



April 10, 2019

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CASE MANAGEMENT

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April 11, 2019*

VIA EMAIL AND FEDEX

APR 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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APR 11 2019

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: **In the Matter of the Petition of New Jersey Natural Gas Company for Approval of an Increase in Gas Base Rates and for Changes in its Tariff for Gas Service, Pursuant to N.J.S.A. 48:2-21 and 48:2-21.1; and for Changes to Depreciation Rates for Gas Property Pursuant to N.J.S.A. 48:2-18 BPU Docket No. GR19030420**

-and-

In the Matter of the Petition of New Jersey Natural Gas Company's Request for Deferred Accounting Authority for Costs Related to New Information Technology Systems
BPU Docket No. GR18101096

Dear Secretary Camacho-Welch:

On behalf of New Jersey Natural Gas Company ("NJNG" or "Company"), please accept this letter motion requesting that the two above-referenced matters be consolidated pursuant to N.J.A.C. 1:1-17.1 et seq. An original and ten copies are enclosed for filing.

Background

Under a cover letter dated October 5, 2018, NJNG filed a petition with the Board of Public Utilities ("Board" or "BPU") seeking deferred accounting treatment for costs associated with upgrades to the Company's information technology ("IT") systems ("Deferred Accounting

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Petition"). More specifically, NJNG explained that it has undertaken the NJR Enterprise eXperience Transformation Program ("Project NEXT") as a means to assess the Enterprise Resource Planning, Customer Information System and Asset Management capabilities, and develop a roadmap to selecting the appropriate vendor(s) before JD Edwards' end of support beyond April 2025. The Company also explained that Project NEXT will provide for the review, examination and evaluation of initiatives that will improve or move capabilities of the business including, but not limited to, modernizing processes, reducing operational risk by implementing easily maintainable solutions and streamlining efforts. In addition, these modern IT systems will provide enhanced cybersecurity protection and enable NJNG to support Distribution and Transmission Integrity Management Program requirements by enabling barcoding, lot tracking and traceability capabilities. At the time of the filing, NJNG projected that the new IT systems would "go live" over multiple time periods through 2023, and would have a total program cost of up to \$300 million.

The Company requested Board approval of the authority to defer on its books actually incurred costs associated with Project NEXT and not otherwise recovered through its current base rates. In the Deferred Accounting Petition, NJNG stated that the appropriate amortization period for such deferred expenses will be addressed in the Company's base rate case that is required to be filed no later than November 2019. In addition, the Company also requested permission to accrue Allowance for Funds Used During Construction ("AFUDC") associated with the Project NEXT costs using the "Modified FERC formula" to determine its AFUDC rate consistent with the method approved and used for NJNG's SAFE II and NJRISE programs.

As of the date of this motion, the Deferred Accounting Petition remains pending before the BPU. The Company has responded to discovery requests of the Division of Rate Counsel ("Rate Counsel"), but no significant procedural or substantive actions have occurred.

On March 29, 2019, the Company filed a base rate case. In the base rate filing, the Company requested approval to: (i) increase its base rates and charges for gas service; (ii) establish a Phase II proceeding to address the cost recovery for the Company's Southern Reliability Link ("SRL") intra-state gas transmission project; and (iii) implement certain other rate and tariff revisions. NJNG also proposed to change its existing depreciation rates pursuant to N.J.S.A. 48:2-18. As of the date of this motion, the base rate case filing is pending before the Board.

Discussion

Pursuant to N.J.A.C. 1:1-17.3, in ruling on a motion to consolidate, the Board shall consider the following factors:

1. The identity of parties in each of the matters;
2. The nature of all the questions of fact and law respectively involved;
3. To the extent that common questions of fact and law are involved, the saving in time, expense, duplication and inconsistency which will be realized from hearing the matters together and whether such issues can be thoroughly, competently, and fully tried and adjudicated together with and as a constituent part of all other issues in the two cases;
4. To the extent that dissimilar questions of fact or law are present, the danger of confusion, delay or undue prejudice to any party;
5. The advisability generally of disposing of all aspects of the controversy in a single proceeding; and
6. Other matters appropriate to a prompt and fair resolution of the issues, including whether a case still pending in an agency is contested or is ripe to be declared contested.

It is clear that the Deferred Accounting Petition and the base rate case satisfy the criteria for consolidation. First, the parties in both matters are the same – namely, NJNG, the Division of Rate Counsel, and Board Staff. Second, both matters involve issues related to the setting of base rates for the Company, and therefore share common questions of law and fact. Indeed, in the Deferred Accounting Petition, the Company proposed that the appropriate amortization period for the deferred expenses be addressed in the Company's next base rate case. Third, consolidating these two related matters at this early stage of the proceedings will promote administrative efficiency and reduce duplication of efforts. The base rate case was just recently filed. While the Deferred Accounting Petition was filed in October 2018, there have been no significant procedural or substantive activities that would preclude consolidation with the base rate case at this time. Finally, in related matters such as these, administrative economy favors disposing of all issues and controversies in a single proceeding.

Conclusion

For all the foregoing reasons, NJNG respectfully requests that the Board issue an Order consolidating the Deferred Accounting Petition in Docket No. GR18101096 and the base rate case in Docket No. GR19030420.

Respectfully submitted,

COZEN O'CONNOR



By: Gregory Eisenstark

cc: Service Lists

In the Matter of the Petition of New Jersey Natural Gas Company For Approval of an Increase in Gas Base Rates and for Changes in its Tariff for Gas Service Pursuant to N.J.S.A. 48:2-21 and 48:2-21.1; and for Changes to Depreciation Rates for Gas Property Pursuant to N.J.S.A. 48:2-18
BPU Docket No. GR19030420

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BPU Docket No. GR19030420

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**In the Matter of New Jersey Natural Gas Company's Request for Deferred Accounting
Authority for Costs Related to New Information Technology Systems
BPU Docket No. GR18101096**

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**In the Matter of New Jersey Natural Gas Company's Request for Deferred Accounting
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BPU Docket No. GR18101096**

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Handwritten: JWD
April 11, 2019

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CASE MANAGEMENT

APR 10 2019

April 1, 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of a Solar Generation Investment
Program and an Associated Cost Recovery Mechanism

BPU Docket No. EO09020125

VIA REGULAR MAIL

Aida Camacho-Welch, Office of the Secretary
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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Dear Secretary Camacho-Welch:

Please accept this letter as notice of PSE&G's Solar4All Monthly OCE Database Upload for the month of February 2019 that has been provided only in electronic form to the Board of Public Utilities' consultant, TRC, in compliance with the BPU decision in the above-captioned matter.

If you have any questions concerning this correspondence, please contact me by phone or electronically.

Respectfully submitted,

Handwritten signature of Matthew M. Weissman

Matthew M. Weissman

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