

## **Press Release**

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### **THE NEW JERSEY COALITION FOR AFFORDABLE POWER CALLS ON BOARD OF PUBLIC UTILITIES TO REJECT PSE&G'S \$3.9 BILLION ENERGY STRONG PROPOSAL** *RATEPAYERS SHOULD BE FRIGHTENED BY SHOCKING LACK OF DETAIL, FAILURE TO INCLUDE ENFORCEABLE PERFORMANCE STANDARDS, AND SCARY RATE HIKES*

**October 31, 2013 (Trenton)** – This week AARP and the New Jersey Large Energy Users Coalition (NJLEUC), members of the NJ Coalition for Affordable Power (NJCAP), and the New Jersey Division of Rate Counsel, submitted expert testimony concerning Public Service Electric and Gas Company's \$3.9 billion Energy Strong Program, which is before the New Jersey Board of Public Utilities. These experts, after reviewing the company's proposal and other relevant information, have all called on the Board to reject Energy Strong. Based on this review and testimony, NJCAP formally announces its opposition to the PSE&G Energy Strong Program and urges the NJ BPU to reject the proposal.

"It is disappointing that after months of review and analysis of thousands of pages of documents, the conclusion we've reached is that PSE&G really just wants a \$4 billion blank check from the people of New Jersey. We had expected better from our largest utility company in the wake of Superstorm Sandy," said Evelyn Liebman, associate state director, AARP NJ. "PSE&G has failed to demonstrate that its Energy Strong proposal is cost-beneficial or, for that matter, will even work. One thing we do know is that under their proposal, after spending billions of dollars, the best case scenario would still leave the majority of customers contending with almost 100 million hours of the same outage time that was experienced during Sandy. It is not reasonable to expect that residential customers, who will be paying almost \$120 per year in new surcharges on their bills by the end of this proposal's sixth year, will be no better off than they were before Sandy," she added.

NJCAP fully understands -- and does not minimize -- 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. These events are forceful reminders of the essential role of reliable utility services to consumers and employers in today's world. But upon review of the expert testimony, NJCAP is very concerned that PSE&G has thus far failed to propose the kind of program that will reasonably improve our utility infrastructure in a cost-beneficial way.

"NJLEUC supports utility efforts to provide reliable electric and natural gas delivery services as part of their obligation to provide safe, reliable and affordable service to customers," said Steven Goldenberg, an attorney with Fox Rothschild representing NJLEUC. "However, PSE&G has yet to demonstrate the need for its Energy Strong proposal or that the proposal would be effective, cost-effective, or serve the public interest. Instead, PSE&G has supported its \$4 Billion spending proposal with an aggressive public relations effort designed to win the support of local officials and business organizations," Goldenberg stated.

# *NJ Coalition for Affordable Power*

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PSE&G's Energy Strong proposal should not be given any preferential treatment or rushed, simply because the utility seeks a guaranteed, expedited recovery of its investment through a surcharge mechanism before doing anything proposed in its plan.

The truth is PSE&G could implement Energy Strong today. However, it refuses to do so unless it is first afforded generous, non-traditional rate treatment that would create a significant financial windfall for the company and its Wall Street investors at the expense of customers. Without the Energy Strong program, the cost to deliver electricity and natural gas to a typical residential customer would decrease 36.9% and 5.3% respectively. With Energy Strong, these same customers would instead be saddled with a long-term, multi-billion dollar obligation that would increase their electric delivery costs by 19.7% and gas delivery costs by 14.4%. Despite its significant costs, nothing in the Energy Strong proposal provides any meaningful assurance that the program would effectively mitigate the effects of the next Sandy, or that the financial and regulatory perks that PSE&G requires to implement the program are justified.

NJCAP fully supports and calls upon the NJ Board of Public Utilities to use its authority and satisfy its statutory obligation to protect the interests of New Jersey ratepayers who are being asked to spend billions of dollars for a combination of storm recovery costs and infrastructure improvements.

"This is the ultimate Halloween 'Trick-or-Treat.' PSE&G takes our money and tries to trick us into believing this will help prepare the grid for the next storm. Under Energy Strong 100% of the ratepayers will pay, but less than 40% will see any benefit. That is Energy Wrong. All Energy Strong does is raise rates and undermine renewable energy and energy efficiency programs," said Jeff Tittel, director, NJ Sierra Club. "When you knock on PSE&G's door they take your bag full of candy then bill you for it," Tittel added.

Elected officials should be wary about giving their blind support of a plan like Energy Strong, which lacks critical information such as engineering studies, preparedness plans, work plans, and the required cost-benefit analyses that help determine the efficacy and cost effectiveness of the various measures proposed by PSE&G.

"The points raised by expert witnesses and the Division of the Rate Counsel give NJCAP greater cause for concern," said Hal Bozarth, executive director, CCNJ. "NJCAP remains supportive of a process that will help advance real solutions that will improve reliability for all electric customers, not shortsighted plans that would result in millions of dollars in profits for the utilities and leave millions of families and businesses behind," Bozarth affirmed.

New Jerseyans cannot afford higher energy rates from a multi-billion dollar energy proposal just because a utility that already celebrates its reliability record says so, and that has not been properly scrutinized or deemed necessary, effective or financially prudent.

"Energy Strong is not nearly ready for prime time and PSE&G needs to stay at the drawing board," Liebman said.

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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 New Jersey, 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).*