



Agenda Date: 1/23/13  
Agenda Item: 2E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY FOR ) ORDER  
APPROVAL OF DEFERRED ACCOUNTING )  
TREATMENT OF THE AMORTIZATION OF )  
ACCUMULATED DEPRECIATION ASSOCIATED )  
WITH COST OF REMOVAL ) DOCKET NO. GF11090539

**Parties of Record:**

**Martin C. Rothfelder, Esq.**, for Public Service Electric and Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD

**BACKGROUND**

In its Order dated November 9, 2006 ("2006 Order"), the Board of Public Utilities ("BPU" or "Board") approved a stipulation of settlement among Public Service Electric and Gas Company ("PSE&G" or "Company"), the Division of Rate Counsel ("Rate Counsel") and BPU Staff (collectively, "Parties") in PSE&G's base rate case filing in Docket No. GR05100845.<sup>1</sup> In that proceeding, the Parties agreed that PSE&G should provide a credit to its ratepayers for \$66.0 million of the Company's reserve covering the costs of removing ("COR") assets from service that had yet to be used by the Company for that purpose. The stipulation called for the \$66.0 million to be returned to ratepayers over a sixty-month amortization period ending November 8, 2011, at an annual rate of \$13.2 million, and that the Company would not be entitled to recover any amounts claimed to be overpaid to ratepayers in the event the rates established pursuant to the 2006 Order remained in effect beyond November 8, 2011.

The Parties agree that the Company will amortize accumulated depreciation reserve associated with COR at an annual rate of \$13.2 million. The \$13.2 million annual rate amortization [credit] will continue for a period of sixty (60) months, beginning with the implementation of the new base rates resulting from this proceeding. The Company shall not be entitled to recover any amounts

<sup>1</sup> In the Matter of the Petition of Public Company for Approval of an Increase in Gas Rates, Depreciation Rates for Gas Property and for Changes in the Tariff for Gas Service BPU Docket No. GR05100845.

claimed to be overpaid to ratepayers in the event the rates resulting from this proceeding remain in effect beyond the five-year amortization period.<sup>2</sup>

Subsequently, in its base rate case Order in Docket GR09050422 dated July 9, 2010 ("2010 Order"), the Board approved a stipulation of settlement among the parties reiterating that the Company would not change its rates at the November 8, 2011 expiration of the COR amortization without BPU approval.<sup>3</sup>

In the Company's last gas distribution base rate case, BPU Docket No. GR05100845 [2006 Order], the parties therein agreed that the Company would amortize the accumulated depreciation reserve associated with Cost of Removal (COR) at an annual rate of \$13.2 million. This \$13.2 million annual rate amortization [credit] would continue for a period of sixty (60) months, beginning with the implementation of the new base rates resulting from that prior gas distribution rate case. This sixty-month amortization will expire in October 2011. The Company agrees not to change the rates for this expiring amortization without BPU approval.<sup>4</sup>

### **Current Filing**

On September 8, 2011, PSE&G filed a petition with the Board requesting that effective November 9, 2011, it be authorized to establish a regulatory asset at the \$13.2 million annual rate to offset post-November 8, 2011 credits, and include carrying charges at the pre-tax weighted average cost of capital at 8.21% that was set in the 2010 Order. The Company also proposed that it be permitted to seek recovery of the regulatory asset in its next gas base rate case or in another appropriate rate recovery proceeding as determined by the Board.

### **Stipulation**

Subsequent to the Company responding to discovery propounded by Staff and Rate Counsel, on December 21, 2012, the Parties executed a Stipulation of Settlement fully addressing all the issues in this matter. In relevant part, the Parties agreed as follows:

1. Effective January 1, 2013, subject to Board approval, PSE&G shall be authorized to establish a regulatory asset associated with the amortized excess COR. The regulatory asset will be established in two parts: i) a one-time adjustment will be recorded to the regulatory asset relating to the period from November 9, 2011 through December 31, 2012 in the amount of \$15.107 million; and ii) commencing January 1, 2013, the Company will book a monthly accrual of \$1.1 million (\$13.2million annually) to reflect the on-going COR adjustment.
2. The Company shall not be authorized to accrue carrying charges on any portion of the regulatory asset.

---

<sup>2</sup> Stipulation of Settlement in GR05100845, signed October 27, 2006, Paragraph 3.

<sup>3</sup> In the Matter of the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, B.P.U.N.J. No. 14 Electric and B.P.U.N.J. No. 14 Gas Pursuant to N.J.S.A.48:2-21 and N.J.S.A.48:2-21.1 and for Approval of a Gas Weather Normalization Clause; a Pension Expense Tracker and for Other Appropriate Relief BPU Docket No. GR09050422.

<sup>4</sup> Stipulation of Settlement in GR09050422, signed October 26, 2010, Paragraph 9.

3. There are no COR-related changes to the Company's current rates.
4. The Company may seek to recover the COR-related regulatory asset in its next combined gas/electric base rate case or in another rate recovery proceeding as determined by the Board.

**DISCUSSION AND FINDING**

The Board has reviewed the December 21, 2012 stipulation, and the record to date in this proceeding, and based on that review **HEREBY FINDS** that the stipulation is reasonable and in the public interest as appropriately balancing the interests of the Company and its ratepayers, and **HEREBY APPROVES** the attached stipulation.

Therefore, the Board **HEREBY ORDERS** that the Company continue crediting depreciation expense related to the COR at the \$13.2 million annual rate, and **HEREBY AUTHORIZES** that the Company establish an off-setting regulatory asset at the same \$13.2 million annual rate, and additionally **HEREBY AUTHORIZES** an initial one-time \$15.107 million adjustment covering the period November 9, 2011 through December 31, 2012.

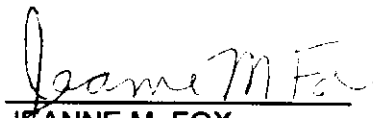
The Company may seek recovery of the regulatory asset without any carrying charges in its next gas distribution rate case or in another appropriate rate recovery proceeding.

This Order is effective as of the later of the date of service in accordance with N.J.S.A. 48:2-40 or February 1, 2013.

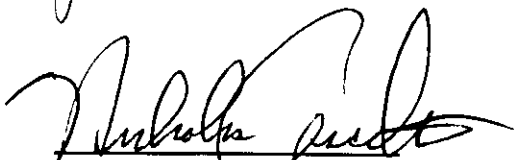
DATED: 1/23/13

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT


  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

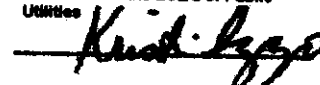
  
NICHOLAS ASSELTA  
COMMISSIONER

  
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 Deferred Accounting Treatment of the  
Amortization of Accumulated Depreciation Associated with  
Cost of Removal GF11090539  
SERVICE LIST

Sarah Steindel, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
ssteinde@rpa.state.nj.us

Alex Moreau, DAG  
Department of Law & Public Safety  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
alex.moreau@lps.state.nj.us

David Wand, DAG  
Department of Law & Public Safety  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
david.wand@lps.state.nj.us

Felicia Thomas-Friel, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
fthomas@rpa.state.nj.us

Robert Schultheis  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625  
robert.schultheis@bpu.state.nj.us

Kurt Lewandowski, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
klewando@rpa.state.nj.us

Jerome May, Director  
Energy Division  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
jerome.may@bpu.state.nj.us

Martin C. Rothfelder, Esq.  
Public Service Electric and Gas Company  
80 Park Plaza  
Newark, NJ 07102-4194  
martin.rothfelder@pseg.com

Babette Tenzer, DAG  
Department of Law & Public Safety  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
babette.tenzer@lps.state.nj.us

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
sbrand@rpa.state.nj.us

**Martin C. Rothfelder**  
Associate General Regulatory Counsel

**Law Department**  
**PSEG Services Corporation**  
80 Park Plaza – F5, Newark, New Jersey 07102-4194  
tel : 973-430-6479 fax: 973-430-5983  
email: [martin.rothfelder@pseg.com](mailto:martin.rothfelder@pseg.com)



December 21, 2012

In the Matter of the Petition of  
Public Service Electric and Gas Company  
for Approval of Deferred Accounting Treatment of the  
Amortization of Accumulated Depreciation Associated with  
Cost of Removal

BPU Docket No. GF11090539

***VIA ELECTRONIC MAIL***

Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Ms. Izzo:

Enclosed please find the original and ten copies of a fully executed Stipulation of Settlement with respect to the above-referenced docket, which fully addresses all issues in this matter.

Please feel free to contact me with any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Martin C. Rothfelder".

C Sarah Steindel (w/ enc.)  
T. David Wand (w/enc)  
Attached Service List (E-Mail Only)

**BPU**

Alice Bator, Bureau Chief  
Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9th Floor  
P.O. Box 359  
Trenton, NJ 08625-0350  
PHONE: (609) 943-5805  
FAX: ( ) - -  
alice.bator@bpu.state.nj.us

Mark Beyer, Chief Economist  
Board of Public Utilities  
44 South Clinton Avenue, 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 292-2637  
FAX: ( ) - -  
mark.beyer@bpu.state.nj.us

Jacqueline Galka, Bureau Chief  
Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 984-4657  
FAX: ( ) - -  
jackie.galka@bpu.state.nj.us

Kristi Izzo, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 292-1599  
FAX: ( ) - -  
kristi.izzo@bpu.state.nj.us

Richard Jackson, Executive Director  
Board of Public Utilities  
44 South Clinton Avenue, 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 292-1634  
FAX: ( ) - -  
Richard.jackson@bpu.state.nj.us

Jerome May, Director  
Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 292-3960  
FAX: ( ) - -  
Jerome.may@bpu.state.nj.us

Jacqueline O'Grady  
Board of Public Utilities  
44 South Clinton Avenue, 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: (609) 292-2947  
FAX: ( ) - -  
jackie.ogrady@bpu.state.nj.us

Robert Schultheis  
Board of Public Utilities  
Division of Energy  
44 South Clinton Ave., 9th Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350  
PHONE: ( ) - -  
FAX: ( ) - -  
robert.schultheis@bpu.state.nj.us

**DAG**

NJ Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street, 5th Flr.  
PO Box 45029  
Newark, NJ 07101  
PHONE: (973) 648-7159  
FAX: (973) 648-3555  
jenique.jones@dol.lps.state.nj.us

Alex Moreau, DAG  
NJ Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street, 5th Flr.  
P. O. Box 45029  
Newark, NJ 07101  
PHONE: (973) 648-3762  
FAX: (973) 648-3555  
Alex.Moreau@dol.lps.state.nj.us

Caroline Vachier, DAG, Assistant Section  
Chief, Deputy Attorney General  
NJ Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street, 5th Flr.  
P.O. Box 45029  
Newark, NJ 07101  
PHONE: (973) 648-3709  
FAX: (973) 648-3555  
caroline.vachier@dol.lps.state.nj.us

David Wand  
NJ Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street, 5th Flr.  
P.O. box 45029  
Newark, NJ 07101  
PHONE: (973) 648-3762  
FAX: (973) 648-3555  
david.wand@dol.lps.state.nj.us

**RATE COUNSEL**

Stefanie A. Brand, Director  
The Division of Rate Counsel  
31 Clinton Street, 11th Floor  
P.O. Box 46005  
Newark, NJ 07101  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
sbrand@rpa.state.nj.us

Paul Flanagan, Litigation Manager  
The Division of Rate Counsel  
31 Clinton Street - 11th Floor  
P.O. Box 46005  
Newark, NJ 07101  
PHONE: (973) 648-2690  
FAX: (973) 642-1047  
pflanagan@rpa.state.nj.us

Lisa Gurkas  
The Division of Rate Counsel  
31 Clinton Street, 11th Floor  
P.O. Box 46005  
Newark, NJ 07102  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
lgurkas@rpa.state.nj.us

Kurt Lewandowski, Esq.  
Assistant Deputy Public Advocate  
The Division of Rate Counsel  
31 Clinton Street, 11th Floor  
P.O. Box 46005  
Newark, NJ 07101  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
klewando@rpa.state.nj.us

Shelly Massey  
The Division of Rate Counsel  
31 Clinton Street, 11th Floor  
P.O. Box 46005  
Newark, NJ 07102  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
smassey@rpa.state.nj.us

Ami Morita  
The Division of Rate Counsel  
Division of Rate Counsel  
31 Clinton Street - 11th Floor  
P.O. Box 46005  
Newark, NJ 07101  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
amorita@rpa.state.nj.us

Sarah Steindel  
The Division of Rate Counsel  
31 Clinton Street, 11th Floor  
P.O. Box 46005  
Newark, NJ 07101  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
ssteinde@rpa.state.nj.us

Felicia Thomas-Friel, Managing  
Attorney - Gas  
The Division of Rate Counsel  
31 Clinton Street, 11th Floor  
P.O. Box 46005  
Newark, NJ 07101  
PHONE: (973) 648-2690  
FAX: (973) 624-1047  
fthomas@rpa.state.nj.us

**RC CONSULTANTS**

E. Christian  
Snavelly King Majoros & O'Conn  
8100 Professional Plaza, Suite 306  
Landover, MD 20785  
PHONE: ( ) - -  
FAX: ( ) - -  
echristian@snavelly-king.com

James Garren  
Snavelly King Majoros & O'Conn  
8100 Professional Place  
Suite 306  
Landover, MD 20785  
PHONE: (202) 371-9153  
FAX: (202) 842-4966  
jgarren@snavelly-king.com

Mike Majoros  
Snavelly King Majoros & O'Conn  
8100 Professional Place  
Suite 306  
Landover, MD 20785  
PHONE: (202) 371-1111  
FAX: (202) 842-4966  
mmajoros@snavelly-king.com

M. Semanic  
Snavelly King Majoros & O'Conn  
8100 Professional Plaza, Suite 30  
Landover, MD 20785  
PHONE: ( ) - -  
FAX: ( ) - -  
msemanic@snavelly-king.com

**PSE&G**

Chantale LaCasse, Vice President  
NERA  
1166 Avenue of the Americas  
New York, NY 10036  
PHONE: (212) 345-9313  
FAX: (212) 345-4650  
chantale.lacasse@nera.com

Connie E. Lembo  
PSEG Services Corporation  
80 Park Plaza, T-05  
Newark, NJ 07102  
PHONE: (973) 430-6273  
FAX: (973) 430-5983  
constance.lembo@pseg.com

Tamara L. Linde, VP-Regulatory  
PSEG Services Corporation  
80 Park Plaza, T05, T-05  
Newark, NJ 07102  
PHONE: (973) 430-8058  
FAX: (973) 430-5983  
tamara.linde@pseg.com

Martin C. Rothfelder (PS), Assoc  
General Reg Counsel  
PSEG Service Company  
80 Park Plaza, T-5  
Newark, NJ 07102  
PHONE: (973) 430-6479  
FAX: (973) 430-5983  
martin.rothfelder@pseg.com

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF  
PUBLIC SERVICE ELECTRIC AND GAS  
COMPANY FOR APPROVAL OF  
DEFERRED ACCOUNTING  
TREATMENT OF THE AMORTIZATION  
OF ACCUMULATED DEPRECIATION

ASSOCIATED WITH COST OF  
REMOVAL

BPU DOCKET NO. GF11090539

**STIPULATION OF SETTLEMENT**

**APPEARANCES:**

Martin C. Rothfelder, Esq., for the Petitioner, Public Service Electric and Gas Company

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

Alex Moreau and T. David Wand, Deputy Attorneys 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

**BACKGROUND**

1. In its Order dated November 9, 2006 (“2006 Order”), the Board of Public Utilities (“BPU” or “Board”) approved a Stipulation of Settlement between Public Service Electric and Gas Company (“PSE&G” or “the Company”), the Division of Rate Counsel (“Rate Counsel”) and BPU Staff (collectively, “the Parties”) in the matter of PSE&G’s base rate case filing in Docket No. GR05100845<sup>1</sup>. The Stipulation of Settlement approved therein provided:

The Parties agree that the Company will amortize accumulated depreciation reserve associated with COR at an annual rate of \$13.2 million. The \$13.2 million annual rate amortization [credit] will continue for a period of sixty (60) months, beginning with the implementation of the new base rates resulting from this proceeding. The Company shall not be entitled to recover any amounts claimed to be overpaid to ratepayers in the event the rates resulting from this proceeding remain in effect beyond the five-year amortization period.<sup>2</sup>

<sup>1</sup> In the Matter of the Petition of Public Company for Approval of an Increase in Gas Rates, Depreciation Rates for Gas Property and for Changes in the Tariff for Gas Service BPU Docket No. GR05100845.

<sup>2</sup> Stipulation of Settlement approved by 2006 Order, Paragraph 3.

2. The rates set in that case were changed prior to the five year period referenced in the above quoted language in a BPU base rate case Order in Docket GR09050422 dated July 9, 2010 (“2010 Order”). In the 2010 Order the Board approved a Stipulation of Settlement between the Parties providing<sup>3</sup> as follows.

In the Company’s last gas distribution base rate case, BPU Docket No. GR05100845 [2006 Order], the parties therein agreed that the Company would amortize the accumulated depreciation reserve associated with Cost of Removal (COR) at an annual rate of \$13.2 million. This \$13.2 million annual rate amortization [credit] would continue for a period of sixty (60) months, beginning with the implementation of the new base rates resulting from that prior gas distribution rate case. This sixty-month amortization will expire in October 2011. The Company agrees not to change the rates for this expiring amortization without BPU approval.<sup>4</sup>

### **CURRENT FILING**

3. In the Company’s September 8, 2011 filing, PSE&G requests that effective November 9, 2011, it be authorized to establish a regulatory asset at the \$13.2 million annual rate to offset post-November 8, 2011 credits, and include carrying charges at the pre-tax weighted average cost of capital at 8.21%, pursuant to the 2010 Order. The Company proposes to seek recovery of the regulatory asset in its next gas base rate case or in another appropriate rate recovery proceeding. Subsequent to the Company responding to discovery propounded by Staff and Rate Counsel, the undersigned Parties AGREE AND STIPULATE as set forth below.

### **STIPULATED MATTERS**

4. Effective January 1, 2013, subject to Board approval, PSE&G shall be authorized to establish a regulatory asset associated with the amortized excess COR. The regulatory asset will be established in two (2) parts. First, a one-time adjustment will be recorded to the regulatory asset relating to the period from November 9, 2011 through December 31, 2012 in the amount of

---

<sup>3</sup> In the Matter of the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, B.P.U.N.J. No. 14 Electric and B.P.U.N.J. No. 14 Gas Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and for Approval of a Gas Weather Normalization Clause; a Pension Expense Tracker and for Other Appropriate Relief BPU Docket No. GR09050422

<sup>4</sup> Stipulation of Settlement in GR09050422 approved by 2010 Order, Paragraph 9



\$15.107 million. Second, commencing January 1, 2013, PSE&G will accrue a regulatory asset in the amount of \$1.1 million monthly, or \$13.2 million annually, to reflect the on-going COR adjustment.

5. PSE&G shall not be authorized to accrue carrying charges on any portion of the regulatory asset.
6. There are no changes to the Company's current rates.
7. The Company may seek to recover the COR-related regulatory asset in its next base rate case or in another rate recovery proceeding.
8. In any proceeding in which the Company seeks recovery of the COR-related regulatory asset, other parties may oppose such recovery, on any grounds other than on the basis of retroactive ratemaking.
9. This Settlement has been made exclusively for the purposes of this proceeding and this Settlement, in total or by specific item, is in no way binding upon the Parties in any other proceeding, except to enforce the terms of the Settlement.

WHEREFORE, the Parties hereto do respectively submit this Stipulation 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  
PETITIONER

By: Martin C. Rothfelder  
MARTIN C. ROTHFELDER, ESQ.  
Associate General Regulatory Counsel

Date: 12/21/2012

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

By: Sarah H. Steindel  
SARAH H. STEINDEL, ESQ.  
Assistant Deputy Rate Counsel

Date: 12/21/2012

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

By: T. David Wand  
T. DAVID WAND, ESQ.  
Deputy Attorney General

Date: 12/20/12

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 AND GAS SOCIETAL )  
BENEFITS CHARGE RATES, FOR A )  
CHANGE IN ITS ELECTRIC NON-UTILITY )  
GENERATION CHARGE RATE, AND FOR )  
CHANGES IN THE TARIFF FOR ELECTRIC )  
SERVICE B.P.U.N.J. NO.15 ELECTRIC AND )  
CHANGES IN THE TARIFF FOR GAS )  
SERVICE B.P.U.N.J. NO.15 GAS PURSUANT )  
TO N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and )  
N.J.S.A. 48:3-60 )

PETITION

DOCKET NO. ER12030207

Public Service Electric and Gas Company (Public Service, the Company) a corporation of the State of New Jersey, which is subject to the jurisdiction of the Board of Public Utilities (Board), and which has its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the Board as follows:

1. Public Service is engaged in the retail distribution and sale of electric energy for residential, commercial and industrial purposes within the State of New Jersey. Public Service is also engaged in the purchase, transmission, distribution and sale of natural gas for residential, commercial, and industrial customers in New Jersey. For these purposes, the Company is subject to the jurisdiction of the Board pursuant to N.J.S.A. 48:2-21 et seq.

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF	)	
PUBLIC SERVICE ELECTRIC AND GAS	)	
COMPANY FOR APPROVAL OF DEFERRED	)	PETITION
ACCOUNTING TREATMENT OF THE	)	
AMORTIZATION OF ACCUMULATED	)	BPU Docket No. <u>11-00000</u>
DEPRECIATION ASSOCIATED WITH	)	
COST OF REMOVAL.	)	

Public Service Electric and Gas Company (Public Service, PSE&G, the Company, Petitioner), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities (Board or BPU) pursuant to N.J.S.A. 48:2-21, et seq., for approval of deferred accounting treatment, as further described herein, for the amortization of the accumulated depreciation reserve associated with the cost of removal (COR) for gas operations at the previously set annual rate of \$13.2 million, along with carrying costs, calculated as described herein. Petitioner requests that said deferred accounting include said accumulated depreciation occurring on and after November 9, 2011. In support and further explanation thereof Petitioner states the following:

**INTRODUCTION**

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (BGS), and distribution of gas and the provision of Basic Gas Supply Service (BGSS), for residential, commercial and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.1 million electric and 1.7 million