



Agenda Date: 12/15/21
Agenda Item: 2C

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF AN INFRASTRUCTURE)
ADVANCEMENT PROGRAM (IAP))
)
)
) DOCKET NOS. EO2111211 AND
) GO2111212

Parties of Record:

Danielle Lopez, Esq., Public Service Electric and Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On November 4, 2021, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking approval to implement its proposed Infrastructure Advancement Program (“IAP” or “Program”) and an associated cost recovery mechanism pursuant to N.J.A.C. 14:3-2A (“Petition”).¹ The Company proposed a four (4)-year Program with a total investment level of approximately \$848 million.

The Program, as proposed by PSE&G, includes the replacement of aging overhead and underground electrical equipment, modernization of electric distribution substation equipment, upgrading of gas metering and regulating stations, and installation of electric vehicle (“EV”) infrastructure to support the Company’s transition to an electric fleet. According to the Petition, the IAP is intended to improve last mile reliability while supporting the electrification of the transportation sector and increased use of Distributed Energy Resources.

¹ On December 19, 2017, the Board adopted new regulations for utility "Infrastructure Investment and Recovery" supporting the implementation of an Infrastructure Investment Program, which allows a utility to accelerate its investment in the construction, installation, and rehabilitation of certain non-revenue producing utility plant and facilities that enhance safety, reliability, and/or resiliency. The rules are codified at N.J.A.C. 14:3-2A.1 et seq. and became effective on January 16, 2018.

As noted in the Petition, the proposed Program includes 12 electric projects totaling approximately \$708 million, and one (1) gas project with an approximate cost of \$140 million, as summarized below:

Subprogram	Project	Cost
Electric Outside Plant Subprogram	Buried Underground Distribution Cable Replacement Project	\$80 million
	Spacer Cable Conversion Project	\$42 million
	Lashed Cable Replacement Project	\$14 million
	Pole Upgrade Project	\$32 million
	Space Cable Upgrade Project	\$15 million
	Conventional Underground Cable Replacement Project	\$23 million
	Open Wire Secondary Upgrade Project	\$36 million
	Voltage Optimization Project	\$55 million
Substation Modernization Subprogram	26kV Station Upgrade Project	\$33 million
	West Orange Switching Station Project	\$72 million
	4kV Substation Modernization Project	\$172 million
EV Charging Infrastructure Subprogram	EV Charging Infrastructure Project	\$134 million
Gas Metering and Regulating Station Modernization Subprogram	Gas Metering and Regulating Station Modernization Project	\$140 million

PSE&G proposed a cost recovery mechanism that involves proposed new electric and gas IAP rate components of the Company's Infrastructure Investment Program Charges for its electric and gas tariffs with proposed semi-annual rate adjustment filings beginning October 31, 2022. Costs proposed to be included in rates include depreciation/amortization expense providing for the recovery of the invested capital over its useful book life, return on the net investment, and the impact of any tax adjustments applicable to the Program. As proposed by PSE&G, the return on net investment would be based upon the weighted average cost of capital ("WACC") approved by the Board in PSE&G's most recent base rate case.² PSE&G further proposed that any change in the WACC authorized by the Board in any subsequent base rate case be reflected in the subsequent revenue requirement calculations.

² In re the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in Tariffs for Electric and Gas Service, B.P.U.N.J. No. 16 Electric and B.P.U.N.J. No. 16 Gas, and for Changes in Depreciation Rates, Pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, and for Other Appropriate Relief, Decision and Order Adopting Initial Decision and Stipulation, BPU Docket Nos. ER18010029 and GR18010030, OAL Docket No. PUC 01151-18, Order dated October 29, 2018.

According to the Petition, the forecasted cumulative impact of the proposed Program on the typical residential electric customer is an increase of approximately \$2.30 in their average monthly bill, or approximately 2.08% on an average annual bill. The forecasted cumulative impact on the typical residential gas heating customer is an increase of approximately \$0.95 in their average monthly bill, or approximately 1.25% on an average annual bill.

DISCUSSION

The Board determined that the Petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **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. Further, the Board **HEREBY ORDERS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by January 14, 2022. Any party wishing to file a motion for admission of counsel *pro hac vice*, should do so concurrently with any motion to intervene or participate.

In addition, in compliance with the Board's Order in Docket No. EO20030254, the Board **HEREBY DIRECTS** all parties to serve documents electronically.³ No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **FURTHER DIRECTS** Staff to post this Order to the Board's website and that a copy of the Order be served by electronic circulation to the service list.

³ In re the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020.

This Order shall be effective December 22, 2021.

DATED: December 15, 2021

BOARD OF PUBLIC UTILITIES
BY:



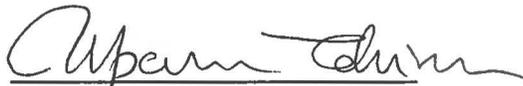
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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
FOR APPROVAL OF AN INFRASTRUCTURE ADVANCEMENT PROGRAM (IAP)
DOCKET NOS. EO21111211 AND GO21111212

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