



Agenda Date: 09/23/16  
Agenda Item: 2H

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC	)	DECISION AND ORDER
SERVICE ELECTRIC AND GAS COMPANY TO	)	APPROVING STIPULATION
REVISE ITS WEATHER NORMALIZATION CHARGE	)	FOR PROVISIONAL WNC
FOR THE 2016-2017 ANNUAL PERIOD	)	RATES
	)	
	)	DOCKET NO. GR16070617

**Parties of Record**

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

BY THE BOARD:

**BACKGROUND**

The Public Service Electric and Gas Company ("PSE&G" or "Company") Weather Normalization Charge ("WNC") tariff was approved by the New Jersey Board of Public Utilities ("Board") as part of the settlement of the Company's last base rate case.<sup>1</sup> The WNC tariff requires the Company to calculate the level by which its margin revenues<sup>2</sup> differed from what would have resulted had normal weather<sup>3</sup> occurred during the prior October through May period ("Winter Period"). The base level of normal degree days for the 2015-2016 Winter Period is defined in the Company's WNC tariff. Any excess or deficiency in margin revenues when compared to normal is subsequently credited or charged to customers over the next Winter Period.

<sup>1</sup> In re the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, Docket No. GR09050422, Order dated July 10, 2010.

<sup>2</sup> Margin revenues are distribution revenues from relevant rate classes' per them charges.

<sup>3</sup> The determination of 'normal weather' is based upon a twenty-year rolling average of heating degree days for each of the Winter Period months.

On July 1, 2016, PSE&G petitioned the Board for approval to recover \$53.789 million of which \$33.156 million will be recovered over the 2016-2017 Winter Period, with the remaining deficiency of \$20.632 million<sup>4</sup> to be recovered over the 2017-2018 Winter Period.

In recovering the \$33.156 million over the 2016-2017 Winter Period, the Company is proposing a WNC rate of \$0.024391<sup>5</sup> per balancing therm<sup>6</sup> applicable to Residential Service Gas ("RSG"), General Service Gas ("GSG") and Large Volume Gas ("LVG") customers. If approved by the Board, a typical residential heating customer using 165 therms per month during the winter months and 1,010 therms on an annual basis would see an increase in the annual bill from \$882.99 to \$916.31 or \$33.32 (3.77%), based upon delivery and commodity rates in effect on September 1, 2016, with the WNC set to the rate that was in effect for the 2015-2016 WNC Annual Period, assuming that the customer receives commodity service from PSE&G.

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were scheduled and conducted in Hackensack, Mt. Holly and New Brunswick on August 22, 23, and 24, 2016, respectively. Two (2) members of the public appeared and expressed general concerns about high utility rates and opposition to shutting off service for lack of payment. One (1) member of the public mentioned this filing specifically, expressing general opposition to a weather normalization charge.

#### **STIPULATION FOR PROVISIONAL WNC RATES<sup>7</sup>**

Following a review by and subsequent discussions among representatives of the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, "Parties"), it was determined that additional time is needed to complete a comprehensive review of the Company's proposed WNC rate and other aspects of the Company's filing. On September 1, 2016, the Parties executed a Stipulation for Provisional WNC ("Stipulation"), wherein the Parties stipulate and agree as follows:

- 1) The Parties stipulate and request that the Board provisionally approve PSE&G's WNC of \$0.022795 without Sales and Use Tax ("SUT") (\$0.024391 including SUT) per balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2016-2017 Winter Period. As a result of the stipulated provisional WNC, PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$882.99 to \$916.31 or \$33.32 or approximately 3.77%, based upon Delivery Rates and BGSS-RSG charges in effect on September 1, 2016, with the WNC set to the rate that was in effect for the 2015-2016 WNC Winter Period, and assuming that the customer receives gas commodity service from PSE&G.

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<sup>4</sup> The amount exceeding 3.0% of the residential service customer's total per therm rate.

<sup>5</sup> All rates quoted herein include Sales and Use Tax ("SUT").

<sup>6</sup> Calculated as the therms used from November through March that are above the average usage for the summer months (June through September).

<sup>7</sup> Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

- 2) The Parties further agree that upon Board approval of the above rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised provisional WNC delineated in Paragraph 1 of the Stipulation applicable to gas customers to be effective on October 1, 2016. Copies of the proposed Tariff Sheets are attached to the Stipulation as Exhibit A.
- 3) The Parties understand that these changes are on a provisional basis, subject to true-up of the earnings for the Annual Period, and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.
- 4) The Parties further agree that a Board Order approving the Stipulation will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

### **DISCUSSION AND FINDING**

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

The Board **HEREBY APPROVES** on a provisional basis, subject to refund, the Company's implementation of an after-tax per therm WNC rate of \$0.024391, inclusive of SUT, and applicable to Rate Schedules RSG, GSG and LVG for the 2016-2017 Winter Period to be effective for service rendered on and after October 1, 2016.

The Board **HEREBY DIRECTS** that this matter be transmitted to the OAL for review and evidentiary hearings, if necessary.

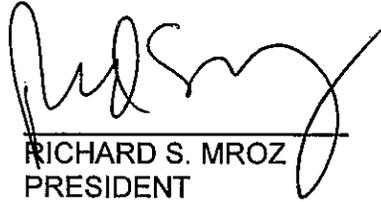
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2016.

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

The effective date of this Order is October 1, 2016.

DATED: 9/23/16

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



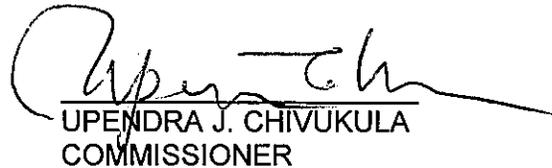
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MARY-ANNA HOLDEN  
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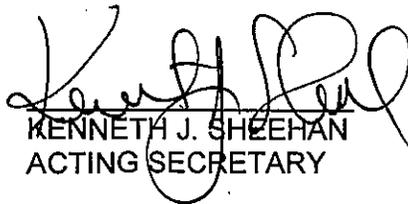


DIANNE SOLOMON  
COMMISSIONER



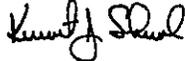
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:



KENNETH J. SHEEHAN  
ACTING SECRETARY

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



IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
TO REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2016-2017 ANNUAL  
PERIOD - DOCKET NO. GR16070617

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September 1, 2016

In The Matter of the Petition of  
Public Service Electric and Gas Company  
to Revise its Weather Normalization Charge  
for the 2016-2017 Annual Period

BPU Docket No. GR16070617

***VIA OVERNIGHT MAIL DELIVERY***

Irene Kim Asbury, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Secretary Asbury:

Enclosed for filing by Public Service Electric and Gas Company ("Company"), please find an original and ten copies of the Company's Stipulation for Provisional Weather Normalization Charge in the captioned matter.

Very truly yours,

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

Attachments

C Attached Service List

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08/15/2016

Public Service Electric and Gas Company  
WNC 2016  
GR16070617

Page 2 of 2

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF	)	STIPULATION FOR
PUBLIC SERVICE ELECTRIC AND GAS	)	PROVISIONAL WEATHER
COMPANY TO REVISE ITS WEATHER	)	NORMALIZATION CHARGE
NORMALIZATION CHARGE (WNC)	)	BPU Dkt. No. GR16070617
FOR THE 2016-2017 ANNUAL PERIOD	)	

APPEARANCES:

**Matthew M. Weissman**, General Regulatory Counsel - Rates, for the Petitioner, Public Service Electric and Gas Company

**Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, Division of 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)

**Alex Moreau and Emma Yao Xiao**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Christopher S. Porrino**, Attorney General of New Jersey)

On July 1, 2016, Public Service Electric and Gas Company (PSE&G or the Company) filed its Petition with the Board of Public Utilities (Board or BPU), requesting approval to recover \$53,788,660, of which \$33,156,456 will be recovered over the 2016-2017 Winter Period with the remaining deficiency of \$20,632,204 to be recovered over the 2017-2018 Winter Period. The Weather Normalization Charge (WNC) will be collected from PSE&G gas customers receiving service under Rate Schedules Residential Service (RSG), General Service (GSG) and Large Volume Gas (LVG) during the 2016-2017 and 2017-2018 Winter Periods (October 1 – May 31). As part of this Petition, PSE&G proposed a WNC for the 2016-2017 Winter Period of \$0.024391, including New Jersey Sales and Use Tax (SUT), applicable to Rate Schedules RSG, GSG and LVG. The proposed rate per Balancing Therm reflects the actual results for the 2015-2016 Winter Period to be recovered from customers during the 2016-2017

Winter Period and represents a total amount to be recovered of \$33,156,456 with the remaining deficiency of \$20,632,204 to be recovered over the 2017-2018 Winter Period.

The WNC Tariff was first approved by the Board on July 9, 2010, as part of the Stipulation of Settlement of PSE&G's 2009 base rate case. Decision and Order Adopting Initial Decision with Modifications for Gas Decision, *I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service*, Dkt. No. GR09050422 (July 2010 Order). The BPU approved the permanent 2014-2015 PSE&G WNC rate and Tariff on April 15, 2015. Decision and Order, *I/M/O the Petition of PSE&G to Revise Its Weather Normalization Charge for the 2014-2015 Annual Period*, Dkt. No. GR14070656 (April 15, 2015) (the 2014-2015 WNC Order).

In calculating the proposed WNC, PSE&G represents that it has utilized calculations required by the July 2010 Order and reflected in PSE&G's WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each October-to-May period (Winter Period), the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2014-2015 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

In accordance with the WNC Tariff, PSE&G represents that it has trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC Tariff Sheets developed by PSE&G and included in the Petition reflect updated Degree Day Consumption Factors for the 2016-2017 Winter Period.

These calculations establish a margin revenue deficiency of \$61,169,428. In calculating the 2016-2017 WNC request for recovery, PSE&G represents that it has made three adjustments to the margin revenue deficiency in accordance with the WNC Tariff. First, PSE&G applied the earnings test to ensure that the WNC will not permit the Company to recover any portion of a margin revenue deficiency that would cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period. As a result of the application of the WNC Earnings Test, there is no adjustment to the 2015-2016 Winter Period margin deficiency of \$61,169,428. Second, PSE&G reduced the 2015-2016 WNC balance by \$7,380,768. The 2015-2016 Winter Period margin revenue deficiency of \$61,169,428 is partially offset by \$7,380,768 from insufficient refunding related to prior years' Winter Period margin revenue excess from the 2014-2015 Winter Period, as approved for recovery per BPU Order dated January 28, 2016 in Docket No. GR15060748. The \$7,380,768 insufficient refunding is the result of the difference between what was expected to be refunded over the 2015-2016 Winter Period versus what was actually refunded to customers over the 2015-2016 Winter Period. Third, PSE&G adjusted its calculation of the WNC to ensure that it does not exceed three percent of the RSG total per therm rate, including RSG-BGSS charges and 63.04% of the Balancing Charge. This adjustment further reduces the WNC deficiency to \$33,156,456. The Petition seeks authorization to recover \$33,156,456 in the 2016-2017 Winter Period and the remaining deficiency of \$20,632,204 in the 2017-2018 Winter Period.

Notice setting forth the Company's July 1, 2016 WNC filing, 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, Mount Holly and New Brunswick on August 22, 23, and 24, 2016, respectively. Two members of the public appeared and expressed general concerns about high utility rates and opposition to shutting off service for lack of payment. One of the members of the public mentioned this filing specifically, expressing general opposition to a weather normalization clause.

Subsequent to the July 1, 2016 Filing, the Company made a Compliance Filing on or about August 25, 2016 in response to the Board's Order in the Company's Petition for Approval of Electric and Gas Base Rate Adjustments Pursuant to the Energy Strong Program (Energy Strong Matter) in Docket Nos. ER16030272 and GR16030273. As a result of the settlement of the Energy Strong Matter, the Margin Revenue Factors for Rate Schedules RSG, GSG and LVG were updated in Tariff Sheet No. 46 effective September 1, 2016. The update to the Margin Revenue Factors is reflected in Exhibit A, however it has no impact to the Company's request in this matter.

PSE&G, Board Staff, and the Division of Rate Counsel (Parties), the only parties to this proceeding, discussed certain matters at issue herein. As a result of those discussions, the Parties have determined that additional time is needed to complete the review of the proposed WNC and other aspects of the Company's filing. However, the Parties also agree that change in the Company's proposed WNC for the 2016-2017 Winter Period, on a provisional basis, is reasonable at this time.

**NOW THEREFORE, THE PARTIES STIPULATE AND AGREE AS FOLLOWS:**

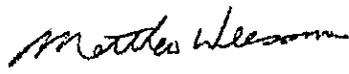
- 1) The Parties stipulate and request that the BPU provisionally approve PSE&G's WNC of \$0.022795 without SUT (\$0.024391 including SUT) per balancing term applicable to Rate Schedules RSG, GSG and LVG for the 2016-2017 Winter Period. As a result of the stipulated provisional WNC, PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$882.99 to \$916.31 or \$33.32 or approximately 3.77%, based upon Delivery Rates and BGSS-RSG charges in effect on September 1, 2016, with the WNC set to the rate that was in effect for the 2015-2016 WNC Winter Period, and assuming that the customer receives gas commodity service from PSE&G.
- 2) The Parties further agree that upon Board approval of the above rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised provisional WNC delineated in Paragraph 1 above applicable to gas customers to be effective on October 1, 2016. Copies of the proposed Tariff Sheets are attached hereto as Exhibit A.
- 3) The Parties understand that these changes are on a provisional basis, subject to true-up of the earnings for the Annual Period, and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law (OAL), if necessary, and final approval by the Board.
- 4) The Parties agree that this Settlement for the provisional WNC reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not

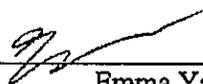
accepted and approved in its entirety by the Board, this Settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

- 5) The Parties further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
- 6) The Parties further agree that this Settlement for the provisional WNC has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement for the provisional WNC.

PUBLIC SERVICE ELECTRIC AND GAS  
COMPANY

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF  
NEW JERSEY  
Attorney for the Staff of the Board of Public  
Utilities

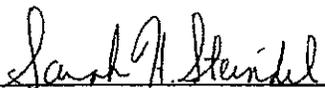
BY:   
Matthew M. Weissman  
General Regulatory Counsel - Rates

BY:   
Emma Yao Xiao  
Deputy Attorney General

DATED: August 31, 2016

DATED: August 31<sup>st</sup>, 2016

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

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

DATED: September 1,  
~~August~~ \_\_, 2016

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

**XXX Revised Sheet No. 45**  
**Superseding**  
**XXX Revised Sheet No. 45**

**WEATHER NORMALIZATION CHARGE**  
**CHARGE APPLICABLE TO**  
**RATE SCHEDULES RSG, GSG, LVG**  
**(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, <del>2015-2016</del> through May 31, <del>2016</del> 2017	<del>(\$0.028172)</del> 0.022795	<del>(\$0.030144)</del> 0.024391
June 1, <del>2016-2017</del> through September 30, <del>2016</del> 2017	\$0.000000	\$0.000000

**Weather Normalization Charge**

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

**I. DEFINITION OF TERMS AS USED HEREIN**

**1. Degree Days (DD)**

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

**2. Actual Calendar Month Degree Days**

- the accumulation of the actual Degree Days for each day of a calendar month.

**3. Normal Calendar Month Degree Days**

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the ~~2015~~2016-2016-2017 Winter Period are set forth in the table below:

	Normal Degree Days	
Oct - <del>156</del>	252.04	252.28
Nov - <del>156</del>	544.19	526.39
Dec - <del>156</del>	848.57	815.24
Jan - <del>167</del>	993.20	1,005.70
Feb - <del>167</del>	855.61	843.19
Mar - <del>167</del>	682.08	697.87
Apr - <del>167</del>	360.22	358.62
May - <del>167</del>	131.07	127.53

**4. Winter Period**

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

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80 Park Plaza, Newark, New Jersey 07102  
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Effective:

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 46**

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

**Superseding  
XXX Revised Sheet No. 46**

**WEATHER NORMALIZATION CHARGE  
(Continued)**

**5. Degree Day Dead Band**

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

**6. Degree Day Consumption Factors**

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the ~~20152016~~ 20162017 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct.-16 <del>6</del>	<del>402,072</del>	<del>1,607</del>	<del>48,997</del>	<del>1,467</del>	<del>77,817</del>	<del>624</del>	<del>146</del>	<del>6,653</del>
	<u>100,265</u>	<u>2,673</u>	<u>19,191</u>	<u>1,362</u>	<u>80,283</u>	<u>552</u>	<u>-</u>	<u>6,492</u>
Nov.-16 <del>6</del>	<del>485,532</del>	<del>7,237</del>	<del>48,242</del>	<del>3,614</del>	<del>77,817</del>	<del>4,106</del>	<del>4,064</del>	<del>5,653</del>
	<u>190,892</u>	<u>8,649</u>	<u>58,910</u>	<u>2,643</u>	<u>80,283</u>	<u>1,081</u>	<u>118</u>	<u>6,492</u>
Dec.-16 <del>6</del>	<del>224,750</del>	<del>9,724</del>	<del>43,614</del>	<del>4,589</del>	<del>77,817</del>	<del>4,389</del>	<del>278</del>	<del>5,653</del>
	<u>239,811</u>	<u>11,798</u>	<u>48,256</u>	<u>3,467</u>	<u>80,283</u>	<u>1,337</u>	<u>177</u>	<u>6,492</u>
Jan.-16 <del>7</del>	<del>234,079</del>	<del>10,214</del>	<del>50,590</del>	<del>4,842</del>	<del>78,584</del>	<del>2,080</del>	<del>346</del>	<del>5,692</del>
	<u>233,722</u>	<u>11,237</u>	<u>55,580</u>	<u>3,774</u>	<u>80,741</u>	<u>2,057</u>	<u>218</u>	<u>6,474</u>
Feb.-16 <del>7</del>	<del>234,128</del>	<del>10,400</del>	<del>54,867</del>	<del>5,043</del>	<del>78,584</del>	<del>4,654</del>	<del>745</del>	<del>5,692</del>
	<u>236,933</u>	<u>11,359</u>	<u>58,053</u>	<u>3,917</u>	<u>80,741</u>	<u>1,638</u>	<u>227</u>	<u>6,474</u>
Mar.-16 <del>7</del>	<del>227,494</del>	<del>10,042</del>	<del>40,873</del>	<del>6,233</del>	<del>78,584</del>	<del>2,217</del>	<del>446</del>	<del>5,692</del>
	<u>230,820</u>	<u>11,757</u>	<u>51,713</u>	<u>3,851</u>	<u>80,741</u>	<u>2,206</u>	<u>236</u>	<u>6,474</u>
Apr.-16 <del>7</del>	<del>499,546</del>	<del>10,234</del>	<del>35,846</del>	<del>6,258</del>	<del>78,584</del>	<del>4,225</del>	<del>533</del>	<del>5,692</del>
	<u>206,269</u>	<u>12,110</u>	<u>39,255</u>	<u>3,903</u>	<u>80,741</u>	<u>1,282</u>	<u>208</u>	<u>6,474</u>
May-16 <del>7</del>	<del>446,854</del>	<del>8,449</del>	<del>20,504</del>	<del>4,703</del>	<del>78,584</del>	<del>655</del>	<del>-</del>	<del>5,692</del>
	<u>159,370</u>	<u>9,516</u>	<u>24,602</u>	<u>4,258</u>	<u>80,741</u>	<u>683</u>	<u>143</u>	<u>6,474</u>

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

**7. Margin Revenue Factor**

- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	<del>\$0.302791</del> <u>0.290943</u>
Rate Schedule GSG	<del>\$0.249100</del> <u>0.242552</u>
Rate Schedule LVG	<del>\$0.040142</del> <u>0.038558</u>

**8. Annual Period**

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

**9. Average 13 Month Common Equity Balance**

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service less Accumulated Depreciation Reserve) at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

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**XXX Revised Sheet No. 47**

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

**Superseding  
XXX Revised Sheet No. 47**

**WEATHER NORMALIZATION CHARGE  
(Continued)**

**II. DETERMINATION OF THE WEATHER NORMALIZATION RATE**

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms (Green Programs Recovery Charge, Capital Adjustment Charge, etc) that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and ~~64.05~~ 63.04% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

**III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE**

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

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XXX Revised Sheet No. 45  
Superseding  
XXX Revised Sheet No. 45

**WEATHER NORMALIZATION CHARGE**

**CHARGE APPLICABLE TO  
RATE SCHEDULES RSG, GSG, LVG  
(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2016 through May 31, 2017	\$0.022795	\$0.024391
June 1, 2017 through September 30, 2017	\$0.000000	\$0.000000

**Weather Normalization Charge**

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

**I. DEFINITION OF TERMS AS USED HEREIN**

**1. Degree Days (DD)**

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

**2. Actual Calendar Month Degree Days**

- the accumulation of the actual Degree Days for each day of a calendar month.

**3. Normal Calendar Month Degree Days**

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2016-2017 Winter Period are set forth in the table below:

	<b>Normal Degree Days</b>
Oct - 16	252.28
Nov - 16	526.39
Dec - 16	815.24
Jan - 17	1,005.70
Feb - 17	843.19
Mar - 17	697.87
Apr - 17	358.62
May - 17	127.53

**4. Winter Period**

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

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**WEATHER NORMALIZATION CHARGE  
(Continued)**

**5. Degree Day Dead Band**

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

**6. Degree Day Consumption Factors**

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2016-2017 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct.-16	100,265	2,673	19,191	1,362	80,283	552	-	6,492
Nov.-16	190,882	8,649	58,910	2,643	80,283	1,081	118	6,492
Dec.-16	239,811	11,798	48,256	3,467	80,283	1,337	177	6,492
Jan.-17	233,722	11,237	55,580	3,774	80,741	2,057	218	6,474
Feb.-17	236,933	11,359	58,053	3,917	80,741	1,638	227	6,474
Mar.-17	230,820	11,757	51,713	3,851	80,741	2,206	236	6,474
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**8. Annual Period**

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

**9. Average 13 Month Common Equity Balance**

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service less Accumulated Depreciation Reserve) at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

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**WEATHER NORMALIZATION CHARGE**  
**(Continued)**

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