



Agenda Date: 11/22/13
Agenda Item: 2F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE BOARD'S ESTABLISHMENT)	ORDER
OF A GENERIC PROCEEDING TO REVIEW THE)	
COSTS, BENEFITS AND RELIABILITY IMPACTS OF)	
MAJOR STORM EVENT MITIGATION EFFORTS; and)	DOCKET NO. AX13030197
)	
IN THE MATTER OF THE PETITION OF PIVOTAL)	
UTILITY HOLDINGS, INC., D/B/A ELIZABETHTOWN)	
GAS FOR APPROVAL OF THE ELIZABETHTOWN)	
NATURAL GAS DISTRIBUTION UTILITY)	
REINFORCEMENT EFFORT PROGRAM AND)	
DEFERRED ACCOUNTING TREATMENT)	DOCKET NO. GO13090826

Parties of Record:

Mary Patricia Keefe, Vice President, Regulatory Affairs, Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

The Board of Public Utilities ("Board") is empowered to ensure that regulated public utilities provide safe, adequate and proper service to the citizens of New Jersey. N.J.S.A. 48:2-23. Pursuant to N.J.S.A. 48:2-13, the Board has been vested by the Legislature with the general supervision and regulation of and jurisdiction and control over all public utilities, "so far as may be necessary for the purpose of carrying out the provisions of [Title 48]." The courts of this State have held that the grant of power by the Legislature to the Board is to be read broadly, and that the provisions of the statute governing public utilities are to be construed liberally. See, e.g. In re Public Service Electric and Gas Company, 35 N.J. 358, 371 (1961); Township of Deptford v. Woodbury Terrace Sewerage Corp., 54 N.J. 418, 424 (1969); Bergen County v. Dep't of Public Utilities, 117 N.J. Super. 304 (App. Div. 1971). The Board is also vested with the authority, pursuant to N.J.S.A. 48:2-19, to investigate any public utility, and, pursuant to N.J.S.A. 48:2-16 and 48:2-40, to issue orders to public utilities.

In 2011 and 2012 New Jersey was struck by five unusually damaging major storm events which caused severe damage to the State's utility infrastructure: Hurricane Irene on August 28, 2011; an unseasonal and powerful snowstorm on October 29, 2011; a derecho wind storm on June

20, 2012; Superstorm Sandy on October 29, 2012; and ten days later a powerful nor'easter on November 7, 2012.

On January 23, 2013 the Board issued an Order¹ ("January 23 Order") addressing five categories of potential improvements to be undertaken by New Jersey's electric distribution companies ("EDCs") in response to large-scale weather events. The areas for potential improvements include: 1) Preparedness Efforts; 2) Communications; 3) Restoration and Response; 4) Post Event; and 5) Underlying Infrastructure Issues.

In the January 23 Order, among other actions, the Board directed the EDCs to provide a detailed cost benefit analysis for a variety of utility infrastructure upgrades. The Board further required the EDCs to "carefully examine their infrastructure and use data available to determine how substations can be better protected from flooding, how vegetation management is impacting electric systems, and how Distribution Automation can be incorporated to improve reliability." January 23 Order at 56.

On March 20, 2013, the Board issued an Order² ("March 20 Order"), which initiated a generic proceeding (hereinafter "Storm Mitigation Proceeding") to investigate possible avenues to support and protect New Jersey's utility infrastructure so that it may be better able to withstand the effects of future Major Storm Events,³ and focused on a portion of the January 23 Order-Underlying Infrastructure Issues – but for all utility companies, not exclusively for the EDCs. It also invited all regulated utilities to submit detailed proposals for infrastructure upgrades designed to protect the State's utility infrastructure from future Major Storm Events, pursuant to the terms and level of detail requested in the January 23 Order, and found that all petitions filed in the future should be retained by the Board for review and hearing as authorized by N.J.S.A. 52:14F-8. March 20 Order at 3.

On September 4, 2013, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown Gas" or "Company") petitioned the Board for approval of its Elizabethtown Natural Gas Distribution Utility Reinforcement Effort ("ENDURE") Program to "harden and protect the Company's infrastructure against damage from future major storm events" and to assist the Company "in developing a more robust capability to effectively communicate with customers and public officials during and after weather related emergencies." Petition at 1-2.

Elizabethtown Gas requested approval of approximately \$15 million to replace portions of its natural gas infrastructure and related facilities which includes: (i) the replacement of 600 meter sets located in and around a designated Federal Emergency Management Agency ("FEMA") flood zone along with the replacement and upgrading to elevated pressure of 12 miles of low pressure cast iron main and associated facilities; (ii) the hardening and elevation of the building located at its Erie Street property in Elizabeth, New Jersey; and (iii) the hardening and elevation of gate station facilities. Id. at 2. Elizabethtown Gas is also proposing to commence a project to

¹ In the Matter of the Board's Review of the Utilities Response to Hurricane Irene, Order Accepting Consultants' Report and Additional Staff Recommendations and Requiring Electric Utilities to Implement Recommendations. BPU Docket No. EO11090543, January 23, 2013.

² In the Matter of the Board's Establishment of a Generic Proceeding to Review Costs, Benefits, and Reliability Impacts of Major Storm Event Mitigation Efforts, BPU Docket No. AX13030197, March 20, 2013 ("March 20 Order").

³ Major Storm Event is defined as sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affect at least 10 percent of the customers in an operating area. March 20 Order at 2.

consider whether to expand and enhance its current communication channels "to ensure that during and after major storm events, the Company is able to utilize available communications technologies." Id. at 7-8.

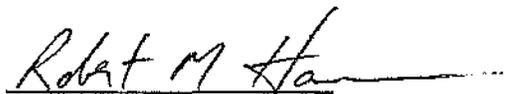
Elizabethtown Gas is requesting Board approval to utilize deferred accounting methods to account for actual costs associated with the ENDURE Program, and is seeking to recover these actual costs, including all deferred amounts, through bases rates in a base rate case to be filed no later than September 1, 2016. Id. at 8-9. Elizabethtown Gas further requests that the Board approve these expenditures and the recovery mechanism on an expedited basis "to help achieve the objectives of the ENDURE Program as soon as possible." Id. at 11.

The Board has determined that the petition should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Mary-Anna Holden as the presiding officer with authority to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, with hard copies to each party upon request.

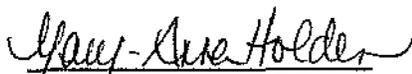
DATED: 11/22/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

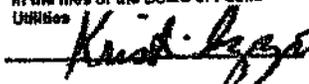

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities


IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. d/b/a
ELIZABETHTOWN GAS FOR APPROVAL OF THE ELIZABETHTOWN NATURAL GAS
DISTRIBUTION UTILITY REINFORCEMENT EFFORT (ENDURE) PROGRAM AND
DEFERRED ACCOUNTING TREATMENT
DOCKET NOs. AX13030197 and GO13090826

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