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20 Custom House Street
Suite 830
Boston, MA 02110
Tel: (617) 531-2818
Fax: (617) 531-2826

LEVITAN & ASSOCIATES, INC.
MARKET DESIGN, ECONOMICS AND POWER SYSTEMS

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CASE MANAGEMENT

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BOARD OF PUBLIC UTILITIES
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November 8, 2019

VIA HAND DELIVERY & ELECTRONIC MAIL

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey, 08625-0350

**Re: In the Matter of the Exploration of Gas Capacity and Related Issues
Levitan & Associates, Inc.'s Response to Rate Counsel Motion to Strike Levitan & Associates,
Inc.'s Comments and Report
BPU Docket No. GO19070846**

Dear Secretary Camacho-Welch:

Please accept the original and ten copies of this letter in response to the Division of Rate Counsel's Motion to strike from the record the technical report prepared by Levitan & Associates, Inc. (LAI) and the comments I submitted to the New Jersey Board of Public Utilities (NJ BPU). The affidavit provided herein responds to the accusation from Ms. Stefanie A. Brand, Esq., Director of Rate Counsel, alleging an ethical violation by LAI in regard to the performance of our contractual responsibilities on behalf of the NJ BPU.

The facts are these:

1. On October 22, 2019, LAI filed written comments in Docket No. GO19070846 in regard to the adequacy of pipeline capacity deliverable to New Jersey, in response to the proceeding notice dated September 10, 2019. These comments were based on an independent study undertaken by LAI, comparing capacity entitlements in pipeline customer indices filed with the Federal Energy Regulatory Commission (FERC) for Q1 2019 to the New Jersey GDCs' forecasts of Basic Gas Supply Service (BGSS) design day requirements as filed in May 2018. My comments summarized the findings of a study commissioned by New Jersey Natural Gas (NJNG), which was completed on July 12, 2019 and attached to comments filed by NJNG in Docket No. GO19070846 on October 16, 2019.
2. LAI has served as a consultant to the NJ BPU. In 2019 we consulted for the NJ BPU on the issuance of Zero Emission Credits (ZECs). On April 18, 2019 the NJ BPU issued an Order in the matter regarding the application for ZECs for Salem 1, Salem 2, and Hope Creek Nuclear Power Plants. The Order found that the three plants were eligible to receive ZECs and the NJ BPU directed the EDCs to submit tariffs consistent with the Order.

Case mgmt
H. Westland, Esq.
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3. In 2019 we have provided technical support to NJ BPU Staff in its evaluation of offshore wind applications. This work began in mid-March 2019 and was largely completed on June 21, 2019 when the NJ BPU issued its decision recommending an 1,100 MW award to Ørsted's Ocean Wind Project.
4. In January 2019, NJNG retained LAI to perform an objective and independent assessment of pipeline delivery capability in New Jersey. Study inputs were based strictly on information in the public domain. The study objectives were: first, to determine the maximum level of New Jersey firm customer sendout that is supported by existing pipeline transportation capacity in New Jersey, including the capacity held by entitlement holders other than the New Jersey GDCs; second, to aggregate the Design Day forecasts for the four New Jersey GDCs based on the annual BGSS filings; and, third, to determine the level of capacity shortfall or surplus to meet New Jersey's GDCs' firm customer demands based on the GDCs' respective pipeline and storage entitlements.
5. The study objectives did not include delineation of, or any advocacy whatsoever regarding a specific solution or solutions to resolve any identified capacity shortfall. Based on the stated assumptions with respect to pipeline firm transportation capacity deliverability, LAI determined that a surplus exists relative to the 2018-19 and 2019-20 design day demands. LAI determined that a shortfall exists relative to the 2020-21, 2021-22 and 2022-23 design day demands.
6. The study findings do not have any relevance to the ZEC proceedings in the Board's Docket No. EO18080899 or Offshore Wind proceedings in Docket No. QO18121289. LAI's filed comments were intended solely to enhance the NJ BPU's understanding of the GDCs' aggregated design day demands, which were previously filed with the NJ BPU, and the contractual disposition of pipeline capacity in New Jersey, as filed at FEREC.
7. At no point did I or others at LAI seek to influence Board Staff or the Commissioners in any way that would impair the objectivity or independence or judgment of Board Staff and the NJ BPU.
8. Throughout the duration of the engagement on behalf of New Jersey Natural Gas, no LAI employee met with any member of Board Staff or the Commissioners to discuss or otherwise review any issues related to the agenda item set forth by Board Staff in Docket No. GO19070846 for hearing on October 1, 2019 or in filed comments on October 22, 2019.
9. I have reviewed the NJ Board Standards Prohibiting Conflicts of Interest set forth in LAI's contracts in the aforementioned matters on the Board's behalf and have concluded that LAI has remained in strict accord with such standards set forth in the contracts within the meaning of N.J.S.A. 52:13D-13g, including all exhibits attached thereto. Hence, it is my view that the work we did on behalf of the Board was performed honestly and free of conflict.

10. To ensure strict accord with standards of professional excellence under N.J. Executive Commission on Ethical Standards, LAI previously severed any commercial relationship with bidders into NJ Board's offshore wind solicitation or any nuclear asset owner that sought the contractual benefits under the ZEC proceeding.

11. LAI was incorporated in Massachusetts in September 1989. An independent consulting firm for 30 years, Rate Counsel's filed motion alleging an ethical violation thereby warranting suppression of the technical evidence assembled by LAI is the first time any party has alleged that LAI may have breached its ethical responsibility. I emphatically deny that any such breach occurred with respect to this proceeding and therefore recommend that the NJ BPU take note of the technical report and my comments.

Respectfully submitted,



By: Richard L. Levitan
President, Levitan & Associates, Inc.

Cc: energy.comments@bpu.nj.gov
Pamela Owen, ASC, DAG (hard copy and e-mail)
Paul E. Flanagan, BPU (hard copy and e-mail)
Abraham Silverman, Esq. BPU (hard copy and e-mail)
Lanhi Saldana, BPU (hard copy and e-mail)
Stacy Peterson, BPU (hard copy and e-mail)
Jacqueline Galka, BPU (hard copy and e-mail)
e-mail distribution list (e-mail only)