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April 24, 2014

Via Electronic Mail and U.S. Regular Mail

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

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

Dear Secretary Izzo:

Please accept these comments on behalf of the Division of Rate Counsel ("Rate Counsel") in response to the request for written comments by the Staff of the Board of Public Utilities ("Board" or "BPU") in connection with the re-adoption of the Board's Vegetation Management Regulations, N.J.A.C. 14:5-9. We are enclosing one additional copy of these comments. Please stamp and date the copy as "filed" and return it to our courier. Thank you for your consideration and assistance.

Background

On January 23, 2013, the Board adopted the Energy Preparedness Partnership's Report ("EPP Report") which included, among other things, recommendations that the New Jersey Electric Distribution Companies could implement to better prepare for future storms. By Orders dated January 23 and February 20, 2013, the Board directed the electric utilities to initiate certain vegetation management recommendations in the EPP Report. Based on the EPP Report recommendations, the Board Staff convened a stakeholder meeting on April 1, 2014 to discuss "issues and ideas" to better implement vegetation management in the State. Based on the discussion during the April 1, 2014 meeting, Board Staff welcomed additional comments in writing to be submitted by April 24, 2014. Electric utility vegetation management practices can be one of the most efficient and cost effective methods of preventing blackouts and enormously expensive damage to utility infrastructure, especially during storm conditions. Therefore Rate Counsel appreciates the opportunity to provide input on these important service quality issues.

At the April 1, meeting Board Staff expressed a need to better understand how the various electric utilities approach vegetation management. The discussion explored individual utility practices with respect to certain types of hazards in relation to the threat of disruption to the distribution system. There was some discussion identifying the need for particularized vegetation management practices for each utility given the variety and differences of vegetation hazards presented within New Jersey. However, Rate Counsel believes that some uniform standards can be set by the Board that would encourage all the electric utilities in the State to operate more efficiently.

Rate Counsel Comment

Revise N.J.A.C. 14:5-8.7 Annual System Performance Reporting Requirement to include additional information

One of the issues that was discussed during the April 1, meeting was the need for the Board and Board Staff to have access to better information from the utilities with respect to outages and vegetation management practices. For example, Rate Counsel has repeatedly taken the position that current Board reliability standards applicable to electric utilities focus primarily on “blue sky” conditions and do not measure electric service reliability in the form of CAIDI and SAIFI during major storm events. Falling trees and tree limbs are one of the major reasons for service interruptions during a storm. Regular and aggressive tree trimming, as well as widening certain corridors, can help to improve reliability both during and outside of major events. Including data regarding service interruptions during major events to the reports filed with the Board on an annual basis (with additional information on how many outages were caused by tree related incidents as discussed below), will help the Board understand the utility’s annual aggregate performance and performance during storm events. EPP Report Global Recommendation 11-G-6 states that “each EDC should use outage analysis and reliability statistic over multiple years to evaluate the effectiveness of its vegetation management program.” EPP Report page 121. Rate Counsel’s recommendation to require the electric utilities to include in their Annual System Performance Report data regarding major events is thus consistent the EPP recommendation.

In addition, the EPP Report recommended that the electric utilities track tree related outages on a more granular level. As EPP Report Global Recommendation 11-G-4 notes:

Each EDC should develop a program to track tree related outages at a more granular level. This could include the type of tree problem (inside the ROW, outside the ROW); failure mode (tree falls, tree limb); health of the tree (live, dead, or diseased); how far the tree was from the power lines; species of the tree and other appropriate categories. EPP Report Page 121.

In the proceeding I/M/O the Board's Initiative to Revise Reporting Requirements and Improve Reliability Programs by the Electric Distribution Companies Operating in New Jersey, BPU Docket No Eo12070650 (2/20/13), the Board Ordered the four electric utilities to provide among other things hazard trees tracking information on an annual basis "as part of the new annual circuit report." Order page 5. Rate Counsel recommends that the stakeholders in this proceeding have access to the circuit report which contains granular level data in order to determine whether more reporting is necessary and to better understand the problem facing the electric utilities.

N.J.A.C. 14:5-9.7(d) presently requires each Electric Distribution Company to file an annual summary of its vegetation management activities for the past year and planned activities for the next year. Board Staff may consider developing, in conjunction with the utility Vegetation Managers, additional reporting requirements analyzing service/line loss caused by vegetation hazards in an effort at loss prevention and develop "best practice" standards. The Board can ensure that any adjustments to its technical standards would be

based on the empirical data and analysis required by the additional reporting that the Board develops in this proceeding.

Review of the Existing Vegetation Management Standards

Rate Counsel believes that the electric utilities' vegetation managers are on the front lines of vegetation management and have extensive knowledge of vegetation in their service areas that may negatively affect the distribution system. However, as the EPP Report suggests, vegetation managers should have clearer guidelines when determining how to manage vegetation in their service territories:

BPU Staff should develop and implement a review to evaluate the present vegetation management standards with the goal of establishing a more aggressive tree vegetation management standard for electric distribution systems, similar to the guidelines previously established for the transmission system. EPP Report page 121.

Only after the information as outlined above is compiled can the Board strengthen the vegetation management regulation as recommended by the EPP Report. Therefore, Rate Counsel recommends that the Vegetation Management issue be addressed in two parts: 1) continue to work with the stakeholders to narrow down the essential information needed by the Board to make decisions on changes to existing Board regulations and requiring the electric utilities to compile and report such information if they do not do so already; and 2) strengthen the existing vegetation management regulations to better serve utility customers.

The penalty provision of the vegetation management section for the Board regulation is codified as N.J.A.C. 14:5-9.10:

An EDC that violates this subchapter may be subject to penalties of up to \$100.00 per day per violation, for each day the violation occurs.

If the language “per violation” is read conservatively, the penalty becomes meaningless, because failure to observe the requirements imposed by the regulations of \$100 per day is dwarfed by the costs to the ratepayers to fix the damaged infrastructure. The utilities will be paid for the remedial work performed following the storm events even though some of those costs may have been avoided with smarter and more aggressive vegetation management. The Board may wish to consider defining the words “per violation” to mean inclusive of each and every tree in violation, or a circuit, a region or other area in violation in order to ensure its regulation has the necessary value as a deterrent.

At the April 1, meeting Commissioner Fiordaliso went to some length emphasizing the need for enhanced communications between the utilities performing vegetation management and the communities affected by the work. The environmental representatives commented that vegetation management in New Jersey is not a “one-size fits all” solution. Different geography and vegetation exists throughout New Jersey, a variety which all citizens celebrate and enjoy. However, this variety needs to be recognized and addressed by requiring the utilities to better and more frequently engage

interested communities that may be affected by the work. N.J.A.C. 14:5-9.9(a) states that “Each EDC shall conduct an annual public education program to inform its customers, as well as the municipalities and public agencies in the EDC’s service territory, of the importance of vegetation management and of the EDC’s role and responsibility in managing vegetation near electric lines. Perhaps this section of the regulation can be expanded to require more outreach and education on the types of vegetation that should be considered for planting by municipalities and how to work cooperatively with the utilities to avoid future vegetation related problems during storm events.

Rate Counsel looks forward to working with the stakeholders to improve the State’s vegetation management policy going forward.

Respectfully submitted,

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