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PSEG Services Corporation

May 31, 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. _____

VIA BPU E-FILING SYSTEM & ELECTRONIC MAIL

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

Dear Secretary Golden:

Enclosed for filing on behalf of petitioner Public Service Electric and Gas Company is the Petition, Testimony of Michael McFadden, Karen Reif, Stephen Swetz, and Supporting Schedules in the above-referenced proceeding.

Please be advised that Attachment A - Schedule 6 is confidential and will be provided to the parties upon receipt of the Non-Disclosure Agreement, which is enclosed here.

Consistent with the Order issued by the 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 document is being filed electronically with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

Very truly yours,

Stacey M. Mickles

C
Attached service list (via 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 CIP Rate Filing)
BPU Docket No.

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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. _____**
IN ITS GAS CONSERVATION	**)**	
INCENTIVE PROGRAM	**)**	
(2024 PSE&G GAS CONSERVATION	**)**	
INCENTIVE PROGRAM)	**)**	

VERIFIED PETITION

Public Service Electric and Gas Company ("PSE&G," "the Company," or "Petitioner"), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities ("Board" or "BPU") pursuant to *N.J.S.A.* 48: 2-21, or any other statute the Board deems applicable, as follows:

INTRODUCTION AND OVERVIEW OF THE FILING

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service ("BGS"), and distribution of gas and the provision of Basic Gas Supply Service ("BGSS"), for residential, commercial and industrial customers within the State of New Jersey. PSE&G provides service to approximately 2.4 million electric and 1.9 million gas customers in an area having a population in excess of 6.5 million persons and that extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton, and south to Camden, New Jersey.

2. Petitioner is subject to Board regulation for the purposes of setting its retail distribution rates and to assure safe, adequate, and reliable electric distribution and natural gas

distribution service pursuant to *N.J.S.A.* 48:2-21 *et seq*.

3. PSE&G is filing this Petition seeking Board approval for a rate adjustment related to changes in the average use per customer when compared to a baseline use per customer. The Clean Energy Future – Energy Efficiency Program ("CEF-EE") was approved in a Board Order dated September 23, 2020 in BPU Docket Nos. EO10121113 and GO18101112 ("CEF-EE Order"). In this Order, the Board approved a Conservation Incentive Program ("CIP") that allows the Company to account for lost sales revenue resulting from the decrease in customer energy usage. The CEF-EE Order approved a Stipulation that authorized a gas CIP ("GCIP") cost recovery filing by June 1, 2021, for new rates effective October 1, 2022, with annual adjustments to the GCIP thereafter. Stipulation, paragraph 39.

4. On June 1, 2023, PSE&G filed a petition with the Board requesting an adjustment to the GCIP rate for the period October 1, 2023 through September 30, 2024. On September 27, 2023, the Board issued an order approving the rates on a provisional basis, subject to refund with interest. Subsequently, on April 30, 2024, the Board approved the 2023-2024 GCIP rates as final.

BACKGROUND

5. On January 13, 2008, L. 2007, c. 340 ("RGGI Law") was signed into law and pronounced that EE and conservation measures must be essential elements of the State's energy future. The Legislature also found that public utility involvement and competition in the conservation and EE industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45. Pursuant to Section 13 of the RGGI Law, codified in part as N.J.S.A. 48:3-98.1(a)(1), an electric or gas

public utility may, among other things, provide and invest in EE and conservation programs in its service territory on a regulated basis.

6. An electric or gas public utility's investment in EE and conservation programs is eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms. N.J.S.A. 48:3-98.1(b).

7. On May 23, 2018, Governor Murphy signed the Clean Energy Act ("CEA") into law. The CEA builds upon the RGGI Law by employing clean energy strategies and establishing aggressive energy reduction requirements with the goal of improving public health by ensuring a cleaner environment for current and future New Jersey residents. Specifically, the CEA requires that each utility implement EE measures that "achieve annual reductions in the use of electricity of two percent of the average annual usage in the prior three years within five years of implementation of its electric energy efficiency program" and "annual reductions in the use of natural gas of 0.75 percent of the average annual usage in the prior three years within five years of implementation of its gas energy efficiency program."[1] The CEA emphasizes the importance of EE and peak demand reduction ("PDR") and calls upon New Jersey's electric and gas public utilities to play an increased role in delivering EE and PDR programs to customers, with the aim to achieve the State's goal of 100% clean energy by 2050.

8. The CEA required the Board to complete a study to determine energy savings targets for each utility to achieve the full economic, cost effective potential for energy usage reductions and the timeframe to achieve those reductions. It also required the Board to adopt

[1] *P.L. 2018, c. 17, § 3(a) and (e)(1).*

quantitative performance indicators ("QPIs") to establish utility targets for energy usage reduction and PDR, and to establish a stakeholder process to evaluate the economically achievable EE and PDR requirements, rate adjustments, QPIs, and the process for evaluating, measuring, and verifying energy usage reductions and peak demand reductions by the public utilities.

CEF-EE PROGRAM

9. PSE&G filed for approval of its CEF-EE Program pursuant to Section 13 of the RGGI Law on October 11, 2018 ("CEF-EE Petition" or "Petition").

10. The CEF-EE Program filing consisted of 22 sub-programs, including seven (7) residential subprograms, seven (7) commercial and industrial ("C&I") sub-programs, and eight (8) pilot subprograms. The CEF-EE residential sub-programs were proposed to, among other initiatives, promote the purchase and installation of high-efficiency appliances through rebates and on-bill incentives; provide customers with energy audits and installation of EE measures; educate residential builders and developers on energy efficient home design and construction; and educate kindergarten through 12th grade students on EE. These residential sub-programs were proposed to work together to upgrade efficiency in homes throughout PSE&G's service territory. The CEF-EE C&I sub-programs were proposed to, among other things, promote the installation of energy efficient equipment; advance efficient design and equipment installation for new buildings; optimize energy consumption in existing buildings; and upgrade all of PSE&G's existing high-pressure sodium cobra head streetlights to more efficient light emitting diode ("LED") streetlights. Lastly, the CEF-EE pilot sub-programs were proposed to implement

and manage select, advanced approaches to EE that, after the conclusion of the pilot phase, may support future EE programs in New Jersey.

11. The total proposed investment for the CEF-EE Program was approximately $2.8 billion, including $2.5 billion for investment—including $86.2 million for information technology ("IT") investments—and approximately $283 million in administrative costs, including $28.9 million for IT run costs, over the proposed six (6) year term of the Program, with a proposed 15-year amortization period for residential and C&I program investments.

12. PSE&G proposed that the costs be recovered via a new CEF-EE Program component ("CEF-EEC") of the Company's electric and gas Green Programs Recovery Charge ("GPRC") that would be filed annually. PSE&G proposed to earn a return on its net investment based on its most recent weighted average cost of capital ("WACC").

13. Additionally, the Company requested Board approval of a decoupling mechanism for recovering lost revenues, the Green Enabling Mechanism ("GEM"), which would provide for the recovery or refund of the difference between actual revenue and the level of "allowed" revenue per customer established in the most recently completed base rate case.

14. Pursuant to the requirements of the CEA, the Board undertook a process to develop a framework for establishing EE and PDR programs to reduce the use of electricity and natural gas in New Jersey.

15. As part of the Board's separate EE transition process applicable to all utility and State administered EE programs implemented pursuant to the CEA, the Board also established a stakeholder process to evaluate the economically achievable EE and PDR requirements, rate

adjustments, QPIs, and the process for evaluating, measuring, and verifying energy usage reductions and peak demand reductions by the public utilities.

16. Following several stakeholder meetings regarding the EE Potential Study, the Board adopted the energy savings targets and QPIs as preliminary and approved establishment of an Energy Efficiency Advisory Group to participate in the ongoing EE transition stakeholder process related to the development of EE and PDR programs in New Jersey.

17. Board Staff considered and incorporated public comments and technical data received throughout the EE transition process in the refinement of a framework for EE and PDR programs. Staff also released proposals for comment on program administration and cost recovery and, ultimately, following the submission of comments, on March 20, 2020 issued the full Energy Efficiency Transition Straw Proposal.

18. On June 10, 2020, the Board accepted Staff's proposed framework ("Framework Order") for the performance targets, program administration, cost recovery (including lost revenue treatment), evaluation, measurement, verification ("EM&V"), and filing and reporting standards for implementation of New Jersey's EE and PDR programs.

19. The Framework Order allowed utilities the option of seeking a lost revenue adjustment mechanism ("LRAM") or the Conservation Incentive Program to address lost revenue recovery as called for in the CEA. With regard to the Conservation Incentive Program, the Framework Order states:

> ***Conservation Incentive Program ("CIP")***
> As an alternative to the LRAM, Staff recommends that utilities continue to be able to utilize or propose participation in the Conservation Incentive Program ("CIP"). The Board approved the current CIP in 2014 for NJNG and SJG, and it includes the following

protections: (1) an earnings test, (2) rate caps on surcharges, (3) a Basic Gas Supply Service ("BGSS") Savings Test, and (4) required shareholder contributions.

Staff recommends the following adjustments designed to make the CIP applicable to both gas and electric public utilities:

- Removal of the BGSS Savings Test – which realizes savings as a result of contract Restructurings, contract terminations, reductions of capacity for periods of at least one year, and other gas procurement strategies designed to benefit customers – and incorporation of an alternative test, which may include a cost-effectiveness test. The BGSS Savings Test could not apply to electric public utilities due to the Basic Generation Service ("BGS") auction process and to the other non-participating gas public utilities since they do not manage their natural gas capacity portfolios.

- Requirement that the utility calculate the difference between its baseline revenue per applicable customer, determined by the utility's most recent base rate case, and the actual revenue per applicable customer on a monthly basis. Staff recommends that the difference between the monthly baseline and actual revenue amount be tracked in a deferral account and be subject to review during an annual cost recovery true-up filing.

- Requirement that the utility file a base rate case no later than five years after commencement of an approved EE program in order to reset the baseline revenue per applicable customer, with the five year requirement satisfied if the utility has another base rate filing obligation.

As part of the modified CIP, the following protections would remain in place: (1) an earnings test, (2) rate caps on surcharges, (3) some form of a shareholder contribution; and (4) incorporation of an alternative to the BGSS Savings Test.

20. Following the Board's issuance of the Framework Order, the Parties recommenced settlement discussions concerning PSE&G's CEF-EE proposal.

21. The Company, Board Staff, Rate Counsel, and the intervening parties reached an agreement resolving all issues in the CEF-EE proceeding as guided by the principles set forth in the Framework Order and by the Joint Utility Working Group and the Utility Program Working Groups formed in connection with the EE transition process.

22. Following discovery, the filing of testimony, evidentiary hearings and several settlement conferences as described above, the Parties executed a stipulation of settlement ("Stipulation") resolving the CEF-EE matter on September 22, 2020.

23. The CEF-EE Order approved the CIP mechanism that is the subject of this proceeding consistent with Staff's recommendation of the CIP in the Framework Order as outlined in Paragraph 24.

THE CIP

24. The Stipulation, approved by the CEF-EE Order dated September 23, 2020, provided for the recovery of fixed costs and the potential for decline in revenue to account for lost sales revenue resulting from the decrease in customer energy usage. The recovery of lost revenues will be made via a CIP based on the methodology outlined below and detailed in the schedule for gas, as noted in Attachment 6G to the CEF-EE Stipulation. As set forth fully in the CEF-EE Stipulation and its attachments, with respect to the CIP mechanism, the Company agreed as follows:

Shareholder Contribution

25. To implement initiatives to further customer conservation efforts, providing a funding amount ("shareholder contribution") of $3.3 million per year as long as the CIP remains in place, commencing with the start of the CIP deferrals, as defined below. All shareholder contribution expenditures will be allocated 55% to electric distribution (or approximately $1.8 million) and 45% to gas distribution (or approximately $1.5 million). Any under-spend in a year will be factored into the following year's spending amount. The shareholder contribution will not be included in customer rates. The shareholder contribution will support initiatives designed

to aid customers in reducing their costs of natural gas and electricity and to reduce each utility's peak demand.

Filing/Tariff Details

26. The parties to the CEF-EE Stipulation agreed that PSE&G would submit its first gas CIP cost recovery filing by June 1, 2022, for new rates effective October 1, 2022, based on an initial deferral period of October 1, 2021 through September 30, 2022 and that it would not book any GCIP deferral prior to October 1, 2021. The GCIP will be adjusted annually thereafter. The filings will document actual results, perform the required GCIP collection test described in more detail hereinafter, and propose the new GCIP rate. Any variances from the annual filing will be trued-up in the subsequent year. The prior GCIP filing was approved on April 30, 2024. This petition is for GCIP cost recovery seeking new rates effective October 1, 2024 based on a deferral period of October 1, 2023 through September 30, 2024.

Weather Normalization Charge

27. By Order dated September 14, 2021, the Board approved a provisional settlement where the parties agreed that as the remaining over/under balance of the Weather Normalization Charge ("WNC") approaches zero, PSE&G will make a compliance filing in the above docket to set the WNC rate to zero and roll any remaining over or under recovery balance, including interest, into the Company's initial GCIP.[2] In accordance with the Order, on April 20, 2022, PSE&G made a compliance filing with the Board setting the WNC rate to $0.000000 per therm

[2] *In the Matter of the Petition of Public Service Electric and Gas Company to Revise its Weather Normalization Charge for the 2021-2022 Annual Period,* BPU Docket No. GR21060952.

effective May 1, 2022.[3] In March 2024 the Company rolled the remaining WNC balance of ($1,857) from October 2023 through March 2024 into the Company's Gas Conservation Incentive Program ("GCIP") balance.

CIP Methodology

28. The monthly CIP deferrals will be calculated by way of the approved methodology as reflected in Attachments 5 and 6G to the CEF-EE Stipulation. For the GCIP, the baseline usage per customer ("BUC") by applicable rate schedule is based on the billing determinants approved in the Company's 2018 base rate case. The BUC will be adjusted with each subsequent base rate case.[4] The margin rate utilized in the calculation of the gas deferral is based on the current variable margin rate for each rate schedule and will be updated for any Infrastructure Investment Program ("IIP") rate adjustments or all other future base rate changes.

29. For purposes of determining recovery eligibility for CIP accruals, the margin impact of changes in customer usage will be segregated into weather-related and non-weather-related components. The non-weather-related components will be limited by eligibility tests described in more detail below. The weather-related component will not be subject to those limitations.

30. The non-weather component will be calculated by first deducting the weather component. For gas, the weather impact will be calculated consistent with the Gas CIP tariff. The weather normalization methodology is shown in Attachment A, Schedule 4 (which is consistent with the methodology presented in Schedule 4 of Attachment 6G of the CEF-EE

[3] *In the Matter of the Petition of Public Service Electric and Gas Company to Revise its Weather Normalization Charge for the 2021-2022 Annual Period,* BPU Docket No. GR21060952

[4] The Company's pending base rate case at Docket Nos. ER23120924 and GR23120925 proposes to reset the BUC and margin factor. If resolved prior to end of this CIP period, the Company will provide an update as further discussed in the testimony of Michael McFadden.

Stipulation). A description of the weather calculation is provided in the testimony of Michael McFadden.

31. Recovery of non-weather related gas CIP impacts shall be subject to the application of two eligibility tests: a modified BGSS Savings Test and a Variable Margin Test. A description of the eligibility tests is provided in the testimony of Stephen Swetz ("BGSS Savings Test") and Michael McFadden ("Variable Margin Test"). The dual cost recovery tests set forth above shall operate in conjunction with each other so that the total non-weather 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 amounts that exceed the BGSS Savings Test and/or Variable Margin Test may be deferred for future recovery subject to the earnings test described below. The Company has agreed to not seek recovery of interest on any deferred carry-forward amount. There is no limitation on the non-weather recovery forecasted in this proceeding.

Earnings Test

32. The parties to the CEF-EE stipulation agreed to include an earnings test, through which actual ROE shall be determined based on the actual net income of the utility for the most recent 12-month period divided by the average of the beginning and ending common equity balances for the corresponding period. The timing of the earnings test and definitions of Net Income and Common Equity are specified in the GCIP Tariffs. The earnings test will be applicable to the total CIP deferral, including weather and non-weather components. If the calculated ROE exceeds the allowed ROE from the utility's last base rate case by 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. There is no earnings test limitation forecasted in this proceeding.

REQUEST FOR COST RECOVERY

33. Consistent with the CEF-EE Order, PSE&G is seeking BPU approval to implement a rate adjustment related to changes in the average revenue per customer when compared to a baseline revenue per customer.

34. Per the CEF-EE Order, the gas BUC is based on the billing determinants from the 2018 base rate case. The difference between the actual use per customer and the BUC is multiplied by the actual number of customers and the per therm margin rate for each applicable rate schedule.

35. Attachment A provides the approved CIP schedules from the CEF-EE Order, updated for the latest CIP deferral period of October 1, 2023 through September 30, 2024. Attachment B is the testimony of Michael P. McFadden, PSE&G's Director of Sales and Revenue Forecasting, providing an overview of the CIP mechanism, the calculation of weather impacts for the current CIP period, and the calculation of the Variable Margin Test. Attachment C is the testimony of Karen B. Reif, PSE&G's Vice President of Renewables and Energy Solutions, providing the spending activity related to the CIP Shareholder Contribution ("SC") over the past several months, and an update on the SC expenditures to date. Attachment D is the testimony of Steven Swetz, Senior Director of Corporate Rates and Revenue Requirements for PSEG Services Corporation supporting the Earnings Test, BGSS Savings Test and rate calculation for the current CIP period.

36. The Company's total deferral for the gas CIP ("GCIP") is $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.

37. 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 as there is no limitation on a refund of the non-weather component of the GCIP.

38. The Company's pending base rate case in Docket Nos. ER23120924 and GR23120925 will result in a change to the BUC and the margin factor used in the calculation of the GCIP deferral. The update will become effective at the time of approval of the base rate case. The Company has not included any forecast of the rate case resolution but will update the GCIP deferral calculation to the revised BUC and margin factor upon Board approval.

39. The GCIP rates are summarized below:

		GCIP Rates Without SUT	**GCIP Rates with SUT**	
Group I	RSG	$0.060281	$0.064275	Per therm
Group II	GSG	$0.039086	$0.041675	Per therm
Group III	LVG	$0.005382	$0.005739	Per therm

See, Attachment D, Schedule SS-GCIP-2.

40. Based upon rates effective June 1, 2024, the average monthly bill impacts of the rates requested are set forth in Schedule SS-GCIP-3.

41. The average monthly impact of the proposed rates to the typical residential gas heating customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would be a decrease in the average monthly bill from $95.98 to $95.93 or $0.05 or approximately 0.05% (based upon Delivery Rates and BGSS-RSG charges in effect as of June 1, 2024, and assuming that the customer receives BGSS service from PSE&G). Attachment E is a draft Form of Notice of Filing and of Public Hearings (Form of Notice). This Form of Notice will be placed in newspapers having a circulation within the Company's gas service territory upon scheduling of public hearing dates. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's gas service territory upon scheduling of public hearing dates.

42. In accordance with the Board's recent COVID-19 order, [5] notice of this filing, the Petition, testimony, and schedules will be served upon the Division of Law, Public Utilities Section, R.J. Hughes Justice Complex, 25 Market St. 7th Floor West, PO Box 112, Trenton, NJ 08625and upon the Director, Division of Rate Counsel, 140 East Front Street 4th Floor, Trenton, N.J. 08625 by electronic mail. Electronic copies of the Petition, testimony, and schedules will also be sent to the persons identified on the service list provided with this filing.

43. PSE&G requests that the Board find the proposed rates shown in the tariff sheets included herein at Attachment D, Schedule SS-GCIP-4, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, effective October 1, 2024.

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[5] *See In the Matter of the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic for a Temporary Waiver of the Requirements for Certain Non-Essential Obligations*, Docket No. EO20030254, dated March 19, 2020.

44. Any final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency with the provisions of *N.J.S.A.* 48:2-21 and for other good and legally sufficient reasons, to any class or classes of customers of the Company. Therefore, the average percentage changes in final rates may increase or decrease compared to the proposed rates based upon the Board's decision.

COMMUNICATIONS

45. Communications and correspondence related to the Petition should be sent as follows:

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CONCLUSION AND REQUESTS FOR APPROVAL

For all the foregoing reasons, PSE&G respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue an order approving this Petition specifically finding that:

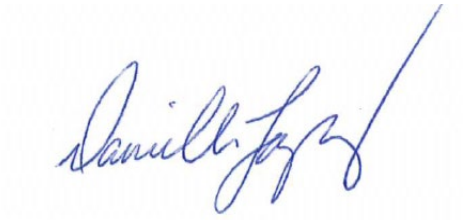
1. PSE&G is authorized to receive the GCIP rate adjustment associated with the GCIP period from October 1, 2023 – September 30, 2024, as reflected in this Petition and accompanying materials, along with anticipated updates of data; and

2. The rates shown in the tariff sheets included herein Attachment D, Schedule SS-GCIP-4, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, effective October 1, 2024 per the CEF-EE Stipulation, upon issuance of a written BPU order.

3. Any amount not recovered in the current GCIP period will be deferred for recovery in a subsequent GCIP proceeding.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By _____

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DATED: May 31, 2024

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. _____**
IN ITS GAS CONSERVATION	**)**	
INCENTIVE PROGRAM	**)**	
(2024 PSE&G GAS CONSERVATION	**)**	
INCENTIVE PROGRAM)	**)**	

CERTIFICATION

I, Michael P. McFadden, of full age, certifies as follows:

1. I am Director of Sales and Revenue Forecasting for PSEG Services Corporation.

2. I have read the contents of the foregoing Petition, and the information contained therein are true and correct to the best of my knowledge, information, and belief.

BY: 

Michael P. McFadden

Public Service Electric and Gas Company
Conservation Incentive Program
Group I: Residential Heat & Non-Heating
October 2023 - September 2024

Customer Class (a)	Actual/ Estimate	Actual per Books[1] Total Class Therms (b)	Number of Customers (c)	Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust.[2] (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
Residential RSG									
Oct-23	Act	63,305,798	1,710,956	37.0	38.7	(1.7)	(2,908,625)	$0.4375	($1,272,474)
Nov-23	Act	161,551,439	1,715,305	94.2	87.6	6.6	11,286,707	$0.4375	$4,937,742
Dec-23	Act	202,466,518	1,721,281	117.6	144.9	(27.3)	(46,939,334)	$0.4375	($20,535,161)
Jan-24	Act	263,673,881	1,725,588	152.8	180.6	(27.8)	(47,971,348)	$0.4375	($20,986,649)
Feb-24	Act	228,205,758	1,717,588	132.9	153.5	(20.6)	(35,451,009)	$0.4375	($15,509,214)
Mar-24	Act	164,862,845	1,714,414	96.2	124.5	(28.3)	(48,586,485)	$0.4375	($21,255,761)
Apr-24	Act	111,762,008	1,723,687	64.8	70.4	(5.6)	(9,583,701)	$0.4375	($4,192,706)
May-24	Frcst	68,157,809	1,715,321	39.7	37.0	2.7	4,682,826	$0.4375	$2,048,657
Jun-24	Frcst	36,906,516	1,716,075	21.5	21.0	0.5	875,198	$0.4375	$382,884
Jul-24	Frcst	26,824,966	1,716,832	15.6	18.0	(2.4)	(4,086,060)	$0.4375	($1,787,582)
Aug-24	Frcst	26,432,300	1,717,588	15.4	18.0	(2.6)	(4,482,905)	$0.4375	($1,961,195)
Sep-24	Frcst	29,457,174	1,718,345	17	19.5	(2.4)	(4,055,294)	$0.4375	($1,774,122)
Total		1,383,607,012		804.9	913.7		(187,220,030)		($81,905,581)

Margin Deficiency/ (Credit)	$	81,905,581
Prior Period (Over) / Under Recovery[3]	$	10,021,901
Total Deficiency/(Credit)	$	91,927,482
Projected Residential Non-Heating Throughput for Recovery Period		1,528,917,193
Pre-tax CIP Charge/(Credit)	$	0.060126
BPU/RC Assessment Factor		1.002600
CIP Charge/(Credit) including assessments	$	0.060282
6.625% Sales Tax	$	0.0040
Proposed After-tax CIP Charge/(Credit) per Therm	**$**	**0.0643**
Current After-tax CIP Charge/(Credit) per Therm	$	0.0648
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	$	(0.000484)

[1] Per Schedule 1, Page 2
[2] From 2018 Base Rate Case
[3] Per Schedule 1, Page 3

Public Service Electric and Gas Company
Customers and Therms

Group I: Residential Heat & Non-Heating

	Act Oct-23	Act Nov-23	Act Dec-23	Act Jan-24	Act Feb-24	Act Mar-24	Act Apr-24	Frcst May-24	Frcst Jun-24	Frcst Jul-24	Frcst Aug-24	Frcst Sep-24	
Customers													
RSG heating	1,492,359	1,495,474	1,501,198	1,505,853	1,501,147	1,500,419	1,507,690	1,495,827	1,496,542	1,497,456	1,498,721	1,500,127	
RSG non-heating	218,598	219,831	220,083	219,735	216,441	213,994	215,998	219,494	219,533	219,376	218,867	218,218	
Total Customers	1,710,956	1,715,305	1,721,281	1,725,588	1,717,588	1,714,414	1,723,687	1,715,321	1,716,075	1,716,832	1,717,588	1,718,345	
Volumes													
RSG heating	61,601,711	158,477,078	198,792,166	259,565,185	224,941,552	161,986,771	109,447,069	66,709,386	36,176,476	26,337,321	25,977,221	28,948,993	1,358,960,930
RSG non-heating	1,704,086	3,074,361	3,674,352	4,108,696	3,264,206	2,876,074	2,314,939	1,448,423	730,040	487,645	455,078	508,181	24,646,081
Total Volumes	63,305,798	161,551,439	202,466,518	263,673,881	228,205,758	164,862,845	111,762,008	68,157,809	36,906,516	26,824,966	26,432,300	29,457,174	1,383,607,012

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
Group I: Residential Heat & Non-Heating
October 2023 - September 2024

	Act Oct-23	Act Nov-23	Act Dec-23	Act Jan-24	Act Feb-24	Act Mar-24	Act Apr-24	Frcst May-24	Frcst Jun-24	Frcst Jul-24	Frcst Aug-24	Frcst Sep-24	TOTAL
Beginning Under/(Over) Recovery $	93,806,224	89,972,741	80,189,994	67,929,634	51,962,862	38,143,862	28,160,593	21,392,844	17,265,548	15,030,674	13,406,288	11,805,680	93,806,224
Therm Sales	63,305,798	161,551,439	202,466,518	263,673,881	228,205,758	164,862,845	111,762,008	68,157,809	36,906,516	26,824,966	26,432,300	29,457,174	1,383,607,012
Pre-tax Recovery Rate per Therm[1]	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	0.0606	
Recovery $	3,833,483	9,782,747	12,260,360	15,966,772	13,819,000	9,983,270	6,767,748	4,127,296	2,234,874	1,624,386	1,600,608	1,783,779	83,784,323
Ending Under/(Over) Recovery $	89,972,741	80,189,994	67,929,634	51,962,862	38,143,862	28,160,593	21,392,844	17,265,548	15,030,674	13,406,288	11,805,680	10,021,901	10,021,901

[1] Pre-tax Recovery Rate per therm excluding BPU and RC assessments.

Public Service Electric and Gas
Conservation Incentive Program
Group II: General Service Gas (GSG)
October 2023 - September 2024

Customer Class (a)	Actual/ Estimate	Actual per Books[1] Total Class Therms (b)	Number of Customers (c)	Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust.[2] (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
General Service Small									
Oct-23	Act	10,061,315	139,006	72.4	110.8	(38.4)	(5,340,605)	$0.3282	($1,752,989)
Nov-23	Act	28,545,244	139,696	204.3	172.0	32.3	4,517,782	$0.3282	$1,482,908
Dec-23	Act	39,119,720	141,232	277.0	320.4	(43.4)	(6,130,896)	$0.3282	($2,012,393)
Jan-24	Act	50,175,266	141,510	354.6	421.1	(66.5)	(9,414,654)	$0.3282	($3,090,247)
Feb-24	Act	43,059,921	139,940	307.7	351.6	(43.9)	(6,143,362)	$0.3282	($2,016,485)
Mar-24	Act	32,922,641	140,232	234.8	275.8	(41.0)	(5,753,723)	$0.3282	($1,888,590)
Apr-24	Act	20,483,048	140,950	145.3	170.7	(25.4)	(3,577,314)	$0.3282	($1,174,210)
May-24	Frcst	13,780,830	140,582	98.0	80.1	17.9	2,520,635	$0.3282	$827,368
Jun-24	Frcst	6,877,925	140,623	48.9	49.2	(0.3)	(40,781)	$0.3282	($13,386)
Jul-24	Frcst	6,926,559	140,663	49.2	58.5	(9.3)	(1,302,539)	$0.3282	($427,543)
Aug-24	Frcst	6,244,235	140,704	44.4	50.5	(6.1)	(861,108)	$0.3282	($282,649)
Sep-24	Frcst	6,680,920	140,744	47.5	52.6	(5.1)	(722,017)	$0.3282	($236,993)
Total		264,877,623		1,884.1	2,113.3		(32,248,581)		($10,585,210)

Margin Deficiency/ (Credit)	$	10,585,210
Prior Period (Over) / Under Recovery[3]	$	691,684
Total Deficiency/(Credit)	$	11,276,894
Projected Commercial Throughput for Recovery Period		289,259,110
Pre-tax CIP Charge/(Credit)	$	0.038985
BPU/RC Assessment Factor		1.002600
CIP Charge/(Credit) including assessments	$	0.039086
6.625% Sales Tax	$	0.002589
Proposed After-tax CIP Charge/(Credit) per Therm	**$**	**0.041675**
Current After-tax CIP Charge/(Credit) per Therm	$	0.047396
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	$	(0.005721)

[1] Per Schedule 2, Page 2
[2] From 2018 Base Rate Case
[3] Per Schedule 2, Page 3

Public Service Electric and Gas
Customers and Therms

Group II: General Service Gas (GSG)

	Act Oct-23	Act Nov-23	Act Dec-23	Act Jan-24	Act Feb-24	Act Mar-24	Act Apr-24	Frcst May-24	Frcst Jun-24	Frcst Jul-24	Frcst Aug-24	Frcst Sep-24	
Customers													
GSG Heating	114,039	114,791	115,864	116,302	114,896	115,206	115,792	115,426	115,427	115,497	115,529	115,573	
GSG Non-Heating	24,966	24,906	25,368	25,208	25,043	25,026	25,158	25,156	25,196	25,166	25,175	25,171	
Total Customers	139,006	139,696	141,232	141,510	139,940	140,232	140,950	140,582	140,623	140,663	140,704	140,744	
Volumes													
GSG Heating	8,064,057	24,866,006	34,284,412	44,520,260	37,987,658	28,578,807	17,373,646	11,754,572	5,947,746	6,051,039	5,468,495	5,842,614	230,739,311
GSG Non-Heating	1,997,258	3,679,239	4,835,308	5,655,006	5,072,263	4,343,834	3,109,402	2,026,257	930,180	875,520	775,741	838,306	34,138,312
Total Volumes	10,061,315	28,545,244	39,119,720	50,175,266	43,059,921	32,922,641	20,483,048	13,780,830	6,877,925	6,926,559	6,244,235	6,680,920	264,877,623

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
Group II: General Service Gas (GSG)
October 2023 - September 2024

	Act Oct-23	Act Nov-23	Act Dec-23	Act Jan-24	Act Feb-24	Act Mar-24	Act Apr-24	Frcst May-24	Frcst Jun-24	Frcst Jul-24	Frcst Aug-24	Frcst Sep-24	TOTAL
Beginning Under/(Over) Recovery $	12,430,530	11,984,633	10,719,565	8,985,857	6,762,190	4,853,860	3,394,795	2,487,027	1,876,288	1,571,472	1,264,501	987,769	12,430,530
Therm Sales	10,061,315	28,545,244	39,119,720	50,175,266	43,059,921	32,922,641	20,483,048	13,780,830	6,877,925	6,926,559	6,244,235	6,680,920	264,877,623
Pre-tax Recovery Rate per Therm[1]	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	0.0443	
Recovery $	445,897	1,265,068	1,733,708	2,223,667	1,908,330	1,459,066	907,768	610,739	304,816	306,971	276,732	296,085	11,738,846
Ending Under/(Over) Recovery $	11,984,633	10,719,565	8,985,857	6,762,190	4,853,860	3,394,795	2,487,027	1,876,288	1,571,472	1,264,501	987,769	691,684	691,684

[1] Pre-tax Recovery Rate per therm excluding BPU and RC assessments.

Public Service Electric and Gas Company
Conservation Incentive Program
Group III: Large Volume Gas (LVG)
October 2023 - September 2024

Customer Class (a)	Actual/ Estimate	Actual per Books[1] Total Class Therms (b)	Actual per Books[1] Number of Customers (c1)	Large Customer Adjustment (c2)	Adjusted Number of Customers (c) = (c1) + (c2)	Actual Avg. Use / Cust.[2] (d) = (b) / (c)	Baseline Use / Cust. (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
General Service Large											
Oct-23	Act	35,178,677	19,351	-	19,351	1,817.9	2,350.0	(532.1)	(10,295,816)	$0.0465	($479,147)
Nov-23	Act	72,624,561	19,601	-	19,601	3,705.2	3,486.2	219.0	4,293,114	$0.0465	$199,793
Dec-23	Act	93,019,354	19,602	-	19,602	4,745.4	5,220.9	(475.5)	(9,320,319)	$0.0465	($433,749)
Jan-24	Act	114,452,072	20,088	-	20,088	5,697.6	6,506.4	(808.8)	(16,246,771)	$0.0465	($756,092)
Feb-24	Act	108,688,341	19,651	-	19,651	5,531.0	5,940.9	(409.9)	(8,055,482)	$0.0465	($374,886)
Mar-24	Act	89,662,680	19,881	-	19,881	4,510.1	5,478.7	(968.6)	(19,257,146)	$0.0465	($896,189)
Apr-24	Act	62,214,159	19,805	-	19,805	3,141.3	3,703.5	(562.2)	(11,134,253)	$0.0465	($518,166)
May-24	Frcst	36,906,894	19,666	-	19,666	1,876.7	2,037.8	(161.1)	(3,168,389)	$0.0465	($147,450)
Jun-24	Frcst	26,888,602	19,674	-	19,674	1,366.7	1,477.0	(110.3)	(2,169,845)	$0.0465	($100,980)
Jul-24	Frcst	24,850,940	19,685	-	19,685	1,262.4	1,374.6	(112.2)	(2,208,066)	$0.0465	($102,759)
Aug-24	Frcst	25,535,906	19,693	-	19,693	1,296.7	1,379.9	(83.2)	(1,638,458)	$0.0465	($76,251)
Sep-24	Frcst	24,730,086	19,702	-	19,702	1,255	1,322.8	(67.6)	(1,331,658)	$0.0465	($61,973)
Total		714,752,274				36,206.3	40,278.7		(80,533,091)		($3,747,849)

Margin Deficiency/ (Credit)	$	3,747,849
Prior Period (Over) / Under Recovery[3]	$	318,037
Total Deficiency/(Credit)	$	4,065,886
Projected Commercial Throughput for Recovery Period		757,434,228
Pre-tax CIP Charge/(Credit)	$	0.005368
BPU/RC Assessment Factor	$	1.002600
CIP Charge/(Credit) including assessments	$	0.005382
6.625% Sales Tax	$	0.000357
Proposed After-tax CIP Charge/(Credit) per Therm	**$**	**0.005739**
Current After-tax CIP Charge/(Credit) per Therm	$	0.005063
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	$	0.000676

[1] Per Schedule 3, Page 2
[2] From 2018 Base Rate Case
[3] Per Schedule 3, Page 3

Public Service Electric and Gas Company
Customers and Therms

Group III: Large Volume Gas (LVG)

		Act Oct-23	Act Nov-23	Act Dec-23	Act Jan-24	Act Feb-24	Act Mar-24	Act Apr-24	Frcst May-24	Frcst Jun-24	Frcst Jul-24	Frcst Aug-24	Frcst Sep-24	
Customers														
LVG		19,351	19,601	19,602	20,088	19,651	19,881	19,805	19,666	19,674	19,685	19,693	19,702	
	Total Customers	19,351	19,601	19,602	20,088	19,651	19,881	19,805	19,666	19,674	19,685	19,693	19,702	
Volumes														
LVG		35,178,677	72,624,561	93,019,354	114,452,072	108,688,341	89,662,680	62,214,159	36,906,894	26,888,602	24,850,940	25,535,906	24,730,086	714,752,274
	Total Volumes	35,178,677	72,624,561	93,019,354	114,452,072	108,688,341	89,662,680	62,214,159	36,906,894	26,888,602	24,850,940	25,535,906	24,730,086	714,752,274

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
Group III: Large Volume Gas (LVG)
October 2023 - September 2024

	Act Oct-23	Act Nov-23	Act Dec-23	Act Jan-24	Act Feb-24	Act Mar-24	Act Apr-24	Frcst May-24	Frcst Jun-24	Frcst Jul-24	Frcst Aug-24	Frcst Sep-24	TOTAL
Beginning Under/(Over) Recovery $	3,701,675	3,535,139	3,191,334	2,750,980	2,209,164	1,694,634	1,270,171	975,649	800,931	673,641	555,996	435,109	3,701,675
Therm Sales	35,178,677	72,624,561	93,019,354	114,452,072	108,688,341	89,662,680	62,214,159	36,906,894	26,888,602	24,850,940	25,535,906	24,730,086	714,752,274
Pre-tax Recovery Rate per Therm[1]	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	
Recovery $	166,536	343,805	440,354	541,816	514,531	424,463	294,522	174,717	127,291	117,644	120,887	117,072	3,383,637
Ending Under/(Over) Recovery $	3,535,139	3,191,334	2,750,980	2,209,164	1,694,634	1,270,171	975,649	800,931	673,641	555,996	435,109	318,037	318,037

[1] Pre-tax Recovery Rate per therm excluding BPU and RC assessments.

Attachment A
Schedule 4

Public Service Electric and Gas
Weather Normalization
2023-2024 Winter Period

Step 1: Determine the degree day variance from the dead band.

	Normal Degree Days	0.50% Dead Band	Dead Band Low End	Dead Band High End	Actual Degree Days	Normalization Amount (1)
October	225	1	224	226	153	71
November	516	3	513	518	538	(20)
December	810	4	806	814	634	172
January	1,006	5	1,001	1,011	857	143
February	868	4	864	873	725	139
March	683	3	679	686	527	152
April	355	2	353	357	318	36
May	123	1	123	124	123	-

Step 2: Determine the normalized volumes by rate class.

	Therms Per Degree Day (2)			Normalization Volumes (3)		
	RSG	GSG	LVG	RSG	GSG	LVG
October	183,467	633	95,950	13,027,992	44,966	6,813,387
November	272,543	38,845	95,945	(5,369,097)	(765,242)	(1,890,108)
December	273,888	57,310	95,939	47,242,941	9,885,428	16,548,459
January	308,381	59,249	97,914	44,208,986	8,493,804	14,036,812
February	294,672	60,302	97,907	40,911,769	8,372,173	13,593,310
March	296,847	61,655	97,900	45,082,799	9,363,648	14,868,223
April	290,151	63,691	97,891	10,316,802	2,264,641	3,480,661
May	212,512	34,891	97,880	-	-	-

Step 3: Calculate the margin revenue to be deferred.

Margin Revenue Factor:	Margin Revenue Deferral (4)			
October 2023 - November 2023	**0.437483**	**0.328238**	**0.046538**	
December 2023 - April 2024	**0.437483**	**0.328238**	**0.046538**	
May 2024	**0.437483**	**0.328238**	**0.046538**	**Total**
October	$ 5,699,525	$ 14,760	$ 317,081	$ 6,031,366
November	$ (2,348,889)	$ (251,182)	$ (87,962)	$ (2,688,032)
December	$ 20,667,984	$ 3,244,773	$ 770,132	$ 24,682,889
January	$ 19,340,680	$ 2,787,989	$ 653,245	$ 22,781,914
February	$ 17,898,204	$ 2,748,065	$ 632,605	$ 21,278,874
March	$ 19,722,958	$ 3,073,505	$ 691,937	$ 23,488,401
April	$ 4,513,426	$ 743,341	$ 161,983	$ 5,418,750
May	$ -	$ -	$ -	$ -
Winter Period Total	$ 85,493,887	$ 12,361,252	$ 3,139,023	$ 100,994,162

(1) Amount above or below the Dead Band
(2) Consumption factors to be true-up at the end of the Winter Period for actual # of customers.
(3) Normalization degree days x Therms Per Degree Day
(4) Normalization Volumes x Margin Revenue Factor

Public Service Electric and Gas
Conservation Incentive Program Filing
October 2023 - September 2024
CIP Recovery Tests
Summary

Determine Weather and Non-Weather CIP Impacts

	Weather	Non-Weather	Total
CIP Group 1 (RSG)	$ 85,493,887	$ (3,588,307)	$ 81,905,581
CIP Group 2 (GSG)	$ 12,361,252	$ (1,776,042)	$ 10,585,210
CIP Group 3 (LVG)	$ 3,139,023	$ 608,826	$ 3,747,849
Total Deficiency/(Credit)	$ 100,994,162	$ (4,755,523)	$ 96,238,639

Step 2: Apply Modified BGSS Savings Test

A. Non-weather Impact Subject to Modified BGSS Savings Test		
Non-Weather Impact	$	-
75% Factor		75%
Subtotal	$	-
Prior Year Carry-Forward (Modified BGSS Savings Test)	$	-
Non-weather Impact Subject to Test	**$**	**-**
B. BGSS Savings		
Permanent Capacity Savings (Exhibit C, Schedule 6, Page 3)	$	45,394,957
Additional Capacity BGSS Savings (Exhibit C, Schedule 6, Page 3)	$	-
Avoided Cost BGSS Savings (Exhibit C, Schedule 6, Page 4)	$	10,122,906
Total BGSS Savings	**$**	**55,517,863**
C. Results		
Non-Weather Impacts Passing Test (current accrual)	**$**	**-**
Non-Weather Impacts Passing Test (prior year carry-forward)	**$**	**-**
Non-Weather Impacts Exceeding Test	**$**	**-**

Public Service Electric and Gas
Conservation Incentive Program Filing
October 2023 - September 2024
CIP Recovery Tests
Summary

Step 3: Apply Variable Margin Revenue Test

A. Non-weather Impact Subject to Variable Margin Revenue Test				
Non-Weather Impact	$	-		
Prior Year Carry-Forward (Variable Margin Revenue Test)	$	-		
Non-weather Impact Subject to Test	**$**	**-**		
B. Variable Margin Revenues				
Variable Margin Revenues (Exhibit C, Schedule 6, Page 5)	$	821,738,724		
Factor		6.5%		
Total Fixed Recovery Cap	**$**	**53,413,017**		
C. Results				
Non-Weather Impacts Passing Test (current accrual)	**$**	**-**		
Non-Weather Impacts Passing Test (prior year carry-forward)	**$**	**-**		
Non-Weather Impacts Exceeding Test	**$**	**-**		

Step 4: Determine Recoverable Non-Weather CIP Impacts

A. Current Year Accrual Recoverable Non-Weather Impacts				
Amount Passing Modified BGSS Savings Test	$	-		
Amount Passing Variable Margin Revenue Test	$	-		
Recoverable Amount			**$**	**-**
B. Previous Carry-Forward Recoverable Amounts				
Amount Passing Modified BGSS Savings Test			**$**	**-**
Amount Passing Variable Margin Revenue Test	$	-		
Deduction for any amount also included in above	$	-		
			$	**-**
Total Non-Weather Recoverable CIP Amount			**$**	**-**

Public Service Electric and Gas Company
CIP Recovery Tests
CIP BGSS Savings

I. Permanent BGSS Savings

Pipeline	Contract No.	Type of Transaction	Quantity Dth	Annual $
Texas Eastern	870146	Contract Terminated	88,321	$ 3,539,906
Texas Eastern	870145	Contract Terminated	25,000	821,250
Texas Eastern	911678	Contract Reduced	33,376	1,400,000
Texas Eastern	911677	Contract Reduced	56,493	2,000,000
Texas Eastern	911679	Contract Reduced	59,817	2,200,000
Dominion	200318/200315	Contract Terminated	43,300	1,089,237
Dominion	525445	Contract Reduced	48,526	2,537,483
Dominion	200482	Contract Reduced	55,737	4,271,190
National Fuel	F11135	Contract Terminated	48,400	3,545,087
National Fuel	F10833	Contract Terminated	30,795	1,265,702
National Fuel	F10845	Contract Terminated	20,000	822,018
Steuben	4	Contract Terminated	11,111	1,084,634
Steuben	3	Contract Terminated	30,955	3,333,011
Trunkline	21079	Contract Terminated	89,392	6,630,062
Trunkline	20912	Contract Terminated	25,242	998,725
Panhandle	22945	Contract Terminated	88,498	2,994,348
Panhandle	22652	Contract Terminated	25,000	718,138
Texas Gas	T025024	Contract Terminated	85,417	6,144,167
Total Permanent Reductions				**$ 45,394,957**

II. Additional Capacity BGSS Savings

CIP Recovery Year	Annual $
2020-2021	$ -

III. Avoided Capacity

CIP Recovery Year	Annual $
2020-2021	**$ 10,122,906**

VI. Total of all Savings

CIP Recovery Year	Permanent Capacity Savings	Additional Capacity BGSS Savings	Avoided Cost BGSS Savings	Annual $
2020-2021	$ 45,394,957	$ -	$ 10,122,906	**$ 55,517,863**

Public Service Electric and Gas
CIP Recovery Tests
Avoided Capacity Cost BGSS Savings

Month (a)	Base Year Customer Count (b)	Current Year Customer Count (c)	Net Increase/ (Decrease) Customer Count (d) = (b) / (c)	Baseline Use / Cust. (e)	Avoided Capacity (f) = (d) * (e)
Group 1: RSG					
October	1,624,278	1,710,956	86,678	38.7	3,354,441
November	1,630,996	1,715,305	84,309	87.6	7,385,464
December	1,635,566	1,721,281	85,715	144.9	12,420,110
January	1,636,952	1,725,588	88,636	180.6	16,007,671
February	1,630,001	1,717,588	87,587	153.5	13,444,551
March	1,615,444	1,714,414	98,970	124.5	12,321,732
April	1,653,790	1,723,687	69,897	70.4	4,920,762
May	1,636,600	1,715,321	78,721	37.0	2,912,677
June	1,631,876	1,716,075	84,199	21.0	1,768,179
July	1,683,288	1,716,832	33,544	18.0	603,792
August	1,621,557	1,717,588	96,031	18.0	1,728,558
September	1,630,455	1,718,345	87,890	19.5	1,713,855
Subtotal				913.7	78,581,792
			Average Per Unit BGSS Capacity Cost		0.12882
			Total Avoided Capacity Cost BGSS Savings		$10,122,906

Notes:

(1) Base Year Customer Count is equal to the test year customer count used to set base rates in a base rate case

(2) Current Year Customer Count is equal to the customer count in the CIP accrual year.

(3) The average per unit BGSS Capacity Cost represents the average of all capacity costs in the BGSS portfolio included in the annual BGSS filing for the prospective BGSS year. This value is used as a proxy for the avoided cost of incremental capacity.

Public Service Electric and Gas
CIP Recovery Tests
Variable Margin

Group I (RSG)	$687,199,640
Group II (GSG)	$97,528,077
Group III (LVG)	$37,011,007
Total Variable Margin	$821,738,724

Customer Class		Actual/ Estimate	Number of Customers	Baseline Use / Cust.	Margin Factor	Variable Revenue
RSG						
	Oct-23	Act	1,710,956	38.7	$0.4375	$28,967,499
	Nov-23	Act	1,715,305	87.6	$0.4375	$65,736,508
	Dec-23	Act	1,721,281	144.9	$0.4375	$109,114,220
	Jan-24	Act	1,725,588	180.6	$0.4375	$136,337,728
	Feb-24	Act	1,717,588	153.5	$0.4375	$115,342,264
	Mar-24	Act	1,714,414	124.5	$0.4375	$93,378,345
	Apr-24	Act	1,723,687	70.4	$0.4375	$53,087,503
	May-24	Frcst	1,715,321	37.0	$0.4375	$27,765,680
	Jun-24	Frcst	1,716,075	21.0	$0.4375	$15,765,826
	Jul-24	Frcst	1,716,832	18.0	$0.4375	$13,519,527
	Aug-24	Frcst	1,717,588	18.0	$0.4375	$13,525,480
	Sep-24	Frcst	1,718,345	19.5	$0.4375	$14,659,061
Total				913.7		$687,199,640
GSG						
	Oct-23	Act	139,006	110.8	$0.3282	$5,055,472
	Nov-23	Act	139,696	172.0	$0.3282	$7,886,831
	Dec-23	Act	141,232	320.4	$0.3282	$14,853,045
	Jan-24	Act	141,510	421.1	$0.3282	$19,559,644
	Feb-24	Act	139,940	351.6	$0.3282	$16,150,252
	Mar-24	Act	140,232	275.8	$0.3282	$12,694,936
	Apr-24	Act	140,950	170.7	$0.3282	$7,897,468
	May-24	Frcst	140,582	80.1	$0.3282	$3,696,163
	Jun-24	Frcst	140,623	49.2	$0.3282	$2,270,964
	Jul-24	Frcst	140,663	58.5	$0.3282	$2,701,000
	Aug-24	Frcst	140,704	50.5	$0.3282	$2,332,312
	Sep-24	Frcst	140,744	52.6	$0.3282	$2,429,990
Total				2,113.3		$97,528,077
LVG						
	Oct-23	Act	19,351	2,350.0	$0.0465	$2,116,293
	Nov-23	Act	19,601	3,486.2	$0.0465	$3,180,012
	Dec-23	Act	19,602	5,220.9	$0.0465	$4,762,682
	Jan-24	Act	20,088	6,506.4	$0.0465	$6,082,467
	Feb-24	Act	19,651	5,940.9	$0.0465	$5,433,026
	Mar-24	Act	19,881	5,478.7	$0.0465	$5,068,912
	Apr-24	Act	19,805	3,703.5	$0.0465	$3,413,485
	May-24	Frcst	19,666	2,037.8	$0.0465	$1,865,028
	Jun-24	Frcst	19,674	1,477.0	$0.0465	$1,352,324
	Jul-24	Frcst	19,685	1,374.6	$0.0465	$1,259,272
	Aug-24	Frcst	19,693	1,379.9	$0.0465	$1,264,641
	Sep-24	Frcst	19,702	1,322.8	$0.0465	$1,212,864
Total				40,278.7		$37,011,007

ATTACHMENT A
Schedule 6

CONFIDENTIAL

TO BE PROVIDED UPON EXECUTION OF THE NON-DISCLOSURE AGREEMENT

ATTACHMENT B

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 in its Gas Conservation Incentive Program (2024 PSE&G Gas Conservation Incentive Program)

BPU Docket No. _____

DIRECT TESTIMONY

OF

MICHAEL P. MCFADDEN
DIRECTOR – SALES AND REVENUE FORECASTING

May 31, 2024

ATTACHMENT B

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
MICHAEL P. MCFADDEN
DIRECTOR – SALES AND REVENUE FORECASTING

Q. Please state your name, affiliation and business address.

A. My name is Michael McFadden, and I am the Director of Sales and Revenue Forecasting for PSEG Services Corporation. My principal place of business is 80 Park Plaza, Newark, New Jersey 07102.

Q. Please describe your education and business experience.

A. I received a Bachelor's of Science degree in Finance from the Rutgers School of Business and a Masters of Business Administration from Excelsior College. I have over 15 years' experience in rates, revenue requirements, and financial analysis. I started my career as an analyst in the Bureau of Rates and Tariffs for the New Jersey Board of Public Utilities ("Board") before joining Public Service Electric and Gas ("PSE&G", or "the Company") as a Senior Regulatory Analyst in 2008. In 2014, I was promoted to Manager of Revenue Requirements where I managed over 20 annual regulatory filings with the Board, including the Clean Energy Future – Energy Efficiency filing, which resulted in Board approval of the Conservation Incentive Program ("CIP"). In June 2021, I was promoted to my current position of Director of Sales and Revenue Forecasting for PSEG Services Corporation.

Q. Please describe your responsibilities as Director of Sales and Revenue Forecasting for PSEG Services Corporation.

A. I am responsible for overseeing the development of the Company's electric and gas sales and revenue forecast, including the forecasted electric and gas CIP accrual, and supervising the development of the weather impacts on the sales and revenue forecast.

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of this testimony is to provide:

- An overview of the gas CIP mechanism ("GCIP"), including the monthly baseline use per customer for each applicable GCIP customer group;
- The calculation of the weather impacts for the current proceeding of October 1, 2023 – September 30, 2024 ("GCIP Period"); and
- The calculation of heating degree day ("HDD") normal weather and HDD consumption factors for the period October 1, 2024 through May 31, 2025 to be utilized in the calculation of weather for the subsequent CIP proceeding;
- The calculation of the Variable Margin GCIP savings test. Note that the BGSS Savings Test and the Earnings Test described in the Petition are discussed in the testimony of Mr. Stephen Swetz, submitted herewith.

Q. Does your testimony include any schedules?

A. Yes. My testimony includes schedules that were prepared by me or under my direction and supervision. These schedules are as follows:

- Schedule MPM-GCIP-1 shows the true-up calculation for the residential coefficients to account for the difference between the actual and the projected number of

customers on which the coefficients embodied in the GCIP tariff were based. The Schedule includes actual results from October 1, 2023 through April 30, 2024 and assumes actual customers are the same as forecast for May 2024;

- Schedule MPM-GCIP-2 presents the development of the proposed CIP monthly Degree Day Consumption Factors to be used for the 2024-2025 Winter Period;
- Schedule MPM-GCIP-3 contains the updated base level of normal degree days for the 2024-2025 Winter Period based on the 20 year period ending December 2023; and
- Schedule MPM-GCIP-4 contains a description of the Gas Sales Forecast Model, which explains the derivation of the weather coefficients and the data values used in the generation of the HDD consumption factors in Schedule MPM-GCIP-2.

Q. What is the GCIP mechanism?

A. The GCIP mechanism was approved by the Board in the Clean Energy Future – Energy Efficiency matter on September 23, 2020 in Docket Nos. GO18101112 and EO18101113 ("CEF-EE Order"). The GCIP rate mechanism provides a rate adjustment related to changes in the average use per customer when compared to a baseline use per customer, removing the disincentive for the Company to encourage customers to conserve energy. The GCIP 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 use per customer from the actual use per customer and multiplying the resulting use per customer by the actual number of customers and per therm margin rate for the month.

Q. What rate schedules are included in the GCIP?

A. The GCIP is applicable to each of the following customer groups:

- Group I – Residential Service Gas ("RSG");
- Group II – General Service Gas ("GSG"); and
- Group III – Large Volume Gas ("LVG").

Q. How is the baseline use per customer determined?

A. Per the CEF-EE Order, the gas baseline use 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 and shall be reset each time new base rates are placed into effect through a base rate case. The BUC for this proceeding is based on the therms and customers from PSE&G's 2018 base rate case. Please see the table below for the BUC for each customer group from PSE&G's 2018 base rate case and utilized in the calculation of base rates and future infrastructure investment program rate calculations.

Baseline Use per Customer - 2018 Base Rate Case			
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**

Q. Where are the calculations of the GCIP Margin Excess or Deficiency for this proceeding?

A. Please see Attachment A, Schedules 1 through 3 to the Petition for the October 1, 2023 through September 30, 2024 results based on actual data from October 1, 2023 through April 30, 2024 and a forecast for the remaining months from May 1, 2024 through September 30, 2024. Attachment A is the same template as Exhibit 6G of the Stipulation approved by the Board in the CEF-EE matter. Schedule 1 shows the results for rate schedules RSG, Schedule 2 shows the results for rate schedule GSG and Schedule 3 shows the results for rate schedule LVG. In each schedule, page 1 shows the calculation of the monthly margin variance for the GCIP period, page 2 shows details supporting the calculation, and page 3 shows the current period over or under-collection.

Q. Please describe the GCIP recovery tests?

A. Pursuant to the CEF-EE Order, recovery of a margin deficiency associated with non-weather related changes in customer usage is subject to the lesser of the outcomes of a BGSS Savings Test and a Variable Margin Test. In order to recover the GCIP non-weather related margin deficiency: (1) the Company must have BGSS savings of at least 75 percent of the non-weather related margin deficiency; and (2) the non-weather related margin deficiency must be less than or equal to 6.5% of aggregate variable margins. Any amount that exceeds these limitations may be deferred for future recovery and will be subject to the recovery tests in that future period.

Q. How is the therm impact of weather determined?

A. As described in the CEF-EE Order and shown in Attachment A, Schedule 4, weather will be calculated as the difference in the actual and normal HDD multiplied by the sales coefficients to establish sales impacts. The difference in the actual and normal HDD are adjusted for a deadband, which is ½ percent of the normal calendar-month degree days. The sales impacts, adjusted for the deadband, will be multiplied by a margin factor based on the latest tariff rates to derive the revenue impact of weather.

Q. How did you calculate the non-weather related GCIP margin?

A. The non-weather related GCIP margin is calculated as the total GCIP margin deficiency less the weather related margin deficiency. In accordance with the CEF-EE Order, the impact of weather for the GCIP period is calculated in a manner consistent with the gas Weather Normalization Charge ("WNC") and is shown in Attachment A, Schedule 4. The weather effect will be measured by the impacts on sales and associated distribution revenue of heating degree days. As shown in Attachment A, Schedule 4, the margin impact is determined by calculating the total therm impact of weather in the month, adjusted for a deadband, and multiplying it by the per therm variable base distribution rate for each customer group, known as the margin factor.

Q. How were the consumption factors determined for this proceeding?

A. The weather in this GCIP proceeding uses the approved consumption factors in the CIP tariff for October 2023 through May 2024.

Q. Are there any adjustments to the approved consumption factors in the CIP tariff?

A. Yes. For RSG only, the consumption factors are trued-up. The monthly degree day consumption factors for the RSG Heating customers and for the RSG Non-Heating customers are based on regression models of use per customer. The consumption factor for these two customer groups are, as a result, calculated by multiplying the consumption factor per customer by the forecasted number of customers in each month. The trued-up consumption factors for these two groups are the consumption factors embodied in the CIP tariff adjusted to reflect the actual number of customers from October 2023 through April 2024. For May 2024, the actual customers are estimated to be the same as the forecasted customers until the actual customers are known. The trued-up monthly degree day consumption factors are calculated, as Schedule MPM-GCIP-1 shows, by multiplying the RSG Heating and the RSG Non-Heating degree day consumption factors by the ratio of the actual number of customers to the forecasted number of customers that were incorporated into the original calculation.

Q. How are the updated monthly HDD consumption factors developed?

A. Schedule MPM-GCIP-2 shows the calculation of the monthly HDD consumption factors for the next CIP period of October 2024 through September 2025 based on the estimated HDD weather coefficients from the Company's econometric sales forecasting models. The impact of the monthly degree days is the sum of the coefficient on the heating degree day variable and the product of the coefficient and the value of the economic/demographic variable of any variable and or variables that are interactive with heating degree days, such as the price-heating degree day interactive variable, to arrive at the total therm per heating degree day estimate. In the case of the residential rates, this is

multiplied by the projected number of customers since the models, and as a result the coefficients, are based on sales per customer – not on total customers. Please see Schedule MPM-GCIP-5 for the details on the derivation of the weather coefficients and the data values used in the generation of the HDD consumption factors in Schedule MPM-GCIP-2.

Q. How is the normal HDD determined?

A. The base level of normal HDD for the period of October 2023 – May 2024 are equal to the approved normal HDD in the CIP tariff.

Q. Have the base level of normal degree days for the next winter period of October 2024 through May 2025 been updated?

A. Yes. The base level of normal degree days for the winter period months of October 2024 through September 2025 have been calculated based on the 20-year period ending December 2023 and are shown in Schedule MPM-GCIP-3.

Q. How is the margin factor for each rate schedule determined?

A. The margin factor is the weighted average of the latest per therm distribution rates in the Company's tariff and the approved therm billing determinants from the last base rate case. Please see Schedule MPM-GCIP-4 for the calculation.

Q. What is the GCIP non-weather margin?

A. The total weather impact from October 2023 – April 2024 is an under-collection of $101.0 million from the significantly warmer than normal weather as shown in Attachment A, Schedule 4. The total deferral as calculated in Attachment A, Schedule 1 – 4 for the GCIP period is estimated at $96.2 million. As a result, the non-weather GCIP deferral subject to the GCIP savings test is ($4.8) million as shown in Attachment A, Schedule 5.

Q. What are the results of the GCIP savings tests?

A. The GCIP savings tests are the lesser of a modified BGSS Savings Test and a Variable Margin Revenue Test. As shown in Attachment A, Schedule 5, there is no limit in the GCIP recovery for the BGSS Savings Test or the Variable Margin Revenue Test. The non-weather GCIP savings tests only apply when the non-weather component of the CIP deferral will be a charge to customers; there is no limitation on a refund of the non-weather component, which is the case in this proceeding.

Q. Please describe the BGSS Savings Test.

A. Please see the testimony of Stephen Swetz for the calculation of the BGSS savings test, which is shown in Attachment A, Schedule 5, pages 3 and 4.

Q. Please describe the Variable Margin Revenue Test.

A. As shown in Attachment A, Schedule 5, page 5, the Variable Margin Revenue Test first calculates the total Variable Revenue as the actual number of customers multiplied by the BUC and by the margin factor per customer group. The total Variable Revenue is then multiplied by the allowed percentage of variable margin, which is 6.5%. Based on actual results from October 2023 through April 2024 and a forecast from May 2024 – September 2024, total variable margin is $821.7 million, resulting, after applying the 6.5% rate, in a variable margin cap of $53.4 million.

Q. Is there an additional GCIP Recovery Test?

A. Yes. In addition to the BGSS and Variable Margin Revenue Test for non-weather recovery caps, the Company must pass an earnings test. Please see the testimony of Mr. Swetz for the calculation of the earnings test.

Q. What was the final CIP deferral from the prior CIP cost recovery filing?

A. The Board approved the final CIP deferral of $109,938,429 for the October 2022 – September 2023 recovery period in Docket No. GR23060332 on April 30, 2024.

Q. Were there any limitations on recovery of the recovery of the final CIP deferral balance from the prior proceeding due to the earnings test or the non-weather savings tests?

A. No. There were no limitations due to the GCIP recovery tests. However, rates were set on a provisional basis to recover $109,934,665, or $3,763 less than the final deferral amount. The difference between the final CIP deferral of $109,938,429 and the amount actually recovered in rates from October 2023 through September 2024 will be recovered in this proceeding.

Q. Has the impact of the GCIP margin excess and margin deficiency been calculated by customer group?

A. Yes. Please see the testimony of Mr. Swetz for the proposed rates for each customer group and the associated impact on a typical or class average customer.

Q. How could the pending rate case in Docket Nos. ER23120924 and GR23120925 impact the CIP deferral in this proceeding?

A. The pending base rate case will reset the Company's BUC and the margin factor to the amounts approved in the base rate case once effective.

Q. Have you forecasted any impact of the rate case in this CIP proceeding?

A. Not at this time. If the base rate case is resolved prior to the end of this CIP period of September 30, 2024, the Company will update Attachment A to reflect the revised approved BUC and margin factor as of the effective date of new base rates. Until that time, the Company will continue to use the current approved BUC and margin factor.

Q. Does this conclude your testimony at this time?

A. Yes.

Public Service Electric and Gas Company
Conservation Incentive Program - Gas

SCHEDULE MPM-GCIP-1

Calculation of the Customer True-Up to the RSG-Residential Degree Day Consumption Factors

	RSG-Residential Heating					RSG-Residential Non-Heating				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			(2) / (1)		(4) x (3)			(7) / (6)		(9) x (8)
	Customers			Consumption	Trued-Up Consumption	Customers			Consumption	Trued-Up Consumption
Month	Forecast	Actual	Adjustment	Factor	Factor	Forecast	Actual	Adjustment	Factor	Factor
Oct-23	1,491,389	1,492,359	1.0006501	183,348	183,467	218,045	218,045	1.0000000		0
Nov-23	1,492,636	1,495,474	1.0019015	269,657	270,169	217,770	219,831	1.0094630	2,352	2,374
Dec-23	1,493,881	1,501,198	1.0048982	269,443	270,763	217,496	220,083	1.0118934	3,088	3,125
Jan-24	1,495,162	1,505,853	1.0071507	303,067	305,234	217,222	219,735	1.0115671	3,111	3,147
Feb-24	1,496,424	1,501,147	1.0031561	291,037	291,955	216,949	216,441	0.9976577	2,723	2,717
Mar-24	1,497,687	1,500,419	1.0018244	293,337	293,872	216,675	213,994	0.9876286	3,012	2,975
Apr-24	1,498,947	1,507,690	1.0058324	285,355	287,019	216,403	215,998	0.9981270	3,138	3,132
May-24	1,500,209	1,500,209	1.0000000	209,054	209,054	216,130	216,130	1.0000000	3,458	3,458

Degree Day Consumption Factor Calculation

	RSG Heating							RSG Non-Heating				
				Value						Value		
Month	HDD	HDDxWage Coefficient	HDD x Price Coefficient	Real Price	Wage	Customers	Degree Day Consumption Factor	HDD	HDD x Price Coefficient	Real Price	Customers	Degree Day Consumption Factor
Oct-24		0.001098		1.0654	108.6100	1,505,416	179,527			1.4039	213,685	-
Nov-24	0.06213	0.001098		1.0654	108.6100	1,506,443	273,244	0.0107		1.4039	213,416	2,284
Dec-24	0.18574		-0.00478	1.0654	108.6100	1,507,469	272,320	0.0210	-0.0055	1.4039	213,148	2,830
Jan-25	0.20747		-0.00478	1.0108	112.3700	1,508,313	305,642	0.0350	-0.0153	1.3408	212,879	3,084
Feb-25	0.19551		-0.00478	1.0108	112.3700	1,509,157	287,764	0.0264	-0.0099	1.3408	212,611	2,791
Mar-25	0.19537			1.0108	112.3700	1,510,002	295,009	0.0136		1.3408	212,344	2,888
Apr-25	0.19124			1.0108	112.3700	1,510,846	288,934	0.0140		1.3408	212,077	2,969
May-25	0.14233			1.0108	112.3700	1,511,690	215,159	0.0166		1.3408	211,810	3,516

	Commercial GSG Heating					Commercial GSG Non-Heating	
	HDDxPrice		HDDxHouseholds		Degree Day Consumption	HDD	Degree Day Consumption
Month	Coefficient	Value	Coefficient	Value	Factor	Coefficient	Factor
Oct-24							
Nov-24	-16,438	1.1113	14	3,431	29,601	2,632	2,632
Dec-24	-12,253	1.1113	18	3,431	48,638	3,724	3,724
Jan-25	-9,372	1.0974	18	3,442	49,983	3,885	3,885
Feb-25	-8,757	1.0974	18	3,442	51,727	4,001	4,001
Mar-25	-11,564	1.0974	19	3,442	52,445	4,069	4,069
Apr-25	-10,906	1.0974	19	3,442	54,265	4,074	4,074
May-25	-24,941	1.0974	15	3,442	24,305	3,914	3,914

Month	Industrial GSG Heating		Industrial GSG Non-Heating	
	HDD Coefficient	Degree Day Consumption Factor	HDD Coefficient	Degree Day Consumption Factor
Oct-24	620	620	-	-
Nov-24	1,219	1,219	141	141
Dec-24	2,156	2,156	253	253
Jan-25	2,477	2,477	273	273
Feb-25	1,920	1,920	135	135
Mar-25	2,219	2,219	243	243
Apr-25	1,727	1,727	236	236
May-25	1,176	1,176	175	175

Month	Commercial LVG					Industrial LVG				
	HDDxCust		HDDxPrice		Degree Day Consumption Factor	HDDxMfg		HDDxPrice		Degree Day Consumption Factor
	Coefficient	Value	Coefficient	Value		Coefficient	Value	Coefficient	Value	
Oct-24	34	3,431	(32,201)	0.83	90,108	43	254	(3,528)	0.80	8,122
Nov-24	34	3,431	(32,201)	0.83	90,108	43	254	(3,528)	0.80	8,122
Dec-24	34	3,431	(32,201)	0.83	90,108	43	254	(3,528)	0.80	8,122
Jan-25	34	3,442	(32,201)	0.81	90,921	43	255	(3,528)	0.79	8,220
Feb-25	34	3,442	(32,201)	0.81	90,921	43	255	(3,528)	0.79	8,220
Mar-25	34	3,442	(32,201)	0.81	90,921	43	255	(3,528)	0.79	8,220
Apr-25	34	3,442	(32,201)	0.81	90,921	43	255	(3,528)	0.79	8,220
May-25	34	3,442	(32,201)	0.81	90,921	43	255	(3,528)	0.79	8,220

Public Service Electric and Gas Company SCHEDULE MPM-GCIP-3
Conservation Incentive Program - Gas

Normal Monthly Weather
(2004-2023 Average)

Calendar Month	Degree Days
October-24	217.76
November-24	519.53
December-24	798.07
January-25	980.32
February-25	826.22
March-25	678.84
April-25	343.86
May-25	117.01

Public Service Electric and Gas Company
Conservation Incentive Program - Gas

SCHEDULE MPM-GCIP-4

Weighted Average Therm Margin Rate Calculation

RSG	*Therms* (000)*	*Rates Oc23 - Nov23*	*Rates Dec23 - Apr24*	*Rates May24*	*Rates Jun24 - Sep24*
Distribution Charges	1,494,872	0.437491	0.437491	0.437491	0.437491
Off-Peak Usage	56	0.218746	0.218746	0.218746	0.218746
Wtd Avg Rate	**1,494,928**	**0.437483**	**0.437483**	**0.437483**	**0.437483**

GSG	*Therms (000)*	*Rates Oc23 - Nov23*	*Rates Dec23 - Apr24*	*Rates May24*	*Rates Jun24 - Sep24*
Distribution Charge - Pre 7/14/97	2,183	0.328263	0.328263	0.328263	0.328263
Distribution Charge - All Others	295,256	0.328263	0.328263	0.328263	0.328263
Off-Peak Dist Charge - Pre 7/14/97	-	0.164132	0.164132	0.164132	0.164132
Off-Peak Dist Charge - All Others	45	0.164132	0.164132	0.164132	0.164132
Wtd Avg Rate	**297,484**	**0.328238**	**0.328238**	**0.328238**	**0.328238**

LVG	*Therms (000)*	*Rates Oc23 - Nov23*	*Rates Dec23 - Apr24*	*Rates May24*	*Rates Jun24 - Sep24*
Distribution Charge 0-1,000 pre 7/14/97	8,974	0.033054	0.033054	0.033054	0.033054
Distribution Charge over 1,000 pre 7/14/97	45,378	0.050101	0.050101	0.050101	0.050101
Distribution Charge 0-1,000 post 7/14/97	145,700	0.033054	0.033054	0.033054	0.033054
Distribution Charge over 1,000 post 7/14/97	540,051	0.050101	0.050101	0.050101	0.050101
Wtd Avg Rate	**740,103**	**0.046538**	**0.046538**	**0.046538**	**0.046538**

* Therms represents the annualized, weather-normalized approved sales from the 2018 base rate case

Natural Gas Sales Forecast - 2024

Public Service Electric & Gas Company

Finance Department

Electric and Gas Sales and Revenue Forecasting Group

September 2023

Contents

Introduction

The natural gas sales forecast has a key role in both the operating and financial planning processes of Public Service Electric & Gas (PSE&G).

The volumetric and maximum day sendout projections are used in the development of strategies for optimal gas procurement by PSE&G's BGSS supplier.

The sales forecast also serves as the basis for the natural gas revenue forecast that is a key parameter in PSE&G's financial planning process. This includes not only the budgeting process but also the regulatory process.

The purpose of this document is to describe the current forecast methodology, forecast assumptions, and the 2024 gas sales forecast. The first section describes the econometric sales models. A discussion of the forecast assumptions used to develop the sales forecast follows. Section III describes the maximum daily send-out projection. An appendix contains more detailed information on the billing period to calendar month conversion and forecast tables.

I Model Specification and Estimation

Residential Model

Residential gas sales are determined by the number of residential customers and the amount of gas that each of these customers uses. As a result, the modeling of residential sales is disaggregated into two components: the projection of the number of customers and the estimate of what, on average, each of these customers will use. While the projection of the number of residential natural gas customers can be based on historical trends and expected residential construction activity in the service area, the models utilized to develop the average use forecast are more complicated and are described below.

The demand for energy is a derived demand from the demand for the services that the energy provides. In the case of gas in the residential sector, this is a demand for the three main end-uses of gas: space heating, water heating, and cooking. Standard microeconomic theory suggests that the demand for these gas-fueled end-uses is a function of the real, i.e. inflation adjusted, price of gas, and the income of the household. In addition, since space heating and, to a lesser extent, water heating is affected by the weather; weather also needs to be included in the model specification, i.e.

THERM/CUST = *f*(PRICEGAS, INCOME, WEATHER) [1]

where:

THERM/CUST	= Average gas sales per customer,
PRICEGAS	= Real price of gas,
INCOME	= Measure of customer income,
WEATHER	= Billing-month weather.

While information on individual appliance ownership and consumption is not available, PSE&G does segregate its Residential customer data into those customers that have gas space heating and those that do not. As a result, separate models estimating the average gas sales for space heating customers and non-space heating customers were developed.

Weather is incorporated into the models using billing-month heating degree days (HDD). To allow for the possibility of month-specific response to weather, the heating degree data was multiplied by monthly binary variables to produce month-specific HDD independent variables.

The real price of gas was defined as the annual average revenue per therm divided by the Consumers' Price Index –All Urban Consumers. However, the extreme seasonality of monthly gas consumption made the utilization of this variable directly in a linear specification impractical because it is unrealistic to expect that a change in price would have the same impact, measured in therms,

in January, a high consumption month, as in July where consumption can be only one-tenth the January volume. As a result, this variable was incorporated as an interactive variable with HDD to create the effect that a change in price will affect the magnitude of the response to weather, i.e., a small response in the summer months and a much larger response during the space heating season.

Income is defined as the total real wages and salary disbursements for New Jersey from the U.S. Department of Commerce, Bureau of Economic Analysis. This is a narrower measure than personal income, omitting for example dividends, interest, and rental income, and, as a result, is assumed to reflect the economic well-being of the majority of our customers more accurately. The incorporation of this variable directly into a linear specification suffers from the same drawback as that of the price. As a result, this variable was also incorporated into the specification as an interactive variable with HDD. In the models the economic variables were lagged one year to account for the delay in the impact that these variables have on consumer behavior.

As a result, the final functional form of the model that was estimated is:

$$THERM/CUST_t = f(\overline{MONTH}xHDD_t \times PRICEGAS_{a-1}, \overline{MONTH}xHDD_t \times INCOME_{a-1}, \overline{MONTH}xHDD_t) \quad [2]$$

where:

THERM/CUST	= Average gas sales per customer,
PRICEGAS	= Real price of gas,
INCOME	= Real Wage and Salary Disbursements,
HDD	= Heating degree days,
$\overline{MONTH}$	= Vector of binary variables for each heating month,
t	= Billing-month,
a	= Year associated with billing-month, t.

RSG Heating model was estimated using monthly data from January 2010 to December 2022 period while RSG No-Heating model was estimated using monthly data from January 2019 to December 2022. The results of the OLS estimation procedure are summarized in Table 1 and Figures 1 and 2.

As Figures 1 and 2 illustrate, the high values of the coefficients of determination of both the model for gas space heating customers and the model of those customers without gas heating explain an extremely high proportion of the variation from the mean values. The estimates of the individual coefficients of the RSG model estimations are what one would expect given the characteristics of residential natural gas consumption. The key predictor of gas sales to this sector is weather with the weather having a greater impact on those customers with gas space heating than those without. Price is a factor for residential customers during the winter months but, its impact is relatively small.

Figure 1
RSG Space Heating Model
Actual vs. Fitted Values

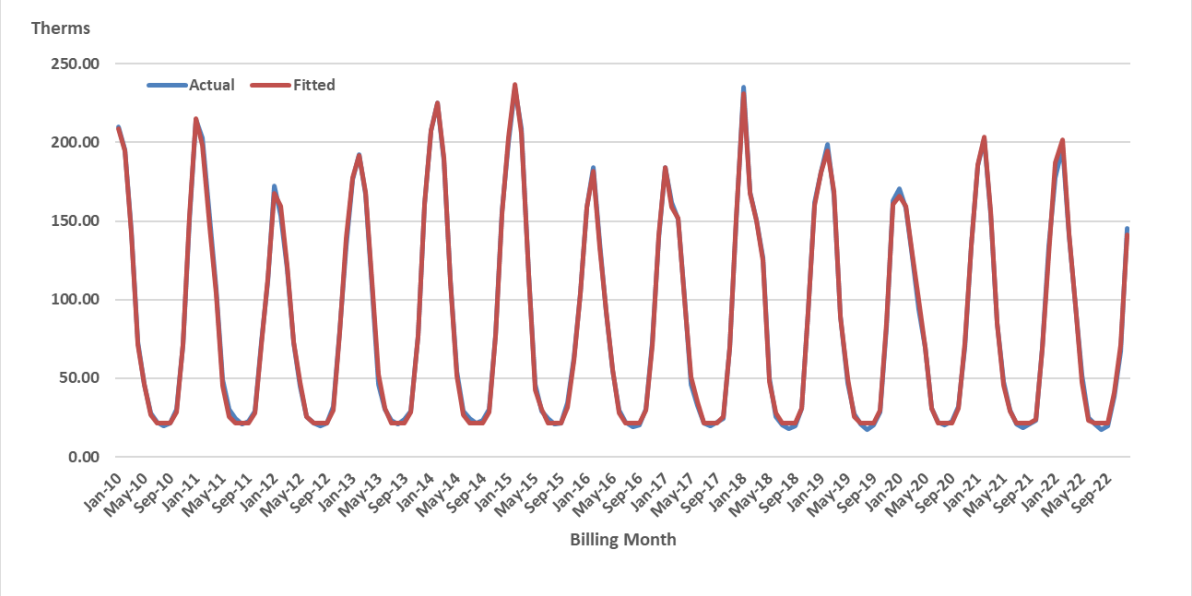
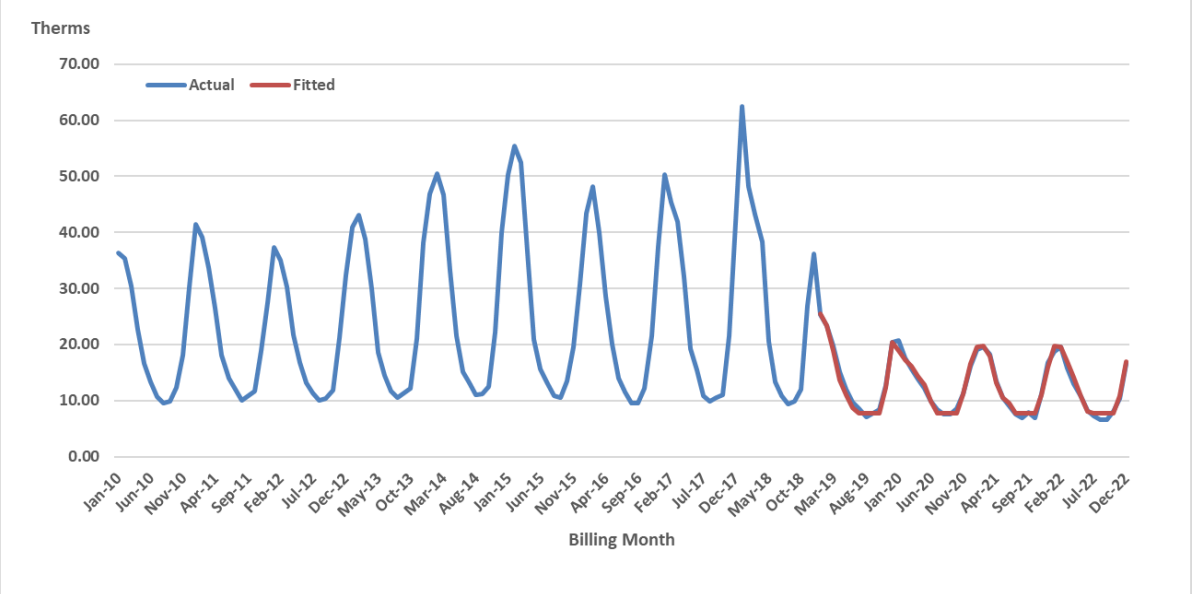


Figure 2
RSG Non-Space Heating Model
Actual vs. Fitted Values



The price elasticity estimates were estimated to be -0.0114 and -0.2758 for space heating and non-space heating customers, respectively and consistent with lower gas prices and the lack of a surge in consumption in response to them. The non-space heating elasticity is the result of a similar therm impact of price but, measured over a much smaller base usage. Income was found to influence gas consumption by space heating customers in the fall. This is consistent with income changes resulting affecting when space heating equipment is turned on. The economic downturn appeared to result in a delay in turning on this equipment in the fall reducing use.

Table 1

Estimated Coefficients of the Residential Models

(standard errors in parentheses)

	JAN	FEB	MAR	APR	MAY	JUNE	NOV	DEC	R2	DW	n
HEATING											
HDD	0.20793	0.19551	0.19537	0.19124	0.14233	0.18853	0.06213	0.18574	0.999	1.661	156
	(0.008)	(0.006)	(0.006)	(0.009)	(0.004)	(0.021)	(0.007)	(0.008)			
		DJF*				A	C				
PRICE x HDD		-0.00478		**COVID x HDD**		0.0117	0.0014				
		(0.002)				(0.009)	(0.001)				
		ON**									
WAGE x HDD		0.00110									
		(0.000)									

*** Dec-Jan-Feb**
**** Oct-Nov**

	JAN	FEB	MAR	APR	MAY	JUNE	NOV	DEC	R2	DW	n
NON-HEATING											
HDD	0.03498	0.02636	0.01361	0.01401	0.01662	0.04577	0.01075	0.02096	0.982	1.322	48
	(0.003)	(0.003)	(0.001)	(0.001)	(0.002)	(0.013)	(0.001)	(0.004)			
PRICE x HDD	-0.01528	-0.00992						-0.00548			
	(0.002)	(0.002)						(0.003)			

The second key element of the residential forecast, as noted above, is the projection of the number of residential natural gas customers. This forecast is based on historical trends between customer growth and residential construction activity in the service area and is discussed in the Forecast Assumptions section.

Commercial

The demand for natural gas by the non-residential sector, as with any other factor of production, is a function of the input's price, the price of substitutes (if any) and the level of production. This implies that gas sales to the commercial sector is a function of the real price of gas and the level of "output" of the commercial sector in PSE&G's service territory, i.e. Again, since gas is primarily used for space and/or water heating, weather needs to be included in the specification resulting in the following:

THERMS = *f*(PRICEGAS, OUTPUT, HDD) [3]

where:

THERMS	= Gas Sales,
PRICEGAS	= Real price of gas,
OUTPUT	= Commercial sector output,
HDD	= Heating degree days.

The problem with this specification is that there is not a good measure of output for the local commercial sector. However, if it is assumed that the demand for local commercial output is a function of the local economic and demographic factors, i.e., how many households there are (HSH) and how much money do they have to spend (INCOME), commercial output can then be defined as:

OUTPUT = *f*(INCOME, HSH) [4]

Substituting [4] into [3] yields:

THERMS = *f*(PRICEGAS, INCOME, HSH, HDD) [5]

LVG model was estimated for customers in the commercial sector using monthly billing data from January 2012 to December 2022 period. The firm delivery customers in this class whose usage does not exceed 300 Dth are served under rate GSG. These customers are further disaggregated into those with gas space heat and those that heat with other fuels. These two groups of customers are modeled separately. Time period for GSG Heating model and GSG Non-Heating model set from January 2011 to December 2022 period for the model estimations. The larger commercial customers are served under rate LVG. These are also modeled separately.

Historical annual household estimates for New Jersey is available from the U.S. Bureau of the Census. As with the residential models, the strong seasonality associated with commercial gas sales dictates that the economic/demographic variables can be used in the model directly but, need to be used as interactive variables with HDD. In addition, in the models the economic variables were lagged one year to account for the delay in the impact that these variables have

on consumer behavior. As a result, the functional form that was estimated for each of the three groups of commercial customers is[1]:

$$\begin{aligned} THERMS_t = f(&\overline{MONTH} \times HDD_t \times PRICEGAS_{a-1}, \\ &\overline{MONTH} \times HDD_t \times INCOME_{a-1}, \\ &\overline{MONTH} \times HDD_t \times HSH_{a-1,}\, HDD_t) \end{aligned} \quad [6]$$

where:

THERMS	= Gas sales,
PRICEGAS	= Real price of gas,
INCOME	= Real Wage and Salary Disbursements,
HDD	= Heating degree days,
$\overline{MONTH}$	= Vector of binary variables for each heating month,
t	= Billing-month,
a	= Year associated with billing-month, t.

The results of the OLS estimation procedure, summarized in Figures 3-5, show that the commercial models also fit the historical data well.

The estimated coefficients of the three commercial models indicate that while the small commercial space heating is sensitive to price, with an estimated elasticity of -0.2408 the non-space heating customers are not, and the large commercial LVG customers are sensitive to price, with an estimated elasticity of -0.1525. In addition, while the coefficients on households, the economic indicator in the models, are highly statistically significant, this does not imply large sales increases given the anticipated slow growth in the number of households.

[1] It was not necessary to incorporate month-specific HDD specification since the LVG sales are less sensitive to the weather.

Figure 3
GSG Commercial Space Heating Model
Actual vs. Fitted Values

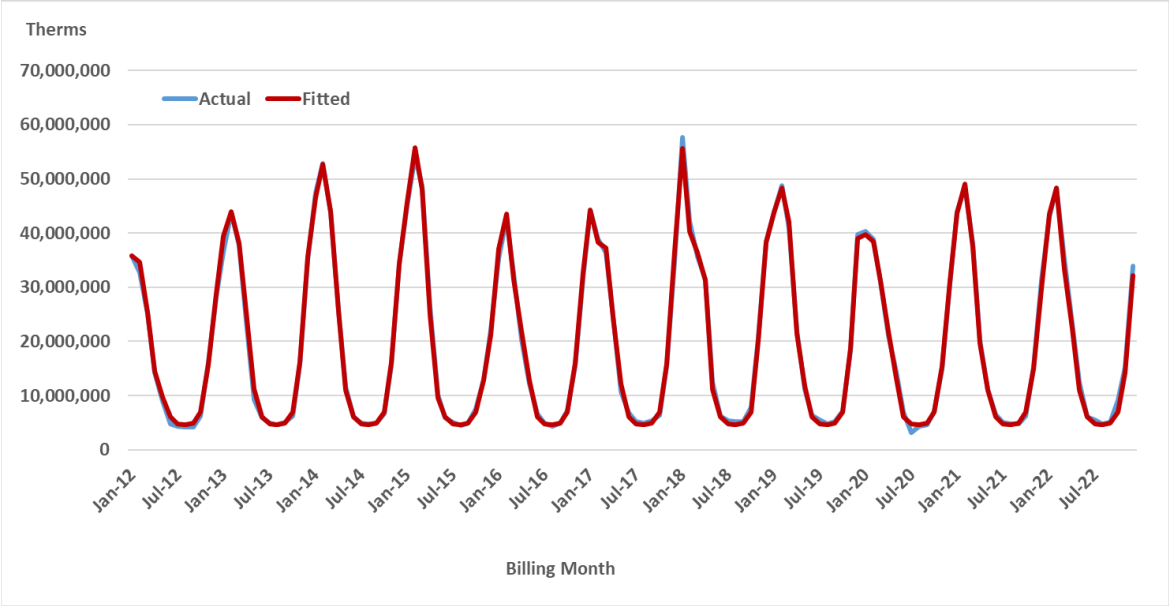


Figure 4
GSG Commercial Non-Space Heating Model
Actual vs. Fitted Values

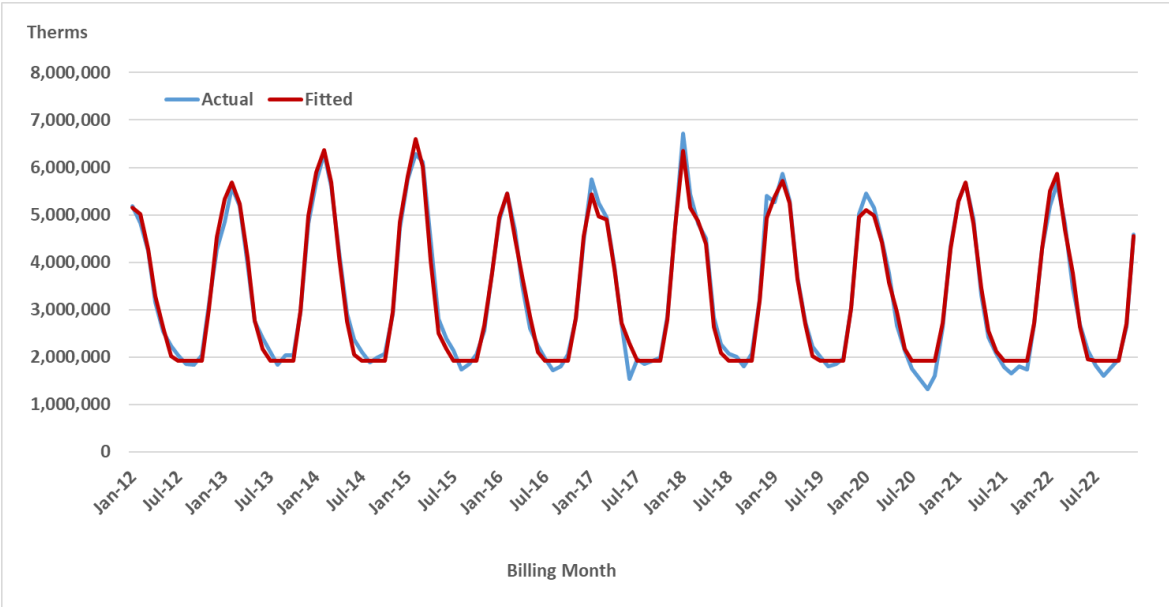


Figure 5
LVG Commercial Model
Actual vs. Fitted Values

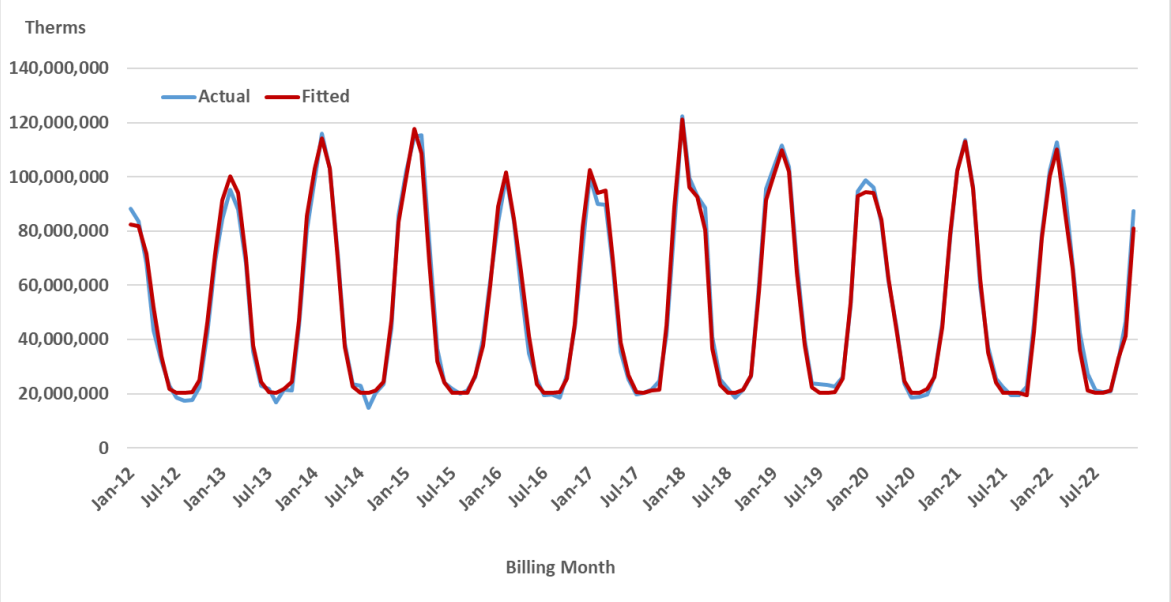


Table 2

Estimated Coefficients of the GSG Commercial Gas Sales Models
(standard errors in parentheses)

	JAN	FEB	MAR	APR	MAY	JUN	NOV	DEC	R2	DW	n
HEATING											
PRICE x HDD	-9372	-8757	-11564	-10906	-24941		-16438	-12253	0.997	1.436	144
	(1,917)	(2,014)	(2,556)	(4,060)	(11,586)		(4,972)	(2,860)			
CUST x HDD	17.51	17.82	18.92	19.24	15.01		13.95	18.15			
	(0.7)	(0.8)	(1.0)	(1.5)	(3.3)		(2.2)	(1.0)			
	A	B									
COVID x HDD	-4500	-252									
	(2,149)	(640)									
NON-HEATING											
HDD	3885	4001	4069	4074	3914	5198	2632	3724	0.984	1.378	144
	(67)	(68)	(83)	(135)	(314)	(1,581)	(170)	(88)			
	A	B									
COVID x HDD	-585	-184									
	(368)	(116)									

Table 3

Estimated Coefficients of the LVG Commercial Gas Sales Models

(standard errors in parentheses)

HDD x PRICE	HDD x CUST	COVID x HDD A	COVID x HDD B	R2	DW	n
-32201	34	-15808	-1729	0.991	1.017	132
(5,100)	(2)	(6,166)	(2,183)			

Industrial

While gas sales to the commercial sector are correlated with commercial output because output tends to be correlated with commercial space-heated floor space, sales to the PSE&G rate GSG and rate LVG gas customers in the industrial sector are not correlated with the industrial output because gas, for the most part, is not used for process heat. It is used to heat employee workspaces and the number of employees has been declining while industrial output has been increasing. Therefore, rather than used the traditional function for the demand for a factor of production such as [3], the following specification is used:

$$THERMS = f(PRICEGAS, EMP, HDD) \quad [7]$$

where:

EMP = Manufacturing employment.

Since gas is used primarily for space heating the economic variables need to be used as interactive variables with HDD to account for the extreme seasonality of the data. As a result, the functional forma that was estimated is:

$$THERMS_t = f(HDD_t \times PRICEGAS_{a-1}, HDD_t \times EMP_{a-1}, HDD_t) \quad [8]$$

where:

THERMS = Gas sales,
PRICEGAS = Real price of gas,
HDD = Heating degree days,
t = Billing-month,
a = Year associated with billing-month, t.

The results of the OLS estimation procedure, summarized in Figures 6-8, show that the industrial models for customers in the two space heating segments fit the historical data well. GSG Heating and Non-Heating model is estimated for using monthly billing data from January 2011 to December 2022 period. The data for industrial GSG non-heating customers, however, seems to indicate the presence of out of period adjustments in the billing data which the model doesn't, and can't be expected to, account for. These were addressed with binary variables. The larger industrial customers are served under rate LVG. The model was estimated for customers in the industrial sector using monthly billing data from January 2012 to December 2022 period.

Like the small and medium commercial models, the estimated coefficients of the three industrial models indicate that sensitivity to price is small. The small industrial customers, rate GSG did not show any statistically significant response to price while rate LVG sensitive to price, with an estimated elasticity of -0.187 Small response of the industrial sector to gas prices is attributed to the fact that gas, since it is not used for process heat, is a relatively small proportion of the total costs of production.

Figure 6
GSG Industrial Space Heating Model
Actual vs. Fitted Values

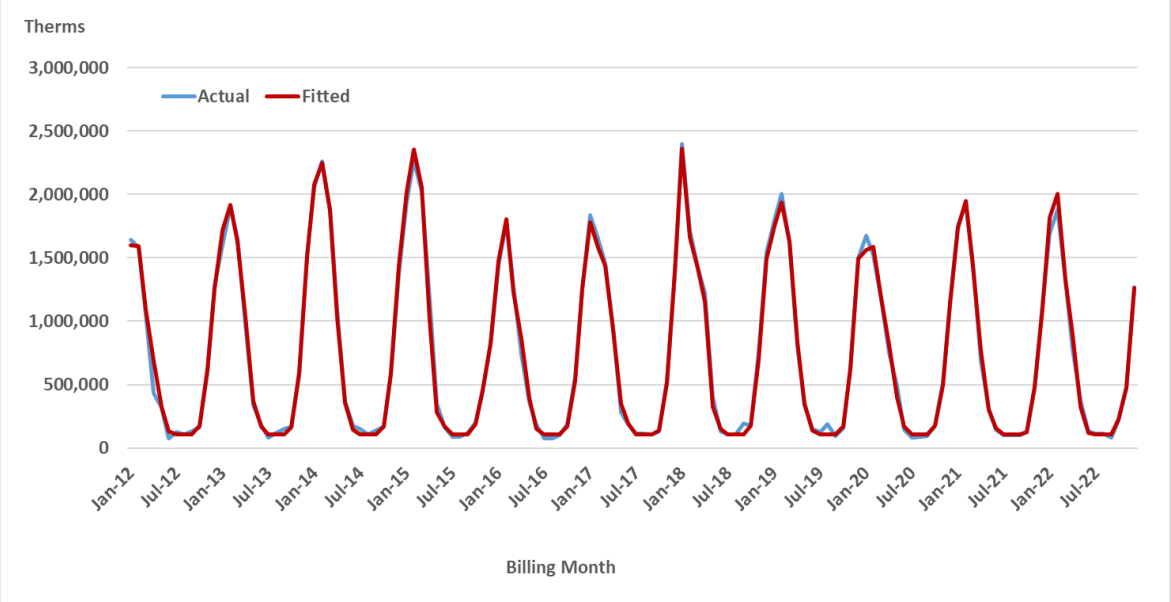


Figure 7
GSG Industrial Non-Space Heating Model
Actual vs. Fitted Values

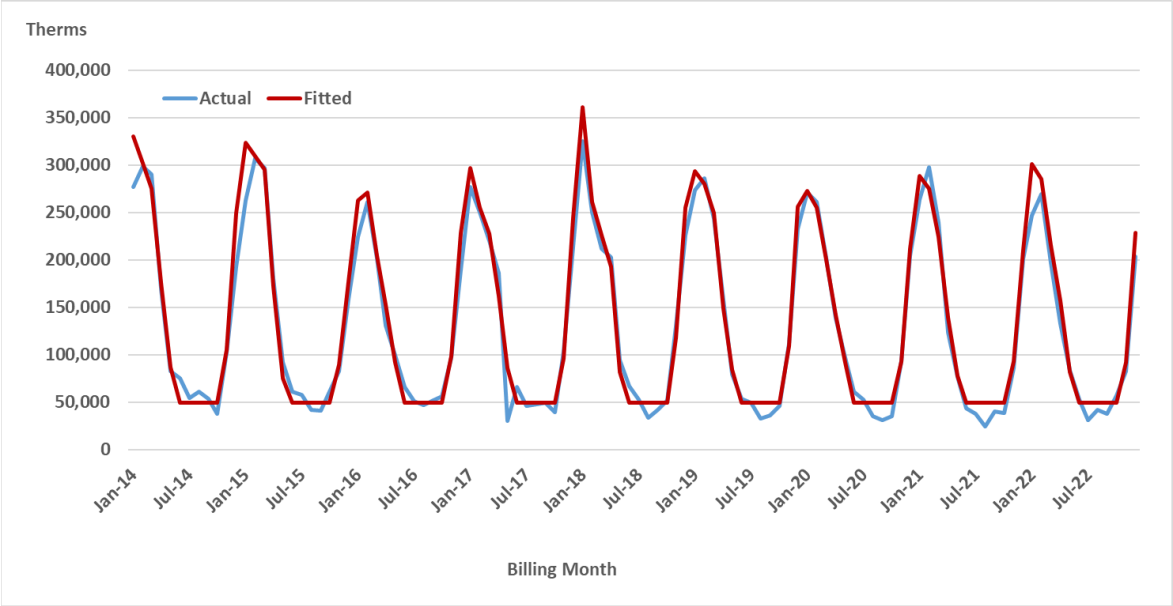


Figure 8
LVG Industrial Heating Model
Actual vs. Fitted Values

Table 4

Estimated Coefficients of the GSG Industrial Gas Sales Models
(standard errors in parentheses)

	JAN	FEB	MAR	APR	MAY	JUN	OCT	NOV	DEC	R2	DW	n
HEATING												
HDD	2477	1920	2219	1727	1176	1199	620	1219	2156	0.993	2.169	144
	(174)	(22)	(148)	(44)	(102)	(512)	(193)	(55)	(184)			
	A	B										
COVID x HDD	-247	-56										
	(117)	(37)										
NON-HEATING												
HDD	273	135	243	236	175			141	253	0.818	1.664	144
	(16)	(106)	(20)	(32)	(74)			(40)	(21)			
	A	B										
COVID x HDD	-41	-10										
	(88)	(28)										

Table 5

Estimated Coefficients of the LVG Industrial Gas Sales Models
(standard errors in parentheses)

HDD x PRICE	HDD x EMP	COVID x HDD		R2	DW	n
		A	B			
-3528	43	-1126	-713	0.937	1.573	132
(1,212)	(5)	(1,281)	(468)			

II Forecast Assumptions

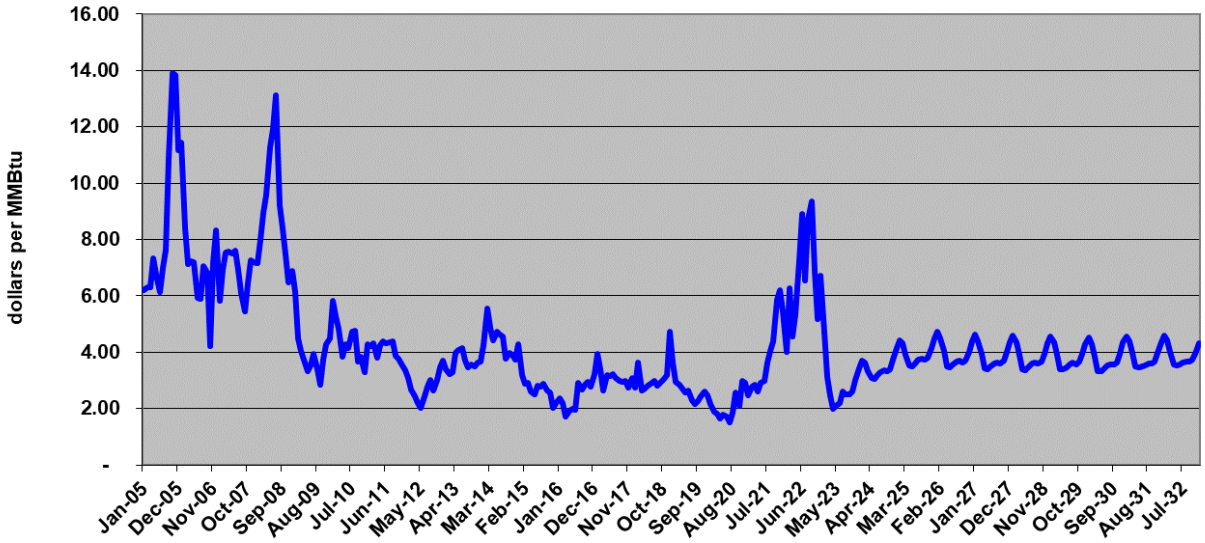
The models described above, in concert with assumptions about future prices and local economic and demographic parameters, were utilized to produce a forecast of billed natural gas delivered sales by rate for the residential, commercial, and industrial customer classes. The assumptions and the forecasts are described in more detail below.

Natural Gas Prices

The main driver of retail natural gas prices is the wholesale cost of gas which changes monthly. While these costs are passed through to commercial and industrial customers on monthly basis, the gas cost under- or over-collection of the residential customers is addressed in October where the rate is adjusted to collect or return the imbalance over the following twelve months. For the forecast, the wholesale natural gas price was assumed to follow the NYMEX future prices as of July 17, 2023. As figure 9 shows, the wholesale price of gas is projected to stay relatively stable during the 2022-2029 periods.

Figure 9

NYMEX Natural Gas Futures Prices, July 17, 2023
($/MMBtu)



This price projection was used in the ER&T Gas cost model which generated commodity gas costs by rate. The residential costs, along with the actual imbalance in the residential gas supply cost and the revenue collection to offset this cost was utilized in the Cognos residential model to produce a stream of residential prices assuming that every October the imbalance was trued-up over the following 12 months. These projected commodity costs, combined with delivery tariff assumptions results in projected retail prices that are summarized below.

Table 6

Historic and Projected Retail Gas Prices

(dollars per therm)

			Commercial			Industrial		
	RSG		GSG		LVG	GSG		LVG
Year	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating	
2011	1.09	1.26	1.06	1.04	0.92	1.05	1.05	0.87
2012	1.00	1.18	0.95	0.93	0.80	0.95	0.98	0.75
2013	0.94	1.09	1.00	0.99	0.84	1.00	1.01	0.80
2014	0.80	0.94	1.06	1.04	0.91	1.10	1.08	0.90
2015	0.64	0.80	0.86	0.85	0.74	0.86	0.88	0.74
2016	0.71	0.87	0.83	0.83	0.69	0.83	0.86	0.70
2017	0.77	0.91	0.95	0.95	0.79	0.95	0.98	0.80
2018	0.74	0.88	0.93	0.92	0.79	0.94	0.96	0.77
2019	0.81	1.25	0.94	0.92	0.78	0.94	0.97	0.73
2020	0.78	1.31	0.87	0.87	0.71	0.80	0.91	0.66
2021	0.82	1.36	1.02	1.04	0.84	1.01	1.07	0.77
2022	1.00	1.57	1.30	1.35	0.87	1.28	1.36	1.05
2023	1.20	1.58	1.25	1.21	0.93	1.26	1.27	0.90
2024	1.17	1.55	1.27	1.26	0.94	1.26	1.29	0.91
2025	1.26	1.64	1.35	1.34	1.02	1.34	1.37	0.99
2026	1.30	1.70	1.38	1.36	1.04	1.38	1.40	1.01
2027	1.38	1.75	1.42	1.41	1.05	1.41	1.44	1.02
2028	1.38	1.75	1.42	1.42	1.03	1.41	1.44	0.99
2029	1.48	1.83	1.53	1.53	1.07	1.51	1.54	1.04
2030	1.60	1.93	1.65	1.65	1.13	1.64	1.66	1.10
2031	1.62	1.95	1.70	1.69	1.15	1.68	1.70	1.11
2032	1.64	1.98	1.68	1.67	1.14	1.66	1.68	1.10
2033	1.64	1.98	1.68	1.67	1.14	1.66	1.68	1.10
2034	1.64	1.98	1.68	1.67	1.14	1.66	1.68	1.10
2035	1.64	1.98	1.68	1.67	1.14	1.66	1.68	1.10

Energy Efficiency and Electrification Impacts

In recent years, new technologies and state's saving programs have had significant impact on gas consumption to residential, commercial and industrial customer groups. The method of incorporating efficiency changes into the model estimation process when the changes are not driven by any of the economic explanatory variables is a two-step process.

The first step is to eliminate the impact of these programs in the historical series by adding the estimated impacts of these programs to the historical data, estimating the model, and then producing a forecast. This forecast will not have any impacts of the efficiency programs embedded in it.

The second step is to remove the impacts of the efficiency programs from both the history and the forecast. This reverts the historical data back to actual values and produces a forecast with the impacts of the efficiency programs correctly incorporated.

This methodology is used for RSG Heating, Commercial GSG Heating and LVG sales to incorporate the impacts of the current PSE&G efficiency programs and the estimated impacts of the proposed Clean Energy Future filing. These impacts are summarized in Table 7 below.

Mid – 2023, The Board of Public Utilities approved measures aimed at encouraging building owners to switch from natural gas to electric heat. The governor of NJ set a goal for the state to install emissions-free heating and cooling systems in 400,000 homes and 20,000 commercial properties or public spaces, and to make 10% of low-to-moderate income properties electrification-ready, all by 2030. The forecast assumes the share of the 400,000 residential buildings, approximately 220,000 to be electrified by 2030 within the PSEG territory. This result is expected to occur again over the next 10 years by 2040. These impacts are summarized in Table 7 below.

Table 7
Impacts of
Energy Master Plan – Energy Efficiency – Clean Energy Future
(therms)

	BILLING MONTH ASUMPTIONS			
	EMP	EE	CEF	Electrification
2010	9,334,312	847,007	-	-
2011	16,831,360	3,286,510	-	-
2012	12,618,148	4,213,546	-	-
2013	14,974,182	5,039,977	-	-
2014	17,382,618	6,586,486	-	-
2015	17,361,247	6,989,516	-	-
2016	27,228,971	7,495,738	-	-
2017	30,109,455	8,348,880	-	-
2018	31,927,340	9,278,342	-	-
2019	32,622,853	8,941,105	-	-
2020	33,017,270	10,475,843	1,214,524	-
2021	35,146,133	9,957,697	6,978,195	-
2022	37,038,542	9,608,747	20,699,095	-
2023	39,023,824	8,137,942	39,931,969	-
2024	39,532,857	8,420,245	58,052,982	-
2025	40,714,913	9,239,028	78,697,543	12,160,399
2026	48,345,210	8,385,886	102,234,949	24,320,798
2027	49,406,263	7,191,938	123,116,771	42,561,397
2028	50,414,912	6,779,179	142,819,010	85,865,995
2029	53,853,369	2,972,413	162,521,249	144,742,693
2030	47,402,730	2,563,522	182,223,488	216,522,991
2031	47,939,333	2,086,041	201,925,727	238,175,290
2032	47,722,215	2,010,338	221,627,966	259,827,589
2033	47,526,146	1,325,004	241,330,205	281,479,888
2034	48,054,110	-	261,032,444	303,132,187
2035	47,839,201	-	280,734,683	324,784,486

Economic Projections

Economic and demographic forecast assumptions for the nation and New Jersey are from Moody's Economy June 2023 forecast. This forecast captures impact of COVID-19 on economy which assumes that, nationally, the economy will recover at a slow rate after pandemic. Tighter monetary and financial conditions to reduce stubbornly high inflation will slow economic growth. This national forecast is expected to be reflected in New Jersey's economic outlook that is also expected to be at a slow pace. The forecast is summarized in Table 8.

Weather during the forecast period is assumed to be "normal" as defined by the average daily weather during the twenty-year period ending December 31, 2022.

Table 8

National and New Jersey Economic Forecast Assumptions

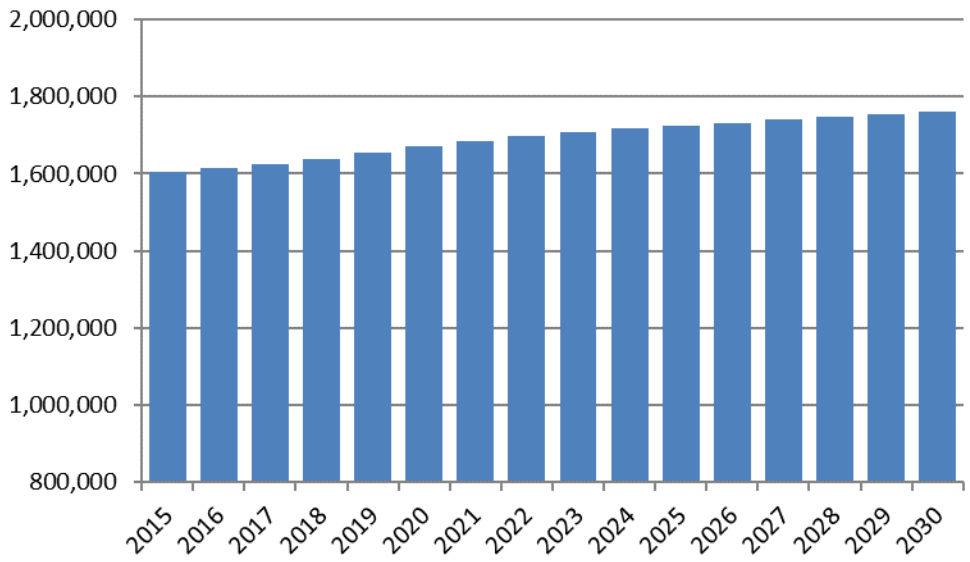
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
United States															
Gross Domestic Product, (Bil. USD, SAAR)	20,533	21,381	21,063	23,316	25,463	26,855	27,893	29,172	30,557	31,923	33,309	34,698	36,070	37,471	38,927
Industrial Production: Total, (Index 2012=100, SA)	103	102	95	99	103	103	103	106	107	109	111	113	115	117	119
Income: Personal - Total, (Bil. Ch. 2009 USD, SAAR)	16,326	16,908	17,844	18,435	17,730	17,962	18,348	18,715	19,164	19,620	20,058	20,479	20,897	21,313	21,729
Employment: Total Nonagricultural, (Mil. #, SA)	149	151	142	146	153	156	157	158	158	159	159	160	161	162	162
Household Survey: Unemployment Rate, (%, SA)	3.9	3.7	8.1	5.4	3.6	3.6	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA)	251	256	259	271	293	304	312	319	325	332	339	346	353	361	368
Interest Rates: 3-Month Treasury Bills EBY, (% p.a., NSA)	2.0	2.1	0.4	0.0	2.1	5.1	4.3	3.1	2.5	2.5	2.5	2.4	2.4	2.4	2.4
Terms Conventional Mortgages: All Loans Fixed Effective Rate, (%, NSA)	4.7	4.4	3.8	3.8	5.0	6.5	6.2	6.0	6.1	6.2	6.2	6.1	6.1	6.1	6.0
New Jersey															
Real Personal Income, (Mil. 09$, SAAR)	552,461	576,402	596,960	617,663	593,285	600,986	613,134	623,149	635,300	647,144	658,503	669,320	679,623	689,887	700,341
Employment: Total Nonagricultural, (Ths., SA)	4,160	4,197	3,859	4,040	4,250	4,339	4,358	4,370	4,376	4,378	4,379	4,382	4,384	4,383	4,382
Employment: Total Manufacturing, (Ths., SA)	250	252	238	241	250	253	254	255	254	251	249	246	244	241	238
Employment: Total Non-Manufacturing, (Ths., SA)	3,910	3,945	3,621	3,798	4,000	4,085	4,103	4,116	4,123	4,126	4,130	4,136	4,140	4,142	4,144
Labor: Unemployment Rate, (%, SA)	4.0	3.5	9.4	6.6	3.7	3.7	4.3	4.5	4.4	4.4	4.4	4.3	4.3	4.4	4.4
Population: Total, (Ths.)	9,235	9,260	9,271	9,267	9,269	9,298	9,310	9,312	9,310	9,304	9,295	9,285	9,276	9,267	9,256
Households: Total, (Ths.)	3,482	3,463	3,402	3,383	3,419	3,431	3,442	3,450	3,455	3,457	3,459	3,462	3,466	3,471	3,475
Housing Starts: Single-family, (#, SAAR)	12,291	12,288	13,333	14,573	13,701	12,927	12,004	14,210	15,425	15,287	14,686	13,899	13,030	12,182	11,403

Customer Forecasts

The number of residential customers with and without natural gas space heat is based on historical trends and expected residential construction activity in the service area. Residential non-heating customers have been steadily declining at an average annual rate of 1.5 percent and this is expected to continue. Furthermore it is assumed that these customers are converting to gas heat. The number of gas heating customers is also expected to increase as new residential construction occurs. The number of gas customers is assumed to reflect the current decline seen in new single family housing construction. As a result, as the figure below shows, the number of residential customers is expected to remain relatively stable.

Figure 10

Annual Gas Residential Customers



BGSS Share

The share of delivered sales that are BGSS supplied is assumed to follow recent trends where therm shares have stabilized at their current levels across the broad range of customer classes.

III Maximum Daily Sendout Forecast

Introduction

Distribution facilities are designed to meet the estimated maximum hour demand on a day with a mean temperature of 0°F and with seven weather stations in NJ as the measuring base. Gas supplies are designed to meet the estimated maximum daily as well as maximum hourly demand. The maximum daily sendout forecast process consists of:

- Estimating the relationship between weather and firm daily sendout,
- Extrapolating that relationship to determine the current level of daily sendout at 0 degrees if no day that cold appeared in the model estimation data,
- Forecasting future maximum daily sendout levels based on the current estimated level

The remainder of this section describes each of these steps in turn.

Daily Firm Sendout Model Estimation

There are two major issues in modeling maximum firm daily sendout. First, the diversity of the customer base needs to be controlled for. Second, the model has to be designed to be extrapolated rather than interpolated. Each of these issues is discussed below.

The firm sendout number accounts for gas deliveries to a diverse set of customers ranging from residential homes to large industrial sites. Since sales to different types of customers respond to weather differently, customer mix must be controlled for in any modeling effort. In addition, the behavior of this diverse group of customers will change differently over time as prices and other economic parameters change over time. As a result, these changes also need to be accounted for. Unfortunately, the firm sendout number is not available by rate. As a result, the only way to control for changes in customer mix and changes in the behavior over time by these customers is to limit the time period of data that is used in the model estimation.

The second issue, of extrapolation, is addressed in a similar way. The relationship between sendout and weather is fairly linear. In reality, it is probably not perfectly linear. This is not an issue when estimating a model and using the results to interpolate values with the range of the estimation data. However, when extrapolating the data outside the range of the estimation data the

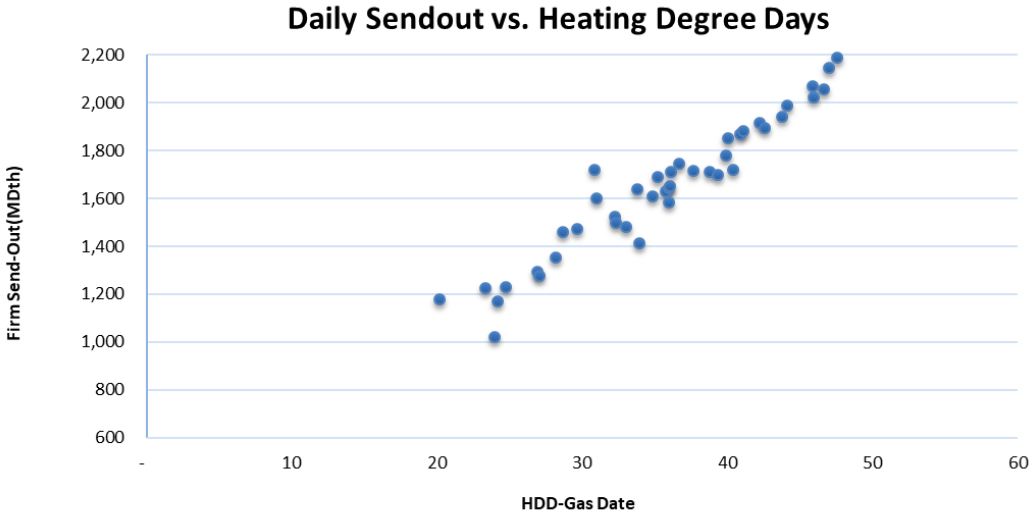
imprecision increases. The way to minimize this imprecision is to limit the observations to the lower temperature data so as to get a linear estimation of that portion of a non-linear curve that is closest to the ultimate extrapolation value.

To address both of these forecasting issues, the data used in estimating the relationship between daily sendout and weather was limited to January 2022, January to February 28th 2022 during the most recent year available. Customer class mix will not change significantly in this short period and it contains the coldest months when the maximum sendout would most likely occur. Analysis of the data for these months indicates two things.

First, the data confirms the general responsiveness of firm sendout to the weather, as Figure 11 shows. Second, the relationship appears linear

Figure 11

January & February 2022
Daily Firm Sendout vs Heating Degree Days



To refine the impact of the day-type on sendout, the regression model from previous years was enhanced to allow for not only an intercept change from the day-type but, also a HDD response change.

The regression model that modeled daily sendout, SENDOUT, is specified as:

$$SENDOUT_t = f(HDD_t, HDD_{t-1}, \text{WIND-SPEED, SKY-CONDITIONS } WEEKDAY_t, HOLIDAY_t, SNOW_t) \quad [9]$$

Where:

HDD_t = Heating degree days on gas day t,

HDD_{t-1} = One day lag basis Heating degree days on gas day t-1,

WIND-SPEED = Daily average wind speed, MPH,

SKY-COND = Report of each cloud layer,

WEEKDAY = Interactive variable that takes the value of HDD on weekdays, otherwise 0,

HOLIDAY = Interactive variable that takes the value of HDD on Sundays or Holidays, otherwise 0,

SNOW = Binary variable that takes the value of 1 when reported snowstorm accumulation in any portion of the service area is 6 inches or more, 0 otherwise.

The estimation results are shown in Table 8 and Figure 12 below.

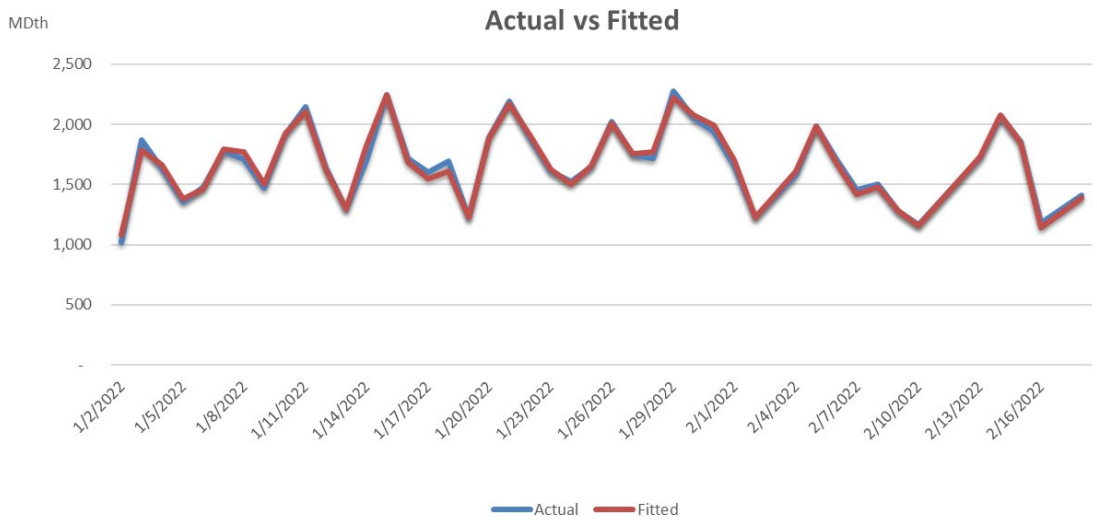
Table 8

Estimated Coefficients of the Daily Sendout Model
(standard errors in parentheses)

	HDD									
Intercept	HDD	LAG	HOLIDAY	WEEKDAY	WIND-SPEED	SKY COND	SNOW	R2	DW	n
-26.9	36.2	8.0	-1.02	0.16	15.2	6.6	-70.9	0.984	1.814	44
(52.6)	(1.1)	(0.9)	(0.7)	(0.5)	(2.7)	(5.9)	(26.7)			

Figure 12

Daily Sendout Model
Actual vs. Fitted Values



The estimated coefficients of the model suggest that the estimated maximum daily peak would occur on a Friday. The model predicts that the maximum peak daily sendout would be 2221 MDth.

A. Calendar-Month Sales Calculation

Introduction

Utilities have traditionally had a disconnection in the timing of their revenues and their costs. Revenues from retail sales are a revenue stream from meter readings and the resulting bills to their customers that occur on a daily basis throughout the month. The bills issued from meter reads in the current month's meter reading schedule are all recorded as billing-month revenue. Billing-month revenue will include revenue from electricity or gas delivered during the previous month while excluding deliveries of electricity or gas delivered during the current month that occurred after the meters were read. Expenses, on the other hand, such as wages, fuel, depreciation, etc., have been recorded on a calendar-month basis. This inconsistency in the revenue and expense streams can be tolerated if there are no major changes in the revenue and/or expense streams. If major changes are occurring, such as a rapid increase in fossil fuel prices or a high seasonality in sales, a comparison of the billing-month revenue and the calendar-month expenses can give a false view of a utility's financials. To remedy this situation, the sales and revenue accrual calculation, the estimation of calendar-month sales and revenue from billed sales and revenue and the estimation of unbilled sales and revenue was developed.

Section II will discuss how, in theory, the billed sales and the unbilled estimates are used to calculate calendar-month sales using a simple example and introduce the notation that will serve as the basis of the analysis. A description of the theory's specific application to PSE&G's meter reading schedule, that can have a single billing month encompass up to four calendar-months, follows.

Section III will describe the implementation of the estimation of the calendar-month sales and revenue process at PSE&G.

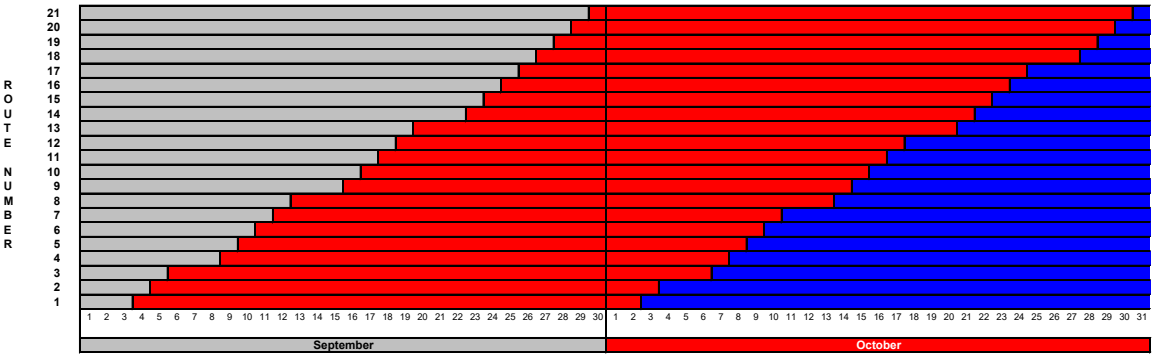
The Unbilled and Calendar-Month Estimation

A Simple Example

Utilities generally read all of their meters every month on 21 workdays. Figure 1, below shows a hypothetical October billing-month (in red) as determined by the September and October meter reading schedules. In the chart, each row represents a Route Number or a group of meters that are always read on the same day (although the day when they are all read may vary from month to month). The bottom row is red on all the days after the September read date, September 3rd until the October read date, October 2nd. If it is assumed that the customers' meters are read at noon, the October bill to these customers will reflect 28.5 days of service in September and only 1.5 days in October[2]. The second row from the bottom represents Route 2 whose customers' meters were read on September 4th and October 3rd. The October bill to these customers will reflect 27.5 days of service in September and only 2.5 days in October. This continues until the top row, Route 21, that had meter reading days of September 29th and October 30th. The October bills to these customers represent only 1.5 days of September service and 29.5 days of October service.

Figure 1

Hypothetical October 2008 Billing-Month



From the red portion of the diagram, it can be seen that the October billing-month consists of September sales that are billed in October that, to facilitate discussion, will be referred to as SEP B> OCT and October sales that are billed in October i.e., OCT B> OCT. The calendar-month sales are defined as the red and blue rectangle defined by the month of October and the 21 read-cycles. This consists of OCT B> OCT sales and the October unbilled sales, OCT B> NOV, the October sales that will be billed in November.

[2] Or, more realistically, if the meter reads for all the Route 1 customers are evenly distributed throughout an 8:00 AM to 4:00 PM workday, the reads, on average, would represent a half day's sales on the read day.

The relationship between billed, unbilled, and calendar-month sales can be derived from these identities from the steps below.

$$\text{October Calendar} = \boxed{\text{OCT B> OCT}} + \boxed{\text{OCT B> NOV}} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{OCT B> NOV}\end{matrix}} \qquad [1]$$

Adding and subtracting $\boxed{\text{SEP B> OCT}}$ to the r.h.s. of [1] yields:

$$\text{October Calendar} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{OCT B> NOV}\end{matrix}} + \boxed{\text{SEP B> OCT}} - \boxed{\text{SEP B> OCT}} \qquad [2]$$

Rearranging the r.h.s. of [2] yields:

$$\text{October Calendar} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{SEP B> OCT}\end{matrix}} + \boxed{\text{OCT B> NOV}} - \boxed{\text{SEP B> OCT}} \qquad [3]$$

Substituting [1] into the l.h.s. of [3] yields:

$$\boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{OCT B> NOV}\end{matrix}} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{SEP B> OCT}\end{matrix}} + \boxed{\text{OCT B> NOV}} - \boxed{\text{SEP B> OCT}} \qquad [4]$$

This is the familiar:

$$\text{October Calendar} = \text{October Billed} + \text{October Unbilled} - \text{September Unbilled}^{3} \qquad [5]$$

This formula for the accrual of calendar-month sales and revenues is preferred to any direct estimation of calendar-month sales because any error in the unbilled estimate is
"reversed out" in the following month. The advantage of this is that, as the calendar time period extends, the potential error resulting from unbilled estimates is reduced. This can be seen by summing up [5] over the 2008 calendar-year as:

$$\text{Calendar-Year 2008} = \sum_{i=\text{JAN08}}^{\text{DEC08}} \text{Billed}_i + \sum_{i=\text{JAN08}}^{\text{DEC08}} \text{Unbilled}_i - \sum_{i=\text{DEC07}}^{\text{NOV08}} \text{Unbilled}_i \qquad [6]$$

[3] The difference between the current month's unbilled and the previous month's is often referred to as
the "net unbilled".

Where:

$Billed_i$ = Billing-month sales in month i,
$Unbilled_i$ = Unbilled sales in month i.

That simplifies to:

$$\text{Calendar-Year 2008} = \sum_{i=JAN08}^{DEC08} Billed_i + Unbilled_{DEC08} - Unbilled_{DEC07} \qquad [7]$$

The key result from [7] is that the annual calendar-year sales are the annual billed sales, a very large real number, and the difference between two monthly unbilled estimates. Since the error that can be expected in the difference between the two monthly unbilled estimates can be assumed to be quite small compared to the annual billed total, the calendar-year estimate, as a result, can be expected to be very accurate.

The same general results described in this simple example apply to PSE&G's more complicated meter reading schedule that is described below.

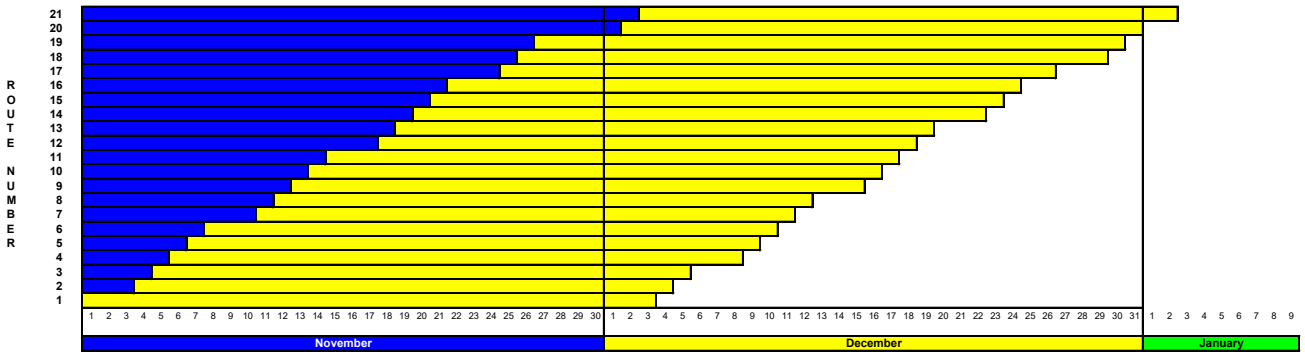
A More General Example

Unlike the hypothetical October billing-month, discussed above, that spanned two months, September and October, the PSE&G billing-month can encompass as many as four months. For example, the December 2008 PSE&G billing month, illustrated in Figure 2. has meter reading dates ranging from October 31st to January 2nd. As a result, it spans four months, October, November, December, and January[4].

[4] This is the original PSE&G December 2008 meter reading schedule. It has since been "compressed" to accommodate the implementation of iPower, the new billing and customer information system.

Figure 2

PSE&G December 2008 Billing-Month



Therefore, to develop a general algorithm applicable to PSE&G, the definition of billed, unbilled, and calendar sales must be expanded to include the potential of having sales from two additional calendar months reflected in a billing-month. December 2008 billing month, for example, is defined as:

$$\text{December Billed} = \boxed{\begin{matrix}\text{OCT B> DEC}\\ \text{NOV B> DEC}\\ \text{DEC B> DEC}\\ \text{JAN B> DEC}\end{matrix}} \qquad [8]$$

Given the additional components of the billed, $\boxed{\text{OCT B> DEC}}$, i.e. the "under billed" sales, and $\boxed{\text{JAN B> DEC}}$, the "excess billed" sales, the addition of the current unbilled and subtraction of the previous month's unbilled to the December billed, as defined in the simple example above, will overstate December calendar-month sales by the sum of under billed and excess billed sales. As a result, the December unbilled needs to be redefined as:

$$\text{December Unbilled} = \boxed{\begin{matrix}\text{DEC B> JAN}\\ \text{DEC B> FEB}\end{matrix}} + \boxed{\text{NOV B> JAN}} - \boxed{\text{JAN B> DEC}} \qquad [9]$$

$$\text{December Unbilled} = \text{December Unbilled} + \text{January Underbilled} - \text{December Excess Billed} \qquad [10]$$

December calendar can then be defined as December billed plus the new

December unbilled less the equivalent November unbilled or:

DEC B> OCT DEC B> NOV DEC B> DEC DEC B> JAN	=	OCT B> DEC NOV B> DEC DEC B> DEC JAN B> DEC						
	+	DEC B> JAN DEC B> FEB	+	NOV B> JAN	-	JAN B> DEC		
	-	NOV B> DEC NOV B> JAN	-	OCT B> DEC	+	DEC B> NOV		[11]

or, in words:

December Calendar	= December Billed + December Unbilled - November Unbilled	[12]

This is the general formula that is used to calculate unbilled sales at PSE&G.

The PSE&G Gas Calendar-Month Estimation

The estimation of calendar-month gas sales at PSE&G is based on the notion that gas sales can be divided into two components: a weather sensitive component and a non-weather sensitive component. The weather sensitive component is affected by the winter weather as measured by heating degree days (HDD). The non-weather component is simply a function of the number of days in the sales period. As a result, sales during the unbilled periods can be estimated based on the HDD and number of days during the unbilled periods and the estimates of the weather-sensitive sales per HDD and non-weather sensitive sales per day.

The estimate of the weather-sensitive sales per HDD for each rate, the HDD coefficient, is the sum of the coefficients associated with its model's independent variables that have a HDD component divided by the number of days in the billing period. In the case of RSG that, unlike the other rates, is modeled on a use per customer basis, this result is multiplied by the number of customers.

The estimate of the non-weather sensitive sales per day for each rate, the base coefficient, is the value of the model equation with all of the coefficients associated with HDD set to zero and divided by the number of days in the billing period. As in the case of the HDD coefficient, the RSG result is multiplied by the number of customers.

Given the structure of the models, these coefficients will vary by month and by year. The current estimates for 2008 and 2009 are shown in Table 1 below.[5]

Table 1

Unbilled Weather and Base Coefficients, 2008-2009

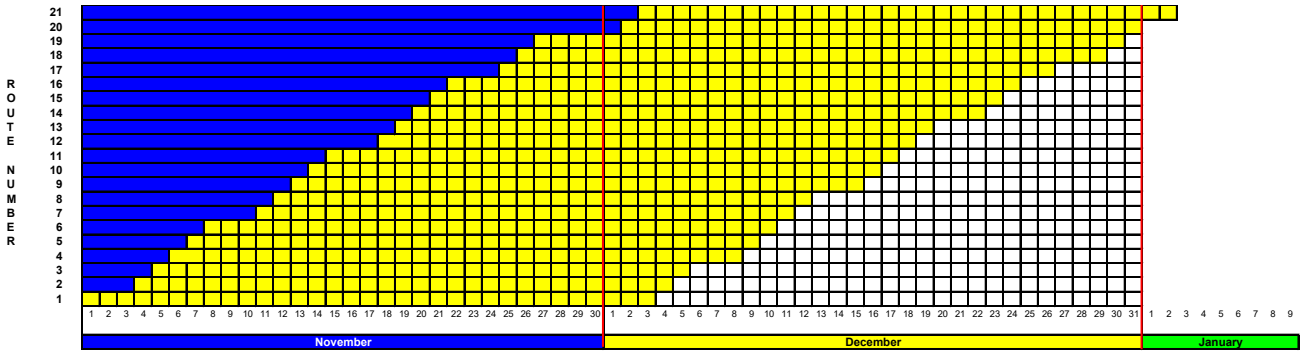
Billing	RSG				GSG-Commercial				GSG-Industrial				LVG - Non Vehicle			
	Heating		Non-heating		Heating		Non-heating		Heating		Non-heating		Commercial		Industrial	
Month	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD
Jan-08	1,477,624	246,082	218,393	4,689	56,941	45,607	168,133	3,942	(15,873)	3,333	2,978	501	1,047,971	79,608	145,023	8,767
Feb-08	1,554,914	253,674	234,372	4,811	69,746	45,607	175,674	3,942	(15,256)	3,333	3,786	501	1,172,070	79,608	167,056	8,767
Mar-08	1,343,904	249,936	236,373	4,737	25,553	45,607	158,654	3,942	(16,832)	3,333	2,893	501	1,053,237	79,608	138,433	8,767
Apr-08	1,337,980	248,305	190,526	4,692	13,895	45,607	150,129	3,942	(15,769)	3,333	5,681	501	1,076,058	79,608	159,387	8,767
May-08	1,267,108	251,443	164,912	4,741	146,976	45,607	117,463	3,942	332	3,333	4,166	501	838,647	79,608	137,277	8,767
Jun-08	1,086,639	250,233	135,407	4,714	126,187	45,607	95,849	3,942	2,561	3,333	3,704	501	708,324	79,608	129,981	8,767
Jul-08	984,641	248,954	116,905	4,704	135,270	45,607	94,660	3,942	3,907	3,333	2,680	501	610,707	79,608	119,171	8,767
Aug-08	912,999	249,456	104,709	4,666	103,926	45,607	80,601	3,942	2,045	3,333	2,578	501	613,535	79,608	119,770	8,767
Sep-08	940,487	252,748	111,693	4,746	108,515	45,607	84,252	3,942	2,953	3,333	2,730	501	581,470	79,608	129,852	8,767
Oct-08	809,244	249,439	113,383	4,671	115,541	45,607	90,002	3,942	3,184	3,333	1,932	501	728,815	79,608	116,580	8,767
Nov-08	1,076,293	250,792	138,927	4,687	(9,962)	45,607	107,114	3,942	(7,929)	3,333	5,262	501	769,823	79,608	112,495	8,767
Dec-08	1,191,333	252,604	187,367	4,690	(9,608)	45,607	130,211	3,942	(18,805)	3,333	2,214	501	902,036	79,608	120,543	8,767
Jan-09	1,481,212	248,163	214,955	4,643	56,601	45,745	153,926	3,711	(15,827)	3,259	2,952	490	1,041,705	79,850	144,156	8,190
Feb-09	1,548,542	252,236	228,920	4,692	69,856	45,745	171,980	3,711	(15,254)	3,259	3,796	490	1,173,921	79,850	167,320	8,190
Mar-09	1,393,454	253,517	239,084	4,687	26,121	45,745	168,175	3,711	(17,054)	3,259	2,980	490	1,076,642	79,850	141,509	8,190
Apr-09	1,331,091	250,149	185,138	4,617	13,721	45,745	148,255	3,711	(15,497)	3,259	5,622	490	1,062,628	79,850	157,398	8,190
May-09	1,266,433	253,309	160,992	4,665	145,815	45,745	116,535	3,711	352	3,259	4,136	490	832,022	79,850	136,193	8,190
Jun-09	1,094,707	252,091	133,240	4,638	126,187	45,745	95,849	3,711	2,565	3,259	3,704	490	708,324	79,850	129,981	8,190
Jul-09	987,359	250,802	114,502	4,629	134,644	45,745	94,222	3,711	3,889	3,259	2,668	490	607,880	79,850	118,620	8,190
Aug-09	925,740	251,308	103,701	4,591	104,600	45,745	81,124	3,711	2,058	3,259	2,595	490	617,512	79,850	120,546	8,190
Sep-09	953,382	254,625	110,592	4,670	109,193	45,745	84,778	3,711	2,971	3,259	2,747	490	585,098	79,850	130,662	8,190
Oct-09	808,699	251,291	110,672	4,596	114,612	45,745	89,279	3,711	3,169	3,259	1,918	490	722,957	79,850	115,643	8,190
Nov-09	1,077,388	252,654	135,835	4,612	(9,899)	45,745	106,433	3,711	(7,834)	3,259	5,235	490	764,927	79,850	111,779	8,190
Dec-09	1,203,734	254,479	184,915	4,615	(9,637)	45,745	130,597	3,711	(18,750)	3,259	2,238	490	904,708	79,850	120,900	8,190

[5] While the coefficient is called the "base" coefficient, it really does not measure base use per day. Rather it is the intercept term in a simple regression. As a result, it can be negative reflecting the intercept of a regression that is outside of the relevant range.

The billed, unbilled, excess billed, and underbilled days and heating degree days are derived from the meter reading schedule and daily weather data. The measure used is the Average Route Days (ARD). The ARD are defined as the number of days across all routes for a given period divided by 21, the total number of routes. This concept is illustrated in Figure 3, a slightly different version of the December 2008 billing-month, shown below.

Figure 3

PSE&G December 2008 Billing-Month



Each square represents an ARD.[6] The total yellow blocks in each row represent the number of days in that particular route during the December billing-month. The sum of all the yellow blocks, 677, divided by 21 represent the average number of days in the December billing-month, i.e., the average number of days across the 21 routes or 32.24.

The number of excess billed days, JAN B> DEC , is:

1.5 (January 1st and half of January 2nd) / 21 = 0.07 [13]

HDD for each period are a weighted sum of the daily HDD where the weight is the ARD associated with that day. For example, from the diagram it can be seen that on December 21st, the sales to 8 routes, routes 14-21, will be in the

[6] Well, not exactly. Remember that it is assumed that the meters are read at noon. As a result the last yellow block to the right of each row counts as a half day. On the other hand, the last blue block on the right of each row also counts as a half day in the December billing-month so, the math works for the billing-month but, the half needs to be taken into account when discussing portions of the unbilled and billed periods. For a clearer discussion, however, the half days will be, for the most part, ignored.

December billing-month while sales to the first thirteen routes will be in the January billing-month. As a result , 8/21 or 38 percent of the HDD on December 20th will be assigned to the December billing month and 62 percent will be assigned to the January billing month.

HDD for underbilled and excess billed periods are assigned in a similar manner.

From Table 2 below that shows the normal monthly billed an unbilled HDD and days by type, it can be seen that underbilled days and HDD occur rarely while excess billed days are quite common.

Table 2

Billed and Unbilled Days and Weather 2008-2009

Billing Month	Heating Degree Days				Days			
	Billed	Unbilled	Excess Billed	Under Billed	Billed	Unbilled	Excess Billed	Under Billed
Jan-08	795.06	322.08	0.59	-	31.67	12.76	0.02	0.00
Feb-08	786.44	283.76	5.90	-	30.19	11.83	0.29	0.00
Mar-08	643.82	187.74	2.62	-	30.67	12.10	0.21	0.00
Apr-08	360.41	73.05	0.20	-	30.14	11.83	0.10	0.00
May-08	108.21	13.78	0.05	-	29.90	13.05	0.21	0.00
Jun-08	15.47	0.14	-	-	30.33	12.60	0.10	0.00
Jul-08	0.14	-	-	-	30.71	12.81	0.02	0.00
Aug-08	0.01	0.03	-	-	29.57	14.29	0.07	0.00
Sep-08	1.87	7.02	0.04	-	30.71	13.52	0.02	0.00
Oct-08	60.34	87.80	-	-	29.38	15.12	0.00	0.00
Nov-08	255.88	213.78	1.65	-	29.76	15.43	0.10	0.00
Dec-08	578.34	338.40	1.75	0.17	32.24	14.19	0.07	0.02
Jan-09	797.36	361.02	1.75	-	31.86	13.33	0.07	0.00
Feb-09	786.19	277.80	7.41	-	30.14	11.48	0.36	0.00
Mar-09	634.56	188.08	1.17	-	30.00	12.21	0.10	0.00
Apr-09	361.92	73.58	0.46	-	30.52	11.79	0.19	0.00
May-09	108.91	13.36	0.05	-	30.14	12.67	0.21	0.00
Jun-09	15.07	0.12	-	-	30.33	12.21	0.10	0.00
Jul-09	0.12	-	-	-	30.86	12.38	0.12	0.00
Aug-09	0.01	0.03	-	-	29.38	13.90	0.02	0.00
Sep-09	1.97	6.92	0.04	-	30.52	13.38	0.02	0.00
Oct-09	61.71	86.34	-	-	29.62	14.74	0.00	0.00
Nov-09	261.34	207.03	1.65	-	29.95	14.88	0.10	0.00
Dec-09	582.57	329.38	3.90	-	32.14	13.81	0.17	0.00

On a monthly basis, the necessary coefficient, weather, and day data are transmitted to PSE&G accounting services each month. They are used to calculate the actual current month unbilled sales, UnbilledTherms, using:

$$UnbilledTherms = UnbilledDays \times BASECoef + UnbilledHDD \times HDDCoef \quad [14]$$

Where:

UnbilledDays = the number of route days in the unbilled period as defined by [9],

Unbilled HDD = the number of HDD in the unbilled period as defined by [9],

BASECoef = the Base coefficient,

HDDCoef = the HDD coefficient.

The results of this calculation, with the previous month's unbilled results, are used to calculate calendar-month sales.

Unbilled, and as a consequence, calendar-month revenue is calculated by pricing the unbilled therms at the projected tariff rates. Adding the net unbilled revenue to the billing-month revenues results in the estimate of calendar-month revenue.

B. Summary Tables

Delivered Gas Sales As Billed
2019-2030
(MDth)

Class	Rate	Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	RSG	Heating	146,246	135,462	142,501	144,986	151,871	150,929	150,070	148,465	147,225	145,169	143,441	142,146
		Non-Heating	4,016	3,393	3,325	3,141	3,193	3,174	3,165	3,084	3,024	2,970	2,941	2,879
	Total		150,262	138,856	145,826	148,127	155,064	154,103	153,235	151,549	150,249	148,139	146,382	145,024
Commercial	GSG	Heating	24,501	20,883	22,552	23,315	23,595	23,971	23,883	23,303	22,906	21,895	20,865	18,915
		Non-Heating	4,077	3,682	3,764	3,836	3,970	3,972	3,972	3,970	3,969	3,967	3,967	3,967
		Total	28,577	24,565	26,317	27,151	27,566	27,943	27,855	27,273	26,875	25,861	24,832	22,882
	LVG		68,443	60,670	63,518	66,931	68,002	67,620	67,621	66,397	66,200	64,445	62,418	58,596
	TSG	Firm	1,060	971	980	998	928	914	891	857	822	784	745	707
		Non-Firm	14,595	9,534	10,503	7,701	7,807	7,784	7,746	7,690	7,632	7,568	7,505	7,442
		Total	15,655	10,505	11,483	8,699	8,735	8,699	8,638	8,547	8,454	8,352	8,250	8,148
	CIG		4,746	1,808	1,956	2,103	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
	CSG		8,119	5,254	8,229	7,976	9,725	9,725	9,725	9,725	9,725	9,725	9,725	9,725
	Total		125,540	102,801	111,503	112,860	116,031	115,990	115,842	113,947	113,258	110,387	107,229	101,355
Industrial	GSG	Heating	940	786	833	845	905	905	906	906	906	903	904	905
		Non-Heating	160	149	147	144	155	155	155	155	155	155	155	155
		Total	1,100	935	980	989	1,060	1,060	1,061	1,061	1,061	1,058	1,059	1,060
	LVG		8,339	6,937	7,103	8,022	7,919	8,202	8,245	8,134	8,097	8,054	8,063	7,983
	TSG	Firm	1,444	1,497	1,359	1,486	1,233	1,213	1,178	1,127	1,074	1,016	959	901
		Non-Firm	6,373	5,867	5,835	4,869	4,883	4,868	4,842	4,805	4,766	4,724	4,682	4,639
		Total	7,816	7,364	7,193	6,356	6,116	6,080	6,020	5,932	5,840	5,740	5,640	5,540
	CIG		695	613	538	544	506	506	506	506	506	506	506	506
	CSG		122,752	71,945	69,155	74,259	65,412	65,412	65,412	65,412	65,412	65,412	65,412	65,412
	Contract		-	-	-	-	-	-	-	-	-	-	-	-
	Total		140,702	87,793	84,969	90,170	81,013	81,262	81,245	81,045	80,917	80,770	80,681	80,502
Lighting	SLG		62	69	70	69	68	68	68	68	68	68	68	68
Total			416,566	329,519	342,368	351,226	352,176	351,423	350,390	346,609	344,492	339,364	334,360	326,949

Supplied Gas Sales As Billed
2019-2030
(MDth)

Class	Rate	Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	RSG	Heating	141,490	131,448	138,950	141,914	148,809	147,884	147,044	145,471	144,257	142,242	140,550	139,281
		Non-Heating	3,814	3,233	3,197	3,035	3,087	3,069	3,059	2,981	2,923	2,871	2,843	2,783
	Total		145,305	134,681	142,147	144,949	151,896	150,953	150,103	148,452	147,180	145,113	143,393	142,064
Commercial	GSG	Heating	19,320	16,454	18,006	18,792	19,294	19,604	19,535	19,065	18,746	17,922	17,085	15,495
		Non-Heating	3,044	2,780	2,882	2,975	3,136	3,137	3,138	3,136	3,135	3,133	3,134	3,134
		Total	22,364	19,234	20,888	21,767	22,430	22,741	22,673	22,202	21,882	21,055	20,219	18,628
	LVG		27,067	22,372	24,121	25,244	26,391	26,250	26,253	25,767	25,699	24,999	24,196	22,655
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	840	1,108	589	586	588	588	588	588	588	588	588	588
		Total	840	1,108	589	586	588	588	588	588	588	588	588	588
	CIG		4,746	1,808	1,956	2,103	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
	CSG		-	-	-	-	-	-	-	-	-	-	-	-
	Total		55,017	44,522	47,554	49,700	51,412	51,581	51,517	50,559	50,171	48,645	47,005	43,874
Industrial	GSG	Heating	774	649	695	710	772	772	772	772	772	770	771	771
		Non-Heating	126	121	123	121	131	131	131	131	131	130	130	130
		Total	901	770	818	831	902	902	903	903	903	900	901	902
	LVG		2,426	1,854	1,932	2,055	2,158	2,254	2,267	2,231	2,219	2,203	2,206	2,180
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	67	39	22	121	152	152	152	152	152	152	152	152
		Total	67	39	22	121	152	152	152	152	152	152	152	152
	CIG		695	613	538	544	506	506	506	506	506	506	506	506
	CSG		-	-	-	-	-	-	-	-	-	-	-	-
	Contract		-	-	-	-	-	-	-	-	-	-	-	-
	Total		4,089	3,276	3,309	3,551	3,719	3,815	3,828	3,792	3,780	3,761	3,766	3,740
Lighting	SLG		24	29	26	29	26	26	26	26	26	26	26	26
Total			204,435	182,508	193,036	198,229	207,052	206,375	205,475	202,829	201,157	197,546	194,190	189,704

Supplied Share of Delivered Gas Sales As Billed
2019-2030
(percent)

Class	Rate	Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	RSG	Heating	97%	97%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Non-Heating	95%	95%	96%	97%	97%	97%	97%	97%	97%	97%	97%	97%
	Total		97%	97%	97%	98%	98%	98%	98%	98%	98%	98%	98%	98%
Commercial	GSG	Heating	79%	79%	80%	81%	82%	82%	82%	82%	82%	82%	82%	82%
		Non-Heating	75%	76%	77%	78%	79%	79%	79%	79%	79%	79%	79%	79%
		Total	78%	78%	79%	80%	81%	81%	81%	81%	81%	81%	81%	81%
	LVG		40%	37%	38%	38%	39%	39%	39%	39%	39%	39%	39%	39%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	6%	12%	6%	8%	8%	8%	8%	8%	8%	8%	8%	8%
		Total	5%	11%	5%	7%	7%	7%	7%	7%	7%	7%	7%	7%
	CIG		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		44%	43%	43%	44%	44%	44%	44%	44%	44%	44%	44%	43%
Industrial	GSG	Heating	82%	83%	83%	84%	85%	85%	85%	85%	85%	85%	85%	85%
		Non-Heating	79%	82%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Total	82%	82%	83%	84%	85%	85%	85%	85%	85%	85%	85%	85%
	LVG		29%	27%	27%	26%	27%	27%	27%	27%	27%	27%	27%	27%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	1%	1%	0%	2%	3%	3%	3%	3%	3%	3%	3%	3%
		Total	1%	1%	0%	2%	2%	3%	3%	3%	3%	3%	3%	3%
	CIG		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Contract		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		3%	4%	4%	4%	5%	5%	5%	5%	5%	5%	5%	5%
Lighting	SLG		39%	42%	37%	42%	39%	39%	39%	39%	39%	39%	39%	39%
Total			49%	55%	56%	56%	59%	59%	59%	59%	58%	58%	58%	58%

Delivered Gas Sales Calendar-Year 2019-2030 (MDth)

Class	Rate	Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	RSG	Heating	146,339	137,857	140,054	146,552	150,871	151,492	149,709	148,061	146,792	145,837	143,189	141,795
		Non-Heating	4,065	3,244	3,127	3,171	3,137	3,182	3,159	3,074	3,014	2,978	2,936	2,869
	Total		150,404	141,102	143,181	149,724	154,008	154,674	152,868	151,135	149,807	148,815	146,125	144,664
Commercial	GSG	Heating	24,676	21,218	22,062	23,665	23,339	24,101	23,818	23,213	22,819	21,949	20,777	18,772
		Non-Heating	4,086	3,714	3,722	3,873	3,949	3,983	3,965	3,962	3,959	3,981	3,961	3,958
		Total	28,762	24,932	25,784	27,538	27,288	28,084	27,783	27,175	26,778	25,930	24,738	22,730
	LVG		67,729	60,455	62,645	67,990	67,760	67,826	67,471	66,171	66,007	64,628	62,211	58,255
	TSG	Firm	924	1,000	1,278	646	928	914	891	857	822	784	745	707
		Non-Firm	12,155	9,455	10,152	7,691	7,807	7,784	7,746	7,690	7,632	7,568	7,505	7,442
		Total	13,079	10,455	11,431	8,337	8,735	8,699	8,638	8,547	8,454	8,352	8,250	8,148
	CIG		3,373	1,376	2,020	2,179	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
	CSG		6,242	5,374	8,361	8,037	9,725	9,725	9,725	9,725	9,725	9,725	9,725	9,725
	Total		119,185	102,591	110,241	114,081	115,511	116,337	115,620	113,623	112,969	110,639	106,928	100,863
Industrial	GSG	Heating	943	807	812	863	887	909	903	903	903	907	902	903
		Non-Heating	161	149	146	146	154	156	155	155	155	156	155	155
		Total	1,104	957	958	1,009	1,041	1,065	1,058	1,058	1,058	1,062	1,057	1,057
	LVG		8,373	6,923	7,135	8,068	7,847	8,243	8,233	8,112	8,077	8,077	8,053	7,962
	TSG	Firm	1,499	1,520	1,124	1,673	1,233	1,213	1,178	1,127	1,074	1,016	959	901
		Non-Firm	6,373	5,867	5,835	4,869	4,883	4,868	4,842	4,805	4,766	4,724	4,682	4,639
		Total	7,872	7,387	6,959	6,542	6,116	6,080	6,020	5,932	5,840	5,740	5,640	5,540
	CIG		594	331	512	542	506	506	506	506	506	506	506	506
	CSG		99,401	70,866	63,811	73,999	65,412	65,412	65,412	65,412	65,412	65,412	65,412	65,412
	Contract		-	-	-	-	-	-	-	-	-	-	-	-
	Total		117,344	86,465	79,374	90,161	80,923	81,307	81,230	81,020	80,894	80,798	80,668	80,478
Lighting	SLG		62	69	70	69	68	68	68	68	68	68	68	68
Total			386,995	330,227	332,866	354,035	350,510	352,386	349,786	345,846	343,737	340,319	333,790	326,072

Supplied Gas Sales Calendar-Year
2019-2030
(MDth)

Class	Rate	Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	RSG	Heating	141,644	133,870	136,569	143,443	147,825	148,437	146,690	145,075	143,833	142,897	140,303	138,937
		Non-Heating	3,859	3,093	3,009	3,064	3,033	3,076	3,053	2,972	2,914	2,879	2,838	2,773
	Total		145,502	136,963	139,578	146,506	150,858	151,513	149,743	148,047	146,746	145,776	143,141	141,710
Commercial	GSG	Heating	19,479	16,762	17,601	19,049	19,104	19,710	19,483	18,992	18,675	17,966	17,013	15,378
		Non-Heating	3,053	2,804	2,848	3,006	3,121	3,146	3,132	3,130	3,128	3,144	3,129	3,127
		Total	22,531	19,567	20,449	22,054	22,224	22,856	22,615	22,122	21,803	21,111	20,142	18,505
	LVG		26,878	22,105	23,880	25,649	26,436	26,330	26,195	25,678	25,623	25,070	24,115	22,521
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	803	1,016	576	586	588	588	588	588	588	588	588	588
		Total	803	1,016	576	586	588	588	588	588	588	588	588	588
	CIG		3,373	1,376	2,020	2,179	2,003	2,003	2,003	2,003	2,003	2,003	2,003	2,003
	CSG		-	-	-	-	-	-	-	-	-	-	-	-
	Total		53,586	44,063	46,925	50,468	51,251	51,777	51,400	50,391	50,017	48,772	46,848	43,616
Industrial	GSG	Heating	778	663	681	726	757	775	770	770	770	773	769	770
		Non-Heating	127	122	122	123	130	131	130	130	130	131	130	130
		Total	905	786	802	849	886	906	900	900	900	904	899	900
	LVG		2,428	1,859	1,912	2,100	2,172	2,268	2,263	2,223	2,211	2,211	2,203	2,172
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	67	39	22	121	152	152	152	152	152	152	152	152
		Total	67	39	22	121	152	152	152	152	152	152	152	152
	CIG		594	331	512	542	506	506	506	506	506	506	506	506
	CSG		-	-	-	-	-	-	-	-	-	-	-	-
	Contract		-	-	-	-	-	-	-	-	-	-	-	-
	Total		3,994	3,015	3,248	3,612	3,717	3,833	3,822	3,781	3,770	3,773	3,760	3,731
Lighting	SLG		24	29	26	29	26	26	26	26	26	26	26	26
Total			203,107	184,070	189,777	200,616	205,852	207,148	204,991	202,245	200,559	198,347	193,775	189,084

Supplied Share of Delivered Gas Sales Calendar Year 2019-2030 (percent)

Class	Rate	Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	RSG	Heating	97%	97%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Non-Heating	95%	95%	96%	97%	97%	97%	97%	97%	97%	97%	97%	97%
	Total		97%	97%	97%	98%	98%	98%	98%	98%	98%	98%	98%	98%
Commercial	GSG	Heating	79%	79%	80%	80%	82%	82%	82%	82%	82%	82%	82%	82%
		Non-Heating	75%	76%	77%	78%	79%	79%	79%	79%	79%	79%	79%	79%
		Total	78%	78%	79%	80%	81%	81%	81%	81%	81%	81%	81%	81%
	LVG		40%	37%	38%	38%	39%	39%	39%	39%	39%	39%	39%	39%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	7%	11%	6%	8%	8%	8%	8%	8%	8%	8%	8%	8%
		Total	6%	10%	5%	7%	7%	7%	7%	7%	7%	7%	7%	7%
	CIG		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		45%	43%	43%	44%	44%	45%	44%	44%	44%	44%	44%	43%
Industrial	GSG	Heating	83%	82%	84%	84%	85%	85%	85%	85%	85%	85%	85%	85%
		Non-Heating	79%	82%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Total	82%	82%	84%	84%	85%	85%	85%	85%	85%	85%	85%	85%
	LVG		29%	27%	27%	26%	28%	28%	27%	27%	27%	27%	27%	27%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	1%	1%	0%	2%	3%	3%	3%	3%	3%	3%	3%	3%
		Total	1%	1%	0%	2%	2%	3%	3%	3%	3%	3%	3%	3%
	CIG		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Contract		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		3%	3%	4%	4%	5%	5%	5%	5%	5%	5%	5%	5%
Lighting	SLG		39%	42%	37%	42%	39%	39%	39%	39%	39%	39%	39%	39%
Total			52%	56%	57%	57%	59%	59%	59%	58%	58%	58%	58%	58%

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 in its Gas Conservation Incentive Program
(2024 PSE&G Gas Conservation Incentive Program)

BPU Docket No. _____

DIRECT TESTIMONY

OF

KAREN REIF
VICE PRESIDENT, RENEWABLES AND ENERGY SOLUTIONS

May 31, 2024

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
KAREN REIF
VICE PRESIDENT, RENEWABLES AND ENERGY SOLUTIONS

Q. Please state your name, affiliation and business address.

A. My name is Karen B. Reif and I am the Vice President of Renewables and Energy Solutions for Public Service Electric and Gas Company ("PSE&G" or the "Company"). My principal place of business is 80 Park Plaza, Newark, New Jersey, 07102.

Q. Please describe your education and business experience.

A. I have a Bachelor of Arts degree in International Studies from Emory University, and a Master of Business Administration in Finance and Strategy from Carnegie Melon University. I have worked for PSE&G and its affiliate PSEG Services Corporation in various positions. I have also worked for ScottMadden Management Consultants as a consultant. I joined PSEG in 1995. I have held multiple positions across the organization including various roles in trading, deregulated subsidiaries, information technology and most recently, continuous improvement. I spent 14 years in the Information Technology Department, holding several leadership roles including system implementation, business relationship management and project management/quality support. Prior to becoming Vice President of Renewables and Energy Solutions, I served as the Senior Director of Continuous Improvement for PSEG Services Corporation. I established this function for PSEG, which is responsible for developing sustainable and quantifiable business improvements based on industry best practices. In July of 2018, I was named Vice President of Renewables and Energy Solutions. My professional experience includes finance, strategy, business relationships, application implementation, quality assurance, process management and program management. I

have primary management and oversight responsibility for the design, planning and operations of renewable energy, electric vehicles, energy storage and energy efficiency programs.

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of this testimony is to provide a summary of the spending activity related to the Conservation Incentive Program ("CIP") Shareholder Contribution ("SC") over the past several months, and an update on the SC expenditures to date,

Q. How is the balance of your testimony organized?

A. The balance of my testimony is organized as follows:

I. Shareholder Contribution Background

II. Shareholder Contribution Program Activity Summary

III. Shareholder Contribution Expenditure Update

I. Shareholder Contribution Background

Q. Please describe the Shareholder Contribution funding construct.

A. The Shareholder Contribution construct was established in the Company's Clean Energy Future – Energy Efficiency ("CEF-EE") filing, which was approved on September 23, 2020 in Dockets Nos. GO18101112 and EO18101113. Pursuant to the Company's CEF-EE stipulation, paragraph 38, SC pending activities may include the following:

> The shareholder contribution will support initiatives designed to aid customers in reducing their costs of natural gas and electricity and to reduce each utility's peak demand. The initiatives may include efforts such as education and outreach, as well as enhancements to standard incentives to further encourage customer engagement in the CEF-EE Program (e.g., the distribution of free EE kits within

low- and moderate-income census tracts), grants to schools and community organizations, and a business EE portal.

• Community Education and Outreach: This category covers community outreach activities, such as presentations, lunch and learns, outreach tables, trade shows, business conferences, and green fairs. It may also include grants or initiatives with community organizations. Particular emphasis will be placed on low- and moderate-income communities.

• Municipal and NGO (non-governmental organization) Outreach: This category includes activities to work with municipalities and other organizations and may include funding for special studies or projects and partnerships to promote EE.

• Customer Engagement: This category includes activities to increase customer awareness and engagement in programs, including enhanced incentives for promotional purposes, such as the offering of a flash sale. Particular emphasis will be placed on low- and moderate-income customers. A business engagement portal may be explored to evaluate the potential to provide customized information to this diverse customer segment.

• Energy Efficient Economy: This category supports efforts to engage and develop a diverse supplier and workforce base to support the delivery of EE services.

II. Shareholder Contribution Program Activity Summary

Q. Please describe the programs and initiatives that the SC funds support.

A. Consistent with the provisions of the CEF-EE stipulation and order, the SC CIP spending for PY3 (October 2023 through September 2024) includes a $359,904 spending shortfall from PY2 which brings our PY3 forecasted spend to $3,659,904. Activities from October 2023- April 2024 include the following initiatives and programs:

- Outreach and community events: in 2023 PSE&G continued to engage with a vendor to help drive awareness of our energy efficiency programs through community events such as participation in the NJ Home & Garden Shows in Edison, Secaucus, Lincroft, and South Jersey. Having a presence at these events gave us the opportunity to promote our Energy Efficiency Program offerings while engaging with the public to answer any questions they may have. The funding was also used to purchase promotional giveaways to support these events. We also used the funding to promote our energy efficiency programs at community fairs such as the Cherry Blossom Festival Bloomfest and other street and county fairs in Burlington, Highland Park, Bordentown, Woodbridge, and West Orange. Other events we participated in are the North Brunswick Heritage Day, Cherry Hill Harvest Festival, Newark Downtown District Harvest Festival, Fanwood Vendor Popup as well as at various malls like Quaker Bridge, Newport Centre and The Mills at Jersey Gardens.
- Organizational sponsorships: PSE&G funded the following sponsorships:
    - Clean Energy and Sustainability Analytics Center (CESAC) at Montclair State University's Clean and Sustainable Energy Summit: The summit provided us the opportunity to discuss energy efficiency and the benefits of New Jersey's plan for a clean and sustainable energy future. This summit also provided a venue for informed

participant-driven discussion on clean energy and climate change policies in New Jersey and beyond.

- Rutgers Day: This is an event hosted by Rutgers University where we promoted our program offerings to students, alumni and other attendees.
- Edison Electric Institute: EEI's semi-annual National Key Account Workshop is the venue where national, chain, and multi-site energy users can tackle all of their energy-related needs which includes energy efficiency.
- New Jersey Manufacturing Extension Program: "Made in New Jersey" Manufacturing Day provided opportunity to engage with and educate decision-makers on the benefits of the many energy efficiency programs available through CEF-EE.
- NJSBDC Awards Event: PSE&G was a sponsor of the New Jersey Small Business Development Center Awards event. The awards celebrated outstanding achievements, innovation and resilience honoring the accomplishments of New Jersey small businesses. We were able to engage with these small businesses, raise awareness and encourage participation in our programs.
- NJCCC Sustainability in Motion: The funds were used for a sponsorship of the Sustainability in Motion Conference which was co-hosted by the New Jersey Clean Communities Council and the Association of New Jersey Recyclers. The sponsorship included a full-page ad in the conference booklet, booth space for the promotion of our EE programs, and 2 email blasts.
- NJ Chamber of Commerce: PSE&G sponsored the ReNew Jersey Business Summit & Expo hosted by the NJ Chamber of Commerce. The Chamber consistently works to

improve New Jersey's business climate and provide its members with opportunities to promote and grow their businesses and we had the opportunity to engage with those businesses to promote our programs.

- The Chemical Industry: PSE&G participated as an exhibitor in the 39th Annual Chemistry Council of NJ (CCNJ) Conference. This gathering was a unique occasion to connect, engage, and promote the EE programs to key industry decision-makers. Exhibiting at the CCNJ Conference gave us the chance to highlight our programs, strengthen client relationships, and engage with potential new clients.

Sponsorship at these events and conferences gave us the opportunity to promote our Energy Efficiency Programs through ads, panel participations, representation at the events or exhibits.

- Marketplace Free Shipping and Offer Center: PSE&G continues to use the funding to offer customers free shipping for orders placed in the on-line Marketplace that do not meet the $49 minimum order amount to receive free shipping. The continuation of this promotion has increased customer participation and encourages customers to make multiple purchases on small orders of energy efficient products. The Marketplace Offer Center funding is being used to cover the gap between the cost of a smart thermostat or other energy efficiency products and the associated rebates in order to provide them to low-moderate income customers at no cost.
- Sustainable Jersey: PSE&G partnered with Sustainable Jersey to empower schools, municipalities, residents and businesses to better manage energy use and leverage PSE&G's energy-efficiency programs and incentives. Sustainable Jersey has recruited and engaged over 100 schools in PSE&G service territory for participation in the EmPowered Schools program administered by the Alliance to Save Energy. To date, over 25 municipalities have joined at

least one of the programs and have received a total of $82,500 in grants through the Sustainable Jersey-PSE&G Energy Efficiency Partnership Program.

- Commercial & Industrial (C&I) Trade Ally Incentive: Funding is being used to provide a Trade Ally Bonus incentive (calculated from total incentive per project) and a $1,000 bonus for each project that is approved for On-Bill Repayment (OBR) paid directly to participating Trade Allies. This bonus supported increased awareness and participation in the CEF EE C&I programs amongst our business customers and our contractor network.
- Somerset Patriots Engagement: PSE&G is sponsoring the Somerset Patriots 2024 season as an opportunity to expose tens of thousands of customers to our EE programs. Included in this sponsorship is a banner for on-field promotion, concourse table exhibitions, full-page ad on game program, social media and on field promotion, LED light pole, and a scoreboard promotion showing a 30 second EE video at 69 home games.

Q. Is the Company considering additional programs and initiative to support with SC funds?

A. Yes, the Company continues to explore additional initiatives and ideas for SC spending that is consistent with the SC goals delineated in the approved CEF-EE stipulation.

III. Shareholder Contribution Spending

Q. Please summarize SC spending obligations.

A. Pursuant to the CEF-EE stipulation, the Shareholder Contribution funding is $3.3 million per year. However, the deferral periods for the electric and natural gas CIPs are not aligned; the first electric deferral period was June 2021 – May 2022, and the first natural gas deferral period was October 2021 – September 2022. Given this misalignment, the Company proposed an approach to be consistent with the intent of the CEF-EE stipulation and order and proposed to

spend $3,905,000 for the first 16 months to account for this misalignment, and then begin to report against the $3.3 on an annual 12-month basis (October through September).[1] Pursuant to the Order dated April 12, 2023, the Company's Shareholder Contribution funding was set at $3,905,000 for the period June 2021 to September 2022; $3.3 million to account for the October 2021-September 2022 period, when both electric and gas deferral periods were in effect, plus an additional $605,000, for the June 2021-September 2021 period, when only the electric deferral period was in effect.

Q. Please summarize SC spending over the prior spending periods and any carryover budget.

A. Total PY1 spending was $3,844,986 versus a budget of $3,905,000, resulting in a shortfall of $60,014 which carried over to PY2. Total PY2 spending was $3,000,110, against a budget of $3,360,014 (inclusive of the PY1 shortfall), leaving a shortfall of $359,904. This shortfall has been added to the $3.3 million PY3 budget for a total of $3,659,904.

Program Year	PY1	PY2
	6/21-9/22	10/22-9/23
Total CIP Spend	3,844,986	$3,000,110
Budget	$3,905,000	$3,360,014
Difference (Shortfall)	$60,014	$359,904

Q. Please summarize the SC spending the Company over the current PY3 funding period.

A. Between October 1, 2023 and April 30, 2024, the Company recorded expenses of approximately $1.796 million of SC activity. A summary of actual expenses is included in

[1] *In the Matter of Public Service Electric and Gas Company for Approval of Changes in its Gas Conservation Incentive Program (2022 PSE&G Gas Conservation Incentive Program Rate Filing),* BPU Docket No. GR22060362, Petition filed

Schedule KR-CIP-1.

Q. Does this conclude your testimony?

A. Yes, it does.

CIP PY 3 recorded expenses through April 2024								
Activities	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**Apr-24**	**PY 3Total**
Outreach and community events	$ 57,570.94	$ 35,171.27	$ 69,173.12	$ 79,640.84	$ 111,724.08	$ 29,731.25	$ 43,259.49	**$ 426,270.99**
Organizational sponsorships	$ 8,800.00				$ 15,500.00	$ 17,228.97	$ 28,090.00	**$ 69,618.97**
Marketplace Free Shipping	$ 28,481.17	$ 44,653.49	$ 14,992.33	$ 18,843.24	$ 8,810.18	$ 29,685.45	$ 13,881.30	**$ 159,347.16**
Offer Center	$ 537.75	$ 83.65	$ 322.65	$ 262.90	$ 717.00	$ 991.85	$ 1,031.92	**$ 3,947.72**
Sustainable Jersey	$ 105,866.00	$ 226,517.00	$ 500,000.00	$ 31,343.53				**$ 863,726.53**
Trade Allies Incentives	$ 222,631.46							**$ 222,631.46**
Somerset Patriots						$ 51,000.00		**$ 51,000.00**
Total	$ 423,887.32	$ 306,425.41	$ 584,488.10	$ 130,090.51	$ 136,751.26	$ 128,637.52	$ 86,262.71	**$ 1,796,542.83**

ATTACHMENT D

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 in its Gas Conservation Incentive Program (2024 PSE&G Gas Conservation Incentive Program)

BPU Docket No. _____

DIRECT TESTIMONY

OF

STEPHEN SWETZ
SENIOR DIRECTOR - CORPORATE RATES AND REVENUES REQUIREMENTS

May 31, 2024

ATTACHMENT D

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
STEPHEN SWETZ
SENIOR DIRECTOR - CORPORATE RATES AND REVENUES REQUIREMENTS

Q. Please state your name and business address.

A. My name is Stephen Swetz. My business address is 80 Park Plaza, T-8, Newark, New Jersey 07102.

Q. By whom are you employed and in what capacity?

A. I am the Senior Director - Corporate Rates and Revenues Requirements, PSEG Services Corporation. My credentials are set forth in the attached Schedule SS-GCIP-1.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss Public Service Electric and Gas Company's ("PSE&G", "the Company") derivation of the Gas Distribution Conservation Incentive Program ("GCIP") rates for the Company's Residential Service ("RSG"), General Service ("GSG") and Large Volume Service ("LVG") rate schedules as well as the results of the Earnings and the BGSS Savings Tests as approved by the Board on September 23, 2020, in the Clean Energy Future – Energy Efficiency ("CEF-EE") Board Order in Docket Nos. GO18101112 and EO18101113 ("CEF-EE Order").

Q. Please describe the GCIP mechanism.

A. As set forth in the Testimony of PSE&G Witness Michael P. McFadden, the GCIP mechanism provides a rate adjustment related to changes in the average use per customer when compared to a baseline use per customer, removing the disincentive for

the Company to encourage customers to conserve energy. The GCIP 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 use per customer from the actual number of customers and multiplying the difference by the actual number of customer and the per therm margin rate for the month.

Q. What rate schedules are included in the GCIP?

A. The GCIP is applicable to each of the following customer groups:

- Group I – Residential Service Gas ("RSG")
- Group II – General Service Gas ("GSG"); and
- Group III – Large Volume Gas ("LVG")

Q. What is the current total GCIP deferral balance?

A. As shown in Attachment A, Schedule 5, the Company's total deferral for the GCIP is $107,270,262, representing ($4,755,523) of non-weather related gas distribution margin deficiencies and $100,994,162 representing to weather related gas distribution margin. Additionally, the GCIP Carry-Forward amount of $11,031,622 will be recovered in this filing.

Q. Are there any limitations on the amount of margin deficiency that can be collected from customers through the GCIP?

A. Yes. There are three specific tests that are part of the GCIP:

1. Earnings Test;
2. BGSS Savings Test; and
3. Variable Margin Test.

The three tests are described below.

Q. Please briefly describe PSE&G's GCIP Earnings Test

A. The earnings test is applicable to the total GCIP deferral, including both weather and non-weather components. If the calculated Gas ROE ("GROE") exceeds the allowed ROE from the utility's last base rate case by 50 basis points or more, recovery of revenues through the GCIP shall not be allowed for the applicable filing period and shall not be carried over to subsequent filing periods.

Q. How is the GROE calculated?

A. The earnings test determines actual GROE based on the actual net income of the utility for the most recent 12-month period divided by the average of the beginning and ending common equity balances for the corresponding period.

Q. What time period is utilized for the earnings tests?

A. The earnings test for this filing is based on the latest available twelve month financial statements filed with FERC and/or the BPU, which is October 2023 through September 2024 for this filing. The earnings test in this initial filing contains actual results through December 2023 and forecasted results through September 2024. The Company will provide an updated earnings test with all actual results when they are available.

Q. What are the results of the Earnings Test?

A. Please see Attachment A, Schedule 6 CONFIDENTIAL for the results of the Earnings Test.

Q. Please describe the BGSS Savings Test.

A. The BGSS Savings Test recognizes opportunities to reduce peak demand and lower commodity costs through reductions in customer usage. As a result, non-weather

related margin is limited to the level of BGSS savings achieved when such savings are less than 75 percent of the non-weather related gas distribution margin deficiency, i.e. BGSS Savings Test. Any amount that exceeds the above limitation may be deferred for future recovery and is subject to a recovery test in a future year consistent with the amount by which the non-weather related gas distribution margin deficiency exceeded the recovery test.

Q. How is the BGSS Savings Test calculated?

A. The BGSS Savings Test recognizes three categories of savings:

i. Category One includes the Company's permanent savings realized from its permanent capacity releases or contract terminations on an ongoing basis. The permanent capacity releases and contract terminations are $45,394,957. These amounts will remain after the re-setting of the GCIP benchmarks in future base rate cases.

ii. Category Two includes BGSS gas cost savings from reductions of capacity on a long-term basis, i.e., for periods of at least one (1) year. This category of savings will include, but not limited to: 1) additional contract terminations; 2) release of capacity to an affiliate or non-affiliate; 3) contract restructuring; 4) reductions in the commodity cost of gas supply effectuated through purchasing strategies.

iii. Category Three is the Company's savings associated with avoided capacity costs to meet customer growth on a prospective basis beginning with the first annual GCIP filing following implementation of these terms. Avoided capacity costs are calculated on a monthly basis and are equal to the net change in customers for GCIP

multiplied by the corresponding Benchmark Use per Customer and by the average fixed capacity cost reflected in the Company's concurrent BGSS filing.

Q. What are the results of the BGSS Savings Test?

A. Please see Attachment A, Schedule 5 for the results of the BGSS Savings Test. The results of the BGSS Savings Test did not result in a limitation on the Company's GCIP recovery of non-weather related revenues.

Q. Are there any other limitations on setting the GCIP?

A. Yes. As stated in the CEF-EE Order, recovery of non-weather related margin deficiencies is limited by a Variable Margin Revenue Test. Please see the testimony of Michael P. McFadden for a description and the results of the Variable Margin Revenue Test at Attachment A, Schedule 5. The application of the Variable Margin Revenue Test did not result in a limitation on the Company's GCIP recovery of non-weather related revenues.

Q. Are there any other amounts included in the Company's request recovery?

A. Yes. By Order dated September 14, 2021, the Board approved a Provisional Settlement In the Matter of the Petition of Public Service Electric and Gas Company to Revise its Weather Normalization Charge for the 2021-2022 Annual Period (BPU Docket No. GR21060952). In the provisional settlement the parties agreed that as the remaining over/under balance of the Weather Normalization Charge ("WNC") approaches zero, PSE&G will make a compliance filing in the above docket to set the WNC rate to zero and roll any remaining over or under recovery balance, including interest, into the

Company's initial Gas Conservation Incentive Program ("GCIP") filing, as established in I/M/O the Petition of PSE&G for Approval of its Clean Energy Future – Energy Efficiency Program on a Regulated Basis, Docket Nos. GO18101112 and EO18101113. In accordance with above, on April 20, 2022, PSE&G made a compliance filing in the Docket No. GR21060952 with the Board setting the WNC rate to $0.000000 per therm effective May 1, 2022. In March 2024 the Company rolled the remaining WNC balance of ($1,857) from October 2023 through March 2024 into the Company's GCIP balance.

Q. What is the net GCIP balance to be collected from customers over the upcoming GCIP Period?

A. The total GCIP amounts to $107,268,405 million, which represents the total weather impact from October 2023 – April 2024 of $100,994,162 million from the warmer than normal weather as shown in Attachment A, Schedule 4, partially offset by the non-weather GCIP deferral subject to the GCIP savings test of ($4,755,523) million as shown in Attachment A, Schedule 5, ($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.

Q. Please show proposed GCIP rates.

A. The GCIP rates calculated in Schedule SS-GCIP-2 are summarized below:

		GCIP Rates w/o SUT	GCIP Rates incl SUT	
Group I	RSG	$0.060281	$0.064275	Per Therm
Group II	GSG	$0.039086	$0.041675	Per Therm
Group III	LVG	$0.005382	$0.005739	Per Therm

Q. What are the average monthly rate impacts to the typical residential customer?

A. Based upon rates effective June 1, 2024, the average monthly bill impacts of the rates requested are set forth in Schedule SS-GCIP-3.

The average monthly impact of the proposed rates to the typical residential gas customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would be a decrease in the average monthly bill from $95.98 to $95.93 or $0.05, or approximately 0.05% (based upon Delivery Rates and BGSS-RSG charges in effect June 1, 2024 and assuming that the customer receives BGSS-RSG service from PSE&G).

Q. Does this conclude your testimony?

A. Yes.

ATTACHMENT D

SCHEDULE INDEX

CREDENTIALS
OF
STEPHEN SWETZ
SR. DIRECTOR-CORPORATE RATES AND REVENUE REQUIREMENTS

My name is Stephen Swetz and I am employed by PSEG Services Corporation. I am the Sr. Director - Corporate Rates and Revenue Requirements where my main responsibility is to contribute to the development and implementation of electric and gas rates for Public Service Electric and Gas Company (PSE&G, the Company).

WORK EXPERIENCE

I have over 30 years of experience in Rates, Financial Analysis and Operations for three Fortune 500 companies. Since 1991, I have worked in various positions within PSEG. I have spent most of my career contributing to the development and implementation of PSE&G electric and gas rates, revenue requirements, pricing and corporate planning with over 20 years of direct experience in Northeastern retail and wholesale electric and gas markets.

As Sr. Director of the Corporate Rates and Revenue Requirements department, I have submitted pre-filed direct cost recovery testimony as well as oral testimony to the New Jersey Board of Public Utilities and the New Jersey Office of Administrative Law for base rate cases, as well as a number of clauses including infrastructure investments, renewable energy, and energy efficiency programs. A list of my prior testimonies can be found on pages 3 and 4 of this document. I have also

contributed to other filings including unbundling electric rates and Off-Tariff Rate Agreements. I have had a leadership role in various economic analyses, asset valuations, rate design, pricing efforts and cost of service studies.

I am an active member of the American Gas Association's Rate and Strategic Issues Committee, the Edison Electric Institute's Rates and Regulatory Affairs Committee and the New Jersey Utility Association (NJUA) Finance and Regulatory Committee.

EDUCATIONAL BACKGROUND

I hold a B.S. in Mechanical Engineering from Worcester Polytechnic Institute and an MBA from Fairleigh Dickinson University.

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G	TBD	written	Jun-24	Conservation Incentive Program (GCIP)
Public Service Electric & Gas Company	G	TBD	written	Jun-24	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER24020073	written	Feb-24	Elecric Conservation Incentive Program (ECIP)
Public Service Electric & Gas Company	E/G	ER23120924 & GR23120925	written	Dec-23	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E/G	QO23120874	written	Dec-23	Clean Energy Future - Energy Efficiency II Program
Public Service Electric & Gas Company	E/G	G018101112 and EO18101113	written	Nov-23	Clean Energy Future - Energy Efficiency Extension 2 Program
Public Service Electric & Gas Company	E	ER23110783	written	Nov-23	Infrastructure Advancement Program (IAP) - First Roll-In
Public Service Electric & Gas Company	E/G	ER23050273	written	Nov-23	Energy Strong II Program (Energy Strong II) - Fifth Roll-In
Public Service Electric & Gas Company	E/G	ER - 23090634 & GR - 23090635	written	Sep-23	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E/G	GR23070448	written	Jul-23	COVID-19 Filing
Public Service Electric & Gas Company	E/G	ER23070423 & GR23070424	written	Jul-23	Green Programs Recovery Charge (GPRC)-Including CA, EEE, EEE Ext, S4A, SLII, S4AE, SLIII, EEE Ext 2, S4AEII, EE2017, and CEF-EE
Public Service Electric & Gas Company	E	ER - ER23060412	written	Jul-23	SPRC 2023
Public Service Electric & Gas Company	G	GR23060330	written	Jun-23	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	G	GR23060332	written	Jun-23	Conservation Incentive Program (GCIP)
Public Service Electric & Gas Company	E	ER23050273	written	May-23	Energy Strong II Program (Energy Strong II) - Fourth Roll-In
Public Service Electric & Gas Company	G	GR23030102	written	Mar-23	Gas System Modernization Program III (GSMPIII)
Public Service Electric & Gas Company	E	ER23020061	written	Feb-23	Elecric Conservation Incentive Program (ECIP)
Public Service Electric & Gas Company	E/G	GR23010050	written	Jan-23	Remediation Adjustment Charge-RAC 30
Public Service Electric & Gas Company	E/G	GR23010009 and ER23010010	written	Jan-23	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	G	GR22120749	written	Dec-22	Gas System Modernization Program II (GSMPII) - Eighth Roll-In
Public Service Electric & Gas Company	E/G	ER22110669 & GR22110670	written	Nov-22	Energy Strong II Program (Energy Strong II) - Third Roll-In
Public Service Electric & Gas Company	E/G	ER22100667 & GR22100668	written	Oct-22	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E/G	EO18101113 & GO18101112	written	Sep-22	Clean Energy Future - Energy Efficiency Extension Program
Public Service Electric & Gas Company	E/G	ER22070413 & GR22070414	written	Jul-22	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, EE17, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER22060408	written	Jul-22	SPRC 2022
Public Service Electric & Gas Company	G	GR22060409	written	Jun-22	Gas System Modernization Program II (GSMPII) - Seventh Roll-In
Public Service Electric & Gas Company	G	GR22060367	written	Jun-22	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	G	GR22060362	written	Jun-22	Conservation Incentive Program (GCIP)
Public Service Electric & Gas Company	E/G	GR22030152	written	Mar-22	Remediation Adjustment Charge-RAC 29
Public Service Electric & Gas Company	E	ER22020035	written	Feb-22	Elecric Conservation Incentive Program (ECIP)
Public Service Electric & Gas Company	G	GR21121256	written	Dec-21	Gas System Modernization Program II (GSMPII) - Sixth Roll-In
Public Service Electric & Gas Company	E	ER21121242	written	Dec-21	Solar Successor Incentive Program (SuSI)
Public Service Electric & Gas Company	E/G	EO21111211 & GO21111212	written	Nov-21	Infrastructure Advancement Program (IAP)
Public Service Electric & Gas Company	E/G	ER21111209 & GR21111210	written	Nov-21	Energy Strong II Program (Energy Strong II) - Second Roll-In
Public Service Electric & Gas Company	E/G	ER21101201 & GR21101202	written	Oct-21	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E/G	ER21070965 & GR21070966	written	Jul-21	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, EE17, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	ER21060952	written	Jun-21	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR21060949	written	Jun-21	Gas System Modernization Program II (GSMPII) - Fifth Roll-In
Public Service Electric & Gas Company	E	ER21060948	written	Jun-21	SPRC 2021
PSEG New Haven LLC	PSEG New Haven LLC	21-06-40	written	Jun-21	PSEG 2022 AFRR
Public Service Electric & Gas Company	G	GR21060882	written	Jun-21	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER21050859	written	May-21	Community Solar Cost Recovery
Public Service Electric & Gas Company	G	GR20120771	written	Dec-20	Gas System Modernization Program II (GSMPII) - Forth Roll-In
Public Service Electric & Gas Company	E/G	GR20120763	written	Dec-20	Remediation Adjustment Charge-RAC 28
Public Service Electric & Gas Company	E	ER20120736	written	Nov-20	Energy Strong II Program (Energy Strong II) - First Roll-In
Public Service Electric & Gas Company	E/G	ER20100685 & GR20100686	written	Oct-20	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E	ER20100658	written	Oct-20	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER20060467 & GR20060468	written	Jun-20	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, EE17, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	GR20060464	written	Jun-20	Gas System Modernization Program II (GSMPII) - Third Roll-In
Public Service Electric & Gas Company	E	ER20060454	written	Jun-20	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR20060470	written	Jun-20	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR20060384	written	Jun-20	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER20040324	written	Apr-20	Transitional Renewable Energy Certificate Program (TREC)
Public Service Electric & Gas Company	E/G	GR20010073	written	Jan-20	Remediation Adjustment Charge-RAC 27
Public Service Electric & Gas Company	G	GR19120002	written	Dec-19	Gas System Modernization Program II (GSMPII) - Second Roll-In
Public Service Electric & Gas Company	E/G	ER19091302 & GR19091303	written	Aug-19	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E/G	ER19070850	written	Jul-19	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER19060764 & GR19060765	written	Jun-19	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	GR19060766	written	Jun-19	Gas System Modernization Program II (GSMPII) - First Roll-In
Public Service Electric & Gas Company	G	GR19060761	written	Jun-19	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E	ER19060741	written	Jun-19	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18060629 & GO18060630	oral	Jun-19	Energy Strong II / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	G	GR19060698	written	May-19	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER19040523	written	May-19	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18101113 & GO18101112	oral	May-19	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E	ER19040530	written	Apr-19	Madison 4kV Substation Project (Madison & Marshall)
Public Service Electric & Gas Company	E/G	EO18101113 & GO18101112	written	Dec-18	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E/G	GR18121258	written	Nov-18	Remediation Adjustment Charge-RAC 26
Public Service Electric & Gas Company	E	EO18101115	written	Oct-18	Clean Energy Future - Energy Cloud Program (EC)
Public Service Electric & Gas Company	E	EO18101111	written	Oct-18	Clean Energy Future-Electric Vehicle And Energy Storage Programs (EVES)
Public Service Electric & Gas Company	G	GR18070831	written	Jul-18	Gas System Modernization Program (GSMP) - Third Roll-In
Public Service Electric & Gas Company	E/G	ER18070688 & GR18070689	written	Jun-18	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E	ER18060681	written	Jun-18	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR18060675	written	Jun-18	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18060629 & GO18060630	written	Jun-18	Energy Strong II / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	G	GR18060605	written	Jun-18	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER18040358 & GR18040359	written	Mar-18	Energy Strong / Revenue Requirements & Rate Design - Eighth Roll-in
Public Service Electric & Gas Company	E/G	ER18030231	written	Mar-18	Tax Cuts and Job Acts of 2017
Public Service Electric & Gas Company	E/G	GR18020093	written	Feb-18	Remediation Adjustment Charge-RAC 25
Public Service Electric & Gas Company	E/G	ER18010029 & GR18010030	written	Jan-18	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER17101027	written	Sep-17	Energy Strong / Revenue Requirements & Rate Design - Seventh Roll-in
Public Service Electric & Gas Company	G	GR17070776	written	Jul-17	Gas System Modernization Program II (GSMP II)
Public Service Electric & Gas Company	G	GR17070775	written	Jul-17	Gas System Modernization Program (GSMP) - Second Roll-In
Public Service Electric & Gas Company	G	GR17060720	written	Jul-17	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17070724 & GR17070725	written	Jul-17	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER17070723	written	Jul-17	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR17060593	written	Jun-17	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17030324 & GR17030325	written	Mar-17	Energy Strong / Revenue Requirements & Rate Design - Sixth Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Mar-17	Energy Efficiency 2017 Program
Public Service Electric & Gas Company	E/G	ER17020136	written	Feb-17	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR16111064	written	Nov-16	Remediation Adjustment Charge-RAC 24
Public Service Electric & Gas Company	E	ER16090918	written	Sep-16	Energy Strong / Revenue Requirements & Rate Design - Fifth Roll-in
Public Service Electric & Gas Company	E	EO16080788	written	Aug-16	Construction of Mason St Substation
Public Service Electric & Gas Company	E	ER16080785	written	Aug-16	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR16070711	written	Jul-16	Gas System Modernization Program (GSMP) - First Roll-In
Public Service Electric & Gas Company	G	GR16070617	written	Jul-16	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER16070613 & GR16070614	written	Jul-16	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER16070616	written	Jul-16	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR16060484	written	Jun-16	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	EO16050412	written	May-16	Solar 4 All Extension II (S4Allext II) / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	E/G	ER16030272 & GR16030273	written	Mar-16	Energy Strong / Revenue Requirements & Rate Design - Fourth Roll-in
Public Service Electric & Gas Company	E/G	GR15111294	written	Nov-15	Remediation Adjustment Charge-RAC 23
Public Service Electric & Gas Company	E	ER15101180	written	Sep-15	Energy Strong / Revenue Requirements & Rate Design - Third Roll-in
Public Service Electric & Gas Company	E/G	ER15070757 & GR15070758	written	Jul-15	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER15060754	written	Jul-15	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR15060748	written	Jul-15	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR15060646	written	Jun-15	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15050558	written	May-15	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER15050558	written	May-15	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15030389 & GR15030390	written	Mar-15	Energy Strong / Revenue Requirements & Rate Design - Second Roll-in
Public Service Electric & Gas Company	G	GR15030272	written	Feb-15	Gas System Modernization Program (GSMP)
Public Service Electric & Gas Company	E/G	GR14121411	written	Dec-14	Remediation Adjustment Charge-RAC 22
Public Service Electric & Gas Company	E/G	ER14091074	written	Sep-14	Energy Strong / Revenue Requirements & Rate Design - First Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Aug-14	EEE Ext II

Attachment D
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

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed changes in the Gas Conservation Incentive Program (GCIP) on typical residential gas bills, if approved by the Board, is illustrated

Residential Gas Service - Average Monthly Bill				
If Your Average Monthly Therm Use Is:	Then Your Present Monthly Bill (1) Would Be:	And Your Proposed Monthly Bill (2) Would Be:	Your Monthly Bill Change Would Be:	And Your Percent Change Would Be:
14	$22.67	$22.67	$0.00	0.00 %
28	36.72	36.71	(0.01)	(0.03)
51	59.85	59.83	(0.02)	(0.03)
87	95.98	95.93	(0.05)	(0.05)
100	109.45	109.40	(0.05)	(0.05)
151	161.10	161.03	(0.07)	(0.04)

(1) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2024, and assumes that the customer receives commodity service from Public Service.

(2) Same as (1) except includes decrease in the GCIP.

Residential Gas Service - Monthly Winter Bill				
If Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
25	$33.94	$33.93	($0.01)	(0.03) %
50	59.26	59.23	(0.03)	(0.05)
100	111.03	110.98	(0.05)	(0.05)
172	184.77	184.69	(0.08)	(0.04)
201	214.54	214.44	(0.10)	(0.05)
300	315.81	315.66	(0.15)	(0.05)

(3) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2024, and assumes that the customer receives commodity service from Public Service.

(4) Same as (3) except includes decrease in the GCIP.

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): $0.3282380.328242
Group III (LVG): $0.0465380.046383

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 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 202~~43~~-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.

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 20243-20254 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.-2043	179,527 ~~183,348~~	-	-	-	90,108 ~~88,624~~	620 ~~633~~	-	8,122 ~~7,326~~
Nov.-2043	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.-2043	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.-2054	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.-2054	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.-2054	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.-2054	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-2054	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**
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	$0.064275
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 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
Group III (LVG): $0.046538

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 2024-2025 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.

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 2024-2025 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	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
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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.	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**

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY GAS CUSTOMERS

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)

Notice of Filing and Notice of Public Hearings

BPU Docket No.

TAKE NOTICE that, on May 31, 2024, Public Service Electric and Gas Company ("PSE&G", or "Company") filed a petition and supporting documentation ("Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking Board approval for the cost recovery associated with the Gas Conservation Incentive Program ("GCIP" or "Program").

On September 23, 2020, the Board issued an Order approving the Clean Energy Future – Energy Efficiency Program in Docket Nos. GO18101112 and EO18101113 ("Order"). In this Order, the Board approved a Conservation Incentive Program ("CIP") that removes the Company's disincentive for promoting conservation by truing up actual usage to a baseline per customer established in its last approved base rate case.

Under the Company's proposal, PSE&G seeks Board approval to recover approximately $107.3 million which represents the total weather impact of $101.0 million from the warmer than normal weather, partially offset by the non-weather GCIP deferral subject to the GCIP savings test of ($4.8 million), and CIP carry-forward recovery of $11 million.

The proposed GCIP charges, if approved by the Board, are shown in Table #1.

The approximate effect of the proposed impact on typical gas residential average monthly bills, if approved by the Board, is illustrated in Table #2.

Based on the filing, the average monthly impact of the proposed rates to the typical residential gas customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would be a decrease in the average monthly bill from $95.98 to $95.93, or $0.05 or approximately 0.05% (based upon Delivery Rates and BGSS-RSG charges in effect as of June 1, 2024 and assuming that the customer receives BGSS service from PSEG).

The Board has the statutory authority pursuant to N.J.S.A. 48:2-21, to establish the GCIP charge at levels it finds just and reasonable. Therefore, the Board may establish the GCIP charge at levels other than that proposed by PSE&G. As a result, the described charge may increase or decrease based upon the Board's decision.

PSE&G's costs addressed in the Petition will remain subject to audit by the Board, and Board approval shall not preclude or prohibit the Board from taking any such actions deemed appropriate as a result of any such audit.

Any assistance required by customers in ascertaining the impact of the proposed rate increase will be provided by the Company upon request.

A copy of this Notice is being served upon the clerk, executive or administrator of each municipality and county within the Company's service territory. The Petition is available for review online at the PSEG website at http://www.pseg.com/pseandgfilings and was provided to the New Jersey Division of Rate Counsel ("Rate Counsel"), who will represent the interests of all PSE&G customers in this proceeding. The Petition may also be viewed on the Board's website, https://publicaccess.bpu.state.nj.us, where you can search by the above-captioned docket number. The Petition and Board file may also be reviewed at the Board located at 44 South Clinton Avenue, 1st Floor, Trenton, NJ, with an appointment. To make an appointment, please call (609) 913-6298.

PLEASE TAKE FURTHER NOTICE that due to the COVID-19 pandemic, virtual public hearings are scheduled on the following date and times so that members of the public may present their views on the Petition.

DATE:
TIMES: 4:30 p.m. and 5:30 p.m.
Join: Join Zoom Meeting
https://pseg.zoom.us/j/92846158128?pwd=czBtZHE5ZTh1Z1FveGlmSVg0R1NuQT09#success

Go to www.zoom.com and choose "Join a Meeting" at the top of the web page. When prompted, use Meeting number 928 4615 8128 to access the meeting. -or-

Join by phone (toll-free):
Dial In: (888) 475-4499
Meeting ID: 928 4615 8128

When prompted, enter the Meeting ID number to access the meeting.

Representatives from the Company, Board Staff and the New Jersey Division of Rate Counsel will participate in the virtual public hearings. Members of the public are invited to participate by utilizing the link or dial-in number set forth above and may express their views on the Petition. All comments will be made a part of the final record of the proceeding and will be considered by the Board. To encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters and/or listening assistance, 48 hours prior to the above hearings to the Board Secretary at board.secretary@bpu.nj.gov.
Comments may be submitted directly to the specific docket listed above using the "Post Comments" button on the Board's Public Document Search tool (https://publicaccess.bpu.state.nj.us/). Comments are considered public documents for purposes of the State's Open Public Records Act. Only submit public documents using the "Post Comments" button on the Board's Public Document Search tool. Any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. In addition to hard copy submissions, confidential information may be filed electronically via the Board's e-filing system or by email to the Secretary of the Board, Sherri L. Golden. Please include "Confidential Information" in the subject line of any email. Instructions for confidential e-filing are found on the Board's webpage, https://www.nj.gov/bpu/agenda/efiling/.

Emailed and/or written comments may also be submitted to:
Sherri L. Golden, Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350
Phone: 609-913-6241
Email: board.secretary@bpu.nj.gov

Table #1
Gas CIP Charges

	GCIP Charges per Therm	
Rate Schedule	**Present Charge (Including SUT)**	**Proposed Charge (Including SUT)**
RSG	$0.064760	$0.064275
GSG	0.047396	0.041675
LVG	0.005063	0.005739

Table #2
Residential Gas Service

If Your Average Monthly Therm Use Is:	And Your Avg. Dec. to Mar. Monthly Therm Use is:	Then Your Present MonthlyBill (1) Would Be:	And Your Proposed Monthly Bill (2) Would Be:	Your Monthly Bill Change Would Be:	And Your Percent Change Would Be:
25	14	$22.67	$22.67	$0.00	0.00%
50	28	36.72	36.71	(0.01)	(0.03)
100	51	59.85	59.83	(0.02)	(0.03)
172	87	95.98	95.93	(0.05)	(0.05)
201	100	109.45	109.40	(0.05)	(0.05)
300	151	161.10	161.03	(0.07)	(0.04)

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2024, and assumes that the customer receives commodity service from Public Service Electric and Gas Company.
(2) Same as (1) except includes the proposed GCIP.

Danielle Lopez
Associate Counsel-Regulatory

PUBLIC SERVICE ELECTRIC AND GAS COMPANY