

**BEFORE THE STATE OF NEW JERSEY**

**BOARD OF PUBLIC UTILITIES**

**I/M/O THE PETITION OF PUBLIC SERVICE )  
ELECTRIC AND GAS COMPANY FOR )  
APPROVAL OF A SOLAR ENERGY PROGRAM ) BPU DKT. NO. EO07040278  
AND AN ASSOCIATED COST RECOVERY )  
MECHANISM )**

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**TESTIMONY OF ANDREA CRANE  
ON BEHALF OF THE  
NEW JERSEY DEPARTMENT OF THE PUBLIC ADVOCATE,  
DIVISION OF RATE COUNSEL**

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Appendix A - List of Prior Testimonies

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1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Andrea C. Crane and my business address is 199 Ethan Allen Highway,  
4 Ridgefield, Connecticut 06877. (Mailing address: PO Box 810, Georgetown,  
5 Connecticut 06829).

6  
7 **Q. By whom are you employed and in what capacity?**

8 A. I am Vice President of The Columbia Group, Inc., a financial consulting firm that  
9 specializes in utility regulation. In this capacity, I analyze rate filings, prepare expert  
10 testimony, and undertake various studies relating to utility rates and regulatory policy. I  
11 have held several positions of increasing responsibility since I joined The Columbia  
12 Group, Inc. in January 1989.

13  
14 **Q. Please summarize your professional experience in the utility industry.**

15 A. Prior to my association with The Columbia Group, Inc., I held the position of Economic  
16 Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987  
17 to January 1989. From June 1982 to September 1987, I was employed by various Bell  
18 Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held positions in the  
19 Product Management, Treasury, and Regulatory Departments.

20  
21 **Q. Have you previously testified in regulatory proceedings?**

1 A. Yes, since joining The Columbia Group, Inc., I have testified in approximately  
2 250 regulatory proceedings in the states of Arizona, Arkansas, Connecticut,  
3 Delaware, Hawaii, Kansas, Kentucky, Maryland, New Jersey, New Mexico, New  
4 York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, West  
5 Virginia and the District of Columbia. These proceedings involved electric, gas,  
6 water, wastewater, telephone, solid waste, cable television, and navigation  
7 utilities. A list of dockets in which I have filed testimony is included in Appendix  
8 A.

9

10 **Q. What is your educational background?**

11 A. I received a Masters degree in Business Administration, with a concentration in  
12 Finance, from Temple University in Philadelphia, Pennsylvania. My  
13 undergraduate degree is a B.A. in Chemistry from Temple University.

14

15 **II. PURPOSE OF TESTIMONY**

16 **Q. What is the purpose of your testimony?**

17 A. On or about April 19, 2007, Public Service Electric and Gas Company (“PSE&G”  
18 or “Company”) filed a Petition with the New Jersey Board of Public Utilities  
19 (“BPU”) requesting approval of a Solar Energy Program and a related cost  
20 recovery mechanism. The Columbia Group, Inc. was engaged by The State of  
21 New Jersey, Department of the Public Advocate, Division of Rate Counsel (“Rate  
22 Counsel”) to review the Petition and to provide recommendations to the BPU with  
23 regard to the proposed cost recovery mechanism.

1           Rate Counsel also engaged several other consultants to examine other  
2           areas of the Company’s proposal. Matthew Kahal is providing testimony on  
3           behalf of Rate Counsel addressing the appropriate capital structure and cost of  
4           capital to be used for amortization of the proposed regulatory assets resulting  
5           from the Solar Energy Program. Other Rate Counsel witnesses filing testimony in  
6           this case include David A. Dismukes, Robert Fagan, Dian Callaghan, and Brian  
7           Kalcic.

8  
9  
10 **III. SUMMARY OF CONCLUSIONS**

11 **Q. Please summarize your conclusions and recommendations.**

12 A. Based on my analysis of the Petition, my review of the responses to discovery  
13 requests, and my participation in various working group meetings, my  
14 conclusions are as follows:

- 15           ➤ The expansion of solar energy is an objective of the State of New Jersey,  
16           the BPU, and Rate Counsel.
- 17           ➤ As proposed, the Solar Energy Program provides benefits for solar energy  
18           developers, for Load Serving Entities (“LSEs”), and for PSE&G  
19           shareholders without providing commensurate benefits to ratepayers, who  
20           are responsible for paying all Solar Energy Program costs.
- 21           ➤ There is no guarantee that ratepayers will receive full benefit, or any  
22           benefit, from the Company’s proposal to distribute the Solar Renewable  
23           Energy Certificates (“SRECs”) at no cost to the LSEs.

- 1           ➤ The Company’s proposal to distribute SRECs to the LSEs provides  
2           substantial benefit to PSE&G’s unregulated affiliate.
- 3           ➤ The Company should be required to identify and quantify all costs that it  
4           may to seek to recover through the regulatory asset.
- 5           ➤ The 100 basis point return on equity premium requested by PSE&G is  
6           excessive.
- 7           ➤ The Company should be required to demonstrate that all administrative  
8           costs are reasonable and are incremental to costs currently being collected  
9           in base rates.
- 10          ➤ The BPU should institute reporting requirements for both estimated and  
11          actual administrative costs.
- 12          ➤ The Company’s request for recovery of lost revenues should be denied.
- 13          ➤ The BPU should examine other options with regard to the provision of  
14          solar energy financing programs.

15

16           The rationale for each of these recommendations is discussed in the  
17          following sections of my testimony.

18

19   **IV. DESCRIPTION OF THE SOLAR ENERGY PROGRAM**

20   **Q. Please provide a brief description of the Company’s proposed Solar Energy**  
21   **Program.**

22   A. PSE&G is proposing to make up to \$100 million of loans available to provide  
23   funding for approximately 30 MWs of solar energy systems. The 30 MWs

1 represent approximately one-half of the Renewable Portfolio Standard (“RPS”)  
2 requirement in PSE&G’s service territory in the 2008-2010 timeframe. Loans  
3 will be designed to provide approximately 40-50% of the cost of the installations.  
4 The loans will be available to solar energy systems developers, large commercial  
5 and industrial (“C&I”) customers, and other qualifying entities. Residential loans  
6 will not be made directly to residential customers, but will be originated by third-  
7 party entities.

8 PSE&G originally proposed that the \$100 million of investment be  
9 credited against its Clean Energy Program (“CEP”) funding requirements but the  
10 Company has since revised its proposal to make the \$100 million of loans  
11 incremental to any other funding required under the CEP. According to the  
12 response to S-OE-19, the Company anticipates an average loan amount of  
13 \$26,000 to \$32,500 for the residential sector and of \$260,000 to \$325,000 for  
14 non-residential borrowers.

15 PSE&G proposes that the program be open for two years. The Company  
16 is proposing that 40% of its loans will made available to the C&I market, 30% to  
17 the municipal market, and 30% to the residential market. PSE&G is proposing to  
18 allocate one-third of the residential market to low income customers through a  
19 “soft” cap. The market allocations may change after the first year, depending on  
20 response to the program. PSE&G originally categorized not-for-profit customers  
21 in the C&I category. However, based on discussions among the parties that have  
22 occurred since the filing, it appears that the not-for-profit market will now be part

1 of the municipal category. Projects must be installed within a one-year period  
2 after the project is approved by PSE&G for funding.

3 According to the response to RCR-RR-14, the Company originally  
4 estimated that approximately 900 residential customers, 120 C&I and not-for-  
5 profit customers, and 90 municipal projects would be funded. Since the Company  
6 has decided to move the not-for-profit segment from the C&I category to the  
7 municipal category, these estimates are subject to some revision. If all of the 30  
8 MWs are installed, then the solar energy installations will generate 35,490 SRECs  
9 in the 2008/2009 energy year, with 0.5% degradation in each year thereafter, per  
10 the response to RCR-RR-16. This represents approximately 50% of the SRECs  
11 required in the 2008/2009 energy year in PSE&G's service territory. The  
12 Company estimates that the total number of required SRECs will grow to  
13 1,072,230 by the 2020/2021 energy year, per the response to RCR-RR-15.

14 The Company is proposing that loans be repaid over a 15-year period by  
15 the assignment of the resulting SRECs to PSE&G, or, if insufficient SRECs are  
16 generated, by cash payments. If PSE&G receives cash in lieu of the SRECs, it  
17 will use the cash to purchase SRECs in the SREC market. For purposes of  
18 repayment of the loan, the SRECs will be valued at the higher of \$475 or the  
19 SREC market price. The imputed interest rate on the loan will be based on  
20 PSE&G's overall cost of capital as determined in the Company's most recent base  
21 rate case, plus a cost of equity premium of 100 basis points.

22 PSE&G is proposing to distribute the SRECs among the Load Serving  
23 Entities ("LSEs") in the PSE&G service territory. The Company assumes that the

1 LSEs will pass along to customers the full benefit of receiving the SRECs, i.e., the  
 2 LSEs will not have to purchase as many SRECs in the market and therefore the  
 3 LSEs will benefit from lower procurement costs. PSE&G assumes that these  
 4 lower costs will be fully reflected either in the auction bids for the provision of  
 5 Basic Generation Service (“BGS”) or in the commodity prices offered to non-  
 6 BGS customers by third party suppliers.

7  
 8 **Q. What are the total costs associated with the program that PSE&G is**  
 9 **proposing to recover from ratepayers?**

10 A. As shown on Schedule FAL-3 to Mr. Lynk’s testimony, PSE&G is projecting a  
 11 revenue requirement of \$21.8 million for the first full year of the program. This is  
 12 composed of the following:

13	Return Requirement	\$11,184,541
14	Amortization	\$6,596,993
15	Lost Revenues	\$1,007,599
16	Administrative Costs	\$3,000,000
17	Total Year 1	\$21,789,133
18		
19		

20 The return requirement is expected to decline over the fifteen-year recovery  
 21 period, while administrative costs are projected to increase by approximately 3%  
 22 each year. The Company has assumed that the lost revenues will only be

1 collected until new base rates are established, which it assumes will occur in  
2 Year 4.

3

4 **Q. How does PSE&G plan to recover the costs of the program?**

5 A. PSE&G plans to recover all of the costs of the Solar Energy program from its  
6 electric distribution ratepayers through the Societal Benefits Charge (“SBC”).

7 The Company is proposing to recover the following costs through the SBC:

- 8 ➤ The actual cost of the loans, which are amortized over 15 years;
- 9 ➤ Interest on the loans at a rate that reflects the Company’s overall cost of  
10 capital, adjusted by a 100 basis point premium in the cost of equity;
- 11 ➤ The cost of solar energy meters, amortized in the same fashion as the loan  
12 principal;
- 13 ➤ All administrative costs of the program;
- 14 ➤ Lost revenues associated with the installation of the solar facilities.

15 Thus, the Company’s ratepayers would be responsible for 100% of the  
16 costs of the program. None of the associated costs would be borne by  
17 shareholders. In fact, under the Company’s proposal, shareholders actually  
18 receive a premium return of 100 basis points on equity.

19 According to the response to RCR-RR-32, all “profits, return and  
20 incentive, related to the solar energy proposal will be considered ‘below the line’  
21 for base ratemaking.”

22

23

1 **V. DISCUSSION OF THE COST RECOVERY ISSUES**

2 **Q. Do you have concerns about the cost recovery mechanism being proposed by**  
3 **PSE&G?**

4 A. Yes, I have serious concerns about the Company's proposal. In summary, the  
5 proposal provides benefits for solar energy developers, for LSEs, and for  
6 shareholders without providing commensurate benefits to ratepayers, who are  
7 responsible for paying all Solar Energy Program costs. The Company's proposal  
8 is one-sided and, as presently constituted, should be rejected by the BPU.

9  
10 **Q. Do you believe that the promotion of solar energy programs is a beneficial**  
11 **goal?**

12 A. Yes, I do. Moreover, I understand that it is the policy of the State of New Jersey  
13 and of the BPU to promote solar energy in New Jersey. However, as addressed  
14 in the various testimonies of Rate Counsel's witnesses, solar energy programs that  
15 are paid for by regulated ratepayers should be undertaken in the most cost  
16 effective and efficient manner. While Rate Counsel understands that ratepayers  
17 are likely to finance such programs, in whole or in part, the BPU should ensure  
18 that costs charged to New Jersey ratepayers are fair and reasonable. The BPU  
19 should also ensure that costs charged to New Jersey ratepayers do not result in  
20 excessive profits to utility shareholders. The concerns expressed in my testimony  
21 are not intended to minimize in any way Rate Counsel's support for solar energy  
22 programs in the State.

23

1 **Q. What specific concerns do you have with regard to the Company's proposed**  
2 **Solar Energy Program?**

3 A. Overall, I have concerns with regard to the following:

- 4       ➤ The Company's proposal to have developers pay back the loan in SRECs,  
5       rather than in cash;
- 6       ➤ The Company's failure to identify and quantify all costs that it proposes to  
7       include in the regulatory asset;
- 8       ➤ The rate of return used by PSE&G in the amortization of the regulatory  
9       asset;
- 10      ➤ The level of administrative costs;
- 11      ➤ The Company's proposal to recover lost revenues associated with the  
12      Solar Energy Program.

13           In reviewing the program, the BPU should be mindful of the fact that  
14   PSE&G proposed the program and that the Company is aggressively seeking BPU  
15   approval. While the Company states that its motivation for promoting the  
16   program is its desire to be a good corporate citizen and embrace the solar energy  
17   policy of the State, one must still question why PSE&G would be willing to invest  
18   up to \$100 million in a program that will result in the Company losing energy  
19   sales. The answer is that PSE&G has structured a program that provides little to  
20   no risk to shareholders, allows shareholders to earn more than they would through  
21   a traditional utility investment, compensates shareholders not only for  
22   administrative costs of the program but for potential lost revenues as well, and  
23   provides substantial benefits to PSE&G's affiliate by providing SRECs at no cost.

1 The Solar Energy Program as proposed by PSE&G is a good deal for shareholders  
2 with an unfair level of expense for the Company's regulated ratepayers.

3

4 **A. Repayment of the Loan**

5 **Q. Please comment on the Company's proposal to have the borrowers pay back**  
6 **the program with SRECs, which would then be distributed to the LSEs in**  
7 **PSE&G's service territory.**

8 A. I understand that this issue is being addressed in greater detail by Rate Counsel  
9 witness David Dismukes and therefore I will limit my comments to issues  
10 affecting cost recovery.

11 From a cost recovery perspective, I have several concerns with the  
12 Company's proposal. First, under the Company's proposal, none of the payments  
13 made by the borrower, either in SRECs or in cash, are actually used to reduce the  
14 loan balance that is recovered through the SBC. Therefore, the borrowers  
15 contribute nothing directly toward the actual reduction of the loan. Instead, 100%  
16 of the loan amount, with interest, is being recovered from the Company's  
17 ratepayers.

18 In addition, the Company's proposal will provide a substantial benefit to  
19 the LSEs, who will receive the SRECs at no cost from PSE&G, but may not  
20 provide a commensurate benefit to ratepayers.<sup>1</sup> There is no guarantee that  
21 ratepayers will actually see lower rates as a result of the SRECs being given to the  
22 LSEs. In a perfectly competitive world, one would expect that the savings to the

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1 PSE&G currently has no obligation to furnish any SRECs to the LSEs. The LSEs themselves are responsible for obtaining the necessary SRECs.

1 LSEs from being given these SRECs free of charge would result in the market  
2 value of the SRECs being flowed through to customers. However, the electric  
3 markets have already demonstrated that they are not perfectly competitive and  
4 there is no guarantee that ratepayers will experience any savings as a result of  
5 these SRECs being allocated at no cost to the LSEs.

6 Moreover, even if one believes that markets are competitive, then the  
7 reduction in energy costs that is passed through to ratepayers would be the market  
8 price of the SRECs, which could be lower than the \$475 minimum value placed  
9 on the SRECs by PSE&G under its proposal. Therefore, ratepayers could be  
10 paying off a loan that implicitly values SRECs at \$475 while having a  
11 significantly lower-valued benefit reflected in energy prices.

12 The Company's proposal provides substantial benefits to its affiliate,  
13 PSE&G Energy Resources and Trade ("PSE&G ER&T"). Under the  
14 Company's proposal, the LSEs will receive the SRECs at no cost. Since  
15 PSE&G's affiliate, PSE&G ER&T, provides approximately 30% of the BGS  
16 service in the Company's service territory, one of the largest beneficiaries of the  
17 Company's proposal will be its own affiliate.<sup>2</sup> Moreover, under PSE&G's  
18 proposal, the SRECs will be distributed not only to BGS providers, but also to  
19 third party providers in the Company's service territory. Thus, to the extent that  
20 PSE&G ER&T or other PSE&G affiliates and/or partners provide competitive

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2 In the response to S-PR-21, the Company stated that based on load during the first quarter of 2007, approximately 30% of the SRECs would be allocated to PSE&G ER&T. In the 2007 auction, PSE&G ER&T was the successful bidder for approximately 32.4% of the load share in the PSE&G service area, according to the BGS Auction website.

1 supply service, then PSE&G affiliates and partners are likely to receive an even  
2 greater share of the SRECs.

3 Another problem with the Company's proposal is that it provides a  
4 competitive advantage to LSEs that are currently serving the PSE&G distribution  
5 territory, such as PSE&G ER&T, to the detriment of new entrants. Since the  
6 SRECs will be allocated to the LSEs currently providing service, while new  
7 entrants would be required to obtain SRECs through the market, then incumbent  
8 LSEs will have an advantage through this program.

9

10 **Q. Does PSE&G plan to measure any reduction in supply costs resulting from**  
11 **allocating the SRECs to the LSEs?**

12 A. No, it does not. In response to RCR-RR-29, the Company stated that it "does not  
13 plan to measure this since we are not privy to the pricing methodologies of the  
14 LSEs." Therefore, there will be no way to determine if the LSEs are actually  
15 passing through any cost savings to New Jersey ratepayers.

16

17 **Q. Please summarize your concerns with regard to the proposed allocation of**  
18 **the SRECs.**

19 A. I believe that these issues are all serious problems inherent in the Company's  
20 proposal: 1) ratepayers, not the borrowers, are ultimately responsible for loan  
21 repayment, 2) there is no guarantee of any ratepayer benefit from the allocation of  
22 the SRECs, 3) any ratepayer benefit may not match the implicit price of \$475 per  
23 SREC, 4) the substantial benefit accruing to PSE&G's affiliate, and 5) the anti-

1 competitive nature of the proposal with regard to incumbent LSEs. The  
2 Company's proposal does not strike the right balance between the cost of the  
3 program to ratepayers, who are responsible for repayment of the loans to PSE&G,  
4 and any the resulting benefits, which largely accrue to solar energy developers  
5 and LSEs, including PSE&G's affiliate.

6  
7 **B. Recovery of Other Costs Through the Regulatory Asset**

8 **Q. In addition to the loan balance, are there other costs that PSE&G is**  
9 **proposing to recover through the regulatory asset?**

10 A. Yes, there are. Under the Company's proposal, all installations will have a  
11 separate meter to measure solar energy output. PSE&G is proposing that it  
12 install, own, and read the meters.<sup>3</sup> PSE&G is proposing that ratepayers bear the  
13 cost of the solar energy meters, in addition to the loan amounts. This results in a  
14 further burden to ratepayers. Moreover, the Company is proposing to recover the  
15 costs of these meters over a fifteen-year period, again at a cost of capital that  
16 reflects a 100 basis point premium in the cost of equity.

17 In addition, according to the response to RCR-FIN-9, PSE&G is also  
18 requesting authorization to include advertising costs and the initial costs for  
19 processing applications in the regulatory asset, and to amortize these costs over a  
20 fifteen-year period with carrying costs.

21

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3 In unusual and specific circumstances, the solar installer or system owner may pay for the initial cost of the meter, in which case the cost will be handled as a Contribution in Aid of Construction.

1 **Q. Has the Company quantified these additional costs that it is proposing to**  
2 **recover through the regulatory asset?**

3 A. No, it has not. None of these costs were included in the Company's Schedule  
4 FAL-3, which provides the annual revenue requirements associated with  
5 PSE&G's proposal. While some information on typical metering costs was  
6 provided in response to discovery, PSE&G has not provided a comprehensive  
7 estimate of the additional meter costs that it proposes to include in the regulatory  
8 asset.

9 Moreover, the Company has not outlined its advertising program as yet,  
10 making it difficult to estimate the advertising costs that ratepayers may be asked  
11 to bear. In addition, PSE&G has not identified the initial costs for processing  
12 applications, which it also proposes to recover through the regulatory asset. It is  
13 my understanding that the Company is still examining the process to be used for  
14 residential loans. While the Company is negotiating with the New Jersey  
15 Housing and Mortgage Financing Authority ("HMFA") to originate loans on  
16 behalf of residential customers, at this time there is no agreement between  
17 PSE&G and HMFA, nor is there any cost estimate with regard to the projected  
18 costs of loan origination.

19  
20 **Q. What do you recommend?**

21 A. I recommend that the BPU reject the Company's proposal for the reason that the  
22 prospective costs to ratepayers have not been fully disclosed and are so

1 inadequately supported by PSE&G. However, if the BPU decides to pursue a  
2 further examination of these costs in this proceeding, I recommend the following.

3 The BPU should require the Company to identify and quantify all costs  
4 that it proposes to recover through the regulatory asset, including meter costs,  
5 advertising costs, and costs related to processing loans. In addition, the Company  
6 should provide details regarding the origination of residential loans, including the  
7 associated costs. PSE&G should also provide detailed advertising plans in  
8 support of any advertising costs that it proposes to recover from ratepayers.

9 Once this information has been provided, the parties should have the  
10 opportunity to review the costs for reasonableness, including a full discovery  
11 period and the opportunity to present testimony on the additional information. At  
12 that time, the parties should also have the opportunity to recommend how such  
13 costs should be recovered from ratepayers, if at all. These recommendations  
14 cannot be made without having more details about the specific level of these costs  
15 and the underlying details. Even if Rate Counsel ultimately supports recovery of  
16 some or all of these costs from ratepayers, the determination of an appropriate  
17 accounting treatment and recovery mechanism depend upon the level and nature  
18 of the underlying costs.

19  
20 **C. Return on Regulatory Asset**

21 **Q. What level of shareholder profit is the Company proposing in this case?**

22 A. The Company is proposing an 11% return on equity, which is 100 basis points  
23 above the 10% cost of equity awarded in its recent gas base rate case. The

1 Company's requested return on equity represents a premium of 125 basis points  
2 over the cost of equity approved in its last electric base rate case.

3 As shown in Schedule FAL-3, the Company's proposal results in after-tax  
4 equity earnings of approximately \$38.8 million over the life of the program. The  
5 earnings to shareholders could be even greater if the Company is permitted to  
6 include other costs in the regulatory asset, such as meter costs, advertising, and  
7 the costs of processing the loans.

8

9 **Q. What concerns do you have with regard to the overall rate of return used in**  
10 **the amortization of the loan?**

11 A. The Company's program, which virtually guarantees the Company recovery of  
12 100% of its costs through the SBC, is obviously of lower risk to PSE&G than its  
13 investment in traditional distribution plant. Accordingly, the return awarded to  
14 PSE&G for this program should be commensurate with this lower risk. If the  
15 BPU finds that the Company's shareholders are bearing no risk, then the  
16 Company's cost of debt would be an appropriate return to use as its cost of  
17 capital. If the BPU finds that the Company's shareholders are incurring some  
18 risk, then it may be appropriate to include a return on equity that is higher than the  
19 Company's cost of debt. However, in no case should the Company's cost of  
20 equity be above the equity return awarded by the BPU on the Company's  
21 distribution investment. In addition, it may be appropriate to utilize a different  
22 capital structure for this solar program than the capital structure used for the  
23 Company's distribution facilities.

1                   Rate Counsel witness Matthew Kahal is presenting Rate Counsel's  
2                   specific recommendations with regard to the capital structure and cost of capital  
3                   that should be adopted by the BPU in the event that the Company's proposed  
4                   Solar Energy Program is approved.

5  
6     **Q.     Would you expect that the Solar Energy Program would have a detrimental**  
7     **impact on the provision of regulated utility service by PSE&G?**

8     A.     No, I would not. The \$100 million investment being proposed by PSE&G  
9             represents approximately 1.2% of the overall capitalization of Public Service  
10            Electric and Gas Company (Consolidated).<sup>4</sup> Therefore, I would not expect the  
11            investment requirements of the Solar Energy Program to have a material impact  
12            on the ability of the Company to invest in necessary utility infrastructure, as long  
13            as the return on equity being applied to this investment was no greater than the  
14            return on equity applied to its utility operations. However, if the BPU awarded  
15            the Company a higher return on equity for its Solar Energy Program, then PSE&G  
16            would have an incentive to fund this program over other investment alternatives.

17

18     **D.     Recovery of Administrative Costs**

19     **Q.     What level of administrative costs is the Company proposing?**

20     A.     In the revenue requirement model included in its filing, Schedule FAL-3, PSE&G  
21             included approximately \$3 million per year in administrative costs. Specifically,  
22             the Company included \$1.5 million of administrative costs in Year 0, which

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<sup>4</sup> According to the 10Q for the three months ending June 30, 2007, Public Service Electric and Gas Company (Consolidated) had total assets of approximately \$14.6 billion and capitalization of almost \$8.4 billion.

1 generally reflected six months of activity, \$3.0 million in Year 1, and \$3.2 million  
 2 in Year 2. Costs after Year 4 were generally inflated at 3.0%.

3 The Company provided a breakdown of its administrative costs in  
 4 response to S-PR-27. In that response, the Company assumed that 13 full-time  
 5 equivalent employees would be required in Year 1 and 25 full-time equivalent  
 6 employees would be required in later years. The Company also assumed a benefit  
 7 multiplier of 1.52. In addition to labor costs and related benefits, the Company  
 8 also assumed initial tracking system costs of \$300,000, dropping to \$50,000 by  
 9 Year 2 and to \$35,750 in Year 3 and beyond. In its estimate, the Company also  
 10 included other costs such as furniture, computers and other office equipment and  
 11 supplies. The estimated Year 1 cost for these other items is \$784,360, declining  
 12 to \$154,060 and \$128,248 in later years, as shown below:

13

	Year 1	Year 2	Year 3
Personnel	\$1,537,400	\$3,023,874	\$3,114,590
Tracking System	\$300,000	\$50,000	\$35,750
Other Costs	\$784,360	\$154,060	\$128,248
Total	\$2,621,760*	\$3,227,934	\$3,278,588

14  
 15 \* Schedule FAL-3 includes \$3 million in administrative costs in Year 1.

16 PSE&G will charge borrowers an administrative fee of \$10.00 per  
 17 installed kW up to a maximum of \$2,500 per application. In Year 1, the  
 18 estimated application fee revenue would be \$300,000, assuming full subscription

1 of the Solar Energy Program. While PSE&G has stated that these application  
2 fees will be credited to the Company's administrative costs, the Company's  
3 revenue requirement schedules do not reflect this credit, as shown on Schedule  
4 FAL-3.

5  
6 **Q. Will PSE&G earn any return or carrying costs on the administrative costs  
7 associated with the Solar Energy Program?**

8 A. According to the Company's proposal, administrative costs associated with the  
9 program will be recovered through the SBC on a more or less current basis. The  
10 SBC is generally designed to recover projected expenses over the period in which  
11 they are incurred, plus or minus a true-up of past costs and recoveries. Thus, the  
12 degree to which carrying costs are applied will depend on whether the Company  
13 has a positive or negative deferred SBC balance at any given time.

14  
15 **Q. What concerns do you have with regard to the administrative costs included  
16 in the Company's proposal?**

17 A. I have basically two concerns. First, the BPU must ensure that all costs passed  
18 through to ratepayers in the SBC are reasonable and appropriate for the services  
19 being provided. Second, the BPU must ensure that all costs passed through to  
20 ratepayers are incremental to costs that are already being recovered in base rates.

21  
22 **Q. How can these two objectives be met?**

1 A. These two objectives can be met by requiring the Company to provide certain  
2 additional information as part of its cost claims. Prior to the BPU approving the  
3 Solar Energy Program, once all the parameters of the program are known,  
4 PSE&G should be required to provide a detailed estimate of administrative costs  
5 for the first three years of the program. Supporting documentation for each  
6 component of the Company's cost estimate should also be provided.

7 In addition, PSE&G should identify all personnel whose costs will be  
8 charged, in whole or in part, to this program. Moreover, PSE&G should report on  
9 the status of these positions to the BPU Staff and Rate Counsel on a periodic  
10 basis. The Company should identify each position filled and provide the actual  
11 annual salary and other benefits for each position filled. In addition, PSE&G  
12 should provide other information such as whether the position is being filled by a  
13 new employee or by a current employee. Moreover, to the extent that any  
14 position is filled with an existing employee, then PSE&G should identify all costs  
15 associated with each of these existing employees, or costs for former employees  
16 that these employees may have replaced, that were included in base rates in the  
17 Company's last base rate case. In response to RCR-RR-33, the Company  
18 indicated that the "employees needed to operate this solar energy program will be  
19 in response to newly created positions and are incremental to employees reflected  
20 in base rates." However, the BPU must ensure that all administrative costs being  
21 charged to the Solar Energy Program through the SBC are in fact incremental to  
22 the costs included in base rates. PSE&G's bare assertion needs to be verified.

1           In addition, when the Company files its annual SBC filings, it should  
2 separately identify all Solar Energy Program costs being claimed. With each SBC  
3 filing, it should also provide a history of administrative costs, by cost component,  
4 incurred for the solar energy program as well as projections for the following two  
5 years. All costs claimed in the SBC filings should also be accompanied by  
6 supporting documentation, including evidence that the costs being claimed do not  
7 replace costs that are already being recovered in base rates.

8  
9 **Q. Do you believe that the current estimate of administrative costs may be**  
10 **overstated in any way?**

11 A. Yes, I do. As noted, the Company is proposing to retain 25 additional employees  
12 to administer this program. It appears that costs for these employees have been  
13 included through the full fifteen-year recovery period. While the Company  
14 provided job titles for these employees, it did not provide detailed job  
15 descriptions. It is difficult for me to understand how 25 employees would be  
16 required to administer the Solar Energy Program, particularly once the program is  
17 fully subscribed. Therefore, I recommend that the Company provide detailed job  
18 descriptions for each new employee position, and to demonstrate that all  
19 requested positions are actually necessary for administration of the program.

20  
21 **Q. Should estimates of ongoing administrative costs continue to be required**  
22 **during the amortization period of the program?**

1 A. Yes, they should. Once the Solar Energy Program is up and running, the  
2 Company's administrative costs should be relatively stable from year-to-year.  
3 However, in each subsequent SBC filing during the life of the program, I  
4 recommend that the Company be required to provide a detailed three-year cost  
5 estimate, for the SBC year as well as for the subsequent two years. PSE&G  
6 should also be required to provide a written explanation for any increase of more  
7 than 5% in estimated costs from year-to-year. It should also provide a written  
8 explanation for any actual costs that exceed the estimate by more than 5%.  
9 Moreover, the BPU should make it clear to the Company that the BPU retains the  
10 right to examine all claims for administrative costs and to disallow any costs that  
11 it finds unreasonable, unnecessary, or excessive.

12

13 **Q. Are there potentially other administrative costs that the Company will seek**  
14 **to recover from ratepayers?**

15 A. Yes, there are. According to the Company's response to RCR-RE-31, "PSE&G  
16 has not made a forecast of its regulatory costs." It did not state whether it will  
17 also be seeking to include regulatory costs in its claim for recovery of  
18 administrative costs, or in its regulatory asset. However, I would oppose any  
19 attempt by the Company to recover regulatory costs from ratepayers. The  
20 Company chose to make this filing with the BPU and it has structured the filing to  
21 provide over \$38 million to shareholders, while requiring ratepayers to bear all  
22 costs of the program. Ratepayers should not also be required to reimburse  
23 PSE&G for costs incurred in presenting and defending this flawed proposal

1 before the BPU. It is also my understanding that regulatory costs related to other  
2 SBC programs are not recovered through the SBC rate.

3 Another possible cost that the Company may attempt to recover from  
4 ratepayers is the cost associated with loan defaults. In response to RCR-RR-3,  
5 PSE&G stated that “[t]he Company has not calculated nor estimated default costs.  
6 Any such costs, net of recoveries, would be included in the SBC.” It is important  
7 to recognize that, under the Company’s proposal, ratepayers are already  
8 responsible for 100% of the loan amounts, regardless of whether or not the  
9 borrowers actually pay back the loans. The repayment of the loan by the  
10 borrower through either SRECs or cash is independent of the repayment of the  
11 loan by ratepayers. Since ratepayers are already paying the full cost of the loans,  
12 then it is not clear what is meant by “default costs.” However, presumably the  
13 Company could also seek to recover legal and other costs that it may incur in  
14 pursuit of borrowers that do not repay the loans. I understand that under the loan  
15 agreement, PSE&G has the ability to repossess the solar installation systems in  
16 the event of default, and may attempt to sell the systems to a third-party. In that  
17 case, any sale proceeds would be credited to the regulatory asset. Therefore, any  
18 default costs passed through to ratepayers should be limited to no more than the  
19 amount of the credit received by ratepayers for installations that are sold.  
20 Ratepayers should not be at risk for additional default costs that may be incurred  
21 by the Company.

1           **E.       Recovery of Lost Revenues**

2           **Q.       Please summarize the Company's proposal to recover lost revenues**  
3           **associated with the Solar Energy Program.**

4           A.       The Company's proposal for recovery of lost revenues associated with the Solar  
5           Energy Program is addressed in the testimony of Gerald W. Schirra. In order to  
6           calculate the lost revenues associated with non-residential installations, PSE&G  
7           will utilize recording devices with hourly recording meters for all systems except  
8           for small commercial systems. For small commercial systems, PSE&G will meter  
9           the first ten installations in order to develop a load profile that can be used to  
10          measure lost revenues. With regard to residential customers, Mr. Schirra states on  
11          page 7 of his testimony that the Company will use the BPU's Office of Clean  
12          Energy's current estimates of monthly Kwh output to determine the reduction in  
13          residential usage associated with the program. However, it is my understanding  
14          that the Company has since decided to meter all residential installations.

15                 Based on the methodologies described above, the Company will calculate  
16          the energy and, if applicable, demand charges associated with the foregone sales.  
17          PSE&G is requesting authorization to charge all ratepayers for foregone sales that  
18          would have been made by the Company to the solar energy customers had the  
19          Solar Energy Program not been implemented.

20

21          **Q.       Should PSE&G be permitted to recover additional revenues related to these**  
22          **lost sales?**

1 A. No, it should not. PSE&G's sales are impacted by many factors. Sales can  
2 increase or decrease because of such factors as weather, conservation efforts,  
3 price elasticity, demographics, changes in the State's economy, or many other  
4 reasons. The Company is at risk for reduced sales in any case, just as the  
5 Company benefits when sales increase. Thus, there is no rationale for singling  
6 out the Solar Energy Program for special treatment with regard to sales  
7 fluctuations.

8

9 **Q. Is the Company's proposal to recover these lost sales tied to consumption,**  
10 **revenues, or returns approved in the Company's last base rate case?**

11 A. No, it is not. The Company's last base rate case for its electric operations was  
12 resolved in 2003. At that time, the BPU established a return requirement, based  
13 on pro forma levels of revenues, expenses, and investment. The Company's  
14 proposal to recover lost revenues in this case is not tied to the findings of the BPU  
15 in the Company's last base rate case. In fact, under the Company's proposal, it  
16 would be permitted to recover lost revenues even if PSE&G earned the rate of  
17 return authorized in the last base rate case.

18

19 **Q. Have sales generally increased since the last case?**

20 A. Yes, they have. According to the response to RCR-RR-37, the Company's sales  
21 have increased over the past several years, from 41,853 million kwhs in 2002 to  
22 43,808 million kwhs in 2006. On a weather-normalized basis, sales have  
23 increased from 41,263 million kwhs in 2002 to 43,891 million kwhs in 2006, per

1 the response to RCR-RR-38. Moreover, electric sales are generally increasing  
2 throughout the electric industry. Therefore, there is no indication that the  
3 Company's Solar Energy Program would reduce sales below the levels reflected  
4 in base rates. Under the Company's proposal, PSE&G could collect lost revenues  
5 even if the total sales exceeded the level used to set rates in the Company's last  
6 base rate case. This points out one of the problems with the Company's claim to  
7 recover lost revenues. The proposal constitutes single-issue ratemaking and  
8 ignores all other aspects of the Company's financial results.

9

10 **Q. Does the Company's lost revenue proposal result in one group of ratepayers**  
11 **subsidizing another?**

12 A. Yes, it does. In this case, all ratepayers would be paying for lost sales that were  
13 attributable to a small group of ratepayers. Thus, all ratepayers would be  
14 subsidizing these lost sales. This proposal is especially troublesome given that  
15 sales have actually increased, not decreased, since the Company's last base rate  
16 case.

17

18 **Q. If the Company found that its financial integrity was jeopardized as a result**  
19 **of lost sales resulting from the Solar Energy Program, what would be the**  
20 **appropriate remedy?**

21 A. The appropriate remedy would be for the Company to file a base rate case. While  
22 the Company is currently under a rate case moratorium as a result of a settlement  
23 in BPU Docket No. ER02050303, the settlement does permit the Company to file

1 for new rates to be effective as early as November 15, 2009.<sup>5</sup> This remedy is  
2 especially appropriate in this situation, since solar energy installations will  
3 generally be installed over a relatively short period of time and therefore the  
4 impact of the program on the Company's sales should be known within two to  
5 three years. Moreover, the Company is already assuming that new base rates will  
6 be implemented in Year 4 of the program, and that new rates will fully reflect any  
7 reduction in sales resulting from the program.<sup>6</sup>

8

9 **Q. Has the BPU already ruled on the issue of lost revenues?**

10 A. Yes, it has. In response to RCR-RR-24, the Company acknowledged that the  
11 BPU now prohibits the recovery of lost revenues resulting from New Jersey Clean  
12 Energy Programs. In attempting to justify its claim in this case for lost revenues,  
13 the Company stated that the BPU's rationale for prohibiting recovery of lost  
14 revenues was that "...since responsibility for the administration of the [Clean  
15 Energy] programs had been transferred to the Office of Clean Energy and non-  
16 utility entities would serve as program managers, the disincentive to utility  
17 interests has been removed. Since the Solar Program has been proposed by the  
18 Company and will be administered and managed by the Company, it is  
19 appropriate to return to the prior treatment of lost revenues". However, the prior  
20 treatment of lost revenues was adopted by the BPU to encourage companies to

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5 Moreover, according to paragraph 9 of the Settlement Agreement, the Company may file for new rates to be effective prior to November 15, 2009 in the event that "the Company's financial position deteriorates, resulting in the Company's inability to provide safe, adequate and reliable electric utility service, as a result of emergent circumstances beyond the Company's control...."

6 See Schedule FAL-3.

1 participate in Clean Energy programs. In this case, the Company itself is  
2 aggressively proposing the program. No further incentive should be necessary.

3

4 **Q. Does the Company's proposal treat lost revenues resulting from this Solar**  
5 **Energy Program differently from lost revenues that result from other solar**  
6 **energy programs?**

7 A. Yes, it does. As mentioned above, the Company is not permitted to collect lost  
8 revenues that result from other CEP programs. Nor does PSE&G collect lost  
9 revenues that result from other solar energy programs. Thus, if a customer  
10 finances a solar energy installation through a party other than PSE&G, the  
11 Company is not permitted to recover lost revenues. There is no reason why lost  
12 revenues that result from programs funded by PSE&G should be treated any  
13 differently.

14 Moreover, since SRECs are the obligation of the LSEs, the cost of solar  
15 programs is currently reflected in generation prices. Under PSE&G's proposal,  
16 the costs of the solar programs funded by the Company would be transferred to  
17 distribution rates through the SBC, while the costs of programs funded by others  
18 would continue to be reflected in generation rates.

19

20 **Q. What is your recommendation regarding the recovery of lost revenues?**

21 A. I recommend that the Company's proposal be denied. The Company's proposal  
22 would allow it to recover lost revenues regardless of the level of sales or earnings  
23 achieved by PSE&G. Moreover, it would treat lost sales from the PSE&G Solar

1 Energy Program differently from lost sales relating to other CEP efforts. It would  
2 also treat these lost sales differently from lost sales resulting from other solar  
3 energy programs funded by other parties. The impact of the Solar Energy  
4 Program on the Company's sales should be known in a relatively short period of  
5 time. The Company is estimating lost revenues of \$3 million from the  
6 commencement of the program until new rates are effective in Year 4. Therefore,  
7 even under the Company's assumptions, the impact of any lost revenues will not  
8 seriously jeopardize the Company's financial integrity. In the unlikely event that  
9 the Company does find its financial integrity jeopardized, it has the option of  
10 filing for a base rate increase. Therefore, permitting PSE&G to recover lost  
11 revenues through the SBC is unnecessary. For all these reasons, I recommend  
12 that the Company's proposal to recover lost revenues associated with the program  
13 from regulated ratepayers be denied.

14

15 **F. Other Issues**

16 **Q. Are there other ways in which a solar energy program similar to the one**  
17 **proposed by PSE&G could be funded?**

18 A. Yes. A solar energy program could be funded through the Office of Clean  
19 Energy, with amounts collected through the CEP charges assessed to each gas and  
20 electric utility. Providing this program through the Office of Clean Energy could  
21 result in significant savings to ratepayers compared to PSE&G's proposal.  
22 Moreover, another benefit of this funding mechanism is that it would make the  
23 solar energy program available throughout the state.

1                   Another alternative would be for an unregulated affiliate of PSE&G to  
2                   offer a solar energy financing program. An advantage of this option is that it  
3                   would require PSE&G's shareholders to put their investment at risk, rather than  
4                   requiring ratepayers to bear all of the risk of the financing program.

5                   There are many other ways in which solar energy can be promoted by the  
6                   State of New Jersey. Rate Counsel supports the development of innovative  
7                   programs to expand the use of solar energy that do not put undue financial  
8                   burdens or risk on regulated ratepayers.

9

10   **Q.    Does this conclude your testimony?**

11   **A.    Yes, it does.**

## **APPENDIX A**

### **List of Prior Testimonies**

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Comcast Cable	C	New Jersey	CR07030147	8/07	Form 1205	Division of Rate Counsel
Kansas City Power & Light Company	E	Kansas	07-KCPE-905-RTS	8/07	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Cablevision Systems Corporation	C	New Jersey	CR06110781, et al.	5/07	Cable Rates - Forms 1205 and 1240	Division of Rate Counsel
Westar Energy, Inc.	E	Kansas	05-WSEE-981-RTS	4/07	Revenue Requirements Issues on Remand	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	06-285F	4/07	Gas Cost Rates	Division of the Public Advocate
Comcast of Jersey City, et al.	C	New Jersey	CR06070558	4/07	Cable Rates	Division of Rate Counsel
Westar Energy	E	Kansas	07-WSEE-616-PRE	3/07	Pre-Approval of Generation Facilities	Citizens' Utility Ratepayer Board
Woonsocket Water Division	W	Rhode Island	3800	3/07	Revenue Requirements	Division of Public Utilities and Carriers
Aquila - KGO	G	Kansas	07-AQLE-431-RTS	3/07	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	06-287F	3/07	Gas Service Rates	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	06-284	1/07	Revenue Requirements Cost of Capital	Division of the Public Advocate
El Paso Electric Company	E	New Mexico	06-00258 UT	11/06	Revenue Requirements	New Mexico Office of Attorney General
Aquila, Inc. / Mid-Kansas Electric Co.	E	Kansas	06-MKEE-524-ACQ	11/06	Proposed Acquisition	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	G	New Mexico	06-00210-UT	11/06	Revenue Requirements	New Mexico Office of Attorney General
Atlantic City Electric Company	E	New Jersey	EM06090638	11/06	Sale of B.L. England	Division of Rate Counsel
United Water Delaware, Inc.	W	Delaware	06-174	10/06	Revenue Requirements Cost of Capital	Division of the Public Advocate
Public Service Electric and Gas Company	G	New Jersey	GR05080686	10/06	Societal Benefits Charge	Division of Rate Counsel
Comcast (Avalon, Maple Shade, Gloucester)	C	New Jersey	CR06030136-139	10/06	Form 1205 and 1240 Cable Rates	Division of Rate Counsel
Kansas Gas Service	G	Kansas	06-KGSG-1209-RTS	9/06	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
New Jersey American Water Co. Elizabethtown Water Company Mount Holly Water Company	W	New Jersey	WR06030257	9/06	Regulatory Policy Taxes Cash Working Capital	Division of Rate Counsel
Tidewater Utilities, Inc.	W	Delaware	06-145	9/06	Revenue Requirements Cost of Capital	Division of the Public Advocate
Artesian Water Company	W	Delaware	06-158	9/06	Revenue Requirements Cost of Capital	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	06-KCPE-828-RTS	8/06	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Midwest Energy, Inc.	G	Kansas	06-MDWG-1027-RTS	7/06	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Cablevision Systems Corporation	C	New Jersey	CR05110924, et al.	5/06	Cable Rates - Forms 1205 and 1240	Division of the Ratepayer Advocate
Montague Sewer Company	WW	New Jersey	WR05121056	5/06	Revenue Requirements	Division of the Ratepayer Advocate
Comcast of South Jersey	C	New Jersey	CR05119035, et al.	5/06	Cable Rates - Form 1240	Division of the Ratepayer Advocate
Comcast of New Jersey	C	New Jersey	CR05090826-827	4/06	Cable Rates - Form 1240	Division of the Ratepayer Advocate
Parkway Water Company	W	New Jersey	WR05070634	3/06	Revenue Requirements Cost of Capital	Division of the Ratepayer Advocate
Aqua Pennsylvania, Inc.	W	Pennsylvania	R-00051030	2/06	Revenue Requirements	Office of Consumer Advocate
Delmarva Power and Light Company	G	Delaware	05-312F	2/06	Gas Cost Rates	Division of the Public Advocate
Delmarva Power and Light Company	E	Delaware	05-304	12/05	Revenue Requirements Cost of Capital	Division of the Public Advocate
Artesian Water Company	W	Delaware	04-42	10/05	Revenue Requirements Cost of Capital (Remand)	Division of the Public Advocate
Utility Systems, Inc.	WW	Delaware	335-05	9/05	Regulatory Policy	Division of the Ratepayer Advocate
Westar Energy, Inc.	E	Kansas	05-WSEE-981-RTS	9/05	Revenue Requirements	Citizens' Utility Ratepayer Board
Empire Electric District Company	E	Kansas	05-EPDE-980-RTS	8/05	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Comcast Cable	C	New Jersey	CR05030186	8/05	Form 1205	Division of the Ratepayer Advocate
Pawtucket Water Supply Board	W	Rhode Island	3674	7/05	Revenue Requirements	Division of Public Utilities and Carriers
Delmarva Power and Light Company	E	Delaware	04-391	7/05	Standard Offer Service	Division of the Public Advocate
Patriot Media & Communications CNJ, LLC	C	New Jersey	CR04111453-455	6/05	Cable Rates	Division of the Ratepayer Advocate
Cablevision	C	New Jersey	CR04111379, et al.	6/05	Cable Rates	Division of the Ratepayer Advocate
Comcast of Mercer County, LLC	C	New Jersey	CR04111458	6/05	Cable Rates	Division of the Ratepayer Advocate
Comcast of South Jersey, LLC, et al.	C	New Jersey	CR04101356, et al.	5/05	Cable Rates	Division of the Ratepayer Advocate
Comcast of Central New Jersey LLC, et al.	C	New Jersey	CR04101077, et al.	4/05	Cable Rates	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	3660	4/05	Revenue Requirements	Division of Public Utilities and Carriers

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Aquila, Inc.	G	Kansas	05-AQLG-367-RTS	3/05	Revenue Requirements Cost of Capital Tariff Issues	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	04-334F	3/05	Gas Service Rates	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	04-301F	3/05	Gas Cost Rates	Division of the Public Advocate
Delaware Electric Cooperative, Inc.	E	Delaware	04-288	12/04	Revenue Requirements Cost of Capital	Division of the Public Advocate
Public Service Company of New Mexico	E	New Mexico	04-00311-UT	11/04	Renewable Energy Plans	Office of the New Mexico Attorney General
Woonsocket Water Division	W	Rhode Island	3626	10/04	Revenue Requirements	Division of Public Utilities and Carriers
Aquila, Inc.	E	Kansas	04-AQLE-1065-RTS	10/04	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	04-121	8/04	Conservation Rates (Affidavit)	Division of the Public Advocate
Atlantic City Electric Company	E	New Jersey	ER03020110 PUC 06061-2003S	8/04	Deferred Balance Phase II	Division of the Ratepayer Advocate
Kentucky American Water Company	W	Kentucky	2004-00103	8/04	Revenue Requirements	Office of Rate Inter- vention of the Attorney General
Shorelands Water Company	W	New Jersey	WR04040295	8/04	Revenue Requirements Cost of Capital	Division of the Ratepayer Advocate
Artesian Water Company	W	Delaware	04-42	8/04	Revenue Requirements Cost of Capital	Division of the Public Advocate
Long Neck Water Company	W	Delaware	04-31	7/04	Cost of Equity	Division of the Public Advocate
Tidewater Utilities, Inc.	W	Delaware	04-152	7/04	Cost of Capital	Division of the Public Advocate
Cablevision	C	New Jersey	CR03100850, et al.	6/04	Cable Rates	Division of the Ratepayer Advocate
Montague Water and Sewer Companies	WWW	New Jersey	WR03121034 (W) WR03121035 (S)	5/04	Revenue Requirements	Division of the Ratepayer Advocate
Comcast of South Jersey, Inc.	C	New Jersey	CR03100876,77,79,80	5/04	Form 1240 Cable Rates	Division of the Ratepayer Advocate
Comcast of Central New Jersey, et al.	C	New Jersey	CR03100749-750 CR03100759-762	4/04	Cable Rates	Division of the Ratepayer Advocate
Time Warner	C	New Jersey	CR03100763-764	4/04	Cable Rates	Division of the Ratepayer Advocate
Interstate Navigation Company	N	Rhode Island	3573	3/04	Revenue Requirements	Division of Public Utilities and Carriers
Aqua Pennsylvania, Inc.	W	Pennsylvania	R-00038805	2/04	Revenue Requirements	Pennsylvania Office of Consumer Advocate
Comcast of Jersey City, et al.	C	New Jersey	CR03080598-601	2/04	Cable Rates	Division of the Ratepayer Advocate

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Delmarva Power and Light Company	G	Delaware	03-378F	2/04	Fuel Clause	Division of the Public Advocate
Atmos Energy Corp.	G	Kansas	03-ATMG-1036-RTS	11/03	Revenue Requirements	Citizens' Utility Ratepayer Board
Aquila, Inc. (UCU)	G	Kansas	02-UTCG-701-GIG	10/03	Using utility assets as collateral	Citizens' Utility Ratepayer Board
CenturyTel of Northwest Arkansas, LLC	T	Arkansas	03-041-U	10/03	Affiliated Interests	The Arkansas Public Service Commission General Staff
Borough of Butler Electric Utility	E	New Jersey	CR03010049/63	9/03	Revenue Requirements	Division of the Ratepayer Advocate
Comcast Cablevision of Avalon Comcast Cable Communications	C	New Jersey	CR03020131-132	9/03	Cable Rates	Division of the Ratepayer Advocate
Delmarva Power and Light Company d/b/a Conectiv Power Delivery	E	Delaware	03-127	8/03	Revenue Requirements	Division of the Public Advocate
Kansas Gas Service	G	Kansas	03-KGSG-602-RTS	7/03	Revenue Requirements	Citizens' Utility Ratepayer Board
Washington Gas Light Company	G	Maryland	8959	6/03	Cost of Capital Incentive Rate Plan	U.S. DOD/FEA
Pawtucket Water Supply Board	W	Rhode Island	3497	6/03	Revenue Requirements	Division of Public Utilities and Carriers
Atlantic City Electric Company	E	New Jersey	EO03020091	5/03	Stranded Costs	Division of the Ratepayer Advocate
Public Service Company of New Mexico	G	New Mexico	03-000-17 UT	5/03	Cost of Capital Cost Allocations	Office of the New Mexico Attorney General
Comcast - Hopewell, et al.	C	New Jersey	CR02110818 CR02110823-825	5/03	Cable Rates	Division of the Ratepayer Advocate
Cablevision Systems Corporation	C	New Jersey	CR02110838, 43-50	4/03	Cable Rates	Division of the Ratepayer Advocate
Comcast-Garden State / Northwest	C	New Jersey	CR02100715 CR02100719	4/03	Cable Rates	Division of the Ratepayer Advocate
Midwest Energy, Inc. and Westar Energy, Inc.	E	Kansas	03-MDWE-421-ACQ	4/03	Acquisition	Citizens' Utility Ratepayer Board
Time Warner Cable	C	New Jersey	CR02100722 CR02100723	4/03	Cable Rates	Division of the Ratepayer Advocate
Westar Energy, Inc.	E	Kansas	01-WSRE-949-GIE	3/03	Restructuring Plan	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Company	E	New Jersey	ER02080604 PUC 7983-02	1/03	Deferred Balance	Division of the Ratepayer Advocate
Atlantic City Electric Company d/b/a Conectiv Power Delivery	E	New Jersey	ER02080510 PUC 6917-02S	1/03	Deferred Balance	Division of the Ratepayer Advocate
Walkill Sewer Company	WW	New Jersey	WR02030193 WR02030194	12/02	Revenue Requirements Purchased Sewage Treatment Adj. (PSTAC)	Division of the Ratepayer Advocate
Midwest Energy, Inc.	E	Kansas	03-MDWE-001-RTS	12/02	Revenue Requirements	Citizens' Utility Ratepayer Board

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Comcast-LBI Crestwood	C	New Jersey	CR02050272 CR02050270	11/02	Cable Rates	Division of the Ratepayer Advocate
Reliant Energy Arkla	G	Oklahoma	PUD200200166	10/02	Affiliated Interest Transactions	Oklahoma Corporation Commission, Public Utility Division Staff
Midwest Energy, Inc.	G	Kansas	02-MDWG-922-RTS	10/02	Gas Rates	Citizens' Utility Ratepayer Board
Comcast Cablevision of Avalon	C	New Jersey	CR02030134 CR02030137	7/02	Cable Rates	Division of the Ratepayer Advocate
RCN Telecom Services, Inc., and Home Link Communications	C	New Jersey	CR02010044, CR02010047	7/02	Cable Rates	Division of the Ratepayer Advocate
Washington Gas Light Company	G	Maryland	8920	7/02	Rate of Return Rate Design (Rebuttal)	General Services Administration (GSA)
Chesapeake Utilities Corporation	G	Delaware	01-307, Phase II	7/02	Rate Design Tariff Issues	Division of the Public Advocate
Washington Gas Light Company	G	Maryland	8920	6/02	Rate of Return Rate Design	General Services Administration (GSA)
Tidewater Utilities, Inc.	W	Delaware	02-28	6/02	Revenue Requirements	Division of the Public Advocate
Western Resources, Inc.	E	Kansas	01-WSRE-949-GIE	5/02	Financial Plan	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	02-EPDE-488-RTS	5/02	Revenue Requirements	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	3709	4/02	Fuel Costs	Office of the New Mexico Attorney General
Cablevision Systems	C	New Jersey	CR01110706, et al	4/02	Cable Rates	Division of the Ratepayer Advocate
Potomac Electric Power Company	E	District of Columbia	945, Phase II	4/02	Divestiture Procedures	General Services Administration (GSA)
Vermont Yankee Nuclear Power Corp.	E	Vermont	6545	3/02	Sale of VY to Entergy Corp. (Supplemental)	Department of Public Service
Delmarva Power and Light Company	G	Delaware	01-348F	1/02	Gas Cost Adjustment	Division of the Public Advocate
Vermont Yankee Nuclear Power Corp.	E	Vermont	6545	1/02	Sale of VY to Entergy Corp.	Department of Public Service
Pawtucket Water Supply Company	W	Rhode Island	3378	12/01	Revenue Requirements	Division of Public Utilities and Carriers
Chesapeake Utilities Corporation	G	Delaware	01-307, Phase I	12/01	Revenue Requirements	Division of the Public Advocate
Potomac Electric Power Company	E	Maryland	8796	12/01	Divestiture Procedures	General Services Administration (GSA)
Kansas Electric Power Cooperative	E	Kansas	01-KEPE-1106-RTS	11/01	Depreciation Methodology (Cross Answering)	Citizens' Utility Ratepayer Board

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Wellsboro Electric Company	E	Pennsylvania	R-00016356	11/01	Revenue Requirements	Office of Consumer Advocate
Kent County Water Authority	W	Rhode Island	3311	10/01	Revenue Requirements (Surrebuttal)	Division of Public Utilities and Carriers
Pepco and New RC, Inc.	E	District of Columbia	1002	10/01	Merger Issues and Performance Standards	General Services Administration (GSA)
Potomac Electric Power Co. & Delmarva Power	E	Delaware	01-194	10/01	Merger Issues and Performance Standards	Division of the Public Advocate
Yankee Gas Company	G	Connecticut	01-05-19PH01	9/01	Affiliated Transactions	Office of Consumer Counsel
Hope Gas, Inc., d/b/a Dominion Hope	G	West Virginia	01-0330-G-42T 01-0331-G-30C 01-1842-GT-T 01-0685-G-PC	9/01	Revenue Requirements (Rebuttal)	The Consumer Advocate Division of the PSC
Pennsylvania-American Water Company	W	Pennsylvania	R-00016339	9/01	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Potomac Electric Power Co. & Delmarva Power	E	Maryland	8890	9/01	Merger Issues and Performance Standards	General Services Administration (GSA)
Comcast Cablevision of Long Beach Island, et al	C	New Jersey	CR01030149-50 CR01050285	9/01	Cable Rates	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	3311	8/01	Revenue Requirements	Division of Public Utilities and Carriers
Pennsylvania-American Water Company	W	Pennsylvania	R-00016339	8/01	Revenue Requirements	Office of Consumer Advocate
Roxiticus Water Company	W	New Jersey	WR01030194	8/01	Revenue Requirements Cost of Capital Rate Design	Division of the Ratepayer Advocate
Hope Gas, Inc., d/b/a Dominion Hope	G	West Virginia	01-0330-G-42T 01-0331-G-30C 01-1842-GT-T 01-0685-G-PC	8/01	Revenue Requirements	Consumer Advocate Division of the PSC
Western Resources, Inc.	E	Kansas	01-WSRE-949-GIE	6/01	Restructuring Financial Integrity (Rebuttal)	Citizens' Utility Ratepayer Board
Western Resources, Inc.	E	Kansas	01-WSRE-949-GIE	6/01	Restructuring Financial Integrity	Citizens' Utility Ratepayer Board
Cablevision of Allamuchy, et al	C	New Jersey	CR00100824, etc.	4/01	Cable Rates	Division of the Ratepayer Advocate
Public Service Company of New Mexico	E	New Mexico	3137, Holding Co.	4/01	Holding Company	Office of the Attorney General
Keauhou Community Services, Inc.	W	Hawaii	00-0094	4/01	Rate Design	Division of Consumer Advocacy
Western Resources, Inc.	E	Kansas	01-WSRE-436-RTS	4/01	Revenue Requirements Affiliated Interests (Motion for Suppl. Changes)	Citizens' Utility Ratepayer Board
Western Resources, Inc.	E	Kansas	01-WSRE-436-RTS	4/01	Revenue Requirements Affiliated Interests	Citizens' Utility Ratepayer Board

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Public Service Company of New Mexico	E	New Mexico	3137, Part III	4/01	Standard Offer Service (Additional Direct)	Office of the Attorney General
Chem-Nuclear Systems, LLC	SW	South Carolina	2000-366-A	3/01	Allowable Costs	Department of Consumer Affairs
Southern Connecticut Gas Company	G	Connecticut	00-12-08	3/01	Affiliated Interest Transactions	Office of Consumer Counsel
Atlantic City Sewerage Corporation	WW	New Jersey	WR00080575	3/01	Revenue Requirements Cost of Capital Rate Design	Division of the Ratepayer Advocate
Delmarva Power and Light Company d/b/a Conectiv Power Delivery	G	Delaware	00-314	3/01	Margin Sharing	Division of the Public Advocate
Senate Bill 190 Re: Performance Based Ratemaking	G	Kansas	Senate Bill 190	2/01	Performance-Based Ratemaking Mechanisms	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	00-463-F	2/01	Gas Cost Rates	Division of the Public Advocate
Waitsfield Fayston Telephone Company	T	Vermont	6417	12/00	Revenue Requirements	Department of Public Service
Delaware Electric Cooperative	E	Delaware	00-365	11/00	Code of Conduct Cost Allocation Manual	Division of the Public Advocate
Commission Inquiry into Performance-Based Ratemaking	G	Kansas	00-GIMG-425-GIG	10/00	Performance-Based Ratemaking Mechanisms	Citizens' Utility Ratepayer Board
Pawtucket Water Supply Board	W	Rhode Island	3164 Separation Plan	10/00	Revenue Requirements	Division of Public Utilities and Carriers
Comcast Cablevision of Philadelphia, L.P.	C	Pennsylvania	3756	10/00	Late Payment Fees (Affidavit)	Kaufman, Lankelis, et al.
Public Service Company of New Mexico	E	New Mexico	3137, Part III	9/00	Standard Offer Service	Office of the Attorney General
Laie Water Company	W	Hawaii	00-0017 Separation Plan	8/00	Rate Design	Division of Consumer Advocacy
El Paso Electric Company	E	New Mexico	3170, Part II, Ph. 1	7/00	Electric Restructuring	Office of the Attorney General
Public Service Company of New Mexico	E	New Mexico	3137 - Part II Separation Plan	7/00	Electric Restructuring	Office of the Attorney General
PG Energy	G	Pennsylvania	R-00005119	6/00	Revenue Requirements	Office of Consumer Advocate
Consolidated Edison, Inc. and Northeast Utilities	E/G	Connecticut	00-01-11	4/00	Merger Issues (Additional Supplemental)	Office of Consumer Counsel
Sussex Shores Water Company	W	Delaware	99-576	4/00	Revenue Requirements	Division of the Public Advocate
Utilicorp United, Inc.	G	Kansas	00-UTCG-336-RTS	4/00	Revenue Requirements	Citizens' Utility Ratepayer Board
TCI Cablevision	C	Missouri	9972-9146	4/00	Late Fees (Affidavit)	Honora Eppert, et al
Oklahoma Natural Gas Company	G	Oklahoma	PUD 990000166 PUD 980000683 PUD 990000570	3/00	Pro Forma Revenue Affiliated Transactions (Rebuttal)	Oklahoma Corporation Commission, Public Utility Division Staff

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Tidewater Utilities, Inc. Public Water Supply Co.	W	Delaware	99-466	3/00	Revenue Requirements	Division of the Public Advocate
Delmarva Power and Light Company	G/E	Delaware	99-582	3/00	Cost Accounting Manual Code of Conduct	Division of the Public Advocate
Philadelphia Suburban Water Company	W	Pennsylvania	R-00994868 R-00994877 R-00994878 R-00994879	3/00	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Philadelphia Suburban Water Company	W	Pennsylvania	R-00994868 R-00994877 R-00994878 R-00994879	2/00	Revenue Requirements	Office of Consumer Advocate
Consolidated Edison, Inc. and Northeast Utilities	E/G	Connecticut	00-01-11	2/00	Merger Issues	Office of Consumer Counsel
Oklahoma Natural Gas Company	G	Oklahoma	PUD 990000166 PUD 980000683 PUD 990000570	1/00	Pro Forma Revenue Affiliated Transactions	Oklahoma Corporation Commission, Public Utility Division Staff
Connecticut Natural Gas Company	G	Connecticut	99-09-03	1/00	Affiliated Transactions	Office of Consumer Counsel
Time Warner Entertainment Company, L.P.	C	Indiana	48D06-9803-CP-423	1999	Late Fees (Affidavit)	Kelly J. Whiteman, et al
TCI Communications, Inc., et al	C	Indiana	55D01-9709-CP-00415	1999	Late Fees (Affidavit)	Franklin E. Littell, et al
Southwestern Public Service Company	E	New Mexico	3116	12/99	Merger Approval	Office of the Attorney General
New England Electric System Eastern Utility Associates	E	Rhode Island	2930	11/99	Merger Policy	Department of Attorney General
Delaware Electric Cooperative	E	Delaware	99-457	11/99	Electric Restructuring	Division of the Public Advocate
Jones Intercable, Inc.	C	Maryland	CAL98-00283	10/99	Cable Rates (Affidavit)	Cynthia Maisonette and Ola Renee Chatman, et al
Texas-New Mexico Power Company	E	New Mexico	3103	10/99	Acquisition Issues	Office of Attorney General
Southern Connecticut Gas Company	G	Connecticut	99-04-18	9/99	Affiliated Interest	Office of Consumer Counsel
TCI Cable Company	C	New Jersey	CR99020079 et al	9/99	Cable Rates Forms 1240/1205	Division of the Ratepayer Advocate
All Regulated Companies	E/G/W	Delaware	Reg. No. 4	8/99	Filing Requirements (Position Statement)	Division of the Public Advocate
Mile High Cable Partners	C	Colorado	95-CV-5195	7/99	Cable Rates (Affidavit)	Brett Marshall, an individual, et al
Electric Restructuring Comments	E	Delaware	Reg. 49	7/99	Regulatory Policy (Supplemental)	Division of the Public Advocate
Long Neck Water Company	W	Delaware	99-31	6/99	Revenue Requirements	Division of the Public Advocate
Delmarva Power and Light Company	E	Delaware	99-163	6/99	Electric Restructuring	Division of the Public Advocate

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Potomac Electric Power Company	E	District of Columbia	945	6/99	Divestiture of Generation Assets	U.S. GSA - Public Utilities
Comcast	C	Indiana	49C01-9802-CP-000386	6/99	Late Fees (Affidavit)	Ken Hecht, et al
Petitions of BA-NJ and NJPA re: Payphone Ops	T	New Jersey	TO97100792 PUCOT 11269-97N	6/99	Economic Subsidy Issues (Surrebuttal)	Division of the Ratepayer Advocate
Montague Water and Sewer Companies	WWW	New Jersey	WR98101161 WR98101162 PUCRS 11514-98N	5/99	Revenue Requirements Rate Design (Supplemental)	Division of the Ratepayer Advocate
Cablevision of Bergen, Bayonne, Newark	C	New Jersey	CR98111197-199 CR98111190	5/99	Cable Rates Forms 1240/1205	Division of the Ratepayer Advocate
Cablevision of Bergen, Hudson, Monmouth	C	New Jersey	CR97090624-626 CTV 1697-98N	5/99	Cable Rates - Form 1235 (Rebuttal)	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	2860	4/99	Revenue Requirements	Division of Public Utilities & Carriers
Montague Water and Sewer Companies	WWW	New Jersey	WR98101161 WR98101162	4/99	Revenue Requirements Rate Design	Division of the Ratepayer Advocate
PEPCO	E	District of Columbia	945	4/99	Divestiture of Assets	U.S. GSA - Public Utilities
Western Resources, Inc. and Kansas City Power & Light	E	Kansas	97-WSRE-676-MER	4/99	Merger Approval (Surrebuttal)	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	98-479F	3/99	Fuel Costs	Division of the Public Advocate
Lenfest Atlantic d/b/a Suburban Cable	C	New Jersey	CR97070479 et al	3/99	Cable Rates	Division of the Ratepayer Advocate
Electric Restructuring Comments	E	District of Columbia	945	3/99	Regulatory Policy	U.S. GSA - Public Utilities
Petitions of BA-NJ and NJPA re: Payphone Ops	T	New Jersey	TO97100792 PUCOT 11269-97N	3/99	Tariff Revision Payphone Subsidies FCC Services Test (Rebuttal)	Division of the Ratepayer Advocate
Western Resources, Inc. and Kansas City Power & Light	E	Kansas	97-WSRE-676-MER	3/99	Merger Approval (Answering)	Citizens' Utility Ratepayer Board
Western Resources, Inc. and Kansas City Power & Light	E	Kansas	97-WSRE-676-MER	2/99	Merger Approval	Citizens' Utility Ratepayer Board
Adelphia Cable Communications	C	Vermont	6117-6119	1/99	Late Fees (Additional Direct Supplemental)	Department of Public Service
Adelphia Cable Communications	C	Vermont	6117-6119	12/98	Cable Rates (Forms 1240, 1205, 1235) and Late Fees (Direct Supplemental)	Department of Public Service
Adelphia Cable Communications	C	Vermont	6117-6119	12/98	Cable Rates (Forms 1240, 1205, 1235) and Late Fees	Department of Public Service
Orange and Rockland/ Consolidated Edison	E	New Jersey	EM98070433	11/98	Merger Approval	Division of the Ratepayer Advocate

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Cablevision	C	New Jersey	CR97090624 CR97090625 CR97090626	11/98	Cable Rates - Form 1235	Division of the Ratepayer Advocate
Petitions of BA-NJ and NJPA re: Payphone Ops.	T	New Jersey	TO97100792 PUCOT 11269-97N	10/98	Payphone Subsidies FCC New Services Test	Division of the Ratepayer Advocate
United Water Delaware	W	Delaware	98-98	8/98	Revenue Requirements	Division of the Public Advocate
Cablevision	C	New Jersey	CR97100719, 726 730, 732	8/98	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Potomac Electric Power Company	E	Maryland	Case No. 8791	8/98	Revenue Requirements Rate Design	U.S. GSA - Public Utilities
Investigation of BA-NJ IntraLATA Calling Plans	T	New Jersey	TO97100808 PUCOT 11326-97N	8/98	Anti-Competitive Practices (Rebuttal)	Division of the Ratepayer Advocate
Investigation of BA-NJ IntraLATA Calling Plans	T	New Jersey	TO97100808 PUCOT 11326-97N	7/98	Anti-Competitive Practices	Division of the Ratepayer Advocate
TCI Cable Company/ Cablevision	C	New Jersey	CTV 03264-03268 and CTV 05061	7/98	Cable Rates	Division of the Ratepayer Advocate
Mount Holly Water Company	W	New Jersey	WR98020058 PUC 03131-98N	7/98	Revenue Requirements	Division of the Ratepayer Advocate
Pawtucket Water Supply Board	W	Rhode Island	2674	5/98	Revenue Requirements (Surrebuttal)	Division of Public Utilities & Carriers
Pawtucket Water Supply Board	W	Rhode Island	2674	4/98	Revenue Requirements	Division of Public Utilities and Carriers
Energy Master Plan Phase II Proceeding - Restructuring	E	New Jersey	EX94120585U, EO97070457,60,63,66	4/98	Electric Restructuring Issues (Supplemental Surrebuttal)	Division of the Ratepayer Advocate
Energy Master Plan Phase I Proceeding - Restructuring	E	New Jersey	EX94120585U, EO97070457,60,63,66	3/98	Electric Restructuring Issues	Division of the Ratepayer Advocate
Shorelands Water Company	W	New Jersey	WR97110835 PUC 11324-97	2/98	Revenue Requirements	Division of the Ratepayer Advocate
TCI Communications, Inc.	C	New Jersey	CR97030141 and others	11/97	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Citizens Telephone Co. of Kecksburg	T	Pennsylvania	R-00971229	11/97	Alternative Regulation Network Modernization	Office of Consumer Advocate
Consumers Pennsylvania Water Co. - Shenango Valley Division	W	Pennsylvania	R-00973972	10/97	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Universal Service Funding	T	New Jersey	TX95120631	10/97	Schools and Libraries Funding (Rebuttal)	Division of the Ratepayer Advocate
Universal Service Funding	T	New Jersey	TX95120631	9/97	Low Income Fund High Cost Fund	Division of the Ratepayer Advocate
Consumers Pennsylvania Water Co. - Shenango Valley Division	W	Pennsylvania	R-00973972	9/97	Revenue Requirements	Office of Consumer Advocate
Delmarva Power and Light Company	G/E	Delaware	97-65	9/97	Cost Accounting Manual Code of Conduct	Office of the Public Advocate

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Western Resources, Oneok, and WAI	G	Kansas	WSRG-486-MER	9/97	Transfer of Gas Assets	Citizens' Utility Ratepayer Board
Universal Service Funding	T	New Jersey	TX95120631	9/97	Schools and Libraries Funding (Rebuttal)	Division of the Ratepayer Advocate
Universal Service Funding	T	New Jersey	TX95120631	8/97	Schools and Libraries Funding	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	2555	8/97	Revenue Requirements (Surrebuttal)	Division of Public Utilities and Carriers
Ironton Telephone Company	T	Pennsylvania	R-00971182	8/97	Alternative Regulation Network Modernization (Surrebuttal)	Office of Consumer Advocate
Ironton Telephone Company	T	Pennsylvania	R-00971182	7/97	Alternative Regulation Network Modernization	Office of Consumer Advocate
Comcast Cablevision	C	New Jersey	Various	7/97	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Maxim Sewerage Corporation	WW	New Jersey	WR97010052 PUCRA 3154-97N	7/97	Revenue Requirements	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	2555	6/97	Revenue Requirements	Division of Public Utilities and Carriers
Consumers Pennsylvania Water Co. - Roaring Creek	W	Pennsylvania	R-00973869	6/97	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Consumers Pennsylvania Water Co. - Roaring Creek	W	Pennsylvania	R-00973869	5/97	Revenue Requirements	Office of Consumer Advocate
Delmarva Power and Light Company	E	Delaware	97-58	5/97	Merger Policy	Office of the Public Advocate
Middlesex Water Company	W	New Jersey	WR96110818 PUCRL 11663-96N	4/97	Revenue Requirements	Division of the Ratepayer Advocate
Maxim Sewerage Corporation	WW	New Jersey	WR96080628 PUCRA 09374-96N	3/97	Purchased Sewerage Adjustment	Division of the Ratepayer Advocate
Interstate Navigation Company	N	Rhode Island	2484	3/97	Revenue Requirements Cost of Capital (Surrebuttal)	Division of Public Utilities & Carriers
Interstate Navigation Company	N	Rhode Island	2484	2/97	Revenue Requirements Cost of Capital	Division of Public Utilities & Carriers
Electric Restructuring Comments	E	District of Columbia	945	1/97	Regulatory Policy	U.S. GSA - Public Utilities
United Water Delaware	W	Delaware	96-194	1/97	Revenue Requirements	Office of the Public Advocate
PEPCO/ BGE/ Merger Application	E/G	District of Columbia	951	10/96	Regulatory Policy Cost of Capital (Rebuttal)	GSA
Western Resources, Inc.	E	Kansas	193,306-U 193,307-U	10/96	Revenue Requirements Cost of Capital (Supplemental)	Citizens' Utility Ratepayer Board
PEPCO and BGE Merger Application	E/G	District of Columbia	951	9/96	Regulatory Policy, Cost of Capital	U.S. GSA - Public Utilities

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Utilicorp United, Inc.	G	Kansas	193,787-U	8/96	Revenue Requirements	Citizens' Utility Ratepayer Board
TKR Cable Company of Gloucester	C	New Jersey	CTV07030-95N	7/96	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
TKR Cable Company of Warwick	C	New Jersey	CTV057537-95N	7/96	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Delmarva Power and Light Company	E	Delaware	95-196F	5/96	Fuel Cost Recovery	Office of the Public Advocate
Western Resources, Inc.	E	Kansas	193,306-U 193,307-U	5/96	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Princeville Utilities Company, Inc.	W/WW	Hawaii	95-0172 95-0168	1/96	Revenue Requirements Rate Design	Princeville at Hanalei Community Association
Western Resources, Inc.	G	Kansas	193,305-U	1/96	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Environmental Disposal Corporation	WW	New Jersey	WR94070319 (Remand Hearing)	11/95	Revenue Requirements Rate Design (Supplemental)	Division of the Ratepayer Advocate
Environmental Disposal Corporation	WW	New Jersey	WR94070319 (Remand Hearing)	11/95	Revenue Requirements	Division of the Ratepayer Advocate
Lanai Water Company	W	Hawaii	94-0366	10/95	Revenue Requirements Rate Design	Division of Consumer Advocacy
Cablevision of New Jersey, Inc.	C	New Jersey	CTV01382-95N	8/95	Basic Service Rates (Oral Testimony)	Division of the Ratepayer Advocate
Cablevision of New Jersey, Inc.	C	New Jersey	CTV01381-95N	8/95	Basic Service Rates (Oral Testimony)	Division of the Ratepayer Advocate
Chesapeake Utilities Corporation	G	Delaware	95-73	7/95	Revenue Requirements	Office of the Public Advocate
East Honolulu Community Services, Inc.	WW	Hawaii	7718	6/95	Revenue Requirements	Division of Consumer Advocacy
Wilmington Suburban Water Corporation	W	Delaware	94-149	3/95	Revenue Requirements	Office of the Public Advocate
Environmental Disposal Corporation	WW	New Jersey	WR94070319	1/95	Revenue Requirements (Supplemental)	Division of the Ratepayer Advocate
Roaring Creek Water Company	W	Pennsylvania	R-00943177	1/95	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Roaring Creek Water Company	W	Pennsylvania	R-00943177	12/94	Revenue Requirements	Office of Consumer Advocate
Environmental Disposal Corporation	WW	New Jersey	WR94070319	12/94	Revenue Requirements	Division of the Ratepayer Advocate
Delmarva Power and Light Company	E	Delaware	94-84	11/94	Revenue Requirements	Office of the Public Advocate
Delmarva Power and Light Company	G	Delaware	94-22	8/94	Revenue Requirements	Office of the Public Advocate
Empire District Electric Company	E	Kansas	190,360-U	8/94	Revenue Requirements	Citizens' Utility Ratepayer Board

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Morris County Municipal Utility Authority	SW	New Jersey	MM10930027 ESW 1426-94	6/94	Revenue Requirements	Rate Counsel
US West Communications	T	Arizona	E-1051-93-183	5/94	Revenue Requirements (Surrebuttal)	Residential Utility Consumer Office
Pawtucket Water Supply Board	W	Rhode Island	2158	5/94	Revenue Requirements (Surrebuttal)	Division of Public Utilities & Carriers
US West Communications	T	Arizona	E-1051-93-183	3/94	Revenue Requirements	Residential Utility Consumer Office
Pawtucket Water Supply Board	W	Rhode Island	2158	3/94	Revenue Requirements	Division of Public Utilities & Carriers
Pollution Control Financing Authority of Camden County	SW	New Jersey	SR91111718J	2/94	Revenue Requirements (Supplemental)	Rate Counsel
Roaring Creek Water Company	W	Pennsylvania	R-00932665	9/93	Revenue Requirements (Supplemental)	Office of Consumer Advocate
Roaring Creek Water Company	W	Pennsylvania	R-00932665	9/93	Revenue Requirements	Office of Consumer Advocate
Kent County Water Authority	W	Rhode Island	2098	8/93	Revenue Requirements (Surrebuttal)	Division of Public Utilities and Carriers
Wilmington Suburban Water Company	W	Delaware	93-28	7/93	Revenue Requirements	Office of Public Advocate
Kent County Water Authority	W	Rhode Island	2098	7/93	Revenue Requirements	Division of Public Utilities & Carriers
Camden County Energy Recovery Associates, Inc.	SW	New Jersey	SR91111718J ESW1263-92	4/93	Revenue Requirements	Rate Counsel
Pollution Control Financing Authority of Camden County	SW	New Jersey	SR91111718J ESW 1263-92	4/93	Revenue Requirements	Rate Counsel
Jamaica Water Supply Company	W	New York	92-W-0583	3/93	Revenue Requirements	County of Nassau Town of Hempstead
New Jersey-American Water Company	W/WW	New Jersey	WR92090908J PUC 7266-92S	2/93	Revenue Requirements	Rate Counsel
Passaic County Utilities Authority	SW	New Jersey	SR91121816J ESW0671-92N	9/92	Revenue Requirements	Rate Counsel
East Honolulu Community Services, Inc.	WW	Hawaii	7064	8/92	Revenue Requirements	Division of Consumer Advocacy
The Jersey Central Power and Light Company	E	New Jersey	PUC00661-92 ER91121820J	7/92	Revenue Requirements	Rate Counsel
Mercer County Improvement Authority	SW	New Jersey	EWS11261-91S SR91111682J	5/92	Revenue Requirements	Rate Counsel
Garden State Water Company	W	New Jersey	WR9109-1483 PUC 09118-91S	2/92	Revenue Requirements	Rate Counsel
Elizabethtown Water Company	W	New Jersey	WR9108-1293J PUC 08057-91N	1/92	Revenue Requirements	Rate Counsel
New-Jersey American Water Company	W/WW	New Jersey	WR9108-1399J PUC 8246-91	12/91	Revenue Requirements	Rate Counsel
Pennsylvania-American Water Company	W	Pennsylvania	R-911909	10/91	Revenue Requirements	Office of Consumer Advocate

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Mercer County Improvement Authority	SW	New Jersey	SR9004-0264J PUC 3389-90	10/90	Revenue Requirements	Rate Counsel
Kent County Water Authority	W	Rhode Island	1952	8/90	Revenue Requirements Regulatory Policy (Surrebuttal)	Division of Public Utilities & Carriers
New York Telephone	T	New York	90-C-0191	7/90	Revenue Requirements Affiliated Interests (Supplemental)	NY State Consumer Protection Board
New York Telephone	T	New York	90-C-0191	7/90	Revenue Requirements Affiliated Interests	NY State Consumer Protection Board
Kent County Water Authority	W	Rhode Island	1952	6/90	Revenue Requirements Regulatory Policy	Division of Public Utilities & Carriers
Ellesor Transfer Station	SW	New Jersey	SO8712-1407 PUC 1768-88	11/89	Regulatory Policy	Rate Counsel
Interstate Navigation Co.	N	Rhode Island	D-89-7	8/89	Revenue Requirements Regulatory Policy	Division of Public Utilities & Carriers
Automated Modular Systems, Inc.	SW	New Jersey	PUC1769-88	5/89	Revenue Requirements Schedules	Rate Counsel
SNET Cellular, Inc.	T	Connecticut	-	2/89	Regulatory Policy	First Selectman Town of Redding

## **APPENDIX B**

### **Referenced Data Requests**

**RCR-FIN-9**

**RCR-RE-31**

**RCR-RR-3**

**RCR-RR-14**

**RCR-RR-15**

**RCR-RR-16**

**RCR-RR-24**

**RCR-RR-29**

**RCR-RR-32**

**RCR-RR-33**

**RCR-RR-37**

**RCR-RR-38**

**S-OE-19**

**S-PR-21**

**S-PR-27**

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-FIN-9  
WITNESS(S): SCHIRRA  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
RETURN ON OPERATING EXPENSES

**QUESTION:**

Please explain the Company's justification for its request to earn a return on operating expenses for this program, such as advertising costs, as opposed to the usual ratemaking policy of a utility earning a return on capital investments in rate base.

**ANSWER:**

PSE&G has not requested a return on operating expenses for this program. PSE&G has proposed that certain items, including the loan amounts provided to the Project Owner for the solar facilities, PSE&G's metering equipment costs, advertising costs, and the initial costs for processing applications, be treated as a regulatory asset and amortized over 15 years, with a return. The costs that PSE&G has proposed earning a return on are necessary to accomplish the solar installations.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RE-31  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
COST OF REGULATORY EFFORTS

**QUESTION:**

Please provide PSE&G's forecast for the costs of its regulatory efforts and oversight for this proposed solar energy program.

**ANSWER:**

PSE&G has not made a forecast of its regulatory costs. Program management costs are included in the administrative cost estimate. See Response S-PR-27.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-3  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
INCREMENTAL RATE PAYER COST IN THE EVENT OF A LOAN DEFAULT

**QUESTION:**

In the event of default by a borrower under the proposed program, will there be any incremental costs to ratepayers under PSE&G's proposed program? If so, please identify all such incremental costs.

**ANSWER:**

The Company has not calculated nor estimated default costs. Any such costs, net of recoveries, would be included in the SBC.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-14  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
CUSTOMER COUNT AND AVERAGE CAPACITY BY SEGMENT

**QUESTION:**

For each segment of the Company's proposed program, please provide the number of customers that PSE&G estimates will acquire solar systems and the average capacity assumed by the Company for each segment.

**ANSWER:**

For the Residential segment PSE&G estimates 900 customers will acquire systems that average 10 kW. This includes the Low-Income sub segment. For the Commercial and Industrial/Not-For-Profit segment we estimate 120 projects averaging 100kW. For the Municipal segment, the estimate is 90 systems averaging 100kW.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-15  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
SRECS REQUIRED OVER THE NEXT 15 YEARS

**QUESTION:**

For each LSE serving PSE&G load, please provide the number of SRECs that PSE&G currently estimates will be required over each of the next fifteen years.

**ANSWER:**

It is not possible to determine how many SRECs will be required by each LSE over the next 15 years, because contracts to serve load are typically shorter in duration and the LSEs for future contracts are unknown. For Basic Generation Service (BGS), tranches are limited to 1-year contracts for hourly-priced customers (BGS CIEP) and 3-year contracts for fixed price customers (BGS-FP). Additionally, Third Party Supplier (TPS) load contracts can vary depending on the agreement between TPS and their customer. Load can also migrate between BGS and TPS.

While it is not possible to determine the number of SRECs needed by each LSE, the aggregate need for SRECs for all LSEs is estimated as follows:

Energy Year	SRECs Required
2007/2008	36,307
2008/2009	71,815
2009/2010	100,186
2010/2011	139,649
2011/2012	182,203
2012/2013	232,133
2013/2014	292,950
2014/2015	364,490
2015/2016	446,574
2016/2017	543,386
2017/2018	654,362
2018/2019	779,402
2019/2020	919,397
2020/2021	1,072,230

(Based on current solar RPS rules & load growth)

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-16  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
SRECS CREATED OVER THE NEXT 15 YEARS

**QUESTION:**

If the proposed program is fully subscribed, how many SRECs does PSE&G anticipate will be created in each of the next fifteen years?

**ANSWER:**

PSE&G proposes to provide loans in support of 30 MWs of photovoltaic capacity. This capacity will be installed during 2008 & 2009. Since PSE&G does not know the specific timing of installations, the table below simply assumes all projects were completed in time for the 2008/2009 energy year.

The projections below are based in PVWatts output using a degradation factor of 0.5% a year. The actual production of SRECs will be affected by factors such as weather conditions.

Energy Year	SRECs Generated
2007/2008	0
2008/2009	35,490
2009/2010	35,489
2010/2011	35,312
2011/2012	35,135
2012/2013	34,959
2013/2014	34,785
2014/2015	34,611
2015/2016	34,438
2016/2017	34,265
2017/2018	34,094
2018/2019	33,924
2019/2020	33,754
2020/2021	33,585

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-24  
WITNESS(S): SCHIRRA  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
LOST REVENUE RECOVERY

**QUESTION:**

Regarding paragraph 113 of the Petition, is it PSE&G's position that it is currently permitted to recover lost revenues resulting from various energy efficiency programs? If so, please identify all lost revenues that PSE&G has sought to recover over the past three years and provide applicable cites to BPU Orders approving such recoveries.

**ANSWER:**

While PSE&G is not currently permitted to recover lost revenues resulting from the New Jersey Clean Energy program it was allowed to do so when it administered the Clean Energy Programs. In making this change the Board indicated that since responsibility for administration of the programs had been transferred to the Office of Clean Energy and non-utility entities would serve as program managers, the disincentive to utility interests had been removed. Since the Solar Program has been proposed by the Company and will be administered and managed by the Company, it is appropriate to return to the prior treatment of lost revenues.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-29  
WITNESS(S): SCHIRRA  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
PROVISION OF SRECS TO LSES

**QUESTION:**

What assurance does PSE&G have that the provision of SRECs to its LSEs will result in an overall reduction in supply costs, and how does the Company plan to measure any such reduction?

**ANSWER:**

Each LSE must comply with the Board's Renewable Energy Portfolio Standards (RPS). LSEs may use SRECs to comply with the Class I and Solar RPS requirements. SRECs have a real, quantifiable market value, as long as the RPS continue. Therefore, PSE&G's allocation of the SRECs to the LSEs under the Solar Energy Program will reduce each LSE's compliance costs in an amount equal to the value of the SRECs the LSE receives. The reduction of RPS compliance costs will, in a competitive market such as the New Jersey BGS auction, result in the ability for LSE to offer the best market rate for electric supply costs. PSE&G does not plan to measure this since we are not privy to the pricing methodologies of the LSEs. See also Response to S-PR-16.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-32  
WITNESS(S): SCHIRRA  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
REVENUE REQUIREMENTS FOR RATE-MAKING

**QUESTION:**

Please confirm that it is the Company's position that the profits from this solar energy proposal will not be "above the line" for rate-making revenue requirements purposes as opposed to the treatment for the Company's appliance repair and replacement services. Please describe in detail the reason for the Company's position concerning the profits from this solar energy proposal.

**ANSWER:**

The profits, return and incentive, related to the solar energy proposal will be considered "below the line" for base ratemaking.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-33  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
PLANS TO AVOID DOUBLE RECOVERY OF COSTS

**QUESTION:**

(a) Please state whether or not the Company plans to use any current employees to operate this solar energy program. If so, please describe the Company's proposal to remove the costs for these employees from base rates to avoid double recovery of these costs if they are also recovered in the separate rates for the solar energy proposal.

(b) Please provide the same information for other costs that are currently in the Company's rates which would also be used for the solar energy program, for example, office equipment and other overheads.

**ANSWER:**

(a) Please see response to S-OE-2. The employees needed to operate this solar energy program will be in response to newly created positions and are incremental to employees reflected in base rates.

(b) The solar initiative is a new undertaking for PSE&G and as such incremental costs will be incurred.

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-37  
WITNESS(S): SCHIRRA  
PAGE 1 OF 2  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
ANNUAL ELECTRIC SALES - ACTUAL

**QUESTION:**

Provide the Company's actual annual electric sales, by customer class, for each of the past five years.

**ANSWER:**

Actual annual billed electric sales, by customer class, for each of the past five years, plus the year to date July 2007, is provided in the attachment.

**Actual Billed Electric Sales (kwh)**

Year	Total Residential										Total Commercial										Total Industrial Sales				
	RS	RHS	WH	RLM	WHS	at	GLPC	GLPN	LPLP	LPLS	HTS	BHS	GLPTAS	WHICAL	at	GLP	GLPN	LPLP	LPLS	BHS	HTS	EIEP	Total	Billed	
'002	12,219	290	8,6848	327	0.2	12,845	7,762	28	2,718	9,812	1,253	26	49	0.2	21,620	464	2	1,168	1,652	0.9	3,185	440	6,909	41,853	
'003	12,167	294	8,0969	314	0.1	12,784	7,836	30	2,862	9,969	1,400	29	46	0.2	22,143	452	2	1,133	1,545	1.0	3,065	397	6,594	41,998	
'004	12,479	260	7,2291	313	0.1	13,060	7,991	41	2,980	10,290	1,816	29	40	0.3	23,147	447	2	1,084	1,515	0.8	3,002	495	6,544	43,244	
'005	13,526	246	3,9726	322	0.1	14,098	8,157	35	3,035	10,772	2,095	30	39	1.5	24,120	452	2	1,041	1,517	0.8	2,914	350	6,274	44,992	
'006	12,929	205	2,4115	302	0.1	13,439	7,978	28	3,058	10,768	2,073	23	39	1.8	23,941	423	1	964	1,418	0.7	2,807	306	5,919	43,808	
'2007	7,540	134	1,2159	171	0.0	7,846	4,678	16	1,781	6,362	1,289	17	22	1.1	14,151	249	1	550	797	0.5	1,536	43	3,176	25,452	

'2007 Through July

RESPONSE TO RATE COUNSEL  
 REQUEST: RCR-RR-37  
 WITNESS(S): SCHIRRA  
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 SOLAR ENERGY PROGRAM

RESPONSE TO RATE COUNSEL  
REQUEST: RCR-RR-38  
WITNESS(S): SCHIRRA  
PAGE 1 OF 2  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
ANNUAL ELECTRIC SALES - WEATHER NORMALIZED

**QUESTION:**

Provide the Company's annual electric sales, by customer class, for each of the past five years, on a weather normalized basis, if available.

**ANSWER:**

Weather normalized actual annual billed electric sales, by customer class, for each of the past five years, plus the year to date July 2007, is provided in the attachment.

**Weather Normalized Billed Electric Sales (million kwh)**

Year	RS	RHS	RLM	WH	WHS	Total Residential	GLP	LPLP	LPLS	HTS	BHS	GLPTS	WH	WHS	Total Commercial	GLP	LPLP	LPLS	HTS	BHS	EHEP	Total	Total Sales
2002	11,953	302	318	9	0	12,582	7,664	2,696	9,718	1,245	27	49	0	0	21,399	459	1,165	1,641	3,098	1.0	440	6,803	41,263
2003	12,045	282	311	8	0	12,646	7,801	2,858	9,951	1,400	27	46	0	0	22,084	450	1,132	1,545	3,065	1.0	397	6,590	41,803
2004	12,493	259	314	7	0	13,073	7,989	2,981	10,291	1,817	29	40	0	0	23,146	447	1,084	1,515	3,002	0.8	495	6,545	43,258
2005	12,927	233	304	4	0	13,467	7,968	2,986	10,595	2,064	28	39	2	0	23,680	442	1,034	1,507	2,895	0.7	350	6,229	43,874
2006	12,979	222	304	2	0	13,507	7,999	3,056	10,770	2,068	26	39	2	0	23,960	426	963	1,417	2,802	0.7	306	5,914	43,891
*2007	7,593	135	172	1	0	7,901	4,691	1,785	6,374	1,292	17	22	1	0	14,183	249	551	798	1,538	0.5	43	3,179	25,542

\*2007 Through July

RESPONSE TO RATE COUNSEL  
 REQUEST: RCR-RR-38  
 WITNESS(S): SCHIRRA  
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 SOLAR ENERGY PROGRAM

RESPONSE TO STAFF  
REQUEST: S-OE-19  
WITNESS(S): LYNK  
PAGE 1 OF 1  
SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
ESTIMATED NUMBER OF LOANS

**QUESTION:**

For each category of borrower, provide the estimated number of loans and the initial average loan balance projected.

**ANSWER:**

Please see Response RCR-RR-14 regarding the estimated number of loans for each program segment. For the residential segment, we anticipate an initial average loan balance of \$26,000 to \$32,500, based on a 10KW system. For the non-residential segments, we anticipate an initial average loan balance of \$260,000 to \$325,000, based on a 100KW system.

RESPONSE TO STAFF  
REQUEST: S-PR-21  
WITNESS(S): LYNK  
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SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
PERCENT OF SRECS ALLOCATED TO PSEG ER&T

**QUESTION:**

Given the present make up of the LSE's serving PSE&G, what percentage of the SRECs would be allocated to PSEG ER&T?

**ANSWER:**

PSE&G proposes that SRECs would be proportionately allocated to all Load Serving Entities (LSEs), both Basic Generation Service (BGS) suppliers and third-party suppliers, serving load in PSE&G's service territory.

Based on load served during the 1<sup>st</sup> quarter of 2007, approximately 24% of the SRECs would go to CIEP (large customers) load, 16% of this allocation would go the BGS-CIEP suppliers, of which 12% would be allocated to PSEG ER&T based on BGS-CIEP tranches held for the June 2007 - May 2008 energy year.

Approximately 76% of the SRECs would be allocated to FP (fixed price) load. 99% of these SRECs would be allocated to BGS-FP suppliers, of which 39% would be allocated to PSEG ER&T.

Overall, based on the present makeup of LSE's, PSEG ER&T would receive about 30% of the total SRECs created through the PSE&G solar initiative.

RESPONSE TO STAFF  
REQUEST: S-PR-27  
WITNESS(S): LYNK  
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SOLAR ENERGY PROGRAM

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
SOLAR PROGRAM ADMINISTRATION

**QUESTION:**

Provide a detailed breakdown of the estimated administrative costs associated with the proposed program.

**ANSWER:**

The estimated administrative costs are shown on the attached schedule. These costs are subject to change after detailed process design is completed.

# Program - Estimated Administrative Costs

## Assumptions

50 Projects per Month = 600 per year  
 Approximately 12 per week

## Cost Estimates

Labor	Year 1 FTEs	Year 2-5 FTEs	Base Salary	Benefits Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5
Manager	1	1	\$90,000	1.52	\$136,800	\$140,904	\$145,131	\$149,485	\$153,970
Contract Manager	1	3	\$80,000	1.52	\$121,600	\$375,744	\$387,016	\$398,627	\$410,586
IT Consultant	1	2	\$80,000	1.52	\$121,600	\$250,496	\$258,011	\$265,751	\$273,724
Auditor	2	3	\$70,000	1.52	\$212,800	\$328,776	\$338,639	\$348,798	\$359,262
Loan Coordinator	1	1	\$70,000	1.52	\$106,400	\$109,592	\$112,880	\$116,266	\$119,754
SRES Verification Staff	2	4	\$80,000	1.52	\$243,200	\$500,992	\$516,022	\$531,502	\$547,447
Billing Specialist	5	11	\$75,000	1.52	\$570,000	\$1,291,620	\$1,330,369	\$1,370,280	\$1,411,388
Miscellaneous Labor Costs			\$25,000		\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
<b>Total labor</b>	<b>13</b>	<b>25</b>			<b>\$1,537,400</b>	<b>\$3,023,874</b>	<b>\$3,114,590</b>	<b>\$3,208,028</b>	<b>\$3,304,269</b>

## Tracking System

Development Cost	\$300,000	\$25,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Maintenance Costs	\$300,000	\$25,000	\$25,750.00	\$35,750	\$26,522.50	\$26,522.50	\$26,522.50	\$26,522.50	\$27,318.18
<b>Total Tracking System Costs</b>					<b>\$50,000</b>	<b>\$35,750</b>	<b>\$36,523</b>	<b>\$37,318</b>	<b>\$37,318</b>

## Other Costs

	Cost per unit	Units	Year 1	Year 2	Year 3	Year 4	Year 5
Furniture	\$3,000	25	\$75,000	\$0	\$0	\$0	\$0
Computers	\$1,200	25	\$30,000	\$0	\$0	\$0	\$0
Printers	\$2,000	8	\$16,000	\$0	\$0	\$0	\$0
Server	\$10,000	1	\$10,000	\$0	\$0	\$0	\$0
Fax Machine	\$120	3	\$360	\$0	\$0	\$0	\$0
Copier	\$500	3	\$1,500	\$0	\$0	\$0	\$0
Office Supplies			\$25,000	\$26,250	\$27,563	\$28,941	\$30,388
Utilities Elec & Gas			\$0	\$0	\$0	\$0	\$0
Telephone			\$1,200	\$1,260	\$1,323	\$1,389	\$1,459
Internet Connection			\$300	\$300	\$300	\$300	\$300
Insurance (PSE&G self insured)			\$0	\$0	\$0	\$0	\$0
Miscellaneous Costs			\$25,000	\$26,250	\$27,563	\$28,941	\$30,388
<b>Total Office Costs</b>			<b>\$784,360</b>	<b>\$154,060</b>	<b>\$128,248</b>	<b>\$132,615</b>	<b>\$137,170</b>
<b>Grand Total</b>			<b>\$2,621,760</b>	<b>\$3,227,934</b>	<b>\$3,278,588</b>	<b>\$3,377,166</b>	<b>\$3,478,757</b>