

Word Search Key

14 words from the Glossary of Terms appear in the below word search key.

- Adjustment
- CNG
- Consolidated
- Decoupling
- DSIC
- ElectricLoad
- Infrastructure
- LNG
- NaturalGas
- Pressure
- Regulator
- RenewableEnergy
- Tax
- Utility

R J T D P S O J H S J C I G L
 M E S N Y R I V A T O G N N O
 E I N U E Z E G B N V T F I U
 C O H E O M L S S J N B R L T
 M H V E W A T O S H Q W A P I
 Y M W E R A L S L U D U S U L
 G N C U A I B G U T R Y T O I
 P L T K D F F L V J E E R C T
 O A R A H Q D H E M D X U E Y
 N S T T A T A K E Y A C D X
 R E G U L A T O R U N O T X C
 D A O L C I R T C E L E U J P
 P S P T R V E O X Z F G R N G
 X M O P P M U T X A Q N E G M
 M U C D Q A N M V C T L R G Y

The Year Ahead: Possible Issues that Could Affect... *continued*

shareholders. New Jersey cannot afford to lose its energy independence nor a balanced portfolio of traditional and non-traditional in-state fuel sources that includes renewables, nuclear and natural gas-fired generation. (See article on page 4 for more information).

New Jersey American Water Rate Case

New Jersey American Water has filed for new rates. Its case is now pending before the BPU and will likely be the subject of public hearings in January. NJUSA will testify in support of the Company's request for new rates.

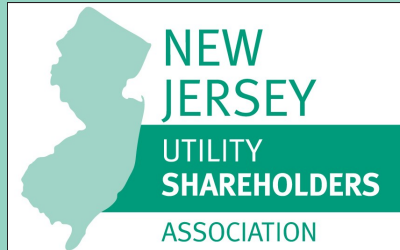
PSE&G Filings

PSE&G has submitted a filing to the BPU requesting approval of the next five-year phase of its Gas System Modernization program. The company has also filed for an extension of its Energy Strong program.

Distribution System Improvement Charge (DSIC) for Sewer Facilities

The BPU is currently conducting stakeholder meetings on a straw proposal to establish a DSIC for sewer facilities. If the stakeholder process results in a decision to proceed with establishing a DSIC rule for sewer, a formal proposal would at some point issue and provide an opportunity for NJUSA to show its support. A sewer DSIC would create a regulatory mechanism to accelerate the replacement of aging sewer

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NJUSA Members sit in the Senate Chamber gallery and learn about the legislative process and historic New Jersey paintings in the room from a State House tour guide.



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NJUSA Insight

The Year Ahead: Possible Issues that Could Affect NJUSA Members

The following are major issues that NJUSA members should be aware of because they can positively or negatively impact shareholders and may be appropriate for members' direct advocacy.

Consolidated Tax Adjustment

The BPU has proposed rules to modify how consolidated tax adjustments are made in utility rate cases. (See article on page 3 for details).

Sustaining New Jersey's Energy Independence and Fuel Diversity

The relative low cost of natural gas resulting from the domestic boom in shale gas production has disadvantaged the market position of

coal and nuclear as fuels for electric power generation. This trend is occurring across the U.S.

In 2018, PSEG shut down its two remaining New Jersey coal-fired power plants because they could not be run economically. Exelon announced in 2010 that in 2019 it will be shutting down the Oyster Creek nuclear plant, in which it is the majority owner. PSEG has been making it known publicly through its "New Jersey Needs Nuclear" campaign (njneedsnuclear.com) that there is a possibility come 2019 that it might no longer be economical for it to continue operating its three nuclear generating units — one at the Hope Creek Generating Station, in which PSEG holds a 100 percent ownership

position, and two at the Salem Nuclear Generating Station, in which it holds 57 percent ownership, and Exelon owns the remaining 43 percent.

Nuclear power currently provides approximately 40 percent of New Jersey's electricity. Without these sources, New Jersey might have to import electricity from other states at a significant increased cost and will lose a significant carbon-free source of electricity.

If New Jersey loses almost half of its in-state power generation because nuclear cannot be financially sustained, there will be a cost to ratepayers, to the environment and to PSEG and Exelon.

A MESSAGE FROM THE PRESIDENT

Dear Members,

NJUSA celebrated its third anniversary in October and in mid-November, the Board of Directors, founders and staff met to look back at what has been achieved and what we should strive for in the future.

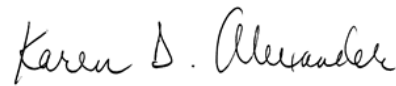
The group reaffirmed the need to focus on NJUSA's education and advocacy mission and bolster efforts to provide you with the information and tools needed to be effective advocates on issues that can affect the value of your New Jersey utility investments.

We will continue the work already undertaken to educate through presentations from experts in the utility field and will seek new opportunities to give you a first-hand view of relevant operations through tours, such as the tour of the State House. We will provide you with detailed summaries of critical issues such as the insert included in this newsletter on the Consolidated Tax Adjustment, an adjustment made in New Jersey utility rate cases that can unfairly affect the value of utility investments. Also in this issue is a new glossary of terms to make it easier for you to understand some of the terminology unique to the utility sector.

Finally, to make it easier for you to add your voice directly to policy decisions being made in Trenton, we will be providing sample letters and templates to make it clear what messages should be communicated to policy makers when we ask you to weigh in directly on issues.

The success of any organization depends greatly on the commitment and involvement of its members. NJUSA is no exception. Thank you for making our first three years a strong foundation for the future.

On behalf of the Board of Directors and all of us who support NJUSA, best wishes for a safe and happy holiday season!



Karen D. Alexander
President



Thank you to the NJUSA members who submitted comments to the Board of Public Utilities on the proposed infrastructure rules.

Special thanks to *Jim Shissias* for his two years of service on the NJUSA Board of Directors!

*Wishing you & your families
Happy Holidays!*



NJUSA members tour the NJ State House.



BPU President Mroz addresses NJUSA members.



NJUSA members explore the State House Welcome Center.

NJUSA Goes to the New Jersey State House

See pictures of the trip on page 2

This past September, NJUSA members visited the historic New Jersey State House and got to see firsthand where bills are introduced, debated and voted on, before being vetoed or becoming law.

Members were shuttled to Trenton from six locations across New Jersey to experience the second oldest continuously working State House in the United States. Although the renovations currently underway at the State House prevented the group from seeing the Rotunda and Executive portion of the building, members were able to see the legislative sections of State House, which includes the Assembly Chambers, Senate Chambers, the Senate Leadership Conference room and more. In addition to learning about the use and purpose of each room, attendees also learned about the history, and historical trivia about the building's past, its occupants and their activities.

Following the guided tour, members were treated to a buffet lunch at the offices of the New Jersey Restaurant and Hospitality Association, across from the State House. The

Honorable Richard S. Mroz, Esq., President of the New Jersey Board of Public Utilities (BPU), was the guest speaker at the lunch where he discussed the state's Energy Master Plan, various BPU projects and initiatives, such as approved feasibility studies on microgrids, and his thoughts on the future energy in New Jersey. Members also had the opportunity to ask President Mroz questions about issues that were important to them, including the "decoupling" issue (see glossary in this issue for the definition).

Did you know... the New Jersey State House was originally built in 1792 by Jonathan Doane? The building was just two and a half stories high. Portions of the original structure are incorporated into the present building.

Plans are in the works for new activities in 2018. Stay tuned for more information!

NJUSA Submits Testimony to Preserve Nuclear Power *continued*

- recognize that renewable energy resources alone cannot generate the 40 percent of baseload generating capacity now supplied by the Salem and Hope Creek units if they are retired;
- recognize that reliance on out-of-state generation is neither environmentally nor financially sound — the Salem and Hope Creek plants are carbon-neutral, help support New Jersey's energy independence, have safely and reliably supplied needed electricity to New Jersey for over a generation, and provide much-needed, good paying and stable jobs,

company's internal finances to determine financial need with an update of the assessment every three years;

- ensure that there is no "double-dipping" by reducing payments to the plants by any amounts received by federal, regional or state governmental entities;
- obtain assurances from the plant owners that, absent the payments, pre-mature retirement(s) would ensue and can withhold payments if it determines the participating plant(s) is not operating; and
- adjust the payments if it determines that a lower than anticipated amount is needed to maintain operations.

Contrary to the views expressed by the opposition, NJUSA additionally finds that the bill creates a **measured and reasonable strategy to enable the continued operation of the State's nuclear assets with strong ratepayer protections and regulatory oversight.**

No one could have predicted the economic circumstances that now face half of America's nuclear power facilities. S-3560/A-5330 map out a reasonable approach to addressing what could become a crisis for the State absent the Legislature's intervention.

Under the legislation, BPU will:

- establish eligibility rules for the program;
- establish the need for access to the program and rank eligible plants through an initial assessment of the

For all these reasons, and on behalf of our members, I strongly urge you to support the bill. Thank you.