



Agenda Date: 4/15/15  
Agenda Item: 8K

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Trenton, New Jersey 08625-0350  
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DIVISION OF ENERGY AND  
OFFICE OF CLEAN ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC ) ORDER ADOPTING  
SERVICE ELECTRIC AND GAS COMPANY TO ) STIPULATION  
CONTINUE ITS ENERGY EFFICIENCY ECONOMIC )  
EXTENSION PROGRAM ON A REGULATED BASIS )  
("EEE EXTENSION II") ) DOCKET NO. EO14080897

**Parties of Record:**

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

BY THE BOARD<sup>1</sup>:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") is considering a Stipulation of Settlement ("Stipulation") signed by Public Service Electric and Gas Company ("PSE&G" or "Company"), the Staff of the New Jersey Board of Public Utilities ("Board Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") which resolves all issues in PSE&G's request to extend its Energy Efficiency Economic Extension Program which includes its Residential Multi-Family Housing Sub-Program ("Multi-Family"), Government/Non-Profit Direct Install Sub-Program ("Government/Non-Profit" or "Direct Install") and Hospital Efficiency Sub-Program ("Hospital"), hereinafter collectively referred to as the "EEE Extension II."

**BACKGROUND AND PROCEDURAL HISTORY**

On January 13, 2008, L. 2007, c. 340 ("the Act") was signed into law. Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1, an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the Board including a return on equity, or other incentives

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<sup>1</sup> Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

or rate mechanisms that decouple utility revenue from sales of electricity and gas. Ratemaking treatment may include placing appropriate technology and program costs investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board. N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days ("Review Period"). Board Staff must review a petition for administrative completeness with respect to the minimum filing requirements set forth in the Board's May 12, 2008 Order within 30 days of the filing date<sup>2</sup>. If the petition is determined to be complete, the Review Period commences from the date the petition was filed.

On January 21, 2009, PSE&G filed a petition with the Board seeking approval of its Energy Efficiency Economic Stimulus ("EEE") Program. By Order dated July 16, 2009, the Board approved a stipulation that authorized the Company to implement the EEE Program which included eight (8) energy efficiency sub-programs: 1) Residential Whole House Efficiency Sub-Program; 2) Residential Multi-Family Housing Sub-Program; 3) Small Business Direct Install Sub-Program; 4) Municipal/Local/State Government Direct Install Sub-Program; 5) Hospital Efficiency Sub-Program; 6) Data Center Efficiency Sub-Program; 7) Building Commissioning/O&M Sub-Program; and 8) Technology Demonstration Sub-Program. The Board also authorized PSE&G to begin cost recovery through the EEE Program component of the RGGI Recovery Charge<sup>3</sup>, with rates to be effective as of August 1, 2009.<sup>4</sup>

On January 25, 2011, PSE&G filed a petition with the Board seeking approval to extend three of the EEE sub-programs: Multifamily Housing, Government/Municipal/Non-Profit Direct Install, and Hospital Efficiency. Rate Counsel, the Company, and Board Staff executed a Stipulation of Settlement in that matter, which the Board approved on July 14, 2011 ("EEE Extension I").<sup>5</sup>

On August 8, 2014, PSE&G filed the current EEE Extension II petition with the Board seeking a second extension of the three sub-programs approved in the EEE Extension I with certain modifications. Specifically, PSE&G proposed to offer up to \$95 million in the EEE Extension II program investment, plus approximately \$1.1 million in IT system enhancement costs, and \$13.7 million in administrative expenses. In the petition, the EEE Extension II program expenditures were proposed by sub-program as follows: \$30 million for the Multi-Family Sub-Program, \$25 million for the Government/Non-Profit Sub-Program and \$40 million for the Hospital Sub-Program. The \$13.7 million in administrative expenses included Administration, Program Management, Quality Assurance/Quality Control and Evaluation, and the \$1.1 million included IT System Enhancements. Thus, the Company anticipated a total of \$109.8 million of

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<sup>2</sup> In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing In Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08030164 (May 12, 2008).

<sup>3</sup> Beginning in 2014, PSE&G renamed the RGGI Recovery Charge the Green Program Charge ("GPRC")

<sup>4</sup> In re Petition of Public Service Electric And Gas Company Offering An Energy Efficiency Economic Stimulus Program In Its Service Territory On A Regulated Basis And Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO09010058 (July 16, 2009).

<sup>5</sup> In re the Petition of Public Service Electric and Gas Company for an Extension of Three Sub-Components of its Energy Efficiency Economic Stimulus Program in its Service Territory on a Regulated Basis and Associated Cost Recovery and for Changes in the Tariff for Electric Service, B.P.U.N.J. No. 15 Electric and the Tariff for Gas Service, B.P.U.N.J. No. 15 Gas, Pursuant to N.J.S.A. 48:2-21, 48:2-21.1, And N.J.S.A. 48:3-98.1, BPU Docket No. EO11010030 (July 14, 2011).

EEE Extension II expenditures. The Company requested for purposes of the EEE Extension II that the Board grant approval of recovery of the revenue requirements associated with all EEE Extension II costs which would be made and tracked via an EEE Extension II Program Component ("EEEXIIC") of the Company's electric and gas GPRC, with a cost recovery petition filed annually. In addition, PSE&G proposed to implement a new participation fee that it would collect from program participants.

On September 5, 2014, Board Staff notified the Company that the petition was administratively complete, and therefore, the Review Period would expire on February 4, 2015.

Public Notice was provided and six public hearings on the Company's EEE Extension II filing were held on the following dates at three locations in PSE&G's service territory: two hearings on September 22, 2014, in Hackensack, New Jersey; two hearings on September 23, 2014, in New Brunswick, New Jersey; and two hearings on September 29, 2014, in Mt. Holly, New Jersey. A total of five members of the public appeared and made statements at the six public hearings. Three members of the public supported the filing, one member expressed opposition and another member expressed concern about public utility rates generally. Support for the EEE Extension II filing was expressed by the Assistant Superintendent of Schools and Business Administrator of the Bayonne Board of Education, the Regional Maintenance Manager for certain multi-family apartment buildings in or around Highland Park, and the principal of a construction management company that performs carbon reduction strategy and incentive identification work for large affordable housing projects in Public Service's service territory. Opposition to the filing was expressed by an individual indicating he represented a local low-income workers organization identified as the Mercer County Workers Benefit Council.

On September 30, 2014, the Board designated Commissioner Mary-Anna Holden as the Presiding Officer with the authority to rule on all motions that arose during the pendency of this case, and modify any schedules as necessary to secure a just and expeditious determination of the issues. The Order also authorized Commissioner Holden to grant a single extension of the Review Period if all parties so agreed.

By Order dated October 16, 2014, Commissioner Holden approved a procedural schedule in this matter. Pursuant therein, Rate Counsel filed its direct testimony on November 7, 2014, and PSE&G filed rebuttal testimony on November 21, 2014. Evidentiary hearings were conducted on December 4 and 5, 2014, where the Parties introduced their respective pre-filed testimony and exhibits. All discovery responses were moved into evidence collectively as exhibit P-6, and witnesses were cross-examined. Pursuant to the procedural schedule, the Parties were to file Initial Briefs on December 22, 2014 and Reply Briefs on January 7, 2015.

To provide additional time to complete the processing of the petition, on December 23, 2014, the Parties agreed to request an extension of the Review Period to February 23, 2015. Upon the submission of a stipulation, on December 26, 2014, Commissioner Holden issued an Order extending the briefing schedule to January 7, 2015 for Initial Briefs, and January 21, 2015 for Reply Briefs. Concurrently, the Parties initiated a new round of settlement efforts.

Based upon settlement discussions, the Board Agenda Meeting schedule, and the approved procedural schedule in this matter, the Parties agreed that an additional extension of the Review Period was appropriate. Accordingly, on January 30, 2015, the Parties entered into a stipulation to extend the Review Period ("Extension Stipulation") to March 28, 2015 to allow time for continuing settlement discussions and a thorough review of the proposed EEE Extension II. On February 11, 2015, the Board adopted the Extension Stipulation, and extended the Review

Period to March 28, 2015.<sup>6</sup> To allow the Parties to finalize settlement discussions, the Board granted another extension to April 27, 2015 by Order dated March 18, 2015.

On March 30, 2015, the Parties executed a Stipulation, which was subsequently amended and re-executed on April 8, 2015. Key provisions of the Stipulation, particularly Paragraphs 15-42 are outlined below.<sup>7</sup>

**STIPULATION**

- 15. The total cost of the EEE Extension II Program is \$107.4 million as set forth below.

The budgets for each of the sub-programs are as follows:

<b>Sub-Program Component (\$Millions)</b>	
Multi-Family Housing Sub-Program	\$35.0
Direct Install Sub-Program	\$15.0
Hospital Efficiency Sub-Program	\$45.0
<b>Program Investment</b>	<b>\$95.0</b>
Administration, Marketing, Training, Program Management, Inspections, Evaluations (including Measurement and Verification), Quality Assurance/Quality Control	\$12.0
IT System Enhancement Costs	\$0.4 <sup>8</sup>
<b>Total EEE Extension II Expenditures</b>	<b>\$107.4</b>

- 16. The Parties agree that with respect to the Administration, Marketing, Training, Program Management, Inspections, Evaluations and Quality Assurance/Quality Control line item established in the chart in Paragraph 15 above (collectively “Fixed Administrative Allowance”), the Company shall recover \$12 million fixed for ratemaking and revenue requirement purposes in accordance with the monthly schedule attached to the Stipulation as Attachment 5.
- 17. The Parties agree that PSE&G can continue the EEE Extension II Program as regulated services subject to the terms and conditions set forth below.

<sup>6</sup> In re The Petition of Public Service Electric And Gas Company To Continue Its Energy Efficiency Economic Stimulus Program on a Regulated Basis, BPU Docket No. EO14080897 (February 11, 2015).

<sup>7</sup> Although described at some length 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.

<sup>8</sup> The Company commits to utilizing the remaining portion of the IT capital authorized in the prior Carbon Abatement and EEE proceedings (approximately \$700,000) to complement the funding provided herein, resulting in total funding of \$1.1 million for capital IT System Enhancements.

18. The Parties all agree that the three sub-program offerings of the EEE Extension II should continue under the same processes, terms and conditions as currently approved by the Board in its July 14, 2011 Order in BPU Docket No. EO11010030 approving a stipulation for the EEE Extension subject to any modifications identified in the Stipulation.
19. PSE&G agrees to lower incentives for the EEE Extension II Hospital Sub-Program and the EEE Extension II Multi-Family Sub-Program. Both programs provide participants with a combination of grants and no-interest financing. Only energy efficiency measures with a maximum fifteen year payback, based upon NJCEP Protocols to Measure Resource Savings, are considered for both Sub-Programs. Individual measures are then considered such that the overall project is cost effective and the overall project payback is then calculated. The grant portion of the incentives is determined by the overall project payback. Under the previously approved EEE Extension Multi-Family and Hospital sub-programs, the amount of the grant is the amount required to "buy down," i.e., shorten, the project payback period for the total costs of the project costs by seven years, with a minimum of two years.<sup>9</sup> Under both sub-programs, the participant has the option of paying the participant's share in a lump sum charge on the utility bill, or through no-interest financing payable through monthly charges on the participant's utility bills. The no-interest financing is paid back over a five-year period (ten years for NJHMFA-financed projects) for Multi-Family projects, and over a three-year period for Hospital projects. The following changes will be made for the EEE Extension II Multi-Family and Hospital sub-programs:
  - a. For both the Multi-Family and Hospital sub-programs, the grant portion of the incentives will be an amount sufficient to buy down the participant's payback period by six years, with a minimum of three years.
  - b. For Hospital program participants electing to receive no-interest financing for the portion of project costs not covered by the grant, the payback period will be lengthened from three to five years. For the Multi-Family sub-program the participant's payback period will remain at five or ten years.
20. Additional details of the Hospital Efficiency and Multi-Family Housing Sub-Programs shall be as follows:
  - a. Customers will receive an energy audit of their building(s) at no cost. The cost of an up-front energy audit is seen as an impediment to sector participation.

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<sup>9</sup> As an example, if the total costs of the project would take ten years to recoup from energy cost savings, then the grant portion of the incentive would be the amount required to reduce the participant's share of the costs to an amount that would take only three years to recover from energy cost savings. If cost of the project has a payback period of nine years or less, then the participant's share would be the amount that results in a two-year payback period.

- b. There will not be a funding cap imposed per customer in order to encourage a whole building, deep retrofit approach.
  - c. All measures that have a simple payback of 15 years or less will be considered for retrofit or replacement opportunities subject to engineering analysis and cost effectiveness at the project level. Cost effectiveness screening will include application of the Program Administrator Cost ("PAC") Test. Eligible projects must result in a minimum cost benefit ratio of 1.0 using the PAC Test.
  - d. Consistent with the July 14, 2011 Order, the payment process shall remain as follows:
    - Stage One: Execution of Contract: Energy Audit is complete and results and estimated buy-down amount reviewed with customer. The customer then must commit to install the agreed upon Energy Conservation Measures (ECMs), select the contractor(s), and sign a contract with the contractor(s) to install the ECMs. At this point both the customer and the contractor(s) have a quantified financial commitment to the project. Thirty percent (30%) of the agreed-upon financial commitment will be paid to the participant to begin the project.
    - Stage Two: A series of payments timed to align the project's cash flow with project activities and based upon the appropriate monitoring and verification by the PSE&G program operations manager can be made. In total, the Stage Two payments to the participant will equal fifty percent (50%) of the agreed-upon financial commitment.
    - Stage Three: Balance on Final Inspection: All ECMs have been installed and commissioned (fired up and operating according to manufacturer and design specifications). If the project passes the final program inspection, the remaining project costs will be paid to the participant. Project is now complete and customer repayments begin.
  - e. Consistent with the original EEE Program as well as EEE Extension, in the event the customer fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the customer will have six months to complete the project and/or pass the final inspection. If the customer fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable.
21. The Hospital Efficiency Sub-Program will have a participant repayment term of five years with revenue requirements reflecting these payment terms. For the Multi-Family Housing Sub-Program, participants who indicate that they are financed by NJHMFA will have a participant repayment term of ten years and non-NJHMFA projects will have a five year participant repayment term with revenue requirements reflecting these payment terms.

22. As part of the Hospital Efficiency Sub-Program, the Company commits to notifying Board Staff when it receives an application from a hospital. As part of the Energy Audit, in addition to identifying all cost effective energy efficiency measures, the Company or its vendors will discuss with participants the potential benefits of pursuing a combined heat and power (CHP) project in coordination with the Board's Office of Clean Energy ("OCE"). Should the Hospital Sub-Program participant desire to pursue a CHP project and receive incentive funding from the NJCEP or the Energy Resilience Bank, to the extent EEE Extension II Hospital Efficiency Sub-Program funds are available, the Company will coordinate with the Hospital participant and OCE to evaluate offering the applicant financing for CHP project costs not covered by a State-funded incentive. If appropriate and not inconsistent with the objectives of the EEE Extension II Program, the Company may fund some or a portion of the CHP project costs not covered by a State-funded incentive up to a maximum of \$2 million per Hospital participant. The Company agrees to allocate up to \$10 million of the Hospital Efficiency Sub-Program budget for these purposes subject to funding availability. In the event the Company does provide financing for the CHP portion of a project, the participant repayment term for the CHP portion shall be ten years.
23. The Direct Install Sub-Program of the EEE Extension II Program will target government and non-profit facilities along with small businesses within PSE&G's service territory. Direct Install Sub-Program offerings to small businesses shall be limited to businesses located in Urban Enterprise Zones ("UEZs"). PSE&G's EEE Extension Government/Municipal/Non-Profit Direct Install Sub-Program requires that eligible customers have a peak kW usage of 150 kW or less. The Parties agree that for the EEE Extension II Direct Install Sub-Program, sub-program participation criteria shall be changed to peak kW usage of 200 kW or less to align the EEE Extension II Program with the NJCEP Direct Install Program. Although the Company will continue to address all applicants on its Direct Install Sub-Program waiting list, going forward it will cease marketing and offering the sub-program to schools that are eligible to participate in the New Jersey Energy Savings Improvement Program ("ESIP") and instead shall direct those institutions to the ESIP. For schools on the existing waiting list, the Company commits to discussing the potential benefits of dropping off the Direct Install Sub-Program waiting list and pursuing a project through ESIP. The business decision will be made by the schools.
24. Direct Install customer repayments shall be in an amount totaling 30% of the total project cost and the customer repayment term shall be three years with revenue requirements reflecting these payment terms. Incentives shall be limited to one project per facility per year. Customers may also choose to cover the balance of the project cost, in which case the customer will be billed for a single lump sum payment. Municipal, Local and State government entities are subject to the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. A customer claiming not-for-profit tax exempt status must meet the criteria set forth by Section 501(c)(3) or Section 501(c)(19) of the Internal Revenue Code.

25. PSE&G agrees that program data for EEE Extension II will be electronically submitted to the Board consistent with the level of data collected for NJCEP programs and mapped in a format that is acceptable to the NJCEP Information Management System (“IMS”). The program data transfers must include data at an application level, including but not limited to the individual project measures, costs and payment data. In order to meet the above requirements, and consistent with what has been agreed to with Applied Energy Group (“AEG”), monthly data transfers to IMS shall be made within 60 days of the end of the calendar month. The Company commits to providing all prior data, with the exception of any data associated with projects that have not yet been completed, from all of its prior Carbon Abatement Program and EEE Programs to AEG, mapped in a format that is acceptable to IMS, before it will commence capital investment associated with its EEE Extension II Programs.
26. Recognizing the benefits associated with the wholesale electricity markets coordinated by PJM Interconnection LLC (“PJM”) the Parties agree that, to the extent PSE&G’s energy efficiency measures under the EEE Extension II as approved by the Board continue to be eligible for inclusion in PJM’s Reliability Pricing Model (“RPM”) auctions, PSE&G should continue offering all ratepayer funded, eligible energy efficiency resources into the appropriate PJM Base Residual Auction and Incremental Auction capacity market. All auction proceeds, net of costs associated with participation in the auctions, will be credited to the appropriate EEE Extension II component.<sup>10</sup>
27. Based on the Company’s representations and the analysis performed by the Rutgers Center for Energy, Economic, and Environmental Policy (“CEEPP”), the proposed EEE Extension II sub-programs appear to be cost effective. All future cost-benefit analyses of the Company’s energy efficiency programs will include the following five cost-benefit tests: the Participant Cost Test (“PCT”), the Program Administrator Cost (“PAC”) Test, the Ratepayer Impact Measure (“RIM”) Test, the Total Resource Cost (“TRC”) Test, and the Societal Cost Test (“SCT”). The PCT, the TRC Test, and the SCT calculations will use incremental costs. The Company, Board Staff and Rate Counsel shall develop mutually agreeable methods for determining the incremental cost of individual measures. The Company will collect and maintain incremental cost data as required for this purpose.
28. The Company will report the following additional cost-benefit data in connection with the Multi-Family and Hospital Sub-Programs:

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<sup>10</sup> The Parties note that on May 23, 2014, the United States Court of Appeals for the District of Columbia Circuit held that FERC had exceeded its authority by issuing a final rule, Order No. 745, regulating demand response, and the Parties understand that Public Service will abide by any future determination should it be determined that this ruling has applicability to energy efficiency as a capacity product in the PJM wholesale market. EPSC v. FERC, 753 F.3d 216 (D.C. Cir. 2014). The Company will consult with Staff and Rate Counsel to determine how to accommodate future market changes that may result from any such determinations in a manner that maximizes the benefits that can be obtained by offering the Company’s ratepayer-funded energy efficiency resources into the appropriate markets.



- a. The Company will maintain documentation of its payback calculations for each Multi-Family and Hospital project, and report the same to Board Staff and Rate Counsel at least annually.
  - b. The Company will apply and document the results of the PAC Test for each Multi-Family and Hospital project and for each measure within each Multi-Family and Hospital project, and will report the same to Board Staff and Rate Counsel at least annually.
29. The pending Impact Evaluation of the EEE Extension sub-programs, together with all supporting data, analyses and workpapers, will be provided to Board Staff and Rate Counsel no later than May 29, 2015.
30. PSE&G will perform Impact Evaluations and Process Evaluations for each of the EEE Extension II sub-programs. The results of such evaluations, together with all supporting data, analyses and workpapers, will be provided to Board Staff and Rate Counsel in accordance with the following schedule: evaluations and supporting materials for projects completed on or before August 31, 2017 will be provided no later than August 31, 2018, and evaluations based on data for the entire EEE Extension II Program will be provided one year from completion of the last projects. The Parties agree that to the extent the Company requires an extension of time for submittal of evaluations, the Company will advise Board Staff and Rate Counsel so that a mutually acceptable date for submittal can be agreed upon.
31. All customers of record in PSE&G's electric or gas service territory that meet the individual sub-program criteria, except schools that are eligible to participate in ESIP and are not on the Direct Install Sub-Program waiting list, will be eligible for these sub-programs, including both gas and electric measures. Customers including those who are protected by the BPU's Winter Moratorium rules will be eligible to participate in these sub-programs. However, should any customer fail to repay his or her portion of the costs associated with the measures installed, all such costs will be recovered within the rate recovery mechanism set forth herein.
32. PSE&G will recover the net revenue requirements associated with this EEE Extension II Program via two new EEE Extension II Components ("EEEXIICs") of the Company's Green Program Recovery Charges ("GPRC"). The electric EEEXIIC will be applicable to all electric rate schedules on an equal dollar per kilowatt-hour basis for recovery of costs associated with the electric EEE Extension II Program. The gas EEEXIIC will be applicable to all gas rate schedules on an equal dollar per therm basis for recovery of costs associated with the gas EEE Extension II Program. The initial EEEXIICs will be based on estimated EEE Extension II Program revenue requirements from May 1, 2015 to September 30, 2016. The purpose of the 17-month initial cost recovery period is to align future cost recovery periods with the other components of the GPRC. The EEEXIICs are intended to be effective May 1, 2015 or earlier upon issuance of a Board Order. Thereafter, the electric and gas EEEXIICs will be changed on an annual basis incorporating a true-up for actual revenue

requirements as calculated in Attachment 1, Schedules SS-EEEXII-2E and SS-EEEXII-2G for electric and gas respectively and estimated electric and gas revenue requirements calculated using the same schedules for the upcoming recovery period. The annual EEEXIICs true-up filings will be made as part of the GPRC annual true up filing.

33. The Parties agree that PSE&G may amortize its investments in the EEE Extension II Program over a 7-year period, with the exception of the IT capital enhancements, which will be amortized over a 5-year period. Accordingly, the Parties stipulate that the revenue requirements, as calculated in Attachment 1, are recovered through the electric and gas EEEXIICs and will include a return on investment and a return of investment through amortization of the associated regulatory asset over 84 months. The Parties further stipulate that the return on the incremental investments undertaken in the EEE Extension II Program at issue in this proceeding shall be at a weighted average cost of capital including a 9.75% return on common equity and a 4.60% cost of debt. The portion of debt and equity in the capital structure shall be as determined from the Company's 2009 Base Rate Case (Equity: 51.2%, Debt: 48.8%). This results in a WACC of 7.24%, or a pre-tax WACC of 10.68% at current tax rates as shown in Attachment 1. The parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations. The parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Parties stipulate that after the initial revenue requirements period, the electric and gas EEEXIICs will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement as well as the rate calculation for the purpose of setting the initial EEEXIICs for the period ending September 30, 2016 and for each future annual period for the entire length of the EEE Extension II Program is set forth in Attachment 1 attached to and made a part of the Stipulation.
34. In calculating the monthly interest on net over- and under- recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's pre-tax WACC as identified in the preceding Paragraph. The interest amount charged to the EEEXIIC balances will be computed using the methodology set forth in Attachment 1 attached to and made a part of the Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Attachment 1. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred electric and gas

EEEXIIC balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing. This interest calculation in this paragraph is subject to the condition set forth in the preceding Paragraph.

35. The Parties request that the Board set the effective date of the initial electric and gas EEEXIICs as of the date of the written Board Order.
36. Capital investment associated with the Direct Install Sub-Program shall be completed within three years of the date of the written BPU Order. Capital investment associated with the Hospital and Multi-Family Sub-Programs will be limited to those customers who have signed a Master Customer Agreement ("MCA") within three years of the date of the written BPU Order. The Parties understand that projects receiving capital, particularly those involving CHP, may not be completed within the three year period and that even for those projects that are completed within the three year period, administration of the program will occur beyond the three year capital deployment period to ensure recovery of participant funds, completion of evaluations, bidding into PJM to the extent applicable and available, as well as other required administrative work. The work associated with the EEE Extension II Program will commence upon receipt of a written Board Order in this proceeding with capital investment commencing after (i) the Company has submitted written confirmation to OCE that data from prior Carbon Abatement Program and EEE Programs has been provided to AEG, mapped in a format that is acceptable to IMS; and (ii) OCE has provided the Company with written acceptance or correspondence specifying deficiencies no later than ten business days from receipt of the Company's confirmation. Should the Company not receive from OCE within ten business days written acceptance or correspondence specifying deficiencies, the Parties agree that the Company may move forward with EEE Extension II capital investment.
37. The EEEXIICs will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under recovered balance to be recovered from or returned to ratepayers over the following year. Any Board ordered cost recovery adjustments resulting from the review of the actual costs will be made to the over/under deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. The Parties stipulate that the Company will file annually, as part of the annual true-up petition for the GPRC (Annual Filing) to adjust its electric and gas EEEXIICs, with copies provided to the Parties no later than July 1, 2016 and annually thereafter for the implementation of the proposed revised EEEXIICs, on October 1. Each Annual Filing will contain a reconciliation of its projected EEEXIIC costs and recoveries and actual revenue requirements for the prior period, a forecast of revenue requirements for the estimated time period before Board approval (October 1) and the 12-month period thereafter, which shall be based upon the Company's most current authorized capital structure as defined in paragraph 33. The Annual Filing also will present actual costs incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudence. The

Annual Filing will also provide information set forth in the Minimum Filing Requirements ("MFRs") attached to the Stipulation as Attachment 2 and made a part of the Stipulation. The Annual Filing will be subject to review by the Parties with opportunity for discovery and filed comments and, if necessary, evidentiary hearings and briefing, prior to the issuance of a Board Order establishing the Company's revised EEEXIICs. The issuance of a written Board Order will be preceded by adequate Public Notice and Public Hearings if required by law.

38. The Parties agree that the proposed rates, as set forth in the tariff sheets in Attachment 3, attached to the Stipulation are just and reasonable and PSE&G is authorized to implement the proposed rates as set forth in the written Board Order approving the Stipulation, subject to the process specified in paragraphs above.
39. As a result of the proposed rates set forth in Attachment 3, a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would see an initial increase in the annual bill from \$1,343.76 to \$1,344.16 or \$0.40 or approximately 0.03% based upon Delivery Rates and Basic Generation Service Fixed Price ("BGS-FP") charges in effect March 1, 2015 assuming that the customer received BGS-FP service from PSE&G.
40. As a result of the proposed rates set forth in Attachment 3, a typical residential gas heating customer using 165 therms per winter month and 1,010 therms on an annual basis would see an initial increase in the annual bill from \$919.91 to \$920.53 or \$0.62 or approximately 0.07% based upon Delivery Rates and Basic Gas Supply Service ("BGSS-RSG") charges in effect March 1, 2015 assuming that the customer receives BGSS-RSG service from PSE&G.
41. The residential customer bill impacts comparing the current and proposed delivery charges and typical residential bill impacts are set forth in Attachment 4 for the aforementioned typical residential customers, as well as for other residential customer usage patterns.
42. Based on market response, investment spending on the program or any sub-program may be accelerated and completed sooner than the proposed period. To provide flexibility in responding to market conditions and customer demand during the term of the program, the Parties agree that any sub-program under-spending may be carried over into the next program calendar year. For the Direct Install Sub-Program, no such under-spending may be carried over beyond December 31, 2018 without the approval of the Board. For the Hospital and Multi-Family Sub-Programs, given the long term nature of these sub-programs, spending associated with energy audits completed through the end of the third program year may be carried over into future calendar years. In addition, recognizing that the energy efficiency initiatives covered under EEE Extension II will typically be of substantial scale and scope, experience with the existing EEE and EEE Extension Program has confirmed that it is obviously difficult to precisely budget each project initiative. Sometimes one sub-program will

be more successful in the near term and require additional budget in order to respond to the market need and to continue operations. Accordingly, the parties all agree that a process enabling the Company to make adjustments to sub-program budgets in response to real market conditions experienced is justified. The process shall be as follows:

- For minor changes in the cumulative amount, that is, 5% or less of the EEE Extension II overall program investment budget, PSE&G shall be authorized to make the adjustment on an immediate basis. PSE&G shall notify Board Staff and Rate Counsel of the changes within 30 days following the change.
- PSE&G shall not make changes exceeding 5% of the EEE Extension II Program budget without prior BPU review and approval. No proposed transfers shall be made until at least sixty (60) days after the Company has submitted to the Parties a written description of the proposed transfers and the rationale for the proposed transfers. If any Party objects in writing within a forty-five (45) day period after the Company has submitted this information to the Parties then no transfer that is a subject of the objection will take effect unless and until the Board has approved the transfer.
- All transfers/changes shall be included in the Annual Filing to the Board for review and approval.

## **DISCUSSION AND FINDING**

Although much has changed since the Board initially approved PSE&G's EEE Sub-Programs on July 16, 2009, the Board remains committed to the principles stated in that Order. Energy efficiency investments, if properly implemented, serve to help the State meet its environmental needs, serve the need to provide jobs in the short term, and can enhance the State's competitiveness, business climate, and economic prospects in the long term. As indicated by the public response to the Company's current program, PSE&G has been able to build on its relationships with customers to help those customers improve the energy efficiency of existing buildings and is committed to continuing that effort.

The Board **HEREBY FINDS** that these programs assist in achieving the State's energy efficiency goals by addressing underserved markets and through the achievement of incremental savings. "Through its [carbon abatement] and EEE programs, PSE&G achieved more than 106 GWh in annual electrical energy savings, 17 MW in peak demand reduction, and 1.4 million therms of natural gas reductions." RCR-EE-0047. For the EEE Extension I program, PSE&G provided preliminary results indicating that the program achieved 9 MW in peak demand savings and approximately 2.4 million therms of natural gas reductions.

It is important that programs not only be effective but that they be cost effective. Based on the Company's representations and the analysis performed by CEEEP, the proposed EEE Extension II appears to be cost effective under the TRC Test. In an effort to keep costs reasonable, the Company negotiated an administrative cost of \$12 million and an IT cost of \$400,000. It also agreed to a return on equity (ROE) of 9.75 percent. With respect to the effectiveness of the EEE Extension II programs, certain modifications from the program as

proposed were, however, necessary for the PSE&G EEE Extension II to better complement the State's Energy Efficiency Programs.

The modifications to PSE&G's Direct Install Sub-Program adopted in the Stipulation appear to encourage coordination between PSE&G's Direct Install Sub-Program and the New Jersey Clean Energy Program ("NJCEP") by limiting the small businesses that may participate in the Direct Install Program to those that are located in UEZ areas and by PSE&G agreeing to cease marketing and offering the Direct Install Sub-Program to schools that are eligible to participate in the New Jersey ESIP. Moreover, other modifications proposed to PSE&G's Direct Install Sub-Program, will also help to ensure that the parameters of the PSE&G Direct Install Sub-Program are consistent with the parameters in the NJCEP Direct Install program. Specifically, PSE&G will offer customers a grant of up to 70% of the project cost and on-bill repayment for 30% of the cost and eligible facilities shall have a maximum peak demand of 200kW. In addition, PSE&G will require the customer repayment term to be three years with revenue requirements reflecting these payment terms and incentives limited to one project per facility per year.

Concerning the Hospital Sub-Program and the Multi-Family Sub-Program, PSE&G will continue to offer a combination of grants and no-interest financing, but agreed to lower the available incentives. As part of the Hospital Sub-Program, the Company will help the hospital identify all cost-effective energy efficiency measures, and will advise the hospital of the potential benefits related to combined heat and power ("CHP"). To support hospitals that participate in the NJCEP CHP program or hospitals that receive CHP funding from the Energy Bank, PSE&G will allocate up to \$10 million in no-interest loans.

The Board **HEREBY FINDS** that these modifications and others, along with the terms under the Stipulation for the Hospital Sub-Program and the Multi-Family Sub-Program represent improvements to PSE&G's proposed EEE Extension II program by complementing the NJCEP and promoting CHP development. The programs are structured to complement the NJCEP program offerings and to mitigate potential customer confusion, while also encouraging under-served markets, such as customers in UEZs, to benefit from energy efficiency programs.

The Board **HEREBY FINDS** that it is important to continue to monitor costs, and that the Stipulation satisfies this need by requiring future program evaluations for all sub-programs, including a cost/benefit analysis applying a variety of tests such as the PCT, PAC, RIM, TRC and SCT. Equally as important is the continuation of the quarterly reporting that PSE&G has been providing for its Economic Stimulus Programs, EEE Program, EEE Extension I, Carbon Abatement Programs and Demand Response Programs, as directed in other Board Orders,<sup>11</sup> so that Staff may sufficiently monitor the capital expenditures made by the Company and the actual monthly revenue requirements as well as expenses and other details of the operations of these programs. PSE&G is **HEREBY DIRECTED** to include in these quarterly reports, the EEE Extension II consistent with the information provided under PSE&G's existing quarterly reports.

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<sup>11</sup> In re Petition of Public Service Electric and Gas Company Offering a Carbon Abatement Program in its Service Territory on a Regulated Basis and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, Docket No. EO08060426 (December 16, 2008); and In re Energy Efficiency Programs and Associated Cost Recovery Mechanism and In re Petition of Public Service Electric And Gas Company Offering an Energy Efficiency Economic Stimulus Program in Its Service Territory on a Regulated Basis And Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, Docket No. EO09010058 (July 16, 2009).

The Board **AGREES** that the Company should bid eligible peak-load-reducing energy efficiency resources into available PJM markets so that proceeds from market participation can be used to offset costs to ratepayers for the EEE Extension II Sub-programs, provided that the participation is cost beneficial. The Parties have provided for monitoring of costs and benefits through future evaluations of the EEE Extension II Sub-programs, and for the bidding of eligible energy efficiency into the PJM markets if available. Therefore, the Board is **HEREBY SATISFIED** that the Stipulation sufficiently protects the interests of ratepayers in keeping costs reasonable while seeking to accomplish the goals of the EEE Extension II.

The Board, having carefully reviewed the record in this matter, including the petition, testimony and the Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with law. Accordingly, the Board **HEREBY APPROVES** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully stated herein.

As a result of the Board's approval of this Stipulation, typical residential electric customers using 7,200 kWh annually with monthly summer usage of 750 kwh will see an increase in their annual bills from \$1,343.76 to \$1,344.16, a \$0.40 or 0.03% increase. Based on projected information, the expected maximum annual increase for the same residential electric customers would occur from October 2022 through September 2023, and be \$1.80 or 0.13% over current rates. As a result of the Board's approval of this Stipulation, typical residential gas customers using 1,010 therms annually with monthly winter usage of 165 therms will see an increase in their annual bills from \$919.91 to \$920.53, a \$0.62 or 0.07% increase. Based on projected information, the expected maximum annual increase for the same residential gas customers would occur from October 2022 through September 2023, and be \$2.20 or 0.24% over current rates.

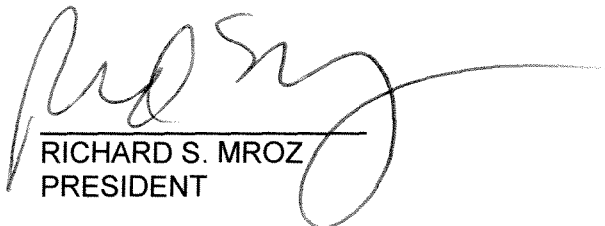
The effective date of this Order will be April 27, 2015. The Tariffs and the GPRC rates for gas and electric will be effective for service rendered on and after May 1, 2015.


The Board **HEREBY DIRECTS** PSE&G to file tariff sheets consistent with the Stipulation and this Order within five (5) business days from the effective date of this Order.

The Company's rates will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

DATED: 4/16/15

BOARD OF PUBLIC UTILITIES  
BY:


  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

ATTEST:

  
CARMEN D. DIAZ<sup>12</sup>  
SECRETARY

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<sup>12</sup> Kenneth J. Sheehan has recused himself as Secretary on this matter.



IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
TO CONTINUE ITS ENERGY EFFICIENCY ECONOMIC EXTENSION PROGRAM ON A  
REGULATED BASIS ("EEE EXTENSION II")  
Docket No. EO14080897

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April 8, 2015

In the Matter of the Petition of  
Public Service Electric and Gas Company  
To Continue Its  
Energy Efficiency Economic Stimulus Extension Program  
on a Regulated Basis  
("EEE Extension II")

BPU Docket No EO14080897

***VIA E-MAIL AND OVERNIGHT DELIVERY***

Kenneth J. Sheehan, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
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Dear Mr. Sheehan:

Please accept the attached revised Settlement executed by all parties in the above-referenced matter. It supersedes the March 30, 2015 Settlement submission to incorporate a change to Paragraph 30 of the Stipulation of Settlement requested by Board Staff.

Thank you for your consideration in this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Alexander C. Stern".

C Attached Service List (E-mail Only)

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY ) STIPULATION  
TO CONTINUE ITS ENERGY EFFICIENCY ) OF  
ECONOMIC EXTENSION PROGRAM ) SETTLEMENT  
ON A REGULATED BASIS (“EEE Extension II”) ) BPU Docket No. EO14080897

APPEARANCES:

**Alexander C. Stern, Esq.**, Associate General Regulatory Counsel for the Petitioner,  
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**Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, and **Kurt Lewandowski, Esq.**,  
**Sarah H. Steindel, Esq.**, and **James W. Glassen, Esq.**, Assistant Deputy Rate Counsels, New Jersey  
Division of Rate Counsel (**Stefanie A. Brand**, Director)

**Alex Moreau, Esq.** and **T. David Wand, Esq.**, Deputy Attorneys General on behalf of  
Staff of the New Jersey Board of Public Utilities (**John Jay Hoffman, Esq.**, Acting Attorney General of  
New Jersey)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

It is hereby AGREED, as of the 8<sup>th</sup> day of April 2015, by and between Public  
Service Electric and Gas Company (PSE&G, Public Service or the Company), the Staff of the  
Board of Public Utilities (Board Staff), and the New Jersey Division of Rate Counsel (Rate  
Counsel) (referred to as the Parties) to execute this Stipulation of Settlement (Stipulation) to  
further extend the three sub-programs of Public Service’s Energy Efficiency Economic  
Extension Program [Residential Multi-Family Housing Sub-Program (“Multi-Family”),  
Government/Non-Profit Direct Install Sub-Program (“Government/Non-Profit”) and Hospital  
Efficiency Sub-Program (“Hospital”), hereinafter collectively referred to as “EEE Extension II”].

The Parties do hereby join in recommending that the Board of Public Utilities

(Board or BPU) issue a Final Decision and Order approving this Stipulation, including the proposed sheets of PSE&G's Tariff for Electric Service and Gas Service as set forth herein.

### **BACKGROUND**

1. Pursuant to N.J.S.A. 48:3-98.1 et seq., on July 7, 2014, Public Service held the required 30-Day pre-filing meeting with Board Staff and Rate Counsel to discuss the nature of the EEE Extension II filing and describe the EEE Extension II cost recovery mechanism proposed by the Company. Public Service indicated that its anticipated filing was to further extend the three EEE Extension sub-programs -- Multi-Family, Government/Non-Profit Direct Install and Hospital, which are fully subscribed with a backlog of customer applications. The specific objective of the proposed filing was to add funding and extend the time frame for these three previously approved sub-programs in order to allow PSE&G to continue offering energy efficiency assistance to the relevant customer segments.

2. With regard to Section V of the Board's Minimum Filing Requirements ("MFRs"), the Petition included cost-benefit analyses performed by Rutgers University, Center for Energy, Economic and Environmental Policy ("CEEPP"). The CEEPP analysis was incorporated into the filing documents and offered by the Company to demonstrate the cost effectiveness of the sub-programs. See EEE Ext II Filing, Schedule JEM-EEEXII-12; RCR-EE-35.

3. On August 8, 2014, Public Service filed its Petition with the Board requesting approval of the proposed EEE Extension II and associated rate recovery mechanism pursuant to *N.J.S.A.* 48:3-98.1 et seq. Specifically, PSE&G sought Board approval to extend the Multi-Family, Government/Non-Profit Direct Install and Hospital segments of its EEE Extension Program in order to continue to offer energy efficiency projects across these specific customer

segments. Public Service proposed, through this regulated service, to continue to target energy efficiency initiatives for these customers as well as small businesses. The EEE Extension II filing requested expenditures of approximately \$109.8 million. The existing EEE Extension II sub-programs sought to be further extended have fully committed their approved funding, and there remains significant customer interest in taking advantage of the offerings. Extension of these sub-programs will allow additional customers to participate. PSE&G proposed to extend these three sub-program offerings under the same process, terms and conditions as currently approved by the Board, with proposed changes specified in the Petition and supporting documents, while seeking approval of additional expenditures as follows:

<b>Sub-Program Component (\$Millions)</b>	
Multi-Family Housing Sub-Program	\$30
Direct Install Sub-Program	\$25
Hospital Efficiency Sub-Program	\$40
<b>Program Investment</b>	<b>\$95</b>
Administration, Program Management, Quality Assurance/Quality Control and Evaluation	\$13.7
IT System Enhancement Costs	\$1.1
<b>Total EEE Extension II Expenditures</b>	<b>\$109.8</b>

4. On September 5, 2014 Board Staff notified the Company that it had reviewed the Petition for completeness in accordance with the Board's May 12, 2008 Order in



Docket No. E008030164,<sup>1</sup> determined the petition administratively complete and thereby established the Board's 180-day review period with a Board Order to be issued by February 4, 2015 unless an agreement was reached to extend the date.

5. Public Notice was provided and six public hearings on the Company's EEE Extension II Program filing were held on the following dates at three locations in Public Service's service territory: two hearings on September 22, 2014, in Hackensack, New Jersey; two hearings on September 23, 2014, in New Brunswick, New Jersey; and two hearings on September 29, 2014, in Mt. Holly, New Jersey. A total of 5 (five) members of the public appeared and made statements at the 6 (six) public hearings. Three members of the public supported the filing, one member expressed opposition and another member expressed concern about public utility rates generally.

6. Commissioner Mary-Anna Holden was designated as the presiding officer by Board Order dated September 30, 2014. See Order Designating Commissioner, September 30, 2014, BPU Docket No. EO14080897. A procedural schedule was subsequently agreed upon by the Parties and submitted to Commissioner Holden for approval. See Order Adopting Procedural Schedule, October 16, 2014, BPU Docket No. EO14080897.

7. Discovery questions in this matter were propounded by Board Staff and Rate Counsel and the Company responded thereto.

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<sup>1</sup> Decision, *I/M/O Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, And Offering Class I Renewable Energy Programs In Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:398.1*, BPU Docket No. EO08030164 (May 12, 2008) (the "May 2008 Order").

8. On October 14, 2014, October 31, 2014, and November 19, 2014 discovery/settlement conferences were conducted among Public Service, Board Staff and Rate Counsel.

9. Rate Counsel filed the pre-filed direct testimony of Andrea Crane (RC-2) and Kenji Takahashi (RC-3) on November 7, 2014 and Public Service filed rebuttal thereto from Mr. Melanson (P-4) and Mr. Swetz (P-5) on November 21, 2014. Rate Counsel witnesses Crane and Takahashi provided oral surrebuttal during the evidentiary hearings.

10. Evidentiary hearings were conducted on December 4 and 5, 2014. During the hearings, the Parties introduced their respective pre-filed testimonies and exhibits, all discovery responses were moved into evidence collectively as P-6 and witnesses were cross-examined.

11. Upon the submission of a Joint Stipulation of the Parties agreeing to extend the 180-day period for a Board decision to February 23, 2015, Commissioner Holden issued an Order extending the briefing schedule to January 7, 2015 for Initial Briefs and January 21, 2015 for Reply Briefs. See Order Modifying Procedural Schedule and Extending Timeline, December 26, 2014, BPU Docket No. EO14080897.

12. The Parties filed Initial Briefs on January 7, 2015 and Rate Counsel filed a Reply Brief on January 21, 2015. Concurrently, Board Staff initiated a new round of settlement efforts with the Company and Rate Counsel. Further settlement meetings were held on February 3, 2015 and February 12, 2015.

13. Recognizing that pursuant to the May 12, 2008 Order<sup>2</sup> establishing procedures for handling N.J.S.A. 48:3-98.1 matters, “[t]he Board encourages all interested parties to work toward a settlement for the Board’s consideration before the expiration of the 180 day period,” as well as the delay in discussions necessitated by shifting priorities resulting from planning required to be prepared for a potential blizzard forecasted to hit the northeast, including New Jersey (“Winter Storm Juno”), on January 30, 2015 the parties agreed to request a further extension of the 180-day period to March 28, 2015. At its February 11, 2015 Agenda meeting, the Board approved the extension of the 180-day period to March 28, 2015. An agreement in principle to settle the matter was subsequently reached and the parties once again agreed to request a further extension of the 180-day period to April 27, 2015 to facilitate execution of a Stipulation of Settlement. At its March 18, 2015 Agenda meeting, the Board approved the further extension of the 180-day period to April 27, 2015.

14. Following further settlement discussions, Board Staff, Rate Counsel and Public Service agreed to submit this Stipulation, the terms of which are set forth below. Specifically, the Parties hereby **STIPULATE AND AGREE** to the following:

#### **STIPULATED MATTERS**

15. The total cost of the EEE Extension II Program is \$107.4 million as set forth below. The budgets for each of the sub-programs are as follows:

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<sup>2</sup> *IN THE MATTER OF ELECTRIC PUBLIC UTILITIES AND ENERGY GAS PUBLIC UTILITIES OFFERING ENERGY EFFICIENCY AND CONSERVATION PROGRAMS, INVESTING IN CLASS I RENEWABLE ENERGY ORDER PURSUANT TO RESOURCES, AND OFFERING CLASS I RENEWABLE ENERGY PROGRAMS IN THEIR RESPECTIVE SERVICE TERRITORIES ON A REGULATED BASIS PURSUANT TO N.J.S.A. 48:3-98.1, Order Pursuant to N.J.S.A. 48:3-98.1(c), BPU DOCKET NO. EO08030164, (Order dated May 12, 2008).*

<b>Sub-Program Component (\$Millions)</b>	
Multi-Family Housing Sub-Program	\$35.0
Direct Install Sub-Program	\$15.0
Hospital Efficiency Sub-Program	\$45.0
<b>Program Investment</b>	<b>\$95.0</b>
Administration, Marketing, Training, Program Management, Inspections, Evaluations (including Measurement and Verification), Quality Assurance/Quality Control	\$12.0
IT System Enhancement Costs	\$0.4 <sup>3</sup>
<b>Total EEE Extension II Expenditures</b>	<b>\$107.4</b>

16. The Parties agree that with respect to the Administration, Marketing, Training, Program Management, Inspections, Evaluations and Quality Assurance/Quality Control line item established in the chart in Paragraph 15 above (collectively “Fixed Administrative Allowance”), the Company shall recover \$12 million fixed for ratemaking and revenue requirement purposes in accordance with the monthly schedule attached hereto as Attachment 5.

17. The Parties agree that Public Service can continue the EEE Extension II Program as regulated services subject to the terms and conditions set forth below.

18. The parties all agree that the three sub-program offerings of the EEE Extension II should continue under the same processes, terms and conditions as currently approved by the Board in its July 14, 2011 Order in BPU Docket No. EO11010030 approving a stipulation for the EEE Extension subject to any modifications identified in this Stipulation.

<sup>3</sup> The Company commits to utilizing the remaining portion of the IT capital authorized in the prior Carbon Abatement and EEE proceedings (approximately \$700,000) to complement the funding provided herein, resulting in total funding of \$1.1 million for capital IT System Enhancements.

19. Public Service agrees to lower incentives for the EEE Extension II Hospital Sub-Program and the EEE Extension II Multi-Family Sub-Program. Both programs provide participants with a combination of grants and no-interest financing. Only energy efficiency measures with a maximum fifteen year payback, based upon NJCEP Protocols to Measure Resource Savings, are considered for both Sub-Programs. Individual measures are then considered such that the overall project is cost effective and the overall project payback is then calculated. The grant portion of the incentives is determined by the overall project payback. Under the previously approved EEE Extension Multi-Family and Hospital sub-programs, the amount of the grant is the amount required to “buy down,” i.e., shorten, the project payback period for the total costs of the project costs by seven years, with a minimum of two years.<sup>4</sup> Under both sub-programs, the participant has the option of paying the participant’s share in a lump sum charge on the utility bill, or through no-interest financing payable through monthly charges on the participant’s utility bills. The no-interest financing is paid back over a five-year period (ten years for NJHMFA-financed projects) for Multi-Family projects, and over a three-year period for Hospital projects. The following changes will be made for the EEE Extension II Multi-Family and Hospital sub-programs:

- a. For both the Multi-Family and Hospital sub-programs, the grant portion of the incentives will be an amount sufficient to buy down the participant’s payback period by six years, with a minimum of three years.
- b. For Hospital program participants electing to receive no-interest financing for the portion of project costs not covered by the grant, the payback period will be

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<sup>4</sup> As an example, if the total costs of the project would take ten years to recoup from energy cost savings, then the grant portion of the incentive would be the amount required to reduce the participant’s share of the costs to an amount that would take only three years to recover from energy cost savings. If cost of the project has a payback period of nine years or less, then the participant’s share would be the amount that results in a two-year payback period.

lengthened from three to five years. For the Multi-Family sub-program the participant's payback period will remain at five or ten years.

20. Additional details of the Hospital Efficiency and Multi-Family Housing Sub-Programs shall be as follows:

- a. Customers will receive an energy audit of their building(s) at no cost. The cost of an up-front energy audit is seen as an impediment to sector participation.
- b. There will not be a funding cap imposed per customer in order to encourage a whole building, deep retrofit approach.
- c. All measures that have a simple payback of 15 years or less will be considered for retrofit or replacement opportunities subject to engineering analysis and cost effectiveness at the project level. Cost effectiveness screening will include application of the Program Administrator Cost ("PAC") Test. Eligible projects must result in a minimum cost benefit ratio of 1.0 using the PAC Test.
- d. Consistent with the July 14, 2011 Order, the payment process shall remain as follows:
  - Stage One: Execution of Contract: Energy Audit is complete and results and estimated buy-down amount reviewed with customer. The customer then must commit to install the agreed upon Energy Conservation Measures (ECMs), select the contractor(s), and sign a contract with the contractor(s) to install the ECMs. At this point both the customer and the contractor(s) have a quantified financial commitment to the project. Thirty percent (30%) of the agreed-upon financial commitment will be paid to the participant to begin the project.
  - Stage Two: A series of payments timed to align the project's cash flow with project activities and based upon the appropriate monitoring and verification by the PSE&G program operations manager can be made. In total, the Stage Two payments to the participant will equal fifty percent (50%) of the agreed-upon financial commitment.
  - Stage Three: Balance on Final Inspection: All ECMs have been installed and commissioned (fired up and operating according to manufacturer and design specifications). If the project passes the final program inspection, the remaining project costs will be paid to the participant. Project is now complete and customer repayments begin.

- e. Consistent with the original EEE Program as well as EEE Extension, in the event the customer fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the customer will have six months to complete the project and/or pass the final inspection. If the customer fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable.

21. The Hospital Efficiency Sub-Program will have a participant repayment term of five years with revenue requirements reflecting these payment terms. For the Multi-Family Housing Sub-Program, participants who indicate that they are financed by NJHMFA will have a participant repayment term of ten years and non-NJHMFA projects will have a five year participant repayment term with revenue requirements reflecting these payment terms.

22. As part of the Hospital Efficiency Sub-Program, the Company commits to notifying Board Staff when it receives an application from a hospital. As part of the Energy Audit, in addition to identifying all cost effective energy efficiency measures, the Company or its vendors will discuss with participants the potential benefits of pursuing a combined heat and power (CHP) project in coordination with the Board's Office of Clean Energy ("OCE"). Should the Hospital Sub-Program participant desire to pursue a CHP project and receive incentive funding from the NJCEP or the Energy Resilience Bank, to the extent EEE Extension II Hospital Efficiency Sub-Program funds are available, the Company will coordinate with the Hospital participant and OCE to evaluate offering the applicant financing for CHP project costs not covered by a State-funded incentive. If appropriate and not inconsistent with the objectives of the EEE Extension II Program, the Company may fund some or a portion of the CHP project costs not covered by a State-funded incentive up to a maximum of \$2 million per Hospital participant. The Company agrees to allocate up to \$10 million of the Hospital Efficiency Sub-

Program budget for these purposes subject to funding availability. In the event the Company does provide financing for the CHP portion of a project, the participant repayment term for the CHP portion shall be ten years.

23. The Direct Install Sub-Program of the EEE Extension II Program will target government and non-profit facilities along with small businesses within PSE&G's service territory. Direct Install Sub-Program offerings to small businesses shall be limited to businesses located in Urban Enterprise Zones ("UEZs"). PSE&G's EEE Extension Government/Municipal/Non-Profit Direct Install Sub-Program requires that eligible customers have a peak kW usage of 150 kW or less. The Parties agree that for the EEE Extension II Direct Install Sub-Program, sub-program participation criteria shall be changed to peak kW usage of 200 kW or less to align the EEE Extension II Program with the NJCEP Direct Install Program. Although the Company will continue to address all applicants on its Direct Install Sub-Program waiting list, going forward it will cease marketing and offering the sub-program to schools that are eligible to participate in the New Jersey Energy Savings Improvement Program ("ESIP") and instead shall direct those institutions to the ESIP. For schools on the existing waiting list, the Company commits to discussing the potential benefits of dropping off the Direct Install Sub-Program waiting list and pursuing a project through ESIP. The business decision will be made by the schools.

24. Direct Install customer repayments shall be in an amount totaling 30% of the total project cost and the customer repayment term shall be three years with revenue requirements reflecting these payment terms. Incentives shall be limited to one project per facility per year. Customers may also choose to cover the balance of the project cost, in which



case the customer will be billed for a single lump sum payment. Municipal, Local and State government entities are subject to the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. A customer claiming not-for-profit tax exempt status must meet the criteria set forth by Section 501(c)(3) or Section 501(c)(19) of the Internal Revenue Code.

25. PSE&G agrees that program data for EEE Extension II will be electronically submitted to the Board consistent with the level of data collected for NJCEP programs and mapped in a format that is acceptable to the NJCEP Information Management System (“IMS”). The program data transfers must include data at an application level, including but not limited to the individual project measures, costs and payment data. In order to meet the above requirements, and consistent with what has been agreed to with Applied Energy Group (“AEG”), monthly data transfers to IMS shall be made within 60 days of the end of the calendar month. The Company commits to providing all prior data, with the exception of any data associated with projects that have not yet been completed, from all of its prior Carbon Abatement Program and EEE Programs to AEG, mapped in a format that is acceptable to IMS, before it will commence capital investment associated with its EEE Extension II Programs.

26. Recognizing the benefits associated with the wholesale electricity markets coordinated by PJM Interconnection LLC (“PJM”) the Parties agree that, to the extent PSE&G’s energy efficiency measures under the EEE Extension II as approved by the Board continue to be eligible for inclusion in PJM’s Reliability Pricing Model (“RPM”) auctions, PSE&G should continue offering all ratepayer funded, eligible energy efficiency resources into the appropriate PJM Base Residual Auction and Incremental Auction capacity market. All auction proceeds, net

of costs associated with participation in the auctions, will be credited to the appropriate EEE Extension II component.<sup>5</sup>

27. Based on the Company's representations and the analysis performed by Rutgers CEEEP, the proposed EEE Extension II sub-programs appear to be cost effective. All future cost-benefit analyses of the Company's energy efficiency programs will include the following five cost-benefit tests: the Participant Cost Test ("PCT"), the Program Administrator Cost ("PAC") Test, the Ratepayer Impact Measure ("RIM") Test, the Total Resource Cost ("TRC") Test, and the Societal Cost Test ("SCT"). The PCT, the TRC Test, and the SCT calculations will use incremental costs. The Company, Board Staff and Rate Counsel shall develop mutually agreeable methods for determining the incremental cost of individual measures. The Company will collect and maintain incremental cost data as required for this purpose.

28. The Company will report the following additional cost-benefit data in connection with the Multi-Family and Hospital Sub-Programs:

- a. The Company will maintain documentation of its payback calculations for each Multi-Family and Hospital project, and report the same to Board Staff and Rate Counsel at least annually.
- b. The Company will apply and document the results of the PAC Test for each Multi-Family and Hospital project and for each measure within each Multi-Family and Hospital project, and will report the same to Board Staff and Rate Counsel at least annually.

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<sup>5</sup> The Parties note that on May 23, 2014, the United States Court of Appeals for the District of Columbia Circuit held that FERC had exceeded its authority by issuing a final rule, Order No. 745, regulating demand response, and the Parties understand that Public Service will abide by any future determination should it be determined that this ruling has applicability to energy efficiency as a capacity product in the PJM wholesale market. EPSA v. FERC, 753 F.3d 216 (D.C. Cir. 2014). The Company will consult with Staff and Rate Counsel to determine how to accommodate future market changes that may result from any such determinations in a manner that maximizes the benefits that can be obtained by offering the Company's ratepayer-funded energy efficiency resources into the appropriate markets.

29. The pending Impact Evaluation of the EEE Extension sub-programs, together with all supporting data, analyses and workpapers, will be provided to Board Staff and Rate Counsel no later than May 29, 2015.

30. PSE&G will perform Impact Evaluations and Process Evaluations for each of the EEE Extension II sub-programs. The results of such evaluations, together with all supporting data, analyses and workpapers, will be provided to Board Staff and Rate Counsel in accordance with the following schedule: evaluations and supporting materials for projects completed on or before August 31, 2017 will be provided no later than August 31, 2018, and evaluations based on data for the entire EEE Extension II Program will be provided one year from completion of the last projects. The Parties agree that to the extent the Company requires an extension of time for submittal of evaluations, the Company will advise Board Staff and Rate Counsel so that a mutually acceptable date for submittal can be agreed upon.

31. All customers of record in PSE&G's electric or gas service territory that meet the individual sub-program criteria, except schools that are eligible to participate in ESIP and not on the Direct Install Sub-Program waiting list, will be eligible for these sub-programs, including both gas and electric measures. Customers including those who are protected by the BPU's Winter Moratorium rules will be eligible to participate in these sub-programs. However, should any customer fail to repay his or her portion of the costs associated with the measures installed, all such costs will be recovered within the rate recovery mechanism set forth herein.

32. PSE&G will recover the net revenue requirements associated with this EEE Extension II Program via two new EEE Extension II Components (EEEXIICs) of the

Company's Green Program Recovery Charges (GPRC). The electric EEEXIIC will be applicable to all electric rate schedules on an equal dollar per kilowatt-hour basis for recovery of costs associated with the electric EEE Extension II Program. The gas EEEXIIC will be applicable to all gas rate schedules on an equal dollar per therm basis for recovery of costs associated with the gas EEE Extension II Program. The initial EEEXIICs will be based on estimated EEE Extension II Program revenue requirements from May 1, 2015 to September 30, 2016. The purpose of the 17-month initial cost recovery period is to align future cost recovery periods with the other components of the GPRC. The EEEXIICs are intended to be effective May 1, 2015 or earlier upon issuance of a Board Order. Thereafter, the electric and gas EEEXIICs will be changed on an annual basis incorporating a true-up for actual revenue requirements as calculated in Attachment 1, Schedules SS-EEEXII-2E and SS-EEEXII-2G for electric and gas respectively and estimated electric and gas revenue requirements calculated using the same schedules for the upcoming recovery period. The annual EEEXIICs true-up filings will be made as part of the GPRC annual true up filing.

33. The Parties agree that Public Service may amortize its investments in the EEE Extension II Program over a 7-year period, with the exception of the IT capital enhancements, which will be amortized over a 5-year period. Accordingly, the Parties stipulate that the revenue requirements, as calculated in Attachment 1, are recovered through the electric and gas EEEXIICs and will include a return on investment and a return of investment through amortization of the associated regulatory asset over 84 months. The Parties further stipulate that the return on the incremental investments undertaken in the EEE Extension II Program at issue in this proceeding shall be at a weighted average cost of capital including a 9.75% return on

common equity and a 4.60% cost of debt. The portion of debt and equity in the capital structure shall be as determined from the Company's 2009 Base Rate Case (Equity: 51.2%, Debt: 48.8%). This results in a WACC of 7.24%, or a pre-tax WACC of 10.68% at current tax rates as shown in Attachment 1. The parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations. The parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Parties stipulate that after the initial revenue requirements period, the electric and gas EEXIICs will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement as well as the rate calculation for the purpose of setting the initial EEXIICs for the period ending September 30, 2016 and for each future annual period for the entire length of the EEE Extension II Program is set forth in Attachment 1 attached hereto and made a part of this Stipulation.

34. In calculating the monthly interest on net over- and under- recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's pre-tax WACC as identified in the preceding Paragraph. The interest amount charged to the EEXIIC balances will be computed

using the methodology set forth in Attachment 1 attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Attachment 1. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred electric and gas EEEXIIC balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing. This interest calculation in this paragraph is subject to the condition set forth in the preceding Paragraph.

35. The Parties request that the Board set the effective date of the initial electric and gas EEEXIICs as of the date of the written BPU Order.

36. Capital investment associated with the Direct Install Sub-Program shall be completed within three years of the date of the written BPU Order. Capital investment associated with the Hospital and Multi-Family Sub-Programs will be limited to those customers who have signed a Master Customer Agreement (MCA) within three years of the date of the written BPU Order. The Parties understand that projects receiving capital, particularly those involving CHP, may not be completed within the three year period and that even for those projects that are completed within the three year period, administration of the program will occur beyond the three year capital deployment period to ensure recovery of participant funds, completion of evaluations, bidding into PJM to the extent applicable and available, as well as other required administrative work. The work associated with the EEE Extension II Program will commence upon receipt of a written Board Order in this proceeding with capital investment commencing after (i) the Company has submitted written confirmation to OCE that data from prior Carbon Abatement Program and EEE Programs has been provided to AEG, mapped in a

format that is acceptable to IMS; and (ii) OCE has provided the Company with written acceptance or correspondence specifying deficiencies no later than ten business days from receipt of the Company's confirmation. Should the Company not receive from OCE within ten business days, written acceptance or correspondence specifying deficiencies, the Parties agree that the Company may move forward with EEE Extension II capital investment.

37. The EEEXIICs will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under recovered balance to be recovered from or returned to ratepayers over the following year. Any Board ordered cost recovery adjustments resulting from the review of the actual costs will be made to the over/under deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. The Parties stipulate that the Company will file annually, as part of the annual true-up petition for the GPRC (Annual Filing) to adjust its electric and gas EEEXIICs, with copies provided to the Parties no later than July 1, 2016 and annually thereafter for the implementation of the proposed revised EEEXIICs, on October 1. Each Annual Filing will contain a reconciliation of its projected EEEXIIC costs and recoveries and actual revenue requirements for the prior period, a forecast of revenue requirements for the estimated time period before Board approval (October 1) and the 12-month period thereafter, which shall be based upon the Company's most current authorized capital structure as defined in paragraph 33. The Annual Filing also will present actual costs incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudence. The Annual Filing will also provide information set forth in the Minimum Filing Requirements (MFRs) attached hereto as Attachment 2 and made a part of this Stipulation. The Annual Filing will be subject to review by

the Parties with opportunity for discovery and filed comments and, if necessary, evidentiary hearings and briefing, prior to the issuance of a Board Order establishing the Company's revised EEEXIICs. The issuance of a written Board Order will be preceded by adequate Public Notice and Public Hearings if required by law.

38. The Parties agree that the proposed rates, as set forth in the tariff sheets in Attachment 3, attached hereto are just and reasonable and PSE&G is authorized to implement the proposed rates as set forth in the written BPU Order approving this Stipulation, subject to the process specified in paragraphs above.

39. As a result of the proposed rates set forth in Attachment 3, a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would see an initial increase in the annual bill from \$1,343.76 to \$1,344.16 or \$0.40 or approximately 0.03% based upon Delivery Rates and Basic Generation Service Fixed Price (BGS-FP) charges in effect March 1, 2015 assuming that the customer received BGS-FP service from PSE&G.

40. As a result of the proposed rates set forth in Attachment 3, a typical residential gas heating customer using 165 therms per winter month and 1,010 therms on an annual basis would see an initial increase in the annual bill from \$919.91 to \$920.53 or \$0.62 or approximately 0.07% based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect March 1, 2015 assuming that the customer receives BGSS-RSG service from PSE&G.

41. The residential customer bill impacts comparing the current and proposed delivery charges and typical residential bill impacts are set forth in Attachment 4 for the



aforementioned typical residential customers, as well as for other residential customer usage patterns.

42. Based on market response, investment spending on the program or any sub-program may be accelerated and completed sooner than the proposed period. To provide flexibility in responding to market conditions and customer demand during the term of the program, the Parties agree that any sub-program under-spending may be carried over into the next program calendar year. For the Direct Install Sub-Program, no such under-spending may be carried over beyond December 31, 2018 without the approval of the Board. For the Hospital and Multi-Family Sub-Programs, given the long term nature of these sub-programs, spending associated with energy audits completed through the end of the third program year may be carried over into future calendar years. In addition, recognizing that the energy efficiency initiatives covered under EEE Extension II will typically be of substantial scale and scope, experience with the existing EEE and EEE Extension Program has confirmed that it is obviously difficult to precisely budget each project initiative. Sometimes one sub-program will be more successful in the near term and require additional budget in order to respond to the market need and to continue operations. Accordingly, the parties all agree that a process enabling the Company to make adjustments to sub-program budgets in response to real market conditions experienced is justified. The process shall be as follows:

- For minor changes in the cumulative amount, that is, 5% or less of the EEE Extension II overall program investment budget, PSE&G shall be authorized to make the adjustment on an immediate basis. PSE&G shall notify Board Staff and Rate Counsel of the changes within 30 days following the change.
- PSE&G shall not make changes exceeding 5% of the EEE Extension II Program budget without prior BPU review and approval. No proposed transfers shall be

made until at least sixty (60) days after the Company has submitted to the Parties a written description of the proposed transfers and the rationale for the proposed transfers. If any Party objects in writing within a forty-five (45) day period after the Company has submitted this information to the Parties then no transfer that is a subject of the objection will take effect unless and until the Board has approved the transfer.

- All transfers/changes shall be included in the Annual Filing to the BPU for review and approval.

43. 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, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), 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.

44. 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.

45. 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 that the Stipulation may be used in the context of the next base rate case contemplated. 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 and, 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.

JOHN JAY HOFFMAN  
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Attorney for the Staff of the New Jersey  
Board of Public Utilities

PUBLIC SERVICE ELECTRIC AND  
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By: 

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Deputy Rate Counsel

Dated: April 8, 2015

**PSE&G EEE Extension II Program  
Weighted Average Cost of Capital (WACC)**

Attachment 1  
Schedule SS-EEEXII-1

	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>	<u>Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Cost</u>	<u>Discount Rate</u>
Other Capital	48.8000%	4.6000%	2.2448%	1.0000	2.2448%	
Sub-total	48.8000%		2.2448%		2.2448%	1.3278%
Common Equity	<u>51.2000%</u>	9.7500%	<u>4.9920%</u>	1.6906	<u>8.4396%</u>	
Total	100.0000%		7.2368%		10.6844%	<u>4.9920%</u> 6.3198%
Monthly WACC			0.60307%		0.890370%	

Reflects a tax rate of 40.850%

**PSE&G EEE Extension II Program  
Electric Revenue Requirements Calculation**

Monthly WACC effective 5/01/2015	0.890370%
Inc. tax rate effective 05/01/2015	40.850%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Program Investment	Capitalized IT Costs	Gross Plant	Program Investment Amortization	IT Cost Amortization	Accumulated Amortization	Net Plant	Tax Depreciation	Book Depreciation Tax Basis	Deferred Income Tax	Accumulated Deferred Income Tax
<b>Monthly Calculations</b>											
Jan-15	-	-	-	-	-	-	-	-	-	-	-
Feb-15	-	-	-	-	-	-	-	-	-	-	-
Mar-15	-	-	-	-	-	-	-	-	-	-	-
Apr-15	-	-	-	-	-	-	-	-	-	-	-
May-15	-	-	-	-	-	-	-	-	-	-	-
Jun-15	-	-	-	-	-	-	-	-	-	-	-
Jul-15	-	-	-	-	-	-	-	-	-	-	-
Aug-15	-	-	-	-	-	-	-	-	-	-	-
Sep-15	-	-	-	-	-	-	-	-	-	-	-
Oct-15	-	-	-	-	-	-	-	-	-	-	-
Nov-15	-	-	-	-	-	-	-	-	-	-	-
Dec-15	-	-	-	-	-	-	-	-	-	-	-
Jan-16	414,690	-	414,690	4,937	-	4,937	409,753.11	311,919	3,713	125,902	125,902
Feb-16	643,070	-	1,057,760	12,592	-	17,529	1,040,230.57	471,785	9,330	188,913	314,815
Mar-16	855,332	-	1,913,092	22,775	-	40,304	1,872,787.73	666,919	17,269	265,382	580,197
Apr-16	774,197	-	2,687,289	31,992	-	72,296	2,614,993.28	602,912	24,447	236,303	816,500
May-16	831,292	-	3,518,581	41,888	-	114,183	3,404,397.47	642,879	32,100	249,503	1,066,003
Jun-16	789,768	-	4,308,349	51,290	-	165,473	4,142,876.04	618,483	39,463	236,530	1,302,533
Jul-16	846,863	-	5,155,213	61,372	-	226,845	4,928,367.88	658,450	47,302	249,654	1,552,187
Aug-16	1,176,867	-	6,332,080	75,382	-	302,227	6,029,852.96	1,005,582	59,273	386,567	1,938,754
Sep-16	1,182,877	-	7,514,957	89,464	-	391,691	7,123,266.17	994,464	71,112	377,189	2,315,943
	Program Assumption	See WP-SS-EEEXII-1.xls	Prior Month + (Col 1 + Col 2)	1/180 of each Prior 180 Months from Col 1 (15 year amortization)	See WP-SS-EEEXII-1.xls 'AmortE' wksht	Prior Month + (Col 4 + Col 5)	Col 3 - Col 6	See WP-SS-EEEXII-1.xls 'AmortE' wksht	See WP-SS-EEEXII-1.xls 'AmortE' wksht	(Col 8 - Col 9) * Income Tax Rate	Prior Month + Col 10
<b>Annual Summary</b>											
2015	-	-	-	-	-	-	-	-	-	-	-
2016	13,092,563	-	13,092,563	784,849	-	784,849	12,307,714	11,020,015	629,469	4,244,538	4,244,538
2017	32,849,538	-	45,942,101	4,244,502	-	5,029,351	40,912,750	25,658,947	3,603,755	9,009,546	13,254,084
2018	14,443,491	-	60,385,592	7,942,315	-	12,971,666	47,413,926	1,301,331	5,493,092	(1,712,335)	11,541,749
2019	114,408	-	60,500,000	8,642,857	-	21,614,523	38,885,477	(44,161)	5,419,447	(2,231,884)	9,309,865
2020	-	-	60,500,000	8,642,857	-	30,257,381	30,242,619	-	5,419,447	(2,213,844)	7,096,021
2021	-	-	60,500,000	8,642,857	-	38,900,238	21,599,762	-	5,419,447	(2,213,844)	4,882,177
2022	-	-	60,500,000	8,642,857	-	47,543,095	12,956,905	-	5,419,447	(2,213,844)	2,668,332
2023	-	-	60,500,000	7,858,008	-	55,401,103	5,098,897	-	4,789,978	(1,956,706)	711,626
2024	-	-	60,500,000	4,398,355	-	59,799,458	700,542	-	1,815,693	(741,710)	(30,084)
2025	-	-	60,500,000	700,542	-	60,500,000	(0)	-	(73,645)	30,084	(0)
2026	-	-	60,500,000	-	-	60,500,000	(0)	-	-	-	(0)
2027	-	-	60,500,000	-	-	60,500,000	(0)	-	-	-	(0)
2028	-	-	60,500,000	-	-	60,500,000	(0)	-	-	-	(0)
2029	-	-	60,500,000	-	-	60,500,000	(0)	-	-	-	(0)
Total	60,500,000	-	-	60,500,000	-	-	-	37,936,132	37,936,132	(0)	-
May 2015 - Sept 2016	7,514,957	-	-	391,691	-	-	-	5,973,392	304,009	2,315,943	-

PSE&G EEE Extension II Program  
Electric Revenue Requirements Calculation

Attachment 1  
Schedule SS-EEEXII-2E  
Page 2 of 2

Monthly WACC effective 5/01/2015	0.890370%
Inc. tax rate effective 05/01/2015	40.850%

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
	Net Investment	Return Requirement	Program Investment Repayments	Fixed Administrative Allowance	Net Capacity Revenue	Tax Adjustment	Lost Revenues	Revenue Requirements
<b>Monthly Calculations</b>								
Jan-15	-	-	-	-	-	-	-	-
Feb-15	-	-	-	-	-	-	-	-
Mar-15	-	-	-	-	-	-	-	-
Apr-15	-	-	-	-	-	-	-	-
May-15	-	-	-	162,226	-	-	-	162,226
Jun-15	-	-	-	162,226	-	-	-	162,226
Jul-15	-	-	-	162,226	-	-	-	162,226
Aug-15	-	-	-	162,226	-	-	-	162,226
Sep-15	-	-	-	162,226	-	-	-	162,226
Oct-15	-	-	-	162,226	-	-	-	162,226
Nov-15	-	-	-	162,226	-	-	-	162,226
Dec-15	-	-	-	162,226	-	-	-	162,226
Jan-16	283,851	1,264	-	162,226	-	845	-	169,271
Feb-16	725,416	4,493	-	162,226	-	2,253	-	181,565
Mar-16	1,292,591	8,984	(2,855)	162,226	-	1,831	-	192,961
Apr-16	1,798,494	13,761	(7,613)	162,226	-	(47)	-	200,319
May-16	2,338,395	18,417	(12,846)	162,226	-	(2,112)	-	207,572
Jun-16	2,840,344	23,055	(17,604)	162,226	(1,114)	(3,990)	-	213,862
Jul-16	3,376,181	27,675	(22,838)	162,226	(1,114)	(6,055)	-	221,265
Aug-16	4,091,099	33,243	(27,596)	162,226	(1,114)	(7,933)	-	234,208
Sep-16	4,807,323	39,614	(32,830)	162,226	(1,114)	(9,999)	-	247,362
	Col 7 - Col 11	(Prior Col 12 + Col 12) / 2 * Monthly Pre Tax WACC	Program Investment Repayments	See Attachment 5 - Fixed Administrative Allowance	Net Capacity Revenue	See WP-SS-EEEXII-1.xls 'AmortE' wksht	N/A	
<b>Annual Summary</b>								
2015	-	-	-	1,297,808	-	-	-	1,297,808
2016	8,063,176	339,123	(252,170)	1,946,711	(7,799)	(66,845)	-	2,743,871
2017	27,658,666	1,798,231	(1,127,003)	1,946,711	(31,228)	(335,817)	-	6,495,397
2018	35,872,177	3,560,016	(4,587,033)	1,666,827	(125,341)	(1,476,408)	-	6,980,376
2019	29,575,611	3,502,851	(6,119,729)	667,259	(229,939)	(2,000,248)	-	4,463,050
2020	23,146,598	2,816,536	(5,372,847)	85,651	(259,898)	(1,484,438)	-	4,427,862
2021	16,717,586	2,129,632	(2,677,292)	5,484	(243,045)	377,159	-	8,234,796
2022	10,288,573	1,442,728	(1,234,872)	3,416	(144,524)	1,373,318	-	10,082,923
2023	4,387,271	773,137	(555,339)	3,518	(33,987)	1,735,307	-	9,780,644
2024	730,626	244,595	(151,725)	3,624	-	1,678,847	-	6,173,697
2025	0	21,952	(149,610)	3,733	-	431,343	-	1,007,959
2026	0	0	(149,610)	3,845	-	(103,323)	-	(249,089)
2027	0	0	(135,658)	3,960	-	(93,688)	-	(225,385)
2028	0	0	(50,716)	4,079	-	(35,025)	-	(81,663)
2029	0	0	(264)	1,373	-	(183)	-	926
Total		16,628,802	(22,563,868)	7,644,000	(1,075,760)	0	-	61,133,173
May 2015 - Sept 2016		170,506	(124,182)	2,757,841	(4,456)	(25,208)	-	3,166,192

**PSE&G EEE Extension II Program  
Gas Revenue Requirements Calculation**

Monthly WACC effective 5/01/2015	0.890370%
Inc. tax rate effective 05/01/2015	40.850%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<u>Program Investment</u>	<u>Capitalized IT Costs</u>	<u>Gross Plant</u>	<u>Program Investment Amortization</u>	<u>IT Cost Amortization</u>	<u>Accumulated Amortization</u>	<u>Net Plant</u>	<u>Tax Depreciation</u>	<u>Book Depreciation Tax Basis</u>	<u>Deferred Income Tax</u>	<u>Accumulated Deferred Income Tax</u>
<b>Monthly Calculations</b>											
Jan-15	-	-	-	-	-	-	-	-	-	-	-
Feb-15	-	-	-	-	-	-	-	-	-	-	-
Mar-15	-	-	-	-	-	-	-	-	-	-	-
Apr-15	-	-	-	-	-	-	-	-	-	-	-
May-15	-	-	-	-	-	-	-	-	-	-	-
Jun-15	-	-	-	-	-	-	-	-	-	-	-
Jul-15	-	-	-	-	-	-	-	-	-	-	-
Aug-15	-	-	-	-	-	-	-	-	-	-	-
Sep-15	-	-	-	-	-	-	-	-	-	-	-
Oct-15	-	-	-	-	-	-	-	-	-	-	-
Nov-15	-	-	-	-	-	-	-	-	-	-	-
Dec-15	-	-	-	-	-	-	-	-	-	-	-
Jan-16	77,037	-	77,037	917	-	917	76,120	71,628	853	28,912	28,912
Feb-16	89,057	-	166,095	1,977	-	2,894	163,200	80,042	1,806	31,960	60,871
Mar-16	199,149	-	365,244	4,348	-	7,243	358,001	154,239	3,642	61,519	122,390
Apr-16	176,475	-	541,719	6,449	-	13,692	528,028	132,466	5,219	51,981	174,371
May-16	179,480	400,000	1,121,200	8,586	3,333	25,611	1,095,589	144,570	10,154	54,909	229,280
Jun-16	199,149	-	1,320,349	10,957	6,667	43,234	1,277,115	182,637	15,543	68,258	297,538
Jul-16	202,154	-	1,522,504	13,363	6,667	63,264	1,459,240	184,741	17,623	68,268	365,805
Aug-16	505,933	-	2,028,436	19,386	6,667	89,316	1,939,120	471,923	23,122	183,335	549,141
Sep-16	467,141	-	2,495,577	24,947	6,667	120,930	2,374,647	432,230	28,149	165,067	714,208
	<u>Program Assumption</u>	<u>See WP-SS-EEEXII-1.xls 'ITCap-G' wksht (Col 12)</u>	<u>Prior Month + (Col 1 + Col 2)</u>	<u>1/80 of each Prior 180 Months from Col 1 (15 year amortization)</u>	<u>See WP-SS-EEEXII-1.xls 'AmortG' wksht</u>	<u>Prior Month + (Col 4 + Col 5)</u>	<u>Col 3 - Col 6</u>	<u>See WP-SS-EEEXII-1.xls 'AmortG' wksht (Row 1573)</u>	<u>See WP-SS-EEEXII-1.xls 'AmortG' wksht (Row 1569)</u>	<u>Deferred Income Tax</u>	<u>Prior Month + Col 10</u>
<b>Annual Summary</b>											
2015	-	-	-	-	-	-	-	-	-	-	-
2016	4,933,426	400,000	5,333,426	228,148	50,000	278,148	5,055,278	4,041,501	239,150	1,553,260	1,553,260
2017	18,952,461	-	24,285,886	2,050,258	80,000	2,408,406	21,877,480	12,657,054	1,596,931	4,518,060	6,071,321
2018	10,520,507	-	34,806,394	4,416,155	80,000	6,904,561	27,901,833	4,571,387	2,919,158	674,936	6,746,256
2019	93,606	-	34,900,000	4,928,571	80,000	11,913,132	22,986,868	9,868	3,072,716	(1,251,173)	5,495,083
2020	-	-	34,900,000	4,928,571	80,000	16,921,703	17,978,297	46,000	3,072,716	(1,236,413)	4,258,670
2021	-	-	34,900,000	4,928,571	30,000	21,880,275	13,019,725	23,200	3,022,716	(1,225,302)	3,033,367
2022	-	-	34,900,000	4,928,571	-	26,808,846	8,091,154	-	2,992,716	(1,222,524)	1,810,843
2023	-	-	34,900,000	4,700,424	-	31,509,270	3,390,730	-	2,803,566	(1,145,257)	665,586
2024	-	-	34,900,000	2,878,313	-	34,387,583	512,417	-	1,475,785	(602,858)	62,728
2025	-	-	34,900,000	512,417	-	34,900,000	-	-	153,558	(62,728)	0
2026	-	-	34,900,000	-	-	34,900,000	-	-	-	-	0
2027	-	-	34,900,000	-	-	34,900,000	-	-	-	-	0
2028	-	-	34,900,000	-	-	34,900,000	-	-	-	-	0
2029	-	-	34,900,000	-	-	34,900,000	-	-	-	-	0
<b>Total</b>	<b>34,500,000</b>	<b>400,000</b>		<b>34,500,000</b>	<b>400,000</b>			<b>21,349,010</b>	<b>21,349,010</b>	<b>0</b>	
<b>May 2015 - Sept 2016</b>	<b>2,095,577</b>	<b>400,000</b>		<b>90,930</b>	<b>30,000</b>			<b>1,854,476</b>	<b>106,109</b>	<b>714,208</b>	

PSE&G EEE Extension II Program  
Gas Revenue Requirements Calculation

Attachment 1  
Schedule SS-EEEXII-2G  
Page 2 of 2

Monthly WACC effective 5/01/2015	0.890370%
Inc. tax rate effective 05/01/2015	40.850%

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
	Net Investment	Return Requirement	Program Investment Repayments	Fixed Administrative Allowance	Net Capacity Revenue	Tax Adjustment	Lost Revenues	Revenue Requirements
<b>Monthly Calculations</b>								
Jan-15	-	-	-	-	-	-	-	-
Feb-15	-	-	-	-	-	-	-	-
Mar-15	-	-	-	-	-	-	-	-
Apr-15	-	-	-	-	-	-	-	-
May-15	-	-	-	92,446	-	-	-	92,446
Jun-15	-	-	-	92,446	-	-	-	92,446
Jul-15	-	-	-	92,446	-	-	-	92,446
Aug-15	-	-	-	92,446	-	-	-	92,446
Sep-15	-	-	-	92,446	-	-	-	92,446
Oct-15	-	-	-	92,446	-	-	-	92,446
Nov-15	-	-	-	92,446	-	-	-	92,446
Dec-15	-	-	-	92,446	-	-	-	92,446
Jan-16	47,208	210	-	92,446	-	44	-	93,618
Feb-16	102,329	666	-	92,446	-	119	-	95,207
Mar-16	235,611	1,504	(150)	92,446	-	384	-	98,532
Apr-16	353,657	2,623	(401)	92,446	-	573	-	101,691
May-16	866,310	5,431	(676)	92,446	-	752	-	109,872
Jun-16	979,578	8,218	(927)	92,446	-	797	-	118,157
Jul-16	1,093,435	9,229	(1,202)	92,446	-	832	-	121,335
Aug-16	1,389,979	11,056	(1,452)	92,446	-	1,021	-	129,123
Sep-16	1,660,439	13,580	(1,728)	92,446	-	1,200	-	137,112
	Col 7 - Col 11	(Prior Col 12 + Col 12) / 2 * Monthly Pre Tax WACC	Program Investment Repayments	See Attachment 5 Fixed Administrative Cost Allowance	N/A	See WP-SS-EEEXII-1.xls 'AmortG' wksht (Row 1589)	N/A	Col 4 + Col 5 + Col 13 + Col 14 + Col 15 + Col 16 + Col 17 + Col 18
<b>Annual Summary</b>								
2015	-	-	-	739,567	-	-	-	739,567
2016	3,502,017	118,587	(13,272)	1,109,351	-	17,767	-	1,510,580
2017	15,806,160	964,850	(174,545)	1,109,351	-	247,781	-	4,277,695
2018	21,155,577	2,085,562	(2,320,685)	949,856	-	(513,604)	-	4,697,283
2019	17,491,785	2,069,934	(3,563,314)	380,243	-	(1,123,951)	-	2,771,484
2020	13,719,627	1,667,382	(3,506,728)	48,809	-	(1,084,871)	-	2,133,164
2021	9,986,358	1,265,838	(1,986,068)	3,125	-	(34,677)	-	4,206,789
2022	6,280,311	869,001	(1,010,350)	1,947	-	639,170	-	5,428,339
2023	2,725,144	477,085	(454,368)	2,005	-	996,208	-	5,721,353
2024	449,689	151,342	(124,138)	2,065	-	882,878	-	3,790,460
2025	(0)	13,572	(122,408)	2,127	-	163,297	-	569,004
2026	(0)	(0)	(122,408)	2,191	-	(84,537)	-	(204,755)
2027	(0)	(0)	(110,993)	2,257	-	(76,653)	-	(185,389)
2028	(0)	(0)	(41,495)	2,324	-	(28,657)	-	(67,828)
2029	(0)	(0)	(216)	782	-	(149)	-	417
Total		9,683,153	(13,550,990)	4,356,000	-	(0)	-	35,388,163
May 2015 - Sept 2016		52,517	(6,536)	1,571,580	-	5,722	-	1,744,214



# PSE&G EEE Extension II Program Proposed Rate Calculations

(\$'s Unless Specified)

Attachment 1

Schedule SS-EEEXII-3

SUT Rate 7%

<u>Line</u>		<u>Electric</u>	<u>Gas</u>	<u>Source/Description</u>
1	May-15 to Sep-16 Revenue Requirements	3,166,192	1,744,214	SS-EEEXII-2E/G, Col 19
2	May-15 to Sep-16 Forecasted kWh / Therms (000)	60,713,559	3,282,026	
3	Proposed Rate w/o SUT (\$/kWh or \$/Therm)	0.000052	0.000531	(Line 1 / (Line 2*1,000)) [Rnd 6]
4	Proposed Rate w/ SUT (\$/kWh or \$/Therm)	0.000056	0.000568	(Line 3 * (1 + SUT Rate)) [Rnd 6]
5	Existing Rate w/o SUT (\$/kWh or \$/Therm)	-	-	
6	Difference in Proposed and Existing Rate	0.000052	0.000531	
7	Resultant EEEXII Revenue Increase	3,157,105	1,742,756	(Line 2 * Line 6 * 1000)

**PSE&G EEE Extension II Program**  
**Electric GPRC Recovery Charge (GPRC) - Rate Impact Analysis**

Attachment 1

Schedule SS-EEEXII-4E

7% SUT Rate  
 18,908,513 kWh Sales (000) - May 15 - Sep 15  
 41,805,047 kWh Sales (000) - Oct 2015 - Sept 2016

7,200 Avg RS kWh / yr.  
 790 Avg RS kWh / Summer Month  
 525 Avg RS kWh / Winter Month

0.002852 Current electric GPRC (\$/kWh)

(1)	(2)	(3)	(4)-(10) Class Average Rate w/SUT - \$/kWh <sup>1</sup>							(11)-(13) Typical RS GPRC (\$)			(14)	(15)	(16)	
Electric EEEEXII Revenue Requirements <sup>2</sup>	Electric EEEEXIIC w/o SUT (\$/kWh)	Electric EEEEXIIC w/ SUT (\$/kWh)	RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S	Summer Monthly Bill	Winter Monthly Bill	Annual Bill	Change in RS Typical Annual Bill (\$'s)	RS Typical Annual Bill (\$'s)	% Change in RS Typical Annual Bill	
Current			0.186462	0.153474	0.171787	0.173292	0.144849	0.124760	0.114166	2.14	1.50	20.56		1,343.76		
May 15 - Sep 15	811,130	0.000052	0.000056	0.186518	0.153530	0.171843	0.173348	0.144905	0.124816	0.114222	2.18	1.53	20.96	\$0.40	1,344.16	0.03%
Oct 15 - Sep 16	2,355,063	0.000052	0.000056	0.186518	0.153530	0.171843	0.173348	0.144905	0.124816	0.114222	2.18	1.53	20.96	\$0.40	1,344.16	0.03%
Oct 16 - Sep 17	5,266,225	0.000126	0.000135	0.186597	0.153609	0.171922	0.173427	0.144984	0.124895	0.114301	2.24	1.57	21.52	\$0.96	1,344.72	0.07%
Oct 17 - Sep 18	7,648,539	0.000183	0.000196	0.186658	0.153670	0.171983	0.173488	0.145045	0.124956	0.114362	2.29	1.60	21.96	\$1.40	1,345.16	0.10%
Oct 18 - Sep 19	4,854,994	0.000116	0.000124	0.186586	0.153598	0.171911	0.173416	0.144973	0.124884	0.114290	2.23	1.56	21.40	\$0.84	1,344.60	0.06%
Oct 19 - Sep 20	4,291,631	0.000103	0.000110	0.186572	0.153584	0.171897	0.173402	0.144959	0.124870	0.114276	2.22	1.56	21.36	\$0.80	1,344.56	0.06%
Oct 20 - Sep 21	6,949,382	0.000166	0.000178	0.186640	0.153652	0.171965	0.173470	0.145027	0.124938	0.114344	2.27	1.59	21.80	\$1.24	1,345.00	0.09%
Oct 21 - Sep 22	9,989,023	0.000239	0.000256	0.186718	0.153730	0.172043	0.173548	0.145105	0.125016	0.114422	2.33	1.63	22.36	\$1.80	1,345.56	0.13%
Oct 22 - Sep 23	10,045,086	0.000240	0.000257	0.186719	0.153731	0.172044	0.173549	0.145106	0.125017	0.114423	2.33	1.63	22.36	\$1.80	1,345.56	0.13%
Oct 23 - Sep 24	7,498,204	0.000179	0.000192	0.186654	0.153666	0.171979	0.173484	0.145041	0.124952	0.114358	2.28	1.60	21.92	\$1.36	1,345.12	0.10%
Oct 24 - Sep 25	2,006,198	0.000048	0.000051	0.186513	0.153525	0.171838	0.173343	0.144900	0.124811	0.114217	2.18	1.52	20.88	\$0.32	1,344.08	0.02%
Oct 25 - Sep 26	(213,917)	(0.000005)	(0.000005)	0.186457	0.153469	0.171782	0.173287	0.144844	0.124755	0.114161	2.14	1.49	20.48	-\$0.08	1,343.68	-0.01%
Oct 26 - Sep 27	(242,313)	(0.000006)	(0.000006)	0.186456	0.153468	0.171781	0.173286	0.144843	0.124754	0.114160	2.13	1.49	20.44	-\$0.12	1,343.64	-0.01%
Oct 27 - Sep 28	(121,247)	(0.000003)	(0.000003)	0.186459	0.153471	0.171784	0.173289	0.144846	0.124757	0.114163	2.14	1.50	20.56	\$0.00	1,343.76	0.00%
Oct 28 - Sep 29	(4,824)	-	-	0.186462	0.153474	0.171787	0.173292	0.144849	0.124760	0.114166	2.14	1.50	20.56	\$0.00	1,343.76	0.00%
Oct 29 - Sep 30	0	-	-	0.186462	0.153474	0.171787	0.173292	0.144849	0.124760	0.114166	2.14	1.50	20.56	\$0.00	1,343.76	0.00%
Oct 30 - Sep 31	0	-	-	0.186462	0.153474	0.171787	0.173292	0.144849	0.124760	0.114166	2.14	1.50	20.56	\$0.00	1,343.76	0.00%
Oct 31 - Sep 32	0	-	-	0.186462	0.153474	0.171787	0.173292	0.144849	0.124760	0.114166	2.14	1.50	20.56	\$0.00	1,343.76	0.00%
Oct 32 - Sep 33	0	-	-	0.186462	0.153474	0.171787	0.173292	0.144849	0.124760	0.114166	2.14	1.50	20.56	\$0.00	1,343.76	0.00%
Total	61,133,173															

From Schedule SS-EEEXII-3E Col 19

Col 1 / kWh Sales (Rnd to 6 dec.) [See Note2 for 2010-11]

Col 2 \* (1 + SUT Rate) Rnd 6

Current Class Avg Rate + Col 3 for Each Rate Class (Col 4 thru Col 11)

(Cur. eGPRC + Col 3) \* Avg RS kWh Sum Mo Rnd 2

(Cur. eGPRC + Col 3) \* Avg RS kWh Win Mo Rnd 2

(4 \* Col 11) + (8 \* Col 11)

Col 13 - Current Col 13

Current Col 15 + Col 14

Col 14 / Current Col 15

	% Change from Current Class Average Rate w/SUT						
	RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S
May 15 - Sep 15	0.03%	0.04%	0.03%	0.03%	0.04%	0.04%	0.05%
Oct 15 - Sep 16	0.03%	0.04%	0.03%	0.03%	0.04%	0.04%	0.05%
Oct 16 - Sep 17	0.07%	0.09%	0.08%	0.08%	0.09%	0.11%	0.12%
Oct 17 - Sep 18	0.11%	0.13%	0.11%	0.11%	0.14%	0.16%	0.17%
Oct 18 - Sep 19	0.07%	0.08%	0.07%	0.07%	0.09%	0.10%	0.11%
Oct 19 - Sep 20	0.06%	0.07%	0.06%	0.06%	0.08%	0.09%	0.10%
Oct 20 - Sep 21	0.10%	0.12%	0.10%	0.10%	0.12%	0.14%	0.16%
Oct 21 - Sep 22	0.14%	0.17%	0.15%	0.15%	0.18%	0.21%	0.22%
Oct 22 - Sep 23	0.14%	0.17%	0.15%	0.15%	0.18%	0.21%	0.23%
Oct 23 - Sep 24	0.10%	0.13%	0.11%	0.11%	0.13%	0.15%	0.17%
Oct 24 - Sep 25	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%
Oct 25 - Sep 26	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oct 26 - Sep 27	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%
Oct 27 - Sep 28	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oct 28 - Sep 29	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oct 29 - Sep 30	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oct 30 - Sep 31	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<sup>1</sup>All customers assumed to have BGS Supply

<sup>2</sup>Initial Rate period is May 2015 through September 2016 for the EEE Extension II Program.

PSE&G EEE Extension II Program

Gas GPRC Recovery Charge (GPRC) - Rate Impact Analysis

7% SUT Rate  
 485,580 Therm Sales (000) May 15 - Sep 15  
 2,796,446 Therm Sales (000) Oct 2015 - Sept 2016

1,010 Typical RSG Therms / yr.  
 0.007168 Current gas GPRC (\$/therm)  
 165 91 28 Monthly Therms  
 4 2 6 # of Months/year

(1) Current	(2) Gas EEEIXIC Revenue Requirements <sup>2</sup> (\$/therm)	(3) Gas EEEIXIC w/o SUT w/ SUT (\$/therm)	(4)-(9) Class Average Rate w/SUT - \$/therm <sup>1</sup>						(10)-(13) Typical RSG GPRC (\$)				(14)-(16) Change in RSG Typical Annual Bill (\$'s)				
			RSG	GSG	LVG	TSG-F	TSG-NF	CIG	Dec-Mar Monthly Bill	Nov & Apr Monthly Bill	May-Oct Monthly Bill	Annual Bill	RSG Typical Annual Bill (\$'s)	RSG Typical Annual Bill (\$'s)	% Change in RSG Typical Annual Bill		
																Gas EEEIXIC Revenue Requirements <sup>2</sup>	Gas EEEIXIC w/o SUT w/ SUT (\$/therm)
May 15 - Sep 15	462,229	0.000531	0.000568	1.019044	1.117065	0.953496	0.845120	0.736351	0.572314	1.28	0.70	0.22	7.84	\$0.62	920.53	0.07%	
Oct 15 - Sep 16	1,281,984	0.000531	0.000568	1.019044	1.117065	0.953496	0.845120	0.736351	0.572314	1.28	0.70	0.22	7.84	\$0.62	920.53	0.07%	
Oct 16 - Sep 17	3,357,584	0.001201	0.001285	1.019761	1.117782	0.954213	0.845837	0.737068	0.572984	1.39	0.77	0.24	8.54	\$1.32	921.23	0.14%	
Oct 17 - Sep 18	5,179,848	0.001852	0.001982	1.020458	1.118479	0.954910	0.846534	0.737765	0.573635	1.51	0.83	0.26	9.26	\$2.04	921.95	0.22%	
Oct 18 - Sep 19	3,116,033	0.001114	0.001192	1.019668	1.117689	0.954120	0.845744	0.736975	0.572897	1.38	0.76	0.23	8.42	\$1.20	921.11	0.13%	
Oct 19 - Sep 20	2,214,943	0.000792	0.000847	1.019323	1.117344	0.953775	0.845399	0.736630	0.572575	1.32	0.73	0.22	8.06	\$0.84	920.75	0.09%	
Oct 20 - Sep 21	3,405,319	0.001218	0.001303	1.019779	1.117800	0.954231	0.845855	0.737086	0.573001	1.40	0.77	0.24	8.58	\$1.36	921.27	0.15%	
Oct 21 - Sep 22	5,354,980	0.001915	0.002049	1.020525	1.118546	0.954977	0.846601	0.737832	0.573698	1.52	0.84	0.26	9.32	\$2.10	922.01	0.23%	
Oct 22 - Sep 23	5,712,691	0.002043	0.002186	1.020662	1.118683	0.955114	0.846738	0.737969	0.573826	1.54	0.85	0.26	9.42	\$2.20	922.11	0.24%	
Oct 23 - Sep 24	4,604,390	0.001647	0.001762	1.020238	1.118259	0.954690	0.846314	0.737545	0.573430	1.47	0.81	0.25	9.00	\$1.78	921.69	0.19%	
Oct 24 - Sep 25	1,182,621	0.000423	0.000453	1.018929	1.116950	0.953381	0.845005	0.736236	0.572206	1.26	0.69	0.21	7.68	\$0.46	920.37	0.05%	
Oct 25 - Sep 26	(180,475)	(0.000065)	(0.000070)	1.018406	1.116427	0.952858	0.844482	0.735713	0.571718	1.17	0.65	0.20	7.18	-\$0.04	919.87	0.00%	
Oct 26 - Sep 27	(199,233)	(0.000071)	(0.000076)	1.018400	1.116421	0.952852	0.844476	0.735707	0.571712	1.17	0.65	0.20	7.18	-\$0.04	919.87	0.00%	
Oct 27 - Sep 28	(100,208)	(0.000036)	(0.000039)	1.018437	1.116458	0.952889	0.844513	0.735744	0.571747	1.18	0.65	0.20	7.22	\$0.00	919.91	0.00%	
Oct 28 - Sep 29	(4,543)	(0.000002)	(0.000002)	1.018474	1.116495	0.952926	0.844550	0.735781	0.571781	1.18	0.65	0.20	7.22	\$0.00	919.91	0.00%	
Oct 29 - Sep 30	(0)	-	-	1.018476	1.116497	0.952928	0.844552	0.735783	0.571783	1.18	0.65	0.20	7.22	\$0.00	919.91	0.00%	
Oct 30 - Sep 31	(0)	-	-	1.018476	1.116497	0.952928	0.844552	0.735783	0.571783	1.18	0.65	0.20	7.22	\$0.00	919.91	0.00%	
Oct 31 - Sep 32	(0)	-	-	1.018476	1.116497	0.952928	0.844552	0.735783	0.571783	1.18	0.65	0.20	7.22	\$0.00	919.91	0.00%	
Oct 32 - Sep 33	(0)	-	-	1.018476	1.116497	0.952928	0.844552	0.735783	0.571783	1.18	0.65	0.20	7.22	\$0.00	919.91	0.00%	
<b>Total</b>	<b>35,388,163</b>																
From Schedule SS-EEEXII-3G Col 19			Col 1 / Therm Sales	Col 2 * (1 + SUT Rate) Rnd 6	Current Class Avg Rate + Col 3 for Each Rate Class (Col 4 thru Col 10)						(Cur. gGPRC + Col 3) * Dec-Mar Monthly Therms Rnd 2	(Cur. gGPRC + Col 3) * Nov & Apr Monthly Therms Rnd 2	(Cur. gGPRC + Col 3) * May-Oct Monthly Therms Rnd 2	(4 * Col 10) + (2 * Col 11) + (6 * Col 12)	Col 13 - Current Col 13	Current Col 15 + Col 14	Col 14 / Current Col 15

	% Change from Current Class Average Rate w/SUT					
	RSG	GSG	LVG	TSG-F	TSG-NF	CIG
May 15 - Sep 15	0.06%	0.05%	0.06%	0.07%	0.08%	0.10%
Oct 15 - Sep 16	0.06%	0.05%	0.06%	0.07%	0.08%	0.10%
Oct 16 - Sep 17	0.13%	0.12%	0.13%	0.15%	0.17%	0.22%
Oct 17 - Sep 18	0.19%	0.18%	0.21%	0.23%	0.27%	0.35%
Oct 18 - Sep 19	0.12%	0.11%	0.13%	0.14%	0.16%	0.21%
Oct 19 - Sep 20	0.08%	0.08%	0.09%	0.10%	0.12%	0.15%
Oct 20 - Sep 21	0.13%	0.12%	0.14%	0.15%	0.18%	0.23%
Oct 21 - Sep 22	0.20%	0.18%	0.22%	0.24%	0.28%	0.36%
Oct 22 - Sep 23	0.21%	0.20%	0.23%	0.26%	0.30%	0.38%
Oct 23 - Sep 24	0.17%	0.16%	0.18%	0.21%	0.24%	0.31%
Oct 24 - Sep 25	0.04%	0.04%	0.05%	0.05%	0.06%	0.08%
Oct 25 - Sep 26	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
Oct 26 - Sep 27	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
Oct 27 - Sep 28	0.00%	0.00%	0.00%	0.00%	-0.01%	-0.01%
Oct 28 - Sep 29	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oct 29 - Sep 30	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oct 30 - Sep 31	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<sup>1</sup>All customers assumed to have BGSS Supply

<sup>2</sup>Initial Rate period is May 2015 through September 2016 EEE Extension II.

**PSE&G EEE Extension II Program  
Electric Over/(Under) Calculation**

Attachment 1  
Schedule SS-EEEXII-5E

Tax Rate effective 05/01/15	0.4085
Existing Rate / kWh (w/o SUT)	0.000000
Proposed Rate / kWh (w/o SUT)	0.000052

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<u>Over / (Under) Recovery Beginning Balance</u>	<u>Electric Revenues</u>	<u>Revenue Requirement Excluding WACC Cost</u>	<u>Over / (Under) Recovery</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Over / (Under) Average Monthly Balance</u>	<u>Interest Rate (Annualized)</u>	<u>Interest On Over / (Under) Average Monthly Balance</u>	<u>Interest Roll-In</u>	<u>Cumulative Interest</u>
<b>Monthly Calculations</b>									
Jan-15	-	-	-	-	-	0.00%	-	-	-
Feb-15	-	-	-	-	-	0.00%	-	-	-
Mar-15	-	-	-	-	-	0.00%	-	-	-
Apr-15	-	-	-	-	-	0.00%	-	-	-
May-15	-	159,745	162,226	(2,481)	(2,481)	0.20%	(0)	-	(0)
Jun-15	(2,481)	190,520	162,226	28,294	25,813	0.20%	11,666	1	1
Jul-15	25,813	225,890	162,226	63,664	89,477	0.20%	57,645	6	7
Aug-15	89,477	222,047	162,226	59,821	149,298	0.20%	119,388	12	18
Sep-15	149,298	185,041	162,226	22,815	172,113	0.20%	160,706	16	34
Oct-15	172,113	169,541	162,226	7,315	179,428	0.20%	175,770	17	52
Nov-15	179,428	155,941	162,226	(6,285)	173,143	0.20%	176,285	17	69
Dec-15	173,143	171,153	162,226	8,927	182,070	0.20%	177,606	18	87
Jan-16	182,070	186,191	169,271	16,920	198,989	0.20%	190,529	19	105
Feb-16	198,989	176,619	181,565	(4,946)	194,043	0.20%	196,516	19	125
Mar-16	194,043	168,495	192,961	(24,465)	169,578	0.20%	181,811	18	143
Apr-16	169,578	155,737	200,319	(44,582)	124,996	0.20%	147,287	15	157
May-16	124,996	162,233	207,572	(45,339)	79,657	0.20%	102,327	10	167
Jun-16	79,657	188,854	213,862	(25,008)	54,649	0.20%	67,153	7	174
Jul-16	54,649	229,202	221,265	7,937	62,586	0.20%	58,618	6	180
Aug-16	62,586	224,291	234,208	(9,917)	52,669	0.20%	57,628	6	185
Sep-16	52,669	185,605	247,362	(61,757)	(9,087)	0.20%	21,791	2	187
(Prior Col 5) + (Col 9)	Forecasted kWh * Proposed Rate	See Revenue Requirements Schedule for Details	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2		(Col 6 * (Col 7) / 12)*net of tax rate		Prior Month + Col 8 - Col 9

**PSE&G EEE Extension II Program  
Gas Over/(Under) Calculation**

Attachment 1  
Schedule SS-EEEXII-5G

Tax Rate effective 05/01/15	0.4085
Existing Rate / Therms (w/o SUT)	0.000000
Proposed Rate /Therms (w/o SUT)	0.000531

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<u>Over / (Under) Recovery Beginning Balance</u>	<u>Gas Revenues</u>	<u>Revenue Requirement Excluding WACC Cost</u>	<u>Over / (Under) Recovery</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Over / (Under) Average Monthly Balance</u>	<u>Interest Rate (Annualized)</u>	<u>Interest On Over / (Under) Average Monthly Balance</u>	<u>Interest Roll-In</u>	<u>Cumulative Interest</u>
<b>Monthly Calculations</b>										
Jan-15	-	-	-	-	-	-	0.00%	-	-	-
Feb-15	-	-	-	-	-	-	0.00%	-	-	-
Mar-15	-	-	-	-	-	-	0.00%	-	-	-
Apr-15	-	-	-	-	-	-	0.00%	-	-	-
May-15	-	61,996	92,446	(30,450)	(30,450)	(15,225)	0.20%	(2)	-	(2)
Jun-15	(30,450)	49,296	92,446	(43,150)	(73,600)	(52,025)	0.20%	(5)	-	(7)
Jul-15	(73,600)	57,953	92,446	(34,493)	(108,093)	(90,847)	0.20%	(9)	-	(16)
Aug-15	(108,093)	42,746	92,446	(49,700)	(157,793)	(132,943)	0.20%	(13)	-	(29)
Sep-15	(157,793)	45,853	92,446	(46,593)	(204,386)	(181,090)	0.20%	(18)	-	(47)
Oct-15	(204,386)	82,000	92,446	(10,445)	(214,832)	(209,609)	0.20%	(21)	-	(67)
Nov-15	(214,832)	124,269	92,446	31,823	(183,008)	(198,920)	0.20%	(20)	-	(87)
Dec-15	(183,008)	200,550	92,446	108,104	(74,905)	(128,957)	0.20%	(13)	-	(100)
Jan-16	(74,905)	280,621	93,618	187,004	112,099	18,597	0.20%	2	-	(98)
Feb-16	112,099	243,279	95,207	148,071	260,170	186,134	0.20%	18	-	(79)
Mar-16	260,170	202,701	98,532	104,169	364,339	312,255	0.20%	31	-	(49)
Apr-16	364,339	94,615	101,691	(7,075)	357,264	360,802	0.20%	36	-	(13)
May-16	357,264	61,792	109,872	(48,080)	309,184	333,224	0.20%	33	-	20
Jun-16	309,184	48,387	118,157	(69,770)	239,414	274,299	0.20%	27	-	47
Jul-16	239,414	58,074	121,335	(63,261)	176,153	207,784	0.20%	20	-	67
Aug-16	176,153	42,760	129,123	(86,363)	89,790	132,971	0.20%	13	-	80
Sep-16	89,790	45,865	137,112	(91,247)	(1,458)	44,166	0.20%	4	-	85
	(Prior Col 5) + (Col 9)		See Revenue Requirements Schedule for Details	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2	PSE&G CP/STD Wght Avg Rate from Previous Month	(Col 6 * (Col 7) / 12)*net of tax rate		Prior Month + Col 8 - Col 9

**Minimum Filing Requirements**

1. A monthly revenue requirement calculation based on program expenditures, showing the actual monthly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation.
2. For the review period, actual revenues, by month and by rate class recorded under the programs.
3. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period.
4. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate.
5. The interest expense to be charged or credited to ratepayers each month.
6. A schedule showing budgeted versus actual program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives, including inspections and quality control, program implementation (all contract costs), evaluation, and any other costs.
7. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period.
8. Supporting details for all administrative costs included in the revenue requirement.
9. Information supporting the carrying cost used for the unamortized costs.
10. Number of program participants, including a breakdown by sub-program.
11. Estimated demand and energy savings, including a breakdown by sub-program.
12. Emissions reductions from the Program, including a breakdown by sub-program.
13. Estimated free ridership and spillover.
14. Participant costs (net of utility incentives), including a breakdown by sub-program.
15. Results of program evaluations, including a breakdown by sub-program.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 15 ELECTRIC

XXX Revised Sheet No. 65  
Superseding  
XXX Revised Sheet No. 65

**GREEN PROGRAMS RECOVERY CHARGE**

**Charge  
(per kilowatthour)**

**Component:**

Carbon Abatement Program .....	\$ 0.000029
Demand Response Working Group Modified Program .....	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000458
Demand Response Program .....	\$ 0.000100
Solar Generation Investment Program .....	\$ 0.001295
Solar Loan II Program .....	\$ 0.000585
Energy Efficiency Economic Extension Program.....	\$ 0.000143
Solar Generation Investment Extension Program .....	\$ 0.000035
Solar Loan III Program.....	\$ 0.000020
Energy Efficiency Economic Extension Program II.....	\$ 0.000052
Sub-total per kilowatthour .....	\$ 0.0026650.002717
Charge including New Jersey Sales and Use Tax (SUT) .....	\$ 0.0028520.002907

**GREEN PROGRAMS RECOVERY CHARGE**

This charge is designed to recover the revenue requirements associated with the PSE&G Green Programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program, interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rates shall be reset each month.

Date of Issue:

Issued by DANIEL J. CREGG, 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.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 44

B.P.U.N.J. No. 15 GAS

Superseding

XXX Revised Sheet No. 44

**GREEN PROGRAMS RECOVERY CHARGE**

**CHARGE APPLICABLE TO  
RATE SCHEDULES RSG, GSG, LVG, SLG,  
TSG-F, TSG-NF, CIG, CSG  
(per Therm)**

**Component:**

Carbon Abatement Program .....	\$0.001537
Energy Efficiency Economic Stimulus Program.....	0.004000
Energy Efficiency Economic Extension Program.....	0.001162
<u>Energy Efficiency Economic Extension Program II.....</u>	<u>0.000531</u>

Green Programs Recovery Charge.....	<del>\$0.0066990</del> <u>0.007230</u>
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Green Programs Recovery Charge including New Jersey Sales and Use Tax (SUT) .....	<del>\$0.0071680</del> <u>0.007736</u>
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**Green Programs Recovery Charge**

This charge is designed to recover the revenue requirements associated with the PSE&G Green Programs. The charge will be reset nominally on an annual basis. Interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rate shall be reset each month.

See Section 16 of the Standard Terms and Conditions for exemptions from this charge.

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

XXX Revised Sheet No. 65  
Superseding  
XXX Revised Sheet No. 65

**GREEN PROGRAMS RECOVERY CHARGE**

**Charge  
(per kilowatthour)**

**Component:**

Carbon Abatement Program .....	\$ 0.000029
Demand Response Working Group Modified Program .....	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000458
Demand Response Program .....	\$ 0.000100
Solar Generation Investment Program .....	\$ 0.001295
Solar Loan II Program .....	\$ 0.000585
Energy Efficiency Economic Extension Program.....	\$ 0.000143
Solar Generation Investment Extension Program .....	\$ 0.000035
Solar Loan III Program.....	\$ 0.000020
Energy Efficiency Economic Extension Program II.....	\$ 0.000052
Sub-total per kilowatthour .....	\$ 0.002717
Charge including New Jersey Sales and Use Tax (SUT).....	\$ 0.002907

**GREEN PROGRAMS RECOVERY CHARGE**

This charge is designed to recover the revenue requirements associated with the PSE&G Green Programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program, interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rates shall be reset each month.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 44

B.P.U.N.J. No. 15 GAS

Superseding

XXX Revised Sheet No. 44

**GREEN PROGRAMS RECOVERY CHARGE**

**CHARGE APPLICABLE TO  
RATE SCHEDULES RSG, GSG, LVG, SLG,  
TSG-F, TSG-NF, CIG, CSG  
(per Therm)**

**Component:**

Carbon Abatement Program .....	\$0.001537
Energy Efficiency Economic Stimulus Program.....	0.004000
Energy Efficiency Economic Extension Program.....	0.001162
Energy Efficiency Economic Extension Program II.....	<u>0.000531</u>
Green Programs Recovery Charge .....	\$0.007230
Green Programs Recovery Charge including New Jersey Sales and Use Tax (SUT)	<u>\$0.007736</u>

**Green Programs Recovery Charge**

This charge is designed to recover the revenue requirements associated with the PSE&G Green Programs. The charge will be reset nominally on an annual basis. Interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rate shall be reset each month.

See Section 16 of the Standard Terms and Conditions for exemptions from this charge.

Date of Issue:

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Effective:

## TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed Energy Efficiency Economic Extension Program II component of the electric Green Programs Recovery Charge (GPRC) on typical residential electric bills, if approved by the Board, is illustrated below:

<b>Residential Electric Service</b>					
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:
200	1,920	\$377.56	\$377.68	\$0.12	0.03%
450	4,320	813.04	813.32	0.28	0.03
750	7,200	1,343.76	1,344.16	0.40	0.03
803	7,800	1,455.21	1,455.62	0.41	0.03
1,360	13,160	2,457.16	2,457.92	0.76	0.03

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect March 1, 2015 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the proposed Efficiency Economic Extension Program II component of the GPRC.

<b>Residential Electric Service</b>					
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:
1,920	200	\$38.91	\$38.92	\$0.01	0.03%
4,320	450	84.52	84.55	0.03	0.04
7,200	750	141.24	141.28	0.04	0.03
7,800	803	151.60	151.64	0.04	0.03
13,160	1,360	260.57	260.64	0.07	0.03

- (3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect March 1, 2015 and assumes that the customer receives BGS-FP service from Public Service.
- (4) Same as (3) except includes the proposed Efficiency Economic Extension Program II component of the GPRC.

## TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed Energy Efficiency Economic Extension Program II component of the gas Green Programs Recovery Charge (GPRC) on typical residential gas bills, if approved by the Board, is illustrated below:

<b>Residential Gas Service</b>					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm 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:
25	180	\$219.54	\$219.60	\$0.06	0.03%
50	360	368.90	369.12	0.22	0.06
100	610	583.37	583.69	0.32	0.05
159	1,000	911.14	911.72	0.58	0.06
165	1,010	919.91	920.53	0.62	0.07
200	1,224	1,099.91	1,100.63	0.72	0.07
300	1,836	1,614.95	1,615.95	1.00	0.06

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect March 1, 2015 and assumes that the customer receives commodity service from Public Service. Does not include and BGSS-RSG Bill Credits.
- (2) Same as (1) except includes the proposed Efficiency Economic Extension Program II component of the GPRC.

<b>Residential Gas Service</b>					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
180	25	\$26.99	\$27.00	\$0.01	0.04%
360	50	48.14	48.17	0.03	0.06
610	100	91.38	91.43	0.05	0.05
1,010	165	146.99	147.09	0.10	0.07
1,224	200	176.92	177.04	0.12	0.07
1,836	300	262.45	262.62	0.17	0.06

- (3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect March 1, 2015 and assumes that the customer receives commodity service from Public Service. Does not include and BGSS-RSG Bill Credits.
- (4) Same as (3) except includes the proposed Efficiency Economic Extension Program II component of the GPRC.

**Fixed Administrative Allowance**

<b>Monthly Allowance</b>	<b>Total</b>	<b>Electric</b>	<b>Gas</b>
May-15	254,672	162,226	92,446
Jun-15	254,672	162,226	92,446
Jul-15	254,672	162,226	92,446
Aug-15	254,672	162,226	92,446
Sep-15	254,672	162,226	92,446
Oct-15	254,672	162,226	92,446
Nov-15	254,672	162,226	92,446
Dec-15	254,672	162,226	92,446
Jan-16	254,672	162,226	92,446
Feb-16	254,672	162,226	92,446
Mar-16	254,672	162,226	92,446
Apr-16	254,672	162,226	92,446
May-16	254,672	162,226	92,446
Jun-16	254,672	162,226	92,446
Jul-16	254,672	162,226	92,446
Aug-16	254,672	162,226	92,446
Sep-16	254,672	162,226	92,446
Oct-16	254,672	162,226	92,446
Nov-16	254,672	162,226	92,446
Dec-16	254,672	162,226	92,446
Jan-17	254,672	162,226	92,446
Feb-17	254,672	162,226	92,446
Mar-17	254,672	162,226	92,446
Apr-17	254,672	162,226	92,446
May-17	254,672	162,226	92,446
Jun-17	254,672	162,226	92,446
Jul-17	254,672	162,226	92,446
Aug-17	254,672	162,226	92,446
Sep-17	254,672	162,226	92,446
Oct-17	254,672	162,226	92,446
Nov-17	254,672	162,226	92,446
Dec-17	254,672	162,226	92,446
Jan-18	254,672	162,226	92,446
Feb-18	254,672	162,226	92,446
Mar-18	254,672	162,226	92,446
Apr-18	254,672	162,226	92,446
May-18	199,749	127,240	72,509
Jun-18	199,749	127,240	72,509
Jul-18	199,749	127,240	72,509
Aug-18	199,749	127,240	72,509
Sep-18	199,749	127,240	72,509
Oct-18	199,749	127,240	72,509
Nov-18	199,749	127,240	72,509
Dec-18	199,749	127,240	72,509
Jan-19	199,749	127,240	72,509

**Fixed Administrative Allowance**

Monthly Allowance	Total	Electric	Gas
Feb-19	199,749	127,240	72,509
Mar-19	199,749	127,240	72,509
Apr-19	199,749	127,240	72,509
May-19	31,063	19,787	11,276
Jun-19	31,063	19,787	11,276
Jul-19	31,063	19,787	11,276
Aug-19	31,063	19,787	11,276
Sep-19	31,063	19,787	11,276
Oct-19	31,063	19,787	11,276
Nov-19	31,063	19,787	11,276
Dec-19	31,063	19,787	11,276
Jan-20	31,063	19,787	11,276
Feb-20	31,063	19,787	11,276
Mar-20	31,063	19,787	11,276
Apr-20	31,063	19,787	11,276
May-20	1,276	813	463
Jun-20	1,276	813	463
Jul-20	1,276	813	463
Aug-20	1,276	813	463
Sep-20	1,276	813	463
Oct-20	1,276	813	463
Nov-20	1,276	813	463
Dec-20	1,276	813	463
Jan-21	1,276	813	463
Feb-21	1,276	813	463
Mar-21	1,276	813	463
Apr-21	1,276	813	463
May-21	438	279	159
Jun-21	438	279	159
Jul-21	438	279	159
Aug-21	438	279	159
Sep-21	438	279	159
Oct-21	438	279	159
Nov-21	438	279	159
Dec-21	438	279	159
Jan-22	438	279	159
Feb-22	438	279	159
Mar-22	438	279	159
Apr-22	438	279	159
May-22	451	287	164
Jun-22	451	287	164
Jul-22	451	287	164
Aug-22	451	287	164
Sep-22	451	287	164
Oct-22	451	287	164
Nov-22	451	287	164
Dec-22	451	287	164
Jan-23	451	287	164

**Fixed Administrative Allowance**

Monthly Allowance	Total	Electric	Gas
Feb-23	451	287	164
Mar-23	451	287	164
Apr-23	451	287	164
May-23	465	296	169
Jun-23	465	296	169
Jul-23	465	296	169
Aug-23	465	296	169
Sep-23	465	296	169
Oct-23	465	296	169
Nov-23	465	296	169
Dec-23	465	296	169
Jan-24	465	296	169
Feb-24	465	296	169
Mar-24	465	296	169
Apr-24	465	296	169
May-24	479	305	174
Jun-24	479	305	174
Jul-24	479	305	174
Aug-24	479	305	174
Sep-24	479	305	174
Oct-24	479	305	174
Nov-24	479	305	174
Dec-24	479	305	174
Jan-25	479	305	174
Feb-25	479	305	174
Mar-25	479	305	174
Apr-25	479	305	174
May-25	493	314	179
Jun-25	493	314	179
Jul-25	493	314	179
Aug-25	493	314	179
Sep-25	493	314	179
Oct-25	493	314	179
Nov-25	493	314	179
Dec-25	493	314	179
Jan-26	493	314	179
Feb-26	493	314	179
Mar-26	493	314	179
Apr-26	493	314	179
May-26	508	324	184
Jun-26	508	324	184
Jul-26	508	324	184
Aug-26	508	324	184
Sep-26	508	324	184
Oct-26	508	324	184
Nov-26	508	324	184
Dec-26	508	324	184
Jan-27	508	324	184

**Fixed Administrative Allowance**

Monthly Allowance	Total	Electric	Gas
Feb-27	508	324	184
Mar-27	508	324	184
Apr-27	508	324	184
May-27	523	333	190
Jun-27	523	333	190
Jul-27	523	333	190
Aug-27	523	333	190
Sep-27	523	333	190
Oct-27	523	333	190
Nov-27	523	333	190
Dec-27	523	333	190
Jan-28	523	333	190
Feb-28	523	333	190
Mar-28	523	333	190
Apr-28	523	333	190
May-28	539	343	196
Jun-28	539	343	196
Jul-28	539	343	196
Aug-28	539	343	196
Sep-28	539	343	196
Oct-28	539	343	196
Nov-28	539	343	196
Dec-28	539	343	196
Jan-29	539	343	196
Feb-29	539	343	196
Mar-29	539	343	196
Apr-29	539	343	196
<b>Total</b>	<b>12,000,000</b>	<b>7,643,988</b>	<b>4,356,012</b>

Annual Allowance	Total	Electric	Gas
2015	2,037,376	1,297,808	739,568
2016	3,056,064	1,946,712	1,109,352
2017	3,056,064	1,946,712	1,109,352
2018	2,616,680	1,666,824	949,856
2019	1,047,500	667,256	380,244
2020	134,460	85,652	48,808
2021	8,608	5,484	3,124
2022	5,360	3,412	1,948
2023	5,524	3,516	2,008
2024	5,692	3,624	2,068
2025	5,860	3,732	2,128
2026	6,036	3,848	2,188
2027	6,216	3,960	2,256
2028	6,404	4,076	2,328
2029	2,156	1,372	784
<b>Total</b>	<b>12,000,000</b>	<b>7,643,988</b>	<b>4,356,012</b>