

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Public Service Electric and Gas Company            )           Docket No. ER21-\_\_\_\_000**

**PETITION FOR APPROVAL OF SETTLEMENT AGREEMENT**

Pursuant to Rule 207(a)(5) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”)<sup>1</sup> and the Commission’s procedures for pre-arranged settlement filings,<sup>2</sup> Public Service Electric and Gas Company (“PSE&G” or the “Company”) hereby submits this petition requesting the Commission to approve without condition or modification a Settlement Agreement dated July 14, 2021 and the attachments thereto (referred to herein as the “Settlement Agreement”) entered into between PSE&G, the New Jersey Board of Public Utilities (the “NJ BPU”) and the New Jersey Division of Rate Counsel (“NJ Rate Counsel”) (collectively, the “Settling Parties”). The Settlement Agreement modifies PSE&G’s transmission formula rate template (“Formula Rate”) and transmission implementation protocols (“Protocols”) (together, the “Formula Rate Template”) under the PJM Open Access Transmission Tariff (“PJM Tariff”).<sup>3</sup>

As discussed herein, the Settlement Agreement is the product of complex negotiations among the Settling Parties for more than a year concerning PSE&G’s Formula Rate Template. Under the Settlement Agreement, which was entered into outside the context of a formal proceeding

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<sup>1</sup> 18 C.F.R. § 385.207(a)(5)(2021).

<sup>2</sup> See *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P 32 (2005) (setting forth procedures for the filing of settlement agreements that are not subject to a pending or open proceeding before the Commission); see also *New England Hydro-Transmission Elec. Co.*, 175 FERC ¶ 61,140 (2021).

<sup>3</sup> PJM Interconnection, L.L.C., Intra-PJM Tariffs, OATT ATT H-10A.

before the Commission, the Settling Parties have agreed to an inter-related set of changes to PSE&G's Formula Rate Template that, if approved by the Commission, will result in significant benefits to transmission customers by reducing PSE&G's annual transmission revenue requirement by approximately \$140 million. This represents a nine percent reduction in wholesale transmission rates and approximately a three percent reduction to the typical residential electric customer bill.

The key provisions of the Settlement Agreement are as follows:

- PSE&G's base Return on Equity ("ROE") for PSE&G's transmission service under the PJM Tariff will be reduced from 11.18 percent to 9.90 percent;
- PSE&G's methodology for recovering Administrative and General ("A&G") expenses will be changed from the current Wages and Salaries allocation methodology to a three-factor allocation methodology that PSE&G uses to recover A&G expenses for state-regulated distribution rates;
- PSE&G will modify the FERC Form No. 1 reference to Materials and Supplies ("M&S") inventory in its Formula Rate to conform to a recent change in accounting presentation, which PSE&G first implemented in its FERC Form No. 1 for the 2018 reporting year;
- PSE&G will revise its transmission depreciation rates used for cost recovery purposes under its Formula Rate;
- PSE&G's Formula Rate will be revised to include a reduction to rate base for the transmission-related portions of unfunded reserves based upon certain criteria as to what constitutes unfunded reserves; and
- PSE&G will make certain additional changes to its Formula Rate and Protocols as agreed to by the Settling Parties to enhance transparency.

In accordance with the Commission's filing procedures applicable to pre-arranged or pre-agreed settlement filings, PSE&G submits the Settlement Agreement and *pro forma* tariff sheets pursuant to Rule 207, and requests Commission approval of all these changes as a single inter-related agreement. PSE&G respectfully requests an effective date for the Settlement Agreement and the tariff sheets implementing the Settlement Agreement to be August 1, 2021, which is the first

day of the month following the filing of the Settlement Agreement with the Commission, as provided for in the Settlement Agreement.<sup>4</sup>

After the Commission approves the Settlement Agreement in its entirety without change or condition, PJM will submit, on behalf of PSE&G, a compliance filing with revised tariff records in eTariff format within 30 days from the date of the Commission order approving the Settlement Agreement. PSE&G requests the Commission to act expeditiously and approve the Settlement Agreement no later than 90 days from the date of the filing.

PSE&G respectfully requests waiver of any requirements of the Commission's rules and regulations, as well as any authorization as may be necessary, for the Settlement Agreement to be accepted by the Commission and made effective in the manner described herein.

## **I. CONTENTS OF FILING**

This filing consists of the following documents:

- This Petition;
- Appendix A – the Settlement Agreement and two attachments as follows:
  - Attachment 1 – *pro forma* tariff sheets to PSE&G's Formula Rate
  - Attachment 2 – *pro forma* tariff sheets to PSE&G's Protocols
- Appendix B – Marked versions of PSE&G's revised Formula Rate and Protocols

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<sup>4</sup> See Settlement Agreement, § 2.

## II. COMMUNICATIONS

Communications regarding this filing should be sent to the following individuals:

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## III. SETTLING PARTIES

### A. PSE&G

PSE&G, a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”), is a regulated electric transmission and electric and gas delivery company with a Commission- approved electric transmission formula rate. PSE&G serves nearly three quarters of New Jersey’s population in a 2,600-square-mile service area. The vast majority of PSE&G’s transmission system is located in the State of New Jersey, where PSE&G serves approximately 2.3 million electric customers and 1.9 million gas customers in more than 300 urban, suburban, and rural communities, including New Jersey’s six largest cities. PSE&G currently has approximately 1,400 circuit miles of electric transmission lines and approximately 22,323 miles of electric distribution facilities. PSE&G is a transmission-owning member of PJM, a regional transmission organization that coordinates the transmission of wholesale electricity within its footprint. PJM provides transmission service pursuant to the rates, terms and conditions of the PJM Tariff. The

PJM Tariff governs transmission service over the facilities of each of the PJM transmission owners (“Transmission Owners” or “TOs”), including PSE&G. PSE&G and other PJM TOs have the right to file under Section 205 of the FPA to establish or change the revenue requirement for their respective transmission facilities for services provided under the PJM Tariff.<sup>5</sup>

PSE&G’s Formula Rate was first accepted by the Commission on September 30, 2008,<sup>6</sup> and reflects the annual transmission revenue requirement (“ATRR”) associated with providing transmission service over PSE&G-owned transmission facilities within PJM. That ATRR is used in turn by PJM to calculate relevant rates for the PSEG Zone and wheeling out service. Under the Formula Rate, there are Protocols (Attachment H-10B to the PJM OATT) that set forth provisions relating to the annual update and true-up process, the annual review procedures, and resolution of challenges.

PSEG Services Corporation, an affiliate of PSE&G and a wholly-owned subsidiary of PSEG, provides accounting, legal, financial risk management, information technology, human resource, and other professional services to PSEG’s operating companies, including PSE&G.

## **B. NJ BPU and NJ Rate Counsel**

The NJ BPU is the administrative agency, comprised of a five-member board of commissioners, charged under New Jersey law with the general supervision, regulation, jurisdiction, and control over all public utilities in the state, including electric and gas utilities and their rates and

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<sup>5</sup> See PJM Consolidated Transmission Owners Agreement, Rate Schedule FERC No. 42 (TOA), § 7.1.1.

<sup>6</sup> See *Pub. Serv. Elec. & Gas Co.*, 124 FERC ¶ 61,303 (2008).

service. NJ BPU's regulatory function and jurisdiction are recognized in the Federal Power Act.<sup>7</sup> NJBPU is a "state commission" pursuant to FERC's regulations.<sup>8</sup>

The NJ Rate Counsel is the administrative agency charged under New Jersey law with the general protection of the interests of utility ratepayers.<sup>9</sup> The NJ Rate Counsel has been an active participant in many FERC and NJ BPU cases that affect PSE&G's ratepayers and those of other public utilities in New Jersey.

#### **IV. THE PARTIES' SETTLEMENT DISCUSSIONS AND THE COMMISSION'S FILING PROCEDURES FOR PRE-ARRANGED FILINGS**

##### **A. The Parties' Pre-Filing Settlement Discussions**

For more than a year, the Settling Parties have been engaged in settlement discussions with respect to changes to PSE&G's Formula Rate and the Protocols. The purpose of those settlement discussions was to attempt to address and resolve all issues of concern relating to PSE&G's Formula Rate Template, including the base ROE that is used to calculate charges for transmission service under the PJM Tariff. In connection with those settlement discussions, the Settling Parties recognized that, if successful, the settlement process would conserve time and resources of the Settling Parties by eliminating the need for the parties to litigate a host of issues associated with the Formula Rate Template before the Commission, and provide more timely financial benefits to customers and more certainty to all stakeholders.

Following a robust settlement discussion process, the Settling Parties reached agreement on a comprehensive and integrated set of changes to PSE&G's Formula Rate and Protocols, as memorialized in the Settlement Agreement. The Settlement Agreement reflects a careful balancing

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<sup>7</sup> 16 U.S.C. § 824(a)-(b).

<sup>8</sup> 18 C.F.R. § 385.214(a)(2).

<sup>9</sup> N.J.S.A. 52:27E-50 et seq.

of the parties' interests, and is the product of substantial compromises by the Settling Parties.<sup>10</sup> The negotiated provisions in the Settlement Agreement should be viewed as an integrated package of indivisible changes and serve as consideration for every other element of the Settlement Agreement.<sup>11</sup> In view of this, and in recognition of the Commission's policy favoring settlements, PSE&G respectfully requests the Commission to approve or accept the Settlement Agreement in its entirety without change or condition.

### **B. The Commission's Filing Procedures for Pre-Arranged Settlement Agreements**

The Commission has established procedures for the filing of settlement agreements that are entered in advance of the initiation of a formal proceeding before the Commission.<sup>12</sup> With respect to such pre-arranged settlement filings, the Commission has stated that if the regulated entity wishes to obtain the Commission's approval of the settlement agreement before making an actual tariff filing, the regulated entity should file pursuant section 385.207(a)(5) a petition for approval, along with *pro forma* tariff sheets showing how the settlement agreement would be implemented. The Commission noted that it will "treat the petition for approval of the agreement as initiating a new proceeding, assign a new docket number to that proceeding, and issue a notice providing for

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<sup>10</sup> The Commission strongly encourages settlements and the use of various dispute resolution procedures to resolve issues before the Commission, and the Commission's policy is to encourage settlements in order to avoid potentially protracted litigation. *See, e.g., San Diego Gas & Elec. Co. v. Sellers of Energy & Ancillary Servs.*, 122 FERC ¶ 61,009 at P 13 (2008) (citations omitted) ("The Commission strongly favors settlements, particularly in cases that are highly contested and complex."). "Commission policy favors settlements, as they provide parties with certainty, reduce litigation costs, and permit parties to reach reasonable compromise in resolving difficult issues." *Sw. Power Pool, Inc.*, 160 FERC ¶ 61,026 at P 8 (2017) (citations omitted).

<sup>11</sup> *See* Settlement Agreement, § 1 (stating that the Settling Parties have agreed upon a collective and indivisible set of changes to PSE&G's Formula Rate and to PSE&G's Formula Rate implementation protocols).

<sup>12</sup> *See, e.g., Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at PP 30-32; *see also* Keith Pierce & Don Gavelek, *FERC's Filing Procedures for Settlements*, 10, 23 to 27 (Feb. 1, 2017) ("Pre-Arranged Settlement Filing Procedures") (discussing FERC's procedures for "pre-arranged or pre-agreed filings applicable to settlement agreements between regulated entities and interested parties in advance of initiation of FERC proceedings) (posted on FERC's website at <https://www.ferc.gov/sites/default/files/2020-05/Filing%20Procedures%20for%20Settlements%20Presentation.pdf>

interventions, comments, and protests.”<sup>13</sup> The Commission also said that it will act expeditiously on the proposal to ensure any reduced rates are implemented as quickly as possible. If the Commission accepts the settlement agreement, it will direct the public utility to file actual tariff sheets implementing the settlement agreement consistent with the terms of the agreement as approved by the Commission. Finally, the Commission indicated that the Commission will treat such a filing as a filing to comply with the Commission’s order approving the agreement, and the Commission will place tariff sheets that properly implement the approved settlement agreement into effect on the date provided for in the settlement agreement.<sup>14</sup>

## V. PETITION FOR APPROVAL OF THE SETTLEMENT AGREEMENT

In accordance with the Commission’s filing procedures for pre-arranged settlement agreements, PSE&G is submitting the Settlement Agreement with two attachments containing *pro forma* tariff sheets to the Formula Rate and Protocols, and requests the Commission to approve the Settlement Agreement as fair and reasonable and in the public interest.<sup>15</sup> The key provisions under the Settlement Agreement are discussed below.

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<sup>13</sup> *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P 32.

<sup>14</sup> The Commission has approved a number of settlement filings that are entered into outside the context of formal proceedings for both pipelines and public utilities. *See, e.g., New England Hydro-Transmission Elec. Co.*, 175 FERC ¶ 61,140 (2021) (approving as fair and reasonable a settlement under Rule 207(a)(5) with respect to four support agreements and a use agreement relating to the Phase I/Phase II HVDC-TF transmission line and granting an effective date of January 1, 2021, as provided for under the settlement agreement, and directing a compliance filing with revised tariff records within 30 days from the date of the order); *Duke Energy Florida, LLC*, 175 FERC ¶ 61,101 (2021) (approving a settlement agreement submitted under Rule 207(a)(5) of the Commission’s Rules of Practice and Procedure and directing the public utility to make a compliance filing with revised tariff records in eTariff format within 30 days from the date of the order); *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P 32 (2005); *Midcontinent Indep. Sys. Operator, Inc.*, 167 FERC ¶ 61,224 (2019) (approving settlement agreement filed pursuant to pursuant to Rule 207(a)(5)); *Nevada Power Co.*, 113 FERC ¶ 61,164 at P 4 (2005) (similar).

<sup>15</sup> *See e.g., New England Hydro-Transmission Elec. Co.*, 175 FERC ¶ 61,140 (2021) (approving the settlement agreement under Rule 207(a)(5) as fair and reasonable and in the public interest); *Duke Energy Florida, LLC*, 175 FERC ¶ 61,101 (2021) (same).

**A. PSE&G's Base ROE**

The Settlement Agreement provides that the base ROE used to calculate transmission services charges for PSE&G's transmission services under the PJM OATT be reduced from 11.18 percent to 9.90 percent.<sup>16</sup> This represents a reduction of 128 basis points to PSE&G's base ROE.

**B. Changes to PSE&G's Methodology for Recovering A&G Costs under its Formula Rate**

The Settlement Agreement provides that PSE&G will change the methodology under which it recovers Administrative and General ("A&G") costs allocated to PSE&G's transmission function for recovery under the Formula Rate. Specifically, rather than using the Wages and Salaries allocator to recover A&G costs, the Settlement Agreement provides that PSE&G will use a more precise three-factor allocation methodology that PSE&G has been using for state-regulated distribution rates.

Under PSE&G's current Formula Rate, certain limited costs are directly recovered (such as regulatory commission expenses and general advertising expense relating to education and outreach relating to transmission siting). The vast majority of A&G costs are recovered under the Formula Rate through the use of the Wages and Salaries allocator, which does not allow PSE&G's Transmission Function to fully recover its A&G costs. This is because of a mismatch between the internal cost-charging process (which is used for distribution ratemaking purposes) and the use of the Wages and Salaries allocator under the Formula Rate.

The Settlement Agreement provides that PSE&G would continue to use the direct assignment approach for those costs that are currently recovered on a direct assignment basis.

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<sup>16</sup> Settlement Agreement, § 5.A.

However, with respect to the remaining A&G costs that are not recovered via that method,<sup>17</sup> the Settlement Agreement provides for PSE&G to replace the Wages and Salaries allocator methodology with a more precise methodology that reflects three factors, weighted equally, as follows: (i) Gross Fixed Assets; (ii) O&M; and (iii) Salaries. The three factors are the key drivers that cause A&G costs to be incurred.<sup>18</sup> Thus, it is consistent with cost causation principles that these three factors are used as part of a cost allocation methodology for cost recovery purposes.<sup>19</sup> This methodology uses a simple formulaic approach that relies on information readily available in PSE&G's FERC Form No. 1 and Formula Rate. The use of the three-factor allocation methodology in PSE&G's Formula Rate will also serve to better align PSE&G's A&G cost recovery methodologies between its Transmission and Distribution functions. This is because PSE&G's Distribution function has been using a nearly identical three-factor allocation methodology for an extended period of time and incorporated and reviewed in multiple rate case proceedings before the NJ BPU.

### **C. Changes to PSE&G Recovery Mechanism for Materials and Supplies Inventory**

The Settlement Agreement provides that PSE&G will provide the FERC Form No. 1 reference to Materials and Supplies inventory in its Formula Rate in order to conform the reference to a recent change in accounting presentation, which PSE&G first implemented its FERC Form No.

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<sup>17</sup> Examples of A&G costs that are not directly assignable include costs incurred in connection with services such as accounting, legal, financial risk management, information technology, and human resource.

<sup>18</sup> Gross fixed assets cause A&G costs to be incurred because there are work activities/services associated with gross fixed assets, such as (i) services provided by PSE&G's accounting and tax departments to track capital additions, depreciation and related areas; (ii) services provided by Planning and Treasury departments to plan, approve, and finance fixed asset additions and the ongoing fixed asset base and determine revenues derived from those fixed asset investments; and (iii) services provided the Law department to obtain siting and permits for new asset investments, manage claims for damages or claims for assets.

<sup>19</sup> See, e.g., *SFPP, L.P.*, 137 FERC ¶ 61,220 (2011) (the Commission's preference is for the use of a more precise cost allocation methodology).

1 for the 2018 reporting year. Specifically, PSE&G proposes to modify its existing Formula Rate, Attachment 5, Line 60 to reference both Page 227, Line 5 (Transmission-related balance included in the footnote) and Page 227, Line 8 of PSE&G FERC Form No. 1 Annual Report of Major Electric Utilities, Licensees and Others (“FERC Form No. 1”), rather than just Page 227, Line 8. This proposed revision ensures that the same M&S inventory amounts will be reflected in rates under PSE&G’s changed accounting presentation that would have been reflected in rates prior to the accounting change. This change is virtually identical to changes that the Commission has recently approved for other utilities.<sup>20</sup>

#### **D. Revised Transmission Depreciation Rates**

The Settlement Agreement provides that PSE&G will revise its transmission depreciation rates used for cost recovery purposes under its Formula Rate based upon a transmission depreciation study that was performed for PSE&G in 2020. The revised transmission depreciation rates are set forth in Attachment 8 – Depreciation Rates of the Formula Rate. The revised depreciation rates produce a substantial reduction in the annual transmission revenue requirement.

#### **E. Other Revisions to the Formula Rate**

In addition to the changes described above, the Settlement Agreement provides for other revisions to the Formula Rate, as summarized below.

- Cash Working Capital. The Settlement Agreement provides that the cash working capital provision in the Formula Rate (based on the 1/8<sup>th</sup> of total transmission O&M expense) will be eliminated.

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<sup>20</sup> See, e.g., *Baltimore Gas and Electric Co.*, Docket No. ER20-789, Letter Order (Mar. 4, 2020) (accepting essentially identical amendments); *Commonwealth Edison Co.*, Docket No. ER20-379, Letter Order (Jan. 8, 2020) (accepting essentially identical amendments); *Duke Energy Carolinas LLC and Duke Energy Progress, LLC* Docket Nos. ER18-2367, ER18-2368, Letter Order (Oct. 19, 2018) (accepting essentially identical amendments). See also *Duke Energy Progress, LLC*, 163 FERC ¶ 61,051 (2018) (excluding M&S inventory costs).

- Unfunded Reserves. The Settlement Agreement provides for revisions to the Formula Rate to provide for a reduction to PSE&G's transmission rate base to reflect the transmission-related portions of unfunded reserves (*i.e.*, funds collected from customers that (i) have not been set aside in a trust, escrow, or restricted account; (ii) whose balances are collected from customers through cost accrual to accounts that are recovered under the Formula Rate; and (iii) exclude the portion of any balance offset by a balance sheet account.
- State and Local Tax Credits. The Settlement Agreement provides for the inclusion of a provision in the Formula Rate relating to income tax calculation to reflect any state or local tax credits which may be available to PSE&G in the future to the extent there is a transmission-specific tax credit.
- Gross Proceeds of Long Term Debt. PSE&G currently uses a net proceeds measurement of long-term debt by reducing its gross proceeds by amounts related to gains and losses on reacquired debt. Under the Settlement Agreement, PSE&G agrees to change the Formula Rate to reflect the use of the gross proceeds of the utility's long-term debt issuances to calculate the long-term debt component of its capital structure.
- Other minor administrative changes, such as to correct formatting issues.

#### **F. Revisions to PSE&G's Protocols**

The Settlement Agreement provides for a number of changes to PSE&G's Protocols in order to increase transparency and to provide customers and interested parties with additional information relating to PSE&G's annual update and true-up processes, as summarized below:

- Section 1.c of the Protocols is modified to specify the types of information that will be included as part of PSE&G's informational filing that is posted on the PJM website and filed with FERC on or before June 15 of each year. Section 1.f is also modified to state that PSE&G will post on the PJM website and make available to any Interested Party a workable Excel file containing the relevant year's true-up adjustment and/or annual update. In addition, the definition of "Interested Party" in section 1.f is modified to include customers under the PJM Tariff, state utility regulatory commissions, Organization of the PJM States, Inc. and consumer advocacy agencies and state attorney generals.
- Section 1.j(iii) is modified to provide that the term "Accounting Changes" is defined as they relate to PSE&G's FERC Form 1 from that in effect for the calendar year upon which the preceding annual update was based that affects inputs to the Formula Rate or the resulting charges under the Formula Rate, including four specified scenarios, such as the initial implementation of an accounting standard or the initial implementation of accounting practices for unusual or unconventional items where

FERC has not provided specific accounting direction. The term “Accounting Changes” is used in the Protocols in lieu of the term “Material Accounting Changes.”

- Section 1.j(iv) is modified to specify the relevant review and challenge procedures set forth in Section 2 and Section 3 of Attachment H-10B.
- Section 1.j(v) is modified to provide that the time period for reviewing the prudence of new costs and expenditures incurred is the last five years.
- Section 1.l is modified to provide the methodology for performing interest calculation on any true-up adjustment for over or under-recovery.
- Section 1.n is revised to remove the last sentence stating that “changes in depreciation rates to track a state commission order shall become effective on the same date as the state commission order becomes effective.”
- Section 1, Construction Work in Progress – Accounting is revised to remove language that limits the applicability of CWIP accounting procedures to only incentive transmission projects. The CWIP procedures will apply to any CWIP-transmission projects as authorized by FERC and to make clear that PSE&G will cease to accrue AFUDC on the portion of the transmission project CWIP included in rate base.

#### **G. Moratorium Period**

Section 6 of the Settlement Agreement provides that PSE&G’s Formula Rate and Protocols, as modified by this Settlement Agreement, will remain fixed for a period of three years from the effective date of the Settlement Agreement. The Settling Parties agree to waive their Section 205 and Section 206 rights to file for changes in the Formula Rate and Protocols during the three-year moratorium period, subject to the exception that PSE&G shall retain its Section 205 filing rights with respect to any changes that are required by FERC or otherwise necessary to comply with changes in law, and other Settling Parties retain their Section 206 rights in the event that PSE&G does not file any changes that are required by FERC or otherwise necessary to comply with changes in law. Further, if an entity other than a Settling Party files a Section 206 complaint to change the

Formula Rate and Protocols during the Moratorium period, the Settling Parties agree to oppose such a Section 206 complaint.

#### **H. Transmission Incentives**

Section 7 of the Settlement Agreement provides that nothing in the Settlement Agreement, including during the Moratorium, is intended to affect the rights of PSE&G to receive and/or to seek or otherwise change, or the rights of another Settling Party to oppose and/or seek to change, any transmission ROE and/or non-ROE incentives.

#### **VI. EFFECTIVE DATE**

PSE&G requests the Commission to approve the Settlement Agreement and to grant an effective date for the Settlement Agreement and the tariff sheets implementing the Settlement Agreement of August 1, 2021, which is the first day of the month following the filing of the Settlement Agreement with the Commission. This is the effective date that the Settling Parties specifically agreed to under the Settlement Agreement.<sup>21</sup>

If and to the extent necessary, PSE&G requests waiver of the Commission's regulations as necessary to permit this requested effective date for the Settlement Agreement and the tariff sheets implementing the Settlement Agreement. In accordance with the Commission's procedures for pre-arranged filings, after the Commission has accepted the Settlement Agreement in its entirety without change or condition, PJM will submit, on PSE&G's behalf, a compliance filing containing revised tariff records in eTariff format that properly implement the Settlement Agreement, as approved, into effect on the date provided for in the settlement agreement.

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<sup>21</sup> See Settlement Agreement, § 2 (stating that to "implement the Settlement Agreement, PSE&G will file the Settlement Agreement in accordance with the filing mechanism approved by FERC in *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P 32 (2005) ("the Settlement Filing Process") and will request an effective date on August 1, 2021, the first day of the month following the filing of the Settlement Agreement for the Settlement Agreement and the tariff sheets implementing this Settlement Agreement").

## VII. CONCLUSION

PSE&G respectfully requests that the Commission accept the Settlement Agreement within 90 days from the date of the filing, and to grant an effective date of August 1, 2021, which is the first day of the month following the filing of the Settlement Agreement with the Commission, as provided for in the Settlement Agreement.

Respectfully submitted,

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## **APPENDIX A**

### **Settlement Agreement**

## SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) dated July 14, 2021, is entered into between Public Service Electric and Gas Company (“PSE&G”), the New Jersey Board of Public Utilities (“BPU”), and the New Jersey Division of Rate Counsel (“NJDRRC”), collectively the “Settling Parties,” to resolve certain issues that have arisen with respect to PSE&G’s rates and related procedures for transmission services under the PJM Open Access Transmission Tariff (“Formula Rate”) that are filed with the Federal Energy Regulatory Commission (“FERC” or “Commission”).

The Settling Parties hereby agree as follows:

1. The Settling Parties have agreed upon a collective and indivisible set of changes to PSE&G’s Formula Rate and to PSE&G’s Formula Rate implementation protocols (“Protocols”), which are set forth in Attachments 1 and 2 hereto. These Attachments are hereby incorporated into this Settlement Agreement in their entirety.
2. To implement this Settlement Agreement, PSE&G will file the Settlement Agreement in accordance with the filing mechanism approved by the FERC in *Dominion Transmission, Inc.*, 111 FERC 61,285 at P 32 (2005) (“Settlement Filing Process”), and will request an effective date on August 1, 2021, the first day of the month following the filing of the Settlement Agreement for the Settlement Agreement and the tariff sheets implementing this Settlement Agreement. The BPU and NJDRRC will file in support of FERC approval of all FERC filings made under the Settlement Filing Process without modification or condition and without further hearing or investigation. The Settling Parties have agreed that prompt implementation of this entire Settlement Agreement is in the

public interest and consistent with the Parties' desire to put the rate reductions agreed to by the Settling Parties collectively into effect as set forth in this paragraph. PSE&G will facilitate the filings by PJM that are required to implement this Settlement Agreement.

3. This Settlement Agreement represents a voluntary, negotiated, inter-related package of compromise of numerous issues and matters among the Parties. It is the Settling Parties' intent that the rate schedule changes described in this Settlement Agreement and set forth in Attachments 1 and 2 collectively represent a just and reasonable compromise as a whole, and that no portion of such changes will be placed into effect unless all of such changes are approved in their entirety without modification or condition and without a hearing.

4. If FERC does not approve this Settlement Agreement (including all Attachments) in its entirety without modification or condition, and without a hearing, the Settlement Agreement will not go into effect and the Settling Parties will promptly negotiate in good faith to restore the balance of consideration hereunder consistent with FERC's order.

5. The Settling Parties have agreed upon the collective and inter-related changes to PSE&G's Formula Rate and Protocols that are set forth in Attachments 1 and 2. The Settling Parties agree that such Attachments accurately reflect, among other negotiated changes, the following specific changes to PSE&G's Formula Rate and Protocols:

- A. PSE&G will reduce the base Return on Equity ("ROE") used to calculate transmission service charges for PSE&G's transmission services under the PJM Open Access Transmission Tariff from 11.18 percent to 9.90 percent.
- B. PSE&G will change the methodology under which it recovers Administrative and General ("A&G") costs incurred by PSE&G and the PSEG Service Company and allocated to the transmission business function for recovery under the Formula Rate. In lieu of using a Wages and Salaries

allocator to recover A&G costs, PSE&G will adapt a three-factor allocation methodology that it uses for state-regulated distribution rates, gross fixed assets, O&M and salaries.

- C. PSE&G will modify the FERC Form No. 1 reference to Materials & Supplies inventory in the Formula Rate to conform to a recent change in accounting presentation, which PSE&G first implemented in its FERC Form No. 1 for the 2019 reporting year. PSE&G shall provide a footnote in its FERC Form No. 1 that breaks out the construction related amounts by function.
  - D. The Formula Rate will include a reduction to rate base for the transmission-related portions of unfunded reserves (i.e., funds collected from customers that (i) have not been set aside in a trust, escrow, or restricted account; (ii) whose balances are collected from customers through cost accrual to accounts that are recovered under the Formula Rate; and (iii) exclude the portion of any balance offset by a balance sheet account). The unfunded reserves will be allocated to transmission in the same manner as the accounts as the accounts to which the cost accruals are recorded and included in the Formula Rate.
  - E. PSE&G will revise its transmission depreciation rates used for cost recovery purposes under its Formula Rate. The revised depreciation rates will result in a reduction in the annual revenue requirement recovered under the Formula Rate.
  - F. The Settling Parties have agreed to changes to PSE&G's Formula Rate and Protocols that are set forth in Attachments 1 and 2 hereto.
6. PSE&G's Formula Rate and Protocols, as modified by this Settlement Agreement, shall be fixed for a period of three years from the effective date of the Settlement Filing ("Moratorium Period"), except as otherwise expressly set forth below. The Settling Parties hereby waive their Section 205 and Section 206 rights to file for changes in the Formula Rate and Protocols during the Moratorium Period, except as otherwise expressly set forth below. Notwithstanding the above, PSE&G shall retain Section 205 filing rights with respect to any changes that are required by FERC or otherwise necessary to comply with changes in law, and the other Settling Parties shall retain Section 206 rights insofar as

PSE&G does not file any changes that are required by FERC or otherwise necessary to comply with changes in law. In the event that any entity other than a Settling Party files a Section 206 complaint to change the Formula Rate and Protocols during the Moratorium Period, the Settling Parties hereby agree to oppose such Section 206 complaint.

7. Nothing in this Settlement Agreement, including its Moratorium Period, is intended to affect the rights of PSE&G to receive and/or to seek to increase or otherwise change, or the rights of any other entity to oppose and/or to seek to change, transmission ROE and/or non-ROE incentives. For example and without limitation, PSE&G is currently receiving a 50 basis point ROE incentive adder associated with its participation in PJM Interconnection, LLC. In its ongoing Docket No. RM20-10, FERC has previously proposed to increase such adders to 100 basis points, and more recently has proposed to impose a time limit on such adders and to keep them at 50 basis points while applicable. Nothing in this Settlement Agreement is intended to prevent PSE&G from receiving that adder while authorized by FERC, at whatever level is authorized. Nor is anything in this Settlement Agreement intended to prevent any of the Settling Parties from taking any position on that adder, in that proceeding or elsewhere, nor from seeking to make that position applicable to PSE&G's rates at any time.

8. This Settlement Agreement and its faithful implementation shall operate as a full and final settlement, release, discharge, accord, and satisfaction of all disputes, claims, demands, liabilities, rights, and/or obligations of the Settling Parties with respect to PSE&G's Formula Rate (including base ROE) and Protocols from the present time through the end of the Moratorium Period.

9. In the event that any person or entity requests rehearing of an order by the FERC accepting or approving this Settlement Agreement in its entirety without modification or rehearing, or later appeals any provision of this Settlement Agreement, the Settlement Agreement shall be treated in the same manner as if it had not been accepted in its entirety under Section 4 of this Settlement Agreement, and the Settling Parties shall have all of the same rights that would have applied if the Commission had modified or conditioned its approval of the Settlement Agreement in its original order on the Settlement Agreement.

10. This Settlement Agreement is entered into upon the understanding that it constitutes a negotiated agreement and no Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any principle or position with respect to PSE&G's Formula Rate or Protocols, or to have prejudiced positions taken or that may be taken in any other proceedings, except to the extent that such positions are expressly limited by this Settlement Agreement. This Settlement Agreement shall not be cited or relied upon as precedent for any purpose, or as establishing any issue or principle, except to the extent of enforcing the terms and conditions of the Settlement Agreement itself.

11. The discussions between and among the Settling Parties that have produced this Settlement Agreement, including the information exchanged during such discussions, have been conducted with the explicit understanding that all offers of settlement and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant presenting any such offer or participating in any such discussion, and are not to be used in any manner in connection with this

proceeding, any other proceeding, except insofar as is reasonably necessary to enforce this Settlement Agreement.

12. This Settlement Agreement, including all of the agreements contained herein and the negotiations producing same, shall be maintained in confidence by the Settling Parties until such time that the Settlement Agreement is filed with FERC; provided, however, PSE&G shall have the right, at its discretion, to present this Settlement Agreement to other transmission service customers to seek to obtain their agreement with this Settlement Agreement so as to facilitate FERC acceptance or approval of this Settlement Agreement without modification or condition and without a hearing. The other Settling Parties shall support such efforts. Nothing in this Paragraph 12 shall be construed to prohibit the Settling Parties from discussing this Settlement Agreement with FERC or PJM in connection with obtaining prompt filing and approval hereof.

13. Each Settling Party shall cooperate with and support, and shall not take any action inconsistent with: (i) the filing of this Settlement Agreement with the FERC, and (ii) efforts to obtain Commission acceptance or approval of the Settlement Agreement in its entirety without modification or condition and without a hearing.

14. This Settlement Agreement is the result of negotiations among, and has been reviewed by, each Settling Party and its respective counsel. The Settling Parties affirm that they have been represented by competent FERC counsel in these negotiations. Accordingly, the Settlement Agreement shall be deemed to be the product of each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party based on authorship of the Settlement Agreement.

15. Each person executing the Settlement Agreement on behalf of a Settling Party represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to authorize the Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.

16. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, this Settlement Agreement, entered into as of the date shown below, is by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

**[Signature Pages Follow this Page]**

**Public Service Electric and Gas Company**



By:

Joseph F. Accardo Jr.  
Vice President – Regulatory & Deputy General Counsel

Dated: July 14, 2021

**New Jersey Board of Public Utilities**

By:

Dated:

**New Jersey Division of Rate Counsel**

By: 

Stefanie A. Brand  
Director

Dated: July 14, 2021

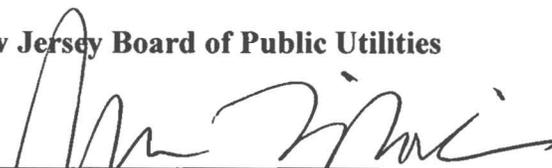
**Public Service Electric and Gas Company**

By  
NAME

TITLE

DATE

**New Jersey Board of Public Utilities**

By:   
NAME

President  
TITLE

7/14/2021  
DATE

**New Jersey Division of Rate Counsel**

By:  
NAME

TITLE

DATE

**ATTACHMENT 1**

**REVISIONS TO FORMULA RATE TEMPLATE**

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>				
1	Transmission Wages Expense	(Note O)	Attachment 5	0
2	Total Wages Expense	(Note O)	Attachment 5	0
3	Less A&G Wages Expense	(Note O)	Attachment 5	0
4	Total Wages Less A&G Wages Expense		(Line 2 - Line 3)	0
5	<b>Wages &amp; Salary Allocator</b>		(Line 1 / Line 4)	<b>0.0000%</b>
<b>Plant Allocation Factors</b>				
6	Electric Plant in Service	(Note B)	Attachment 5	0
7	Common Plant in Service - Electric		(Line 27)	0
8	Total Plant in Service		(Line 6 + 7)	0
9	Accumulated Depreciation (Total Electric Plant)	(Note B & J)	Attachment 5	0
10	Accumulated Intangible Amortization - Electric	(Note B)	Attachment 5	0
11	Accumulated Common Plant Depreciation - Electric	(Note B & J)	Attachment 5	0
12	Accumulated Common Amortization - Electric	(Note B)	Attachment 5	0
13	Total Accumulated Depreciation		(Line 9 + Line 10 + Line 11 + Line 12)	0
14	Net Plant		(Line 8 - Line 13)	0
15	Transmission Gross Plant		(Line 36)	0
16	<b>Gross Plant Allocator</b>		(Line 15 / Line 8)	<b>0.0000%</b>
17	Transmission Net Plant		(Line 48)	0
18	<b>Net Plant Allocator</b>		(Line 17 / Line 14)	<b>0.0000%</b>
<b>O&amp;M Allocation Factor</b>				
19	Transmission O&M Expense	(Note O)	(Line 68)	0
20	Distribution O&M Expense	(Note O)	Attachment 5	0
21	Total Distribution and Transmission O&M Expense		(Line 19 + 20)	0
22	<b>Transmission O&amp;M Allocator</b>		(Line 19 / Line 21)	<b>0.0000%</b>
23	<b>Multi-Factor A&amp;G Expense Allocator</b>		((Line 5 + Line 16 + Line 22) / 3)	<b>0.0000%</b>

**Plant Calculations**

<b>Plant In Service</b>				
24	Transmission Plant In Service	(Note B)	Attachment 5	0
25	General	(Note B)	Attachment 5	0
26	Intangible - Electric	(Note B)	Attachment 5	0
27	Common Plant - Electric	(Note B)	Attachment 5	0
28	Total General, Intangible & Common Plant		(Line 25 + Line 26 + Line 27)	0
29	Less: General Plant Account 397 -- Communications	(Note B)	Attachment 5	0
30	Less: Common Plant Account 397 -- Communications	(Note B)	Attachment 5	0
31	General and Intangible Excluding Acct. 397		(Line 28 - Line 29 - Line 30)	0
32	Wage & Salary Allocator		(Line 5)	0.0000%
33	General and Intangible Plant Allocated to Transmission		(Line 31 * Line 32)	0
34	Account No. 397 Directly Assigned to Transmission	(Note B)	Attachment 5	0
35	<b>Total General and Intangible Functionalized to Transmission</b>		(Line 33 + Line 34)	<b>0</b>
36	<b>Total Plant In Rate Base</b>		(Line 24 + Line 35)	<b>0</b>
<b>Accumulated Depreciation</b>				
37	Transmission Accumulated Depreciation	(Note B & J)	Attachment 5	0
38	Accumulated General Depreciation	(Note B & J)	Attachment 5	0
39	Accumulated Common Plant Depreciation & Amortization - Electric	(Note B & J)	Attachment 5	0
40	Less: Amount of General Depreciation Associated with Acct. 397	(Note B & J)	Attachment 5	0
41	Balance of Accumulated General Depreciation		(Line 38 + Line 39 - Line 40)	0
42	Accumulated Intangible Amortization - Electric	(Note B)	(Line 10)	0
43	Accumulated General and Intangible Depreciation Ex. Acct. 397		(Line 41 + 42)	0
44	Wage & Salary Allocator		(Line 5)	0.0000%
45	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission		(Line 43 * Line 44)	0
46	Accumulated General Depreciation Associated with Acct. 397 Directly Assigned to Transmission	(Note B & J)	Attachment 5	0
47	<b>Total Accumulated Depreciation</b>		(Lines 37 + 45 + 46)	<b>0</b>
48	<b>Total Net Property, Plant &amp; Equipment</b>		(Line 36 - Line 47)	<b>0</b>

Shaded cells are input cells

**Adjustment To Rate Base**

49	<b>Accumulated Deferred Income Taxes</b>				
	ADIT net of FASB 106 and 109	(Note Q)	Attachment 1		0
	<b>Regulatory Assets and Liabilities</b>				
50	Deficient Deferred Taxes Regulatory Asset (Account 182.3)	enter positive	(Note V)		
51	Excess Deferred Taxes Regulatory Liability (Account 254)	enter negative	(Note V)		
52	<b>Deficient/Excess Deferred Taxes Regulatory Assets and Liabilities Allocated to Transmission</b>		(Line 50 + 51)		0
	<b>CWIP for Incentive Transmission Projects</b>				
53	CWIP Balances for Current Rate Year	(Note B & H)	Attachment 6		0
	<b>Abandoned Transmission Projects</b>				
54	Unamortized Abandoned Transmission Projects	(Note R)	Attachment 5		0
	<b>Plant Held for Future Use</b>				
55		(Note C & Q)	Attachment 5		0
	<b>Prepayments</b>				
56	Prepayments	(Note A & Q)	Attachment 5		0
	<b>Materials and Supplies</b>				
57	Undistributed Stores Expense	(Note Q)	Attachment 5		0
58	Wage & Salary Allocator		(Line 5)		0.0000%
59	Total Undistributed Stores Expense Allocated to Transmission		(Line 57 * Line 58)		0
60	Transmission Materials & Supplies	(Note Q)	Attachment 5		0
61	<b>Total Materials &amp; Supplies Allocated to Transmission</b>		(Line 59 + Line 60)		0
	<b>Unfunded Reserves</b>				
62	Unfunded Reserves	(Note A & Q)	Attachment 5		0
	<b>Network Credits</b>				
63	Outstanding Network Credits	(Note N & Q)	Attachment 5		0
64	<b>Total Adjustment to Rate Base</b>		(Lines 49 + 52 + 53 + 54 + 55 + 56 + 61 - 62 - 63)		0
65	<b>Rate Base</b>		(Line 48 + Line 64)		0

**Operations & Maintenance Expense**

	<b>Transmission O&amp;M</b>				
66	Transmission O&M	(Note O)	Attachment 5		0
67	Less: Transmission of Electricity by Others Account 565	(Note O)	Attachment 5		0
68	<b>Transmission O&amp;M</b>		(Lines 66 - 67)		0
	<b>Allocated Administrative &amp; General Expenses</b>				
69	Total A&G	(Note O)	Attachment 5		0
70	Plus: Actual PBOP expense	(Note J)	Attachment 5		0
71	Less: Actual PBOP expense	(Note O)	Attachment 5		0
72	Less Property Insurance Account 924	(Note O)	Attachment 5		0
73	Less Regulatory Commission Exp Account 928	(Note E & O)	Attachment 5		0
74	Less General Advertising Exp Account 930.1	(Note O)	Attachment 5		0
75	Less EPRI Dues	(Note D & O)	Attachment 5		0
76	<b>Administrative &amp; General Expenses</b>		Sum (Lines 69 to 70) - Sum (Lines 71 to 75)		0
77	Multi-Factor A&G Expense Allocator		(Line 23)		0.0000%
78	<b>Administrative &amp; General Expenses Allocated to Transmission</b>		(Line 76 * Line 77)		0
	<b>Directly Assigned A&amp;G</b>				
79	Regulatory Commission Exp Account 928	(Note G & O)	Attachment 5		0
80	General Advertising Exp Account 930.1	(Note K & O)	Attachment 5		0
81	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 79 + Line 80)		0
82	Property Insurance Account 924		(Line 72)		0
83	General Advertising Exp Account 930.1	(Note F & O)	Attachment 5		0
84	Total Accounts 928 and 930.1 - General		(Line 82 + Line 83)		0
85	Net Plant Allocator		(Line 18)		0.0000%
86	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 84 * Line 85)		0
87	<b>Total Transmission O&amp;M</b>		(Lines 68 + 78 + 81 + 86)		0

Shaded cells are input cells

**Depreciation & Amortization Expense****Depreciation Expense**

88	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	0
89	Amortization of Abandoned Plant Projects	(Note R)	Attachment 5	0
90	General Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	0
91	Less: Amount of General Depreciation Expense Associated with Acct. 397	(Note J & O)	Attachment 5	0
92	Balance of General Depreciation Expense		(Line 90 - Line 91)	0
93	Intangible Amortization	(Note A & O)	Attachment 5	0
94	Total		(Line 92 + Line 93)	0
95	Wage & Salary Allocator		(Line 5)	0.0000%
96	General Depreciation & Intangible Amortization Allocated to Transmission		(Line 94 * Line 95)	0
97	General Depreciation Expense for Acct. 397 Directly Assigned to Transmission	(Note J & O)	Attachment 5	0
98	<b>General Depreciation and Intangible Amortization Functionalized to Transmission</b>		(Line 96 + Line 97)	<b>0</b>
99	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Lines 88 + 89 + 98)</b>	<b>0</b>

**Taxes Other than Income Taxes**

100	Taxes Other than Income Taxes	(Note O)	Attachment 2	0
101	<b>Total Taxes Other than Income Taxes</b>		(Line 100)	<b>0</b>

**Return \ Capitalization Calculations**

102	<b>Long Term Interest</b>		p117.62.c through 67.c	
103	<b>Preferred Dividends</b>	enter positive	p118.29.d	
	<b>Common Stock</b>			
104	Proprietary Capital	(Note P)	Attachment 5	0
105	Less Accumulated Other Comprehensive Income Account 219	(Note P)	Attachment 5	0
106	Less Preferred Stock		(Line 114)	0
107	Less Account 216.1	(Note P)	Attachment 5	0
108	<b>Common Stock</b>		(Line 104 - 105 - 106 - 107)	<b>0</b>
	<b>Capitalization</b>			
109	Long Term Debt	(Note P)	Attachment 5	0
110	Less Loss on Reacquired Debt	(Note P)	Attachment 5	0
111	Plus Gain on Reacquired Debt	(Note P)	Attachment 5	0
112	Less ADIT associated with Gain or Loss	(Note P)	Attachment 5	0
113	Total Long Term Debt		(Line 109 - 110 + 111 - 112)	0
114	Preferred Stock	(Note P)	Attachment 5	0
115	Common Stock		(Line 108)	0
116	<b>Total Capitalization</b>		(Sum Lines 113 to 115)	<b>0</b>
117	Debt %	Total Long Term Debt	(Line 113 / (Line 109 + 114 + 115))	0.00%
118	Preferred %	Preferred Stock	(Line 114 / (Line 109 + 114 + 115))	0.00%
119	Common %	Common Stock	(Line 115 / (Line 109 + 114 + 115))	0.00%
120	Debt Cost	Total Long Term Debt	(Line 102 / Line 113)	0.0000
121	Preferred Cost	Preferred Stock	(Line 103 / Line 114)	0.0000
122	Common Cost	Common Stock	(Note J) Fixed	0.1040
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * Line 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * Line 122)	0.0000
126	<b>Rate of Return on Rate Base ( ROR )</b>		(Sum Lines 123 to 125)	<b>0.0000</b>
127	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 65 * Line 126)</b>	<b>0</b>

**Composite Income Taxes**

Income Tax Rates			
128	FIT=Federal Income Tax Rate	(Note I)	
129	SIT=State Income Tax Rate or Composite	(Note I)	Attachment 5
130	p	(percent of federal income tax deductible for state purposes)	Per State Tax Code
131	T	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	
132	T / (1-T)		
<b>ITC Adjustment</b>			
133	Amortized Investment Tax Credit	(Note O)	Attachment 5
134	1/(1-T)		1 / (1 - Line 131)
135	Net Plant Allocation Factor		(Line 18)
136	<b>ITC Adjustment Allocated to Transmission</b>		(Line 133 * Line 134 * Line 135)
<b>State and Local Tax Credits</b>			
137	State and Local Tax Credits	(Note O)	Attachment 5
138	1/(1-T)		1 / (1 - Line 131)
139	<b>State and Local Tax Credit Adjustment</b>		(Line 137 * Line 138)
<b>Deficient/Excess Deferred Taxes Amortization</b>			
140	Amortized Deficient Deferred Taxes (Account 410.1)	(Note S & V)	
141	Amortized Excess Deferred Taxes (Account 411.1)	(Note T & V)	enter negative
142	Total		(Line 140 + Line 141)
143	1/(1-T)		1 / (1 - Line 131)
144	<b>Deficient/Excess Deferred Taxes Allocated to Transmission</b>		(Line 142 * Line 143)
<b>AFUDC Equity Permanent Difference</b>			
145	Tax Effect of AFUDC Equity Permanent Difference	(Note U)	
146	1/(1-T)		1 / (1 - Line 131)
147	<b>AFUDC Equity Permanent Difference Tax Adjustment</b>		(Line 145 * Line 146)
148	<b>Income Tax Component =</b>	$(T/1-T) * Investment\ Return * (1 - (WCLTD/ROR)) =$	(Line 132 * Line 127 * (1 - (Line 123 / Line 126)))
149	<b>Total Income Taxes</b>		(Lines 136 + 139 + 144 + 147 + 148)

**Revenue Requirement**

Summary			
150	Net Property, Plant & Equipment		(Line 48)
151	Total Adjustment to Rate Base		(Line 64)
152	<b>Rate Base</b>		(Line 65)
153	Total Transmission O&M		(Line 87)
154	Total Transmission Depreciation & Amortization		(Line 99)
155	Taxes Other than Income		(Line 101)
156	Investment Return		(Line 127)
157	Income Taxes		(Line 149)
158	<b>Gross Revenue Requirement</b>		(Sum Lines 153 to 157)
<b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b>			
159	Transmission Plant In Service		(Line 24)
160	Excluded Transmission Facilities	(Note B & M)	Attachment 5
161	Included Transmission Facilities		(Line 159 - Line 160)
162	Inclusion Ratio		(Line 161 / Line 159)
163	Gross Revenue Requirement		(Line 158)
164	<b>Adjusted Gross Revenue Requirement</b>		(Line 162 * Line 163)
<b>Revenue Credits &amp; Interest on Network Credits</b>			
165	Revenue Credits	(Note O)	Attachment 3
166	Interest on Network Credits	(Note N & O)	Attachment 5
167	<b>Net Revenue Requirement</b>		(Line 164 - Line 165 + Line 166)
<b>Net Plant Carrying Charge</b>			
168	Gross Revenue Requirement		(Line 158)
169	Net Transmission Plant, CWIP and Abandoned Plant		(Line 24 - Line 37 + Line 53 + Line 54)
170	Net Plant Carrying Charge		(Line 168 / Line 169)
171	Net Plant Carrying Charge without Depreciation		(Line 168 - Line 88) / Line 169
172	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 168 - Line 88 - Line 127 - Line 149) / Line 169
<b>Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE</b>			
173	Gross Revenue Requirement Less Return and Taxes		(Line 158 - Line 156 - Line 157)
174	Increased Return and Taxes		Attachment 4
175	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 173 + Line 174)
176	Net Transmission Plant, CWIP and Abandoned Plant		(Line 24 - Line 37 + Line 53 + Line 54)
177	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 175 / Line 176)
178	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 175 - Line 88) / Line 176
179	<b>Net Revenue Requirement</b>		(Line 167)
180	True-up amount		Attachment 6
181	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects not paid by other PJM transmission zones		Attachment 7
182	Facility Credits under Section 30.9 of the PJM OATT		Attachment 5
183	<b>Net Zonal Revenue Requirement</b>		(Line 179 + 180 + 181 + 182)
<b>Network Zonal Service Rate</b>			
184	1 CP Peak	(Note L)	Attachment 5
185	Rate (\$/MW-Year)		(Line 183 / 184)
186	<b>Network Service Rate (\$/MW/Year)</b>		(Line 185)

**Notes**

- A Electric portion only
- B Calculated using 13-month average balances.
- C Includes Transmission portion only. At each annual informational filing, Company will identify for each parcel of land an intended use within a 15 year period.
- D Includes all EPRI Annual Membership Dues
- E Includes all Regulatory Commission Expenses
- F Includes Safety related advertising included in Account 930.1
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in FERC Form 1 at 351.h.
- H CWIP can only be included if authorized by the Commission.
- I The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p =$  the percentage of federal income tax deductible for state income taxes.
- J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC.

PBOP expense shall be based upon the Company's Actual Annual PBOP Expense until changed by a filing at FERC.

The actual Annual PBOP Expense to be included in the Formula Rate Annual Update that is required to be filed on or before October 15 of each year shall be based upon the Actual Annual PBOP Expense as charged to FERC Account 926 on behalf of electric employees for PBOP and as included by the Company in its most recent True-Up Adjustment filing.

PSEG will provide, in connection with each annual True-Up Adjustment filing, a confidential copy of relevant pages from annual actuarial valuation report supporting the derivation of the Actual Annual PBOP Expense as charged to FERC Account 926 on behalf of electric employees.

Depreciation rates shown in Attachment 8 are fixed until changed as the result of a filing at FERC.

If book depreciation rates are different than the Attachment 8 rates, PSE&G will provide workpapers at the annual update to reconcile formula depreciation expense and depreciation accruals to FERC Form 1 amounts.

- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 166.
- O Expenses reflect full year plan
- P The projected capital structure shall reflect the capital structure from the FERC Form 1 data. For all other formula rate calculations, the projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form 1 data available. Calculated using the average of the prior year and current year balances.
- Q Calculated using beginning and year end projected balances.
- R Unamortized Abandoned Plant and Amortization of Abandoned Plant may only be included pursuant to a Commission Order authorizing such inclusion.
- S Includes the amortization of any deficient deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority  
Deficient deferred income taxes will increase tax expense by the amount of the deficiency multiplied by  $(1/1-T)$  (Line 144).
- T Includes the amortization of any excess deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority.  
Excess deferred income taxes will decrease tax expense by the amount of the excess multiplied by  $(1/1-T)$  (Line 144).
- U Includes the annual income tax cost or benefits due to the AFUDC Equity permanent difference.  $(1/1-T)$  multiplied by the amount of AFUDC Equity permanent difference included in Line 145 and will increase or decrease tax expense by the amount of the expense or benefit included on Line 145 multiplied by  $(1/1-T)$  (Line 147).
- V Unamortized Excess/Deficient Deferred Tax Regulatory Liabilities/Assets and the Amortization of those Regulatory Liabilities/Assets arising from future tax changes may only be included pursuant to Commission approval authorizing such inclusion.

Public Service Electric and Gas Company  
ATTACHMENT H-10A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Current Year

	<i>Only</i>					
	<i>Transmission</i>	<i>Plant</i>	<i>Labor</i>	<i>A&amp;G Expense</i>	<i>Total</i>	
	<i>Related</i>	<i>Related</i>	<i>Related</i>	<i>Related</i>	<i>ADIT</i>	
<i>ADIT- 282 (Not Subject to Proration)</i>	0	0	0	0	0	From Acct. 282 (Not Subject to Proration) total, below
<i>ADIT-283</i>	0	0	0	0	0	From Acct. 283 total, below
<i>ADIT-190</i>	0	0	0	0	0	From Acct. 190 total, below
<i>Subtotal</i>	0	0	0	0	0	
<i>Wages &amp; Salary Allocator</i>			0.0000%			
<i>Net Plant Allocator</i>		0.0000%				
<i>Multi-Factor A&amp;G Expense Allocator</i>				0.0000%		
<i>End of Year ADIT</i>	0	0	0	0	0	
<i>End of Previous Year ADIT (from Sheet 1A-ADIT)</i>	0	0	0	0	0	
 <i>Average Beginning and End of Year ADIT</i>	0	0	0	0	0	
<i>ADIT – 282 (Subject to Proration)</i>	0	0	0	0	0	From Acct. 282 (Subject to Proration) total, below
<i>Total Accumulated Deferred Income Taxes</i>					<u>0</u>	Appendix A, Line 49

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 112

0 < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns C-G and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	G	H
	<i>Total</i>	<i>Gas, Prod Or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
<i>ADIT-190</i>							
Subtotal - p234	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Current Year

A	B	C	D	E	F	G	H
	<i>Total</i>	<i>Gas, Prod Or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
<i>ADIT- 282 (Not Subject to Proration)</i>							
Subtotal - ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	

A	B	C	D	E	F	G	H
	<i>Total</i>	<i>Gas, Prod Or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
<i>ADIT- 282 (Subject to Proration)</i>							
Subtotal - ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	

Instructions for Account 282:

- ADIT items subject to the IRS's proration methodology shall be included in the ADIT- 282 (Subject to Proration) section in order to avoid the two-step averaging of prorated ADIT balances
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT Items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet- December 31 of the Current Year

A	B	C	D	E	F	G	H
ADIT-283	<i>Total</i>	<i>Gas, Prod or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
Subtotal - p277	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Previous Year

	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Total ADIT	
ADIT- 282 (Not Subject to Proration)	0	0	0	0		From Acct. 282 (Not Subject to Proration) total, below
ADIT-283	0	0	0	0		From Acct. 283 total, below
ADIT-190	0	0	0	0		From Acct. 190 total, below
Subtotal	0	0	0	0		
Wages & Salary Allocator			0.0000%			
Net Plant Allocator		0.0000%				
Multi-Factor A&G Expense Allocator				0.0000%		
End of Year ADIT	0	0	0	0	0	

Note: ADIT associated with Gain or Loss on Recquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 112

0 < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns C-G and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	G	H
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
ADIT-190							
Subtotal - p234	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Previous Year

A	B	C	D	E	F	G	H
	<i>Total</i>	<i>Gas, Prod Or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
<i>ADIT- 282 (Not Subject to Proration)</i>							
Subtotal - ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	

A	B	C	D	E	F	G	H
	<i>Total</i>	<i>Gas, Prod Or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
<i>ADIT- 282 (Subject to Proration)</i>							
Subtotal - ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	

Instructions for Account 282:

- ADIT items subject to the IRS's proration methodology shall be included in the ADIT- 282 (Subject to Proration) section in order to avoid the two-step averaging of prorated ADIT balances
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Previous Year

A <i>ADIT- 283</i>	B <i>Total</i>	C <i>Gas, Prod or Other Related</i>	D <i>Only Transmission Related</i>	E <i>Plant Related</i>	F <i>Labor Related</i>	G <i>A&amp;G Expense Related</i>	H <i>Justification</i>
Subtotal - p277	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 2 - Taxes Other Than Income Worksheet

Page 263

Allocated

Other Taxes	Col (j)	Allocator	Allocated Amount
<b>Plant Related</b>			
1 Real Estate	0		Attachment 5
2 <b>Total Plant Related</b>	0	N/A	0 Attachment 5
<b>Labor Related</b>			
<b>Wages &amp; Salary Allocator</b>			
3 FICA			
4 Federal Unemployment Tax			
5 New Jersey Unemployment Tax			
6 New Jersey Workforce Development			
7			
8 <b>Total Labor Related</b>	0	0.0000%	0
<b>Other Included</b>			
<b>Net Plant Allocator</b>			
9			
10			
11			
12			
13 <b>Total Other Included</b>	0	0.0000%	0
14 <b>Total Included (Lines 2 + 8 + 13)</b>	<b>0</b>		<b>0</b>
<b>Currently Excluded</b>			
15 Corporate Business Tax			
16 TEFA			
17 Use & Sales Tax			
18 Local Franchise Tax			
19 PA Corporate Income Tax			
20 Municipal Utility			
21 Public Utility Fund			
22 <b>Subtotal, Excluded</b>	0		
23 <b>Total, Included and Excluded (Line 14 + Line 22)</b>	0		
24 <b>Total Other Taxes from p114.14.g - Actual</b>			
25 Difference (Line 23 - Line 24)	-		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail they shall not be included. Real Estate taxes are directly assigned to Transmission.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Net Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 3 - Revenue Credit Workpaper**

**Page #'s & Instructions**

1	<b>Accounts 450 &amp; 451</b> Late Payment Penalties Allocated to Transmission			Company Records
2	<b>Account 454 - Rent from Electric Property</b> Rent from Electric Property - Transmission Related (Note 2)			Company Records
3	<b>Account 456 - Other Electric Revenues</b> Transmission for Others			Company Records
4	Schedule 1A			Company Records
5	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner)			Company Records
6	Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner			Company Records
7	Professional Services (Note 2)			Company Records
8	Revenues from Directly Assigned Transmission Facility Charges (Note 1)			Company Records
9	Rent or Attachment Fees associated with Transmission Facilities (Note 2)			Company Records
10	Gross Revenue Credits	(Sum Lines 1-9)	-	
11	Less line 18	- line 18	-	
12	Total Revenue Credits	line 10 + line 11	-	
13	Revenues associated with lines 2, 7, and 9 (Note 2)		-	
14	Income Taxes associated with revenues in line 13		-	
15	One half margin (line 13 - line 14)/2		-	
16	All expenses (other than income taxes) associated with revenues in line 13 that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.		-	
17	Line 15 plus line 16		-	
18	Line 13 less line 17		-	

Note 1 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.

Note 2 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). PSE&G will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 13-18, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).

## Public Service Electric and Gas Company

## ATTACHMENT H-10A

## Attachment 4 - Calculation of 100 Basis Point Increase in ROE

Return and Taxes with 100 Basis Point increase in ROE

A	100 Basis Point increase in ROE and Income Taxes	Line 27 + Line 50 from below	0
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

		Appendix A Line or Source Reference	
1	Rate Base	(Line 48 + Line 64)	0
2	Long Term Interest	p117.62.c through 67.c	0
3	Preferred Dividends	enter positive p118.29.d	0
<b>Common Stock</b>			
4	Proprietary Capital	Attachment 5	0
5	Less: Accumulated Other Comprehensive Income Account 219	p112.15.c	0
6	Less: Preferred Stock	(Line 114)	0
7	Less: Account 216.1	Attachment 5	0
8	Common Stock	(Line 104 - 105 - 106 - 107)	0
<b>Capitalization</b>			
9	Long Term Debt	Attachment 5	0
10	Less: Loss on Reacquired Debt	Attachment 5	0
11	Plus: Gain on Reacquired Debt	Attachment 5	0
12	Less: ADIT associated with Gain or Loss	Attachment 5	0
13	Total Long Term Debt	(Line 109 - 110 + 111 - 112)	0
14	Preferred Stock	Attachment 5	0
15	Common Stock	(Line 108)	0
16	Total Capitalization	(Sum Lines 113 to 115)	0
17	Debt %	Total Long Term Debt (Line 109 / (Line 109 + 114 + 115))	0.0%
18	Preferred %	Preferred Stock (Line 114 / (Line 109 + 114 + 115))	0.0%
19	Common %	Common Stock (Line 115 / (Line 109 + 114 + 115))	0.0%
20	Debt Cost	Total Long Term Debt (Line 102 / Line 113)	0.0000
21	Preferred Cost	Preferred Stock (Line 103 / Line 114)	0.0000
22	Common Cost	Common Stock (Line 122 + 100 basis points)	0.1140
23	Weighted Cost of Debt	Total Long Term Debt (WCLTD) (Line 117 * Line 120)	0.0000
24	Weighted Cost of Preferred	Preferred Stock (Line 118 * Line 121)	0.0000
25	Weighted Cost of Common	Common Stock (Line 119 * Line 122)	0.0000
26	<b>Rate of Return on Rate Base ( ROR )</b>	<b>(Sum Lines 123 to 125)</b>	<b>0.0000</b>
27	<b>Investment Return = Rate Base * Rate of Return</b>	<b>(Line 65 * Line 126)</b>	<b>0</b>

**Composite Income Taxes**

<b>Income Tax Rates</b>			
28	FIT=Federal Income Tax Rate		0.00%
29	SIT=State Income Tax Rate or Composite		0.00%
30	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.00%
31	T	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	0.00%
32	CIT = T / (1-T)		0.00%
33	1 / (1-T)		100.00%
<b>ITC Adjustment</b>			
34	Amortized Investment Tax Credit	Attachment 5	0
35	1/(1-T)	1 / (1 - Line 131)	100.00%
36	Net Plant Allocation Factor	(Line 18)	0.0000%
37	<b>ITC Adjustment Allocated to Transmission</b>	<b>(Line 133 * Line 134 * Line 135)</b>	<b>0</b>
<b>State and Local Tax Credits</b>			
38	State and Local Tax Credits	Attachment 5	0
39	1/(1-T)	1 / (1 - Line 131)	100.00%
40	<b>State and Local Tax Credit Adjustment</b>	<b>(Line 137 * Line 138)</b>	<b>0</b>
<b>Deficient/Excess Deferred Taxes Amortization</b>			
41	Amortized Deficient Deferred Taxes (Account 410.1)	(Line 140)	0
42	Amortized Excess Deferred Taxes (Account 411.1)	(Line 141)	0
43	Total	(Line 140 + Line 141)	0
44	1 / (1-T)	1 / (1 - Line 131)	100.00%
45	<b>Deficient/Excess Deferred Taxes Allocated to Transmission</b>	<b>(Line 142 * Line 143)</b>	<b>0</b>
<b>AFUDC Equity Permanent Difference</b>			
46	Tax Effect of AFUDC Equity Permanent Difference	(Line 145)	0
47	1 / (1-T)	1 / (1 - Line 131)	100.00%
48	<b>AFUDC Equity Permanent Difference Tax Adjustment</b>	<b>(Line 145 * Line 146)</b>	<b>0</b>
49	<b>Income Tax Component =</b>	$CIT = (T/1-T) * Investment\ Return * (1 - (WCLTD/R)) =$	<b>0</b>
50	<b>Total Income Taxes</b>	<b>(Lines 37 + 40 + 45 + 48 + 49)</b>	<b>0</b>

Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 5 - Cost Support

Electric / Non-electric Cost Support				Previous Year	Current Year											Average	
Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1 Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Form 1 Dec	Average
<b>Plant Allocation Factors</b>																	
a	Total Electric Plant in Service	(Note B)	p207.104.g														
b	Asset Retirement Cost for Transmission Plant	(Note B)	p207.57.g														
c	Asset Retirement Cost for Other Production	(Note B)	p207.44.g														
d	Asset Retirement Cost for Distribution Plant	(Note B)	p207.74.g														
e	Asset Retirement Cost for General Plant	(Note B)	p207.98.g														
6	Total Electric Plant in Service (Less: Asset Retirement Costs)		(a - b - c - d - e)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Common Plant in Service - Electric	(Note B)	p356														
9	Accumulated Depreciation (Total Electric Plant)	(Note B & J)	p219.29.c														
10	Accumulated Intangible Amortization	(Note B)	p200.21.c														
11	Accumulated Common Plant Depreciation - Electric	(Note B & J)	p356														
12	Accumulated Common Amortization - Electric	(Note B)	p356														
<b>Plant In Service</b>																	
f	Total Transmission Plant in Service	(Note B)	p207.58.g														
g	Asset Retirement Cost for Transmission Plant	(Note B)	p207.57.g														
24	Transmission Plant in Service (Less: Asset Retirement Costs)		(f - g)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
h	Total General Plant in Service	(Note B)	p207.99.g														
i	Asset Retirement Cost for General Plant	(Note B)	p207.98.g														
25	General Plant in Service (Less: Asset Retirement Costs)		(h - i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Intangible - Electric	(Note B)	p205.5.g														
27	Common Plant in Service - Electric	(Note B)	p356														
29	General Plant Account 397 -- Communications	(Note B)	p207.94.g														
30	Common Plant Account 397 -- Communications	(Note B)	p356														
34	Account No. 397 Directly Assigned to Transmission	(Note B)	Company Records														
<b>Accumulated Depreciation</b>																	
37	Transmission Accumulated Depreciation	(Note B & J)	p219.25.c														
38	Accumulated General Depreciation	(Note B & J)	p219.28.b														
39	Accumulated Common Plant Depreciation - Electric	(Note B & J)	p356														
40	Amount of General Depreciation Associated with Acct. 397	(Note B & J)	Company Records														
46	Acc. Deprec. Acct. 397 Directly Assigned to Transmission	(Note B & J)	Company Records														

**Wages & Salary**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
2	Total Wage Expense	(Note O)	p354.28.b	
3	Total A&G Wages Expense	(Note O)	p354.27.b	
1	Transmission Wages	(Note O)	p354.21.b	

**Transmission / Non-transmission Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	Beg of Year	End of Year	Average Balance
55	Plant Held for Future Use (Including Land) Transmission Only	(Note C & Q)	p214.47.d			-

**Prepayments**

Line #s	Descriptions	Notes	Page #'s & Instructions	Previous Year	Electric Beginning Year	Electric End of Year Balance	Average Balance	Wage & Salary Allocator	To Line 56
56	Prepayments	(Note A & Q)	p111.57.c				-	0.000%	-

**Materials and Supplies**

Line #s	Descriptions	Notes	Page #'s & Instructions	Beginning Year Balance	End of Year Balance	Average Balance
57	Materials and Supplies	(Note Q)	p227.16.b,c			-
60	Undistributed Stores Exp Transmission Materials & Supplies	(Note Q)	p227.5.b,c (footnote) & p227.8.b,c			-

**Outstanding Network Credits Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	Beginning Year Balance	End of Year Balance	Average Balance
63	Network Credits Outstanding Network Credits	(Note N & Q)	From PJM			-

**O&M Expenses**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
66	Transmission O&M	(Note O)	p321.112.b	
67	Transmission of Electricity by Others 565	(Note O)	p321.96.b	
a	Distribution Expenses	(Note O)	p321.156.b	
b	Customer Accounts Expenses	(Note O)	p321.164.b	
c	Customer Service and Information Expenses	(Note O)	p321.171.b	
d	Sales Expenses	(Note O)	p321.112.b	
20	Total Distribution O&M		(a + b + c + d)	-

**Property Insurance Expenses**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
72	Property Insurance Account 924	(Note O)	p323.185	

**Adjustments to A & G Expense**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
69	Total A&G Expenses	(Note O)	p323.197.b	
70	Actual PBOP expense	(Note J)	Company Records	
71	Actual PBOP expense	(Note O)	Company Records	

**Regulatory Expense Related to Transmission Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
<b>Allocated General &amp; Common Expenses</b>				
73	Regulatory Commission Exp Account 928	(Note E & O)	p323.189.b	
<b>Directly Assigned A&amp;G</b>				
79	Transmission Regulatory Commission Exp Account 928	(Note G & O)	p350	

**General & Common Expenses**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
75	EPRI Dues	(Note D & O)	p352-353	

**Safety Related Advertising Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Safety Related	Non-safety Related
<b>Directly Assigned A&amp;G</b>						
83	General Advertising Exp Account 930.1	(Note F & O)	p323.191.b			-

**Education and Out Reach Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Education & Outreach	Other
<b>Directly Assigned A&amp;G</b>						
80	General Advertising Exp Account 930.1	(Note K & O)	p323.191.b			-

**Depreciation Expense**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
<b>Depreciation Expense</b>				
88	Depreciation-Transmission	(Note J & O)	p336.7.f	
90	Depreciation-General & Common	(Note J & O)	p336.10.f & .11.f	
91	Depreciation-General Expense Associated with Acct. 397	(Note J & O)	Company Records	
93	Depreciation-Intangible	(Note A & O)	p336.1.d&e	
97	Transmission Depreciation Expense for Acct. 397	(Note J & O)	Company Records	

**Direct Assignment of Transmission Real Estate Taxes**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Transmission Related	Non-Transmission
100	Real Estate Taxes – Directly Assigned to Transmission		p263.36.i			-

PSE&G's real estate taxes detail is in an access database which contains a list of the towns PSE&G pays taxes to, which are billed on a quarterly basis for various parcels of property by major classification. Every parcel is associated with a Lot & Block number. These Lot & Blocks are identified to a particular type of property and are labeled. This is the breakout of transmission real estate taxes from total electric.

**Return \ Capitalization**

Line #s	Descriptions	Notes	Page #'s & Instructions	20XX End of Year	20XX End of Year	Average
104	Proprietary Capital	(Note P)	p112.16.c,d			-
105	Accumulated Other Comprehensive Income Account 219	(Note P)	p112.15.c,d			-
107	Account 216.1	(Note P)	p119.53.c,d			-
109	Long Term Debt	(Note P)	p112.18.c,d thru 21.c,d			-
110	Loss on Reacquired Debt	(Note P)	p111.81.c,d			-
111	Gain on Reacquired Debt	(Note P)	p113.61.c,d			-
112	ADIT associated with Gain or Loss on Reacquired Debt	(Note P)	p277.3.k (footnote)			-
114	Preferred Stock	(Note P)	p112.3.c,d			-

**MultiState Workpaper**

Line #s	Descriptions	Notes	Page #'s & Instructions	State 1	State 2	State 3
<b>Income Tax Rates</b>						
129	SIT=State Income Tax Rate or	(Note I)		NJ	0.00%	

**Amortized Investment Tax Credit**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
133	Amortized Investment Tax Credit	(Note O)	p266.8.f (footnote), enter negative	

**State and Local Tax Credits**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Allocators	Transmission Related
State and Local Tax Credits						
	Labor-related	(Note O)	Tax Return, enter negative		0.00%	-
	Plant-related	(Note O)	Tax Return, enter negative		0.00%	-
	Transmission-related	(Note O)	Tax Return, enter negative		100.00%	-
137	Total					-

**Excluded Transmission Facilities**

Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1 Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Form 1 Dec	Average
160	Excluded Transmission Facilities	(Note B & M)															-

**Interest on Outstanding Network Credits Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
166	Interest on Network Credits	(Note N & O)		

**Facility Credits under Section 30.9 of the PJM OATT**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
182	Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT			

PJM Load Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	1 CP Peak
184	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	

Abandoned Transmission Projects

Line #s	Descriptions	Notes	Page #'s & Instructions	Project X	Project Y	Project Z
a	Beginning Balance of Unamortized Transmission Projects		Per FERC Order			
b	Amortization Period (Months)		Per FERC Order			
c	Monthly Amortization		(a / b)	-	-	-
d	Months in Year to be Amortized					
89	e Amortization in Rate Year	(Note R)	(c * d)	-	-	-
f	Beginning of Year Balance of Unamortized Transmission Plant					
g	End of Year Balance of Unamortized Transmission Plant					
54	h Average Balance of Unamortized Abandoned Transmission Plant	(Note R)	(f + g)/2	-	-	-

Unfunded Reserves

Line #s	List of all reserves:	BOY Balance	EOY Balance	Average Balance	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter zero (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by the transmission formula customers	Allocation	Amount Allocated
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i) = (d x e x f x g x h)
				0					0
				0					0
				0					0
				0					0
62	Total	0	0	0					0

Notes:  
 The Formula Rate shall include a credit to rate base for all unfunded reserves (funds collected from customer that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account). The allocator in Col. (h) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Since reserves can be created by an offsetting balance sheet account, rather than cost accruals, the amount to be deducted from rate base should exclude the portion offset by another balance sheet account.  
 Unfunded Reserve amounts in Col. (b) and (c) are to be entered as a negative.



**Note 1:** The revenue requirements based on actual and projected costs included for the previous calendar year excludes true-up adjustment and is sourced from the Net Zonal Revenue Requirement line on Appendix A.

**Note 2:** The monthly interest rates to be applied to the over recovery or under recovery amounts during the true-up year and the intermediate year will be determined using the monthly FERC interest rates (as determined pursuant to 18 C.F.R. Section 35.19a) posted at <https://www.ferc.gov/interest-calculation-rates-and-methodology>. The monthly interest rate to be applied to the over recovery or under recovery amounts each month during the rate year will equal a simple average of the 12 monthly interest rates for the intermediate year.

**Note 3:** An over or under collection of a will be recovered prorata over the true-up year, held for the intermediate year and returned prorata over the rate year.

This section is used to input and compute the interest rates to be applied to each year's revenue requirement true-ups.

Applicable FERC Interest Rate (Note A):

1	1/1/1900	
2	2/1/1900	
3	3/1/1900	
4	4/1/1900	
5	5/1/1900	
6	6/1/1900	
7	7/1/1900	
8	8/1/1900	
9	9/1/1900	
10	10/1/1900	
11	11/1/1900	
12	12/1/1900	
13	1/1/1901	
14	2/1/1901	
15	3/1/1901	
16	4/1/1901	
17	5/1/1901	
18	6/1/1901	
19	7/1/1901	
20	8/1/1901	
21	9/1/1901	
22	10/1/1901	
23	11/1/1901	
24	12/1/1901	
25	Average Monthly Rate - Lines 13- 24	0.000%

Note A - Lines 1-24 are the FERC interest rates under section 35.19a of the regulations for the period shown, as posted at <https://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>.

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 6A - Project Specific Estimate and Reconciliation Worksheet

Estimated Additions - 20XX								Estimated Additions - 20XX							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
Other Projects PIS (monthly additions)	Project A	Project B	Project C	Project D	Project E	Project F			Other Projects PIS	Project A	Project B	Project C	Project D	Project E	Project F
	(in service)				(in service)										
Dec-XX								Dec-XX	-	-	-	-	-	-	-
Jan								Jan	-	-	-	-	-	-	-
Feb								Feb	-	-	-	-	-	-	-
Mar								Mar	-	-	-	-	-	-	-
Apr								Apr	-	-	-	-	-	-	-
May								May	-	-	-	-	-	-	-
Jun								Jun	-	-	-	-	-	-	-
Jul								Jul	-	-	-	-	-	-	-
Aug								Aug	-	-	-	-	-	-	-
Sep								Sep	-	-	-	-	-	-	-
Oct								Oct	-	-	-	-	-	-	-
Nov								Nov	-	-	-	-	-	-	-
Dec								Dec	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	Total	-	-	-	-	-	-	-
								Average 13 Month Balance	-	-	-	-	-	-	-
								Average 13 Month in service		-	-	-	-	-	-
								13 Month Average CWIP to Appendix A, line 45							

Estimated Transmission Enhancement Charges (Before True-Up) - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

Actual Additions - 20XX							Actual Additions - 20XX									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	
Other Projects PIS (monthly additions)	Project A	Project B	Project C	Project D	Project E	Project F			Other Projects PIS	Project A	Project B	Project C	Project D	Project E	Project F	
	(in service)				(in service)											
Dec-XX								Dec-XX	-	-	-	-	-	-	-	
Jan								Jan	-	-	-	-	-	-	-	
Feb								Feb	-	-	-	-	-	-	-	
Mar								Mar	-	-	-	-	-	-	-	
Apr								Apr	-	-	-	-	-	-	-	
May								May	-	-	-	-	-	-	-	
Jun								Jun	-	-	-	-	-	-	-	
Jul								Jul	-	-	-	-	-	-	-	
Aug								Aug	-	-	-	-	-	-	-	
Sep								Sep	-	-	-	-	-	-	-	
Oct								Oct	-	-	-	-	-	-	-	
Nov								Nov	-	-	-	-	-	-	-	
Dec								Dec	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	Total	-	-	-	-	-	-	-	
								Average 13 Month Balance	-	-	-	-	-	-	-	
								Average 13 Month in service		-	-	-	-	-	-	
								13 Month Average CWIP to Appendix A, line 45								

Actual Transmission Enhancement Charges - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

Reconciliation by Project (without interest)						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

Interest on Transmission Enhancement Charge Reconciliation						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

True-up by Project (with interest) - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-	-	-	-	-	-	-

Estimated Transmission Enhancement Charges (After True-up) - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

Public Service Electric and Gas Company  
 ATTACHMENT H-10A  
 Attachment 7 - Transmission Enhancement Charges Worksheet (TEC)

1	New Plant Carrying Charge			
2	<b>Fixed Charge Rate (FCR) if not a CIAC</b>			
		Formula Line		
3	A	171	Net Plant Carrying Charge without Depreciation	0.00%
4	B	178	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	0.00%
5	C		Line B less Line A	0.00%
6	<b>FCR if a CIAC</b>			
7	D	172	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	0.00%

**The FCR resulting from Formula in a given year is used for that year only.**  
 Therefore actual revenues collected in a year do not change based on cost data for subsequent years.  
 Per FERC Order dated December 30, 2011 in Docket No. ER12-296, the ROE for the Northeast Grid Reliability Project is 10.65%, which includes a 25 basis-point transmission ROE adder as authorized by FERC to become effective January 1, 2012.  
 For abandoned plant lines 12, 14, 15, and 16 will be from Attachment 5 - Abandoned Transmission Projects, Line 17 is the 13 month average balance from Attach 6a, and Line 19 will be number of months to be amortized in year plus one.

10	Details	(Yes or No)	Project A			Project B		
11	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12						
12	Useful life of the project	Life						
13	"Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise "No"	CIAC						
14	Input the allowed increase in ROE	Increased ROE (Basis Points)						
15	From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13	10.40% ROE	0.00%			0.00%		
16	Line 14 plus (line 5 times line 15)/100	FCR for This Project	0.00%			0.00%		
17	Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year balance	Investment						
18	Line 17 divided by line 12	Annual Depreciation or Amort Exp	0			0		
19	Months in service for depreciation expense from Attachment 6							
20	Year placed in Service (0 if CWIP)							
21		Invest Yr	Ending	Depreciation or Amortization	Revenue	Ending	Depreciation or Amortization	Revenue
22	At Allowed ROE	2006						
23	With Increased ROE	2006						
24	At Allowed ROE	2007						
25	With Increased ROE	2007						
26	At Allowed ROE	2008						
27	With Increased ROE	2008						
28	At Allowed ROE	2009						
29	With Increased ROE	2009						
30	At Allowed ROE	2010						
31	With Increased ROE	2010						
32	At Allowed ROE	2011						
33	With Increased ROE	2011						
34	At Allowed ROE	2012						
35	With Increased ROE	2012						
36	At Allowed ROE	2013						
37	With Increased ROE	2013						
38	At Allowed ROE	2014						
39	With Increased ROE	2014						
40	At Allowed ROE	2015						
41	With Increased ROE	2015						
42	At Allowed ROE	2016						
43	With Increased ROE	2016						
44	At Allowed ROE	2017						
45	With Increased ROE	2017						
46	At Allowed ROE	2018						
47	With Increased ROE	2018						
48	At Allowed ROE	2019						
49	With Increased ROE	2019						
50	At Allowed ROE	2020						
51	With Increased ROE	2020						
52	At Allowed ROE	2021	-	-	-	-	-	-
53	With Increased ROE	2021	-	-	-	-	-	-

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 7 - Transmission Enhancement Charges Worksheet (TEC)**

1	New Plant Carrying Charge			
2	<b>Fixed Charge Rate (FCR) if not a CIAC</b>	Formula Line		
3	A	171	Net Plant Carrying Charge without Depreciation	0.00%
4	B	178	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	0.00%
5	C		Line B less Line A	0.00%
6	<b>FCR if a CIAC</b>			
7	D	172	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	0.00%

**The FCR resulting from Formula in a given year is used for that year only.**  
**Therefore actual revenues collected in a year do not change based on cost data for subsequent years.**  
**Per FERC Order dated December 30, 2011 in Docket No. ER12-296, the ROE for the Northeast Grid Reliability Project is 10.65%, which includes a 25 basis-point transmission ROE adder as authorized by FERC to become effective January 1, 2012.**  
**For abandoned plant lines 12, 14, 15, and 16 will be from Attachment 5 - Abandoned Transmission Projects, Line 17 is the 13 month average balance from Attach 6a, and Line 19 will be number of months to be amortized in year plus one.**

10	Details	(Yes or No)	Project C			Project D		
11	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12						
12	Useful life of the project	Life						
13	"Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise "No"	CIAC						
14	Input the allowed increase in ROE	Increased ROE (Basis Points)						
15	From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13	10.40% ROE	0.00%			0.00%		
16	Line 14 plus (line 5 times line 15)/100	FCR for This Project	0.00%			0.00%		
17	Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year balance	Investment						
18	Line 17 divided by line 12	Annual Depreciation or Amort Exp	0			0		
19	Months in service for depreciation expense from Attachment 6							
20	Year placed in Service (0 if CWIP)							
21		Invest Yr	Ending	Depreciation or Amortization	Revenue	Ending	Depreciation or Amortization	Revenue
22	At Allowed ROE	2006						
23	With Increased ROE	2006						
24	At Allowed ROE	2007						
25	With Increased ROE	2007						
26	At Allowed ROE	2008						
27	With Increased ROE	2008						
28	At Allowed ROE	2009						
29	With Increased ROE	2009						
30	At Allowed ROE	2010						
31	With Increased ROE	2010						
32	At Allowed ROE	2011						
33	With Increased ROE	2011						
34	At Allowed ROE	2012						
35	With Increased ROE	2012						
36	At Allowed ROE	2013						
37	With Increased ROE	2013						
38	At Allowed ROE	2014						
39	With Increased ROE	2014						
40	At Allowed ROE	2015						
41	With Increased ROE	2015						
42	At Allowed ROE	2016						
43	With Increased ROE	2016						
44	At Allowed ROE	2017						
45	With Increased ROE	2017						
46	At Allowed ROE	2018						
47	With Increased ROE	2018						
48	At Allowed ROE	2019						
49	With Increased ROE	2019						
50	At Allowed ROE	2020						
51	With Increased ROE	2020						
52	At Allowed ROE	2021	-	-	-	-	-	-
53	With Increased ROE	2021	-	-	-	-	-	-

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 7 - Transmission Enhancement Charges Worksheet (TEC)**

1	New Plant Carrying Charge			
2	<b>Fixed Charge Rate (FCR) if not a CIAC</b>			
		Formula Line		
3	A	171	Net Plant Carrying Charge without Depreciation	0.00%
4	B	178	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	0.00%
5	C		Line B less Line A	0.00%
6	<b>FCR if a CIAC</b>			
7	D	172	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	0.00%

The FCR resulting from Formula in a given year is used for that year only.  
Therefore actual revenues collected in a year do not change based on cost data for subsequent years.  
Per FERC Order dated December 30, 2011 in Docket No. ER12-296, the ROE for the Northeast Grid Reliability Project is 10.65%, which includes a 25 basis-point transmission ROE adder as authorized by FERC to become effective January 1, 2012.  
For abandoned plant lines 12, 14, 15, and 16 will be from Attachment 5 - Abandoned Transmission Projects, Line 17 is the 13 month average balance from Attach 6a, and Line 19 will be number of months to be amortized in year plus one.

10	Details		Project E			Project F			Total	Incentive Charged	Revenue Credit	Increased ROE
		(Yes or No)	Ending	Depreciation or Amortization	Revenue	Ending	Depreciation or Amortization	Revenue				
11	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12										
12	Useful life of the project	Life										
13	"Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise "No"	CIAC										
14	Input the allowed increase in ROE	Increased ROE (Basis Points)										
15	From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13	10.40% ROE	0.00%			0.00%						
16	Line 14 plus (line 5 times line 15)/100	FCR for This Project	0.00%			0.00%						
17	Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year balance	Investment										
18	Line 17 divided by line 12	Annual Depreciation or Amort Exp	0			0						
19	Months in service for depreciation expense from Attachment 6											
20	Year placed in Service (0 if CWIP)											
21		Invest Yr	Ending	Depreciation or Amortization	Revenue	Ending	Depreciation or Amortization	Revenue	Total	Incentive Charged	Revenue Credit	Increased ROE
22		At Allowed ROE										
23		With Increased ROE										
24		At Allowed ROE										
25		With Increased ROE										
26		At Allowed ROE										
27		With Increased ROE										
28		At Allowed ROE										
29		With Increased ROE										
30		At Allowed ROE										
31		With Increased ROE										
32		At Allowed ROE										
33		With Increased ROE										
34		At Allowed ROE										
35		With Increased ROE										
36		At Allowed ROE										
37		With Increased ROE										
38		At Allowed ROE										
39		With Increased ROE										
40		At Allowed ROE										
41		With Increased ROE										
42		At Allowed ROE										
43		With Increased ROE										
44		At Allowed ROE										
45		With Increased ROE										
46		At Allowed ROE										
47		With Increased ROE										
48		At Allowed ROE										
49		With Increased ROE										
50		At Allowed ROE										
51		With Increased ROE										
52		At Allowed ROE	-	-	-	-	-	-	\$ -		\$ -	
53		With Increased ROE	-	-	-	-	-	-	\$ -	\$ -		\$ -

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 7A - True-up Adjustment for Transmission Enhancement Charges (TECs) (PJM OATT Schedule 12) - December 31, 20XX

TEC True-up Revenue Requirement For Year	TEC Projection Revenue Requirement For Year	TEC True-up Adjustment - (Over)/Under Recovery	True-up Year Intermediate Year: Rate Year:
-	=	-	1 2

Month	(Refunds)/Surcharges	Cumulative (Refunds)/Surcharges - Beginning of Month (Without Interest)	Base for Quarterly Compound Interest	Base for Monthly Interest	Monthly Interest Rate	Calculated Interest	Amortization	Cumulative (Refunds)/Surcharges and Interest - End of Month
<b>Calculation of Interest True-Up Year</b>								
1/1/1900	-	-	-	-	0.000%	-	-	-
2/1/1900	-	-	-	-	0.000%	-	-	-
3/1/1900	-	-	-	-	0.000%	-	-	-
4/1/1900	-	-	-	-	0.000%	-	-	-
5/1/1900	-	-	-	-	0.000%	-	-	-
6/1/1900	-	-	-	-	0.000%	-	-	-
7/1/1900	-	-	-	-	0.000%	-	-	-
8/1/1900	-	-	-	-	0.000%	-	-	-
9/1/1900	-	-	-	-	0.000%	-	-	-
10/1/1900	-	-	-	-	0.000%	-	-	-
11/1/1900	-	-	-	-	0.000%	-	-	-
12/1/1900	-	-	-	-	0.000%	-	-	-
<b>Intermediate Year</b>								
1/1/1901	-	-	-	-	0.000%	-	-	-
2/1/1901	-	-	-	-	0.000%	-	-	-
3/1/1901	-	-	-	-	0.000%	-	-	-
4/1/1901	-	-	-	-	0.000%	-	-	-
5/1/1901	-	-	-	-	0.000%	-	-	-
6/1/1901	-	-	-	-	0.000%	-	-	-
7/1/1901	-	-	-	-	0.000%	-	-	-
8/1/1901	-	-	-	-	0.000%	-	-	-
9/1/1901	-	-	-	-	0.000%	-	-	-
10/1/1901	-	-	-	-	0.000%	-	-	-
11/1/1901	-	-	-	-	0.000%	-	-	-
12/1/1901	-	-	-	-	0.000%	-	-	-
<b>(Over)/Under Recovery Plus Interest Amortized and Recovered Over 12 Months</b>								
<b>Rate Year</b>								
1/1/1902	-	-	-	-	0.000%	-	-	-
2/1/1902	-	-	-	-	0.000%	-	-	-
3/1/1902	-	-	-	-	0.000%	-	-	-
4/1/1902	-	-	-	-	0.000%	-	-	-
5/1/1902	-	-	-	-	0.000%	-	-	-
6/1/1902	-	-	-	-	0.000%	-	-	-
7/1/1902	-	-	-	-	0.000%	-	-	-
8/1/1902	-	-	-	-	0.000%	-	-	-
9/1/1902	-	-	-	-	0.000%	-	-	-
10/1/1902	-	-	-	-	0.000%	-	-	-
11/1/1902	-	-	-	-	0.000%	-	-	-
12/1/1902	-	-	-	-	0.000%	-	-	-

TEC True-Up Adjustment with Interest	-
Less TEC (Over)/Under Recovery	-
<b>Total Interest</b>	<b>-</b>

**Note 1:** The revenue requirements based on actual and projected costs included for the previous calendar year for PJM OATT Schedule 12 Transmission Enhancement Charges (Attachment 7).

**Note 2:** The monthly interest rates to be applied to the over recovery or under recovery amounts during the true-up year and the intermediate year will be determined using the monthly FERC interest rates (as determined pursuant to 18 C.F.R. Section 35.19a) posted at <https://www.ferc.gov/interest-calculation-rates-and-methodology>. The monthly interest rate to be applied to the over recovery or under recovery amounts each month during the rate year will equal a simple average of the 12 monthly interest rates for the intermediate year.

**Note 3:** An over or under collection of a TEC will be recovered prorata over the true-up year, held for the intermediate year and returned prorata over the rate year.

This section lists the interest rates to be applied to each year's revenue requirement true-ups from Attachment 6.

Applicable FERC Interest Rate (Note A):

1	1/1/1900	0.000%
2	2/1/1900	0.000%
3	3/1/1900	0.000%
4	4/1/1900	0.000%
5	5/1/1900	0.000%
6	6/1/1900	0.000%
7	7/1/1900	0.000%
8	8/1/1900	0.000%
9	9/1/1900	0.000%
10	10/1/1900	0.000%
11	11/1/1900	0.000%
12	12/1/1900	0.000%
13	1/1/1901	0.000%
14	2/1/1901	0.000%
15	3/1/1901	0.000%
16	4/1/1901	0.000%
17	5/1/1901	0.000%
18	6/1/1901	0.000%
19	7/1/1901	0.000%
20	8/1/1901	0.000%
21	9/1/1901	0.000%
22	10/1/1901	0.000%
23	11/1/1901	0.000%
24	12/1/1901	0.000%
25	Average Monthly Rate - Lines 13- 24	0.000%

Note A - Lines 1-24 are the FERC interest rates under section 35.19a of the regulations for the period shown, as posted at <https://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>.

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 8 - Depreciation Rates

<u>FERC Account</u>	<u>Account Description</u>	<u>Depreciation Rate</u>
<b>Transmission</b>		
350.30	Sidewalks and Curbs	1.12%
352.00	Structures and Improvements	1.44%
353.00	Station Equipment	2.24%
354.00	Towers and Fixtures	1.27%
355.00	Poles and Fixtures	1.47%
356.00	Overhead Conductors and Devices	2.11%
357.00	Underground Conduit	1.07%
358.00	Underground Conductors and Devices	2.54%
359.00	Roads and Trails	0.57%
<b>Intangible, General and Common</b>		
303.00	Intangible Plant	Various
390.00	Structures and Improvements	1.40%
390.11	Leasehold – Improvements	Various
390.30	Improvements Other than Park Plaza	1.40%
391.10	Office Furniture	5.00%
391.20	Office Equipment	25.00%
391.30	Office Computer Equipment	14.29%
391.33	Office Personal Computers	33.33%
392.11	Transportation Equipment 13K lb and below	Various
392.20	Transportation Equipment over 13K lb	Various
393.00	Store Equipment	14.29%
394.00	Tools, Shop, and Garage Equipment	14.29%
395.00	Laboratory Equipment	20.00%
396.00	Power Operated Equipment	Various
397.00	Communications Equipment	10.00%
398.00	Miscellaneous Equipment	14.29%

Public Service Electric and Gas Company  
**ATTACHMENT H-10A**  
Attachment 9 - Excess/(Deficient) Deferred Income Taxes - FERC Order 864 Worksheet (4)

Line No.	Year	Description:	Vintage:	Beginning of the Year Excess/(Deficient) ADIT Regulatory Liability / (Asset)			D=(C*Tax Gross-up rate) (1)	E=(C+D)	Amortization Period		Amount Amortized				L=(K*Tax Gross-up rate) (1)	M=(K+L)	End of the Year Balance	
				Protected	Unprotected	Total Excess/(Deficient) Deferred Taxes	Income Tax Gross-Up	Total Account 254/ (Account 182.3)	Protected	Unprotected	FERC Account No. (3)	Protected	Unprotected	Total Amortization	Income Tax Gross-Up	Total Amortization with Gross-up	Excess/(Deficient) DIT Account 254/ (Account 182.3)	Excess/(Deficient) DIT with Gross-Up Account 254/ (Account 182.3)
				Original Account 282	Original Account 190/282/283	Account 254/ (Account 182.3)												
1		Protected	2017 TCJA	(2)		-	-					-	-	-	-	-	-	
2		Unprotected	2017 TCJA	(2)		-	-					-	-	-	-	-	-	
3		<b>Total Excess/(Deficient) DIT:</b>				-	-					-	-	-	-	-	-	

**Notes:**

(1) The Tax Cuts and Jobs Act was enacted on December 22, 2017 ("TCJA"). The TCJA reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. The composite and gross-up rates used for the remeasurement of ADIT balances are:

	Pre TCJA	Post TCJA
Federal income tax rate	35.00%	21.00%
State income tax rate	9.00%	9.00%
Federal benefit of deduction for state income tax	-3.15%	-1.89%
Composite federal/state income tax rate	40.85%	28.11%
Composite federal/state tax gross-up factor	1.69062	1.39101

(2) These amounts represent the future refunds to customers of PSE&G's excess deferred income tax liabilities as a result of the TCJA reduction in the federal corporate income tax rate effective January 1, 2018 and as reflected in PSE&G's FERC-approved Section 205 filing in Docket No. ER19-204.

(3) Excess DIT is amortized to FERC Account 411.1 and Deficient DIT is amortized to FERC Account 410.1.

(4) Unamortized Excess/(Deficient) Deferred Tax Regulatory Liabilities/(Assets) and the amortization of those Regulatory Liabilities/(Assets) arising from future tax changes may only be included pursuant to Commission approval authorizing such inclusion.

**ATTACHMENT 2**

**REVISIONS TO IMPLEMENTATION PROTOCOLS**

## **Attachment 2 to the Settlement Agreement**

### **ATTACHMENT H-10B**

#### **Formula Rate Implementation Protocols**

##### **Section 1 Annual Updates & True-Up Adjustments**

- a. The ATRR calculated under Attachment H-10A shall be applicable to services on and after October 1, 2008 through December 31, 2008, and shall be applicable thereafter for services on and after each January 1 of a given calendar year through December 31 of such calendar year (the “Rate Year”).
- b. On or before June 15, 2009, and on or before June 15 of each succeeding Rate Year (“Publication Date”), PSE&G shall calculate the true-up pursuant to the Formula Rate (Attachment H-10A, Attachment 6) (the “True-Up Adjustment”) and cause it to be posted on the PJM website (www.PJM.com, or successor thereto) and filed with the Federal Energy Regulatory Commission, or successor thereto (“FERC”) for informational purposes only (“Informational Filing”). The submission of such Informational Filing with FERC shall not require any action by the agency.
- c. The Informational Filing must include the information that is reasonably necessary to determine:
  - (1) that input data under the formula rate are properly recorded in any underlying workpapers;
  - (2) that the Transmission Owner has properly applied the formula rate and these procedures;
  - (3) the accuracy of data and the consistency with the formula rate of the Actual Transmission Revenue Requirement and rates under review;
  - (4) the extent of accounting changes that affect formula rate inputs;
  - (5) the reasonableness of projected costs included in the projected capital addition expenditures (for forward-looking rates).
- d. On or before October 15, 2008, and on or before October 15 of each succeeding Rate Year, PSE&G shall recalculate its ATRR, producing the “Annual Update” for the upcoming Rate Year. As part of the Annual Update, PSE&G shall include its projected net revenue requirement, including information in workpapers regarding projected costs of plant in forecasted rate base, expected construction schedule and in-service dates. All inputs shall be provided in sufficient detail to identify the components of PSE&G’s net revenue requirement. PSE&G shall cause such Annual Update to be posted on PJM’s website (www.PJM.com, or successor thereto) and submit such Annual Update as an informational filing with the FERC (“Posting Date”). The submission of such informational filing with FERC shall not require any action by the agency.

- e. If the Publication Date, the Posting Date, or any deadline date in Section 2 and 3 of the Protocols falls on a weekend or a holiday recognized by the FERC, then the Publication Date, Posting Date, or deadline date as applicable, shall be the next business day.
- f. PSE&G will post on the PJM website and promptly make available to any Interested Party a “workable” Excel file containing that year’s True-Up Adjustment and/or Annual Update. In the event that the information is not otherwise publicly available, PSE&G will provide to Interested Parties a description of the basis upon which transmission projects were planned either by PJM or PSE&G. For purposes of these procedures, the term Interested Party, includes but is not limited to, customers under the Tariff, state utility regulatory commissions, the Organization of PJM States, Inc., consumer advocacy agencies and state attorneys general.
- g. Between fifteen (15) and thirty (30) days after the Posting Date, PSE&G shall hold a public meeting to explain the Annual Update for the next calendar year and answer questions concerning the Annual Update for the next Rate Year (“Customer Meeting”). PSE&G will provide for the opportunity for remote participation at Customer Meetings.
- h. PSE&G shall modify the Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 15, and shall cause the revised Annual Update to be posted on the PJM website ([www.PJM.com](http://www.PJM.com), or successor thereto) no later than December 15. PSE&G shall cause the Annual Update, as revised pursuant to the procedures set out above, to be included in the informational filing with FERC by no later than December 15. Such informational filing will not require any FERC action.
- i. To ensure that Interested Parties receive sufficient advance notice of Customer Meetings, PSE&G shall schedule each Customer Meeting at least four (4) months in advance and cause such notice to be posted on its website, [www.PSEG.com](http://www.PSEG.com) (or successor thereto) and the PJM website ([www.PJM.com](http://www.PJM.com), or successor thereto) and provide Interested Parties, via e-mail to the most recent e-mail address provided to PSE&G notice of the Customer Meeting.
- j. The True-Up Adjustment for the Rate Year:
  - (i) shall, to the extent specified in the Formula Rate, be based upon PSE&G’s FERC Form 1 data for the most recent calendar year, and to the extent specified in the Formula Rate, be based upon the books and records of PSE&G consistent with FERC accounting policies;

- (ii) shall, as and to the extent specified in the Formula Rate, provide supporting documentation for data not otherwise available in the FERC Form 1 that are used in the Formula Rate;<sup>1</sup>
- (iii) shall provide notice of any change in accounting, including financial reporting changes in the FERC Form No. 1, from that in effect for the calendar year upon which the preceding Annual Update was based that affects inputs to the Formula Rate or the resulting charges under the Formula Rate (“Accounting Changes”), including:
  - (1) the initial implementation of an accounting standard (such as a new requirement under Generally Accepted Accounting Principles (“GAAP”) or changes to GAAP) or policy, consistent with what is required to be disclosed under FERC Form No. 1;
  - (2) the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
  - (3) For the accounting changes as described above, any related reclassifications, including mapping changes, among FERC accounts between calendar years;
  - (4) the correction of errors and prior period adjustments that impact FERC Account 439 or other FERC Accounts included in the Annual Update calculation;
  - (5) the implementation of new estimation methods or policies that change prior estimates.
  - (6) the implementation of changes in accounting valuation, period of recognition for revenue and expense items, account classification, or presentation in the FERC Form No. 1.
- (iv) shall be subject to review and challenge and in accordance with the procedures set forth in Section 2 and Section 3 of this Attachment H-10B

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<sup>1</sup> It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate True-Up Adjustment will be either taken directly from the FERC Form 1 or reconcilable to the FERC Form 1 by the application of clearly identified and supported information. Where the reconciliation in the True-Up Adjustment is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

and only as to the appropriateness of the application of the Formula Rate according to its terms and the procedures in this Attachment H-10B (including terms and procedures related to challenges concerning Accounting Changes);

- (v) shall be subject to review with respect to the prudence of any costs and expenditures incurred in the last five years , provided, however, that the initial burden to raise a substantial doubt as to the prudence of any expenditures shall be upon the Interested Party raising the challenge; and
  - (vi) shall not seek to modify the Formula Rate and shall not be subject to challenge by anyone seeking to modify the Formula Rate (*i.e.*, all such modifications to the Formula Rate – including return on equity will require, as applicable, a Federal Power Act (“FPA”) Section 205 or Section 206 filing).
- k. If PSE&G files any corrections to a previously submitted FERC Form 1 or otherwise makes accounting corrections that would affect the Formula Rate for the current or a prior Rate Year, such corrections and any resulting refunds or surcharges shall be reflected in the Annual Update and True-Up Adjustment for the next effective Rate Year, with interest.
- l. Interest on any True-Up Adjustment Over/Under Recovery shall be calculated on the Over/Under Recovery during each month of the True-Up Year, during each month of the succeeding year (“Intermediate Year”) (12 months-True-up Year plus one), and during each month of the year in which the true-up will be billed and collected (“Projection Year”) (True-Up Year plus two). The total True-Up Adjustment and interest for the 36 months described above will be added to (or deducted from) the ATRR during the 12 months of the Projection Year.

For example, the 2020 True-Up Adjustment will be calculated in 2021 and will be billed or credited to customers during 2022. The True-Up Adjustments will include interest calculations over a 36-month period, including the 12 months during the True-Up year (2020), the 12 months during the Intermediate Year (2021) and the 12 months during the Projection Year (2022) in which the True-Up Adjustment is remitted to customers.

The rates used to calculate interest for True-Up Adjustments will be sourced directly from the FERC website in accordance with 18 C.F.R. § 35.19a. The monthly interest rate used to calculate interest during each month of the Projection Year will be based on an average of the 12 monthly interest rates during the Intermediate Year. Interest True-up Adjustments will be compounded quarterly in accordance with 18 C.F.R. § 35.19a.

- m. If after October 15, but prior to December 15 of the then current calendar year, PJM determines the actual peak load for NITS for the PSE&G Zone that will be used by the Transmission Provider to determine each Network Customer’s Zone Network

Load pursuant to Section 34.1 of the Tariff differs from the value used to calculate the ATRR to be in effect pursuant to Attachment H-10A for the next calendar year, the rate for NITS shall be adjusted to reflect the updated Network Service Peak Load and PSE&G shall cause an updated calculation of the Rate for NITS to be posted on the PJM website (www.PJM.com, or successor thereto) no later than fifteen (15) business days following the posting by PJM of the actual Network Service Peak Load for the PSE&G Zone.

- n. Formula Rate inputs for (i) rate of return on common equity; (ii) extraordinary property losses, and (iii) depreciation and/or amortizations shall be stated values to be used in the Formula Rate until changed pursuant to an FPA Section 205 or 206 proceeding. PSE&G may make a limited Section 205 filing to change its amortization/depreciation rates or add new amortization/depreciation rates, and extraordinary property losses, in which the sole issue for examination in any such limited Section 205 filing shall be whether such proposed changes are just and reasonable, and shall not include other aspects of the formula rate.

#### Construction Work in Progress

- a. *Accounting.* PSE&G shall use the following accounting procedures for CWIP-transmission projects as authorized by the Commission to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) to the extent that it has been authorized by a Commission order to include 100 percent of Construction Work in Progress (“CWIP”) in transmission rate base.
  - (i) PSE&G shall assign each authorized incentive transmission project a unique Funding Project Number (“FPN”) for internal cost tracking purposes.
  - (ii) PSE&G shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each incentive transmission project. Such work orders shall be segregated from work orders for non-incentive transmission projects for which the Commission has not authorized PSE&G to include any portion of CWIP in rate base.
  - (iii) For each incentive transmission project, PSE&G shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in PSE&G’s FERC Form 1. PSE&G shall use these summaries as data inputs into the Annual Update calculated on Attachment 6A of the Formula Rate. PSE&G shall make such work order summaries available upon request under the review procedures of Section 3.
  - (iv) When an incentive transmission project, or portion thereof, is placed into service, PSE&G shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The

purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.

- (v) For non-incentive transmission projects, PSE&G shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.
  - (vi) PSE&G shall cease to accrue (or not accrue at all) AFUDC on the portion of transmission project CWIP included in rate base.
- b. *Annual Reporting.* For each incentive project listed on Attachment 7 of the Formula Rate for which the Commission has authorized PSE&G to include any portion of CWIP in transmission rate base, PSE&G shall file a report with the Commission at the time of PSE&G's Publication Date that shall include the following information concerning each such project:
- (i) the actual amount of CWIP recorded for each project;
  - (ii) any amounts recorded in related FERC accounts or subaccounts, such as AFUDC and regulatory liability;
  - (iii) the resulting effect on the CWIP revenue requirement;
  - (iv) a statement of the current status of each project; and
  - (v) the estimated in-service date for each project.

## **Section 2 Annual Review Procedures**

Each True-Up Adjustment and/or Accounting Change shall be subject to the following review procedures ("Annual Review Procedures"):

- a. Interested Parties shall have up to one hundred fifty (150) days after each annual Publication Date (unless such period is extended with the written consent of PSE&G with such consent not to be unreasonably withheld) to serve reasonable information requests on PSE&G ("Review Period"); provided, however, that Interested Parties shall make a good faith effort to submit consolidated sets of information requests that limit the number and overlap of questions to the maximum extent practicable. Such information requests shall be limited to what is necessary to determine if PSE&G has properly calculated the True-Up Adjustment and its components and the procedures in this Attachment H-10B, and shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable.
- b. PSE&G shall make a good faith effort to respond to information requests pertaining to the True-Up Adjustments or Accounting Changes within fifteen (15) business days of receipt of such requests. PSE&G may give reasonable priority to

responding to requests that satisfy the practicable coordination and consolidation provision of Section 3.a above.

- c. If PSE&G and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these Annual Review Procedures, PSE&G or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with the Annual Review Procedures and consistent with FERC's discovery rules.
- d. Interested Parties shall have until December 31 (or 21 days after the production of information as a result of the resolution of a discovery dispute under Section 3.c) to notify PSE&G in writing of any specific challenges, including challenges related to the rate treatment of Accounting Changes, to the application of the Formula Rate ("Preliminary Challenge"). The time period for Interested Parties to raise Preliminary Challenges is the "Preliminary Challenge Period."
- e. Preliminary or Formal Challenges (as defined under Section 4.a, below) are not intended to serve as a means of pursuing other objections to the Formula Rate.
- f. Preliminary or Formal Challenges related to Accounting Changes shall be subject to the resolution procedures and limitations in Section 4, except that Section 4.d shall not apply. In any proceeding initiated to address a Preliminary or Formal Challenge or *sua sponte* by the FERC, a party or parties (other than PSE&G) seeking to modify the Formula Rate in any respect shall bear the burden of proving that the Formula Rate is no longer just and reasonable without such modification and that the proposed modification is just, reasonable and consistent with the original intent of the Formula Rate and the procedures in this Attachment H-10B; provided, however, that in any such proceeding, in determining whether the Formula Rate is no longer just and reasonable without modification to an Accounting Change and whether the proposed modification is just and reasonable, no offsets unrelated to the applicable Accounting Changes may be considered.

### **Section 3      Resolution of Challenges**

- a. If PSE&G and any Interested Party(ies) have not resolved any Preliminary Challenge to the True-Up Adjustment or Accounting Change within the Preliminary Challenge Period, an Interested Party shall have an additional twenty-one (21) days (unless such period is extended with the written consent of PSE&G to continue efforts to resolve the Preliminary Challenge, which consent shall not be unreasonably withheld) to file a complaint with the FERC, pursuant to 18 C.F.R. § 385.206 ("Formal Challenge"), which shall be served on PSE&G by electronic service on the date of such filing. However, there shall be no need to make a Formal Challenge or to await conclusion of the Preliminary Challenge Period if the FERC already has initiated a proceeding to consider the True-Up Adjustment or Accounting Changes.

- b. If PSE&G and an Interested Party agree upon a resolution to a Preliminary Challenge to that year's True-Up Adjustment or Accounting Change by November 30, such resolution shall be reflected in the next Annual Update as provided in Section 1.f. Otherwise, any resolution to a Preliminary Challenge, or a Formal Challenge, if applicable, shall be reflected in the first Annual Update following resolution of the challenge, with interest.
- c. Any response by PSE&G to a Formal Challenge must be submitted to the FERC within thirty (30) days of the date of the filing of the Formal Challenge, unless such time period is extended by the mutual agreement of PSE&G and the Interested Party filing a Formal Challenge or by FERC, and shall be served on the filing party(ies) by electronic service on the date of such filing.
- d. Except as provided in Section 3.e, in any proceeding initiated in response to a Formal Challenge and in any proceeding initiated by the FERC concerning the current year's True-Up Adjustment or Accounting Change, PSE&G shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, the applicable procedures in these Formula Rate Implementation Protocols, in that year's True-Up Adjustment, and to demonstrate the justness and reasonableness of the charges resulting from the application of the formula rate.
- e. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of PSE&G to file unilaterally, pursuant to FPA Section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any other party to request such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder.
- f. Subject to Section 3.e above, it is recognized that resolution of Formal Challenges concerning Accounting Changes may necessitate adjustments to the Formula Rate input data for the applicable True-Up Adjustment or changes to the rate formula to achieve a just and reasonable end result consistent with the intent of the Formula Rate. Such adjustments shall be reflected in the next Annual Update after resolution of the Formal Challenge to an Accounting Change.

#### **Section 4      Changes to Annual Informational Filings**

Any changes to the data inputs, including but not limited to revisions to PSE&G's FERC Form 1, or as the result of any FERC proceeding to consider the True-Up Adjustment or Accounting Change, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the Annual Update for the next effective Rate Period. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made in the event that the Formula Rate is replaced by a stated rate by PSE&G.

## **APPENDIX B**

### **Marked Versions of PSE&G's Revised Formula Rate and Protocols**

Public Service Electric and Gas Company  
ATTACHMENT H-10A

Formula Rate -- Appendix A  
Shaded cells are input cells

Notes FERC Form 1 Page # or Instruction

12 Months  
Ended  
12/31/XXXX

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>				
1	Transmission Wages Expense	(Note O)	Attachment 5	0
2	Total Wages Expense	(Note O)	Attachment 5	0
3	Less A&G Wages Expense	(Note O)	Attachment 5	0
4	Total Wages Less A&G Wages Expense		(Line 2 - Line 3)	0
5	<b>Wages &amp; Salary Allocator</b>		(Line 1 / Line 4)	<b>0.0000%</b>
<b>Plant Allocation Factors</b>				
6	Electric Plant in Service	(Note B)	Attachment 5	0
7	Common Plant in Service - Electric		(Line 2+7)	0
8	Total Plant in Service		(Line 6 + 7)	0
9	Accumulated Depreciation (Total Electric Plant)	(Note B & J)	Attachment 5	0
10	Accumulated Intangible Amortization - Electric	(Note B)	Attachment 5	0
11	Accumulated Common Plant Depreciation - Electric	(Note B & J)	Attachment 5	0
12	Accumulated Common Amortization - Electric	(Note B)	Attachment 5	0
13	Total Accumulated Depreciation		(Line 9 + Line 10 + Line 11 + Line 12)	0
14	Net Plant		(Line 8 - Line 13)	0
15	Transmission Gross Plant		(Line 3+6)	0
16	<b>Gross Plant Allocator</b>		(Line 15 / Line 8)	<b>0.0000%</b>
17	Transmission Net Plant		(Line 4+8)	0
18	<b>Net Plant Allocator</b>		(Line 17 / Line 14)	<b>0.0000%</b>
<b>O&amp;M Allocation Factor</b>				
19	Transmission O&M Expense	(Note O)	(Line 68)	0
20	Distribution O&M Expense	(Note O)	Attachment 5	0
21	Total Distribution and Transmission O&M Expense		(Line 19 + 20)	0
22	<b>Transmission O&amp;M Allocator</b>		(Line 19 / Line 21)	<b>0.0000%</b>
23	<b>Multi-Factor A&amp;G Expense Allocator</b>		((Line 5 + Line 16 + Line 22) / 3)	<b>0.0000%</b>

**Plant Calculations**

<b>Plant In Service</b>				
19	Transmission Plant In Service	(Note B)	Attachment 5	0
23	General	(Note B)	Attachment 5	0
26	Intangible - Electric	(Note B)	Attachment 5	0
27	Common Plant - Electric	(Note B)	Attachment 5	0
28	Total General, Intangible & Common Plant		(Line 23+26 + Line 2+6 + Line 2+7)	0
29	Less: General Plant Account 397 -- Communications	(Note B)	Attachment 5	0
30	Less: Common Plant Account 397 -- Communications	(Note B)	Attachment 5	0
31	General and Intangible Excluding Acct. 397		(Line 23+26 - Line 24+9 - Line 25+30)	0
32	Wage & Salary Allocator		(Line 5)	0.0000%
33	General and Intangible Plant Allocated to Transmission		(Line 26+31 * Line 27+32)	0
34	Account No. 397 Directly Assigned to Transmission	(Note B)	Attachment 5	0
35	<b>Total General and Intangible Functionalized to Transmission</b>		(Line 28+33 + Line 29+34)	<b>0</b>
36	<b>Total Plant In Rate Base</b>		(Line 49+24 + Line 39+5)	<b>0</b>
<b>Accumulated Depreciation</b>				
37	Transmission Accumulated Depreciation	(Note B & J)	Attachment 5	0
38	Accumulated General Depreciation	(Note B & J)	Attachment 5	0
39	Accumulated Common Plant Depreciation & Amortization - Electric	(Note B & J)	Attachment 5	0
40	Less: Amount of General Depreciation Associated with Acct. 397	(Note B & J)	Attachment 5	0
41	Balance of Accumulated General Depreciation		(Line 33+9 + Line 34+9 - Line 35+40)	0
42	Accumulated Intangible Amortization - Electric	(Note B)	(Line 10)	0
43	Accumulated General and Intangible Depreciation Ex. Acct. 397		(Line 36+41 + 37+42)	0
44	Wage & Salary Allocator		(Line 5)	0.0000%
45	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission		(Line 38-43 * Line 39+44)	0
46	Accumulated General Depreciation Associated with Acct. 397 Directly Assigned to Transmission	(Note B & J)	Attachment 5	0
47	<b>Total Accumulated Depreciation</b>		(Lines 37+2 + 40+5 + 4+16)	<b>0</b>
48	<b>Total Net Property, Plant &amp; Equipment</b>		(Line 3+16 - Line 42+7)	<b>0</b>

Public Service Electric and Gas Company  
ATTACHMENT H-10A

12 Months  
Ended  
12/31/XXX  
X

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**Adjustment To Rate Base**

449	Accumulated Deferred Income Taxes ADIT net of FASB 106 and 109	(Note Q)	Attachment 1	0
<b>Regulatory Assets and Liabilities</b>				
44a5 0	Deficient Deferred Taxes Regulatory Asset (Account 182.3)	enter positive	(Note V)	0
44b5 1	Excess Deferred Taxes Regulatory Liability (Account 254)	enter negative	(Note V)	0
44e52	<b>Deficient/Excess Deferred Taxes Regulatory Assets and Liabilities Allocated to Transmission</b>		(Line 44a50 + 44b51)	0
<b>CWIP for Incentive Transmission Projects</b>				
4553	CWIP Balances for Current Rate Year	(Note B & H)	Attachment 6	0
<b>Abandoned Transmission Projects</b>				
45a5 4	Unamortized Abandoned Transmission Projects	(Note R)	Attachment 5	0
<b>Plant Held for Future Use</b>				
5546		(Note C & Q)	Attachment 5	0
<b>Prepayments</b>				
4756	Prepayments	(Note A & Q)	Attachment 5	0
<b>Materials and Supplies</b>				
4857	Undistributed Stores Expense	(Note Q)	Attachment 5	0
4958	Wage & Salary Allocator		(Line 5)	0.0000%
5059	Total Undistributed Stores Expense Allocated to Transmission		(Line 5748 * Line 5849)	0
5160	Transmission Materials & Supplies	(Note N & Q)	Attachment 5	0
5261	<b>Total Materials &amp; Supplies Allocated to Transmission</b>		(Line 599 + Line 6064)	0
<b>Cash Working Capital Unfunded Reserves</b>				
5362	Operation & Maintenance Expense Unfunded Reserves	(Note A & Q)	(Line 80) Attachment 5	00
54	1/8th Rule		-1/8	-12.5%
55	<b>Total Cash Working Capital Allocated to Transmission</b>		(Line 53 * Line 54)	0
<b>Network Credits</b>				
5663	Outstanding Network Credits	(Note N & Q)	Attachment 5	0
5764	<b>Total Adjustment to Rate Base</b>		(Lines 449 + 5244e + 5345 + 5445a + 5546 + 5647 + 6261 + 5662 - 5663)	00
5865	<b>Rate Base</b>		(Line 438 + Line 5764)	0

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**Operations & Maintenance Expense**

<b>Transmission O&amp;M</b>				
6966	Transmission O&M	(Note O)	Attachment 5	0
670	- Plus Transmission Lease Payments Less: Transmission of Electricity by Others Account 565	(Note O)	Attachment 5	0
684	<b>Transmission O&amp;M</b>		(Lines 6966 + 670)	00
<b>Allocated Administrative &amp; General Expenses</b>				
692	Total A&G	(Note O)	Attachment 5	0
6370	Plus: Actual PBOP expense	(Note J)	Attachment 5	0
6471	Less: Actual PBOP expense	(Note O)	Attachment 5	0
6572	Less Property Insurance Account 924	(Note O)	Attachment 5	0
6673	Less Regulatory Commission Exp Account 928	(Note E & O)	Attachment 5	0
6774	Less General Advertising Exp Account 930.1	(Note O)	Attachment 5	0
6875	Less EPRI Dues	(Note D & O)	Attachment 5	0
6976	<b>Administrative &amp; General Expenses</b>		Sum (Lines 692 to 6370) - Sum (Lines 6471 to 6875)	0
707	Wage & Salary Allocator/Multi-Factor A&G Expense Allocator		(Line 523)	0.0000% 0.0
781	<b>Administrative &amp; General Expenses Allocated to Transmission</b>		(Line 6976 * Line 707)	0
<b>Directly Assigned A&amp;G</b>				
729	Regulatory Commission Exp Account 928	(Note G & O)	Attachment 5	0
8073	General Advertising Exp Account 930.1	(Note K & O)	Attachment 5	0
8174	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 729 + Line 7380)	0
7682	Property Insurance Account 924		(Line 6572)	0
7683	General Advertising Exp Account 930.1	(Note F & O)	Attachment 5	0
7784	Total Accounts 928 and 930.1 - General		(Line 7682 + Line 7683)	0
7885	Net Plant Allocator		(Line 18)	0.0000%
7986	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 7784 * Line 7885)	0
879	<b>Total Transmission O&amp;M</b>		(Lines 618 + 718 + 7481 + 7986)	0

Public Service Electric and Gas Company

ATTACHMENT H-10A

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Formula Rate -- Appendix A

Notes

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**Depreciation & Amortization Expense**

Depreciation Expense				
831	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	0
831a	Amortization of Abandoned Plant Projects	(Note R)	Attachment 5	0
9092	General Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	0
9183	Less: Amount of General Depreciation Expense Associated with Acct. 397	(Note J & O)	Attachment 5	0
9284	Balance of General Depreciation Expense		(Line 82-90 - Line 8391)	0
9385	Intangible Amortization	(Note A & O)	Attachment 5	0
9486	Total		(Line 8492 + Line 8593)	0
9587	Wage & Salary Allocator		(Line 5)	0.0000%
9688	General Depreciation & Intangible Amortization Allocated to Transmission		(Line 8694 * Line 8795)	0
9789	General Depreciation Expense for Acct. 397 Directly Assigned to Transmission	(Note J & O)	Attachment 5	0
980	General Depreciation and Intangible Amortization Functionalized to Transmission		(Line 8896 + Line 8997)	0
991	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Lines 818 + 81a9 + 998)</b>	<b>0</b>

**Taxes Other than Income Taxes**

92100	Taxes Other than Income Taxes	(Note O)	Attachment 2	0
93101	<b>Total Taxes Other than Income Taxes</b>		(Line 92100)	<b>0</b>

**Return \ Capitalization Calculations**

94102	Long Term Interest		p117.62.c through 67.c	0
10395	Preferred Dividends	enter positive	p118.29.d	0
<b>Common Stock</b>				
10496	Proprietary Capital	(Note P)	Attachment 5	0
10597	-Less Accumulated Other Comprehensive Income Account 219	(Note P)	Attachment 5	0
10698	-Less Preferred Stock		(Line 10614)	0
10799	-Less Account 216.1	(Note P)	Attachment 5	0
1080	<b>Common Stock</b>		(Line 96104 -- 97-105 - 98106 -- 99 107)	<b>0</b>
<b>Capitalization</b>				
1091	Long Term Debt	(Note P)	Attachment 5	0
11092	Less Loss on Reacquired Debt	(Note P)	Attachment 5	0
11193	Plus Gain on Reacquired Debt	(Note P)	Attachment 5	0
11204	Less ADIT associated with Gain or Loss	(Note P)	Attachment 5	0
11395	Total Long Term Debt		(Line 1091 - 109210 + 10911 - 10412)	0
11496	Preferred Stock	(Note P)	Attachment 5	0
11597	Common Stock		(Line 1080)	0
11698	<b>Total Capitalization</b>		(Sum Lines 10513 to 10715)	<b>0</b>
11799	Debt %	Total Long Term Debt	(Line 10513 / (Line 1081609 + 114 + 115))	0.0000%
1180	Preferred %	Preferred Stock	(Line 10614 / (Line 109 + 114 + 115)9816)	0.0000%
1191	Common %	Common Stock	(Line 10715 / (Line 1081609 + 114 + 115))	0.0000%
12012	Debt Cost	Total Long Term Debt	(Line 10294 / Line 10513)	0.0000
12113	Preferred Cost	Preferred Stock	(Line 96103 / Line 10614)	0.0000
12214	Common Cost	Common Stock	(Note J) Fixed	0.10401468
12315	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 10917 * Line 14220)	0.0000
12416	Weighted Cost of Preferred	Preferred Stock	(Line 1198 * Line 14321)	0.0000
12517	Weighted Cost of Common	Common Stock	(Line 1149 * Line 14422)	0.0000
12618	<b>Rate of Return on Rate Base ( ROR )</b>		(Sum Lines 14523 to 14725)	<b>0.0000</b>
12719	<b>Investment Return = Rate Base * Rate of Return</b>		(Line 8865 * Line 11826)	<b>0</b>

Public Service Electric and Gas Company

ATTACHMENT H-10A

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Composite Income Taxes

Income Tax Rates				
1298	FIT=Federal Income Tax Rate	(Note I)		0.00%
1294	SIT=State Income Tax Rate or Composite	(Note I)	Attachment 5	0.00%
1302	p (percent of federal income tax deductible for state purposes)		Per State Tax Code	0.00%
1293	T			0.00%
1322	T / (1-T)			0.00%
ITC Adjustment				
1332	Amortized Investment Tax Credit	(Note O)	Attachment 5	00
1342	1/(1-T)		1 / (1 - Line 12931)	1.00000100.00%
1352	Net Plant Allocation Factor		(Line 18)	0.0000%
1362	ITC Adjustment Allocated to Transmission		(Line 12633 * Line 12634 * Line 12735)	0
State and Local Tax Credits				
137	State and Local Tax Credits	(Note O)	Attachment 5	0
138	1/(1-T)		1 / (1 - Line 131)	100.00%
139	State and Local Tax Credit Adjustment		(Line 137 * Line 138)	0
Deficient/Excess Deferred Taxes Amortization				
140	Amortized Deficient Deferred Taxes (Account 410.1)	(Note S & V)		0
141	Amortized Excess Deferred Taxes (Account 411.1)	(Note T & V)		0
1428e1	Total		(Line 14028a + Line 14128b)	0
1434	1/(1-T)		1 / (1 - Line 13123)	100.00%1.00000
1444	Deficient/Excess Deferred Taxes Allocated to Transmission		(Line 14228e * Line 14328e)	0
AFUDC Equity Permanent Difference				
1452	Tax Effect of AFUDC Equity Permanent Difference	(Note U)		0
1462	1/(1-T)		1 / (1 - Line 13123)	1.00000100.00%
1472	AFUDC Equity Permanent Difference Tax Adjustment		(Line 14528f * Line 14628g)	0
1482	Income Tax Component =		(Line 12432 * Line 14927 * (1 - (Line 14523 / Line	0
1493	Total Income Taxes		(Lines 13628 + 13928e + 128h44 + 12947 +	-8

Revenue Requirement

Summary				
1503	Net Property, Plant & Equipment		(Line 4348)	0
1513	Total Adjustment to Rate Base		(Line 6457)	0
1523	Rate Base		(Line 6558)	0
1533	Total Transmission O&M		(Line 870)	0
1543	Total Transmission Depreciation & Amortization		(Line 934)	0
1553	Taxes Other than Income		(Line 10199)	0
1563	Investment Return		(Line 12749)	0
1573	Income Taxes		(Line 14934)	0
1583	Gross Revenue Requirement		(Sum Lines 13453 to 13857)	0
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities				
1594	Transmission Plant In Service		(Line 4924)	0
1604	Excluded Transmission Facilities	(Note B & M)	Attachment 5	00
1614	Included Transmission Facilities		(Line 14959 - Line 14180)	0
1624	Inclusion Ratio		(Line 16142 / Line 14959)	0.00%
1634	Gross Revenue Requirement		(Line 15839)	0
1644	Adjusted Gross Revenue Requirement		(Line 16243 * Line 14463)	0
Revenue Credits & Interest on Network Credits				
1654	Revenue Credits	(Note O)	Attachment 3	
1664	Interest on Network Credits	(Note N & O)	Attachment 5	
1674	Net Revenue Requirement		(Line 14564 - Line 14665 + Line 14766)	0
Net Plant Carrying Charge				
1684	Gross Revenue Requirement		(Line 14458)	-
1691	Net Transmission Plant, CWIP and Abandoned Plant		(Line 4924 - Line 327 + Line 4553 + Line	-
1705	Net Plant Carrying Charge		(Line 16849 / Line 16950)	0.0000%
1715	Net Plant Carrying Charge without Depreciation		(Line 16849 - Line 834) / Line 15069	0.0000%
1725	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 16849 - Line 834 - Line 12749 - Line 13049) /	0.0000%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE				
1735	Gross Revenue Requirement Less Return and Taxes		(Line 14458 - Line 15637 - Line 13857)	-
1745	Increased Return and Taxes		Attachment 4	-
1755	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 17354 + Line 15674)	-
1765	Net Transmission Plant, CWIP and Abandoned Plant		(Line 2419 - Line 372 + Line 5345 + Line	-
1775	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 17556 / Line 17657)	0.0000%
1785	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 17556 - Line 834) / Line 17657	0.0000%
1796	Net Revenue Requirement		(Line 14867)	
1806	True-up amount		Attachment 6	-
1816	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects not paid by other PJM transmission zones		Attachment 7	-
1826	Facility Credits under Section 30.9 of the PJM OATT		Attachment 5	-
1836	Net Zonal Revenue Requirement		(Line 17960 + 18064 + 18162 + 18263)	-
Network Zonal Service Rate				
1846	1 CP Peak		Attachment 5	
1856	Rate (\$/MW-Year)	(Note L)	(Line 18483 / 18465)	
1866	Network Service Rate (\$/MW/Year)		(Line 16685)	0.00

#### Notes

- A Electric portion only
- B Calculated using 13-month average balances. [Beginning year balances are from FERC Form 1.](#)
- C Includes Transmission portion only. At each annual informational filing, Company will identify for each parcel of land an intended use within a 15 year period.
- D Includes all EPRI Annual Membership Dues
- E Includes all Regulatory Commission Expenses
- F Includes Safety related advertising included in Account 930.1
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in [FERC Form 1](#) at 351.h.
- H CWIP can only be included if authorized by the Commission.
- I The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes.
- J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC.
- PBOP expense shall be based upon the Company's Actual Annual PBOP Expense until changed by a filing at FERC.
- The actual Annual PBOP Expense to be included in the Formula Rate Annual Update that is required to be filed on or before October 15 of each year shall be based upon the Actual Annual PBOP Expense as charged to FERC Account 926 on behalf of electric employees for PBOP and as included by the Company in its most recent True-Up Adjustment filing.
- PSEG will provide, in connection with each annual True-Up Adjustment filing, a confidential copy of relevant pages from annual actuarial valuation report supporting the derivation of the Actual Annual PBOP Expense as charged to FERC Account 926 on behalf of electric employees.
- Depreciation rates shown in Attachment 8 are fixed until changed as the result of a filing at FERC.
- If book depreciation rates are different than the Attachment 8 rates, PSE&G will provide workpapers at the annual update to reconcile formula depreciation expense and depreciation accruals to FERC Form 1 amounts.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line [1647g](#).
- O Expenses reflect full year plan
- P The projected capital structure shall reflect the capital structure from the FERC Form 1 data. For all other formula rate calculations, the projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form 1 data available.
- Calculated using the average of the prior year and current year balances.
- Q Calculated using beginning and year end projected balances.
- R Unamortized Abandoned Plant and Amortization of Abandoned Plant may only be included pursuant to a Commission Order authorizing such inclusion.
- S Includes the amortization of any deficient deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority
- Deficient deferred income taxes will increase tax expense by the amount of the deficiency multiplied by (1/1-T) (Line [128e44](#)).
- T Includes the amortization of any excess deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority.
- Excess deferred income taxes will decrease tax expense by the amount of the excess multiplied by (1/1-T) (Line [14428e](#)).
- U Includes the annual income tax cost or benefits due to the AFUDC Equity permanent difference. (1/1-T) multiplied by the amount of AFUDC Equity permanent difference included in Line [128f45](#) and will increase or decrease tax expense by the amount of the expense or benefit included on Line [14528f](#) multiplied by (1/1-T) (Line [14728h](#)).
- V Unamortized Excess/Deficient Deferred Tax Regulatory Liabilities/Assets and the Amortization of those Regulatory Liabilities/Assets arising from future tax changes may only be included pursuant to Commission approval authorizing such inclusion.

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Current Year

	Only				Total ADIT	
	Transmission Related	Plant Related	Labor Related	A&G Expense Related		
ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	From Acct. 282 (Not Subject to Proration) total, below
ADIT-283	0	0	0	0	0	From Acct. 283 total, below
ADIT-190	0	0	0	0	0	From Acct. 190 total, below
Subtotal	0	0	0	0	0	
Wages & Salary Allocator			0.0000%			
Net Plant Allocator		0.0000%				
Multi-Factor A&G Expense Allocator				0.0000%		
End of Year ADIT	0	0	0	0	0	
End of Previous Year ADIT (from Sheet 1A-ADIT)	0	0	0	0	0	
Average Beginning and End of Year ADIT	0	0	0	0	0	
ADIT - 282 (Subject to Proration)	0	0	0	0	0	From Acct. 282 (Subject to Proration) total, below
Total Accumulated Deferred Income Taxes					0	Appendix A, Line 49

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 10812

0 < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns BC-FG and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	G	GH
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
ADIT-190							
Subtotal - p234	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Current Year

A	B	C	D	E	F	G	GH
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
<i>ADIT- 282 (Not Subject to Proration)</i>							
Subtotal - ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	

A	B	C	D	E	F	G	HG
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
<i>ADIT- 282 (Subject to Proration)</i>							
Subtotal - ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	

Instructions for Account 282:

- ADIT items subject to the IRS's proration methodology shall be included in the ADIT- 282 (Subject to Proration) section in order to avoid the two-step averaging of prorated ADIT balances
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F

6. ADIT Items related to A&G Expenses and not in Columns C & D are included in Column G

67. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet- December 31 of the Current Year

A	B	C	D	E	F	G	HG
	Total	Gas, Prod or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
ADIT-283							
Subtotal - p277	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G

65. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Previous Year

	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Total ADIT	
ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	From Acct. 282 (Not Subject to Proration) total, below
ADIT-283	0	0	0	0	0	From Acct. 283 total, below
ADIT-190	0	0	0	0	0	From Acct. 190 total, below
Subtotal	0	0	0	0	0	
Wages & Salary Allocator			0.0000%			
Net Plant Allocator						
Multi-Factor A&G Expense Allocator				0.0000%		
End of Year ADIT	0	0	0	0	00	-Sum Cols. C, D, E; Enter as negative Appendix A, line 42.

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 408112

0 < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns BC-FG and each separate ADIT item will be listed,

dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	G	HG
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
ADIT-190							
Subtotal - p234	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G

65. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Previous Year

A	B	C	D	E	F	G	H
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
<i>ADIT- 282 (Not Subject to Proration)</i>							
Subtotal - ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Not Subject to Proration)	0	0	0	0	0	0	

A	B	C	D	E	F	G	H
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	A&G Expense Related	Justification
<i>ADIT- 282 (Subject to Proration)</i>							
Subtotal - ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total ADIT- 282 (Subject to Proration)	0	0	0	0	0	0	

Instructions for Account 282:

- ADIT items subject to the IRS's proration methodology shall be included in the ADIT- 282 (Subject to Proration) section in order to avoid the two-step averaging of prorated ADIT balances
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- ADIT items related to A&G Expenses and not in Columns C & D are included in Column G
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31 of the Previous Year

A	B	C	D	E	F	G	H
ADIT- 283	<i>Total</i>	<i>Gas, Prod or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>A&amp;G Expense Related</i>	<i>Justification</i>
Subtotal - p277	0	0	0	0	0	0	
Less FASB 109 Above if not separately removed							
Less FASB 106 Above if not separately removed							
Total	0	0	0	0	0	0	

Instructions for Account 283:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to labor and not in Columns C & D are included in Column F

[5. ADIT items related to A&G Expenses and not in Columns C & D are included in Column G](#)

[65.](#) Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Public Service Electric and Gas Company  
 ATTACHMENT H-10A  
 Attachment 2 - Taxes Other Than Income Worksheet

Page 263

Allocated

Other Taxes	Col (i)	Allocator	Amount
<b>Plant Related</b>			
1 Real Estate	0		Attachment #5
2 <b>Total Plant Related</b>	0	N/A	0 Attachment 5
<b>Labor Related</b>			
<b>Wages &amp; Salary Allocator</b>			
3 FICA			
4 Federal Unemployment Tax			
5 New Jersey Unemployment Tax			
6 New Jersey Workforce Development			
7			
8 <b>Total Labor Related</b>	0	0.0000%	0
<b>Other Included</b>			
<b>Net Plant Allocator</b>			
9			
10			
11			
12			
13 <b>Total Other Included</b>	0	0.0000%	0
14 <b>Total Included (Lines 28 + 148 + 193)</b>	<b>0</b>		<b>0</b>
<b>Currently Excluded</b>			
15 Corporate Business Tax			
16 TEFA			
17 Use & Sales Tax			
18 Local Franchise Tax			
19 PA Corporate Income Tax			
20 Municipal Utility			
21 Public Utility Fund			
22 <b>Subtotal, Excluded</b>	0		
23 <b>Total, Included and Excluded (Line 2014 + Line 282)</b>	0		
24 <b>Total Other Taxes from p114.14.g - Plan Actual</b>			
25 Difference (Line 239 - Line 3924)	-		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail they shall not be included. Real Estate taxes are directly assigned to Transmission.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Net Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 3 - Revenue Credit Workpaper**

[Page #'s & Instructions](#)

<b>Accounts 450 &amp; 451</b>			
1	Late Payment Penalties Allocated to Transmission		<a href="#">Company Records</a>
<b>Account 454 - Rent from Electric Property</b>			
2	Rent from Electric Property - Transmission Related (Note 2)		<a href="#">Company Records</a>
<b>Account 456 - Other Electric Revenues</b>			
3	Transmission for Others		<a href="#">Company Records</a>
4	Schedule 1A		<a href="#">Company Records</a>
5	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner)		<a href="#">Company Records</a>
6	Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner		<a href="#">Company Records</a>
7	Professional Services (Note 2)		<a href="#">Company Records</a>
8	Revenues from Directly Assigned Transmission Facility Charges (Note 1)		<a href="#">Company Records</a>
9	Rent or Attachment Fees associated with Transmission Facilities (Note 2)		<a href="#">Company Records</a>
10	Gross Revenue Credits	(Sum Lines 1-9)	-
11	Less line 18	- line 18	-
12	Total Revenue Credits	line 10 + line 11	-
13	Revenues associated with lines 2, 7, and 9 (Note 2)		-
14	Income Taxes associated with revenues in line 13		-
15	One half margin (line 13 - line 14)/2		-
16	All expenses (other than income taxes) associated with revenues in line 13 that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.		-
17	Line 15 plus line 16		-
18	Line 13 less line 17		-

Note 1 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.

Note 2 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). PSE&G will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 13-18, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 4 - Calculation of 100 Basis Point Increase in ROE

Return and Taxes with 100 Basis Point increase in ROE

A	100 Basis Point increase in ROE and Income Taxes	Line 27 + Line 5042 from below	#DIV/0!
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

		Appendix A Line or Source Reference	
1	Rate Base	(Line 438 + Line 5754)	0-
2	Long Term Interest	p117.62.c through 67.c	0-
3	Preferred Dividends	enter positive p118.29.d	0
<b>Common Stock</b>			
4	Proprietary Capital	Attachment 5	0
5	Less: Accumulated Other Comprehensive Income Account 219	p112.15.c	0
6	Less: Preferred Stock	(Line 10614)	0
7	Less: Account 216.1	Attachment 5	0
8	Common Stock	(Line 96104 - 97 105 - 98 106 - 99 107)	0
<b>Capitalization</b>			
9	Long Term Debt	Attachment 5	0
10	Less: Loss on Reacquired Debt	Attachment 5	0
11	Plus: Gain on Reacquired Debt	Attachment 5	0
12	Less: ADIT associated with Gain or Loss	Attachment 5	0
13	Total Long Term Debt	(Line 1049 - 10210 + 10311 - 10412)	0
14	Preferred Stock	Attachment 5	0
15	Common Stock	(Line 1058)	0
16	Total Capitalization	(Sum Lines 10613 to 10715)	0
17	Debt %	Total Long Term Debt (Line 1094305 / (Line 109 + 114 + 115)1698)	0-00.0%
18	Preferred %	Preferred Stock (Line 11406 / (Line 109 + 114 + 115)1698)	0-00.0%
19	Common %	Common Stock (Line 11507 / (Line 109 + 114 + 115)1698)	0-00.0%
20	Debt Cost	Total Long Term Debt (Line 10294 / Line 10513)	0.0000
21	Preferred Cost	Preferred Stock (Line 10395 / Line 10614)	0.0000
22	Common Cost	Common Stock (Line 14422 + 100 basis points)	0.126814
			0
23	Weighted Cost of Debt	Total Long Term Debt (WCLTD) (Line 11709 * Line 14220)	0.0000
24	Weighted Cost of Preferred	Preferred Stock (Line 1190 * Line 14321)	0.0000
25	Weighted Cost of Common	Common Stock (Line 1194 * Line 14422)	0.0000
26	Rate of Return on Rate Base ( ROR )	(Sum Lines 14523 to 14725)	0.0000
27	Investment Return = Rate Base * Rate of Return	(Line 5865 * Line 14826)	0

**Composite Income Taxes**

<b>Income Tax Rates</b>			
28	FIT=Federal Income Tax Rate		0.00%
29	SIT=State Income Tax Rate or Composite		0.00%
30	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.00%
31	T	$T=1 - ((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p) =$	0.00%
32	CIT = T / (1-T)		0.00%
33	1 / (1-T)		100.00%
<b>ITC Adjustment</b>			
34	Amortized Investment Tax Credit	enter-negative Attachment 5	0
35	1/(1-T)	1 / (1 - Line 12331)	100.00%
36	Net Plant Allocation Factor	(Line 18)	0.0000%
37	ITC Adjustment Allocated to Transmission	(Line 12533 * Line 12634 * Line 12735)	0
<b>State and Local Tax Credits</b>			
38	State and Local Tax Credits	Attachment 5	0
39	1/(1-T)	1 / (1 - Line 131)	100.00%
40	State and Local Tax Credit Adjustment	(Line 137 * Line 138)	0
<b>Deficient/Excess Deferred Taxes Amortization</b>			
413	Amortized Deficient Deferred Taxes (Account 410.1)	(Line 14028a)	0
423	Amortized Excess Deferred Taxes (Account 411.1)	enter-negative (Line 14128b)	0
430	Total	(Line 14028a + Line 14128b)	0
444	1 / (1-T)	1 / (1 - Line 13123)	100.00%
452	Deficient/Excess Deferred Taxes Allocated to Transmission	(Line 14228e * Line 14328e)	0
<b>AFUDC Equity Permanent Difference</b>			
463	Tax Effect of AFUDC Equity Permanent Difference	(Line 14528f)	0
474	1 / (1-T)	1 / (1 - Line 12331)	100.00%
485	AFUDC Equity Permanent Difference Tax Adjustment	(Line 14528f * Line 128g45)	0
496	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	0#DIV/0!
504	Total Income Taxes	(Lines 37 + 40 + 45 + 48 + 49)	0#DIV/0!

Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 5 - Cost Support

Electric / Non-electric Cost Support				Previous Year	Current Year												Average	Non-electric
Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1 Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Form 1 Dec		
<b>Plant Allocation Factors</b>																		
6	a	Total Electric Plant in Service	(Note B) p207.104.g															
	b	Asset Retirement Cost for Transmission Plant	(Note B) p207.57.g															
	c	Asset Retirement Cost for Other Production	(Note B) p207.44.g															
	d	Asset Retirement Cost for Distribution Plant	(Note B) p207.74.g															
	e	Asset Retirement Cost for General Plant	(Note B) p207.98.g															
6		Total Electric Plant in Service (Less: Asset Retirement Costs)	(a - b - c - d - e)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7		Common Plant in Service - Electric	(Note B) p356															
9		Accumulated Depreciation (Total Electric Plant)	(Note B & J) p219.29.c															
10		Accumulated Intangible Amortization	(Note B) p200.21.c															
11		Accumulated Common Plant Depreciation - Electric	(Note B & J) p356															
12		Accumulated Common Amortization - Electric	(Note B) p356															
<b>Plant In Service</b>																		
49	f	Total Transmission Plant in Service	(Note B) p207.58.g															
	g	Asset Retirement Cost for Transmission Plant	(Note B) p207.57.g															
24		Transmission Plant in Service (Less: Asset Retirement Costs)	(f - g)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	h	Total General Plant in Service	(Note B) p205.5.g & p207.99.g															
	i	Asset Retirement Cost for General Plant	(Note B) p207.98.g															
25		General Plant in Service (Less: Asset Retirement Costs)	(h - i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
264		Intangible - Electric	(Note B) p205.5.g															
272		Common Plant in Service - Electric	(Note B) p356															
294		General Plant Account 397 -- Communications	(Note B) p207.94.g															
30295		Common Plant Account 397 -- Communications	(Note B) p356															
3429		Account No. 397 Directly Assigned to Transmission	(Note B) Company Records															
<b>Accumulated Depreciation</b>																		
372		Transmission Accumulated Depreciation	(Note B & J) p219.25.c															
383		Accumulated General Depreciation	(Note B & J) p219.28.b															
394		Accumulated Common Plant Depreciation - Electric	(Note B & J) p356															
4035		Amount of General Depreciation Associated with Acct. 397	(Note B & J) Company Records															
464		Acc. Deprec. Acct. 397 Directly Assigned to Transmission	(Note B & J) Company Records															

Wages & Salary				End of Year
Line #s	Descriptions	Notes	Page #'s & Instructions	
2	Total Wage Expense	(Note OA)	p354.28.b	-
3	Total A&G Wages Expense	(Note OA)	p354.27.b	-
1	Transmission Wages	(Note O)	p354.21.b	-

Transmission / Non-transmission Cost Support				Beginning Year	End of Year	Average Balance
Line #s	Descriptions	Notes	Page #'s & Instructions			
46	Plant Held for Future Use (Including Land)	(Note C & Q)	p214.47.d			-
55	Transmission Only					-

Prepayments				Previous Year	Electric Beginning Year	Electric End of Year Balance	Average Balance	Wage & Salary Allocator	To Line 5647
Line #s	Descriptions	Notes	Page #'s & Instructions						
5647	Prepayments	(Note A & Q)	p111.57.c				-	0.000%	-

Materials and Supplies				Beginning Year Balance	End of Year Balance	Average Balance
Line #s	Descriptions	Notes	Page #'s & Instructions			
5748	Undistributed Stores Exp	(Note -Q)	p227.16.b,c			-
6054	Transmission Materials & Supplies	(Note -N & -Q)	p227.5.b.c (footnote) & p227.8.b,c			-

Outstanding Network Credits Cost Support				Beginning Year Balance	End of Year Balance	Average Balance
Line #s	Descriptions	Notes	Page #'s & Instructions			
6356	Outstanding Network Credits	(Note N & Q)	From PJM			-

O&M Expenses

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
6659	Transmission O&M	(Note O)	p321.112.b	
670	Transmission of Electricity by QLease Payments	(Note O)	p321.96.b	
a	Distribution Expenses	(Note O)	p321.156.b	
b	Customer Accounts Expenses	(Note O)	p321.164.b	
c	Customer Service and Information Expenses	(Note O)	p321.171.b	
d	Sales Expenses	(Note O)	p321.112.b	
20	Total Distribution O&M	(Note O)	(a + b + c + d)	

Property Insurance Expenses

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
7265	Property Insurance Account 924	(Note O)	p323.185	

Adjustments to A & G Expense

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year Amount
692	Total A&G Expenses	(Note O)	p323.197.b	
7063	Actual PBOP expense	(Note J)	Company Records	
7164	Actual PBOP expense	(Note O)	Company Records	

Regulatory Expense Related to Transmission Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Transmission Related
7366	Allocated General & Common Expenses Regulatory Commission Exp Account 928	Regulatory Commission (Note E & O)	p323.189.b		
792	Directly Assigned A&G Transmission Regulatory Commission Exp Account 928	(Note G & O)	p35023.489.b		

General & Common Expenses

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	EPRI Dues End of Year
7568	EPRI Dues Less EPRI Dues	(Note D & O)	p352.353		

Safety Related Advertising Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Safety Related	Non-safety Related
8373	Directly Assigned A&G General Advertising Exp Account 930.1	General Advertising (Note K & O)	p323.191.b			

Education and Out Reach Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Education & Outreach	Other
8076	Directly Assigned A&G General Advertising Exp Account 930.1	General Advertising (Note K & O)	p323.191.b			

Depreciation Expense

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
881	Depreciation-Transmission	Depreciation (Note J & O)	p336.7.f&e	
9082	Depreciation-General & Common	Depreciation (Note J & O)	p336.10.f &	
9183	Depreciation-General Expense Associated with Acct. 397	(Note J & O)	Company Records	
9385	Depreciation-Intangible	Depreciation (Note A & O)	p336.1.d&e	
9789	Transmission Depreciation Expense for Acct. 397	(Note J & O)	Company Records	

Direct Assignment of Transmission Real Estate Taxes

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Transmission Related	Non-Transmission
10092	Real Estate Taxes – Directly Assigned to Transmission		p263.36 i			

PSE&G's real estate taxes detail is in an access database which contains a list of the towns PSE&G pays taxes to, which are billed on a quarterly basis for various parcels of property by major classification. Every parcel is associated with a Lot & Block number. These Lot & Blocks are identified to a particular type of property and are labeled. This is the breakout of transmission real estate taxes from total electric.

Return \ Capitalization

Line #s	Descriptions	Notes	Page #'s & Instructions	20XX End of Year	20XX End of Year XXX End of	Average
10496	Proprietary Capital	(Note P)	p112.16.c.d			
10597	Accumulated Other Comprehensive Income Account 219	(Note P.)	p112.15.c.d			
10799	Account 216.1	(Note P)	Attachment			
1094	Long Term Debt	(Note P.)	p112.18.c.d thru 213.c.d			
11092	Loss on Reacquired Debt	(Note P)	p111.81.c.d			
11193	Gain on Reacquired Debt	(Note P)	p113.61.c.d			
11294	ADIT associated with Gain or Loss on Reacquired Debt	(Note P)	p277.3.k (footnote)			
11406	Preferred Stock	(Note P)	p112.3.c.d			

MultiState Workpaper

Line #s	Descriptions	Notes	Page #'s & Instructions	State 1	State 2	State 3
Income Tax Rates						
1294	SIT=State Income Tax Rate or	(Note I)			NJ 0.00%	

Amortized Investment Tax Credit

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
13325	Amortized Investment Tax Credit	(Note O)	p266.8.f (footnote), enter negative	

State and Local Tax Credits

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Allocators	Transmission Related
State and Local Tax Credits						
	Labor-related	(Note O)	Tax Return, enter negative		0.00%	-
	Plant-related	(Note O)	Tax Return, enter negative		0.00%	-
	Transmission-related	(Note O)	Tax Return, enter negative		100.00%	-
137	Total					-

Excluded Transmission Facilities

Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Form 1 Dec	Average
16044	Excluded Transmission Facilities	(Note B & M)															

Interest on Outstanding Network Credits Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
16647	Interest on Network Credits	(Note N & O)		

Facility Credits under Section 30.9 of the PJM OATT

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
Revenue Requirement				
18263	Facility Credits under Section 30.9 of the PJM OATT			

PJM Load Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	1 CP Peak
18465	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	Enter

Abandoned Transmission Projects

Line #s	Descriptions	Notes	Page #'s & Instructions	BRH Project VX	Project XY	Project YZ
Attachm	a Beginning Balance of Unamortized Transmission Projects		Per FERC Order	\$		
84	b <del>Years remaining in Amortization Period</del> Amortization Period		Per FERC Order			
	c Monthly Amortization		(line a / line b)	\$	\$	\$
89	d Months in Year to be Amortized		(line a - line e)	\$	\$	\$
	e Amortization in Rate Year	(Note)	(c * d) / (line a + 1)	\$	\$	\$
54 Attach	fg Beginning of Year Balance of Unamortized Transmission		(Appendix A line 137 + line 138)			
	gh End of Year Balance of Unamortized Transmission Plant Rate		(Appendix A line 58)			
	hi Average Balance of Unamortized Abandoned Transmission Plant	(Note R)	(f + g) / 2			
Docket Number ER12-2274 authorized \$3,500,000 amortization over one year recovery of BRH Abandoned Transmission				ER12-2274		

Unfunded Reserves

Line #s	List of all reserves:	BOY Balance	EOY Balance	Average Balance	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter zero (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by the transmission formula customers	Allocation	Amount Allocated
	(a)	(b)	(c)	(d)	(de)	(fe)	(gf)	(h)(g) = (b * e * d * e * f)	(i) = (d * e * f * x * g * x h)
				0					0
				0					0
				0					0
				0					0
62	Total	0	0	0					0
	Notes: The Formula Rate shall include a credit to rate base for all unfunded reserves (funds collected from customer that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account). The allocator in Col. (fh) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Since reserves can be created by an offsetting balance sheet account, rather than cost accruals, the amount to be deducted from rate base should exclude the portion offset by another balance sheet account.  Unfunded Reserve amounts in Col. (b) and (c) are to be entered as a negative.								

Docket Numbers authorizing amount and period for recovery of Abandoned Transmission Project:  
BRH Project Docket No. ER12-2274-000 Authorizing \$3,500,000 with a one-year recovery period.

**Public Service Electric and Gas Company  
ATTACHMENT H-10A**

**Attachment 6 – True-up Adjustment for Network Integration Transmission Service**

The True-Up Adjustment component of the Formula Rate for each Rate Year beginning with 2010 shall be determined as follows:

- (i) Beginning with 2009, no later than June 15 of each year PSE&G shall recalculate an adjusted Annual Transmission Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies;<sup>2</sup>
- (ii) PSE&G shall determine the difference between the recalculated Annual Transmission Revenue Requirement as determined in paragraph (i) above, and ATRR based on projected costs for the previous calendar year (True-Up Adjustment Before Interest);
- (iii) The True-Up Adjustment shall be determined as follows:  
True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by  $(1+i)^{24}$  months  
Where:  $i =$  Sum of (the monthly rates for the 10 months ending October 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 24 months.

Summary of Formula Rate Process including True-Up Adjustment

Month	Year	Action
July	2008	TQ populates the formula with Year 2008 estimated data
October	2008	TQ populates the formula with Year 2009 estimated data
June	2009	TQ populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest
October	2009	TQ calculates the interest to include in the 2008 True-Up Adjustment
October	2009	TQ populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment
June	2010	TQ populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest
October	2010	TQ calculates the interest to include in the 2009 True-Up Adjustment
October	2010	TQ populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment
June	(Year)	TQ populates the formula with (Year-1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest
October	(Year)	TQ calculates the interest to include in the (Year-1) True-Up Adjustment
October	(Year)	TQ populates the formula with (Year+1) estimated data and (Year-1) True-Up Adjustment

<sup>1</sup> No True-Up Adjustment will be included in the Annual Transmission Revenue Requirement for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007.

<sup>2</sup> To the extent possible each input to the Formula Rate used to calculate the actual Annual Transmission Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form 1 by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

	Calendar Year	Complete for Each Calendar Year beginning in 2009		
A	ATRR based on actual costs included for the previous calendar year but excludes the true-up adjustment.	-		
B	ATRR based on projected costs included for the previous calendar year but excludes the true-up adjustment.	-		
C	Difference (A-B)	0		-<Note: for the first rate year, divide this reconciliation amount by 12 and multiply by the number of months and fractional months the rate was in effect.
D	Future Value Factor $(1+i)^{24}$	1.00000		
E	True-up Adjustment (C*D)	0		

Where:  
 $i =$  average interest rate as calculated below

Interest on Amount of Refunds or Surcharges

Interest 35-19a for Current Yr		Interest 35-19a for	
Month	Yr	Month	
January	Year 1		0.0000%
February	Year 1		0.0000%
March	Year 1		0.0000%
April	Year 1		0.0000%
May	Year 1		0.0000%
June	Year 1		0.0000%
July	Year 1		0.0000%
August	Year 1		0.0000%
September	Year 1		0.0000%
October	Year 1		0.0000%
November	Year 1		0.0000%
December	Year 1		0.0000%
January	Year 2		0.0000%
February	Year 2		0.0000%
March	Year 2		0.0000%
April	Year 2		0.0000%
May	Year 2		0.0000%
June	Year 2		0.0000%
July	Year 2		0.0000%
August	Year 2		0.0000%
September	Year 2		0.0000%
Average Interest Rate			0.0000%

**Public Service Electric and Gas Company  
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True-Up Revenue Requirement For Year	Projection Revenue Requirement For Year	True-Up Adjustment - (Over)/Under Recovery	True-Up Year
-	-	-	1
			Intermediate Year:
			2
			Rate Year:

Month	(Refunds)/Surcharges	Cumulative (Refunds)/Surcharges - Beginning of Month (Without Interest)	Base for Quarterly Compound Interest	Base for Monthly Interest	Monthly Interest Rate	Calculated Interest	Amortization	Cumulative (Refunds)/Surcharges and Interest - End of Month
<b>Calculation of Interest</b>								
<b>True-Up Year</b>								
1/1/1900	-	-	-	-	0.000%	-	-	-
2/1/1900	-	-	-	-	0.000%	-	-	-
3/1/1900	-	-	-	-	0.000%	-	-	-
4/1/1900	-	-	-	-	0.000%	-	-	-
5/1/1900	-	-	-	-	0.000%	-	-	-
6/1/1900	-	-	-	-	0.000%	-	-	-
7/1/1900	-	-	-	-	0.000%	-	-	-
8/1/1900	-	-	-	-	0.000%	-	-	-
9/1/1900	-	-	-	-	0.000%	-	-	-
10/1/1900	-	-	-	-	0.000%	-	-	-
11/1/1900	-	-	-	-	0.000%	-	-	-
12/1/1900	-	-	-	-	0.000%	-	-	-
<b>Intermediate Year</b>								
1/1/1901	-	-	-	-	0.000%	-	-	-
2/1/1901	-	-	-	-	0.000%	-	-	-
3/1/1901	-	-	-	-	0.000%	-	-	-
4/1/1901	-	-	-	-	0.000%	-	-	-
5/1/1901	-	-	-	-	0.000%	-	-	-
6/1/1901	-	-	-	-	0.000%	-	-	-
7/1/1901	-	-	-	-	0.000%	-	-	-
8/1/1901	-	-	-	-	0.000%	-	-	-
9/1/1901	-	-	-	-	0.000%	-	-	-
10/1/1901	-	-	-	-	0.000%	-	-	-
11/1/1901	-	-	-	-	0.000%	-	-	-
12/1/1901	-	-	-	-	0.000%	-	-	-
<b>(Over)/Under Recovery Plus Interest Amortized and Recovered Over 12 Months</b>								
<b>Rate Year</b>								
1/1/1902	-	-	-	-	0.000%	-	-	-
2/1/1902	-	-	-	-	0.000%	-	-	-
3/1/1902	-	-	-	-	0.000%	-	-	-
4/1/1902	-	-	-	-	0.000%	-	-	-
5/1/1902	-	-	-	-	0.000%	-	-	-
6/1/1902	-	-	-	-	0.000%	-	-	-
7/1/1902	-	-	-	-	0.000%	-	-	-
8/1/1902	-	-	-	-	0.000%	-	-	-
9/1/1902	-	-	-	-	0.000%	-	-	-
10/1/1902	-	-	-	-	0.000%	-	-	-
11/1/1902	-	-	-	-	0.000%	-	-	-
12/1/1902	-	-	-	-	0.000%	-	-	-

True-Up Adjustment with Interest	-
Less (Over)/Under Recovery	-
<b>Total Interest</b>	-

Note 1: The revenue requirements based on actual and projected costs included for the previous calendar year excludes true-up adjustment and is sourced from the Net Zonal Revenue Requirement line on Appendix A.

**Note 2:** The monthly interest rates to be applied to the over recovery or under recovery amounts during the true-up year and the intermediate year will be determined using the monthly FERC interest rates (as determined pursuant to 18 C.F.R. Section 35.19a) posted at <https://www.ferc.gov/interest-calculation-rates-and-methodology>. The monthly interest rate to be applied to the over recovery or under recovery amounts each month during the rate year will equal a simple average of the 12 monthly interest rates for the intermediate year.

**Note 3:** An over or under collection of a will be recovered prorata over the true-up year, held for the intermediate year and returned prorata over the rate year.

This section is used to input and compute the interest rates to be applied to each year's revenue requirement true-ups.

Applicable FERC Interest Rate (Note A):

1	<a href="#">1/1/1900</a>	
2	<a href="#">2/1/1900</a>	
3	<a href="#">3/1/1900</a>	
4	<a href="#">4/1/1900</a>	
5	<a href="#">5/1/1900</a>	
6	<a href="#">6/1/1900</a>	
7	<a href="#">7/1/1900</a>	
8	<a href="#">8/1/1900</a>	
9	<a href="#">9/1/1900</a>	
10	<a href="#">10/1/1900</a>	
11	<a href="#">11/1/1900</a>	
12	<a href="#">12/1/1900</a>	
13	<a href="#">1/1/1901</a>	
14	<a href="#">2/1/1901</a>	
15	<a href="#">3/1/1901</a>	
16	<a href="#">4/1/1901</a>	
17	<a href="#">5/1/1901</a>	
18	<a href="#">6/1/1901</a>	
19	<a href="#">7/1/1901</a>	
20	<a href="#">8/1/1901</a>	
21	<a href="#">9/1/1901</a>	
22	<a href="#">10/1/1901</a>	
23	<a href="#">11/1/1901</a>	
24	<a href="#">12/1/1901</a>	
25	Average Monthly Rate - Lines 13-24	0.000%

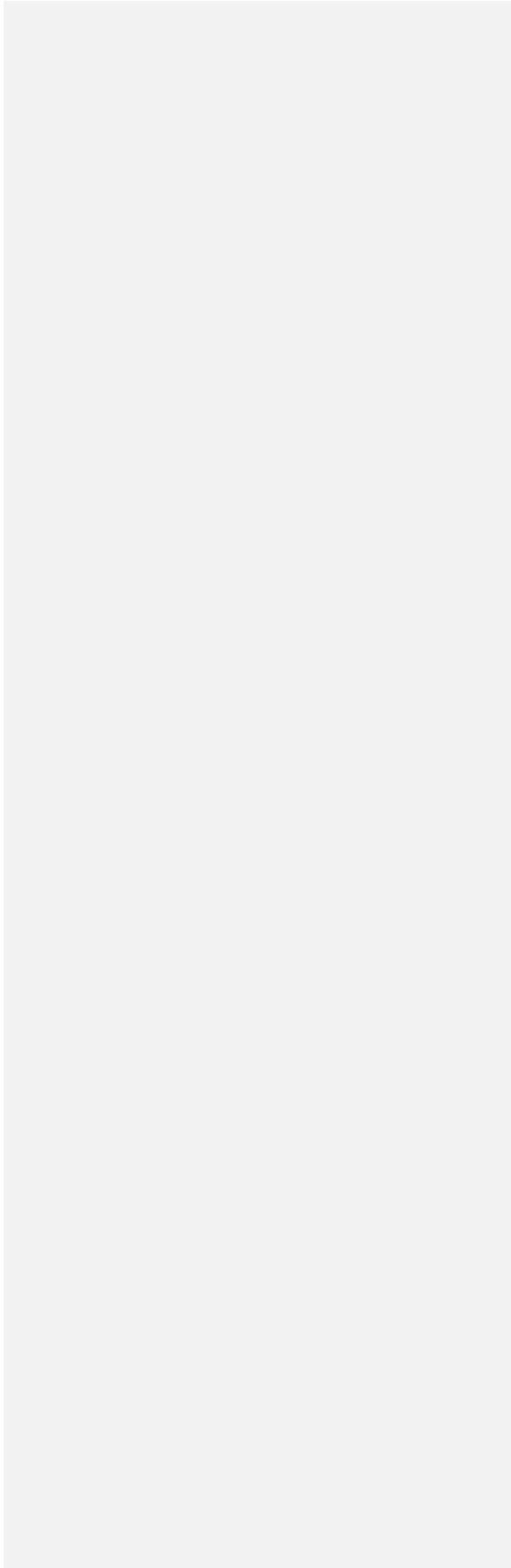
**Note A -** Lines 1-24 are the FERC interest rates under section 35.19a of the regulations for the period shown, as posted at <https://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>.





Jan							
Feb							
Mar							
Apr							
May							
Jun							
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							
Total	-	-	-	-	-	-	-

Jan	-	-	-	-	-	-	-
Feb	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-
Jul	-	-	-	-	-	-	-
Aug	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-
Oct	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Average 13 Month Balance	-	-	-	-	-	-	-
Average 13 Month in service			-	-	-	-	-
13 Month Average CWIP to Appendix A, line 45							



Estimated Transmission Enhancement Charges (Before True-Up) - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

	Actual Additions - 20XX						
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Other Projects PIS (monthly additions)	Project A (in service)	Project B (in service)	Project C (in service)	Project D (in service)	Project E (in service)	Project F (in service)
Dec-XX							
Jan							
Feb							
Mar							
Apr							
May							
Jun							
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							
Total	-	-	-	-	-	-	-

	Actual Additions - 20XX							
	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
	Other Projects PIS	Project A (in service)	Project B (in service)	Project C (in service)	Project D (in service)	Project E (in service)	Project F (in service)	
Dec-XX	-	-	-	-	-	-	-	
Jan	-	-	-	-	-	-	-	
Feb	-	-	-	-	-	-	-	
Mar	-	-	-	-	-	-	-	
Apr	-	-	-	-	-	-	-	
May	-	-	-	-	-	-	-	
Jun	-	-	-	-	-	-	-	
Jul	-	-	-	-	-	-	-	
Aug	-	-	-	-	-	-	-	
Sep	-	-	-	-	-	-	-	
Oct	-	-	-	-	-	-	-	
Nov	-	-	-	-	-	-	-	
Dec	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	
Average 13 Month Balance	-	-	-	-	-	-	-	
Average 13 Month in service	-	-	-	-	-	-	-	
13 Month Average CWIP to Appendix A, line 45								

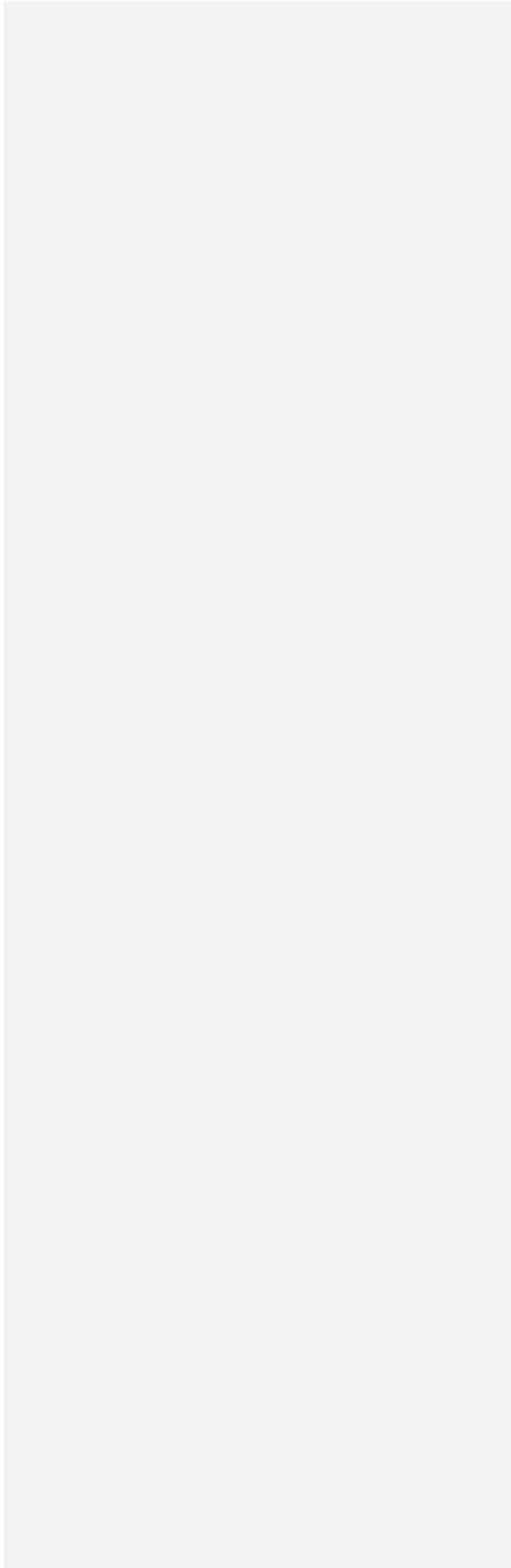
Actual Transmission Enhancement Charges - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

Reconciliation by Project (without interest)						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

Interest on Transmission Enhancement Charge Reconciliation						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						

True-up by Project (with interest) - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-	-	-	-	-	-	-

Estimated Transmission Enhancement Charges (After True-up) - 20XX						
Total Projects	Project A	Project B	Project C	Project D	Project E	Project F
-						





Public Service Electric and Gas Company  
 ATTACHMENT H-10A  
 Attachment 7 - Transmission Enhancement Charges Worksheet (TEC)

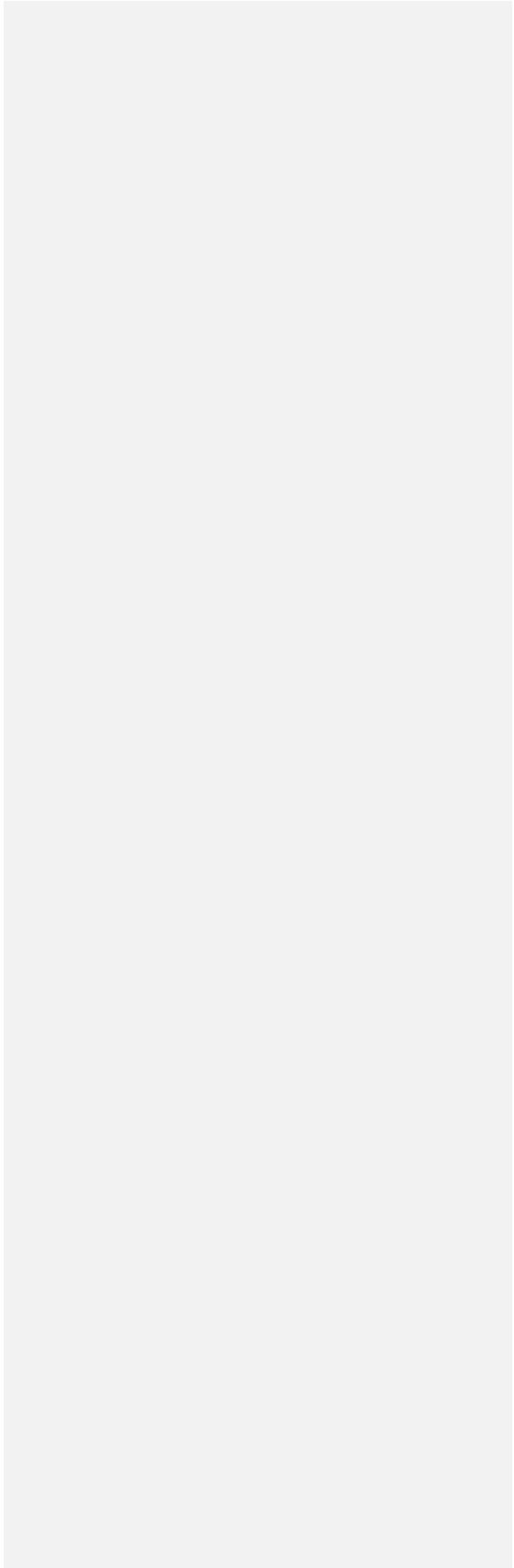
1	New Plant Carrying Charge			
2	Fixed Charge Rate (FCR) if not a CIAC	Formula Line		
3	A	171	Net Plant Carrying Charge without Depreciation	0.00%
4	B	178	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	0.00%
5	C		Line B less Line A	0.00%
6	FCR if a CIAC			
7	D	172	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	0.00%

The FCR resulting from Formula in a given year is used for that year only.  
 Therefore actual revenues collected in a year do not change based on cost data for subsequent years.  
 Per FERC Order dated December 30, 2011 in Docket No. ER12-296, the ROE for the Northeast Grid Reliability Project is 10.65%, which includes a 25 basis-point transmission ROE adder as authorized by FERC to become effective January 1, 2012.  
 For abandoned plant lines 12, 14, 15, and 16 will be from Attachment 5 - Abandoned Transmission Projects, Line 17 is the 13 month average balance from Attach. 6a, and Line 19 will be number of months to be amortized in year plus one.

10	Details		Project A			Project B		
11	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12 (Yes or No)						
12	Useful life of the project	Life (Yes or No)						
13	"Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29. Otherwise "No"	CIAC (Yes or No)						
14	Input the allowed increase in ROE	Increased ROE (Basis Points)						
15	From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13	10.40% ROE	0.00%			0.00%		
16	Line 14 plus (line 5 times line 15)/100	FCR for This Project	0.00%			0.00%		
17	Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year balance	Investment						
18	Line 17 divided by line 12	Annual Depreciation or Amort Exp	0			0		
19	Months in service for depreciation expense from Attachment 6							
20	Year placed in Service (0 if CWIP)							
21		Invest Yr	Ending	Depreciation or Amortization	Revenue	Ending	Depreciation or Amortization	Revenue
22	-	At Allowed ROE	2006	-	-	-	-	-
23	-	With Increased ROE	2006	-	-	-	-	-
24	-	At Allowed ROE	2007	-	-	-	-	-
25	-	With Increased ROE	2007	-	-	-	-	-
26	-	At Allowed ROE	2008	-	-	-	-	-
27	-	With Increased ROE	2008	-	-	-	-	-
28	-	At Allowed ROE	2009	-	-	-	-	-
29	-	With Increased ROE	2009	-	-	-	-	-
30	-	At Allowed ROE	2010	-	-	-	-	-
31	-	With Increased ROE	2010	-	-	-	-	-
32	-	At Allowed ROE	2011	-	-	-	-	-
33	-	With Increased ROE	2011	-	-	-	-	-
34	-	At Allowed ROE	2012	-	-	-	-	-
35	-	With Increased ROE	2012	-	-	-	-	-
36	-	At Allowed ROE	2013	-	-	-	-	-
37	-	With Increased ROE	2013	-	-	-	-	-
38	-	At Allowed ROE	2014	-	-	-	-	-
39	-	With Increased ROE	2014	-	-	-	-	-
40	-	At Allowed ROE	2015	-	-	-	-	-
41	-	With Increased ROE	2015	-	-	-	-	-
42	-	At Allowed ROE	2016	-	-	-	-	-
43	-	With Increased ROE	2016	-	-	-	-	-
44	-	At Allowed ROE	2017	-	-	-	-	-
45	-	With Increased ROE	2017	-	-	-	-	-
46	-	At Allowed ROE	2018	-	-	-	-	-
47	-	With Increased ROE	2018	-	-	-	-	-
48	-	At Allowed ROE	2019	-	-	-	-	-
49	-	With Increased ROE	2019	-	-	-	-	-
50	-	At Allowed ROE	2020	-	-	-	-	-
51	-	With Increased ROE	2020	-	-	-	-	-
52	-	At Allowed ROE	2021	-	-	-	-	-
53	-	With Increased ROE	2021	-	-	-	-	-



36	At Allowed ROE	2013	-	-	-	-	-
37	With Increased ROE	2013	-	-	-	-	-
38	At Allowed ROE	2014	-	-	-	-	-
39	With Increased ROE	2014	-	-	-	-	-
40	At Allowed ROE	2015	-	-	-	-	-
41	With Increased ROE	2015	-	-	-	-	-
42	At Allowed ROE	2016	-	-	-	-	-
43	With Increased ROE	2016	-	-	-	-	-
44	At Allowed ROE	2017	-	-	-	-	-
45	With Increased ROE	2017	-	-	-	-	-
46	At Allowed ROE	2018	-	-	-	-	-
47	With Increased ROE	2018	-	-	-	-	-
48	At Allowed ROE	2019	-	-	-	-	-
49	With Increased ROE	2019	-	-	-	-	-
50	At Allowed ROE	2020	-	-	-	-	-
51	With Increased ROE	2020	-	-	-	-	-
52	At Allowed ROE	2021	-	-	-	-	-
53	With Increased ROE	2021	-	-	-	-	-





20	Year placed in Service (0 if CWIP)											
21	-		Ending	Depreciation or Amortization	Revenue	Ending	Depreciation or Amortization	Revenue	Total	Incentive Charged	Revenue Credit	Increased ROE
22	-	At Allowed ROE	2006	-	-	-	-	-	-	-	-	-
23	-	With Increased ROE	2006	-	-	-	-	-	-	-	-	-
24	-	At Allowed ROE	2007	-	-	-	-	-	-	-	-	-
25	-	With Increased ROE	2007	-	-	-	-	-	-	-	-	-
26	-	At Allowed ROE	2008	-	-	-	-	-	-	-	-	-
27	-	With Increased ROE	2008	-	-	-	-	-	-	-	-	-
28	-	At Allowed ROE	2009	-	-	-	-	-	-	-	-	-
29	-	With Increased ROE	2009	-	-	-	-	-	-	-	-	-
30	-	At Allowed ROE	2010	-	-	-	-	-	-	-	-	-
31	-	With Increased ROE	2010	-	-	-	-	-	-	-	-	-
32	-	At Allowed ROE	2011	-	-	-	-	-	-	-	-	-
33	-	With Increased ROE	2011	-	-	-	-	-	-	-	-	-
34	-	At Allowed ROE	2012	-	-	-	-	-	-	-	-	-
35	-	With Increased ROE	2012	-	-	-	-	-	-	-	-	-
36	-	At Allowed ROE	2013	-	-	-	-	-	-	-	-	-
37	-	With Increased ROE	2013	-	-	-	-	-	-	-	-	-
38	-	At Allowed ROE	2014	-	-	-	-	-	-	-	-	-
39	-	With Increased ROE	2014	-	-	-	-	-	-	-	-	-
40	-	At Allowed ROE	2015	-	-	-	-	-	-	-	-	-
41	-	With Increased ROE	2015	-	-	-	-	-	-	-	-	-
42	-	At Allowed ROE	2016	-	-	-	-	-	-	-	-	-
43	-	With Increased ROE	2016	-	-	-	-	-	-	-	-	-
44	-	At Allowed ROE	2017	-	-	-	-	-	-	-	-	-
45	-	With Increased ROE	2017	-	-	-	-	-	-	-	-	-
46	-	At Allowed ROE	2018	-	-	-	-	-	-	-	-	-
47	-	With Increased ROE	2018	-	-	-	-	-	-	-	-	-
48	-	At Allowed ROE	2019	-	-	-	-	-	-	-	-	-
49	-	With Increased ROE	2019	-	-	-	-	-	-	-	-	-
50	-	At Allowed ROE	2020	-	-	-	-	-	-	-	-	-
51	-	With Increased ROE	2020	-	-	-	-	-	-	-	-	-
52	-	At Allowed ROE	2021	-	-	-	-	-	\$ -	-	\$ -	-
53	-	With Increased ROE	2021	-	-	-	-	-	\$ -	\$ -	\$ -	-



**Public Service Electric and Gas Company**

**ATTACHMENT H-10A**

**Attachment 7A - True-up Adjustment for Transmission Enhancement Charges (TECs) (PJM OATT Schedule 12) - December 31, 20XX**

TEC True-up Revenue Requirement For Year	TEC Projection Revenue Requirement For Year	TEC True-up Adjustment - (Over)/Under Recovery	True-up Year
			1
			2

Month	(Refunds)/Surcharges	Cumulative (Refunds)/Surcharges - Beginning of Month (Without Interest)	Base for Quarterly Compound Interest	Base for Monthly Interest	Monthly Interest Rate	Calculated Interest	Amortization	Cumulative (Refunds)/Surcharges and Interest - End of Month
<b>Calculation of Interest</b>								
<b>True-Up Year</b>								
1/1/1900	-	-	-	-	0.000%	-	-	-
2/1/1900	-	-	-	-	0.000%	-	-	-
3/1/1900	-	-	-	-	0.000%	-	-	-
4/1/1900	-	-	-	-	0.000%	-	-	-
5/1/1900	-	-	-	-	0.000%	-	-	-
6/1/1900	-	-	-	-	0.000%	-	-	-
7/1/1900	-	-	-	-	0.000%	-	-	-
8/1/1900	-	-	-	-	0.000%	-	-	-
9/1/1900	-	-	-	-	0.000%	-	-	-
10/1/1900	-	-	-	-	0.000%	-	-	-
11/1/1900	-	-	-	-	0.000%	-	-	-
12/1/1900	-	-	-	-	0.000%	-	-	-
<b>Intermediate Year</b>								
1/1/1901	-	-	-	-	0.000%	-	-	-
2/1/1901	-	-	-	-	0.000%	-	-	-
3/1/1901	-	-	-	-	0.000%	-	-	-
4/1/1901	-	-	-	-	0.000%	-	-	-
5/1/1901	-	-	-	-	0.000%	-	-	-
6/1/1901	-	-	-	-	0.000%	-	-	-
7/1/1901	-	-	-	-	0.000%	-	-	-
8/1/1901	-	-	-	-	0.000%	-	-	-
9/1/1901	-	-	-	-	0.000%	-	-	-
10/1/1901	-	-	-	-	0.000%	-	-	-
11/1/1901	-	-	-	-	0.000%	-	-	-
12/1/1901	-	-	-	-	0.000%	-	-	-
<b>(Over)/Under Recovery Plus Interest Amortized and Recovered Over 12 Months</b>								
<b>Rate Year</b>								
1/1/1902	-	-	-	-	0.000%	-	-	-
2/1/1902	-	-	-	-	0.000%	-	-	-
3/1/1902	-	-	-	-	0.000%	-	-	-
4/1/1902	-	-	-	-	0.000%	-	-	-
5/1/1902	-	-	-	-	0.000%	-	-	-
6/1/1902	-	-	-	-	0.000%	-	-	-
7/1/1902	-	-	-	-	0.000%	-	-	-
8/1/1902	-	-	-	-	0.000%	-	-	-
9/1/1902	-	-	-	-	0.000%	-	-	-
10/1/1902	-	-	-	-	0.000%	-	-	-
11/1/1902	-	-	-	-	0.000%	-	-	-
12/1/1902	-	-	-	-	0.000%	-	-	-

TEC True-Up Adjustment with Interest	
Less TEC (Over)/Under Recovery	
Total Interest	

**Note 1:** The revenue requirements based on actual and projected costs included for the previous calendar year for PJM OATT Schedule 12 Transmission Enhancement Charges (Attachment 7).

**Note 2:** The monthly interest rates to be applied to the over recovery or under recovery amounts during the true-up year and the intermediate year will be determined using the monthly FERC interest rates (as determined pursuant to 18 C.F.R. Section 35.19a) posted at <https://www.ferc.gov/interest-calculation-rates-and-methodology>. The monthly interest rate to be applied to the over recovery or under recovery amounts each month during the rate year will equal a simple average of the 12 monthly interest rates for the intermediate year.

**Note 3:** An over or under collection of a TEC will be recovered prorata over the true-up year, held for the intermediate year and returned prorata over the rate year.

This section lists the interest rates to be applied to each year's revenue requirement true-ups from Attachment 6.

Applicable FERC Interest Rate (Note A):

1	<a href="#">1/1/1900</a>	0.000%
2	<a href="#">2/1/1900</a>	0.000%
3	<a href="#">3/1/1900</a>	0.000%
4	<a href="#">4/1/1900</a>	0.000%
5	<a href="#">5/1/1900</a>	0.000%
6	<a href="#">6/1/1900</a>	0.000%
7	<a href="#">7/1/1900</a>	0.000%
8	<a href="#">8/1/1900</a>	0.000%
9	<a href="#">9/1/1900</a>	0.000%
10	<a href="#">10/1/1900</a>	0.000%
11	<a href="#">11/1/1900</a>	0.000%
12	<a href="#">12/1/1900</a>	0.000%
13	<a href="#">1/1/1901</a>	0.000%
14	<a href="#">2/1/1901</a>	0.000%
15	<a href="#">3/1/1901</a>	0.000%
16	<a href="#">4/1/1901</a>	0.000%
17	<a href="#">5/1/1901</a>	0.000%
18	<a href="#">6/1/1901</a>	0.000%
19	<a href="#">7/1/1901</a>	0.000%
20	<a href="#">8/1/1901</a>	0.000%
21	<a href="#">9/1/1901</a>	0.000%
22	<a href="#">10/1/1901</a>	0.000%
23	<a href="#">11/1/1901</a>	0.000%
24	<a href="#">12/1/1901</a>	0.000%
25	<a href="#">Average Monthly Rate - Lines 13-24</a>	0.000%

Note A - Lines 1-24 are the FERC interest rates under section 35.19a of the regulations for the period shown, as posted at <https://www.ferc.gov/enforcement/acct-matters/interest-rates.asp>.

Public Service Electric and Gas Company

ATTACHMENT H-10A

Attachment 8 - Depreciation Rates

<u>FERC Account</u>	<u>Account Description Plant Type</u>	<u>Depreciation Rate PSE&amp;G</u>
<u>Transmission</u>		
<u>350.30</u>	<u>Sidewalks and Curbs</u>	<u>1.12%-2.40%</u>
<u>352.00</u>	<u>Structures and Improvements</u>	<u>1.44%</u>
<u>353.00</u>	<u>Station Equipment</u>	<u>2.24%</u>
<u>354.00</u>	<u>Towers and Fixtures</u>	<u>1.27%-2.49%</u>
<u>355.00</u>	<u>Poles and Fixtures</u>	<u>1.47%</u>
<u>356.00</u>	<u>Overhead Conductors and Devices</u>	<u>2.11%-2.49%</u>
<u>357.00</u>	<u>Underground Conduit</u>	<u>1.07%-2.49%</u>
<u>358.00</u>	<u>Underground Conductors and Devices</u>	<u>2.54%-2.49%</u>
<u>359.00</u>	<u>Roads and Trails</u>	<u>0.57%</u>
<u>Intangible, General and Common</u>		
<u>303.00</u>	<u>Intangible Plant</u>	<u>Various</u>
<u>390.00</u>	<u>Structures and Improvements</u>	<u>1.40%</u>
<u>390.11</u>	<u>Leasehold – Improvements</u>	<u>Various</u>
<u>390.30</u>	<u>Improvements Other than Park Plaza</u>	<u>1.40%</u>
<u>391.10</u>	<u>Office Furniture</u>	<u>5.00%</u>
<u>391.20</u>	<u>Office Equipment</u>	<u>25.00%</u>
<u>391.30</u>	<u>Office Computer Equipment</u>	<u>14.29%</u>
<u>391.33</u>	<u>Office Personal Computers</u>	<u>33.33%</u>
<u>392.11</u>	<u>Transportation Equipment 13K lb and below</u>	<u>Various</u>
<u>392.20</u>	<u>Transportation Equipment over 13K lb</u>	<u>Various</u>
<u>393.00</u>	<u>Store Equipment</u>	<u>14.29%</u>
<u>394.00</u>	<u>Tools, Shop, and Garage and Other Tangible Equipment</u>	<u>14.29%</u>
<u>395.00</u>	<u>Laboratory Equipment</u>	<u>20.00%</u>
<u>396.00</u>	<u>Power Operated Equipment</u>	<u>Various</u>
<u>397.00</u>	<u>Communications Equipment</u>	<u>10.00%</u>
<u>398.00</u>	<u>Miscellaneous Equipment</u>	<u>14.29%</u>

Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 9 - Excess/(Deficient) Deferred Income Taxes - FERC Order 864 Worksheet (4)

Line No.	Year	Description:	Vintage:	Beginning of the Year			D=(C*Tax Gross-up rate) (1)	E=(C+D)	Amortization Period		Amount Amortized				L=(K*Tax Gross-up rate) (1)	M=(K+L)	End of the Year Balance	
				A Protected	B Unprotected	C Total Excess/(Deficient) Deferred Taxes			F Protected	G Unprotected	H FERC Account No. (3)	I Protected	J Unprotected	K=(I+J) Total Amortization			N=(C+K) Excess/(Deficient) DIT	O=(E+M) Excess/(Deficient) DIT with Gross-Up
1		Protected	2017 TCJA	(2)		-	-											
2		Unprotected	2017 TCJA	(2)		-	-											
3		<b>Total Excess/(Deficient) DIT:</b>																

**Notes:**

(1) The Tax Cuts and Jobs Act was enacted on December 22, 2017 ("TCJA"). The TCJA reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. The composite and gross-up rates used for the remeasurement of ADIT balances are:

	Pre TCJA	Post TCJA
Federal income tax rate	35.00%	21.00%
State income tax rate	9.00%	9.00%
Federal benefit of deduction for state income tax	-3.15%	-1.89%
Composite federal/state income tax rate	40.85%	28.11%
Composite federal/state tax gross-up factor	1.69062	1.39101

(2) These amounts represent the future refunds to customers of PSE&G's excess deferred income tax liabilities as a result of the TCJA reduction in the federal corporate income tax rate effective January 1, 2018 and as reflected in PSE&G's FERC-approved Section 205 filing in Docket No. ER19-204.

(3) Excess DIT is amortized to FERC Account 411.1 and Deficient DIT is amortized to FERC Account 410.1.

(4) Unamortized Excess/(Deficient) Deferred Tax Regulatory Liabilities/(Assets) and the amortization of those Regulatory Liabilities/(Assets) arising from future tax changes may only be included pursuant to Commission approval authorizing such inclusion.

## ATTACHMENT H-10B

### Formula Rate Implementation Protocols

#### Section 1 Annual Updates & True-Up Adjustments

- a. The ATRR calculated under Attachment H-10A shall be applicable to services on and after October 1, 2008 through December 31, 2008, and shall be applicable thereafter for services on and after each January 1 of a given calendar year through December 31 of such calendar year (the “Rate Year”).
- b. On or before June 15, 2009, and on or before June 15 of each succeeding Rate Year (“Publication Date”), PSE&G shall calculate the true-up pursuant to the Formula Rate (Attachment H-10A, Attachment 6) (the “True-Up Adjustment”) and cause it to be posted on the PJM website (www.PJM.com, or successor thereto) and filed with the Federal Energy Regulatory Commission, or successor thereto (“FERC”) for informational purposes only (“[Informational Filing](#)”). The submission of such ~~informational filing~~[Informational Filing](#) with FERC shall not require any action by the agency.
- c. The Informational Filing must include the information that is reasonably necessary to determine:
  - (1) that input data under the formula rate are properly recorded in any underlying workpapers;
  - (2) that the Transmission Owner has properly applied the formula rate and these procedures;
  - (3) the accuracy of data and the consistency with the formula rate of the Actual Transmission Revenue Requirement and rates under review;
  - (4) the extent of accounting changes that affect formula rate inputs;
  - (5) the reasonableness of projected costs included in the projected capital addition expenditures (for forward-looking rates).
- ed. On or before October 15, 2008, and on or before October 15 of each succeeding Rate Year, PSE&G shall recalculate its ATRR, producing the “Annual Update” for the upcoming Rate Year. As part of the Annual Update, PSE&G shall include its projected net revenue requirement, including information in workpapers regarding projected costs of plant in forecasted rate base, expected construction schedule and in-service dates. All inputs shall be provided in sufficient detail to identify the components of PSE&G’s net revenue requirement. PSE&G shall cause such Annual Update to be posted on PJM’s website (www.PJM.com, or successor thereto) and submit such Annual Update as an informational filing with the FERC (“Posting Date”). The submission of such informational filing with FERC shall not require any action by the agency.

- ~~de.~~ If the Publication Date ~~or~~, the Posting Date, or any deadline date in Section 2 and 3 of the Protocols falls on a weekend or a holiday recognized by the FERC, then the Publication Date ~~or~~, Posting Date, or deadline date as applicable, shall be the next business day.
- ~~ef.~~ Upon written request for a particular year's True-Up Adjustment or Annual Update by any NITS customer in the PSE&G Zone, the New Jersey Board of Public Utilities (or successor agency), or any party having standing under Section 206 of the Federal Power Act (each an "Interested Party" and collectively "Interested Parties"), PSE&G will PSE&G will post on the PJM website and promptly make available to such any Interested Party and/or a consultant designated by it, a "workable" Excel file containing that year's True-Up Adjustment and/or Annual Update, as requested by the Interested Party. Upon request. In the event that the information is not otherwise publicly available, PSE&G will provide to Interested Parties a description of the basis upon which transmission projects were planned either by PJM or PSE&G. For purposes of these procedures, the term Interested Party, includes but is not limited to, customers under the Tariff, state utility regulatory commissions, the Organization of PJM States, Inc., consumer advocacy agencies and state attorneys general.
- fg. Between fifteen (15) and thirty (30) days after the Posting Date, PSE&G shall hold a public meeting to explain the Annual Update for the next calendar year and answer questions concerning the Annual Update for the next Rate Year ("Customer Meeting"). PSE&G will provide for the opportunity for remote participation at Customer Meetings.
- gh. PSE&G shall modify the Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than ~~November 30~~December 15, and shall cause the revised Annual Update to be posted on the PJM website (www.PJM.com, or successor thereto) no later than December 15. PSE&G shall cause the Annual Update, as revised pursuant to the procedures set out above, to be included in the informational filing with FERC by no later than December 15. Such informational filing will not require any FERC action.
- hi. To ensure that Interested Parties receive sufficient advance notice of Customer Meetings, PSE&G shall schedule each Customer Meeting at least four (4) months in advance (~~with the exception of the 2008 Customer Meeting~~) and cause such notice to be posted on its website, www.PSEG.com (or successor thereto) and the PJM website (www.PJM.com, or successor thereto) and provide Interested Parties, via e-mail to the most recent e-mail address provided to PSE&G notice of the Customer Meeting. ~~PSE&G shall provide 45 days notice for the 2008 customer meeting.~~
- ij. The True-Up Adjustment for the Rate Year:
- (i) ~~(i)~~ shall, to the extent specified in the Formula Rate, be based upon PSE&G's FERC Form 1 data for the most recent calendar year, and to the

extent specified in the Formula Rate, be based upon the books and records of PSE&G consistent with FERC accounting policies;

(ii) ~~(ii)~~ shall, as and to the extent specified in the Formula Rate, provide supporting documentation for data not otherwise available in the FERC Form 1 that are used in the Formula Rate;<sup>+1</sup>

(iii) shall provide notice of any change in accounting, including financial reporting changes in the FERC Form No. 1, from that in effect for the calendar year upon which the preceding Annual Update was based that affects inputs to the Formula Rate or the resulting charges under the Formula Rate (“Accounting Changes”), including:

(1) the initial implementation of an accounting standard (such as a new requirement under Generally Accepted Accounting Principles (“GAAP”) or changes to GAAP) or policy, consistent with what is required to be disclosed under FERC Form No. 1;

(2) the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;

(3) For the accounting changes as described above, any related reclassifications, including mapping changes, among FERC accounts between calendar years;

(4) the correction of errors and prior period adjustments that impact FERC Account 439 or other FERC Accounts included in the Annual Update calculation;

~~(4)~~(5) the implementation of new estimation methods or policies that change prior estimates.

(6) the implementation of changes in accounting valuation, period of recognition for revenue and expense items, account classification, or presentation in the FERC Form No. 1.

In the absence of specific FERC guidance, the Company will report the items noted above in (1) through (6) as defined under GAAP ASC 250

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<sup>1</sup> It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate True-Up Adjustment will be either taken directly from the FERC Form 1 or reconcilable to the FERC Form 1 by the application of clearly identified and supported information. Where the reconciliation in the True-Up Adjustment is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

"Accounting Changes and Error Corrections" and any other applicable GAAP guidance.

~~1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate True-Up Adjustment will be either taken directly from the FERC Form 1 or reconcilable to the FERC Form 1 by the application of clearly identified and supported information. Where the reconciliation in the True-Up Adjustment is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.~~

~~(iii) shall provide an explanation of material changes in PSE&G's accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based as reported in Notes 3 and 4 of PSE&G's Securities and Exchange Commission Form 10-Q ("Material Accounting Changes"). To the extent there are Material Accounting Changes, PSE&G's Form 10-Q will be posted on the PJM website (www.PJM.com, or successor thereto) at the time of the Annual Update;<sup>2</sup>~~

~~(iii)(iv)(iv) shall be subject to review and challenge and ~~review only~~ in accordance with the procedures set forth in Section 2 and Section 3 of this Attachment H-10B and only as to the appropriateness of the application of the Formula Rate according to its terms and the procedures in this Attachment H-10B (including terms and procedures related to challenges concerning Material Accounting Changes);~~

~~(iv)(v) (v) shall be subject to review with respect to the prudence of any new costs and expenditures included for recovery incurred in the Annual Update last five years, provided, however, that the initial burden to raise a substantial doubt as to the prudence of any new expenditure expenditures shall be upon the Interested Party raising the challenge; and~~

~~(v)(vi) (vi) shall not seek to modify the Formula Rate and shall not be subject to challenge by anyone seeking to modify the Formula Rate (*i.e.*, all such modifications to the Formula Rate – including return on equity will require, as applicable, a Federal Power Act ("FPA") Section 205 or Section 206 filing).~~

~~jk.~~ If PSE&G files any corrections to itsa previously submitted FERC Form 1 during the Rate Year or otherwise makes accounting corrections that would affect the Formula Rate for thatthe current or a prior Rate Year, such corrections and any resulting refunds or surcharges shall be reflected in the Annual Update and True-Up Adjustment for the next effective Rate Year, with interest.

1. Interest on any True-Up Adjustment Over/Under Recovery shall be calculated on the Over/Under Recovery during each month of the True-Up Year, during each

month of the succeeding year (“Intermediate Year”) (12 months-True-up Year plus one), and during each month of the year in which the true-up will be billed and collected (“Projection Year”) (True-Up Year plus two). The total True-Up Adjustment and interest for the 36 months described above will be added to (or deducted from) the ATRR during the 12 months of the Projection Year.

For example, the 2020 True-Up Adjustment will be calculated in 2021 and will be billed or credited to customers during 2022. The True-Up Adjustments will include interest calculations over a 36-month period, including the 12 months during the True-Up year (2020), the 12 months during the Intermediate Year (2021) and the 12 months during the Projection Year (2022) in which the True-Up Adjustment is remitted to customers.

The rates used to calculate interest for True-Up Adjustments will be sourced directly from the FERC website in accordance with 18 C.F.R. § 35.19a. The monthly interest rate used to calculate interest during each month of the Projection Year will be based on an average of the 12 monthly interest rates during the Intermediate Year. Interest True-up Adjustments will be compounded quarterly in accordance with 18 C.F.R. § 35.19a.

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<sup>2</sup> ~~Such notice may incorporate by reference applicable disclosure statements filed with the Securities and Exchange Commission (“SEC”).~~

~~k. Interest on any over-recovery of the net revenue requirement shall be determined based on the Commission's regulations at 18 C.F.R. § 35.19a. Interest on any under-recovery of the net revenue requirement shall be determined using the interest rate equal to PSE&G's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-one (21) months during which the over- or under-recovery in the net revenue requirement exists. The interest rate to be applied to the over- or under-recovery in the net revenue requirement will be determined using the average of the interest rates for the twenty-one (21) months through September 30th of each year.~~

~~lm.~~ If after October 15, but prior to December 15 of the then current calendar year, PJM determines the actual peak load for NITS for the PSE&G Zone that will be used by the Transmission Provider to determine each Network Customer's Zone Network Load pursuant to Section 34.1 of the Tariff differs from the value used to calculate the ATRR to be in effect pursuant to Attachment H-10A for the next calendar year, the rate for NITS shall be adjusted to reflect the updated Network Service Peak Load and PSE&G shall cause an updated calculation of the Rate for NITS to be posted on the PJM website (www.PJM.com, or successor thereto) no later than fifteen (15) business days following the posting by PJM of the actual Network Service Peak Load for the PSE&G Zone.

~~mn.~~ Formula Rate inputs for (i) rate of return on common equity; (ii) ~~"Post-Employment Benefits other than Pension" pursuant to Statement of Financial Accounting Standards No. 106, Employers' Accounting for Post-Retirement Benefits other than Pensions ("PBOP") charges,~~ (iii) extraordinary property losses, and (iv) depreciation and/or amortizations shall be stated values to be used in the Formula Rate until changed pursuant to an FPA Section 205 or 206 proceeding. PSE&G may make a limited Section 205 filing to change its amortization/depreciation rates or add new amortization/depreciation rates, ~~PBOP accruals,~~ and extraordinary property losses, in which the sole issue for examination in any such limited Section 205 filing shall be whether such proposed changes are just and reasonable, and shall not include other aspects of the formula rate. ~~Changes in depreciation rates to track a state commission order shall become effective on the same date as the state commission order becomes effective.~~

## Construction Work in Progress

- a. *Accounting.* PSE&G shall use the following accounting procedures for CWIP-transmission projects as authorized by the Commission to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) to the extent that it has been authorized by a Commission order to include 100 percent of Construction Work in Progress (“CWIP”) in transmission rate base, ~~as noted for affected incentive transmission projects listed on Attachment 7 of PSE&G’s Formula Rate.~~
- (i) PSE&G shall assign each authorized incentive transmission project a unique Funding Project Number (“FPN”) for internal cost tracking purposes.
  - (ii) PSE&G shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each incentive transmission project. Such work orders shall be segregated from work orders for non-incentive transmission projects for which the Commission has not authorized PSE&G to include any portion of CWIP in rate base.
  - (iii) For each incentive transmission project, PSE&G shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in PSE&G’s FERC Form 1. PSE&G shall use these summaries as data inputs into the Annual Update calculated on Attachment 6A of the Formula Rate. PSE&G shall make such work order summaries available upon request under the review procedures of Section 3.
  - (iv) When an incentive transmission project, or portion thereof, is placed into service, PSE&G shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
  - (v) For non-incentive transmission projects, PSE&G shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.
  - (vi) PSE&G shall cease to accrue (or not accrue at all) AFUDC on the portion of transmission project CWIP included in rate base.
- b. *Annual Reporting.* For each incentive project listed on Attachment 7 of the Formula Rate for which the Commission has authorized PSE&G to include any portion of CWIP in transmission rate base, PSE&G shall file a report with the Commission at the time of PSE&G’s Publication Date that shall include the following information concerning each such project:

- (i) the actual amount of CWIP recorded for each project;
- (ii) any amounts recorded in related FERC accounts or subaccounts, such as AFUDC and regulatory liability;
- (iii) the resulting effect on the CWIP revenue requirement;
- (iv) a statement of the current status of each project; and
- (v) the estimated in-service date for each project.

## **Section 2**     ~~Section 2~~ — Annual Review Procedures

Each True-Up Adjustment and/or ~~Material~~ Accounting Change shall be subject to the following review procedures (“Annual Review Procedures”):

- a. ~~a.~~ — Interested Parties shall have up to one hundred fifty (150) days after each annual Publication Date (unless such period is extended with the written consent of PSE&G with such consent not to be unreasonably withheld) to serve reasonable information requests on PSE&G (“Review Period”); provided, however, that Interested Parties shall make a good faith effort to submit consolidated sets of information requests that limit the number and overlap of questions to the maximum extent practicable. Such information requests shall be limited to what is necessary to determine if PSE&G has properly calculated the True-Up Adjustment and its components and the procedures in this Attachment H-10B, and shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable. ~~In addition, such information requests shall not solicit information concerning costs or allocations where the costs or allocation method have been determined by FERC (or resolved by a settlement accepted by FERC) or in the context of True-Up Adjustments for other years, except that such information requests shall be permitted if they seek to determine if there has been a material change in circumstances.~~
- b. ~~b.~~ — PSE&G shall make a good faith effort to respond to information requests pertaining to the True-Up Adjustments or ~~Material~~ Accounting Changes within fifteen (15) business days of receipt of such requests. PSE&G may give reasonable priority to responding to requests that satisfy the practicable coordination and consolidation provision of Section 3.a above.
- c. If PSE&G and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these Annual Review Procedures, PSE&G or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with the Annual Review Procedures and consistent with FERC’s discovery rules.

- d. Interested Parties shall have until December 31 (or 21 days after the production of information as a result of the resolution of a discovery dispute under Section 3.c) to notify PSE&G in writing of any specific challenges, including challenges related to the rate treatment of ~~Material~~ Accounting Changes, to the application of the Formula Rate (“Preliminary Challenge”). The time period for Interested Parties to raise Preliminary Challenges is the “Preliminary Challenge Period.”
- e. Preliminary or Formal Challenges (as defined under Section 4.a, below) are not intended to serve as a means of pursuing other objections to the Formula Rate.
- f. Preliminary or Formal Challenges related to ~~Material~~ Accounting Changes shall be subject to the resolution procedures and limitations in Section 4, except that Section 4.d shall not apply. In any proceeding initiated to address a Preliminary or Formal Challenge or *sua sponte* by the FERC, a party or parties (other than PSE&G) seeking to modify the Formula Rate in any respect shall bear the burden of proving that the Formula Rate is no longer just and reasonable without such modification and that the proposed modification is just, reasonable and consistent with the original intent of the Formula Rate and the procedures in this Attachment H-10B; provided, however, that in any such proceeding, in determining whether the Formula Rate is no longer just and reasonable without modification to ~~a Material~~ Accounting Change and whether the proposed modification is just and reasonable, no offsets unrelated to the applicable ~~Material~~ Accounting Changes may be considered.

### **Section 4.3 Resolution of Challenges**

- a. If PSE&G and any Interested Party(ies) have not resolved any Preliminary Challenge to the True-Up Adjustment or ~~Material~~ Accounting Change within the Preliminary Challenge Period, an Interested Party shall have an additional twenty-one (21) days (unless such period is extended with the written consent of PSE&G to continue efforts to resolve the Preliminary Challenge, which consent shall not be unreasonably withheld) to file a complaint with the FERC, pursuant to 18 C.F.R. § 385.206 (“Formal Challenge”), which shall be served on PSE&G by electronic service on the date of such filing. However, there shall be no need to make a Formal Challenge or to await conclusion of the Preliminary Challenge Period if the FERC already has initiated a proceeding to consider the True-Up Adjustment or ~~Material~~ Accounting Changes.
- b. If PSE&G and an Interested Party agree upon a resolution to a Preliminary Challenge to that year’s True-Up Adjustment or ~~Material~~ Accounting Change by November 30, such resolution shall be reflected in the next Annual Update as provided in Section 1.f. Otherwise, any resolution to a Preliminary Challenge, or a Formal Challenge, if applicable, shall be reflected in the first Annual Update following resolution of the challenge, with interest.
- c. Any response by PSE&G to a Formal Challenge must be submitted to the FERC within thirty (30) days of the date of the filing of the Formal Challenge, unless such

time period is extended by the mutual agreement of PSE&G and the Interested Party filing a Formal Challenge or by FERC, and shall be served on the filing party(ies) by electronic service on the date of such filing.

- d. Except as provided in Section 3.e, in any proceeding initiated in response to a Formal Challenge and in any proceeding initiated by the FERC concerning the current year's True-Up Adjustment or ~~Material~~ Accounting Change, PSE&G shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, the applicable procedures in these Formula Rate Implementation Protocols, in that year's True-Up Adjustment, and to demonstrate the justness and reasonableness of the charges resulting from the application of the formula rate.
- e. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of PSE&G to file unilaterally, pursuant to FPA Section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any other party to request such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder.
- f. Subject to Section 3.e above, it is recognized that resolution of Formal Challenges concerning ~~Material~~ Accounting Changes may necessitate adjustments to the Formula Rate input data for the applicable True-Up Adjustment or changes to the rate formula to achieve a just and reasonable end result consistent with the intent of the Formula Rate. Such adjustments shall be reflected in the next Annual Update after resolution of the Formal Challenge to ~~a Material~~ Accounting Change.

#### **Section 54 Changes to Annual Informational Filings**

Any changes to the data inputs, including but not limited to revisions to PSE&G's FERC Form 1, or as the result of any FERC proceeding to consider the True-Up Adjustment or ~~Material~~ Accounting Change, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the Annual Update for the next effective Rate Period. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made in the event that the Formula Rate is replaced by a stated rate by PSE&G.