



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)	DECISION AND ORDER
AND GAS COMPANY'S 2015/2016 ANNUAL MARGIN)	APPROVING STIPULATION FOR
ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS)	FINAL MAC RATES
PERIODIC PRICING MECHANISM AND FOR)	
CHANGES IN THE TARIFF FOR GAS SERVICE)	BPU DOCKET NO. GR15060646
)	OAL DOCKET NO. PUC14768-2015N

Parties of Record:

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

BY THE BOARD:

BACKGROUND

On January 9, 2002, as a result of the Board of Public Utilities ("Board") Order Public Service Electric and Gas Company ("PSE&G" or "the Company") gas base rate case in Docket No. GR01050328,¹ the Margin Adjustment Clause ("MAC") was implemented to credit the net revenues associated with Transmission Service Gas Non-Firm ("TSG-NF") rates to customers on Rate Schedules Residential Service Gas ("RSG"), General Service Gas ("GSG"), Large Volume Service Gas ("LVG"), Firm Transportation Gas Service ("TSG-F") and Street Lighting Service ("SLG"). The purpose of the MAC is to properly allocate transportation/distribution costs to non-firm gas transportation customers having the ability to switch to alternative fuel sources (e.g. oil) in recognition that these customers should contribute, along with firm customers, towards the costs associated with maintaining the distribution system. The MAC is set to ensure margins from TSG-NF customers are credited to firm gas customers.

¹ In re the Petition of Public Service Electric and Gas Company for Approval of an Increase in Gas Rates and for Changes in the Tariff for Gas Service B.P.U.N.J. No. 12, Gas Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, BPU. No. GR01050328, Board Order dated January 9, 2002.

The Company filed the instant petition with the Board on June 1, 2015 ("June Petition"), projecting that, based on actual results through April 2015, the Company's net MAC balance including cumulative interest at September 30, 2015 would approximate an over-recovery of \$17.31 million. This translated to a justified decrease in the MAC credit rate from 1.1403 cents per therm to a credit rate of 0.7758 cents per therm effective for service on and after October 1, 2015. Based on rates in effect as of June 1, 2015, the Company's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms annually would experience an increase in their annual bills of \$3.66 (0.40%).

While the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, "the Parties") determined that additional time was needed to complete a comprehensive review of the Company's proposed change in the MAC rate, on August 26, 2015, the Parties agreed to implement the proposed change on a provisional basis. The Stipulation providing for these provisional rates was approved by the Board in their Order dated September 11, 2015.

On September 17, 2015, the Board transmitted the matter to the Office of Administrative Law as a contested case where it was subsequently assigned to Diana Sukovich, Administrative Law Judge ("ALJ").

STIPULATION²

Subsequent to discovery and substantive discussions of the issues, on December 14, 2015 the Parties executed a Stipulation for Final MAC rates ("Stipulation") agreeing that based upon a review of actual data through September 30, 2015, the Company's provisional MAC rate of a credit of \$0.007758 per therm be made "final," and that actual results after September 30, 2015 are subject to review in the Company's next annual filing. Interest based on the seven (7) year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year, on any net over or under-recovered MAC balance.³

On December 29, 2015, ALJ Diana Sukovich issued an Initial Decision approving the Stipulation finding that the Parties had voluntarily agreed to the terms of the Stipulation, and that the Stipulation fully disposes of all matters and is consistent with law.

DISCUSSION AND FINDING

Having reviewed the record in this matter, including ALJ Sukovich's Initial Decision and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. Therefore, the Board **FINDS** the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein.

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

³ Paragraph 12 of the Board's July 9, 2010 in Dkt. No. GR09050422 directs that "The Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance."

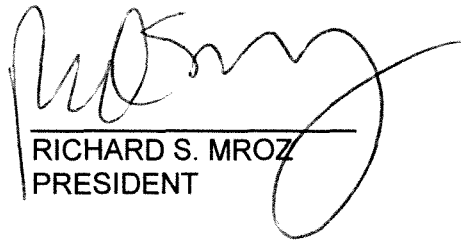
The Board **HEREBY ORDERS** that the Company's MAC per therm credit rate of \$0.007758 per therm is **HEREBY DEEMED** to be final, and shall remain in effect until changed by further Order. Any net over-recovered MAC balance at the end of the MAC period shall be subject to refund with interest.

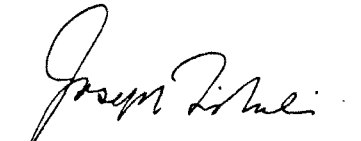
The Company's gas costs will remain subject to audit by the Board. This decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.


This Order shall be effective on February 6, 2016.


DATED: Jan 28, 2016


BOARD OF PUBLIC UTILITIES
BY:

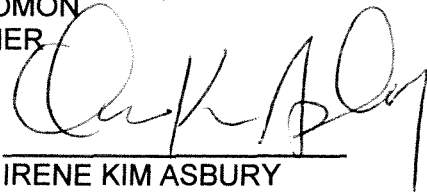

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

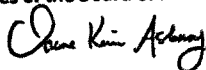

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

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



IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S 2015/2016 ANNUAL
MARGIN ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS PERIODIC PRICING MECHANISM
AND FOR CHANGES IN THE TARIFF FOR GAS SERVICE
BPU DOCKET NO. GR15060646

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL Dkt. No.: PUC 14768-15

AGENCY DKT. NO.: GR 15060646

**IN THE MATTER OF THE PETITION OF
PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S
2015/2016 ANNUAL MARGIN ADJUSTMENT CHARGE
FILING UNDER ITS PERIODIC PRICING MECHANISM
AND FOR CHANGES IN THE TARIFF FOR GAS SERVICE**

Alexander C. Stern, Associate General Regulatory Counsel, for petitioner Public Service Electric and Gas Company

Felicia Thomas-Friel, Deputy Rate Counsel, **Sarah H. Steindel** and **Maura Caroselli**, Assistant Deputy Rate Counsels, for intervener the Division of Rate Counsel (Stephanie A. Brand, Director, attorney)

Patricia A. Krogman, and **Alex Moreau** Deputy Attorneys Generals, for the Staff of the Board of Public Utilities (John J. Hoffman, Acting Attorney General, attorney)

Record Closed: December 15, 2015

Decided: December 28, 2015

BEFORE: **DIANA C. SUKOVICH**, ALJ t/a:

PROCEDURAL HISTORY

On June 1, 2015, Public Service Electric and Gas Company (petitioner) filed a petition with the Board of Public Utilities (BPU) to implement a change in its Margin Adjustment Clause (MAC), to be effective October 1, 2015. Public hearings were held in Hackensack, New Brunswick, and Mount Holly, New Jersey, on August 18, 19, and 20, 2015, respectively. On September 11, 2015, the BPU approved a Stipulation agreed to by the parties, providing for a provisional rate, effective for services rendered on and after October 1, 2015. The BPU transmitted the matter to the Office of Administrative Law on September 17, 2015, for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

A telephone conference was conducted on November 30, 2015. The parties conferred throughout the proceedings and reached a resolution of the matter. An executed Stipulation of Settlement (Stipulation) was filed on December 15, 2015, on which date the record was closed. Attached herewith is a copy of the Stipulation and attachments thereto filed with the agreement.

NATURE OF THE CASE

Petitioner originally sought a change in the MAC for firm customers from \$0.011403 per therm, including the New Jersey Sales and Use Tax (SUT), to \$0.00758 per therm, including the SUT. The provisional rate approved by the BPU is the latter rate. The Stipulation provides that the provisional rate should be the final rate. The pending question, generally, is whether the Stipulation should be approved. I am persuaded that it should be.

FINDINGS OF FACT

I have reviewed the record and the settlement terms, and I **FIND** that the parties have voluntarily agreed to the Stipulation, as evidenced by their signatures thereon, and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

CONCLUSIONS

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and should be approved.

ORDERS

It is hereby **ORDERED** that the Stipulation be and is hereby **APPROVED**, effective the effective date of this Decision, and these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision

within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

December 29, 2015
DATE


DIANA C. SUKOVICH, ALJ t/a

Date Received at Agency: _____

Date Mailed to Parties: _____

DCS/kep

Alexander C. Stern
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November 14, 2015

In the Matter of the Petition of Public Service Electric and Gas
Company's 2015/2016 Annual Margin Adjustment Charge Filing
Under its Periodic Pricing Mechanism and for
Changes in the Tariff for Gas Service

Docket No. GR15060646

Honorable Diana Sukovich
Office of Administrative Law
33 Washington Street
Newark, New Jersey 07102

Dear Judge Sukovich:

Attached is the fully executed Stipulation in the above-reference matter. If you have any questions regarding this compliance filing, do not hesitate to contact me.

Respectfully,

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

C Attached Service List

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE) STIPULATION OF
ELECTRIC AND GAS COMPANY'S 2015/2016) SETTLEMENT FOR
ANNUAL MARGIN ADJUSTMENT CHARGE) FINAL MARGIN
("MAC") FILING UNDER ITS PERIODIC) ADJUSTMENT CHARGE
PRICING MECHANISM AND FOR CHANGES) BPU DOCKET NO. GR15060646
IN THE TARIFF FOR GAS SERVICE) OAL DKT NO. PUC14768-2015N

APPEARANCES:

Alexander C. Stern, Esq., for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Sarah H. Steindel, Esq.**, and **Maura Caroselli, Esq.**, Assistant Deputy Rate Counsels, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)

Patricia A. Krogman and Alex Moreau, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**John J. Hoffman**, Acting Attorney General of New Jersey)

On June 1, 2015, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing with the Board of Public Utilities ("Board") in the above-referenced matter, requesting a change in the Margin Adjustment Charge ("MAC") rate for firm customers from (\$0.011403) per therm, including New Jersey Sales and Use Tax ("SUT") to (\$0.007758) per therm, including SUT, to be implemented for service rendered on and after October 1, 2015.

By way of background, on January 9, 2002, as a result of the Board's Order in Public Service's gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with the rate schedule Non-Firm

Transportation Gas Service (“TSG-NF”) to customers on Rate Schedules Residential Service Gas (RSG), General Service Gas (“GSG”), Large Volume Service Gas (“LVG”), Street Lighting Gas (“SLG”), and Firm Transportation Gas Service (“TSG-F”). The current MAC is in accordance with the Board’s September 11, 2015 Order approving the Stipulation for Provisional MAC Rates in BPU Docket No. GR15060646 whereby the Board approved a MAC rate of (\$0.007758) (i.e., a credit of \$0.007758 per therm including SUT).

Based on rates in effect as of June 1, 2015, the impact of the implementation of this credit for a typical residential gas heating customer receiving Basic Gas Supply Service from the Company and using 165 therms in a winter month and 1,010 therms annually was an increase in the customer’s annual bill from \$920.37 to \$924.03 or \$3.66 or approximately 0.40%.

The Company acknowledges that a forecasted MAC is dependent upon the margins received from TSG-NF customers whose usage tends to be volatile and could be adversely impacted by various factors such as economic cycles and storm damage. As this matter is filed on an annual basis with the next filing anticipated in June 2016, the Company believes that given this uncertainty, it is prudent to finalize the MAC rate change to (\$0.007758) per therm including SUT (i.e., a credit of \$0.007758 per therm including SUT). A tariff sheet reflecting approval of the MAC rate proposed in the Company’s filing is attached hereto as Attachment A to this Settlement.

Notice setting forth the Company's June 1, 2015 request for the continuation of the MAC credit but with firm customers receiving less of a credit than the prior year, including the date, time and place of the public hearing, was placed in newspapers having a circulation within the Company's gas service territory and was served on the county executives and clerks of all municipalities within the Company's gas service territory.

Public hearings were scheduled and conducted in Hackensack, New Brunswick and Mount Holly on August 18, 19, and 20, 2015, respectively. Four members of the public expressed general concerns about high utility rates and opposition to shutting off service for lack of payment. No members of the public appeared and commented specifically on this filing.

Public Service, Board Staff and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") determined that additional time was needed to complete the review of the Company's proposed MAC. However, the Parties also agreed that action with respect to the Company's MAC for the 2015-2016 MAC year, on a provisional basis, was reasonable and therefore agreed to implement the MAC filed as of October 1, 2015, or as soon as possible upon the issuance of a Board Order approving the Stipulation for Provisional Margin Adjustment Charge ("Stipulation"). The Stipulation was approved at the Board agenda meeting on September 11, 2015 for service rendered on and after October 1, 2015.

On September 17, 2015 the Board transmitted the matter over to the Office of Administrative Law as a contested case where it was subsequently assigned to the

Honorable Diana Sukovich, Administrative Law Judge (“ALJ”), t/a. ALJ Sukovich held a telephonic prehearing conference on November 30, 2015. ALJ Sukovich scheduled a subsequent telephone status conference for January 19, 2016 in order to verify the Parties’ progress toward settlement if necessary. The Parties have completed their review of the Petition and responses to discovery and have discussed the matter, and now HEREBY AGREE as follows:

1. Based upon a review of actual data through September 30, 2015, the parties agree the Company’s provisional MAC rate of (\$0.007758) including SUT per therm shall be deemed final upon the effective date of the Board’s written Order approving this Settlement or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40. Actual results after September 30, 2015 are subject to review in the Company’s next annual filing. Interest based on the seven-year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year, on any net over or under-recovered MAC balance.¹

2. The undersigned agree that this Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved by the Board, this Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution. More particularly, in the

¹ Paragraph 12 of the Board’s July 9, 2010 Order in BPU Docket No. GR09050422 directs that “[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance.”

event this Settlement is not adopted in its entirety by the Board then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Settlement as though this Settlement had not been signed.

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

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

BY: Alexander C. Stern
Alexander C. Stern, Esq.
Associate General Regulatory Counsel

STEFANIE A. BRAND
DIRECTOR,
DIVISION OF RATE COUNSEL

BY: Sarah H. Steindel
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: December 14, 2015

DATED: December 14, 2015

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: Alex Moreau
Alex Moreau
Deputy Attorney General

DATED: December 14, 2015

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Fourth Revised Sheet No. 43

Superseding

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

Third Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, SLG, TSG-F
(Per Therm)**

Margin Adjustment Charge (\$0.007250)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT)..... (\$0.007758)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.

Date of Issue: September 24, 2015

Effective: October 1, 2015

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 September 11, 2015
in Docket No. GR15060646