

Public Service Electric and Gas Company
Case Name: Energy Strong II
Docket No(s): EO18060629 and GO18060630

Response to Discovery Request: S-INF-0001
Date of Response: 5/22/2020
Witness: Gray, Edward
Change in Mitigation - Academy

Question:

In regard to the Academy Street Substation project:

- a. Why did the Company need to acquire additional property in order to raise the substation? Was this cost included in the original project cost of \$17.0 million?
- b. When did the Company become aware that it would not be able to obtain the additional property?
 - i. If this occurred before the Stipulation was executed in this matter, please explain why the Company proceeded with its intention to raise the substation.
- c. Given that the current mitigation method is less expensive than the original mitigation method, why did the Company not pursue this option originally?
- d. Please explain why the current cost estimate includes the costs to “design, purchase, construct and commission the new 13kV switchgear” at the Fairmount substation. Does the Fairmount station currently have switchgear that will need to be replaced solely because of the Academy Street station elimination?
- e. Please explain why the Company continued to explore the possibility of raising the substation, when it was already determined that this station would be eliminated during a July 2018 PJM meeting. (See PJM Subregional RTEP-Mid Atlantic Meeting, Presentation dated July 20, 2018, Slide 25).

Attachments Provided Herewith: 1

S-INF_0001_Fairmount (New Academy)_.pdf

Response:

- a) The additional property was needed to accommodate the switchgear for the substation as noted in the engineering report provided with the filing. The cost of the additional property was not included in the original project cost estimate because the property purchase was planned as part of the Company’s base capital expenditures.
- b) The Company continued to look at options for property to facilitate the project during 2018 as part of the 69kV project development (see attachment). PSE&G began negotiations on the alternative property based on potential transmission savings in June of 2018. In fact, the new property was more desirable in terms of cost. Moreover, it was outside the flood zone and thus a lower risk area. However, use of the alternative property was not certain until the property purchase was complete in January 2019.

Options Costs On-Site: T = 49.8 base, 74.7 w/R&C; D = \$17M

Amity: T = 36.5 base, 54.8 w/R&C; D = \$12.8

Saving range (total) = \$13M to \$20M on Transmission, \$4.2M on Distribution.

- i. The property was not secured until after discovery commenced. Since this was not a significant change to the overall program, and given that the total projects costs were lower and the alternative property provided a better solution (being outside of the flood zone), the change was not something that was flagged to be communicated at the outset.
- c) Since costs are significantly impacted by property availability, definitive costs cannot be defined until property contracts are executed. Therefore, as noted above, the Company could not commit to use of the alternative property until the purchase was complete in January 2019.
- d) Fairmount is a new station and its primary purpose is to replace Academy Street; there is no switchgear being replaced.
- e) While the Company identified use of the alternative property as the preferable method, it could not commit to use of the alternative property until the purchase was complete in January 2019. If the alternative property could not be secured, raising the station as originally planned was a viable option.

Public Service Electric and Gas Company
Case Name: Energy Strong II
Docket No(s): EO18060629 and GO18060630

Response to Discovery Request: S-INF-0002
Date of Response: 5/22/2020
Witness: Gray, Edward
Change in Mitigation - State Street

Question:

In regard to the State Street Substation project:

- a. When did the Company first become aware that the City of Camden and Camden County strongly opposed the project?
 - i. If this occurred before the Stipulation was executed in this matter, please explain why the Company proceeded with its intention to raise the substation.
- b. Please explain why the Company continued to explore the possibility of raising the substation, when it was already determined that this station would be eliminated during a July 2018 PJM meeting. (See PJM Subregional RTEP-Mid Atlantic Meeting, Presentation dated July 20, 2018, Slide 26).
- c. The notice indicates that the original cost of the State Street substation project was \$28.6 million. Please reconcile this with the Energy Strong II petition, which states that the estimated cost of this project was \$17.889 million.

Attachments Provided Herewith: 1
S-INF_0002_State Street_.pdf

Response:

- a) There were indications in January of 2018 of concerns from the City of Camden regarding the existing State Street substation and plans to raise and rebuild on the current property. At that time, PSE&G agreed to discuss other options for project siting, assuming suitable property could be found. On July 13, 2018, Camden City officials asked to relocate State Street substation for the purpose of economic development along the Waterfront area.
 - i. The Company was not notified by the owner (NJDOT) of its willingness to sell the alternative property until July of 2019 (see attachment). It was then not until November 2019—after Board approval of the Stipulation in this matter—that the Company secured the property via auction to proceed with the alternative plan. See table below for cost estimates for the two locations.

Note: The total costs between the Existing State Street Substation and the New State Street Substation are approximately the same between the two options (Costs with R&C).

| | <i>Existing State Street Substation</i> | <i>New State Street Substation</i> |
|--------------------------------------|-----------------------------------------|------------------------------------|
| 69kV - IP - Base | 43.00 | 35.90 |
| 69kV - R&C | 21.50 | 10.40 |
| 69kV OP (Camden Area Supply Network) | 27.40 | 26.84 |
| ES2 | 21.20 | 39.00 |
| ES2 - R&C | 7.40 | 6.10 |
| Total Transmission | 91.90 | 73.14 |
| Total Distribution | 28.60 | 45.10 |
| Total Comparison | 120.50 | 118.24 |

Timeline

- October 2017 – January 2018: PSE&G carried out extensive engineering, design and constructability feasibility analyses considering various options to construct the required ES II mitigation at the existing State Street Substation site.
- January 2018: The Company engaged in internal discussions for the property search in late January of 2018.
- February 2018: Company representatives met with Coopers Ferry Partnership, the non-profit corporation working on the Camden Central Waterfront Development plan, to begin compiling a list of available properties that could potentially suit the project needs and address the load issue.
- June 2018: Company representatives from Real Estate, Asset Management and Regional Public Affairs met with Cooper’s Ferry in Camden to review 12 potential sites that Camden, Cooper’s Ferry and PSE&G Real Estate had researched. Three properties were identified for further research for potential feasibility and acceptance by Camden:
 1. 300 Delaware Avenue, Camden, NJ, Block 60 Lot 1: The 1.6 acre property was investigated, and it was determined that the property would not be supported by the City or County as it is in the Central Waterfront Redevelopment area.

2. 3rd and Martin Luther King Boulevard, Block 139.02 Lot 1.01. The 3.51 acre property was investigated, and it was determined that the property would not be supported by the City and County as it is in the Central Waterfront Redevelopment area.

3. NJ DOT Parcel V1080. The 5.84 acre property is a parcel of land bounded on the North by Governor Admiral Wilson Boulevard (US Highway Route 30), on the east by Cooper Street, on the south by Federal and Market Streets (Camden County Route 537) and on the west by North 10th Street.

- July 2018: Company representatives met with Dr. Williams (City of Camden Director of Planning) in Camden in late July 2018 to discuss the three remaining options. At the meeting it was determined that there was support for PSE&G pursuing the DOT parcel and eliminating the other two options.

- July 2018: The PSEG Corporate Real Estate, Planning and Regional Public Affairs (RPA) groups met with the DOT Deputy Commissioner in July 2018 to discuss the DOT parcel.

- August 2018: The PSEG Corporate Real Estate began title research to confirm DOT ownership.

- December 2018: The PSEG Corporate Real Estate completed NJ DOT title work and attended follow up meeting with DOT Commissioner, Planning and RPA to confirm ownership and set path for property acquisition.

- July 2019: NJ DOT indicated that they were willing to sell the property.

- November 14, 2019: PSE&G wins auction to purchase the property.

b. By July 2018 it was apparent that the City was looking for the Company to pursue an alternative property and eliminate the State St. station. While the Company identified the alternative property as the preferable method in to proceed, it could not commit to use of the alternative property until the purchase was complete in November 2019. If the alternative property could not be secured, raising the station at the original site may ultimately have been the only viable option.

c. The petition schedule mistakenly listed the cost of the State Street project as \$17.889M. However, this cost was corrected in the Company's response to discovery request RCR-ENG-E-0001. Additionally, the \$28.6M cost is consistent with the engineering report submitted with the original filing and the revised schedule revising R&C on the project from 50% to 35% R&C.