

Danielle Lopez
Associate Counsel-Regulatory

Law Department
80 Park Plaza, T-5, Newark, New Jersey 07102-4194
Tel: 973.430.6479 fax: 973.430.5983
Email: danielle.lopez@pseg.com



April 16, 2020

VIA ELECTRONIC MAIL

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

**Re: *In the Matter of the Petition of Public Service Electric and Gas Company
for Approval of the Second Energy Strong Program,
BPU Docket Nos. EO18060629 and GO18060630
Notice of Change of Mitigation Method For Certain Substations***

Dear Secretary Camacho-Welch:

This letter is being submitted to provide notice of a change in mitigation method for certain substations identified in the flood mitigation subprogram of Energy Strong II, as specified below.

The Energy Strong II Program (the "Program") was approved by Board Order dated September 11, 2019 in Docket Nos. EO18060629 and GO18060630. This Order adopted the Stipulation pursuant to which Public Service Electric and Gas Company ("PSE&G" or the "Company") operates the Program and enumerates, among other things, when and how changes to components of the Program can be made. With respect to the Flood Mitigation Subprogram, Paragraph 24 of the Stipulation provides that PSE&G may change the method of mitigation for a station "if it concludes that an alternative method would provide the same benefits to customers at a lower cost, or if permitting or other circumstances make it impossible or inappropriate to use the method specified in the filing." Any change in the mitigation method for a station however, will not be made without 15 days prior written and electronic notification to Board Staff and Rate Counsel.

PSE&G hereby provides notice of changes in the mitigation method for the two substations listed below. Overall, these changes further reduce risks during severe weather events and reduce the risk of customer interruptions associated with building a temporary facility to maintain supply to customers during rebuilding ("contingency").

1. The Academy Street Substation

The original mitigation method for the Academy Street Substation included raising and rebuilding the 4kV equipment at the existing substation to 13kV. This substation is currently located in Jersey City, Hudson County within a Flood Hazard Area. The original plan required the Company to acquire the adjacent property owned by Hudson County Improvement Authority for contingency. However, PSE&G was not able to obtain this property, and is unable to proceed as planned. When examining options for moving forward with the Academy Street Substation project, the Company identified an opportunity to instead eliminate the Academy Street substation and integrate this Energy Strong II program work with existing planned transmission and distribution improvements. The supply station for customers now served by the Academy Street Substation will be transferred to a new Fairmount Substation being constructed at the appropriate flood mitigation level, on property acquired under a separate project. Consistent with the original filing the distribution network (outside plant) work required to convert Academy Street customers to 13kV supply will be funded under a separate approved base capital project. This base project will also fund the connections to the new Fairmount Substation.

This change eliminates the need for a contingency to support customer supply during construction as originally planned, thereby reducing project cost and eliminating customer interruption. Total cost estimates for this project have gone from \$17.0M to \$12.8M—the net cost impact is a \$4.2M reduction. The revised cost estimate of \$12.8M includes the costs to demolish and remove all equipment and structures at the Academy substation, and to remediate the site in compliance with the Industrial Site Recovery Act (“ISRA”) standards. It also includes the costs to design, purchase, construct and commission the new 13kV switchgear at the new location, which will take the place of the 4kV switchgear that is being retired at the Academy Street property.

2. The State Street Substation

The existing State Street Substation is located within a Flood Hazard Area and is also located in the City of Camden’s Redevelopment Zone. In fact, the State Street Substation is centrally located within the redevelopment plan designed for the waterfront and, as the Company has been told on several occasions, is not consistent with the City’s vision for this area. As a result, the City of Camden and Camden County strongly oppose the future expansion required for the flood mitigation substation work planned on the current parcel.

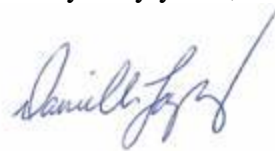
In response to the objections received from the City and County regarding the State Street Substation plans, the Company sought alternative property within a one (1) mile radius of the existing State Street Substation in an attempt to minimize additional project work and cost. However, property within this search radius is extremely limited, and is still within the Waterfront Redevelopment Zone—an area where no further substation development will be permitted.

After extensive research, and upon recommendation of the City of Camden, PSE&G identified property at Cooper Street as the best option to rebuild the State Street Substation. The new property is an undeveloped parcel located outside of the Waterfront Redevelopment Zone and FEMA Flood Hazard Area. This location will help facilitate and improve the cutover sequence, as the existing State Street Substation can remain in-service without requiring a contingency, until the existing 4kV circuits are cutover to the new station located at Cooper Street. The rebuilt substation outside of the flood zone, like the original design, will provide significant hardening and reliability improvements. The new location does, however require extensive underground installation not in

the original project scope, including manholes and associated duct banks, to connect the new 4kV circuits back to the existing 4kV circuits and maintain the current capacity of these circuits. This has resulted in an increase in the cost estimate for this project from \$28.6M to \$45.1M.

Please advise if you have any questions regarding the foregoing.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", with a long, sweeping flourish extending upwards and to the right.

Danielle Lopez

cc: Stefanie Brand
Paul Flanagan
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
Matko Ilic
Brian Lipman
Ami Morita
David Wand
Debora Layugan
Max Chang