



Agenda Date: 06/30/17
Agenda Item: 2C

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 THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY TO)
MODIFY ITS MANUFACTURED GAS PLANT)
(MGP) REMEDIATION COMPONENT WITHIN ITS)
ELECTRIC SOCIETAL BENEFITS CHARGE (SBC))
AND ITS GAS SBC; DURING THE REMEDIATION)
ADJUSTMENT CHARGE (RAC) 24 PERIOD,)
AUGUST 1, 2015 TO JULY 31, 2016)

DECISION AND ORDER
APPROVING STIPULATION

BPU DOCKET NO. GR16111064

Parties of Record:

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

BY THE BOARD:

On November 4, 2016, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the Company's Manufactured Gas Plant Remediation Adjustment Clause ("RAC") activities and net Manufactured Gas Plant ("MGP") costs incurred between August 1, 2015 through July 31, 2016 ("RAC 24 Period"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by PSE&G, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") which addresses the issues in the petition.

BACKGROUND

The RAC allows recovery of reasonably incurred MGP Program costs plus carrying charges by the Company, amortized over a seven (7) year rolling average period. The Company's MGP costs are allocated to gas and electric customers on a sixty (60)/forty (40) percent basis pursuant to prior Orders of the Board. The RAC is a separate component of PSE&G's electric and gas Societal Benefits Charge ("SBC").

In the petition, PSE&G requested approval of net RAC expenditures of \$40.903 million. As a result of the allocation of MGP costs between electric and gas customers, this resulted in \$16.361 million for electric customers and \$24.542 million for gas customers. The annual revenue collected from electric customers would be reduced by \$865,000 and the annual revenue collected from gas customers would be increased by \$6.143 million.

After publication of notice in newspapers of general circulation in the Company's service territory, two public hearings were held in each location (4:30 p.m. and 5:30 p.m.): Hackensack on March 20, 2017, New Brunswick on March 22, 2017 and Mount Holly on March 23, 2017. No member of the public appeared at these hearings or filed comments with regard to the filing.

STIPULATION

After review of discovery and subsequent settlement discussions, the Parties reached an agreement on the petition, and on June 2, 2017 executed a Stipulation. The key terms of the Stipulation are as follows:¹

1. PSE&G's petition seeks authority to establish rates to recover the true up of RAC 23 costs, 1/7 of each of the RAC 18 through RAC 24 expenditures, and the carrying costs on its unamortized remediation program balance. The Company's filing further requested an Order finding that "its RAC activities conducted and MGP program costs incurred during the RAC 24 Period, are reasonable and are appropriate for recovery" and that such Order find that it is reasonable to increase the existing gas MGP component of the SBC and decrease the existing electric MGP component of the SBC. These components are historically referred to as the Electric and Gas RAC.
2. The Company incurred gross expenditures of \$49,444,176 in remediation costs during the RAC 24 Period. This amount has been reduced by insurance proceeds of \$6,000,000, miscellaneous recoveries of \$2,531,287 as well as \$9,601 (interest only) of Natural Resource Damages² ("NRD")-related MGP costs, resulting in net expenditures of \$40,903,287 for the RAC 24 Period, as illustrated on Attachment A-3, page 1 to the petition.
3. The petition allocates RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives, and RAC costs are to be recovered over a rolling seven (7) year period.

¹ 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 in this Order. The numbering of the Stipulation provisions may not be sequential as they reflect the numbering in the Stipulation.

² NRD are costs that are beyond costs of remediation and are amounts payable to the State of New Jersey to compensate for recovery for the residual injury that remains once the remedial cleanup process is completed, i.e. compensation for the loss of use of the affected natural resources caused by the contamination.

5. Staff and Rate Counsel have propounded discovery requests, to which the Company has responded. The Parties agree that the current gas RAC of \$0.009688/therm, excluding Sales and Use Tax ("SUT"), should be increased to \$0.011189/therm, excluding SUT (\$0.011958/therm, including SUT). The Parties also agree that the current electric RAC of \$0.000472/kilowatt-hour, excluding line losses and SUT, should be decreased to \$0.000462/kilowatt-hour, excluding line losses and SUT (\$0.000534/kilowatt-hour including line losses and including SUT). Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C of the Stipulation in both redline and clean format.
6. The foregoing rates will allow recovery of 1/7 of the RAC 18 through RAC 24 expenditures. Under these rates, the annual bill for a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would decrease from \$1,284.28 to \$1,284.16, or \$(0.12) or approximately (0.01%) based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP") Supply rates in effect on April 1, 2017, and assuming that the customer receives BGS-RSCP service from PSE&G. A residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an increase in the annual bill from \$547.68 to \$548.68, or \$1.00 or approximately 0.18%. A typical gas heating customer using 165 therms during a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$861.02 to \$862.68, or \$1.66 or approximately 0.19% based upon current Delivery and Basic Gas Supply Service ("BGSS-RSG") Supply rates in effect on April 1, 2017 and assuming that the customer receives BGSS-RSG service from PSE&G.
7. The Company's MGP remediation work performed during the RAC 24 Period, August 1, 2015 to July 31, 2016, described in Company witness Richard A. Blackman's testimony (Attachment B to the RAC 24 Petition), was prudent and reasonable. The Company represents that the expenditures and rates agreed to in the Stipulation do not include any incentive compensation costs.
8. The Company represents that it has credited RAC ratepayers with the sale proceeds for one property sale in the amount of \$1,301,813 during the RAC 24 Period.
9. The Company represents that its petition does not include any administrative, legal, consulting, or other costs associated with NRD claims. The Parties further agree that PSE&G will have deferred a total of \$728,925 inclusive of applicable interest, of NRD-related MGP costs through the end of the RAC 24 Period. PSE&G agrees to defer the above-indicated NRD-related MGP costs until such future time as the Board specifically addresses the rate recoverability of NRD-related expenditures through the RAC mechanism. The Parties stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC, of NRD-related costs. The Parties expressly reserve their rights to argue their respective positions on NRD issues in future proceedings, as appropriate.

10. Attached to the Stipulation as Exhibit A is Attachment A-2 from the Company's filing, which reflects the expenditures to be approved for this RAC 24 Period and the approved expenditures for RAC 18 through RAC 23.
11. The Company agrees that, as in this and other recent RAC filings, it will continue to include with its future RAC filings, responses to the minimum filing requirements as set forth in Exhibit B to the Stipulation, and that in future RAC filings it shall not request any late fees or charges that are associated with legal costs recovered through the RAC.
12. The Parties agree that the Stipulation is being entered into exclusively for the purpose of resolving the issues in this matter. The Parties further agree that this settlement resolves all issues regarding the Company's petition except as specifically provided in the Stipulation.
14. The Parties agree that the Company's MGP remediation costs will remain subject to audit by the Board. Additionally, the Company periodically conducts audits of these expenses, similar to its other expenses.

DISCUSSION AND FINDINGS

The Board has reviewed the Stipulation in this matter, and **FINDS** it to be reasonable and in the public interest, being persuaded that the MGP costs have been thoroughly reviewed. The Board **HEREBY FINDS** that the Company's MGP remediation work performed during the RAC 24 Period was prudent, and the resulting MGP costs for the RAC 24 Period of \$40.903 million (net of insurance proceeds and other recoveries, and deferred NRD expenses) are reasonable and appropriate for recovery.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety as if fully incorporated herein. The Board agrees that it is reasonable to change the existing RAC rates, and therefore **HEREBY ORDERS** that the Company's existing gas RAC factor rate be increased to \$0.011958 per therm. The Board also **HEREBY ORDERS** that the Company's existing electric (per kilowatt-hour) RAC rates be decreased by service class to \$0.000534 (Secondary Service), \$0.000520 (Large Power and Lighting Primary), \$0.000509 (High Tension Service ("HTS") Subtransmission), and \$0.000501 (HTS High Voltage). These changes shall become effective for services rendered on or after July 10, 2017.

The Board **FURTHER ORDERS** that the NRD-related costs deferred through the end of the RAC 24 Period of \$728,925 shall continue to be deferred until such time as the Board addresses the rate recoverability of NRD-related costs via the RAC mechanism.

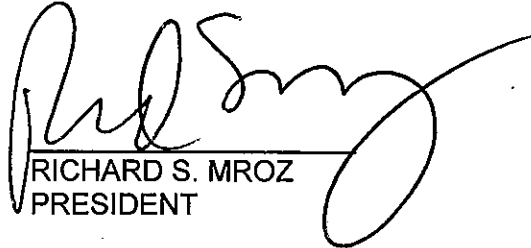
The Company's costs, including those related to the RAC, shall remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audits.

The Board **HEREBY ORDERS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by July 10, 2017.

The effective date of this Order is July 5, 2017.

DATED: 6/30/17


BOARD OF PUBLIC UTILITIES
BY:



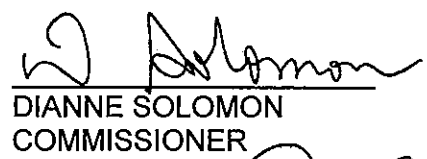
RICHARD S. MROZ
PRESIDENT



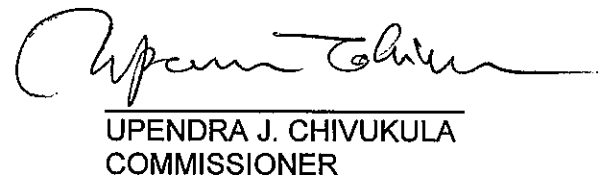
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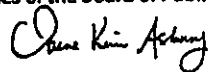
DIANNE SOLOMON
COMMISSIONER



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 THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
TO MODIFY ITS MANUFACTURED GAS PLANT (MGP) REMEDIATION COMPONENT
WITHIN ITS ELECTRIC SOCIETAL BENEFITS CHARGE (SBC) AND ITS GAS SBC;
DURING THE REMEDIATION ADJUSTMENT CHARGE (RAC) 24 PERIOD,
AUGUST 1, 2015 TO JULY 31, 2016**

DOCKET NO. GR16111064

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June 2, 2017

In The Matter Of The Petition Of Public Service Electric And
Gas Company To Modify Its Manufactured Gas Plant (MGP)
Remediation Component Within Its Electric Societal Benefits
Charge (SBC) and Its Gas SBC; During The Remediation
Adjustment Charge (RAC) 24 Period, August 1, 2015, to
July 31, 2016

BPU Docket No.: GR16111064

VIA ELECTRONIC MAIL AND OVERNIGHT MAIL

Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
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Dear Secretary Asbury:

Attached please find a Settlement executed by all parties to the above-referenced matter which addresses and settles all issues therein.

Thank you for your consideration in this matter.

Respectfully submitted,

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

C Attached Service List (E-Mail)

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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 To Modify Its Manufactured Gas Plant (MGP) Remediation Component Within Its Electric Societal Benefits Charge (SBC) and Its Gas SBC; During The Remediation Adjustment Charge (RAC) 24 Period, August 1, 2015, to July 31, 2016	STIPULATION BPU DOCKET NO. GR16111064
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APPEARANCES:

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

Henry M. Ogden, Esq. and Maura Caroselli, Esq., Assistant Deputies Rate Counsel, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

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

On November 4, 2016, Public Service Electric and Gas Company (PSE&G, the Company) filed a Petition with the Board of Public Utilities (Board) for an Order finding that PSE&G's Manufactured Gas Plant (MGP) Remediation work, associated with the clean-up of PSE&G's former MGP sites, performed during the Remediation Adjustment Charge (RAC) period August 1, 2015 through July 31, 2016 (RAC 24 period) was prudent, and that the resulting RAC 24 costs are reasonable and appropriate for rate recovery. Upon review of the PSE&G filing, conducting and reviewing responses to

discovery and e-mails, the Staff of the New Jersey Board of Public Utilities (Board Staff), the New Jersey Division of Rate Counsel (Rate Counsel), and PSE&G, the only parties to this proceeding (collectively, the Parties), stipulate and agree as follows:

1. PSE&G's Petition in this matter seeks authority to establish rates to recover the true up of RAC 23 costs, 1/7 of each of the RAC 18 through RAC 24 expenditures, and the carrying costs on its unamortized remediation program balance. The Company's filing further requested an Order finding that "its RAC activities conducted and Program Costs incurred during the RAC 24 period, August 1, 2015 through July 31, 2016, are reasonable and are appropriate for recovery" and that such Order find that it is reasonable to increase the existing gas MGP component of the Societal Benefits Charge (SBC) and decrease the existing electric MGP component of the SBC. These components are historically referred to as the Electric and Gas Remediation Adjustment Charge (RAC).
2. The Company incurred gross expenditures of \$49,444,176 in remediation costs during the RAC 24 period. This amount has been reduced by insurance proceeds of \$6,000,000, miscellaneous recoveries of \$2,531,287 as well as \$9,601 (Interest only) of Natural Resource Damages¹ (NRD)-related MGP costs, resulting in net expenditures of \$40,903,287 for the RAC 24 period, as illustrated on Attachment A-3, page 1 to the Petition.
3. The PSE&G Petition allocates RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives, and RAC costs are to be recovered over a rolling seven-year period.

¹ "Natural Resource Damages" are costs that are beyond costs of remediation and are amounts payable to the State of New Jersey to compensate for recovery for the residual injury that remains once the remedial cleanup process is completed, i.e. compensation for the loss of use of the affected natural resources caused by the contamination.

4. Notice of the Company's Petition in this docket, including the date, time and place of public hearings, was placed in newspapers having a circulation within the Company's electric service territory, and was served on the Clerks of the municipalities, the Clerks of the Board of Chosen Freeholders, and the County Executives within the Company's electric and gas service territories. In accordance with that notice, public hearings on the Company's requests were held on the following dates at three locations in PSE&G's service territory: two hearings on March 20, 2017 in Hackensack, New Jersey, two hearings on March 22, 2017 in New Brunswick, New Jersey and two hearings on March 23, 2017 in Mt Holly, New Jersey. No members of the public appeared at these hearings.
5. Board Staff and Rate Counsel have propounded discovery requests, to which the Company has responded. The Parties agree that the current gas RAC of \$0.009688/therm, excluding sales and use tax (SUT), should be increased to \$0.011189/therm, excluding SUT (\$0.011958/therm, including SUT). The Parties also agree that the current electric RAC of \$0.000472/kilowatt-hour, excluding line losses and SUT, should be decreased to \$0.000462/kilowatt-hour, excluding line losses and SUT (\$0.000534/kilowatt-hour including line losses and including SUT). Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C in both redline and clean format.
6. The foregoing rates will allow recovery of 1/7 of the RAC 18 through RAC 24 expenditures. Under these rates, the annual bill for a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would decrease from \$1,284.28 to \$1,284.16, or \$(0.12) or approximately (0.01%) based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing (BGS-RSCP) Supply rates in effect on April 1, 2017, and assuming that the customer receives BGS-RSCP service from Public

Service. A residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an increase in the annual bill from \$547.68 to \$548.68, or \$1.00 or approximately 0.18%. A typical gas heating customer using 165 therms during a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$861.02 to \$862.68, or \$1.66 or approximately 0.19% based upon current Delivery and Basic Gas Supply Service (BGSS-RSG) Supply rates in effect on April 1, 2017 and assuming that the customer receives BGSS-RSG service from Public Service.

7. The Company's MGP Remediation work performed during the RAC 24 period, August 1, 2015 to July 31, 2016, described in Company witness Richard A. Blackman's testimony (Attachment B to the Company's Petition), was prudent and reasonable. The Company represents that the expenditures and rates agreed to in this Stipulation do not include any incentive compensation costs.
8. The Company represents that it has credited RAC ratepayers with the sale proceeds for one property sale in the amount of \$1,301,813 during the RAC 24 remediation period.
9. The Company represents that its RAC 24 filing does not include any administrative, legal, consulting, or other costs associated with NRD claims. The Parties further agree that PSE&G will have deferred a total of \$728,925 inclusive of applicable interest, of NRD-related MGP costs through the end of the RAC 24 period. PSE&G agrees to defer the above-indicated NRD-related MGP costs until such future time as the Board specifically addresses the rate recoverability of NRD-related expenditures through the RAC mechanism. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC, of NRD-related

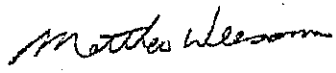
costs. The Parties expressly reserve their rights to argue their respective positions on NRD issues in future proceedings, as appropriate.

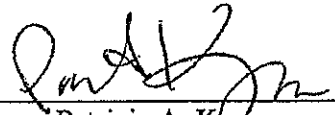
10. Attached hereto as Exhibit A is Attachment A-2, from the Company's filing which reflects the expenditures to be approved for this RAC 24 period and the approved expenditures for RAC 18 through RAC 23.
11. The Company agrees that, as in this and other recent RAC filings, it will continue to include with its future RAC filings, responses to the minimum filing requirements (MFRs) as set forth in Exhibit B to this Settlement, and that in future RAC filings it shall not request any late fees or charges that are associated with legal costs recovered through the RAC.
12. The Parties agree that this Settlement is being entered into exclusively for the purpose of resolving the issues in this matter. The Parties further agree that this Settlement resolves all issues regarding the Company's RAC 24 filing except as specifically provided herein.
13. The Parties agree that this Settlement was negotiated and agreed to in its entirety with each section being mutually dependent on approval of all other sections. Therefore, if the Board modifies any of the terms of this Settlement, each party is given the option, before implementation of any different rate or terms in this case, to accept the change or to resume the proceeding as if no agreement had been reached. If this proceeding is resumed, each party is given the right to return to the position it was in before this Settlement was executed.
14. The Parties agree that the Company's MGP remediation costs will remain subject to audit by the Board. Additionally, the Company periodically conducts audits of these expenses, similar to its other expenses.

15. It is specifically understood and agreed that this Settlement represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Company, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposedly underlying any agreement provided herein in total or by specific item. The Parties further agree that this Settlement Agreement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement Agreement. All rates remain subject to audit by the Board.

PUBLIC SERVICE ELECTRIC
AND GAS COMPANY

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


By: 
Matthew M. Weissman, Esq.

By: 
Patricia A. Krogman
Deputy Attorney General

DATED: May 30, 2017

DATED: 6/1/17

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

By: 
Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

DATED: June 2, 2017

EXHIBIT A

RAC 24 SUMMARY SCHEDULE FOR THE ANNUAL RAC PERIOD ENDED JULY 31, 2016 \$000

Worksheet Reference	TOTAL	RAC #24	RAC #23	RAC #22	RAC #21	RAC #20	RAC #19	RAC #18
COSTS ELIGIBLE FOR AMORTIZATION & RECOVERY OVER 7 YEARS:								
Prior RAC Periods #18 - #23 - Actual Approved Expenditures, Net*	(A) \$267,567		\$54,113	\$84,988	\$65,886	\$25,770	\$17,773	\$19,038
RAC 24 Period - Actual Expenditures, Net*	\$40,903	\$40,903						
ANNUAL RECOVERY SUMMARY:								
Annual Amortization of Prior RAC Period Costs (seven years)	\$38,227		\$7,730	\$12,143	\$9,414	\$3,681	\$2,538	\$2,720
Annual Amortization (seven years)	(B) 77	\$5,843						
RAC 18 through 24 Expenditures for Allocation between Gas & Electric	\$44,070	To Attachment A-2 pg. 2						
True up of RAC 23 Expenditures with RAC Recoveries - GAS	\$4,476	From Attachment A-3, pg. 2						
True up of RAC 23 Expenditures with RAC Recoveries - ELEC	\$1,251	From Attachment A-3, pg. 2						
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-16 to Jun-18 per Dkt. No. ER02080604	\$2,400	From Attachment A-5, pg. 2						
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-16 to Jun-18 per DKT No. ER02080604	\$1,520	From Attachment A-5, pg. 4						
TOTAL - RAC 24 ANNUAL RECOVERY, PERIOD TO DATE	\$53,717							

* NET represents Net of Insurance Recoveries, Miscellaneous Recoveries and NRD*
Numbers may not add due to rounding

REMIEDIATION PROGRAM COSTS - RAC 24
ELECTRIC AND GAS ALLOCATION DETAILS

\$000

I. OVERALL ALLOCATION BETWEEN GAS & ELECTRIC CUSTOMERS:

Workpaper Reference	Gas	Electric	Total
RAC 18 through 24 Expenditures for Allocation between Gas & Electric			\$44,070 (A)
From Attachment A-2, pg 1			
Allocation % between Gas & Electric Customers	60%	40%	100%
Allocation to Gas Customers	\$26,442	\$17,628	
Allocation to Electric Customers		\$17,628	
ADD:			
Tue up of RAC 23 Expenditures with RAC Recoveries - GAS	\$4,476		
From Attachment A-3, pg 2			
Tue up of RAC 23 Expenditures with RAC Recoveries - ELEC		\$1,251	
From Attachment A-3, pg 2			
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-16 to Jun-18 per Dkt. No. ER02080604	\$2,400		
From Attachment A-5, pg 2 of 4			
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-16 to Jun-18 per DKT No. ER02080604		\$1,520	
From Attachment A-5, pg 4 of 4			
Total Gas and Electric	\$33,318	\$20,398	\$53,717

\$53,717 Agrees to Attachment A-2, pg 1

Note 1: Allocation of 60% of costs to Gas customers and 40% to Electric customers was determined per BPU Order dated November 4, 1994, Dkt. ER91111698J

II. ALLOCATION TO GAS CUSTOMER CLASSES:

Customer Classes:	Therm Sales (000)	\$/Therm	Recovery
RSG	1,520,592	0.011189	\$17,013
GSG	284,906	0.011189	\$3,187
LYG	699,192	0.011189	\$7,823
CIG	46,629	0.011189	\$522
TSG-F, NF	425,884	0.011189	\$4,765
SLG	680	0.011189	\$8
	2,977,883		\$33,318

7/17-6/18

III. ALLOCATION TO ELECTRIC CUSTOMER CLASSES:

Customer Classes:	Amount To Be Recovered, (\$000)	Rate	Loss Factor	\$/KWH
Secondary Service	\$000		7.5377%	0.000500
LPL Primary			0.000487	0.000520
HIS Subtransmission			2.9402%	0.000476
HIS High Voltage			1.4590%	0.000469
				0.000501

Numbers may not add due to rounding

EXHIBIT B

PSE&G RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period.

1. The Company currently provides a vendor summary as part of its generic discovery responses to its annual RAC filing. This document provides a summary of the expenditures incurred by vendor by site for the twelve-month RAC period. Hereafter, the vendor summary will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through July 31 will be submitted with the Company's RAC Petition.
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting work papers, charts and tables.
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding July 31st of the most recent RAC period.

EXHIBIT B

4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.
5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company will provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.
7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the

EXHIBIT B

previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.

8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.
9. Provide schedules and supporting work papers and documents which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.
10. Provide the Company's bid evaluation studies, reports, work papers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.

EXHIBIT B

12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.
13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including work papers and supporting documentation.
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The Parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.

EXHIBIT B

17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.
18. The Company shall disclose all internal control deficiencies, significant deficiencies, or material weaknesses that are identified by the Sarbanes Oxley review process or by company internal control procedures that are related to RAC expenditures or cost recoveries during the applicable RAC period under review or the immediate prior RAC period. In addition, the Company will provide identification of remedial steps taken by management to correct such deficiencies, significant deficiencies, or material weaknesses; and the summarization of additions, deletions, or amendments to the company's Site Remediation Project Directives during the applicable RAC period under review. The Company may seek confidential treatment of materials prior to submitting the portion of such materials it considers confidential under applicable standards.
19. All legal bills sought to be paid by ratepayers. Said bills shall include the descriptions provided with such bills. The Company may seek confidential treatment of materials prior to submitting the portion of such materials it considers confidential under applicable standards. Material in legal bills that are legally

EXHIBIT B

privileged may be excluded from the filing, which parties may seek under the applicable standard for any claimed privilege.

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

XXX Revised Sheet No. 57
Superseding
XXX Revised Sheet No. 57

SOCIETAL BENEFITS CHARGE

Cost Recovery
(per kilowatthour)

Component:

Social Programs.....	\$ 0.001103
Energy Efficiency and Renewable Energy Programs.....	0.002849
Manufactured Gas Plant Remediation.....	<u>0.0004720.000462</u>
Sub-total per kilowatthour.....	\$ <u>0.0044240.004414</u>

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	7.5377%	\$ <u>0.004785</u> <u>0.004774</u>	\$ 0.001862	\$ 0.000727	\$ <u>0.007374</u> <u>0.007363</u>
LPL Primary	5.1232%	<u>0.004663</u> <u>0.004652</u>	0.001862	0.000727	<u>0.007252</u> <u>0.007241</u>
HTS Subtransmission	2.9402%	<u>0.004558</u> <u>0.004548</u>	0.001862	0.000727	<u>0.007447</u> <u>0.007437</u>
HTS High Voltage	1.4590%	<u>0.004490</u> <u>0.004479</u>	0.001862	0.000727	<u>0.007079</u> <u>0.007068</u>

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service.....	\$ <u>0.0078840.007869</u>
LPL Primary.....	<u>0.0077540.007739</u>
HTS Subtransmission.....	<u>0.0076380.007628</u>
HTS High Voltage.....	<u>0.0075660.007554</u>

SOCIETAL BENEFITS CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

Date of Issue:

Issued by SCOTT S. JENNINGS, 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
B.P.U.N.J. No. 15 ELECTRIC

XXX Revised Sheet No. 57
Superseding
XXX Revised Sheet No. 57

SOCIETAL BENEFITS CHARGE

Cost Recovery
(per kilowatthour)

Component:

Social Programs.....	\$ 0.001103
Energy Efficiency and Renewable Energy Programs.....	0.002849
Manufactured Gas Plant Remediation.....	0.000462
Sub-total per kilowatthour.....	\$ 0.004414

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	7.5377%	\$ 0.004774	\$ 0.001862	\$ 0.000727	\$ 0.007363
LPL Primary	5.1232%	0.004652	0.001862	0.000727	0.007241
HTS Subtransmission	2.9402%	0.004548	0.001862	0.000727	0.007137
HTS High Voltage	1.4590%	0.004479	0.001862	0.000727	0.007068

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service.....	\$0.007869
LPL Primary.....	0.007739
HTS Subtransmission.....	0.007628
HTS High Voltage.....	0.007554

SOCIETAL BENEFITS CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 41

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

Superseding

XXX Revised Sheet No. 41

SOCIETAL BENEFITS CHARGE

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

Social Programs.....	\$ 0.000000
Energy Efficiency and Renewables Programs.....	0.022606
Manufactured Gas Plant Remediation.....	0.009688 0.011189
Universal Service Fund - Permanent.....	0.007100
Universal Service Fund - Lifeline	<u>0.004800</u>
Societal Benefits Charge	\$ <u>0.0441940.045695</u>
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT).....	\$ <u>0.0472320.048837</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

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

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Superseding

XXX Revised Sheet No. 41

SOCIETAL BENEFITS CHARGE

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

Social Programs.....	\$ 0.000000
Energy Efficiency and Renewables Programs.....	0.022606
Manufactured Gas Plant Remediation.....	0.011189
Universal Service Fund - Permanent.....	0.007100
Universal Service Fund - Lifeline	<u>0.004800</u>
Societal Benefits Charge	\$ 0.044695
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT).....	<u>\$ 0.048837</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under-over recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

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