



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)	
SERVICE ELECTRIC AND GAS COMPANY TO REVISE)	DECISION AND ORDER
ITS WEATHER NORMALIZATION CHARGE ("WNC") AND)	APPROVING STIPULATION
FOR CHANGES IN THE TARIFF FOR GAS SERVICE)	FOR PROVISIONAL WNC
B.P.U.N.J. NO.15 GAS PURSUANT TO <u>N.J.S.A. 48:2-21</u>)	RATES
AND <u>N.J.S.A. 48:2-21.1</u>)	DOCKET NO. GR11060395

Mally Becker, Esq., for petitioner Public Service Electric and Gas Company
Stefanie Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On June 30, 2011, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition ("Petition") with the New Jersey Board of Public Utilities ("Board"), requesting approval of PSE&G's proposed Weather Normalization Charge ("WNC") rate of a credit of \$.004713, including Sales and Use Tax ("SUT") per balancing term, for the annual period of October 1, 2011 to September 30, 2012 ("2011-2012 Annual Period") applicable to Rate Schedules Residential Service Gas (RSG), General Service Gas (GSG) and Large Volume Gas (LVG), as reflected in B.P.U.N.J. No. 15 Gas Tariff Sheets Nos. 45, 46 and 47 ("WNC Tariff")¹.

The WNC Tariff requires PSE&G to calculate, at the end of each October through May period ("Winter Period"), the level by which margin revenues differed from margin revenues that would have resulted if "normal" weather had occurred. Margin revenues are distribution revenues from the relevant rate classes' per therm charges less the Transitional Energy Facility Assessment ("TEFA"). The base level of normal degree days for the 2010-2011 Winter Period is defined in PSE&G's WNC Tariff. Any excess or deficiency in margin revenues is to be recovered or credited in the following year during the Winter Period through the WNC. In accordance with the WNC Tariff, the Company is required to true-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period.

¹The WNC tariff was approved by Board Order dated July 9, 2010, I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, Dkt. No. GR09050422 as part of the settlement of the Company's base rate case.

As proposed, typical PSE&G residential gas heating customers using 100 therms in a winter month and 660 therms annually would experience a decrease in their annual bills from \$789.47 to \$787.77, or \$1.70 or approximately 0.22%, based upon current delivery rates and BGSS-RSG charges in effect July 1, 2011 and assuming that the customer receives commodity service from PSE&G.

Following a review by, and subsequent discussions among representatives of the Company, Board Staff and the Division of Rate Counsel ("Rate Counsel"), the only parties to this proceeding at this time (collectively, the "Parties"), determined that additional time is needed to complete a comprehensive review of PSE&G's proposed WNC rate and other aspects of the Company's filing. The Parties have agreed that a change in the Company's WNC rate, on a provisional basis subject to refund with interest, is reasonable and in the public interest at this time.

STIPULATION FOR PROVISIONAL WNC RATES ("Stipulation")²

The key provisions of the Stipulation are as follows:

- 1 The Parties request that the Board issue an Order to be effective October 1, 2011 approving a provisional WNC rate for the 2011- 2012 Annual Period which includes a \$5.8 million credit for PSE&G gas customers who take service through Rate Schedules RSG, GSG and LVG.
- 2 The Parties stipulate and request that the Board provisionally approve PSE&G's WNC rate of a credit of \$.004713 including SUT per balancing therm for customers that receive commodity service from PSE&G for Rate Schedules RSG, GSG and LVG for the 2011-2012 Winter Period. This change, if approved, will decrease the annual bill of a typical PSE&G residential gas heating customer using 160 therms in a winter month and 1,050 therms annually from \$1,215.04 to \$1,212.30, or \$2.74 or approximately 0.23%, when compared to delivery rates and BGSS-RSG charges in effect July 1, 2011.
3. The Parties also agree that if the Stipulation is approved, the Company is authorized to issue revised WNC tariff sheets which reflect the provisionally approved WNC rates to be effective on the date set forth in the Board's Order.

DISSUSSION AND FINDINGS

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

The Board HEREBY APPROVES on a provisional basis, the Company's implementation of a decrease in its after-tax per therm WNC rate to a credit of \$0.004713 (including SUT) per balancing therm, applicable to Rate Schedules RSG, GSG and LVG for the 2011-2012 Winter Period effective as of October 1, 2011.

²Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

The Board HEREBY DIRECTS that this matter be transmitted to the Office of Administrative Law for review and evidentiary hearings, if necessary.

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

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 9/22/11

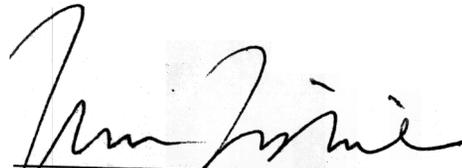
BOARD OF PUBLIC UTILITIES
BY:



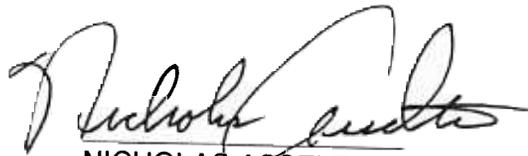
LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER

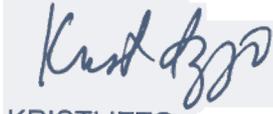


JOSEPH L. FIORDALISO
COMMISSIONER



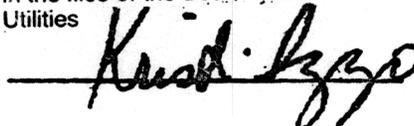
NICHOLAS ASSELTA
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

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



I/M/O the Petition of Public Service Electric and Gas
Company to Revise its Weather Normalization Charge and for
Changes in the Tariff for Gas Service B.P.U.N.J. No.15 Gas
Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1
BPU Docket No. GR11060395

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS) SETTLEMENT FOR
COMPANY TO REVISE ITS WEATHER) PROVISIONAL WNC
NORMALIZATION CHARGE (WNC) AND FOR) RATES
CHANGES IN THE TARIFF FOR GAS SERVICE) BPU Dkt. No. GR11060395
B.P.U.N.J. NO. 15 GAS PURSUANT TO)
N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1)

APPEARANCES

Mally Becker, Assistant General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company

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Henry Ogden, Esq. and **James W. Glassen**; Assistant Deputy Rate Counsels,
Division of Rate Counsel

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

On June 30, 2011, Public Service Electric and Gas Company (PSE&G or the Company) filed its Petition (Petition) with the Board of Public Utilities (Board or BPU), requesting approval for PSE&G's Weather Normalization Charge (WNC) for the Annual Period of October , 201 to September 30, 2012 (2011-2012 Annual Period) applicable to Rate Schedules Residential Service (RSG), General Service (GSG) and Large Volume Gas (LVG), B.P.U.N.J. No. 15 Gas Tariff Sheet Nos. 45, 46, and 47 (WNC Tariff). As part of this Petition, PSE&G proposed a WNC rate of (\$.004713) including Sales and Use Tax (SUT) per balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2011-

2012 Winter Period. The proposed rate per Balancing Therm reflects the actual results for the 2010-2011 Winter Period and represents a total credit of \$5.8 million.

The WNC Tariff was approved by the Board on July 9, 2010, as part of the Stipulation of Settlement of PSE&G's 2009 base rate case. Decision and Order Adopting Initial Decision with Modifications for Gas Decision, *I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service*, Dkt. No. GR09050422 ("July 9, 2010 Order").

In calculating the proposed WNC, PSE&G represents that it has utilized calculations required by the July 9, 2010 Order and reflected in PSE&G's WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each October-to-May period (Winter Period), the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2010-2011 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

In accordance with the WNC Tariff, PSE&G represents that it has trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC Tariff Sheets developed by PSE&G and included in the Petition reflect updated Degree Day Consumption Factors for the 2011-2012 Winter Period.

Following the filing of the Petition, Board Staff and the Division of Rate Counsel, the only parties to this proceeding, have discussed certain matters at issue herein. As a result of those discussions, the Parties have determined that additional time is needed to complete the review of proposed WNC rate and other aspects of the Company's filing. However the Parties also agree that change in the Company's WNC rate, on a provisional basis, is reasonable at this time.

NOW, THEREFORE, THE UNDERSIGNED STIPULATE AND AGREE AS FOLLOWS:

- 1) WHEREFORE, the Signatory Parties request that the Board issue an Order on or prior to October 1, 2011 provisionally approving subject to refund the WNC rate for the 2011- 2012 Annual Period as filed by PSE&G on June 30, 2011, including a credit of \$5.8 million for the 2011-2012 Winter Period to PSE&G gas customers who take service through Rate Schedules RSG, GSG and LVG.
- 2) The Parties stipulate and request that the BPU provisionally approve PSE&G's WNC rate of (\$.004713) including Sales and Use Tax (SUT) per balancing term applicable to Rate Schedules RSG, GSG and LVG for the 2011-2012 Winter Period. As a result of the stipulated WNC rate, PSE&G's typical residential gas heating customers using 160 therms in a winter month and 1,050 therms annually would experience a decrease in

their annual bill from \$1,215.04 to \$1,212.30, or \$2.74 or approximately 0.23%, based upon Delivery Rates and BGSS-RSG charges in effect July 1, 2011, and assuming that the customer receives commodity service from PSE&G.

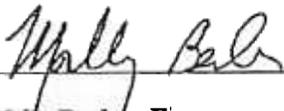
- 3) The Parties further agree that upon Board approval of the above rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised WNC charges delineated in Paragraph 2 above applicable to gas customers to be effective on October 1, 2011.
- 4) The Parties understand that these changes are on a provisional basis, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law (“OAL”), if necessary, and final approval by the Board.
- 5) The undersigned agree that this Settlement for provisional WNC rates reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, this Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.
- 6) The undersigned further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon

such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

- 7) The undersigned parties further HEREBY AGREE that this Settlement for the provisional WNC rate has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement for the provisional WNC rate.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

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ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the New
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BY: 
Mally Becker, Esq.
Assistant General Regulatory Counsel

BY: 
Alex Morean
Deputy Attorney General

Dated: September 2, 2011

Dated: September 2, 2011

DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

By: 
Henry Ogden
Assistant Deputy Rate Counsel

Dated: September 6, 2011