



WILLIAM F. HYLAND
PRESIDENT

STATE OF NEW JERSEY
DEPARTMENT OF PUBLIC UTILITIES
130 N. BROADWAY
CAMDEN, N. J.

h. C. C. C.

January 12, 1966

Honorable Richard J. Hughes
Governor, State of New Jersey
State House
Trenton, New Jersey

Dear Governor Hughes:

Attached hereto is the November, 1965 report of the Department of Public Utilities.

The power "blackout" of November 9, 1965 overshadowed other events in the utility field during the month. Except for approximately 40,000 customers in Bergen, Passaic and Sussex Counties served by Rockland Electric Company, residents of New Jersey were not directly affected by the failure. However, the incident prompted the most intensive study yet made of our state-wide electric generating facilities and the connections of the New Jersey electric utilities with their counterparts in other states. The following specific steps were taken by our Department within hours after the failure occurred:

1. The top management of all electric utilities serving customers in New Jersey were summoned to a meeting the afternoon after the incident, November 10, 1965 and directed to report in detail about the occurrence, its effect upon New Jersey, and our ability to withstand failures of this kind.
2. Representatives of the Department were directed to attend the formal investigation hearings of the New York Public Service Commission in Albany in order to benefit from the direct observation of those proceedings.

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NEW JERSEY



TERCENTENARY

For Three Centuries — People — Purpose — Progress

Honorable Richard J. Hughes

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January 12, 1966

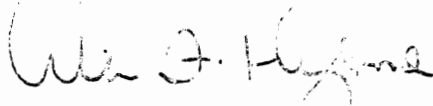
3. Contact was made with Joseph Swidler, Chairman of the Federal Power Commission, to insure that we would receive all pertinent data arising out of that agency's investigation of the mishap.

4. The telephone, natural gas and water utilities of New Jersey were directed to file comprehensive reports with the Commission concerning their readiness to cope with service interruptions of every kind.

5. An invitation was extended by me to the Chairman of the Public Utility Commissions of Pennsylvania-New Jersey-Maryland system (Pennsylvania, Maryland, Delaware and District of Columbia) to meet for the purpose of studying our regional preparedness and needs.

The Commission concluded rate reduction negotiations with Public Service Electric and Gas Company, resulting in the voluntary reduction of gas and electric charges in the amount of \$3,034,000 per year. This recurring saving, coupled with those previously reported, bring about an aggregate reduction of approximately \$30,000,000 per year in utility charges since 1962.

Very truly yours,



William F. Hyland,
President

WFH:pls

Enclosure

DEPARTMENT OF PUBLIC UTILITIES

REPORT TO

GOVERNOR RICHARD J. HUGHES

FOR THE MONTH OF NOVEMBER, 1965

I. ACTIVITIES AND REVENUES

Activities

| | |
|----------------------|------|
| Decisions Issued | 53 |
| Petitions Filed | 55 |
| Formal Hearings | 54 |
| Informal Proceedings | 2398 |

Revenues

| | | |
|---|---------------------|----------------------|
| Filing Fees and Other Sources for the months of July to November | 1964 \$97,319.87 | 1965 \$114,080.88 |
|---|---------------------|----------------------|

II. ELECTRIC COMPANY MATTERS

On November 9, 1965, a large portion of the northeastern United States was subjected to a power blackout. The full impact of this failure affected only about 40,000 New Jersey residents, all customers of Rockland Electric Company which serves small areas of Bergen, Passaic, and Sussex Counties.

This Department has undertaken an extensive investigation into the implications of the power failure for New Jersey. The extent to which this State may be considered safe from the possibility of such occurrence is being explored, as well as any indicated improvements. The five major electrical generating utilities in New Jersey have

been directed to submit reports concerning the power outage. Staff members of this Department have attended hearings conducted by the New York Public Service Commission inquiring into the Northeast Blackout and the Federal Power Commission's studies are being reviewed by the Board. Close contact is being maintained with the Federal Power Commission's investigations through the Washington office of the National Association of Railroad and Utilities Commissioners.

Electric Utility Decisions

Further Hearings Ordered in Oyster Creek Nuclear Project

The Board issued an Interim Order regarding the proposed construction by Jersey Central Power and Light Company of a nuclear fueled generating station at Oyster Creek in Lacey Township. The Board was satisfied on the basis of information developed at hearings held earlier that the potential hazards associated with this plant's operation will be reduced to a minimum if adequate safeguards are maintained. The further hearings were scheduled in order that the position of each of the interested parties regarding the necessary safeguards might be fully revealed.

Reduced Rates for Rockland Customers

The Board accepted a tariff revision by Rockland Electric Company. The proposed revision became effective December 1, 1965, and will result in an annual savings of \$41,670.00 for the company's customers. No existing customers' bills will be increased as a result of this filing.

Rate Reduction for Sussex Rural Electric Approved

The Board accepted a tariff revision submitted by Sussex Rural Electric Cooperative. The proposed tariff revision became effective December 1, 1965 and will reduce the Cooperative's annual revenues by approximately \$5,600.00.

III. WATER UTILITY MATTERS

The staff continued its cooperation with the Federal Desalting Task Force established by President Johnson to explore the possible use of the desalinization of sea water in alleviating the severe drought which presently exists in this state. This Department, together with the Division of Water Policy and Supply, Department of Conservation and Economic Development, has been representing New Jersey's interests in the study.

The November 9th Northeast Power Failure prompted the Board to direct all water utilities to report on the kind of service that would be available in the event of an electrical power failure. Specifically, the Board has inquired as to the kind of emergency equipment available; the kind of fuel used to power this equipment; the state of readiness of this equipment; and the facilities for communicating with company personnel and other utilities.

IV. GAS UTILITY MATTERS

Public Service Electric and Gas Company received the Board's approval of its plan for the disposition of refunds which it has received from its natural gas suppliers. The company had charged its customers an estimated \$472,785.60 more than would have been charged if the reduced rates had been in effect for the periods covered by the refunds. It is estimated that action on this matter will reduce gas customers' bills by \$545,000.00.

New Jersey Natural Gas Company has been authorized to extend its service area to include Manchester Township (Ocean County).

Gas Utility Decisions

Reduced Rates for Gas Customers Approved

The Board accepted tariff revisions filed by New Jersey Natural Gas Company. The proposed revisions will become effective January 1, 1966 and will result in an estimated annual savings of \$240,000.00 to affected customers.

Differences in Discriminatory Practice Complaints Cited

The Board denied a motion for reconsideration of its Order of Dismissal in the matter of the formal complaint filed by Superior Propane Company against South Jersey Gas Company and Public Service Electric and Gas Company.

The petitioner alleged that the Board's finding that there was no discrimination was inconsistent with its decision In The Matter of the Formal Complaint against Atlantic City Electric Company by Herbert A. Watkins and The Fuel Merchants Association of New Jersey, et al. In refusing to reconsider its prior order, the Board noted that the two cases were not parallel. The practices complained of by Superior Propane were permitted by the Board's regulations or by company tariffs on file with the Board. This was not true of the practices of Atlantic City Electric which had been called into question in the Watkins case. The Board also reasserted that in reaching its decision in the Order of Dismissal it had given no consideration to the competitive effect which the practices complained of may have had on Superior Propane, a company not subject to its jurisdiction.

V. COMMUNICATIONS UTILITY MATTERS

The major activities of the Board relating to communications companies are described in the decision reports below.

Communications Utility Decisions

Jurisdiction Asserted Over the Leasing of Telephone Facilities for Use in Conjunction with CATV Service.

New Jersey Bell Telephone Company filed a revision of its tariff consisting of initial rates and regulations for channels and associated facilities supplied by aerial cable for television and FM transmission service (CATV). New Jersey Community Television Antenna Association and the Federal Electric Corporation moved to dismiss the proceedings, contending that the Board lacked jurisdiction. They argued that CATV service is not a public utility subject to the Board's regulation, and that therefore, the offering of New Jersey Bell Telephone to provide cable for this service was not subject to the Board's regulation. They also argued that the service offered by the tariff filing was not a "telephone service" and therefore not subject to regulation.

The Board refused to consider whether or not CATV service itself is a public utility. The Board concluded that it was not necessary to determine this point, inasmuch as New Jersey Bell Telephone Company was not offering to provide CATV service, but only proposed to make available the cable facilities used in conjunction with this service to CATV operators. The Board also ruled that the tariff offering was "telephone service", similar to previously accepted tariff filings providing for such services as the transmissions of telephotos and the provision of channels and facilities for the transmission of television signals and music.

VI. RAILROAD UTILITY MATTERS

The Pennsylvania Railroad Company, the Pennsylvania-Reading Seashore Lines and the United New Jersey Railroad and Canal Company have petitioned the Interstate Commerce Commission for the approval of certain land acquisitions in Camden. The three petitions are a part of the arrangements for the new rapid transit rail system known as the Kirkwood Plan. The details of the operation remain unsettled, but in general, construction is proceeding.

A railroad bridge on the Reading Railroad Company's line in South Plainfield was opened to traffic during November along with an overpass on the New York and Long Branch Railroad Company's line in Matawan Township. Both structures were financed through the Board's grade crossing elimination and bridge reconstruction program.

Railroad Utility Decisions

Sale of Railroad Company's Land Approved

The Board approved the sale of land located in New Brunswick and owned by the Pennsylvania Railroad Company to Johnson & Johnson, Inc. for \$62,780.00. Approval was based on the Board's determination that the selling price was the best obtainable and represented fair market value. The Board also concluded that the conveyance would not adversely affect the railroad's ability to furnish safe, adequate and proper service.

Railroad Station Facilities Judged Adequate

The City of South Amboy (Middlesex County) requested that the New York and Long Branch Railroad Company be ordered to construct a new passenger shelter on the southbound side of the South Amboy station. The proposed structure would replace a passenger shelter which was built by the railroad company in 1936 and

removed in 1956 because of damage inflicted by vandals. Presently, the railroad station facilities include a brick building on the northbound side of the tracks and a walkway over the tracks to the southbound tracks. The Board noted that passengers wishing to travel southbound may use the station facilities on the northbound side of the tracks by utilizing the walkway. It concluded that the number of passengers boarding southbound trains is not sufficient to warrant the construction of the shelter.

Report on Grade Crossing Protection Issued

Stratford Borough (Camden County) requested that the Pennsylvania-Reading Seashore Lines be required to improve the grade crossing protection at Atlantic and Vassar Avenues in that Borough. Three previous petitions for increased protection at this crossing had been denied. Present protection is provided by crossbuck warning signs and the statutory sound of the train whistle, supplemented by highway stop signs. It was shown that freight traffic had increased and that pedestrian and vehicular traffic on the crossing had more than doubled since the prior petitions. The Hearing Examiner found the existing protection to be inadequate and recommended the installation of automatic flashing lights and bell. Eighty-five per cent (\$9,461.35) of the estimated \$11,131.00 cost will be paid by the Board and the remaining fifteen per cent (\$1,669.65) by the railroad company.

VII. MOTOR CARRIER MATTERS

The Board's program of safety included the inspection of 830 bus units.

The Board has under consideration a petition by Public Service Coordinated Transport for the approval of municipal consents for the operation of a new bus between Haddonfield and Camden. This route is to temporarily replace train

service presently offered by the Pennsylvania-Reading Seashore Lines. The proposed service would continue until the proposed Kirkwood line of the high speed rapid transit system is put into operation in Camden County. Public Service would make this service available as a result of the contractual arrangement through which it would be reimbursed for the cost of this service by the Pennsylvania-Reading Seashore Lines.

VIII. SEWER UTILITY MATTERS

Bordentown Sewer Company was permitted to discontinue service after evidence was offered to show an agreement of sale of the company's assets to Bordentown Township. Operations in the company's service area will be continued by Bordentown Township.

IX. FINANCING AUTHORIZED

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|---------------|--------|------------------|
| November | (1965) | \$129,450,340.00 |
| November | (1964) | 475,000.00 |
| Eleven Months | (1965) | 318,129,688.00 |
| Eleven Months | (1964) | 140,945,386.00 |

Financing Decisions

Telephone Financing Authorized

The Board authorized New Jersey Bell Telephone Company to issue and sell 7,500,000 shares of its common stock having a par value of \$16.00 per share, in the aggregate amount of \$120,000,000.00. The company was also authorized to sell, at competitive bidding \$55,000,000.00 principal amount of its ___% Debentures. The price to be to the company, the interest rate, redemption premiums and the public offering prices of the Debentures will be determined by public offering at a future date.

Debenture Sale Authorized

The Board authorized Jersey Central Power & Light Company to issue \$9,000,000.00 aggregate principal amount of its Debentures, 5 1/8% Series due 1990, at a price to the company of 101.705% of the principal amount, plus accrued interest. The Debentures will bear an annual interest rate of 5 1/8%. This represents an annual cost of money rate to the company of 5.004%.