



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE NEW JERSEY BOARD OF )  
PUBLIC UTILITIES - A STUDY TO DETERMINE THE )  
OPTIMAL VOLTAGE FOR USE IN THE DISTRIBUTION )  
SYSTEMS OF EACH ELECTRIC PUBLIC UTILITY IN )  
THE STATE ) DOCKET NO. EO19040499

**Parties of Record:**

- Philip J. Passanante, Esq.**, Atlantic City Electric Company
- Matthew Weissman, Esq.**, Public Service Electric and Gas Company
- Joshua R. Eckert, Esq.**, Jersey Central Power & Light Company
- Margaret Comes, Esq.**, Rockland Electric Company
- Robert H. Oostdyk, Jr., Esq.**, Butler Power and Light
- Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

On May 23, 2018, Governor Phil Murphy signed into law the Clean Energy Act P.L.2018, c.17 ("Act"). The Act required the New Jersey Board of Public Utilities ("Board") to direct each electric public utility to undertake a study to determine the optimal voltage for use in their respective distribution systems.

No later than one year after the date of enactment of P.L.2018, c.17 (C.48:3-87.8 et al.), the Board of Public Utilities shall direct each electric public utility in the State to undertake a study to determine the optimal voltage for use in their respective distribution systems, including a consideration of voltage optimization. An electric public utility shall be entitled to full and timely recovery of the costs associated with this analysis.

[N.J.S.A. 48:3-87.10(a)]

By Order<sup>1</sup> dated May 28, 2019, the Board directed Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), Rockland Electric Company ("RECO"), and Butler Power and Light ("Butler") (collectively, the "Electric Distribution Companies" or "EDCs") to jointly hire a consultant to

<sup>1</sup>In re the New Jersey Board of Public Utilities - A Study to Determine the Optimal Voltage for Use in the Distribution Systems of Each Electric Public Utility in the State, Docket No. E019040499 (May 28, 2019). ("May 28 Order").

analyze the readily available nationwide information on voltage optimization and on optimal voltage, with recommendations on the individual EDC's ability to implement specific measures and the anticipated impact to each EDC's respective system. The Board directed each EDC to file its report with the Board no later than December 15, 2019, with Staff authorized to grant up to a 30-day extension of the date of filing.<sup>2</sup>

The Board further directed the EDCs to identify costs to date and anticipated future costs for each EDC, as well as the allocation method of the cost of the RFP to each EDC associated with this study. The EDCs were also directed to submit individual proposals for cost recovery. (May 28 Order at 4). Each EDC proposed separately tracking the expenses of the study as a component and adding them to an existing clause, such as the RGGI or SBC clause; some also proposed recovering carrying charges and amortization. More specifically, PSE&G proposed to defer on its books, for recovery through an existing clause mechanism such as the SBC or in a future base rate case, actually incurred costs associated with execution of the study, including carrying charges calculated based upon the weighted average cost of capital as determined in PSE&G's most recent base rate case. JCP&L proposed to track the costs of the study separately and add them to the accrued deferred balance for Rider RRC for future recovery, including any additional interest that may accrue on the Rider RRC deferred balance as a result. ACE proposed to collect the costs of the study as a separate component of Rider SBC or Rider RGGI, including a carrying charge based upon the average weighted cost of capital as determined in ACE's most recent base rate case. RECO proposed to recover the costs of the study through the SBC or through a new surcharge, including a carrying charge based upon the average weighted cost of capital as determined in the RECO's most recent base rate case. Butler proposed to recover costs attributed to the study through its quarterly Levelized Energy Adjustment Clause ("LEAC"), with actual costs incurred and paid associated in connection with the study to be included in the calculation of the following quarter's LEAC adjustment.

## **DISCUSSION AND FINDINGS**

Having reviewed the proposals of the EDCs, the Board notes that this study is similar to the demographic analysis which was the subject of a recent Board Order.<sup>3</sup> The Board finds that the recovery methodology here should be consistent with the methodology utilized in the October 7 Order. Accordingly, the Board **HEREBY ORDERS** that costs related to the optimal voltage study, which are determined to be prudent, will be collected through a new component of the individual utility clauses used to collect costs related to programs under N.J.S.A. 48:3-98.1. The costs related to the analysis should be treated as operations and maintenance and will therefore earn no return. The requests for cost recovery should be included in annual true-up filings following the completion of the optimal voltage study. Butler may recover prudent costs through its LEAC.

All utility costs remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

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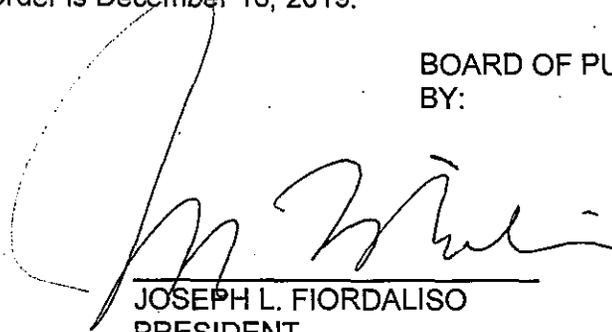
<sup>2</sup>The EDCs subsequently released a joint Request for Proposal ("RFP") and hired Navigant to conduct the study. The study is currently underway.

<sup>3</sup> In re the Implementation of P.L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs I/M/O the Clean Energy Act of 2018 - Utility Demographic Analysis, Docket Nos. QO19010040 & QO19060748 (October 7, 2019), ("October 7 Order").

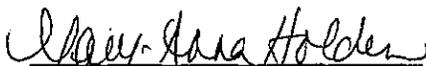
The effective date of this Order is December 16, 2019.

DATED: 12/6/19

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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 NEW JERSEY BOARD OF PUBLIC UTILITIES - A STUDY TO DETERMINE  
THE OPTIMAL VOLTAGE FOR USE IN THE DISTRIBUTION SYSTEMS OF EACH ELECTRIC PUBLIC  
UTILITY IN THE STATEDOCKET NO. EO19040499

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