



Agenda Date: 5/21/25

Agenda Item: 2H

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)	DECISION AND ORDER
SERVICE ELECTRIC AND GAS COMPANY FOR)	APPROVING STIPULATION
APPROVAL OF CHANGES IN ITS GAS)	FOR FINAL RATES
CONSERVATION INCENTIVE PROGRAM (2024 PSE&G)	
GAS CONSERVATION INCENTIVE PROGRAM RATE)	
FILING))	DOCKET NO. GR24060369

Parties of Record:

Danielle Lopez, Esq., Assistant Counsel – Regulatory, on behalf of 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 final stipulation of settlement ("Stipulation") executed by PSE&G, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff (collectively, "Parties"), intended to resolve all issues in controversy in this matter.

BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, Governor Corzine signed L. 2007, c. 340 ("RGGI Act") 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

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 Section 12 of 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, codified at N.J.S.A. 48:3-87, *et seq.*, into law ("Clean Energy Act" or "CEA"). The CEA calls for aggressive energy reduction requirements, 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, directing the Board to create a new Energy Master Plan ("EMP") with the intent to "provide 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" as well as provide "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, among other things, 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 was \$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

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 and 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 Revenue Test and Basic Gas Supply Service (“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 Sales and Use Tax)	
	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 service 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 regarding the Petition.

By Order dated September 25, 2024, the Board approved the rates proposed in the Petition on a provisional basis, subject to refund, while the Parties continued to review this matter.¹⁰ As a result of the Provisional Order, the annual impact on a typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually was a decrease of \$0.52.

¹⁰ In re 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, Order dated September 25, 2024 (“Provisional Order”).

Through the course of this proceeding, the Company updated its schedules to reflect actual data through September 30, 2024 (“November 2024 Update”). By the November 2024 Update, the Company replaced forecasted financial data from May 1, 2024, through September 30, 2024 with actual data as follows:

Non-Weather-related gas distribution margin credit	(\$3,034,197)
Weather-Related Gas Distribution margin deficiencies	\$105,139,686
Transfer of Weather Normalization Clause (“WNC”) ending balance at March 31, 2023	(\$2,039)
GCIP Carry-forward	\$11,807,169
Total	\$113,910,619

The GCIP under-collection as of September 30, 2024 represented an increase over the amount approved in the Provisional Order. Accordingly, PSE&G indicated that the difference would be included in a subsequent GCIP filing.

STIPULATION

Following a complete review of the Petition and after conducting discovery, the Parties executed the Stipulation, which provides, in pertinent part, as follows:¹¹

1. The provisional rates effective October 1, 2024, designed to recover \$107,268,405, should be approved as final. When comparing the provisionally approved rates to the full results through September 30, 2024 this results in a carry-forward balance of \$6,642,214 to be recovered in a subsequent GCIP filing. A calculation of the carry-forward balance is attached as Exhibit C to the Stipulation, and reflects the actual results through September 30, 2024 as compared to the revenue recovery provisionally approved.
2. The Company passed the Earnings Test that, if not passed, would preclude recovery of the GCIP deferral.
3. Tariff sheets showing the agreed upon GCIP rates are attached as Exhibit D to the Stipulation.
4. In accordance with the final rates set forth in Exhibit D to the Stipulation, a typical residential customer using 172 therms in a winter month and 87 average monthly therms (1,040 therms annually) would see no change in their average monthly bill, based upon delivery and BGSS – Residential Gas Service charges in effect as of March 1, 2025 and assuming that customer receives BGSS service from PSE&G.

¹¹ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

DISCUSSION AND FINDINGS

The Board reviewed the record, including the Petition, the Provisional Order, the November 2024 Update, and the Stipulation and **HEREBY FINDS** the Stipulation to be reasonable, in the public interest and in accordance with the law. As such, the Board **HEREBY ADOPTS** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as if fully set forth herein, subject to any terms and conditions in this Order.

As a result of the approved Stipulation, customers will experience no change in their bills.

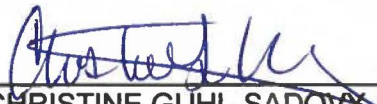
Accordingly, the Board **HEREBY ORDERS** PSE&G to file revised tariff sheets conforming to the terms of this Order prior to June 15, 2025.

The Company's costs, including those related to the programs described above, 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 May 28, 2025.

DATED: May 21, 2025

BOARD OF PUBLIC UTILITIES
BY:

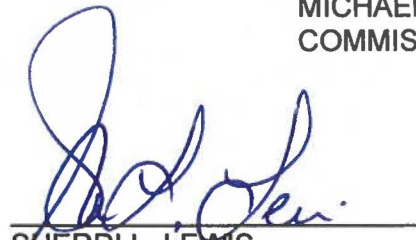

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOLOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD 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

SERVICE LIST

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March 21, 2025

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

VIA ELECTRONIC MAIL

Sherri Lewis, Board Secretary
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Lewis:

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,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", is written over a light blue rectangular background.

C Attached Service List (E-Mail)

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

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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 FINAL RATES

APPEARANCES:

Danielle Lopez, Esq., Associate Counsel— State Regulatory, 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 “Company”) 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”).

BACKGROUND

By Order dated September 23, 2020, the Board approved a stipulation of settlement authorizing PSE&G to implement a Conservation Incentive Program (“CIP”) by which the Company may 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 PSE&G to file its first gas CIP (“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 Basic Gas Supply Service (“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

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.

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 utility's actual jurisdictional net income 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. By Order dated April 12, 2023, the Board approved the initial GCIP filing.² The current petition is for 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.

MAY 2024 PETITION

By the May 2024 Petition, PSE&G identified that its 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 in weather-related gas distribution margin, (\$1,857) relating to the WNC ending balance transferred to GCIP from October 2023 through March 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,

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.

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. Several members of the public appeared at the 4:30 p.m. hearing but did not provide comments, and no members of the public appeared at the 5:30 p.m. public hearing. Additionally, the Board received no written comments in this matter.

By Order dated September 25, 2024, the Board approved a stipulation of settlement executed by PSE&G, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") wherein the Parties recommended implementation of the GCIP rates to recover \$107,268,405, effective October 1, 2024, on a provisional basis subject to refund with interest as noted in the chart below.³

	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

A copy of the schedule calculating rates as approved by the Board on September 25, 2024 is attached hereto as Exhibit A.

³ In re the Petition of Public Service Electric and Gas Company for Approval of Changes in its Gas Conservation Incentive Program (2024 PSE&G Gas CIP Rate Filing) – Order Approving Provisional Stipulation, BPU Docket No. GR24060369, Order dated September 25, 2024 ("September 2024 Order").

Subsequently, on November 26, 2024, the Company submitted an update to its schedules for September actuals by way of discovery response INF-0001. The Company's updated deferral is \$113,910,619 consisting of (\$3,034,197) in non-weather-related gas distribution margin deficiencies, \$105,139,686 for the weather-related component, (\$2,039) for the WNC ending September 30, 2024 to be included in the GCIP deferral in accordance with the CEF-EE Order, and a carry-forward of \$11,807,169 from the prior GCIP period. The GCIP under-collection as of September 30, 2024 represents an increase over the approved amount of \$107,268,405 and the difference will be included in the Company's next GCIP filing. A copy of the updated schedule calculating rates as provided in the Company's November 26, 2024 submission is attached hereto as Exhibit B.

Following the completion of their review of the May 2024 Petition and responses to discovery, the Parties—the only parties to this proceeding—now HEREBY STIPULATE AND AGREE as follows:

1. The provisional rates effective October 1, 2024, designed to recover \$107,268,405, should be approved as final. When comparing the provisionally approved rates to the full results through September 30, 2024 this results in a carry-forward balance of \$6,642,214 to be recovered in a subsequent GCIP filing. A calculation of the carry-forward balance is attached as Exhibit C hereto, and reflects the actual results through September 30, 2024 as compared to the revenue recovery provisionally approved.

2. The Company passed the Earnings Test that, if not passed, would preclude recovery of the GCIP deferral.

3. Tariff sheets showing the agreed upon GCIP rates are attached hereto as Exhibit D.

4. In accordance with the final rates set forth in Exhibit D, a typical residential gas heating customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would see no change in their average monthly bill, based upon Delivery Rates and BGSS – Residential Gas Service charges in effect as of March 1, 2025 and assuming that the customer receives BGSS service from PSE&G.

5. This Stipulation of Settlement (“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.

6. If 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.

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

8. 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.

9. 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.

10. 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.

11. **WHEREFORE**, the Parties 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

A handwritten signature in blue ink, appearing to read "Danielle Lopez", is written over a light blue rectangular background.

BY: _____
Danielle Lopez, Esq.
Associate Counsel, Regulatory

DATED: March 19, 2025

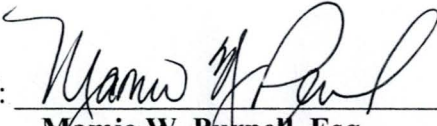
MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

A handwritten signature in black ink, appearing to read "Matko Ilic", is written over a light blue rectangular background.

BY: _____
Matko Ilic
Deputy Attorney General

DATED: March 21, 2025

**NEW JERSEY DIVISION OF RATE COUNSEL
BRIAN LIPMAN, DIRECTOR**

BY: 

Mamie W. Purnell, Esq.
Assistant Deputy Rate Counsel

DATED: March 21, 2025

**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)
See Attachment A, Schedule 5, Page 1 for						
(5)	CIP Non-Weather Savings Recovery				(\$4,755,523)	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
CONSERVATION INCENTIVE PROGRAM
CALCULATION OF GCIP RATES**

	GCIP Rate	RSG	GSG	LVG	Total	
(1)	CIP Carry-Forward	\$10,685,776	\$752,444	\$368,949	\$11,807,169	See Attachment A, Schedule 1 - 3, Page 1
(2)	CIP Weather	\$89,031,816	\$12,795,949	\$3,311,921	\$105,139,686	See Attachment A, Schedule 5, Page 1
(3)	CIP Non-Weather	(\$2,101,081)	(\$1,857,857)	\$924,740	(\$3,034,197)	See Attachment A, Schedule 5, Page 1
(4)	Total CIP Deferral	\$97,616,512	\$11,690,536	\$4,605,610	\$113,912,658	(4) = (1) + (2) + (3)
						See Attachment A, Schedule 5, Page 1 for
(5)	CIP Non-Weather Savings Recovery				(\$3,034,197)	Refund or Page 2 for Recovery
(6)	CIP Allocation of Non-Weather Savings Cap	69%	61%	-30%	100%	(6) = (3) / Total (3)
(7)	CIP Non-Weather Allocation	(\$2,101,081)	(\$1,857,857)	\$924,740	(\$3,034,197)	(7) = Total (5) * (6)
(8)	CIP Weather	\$89,031,816	\$12,795,949	\$3,311,921	\$105,139,686	(2)
(9)	WNC Ending Balance				(2,039)	
(10)	CIP Allocation of Weather	85%	12%	3%	100%	(10) = (2) / Total (2)
(11)	CIP Allocation of WNC Ending Balance	(\$1,727)	(\$248)	(\$64)	(\$2,039)	(11) = Total (9) * (10)
(12)	CIP Carry-Forward Recovery	\$10,685,776	\$752,444	\$368,949	\$11,807,169	(12) = (1)
(13)	CIP (Refund) / Charge	\$97,614,785	\$11,690,288	\$4,605,546	\$113,910,619	(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	0.063846	0.040415	0.006080		(15) = (13) / ((14) * 1000)
(16)	CIP Rate w/ Assessment	0.064012	0.040520	0.006096		(16) = (15) * (1 / (1 - (0.21% + 0.05%)))
(17)	CIP Rate w/SUT	0.068253	0.043204	0.006500		(17) = (16) * 1.06625

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

	GCIP Rate	RSG	GSG	LVG	Total	
(1)	CIP Carry-Forward	\$10,685,776	\$752,444	\$368,949	\$11,807,169	See Attachment A, Schedule 1 - 3, Page 1
(2)	CIP Weather	\$89,031,816	\$12,795,949	\$3,311,921	\$105,139,686	See Attachment A, Schedule 5, Page 1
(3)	CIP Non-Weather	(\$2,101,081)	(\$1,857,857)	\$924,740	(\$3,034,197)	See Attachment A, Schedule 5, Page 1
(4)	Total CIP Deferral	\$97,616,512	\$11,690,536	\$4,605,610	\$113,912,658	(4) = (1) + (2) + (3)
						See Attachment A, Schedule 5, Page 1 for
(5)	CIP Non-Weather Savings Recovery				(\$3,034,197)	Refund or Page 2 for Recovery
(6)	CIP Allocation of Non-Weather Savings Cap	69%	61%	-30%	100%	(6) = (3) / Total (3)
(7)	CIP Non-Weather Allocation	(\$2,101,081)	(\$1,857,857)	\$924,740	(\$3,034,197)	(7) = Total (5) * (6)
(8)	CIP Weather	\$89,031,816	\$12,795,949	\$3,311,921	\$105,139,686	(2)
(9)	WNC Ending Balance				(2,039)	
(10)	CIP Allocation of Weather	85%	12%	3%	100%	(10) = (2) / Total (2)
(11)	CIP Allocation of WNC Ending Balance	(\$1,727)	(\$248)	(\$64)	(\$2,039)	(11) = Total (9) * (10)
(12)	CIP Carry-Forward Recovery	\$10,685,776	\$752,444	\$368,949	\$11,807,169	(12) = (1)
(13)	CIP (Refund) / Charge (Update)	\$97,614,785	\$11,690,288	\$4,605,546	\$113,910,619	(13) = (7) + (8) + (11)+12
(14)	CIP (Refund) / Charge (Provisional)	\$91,925,910	\$11,276,667	\$4,065,829	\$107,268,405	Line 13, Attachment D Initial filing
(15)	CIP Carry-Forward	\$5,688,875	\$413,622	\$539,718	\$6,642,214	(15) = (13) - (14)
(16)	Projected Use (000) *	1,528,917	289,259	757,434		Attachment A Schedules 1 - 3, Page 1
		RSG	GSG	LVG		
(17)	CIP Rate	0.060125	0.038985	0.005368	(15) = (13) / ((14) * 1000)	
(18)	CIP Rate w/ Assessment	0.060281	0.039086	0.005382	(16) = (15) * (1 / (1 - (0.21% + 0.05%)))	
(19)	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

B.P.U.N.J. No. 17 GAS

Superseding
Original 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	\$0.064275
GSG	\$0.039086	\$0.041675
LVG	\$0.005382	\$0.005739

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 terms 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 terms 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.

Date of Issue:

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.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY**XXX Revised Sheet No. 48A****B.P.U.N.J. No. 17 GAS****Superseding
Original 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): \$0.543633
Group II (GSG): \$0.442470
Group III (LVG): \$0.059210

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 65°F 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 2024-2025 Winter Period are set forth in the table below:

Month	Normal Heating Degree Days
October 2024	217.76
November 2024	519.53
December 2024	798.07
January 2025	980.32
February 2025	826.22
March 2025	678.84
April 2025	343.86
May 2025	117.01

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:

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.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY**XXX Revised Sheet No. 48B****B.P.U.N.J. No. 17 GAS****Superseding
Original 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 2024-2025 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non- Heating	GSG		LVG	GSG		LVG
			Heating	Non- Heating		Heating	Non- Heating	
Oct.-24	179,527	-	-	-	90,108	620	-	8,122
Nov.-24	273,244	2,284	29,601	2,632	90,108	1,219	141	8,122
Dec.-24	272,320	2,830	48,638	3,724	90,108	2,156	253	8,122
Jan.-25	305,642	3,084	49,983	3,885	90,921	2,477	273	8,220
Feb.-25	287,764	2,791	51,727	4,001	90,921	1,920	135	8,220
Mar.-25	295,009	2,888	52,445	4,069	90,921	2,219	243	8,220
Apr.-25	288,934	2,969	54,265	4,074	90,921	1,727	236	8,220
May-25	215,159	3,516	24,305	3,914	90,921	1,176	175	8,220

II. BASELINE USE PER CUSTOMER

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

Month	RSG	GSG	LVG
Oct.	44.9	72.2	2,145.1
Nov.	90.8	197.6	3,591.7
Dec.	147.0	351.7	5,602.5
Jan.	181.3	421.4	6,572.2
Feb.	158.4	369.4	6,252.5
Mar.	123.7	303.8	5,343.4
Apr.	71.8	163.3	3,356.4
May	36.3	89.0	1,708.4
Jun.	21.4	57.9	1,169.7
Jul.	18.7	47.5	1,309.3
Aug.	16.9	51.1	1,284.5
Sep.	18.8	48.2	1,317.7
Total Annual	930.0	2,173.1	39,653.4

Date of Issue:

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