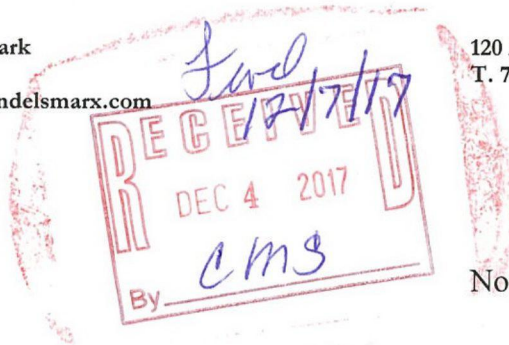


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**BOARD OF PUBLIC UTILITIES**

November 30, 2017

DEC 04 2017**VIA ELECTRONIC & REGULAR MAIL****MAIL RECEIVED**

Irene Kim Asbury, Esq., Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
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Re: *I/M/O the Verified Petition of Public Power Association of New Jersey for Approval of the Allocation of Power Generated By the Hydroelectric Power Project on the Saint Lawrence River to New Jersey's Municipally Owned Utilities and Electric Cooperative and Their Customers*
BPU DOCKET NO. EO17101114

Dear Secretary Asbury:

Please accept this letter on behalf of Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), Rockland Electric Company ("RECO") and Atlantic City Electric Company ("ACE") (referred to jointly as the "EDCs" or "Companies") in connection with the above-captioned Petition (the "Petition") filed by the Public Power Association of New Jersey ("PPANJ") with the Board of Public Utilities ("Board") on October 31, 2017. An original and ten copies are enclosed for filing.

The Petition requests that the Board exercise its regulatory authority to re-allocate New Jersey's entire share of the power generated by the Saint Lawrence River power project to the municipally-owned electric utilities and electric cooperatives operating in New Jersey. PPANJ's members consist of the nine (9) municipally-owned utilities and one (1) electric co-operative operating in New Jersey.¹

¹ They are the Borough of Butler, the Borough of Lavallette, the Borough of Madison, the Borough of Pemberton, the Borough of Park Ridge, the Borough of South River, the Borough of Seaside Heights, the Borough of Milltown, the City of Vineland, and Sussex Rural Electric Co-op.

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Irene K. Asbury, Secretary

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Currently, the allocation of power to New Jersey from the hydroelectric power project on the Saint Lawrence River is allocated to all of the EDCs and the municipally-owned electric utilities and electric cooperatives in New Jersey. New Jersey Executive Order No. 210 (1989) authorizes PPANJ to act as the bargaining agent on behalf of New Jersey to:

negotiate and administer contracts with the Power Authority of the State of New York, and to provide for the allocation of power generated by hydroelectric power projects on the Niagara and Saint Lawrence Rivers to New Jersey and to its residential electric customers according to the terms of the contracts and licenses of such hydroelectric projects.²

Under Executive Order No. 210, the Board retains regulatory jurisdiction over the purchase and allocation of that power to New Jersey's residential customers and is empowered to establish regulations for such power. Further, PPANJ is required to submit annual reports to the Board providing information on the amount and cost of the power delivered to New Jersey, the allocation of the power to New Jersey residential customers, and any modifications to the contractual relationship with the Power Authority of the State of New York (the "NYPA").

Pursuant to *N.J.A.C. 1:1-16.1*, the EDCs hereby move to intervene in the above-captioned matter. Intervention by the EDCs is appropriate. The EDCs are specifically, directly, and uniquely impacted by the relief sought in the Petition because the Petition seeks Board approval to transfer the allocation of certain power from Saint Lawrence River project from the EDCs to the PPANJ members.

The cost benefit to the EDCs' customers associated with the Saint Lawrence hydro allocation has decreased in recent years, largely because of two factors. First, the wholesale price of electricity has, in general, declined in recent years. Second, the renewable portfolio standards ("RPS") compliance costs, which were minimal when the current Saint Lawrence agreement was signed in 2004, have increased significantly. JCP&L, as the "nominal recipient" under the 2004 agreement, serves 10 MW of residential Basic Generation Service load associated with the nominal 10 MW Saint Lawrence hydro allocation. Therefore, as an entity serving retail load, JCP&L must satisfy the RPS requirements for the 10 MW of load.

As shown in the chart below, in energy year 2015-2016, the NJ EDC net "benefit" from the Saint Lawrence allocation was actually negative \$190,056.53, which translates to an incremental "cost" of approximately five cents for each EDC residential customer on an annual basis (based on state-wide average usage of 650 kWh/month or 7800 kWh/year). In the most

² New Jersey Executive Order No. 210 (1989).

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recent energy year (2016-2017), the NJ EDC net benefit was only \$53,156.25, which translates to approximately two cents for each EDC residential customer on an annual basis.

Saint Lawrence Supply³

Energy Year	New Jersey EDC Benefit	RPS compliance costs	Net EDC Benefit
2015 - 2016	\$ 420,311.36	\$ 610,367.89	\$ (190,056.53)
2016 - 2017	\$ 523,924.65	\$ 470,768.40	\$ 53,156.25

With the solar and overall class I RPS requirements scheduled to increase⁴, it is likely that the RPS compliance costs will continue to increase, further eroding any potential EDC customer savings from the Saint Lawrence hydro allocation. In contrast, municipal utilities, such as the PPANJ members, do not have RPS compliance costs.

As a result of the foregoing, the EDCs do not object to the relief sought in the PPANJ's Petition. However, should the circumstances referred to above change in the future, the EDCs reserve their right to petition the Board to request that the Board re-allocate portions of the Saint Lawrence supply to the EDCs.

Respectfully submitted,



Gregory Eisenstark, Esq.
Attorney for JCP&L, and on behalf of PSE&G,
RECO and ACE

C: Service list (via email only)

³ JCP&L, as "Nominal Recipient" under the 2004 agreement, performed the calculations in this table.

⁴ See *N.J.S.A.* 48:3-87(d)(3) and *N.J.A.C.* 14:8-2.3.

I/M/O Verified Petition of Public Power Association of New Jersey for Approval of the Allocation of Power Generated By
the Hydroelectric Power Project on the Saint Lawrence River to New Jersey's Municipally Owned Utilities and Electric
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BPU Docket No. EO17101114

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