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BAR ADMISSIONS † NJ & PA Bar ▲NI & NY Bar

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NJ, NY & PA Bar



October 13, 2017

VIA OVERNIGHT MAIL & ELECTRONIC MAIL

Irene Kim Asbury, Secretary of the Board New Jersey Board of Public Utilities 44 South Clinton Avenue, 9th Floor Trenton, NJ 08625-0350

Re:

In the matter of the Petition of Public Electric and Gas Company for Approval of a Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II")

Docket No.: GR17070776

Dear Ms. Asbury:

This firm represents the New Jersey Laborers-Employers Cooperation and Education Trust ("NJLECET"). NJLECET's Motion to Intervene, as Intervenor or as Participant, in the above proceedings was delivered today, however the filing omitted the filing fee. Please find enclosed this Firm's check for \$25.00 for said filing fee. Please contact me with any questions or concerns.

Thank you for your attention to this matter.

Very truly yours,

Bradley M. Parsons

BMP:bmp Enclosure





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October 12, 2017

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By copy of this letter, copies of the motion are being forwarded via electronic mail to all persons whose names appear on the distribution lists associated with the above-captioned petition.

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cc:

Distribution lists 2

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OCT 13 2017

STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUPLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF THE NEXT PHASE OF THE GAS SYSTEM MODERNIZATION PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM ("GSMP II")

DOCKET NO. GR 17070776

MOTION TO INTERVENE OR FOR PARTICIPANT STATUS BY LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

New Jersey Laborers-Employers Cooperation and Education Trust ("NJLECET"), a 501(c)(3) nonprofit labor management fund, representing more than 25,000 laborers in New Jersey and their signatory contractors, hereby moves to participate as Intervenor or as Participant in the above-captioned Petition for Approval the Next Phase of the Gas System Modernization Program ("GSMP II") and Associated Cost Recovery Mechanism, (the "Petition") filed by Public Service and Gas Company ("PSE&G"). NJLECET's membership comprises local unions engaged in the construction and the heavy highway construction industry. The management component of the NJLECET Board comprises representatives from labor as well as representatives from the Associated Construction Contractors of New Jersey ("ACCNJ"), which is itself representative of some of the largest construction firms, working in New Jersey. The

ACCNJ's members work for New Jersey's utilities and for PSE&G. NJLECET supports its motion as follows:

I. Facts:

- 1. PSE&G has petitioned the New Jersey Board of Public Utilities ("BPU") for approval of the GSMP II, an extension of PSE&G's current Gas System Modernization Program ("GSMP"), which was approved by the Board by November 16, 2015 Order. GSMP II is anticipated to be conducted over a five-year period, 2019 through 2023 with an anticipated starting date of January 1, 2019, pending Board approval. Like the GSMP, the GSMP II petition was filed by PSE&G pursuant to N.J.S.A. 48:2-21, or other applicable statute.
- 2. GSMP II projects to improve gas utility infrastructure by: replacing cast iron (CI) and unprotected steel (US) mains and services; dealing with abandonment of district regulators associated with the CI and US; rehabilitating large diameter elevated pressure cast iron; upgrading the improved system from utilization pressure (UP) to elevated pressure (EP); replacing some protected steel and plastic mains; and relocating inside meter.
- 3. GSMP II, as proposed, would invest \$2.68 Billion over five years (continuing through June 30, 2024), or approximately \$536 million per year, into improving New Jersey's gas infrastructure. The GSMP II projects to replace 870 miles of UPCI main (out of an existing inventory of 3,2294 miles), 130 miles of EPCI main, 200 miles of unprotected/bare steel main, 50 miles of UP cathodically protected steel and plastic main and to projects to reinforce approximately 4,000 EPCI bell joints.
- 4. GSMP II would accelerate the pace of PSE&G's current efforts to address all cast iron main and unprotected steel in its distribution system. GSMP II proposes to accelerate the replacement schedule for the aforementioned infrastructure, from 30 years to 20. In doing so,

GSMP II would enhance the economic stimulus currently provided by the original GSMP. Many of the jobs created by GSMP are in the construction and heavy construction industries where NJLECET's members work. The five-year construction schedule contemplated by the GSMP II will facilitate best practices in terms of continuity planning, thereby mitigating the risks attendant to large-scale construction projects.

- 5. The continuity provided by the five-year construction schedule is designed to facilitate efficient project management and minimal municipal disruption, which are stated goals for the GSMP II and its predecessor. NJLECET's membership comprises more than 25,000 laborers specializing in construction and heavy construction. Its board features members from large New Jersey construction and heavy construction contractors. NJLECET is therefore uniquely qualified to advise as to: the costs and feasibility of planned infrastructure construction; construction industry best practices with respect to project continuity; the related economic impact of infrastructure investment; and the impact of the current financing environment and amortized costs on long-term construction projects.
- 6. The GSMP II would build on the infrastructure improvements, and investment into planned improvements, begun in Capital Infrastructure Programs ("CIP") I & II, in the Energy Strong Program and in the original GSMP. Those programs collectively helped mitigate the negative impacts of poor economic conditions on aging gas and electric infrastructure. CIP I designated \$273 million to be invested on an accelerated 24-month schedule into gas infrastructure and resulted in replacement of 200 miles of cast iron and unprotected steel mains. CIP II continued the improvement to gas infrastructure, replacing 47 miles of cast iron and unprotected steel mains. Energy Strong made available up to \$350 million for a gas Utilization Pressure Cast Iron subprogram, designated to replace up to 250 miles of utilization pressure cast

iron main and associated services with a higher operating pressure system. The first GSMP, as of June 2017, had resulted in replacement of approximately 157 miles of main and replacement of associated infrastructure. The GSMP II's cost recovery mechanism and rate of return are consistent with the original 2015 Order, establishing the GSMP.

Statutory and legal standards:

N.J.A.C. 1:16.3(a) establishes the standard to decide a motion for intervention. The BPU must consider:

[T]he nature and extent of the movant's interest in the outcome of the case, whether the movant's interest is sufficiently different from that of any party so as to add measurably and constructively to the scope of the case, the prospect of confusion or undue delay arising from the movant's inclusion, and other appropriate matters.

N.J.A.C. 1:16.3(a)

II. Argument:

- 7. NJLECET's participation as Intervenor, or as Participant would measurably and constructively advance this Proceeding. Its members, experienced workers and employers in the construction industry, advance a unique perspective into: the costs and feasibility of planned infrastructure construction; the related economic impact; and the impact of the current financing environment and amortized costs on long-term construction projects, and the related economic impact.
- 8. NJLECET represents more than 25,000 construction laborers who are employed and have significant experience in building construction and in heavy highway construction. Additionally, NJLECET's board comprises representatives from large New Jersey construction contractors. These contractors work for many of New Jersey's largest private corporations as well as New Jersey's largest utility companies, including PSE&G. NJLECET has particular

expertise in: tracking construction projects; researching and providing market guidance in the construction industry; and legislative analysis as relates to construction and infrastructure investment. NJLECET partners with all sectors of the construction industry, local businesses, community activists and government agencies, to research and promote effective economic development through investment in transportation and infrastructure.

- 9. NJLECET's members, representing the construction industry, have significant experience in undertaking large-scale construction projects, and are uniquely situated to provide input on the impact of borrowing costs and the interest rate environment on large scale construction projects like the GSMP II.
- 10. NJLECET's membership has extensive experience in the construction industry and is uniquely able to analyze the cost feasibility of proposed large-scale infrastructure projects.
- 11. NJLECET's membership includes large-scale residential and commercial contractors whose projects and businesses will be directly impacted by the contemplated improvements to New Jersey's energy infrastructure. Mitigation efforts aimed at improving the efficiency, safety and long-term costs associated with the delivery of gas will directly improve the sustainability of the residential and commercial projects built by NJLECET's membership. Conversely, continuing the status quo by maintaining outdated metal gas lines will pass mitigation costs on to developers and ultimately to New Jersey residents and businesses.
- 12. The GSMP II would have a direct beneficial impact on job creation for NJLECET's membership. PSE&G estimates that the GSMP II, if implemented as planned currently, would continue the job creation established in the original GSMP, with many of the projected jobs in New Jersey's construction and heavy construction industries. Further, the

planned infrastructure improvements, once implemented, would improve energy efficiency to developers of private and commercial properties, who are represented by NJLECET.

- 13. NJLECET's membership represents large-scale consumers of energy. They would be directly impacted both by any short-term increases in utility rate changes and by long-term efficiencies created by utility infrastructure improvement.
- 14. NJLECET is moving to intervene in the Proceeding related to its members' unique interests in energy costs, those costs' impact on the construction industry and related to NJLECET's members' direct financial interests related to job creation in the construction industry.
- 15. The above-referenced interests of NJLECET's membership are unique to the construction industry and those employed within. The interests are unique from and are not adequately represented by the Division of the Rate Counsel or any other party to these proceedings. N.J.A.C. 1:1-16.1(a).
- 16. The issues to be decided in this Proceeding "substantially, specifically and directly affect" NJLECET and its constituent members, thereby making NJLECET's intervention in this Proceeding appropriate under the applicable standards.
- 17. NJLECET's entry as Intervenor or as Participant would "measurably and constructively" advance this Proceeding, because: its members are uniquely situated to provide input related to large-scale construction financing and cost-benefit analysis; its members have a unique financial interest in GSMP II, both in the immediate benefit to construction employment and in the long-term cost savings to residential and commercial construction projects; its members represent large-scale consumers of energy who would be directly impacted by short term rate increases and in the long term costs of inadequate energy infrastructure. NJLECET's

entry as Intervenor or as Participant would promote better informed consideration of the costs and benefits of improving New Jersey's energy infrastructure.

18. Notwithstanding its own interests, NJLECET will cooperate with other parties to the Proceeding to ensure that a decision is made in full view of all relevant facts.

WHEREFORE, pursuant to N.J.A.C. 1:1-1-16.6, NJLECET respectfully requests that its motion to intervene be granted and that it be permitted to intervene as Intervenor or as Participant in the above-captioned proceedings.

KROLL HEINEMAN CARTON, LLC

RC-

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DATED: October 12, 2017

CERTIFICATION OF SERVICE

I hereby certify that copies of the herein motion were sent via electronic mail to all parties on the attached service lists.

Bradley M. Parsons, Esq. Kroll Heineman Carton, LLC 99 Wood Avenue South, Suite 307 Iselin, New Jersey 08830

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Dated: October 12, 2017

CERTIFICATION

- 1. I am the Director of NJLECET.
- 2. I have read the herein motion and hereby certify that the statements contained therein are true and accurate to the best of my knowledge.

Steven Gardner, Director, NJLECET

Dated: October 13, 2017

Public Service Electric and Gas Company GSMP II GR17070776

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Public Service Electric and Gas Company GSMP II GR17070776

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- 9. NJLECET's members, representing the construction industry, have significant experience in undertaking large-scale construction projects, and are uniquely situated to provide input on the impact of borrowing costs and the interest rate environment on large scale construction projects like the GSMP II.
- 10. NJLECET's membership has extensive experience in the construction industry and is uniquely able to analyze the cost feasibility of proposed large-scale infrastructure projects.
- 11. NJLECET's membership includes large-scale residential and commercial contractors whose projects and businesses will be directly impacted by the contemplated improvements to New Jersey's energy infrastructure. Mitigation efforts aimed at improving the efficiency, safety and long-term costs associated with the delivery of gas will directly improve the sustainability of the residential and commercial projects built by NJLECET's membership. Conversely, continuing the status quo by maintaining outdated metal gas lines will pass mitigation costs on to developers and ultimately to New Jersey residents and businesses.
- 12. The GSMP II would have a direct beneficial impact on job creation for NJLECET's membership. PSE&G estimates that the GSMP II, if implemented as planned currently, would continue the job creation established in the original GSMP, with many of the projected jobs in New Jersey's construction and heavy construction industries. Further, the

planned infrastructure improvements, once implemented, would improve energy efficiency to developers of private and commercial properties, who are represented by NJLECET.

- 13. NJLECET's membership represents large-scale consumers of energy. They would be directly impacted both by any short-term increases in utility rate changes and by long-term efficiencies created by utility infrastructure improvement.
- 14. NJLECET is moving to intervene in the Proceeding related to its members' unique interests in energy costs, those costs' impact on the construction industry and related to NJLECET's members' direct financial interests related to job creation in the construction industry.
- 15. The above-referenced interests of NJLECET's membership are unique to the construction industry and those employed within. The interests are unique from and are not adequately represented by the Division of the Rate Counsel or any other party to these proceedings. N.J.A.C. 1:1-16.1(a).
- 16. The issues to be decided in this Proceeding "substantially, specifically and directly affect" NJLECET and its constituent members, thereby making NJLECET's intervention in this Proceeding appropriate under the applicable standards.
- 17. NJLECET's entry as Intervenor or as Participant would "measurably and constructively" advance this Proceeding, because: its members are uniquely situated to provide input related to large-scale construction financing and cost-benefit analysis; its members have a unique financial interest in GSMP II, both in the immediate benefit to construction employment and in the long-term cost savings to residential and commercial construction projects; its members represent large-scale consumers of energy who would be directly impacted by short term rate increases and in the long term costs of inadequate energy infrastructure. NJLECET's

entry as Intervenor or as Participant would promote better informed consideration of the costs and benefits of improving New Jersey's energy infrastructure.

18. Notwithstanding its own interests, NJLECET will cooperate with other parties to the Proceeding to ensure that a decision is made in full view of all relevant facts.

WHEREFORE, pursuant to N.J.A.C. 1:1-1-16.6, NJLECET respectfully requests that its motion to intervene be granted and that it be permitted to intervene as Intervenor or as Participant in the above-captioned proceedings.

KROLL HEINEMAN CARTON, LLC

R.C-

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DATED: October 12, 2017

CERTIFICATION OF SERVICE

I hereby certify that copies of the herein motion were sent via electronic mail to all parties on the attached service lists.

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CERTIFICATION

- 1. I am the Director of NJLECET.
- 2. I have read the herein motion and hereby certify that the statements contained therein are true and accurate to the best of my knowledge.

Steven Gardner, Director, NJLECET

Dated: October 12, 2017

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