

NJ Coalition for Affordable Power: STATEMENT

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THE NEW JERSEY COALITION FOR AFFORDABLE POWER COMMENDS THE NJ BOARD OF PUBLIC UTILITIES FOR REACHING A FAIR SETTLEMENT, PROTECTING ALL RATEPAYERS, IN THE ENERGY STRONG CASE

May 21, 2014 (Trenton) – The New Jersey Coalition for Affordable Power (NJCAP) joins our coalition partners, including the New Jersey Large Energy Users Coalition (NJLEUC) and AARP, in supporting the settlement agreement regarding PSE&G’s Energy Strong proposal and adopted by the NJ Board of Public Utilities (BPU) today.

Since the formation of our coalition a year ago, our members fully understood -- and in no way minimized -- the importance of continuous, reliable electric service and the need for a utility infrastructure capable of reasonably withstanding extreme weather events such as Superstorm Sandy and Hurricane Irene. But throughout the process we remained concerned that PSE&G failed to propose the kind of program that would reasonably improve our utility infrastructure in a cost-beneficial way.

We commend the BPU commissioners and staff for recognizing the shortfalls of the Energy Strong proposal as originally filed, requiring further scrutiny of the proposal and carrying out a process that allowed all parties to fully examine the petition with the support of independent experts. NJCAP is pleased that the settlement will advance solutions designed to improve reliability for electric and natural gas customers, while putting in place important consumer protection criteria that holds PSE&G accountable for the \$1 billion it is now authorized to spend on specific infrastructure improvement projects. It is anticipated that the \$1 billion cost of this program will be more than offset by the expiration of current PSE&G charges over the next several years.

New Jersey ratepayers already pay among the highest utility rates in the country. The BPU recognizes, with this settlement, that utility proposals to increase rates for infrastructure improvement efforts must be evaluated through traditional ratemaking procedures to ensure such proposals are cost-effective and serve the public’s interest.

Denying PSE&G’s request for guaranteed, expedited recovery of its originally requested \$4 billion investment through a new Energy Strong fee and instead requiring the company to recover costs only when projects are in the ground and deemed used and useful, protects ratepayers against unreasonable and unfair rates for work that has not been proven cost-beneficial. Moreover, approving a program at a much lower cost to ratepayers also protects NJ’s residential, commercial and large manufacturers from the negative impact of higher rate increases.

While there is no question that a \$1 billion proposal still gives this coalition pause on the extraordinary amount of money to be spent on infrastructure upgrades underwritten by ratepayers, the NJCAP remains confident that the BPU used its authority to satisfy its statutory obligation to protect the interests of New Jersey ratepayers, and they have fulfilled this duty in an appropriate and commendable manner.

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New Jersey’s extraordinarily high energy rates and the approximately \$8 billion in energy proposals before the New Jersey Board of Public Utilities, the Federal Energy Regulatory Commission, and the New Jersey Legislature have brought together AARP, the Chemistry Council of New Jersey (CCNJ), New Jersey Citizen Action (NJCA), New Jersey Large Energy Users Coalition (NJLEUC), New Jersey Public Interest Research Group (NJPIRG), and the New Jersey Main Street Alliance to form the New Jersey Coalition for Affordable Power (NJCAP).