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BOARD OF PUBLIC UTILITIES

OCT 13 2017

October 13, 2017

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VIA COURIER & EMAIL

Irene K. Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350
Irene.Asbury@bpu.nj.gov

**Re: In the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism (“GSMP II”)
Docket No. GR17070776**

Dear Ms. Asbury,

This firm represents Movant-Intervenor Environmental Defense Fund (“EDF”) with respect to the above-referenced matter. Please find an original and ten (10) copies of the following documents enclosed for filing:

- EDF’s Motion to Intervene; and
- Certification of Service.

Please also note that an electronic copy of these documents is simultaneously being emailed to you at Irene.Asbury@bpu.nj.gov.

Please file the enclosed documents, and return copies stamped “filed” to this office by way of the enclosed, self-addressed envelope. Thank you for your attention to this matter.

*Case mgmt
m. Lepo
a. Moreau
T. Walker*

Respectfully submitted,

Christopher D. Miller
NJ Attorney ID 025992007

Enclosures

C (w/encl.): All Counsel on attached Service List ✓

SERVICE LIST

IMO Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II"), Docket No. GR17070776

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STATE OF NEW JERSEY
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for Approval of the Next Phase of the Gas)
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Docket No. GR17070776

MOTION TO INTERVENE OF THE ENVIRONMENTAL DEFENSE FUND

Pursuant to N.J.A.C. 1:1-16.3(a) and the September 29, 2017 “Order Designating Commissioner and Setting Manner of Service and Bar Date,” establishing an intervention deadline of October 13, 2017, the Environmental Defense Fund (“EDF”) respectfully submits this motion to intervene in the above-captioned proceeding. In support thereof, EDF states:

I. BACKGROUND

On February 27, 2015, Public Service Electric and Gas (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) that requested approval to implement and administer a Gas System Modernization Program (“GSMP I”) and to implement an associated cost recovery mechanism. GSMP I sought to invest in the replacement of cast iron mains, replace unprotected steel mains and services, abandon district regulators associated with cast iron and unprotected steel plant and relocate inside meter sets. The Board granted EDF’s Motion to Intervene in the GSMP I proceeding by Order dated July 2, 2015 stating that:

the members of EDF living in PSE&G’s service territory will be directly affected by the outcome in the proceeding and that EDF has expertise in the detection and remediation of gas leaks that should contribute to the development of a full and complete record for review by the Board in its evaluation of the GSMP.¹

¹ *In the Matter of Public Service Electric and Gas Company for Approval of a Gas System Modernization Program and Associated Cost Recovery Mechanism, Order on Motions to Intervene at 8 (July 2, 2015).*

On November 2, 2015, PSE&G, Rate Counsel, EDF and numerous interveners executed a stipulation of settlement (“Stipulation”) resolving all of the issues in the GSMP I proceeding, which was approved by the Board by Order dated November 16, 2015.

On July 27, 2017, the Company filed a petition for Board approval of a continuation of the GSMP I and associated cost recovery mechanism (“GSMP II” or “Program”). PSE&G anticipates that GSMP II will be conducted over a five (5) year period from 2019 through 2023. The Company states that the GSMP II: (1) is comprised of gas utility projects designed to replace cast iron mains and unprotected steel mains and services; (2) addresses the abandonment of district regulators associated with this cast iron and unprotected steel plant; (3) will rehabilitate large diameter elevated pressure cast iron; (4) includes upgrades to utilization pressure portions of the system to elevated pressure; (5) replaces limited amounts of protected steel and plastic mains; and (6) provides for the relocation of inside meter sets.

II. MOTION TO INTERVENE

EDF is a membership organization whose mission is to preserve the natural systems on which all life depends. EDF has over 14,000 members in New Jersey. Guided by science and economics, EDF seeks practical solutions to resolve environmental problems. EDF uses the power of markets to achieve beneficial environmental outcomes, and consistent with its organizational purpose is engaged in activities to facilitate cost-effective and efficient energy market designs that encourage investment to modernize the energy grid and increase energy efficiency. EDF and its members have a direct and substantial interest in the issues raised in this proceeding and will be directly affected by the outcome. EDF will not be adequately represented by any party and there will be no confusion or delay arising from inclusion of EDF in this proceeding.

Over the past three years, EDF has engaged in a focused set of scientific, technical and policy-oriented projects to develop, demonstrate and foster commercialization of advanced leak detection and data analytics methods for use by local gas distribution utilities. In collaboration with Google Earth Outreach, Colorado State University, and various natural gas utilities, EDF is managing a project that uses Google Street View cars equipped with methane concentration analyzers to quantify methane leaks from distribution pipelines. The goals of this project are to demonstrate the benefits of state-of-the-art technological solutions, create pathways for the integration of leak quantification and advanced leak detection technology into utility operations, and to commercialize tools to assist utilities in planning and implementing leak abatement and leak-prone infrastructure replacement projects.

As noted above, in November 2015, the Board approved a settlement agreement among PSE&G, EDF and other stakeholders relating to a proceeding initiated by PSE&G, in which the company sought approval for an accelerated pipe replacement program. As part of this settlement, PSE&G received Board approval to implement a \$905 million pipe replacement program. Under the terms of this settlement, after taking into account safety considerations, PSE&G is required to consider data gathered by EDF on leak flow rate, *i.e.* the volume of methane emissions leaked from its pipes, in conjunction with other relevant factors, to identify those that are most in need of replacement.²

In collaboration with PSE&G, EDF gathered leak flow rate data for sections of the utility's infrastructure targeted for replacement through a mobile leak survey using Google Street

² In a press release announcing its approval of the GMSP I, the Board acknowledged EDF's participation and beneficial contribution noting that "data on methane emissions from the Environmental Defense Fund (EDF) will be used" to "ensure that work is prioritized." BPU News Release, *Board Approves PSE&G's Natural Gas Main Replacement Program to Improve Reliability and Reduce Methane Emissions*, November 16, 2015.

View cars that were specially outfitted with methane sensors. PSE&G shared information with EDF on the location and type of its pipelines, enabling the collection of leak flow rate data that could be spatially attributed to specific pipes targeted for replacement. PSE&G used this leak flow rate data to prioritize its pipeline replacement efforts after considering safety factors. The methodology used by PSE&G to integrate leak flow rate data into its pipe replacement prioritization scheme is described in a white paper titled “Integrating Leak Quantification into Natural Gas Utility Operations,” published in Public Utilities Fortnightly in May 2017.

EDF has also been heavily engaged throughout the United States in reducing methane emissions stemming from distribution system pipeline leaks. This engagement includes action in several states, including California, Illinois, Pennsylvania and New York. For example, in New York, EDF is currently collaborating with KeySpan Gas East Corporation d/b/a National Grid (“KEDLI”) and the Brooklyn Union Gas Company d/b/a National Grid (“KEDNY”), both subsidiaries of National Grid USA (“National Grid”), on a suite of pilot projects in National Grid’s service territory in Long Island, New York, leveraging new technological capabilities, as envisioned in settlement agreements approved by the New York State Public Service Commission (“NYPSC”) in Cases 16-G-0059 and 16-G-0058. The settlement agreement provides that leak flow rate data gathered as part of these projects will be used by National Grid to enhance leak repair and leak prone pipe (“LPP”) replacement efforts in its Long Island service territory, and that the companies shall develop the means to quantify leak flow rate from their systems in order to better prioritize their leak repair and LPP replacement projects on an ongoing basis.

In addition, EDF recently completed a collaborative pilot project to quantify gas leaked from Consolidated Edison Company of New York’s (“Con Edison”) non-hazardous Type 3 leak

backlog and develop a prioritization scheme for the repair of those leaks. Under this project, researchers from Colorado State University surveyed hundreds of leaks constituting Con Edison's Type 3 leak backlog using advanced leak detection technology, and separated these leaks into "small," "medium," and "large" categories based on leak flow rate data gathered using leak quantification methods, to allow the company to prioritize the repair of its largest leaks. In order to facilitate this survey, Con Edison provided EDF with information on the location of its Type 3 leaks, including information on underground infrastructure locations, under the terms of a non-disclosure agreement. Con Edison prioritized the repair of Type 3 leaks based on leak flow rate, thereby locking in methane emission reductions earlier than might have been possible under a business as usual scenario. The company has since received NYPSC approval to acquire and test advanced leak detection equipment on its system. As demonstrated by these examples, EDF has substantial expertise on these issues.

This expertise has been recognized by the Board in prior cases. As stated above, the Board previously granted EDF's intervention in PSE&G's GSMP I proceeding. *See In The Matter Of Public Service Electric And Gas Company for Approval of a Gas System Modernization Program and Associated Cost Recovery Mechanism, Docket No. GR15030272.* Regarding EDF's intervention in Elizabethtown Gas' gas modernization proceeding, the Board found that "EDF has expertise in the detection and remediation of gas leaks that should contribute to the development of a full and complete record for review by the Board" In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Approval of a Safety, Modernization and Reliability Program and Associated Cost Recovery Mechanism, Docket No. GR15091090 (February 18, 2016).

EDF has significant experience in prior proceedings before the Board in which local gas distribution utilities seek approval for programs to abate leaks, replace leak-prone infrastructure and modernize gas delivery systems. Our advocacy before the Board and deep technical expertise with leak detection and prioritization methods have provided benefits to utilities, their customers, safety and the environment in New Jersey. As in prior proceedings, EDF's prospective intervention will not cause undue delay or confusion and EDF will abide by the schedule and other rulings in this proceeding. For all of these reasons, EDF has satisfied the requirements of N.J.A.C. 1:1-16.3(a) and its intervention should therefore be granted.

III. CONCLUSION

Wherefore, the Environmental Defense Fund respectfully requests that the Board grant its motion to intervene in this proceeding.

Dated: October 13, 2017

Respectfully submitted,



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for Approval of the Next Phase of the Gas)
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Cost Recovery Mechanism ("GSMP II"))

CERTIFICATION OF SERVICE

I, Christopher D. Miller, do state and certify as follows:

1. I am attorney-at-law of the State of New Jersey, with the firm of Maraziti Falcon, LLP; attorneys for Movant-Intervenor Environmental Defense Fund ("EDF") in this matter. I have personal knowledge of the facts stated herein.

2. On October 13, 2017, I caused the following original documents, and ten (10) copies thereof, to be filed with the Board of Public Utilities via commercial courier same-day delivery to Irene K. Asbury, Secretary, Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, New Jersey 08625-0350, and an electronic copy thereof to be filed electronically by email to Irene.Asbury@bpu.nj.gov:

- EDF's Motion to Intervene; and this
- Certification of Service.

3. On October 13, 2017, I caused two (2) copies of these documents to be served via FedEx overnight delivery to all counsel on the attached service list, and an electronic copy of the above-listed documents to be sent via email to all counsel on the attached service list.

4. These statements are true. I am aware that if any of these statements are willfully false, then I may be subject to punishment.

Date: October 13, 2017



Christopher D. Miller

SERVICE LIST

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