Agenda Date: 9/25/24
Agenda Item: 2F

STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANYFOR APPROVAL OF CHANGES IN ITS GAS CONSERVATION INCENTIVE PROGRAM (2024 PSE&G GAS CONSERVATION INCENTIVE PROGRAM RATE FILING)	)	DECISION AND ORDER APPROVING STIPULATION FOR PROVISIONAL RATES DOCKET NO. GR24060369

Parties of Record:

Danielle Lopez, Esq., Asst. Counsel – Regulatory, Public Service Electric and Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 31, 2024, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval of adjustments to the Company's Gas Conservation Incentive Program ("GCIP") and associated rates to account for potential lost sales revenues stemming from the Company's energy efficiency ("EE") programs ("Petition"). By this Decision and Order, the Board considers a provisional stipulation of settlement ("Provisional Stipulation") executed by Board Staff ("Staff"), the New Jersey Division of Rate Counsel, and PSE&G (collectively, "Parties"), recommending revision of the Company's GCIP rates on a provisional basis, subject to refund with interest.

BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, L. 2007, c. 340 ("RGGI Act") was signed into law. The RGGI Act includes findings that EE and conservation measures are essential elements of the State's energy future, and that greater reliance on EE and conservation will provide significant benefits to the citizens of New Jersey.[1]

Pursuant to the RGGI Act, an electric or gas public utility may provide and invest in EE and conservation programs in its service territory on a regulated basis.[2] Upon Board approval, EE and conservation programs may be eligible for rate treatment, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and

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[1] N.J.S.A. 26:2C-45.

[2] N.J.S.A. 48:3-98.1(a)(1).

gas.[3] Ratemaking treatment may include placing appropriate technology and program costs investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board including, but not limited to, the Societal Benefits Charge established pursuant to L. 1999, c. 23.[4] An electric or gas utility seeking cost recovery for any EE and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

On May 23, 2018, Governor Murphy signed L. 2018, c. 17, N.J.S.A. 48:3-3-87, *et seq.*, into law ("Clean Energy Act" or "CEA"). The CEA calls for aggressive reduction in energy usage, greater emphasis on the importance of EE and peak demand reduction ("PDR"), and requires the Board to adopt an EE program "to ensure investment in cost-effective energy efficiency measures, ensure universal access to energy efficiency measures, and serve the needs of low-income communities."[5] The CEA also calls upon New Jersey's electric and gas public utilities to increase the delivery of EE and PDR programs to customers via the reduction of electricity and natural gas usage.[6]

On the same day, Governor Murphy issued Executive Order 28 ("EO 28"), directing the President of the Board to convene the Energy Master Plan Committee to create a new Energy Master Plan ("EMP") with the goal of "provid[ing] a comprehensive blueprint for the total conversion of the State's energy production profile to 100% clean energy sources on or before January 1, 2050" and establishing "specific proposals to be implemented over the next ten (10) years in order to achieve the January 1, 2050 goal."[7]

By Order dated September 23, 2020, the Board established PSE&G's electric and gas CIP mechanisms to account for lost revenue resulting from the potential decrease in customer energy usage stemming from administering clean energy programs.[8] Consistent with the CEF-EE Order, PSE&G must file annual petitions to modify its GCIP rates.

Petition

By the Petition, PSE&G sought Board approval to implement adjustments related to changes in average customer revenue compared to a baseline per customer.[9] By the Petition, the Company asserted that its GCIP deferral balance is $107,268,405, consisting of ($4,755,523) in non-weather-related gas distribution margin deficiencies, $100,994,162 attributed to weather-related gas distribution margin deficiencies, ($1,857) related to the Company's Weather Normalization

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[3] N.J.S.A. 48:3-98.1(b).

[4] N.J.S.A. 48:3-60.

[5] N.J.S.A. 48:3-87(g).

[6] N.J.S.A. 48:3-87.9(a).

[7] Exec. Order No. 28 (May 23, 2018).

[8] In re the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Efficiency ("CEF-EE") Program on a Regulated Basis, BPU Docket Nos. GO18101112 and EO18121113, Order dated September 23, 2020 ("CEF-EE Order").

[9] The gas baseline per customer is calculated using billing determinants from the Company's 2018 base rate case approved on October 29, 2018, in BPU Docket Nos. ER18010029 & GR18010030 and the most recent variable margin rates from the Energy Strong II rate adjustment approved on April 30, 2023 for rates effective May 1, 2023, in BPU Docket Nos. ER22110669 & GR22110670.

Charge ("WNC") ending balance from October 2023 through March 2024, and the Company's GCIP Carry-Forward amount of $11,031,622.

As required by the CEF-EE Order, the proposed gas rate adjustment is limited by a Variable Margin Test and BGSS Savings Test. However, PSE&G asserted that, for the current GCIP period, the application of the Variable Margin Revenue Test and the BGSS Savings Test did not result in a limitation on the Company's GCIP recovery of non-weather-related revenues. Furthermore, by Order dated September 14, 2021, the Board approved a stipulation in which the Parties mutually agreed that, when the over/under balance of the WNC nears zero, PSE&G would submit a compliance filing to reset the WNC rate to zero. Any remaining over- or under-recovery balance, including accrued interest, would be rolled into the Company's GCIP filing, following the guidelines established in the CEF-EE Order. On April 20, 2022, PSE&G made the required compliance filing setting the WNC rate to $0.000000 per therm effective May 1, 2022. In March 2024, the Company incorporated the remaining WNC balance of ($1,857), which had accrued from October 2023 through March 2024, into its GCIP balance.

The proposed GCIP rates and their associated customer classes are illustrated below:

	GCIP Charges Per Therm (including SUT)	
	Present Charge	**Proposed Charge**
RSG	0.064760	$0.064275
GSG	0.047396	$0.041675
LVG	0.005063	$0.005739

Following publication of notice in newspapers of general circulation within PSE&G's service territory and the serving of notice upon affected municipalities and counties within the Company's service area, two (2) public hearings were held at 4:30 p.m. and 5:30 p.m. on September 4, 2024. Two (2) members of the public attended, and no comments were received by the Board in regards to the Petition.

PROVISIONAL STIPULATION

Following an initial review of the Petition and discovery, the Parties determined that additional time is needed to complete a comprehensive review of the matter. As a result, the Parties have executed the Provisional Stipulation, which provides for the following:[10]

1. Additional time is needed to update the GCIP filing for the full recovery period October 1, 2023 through September 30, 2024 and for the Company to update its earnings test through September 2024. Accordingly, the Parties agree that the Company will implement provisional GCIP rates to recover $107,268,405.

2. The Company shall implement the provision GCIP rates set forth in Schedule SS-GCIP-2, attached to the Provisional Stipulation as Exhibit A. Tariff sheets showing the agreed upon GCIP rates are included as Exhibit B to the Provisional Stipulation.

[10] Although summarized in this Order, should there be any conflict between this summary and the Provisional Stipulation, the terms of the Provisional Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Provisional Stipulation.

3. Under the Company's proposal a typical residential gas heating customer using 172 therms in a winter month and 87 average monthly therms, or 1,040 annually, would see a decrease in the average monthly bill from $96.49 to $96.45, or $0.04 or approximately 0.04%. On an annual basis, the typical residential customer using 1,040 therms annually would see a decrease in their annual bill from $1,157.86 to $1,157.34, or $0.52, or approximately 0.04% based upon Delivery Rates and Basic Gas Supply Service – Residential Service Gas charges in effect as of August 1, 2024 and assuming that the customer receives Basic Gas Supply Service from PSE&G.

DISCUSSION AND FINDINGS

Having carefully reviewed the record in this matter, including the Petition and the Provisional Stipulation, the Board **HEREBY FINDS** the Provisional Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the attached Provisional Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any new over-recovered balance, the GCIP rates as set forth in Attachment A to the Provisional Stipulation. These charges shall become effective as of October 1, 2024.

As a result of the Provisional Stipulation, the impact on the typical residential gas heating customer using 172 therms in a winter month, and 1,040 therms annually, would be a decrease in their average monthly bill of $0.04 or approximately 0.04% to their bill.

Accordingly, the Board **HEREBY ORDERS** PSE&G to file revised tariff sheets conforming to the terms of this Order by September 30, 2024.

The Company's costs, including those related to the GCIP, will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

This Board Order shall be effective on September 25, 2024.

DATED: September 25, 2024

BOARD OF PUBLIC UTILITIES
BY:

CHRISTINE GUHL-SADOVY
PRESIDENT

DR. ZENON CHRISTODOULOU
COMMISSIONER

MARIAN ABDOU
COMMISSIONER

MICHAEL BANGE
COMMISSIONER

ATTEST:

SHERRI L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF CHANGES IN ITS GAS CONSERVATION INCENTIVE PROGRAM (2024 PSE&G GAS CONSERVATION INCENTIVE PROGRAM RATE FILING)

DOCKET NO. GR24060369

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PSEG
Services Corporation

September 11, 2024

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of Changes in its Gas Conservation
Incentive Program
(2024 PSE&G Gas Conservation Incentive
Program Rate Filing)

BPU Docket No. GR24060369

VIA ELECTRONIC MAIL
Sherri Golden, Secretary
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Golden:

Attached is the fully executed Stipulation in the above-reference matter resolving all aspects of this matter. All the parties have signed the Stipulation: Public Service Electric and Gas Company, the Staff of the New Jersey Board of Public Utilities, and the New Jersey Division of Rate Counsel.

Consistent with the Order issued by the New Jersey Board of Public Utilities ("BPU or Board") in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this filing is being electronically filed with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

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

Very truly yours,

Danielle Lopez

cc: Attached service list

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GCIP - 2024
GR24060369

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF	**:**	
PUBLIC SERVICE ELECTRIC AND GAS	**:**	
COMPANY FOR APPROVAL OF CHANGES	**:**	**BPU DOCKET NO. GR24060369**
IN ITS GAS CONSERVATION	**:**	
INCENTIVE PROGRAM	**:**	
2024 PSE&G GAS CIP RATE FILING	**:**	

STIPULATION AND AGREEMENT FOR PROVISIONAL RATES

APPEARANCES:

Danielle Lopez, Esq., Associate Counsel—Regulatory General, for the Petitioner, Public Service Electric and Gas Company.

Maura Caroselli, Esq., Managing Attorney – Gas and **Mamie W. Purnell**, Esq., and **Andrew H. Gold,** Esq., Assistant Deputies Rate Counsel for the New Jersey Division of Rate Counsel (**Brian O. Lipman**, Director).

Matko Ilic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin, Attorney General of New Jersey**)

On May 31, 2024, Public Service Electric and Gas Company ("PSE&G" or "Petitioner") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting a rate adjustment in response to changes in the average gas revenue per customer compared to a baseline revenue per customer, pursuant to N.J.S.A. 48:2-21 and PSE&G's Clean Energy Future-Energy Efficiency Program ("CEF-EE") ("May 2024 Petition"). By Order dated September 23, 2020, the Board approved a stipulation and a Conservation Incentive Program ("CIP") that allowed the Company to account for potential lost sales revenue resulting from the implementation of energy efficiency and its associated decreases in customer energy usage ("CEF-EE Stipulation").[1] Paragraph 39 of the CEF-EE Stipulation authorized the first gas CIP

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[1] In re the Petition of Public Service Electric and Gas Company for Approval of Its Clean Energy Future-Energy Efficiency Program on a Regulated Basis, BPU Docket Nos. EO18101113 and GO18101112, Order dated September 23, 2020.

("GCIP") cost recovery filing by June 1, 2022, for new rates effective October 1, 2022, with adjustments annually thereafter. Id. The CEF-EE Stipulation further provided that the recovery of lost revenues, if any, was to be made via a CIP based on the methodology set forth below, and as detailed in Attachments 5 and 6E to the CEF-EE Stipulation.

For the Company's GCIP, baseline revenue per customer is derived from the billing determinants utilized in PSE&G's 2018 base rate case and the latest variable margin rates per rate schedule, including any Infrastructure Investment Program ("IIP") rate adjustments. The baseline usage and margin rates are updated with each subsequent base rate case or IIP rate adjustment. To determine recovery eligibility for CIP accruals, the margin impact of changes in customer usage will be segregated into non-weather-related and weather-related components.

The non-weather-related component will be calculated by deducting the weather-related component from the total GCIP deferral. For gas, the weather-related impact will be calculated in the same manner as it is calculated for the Company's existing Weather Normalization Charge ("WNC"). Recovery of non-weather-related GCIP impacts shall be subject to the application of two (2) eligibility tests: a Modified BGSS Savings Test and a Variable Margin Test.

The dual cost recovery tests work together so the total non-weather-related recoverable amount is limited to the smaller of the two (2) recoverable amounts allowed under the separate BGSS Savings Test and Variable Margin Test for Gas. Any amount exceeding the lesser of the BGSS Savings Test and Variable Margin Test may be deferred for future recovery subject to the earnings test described below. The Company agreed not to seek recovery of interest on any deferred carry-forward amount.

The Company also agreed to include an earnings test that applies to both the weather-related and non-weather-related components of the CIP. Under the earnings test, the Company's actual return on equity ("ROE") is determined based upon the actual jurisdictional net income of the utility for the most recent twelve (12)-month period divided by the average of the beginning and ending common equity balances related to jurisdictional activity for the corresponding period, as specified in more detail in the Company's electric and gas tariffs. If the calculated ROE exceeds the allowed ROE from the utility's last base rate case by fifty (50) basis points or more, recovery of lost revenues through the CIP shall not be allowed for the applicable filing period and shall not be carried over to subsequent filing periods.

To implement initiatives to further customer conservation efforts, the Company agreed to provide funding in the amount of $3.3 million per year ("Shareholder Contribution") as long as the CIP remains in place, commencing with the start of the CIP deferrals, as defined below. All shareholder contribution expenditures were to be allocated fifty-five percent (55%) to electric distribution, or approximately $1.8 million, and forty-five percent (45%) to gas distribution, or approximately $1.5 million. Any under-spend in a year was to be factored into the following year's spending amount. The shareholder contribution was not included in customer rates and will support initiatives designed to aid customers in reducing their costs of natural gas and electricity, and to reduce peak demand. The parties to the CEF-EE Stipulation further agreed that PSE&G's first GCIP cost recovery filing would be based upon an initial deferral period of October 1, 2021 through September 30, 2022, and that the Company would not record any GCIP deferral prior to October 1, 2021. Any variances from the annual filing would be trued-up thereafter. The initial GCIP filing was approved on April 12, 2023[2]. The current petition is for

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[2] In re the Petition of Public Service Electric and Gas Company for Approval of Changes in its Gas Conservation Incentive Program, BPU Docket No. GR22060362, Order dated April 12, 2023.

the 2024 GCIP cost recovery filing seeking new rates effective October 1, 2024, based on a deferral period of October 1, 2023 through September 30, 2024.

The CIP margin deficiency to be collected from customers, or the margin excess to be refunded to customers, is calculated each month by applicable rate schedule by subtracting the baseline revenue per customer from the actual revenue per customer and multiplying the resulting revenue per customer by the actual number of customers for the month.

As noted in the May 2024 Petition, PSE&G's total deferral for the GCIP is forecasted to be $107,268,405, representing ($4,755,523) of non-weather-related gas distribution margin deficiencies, $100,994,162 related to weather-related gas distribution margin, ($1,857) relating to the WNC ending balance transferred to GCIP from October 2023 through March of 2024 and the GCIP Carry-Forward amount of $11,031,622.

The application of the Variable Margin Test and the BGSS Savings Test was not forecasted to result in any limitation in the recovery of the non-weather-related component. The Company also forecasted that it would pass the Earnings Test for recovery of the weather-related and non-weather-related components.

Notice of the Company's May 2024 Petition, including the date, time and details for public hearings, was placed in newspapers having a circulation within the Company's service territory, and served on the Clerks of the municipalities, the Clerks of the Board of County Commissioners, and the County Executives within the Company's electric service territory. Virtual public hearings were held on at 4:30 p.m. and 5:30 p.m. on September 4, 2024.[3] Several members of the public appeared at the 4:30 p.m. hearing but did not provide comments, and no

[3] The hearings were conducted virtually due to the COVID-19 pandemic.

members of the public appeared at the 5:30 p.m. public hearing. The Board also has received no written comments.

Following review of the May 2024 Petition, Board Staff, the New Jersey Division of Rate Counsel ("Rate Counsel"), and PSE&G (collectively, "Parties")—the only parties to this proceeding—now HEREBY STIPULATE AND AGREE as follows:

1. Additional time is needed to update the GCIP filing for the full recovery period October 1, 2023 through September 30, 2024 and for the Company to update its earnings test through September 2024. Accordingly, the Parties agree that the Company will implement provisional GCIP rates to recover $107,268,405.

2. The Company shall implement the provisional GCIP rates set forth in Schedule SS-GCIP-2, attached hereto as Exhibit A. Tariff sheets showing the agreed upon GCIP rates are attached hereto as Exhibit B.

3. Under the Company's proposal a typical residential gas heating customer using 172 therms in a winter month and 87 average monthly therms, or 1,040 annually, would see a decrease in the average monthly bill from $96.49 to $96.45, or $0.04 or approximately 0.04%. On an annual basis, the typical residential customer using 1,040 therms annually would see a decrease in their annual bill from $1,157.86 to $1,157.34, or $0.52, or approximately 0.04%, based upon Delivery Rates and BGSS-RSG charges in effect as of August 1, 2024 and assuming that the customer receives BGSS service from PSEG.

4. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety

by the Board, any party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion.

5. Particularly, in the event that this Stipulation is not adopted in its entirety by the Board in any applicable Order(s), then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

6. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

7. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, PSE&G, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item.

8. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

9. Lastly, the Parties acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto respectfully submit this Stipulation to the Board of Public Utilities and recommend that the Board issue a Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: Danielle Lopez

Danielle Lopez, Esq.
Associate Counsel, Regulatory

DATED: September 10, 2024

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: Matko Ilic

Matko Ilic
Deputy Attorney General

DATED: September 11, 2024

NEW JERSEY DIVISION OF RATE COUNSEL
BRIAN LIPMAN, DIRECTOR

BY: Mamie W. Purnell

Mamie W. Purnell, Esq.
Assistant Deputy Rate Counsel

DATED: September 11, 2024

Exhibit A
Schedule SS-GCIP-2

PUBLIC SERVICE ELECTRIC AND GAS
CONSERVATION INCENTIVE PROGRAM
CALCULATION OF GCIP RATES

	GCIP Rate	RSG	GSG	LVG	Total	
(1)	CIP Carry-Forward	$10,021,901	$691,684	$318,037	$11,031,622	See Attachment A, Schedule 1 - 3, Page 1
(2)	CIP Weather	$85,493,887	$12,361,252	$3,139,023	$100,994,162	See Attachment A, Schedule 5, Page 1
(3)	CIP Non-Weather	($3,588,307)	($1,776,042)	$608,826	($4,755,523)	See Attachment A, Schedule 5, Page 1
(4)	**Total CIP Deferral**	**$91,927,482**	**$11,276,894**	**$4,065,886**	**$107,270,262**	(4) = (1) + (2) + (3)
(5)	CIP Non-Weather Savings Recovery				**($4,755,523)**	See Attachment A, Schedule 5, Page 1 for Refund or Page 2 for Recovery
(6)	CIP Allocation of Non-Weather Savings Cap	75%	37%	-13%	**100%**	(6) = (3) / Total (3)
(7)	CIP Non-Weather Allocation	($3,588,307)	($1,776,042)	$608,826	**($4,755,523)**	(7) = Total (5) * (6)
(8)	CIP Weather	$85,493,887	$12,361,252	$3,139,023	**$100,994,162**	(2)
(9)	WNC Ending Balance				**($1,857)**	
(10)	CIP Allocation of Weather	85%	12%	3%	**100%**	(10) = (2) / Total (2)
(11)	CIP Allocation of WNC Ending Balance	($1,572)	($227)	($58)	**($1,857)**	(11) = Total (9) * (10)
(12)	CIP Carry-Forward Recovery	$10,021,901	$691,684	$318,037	**$11,031,622**	(12) = (1)
(13)	**CIP (Refund) / Charge**	**$91,925,910**	**$11,276,667**	**$4,065,829**	**$107,268,405**	(13) = (7) + (8) + (11)+12
(14)	Projected Use (000) *	1,528,917	289,259	757,434		Attachment A Schedules 1 - 3, Page 1

		RSG	GSG	LVG	
(15)	CIP Rate	0.060125	0.038985	0.005368	(15) = (13) / ((14) * 1000)
(16)	CIP Rate w/ Assessment	0.060281	0.039086	0.005382	(16) = (15) * (1 / (1 - (0.21% + 0.05%))
(17)	CIP Rate w/SUT	0.064275	0.041675	0.005739	(17) = (16) * 1.06625

PUBLIC SERVICE ELECTRIC AND GAS COMPANY | **XXX Revised Sheet No. 48**
Superseding
B.P.U.N.J. No. 16 GAS | **XXX Revised Sheet No. 48**

CONSERVATION INCENTIVE PROGRAM

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

	Conservation Incentive Program	Conservation Incentive Program including SUT
RSG	$0.060281~~0.060736~~	$0.064275~~0.064760~~
GSG	$0.039086~~0.044451~~	$0.041675~~0.047396~~
LVG	$0.005382~~0.004748~~	$0.005739~~0.005063~~

Conservation Incentive Program

This charge shall be applicable to the rate schedules listed above. The Conservation Incentive Program shall be based on the differences between actual and allowed usage per customer during the preceding annual period. The Conservation Incentive Mechanism shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Actual Number of Customers
– the Actual Number of Customers ("ANC") shall be determined on a monthly basis for each of the Customer Class Groups to which the Conservation Incentive Program ("CIP") Clause applies. The ANC shall equal the aggregate actual monthly Service Charge revenue for each class of customers subject to the CIP as recorded on the Company's books, divided by the service charge rate applicable to such class of customers in each Customer Class Group.

2. Actual Usage Per Customer
– the Actual Usage per Customer ("AUC") shall be determined in therms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The AUC shall equal the aggregate actual booked sales for the month as recorded on the Company's books divided by the ANC for the corresponding month.

3. Adjustment Period
– shall be the year beginning immediately following the conclusion of the Annual Period.

4. Annual Period
– shall be the twelve consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

5. Average 13 Month Common Equity Balance
– shall be the average of the beginning and ending common equity balances based on the latest publically available financials available before the end of the Annual Period. The Company shall provide the most recently available actual months plus forecasted data at the time of each Initial Filing. The forecasted data will be updated with actuals once the financial statements for the months have been disclosed.

6. Baseline Usage per Customer
– the Baseline Usage per Customer ("BUC") shall be stated in therms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The BUC shall be rounded to the nearest one tenth of one therm.

The BUC shall be reset each time new base rates are placed into effect through a base rate case.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY | **XXX Revised Sheet No. 48A**
Superseding
B.P.U.N.J. No. 16 GAS | **XXX Revised Sheet No. 48A**

CONSERVATION INCENTIVE PROGRAM
(Continued)

7. Customer Class Group
– for purposes of determining and applying the CIP, customers shall be aggregated into three separate recovery class groups. The Customer Class Groups shall be as follows:

Group I: RSG
Group II: GSG
Group III: LVG

8. Forecast Annual Usage
– the Forecast Annual Usage ("FAU") shall be the projected total annual throughput for all customers within the applicable Customer Class Group. The FAU shall be estimated based on normal weather.

9. Margin Revenue Factor
– the Margin Revenue Factor ("MRF") shall be the weighted-average margin rate as quoted in the individual service classes to which the CIP applies. The MRFs by Customer Class Group are as follows:

Group I (RSG): $0.437483
Group II (GSG): $0.328238~~0.328242~~
Group III (LVG): $0.046538~~0.046383~~

The MRF shall be reset each time new base rates are placed into effect, including Infrastructure Investment Program ("IIP") or all other future base rate changes.

10. Degree Days (DD)
– the difference between 65ºF and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

11. Actual Calendar Month Degree Days
– the accumulation of the actual Degree Days for each day of a calendar month.

12. Normal Calendar Month Degree Days
– the level of calendar month degree days to which the weather portion of the CIP applies.

The normal calendar month Degree Days will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually. The base level of normal HDD for the defined winter period months for the 2024~~3~~-2025~~4~~ Winter Period are set forth in the table below:

Month	Normal Heating Degree Days
October 2024~~3~~	217.76~~225.14~~
November 2024~~3~~	519.53~~515.50~~
December 2024~~3~~	798.07~~810.29~~
January 2025~~4~~	980.32~~1,005.68~~
February 2025~~4~~	826.22~~868.22~~
March 2025~~4~~	678.84~~682.63~~
April 2025~~4~~	343.86~~355.17~~
May 2025~~4~~	117.01~~123.16~~

13. Winter Period
– shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 48B**
Superseding
B.P.U.N.J. No. 16 GAS **XXX Revised Sheet No. 48B**

CONSERVATION INCENTIVE PROGRAM
(Continued)

14. Degree Day Consumption Factors
– the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. Degree day Consumption Factors for the 2024~~3~~-2025~~4~~ Winter Period are set forth below and presented as therms per degree day:

	RSG-Residential		Commercial			Industrial		
Month			GSG		LVG	GSG		LVG
	Heating	Non- Heating	Heating	Non- Heating		Heating	Non- Heating	
Oct.-24~~3~~	179,527 ~~183,348~~	-	-	-	90,108 ~~88,624~~	620 ~~633~~	-	8,122 ~~7,326~~
Nov.-24~~3~~	273,244 ~~269,657~~	2,284 ~~2,352~~	29,601 ~~34,861~~	2,632 ~~2,625~~	90,108 ~~88,624~~	1,219 ~~1,220~~	141 ~~139~~	8,122 ~~7,321~~
Dec.-24~~3~~	272,320 ~~269,443~~	2,830 ~~3,088~~	48,638 ~~51,188~~	3,724 ~~3,709~~	90,108 ~~88,624~~	2,156 ~~2,154~~	253 ~~259~~	8,122 ~~7,315~~
Jan.-25~~4~~	305,642 ~~303,067~~	3,084 ~~3,111~~	49,983 ~~52,644~~	3,885 ~~3,907~~	90,921 ~~90,462~~	2,477 ~~2,463~~	273 ~~234~~	8,220 ~~7,452~~
Feb.-25~~4~~	287,764 ~~291,037~~	2,791 ~~2,723~~	51,727 ~~54,216~~	4,001 ~~4,014~~	90,921 ~~90,462~~	1,920 ~~1,934~~	135 ~~138~~	8,220 ~~7,445~~
Mar.-25~~4~~	295,009 ~~293,337~~	2,888 ~~3,012~~	52,445 ~~55,149~~	4,069 ~~4,047~~	90,921 ~~90,462~~	2,219 ~~2,215~~	243	8,220 ~~7,437~~
Apr.-25~~4~~	288,934 ~~285,355~~	2,969 ~~3,138~~	54,265 ~~57,596~~	4,074 ~~4,118~~	90,921 ~~90,462~~	1,727 ~~1,748~~	236 ~~229~~	8,220 ~~7,428~~
May-25~~4~~	215,159 ~~209,054~~	3,516 ~~3,458~~	24,305 ~~29,705~~	3,914 ~~3,863~~	90,921 ~~90,462~~	1,176 ~~1,160~~	175 ~~163~~	8,220 ~~7,418~~

II. BASELINE USE PER CUSTOMER

The BUC for each Customer Class Group by month are as follows:

Month	RSG	GSG	LVG
Oct.	38.7	110.8	2,350.0
Nov.	87.6	172.0	3,486.2
Dec.	144.9	320.4	5,220.9
Jan.	180.6	421.1	6,506.4
Feb.	153.5	351.6	5,940.9
Mar.	124.5	275.8	5,478.7
Apr.	70.4	170.7	3,703.5
May	37.0	80.1	2,037.8
Jun.	21.0	49.2	1,477.0
Jul.	18.0	58.5	1,374.6
Aug.	18.0	50.5	1,379.9
Sep.	19.5	52.6	1,322.8
Total Annual	**913.7**	**2,113.3**	**40,278.7**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 48**
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