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9/8/14

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September 4, 2014

In the Matter of the
2014/2015 Annual Compliance Filings
For a Change in the Statewide Electric and Gas Permanent
Universal Service Fund Program Factors
within the Electric and Gas Societal Benefits
Charges Rates Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:21.1*

BPU Docket No. ER14060613

VIA ELECTRONIC & OVERNIGHT MAIL

Ms. Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

On behalf of Atlantic City Electric Company (“ACE”), New Jersey Natural Gas Company (“NJNG”), Elizabethtown Gas Company (“ETG”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”), Rockland Electric Company (“RECO”), and South Jersey Gas Company (“SJG”) (collectively, the “Utilities”), please accept for filing an original and 10 copies of these joint comments submitted in response to the comments filed by the Division of Rate Counsel (“Rate Counsel”) on August 28, 2014 in the above-referenced matter.

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CASE MANAGEMENT

In its Comments, Rate Counsel states that it “would have no objection to the implementation of the slightly increased electric USF rate indicated by the utilities’ updated data.” Rate Counsel continues, stating that “while the electric USF rate reflected in the updates is higher than the originally filed rate, it remains a decrease from the currently effective electric USF rate.” Rate Counsel at p. 6. Nor does Rate Counsel “object to the utilities’ request for recovery of their actual administrative costs incurred associated with the USF program (given that actual expenditures will replace the utilities’ forecasts for the months of May through September 2014 in the reconciliation to be reflected in the utilities’ 2015/2016 Annual Compliance Filing).” Id. at p.7. It should be noted that the Utilities are requesting recovery of administrative expenses for the period August 1, 2013 through September 30, 2014 as reflected in the response to RCR-6. Rate Counsel does not reference the updated administrative expenses provided by the Utilities in this response. In addition, Rate Counsel does “object to the implementation of the higher gas USF rates absent further public hearings.” Id. at p. 7.

Rate Counsel notes correctly that “the utilities updated their original filings by replacing estimated data for the months May and June 2014 with actual cost and revenue data for those two months.” *See* Utility response to RCR-2. Furthermore, Rate Counsel indicates that it reviewed that data. Id. at p. 6.

The Utilities note that the decision whether to implement the rates derived in the original filing with actual data thru April or the updated rates with actual data thru June 2014 rests with the Board. In the past, the Board has chosen to implement USF rates based on the most recent updated USF and Lifeline data provided by the Utilities, which are subject to Board

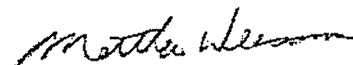
Staff's and Rate Counsel's review. The Utilities recommend that the Board continue this practice.

Conclusion

Based on the record in this proceeding, including Rate Counsel's comments, the Utilities respectfully urge the Board to approve the USF and Lifeline Rates and the administrative expenses (based on the updated actual USF and Lifeline Rates and the administrative expenses through June 2014) provided in response to RCR-2. This would include Board approval of the full recovery of the administrative expenses for each of the Utilities, as applicable, in the month following Board approval of the 2014/2015 USF and Lifeline rates from funds disbursed to the Utilities by the USF Trust Fund Clearinghouse and maintained by the New Jersey State Department of Treasury.

Please feel free to contact me with any questions regarding this correspondence.

Respectfully,



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