



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

ENERGY

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF CHANGES IN)
ITS ELECTRIC SOLAR PILOT RECOVERY)
CHARGE (SPRC) FOR ITS SOLAR LOAN 1)
PROGRAM; AND FOR CHANGES IN THE)
TARIFF FOR ELECTRIC SERVICE,)
B.P.U.N.J. ELECTRIC, NO 14, PURSUANT TO)
N.J.S.A. 48:2-21 AND 2-21.1)

DECISION AND ORDER

BPU DOCKET NO. ER10030220

APPEARANCES:

Matthew Weissman, Esq., Assistant Corporate Rate Counsel, for the Petitioner, Public Service Electric and Gas Company
Stefanie A. Brand, Esq., New Jersey Division of Rate Counsel.

BY THE BOARD¹:

On March 26, 2010, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting approval for changes in its electric Solar Pilot Recovery Charge ("SPRC"). By this Decision and Order, the Board considers a Stipulation entered into by PSE&G, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, the "Parties"), requesting that the Board approve an increase in the electric SPRC.

BACKGROUND AND PROCEDURAL HISTORY

On April 16, 2008, the Board issued an Order approving a settlement that authorized PSE&G to implement a 30 MW solar-photovoltaic ("PV") pilot program for a period of two years within its service territory including participation across all customer classes ("SPRC Settlement").² PSE&G has implemented the Solar Loan I Program (the "Program") pursuant to the April 2008 Order and, according to the Company, received a robust response, especially in the commercial

¹ Commissioner Joseph L. Fiordaliso did not participate.
²I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Solar Energy Program and an Associated Cost Recovery Mechanism, BPU Docket NO. EO07040278, Order dated April 16, 2008 ("SPRC Order").

and industrial sector. Under the terms of the SPRC Settlement as approved, PSE&G is entitled to recover the net monthly revenue requirements associated with the Program through the SPRC. SPRC rates were not implemented at that time as all costs were deferred for future recovery.

COMPANY FILING

On March 26, 2010 PSE&G filed the instant petition and accompanying exhibits, including the pre-filed direct testimony of Susanna Chiu and Stephen Swetz. According to the filing, the rates proposed for PSE&G's electric SPRC for the period May 1, 2010 through December 31, 2010 were designed to recover approximately \$1.7 million in revenue. The resultant net annual revenue impact on the Company's electric customers, if approved, is a \$2.5 million increase. The Company proposed that a new SPRC rate of \$0.000062 per kWh, including Sales and Use Tax ("SUT") be implemented on May 1, 2010, and be left in place through December 31, 2010, or until the Board approves new SPRC rates.

After notice in newspapers in general circulation within the service territory, public hearings were held on September 1, 2010 in New Brunswick, September 2, 2010 in Hackensack, and September 7, 2010 in Mt. Holly. One member of the public spoke at one of the public hearings on behalf of the Central Jersey Workers Benefits Council, regarding the difficulties that rate increases present for poor, elderly, or disabled residents.

On July 6, 2012, the Parties entered into the Stipulation.

STIPULATION

The Stipulation provides the following³:

7. In PSE&G's March 26, 2010 petition to adjust its SPRC, based on actual results through December 2009 PSE&G credited \$91, 691, representing 50 percent of the \$183,382 in loan application fees received by PSE&G, to ratepayers. Based on the Company's actual collections through October 2011, the total application fees credited to ratepayers was \$91,191, representing 50% of the updated total of \$183,382 in loan application fees received by PSE&G. For purposes of the Stipulation, the Parties agree that the remaining application fees of \$91,191, less \$15,357 (the application fees associated with Solar Loan I program applications that were rejected), will be credited to ratepayers. Accordingly, an adjustment of \$75,834 will be reflected in PSE&G's next SPRC filing, which will be made in accordance with paragraph 13 of the Stipulation.
8. An adjustment of \$6,148 will also be reflected in PSE&G's next SPRC filing to adjust for amounts charged to administrative costs prior to the program receiving approval from the BPU.
9. While the revenue requirement as of December 31, 2012 is approximately \$5.4 million, the Parties agree to implement the SPRC as requested in the March 26, 2010 filing, thereby increasing the SPRC from zero (\$0.0000 per kWh) to

³ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order.

\$0.000058 per kWh without sales and use tax ("SUT"), or to \$0.000062 per kWh including SUT on that date. These rates have an anticipated net annual revenue impact on the Company's electric customers of \$2.5 million. Tariff sheets consistent with this rate change are set forth in Attachment A to the Stipulation. The Company's calculations in support of the proposed per kWh rate are set forth in Attachment B to the Stipulation.

10. The Parties agree that the actual SPRC costs incurred prior to November 1, 2011, as shown in Attachment B to the Stipulation have been reviewed by the parties. Actual costs incurred after that date are subject to review for reasonableness and prudence in future SPRC adjustment proceedings.
11. The Parties agree, in the interest of settlement and as a compromise, that the recovery of costs, as reflected in the rates and calculations in Attachments A and B, shall be deemed in compliance with the limits on recovery of administrative costs set forth in the SPRC Settlement at paragraph 77 and in the SPRC Order. Those provisions define administrative costs as reasonable costs that are incremental costs incurred by PSE&G to implement the program. Those provisions limit recovery of those defined administrative costs to 50% of such costs and further limit recovery of such costs through the SPRC in any year to \$1,000,000.
12. The Parties further agree that the claimed costs for the Program overall administration, program management, quality assurance/quality control evaluation and recoverable loan costs through October 31, 2011 that were reviewed in the context of this proceeding shall be deemed incremental to the level in base rates for purposes of cost recovery. In addition, the Parties agree that internal labor costs related to the Program shall be included in the Company's semi-annual reports for this program. The Parties further agree that Board Staff and Rate Counsel reserve the right in the Company's next base rate case to argue that internal labor costs associated with the Program should be included in base rates and removed from the SPRC.
13. PSE&G agrees that it shall make its next SPRC filing concurrently with its annual N.J.S.A. 48:3-98.1 filing with actual data through March 31, 2012 as soon as such data is available, but no later than July 1, 2012.
14. As a result of the rates set forth in Attachment A to the Stipulation, a typical PSE&G residential electric customer using 780 kWh per summer month and 7,360 kWh on an annual basis would see an increase in the annual bill from \$1,336.60 to \$1,337.04 or \$0.44, or approximately 0.03% based upon rates in effect June 7, 2012 and assuming that the customer receives BGS-FP service from PSE&G.
15. The residential customer bill impacts comparing the current and proposed delivery charges and typical residential bill impacts are set forth in Attachment C to the Stipulation for the aforementioned class average customers, as well as for other typical customer usage patterns.
16. The Parties agree that PSE&G should be authorized to implement the proposed rates as set forth in the Stipulation.

17. The Parties agree that the costs recoverable through the SPRC are subject to audit by the Board. Such audit may be through a review of the Company's internal audits or any other audit mechanism determined to be appropriate by the Board.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation of the Parties. The Board **FINDS** 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.

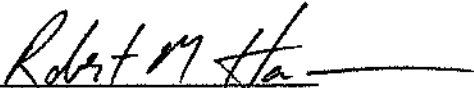
A residential electric customer using 780 kWh per summer months and 7,360 kWh on an annual basis would see an increase in the annual bill from \$1,336.60 to \$1,337.04, or \$0.44, or approximately 0.03%. This change shall become effective as of the later of the date of service of this Order or first day of the month following the date of this Board Order. The Board is cognizant of the impact that rate increases have on customers. However, as stated above, the Board is persuaded that the small increase in rates approved through this Order is supporting a program that increases the accessibility of renewable energy across customer classes and in that way helping to diversify our energy sources and protect our environment.

The Board **HEREBY ORDERS** PSE&G to file revised tariff sheets conforming to the terms of the Stipulation no later than five (5) business days prior to the effective date of the tariff.

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: 7/18/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

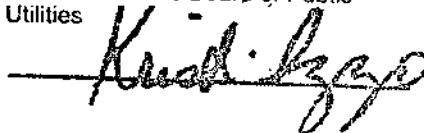

JEANNE M. FOX
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

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



In the Matter of the Petition of Public Service Electric and Gas Company for Approval of
Changes in its Electric Solar Pilot Recovery Charge ("SPRC") for its Solar Loan 1 Program; and
for Changes in the Tariff for Electric Service, B.P.U.N.J. No. 14, Electric, Pursuant to N.J.S.A.
48:2-21 and 48:2-21.1
DOCKET NO. ER10030220

NOTIFICATION LIST

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**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
SOLAR PILOT RECOVERY CHARGE (SPRC)
BPU DOCKET NO. ER10030220**

BPU

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June 13, 2012

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
SOLAR PILOT RECOVERY CHARGE (SPRC)
BPU DOCKET NO. ER10030220

Page 2 of 2

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July 6, 2012

In The Matter of the Petition of Public Service Electric
And Gas Company for Approval of Changes in its
Electric Solar Pilot Recovery Charge (SPRC)
for its Solar Loan Program; and for Changes
in the Tariff for Electric Service,
B.P.U.N.J. No. 14 Electric, Pursuant to
N.J.S.A. 48:2-21 and 2-21.1

BPU Docket No. ER10030220

VIA ELECTRONIC MAIL & OVERNIGHT DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Dear Secretary Izzo:

Enclosed for filing please find the original and ten copies of Public Service Electric and Gas Company's ("Public Service," "PSE&G" or "the Company") fully executed Stipulation of Settlement and attachments with respect to the above-referenced matter.

If you have any questions or require additional information, please call me at (973) 430-7052.

Thank you for your consideration.

Very truly yours,

A handwritten signature in cursive script that reads "Matthew Weissman".

C Attached Service List (E-Mail Only)

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF CHANGES IN ITS ELECTRIC)
SOLAR PILOT RECOVERY CHARGE (SPRC)) BPU Docket No.
FOR ITS SOLAR LOAN I PROGRAM; AND FOR) ER10030220
CHANGES IN THE TARIFF FOR ELECTRIC)
SERVICE, B.P.U.N.J. NO. 14 ELECTRIC,)
PURSUANT TO *N.J.S.A.* 48:2-21 AND 2-21.1)

STIPULATION OF SETTLEMENT

APPEARANCES:

Matthew M. Weissman, Esq., General Regulatory Counsel - Rates, and
Martin C. Rothfelder, Esq., Associate General Regulatory Counsel, for the
Petitioner Public Service Electric and Gas Company

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and **Kurt S. Lewandowski, Esq.**, for the New Jersey Division of Rate
Counsel (**Stefanie A. Brand, Esq.**, Director)

Alex Moreau, Deputy Attorney General; and **David Wand**, Deputy Attorney
General for the Staff of the New Jersey Board of Public Utilities (**Jeffrey S.
Chiesa**, Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

Introduction and Background

1. On March 26, 2010 Public Service Electric and Gas Company (“Public Service,” “PSE&G,” or the “Company”) filed a petition to adjust its Solar Pilot Recovery Charge (“SPRC”), which is currently set at zero, but provided for in Public Service tariffs.

2. PSE&G filed a petition on April 19, 2007 for its Solar Loan I program and

associated cost recovery. Under cover letter dated March 19, 2008, the Board of Public Utilities (“Board” or “BPU”) received a Settlement between the Division of Rate Counsel (“Rate Counsel”), Board Staff and PSE&G (“SPRC Settlement”) addressing that petition. On April 16, 2008, the Board issued its *Decision and Order Approving Settlement* (“SPRC Order”) thereby approving the PSE&G Solar Loan I program, cost recovery for that program through the SPRC, the methodology to set the SPRC, and the tariff setting forth the SPRC rate. The SPRC Order was modified via the Board’s *Decision and Order Approving One Time Waiver of Rules* dated June 15, 2009.

3. The PSE&G March 26, 2010 filing requested an increase in the SPRC from zero and included a revised tariff reflecting a revised per kWh charge. The Company requested a May 1, 2010 effective date for this rate. The filing stated that, based on actual collections through December 31, 2009 and projected collections through December 31, 2010, the SPRC was expected to be under collected by \$1,726,713, including interest. The Company accordingly requested implementation of a rate increase designed to result in collection from the Company’s customers of approximately \$1.7 million in revenues for the May 1 through December 1, 2010 time period requested, or \$2.5 million on an annual basis.

4. Six public hearings regarding the requested increase were held in three locations at times and specific locations as follows:

September 1, 2010
3:30 PM and 5:30 PM
Middlesex County
Administration
Building
1st Floor Meeting
Room
J.F. Kennedy Square
New Brunswick, NJ

September 2, 2010
3:30 PM and 5:30 PM
Bergen County
Administration
Building
Freeholders' Public
Meeting Room #540
1 Bergen County Plz.
Hackensack, NJ

September 7, 2010
3:30 PM and 5:30 PM
Burlington County
Administration Bldg.
Board of Chosen
Freeholders'
Boardroom, 1st Floor
49 Rancocas Road
Mt. Holly, NJ

Notice, including the date, time and place of the public hearings and the requested rate increase, was placed in newspapers of broad circulation within the Company's service territory and was served on the county executives and clerks of all municipalities within the Company's service territory. One member of the public spoke at one of the public hearings on behalf of the Central New Jersey Workers Benefit Council, regarding the difficulties that rate increases present for poor, elderly, or disabled residents.

5. PSE&G has provided semi-annual reports on the Solar Loan I program to the Board and Rate Counsel under cover letters dated July 30, 2009, January 28, 2010, July 30, 2010, February 1, 2011, July 29, 2011, and January 31, 2012, and has responded to all discovery requests in this docket. In addition to the time period covered by the Petition, the Company has responded to discovery with regard to actual SPRC expenditures and collections through October 31, 2011.

6. Based on the Company's actual collections through October 31, 2011, its projected collections through December 31, 2011, and the revenue requirement methodology provided in paragraphs 75-77 of the Order, the Company estimated that the SPRC would be undercollected by approximately \$4.8 million, including interest, as of December 31, 2011. The Company currently estimates its 2012 revenue requirements at

approximately \$0.6 million, which along with the prior underrecovery results in a total revenue requirement of approximately \$5.4 million.

Stipulated Matters

7. In PSE&G's March 26, 2010 petition to adjust its SPRC ("Petition"), based on actual results through December 2009, PSE&G credited \$91,691, representing 50 percent of the \$183,382 in loan application fees received by PSE&G, to ratepayers. See Petition, Attachment A (Direct Testimony of Susanna W. Chiu), Schedule SWC-3. Based on actual results through October 2011, the total application fees credited to ratepayers was \$91,191, representing 50% of the updated total of \$182,382 in loan application fees received by PSE&G. For purposes of this Stipulation of Settlement, the parties agree that the remaining application fees of \$91,191, less \$15,357 (the application fees associated with Solar Loan I program applications that were rejected), will be credited to ratepayers. Accordingly, an adjustment of \$75,834 will be reflected in PSE&G's next SPRC filing, which will be made in accordance with paragraph 13 below.

8. An adjustment of \$6,148 will also be reflected in PSE&G's next SPRC filing to adjust for amounts charged to administrative costs prior to the program receiving approval from the BPU.

9. While the revenue requirement as of December 31, 2012 is approximately \$5.4 million, the Parties agree to implement the SPRC requested in the March 26, 2010 filing, thereby increasing the SPRC from zero (\$0.0000 per kWh) to \$0.000058 per kWh without sales and use tax ("SUT"), or to \$0.000062 per kWh including SUT on that date. These rates have an anticipated net annual revenue impact on the Company's electric customers of \$2.5 million. Tariff sheets consistent with this rate change are set forth in

Attachment A. The Company's calculations in support of the proposed per kWh rates are set forth in Attachment B.

10. The Parties agree that the actual SPRC costs incurred prior to November 1, 2011 as shown in Attachment B have been reviewed by the parties. Actual costs incurred after that date are subject to review for reasonableness and prudence in future SPRC adjustment proceedings.

11. The Parties agree, in the interest of settlement and as a compromise, that the recovery of costs herein, as reflected in the rates and the calculations in Attachments A and B, shall be deemed in compliance with the limits on recovery of administrative costs set forth in the SPRC Settlement at paragraph 77 and in the SPRC Order. Those provisions define administrative costs as reasonable costs that are incremental costs incurred by PSE&G to implement the program. Those provisions limit recovery of those defined administrative costs to 50% of such costs and further limit recovery of such costs through the SPRC in any year to \$1,000,000.

12. The Parties further agree that the claimed costs for the Solar Loan I overall administration, program management, quality assurance/quality control evaluation and recoverable loan costs through October 31, 2011 that were reviewed in the context of this proceeding shall be deemed incremental to the level in base rates for purposes of cost recovery. In addition, the Parties agree that internal labor costs related to the Solar Loan I Program shall be included in the Company's semi-annual reports for this program. The Parties further agree that Board Staff and Rate Counsel reserve the right in the Company's next base rate case to argue that internal labor costs associated with the Solar Loan I Program should be included in base rates and removed from the SPRC.

13. PSE&G hereby agrees that it shall make its next SPRC filing concurrently with its annual N.J.S.A. 48:3-98.1 filing with actual data through March 31, 2012 as soon as such data is available, but no later than July 1, 2012.

14. As a result of the rates set forth in Attachment A, PSE&G's typical residential electric customer using 780 kilowatt-hours per summer month and 7,360 kilowatt-hours on an annual basis would see an increase in the annual bill from \$1,336.60 to \$1,337.04 or \$0.44, or approximately 0.03% based upon rates in effect June 7, 2012 and assuming that the customer receives BGS-FP service from PSE&G.

15. The residential customer bill impacts comparing the current and proposed delivery charges and Typical Residential Bill Impacts are set forth in Attachment C for the aforementioned class average customers, as well as for other typical customer usage patterns.

16. The Parties hereby agree that PSE&G should be authorized to implement the proposed rates as set forth herein in accordance with a written BPU Order of approval.

17. The parties agree that the costs recoverable through the SPRC are subject to audit by the Board. Such audit may be through a review of the Company's internal audits or any other audit mechanism determined to be appropriate by the Board. This Stipulation is not intended to affect in any way the Board's authority in connection with any Board-ordered audit, nor is it intended to affect the rights of the Board's Staff, Rate Counsel or any other party to seek any relief that may be appropriate as part of proceedings concerning any Board-ordered audit.

18. This Stipulation represents a mutual balancing of interests, 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, or modified by the Board, each party that is affected by the modification can either accept the modification or declare this Settlement to be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution. More particularly, in the event this Stipulation is not adopted in its entirety by the Board then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

19. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

20. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

21. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, Public Service, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way

binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation in BPU Docket No. ER10030220 and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: Matthew M. Weissman
Matthew M. Weissman, Esq.
General Regulatory Counsel - Rates

DATED: July 6, 2012

NEW JERSEY DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

BY: Paul E. Flanagan, Esq. Sarah H. Steindel
~~Litigation Manager~~ Asst Deputy Rate Counsel

DATED: July 6, 2012

JEFFREY S. CHIESA, ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: T. David Wand
T. David Wand
Deputy Attorney General

DATED: 07/06/2012

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
B.P.U.N.J. No. 15 ELECTRIC

First Revised Sheet No. 64
Superseding
Original Sheet No. 64

SOLAR PILOT RECOVERY CHARGE

Charge
(per kilowatthour)

SOLAR PILOT RECOVERY CHARGE:

Charge \$ 0.000058

Charge including New Jersey Sales and Use Tax (SUT)..... \$ 0.000062

SOLAR PILOT RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the Public Service Solar Pilot Program per the Board Order in Docket No. EO07040278 less the net proceeds from the sale of associated Solar Renewable Energy Certificates (SRECs) or cash received in lieu of SRECs. The net recovery by the Company is subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. This interest rate shall change each August 1.

Date of Issue:

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No. ER10030220

Effective:

RESPONSE TO STAFF

REQUEST: S-PSEG-SLI-15

WITNESS(S): SWETZ

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SOLAR PILOT RECOVERY CHARGE (SPRC)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
REVENUE REQUIREMENT UPDATE THROUGH OCTOBER 2011

QUESTION:

Please update Schedules SS-1 through SS-4 for actual results through June 2011.

ANSWER:

Please see the attached for the update to Schedules SS-1 through SS-4. Because this proceeding has exceeded the initial recovery period of April 2010 through December 2010, the forecasted revenue requirements were extended for a rate recovery period from January 2012 through December 2012. In addition, rather than providing forecast data when actual results are known, the updated schedules include actual results through October 2011 rather than June 2011.

**PSE&G Solar Loan I Program
Proposed Rate Calculations**
(\$'s Unless Specified)

Schedule SS - 1 (Update)

Actual results through 10/31/2011
SUT Rate 7%

Line	Date(s)	Electric	Source/Description
1	Jan-12 to Dec-12	629,486	SUM (Schedule SS-2 (Update), Col 20)
2	Dec-11	4,734,860	Schedule SS-4 (Update), Line 4, Col 48
3	Dec-11	<u>24,691</u>	Schedule SS-4 (Update), Line 7, Col 48
4	Dec-11	5,389,037	Line 1 + Line 2 + Line 3
5	Jan-12 to Dec-12	43,140,604	
6		0.000125	(Line 4 / (Line 5*1,000)) [Rnd 6]
7		0.000058	
8		0.000058	MIN (Line 6, Line 7)
9		0.000062	(Line 8 * (1 + SUT Rate)) [Rnd 6]
10		2,502,155	(Line 5 * Line 8 * 1,000)
11		0.000000	
12		2,502,155	(Line 10 - Line 11)

	Revenue Requirements	
	Under / (Over) Recovered Balance	
	Cumulative Interest Exp / (Credit)	
	Total Target Rate Revenue	
	Forecasted kWh (000)	
	Updated Calculated Rate w/o SUT (\$/kWh)	
	Original Public Notice Rate w/o SUT (\$/kWh)	
	Proposed Rate w/o SUT (\$/kWh)	
	Proposed Rate w/ SUT (\$/kWh)	
	Proposed Annual SPRC Revenue w/o SUT (\$/kWh)	
	Existing Annual SPRC Revenue w/o SUT (\$/kWh)	
	Resultant Annual SPRC Revenue Increase w/o SUT (\$/kWh)	

PSEG Solar Loan Program
Electric Revenue Requirements Calculation - Detail

Schedule SS-3 (Update)
Page 2 of 2

Annual Pre-Tax WACC 11.0311%
Monthly Pre-Tax WACC 0.92627%

Actuals through October 2011

	(15)	(16)	(17)	(18)	(19)	(19a)	(18)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
	SREC Inventory	Revenue	SREC Depreciation Expenses	SREC Fuel Cost	SREC Fuel Price Cost	SREC Fuel Price Cost	Gross Plant	Plant Depreciation	Accumulated Depreciation	Net Plant Investment	Accumulated Depreciation (Income Tax)	Designated Income Tax	Accumulated Depreciation (Income Tax)	Net Plant Investment	Return on Plant Investment	OAM Expenses	Revenue Requirements	Alternative Revenue Requirements Calculation
Jan-09																		
Feb-09	48,936	15	48,790		1,364													
Mar-09	172,251	493			2,135													
Apr-09	366,914	1,864																
May-09	552,924	2,532																
Jun-09	686,472	3,200																
Jul-09	820,020	3,867																
Aug-09	953,568	4,534																
Sep-09	1,087,116	5,201																
Oct-09	1,220,664	5,868																
Nov-09	1,354,212	6,535																
Dec-09	1,487,760	7,202																
Jan-10	1,621,308	7,869																
Feb-10	1,754,856	8,536																
Mar-10	1,888,404	9,203																
Apr-10	2,021,952	9,870																
May-10	2,155,500	10,537																
Jun-10	2,289,048	11,204																
Jul-10	2,422,596	11,871																
Aug-10	2,556,144	12,538																
Sep-10	2,689,692	13,205																
Oct-10	2,823,240	13,872																
Nov-10	2,956,788	14,539																
Dec-10	3,090,336	15,206																
Jan-11	3,223,884	15,873																
Feb-11	3,357,432	16,540																
Mar-11	3,490,980	17,207																
Apr-11	3,624,528	17,874																
May-11	3,758,076	18,541																
Jun-11	3,891,624	19,208																
Jul-11	4,025,172	19,875																
Aug-11	4,158,720	20,542																
Sep-11	4,292,268	21,209																
Oct-11	4,425,816	21,876																
Nov-11	4,559,364	22,543																
Dec-11	4,692,912	23,210																
Jan-12	4,826,460	23,877																
Feb-12	4,960,008	24,544																
Mar-12	5,093,556	25,211																
Apr-12	5,227,104	25,878																
May-12	5,360,652	26,545																
Jun-12	5,494,200	27,212																
Jul-12	5,627,748	27,879																
Aug-12	5,761,296	28,546																
Sep-12	5,894,844	29,213																
Oct-12	6,028,392	29,880																
Nov-12	6,161,940	30,547																
Dec-12	6,295,488	31,214																
Annual Summary																		
2008	1,432,451	50,579	135,991															
2010	2,638,269	162,541	203,407															
2011	2,169,225	348,991	360,991															
2012	3,692,051	242,252	89,312															
Total	634,532	787,734																

* Revenue requirements for 2008 only include OAM Expenses of \$425,292.89 and are shown in the Unprior / Over Balance (Schedule SS-4 (Update)), the total revenue requirement through December 2012 is \$5,364,346 (\$425,292.89 + \$4,939,053)

ATTACHMENT B
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PSE&G Solar Loan I Program
Under/(Over) Calculation

0.000058 Proposed SLI Rate w/o SUT \$/kWh (Total Row 2 / Total Row 9 (Rnd 6))

Schedule SS-4 (Update)
Page 6 of 7

	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)
	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>
(1) Solar Loan I SPRC Revenue	\$0	\$213,246	\$196,791	\$198,401	\$180,929	\$192,881	\$217,636	\$254,651
(2) Revenue Requirements	\$67,643	\$39,890	\$57,850	\$31,684	\$37,108	\$44,579	\$39,547	\$116,066
(3) Monthly Under/(Over) Recovery	\$67,643	(\$173,356)	(\$138,941)	(\$166,718)	(\$143,820)	(\$148,301)	(\$178,290)	(\$138,585)
(4) Deferred Balance	\$4,734,860	\$4,561,504	\$4,422,563	\$4,255,946	\$4,112,025	\$3,963,724	\$3,785,434	\$3,646,849
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%
(6) After Tax Monthly Interest Expense/(Credit)	\$2,262	\$2,236	\$2,161	\$2,088	\$2,013	\$1,943	\$1,864	\$1,788
(7) Cumulative Interest	\$24,691	\$26,928	\$29,089	\$31,177	\$33,190	\$35,133	\$36,997	\$38,785
(8) Balance Added to Subsequent Year's Revenue Requirements	\$4,759,552	\$4,588,432	\$4,451,652	\$4,287,023	\$4,145,215	\$3,998,857	\$3,822,431	\$3,685,634
(9) Net Sales - kWh (000)		3,676,658	3,392,941	3,420,709	3,119,463	3,325,531	3,755,802	4,390,528

**ATTACHMENT B
PAGE 12 OF 12**

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PSEG Solar Loan I Program
Under/(Over) Calculation

0.000058 Proposed SLI Rate w/o SUT \$/kWh (Total Row 2 / Total Row 9 (Rnd 6))

Schedule SS-4 (Update)
Page 7 of 7

	(56)	(57)	(58)	(59)	(60)	(54)	
	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Total</u>	
<u>SLI Under/(Over) Calculation</u>							
(1) Solar Loan I SPRC Revenue	\$256,897	\$215,983	\$190,099	\$183,968	\$200,473	\$2,502,155	SLI Rate * Line 9
(2) Revenue Requirements	\$54,345	\$48,653	\$62,199	\$53,391	\$44,174	\$5,364,346	From SS-2 (Update), Col 20
(3) Monthly Under/(Over) Recovery	(\$202,551)	(\$167,330)	(\$127,900)	(\$130,576)	(\$156,300)		Line 2 - Line 1
(4) Deferred Balance	\$3,444,297	\$3,276,967	\$3,149,067	\$3,018,491	\$2,862,191		Prev Line 4 + Line 3
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%		Annual Interest Rate / 12
(6) After Tax Monthly Interest Expense/(Credit)	\$1,706	\$1,617	\$1,546	\$1,484	\$1,415		(Prev Line 4 + Line 4) / 2 * (1 - Tax Rate) * Line 5
(7) Cumulative Interest	\$40,491	\$42,108	\$43,654	\$45,138	\$46,552		Prev Line 7 + Line 6
(8) Balance Added to Subsequent Year's Revenue Requirements	\$3,484,788	\$3,319,075	\$3,192,721	\$3,063,628	\$2,908,743		Line 4 + Line 7
(9) Net Sales - kWh (000)	4,429,254	3,723,850	3,277,573	3,171,859	3,456,436	43,140,604	

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed change in the electric Solar Pilot Recovery Charge (SPRC) on typical residential electric bills, if approved by the Board, is illustrated below:

Residential Electric Service					
If Your Monthly Summer kWhr Use Is:	And Your Annual kWhr Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
170	1,600	\$312.12	\$312.24	\$0.12	0.04%
415	3,900	717.44	717.72	0.28	0.04
780	7,360	1,336.60	1,337.04	0.44	0.03
803	7,800	1,415.93	1,416.41	0.48	0.03
1,320	12,400	2,253.64	2,254.44	0.80	0.04

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 7, 2012 and assumes that the customer receives BGS-FP service from Public Service.

(2) Same as (1) except includes change in the Solar Pilot Recovery Charge.

Residential Electric Service					
If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (3) Would Be:	And Your Proposed Monthly Summer Bill (4) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Percent Change Would Be:
1,600	170	\$31.93	\$31.94	\$0.01	0.03%
3,900	415	74.32	74.35	0.03	0.04
7,360	780	139.87	139.92	0.05	0.04
7,800	803	144.17	144.22	0.05	0.03
12,400	1,320	240.57	240.65	0.08	0.03

(3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 7, 2012 and assumes that the customer receives BGS-FP service from Public Service.

(4) Same as (3) except includes change in the Solar Pilot Recovery Charge.