



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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)
REVISE ITS WEATHER NORMALIZATION)
CHARGE FOR THE 2019-2020 ANNUAL PERIOD)
)
) DECISION AND ORDER
) APPROVING STIPULATION FOR
) PROVISIONAL WNC RATES
)
) DOCKET NO. GR19060761

Parties of Record:

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

BY THE BOARD:

On June 27, 2019, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition (“2019 WNC Petition”) with the New Jersey Board of Public Utilities (“Board”) seeking approval to adjust its Weather Normalization Clause (“WNC”). By this Decision and Order, the Board considers a Stipulation for a Provisional WNC (“Stipulation”) executed by PSE&G, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Parties”) which requests that the Board approve the revised WNC rate on a provisional basis, subject to refund with interest.

BACKGROUND

PSE&G’s WNC tariff was first approved by the Board as part of the stipulation of settlement of the Company’s 2010 base rate case.¹ The WNC tariff requires the Company to calculate the level by which its margin revenues² differed from what would have resulted if normal weather³ had occurred during the prior October through May period (“Winter Period”).

In the 2019 WNC Petition, PSE&G sought approval to credit \$8,341,123 over the 2019-2020 Winter Period. The base level of normal degree-days is defined in PSE&G’s WNC Tariff. Any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

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

² Margin revenues are distribution revenues from relevant rate classes’ per therm charges.

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

In the Company's 2018 WNC Petition in Docket No. GR18060675, the Board approved the collection of \$14,297,150 through the WNC, which was to be recovered over the 2018-2019 Winter Period. The approved recovery includes \$90,114 for the remaining under collection from the 2017-2018 Winter Period. The Margin Revenue excess of \$8,341,123 net of \$90,114 equals a total excess of \$8,251,009 for 2019-2020 Winter Period.

In the Company's pending Basic Gas Supply Service ("BGSS") filing submitted on June 1, 2019, in Docket No. GR19060699, PSE&G proposed an adjustment to its Balancing Charge, which includes changing the balancing period from five (5) months (November through March) to eight (8) months (October through May). The proposed WNC is based on the recommended eight (8) months balancing period.

In accordance with the WNC Tariff, the Company represents that it trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period, and that the revised tariff sheets reflect updated Degree Day Consumption Factors for the 2019-2020 Winter Period.

The Company proposed a WNC credit rate of \$0.005118⁴ per balancing therm⁵ applicable to Residential Service Gas ("RSG"), General Service Gas ("GSG"), and Large Volume Gas ("LVG") customers. If approved by the Board, a typical gas heating customers using 172 therms in a winter month and 1,040 therms on an annual basis would experience a decrease in their annual bill from \$883.27 to \$879.73 a difference of \$3.54 or approximately 0.4%, based upon delivery and commodity rates in effect on August 1, 2019 and assuming the customer receives gas commodity service from PSE&G.

Since the 2019 WNC Petition sought a decrease in rates, it was determined that public hearings were not necessary.

STIPULATION

Because additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled, and addressed, and the resulting rates are reasonable, the Parties executed the Stipulation. The Stipulation provides the following⁶:

1. The Parties stipulate and request that the Board provisionally approve PSE&G's WNC credit rate of \$0.005118 including SUT, per balancing therm using an eight (8) month balancing period applicable to Rate Schedules RSG, GSG, and LVG for the 2019-2020 Winter Period. Should the balancing period be altered from the eight (8) billing month methodology to another in the final resolution of the Company's 2019/2020 BGSS-RSG proceeding, the Company will incorporate any such modification in its WNC 2020/2021 annual period filing for implementation in the 2020-2021 balancing period.

⁴ All rates quoted herein include Sales and Use Tax ("SUT").

⁵ Calculated as therms used from November through March that are above the average usage for the summer months (June through September).

⁶ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

2. As a result of the stipulated provisional WNC, PSE&G's typical residential gas heating customers using 172 therms in a winter month and 1,040 therms on an annual basis would experience a decrease in their annual bill from \$883.27 to \$879.73, a reduction of \$3.54 or approximately 0.4%, based upon Delivery Rates and BGSS-RSG charges in effect on August 1, 2019 and assuming the customer receives gas commodity service from PSE&G.
3. The Parties further agree that upon Board approval of the provisional rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised provisional WNC delineated in Paragraph 1 of the Stipulation applicable to gas customers to be effective on October 1, 2019. Copies of the proposed tariff sheets are attached to the Stipulation as Exhibit A.

DISCUSSION AND FINDING

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

The Board **HEREBY APPROVES** on a provisional basis, subject to refund, the Company's implementation of a WNC credit rate of \$0.005118 and applicable to Rate Schedules RSG, GSG, and LVG for the 2019-2020 Winter Period to be effective for service rendered on and after October 1, 2019. As a result of the stipulated provisional WNC, PSE&G's typical residential gas heating customers using 172 therms in a winter month and 1,040 therms on an annual basis would see a decrease in their annual bill from \$883.27 to \$879.73 or \$3.54 or approximately 0.4%, based upon delivery rates and commodity charges in effect on August 1, 2019 and assuming that the customer receives gas commodity service from PSE&G.

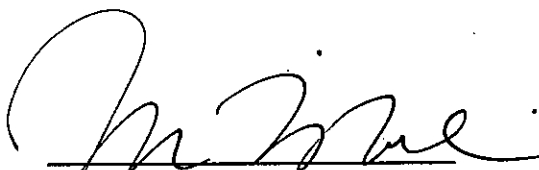
The Board **HEREBY DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2019.

The Company's costs, including those related to WNC; 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 September 21, 2019.

DATED: 9/11/19

BOARD OF PUBLIC UTILITIES
BY:




JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



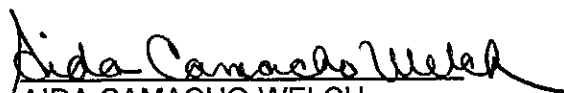
DIANNE SOLOMON
COMMISSIONER



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 REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2019-2020
ANNUAL PERIOD - BPU DOCKET No. GR19060761

SERVICE LIST

Division of Rate Counsel

Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Brian O. Lipman, Litigation Manager
blipman@rpa.nj.gov

Felicia Thomas-Friel, Esq.
ftomas@rpa.nj.gov

Sarah H. Steindel Esq.
ssteinde@rpa.nj.gov

PSE&G

PSEG Services Corporation
80 Park Plaza, T5
Newark, NJ 07102

Matthew Weissman, Esq.
matthew.weissman@pseg.com

Justin b. Incardone, Esq.
justin.incardone@pseg.com

Caitlyn White
caitlyn.white@pseg.com

Board of Public Utilities

Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch
Secretary of the Board
board.secretary@bpu.nj.gov

Division of Energy

Stacy Peterson, Director
stacy.peterson@bpu.nj.gov

Oneil Hamilton
oneil.hamilton@bpu.nj.gov

Kevin Moss, Bureau Chief
kevin.moss@bpu.nj.gov

Counsel's Office

Heather Weisband, Esq.
heather.weisband@bpu.nj.gov

Division of Law

Post Office Box 45029
Newark, NJ 07101-45029

Emma Xiao, DAG
emma.xiao@law.njoag.gov

Geoff Gersten, DAG
geoffrey.gersten@law.njoag.gov

Caroline Vachier, DAG
caroline.vachier@law.njoag.gov

Justin B. Incardone
Associate General Regulatory Counsel

Law Department
80 Park Plaza, T-5G, Newark, New Jersey 07102-4194
Tel: 973.430.6163 fax: 973.430.5983
Email: Justin.Incardone@pseg.com



August 30, 2019

In The Matter of the Petition of
Public Service Electric and Gas Company
to Revise its Weather Normalization Charge
for the 2019-2020 Annual Period
BPU Docket No.: GR19060761

VIA E-MAIL & OVERNIGHT DELIVERY

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

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

Thank you for your consideration to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to be "Justin B. Incardone", written in a cursive style.

Justin B. Incardone

c: Attached Service List (E-Mail)

BPU

Oneil Hamilton
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
Oneil.Hamilton@bpu.nj.gov

BPU

Beverly Tyndell-Broomfield
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08265-0350
(609) 777-1689
beverly.tyndell@bpu.nj.gov

PSE&G

Michele Falcao
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-6119
michele.falcao@pseg.com

PSE&G

Matthew M. Weissman Esq.
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-7052
matthew.weissman@pseg.com

Rate Counsel

Maura Caroselli Esq.
Division of Rate Counsel
140 East Front Street
4th Floor
Trenton NJ 08625
mcaroselli@rpa.nj.gov

Rate Counsel

Sarah Steindel
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
ssteinde@rpa.state.nj.us

BPU

Kevin Moss
Board of Public Utilities
44 South Clinton Avenue
Trenton NJ 08625
Kevin.Moss@bpu.nj.gov

BPU

Heather Weisband
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton NJ 08625
heather.weisband@bpu.nj.gov

PSE&G

Justin Incardone Esq.
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-6163
justin.incardone@pseg.com

PSE&G

Caitlyn White
PSEG Services Corporation
80 Park Plaza, T-5
P.O. Box 570
Newark NJ 07102
(973)-430-5659
caitlyn.white@pseg.com

Rate Counsel

Brian O. Lipman
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
blipman@rpa.nj.gov

Rate Counsel

Felicia Thomas-Friel
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
fthomas@rpa.nj.gov

BPU

Stacy Peterson
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-4517
stacy.peterson@bpu.nj.gov

DAG

Emma Xiao DAG
NJ Dept of Law & Public Safety
Division of Law
124 Halsey Street, 2nd Floor
Newark NJ 07101
emma.xiao@law.njoag.gov

PSE&G

Bernard Smalls
PSEG Services Corporation
80 Park Plaza-T5
Newark NJ 07102-4194
(973) 430-5930
bernard.smalls@pseg.com

Rate Counsel

Stefanie A. Brand
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
sbrand@rpa.state.nj.us

Rate Counsel

Shelly Massey
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
smassey@rpa.nj.gov

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)	STIPULATION FOR
PUBLIC SERVICE ELECTRIC AND GAS)	PROVISIONAL WEATHER
COMPANY TO REVISE ITS WEATHER)	NORMALIZATION CHARGE
NORMALIZATION CHARGE)	BPU Dkt. No. GR19060761
FOR THE 2019-2020 ANNUAL PERIOD)	

APPEARANCES:

Matthew M. Weissman, Esq., General State Regulatory Counsel, and **Justin B. Incardone, Esq.**, Associate General Regulatory Counsel, Esq., for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, and **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey 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)

On June 26, 2019, Public Service Electric and Gas Company (“PSE&G” or the “Company”) filed its Petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting approval to return to customers \$8,251,009 over the 2019-2020 Winter Period (*i.e.*, October 1-May 31). The Weather Normalization Charge (“WNC”) will be returned to PSE&G gas customers receiving service under Rate Schedules Residential Service (“RSG”), General Service (“GSG”), and Large Volume Gas (“LVG”) during the 2019-2020 Winter Period.

As part of its Petition, PSE&G proposed a WNC credit rate of \$0.004800 without New Jersey Sales and Use Tax (“SUT”), a credit rate of \$0.005118 including SUT per balancing therm using an eight-month balancing period to be consistent with the Company’s proposal in its BGSS-RSG proceeding that it filed on May 31, 2019, BPU Docket No. GR19060699.

The WNC Tariff was first approved by the Board on July 9, 2010 as part of the Stipulation of Settlement of PSE&G’s 2009 base rate case. See Decision and Order Adopting Initial

Decision with Modifications for Gas Decision, *I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service*, Dkt. No. GR09050422 (July 2010 Order). The BPU approved the permanent 2018-2019 PSE&G WNC rate and tariff on March 13, 2019. See Decision and Order, *I/M/O the Petition of PSE&G to Revise Its Weather Normalization Charge for the 2018-2019 Annual Period*, Dkt. No. GR18060675 (March 13, 2019).

In calculating the proposed WNC, PSE&G represents that it has utilized calculations required by the July 2010 Order and reflected in its WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each Winter Period, the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2018-2019 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

In accordance with the WNC Tariff, PSE&G represents that it has trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC tariff sheets developed by PSE&G and included in the Petition reflect updated Degree Day Consumption Factors for the 2019-2020 Winter Period.

These calculations establish a margin revenue excess of \$8,341,123. In calculating the 2019-2020 WNC request for recovery, PSE&G represents that it has made one adjustment to the margin revenue deficiency in accordance with the WNC tariff. Specifically, in Docket No. GR18060675, the Board approved the collection of \$14,297,150, which was to be recovered over the 2018-2019 Winter Period. Of that amount, \$90,114 represents the remaining under-collection from

the 2017-2018 Winter Period that the Board approved for collection over the 2018-2019 Winter Period. The margin revenue excess of \$8,341,123 net of \$90,114 equals a total excess of \$8,251,009.

PSE&G, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties"), the only Parties to this proceeding, discussed certain matters at issue herein. As a result of those discussions, the Parties determined that additional time is needed to complete the review of the proposed WNC. However, the Parties agree that change in the Company's proposed WNC for the 2019-2020 Winter Period, on a provisional basis, is reasonable at this time.

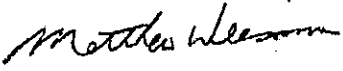
NOW THEREFORE, THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

- 1) The Parties stipulate and request that the BPU provisionally approve PSE&G's WNC credit rate of \$0.004800 without SUT, a credit rate of \$0.005118 including SUT, per balancing therm using an eight-month balancing period applicable to Rate Schedules RSG, GSG, and LVG for the 2019-2020 Winter Period. Should the balancing period be altered from the eight billing month methodology to another in the final resolution of the Company's 2019/2020 BGSS-RSG proceeding, the Company will incorporate any such modification in its WNC 2020/2021 annual period filing for implementation in the 2020-2021 balancing period.
- 2) As a result of the stipulated provisional WNC, PSE&G's typical residential gas heating customers using 172 therms in a winter month and 1,040 therms on an annual basis would experience a decrease in their annual bill from \$883.27 to \$879.73, a reduction of \$3.54 or approximately 0.4%, based upon Delivery Rates and BGSS-RSG charges in effect on August 1, 2019 and assuming the customer receives gas commodity service from PSE&G.
- 3) The Parties further agree that upon Board approval of the above provisional rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised

provisional WNC delineated in Paragraph 1 above applicable to gas customers to be effective on October 1, 2019. Copies of the proposed tariff sheets are attached hereto as Exhibit A.

- 4) The Parties understand that these changes are on a provisional basis and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law, if applicable and necessary, and final approval by the Board.
- 5) The Parties agree that this settlement for the provisional WNC reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this settlement is not accepted and approved in its entirety by the Board, this settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.
- 6) The Parties further agree that a Board Order approving this settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
- 7) The Parties further agree that this settlement for the provisional WNC has been made exclusively for the purpose of this proceeding and that this settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this settlement for the provisional WNC.

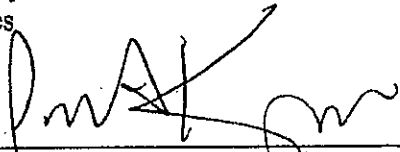
PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

BY: 

Matthew M. Weissman
General State Regulatory Counsel

DATED: August 30, 2019.

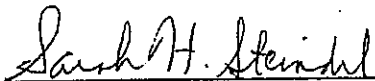
GURBIR S. GREWAL
ATTORNEY GENERAL OF
NEW JERSEY
Attorney for the Staff of the Board of Public
Utilities

BY: 

Patricia Krogman on behalf of Emma Yao Xiao
Deputy Attorney General

DATED: August 30, 2019.

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

BY: 

Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: August 30, 2019.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 45

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

Superseding
XXX Revised Sheet No. 45

WEATHER NORMALIZATION CHARGE

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

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2019 2018 through May 31, 2020 2019	\$(0.004800) 0.009676	\$(0.005118) 0.010317
June 1, 2020 2019 through September 30, 2020 2019	\$0.000000	\$0.000000

Weather Normalization Charge

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

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)

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

2. Actual Calendar Month Degree Days

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

3. Normal Calendar Month Degree Days

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

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the ~~2019~~~~2018~~ ~~2020~~~~2019~~ Winter Period are set forth in the table below:

Normal Degree Days	
Oct - 1918	<u>243.01240.16</u>
Nov - 1918	<u>516.21510.58</u>
Dec - 1918	<u>827.33823.87</u>
Jan - 2019	<u>1,002.61989.26</u>
Feb - 2019	<u>858.04836.38</u>
Mar - 2019	<u>691.71685.38</u>
Apr - 2019	<u>357.63350.33</u>
May - 2019	<u>123.71425.95</u>

4. Winter Period

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

Date of Issue:

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.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 46

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

**Superseding
XXX Revised Sheet No. 46**

**WEATHER NORMALIZATION CHARGE
(Continued)**

5. Degree Day Dead Band

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

6. Degree Day Consumption Factors

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 20192018-20202019 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct.-1948	147,748 142,333	3,466 2,969	15,975 21,899	836 4,382	81,850 79,478	557 554	-	6,700 6,733
Nov.-1948	233,569 204,207	8,816 8,296	27,829 28,876	2,529 2,623	81,850 79,478	1,103 4,079	127 418	6,700 -6,733
Dec.-1948	228,514 247,265	11,406 10,926	49,065 36,712	3,510 3,518	81,850 79,478	1,393 4,372	193 485	6,700 -6,733
Jan.-2049	264,384 262,255	12,027 11,336	62,788 41,394	3,779 3,791	82,421 79,926	1,927 4,965	221 215	6,580 -6,746
Feb.-2049	270,093 272,434	11,928 11,252	54,286 45,573	3,903 3,897	82,421 79,926	1,564 4,589	230 225	6,580 6,746
Mar.-2049	271,716 271,030	12,442 12,060	55,140 47,137	3,962 3,978	82,421 79,926	2,092 2,405	238 237	6,580 6,746
Apr.-2049	251,638 246,404	12,764 12,334	55,446 41,134	3,984 4,066	82,421 79,926	1,358 4,338	226 212	6,580 6,746
May-2049	182,090 169,357	10,707 9,897	12,789 29,934	3,864 4,128	82,421 79,926	732 733	118 473	6,580 6,746

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

7. Margin Revenue Factor

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

Margin Revenue Factors:

Rate Schedule RSG	\$0.345322
Rate Schedule GSG	\$0.280009
Rate Schedule LVG	\$0.041697

8. Annual Period

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

9. Average 13 Month Common Equity Balance

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service, excluding plant held for future use and excluding plant for which the Company receives recovery from clause mechanisms that provide for a return on investment outside of base rates, less Accumulated Depreciation Reserve) less Accumulated Deferred Income Taxes plus working capital associated with Materials and Supplies Inventory and Prepayments at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 54% (the equity percentage of the Company's capital structure).

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

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 47

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

Superseding
XXX Revised Sheet No. 47

**WEATHER NORMALIZATION CHARGE
(Continued)**

II. DETERMINATION OF THE WEATHER NORMALIZATION RATE

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

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 9.6% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms, currently the Green Programs Recovery Charge, that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and ~~72.916456%~~ 72.916456% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

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

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 45

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WEATHER NORMALIZATION CHARGE

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

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2019 through May 31, 2020	\$(0.004800)	\$(0.005118)
June 1, 2020 through September 30, 2020	\$0.000000	\$0.000000

Weather Normalization Charge

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

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)

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

2. Actual Calendar Month Degree Days

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

3. Normal Calendar Month Degree Days

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

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2019-2020 Winter Period are set forth in the table below:

	Normal Degree Days
Oct - 19	243.01
Nov - 19	516.21
Dec - 19	827.33
Jan - 20	1,002.61
Feb - 20	858.04
Mar - 20	691.71
Apr - 20	357.63
May - 20	123.71

4. Winter Period

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

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**WEATHER NORMALIZATION CHARGE
(Continued)**

5. Degree Day Dead Band

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

6. Degree Day Consumption Factors

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2019-2020 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct.-19	147,748	3,466	15,975	836	81,850	557	-	6,700
Nov.-19	233,569	8,816	27,829	2,529	81,850	1,103	127	6,700
Dec.-19	228,514	11,406	49,065	3,510	81,850	1,393	193	6,700
Jan.-20	264,384	12,027	62,788	3,779	82,421	1,927	221	6,580
Feb.-20	270,093	11,928	54,286	3,903	82,421	1,564	230	6,580
Mar.-20	271,716	12,442	55,140	3,962	82,421	2,092	238	6,580
Apr.-20	251,638	12,764	55,446	3,984	82,421	1,358	226	6,580
May-20	182,090	10,707	12,789	3,864	82,421	732	118	6,580

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

7. Margin Revenue Factor

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

Margin Revenue Factors:

Rate Schedule RSG	\$0.345322
Rate Schedule GSG	\$0.280009
Rate Schedule LVG	\$0.041697

8. Annual Period

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

9. Average 13 Month Common Equity Balance

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service, excluding plant held for future use and excluding plant for which the Company receives recovery from clause mechanisms that provide for a return on investment outside of base rates, less Accumulated Depreciation Reserve) less Accumulated Deferred Income Taxes plus working capital associated with Materials and Supplies Inventory and Prepayments at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 54% (the equity percentage of the Company's capital structure).

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III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

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