, private aggregator and/or energy consultant for one year:

- Broker Online Exchange LLC
- Onix Energy LLC
- National Energy Cost Services Inc. d/b/a Cost Services Group
- EnerNOC, Inc.
- Diversegy, LLC

In addition, Staff recommended that the following applicants be issued initial licenses as an electric power and/or natural gas supplier for one year:

- Discount Power, Inc.
- CIMA Energy Solutions, LLC

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

- Harborside Energy, LLC

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

II. ENERGY


BACKGROUND: On August 21, 2018, Atlantic City Electric Company (ACE or Company), filed a petition with the Board for approval of an increase in its current base rates for electric service of approximately $116.5 million, including Sales and Use Tax, to be effective for electric service provided on or after September 21, 2018.

ACE also requested a return on equity of 10.10%. According to the petition, the primary reason for the requested increase is that the Company's current base rates do not: (i) provide sufficient operating revenues to reflect increased investment in the Company's rate base, meet operating expenses, taxes, and fixed charges, and maintain its financial viability; and (ii) provide an opportunity to earn a reasonable rate of return on the fair value of the Company's property.

Since a review of this matter will not be complete prior to September 21, 2018, Staff recommended that the proposed revisions be suspended until November 15, 2018, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions. In addition, it is anticipated that this matter will be transmitted to the Office of Administrative Law for hearing.

DECISION: The Board adopted the recommendation of Staff as set forth above.
B. Docket No. GE18030258 – In the Matter of the Petition of South Jersey Gas Company for Approval of a Municipal Consent in Hi-Nella Borough, Camden County.

BACKGROUND: On March 14, 2018, South Jersey Gas Company (SJG or Company) filed a petition requesting that the Board approve the consent adopted by the Hi-Nella Borough. As required by law and after notice, a hearing in this matter was held on July 13, 2018. William Agee, Esq., the Board’s duly appointed hearing officer, presided over the hearing. 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 16, 2015, 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 50 years. However, the Rate Counsel requested that the approval of the petition include certain restrictions.

After review, Staff recommended that the Board approve the municipal consent granted to SJG.

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

III. CABLE TELEVISION


BACKGROUND: On April 5, 2018, the Township of Mahwah (Township) granted Cablevision of Rockland/Ramapo, LLC (Cablevision) renewal municipal consent for a term of 15 years from the date of issuance of the Renewal Certificate of Approval. On May 2, 2018, Cablevision accepted the terms and conditions of the ordinance, and on May 17, 2018, Cablevision filed a petition with the Board for its Renewal Certificate of Approval for the Township.

After review, Staff recommended approval of the proposed Renewal Certificate of Approval. This Certificate shall expire on September 27, 2033.

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

B. Docket No. CE18060648 – In the Matter of the Petition of Comcast of New Jersey II, LLC for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the Borough of Carteret, County of Middlesex, State of New Jersey.

BACKGROUND: Commissioner Gordon recused himself from voting on this matter. On December 27, 2016, the Borough of Carteret (Borough), after public hearing, adopted an ordinance granting renewal municipal consent to Comcast of New Jersey II, LLC (Comcast). On April 17, 2018, Comcast accepted the terms and conditions of the ordinance, and on June 18, 2018, Comcast filed a petition with the Board for its Renewal Certificate of Approval for the Borough.
After review, Staff recommended approval of the proposed Renewal Certificate of Approval. This Certificate shall expire on September 27, 2033.

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

C. Docket No. CE17050497 – In the Matter of the Petition of Comcast of Garden State, LP for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the Township of Tabernacle, County of Burlington, State of New Jersey.

BACKGROUND: Commissioner Gordon recused himself from voting on this matter. On May 10, 2017, Comcast of Garden State, LP (Comcast) filed a petition with the Board seeking an Automatic Renewal Certificate of Approval for the Township of Tabernacle (Township) based on the automatic renewal provision, for a term to expire on February 10, 2027.

The petition is based on the Township’s ordinance granting renewal municipal consent, which was adopted on June 17, 2004. The Township’s ordinance granted a term of 15 years with an automatic renewal term of ten years. The initial term expired on February 10, 2017.

Staff recommended approval of the proposed Automatic Renewal Certificate of Approval. This certificate shall expire on February 10, 2027.

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

D. Docket No. CE17060598 – In the Matter of the Petition of Comcast of Garden State, LP for a Renewal Certificate of Approval to Continue to Construct, Operate and Maintain a Cable Television System in and for the Township of Carneys Point, County of Salem, State of New Jersey.

BACKGROUND: Commissioner Gordon recused himself from voting on this matter. On June 5, 2017, Comcast of Garden State, LP (Comcast) filed a petition for an Automatic Renewal Certificate of Approval for the Township of Carneys Point (Township) based on the automatic renewal provision, for a term to expire on April 1, 2027.

The petition is based on the Township’s ordinance granting renewal municipal consent which was adopted on January 23, 2002. The Township’s ordinance granted a term of 15 years with an automatic renewal term of ten years. The initial term expired on April 1, 2017.

Staff recommended approval of the proposed Automatic Renewal Certificate of Approval. This certificate shall expire on April 1, 2027.

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

A. Docket No. TO17111149 – In the Matter of the Submission of Level 3 Communications and Alteva of Warwick, LLC for Approval of an Interconnection Agreement pursuant to Section 252(e) of the Communications Act of 1934, as amended.

BACKGROUND: By separate letters, Alteva of Warwick, LLC and Level 3 Communications, LLC (collectively, Petitioners) filed an application with the Board for the approval of a negotiated Interconnection Agreement.

The agreement sets forth the terms, conditions and prices under which the Petitioners will offer and provide network interconnection, call transport and termination, and ancillary services to each other in which they operate in New Jersey.

By letter dated December 21, 2017, the New Jersey Division of Rate Counsel submitted comments to the Board stating that it did not object to Board approval of the Agreement subject to certain conditions.

After review, Staff recommended approval of the Interconnection Agreement.

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

B. Docket No. TO17030327 – In the Matter of the Joint Petition of United Telephone Company of New Jersey, Inc., d/b/a Centurylink and BCN Telecom, Inc. for Approval of an Interconnection Agreement.

BACKGROUND: By separate letters, United Telephone Company of New Jersey, Inc. d/b/a CenturyLink and Local Access, LLC and BCN Telecom, Inc. (collectively, Petitioners) filed an application with the Board, pursuant to Section 252(e)(1) of the Telecommunications Act of 1996 (Act) for the approval of a negotiated Interconnection Agreement.

The agreement sets forth the terms, conditions and prices under which the Petitioners will offer and provide network interconnection, call transport and termination, and ancillary services to each other.

After review, Staff recommended approval of the Interconnection Agreement.

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

C. Docket No. TM18070796 – In the Matter of the Verified Joint Petition of Lingo Communications, LLC, Birch Communications of the Northeast, LLC, TNCI Impact LLC, and Matrix Telecom, LLC for Approval of the Proposed Transfer of Indirect Control of Matrix Telecom, LLC to Lingo Communications, LLC.

BACKGROUND: On July 25, 2018, Lingo Communications, LLC (Transferee), Birch Communications of the Northeast, LLC, TNCI Impact LLC, and Matrix Telecom, LLC (Matrix) (collectively, the Petitioners), submitted a Petition requesting Board approval, to the extent required, to transfer indirect control of Matrix to Transferee (the Transaction) and related transactions.
Following closing of the Transaction, the same services will continue to be offered in New Jersey at the same rates, terms, and conditions to Matrix customers.

The New Jersey Division of Rate Counsel submitted comments by letter dated August 24, 2018, stating it did not oppose approval of the proposed transfer provided certain conditions are imposed to ensure continued service quality in connection with potential future employment attrition in New Jersey.

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.

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

**D. Docket No. TF18070795 – In the Matter of Verified Petition of Lingo Communications, LLC, Birch Communications of the Northeast, LLC, and Matrix Telecom, LLC, for Approval of Birch Communications of the Northeast, LLC and Matrix Telecom, LLC to Participate in Certain Financing Arrangements.**

**BACKGROUND:** On July 25, 2018, Lingo Communications, LLC (Lingo), Birch Communications of the Northeast, LLC (Birch-NE), and Matrix Telecom, LLC (Matrix) (Petitioners) submitted a Petition to the Board requesting approval for Birch-NE and, upon completion of the transfer of indirect control of Matrix from TNCI Impact LLC to Lingo, Matrix to enter into or participate in new, amended, and restated financing arrangements.

The Petitioners sought approval for Birch-NE and, upon completion of the Transaction, Matrix to enter into or participate in new, amended, and restated financing arrangements. The Petitioners expect that any long-term indebtedness incurred as part of the Financing Arrangements will mature up to 10 years after issuance, depending on the type of debt instrument. Interest rate(s) will be set according to market conditions at issuance and may be fixed or floating, or a combination thereof, depending on the type of debt.

A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of Lingo and certain of its current and future subsidiaries, including Birch-NE and Matrix, may be pledged as additional security. Additionally, Lingo and certain of its current and future subsidiaries, including Birch-NE and Matrix, may provide a guaranty as security for the full amount of the Financing Arrangements. A portion of the Financing Arrangements will be used for the purchase price of the proposed Transaction and associated fees and costs. The Financing Arrangements also may be used for future acquisitions, refinancing of then current outstanding debt, working capital requirements, and other general corporate purposes of the company. The Petitioners currently expect that Lingo will be the borrower. In order to maintain flexibility, authorization also is sought for each of Birch-NE and, upon completion of the Transaction, Matrix to incur debt as a borrower, co-borrower, or guarantor under and to pledge their assets as security for the Financing Arrangements.
The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of this Petition.

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

V. WATER


BACKGROUND: Commissioner Gordon recused himself from voting on this matter. On May 31, 2018, SUEZ Water New Jersey Inc., SUEZ Water Toms River Inc. SUEZ Water Arlington Hills Inc., SUEZ Water West Milford Inc., SUEZ Water Princeton Meadows Inc., and SUEZ Water Matchaponix Inc. (collectively, Petitioners or SUEZ Companies) filed a Petition with the Board seeking approval to increase rates for water service beginning on and after July 1, 2018, which is at least thirty days after filing the Petition.

The Petitioners sought an overall increase in rates to produce additional revenues of approximately $32,104,860.00 or approximately 12.05% above the annual level of present rate revenues for the test year period ending September 30, 2018.

On June 4, 2018, the Board transmitted this matter to the Office of Administrative Law (OAL) and on June 22, 2018 (with an effective date of July 1, 2018), the Board issued an Order suspending the Company’s proposed rate increase until November 1, 2018.

Since this matter is still pending before the OAL, and that the proposed revisions will increase existing rates and change or alter existing classifications in Petitioner's tariff, Staff recommended that the Board further suspend the rates until March 1, 2019, unless the Board prior to that date makes a determination disposing of the petition.

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


BACKGROUND: On March 20, 2017, the Northgate West Condominium Association, Inc. (Northgate) filed a Petition with the Board against the Town of Clinton (Town), regarding the Town of Clinton Water Utility’s failure to inspect, flush, and maintain the 12 fire hydrants located in the Northgate development and keep proper records on these hydrant maintenance activities, per the New Jersey Administrative Code.

On May 15, 2017, the Board transmitted the matter to the Office of Administrative Law (OAL) as a contested case, after Northgate and the Town of Clinton (the Parties) failed to reach a settlement in the matter. The matter was assigned to Administrative Law Judge Jacob S. Gertsman (ALJ Gertsman).
The Initial Decision of ALJ Gertsman in this matter was received by the Board on September 7, 2018. The 45-day period in which the Board is to consider this matter and render a final decision is October 22, 2018.

As additional time is required for Staff to perform a full review of the record, Staff recommended that the Board seek an additional 45-day extension of the time in which the Board may render a final decision from the OAL, until December 6, 2018.

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

**VI. RELIABILITY & SECURITY**

There were no items in this category.

**VII. CUSTOMER ASSISTANCE**


**BACKGROUND:** Commissioner Gordon recused himself from voting on this matter. This matter involved a billing dispute between Donna and Thomas Deloy (Petitioners) and Public Service Electric and Gas (PSE&G). The petition was transmitted to the Office of Administrative Law for hearing as a contested case. Administrative Law Judge (ALJ) Danielle Pasquale filed an Initial Decision in this matter with the Board on August 1, 2018, approving the Stipulation of Settlement of the Parties (Stipulation).

The Petitioners stated that PSE&G incorrectly billed their account at a commercial rate instead of a residential rate. PSE&G, in its answer dated March 19, 2018, denied the allegations that the Petitioners were incorrectly billed. PSE&G contended that services were supplied and billed in accordance with terms and conditions and rate schedules set forth in its Board approved Tariff. PSE&G requested that the relief sought be denied on the basis that the Petitioners failed to set forth a claim upon which relief may be granted.

Pursuant to the terms of the Stipulation, and in order to fully resolve this matter, PSE&G, although not agreeing with the merits of the allegations expressed in the petition, and expressly denying any liability or wrongdoing, agrees to change the rate to residential service on account ending 1608 for the gas and electric meters retroactive to May 1, 2018. The Petitioners agreed and understands that no claims or grievances can be later adjudicated relating to the matters referenced in the petition. The Petitioners further agreed to take any and all measures necessary to effectuate the dismissal of the petition with prejudice, including contacting the OAL or Board if necessary to request dismissal of the petition. The Petitioners also agreed to pay their PSE&G bills on a timely basis as long as they remain customers of PSE&G.

The Board, at its discretion, has the option of accepting, modifying or rejecting the Initial Decision of ALJ Pasquale. Staff recommended the Board adopt the Initial Decision and the Settlement of the Parties.

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

BACKGROUND: The Initial Decision of the Administrative Law Judge was received by the Board on August 31, 2018; therefore, the 45-day statutory period for review and the issuing of a Final Decision will expire on October 15, 2018. Prior to that date, the Board requested an additional 45-day extension of time for issuing the Final Decision in order to provide sufficient time 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 29, 2018.

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


BACKGROUND: The record in this matter closed on April 23, 2018. By previous orders of extension, the due date for issuing an Initial Decision was extended until September 6, 2018. Administrative Law Judge Elia A. Pelios requested additional time to complete the Initial Decision due to a voluminous caseload.

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 for filing the initial decision be extended until October 22, 2018.

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

VIII. CLEAN ENERGY

There were no items in this category.

IX. MISCELLANEOUS

A. Approval of the Minutes for the July 25, 2018 Agenda Meeting.

BACKGROUND: Staff presented the minutes of the Regular Board Agenda July 25, 2018, and recommended they be accepted.

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

After appropriate motion, the consent agenda was approved.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye (excluding noted recusals)
AGENDA

1. AUDITS

A. Docket No. AN18060006 – In the Matter of the Alleged Failure of Direct Energy and Gateway Energy Services Corporation, a subsidiary, to Comply with certain Third Party Supplier Requirements.

Caroline Vachier, Deputy Attorney General, Division of Law, presented this matter.

BACKGROUND AND DISCUSSION: Gateway Energy Services Corporation (Gateway), a subsidiary of Direct Energy, is a licensed third party supplier (TPS) and provides electric power and natural gas supply services to approximately 67,325 residential customers in New Jersey. A TPS is required to obtain affirmative written authorization from its customer before the terms and conditions of a renewal residential electric or gas supply service contract may be amended. Where such authorization is not obtained, the existing contract shall continue on a month-to-month basis under the current terms, conditions, and pricing.

This matter involved a billing error by Gateway that began on August 1, 2014. In the course of integrating customers’ service agreements into Direct Energy’s billing software after Direct Energy acquired Gateway, 3,615 customer accounts were switched from a fixed pricing structure to a variable pricing structure without prior affirmative authorization by the affected customers. Of the 3,615 affected accounts, the billing error resulted in 3,509 customer accounts out of more than 70,000 accounts in the state – paying more than they would have paid under their contracts with Gateway, as well as 106 customer accounts paying less than they should have. In the aggregate, affected customers were charged approximately $2,025,299.00 more for electric services and approximately $354,244.00 more for gas supply services, for a total of $2,379,543.00 in approximate overpayments.

On April 17, 2018, Gateway reported the billing error to the Board and offered to return all overpayments to the affected customers. In cooperation with Staff, Gateway provided information identifying the affected accounts and calculating the total amount that each customer was charged, including a calculation for interest at a rate of 2.5% compounded annually. Also in cooperation with Staff, Gateway drafted correspondence to affected customers describing the billing error, indicating that it is being promptly rectified, and providing adversely affected existing and former customers with a refund, including interest.

As a result of correspondence, telephone conversations, and settlement conferences between Gateway and Staff, on August 28, 2018 Gateway submitted an Offer of Settlement concerning the non-conforming practices. In the Offer of Settlement, Gateway did not admit to any violations and made a monetary offer in the amount of $13,550.00 to resolve all issues concerning the billing error.

Staff recommended that the Board accept Gateway’s Offer of Settlement.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:  
President Fiordaliso Aye  
Commissioner Holden Aye  
Commissioner Solomon Aye  
Commissioner Chivukula Aye  
Commissioner Gordon Aye
2. **ENERGY**


   This matter was deferred.

   **B. Docket No. ER18060661 – In the Matter of the 2018/2019 Annual Compliance Filings for the Universal Service Fund (USF) Program Factor within the Societal Benefits Charge Rate – Interim USF Rates and Lifeline Rates.**

    Maureen Clerc, USF Team, presented this matter.

**BACKGROUND AND DISCUSSION:** Commissioner Gordon recused himself from voting on this matter. On June 22, 2018, 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 2018/2019 Universal Service Fund (USF) and Lifeline program year. The June 2018 Filing included actual cost data from October 2017 to April 2018 and estimated data for May 2018 through September 2018, and proposed a USF program budget of $106.3 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 on August 2, 2018 (August utility update) to include actual costs through June 2018. This updated data supported a $112.3 million USF program budget and again, a $74.6 million Lifeline program budget.

   On August 29, 2018, the Board approved a $6,400,005.00 DCA administrative cost budget for USF for Fiscal Year 2019 (FY 19 USF administrative budget), which was approximately $113,000.00 less than the estimated amount included in the June and August utility filings.

   The Rate Counsel submitted comments on September 5, 2018, stating that it did not oppose the proposed rates but noted the large electric over-recovery and stated that the utilities’ estimation methodology will need to be reviewed if a large over-recovery recurs next year.

   Staff recommended the Board adopt rates that include the:

   1) USF gas rate based on data from the June 22, 2018 filing;
   2) USF electric rate based upon data from the August utility update;
   3) the FY 19 USF administrative cost budget the Board approved at the August 29, 2018 agenda meeting; and
   4) Lifeline gas and electric rate from the June 22, 2018 filing (unchanged in the August utility update).

   If approved, these USF rates would reflect costs for the projected period of October 1, 2018 – September 30, 2019. These electric rates are based on nine months of actual information and three months of estimated data, while the gas rates are based on seven months of actual information and five months of estimated data. These rates would support:

   - an overall USF budget of approximately $111.8 million;
   - a gas over-recovery balance of $400,000.00; and
   - an electric over-recovery balance of approximately $13.5 million.
The combined USF/Lifeline rates represent an annual:

- increase of $1.92 for an average residential gas customer utilizing 1,200 therms per year;
- decrease of $1.29 for an average residential electric customer utilizing 7,800 kWh per year; and
- bill of $28.67 per year for an average residential customer who uses both gas and electricity,
  (an increase of approximately 2.25% or $0.62 from the current level of $28.05 per year).

Staff also recommended that the Board direct the Utilities to file appropriate tariff sheets consistent with the Board’s order prior to October 1, 2018.

In addition, Staff recommended that the Board determine that the rates effective through September 30, 2017, which were approved on an interim basis, have been reviewed and trued up, be considered final rates.

**DECISION:** After discussion, the Board adopted the recommendation of Staff as set forth above.

**Roll Call Vote:**
- President Fiordaliso: Aye
- Commissioner Holden: Aye
- Commissioner Solomon: Aye
- Commissioner Chivukula: Aye
- Commissioner Gordon: recused

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

**C. Docket No. GR18060608 – 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, 2018, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (Elizabethtown) filed a petition (2018 BGSS Petition) with the Board seeking a decrease in its Periodic Basic Gas Supply Service (BGSS-P) rate from $0.4540 per therm to $0.4237 per therm, to be effective October 1, 2018. The proposed BGSS-P rate of $0.4237 per therm is designed to bring the BGSS balance to approximately zero as of September 30, 2019 at the time of the filing. The proposed rate decrease would decrease the monthly bill of a typical residential heating customer using 100 therms by $3.03 from $91.65 to $88.62, a decrease of 3.3%.

Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel (collectively, Parties) determined that, while additional time is needed to complete a review of the 2018 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 10, 2018, the Parties executed a Stipulation of Settlement (Stipulation) for a provisional BGSS-P rate.

Staff recommended that the Board issue an Order adopting the Stipulation of the Parties which sought to implement a provisional BGSS-P rate of $0.4237 per therm, subject to refund to be effective as of October 1, 2018. In addition, Staff recommended that the Board direct Elizabethtown to file tariffs consistent with its Order by October 1, 2018. Staff further recommended that this matter be transmitted the office of Administrative Law for hearing.
DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye


BACKGROUND AND DISCUSSION: On March 28, 2017, Jersey Central Power and Light Company (JCP&L or the Company) filed a petition with the Board seeking review and approval of the amounts included in the Company’s Non-Utility Generation Charge (NGC) deferred balance to the extent accumulated from January 1, 2016 through December 31, 2016. In the March 2017 Petition, the Company projected that, at present rates, the net NGC deferred balance at December 2017 would be an over-recovery of $30,836,421.00, after the application of over-recovered carrying costs of $272,110.00. The rates proposed would result in a decrease of $69.41 million per year.

On May 11, 2017, JCP&L, Board Staff and the New Jersey Division of Rate Counsel (collectively the Parties) executed a stipulation of settlement for provisional rates requesting that the Board approve the proposed decrease on a provisional basis, subject to refund with interest, to allow the Parties sufficient time to complete their review of the petition and the proposed rates and costs. By Order dated May 31, 2017, the Board approved a NGC rate of $0.001527 per kWh (excluding SUT), on a provisional basis.

Subsequently, the Company provided two updates to the revenue requirements on November 8, 2017 (First Update) and June 9, 2018 (Second Update), respectively. Based on the Second Update, the Company proposed to decrease the composite Market Transition Charge/NGC (MTC/NGC) factor by an additional $0.000150 per kWh, which would result in a composite MTC/NGC factor of $0.000473 per kWh. The result of this additional rate decrease would be an incremental reduction in Rider NGC revenues of approximately $21.8 million on an annual basis, compared to the provisional rate.

On August 30, 2018, the Parties executed a Stipulation for Final Rates (Stipulation) requesting that the Board finalize the provisional composite MTC/NGC factor of $0.001527 per kWh (excluding SUT).

Staff recommended that the Board issue an order adopting the Stipulation. Staff also recommended that the Board order JCP&L to file tariffs consistent with the Board’s Order by October 1, 2018.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye

BACKGROUND AND DISCUSSION: On February 26, 2018, Jersey Central Power & Light Company (JCP&L or Company) filed a petition with the Board seeking approval of a contract for the sale of certain property in the Borough of Allenhurst, Monmouth County, New Jersey (Allenhurst Property) to Power Station at Allenhurst, LLC (Buyer) for a purchase price of $5,238,095.24.

On November 7, 2017, the Company and the Buyer entered into a Purchase agreement (PSA) for the sale of the Allenhurst Property for $5,238,095.24 to be paid at the closing. Pursuant to the PSA, the Buyer will conduct a survey preparing a Subdivision Plan to the Planning and Zoning Board of Borough of Allenhurst. Block 21, lots 5, 6 and 7 of the Allenhurst Property from adjacent Block 21, Lot 4, which Company currently owns and intends to keep following the sale of the Allenhurst Property.

The Allenhurst Property was advertised for sale on September 29, 2017 and again on October 6, 2017 in the Asbury Park Press and the Newark Star Ledger. “For Sale” signs were also placed on the Allenhurst Property in October 2017.

More than 15 bids were received on November 6, 2017 at Company’s Morristown location. The bids were opened, and after review, the Company accepted the highest sealed bid.

The New Jersey Division of Rate Counsel (Rate Counsel) filed comments in this matter on July 25, 2018, indicating that it did not object to the sale of Allenhurst Property. However, the Rate Counsel recommended that the gain from the Allenhurst Property sale be fully reviewed in the Company’s next base rate case. Specifically, Rate Counsel requested that the Board order JCP&L to flow through one-hundred percent (100%) of the Net Gain on Sale into Account 253, Other Deferred Credits, for appropriate disposition in the Company’s next base rate case.

Staff recommended that the Board approve the property sale, subject to the conditions set forth in the Board Order.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:    President Fiordaliso    Aye
                  Commissioner Holden    Aye
                  Commissioner Solomon    Aye
                  Commissioner Chivukula    Aye
                  Commissioner Gordon    Aye

F. Docket No. GR18030354 – 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.

BACKGROUND AND DISCUSSION: On March 29, 2018, New Jersey Natural Gas Company (NJNG or Company) filed a petition with the Board seeking approval 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). The March 2018 Petition sought approval to recover $3.2 million in revenue related to NJ RISE Program expenditures through June 30, 2018 and $3.7 million in revenue related to SAFE II Program costs through June 30, 2018. The March 2018 Petition was based on actual costs through February 28, 2018 and projected program expenditures from March 1, 2018 through June 30, 2018.

On July 25, 2018, NJNG updated the March 2018 Petition to include actual NJ RISE and SAFE II Program expenditures through June 30, 2018. The update reflected a net reduction in the proposed revenue requirements of $0.16 million for both Programs to $6.74 million.

On August 30, 2018, the Company, Board Staff, and the New Jersey Division of Rate Counsel (the Parties) executed a Stipulation of Settlement (Stipulation) that allows the Company to recover revenues of $2.89 million related to the NJ RISE Program and $3.85 million related to the SAFE II Program expenditures as of June 30, 2018.

Staff recommended that the Board issue an Order approving the Stipulation of the Parties. Staff further recommended that the Board direct NJNG to file tariffs consistent with the Board’s Order by October 1, 2018.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye

G. Docket No. GR18050586 – 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 its Conservation Incentive Program (CIP) Rates for FY 2019.

BACKGROUND AND DISCUSSION: On May 29, 2018, New Jersey Natural Gas Company (NJNG or Company) filed a petition (2018 BGSS/CIP Petition) with the Board requesting approval to maintain its Periodic BGSS rate at its current level of $0.3646 per therm and to decrease the Company’s overall Conservation Incentive Program (CIP) rates. The changes in the Company’s CIP rates would yield an overall decrease in after tax revenues of approximately $33.0 million. NJNG requested that the changes to the Periodic BGSS and CIP rates become effective October 1, 2018.

The Company also proposed to increase its Balancing Charge rate by $0.0174 per therm, from $0.0681 to $0.0855, effective October 1, 2018. 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. The proposed change in the Company’s Balancing Charge would yield an overall increase in after tax revenues of approximately $11.5 million.

On August 15, 2018, the Company submitted a discovery response updating the proposed Balancing Charge to account for the impact of the 2017 Tax Cut and Jobs Act on the inventory portion of the Balancing Charge. The revised Balancing Charge is $0.0848 per
therm, which would result in an overall increase in after-tax revenue of approximately $11.0 to the current estimated balancing charge revenue of $45.0 million.

NJNG, Board Staff and the New Jersey Division of Rate Counsel (collectively, the Parties) determined that, while additional time is needed to complete a review of the 2018 BGSS/CIP Petition, it is reasonable and in the public interest for the proposed rates to be implemented on a provisional basis. Accordingly, on August 30, 2018, 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 sought to implement provisional Periodic BGSS, CIP, and Balancing Charge rates, subject to refund, to be effective as of October 1, 2018. In addition, Staff recommended that the Board direct NJNG to file tariffs consistent with its Order by October 1, 2018. Staff further recommended that this matter be transmitted to the Office of Administrative Law for hearing.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye


Stacy Peterson, Director, Division of Energy, and Sherri Jones, Assistant Director, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: On March 29, 2018, New Jersey Natural Gas Company (NJNG or Company) filed a petition (2018 EEP Petition) with the Board requesting authorization to continue its existing energy efficiency programs with some modifications, as well as to continue its on-bill repayment program (OBRP). In addition, the Company sought approval to implement several new energy efficiency programs, including Emerging Technologies and Approaches, Community Efficiency, and SAVEGREEN Low Income Solar. The Company sought approval to continue the existing SAVEGREEN programs, as well as various new SAVEGREEN programs, and the implementation of a new proposed solar program through December 31, 2024.

As proposed in the 2018 EEP Petition, the total projected cost of the SAVEGREEN programs is approximately $352.84 million over the six year program period, comprised of $158.37 million of direct investment, $182.83 million of loans and associated OBRP, and $11.64 million of operation and maintenance expenses.

In addition, the Company requested approval of rate recovery of all costs through its Energy Efficiency (EE) Rider, as well as a return on investment. NJNG estimated it would recover a total of approximately $302.28 million through 2049. NJNG requested that any variance between cost and recovery accrue at the rate of the Company’s most recent monthly
commercial payment rate. The Company did not request a contemporaneous change in the rate, stating that it would address recovery of the costs associated with the proposed SAVEGREEN program in its annual energy efficiency rate filing, which is filed annually in June.

On September 10, 2018, NJNG, the New Jersey Division of Rate Counsel, and Board Staff (collectively, Parties), executed a Stipulation of Settlement (Stipulation).

Staff recommended that the Board adopt the Stipulation of the Parties. Staff also recommended that the Board order NJNG to file tariffs consistent with the Board’s order by October 1, 2018.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye


BACKGROUND AND DISCUSSION: Commissioner Gordon recused himself from voting on this matter. On June 1, 2018, Public Service Electric and Gas Company (PSE&G or Company) filed a petition (2018 BGSS Petition) with the Board requesting authority to decrease the Company’s Basic Gas Supply Service (BGSS) to Residential Gas Service (BGSS-RSG) rate from $0.368938 per therm (including losses and Sales and Use Tax (SUT) to $0.349579 per therm (SUT). The 2018 BGSS Petition also sought authority to increase PSE&G’s Balancing Charge, which recovers the cost of providing storage and peaking services, from its current charge of $0.090052 per therm (including losses and SUT) to a charge of $0.102825 per therm (including losses and SUT).

Approval of the request as filed would decrease the annual bill for a typical residential heating customer using 165 therms per winter months and 1,010 therms annually from $879.16 to $867.45, a decrease of $11.71, or approximately 1.3% based on rates in effect on June 1, 2018 and for those customers who receives BGSS service from PSE&G.

Subsequent to the June 1, 2018 filing, the Company made a compliance filing in response to the Board’s Order in the Company’s Petition for Approval of Electric and Gas Base Rate Adjustments Pursuant to the Energy Strong Program (Energy Strong) in Docket Nos. ER18040358 and GR18040359. As a result of the settlement of Energy Strong, the Company’s BGSS-RSG Commodity Charge was decreased from $0.368938 per therm (including losses and SUT) to $0.368937 per therm, effective September 1, 2018.

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 a reasonable and in the public interest for the proposed rate reduction be provisional approved. Subsequently, the Parties executed Stipulation of
Settlement (Stipulation) which would allow PSE&G to implement BGSS-RSG Commodity Charge and Balancing Charge, on a provisional basis, subject to refund.

Staff recommended that the Board issue an Order accepting the Stipulation of the Parties which sought to implement provisional changes in the Company’s BGSS-RSG rate subject to refund to be effective as of October 1, 2018. In addition, Staff recommended that the Board order PSE&G to file tariffs consistent with the Order by October 1, 2018. Staff further recommended that the Board direct that this matter be transmitted to the Office of Administrative Law for hearing.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye Commissioner Holden Aye Commissioner Solomon Aye Commissioner Chivukula Aye Commissioner Gordon recused

J. Docket No. EM18060660 – In the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Sale and Conveyance of Real Property located on 465 State Route 94, Fredon New Jersey with a Municipal Tax Map Designation of Block 1801, Lot 2.01 in the Township of Fredon, Sussex County, State of New Jersey.

BACKGROUND AND DISCUSSION: Commissioner Gordon recused himself from voting on this matter. This matter involved the sale of real property by Public Service Electric and Gas (PSE&G or Company) located on 465 State Route 94 in the Township of Fredon, Sussex County, referred to as Block 1802, Lot 2.01 on the official municipal tax map (Property). PSE&G sought approval of the Agreement of Sale and Conveyance of Real Estate (Contract) to Karin Taylor (Purchaser) for a purchase price of $116,600.00. PSE&G also sought expedited approval of the Contract, as well as a waiver of the requirement to advertise the property pursuant to N.J.A.C. 14:1-5.6(i)7.

According to the petition, the Property is in severe need of repair or demolition. The most recent appraisal valued the Property at $90,000, which is below the current offer. Additionally, PSE&G claims the sale of the Property will alleviate future costs and other liabilities associated with owning the Property. Given the carrying costs and upkeep of the Property, PSE&G determined the best course of action was to sell the Property.

The Property was listed on the Multiple Listing Service through Coldwell Banker Residential Brokerage in November of 2016. On April 20, 2018, PSE&G signed the Contract with the Purchaser for $116,600.00 The Company indicates the Contract will not hinder the Company’s ability to provide safe, adequate, and reliable service, as PSE&G will reserve an approximate 25,843 square foot right-of-way (ROW) easement on the Property for the purpose of accessing its ROW facilities for future maintenance and making upgrades to the Project ROW.

By letter dated September 5, 2018, the New Jersey Division of Rate Counsel (Rate Counsel) stated that it did not object to the sale of the Property or to the waiver for advertisement. However, the Rate Counsel requested the right to examine the ratemaking and accounting treatment of the transaction in the context of the Company’s next base rate
case or other appropriate proceeding. The Rate Counsel also requested that approval of the petition include certain conditions which are incorporated into the order.

Staff recommended Board approval of the Contract and of the waiver to advertise the Property.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye Commissioner Holden Aye Commissioner Solomon Aye Commissioner Chivukula Aye Commissioner Gordon recused

K. Docket No. AX18010001 – In the Matter of the New Jersey Board of Public Utilities’ Consideration of the Tax Cuts and Jobs Act of 2017; and


BACKGROUND AND DISCUSSION: By Order (Generic TCJA Order) dated January 31, 2018, the Board directed all affected utilities to file petitions proposing new rates reflecting the impacts from the Federal Tax Cuts and Jobs Act (the 2017 Act) signed into law on December 22, 2017. The Generic TCJA Order specifically mandated that the utilities file amended tariff sheets reflecting a reduction in rates resulting from the reduction in the corporate tax rate effective April 1, 2018, as well as a plan to address other rate factors and to refund any over collection in rates.

On March 2, 2018, South Jersey Gas Company (SJG, or Company) filed its petition pursuant to the Generic TCJA Order, including proposed tariffs as well as a proposed plan. Specifically, SJG stated that it planned: (1) a reduction in base rates of $25.88 million effective April 1, 2018, (2) a corresponding estimate of $12.88 million refund to customers for the period January 1, 2018 through March 31, 2018 for corresponding rate adjustment, (including interest at the Company’s short-term debt rate), and (3) a re-measurement and adjustment to rates related to its unprotected excess deferred income taxes of approximately $27.1 million associated with the implementation of the 2017 Act. SJG proposed to return the unprotected excess deferred income taxes over a 10 year period through a rider.

By Order dated March 26, 2018, the Board directed the Company to implement its proposed based rate reduction on an interim basis, effective April 1, 2018. As a result of the March 26, 2018 Order, an average residential heating customer using 1,000 therms per year will receive an annual decrease of $73.20 or 5.2%.

On August 3, 2018, the New Jersey Division of Rate Counsel (Rate Counsel) submitted comments in this matter. SJG filed reply comments on August 10, 2018.

Following a review of discovery and discussions among the parties, SJG, Board Staff and the Rate Counsel (collectively, the Parties) executed a Stipulation of Settlement (Stipulation) which resolved all issues in this matter.
Staff recommended that the Board issue an Order accepting the Stipulation of the Parties, which sought to resolve all issues related to this matter. Staff further recommended that the Board order SJG to file tariffs consistent with the Order by October 1, 2018.

**DECISION:** After discussion, the Board adopted the recommendation of Staff as set forth above.

**Roll Call Vote:**
- President Fiordaliso: Aye
- Commissioner Holden: Aye
- Commissioner Solomon: Aye
- Commissioner Chivukula: Aye
- Commissioner Gordon: Aye


**BACKGROUND AND DISCUSSION:** On June 1, 2018, South Jersey Gas Company (South Jersey) filed a petition (2018 BGSS/CIP Petition) with the Board seeking authority to: 1) decrease its Periodic Basic Gas Supply Service (BGSS) rates; 2) change the charges related to its Balancing Service Clause (BSC); and 3) revise its Conservation Incentive Program (CIP) rates. With respect to the BGSS request, the proposed change would increase the monthly bill of a residential heating customer using 100 therms by $22.47 or 16.9%. With respect to the CIP rates request, the same residential heating customer would see a decrease in the monthly bill of $7.25 or 5.5%. On a combined basis, based on the 2018 BGSS/CIP Petition, a typical residential customer would experience a net monthly bill increase of $13.58 or 10.2%.

South Jersey, 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 2018 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 6, 2018, the Parties executed a Stipulation of Settlement (Stipulation) for provisional BGSS and CIP rates.

Staff recommended that the Board issue an Order adopting the Stipulation of the Parties which sought to implement provisional BGSS, BSC, and CIP rates, subject to refund to be effective as of October 1, 2018. In addition, Staff also recommended that the Board direct South Jersey to file tariffs consistent with its Order by October 1, 2018. Staff further recommended that this matter be transmitted to the Office of Administrative Law for hearing.

**DECISION:** After discussion, the Board adopted the recommendation of Staff as set forth above.

**Roll Call Vote:**
- President Fiordaliso: Aye
- Commissioner Holden: Aye
- Commissioner Solomon: Aye
- Commissioner Chivukula: Aye
- Commissioner Gordon: Aye
M. Docket No. GR18040476 – In the Matter of the Petition of South Jersey Gas Company for Approval of Base Rate Adjustments Pursuant to the Accelerated Infrastructure Replacement Program (AIRP II).

BACKGROUND AND DISCUSSION: On April 30, 2018 South Jersey Gas Company, (SJG or Company) filed a petition (April 2018 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 2018 Petition sought to recover $6.6 million, including Sales and Use Tax (SUT) related to AIRP II expenditures based on actual costs from July 1, 2017 through March 31, 2018 and projected program expenditures from April 1, 2018 through June 30, 2018.

On July 16, 2018, SJG updated the April 2018 Petition to include actual AIRP expenditures through June 30, 2018. As reflected in the update, the revenue requirement sought by SJG was not modified.

On September 11, 2018, the Company, Board Staff and the New Jersey Division of Rate Counsel (the Parties) executed a Stipulation of Settlement (Stipulation) that allows the Company to recover revenues of approximately $6.6 million (including SUT) related to AIRP II expenditures as of June 30, 2018.

Staff recommended that the Board issue an Order approving the Stipulation of the Parties. Staff further recommended that the Board direct SJG to file tariffs consistent with the Board’s Order by October 1, 2018.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye Commissioner Holden Aye Commissioner Solomon Aye Commissioner Chivukula Aye Commissioner Gordon Aye


Andrea Hart, Legal Specialist, Office of Chief Counsel, presented this matter.

BACKGROUND AND DISCUSSION: Commissioner Gordon recused himself from voting on this matter. On May 1, 2018, RPM Development (RPM) and Mantua Urban Renewal Associates (Mantua) (collectively, Petitioners) filed a joint petition with the Board, seeking a waiver from the Board of Public Service Electric & Gas Company’s (PSE&G) electric tariff provision related to master metering, specifically B.P.U.N.J. No. 15 Electric, Section 9.2.1. (Tariff), for an apartment building under construction in Westville, New Jersey (RPM Waiver Petition or Petition). The facility (the Project) is a 64 unit, 100% low income rental building that provides affordable housing for seniors. As part of the project, the Petitioners indicated that they will install an on-site photovoltaic (PV) system which will provide enough solar energy to equal the building’s total consumption of electricity on an annual basis, making this building the first Net Zero Building in New Jersey.
On June 2, 2018, PSE&G filed a Motion to Intervene, stating that it will be directly affected if the waiver is granted as the apartment building is located in its franchise territory. PSE&G electric tariff provision 9.2.1 prohibits the type of master metering sought by Petitioners, as it requires each energy user to be aware, and accountable, for his or her usage. PSE&G also states that the RPM Waiver Petition implicates Section 15 of its net metering tariff, which includes provisions regarding the identity of the net metering customer and the permissible size of net metered installations.

On June 26, 2018, the Petitioners submitted a letter to the Board in lieu of a formal response to PSE&G’s Motion to Intervene stating its belief that while PSE&G is entitled to be heard with the respect to the waiver of a PSE&G tariff provision, they believe the Motion to Intervene is unnecessary.

On September 5, 2018, PSE&G withdrew its Motion to Intervene.

On August 13, 2018, the New Jersey Division of Rate Counsel (Rate Counsel) filed comments in this matter. The Rate Counsel did not oppose the granting of the waiver of the Tariff as requested in the Petition. The Rate Counsel stated that it recognizes that master metering will have some benefits. It indicates the Petitioners have represented that master metering will facilitate the installation of design features that will allow the building to exceed the LEED Platinum standard. Additionally, since the building will be 100% affordable, the Rate Counsel noted that all of the units will be subject to maximum rents, which will include heating, cooling, and utilities.

Staff recommended that the Board grant the RPM Waiver Petition due to the unique circumstances and details of this Petition, specifically being a Net Zero Energy Building, which is approximately 50% more efficient than a typical building, and the prohibitive impact a master meter would have on achieving a Net Zero Energy Building status.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon recused

Benjamin Witherell, Chief Economist, Office of the Economist, presented these matters.

O. Docket No. EF18050524 – In the Matter of the Petition of Public Service Electric and Gas Company, Pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, for Authority to Issue and Sell Short-term Obligations Not Exceeding $1.0 Billion Aggregate Principal Amount at any one time Outstanding through January 4, 2021.

BACKGROUND AND DISCUSSION: Commissioner Gordon recused himself from voting on this matter. On May 11, 2018, Public Service Electric and Gas Company (Petitioner) filed a petition with the Board requesting authority to issue and sell (a) short-term obligations consisting of borrowings from banks, trust companies, insurance companies or other lenders and (b) promissory notes (together, Short-term Obligations) not to exceed $1.0 billion in aggregate principal amount at any one time outstanding, through January 4, 2021.
The Petitioner stated that permanent financing and refinancing for its continuing facilities improvement programs are provided through the issuance of long-term debt and by internally generated cash and equity contributions. However, the Petitioner also needs to fund its utility obligations and corporate transactions, including working capital, purchases of energy and natural gas, payment of State income and other taxes, temporary funding of long-term debt including maturities and obligations and to manage timing differences which may occur between its cash receipts, including collections from customers, and its cash outflows, including Basic Generation Service contract payments. In order to employ internally generated cash efficiently and to provide the flexibility necessary to effectively manage cash flows and meet continued cash needs, the Petitioner maintains that it needs to continue to issue Short-term Obligations.

According to the Petition, the requested authority will provide the Petitioner with the flexibility it requires to meet continued cash needs and manage cash flows during 2019 and 2020. To the extent that any Short-term Obligation is a renewal or extension of a short-term obligation previously issued, such renewal or extension could be payable later than twelve months after the date of the original instrument. The Petitioner requests that, within the limitation of $1.0 billion aggregate principal amount at any one time outstanding, such Short-Term Obligations may be issued, extended or renewed from time to time through January 4, 2021 without further application to or approval of the Board.

The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of this petition.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:

- President Fiordaliso: Aye
- Commissioner Holden: Aye
- Commissioner Solomon: Aye
- Commissioner Chivukula: Aye
- Commissioner Gordon: recused


BACKGROUND AND DISCUSSION: On July 5, 2018, South Jersey Gas Company (South Jersey or Petitioner) filed a petition with the Board requesting authority: (i) to make, execute and deliver pursuant to N.J.S.A. 48:3-7 a Second Supplemental Mortgage Indenture and any additional supplemental mortgage indentures providing for the issuance of a first mortgage bond or bonds, with a maturity or maturities of not more than forty years from the respective dates of issuance, in an aggregate principal amount of not more than $1,200,000,000.00, less the aggregate principal amount of any other indebtedness payable in more than twelve months from the date or dates thereof that is issued pursuant to (ii) below; (ii) to make, execute and deliver pursuant to N.J.S.A. 48:3-7 such other supplemental indentures, and to issue such first mortgage bonds thereunder, as shall be necessary to complete the transactions contemplated in this Petition; (iii) to issue other evidence of indebtedness payable more than 12 months from the date or dates thereof; (iv) to issue and sell medium term notes, with a maturity of not more than 40 years from the
respective dates of issuance, in an aggregate principal amount of not more than $1,200,000,000.00, less the aggregate principal amount of any other indebtedness payable in more than 12 months from the date of dates thereof that is issued pursuant to (iii) above; (v) to make, execute and deliver a trust indenture, trust indentures or supplements thereto or to previous trust indentures providing for the issuance of any such medium term notes; and (vi) to redeem, refinance or defease any or all of its outstanding long-term indebtedness or long-term debt securities as long as the redemption, refinancing or defeasance is financially advantageous to the Petitioner.

The net proceeds of this transaction or series of transactions will be utilized to retire short-term debt; to fund capital expenditure requirements; to fund gas supply acquisitions; other general corporate purposes; and, potentially, to redeem, refinance or defease any or all of the Company’s indebtedness or debt securities as long as such redemption, refinancing or defeasance is financially advantageous to Petitioner. South Jersey’s construction program has been financed, in part, by short-term debt, and periodically the Petitioner is required to retire such debt.

The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of this petition.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye

3. CABLE TELEVISION

There were no items in this category.

4. TELECOMMUNICATIONS

There were no items in this category.

5. WATER

Maria L. Moran, Director, Division of Water, presented these matters.

A. Docket No. WR17101041 – In the Matter of the Application of Fayson Lake Water Company for an Increase in Rates and Charges for Water Service and Other Appropriate Relief.

BACKGROUND AND DISCUSSION: This matter involved the Initial Decision of Administrative Law Judge (ALJ) Tricia Caliguire recommending that the Board adopt a Stipulation that entered into by Fayson Lake Water Company (Fayson Lake), the New Jersey Division of Rate Counsel and Board Staff agreeing to a revenue increase of $40,276.00, which is an increase of approximately 6.35% over present rate revenues.
Fayson Lake filed a petition on October 6, 2017, seeking to increase its rates for water service, amounting to approximately $99,836.00 or 15.11% in additional revenues. The matter was transmitted to the Office of Administrative Law for hearings and was assigned to ALJ Caliguire.

Approximately fifteen members from the general public appeared February 21, 2018 public hearing at Kinnelon High School, in Kinnelon. Several members of the public stated that additional time was needed to submit comments after the hearings and ALJ Caliguire determined to allow further written comments by the public until June 30, 2018.

Staff recommended that the Board approve the Order Adopting Initial Decision of ALJ Caliguire.

**DECISION:** After discussion, the Board adopted the recommendation of Staff as set forth above.

**Roll Call Vote:**
- President Fiordaliso: Aye
- Commissioner Holden: Aye
- Commissioner Solomon: Aye
- Commissioner Chivukula: Aye
- Commissioner Gordon: Aye

**B. Docket No. WE18020191 – In the Matter of the Petition of SUEZ Water New Jersey, Inc. for the Approval of Municipal Consent to Own and Operate a Water System in the Township of Vernon and Approval of the Issuance of Revised Tariff Sheets Setting Forth SUEZ Water New Jersey, Inc.’s Expanded Service Area Related to the Transfer of Water Assets from the Village of Lake Glenwood To SUEZ Water New Jersey, Inc.**

**BACKGROUND AND DISCUSSION:** Commissioner Gordon recused himself from voting on this matter. This matter involved SUEZ Water New Jersey, Inc. (SWNJ or Petitioner) filing a petition with the Board on February 26, 2018, seeking approval of the following: 1) a Municipal Consent, Ordinance No. 18-01 adopted on January 22, 2018, by the Township of Vernon to allow the Petitioner to provide water service to the customers of Village of Lake Glenwood Inc. (Lake Glenwood System); (2) the expansion of SWNJ service territory to include customers in the Lake Glenwood System; (3) purchase water assets of the Lake Glenwood System; and (4) file revised tariff sheets.

SWNJ is engaged in the business of treating and distributing water for retail service to customers located in the northern and western portions of the State. SWNJ serves approximately 200,000 customers located in portions of Bergen, Hudson, Passaic, Morris, Hunterdon and Sussex Counties. SWNJ also supplies water service to municipalities, including the Township of Saddle Brook, the Boroughs of Fairlawn, Saddle River, Allendale, Mahwah and Ramsey and the Village of Ridgewood.

The Village of Lake Glenwood, Inc. is a homeowners association water system and is not subject to the jurisdiction of the Board. The Homeowners Association is comprised of individual members who own property in the Village of Lake Glenwood development. On May 11, 2016, the Homeowners Association Board of Directors adopted a resolution authorizing the sale of the water system to SWNJ.
On November 24, 2015, SWNJ entered into an Agreement of Sale (Agreement) with the Village of Lake Glenwood Inc. and subsequent Amendment to Agreement on October 3, 2017, which provides for SWNJ to purchase the water system assets.

SWNJ sought approval to acquire the water system assets now owned by the Village of Lake Glenwood Inc. and for Board approval of Ordinance No. 18-01, adopted on January 22, 2018 by the Township.

Upon completion of the purchase, the Lake Glenwood System will be served by SWNJ and the customers in the service territory will continue to be charged current rates until at least SWNJ’s next base rate case.

The total purchase price is $367,000.00.

On August 27, 2018 a municipal consent hearing was held at the Board’s Office. William Agee, Esq., Legal Specialist, presided over the hearing at which representatives of the Company, the New Jersey Division of Rate Counsel and Staff were presented. No members of the public appeared at the hearing.

Staff recommended that the Board approve the following: (1) Municipal Consent, Ordinance No. 18-01 adopted on January 22, 2018, by the Township of Vernon, County of Sussex, granted to SWNJ by the Township of Vernon; (2) the expansion of SWNJ service territory to include customers in the Lake Glenwood System; (3) the proposed purchase of the water system now owned by the Village of Lake Glenwood Inc.; and (4) file revised tariff sheets.

**DECISION:** After discussion, the Board adopted the recommendation of Staff as set forth above.

**Roll Call Vote:**
- President Fiordaliso Aye
- Commissioner Holden Aye
- Commissioner Solomon Aye
- Commissioner Chivukula Aye
- Commissioner Gordon recused

C. Docket No. WE18040449 – In the Matter of the Petition of SUEZ Water New Jersey, Inc. for the Approval of Municipal Consent to Own and Operate a Water System in the Township of Byram and Approval of the Issuance of Revised Tariff Sheets Setting Forth SUEZ Water New Jersey, Inc.’s Expanded Service Area Related to the Transfer of Water Assets from the East Brookwood Estates Property Owners Association, Inc. to SUEZ Water New Jersey, Inc.

**BACKGROUND AND DISCUSSION:** Commissioner Gordon recused himself from voting on this matter. April 23, 2018, SUEZ Water New Jersey, Inc. (SWNJ or Petitioner) filed a petition with the Board seeking approval of the following: 1) a Municipal Consent, Ordinance No. 21-2017 adopted on December 19, 2017, by the Township of Byram (Township) to allow Petitioner to: (1) provide water service to the customers in the East Brookwood Estates Property Owners Association, Inc. (East Brookwood System or East Brookwood); (2) expand SWNJ’s service territory to include customers in the East Brookwood System; (3) purchase water system assets of the East Brook System; and (4) file revised tariff sheets.
SWNJ is engaged in the business of collecting, treating and distributing water for retail service to customers located in the northern and western portions of the State. SWNJ serves approximately 200,000 customers located in portions of Bergen, Hudson, Passaic, Morris, Hunterdon and Sussex Counties. SWNJ also supplies water service to municipalities, including the Township of Saddle Brook, the Boroughs of Fairlawn, Saddle River, Allendale, Mahwah and Ramsey and the Village of Ridgewood.

East Brookwood is a homeowners association water system located in Byram Township, Sussex County. The Property Owners Association is comprised of individual members who own property in the East Brookwood development. Certain properties located in the East Brookwood Estates development within the Township of Byram have historically received water service from the East Brookwood Estates Property Owners Association, Inc.

On December 6, 2017, SWNJ entered into an Agreement of Sale (Agreement) with the East Brookwood Property Owners Association, Inc. which provides for SWNJ to purchase the water system assets serving the East Brookwood System.

SWNJ sought approval to acquire the water system assets now owned by the East Brookwood System and for Board approval of Ordinance No. 21-2017 adopted on December 19, 2017, by the Township of Byram, Sussex County.

The total purchase price is $600,000.00.

On August 27, 2018, a municipal consent hearing was held at the Board’s Office. William Agee, Esq., Legal Specialist presided over the hearing at which representatives of the Company, the New Jersey Division of Rate Counsel (the Rate Counsel) and Staff were presented. Two East Brookwood homeowners attended the municipal consent hearing and provided comments on the record in support of the purchase of the East Brookwood System by SWNJ.

The Rate Counsel submitted its comments by letter dated August 27, 2018:
- The Rate Counsel did not object to the Petitioner’s request to purchase the assets of the East Brookwood System.
- The Rate Counsel did not object to Board approval of the municipal consent, however, approval of the municipal consent should be limited to a term of 50 years.
- The Rate Counsel did not object to the proposed initial tariff or the proposal to move each customer to metered billing once meters are installed.

Staff recommended that the Board approve the following: (1) Municipal Consent, Ordinance No. 21-2017, adopted on December 19, 2017, by the Township of Byram, County of Sussex, granted to SWNJ by the Township of Byram; (2) the expansion of SWNJ service territory to include customers in the East Brookwood System; (3) the proposed purchase of the water system now owned by the East Brookwood Estates Property Owners Association, Inc.; and (4) revised tariff sheets.

**DECISION:** After discussion, the Board adopted the recommendation of Staff as set forth above.
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. QG18080943 – In the Matter of the Clean Energy Program Authorization of Commercial and Industrial Program Energy Efficiency Incentives Exceeding $500,000.00-Digital Realty Trust, LP.

Benjamin Goldstein, Program Specialist, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: Digital Realty Trust, LP (the Company) owns, acquires, develops, redevelops, and manages technology-related real estate properties in the United States and internationally. The Company sought to install a host of lighting upgrades at three different data centers and office facilities in New Jersey. The Company submitted an application (#51567) under the Fiscal Year 2018 Large Energy Users Program pursuant to the New Jersey Clean Energy Program Energy Efficiency and Renewable Energy Program Plan Filing for Fiscal Year 2018. In accordance with BPU Dkt. No. EO07030203 (May 3, 2013), the Company requests Board approval of a financial incentive of $714,673.46 for installation of lighting upgrades at 100 Delawanna Ave, Clifton; 2 Peekay Drive, Clifton; and 300 JFK Boulevard East, Weehawken that have a total cost of $952,897.95.

This application covers both interior and exterior lighting upgrades for three separate buildings. Existing exterior lighting consisting of high pressure sodium and metal halide fixtures in parking lot pole lights, wall packs, flood lights, and other locations will be replaced with LED fixtures. Interior lighting in the three buildings consisting of fluorescent strip, screw-in, metal halide, and incandescent technology will also be replaced with LED fixtures. Savings will result from reduced fixture wattage draw.

The project is anticipated to generate 2,170,961 kWh of electricity savings annually. The proposed project will have an estimated annual energy cost savings of $217,096.09. The payback period without incentives is 3.93 years; when factoring in the incentives, the payback period is reduced to 1 year.

TRC Environmental Corporation received the initial application on June 4, 2018. TRC submitted its Program Administrator certification on August 22, 2018 and its Program Manager certification on August 23, 2018.
Based on the certifications and the information provided by the Program Manager and Program Administrator, Staff recommended approval of the application for the total estimated incentive amount of $714,673.46 and issuance of a standard commitment letter to the applicant, setting forth the terms and conditions of this commitment.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:

President Fiordaliso  Aye
Commissioner Holden  Aye
Commissioner Solomon  Aye
Commissioner Chivukula  Aye
Commissioner Gordon  Aye


Sherri Jones, Assistant Director, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: This matter was initially discussed in Executive Session pursuant to the attorney/client privilege and contract negotiation exceptions to the Open Public Meetings Act. Staff recommended approval of a one-year extension to the contract for New Jersey’s Clean Energy Programs administration and management services to allow Staff time to draft a new Request for Proposal for these services.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:

President Fiordaliso  Aye
Commissioner Holden  Aye
Commissioner Solomon  Aye
Commissioner Chivukula  Aye
Commissioner Gordon  Aye


Kenneth J. Sheehan, Esq., Director, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: On August 19, 2010, Governor Chris Christie signed into law the Offshore Wind Economic Development Act (The Act or OWEDA), codified at N.J.S.A. 48:3-87.1 and 48:3-87.2. This Act set forth the basic understanding of the State’s offshore wind policy, and authorized the application of a 25MW facility off the coast of Atlantic City.

On January 31, 2018, Governor Phil Murphy issued Executive Order 8, directing the State and its entities to take the steps necessary to implement OWEDA. On May 23, 2018, Governor Murphy signed P.L. 2018, c. 17 into law, requiring the New Jersey Board of Public Utilities (Board) to establish an Offshore Renewable Energy Credit (OREC) program of no less than 3,500 MW. On May 30, 2018, Governor Murphy also signed S1217 into law
(P.L. 2018, c. 21), amending N.J.S.A. 48:3-87.2, and requiring the Board to accept an application for a small scale qualified wind energy project. The law states that the Board must also make a final determination on such application within 90 days of the date that a complete application is filed with the Board. This petition was filed in conformity with that statute.

On August 1, 2018, Nautilus Offshore Wind, LLC (Nautilus) filed a petition, seeking approval of a proposed offshore wind facility 2.8 miles off the coast of Atlantic City (Petition). Nautilus seeks to have the facility approved as a qualified offshore wind facility and thus eligible for ORECs for a period of 20 years. Nautilus also requests approval by the Board at its October Board Agenda meeting to facilitate construction and other elements of the project. Nautilus claims that this project is in full compliance with all statutory and regulatory requirements, is fully permitted, and is ready to begin construction upon the Board’s approval.

In addition to the basic approval of the offshore wind facility, Nautilus also seeks, although it did not expressly request, the transfer of the project from Nautilus to EDF Renewables, Inc. as part of this review.

Staff recommended that the Board retain this matter for hearing and designated President Fiordaliso as the presiding officer for this proceeding.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:  
President Fiordaliso  
Commissioner Holden  
Commissioner Solomon  
Commissioner Chivukula  
Commissioner Gordon

Aye  
Aye  
Aye  
Aye  
Aye

D. Docket No. QQ17111214 – In the Matter of Memorandum of Understanding (MOU) between the New Jersey Board of Public Utilities (BPU) and Department of Community Affairs (DCA).

Jessica Brand, Program Administrator, Energy Efficiency, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: The New Jersey Comfort Partners Program (Comfort Partners) is a nationally recognized and award-winning program that helps reduce the energy burden for those citizens most in need. Since its inception in 2001, the New Jersey Clean Energy Program and New Jersey investor-owned electric and natural gas utility companies have joined together in Comfort Partners to help income-qualifying families and individuals save energy and money by making their homes more energy efficient through direct installation of cost-effective energy efficiency measures, comprehensive and personalized customer energy education and counseling, and installation of health and safety measures as appropriate. It also offers long-term savings opportunities by reducing burdens on the Universal Service Fund (USF) program. As of August 31, 2018, Comfort Partners has helped more than 111,000 families since it was launched in 2001.

Board Staff and the utilities that administer Comfort Partners have found that coordination of services between the federally funded Weatherization Assistance Program (WAP), administered by the New Jersey Department of Community Affairs (DCA), and Comfort
Partners is beneficial and an effective way to extend the reach of the program. Both Comfort Partners and WAP serve a similar subset of the New Jersey population and share a common goal of reducing the energy burden for low-income customers who spend a disproportionate amount of their income on energy costs. The programs have a similar approach in the way they educate, assess, and install measures for New Jersey low-income residents. These common program goals and methodologies provide a unique opportunity to leverage resources, funding, and capabilities for the purposes of more comprehensively and efficiently serving customers.

In September 2017, Staff thus recommended that the Board enter into a Memorandum of Understanding (MOU) between the BPU and DCA to facilitate the coordination of activities and services between Comfort Partners and WAP. At its December 2017 agenda meeting, the Board approved the MOU and authorized President Mroz to execute the MOU on behalf of the Board. Since that time, DCA has requested amendments to the MOU – namely, to remove specific program forms (i.e., partnership process and flow, joint scope of work agreement form, and job completion form) as attachments to the MOU and instead state that BPU and DCA will oversee program coordination and ensure that it occurs in accordance with the prevailing Comfort Partners Procedures Manual and WAP Policy Manual.

The Residential Low Income Program known as Comfort Partners, managed by Atlantic City Electric, Jersey Central Power & Light, New Jersey Natural Gas, Elizabethtown Gas, PSE&G, and South Jersey Gas is primarily designed to lower energy bills by maximizing lifetime energy savings (kWh and therms) per dollar spent. This program is also designed to improve energy affordability for low-income households through energy education, efficiency, and conservation.

The target population for Comfort Partners are participants in the USF who have high energy usage. By definition, this target population is characterized by high-energy burdens based on their income. Program participation is prioritized by energy use, with the highest energy users being served first. The program is available to households with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income, Home Energy Assistance, USF, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families, or Section 8 Housing also may be eligible.

Staff recommended that the Board approve the amendments to the Memorandum of Understanding between the Board and DCA and authorize President Fiordaliso to execute the MOU on behalf of the Board.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye

Sherri Jones, Assistant Director, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: This matter involved MaGrann Associates appealing the decision of ClearResult, the Program Manager of the Residential New Construction program (the Program) and TRC, as the Program Administrator for New Jersey’s Clean Energy Program (NJCEP). ClearResult determined that MaGrann’s Westville Senior Housing Project (the Project) should not receive an energy efficiency incentive under the Certified Homes / Zero Energy Ready Home incentive structure, but rather the less generous incentives under the Program’s Multifamily High Rise incentive structure. ClearResult reached this determination as a result of applying the decision tree in effect for the Program at the time of MaGrann’s application, a decision tree which formed part of the Board-approved compliance filing for FY18.

Staff noted that the Project, if completed as proposed, would be the first zero energy multifamily home in New Jersey. Due both to program changes recommended by the United States Environmental Protection Agency (USEPA), Energy Star Homes program and to the unique nature of the Project, Staff recommended the Board approve the appeal for a waiver of a strict application of the RNC incentive structure and, further, approve an incentive based on the blended average of the two existing incentive structures.

NJCEP programs include several that offer incentives to residential and commercial and industrial persons to invest in energy efficiency (EE) and renewable energy (RE) measures. Among these is the Residential New Construction Program, which provides eligible participants financial incentives for including EE and/or RE in new residential construction. Applications for such incentives are submitted by certified “raters” who are typically engaged by the developer of a project to “rate” the project’s EE and pursue incentives based on such rating.

NJCEP is administered by the Board’s contractor, TRC Environmental Corporation (TRC). TRC has subcontracted the management of the Residential New Construction (RNC) program to CLEAResult Consulting Inc. In that role and as one of its duties, CLEAResult Consulting Inc. (CR) receives, reviews, and either approves or rejects applications for incentives through the RNC Program. Pursuant to NJCEP’s Dispute Resolution Process, TRC provides services related to resolving disputes and/or appeals regarding decisions made by CR and the other NJCEP program managers.

Staff consulted with TRC and recommended approval of the blending of the two incentive structures into an averaged incentive amount for this unique, first of its kind in New Jersey, project.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:    President Fiordaliso    Aye
                  Commissioner Holden    Aye
                  Commissioner Solomon    Aye
                  Commissioner Chivukula    Aye
                  Commissioner Gordon    Aye

B. Scott Hunter, Manager, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: The Clean Energy Act of 2018 was signed by Governor Murphy on May 23, 2018. P.L. 2018, c. 17, Section 6 requires the Board to establish an application and approval process for Remote Net Metering (RNM) within 120 days of the law’s enactment. Toward developing a recommendation for the Board, Staff issued a set of questions and assumptions as well as a draft RNM application/agreement form for public stakeholder comment. A public stakeholder meeting was held on July 13, 2018 to discuss the law and the documents issued for comment. Ten sets of comments were received by the August 7, 2018 deadline. Based upon the comments received, Staff proposes that the Board approve the application and processes described herein and direct Staff to work with stakeholders to undertake rulemaking.

Staff believed the methods proposed to implement the new RNM provisions strike a balance between the interests of developers, ratepayers and the Electric Distribution Companies (EDCs). A plain language interpretation of the law has been employed throughout, particularly with respect to the application of the phrase “total average usage” in the context of determining maximum system size.

The developers have offered creative interpretations of the phrase “total average usage” that would typically enable a much larger system size than the approach proposed by Staff. While larger system sizes do offer greater economies of scale, they also hasten the incidence of high penetration distribution circuits that preclude the interconnection of subsequent smaller and more distributed installations. The EDCs have offered overly restrictive interpretations of how “total average usage” should be used to determine maximum system size that would result in much less compelling opportunities for a developer, host or receiving entities to participate.

Similarly, Staff proposed a balanced interpretation of the value of a credit with developers suggesting greater value be credited to receiving customers and EDCs suggested a less attractive value for the credits. Should the Board determine that the concept of “total average usage” be modified to enable larger system sizes, Staff recommended that the value of the credit be concomitantly reduced.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye

G. Docket No. QQ18080851 – In the Matter of the Opening of OREC Application Window for 1,100 Megawatts of Offshore Wind Capacity in Furtherance of Executive Order No. 8.

Anne Marie McShea, Offshore Wind Program Administrator, Division of Economic Development & Planning, Division of Clean Energy, presented this matter.
BACKGROUND AND DISCUSSION: This matter involved the Board considering the opening of an application window for qualified offshore wind projects, in furtherance of implementing Governor Murphy’s Executive Order No. 8 (2018) (EO8). EO8 explicitly calls upon the Board to fully implement the Offshore Wind Economic Development Act (OWEDA) of 2010, P.L. 2010, c. 57, as amended, N.J.S.A. 48:3-87 to -87.2, and to proceed with a solicitation of 1,100 megawatts of offshore wind capacity as a first step in meeting the State’s goal of 3,500 megawatts of offshore wind capacity by 2030. The solicitation of 1,100 MWs will be the nation’s largest solicitation of offshore wind capacity to date and will spur the development of new clean energy sources that will create new jobs while reducing greenhouse gases that cause global warming and climate change.

The application window will allow offshore wind project developers to submit applications consistent with the requirements established under OWEDA and in compliance with the rules at N.J.A.C. 14:8-6 that specify an application process and application requirements for an offshore wind project to be deemed eligible by the Board to receive state subsidies in the form of Offshore Wind Renewable Energy Certificates (ORECs). The rules specifically provide that “The Board will announce the open and close dates for all application periods, which shall be set at the Board's discretion.” N.J.A.C. 14:8-6.3(b).

Upon review and consideration of all comments and input received by stakeholders, Staff recommended that the Board open an application window for qualified offshore wind projects to be deemed eligible to receive ORECs. Staff also recommended that the Board open an application window from September 20 to December 28, 2018 to allow interested applicants sufficient time to prepare and submit their applications for review. All bids should be due on December 28, 2018 to allow bids to be reviewed simultaneously. The Solicitation should follow the guidelines outlined in the Guidance Document which reflects the rules at N.J.A.C. 14:8-6. Staff further recommended that the Board direct applicants to submit bid proposals based on the adopted OREC Application rules at N.J.A.C. 14:8-6.1 through 14:8-6.5 and based on the proposed OREC Funding Mechanism Rules at N.J.A.C. 14:8-6.6. In addition, Staff recommended that the Board publish New Jersey’s Solicitation Schedule in advance of the application window to give the market full view of future solicitations, which may positively influence investment decisions.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote: President Fiordaliso Aye
Commissioner Holden Aye
Commissioner Solomon Aye
Commissioner Chivukula Aye
Commissioner Gordon Aye

9. MISCELLANEOUS

There were no items in this category.
EXECUTIVE SESSION

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

8. CLEAN ENERGY


   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.

AIDA CAMACHO-WELCH
SECRETARY OF THE BOARD

Date: November 19, 2018