



Agenda Date: 7/13/22
Agenda Item: 2E

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 RATE SCHEDULE CSG)
TRANSPORTATION SERVICE AGREEMENT)
BETWEEN PUBLIC SERVICE ELECTRIC AND)
GAS COMPANY AND BRISTOL MYERS SQUIBB)
)
DECISION AND ORDER
APPROVING GAS SERVICE
AGREEMENT
DOCKET NO. GR21020480

Parties of Record:

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

BY THE BOARD:

On February 16, 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 of a Rate Schedule Contract Services Gas ("CSG") Transportation Service Agreement between PSE&G and Bristol Myers Squibb ("BMS") ("CSG Agreement") ("Petition"). PSE&G filed the Petition pursuant to PSE&G's Rate Schedule CSG under the "Other Considerations" provision as set forth in PSE&G's Tariff for gas service.

On March 3, 2022, the Company filed an amended petition with the Board seeking approval of a CSG Amended Service Agreement following a bypass analysis conducted by PSE&G ("Amended Agreement"). By way of this Order, the Board considers the Amended Agreement between PSE&G and BMS.

BACKGROUND AND PROCEDURAL HISTORY

Since 1996, PSE&G provided natural gas transportation service to BMS. Through 2014, the service to BMS was provided at a discounted rate pursuant to a gas service agreement with PSE&G. Upon expiration of its gas service agreement BMS began paying the then applicable PSE&G Rate Schedule Non-Firm Transportation Gas Service ("TSG-NF") rates for gas delivery service.

In 2010, the Board conducted and completed a proceeding in which it examined the standards applicable to gas distribution rate discounts and associated terms and conditions.¹ Subsequently, the Board approved modifications to the Company's tariff, including the establishment of Rate Schedule CSG, to enable PSE&G to provide discount gas service rates in appropriate circumstances to counter "Economically Viable Bypass" threats or for "Other Considerations."² The CSG tariff, at sheet 112, paragraph 2, requires Board review and approval of agreements that PSE&G enters into under that tariff.³

PETITION AND AMENDED PETITION

According to the Petition, with the issuance of the Discount Contract Order, in 2014, BMS was returned to service under the full tariff TSG-NF rates including New Jersey Sales and Use Tax and all applicable clauses. In accordance with Rate Schedule CSG, on September 2, 2020, BMS submitted an application to PSE&G seeking discount rates on the basis of "Other Considerations." PSE&G reviewed the information set forth in BMS's application and subsequently submitted the proposed CSG contract to the Board in the Petition.

BMS owns a single pharmaceutical facility at 1 Squibb Drive, New Brunswick, New Jersey. PSE&G stated that the cost of energy plays a significant role in BMS New Brunswick's ability to stay competitive in the marketplace, compete internally with other BMS global sites to maintain employees and functionality, and to compete for expansion opportunities within New Jersey. PSE&G reviewed the information within the application for CSG service and deemed it reasonable to extend the offer for the discount for "Other Considerations" as it would maintain gas load, assure receipt of revenue and attract new load and new investment in New Jersey.

On March 3, 2022, the Company submitted an amended petition requesting approval of an Amended Agreement which provides for an adjusted proposed rate following a bypass analysis conducted by PSE&G ("Amended Petition").

Amended Agreement

The Amended Agreement provides for a term of 20 years, effective February 16, 2022, or on the first day of the month following the effective date of Board approval of the agreement. BMS would obtain gas supply from a third party supplier ("TPS") and such arrangement would be compliant with PSE&G's tariffs. According to the proposed Amended Agreement, the Company would not interrupt the services for BMS to the extent that BMS's TPS continues to deliver natural gas to PSE&G in accordance with PSE&G's Gas Tariff. Should the TPS fail to deliver gas to PSE&G, the Company may interrupt BMS gas deliveries.

¹ In re a Generic Proceeding to Consider Prospective Standards for Gas Distribution Utility Rate Discounts and Associated Contract Terms and Conditions, BPU Docket Nos. GR10100761 and ER10100762, Order dated August 18, 2011 ("Discount Contract Order").

² In re the Generic Proceeding to Consider Prospective Standards for Gas Distribution Utility Rate Discounts and Associated Contract Terms and Conditions; Public Service Electric and Gas Company's Compliance Filing to Implement the Tariff Changes, BPU Docket No. GT11090616, Order dated May 23, 2012.

³ B.P.U. N.J. No. 16 Gas, Sheet No. 112, <https://nj.pseg.com/aboutpseg/regulatorypage/-/media/545AABE0D881404A947BC7796E7D8EA9.ashx>

Pending Board approval, BMS would pay a monthly service charge as set forth in Rate Schedule CSG and a per therm distribution charge.

Confidentiality

As provided in the Amended Petition, PSE&G and BMS requested that the Board maintain the volumes of usage in the Amended Agreement as confidential indefinitely, and maintain the rates in the Amended Agreement as confidential until approved by final Board Order.

Rate Counsel Comments

On June 15, 2022, the New Jersey Division of Rate Counsel (“Rate Counsel”) filed comments with the Board, providing it, “has no objection to the approval of the Service Agreement as reflected in PSE&G’s March 3, 2022 submission to the Board.” See Rate Counsel’s June 15, 2022 comments at p. 2.

DISCUSSION AND FINDINGS

The Board carefully reviewed the record in these proceedings, including the Petition, the Amended Petition, the Amended Agreement, and Rate Counsel’s comments. The Board is satisfied that the Amended Agreement will have a financial impact that is beneficial to the State of New Jersey and PSE&G’s ratepayers. Under the Amended Agreement, BMS would continue to be subject to the Societal Benefits Charge, Green Programs Recovery Charge, and Tax Adjustment Credit components of the Company’s tariff. Approval of the CSG would avoid the proposed bypass by BMS which would remove it from the Company’s service resulting in a loss of program revenue. Additionally, permitting PSE&G to provide interruptible transportation service at a discount may foster BMS’s potential to increase production at the facility, resulting in increased job creation. The Board is also satisfied that the proposed Amended Agreement meets the requirements of PSE&G’s previously approved CSG tariff.

Therefore, the Board **HEREBY FINDS** that BMS qualifies for a discounted gas service rate on the basis of Other Considerations under Rate Schedule CSG, and the rate to be charged satisfies the requirements of the tariff. Accordingly, the Board **HEREBY APPROVES** the attached Amended Agreement effective on the first day of the month following the effective date of Board approval as provided in the Amended Agreement.

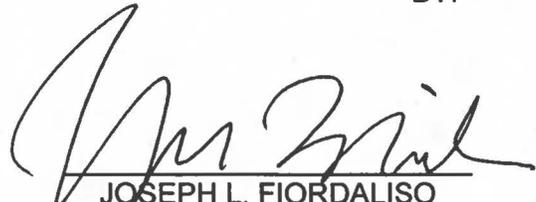
With respect to the request for confidential treatment of terms of the Amended Agreement, the Board **HEREBY FINDS** that this issues should be decided by the Board’s Custodian of Records pursuant to the Board’s regulations in N.J.A.C. 14:1-12, if a request for release of such information is made pursuant to the Administrative Code.

PSE&G’s costs remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is July 20, 2022.

DATED: July 13, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



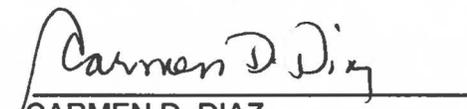
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UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING 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 THE RATE SCHEDULE CSG TRANSPORTATION SERVICE AGREEMENT
BETWEEN PUBLIC SERVICE ELECTRIC AND GAS COMPANY AND BRISTOL MYERS
SQUIBB

BPU DOCKET NO. GR21020480

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