

PSE&G MAC 2019 PETITION

On May 31, 2019, PSE&G filed a petition ("May 2019 MAC Petition") with the Board seeking authority to adjust its MAC. The Company represented that for the period ending April 2019, the net MAC balance including cumulative interest was over-recovered by \$14.12 million. The Company's forecasted MAC balance for the period ending September 2019 was an over-collected balance of \$20.28 million, including interest. The newly calculated MAC rate would change from the current credit rate of \$0.006758 per therm to a credit rate of \$0.008510 per therm, a decrease of 0.001752 per therm.² However, the Company proposed to maintain the current credit rate since the over-collection at the end of September 2019 is dependent on forecasted margins from large customers, and these margins can be extremely volatile and could be adversely impacted by many unforeseeable factors.

On October 25, 2019, the Company updated the information to include actual data through September 2019, and proposed to implement a MAC credit rate of \$0.007141 per therm which is a rate decrease of \$0.000383 per therm from the current credit rate of \$0.006758 per therm. The change in the MAC credit rate would decrease the Company's revenues by \$0.9 million.

STIPULATION

Following a review of the May 2019 MAC Petition, updates thereto, and discovery, on December 19, 2019, the Parties executed the Stipulation, which provides for the following:³

1. The Company will implement a MAC credit rate of \$0.009239 per therm, including SUT, subject to interest on any net over or under-recovered MAC balance. Interest based on the seven-year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year, on any net over or under-recovered MAC balance.⁴
2. As a result of the proposed MAC, PSE&G's typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually will experience a decrease in their current annual bill from \$895.22 to \$892.64 or \$2.58 or approximately 0.29% (based upon current Delivery Rates and Basic Gas Supply Service charges in effect December 1, 2019 and assuming the customer receives commodity service from PSE&G). The residential customer bill impacts comparing the current and proposed charges are contained in Attachment C of the Stipulation for the aforementioned typical customers as well as other customer usage patterns.

DISCUSSION AND FINDING

Having reviewed the record in this matter, including the May 2019 MAC Petition, updates thereto, and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the

² All rates quoted herein include Sales and Use Tax.

³ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order. Paragraphs are numbered to coincide with the Stipulation.

⁴ Paragraph 12 of the Board's July 9, 2010 Order in BPU Docket No. GR09050422 directs that "[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance."

law. Therefore, the Board **HEREBY FINDS** the attached Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

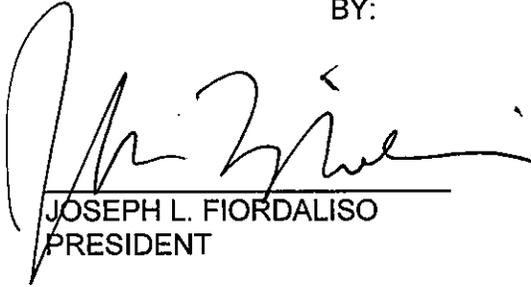
The Board **HEREBY APPROVES** the implementation of a per therm MAC credit rate of \$0.009239. Such rate shall remain in effect until changed by further Order. Any net over-recovered MAC balance at the end of the MAC period shall be subject to refund with interest. The Company is **HEREBY DIRECTED** to file tariffs consistent with the Board's Order by February 1, 2020.

The Company's costs, including those related to the MAC, will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

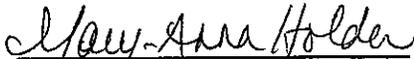
The effective date of this Order is January 18, 2020.

DATED: 1/8/20

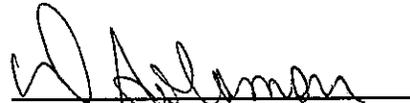
BOARD OF PUBLIC UTILITIES
BY:



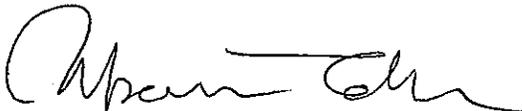
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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



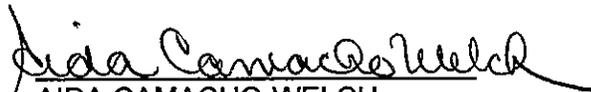
DIANNE SOLOMON
COMMISSIONER



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'S 2019 ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC")
DOCKET NO. GR19060698

SERVICE LIST

Public Service Electric & Gas Company

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December 20, 2019

In the Matter of the Petition of
Public Service Electric and Gas Company's
2019 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. GR19060698

VIA ELECTRONIC AND OVERNIGHT MAIL

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

Dear Ms. Camacho:

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

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

Very truly yours,

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line that loops back under the 'J'.

Justin B. Incardone

C Attached Service List (electronic only)

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08/15/2019

Public Service Electric and Gas Company
MAC 2019-2020
GR19060698

Page 2 of 2

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE) STIPULATION OF
ELECTRIC AND GAS COMPANY'S 2019) SETTLEMENT FOR
ANNUAL MARGIN ADJUSTMENT CHARGE) MARGIN
("MAC")) ADJUSTMENT CHARGE
) BPU DOCKET NO. GR19060698

APPEARANCES:

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

Felicia Thomas-Friel, Deputy Rate Counsel, **Sarah H. Steindel**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)

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

On May 31, 2019, Public Service Electric and Gas Company ("PSE&G" or "Company") made a filing with the New Jersey Board of Public Utilities ("Board" or "BPU") in the above-referenced matter, requesting a Margin Adjustment Charge ("MAC") for firm customers of (\$0.006758) per therm (*i.e.*, a credit of \$0.006758), including New Jersey Sales and Use Tax ("SUT").

By way of background, on January 9, 2002, as a result of the Board's Order in PSE&G's gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with the rate schedule Non-Firm Transportation Gas Service ("TSG-NF") to customers on rate schedules Residential Service Gas ("RSG"), General Service Gas ("GSG"), Large Volume Service Gas

("LVG"), Street Lighting Gas ("SLG"), and Firm Transportation Gas Service ("TSG-F"). The current MAC is in accordance with the Board's Order dated March 29, 2019, in Docket No. GR18060605.

In the Company's May 31, 2019 filing, PSE&G represented that the current MAC balance supported a newly calculated rate of (\$0.008510) per therm, including SUT, that would result in a rate decrease of \$0.001752 per therm from the current rate of (\$0.006758) per therm, including SUT. Nevertheless, the Company's May 31, 2019 filing noted that the over-collection at the end of September 2019 is dependent on the forecasted margins from many large customers, which tend to be extremely volatile and could be adversely impacted by many unforeseeable factors, such as economic uncertainty. The Company further noted in its May 31, 2019 filing its belief that given this uncertainty, as well as the fact that PSE&G files the MAC on an annual basis, it would be prudent that the current rate of (\$0.006758) per therm, including SUT, remain in effect. However, at the time of the filing, Mr. Swetz stated in his testimony: "Should the currently forecasted balance at September 2019 reflect a larger credit when the data is updated for actuals, the Company can implement the larger credit for its customers." Direct Testimony of Stephen Swetz, page 4, line 91 to page 5, line 94.

PSE&G subsequently updated the filing with actual data through September 2019 that supported a MAC of (\$0.007141) per therm, including SUT, that would result in a rate decrease of \$0.000383 per therm from the current MAC of (\$0.006758) per therm, including SUT. For settlement purposes, the Company agreed to

increase the amount to be credited to firm customers for this period via the MAC by \$5.0 million, resulting in a total credit of \$22.0 million. A tariff sheet reflecting approval of the stipulated MAC of (\$0.009239) per therm, including SUT, is attached hereto as Attachment A. The calculation of the stipulated rate is shown in Attachment B.

Board Staff, the Division of Rate Counsel, and PSE&G (collectively, the "Parties") agree that the MAC of (\$0.009239) per therm, including SUT, is reasonable at this time and HEREBY FURTHER AGREE as follows:

1. The Company will implement a MAC credit rate of \$0.009239 per therm, including SUT, subject to interest on any net over- or under-recovered MAC balance. Interest based on the seven-year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year, on any net over- or under-recovered MAC balance.¹

2. As a result of the proposed MAC, PSE&G's typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually will experience a decrease in their current annual bill from \$895.22 to \$892.64 or \$2.58 or approximately 0.29% (based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2019, and assuming the customer receives commodity service from PSE&G). The residential customer bill impacts comparing the current and proposed charges are contained in Attachment C for the aforementioned typical customers as well as other customer usage patterns.

¹ Paragraph 12 of the Board's July 9, 2010 Order in BPU Docket No. GR09050422 directs that "[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance."

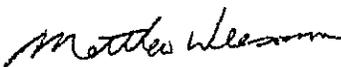
3. The undersigned agree that this Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved by the Board, this Settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution. More particularly, in the event this Settlement is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Settlement as though this Settlement had not been signed.

4. The undersigned 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.

5. The undersigned Parties further HEREBY AGREE that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or by specific item, is in no way binding upon the Parties in any other proceeding, except to enforce the terms of this Settlement.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

STEFANIE A. BRAND
DIRECTOR,
DIVISION OF RATE COUNSEL

BY: 
Matthew M. Weissman
Managing Counsel – State Regulatory

BY: 
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: December 18, 2019

DATED: December 19, 2019

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

BY: 
Matko Ilic
Deputy Attorney General

DATED: December 19, 2019

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43
Superseding
XXX Revised Sheet No. 43

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

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge	(\$0.008665)
	(\$0.006338)
Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....	(\$0.009239)
	(\$0.006758)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.

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. 43
Superseding
XXX Revised Sheet No. 43

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

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge (\$0.008665)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT)..... (\$0.009239)

Margin Adjustment Charge

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Date of Issue: Issued by SCOTT S. JENNINGS, SVP - Corporate Planning, Strategy and Utility Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Effective: Filed pursuant to Order of Board of Public Utilities dated in Docket No.

**PSE&G - Margin Adjustment Clause
Clause Balances Over/(Under) and
Cummulative Interest Summary
Actuals Through September 2019**

Schedule SS-MAC-2

Page 1 of 1

	(1) Column 10 from Schedule SS-MAC-3	(2) Column 13 from Schedule SS-MAC-3	(3) Col 1 + Col 2 + Col 3	
	<u>MAC Balance</u>		<u>Total Over/(Under)</u>	
A	<u>Over/(Under)</u>	<u>Cumulative Interest</u>	<u>Recovery</u>	
c	<u>Month</u>			
	Sep-18	\$14,350,159	\$1,417,527	\$15,767,686
	Oct-18	\$14,324,579	\$1,460,061	\$15,784,640
	Nov-18	\$14,329,460	\$1,502,565	\$15,832,025
	Dec-18	\$14,046,019	\$1,544,655	\$15,590,674
	Jan-19	\$12,770,177	\$1,584,433	\$14,354,609
	Feb-19	\$12,719,803	\$1,622,243	\$14,342,045
	Mar-19	\$12,452,418	\$1,659,581	\$14,111,999
	Apr-19	\$12,424,164	\$1,696,482	\$14,120,645
	May-19	\$12,777,476	\$1,733,864	\$14,511,341
	Jun-19	\$13,011,263	\$1,772,117	\$14,783,381
	Jul-19	\$13,994,577	\$1,812,176	\$15,806,754
	Aug-19	\$14,469,976	\$1,840,285	\$16,310,260
	Sep-19	\$15,151,264	\$1,869,536	\$17,020,800

Calculation of MAC Rate

1	Total Over/(Under) Recovery at September 30, 2019	\$17,020,800
2	Additional Amount to be Refunded	\$5,000,000
3	Annual Credit to be Applied	\$22,020,800
4	Forecasted Therms for October 1, 2019 to September 30, 2020	2,541,496,163
5=(3/4)*-1	Margin Adjustment Charge (Per Therm)	(\$0.008665)
6=5*1.06625	Margin Adjustment Charge (Including Sales and Use Tax)	(\$0.009239)
7	Current Margin Adjustment Charge (Per Therm)	(\$0.006338)
8=(5-7)*4	Revenue Increase / (Decrease)	(\$5,914,062)

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed change in the gas Margin Adjustment Charge (MAC) on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
25	170	\$230.36	\$229.98	(\$0.38)	(0.16%)
50	340	357.16	356.30	(0.86)	(0.24)
100	610	567.94	566.40	(1.54)	(0.27)
159	1,000	870.17	867.68	(2.49)	(0.29)
172	1,040	895.22	892.64	(2.58)	(0.29)
200	1,210	1,024.42	1,021.44	(2.98)	(0.29)
300	1,816	1,485.80	1,481.30	(4.50)	(0.30)

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2019 and assumes that the customer receives commodity service from Public Service.

(2) Same as (1) except includes change in the Margin Adjustment Charge.

Residential Gas Service					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
170	25	\$27.80	\$27.74	(\$0.06)	(0.22%)
340	50	46.94	46.82	(0.12)	(0.26)
610	100	86.30	86.06	(0.24)	(0.28)
1,040	172	142.24	141.81	(0.43)	(0.30)
1,210	200	163.97	163.47	(0.50)	(0.30)
1,816	300	241.66	240.92	(0.74)	(0.31)

(3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2019 and assumes that the customer receives commodity service from Public Service.

(4) Same as (3) except includes change in the Margin Adjustment Charge.