



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE BOARD'S REVIEW OF )  
THE PETITION OF PUBLIC SERVICE ELECTRIC )  
AND GAS COMPANY FOR APPROVAL OF THE )  
ENERGY STRONG PROGRAM )  
)  
) DOCKET NOs. EO13020155 &  
) GO13020156

**Parties of Record:**

**Tamara Linde, Esq.**, Public Service Electric and Gas Co.  
**Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel

**BY THE BOARD:**

The Board of Public Utilities ("Board") is empowered to ensure that regulated public utilities provide safe, adequate and proper service to the citizens of New Jersey. N.J.S.A. 48:2-23. Pursuant to N.J.S.A. 48:2-13, the Board has been vested by the Legislature with the general supervision and regulation of and jurisdiction and control over all public utilities, "so far as may be necessary for the purpose of carrying out the provisions of [Title 48]." The courts of this State have held that the grant of power by the Legislature to the Board is to be read broadly, and that the provisions of the statute governing public utilities are to be construed liberally. See, e.g. In re Public Service Electric and Gas Company, 35 N.J. 358, 371 (1961); Township of Deptford v. Woodbury Terrace Sewerage Corp., 54 N.J. 418, 424 (1969); Bergen County v. Dep't of Public Utilities, 117 N.J. Super. 304 (App. Div. 1971). The Board is also vested with the authority, pursuant to N.J.S.A. 48:2-19, to investigate any public utility, and, pursuant to N.J.S.A. 48:2-16 and 48:2-40, to issue orders to public utilities.

In 2011 and 2012 New Jersey was struck by five unusually damaging major storm events which caused severe damage to the State's utility infrastructure, Hurricane Irene on August 28, 2011, an unseasonal an powerful snowstorm on October 29, 2011, a derecho wind storm on June 20, 2012, Superstorm Sandy on October 29, 2012 and ten days later a powerful nor'easter on November 7, 2012.

On January 23, 2013 the Board issued an Order<sup>1</sup> ("January 23 Order") addressing five categories of potential improvements to be undertaken by New Jersey's electric distribution companies ("EDCs") in response to large-scale weather events. The areas for potential improvements include: 1) Preparedness Efforts; 2) Communications; 3) Restoration and Response; 4) Post Event; and 5) Underlying Infrastructure Issues.

In the January 23 Order, among other actions, the Board directed the EDCs to provide detailed a cost benefit analysis for a variety of utility infrastructure upgrades. The Board further required the EDCs to "carefully examine their infrastructure and use data available to determine how substations can be better protected from flooding, how vegetation management is impacting electric systems, and how Distribution Automation can be incorporated to improve reliability." January 23 Order at 56.

On March 20, 2013, the Board issued an Order<sup>2</sup> initiated this generic proceeding (hereinafter "Storm Mitigation Proceeding") to investigate possible avenues to support and protect New Jersey's utility infrastructure so that it may be better able to withstand the effects of future Major Storm Events,<sup>3</sup> and focused on a portion of the January 23 Order- Underlying Infrastructure Issues – but for all utility companies, not exclusively for the EDCs. It also invited all regulated utilities to submit detailed proposals for infrastructure upgrades designed to protect the State's utility infrastructure from future Major Storm Events, pursuant to the terms and level of detail requested in the January 23 Order, and found that the petition filed by Public Service Electric and Gas Company ("PSE&G") and all future filed petitions should be retained by the Board for review and hearing as authorized by N.J.S.A. 52:14F-8. March 20 Order at 3.

On February 20, 2013, PSE&G had petitioned the Board for approval of a program and for the recovery of costs to bolster its "electric and gas infrastructure to make them less susceptible to damage from wind, flying debris and water damage in anticipation" of future Major Storm Events (hereafter "Energy Strong"). PSE&G requested approval of approximately \$2.5 billion in infrastructure upgrades with the costs to be collected from ratepayers over a period of five years though the implementation of an "Energy Strong Adjustment Mechanism." PSE&G further requested that the Board approve these expenditures and the recovery mechanism by July 1, 2013. Petition at 5, 36.

In the Storm Mitigation Proceeding Order the Board directed its Staff to evaluate the proposed measures submitted by PSE&G in the Energy Strong filing. Staff has stated that it is in the process of this review and has been submitting data requests to PSE&G to clarify the details of the proposed plan. While this review remains in progress, Staff recommended that initiating several specific proposed programs within the Energy Strong filing is a timely and prudent next step.

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<sup>1</sup> In the Matter of the Board's Review of the Utilities Response to Hurricane Irene, Order Accepting Consultants' Report and Additional Staff Recommendations and Requiring Electric Utilities to Implement Recommendations. BPU Docket No. EO11090543, January 23, 2013.

<sup>2</sup> In the Matter of the Board's Establishment of a Generic Proceeding to Review Costs, Benefits, and Reliability impacts of Major Storm Event Mitigation Efforts, BPU Docket No. AX13030197, March 20, 2013 ("March 20 Order").

<sup>3</sup> Major Storm Event is defined as sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affect at least 10 percent of the customers in an operating area. March 20 Order at 2.

Staff therefore recommends that PSE&G move forward at this time with measures proposed within the Energy Strong Station Flood and Storm Surge Mitigation sub-program. At this stage, Staff recommends that PSE&G begin the investigative and planning stages for storm damage mitigation of substations listed in paragraph 23 of the filing in order of the priority identified in "Substation Flood and Storm Surge Mitigation" charts. PSE&G should commence site assessments necessary to complete any outstanding review and analyses of mitigation steps and options for each substation, such as temporary or permanent flood walls, rising of equipment, installation of berms and/or relocation. Other alternatives, if appropriate, should be considered. This review and analysis should include PSE&G's recommended mitigation action at each location with documentation to support the decision that includes consideration of customers affected, cost benefits, physical constraints and other state and/or local considerations. Consideration should also be given to other protective measures that may be needed to address wind damage, overhead/underground egress concerns, and ensuring physical security and/or access.

Staff further recommends that PSE&G initiate preliminary engineering and planning necessary to fully evaluate the siting, study and permitting for the proposed mitigation measures, as well as identify any Federal, State, or local permitting requirements for each location. PSE&G should start any studies necessary to implement the proposed solution, such as, but not limited to, threatened and endangered species studies, environmental impact studies, soils analysis, wetland studies, drainage studies, and soil conservation studies.

Finally, Staff recommends that PSE&G provide the Board with detailed estimates of the costs necessary to perform the work described above, and that the Company submit status reports to Board Staff on a monthly basis, starting 30 days from the effective date of this Order, as this phase of the program progresses. Board approval will be required to implement any of the proposed mitigation measures for each location.

Having reviewed Staff's recommendations and finding them reasonable and appropriate in light of the possibility of Major Storm Events within the upcoming summer season, the Board **HEREBY DIRECTS** PSE&G to implement the Staff recommendations described above.

To expedite the review process, pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Fiordaliso as the presiding officer with authority to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

To the extent any information that is required to be submitted pursuant to this Order is claimed to be confidential, proprietary or raises a security concern, it should be submitted pursuant to the Board's regulations at N.J.A.C. 14:1-12.1 - 12.18.

Effective date of this Order is July 1, 2013.

DATED: 6/21/13

BOARD OF PUBLIC UTILITIES  
BY:

  
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PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARYANNA HOLDEN  
COMMISSIONER

ATTEST:   
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



IN THE MATTER OF THE BOARDS REVIEW OF THE PETITION OF PUBLIC SERVICE  
ELECTRIC AND GAS COMPANY FOR APPROVAL OF THE ENERGY STRONG PROGRAM  
Docket Nos. EO13020155 & GO13020156

SERVICE LIST

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