

ATTACHMENTS

Public Service Electric and Gas Company
Case Name: EE 2017
Docket No(s): EO17030196

Response to Discovery Request: RCR-A-0013
Date of Response: 5/2/2017
Witness: Swetz, Stephen
Embedded Cost of Debt balance and cost.

Question:

Please provide PSE&G's actual "Other Capital" cost rate as of March 31, 2017. Please state this cost rate on an equivalent basis as the Other Capital cost rate of 4.1439% shown on Petition Attachment 2, Schedule SS-EE17-2.

Attachments Provided Herewith: 1

RCR-A_0013_Embedded Cost 3.31.17.xlsx

Response:

The PSE&G Embedded Cost of Debt as of 3/31/17 of 4.0944% is shown in the attached Excel file, "Embedded Cost 3.31.2017.xlsx".

Please see table below for the appropriate calculations:

EE 2017 Other Capital Calculation			
	S4AEEI (As Approved)	EE 2017 (As Filed)	EE 2017 (3/31/17)
Embedded Cost of Debt	4.1439%	4.1439%	4.0944%
Customer Deposits	0.1100%		0.4000%
Total Other Capital	4.0931%	4.1439%	4.0478%

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
EMBEDDED COST OF LONG TERM DEBT AS OF MARCH 31, 2017
INCLUDING NET UNAMORTIZED PREMIUM

PSE&G LONG TERM DEBT	COST OF BOND YIELD BASIS	PRINCIPAL AMOUNT OUTSTANDING	PLUS NET UNAMORTIZED PREMIUM/ (DISCOUNT)	PLUS NET UNAMORTIZED SELLING EXPENSE	PLUS NET UNAMORTIZED PREMIUM/ (DISCOUNT) & SELLING EXPENSE	PRINCIPAL AMOUNT AND UNAMORTIZED PREMIUM/ (DISCOUNT) & SELLING EXPENSE-NET	WEIGHT IN % OF PRINCIPAL AMOUNT AND UNAMORTIZED PREMIUM/ (DISCOUNT) & SELLING EXPENSE-NET	COST IN PERCENT
9.250% SERIES CC DUE 6/1/21	9.472%	\$134,380,000.00	(\$3,699.03)	(\$2,400.00)	(\$6,099.03)	\$134,323,900.97	1.7178%	0.1627%
8.000% SERIES DUE 6/1/37	8.155%	\$7,462,900.00	\$0.00	\$0.00	\$0.00	\$7,462,900.00	0.0954%	0.0078%
5.000% SERIES DUE 7/1/37	5.097%	\$7,537,800.00	\$0.00	\$0.00	\$0.00	\$7,537,800.00	0.0964%	0.0049%
7.040% SERIES A DUE 11/06/20	7.355%	\$9,000,000.00	(\$10,515.72)	(\$12,126.00)	(\$22,641.72)	\$8,977,358.28	0.1148%	0.0084%
5.250% SERIES D DUE 7/1/35	5.459%	\$250,000,000.00	(\$479,062.50)	(\$1,305,330.78)	(\$1,784,393.28)	\$248,215,606.72	3.1744%	0.1733%
5.700% SERIES D DUE 12/1/36	5.929%	\$250,000,000.00	(\$695,983.99)	(\$1,428,081.45)	(\$2,124,065.44)	\$247,875,934.56	3.1700%	0.1879%
5.800% SERIES E DUE 5/1/37	6.013%	\$350,000,000.00	(\$457,446.24)	(\$1,993,997.19)	(\$2,451,443.43)	\$347,548,556.57	4.4447%	0.2672%
5.300% SERIES E DUE 5/1/18	5.651%	\$400,000,000.00	(\$34,532.00)	(\$296,762.75)	(\$331,294.75)	\$399,668,705.25	5.1112%	0.2888%
5.375% SERIES G DUE 11/1/2039	5.588%	\$250,000,000.00	(\$605,393.79)	(\$2,640,785.99)	(\$3,246,179.78)	\$247,753,820.22	3.1684%	0.1771%
5.500% SERIES G DUE 3/1/2040	5.727%	\$300,000,000.00	(\$1,098,419.90)	(\$1,972,111.95)	(\$3,070,531.85)	\$296,929,468.15	3.7973%	0.2175%
3.500% SERIES G DUE 8/15/2020	3.851%	\$250,000,000.00	(\$211,920.02)	(\$631,555.54)	(\$843,475.56)	\$249,156,524.44	3.1864%	0.1227%
3.950% SERIES H DUE 5/1/2042	4.150%	\$450,000,000.00	(\$2,420,632.17)	(\$3,268,942.54)	(\$5,689,574.71)	\$444,310,425.29	5.6821%	0.2358%
3.650% SERIES H DUE 9/1/2042	3.836%	\$350,000,000.00	(\$1,445,294.75)	(\$2,699,262.81)	(\$4,144,557.56)	\$345,855,442.44	4.4230%	0.1697%
3.800% SERIES H DUE 1/1/2043	3.996%	\$400,000,000.00	(\$2,189,060.11)	(\$3,022,037.38)	(\$5,211,097.49)	\$394,788,902.51	5.0488%	0.2018%
2.375% SERIES I DUE 5/15/2023	2.715%	\$500,000,000.00	(\$975,140.16)	(\$2,303,164.81)	(\$3,278,304.97)	\$496,721,695.03	6.3524%	0.1725%
2.300% SERIES I DUE 9/15/2018	2.855%	\$350,000,000.00	(\$28,481.24)	(\$659,623.24)	(\$688,104.48)	\$349,311,895.52	4.4672%	0.1292%
3.750% SERIES I DUE 5/15/2024	4.063%	\$250,000,000.00	(\$1,489,293)	(\$1,238,532.08)	(\$2,727,825.08)	\$247,272,174.92	3.1811%	0.1275%
1.800% SERIES I DUE 6/1/2019	2.385%	\$250,000,000.00	(\$196,443.86)	(\$719,440.43)	(\$915,884.29)	\$249,084,115.71	3.1855%	0.0760%
4.000% SERIES I DUE 6/1/2044	4.222%	\$250,000,000.00	(\$2,148,849.19)	(\$2,067,061.64)	(\$4,215,910.84)	\$245,784,089.16	3.1433%	0.1327%
2.000% SERIES J DUE 8/15/2019	2.592%	\$250,000,000.00	(\$241,846.83)	(\$785,860.33)	(\$1,027,707.16)	\$248,972,292.84	3.1840%	0.0825%
3.150% SERIES J DUE 8/15/2024	3.488%	\$250,000,000.00	(\$329,756.50)	(\$1,405,388.84)	(\$1,735,145.34)	\$248,264,854.66	3.1750%	0.1108%
3.050% SERIES J DUE 11/15/2024	3.424%	\$250,000,000.00	(\$912,971.46)	(\$1,469,541.30)	(\$2,382,512.76)	\$247,617,487.24	3.1667%	0.1084%
3.000% SERIES K DUE 5/15/2025	3.327%	\$350,000,000.00	(\$292,662.26)	(\$1,838,193.60)	(\$2,130,855.86)	\$347,869,144.14	4.4488%	0.1480%
4.050% SERIES K DUE 5/1/2045	4.246%	\$250,000,000.00	(\$1,166,646.57)	(\$1,902,034.89)	(\$3,068,681.46)	\$246,931,318.54	3.1579%	0.1341%
4.150% SERIES K DUE 11/1/2045	4.324%	\$250,000,000.00	(\$243,093.34)	(\$1,932,330.98)	(\$2,175,424.32)	\$247,824,575.68	3.1694%	0.1370%
1.900% SERIES K 1.900% DUE 2021	2.470%	\$300,000,000.00	(\$372,764.93)	(\$1,489,550.30)	(\$1,862,315.23)	\$298,137,684.77	3.8128%	0.0942%
3.800% SERIES K 3.800% DUE 2046	3.985%	\$550,000,000.00	(\$2,354,470.66)	(\$4,673,731.91)	(\$7,028,202.57)	\$542,971,797.44	6.9439%	0.2767%
2.250% SERIES L 2.25% DUE 2026	2.586%	\$425,000,000.00	(\$1,321,777.16)	(\$2,913,261.33)	(\$4,235,038.49)	\$420,764,961.51	5.3810%	0.1392%
TOTAL PSE&G LONG TERM DEBT		\$7,883,380,700.00	(\$20,301,757.31)	(\$43,671,130.06)	(\$63,972,887.37)	\$7,819,407,812.63	100.000%	4.0944%

Public Service Electric and Gas Company
Case Name: EE 2017
Docket No(s): EO17030196

Response to Discovery Request: RCR-A-0025
Date of Response: 5/26/2017
Witness: Swetz, Stephen
EE 2017 WACC Rate

Question:

With regard to the response to RCR-A-13, please explain why the Company in this case has claimed to use a WACC rate calculated consistent with the WACC rate approved by the Board in the Solar 4 All Extension II filing (which included customer deposits in the calculation of the "Other Capital" in the capital structure), but then left the customer deposits out of the "Other Capital" rate calculation in the determination of its proposed WACC rate of 4.1439%.

Attachments Provided Herewith: 0

Response:

To clarify, customer deposits were inadvertently omitted in the calculation of the WACC rate in the EE 2017 filing, not Solar 4 All Extension II. The Other Capital rate for Solar 4 All Extension II is 4.0931% including customer deposits. Using the same method to calculate the Other Capital rate for EE 2017 with updated LTD and Customer Deposit rate results in a rate of 4.0487%. Please refer to the table in response to RCR-A-0013 for details on the calculations.