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BOARD OF PUBLIC UTILITIES

OCT 24 2017

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 Director

October 24, 2017



Via Hand Delivery and Electronic Mail

Irene Kim Asbury, Secretary
 New Jersey Board of Public Utilities
 44 South Clinton Avenue
 3rd Floor, Suite 314
 P.O. Box 350
 Trenton, NJ 08625-0350

**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")
 BPU Docket Nos.: GR17070776**

Dear Secretary Asbury:

Please accept for filing this original and ten copies of this response on behalf of the Division of Rate Counsel ("Rate Counsel") to the following motions filed in the above-referenced matter: (1) motion to intervene dated August 10, 2017 filed on behalf of the New Jersey Large Energy Users Coalition ("NJLEUC"); (2) motion to participate dated September 26, 2017 filed on behalf of AARP; (3) motion to participate dated October 6, 2017 filed on behalf of Local 94 of the International Brotherhood of Electrical Workers and Local 855 of the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry ("Locals 94 and 855"); (4) motion to participate dated October 11, 2017 filed on behalf of Creamer-Sanzari Joint Venture ("CSJV"); (5) motion to intervene and alternative motion to participate dated October 12, 2017 filed on behalf of Ferreira Construction Co., Inc. ("Ferreira"); (5) motion to intervene or participate dated October 12, 2017 filed on behalf of the New Jersey Laborers-

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Employers Cooperation and Education Trust (“NJLECET”); (6) motion to intervene dated October 13, 2017 filed on behalf of the Engineers Labor-Employer Cooperative (“ELEC”); the Labor Management Fund of Local 825; and (7) motion to intervene dated October 13, 2017 filed on behalf of the Environmental Defense Fund (“EDF”).

Enclosed is one additional copy. Please date stamp the copy as “filed” and return to us in the enclosed self-addressed, stamped envelope. Thank you for your consideration and attention to this matter.

DISCUSSION

On July 27, 2017, Public Service Electric and Gas Company (“PSE&G”) filed the above-referenced Petition for approval of a second phase of its Gas System Modernization Program (“GSMP II”). The Company is seeking approval to invest approximately \$2.68 billion over a five-year period to replace approximately 1,250 miles of cast iron, steel and plastic mains and to reinforce approximately 4,000 elevated pressure cast iron bell joints. The Company is seeking to recover for this investment through the same special rate mechanism that was approved by the Board of Public Utilities (“Board”) in the Board’s Docket No. GR15030272 for the Company’s original Gas System Modernization Program (“GSMP I”). The above-mentioned entities have filed motions to intervene and/or participate in this matter. Rate Counsel’s responses to these motions are as follows.

NJLEUC Motion to Intervene

NJLEUC’s motion to intervene states that is an organization of large end-use customers on the PSE&G gas distribution system that will be directly affected by the rate impacts of the proposed GSMP II. *NJLEUC Motion, p.3, par. 2.* NJLEUC was allowed to intervene in the

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GSMP I proceeding. I/M/O the Public Service Electric and Gas Company for Approval of a Gas System Modernization Program and Associated Cost Recovery Mechanism, BPU Dkt. No. GR15030272 Order on Motions to Intervene or Participate and Motion for Admission Pro Hac Vice, p.4 (Fiordaliso, Comm'r, May 27, 2015)("GSMP I May 2015 Order on Interventions"). Rate Counsel has no objection to NJLEUC's intervention. Rate Counsel also has no objection to the admission of NJLEUC's Washington, D.C. counsel, Paul F. Forshay, Esq., pro hac vice.

AARP Motion to Participate

AARP is large nonprofit social welfare organization representing members aged 50 and older. AARP's motion states that it has approximately 1.3 million members in New Jersey, including hundreds of thousands residing within PSE&G's service territory. *AARP Motion, p. 1-2, par. 1*. AARP is seeking participant status to represent the interests of its members who purchase gas service from PSE&G. *AARP Motion, p.4, par. 10-11*. Rate Counsel agrees that AARP's statement at page 6, paragraph 18 of its motion that it will "measurably and constructively" advance this proceeding and therefore does not object to the granting of participant status to AARP.

Locals 94 and 855's Motion to Participate

Locals 94 and 855, which represent PSE&G's skilled workforce, have moved for leave to participate in this matter. *Locals 94 and 855's Motion, par. 4, 7*. Rate Counsel has no objection to the granting of participant status to Locals 94 and 855.

CSJV Motion to Participate

CSJV is a joint venture between two New Jersey corporations, J. Fletcher Creamer & Son, Inc., and Joseph M. Sanzari, Inc., both of which have considerable experience in heavy highway construction and utility installation. *CSJV Motion, par. 1.* CSJV is seeking participant status based on its interest in participation in planned construction work under the GSMP. *CSJV Motion, par. 7-9.* Rate Counsel does not object to the granting of participant status to CSJV.

Ferriera Motion to Intervene and Alternative Motion to Participate

Ferriera's motion states that it is a large construction company with an interest in participating in the planned construction work under the GSMP II. *Ferriera Motion, par. 2, 10-11.* Rate Counsel objects to Ferriera's motion to intervene. While Ferriera has an economic interest in participating in PSE&G construction projects, it does not assert a legally protected right under N.J.S.A. Title 48 to receive work from PSE&G. Thus, contrary to the statement in paragraph 12 of Ferriera's motion, it does not have a concrete and current interest that will be "specifically and directly" affected by the outcome of this matter and therefore should not be granted intervenor status. However, Rate Counsel does not object to the granting of participant status to Ferreria, as was allowed in the GSMP I proceeding. GSMP I May 2015 Order on Interventions, p. 5; I/M/O the Public Service Electric and Gas Company for Approval of a Gas System Modernization Program and Associated Cost Recovery Mechanism, BPU Dkt. No. GR15030272, Order, p. 9 (Fiordaliso, Comm'r, July 2, 2015)("GSMP I July 2015 Order on Interventions").

NJLECET Motion to Intervene

NJLECET is a labor-management fund representing more than 25,000 construction laborers and their signatory contractors. *NJLECET Motion, p. 1-2, 8.* NJLECET is seeking intervention based in its members' economic interests participating in the GSMP II construction projects as well as other construction projects that may become more economic as a result of the proposed gas infrastructure improvements. *NJLECET Motion, par. 11-12.* NJLECET also asserts that its membership represents large-scale consumers of energy. *NJLECET Motion, par. 14.*

Rate Counsel objects to intervention by NJLECET. NJLECET's members' interests in construction projects, either undertaken by PSE&G or resulting from infrastructure upgrades, are not interests that are legally protected under N.J.S.A. Title 48. Thus, contrary to the assertions in their motions, these organizations, as representatives of labor and management involved in the construction industry, do not have direct interests that would be substantially affected by the outcome of these proceedings. The interests of some of NJLECET's members as ratepayers are already represented by other parties in this proceeding. Rate Counsel does not object to the granting of participant status to NJLECET, as was allowed for this organization in the GSMP I proceeding. GSMP I July 2015 Order on Interventions, p. 8-9.

ELEC Motion to Intervene

ELEC is a labor-management fund representing operating engineers and their employers. *ELEC Motion, par. 2.* ELEC is seeking intervention based on its members' interests in participating in the proposed GSMP II construction projects. *ELEC Motion, par. 12-13.* For the reasons stated above with respect to NJLECET's motion to intervene, this is not a direct interest

that would support intervention. Rate Counsel does not object to the granting of participant status to ELEC, as was allowed in the GSMP I proceeding. GSMP I July 2015 Order on Interventions, p.8-9.

EDF Motion to Intervene

EDF's motion states that it is a membership organization with over 14,000 members in New Jersey. *EDF Motion*, p.2. EDF further states that it "seeks practical solutions to resolve environmental problems. *Id.* EDF specifically cites its involvement in other proceedings, before the Board and in other States, in which it contributed its expertise in use of advanced leak detection technologies and leak data in planning projects to replace leak-prone infrastructure. *EDF Motion*, p. 3-8. In recognition of the interests of EDF's New Jersey members and its expertise in the detection and remediation of gas leaks, and based on its representations that it would adhere to the scope of the issues in the GSMP I proceeding, EDF was allowed to intervene in that proceeding. GSMP I July 2015 Order on Interventions, p. 8. In its motion in the present proceeding, EDF states that, as in the GSMP I proceeding, it intends to contribute its expertise in leak detection and prioritization to the Board's consideration of the pipeline replacement projects now being proposed by PSE&G. *EDF Motion*, p. 6. Based on this representation, Rate Counsel has no objection to the granting of intervenor status to EDF.

CONCLUSION

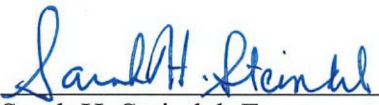
For the foregoing reasons, (1) NJLEUC should be allowed to intervene, (2) AARP should be allowed to participate, (3) Locals 94 and 855 should be allowed to participate, (3) CSJV should be allowed to participate, (4) Ferriera should not be allowed to intervene but should be allowed to participate, (5) NJLECT should not be allowed to intervene but should be allowed to

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participate, (6) ELEC should not be allowed to intervene but should be allowed to participate,
and (6) EDF should be allowed to intervene for the purposes stated in its motion.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 
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Assistant Deputy Rate Counsel

c: Joseph L. Fiordaliso, Commissioner
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