



Agenda Date: 2/19/20
Agenda Item: 2D

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

ENERGY

IN THE MATTER OF THE PETITION OF ROCKLAND)
ELECTRIC COMPANY FOR APPROVAL OF AN)
ADVANCED METERING PROGRAM; AND FOR)
OTHER RELIEF) BPU DOCKET NO. ER16060524

Parties of Record:

Gregory Eisenstark, Esq., Cozen O’Connor, on behalf of Jersey Central Power and Light Company
Matthew Weissman, Esq., Attorney for Public Service Electric and Gas Company
Philip J. Passanante, Esq., Associate General Counsel for Atlantic City Electric Company
Margaret Comes, Esq., Senior Attorney for Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On May 13, 2016, Rockland Electric Company (“RECO” or “Company”) filed a Verified Petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking a change in base rates and other relief (“2016 Base Rate Case”).¹ On June 29, 2016, the Board retained the Advanced Metering Infrastructure (“AMI”) portion of the Company’s 2016 Base Rate Case and transferred the remainder of the case to the Office of Administrative Law (“OAL”) (“June 29, 2016 Order”).²

On August 23, 2017, the Board authorized RECO to implement its AMI program, but ordered that that the Company’s costs and benefits would remain subject to a prudence review in a subsequent

¹ In re the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates, its Tariff for Electric Service, and its Depreciation Rates; Approval of an Advanced Metering Program; and for Other Relief, Order Amending the Suspension Order, Bifurcating Petition, Designating Presiding Commissioner, and Setting Manner of Service and Intervention Bar Date, BPU Docket No. ER16050428, OAL Docket No. PUC12099-16, Order dated June 29, 2016.

² The Board designated Commissioner Upendra J. Chivukula as presiding officer. Commissioner Chivukula issued prehearing orders, procedural schedules, and granted intervener status to the Environmental Defense Fund (“EDF”), and participation status to Public Service Electric and Gas Company (“PSE&G”) and Atlantic City Electric Company (“ACE”). Commissioner Chivukula presided over two (2) public hearings and held one (1) evidentiary hearing.

base rate case after AMI deployment (“2017 AMI Order”).³ The Board recommended that an independent consultant complete a comprehensive Cost Benefit Analysis (“CBA”) of RECO’s AMI program, and that RECO’s program would serve as an AMI case study. As such, the Board placed a moratorium on pre-approval of all AMI programs until such time that the Board made a determination that AMI was a prudent investment.

On May 3, 2019, after completion of AMI deployment, RECO filed a petition for approval of an increase in its operating revenues of approximately \$19.9 million for electric service provided on or after June 2, 2019 (“2019 Base Rate Case”).⁴

Pursuant to the Board’s mandate in the 2017 AMI Order, on October 7, 2019, Navigant Consulting, Inc. (“Navigant”) was retained by the Board to conduct two (2) independent studies: (1) a CBA of RECO’s AMI program (“Capstone Report”); and (2) a nationwide AMI gold standard analysis (“AMI Gold Standards Report”). The Capstone Report was filed with the Board on November 6, 2019, and the AMI Gold Standards Report was filed on November 27, 2019. Both Reports were accepted by the Board and placed for public review on the Board’s website.

After discovery and settlement negotiations, the parties entered into a Stipulation of Settlement (“Stipulation”) in the 2019 Base Rate Case, and Administrative Law Judge Jones issued an Initial Decision finding that the Stipulation was just and in accordance with the law. On January 22, 2020, the Board approved the Initial Decision and Stipulation in the 2019 Base Rate Case.

DISCUSSION AND FINDINGS

The AMI Gold Standards Report provides that AMI and Smart Meters are quickly becoming “the norm”. See AMI Gold Standards Report at 5.5. The installation of smart meters nationwide is anticipated to grow at an annual rate of 4.6%, from 92.1 million in 2019, to 138.4 million in 2028. Id. at 2.3. The Gold Standards Report further provides that AMI may reduce labor costs, provide voltage optimization, detect outages, increase the opportunity for data collection, provide faster service restoration, improve billing accuracy, detect theft, and enhance energy efficiency. Id. at 2.1. Therefore, the Board **HEREBY FINDS** that AMI has the potential to benefit the distribution system, streamline and modernize utility operations, provide an enhanced customer experience, and benefit the environment.

Additionally, the 2019 Energy Master Plan: Pathway to 2050 (“EMP”) provides that the Board “direct the electric public utilities to develop plans that integrate grid modernization and capacity improvements that support demand growth from electrification, demand flexibility, [Distributed Energy Resources] penetration, grid resilience, and grid efficiency.” See EMP 5.1, p. 176. The EMP provides that AMI is a means to achieve this objective:

³ In re the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and for Other Relief, BPU Docket No. ER16060524, Order dated August 23, 2017.

⁴ In re the Verified Petition of Rockland Electric Company for Approval of Changes in its Electric Rates, its Tariff for Electric Services, and its Depreciation Rates; and for Other Relief, BPU Docket No. ER19050552; OAL Docket No. PUC07584-2019, Order dated January 22, 2020.

AMI is a foundational component of a modernized electric distribution grid and uses an integrated system of smart meters, communications networks, and data management systems to enable two-way communication between utilities and customers. Statewide AMI installation is a prerequisite of many additional clean energy objectives as laid out in this EMP. Potential benefits include realization of potential gains in efficiencies and cost savings, accelerated service restoration during outages, better environmental outcomes, lower operations and maintenance costs, better demand-side customer engagement, and alternative rate designs.

See EMP 5.3.1, p. 184. Therefore, the Board **HEREBY FINDS** that AMI is a means to achieve the goals provided in the EMP.

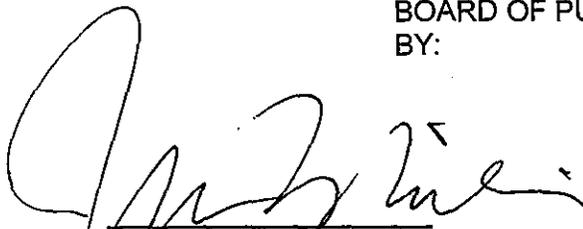
As such, the Board **HEREBY ORDERS** that the moratorium on pre-approval of AMI be lifted as of the date of this Order. The Board **FURTHER ORDERS** that Atlantic City Electric, Jersey Central Power and Light, and Public Service Electric and Gas file petitions for AMI implementation, or update previously filed petitions for AMI implementation, with the Board. The utilities may choose to file petitions, or update previously filed petitions, pursuant to any applicable regulations, including N.J.A.C.14:3-2A.1 et. seq. The Board **ORDERS** that each utility file its petition, or update its previously filed petition, within 180 days of the effective date of this Order.

Each AMI filing will receive a separate docket number and be independently reviewed by the Board. This is consistent with the EMP provision that, “the roll-out of AMI must be done on a utility-specific basis, given that each utility is starting from a different investment baseline in the AMI backbone necessary to realize the full benefits of smart meters.” See EMP 5.3.1 at p. 185. As prudence reviews will be fact and utility specific, the Board will address each utility’s specific concerns including, but not limited to, meter replacement and the cost to utilize smart meters. Id. However, as noted in the EMP, replacing aging standard meters with new standard meters, and not AMI smart meters, may “prevent ratepayers, and the grid as a whole, from realizing the benefits of AMI for years, or risk stranding the investments in newly installed standard meters that are no longer useful.” Id. Therefore, the Board requests that the utilities be mindful to keep stranded costs to a minimum.

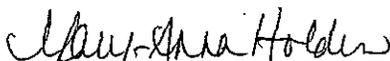
The effective date of this Order is February 29, 2020.

DATED: 2/19/20

BOARD OF PUBLIC UTILITIES
BY:



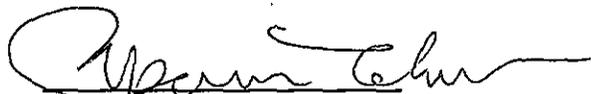
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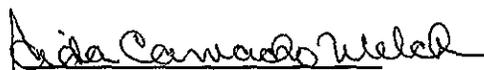
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UPENDRA J. CHIVUKULA
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ROBERT M. GORDON
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ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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 ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ADVANCED METERING PROGRAM; AND FOR OTHER RELIEF
DOCKET NO. ER16060524**

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