



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)	DECISION AND ORDER
AND GAS COMPANY'S 2010/2011 ANNUAL BGSS)	
COMMODITY CHARGE FILING FOR ITS)	APPROVING STIPULATION FOR
RESIDENTIAL GAS CUSTOMERS UNDER ITS)	PROVISIONAL BGSS RATES
PERIODIC PRICING MECHANISM AND FOR)	
CHANGES IN THE TARIFF FOR GAS SERVICE)	
B.P.U.N.J. NO. 15 GAS PURSUANT TO <u>N.J.S.A.</u> 48:2-)	
21 AND <u>N.J.S.A.</u> 48:2-21.1)	BPU DOCKET NO. GR10070475

Gregory Eisenstark, Esq., for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, and **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsel, Division of Rate Counsel (**Stefanie Brand, Esq.**, Director, Division of Rate Counsel)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

BY THE BOARD:

Per the generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDC's") submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing by June 1, for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1, with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

In accordance with the January BGSS Order, Public Service Electric and Gas Company ("Company"), filed a petition with the Board on July 14, 2010 seeking to decrease its BGSS default Commodity Charge for Residential Service ("BGSS-RSG") rate from \$0.817891 per therm including Sales and Use Tax ("SUT") to \$0.728760 per therm, including SUT, thereby decreasing the Company's BGSS-RSG revenues by approximately \$123.4 million (including losses and SUT) or approximately 6.8%. Under the Company's proposal, typical residential

heating customers using 100 therms per month during the winter months and 660 therms on an annual basis would see a decrease of \$8.91 in their monthly bills, from \$132.77 to \$123.86, or approximately 6.71%.

On July 29, 2010, the Electric Customer Group ("ECG") moved to intervene in this proceeding, which motion was opposed by the Company.

After publication of notices in newspapers of general circulation throughout the Company's gas service territory, public hearings were held in New Brunswick, Hackensack and Mt. Holly on September 1, 2, and 7, 2010, respectively. No members of the public appeared to comment on the filing.

The Company, Board Staff and Rate Counsel, the only parties at this time (collectively, the "Parties"), determined that while additional time was needed to complete a review of the Company's filing, a decrease in the Company's BGSS-RSG rate from \$0.817891 per therm (including SUT) to \$0.728760 per therm (including SUT) on a provisional basis, representing an annual decrease of \$123.4 million including losses and SUT, subject to refund with interest on any net over-recovered BGSS balance, was reasonable due primarily to reductions in the New York Mercantile Exchange ("NYMEX") forward gas prices projected during the period.

The Parties executed a Stipulation for Provisional BGSS-RSG rates ("Stipulation") dated September 13, 2010 that provided for the following:

The Company's BGSS-RSG rate shall be provisionally decreased to \$0.728760 per therm (including SUT) from the current \$0.817891 per therm (including SUT) effective as of October 1, 2010, or as soon as possible upon the issuance of a Board Order approving this Stipulation.

The Company will provide an updated tariff sheet within five (5) business days of the effective date of the Board's Order in this docket reflecting the provisional rate of \$0.728760 per therm (including SUT) for BGSS-RSG agreed to by the Parties in this Stipulation.

The Parties recommend to the Board that this matter be transmitted to the Office of Administrative Law for an opportunity for full review of all issues, including the provisional rate approved by the Board.

DISCUSSION AND FINDING

The Board HEREBY FINDS that, subject to the terms and conditions set forth below, the attached Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Stipulation as its own, as if fully set forth herein.

The Board HEREBY ORDERS that the Company's Basic Gas Supply Service default Commodity Charge for Residential Service rate shall be provisionally decreased to \$0.728760 per therm (including SUT) effective for service rendered on and after the date of this Order. Any net over-recovered BGSS-RSG balance at the end of the BGSS period shall be subject to refund with interest.

The Board HEREBY DIRECTS that this matter be transmitted to the Office of Administrative Law ("OAL") for a full review of the filing.

The Board HEREBY RESERVES DECISION on ECG's motion to intervene for action by the Administrative Law Judge to be assigned to this matter at the OAL as authorized by N.J.A.C. 1:1-16.2(b).

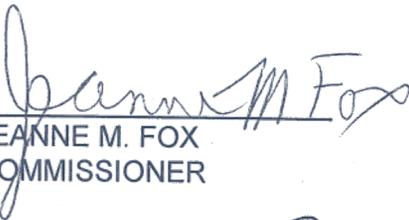
The Company is HEREBY DIRECTED to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days from the date of this Order.

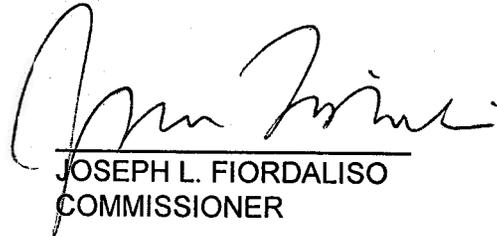
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

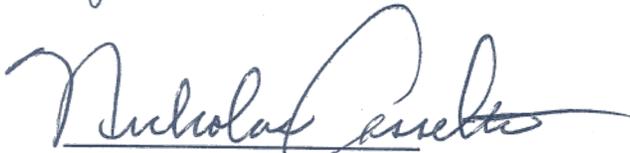
DATED: 9/16/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

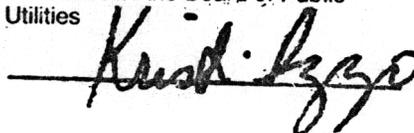

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S
2010/2011 ANNUAL BGSS COMMODITY CHARGE FILING FOR ITS
RESIDENTIAL GAS CUSTOMERS UNDER ITS PERIODIC PRICING MECHANISM
AND FOR CHANGES IN THE TARIFF FOR GAS SERVICES
PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1
BPU DOCKET NO. GR10070475

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S) STIPULATION FOR
2010/2011 ANNUAL BGSS COMMODITY) PROVISIONAL BGSS RATES
CHARGE FILING FOR ITS RESIDENTIAL)
GAS CUSTOMERS UNDER ITS PERIODIC) BPU DOCKET NO. GR10070475
PRICING MECHANISM AND FOR CHANGES)
IN THE TARIFF FOR GAS)
SERVICE B.P.U.N.J. NO. 15 GAS PURSUANT)
TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1)

APPEARANCES:

Gregory Eisenstark, Esq., for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, and **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

On July 14, 2010, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing in the above-referenced matter, requesting a decrease of approximately \$115.3 million in its Annual Basic Gas Supply Service default Commodity Charge for Residential Service ("BGSS-RSG") revenues (\$123.4 million including losses and Sales and Use Tax, or "SUT") (approximately 6.8%), due primarily

to projected decreases in natural gas costs during the 2010-2011 BGSS year (October 2010 through September 30, 2011).

Residential annual bills comparing the current BGSS-RSG Commodity charge rate with the as-requested provisional BGSS-RSG Commodity charge rate reflect an annual decrease of approximately 6.59% for a residential heating customer using 100 therms per winter month and 660 therms annually. As filed, the BGSS-RSG Commodity charge would decrease from \$0.817891 per therm, including SUT, to \$0.728760 per therm¹ including SUT or a decrease of \$0.089131 per therm.

Notice setting forth the Company's July 14, 2010 request for a decrease in its BGSS Commodity charge, including the date, time and place of the public hearing, was placed in newspapers having a circulation within the Company's gas service territory and was served on the county executives and clerks of all municipalities within the Company's gas service territory.

Public hearings were scheduled and conducted in New Brunswick, Hackensack, and Mt. Holly on September , 2, and 7, 2010, respectively. Collectively, members of the public appeared and commented on the filing.

¹ The BGSS-RSG rate may change subject to a change in the Capital Adjustment Charge (CAC) which would impact the final rate.

Public Service, Board Staff, and the Division of Rate Counsel (Rate Counsel) (collectively, the "Parties")² have determined that additional time is needed to complete the review of the Company's proposed BGSS-RSG Commodity charge rate. However, the Parties also agree that a change in the Company's BGSS-RSG Commodity charge rate, on a provisional basis, is reasonable at this time and HEREBY AGREE as follows:

1. The Company's BGSS Commodity Service, Tariff rate BGSS-RSG, shall be provisionally decreased to \$0.728760 per therm (including SUT) from the current \$0.817891 per therm (including SUT). This BGSS-RSG Commodity charge rate change is on a provisional basis, subject to refund with interest on any net over-recovered BGSS-RSG balance, an opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board. The residential customer impact of this decrease is as follows: MONTHLY – a residential customer using 100 therms per month during the winter months and 660 therms on an annual basis would see a decrease in the monthly bill from \$132.77 to \$123.86 or \$8.91 or approximately 6.71%. ANNUAL – a residential customer using 160 therms per month during the winter months and ,050 therms on an annual basis would see a decrease in the annual bill from \$1,379.00 to \$1,285.42 (a decrease of \$93.58) or approximately 6.79%. The agreed-upon provisional

² On July 29, 2010, the Electric Customer Group moved to intervene in this proceeding, which motion was opposed by Public Service and has not been decided as of the date of the execution of this Stipulation for Provisional BGSS Rates ("Stipulation") by the Parties.

rate would result in an annual decrease in revenues during the 2010-2011 BGSS year of approximately \$115.3 million (\$123.4 million including losses and SUT). The Company requests that the provisional rate change become effective as of October , 2010, or as soon as possible upon the issuance of a Board Order approving this Stipulation.

2. In addition, the Board, in its generic Order in Docket No. GX01050304 dated January 6, 2003, granted approval to increase BGSS-RSG Commodity charge rates to be effective December 1 of this year and/or February 1 of next year, on a self-implementing basis, with each such increase being subject to a maximum rate increase of 5% of the average rate based on a typical 100 therms per month average (1,200 therms annual usage) residential customer's total bill. Such rate increases shall be preconditioned upon written notice by Public Service to the BPU Staff and to Rate Counsel no later than November 1, 2010 and/or January , 201 of its intention to apply a December 1 or a February 1 self-implementing rate increase respectively, and of the approximate amount of the increases based upon then current market data. Public Service is permitted to decrease its BGSS-RSG Commodity charge rate at any time, upon five days notice to the Board and Rate Counsel.

3 The Company will provide an updated tariff sheet within five (5) business days of effective date of the Board's Order in this docket reflecting the provisional rate of \$0.728760 per therm (including SUT) for BGSS-RSG Commodity charge agreed to by the parties in this Stipulation for Provisional BGSS-RSG Commodity charge rates

("Stipulation"). The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-PSCHART-1) attached hereto as Exhibit A; and 2) a monthly report of unitized credits to the BGSS (ISG, Cogeneration, TSG-F, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds.) and the associated dollar amounts (attached hereto as Exhibit B) The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month.

4. The undersigned Parties recommend to the Board that this matter be transmitted to the Office of Administrative Law for an opportunity for full review of all issues, including the provisional rate approved by the Board.

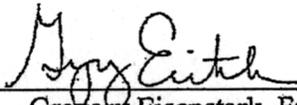
5. The undersigned agree that this Stipulation for Provisional BGSS-RSG Commodity charge rates contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved by the Board, this Stipulation shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

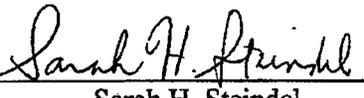
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6. The undersigned parties further HEREBY AGREE that this Stipulation for Provisional BGSS-RSG Commodity charge rates has been made exclusively for the purpose of this proceeding and that this Stipulation, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation for Provisional BGSS-RSG Commodity charge rates.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

STEFANIE A. BRAND
DIRECTOR,
DIVISION OF RATE COUNSEL

BY: 
Gregory Eisenstark, Esq.
Associate General Regulatory Counsel

BY: 
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: 9-13-2010

DATED: 9/13/2010

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: 
Alex Moreau
Deputy Attorney General

DATED: 09/13/10

S-PSCHART-1 -- RESTATED FOR PURCHASES NOT SENDOUT
BGSS NYMEX Update Report
as of April 1, 2010

Month	^a	^b	^{c = d - a}		^d	^e	^f	^{g = e - f}	^{h = c x g}
	BGSS	NYMEX	Incr/ (Decr)	% Chg	Sales forecast (dths)	Receipts (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-09	\$4.341	\$3.730	(\$0.611)		8,119	10,005	6,702	3,303	(\$2,018)
Nov-09	\$4.991	\$4.289	(\$0.702)		11,442	10,964	9,165	1,799	(\$1,263)
Dec-09	\$5.691	\$4.486	(\$1.205)		23,495	12,929	9,471	3,459	(\$4,168)
Jan-10	\$5.986	\$5.814	(\$0.172)		26,950	15,110	9,471	5,639	(\$970)
Feb-10	\$6.027	\$5.274	(\$0.753)		23,339	11,776	8,554	3,222	(\$2,426)
Mar-10	\$5.976	\$4.816	(\$1.160)		14,589	10,863	9,471	1,392	(\$1,615)
Apr-10	\$5.801	\$3.842	(\$1.959)		9,503	10,629	6,486	4,143	(\$8,116)
May-10	\$5.849	\$4.086	(\$1.763)		5,179	11,317	6,702	4,615	(\$8,137)
Jun-10	\$5.957	\$4.177	(\$1.780)		3,707	10,396	6,486	3,910	(\$6,960)
Jul-10	\$6.090	\$4.290	(\$1.800)		3,157	10,562	6,702	3,860	(\$6,948)
Aug-10	\$6.175	\$4.370	(\$1.805)		3,103	10,585	6,702	3,883	(\$7,009)
Sep-10	\$6.218	\$4.416	(\$1.802)		3,432	10,515	6,486	4,029	(\$7,259)
Avg Total \$	\$5.759	\$4.466	(\$1.293)	-22.4%	136,017	135,652	92,398	43,253	(\$56,888)
Oct-10	\$6.306	\$4.534	(\$1.772)		6,970	10,903	6,702	4,201	(\$7,443)
Nov-10	\$6.646	\$4.891	(\$1.755)		13,951	9,892	3,825	6,067	(\$10,647)
Dec-10	\$7.026	\$5.319	(\$1.707)		22,396	11,805	3,953	7,852	(\$13,404)
Jan-11	\$7.231	\$5.537	(\$1.694)		26,578	12,532	3,953	8,579	(\$14,533)
Feb-11	\$7.232	\$5.504	(\$1.728)		22,607	9,981	3,570	6,411	(\$11,078)
Mar-11	\$7.067	\$5.400	(\$1.667)		18,779	12,311	3,953	8,358	(\$13,933)
Apr-11	\$6.572	\$5.182	(\$1.390)		9,706	11,991	1,562	10,428	(\$14,495)
May-11	\$6.562	\$5.185	(\$1.377)		4,986	12,625	1,614	11,010	(\$15,161)
Jun-11	\$6.647	\$5.231	(\$1.416)		3,769	11,420	1,562	9,858	(\$13,958)
Jul-11	\$6.752	\$5.295	(\$1.457)		3,143	11,617	1,614	10,003	(\$14,574)
Aug-11	\$6.827	\$5.347	(\$1.480)		3,137	11,604	1,614	9,990	(\$14,785)
Sep-11	\$6.857	\$5.379	(\$1.478)		3,422	11,659	1,562	10,096	(\$14,923)
Avg Total \$	\$6.810	\$5.234	(\$1.577)	-23.2%	139,445	138,340	35,487	102,853	(\$158,935)

Footnotes:

- a : Nymex rate used for annual BGSS periodic rate filing
- b : Nymex rate as of date of the report
- c : Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d : Sales forecast (includes fuel requirement)
- f : 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- g : 'Unhedged' volume consists of receipts volume forecast less 'hedged' volume
- h : Not necessarily representative of a change in under/over-recovery value

Exhibit A

Exhibit B

Public Service Electric and Gas Company

Unitized Credits to BGSS-RSG

March 2010

<u>Contribution Category</u>	<u>Credits</u>	<u>BGSS-RSG Share of the Volumes (MDth)</u>	<u>Unitized Credits (\$/Dth)</u>
ISG	\$111	110	\$1.009
Cogeneration	\$2,677	2,009	\$1.333
TSG-F	\$329	228	\$1.445
Off-System Sales	\$256	1,374	\$0.186
Capacity Release	\$3,559	2,002	\$1.777
Gas to Electric	\$1,718	4,042	\$0.425
Supplier Refunds	\$0	n/a	n/a