Agenda Date: 8/7/19
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) 26 PERIOD, AUGUST 1, 2017, TO JULY 31, 2018	)	DECISION AND ORDER APPROVING STIPULATION DOCKET NO. GR18121258

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Danielle Lopez, Esq., on behalf of Public Service Electric and Gas Company

BY THE BOARD:

By petition ("RAC 26 Petition") dated November 30, 2018, Public Service Electric and Gas Company ("PSE&G" or "Company") filed with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the Company's Manufactured Gas Plant ("MGP") Remediation Adjustment Clause ("RAC") activities and net MGP costs incurred between August 1, 2017 through July 31, 2018 ("RAC 26 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 RAC 26 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 RAC 26 Petition, PSE&G requested approval of net RAC 26 Period expenditures of approximately $35,889,683; $21,540,763 for electric customers and $14,360,509 for gas customers. The expenditures also include a deferred Natural Resource Damage ("NRD") expense of ($11,589).

Through discovery, the Company provided updated revenue requirement calculations to include a $2.113 million stipulated deficiency from RAC 25 that was the result of the Tax Cuts and Jobs Act of 2017.

With this updated information, the Company is requesting to increase its annual revenue collected from electric customers by $4,338,000, and its annual revenue collected from gas customers $6,268,000, a total increase of $10,606,000 on an annual basis for customers receiving service under tariff rates.

After publication of notices in newspapers of general circulation in the Company's service territory, three (3) public hearings occurred in New Brunswick, Mount Holly and Hackensack on March 28, 2019, April 3, 2019 and March 28, 2019, respectively. No members of the public appeared at the hearings or filed comments with regard to the RAC 26 Petition.

STIPULATION

Throughout the course of the proceeding, the Parties engaged in discovery. Following the review of discovery and testimony, the Parties executed the Stipulation on July 19, 2019. A copy of the Stipulation is attached hereto and specifically provides, in pertinent part, as follows:[1]

2. The Company incurred gross expenditures of $44,266,324 in remediation costs during the RAC 26 period. This amount was reduced by insurance proceeds of $6,000,000, and miscellaneous recoveries of $2,365,052, resulting in net expenditures of $35,889,683 for the RAC 26 period. See Attachment A-3, page 1, November 30, 2018 Petition.

3. The RAC annual recovery mechanism includes carrying charges on the unamortized balance. See Attachment A-2, page 1 of the RAC 26 Petition. This filing also includes an adjustment in excess of that requested in this matter of $0.803 million for electric and $1.310 million for gas to reflect recovery of a RAC 25 deficiency as a result of the Tax Cuts and Jobs Act of 2017 which increased the net of tax interest rate for January 2018 forward but was not captured in the RAC 25 revenue requirement.

4. The RAC 26 Petition provides RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives,[2] and RAC costs are recovered over a rolling seven (7)-year period.

6. The Company responded to all discovery requests. The Parties agree that the current gas RAC of $0.013692/therm, without Sales and Use Tax ("SUT"), ($0.014599 with current SUT), should be increased to $0.016065/therm without SUT ($0.017129 with current SUT). The Parties also agree that the current electric RAC of $0.000496/kilowatt-hour, w/o line losses and SUT ($0.000562 with line losses and current SUT), should be increased to $0.000598/kilowatt-hour, without line losses and SUT ($0.000677 with line losses and current SUT

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[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 conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

[2] As noted in the September 15, 1993 NJ BPU Order in Docket No. ER91111698J.

for secondary customers). Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C of the Stipulation in both redline and clean format.

7. The rates will allow recovery of 1/7 of the RAC 20 through RAC 26 expenditures. Under these rates, the annual bill for a typical residential electric customer using 740 kilowatt-hours per summer month and 6,920 kilowatt-hours on an annual basis would increase their annual bill from $1,223.56 to $1,224.36, or $0.80 or approximately 0.07% based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP") Supply rates in effect on July 1, 2019, 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 $564.50 to $566.02, or $1.52 or approximately 0.27%. A typical gas heating customer using 172 therms during a winter month and 1,040 therms on an annual basis would see an increase in their annual bill from $889.81 to $892.45, or $2.64 or approximately 0.30% based upon current Delivery and Basic Gas Supply Service ("BGSS-RSG") Supply rates in effect on July 1, 2019 and assuming that the customer receives BGSS-RSG service from PSE&G.

8. The Company's MGP remediation work performed during the RAC 26 period, August 1, 2017 to July 31, 2018, described in Company witness Richard A. Blackman's testimony (Attachment B to the RAC 26 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.

9. The Company represents that it has credited RAC ratepayers with the sale proceeds of the Hobart Avenue Gas Works property sale in the amount of $492,165, as well as $9,692 received during the RAC 26 period from an escrow release associated with the sale of the South Amboy property which was approved by the Board in April 2016 with the sale proceeds, excluding escrow, credited to the RAC ratepayers during the RAC 24 period. The total proceeds from both the Hobart Avenue and South Amboy sites received during the RAC 26 period were $501,857.

10. The Company represents that its RAC 26 filing does not include any administrative, legal, consulting, or other costs associated with Natural Resource Damage ("NRD") claims. The Parties further agree that PSE&G will have deferred a total of $747,776 NRD-related MGP costs inclusive of applicable interest through the RAC 26 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.

11. The Company agrees that if the results of the Paulsboro off-site groundwater investigation identify contamination not from the former gas manufacturing

operations, the Company will take appropriate action, including potentially contesting the NJDEP's findings.

12. Attached to the Stipulation as Exhibit A is Attachment A-2 from the Company's revised RAC 26 Petition, updated for the 2018 change in the federal tax rate which reflects the expenditures to be approved for this RAC 26 period and the approved expenditures for RAC 20 through RAC 26.

13. The Company agrees, as in this and other recent RAC filings, that it will continue to include with its future RAC filings, responses to the minimum filing requirements (MFRs), and in the future RAC filings it shall not request any late fees or charges that are associated with legal costs recovered through the RAC.

14. 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 the Stipulation resolves all issues regarding the Company's RAC 26 filing except as specifically provided in the Stipulation.

16. 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 carefully reviewed the record in this matter, including the petition and the attached Stipulation. The Board **HEREBY FINDS** that the Company's remediation work performed during the RAC 26 Period was prudent and thoroughly reviewed by the Parties. The Board **FURTHER FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY FINDS** that it is reasonable to change the existing RAC rates, and therefore, **HEREBY ORDERS** that the Company's existing gas (per therm) RAC rate be increased to $0.016065 per therm (excluding SUT) consistent with the proposed rate changes set forth in Exhibit C of the Stipulation, effective for service rendered on or after September 1, 2019. As a result of the Stipulation, a typical residential gas heating customer using 172 therms during a winter month, and 1,040 therms on an annual basis, would see an increase in their annual bill of $2.64 or approximately 0.30% (based on rates in effect on July 1, 2019 and assuming the customer receives BGSS-RSG service from PSE&G).

The Board also **HEREBY ORDERS** that the Company's existing electric (per kilowatt-hour) RAC rate be increased to $0.000598 per kilowatt-hour (excluding line losses and SUT) consistent with the proposed rate changes set forth in Exhibit C of the Stipulation, effective for service rendered on or after September 1, 2019. As a result of the Stipulation, a typical residential electric customer using 740 kilowatt-hours per summer month, and 6,920 kilowatt-hours on an annual basis, would see an increase in their annual bill of $0.80 or approximately 0.07% based on current Delivery and BGS-RSCP Supply rates in effect on July 1, 2019, and assuming that the customer receives BGS-RSCP service from PSE&G.

The Board **FURTHER ORDERS** that the NRD related costs through the end of the RAC 26 Period of $747,776 shall continue to be deferred until such a time as the Board addresses the rate recoverability of NRD-related costs via the RAC mechanism.

The Board **HEREBY DIRECTS** the Company to file tariff sheets consistent with this Decision and Order by September 1, 2019.

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

The effective date of this Order is August 17, 2019.

DATED: 8\7\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 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) 26 PERIOD, AUGUST 1, 2017, TO JULY 31, 2018

DOCKET NO. GR18121258

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PSEG
Services Corporation

July 19, 2019

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) 26 Period, August 1, 2017, to July 31, 2018
BPU Docket No.: GR18121258

VIA E-FILING & OVERNIGHT MAIL
Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350

Dear Ms. Camacho:

Attached please find a revision to the Stipulation initially filed by the Company on July 2, 2019 (of which 10 copies are enclosed) in the above-referenced matter. This revised version has been fully executed by the following parties: 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,

Matthew Weissman

C Attached Service List (electronic only)

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GR18121258

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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) 26 Period, August 1, 2017, to July 31, 2018	**STIPULATION OF SETTLEMENT** **BPU DOCKET NO. GR18121258**

APPEARANCES:

Matthew M. Weissman, Esq., General State Regulatory Counsel, and Danielle Lopez, Esq., Assistant General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company

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

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

On November 30, 2018, Public Service Electric and Gas Company ("PSE&G" or, "Company") filed a petition ("November 30, 2018 Petition") with the New Jersey Board of Public Utilities ("Board") seeking review and approval of 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, 2017 through July 31, 2018 ("RAC 26 period"). The November 30, 2018 Petition sought a finding that the RAC 26 period costs were prudent, and that the resulting RAC 26 costs are reasonable and appropriate for rate recovery. After reviewing and analyzing the

November 30, 2018 Petition, conducting discovery, and reviewing responses to discovery, Board Staff the New Jersey Division of Rate Counsel ("Rate Counsel"), and PSE&G (collectively, the "Parties"), stipulate and agree as follows:

1. PSE&G's November 30, 2018 Petition in this matter sought authority to establish rates to recover the true-up of RAC 25 costs, 1/7 of each of the RAC 20 through RAC 26 expenditures, and the carrying costs on its unamortized remediation program balance. The Company's November 30, 2018 Petition further sought an Order finding that "its RAC activities conducted and Program Costs incurred during the RAC 26 period, August 1, 2017 through July 31, 2018, 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 increase 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 $44,266,324 in remediation costs during the RAC 26 period. This amount was reduced by insurance proceeds of $6,000,000, and miscellaneous recoveries of $2,365,052, resulting in net expenditures of $35,889,683 for the RAC 26 period. See Attachment A-3, page 1, November 30, 2018 Petition.

3. The RAC annual recovery mechanism includes carrying charges on the unamortized balance. See Attachment A-2, page 1, November 30, 2018 Petition. This filing also includes an adjustment in excess of that requested in this matter of $0.803 million for electric and $1.310 million for gas to reflect recovery of a RAC 25 deficiency as a result of the Tax Cuts and Jobs Act of 2017 which increased the net of tax interest rate for January 2018 forward but was not captured in the RAC 25 revenue requirement.

4. The November 30, 2018 Petition provides RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives[1], and RAC costs are recovered over a rolling seven (7)-year period.

5. Notice of the Company's November 30, 2018 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 26, 2019 in Hackensack, New Jersey, two hearings on March 28, 2019 in New Brunswick, New Jersey and two hearings on April 3, 2019 in Mt. Holly, New Jersey. No members of the public appeared at these hearings or filed written comments.

6. The Company responded to all discovery requests. The Parties agree that the current gas RAC of $0.013692/therm, w/o sales and use tax (SUT), ($0.014599 w/ current SUT), should be increased to $0.016065/therm w/o SUT ($0.017129 w/ current SUT). The Parties also agree that the current electric RAC of $0.000496/kilowatt-hour, w/o line losses and SUT ($0.000562 w/ line losses and current SUT), should be increased to $0.000598/kilowatt-hour, w/o line losses and SUT ($0.000677 w/ line losses and current SUT for secondary customers). Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C in both redline and clean format.

---

1 As noted in the September 15, 1993 NJ BPU Order in Docket No. ER91111698J.

7. The foregoing rates will allow recovery of 1/7 of the RAC 20 through RAC 26 expenditures. Under these rates, the annual bill for a typical residential electric customer using 740 kilowatt-hours per summer month and 6,920 kilowatt-hours on an annual basis would increase their annual bill from $1,223.56 to $1,224.36, or $0.80 or approximately 0.07% based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP") Supply rates in effect on July 1, 2019, 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 $564.50 to $566.02, or $1.52 or approximately 0.27%. A typical gas heating customer using 172 therms during a winter month and 1,040 therms on an annual basis would see an increase in their annual bill from $889.81 to $892.45, or $2.64 or approximately 0.30% based upon current Delivery and Basic Gas Supply Service ("BGSS-RSG") Supply rates in effect on July 1, 2019 and assuming that the customer receives BGSS-RSG service from PSE&G.

8. The Company's MGP remediation work performed during the RAC 26 period, August 1, 2017 to July 31, 2018, 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.

9. The Company represents that it has credited RAC ratepayers with the sale proceeds of the Hobart Avenue Gas Works property sale in the amount of $492,165, as well as $9,692 received during the RAC 26 period from an escrow release associated with the sale of the South Amboy property which was approved by the BPU in April 2016 with the sale proceeds, excluding escrow, credited to the RAC ratepayers

during the RAC 24 period. The total proceeds from both the Hobart Avenue and South Amboy sites received during the RAC 26 period were $501,857.

10. The Company represents that its RAC 26 filing does not include any administrative, legal, consulting, or other costs associated with Natural Resource Damage ("NRD") claims. The Parties further agree that PSE&G will have deferred a total of $747,776 NRD-related MGP costs inclusive of applicable interest through the RAC 26 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.

11. The Company agrees that if the results of the Paulsboro off-site groundwater investigation identify contamination not from the former gas manufacturing operations, the Company will take appropriate action, including potentially contesting the NJDEP's findings.

12. Attached hereto as Exhibit A is Attachment A-2 from the Company's revised filing, updated for the 2018 change in the federal tax rate which reflects the expenditures to be approved for this RAC 26 period and the approved expenditures for RAC 20 through RAC 26.

13. The Company agrees, as in this and other recent RAC filings, that it will continue to include with its future RAC filings, responses to the minimum filing requirements (MFRs), and in the future RAC filings it shall not request any late fees or charges that are associated with legal costs recovered through the RAC.

14. 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 26 filing except as specifically provided herein.

15. 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.

16. 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.

17. 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 is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement. All rates remain subject to audit by the Board.

PUBLIC SERVICE ELECTRIC
AND GAS COMPANY

By: ______________________
Danielle Lopez, Esq.
Assistant General Regulatory Counsel

DATED: July 19, 2019

GURBIR S. GREWAL
ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

By: ______________________
Emma Yao Xiao
Deputy Attorney General

DATED: 7/19/19

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

By: ______________________
Maura Caroselli, Esq.
Assistant Deputy Rate Counsel

DATED: 7/19/19

GR 1812 1258

EXHIBIT A

Attachment A-2
Page 1 of 2

RAC 26 SUMMARY SCHEDULE
FOR THE ANNUAL RAC PERIOD ENDED JULY 31, 2018
$000

	Workpaper Reference		TOTAL	RAC #26	RAC #25	RAC #24	RAC #23	RAC #22	RAC #21	RAC #20
COSTS ELIGIBLE FOR AMORTIZATION & RECOVERY OVER 7 YEARS:										
Prior RAC Periods #20 - #25 - Actual Approved Expenditures , Net*	From Prior yr. Approved RAC filings	(A)	$329,375		$57,695	$40,903	$54,113	$84,998	$65,896	$25,770
RAC 26 Period - Actual Expenditures, Net*	From Attachment A-3, pg. 1	(B)	$35,890	$35,890						
ANNUAL RECOVERY SUMMARY:										
Annual Amortization of Prior RAC Period Costs (seven years)	From Prior yr. Approved RAC filings = (A) / 7		$47,053		$8,242	$5,843	$7,730	$12,143	$9,414	$3,681
Annual Amortization (seven years)	(B) / 7		$5,127	$5,127						
RAC 20 through 26 Expenditures for Allocation between Gas & Electric			$52,180	*To Attachment A-2 pg. 2*						
True up of RAC 25 Expenditures with RAC Recoveries - GAS	From Attachment A-3, pg. 2		$8,927							
True up of RAC 25 Expenditures with RAC Recoveries - ELEC	From Attachment A-3, pg. 2		$1,304							
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-18 to Jun-20 per Dkt. No. ER02080604	From Attachment A-5, pg. 2		$5,433							
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-18 to Jun-20 per DKT No. ER020080604	From Attachment A-5, pg. 4		$3,344							
Deficiency to be Recovered from RAC 25**			$2,113							
TOTAL - RAC 26 ANNUAL RECOVERY, PERIOD TO DATE			$73,302							

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

** As a result of the Tax Cuts and Jobs Act of 2017, the net of tax interest rate for January 2018 forward changed, increasing the revenue requirement for RAC 25. As part of the stipulation in RAC 25, Docket No. GR18020093, the Parties agreed the Company would include this dificiency in the RAC 26 filing.

EXHIBIT A

Attachment A-2
Page 2 of 2

REMEDIATION PROGRAM COSTS - RAC 26
ELECTRIC AND GAS ALLOCATION DETAILS
$000

I. OVERALL ALLOCATION BETWEEN GAS & ELECTRIC CUSTOMERS:

	Workpaper Reference	Gas	Electric	Total	
RAC 20 through 26 Expenditures for Allocation between Gas & Electric	From Attachment A-2, pg 1			$52,180 (A)	
Allocation % between Gas & Electric Customers	See Note 1, below	*60%*	*40%*	*100%*	
Allocation to Gas Customers	(A) X 60%	$31,308			
Allocation to Electric Customers	(A) X 40%		$20,872		
ADD:					
True up of RAC 25 Expenditures with RAC Recoveries - GAS	From Attachment A-3, pg 2	$8,927			
True up of RAC 25 Expenditures with RAC Recoveries - ELEC	From Attachment A-3, pg 2		$1,304		
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-18 to Jun-20 per Dkt. No. ER02080604	From Attachment A-5, pg 2 of 4	$5,433			
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-18 to Jun-20 per DKT No. ER02080604	From Attachment A-5, pg 4 of 4		$3,344		
Deficiency to be Recovered from RAC 25		$1,310	$803		
Total Gas and Electric Revenue Requirement ($000)		$46,979	$26,323	$73,302	*Agrees to Attachment A-2, pg 1*
Projected Gas Sales (000 therms) and Purchased Electric Energy (000 kWh)		2,924,211	44,040,289		
Gas Rate ($/therm) and Electric Rate ($/kWh)		0.016065	0.000598		

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:

		7/19-6/20	$/Therm		$000
		Therm Sales (000)	(Excl. SUT)	(Incl. SUT)	Recovery
Customer Classes:	RSG	1,491,952	0.016065	0.017129	$23,968
	GSG	284,515	0.016065	0.017129	$4,570
	LVG	698,611	0.016065	0.017129	$11,223
	CIG	41,163	0.016065	0.017129	$661
	TSG-F, NF	407,331	0.016065	0.017129	$6,544
	SLG	640	0.016065	0.017129	$10
		2,924,211			$46,976

III. ALLOCATION TO ELECTRIC CUSTOMER CLASSES:

Rate $/kWh 0.000598

			$/kWh	
		Loss Factor	(Excl. SUT)	(Incl. SUT)
Customer Classes:	Secondary Service	5.8327%	0.000635	0.000677
	LPL Primary	3.3153%	0.000619	0.000660
	HTS Subtransmission	2.0472%	0.000610	0.000650
	HTS High Voltage	0.8605%	0.000603	0.000643

Numbers may not add due to rounding

EXHIBIT A

RAC 26 EXPENDITURES

	Gross Expenditures	Miscellaneous Recoveries*	Expenditures Eligible for Insurance	Insurance Recoveries & NRD Exp.**	Net Expenditures***	Gas allocation @ 60%	Electric Allocation @ 40%
						Net Expenditures allocated to Gas & Electric and included in Attachment A-4, pages 1 and 2	
Aug-17	$4,009,863	$671,870	$3,337,993	$0	$3,337,993	$2,002,796	$1,335,197
Sep-17	$2,099,703	$2,329	$2,097,374	$0	$2,097,374	$1,258,424	$838,950
Oct-17	$1,833,617	$0	$1,833,617	$0	$1,833,617	$1,100,170	$733,447
Nov-17	$1,858,509	$1,164,577	$693,932	$0	$693,932	$416,359	$277,573
Dec-17	$2,637,652	$2,671	$2,634,981	$0	$2,634,981	$1,580,989	$1,053,992
Jan-18	$7,761,250	$4,329	$7,756,921	$6,000,000	$1,756,921	$1,054,153	$702,768
Feb-18	$2,405,927	$445,494	$1,960,433	$0	$1,960,433	$1,176,260	$784,173
Mar-18	$5,584,254	$52,329	$5,531,925	$0	$5,531,925	$3,319,155	$2,212,770
Apr-18	$3,969,355	$2,329	$3,967,026	$0	$3,967,026	$2,380,216	$1,586,810
May-18	$4,507,698	$2,329	$4,505,369	$0	$4,505,369	$2,703,221	$1,802,148
Jun-18	$3,428,540	$4,774	$3,423,766	$0	$3,423,766	$2,054,260	$1,369,506
Jul-18	$4,169,956	$12,021	$4,157,935	$0	$4,157,935	$2,494,761	$1,663,174
Deferred NRD Expense				$11,589	($11,589)	N/A	N/A
TOTAL	$44,266,324	$2,365,052	$41,901,273	$6,011,589	$35,889,683	$21,540,763	$14,360,509
					Agrees to Attachment A-2, pg 1	Agrees to Attachment A-4, pg 1 "Total" column	Agrees to Attachment A-4, pg 2 "Total" column

** - Miscellaneous Recoveries*		
Property Tax Credits	$0	
Invoice Discount	$0	
Leases/Rents	$27,948	
Third Party Settlements	$1,701,600	
Misc. (e.g., scrap credit)	$133,647	
Trust Fund Release	$0	
Sale of Property	$501,857	
Total Miscellaneous Recoveries	$2,365,052	(A)
*** - NRD Exp./Insurance*		
NRD from RAC Period (Interest Only)	$11,589	
Insurance Recovery	$6,000,000	
Total NRD Expense/Insurance	$6,011,589	(B)
Total Reductions Applied to RAC Expenditures	$8,376,641	(A) + (B)

*** The total of this column is net expenditures less deferred RAC period NRD-related MGP costs
Numbers may not add due to rounding

EXHIBIT A

Attachment A-3
Page 2 of 2

TRUE-UP OF RAC 25
AUGUST 2016 THROUGH JULY 2017
$ 000

			GAS	ELECTRIC
Expenditures Eligible for Recovery			$40,711	$21,985
Less:	Gas Recoveries*	Details below	$31,784	
Less:	Electric Recoveries**	Details below		$20,681
Total (Over)/under-recovered			$8,927	$1,304

To Attachment A-2, pg 1 & pg 2

RAC RECOVERIES

	GAS*	ELECTRIC**	TOTAL
Oct-17	$1,202,748	$1,543,718	$2,746,465
Nov-17	$3,011,763	$1,450,082	$4,461,845
Dec-17	$5,070,434	$1,733,492	$6,803,926
Jan-18	$5,781,082	$1,792,213	$7,573,295
Feb-18	$4,020,658	$1,522,466	$5,543,125
Mar-18	$4,591,158	$1,593,865	$6,185,023
Apr-18	$3,127,249	$1,471,679	$4,598,929
May-18	$1,254,677	$1,598,870	$2,853,547
Jun-18	$1,007,619	$1,776,968	$2,784,587
Jul-18	$930,856	$2,166,658	$3,097,514
Aug-18	$917,988	$2,254,823	$3,172,811
Sep-18	$867,666	$1,775,941	$2,643,607
TOTAL	$31,783,898	$20,680,775	$52,464,673

EXHIBIT A

Attachment A-4
Page 1 of 2

MANUFACTURED GAS PLANT REMEDIATION (RAC 26)

GAS	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	TOTAL
BEGINNING BALANCE	($117,324,923)	($118,580,782)	($119,180,850)	($119,078,273)	($116,482,869)	($112,993,424)	($108,266,494)	($105,422,096)	($104,150,093)	($103,403,059)	($104,851,603)	($105,898,244)	
REVENUE RECOVERIES	$746,937	$658,356	$1,202,748	$3,011,763	$5,070,434	$5,781,082	$4,020,658	$4,591,158	$3,127,249	$1,254,677	$1,007,619	$930,856	
PROGRAM COST EXPENDITURES	($2,002,796)	($1,258,424)	($1,100,170)	($416,359)	($1,580,989)	($1,054,153)	($1,176,260)	($3,319,155)	($2,360,216)	($2,703,221)	($2,054,260)	($2,494,761)	($21,540,763) Agrees to Attachment A-3, pg 1
OVER/(UNDER) COLLECTED	($1,255,859)	($600,068)	$102,578	$2,595,403	$3,489,445	$4,726,930	$2,844,398	$1,272,003	$747,034	($1,448,544)	($1,046,641)	($1,563,905)	
CUMULATIVE BALANCE	($118,580,782)	($119,180,850)	($119,078,273)	($116,482,869)	($112,993,424)	($108,266,494)	($105,422,096)	($104,150,093)	($103,403,059)	($104,851,603)	($105,898,244)	($107,462,149)	
INTEREST CALCULATION:													
PRIOR BALANCE	($117,324,923)	($118,580,782)	($119,180,850)	($119,078,273)	($116,482,869)	($112,993,424)	($108,266,494)	($105,422,096)	($104,150,093)	($103,403,059)	($104,851,603)	($105,898,244)	
CURRENT BALANCE	($118,580,782)	($119,180,850)	($119,078,273)	($116,482,869)	($112,993,424)	($108,266,494)	($105,422,096)	($104,150,093)	($103,403,059)	($104,851,603)	($105,898,244)	($107,462,149)	
(PRIOR BAL + CURRENT BAL)/2	($117,952,853)	($118,880,816)	($119,129,561)	($117,780,571)	($114,738,147)	($110,629,959)	($106,844,295)	($104,786,094)	($103,776,576)	($104,127,331)	($105,374,924)	($106,680,196)	
EXPENSE/(REVENUE) MONTHLY INTEREST	($155,236)	($156,458)	($156,785)	($155,010)	($151,005)	($176,958)	($170,903)	($167,611)	($165,996)	($166,557)	($168,553)	($170,641)	
INTEREST RATE	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	
CUMULATIVE INTEREST	($155,236)	$ (311,694)	$ (468,479)	$ (623,488)	$ (774,494)	$ (951,452)	$ (1,122,355)	$ (1,289,966)	$ (1,455,962)	$ (1,622,519)	$ (1,791,072)	$ (1,961,713)	

$ (109,423,861)
Cumulative balance plus cumulative interest

MANUFACTURED GAS PLANT REMEDIATION (RAC 26)

ELECTRIC	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	TOTAL
BEGINNING BALANCE	($72,110,849)	($71,471,038)	($70,598,528)	($69,788,257)	($68,615,748)	($67,936,248)	($66,846,803)	($66,108,510)	($66,727,415)	($66,842,546)	($67,045,824)	($66,638,362)	
REVENUE RECOVERIES	$1,975,008	$1,711,460	$1,543,718	$1,450,082	$1,733,492	$1,792,213	$1,522,466	$1,593,865	$1,471,679	$1,598,870	$1,776,968	$2,166,658	
PROGRAM COST EXPENDITURES	($1,335,197)	($838,950)	($733,447)	($277,573)	($1,053,992)	($702,768)	($784,173)	($2,212,770)	($1,586,810)	($1,802,148)	($1,369,506)	($1,663,174)	$ (14,360,509) Agrees to Attachment A-3, pg 1
OVER/(UNDER) COLLECTED	$639,811	$872,510	$810,271	$1,172,509	$679,500	$1,089,445	$738,293	($618,905)	($115,131)	($203,278)	$407,462	$503,484	
CUMULATIVE BALANCE	($71,471,038)	($70,598,528)	($69,788,257)	($68,615,748)	($67,936,248)	($66,846,803)	($66,108,510)	($66,727,415)	($66,842,546)	($67,045,824)	($66,638,362)	($66,134,878)	
INTEREST CALCULATION: PRIOR BALANCE	($72,110,849)	($71,471,038)	($70,598,528)	($69,788,257)	($68,615,748)	($67,936,248)	($66,846,803)	($66,108,510)	($66,727,415)	($66,842,546)	($67,045,824)	($66,638,362)	
CURRENT BALANCE	($71,471,038)	($70,598,528)	($69,788,257)	($68,615,748)	($67,936,248)	($66,846,803)	($66,108,510)	($66,727,415)	($66,842,546)	($67,045,824)	($66,638,362)	($66,134,878)	
(PRIOR BAL + CURRENT BAL)/2	($71,790,944)	($71,034,783)	($70,193,392)	($69,202,002)	($68,275,998)	($67,391,526)	($66,477,657)	($66,417,963)	($66,784,981)	($66,944,185)	($66,842,093)	($66,386,620)	
EXPENSE/(REVENUE) MONTHLY INTEREST	($94,483)	($93,488)	($92,381)	($91,076)	($89,857)	($107,796)	($106,335)	($106,239)	($106,826)	($107,081)	($106,917)	($106,189)	
INTEREST RATE	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	
CUMULATIVE INTEREST	($94,483)	($187,971)	($280,352)	($371,428)	($461,285)	($569,081)	($675,416)	($781,655)	($888,481)	($995,562)	($1,102,479)	($1,208,668)	
												($67,343,546) Cumulative balance plus cumulative interest	

EXHIBIT A

MANUFACTURED GAS PLANT REMEDIATION (RAC 26) CARRYING CHARGES

GAS RAC INTEREST CALCULATION	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
BEGINNING BALANCE	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)
REVENUE RECOVERIES												
PROGRAM COST EXPENDITURES												
OVER/(UNDER) COLLECTED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE BALANCE	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)
INTEREST CALCULATION: PRIOR BALANCE	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)
CURRENT BALANCE	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)
(PRIOR BAL + CURRENT BAL)/2	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)	($109,423,861)
EXPENSE/(REVENUE) MONTHLY INTEREST	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)	($233,372)
INTEREST RATE	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%
CUMULATIVE INTEREST	($233,372)	($466,745)	($700,117)	($933,489)	($1,166,861)	($1,400,234)	($1,633,606)	($1,866,978)	($2,100,351)	($2,333,723)	($2,567,095)	($2,800,467)

EXHIBIT A

Attachment A-5
Page 2 of 4

MANUFACTURED GAS PLANT REMEDIATION (RAC 26) CARRYING CHARGES

GAS RAC INTEREST CALCULATION	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	TOTAL
BEGINNING BALANCE	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	
REVENUE RECOVERIES												
PROGRAM COST EXPENDITURES												
OVER/(UNDER) COLLECTED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
CUMULATIVE BALANCE	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	
INTEREST CALCULATION: PRIOR BALANCE	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	
CURRENT BALANCE	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	
(PRIOR BAL + CURRENT BAL)/2	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	($112,224,329)	
EXPENSE/(REVENUE) MONTHLY INTEREST	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($239,345)	($5,433,262) Agrees to Attachment A-2, pg 1
INTEREST RATE	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	
CUMULATIVE INTEREST	($239,345)	($478,690)	($718,035)	($957,380)	($1,196,725)	($1,436,070)	($1,675,415)	($1,914,760)	($2,154,104)	($2,393,449)	($2,632,794)	

MANUFACTURED GAS PLANT REMEDIATION (RAC 26) CARRYING CHARGES

ELECTRIC RAC INTEREST CALCULATION	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
BEGINNING BALANCE	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)
REVENUE RECOVERIES												
PROGRAM COST EXPENDITURES												
OVER/(UNDER) COLLECTED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE BALANCE	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)
INTEREST CALCULATION: PRIOR BALANCE	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)
CURRENT BALANCE	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)
(PRIOR BAL + CURRENT BAL)/2	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)	($67,343,546)
EXPENSE/(REVENUE) MONTHLY INTEREST	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)	($143,626)
INTEREST RATE	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%
CUMULATIVE INTEREST	($143,626)	($287,252)	($430,878)	($574,504)	($718,130)	($861,756)	($1,005,382)	($1,149,008)	($1,292,634)	($1,436,260)	($1,579,887)	($1,723,513)

EXHIBIT A

Attachment A-5
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MANUFACTURED GAS PLANT REMEDIATION (RAC 26) CARRYING CHARGES

ELECTRIC RAC INTEREST CALCULATION	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	
BEGINNING BALANCE	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	
REVENUE RECOVERIES												
PROGRAM COST EXPENDITURES												
OVER/(UNDER) COLLECTED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
CUMULATIVE BALANCE	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	
INTEREST CALCULATION: PRIOR BALANCE	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	
CURRENT BALANCE	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	
(PRIOR BAL + CURRENT BAL)/2	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	($69,067,059)	
EXPENSE/(REVENUE) MONTHLY INTEREST	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($147,302)	($3,343,833) Agrees to Attachment A-2, pg 1
INTEREST RATE	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	
CUMULATIVE INTEREST	($147,302)	($294,604)	($441,906)	($589,207)	($736,509)	($883,811)	($1,031,113)	($1,178,415)	($1,325,717)	($1,473,018)	($1,620,320)	

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.

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 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.

EXHIBIT B

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.

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.

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