



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. Box 003
TRENTON, NEW JERSEY 08625

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

August 4, 2020

Via Electronic Mail

Jeremy Clark
Vice President
Pegasus Global Holdings, Inc.
1750 Emerick Road
Cle Elum, WA 98922

**Re: In the Matter of the Petition of Public Service Electric and Gas Company
Energy Strong 2 Program
BPU Docket Nos. EO18060629 and GO18060630**

Dear Mr. Clark:

The Division of Rate Counsel ("Rate Counsel") provides its initial comments regarding the *Confidential Draft Energy Strong 2 Program Independent Monitor 2020 First Quarter Report* ("First Quarter Report") submitted by Pegasus Global Holdings, Inc. ("Pegasus" or "Independent Monitor"). The report documents Public Service Electric and Gas ("PSE&G" or "the Company") activities associated with the Energy Strong 2 Program conducted through March 30, 2020.

At the end of the first quarter 2020, the Energy Strong 2 Program is just underway. As a result, the Independent Monitor reports that spending through March 30, 2020 has been \$35.1 million or 5 percent of the \$691.5 million program (\$641 million for electric and \$50.5 million for gas). Rate Counsel notes that the Company budgeted \$40 million for this program compared to the stipulated \$35 million. In addition, Rate Counsel notes that the budget for Academy Street substation has been revised downward from \$17 million with risk and contingency to \$12.8 million with risk and contingency. On the other hand, the estimate for the State Street substation has been revised upward from \$28.6 million with risk and contingency to \$45.1 million with risk and contingency. The two changes result in an estimated net increase of \$12.3 million to the Substation Mitigation Program without any other changes.

On July 28, 2020, Rate Counsel submitted informal questions to PSE&G and the Independent Monitor, attached hereto as Exhibit A. On July 29, 2020, Board Staff submitted additional informal questions, designated S-INF-1 to -4. Rate Counsel has not received responses to either sets of questions to date. On July 30, 2020, PSE&G sent an invitation to hold a discussion on the First Quarter Report with Rate Counsel and Board Staff. This meeting is tentatively scheduled for August 13, 2020. At this time, Rate Counsel reserves its right to submit supplemental comments

Mr. Jeremy Clark
August 4, 2020
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based on the Company's responses to the informal questions and the discussion with the parties on August 13, 2020.

If you have any questions, please contact me at dwand@rpa.nj.gov.

Sincerely,

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: /s/ *David Wand*
T. David Wand, Esq.
Assistant Deputy Rate Counsel

DW/dl
Enclosure
cc: Service List (via electronic mail)

**In the Matter of the Petition of Public Service
Electric and Gas Company for the Approval of
the Second Energy Strong Program (Energy
Strong II):**

**Draft Independent Monitor Report
BPU Dkt Nos. EO18060629 and GR18060630**

SERVICE LIST

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

Paul Flanagan, Exec. Director
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Abraham Silverman, Esq.
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Stacy Peterson, Director
Division of Energy
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Heather Weisband, Esq.
Division of Energy
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Son Lin Lai, PhD
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Christine Lin
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Jackie O'Grady
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

David Brown
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Pamela Owen, DAG
Division of Law
Public Utilities Section
R.J. Hughes Justice Complex
25 Market Street, P.O. Box 112
Trenton, N.J. 08625

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Brian O. Lipman, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Ami Morita, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Kurt S. Lewandowski, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Henry M. Ogden, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

T. David Wand, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Debora Layugan
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625

Max Chang
Synapse Energy Economics, Inc.
485 Massachusetts Avenue, Suite 2
Cambridge, MA 02139

Charles Salamone
Cape Power Systems Consulting
630 Cumberland Drive
Flagler Beach, FL 32136

Matthew M. Weismann, Esq.
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark, NJ 07102

Danielle Lopez, Esq.
Public Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark, NJ 07102

Caitlyn White
PSEG Service Corporation
80 Park Plaza, T5
P.O. Box 570
Newark, NJ 07102

Michele Falcao
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark, NJ 07102

Bernard Smalls
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark, NJ 07102

Jeremy Clark, Vice-President
Pegasus Global Holdings, Inc.[®]
1750 Emerick Road
Cle Elum, WA 98922

EXHIBIT A



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. Box 003
TRENTON, NEW JERSEY 08625

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

July 28, 2020

Via Electronic Mail

Jeremy Clark, Vice-President
Pegasus Global Holdings, Inc.®
1750 Emerick Road
Cle Elum, WA 98922

**Re: In The Matter of the Petition of Public Service Electric and Gas Company
for Approval of the Second Energy Strong Program (Energy Strong II)
2020 First Quarter Independent Monitor Draft Report
BPU Dkt Nos. EO18060629 and GO18060630**

Dear Mr. Clark:

We enclose the Division of Rate Counsel's informal questions RCR-INF-1 through RCR-INF-23, in the above-referenced matter.

Your prompt handling of this request is appreciated. If you have any questions, please call me at (609) 984-1460.

Very truly yours,

STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL

By: /s/ David Wand

T. David Wand, Esq.
Assistant Deputy Rate Counsel

DW:dl
Enclosure
Service List (via electronic mail)

**In the Matter of the Petition of Public Service Electric and Gas Company
for the Approval of the Second Energy Strong Program (Energy Strong II)**

BPU Dkt Nos. EO18060629 and GR18060630

DIVISION OF RATE COUNSEL QUESTIONS

- RCR-INF-1. Has the Company identified comparable projects base spend projects for both electric and gas?
- RCR-INF-2. Comment: Table 2 Total Estimate should be labeled to either reflect current estimate or Stipulated amount just to clarify distinction. For example, new Academy and State Street substation estimates are not incorporated in Table 9 as well.
- RCR-INF-3. Page 6, are there updates to the two projects (Academy and State)?
- RCR-INF-4. Page 7, for the following substations (Woodlynne, State Street, Academy Street, Clay Street, Hasbrouck Heights, Meadow Road, Lakeside Avenue, Toney's Brook, and Orange Valley), is the A/E firm conducting the Transmission component (upgrade from 26 to 69 kV) also conducting the Energy Strong 2 A/E work?
- RCR-INF-5. What are the three firms selected to do the A/E work
- RCR-INF-6. Page 7, do any of the remaining seven substations have any transmission upgrade work associated? If so, which ones?
- RCR-INF-7. Page 8, please identify which stations that are not in-house and not associated with the 69kV transmission upgrade would be competitively bid for A/E services.
- RCR-INF-8. With reference to Page 9, how much experience with ES 1 is there with the listed PSEG personnel and Pegasus personnel.
- RCR-INF-9. Comment on pages 10 through 12, what is the significance of bracketed substation associated with each heading?
- RCR-INF-10. Page 10, is the feasibility/turnover stage the same as the office level estimate presented in Table 9?
- RCR-INF-11. Page 13, are there current plans to perform a project audit similar to what was conducted in ES 1?
- RCR-INF-12. Page 18, the five year baseline level estimate would exclude Superstorm Sandy. Presumably this should not be an issue since these stations and feeders were not damaged in Superstorm Sandy.
- RCR-INF-13. Page 19, please describe how the ES 2 planning is more integrated than ES 1 and what role planning plays in the process.

RCR-INF-14. Table 8, with the scope locked, have the Company's estimates changed for the five substations, excluding Academy and State.

RCR-INF-15. Page 21, is the switchgear vendor selection process different for ES 2 than ES 1?

RCR-INF-16. Page 28, do the current estimate of \$30 million for the Market Street substation include cost of environmental liabilities? Was most of the \$2.1 million spent for environmental clean up?

RCR-INF-17. Pages 22 thru 35 provides a station-by-station summary of upcoming activities at each station. A table showing a list of all upcoming station activities listed by station rather than activity along with a note of any activities that were carried over from the prior quarter would help identify potential bottle necks in the project schedule. An example table is shown below.

| Station | Upcoming Activity | Carry Over from Prior Q |
|-------------------|---|-------------------------|
| Academy St. | Commencement of detailed design and civil, demolition, and electrical drawings issued for review. | None |
| Clay St. | Lock the scope and commence design on the licensing and permitting package | Lock scope |
| Hasbrouck Heights | Prepare and issue the licensing and permitting package and commence detailed engineering design | None |
| Constable Hook | In the initial planning and origination stages | In initial stages |

RCR-INF-18. Page 36, what is the selection criteria for the contingency reconfiguration projects? Is there a copy available? What is the Company's definition of customer impacts and how are they being prioritized?

RCR-INF-19. Were TripSaver-II installed as part of ES 1? Is there a cost differential between the TripSaver II and Fusesaver devices?

RCR-INF-20. Page 36, please elaborate on the lack of radio availability.

RCR-INF-21. Page 37, is the installed communication system compatible with current and future systems? Would the system be compatible with an AMI system if the BPU were to approve AMI?

RCR-INF-22. Page 38, is the 500,000 endpoint the current limit to the installed communications system?

RCR-INF-23. Page 39, was the ADMS vendor selection competitively bid? Is OSII a current vendor for PSEG?