

August 24, 2005

VIA HAND DELIVERY

Kristi Izzo, Secretary
State of New Jersey, Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

**RE: In the Matter of the Public Service Electric and Gas Company's Proposed
Amendments to its Buried Underground Distribution Tariff
BPU Docket No. ET05010053**

Dear Secretary Izzo:

Please accept for filing an original and ten copies of the Division of the Ratepayer Advocate's ("Ratepayer Advocate") comments regarding the above referenced matter. Enclosed is one additional copy. Please date stamp the copy as "filed" and return it to the courier. Thank you for your consideration and attention to this matter.

On January 18, 2005 Public Service Electric and Gas Company ("PSE&G" or "Company") filed proposed amendments to its Buried Underground Distribution ("BUD") tariff sheets reflecting proposed new charges for the installation of residential electric underground extensions.¹ The BUD tariff was last amended in 1984. The Company's Petition states that the proposed new charges are based on the same methodology that was used to develop the rates adopted in 1984. However, the proposed new charges have been updated to reflect current labor rates and other costs. In addition, the proposed charges have been modified to comply with the Board's Smart Growth regulations, which require the inclusion of administrative, engineering,

¹ Petition, p. 1 & Exh. A,

drafting, and certain other costs in utilities' charges for underground extensions. *N.J.A.C.* 14:3-8.2 & 14.3-8.5. In addition, the proposed new rates have been grossed up to reflect the impact of the Tax Reform Act, as required by *N.J.A.C.* 14:3-8.5 (c).²

The Ratepayer Advocate has reviewed the Petition and supporting documentation, along with the Company's responses to discovery requests. Based on that review, the Ratepayer Advocate does not object to the implementation of the proposed new charges for residential electric underground extensions.

The Ratepayer Advocate does, however, have a comment concerning the manner in which the charges are shown in the Company's proposed tariff pages. The proposed tariff pages, as filed, show the proposed new rates without the impact of the tax gross-up factor.³ The tax gross-up factor is mentioned only in a single footnote on the first page of the proposed new tariff sheets.⁴ The Ratepayer Advocate believes it would be clearer and less confusing to customers if all of the unit cost rates were shown with taxes included. Counsel for PSE&G has advised that the Company does not object to showing the unit rates on an after-tax basis. With this modification, the Ratepayer Advocate does not object to the Company's proposed tariff amendments.

Respectfully submitted,

SEEMA M. SINGH, ESQ.
RATEPAYER ADVOCATE

By: _____
Sarah H. Steindel
Assistant Deputy Ratepayer Advocate

² Petition, pp. 1-2.

³ PSE&G response to RPA discovery request RAR-2.

⁴ Petition, Exhibit A.

cc: Jeanne M. Fox, President (via hand delivery)
Frederick F. Butler, Commissioner (via hand delivery)
Connie O. Hughes, Commissioner (via hand delivery)
Jack Alter, Commissioner (via hand delivery)
Service List *via hand delivery or regular mail*