

### Word Search Answers

1. Trenton
2. Rate Case
3. Public Utility
4. Ratepayers
5. OAL
6. Legislator
7. Governor
8. BPU Commissioner
9. Renewable
10. BPU

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

## SAVE THE DATE!

### NJUSA's Annual Membership Luncheon

Please be our guest at the Annual Membership Luncheon on **Wednesday, May 18, 2016** at **Crowne Plaza Monroe/South Brunswick**, featuring guest speaker Daniel J. Cregg, EVP and CFO, PSEG.

Registration starts at 11:30 a.m., with lunch beginning at noon.

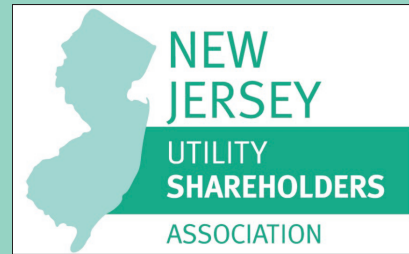
The Crowne Plaza Monroe/South Brunswick is conveniently located off Exit 8A of the New Jersey Turnpike at 390 Forsgate Drive in Monroe.

Please RSVP to Deanna by May 6, 2016 at 856-840-4089.

#### **DIRECTIONS from NJ Turnpike:**

Take NJ Turnpike to Exit 8A and follow signs for Jamesburg/Monroe, which will put you on Forsgate Drive. The hotel is just a short distance on the right. Entrance to parking lot is just beyond the hotel.

TO LEARN MORE ABOUT NJUSA, CONTACT US AT:  
PHONE: 856.840.4187 EMAIL: MEMBERSHIP@NJUSA.US WEB: WWW.NJUSA.US



# NJUSA Insight

## The Debate over Distributed (Electric) Generation

Distributed Generation (DG) is the production of electricity on a decentralized - rather than via the traditional centralized - basis. One example of DG in New Jersey is rooftop solar installed by residents and businesses. Those systems make electricity when the sun shines, instead of using electricity from the utility. Since the sun doesn't always shine, these systems are typically connected to the utility's electric distribution system as a backup. When the sun does shine and more electricity is produced than the solar generator can use for itself, New Jersey law allows some of the excess to be sold to the utility. Climate change concerns have prompted some state legislators to advance legislation to increase New Jersey's reliance on sources of renewable energy, like solar.

On March 16, the Senate passed Senate Bill 1707 (S-1707), which would require New Jersey to achieve a more aggressive renewable energy goal: 80 percent of electricity sold from renewable energy sources by 2052. This target, called the "renewable portfolio standard" or "RPS," is achieved by requiring electric utilities, like PSE&G and Atlantic City Electric, to procure specified percentages of their electricity from renewable energy sources identified in the bill, including solar and wind power. Once passed by the Senate, S-1707 was referred to the Assembly Telecommunications and Utilities Committee for consideration. To date, no action has been scheduled by the Assembly committee.

But what is there to debate? Green energy is a laudable goal. The challenge is for public policy to recognize and accommodate the fact that the existing system has worked well to reliably deliver electricity to customers for over a century based on specific engineering and economic principles, which cannot be changed overnight without significant disruption. To move to a distributed rather than centralized power generation system would require major transformation that could have major consequences for utilities, ratepayers and utility shareholders.

Read more about *The Debate over Distributed (Electric) Generation* on page 3 to learn how the debate impacts utility shareholders.



117 N. Church Street, Moorestown, NJ 08057



## A MESSAGE FROM THE PRESIDENT

Dear Members,

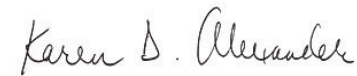
It is no surprise that organizations like NJUSA thrive only when there are people committed to participating and helping it to achieve success. We have been very fortunate to have a group of people elected to our first board of directors who share this valuable commitment to our mission. Sadly, this past April 16, we lost one of those committed members, Brian Smith.

Brian joined the NJUSA Board of Directors one year ago and came to NJUSA understanding our mission very well. He had held senior positions in investor relations and communications at PSEG. In those roles, Brian understood the critical role utility investors play in providing the money needed for utilities to deliver safe and reliable service. As a former reporter for the Newark Evening News and the New York Daily News, Brian also understood the role of the press. In his investor relations and communications roles at PSEG, he saw how the shareholders' side of the story was seldom fully told in the public arena. He joined NJUSA wanting to change that. His thoughtful insights and suggestions as an NJUSA board member helped us achieve a successful first year.

Brian's professional accomplishments were only exceeded by the positive imprint he left on the lives of others. Brian was a husband, brother, father and grandfather, and a cherished friend to many. One such colleague and friend captured succinctly who Brian was in a quick note to me. "Brian was a true gentleman, a very brilliant man, a mentor to many people at Public Service and most of all, a kind and gentle spirit who gave 100 percent to everything he did." Well said. Certainly he will be greatly missed by all.

We extend our deepest sympathies and condolences to Brian's family and friends and to all of those who have recently lost loved ones dear to them.

Best regards,



Karen D. Alexander  
President

\*The enclosed glossary represents some, but not all, of the terms commonly used in the utility regulatory field in NJ. This glossary has been created for the exclusive use of the members of the New Jersey Utility Shareholders Association to enhance their understanding of the processes and issues that may arise in the work that NJUSA conducts on its members behalf.

### Commonly Used NJ Utility Regulatory Terms\*

**"BPU"** - The New Jersey Board of Public Utilities. The state government agency authorized by law to regulate the service delivery and rates charged by public utilities.

**BPU COMMISSIONER** - A person appointed by the Governor of New Jersey to serve on the New Jersey Board of Public Utilities, typically for a six-year term.

**GOVERNOR** - The person elected every four years to the highest position in the executive branch of New Jersey State Government. The Governor has the authority to sign into law or veto bills passed by the State Legislature.

**LEGISLATOR** - A person elected for a designated term to either the New Jersey State Senate or Assembly where legislation is introduced and considered for enactment into law.

**OAL** - Office of Administrative Law. The OAL is a state agency staffed by administrative law judges that, among other things, adjudicates rate cases referred by the BPU.

**PUBLIC UTILITY** - An investor-owned company in the business of delivering regulated utility service to customers. Distinguished from municipally or government owned utilities.

**RATE BASE** - A term fundamental to the process of setting utility rates that reflects the original cost value of the utility's assets, including cash, physical property, etc. which comprise the investments that enable ongoing operations and which serve customers with utility service.

**RATE CASE** - A formal, legally-mandated process under the BPU that determines what regulated utilities are allowed to charge customers for their service.

**RATEPAYERS** - The people served by a regulated public utility who pay for the services delivered at the rates set by BPU (i.e. utility customers).

**RENEWABLE** - Usable energy derived from replenishable sources such as the sun, wind, rivers, hot springs, tides and biomass.

**TRENTON** - The Capitol of the State of New Jersey where, among other things, government decisions affecting utilities and their investors are made.

### Test Your Utility Knowledge with NJUSA's Word Find!

The phrases below tie into the Glossary of Terms on page 2. For each phrase, find the related word in the puzzle. (Hint: there are more phrases than words in the puzzle and not all terms in the glossary are in the puzzle.)

#### What terms are defined by these phrases?

1. Capitol of New Jersey
2. Legal proceeding to set rates
3. Regulated by BPU
4. They pay for utility service
5. Hears rate cases referred to it by BPU
6. Person who enacts laws
7. NJ's chief executive
8. Sits on board that regulates NJ utilities
9. Non-traditional energy source
10. Regulates NJ utilities

Check page 4 to see if you answered correctly!

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

### The Debate over Distributed (Electric) Generation *continued*

What issues should public policy address to safely, affordably and fairly transform to renewable energy? First, if those who are in a position to install rooftop solar do not continue to pay to connect to the electric distribution system because they only need it as a backup, their share of the cost to operate and maintain the grid will be shifted to those who are not able to take advantage of solar. Not all New Jerseyans live in a house, and of those who do, not all have roofs that face the sun. Of those who live in a house with optimum sun exposure, not all can afford the investment in solar energy. A system that does not require everyone who connects to the grid to pay their fair share is inequitable and risks having some customers subsidizing the solar venture of others.

Second, the grid is not currently configured in a way that can safely accommodate the interconnection of multiple decentralized generators. No matter where or how electricity is generated, safety must be paramount. Not everyone has the expertise of the electric utilities when it comes to ensuring safe grid connections. Third, the amount that customers who self-generate are allowed to charge the

utility for their electricity needs to be appropriately valued. Many states are re-evaluating how much residential solar generators are allowed to charge to sell into the grid, and whether the wholesale rate customarily charged by large generators is appropriate for small generators who in New Jersey currently can charge the full retail rate. Finally, any new policy for electric delivery in New Jersey needs to take into account the significant investments that utility shareholders have made to safeguard the integrity of the distribution system and ensure that those investments are allowed to earn a fair rate of return. That is the only way to make sure that a safe and reliable electric distribution system continues to indefinitely serve all customers no matter the source of generation.

NJUSA members are affected by this issue as ratepayers and as shareholders. NJUSA supports renewable energy policies that treat shareholders, ratepayers and utilities fairly and keep them whole. We will work toward that end and will ask members to engage when needed to help relay that message to policymakers.