



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

A Regular Board meeting of the Board of Public Utilities was held on August 29, 2018, at the State House Annex, Committee Room 11, 125 West State Street, Trenton, New Jersey 08625.

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

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

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

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

*Commissioner Gordon was not present at this meeting.

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 September 17, 2018 at the State House Annex, Committee Room 11, 125 West State Street, Trenton, New Jersey 08625.

CONSENT AGENDA

I. AUDITS

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

EE18060616L	Clear Point Energy, Inc.	I – EA
EE18020150L	Advantage Energy Partners, LLC	I – EA
EE18050513L	LouElla Enterprise, LLC	I – EA
	d/b/a Enerchange Power and Gas (EP&G)	
EE18070714L	JMJ/SGF, LLC	I – EA
	d/b/a JMJ Power	
EE17090995L	Ameresco, Inc.	I – EA
EE18070829L	Vervantis Inc.	I – EA
EE17050558L	ABC Energy, LLC	I – EA
EE18050498L	Pyxis Energy Generation, LLC	I – EA/PA
GE18050499L		
EE18040455L	Apollo Edison LLC	I – EA/PA/EC
EE18050569L	Convenient Ventures, LLC	I – EA/PA
GE18050570L	d/b/a EnergyObjective	
EE18060663L	CSD Energy Advisors, LLC	I – EA/EC
GE18070826L		
EE18060670L	Richards Energy Group, Inc.	I – EA/PA/EC
GE18060671L		

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

EE18060662L	The O.E. Group	R – EA
	d/b/a Optimal Energy	
EE18070686L	Optimum Group, LLC	R – EA
	d/b/a Optimum Energy Solutions	
EE18040397L	Stanwich Energy Advisors, LLC	R – EA
EE18060627L	Mitchell Energy Management Services, Inc.	R – EA
EE18040475L	Prudential Energy Services Corporation	R – EA
EE18070756L	L5E, LLC	R – EA
GE18070757L	d/b/a 5	R – PA

Electric Power and/or Natural Gas Supplier Initial Licenses

EE18070701L	Grid Power Direct, LLC	I – ESL
EE18070827L	South Bay Energy Corp.	I – EGSL
GE18070828L		
EE18050575L	SunSea Energy NJ, LLC	I – EGSL
GE18050574L		
EE18050521L	Titan Gas, LLC	I – EGSL
GE18050522L	d/b/a Titan Gas and Power	
GE18040360L	Direct Energy RS Gas, Inc.	I – GSL

Electric Power and/or Natural Gas Supplier Renewal Licenses

EE18060628L	Freepoint Energy Solutions, LLC	R – ESL
GE18070838L	Consolidated Edison Energy, Inc.	R – GSL
	d/b/a ConEdison Energy c/o Con Edison Solutions	

Green Power Marketer Renewal License
EP18040465L Community Energy, Inc.

R - GPM

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

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

- Clear Point Energy, Inc.
- Advantage Energy Partners, LLC
- LouElla Enterprise, LLC d/b/a Enerchange Power and Gas (EP&G)
- JMJ/SGF, LLC d/b/a JMJ Power
- Ameresco, Inc.
- Vervantis, Inc.
- ABC Energy, LLC
- Pyxis Energy Generation, LLC
- Apollo Edison, LLC
- Convenient Ventures, LLC d/b/a EnergyObjective
- CSD Energy Advisors, LLC
- Richards Energy Group, Inc.

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

- The O.E. Group d/b/a Optimal Energy
- Optimum Group, LLC d/b/a Optimum Energy Solutions
- Stanwich Energy Advisors, LLC
- Mitchell Energy Management Services, Inc.
- Prudential Energy Services Corporation
- L5E, LLC d/b/a 5

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

- Grid Power Direct, LLC
- South Bay Energy Corp.
- SunSea Energy NJ, LLC
- Titan Gas, LLC d/b/a Titan Gas and Power
- Direct Energy RS Gas, Inc.

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

- Freepoint Energy Solutions, LLC
- Consolidated Edison Energy, Inc. d/b/a ConEdison Solutions

Finally, Staff recommended that the following applicant be issued a renewal license as a green power marketer for one year:

- Community Energy, Inc.

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

B. Docket No. TE18050573 – In the Matter of the Petition of Cleareon Fiber Networks, LLC for Competitive Local Exchange Authority to provide Facilities-Based Local Exchange and Interexchange Services throughout the State of New Jersey.

BACKGROUND: By letter dated May 22, 2018, Cleareon Fiber Networks, LLC (Cleareon, Petitioner) filed a petition with the Board requesting Competitive Local Exchange Carrier (CLEC) authority to provide resold and facilities-based competitive local exchange and interexchange services entirely to resellers of telecommunications services on a wholesale and carrier-to-carrier basis throughout the State of New Jersey.

The Petitioner intends to begin initial service offerings in the major Metropolitan areas of New Jersey and then eventually expand to statewide capabilities. The Petitioner will initially be a facilities-based wholesale provider of data and voice interexchange telecommunications Services at above incremental costs. The Petitioner plans to provide various exchange telecommunications services including dark fiber and Ethernet, dedicated point-to-point private line services, and dedicated internet access. Its services will initially be offered only to the resellers of telecommunications service on wholesale and carrier-to-carrier basis.

Cleareon requested a waiver of N.J.S.A. 48:3-7.8 and N.J.A.C. 14:1-4.3, which requires that books and records be kept within the State of New Jersey and be maintained in accordance with the Uniform System of Accounts (USOA), respectively. The Petitioner also stated, upon written notice from the Board and/or Board Staff, it will provide its financial books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records.

By letter dated May 29, 2018, the New Jersey Division of Rate Counsel (Rate Counsel) submitted comments to the Board stating that, based on its review, the Rate Counsel was satisfied that the Petition meets the regulatory requirements and is consistent with the public interest, convenience, and necessity. The Rate Counsel neither objected to a grant of the waiver requested in connection with record-keeping by the Petitioner, nor the Rate Counsel opposed the Petitioner's request to treat its financial information as confidential and place under seal. Accordingly, the Rate Counsel did not oppose the Board granting of authority or approval of the Petitioner's request to provide local exchange and interexchange telecommunications services throughout the State of New Jersey.

After review, Staff recommended that the Board grant the Petitioner's request for CLEC authority to provide facilities-based local exchange and interexchange services in the State of New Jersey. Staff's recommendation does not pertain to Non-CLEC Services. Staff also recommended that the Board approve the Petitioner's request for waivers from its requirements

that the Petitioner maintain its financial books and records in accordance with the USOA and within New Jersey.

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

II. ENERGY

A. Docket No. ER18010004 – In the Matter of Federal Energy (FERC) Items for 2018 – FERC Docket No. EL18-173 – Monongahela Power Company et al. re: 206 Proceeding Requiring PJM Transmission Owner’s Refile Schedule 12 of the PJM Tariff.

BACKGROUND: This matter involved Staff, on behalf of the Board filing an intervention in this proceeding as an “interested state commission” under the Federal Energy Regulatory Commission (FERC or Commission) Rules of Practice and Procedure. The FERC e-filing rules allow for doc-less interventions, which is how this matter was filed. The purpose of this intervention is to establish the Board as a party to the proceeding.

On July 2, 2018, the FERC issued an order which accepted in part and rejected in part the revisions submitted by PJM Interconnection LLC (PJM) to assign cost responsibility for 45 new transmission projects including Targeted Market Efficiency Projects (TMEPs). The Commission also instituted a Federal Power Act section 206 proceeding to require PJM to refile Schedule 12 of the PJM Tariff.

The Commission determined that Schedule 12 of the PJM Tariff, which outlines cost allocations, is ambiguous about whether merchant facilities should be exempt from allocations, which PJM argued they should be. The FERC rejected PJM’s argument that the Hudson and Linden facilities should be exempt from cost allocations.

The Commission found that the most reasonable interpretation of the PJM Tariff “...is to allocate within PJM its share of the costs of TMEPs to those zones and merchant transmission facilities in PJM that are shown to have experienced net positive congestion over the two historical years, as determined by a TMEP study conducted by Midcontinent Independent System Operator, Inc. and PJM.”

Currently, Staff is monitoring the proceeding on behalf of the Board. If a substantive filing is necessary to advance Board policy, Staff will bring the matter to the Board’s regular agenda. Staff recommended that the Board ratify this intervention.

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

B. Docket No. ER18010004 – In the Matter of Federal Energy (FERC) Items for 2018 – FERC Docket No. EL18-189 Independent Power Producers of New York, Inc. v. New York Independent System Operator, Inc.

BACKGROUND: This matter involved Staff, on behalf of the Board filing a doc-less intervention in this proceeding as an “interested state commission” under the Federal Energy Regulatory Commission (FERC or Commission) Rules of Practice and Procedure on August 9, 2018. The FERC e-filing rules allow for doc-less interventions, which serve to establish the Board as a party to the proceeding.

On July 31, 2018, the Independent Power Producers of New York, Inc. filed a complaint requesting fast track processing (Complaint) against New York System Independent System Operator (NYISO), pursuant to Sections 206 and 306 of the Federal Power Act, 16 U.S.C. §§ 824e, 825e, and Commission regulations, 18 C.F.R § 385.206.

The Complaint sought a Commission order requiring NYISO to cease allowing resources located in the PJM Interconnection LLC (PJM) footprint to sell capacity across the PJM/NYISO seam without firm transmission withdrawal rights.

Staff recommended that the Board ratify this intervention.

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

III. CABLE TELEVISION

There were no items in this category.

IV. TELECOMMUNICATIONS

A. Docket No. TM18070712 – In the Matter of Verified Joint Petition of Transbeam, Inc. and GC Pivotal, LLC d/b/a Global Capacity for Approval to complete a Pro Forma Internal Consolidation.

BACKGROUND: On July 11, 2018, Transbeam, Inc. (Transbeam) and GC Pivotal, LLC d/b/a Global Capacity (Global Capacity) (together, Petitioners), submitted a joint Petition with the Board requesting approval to complete an internal consolidation of Transbeam into Global Capacity (the Consolidation).

Following completion of the Consolidation, customers will continue to receive services at the same rates, terms and conditions under which they currently receive in the State.

The New Jersey Division of Rate Counsel (Rate Counsel) submitted comments by letter August 6 2018, stated that it did not oppose the grant of the Petitioners' requested contained in their Joint Petition. Further, Rate Counsel concurred with the Petitioners that the particular facts herein do not trigger application of the Board's mass-migration rules and customer notification under the rules could lead to unnecessary customer confusion.

After review, Staff recommended that the Petitioner be allowed to proceed with the Consolidation finding that there will be no adverse effect to customers in New Jersey.

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

V. WATER

There were no items in this category.

VI. RELIABILITY & SECURITY

A. Docket Nos. WS18070715K, et al. – In the Matter of Alleged Violations of the Underground Facility Protection Act, N.J.S.A. 48:2-73 et seq.

BACKGROUND: This matter involved settlements of alleged violations of the Underground Facility Protection Act by both excavators and operators of underground facilities. The categories of infraction include failure to provide proper notice, failure to use reasonable care and mismarking of facilities. The cases were settled in accordance with a penalty strategy which escalates the penalty ranges in relationship to the aggravating factors such as injury, property damage, fire, evacuation, road closure, and other public safety concerns. Moreover, the strategy seeks to establish appropriate disincentives for actions which violate the Underground Facility Protection Act (the Act).

Pursuant to the Act, the Board through the Bureau of One-Call supervises and enforces the One-Call Underground Damage Prevention System. The Act subjects violators of its provisions to civil penalties of not less than \$1,000.00 and not more than \$2,500.00 per violation per day, with a \$25,000.00 maximum for a related series of violations. Violations involving a natural gas or hazardous liquid underground pipeline or distribution facility are subject to civil penalties not to exceed \$100,000.00 for each violation for each day with a \$1,000,000.00 maximum for any related series of violations.

The number of settlements are 44 and total penalty of \$125,000.00.

Staff employed a single order to close multiple cases in order to create a more streamlined and effective enforcement process. Staff recommended that the Board approve all those cases in which offers of settlement and payment have been received.

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

VII. CUSTOMER ASSISTANCE

A. Docket Nos. BPU EC17080850U and OAL PUC 03681-18 – In the Matter of George Hampton, Petitioner v. Public Service Electric and Gas Company, Respondent – Billing Dispute.

BACKGROUND: This matter involved a billing dispute between George Hampton (Petitioner) and Public Service Electric and Gas (PSE&G or Company). The petition was transmitted to the Office of Administrative Law (OAL) for hearing as a contested case. While this matter was pending in the OAL, the parties voluntarily agreed to resolve the matter and entered into a signed Stipulation of Settlement (Stipulation) that was submitted to the Administrative Law Judge (ALJ) on July 30, 2018.

By Initial Decision issued on July 30, 2018, and submitted to the Board on August 1, 2018, ALJ Moss found that the Stipulation was voluntary, that its terms fully disposed of all issues in controversy and that it satisfied the requirements of N.J.A.C. 1:1-19.1.

Pursuant to the terms of the Stipulation, and in order to fully resolve this matter, PSE&G agreed to credit the Petitioner's account in the amount of \$12,691.66 leaving a balance of \$1,200.00. The Petitioner will enter into a 12 month payment arrangement to pay the

remaining balance. The Petitioner also agreed to pay his PSE&G bills on a timely basis going forward.

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

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 Executive Session Minutes of June 23, 2014 Agenda Items 7A, 7B, 7C and 7D; and Approval of the Minutes for the June 22, 2018 Agenda Meeting.

BACKGROUND: Staff presented the executive session minutes of June 23, 2014 for items 7A, 7B, 7C and 7D, and the regular agenda minutes of June 22, 2018 meetings.

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

AGENDA

1. AUDITS

A. Docket No. EO18080853 – In the Matter of the Department of Community Affairs' State Fiscal Year 2019 Universal Service Fund Administrative Cost Budget.

Maureen Clerc, USF Team, presented this matter.

BACKGROUND AND DISCUSSION: This matter involved the Universal Service Fund (USF) administrative cost budget submitted by the Department of Community Affairs (DCA) for State Fiscal Year (FY) 2019 in the amount of \$6,400,005.00. The DCA is the USF Program Administrator. The proposed FY 2019 USF administrative cost budget has decreased by \$113,608.00 compared to the FY 2018 USF budget of \$6,513,613.00, which was approved by the Board on August 23, 2017.

Staff reviewed the budget submitted by DCA, as well as the budgets for each Community Based Organization (CBO), which are included as part of the DCA submission. The CBOs process USF applications for DCA, with each county represented by one or more agencies. The USF application is also the application for the federal Low Income Home Energy Assistance Program (LIHEAP), therefore DCA and CBOs submit joint USF/LIHEAP budgets. The budget of each individual agency is based on the number of applications the agency processed in the previous fiscal year and the percentage of households served for each program in a particular county. The DCA portion of the budget is split according to the number of households served for each program state-wide. After all Staff's questions regarding the FY 2019 budget were answered and necessary modifications made, DCA submitted its final USF administrative cost budget for FY 2019 in the amount of \$6,400,005.00. The budget submitted covers the entire twelve month period of July 1, 2018 through June 30, 2019.

The FY 2019 USF budget is broken down as follows:

DCA	\$1,603,569.00
Subgrantees: County Welfare Organizations	\$221,520.00
Community Based Organizations	<u>\$4,574,917.00</u>
Total	<u>\$6,400,005.00</u>

The \$113,608.00 net decrease in the budget is due to a 13% decrease in total applications received and an 8.6% decrease in USF enrollment. DCA is addressing this by increasing research and outreach efforts to the at-risk population. The Community Based Organizations, which process applications, as well as the utility companies are also increasing their outreach efforts.

After review, Staff recommended that the Board approve this budget. It is noted that the budget is an estimate. DCA will provide the Board with an accounting of all expenditures; after reviewing these expenditures Board Staff will come before the Board for final approval of all expenditures.

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

Alice A. Bator, Director, Division of Audits, presented these matters.

B. Docket No. WA18080849 – In the Matter of an Audit of the Affiliated Transactions between New Jersey American Water Company, and American Water Works Company, Inc. and its Affiliates including a review of Operational and Financial Performance of New Jersey American Water Company and a Comprehensive Management Audit of New Jersey American Water Company Pursuant to N.J.A.C. 14:3-12.1-14:3-12.4.

BACKGROUND AND DISCUSSION: This matter involved Staff requesting that the Board authorize the initiation of a two-phase audit of New Jersey American Water Company (NJAW, Company). Phase one will consist of an audit of affiliated transactions of NJAW and American Water Works Company, Inc. (American Water) and all affiliates and any competitive services of NJAW. It will also include a review of NJAW's financial and operational performance. Phase two will consists of a comprehensive management audit (Management Audit). The Management Audit consists of a review of executive management and corporate governance, organizational structure, human resources, strategic planning, systems operations, customer service, external relations, support services, finance, cash management, accounting and property records, affiliate cost allocations and relationships, Company contractor performance, regulatory filing process, and cyber risk mitigation/cyber security.

The Division of Audits prepared the Request for Proposal (RFP). Staff requested the Board approval to submit the RFP to the pool of seven management consulting firms previously approved by New Jersey Department of Treasury (Treasury) and the Board at its September 13, 2012 agenda meeting under contract term T-2482 and subsequently extended for another year on August 11, 2017 by the Treasury and the Board.

Staff believed that the water and wastewater industry has experienced significant changes over the past few years. Specifically, American Water's numerous acquisitions, their expansion into the unregulated sector, development of new affiliates, concerns in the industry with water leakage management and the ongoing maintenance of water quality and infrastructure improvements. In light of these changes, and the fact that there have been no audits since 2010 of NJAW, ratepayers and the Company would benefit from a comprehensive management and financial audit of NJAW at this time.

Staff recommended the Board authorize Staff to send the RFP to the seven approved management consulting firms for their bid submissions.

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

C. Docket No. WA16121156 – In the Matter of an Audit of the Affiliated Transactions between Aqua New Jersey Water Company and Aqua America and Affiliates and a Comprehensive Management Audit of Aqua New Jersey Water Company Pursuant to N.J.A.C. 14:3-12.1-14:3-12.4.

BACKGROUND AND DISCUSSION: On January 25, 2017, the Board authorized Staff to initiate an audit of affiliated transactions between Aqua New Jersey Water Company (Aqua NJ

or Company), its holding company, Aqua America and affiliates, and a Comprehensive Management Audit of Aqua NJ. The Board also authorized Staff to send a Request for Proposal (RFP) to the seven pre-approved management consulting firms under State Term Contract T2482.

In accordance with the RFP, bid proposals were submitted to the Board's Division of Audits by March 10, 2017 from Silver Point Consulting, Sage Management Consultants, Overland Consulting, Schumaker and Company and Saleeby Consulting. The sixth firm, NorthStar Consulting Group, advised Board Staff, in writing that they would not bid on this project. The seventh firm, Liberty Consulting Group, did not submit a bid. The bid proposals were subsequently forwarded to the Evaluation Committee for review and analysis. The Evaluation Committee consisted of staff from the Division of Audits (3), the Division of Water (2), and Counsel's Office (1).

At its May 31, 2017 agenda meeting, the Board approved the Evaluation Committee's recommendation of Sage to perform the audits at a not-to-exceed cost of \$399,700.00. The Board further authorized former President Mroz to execute a consulting agreement with Sage.

On June 18, 2018, Sage Management Consultants LLC (Sage) submitted the final report in the above-referenced audit (Final Report). The Final Report contains six chapters, including an executive summary, and makes numerous recommendations, which, if approved by the Board and implemented, should have an impact on financial materiality, quality of service, and regulatory compliance.

Staff recommended that the Board accept the Final Report "for filing purposes only." Staff also recommended that the report be released to the public for comments due by September 28, 2018. Staff recommended issuance of a Secretary's letter requesting comments by the due date. After review and receipt of these comments, this matter will be returned to the Board's agenda for consideration of an implementation plan.

Since Sage has satisfactorily completed the audit report, Staff recommended, consistent with the terms of the Agreement, that the hold-back of fees in the amount of \$79,940.00 pending acceptance of the audit report "for filing purposes only" be released to Sage.

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

D. Docket No. EA17010004 – In the Matter of a Financial Audit of the New Jersey Electric Distribution Companies' Basic Generation Administrative Expense and Other Related Expenses.

BACKGROUND AND DISCUSSION: On January 25, 2017, the Board authorized staff to initiate an Audit of the New Jersey Electric Distribution Companies Basic Generation Service Administrative Expense and Other Related Cost. The Board also authorized Staff to send an Request for Proposal (RFP) to the seven pre-approved consulting firms under waiver #AJ-050 for their bid submission.

In accordance with the RFP, bid proposals were submitted to the Board, Division of Audits by March 17, 2017, from Liberty Consulting Group and Overland Consulting. No other bids were received from the remaining pre-qualified consultants. The bid proposals were subsequently forwarded to the Evaluation Committee for review and analysis. The Evaluation Committee consisted of staff from the Division of Audits (2), the Division of Energy (2), Counsel's Office (1) and the Economists Office (1).

At its May 31, 2017 agenda meeting, the Board approved the Evaluation Committee recommendation of Liberty Consulting to perform the audits at a not-to-exceed cost of \$266,480.00. The Board further authorized former President Mroz to execute the Agreement with Liberty.

On July 27, 2018 Liberty Consulting submitted the final report (Final Report). The Final Report contains 8 chapters including an executive summary, and made recommendations which, if approved by the Board and implemented, should have a positive impact on the BGS auction process.

Staff recommended that the Board accept the Final Report "for filing purposes only." Staff also recommended that the non-confidential version of the report be released to the public with comments due by September 30, 2018. Staff recommended issuance of a Secretary's letter requesting that comments be filed with the Board by September 30, 2018. After review of these comments, this matter will be returned to the Board's agenda for consideration of an implementation plan.

Since Liberty has satisfactorily completed its obligations under the Agreement including the audit report, Staff recommended consistent with the terms of the Agreement, that the hold back of fees in the amount of \$10,719.50 pending acceptance of the Final Report "for filing purposes only", be released to Liberty.

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

E. Non-Docketed Matter – In the Matter of the Request for Extension of Treasury Term Contract #T-2482 Relating to Request for Proposal 13-X-22139, Management Consulting: Contracted Management Auditing Firms, BPU – Request for Approval of Six Month Contract Extension of Pre-Qualified Bidders List. Current Contract Duration: October 1, 2012 - September 30, 2018.

BACKGROUND AND DISCUSSION: This matter involved Staff's request to extend for six months the Department of Treasury, Division of Purchase and Property, Purchase Bureau's (Treasury) Contract Term # T-2482 (Contract) relating to a list of pre-qualified consulting firms contracted to perform management audits of utilities under the jurisdiction of the Board, which is anticipated to result in audit costs in excess of \$250,000.00 during the extension year period from October 1, 2018 through March 31, 2019.

On April 11, 2012, the Board granted Staff's request for authorization of the release of the request for proposal (RFP) 13-X-22139, Management Consulting: Contracted Management Auditing Firms, the Board to solicit bid proposals from qualified bidders for the purpose of

hiring contractors to provide various types of audits, including, but not limited to, management, affiliate transaction, compliance, operational or performance, information system/technology, and the internal controls of State utilities. Pursuant to the Treasury's rules and procedures, a RFP was issued by Treasury, in April of 2012.

On September 13, 2012, the Board approved the evaluation committee's recommendations to award contracts to seven consultants under the RFP 13-X-22139 to perform all management audits. Effective October 1, 2012, contracts were awarded to seven contractors, comprising a list of pre-qualified bidders for management audit consulting services. Each contract awarded originally had a duration of 4 years from October 1, 2012 through September 30, 2016 and subsequently extended through September 30, 2018. The seven contractors awarded contracts included the following:

- Liberty Consulting Group (Liberty)
- NorthStar Consulting Group (NorthStar)
- Overland Consulting (Overland)
- Raymond G. Saleeby, LLC d/b/a Saleeby Consulting Group
- Sage Management Consultants, LLC (Sage)
- Schumaker & Company, Inc.
- Silverpoint Consulting, LLC (Silverpoint)

The original estimated value of consulting services over the life of the initial four-year contract term was \$5 million, but, to date, \$755,390.00 has been expended, in Fiscal Year 2014 (specifically, \$630,390.00 to NorthStar and \$125,000.00 to Overland). We expect by the end of September 2018 to expend an additional \$399,700.00 to Sage for the Aqua NJ Audit, and at least \$689,988.75 to Liberty for the ongoing Atlantic City Electric Company Audit (ACE) and \$459,041.25 to Silverpoint for the Rockland Electric Company Audit (Rockland) for a total of approximately \$2.3 million. In each of the audits conducted the contracted management audit consulting firms fulfilled their contract consistent with the contract award.

During the proposed six-month extension, it is estimated that approximately between \$500,000.00 to \$1 million will be required for planned audits of New Jersey American Water. During this six-month extension, additional audits could commence which would add to this amount. Management audit projects are not paid in advance, but as billed for services completed on a monthly basis, with a 20% retention subject to an ultimate regulatory determination of satisfactory contractor performance after project completion. Moreover, although the Board is the client on these audits, all audit costs are borne by the audited utilities, not by the Board's agency budget.

Given the continued statutory obligation and the Board's policy to ensure that utilities under Board's regulatory jurisdiction are operating in a sound manner to provide safe, adequate, and reliable utility service supported by sensible management decisions, Staff recommended that the Board seek Office of Management and Budget (OMB) approval of the extension of contract number T-2482, Management Consulting: Contracted Management Auditing Firms, the Board with the seven pre-qualified consultants, which expires September 30, 2018, so that OMB may finalize the negotiation process for the contract extension as soon as possible and contractors are available to commence the management audits as planned for the period October 1, 2018 through March 31, 2019.

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

F. 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 – See Executive Session.

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

2. ENERGY

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

A. Docket No. EO18070728 – In the Matter of the Verified Petition of Jersey Central Power and Light Company for Approval of an Infrastructure Investment Program (JCP&L Reliability Plus).

BACKGROUND AND DISCUSSION: On July 13, 2018, Jersey Central Power and Light Company (JCP&L or Company) filed a petition with the Board seeking approval for its Reliability Plus Infrastructure Investment Program (JCP&L Reliability Plus or Program), including a proposed cost recovery mechanism, pursuant to N.J.A.C. 14:3-2A.1 et seq. (II&R Rules) and any other provision deemed applicable by the Board. JCP&L proposed to invest \$386.8 million over a four year period from 2019 through 2022. The Program includes a proposed 15 electric distribution infrastructure projects grouped into four Program categories: Overhead Circuit Reliability and Resiliency, Substation Reliability Enhancement, Distribution Automation, and Underground System Improvements.

The Company proposed a return on investment based on a weighted average cost of capital (WACC) of 7.47 percent, based on the what was approved in JCP&L’s last base rate case in Docket No. ER16040383. The initial WACC will be based on the return on equity of 9.6 percent, long term debt rate of 5.732 percent, and a capital structure of 45 percent equity and 55 percent long term debt. Board approved changes change in the WACC in future base rate cases would be reflected in any subsequent revenue requirement calculations for JCP&L Reliability Plus.

Staff recommended that the Board retain this matter for hearing at the Board, and designated Commissioner Upendra Chivukula to preside over the matter. Staff further recommended that the Board set a bar date of September 21, 2018 for the filing of motions to intervene and/or participate and for admission pro hac vice.

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

B. Docket No. ER18070706 – In the Matter of the Petition of Soundview Paper Company, LLC for Approval of a Reduction of the Societal Benefits Charge.

BACKGROUND AND DISCUSSION: On July 10, 2018, Soundview Paper Company, LLC (Soundview) filed a petition pursuant to relevant statutes and regulations with the Board. By its petition, Soundview requested a 50% reduction in its Societal Benefits Charge obligations for electric service commencing in 2018 at its Marcal Mill in Elmwood Park, New Jersey.

Soundview presently receives electric service from Public Service Electric and Gas Company at the Marcal Mill.

Staff recommended that the Board retain this matter for hearing and designated Commissioner Mary-Anna Holden 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	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

C. Docket No. GR17111146 – In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to Revise its Energy Efficiency Program Rider Rate.

BACKGROUND AND DISCUSSION: On November 3, 2017, Elizabethtown Gas Company (Elizabethtown) filed a petition (November 2017 Petition) with the Board requesting an increase its Energy Efficiency Program Rate (EEP Rate) from the existing credit rate of \$0.0007 per therm to a charge of \$0.0020 per therm.

The November 2017 Petition sought to reconcile EEP costs and recoveries for the period commencing July 1, 2016 through June 30, 2017, and to recover forecast recovered for the July 1, 2017 through June 30, 2018 period. During the discovery process, Elizabethtown updated its schedules and associated revenue requirements to reflect actual data through May 2018.

Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel (collectively, the Parties) executed a Stipulation of Settlement (Stipulation).

Staff recommended that the Board issue an Order accepting the Stipulation of the Parties, which sought to implement an EEP Rate of \$0.0020 per kWh, including Sales and Use Tax. Staff further recommended that the Board order Elizabethtown to file tariffs consistent with the Board's Order by September 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

D. Docket No. ER17080894 – In the Matter of the Verified Petition of Jersey Central Power and Light Company Seeking (1) Review and Approval of its Deferred Balances Relating to, and an Adjustment of the Societal Benefits Charge Clause of its Filed Tariff; and (2) Review and Approval of its Deferred Balance Relating to the System Control Charge Clause of its Filed Tariff (2016 SBC/SCC Filing).

BACKGROUND AND DISCUSSION: On August 21, 2017, Jersey Central Power and Light Company (JCP&L or Company) filed a petition (2016 SBC/SCC Petition) with the Board seeking (1) review and approval of its deferred balances relating to, and an adjustment of certain components of, the Societal Benefits Charge (SBC) clause of its filed tariff for the period January 1, 2016 through December 31, 2016; and (2) review and approval of its deferred balances relating to the System Control Charge (SCC) of its filed tariff for the period January 1, 2016 through December 31, 2016.

The 2016 SBC/SCC Petition proposed a decrease of approximately \$1.21 million on an annual basis in the Company's Rider Demand Side Factor. The 2016 SBC/SCC Petition also proposed a decrease in the Company's Rider Uncollectible Accounts Charge rate of \$4.85 million on an annual basis. The 2016 SBC/SCC Petition did not propose any change to the Company's Rider SCC rate or Rider NDC rate. As a result of all of the proposed changes, the Company proposed a decrease in rates of approximately \$6.05 million, annually. Pursuant to an August 2016 Order in Docket Nos. ER14080869 and ER15090995, JCP&L also proposed to remove Rider SCC from its tariff.

Following a review of the petitions and discovery, JCP&L, Board Staff and the New Jersey Division of Rate Counsel (the Parties) executed a Stipulation of Settlement (Stipulation) resolving the 2016 SBC/SCC Petition.

Staff recommended that the Board issue an order accepting the Stipulation of the Parties. Staff further recommended that the Board order JCP&L to file revised tariff sheets conforming to the terms of the Stipulation by September 8, 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

E. Docket No. ER18010031 – In the Matter of the Verified Petition of Jersey Central Power and Light Company Constituting its Annual Filing with Respect to the Storm Recovery Charge Rider of its Filed Tariff (2017-18 SRC Filing).

BACKGROUND AND DISCUSSION: On January 12, 2018, Jersey Central Power and Light Company (JCP&L or Company) filed a petition (January 2018 Petition) with the Board requesting review and approval of the amounts included in the Company's Storm Recovery Charge (SRC) deferred balance relating to the recovery of Board-approved 2012 Major Storm deferred operations and maintenance costs, to the extent accumulated from April 1, 2017 through March 31, 2018.

The Company projected that at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2018 would be \$105,092,902.00. This represented a projected over-recovery of \$1,447,612.00 after the application of carrying costs of \$2,361,041.00

According to JCP&L, the result of the data presented would support a decrease in the annual revenues collected through the SRC by approximately \$994,485.00. However, due to the comparatively small magnitude of such a decrease, JCP&L proposed to leave the current SRC rate of \$0.003084 (excluding SUT) in effect for the period April 1, 2018 through March 31, 2019.

In responses to discovery requests, JCP&L also updated its deferred SRC balance to include actual data through March 31, 2018. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731.00. This represents a projected over-recovery of \$2,239,783.00 after the application of carrying costs of \$2,381,377.00.

JCP&L, Staff, and the New Jersey Division of Rate Counsel (collectively, the Parties) executed a Stipulation of Settlement (Stipulation) requesting that the Board approve the Company's request.

Staff recommended that the Board issue an Order accepting the Stipulation of the Parties. Staff further recommended that the Board order JCP&L to file tariffs consistent with the Board's Order by September 8, 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

F. Docket Nos. ER18040358 and GR18040359 – In the Matter of the Petition of Public Service Electric and Gas Company for Approval of Electric and Gas Base Rate Adjustments Pursuant to the Energy Strong Program (March 2018 ES Electric and Gas Rates Filing).

BACKGROUND AND DISCUSSION: By Order dated May 21, 2014 (May 2014 Order), the Board authorized Public Service Electric & Gas (PSE&G or Company) to implement an Energy Strong Program, providing approval to invest up to \$1.0 billion to harden its electric and gas infrastructure to make them less susceptible to damage from wind, flying debris and water damage in anticipation of future storm events and to strengthen the resiliency of the Company's delivery system. Investments are being made over a three or five year period.

Pursuant to the May 2014 Order, PSE&G is allowed recovery for all expenditures related to facilities that have been placed in service, but on a provisional basis, subject to refund. Electric base rates are adjusted semi-annually, while gas base rates are adjusted annually. The prudence review of Energy Strong Program (ES Program) expenditures is to be assessed in conjunction with the Company's pending base rate case. This is the eighth roll-in of electric ES Program expenditures and the fourth roll-in of gas ES Program expenditures.

On March 30, 2018, PSE&G filed a petition (March 2018 Petition) with the Board seeking authority to establish rates to recover annualized increases in the electric and gas revenue requirements associated with electric and gas ES Program investment costs. The March 2018 Petition sought approval to recover an additional \$594,000.00 in electric revenues and an additional \$120,000.00 in gas revenues based on actual costs from December 1, 2017 through February 28, 2018 and projected program expenditures from March 1, 2018 through May 31, 2018.

On June 15, 2018, PSE&G updated the March 2018 Petition to include actual electric and gas ES Program expenditures through May 31, 2018. The updated annual increase in revenue requirements reflected the same level as the increase in annual electric revenue requirements proposed in the filing, but reflected a slight increase in the gas revenue requirements compared to what was proposed in the filing.

On August 7, 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 \$594,000.00 related to the electric ES Program expenditures and \$120,000.00 related to the gas ES Program expenditures as of May 31, 2018.

Staff recommended that the Board issue an Order approving the Stipulation of the Parties. Staff further recommended that the Board direct PSE&G to file tariffs consistent with the Board's Order prior to September 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

G. Docket No. ER18060656 – In the Matter of the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – JCP&L, PSE&G and Rockland June 20, 2018 Filing.

BACKGROUND AND DISCUSSION: On June 20, 2018, Jersey Central Power & Light Company, Public Service Electric and Gas Company, and Rockland Electric Company (collectively, the EDCs) filed a joint petition (June 2018 Petition) with the Board requesting recovery of Federal Energy Regulatory Commission (FERC) approved changes in transmission service related charges.

The EDCs' proposed tariff changes reflect changes to the Basic Generation Service (BGS) Residential and Small Commercial Pricing (BGS-RSCP) and Commercial and Industrial Energy Pricing (BGS-CIEP) rates to customers resulting from changes in the PJM Interconnection, LLC (PJM) Open Access Transmission Tariff (OATT).

On April 25, 2017, FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the ConEd Wheel). The PJM tariff revisions remove ConEd as a party responsible for cost allocation under Schedule 12 of the PJM OATT. This, in turn, required that PJM reallocate the ConEd portion to the remaining entities as these costs relate to the ConEd Wheel. The cost reallocation being implemented pursuant to the ConEd Wheel Order is subject to ongoing legal challenges and protests before FERC by various interested entities. Under the Supplier Master Agreement (SMA), specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "FERC Final Order" approving the Firm Transmission Service increase. By Order dated July 26, 2017, the Board authorized the EDCs to begin collecting the Transmission Enhancement Charges (TECS) charges based on the reallocation related to the ConEd Wheel

Order and track such collections until receipt of a Final FERC Order in the matter.

On December 15, 2017, FERC issued orders, effective January 1, 2018 that modified the PJM OATT as a result of a change in Hudson Transmission Partners' (HTP) and Linden Variable frequency Transformer Project's (Linden VFT) responsibility for certain transmission cost allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights. The revisions remove HTP and Linden VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC has ruled on these matters through the issuance of the HTP and Linden VFT Orders, the cost reallocations being implemented are still subject to ongoing challenges before FERC. By two separate Orders dated July 25, 2018, the Board authorized the EDCs to begin collecting the TECs charges based on the reallocation related to the HTP and Linden VFT Orders and track such collections until receipt of a Final FERC Order.

Under the SMA, specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "FERC Final Order" approving the Firm Transmission Service increase.

The proposed rates included in the amended tariff sheets for each EDC reflect costs effective as of June 1, 2018 for TECs resulting from the above listed FERC-approved Filings. The proposed rates also include the rate adjustments resulting from the ConEd Wheel Order, the PECO Order and the HTP and Linden VFT Orders (collectively, FERC Orders).

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the updates to formula rates which became effective June 1, 2018. The EDCs represent that suppliers will be compensated subject to the terms and conditions of the applicable SMAs. Any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through BGS Reconciliation Charges.

No comments were received from the New Jersey Division of Rate Counsel or any other party.

Staff recommended that the Board approve the changes to the BGS-RSCP and BGS-CIEP rates requested by each EDCs for its transmission charges resulting from the FERC-approved changes to the TECs related to the June 2018 Petition, effective September 8, 2018. However, with respect to the reallocations derived from the FERC Orders, Staff recommended that the EDCs be authorized to collect these costs from BGS customers and track such collections until receipt of a Final FERC Order in the matters. For the remaining TEC changes, Staff recommended that the EDCs be authorized to compensate BGS suppliers subject to the terms and conditions of the SMAs.

Staff further recommended that the Board direct the EDCs to file tariffs and rates consistent with the Board's findings by September 8, 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

H. Docket No. ER18070758 – In the Matter of the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – June 2018 AEP TEC Filing.

BACKGROUND AND DISCUSSION: On June 25, 2018, Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company, and Rockland Electric Company (collectively, the EDCs) filed a joint petition (June 2018 American Electric Power Service Corporation (AEP) the Transmission Enhancement Charges (TECs) Petition) with the Board requesting recovery of Federal Energy Regulatory Commission (FERC) approved changes in transmission service related charges.

The EDCs' proposed tariff changes reflect changes to the Basic Generation Service (BGS) Residential and Small Commercial Pricing (BGS-RSCP) and Commercial and Industrial Energy Pricing (BGS-CIEP) rates to customers resulting from changes in the PJM Interconnection, LLC (PJM) Open Access Transmission Tariff (OATT) made in response to a formula rate filing made by American Electric Power Service Corporation (AEP) in FERC Docket No. ER18-1202 and ER17-405.

On March 10, 2017, FERC issued an Order, effective January 1, 2017 which authorized AEP's Formula Rate transition from "historic" to "forward looking". The AEP Order approved AEP's proposed tariff revisions subject to hearing and settlement procedures. By Order dated July 26, 2017, the Board authorized the EDCs to begin collecting the TEC charges based on the AEP Order and track such collections until receipt of a Final FERC Order in the matter.

Under the Supplier Master Agreement (SMA), specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "FERC Final Order" approving the Firm Transmission Service increase.

The proposed rates included in the amended tariff sheets for each EDC reflect costs effective on April 1, 2018 retroactive to January 1, 2018 for TECs resulting from the above listed FERC-approved filing.

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the updates to formula rates which became effective June 1, 2018. The EDCs represent that suppliers will be compensated subject to the terms and conditions of the applicable SMAs. Any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through BGS Reconciliation Charges.

No comments were received from the New Jersey Division of Rate Counsel or any other party.

Staff recommended that the Board approve the changes to the BGS-RSCP and BGS-CIEP rates requested by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs related the June 2018 AEP TEC Petition, effective September 8, 2018. However, with respect to the change to a "forward looking" rate approved in the AEP Order, Staff recommended that the EDCs be authorized to collect these costs from BGS customers and track such collections until receipt of a Final FERC Order in the matter.

Staff further recommended that the Board direct the EDCs to file tariffs and rates consistent with the Board's findings by September 8, 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

I. Docket No. ER18070711 – In the Matter of the Petition of Atlantic City Electric Company for Approval to Implement FERC-Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of the BGS-RSCP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff (2018).

BACKGROUND AND DISCUSSION: On July 11, 2018, Atlantic City Electric Company (ACE or Company) filed a petition (July 2018 Petition) with the Board requesting recovery of Federal Energy Regulatory Commission (FERC) approved changes in firm transmission service related charges with rates to be effective September 1, 2018.

The Company's proposed tariffs reflect changes to the Basic Generation Service (BGS) Residential and Small Commercial Pricing (BGS-RSCP) and Commercial and Industrial Pricing (BGS-CIEP) rates to customers resulting from FERC approved changes in the PJM Open Access Transmission Tariff (OATT).

On April 25, 2017, FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the ConEd Wheel). The PJM tariff revisions remove ConEd as a party responsible for cost allocation under Schedule 12 of the PJM OATT. This, in turn, required that PJM reallocate the ConEd portion to the remaining entities as these costs relate to the ConEd Wheel. The cost reallocation being implemented pursuant to the ConEd Wheel Order is subject to ongoing legal challenges and protests before FERC by various interested entities. By Order dated July 26, 2017, the Board authorized electric distribution companies (EDCs) to begin collecting the Transmission Enhancement Charges (TECs) charges based on the reallocation related to the ConEd Wheel Order and track such collections until receipt of a Final FERC Order in the matter.

On May 1, 2017, PJM filed with FERC, on behalf of PECO Energy Company (PECO) for approval of a transmission formula rate template and formula rate protocols in the PJM OATT. PECO previously had a stated rate and sought authorization to move to a forward-looking formula rate under the PJM tariff. PECO requested an effective date of the proposed tariff revisions of July 1, 2017. On June 27, 2017, FERC issued a letter order (FERC PECO Order) accepting PECO's filing, subject to refund, effective December 1, 2017. By Order dated February 28, 2018, the Board authorized the EDCs to begin collecting the charges related to the FERC PECO Order and track such collections until receipt of a Final FERC Order in the matter.

On December 15, 2017, FERC issued orders, effective January 1, 2018 that modified the PJM OATT as a result of a change in Hudson Transmission Partners' (HTP) and Linden Variable Frequency Transformer Project (VFT's) responsibility for certain transmission cost

allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights. The revisions remove HTP and Linden VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC has ruled on these matters through the issuance of the HTP and Linden VFT Orders, the cost reallocations being implemented are still subject to ongoing challenges before FERC.

Under the Supplier Master Agreement (SMA), specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "Final FERC Order" approving the Firm Transmission Service increase.

The proposed rates included in the amended tariff sheets reflect transmission and TEC costs effective as of June 1, 2018 resulting from all of the FERC-approved Filings. The proposed rates also include the rate adjustments resulting from the ConEd Wheel Order, the PECO Order and the HTP and Linden VFT Orders (collectively, FERC Orders).

ACE also requested authorization to compensate the BGS suppliers for the changes resulting from the implementation of these updates to formula rates, subject to the terms and conditions of the applicable SMAs. Any differences between payments to BGS suppliers and charges to customers would flow through the BGS Reconciliation Charges.

ACE stated that an adjustment to BGS supplier accounts for the period June 1, 2018 through May 31, 2019 will be made upon the Board's approval of this request. For the period beginning June 1, 2018, ACE represented that it will track amounts associated with the rate change to BGS suppliers in accordance with paragraphs 15.9(a)(iii) and (iv) of the BGS-RSCP and BGS-CIEP SMAs until receipt of final FERC action on its 2018 informational filing.

No comments were received from the New Jersey Division of Rate Counsel or any other party.

Staff recommended that the Board approve the changes to the BGS-RSCP and BGS-CIEP rates requested ACE for its transmission charges resulting from the FERC-approved changes to its transmission charges and other TECs related to the June 2018 Petition, effective September 8, 2018. However, with respect to the reallocations derived from the FERC Orders, Staff recommended that ACE be authorized to collect these costs from BGS customers and track such collections until receipt of a Final FERC Order in the matters. For the remaining TEC changes, Staff recommended that ACE be authorized to compensate BGS suppliers subject to the terms and conditions of the SMAs.

Staff further recommended that the Board direct ACE to file tariffs and rates consistent with the Board's findings by September 8, 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

J. 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

Docket No. ER18030241 – In the Matter of the Petition of Atlantic City Electric Company for Approval of the Treatment of Tax Impacts Associated with Implementation of Tax Cuts and Jobs Act of 2017 and to Determine the Appropriate Level and Mechanism by which Rates must be Adjusted to Reflect the Benefits of the Act.

BACKGROUND AND DISCUSSION: By Order date January 31, 2018 (Generic TCJA Order), the Board directed all affected utilities to file petitions proposing new rates reflecting the impacts from the Federal Tax Cuts and Jobs Act (TCJA) signed into law on December 22, 2017. The Generic TCJA Order specifically mandated that the utilities file amended tariff sheets reflecting a 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, Atlantic City Electric Company (ACE or Company) filed its petition with the Board pursuant to the Generic TCJA Order, including proposed tariffs, as well as a proposed plan.

By Order dated March 26, 2018, the Board directed the Company to implement its proposed base rate reduction on an interim basis, effective April 1, 2018. As a result of the March 26, 2018 Order, an average residential customer using 716 kWh received a reduction of \$1.38 or approximately 1.0% on their monthly bill.

On June 19, 2018, ACE submitted a letter requesting an extension of the procedural schedule through August 31, 2018, to allow for continued discussions for a possible settlement on all open issues. By Order dated June 22, 2018 (June 2018 Order), the Board directed that the procedural schedule in this matter be extended to provide the parties with additional time to complete their review of the petition. The June 2018 Order further directed the parties to submit all necessary information to the Board to allow the Board to consider final rates no later than the Board’s August 2018 public agenda meeting, or as soon thereafter as the Board deemed appropriate.

On August 3, 2018, the New Jersey Division of Rate Counsel (Rate Counsel) filed initial comments with the Board pursuant to the Generic TCJA Order and the March 26, 2018 Order on this matter and the schedule agreed upon by the parties. The Company did not file initial comments pertaining to this matter. On August 10, 2018, ACE filed its reply comments to the Rate Counsel’s initial comments.

Staff recommended that the Board: (1) Require ACE to refund the “stub period” over collection of \$6.16 million within 60 days of the effective date of the Board’s Order in this matter; (2) Require ACE to refund the property protected excess deferred income tax (EDIT) balance of \$102.55 million utilizing the average rate assumption method; (3) Require ACE to refund the unprotected EDITs (property and non-property) over a five year period through a per kWh credit; and (4) Direct ACE to file tariffs consistent with the Board’s Order before 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

Cynthia L. M. Holland, Esq., Director, Office of Federal and Regional Policy, presented these matters.

K. Docket No. ER18010004 – In the Matter of Federal Energy (FERC) Items for 2018 – FERC Docket Nos. EL15-67, ER15-2562, ER17-950, EL17-68, EL17-84, EL17-90, EL17-94, ER18-579, ER18-680 – In the Matter of Non-Consolidated Settlement Proceedings Instituted by FERC Order.

BACKGROUND AND DISCUSSION: This matter involved Staff, on behalf of the Board, filing a request for rehearing in order to preserve the Board’s appellate rights. On July 19, 2018, Federal Energy Regulatory Commission (FERC or Commission) issued an order directing parties in several non-consolidated cases concerning the disputes along the New York Independent System Operator and PJM seam to engage in settlement negotiations. Significantly, FERC ordered that should settlement prove unsuccessful rather than proceed to hearing, “the matter will be returned to the Commission for disposition.”

Staff and the New Jersey Division of Rate Counsel (Rate Counsel) were concerned about their lack of opportunity to be heard prior to a Commission’s decision, in the event that settlement fails. The Board has never been afforded a hearing on the rate impacts to New Jersey related to these seam issues. Therefore, Staff joined the Rate Counsel in requesting rehearing to ensure that the FERC would provide the New Jersey State Agencies an opportunity to be heard on the issues prior to a FERC Order.

Staff recommended that the Board ratify this request for rehearing.

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

L. Docket No. ER18010004 – In the Matter of Federal Energy (FERC) Items for 2018 – FERC Docket No. EL18-189 Independent Power Producers of New York, Inc. v. New York Independent System Operator, Inc.

BACKGROUND AND DISCUSSION: This matter involved Staff, on behalf of the Board, filing comments with the Federal Energy Regulatory Commission supportive of a complaint requesting fast track processing (Complaint) initiated by the Independent Power Producers of New York, Inc. (IPPNY). The Complaint alleged improper benefits received by New York Independent System Operator (NYISO) and Linden VFT (Linden) stemming from capacity sales executed across the PJM Interconnection LLC (PJM)/NYISO seam. IPPNY asserted that without retention of Firm Transmission Withdrawal Rights, which Linden no longer holds, sales across the PJM/NYISO seam are unjustly inflating prices in PJM and suppressing prices in

NYISO. Staff's comments support IPPNY's analysis, and further explain Linden's apparent free-ridership on New Jersey ratepayers' investment enabling Linden's capacity sales to NYISO.

Staff recommended that the Board ratify the comments filed on August 20, 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

M. Docket No. ER18010004 – In the Matter of the Federal Energy Items for 2018 – FERC Docket No. ER18-614 – PJM Interconnection LLC re: RTEP Projects Approved December 2017.

BACKGROUND AND DISCUSSION: This matter involved Staff, on behalf of the Board, filing a Motion for Rehearing of the July 2, 2018 Order issued by the Federal Energy Regulatory Commission (Commission). In the Order, which was released five days after the Board filed its Answer to PJM, the Commission rejected the Board's assertions. Staff believed the Commission erred in failing to recognize and address the issues raised by the Board regarding the unduly discriminatory treatment of New Jersey ratepayers along the seam between PJM Interconnection, LLC (PJM) and the New York Independent System Operator (NYISO)(PJM/NYISO Seam). Staff urged the Commission to grant rehearing of this matter, and compel PJM to provide sufficient evidence to support discrepancies in its analysis.

Staff recommended that the Board ratify the Motion for Rehearing filed on August 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

N. Docket No. ER18010004 – In the Matter of Federal Energy (FERC) Items for 2018 – FERC Docket No. ER18-1314 – PJM Interconnection LLC re: Capacity Repricing or in the Alternative MOPR-Ex Proposal.

BACKGROUND AND DISCUSSION: This matter involved Staff, on behalf of the Board filing with the Federal Energy Regulatory Commission (FERC or Commission) a rehearing request of the Order issued on June 29, 2018. In the Order, the Commission rejected the proposed revisions to the PJM Interconnection, LLC (PJM) Open Access Transmission Tariff (Tariff). In previous comments, the Board urged the Commission to maintain status quo. Although, the FERC rejected PJM's filings, it also found the status quo to be unjust and unreasonable. Staff believed the FERC erred in determining that PJM's existing tariff (status quo) is unjust and unreasonable without providing the necessary evidentiary support for its conclusions. Staff also believes that FERC erred by intruding on states' authority over generation resources, in violation of the Federal Power Act. Staff filed a Motion for Rehearing in order to preserve the Board's appellate rights in this proceeding.

Staff recommended that the Board ratify this Motion for Rehearing.

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

O. Docket No. ER18010004 – In the Matter of Federal Energy (FERC) Items for 2018 – FERC Docket No. EL15-95 – Delaware Public Service Commission and Maryland Public Service Commission v. PJM Interconnection, LLC et al.

BACKGROUND AND DISCUSSION: This matter involved Staff, on behalf of the Board, filing a request for rehearing of the Federal Energy Regulatory Commission’s (FERC or Commission) July 19, 2018 order. The July 19 Order granted a complaint (Complaint) filed by the Delaware Public Service Commission and Maryland Public Service Commission which opposed the cost allocation methodology applied to a \$280M newly-constructed submarine transmission line connecting the Artificial Island nuclear generating complex (AI) with Delaware under the Delaware river (AI Project). The July 19 Order ruled the existing cost allocation method unjust and unreasonable as applied to the AI project and set the issues for a paper hearing. The effect of the July 19 Order will be increased transmission costs for New Jersey; the exact magnitude of this increase cannot be known with certainty until after the Commission conducts the paper hearing and sets forth a just and reasonable cost allocation. If appropriate, Staff will make further recommendations regarding any necessary filings in the paper hearing. To preserve all legal rights, Staff challenged FERC’s decision as unjust, unreasonable, arbitrary, and capricious.

Staff recommended that the Board ratify the request for rehearing filed on August 20, 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

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. AX18010001 – In the Matter of the New Jersey Board of Public Utilities’ Consideration of the Tax Cuts and Jobs Act of 2017; and

Docket No. WR18030242 – In the Matter of the New Jersey Board of Public Utilities’ Consideration of the Tax Cuts and Jobs Act of 2017 – Compliance Filing of Middlesex Water Company.

BACKGROUND AND DISCUSSION: The Tax Cuts and Jobs Act set forth changes to the Federal Internal Revenue Tax Code which reduced the corporate Tax rate from 35% to 21%. On January 31, 2018, the Board issued the Generic Tax Order concerning the effects of the corporate tax rate change. Middlesex Water Company (Middlesex, Company) complied with the Generic Tax Order’s directives.

On March 26, 2018, the Board issued an Order Adopting an Initial Decision/Settlement in Middlesex’s most recent base rate case. Under the Rate Case Stipulation, the Company, the New Jersey Division of Rate Counsel and Staff (the Parties) agreed that the Stipulation include the effect on Middlesex’s rates of both phases of the required calculations as set forth in the Board’s Generic Tax Order. This included \$500,000.00 for Phase Two adjustments accounted for as a result of an analysis performed by the Company and reviewed by the Parties. The Parties further agreed in the Rate Case Stipulation to continue to review any calculations associated with the Company’s Phase Two adjustments on an ongoing basis, and to resolve any issues if they were to arise. In addition, the Company agreed that, in the event the Phase Two adjustment resulted in less than the \$500,000.00 returned to customers with the Board’s approval of the Rate Case Stipulation, no further adjustment will be made.

The Parties subsequently convened a meeting by teleconference and confirmed that no further adjustments to the Company’s Phase Two calculation from the \$500,000.00 already returned to customers in the Middlesex Rate Order were necessary. As a result of this agreement, the Parties filed with the Board a fully executed Stipulation of Settlement (Stipulation) which incorporated by reference the Rate Case Stipulation. The July 2018 Tax Stipulation also indicated that Middlesex had fulfilled all of its requirements set forth by the Board in its Generic Tax Order. Therefore, the Parties requested that the Board accept the July 2018 Stipulation.

Staff recommended that Board adopt the July 2018 Tax Stipulation and find that Middlesex has fulfilled all of its requirements set forth by the Board in the Generic Tax 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

B. Docket No. WR18030268 – In The Matter of the Petition of Gordon’s Corner Water Company for an Increase in Rates and Charges for Water Service.

BACKGROUND AND DISCUSSION: On March 16 2018, Gordon’s Corner Water Company (Petitioner) filed a petition seeking a rate increase. On April 5, 2018, the Board transmitted this matter to the Office of Administrative Law for hearing as a contested case and it was assigned to Administrative Law Judge (ALJ) Jacob Gertsman. ALJ Gertsman held a telephonic prehearing conference on April 23, 2018 at which time dates for a public hearing in Petitioner’s service territory and evidentiary hearings were scheduled.

After notice in newspapers of general circulation within the Petitioner’s service territory, a public hearing was held on June 5, 2018 at Manalapan Township Municipal Building in Manalapan. The Mayor of Englishtown, New Jersey, Mayor Thomas Reynolds appeared at the public hearing and commented on the increase. The Board did not receive any written comments with regard to this matter.

The Petitioner, the New Jersey Division of Rate Counsel and Board Staff (the Parties) entered into a Stipulation of Settlement (Stipulation) that agreed to an increase of \$1,256,717.00, representing an overall percentage increase of 11.51%. As a result of this Stipulation the monthly bill for a customer, with a 5/8” meter using 7,000 gallons of water per month, will increase from \$50.11 to \$56.09.

The Stipulation includes recognition of a separate Stipulation that addresses all issues that arose with regard to the Petitioner pursuant to the Board’s January Generic Tax Order. This separate Stipulation finalizes the impact of the Generic Tax Order on Petitioner and includes a one-time \$0.56 (56 cent) per customer credit which will be implemented concurrently with the rate increase that was agreed to by the Parties in the Stipulation that was adopted by ALJ Gertsman.

Staff recommended that the Board adopt the Initial Decision which adopts the Stipulation of the Parties.

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

C. 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

Docket No. WR18030243 – In The Matter of Gordon’s Corner Water Company Tax Cuts and Jobs Act of 2017.

BACKGROUND AND DISCUSSION: As in item 5B, the Parties in this matter also executed a Stipulation in Gordon’s Corner pending rate case. Under the Rate Case Stipulation, the Parties to the rate case agreed that they have included in the Rate Case Stipulation the effect on Gordon’s Corner’s rates of both phases of the required calculations as set forth in the Board’s Generic Tax Order. The Rate Case Stipulation included both the effects of the Phase One and Phase Two of the Generic Tax Order issues by the Board.

The Parties stipulated that all issues and requirements set forth in the Generic Tax Order as applied to Gordon's Corner were resolved by the Rate Case Stipulation. Consistent with the Rate Case Stipulation, Gordon's Corner's new rates to be set as a result of that case include a one-time \$0.56 (i.e., a 56 cent) credit per customer. This credit resolves both this matter with respect to the Generic Tax Order as well as all issues in the Gordon's Corner Rate Case associated with both Phase One and Phase Two of the Generic Tax Order. Gordon's Corner has already complied with Phase One of the Generic Tax Order by lowering its volumetric rate from \$5.15 to \$5.04 and base rates agreed to by the Rate Case Stipulation reflect a rate base adjustment of \$137,421.00, which represents the Accelerated Deferred Income Tax owed to ratepayers pursuant to the 2017 Tax Cuts Act.

Staff recommended that the Board adopt the Stipulation of the Parties

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

D. BPU Docket No. WR16060510, OAL Docket No. PUC 09261-2016 and Appellate Docket No. A-001832-17T3 – In the Matter of the Petition of Suez Water Arlington Hills, Inc. for Approval of an Increase in Rates for Wastewater Service and Other Tariff Changes – See Executive Session.

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

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. EO12090799 – In the Matter of the Verified Petition of Atlantic City Electric Company Concerning a Proposal for an Extended SREC-Based Financing Program Under N.J.S.A. 48:3-98.1;

Docket No. EO12080750 – In the Matter of the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1; and

Docket No. EO13020118 – In the Matter of the Verified Petition of Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1.

B. Scott Hunter, Renewable Energy Program Administrator, Office of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: This matter involved the final recommendations of the Solicitation Manager (SM) for the ninth solicitation conducted under the Electric Distribution Companies' (EDCs) Solar Renewable Energy Certificate II (SREC II) Programs. On December 18, 2013, the Board approved the settlement stipulations of Atlantic City Electric Company (ACE), Jersey Central Power and Light (JCP&L) and the Rockland Electric Company (RECO) for the extension of their SREC-based financing programs (jointly SREC II Programs). After a Request for Proposals (RFP) process, the EDCs retained Navigant Consulting, Inc. to act as the SM for these programs.

The timeline for the final solicitation in the SREC II Programs was announced via release of the RFP for the ninth round of nine solicitations (Round 9) on May 1, 2018, including a webinar for prospective bidders on May 14, 2018. Consolidated bid applications were due on June 29, 2018. The solicitation included three market segments: residential and commercial under 50 kW, residential and commercial from 51 kW to 2 MW, and Landfill/Brownfield/Area of Historic Fill (Solar Act of 2012, Subsection t).

The SM issued its final recommendations report (SM Recommendations Report) to Staff on August 6, 2018 (Recommendations of the Solicitation Manager, August 3, 2018). Thirty-nine qualifying bids were received and evaluated. The SM recommended awarding twenty-one contracts in ACE's territory, fourteen contracts in JCP&L territory, and one contract in RECO territory. The SM advised that it received one bid in ACE's Segment 3; however insufficient capacity remained to award a Purchase and Sale Agreements (PSAs) for the entire project capacity sought. The SM recommended the Board allocate 500 kW of excess capacity from ACE's Segment 2 to Segment 3 to enable ACE to enter a PSA to cover the project's full capacity. The SM recommended rejecting applications for two projects bid in JCPL territory due to uncompetitive SREC prices submitted by the developer and one project bid in RECO territory that exceeded the RECO segment 2 capacity. The developer with a bid recommended for rejection in RECO Segment 2 submitted two bids for the same project, the larger of which was recommended for award.

For each round, the SM developed preliminary recommendations that it reviewed with the EDCs, Board Staff and Rate Counsel. The SM then developed final recommendations based on its analysis and input received from the parties. The preliminary recommendations for Round 9 were presented to the parties on July 12, 2018.

These preliminary recommendations included the SM's recommendations for awards in this solicitation based on the evaluation of the bids of projects with complete proposals. The evaluation for each round proceeded in three steps:

1. The SM ranked anonymous bids on the basis of the price per SREC for JCP&L/RECO and the net present value of the payment stream for one SREC for ACE per the December 2013 Orders;
2. The SM selected projects up to the approved MW solicited or up to the point where pricing is found no longer to be competitive; and

3. The developer cap is applied to the ranked projects. Generally, this is 20% of the planned quantity in each territory. For JCP&L Segment 1, it also applies to any single solicitation provided it is not undersubscribed.

In the Final Recommendation Report, the SM reported receiving timely input on its preliminary soft cap recommendation from Staff, the New Jersey Division of Rate Counsel, and the EDCs. Staff and the EDCs were in agreement with the SM's preliminary recommendations. The Rate Counsel was not supportive of the SM recommendation to make awards which would result in SREC prices above the newly established Solar Alternative Compliance Payment levels. The Rate Counsel purportedly offered as an exception the Segment 3 project in ACE territory which as a grid supply project would receive wholesale electricity prices rather than retail value as a net metered project. The Rate Counsel's alternative recommendation would result in twelve bid rejections including the only project bid in RECO territory. ACE reportedly offered the SM an additional justification for making awards above the soft cap price in this last round would be the increased participation toward maintaining a low per unit administrative cost for ongoing operational management expenses.

Staff recommended that the Board adopt the recommendations of the SM regarding the results of the Ninth Solicitation in the EDC's SREC II Programs.

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

Kenneth J. Sheehan, Director, Office of Clean Energy, presented these matters.

B. Docket No. QG18080855 – In the Matter of the Clean Energy Program Authorization of Commercial and Industrial Program Energy Efficiency Incentives Exceeding \$500,000.00 – Refresco US.

BACKGROUND AND DISCUSSION: Refresco US (Refresco or Company) operates a contract beverage manufacturing facility in Wharton, NJ and is undergoing a comprehensive energy management plan, including installation of an onsite solar and natural gas fired cogeneration system.

The Company submitted an application under the Fiscal Year 2018 Combined Heat and Power & Fuel Cell (CHP/FC) Program pursuant to the New Jersey Clean Energy Program (NJCEP) Energy Efficiency and Renewable Energy Program. The Company requested the Board approval of a financial incentive of \$1,857,500.00 for installation of the cogeneration system at Refresco US, 92 N. Main St, Wharton that has a total cost of \$10,444,723.00.

The project is anticipated to generate 11,599,996 kWh of electricity annually and is estimated to recover 63,378 MMBTUs in waste heat annually. The proposed project will have an estimated annual energy cost savings of \$876,451.94. The payback period without incentives is 11.92 years; when factoring in the incentives, the payback period is reduced to 9.8 years.

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 \$1,857,500.00 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

C. Docket No. EO12090832V – In the Matter of the Implementation of L. 2012, C. 24, The Solar Act of 2012;

Docket No. EO12090862V – In the Matter of the Implementation of L. 2012, C. 24, N.J.S.A. 48:3-87(t) – A Proceeding to Establish a Program to Provide SRECs to Certified Brownfield, Historic Fill and Landfill Facilities; and

Docket No. QO18040428 – HESP Solar LLC/Jackson Legler Landfill.

BACKGROUND AND DISCUSSION: On April 16, 2018, HESP Solar, LLC (HESP or Applicant) submitted an application with the Board to have its project certified as being located on a properly closed sanitary landfill facility. HESP's 3.987 MWdc project is proposed to be constructed on the property, which is owned by Jackson Township and located between Lakehurst Avenue and Dorothy's Lane, in Jackson Township, Ocean County, New Jersey.

Subsection (t) of the Solar Act of 2012, L. 2012, c. 24, enacted July 23, 2012, codified in part at N.J.S.A. 48:3-87 (t), provides for Board establishment of a certification program for approval of certain grid supply solar electric power generation facilities located on properly closed landfills, brownfields, and areas of historic fill that seek eligibility for Solar Renewable Energy Certificates (SRECs). On January 23, 2013, after conducting a public proceeding that the Board commenced on October 4, 2012, the Board established a certification program and directed staff to work with New Jersey Department of Environmental Protection (NJDEP) to develop an application.

Staff issued an application for developers seeking Board approval pursuant to Subsection (t) on April 10, 2013. Staff has received 51 applications to date, which have been forwarded to NJDEP for an advisory recommendation on whether a site for a proposed facility is located on eligible land and the state of remediation on the site. Of the 47 unique applications sent to NJDEP, the Board has certified or conditionally certified 21 applications, nine of which have received full certification and 12 remain under development. Eight applications have been denied by the Board, six applications have been withdrawn by the applicant, and 12 applications are pending review at NJDEP.

Staff consulted with NJDEP on HESP's request for certification of its potential solar generation facility pursuant to Subsection (t) of the Solar Act. The applicant seeking certification submitted the required documentation to enable NJDEP to determine whether the proposed site was a "properly closed sanitary landfill" as defined by the Solar Act. NJDEP reviewed the application and supplied an advisory memorandum to Staff on the land use classification and the remediation status of the proposed site. On the basis of NJDEP's determination,

information contained in the application, and other relevant factors, Staff recommended that the Board conditionally certify the applicant's project as a "properly closed sanitary landfill" pursuant to Subsection (t). NJDEP determined that the 12.12 acre area on which the solar electric power generation facility will be located constitutes a "properly closed sanitary landfill" pursuant to the Solar Act. Staff also recommended that the Board direct the applicant to file its SREC registration within 14 days of the date of the Order and explicitly grant conditional certification.

Staff recommended that the Board grant conditional certification based on the NJDEP determination that the project proposed by HESP is located on property defined as a "properly closed sanitary landfill" consistent with the Solar Act of 2012.

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

D. Docket No. QO18060646 – In the Matter of the New Jersey Community Solar Energy Pilot Program.

BACKGROUND AND DISCUSSION: This matter involved Staff requesting Board approval of the proposed rule to be published in the State Register establishing the Community Solar Energy Pilot Program, thus bringing the Board's rules into compliance with P.L. 2018, c.17 (the Clean Energy Act). The proposed new subsection would be known as N.J.A.C. 14:8-9.

On May 23, 2018, P.L. 2018, c.17 (the Clean Energy Act) was signed into law, directing the Board to adopt rules and regulations establishing a Community Solar Energy Pilot Program within 210 days.

The proposed new rule establishes a Community Solar Energy Pilot Program to enable electric utility customers to participate in a solar energy project that may be remotely located from their properties, but is within their electric public utility service territory. Participating customers will receive a credit on their utility bills for their participation in a community solar project. A full-scale Community Solar Energy Program will be developed no later than 36 months after the adoption of the rules and regulations establishing the Community Solar Energy Pilot Program, drawing upon the experiences and lessons learned from the Pilot Program.

Staff recommended that the Board approve the proposed rule to be filed with the Office of Administrative Law for publication in the New Jersey Register.

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

E. Docket No. GO18070682 – In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company for Authority to Extend the Term of Energy Efficiency Programs and Approval of Associated Cost Recovery Mechanism.

BACKGROUND AND DISCUSSION: On July 2, 2018, Elizabethtown Gas Company (ETG or Company) filed a petition with the Board seeking approval to continue the programs (Existing Programs) over a one-year period commencing January 1, 2019. The Company did not seek an increase in its currently effective EE Programs through a rider (EEP Rider) rate, stating that it will recover the costs of the Existing Programs in future EEP Rider rate reconciliation proceedings. The estimated total budget for this program is approximately \$3.0 million over the one year extension, through December 31, 2019, with approximately \$599,798.00 in operating and maintenance expenses expenditures. Cost associated with the Existing Programs will be recovered through the current cost recovery mechanism, Rider G.

Staff recommended that the Board retain this matter for hearing at the Board, and designated Commissioner Robert M. Gordon as the presiding officer for this proceeding. Staff further recommended that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by September 21, 2018.

Staff also recommended, in the interests of economy that all parties to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two hard copies to each party, unless otherwise requested by the parties. Finally, Staff recommended that staff be allowed to post this Order on the Board's website.

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

F. Docket No. QO17080939 – In the Matter of Contract between Rutgers' Bloustein School – Center for Green Buildings and the New Jersey Clean Energy Program – Amendment – See Executive Session.

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

BACKGROUND AND DISCUSSION: This matter was initially discussed in Executive Session pursuant to attorney-client privilege exception to the Open Public Meetings Act. During open session, Staff recommended that the Board approve the amendment to the contract for evaluation and research services between the Board through the Office of Clean Energy and the Rutgers Center for Green Building and authorize President Joseph Fiordaliso to execute the contract amendment on behalf of the Board of Public Utilities.

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

9. MISCELLANEOUS

A. Docket No. EO18080899 – In the Matter of the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants Order Initiating the Zero Emission Certificate Program, Designating Commissioner, Setting Manner of Service.

Thomas Walker, Director, State Energy Services Division, presented this matter.

BACKGROUND AND DISCUSSION: On May 23, 2018, Governor Phil Murphy signed into law L. 2018, c. 16 (C.48:3-87.3 to -87.7) (Act). The Act requires the Board to create a program and mechanism for the issuance of Zero Emission Certificates (ZECs). Certain eligible nuclear energy generators in the Pennsylvania Jersey Maryland, Inc. (PJM) footprint may be approved to provide ZECs for the State’s energy supply. The Act identifies the steps required to establish this program, including program logistics, funding, costs, application, eligibility requirements, selection process, and the timelines associated with each aspect of the legislation.

The Act requires that the Board to complete multiple tasks within a defined timeline:

- A proceeding within 180 days after the date of enactment of the Act.
- A proceeding to certify applicant nuclear power plants as eligible for the program.
- Establish a rank-ordered list of the nuclear power plants eligible to be selected to receive ZECs.
- Electric Distribution Companies (EDCs) to file with the Board a tariff to recover from its retail distribution customers a charge in the amount of \$0.004 per kilowatt-hour.

Public comment and hearings are included within the process per Statute.

Staff recommended that the Board Direct Staff to facilitate the establishment of a ZEC application process and related Act activities, and take all necessary steps required per the Act, including scheduling public hearings, establishing a comment process, and preparing for consideration by the Board a completed application process by November 19, 2018. Staff also recommended the Board to Direct the EDCs to file tariffs in compliance with the Act by October 22, 2018, for approval by the Board. Staff further recommended that the Board retain this matter and designated President Joseph L. Fiordaliso as the presiding officer, to preside in the proceedings. Staff also recommended the Board to Direct all parties to serve all documents electronically, while still providing hard copies to the Board for those documents that must be filed with the Board, and providing hard copies to parties who specifically request them. Staff also recommended the Board to Direct Staff to post this Order on the Board’s website. This Order shall be effective September 8, 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

B. Docket Number AX17111144 – In the Matter of Consolidated Tax Adjustment Rulemaking.

James A. Boyd, Jr., Esq., Administrative Practice Officer, Office of Chief Counsel, presented this matter.

BACKGROUND AND DISCUSSION: This matter involved Staff proposing a new paragraph to N.J.A.C. 14:1-5.12 that will require a utility that submits a Tariff Filing or Petition which proposes increases in charges to customers pursuant to this rule to include a Consolidated Tax Adjustment (CTA) analysis with supporting information and documents as part of the filing requirements in a base rate case.

Staff requested to reopen the comment period for this rule proposal to circumvent a potential lawsuit on procedural grounds from two parties who oppose this rule proposal.

The new paragraph adjusts the scope of a CTA analysis by: (1) shall be for five consecutive tax years including the complete tax year within the utility’s proposed test year; (2) The calculated CTA shall be allocated so that the rate base adjustment may be reduced by up to 25% of the full CTA; and (3) The transmission portion of an Electric Distribution Company’s income shall not be included in the calculation of CTA.

Staff recommended that the Board approve a notice to reopen the public comment period to be filed with the Office of Administrative Law for publication in the New Jersey Register.

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

C. Docket No. AO18070752 – In the Matter of the Request for Proposal for Consulting Services: “Omnibus” Consulting Services – See Executive Session.

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

EXECUTIVE SESSION

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

1. AUDITS

F. 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.

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

5. WATER

D. BPU Docket No. WR16060510, OAL Docket No. PUC 09261-2016 and Appellate Docket No. A-001832-17T3 – In the Matter of the Petition of Suez Water Arlington Hills, Inc. for Approval of an Increase in Rates for Wastewater Service and Other Tariff Changes.

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

8. CLEAN ENERGY

F. Docket No. QO17080939 – In the Matter of Contract between Rutgers' Bloustein School – Center for Green Buildings and the New Jersey Clean Energy Program – Amendment.

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

9. MISCELLANEOUS

C. Docket No. AO18070752 – In the Matter of the Request for Proposal for Consulting Services: "Omnibus" Consulting Services.

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: October 29, 2018