



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)	DECISION AND ORDER
SERVICE ELECTRIC AND GAS COMPANY TO MODIFY)	APPROVING STIPULATION
ITS MANUFACTURED GAS PLANT (MGP))	
REMEDICATION COMPONENT WITHIN ITS ELECTRIC)	
SOCIETAL BENEFITS CHARGE (SBC) AND ITS GAS)	
SBC; DURING THE REMEDIATION ADJUSTMENT)	
CHARGE (RAC) 27 PERIOD AUGUST 1, 2018 TO JULY)	
31, 2019)	DOCKET NO. GR20010073

Parties of Record:

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

BY THE BOARD:

On January 24, 2020, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition 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, 2018 through July 31, 2019 (“RAC 27 Period”) (“RAC 27 Petition”). 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, “Parties”) which address the issues in the RAC 27 Petition.

BACKGROUND

The RAC allows recovery of reasonable 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 60/40 percent basis pursuant to prior Orders of the Board. The RAC is a separate component of PSE&G’s electric and gas Societal Benefits Charges (“SBC”).

In the RAC 27 Petition, PSE&G requested approval of net RAC 27 Period expenditures of approximately \$53,094,590, including a deferred Natural Resource Damage (“NRD”) expense of \$16,683. As a result of the allocation of MGP costs between electric and gas customers, the

expenditures totaled \$31,846,744 for gas and \$21,231,163 for electric customers for RAC 27 Period expenditures.

Subsequently, in response to discovery, PSE&G provided updated schedules to correct a calculation error. As a result of the update, PSE&G requested approval of net RAC 27 Period expenditures of \$53,061,223.

After publication of notices in newspapers of general circulation in the Company's service territory, public hearings were held telephonically on July 21, 2020 at 4:30 p.m. and 5:30 p.m. One member of the public appeared at the hearing, but did not make a statement.

STIPULATION

Through the course of the proceeding, the Parties engaged in discovery. Following a review of the discovery and testimony, the Parties executed the Stipulation, which provides for the following:¹

2. The Company incurred gross expenditures of \$59,995,351 in remediation costs during the RAC 27 Period. This amount was reduced by insurance proceeds of \$6,016,683, adjusted by \$16,683 of NRD-related interest costs incurred during the RAC 27 Period, and reduced by miscellaneous recoveries of \$917,445, resulting in net expenditures of \$53,061,223 for the RAC 27 Period. See Revised Attachment A-3, page 1 of the RAC 27 Petition.²
3. The RAC annual recovery mechanism includes carrying charges on the unamortized balance. See Attachment A-2, page 1 of the RAC 27 Petition.
4. The RAC 27 Petition provides RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives, 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 \$0.016065/therm, excluding New Jersey Sales and Use Tax ("SUT"), (\$0.017129 including SUT), should be decreased to \$0.015933/therm excluding SUT (\$0.016989 including SUT). The Parties also agree that the current electric RAC of \$0.000598/kilowatt-hour, excluding SUT and line losses (\$0.000677 including SUT and line losses), should be increased to \$0.000675/kilowatt-hour, excluding SUT and line losses (\$0.000765 including SUT and line losses 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 foregoing rates will allow recovery of 1/7 of the RAC 21 through RAC 27 expenditures. Under these rates, the annual bill for a typical residential electric customer using 740 kilowatt-hours per a summer month, and 6,920 kilowatt-hours

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 Revised Attachment A schedules to the RAC 27 Petition were provided to correct an error in calculation of expenditures on March 27, 2020 in response to Rate Counsel data request RCR-A-0005.

on an annual basis, would increase their annual bill from \$1,308.12 to \$1,308.68, or \$0.56 or approximately 0.04% based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing (“BGS-RSCP”) Supply rates in effect on July 16, 2020, 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 a decrease in the annual bill from \$554.76 to \$554.60, or \$0.16 or approximately 0.03%. A typical gas heating customer using 172 therms during a winter month, and 1,040 therms on an annual basis, would see a decrease in their annual bill from \$872.72 to \$872.56, or \$0.16 or approximately 0.02% based upon current Delivery and Basic Gas Supply Service (“BGSS-RSG”) Supply rates in effect on July 16, 2020, and assuming that the customer receives BGSS-RSG service from PSE&G.

8. The Parties agree that the Company’s MGP remediation work performed during the RAC 27 Period, August 1, 2018 to July 31, 2019, as described via Richard A. Blackman’s testimony (Attachment B of the RAC 27 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 intercompany title transfer of Block 74, Lot 2 of the MGP site in the borough of East Rutherford on December 21, 2018 (Docket No. EM18070695). The title transfer for the East Rutherford property took place on January 29, 2019 at the original/book cost amount of \$325,000. In addition, the BPU approved the intercompany title transfer of Block 1083, Lot 30, for the MGP site on Passaic Street in Passaic on May 28, 2019 (Docket No. EM19010033). The title transfer for the Passaic Street property took place on June 18, 2019 at the original/book cost amount of \$559,791. The total transfer value from both the East Rutherford and Passaic sites received during the RAC 27 Period was \$884,791 and is shown as a miscellaneous RAC 27 recovery.
10. The Company represents that its RAC 27 Petition does not include any administrative, legal, consulting, or other costs associated with NRD claims. The Parties further agree that PSE&G will have deferred a total of \$764,460 NRD-related MGP costs inclusive of applicable interest through the RAC 27 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, agree, and request that the Board 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. Attached to the Stipulation as Exhibit A is Attachment A-2 from the Company’s revised filing.
12. 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.

13. 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 27 filing except as specifically provided in the Stipulation.
15. 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, reviewed the record in this proceeding, including the RAC 27 Petition and the attached Stipulation. The Board **HEREBY FINDS** that the Company's remediation work performed during the RAC 27 Period was reviewed by the Parties and is prudent. The Board **FURTHER FINDS** the Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein. Any net over-recovery on the RAC balance at the end of the RAC year shall be subject to refund with interest.

The Board **HEREBY FINDS** that it is reasonable to change the existing RAC rates, and therefore **HEREBY ORDERS** that the Company's existing gas and electric RAC rates be changed consistent with the proposed rate changes set forth in Exhibit C of the Stipulation, effective for service rendered on and after October 1, 2020.

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 \$0.56 from \$1,308.12 to \$1,308.68, or approximately 0.04% (based upon current Delivery and BGS-RSCP Supply rates in effect on July 16, 2020, assuming that the customer receives BGS-RSCP service from PSE&G). A typical residential gas heating customer using 172 therms during a winter month, and 1,040 therms on an annual basis, would see a decrease in their annual bill of \$0.16 from \$872.72 to \$872.56, or approximately 0.02% (based upon rates in effect on July 16, 2020 and assuming the customer receives BGSS-RSG service from PSE&G).

The Board **FURTHER ORDERS** that the NRD related costs through the end of the RAC 27 Period of \$764,460 inclusive of applicable interest shall continue to be deferred until such time as the Board addresses the rate recoverability of NRD-related costs via the RAC mechanism.

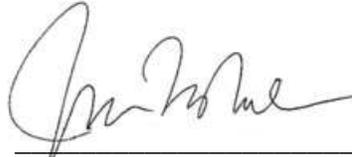
The Board **HEREBY DIRECTS** the Company to file revised tariff sheets consistent with this Order by October 1, 2020.

The Company's costs, including those related to the RAC, 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.

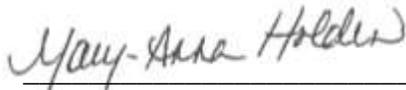
The effective date of this Order is September 30, 2020.

DATED: September 23, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

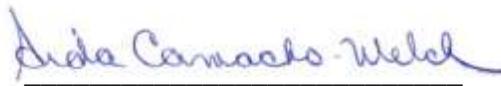


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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) 27 Period,
August 1, 2018 to July 31, 2019

Docket No GR20010073

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July 29, 2020

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) 27 Period, August 1, 2018, to July 31, 2019

Docket No. GR20010073

VIA ELECTRONIC MAIL

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

Dear Secretary Camacho-Welch:

Attached please find the fully executed Stipulation in the above-referenced case 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 blue ink, appearing to read "Danielle Lopez", written over a light blue rectangular background.

C Attached Service List (electronic only)

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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) 27 Period, August 1, 2018 to July 31, 2019	STIPULATION OF SETTLEMENT BPU DOCKET NO. GR 20010073
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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)

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 January 24, 2020, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) 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, 2018 through July 31, 2019 (“RAC 27 Period”) (“Petition”). The Petition sought a finding that the RAC 27 Period costs were prudent, and that the resulting RAC 27 costs are reasonable and appropriate for rate recovery. After reviewing and analyzing the Petition, conducting discovery, and reviewing responses to discovery, Board Staff (“Staff”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and PSE&G (collectively, “Parties”), stipulate and agree as follows:

1. PSE&G's Petition in this matter sought authority to establish rates to recover the true-up of RAC 26 costs, 1/7 of each of the RAC 21 through RAC 27 expenditures, and the carrying costs on its unamortized remediation program balance. The Company's Petition further sought an Order finding that "its RAC activities conducted and Program Costs incurred during the RAC 27 Period, August 1, 2018 through July 31, 2019, 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 \$59,995,351 in remediation costs during the RAC 27 Period. This amount was reduced by insurance proceeds of \$6,016,683, adjusted by \$16,683 of Natural Resource Damage ("NRD")-related interest costs incurred during the RAC 27, and reduced by miscellaneous recoveries of \$917,445, resulting in net expenditures of \$53,061,223 for the RAC 27 Period. See Revised Attachment A-3, page 1.¹
3. The RAC annual recovery mechanism includes carrying charges on the unamortized balance. See Attachment A-2, page 1, Petition.
4. The Petition provides RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives, and RAC costs are recovered over a rolling seven (7)-year period.²
5. Notice of the Company's Petition in this docket, including the date, time, and telephonic dial-in details for the public hearings, was placed in newspapers having a circulation within the

¹ Revised Attachment A schedules to the Company's Petition were provided to correct an error in calculation of expenditures on March 27, 2020 in response to Rate Counsel data request RCR-A-0005.

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

Company's electric and gas service territories, posted on the Company's regulatory filings and postings website and on the Board's website, 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 the notice, telephonic public hearings on the Petition were held at 4:30 p.m. and 5:30 p.m. on July 21, 2020. One member of the public dialed in to the hearing but did not comment.

6. The Company responded to all discovery requests. The Parties agree that the current gas RAC of \$0.016065/therm, excluding New Jersey Sales and Use Tax ("SUT"), (\$0.017129 including SUT), should be decreased to \$0.015933/therm excluding SUT (\$0.016989 including SUT). The Parties also agree that the current electric RAC of \$0.000598/kilowatt-hour, excluding SUT and line losses (\$0.000677 including SUT and line losses), should be increased to \$0.000675/kilowatt-hour, excluding SUT and line losses (\$0.000765 including SUT and line losses for secondary customers). Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C in both redline and clean format.
7. The foregoing rates will allow recovery of 1/7 of the RAC 21 through RAC 27 expenditures. Under these rates, the annual bill for a typical residential electric customer using 740 kilowatt-hours per a summer month, and 6,920 kilowatt-hours on an annual basis, would increase their annual bill from \$1,308.12 to \$1,308.68, or \$0.56 or approximately 0.04% based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP") Supply rates in effect on July 16, 2020, 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 a decrease in the annual bill from \$554.76 to \$554.60, or \$0.16 or approximately 0.03%. A typical gas heating customer using 172 therms during a winter month, and 1,040 therms on an annual basis, would see a decrease in their annual bill from \$872.72 to \$872.56, or \$0.16 or approximately 0.02% based upon current Delivery and Basic Gas Supply Service (“BGSS-RSG”) Supply rates in effect on July 16, 2020, and assuming that the customer receives BGSS-RSG service from PSE&G.

8. The Parties agree that the Company’s MGP remediation work performed during the RAC 27 period, August 1, 2018 to July 31, 2019, as described via 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 intercompany title transfer of Block 74, Lot 2 of the MGP site in the borough of East Rutherford on December 21, 2018 (Docket No. EM18070695). The title transfer for the East Rutherford property took place on January 29, 2019 at the original/book cost amount of \$325,000. In addition, the BPU approved the intercompany title transfer of Block 1083, Lot 30, for the MGP site on Passaic Street in Passaic on May 28, 2019 (Docket No. EM19010033). The title transfer for the Passaic Street property took place on June 18, 2019 at the original/book cost amount of \$559,791. The total transfer value from both the East Rutherford and Passaic sites received during the RAC 27 Period was \$884,791 and is shown as a miscellaneous RAC 27 recovery.
10. The Company represents that its RAC 27 filing does not include any administrative, legal, consulting, or other costs associated with NRD claims. The Parties further agree that PSE&G

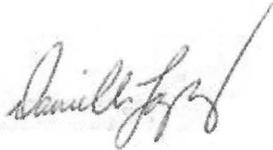
will have deferred a total of \$764,460 NRD-related MGP costs inclusive of applicable interest through the RAC 27 Period. PSE&G agrees to defer the above-indicated NRD-related MGP costs until such future time as the Board specifically addresses the rate recoverability of NRD-related expenditures through the RAC mechanism. The Parties accordingly stipulate, agree, and request that the Board 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. Attached hereto as Exhibit A is Attachment A-2 from the Company's revised filing.
12. 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.
13. 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 27 filing except as specifically provided herein.
14. 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.

15. 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.
16. 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

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

By: 

Danielle Lopez, Esq.
Assistant General Regulatory Counsel

By: 

Matko Ilic
Deputy Attorney General

DATED: July 29, 2020

DATED: July 29, 2020

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

By: 

Maura Caroselli, Esq.
Assistant Deputy Rate Counsel

DATED: July 29, 2020

RAC 27 SUMMARY SCHEDULE
FOR THE ANNUAL RAC PERIOD ENDED JULY 31, 2019
\$000

<u>Workpaper Reference</u>	<u>TOTAL</u>	<u>RAC #27</u>	<u>RAC #26</u>	<u>RAC #25</u>	<u>RAC #24</u>	<u>RAC #23</u>	<u>RAC #22</u>	<u>RAC #21</u>
COSTS ELIGIBLE FOR AMORTIZATION & RECOVERY OVER 7 YEARS:								
Prior RAC Periods #21 - #26 - Actual Approved Expenditures , Net*	From Prior yr. Approved RAC filings (A)	\$339,494	\$35,890	\$57,695	\$40,903	\$54,113	\$84,998	\$65,896
RAC 27 Period - Actual Expenditures, Net*	From Attachment A-3, pg. 1 (B)	\$53,061	\$53,061					
ANNUAL RECOVERY SUMMARY:								
Annual Amortization of Prior RAC Period Costs (seven years)	From Prior yr. Approved RAC filings = (A) / 7	\$48,499	\$5,127	\$8,242	\$5,843	\$7,730	\$12,143	\$9,414
Annual Amortization (seven years)	(B) / 7	\$7,580	\$7,580					
RAC 21 through 27 Expenditures for Allocation between Gas & Electric		\$56,079	<i>To Attachment A-2 pg. 2</i>					
True up of RAC 26 Expenditures with RAC Recoveries - GAS	From Attachment A-3, pg. 2	\$7,455						
True up of RAC 26 Expenditures with RAC Recoveries - ELEC	From Attachment A-3, pg. 2	\$4,557						
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-19 to Jun-21 per Dkt. No. ER02080604	From Attachment A-5, pg. 2	\$3,516						
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-19 to Jun-21 per DKT No. ER020080604	From Attachment A-5, pg. 4	\$2,266						
TOTAL - RAC 27 ANNUAL RECOVERY, PERIOD TO DATE		\$73,873						

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

**REMEDIATION PROGRAM COSTS - RAC 27
ELECTRIC AND GAS ALLOCATION DETAILS**

\$000

I. OVERALL ALLOCATION BETWEEN GAS & ELECTRIC CUSTOMERS:				
	<u>Workpaper Reference</u>	<u>Gas</u>	<u>Electric</u>	<u>Total</u>
RAC 21 through 27 Expenditures for Allocation between Gas & Electric	From Attachment A-2, pg 1			\$56,079 (A)
Allocation % between Gas & Electric Customers	See Note 1, below	60%	40%	100%
Allocation to Gas Customers	(A) X 60%	\$33,647		
Allocation to Electric Customers	(A) X 40%		\$22,432	
ADD:				
True up of RAC 26 Expenditures with RAC Recoveries - GAS	From Attachment A-3, pg 2	\$7,455		
True up of RAC 26 Expenditures with RAC Recoveries - ELEC	From Attachment A-3, pg 2		\$4,557	
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-19 to Jun-21 per Dkt. No. ER02080604	From Attachment A-5, pg 2 of 4	\$3,516		
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-19 to Jun-21 per DKT No. ER020080604	From Attachment A-5, pg 4 of 4		\$2,266	
Total Gas and Electric Revenue Requirement (\$000)		\$44,619	\$29,255	\$73,873 <i>Agrees to Attachment A-2, pg 1</i>
Projected Gas Sales (000 therms) and Purchased Electric Energy (000 kWh)		2,800,469	43,338,878	
Gas Rate (\$/therm) and Electric Rate (\$/kWh)		0.015933	0.000675	

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:

		7/20-6/21			
		\$/ Therm		\$000	
Customer Classes:		Therm Sales (000)	(Excl. SUT)	(Incl. SUT)	Recovery
RSG		1,518,039	0.015933	0.016989	\$24,186
GSG		293,413	0.015933	0.016989	\$4,674
LVG		712,176	0.015933	0.016989	\$11,347
CIG		53,214	0.015933	0.016989	\$848
TSG-F, NF		222,968	0.015933	0.016989	\$3,553
SLG		660	0.015933	0.016989	\$11
		2,800,469			\$44,619

III. ALLOCATION TO ELECTRIC CUSTOMER CLASSES:

		Rate	\$/kWh	
		0.000675		
		\$/ kWh		
Customer Classes:		Loss Factor	(Excl. SUT)	(Incl. SUT)
Secondary Service		5.8327%	0.000717	0.000765
LPL Primary		3.3153%	0.000698	0.000744
HTS Subtransmission		2.0472%	0.000689	0.000735
HTS High Voltage		0.8605%	0.000681	0.000726

Numbers may not add due to rounding

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

EXHIBIT B

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.
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.

EXHIBIT B

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

EXHIBIT B

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

EXHIBIT B

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.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 57

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

**Superseding
XXX Revised Sheet No. 57**

SOCIETAL BENEFITS CHARGE

**Cost Recovery
(per kilowatt-hour)**

Component:

Social Programs	\$ 0.001418
Energy Efficiency and Renewable Energy Programs	0.003597
Manufactured Gas Plant Remediation	0.0005980 0.000675
Sub-total per kilowatt-hour	\$ 0.005613 \$0.005690

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	5.8327%	\$ 0.005961 \$0.006042	\$ 0.001249	\$ 0.000708	\$ 0.007918 \$ 0.007999
LPL Primary	3.3153%	0.005805 0.005885	0.001249	0.000708	0.007762 0.007842
HTS Subtransmission	2.0472%	0.005730 0.005809	0.001249	0.000708	0.007687 0.007766
HTS High Voltage & HTS Transmission	0.8605%	0.005662 0.005739	0.001249	0.000708	0.007619 0.007696

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service	\$ 0.008443 \$ 0.008529
LPL Primary	0.0082760 0.008362
HTS Subtransmission	0.0081960 0.008280
HTS High Voltage & HTS Transmission	0.0081240 0.008206

SOCIETAL BENEFITS CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month. In appropriate circumstances, the Board of Public Utilities may approve a discount from the Societal Benefits Charge.

Date of Issue:

Effective:

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

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 57

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

**Superseding
XXX Revised Sheet No. 57**

SOCIETAL BENEFITS CHARGE

**Cost Recovery
(per kilowatt-hour)**

Component:

Social Programs	\$ 0.001418
Energy Efficiency and Renewable Energy Programs	0.003597
Manufactured Gas Plant Remediation	0.000675
Sub-total per kilowatt-hour	\$0.005690

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	5.8327%	\$ 0.006042	\$ 0.001249	\$ 0.000708	\$ 0.007999
LPL Primary	3.3153%	0.005885	0.001249	0.000708	0.007842
HTS Subtransmission	2.0472%	0.005809	0.001249	0.000708	0.007766
HTS High Voltage & HTS Transmission	0.8605%	0.005739	0.001249	0.000708	0.007696

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service	\$ 0.008529
LPL Primary	0.008362
HTS Subtransmission	0.008280
HTS High Voltage & HTS Transmission	0.008206

SOCIETAL BENEFITS CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month. In appropriate circumstances, the Board of Public Utilities may approve a discount from the Societal Benefits Charge.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**XXX Revised Sheet No. 41
Superseding**

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

XXX Revised Sheet No. 41

SOCIETAL BENEFITS CHARGE

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

Social Programs	\$ 0.000000
Energy Efficiency and Renewables Programs.....	0.024763
Manufactured Gas Plant Remediation	0.0160650 <u>0.015933</u>
Universal Service Fund - Permanent	0.006200
Universal Service Fund - Lifeline	<u>0.005200</u>
Societal Benefits Charge	\$ 0.052228 <u>\$ 0.052096</u>
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT)	\$ 0.055688 <u>\$ 0.055547</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under-over recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

See Section 16 of the Standard Terms and Conditions for exemptions from this charge.

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XXX Revised Sheet No. 41

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

**Superseding
XXX Revised Sheet No. 41**

SOCIETAL BENEFITS CHARGE

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

Social Programs	\$ 0.000000
Energy Efficiency and Renewables Programs.....	0.024763
Manufactured Gas Plant Remediation	0.015933
Universal Service Fund - Permanent	0.006200
Universal Service Fund - Lifeline	<u>0.005200</u>
Societal Benefits Charge	\$ 0.052096
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT) ...	<u>\$0.055547</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under-over recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

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