

Committee Meeting

of

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE

"The Committee will receive testimony from invited guests concerning recent increases in electricity rates and the related cost burden on utility customers in certain service areas"

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: October 2, 2024
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Wayne P. DeAngelo, Chair
Assemblyman James J. Kennedy, Vice Chair
Assemblyman David Bailey, Jr.
Assemblyman Julio Marenco
Assemblywoman Tennille R. McCoy
Assemblyman Christian E. Barranco
Assemblyman Paul Kanitra
Assemblyman Alex Sauickie



ALSO PRESENT:

Mikaela A. Chianese

Suzanne Miller

*Office of Legislative Services
Committee Aides*

Erin K. Reagan
*Assembly Majority
Committee Aide*

Diego Romero
*Assembly Republican
Committee Aide*

*Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey*

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Chair

James J. Kennedy
Vice-Chair

David Bailey, Jr.
Julio Marenco
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NEW JERSEY STATE LEGISLATURE

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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE
FROM: ASSEMBLYMAN WAYNE P. DEANGELO, CHAIRMAN
SUBJECT: COMMITTEE MEETING - OCTOBER 2, 2024

The public may address comments and questions to Miranda Crowley, Suzanne Miller, Committee Aides, or make bill status and scheduling inquiries to Frances Hamble, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: OLSAideATU@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Assembly Telecommunications and Utilities Committee will meet on Wednesday, October 2, 2024 at 11:00 AM in Committee Room 11, 4th Floor, State House Annex, Trenton, New Jersey.

The committee will receive testimony from invited guests concerning recent increases in electricity rates and the related cost burden on utility customers in certain service areas.

Issued 9/17/24

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ASSEMBLYMAN WAYNE P. DeANGELO (Chair): Thank you, and good morning, everyone.

I just want to make sure -- is my mic recorded? Make sure we've got me.

Perfect, thank you.

Good morning, everyone. I would like to welcome everybody to the Assembly Telecommunications and Utilities Committee hearing today on the cost of our electrical rate throughout the system in the State of New Jersey.

If I can have everybody please rise for the Pledge of Allegiance, and remain standing for a moment of silence.

(Pledge of Allegiance is recited)

ASSEMBLYMAN DeANGELO: If everyone can just remain standing for a moment of silence for those who are weathering through the storms across this country, and the men and women serving us in the military who may be in harm's way.

Please be seated.

If I could please have a roll call.

MS. MILLER: Assemblyman Kanitra.

ASSEMBLYMAN KANITRA: Here.

MS. MILLER: Assemblyman Sauickie.

ASSEMBLYMAN SAUICKIE: Here.

MS. MILLER: Assemblyman Barranco.

ASSEMBLYMAN BARRANCO: Here.

MS. MILLER: Assemblyman Marenco.

ASSEMBLYMAN MARENCO: Yes.

MS. MILLER: Assemblyman Bailey.

ASSEMBLYMAN BAILEY: Here.

MS. MILLER: Assemblywoman McCoy.

ASSEMBLYWOMAN MCCOY: Present.

MS. MILLER: Vice Chair Kennedy.

ASSEMBLYMAN DeANGELO: He should be on his way.

MS. MILLER: He's on his way.

ASSEMBLYMAN DeANGELO: I am here.

We do have a quorum.

So, I would like to welcome everybody this morning to this hearing -- I would like to welcome everybody here this morning to our hearing to have a lengthy discussion about our energy across the State of New Jersey.

If I can just open up with a few words, I just want to make sure that we have decorum in the room. We want to make sure that we're moving New Jersey in a positive direction with things that we need to take mindful of.

The State of New Jersey-- I know that we generate approximately 75% of the electric that we use. And, of that 75%, about half of it comes from natural gas, and we've got about 30% coming from -- 35% from nuclear -- and then the rest from renewables and various others.

We have energy needs in New Jersey. As the Governor has stated over the past couple years that he wants to move us into heat pumps as a form of heating; he wants to move us by installing more amounts of EV charging stations across the state. That's an impact to the energy that we're going to need -- an increased need.

So, to put it in layman's terms, 75% of our homes are heated with natural gas, and 65% of our businesses are heated with natural gas. An important number, so, if we're going to convert that all over to electric, you're putting in another heat pump. And, that's like adding another electric stove in your house. And, one of the slower charging stations that are across-- To charge our electric vehicles, they take a 50-amp circuit. That's another electric stove. And, if you have a quick charging station, they use 100 amps. And, that's an amount of power that's in a small residential house.

And, as we're moving New Jersey across and increasing our bandwidth and the need for data, be mindful as AI is coming into the picture and becoming more prominent. One unit-- One data center that they're talking about building is going to need 800 million watts. What is that? I could tell you that the three reactors -- nuclear reactors -- that are down in South Jersey are about 2.2 billion each. So, you can see that it's more than one of the reactors that are down there now. And, that's the demand; that's not what you build it for. That's more than the power that was supplied by Oyster Creek. When we shut it down a number of years ago, the country's oldest nuclear reactor -- which, back then, that was about 675 million watts, and, for those who are older, like myself, we remember Mercer Gen right here on the river. It was a coal gas plant that generated about 365 million watts. There's power needed across this state.

So, the testimony that we're going to hear today from PJM and the Board of Public Utilities; from our four electric companies; and for those utility associations and for those interested parties, we're going to help form and sculpt what we're doing going forward. We do need to do

more. We are going to have more hearings on more, just not today. We've got to diversify our energy generation. I'm a person who does not like to put all my eggs in one basket. We need to discuss offshore wind; we need to discuss doing more with solar; we need to discuss battery storage. These will be things that will increase that-- We'll be discussing that as we move forward, but, we've got to be mindful of cold winters; we've got to be mindful when it's hot in the summer.

So, with that being said, I am going to start testimony. If I can have Assemblyman Miller, Assemblywoman Katz, and Assemblyman Rumpf. Please come forward.

And, I can just start the testimony in that order, it would be great. If you could please, Assembly members, welcome. Just make sure-- I think you have to have the little red light on. You have to press your microphone.

Assemblyman, welcome.

A S S E M B L Y M A N C O D Y D. M I L L E R: Thank you.

I would like to begin by thanking Speaker Coughlin, Chairman DeAngelo, and Vice Chair Kennedy for holding this important meeting.

I speak today in unison with my colleagues from the Fourth Legislative District, Senator Paul Moriarty and Assemblyman Dan Hutchison, and we bring to you the concerns we have heard from many of our 210,000 constituents in the Fourth District.

The cost of electric bills this summer is about more than just the price to keep your lights on and your air conditioner running. It's about affordability. Far too often, our office hears of examples where a senior will have to choose between putting food on the table; purchasing the medicine

they need; or keeping their home at a comfortable temperature during the summer months.

On a more personal note, I think about my mother, who worked two jobs and supported the four of us as a single mom. And, in some instances, for her, seeing a utility bill spike from \$150 a month to \$800 a month is just unacceptable, and I know that there are many families who are in that same scenario.

We know that 37% of people in this country cannot afford an unexpected expense of \$400, which, in this case, may mean only a couple of unexpectedly high energy bills. We acknowledge that electric companies have certainly attempted to communicate with their customers about usage rates. But, unfortunately, these lines of communication do not always reach everybody. Our office has fielded many phone calls from people who do not have the electronic means to receive these updates, and we *must* communicate with these consumers where they are. We know that this summer ranks among the warmest summers on record in New Jersey, and we don't expect temperatures to be going down in the future. So, the cost of electric is something that will not be going away for our residents.

Additionally, with rising costs, we have heard from utility companies that they have been investing heavily in infrastructure upgrades to ensure that the grid is resistant to more extreme weather conditions our area has experienced recently. As legislators, it is our main job to bring the concerns of our constituents to Trenton, and figure out how we can implement and improve public policies that not only improve their lives, but make New Jersey more affordable. This may entail looking at some of the mandates that the State has imposed that could not prioritize

affordability and coming up with longer-term more price-effective solutions for clean, renewable energy.

I appreciate hearing from all the stakeholders to help educate us, because conversations like this, that we are having in a public forum here today-- We can begin to get answers for our constituents.

To the utility providers: Your willingness to engage is essential as we navigate these challenges together.

I want to assure our constituents that we are listening to their concerns and are committed to advocating for affordable energy solutions for all New Jersey residents.

Thank you, Mr. Chair.

ASSEMBLYMAN DeANGELO: Thank you, Assemblyman.

Assemblywoman.

Good morning.

A S S E M B L Y W O M A N A N D R E A K A T Z: Good morning.

Thank you, Chairman and Committee members, for having this hearing this morning.

I am here today on behalf of the 230,000 people who I represent in Burlington-Atlantic counties, and we are all looking for answers.

I received countless calls from my constituents, because they are seeing what I have been seeing: Skyrocketing electric bills. These rate hikes hurt middle-class families. I heard it from my neighbors, and I saw it on my own electric bill. The utilities, like Exelon, have seen their stocks soar 10% over the last year, while at the same time, families in New Jersey are paying hundreds of dollars more a month for their electric bills. We

can't expect people to be able to afford to make their homes more energy efficient while they are paying exorbitant prices. It is even more unconscionable, because these companies' shareholders are seeing humongous gains at the very same time.

I sent a letter requesting this meeting with some of my South Jersey colleagues, because everyone deserves transparency into what happened last summer. This should be an opportunity to learn what went wrong and fix this immediately. People are paying attention to our work today, and they rightfully expect us to do something that will bring down costs.

When I was running for my seat last year, I knocked on thousands and thousands of doors, and the thing that I heard more than anything else was that people wanted the Legislature to make New Jersey more affordable. It is up to us as legislators to do something, because people can't continue to pay more, and it simply doesn't have to be this way. And, we shouldn't have to hold hearings to get basic answers as to why our electric bills have shot through the roof.

In response to the rate hikes, I am going to be introducing legislation that would require the BPU to consider affordability before approving base rates for utilities. This will be a great first step in bringing costs down, but there is a lot of work for us to do together.

So, thank you again, Chairman, and Committee members, for holding this hearing today. And, I am eager to hear from BPU and the utilities on how we can avoid these sorts of hikes in the future.

Thank you.

ASSEMBLYMAN DeANGELO: Thank you, Assemblywoman.

Morning, Assemblyman, how are you?

A S S E M B L Y M A N B R I A N E. R U M P F: Good morning, Chairman. It's good to see you.

And, Chairman, I submitted prepared testimony on behalf of myself, Senator Amato, Assemblyman Myhre.

I would like to supplement that with just a few additional comments by first thanking you, Chairman, Vice Chairman Kennedy, and the Committee, for conducting this hearing.

I was compelled to attend to represent my constituents. As you may know, the Ninth District has the highest proportion of seniors in the State of New Jersey, and our seniors -- I would submit -- are those more disproportionately affected by rising utility rates.

It's easy to cast blame upon our electric companies and our gas companies, because that's who we know; that's who sends us our bill in the mail every month. The problem, as this Committee is aware, is far deeper. If you know or understand the Pennsylvania, New Jersey, Maryland, interconnect PCAM, where the auction process which sets utility rates that we are all caused to pay.

Few also understand the administration's Energy Master Plan, and that, I would submit, is where the problem lies, and where this Legislative body can truly make a difference. Solar and wind constitute 8% of New Jersey's power currently. And, the Governor has actually set a goal of 35% by 2025 -- next year. Unlikely we're going to make that goal. We have allowed power-generation plants -- both gas and nuclear -- to shut down, while simultaneously voting on wasteful subsidies for wind and solar. I would submit, Mr. Chairman, that the issue is supply and demand.

We turn away nuclear, or fail to encourage nuclear or gas supply, while wasting millions or even billions on the inefficient wind projects which threaten our coastlines. The bottom line is that my constituents and yours cannot afford to continue down the Murphy Administration's yellow brick road. I would submit that that would only exacerbate the crisis that we are all currently facing.

I therefore implore this Committee and the Legislative body as a whole to scrap the Governor's plan, encourage investment of nuclear and natural gas, clean energy, and help to reduce the cost of energy for all New Jerseyans.

I thank you.

ASSEMBLYMAN DeANGELO: Thank you, Assemblyman.

The three of you-- Thank you very much for taking the time out and testifying before the Committee. I appreciate your time and respect your opinions.

ASSEMBLYWOMAN KATZ: Thank you, Mr. Chairman.

ASSEMBLYMAN BAILEY: Mr. Chairman?

ASSEMBLYMAN DeANGELO: Yes, Assemblyman.

ASSEMBLYMAN BAILEY: Thank you, Mr. Chairman.

I just wanted to echo what my colleagues, Assemblyman Miller and Assemblywoman Katz had to say this morning.

I want to thank you, Mr. Chairman, and the entire Committee, for calling this hearing.

I certainly want to thank the BPU, Atlantic City Electric, PSE&G, and other stakeholders for participating.

I also want to commend both the BPU and Atlantic City Electric for their responsiveness both to our office and our constituents in the Third Legislative District that we've been hearing a lot from.

Our goal in reaching out to you and hoping to call this hearing today was to respond to those constituents' concerns regarding their unexpectedly high electric bills over the summer, and provide some transparency as to factors that affect those costs.

We are listening, as my colleagues have said, and we will do all in our power to ensure energy prices remain affordable for the working people of New Jersey.

In addition, it is our goal to provide customers with the information and tools necessary to keep their utility bills in check. This hearing is an important step in that direction.

Senator Burzichelli, Assemblywoman Simmons, and I have also introduced legislation to create what is called the Energy Bill Watch. It's a program that is an opt-out program that would ensure customers receive ample notice of high usage in the early billing cycle, and empower them to make informed usage decisions to avoid sticker shock at the end of the month.

I look forward to participating in further policy discussions focused on utility affordability, and that will undoubtedly result from today's testimony.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeANGELO: Thank you.

Are there any other Committee members who wish to make a statement?

Assemblyman.

ASSEMBLYMAN KANITRA: Thank you, Mr. Chairman.

I just wanted to commend my colleague, Assemblyman Rumpf, and his colleagues Assemblyman Myhre and Senator Amato, for the testimony and touching on the wind issue, and really what I think I believe is the Don Quixote-esque quest for green energy and pushing it before it's ready for prime time, and doing that with all the taxpayer subsidies -- which I think is the root cause of why we're facing all these ratepayer increases -- and I appreciate you setting the table today, because I hope that this hearing gets to the bottom of that, and we're able to uncover all the money that's been spent for that quest, and the lack of investment in traditional infrastructure, and everything that's gone into that as well.

So, thank you, Assemblyman.

ASSEMBLYMAN DeANGELO: Thank you, Assemblyman.

Assemblyman Barranco.

ASSEMBLYMAN BARRANCO: Mr. Chairman, first of all -- and, I echo the sentiments of others here -- thank you, Mr. Chairman, for giving us the opportunity to have this conversation.

As you know, I've known you for a long time. I am in the electrical infrastructure business, and there's a lot about what I know about what needs to happen here and what has happened here, and I thank you for taking the time to get these people together and have this conversation. Because, I believe that the Legislature needs to take a leadership position in this particular question.

And, I especially want to say something, because I've never been to a Committee meeting where my Assembly mates sit down and talk

to us. So, it's especially important that the two of you are here -- the three of you are here -- to speak to us about this, because it proves that the Legislature can take a leadership position on this role. We have people from both sides of the aisle; we have Democrats and Republicans not only up here, but in the gallery. That's an important thing. And it -- like I said -- it reinforces the fact that we can take a leadership position in this particular role.

And, I'm going to say this, and I'm going to be finished. We have a very difficult decision to make, and there's two words that this crew of three legislators brought up, that I'm going to shed some light on and then we'll continue. And, that is two words: affordable and renewable. We need to strike a balance. And, this is where the Assembly can take a leadership, is that we need to take a-- We need to strike a balance between affordable and renewable. Because, in the world of engineering, those two are diametrically opposed, I promise you. And, we need to really face facts and do some very, very smart legislation if we're going to fix this problem.

So, today is going to be a very, very fun day. I just want to start with that statement.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeANGELO: Thank you.

Any other Assembly members? (no response)

All right, thank you.

Right now, our next speaker -- if I can please call up the President for the Board of Public Utilities.

Good morning.

C H R I S T I N E G U H L - S A D O V Y: Good morning Chairman, Vice Chair, members of the Committee.

Thank you so much for inviting me to be here. I am here with our Executive Director and Acting General Counsel, Bob Brabston, in part because we have many matters that are open and pending before the Board that may come up, and, so, I want to make sure that we have counsel here to acknowledge those issues.

So, I did submit a statement, I hope you all got a chance to look at it. I won't read it, I'll just touch on, I think, some of the main points and then hopefully we'll have some questions and it'll be fun, as you said, Assemblyman.

So, I just want to start by saying, again, thank you. I think this is an important opportunity to bring transparency and shed light on some of the issues that we have been talking about. But, I want to say first, we understand that no one wants to see their electric bill go up. We are committed to ensuring affordability; we have many energy-assistance programs as well as energy-efficiency programs through the Board of Public Utilities to help people both afford to pay their bill at times when they do go up, and also to help support reducing their bill so that, in the future, they won't -- we won't see as significant an increase.

One of the things that I do want to point out that we just instituted was the Residential Energy Assistance Payment Initiative. That was a one-time bill credit that went to eligible -- qualifying and eligible customers, it was approximately 278,000 customers, it was a \$175 bill credit, and it was -- it should be, right now, hitting peoples' bills at a time that we're coming off of a very hot summer. So, that was a particularly

important initiative, I think, of Governor Murphy's and mine to ensure that those customers who need it most were able to get that bill credit at a time when we saw a very hot summer as some have mentioned, and some higher usage.

So, I want to shed a little bit of light on what goes into the utility bill and the main components are generation and distribution. Generation is approximately 60-70% of the utility bill, and it is procured -- generation is procured. Energy is a commodity, and this year we saw that commodity go up. We procure it through something called the BGS auction -- the utilities procure it, the Board of Public Utilities oversees it. And, because of what was referenced here already, there's a supply and demand (indiscernible) that's been -- that's smaller, the cost of energy has gone up, and that has had an impact on bills starting in the beginning of the summer.

And, we understand, again, that no one wants to see their bill go up, and we are trying to do what we can to see -- to see customers -- to provide assistance when customers need it. But, that generation portion of the bill is something that is outside of the control of the Board of Public Utilities. It is, again, done through an auction process, and those costs have gone up.

As pointed out, we need more generation. That is-- That is an important thing, and I think one of the main takeaways that we probably will all share today, is that we do need more generation. We, over the last couple of decades, have not seen a significant demand increase in energy use, in part because we've done a really good job in energy efficiency, and so we've helped to bring -- to keep that demand flatter. But, we have seen

energy demand go up, and so we do need more generation. And, the Governor and the BPU are striving to see that generation come from clean resources, not just renewable, but as the Chairman mentioned, we have a significant nuclear generation fleet in New Jersey that we rely on for our power. So, we want to make sure that that's coming from clean generation and that we are able to get more of it.

So, that's the generation portion of the bill, and then there's the distribution portion of the bill, which encompasses several things, but one of them is the necessary infrastructure improvements. The way that infrastructure improvements are paid for by the utilities is through a rate case, and those infrastructure improvements are even more necessary as we see the extreme impacts of climate change. We saw a very hot summer. It was our second hottest June on record in New Jersey. It was a hot summer across the nation, and we are going to see a strain on the infrastructure as a result of those climate impacts. And, so, the utilities are investing in the infrastructure -- the necessary infrastructure improvements -- and those things get paid for through rate cases.

And, just -- so those are kind of the two very basic -- I'm definitely oversimplifying, and I'm happy to go into more detail through questions. But, those are the two very basic components, is generation and distribution. As was pointed out, we had a very hot summer. It was, again, hot across the nation. It was a very hot July, but a particularly hot June into July. And, the main driver of the increases over the summer was an increase in usage. So, the usage increase across New Jersey, amongst the four investor-owned utilities, was anywhere from 12-16%. That's over last year.

And, so, in addition, last year was a lower usage. So, we are seeing -- in addition to higher usage this year -- year-over-year, it was a greater increase than what I think people were familiar with.

We did-- Again, we heard from some of your offices and we heard from constituents, and we are always making sure that when we get any constituent or resident inquiry about their bill that we're following up; that we're doing the appropriate action; that we're connecting them with any resources that they may need to help pay their bill; and that we provide as much clarity as possible.

So, I will stop there because you have my written testimony, and I want to answer any questions that you have.

ASSEMBLYMAN DeANGELO: Well, thank you, Madam President.

And, I just want to echo one of the things that hopefully, that this Committee and other legislators get out of it are things that we need to do and changes that we need to do.

In the beginning of my statement, I kind of said that in New Jersey, we only generate about 75% of what we use. And, if we weren't in a multi-state grid, we would be in trouble. So, we would be like the problem that Texas had.

So, I am mindful of that, and hopefully this Committee and other legislators get ideas for energy-efficiency programs so that we're not just talking about generating more, because you can see, substantially, the amount of power -- as I said in opening testimony -- on what we're going to need in the future in the next 10 years, but using less.

All right, so, that might be one of the-- Hopefully, that'll spark out some discussion on using less power as part of a multi-bill plan after we get done with the hearing.

Does any Committee members have any questions for the president?

Yes, Assemblyman.

ASSEMBLYMAN SAUICKIE: Mr. Chairman, again, thank you for holding this hearing; Vice Chair, thank you.

I think this is warranted and should be a good session.

My question is, you mentioned about a \$275 bill credit?

MS. GUHL-SADOVY: Oh, \$175.

ASSEMBLYMAN SAUICKIE: One-seventy-five, sorry. One-seventy-five.

Who qualifies for that?

MS. GUHL-SADOVY: It's through-- We use the winter-termination program qualifications. So, the winter-termination program is-- It prevents people who are low income or income qualifying from having their utilities turned off during the winter period.

And, so, there are various eligibility qualifications based on income. So, if you were already enrolled in the winter-termination program, you automatically got the bill credit. That was really important to us. We didn't want people to have to fill out an additional amount of paperwork to get this bill credit, so it was an automatic eligibility if you had enrolled in winter termination.

ASSEMBLYMAN SAUICKIE: So, they would have enrolled based on certain criteria--

MS. GUHL-SADOVY: Yes--

ASSEMBLYMAN SAUICKIE: --they would have been allowed into that program.

MS. GUHL-SADOVY: Yes.

ASSEMBLYMAN SAUICKIE: So, not just anybody could have gotten into that program, initially.

MS. GUHL-SADOVY: Right. But, if there was an economic hardship, that that's one of the winter-termination program qualifications.

ASSEMBLYMAN SAUICKIE: OK, great.

And, how many households did that--

MS. GUHL-SADOVY: Two-hundred-- It was 278,000 customers.

ASSEMBLYMAN SAUICKIE: Two-hundred-seventy-eight thousand. And, that's one time?

MS. GUHL-SADOVY: It was one time, yes.

ASSEMBLYMAN SAUICKIE: OK, thank you.

And, this is in no way a loaded question I'm asking. There was a rate increase approved by BPU that took effect-- Is it June that it took effect?

MS. GUHL-SADOVY: Yes.

ASSEMBLYMAN SAUICKIE: Right.

What was that increase?

MS. GUHL-SADOVY: So, the BGS, the auction increase -- just to be clear, that's the generation cost. We certify it, but it's based on an auction, so we certify the results. It was-- It depended on the service territory. It's anywhere from, I think, roughly 5-8% of an average bill. And,

I know that that is really confusing to people -- the rates versus bills. So, that was 5-8% for an average customer bill.

ASSEMBLYMAN SAUICKIE: Yes, so, to the layman ratepayer, there's two major components, right? There's what you call the BGS, which is the supply of the actual energy -- the source of the energy -- and then there's the distribution component.

MS. GUHL-SADOVY: That's right.

ASSEMBLYMAN SAUICKIE: So, what you're talking about is the increase was approved to go up on the source.

MS. GUHL-SADOVY: Correct; yes.

ASSEMBLYMAN SAUICKIE: All right.

What's the incentive-- Let me ask you this question.

The BGS portion of it-- Is that a 100% pass through by the utilities?

MS. GUHL-SADOVY: Yes, they don't-- They're not making money off of that.

ASSEMBLYMAN SAUICKIE: It's 100% pass through.

MS. GUHL-SADOVY: Right.

ASSEMBLYMAN SAUICKIE: OK.

What's-- What is the incentive for them to get the lowest rate on that?

MS. GUHL-SADOVY: I'm not-- I'm not sure I understand the question.

ASSEMBLYMAN SAUICKIE: Given that it's a 100% pass-through-- I mean, if I'm buying it, I'm not going to be worried about the cost of it if I'm passing it through 100%, right?

So, what's the incentive when they go out to get this, that they're getting the lowest rate, which, ultimately, the ratepayer is going to pay?

MS. GUHL-SADOVY: So, it's -- it is a -- it is done through a bidding process, so, it is just like an auction. It's like a lowest bid; the generators bid and the utilities procure it through a bidding process.

ASSEMBLYMAN SAUICKIE: Are there any guidelines to say, "Hey, you need to go to another one," or how do they bid it in a way where they get the lowest rate so, ultimately, the ratepayer is getting a lower rate versus whatever? Do they hit the first bid and we're good and--

MS. GUHL-SADOVY: So, there's a-- They're not the bidding, the generators are bidding, and they're buying it. So, it's done just like a-- I mean, it is a much more complicated process than, like, an auction house auction. But they're buying it, they're looking for the lowest rate, and they're in a regulatory compact, so--

ASSEMBLYMAN SAUICKIE: But, as far as you know, there's nothing that incentivizes the utilities to ensure they're -- and some kind of guidelines that are saying, "Hey, we're going to fight to the lowest rate, because ultimately the ratepayer is paying that."

MS. GUHL-SADOVY: So, that-- I mean, that is always the goal, is to get the lowest rate from any generator.

ASSEMBLYMAN SAUICKIE: OK, let me ask you this, too.

If it's 100% now, is there any reason utilities couldn't take 5% of it? You know, why does 100% of it have to be passed to the ratepayers? Why can't they take a hit on 5% of it being a business, making money and not pass through 100% to the ratepayer?

MS. GUHL-SADOVY: So, they-- I mean, they have the opportunity to earn on the other part of the bill because they're-- We're in a regulatory compact, they're regulated by the BPU. And, so, they have -- there's just -- that's not the opportunity for them to earn a profit. They have the opportunity because they maintain and upgrade the infrastructure; and, so, that's where their opportunity to make money is, as opposed to just procuring it.

ASSEMBLYMAN SAUICKIE: Theoretically, they could take some of it, though, right?

ASSEMBLYMAN DeANGELO: So, Assemblyman, if I could. If we could kind of direct the questions to be a little bit more-- Because we're getting into hypotheticals, right?

So, I just want to get the testimony on the process, and if we have to discuss potential changes to the process -- because I don't think it's fair to the president to go on--

ASSEMBLYMAN SAUICKIE: Sorry, she was educating me.

ASSEMBLYMAN DeANGELO: Right, yes, they're getting into ideas and things that may be more on the PJM side versus what kind of comes across her desk.

So, just before you complete, is there any other member who wishes to ask the president a question?

Assemblyman. David, you said you wanted to--

ASSEMBLYMAN BAILEY: Yes.

ASSEMBLYMAN DeANGELO: (indiscernible)

ASSEMBLYMAN BAILEY: I'm a little vertically challenged, so let me lower the stand to make sure that I see you properly.

Thank you. Again, I really appreciate you being here today and being a part of this conversation.

As you mentioned, and as you've said in your testimony, there are just so many great assistance programs and incentives for schools and nonprofits and residents and businesses and government entities to make use of. And, you've named a few of them today -- Universal Service Fund as well, that goes into that.

But, it's my understanding that, annually, that not all that money is spent that's budgeted for those programs. Could you kind of speak to that a little bit, and then, where does that-- What happens with that money when it's not spent for those particular programs?

MS. GUHL-SADOVY: Sure, it depends on which program it is.

So, the Residential Energy Assistance Payment Initiative that I referenced came from uncommitted funds from the Clean Energy Fund, which is funded through the Societal Benefits Charge. The USF -- which you mentioned, Universal Service Fund -- is trued up on an annual basis depending on the budget that's necessary to provide assistance to the customers who need it year over year. So, it is different depending on which fund is -- which of those streams is being utilized.

ASSEMBLYMAN BAILEY: OK. Again, I don't want to throw -- miss the point, here. These are tremendous programs that are needed in the state by many, many hundreds of thousands of people, as you've mentioned.

Regarding the Societal Benefits Charge, is that-- It's my understanding that's a flat 3% charge--

MS. GUHL-SADOVY: Right--

ASSEMBLYMAN BAILEY: --on everyone's rates.

So, in theory, if my bill goes up, the amount of my -- that I'm giving into the Societal Benefit goes up as well, right?

MS. GUHL-SADOVY: And, it funds different-- It funds different programs, not just clean-energy funds. It also funds energy assistance and other costs as well, but, yes.

ASSEMBLYMAN BAILEY: OK.

And, again, it is much needed and does some great good. I just -- just something, Mr. Chairman, down the road to take a look at, that's something that -- a number that we should take a look at capping or seeing where, how that fits in along those lines. If there are funds that are being set aside, not spent, and then-- In some certain areas is that something that we should take a look at?

Appreciate it; thank you, thank you very much.

MS. GUHL-SADOVY: Sure.

ASSEMBLYMAN DeANGELO: Thank you so much.

Assemblyman.

ASSEMBLYMAN KANITRA: Thank you, Chairman.

So, I literally ran for the Assembly because of energy issues. It affects my district, and, I don't want to speak for the Chairman or anything like that, but he mentioned 75% of production.

And, what I've confirmed is that New Jersey actually is now an importer of energy. Do you know how many years ago New Jersey was actually an exporter of energy?

MS. GUHL-SADOVY: I don't know.

ASSEMBLYMAN KANITRA: OK, I believe it was less than a decade ago. That I don't know for sure, but what I do know is that New Jersey is now an importer of energy. And, we have this shell game where we make it seem like we're green-energy friendly, but the majority of the energy that we import actually comes from Pennsylvania.

And, what is the main source of energy in Pennsylvania? I'm sure you know, it's mostly fossil fuels. My grandfather and my great-grandfather were coal miners, actually, out in Pennsylvania, and that's what drives the state.

Do you have any insight for us how we could have possibly gone from being a net exporter of energy just less than 10 years ago to now an importer of energy using dirty fossil fuels from Pennsylvania, which the pollutants in the air don't know state borders, so they're just floating right across as if we were generating them here in New Jersey ourselves.

MS. GUHL-SADOVY: Well, so I just want to start-- So, the electrons come from all over PJM. So, it's not *just* Pennsylvania to New Jersey--

ASSEMBLYMAN KANITRA: Right, right, I'm talking about energy in a broader sense--

MS. GUHL-SADOVY: --they -- right. But, they flow back and forth, and that's part of why it's really important that we invest in clean generation and clean energy in New Jersey so that we can increase more of the electrons coming from clean generation and reduce our reliance on fossil-fuel generation, no matter where it is from. So--

ASSEMBLYMAN KANITRA: Understood. But, do you believe that there is a right time to mandate that we reach certain

thresholds like mandating that everybody in New Jersey has an electric car, for instance, when our grid can't even remotely handle it? Or, having to subsidize an industry like the wind industry that can't financially stand on its own, and we're trying to force the issue?

Because, my theory is, the Governor said a lot that he wants us to be like California. You look at California, didn't they have to stand up (indiscernible) three different fossil fuel plants because their energy -- their green-energy pursuits -- weren't able to come in as quickly as they thought? And, now they're generating more power from fossil fuels as well. Aren't we heading in that exact same direction that we've already seen the warning flags for?

MS. GUHL-SADOVY: So, let me just start by saying I think that we're seeing warning flags because of climate change for a lot-- And, a lot of these issues are directly related to climate change, even increasing infrastructure costs, as I said.

Part of one of the recent rate cases was building a new substation in Cape May, and ensuring that that substation was flood-resistant. So, when you say, "When is the time?" *This* is the time to act, because if we don't act and develop our clean-energy resources and reduce our carbon emission and our reliance on fossil fuels, we're going to see increases in costs directly related to utility costs.

ASSEMBLYMAN KANITRA: We're not arguing about having a clean environment. I mean, there's nobody more environmentally friendly than my district, is the Jersey Shore. It's all beach town mayors; we're all champions of the coast; we all are very environmentally friendly. It's more about the timeline of everything, which is what I'm trying to look

at. And, I think what my fear is, is that we aren't investing in the actual sources that are powering us right now that are standing up right now. Do you have any idea how many through -- and, maybe that's a question for PJM when they come -- but, how many traditional energy sources we've turned offline recently, and how that's affecting the rate increases that we could potentially be facing and lack of energy we maybe have available to us this winter?

MS. GUHL-SADOVY: So, I think that is a question for PJM in terms of how many, but I think what we are seeing is that we need more generation. We're seeing the nuclear reactor in Pennsylvania, Three Mile Island, coming back online because we need more generation, and our commitment in New Jersey is to help further generation that is clean and not contributing to what we are already seeing, which is the impacts of climate change.

ASSEMBLYMAN KANITRA: Thank you very much.

ASSEMBLYMAN DeANGELO: Thank you.

Any other Assembly members -- yes, Assemblyman.

ASSEMBLYMAN MARENCO: Thank you, Chairman. First off I want to say, Chairman, thank you so much for having the three legislators who started this. We learn a lot from each other. I mean we all represent about 221,000. Andrea Katz (indiscernible) another 100,00 somewhere.

(laughter)

UNIDENTIFIED SPEAKER: Two-hundred-thirty.

ASSEMBLYMAN MARENCO: She knows it.

And, it's very important because I didn't even know, Assemblyman, we both had the biggest senior population. So, that's great for his re-election someday.

(laughter)

ASSEMBLYMAN MARENCO: But, to the audience, it's very important to know also that these legislators bring instant knowledge. There is no one who knows that Andrea Katz knocked on 10,000 doors. We know it. And, that's 10,000 constituents that she got to get their opinions on this. And, then Assemblyman Miller, the day after we're sworn in, is campaigning on 10,000 more doors. So, they are getting instant answers to what residents want.

I didn't know Assemblyman Kanitra had the most energy efficient, but I'll believe him.

To the BPU, thank you for being here. I am a big fan of your social programs. I get all the emails and they were in the 33rd District at one point helping with all these programs, especially the ones that help low income. I had one of the-- I guess we're all saying things that we have in our district, so, I have one of the toughest districts when it comes to energy, because our buildings are pretty much all 1920s built. So, I am very hawk-eye aware when I get any emails whether it be from Madam President, Sophia, or Taryn sending us programs.

But, my biggest concern is, what is the BPU -- that's the softball -- otherwise, what is the most immediate plan the BPU has, innovation wise, because that 75% that the Chairman was talking about is going down. Assemblyman Kanitra is right about that, and it is going to continue going down, unfortunately, and the states around us, like the Ohios and all that,

are no longer providing as much because they have their own energy problems.

So, what is our biggest innovation project that the BPU is going to lead on in the next five years to keep the cost at least at today's cost in five years, instead of inflation-excused hikes?

MS. GUHL-SADOVY: Sure. So, again, more generation is what is -- is a big part of how we can keep the rates down. But, I do want to just point out when someone, a customer -- and, I don't need to tell all of you this, because you deal with your constituents every day -- but, the bill, the bottom line on the bill is what people care about.

So, rates can fluctuate, but if your bill is lower, that's what matters to a customer. And, if your bill is higher, that's when you need assistance.

So, I think, under the Governor's leadership, we have been innovative for the last several years in helping to further bring in more clean generation online. And, one of the things that I talk about a lot that I think is really important when we talk about affordability, particularly for low-income customers, is community solar. So, that-- We have been a nation-leading state on community solar, and the program that we developed in New Jersey helps to allow customers who wouldn't have the opportunity to have a residential solar installation, either they, just for affordability issues, cannot do that, or they live in an apartment where their roof faces the wrong way, or whatever the issue is, and they can subscribe to a central solar project, get the benefits of clean energy, and get a 20% bill credit. That is our program, and that is how we are matching clean energy with affordability in New Jersey. Anyone can subscribe to a project that's in

your service territory. More solar projects are coming online, and that is available regardless of income.

So, you can subscribe, regardless of your income, and get a 20% bill credit. And, I think that that is really such a significant program that this administration has both stood up from the very beginning and continued to move forward. And, we demonstrated that because we recently got \$156 million grant from the Federal government to further our work on making sure that solar is available to all residents in New Jersey, and I think that that really highlights the importance of that program and of the great work that the Governor and this administration has done to support residents.

ASSEMBLYMAN DeANGELO: Thank you.

Any other questions so we move on?

Oh, one more.

ASSEMBLYMAN SAUICKIE: Thank you, Mr. Chairman. I'll be brief. Just following up on the initial question I had.

The 278,000 that are getting the \$175 credit.

MS. GUHL-SADOVY: Yes.

ASSEMBLYMAN SAUICKIE: Great, I mean, I certainly appreciate lowering the bills.

By my math, that's almost \$49 million total, though. How is that getting funded?

MS. GUHL-SADOVY: That's through-- It was uncommitted funds from the SPC, from the Clean Energy Program, that were not committed to a program, and so we felt that it was important to return that

to ratepayers, for people who needed it most being those who are eligible for the winter-termination program.

ASSEMBLYMAN SAUICKIE: So, that actually came from the Clean Energy Fund?

MS. GUHL-SADOVY: That's right.

ASSEMBLYMAN SAUICKIE: OK, great.

Thank you.

MS. GUHL-SADOVY: Sure.

ASSEMBLYMAN DeANGELO: Thank you.

And, thank you, Madam President, for your testimony--

MS. GUHL-SADOVY: Thank you; thanks, Chairman--

ASSEMBLYMAN DeANGELO: --and for your time.

MS. GUHL-SADOVY: Thank you.

Thank you, everyone. Have a wonderful day.

ASSEMBLYMAN DeANGELO: Thank you.

Next, if I can call up please Jason Stanek, the Executive Director of Government Services for PJM.

Good morning.

J A S O N M. S T A N E K: Thank you.

Good morning, Mr. Chairman; Mr. Vice Chairman; members of the Committee.

I am Jason Stanek, Executive Director at PJM, with my associate, Stu Widom, here today to provide a briefing on what PJM is and our interaction with respect to some of these prices that you've experienced in New Jersey.

PJM is the grid operator; it's the largest grid operator in North America. We served over 65 million residents, including the 9 million folks who live here in the State of New Jersey. We're an organization that, Number 1, we maintain reliability of the grid 24/7, 365. But, we are not a policy organization, nor do we set any utility rates, as you just heard from the BPU President. They are your state utility regulator, and they are responsible for setting retail utility rates.

What we do is we are effectively the air traffic controller from our headquarters in Valley Forge, Pennsylvania, of directing the flow of electrons across our jurisdiction, which includes 13 states and the District of Columbia. We also are in charge of the interstate transmission planning of the grid, so these are the high-voltage wires, 345 KV and above, that intersect and deliver power to all of the utilities in your state here.

We also manage the markets, which I'll discuss in a bit, including the capacity markets and the energy markets in order to ensure that we have a reliable supply of electricity to serve your customers not only today but into the future.

We are regulated fully by the Federal Energy Regulatory Commission. They are the wholesale utility regulator, in comparison to the Board of Public Utilities who serves as the retail utility regulator. But, we estimate the value proposition of PJM saves customers in our footprint approximately \$3-4 billion a year due to the efficiencies of being a part of a very competitive market.

As we all know, we are in the midst of an energy transition. Whether it be consumer preferences, State policies, Federal policies such as the Climate Bill provisions that were in the Inflation Reduction Act. We're

seeing a transition away from our thermal resources, including coal, natural gas, oil, diesel, and others.

But, as we heard from some of the members and from the BPU president, we are in the midst of a transition, and we're seeing a tightening of supply and an increase in demand. And, they're going in opposite directions. And, they're going in opposite directions relatively quickly.

Earlier this year, we released a load forecast, effectively what we estimate for increases in demand. And, the 2024 trendlines were head and shoulders above all prior years. And, why is that? Part of the reason is electric vehicles. It's data centers; the movement of artificial intelligence. So, all the issues that you've been hearing about -- this issue of co-locating large customers with merchant nuclear fleets. These are issues that we are grappling with right now to ensure that reliability remains not only today but into the future.

One example I just want to share is, even though our system -- we peak out at about 165 gigawatts -- that's equivalent to 165,000 megawatts. And, just keep in mind one megawatt could power somewhere in the neighborhood of 600-700 homes. But, over the past 12 months, from the summer of 2023 to the summer of 2024, we saw 4,000 megawatts of resources retire; no longer available to PJM. We also saw our peak increase by 4,000 megawatts. So, that's an 8,000-megawatt difference in just a short period of 12 months. This is concerning to the grid operator.

We also operate what is called a Capacity Market. And, the Capacity Market ensures that we have sufficient resources lined up three years into the future. We've run an auction, which is different than the BGS auction that you just heard. This is our capacity auction, and we are

set to run that auction annually. The last auction results were released in July, end of July of this year, and they increased dramatically over the course of the prior year, almost by a factor of nine. And, what this was a manifestation of was the fact that we have these tightening economic conditions, and it's basic economic fundamentals that when you have reducing supply and increasing demand, the price will go much higher. And, we saw the price go from approximately \$29 a megawatt day to upwards of \$270 a megawatt day right here in New Jersey.

I'd also like to touch on-- We heard some references to the interconnection queue. And, what the interconnection queue is, is with respect to generators who want to actually tie into the PJM system, they need to go through a process of review at PJM by our planning department before they can actually reliably connect to the grid. We've seen in recent years a tremendous increase in the number of resources. It used to be, let's say, a coal-fired station or a natural gas station, maybe we received about 200 requests a year. That number doubled and then it quadrupled and then we were receiving upwards of 1,300 interconnection requests a year.

It was a lot to process. So much so that we needed to reform the process, and, in 2022, the Federal regulator, FERC, approved those changes to our process, and we implemented them effective summer of 2023. I'm happy to report that we're processing now massive amounts of generator interconnection requests. We'll get through-- We've already processed upwards of 38,000 megawatts that have received all the approvals in hand. We're now in the process of moving up to another 30 megawatts this year, and then we'll process more as we get through the queue. The queue, as it stands today, is approximately 226,000 megawatts -- or 226

gigawatts. And, then, by the middle of next year, we hope to get through another 30,000 megawatts.

Before I conclude-- And, you have some written testimony with helpful graphics and statistics. At the end of the day, we provide facts; we are not a policy-setting organization. We want to maintain a reliable grid; we want it to be competitive; and we want economically efficient outcomes, so your customers could afford their ultimate utilities. But, with respect to affordability, there are some issues that are managed by policymakers, including utility regulators and State lawmakers like yourselves. And, these are just two important points:

Number 1, to minimize rate impacts, we would respectfully request avoiding any policies that are designed to push resources off the system before we have an equal and equivalent amount of replacement resources -- in this case, New Jersey, its entirely renewable and clean resources -- until we have an equal amount of those resources to replace the departing generation.

And, Number 2, analyze local challenges within your state to figure out how we could deploy both generation and transmission infrastructure onto the grid more quickly. We've heard throughout our footprint the challenges of getting local permitting to develop new resources, whether it be a natural gas-fired facility or solar or ray, as well as the development of transmission lines. It's very difficult in this day and age to build a new high-voltage transmission line. Nobody wants such infrastructure in their backyard, and we understand that. But, at the end of the day, if you can't build through the forests; and, you can't build through the suburbs; and, you can't build through the wetlands; and, you can't build

through the farmlands; there's no place to host new transmission lines. And, with the large load growth that we're expecting -- whether it be data centers, AI, building electrification, EVs -- that will be a challenge.

Thank you again for the invitation, Mr. Chairman.

We're happy to answer any questions.

ASSEMBLYMAN DeANGELO: Thank you, Jason, and I'm very mindful as this Committee moves forward that we look towards generating what we utilize.

I see an increased demand on what we need to do, and diversifying that portfolio is extremely important to me so that we have a sustainable generation and it's not just patting ourselves on the back.

Do any Committee members have any questions?

ASSEMBLYMAN BARRANCO: I do.

ASSEMBLYMAN DeANGELO: Yes, Assemblyman.

ASSEMBLYMAN BARRANCO: So, thank you.

What you do is very crucial, and it's very important that you're here, because everything starts at what you guys do.

So, there's two things that you said that I would like to shed some light on and make sure that everybody in the room understands. One of the-- Close to the last thing you said was, "Stop shutting down plants." Effectively. Take the niceties out of it. Stop shutting down plants until we have an equal generator for the plant that you're shutting down.

MR. STANEK: That's correct.

ASSEMBLYMAN BARRANCO: And, then, the other thing that you said that's very crucial is -- and, correct me if I'm wrong here -- you

expressed, if I'm not mistaken, a 10-fold increase in the bulk generation rate very recently.

MR. STANEK: Nearly a 10-fold in the capacity rate.

So, the capacity payment goes to a generator today to ensure that they're available to supply at some point in the future.

ASSEMBLYMAN BARRANCO: So, safe to say that that capacity rate, that bulk capacity rate that you mentioned, is the primary driver of raising the rates that you pay your house. Am I right?

MR. STANEK: So, let me be clear. The auction results that went up to \$270 in New Jersey through our recent auction in July, those rates -- which will migrate to a utility bill at some point in the future, no earlier than June 1 of 2025 -- we'll have to go through a rate case; it'll go through the BPU. But, it's a fraction of a fraction of the generation line on the utility bill.

So, customers, let me be clear, will not see an increase 10-fold come next year.

ASSEMBLYMAN BARRANCO: I get that. But, is it safe to say that, because of that 10-fold increase, we are going to see continued rate increases over the next two or three years?

MR. STANEK: There will be an upward rate impact.

ASSEMBLYMAN BARRANCO: OK, so, this is just the beginning of the hell that we're going through?

MR. STANEK: Depending on auction results in the future, they could go up; they could go down. We're hopeful that more resources view this very high \$270 rate as a price signal and a signal we need to provide more generation supply into the auction.

ASSEMBLYMAN BARRANCO: So, is it safe to say, Sir, that if we do nothing, we are going to pay the price soon?

MR. STANEK: If the State does nothing, that would be fair to say.

ASSEMBLYMAN BARRANCO: Thank you.

ASSEMBLYMAN DeANGELO: Anybody else have any questions?

Yes, Assemblyman.

ASSEMBLYMAN BAILEY: Jason, thank you. Great to have you here today.

Yes, to put numbers to that, Chris, \$2.2 billion to \$14.7 billion, just under \$29 per megawatt, to just under \$270 per megawatt as Jason just shared with us.

And, so, yes, we've got to do something. And, that's what perplexes me, that we had this conversation about wanting to do something. And, wind is one of those options. We look at our sustainable options that we can -- that are in the queue.

And, so, my question really focuses on that, on these -- on that list. And, thank you; in your report you list some of the connections that you've made. But, then we also discuss in the data that I had -- that I was thankful to hear you quoted -- that it was down to 226 gigawatts that were still in the queue; I had it 286. So, I was thankful to see that we've made some movement on that. Most of which are solar and/or storage projects, correct?

MR. STANEK: For our footprint, almost entirely solar paired with storage and some wind, that's the footprint-wide.

New Jersey wide, it's more than three-quarters wind--

ASSEMBLYMAN BAILEY: Wind--

MR. STANEK: --the balance, the remaining quarter, is about--
It's solar and storage.

ASSEMBLYMAN BAILEY: Yes, absolutely.

MR. STANEK: Twenty -- about 20 gigawatts in the queue.

ASSEMBLYMAN BAILEY: Right now, due to that backlog,
you've shut down until 2026 any new applications. Am I correct?

MR. STANEK: We're in the midst of processing this remaining
226 gigawatts. Applications are still being filed and reviewed. They won't
be acted on before 2026.

ASSEMBLYMAN BAILEY: OK; all right.

You actually answered my questions. You've added additional
focus to that, to work on those processes on those lines.

MR. STANEK: We're expediting the queue. As I mentioned,
we're on track to get through another 26 gigawatts by December of this
year. Another 30 gigawatts by the middle of next year, with the intent by
2026, the queue is effectively processing the applications as they're
received.

ASSEMBLYMAN BAILEY: Can you also speak to those who
then opt-out while they're waiting; what that process looks like; and what
the percentages or general number of those who then pull their
applications?

MR. STANEK: Yes, not every applicant actually graduates the
queue. Prior to the reforms being sent, we saw a fair number of potential
generators not actually meeting our milestones as they progressed through

the queue. So, it could be concerns with respect to financing; with respect to supply chains; inability to obtain local permits. So, there's a number of reasons for why they would drop out.

ASSEMBLYMAN BAILEY: Mr. Chairman, if I may, let me just rewind--

ASSEMBLYMAN DeANGELO: Yes--

ASSEMBLYMAN BAILEY: --rewind one second to Chris' question.

So, what we're experiencing right now was based on the previous auction from-- What would have been some of the impact from the previous auction?

MR. STANEK: So, the queue is forward looking. These are resources that want to connect to the system. The auction that we had is either existing resources -- supply resources, generator, solar, steam, nuclear -- or plants that are not online yet but can commit to being online when the (indiscernible) takes effect June 1. So, they don't have to be operational today, they could have bid into the capacity market. But, by June 1 of next year, they need to be ready to contribute.

ASSEMBLYMAN BAILEY: It's a very complex issue.

MS. STANEK: It is.

ASSEMBLYMAN BAILEY: I appreciate you being here today.

But, yes, certainly, it's something that we all have to be aware of. We're certainly-- It certainly has raised our temperature in the southern districts right now. It's something that we ought to be aware of moving forward.

Thank you.

MR. STANEK: Thank you.

ASSEMBLYMAN DeANGELO: Thank you, Assemblyman.
Assemblyman Kanitra.

ASSEMBLYMAN KANITRA: Chairman, first of all, I have another chance just to commend you for holding this hearing today. I mean, we have different ways of how we're looking at the issue and everything, but the experts that we have, I think, are really valuable, because, at the end of the day, the average resident in New Jersey just cares about what they're paying on their bill, for the most part.

ASSEMBLYMAN DeANGELO: That is correct.

ASSEMBLYMAN KANITRA: Kudos to my colleague -- my distinguished colleague -- who got into what I was going to talk about probably a little bit more eloquently than I will, but we're probably both champing at the bit.

And, kudos to you for being here today, because you're in the unenviable position of having to talk about rate increases that you don't have any say over. You're just directing the mix of electrons and you have to deal with all the State regulations and all the bureaucratic craziness that goes into this. And, I appreciate that.

And, while my colleague started to dig in on your comment, which I believe was that you're essentially asking the State to please don't pull resources off the system currently until we have enough energy. I want to dig into it more because, before that, you also went in and you said that you already had resources retire. And, I don't think the issue is that complex of an issue in general; I think it's pretty simple. I'm a simple guy, I like to get how approachable things are for the regular person out there.

“Resources retiring” means that fossil fuel plants have been shut down, correct?

MR. STANEK: That’s fair to say.

ASSEMBLYMAN KANITRA: How many fossil fuel plants do you think have been shut down in what period of years, recently?

MR. STANEK: Well, in the past six years we’ve lost almost 2,900 megawatts of resources, and they were replaced with about 1,300 megawatts of resources. So--

ASSEMBLYMAN KANITRA: So, a 1,600 deficient, right? I won’t speak for you.

MR. STANEK: Correct. I think that’s the math.

ASSEMBLYMAN KANITRA: That’s pretty-- It wasn’t my strongest subject, but the quick math on that--

MR. STANEK: Six hundred, yes.

ASSEMBLYMAN KANITRA: And, as you talked about, we have increasing demand with all our technological advances and everything that are going on, but it’s not, “Please, State, stop -- don’t turn off any resources.” We’ve already done that. We all-- The reason that we’re facing these rate increases is-- And, let me just ask you, (indiscernible). If those resources were still on, would our rates be where they’re at today?

MR. STANEK: Additional resources, additional supply, into the market would have a depressing effect on prices.

ASSEMBLYMAN KANITRA: So, that’s the answer. I mean, we’re going to have the whole hearing, a ton of people are going to talk about it, we’re going to go back and forth ideologically about how

everybody feels. If we had the resources that got shut down because of the State's mandates online today, everybody in the State would have lower--

ASSEMBLYMAN DeANGELO: All right--

ASSEMBLYMAN KANITRA: --utility prices.

ASSEMBLYMAN DeANGELO: Assemblyman, one of the things we need to be mindful of is PJM is not just the controller for the State of New Jersey. That loss is through a 12-13 state--

MR. STANEK: Thirteen state--

ASSEMBLYMAN DeANGELO: Right, 13 states. So, it is not -
- to pull the politics--

ASSEMBLYMAN KANITRA: Not (indiscernible), of course,
Chairman--

ASSEMBLYMAN DeANGELO: --that has been going on and
to control the room. It is *not* just New Jersey.

ASSEMBLYMAN KANITRA: Of course; right.

Thanks.

Thank you very much.

MR. STANEK: Thank you.

ASSEMBLYMAN DeANGELO: Thank you.

And, one of the things that-- I appreciate your offer, and I will expand it out to the Committee afterwards and we will orchestrate it -- is a tour of your facility. I believe it's about an hour away in Valley Forge--

MR. STANEK: That is right.

ASSEMBLYMAN DeANGELO: --so that the members can see
the operation of the -- your facility.

MR. STANEK: Thank you; we look forward to having you visit.

ASSEMBLYMAN DeANGELO: So, calling up next, for everyone, I'm going to call up our utilities.

I am going to ask all four of them to come up, and we'll go kind of in order: Atlantic City Electric, Jersey Central Power & Light, Rockland Electric, and PSE&G.

Good morning, everyone, and you heard multiple testimonies, and we're going to ask you guys if you could please kind of discuss a little bit about your utility area. If you can just help out the dais up here, we have four companies that are out there, if you can just kind of give us -- although I know -- the parameters of your geographical area before you get into your testimony.

I'll let you guys fight, see who wants to go first. It doesn't matter to me.

P H I L L I P V A V A L A : Good morning; I am Phillip Vavala from Atlantic City Electric.

I am the Regional President. I will read off my comments, if you'd like.

So, we are responsible for delivering electricity to South Jersey, everything from Cape May to Atlantic City to the Glassboro area and beyond. I am serving north of 500,000 customers in South Jersey, and we're proud to do so each and every day.

Chairman DeAngelo, thank you very much for having this hearing. And, the members of the Telecommunications and Utilities

Commission (*sic*) today, thank you for being here, and I appreciate your questions.

I'd like to have a few prepared comments around the influx in high customer bills that we've seen, and then our efforts to communicate with customers about the energy increases, the resources available to help lower costs and assist customers with bill payments. Because, as you all know, that we are extremely interested in our customers; interested in how they're dealing with the rising prices, and, obviously, we want to demonstrate that we are empathetic as a utility in that regard.

We will note that each customer's bill is unique. It can vary from energy use to the supplier, including the-- As we talked about already today, in terms of clean-energy solutions that are part of that bill, our goal at Atlantic City Electric is to make sure that we're ensuring customers are well informed about the factors affecting their bill so they can better understand their rates and consider all potential ways to save energy and save money. We provide extensive information regarding energy-efficiency and assistance programs, and, while we communicate to the customers about impacts, we heard our customers' feedback that we certainly need to do more, and have begun taking steps this summer through small and other social media challenges to share bill impact information.

We continue to direct our customer communications to our customers, explaining that the transition from summer to winter rates, customers may experience this fall a decrease in their rates and to help them understand that. We did provide an email on Monday this week to our customers, and, as of the writing of my testimony, we had nearly 100,000

customers who actually opened that email and gained information through other channels.

I would like to take a moment to talk a little bit about this summer and what we experienced. We saw the summer heat combine with changes in rates, as we've already discussed today. The cost of energy has caused fluctuations in customers' bills. We experienced the second-hottest June on record, a nearly 8% temperature increase from June 2023 to June 2024 of this year. July was our seventh hottest month on record, and as a result, the company saw residential usage, on average, to increase 20% over the same period from last year. It's important to note the increase in usage over year over year.

Our studies have indicated that New Jersey residents continue to use energy more than ever before. We've talked about that quite a bit here today, and some of the projections related to that. That makes equipment work harder; that causes an increase in energy demand; and, coupled with inflation and extreme weather, contributing factors are affecting energy bills for customers. On average, customers experienced an additional 20% bill increase compared to the previous summer due to those factors as I've already walked through.

A little bit about what we want to talk about today is the supply rate, as we've mentioned already. That's the cost of the electricity that a customer uses. That rate changes based on the purchase cost of electricity, and I will note it is a passed-through cost. Customers experiencing the rate increase related to that, compared to the July 2023 -- the same period -- is directly due to the parts of the energy auction that we've already talked about. I will note, though, that customers can shop for

third-party energy providers to provide energy resources for the portion of the bill related to supply, and that is an option for customers to do, obviously, to continue to try to look at more affordable options for the energy purchase.

The distribution rate, which increased by 5%, allowed the customers -- allowed the company, sorry -- to continue investing in reliability and modernization utility upgrades to better serve customers. Distribution rates also serve to support storm damage; help us invest in making the system more resilient against future storms; and our customers are receiving value through those investments to enhancement local energy grid, resulting in customers experiencing lowest frequency of electric outages ever in 2023, while supporting a 45% overall decrease over the past 10 years.

We understand that no one wants to see high electricity bills, and that has a significant impact on our customers. That's why we work to empower customers to better manage the energy use, have programs supporting that, and help those who are struggling to meet their energy needs for facing financial hardship. Budget billing averages a customers' annual energy costs and creates a balanced and predictable monthly bill -- and, I stress predictable. Now customers know what to expect each month in their bill, and avoid seasonal peaks while getting a view of their actual energy usage.

And, I will note before this we did see an increase in the number of customers who didn't enroll in our budget billing programs over this period of the past summer, demonstrating to me that our messages for

trying to communicate with customers are working and that they're availing themselves of the assistance that can be deployed there.

I will also note that our recently deployed and activated smart meters enable tools to help customers save money and energy. Let me emphasize that Atlantic City Electric has found that there is no correlation to higher energy bills, and that the installation of a new smart meter -- in fact, the tools enabled to be updated, from an updated smart meter -- can help customers better monitor their usage; obtain things like high-bill alerts; have better insights into their more detailed energy-use information. The smart meters that, like the high-usage alerts that I've already mentioned, notify customers when their usage goes beyond a customer-set level, allowing customers to better predict bills; adjust energy uses, which customize energy-saving tips; and, ultimately, keep costs down.

Atlantic City Electric works closely with our community and our community partners to connect customers with State and Federal energy-assistance grants. In 2023, the company helped more than 37,000 customers secure \$51 million in energy assistance and help customers pay their energy bills with no requirement to pay that back. We've launched an Assistance Finder Tool, which helps customers find personalized program information for financial assistance, bill management, energy efficiency, and we're working with community partners to have a greater impact, again, because we understand no one wants to see high-rising electricity costs and we want to make sure that we're availing and connecting customers with the assistance that is available.

We provide a quick home-energy checkup; appliance recycling; HVAC and Energy Star recycling programs. Our marketplace offers

discounted energy-saving products, such as programmable thermostats to help customers continue to monitor and control their energy usage. We've recently dedicated a portion of our website to educating our customers and addressing their concerns, and we ask our customers to visit *AtlanticCityElectric.com/billsupport*, where they can find additional information. And, certainly, they can call us by calling our number at 800-642-3780.

In conclusion, Atlantic City Electric -- and, I personally understand and hear our customers' concerns -- we are here to partner for their customers to help them better understand their bill, the tools that are available, and how they can take control of their energy usage; save money and energy; and connect with energy assistance if needed.

Thank you for the opportunity today, and I will now take any questions.

ASSEMBLYMAN DeANGELO: Thank you.

And, we'll do questions after all four testimonies are concluded.

So, next up, Jersey Central.

KIERAN TINTLE: Good morning, Chairman, members of the Committee.

My name is Kieran Tintle; I serve as Senior Advisor, Government Affairs, for Jersey Central Power & Light.

I am joined today by Pat Mullin, our incoming Vice President of Operations.

As the Chair requested, Jersey Central Power & Light has our service territory in the northwestern portion of the state and -- so long as

you believe in it -- the eastern central New Jersey portion of the state, Monmouth and Ocean County.

Thank you; I'll turn it over to Pat.

P A T R I C I A M U L L I N: Chairman DeAngelo, members of the Committee, good morning, and thank you for the opportunity to testify today regarding high energy usage during the summer months of this year.

I am Pat Mullin, Incoming Vice President of Operations for Jersey Central Power & Light. I started my career in First Energy here in New Jersey, and I am excited to be back.

As a longtime resident of Toms River, I am also honored to testify today before one of my legislators, Assemblyman Kanitra -- excuse me.

Primary drivers of high electric bills during 2024 summer months were increased electric consumption due to the summer heat wave, higher electric supply costs, and the settlement of changes to JCP&L's distribution rates. June and July 2024 were among the hottest months of the record for New Jersey, leading to the highest rise in residential energy consumption in the last five years. Total residential energy use for the months of June and July increased by approximately 17% from an average of more than 880 million megawatt hours in 2019, to more than one billion megawatt hours in 2024.

In addition, JCP&L's customers saw two rate increases impact their bills, beginning in June 2024. The first was a result of the settlement reached in our company's 2023 base rate filing -- its first since 2020. The filing recovers our company's costs for the infrastructure and operations investments to deliver electricity to homes and businesses in our service

areas. The settlement resulted in an overall monthly increase of 3.6% of a typical residential customer. This charge helps to support infrastructure investments, outage response, and grid reliability.

JCP&L is committed to continuing this type of grid investment, because it's vital for both the State's economic growth and energy reliability for our customers. Grid upgrades improve resiliency; allow for quicker restoration; and fewer power outages. Infrastructure investments create jobs; stimulate our local economies; and attract businesses that depend on reliable power. A modern, resilient grid also positions New Jersey as a prime destination for investments in tech, clean energy, and other emergency and tech industries.

The second increase experienced by our customers beginning in June was related to a basic generation service supply charge, which covers the cost of electricity itself from the BGS electricity suppliers. The BGS supply charge is collected by the utility, but passed through the electricity supplier without a markup. On average, the supply charge represents approximately 57% the total monthly bill for a typical residential customer. The cost increase from BGS electricity suppliers resulted in a typical residential customer seeing 8.6% increase in their monthly bills, starting in June. This was an increase realized by JCP&L residential customers who do not shop for electric supply.

JCP&L understands the economic realities that our customers face, and we encourage them to play an active role in managing their home energy usage through our Home Energy Analyzer. This tool, available to customers through individual portals on our website, help them to better understand and compare how much energy their home and individual

appliances consume. Additionally, we seek to help our customers who are facing financial hardships. To date, in 2024, in partnership with the State of New Jersey, we help to connect approximately 68,500 customers with more than \$25 million in assistance through the programs such as Universal Service Fund and LIHEAP.

Thank you for your time today, and we look forward to your questions.

ASSEMBLYMAN DeANGELO: Thank you, Patricia.

Can I get PSE&G?

And, just make sure that little red light is on -- there you go.

D A V I D L. J O H N S O N: Good afternoon, Chairman DeAngelo.

ASSEMBLYMAN DeANGELO: Morning. Or, good afternoon, yes; it's not morning anymore.

Good afternoon.

MR. JOHNSON: That's exactly right.

And, other distinguished members of this Assembly Utilities Committee.

My name is David Johnson; I serve as the Vice President of Customer Care and Chief Operating Officer for Public Service Electric & Gas. In my current role, I am responsible for leading, planning, and managing PSE&G's efforts to deliver seamless, efficient, and a positive customer experience for all of our customers.

And, I have to tell you, it's deeply rooted in our customer-centric culture that we have.

On behalf of PSE&G, I am here before you as a part of our fundamental responsibility to serve our 2.4 million electric customers, and

our 1.9 million gas customers, to serve as a good steward of all of our customers and our electric and gas distribution system.

One of the things that we focus on consistently is managing our costs prudently. We take these responsibilities extremely seriously, and we take a lot of pride in the fact that we provide safe, reliable gas and electric distribution at economic rates.

Mr. Chairman, you asked where our service territory spans. Our service territory spans from the north, central, and southern parts of New Jersey. So, we are across the State of New Jersey, and we're very proud to serve.

I'd like to start some of my other comments by saying New Jersey is doing well. And, what I mean by that is we submitted some reading materials, and I'd ask you to reference slide two. In those materials that we submitted and advanced, it shows that we've had many years of low and affordable rates. On slide two, Wells Fargo submitted some recent information that shows that New Jersey's rate increase of 2.8% is lower than the national average over the same time frame, especially when you compare it to those states in the Midwest and along the East Coast. Our rates have even increased lower than the rate of inflation, which we know the CPI index of the last couple of years has been around 4%.

And, I have to tell you, this doesn't happen by chance, Assembly members. It happens because of the support and some of the sound decisions that you've made; some of the sound decisions that the BPU has participated in and driven; as well as the fact that at PSE&G, we are committed and focused on continuously driving our costs down.

In addition to that, as you've heard others mention, there's a difference between an energy rate and a customer's bill. And, customers do focus on their bills. And, so, at PSE&G, we are extremely focused on keeping our bills affordable. We're also laser-focused on providing exceptional service, which I'm extremely excited about, while keeping our operational and maintenance costs down. As a matter of fact, those two work hand in hand. Simply put, keeping our customers front and center, doing things the right way the first time, also enables our ability to maintain efficient operations.

Our focus on keeping our costs down shows up in a couple places I would call to your attention. Affordability and competitiveness to our peers. And, I would ask you to reference slide three of the previously submitted information. One point that I'd like to make note of is PSE&G's combined bills are 3% of New Jersey's median income -- which we are extremely proud of -- and it should look at over the last 14 to 15 years, that number continues to decrease. When you look at the second line on that chart, under 2% of the median income of our low-income customers -- and, I'm referring to those who take advantage of our payment-assistance programs offered here in the state -- it's extremely small there as well, and we're proud of that, and you can see we're at one of the lowest levels over the past 15 years.

We're also very proud that we have some of the lowest gas bills in the region, and our electric bills are below the regional average -- extremely proud of that. Additionally, to help keep our bills affordable to all of our customers, our employees take a lot of pride in being heavily engaged in the communities that we serve. To give you an example, we've

partnered with the BPU on many occasions to go to the communities where our customers are at to host energy-efficiency seminars, payment-assistance outreach days, and volunteer events.

I'd like to share with you some statistics. In 2023, in our territory -- in PSE&G's territory -- 212,000 customers received to the tune of \$218 million of payment assistance. And, that's due to all the hard work that our employees put in to connect our customers to resources. Year to date in 2024, 200,000 customers have received over \$160 million of payment assistance, and the year is not over and will continue to push hard.

At PSE&G, we rigorously continue to manage our costs for our operation and maintenance, while continuing to perform at a high level in both operations and customer satisfaction. And, at the same time, as you've heard a couple other members state before, we meet our customers where they're at. We consider that to be extremely important.

You've heard me talk about "affordable," but not only are we affordable, we are very reliable. And, we take this seriously. It's extremely important to us that we provide safe, reliable, and affordable service. We uphold our responsibility by following some simple principles. Number 1: Making prudent investments in our infrastructure; being able to be responsive to our continued growing customer demand. Second one: Making sure that we're executing on all programs that our customers request of us. And, then, third one is continuously reinforcing our distribution systems -- hardening and strengthening our base.

As you're all aware, our state has experienced some very momentous situations. The blackout of 2003; Superstorm Sandy; and, some most recent unpredictable weather. All of this illustrates the need for

our continued investment in reliability, resilience, so that we're ready for any future events that may come up. We continue at PSE&G to make sound investments to meet this ongoing challenge, and we'll continue to focus on that, and to be a catalyst of economic development in the State of New Jersey.

Over the last several years we've created thousands of well-paying jobs directly and indirectly through our vendors. In 2023, we spent \$2.6 billion in the State of New Jersey, and \$1.1 billion in diversity spend. And, our Clean Energy Jobs Program has provided over 2,500 jobs in our most vulnerable communities, and those communities that, really, are underserved. We also at PSE&G continue to provide safe, reliable, and affordable services, and we acknowledge that there's a rigorous process that we have in our State that's led by the BPU. And, some of those components are making sure that there's viability in each utility filing; validating the different roles that each utility partakes in the process; making sure that the process is transparent and robust, which is really important; and making sure that the overall process undergoes a prudence review.

And, as I begin to wrap up here, I would be remiss if I didn't call out our focus and how our customers recognize us for the customer service that we provide. We have been consistently in the top quartile for electric reliability, and the top quartile for customer satisfaction for both electric and gas, while maintaining lower ONM costs. A couple of the recognitions that our customers have given us recently, we received the "Reliability One" award for outstanding metropolitan service area reliability for 22 consecutive years -- which we are extremely proud of; the men and

women of our company are extremely proud of that. Second thing, from a customer satisfaction perspective, you've all heard of JD Power -- in 2022, we were first for both electric and gas residential in the East Large segment. In 2023, we were in the top spot for both JD Power Electric residential and gas residential.

So, in conclusion, on behalf of the 12,500 men and women at PSE&G -- and our customers -- I want to thank you for the attention on this matter today. We appreciate that all the parties here work so hard for New Jersey so that we can remain economically competitive while providing comparatively low rates paired with, as I mentioned earlier, exceptional service.

Thank you, Mr. Chair.

ASSEMBLYMAN DeANGELO: Thank you.

Joe.

J O S E P H C H E C K L E Y: Good afternoon.

ASSEMBLYMAN DeANGELO: Afternoon, Joe.

MR. CHECKLEY: My name is Joseph Checkley, President and Business Manager of the International Brotherhood of Electrical Workers Local 94.

I represent 4,000 members throughout the State of New Jersey. Of those 4,000 members, 3,300 are in all lines of business at PSE&G. Six hundred of those 3,300 work at the Salem Hope Creek nuclear reactors. Another 600 do line clearance and tree-trimming throughout the state. The remaining membership works at the fossil and co-gen plants – six fossil and co-gen plants plants -- operating in the State of New Jersey.

On behalf of Local 94's membership, I am here to discuss the important contributions that Public Service Electric & Gas makes to the state, regional, and economy, and its efforts to maintain the reliable and resilient system sensitive to affordable concerns.

Over the past 10 years since Superstorm Sandy, PSE&G has made significant, prudent capital investments to upgrade, strengthen, and modernize the State's electric infrastructure. Local 94 members have played a key role in that infrastructure upgrade. Large-scale, long-term infrastructure-modernization programs, like the ones PSE&G has undertaken, drive the enormous number of benefits that touch almost every New Jerseyan. Most residents want electric and gas service available when they need it, and, so does PSE&G.

PSE&G prides itself on providing safe and reliable service and being responsive to the customer needs. In addition to enhancing reliability for customers, those investments have been a win-win, with improvements for crucial infrastructure strengthening to the system; reducing carbon emissions; and creating good-paying middle-class jobs.

Those investments have extended benefits to the communities they serve, drawing on a specialized pool of contractors workforce they engage, all guided with the same principle: safe; proper; and reliable service. While making these investments, PSE&G has maintained affordability a top priority.

PSE&G has continually maintained its history of providing award-winning, reliable service due in no small part to the Local 94 members. Investments of these type PSE&G makes in the New Jersey energy infrastructure make our state a better place to live and work and also

raise our families. These investments have helped clean the air and boost our state's economy and ensure high-quality jobs, as well as making electrical service for our homes and businesses safe, more reliable, and more resilient.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeANGELO: Thank you, Joe.

And, last but not least, at the top of the state -- I mean the very top -- Rockland Electric.

M I C H E L E O ' C O N N E L L: Thank you, Mr. Chair.

Good afternoon.

My name is Michele O'Connell, President and CEO of Rockland Electric Company. And, I am pleased to testify today before the Assembly Telecommunications and Utilities Committee.

Rockland Electric provides electric service to approximately 75,000 customers in parts of Bergen, Passaic, and Sussex County. Together with Orange and Rockland Utilities, we contribute to the local economy by supporting 3,500 jobs, both direct and indirect, with Rockland Electric alone providing \$16 million in contracts to small businesses and minority and women-owned businesses. Also contributing \$26 million in local and State tax revenues.

Our mission, like others, is to deliver energy that is safe, reliable, and sustainable while actively engaging with our customers to understand their needs.

We have and continue to invest in the grid to maintain reliability and enhance resiliency. This includes \$19.8 million in storm-hardening and selective undergrounding projects in the past two years, and

believe that these investments such as these are integral to the reliable and resiliency of the grid.

We recognize that this summer's electric bills were higher than typical -- especially compared to that of last year's relatively mild summer. And, that can pose challenges for our customers. This summer was the third-hottest summer on record since 1996, and, as a result, we saw customer usage increase approximately 15% in response to that heat and humidity. Other contributing factors included increased cost for supply and transmission. We actively work to support our customers, and offer a range of programs that can provide meaningful discounts and more flexible payment programs. These include such things as deferred payment programs and agreements; payment extensions; monthly discounts for low-income customers through the Universal Services Funds. We collaborate with our customers to facilitate the connection and receipt of public assistance as well as providing level payment plans, which can really reduce bill volatility.

In addition to these initiatives, we encourage our customers to manage their energy use as the most effective means of controlling cost. With the help of smart meters, customers have access to detailed daily usage information, and customers can receive high-bill alerts and tips on how to avoid them. The company also provides customers with weekly reports summarizing their utility usage. These measures are supplemented by energy-saving tips and incentives for making energy-efficiency upgrades to homes and businesses, which can be accessed through our website.

In conclusion, Rockland Electric Company remains steadfast in our commitment to our customers, ensuring that we provide safe and

reliable electricity while managing the challenges posed by our dynamic energy market.

Thank you for the time today, and we look forward to your questions.

ASSEMBLYMAN DeANGELO: Well, thank you.

And, to all four electric companies, I appreciate your time and expertise in testifying today.

Now, I am going to ask anybody on the dais if they have any questions. And, if you could -- on both sides -- just not get into hypotheticals. Just ask specific questions through the provider. And, if you can just say which provider you have a question to.

Assemblyman.

ASSEMBLYMAN SAUICKIE: I feel like that was directed at me.

(laughter)

ASSEMBLYMAN SAUICKIE: Thank you; thank you. I will try to be brief.

First off, PSE&G -- did you just recently announce a 5% decrease in your rates?

MR. JOHNSON: Recently, we did announce a rate decrease, due to the BGS'--

ASSEMBLYMAN SAUICKIE: Effective yesterday, I think.

MR. JOHNSON: Correct.

ASSEMBLYMAN SAUICKIE: Good timing.

MR. JOHNSON: Yes, it is.

(laughter)

ASSEMBLYMAN SAUICKIE: To Atlantic City-- Listen, I don't represent any municipalities that have Atlantic City Electric, but I will tell you, I've gotten a lot of correspondence on it. And, I will admit I have a relative who lives in Winslow who does go there.

My question to you-- And, we heard from the BPU on programs that are targeting low income, which I think is great, but, like some of the others, I'm very concerned about seniors with fixed-income -- retirees, including police and fire who haven't seen a cost of living adjustment in over a decade -- how this is impacting those types of folks.

My understanding of the major three components are the BGS -- the Basic Generation Service -- distribution component, and SBC -- which is the Societal Benefits Charge. Is that correct?

MR. VAVALA: Yes, that's correct.

ASSEMBLYMAN SAUICKIE: OK.

When I look at the BGS for all four utilities, they're roughly the same. They're roughly between 9 and 10 cents per kilowatt hours. Does that sound about right?

MR. VAVALA: That sounds correct, yes.

ASSEMBLYMAN SAUICKIE: Distribution, however, I'm seeing a big difference in what I think explains why, frankly, my brother who is complaining about his bill is somewhat justified. My bill -- I have JCP&L -- my bill went up \$100 from last year to this year, from \$300 to roughly \$400, which was a little bit of sticker shock. His went up to \$800, and, we have roughly the same house.

When I look at the distribution component, PSE&G from October to May was 3.55; JCP&L was 3.03. From October to May the

third, Atlantic City was 7.47. I look at June to September -- JCP&L actually went down 2.01. Atlantic City went up to 8.2. Four times. What - What's the reason behind that?

MR. VAVALA: I think your bill -- any customer's bill -- is unique, and I think there's a complex set of pieces that fall in it. We have already talked about the supply rate; we've talked about the distribution rate; we've talked about usage.

One thing I think that is, is very apparent to us based on just, if you look at the side-by-side of utilities within the State of New Jersey -- specifically around cost per customer -- if you look at Atlantic City Electric's territory as compared to my peers, the number of customers in the denominator, so to speak, for being able to socialize the total cost of operations, those type of things across the customer base, is considerably different than, say, to the north or far north.

So, from that standpoint, the overall cost-per-customer, I think for Atlantic City Electric, tends to be higher, just simply by virtue of the fact of our geography, our territory, and by the number of customers that are within the area.

ASSEMBLYMAN SAUICKIE: Yes, but I guess-- Mr. Chairman, if I could--

ASSEMBLYMAN DeANGELO: Yes, please do.

ASSEMBLYMAN SAUICKIE: I guess where I'm struggling here is, what we've been hearing is, "Hey, there's a hot -- a much hotter summer, much more usage." JCP&L had a 16% increase, according to the numbers I have in front of me. Atlantic City had a 13% increase. Now, the

year before, you had a 7% drop; they had a 10% drop, according to the numbers I have in front of me.

So, your drop was at -- or, your increase, I should say -- was actually a little less than JCP&L. And, I'm not comparing individual bills here, I'm comparing actual numbers. JCP&L's distribution component was 2.01; yours is 8.2. That's the problem I'm having. Why is yours 8.2 to distribution when theirs is one-fourth of the price?

MR. VAVALA: With all due respect, Sir, I would have to see the numbers myself to understand the nuance that's there.

Again, what I spoke to was our investment in our system; our cost related to energy supply; the capacity charge that's part of that as well; and, then, beyond that, the usage for the customer itself. Every identified complaint that we've had from a customer specific to their bill, we've done a full vetting process related to that, looked at the customer's consumption, looked at the rates, and have worked with each customer to understand what the nuance is related to that.

So, to understand that subtlety between what you're seeing for JCP&L and Atlantic Electric, I'd need to see that more to understand, Sir.

ASSEMBLYMAN SAUICKIE: But -- last question, Chair.

Well, I mean-- I mean, it's not subtle; it's a big difference. It's four times.

But, the SBC -- the Societal Benefits Charge -- seem kind of concerned. PS-- Excuse me. Rockland, .58; PSE&G, .61; JCP&L .68; Atlantic City, 1.05. Why is the Societal Benefits Charge so much higher for Atlantic City versus relatively the same rates for the other three?

MR. VAVALA: Yes, I don't have an answer today, Sir, on that.

ASSEMBLYMAN SAUICKIE: OK; thank you.

ASSEMBLYMAN DeANGELO: So, if I can ask this, Atlantic City Electric, I mean, (indiscernible), but if you can please get back to the Assemblyman and send it through the Chair--

MR. VAVALA: Absolutely--

ASSEMBLYMAN DeANGELO: --I'll make sure all the Committee members get that.

MR. VAVALA: Absolutely.

ASSEMBLYMAN SAUICKIE: Thank you, Chair; I appreciate that.

ASSEMBLYMAN DeANGELO: Thank you.

UNIDENTIFIED SPEAKER: If I may ask a question.

ASSEMBLYMAN DeANGELO: Hold on one second.

Any members have a question?

Yes, Assemblywoman.

ASSEMBLYWOMAN McCLOY: So, I want this question definitely to come from PSE&G, and then anyone else can answer.

Looking at your -- on page 5, when you're talking about job creation. So, through AI and public utilities can lead to various innovative roles and opportunities throughout the sectors in new technologies to improve efficiency and liability, and also serve as delivery.

So, talk just about just potential job creations; what that can look like, the innovation that you're looking to kind of move forward with, and just how that helps the overall infrastructure and helping our consumers in a whole.

MR. JOHNSON: Thank you for the question,
Assemblywoman.

There is a couple of things that I'd like to highlight here. On page 5, we do talk about some of the job creation that we have, and I want to start with the 2,500 jobs that I referred to earlier in my testimony around the clean-energy jobs.

When you think about where the future is at with energy efficiency and electrification -- we talk about EVs -- there are opportunities in this space to train folks with skills that can feed their families for years. And, that's what we've seen and we've witnessed as we've gone into the communities that we serve -- particularly in some of these underserved communities -- to give people those skills that will last for a lifetime. So, we're really excited about that.

In addition to that, as we continue to move forward, there are opportunities in some of the infrastructure work that we do where we're constantly looking and training linemen -- and women, I should say -- to help us as we continue to build out our infrastructure, as we continue to make our grid more resilient. So, there's a lot of opportunities that will -- that currently exist within the utility, and will be presented in the future.

You've talked about innovation and technology. We're always looking to be innovative in a way that helps us to keep our costs down; finding new creative ways, bringing in new technologies, to reduce our overall expenses to our customers. And, as we push into that innovation, there will be new jobs created in those spaces for members of our communities as well.

ASSEMBLYWOMAN McCLOY: Just a follow up, Chairman.

ASSEMBLYMAN DeANGELO: Yup.

ASSEMBLYWOMAN McCLOY: How are we working with maybe like our technical schools, community colleges, to invest in making sure that individuals have those necessary tools and resources to kind of meet those expectations?

MR. JOHNSON: Yes, and that's exactly what our Clean Energy Jobs Program has done. It's reached into some of those technical colleges, reached into some of the local high schools and community colleges, and just has gone into -- deep into the community, and worked with certain agencies that others may not have worked with in the past. And, it's been highly successful, and we've received several rewards for it as a result of it.

In addition to that, as we talk about jobs, we know that data analytics is something that's here in front of us now. And, we've invested and partnered with Rutgers University, and we've sent several people into the Rutgers program to help learn new skills around data analysis that also is a contribution back to the communities in which we serve.

ASSEMBLYWOMAN McCLOY: Thank you.

ASSEMBLYMAN DeANGELO: Thank you.

Assemblyman Barranco.

ASSEMBLYMAN BARRANCO: Thank you; thank you, Mr. Chairman.

So, my question is to JCP&L. You guys sell power at my house, so now that I've got you -- no.

(laughter)

ASSEMBLYMAN BARRANCO: No, seriously, to Mr. Tintle and Ms. Mullin, there are-- You sell power to the majority of my district. Orange and Rockland is also in West Milford, which is also my town. You guys do a great job up there.

But, I do have a question specifically about assistance. So, Phil from AC Electric went into a little bit of the assistance that they do down in South Jersey, but I was hoping that maybe you guys could share with us -- besides what the State offers, relative to assistance -- is there anything that you can speak to, relative to assistance for some of the residents of my district?

MR. TINTLE: Certainly.

Similar to what you've heard from our peer utilities here in the state today, we do outreach for assistance. There is community organizations, events, etc. Additionally, we have an entire department of very dedicated staff that their main objective every single day is to connect customers in need with dollars available to them to help pay their energy bills through USF, NJ SHARES, LIHEAP, etc.

So, one thing that we try to implore our customers is, if you're having trouble paying your bill, please call us; please communicate with us. It is our goal to keep your lights on no matter what -- storm or falling on hard times. And, so, we will work with any customer who reaches out to us or responds to us when we make outreach to them to set up installment plans; to delay a shutoff. Maybe you can make ends meet until pay day, you just need a few extra days -- we'll do that. As long as the customer is engaged with us, we will do everything within our power to find them the

assistance that they need available from some of the programs I've discussed before.

We'll work with them; there are qualifiers for many of these -- some, but not all -- of these programs, mostly focused on income. We'll work with each individual customer; we'll get an internal case worker at our company to drive them through the process; help them to understand what is available and is not available. And, then, from there, if all else fails, we'll work with the individual customer on the payment plan as I discussed, or push off, put a dummy lock on the account, to ensure they don't get shut off until they're able to make ends meet.

ASSEMBLYMAN BARRANCO: Thank you, Mr. Tintle.

ASSEMBLYMAN DeANGELO: Thank you.

ASSEMBLYMAN MARENCO: Mr. Chairman, I'm going to copy Assemblyman Barranco's homework, and direct the same question to my own company in my district, PSE&G -- but also add to it, if you don't mind.

I have a huge Hispanic population; a huge non-English speaking population; and a huge immigrant population that is just learning how electricity works in this country as opposed to other countries around the world, whether it be Middle East and also Latin America.

If you could help me with those answers -- the same question that you paid attention, as Assemblyman Barranco asked your colleague.

MR. JOHNSON: Assemblyman Marenco, thank you for that question.

We are very proud to serve all of our customers, and we work extremely hard to make sure that we meet our customers with their specific requirements.

And, when you talk about languages, we offer our bills in a variety of different languages that help our customers to be able to read them in the language that they speak. We send out a Customer Bill of Rights every year in a variety of different languages -- I believe we send it out in over 13 or 14 different languages each and every year to meet our customers where they're at.

We currently have 16 service centers throughout our service territory, and when any of our customers walk into our service centers, our customer representatives are armed and prepared with information and resources to be able to communicate with that customer in the language in which they need to speak -- including having literature in a couple different languages.

When they call into our call center, we have a partnership with an organization, depending on the language that the customer speaks, we can connect them and communicate with that customer to make sure that they are hearing the right information from us and getting the relevant details that they're -- that they require based upon what they're calling for. So, we are working exceptionally hard to make sure that we're meeting our customers' requirements.

In addition to that, we're working on some other innovative ideas in terms of how our customers pay us, to make sure that when customers are paying us, they have the ability to pay us and read kiosks and other information in the languages that they prefer as well.

So, I appreciate that question, and we work hard every single day to meet the diversity that we have within our service territory.

ASSEMBLYMAN MARENCO: Quick follow up, Chairman; I apologize.

And, my district is the 33rd – I actually might come back to you, Mr. Vice President.

And, I ask this about your literature. In my district, most 12- and 13-year-olds become *de facto* lawyers and translators to their families. They are the ones in school; they are the ones who are learning English faster; and, they are the ones representing their interests. What do we do about your literature sometimes being above the head -- I'm sorry -- of a 12- or 13-year-old who is representing families and their ability -- their families and their interests? They're the ones who come to your offices, be it in Union City, North Bergen, and I believe they have one in Weehawken also. Very well worn, by the way.

MR. JOHNSON: Yes, so, appreciate the question.

That is a challenge, and that's an ongoing challenge that we're prepared to meet.

You heard me mention earlier that sometimes customers are a bit intimidated to come to the utility. And, so, it's important for the utility to go in the communities in which we serve. We've spent a significant amount of time and done over 100 outreach activities in a variety of different communities -- including, I believe, Assemblyman Marenco, one of your communities as well. And, what we do when we're in the community -- that gives us an opportunity to be able to talk to that 12- or 13-year-old while they're standing next to their grandparent or their parent, and to be

able to help them through that connection. And, a lot of times, that's a less intimidating environment for us to work with our customers in.

So, do we have it perfect? Do we have it right yet? I'd say absolutely not. But, are we focused on that, and will we continue to push in to find ways to make sure that we're communicating as effectively as possible with our customers? We sure will.

ASSEMBLYMAN MARENCO: Thank you, Chairman.

ASSEMBLYMAN DeANGELO: Thank you.

Any other questions?

Assemblyman.

ASSEMBLYMAN KANITRA: Thank you, Chairman.

As a former mayor, I can tell you most people don't think about the electric company until they get their bill or until the power goes out, and that's when your phone starts ringing off the hook, and that's when -- as a result, as you guys know -- all *your* phones start ringing off the hook. "When's the power going to be on?" "Give me updates." "What's going on?" Everything along those lines.

And, I've talked a lot about infrastructure today, and earlier that was focused on, on the generation side of things. I think you all should be commended for infrastructure on the transmission side of things. I know JCP&L in my district is making a big focus of continuing to upgrade the infrastructure there; PSE&G, you railed off a ton of awards that you guys have won on that. And, I think it underscores how important investments in hard infrastructure that we have helps keep the lights on.

My district is on the Jersey Shore. We disproportionately get a lot of storms, and that knocks out a lot, and that makes it really difficult for

a company like JCP&L to constantly be responding to that and bringing resources in from out of state to do that. So, that's commendable to all of you, for sure.

I did want to ask one or two questions, because we're here to talk about rates at the end of the day. I wanted to piggyback on what my colleague, Assemblyman Sauickie, had mentioned earlier, because I, too, had noticed there did seem to be an outlier in some of the numbers that we were looking at. And, I-- If you go back in the news cycle a little bit, I would wager that some of the news around the salacious numbers about how much rates were going up was centered on some of the big numbers that were coming out of Atlantic City, Atlantic County area.

So, I just wanted to ask-- Because I tried to dig in, and this is just a question, if you have the answer, if you could give it to us afterwards, it would be appreciated. It did seem like you guys over the last year have done a smart-meter program. I know a lot of people do smart meters, but it seemed like you guys had really pushed the smart meter.

Is there a chance that some of the rate increase, some of the numbers that we were looking at -- the outliers, if you will -- were correlated to those smart meters, and maybe discrepancies in the non-smart-meter billing prior to that?

MR. VAVALA: So, we explored that concept extensively. Obviously, as part of the examination of the customer bill issues that we've seen, we wanted to take a very close look at the accuracy of the AMI meters themselves, and then, in terms of comparison against legacy meters, older-style electric mechanical meters.

So, we have done extensive testing. I will note, though, that the AMI meters themselves have been-- We began our rollout in February of 2021, so there is a little bit of leadup to this point before we actually did over-the-air activation for over-the-air reads.

ASSEMBLYMAN KANITRA: OK.

MR. VAVALA: So, prior to even this summer, a fair bit -- or, quite a bit -- of the meters that have been installed that were AMI meters, we were using those for direct reads for customer consumption.

And, I think that's important to note that, because there was a general premise that, "Oh, the meter was installed, and now my bill has gone up." But, quite frankly, the deployment of that many meters takes several years, so we are-- We were examining that very closely.

We have our meters also tested by a third-party outfit. So, in terms of watching the in-house type of thing, we want to make sure that we've got a third-party organization that's looking at our accuracy classes.

And, I'm just checking my numbers very quickly, that our meters, every one that we sample tested, including those that were identified by customers as part of a high-bill complaint, were tested to be between the BPU standard of 99.7% to 100.3% accuracy. All meters that were tested as a result of questions were tested to be reading properly, and I think that's important to note that, because, like everyone, we want to make sure we turn over every single rock to make sure that we're doing this.

So, from a deployment standpoint, from an accuracy standpoint, we have verified that there is no correlation between those two.

ASSEMBLYMAN KANITRA: Appreciate the thorough answer, Chairman.

One more, if I may?

ASSEMBLYMAN DeANGELO: Sure; go ahead.

ASSEMBLYMAN KANITRA: So, again, commending all of you for the public assistance that you've provided. There's a lot of people -- a lot of American citizens -- who are out there who are hurting right now. And, it's commendable that, with everything that's going on -- inflation, all of that -- that you guys are helping.

I tried to take a look at our budget a couple months ago as it relates to undocumented individuals, and one of the areas that I had the hardest time gathering the right data from was the utility assistance side of things. And, my understanding is that undocumented immigrants in New Jersey are able to access utility assistance, whether that's in the form of the Universal Service Fund -- the USF; PAGE, which was administered by New Jersey SHARES; and, some other programs as well. And, those programs, to my understanding, don't require Social Security numbers.

So, what I was going to ask -- I'm sure none of you will know or want to answer that right now -- but, again, if you could transmit that through the Chair afterwards, I was wondering if you had data on how many applications for assistance don't include Social Security numbers, if that might be the most technical way to tackle it, or to get me an accurate number, I'd certainly appreciate that.

Unless anybody wants to speak up right now, you've got it at the top of your head. (no response)

I didn't think so.

ASSEMBLYMAN DeANGELO: If anyone knows, you're welcome to answer.

ASSEMBLYMAN KANITRA: Thank you very much,
Chairman.

ASSEMBLYMAN DeANGELO: Thank you.

Any other questions?

Assemblyman.

ASSEMBLYMAN BAILEY: Mr. Chairman, thank you.

A comment, first, and then a question.

First, a comment to our representatives -- Mr. Johnson, Mr. Checkley from PSE&G. I want to thank you, as someone who was born and raised and raised their family in Salem County, I know the impact that PSE&G has on one, the jobs that you provide; the assistance.

In my youth, I would look back at my grandfather and my uncles who worked at DuPont, and DuPont went away. And, then we looked at Anchor Glass. And, now it's really clear that our flagbearer around the economy in Salem County is PSE&G Nuclear.

So, we appreciate that.

We also appreciate the fact -- and, you pointed to it a little bit, humbly -- of the corporate citizenry that you show through your impact in so many different ways throughout our community and throughout your region. But, specifically, I want to speak to Salem County and our district today.

So, thank you so much for that and all that you do, not only providing energy to our folks but the other pieces of the puzzle that you play of being good, corporate citizens, and we appreciate that.

Thank you very much.

MR. JOHNSON: Thank you very much for that feedback.

ASSEMBLYMAN BAILEY: My question -- and, I apologize, I had to step out for a moment -- and I think you started to talk about (indiscernible) smart meters. But, I also wanted to make a quick comment regarding Atlantic City Electric. Tremendous job that you do do with providing information and educating us through-- I am a customer. My 89-year-old mother was a customer. All of Salem County are customers.

And, so, I do appreciate -- even those who aren't online, or don't have access to the internet or things along those lines -- you do do a good job of giving hard-copy information out with the bills and invoices and letting people know what's happening -- great grass, great colored grass, and things along those lines.

Your website is top notch as far as the information that you're providing via the internet. I was mentioning earlier today that I'm a utilizer of your app on my phone. The company that I run-- I pay attention to that app and outages and what's happening in the buildings to notify you when I have an outage at different locations. This morning, when I looked at that app, I looked at the outages across the region from the Delaware River to the Delaware Bay, over the Atlantic Ocean -- you had less than 50 customers who were without power. That's amazing unto itself, along those lines.

And, so, I want to commend you on that front.

I do have a follow-up question, and somebody who is very interested in technology and wants to see it expand, and the use of it expand along those lines. So, I apologize; I know that Assemblyman Kanitra was asking this question, so maybe you already hit it, but the smart meter technology, that rollout. I have a smart meter, it has been installed at

my house; it's been installed throughout the company that I'm involved in. And, so, I appreciate that.

I guess my question is, I'm also a runner. And, so, previously, I ran with a watch that monitored my steps and how many miles I ran. And, now, recently, I've gone to a GPS watch that more accurately watches the miles. So, previously, I may have said, "Wow, I ran 2 miles, and now it's saying I've run 2 and a quarter miles." Not a lot more, but it's a little more accurate.

So, I guess my question when it comes to smart meters -- is it possible that the technology of the smart meter is just that much more accurate than the previous meters? And, so, that's what people have seen, is that, yes, it's going up a little bit because it's more accurate.

MR. VAVALA: That's a great question, and thank you for that question, Assemblyman.

One of the things that I didn't mention in my previous answer is that we've been-- We were looking, as well, at what the accuracy class of our legacy meters were, OK. And, in a part of my answer where I spoke about our AMI meters were between 88 and -- or, 99.7 and 100.3% accurate -- is part of a third-party testing. Our non-AMI meters were ranged of 98 to 102%, so a little bit bigger of a window there.

Now, I'm an engineer, and when I start to put percentages and micro-percentages on total usage by a customer, I don't think that that's significant enough to really swing a bill one way or the other as you're suggesting is partly your question. I would say that the legacy meters were measuring somewhat of a bigger tolerance, but in this case here it's-- I think it's a micro-percentage.

What I think we should really take away from the AMI reader deployment is exactly what you identified a minute ago, is about the power of the meter itself in terms of being able to take control of your own energy usage. You mentioned looking at the outage alerts; getting the notifications; looking to see what's your advanced warning of what your bill potentially could be. All of those things are powered and enabled by AMI deployment, and it's certainly a critical tool as we go through with many of the subjects that we've discussed here today, in terms of affordability and energy management, that that tool is absolutely critical for our customers going forward, if there's any question in your mind related to that.

But, I don't think-- I don't think we're looking at a significant swing in accuracy of a new device that would ultimately have a direct impact on customer bills.

ASSEMBLYMAN BAILEY: Thank you very much.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeANGELO: Yes, thank you.

Any other members?

Yes, Assemblyman.

ASSEMBLYMAN SAUICKIE: Thank you, Mr. Chairman.

The gentleman from Atlantic City, I apologize to you for asking you the question. It applies to everybody, but we've been talking about smart meters and I wanted to ask it a little different.

Do you charge those customers who opt out of smart meters?

MR. VAVALA: Yes, we do. There is a-- There is a monthly charge that if you opt out from being part of the program, there's a monthly

surcharge -- I think it's \$15 -- that would be a part of sending someone to the house to do it -- a physical read.

ASSEMBLYMAN SAUICKIE: Fifteen dollars a month?

MR. VAVALA: Yes.

ASSEMBLYMAN SAUICKIE: OK.

What's the logic behind that?

MR. VAVALA: It's actually the labor to go and read the meter itself, Sir.

ASSEMBLYMAN SAUICKIE: What percentage are opting out, do you know?

MR. VAVALA: It's less than 2%.

ASSEMBLYMAN SAUICKIE: Right. And, so, it seems pretty exorbitant-- And, honestly, I'm asking the question-- I am asking across the group here. Something to think about on that one, right?

If 98% of your customers are getting smart meters, and for the-- You know, as long as I've been alive, you used to have to go to 100% of the homes and check them. You're getting a significant cost benefit from 98% who are on smart meters. It seems exorbitant to charge the 2% \$15 a month.

So, as I'm thinking about how we can lower bills for ratepayers, that may be one to think about, all right, because you *are* getting a benefit. If 98% of your customers no longer require somebody to walk out there and check their meters, the 2% who do-- And, frankly, from my experience, most of those are seniors. That's who I am hearing complaints from about this. I think that cost is bearable, because you've got 98% and you're no longer having to do that for it.

So, something to think about. I'm not asking you to really say yes or no to it, all right.

MR. VAVALA: Thank you for that--

ASSEMBLYMAN SAUICKIE: The other question I had-- And, maybe I'll ask the representative from Rockland. I'd asked this question of the President of BPU. The BGS -- is that 100% passed through?

MS. O'CONNELL: Yes, it is.

ASSEMBLYMAN SAUICKIE: My question -- and, again, something to think about across -- why is that 100% passed through to the ratepayers? Why not take some of it? I mean, if you're a business-- You're in business. You're hopefully making profits. Why can't you take at least a point or two of that hit, versus 100% of being a pass through?

And, the reason I ask that -- because I asked the question earlier -- what incentivizes you all to get the best rate? And, I do understand it a little bit better now, in that there may be some lack of controls there to do much there. But, given that there isn't an incentive that I'm aware of for you to get the best rate, and it's 100% passed through to the ratepayers, you might want to think about taking a point or two of that, too, and seeing how you'd work that into *your* economics, versus passing 100% of it onto the ratepayers.

MS. O'CONNELL: Thank you for that. We'll take that into consideration.

Appreciate that.

ASSEMBLYMAN SAUICKIE: OK, thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeANGELO: All right, thank you, everyone. And, thank you to the utilities for coming out. I appreciate your time and your expertise.

MS. O'CONNELL: Thank you.

ASSEMBLYMAN DeANGELO: Next, I would like to call up the New Jersey Utilities Association, the President and CEO Rich Henning.

Good afternoon, Rich.

R I C H H E N N I N G: Good afternoon.

First of all, thank you, Chairman, and thank you, Vice Chairman -- and, all of the members of the Committee -- for hosting this absolutely important hearing today on electricity.

And, I don't say "electricity bills," because it's really about electric, and we're really learning quite a bit. And, I think the folks who you have assembled here today have really given a great understanding of where we are today and where we need to go tomorrow.

I wanted to actually begin at the beginning, because New Jersey State law actually requires the State's electric distribution companies to ensure that our electricity in the entire state is reliable, secure, and affordable to maintain the quality of life. That's 24/7. We depend on it each and every day, and it's essential for our lives; essential for us to continue.

And, I think, as you heard from the four entities that were here today, that they *really* do their best to uphold that mandate. They're really on top of the latest in technology, and they're on top of their game in terms of being able to handle the different complexities, if you will, that the State faces.

This hearing is so important because we've talked about quite a few things here today. One of the things that has come up is the high usage. And, what I like to say is, despite the high usage that we saw this year -- and, it was record demand -- the four utilities that were here handled that. Our grid in the State of New Jersey handled that. We didn't experience what Texas did during the winter a few years ago, where they had a complete blackout. We didn't experience rolling brownouts that they have in California, where my two daughters live, and experience that virtually every summer.

They handled it. And, the men and the women -- the highly skilled professionals who deliver that service each and every day-- And, I was glad to see the President of the IBEW here today, because he emphasized that. Their schooling -- their training -- is so necessary for us to continue -- to continue that service each and every day and make sure that that's there.

We've heard a number of percentages on the average increase this year, and I think roughly it's been about 15% during the months of June, July, and August. I think this was a year-- And, I know I experienced in my house, where that air conditioner was humming each and every day, 24 hours a day. And, it was humming almost through the months of June and July, almost until, probably toward the end of August. We've run those air conditioners throughout the state harder than we've ever run them before.

It's not a secret that high usage really was the Number 1 reason -- culprit, whatever you want to call it -- but certainly the Number 1 facet in terms of increased bills that customers saw.

But, we should also be proud that those people *had* that electric. They had the capacity to be able to deliver that and meet that demand, because that demand was higher than we've ever seen it before, in the state's history, for all the electric companies in their history as well. And, I think it showed that the investments that have been made in the past -- the investments that are going to be made in the future -- are investments that are prudent and necessary to move our state forward.

I think we understand that we have to modernize and continue to modernize our grid. If we're seeing ever-increasing demand, we need ever-increasing resiliency built into that as well. And, you heard today from the utilities, they're taking steps; adapting new technologies including more renewables; but, increasing power through (indiscernible) and hardening that grid against extreme weather. And, they've actually been doing that, as you well know, because this Committee was at the forefront of it right after Hurricane Sandy more than a decade ago. But, that resiliency doesn't stop there, and I think any of us who saw the community in Carolina, Asheville, and what they're going through right now, you truly understand that these storms are becoming increasingly powerful. And, what we saw 12 years ago, or -- yes, it was 12 years ago now, Sandy, 2012 -- is very possible to see again in the future, and very probable to see at some point in the future.

We know that it was extreme heat that drove higher usage this year. But, did you also know that for the 85 years that we've been keeping records, this was the most humid summer ever? The three months? And, you know yourself -- if you're like me, anyway, or like my family -- you know that if the temperature even drops to 70, 68, if it's 100% humidity, that air conditioner is still on. So, despite it not being 95 with 90%

humidity, that humidity drives people to use even more air conditioning as well.

So, hot and humid is really the nature of what that weather forecast is actually going out into the future as well. These come from the State Climatologist, David Robinson -- if you know David at Rutgers. A good friend, he spoke at our last conference and gave us, I would say, more of a sort of an uneven and maybe a difficult future as to where the state will be going with its temperature and humidity forecasts into the future. And, he was looking 20 years, 30 years out into the future.

We also have heard testimony here today about the secondary reason, if you will, for an increase in customer bills this year. And, that was the costs that are on the marketplace -- the supply cost of energy. We've not only heard about the costs, but we've heard about some of the drivers behind that cost as well. We both know -- and, we all know, I think, here -- that electricity consumption throughout the United States, and certainly here in New Jersey, is rising. The demand for electricity is rising. In fact, the Federal Department of Energy predicts U.S. energy to grow by 15-20% in the next decade. Everybody here has talked about the reasons why, whether it's AI; electric vehicles. We just know that demand is coming, as well as climate.

We've also heard that electricity supply is not keeping up electric demand. You heard that quite bluntly, that we're shutting off more than we're bringing on. So, I think we can also agree that maybe there's a step or two that we need to be looking at in terms of maybe hastening -- either hastening the building of newer plants, or continuing to invest in some of the older technologies that are powering us now. It's one thing that

NJUA kind of adheres to, is that the best time to plant a tree was 10 years ago, but the next best time is today. So, we can plant that today. We can start talking about how we move forward with energy, and this is a perfect time, Mr. Chairman, to be thinking about that -- and, Mr. Vice Chairman.

We believe that it really does take an all-above approach. And, I think many of you have mentioned that in this room today, that we need to be moving towards that clean energy future, but we also need to be investing in some of the technologies of where we are today. There *are* technologies out there that can help out the use of natural gas like carbon capture, and there are things that are being invented and invested in every day that we need to be cognizant of and need to be making use of.

So, I think, from our perspective, we do need a balanced approach, and we agree with you on moving forward with that balanced approach. But, it's got to factor in as we're seeing -- the changes that we're seeing in climate -- it's got to factor in eventually that we're going to be getting to where we need to get to as a state and as a goal.

We also understand that utility service for customers -- seniors, low-income folks -- is not optional. This is a service that is essential. I've worked in the water business for 34 years; I used to always think, "Hey, you know what? If you don't have electric and you don't have gas, you can still live in your house." One week, maybe 10 days. If you don't have water, you're out of there. This is a life-or-death situation. Electricity -- air conditioning -- when you think about it for seniors and you think about it really hard when it's 95 degrees and it's 100% humidity, it's a life-or-death situation that they have that electricity 24/7.

So, I've rearranged my thinking process from just being completely about water to now encompassing all the utilities. But, for folks who need help paying those bills, New Jersey -- perhaps more so than other states -- has a number of different programs that are out there on the horizon. And, these companies that were here today talked about those, but they probably didn't give the fact that all of them have their own programs as well. There are actually eight State, Federal, and company programs that are out there to help New Jerseyans pay their bills. All of those-- These electric-distribution companies have their customer service personnel armed and ready to speak to customers about where they can apply, where they can go to, to get that kind of assistance.

So, I think it's essential that we make sure that those programs are top of mind for the people who need it most -- and, especially, those constituents who are calling their Assembly folks, or their State Senators, for help in high bills. But, they can get those assets that can help them pay their bills.

In conclusion, I don't want to make this too long. We understand that high bills are frustrating, especially if you're expecting something a little bit lower. We also understand that the service is unquestionably paramount to these folks. It's not like they can turn it off. So, there are simple steps we believe that can be taken. I think the utilities are starting -- not starting, they've been taking notes for many years. The men and women who work there are highly skilled, highly professional, and they have been delivering that service for many years. Their care, their concern, is of top of mind for these customers, and it's -- it's incumbent, I

think, on us to be able to work together to really build, if you will, the better mouse trap.

I did want to make sure that we thank the Assemblyman for pointing out that one method that we talked about smart meters will also enable customers to get that instant picture of where their usage is. And, may send off actually bells and whistles if their usage has gone considerably higher so that they can actually impact their own bills during that cycle. And, coming from the water industry, we've had smart meters for a number of years, and it gives you a picture of where your consumption is virtually every 15 seconds. So, smart meters aren't exactly the newest, but they're essential.

ASSEMBLYMAN DeANGELO: Thank you--

MR. HENNING: And, with that, Mr. Chairman--

ASSEMBLYMAN DeANGELO: Anybody have any questions for Rich? (no response)

Thank you for your testimony.

MR. HENNING: Thank you.

ASSEMBLYMAN DeANGELO: If I can have the Rate Counsel -- Brian Lipman.

Afternoon, Brian.

B R I A N O. L I P M A N, Esq.: Thank you.

I was going to say good morning, but I guess good afternoon.

First of all, I want to thank you for having this Assembly meeting, and I want to thank you for saying that this is fun. This is something that -- rates, that I talk about a lot, and I can tell you that very few people want to hear me talking about it. But, it's important.

I want to start off by just -- we did submit -- I did submit a 10-page-- I'm not going to read that, because you'll kill me, so I'm going to try and be as brief as possible and leave it so we can have a conversation and kind of talk about what's important to you.

I do want to talk about, a little bit, what Rate Counsel is -- what we do. We are a statutory representative of ratepayers in every case in front of the Board of Public Utilities, where a utility is seeking a rate increase or a change in service. We're also involved at PJM; we're also involved at FERC. We are, essentially, the skunk at the picnic who asks, "Wait a minute, how much is this going to cost? Who is going to pay for it? What is the rate impact?"

So, I wanted to talk a little bit about that. I also want to point out why this is so important. About one-third of New Jersey households are living in functional poverty. That means that they are not able to pay all their bills to survive here in New Jersey. Sixteen percent of the nation is currently in energy poverty. Energy poverty is defined where more than 6% of the family household income is used to pay for energy bills. And, I want to be clear: We've been focused all day today on electric bills. Your constituents, my ratepayers, they don't just pay an electric bill. They've got a gas bill; they've got a water bill; they've got a cable bill; they've got a telco bill. There's a lot of bills. And, it's important to focus on electric, because that's-- We just came off of a hot summer. But, I want to caution you, we should also be thinking about other bills as well.

Also, we've been very focused on residential customers. I don't want you to forget about our industrial and commercial customers -- the people who are running businesses every day in this state. The people who

are doing employment-- I heard a lot about the jobs that the utilities create. And, the one question that I ask all the time -- which is a lot softer answer, I will tell you -- is, "How many jobs are being lost because of higher rates?" "How many companies are moving out of state because of higher rates?" "Who is closing their doors?" "Who is laying off because they can no longer afford their electric bills?" So, when you look at jobs being created, we also need to look at jobs being lost. That's an important part of this.

I also-- I'd like to take a step back and really explain what a public utility is, because I think -- and, I've learned from many people that that's not really understood. The word "public utility" is misunderstood by a lot of people. I work for a government agency, you all work for the government. Public utilities are private, for-profit corporations. And, that's really important to remember, because they've talked a lot about their budgets today. You don't want to talk to them about their budgets; you want to talk to them about how much is it going to be in a rate impact. Because for every dollar that a utility spends, they get a \$1.09-plus back from ratepayers. There's a return that the BPU has currently set as 9.6%. That is a return on equity that a utility in New Jersey is authorized to earn in here.

On top of that, they're going to get their administrative costs back. They're going to get all their O and M back. Once we put a facility into place, you're going to want the utility to maintain it; you're going to want the utility to do a good job. None of this is free. There is no free ride. The utility passes all those costs onto ratepayers. And, I'm explaining why I'm saying this all to you, because part of the reason I'm telling you this is this body -- the BPU -- have imposed requirements on utilities to do certain

things. The utilities are *very* happy to do energy efficiency; very happy to do electric vehicles. As long as they earn that return back.

So, keep in mind that when you see they're investing a million dollars, that doesn't mean that rates are going to go up a million dollars -- that means rates are probably going to go up about \$1.1 million for an average customer.

So, I am going to kind of spend a little bit of time on State rates, and then I do want to touch on Federal. I do have the advantage of going after everybody, so I kind of get to rebut people -- again, being the skunk in the picnic.

First of all, I am going to focus a little bit on ACE, because, honestly, that's why we're here, and because they're first alphabetical so it's just easier. What I did was -- and, this is a lot more detailed in my testimony -- I went over the last year to see how much rates have gone up from the summer of 2023 to the summer of '24, because I wanted to see what the difference was, and, there was a significant increase. Now, to be fair, there were four rate decreases by ACE as well that were implemented over the course of that year.

But, the first one I want to touch on is of course the BGS, which we've talked about a lot, and I think you all understand that now a little bit better. But, the BGS, it is a pass-through, and that is a significant increase. On September 1, 2023, rates in Atlantic City Electric went up \$2.08 per month for the average customer. And, I want to point out there's no such thing as an "average customer." What this means is we take the amount of usage and we divide it by the amount of customers. So, \$2.08 is not the number you're going to see, but it's a good bellwether to see how

much rates are going up or down. And, it's just the only way we can really compare things.

The next thing ACE did was they implemented an infrastructure improvement program. This is a clause mechanism -- and I want to take a step back and talk about ratemaking. And, again, I'm sorry that I get so excited about this, but it's, to me, it's very important. There are two ways that our rates are implemented in the state: Through what's called a base rate case, which is a big case where we look at everything the utility has done in the last -- since the last rate case -- to earning, how much they need, to offsets to make sure that they're not over-earning. So, that is a holistic view of the utility, and that is really important that the Board has those periodically. I would argue that we should have them more than we do, but we have periodic, where we look at everything. And, that way we can make sure that we're offsetting any gains elsewhere in the company.

There's also clauses. Clauses are single-issue ratemaking. That means that we only look at one issue. So, the infrastructure improvement programs are putting facilities -- infrastructure facilities that are needed -- into rates, and then rolled into rates in between base rate cases. So, what'll happen is ACE has to come in and say, get approved the infrastructure program; they said, "We've done \$22 million worth of work, we want our money." On that case, I can't go and look and say, "OK, we did \$22 million here; but, you did pretty good over here; so, maybe you only need \$10 million." I'm not allowed to do that. I'm also not allowed to look and see whether that investment was prudently done or not at that time. I have to wait until the rate case to see when it was prudently done. I may have to

wait five years just to look into a program to see if those facilities were prudently invested in.

And, I can tell you right now, it is extremely difficult after facilities are in the ground for two to three years for me to say that I am, "You know what? That electric wire was the wrong size," or, "That pipe was too big, and you need to downsize it."

So, also, ACE came in for a base rate case in that period of time -- that was their first rate case in three years, but they came in for a base rate case. That *is* where I got to look at everything. But, we are mandating that our utilities invest significantly. It makes it very difficult for me to push down rates when we're mandating investment and they are making the investments. And, to their credit, for the most part, 99.99% of the investments are prudently done. I'm not finding that utilities are gold plating -- for the most part -- and, we do argue on the ins and outs. But, for example, water is a much easier example to give. Water-treatment plants-- One of the companies came in for a \$24-million increase for a very small water plant facility because they had to build a treatment center for the PFAS and PFOS, that they were required to treat. I looked at it, and there was really nothing I could do. That rate increase went through; it's not as it was maybe five years ago, where there might be some fat I could trim. The utilities are doing a better job, but we're mandating that they do more investment.

So, I just want to focus back on ACE real fast. Over the summer, the average customer saw an increase of \$23.64. That is the increase in rates that they saw. Now, we've heard many times, customers don't really care about the rate, they care about the bill. So, you have to

take that rate and then multiply it by the usage. Now, had that rate gone up, ACE's customers would have seen a pretty hefty increase regardless. But, then, we couple that with a historically high summer, which was -- 2023 was a historically *lower* summer -- so, if you look at the five-year averages, 2023 has the lowest usage and 2024 has the highest usage. If you take the high usage, you take the higher rates, that's why you're seeing these higher bills.

And, in my testimony, I put in for the other utilities as well how this works, but it's essentially the same for the utilities. Obviously, the temperature and usage is the same, but also the rates have gone up significantly. So, I want to talk a little about what you can do on the State level.

One is, stop passing legislation that increases utility bills. Every time there's a mandate passed by the Legislature, it increases bills. And, I want to give you some examples. The ZECS, when we subsidize the nuclear power plants, 275 a month for customers -- rates on their rate -- on their bills. There was something called the RESIC recently, that the Legislature passed last year. American Water customers will be paying \$2.32 more per month because -- just because of the RESIC. If you look at the clauses that are inside the BPU, there's the DSIC and the (indiscernible) -- sorry, we love our abbreviations in the Public Utilities.

But, the clauses -- American Water got a massive increase last year of \$12.33 a month. Of that increase, \$7 a month were clause cases investment clauses. So, we're forcing them to invest, and they're not doing that for free. They're coming back and they're seeking their money.

I want to talk a little bit also-- I know I'm probably running out of time, but I do want to talk about the BRA results a little bit as well, the PJM auction. That auction will go-- That will impact us starting in June of 2025. Rates for the average customer in New Jersey will go up \$12-15 a month because of that auction. Just because of that auction, you are going to see a \$12- to \$15-a-month increase. Now, what I *really* want to point out is that supply and demand is not solely to blame for this. There are other reasons why, and I don't want to get into all the details, but the PJM has an independent market monitor. He has reviewed the auction results. Because of the rules that the auction has, the rates have gone up. Supply and demand probably would have resulted in about \$160-770. The other hundred are market rules. And, again, in my testimony -- I know I'm running out of time -- so, in my testimony I outline what that was.

Also, transmission costs are run by PJM. I put in my testimony, one of the things you can do is pass a law for oversight of transmission. Right now there is *no* oversight -- Federal or State oversight -- of transmission build right now. Nobody is looking at what's happening in New Jersey. Billions of dollars have been spent in transmission, and nobody-- PJM doesn't look at it; FERC doesn't look at it; and the BPU can't look at it. But, in other states, they are-- The Commission *is* allowed to look at it. This is something that you can do; you can pass legislation that will allow the BPU to hold a hearing and look at transmission and make sure it's needed and it's the right cost.

And, I am going to ask you all to please read my testimony and take questions, because I know I've indulged you more than I probably already should have.

Thank you very much.

ASSEMBLYMAN DeANGELO: Thanks, Brian.

Does anybody have any questions for Brian?

Yes, Chris.

ASSEMBLYMAN BARRANCO: You mentioned that -- that's OK, they can hear me -- you mentioned that PJM can influence rates by setting bid rules, or auction rules. Can you expand on that a little bit?

MR. LIPMAN: Yes, I'd be happy to.

So, you heard before about the PJM market, and it's -- I am going to use air quotes -- "market." It's not the market that you would think of; it's an administrative construct. So, it is-- It has a number of rules on how you bid in; who can bid in; who doesn't have to bid in; and small changes in those rules can have a massive effect.

And, I'll give you a really good example out of Maryland. There were two facilities that retired -- that are retiring coal plants -- that are retiring. PJM said, "Woah, woah, you can't retire right now. We need you," and gave them what's called-- Our reliability must run contract. That means that they are going to run until PJM can figure out what to do to fix that problem. They did not bid into the auction because they weren't forced to bid into the auction. That was 2,000 megawatts that didn't bid into the auction.

Had they bid into the auction -- that I believe I heard over here the \$14 billion number of the auction -- would have gone down by \$5 billion. So, that simple change in the rule could have made a huge difference. We have written a letter to PJM asking them to make that change. They have refused; they have not made that change. The Board of

Public Utilities, through its organization called (indiscernible), has now asked PJM again to make that change, and my guess is you will see significant litigation at FERC over those rules in the next several months. But, the big concern is the next auction is in December.

ASSEMBLYMAN BARRANCO: So, one last little problem, if I can.

ASSEMBLYMAN DeANGELO: Absolutely.

ASSEMBLYMAN BARRANCO: What sort of motivation would PJM have to produce rules that cost us money?

MR. LIPMAN: Well, there's been complaints that the market prices were too low--

ASSEMBLYMAN BARRANCO: By who?

MR. LIPMAN: By generators, by suppliers.

And, keep in mind that PJM ultimately is a TO organization -- an organization that is run by transmission (indiscernible) organizations. And, if they don't have the TOs buying, and they don't have generation, they don't have an organization. So, it's a little more than just supply and demand dynamics. And, it is concerning--

ASSEMBLYMAN BARRANCO: It sounds like maybe a little collusion.

MR. LIPMAN: I don't know that I would go quite that far, but I would certainly argue that PJM favors one sector over another in a number of areas.

ASSEMBLYMAN BARRANCO: Thank you for that.

ASSEMBLYMAN DeANGELO: In your opinion.

MR. LIPMAN: Yes, I'm sorry, in my opinion.

ASSEMBLYMAN DeANGELO: Any other questions?

Yes, Assemblyman.

ASSEMBLYMAN MARENCO: Chairman, if you don't mind.

First off, Mr. Lipman, thank you for this extensive 10 page--

MR. LIPMAN: (laughter)

ASSEMBLYMAN MARENCO: Thank you for not reading it, too.

MR. LIPMAN: (laughter)

ASSEMBLYMAN MARENCO: You said something, and I'd like to take advice not to -- to the Legislature -- the advice of Legislature is not to come up with initiatives because it seems to-- I might be saying it wrong. It keeps costing the customers, our residents, our constituents, more each time.

Are there other states in the country that follow that advice? And, how do they stay in front of advocating for their residents more ideas, new technologies, without costing them?

MR. LIPMAN: Well, I would never say not to pass any legislation. I think that would be a ridiculous statement for me to make--

ASSEMBLYMAN MARENCO: We'll never stop doing that.

MR. LIPMAN: Right. (laughter)

ASSEMBLYMAN MARENCO: That's our thing.

MR. LIPMAN: But, what I would say is that you really need to consider the impact of what you're doing. And, what I had said was to stop putting mandates on utilities. When you put a mandate on a utility, like the Clean Energy Act, then what happens is they come to the BPU with \$7 billion--

ASSEMBLYMAN DeANGELO: Brian, let me just say that your band-aid approach to saying this-- It's your opinion, right?

MR. LIPMAN: Yes.

ASSEMBLYMAN DeANGELO: So, you've sat before this Committee before -- and others from the ratepayer has been.

I can tell you that the Legislature on all the bills that we've moved -- I don't want to be disingenuous by saying they voted because they thought it was moving -- New Jersey in the best direction for the energy at that time.

So, I don't -- I don't want you to say--

MR. LIPMAN: I do want--

ASSEMBLYMAN DeANGELO: Just stick to your focus of the facts. I get-- I get it.

MR. LIPMAN: I don't disagree with you, and I also-- I will candidly admit that my focus is on rates, and that's because that's my job; my job is to focus on rates.

But, when you look at something like a Clean Energy Act where they come in with a huge amount, there's not a lot we can do as Rate Counsel to fight that, because the Legislature has already deemed what it's going to be. And, there are things in there that should have been left, perhaps, to discretion of the Board. Perhaps it could have been better done, in my opinion.

ASSEMBLYMAN DeANGELO: In your opinion.

MR. LIPMAN: I was going to say, "In my opinion."

ASSEMBLYMAN DeANGELO: All right, thank you.

Do you got any follow-up questions for him?

ASSEMBLYMAN MARENCO: No, you covered it well for me, Chairman.

ASSEMBLYMAN DeANGELO: Assemblyman. After two and a half hours, I'm going to come over there, (indiscernible)

ASSEMBLYMAN KANITRA: I'm done in thirty seconds. It's more statements.

Someone who has been involved in Federal and State government as long as I am, you get a little bit jaded and everything.

I just want to commend you for doing your job. You are an example of somebody who seems to be very knowledgeable, very objective, very non-partisan. You have a task; you were assigned to do something; and-- I mean, I don't know if you're going to get yelled at when you leave this hearing or if somebody higher up is going to give you a ton of whatever-

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ASSEMBLYMAN DeANGELO: Assemblyman, do you have a question for him, besides rattling on about--

ASSEMBLYMAN KANITRA: Thank you for saying, "Stop passing legislation that increases utility bills."

Thank you, Chairman.

ASSEMBLYMAN DeANGELO: Thank you for your testimony.

MR. LIPMAN: You're welcome, Assemblyman.

And, again, we are a State agency, so--

ASSEMBLYMAN DeANGELO: I understand.

And, last but not least, AARP.

Evelyn.

E V E L Y N L I E B M A N : Thank you, Mr. Chairman.

A S S E M B L Y M A N D e A N G E L O : Good afternoon.

M S . L I E B M A N : Good afternoon.

Thank you, Vice Chair Kennedy, and the members of the Committee for holding this important hearing.

I know we've been here a long time; you have my written comments, and I'll try to be brief.

I am the Director of Advocacy for AARP New Jersey, representing our 1.1 million Garden State members -- and all older New Jerseyans.

Utility rates are an essential pocketbook issue for New Jersey residents 50 and better -- as we like to say -- and their families, many of whom struggle to pay their utility bills along with other household expenses like food and medicine. Affordable, reliable, and sustainable energy is essential to health, safety, and well-being. Home energy prices that are high were unpredictable, make it very difficult for people to cool and heat their homes adequately.

Such exposure can lead to a host of adverse health outcomes that older adults are particularly susceptible to. These can range from the aggravation of chronic health conditions to food spoilage, undue stress, and even premature death. At the same time, we know that moving toward more sustainable sources of energy that are cost effective and reliable is increasingly important for older adults, their children, and their grandchildren.

In 2022 -- so, two years ago -- AARP commissioned a poll of New Jersey's 50-plus voters, and they said that utility bills are the second-

most difficult household expense to pay each month. This was a statewide poll across all of our utility service territories, second only to New Jersey's highest-in-the-nation property taxes. Given recent rate increases, the affordability of the utility rates -- or their utility bills -- have only gotten worse for far too many. And, as we've heard, more rate increases are coming.

New Jersey isn't alone in this situation. According to Federal data, as many as one in three households in the U.S. struggle to pay their monthly energy bills. But, whether it's rising prices or the need to use more electricity in the face of rising temperatures, or a combination of the two, all consumers need access to utility services regardless of factors such as geography, race, ethnicity, ability level, and income simply to stay safe and healthy, why we call these services "lifeline services."

I will say -- and, as you've heard a little bit about it -- but New Jersey has really been a leader in utility bill payment-assistance programs. In particular, New Jersey's Universal Service Fund program is among the best in the nation, and is designed to ensure that low-income consumers' energy burden is affordable. Under the USF program, eligible-- It provides a monthly credit on gas and electric bills for eligible households so that their energy burden -- meaning the percent of income that they have to pay for their energy -- is no more than 4% of income; 2% for electricity, 2% for gas. The USF program also includes an important arrearage-forgiveness program called Fresh Start, that helps consumers who qualify and who are in arrears get back on track to paying their regular monthly bill.

But, we know New Jersey can do more. We can do more outreach; we can do more education; and ensure a higher percentage of those who qualify for this program actually are able to access it.

We know that extreme heat -- I should say, perhaps, this was calculated before the terrible tragedy of Hurricane Helene -- the National Weather Service has calculated that extreme heat results in more deaths each year than any other weather event including floods, hurricanes, and tornadoes. We know, according to the Environmental Protection Agency, that heat waves are occurring more often than they used to in major cities across the United States. Their frequency has increased steadily from an average of two heat waves per year during the 1960s to six per year during the 2010s and the 2020s. According to the EPA -- and, I think we've all experienced it -- heat waves are occurring earlier and they're occurring later, in both the late spring and early fall.

Right now, New Jersey currently prohibits utility shutoffs on days that are very cold -- forecast temperatures below 32 degrees all day -- but, also, we prevent utility shutoffs on days that are very hot -- forecast temperatures that are 90 degrees or higher. New Jersey should consider expanding shutoff protections during the cooling season, given the serious health and safety problems that they present, particularly to older consumers. Like our winter-termination moratorium program that protects certain customers against shutoffs during the heating season, New Jersey could establish a cooling season and broader protections for consumers during this period.

New Jersey should also consider increasing eligibility for bill-payment assistance programs like USF, like Lifeline, and this year's one-

time residential energy assistance payment for the program that you heard the BPU President talk about. We should consider doing that next year, and in subsequent years as well. Along with the bill-payment assistance programs, increasing assistance to weatherize and make dwellings more energy efficient will also increase access to affordable and reliable utility service, as it helps people reduce their energy consumption.

We've talked about this in a number of areas, but New Jersey utility customers -- particularly low-income customers -- would be very well served if New Jersey had a good, simple, easy-to-use one-stop shopping system to access not just utility-assistance programs, but other safety net programs like food, health, housing assistance. Everything matters when you're looking at your monthly budget, and, so, if you qualify for help for health insurance or housing or food stamps and utilities, one will help make the other more affordable. Unfortunately, in New Jersey, we have a pretty fractured application system, and folks have a difficult time accessing all of those programs at once.

We very much agree with Rate Counsel, and, let me just say, one of the best things that New Jersey does for older utility consumers -- but, really, every utility consumer -- is we have a statutory Division of Rate Counsel. We have a statutory consumer advocate that goes before the Board of Public Utilities in every rate case and advocates specifically for consumers. Many states don't have that, and I can assure you that if we didn't have a Division of Rate Counsel, our rates would be higher than they are today.

We very much agree with the Division of Rate Counsel that New Jersey should get back to basics when it comes to setting rates; rely less

on these external charges, fees, trackers, and set rates through a comprehensive base rate case proceeding where the Board staff, the Division of Rate Counsel, interveners who represent organizations like mine, or large corporations, can actually have an opportunity to view the full set of books and make a fairer and better determination on what is reasonable.

The separate charges, the separate fees, the separate trackers -- which allow for less oversight and less transparency -- make it more difficult to really be able to say that all of our rates are just and reasonable.

And, I also wanted to mention the rate of return. As Brian testified, the current return on equity is 9.6%. That's the profit that utilities are allowed to earn, and something that we think could be evaluated a little more closely, particularly in these times when rates are so unaffordable for too many. And, I think that that's something that the Board of Public Utilities should consider in looking at rates across the board. Especially since-- And, I very much appreciate, Mr. Chairman, your comments at the beginning of the hearing about how our market is changing. It is dramatically changing. For the last 20 years, utility electricity loads have been flat in most areas of the country. Energy efficiency measures and sluggish power demands meant flat sales. But then, in the last few years, the push to electrify appliances in the transportation sector has caused the potential for load growth -- meaning more sales, meaning more profits for the utility industry, a more profitable market, if you will. And, most recently -- as you mentioned, Mr. Chairman -- the rise of electricity demand for data centers, artificial intelligence, cryptocurrency mining, and an improved economy, have caused load growth reductions to spike even further.

We would urge you, as well as regulators, to make sure that commercial customers -- not residential customers -- pay for investments needed to support great infrastructure and generation for those commercial uses. And, that you and the Board of Public Utilities ensure that residential ratepayers have access to reliable and affordable energy when considering policies that would increase electricity use. It's kind of stunning to me, the other day I was in the car driving and a story came on the radio that in Pennsylvania they're considering restarting Three Mile Island to support the load needed for some large data centers. And, so, if there's any indication of how this market is changing, I thought that really said it all.

And, so, we encourage you to make sure that our seniors, that all customers, are protected, especially during these dramatic market -- changes in the market.

ASSEMBLYMAN DeANGELO: Thank you for your comments.

Are there any Committee members who have any questions?
(no response)

Do Committee members have any questions?

Thank you very much for your testimony.

Ladies and gentlemen, that concludes all the individuals speaking today.

I appreciate everybody sitting here for the three hours, and the dialogue, and I just would urge my colleagues, thank you for your being in attendance the whole three hours.

And, as you're considering the legislation, please keep me in the loop.

Meeting adjourned.

(MEETING CONCLUDED)