STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE BOARD'S ESTABLISHMENT OF A GENERIC PROCEEDING TO REVIEW THE COSTS, BENEFITS AND RELIABILITY IMPACTS OF MAJOR STORM EVENT MITIGATION EFFORTS	)	PREHEARING ORDER DOCKET NO. AX13030197
IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF THE NJ RISE PROGRAM AND ASSOCIATED RATE RECOVERY MECHANISM	)	DOCKET NO. GR13090828

Parties of Record:

Tracey Thayer, Esq., Director, New Jersey Natural Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Steven S. Goldenberg, Esq., NJLEUC

BY PRESIDENT DIANNE SOLOMON:

By Order dated November 22, 2013 ("November 22 Order"), in response to a petition filed with the New Jersey Board of Public Utilities ("Board") by New Jersey Natural Gas Company ("NJNG") for approval of its New Jersey Reinvestment in System Enhancement ("NJ RISE") program to allow for the recovery of costs to bolster its "gas infrastructure to make it less susceptible to extreme weather conditions in anticipation of these changing weather patterns" and future major storm events, the Board retained the matter for hearing, and designated me as the presiding Commissioner with authority to rule on all motions that arise during the proceeding, and to set a schedule that will secure a just and expeditious determination of the issues.

To aid in the setting of an appropriate schedule, a proposed preliminary procedural schedule was issued on January 2, 2014 ("January 2 Order") and posted to the Board's website. The January 2 Order required all parties to file comments on the proposed schedule by January 16, 2014. After reviewing the proposals exchanged regarding the proposed schedule, and after giving due consideration to the positions of the parties, I **HEREBY ISSUE** the attached as the prehearing order for this matter, and **HEREBY DIRECT** the parties to comply with its terms.

Consistent with the Board's November 22 Order, I **HEREBY DIRECT** that all documents be served by electronic mail, while still providing hard copies to the Board for those documents which must be filed with the Board, with hard copies to each party upon request.

I **HEREBY DIRECT** that this Order be posted on the Board's website.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: January 31, 2014

BY:

Dianne Solomon
PRESIDENT

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF THE NJ RISE PROGRAM AND ASSOCIATED RATE RECOVERY MECHANISM
DOCKET NOs. AX13030197 & GR13090828

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PREHEARING ORDER

1. **NATURE OF PROCEEDINGS AND ISSUES TO BE RESOLVED:**

In this proceeding, New Jersey Natural Gas Company ("NJNG" or "Company") seeks to obtain a Board order approving and finding reasonable its program known as NJ RISE, which involves an investment of approximately $102.5 million in infrastructure upgrades and associated operation and maintenance expenses, as well as an associated proposed cost recovery mechanism.

Issues to be Resolved:

1) The prudency, cost effectiveness and cost efficiency of the activities and programs proposed by NJ RISE program; and
2) The reasonableness and lawfulness of the proposed cost recovery mechanism.

2. **PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES:**

Counsel for NJNG:

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No change in designated trial counsel shall be made without leave if such change will interfere with the date for hearing. If no specific counsel is set forth in this Order, any partner or associate may be expected to proceed with evidentiary hearings on the agreed dates.

3. **SPECIAL LEGAL REQUIREMENTS AS TO NOTICE OF HEARING:**

Pursuant to N.J.S.A. 48:2-32.6, public hearings will be held in the Company's service

territory after publication of notice in newspapers of general circulation in the Company's service territory. The parties have agreed that two public hearings will be held on February 18, 2014 and February 19, 2014 in Rockaway, New Jersey and Freehold, New Jersey, with sessions at 4:30 p.m. and 5:30 p.m.

4. **SCHEDULE OF HEARING DATES, TIME AND PLACE:**

Evidentiary hearings will be conducted the week of June 30, 2014, subject to my availability, starting at 9:00 a.m. on each day at the Board of Public Utilities, 44 South Clinton Avenue, Trenton, New Jersey. Dates will be determined based on the availability of the parties and myself.

5. **STIPULATIONS:**

None at this time.

6. **SETTLEMENT:**

Parties are encouraged to engage in settlement discussion. Notice should be provided to all parties of any settlement discussions for the preparation of an agreement to resolve the issues in the case.

7. **AMENDMENTS TO PLEADINGS:**

None at this time.

8. **DISCOVERY AND DATE FOR COMPLETION:**

The time limits for discovery shall be in accordance with N.J.A.C. 1:1-10.4 or as provided in Exhibit A. Unless I otherwise provide, all discovery shall be completed in accordance with the schedule in Exhibit A.

9. **ORDER OF PROOFS:**

NJNG bears the burden of proof. The parties will propose an order of witnesses no later

than 1 week prior to the hearings. Witnesses will be presented in the following order, unless otherwise agreed by the parties prior to the hearings:

First – NJNG

Second – Rate Counsel

Third – BPU Staff

10. **EXHIBITS MARKED FOR IDENTIFICATION:**

None at this time.

11. **EXHIBITS MARKED IN EVIDENCE:**

None at this time.

12. **ESTIMATED NUMBER OF FACTS AND EXPERT WITNESSES:**

NJNG will present the following witness: Craig A. Lynch. Additional witnesses may be identified by NJNG as necessary for purposes of rebuttal or sur-rebuttal.

Rate Counsel will present the following two witnesses: David Dismukes, Kimberly Dismukes, Alex Aguila and Robert J. Henkes. Additional witnesses may be identified by Rate Counsel as necessary for purposes of testimony.

Any party substituting witnesses shall identify such witnesses within 5 days of determining to replace a witness, and in no event later than 5 days before filing of testimony of a substitute witness. All direct testimony will be pre-filed, and all witnesses submitting pre-filed direct testimony will be subject to cross examination at evidentiary hearings, which will be conducted by topic (e.g., program elements, revenue requirements, and so forth).

13. **MOTIONS:**

All motions to intervene or participate in this proceeding were required to be filed on or before January 16, 2014, pursuant to the January 6 Order. New Jersey Large Energy Users Coalition has filed a motion to participate in this proceeding, as well as a motion

for admission *pro hac vice* of Paul F. Forshay, Esq. There are no other motions pending at this time.

14. **SPECIAL MATTERS**:

None at this time.

Exhibit A

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF THE NJ RISE PROGRAM AND ASSOCIATED RATE RECOVERY MECHANISM
DOCKET NOs. AX13030197 & GR13090828

PROCEDURAL SCHEDULE

January 16, 2014: Deadline for filing requests for intervention or participation

February 7, 2014: Deadline for first round of discovery

February 18, 2014 and February 19, 2014: Public hearings

February 21, 2014: Deadline for responses to first round of discovery

March 3, 2014: Deadline for second round of discovery

March 17, 2014: Deadline for responses to second round of discovery

Date to be determined: Settlement discussions/discovery conference

March 31, 2014: Deadline for Rate Counsel to file direct testimony

April 14, 2014: Deadline for discovery on Rate Counsel testimony

May 1, 2014: Deadline for responses to discovery on Rate Counsel testimony

May 16, 2014: Deadline for rebuttal testimony by Company

May 30, 2014: Deadline for discovery on rebuttal testimony

June 13, 2014: Deadline for responses to discovery on rebuttal testimony

Week of June 30, 2014: Evidentiary hearings with live sur-rebuttal (subject to President's availability)

Dates to be determined: Deadlines for filing initial and reply briefs

August 2014: Anticipated Board action