



Agenda Date: 03/24/17
Agenda Item: 2D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor Suite, 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)
AND GAS COMPANY REQUEST REGARDING) ORDER
CONTINUED SERVICE TO PHILLIPS 66 COMPANY IN)
LINDEN, NJ AND COGEN TECHNOLOGIES LINDEN)
VENTURE) DOCKET NO. GO17020095

Parties of Record:

Martin C. Rothfelder, Esq., Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By letter petition dated February 1, 2017, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking authorization to continue service to Phillips 66 Company ("Phillips 66") at its refinery and cogeneration facilities and related facilities in Linden, New Jersey and Cogen Technologies Linden Venture, L.P. ("Cogen") at its five contiguous cogeneration facilities and related facilities in Linden, New Jersey that are on or adjacent to the site of the Phillips 66 refinery.

BACKGROUND

By Order dated March 27, 1991, the Board approved a Gas Service Agreement ("GSA") between Cogen, PSE&G and Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("ETG"). The original GSA, dated July 13, 1990 between PSE&G, ETG and Cogen will terminate on April 30, 2017.

Similarly, PSE&G provides gas transportation service to Phillips 66 pursuant to the Supplemental Agreement to Application and Service Agreement ("Supplemental Agreement") for Transportation Gas Service-Non-Firm between PSE&G and The Oil Shale Corporation Refining, L.P. ("TOSCO"). The Supplemental Agreement, which supplements a contract dated March 1, 2001, also terminates April 30, 2017.¹

¹ Phillips 66 acquired TOSCO in 2001 and is therefore the successor to the Supplemental Agreement.

According to the petition, Phillips 66 and Cogen (collectively, "Customers") have expressed their intention to receive gas service directly from interstate pipeline(s) soon after the current agreements expire. Such pipelines would bypass the PSE&G assets that currently provide service to these facilities. Once a facility is directly served by at least one interstate pipeline, PSE&G will cease service to such facility. However, PSE&G seeks Board approval to continue service to the Customers until a bypass interstate pipeline serves them. Phillips 66 and Cogen have each applied for service under the PSE&G Transportation Gas Service- Non Firm ("TSG-NF") tariff. ETG, which lists Linden in its tariff as part of its territory, has consented to this PSE&G service.² The Customers will pay the TSG-NF tariff rate until such time as a bypass interstate pipeline serves them.

Copies of the petition were provided to the Customers, ETG and the New Jersey Division of Rate Counsel ("Rate Counsel"). Rate Counsel propounded discovery upon PSE&G and it has been answered. By letter dated March 7, 2017, Rate Counsel submitted its comments in this matter. Rate Counsel stated that it does not object to PSE&G's request to continue to serve the Customers under the TSG-NF tariff after the expiration of the GSA and Supplemental Agreement. Rate Counsel noted that the temporary arrangement may benefit ratepayers by requiring payments to the Societal Benefits Charge during the interim time period between the expiration of these contracts and when the Customers are able to connect to a bypass interstate pipeline. Additionally, ETG indicated by correspondence dated January 13, 2017 that it consents to PSE&G providing gas transportation service, on a temporary basis, subsequent to the expiration of the related contracts, to Phillips 66 at its refinery and related facilities, and to Cogen at five (5) cogeneration facilities at or about the same site as the Phillips 66 refinery in Linden, New Jersey.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this proceeding, including the petition and the previously approved agreements between the Customers and PSE&G. The Board **FINDS** that the request to continue service to the Customers is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY APPROVES** PSE&G's request to continue to serve the Customers under the current TSG-NF tariff rate until such time as the facilities are directly served by at least one interstate pipeline. The Board notes that the TSG-NF rate is higher than the discounted contracts the Customers had previously been served on, and TSG-NF revenues provide a benefit to Basic Gas Supply Service customers.

The Board further **DIRECTS** PSE&G to provide notice to the Board within thirty (30) days after gas transportation service is terminated to the Customers.

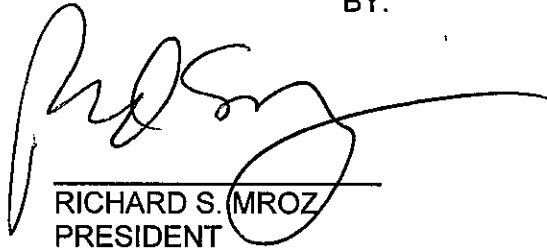
The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

² PSE&G has statewide gas utility operating authority based upon the incorporation of the Oxy-Hydrogen Company of the United States by special private act of the New Jersey legislature, Chapter DXLIII, approved April 4, 1873 and the authority provided therein. PSE&G is the successor in rights to that authority.

The effective date of this Order is April 3, 2017.

DATED: 3/24/17

BOARD OF PUBLIC UTILITIES
BY:



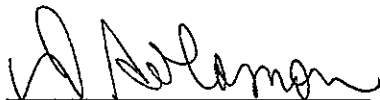
RICHARD S. MROZ
PRESIDENT




JOSEPH L. FIORDALISO
COMMISSIONER



MARYANNA HOLDEN
COMMISSIONER

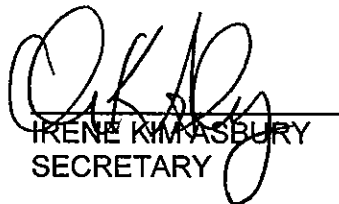


DIANNE SOLOMON
COMMISSIONER



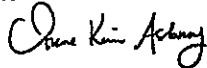
UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



IRENE KIMBASSBURY
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 PUBLIC SERVICE ELECTRIC AND GAS COMPANY REQUEST
REGARDING CONTINUED SERVICE TO PHILLIPS 66 COMPANY IN LINDEN, NJ AND
COGEN TECHNOLOGIES LINDEN VENTURE
BPU DOCKET NO. GO17020095

SERVICE LIST

Martin C. Rothfelder, Esq.
Assistant General Regulatory Counsel
PSEG Services Corporation
80 Park Plaza, T5
Newark, NJ 07101
martin.rothfelder@pseg.com

Terrance Moran
Public Service Electric and Gas Company
General Regulatory Counsel- Rates
80 Park Plaza, T5
Newark, NJ 07101
Terrance.moran@pseg.com

Bernadette Hagen
PSEG Services Corporation
80 Park Plaza, T5G
PO Box 570
Newark, NJ 07102
Bernadette.hagen@pseg.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Brian O. Lipman, Esq.
Litigation Manager
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
Blipman@rpa.state.nj.us

Kurt S. Lewandowski, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
klewandowski@rpa.state.nj.us

Irene Kim Asbury, Esq.
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Irene.asbury@bpu.nj.gov

Thomas Walker, Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Thomas.walker@bpu.nj.gov

Stacy Peterson, Deputy Director
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Stacy.peterson@bpu.nj.gov

Megan Lupo, Esq., Legal Specialist
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Megan.lupo@bpu.nj.gov

Emma Xiao, Esq.
Deputy Attorney General
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Emma.ixiao@dol.lps.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
ftomas@rpa.state.nj.us

Maura Caroselli, Esq.
Assistant Deputy Rate Counsel
New Jersey Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, New Jersey 08625
mcaroselli@rpa.state.nj.us

Thomas Fogarty
Cogen Technologies Linden Venture, L.P.
Star West Generation Management
Railroad and Chemico Avenues
P.O. Box 4400
Linden, NJ 07036

Marcia Greenblatt
Phillips 66 Company
Houston Operations Center
1075 W. Sam Houston Pkwy N.,
Suite 200, Houston, TX 77043

William J. Eskuchen
Short Term Planner
Phillips 66 Company
Bayway Refinery
1400 Park Avenue
Linden, NJ 07036

Mary Patricia Keefe, Esq.
• Vice President, Regulatory Affairs and
Business Support
 Elizabethtown Gas
520 Green Lane
Union, NJ 07083
mkeefee@ARLresources.com

Patricia Krogman, Esq.
Deputy Attorney General
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Patricia.krogman@dol.lps.state.nj.us

Alex Moreau, Esq.
Deputy Attorney General
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Alex.moreau@dol.lps.state.nj.us

Caroline Vachier, Esq.
Deputy Attorney General
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Caroline.vachier@dol.lps.state.nj.us

Geoffrey Gersten, Esq.
Deputy Attorney General
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Geoffrey.gersten@dol.lps.state.nj.us