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March 18, 2026

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of Changes to its Electric Conservation
Incentive Program
(2026 PSE&G Electric CIP Rate Filing)

BPU Docket No. _____

***VIA BPU E-FILING SYSTEM & ELECTRONIC MAIL***

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

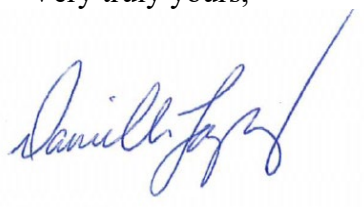
Dear Secretary Lewis:

Enclosed for filing on behalf of petitioner Public Service Electric and Gas Company is the Petition, Testimony of Michael McFadden, Lauren Thomas and 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,



C Attached service list (via e-mail)

Public Service Electric and Gas
Company for Approval of Changes it its
Electric Conservation Incentive
Program (2026 PSE&G Electric
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 TO ITS ELECTRIC CONSERVATION INCENTIVE PROGRAM (2026 PSE&G ELECTRIC CIP RATE FILING)** | ) ) ) ) ) ) ) | **BPU DOCKET NO. _____** |

## 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 6.2 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 revenue per customer when compared to a baseline revenue 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 explicitly authorizes this electric CIP ("ECIP") cost recovery filing by February 1, 2026, for new rates effective June 1, 2026. Stipulation, paragraph 39.

**BACKGROUND**

4. 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.

5. 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).

6. 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.

7. 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 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.

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

**CEF-EE PROGRAM**

8. 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"). 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.

9. 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.

10. 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").

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

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

18. 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.

19. 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.

20. 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

21. 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.[2] The recovery of lost revenues will be made via a CIP based on the methodology outlined below and detailed in the schedule for electric, as noted in Attachments 6E to the Stipulation. As set forth fully in the Stipulation and its attachments, with respect to the CIP mechanism, the Company agreed as follows:

*Shareholder Contribution*

22. 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.

[2] The Board, by its CEF-EE II Order authorized the Company to continue to recover lost sales revenue resulting from the decrease in customer energy usage resulting from Triennium 2 Programs through its CIP Surcharge. *In The Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Efficiency II ("CEF-EE II") Program on a Regulated Basis,* BPU Docket No. QO23120874, dated October 30, 2024.

*Filing/Tariff Details*

23. In light of the COVID-19 pandemic, the parties to the CEF-EE Stipulation agreed that PSE&G would submit its first electric CIP cost recovery filing by February 1, 2022, for new rates effective June 1, 2022, based on an initial deferral period of June 1, 2021 through May 31, 2022 and that it would not book any ECIP deferral prior to June 1, 2021. The ECIP will be adjusted annually thereafter. The filings will document actual results, perform the required ECIP collection test described in more hereinafter, and propose the new ECIP rate. Any variances from the annual filing will be trued-up in the subsequent year.

*CIP Methodology*

24. The monthly CIP deferrals will be calculated by way of the approved methodology as reflected in Attachments 5 and 6E to the Stipulation. For the ECIP, the baseline revenue per customer is based on the billing determinants from the 2018 base rate case and the latest variable margin rates per rate schedule, including any IIP rate adjustments. The baseline usage and margin rates will be updated with each subsequent base rate case or IIP rate adjustment.

25. 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.

26. The non-weather component will be calculated by first deducting the weather component. For electric, the weather impact will be calculated in a manner consistent with the methodology used for gas. PSE&G will establish sales coefficients based on 20 years of weather history of sales for residential customers only. The weather will be measured by the impacts on

sales and associated distribution revenue of heating degree days ("HDD") for winter weather and the temperature humidity index ("THI") for summer weather. The average of the 20 years of data for HDD and THI will be considered normal. The difference in actual and normal HDD and THI will be multiplied by the sales coefficients to establish sales impacts. The sales impacts will be multiplied by the current tariff rates to derive the revenue impact. The weather normalization methodology is detailed in Schedule 4 of Attachments 6E.

27. Recovery of non-weather related electric CIP impacts shall be subject to the application of two eligibility tests: a BGS Savings Test and a Variable Margin Test. In order to be eligible for recovery, non-weather related CIP impacts must pass both cost recovery tests. A description of the eligibility tests is provided in the testimony of Stephen Swetz (BGS Savings Test) and Michael McFadden (Variable Margin Test).

28. 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 BGS Savings Test and Variable Margin Test for Electric. Any amounts that exceed the BGS 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.

*Earnings Test*

29. 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 ECIP Tariffs provided in Attachment D, Schedule SS-ECIP-4. 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.

**REQUEST FOR COST RECOVERY**

30. 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.

31. Per the CEF-EE Order, the electric baseline revenue per customer is based on the billing determinants approved in the most recent base rate case and the latest variable margin rates per rate schedule, including any Infrastructure Investment Program ("IIP") rate adjustments. The variable margin revenue for this filing is based on the Infrastructure Advancement Program ("IAP") rate adjustment approved for new rates effective May 1, 2025 in Docket Nos. ER24110838 and GR24110839 and the approved billing determinants from the Company's 2023 base rate case in Docket Nos. ER23120924 and GR23120925 approved effective October 15, 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 from June 1, 2025 – May 31, 2026, and the calculation of the Variable Margin Test.

32. Attachment C is the testimony of Lauren Thomas, PSE&G's Vice President of Clean 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.

33. Attachment D is the testimony of Stephen Swetz, PSE&G's Senior Director of Corporate Rates and Revenues Requirements, providing the results of the Earnings and BGS Savings test as well as the calculation of rates for the CIP.

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

35. The Company's total deferral for the electric CIP ("ECIP") is forecasted to be $5,687,355. The deferral balance is forecasted to include ($14,753,847) of non-weather related margin excess to be refunded to customers, ($10,990,305) of weather related refunds to residential customers, $30,977,228 deferred margin recovery from the prior ECIP period (comprised of a non-weather carry-forward balance of $26,395,838 and an under-recovery of $4,581,390 as a result of not updating provisionally approved rates), as well as an under-collection of the approved prior ECIP balance of $454,279.

36. As required by the CEF-EE Order and Stipulation, the proposed electric rate adjustment is limited by a Variable Margin Test. *See* the testimony of Michael P. McFadden for a description and the results of the Variable Margin Test at Attachment A, Schedule 5.

37. The application of the Variable Margin Test resulted in the Company's ECIP recovery of non-weather related distribution margin deficiencies totaling $30,977,228 ($0 non-weather related deficiencies plus $30,977,228 prior year carry-forward balance) not being limited.

38. The net ECIP amounts to $5,687,355 - representing ($14,753,847) of allowed non-weather margin excess to be refunded to customers and weather related refunds to residential customers totaling ($10,990,305) as well as under recovered margin recovery from the Company's prior ECIP period of $31,431,507. As a result of there not being a limitation on allowed margin revenue recovery, there are no projected deferred amounts for recovery in a future ECIP period at this time.

39. The ECIP rates are summarized below:

| | | **ECIP Rates Without SUT** | **ECIP Rates with SUT** | |
|---|---|---|---|---|
| Group I | RS & RHS | (0.000020) | (0.000021) | Per kilowatt-hour |
| Group Ia | RLM | (0.003363) | (0.003586) | Per kilowatt-hour |
| Group II | GLP | 0.3810 | 0.4062 | Per kilowatt of monthly peak demand |
| Group III | LPL-S | (0.1392) | (0.1484) | Per kilowatt of monthly peak demand |

40. Based upon rates effective March 1, 2026, the annual average bill impacts of the rates requested are set forth in Schedule SS-ECIP-3.

41. The average monthly impact of the proposed rates to the typical residential electric customer using 683 kWh in a summer month and 558 kWh in an average month (6,700 kWh annually) would be an increase in the average monthly bill from $157.97 to $158.09 or $0.12,

or approximately 0.1% (based upon Delivery Rates and BGS-RSCP charges in effect March 1, 2026 and assuming that the customer receives BGS-RSCP service from PSE&G).

42. 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 electric 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 electric service territory upon scheduling of public hearing dates.

43. In accordance with the Board's recent Covid-19 order, [3] 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.

44. PSE&G requests that the Board find the proposed rates show in the tariff sheets included herein at Attachment D, Schedule SS-ECIP-4, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on a provisional basis effective June 1, 2026 per the CEF-EE Stipulation, upon issuance of a written BPU order.

45. 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

[3] *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.

average percentage changes in final rates may increase or decrease compared to the proposed rates based upon the Board's decision.

## COMMUNICATIONS

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

| | |
|---|---|
| Katherine E. Smith, Esq.<br>Managing Counsel – State Regulatory<br>Public Service Electric and Gas Company<br>80 Park Plaza, T20<br>P.O. Box 570<br>Newark, New Jersey 07102-4194<br>katherine.smith@pseg.com | Danielle Lopez, Esq.<br>Associate Counsel - Regulatory<br>Public Service Electric and Gas Company<br>80 Park Plaza, T20<br>P.O. Box 570<br>Newark, NJ 07102<br>danielle.lopez@pseg.com |
| Caitlyn White<br>Regulatory Filings & Systems Supervisor<br>Public Service Electric and Gas Company<br>80 Park Plaza, T20<br>P.O. Box 570<br>Newark, NJ 07102<br>caitlyn.white@pseg.com | Bernard Smalls<br>Paralegal<br>Public Service Electric and Gas Company<br>80 Park Plaza, T20<br>P.O. Box 570<br>Newark, NJ 07102<br>bernard.smalls@pseg.com |
| Maria Barling<br>Regulatory Case Coordinator<br>Public Service Electric and Gas Company<br>80 Park Plaza, T20<br>P.O. Box 570<br>Newark, NJ 07102<br>maria.barling@pseg.com | |

## 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:

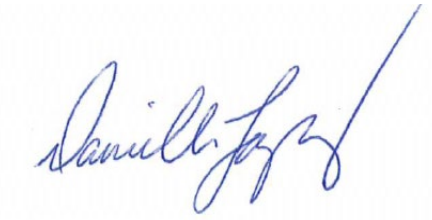
1. PSE&G is authorized to receive the ECIP rate adjustment associated with the CIP period from June 1, 2025 – May 31, 2026, as reflected in this Petition and accompanying materials, along with anticipated updates of data; and

2. The rates shown in the tariff sheets included herein Attachment D, Schedule SS-ECIP-4, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on a provisional basis effective June 1, 2026 per the CEF-EE Stipulation, upon issuance of a written BPU order.

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

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By _____

Danielle Lopez
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80 Park Plaza, T20
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Newark, New Jersey 07102

DATED: March 18, 2026

**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 ELECTRIC CONSERVATION** | **)** | |
| **INCENTIVE PROGRAM** | **)** | |
| **(2026 PSE&G ELECTRIC CIP RATE** | **)** | |
| **FILING)** | **)** | |

## 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
Conservation Incentive Program
Group I: Residential Service RS and RHS
June 2025 - May 2026

| Customer Class (a) | | Actual/ Estimate | Actual per Books[1] Total Class Variable Revenues (b) | Number of Customers (c) | Actual Avg. Revenue / Cust. (d) = (b) / (c) | Baseline Revenue / Cust.[2] (e) | Difference (f) = (d) - (e) | Margin Variance (g) = (c) * (f) |
|---|---|---|---|---|---|---|---|---|
| Residential | | | | | | | | |
| | Jun-25 | Act | 113,637,486 | 2,013,611 | 56.4 | 50.2 | 6.3 | $12,628,765 |
| | Jul-25 | Act | 153,516,124 | 2,013,042 | 76.3 | 63.4 | 12.8 | $25,803,267 |
| | Aug-25 | Act | 105,259,075 | 2,015,843 | 52.2 | 60.6 | (8.3) | ($16,815,445) |
| | Sep-25 | Act | 76,951,574 | 2,021,300 | 38.1 | 41.1 | (3.0) | ($6,087,057) |
| | Oct-25 | Act | 36,957,189 | 2,017,036 | 18.3 | 19.5 | (1.1) | ($2,288,135) |
| | Nov-25 | Act | 38,128,784 | 2,001,005 | 19.1 | 19.3 | (0.3) | ($541,233) |
| | Dec-25 | Act | 54,096,738 | 2,042,965 | 26.5 | 25.9 | 0.6 | $1,222,953 |
| | Jan-26 | Act | 61,175,381 | 2,029,086 | 30.2 | 28.3 | 1.9 | $3,781,392 |
| | Feb-26 | Act | 50,122,998 | 2,028,079 | 24.7 | 23.8 | 0.9 | $1,855,187 |
| | Mar-26 | Frcst | 43,524,835 | 2,029,927 | 21.4 | 22.5 | (1.0) | ($2,066,825) |
| | Apr-26 | Frcst | 34,678,775 | 2,031,207 | 17.1 | 18.7 | (1.6) | ($3,322,838) |
| | May-26 | Frcst | 52,665,311 | 2,032,488 | 25.9 | 20.8 | 5.2 | $10,473,607 |
| Total | | | 820,714,271 | | 406.1 | 393.9 | 12.2 | $24,643,637 |

| | | |
|---|---|---|
| Margin Deficiency/ (Credit) | $ | (24,643,637) |
| Prior Period (Over) / Under Recovery[3] | $ | 24,364,249 |
| Total Deficiency/(Credit) | $ | (279,388) |
| Projected Residential kWh Use | | 13,742,490,131 |
| Pre-tax CIP Charge/(Credit) per kWh | $ | (0.0000) |
| BPU/RC Assessment Factor | | 1.002500 |
| CIP Charge/(Credit) including assessments | $ | - |
| 6.625% Sales Tax | $ | - |
| **Proposed After-tax CIP Charge/(Credit) per kWh** | **$** | **-** |
| Current After-tax CIP Charge/(Credit) per kWh | $ | (0.0002290) |
| Increase/ (Decrease) in After-tax CIP Charge/(Credit) per kWh | $ | 0.000229 |

[1] Per Attachment A, Schedule 1, Page 2
[2] From latest base rate adjustment from IAP divided by billing determinants approved in the 2023 Base Rate Case
[3] Per Eattachment A, Schedule 1, Page 3

**Public Service Electric and Gas**
**Customers and Volumes / Demands**

**Group I: Residential Service RS and RHS**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customers** | | | | | | | | | | | | | |
| Service Charge Revenues | 11,336,633 | 11,333,425 | 11,349,195 | 11,379,922 | 11,355,913 | 11,265,658 | 11,501,894 | 11,423,752 | 11,418,084 | 11,428,489 | 11,435,695 | 11,442,907 | |
| Service Charge Rate (pre-tax) | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | |
| **Total Customers** | 2,013,611 | 2,013,042 | 2,015,843 | 2,021,300 | 2,017,036 | 2,001,005 | 2,042,965 | 2,029,086 | 2,028,079 | 2,029,927 | 2,031,207 | 2,032,488 | 2,022,966 |
| **Volumes** | | | | | | | | | | | | | |
| RS kWh | 1,436,948,058 | 1,936,925,993 | 1,433,618,977 | 1,093,763,136 | 821,681,909 | 844,263,832 | 1,195,303,227 | 1,352,384,813 | 1,108,752,576 | 960,973,145 | 767,267,535 | 902,700,722 | |
| RHS kWh | 3,970,637 | 5,427,349 | 4,117,019 | 3,110,212 | 4,134,532 | 6,790,126 | 11,086,038 | 12,257,000 | 9,891,355 | 7,540,718 | 3,718,383 | 2,870,077 | |
| **Total Volumes** | 1,440,918,695 | 1,942,353,343 | 1,437,735,996 | 1,096,873,348 | 825,816,440 | 851,053,957 | 1,206,389,265 | 1,364,641,813 | 1,118,643,930 | 968,513,864 | 770,985,918 | 905,570,798 | 7,360,222,350 |
| **Revenues** | | | | | | | | | | | | | |
| Volume Charge Revenues | $113,637,486 | $153,516,124 | $105,259,075 | $76,951,574 | $36,957,189 | $38,128,784 | $54,096,738 | $61,175,381 | $50,122,998 | $43,524,835 | $34,678,775 | $52,665,311 | $707,076,785 |
| **Total Revenue** | 113,637,486 | 153,516,124 | 105,259,075 | 76,951,574 | 36,957,189 | 38,128,784 | 54,096,738 | 61,175,381 | 50,122,998 | 43,524,835 | 34,678,775 | 52,665,311 | 820,714,271 |

**PUBLIC SERVICE ELECTRIC AND GAS**
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**
**Group I: Residential Service RS and RHS**
**June 2025 - May 2026**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning Under/(Over) Recovery $ | 21,527,236 | 21,691,693 | 22,107,357 | 22,415,032 | 22,649,763 | 22,826,488 | 23,008,613 | 23,266,781 | 23,558,814 | 23,798,204 | 24,005,466 | 24,170,457 | 21,527,236 |
| kWh Sales | 1,440,918,695 | 1,942,353,343 | 1,437,735,996 | 1,096,873,348 | 825,816,440 | 851,053,957 | 1,206,389,265 | 1,364,641,813 | 1,118,643,930 | 968,513,864 | 770,985,918 | 905,570,798 | 13,929,497,368 |
| Pre-tax Recovery Rate per kWh[1] | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | (0.000214) | |
| Recovery $* | (164,457) | (415,664) | (307,676) | (234,731) | (176,725) | (182,126) | (258,167) | (292,033) | (239,390) | (207,262) | (164,991) | (193,792) | (2,837,013) |
| Ending Under/(Over) Recovery $ | 21,691,693 | 22,107,357 | 22,415,032 | 22,649,763 | 22,826,488 | 23,008,613 | 23,266,781 | 23,558,814 | 23,798,204 | 24,005,466 | 24,170,457 | 24,364,249 | 24,364,249 |

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

Public Service Electric and Gas
Conservation Incentive Program
Group Ia: Residential Load Management (RLM)
June 2025 - May 2026

| Customer Class | Actual/ Estimate | Actual per Books[1] Total Class Revenues | Number of Customers | Actual Avg. Revenue / Cust. | Baseline Revenue / Cust.[2] | Difference | Margin Variance |
|---|---|---|---|---|---|---|---|
| (a) | | (b) | (c) | (d) = (b) / (c) | (e) | (f) = (d) - (e) | |
| Residential Load Management | | | | | | | |
| Jun-25 | Act | 1,174,490 | 11,032 | 106.5 | 89.8 | 16.7 | $183,720 |
| Jul-25 | Act | 1,520,187 | 11,195 | 135.8 | 106.1 | 29.7 | $332,236 |
| Aug-25 | Act | 1,215,083 | 11,707 | 103.8 | 128.8 | (25.1) | ($293,354) |
| Sep-25 | Act | 696,735 | 12,087 | 57.6 | 84.4 | (26.7) | ($323,240) |
| Oct-25 | Act | 213,012 | 11,793 | 18.1 | 17.6 | 0.4 | $5,306 |
| Nov-25 | Act | 208,342 | 11,500 | 18.1 | 21.5 | (3.3) | ($38,378) |
| Dec-25 | Act | 273,054 | 11,027 | 24.8 | 21.6 | 3.1 | $34,455 |
| Jan-26 | Act | 334,592 | 11,720 | 28.6 | 27.2 | 1.3 | $15,326 |
| Feb-26 | Act | 264,795 | 11,266 | 23.5 | 21.2 | 2.3 | $26,138 |
| Mar-26 | Frcst | 252,865 | 11,381 | 22.2 | 22.1 | 0.1 | $1,109 |
| Apr-26 | Frcst | 197,759 | 11,378 | 17.4 | 18.4 | (1.0) | ($11,639) |
| May-26 | Frcst | 421,634 | 11,376 | 37.1 | 21.1 | 16.0 | $182,025 |
| Total | | 6,772,548 | | 593.3 | 579.9 | 13.5 | $113,704 |

| | | |
|---|---|---|
| Margin Deficiency/ (Credit) | $ | (113,704) |
| Prior Period (Over) / Under Recovery[3] | $ | (508,507) |
| Total Deficiency/(Credit) | $ | (622,211) |
| Projected Residential kWh Use | | 185,460,672 |
| Pre-tax CIP Charge/(Credit) per kWh | $ | (0.0034) |
| BPU/RC Assessment Factor | | 1.002500 |
| CIP Charge/(Credit) including assessments | $ | (0.003363) |
| 6.625% Sales Tax | $ | (0.000223) |
| **Proposed After-tax CIP Charge/(Credit) per kWh** | **$** | **(0.0036)** |
| Current After-tax CIP Charge/(Credit) per kWh | $ | 0.007313 |
| Increase/ (Decrease) in After-tax CIP Charge/(Credit) per kWh | $ | (0.0109) |

[1] Per Attachment A, Schedule 1a, Page 2
[2] From latest base rate adjustment from IAP divided by billing determinants approved in the 2023 Base Rate Case
[3] Per Attachment A, Schedule 1, Page 3

**Public Service Electric and Gas**
**Customers and Volumes / Demands**

**Group Ia: RLM**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customers** | | | | | | | | | | | | | |
| Service Charge Revenues | 144,194 | 146,325 | 153,006 | 157,983 | 154,133 | 150,300 | 144,118 | 153,180 | 147,242 | 148,750 | 148,710 | 148,684 | |
| Service Charge Rate (pre-tax) | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 | |
| **Total Customers** | 11,032 | 11,195 | 11,707 | 12,087 | 11,793 | 11,500 | 11,027 | 11,720 | 11,266 | 11,381 | 11,378 | 11,376 | |
| **Volumes** | | | | | | | | | | | | | |
| RLM kWh | 19,588,929 | 25,010,415 | 21,878,922 | 14,838,659 | 10,689,347 | 11,111,825 | 15,167,226 | 17,578,448 | 14,052,471 | 13,605,112 | 10,640,220 | 13,156,936 | |
| **Total Volumes** | 19,588,929 | 25,010,415 | 21,878,922 | 14,838,659 | 10,689,347 | 11,111,825 | 15,167,226 | 17,578,448 | 14,052,471 | 13,605,112 | 10,640,220 | 13,156,936 | 187,318,509 |
| **Revenue** | | | | | | | | | | | | | |
| Volume Charge Revenues | 1,174,490 | 1,520,187 | 1,215,083 | 696,735 | 213,012 | 208,342 | 273,054 | 334,592 | 264,795 | 252,865 | 197,759 | 421,634 | 6,772,548 |
| **Total Revenue** | 1,174,490 | 1,520,187 | 1,215,083 | 696,735 | 213,012 | 208,342 | 273,054 | 334,592 | 264,795 | 252,865 | 197,759 | 421,634 | 6,772,548 |

**PUBLIC SERVICE ELECTRIC AND GAS**
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**
**Group 1a: Residential Load Management (RLM)**
**June 2025 - May 2026**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Frcst Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Act May-26 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning Under/(Over) Recovery $ | 693,094 | 601,843 | 452,169 | 350,658 | 277,532 | 201,516 | 97,757 | (22,497) | (118,630) | (211,703) | (284,493) | (374,499) | 693,094 |
| kWh Sales | 25,010,415 | 21,878,922 | 14,838,659 | 10,689,347 | 11,111,825 | 15,167,226 | 17,578,448 | 14,052,471 | 13,605,112 | 10,640,220 | 13,156,936 | 19,588,929 | 187,318,509 |
| Pre-tax Recovery Rate per kWh[1] | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | 0.006841 | |
| Recovery $ | 91,251 | 149,674 | 101,511 | 73,126 | 76,016 | 103,759 | 120,254 | 96,133 | 93,073 | 72,790 | 90,007 | 134,008 | 1,201,601 |
| Ending Under/(Over) Recovery $ | 601,843 | 452,169 | 350,658 | 277,532 | 201,516 | 97,757 | (22,497) | (118,630) | (211,703) | (284,493) | (374,499) | (508,507) | (508,507) |

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

* June 2022 Recovery $ reflects 16/30 of the revenue calculation because the rate was implemented on June 15, 2022

Public Service Electric and Gas
Conservation Incentive Program
Group II: General Power & Light (GLP)
June 2025 - May 2026

| Customer Class | Actual/ Estimate | Actual per Books[1] Total Class Revenues | Number of Customers | Actual Avg. Revenue / Cust. | Baseline Revenue / Cust.[2] | Difference | Margin Variance |
|---|---|---|---|---|---|---|---|
| (a) | | (b) | (c) | (d) = (b) / (c) | (e) | (f) = (d) - (e) | |
| General Power & Light | | | | | | | |
| Jun-25 | Act | 57,337,350 | 288,064 | 199.0 | 190.8 | 8.2 | $2,369,275 |
| Jul-25 | Act | 63,859,924 | 284,961 | 224.1 | 207.1 | 17.0 | $4,843,649 |
| Aug-25 | Act | 62,371,032 | 284,765 | 219.0 | 215.4 | 3.7 | $1,043,502 |
| Sep-25 | Act | 37,793,034 | 286,386 | 132.0 | 205.0 | (73.0) | ($20,917,087) |
| Oct-25 | Act | 13,811,007 | 286,322 | 48.2 | 51.7 | (3.4) | ($977,804) |
| Nov-25 | Act | 10,461,566 | 284,103 | 36.8 | 39.9 | (3.1) | ($873,108) |
| Dec-25 | Act | 11,034,476 | 286,819 | 38.5 | 42.7 | (4.2) | ($1,209,448) |
| Jan-26 | Act | 11,973,077 | 287,242 | 41.7 | 42.0 | (0.3) | ($87,805) |
| Feb-26 | Act | 11,475,494 | 286,433 | 40.1 | 37.8 | 2.3 | $650,055 |
| Mar-26 | Frcst | 11,784,422 | 291,285 | 40.5 | 41.6 | (1.1) | ($330,496) |
| Apr-26 | Frcst | 10,995,355 | 291,320 | 37.7 | 40.9 | (3.1) | ($916,848) |
| May-26 | Frcst | 29,607,457 | 291,355 | 101.6 | 42.2 | 59.4 | $17,303,845 |
| Total | | 332,504,193 | | 1,159.2 | 1,157.0 | 2.2 | $897,731 |

| | | |
|---|---|---|
| Margin Deficiency/ (Credit) | $ | (897,731) |
| Prior Period (Over) / Under Recovery[3] | $ | 11,055,822 |
| Total Deficiency/(Credit) | $ | 10,158,090 |
| Projected GLP Annual kW Use | | 26,729,196 |
| Pre-tax CIP Charge/(Credit) per kW | $ | 0.3800 |
| BPU/RC Assessment Factor | | 1.002500 |
| CIP Charge/(Credit) including assessments | $ | 0.3810 |
| 6.625% Sales Tax | $ | 0.0252 |
| **Proposed After-tax CIP Charge/(Credit) per kW** | **$** | **0.4062** |
| Current After-tax CIP Charge/(Credit) per kW | $ | 0.8783 |
| Increase/ (Decrease) in After-tax CIP Charge/(Credit) per kW | $ | (0.4721) |

[1] Per Attachment A, Schedule 2, Page 2
[2] From latest base rate adjustment from IAP divided by billing determinants approved in the 2023 Base Rate Case
[3] Per Attachment A, Schedule 2, Page 3

**Public Service Electric and Gas**
**Customers and Volumes / Demands**

**Group II: General Power & Light (GLP)**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customers** | | | | | | | | | | | | | |
| Service Charge Revenues | 2,055,253 | 2,050,737 | 2,048,432 | 2,059,045 | 2,054,520 | 2,038,493 | 2,057,858 | 2,063,014 | 2,056,038 | 2,144,150 | 2,144,410 | 2,144,671 | |
| Service Charge Rate (pre-tax) | 7.13 | 7.20 | 7.19 | 7.19 | 7.18 | 7.18 | 7.17 | 7.18 | 7.18 | 7.36 | 7.36 | 7.36 | |
| **Total Customers** | 288,064 | 284,961 | 284,765 | 286,386 | 286,322 | 284,103 | 286,819 | 287,242 | 286,433 | 291,285 | 291,320 | 291,355 | |
| **Demand** | | | | | | | | | | | | | |
| GLP Annual kW | 2,378,225 | 2,633,863 | 2,602,096 | 2,329,199 | 2,254,124 | 1,956,970 | 2,041,482 | 2,176,017 | 2,099,261 | 2,176,898 | 2,056,435 | 2,366,791 | |
| **Total Demand** | 2,378,225 | 2,633,863 | 2,602,096 | 2,329,199 | 2,254,124 | 1,956,970 | 2,041,482 | 2,176,017 | 2,099,261 | 2,176,898 | 2,056,435 | 2,366,791 | 27,071,362 |
| **Revenues** | | | | | | | | | | | | | |
| Vol/Demand Charge Revenues | 57,337,350 | 63,859,924 | 62,371,032 | 37,793,034 | 13,811,007 | 10,461,566 | 11,034,476 | 11,973,077 | 11,475,494 | 11,784,422 | 10,995,355 | 29,607,457 | 332,504,193 |
| **Total Revenue** | 57,337,350 | 63,859,924 | 62,371,032 | 37,793,034 | 13,811,007 | 10,461,566 | 11,034,476 | 11,973,077 | 11,475,494 | 11,784,422 | 10,995,355 | 29,607,457 | 332,504,193 |

**PUBLIC SERVICE ELECTRIC AND GAS**
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**
**Group II: General Power & Light (GLP)**
**June 2025 - May 2026**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning Under/(Over) Recovery $ | 32,287,794 | 31,133,670 | 28,995,788 | 27,082,118 | 25,230,130 | 23,622,283 | 21,945,001 | 20,157,186 | 18,432,433 | 16,643,894 | 14,954,327 | 13,009,771 | 32,287,794 |
| kW Demand | 2,633,863 | 2,602,096 | 2,329,199 | 2,254,124 | 1,956,970 | 2,041,482 | 2,176,017 | 2,099,261 | 2,176,898 | 2,056,435 | 2,366,791 | 2,378,225 | 27,071,362 |
| Pre-tax Recovery Rate per kW[1] | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | 0.8216 | |
| Recovery $* | 1,154,124 | 2,137,882 | 1,913,670 | 1,851,989 | 1,607,847 | 1,677,282 | 1,787,816 | 1,724,753 | 1,788,539 | 1,689,567 | 1,944,556 | 1,953,950 | 21,231,973 |
| Ending Under/(Over) Recovery $ | 31,133,670 | 28,995,788 | 27,082,118 | 25,230,130 | 23,622,283 | 21,945,001 | 20,157,186 | 18,432,433 | 16,643,894 | 14,954,327 | 13,009,771 | 11,055,822 | 11,055,822 |

[1] Pre-tax Recovery Rate per therm excluding BPU and RC assessments.
* June 2022 Recovery $ reflects 16/30 of the revenue calculation because the rate was implemented on June 15, 2022

Public Service Electric and Gas
Conservation Incentive Program
Group III: Large Power & Light - Seconday (LPLS)
June 2025 - May 2026

| Customer Class | Actual/ Estimate | Actual per Books[1] Total Class Revenues | Number of Customers | Actual Avg. Use / Cust. | Baseline Use / Cust.[2] | Difference | Margin Variance |
|---|---|---|---|---|---|---|---|
| (a) | | (b) | (c) | (d) = (b) / (c) | (e) | (f) = (d) - (e) | |
| Large Power & Light - Secondary | | | | | | | |
| Jun-25 | Act | 36,366,675 | 9,684 | 3,755.3 | 2,993.0 | 762 | $7,381,741 |
| Jul-25 | Act | 43,029,859 | 9,853 | 4,367.1 | 3,859.0 | 508 | $5,006,395 |
| Aug-25 | Act | 40,159,363 | 9,721 | 4,131.2 | 4,143.7 | (13) | ($121,932) |
| Sep-25 | Act | 28,023,479 | 9,843 | 2,846.9 | 4,115.9 | (1,269) | ($12,490,562) |
| Oct-25 | Act | 16,479,482 | 9,898 | 1,664.9 | 1,882.2 | (217) | ($2,150,309) |
| Nov-25 | Act | 2,934,827 | 9,836 | 298.4 | 860.4 | (562) | ($5,528,373) |
| Dec-25 | Act | 7,513,585 | 9,794 | 767.2 | 785.6 | (18) | ($180,914) |
| Jan-26 | Act | 7,600,974 | 9,689 | 784.5 | 867.0 | (83) | ($799,572) |
| Feb-26 | Act | 7,746,092 | 9,796 | 790.7 | 800.7 | (10) | ($98,097) |
| Mar-26 | Frcst | 7,731,213 | 9,792 | 789.5 | 848.6 | (59) | ($578,801) |
| Apr-26 | Frcst | 7,440,847 | 9,802 | 759.1 | 814.5 | (55) | ($543,211) |
| May-26 | Frcst | 18,418,915 | 9,812 | 1,877.2 | 838.4 | 1,039 | $10,192,714 |
| Total | | 223,445,310 | | 22,832.0 | 22,809.1 | 23 | $89,080 |

| | | |
|---|---|---|
| Margin Deficiency/ (Credit) | $ | (89,080) |
| Prior Period (Over) / Under Recovery[3] | $ | (3,480,057) |
| Total Deficiency/(Credit) | $ | (3,569,137) |
| Projected LPLS Annual kW Use | | 25,693,038 |
| Pre-tax CIP Charge/(Credit) per kW | $ | (0.1389) |
| BPU/RC Assessment Factor | | 1.002500 |
| CIP Charge/(Credit) including assessments | $ | (0.1392) |
| 6.625% Sales Tax | $ | (0.0092) |
| **Proposed After-tax CIP Charge/(Credit) per kW** | **$** | **(0.1484)** |
| Current After-tax CIP Charge/(Credit) per kW | $ | 1.9133 |
| Increase/ (Decrease) in After-tax CIP Charge/(Credit) per kW | $ | (2.0617) |

[1] Per Attachment A, Schedule 3, Page 2
[2] From latest base rate adjustment from IAP divided by billing determinants approved in the 2023 Base Rate Case
[3] Per Attachment A, Schedule 3, Page 3

**Public Service Electric and Gas**
**Customers and Volumes / Demands**

**Group III: LPLS**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customers** | | | | | | | | | | | | | |
| Service Charge Revenues | 3,367,853 | 3,426,617 | 3,380,697 | 3,423,223 | 3,442,238 | 3,420,764 | 3,406,074 | 3,369,679 | 3,406,915 | 3,405,364 | 3,408,842 | 3,412,319 | |
| Service Charge Rate (pre-tax) | 348 | 348 | 348 | 348 | 348 | 348 | 348 | 348 | 348 | 348 | 348 | 348 | |
| **Total Customers** | 9,684 | 9,853 | 9,721 | 9,843 | 9,898 | 9,836 | 9,794 | 9,689 | 9,796 | 9,792 | 9,802 | 9,812 | |
| **Demand** | | | | | | | | | | | | | |
| LPLS kW | 2,320,320 | 2,604,219 | 2,438,233 | 2,259,161 | 2,228,248 | 2,007,636 | 2,007,773 | 2,023,833 | 2,056,143 | 2,063,362 | 1,985,868 | 2,328,729 | |
| **Total Demand** | 2,320,320 | 2,604,219 | 2,438,233 | 2,259,161 | 2,228,248 | 2,007,636 | 2,007,773 | 2,023,833 | 2,056,143 | 2,063,362 | 1,985,868 | 2,328,729 | 26,323,525 |
| **Revenues** | | | | | | | | | | | | | |
| Demand Charge Revenues | 36,366,675 | 43,029,859 | 40,159,363 | 28,023,479 | 16,479,482 | 2,934,827 | 7,513,585 | 7,600,974 | 7,746,092 | 7,731,213 | 7,440,847 | 18,418,915 | 223,445,310 |
| **Total Revenue** | 36,366,675 | 43,029,859 | 40,159,363 | 28,023,479 | 16,479,482 | 2,934,827 | 7,513,585 | 7,600,974 | 7,746,092 | 7,731,213 | 7,440,847 | 18,418,915 | 223,445,310 |

**PUBLIC SERVICE ELECTRIC AND GAS**
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**
**Group III: Large Power & Light - Seconday (LPLS)**
**June 2025 - May 2026**

| | Act Jun-25 | Act Jul-25 | Act Aug-25 | Act Sep-25 | Act Oct-25 | Act Nov-25 | Act Dec-25 | Act Jan-26 | Act Feb-26 | Frcst Mar-26 | Frcst Apr-26 | Frcst May-26 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning Under/(Over) Recovery $ | 41,456,130 | 38,970,385 | 34,606,679 | 30,563,459 | 26,575,564 | 22,982,497 | 19,389,185 | 15,767,131 | 12,087,253 | 8,394,453 | 4,840,346 | 672,620 | 41,456,130 |
| kW Demand | 2,604,219 | 2,438,233 | 2,259,161 | 2,228,248 | 2,007,636 | 2,007,773 | 2,023,833 | 2,056,143 | 2,063,362 | 1,985,868 | 2,328,729 | 2,320,320 | 26,323,525 |
| Pre-tax Recovery Rate per kW[1] | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | 1.7897 | |
| Recovery $* | 2,485,744 | 4,363,706 | 4,043,220 | 3,987,895 | 3,593,067 | 3,593,312 | 3,622,054 | 3,679,878 | 3,692,800 | 3,554,107 | 4,167,726 | 4,152,677 | 44,936,186 |
| Ending Under/(Over) Recovery $ | 38,970,385 | 34,606,679 | 30,563,459 | 26,575,564 | 22,982,497 | 19,389,185 | 15,767,131 | 12,087,253 | 8,394,453 | 4,840,346 | 672,620 | (3,480,057) | (3,480,057) |

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

* June 2022 Recovery $ reflects 16/30 of the revenue calculation because the rate was implemented on June 15, 2022

Attachment A
Schedule 4

**Public Service Electric and Gas**
**Conservation Incentive Program**
**Weather Normalization Calculation**

**Group I**
**RS**

| | | DEGREE DAYS NORMAL | DEGREE DAYS ACTUAL | DEGREE DAYS VARIANCE | HDD CONSUMPTION FACTOR | DEGREE DAYS kWh | THI NORMAL | THI ACTUAL | THI VARIANCE | THI CONSUMPTION FACTOR | THI kWh | TOTAL kWh | MARGIN FACTOR[2] | MARGIN IMPACT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jun-25 | Act | 0 | 0 | 0 | 373,351 | 0 | 3,113 | 4,141 | 1,028 | 146,720 | 150,847,314 | 150,847,314 | $0.0788 | $11,890,841 |
| Jul-25 | Act | 0 | 0 | 0 | 373,254 | 0 | 5,917 | 7,072 | 1,155 | 146,683 | 169,447,014 | 169,447,014 | $0.0788 | $13,357,000 |
| Aug-25 | Act | 0 | 0 | 0 | 373,780 | 0 | 4,872 | 3,268 | -1,604 | 146,889 | (235,636,909) | (235,636,909) | $0.0788 | ($18,574,551) |
| Sep-25 | Act | 0 | 0 | 0 | 374,796 | 0 | 2,271 | 2,119 | -152 | 147,289 | (22,413,284) | (22,413,284) | $0.0788 | ($1,766,772) |
| Oct-25 | Act | 210 | 198 | (12) | 374,012 | (4,496,742) | 436 | 369 | -67 | 146,980 | (9,912,347) | (14,409,089) | $0.0450 | ($648,510) |
| Nov-25 | Act | 514 | 508 | (6) | 371,038 | (2,335,751) | 0 | 0 | 0 | 145,812 | 0 | (2,335,751) | $0.0450 | ($105,125) |
| Dec-25 | Act | 796 | 967 | 171 | 378,840 | 64,877,915 | 0 | 0 | 0 | 148,878 | 0 | 64,877,915 | $0.0450 | $2,919,960 |
| Jan-26 | Act | 960 | 1,070 | 109 | 376,269 | 41,099,561 | 0 | 0 | 0 | 147,867 | 0 | 41,099,561 | $0.0450 | $1,849,768 |
| Feb-26 | Act | 818 | 928 | 110 | 376,088 | 41,276,387 | 0 | 0 | 0 | 147,796 | 0 | 41,276,387 | $0.0450 | $1,857,726 |
| Mar-26 | Frcst | 672 | 672 | 0 | 376,436 | 0 | 0 | 0 | 0 | 147,933 | 0 | 0 | $0.0450 | $0 |
| Apr-26 | Frcst | 343 | 343 | 0 | 376,679 | 0 | 157 | 157 | 0 | 148,028 | 0 | 0 | $0.0450 | $0 |
| May-26 | Frcst | 117 | 117 | 0 | 376,922 | 0 | 976 | 976 | 0 | 148,124 | 0 | 0 | $0.0450 | $0 |
| TOTAL | | 4,430 | 4,802 | 372 | | 140,421,371 | 17,743 | 18,102 | 360 | | 52,331,787 | 192,753,158 | | $10,780,338 |

**Group I**
**RHS**

| | | DEGREE DAYS NORMAL | DEGREE DAYS ACTUAL | DEGREE DAYS VARIANCE | HDD CONSUMPTION FACTOR | DEGREE DAYS kWh | THI NORMAL | THI ACTUAL | THI VARIANCE | THI CONSUMPTION FACTOR | THI kWh | TOTAL kWh | MARGIN FACTOR[2] | MARGIN IMPACT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jun-25 | Act | 0 | 0 | 0 | 10,049 | 0 | 3,113 | 4,141 | 1,028 | 337 | 346,877 | 346,877 | $0.0887 | $30,758 |
| Jul-25 | Act | 0 | 0 | 0 | 9,961 | 0 | 5,917 | 7,072 | 1,155 | 334 | 386,308 | 386,308 | $0.0887 | $34,254 |
| Aug-25 | Act | 0 | 0 | 0 | 9,919 | 0 | 4,872 | 3,268 | -1,604 | 333 | (534,217) | (534,217) | $0.0887 | ($47,370) |
| Sep-25 | Act | 0 | 0 | 0 | 9,902 | 0 | 2,271 | 2,119 | -152 | 332 | (50,588) | (50,588) | $0.0887 | ($4,486) |
| Oct-25 | Act | 210 | 198 | (12) | 9,827 | (118,150) | 436 | 369 | -67 | 330 | (22,250) | (140,401) | $0.0356 | ($5,001) |
| Nov-25 | Act | 514 | 508 | (6) | 9,755 | (61,412) | 0 | 0 | 0 | 328 | 0 | (61,412) | $0.0356 | ($2,187) |
| Dec-25 | Act | 796 | 967 | 171 | 9,767 | 1,672,640 | 0 | 0 | 0 | 328 | 0 | 1,672,640 | $0.0356 | $59,579 |
| Jan-26 | Act | 960 | 1,070 | 109 | 9,674 | 1,056,640 | 0 | 0 | 0 | 325 | 0 | 1,056,640 | $0.0356 | $37,638 |
| Feb-26 | Act | 818 | 928 | 110 | 9,622 | 1,056,066 | 0 | 0 | 0 | 323 | 0 | 1,056,066 | $0.0356 | $37,617 |
| Mar-26 | Frcst | 672 | 672 | 0 | 9,577 | 0 | 0 | 0 | 0 | 322 | 0 | 0 | $0.0356 | $0 |
| Apr-26 | Frcst | 343 | 343 | 0 | 9,532 | 0 | 157 | 157 | 0 | 320 | 0 | 0 | $0.0356 | $0 |
| May-26 | Frcst | 117 | 117 | 0 | 9,488 | 0 | 976 | 976 | 0 | 319 | 0 | 0 | $0.0356 | $0 |
| TOTAL | | 4,430 | 4,802 | 372 | | 3,605,784 | 17,743 | 18,102 | 360 | | 126,129 | 3,731,913 | | $140,802 |

**Group Ia**
**RLM**

| | | DEGREE DAYS NORMAL | DEGREE DAYS ACTUAL | DEGREE DAYS VARIANCE | HDD CONSUMPTION FACTOR | DEGREE DAYS kWh | THI NORMAL | THI ACTUAL | THI VARIANCE | THI CONSUMPTION FACTOR | THI kWh | TOTAL kWh | MARGIN FACTOR[2] | MARGIN IMPACT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jun-25 | Act | 0 | 0 | 0 | 6,017 | 0 | 3,113 | 4,141 | 1,028 | 1,440 | 1,480,452 | 1,480,452 | $0.0599 | $88,750 |
| Jul-25 | Act | 0 | 0 | 0 | 6,106 | 0 | 5,917 | 7,072 | 1,155 | 1,461 | 1,688,006 | 1,688,006 | $0.0599 | $101,193 |
| Aug-25 | Act | 0 | 0 | 0 | 6,385 | 0 | 4,872 | 3,268 | -1,604 | 1,528 | (2,451,118) | (2,451,118) | $0.0599 | ($146,940) |
| Sep-25 | Act | 0 | 0 | 0 | 6,593 | 0 | 2,271 | 2,119 | -152 | 1,578 | (240,075) | (240,075) | $0.0599 | ($14,392) |
| Oct-25 | Act | 210 | 198 | (12) | 6,432 | (77,333) | 436 | 369 | -67 | 1,539 | (103,804) | (181,137) | $0.0186 | ($3,367) |
| Nov-25 | Act | 514 | 508 | (6) | 6,272 | (39,484) | 0 | 0 | 0 | 1,501 | 0 | (39,484) | $0.0186 | ($734) |
| Dec-25 | Act | 796 | 967 | 171 | 6,014 | 1,029,955 | 0 | 0 | 0 | 1,439 | 0 | 1,029,955 | $0.0186 | $19,143 |
| Jan-26 | Act | 960 | 1,070 | 109 | 6,392 | 698,231 | 0 | 0 | 0 | 1,530 | 0 | 698,231 | $0.0186 | $12,977 |
| Feb-26 | Act | 818 | 928 | 110 | 6,145 | 674,379 | 0 | 0 | 0 | 1,470 | 0 | 674,379 | $0.0186 | $12,534 |
| Mar-26 | Frcst | 672 | 672 | 0 | 6,207 | 0 | 0 | 0 | 0 | 1,485 | 0 | 0 | $0.0186 | $0 |
| Apr-26 | Frcst | 343 | 343 | 0 | 6,206 | 0 | 157 | 157 | 0 | 1,485 | 0 | 0 | $0.0186 | $0 |
| May-26 | Frcst | 117 | 117 | 0 | 6,205 | 0 | 976 | 976 | 0 | 1,485 | 0 | 0 | $0.0186 | $0 |
| TOTAL | | 4,430 | 4,802 | 372 | | 2,285,747 | 17,743 | 18,102 | 360 | | 373,461 | 2,659,209 | | $69,165 |

**Total**
**All Groups**

| | | TOTAL kWh | MARGIN IMPACT |
|---|---|---|---|
| Jun-25 | Act | 152,674,643 | 12,010,349 |
| Jul-25 | Act | 171,521,328 | 13,492,447 |
| Aug-25 | Act | (238,622,244) | (18,768,860) |
| Sep-25 | Act | (22,703,948) | (1,785,650) |
| Oct-25 | Act | (14,730,626) | (656,878) |
| Nov-25 | Act | (2,436,647) | (108,046) |
| Dec-25 | Act | 67,580,510 | 2,998,682 |
| Jan-26 | Act | 42,854,432 | 1,900,383 |
| Feb-26 | Act | 43,006,832 | 1,907,877 |
| Mar-26 | Frcst | 0 | 0 |
| Apr-26 | Frcst | 0 | 0 |
| May-26 | Frcst | 0 | 0 |
| TOTAL | | 199,144,280 | $10,990,305 |

**Public Service Electric and Gas**
**Conservation Incentive Program Filing**
**June 2025 - May 2026**
**CIP Recovery Tests**
**Summary**

**Determine Weather and Non-Weather CIP Impacts**

| | Weather | Non-Weather | Total |
|---|---|---|---|
| CIP Group I RS RHS | $ (10,921,140) | $ (13,722,496) | $ (24,643,637) |
| CIP Group II RLM | $ (69,165) | $ (44,540) | $ (113,704) |
| CIP Group III GLP | $ - | $ (897,731) | $ (897,731) |
| CIP Group IV LPLS | $ - | $ (89,080) | $ (89,080) |
| Total Deficiency/(Credit) | $ (10,990,305) | $ (14,753,847) | $ (25,744,152) |

**Step 2: Apply Modified BGS Savings Test**

A. Non-weather Impact Subject to Modified BGS Savings Test

| | | |
|---|---|---|
| Non-Weather Impact | $ | - |
| 75% Factor | | 75% |
| Subtotal | $ | - |
| Prior Year Carry-Forward (Modified BGS Savings Test) | $ | - |
| Non-weather Impact Subject to Test | **$** | **-** |

B. BGS Savings

| | | |
|---|---|---|
| Permanent Capacity Savings (Attach A, Schedule 6, Page 3) | $ | 64,505,906 |
| Additional Capacity BGS Savings (Attach A, Schedule 6, Page 3) | $ | 242,383,918 |
| Avoided Cost BGS Savings (Attach A, Schedule 6, Page 4) | $ | 86,952,173 |
| Total BGS Savings | **$** | **393,841,998** |

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**
**June 2025 - May 2026**
**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) | $ 30,977,228 | |
| Non-weather Impact Subject to Test | **$ 30,977,228** | |
| B. Variable Margin Revenues | | |
| Variable Margin Revenues (Attachment A, Schedule 5) | $ 1,357,653,685 | |
| Factor | 6.5% | |
| Total Fixed Recovery Cap | **$ 88,247,490** | |
| C. Results | | |
| Non-Weather Impacts Passing Test (current accrual) | **$ 30,977,228** | |
| Non-Weather Impacts Passing Test (prior year carry-forward) | **$ 30,977,228** | |
| Non-Weather Impacts Exceeding Test | **$ (30,977,228)** | |

**Step 4: Determine Recoverable Non-Weather CIP Impacts**

| | | |
|---|---|---|
| A. Current Year Accrual Recoverable Non-Weather Impacts | | |
| Amount Passing Modified BGS Savings Test | $ - | |
| Amount Passing Variable Margin Revenue Test | $ 30,977,228 | |
| Recoverable Amount | | **$ -** |
| B. Previous Carry-Forward Recoverable Amounts | | |
| Amount Passing Modified BGSS Savings Test | | **$ -** |
| Amount Passing Variable Margin Revenue Test | $ 30,977,228 | |
| Deduction for any amount also included in above | $ - | |
| | | **$ 30,977,228** |
| **Total Non-Weather Recoverable CIP Amount** | | **$ 30,977,228** |

**Public Service Electric and Gas**
**CIP Recovery Tests**
**CIP BGS Savings**

## I. Permanent BGS Savings

| Year | WN Summer Peak | Final Zonal UCAP Obligation | PS Zonal Net Load Price $/MW-Day | PS Zonal Net Load Price $/kW-yr |
|---|---|---|---|---|
| 2011/2012 | 10,340 | 12,333 | $116.15 | $42.42 |
| 2012/2013 | 10,150 | 11,645 | $157.73 | $57.61 |
| 2013/2014 | 10,100 | 11,629 | $248.30 | $90.69 |
| 2014/2015 | 10,120 | 11,564 | $170.95 | $62.44 |
| 2015/2016 | 10,160 | 11,398 | $166.29 | $60.74 |
| 2016/2017 | 9,490 | 11,043 | $224.70 | $82.07 |
| 2017/2018 | 9,530 | 10,932 | $208.59 | $76.19 |
| 2018/2019 | 9,450 | 11,272 | $218.96 | $79.97 |
| 2019/2020 | 9,370 | 11,281 | $115.83 | $42.31 |
| 2020/2021 | 9,480 | 11,320 | $174.32 | $63.67 |

| | |
|---|---|
| Permanent Capacity Savings | 1,013 |
| 2021 PS Zonal Net Load Capacity Cost per kW-year | $63.67 |

**Total Permanent Reductions** **$64,505,906**

## II. Additional Capacity BGS Savings

CIP Recovery

| Year | WN Summer Peak | Final Zona lUCAP Obligation | PS Zonal Net Load Price $/MW-Day |
|---|---|---|---|
| 2024/2025 | 9,700 | 11,792 | $20.66 |
| 2025/2026* | 9,770 | 9,338 | $98.78 |

| | |
|---|---|
| Incremental Capacity Savings* | 2,454 |
| PS Zonal Net Load Capacity Cost per kW-year | $98.78 |

**Total Additional Capacity Reductions** **$ 242,383,918**

* Due to the potential for Peak increases due to Electric Vehicles and Electrification, incremental savings is set as a minimum of the incremental obligation savings or zero

## III. Avoided Capacity

| CIP Recovery Year | Annual $ |
|---|---|
| 2025/2026* | **$ 86,952,173** |

## VI. Total of all Savings

| CIP Recovery Year | Permanent Capacity Savings | Additional Capacity BGSS Savings | Avoided Cost BGSS Savings | Annual $ |
|---|---|---|---|---|
| 2025/2026* | $ 64,505,906 | $ 242,383,918 | $ 86,952,173 | **$ 393,841,998** |

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

| Month (a) | Base Year Customer Count (b) | Current Year Customer Count (c) | Net Increase/ (Decrease) Customer Count (d) = (b) / (c) | Base Year Unforced Capacity / Customer (kW) (e) | Current Year Capacity Rate / Cust. ($/kW) (f) | Avoided Capacity (g) = (d) * (e) * (f) |
|---|---|---|---|---|---|---|
| Group 1: RS | | | | | | |
| June | 1,882,438 | 2,013,611 | 137,550 | 2.4 | $8.11 | 2,650,177 |
| July | 1,876,061 | 2,013,042 | 147,539 | 2.4 | $8.38 | 2,947,378 |
| August | 1,865,502 | 2,015,843 | 143,340 | 2.4 | $8.38 | 2,879,697 |
| September | 1,872,503 | 2,021,300 | 148,132 | 2.4 | $8.11 | 2,869,208 |
| October | 1,873,168 | 2,017,036 | 144,171 | 2.4 | $8.38 | 2,884,531 |
| November | 1,872,865 | 2,001,005 | 114,457 | 2.4 | $8.11 | 2,216,511 |
| December | 1,886,548 | 2,042,965 | 152,370 | 2.4 | $8.38 | 3,026,971 |
| January | 1,890,595 | 2,029,086 | 148,997 | 2.4 | $8.38 | 2,953,623 |
| February | 1,880,088 | 2,028,079 | 175,706 | 2.4 | $7.57 | 3,163,596 |
| March | 1,852,372 | 2,029,927 | 111,563 | 2.4 | $8.38 | 2,257,192 |
| April | 1,918,364 | 2,031,207 | 167,131 | 2.3 | $8.11 | 3,159,819 |
| May | 1,864,076 | 2,032,488 | 154,606 | 2.4 | $8.38 | 3,108,413 |
| Subtotal | 1,877,882 | 2,022,966 | 145,464 | | | $34,117,117 |
| Group 2: RLM | | | | | | |
| June | 12,114 | 11,032 | (1,365) | 7.1 | $8.11 | (78,136) |
| July | 12,213 | 11,195 | (919) | 7.0 | $8.38 | (53,904) |
| August | 11,549 | 11,707 | (506) | 7.4 | $8.38 | (31,417) |
| September | 12,247 | 12,087 | 539 | 7.0 | $8.11 | 30,498 |
| October | 12,179 | 11,793 | (454) | 7.0 | $8.38 | (26,708) |
| November | 12,329 | 11,500 | (680) | 6.9 | $8.11 | (38,231) |
| December | 12,188 | 11,027 | (1,303) | 7.0 | $8.38 | (76,597) |
| January | 12,017 | 11,720 | (469) | 7.1 | $8.38 | (27,940) |
| February | 12,039 | 11,266 | (751) | 7.1 | $7.57 | (40,401) |
| March | 12,316 | 11,381 | (658) | 6.9 | $8.38 | (38,277) |
| April | 12,310 | 11,378 | (938) | 6.9 | $8.11 | (52,822) |
| May | 12,397 | 11,376 | (934) | 6.9 | $8.38 | (53,992) |
| Subtotal | 12,158 | 11,455 | (703) | | | ($487,926) |
| Group 3: GLP | | | | | | |
| June | 269,005 | 288,064 | 23,305 | 8.9 | $8.11 | 1,687,684 |
| July | 264,759 | 284,961 | 25,610 | 9.4 | $8.38 | 2,018,367 |
| August | 259,351 | 284,765 | 20,227 | 8.6 | $8.38 | 1,449,918 |
| September | 264,539 | 286,386 | 38,738 | 8.8 | $8.11 | 2,754,552 |
| October | 247,648 | 286,322 | 27,643 | 9.0 | $8.38 | 2,089,442 |
| November | 258,679 | 284,103 | 17,428 | 8.9 | $8.11 | 1,254,835 |
| December | 266,675 | 286,819 | 25,714 | 8.9 | $8.38 | 1,929,283 |
| January | 261,105 | 287,242 | 24,267 | 8.9 | $8.38 | 1,812,046 |
| February | 262,975 | 286,433 | 29,879 | 9.3 | $7.57 | 2,100,432 |
| March | 256,555 | 291,285 | 23,861 | 8.6 | $8.38 | 1,729,203 |
| April | 267,424 | 291,320 | 26,679 | 8.9 | $8.11 | 1,922,624 |
| May | 264,641 | 291,355 | 22,350 | 8.8 | $8.38 | 1,653,380 |
| Subtotal | 261,946 | 287,421 | 25,475 | | | $22,401,765 |
| Group 4: LPLS | | | | | | |
| June | 8,883 | 9,684 | 828 | 267.1 | $8.11 | 1,794,406 |
| July | 8,727 | 9,853 | 970 | 270.0 | $8.38 | 2,195,931 |
| August | 8,370 | 9,721 | 994 | 270.9 | $8.38 | 2,256,732 |
| September | 8,140 | 9,843 | 1,474 | 277.3 | $8.11 | 3,314,847 |
| October | 9,014 | 9,898 | 1,758 | 273.8 | $8.38 | 4,034,142 |
| November | 7,780 | 9,836 | 822 | 267.6 | $8.11 | 1,784,121 |
| December | 8,886 | 9,794 | 2,014 | 276.8 | $8.38 | 4,674,205 |
| January | 8,481 | 9,689 | 803 | 266.5 | $8.38 | 1,794,363 |
| February | 8,891 | 9,796 | 1,316 | 287.4 | $7.57 | 2,863,357 |
| March | 8,867 | 9,792 | 901 | 251.7 | $8.38 | 1,900,837 |
| April | 8,846 | 9,802 | 935 | 275.2 | $8.11 | 2,088,302 |
| May | 8,856 | 9,812 | 966 | 274.0 | $8.38 | 2,219,976 |
| Subtotal | 8,645 | 9,793 | 1,148 | | | $30,921,217 |
| | | | | | Total Avoided Capacity Cost BGS Savings | $86,952,173 |

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 Base Year Unforced capacity is equal to the 2017/2018 Unforced capacity from PJM by rate schedule divided by number of customers

(4 Current Year Capacity rate is the current year PS Zonal Net Load Price $/kW-yr divided by 12

**Public Service Electric and Gas**
**CIP Recovery Tests**
**Allowed Margin**

| | |
|---|---|
| Group I (RS) | $796,033,065 |
| Group II (RLM) | $6,658,751 |
| Group III (GLP) | $331,605,706 |
| Group IV | $223,356,164 |
| Total Variable Margin | $1,357,653,685 |

| Customer Class | Actual/ Estimate | Number of Customers | Baseline Revenue / Cust. | Variable Revenue |
|---|---|---|---|---|
| Group I: Residential Service RS and RHS | | | | |
| Jun-25 | Act | 2,013,611 | 50.2 | $100,999,331 |
| Jul-25 | Act | 2,013,042 | 63.4 | $127,711,294 |
| Aug-25 | Act | 2,015,843 | 60.6 | $122,082,757 |
| Sep-25 | Act | 2,021,300 | 41.1 | $83,037,965 |
| Oct-25 | Act | 2,017,036 | 19.5 | $39,240,234 |
| Nov-25 | Act | 2,001,005 | 19.3 | $38,660,379 |
| Dec-25 | Act | 2,042,965 | 25.9 | $52,874,764 |
| Jan-26 | Act | 2,029,086 | 28.3 | $57,395,539 |
| Feb-26 | Act | 2,028,079 | 23.8 | $48,258,642 |
| Mar-26 | Frcst | 2,029,927 | 22.5 | $45,588,460 |
| Apr-26 | Frcst | 2,031,207 | 18.7 | $37,995,542 |
| May-26 | Frcst | 2,032,488 | 20.8 | $42,188,157 |
| Total | | | 393.9 | $796,033,065 |
| Group Ia: Residential Load Management (RLM) | | | | |
| Jun-25 | Act | 11,032 | 89.8 | $990,793 |
| Jul-25 | Act | 11,195 | 106.1 | $1,187,998 |
| Aug-25 | Act | 11,707 | 128.8 | $1,508,392 |
| Sep-25 | Act | 12,087 | 84.4 | $1,019,962 |
| Oct-25 | Act | 11,793 | 17.6 | $207,673 |
| Nov-25 | Act | 11,500 | 21.5 | $246,750 |
| Dec-25 | Act | 11,027 | 21.6 | $238,564 |
| Jan-26 | Act | 11,720 | 27.2 | $319,279 |
| Feb-26 | Act | 11,266 | 21.2 | $238,605 |
| Mar-26 | Frcst | 11,381 | 22.1 | $251,777 |
| Apr-26 | Frcst | 11,378 | 18.4 | $209,389 |
| May-26 | Frcst | 11,376 | 21.1 | $239,569 |
| Total | | | 579.9 | $6,658,751 |
| Group II: General Power & Light (GLP) | | | | |
| Jun-25 | Act | 288,064 | 190.8 | $54,967,028 |
| Jul-25 | Act | 284,961 | 207.1 | $59,016,162 |
| Aug-25 | Act | 284,765 | 215.4 | $61,328,618 |
| Sep-25 | Act | 286,386 | 205.0 | $58,711,444 |
| Oct-25 | Act | 286,322 | 51.7 | $14,789,977 |
| Nov-25 | Act | 284,103 | 39.9 | $11,333,783 |
| Dec-25 | Act | 286,819 | 42.7 | $12,243,361 |
| Jan-26 | Act | 287,242 | 42.0 | $12,060,061 |
| Feb-26 | Act | 286,433 | 37.8 | $10,824,470 |
| Mar-26 | Frcst | 291,285 | 41.6 | $12,115,887 |
| Apr-26 | Frcst | 291,320 | 40.9 | $11,911,265 |
| May-26 | Frcst | 291,355 | 42.2 | $12,303,650 |
| Total | | | 1,157.0 | $331,605,706 |
| Group III: Large Power & Light - Seconday (LPLS) | | | | |
| Jun-25 | Act | 9,684 | 2,993.0 | $28,984,917 |
| Jul-25 | Act | 9,853 | 3,859.0 | $38,023,423 |
| Aug-25 | Act | 9,721 | 4,143.7 | $40,281,325 |
| Sep-25 | Act | 9,843 | 4,115.9 | $40,513,999 |
| Oct-25 | Act | 9,898 | 1,882.2 | $18,629,838 |
| Nov-25 | Act | 9,836 | 860.4 | $8,463,225 |
| Dec-25 | Act | 9,794 | 785.6 | $7,694,510 |
| Jan-26 | Act | 9,689 | 867.0 | $8,400,511 |
| Feb-26 | Act | 9,796 | 800.7 | $7,844,157 |
| Mar-26 | Frcst | 9,792 | 848.6 | $8,309,977 |
| Apr-26 | Frcst | 9,802 | 814.5 | $7,984,105 |
| May-26 | Frcst | 9,812 | 838.4 | $8,226,176 |
| Total | | | 22,809.1 | $223,356,164 |

# 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 Electric Conservation Incentive Program (2026 PSE&G Electric Conservation Incentive Program)

**BPU Docket No. _____**

# DIRECT TESTIMONY

# OF


## MICHAEL P. McFADDEN
## DIRECTOR – SALES AND REVENUE FORECASTING


**March 18, 2026**

# 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 work address is 80 Park Plaza, Newark, New Jersey 07102.

**Q. Please describe your education and business experience.**

A. I received a Bachelor of Science degree in Finance from the Rutgers School of Business and a Master of Business Administration from Excelsior College. I have over 15 years of 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 electric CIP mechanism ("ECIP"), including the monthly baseline revenue per customer for each applicable ECIP customer group;
- The calculation of the weather impacts for the current proceeding of June 1, 2025 – May 31, 2026 ("ECIP Period"); and
- The calculation of the Variable Margin ECIP savings test. Note the BGS 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-ECIP-1 shows the development of the monthly heating degree day ("HDD") and temperature-humidity index ("THI") consumption factors used to calculate the actual weather impact on sales from June 1, 2025 through February 28, 2026. Schedule MPM-ECIP-1 also includes a forecast of the consumption factors for the forecast period of March 1, 2026 through the May 31, 2026; and

- Schedule MPM-ECIP-2 contains the Electric Sales Forecast Model, which explains the derivation of the weather coefficients and the data values used in the generation of the HDD and THI consumption factors in Schedule MPM-ECIP-1.

**Q. What is the ECIP mechanism?**

A. The ECIP 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 ECIP rate mechanism provides a rate adjustment related to changes in the average revenue per customer when compared to a baseline revenue per customer, removing the disincentive for the Company to encourage customers to conserve energy. The ECIP margin deficiency to be collected from customers or the margin excess to be refunded to customers is calculated each month by applicable rate schedule by subtracting the baseline revenue per customer from the actual revenue per customer and multiplying the resulting revenue per customer by the actual number of customers for the month.

**Q. What rate schedules are included in the ECIP?**

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

- Group 1 – Residential Service ("RS"), including the new Time of Use option for Residential customers, and Residential Heating Service ("RHS")
- Group 1a – Residential Load Management ("RLM")
- Group 2 – General Lighting & Power ("GLP")
- Group III – Large Power & Light – Secondary Service ("LPLS")

**Q. How is the baseline revenue per customer determined?**

A. Per the CEF-EE Order, the electric baseline revenue per customer is based on the billing determinants approved in the most recent base rate case and the latest variable margin rates per rate schedule, including any Infrastructure Investment Program ("IIP") rate adjustments. The

variable margin revenue for this filing is based on the Infrastructure Advancement Program ("IAP") rate adjustment approved for new rates effective May 1, 2025 in Docket Nos. ER24110838 and GR24110839 and the approved billing determinants from the Company's 2023 base rate case in Docket Nos. ER23120924 and GR23120925 approved effective October 15, 2024. Please see the table below for the baseline revenue per customer for each rate schedule during this CIP period.

| Baseline Rev/Customer $ | RS & RHS | RLM | GLP | LPLS |
|---|---|---|---|---|
| Jun | $50.16 | $89.81 | $190.82 | $2,993.03 |
| Jul | 63.44 | 106.11 | 207.10 | 3,859.03 |
| Aug | 60.56 | 128.85 | 215.37 | 4,143.71 |
| Sep | 41.08 | 84.38 | 205.01 | 4,115.87 |
| Oct | 19.45 | 17.61 | 51.66 | 1,882.18 |
| Nov | 19.32 | 21.46 | 39.89 | 860.41 |
| Dec | 25.88 | 21.64 | 42.69 | 785.63 |
| Jan | 28.29 | 27.24 | 41.99 | 866.98 |
| Feb | 23.80 | 21.18 | 37.79 | 800.71 |
| Mar | 22.46 | 22.12 | 41.59 | 848.65 |
| Apr | 18.71 | 18.40 | 40.89 | 814.54 |
| May | 20.76 | 21.06 | 42.23 | 838.38 |
| **TOTAL ANNUAL** | **$393.90** | **$579.86** | **$1,157.01** | **$22,809.12** |

**Q. How is the actual revenue per customer determined?**

A. The actual revenue per customer is the variable margin per applicable rate schedule for the month divided by the number of customers for the month. For the residential rate schedules, RS, RHS and RLM, this is the margin from the volumetric kWh charge. For rate schedule GLP, this is the margin from the volumetric kWh charge and the annual and summer demand charges. Finally, for rate schedule LPLS, the variable margin is from the annual and summer demand charges. Per the CEF-EE Order, the number of customers is calculated as the

actual monthly service charge revenue divided by the service charge rate. Please note the service charge rate is prorated for rate changes to coincide with the billing cycle so that the service charge rate matches the service charge rate reflected in the billed revenue.

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

A. Please see Attachment A, Schedules 1 through 3 to the Petition for the June 1, 2025 through May 31, 2026 results based on actual data from June 1, 2025 through February 28, 2026 and a forecast for the remaining months from March 1, 2026 through May 31, 2026. Attachment A is the same template as Exhibit 6E of the Stipulation approved by the Board in the CEF-EE matter. Schedule 1 shows the results for rate schedules RS & RHS, Schedule 1a shows the results for rate schedule RLM, Schedule 2 shows the results for rate schedule GLP and Schedule 3 shows the results for rate schedule LPL-S. In each schedule, page 1 shows the calculation of the monthly margin variance for the ECIP period, page 2 shows details supporting the calculation, and page 3 shows the current period over or under-collection.

**Q. Please describe the ECIP 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 BGS Savings Test and a Variable Margin Test. In order to recover the ECIP non-weather related margin deficiency: (1) the Company must have BGS 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 did you calculate the non-weather related ECIP margin?**

A. The non-weather related ECIP margin is calculated as the total ECIP margin deficiency less the weather related margin deficiency. In accordance with the CEF-EE Order, the impact of weather for the ECIP period is calculated for the Residential customer classes only in a manner consistent with the calculation used for the gas Weather Normalization Charge and is shown in Attachment A, Schedule 4. The weather effect will be measured by the impacts on sales and associated distribution revenue of HDD and THI. As shown in Attachment A, Schedule 4, the margin impact is determined by calculating the total kWh impact of weather in the month and multiplying it by a margin factor for each residential rate schedule. The margin factor is the average kWh distribution rate for each rate schedule used to calculate the variable distribution revenue impact of weather.

**Q. How is the kWh 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 and THI multiplied by the sales coefficients to establish sales impacts. The sales impacts will be multiplied by a margin factor based on the latest tariff rates to derive the revenue impact of weather. The sales coefficients used to calculate the monthly consumption factors by rate schedule are based on 20-years of weather history and shown in Schedule MPM-ECIP-1. The calculation reflects actual customers from June 2025 – February 2026 and a forecast from March 2026 – May 2026. The forecasted number of customers will be trued-up with the actual number of customers once the actual data is available.

**Q. How are the monthly HDD and THI consumption factors developed?**

A. Schedule MPM-ECIP-1 shows the calculation of the monthly HDD and THI consumption factors, which are the estimated sales impact per HDD and THI. The consumption factors multiplied by the variance of HDD and THI to normal calculates the weather impact on sales. The calculation is based on the estimated HDD and THI weather coefficients from the Company's econometric sales forecasting models. This is multiplied by the number of customers since the models, as a result of the coefficients, are based on sales per customer. For the rate schedule RS consumption factors, other variables that are interactive with weather, such as economic/demographic variables, are also incorporated into the calculation. The forecast models and methodology employed are described in detail in Schedule MPM-ECIP-2.

**Q. How is the normal HDD and THI determined?**

A. The base level of normal HDD and THI for the period of June 2025 – May 2026 have been calculated based on the 20-year period weather history ending December 2024 in accordance with the CEF-EE Order and are shown in Attachment A, Schedule 4.

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

A. The margin factor is the weighted average of the latest kWh distribution rates in the Company's tariff and the approved kWh billing determinants from the last base rate case.

**Q. What is the ECIP non-weather margin?**

A. The total weather impact from June 2025 – February 2026 is an over-collection of ($10,990,305) from the warmer than normal summer weather and colder than normal winter weather as shown in Attachment A, Schedule 4. The total deferral as calculated in Attachment A, Schedule 1 – 4 for the ECIP period is estimated at ($25,744,152). As a result, the non-weather ECIP deferral subject to the ECIP savings test is an over-collection of ($14,753,847) as shown in Attachment A, Schedule 5.

**Q. What are the results of the ECIP savings tests?**

A. The ECIP savings tests are the lesser of a modified BGS Savings Test and a Variable Margin Revenue Test. As shown in Attachment A, Schedule 5, there is no limit in the ECIP recovery. As shown in Attachment A, Schedule 5, the limit to the non-weather recovery is comprised of the CIP carry-Forward from the last ECIP proceeding of $30,977,228. Since there is no limit on non-weather recovery, there is no projected carry-forward balance to the next ECIP period at this time.

**Q. Please describe the BGS Savings Test.**

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

**Q. Please describe the Variable Margin Test.**

A. As shown in Attachment A, Schedule 5, page 5, the Variable Margin test is calculated as the actual number of customers multiplied by the baseline revenue per customer and then the allowed percentage of variable margin, which is 6.5%. Based on actual results from June 2025 through February 2026 and a forecast from March 2026 – May 2026, total variable margin is $1,357,653,685, resulting, after applying the 6.5% rate, in a variable margin cap of $88,247,490.

**Q. Is there an additional ECIP Recovery Test?**

A. Yes. In addition to the BGS and Variable Margin non-weather recovery caps, the Company must pass an earnings test as shown in Attachment A, Schedule 6. Please see the testimony of Mr. Swetz for the calculation of the earnings test.

**Q. Has the impact of the ECIP 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. Does this conclude your testimony at this time?**

A. Yes.

## Rate RS Weather Consumption Factor Calculation

| | Heating Degree Days | | | Temperature/Humidity Index | | |
|---|---|---|---|---|---|---|
| Month | HDD | Customers | HDD Consumption Factor | THI | Customers | THI Consumption Factor |
| Jun-25 | 0.1860 | 2,007,705 | 373,351 | 0.07308 | 2,007,705 | 146,720 |
| Jul-25 | 0.1860 | 2,007,187 | 373,254 | 0.07308 | 2,007,187 | 146,683 |
| Aug-25 | 0.1860 | 2,010,013 | 373,780 | 0.07308 | 2,010,013 | 146,889 |
| Sep-25 | 0.1860 | 2,015,480 | 374,796 | 0.07308 | 2,015,480 | 147,289 |
| Oct-25 | 0.1860 | 2,011,260 | 374,012 | 0.07308 | 2,011,260 | 146,980 |
| Nov-25 | 0.1860 | 1,995,271 | 371,038 | 0.07308 | 1,995,271 | 145,812 |
| Dec-25 | 0.1860 | 2,037,224 | 378,840 | 0.07308 | 2,037,224 | 148,878 |
| Jan-26 | 0.1860 | 2,023,400 | 376,269 | 0.07308 | 2,023,400 | 147,867 |
| Feb-26 | 0.1860 | 2,022,423 | 376,088 | 0.07308 | 2,022,423 | 147,796 |
| Mar-26 | 0.1860 | 2,024,298 | 376,436 | 0.07308 | 2,024,298 | 147,933 |
| Apr-26 | 0.1860 | 2,025,604 | 376,679 | 0.07308 | 2,025,604 | 148,028 |
| May-26 | 0.1860 | 2,026,911 | 376,922 | 0.07308 | 2,026,911 | 148,124 |

Reflects actual customers through February 2026 and a forecast thereafter.

| | Heating Degree Days | | | Temperature/Humidity Index | | |
|---|---|---|---|---|---|---|
| Month | HDD | Customers | HDD Consumption Factor | THI | Customers | THI Consumption Factor |
| Jun-25 | 1.7013 | 5,907 | 10,049 | 0.05712 | 5,907 | 337 |
| Jul-25 | 1.7013 | 5,855 | 9,961 | 0.05712 | 5,855 | 334 |
| Aug-25 | 1.7013 | 5,830 | 9,919 | 0.05712 | 5,830 | 333 |
| Sep-25 | 1.7013 | 5,820 | 9,902 | 0.05712 | 5,820 | 332 |
| Oct-25 | 1.7013 | 5,776 | 9,827 | 0.05712 | 5,776 | 330 |
| Nov-25 | 1.7013 | 5,734 | 9,755 | 0.05712 | 5,734 | 328 |
| Dec-25 | 1.7013 | 5,741 | 9,767 | 0.05712 | 5,741 | 328 |
| Jan-26 | 1.7013 | 5,686 | 9,674 | 0.05712 | 5,686 | 325 |
| Feb-26 | 1.7013 | 5,656 | 9,622 | 0.05712 | 5,656 | 323 |
| Mar-26 | 1.7013 | 5,629 | 9,577 | 0.05712 | 5,629 | 322 |
| Apr-26 | 1.7013 | 5,603 | 9,532 | 0.05712 | 5,603 | 320 |
| May-26 | 1.7013 | 5,577 | 9,488 | 0.05712 | 5,577 | 319 |

Reflects actual customers through February 2026 and a forecast thereafter.

## Rate RLM Weather Consumption Factor Calculation

| | Heating Degree Days | | | Temperature/Humidity Index | | |
|---|---|---|---|---|---|---|
| Month | HDD | Customers | HDD Consumption Factor | THI | Customers | THI Consumption Factor |
| Jun-25 | 0.5454 | 11,032 | 6,017 | 0.13052 | 11,032 | 1,440 |
| Jul-25 | 0.5454 | 11,195 | 6,106 | 0.13052 | 11,195 | 1,461 |
| Aug-25 | 0.5454 | 11,707 | 6,385 | 0.13052 | 11,707 | 1,528 |
| Sep-25 | 0.5454 | 12,087 | 6,593 | 0.13052 | 12,087 | 1,578 |
| Oct-25 | 0.5454 | 11,793 | 6,432 | 0.13052 | 11,793 | 1,539 |
| Nov-25 | 0.5454 | 11,500 | 6,272 | 0.13052 | 11,500 | 1,501 |
| Dec-25 | 0.5454 | 11,027 | 6,014 | 0.13052 | 11,027 | 1,439 |
| Jan-26 | 0.5454 | 11,720 | 6,392 | 0.13052 | 11,720 | 1,530 |
| Feb-26 | 0.5454 | 11,266 | 6,145 | 0.13052 | 11,266 | 1,470 |
| Mar-26 | 0.5454 | 11,381 | 6,207 | 0.13052 | 11,381 | 1,485 |
| Apr-26 | 0.5454 | 11,378 | 6,206 | 0.13052 | 11,378 | 1,485 |
| May-26 | 0.5454 | 11,376 | 6,205 | 0.13052 | 11,376 | 1,485 |

Reflects actual customers through February 2026 and a forecast thereafter.

# Electricity Sales and Billed Demand Forecast - 2026

**Public Service Electric & Gas Company**

**Finance Department**

**Electric and Gas Sales and Revenue Forecasting Group**

**November 2025**

# Contents

# I Introduction

The electricity sales and billed demand forecasts have a key role in both the operating and financial planning processes of Public Service Electric & Gas (PSE&G).

The sales and demand forecasts serve as the basis for the electric 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 that serve as the basis of the 2026 electricity sales and billed demand forecasts. The second section describes the econometric sales models. Section III describes the customer forecast. A discussion of the forecast assumptions used to develop the sales forecast follows. Section V describes the billed demand models.

Appendix A contains tables summarizing the major assumptions. Appendix B contains detailed information on the billing period to calendar-month conversion.

# II Energy Model Specification and Estimation

**Residential Model**

Residential electricity sales are determined by the number of residential customers and the amount of electricity 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 electricity customers can be based on historical trends and expected demographic trends 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 electricity, this is for a multitude of uses ranging from heating and cooling to cell phone chargers. Standard microeconomic theory suggests that the demand for these electricity-fueled end-uses is a function of the real, i.e. inflation adjusted, price of electricity, and the income of the household. In addition, since space heating, water heating, and space cooling are affected by the weather, both winter and summer weather need to be included in the model specification, i.e.

KWH/CUST = *f*(PRICEELEC, INCOME, WEATHER) [1]

where:

| | |
|---|---|
| KWH/CUST | = Average electricity sales per customer, |
| PRICEELEC | = Real price of electricity, |
| INCOME | = Measure of customer income, |
| WEATHER | = Billing-month weather. |

While information on individual appliance ownership and consumption is not available, PSE&G does have separate rates for Residential customers that have electric space heating (RHS), those that have opted for the Load Management Service rate (RLM) and the standard Residential Service rate (RS). In addition, data is available for customers taking service under rate WH, those Residential customers with a separately metered water heater. As a result, separate models estimating the average gas sales for each of these rates were developed.

Winter weather is incorporated into the models using billing-month heating degree days (HDD). Summer weather is measured by the billing-month temperature-humidity index (THI).

The real price of electricity is defined as the annual average revenue per kWh divided by the Consumers' Price Index –All Urban Consumers. However, the majority of the discretionary use of electricity is related to cooling. As a result, this variable was incorporated as an interactive variable with the THI to create the effect that a change in price will air conditioning use. Electricity sales are also affected by winter weather. For those customers with electric space heating, an interactive variable consisting of the product of the electricity price and HDD was used. For those customers without electric space heating, it is assumed that heating use is a function of the price of natural gas and that this variable drives the implicit demand for electricity use by furnace fans and boiler pumps. The real price of gas is defined as the annual average revenue per therm by PSE&G's residential space heating customers divided by the Consumers' Price Index –All Urban Consumers.

Income is defined as the total real wages and salary disbursements per household 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 more accurately reflect the economic well-being of the majority of our customers. This variable was also incorporated into the specification as an interactive variable with weather for the same reason as the price variable. 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.

In recent years, new technologies and programs have had significant impacts on residential electricity consumption that are not captured by the standard set of economic variables. Each of these technologies/programs is handled in one of two ways.

The first methodology is incorporating a measure of the technology/program directly into the estimation equation. This methodology is used for efficient lighting for rates RS and RLM. It was not used for rate RHS efficient lighting since lighting effects are highly correlated with other conservation effects, notably heating efficiencies, resulting in an unreasonably high estimated coefficient.

The second methodology is removing the estimated impact of the technology/program from the historical data series prior to the model estimation. The impact of this technology/program, both historically and projected, is then added to the data series to produce a forecast. This methodology was used for net metered solar since the number of net metered solar installations has grown significantly since 2008. This trend in solar installations makes the Inclusion of the estimated impact of solar as an explanatory variable not feasible since the installed solar kW is highly correlated with the economic downturn resulting in much of the economic impact on consumption being captured by the solar variable. This methodology was also used for energy efficiency programs and electric vehicles since these programs are not the result of economic factors. It was also, as discussed above, used for rate RHS efficient lighting.

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

$$KWH/CUST_t = f(HDD_t \times PRICEFUEL_{a-1}, THI_t \times PRICEELEC_{a-1}, HDD_t \times \overline{INCOME}_{a-1}, THI_t \times INCOME_{a-1}, CFL_t, \overline{MONTH}_{a-1},) \quad [2]$$

where:

| | |
|---|---|
| KWH/CUST | = Average electricity sales per customer less the impact of net metered solar, |
| PRICEELEC | = Real price of electricity, |
| PRICEFUEL | = Real price of heating fuel, |
| INCOME | = Real Wage and Salary Disbursements per household, |
| HDD | = Heating degree days, |
| THI | = Temperature-humidity index, |
| CFL | = Estimated impact of CFLs on average use per customer (n/a to Rate RHS), |
| $\overline{MONTH}$ | = Vector of binary variables for each month, |
| t | = Billing-month, |
| a | = Year associated with billing-month, t. |

The residential rates were estimated using data from April 2011-December 2024. All rates exclude data from the March 2020-December 2020 COVID period. The results of the OLS estimation procedure are summarized in Table 1 and Figures 1-3.

As Figures 1 -3 illustrate, the high values of the coefficients of determination of all of the models of residential customer usage explain an extremely high proportion of the variation from the mean values. The estimates of the individual coefficients of the models' estimations are what one would expect given the characteristics of residential electricity consumption. The key predictor of electricity sales to this sector is weather with the winter weather having a greater impact on those customers with electric space heating and summer weather has a greater impact on the load management customers.

The electricity price elasticity estimates were not measurable. This most likely was due to the impacts of the relatively stable electricity price during the estimation period being dwarfed by the changing energy efficiency programs and net metered solar.

**Figure 1**

## Rate RS Model
### Actual vs. Fitted Values

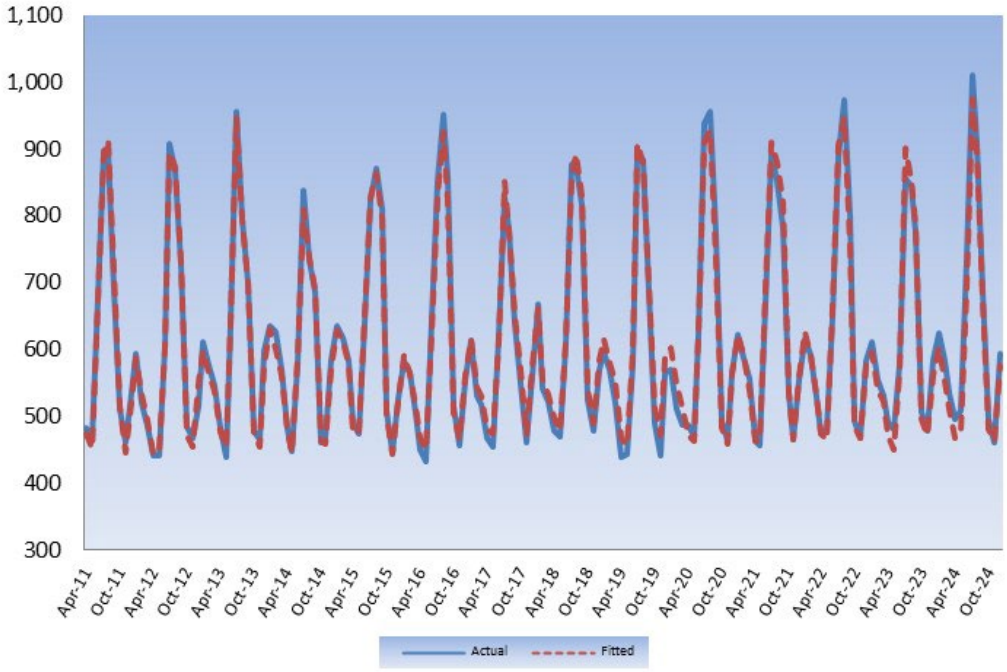
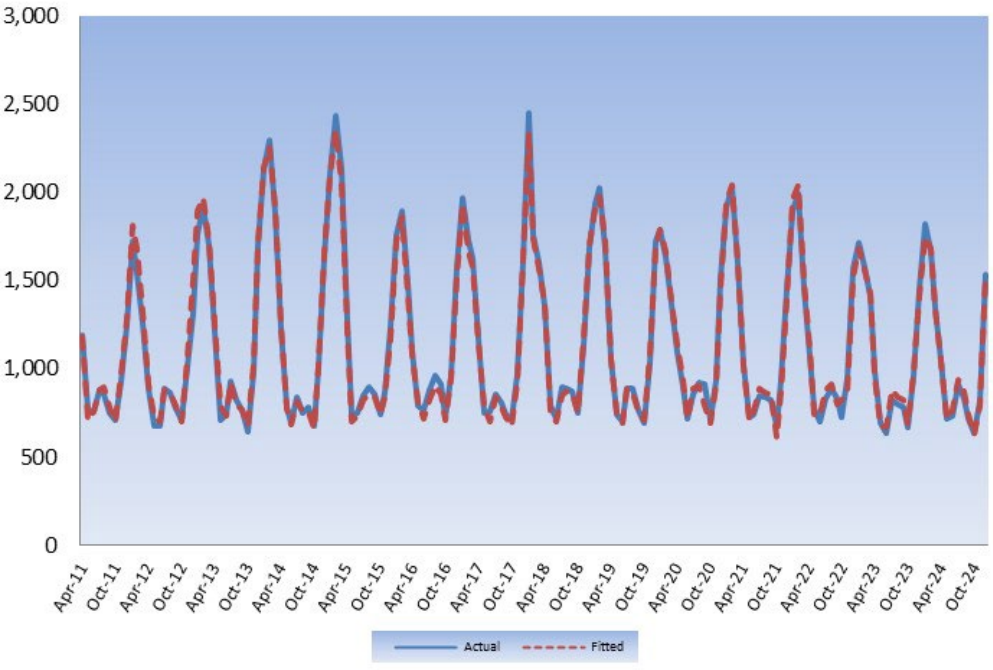



**Figure 2**

## Rate RHS Model
### Actual vs. Fitted Values



.Figure 3

**Rate RLM Model**
**Actual vs. Fitted Values**

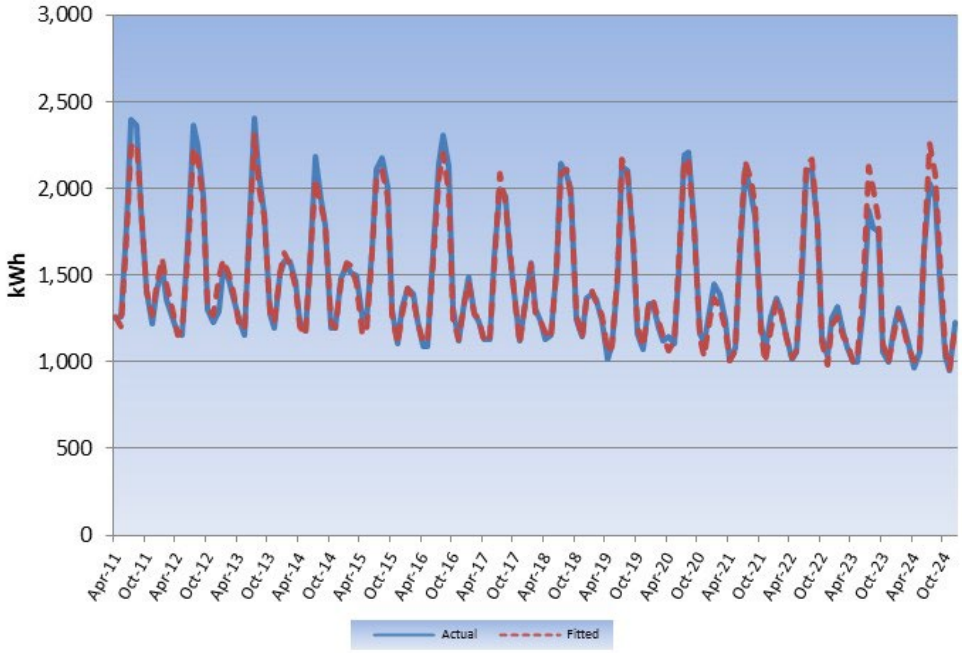



**Table 1**

## Estimated Coefficients of the Residential Models
**(standard errors in parentheses)**

| Rate | HDD | THI | CFL | R2 | n |
|---|---|---|---|---|---|
| RS | 0.1860<br>(0.0193) | 0.0731<br>(0.0033) | 0.3465<br>(0.0849) | 0.99 | 155 |
| RHS | 1.7013<br>(0.0492) | 0.0571<br>(0.0086) | | 0.99 | 155 |
| RLM | 0.1305<br>(0.0124) | 0.5454<br>(0.0718) | -4.3986<br>(0.3162) | 0.97 | 155 |
| WH | | 0.0014<br>(0.0026) | | 0.42 | 155 |

A key element of the residential forecast is the projection of the number of residential electric 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 electricity 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 electricity sales to the commercial sector is a function of the real price of electricity and the level of "output" of the commercial sector in PSE&G's service territory, i.e. Again, since electricity is used for HVAC purposes, weather needs to be included in the specification resulting in the following: In addition, there have been numerous efficiency improvements in the end-uses of the commercial sector. To capture this, an index of appliance efficiency for the commercial sector based on the use per square foot of non-HVAC appliances in the commercial sector incorporated in the EIA's Annual Energy Outlook 2023 is also included in the models.

KWH = *f*(PRICEELEC, OUTPUT, WEATHER, EFFICIENCY) [3]

where:

| | |
|---|---|
| KWH | = Electricity Sales, |
| PRICEELEC | = Real price of electricity, |
| OUTPUT | = Commercial sector output, |
| WEATHER | = Billing-month weather |
| EFFICIENCY | = Appliance efficiency index. |

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:

KWH = *f*(PRICEELEC, INCOME, HSH, WEATHER, EFFICIENCY) [5]

Historical annual household estimates for New Jersey are available from the U.S. Bureau of the Census. As with the residential models, seasonality associated with commercial electricity sales dictates that the economic/demographic variables can be used in the model directly but needed, in some cases, to be used as interactive variables with weather. 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.

The secondary customers in this class whose billed demand does not exceed 150 kW in any month are served under rate GLP. Customers that take service under the closed Heating Service rate are served under rate HS. As like the residential rates, these customers had a large number of estimated bills in 2020. As a result, this model was estimated for customers in these rates using monthly billing data from December 2011 to December 2024 (excluding data from March 2020-December 2020)

The larger commercial customers are served under rate LPL. These are also modeled separately for those customers that take service under primary and secondary voltages and these models were estimated using individual customer data from the January 2010-December 2024 period aggregated to billing-month to eliminate the effects of out of period billings. As a result, these large commercial customers did not have an issue with estimated bills and binary variables for the pandemic period were incorporated into the LPL equations. As a result, the functional form that was estimated for each of the three groups of commercial customers is[1]:

$$\begin{aligned} KWH_t = f(&HDD_t \times PRICEELEC_{a-1},\ THI_t \times PRICEELEC_{a-1},\\ &HDD_t \times \underline{ECON}_{a-1},\ THI_t \times \underline{ECON}_{a-1},\\ &HDD_t \times \underline{HSH}_{a-1},\ THI_t \times \underline{HSH}_{a-1},\\ &MONTH,\ EFFICIENCY, COVID) \end{aligned} \qquad [6]$$

where:

| | |
|---|---|
| KWH | = Electricity sales, |
| PRICEELEC | = Real price of electricty, |
| ECON | = Real Wage and Salary Disbursements (except for Rate HS where it is number of households), |
| HDD | = Heating degree days, |
| $\underline{THI}$ | = Temperature-humidity index, |
| $\underline{MONTH}$ | = Vector of binary variables for each heating month, |
| EFFICIENCY | = Appliance efficiency index, |
| COVID | = Variables capturing pandemic period |
| t | = Billing-month, |
| a | = Year associated with billing-month, t. |

The results of the OLS estimation procedure, summarized in Figures 4-7, show that the commercial models also fit the historical data well.

[1] In the cases where it was not necessary to incorporate economic variables interactive with the weather specifications the variables were included separately.

The estimated coefficients of the commercial models indicate the Commercial customers no longer have a measurable sensitivity to price. In addition, while the coefficients on wages, the economic indicator in the GLP and LPL models (households is the driver for rate HS), are highly statistically significant, this does not imply large sales increases given the relatively low elasticities, 0.15 for LPL-S, that are estimated.

**Figure 4**

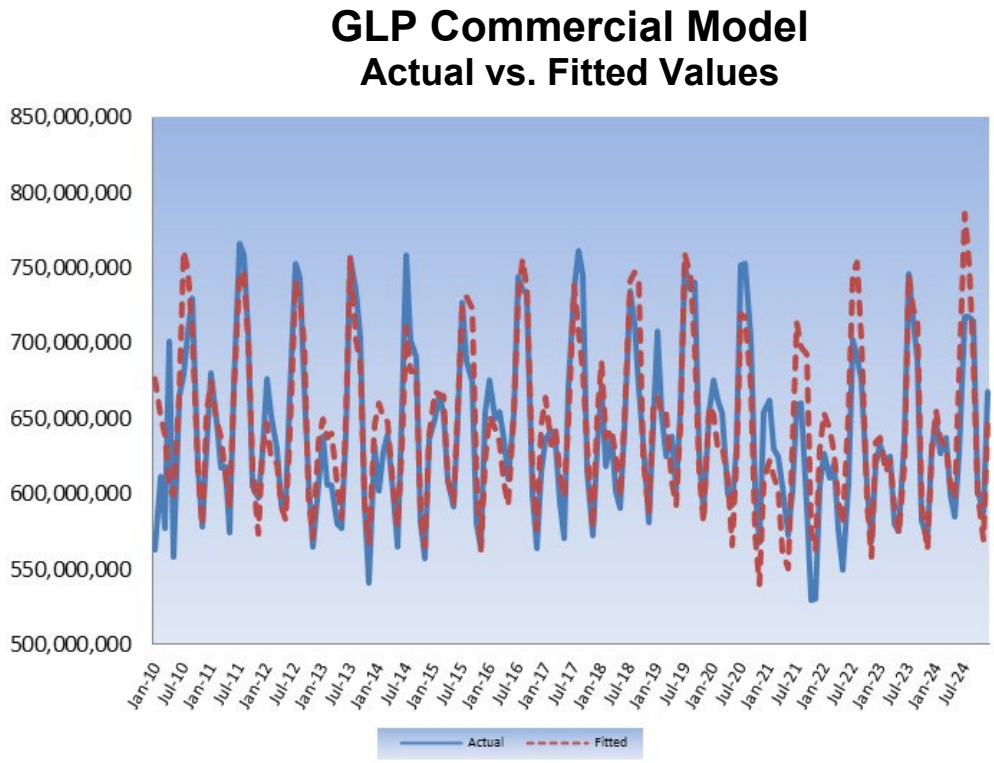



**Figure 5**

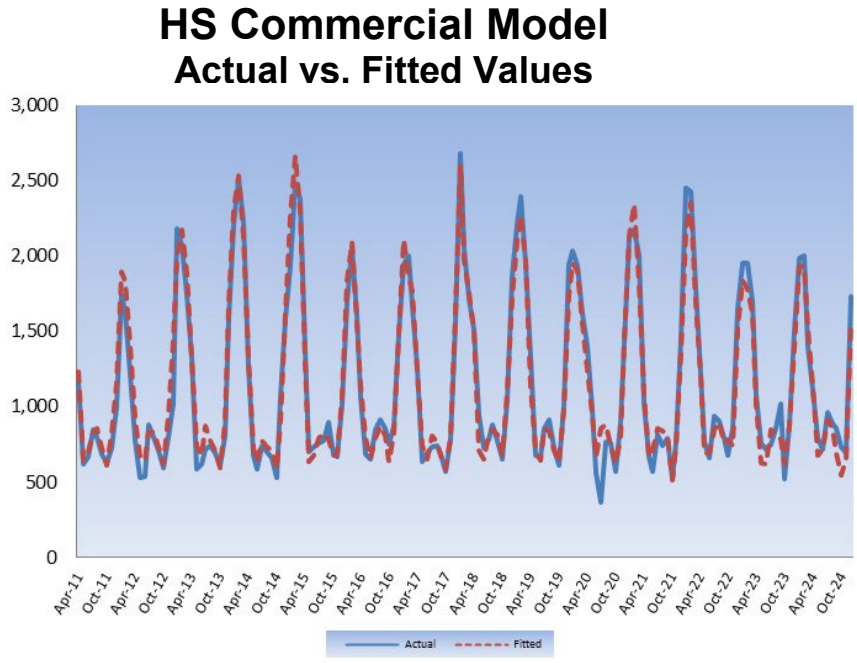


**Figure 6**

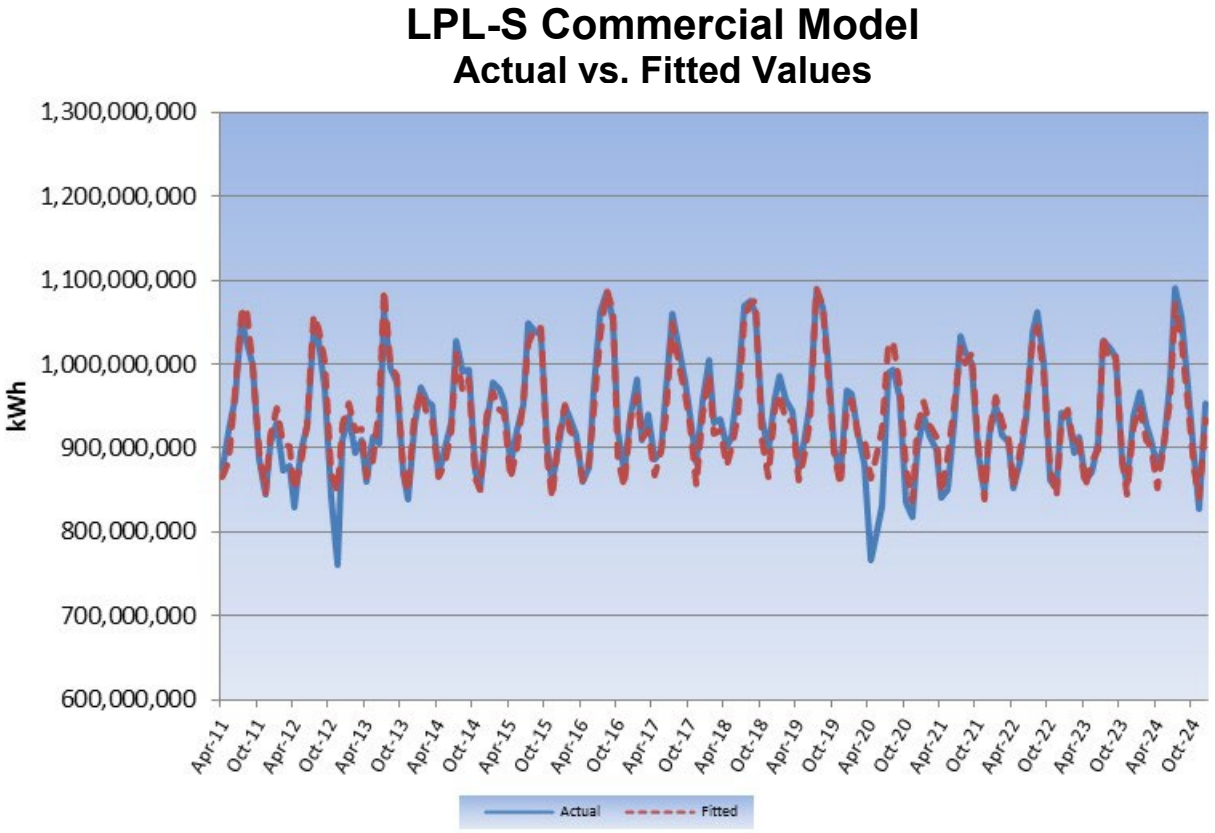



**Figure 7**

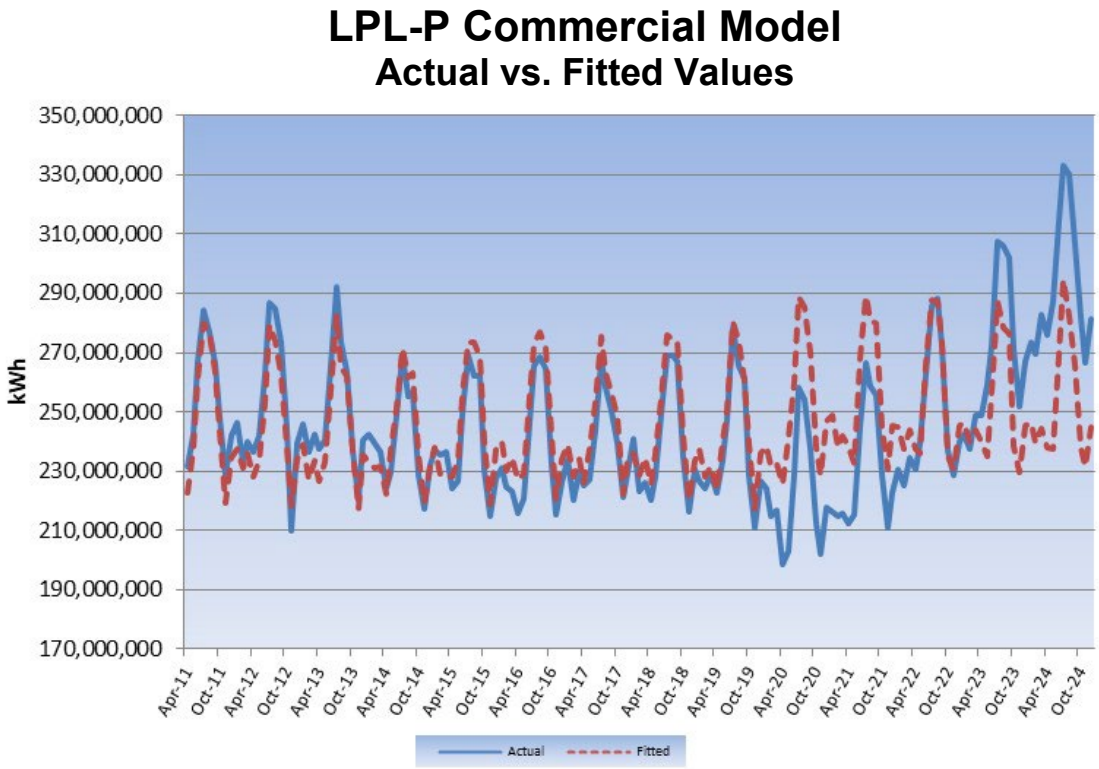


**Table 3**

## Estimated Coefficients of the Commercial Electricity Sales Models
**(standard errors in parentheses)**

| Rate | HDDxECON | THIxECON | EFFICIENCY | COVID-THI | COVID-Summer | COVID-Winter | R2 | n |
|---|---|---|---|---|---|---|---|---|
| GLP | 0.03 | 0.01 | 5,293,602 | | | | 0.94 | 155 |
| | (0.004) | (0.56) | (1,127,771) | | | | | |
| HS | 0.00061 | 0.00002 | | | | | 0.97 | 155 |
| | (0.00004) | (0.000003) | | | | | | |
| LPL-S | 98.5 | 43.4 | | 0.046 | -13.0 | -11,378.3 | 0.90 | 180 |
| | (18.7) | (3.4) | | (0.004) | (1,594) | (5,397) | | |
| | **HDD** | **THI** | | | | | | |
| LPL-P | -9.0 | 7.1 | | | 7,458.4 | 9,999 | 0.5886 | 180 |
| | (18.1) | (3.2) | | | (4,601) | (4,143) | | |

### Industrial

While electricity sales to the commercial sector are correlated with commercial output because output tends to be correlated with commercial floor space, sales to the PSE&G customers in the industrial sector are correlated with manufacturing employment which, in recent years has been correlated with industrial output. Therefore, the following specification is used:

KWH = *f*(PRICEELEC, EMP, HDD) [7]

where:

EMP = Manufacturing employment.

As with the commercial models, since electricity is used for HVAC purposes, it was necessary for the economic variables to be used as interactive variables with weather to account for the seasonality of some of the data.

Direct estimation of the impacts of COVID on small and medium industrial sales, rate GLP is not possible because of the large percentage of COVID-induced estimated bills in 2020. As a result, the March 2020-December 2020 period was omitted from the estimation period of December 2010-December 2024. As with the commercial customers, the large industrial customers, rates LPL-S and

LPL-P did not have an issue with estimated bills and binary variables for the pandemic period were incorporated into these equations.

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

$$KWH_t = f(HDD_t \times PRICEELEC_{a-1}, THI_t \times PRICEELEC_{a-1}, \overline{HDD_t \times MFG_a}, \overline{THI_t \times MFG_a}, HDD_t, THI_t, \overline{MONTH}, COVID) \quad [8]$$

where:

| | |
|---|---|
| KWH | = Electricity sales, |
| PRICEELEC | = Real price of electricty, |
| MFG | = Manufacturing employment, |
| HDD | = Heating degree days, |
| $\overline{THI}$ | = Temperature-humidity index, |
| $\overline{MONTH}$ | = Vector of binary variables for each heating month, |
| COVID | = Variables capturing pandemic period |
| t | = Billing-month, |
| a | = Year associated with billing-month, t. |

The results of the OLS estimation procedure, summarized in Figures 8-11, show that the industrial models for customers in the two space heating segments fit the historical data fairly well.

**Figure 8**

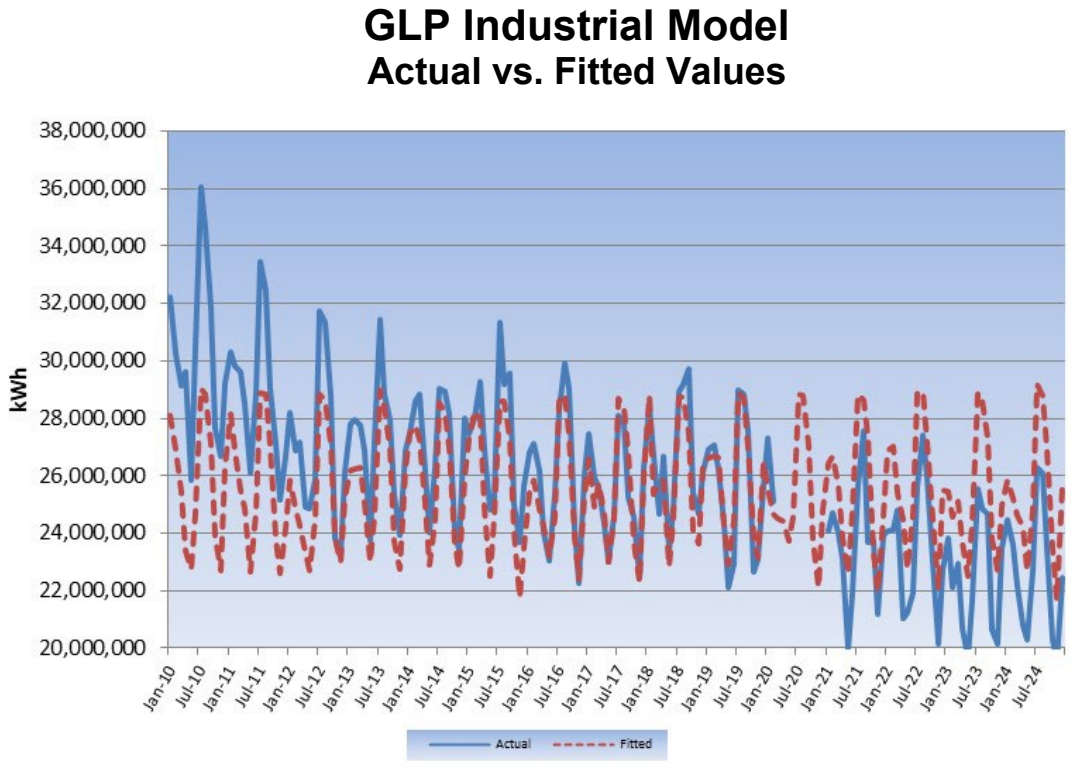


**Figure 9**

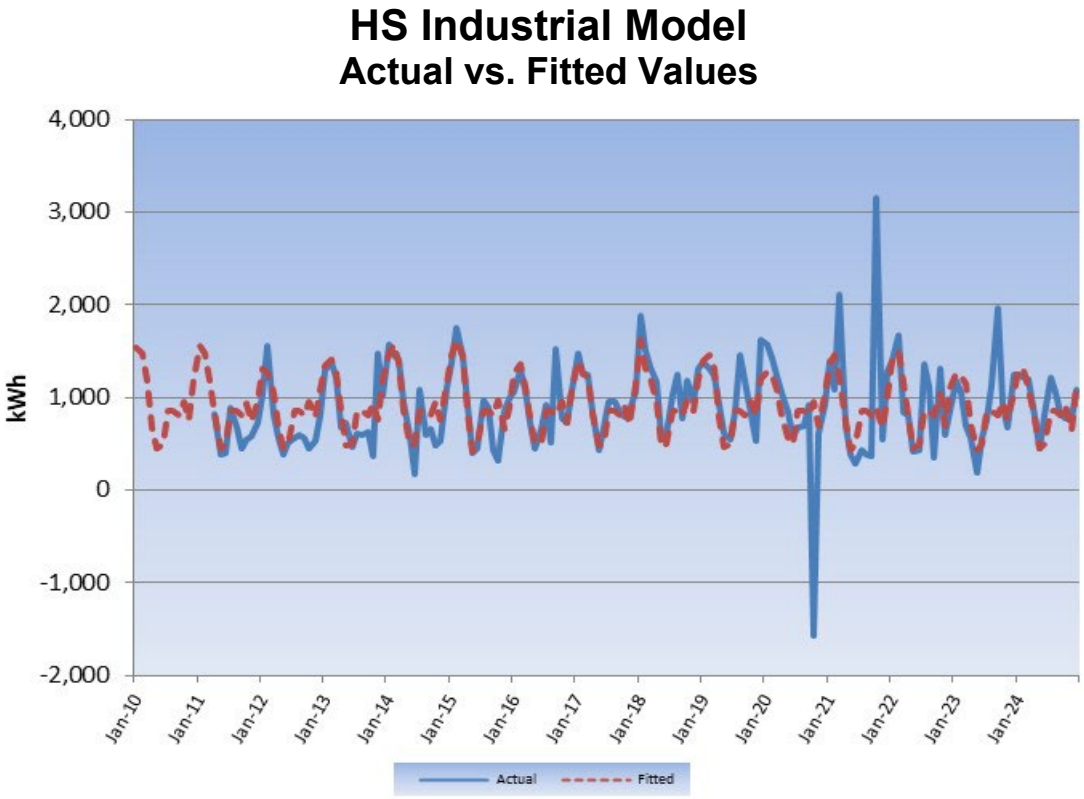



**Figure 10**

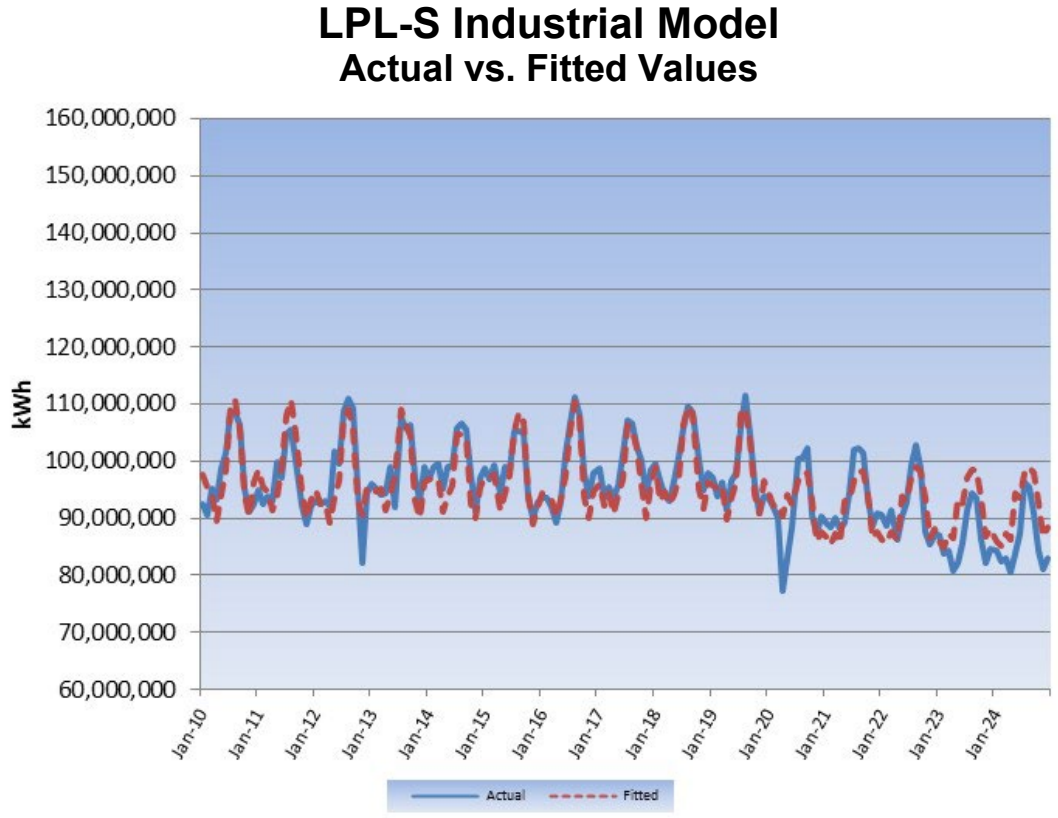


**Figure 11**

## LPL-P Industrial Model
### Actual vs. Fitted Values

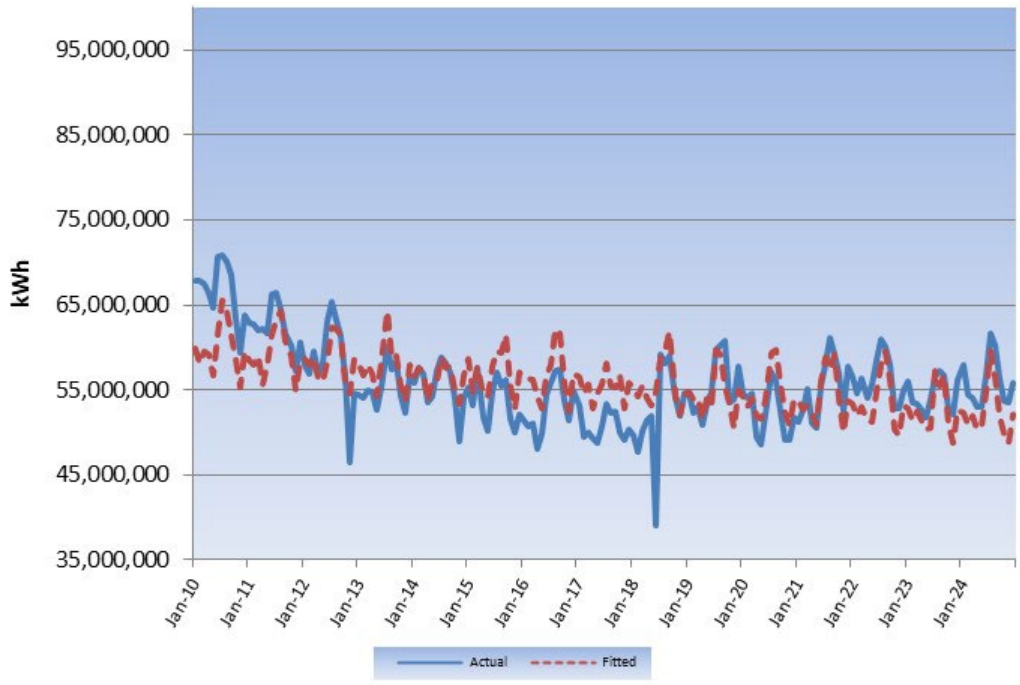



**Table 5**

## Estimated Coefficients of the Industrial Electricity Sales Models
### (standard errors in parentheses)

| Rate | HDDxPRICE | HDDxMFG | THIxMFG | COVID-THI | COVID-HDD | R2 | n |
|---|---|---|---|---|---|---|---|
| GLP | | 0.036<br>(0.0091) | 0.001<br>(0.0015) | | | 0.54 | 155 |
| HS | | 0.004<br>(0.001) | | | | 0.4631 | 155 |
| LPL-S | -4.910<br>(26.11) | 0.055<br>(0.0251) | 0.010<br>(0.0029) | -1.98631<br>(0.02359) | -9.37<br>(1.631) | 0.75 | 180 |
| | | | **THI** | | | | |
| LPL-P | | | 2.77179<br>(0.7075) | | | 0.46 | 180 |

Like the commercial models, the estimated coefficients of the three industrial models indicate that sensitivity to price is small. Rate LPL-S has the only measured price elasticity with -0.09. The industrial customers also have a significant response to the level of manufacturing employment which is consistent with the decline in electricity sales that has accompanied the decline in manufacturing employment in New Jersey.

It should be noted that the largest commercial and industrial customers who take service under the High Tension Service rate (HTS) are not modeled econometrically since these customers are few in number, not measured as weather-sensitive, and subject to wide swings in sales. Recent history and known forecasted changes, such as new data centers, serve as the basis for the forecasts of these customers.

# III Energy Model Customer Forecast

With the BPU approval of the Clean Energy Future (CEF) proposal, the customer forecast has become more important in PSE&G financial planning as revenues have been, for the most part, decoupled from sales as a result of the lost revenue recovery mechanism, the Conservation Incentive Program (CIP). Under CIP, the future electric revenues will largely be determined by a "normal" average use per customer and the number of customers. The nature of this calculation has resulted a greater emphasis and in several modifications in the customer forecast.

**Residential Customers**

Total Residential FTE customer growth has been found to be correlated with the change in residential building permits in New Jersey. The ten-year average annual Increase in FTE customers has been 112% of the building permits. It is assumed that this relationship will continue to hold true in the future. As a result, total Residential customers are assumed to increase at a 0.8 percent annual rate during the forecast period (2025-2035) as permits are expected to decrease at a 5 percent average annual rate.

Customers in rates RHS and RLM are projected to decline at the annual rate of 5.3 percent and 0.3 percent respectively. As a result, rate RS customers are projected to increase at a 0.9 percent rate during the forecast period.

**Commercial and Industrial Customers**

The number of customers in the small and medium commercial and industrial rate, rate GLP, also utilizes the FTE definition of customers. The numbers of these customers are expected to continue the trend seen in the 2021-2024 period. Industrial GLP customers are expected to decline at a 1 percent rate while commercial customers are predicted to increase at a 1 percent annual average rate during the forecast period.

While an increase in the number of large customers is, in general, not anticipated, the number of commercial customers in rate LPL-S is expected to increase at 1 percent annual rate. It is also anticipated that seven data center customers will be added to the commercial HTS-ST rolls in 2026.

It should be noted that the number of non-residential customers is not, due to the heterogeneity of the customers in this sector, highly correlated with kWh sales.

# IV Energy Model 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.

## Economic

Economic and demographic forecast assumptions for the nation and New Jersey are from Moody's Economy.com June 2025 forecast. This forecast assumes that, nationally, the economy continues to grow at a slow but steady rate. 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 A-1.

## Weather

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, 2024.

## Efficient Lighting

EISA 2007 mandated the elimination of the manufacturing of most incandescent bulbs triggering the migration to more efficient halogen and compact fluorescent (CFL) bulbs. Lighting technology, due to EISA 2007, increased rapidly resulting in the large-scale migration to light emitting diode (LED technology. While the conversion from incandescent to high efficiency bulbs in the existing stock is, for the most part, complete, the legislation results in savings during the forecast period as new housing utilizes the more efficient bulbs rather than incandescent bulbs.

Historical and projected impact of efficient lighting is from the PSE&G Residential End-Use Model utilizing the timing of the phasing in of the mandates and the shipments of the relevant bulb types from the National Electrical Manufacturers Association. This data is summarized in Table A-3.

**Net Metered Solar**

Historical installed net metered solar capacity is based on BPU Office of Clean Energy data through May 2024. Overall, it is assumed that NJ will reach its final and interim EMP solar targets (i.e. 12 GWs by 2035). This is a delay from previous forecasts and the EMP which called for 12 GWs by 2030. The delay is due to actual results lagging, resulting in significant doubt that the goal can be achieved by 2030. The translation into energy values is based on the National Renewable Energy Laboratory's PVWatts® program as utilized by the BPU. The BPU assumed a fixed roof mount with a 20 degree tilt and 180 degree azimuth. System losses were assumed to be 26.25% and inverter efficiency was assumed to be 96%.[2] The efficiency of the panels were assumed to degrade at a rate of 0.8% a year. This data is summarized in Table A-2.

**Non-Program Commercial Sector Efficiency**

The index of appliance efficiency for the commercial sector based on the use per square foot of non-HVAC appliances in the commercial sector incorporated in the EIA's Annual Energy Outlook 2023, referenced above is shown in Table A-6.

**Energy Efficiency Programs**

The forecast includes the impacts of five energy efficiency programs. These include:

- Pre-CEF 2017 PSE&G Programs
- New Jersey Administered Programs
- Clean Energy Futures I
- Clean Energy Futures Extension
- Clean Energy Futures II

The Pre-CEF PSE&G Programs initiated consist of energy efficiency programs directed at hospitals, multi-family dwellings, and municipal (direct install) buildings t(he Comfort Partners program is jointly administered by PSE&G and New Jersey and is accounted for with the New Jersey administered efficiency programs). The historical and projected efficiency impacts of these programs are based on PSE&G Department of Renewables and Energy Solutions (RES) information and summarized in Table A-5.

Estimates of the historical impacts of the efficiency programs administered by the New Jersey Board of Public Utilities (BPU), including Comfort Partners, were

[2] State of New Jersey, Board of Public Utilities, "NOTICE Monthly Report on Status toward Attainment of the 5.1% Milestone for Closure of the SREC Program", February 7, 2020, p. 2.

obtained from the New Jersey's Clean Energy Program Report[3] submitted annually by the BPU Office of Clean Energy. These were available through the third quarter of the 2025 fiscal year. Since the savings attributed to the PSE&G service area were in excess of the utility-specific annual energy use reduction targets directed in the BPU order 2020-0610 8D, no additional incremental savings were projected. This information is also summarized in Table A-5.

Explicit estimates of annualized savings for CEF1, CEF-extension, and CEF2 were obtained from RES and converted to monthly actual savings based on the assumption of new measures being installed at a constant rate for the twelve months of the year. The seasonality of the savings and the distribution of non-residential measures to rate classes is based on the pro forma results submitted with the CEF filing. Post CEF-EE II annual savings from 2028 – 2035 are estimated to be equal to the estimated 2027 savings.

All the energy efficiency measures were assumed to have a useful lifetime of either 13.4 years for electric measures or 9.6 years for natural gas efficiency measures. These estimated lifetimes are based on the 2024 mix of conservation measures to which individual useful lifetime estimates of each measure is applied based on BPU protocols to measure resource savings[4]. This information is summarized in Table A-4.

**Plug-In Electric Vehicles**

Plug-in electric vehicles (PEV) consist of those vehicles classified as battery electric vehicles (BEV) and plug-in electric hybrid vehicles (PHEV). While BEVs run solely on battery power and need to be charged at an external charging station, a PHEV can charge from an external source but may also make use of its internal combustion engine. Both types of PEVs are accounted for in the forecasting process. In addition, the stock of PEVs is disaggregated into light duty (Class 1-2a, < 8,500 pounds), medium duty (Class 2a & 3, < 14,000 pounds), heavy duty vehicles (Class 4 - 8, >14,000 pounds), school busses and transit busses. The light duty vehicle (LDV) segment is fairly monolithic and consists primarily of passenger cars and light trucks (SUVs, cross-overs, vans, and pick-ups). By contrast, the medium- and heavy-duty (MHDV) segments are extremely diverse, and includes buses of all sizes, long-haul tractor-trailers, fire trucks, refuse vehicles, local delivery and freight, etc).

Historical data on the stock of PEVs in New Jersey is available from motor vehicle registration data published by Atlas Public Policy in six month "snapshots" beginning in 6/30/2017 with the latest available data being from

[3] New Jersey BPU Office of Clean Energy, "New Jersey's Clean Energy Program Report Submitted to the New Jersey Board of Public Utilities, (various years).
[4] New Jersey Board of Public Utilities, "New Jersey's Clean Energy Program Protocols to Measure Resource Savings FY2020, July 10, 2019.

12/31/2024.[5] The stock of PEVs in the electric service territory of PSEG was derived by extracting all of the vehicle registrations from the zip codes in the PSEG electric service territory. Prior to 6/30/2017, the stock of PEVs in the PSEG service territory was estimated based on the model year of the stock of PEVs from the 2018 model year and before.

The forecast of PEV vehicle stock and energy use was developed by Gabel Associates in April 2022 based on the latest data available.

The Gabel forecast projects both vehicle sales and the number of registered vehicles in operation (VIO) from 2025 to 2045, building on historical data back to 2024.[6] The forecast projects LDV and MHDV segments separately, then combines them to create a consolidated forecast for vehicles, annual energy consumption due to vehicle charging, and power impacts at peak time (6PM).

The vehicle adoption projection for the LDV segment is based on New Jersey's EV Law. The EV Law establishes targets for 330K LDVs in operation by YE 2025, and 2 million LDVs by 2035. The EV-Law compliance projections have tracked actuals well over the last few years, and that has largely been the primary basis for past projections. Given that New Jersey is unlikely to meet it's YE 2025 goal, our method for projecting compliance has been updated with this iteration with a lower trajectory of growth in the near term. This assumption is then combined with assumptions about the natural vehicle replacement rate per segment. There is very little data on electrified MHDV sales in NJ, so the MHDV vehicle projection is based primarily on the ACT requirements. The state-wide forecast is translated to the PSE&G territory based on historical percentage of statewide PEV registrations as estimated to evolve over time.

Building on the vehicle projections, the estimates of daily PEV charging load is based on statistics synthesized by Gabel from multiple studies, especially regarding the average number of kWh per vehicle per day, broken out into five segments: LDV-residential, LDV-workplace, and LDV-public-charging, MDV charging, and HDV charging. This bottoms-up analysis is rolled up to provide a territory-wide view of aggregate energy consumption (MWHRs).

This forecast is summarized in Table A-7.

**Data Centers and Port Electrification**

Data Centers and Port Electrification are expected to have a significant impact on PSE&G sales and demands and are not picked up in economic forecast models. As a result a separate adjustment must be added to the sales forecast to account

[5] Atlas Public Policy, https://www.atlasevhub.com/materials/state-ev-registration-data/ (web site).
[6] Note: the Gabel forecast methodology description is from;
Warner Mark, "Spring-2025 PEV Forecast update: Vehicles, Energy & Power Projections (email), June, 27, 2025.

for this growth. The starting point is a forecast of Data Center growth provided by Customer Solutions and the Transmission and Distribution Planning group based on formal new business requests and an estimated percentage of leads. This demand forecast was provided to PJM in September 2025 as PSE&G's proposed large load adjustment.

The peak demand forecast submitted to PJM for Data Centers was converted to monthly MWh by prorating our assumed data center annual load shape to the anticipated peak demand. The assumed data center load shape is based on the average load by month, hour, and day of the week for the thirteen data centers which are not net metered. A separate load profile was estimated for the Port Electrification.

# V Demand Model Specification and Estimation

## Introduction

Demand measures are an important billing determinant for non-residential customer bills. The demand that is used as a billing determinant is based on the highest measured demand during the billing period. In the case of annual billed demand, a charge that is levied each month of the year, the highest demand that occurred on any day and at any time during the billing period is used. In the case of summer billed demand, a charge that is levied in the months of June through September, the highest demand during the billing period that occurred during the PJM on-peak period is used. The PJM on-peak period is defined as non-weekend, non-holiday days between the hours of 7 AM and 10 PM.

## Model Specification and Estimation

The demand measures are a function of the load shape of the customers and, as a result, are dependent upon how much electricity is used and when it's used. The demand model, as a result, has demand being determined by the monthly energy sales, an indicator of overall demand, and the most extreme seasonal weather, a determinant of the magnitude of the greatest hourly energy use during the billing period. Since there are economic incentives to curtail demand during the PJM peak hours, the annual demand is used as the dependent variable in the model equations.

Consistent with the energy models, the estimated impact of the net metered solar on both energy and billed demand has been removed from the historical data series prior to the model estimation. The impact of this technology/program, both historically and projected, is then added to the data series to produce a forecast.

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

$$KW\_ANN_t = f(KWH_t, THI\_MAX_t, HDD\_MAX_t) \quad [3]$$

where:

| | |
|---|---|
| $KW\_ANN_t$ | = Annual billed kW demand in billing month t, |
| $KWH_t$ | = kWh electricity sales in billing month t, |
| $THI\_MAX_t$ | = Maximum THI in billing month t, |
| $HDD\_MAX_t$ | = Maximum HDD in billing month t,. |

This model was estimated separately for rates GLP, LPL-S and LPL-P for both the Commercial and Industrial customer classes. The models were estimated

using monthly data from the January 2010- December 2024 period. The results of the OLS estimation procedure are summarized in Table 6 and Figures 12-17.

**Table 6**

## Estimated Coefficients of the Billed Demand Models

**(standard errors in parentheses)**

| Class | Rate | kWh | Maximum THI | $R^2$ | n |
|---|---|---|---|---|---|
| Commercial | GLP | 0.0013 | 16,418 | 0.89 | 180 |
| | | (0.0001) | (726) | | |
| | LPL-S | 0.0010 | 15,120 | 0.89 | 180 |
| | | (0.0001) | (707) | | |
| | LPL-P | 0.0010 | 3,059 | 0.76 | 180 |
| | | (0.0001) | (343) | | |
| Industrial | GLP | 0.0030 | 608 | 0.81 | 180 |
| | | (0.0001) | (60) | | |
| | LPL-S | 0.0013 | 1,124 | 0.95 | 180 |
| | | (0.0001) | (63) | | |
| | LPL-P | 0.0017 | 411 | 0.85 | 180 |
| | | (0.0001) | (56) | | |

As Figures 12-17 illustrate, the high values of the coefficients of determination of all of the models usage explain an extremely high proportion of the variation from the mean values. The estimates of the individual coefficients of the models' estimations are what one would expect given the characteristics of billed demand. The winter weather variable was not significant in any of the demand models. This is most likely due to the winter peak is much lower than the summer peak, closer to the monthly average peak and, as a result, highly correlated with the monthly sales. The summer weather, however, is a key predictor of summer electricity billed demand by these non-residential rates..

**Figure 12**

## GLP Commercial Demand Model
### Actual vs. Fitted Values

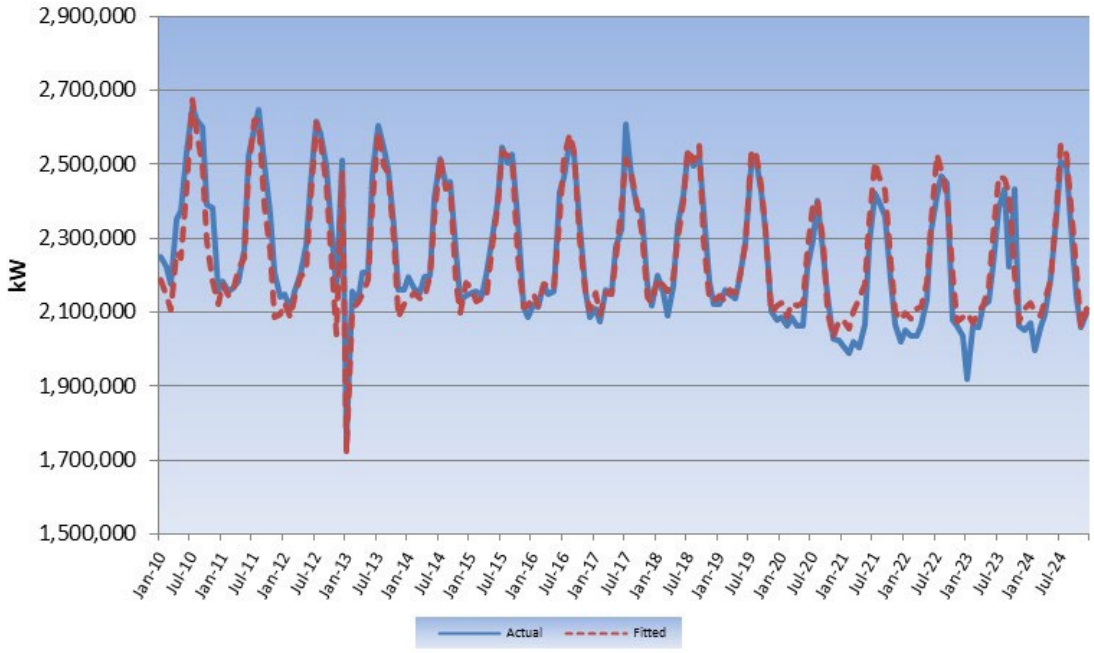



**Figure 13**

## LPL-S Commercial Demand Model
### Actual vs. Fitted Values

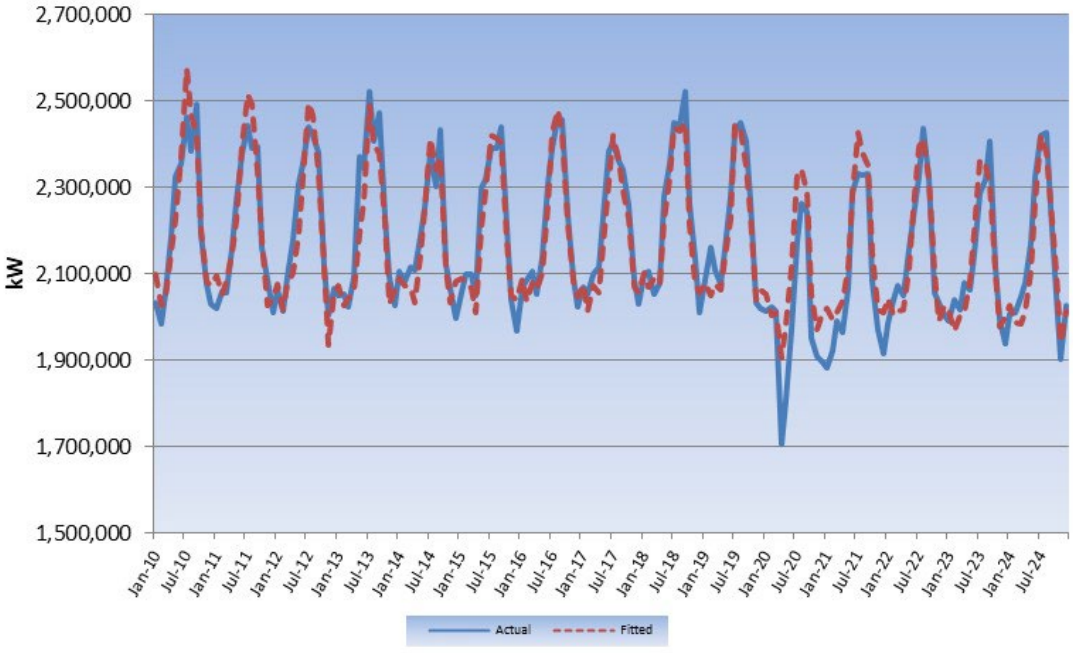


**Figure 14**

## LPL-P Commercial Demand Model
### Actual vs. Fitted Values

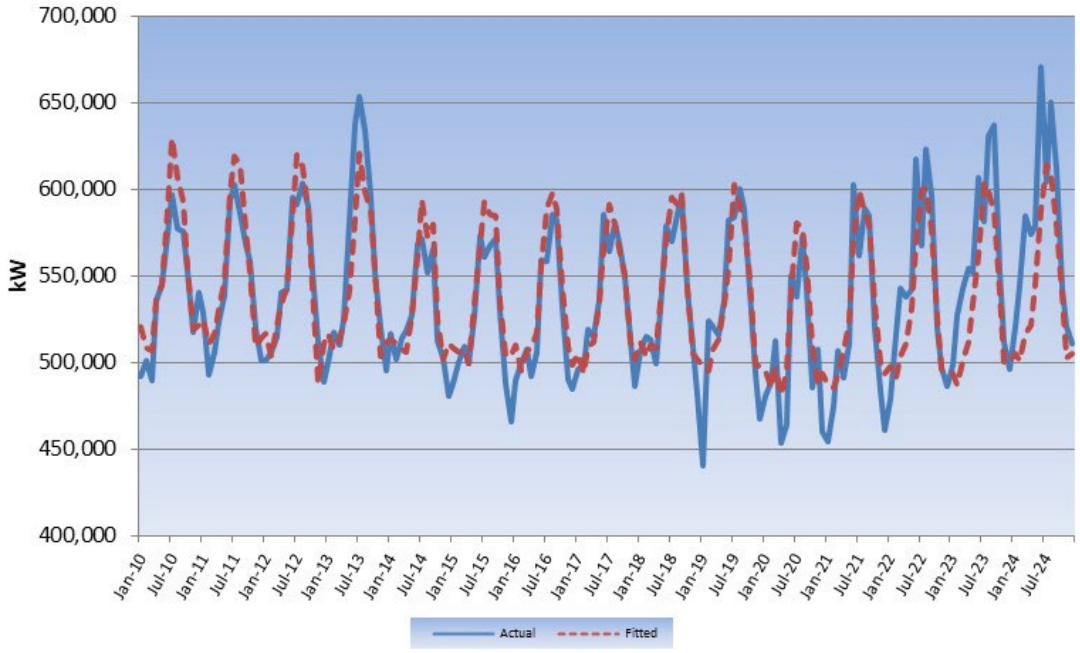



**Figure 15**

## GLP Industrial Demand Model
### Actual vs. Fitted Values

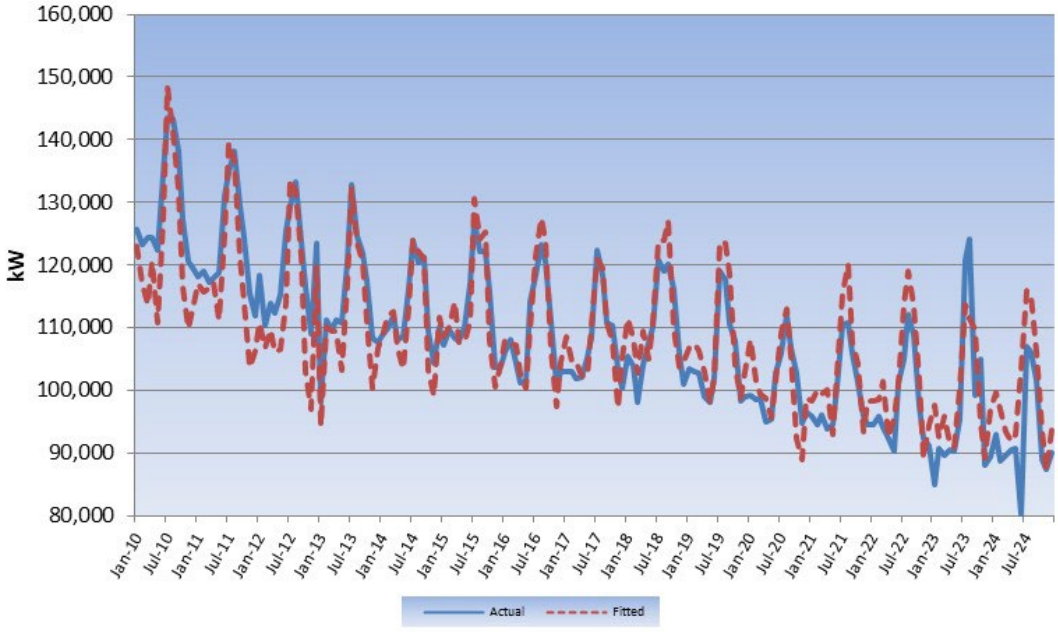


**Figure 16**

## LPL-S Industrial Demand Model

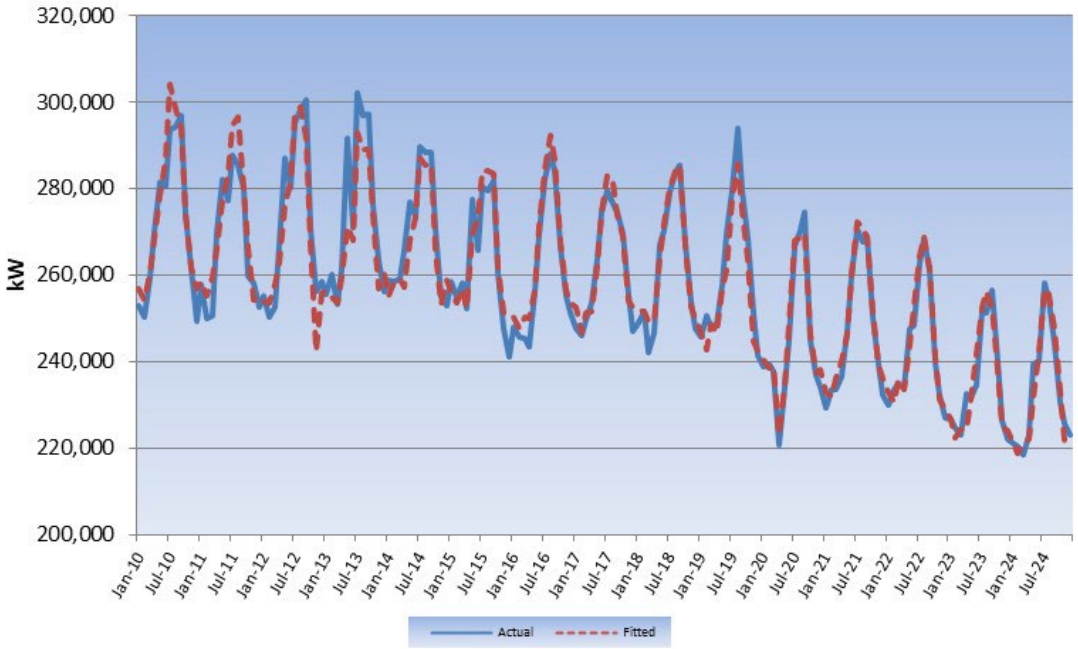
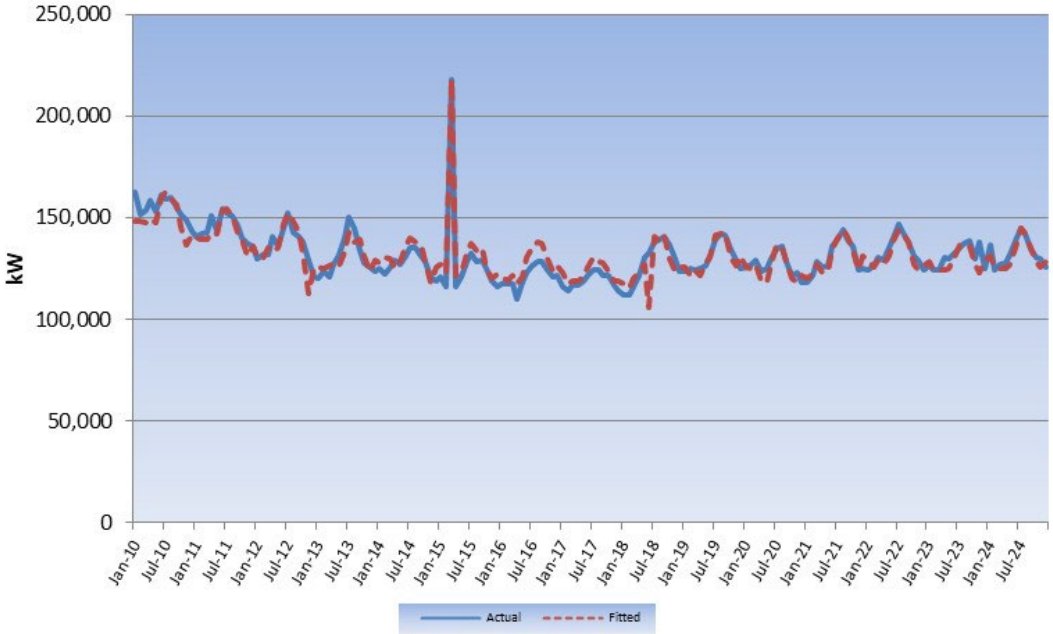



**Figure 17**

## LPL-P Industrial Demand Model
### Actual vs. Fitted Values



# A. Energy Forecast Assumption Tables

**Table A-1**

## National and New Jersey Economic Forecast Assumptions

| | ECONOMY.COM JUN 2025 UPDATE | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** | **2032** | **2033** | **2034** | **2035** |
| EMPLOYMENT (thousands) | | | | | | | | | | | | | | | | | | |
| Total Non - Farm | 4,162 | 4,200 | 3,860 | 4,039 | 4,246 | 4,326 | 4,368 | 4,402 | 4,405 | 4,401 | 4,405 | 4,414 | 4,434 | 4,453 | 4,460 | 4,457 | 4,451 | 4,446 |
| Goods Producing | 409 | 414 | 392 | 400 | 416 | 422 | 422 | 421 | 421 | 418 | 414 | 411 | 407 | 404 | 400 | 396 | 391 | 386 |
| Service Proving | 3,753 | 3,786 | 3,468 | 3,639 | 3,830 | 3,904 | 3,946 | 3,981 | 3,984 | 3,983 | 3,991 | 4,003 | 4,026 | 4,049 | 4,059 | 4,061 | 4,060 | 4,060 |
| HOUSING STARTS (numbers) | | | | | | | | | | | | | | | | | | |
| Total | 24,500 | 28,595 | 28,176 | 32,043 | 34,110 | 27,562 | 30,703 | 27,457 | 25,608 | 25,929 | 25,678 | 25,162 | 24,500 | 23,596 | 22,375 | 20,945 | 19,531 | 18,231 |
| Single - Family | 12,270 | 12,339 | 13,168 | 14,463 | 13,684 | 14,469 | 17,319 | 15,444 | 14,852 | 15,163 | 14,981 | 14,695 | 14,323 | 13,704 | 12,891 | 11,979 | 11,070 | 10,259 |
| Multi - Family | 12,230 | 16,256 | 15,008 | 17,579 | 20,427 | 13,093 | 13,385 | 12,013 | 10,756 | 10,766 | 10,698 | 10,468 | 10,177 | 9,892 | 9,484 | 8,966 | 8,461 | 7,972 |
| PERSONAL INCOME | | | | | | | | | | | | | | | | | | |
| Total (millions) | | | | | | | | | | | | | | | | | | |
| Nominal | 591,911 | 625,188 | 653,024 | 705,031 | 719,982 | 762,812 | 798,749 | 840,242 | 877,435 | 910,633 | 941,002 | 974,320 | 1,011,442 | 1,051,270 | 1,092,184 | 1,132,870 | 1,173,105 | 1,214,119 |
| Real (2017) | 580,015 | 603,996 | 624,059 | 647,279 | 620,071 | 633,055 | 646,738 | 662,002 | 671,000 | 682,184 | 691,984 | 703,716 | 717,649 | 732,229 | 746,120 | 758,728 | 770,694 | 782,694 |
| Per - Capita (thousands) | | | | | | | | | | | | | | | | | | |
| Nominal | 64,159 | 67,504 | 70,429 | 76,035 | 77,372 | 81,192 | 83,992 | 87,767 | 91,514 | 95,049 | 98,377 | 102,022 | 105,885 | 109,946 | 114,120 | 118,262 | 122,345 | 126,494 |
| Real (2017) | 62,870 | 65,216 | 67,305 | 69,807 | 66,637 | 67,383 | 68,008 | 69,149 | 69,983 | 71,204 | 72,343 | 73,686 | 75,128 | 76,580 | 77,961 | 79,205 | 80,377 | 81,546 |
| CPI - US (1982 = 100) | 251 | 256 | 259 | 271 | 293 | 305 | 314 | 323 | 333 | 340 | 346 | 353 | 359 | 367 | 374 | 382 | 390 | 398 |
| 30yr MORTGAGE RATE - US (%) | 4.6 | 4.2 | 3.5 | 3.3 | 5.7 | 7.1 | 7.0 | 7.0 | 6.8 | 6.7 | 6.6 | 6.5 | 6.4 | 6.4 | 6.3 | 6.3 | 6.3 | 6.3 |
| UNEMPLOYMENT RATE - NJ (%) | 4.0 | 3.5 | 9.5 | 6.7 | 3.8 | 4.3 | 4.5 | 4.7 | 5.0 | 5.0 | 4.7 | 4.5 | 4.2 | 4.0 | 4.0 | 4.2 | 4.4 | 4.4 |

## Table A-2

# PSE&G Net Metered Solar Forecast Assumptions

| | Nameplate Capacity (kW-DC) | | | | | | Effective Capacity (kW-DC) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | RS | GLP | LPL-S | LPL-P | HTS | Total | RS | GLP | LPL-S | LPL-P | HTS | Total |
| 2010 | 10,284 | 17,109 | 37,153 | 15,291 | 4,234 | 84,071 | 10,115 | 16,877 | 36,606 | 15,171 | 4,218 | 82,987 |
| 2011 | 20,542 | 30,278 | 70,376 | 37,108 | 17,237 | 175,542 | 20,259 | 29,872 | 69,434 | 36,806 | 17,151 | 173,522 |
| 2012 | 34,716 | 57,333 | 136,011 | 84,252 | 40,206 | 352,519 | 34,216 | 56,586 | 134,265 | 83,481 | 39,899 | 348,447 |
| 2013 | 48,569 | 74,644 | 181,814 | 121,881 | 58,097 | 485,004 | 47,742 | 73,367 | 178,795 | 120,286 | 57,393 | 477,583 |
| 2014 | 63,721 | 81,251 | 199,953 | 135,072 | 62,596 | 542,593 | 62,452 | 79,348 | 195,401 | 132,442 | 61,406 | 531,048 |
| 2015 | 91,588 | 85,549 | 216,230 | 139,893 | 64,238 | 597,499 | 89,718 | 82,981 | 210,017 | 136,163 | 62,543 | 581,422 |
| 2016 | 138,392 | 90,510 | 228,643 | 148,402 | 69,480 | 675,426 | 135,636 | 87,240 | 220,659 | 143,528 | 67,255 | 654,318 |
| 2017 | 198,422 | 97,393 | 252,686 | 171,489 | 81,607 | 801,597 | 194,331 | 93,375 | 242,791 | 165,353 | 78,787 | 774,638 |
| 2018 | 252,124 | 107,427 | 284,754 | 203,102 | 98,435 | 945,842 | 246,254 | 102,594 | 272,718 | 195,472 | 94,895 | 911,932 |
| 2019 | 310,745 | 117,296 | 314,248 | 226,377 | 115,769 | 1,084,436 | 302,641 | 111,566 | 299,831 | 217,044 | 111,390 | 1,042,471 |
| 2020 | 368,197 | 125,043 | 344,974 | 262,887 | 139,969 | 1,241,070 | 357,389 | 118,345 | 327,926 | 251,613 | 134,570 | 1,189,844 |
| 2021 | 424,198 | 133,689 | 377,635 | 303,224 | 159,302 | 1,398,048 | 410,251 | 125,961 | 357,715 | 289,703 | 152,716 | 1,336,346 |
| 2022 | 493,613 | 148,426 | 429,431 | 358,915 | 192,559 | 1,622,943 | 476,029 | 139,582 | 406,327 | 342,780 | 184,578 | 1,549,296 |
| 2023 | 588,490 | 161,846 | 486,656 | 411,023 | 216,569 | 1,864,583 | 566,624 | 151,757 | 459,887 | 391,817 | 206,955 | 1,777,040 |
| 2024 | 674,819 | 171,181 | 525,906 | 457,599 | 241,966 | 2,071,471 | 647,910 | 159,763 | 495,079 | 434,912 | 230,520 | 1,968,184 |
| 2025 | 745,292 | 178,048 | 540,974 | 472,088 | 250,178 | 2,186,580 | 712,718 | 165,232 | 505,882 | 445,681 | 236,762 | 2,066,275 |
| 2026 | 804,132 | 180,550 | 554,564 | 486,844 | 256,792 | 2,282,882 | 765,378 | 166,300 | 515,097 | 456,610 | 241,352 | 2,144,738 |
| 2027 | 863,831 | 183,179 | 570,342 | 504,375 | 264,681 | 2,386,408 | 818,427 | 167,481 | 526,382 | 470,182 | 247,158 | 2,229,631 |
| 2028 | 923,694 | 185,725 | 585,614 | 521,344 | 272,317 | 2,488,693 | 871,171 | 168,578 | 537,097 | 483,054 | 252,649 | 2,312,548 |
| 2029 | 983,557 | 188,268 | 600,873 | 538,298 | 279,946 | 2,590,942 | 923,460 | 169,641 | 547,694 | 495,782 | 258,072 | 2,394,650 |
| 2030 | 1,047,299 | 190,845 | 616,333 | 555,476 | 287,676 | 2,697,629 | 979,207 | 170,772 | 558,533 | 508,614 | 263,534 | 2,480,659 |
| 2031 | 1,125,731 | 193,448 | 631,953 | 572,832 | 295,487 | 2,819,450 | 1,049,236 | 172,120 | 569,869 | 521,546 | 269,014 | 2,581,785 |
| 2032 | 1,205,547 | 196,121 | 647,993 | 590,654 | 303,507 | 2,943,823 | 1,119,980 | 173,582 | 581,910 | 534,848 | 274,641 | 2,684,961 |
| 2033 | 1,285,364 | 198,815 | 664,158 | 608,615 | 311,589 | 3,068,542 | 1,190,097 | 175,045 | 593,457 | 548,177 | 280,266 | 2,787,042 |
| 2034 | 1,365,181 | 201,577 | 680,728 | 627,026 | 319,874 | 3,194,386 | 1,259,616 | 176,823 | 605,354 | 562,100 | 286,061 | 2,889,954 |
| 2035 | 1,444,998 | 204,411 | 697,732 | 645,919 | 328,376 | 3,321,436 | 1,329,049 | 179,623 | 620,427 | 577,911 | 292,708 | 2,999,718 |

## Table A-3

# PSE&G Energy Reduction Due to Efficient Lighting Assumptions (MWh)

| | Singlie-Family Dwelling Units | | | | Multi-Family Dwelling Units | | | | Total Dwelling Units | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 60W | 75W | 100W | Total | 60W | 75W | 100W | Total | 60W | 75W | 100W | Total |
| 2005 | 35,635 | 3,824 | 4,145 | 43,604 | 10,631 | 1,141 | 1,237 | 13,009 | 46,266 | 4,965 | 5,382 | 56,613 |
| 2006 | 55,451 | 6,828 | 8,251 | 70,530 | 16,390 | 2,017 | 2,436 | 20,843 | 71,842 | 8,845 | 10,687 | 91,373 |
| 2007 | 101,607 | 13,872 | 17,929 | 133,408 | 32,271 | 4,421 | 5,727 | 42,419 | 133,878 | 18,293 | 23,656 | 175,827 |
| 2008 | 158,766 | 22,570 | 29,868 | 211,204 | 49,321 | 7,016 | 9,287 | 65,624 | 208,087 | 29,586 | 39,155 | 276,828 |
| 2009 | 212,524 | 30,757 | 41,112 | 284,393 | 65,545 | 9,485 | 12,677 | 87,706 | 278,069 | 40,242 | 53,788 | 372,100 |
| 2010 | 266,804 | 39,001 | 52,413 | 358,217 | 81,187 | 11,869 | 15,952 | 109,008 | 347,991 | 50,870 | 68,364 | 467,226 |
| 2011 | 319,000 | 46,984 | 63,359 | 429,343 | 96,579 | 14,217 | 19,193 | 129,989 | 415,579 | 61,201 | 82,553 | 559,332 |
| 2012 | 375,204 | 55,570 | 75,138 | 505,912 | 116,266 | 17,208 | 23,287 | 156,761 | 491,471 | 72,778 | 98,425 | 662,674 |
| 2013 | 436,530 | 64,948 | 87,932 | 589,411 | 133,261 | 19,813 | 26,843 | 179,917 | 569,791 | 84,761 | 114,775 | 769,328 |
| 2014 | 510,709 | 76,394 | 103,430 | 690,534 | 160,815 | 24,045 | 32,559 | 217,419 | 671,525 | 100,439 | 135,989 | 907,953 |
| 2015 | 589,191 | 88,518 | 119,777 | 797,486 | 183,786 | 27,599 | 37,355 | 248,739 | 772,977 | 116,117 | 157,131 | 1,046,225 |
| 2016 | 654,337 | 98,558 | 133,374 | 886,269 | 205,812 | 30,989 | 41,943 | 278,744 | 860,149 | 129,548 | 175,316 | 1,165,013 |
| 2017 | 721,053 | 108,656 | 147,356 | 977,065 | 225,081 | 33,904 | 45,991 | 304,977 | 946,134 | 142,560 | 193,347 | 1,282,042 |
| 2018 | 772,294 | 116,303 | 158,128 | 1,046,725 | 243,355 | 36,635 | 49,825 | 329,815 | 1,015,649 | 152,938 | 207,953 | 1,376,540 |
| 2019 | 808,644 | 121,686 | 165,782 | 1,096,112 | 256,468 | 38,580 | 52,578 | 347,626 | 1,064,828 | 160,224 | 218,300 | 1,443,353 |
| 2020 | 840,264 | 126,355 | 172,444 | 1,139,062 | 267,901 | 40,271 | 54,980 | 363,152 | 1,107,599 | 166,543 | 227,303 | 1,501,445 |
| 2021 | 929,561 | 139,409 | 191,326 | 1,260,297 | 297,763 | 44,640 | 61,289 | 403,691 | 1,227,070 | 184,012 | 252,561 | 1,663,643 |
| 2022 | 976,355 | 146,250 | 201,210 | 1,323,815 | 313,873 | 46,998 | 64,687 | 425,558 | 1,290,159 | 193,238 | 265,882 | 1,749,279 |
| 2023 | 987,568 | 147,900 | 203,558 | 1,339,026 | 318,387 | 47,664 | 65,630 | 431,681 | 1,305,886 | 195,554 | 269,173 | 1,770,614 |
| 2024 | 998,539 | 149,514 | 205,857 | 1,353,910 | 322,954 | 48,338 | 66,584 | 437,876 | 1,321,424 | 197,842 | 272,426 | 1,791,692 |
| 2025 | 1,009,119 | 151,071 | 208,073 | 1,368,263 | 327,446 | 49,001 | 67,522 | 443,969 | 1,336,497 | 200,062 | 275,580 | 1,812,138 |

## Table A-4

# PSE&G EE Program Energy Impact Assumptions

| | CEF Savings (MWh) | | | | | | PSE&G Legacy Programs | | | | NJ Administered Programs | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | RS | GLP | LPL-S | LPL-P | HTS | Total | RS | GLP | LPL-S | Total | RS | GLP | LPL-S | Total |
| 2010 | - | - | - | - | - | - | 18,462 | 36,278 | 1,670 | 56,410 | 71,874 | 2,954 | 509,310 | 512,264 |
| 2011 | - | - | - | - | - | - | 26,109 | 59,536 | 31,893 | 117,537 | 81,764 | 27,522 | 580,270 | 607,792 |
| 2012 | - | - | - | - | - | - | 30,007 | 62,976 | 58,266 | 151,249 | 59,966 | 34,452 | 429,054 | 463,506 |
| 2013 | - | - | - | - | - | - | 30,040 | 80,899 | 68,121 | 179,060 | 79,144 | 54,716 | 568,688 | 623,404 |
| 2014 | - | - | - | - | - | - | 30,040 | 96,465 | 80,255 | 206,760 | 102,378 | 87,516 | 751,171 | 838,687 |
| 2015 | - | - | - | - | - | - | 30,040 | 98,804 | 85,158 | 214,003 | 102,045 | 111,649 | 842,532 | 954,181 |
| 2016 | - | - | - | - | - | - | 30,040 | 110,046 | 87,022 | 227,108 | 111,057 | 132,587 | 935,457 | 1,068,044 |
| 2017 | - | - | - | - | - | - | 30,040 | 118,977 | 99,822 | 248,839 | 113,403 | 153,401 | 1,027,340 | 1,180,740 |
| 2018 | - | - | - | - | - | - | 38,566 | 129,616 | 113,651 | 281,833 | 113,170 | 184,922 | 997,392 | 1,182,314 |
| 2019 | - | - | - | - | - | - | 41,779 | 143,350 | 123,506 | 308,634 | 113,287 | 224,286 | 994,936 | 1,219,223 |
| 2020 | 1,857 | - | - | - | - | 1,857 | 60,469 | 148,305 | 133,919 | 342,692 | 112,157 | 254,969 | 1,038,411 | 1,293,381 |
| 2021 | 160,730 | 6,574 | 6,574 | 6,574 | 6,574 | 187,026 | 60,469 | 166,611 | 136,029 | 363,109 | 110,167 | 271,916 | 1,096,024 | 1,367,939 |
| 2022 | 552,966 | 133,434 | 133,434 | 133,434 | 133,434 | 1,086,704 | - | - | - | - | 109,444 | 281,619 | 1,131,839 | 1,413,458 |
| 2023 | 934,142 | 350,288 | 350,288 | 350,288 | 350,288 | 2,335,292 | - | - | - | - | 105,957 | 287,386 | 1,132,304 | 1,419,690 |
| 2024 | 1,096,867 | 531,458 | 531,458 | 531,458 | 531,458 | 3,222,700 | - | - | - | - | 100,165 | 286,073 | 1,091,530 | 1,377,603 |
| 2025 | 1,181,329 | 646,237 | 664,414 | 608,064 | 622,606 | 3,722,651 | - | - | - | - | 92,925 | 261,505 | 1,054,830 | 1,316,335 |
| 2026 | 1,293,325 | 768,941 | 826,700 | 647,646 | 693,853 | 4,230,465 | - | - | - | - | 117,373 | 254,574 | 1,240,308 | 1,494,882 |
| 2027 | 1,389,839 | 893,492 | 991,429 | 687,824 | 766,174 | 4,728,757 | - | - | - | - | 100,845 | 234,311 | 1,134,934 | 1,369,245 |
| 2028 | 1,468,293 | 1,007,228 | 1,141,854 | 724,513 | 832,214 | 5,174,101 | - | - | - | - | 80,261 | 201,511 | 986,711 | 1,188,223 |
| 2029 | 1,546,747 | 1,120,964 | 1,292,279 | 761,202 | 898,254 | 5,619,445 | - | - | - | - | 78,815 | 177,378 | 929,611 | 1,106,989 |
| 2030 | 1,625,201 | 1,234,699 | 1,442,704 | 797,891 | 964,294 | 6,064,789 | - | - | - | - | 67,463 | 156,440 | 870,947 | 1,027,387 |
| 2031 | 1,703,655 | 1,348,435 | 1,593,129 | 834,580 | 1,030,334 | 6,510,133 | - | - | - | - | 61,545 | 135,626 | 813,325 | 948,952 |
| 2032 | 1,782,109 | 1,462,171 | 1,743,553 | 871,269 | 1,096,374 | 6,955,477 | - | - | - | - | 57,615 | 104,105 | 757,089 | 861,194 |
| 2033 | 1,860,440 | 1,575,907 | 1,893,978 | 907,958 | 1,162,415 | 7,400,697 | - | - | - | - | 53,210 | 64,741 | 706,336 | 771,077 |
| 2034 | 1,822,341 | 1,687,856 | 2,042,616 | 942,859 | 1,226,667 | 7,722,339 | - | - | - | - | 47,615 | 34,057 | 639,080 | 673,137 |
| 2035 | 1,545,558 | 1,700,615 | 2,092,064 | 878,572 | 1,191,731 | 7,408,542 | - | - | - | - | 42,540 | 17,111 | 562,281 | 579,392 |

**Table A-5**

# Commercial Energy per Square Foot
# (MMBtu per sq. ft.)

| Commercial End-Use | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cooking | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0003 | 0.0009 | 0.0009 | 0.0009 | 0.0009 | 0.0009 | 0.0009 | 0.0009 | 0.0009 | 0.0008 | 0.0008 | 0.0008 | 0.0008 | 0.0008 |
| Lighting | 0.0118 | 0.0115 | 0.0112 | 0.0110 | 0.0107 | 0.0059 | 0.0056 | 0.0054 | 0.0052 | 0.0051 | 0.0057 | 0.0055 | 0.0052 | 0.0051 | 0.0050 | 0.0049 | 0.0049 | 0.0049 |
| Refrigeration | 0.0048 | 0.0047 | 0.0046 | 0.0045 | 0.0044 | 0.0071 | 0.0071 | 0.0071 | 0.0071 | 0.0071 | 0.0070 | 0.0069 | 0.0063 | 0.0062 | 0.0062 | 0.0062 | 0.0061 | 0.0061 |
| Computing | 0.0026 | 0.0024 | 0.0015 | 0.0013 | 0.0011 | 0.0041 | 0.0039 | 0.0038 | 0.0037 | 0.0036 | 0.0035 | 0.0045 | 0.0045 | 0.0045 | 0.0045 | 0.0045 | 0.0046 | 0.0046 |
| Other Equipment (non-Computing) | 0.0028 | 0.0027 | 0.0027 | 0.0027 | 0.0026 | 0.0025 | 0.0037 | 0.0040 | 0.0042 | 0.0044 | 0.0046 | 0.0019 | 0.0018 | 0.0018 | 0.0018 | 0.0018 | 0.0017 | 0.0017 |
| Total Non-Heating Non-Cooling | 0.0223 | 0.0215 | 0.0202 | 0.0197 | 0.0190 | 0.0206 | 0.0213 | 0.0212 | 0.0211 | 0.0211 | 0.0218 | 0.0197 | 0.0187 | 0.0185 | 0.0183 | 0.0182 | 0.0182 | 0.0181 |

## Table A-6

# PSE&G Electric Vehicle Forecast Assumptions

| | Vehicles | | | | | | Energy Use (kWh) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | LDV | MDV | HDV | School | Transit | Total | LDV | MDV | HDV | School | Transit | Total |
| 2016 | 7,165 | 0 | 3 | 0 | 0 | 7,168 | 1,979,087 | 0 | 1,382 | 0 | 0 | 1,980,469 |
| 2017 | 8,711 | 0 | 4 | 0 | 0 | 8,715 | 28,344,977 | 0 | 19,434 | 0 | 0 | 28,364,411 |
| 2018 | 12,689 | 0 | 4 | 0 | 0 | 12,693 | 41,230,827 | 0 | 21,692 | 0 | 0 | 41,252,519 |
| 2019 | 18,341 | 0 | 4 | 0 | 0 | 18,345 | 59,432,295 | 0 | 20,325 | 0 | 0 | 59,452,621 |
| 2020 | 23,768 | 0 | 4 | 0 | 0 | 23,772 | 77,098,681 | 0 | 21,767 | 0 | 0 | 77,120,448 |
| 2021 | 34,560 | 0 | 4 | 0 | 0 | 34,564 | 111,733,935 | 0 | 20,311 | 0 | 0 | 111,754,246 |
| 2022 | 53,223 | 40 | 4 | 1 | 8 | 53,275 | 172,055,771 | 276,545 | 19,224 | 9,311 | 643,272 | 173,004,122 |
| 2023 | 83,245 | 469 | 42 | 13 | 29 | 83,798 | 269,237,087 | 3,251,073 | 226,411 | 212,638 | 2,253,248 | 275,180,456 |
| 2024 | 127,130 | 1,598 | 110 | 18 | 26 | 128,881 | 412,042,844 | 11,074,899 | 597,588 | 280,964 | 2,053,321 | 426,049,616 |
| 2025 | 184,132 | 3,569 | 344 | 39 | 51 | 188,135 | 595,421,455 | 24,661,121 | 1,871,388 | 620,710 | 4,022,017 | 626,596,693 |
| 2026 | 210,922 | 4,772 | 1,316 | 92 | 143 | 217,246 | 681,639,865 | 33,180,012 | 30,752,747 | 1,465,540 | 11,281,488 | 758,319,652 |
| 2027 | 254,310 | 6,047 | 2,416 | 177 | 214 | 263,163 | 821,796,853 | 42,321,870 | 56,426,451 | 2,824,305 | 16,805,888 | 940,175,367 |
| 2028 | 300,775 | 7,824 | 4,080 | 296 | 320 | 313,295 | 974,430,605 | 55,195,830 | 95,499,120 | 4,727,927 | 25,226,220 | 1,155,079,702 |
| 2029 | 354,688 | 10,102 | 6,399 | 448 | 468 | 372,106 | 1,146,149,991 | 71,392,406 | 149,420,125 | 7,144,257 | 36,816,021 | 1,410,922,800 |
| 2030 | 421,018 | 12,882 | 9,372 | 634 | 658 | 444,565 | 1,360,521,556 | 91,319,962 | 218,830,570 | 10,105,443 | 51,751,577 | 1,732,529,110 |
| 2031 | 507,097 | 16,164 | 12,823 | 857 | 879 | 537,820 | 1,638,745,007 | 114,842,021 | 299,363,009 | 13,658,867 | 69,080,335 | 2,135,689,239 |
| 2032 | 618,929 | 19,947 | 16,602 | 1,120 | 1,120 | 657,719 | 2,005,253,430 | 142,317,914 | 388,500,341 | 17,897,536 | 88,273,449 | 2,642,242,670 |
| 2033 | 760,324 | 24,232 | 20,707 | 1,424 | 1,383 | 808,070 | 2,457,152,506 | 172,669,319 | 483,328,805 | 22,688,620 | 108,668,339 | 3,244,507,589 |
| 2034 | 933,731 | 29,001 | 25,140 | 1,766 | 1,657 | 991,295 | 3,017,533,572 | 206,872,218 | 586,764,208 | 28,147,624 | 130,244,025 | 3,969,561,648 |
| 2035 | 1,139,477 | 33,948 | 29,901 | 2,140 | 1,931 | 1,207,397 | 3,682,376,943 | 242,801,447 | 697,860,812 | 34,103,126 | 151,736,333 | 4,808,878,661 |

# B. 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.

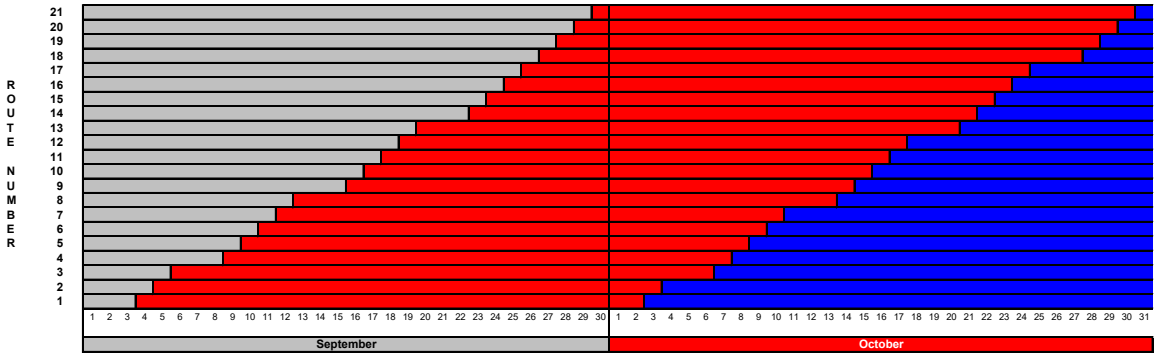
## The Unbilled and Calendar-Month Estimation

### 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[7]. 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 ,

[7] 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 October sales that will be billed in November.

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

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

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

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

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

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

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

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

This is the familiar:

$$\text{October Calendar} = \text{October Billed} + \text{October Unbilled} - \text{September Unbilled}^{8} \quad [5]$$

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:

$$\sum_{i=JAN08}^{DEC08} \text{Billed}_i + \sum_{i=JAN08}^{DEC08} \text{Unbilled}_i - \sum_{i=DEC07}^{NOV08} \text{Unbilled}_i$$

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

Calendar-Year 2008 = [6]

Where:

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

That simplifies to:

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

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.

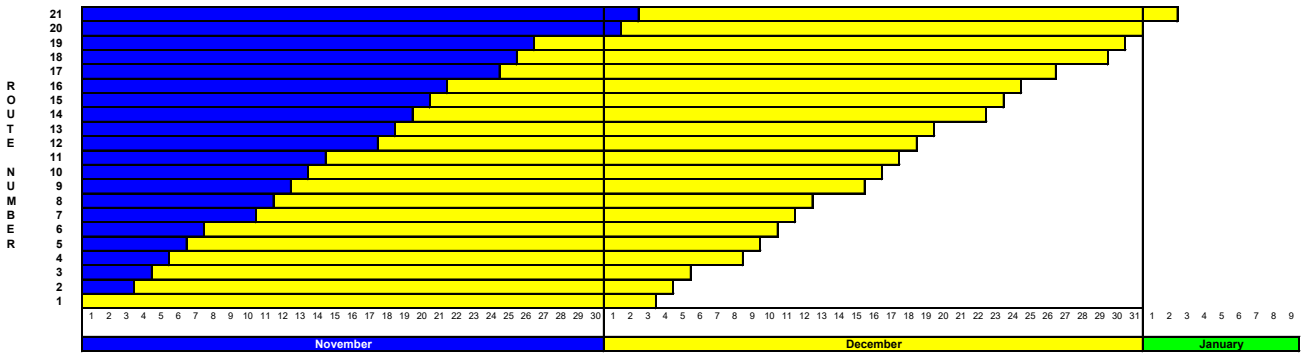
**A More General Example**

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[9].

[9] 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:

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

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:

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

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

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

December unbilled less the equivalent November unbilled or:

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

or, in words:

| | | |
|---|---|---|
| December Calendar | = December Billed<br>+ December Unbilled<br>- 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.[10]

**Table 1**

### Unbilled Weather and Base Coefficients, 2008-2009

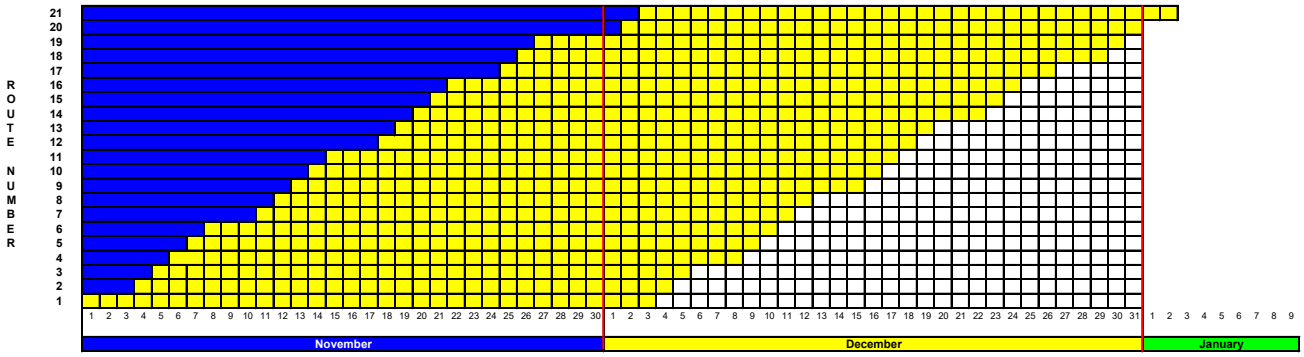
| | RSG | | | | GSG-Commercial | | | | GSG-Industrial | | | | LVG - Non Vehicle | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Billing | Heating | | Non-heating | | Heating | | Non-heating | | Heating | | Non-heating | | Commercial | | Industrial | |
| Month | Base | 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 |

[10] 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.[11] 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:

$$1.5 \text{ (January } 1^{st} \text{ and half of January } 2^{nd}) \ / \ 21 = 0.07 \qquad [13]$$

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

[11] 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.

that on December 21st, the sales to 8 routes, routes 14-21, will be in the 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 x BASECoef + UnbilledHDD x HDDCoef [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.

**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 to its Electric Conservation Incentive Program (2026 PSE&G Electric Conservation Incentive Program)

**BPU Docket No. _____**

# DIRECT TESTIMONY

**OF**

**LAUREN THOMAS**
**VICE PRESIDENT, CLEAN ENERGY SOLUTIONS**

**March 18, 2026**

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
**DIRECT TESTIMONY**
**OF**
**LAUREN THOMAS, VICE PRESIDENT, CLEAN ENERGY SOLUTIONS**

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

A. My name is Lauren Thomas, and I am the Vice President of Clean 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 became vice president, Clean Energy Solutions - Customer Solutions, effective January 2025. In this role, I am responsible for overseeing the customer experience as it relates to PSE&G's energy efficiency, electric vehicle and solar energy programs.

Prior to my current role, I was managing director, Transmission and Substation Construction and Maintenance, responsible for executing over $1 billion a year in electric transmission and distribution projects, as well as maintaining our transmission system and substations. I joined PSEG in 2008, and held various positions in finance before joining Projects and Construction in 2011. There I was a project director for a portfolio of substation projects and managed the Project Development, Estimating and Transmission Growth teams. Most recently, I led the Transformation and Centralized Services department, where I was responsible for Technical Training, Transportation, Materials and Logistics, and Utility Culture.

Prior to joining PSEG, I spent seven years working at BASF in operations, process engineering, project management, and process optimization.

I hold a Bachelor of Science from Rensselaer Polytechnic Institute in chemical engineering and a Master of Business Administration from the University of Michigan in operations and strategy. I also hold a Project Management Professional ("PMP") certification.

**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 PY4 (October 2024 through September 2025) included a $298,892 spending shortfall from PY3 which brought the Company's PY4 budget to $3,598,892. Scheduled spending has also commenced through the first several months of PY5 (October 2025 through September 2026). Activities from PY4, plus the first five months of PY5, include the following initiatives and programs:

- Outreach and community events: PSE&G continued to engage with a vendor to help drive awareness of the Company's energy efficiency programs through community events such as participation in the Saddle Brook Street Fair & Craft Show, Somerville Street Fair and EV Expo, Cherry Hill Harvest Festival, Garfield Fall Family Fun Street Festival, the Cherry Blossom Festival at Branch Brook Park in Newark, Stirling's Annual Street Fair in Long Hill Township, Burlington Earth Fair in Eastampton and Elmwood Park's Spring Fest. PSE&G also used the funding to promote the energy efficiency programs at the South Jersey Home Show in Voorhees, Jersey Jam College Basketball Tournament at CURE Arena in Trenton, Empire Classic College Basketball Tournament at the Prudential Center in Newark and the New Jersey Home and Garden Show at the Convention & Expo Center in Edison. Having a presence at these events creates the opportunity to promote the 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.
- The Great Energy Escape Mobile Unit: PSE&G's hands-on educational experience engages with key audiences, promotes program participation, and raises awareness of the residential

energy efficiency program offerings. With *The Great Energy Escape*, PSE&G is making energy efficiency tangible and relatable by gamifying the experience. Participants are challenged with solving 12 puzzles that enables them to emerge from an "escape room" – designed to mirror a residence – before time expires. This experience has connected hundreds of participants to PSE&G's residential energy efficiency programs, energy technologies rebates, and discounts, in addition to generating awareness about PSE&G program offerings.

- Organizational sponsorships: PSE&G funded the following sponsorships during PY4 using CIP:
  - Rutgers Day: Participated in the Annual Rutgers Day event - this event draws 25-30k attendees across various Rutgers' campuses 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.
  - The Chemical Industry: PSE&G participated as an exhibitor at the 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.

- The African American Chamber of Commerce of New Jersey ("AACCNJ"): PSE&G sponsored the AACCNJ Juneteenth Black Business Expo in 2025. The AACCNJ Expo proved to be a dynamic, educational and interactive event focused on entrepreneurship and the economic and cultural empowerment of underperforming communities. PSE&G had the opportunity to promote energy efficiency programs to attendees and exhibitors.
- Seton Hall Basketball: This sponsorship is intended to raise awareness and encourage customer engagement with the CEF-EE II program offerings to the nearly 10,000 average attendees at each game. The Seton Hall University Pirates play their home games at Prudential Center, a premier sporting event venue located in PSE&G territory.
- Connex FM: Connex FM is a leading membership organization for multi-site facilities managers and suppliers professionals. This opportunity allowed PSE&G to promote program offerings to our customers facilities managers and to collaborate with industry peers about best practices.
- NJCCC Sustainability in Motion Conference: This conference allowed PSE&G to raise awareness and encourage customer engagement with the CEF EE II residential and C&I program offering to clean communities' members, recycling and sustainability coordinators, government representatives, elected officials, industry consultants and nonprofits across NJ.
- NJWEA: PSE&G was able to exhibit as a vendor at the New Jersey Water Environment Association's annual Conference. This event supported the promotion of the energy efficiency programs to Municipal Utility Authorities, who oversee wastewater treatment facilities that greatly benefit from the CEF- EE II program offerings.

- CURE Arena: PSE&G had the opportunity to exhibit as a vendor and raise awareness of the CEF-EE II program offerings to attendees at CURE Arena events in Trenton, NJ. The venue falls within PSE&G's gas and electric service territories.

- 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 continued the partnership 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. There are three program tracks including residential outreach, business outreach and technical assistance for school and municipal facilities. To date, 38 municipalities have joined at least one program track (8 have joined 2 tracks and 3 municipalities have participated in all 3 tracks). A total of $185,000 in Grants has been distributed through the Sustainable Jersey/PSE&G Energy Efficiency Partnership Program. Sustainable Jersey has also recruited and engaged 100 schools in PSE&G service territory for participation in the EmPowered Schools program administered by the Alliance to Save Energy.
- Somerset Patriots Business Customer Engagement Event: PSE&G sponsored a Somerset Patriots 2025 event that provided an opportunity to deepen PSE&G's relationship with current

and prospective participating businesses by creating an environment where businesses were able to network and connect with one another to share their current or potential savings models.

- Home Weatherization Kits: CIP funding was used to target PSE&G's low-moderate income ("LMI") customers by sending Home Weatherization kits and using those kits as an outlet to promote the program. These free kits introduced the Home Weatherization program, encouraged participation and increased awareness. Each kit included one (1) door and window weatherstripping kit, one (1) self-adhesive door sweep, ten (10) switch and outlet sealing gaskets, three (3) window insulation kits, and two (2) creative executions of 8.5" X 11" inserts.
- Trade ally incentives: By offering trade ally bonus incentives, the Energy Management Program is aimed at enhancing customer participation and engagement. Bonus incentives helped motivate and engage trade allies to perform program outreach and spread program benefits, thereby engaging customer participation.

**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, with any shortfall against that target budget carried over to the following funding cycle. The funding cycle period is October through September.

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

A. The PY4 spend was $3,586,442 leaving a shortfall of $12,450 which was added to PY5. Total budget for PY5 is $3,312,450 (inclusive of the PY4 shortfall).

| Program Year | PY2 | PY3 | PY4 | PY5 |
|---|---|---|---|---|
| | 10/22-9/23 | 10/23-9/24 | 10/24-9/25 | 10/25-9/26 |
| **Total CIP Spend** | $3,000,110 | $3,361,012 | $3,586,442 | $1,128,150* |
| **Budget** | $3,360,014 | $3,659,904 | $3,598,892 | $3,312,450 |
| **Difference (Shortfall)** | $359,904 | $298,892 | $12,450 | N/A |

*Reflects actual spend from period of 10/25 through 2/26

**Q. Please summarize the Company SC spend over the PY4 funding period.**

A. Between October 1, 2024 and September, 2025, the Company recorded SC expenses of approximately $3,586,442. A summary of actual expenses is included in Schedule LT-ECIP-1.

**Q. Does this conclude your testimony?**

A. Yes, it does. Thank you.

| CIP recorded expenses through February 2026 | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Activities** | **Oct-24** | **Nov-24** | **Dec-24** | **Jan-25** | **Feb-25** | **Mar-25** | **Apr-25** | **May-25** | **Jun-25** | **Jul-25** | **Aug-25** | **Sep-25** | **Oct-25** | **Nov-25** | **Dec-25** | **Jan-26** | **Feb-26** | **Total** |
| Outreach and community events | $ 217,291 | $ 182,907 | $ 72,071 | $ (4,972) | $ 69,587 | $ 89,113 | $ 47,755 | $ 174,603 | $ 165,269 | $ 102,109 | $ 196,921 | $ 240,438 | $ 100,267 | $ 81,984 | $ 64,408 | $ 23,115 | $ 45,321 | **$ 1,868,186** |
| Organizational sponsorships | $ 2,256 | $ 8,066 | | $ 2,050 | $ 18,450 | $ 10,441 | $ 26,020 | $ 9,499 | $ 24,323 | $ 7,361 | $ - | $ 47,716 | $ 10,733 | $ 27,996 | $ 53,820 | $ 545,354 | $ 43,152 | **$ 837,237** |
| Marketplace Free Shipping | $ 11,680 | $ 11,371 | $ 31,135 | $ 43,497 | $ 9,492 | $ 30,306 | $ 13,783 | | | | | | | | | | | **$ 151,265** |
| Offer Center | $ 378 | | $ 316 | $ 173 | | | $ 35 | $ 1,905 | $ 5,538 | $ 1,381 | | | | | | | | **$ 9,726** |
| Sustainable Jersey | | | | $ 450,000 | | | | | | $ 600,000 | | | | | | | | **$ 1,050,000** |
| Somerset Patriots | | | | | | $ 7,000 | | | | | | | | | | | | **$ 7,000** |
| Home Weatherization Kits | | | $ 524,177 | | | | | | | | | | | | | | | **$ 524,177** |
| New Jersey Advance Media | | | | | | | | | | | | $ 135,000 | | | | | | **$ 135,000** |
| RL Resource Innovation (Bonus Incentive) | | | | | | | | | | | | | | | $ 75,000 | $ 58,500 | $ (1,500) | **$ 132,000** |
| Total | $ 231,606 | $ 202,345 | $ 627,700 | $ 490,747 | $ 97,529 | $ 136,861 | $ 87,592 | $ 186,007 | $ 195,130 | $ 710,851 | $ 196,921 | $ 423,154 | $ 111,000 | $ 109,980 | $ 193,228 | $ 626,969 | $ 86,973 | $ 4,714,592 |

| Program Year | PY1 | PY2 | PY3 | PY4 | PY5 |
|---|---|---|---|---|---|
| | 6/21-9/22 | 10/22-9/23 | 10/23-9/24 | 10/24-9/25 | 10/25-9/26 |
| Total CIP Spend | $3,844,986 | $3,000,110 | $3,361,012 | $3,586,442 | $1,128,150 |
| Plan | $3,905,000 | $3,360,014 | $3,659,904 | $3,598,892 | $3,312,450 |
| Difference (Shortfall) | $60,014 | $359,904 | $298,892 | $12,450 | $2,184,300 |

**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 Electric Conservation Incentive Program (2026 PSE&G Electric Conservation Incentive Program)

## BPU Docket No. _____

# DIRECT TESTIMONY

# OF


## STEPHEN SWETZ
## SENIOR DIRECTOR - CORPORATE RATES AND REVENUES REQUIREMENTS


## March 18, 2026

**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-ECIP-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 Electric Distribution Conservation Incentive Program ("ECIP") rates for the Company's Residential Service ("RS"), Residential Heating Service ("RHS"), Residential Load Management ("RLM"), General Lighting & Power Service ("GLP") and Large Power & Lighting Service - Secondary ("LPL-S") rate schedules as well as the results of the Earnings and the BGS 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 ECIP mechanism.**

A. As set forth in the Testimony of PSE&G Witness Michael P. McFadden, the ECIP mechanism provides a rate adjustment related to changes in the average revenue per customer

when compared to a baseline revenue per customer, removing the disincentive for the Company to encourage customers to conserve energy. The ECIP margin deficiency to be collected from customers or the margin excess to be refunded to customers is calculated each month by applicable rate schedule by subtracting the baseline revenue per customer from the actual revenue per customer and multiplying the resulting revenue per customer by the actual number of customers for the month.

**Q. What rate schedules are included in the ECIP?**

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

- Group I – RS and RHS
- Group Ia – RLM
- Group II – GLP
- Group III – LPLS

**Q. What are the components of the ECIP deferral balance?**

A. As shown in, Attachment D Schedule SS-ECIP-2 of this Testimony the Company's current deferral is forecasted to be $5,687,355. The deferral balance is forecasted to include ($14,753,847) of non-weather related margin excess to be refunded to customer, ($10,990,305) of weather related refunds to residential customers, $30,977,228 deferred margin recovery from the prior ECIP period (comprised of a non-weather carry-forward balance of $26,395,838 and an under-recovery of $4,581,390 as a result of not updating provisionally approved rates), as well as an under-collection of the approved prior ECIP balance of $454,279.

**Q. Are there any limitations on the amount of margin deficieny that can be collected from customers throught the ECIP?**

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

1. Earnings Test;
2. BGS Savings Test; and

3. Variable Margin Test.

The three tests are described below.

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

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

**Q. How is the EROE calculated?**

A. The earnings test determines actual EROE 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 April 2025 through March 2026 for this filing. Since March 2026 actual results are not available, the earnings test in this initial filing contains actual results through September 2025 and forecasted results through March 2026. The Company will provide an updated earnings test with all actual results when available.

**Q. What are the results of the Earnings Test?**

A. Please see PSE&G's petition in this matter, Attachment A, Schedule 6 for the confidential results of the Earnings Test.

**Q. Please describe the BGS Savings Test.**

A. The BGS Savings Test recognizes opportunities to reduce peak demand and lower commodity costs through reductions in customer usage. As a result, non-weather related margins are limited to the level of BGS savings achieved when these savings are less than 75 percent of the non-weather related electric distribution margin deficiency, i.e. BGS 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 electric distributon margin deficiency exceeded the recovery test.

**Q. How is the BGS Savings Test calculated?**

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

i. Category One includes the Company's permanent savings realized from the reduction in PJM Final Zonal Unforced Capacity ("UCAP") Obligation from the 2011/2012 energy year compared to the 2020/2021 energy year multiplied by the 2020/2021 PS Zonal Net Load Price. The permanent BGS savings are $64,505,906. These amounts will remain after the re-setting of the ECIP benchmarks in future base rate cases.

ii. Category Two includes BGS cost savings from ongoing reductions of the Company's PJM Final Zonal UCAP Obligation. This category of savings is calculated as any annual incremental UCAP Obligation savings after the 2020/2021 energy year. Any annual incremental UCAP Obligation savings will be multiplied by the most recent PS Zonal Net Load Price. Due to the potential for UCAP increases due

to electric vehicles and electrification, savings are set as a minimum of the incremental obligation savings or zero.

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 ECIP 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 ECIP multiplied by the corresponding obligation per customer and the current PS Zonal Net Load Price per month.

**Q. What are the results of the BGS Savings Test?**

A. Please see the petition, Attachment A, Schedule 5 for the results of the BGS Savings Test. Since the BGS Savings Test amount was higher than the non-weather deferral, the BGS Savings Test did not result in a limitation on the Company's ECIP recovery of non-weather related revenues.

**Q. Are there any other limitations on setting the ECIP?**

A. Yes. As stated in the CEF-EE Order, recovery of non-weather related margin deficiencies is limited by a Variable Margin 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 the Company's ECIP recovery of non-weather related distribution margin deficiencies totaling $30,977,228 being limited.

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

A. As shown in Attachment D, Schedule SS-ECIP-2 the net ECIP balance to be recovered from customers is $5,687,355. This represents ($14,753,847) of non-weather related margin excess to be refunded to customers in addition to weather related refunds to residential customers totaling ($10,990,305) as well as under recovered margin recovery from the Company's prior ECIP period of $31,431,507.

**Q. Please show proposed ECIP rates.**

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

| | | **ECIP Rates Without SUT** | **ECIP Rates With SUT** | |
|---|---|---|---|---|
| Group I | RS & RHS | (0.000020) | (0.000021) | Per kilowatt-hour |
| Group Ia | RLM | (0.003363) | (0.003586) | Per kilowatt-hour |
| Group II | GLP | 0.3810 | 0.4062 | Per kilowatt of monthly peak demand |
| Group III | LPL-S | (0.1392) | (0.1484) | Per kilowatt of monthly peak demand |

**Q. What are the annual rate impacts to the typical residential customer?**

A. Based upon rates effective March 1, 2026, the annual average bill impacts of the rates requested are set forth in Schedule SS-ECIP-3.

The average monthly impact of the proposed rates to the typical residential electric customer using 683 kWh in a summer month and 558 kWh in an average month (6,700 kWh annually) would be an increase in the average monthly bill from $157.97 to $158.09 or $0.12, or approximately 0.1% (based upon Delivery Rates and BGS-RSCP charges in effect March 1, 2026 and assuming that the customer receives BGS-RSCP service from PSE&G).

**Q. Does this conclude your testimony?**

A. Yes.

## 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 40 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 several 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 | E | TBD | written | Mar-26 | Conservation Incentive Program (ECIP) |
| Public Service Electric & Gas Company | G | GR26020046 | written | Feb-26 | GSMP II Extension / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER25100577 & GR25100578 | written | Oct-25 | Tax Adjustment Clauses (TACs) |
| Public Service Electric & Gas Company | E | ER25100568 | written | Oct-25 | Clean Energy Future - Electric Vehicle (CEF-EV) / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER25100554 & GR25100555 | written | Oct-25 | Infrastructure Advancement Program (IAP) - Second Gas Roll-In and Third Electric Roll-in |
| Public Service Electric & Gas Company | G | GR25080463 | written | Aug-25 | GSMP II Extension / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER25060369 & GR25060370 | written | Jun-25 | Green Programs Recovery Charge (GPRC)-Including CA, EEE, EEE Ext, S4A, SLII, S4AE, SLIII, EEE |
| Public Service Electric & Gas Company | E | ER25060366 | written | Jun-25 | SPRC 2025 |
| Public Service Electric & Gas Company | G | GR25050312 | written | May-25 | Margin Adjustment Charge (MAC) / Cost Recovery |
| Public Service Electric & Gas Company | G | GR25050311 | written | May-25 | Conservation Incentive Program (GCIP) |
| Public Service Electric & Gas Company | E | ER25020032 | written | Feb-25 | Elecric Conservation Incentive Program (ECIP) |
| Public Service Electric & Gas Company | G | GR25020033 | written | Feb-25 | GSMP II Extension / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER24120878 | written | Dec-24 | Societal Benefits Charge (SBC) / Cost Recovery |
| Public Service Electric & Gas Company | E | ER24120878 | written | Dec-24 | Non-Utility Generation Charge (NGC) / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER24110838 and GR24110839 | written | Nov-24 | Infrastructure Advancement Program (IAP) - First Gas Roll-In and Second Electric Roll-in |
| Public Service Electric & Gas Company | E/G | ER24070484 and GR24070490 | written | Jun-24 | Green Programs Recovery Charge (GPRC)-Including CA, EEE, EEE Ext, S4A, SLII, S4AE, SLIII, EEE Ext 2, S4AEII, EE2017, CEF-EE, CSEP, SuSI and TREC |
| Public Service Electric & Gas Company | E | ER24060375 | written | Jun-24 | SPRC 2024 |
| Public Service Electric & Gas Company | G | GR24060369 | written | Jun-24 | Conservation Incentive Program (GCIP) |
| Public Service Electric & Gas Company | G | GR24060375 | 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) |

LIST OF PRIOR TESTIMONIES

| Company | Utility | Docket | Testimony | Date | Case / Topic |
|---|---|---|---|---|---|
| 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 |
| 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 |
| Public Service Electric & Gas Company | G | ER14070656 | written | Jul-14 | Weather Normalization Charge / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER14070651 & GR14070652 | written | Jul-14 | Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery |
| Public Service Electric & Gas Company | E | ER14070650 | written | Jul-14 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery |
| Public Service Electric & Gas Company | G | GR14050511 | written | May-14 | Margin Adjustment Charge (MAC) / Cost Recovery |
| Public Service Electric & Gas Company | E/G | GR14040375 | written | Apr-14 | Remediation Adjustment Charge-RAC 21 |
| Public Service Electric & Gas Company | E/G | ER13070603 & GR13070604 | written | Jun-13 | Green Programs Recovery Charge (GPRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery |
| Public Service Electric & Gas Company | E | ER13070605 | written | Jul-13 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery |
| Public Service Electric & Gas Company | G | GR13070615 | written | Jun-13 | Weather Normalization Charge / Cost Recovery |
| Public Service Electric & Gas Company | G | GR13060445 | written | May-13 | Margin Adjustment Charge (MAC) / Cost Recovery |
| Public Service Electric & Gas Company | E/G | EO13020155 & GO13020156 | written/oral | Mar-13 | Energy Strong / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | G | GO12030188 | written/oral | Mar-13 | Appliance Service / Tariff Support |
| Public Service Electric & Gas Company | E | ER12070599 | written | Jul-12 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER12070606 & GR12070605 | written | Jul-12 | RGGI Recovery Charges (RRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery |
| Public Service Electric & Gas Company | E | EO12080721 | written/oral | Jul-12 | Solar Loan III (SLIII) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E | EO12080721 | written/oral | Jul-12 | Solar 4 All Extension(S4Allext) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | G | GR12060489 | written | Jun-12 | Margin Adjustment Charge (MAC) / Cost Recovery |
| Public Service Electric & Gas Company | G | GR12060583 | written | Jun-12 | Weather Normalization Charge / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER12030207 | written | Mar-12 | Societal Benefits Charge (SBC) / Cost Recovery |
| Public Service Electric & Gas Company | E | ER12030207 | written | Mar-12 | Non-Utility Generation Charge (NGC) / Cost Recovery |
| Public Service Electric & Gas Company | G | GR11060338 | written | Jun-11 | Margin Adjustment Charge (MAC) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | G | GR11060395 | written | Jun-11 | Weather Normalization Charge / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E | EO11010030 | written | Jan-11 | Economic Energy Efficiency Extension (EEEext) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E/G | ER10100737 | written | Oct-10 | RGGI Recovery Charges (RRC)-Including DR, EEE, CA, S4All, SLII / Cost Recovery |
| Public Service Electric & Gas Company | E/G | ER10080550 | written | Aug-10 | Societal Benefits Charge (SBC) / Cost Recovery |
| Public Service Electric & Gas Company | E | ER10080550 | written | Aug-10 | Non-Utility Generation Charge (NGC) / Cost Recovery |
| Public Service Electric & Gas Company | E/G | GR09050422 | written/oral | Mar-10 | Base Rate Proceeding / Cost of Service & Rate Design |
| Public Service Electric & Gas Company | E | ER10030220 | written | Mar-10 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery |
| Public Service Electric & Gas Company | E | EO09030249 | written | Mar-09 | Solar Loan II(SLII) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E/G | EO09010056 | written | Feb-09 | Economic Energy Efficiency(EEE) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E | EO09020125 | written | Feb-09 | Solar 4 All (S4All) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E | EO08080544 | written | Aug-08 | Demand Response (DR) / Revenue Requirements & Rate Design - Program Approval |
| Public Service Electric & Gas Company | E/G | ER10100737 | written | Jun-08 | Carbon Abatement (CA) / Revenue Requirements & Rate Design - Program Approval |

**Attachment D**
**Schedule SS-ECIP-2**

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

| | **Initial ECIP Deferral** | **RS & RHS** | **RLM** | **GLP** | **LPLS** | **Total** | **Reference** |
|---|---|---|---|---|---|---|---|
| a | Actual CIP Carryforward Balance | $10,165,348 | ($159,955) | $14,251,392 | $2,139,053 | $26,395,838 | Final Stipulation, Exhibit B |
| b | Actual vs Approved (Over) / Under recovery | $14,323,971 | ($299,499) | ($3,465,716) | ($5,977,365) | $4,581,390 | b = c - a |
| c | Approved CIP Carry-Forward | $24,489,319 | ($459,454) | $10,785,676 | ($3,838,312) | $30,977,228 | Final Stipulation, Exhibit C |
| d | Final CIP Carry-Forward | $24,364,249 | ($508,507) | $11,055,822 | ($3,480,057) | $31,431,507 | Attachment A Schedules 1 through 3 |
| e | **(Over) / Under Collection** | **($125,070)** | **($49,053)** | **$270,146** | **$358,255** | **$454,279** | |
| (1) | CIP Carry-Forward | $24,364,249 | ($508,507) | $11,055,822 | ($3,480,057) | $31,431,507 | Attachment A Schedules 1 through 3 |
| (2) | CIP Weather | ($10,921,140) | ($69,165) | $0 | $0 | ($10,990,305) | Attachment A Schedule 4 |
| (3) | CIP Non-Weather | ($13,722,496) | ($44,540) | ($897,731) | ($89,080) | ($14,753,847) | Attachment A Schedule 5 |
| (4) | **Total CIP Deferral** | **($279,388)** | **($622,211)** | **$10,158,090** | **($3,569,137)** | **$5,687,355** | (4) = (1) + (2) + (3) |
| (5) | CIP Non-Weather Collection | $0 | $0 | ($897,731) | $0 | ($897,731) | (5) = IF (4) < 0, 0, (3) |
| (6) | CIP Collection % | 79.1% | -1.5% | 34.8% | -12.4% | 100.0% | |
| (7) | CIP Savings Test Recoverable Amount | | | | | **$30,977,228** | Attachment A Schedule 5, Page 2 |
| (8) | CIP Refunds | | | | | $0 | Row (4) RS & RHS |
| (9) | CIP Maximum Recoverable Amount | | | | | $30,977,228 | (9) = (7) - (8) |
| (10) | **Recoverable CIP Non-Weather** | **$10,766,823** | **($503,994)** | **$9,887,944** | **($3,927,392)** | **$16,223,381** | (10) = (IF (4) < 0, (4)), ((6) * (9)) |

| | **Proposed ECIP Rate** | **RS&RHS** | **RLM** | **GLP** | **LPLS** | **Total** | |
|---|---|---|---|---|---|---|---|
| (11) | CIP (Over) / Under Recovery | $24,364,249 | ($508,507) | $11,055,822 | ($3,480,057) | $31,431,507 | (c) + (e) |
| (12) | CIP Weather | ($10,921,140) | ($69,165) | $0 | $0 | ($10,990,305) | (2) |
| (13) | Recoverable CIP Non-Weather | ($13,722,496) | ($44,540) | ($897,731) | ($89,080) | ($14,753,847) | (10) |
| (14) | **CIP (Refund) / Charge** | **($279,388)** | **($622,211)** | **$10,158,090** | **($3,569,137)** | **$5,687,355** | (14) = (11) + (12)+ (13) |
| (15) | CIP Carry-Forward | $0 | $0 | $0 | $0 | $0 | (15) = (4) - (14) |
| (16) | Projected Use (000) * | 13,742,490 | 185,461 | 26,729 | 25,693 | | Attachment A Schedules 1 through 3 |
| | | **RS** | **RHS** | **RLM** | **GLP** | **LPLS** | |
| (17) | CIP Rate | -0.000020 | -0.000020 | -0.003355 | 0.3800 | -0.1389 | (17) = (14) / ((16) * 1000) |
| (18) | CIP Rate w/ Assessment | -0.000020 | -0.000020 | -0.003363 | 0.3810 | -0.1392 | (18) = (17) * (1 / (1 - (0.20% + 0.05%)) |
| (19) | CIP Rate w/SUT | -0.000021 | -0.000021 | -0.003586 | 0.4062 | -0.1484 | (19) = (18) * 1.06625 |

* kWh (RS, RHS & RLM) and kW (GLP & LPLS)

# TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the introduction of the Conservation Incentive Program (CIP) on typical residential electric bills is illustrated below:

| Residential Electric Service - Average Monthly Bill | | | | | |
|---|---|---|---|---|---|
| If Your Average Monthly kWh. Use Is: | And Your Jun. to Sep. Avg. Monthly kWh 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: |
| 140 | 171 | $43.92 | $43.95 | $0.03 | 0.1 % |
| 279 | 342 | 81.85 | 81.91 | 0.06 | 0.1 |
| 558 | 683 | 157.97 | 158.09 | 0.12 | 0.1 |
| 650 | 803 | 183.47 | 183.60 | 0.13 | 0.1 |
| 977 | 1,279 | 275.27 | 275.47 | 0.20 | 0.1 |

(1) Based upon current Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) and Delivery Rates in effect March 1, 2026, and assumes that the customer receives commodity service from Public Service.

(2) Same as (1) except includes increase due to CIP.

| Residential Electric Service - Monthly Summer Bill | | | | |
|---|---|---|---|---|
| If Your Monthly Summer kWh Use Is: | Then Your Present Monthly Summer Bill (3) Would Be: | And Your Proposed Monthly Summer Bill (4) Would Be: | Your Monthly Summer Bill Change Would Be: | And Your Percent Change Would Be: |
| 171 | $55.64 | $55.68 | $0.04 | 0.1 % |
| 342 | 105.32 | 105.39 | 0.07 | 0.1 |
| 683 | 205.43 | 205.58 | 0.15 | 0.1 |
| 803 | 241.72 | 241.89 | 0.17 | 0.1 |
| 1,279 | 386.58 | 386.84 | 0.26 | 0.1 |

(3) Based upon current Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) and Delivery Rates in effect March 1, 2026, and assumes that the customer receives commodity service from Public Service.

(4) Same as (3) except includes increase due to CIP.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 66**
**Superseding**
**B.P.U.N.J. No. 17 ELECTRIC** **XXX Revised Sheet No. 66**

## CONSERVATION INCENTIVE PROGRAM

## CHARGE APPLICABLE TO RATE SCHEDULES RS, RHS, RLM, GLP, LPL-S

| Rate Schedule | Conservation Incentive Program | Conservation Incentive Program including SUT | Units |
|---|---|---|---|
| RS & RHS | ($0.000020)~~($0.000215)~~ | ($0.000021)~~($0.000229)~~ | Per kilowatt-hour |
| RLM | ($0.003363)~~$0.006859~~ | ($0.003586)~~$0.007313~~ | Per kilowatt-hour |
| GLP | $0.3810~~$0.8237~~ | $0.4062~~$0.8783~~ | Per kilowatt of monthly peak demand |
| LPL-S | ($0.1392)~~$1.7944~~ | ($0.1484)~~$1.9133~~ | Per kilowatt of monthly peak demand |

**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 revenue per customer during the preceding annual period. The Conservation Incentive Program 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 Revenue Per Customer**
– the Actual Revenue per Customer ("ARC") shall be determined in dollars per customer on a monthly basis for each of the Customer Class Groups to which the CIP applies. The ARC shall equal the aggregate actual booked variable margin revenue per applicable rate schedule for the month as recorded on the Company's books divided by the Actual Number of Customers for the corresponding month. Actual revenues shall include Distribution Kilowatt-hour and Distribution Kilowatt charges as well as any Infrastructure Investment Program revenues, and shall not include the Service Charge and any non-base rate charges such as the Societal Benefits, Non-Utility Generation Charge, Zero Emission Certificate Recovery Charge, Solar Pilot Recovery Charges, Green Programs Recovery Charges, or the Tax Adjustment Credit.

**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 June 1 of one calendar year through May 31 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.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 66B**
**Superseding**
**B.P.U.N.J. No. 17 ELECTRIC** **XXX Revised Sheet No. 66B**

## CONSERVATION INCENTIVE PROGRAM
## (Continued)

**12. Normal Calendar Month HDD and THI**
– the level of calendar month HDD and THI to which the weather portion of this CIP applies.

The normal calendar month HDD and THI will be based on the twenty-year average of the National Oceanic and Atmospheric Administration ("NOAA") First Order Weather Observation Station hourly observations at the Newark airport and will be updated annually. The base level of normal HDD and THI for the defined winter and summer period months for the 20254-20265 Periods are set forth in the table below:

| Year | Month | Normal Heating Degree Days | Normal Temperature Humidity Index |
|---|---|---|---|
| 20265 | January | 960980 | |
| 20265 | February | 818826 | |
| 20265 | March | 672679 | |
| 20265 | April | 343344 | 157160 |
| 20265 | May | 117 | 976985 |
| 20254 | June | | 3,1133,026 |
| 20254 | July | | 5,9175,779 |
| 20254 | August | | 4,8724,846 |
| 20254 | September | | 2,2712,285 |
| 20254 | October | 210218 | 436421 |
| 20254 | November | 514520 | |
| 20254 | December | 796798 | |

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

**14. Summer Period**
– shall be the seven consecutive calendar months from April of one calendar year through October of the calendar year.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 66C**
**Superseding**
**B.P.U.N.J. No. 17 ELECTRIC** **XXX Revised Sheet No. 66C**

**CONSERVATION INCENTIVE PROGRAM**
**(Continued)**

**15. Consumption Factors**
– the use per HDD and THI component by month used in forecasting sales for the applicable rate schedules. These factors will be updated annually. Consumption Factors for the 20254-20265 Winter Period for HDD and 20254 Summer Period for THI are set forth below and presented as kWh per degree day:

| | | Consumption Factors (kWh per HDD and THI) | | | | | |
|---|---|---|---|---|---|---|---|
| | | RS | | RHS | | RLM | |
| Year | Month | HDD | THI | HDD | THI | HDD | THI |
| 20265 | January | 376,269~~495,154~~ | 147,867~~144,547~~ | 9,674~~10,109~~ | 325~~380~~ | 6,392~~5,443~~ | 1,530~~1,735~~ |
| 20265 | February | 376,088~~495,472~~ | 147,796~~144,639~~ | 9,622~~10,058~~ | 323~~378~~ | 6,145~~5,440~~ | 1,470~~1,734~~ |
| 20265 | March | 376,436~~495,790~~ | 147,933~~144,732~~ | 9,577~~10,007~~ | 322~~376~~ | 6,207~~5,436~~ | 1,485~~1,733~~ |
| 20265 | April | 376,679~~496,107~~ | 148,028~~144,825~~ | 9,532~~9,955~~ | 320~~374~~ | 6,206~~5,433~~ | 1,485~~1,732~~ |
| 20265 | May | 376,922~~496,425~~ | 148,124~~144,918~~ | 9,488~~9,904~~ | 319~~372~~ | 6,205~~5,430~~ | 1,485~~1,731~~ |
| 20254 | June | 373,351~~484,122~~ | 146,720~~141,326~~ | 10,049~~10,527~~ | 337~~396~~ | 6,017~~4,631~~ | 1,440~~1,476~~ |
| 20254 | July | 373,254~~480,789~~ | 146,683~~140,353~~ | 9,961~~10,509~~ | 334~~395~~ | 6,106~~6,372~~ | 1,461~~2,031~~ |
| 20254 | August | 373,780~~486,473~~ | 146,889~~142,012~~ | 9,919~~10,440~~ | 333~~392~~ | 6,385~~5,746~~ | 1,528~~1,831~~ |
| 20254 | September | 374,796~~484,013~~ | 147,289~~141,294~~ | 9,902~~10,368~~ | 332~~390~~ | 6,593~~5,416~~ | 1,578~~1,726~~ |
| 20254 | October | 374,012~~483,992~~ | 146,980~~141,288~~ | 9,827~~10,326~~ | 330~~388~~ | 6,432~~5,663~~ | 1,539~~1,805~~ |
| 20254 | November | 371,038~~488,776~~ | 145,812~~142,685~~ | 9,755~~10,437~~ | 328~~392~~ | 6,272~~5,219~~ | 1,501~~1,663~~ |
| 20254 | December | 378,840~~485,222~~ | 148,878~~141,647~~ | 9,767~~10,141~~ | 328~~381~~ | 6,014~~5,446~~ | 1,439~~1,736~~ |

**II. BASELINE REVENUE PER CUSTOMER**

– the BRC for each Customer Class Group by month are as follows:

| Month | RS & RHS | RLM | GLP | LPL-S |
|---|---|---|---|---|
| June | $50.16 | $89.81 | $190.82 | $2,993.03 |
| July | 63.44 | 106.11 | 207.10 | 3,859.03 |
| August | 60.56 | 128.85 | 215.37 | 4,143.71 |
| September | 41.08 | 84.38 | 205.01 | 4,115.87 |
| October | 19.45 | 17.61 | 51.66 | 1,882.18 |
| November | 19.32 | 21.46 | 39.89 | 860.41 |
| December | 25.88 | 21.64 | 42.69 | 785.63 |
| January | 28.29 | 27.24 | 41.99 | 866.98 |
| February | 23.80 | 21.18 | 37.79 | 800.71 |
| March | 22.46 | 22.12 | 41.59 | 848.65 |
| April | 18.71 | 18.40 | 40.89 | 814.54 |
| May | 20.76 | 21.06 | 42.23 | 838.38 |
| **Total Annual** | **$393.90** | **$579.86** | **$1,157.01** | **$22,809.12** |

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 66**
**Superseding**
**B.P.U.N.J. No. 17 ELECTRIC** **XXX Revised Sheet No. 66**

## CONSERVATION INCENTIVE PROGRAM

## CHARGE APPLICABLE TO RATE SCHEDULES RS, RHS, RLM, GLP, LPL-S

| Rate Schedule | Conservation Incentive Program | Conservation Incentive Program including SUT | Units |
|---|---|---|---|
| RS & RHS | ($0.000020) | ($0.000021) | Per kilowatt-hour |
| RLM | ($0.003363) | ($0.003586) | Per kilowatt-hour |
| GLP | $0.3810 | $0.4062 | Per kilowatt of monthly peak demand |
| LPL-S | ($0.1392) | ($0.1484) | Per kilowatt of monthly peak demand |

**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 revenue per customer during the preceding annual period. The Conservation Incentive Program 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 Revenue Per Customer**
– the Actual Revenue per Customer ("ARC") shall be determined in dollars per customer on a monthly basis for each of the Customer Class Groups to which the CIP applies. The ARC shall equal the aggregate actual booked variable margin revenue per applicable rate schedule for the month as recorded on the Company's books divided by the Actual Number of Customers for the corresponding month. Actual revenues shall include Distribution Kilowatt-hour and Distribution Kilowatt charges as well as any Infrastructure Investment Program revenues, and shall not include the Service Charge and any non-base rate charges such as the Societal Benefits, Non-Utility Generation Charge, Zero Emission Certificate Recovery Charge, Solar Pilot Recovery Charges, Green Programs Recovery Charges, or the Tax Adjustment Credit.

**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 June 1 of one calendar year through May 31 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.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 66B**
**Superseding**
**B.P.U.N.J. No. 17 ELECTRIC** **XXX Revised Sheet No. 66B**

**CONSERVATION INCENTIVE PROGRAM**
**(Continued)**

**12. Normal Calendar Month HDD and THI**
– the level of calendar month HDD and THI to which the weather portion of this CIP applies.

The normal calendar month HDD and THI will be based on the twenty-year average of the National Oceanic and Atmospheric Administration ("NOAA") First Order Weather Observation Station hourly observations at the Newark airport and will be updated annually. The base level of normal HDD and THI for the defined winter and summer period months for the 2025-2026 Periods are set forth in the table below:

| Year | Month | Normal Heating Degree Days | Normal Temperature Humidity Index |
|---|---|---|---|
| 2026 | January | 960 | |
| 2026 | February | 818 | |
| 2026 | March | 672 | |
| 2026 | April | 343 | 157 |
| 2026 | May | 117 | 976 |
| 2025 | June | | 3,113 |
| 2025 | July | | 5,917 |
| 2025 | August | | 4,872 |
| 2025 | September | | 2,271 |
| 2025 | October | 210 | 436 |
| 2025 | November | 514 | |
| 2025 | December | 796 | |

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

**14. Summer Period**
– shall be the seven consecutive calendar months from April of one calendar year through October of the calendar year.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 66C**
**Superseding**
**B.P.U.N.J. No. 17 ELECTRIC** **XXX Revised Sheet No. 66C**

**CONSERVATION INCENTIVE PROGRAM**
**(Continued)**

**15. Consumption Factors**
– the use per HDD and THI component by month used in forecasting sales for the applicable rate schedules. These factors will be updated annually. Consumption Factors for the 2025-2026 Winter Period for HDD and 2025 Summer Period for THI are set forth below and presented as kWh per degree day:

| | | Consumption Factors (kWh per HDD and THI) | | | | | |
|---|---|---|---|---|---|---|---|
| | | RS | | RHS | | RLM | |
| Year | Month | HDD | THI | HDD | THI | HDD | THI |
| 2026 | January | 376,269 | 147,867 | 9,674 | 325 | 6,392 | 1,530 |
| 2026 | February | 376,088 | 147,796 | 9,622 | 323 | 6,145 | 1,470 |
| 2026 | March | 376,436 | 147,933 | 9,577 | 322 | 6,207 | 1,485 |
| 2026 | April | 376,679 | 148,028 | 9,532 | 320 | 6,206 | 1,485 |
| 2026 | May | 376,922 | 148,124 | 9,488 | 319 | 6,205 | 1,485 |
| 2025 | June | 373,351 | 146,720 | 10,049 | 337 | 6,017 | 1,440 |
| 2025 | July | 373,254 | 146,683 | 9,961 | 334 | 6,106 | 1,461 |
| 2025 | August | 373,780 | 146,889 | 9,919 | 333 | 6,385 | 1,528 |
| 2025 | September | 374,796 | 147,289 | 9,902 | 332 | 6,593 | 1,578 |
| 2025 | October | 374,012 | 146,980 | 9,827 | 330 | 6,432 | 1,539 |
| 2025 | November | 371,038 | 145,812 | 9,755 | 328 | 6,272 | 1,501 |
| 2025 | December | 378,840 | 148,878 | 9,767 | 328 | 6,014 | 1,439 |

**II. BASELINE REVENUE PER CUSTOMER**

– the BRC for each Customer Class Group by month are as follows:

| Month | RS & RHS | RLM | GLP | LPL-S |
|---|---|---|---|---|
| June | $50.16 | $89.81 | $190.82 | $2,993.03 |
| July | 63.44 | 106.11 | 207.10 | 3,859.03 |
| August | 60.56 | 128.85 | 215.37 | 4,143.71 |
| September | 41.08 | 84.38 | 205.01 | 4,115.87 |
| October | 19.45 | 17.61 | 51.66 | 1,882.18 |
| November | 19.32 | 21.46 | 39.89 | 860.41 |
| December | 25.88 | 21.64 | 42.69 | 785.63 |
| January | 28.29 | 27.24 | 41.99 | 866.98 |
| February | 23.80 | 21.18 | 37.79 | 800.71 |
| March | 22.46 | 22.12 | 41.59 | 848.65 |
| April | 18.71 | 18.40 | 40.89 | 814.54 |
| May | 20.76 | 21.06 | 42.23 | 838.38 |
| **Total Annual** | **$393.90** | **$579.86** | **$1,157.01** | **$22,809.12** |

# NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY ELECTRIC CUSTOMERS

## In the Matter of the Petition of Public Service Electric and Gas Company for Approval of Changes in its Electric Conservation Incentive Program (2026 Electric CIP Rate Filing)

## Notice of Filing and Notice of Public Hearings

## BPU Docket No.

**PLEASE TAKE NOTICE** that, on March 18, 2026, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition and supporting documentation with the New Jersey Board of Public Utilities ("Board") seeking Board approval for adjustments in the cost recovery associated with its Electric Conservation Incentive Program ("ECIP" or "Program") ("Petition").

By Order dated September 23, 2020, the Board approved the Clean Energy Future – Energy Efficiency Program in Docket Nos. GO18101112 and EO18101113 ("Order"). By the Order, the Board approved a Conservation Incentive Program ("CIP") that allows the Company to recover sales revenue from the potential decrease in customer usage resulting from the Company's energy efficiency programs. Recoveries under the ECIP are subject to limitations based on the Company's earnings and based on offsetting savings achieved by the Company in the costs of Basic Generation Service.

Under the Company's proposal, PSE&G seeks Board approval to recover approximately $5.7 million as a result of lower revenue per customer compared to an approved baseline. The deferral consists of $14.7 million of non-weather-related lost revenue, offset by a refund of $11 million that is due to customers because of increased revenues resulting from warmer-than-normal weather, and adding in $31.4 million of under-recovered margin recovery from the Company's prior ECIP period.

Since there is no limit on non-weather recovery, there is no projected carry-forward balance to the next ECIP period at this time. The CIP deferral is calculated by applicable rate schedule and thus some rate schedules can receive a credit while others a charge based on the difference between actual revenue and the baseline by rate schedule.

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

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

Based on the filing, a typical residential electric customer using 683 kWh in a summer month and 558 kWh in an average month (6,700 kWh annually) would see an increase in the average monthly bill from $157.97 to $158.09, or $0.12 or approximately 0.1%.

The Board has the statutory authority pursuant to N.J.S.A. 48:2-21, to establish the ECIP charge at levels it finds just and reasonable. Therefore, the Board may establish the ECIP 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 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 Virtually:**

There are two options for joining.
Either go to this website:
https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting

and enter the following information:
Meeting ID: 992 979 119 781
Passcode: 3X59PZ

-or-

**Join by Phone**
**Dial In:** (973) 536-2286
**Phone conference ID:** 537 811 425#

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

Representatives from the Company, Board Staff and 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 public documents should be submitted 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 also be filed electronically via the Board's e-filing system or by email to the Secretary of the Board. Please include "Confidential Information" in the subject line of any email. Instructions for confidential e-filing are found on the Board's webpage at https://www.nj.gov/bpu/agenda/efiling/.

Emailed and/or written comments may also be submitted to:

Sherri L. Lewis, Secretary of the Board
44 South Clinton Ave.
PO Box 350
Trenton, NJ 08625-0350
Phone: 609-913-6241
Email: board.secretary@bpu.nj.gov

**Table # 1**
**Electric CIP Charges**

| | ECIP Charges | | |
|---|---|---|---|
| **Rate Schedule** | **Present Charge (Incl SUT)** | **Proposed Charge (Incl SUT)** | |
| RS & RHS | ($0.000229) | ($0.000021) | Per kilowatt-hour |
| RLM | 0.007313 | (0.003586) | Per kilowatt-hour |
| GLP | 0.8783 | 0.4062 | Per kilowatt of monthly peak demand |
| LPL-S | 1.9133 | (0.1484) | Per kilowatt of monthly peak demand |

**Table # 2**
**Residential Electric Service**

| If Your Average Monthly kWhr Use Is: | And Your Jun. to Sep. Average Monthly kWhr Use is: | Then Your Present Average Monthly Bill (1) Would Be: | And Your Proposed Average Monthly Bill (2) Would Be: | Your Average Monthly Bill Change Would Be: | And Your Percent Change Would Be: |
|---|---|---|---|---|---|
| 140 | 171 | $43.92 | $43.95 | $0.03 | 0.1% |
| 279 | 342 | 81.85 | 81.91 | 0.06 | 0.1 |
| 558 | 683 | 157.97 | 158.09 | 0.12 | 0.1 |
| 650 | 803 | 183.47 | 183.60 | 0.13 | 0.1 |
| 977 | 1,279 | 275.27 | 275.47 | 0.20 | 0.1 |

(1) Based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect March 1, 2026, and assumes that the customer receives BGS-RSCP service from Public Service Electric and Gas Company.
(2) Same as (1) except includes the proposed ECIP.

**Danielle Lopez**
**Associate Counsel-Regulatory**

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**