



**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 FOR	)	APPROVING STIPULATION
APPROVAL OF A CHANGE IN ITS ELECTRIC NON-	)	REGARDING PROVISIONAL
UTILITY GENERATION CHARGE RATE	)	RATES
	)	
	)	DOCKET NO. ER19040523

**Parties of Record:**

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

**BY THE BOARD:**

On April 26, 2019, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition ("April 2019 NGC Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking review and recovery of an additional \$8.93 million in revenues related to its Non-Utility Generation Charge ("NGC") costs. By this Decision and Order, the Board considers a Stipulation Regarding Provisional Rates ("Stipulation") executed by PSE&G, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") requesting that the Board approve changes in the NGC rates on a provisional basis, subject to refund with interest.

**BACKGROUND**

Pursuant to the Electric Discount and Energy Competition Act of 1999 ("EDECA"), the Company's Electric Non-utility Generation Transition Charge ("NTC") was established in the Board's Order in Docket Nos. EO97070461, EO97070462 and EO97070463 ("Electric EMP Order") dated August 24, 1999.

Pursuant to the Electric EMP Order, and to the extent that expenditures for these initiatives exceeded the amount of their cost recovery, the expenditures were subject to deferred accounting treatment for future recovery at the close of the transition period established in that Order.

By Order dated July 22, 2002,<sup>1</sup> the Board required each electric utility to file, among other things, a request for recovery of deferred expenses pertaining to unrecovered balances associated with the NTC.

After a series of proceedings related to various components of the Company's rates, the Board issued a Summary Order in Docket No. ER02050303 dated July 31, 2003 followed by a Final Order dated April 22, 2004 ("Final Order"). The Summary and Final Orders finalized the Company's NTC and established new NTC rates, including multiple components effective August 1, 2003.

Pursuant to a BPU directive in Docket No. EO04101124, dated November 9, 2004, PSE&G provides a credit through the NTC to residential electric customers related to the net economic benefit of energy and capacity from the St. Lawrence hydroelectric facility. PSE&G resets the amount of the St. Lawrence New York Power Authority ("NYPA") credit as of June 1 of each year based on the credit received net of any over/under refunded balances including interest.

By Order dated March 6, 2007,<sup>2</sup> the Board approved the renaming of the NTC to the NGC.

#### **APRIL 2019 FILING**

On April 26, 2019, the Company filed the April 2019 NGC Petition seeking Board approval to recover an additional \$8.93 million in revenues related to electric NGC costs. The proposed change in revenue was based on actual data through February 28, 2019 and estimated data through June 30, 2020, resulting in an average per kWh rate of \$0.000119 before New Jersey Sales and Use Tax ("SUT") and losses, compared to the current credit rate of \$0.000086 before SUT and losses. The Company stated in its April 2019 NGC Petition that for purposes of this filing, references to NGC are for the Non-Utility Generation "above market cost" component, which is included in the NGC Schedule in the Company's Tariff for Electric Service. The Company did not propose to update the St. Lawrence credit in this filing.

As filed, the bill impact on a typical residential electric customer that uses 740 kilowatt-hours during a summer month and 6,920 kilowatt-hours annually would be an increase of \$1.56, or approximately 0.12%, based upon current delivery rates and Basic Generation Service Residential Small Commercial Pricing ("BGS-RSCP") in effect June 1, 2019 assuming that the customer received BGS-RSCP service from PSE&G.

After notice, public hearings were held on June 18, 19, and 20, 2019 in Hackensack, New Brunswick, and Mount Holly, respectively. No members of the public attended any of the public hearings or submitted written comments on the April 2019 NGC Petition.

<sup>1</sup> In re the Petition of Public Service Electric and Gas Company for Approval of Changes in its Tariff for Electric Service, Depreciation Rates, and for Other Relief, AND In re the Petition of Public Service Electric and Gas Company for Approval of a Service Agreement with PSEG Services Corporation and Transfer of Utility Assets and Contracts, AND In re the Petition of Public Service Electric and Gas Company for Approval of Changes in its Tariff for Electric Body Politic Lighting Service and Private Street and Area Lighting Service, Docket Nos. ER02050303, EO97070461, EO97070462, EO97070463, EM00040253, and ET01120830; (July 22, 2002) ("July 2002 Order").

<sup>2</sup> In re the Motion of Public Service Electric and Gas Company for Approval of Changes in the Electric and Gas Societal Benefits Charge Rates; for a Change in its Electric Non-Utility Generation Transition Charge Rate, and for Changes in the Tariff for Electric Service B.P.U. N.J. No. 14 Electric and Changes in the Tariff for Gas Service B.P.U. No. 13 Gas Pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:3-60, Docket No. GR05080686 (March 6, 2007).

## STIPULATION

Following a review by and subsequent discussions by the Parties, it was determined that additional time is needed to complete a comprehensive review of the Company's April 2019 NGC Petition. On June 28, 2019 the Parties executed the Stipulation, which provides for the following:<sup>3</sup>

3. The filed-for rate change per the April 2019 NGC Petition proposed for the electric NGC was designed to increase revenues by \$8.93 million for electric customers on an annual basis beginning on July 1, 2019. However, because the under-recovery is continuing to grow as a result of the current rate being set as a credit, the Company is proposing that until the Rate Counsel and Board Staff have the opportunity to review the Company's April 2019 Petition, the NGC rate be set to \$0.000000 per kWh without SUT effective July 1, 2019. If the rate is temporarily set to \$0.000000/kWh, the annual bill impact on a typical residential electric customer that uses 740 kilowatt-hours during a summer month and 6,920 kilowatt-hours annually would be an increase of \$0.60, or approximately 0.05%, based upon current delivery rates and Basic Generation Service Residential Small Commercial Pricing ("BGS-RSCP") in effect on June 1, 2019, assuming that the customer receives BGS-RSCP service from PSE&G. These rates are expected to generate an increase in NGC revenues of approximately \$3.7 million on an annual basis.
4. At the conclusion of the Parties' review of the Company's proposal, the Board may set new rates as appropriate.
5. Attached to the Stipulation as Exhibit A is the current tariff page as well as a draft redline and clean tariff page setting forth the proposed provisional electric NGC rate of \$0.000000/kWh without losses or SUT.

## DISCUSSION AND FINDING

The Board has reviewed the record to date in this proceeding, including the April 2019 NGC Petition and the attached Stipulation, which allows the Company to recover costs on a provisional basis. The Board **FINDS** 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 with interest on any net over-balance, the Company's proposed NGC rate of \$0.000000 per kWh. For a typical residential electric customer using 740 kWh during a summer month and 6,920 kWh per year, the impact of this change represents an annual bill increase of \$0.60 or 0.05% based upon current delivery rates and Basic Generation Service Residential Small Commercial Pricing ("BGS-RSCP") in effect June 1, 2019, assuming that the customer receives BGS-RSCP service from PSE&G.

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<sup>3</sup> Although described in this Order, should there be a conflict between this summary and the Stipulation, the terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

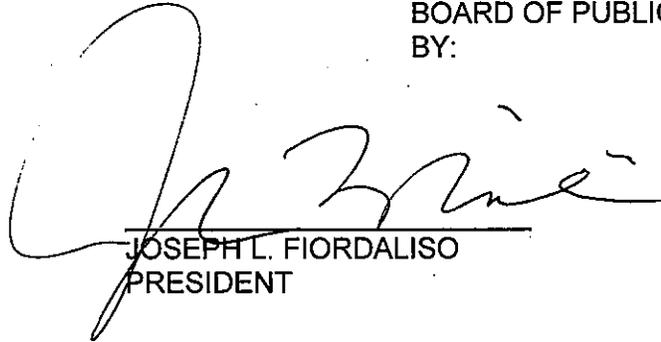
PSE&G is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to July 15, 2019.

The Company's electric and gas costs will 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.

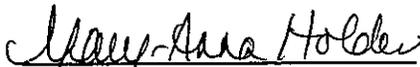
This Order shall be effective July 10, 2019.

DATED: 7/10/19

BOARD OF PUBLIC UTILITIES  
BY:



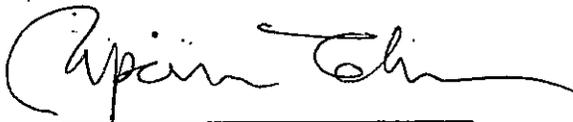
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
PRESIDENT



\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER



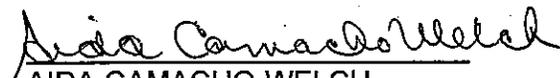
\_\_\_\_\_  
DIANNE SOLOMON  
COMMISSIONER



\_\_\_\_\_  
UPENDRA J. CHIVUKULA  
COMMISSIONER



\_\_\_\_\_  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
AIDA CAMACHO-WELCH  
SECRETARY

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

In the Matter of the Petition of Public Service Electric and Gas Company for Approval of  
Changes in its Electric Non-Utility Generation Charge Rate  
Docket No. ER19040523

SERVICE LIST

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June 28, 2019

In the Matter of the Petition of  
Public Service Electric and Gas Company  
for Approval of a Change in its Electric  
Non-Utility Generation Charge Rate  
BPU Docket No.: ER19040523

**VIA OVERNIGHT MAIL**

Office of the Secretary  
Attn: Aida Camacho  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Ms. Camacho:

Attached please find the fully executed Stipulation (of which 10 copies are enclosed) in the above-referenced matter. The following parties have signed the Stipulation: Public Service Electric and Gas Company, the Staff of the New Jersey Board of Public Utilities, and the New Jersey Division of Rate Counsel.

If you have any questions, please do not hesitate to contact me. Thank you for your consideration in this matter.

Very truly yours,

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

C Attached Service List (electronic only)

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STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF )  
PUBLIC SERVICE ELECTRIC AND GAS ) STIPULATION REGARDING  
COMPANY FOR APPROVAL OF A ) PROVISIONAL RATES  
CHANGE IN ITS ELECTRIC NON-UTILITY )  
GENERATION CHARGE RATE ) DOCKET NO. ER19040523

**APPEARANCES:**

**Matthew M. Weissman, General State Regulatory Counsel, and Joseph A. Shea, Associate General Regulatory Counsel,** for the Petitioner, Public Service Electric and Gas Company

**Ami Morita,** Assistant Deputy Rate Counsel, New Jersey for the Division of Rate Counsel (Stefanie A. Brand, Director)

**Emma Yao Xiao,** Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

**STIPULATION OF SETTLEMENT**

1. On April 26, 2019, Public Service Electric and Gas Company (the "Company") filed a petition ("April 2019 Petition") with the New Jersey Board of Public Utilities (the "Board") seeking approval of changes to its electric Non-utility Generation Charge ("NGC").

2. The Non-Utility Generation above market costs component of the Company's NGC represent the difference between the amounts by which actual non-utility generation ("NUG") payments are different from the market value of that power.

3. The filed-for rate change per the April 2019 Petition proposed for the electric NGC was designed to increase revenues by \$8.93 million for electric customers on an annual basis beginning on July 1, 2019. However, because the under-recovery is continuing to grow as a result of the current rate being set as a credit, the Company is proposing that until the New Jersey Division of Rate Counsel and Board Staff (together with PSE&G, "Parties") have the opportunity to review the Company's April 2019 Petition, the NGC rate be set to \$0.000000 per

kilowatt-hour (“kWh”) without New Jersey Sales and Use Tax (“SUT”) effective July 1, 2019. If the rate is temporarily set to \$0.000000/kWh, the annual bill impact on a typical residential electric customer that uses 740 kilowatt-hours during a summer month and 6,920 kilowatt-hours annually would be an increase of \$0.60, or approximately 0.05%, based upon current delivery rates and Basic Generation Service Residential Small Commercial Pricing (“BGS-RSCP”) in effect on June 1, 2019, assuming that the customer receives BGS-RSCP service from PSE&G. These rates are expected to generate an increase in NGC revenues of approximately \$3.7 million on an annual basis.

4. At the conclusion of the Parties’ review of the Company’s proposal, the Board may set new rates as appropriate.

5. Attached hereto as Exhibit A is the current tariff page as well as a draft redline and clean tariff page setting forth the proposed provisional electric NGC rate of \$0.000000/kWh without losses or SUT.

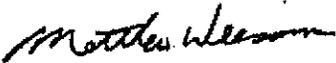
6. The Parties recommend that the Board issue an Order approving this Stipulation of Settlement (“Settlement”) without modification, with the rate modifications set forth herein effective for service rendered on and after July 15, 2019 to be effective until which time the Parties have an opportunity to review the current filing and set new NGC rates.

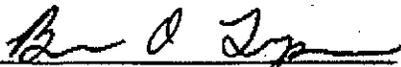
7. The Parties agree that this Settlement was negotiated and agreed to in its entirety with each section being mutually dependent on approval of all other sections. Therefore, if the Board modifies any of the terms of this Settlement, each Party is given the option, before implementation of any different rate or terms in this case, to accept the change or to resume the proceeding as if no agreement had been reached. If these proceedings are resumed, each Party is given the right to return to the position it was in before this Settlement was executed.

8. The undersigned Parties hereby agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or by 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

STEFANIE A. BRAND, DIRECTOR  
DIVISION OF RATE COUNSEL

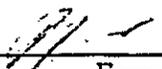
By:   
Matthew M. Weissman  
General State Regulatory Counsel

By:   
~~Anni Morita~~ Brian O. Lipman  
~~Managing Attorney - Electric~~  
Litigation Manager

DATED: June 26, 2019.

DATED: June 27, 2019.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
ATTORNEY FOR THE STAFF OF THE  
BOARD OF PUBLIC UTILITIES

By:   
Emma Yao Xiao  
Deputy Attorney General

DATED: June 27, 2019.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**B.P.U.N.J. No. 16 ELECTRIC**

**Original Sheet No. 60**

**NON-UTILITY GENERATION CHARGE**

	<b>Cost Recovery (per kilowatt-hour)</b>		
	<b>St Lawrence NYPA Credit RS, RHS and RLM</b>	<b>Non-Utility Generation above market costs (\$0.000086)</b>	<b>Total</b>
Total Cost per kilowatt-hour			
<b>Amount per kilowatt-hour of cost recovery after application of losses:</b>			
RS, RHS & RLM (Loss Factor =5.8327%)	(\$ 0.000046)	(\$0.000091)	(\$0.000137)
Other Secondary (Loss Factor =5.8327%)		(0.000091)	(0.000091)
LPL Primary (Loss Factor =3.3153%)		(0.000089)	(0.000089)
HTS Subtransmission (Loss Factor =2.0472%)		(0.000088)	(0.000088)
HTS High Voltage & HTS Transmission (Loss Factor =0.8605%)		(0.000087)	(0.000087)
<b>Charges including New Jersey Sales and Use Tax (SUT)</b>			
RS, RHS & RLM	(\$ 0.000049)	(\$0.000097)	(\$0.000146)
Other Secondary Service		(0.000097)	(0.000097)
LPL Primary		(0.000095)	(0.000095)
HTS Subtransmission		(0.000094)	(0.000094)
HTS High Voltage & HTS Transmission		(0.000093)	(0.000093)

**NON-UTILITY GENERATION 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. This charge shall recover: 1) above market costs associated with non-regulated generation costs which are related to long-term contractual power purchase arrangements approved by the Board and/or established under requirements of the Public Utility Regulatory Policies Act of 1978 and 2) other generation costs as may be approved by the Board. Actual costs incurred by the Company will be subject to deferred accounting. The St. Lawrence New York Power Authority (NYPA) Annual Benefit Allocation credit reflects the annual Economic Benefit allocation for New Jersey's investor owned utilities to supply residential customers' load.

Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered Non-utility Generation above market cost balances. This interest rate shall change each August 1.

Date of Issue: October 30, 2018

Effective: November 1, 2018

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 October 29, 2018  
in Docket Nos. ER18010029, GR18010030, AX18010001 and ER18030231

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**B.P.U.N.J. No. 16 ELECTRIC**

**XXX Revised Sheet No. 60**  
**Superseding**  
**XXX Sheet No. 60**

**NON-UTILITY GENERATION CHARGE**

	<b>Cost Recovery (per kilowatt-hour)</b>		
	<b>St Lawrence NYPA Credit RS, RHS and RLM</b>	<b>Non-Utility Generation above market costs</b>	<b>Total</b>
Total Cost per kilowatt-hour		(\$0.000086) <u>\$0.000000</u>	
<b>Amount per kilowatt-hour of cost recovery after application of losses:</b>			
RS, RHS & RLM (Loss Factor =5.8327%)	(\$ 0.000046)	(\$0.000094) <u>\$0.000000</u>	(\$0.000137) <u>(\$0.000046)</u>
Other Secondary (Loss Factor =5.8327%)		(0.000094) <u>0.000000</u>	(0.000094) <u>0.000000</u>
LPL Primary (Loss Factor =3.3153%)		(0.000089) <u>0.000000</u>	(0.000089) <u>0.000000</u>
HTS Subtransmission (Loss Factor =2.0472%)		(0.000088) <u>0.000000</u>	(0.000088) <u>0.000000</u>
HTS High Voltage & HTS Transmission (Loss Factor =0.8605%)		(0.000087) <u>0.000000</u>	(0.000087) <u>0.000000</u>
<b>Charges including New Jersey Sales and Use Tax (SUT)</b>			
RS, RHS & RLM	(\$ 0.000049)	(\$0.000087) <u>\$0.000000</u>	(\$0.000146) <u>(\$0.000049)</u>
Other Secondary Service		(0.000087) <u>0.000000</u>	(0.000087) <u>0.000000</u>
LPL Primary		(0.000085) <u>0.000000</u>	(0.000085) <u>0.000000</u>
HTS Subtransmission		(0.000084) <u>0.000000</u>	(0.000084) <u>0.000000</u>
HTS High Voltage & HTS Transmission		(0.000083) <u>0.000000</u>	(0.000083) <u>0.000000</u>

**NON-UTILITY GENERATION 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. This charge shall recover: 1) above market costs associated with non-regulated generation costs which are related to long-term contractual power purchase arrangements approved by the Board and/or established under requirements of the Public Utility Regulatory Policies Act of 1978 and 2) other generation costs as may be approved by the Board. Actual costs incurred by the Company will be subject to deferred accounting. The St. Lawrence New York Power Authority (NYPA) Annual Benefit Allocation credit reflects the annual Economic Benefit allocation for New Jersey's investor owned utilities to supply residential customers' load.

Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered Non-utility Generation above market cost balances. This interest rate shall change each August 1.

Date of issue:

Effective:

Issued by SCOTT S. JENNINGS, SVP - Corporate Planning, Strategy and Utility Finance – PSE&G  
80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated  
in Docket No.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 60  
Superseding  
XXX Sheet No. 60

B.P.U.N.J. No. 16 ELECTRIC

**NON-UTILITY GENERATION CHARGE**

	Cost Recovery (per kilowatt-hour)		
	St Lawrence NYPA Credit RS, RHS and RLM	Non-Utility Generation above market costs	Total
Total Cost per kilowatt-hour		\$0.000000	
<b>Amount per kilowatt-hour of cost recovery after application of losses:</b>			
RS, RHS & RLM (Loss Factor =5.8327%)	(\$ 0.000046)	\$0.000000	(\$0.000046)
Other Secondary (Loss Factor =5.8327%)		0.000000	0.000000
LPL Primary (Loss Factor =3.3153%)		0.000000	0.000000
HTS Subtransmission (Loss Factor =2.0472%)		0.000000	0.000000
HTS High Voltage & HTS Transmission (Loss Factor =0.8605%)		0.000000	0.000000
<b>Charges including New Jersey Sales and Use Tax (SUT)</b>			
RS, RHS & RLM	(\$ 0.000049)	\$0.000000	(\$0.000049)
Other Secondary Service		0.000000	0.000000
LPL Primary		0.000000	0.000000
HTS Subtransmission		0.000000	0.000000
HTS High Voltage & HTS Transmission		0.000000	0.000000

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