



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**PREHEARING ORDER**

OAL DKT. NO. PUC 01151-18

AGENCY DKT. NOS. ER18010029 and

GR18010030

**IN THE MATTER OF THE PETITION OF PUBLIC SERVICE  
ELECTRIC AND GAS COMPANY FOR APPROVAL OF AN  
INCREASE IN ELECTRIC AND GAS RATES AND FOR  
CHANGES IN THE TARIFFS FOR ELECTRIC AND GAS  
SERVICE, B.P.U.N.J. NO. 16 ELECTRIC AND  
B.P.U.N.J. NO. 16 GAS, AND FOR CHANGES IN  
DEPRECIATION RATES, PURSUANT TO N.J.S.A. 48:2-18,  
N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1, AND  
FOR OTHER APPROPRIATE RELIEF**

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Pursuant to N.J.A.C. 1:1-13.1 et seq., a telephonic pre-hearing conference was held in the above-entitled matter on March 6, 2018, and the following procedures were settled:

**1. NATURE OF PROCEEDINGS AND ISSUES TO BE RESOLVED:**

**A. Nature of proceeding:**

Petitioner, Public Service Electric and Gas Company (PSE&G, Public Service, Petitioner, or the Company) filed a request on January 12, 2018, for an annual overall electric and gas revenue increase of approximately \$95 million, or approximately 1.2% relative to overall revenues, taking into account the certain impacts of federal tax reform

legislation enacted in December 2017. On March 2, 2018, the Company filed new tariff sheets and supporting materials reducing its rates on an interim basis effective April 1, to return certain tax benefits to customers in response to a BPU Order directing that filing. Due to that rate reduction on April 1, PSE&G will make all necessary adjustments in the 9+3 filing to be submitted around mid-May 2018 to reflect this change.

**B. Issues to be resolved:**

1. Reasonableness of the proposed rates and associated terms and conditions of service.

2. The determination of the company's rate base, including cash working capital, and including final prudency review of PSE&G Energy Strong and Gas System Modernization Program investments that have been placed in service.

3. The Company's revenues, operating income and expense requirements, depreciation expense (including proposed changes to PSE&G's depreciation rates), and the determination of its overall revenue requirement.

4. The Company's cost of capital, including return on equity and capital structure.

5. Tax-related issues, including PSE&G's proposals to (a) flow back repair allowance-related, unprotected excess deferred balances to ratepayers, and to create a Tax Adjustment Credit (TAC) to manage the continued return of these benefits over the next several years; and (b) PSE&G's tax adjustments associated with the federal tax reform legislation enacted in December 2017, consistent with and extending the adjustments already executed in the Company's March 2, 2018, filing; and any additional rate impact of the Federal Tax Act.

6. Rate and tariff design issues, including proposals to establish a Green Enabling Mechanism (GEM) (decoupling).

7. Whether PSE&G has properly met its customer service requirements.

8. Cybersecurity issues.

**2. PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES:**

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**3. SPECIAL LEGAL REQUIREMENTS AS TO NOTICE OF HEARING:**

Pursuant to all relevant requirements, including N.J.S.A. 48:2-21 and 48:2-32.6, public hearings will be held in each geographic area within the Company's service territory, i.e. Northern, Central, and Southern, at dates to be determined. It is currently anticipated that these hearings will take place at the following three locations in PSE&G's service territory: Hackensack, New Brunswick, and Mt. Holly. It is also proposed that on the days of those hearings, one public hearing be held at 4:30 p.m. and one public hearing will be held at 5:30 p.m. in each location. Notice of the public hearings will be published in newspapers of general circulation within petitioner's service territory. PSE&G has begun discussions and will continue discussions with the other parties in the coming weeks to agree upon the timing for public notice and public hearings.

**4. SCHEDULED HEARING DATES, TIME AND PLACE:**

The hearings will be held at the Office of Administrative Law, 33 Washington Street, 7<sup>th</sup> Floor, Newark, N.J. 07103, at 9:00 a.m., on dates to be determined, in accordance with the availability of the Administrative Law Judge. The schedule proposed below contemplates hearings from September 20 through October 12, 2018 (no hearings on October 8, 2018 State holiday).

**Proposed Procedural Schedule**

Initial Discovery due	March 13-27, 2018
Motions to Intervene/Participate due	March 27, 2018
Responses to Initial discovery due	April 17, 2018
Discovery/Settlement Conferences	April 23 – May 4,
2018	
Company 9+3 Update due	May 14, 2018
Anticipated Public Comment Hearings (3 locations)	TBD
Discovery on 9+3 Update and 2d round discovery due	May 30, 2018

Responses to discovery on 9+3 Update and 2d round	June 19, 2018
Discovery/Settlement Conferences 2018	June 18 - July 9,
Rate Counsel, Staff, and Intervenor Testimony due	July 19, 2018
Discovery on Rate Counsel, Staff & Intervenor Testimony due	July 30, 2018
Company 12+0 update	August 8, 2018
Responses to Discovery on RC, Staff, & Intervenor Testimony	August 13, 2018
Discovery on 12+0 update	August 20, 2018
Rebuttal Testimony due	August 22, 2018
Settlement Conferences 2018	Aug. 27 – Sept. 7,
Discovery on Rebuttal testimony due	August 31, 2018
Responses to Discovery on Rebuttal Testimony and 12+0 2018	September 13,
Evidentiary Hearing (Oral Surrebuttal) 2018	Sept. 20 – Oct. 12,
Briefing/Settlement Conferences	TBD (October 2018)

**5. STIPULATIONS:**

PSE&G has submitted with this filing a proposed confidentiality agreement. There are no other stipulations at this time.

**6. SETTLEMENT:**

The parties will hold settlement discussions. Additional settlement discussions consistent with the procedural scheduled set forth in paragraph 4 will be scheduled, if necessary, at a later date.

**7. AMENDMENTS TO PLEADINGS:**

As described in above, PSE&G will be making some tax-related adjustments, including adjustments in the amount of the rate increase for the various customer classes, in its 9+3 update filing, anticipated to be submitted in mid-May, 2018. The Company anticipates amending the filing for its 12+0 update in mid-August.

**8. DISCOVERY AND DATES FOR COMPLETION:**

Discovery is ongoing, which shall be propounded and completed where necessary on a rolling basis, and the parties will complete discovery in accordance with paragraph 4 above.

**9. ORDER OF PROOFS:**

Petitioner bears the burden of proof and shall proceed first followed by Rate Counsel, Board Staff, and then Intervenors.

**10. EXHIBITS MARKED FOR IDENTIFICATION:**

None at this time.

**11. EXHIBITS MARKED IN EVIDENCE:**

Proposal: All exhibits which the parties intend to use in this matter shall be premarked, and a list of the premarked exhibits shall be provided to the undersigned at the beginning of the hearing. Petitioner's exhibits shall be marked P-1, P-2, etc.; Staff's exhibits shall be marked S-1, S-2, etc.; Rate Counsel's exhibits shall be marked RC-1, RC-2, etc.; Intervenors shall mark any exhibits with the party's acronym. Joint exhibits, if any, shall be marked as J-1, J-2, etc. All exhibits for admission which number in excess of twenty (20) pages shall be on 3 hole punched paper, with binders supplied by the sponsoring party.

**12. ESTIMATED NUMBER OF FACT AND EXPERT WITNESSES:**



Petitioner has prefiled the written testimony of witnesses:

Scott Jennings  
Jorge Cardenas  
Robert Krueger  
Ann Bulkley  
Michael Adams

John Spanos  
John Walker  
Daniel Hansen  
Stephen Swetz  
Aaron Ford

Rate Counsel anticipates presenting up to nine (9) witnesses and shall prefile its testimony consistent with paragraph 4(a) of this order.

Board Staff anticipates presenting five (5) or more witnesses and shall prefile its testimony consistent with paragraph 4(a) of this order.

**13. MOTIONS:**

Motions for Intervenor and/or Participation status were filed by Walmart, the NJLEUC, AARP, Direct Energy, Rockland Electric Company, Jersey Central Power and Light, and Atlantic City Electric. PSE&G does not oppose any of these motions subject to, with respect to NJLEUC's motion, NJLEUC identifying the legal entities that it represents. A separate Order will be issued granting these applications.

The Motion for Admission *Pro Hac Vice* of Paul F. Forshay, Esq., counsel for NJLEUC is unopposed, and a separate Order will be issued granting same.

**14. OTHER SPECIAL MATTERS:**

Further case management conferences shall be convened on **June 21, 2018, at 4:00 p.m.** and **August 28, 2018, at 4:00 p.m.** The Company shall circulate dial-in instructions prior thereto.

**Electronic Delivery Instructions**

1. In this proceeding, service or filing of motion and briefing papers is directed to be done electronically. Such shall be accomplished by emailing the document to [ila.dhabliwala@oal.nj.gov](mailto:ila.dhabliwala@oal.nj.gov), with only one hard copy to follow via regular mail or

other delivery service. Overnight or hand-service is not required and no extra copies need be filed with the Clerk of the Office of Administrative Law.

2. Electronic documents shall be in MS Word, Word Perfect or other compatible word processing application, and not Adobe PDF, except for attachments that must be scanned. Large attachments need not be scanned so long as they are submitted via hard copy and same is indicated.
3. Service upon other parties may also be electronic upon consent of such party, and may be in Adobe PDF format.
4. All submissions shall be filed electronically with the undersigned no later than 4:30 p.m. on the due date.

This order may be reviewed by the **BOARD OF PUBLIC UTILITIES** either upon interlocutory review pursuant to N.J.A.C. 1:1-14.10 or at the end of the contested case pursuant to N.J.A.C. 1:1-18.6.

April 6, 2018



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DATE  
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**GAIL M. COOKSON, ALJ**