



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF THE NEXT PHASE OF THE GAS SYSTEM MODERNIZATION PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM ("GSMP II") (JUNE 2019 GSMP II RATE FILING))	DECISION AND ORDER APPROVING STIPULATION
)	
)	
)	
)	DOCKET NO. GR19060766

Parties of Record:

Danielle Lopez, Esq., 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 ("June 2019 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking review and approval for gas base rate changes to provide for cost recovery associated with the extension of the Company's Gas System Modernization Program ("GSMP II" or "Program"). By this Order, the Board considers a Stipulation and Agreement ("Stipulation") executed by Public Service Electric and Gas Company ("PSE&G" or "Company"), Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND

By Order dated November 16, 2015, the Board authorized PSE&G to implement a three year Gas System Modernization Program ("GSMP") through which the Company would invest approximately \$650 million [excluding Allowance for Funds Used During Construction ("AFUDC")] to replace the Company's utilization pressure cast iron ("UPCI") and unprotected steel mains and associated services, and the up-rating of the UPCI segments to higher pressure.¹ The November 2015 Order also approved a cost recovery mechanism that allowed for annual rate adjustments ("Alternative Rate Mechanism") and required PSE&G to maintain a

¹ In re the Petition of Public Service and Gas Company for Approval of a Gas System Modernization Program and Associated Cost Recovery Mechanism, BPU Docket No. GR15030272 (November 16, 2015) ("November 2015 Order").

base level of capital spending of approximately \$85 million that is not recoverable through the Alternative Rate Mechanism.

By Order dated May 22, 2018, the Board authorized PSE&G to implement the GSMP II wherein PSE&G would: (a) replace PSE&G's UPCI mains and associated services and Unprotected Steel mains and associated services; (b) uprate the UPCI systems (including the uprating of associated protected steel and plastic mains and associated services) to higher pressures; and (c) install of excess flow valves and, the elimination of district regulators, where applicable.² According to the GSMP II Order, costs would be eligible for recovery under the GSMP II Accelerated Rate Recovery Mechanism ("GSMP II Rate Mechanism").

Costs eligible for recovery under the GSMP II Rate Mechanism were not to exceed \$1.575 billion representing replacement of 875 miles of main which excludes the cost associated with the Stipulated Base³ and AFUDC. Costs recoverable under the GSMP II Rate Mechanism shall not exceed \$1.80 million per mile. Costs incurred by the Company in excess of the \$1.80 million/mile on its replacements will be credited toward the baseline capital expenditure requirement set forth in the GSMP II Order for the year in which the cost is incurred. For each of the five (5) years, 2019 through 2023, the Company agreed to maintain a baseline capital expenditure level of at least \$155 million. Recovery of costs in excess of \$1.80 million per mile may be sought through a base rate case.

June 2019 Filing

On June 27, 2019, in compliance with the GSMP II Order, PSE&G filed the June 2019 Petition with the Board seeking approval to recover the projected revenue requirement of \$19.7 million associated with actual and estimated GSMP investments through August 31, 2019. The June 2019 Petition was based on actual data from January 1, 2019, through May 31, 2019, and projected data from June 1, 2019 through August 31, 2019.

On September 16, 2019, the Company provided updated schedules reflecting actual data through August 31, 2019. The update supports a proposed revenue requirement of \$17.3 million, which is less than the original revenue requirement of \$19.7 million in the June 2019 Petition. The GSMP capital investment costs calculations for \$17.3 million are as follows:

²In re the Petition of Public Service and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II"), BPU Docket No. GR17070776 (May 22, 2018) ("GSMP II Order").

³ The Company shall spend \$300 million on certain capital projects during the five (5) year Program, with no less, than \$20 million expended in each calendar year from 2019 through 2023. The \$300 million expenditure (i.e., the "Stipulated Base") shall be recoverable, from base rates and not recoverable through the GSMP II Rate Mechanism. If the Company fails to spend at least \$20 million in any calendar year or \$300 million over the five (5) year period for Stipulated Base, the Company shall expend the amount of the shortfall without seeking cost recovery from ratepayers for such expenditures to make up the shortfall.

PSE&G Gas System Modernization Program II		
Revenue Requirement (\$000) - Effective December 1, 2019		
Docket No. GR19060766		
<u>RATE BASE CALCULATION</u>		Total
1	Gross Plant	\$163,294
2	Accumulated Depreciation	\$2,951
3	Net Plant	\$166,245
4	Accumulated Deferred Taxes	-\$2,289
5	Rate Base	\$163,956
6	Rate of Return - After Tax (Schedule WACC)	6.48%
7	Return Requirement (After Tax)	\$10,627
8	Depreciation Exp, net	\$1,966
9	Expense Adjustment (After Tax)	-\$385
10	Tax Adjustment	\$0
11	Revenue Factor	1.4178
12	Roll-in Revenue Requirement	\$17,308

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were held on October 2, 7, and 17, 2019, respectively in New Brunswick, Mount Holly, and Hackensack. No members of the public provided comments at any of the hearings or filed written comments with the Board.

On October 11, 2019, the Company provided a second update to certain schedules to update rate design after new rates became effective October 1, 2019, which the Board approved based on the Company's GSMP, Basic Gas Supply Service and Weather Normalization Charge filings.⁴ There was no change to the Company's revenue requirements with the purpose of the second update to correct base rates.

⁴ In re the Petition of Public Service Electric and Gas Company for Approval of Gas Base Rate Adjustments Pursuant to its Gas System Modernization Program ("April 2019 GSMP Rate Filing"), Docket No. GR19040522. (September 27, 2019); In re Public Service Electric and Gas Company's 2019/2020 Annual BGSS Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge, Docket No GR19060699 (September 11, 2019); and In re the Petition of Public Service Electric and Gas Company to Revise its Weather Normalization Charge for the 2019-2020 Annual Period, Docket No. GR19060761 (September 11, 2019).

STIPULATION

On October 24, 2019, the Parties executed the Stipulation to resolve this matter. The Stipulation provides as follows:⁵

6. The Company shall implement the requested rates, which were provided in the October 11, 2019 update to Schedule SS-GSMPII-5. Those pages are attached to the Stipulation as Attachment 1.
7. The annual impact of the increased rates to the typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually would be an increase in the annual bill from \$885.06 to \$895.22, or \$10.16 or approximately 1.15%.
8. The Parties agree that pursuant to the terms of the GSMP II Order, PSE&G may implement the rates in Attachment 1 of the Stipulation effective December 1, 2019. The rate adjustments established shall be provisional and subject to refund contingent upon the Board finding that PSE&G imprudently incurred capital expenditures under GSMP II. Such prudency review shall take place in the Company's next base rate case. The Company will file its next base rate case no later than January 1, 2024 ("2024 base rate case"), in accordance with paragraph 40 of the GSMP II Order. Nothing will preclude any party from raising any objection in the 2024 base rate case that could have been raised in the annual GSMP II cost recovery filings.

DISCUSSION AND FINDING

Having carefully reviewed the record in this proceeding, including the June 2019 Petition and the Stipulation executed by the Parties, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

The Board **HEREBY APPROVES** the rate adjustments calculated in Attachment 1 of the Stipulation, on a provisional basis, to be effective for services rendered on and after December 1, 2019.

The annual bill impact on the typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually is an increase of \$10.16 or approximately 1.15%.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to December 1, 2019.

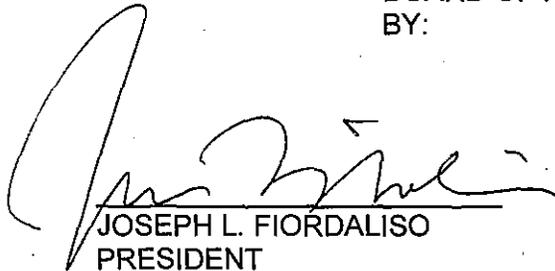
The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

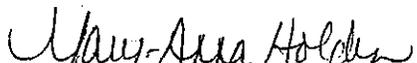
⁵Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

The effective date of this Order is November 23, 2019.

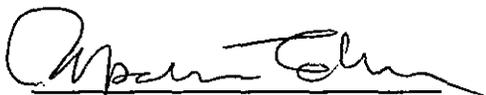
DATED: 11/13/19

BOARD OF PUBLIC UTILITIES
BY:

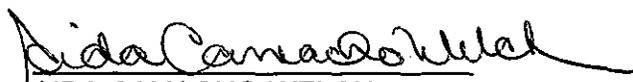

JOSEPH L. FIORDALISO
PRESIDENT


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 THE NEXT PHASE OF THE GAS SYSTEM MODERNIZATION
PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM ("GSMP II") (JUNE 2019
GSMP II RATE FILING) - BPU DOCKET NO. GR19060766

SERVICE LIST

Public Service Electric and Gas Company

PSE&G Services Corp
80 Park Plaza, T-5G
Newark, New Jersey 07102-4194

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

Danielle Lopez
danielle.lopez@pseg.com

Michele Falcao
michele.falcao@pseg.com

Caitlyn White
caitlyn.white@pseg.com

Bernard Smalls
bernard.smalls@pseg.com

New Jersey Division of Rate Counsel

140 East Front Street, 4th Floor
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

Maura Caroselli, Esq.
mcaroselli@rpa.nj.gov

Board of Public Utilities

44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625-0350

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

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

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

Scott Sumliner
scott.sumliner@bpu.nj.gov

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

Karriemah Graham, Chief
karriemah.graham@bpu.nj.gov

Division of Law

Department of Law and Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, NJ 08625

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

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

Pamela Owen, DAG
pamela.owen@law.njoag.gov

Matko Ilic, DAG
matko.ilic@law.njoag.gov

Danielle Lopez
Associate Counsel - Regulatory

Law Department
PSEG Services Corporation
80 Park Plaza – T5, Newark, New Jersey 07102-4194
tel : 973-430-6479 fax: 973-430-5983
email: danielle.lopez@pseg.com



October 24, 2019

In The Matter of The Petition of Public Service Electric and Gas
Company for Approval of the Next Phase of the Gas System Modernization
Program and Associated Cost Recovery Mechanism ("GSMP II")

Docket No. GR19060766

VIA ELECTRONIC & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Attached please find the fully executed Stipulation (of which 10 copies are enclosed) in the above-referenced matter resolving all aspects of this matter. All the 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 black ink, appearing to read "Danielle Lopez", written in a cursive style.

Attach.
C Attached Service List (E-Mail)

BPU

Joe Costa
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 984-4558
joe.costa@bpu.nj.gov

BPU

Christine Lin
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-2956
christine.lin@bpu.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

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

DAG

Patricia A. Krogman DAG
NJ Dept of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3441
patricia.krogman@dol.lps.state.nj.us

DAG

Peter VanBrunt
NJ Dept of Law & Public Safety
124 Halsey Street
P.O. Box 45029
Newark NJ 07101
Peter.VanBrunt@law.njoag.gov

BPU

Paul Flanagan
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-2836
paul.flanagan@bpu.nj.gov

BPU

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

BPU

Michael Stonack
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 777-0192
michael.stonack@bpu.nj.gov

DAG

Geoffrey Gersten
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3510
geoffrey.gersten@dol.lps.state.nj.us

DAG

Alex Moreau DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3762
Alex.Moreau@dol.lps.state.nj.us

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

BPU

Son Lin Lai
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-2098
son-lin.lai@bpu.nj.gov

BPU

Jacqueline O'Grady
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-2947
jackie.ogrady@bpu.nj.gov

BPU

Scott Sumliner
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-4519
scott.sumliner@bpu.nj.gov

DAG

Jenique Jones
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
jenique.jones@dol.lps.state.nj.us

DAG

Caroline Vachier DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3709
caroline.vachier@dol.lps.state.nj.us

PSE&G

Joseph F. Accardo, Jr.
PSEG Services Corporation
80 Park Plaza, T5G
P.O. Box 570
Newark NJ 07102
(973) 430-5811
joseph.accardojr@pseg.com

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

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

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

PSE&G

Danielle Lopez Esq.
Public Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
973-430-6479
danielle.lopez@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

James Glassen
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
jglassen@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

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

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

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

Rate Counsel

Henry M. Ogden Esq.
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
hogden@rpa.nj.gov

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF THE NEXT) BPU DOCKET NO. GR19060766
PHASE OF THE GAS SYSTEM MODERNIZATION)
PROGRAM AND ASSOCIATED COST)
RECOVERY MECHANISM ("GSMP II"))
(JUNE 2019 GSMP II RATE FILING))

STIPULATION AND AGREEMENT

APPEARANCES:

Matthew M. Weissman, Esq., General Regulatory Counsel-Rates, PSEG Services Corp., and **Danielle Lopez, Esq.**, Assistant General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Co.

Felicia Thomas-Friel, Esq., Managing Attorney – Gas, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel and **Maura Caroselli, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)

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

On June 28, 2019, Public Service Electric and Gas Company ("Public Service," "PSE&G," or the "Company") filed a petition and supporting documentation ("June 2019 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking BPU approval for gas base rate changes to provide for cost recovery associated with PSE&G's Gas System Modernization Program II ("GSMP II" or the "Program") through August 31, 2019. Upon review of the June 2019 Petition and discovery responses, the Staff of the New Jersey Board of Public Utilities ("Board Staff"), the New Jersey Division of Rate Counsel ("Rate Counsel"), and PSE&G, the only parties to this proceeding (collectively, "Parties"), HEREBY STIPULATE AND AGREE AS FOLLOWS:

1. PSE&G's June 2019 Petition in this matter sought Board approval for gas base rate changes to provide for cost recovery associated with the Company's GSMP II, which the Board addressed on May 22, 2018, in BPU Docket No. GR17070776.¹ The Board's GSMP II Order adopted a stipulation that authorized the request for rate increases. Paragraph 36 of the stipulation associated with the GSMP II Order provides, in pertinent part, that Revenue Requirements associated with Program investments that are placed into service through and including August 31, 2019, shall go into base rates effective December 1, 2019. PSE&G shall make its initial filing for such rates as of June 30, 2019, and update such filing for actual data through August 31, 2019, by September 15, 2019.
2. PSE&G's June 2019 Petition sought authority to establish rates to recover an annualized increase in gas revenue requirement of \$19.7 million. The proposed revenue requirement increase is associated with GSMP II investment costs. The annualized increase in the gas revenue requirement was supported by Attachment 2, Schedule SS-GSMP II-2 attached to the June 2019 Petition, which was based upon actual expenditures in-service through May 2019 and a forecast through August 31, 2019.
3. Notice of the Company's June 2019 Petition, including the date, time and place of public hearings, was placed in newspapers having a circulation within the Company's gas 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 gas service territory. In accordance with the notice, public hearings on the Company's request were held in the afternoon and evening on the following dates and locations in PSE&G's gas

¹ *In the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II")*, Docket No. GR17070776, Order dated May 22, 2018 ("GSMP II Order").

service territory: October 2, 2019 in New Brunswick, New Jersey; October 7, 2019 in Mt. Holly, New Jersey; and October 17, 2019 in Hackensack, New Jersey. No members of the public provided comments at any of the hearings or filed written comments with the Board.

4. On September 16, 2019, the Company provided updated schedules in this matter, which replaced the projected data in the original schedules with actual data through August 31, 2019.² As a result of the update for actuals costs through August 31, 2019, the Company's proposed revenue requirement increase decreased from \$19.7 million to \$17.3 million.
5. On October 11, 2019, the Company provided a second update to certain schedules in this matter that adjusted the Company's rate design to account for the impact of changes to the Company's gas rates effective October 1, 2019, as a result of the Board's approvals of three (3) rate filings: (1) In the Matter of the Petition of Public Service Electric and Gas Company for Approval of Gas Base Rate Adjustments Pursuant to its Gas System Modernization Program ("April 2019 GSMP Rate Filing"), approved by the Board on September 27, 2019, in Docket No. GR19040522; (2) In the Matter of Public Service Electric and Gas Company's 2019/2020 Annual BGSS Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge, approved by the Board on September 11, 2019, in Docket No. GR19060699; and (3) 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, approved by the Board on September 11, 2019, in Docket No. GR19060761. There were,

² As September 15, 2019 was a Sunday, the update was filed on the following business day.

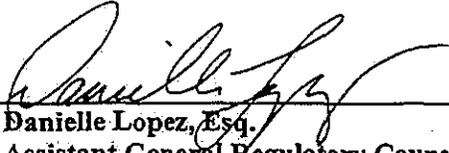
however, no changes to the Company's revenue requirement. The purpose of the second update was to arrive at the correct base rates in this matter.

6. The Company shall implement the requested rates, which were provided in the October 11, 2019 update to Schedule SS-GSMPII-5. Those pages are attached hereto as Attachment 1.
7. The annual impact of the increased rates to the typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually would be an increase in the annual bill from \$885.06 to \$895.22, or \$10.16 or approximately 1.15%.
8. The Parties agree that pursuant to the terms of the GSMP II Order, PSE&G may implement the rates in Attachment 1 effective December 1, 2019. The rate adjustments established herein shall be provisional and subject to refund contingent upon the Board finding that PSE&G imprudently incurred capital expenditures under GSMP II. Such prudence review shall take place in the Company's next base rate case. The Company will file its next base rate case no later than January 1, 2024 ("the 2024 base rate case"), in accordance with paragraph 40 of the GSMP II Order. Nothing herein will preclude any party from raising any objection in the 2024 base rate case that could have been raised in the annual GSMP II cost recovery filings.
9. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that this Stipulation is not adopted in its entirety by the Board in any applicable Order(s), then any Party hereto is free to pursue its then available

legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

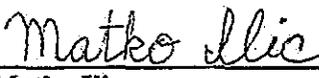
10. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.
11. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, PSE&G, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.
12. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
13. **WHEREFORE**, the Parties hereto respectfully submit this Stipulation to the Board of Public Utilities and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: 
Danielle Lopez, Esq.
Assistant General Regulatory Counsel

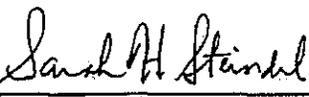
DATED: October 24, 2019

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

BY: 
Matko Ilic
Deputy Attorney General

DATED: October 24, 2019

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

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

DATED: October 24, 2019

Gas Tariff Rates
 GSMP II

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
RSG	Service Charge	\$8.08	\$8.62	\$8.08	\$8.62
	Distribution Charges	\$0.351392	\$0.374672	\$0.360706	\$0.384603
	Balancing Charge	\$0.092492	\$0.098620	\$0.092492	\$0.098620
	Off-Peak Use	\$0.175696	\$0.187336	\$0.180353	\$0.192301
GSG	Service Charge	\$14.77	\$15.75	\$15.19	\$16.20
	Distribution Charge - Pre July 14, 1997	\$0.283256	\$0.302022	\$0.288299	\$0.307399
	Distribution Charge - All Others	\$0.283256	\$0.302022	\$0.288299	\$0.307399
	Balancing Charge	\$0.092492	\$0.098620	\$0.092492	\$0.098620
	Off-Peak Use Dist Charge - Pre July 14, 1997	\$0.141628	\$0.151011	\$0.144150	\$0.153700
	Off-Peak Use Dist Charge - All Others	\$0.141628	\$0.151011	\$0.144150	\$0.153700
LVG	Service Charge	\$131.15	\$139.84	\$134.85	\$143.78
	Demand Charge	\$3.9314	\$4.1919	\$3.9473	\$4.2088
	Distribution Charge 0-1,000 pre July 14, 1997	\$0.040281	\$0.042950	\$0.042298	\$0.045100
	Distribution Charge over 1,000 pre July 14, 1997	\$0.042215	\$0.045012	\$0.041894	\$0.044669
	Distribution Charge 0-1,000 post July 14, 1997	\$0.040281	\$0.042950	\$0.042298	\$0.045100
	Distribution Charge over 1,000 post July 14, 1997	\$0.042215	\$0.045012	\$0.041894	\$0.044669
	Balancing Charge	\$0.092492	0.09862	\$0.092492	\$0.098620
SLG	Single-Mantle Lamp	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Double-Mantle Lamp, inverted	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Double Mantle Lamp, upright	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Triple-Mantle Lamp, prior to January 1, 1993	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Triple-Mantle Lamp, on and after January 1, 1993	\$67.4762	\$71.9465	\$67.4762	\$71.9465
	Distribution Therm Charge	\$0.045943	\$0.048987	\$0.046697	\$0.049791

Gas Tariff Rates
 GSMP II

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
TSG-F	Service Charge	\$702.43	\$748.97	\$722.23	\$770.08
	Demand Charge	\$2.0574	\$2.1937	\$2.0722	\$2.2095
	Distribution Charges	\$0.078643	\$0.083853	\$0.079210	\$0.084458
TSG-NF	Service Charge	\$702.43	\$748.97	\$722.23	\$770.08
	Distribution Charge 0-50,000	\$0.084225	\$0.089805	\$0.085720	\$0.091399
	Distribution Charge over 50,000	\$0.084225	\$0.089805	\$0.085720	\$0.091399
	Special Provision (d)	\$1.89	\$2.02	\$1.89	\$2.02
CIG	Service Charge	\$168.34	\$179.49	\$171.50	\$182.86
	Distribution Charge 0-600,000	\$0.075543	\$0.080548	\$0.076931	\$0.082028
	Distribution Charge over 600,000	\$0.065543	\$0.069885	0.066931	\$0.071365
	Special Provision (c) 1st para	\$1.89	\$2.02	\$1.89	\$2.02
BGSS RSG	Commodity Charge including Losses	\$0.319048	\$0.340185	\$0.318994	\$0.340127
CSG	Service Charge	\$702.43	\$748.97	\$722.23	\$770.08
	Distribution Charge - Non-Firm	\$0.084225	\$0.089805	\$0.085720	\$0.091399