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May 29, 2026

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

BPU Docket No. \_\_\_\_\_

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

Sherri Lewis, Board Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 1<sup>st</sup> 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, 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,

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

C  
Attached service list (via e-mail)

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

BPU Docket No.

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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF )  
PUBLIC SERVICE ELECTRIC AND GAS )  
COMPANY FOR APPROVAL OF CHANGES ) BPU DOCKET NO. \_\_\_\_\_  
IN ITS GAS CONSERVATION )  
INCENTIVE PROGRAM )  
(2026 PSE&G GAS CONSERVATION )  
INCENTIVE PROGRAM) )**

**VERIFIED PETITION**

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

**INTRODUCTION AND OVERVIEW OF THE FILING**

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

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

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

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

4. On May 30, 2025, PSE&G filed a petition with the Board requesting an adjustment to the GCIP rate for the period October 1, 2025 through September 30, 2026. On December 17, 2025, the Board issued an order approving the rates on a provisional basis, subject to refund with interest. Subsequently, on May 21, 2026, the Board approved the 2025-2026 GCIP rates as final.

### **BACKGROUND**

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

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

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

7. On May 23, 2018, Governor Murphy signed the Clean Energy Act ("CEA") into law. The CEA builds upon the RGGI Law by employing clean energy strategies and establishing aggressive energy reduction requirements with the goal of improving public health by ensuring a cleaner environment for current and future New Jersey residents. Specifically, the CEA requires that each utility implement EE measures that "achieve annual reductions in the use of electricity of two percent of the average annual usage in the prior three years within five years of implementation of its electric energy efficiency program" and "annual reductions in the use of natural gas of 0.75 percent of the average annual usage in the prior three years within five years of implementation of its gas energy efficiency program."

#### **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").

9. 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 12<sup>th</sup> 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.

10. 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.

11. 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").

12. 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.

13. 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.

14. 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.

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

16. 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.

17. 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.

18. 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.

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

20. 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.

21. 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.

22. 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**

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

Shareholder Contribution

24. To implement initiatives to further customer conservation efforts, providing a funding amount (“shareholder contribution”) of \$3.3 million per year as long as the CIP remains in place, commencing with the start of the CIP deferrals, as defined below. All shareholder contribution expenditures will be allocated 55% to electric distribution (or approximately \$1.8 million) and 45% to gas distribution (or approximately \$1.5 million). Any under-spend in a year will be factored into the following year’s spending amount. The shareholder contribution will not be included in customer rates. The shareholder contribution will support initiatives designed to aid customers in reducing their costs of natural gas and electricity and to reduce each utility’s peak demand.

Filing/Tariff Details

25. The parties to the CEF-EE Stipulation agreed that PSE&G would submit its first gas CIP cost recovery filing by June 1, 2022, for new rates effective October 1, 2022, based on an initial deferral period of October 1, 2021 through September 30, 2022 and that it would not book any GCIP deferral prior to October 1, 2021. Thereafter the GCIP has been adjusted annually. The filings will document actual results, perform the required GCIP collection test described in more detail hereinafter, and propose the new GCIP rate. Any variances from the annual filing will be trued-up in the subsequent year. The prior GCIP filing was approved on May 21, 2026. This petition is for GCIP cost recovery seeking new rates effective October 1, 2026 based on a deferral period of October 1, 2025 through September 30, 2026.

Weather Normalization Charge

26. By Order dated September 14, 2021, the Board approved a provisional settlement where the parties agreed that as the remaining over/under balance of the Weather Normalization Charge (“WNC”) approaches zero, PSE&G will make a compliance filing in the above docket to set the WNC rate to zero and roll any remaining over or under recovery balance, including interest, into the Company’s initial GCIP.<sup>1</sup> In accordance with the Order, on April 20, 2022, PSE&G made a compliance filing with the Board setting the WNC rate to \$0.000000 per therm effective May 1, 2022.<sup>2</sup> In October 2025 the Company rolled the remaining WNC balance of \$1,2123 from October 2024 through September 2025 into the Company’s GCIP balance. The current balance from October 2025 through April 2026 totals (\$86) and has been included in the balance to be collected from customers during the upcoming CIP period. The Company anticipates minimal activity related to the WNC going forward and as a result proposes to eliminate this adjustment starting with the next CIP period beginning on October 1, 2026.

CIP Methodology

27. The monthly CIP deferrals will be calculated by way of the approved methodology as reflected in Attachments 5 and 6G to the CEF-EE Stipulation. For the GCIP, the baseline usage per customer (“BUC”) by applicable rate schedule is based on the billing determinants approved in the Company’s most recent base rate case (2023)<sup>3</sup>. Please see the testimony of Michael McFadden for details relating to the BUC change as a result of the Company’s base rate

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<sup>1</sup> *In the Matter of the Petition of Public Service Electric and Gas Company to Revise its Weather Normalization Charge for the 2021-2022 Annual Period*, BPU Docket No. GR21060952.

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

<sup>3</sup> Docket Nos. ER23120924 and GR23120925 reset the BUC and margin factor.

case. The margin rate utilized in the calculation of the gas deferral is based on the current variable margin rate for each rate schedule and will be updated for any Infrastructure Investment Program (“IIP”) rate adjustments or all other future base rate changes.

28. 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.

29. The non-weather component will be calculated by first deducting the weather component. For gas, the weather impact will be calculated consistent with the Gas CIP tariff. The weather normalization methodology is shown in Attachment A, Schedule 4 (which is consistent with the methodology presented in Schedule 4 of Attachment 6G of the CEF-EE Stipulation). A description of the weather calculation is provided in the testimony of Michael McFadden.

30. Recovery of non-weather related gas CIP impacts shall be subject to the application of two eligibility tests: a modified BGSS Savings Test and a Variable Margin Test. A description of the eligibility tests is provided in the testimony of Stephen Swetz (“BGSS Savings Test”) and Michael McFadden (“Variable Margin Test”). The dual cost recovery tests set forth above shall operate in conjunction with each other so that the total non-weather recoverable amount is limited to the smaller of the two (2) recoverable amounts allowed under the separate BGSS Savings Test and Variable Margin Test for Gas. Any amounts that exceed the BGSS Savings Test and/or Variable Margin Test may be deferred for future recovery subject to the earnings test described

below. The Company has agreed to not seek recovery of interest on any deferred carry-forward amount. There is no limitation on the non-weather recovery forecasted in this proceeding.

Earnings Test

31. The parties to the CEF-EE stipulation agreed to include an earnings test, through which actual ROE shall be determined based on the actual net income of the utility for the most recent 12-month period divided by the average of the beginning and ending common equity balances for the corresponding period. The timing of the earnings test and definitions of Net Income and Common Equity are specified in the GCIP Tariffs. The earnings test will be applicable to the total CIP deferral, including weather and non-weather components. If the calculated ROE exceeds the allowed ROE from the utility's last base rate case by 50 basis points or more, recovery of lost revenues through the CIP shall not be allowed for the applicable filing period and shall not be carried over to subsequent filing periods. There is no earnings test limitation forecasted in this proceeding.

**REQUEST FOR COST RECOVERY**

32. 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.

33. Per the CEF-EE Order, the gas BUC is based on the billing determinants from the 2023 base rate case. The difference between the actual use per customer and the BUC is multiplied by the actual number of customers and the per therm margin rate for each applicable rate schedule.

34. Attachment A provides the approved CIP schedules from the CEF-EE Order, updated for the latest CIP deferral period of October 1, 2025 through September 30, 2026. Attachment B is the testimony of Michael P. McFadden, PSE&G's Director of Sales and Revenue Forecasting, providing an overview of the CIP mechanism, the calculation of weather impacts for the current CIP period, and the calculation of the Variable Margin Test. Attachment C is the testimony of 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. Attachment D is the testimony of Stephen Swetz, Senior Director of Corporate Rates and Revenue Requirements for PSEG Services Corporation supporting the Earnings Test, BGSS Savings Test and rate calculation for the current CIP period.

35. The Company's total deferral for the GCIP is approximately \$12.0 million, representing approximately \$69.5 million of non-weather related gas distribution margin deficiencies, approximately (\$50.1) million related to weather related gas distribution margin. Additionally, the GCIP Carry-Forward amount of approximately (\$7.4) million.

36. The application of the Variable Margin Revenue Test and the BGSS Savings Test did not result in a limitation on the Company's GCIP recovery of non-weather related revenues.

37. The GCIP rates are summarized below:

		<b>GCIP Rates w/o SUT</b>	<b>GCIP Rates Incl. SUT</b>	
Group I	RSG	\$0.007174	\$0.007649	Per Therm
Group II	GSG	\$0.004320	\$0.004606	Per Therm
Group III	LVG	(\$0.000332)	(\$0.000354)	Per Therm

38. Based upon rates effective May 1, 2026, the average monthly bill impacts of the rates requested are set forth in Schedule SS-GCIP-3.

39. The average monthly impact of the proposed rates to the typical residential gas heating customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would be a decrease in the average monthly bill from \$106.99 to \$101.65 or \$5.34 or approximately 5.0% (based upon Delivery Rates and BGSS-RSG charges in effect as of May 1, 2026, and assuming that the customer receives BGSS service from PSE&G).

40. In accordance with the Board's recent COVID-19 order,<sup>4</sup> 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 08625 and 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.

41. PSE&G requests that the Board find the proposed rates shown in the tariff sheets included herein at Attachment D, Schedule SS-GCIP-4, are just and reasonable and PSE&G

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<sup>4</sup> 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.

should be authorized to implement the proposed rates as set forth herein, effective October 1, 2026.

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

**COMMUNICATIONS**

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

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**CONCLUSION AND REQUESTS FOR APPROVAL**

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

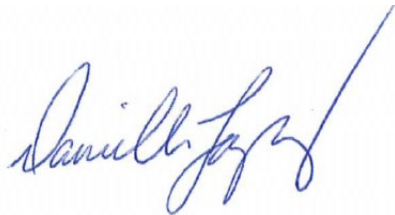
1. PSE&G is authorized to receive the GCIP rate adjustment associated with the GCIP period from October 1, 2025 – September 30, 2026, as reflected in this Petition and accompanying materials, along with anticipated updates of data; and

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

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

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By \_\_\_\_\_

Danielle Lopez  
Assistant Counsel - Regulatory  
PSE&G  
80 Park Plaza, T20  
P. O. Box 570  
Newark, New Jersey 07102

DATED: May 29, 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 GAS CONSERVATION )  
INCENTIVE PROGRAM )  
(2026 PSE&G GAS CONSERVATION )  
INCENTIVE PROGRAM) )**

**CERTIFICATION**

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

1. I am Director of Sales and Revenue Forecasting for PSEG Services Corporation.
2. I have read the contents of the foregoing Petition, and the information contained therein are true and correct to the best of my knowledge, information, and belief.

BY:



Michael P. McFadden

Public Service Electric and Gas Company  
Conservation Incentive Program  
Group I: Residential Heat & Non-Heating  
October 2025 - September 2026

Customer Class	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. <sup>2</sup> (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
<b>Residential RSG</b>									
Oct-25	Act	63,737,690	1,728,877	36.9	44.9	(8.0)	(13,882,884)	\$0.5664	(\$7,863,613)
Nov-25	Act	159,294,720	1,712,937	93.0	90.8	2.2	3,768,460	\$0.5664	\$2,134,550
Dec-25	Act	282,837,077	1,746,148	162.0	147.0	15.0	26,157,296	\$0.5664	\$14,816,147
Jan-26	Act	332,718,567	1,733,783	191.9	181.3	10.6	18,378,096	\$0.5664	\$10,409,813
Feb-26	Act	281,820,145	1,731,261	162.8	158.4	4.4	7,582,923	\$0.5664	\$4,295,157
Mar-26	Act	177,887,979	1,738,879	102.3	123.7	(21.4)	(37,212,005)	\$0.5664	(\$21,077,810)
Apr-26	Act	104,232,796	1,733,885	60.1	71.8	(11.7)	(20,251,772)	\$0.5764	(\$11,674,114)
May-26	Frcst	54,308,898	1,735,562	31.3	36.3	(5.0)	(8,695,166)	\$0.5764	(\$5,012,320)
Jun-26	Frcst	38,729,762	1,736,154	22.3	21.4	0.9	1,579,900	\$0.5764	\$910,732
Jul-26	Frcst	26,998,417	1,736,747	15.6	18.7	(3.2)	(5,470,753)	\$0.5764	(\$3,153,610)
Aug-26	Frcst	27,208,478	1,737,339	15.7	16.9	(1.2)	(2,154,300)	\$0.5764	(\$1,241,844)
Sep-26	Frcst	31,556,601	1,737,931	18	18.8	(0.6)	(1,112,276)	\$0.5764	(\$641,170)
<b>Total</b>		<b>1,581,331,130</b>		<b>911.9</b>	<b>930.0</b>		<b>(31,312,481)</b>		<b>(\$18,098,082)</b>

Margin Deficiency/ (Credit)	\$ 18,098,082
Prior Period (Over) / Under Recovery <sup>3</sup>	\$ (7,109,934)
<b>Total Deficiency/(Credit)</b>	<b>\$ 10,988,149</b>
Projected Residential Non-Heating Throughput for Recovery Period	1,535,416,916
Pre-tax CIP Charge/(Credit)	\$ 0.007156
BPU/RC Assessment Factor	<u>1.002500</u>
CIP Charge/(Credit) including assessments	\$ 0.007174
6.625% Sales Tax	<u>\$ 0.0005</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ 0.0076</b>
Current After-tax CIP Charge/(Credit) per Therm	<u>\$ 0.0603</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	<u>\$ (0.052632)</u>

<sup>1</sup> Per Schedule 1, Page 2

<sup>2</sup> From 2023 Base Rate Case

<sup>3</sup> Per Schedule 1, Page 3

Public Service Electric and Gas Company  
 Customers and Therms

**Group I: Residential Heat & Non-Heating**

	Act Oct-25	Act Nov-25	Act Dec-25	Act Jan-26	Act Feb-26	Act Mar-26	Act Apr-26	Frest May-26	Frest Jun-26	Frest Jul-26	Frest Aug-26	Frest Sep-26	
<b>Customers</b>													
RSG heating	1,517,007	1,502,664	1,533,266	1,523,251	1,522,579	1,531,316	1,527,040	1,735,562	1,736,154	1,736,747	1,737,339	1,737,931	
RSG non-heating	211,870	210,273	212,882	210,532	208,682	207,563	206,845	0	0	0	0	0	
<b>Total Customers</b>	<b>1,728,877</b>	<b>1,712,937</b>	<b>1,746,148</b>	<b>1,733,783</b>	<b>1,731,261</b>	<b>1,738,879</b>	<b>1,733,885</b>	<b>1,735,562</b>	<b>1,736,154</b>	<b>1,736,747</b>	<b>1,737,339</b>	<b>1,737,931</b>	
<b>Volumes</b>													
RSG heating	62,144,235	156,668,058	278,892,945	328,642,540	278,655,803	175,451,856	102,340,017	54,308,898	38,729,762	26,998,417	27,208,478	31,556,601	1,561,597,611
RSG non-heating	1,593,456	2,626,662	3,944,132	4,076,027	3,164,341	2,436,123	1,892,778	0	0	0	0	0	19,733,520
<b>Total Volumes</b>	<b>63,737,690</b>	<b>159,294,720</b>	<b>282,837,077</b>	<b>332,718,567</b>	<b>281,820,145</b>	<b>177,887,979</b>	<b>104,232,796</b>	<b>54,308,898</b>	<b>38,729,762</b>	<b>26,998,417</b>	<b>27,208,478</b>	<b>31,556,601</b>	<b>1,581,331,130</b>

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**Group I: Residential Heat & Non-Heating**  
**October 2025- September 2026**

	Act Oct-25	Act Nov-25	Act Dec-25	Act Jan-26	Act Feb-26	Act Mar-26	Act Apr-26	Frest May-26	Frest Jun-26	Frest Jul-26	Frest Aug-26	Frest Sep-26	TOTAL
Beginning Under/(Over) Recovery \$	90,765,240	87,161,766	78,155,880	62,165,403	40,532,375	22,208,711	10,642,612	3,865,500	334,390	(1,981,534)	(3,595,958)	(5,222,944)	90,765,240
Therm Sales	63,737,690	159,294,720	282,837,077	332,718,567	281,820,145	177,887,979	104,232,796	54,308,898	38,729,762	26,998,417	27,208,478	31,556,601	1,581,331,130
Pre-tax Recovery Rate per Therm <sup>1</sup>	0.056536	0.056536	0.056536	0.065019	0.065019	0.065019	0.065019	0.065019	0.059797	0.059797	0.059797	0.059797	
Recovery \$	3,603,474	9,005,886	15,990,477	21,633,028	18,323,664	11,566,099	6,777,112	3,531,110	2,315,924	1,614,424	1,626,985	1,886,990	97,875,174
Ending Under/(Over) Recovery \$	87,161,766	78,155,880	62,165,403	40,532,375	22,208,711	10,642,612	3,865,500	334,390	(1,981,534)	(3,595,958)	(5,222,944)	(7,109,934)	(7,109,934)

<sup>1</sup> Pre-tax Recovery Rate per therm excluding BPU and RC assessments.

Public Service Electric and Gas  
Conservation Incentive Program  
Group II: General Service Gas (GSG)  
October 2025 - September 2026

Customer Class (a)	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. <sup>2</sup> (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
<u>General Service Small</u>									
Oct-25	Act	10,332,592	138,852	74.4	72.2	2.2	306,863	\$0.4654	\$142,818
Nov-25	Act	29,379,160	137,215	214.1	197.6	16.5	2,265,412	\$0.4654	\$1,054,352
Dec-25	Act	52,378,879	139,852	374.5	351.7	22.8	3,192,818	\$0.4654	\$1,485,979
Jan-26	Act	60,259,369	139,387	432.3	421.4	10.9	1,522,101	\$0.4654	\$708,406
Feb-26	Act	53,445,396	138,851	384.9	369.4	15.5	2,153,572	\$0.4654	\$1,002,300
Mar-26	Act	34,674,158	139,095	249.3	303.8	(54.5)	(7,583,450)	\$0.4654	(\$3,529,436)
Apr-26	Act	19,447,569	137,320	141.6	163.3	(21.7)	(2,977,087)	\$0.4764	(\$1,418,139)
May-26	Frcst	11,096,257	139,400	79.6	89.0	(9.4)	(1,310,360)	\$0.4764	(\$624,191)
Jun-26	Frcst	7,478,977	139,405	53.7	57.9	(4.3)	(592,471)	\$0.4764	(\$282,224)
Jul-26	Frcst	6,607,924	139,409	47.4	47.5	(0.1)	(13,941)	\$0.4764	(\$6,641)
Aug-26	Frcst	6,782,777	139,412	48.7	51.1	(2.5)	(341,559)	\$0.4764	(\$162,702)
Sep-26	Frcst	7,417,974	139,416	53.2	48.2	5.0	698,474	\$0.4764	\$332,719
Total		<u>299,301,033</u>		<u>2,153.7</u>	<u>2,173.1</u>		<u>(2,679,630)</u>		<u>(\$1,296,760)</u>

Margin Deficiency/ (Credit)	\$	1,296,760
Prior Period (Over) / Under Recovery <sup>3</sup>	\$	<u>(77,858)</u>
Total Deficiency/(Credit)	\$	1,218,902
Projected Commercial Throughput for Recovery Period		282,857,717
Pre-tax CIP Charge/(Credit)	\$	0.004309
BPU/RC Assessment Factor		<u>1.002500</u>
CIP Charge/(Credit) including assessments	\$	0.004320
6.625% Sales Tax	\$	<u>0.000286</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$</b>	<b>0.004606</b>
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.039086</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>(0.034480)</u>

<sup>1</sup> Per Schedule 2, Page 2

<sup>2</sup> From 2023 Base Rate Case

<sup>3</sup> Per Schedule 2, Page 3

Public Service Electric and Gas  
 Customers and Therms

**Group II: General Service Gas (GSG)**

	Act Oct-25	Act Nov-25	Act Dec-25	Act Jan-26	Act Feb-26	Act Mar-26	Act Apr-26	Frest May-26	Frest Jun-26	Frest Jul-26	Frest Aug-26	Frest Sep-26	
<b>Customers</b>													
GSG Heating	114,101	112,935	115,103	114,784	114,217	114,512	112,875	139,400	139,405	139,409	139,412	139,416	
GSG Non-Heating	24,750	24,280	24,749	24,602	24,633	24,583	24,444	-	-	-	-	-	
<b>Total Customers</b>	<b>138,852</b>	<b>137,215</b>	<b>139,852</b>	<b>139,387</b>	<b>138,851</b>	<b>139,095</b>	<b>137,320</b>	<b>139,400</b>	<b>139,405</b>	<b>139,409</b>	<b>139,412</b>	<b>139,416</b>	
<b>Volumes</b>													
GSG Heating	8,251,481	25,738,312	46,543,670	53,714,530	47,532,314	30,168,258	16,427,767	11,096,257	7,478,977	6,607,924	6,782,777	7,417,974	267,760,242
GSG Non-Heating	2,081,111	3,640,848	5,835,209	6,544,839	5,913,081	4,505,900	3,019,802	-	-	-	-	-	31,540,791
<b>Total Volumes</b>	<b>10,332,592</b>	<b>29,379,160</b>	<b>52,378,879</b>	<b>60,259,369</b>	<b>53,445,396</b>	<b>34,674,158</b>	<b>19,447,569</b>	<b>11,096,257</b>	<b>7,478,977</b>	<b>6,607,924</b>	<b>6,782,777</b>	<b>7,417,974</b>	<b>299,301,033</b>

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**Group II: General Service Gas (GSG)**  
**October 2025- September 2026**

	Act <u>Oct-25</u>	Act <u>Nov-25</u>	Act <u>Dec-25</u>	Act <u>Jan-26</u>	Act <u>Feb-26</u>	Act <u>Mar-26</u>	Act <u>Apr-26</u>	Frcst <u>May-26</u>	Frcst <u>Jun-26</u>	Frcst <u>Jul-26</u>	Frcst <u>Aug-26</u>	Frcst <u>Sep-26</u>	TOTAL
Beginning Under/(Over) Recovery \$	12,954,806	12,576,045	11,499,093	9,579,040	6,753,237	4,246,969	2,620,959	1,708,985	1,188,637	853,788	557,938	254,260	12,954,806
Therm Sales	10,332,592	29,379,160	52,378,879	60,259,369	53,445,396	34,674,158	19,447,569	11,096,257	7,478,977	6,607,924	6,782,777	7,417,974	299,301,033
Pre-tax Recovery Rate per Therm <sup>1</sup>	0.036657	0.036657	0.036657	0.046894	0.046894	0.046894	0.046894	0.046894	0.044772	0.044772	0.044772	0.044772	
Recovery \$	378,762	1,076,952	1,920,053	2,825,803	2,506,268	1,626,010	911,974	520,348	334,849	295,850	303,678	332,118	13,032,664
Ending Under/(Over) Recovery \$	12,576,045	11,499,093	9,579,040	6,753,237	4,246,969	2,620,959	1,708,985	1,188,637	853,788	557,938	254,260	(77,858)	(77,858)

<sup>1</sup> Pre-tax Recovery Rate per therm excluding BPU and RC assessments.

Public Service Electric and Gas Company  
Conservation Incentive Program  
Group III: Large Volume Gas (LVG)  
October 2025 - September 2026

Customer Class	Actual/ Estimate	Actual per Books <sup>1</sup>		Large Customer Adjustment	Adjusted Number of Customers	Actual Avg. Use / Cust. <sup>2</sup>	Baseline Use / Cust.	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms	Number of Customers								
(a)		(b)	(c1)	(c2)	(c) = (c1) + (c2)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)		
<b>General Service Large</b>											
Oct-25	Act	40,231,192	20,000	-	20,000	2,011.6	2,145.1	(133.5)	(2,669,942)	\$0.0628	(\$167,680)
Nov-25	Act	74,957,480	19,665	-	19,665	3,811.8	3,591.7	220.1	4,327,435	\$0.0628	\$271,776
Dec-25	Act	119,238,600	19,930	-	19,930	5,983.0	5,602.5	380.5	7,583,384	\$0.0628	\$476,259
Jan-26	Act	132,809,307	19,930	-	19,930	6,663.6	6,572.2	91.4	1,822,243	\$0.0628	\$114,442
Feb-26	Act	116,166,595	19,969	-	19,969	5,817.5	6,252.5	(435.0)	(8,687,139)	\$0.0628	(\$545,578)
Mar-26	Act	106,254,778	20,897	-	20,897	5,084.6	5,343.4	(258.8)	(5,407,585)	\$0.0628	(\$339,613)
Apr-26	Act	64,089,749	20,323	-	20,323	3,153.6	3,356.4	(202.9)	(4,122,526)	\$0.0642	(\$264,732)
May-26	Frcst	37,085,602	19,894	-	19,894	1,864.2	1,708.4	155.8	3,098,689	\$0.0642	\$198,985
Jun-26	Frcst	28,188,075	19,899	-	19,899	1,416.6	1,169.7	246.9	4,912,267	\$0.0642	\$315,446
Jul-26	Frcst	23,890,454	19,904	-	19,904	1,200.3	1,309.3	(109.0)	(2,169,934)	\$0.0642	(\$139,344)
Aug-26	Frcst	24,074,049	19,909	-	19,909	1,209.2	1,284.5	(75.3)	(1,499,148)	\$0.0642	(\$96,269)
Sep-26	Frcst	29,407,461	19,914	-	19,914	1,477	1,317.7	159.0	3,166,724	\$0.0642	\$203,354
<b>Total</b>		<b>796,393,342</b>				<b>39,692.6</b>	<b>39,653.4</b>		<b>354,469</b>		<b>\$27,046</b>

Margin Deficiency/ (Credit)	\$ (27,046)
Prior Period (Over) / Under Recovery <sup>3</sup>	\$ (510,871)
Total Deficiency/(Credit)	\$ (537,917)
Projected Commercial Throughput for Recovery Period	743,187,842
Pre-tax CIP Charge/(Credit)	\$ (0.000724)
BPU/RC Assessment Factor	\$ 1.002500
CIP Charge/(Credit) including assessments	\$ (0.000726)
6.625% Sales Tax	\$ (0.000048)
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ (0.000774)</b>
Current After-tax CIP Charge/(Credit) per Therm	\$ 0.005382
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ (0.006156)

<sup>1</sup> Per Schedule 3, Page 2  
<sup>2</sup> From 2023 Base Rate Case  
<sup>3</sup> Per Schedule 3, Page 3

Public Service Electric and Gas Company  
 Customers and Therms

**Group III: Large Volume Gas (LVG)**

	Act Oct-25	Act Nov-25	Act Dec-25	Act Jan-26	Act Feb-26	Act Mar-26	Act Apr-26	Frest May-26	Frest Jun-26	Frest Jul-26	Frest Aug-26	Frest Sep-26	
<b>Customers</b>													
LVG	20,000	19,665	19,930	19,930	19,969	20,897	20,323	19,894	19,899	19,904	19,909	19,914	
<b>Total Customers</b>	20,000	19,665	19,930	19,930	19,969	20,897	20,323	19,894	19,899	19,904	19,909	19,914	
<b>Volumes</b>													
LVG	40,231,192	74,957,480	119,238,600	132,809,307	116,166,595	106,254,778	64,089,749	37,085,602	28,188,075	23,890,454	24,074,049	29,407,461	796,393,342
<b>Total Volumes</b>	40,231,192	74,957,480	119,238,600	132,809,307	116,166,595	106,254,778	64,089,749	37,085,602	28,188,075	23,890,454	24,074,049	29,407,461	796,393,342

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE  
Group III: Large Volume Gas (LVG)  
October 2025- September 2026

	Act Oct-25	Act Nov-25	Act Dec-25	Act Jan-26	Act Feb-26	Act Mar-26	Act Apr-26	Frest May-26	Frest Jun-26	Frest Jul-26	Frest Aug-26	Frest Sep-26	TOTAL
Beginning Under/(Over) Recovery \$	2,659,630	2,456,543	2,078,158	1,476,241	1,006,627	595,862	220,145	(6,476)	(137,611)	(237,284)	(321,760)	(406,886)	2,659,630
Therm Sales	40,231,192	74,957,480	119,238,600	132,809,307	116,166,595	106,254,778	64,089,749	37,085,602	28,188,075	23,890,454	24,074,049	29,407,461	796,393,342
Pre-tax Recovery Rate per Therm <sup>1</sup>	0.005048	0.005048	0.005048	0.003536	0.003536	0.003536	0.003536	0.003536	0.003536	0.003536	0.003536	0.003536	
Recovery \$	203,087	378,385	601,916	469,614	410,765	375,717	226,621	131,135	99,673	84,477	85,126	103,985	3,170,501
Ending Under/(Over) Recovery \$	2,456,543	2,078,158	1,476,241	1,006,627	595,862	220,145	(6,476)	(137,611)	(237,284)	(321,760)	(406,886)	(510,871)	(510,871)

<sup>1</sup> Pre-tax Recovery Rate per therm excluding BPU and RC assessments.

**Public Service Electric and Gas  
Weather Normalization  
2025-2026 Winter Period**

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

	Normal Degree Days	0.50% Dead Band	Dead Band		Actual Degree Days	Normalization Amount (1)
			Low End	High End		
October	210	1	209	211	198	11
November	514	3	511	516	508	4
December	796	4	792	800	967	(167)
January	960	5	956	965	1,070	(104)
February	818	4	814	822	928	(106)
March	672	3	668	675	563	105
April	343	2	341	344	341	(0)
May	117	1	117	118	117	-

**Step 2: Determine the normalized volumes by rate class.**

	Therms Per Degree Day (2)			Normalization Volumes (3)		
	RSG	GSG	LVG	RSG	GSG	LVG
October	167,780	624	97,467	1,840,826	6,845	1,069,374
November	271,425	37,036	97,467	1,010,223	137,844	362,764
December	277,031	54,585	97,467	(46,339,899)	(9,130,629)	(16,303,602)
January	298,714	54,970	95,684	(31,193,209)	(5,740,203)	(9,991,761)
February	289,832	56,338	95,684	(30,624,615)	(5,952,885)	(10,110,249)
March	300,959	57,398	95,684	31,641,063	6,034,510	10,059,613
April	287,851	57,807	95,684	(960)	(193)	(319)
May	221,083	27,377	95,684	-	-	-

**Step 3: Calculate the margin revenue to be deferred.**

Margin Revenue Factor:	Margin Revenue Deferral (4)			
October 2023 - November 2023	0.566425	0.465413	0.062803	
December 2023 - April 2024	0.566425	0.465413	0.062803	
May 2024	0.576449	0.476351	0.064216	Total
October	\$ 1,042,690	\$ 3,186	\$ 67,160	\$ 1,113,036
November	\$ 572,216	\$ 64,154	\$ 22,783	\$ 659,153
December	\$ (26,248,077)	\$ (4,249,514)	\$ (1,023,915)	\$ (31,521,506)
January	\$ (17,668,614)	\$ (2,671,565)	\$ (627,513)	\$ (20,967,691)
February	\$ (17,346,548)	\$ (2,770,550)	\$ (634,954)	\$ (20,752,052)
March	\$ 17,922,289	\$ 2,808,539	\$ 631,774	\$ 21,362,602
April	\$ (553)	\$ (92)	\$ (20)	\$ (665)
May	\$ -	\$ -	\$ -	\$ -
Winter Period Total	\$ (41,726,597)	\$ (6,815,841)	\$ (1,564,686)	\$ (50,107,124)

(1) Amount above or below the Dead Band

(2) Consumption factors to be true-up at the end of the Winter Period for actual # of customers.

(3) Normalization degree days x Therms Per Degree Day

(4) Normalization Volumes x Margin Revenue Factor

Public Service Electric and Gas  
Conservation Incentive Program Filing  
October 2025 - September 2026  
CIP Recovery Tests  
Summary

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

	<u>Weather</u>	<u>Non-Weather</u>	<u>Total</u>
CIP Group 1 (RSG)	\$ (41,726,597)	\$ 59,824,680	\$ 18,098,082
CIP Group 2 (GSG)	\$ (6,815,841)	\$ 8,112,601	\$ 1,296,760
CIP Group 3 (LVG)	\$ (1,564,686)	\$ 1,537,639	\$ (27,046)
Total Deficiency/(Credit)	\$ (50,107,124)	\$ 69,474,920	\$ 19,367,796

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

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

Non-Weather Impact	\$ 69,474,920
75% Factor	75%
Subtotal	\$ 52,106,190
Prior Year Carry-Forward (Modified BGSS Savings Test)	\$ -
Non-weather Impact Subject to Test	\$ <b>52,106,190</b>

B. BGSS Savings

Permanent Capacity Savings (Exhibit C, Schedule 6, Page 3)	\$ 45,394,957
Additional Capacity BGSS Savings (Exhibit C, Schedule 6, Page 3)	\$ -
Avoided Cost BGSS Savings (Exhibit C, Schedule 6, Page 4)	\$ 1,568,073
Total BGSS Savings	\$ <b>46,963,030</b>

C. Results

Non-Weather Impacts Passing Test (current accrual)	\$ <b>62,617,373</b>
Non-Weather Impacts Passing Test (prior year carry-forward)	\$ -
Non-Weather Impacts Exceeding Test	\$ -

Public Service Electric and Gas  
Conservation Incentive Program Filing  
October 2025 - September 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	\$ 69,474,920
Prior Year Carry-Forward (Variable Margin Revenue Test)	\$ -
Non-weather Impact Subject to Test	\$ <b>69,474,920</b>

B. Variable Margin Revenues

Variable Margin Revenues (Exhibit C, Schedule 6, Page 5)	\$ 1,108,174,486
Factor	6.5%
Total Fixed Recovery Cap	\$ <b>72,031,342</b>

C. Results

Non-Weather Impacts Passing Test (current accrual)	\$ <b>69,474,920</b>
Non-Weather Impacts Passing Test (prior year carry-forward)	\$ -
Non-Weather Impacts Exceeding Test	\$ -

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

A. Current Year Accrual Recoverable Non-Weather Impacts

Amount Passing Modified BGSS Savings Test	\$ 62,617,373
Amount Passing Variable Margin Revenue Test	\$ 69,474,920
Recoverable Amount	\$ <b>62,617,373</b>

B. Previous Carry-Forward Recoverable Amounts

Amount Passing Modified BGSS Savings Test	\$ -
Amount Passing Variable Margin Revenue Test	\$ -
Deduction for any amount also included in above	\$ -
	\$ -

**Total Non-Weather Recoverable CIP Amount** \$ **62,617,373**

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

I. Permanent BGSS Savings

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

II. Additional Capacity BGSS Savings

<u>CIP Recovery</u> <u>Year</u>	<u>Annual \$</u>
2025-2026	\$ -

III. Avoided Capacity

<u>CIP Recovery</u> <u>Year</u>	<u>Annual \$</u>
2025-2026	\$ 1,568,073

VI. Total of all Savings

<u>CIP Recovery Year</u>	<u>Permanent Capacity Savings</u>	<u>Additional Capacity BGSS Savings</u>	<u>Avoided Cost BGSS Savings</u>	<u>Annual \$</u>
2025-2026	\$ 45,394,957	\$ -	\$ 1,568,073	\$ 46,963,030

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

Month (a)	Base Year Customer Count (b)	Current Year Customer Count (c)	Net Increase/ (Decrease) Customer Count (d) = (b) / (c)	Baseline Use / Cust. (e)	Avoided Capacity (f) = (d) * (e)
Group 1: RSG					
October	1,710,956	1,728,877	17,921	44.9	804,662
November	1,715,305	1,712,937	(2,368)	90.8	(215,052)
December	1,721,281	1,746,148	24,867	147.0	3,655,436
January	1,725,588	1,733,783	8,195	181.3	1,485,676
February	1,717,588	1,731,261	13,673	158.4	2,165,857
March	1,714,414	1,738,879	24,465	123.7	3,026,323
April	1,723,687	1,733,885	10,197	71.8	732,176
May	1,719,467	1,735,562	16,095	36.3	584,231
June	1,707,946	1,736,154	28,208	21.4	603,643
July	1,710,698	1,736,747	26,049	18.7	487,117
August	1,715,113	1,737,339	22,226	16.9	375,612
September	1,708,839	1,737,931	29,092	18.8	546,932
Subtotal				930.0	14,252,614
Average Per Unit BGSS Capacity Cost					0.11002
Total Avoided Capacity Cost BGSS Savings					<u>\$1,568,073</u>

Notes:

- (1) Base Year Customer Count is equal to the test year customer count used to set base rates in a base rate case
- (2) Current Year Customer Count is equal to the customer count in the CIP accrual year.
- (3) The average per unit BGSS Capacity Cost represents the average of all capacity costs in the BGSS portfolio included in the annual BGSS filing for the prospective BGSS year. This value is used as a proxy for the avoided cost of incremental capacity.

Public Service Electric and Gas  
CIP Recovery Tests  
Variable Margin

Group I (RSG)	\$916,655,639
Group II (GSG)	\$141,237,907
Group III (LVG)	<u>\$50,280,939</u>
Total Variable Margin	<u>\$1,108,174,486</u>

Customer Class	Actual/ Estimate	Number of Customers	Baseline Use / Cust.	Margin Factor	Variable Revenue	
<u>RSG</u>						
	Oct-25	Act	1,728,877	44.9	\$0.5664	\$43,969,641
	Nov-25	Act	1,712,937	90.8	\$0.5664	\$88,098,707
	Dec-25	Act	1,746,148	147.0	\$0.5664	\$145,392,093
	Jan-26	Act	1,733,783	181.3	\$0.5664	\$178,047,083
	Feb-26	Act	1,731,261	158.4	\$0.5664	\$155,331,714
	Mar-26	Act	1,738,879	123.7	\$0.5664	\$121,837,623
	Apr-26	Act	1,733,885	71.8	\$0.5764	\$71,763,817
	May-26	Frcst	1,735,562	36.3	\$0.5764	\$36,316,806
	Jun-26	Frcst	1,736,154	21.4	\$0.5764	\$21,417,211
	Jul-26	Frcst	1,736,747	18.7	\$0.5764	\$18,721,432
	Aug-26	Frcst	1,737,339	16.9	\$0.5764	\$16,925,136
	Sep-26	Frcst	1,737,931	<u>18.8</u>	\$0.5764	<u>\$18,834,377</u>
Total				930.0		\$916,655,639
<u>GSG</u>						
	Oct-25	Act	138,852	72.2	\$0.4654	\$4,665,815
	Nov-25	Act	137,215	197.6	\$0.4654	\$12,619,017
	Dec-25	Act	139,852	351.7	\$0.4654	\$22,891,760
	Jan-26	Act	139,387	421.4	\$0.4654	\$27,337,192
	Feb-26	Act	138,851	369.4	\$0.4654	\$23,871,676
	Mar-26	Act	139,095	303.8	\$0.4654	\$19,666,962
	Apr-26	Act	137,320	163.3	\$0.4764	\$10,681,827
	May-26	Frcst	139,400	89.0	\$0.4764	\$5,909,896
	Jun-26	Frcst	139,405	57.9	\$0.4764	\$3,844,891
	Jul-26	Frcst	139,409	47.5	\$0.4764	\$3,154,362
	Aug-26	Frcst	139,412	51.1	\$0.4764	\$3,393,502
	Sep-26	Frcst	139,416	<u>48.2</u>	\$0.4764	<u>\$3,201,008</u>
Total				2,173.1		\$141,237,907
<u>LVG</u>						
	Oct-25	Act	20,000	2,145.1	\$0.0628	\$2,694,316
	Nov-25	Act	19,665	3,591.7	\$0.0628	\$4,435,779
	Dec-25	Act	19,930	5,602.5	\$0.0628	\$7,012,280
	Jan-26	Act	19,930	6,572.2	\$0.0628	\$8,226,380
	Feb-26	Act	19,969	6,252.5	\$0.0628	\$7,841,184
	Mar-26	Act	20,897	5,343.4	\$0.0628	\$7,012,736
	Apr-26	Act	20,323	3,356.4	\$0.0642	\$4,380,315
	May-26	Frcst	19,894	1,708.4	\$0.0642	\$2,182,503
	Jun-26	Frcst	19,899	1,169.7	\$0.0642	\$1,494,683
	Jul-26	Frcst	19,904	1,309.3	\$0.0642	\$1,673,489
	Aug-26	Frcst	19,909	1,284.5	\$0.0642	\$1,642,203
	Sep-26	Frcst	19,914	<u>1,317.7</u>	\$0.0642	<u>\$1,685,071</u>
Total				39,653.4		\$50,280,939

**ATTACHMENT A**  
**Schedule 6**

**CONFIDENTIAL**

**TO BE PROVIDED UPON EXECUTION OF THE NON-DISCLOSURE AGREEMENT**

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**In The Matter of the Petition of  
Public Service Electric and Gas Company  
for Approval of Changes in its Gas Conservation  
Incentive Program  
(2026 PSE&G Gas Conservation Incentive Program)**

**BPU Docket No. \_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**MICHAEL P. MCFADDEN  
DIRECTOR – SALES AND REVENUE FORECASTING**

**May 29, 2026**

**ATTACHMENT B**

1                   **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
2                                   **DIRECT TESTIMONY**  
3                                   **OF**  
4                                   **MICHAEL P. MCFADDEN**  
5                   **DIRECTOR – SALES AND REVENUE FORECASTING**

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

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

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

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

## ATTACHMENT B

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

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

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

7 A. The purpose of this testimony is to provide:

- 8 • An overview of the gas CIP mechanism ("GCIP"), including the monthly baseline use  
9 per customer for each applicable GCIP customer group;
- 10 • The calculation of the weather impacts for the current proceeding of October 1, 2025 –  
11 September 30, 2026 ("GCIP Period");
- 12 • The calculation of heating degree day ("HDD") normal weather and HDD consumption  
13 factors for the period October 1, 2026 through May 31, 2027 to be utilized in the  
14 calculation of weather for the subsequent CIP proceeding; and
- 15 • The calculation of the Variable Margin GCIP savings test. Note that the BGSS Savings  
16 Test and the Earnings Test described in the Petition are discussed in the testimony of  
17 Mr. Stephen Swetz, submitted herewith.

18 **Q. Does your testimony include any schedules?**

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

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

## ATTACHMENT B

1 customers on which the coefficients embodied in the GCIP tariff were based. The  
2 Schedule includes actual results from October 1, 2025 through April 30, 2026 and  
3 assumes actual customers are the same as forecast for May 2026;

- 4 • Schedule MPM-GCIP-2 presents the development of the proposed CIP monthly  
5 Degree Day Consumption Factors to be used for the 2026-2027 Winter Period;
- 6 • Schedule MPM-GCIP-3 contains the updated base level of normal degree days for the  
7 2026-2027 Winter Period based on the 20 year period ending December 2025; and
- 8 • Schedule MPM-GCIP-4 contains a description of the Gas Sales Forecast Model,  
9 which explains the derivation of the weather coefficients and the data values used in  
10 the generation of the HDD consumption factors in Schedule MPM-GCIP-2.

11 **Q. What is the GCIP mechanism?**

12 A. The GCIP mechanism was approved by the Board in the Clean Energy Future – Energy  
13 Efficiency matter on September 23, 2020 in Docket Nos. GO18101112 and EO18101113  
14 (“CEF-EE Order”). The GCIP rate mechanism provides a rate adjustment related to changes  
15 in the average use per customer when compared to a baseline use per customer, removing the  
16 disincentive for the Company to encourage customers to conserve energy. The GCIP margin  
17 deficiency to be collected from customers or the margin excess to be refunded to customers is  
18 calculated each month by applicable rate schedule by subtracting the baseline use per customer  
19 from the actual use per customer and multiplying the resulting use per customer by the actual  
20 number of customers and per therm margin rate for the month.

## ATTACHMENT B

1 **Q. What rate schedules are included in the GCIP?**

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

- 3 • Group I – Residential Service Gas (“RSG”);
- 4 • Group II – General Service Gas (“GSG”); and
- 5 • Group III – Large Volume Gas (“LVG”).

6 **Q. How is the baseline use per customer determined?**

7 A. Per the CEF-EE Order, the gas baseline use per customer (“BUC”) shall be stated in  
8 therms on a monthly basis for each of the customer class groups to which the CIP applies. The  
9 BUC shall be rounded to the nearest one tenth of one therm and shall be reset each time new  
10 base rates are placed into effect through a base rate case. The BUC for this proceeding is based  
11 on the therms and customers from PSE&G’s 2023 base rate case. The Company’s 2023 base  
12 rate case in Docket Nos. ER23120924 and GR23120925 was approved effective October 15,  
13 2024 and included revised CIP baseline use per customer factors as shown in Revised Original  
14 Sheet Number 66C of the Company’s Gas tariff. Please see the table below for the BUC for  
15 each customer group for this CIP period (which is the approved BUC from the rate case).

**ATTACHMENT B**

<b>2026 CIP Filing - Baseline Use / Customer</b>			
	<b>RSG</b>	<b>GSG</b>	<b>LVG</b>
Oct	44.9	72.2	2,145.1
Nov	90.8	197.6	3,591.7
Dec	147.0	351.7	5,602.5
Jan	181.3	421.4	6,572.2
Feb	158.4	369.4	6,252.5
Mar	123.7	303.8	5,343.4
Apr	71.8	163.3	3,356.4
May	36.3	89.0	1,708.4
Jun	21.4	57.9	1,169.7
Jul	18.7	47.5	1,309.3
Aug	16.9	51.1	1,284.5
Sep	18.8	48.2	1,317.7
<b>Total</b>	<b>930.0</b>	<b>2,173.1</b>	<b>39,653.4</b>

1

2 **Q. How is the actual use per customer determined?**

3 A. The actual use per customer is the calendar month therm usage per applicable rate  
4 schedule for the month divided by the number of customers for the month. Per the CEF-EE  
5 Order, the number of customers is calculated as the actual monthly service charge revenue  
6 divided by the service charge rate. Please note the service charge rate is prorated for rate  
7 changes to coincide with the billing cycle so that the service charge rate is consistent with the  
8 service charge billed revenue.

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

11 A. Please see Attachment A, Schedules 1 through 3 to the Petition for the October 1, 2025  
12 through September 30, 2026 results based on actual data from October 1, 2025 through April  
13 30, 2026 and a forecast for the remaining months from May 1, 2026 through September 30,  
14 2026. Attachment A is the same template as Exhibit 6G of the Stipulation approved by the  
15 Board in the CEF-EE matter. Schedule 1 shows the results for rate schedules RSG, Schedule

## ATTACHMENT B

1 2 shows the results for rate schedule GSG and Schedule 3 shows the results for rate schedule  
2 LVG. In each schedule, page 1 shows the calculation of the monthly margin variance for the  
3 GCIP period, page 2 shows details supporting the calculation, and page 3 shows the current  
4 period over or under-collection.

5 **Q. Please describe the GCIP recovery tests?**

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

14 **Q. How is the therm impact of weather determined?**

15 A. As described in the CEF-EE Order and shown in Attachment A, Schedule 4, weather  
16 will be calculated as the difference in the actual and normal HDD multiplied by the sales  
17 coefficients to establish sales impacts. The difference in the actual and normal HDD are  
18 adjusted for a deadband, which is ½ percent of the normal calendar-month degree days. The

## ATTACHMENT B

1 sales impacts, adjusted for the deadband, will be multiplied by a margin factor based on the  
2 latest tariff rates to derive the revenue impact of weather.

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

4 A. The non-weather related GCIP margin is calculated as the total GCIP margin deficiency  
5 less the weather related margin deficiency. In accordance with the CEF-EE Order, the impact  
6 of weather for the GCIP period is calculated as shown in Attachment A, Schedule 4. The  
7 weather effect will be measured by the impacts on sales and associated distribution revenue of  
8 heating degree days. As shown in Attachment A, Schedule 4, the margin impact is determined  
9 by calculating the total therm impact of weather in the month, adjusted for a deadband, and  
10 multiplying it by the per therm variable base distribution rate for each customer group, known  
11 as the margin factor.

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

13 A. The weather in this GCIP proceeding uses the approved consumption factors in the CIP  
14 tariff for October 2025 through May 2026.

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

16 A. Yes. For RSG only, the consumption factors are trued-up. The monthly degree day  
17 consumption factors for the RSG Heating customers and for the RSG Non-Heating customers  
18 are based on regression models of use per customer. The consumption factor for these two  
19 customer groups are, as a result, calculated by multiplying the consumption factor per customer  
20 by the forecasted number of customers in each month. The trued-up consumption factors for  
21 these two groups are the consumption factors embodied in the CIP tariff adjusted to reflect the

## ATTACHMENT B

1 actual number of customers from October 2025 through April 2026. For May 2026, the actual  
2 customers are estimated to be the same as the forecasted customers until the actual customers  
3 are known. The trued-up monthly degree day consumption factors are calculated, as Schedule  
4 MPM-GCIP-1 shows, by multiplying the RSG Heating and the RSG Non-Heating degree day  
5 consumption factors by the ratio of the actual number of customers to the forecasted number  
6 of customers that were incorporated into the original calculation.

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

8 A. Schedule MPM-GCIP-2 shows the calculation of the monthly HDD consumption  
9 factors for the next CIP period of October 2026 through September 2027 based on the  
10 estimated HDD weather coefficients from the Company's econometric sales forecasting  
11 models. The impact of the monthly degree days is the sum of the coefficient on the heating  
12 degree day variable and the product of the coefficient and the value of the  
13 economic/demographic variable of any variable and or variables that are interactive with  
14 heating degree days, such as the price-heating degree day interactive variable, to arrive at the  
15 total therm per heating degree day estimate. In the case of the residential rates, this is  
16 multiplied by the projected number of customers since the models, and as a result the  
17 coefficients, are based on sales per customer – not on total customers. Please see Schedule  
18 MPM-GCIP-5 for the details on the derivation of the weather coefficients and the data values  
19 used in the generation of the HDD consumption factors in Schedule MPM-GCIP-2.

20 **Q. How is the normal HDD determined?**

21 A. The base level of normal HDD for the period of October 2025 – May 2026 are equal to  
22 the approved normal HDD in the CIP tariff.

## ATTACHMENT B

1 **Q. Have the base level of normal degree days for the next winter period of October**  
2 **2026 through May 2027 been updated?**

3 A. Yes. The base level of normal degree days for the winter period months of October  
4 2026 through September 2027 have been calculated based on the 20-year period ending  
5 December 2025 and are shown in Schedule MPM-GCIP-3.

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

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

10 **Q. What is the GCIP non-weather margin?**

11 A. The total weather impact from October 2025 – April 2026 is an over-collection of  
12 (\$50.1) million as shown in Attachment A, Schedule 4. The total deferral as calculated in  
13 Attachment A, Schedule 1 – 4 for the GCIP period is estimated at \$19.4 million. As a result,  
14 the non-weather GCIP deferral subject to the GCIP savings test is \$69.5 million as shown in  
15 Attachment A, Schedule 5.

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

17 A. The GCIP savings tests are the lesser of a modified BGSS Savings Test and a Variable  
18 Margin Revenue Test. As shown in Attachment A, Schedule 5, there is no limit in the GCIP  
19 recovery for the BGSS Savings Test or the Variable Margin Revenue Test.

20 **Q. Please describe the BGSS Savings Test.**

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

## ATTACHMENT B

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

2 A. As shown in Attachment A, Schedule 5, page 5, the Variable Margin Revenue Test first  
3 calculates the total Variable Revenue as the actual number of customers multiplied by the BUC  
4 and by the margin factor per customer group. The total Variable Revenue is then multiplied by  
5 the allowed percentage of variable margin, which is 6.5%. Based on actual results from  
6 October 2025 through April 2026 and a forecast from May 2026 – September 2026, total  
7 variable margin is \$1,108.2 million, resulting, after applying the 6.5% rate, in a variable margin  
8 cap of \$69.5 million. Since the non-weather deferral of \$19.4 million is lower than the \$69.5  
9 variable revenue cap, there is no recovery limitation as a result of the Variable Margin Revenue  
10 Test.

11 **Q. Is there an additional GCIP Recovery Test?**

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

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

16 A. The final CIP deferral for the October 2024 – September 2025 period is \$106,671,478.

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

20 A. No. There were no limitations due to the GCIP recovery tests. However, rates were  
21 set on a provisional basis to recover \$114,919,386, or \$8,247,909 more than the final deferral  
22 amount. The Board approved the reduction in CIP rates to the final deferral amount for rate  
23 schedules RSG and GSG effective June 1, 2026 (the true-up for rate schedule LVG would be

## ATTACHMENT B

1 a slight increase so the provisional rates were maintained). Any over or under-collection of  
2 the final deferral amount from the prior CIP cost recovery filing will be recovered in this  
3 proceeding.

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

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

8 **Q. Does this conclude your testimony at this time?**

9 A. Yes.

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

Month	RSG-Residential Heating					RSG-Residential Non-Heating				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			(2) / (1)		(4) x (3)			(7) / (6)		(9) x (8)
	Customers			Consumption	Trued-Up Consumption	Customers			Consumption	Trued-Up Consumption
	Forecast	Actual	Adjustment	Factor	Factor	Forecast	Actual	Adjustment	Factor	Factor
Oct-25	1,521,687	1,517,007	0.9969245	168,298	167,780	212,530	211,870	0.9968946	0	0
Nov-25	1,522,671	1,502,664	0.9868606	272,801	269,217	212,315	210,273	0.9903822	2,229	2,208
Dec-25	1,523,656	1,533,266	1.0063072	272,395	274,113	212,100	212,882	1.0036869	2,908	2,919
Jan-26	1,524,627	1,523,251	0.9990975	296,002	295,735	211,884	210,532	0.9936192	2,998	2,979
Feb-26	1,525,598	1,522,579	0.9980211	287,754	287,185	211,670	208,682	0.9858837	2,685	2,647
Mar-26	1,526,569	1,531,316	1.0031096	297,254	298,178	211,455	207,563	0.9815942	2,833	2,781
Apr-26	1,527,540	1,527,040	0.9996727	285,070	284,977	211,241	206,845	0.9791896	2,936	2,875
May-26	1,528,512	1,528,512	1.0000000	217,538	217,538	211,026	211,026	1.0000000	3,545	3,545

**Degree Day Consumption Factor Calculation**

<b>RSG Heating</b>								<b>RSG Non-Heating</b>					
Month	HDD	HDDxWage		HDD x Price		Value		Degree Day Consumption Factor	HDD	HDD x Price Coefficient	Value		Degree Day Consumption Factor
		Coefficient	Coefficient	Real Price	Wage	Customers	Real Price				Customers		
<b>Oct-26</b>		0.001022		1.0194	110.7497	1,529,811	173,154				1.5986	208,713	-
<b>Nov-26</b>	0.06450	0.001022		1.0194	110.7497	1,530,589	271,965	0.0107			1.5986	208,528	2,231
<b>Dec-26</b>	0.18383		-0.00673	1.0194	110.7497	1,531,368	271,005	0.0215	-0.0052		1.5986	208,342	2,747
<b>Jan-27</b>	0.19537		-0.00673	1.0772	115.6136	1,532,175	288,233	0.0307	-0.0106		1.6385	208,157	2,775
<b>Feb-27</b>	0.19610		-0.00673	1.0772	115.6136	1,532,982	289,504	0.0253	-0.0081		1.6385	207,973	2,502
<b>Mar-27</b>	0.19355			1.0772	115.6136	1,533,789	296,865	0.0134			1.6385	207,788	2,784
<b>Apr-27</b>	0.18469			1.0772	115.6136	1,534,596	283,425	0.0138			1.6385	207,604	2,865
<b>May-27</b>	0.14216			1.0772	115.6136	1,535,404	218,273	0.0168			1.6385	207,419	3,485

**Public Service Electric and Gas Company  
Conservation Incentive Program - Gas**

SCHEDULE MPM-GCIP-2

Page 2 of 4

Month	<b>Commercial GSG Heating</b>					<b>Commercial GSG Non-Heating</b>	
	HDDxPrice		HDDxHouseholds		Degree Day Consumption	HDD	Degree Day Consumption
	Coefficient	Value	Coefficient	Value	Factor	Coefficient	Factor
Oct-26							
Nov-26	-13,407	1.2784	13.7230	3,541	31,460	2,654	2,654
Dec-26	-13,804	1.2784	18.7175	3,541	48,641	3,742	3,742
Jan-27	-12,297	1.3701	18.6383	3,541	49,159	3,937	3,937
Feb-27	-13,681	1.3701	19.5736	3,546	50,668	4,027	4,027
Mar-27	-10,011	1.3701	18.5382	3,546	52,025	4,102	4,102
Apr-27	-7,924	1.3701	18.2094	3,546	53,718	4,116	4,116
May-27	-27,415	1.3701	15.9923	3,546	19,151	3,972	3,972

**Public Service Electric and Gas Company  
Conservation Incentive Program - Gas**

SCHEDULE MPM-GCIP-2

Page 3 of 4

Month	<u>Industrial GSG Heating</u>		<u>Industrial GSG Non-Heating</u>	
	<u>HDD Coefficient</u>	Degree Day Consumption Factor	<u>HDD Coefficient</u>	Degree Day Consumption Factor
Oct-26	631	631	-	-
Nov-26	1,216	1,216	144	144
Dec-26	2,124	2,124	250	250
Jan-27	2,366	2,366	271	271
Feb-27	1,912	1,912	171	171
Mar-27	2,221	2,221	243	243
Apr-27	1,725	1,725	237	237
May-27	1,200	1,200	177	177

**Public Service Electric and Gas Company  
Conservation Incentive Program - Gas**

**Commercial LVG**

Month	HDDxCust		HDDxPrice		Degree Day Consumption Factor
	Coefficient	Value	Coefficient	Value	
Oct-26	34	3,541	(30,714)	0.96	92,406
Nov-26	34	3,541	(30,714)	0.96	92,406
Dec-26	34	3,541	(30,714)	0.96	92,406
Jan-27	34	3,546	(30,714)	1.03	90,355
Feb-27	34	3,546	(30,714)	1.03	90,355
Mar-27	34	3,546	(30,714)	1.03	90,355
Apr-27	34	3,546	(30,714)	1.03	90,355
May-27	34	3,546	(30,714)	1.03	90,355

**Industrial LVG**

Month	HDDxMfg		HDDxPrice		Degree Day Consumption Factor
	Coefficient	Value	Coefficient	Value	
Oct-26	39	256	(2,416)	0.91	7,880
Nov-26	39	256	(2,416)	0.91	7,880
Dec-26	39	256	(2,416)	0.91	7,880
Jan-27	39	254	(2,416)	0.98	7,644
Feb-27	39	254	(2,416)	0.98	7,644
Mar-27	39	254	(2,416)	0.98	7,644
Apr-27	39	254	(2,416)	0.98	7,644
May-27	39	254	(2,416)	0.98	7,644

**Public Service Electric and Gas Company  
Conservation Incentive Program - Gas**

SCHEDULE MPM-GCIP-3

**Normal Monthly Weather  
(2006-2025 Average)**

<b>Calendar Month</b>	<b>Degree Days</b>
October-26	207.64
November-26	515.73
December-26	795.94
January-27	957.73
February-27	817.54
March-27	656.69
April-27	339.61
May-27	110.93

## SCHEDULE MPM-GCIP-4

**Public Service Electric and Gas Company  
Conservation Incentive Program - Gas**

**Weighted Average Therm Margin Rate Calculation**

<b>RSG</b>	<i>Therms<sup>1</sup></i> <i>(000)</i>	<i>Rates</i> <i>Oct 25 - Mar 26</i>	<i>Rates</i> <i>Apr26 -</i> <i>Sep26*</i>
Distribution Charges	1,595,784	0.566435	0.576459
Off-Peak Usage	54	0.283218	0.28823
<b>Wtd Avg Rate</b>	<b>1,595,838</b>	<b>0.566425</b>	<b>0.576449</b>

<b>GSG</b>	<i>Therms<sup>1</sup></i> <i>(000)</i>	<i>Rates</i> <i>Oct 25 - Mar 26</i>	<i>Rates</i> <i>Apr26 -</i> <i>Sep26*</i>
Distribution Charge - Pre 7/14/97	1,925	0.465426	0.476364
Distribution Charge - All Others	302,507	0.465426	0.476364
Off-Peak Dist Charge - Pre 7/14/97	-	0.232713	0.238182
Off-Peak Dist Charge - All Others	17	0.232713	0.238182
<b>Wtd Avg Rate</b>	<b>304,449</b>	<b>0.465413</b>	<b>0.476351</b>

<b>LVG</b>	<i>Therms<sup>1</sup></i> <i>(000)</i>	<i>Rates</i> <i>Oct 25 - Mar 26</i>	<i>Rates</i> <i>Apr26 -</i> <i>Sep26*</i>
Distribution Charge 0-1,000 pre 7/14/97	7,488	0.133024	0.140905
Distribution Charge over 1,000 pre 7/14/97	36,579	0.045098	0.044880
Distribution Charge 0-1,000 post 7/14/97	149,296	0.133024	0.140905
Distribution Charge over 1,000 post 7/14/97	585,238	0.045098	0.044880
<b>Wtd Avg Rate</b>	<b>778,601</b>	<b>0.062803</b>	<b>0.064216</b>

<sup>1</sup> Therms represents the annualized, weather-normalized approved sales from the 2023 base rate case

\* Does not include the impact of the pending IAP and GSMPII Ext Final rate adjustment

# Natural Gas Sales Forecast - 2026

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**Public Service Electric & Gas Company**

**Finance Department**

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

**September 2025**

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## Introduction

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

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

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

The purpose of this document is to describe the current forecast methodology, forecast assumptions, and the 2026 gas sales forecast. The first section describes the econometric sales models. A discussion of the forecast assumptions used to develop the sales forecast follows. Section III describes the maximum daily send-out projection. An appendix contains more detailed information on the billing period to calendar month conversion and forecast tables.

# I Model Specification and Estimation

---

## Residential Model

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

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

$$\text{THERM/CUST} = f(\text{PRICEGAS}, \text{INCOME}, \text{WEATHER}) \quad [1]$$

where:

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

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

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

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

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

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

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

$$\text{THERM/CUST}_t = f\left(\frac{\text{MONTH}_t \times \text{HDD}_t \times \text{PRICEGAS}_{a-1}}{\text{MONTH}_t \times \text{HDD}_t \times \text{INCOME}_{a-1}, \text{MONTH}_t \times \text{HDD}_t}\right) \quad [2]$$

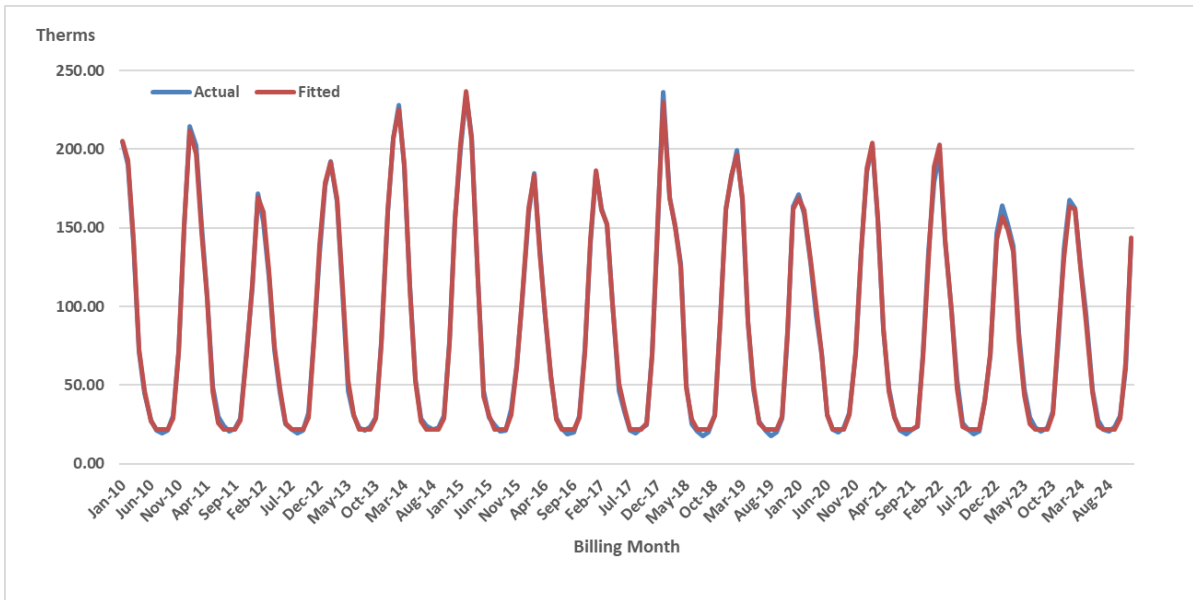
where:

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

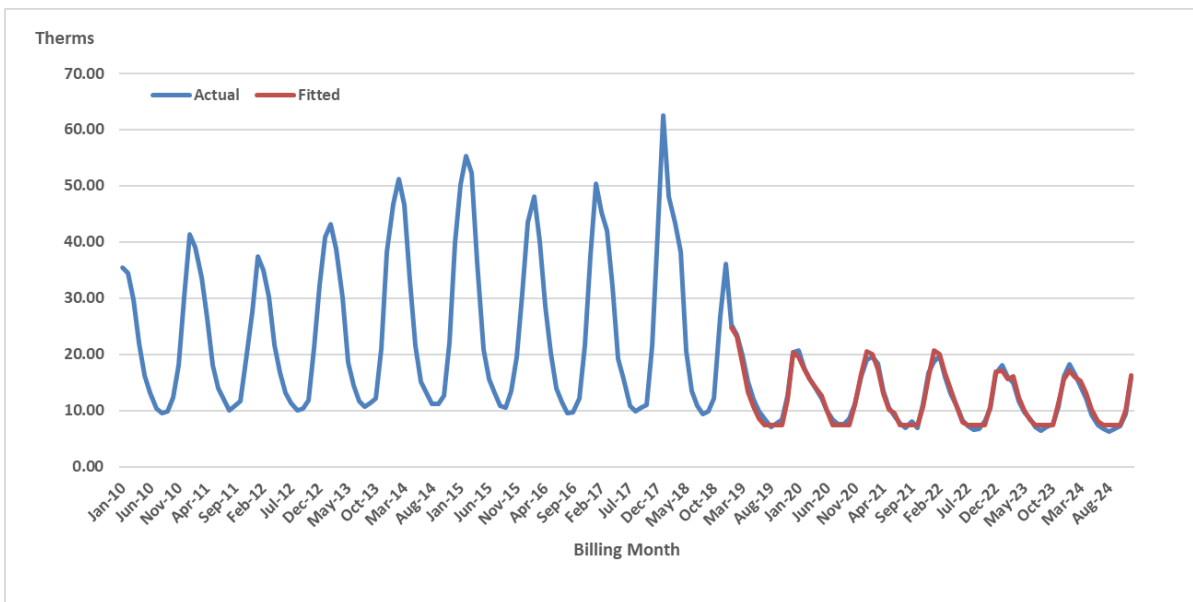
RSG Heating model was estimated using monthly data from January 2010 to December 2024 period while RSG No-Heating model was estimated using monthly data from January 2019 to December 2024. The results of the OLS estimation procedure are summarized in Table 1 and Figures 1 and 2.

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

**Figure 1**  
**RSG Space Heating Model**  
**Actual vs. Fitted Values**



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



The price elasticity estimates were estimated to be -0.0199 and -0.2449 for space heating and non-space heating customers, respectively and consistent with lower gas prices and the lack of a surge in consumption in response to them. The non-space heating elasticity is the result of a similar therm impact of price but, measured over a much smaller base usage. Income was found to influence gas consumption by space heating customers in the fall. This is consistent with income changes resulting affecting when space heating equipment is turned on. The economic downturn appeared to result in a delay in turning on this equipment in the fall reducing use.

**Table 1**

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

	JAN	FEB	MAR	APR	MAY	JUNE	NOV	DEC	R2	DW	n
<b>HEATING</b>											
HDD	0.19537 (0.007)	0.19610 (0.006)	0.19355 (0.006)	0.18469 (0.010)	0.14216 (0.005)	0.18506 (0.022)	0.06450 (0.007)	0.18383 (0.008)	0.998	1.545	180
PRICE x HDD		<u>DJF*</u> -0.00673 (0.002)		COVID x HDD		<u>A</u> 0.0106 (0.010)	<u>C</u> 0.0008 (0.002)				
WAGE x HDD		<u>ON**</u> 0.00102 (0.000)									
* Dec-Jan-Feb ** Oct-Nov											
	JAN	FEB	MAR	APR	MAY	JUNE	NOV	DEC	R2	DW	n
<b>NON-HEATING</b>											
HDD	0.03069 (0.003)	0.02530 (0.003)	0.01337 (0.001)	0.01385 (0.001)	0.0168 (0.002)	0.05231 (0.013)	0.01073 (0.001)	0.02150 (0.003)	0.975	1.154	72
PRICE x HDD	-0.01057 (0.002)	-0.00812 (0.002)						-0.00518 (0.002)			

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

## Commercial

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

$$\text{THERMS} = f(\text{PRICEGAS}, \text{OUTPUT}, \text{HDD}) \quad [3]$$

where:

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

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

$$\text{OUTPUT} = f(\text{INCOME}, \text{HSH}) \quad [4]$$

Substituting [4] into [3] yields:

$$\text{THERMS} = f(\text{PRICEGAS}, \text{INCOME}, \text{HSH}, \text{HDD}) \quad [5]$$

The firm delivery customers in this class whose usage does not exceed 300 Dth are served under rate GSG. These customers are further disaggregated into those with gas space heat and those that heat with other fuels. These two groups of customers are modeled separately. Time period for GSG Heating model was estimated using monthly data from January 2012 to December 2024 and GSG Non-Heating model set from January 2011 to December 2024 period for the model estimations. The larger commercial customers are served under rate LVG. These are also modeled separately. LVG model was estimated for customers in the commercial sector using monthly billing data from January 2012 to December 2024 period.

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

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

$$\text{THERMS}_t = f\left(\frac{\text{MONTH} \times \text{HDD}_t}{\text{MONTH} \times \text{HDD}_t} \times \text{PRICEGAS}_{a-1}, \frac{\text{MONTH} \times \text{HDD}_t}{\text{MONTH} \times \text{HDD}_t} \times \text{INCOME}_{a-1}, \frac{\text{MONTH} \times \text{HDD}_t}{\text{MONTH} \times \text{HDD}_t} \times \text{HSH}_{a-1}, \text{HDD}_t\right) \quad [6]$$

where:

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

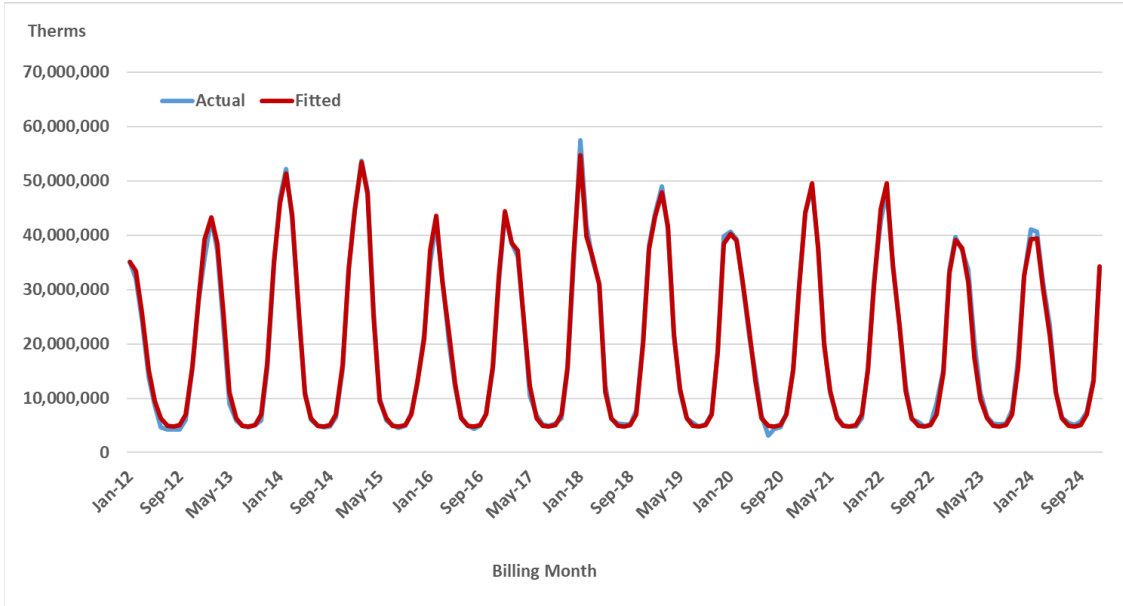
The results of the OLS estimation procedure, summarized in Figures 3-5, show that the commercial models also fit the historical data well.

The estimated coefficients of the three commercial models indicate that while the small commercial space heating is sensitive to price, with an estimated elasticity of -0.2303 the non-space heating customers are not, and the large commercial LVG customers are sensitive to price, with an estimated elasticity of -0.1572. In addition, while the coefficients on households, the economic indicator in the models, are highly statistically significant, this does not imply large sales increases given the anticipated slow growth in the number of households.

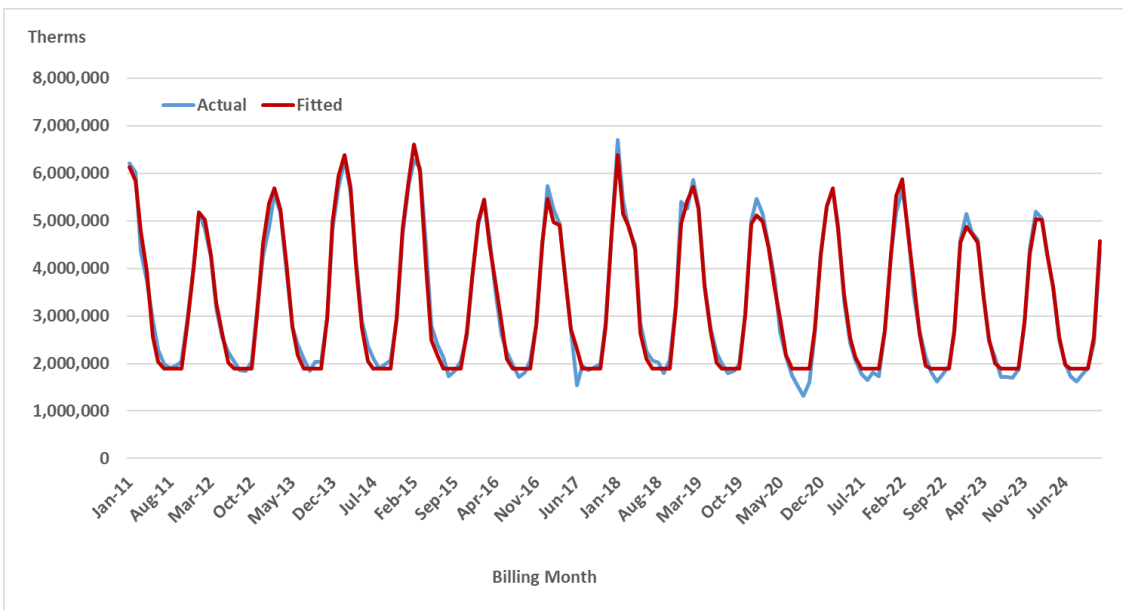
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<sup>1</sup> It was not necessary to incorporate month-specific HDD specification since the LVG sales are less sensitive to the weather.

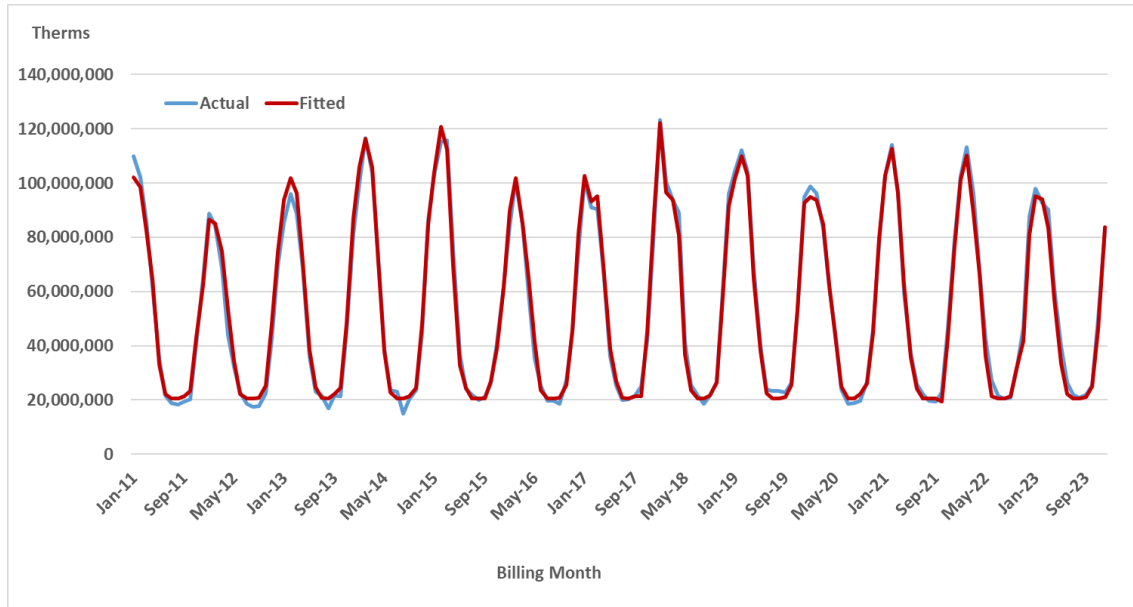
**Figure 3**  
**GSG Commercial Space Heating Model**  
**Actual vs. Fitted Values**



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



**Figure 5**  
**LVG Commercial Model**  
**Actual vs. Fitted Values**



**Table 2**

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

	JAN	FEB	MAR	APR	MAY	JUN	NOV	DEC	R2	DW	n				
<b>HEATING</b>															
PRICE x HDD	-12316 (2,523)	-13698 (2,522)	-10017 (3,011)	-7946 (5,184)	-27468 (12,817)		-13401 (6,050)	-13827 (3,195)	0.996	1.362	156				
CUST x HDD	18.64 (1.0)	19.57 (1.0)	18.53 (1.2)	18.21 (2.0)	16.00 (4.1)		13.70 (2.8)	18.72 (1.2)							
COVID x HDD	<table border="0"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>-4961 (2,220)</td> <td>-1544 (679)</td> </tr> </table>		A	B	-4961 (2,220)	-1544 (679)									
A	B														
-4961 (2,220)	-1544 (679)														
<b>NON-HEATING</b>															
HDD	3937 (61)	4027 (62)	4102 (76)	4116 (123)	3972 (286)	5784 (1,495)	2654 (154)	3742 (79)	0.993	2.156	168				
COVID x HDD	<table border="0"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>-585 (352)</td> <td>-192 (111)</td> </tr> </table>		A	B	-585 (352)	-192 (111)									
A	B														
-585 (352)	-192 (111)														

Table 3

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

HDD x PRICE	HDD x CUST	COVID x HDD		R2	DW	n
		A	B			
-30796 (4,645)	34 (1)	-17004 (6,043)	-3488 (2,170)	0.991	1.068	156

### Industrial

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

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

where:

EMP = Manufacturing employment.

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

$$\text{THERMS}_t = f(\text{HDD}_t \times \text{PRICEGAS}_{a-1}, \text{HDD}_t \times \text{EMP}_{a-1}, \text{HDD}_t) \quad [8]$$

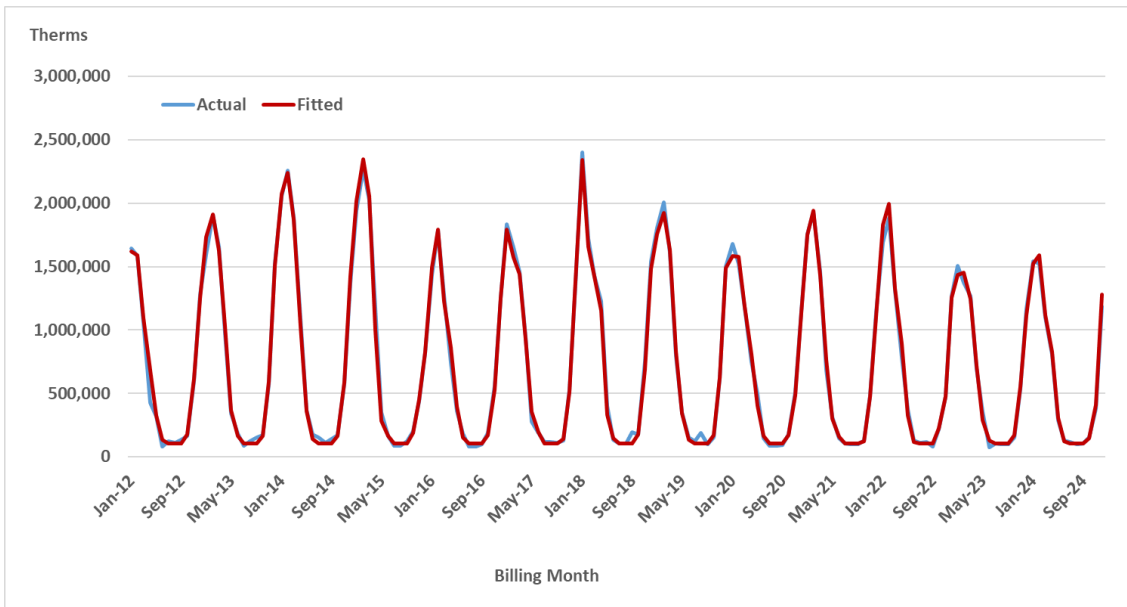
where:

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

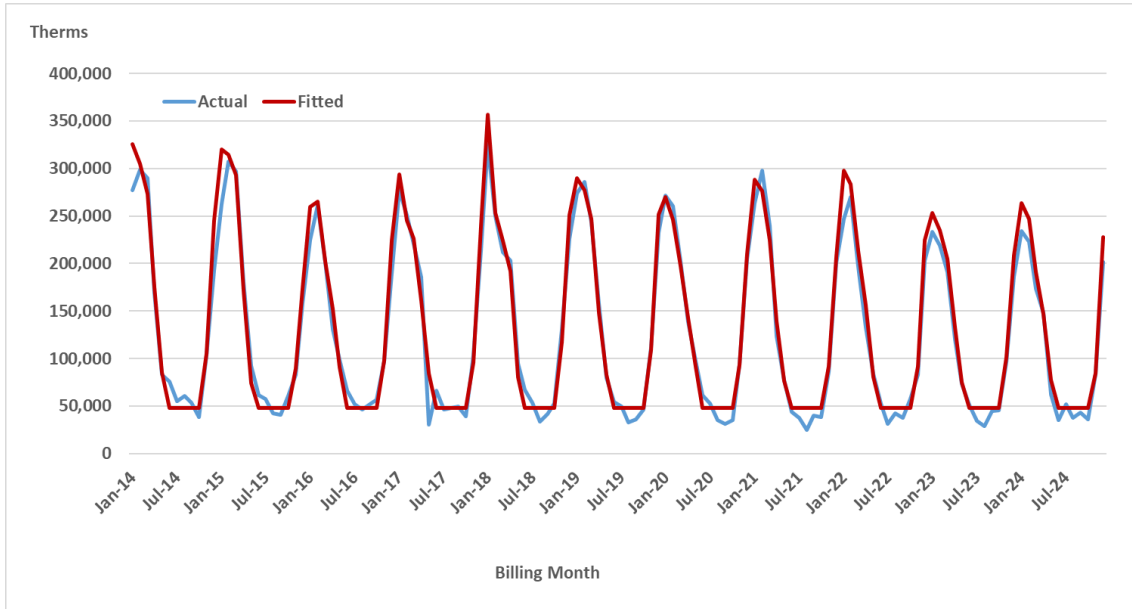
The results of the OLS estimation procedure, summarized in Figures 6-8, show that the industrial models for customers in the two space heating segments fit the historical data well. GSG Heating and Non-Heating model is estimated for using monthly billing data from January 2011 to December 2024 period. The data for industrial GSG non-heating customers, however, seems to indicate the presence of out of period adjustments in the billing data which the model doesn't, and can't be expected to, account for. These were addressed with binary variables. The larger industrial customers are served under rate LVG. The model was estimated for customers in the industrial sector using monthly billing data from January 2011 to December 2024 period.

Like the small and medium commercial models, the estimated coefficients of the three industrial models indicate that sensitivity to price is small. The small industrial customers, rate GSG did not show any statistically significant response to price while rate LVG sensitive to price, with an estimated elasticity of -0.0997. Small response of the industrial sector to gas prices is attributed to the fact that gas, since it is not used for process heat, is a relatively small proportion of the total costs of production.

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



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



**Figure 8**  
**LVG Industrial Heating Model**  
**Actual vs. Fitted Values**

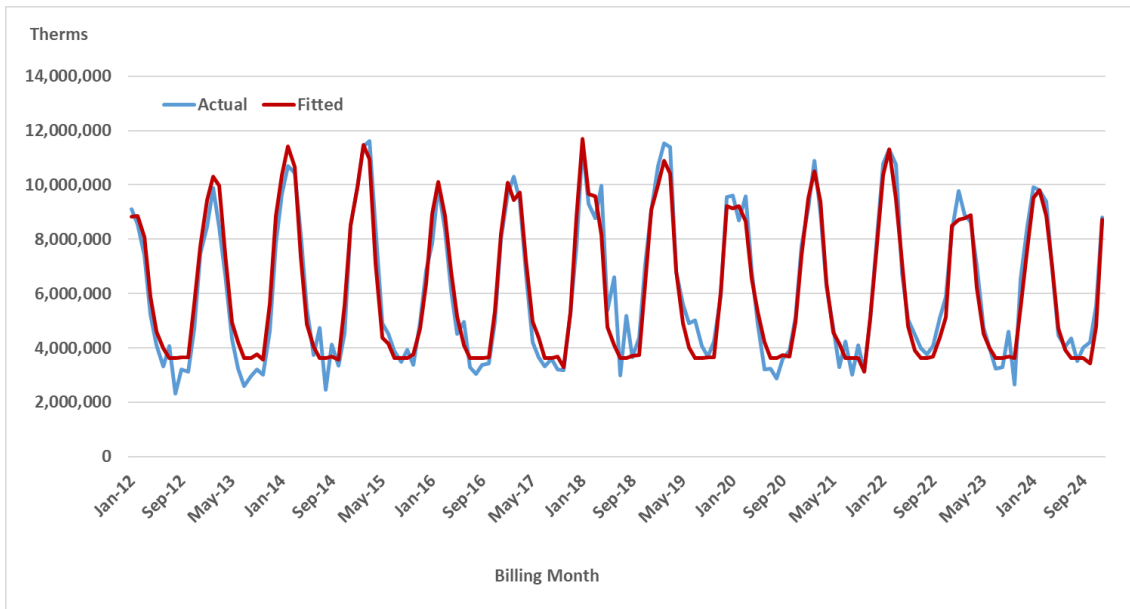


Table 4

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

	JAN	FEB	MAR	APR	MAY	JUN	OCT	NOV	DEC	R2	DW	n
<b>HEATING</b>												
HDD	2366 (144)	1912 (20)	2221 (131)	1725 (40)	1200 (92)	1206 (481)	631 (176)	1216 (50)	2124 (172)	0.993	2.156	156
	A	B										
COVID x HDD	-248 (111)	-55 (35)										
<b>NON-HEATING</b>												
HDD	270 (14)	171 (86)	243 (17)	237 (28)	177 (65)		144 (35)	250 (18)		0.830	1.647	168
	A	B										
COVID x HDD	-38 (81)	-7 (26)										

Table 5

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

HDD x PRICE	HDD x EMP	COVID x HDD		R2	DW	n
		A	B			
-2416 (804)	39 (3)	-1087 (1,212)	-673 (428)	0.941	1.596	168

## II Forecast Assumptions

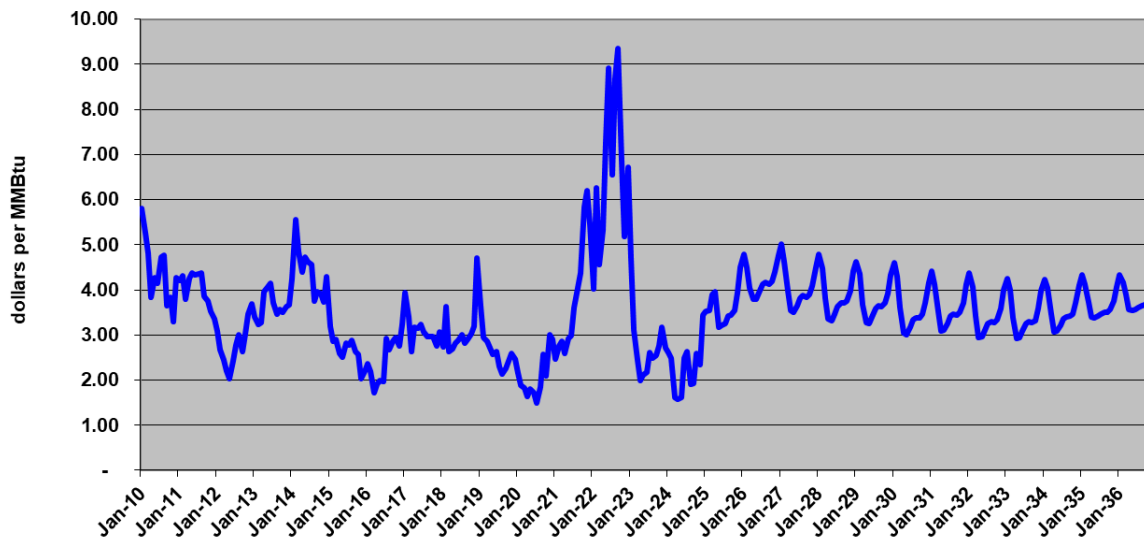
The models described above, in concert with assumptions about future prices and local economic and demographic parameters, were utilized to produce a forecast of billed natural gas delivered sales by rate for the residential, commercial, and industrial customer classes. The assumptions and the forecasts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

### Natural Gas Prices

The main driver of retail natural gas prices is the wholesale cost of gas which changes monthly. While these costs are passed through to commercial and industrial customers on monthly basis, the gas cost under- or over-collection of the residential customers is addressed in October where the rate is adjusted to collect or return the imbalance over the following twelve months. For the forecast, the wholesale natural gas price was assumed to follow the NYMEX future prices as of July 07, 2025. As figure 9 shows, the wholesale price of gas is projected to stay relatively stable during the 2024-2035 periods.

Figure 9

### NYMEX Natural Gas Futures Prices, July 07, 2025 (\$/MMBtu)



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

**Table 6**  
**Historic and Projected Retail Gas Prices**  
**(dollars per therm)**

Year	Residential		Commercial			Industrial		
	RSG		GSG		LVG	GSG		LVG
	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating	
2011	1.09	1.26	1.06	1.04	0.92	1.05	1.05	0.87
2012	1.00	1.18	0.95	0.93	0.80	0.95	0.98	0.75
2013	0.94	1.09	1.00	0.99	0.84	1.00	1.01	0.80
2014	0.80	0.94	1.06	1.04	0.91	1.10	1.08	0.90
2015	0.64	0.80	0.86	0.85	0.74	0.86	0.88	0.74
2016	0.71	0.87	0.83	0.83	0.69	0.83	0.86	0.70
2017	0.77	0.91	0.95	0.95	0.79	0.95	0.98	0.80
2018	0.74	0.88	0.93	0.92	0.79	0.94	0.96	0.77
2019	0.81	1.25	0.94	0.92	0.78	0.94	0.97	0.73
2020	0.78	1.31	0.87	0.87	0.71	0.80	0.91	0.66
2021	0.82	1.36	1.02	1.04	0.84	1.01	1.07	0.77
2022	1.00	1.57	1.30	1.35	1.10	1.28	1.36	1.05
2023	1.11	1.69	1.14	1.12	0.90	1.15	1.19	0.84
2024	1.05	1.68	1.08	1.08	0.81	1.08	1.13	0.75
2025	1.08	1.69	1.35	1.37	1.02	1.34	1.42	0.97
2026	1.18	1.79	1.50	1.51	1.13	1.48	1.57	1.07
2027	1.29	1.90	1.54	1.54	1.15	1.52	1.61	1.09
2028	1.40	2.01	1.58	1.57	1.14	1.55	1.64	1.08
2029	1.38	1.98	1.62	1.60	1.16	1.58	1.67	1.09
2030	1.41	2.03	1.66	1.62	1.16	1.60	1.69	1.09
2031	1.43	2.05	1.70	1.65	1.15	1.62	1.72	1.09
2032	1.42	2.04	1.70	1.64	1.15	1.61	1.71	1.08
2033	1.49	2.11	1.79	1.73	1.19	1.70	1.80	1.12
2034	1.52	2.14	1.88	1.82	1.22	1.78	1.88	1.15
2035	1.52	2.14	1.88	1.82	1.22	1.78	1.88	1.15
2036	1.52	2.14	1.88	1.82	1.22	1.78	1.88	1.15
2037	1.52	2.14	1.88	1.82	1.22	1.78	1.88	1.15
2038	1.52	2.14	1.88	1.82	1.22	1.78	1.88	1.15
2039	1.52	2.14	1.88	1.82	1.22	1.78	1.88	1.15

## **Energy Efficiency and Electrification Impacts**

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

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

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

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

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

	BILLING MONTH ASSUMPTIONS		
	EMP	EE	CEF
2010	15,341,073	2,615,589	-
2011	15,418,011	3,999,564	-
2012	13,852,971	5,027,008	-
2013	15,923,956	6,586,486	-
2014	17,259,733	6,989,516	-
2015	21,104,351	7,495,738	-
2016	28,670,612	8,348,880	-
2017	31,714,395	9,288,978	-
2018	32,636,929	9,525,046	-
2019	32,679,726	7,653,494	-
2020	34,626,523	10,171,680	1,059,242
2021	36,985,600	3,758,669	8,862,001
2022	37,652,760	-	25,556,342
2023	35,976,322	-	45,534,728
2024	34,772,543	-	59,455,229
2025	35,627,506	-	73,180,292
2026	38,124,446	-	91,079,282
2027	36,985,363	-	107,496,586
2028	36,581,487	-	122,237,995
2029	33,668,770	-	136,915,614
2030	27,034,411	-	150,010,723
2031	24,589,200	-	155,286,619
2032	21,956,572	-	152,290,855
2033	19,855,876	-	147,476,885
2034	17,328,479	-	149,410,377
2035	13,725,755	-	149,363,137
2036	11,593,955	-	146,115,339
2037	10,588,333	-	144,957,185
2038	9,715,996	-	144,957,185
2039	3,969,850	-	76,588,426

### Economic Projections

Economic and demographic forecast assumptions for the nation and New Jersey are from Moody's Economy June 2025 forecast. Moody's forecasts that the US economy will undergo a deceleration in GDP growth in the upcoming period, with risks leaning towards the negative side, as increasing trade barriers and ongoing inflation generate uncertainty. The comprehensive forecast provided by Moody's emphasizes persistent inflationary pressures and possible challenges arising from protectionist trade policies. Tighter monetary and financial conditions to reduce stubbornly high inflation will slow economic growth. This national forecast is expected to be reflected in New Jersey's economic outlook that is also expected to be at a slow pace. The forecast is summarized in Table 8.

Weather during the forecast period is assumed to be "normal" as defined by the average daily weather during the twenty-year period ending December 31, 2024.

Table 8

## National and New Jersey Economic Forecast Assumptions

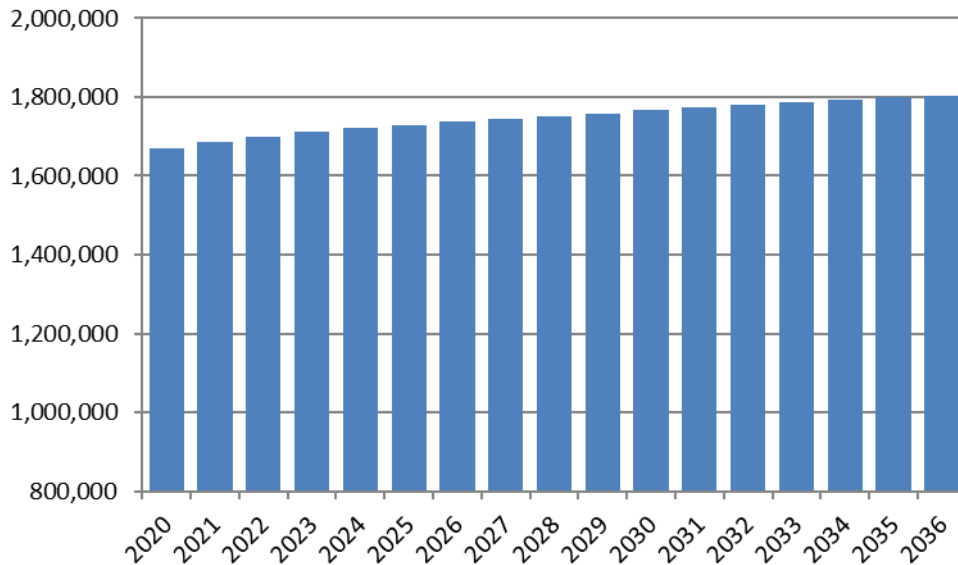
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>United States</b>														
Gross Domestic Product, (Bil. USD, SAAR)	27,721	29,185	30,529	31,805	33,086	34,476	35,958	37,581	39,292	40,956	42,610	44,246	45,915	47,719
Industrial Production: Total, (Index 2012=100, SA)	103	103	103	102	103	106	108	111	114	117	119	121	124	128
Income: Personal - Total, (Bil. Ch. 2009 USD, SAAR)	19,423	19,976	20,531	20,839	21,283	21,713	22,207	22,755	23,310	23,840	24,332	24,801	25,265	25,749
Employment: Total Nonagricultural, (Mil. #, SA)	156	158	160	160	160	161	162	164	165	166	166	166	167	167
Household Survey: Unemployment Rate, (% , SA)	3.6	4.0	4.2	4.7	4.7	4.4	4.2	3.9	3.7	3.7	3.9	4.1	4.2	4.2
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA)	305	314	323	333	340	346	353	359	367	374	382	390	398	407
Interest Rates: 3-Month Treasury Bills EBY, (% p.a., NSA)	5.2	5.1	4.1	3.3	2.9	2.9	2.8	2.7	2.7	2.6	2.6	2.6	2.6	2.6
Terms Conventional Mortgages: All Loans- Composite Effective Rate, (% , NSA)	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	6.3
<b>New Jersey</b>														
Real Personal Income, (Mil. 09\$, SAAR)	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	795,356
Employment: Total Nonagricultural, (Ths., SA)	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	4,448
Employment: Total Manufacturing, (Ths., SA)	254	256	256	256	254	252	250	248	246	243	240	237	234	232
Employment: Total Non-Manufacturing, (Ths., SA)	4,072	4,113	4,146	4,149	4,147	4,153	4,164	4,185	4,207	4,216	4,217	4,214	4,212	4,216
Labor: Unemployment Rate, (% , SA)	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	4.4
Population: Total, (Ths.)	9,395	9,510	9,573	9,588	9,581	9,565	9,550	9,552	9,562	9,570	9,579	9,588	9,598	9,608
Households: Total, (Ths.)	3,483	3,520	3,541	3,546	3,543	3,538	3,534	3,539	3,547	3,555	3,562	3,567	3,571	3,574
Housing Starts: Single-family, (#, SAAR)	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	9,560

**Customer Forecasts**

The number of residential customers with and without natural gas space heat is based on historical trends and expected residential construction activity in the service area. Residential non-heating customers have been steadily declining at an average annual rate of 1.06 percent, and this is expected to continue. Furthermore it is assumed that these customers are converting to gas heat. The number of gas heating customers is also expected to increase as new residential construction occurs. The number of gas customers is assumed to reflect the current decline seen in new single family housing construction. As a result, as the figure below shows, the number of residential customers is expected to remain relatively stable.

**Figure 10**

**Annual Gas Residential Customers**



**BGSS Share**

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

## III Maximum Daily Sendout Forecast

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### **Introduction**

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

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

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

### **Daily Firm Sendout Model Estimation**

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

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

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

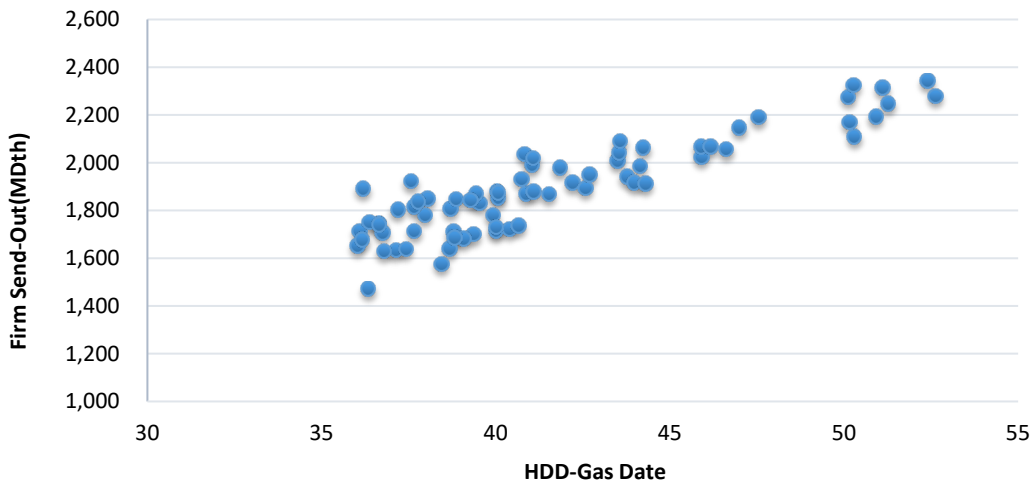
imprecision increases. The way to minimize this imprecision is to limit the observations to the lower temperature data so as to get a linear estimation of that portion of a non-linear curve that is closest to the ultimate extrapolation value.

To address both forecasting issues, the data used in estimating the relationship between daily sendout and weather was limited to January 2022 to February 2025 where HDD greater than 36 during the period. Customer class mix will not change significantly in this short period and it contains the coldest months when the maximum sendout would most likely occur. Analysis of the data for these months indicates two things.

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

**Figure 11**

**January 2022 - February 2025  
Daily Firm Sendout vs Heating Degree Days**



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

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

$$\text{SENDOUT}_t = f(\text{HDD}_t, \text{HDD}_{t-1}, \text{WIND-SPEED}, \text{SKY-CONDITIONS}, \text{WEEKDAY}_t, \text{HOLIDAY}_t, \text{SNOW}_t) \quad [9]$$

Where:

- HDD<sub>t</sub> = Heating degree days on gas day t,
- HDD<sub>t-1</sub> = One day lag basis Heating degree days on gas day t-1,
- WIND-SPEED = Daily average wind speed, MPH,
- SKY-COND = Report of each cloud layer,
- WEEKDAY = Interactive variable that takes the value of HDD on weekdays, otherwise 0,
- HOLIDAY = Interactive variable that takes the value of HDD on Sundays or Holidays, otherwise 0,
- SNOW = Binary variable that takes the value of 1 when reported snowstorm accumulation in any portion of the service area is 6 inches or more, 0 otherwise.

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

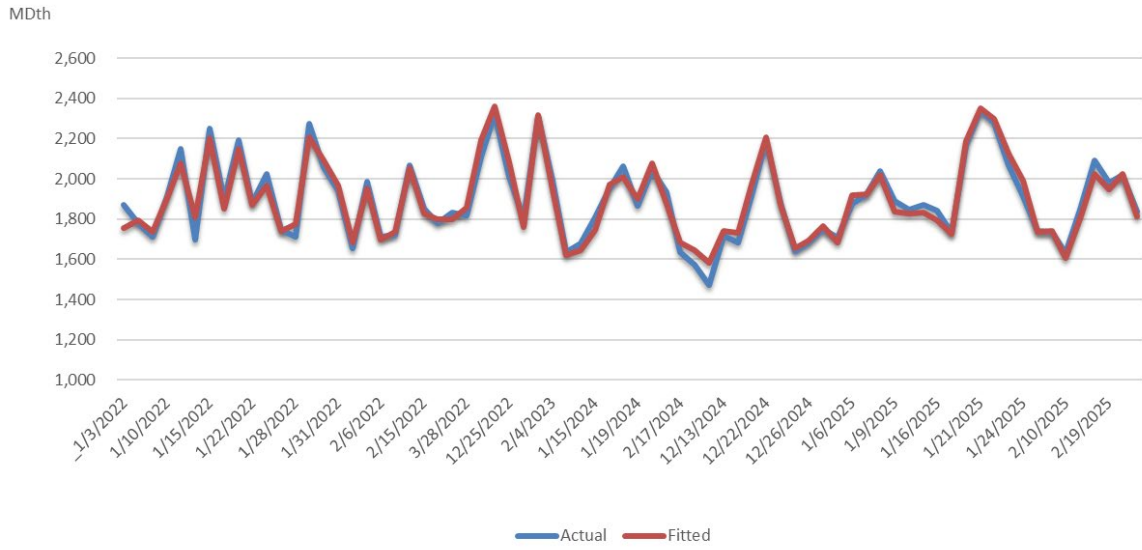
**Table 8**

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

Intercept	HDD				WIND-SPEED	SKY COND	SNOW	R2	DW	n
	HDD	LAG	HOLIDAY	WEEKDAY						
-52.74	34.55	9.24	0.03	0.33	18.05	6.42	-59.4	0.95	1.67	72.00

Figure 12

### Daily Sendout Model Actual vs. Fitted Values



## A. Calendar-Month Sales Calculation

---

### Introduction

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

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

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

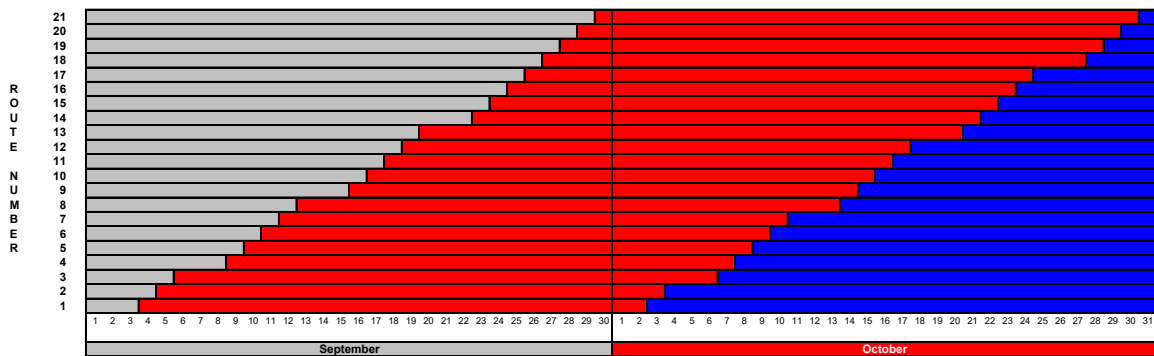
## The Unbilled and Calendar-Month Estimation

### A Simple Example

Utilities generally read all of their meters every month on 21 workdays. Figure 1, below shows a hypothetical October billing-month (in red) as determined by the September and October meter reading schedules. In the chart, each row represents a Route Number or a group of meters that are always read on the same day (although the day when they are all read may vary from month to month). The bottom row is red on all the days after the September read date, September 3<sup>rd</sup> until the October read date, October 2<sup>nd</sup>. 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<sup>2</sup>. The second row from the bottom represents Route 2 whose customers' meters were read on September 4<sup>th</sup> and October 3<sup>rd</sup>. 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 29<sup>th</sup> and October 30<sup>th</sup>. 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  $\boxed{\text{SEP B} > \text{OCT}}$  and October sales that are billed in October i.e.,  $\boxed{\text{OCT B} > \text{OCT}}$ . 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  $\boxed{\text{OCT B} > \text{OCT}}$  sales and the October unbilled sales,  $\boxed{\text{OCT B} > \text{NOV}}$ , the October sales that will be billed in November.

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

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

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

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

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

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

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

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

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

This is the familiar:

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

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:

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

<sup>3</sup> The difference between the current month’s unbilled and the previous month’s is often referred to as the “net unbilled”.

Where:

Billed<sub>i</sub> = Billing-month sales in month i,  
 Unbilled<sub>i</sub> = Unbilled sales in month i.

That simplifies to:

$$\text{Calendar-Year 2008} = \sum_{i=\text{JAN08}}^{\text{DEC08}} \text{Billed}_i + \text{Unbilled}_{\text{DEC08}} - \text{Unbilled}_{\text{DEC07}} \quad [7]$$

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**

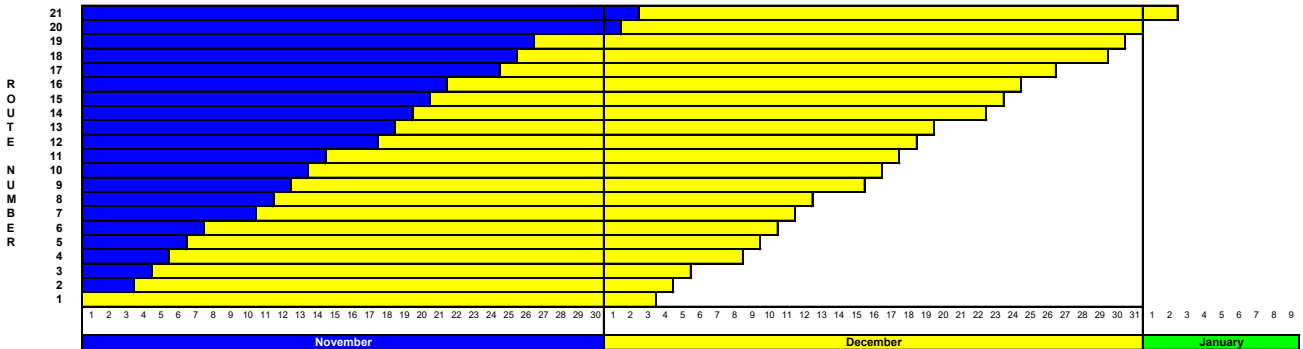
Unlike the hypothetical October billing-month, discussed above, that spanned two months, September and October, the PSE&G billing-month can encompass as many as four months. For example, the December 2008 PSE&G billing month, illustrated in Figure 2, has meter reading dates ranging from October 31<sup>st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

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<sup>4</sup> 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:

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

Given the additional components of the billed,  $\text{OCT B} > \text{DEC}$ , i.e. the “under billed” sales, and  $\text{JAN B} > \text{DEC}$ , 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:

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

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

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

December unbilled less the equivalent November unbilled or:

$$\begin{array}{r}
 \boxed{\begin{array}{l} \text{DEC B> OCT} \\ \text{DEC B> NOV} \\ \text{DEC B> DEC} \\ \text{DEC B> JAN} \end{array}} \\
 = \\
 \boxed{\begin{array}{l} \text{OCT B> DEC} \\ \text{NOV B> DEC} \\ \text{DEC B> DEC} \\ \text{JAN B> DEC} \end{array}} \\
 + \\
 \boxed{\begin{array}{l} \text{DEC B> JAN} \\ \text{DEC B> FEB} \end{array}} + \boxed{\text{NOV B> JAN}} - \boxed{\text{JAN B> DEC}} \\
 - \\
 \boxed{\begin{array}{l} \text{NOV B> DEC} \\ \text{NOV B> JAN} \end{array}} - \boxed{\text{OCT B> DEC}} + \boxed{\text{DEC B> NOV}}
 \end{array} \quad [11]$$

or, in words:

$$\begin{array}{r}
 \text{December Calendar} \\
 = \text{December Billed} \\
 + \text{December Unbilled} \\
 - \text{November Unbilled}
 \end{array} \quad [12]$$

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.<sup>5</sup>

Table 1

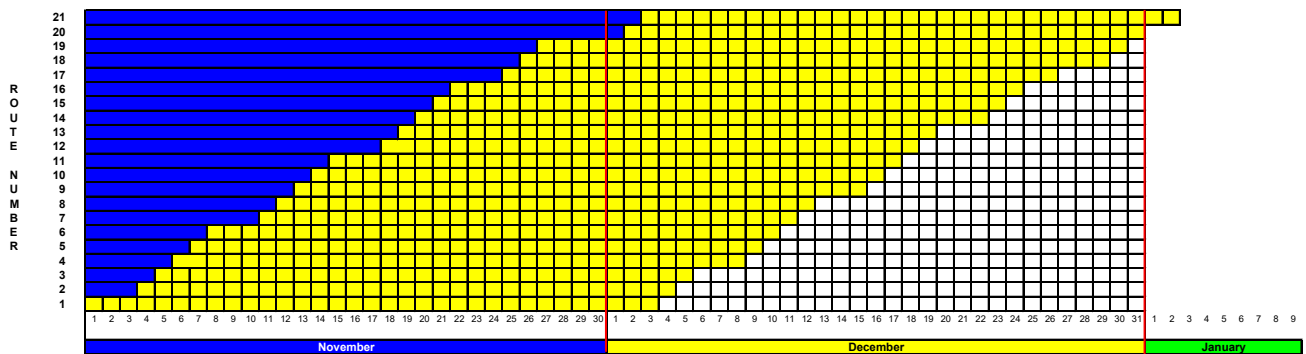
### Unbilled Weather and Base Coefficients, 2008-2009

Billing Month	RSG				GSG-Commercial				GSG-Industrial				LVG - Non Vehicle			
	Heating		Non-heating		Heating		Non-heating		Heating		Non-heating		Commercial		Industrial	
	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	248,936	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

<sup>5</sup> 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.<sup>6</sup> 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,  $\boxed{\text{JAN B} > \text{DEC}}$ , is:

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

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

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

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



## B. Summary Tables

### Delivered Gas Sales As Billed 2025-2035 (MDth)

Class	Rate	Category	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Residential	RSG	Heating	151,543	151,101	151,494	151,596	151,980	153,339	154,852	157,141	159,293	161,123	162,787	
		Non-Heating	2,980	2,961	2,911	2,853	2,792	2,786	2,753	2,733	2,717	2,680	2,652	
	Total		154,522	154,061	154,405	154,449	154,772	156,125	157,605	159,874	162,010	163,803	165,439	
Commercial	GSG	Heating	24,990	23,849	23,312	23,123	22,999	22,857	22,794	22,932	23,258	23,194	22,958	
		Non-Heating	3,893	3,890	3,889	3,888	3,887	3,887	3,885	3,889	3,883	3,883	3,881	
		Total	28,883	27,740	27,201	27,011	26,886	26,744	26,679	26,821	27,140	27,077	26,838	
	LVG		70,015	67,535	66,251	65,672	65,348	65,155	65,054	65,087	64,988	64,568	64,283	
	TSG	Firm	940	937	932	927	921	916	910	910	910	916	919	916
		Non-Firm	7,609	7,583	7,540	7,490	7,440	7,390	7,340	7,298	7,267	7,232	7,194	
		Total	8,549	8,521	8,472	8,417	8,361	8,305	8,250	8,208	8,183	8,151	8,110	
	CIG		2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	
	CSG		7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	
	Total		117,684	114,033	112,162	111,337	110,832	110,442	110,221	110,353	110,549	110,033	109,469	
Industrial	GSG	Heating	864	863	864	861	862	863	862	864	860	861	862	
		Non-Heating	146	146	146	146	146	146	146	146	145	146	146	
		Total	1,009	1,009	1,010	1,007	1,008	1,009	1,008	1,010	1,006	1,007	1,007	
	LVG		8,206	8,000	7,897	7,864	7,857	7,830	7,818	7,797	7,757	7,695	7,640	
	TSG	Firm	1,175	1,170	1,163	1,155	1,146	1,138	1,130	1,129	1,138	1,143	1,139	
		Non-Firm	5,425	5,408	5,379	5,346	5,313	5,279	5,246	5,218	5,198	5,174	5,149	
		Total	6,600	6,579	6,542	6,501	6,459	6,417	6,376	6,347	6,336	6,317	6,288	
	CIG		524	524	524	524	524	524	524	524	524	524	524	
	CSG		60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	
	Contract		-	-	-	-	-	-	-	-	-	-	-	
Total		76,461	76,234	76,094	76,017	75,969	75,901	75,848	75,799	75,744	75,664	75,580		
Lighting	SLG	68	68	68	68	68	68	68	68	68	68	68		
Total		348,735	344,396	342,728	341,871	341,641	342,536	343,741	346,093	348,370	349,568	350,556		

**Supplied Gas Sales As Billed  
2025-2035  
(MDth)**

<b>Class</b>	<b>Rate</b>	<b>Category</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
<b>Residential</b>	RSG	Heating	148,452	148,019	148,406	148,505	148,882	150,215	151,699	153,941	156,052	157,846	159,478
		Non-Heating	2,865	2,847	2,799	2,743	2,685	2,679	2,647	2,628	2,612	2,577	2,550
	Total		151,317	150,866	151,205	151,248	151,567	152,893	154,346	156,569	158,664	160,423	162,029
<b>Commercial</b>	GSG	Heating	20,386	19,455	19,018	18,862	18,763	18,649	18,599	18,712	18,977	18,926	18,735
		Non-Heating	3,095	3,094	3,093	3,092	3,091	3,091	3,089	3,092	3,087	3,088	3,086
		Total	23,482	22,548	22,110	21,954	21,854	21,740	21,688	21,805	22,065	22,014	21,820
	LVG		27,353	26,349	25,844	25,632	25,525	25,471	25,451	25,498	25,467	25,316	25,217
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	700	700	700	700	700	700	700	700	700	700	700
		Total	700	700	700	700	700	700	700	700	700	700	700
	CIG		2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569
	CSG		-	-	-	-	-	-	-	-	-	-	-
	Total		54,103	52,166	51,223	50,855	50,647	50,479	50,408	50,571	50,800	50,598	50,306
<b>Industrial</b>	GSG	Heating	749	749	749	747	748	748	748	749	746	747	747
		Non-Heating	120	120	120	120	120	120	120	120	120	120	120
		Total	869	869	869	867	868	868	868	869	866	867	867
	LVG		2,282	2,215	2,181	2,169	2,167	2,158	2,154	2,148	2,133	2,113	2,095
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	106	106	106	106	106	106	106	106	106	106	106
		Total	106	106	106	106	106	106	106	106	106	106	106
	CIG		524	524	524	524	524	524	524	524	524	524	524
	CSG		-	-	-	-	-	-	-	-	-	-	-
	Contract		-	-	-	-	-	-	-	-	-	-	-
Total		3,780	3,713	3,679	3,665	3,663	3,655	3,651	3,646	3,628	3,609	3,591	
<b>Lighting</b>	SLG		26	26	26	26	26	26	26	26	26	26	
<b>Total</b>			209,226	206,771	206,133	205,794	205,904	207,054	208,431	210,812	213,118	214,657	215,952

**Supplied Share of Delivered Gas Sales As Billed  
2025-2035  
(percent)**

<b>Class</b>	<b>Rate</b>	<b>Category</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	
Residential	RSG	Heating	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	
		Non-Heating	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	
	Total	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	
Commercial	GSG	Heating	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	
		Non-Heating	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
		Total	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	
	LVG	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	9%	9%	9%	9%	9%	9%	10%	10%	10%	10%	10%	10%
		Total	8%	8%	8%	8%	8%	8%	8%	9%	9%	9%	9%	9%
	CIG	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	CSG	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
	Total	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	
Industrial	GSG	Heating	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	
		Non-Heating	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	
		Total	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	
	LVG	28%	28%	28%	28%	28%	28%	28%	28%	27%	27%	27%	27%	
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
		Total	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
	CIG	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	CSG	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
	Contract	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Total	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%		
Lighting	SLG	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	
Total		60%	60%	60%	60%	60%	60%	61%	61%	61%	61%	62%		

**Delivered Gas Sales Calendar-Year  
2025-2035  
(MDth)**

<b>Class</b>	<b>Rate</b>	<b>Category</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
Residential	RSG	Heating	151,050	150,730	151,062	152,252	151,707	153,043	154,544	157,624	159,229	160,788	162,457
		Non-Heating	2,966	2,955	2,901	2,860	2,785	2,781	2,746	2,738	2,715	2,674	2,647
	Total	154,016	153,684	153,964	155,111	154,492	155,823	157,290	160,362	161,944	163,462	165,103	
Commercial	GSG	Heating	24,970	23,701	23,206	23,211	22,948	22,797	22,738	22,999	23,258	23,128	22,889
		Non-Heating	3,875	3,883	3,880	3,901	3,882	3,879	3,878	3,896	3,880	3,876	3,873
		Total	28,845	27,584	27,087	27,112	26,830	26,676	26,616	26,895	27,138	27,004	26,762
	LVG	69,851	67,223	66,002	65,907	65,238	65,003	64,923	65,255	64,951	64,414	64,138	
	TSG	Firm	940	937	932	927	921	916	910	910	916	919	916
		Non-Firm	7,609	7,583	7,540	7,490	7,440	7,390	7,340	7,298	7,267	7,232	7,194
		Total	8,549	8,521	8,472	8,417	8,361	8,305	8,250	8,208	8,183	8,151	8,110
	CIG	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569
CSG	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	7,668	
Total	117,483	113,564	111,798	111,673	110,667	110,221	110,026	110,595	110,509	109,806	109,248		
Industrial	GSG	Heating	847	861	861	865	860	861	860	866	859	859	859
		Non-Heating	145	145	145	146	145	145	145	146	145	145	145
		Total	992	1,007	1,007	1,011	1,006	1,006	1,005	1,012	1,005	1,005	1,005
	LVG	8,211	7,971	7,872	7,887	7,846	7,812	7,804	7,810	7,750	7,678	7,623	
	TSG	Firm	1,175	1,170	1,163	1,155	1,146	1,138	1,130	1,129	1,138	1,143	1,139
		Non-Firm	5,425	5,408	5,379	5,346	5,313	5,279	5,246	5,218	5,198	5,174	5,149
		Total	6,600	6,579	6,542	6,501	6,459	6,417	6,376	6,347	6,336	6,317	6,288
	CIG	524	524	524	524	524	524	524	524	524	524	524	524
CSG	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	60,122	
Contract	-	-	-	-	-	-	-	-	-	-	-	-	
Total	76,448	76,202	76,066	76,045	75,956	75,881	75,830	75,815	75,736	75,644	75,561		
Lighting	SLG	68	68	68	68	68	68	68	68	68	68	68	
<b>Total</b>			348,015	343,518	341,896	342,897	341,183	341,993	343,214	346,841	348,257	348,980	349,980

**Supplied Gas Sales Calendar-Year  
2025-2035  
(MDth)**

<b>Class</b>	<b>Rate</b>	<b>Category</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
Residential	RSG	Heating	147,958	147,656	147,983	149,148	148,615	149,924	151,397	154,416	155,989	157,518	159,154
		Non-Heating	2,852	2,841	2,789	2,749	2,678	2,673	2,640	2,633	2,610	2,571	2,545
	Total	150,811	150,497	150,772	151,898	151,292	152,598	154,037	157,048	158,599	160,089	161,699	
Commercial	GSG	Heating	20,392	19,332	18,930	18,935	18,721	18,599	18,553	18,767	18,977	18,872	18,677
		Non-Heating	3,080	3,088	3,085	3,102	3,087	3,085	3,083	3,098	3,086	3,082	3,080
		Total	23,472	22,420	22,016	22,037	21,808	21,684	21,636	21,866	22,063	21,954	21,758
	LVG	27,516	26,222	25,743	25,728	25,481	25,409	25,398	25,566	25,452	25,253	25,159	
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	700	700	700	700	700	700	700	700	700	700	700
	Total	700	700	700	700	700	700	700	700	700	700	700	700
CIG	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	2,569	
CSG	-	-	-	-	-	-	-	-	-	-	-	-	
Total	54,256	51,910	51,027	51,033	50,557	50,361	50,303	50,700	50,783	50,475	50,184		
Industrial	GSG	Heating	735	747	747	750	746	747	746	751	745	745	746
		Non-Heating	119	120	120	120	120	120	120	120	119	119	119
		Total	854	867	867	871	866	866	866	871	865	865	865
	LVG	2,331	2,205	2,172	2,177	2,163	2,152	2,149	2,153	2,131	2,107	2,089	
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	106	106	106	106	106	106	106	106	106	106	106
	Total	106	106	106	106	106	106	106	106	106	106	106	
CIG	524	524	524	524	524	524	524	524	524	524	524		
CSG	-	-	-	-	-	-	-	-	-	-	-		
Contract	-	-	-	-	-	-	-	-	-	-	-		
Total	3,814	3,700	3,668	3,677	3,658	3,647	3,644	3,653	3,625	3,601	3,583		
Lighting	SLG	26	26	26	26	26	26	26	26	26	26	26	
<b>Total</b>			208,906	206,133	205,493	206,633	205,533	206,632	208,009	211,428	213,033	214,191	215,493

**Supplied Share of Delivered Gas Sales Calendar Year  
2025-2035  
(percent)**

Class	Rate	Category	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Residential	RSG	Heating	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	
		Non-Heating	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	
	Total	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	
Commercial	GSG	Heating	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	
		Non-Heating	79%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
		Total	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	
	LVG	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	9%	9%	9%	9%	9%	9%	9%	10%	10%	10%	10%	10%
		Total	8%	8%	8%	8%	8%	8%	8%	8%	9%	9%	9%	9%
	CIG	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	CSG	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
	Total	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	
Industrial	GSG	Heating	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	
		Non-Heating	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	
		Total	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	
	LVG	28%	28%	28%	28%	28%	28%	28%	28%	28%	27%	27%	27%	
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
		Total	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
	CIG	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	CSG	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
	Contract	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Total	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%		
Lighting	SLG	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	
Total		60%	60%	60%	60%	60%	60%	60%	61%	61%	61%	61%	62%	

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

**BPU Docket No. \_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**Lauren Thomas  
Vice President, CLEAN ENERGY SOLUTIONS**

**May 29, 2026**

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

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

6   A.     My name is Lauren Thomas, and I am the Vice President of Clean Energy Solutions for  
7   Public Service Electric and Gas Company (“PSE&G” or the “Company”). My principal place of  
8   business is 80 Park Plaza, Newark, New Jersey, 07102.

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

10  A.     I became vice president, Clean Energy Solutions - Customer Solutions, effective January  
11  2025. In this role, I am responsible for overseeing the customer experience as it relates to PSE&G’s  
12  energy efficiency, electric vehicle and solar energy programs.

13         Prior to my current role, I was managing director, Transmission and Substation  
14  Construction and Maintenance, responsible for executing over \$1 billion a year in electric  
15  transmission and distribution projects, as well as maintaining our transmission system and  
16  substations.

17         I joined PSEG in 2008, and held various positions in finance before joining Projects and  
18  Construction in 2011. There I was a project director for a portfolio of substation projects and  
19  managed the Project Development, Estimating and Transmission Growth teams. Most recently, I  
20  led the Transformation and Centralized Services department, where I was responsible for  
21  Technical Training, Transportation, Materials and Logistics, and Utility Culture.

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

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

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

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

8 **Q. How is the balance of your testimony organized?**

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

- 10 I. Shareholder Contribution Background
- 11 II. Shareholder Contribution Program Activity Summary
- 12 III. Shareholder Contribution Expenditure Update

13 I. Shareholder Contribution Background

14 **Q. Please describe the Shareholder Contribution funding construct.**

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

19 The shareholder contribution will support initiatives designed to aid  
20 customers in reducing their costs of natural gas and electricity and  
21 to reduce each utility’s peak demand. The initiatives may include  
22 efforts such as education and outreach, as well as enhancements to  
23 standard incentives to further encourage customer engagement in

1 the CEF-EE Program (e.g., the distribution of free EE kits within  
2 low- and moderate-income census tracts), grants to schools and  
3 community organizations, and a business EE portal.

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

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

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

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

4 II. Shareholder Contribution Program Activity Summary

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

6 A. Consistent with the provisions of the CEF-EE stipulation and order, the SC CIP spending  
7 for PY5 (October 2025 through April 2026) includes a \$12,448 shortfall from PY4 which brought  
8 the Company's PY5 budget to \$3,312,448 through September 2026). Activities from PY4, plus  
9 the first seven months of PY5 (October 2025 - April 2026) include the following initiatives and  
10 programs:

- 11 • **Outreach and community events:** Funding was used to strategize, coordinate and execute  
12 event activations in PSE&G communities across its service territory to deliver overarching  
13 awareness of PSE&G's energy efficiency programs. Examples of events include: the  
14 Somerville Street Fair & Craft Show, Tenafly Fall Festival, Bloomfield Harvest Festival,  
15 Barrington Harvest Festival and the NJ Home and Garden Show to name a few.
- 16 • **The Great Energy Escape Mobile Unit:** The Great Energy Escape is a 55-foot mobile trailer  
17 escape-room experience that engages residential customers in energy efficiency education  
18 through gamified learning and raises awareness of the residential energy efficiency programs  
19 and how they can be used to help customers save energy and manage energy bills.
- 20 • **Organizational sponsorships:** Throughout the year, PSE&G sponsors multiple conferences  
21 and events which provide the Company with opportunities to exhibit and promote its energy  
22 efficiency programs. Examples of organizational sponsorships include: the NJBIA Energy and

1 Environmental Policy Forum, the Newark Regional Business Leadership Summit, the NJ  
2 School Buildings and Grounds Association Expo/Conference, the NJ APPA Spring  
3 Conference, the Southern NJ Developmental Council Clean Energy Conference and reNew  
4 Jersey Business Summit.

- 5 • **Marketplace Free Shipping and Offer Center:** PSE&G continues to use the funding to offer  
6 customers free shipping for orders placed in the on-line Marketplace that do not meet the \$49  
7 minimum order amount to receive free shipping. The continuation of this promotion has  
8 increased customer participation and encourages customers to make multiple purchases on  
9 small orders of energy efficient products. The Marketplace Offer Center funding is being used  
10 to cover the gap between the cost of a smart thermostat or other energy efficiency products and  
11 the associated rebates in order to provide them to low-moderate income customers at no cost.
- 12 • **Sustainable Jersey:** PSE&G continued its partnership with the non-profit Sustainable Jersey  
13 to empower schools, municipalities, residents and businesses to better manage energy use and  
14 leverage PSE&G's energy-efficiency programs and incentives. Three program tracks are  
15 offered, including residential outreach, business outreach, and technical assistance for school  
16 and municipal facilities. To date, 47 municipalities have joined at least one program track.  
17 Sustainable Jersey has also recruited and engaged over 100 schools in PSE&G service territory  
18 for participation in the EmPowered Schools program administered by the Alliance to Save  
19 Energy.
- 20 • **Home Weatherization Kits:** SC funding was used to target PSE&G's low-moderate income  
21 ("LMI") customers by sending Home Weatherization kits and using those kits as an outlet to  
22 promote the program. These free kits introduced the Home Weatherization program,  
23 encouraged participation and increased awareness. Each kit included one (1) door and window

1 weatherstripping kit, one (1) self-adhesive door sweep, ten (10) switch and outlet sealing  
2 gaskets, three (3) window insulation kits, and two (2) creative executions of 8.5” x 11” inserts.

- 3 • **NJ Advanced Media:** A sponsorship with NJ Advanced Media / NJ.com includes articles,  
4 digital ads and email marketing to promote PSE&G’s energy efficiency programs. NJ  
5 Advanced Media is New Jersey’s largest media organization and New Jersey’s top provider of  
6 local news. NJ Advance Media engages a daily audience of millions through quality content  
7 on NJ.com, JerseysBest.com, and via social media channels.

- 8 • **Trade ally incentives:** By offering trade ally bonus incentives, the Energy Management  
9 Program is aimed at enhancing customer participation and engagement. Bonus incentives  
10 helped motivate and engage trade allies to perform program outreach and spread program  
11 benefits, thereby engaging customer participation.

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

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

16 III. Shareholder Contribution Spending

1 **Q. Please summarize SC spending obligations.**

2 A. Pursuant to the CEF-EE stipulation, the Shareholder Contribution funding is \$3.3 million  
 3 per year, with any shortfall against that target budget carried over to the following funding  
 4 cycle. The funding cycle period is October through September.

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

7 A. The PY4 spend was \$3,586,444 leaving a shortfall of \$12,448 which was added to PY5.  
 8 Total budget for PY5 is \$3,312,448 (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
<b>Total CIP Spend</b>	\$3,000,110	\$3,361,012	\$3,586,444	\$1,430,296 *
<b>Budget</b>	\$3,360,014	\$3,659,904	\$3,598,892	\$3,312,448
<b>Difference (Shortfall)</b>	\$359,904	\$298,892	\$12,448	N/A

9 \*Reflects actual spend from period of 10/25 through 4/26.

10 **Q. Please summarize the Company SC spend over the PY4 and PY5 funding periods.**

11 A. Between October 1, 2024, and September, 2025, the Company recorded SC expenses of  
 12 approximately \$3,586,444 A summary of actual expenses is included in Schedule LT-GCIP-  
 13 1.

14 Between October 1, 2025, and April 2026 the Company recorded SC expenses of  
 15 approximately \$ 1,430,296. A Summary of actual expenses is included in Schedule LT-GCIP-  
 16 1

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

18 A. Yes, it does. Thank you.

CIP recorded expenses through September 2025								
Activities	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	Total
Outreach and community events	\$ 100,267	\$ 81,984	\$ 64,408	\$ 23,115	\$ 45,321	\$ 75,427	\$ 65,414	\$ 2,009,027
Organizational sponsorships	\$ 10,733	\$ 27,996	\$ 53,820	\$ 45,354	\$ 43,152	\$ 72,163	\$ 13,893	\$ 423,294
Marketplace Free Shipping								\$ 151,265
Offer Center								\$ 9,727
Sustainable Jersey				\$ 500,000				\$ 1,550,000
Somerset Patriots								\$ 7,000
Home Weatherization Kits								\$ 524,177
New Jersey Advance Media								\$ 135,000
Trade Ally (Bonus Incentive)			\$ 75,000	\$ 58,500	\$ (1,500)	\$ 43,250	\$ 32,000	\$ 207,250
<b>Total</b>	<b>\$ 111,000</b>	<b>\$ 109,980</b>	<b>\$ 193,228</b>	<b>\$ 626,969</b>	<b>\$ 86,973</b>	<b>\$ 190,839</b>	<b>\$ 111,307</b>	<b>\$ 5,016,740</b>

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**In The Matter of the Petition of  
Public Service Electric and Gas Company  
for Approval of Changes in its Gas Conservation  
Incentive Program  
(2026 PSE&G Gas Conservation Incentive Program)**

**BPU Docket No. \_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

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

**May 29, 2026**

1                                   **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
2   **DIRECT TESTIMONY**  
3   **OF**  
4   **STEPHEN SWETZ**  
5                                   **SENIOR DIRECTOR - CORPORATE RATES AND REVENUES REQUIREMENTS**  
6

7   **Q.     Please state your name and business address.**

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

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

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

13 **Q.    What is the purpose of your testimony?**

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

21 **Q.    Please describe the GCIP mechanism.**

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

## ATTACHMENT D

1 encourage customers to conserve energy. The GCIP margin deficiency to be collected from  
2 customers or the margin excess to be refunded to customers is calculated each month by  
3 applicable rate schedule by subtracting the baseline use per customer from the actual number  
4 of customers and multiplying the difference by the actual number of customer and the per  
5 therm margin rate for the month.

6 **Q. What rate schedules are included in the GCIP?**

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

- 8 • Group I – Residential Service Gas (“RSG”)
- 9 • Group II – General Service Gas (“GSG”); and
- 10 • Group III – Large Volume Gas (“LVG”)

11 **Q. What is the current total GCIP deferral balance?**

12 A. As shown in Attachment A, Schedule 5, the Company’s total deferral for the GCIP is  
13 \$11,960,934, representing \$69,474,920 of non-weather related gas distribution margin  
14 deficiencies and (\$50,107,124) representing to weather related gas distribution margin.  
15 Additionally, the GCIP Carry-Forward amount of (\$7,406,862)to be returned to customers in  
16 this filing.

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

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

- 20 1. Earnings Test;
- 21 2. BGSS Savings Test; and
- 22 3. Variable Margin Test.

23 The three tests are described below.

## ATTACHMENT D

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

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

7 **Q. How is the GROE calculated?**

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

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

12 A. The earnings test for this filing is based on the latest available twelve month financial  
13 statements filed with FERC and/or the BPU, which is October 2025 through September 2026  
14 for this filing. The earnings test in this initial filing contains actual results through December  
15 2025 and forecasted results through September 2026. The Company will provide an updated  
16 earnings test with all actual results when they are available.

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

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

20 **Q. Please describe the BGSS Savings Test.**

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

## ATTACHMENT D

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

6 **Q. How is the BGSS Savings Test calculated?**

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

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

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

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

## ATTACHMENT D

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

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

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

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

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

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

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

## ATTACHMENT D

1 Clean Energy Future – Energy Efficiency Program on a Regulated Basis, Docket Nos.  
2 GO18101112 and EO18101113. In accordance with above, on April 20, 2022, PSE&G made  
3 a compliance filing in the Docket No. GR21060952 with the Board setting the WNC rate to  
4 \$0.000000 per therm effective May 1, 2022. In October 2025 the Company rolled the  
5 remaining WNC balance of \$1,213 from October 2024 through September 2025 into the  
6 Company’s GCIP balance. The current balance from October 2025 through April 2026 totals  
7 (\$86) and has been included in the balance to be collected from customers during the upcoming  
8 CIP period. The Company anticipates minimal activity related to the WNC going forward and  
9 as a result proposes to eliminate the this adjustment starting with the next CIP period beginning  
10 on October 1, 2026.

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

13 A. The total GCIP amounts to \$11,960,847 million, which represents the total weather  
14 impact from October 2025 – April 2026 of (\$50,107,124) million from the colder than normal  
15 weather as shown in Attachment A, Schedule 4, offset by the non-weather GCIP deferral  
16 subject to the GCIP savings test of \$69,474,920 million as shown in Attachment A, Schedule  
17 5, (\$86) relating to the WNC ending balance transferred to GCIP from October 2025 through  
18 April 2026 and the GCIP Carry-Forward amount of (\$7,406,862).

**ATTACHMENT D**

1 **Q. Please show proposed GCIP rates.**

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

		<b>GCIP Rates w/o SUT</b>	<b>GCIP Rates incl SUT</b>	
Group I	RSG	\$0.007174	\$0.007649	Per Therm
Group II	GSG	\$0.004320	\$0.004606	Per Therm
Group III	LVG	(\$0.000332)	(\$0.000354)	Per Therm

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

4 A. Based upon rates effective May 1, 2026, the average monthly bill impacts of the rates  
5 requested are set forth in Schedule SS-GCIP-3.

6 The average monthly impact of the proposed rates to the typical residential gas  
7 customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually)  
8 would be a decrease in the average monthly bill from \$106.99 to \$101.65 or \$5.34, or  
9 approximately 5.0% (based upon Delivery Rates and BGSS-RSG charges in effect May 1,  
10 2026 and assuming that the customer receives BGSS-RSG service from PSE&G).

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

12 A. Yes.

## ATTACHMENT D

### SCHEDULE INDEX

Schedule SS-GCIP-1	Qualifications
Schedule SS-GCIP-2	Rate Calculations
Schedule SS-GCIP-3	Residential Bill Impacts
Schedule SS-GCIP-4	Tariff Sheets



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

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

7 **EDUCATIONAL BACKGROUND**

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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G		written	May-26	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	G		written	May-26	Conservation Incentive Program (GCIP)
Public Service Electric & Gas Company	E	ER26030086	written	Feb-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 Ext 2, S4AEII, EE2017, CEF-EE, CEF-EIII, CSEP, SuSI and TREC
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	Electric 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	Electric 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	Electric 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	Electric 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

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E	ER19040530	written	Apr-19	Madison 4kV Substation Project (Madison & Marshall)
Public Service Electric & Gas Company	E/G	EO18101113 & GO18101112	written	Dec-18	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E/G	GR18121258	written	Nov-18	Remediation Adjustment Charge-RAC 26
Public Service Electric & Gas Company	E	EO18101115	written	Oct-18	Clean Energy Future - Energy Cloud Program (EC)
Public Service Electric & Gas Company	E	EO18101111	written	Oct-18	Clean Energy Future-Electric Vehicle And Energy Storage Programs (EVES)
Public Service Electric & Gas Company	G	GR18070831	written	Jul-18	Gas System Modernization Program (GSMP) - Third Roll-In
Public Service Electric & Gas Company	E/G	ER18070688 & GR18070689	written	Jun-18	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
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 (EEExt) / 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

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

<b>GCIP Rate</b>		<b>RSG</b>	<b>GSG</b>	<b>LVG</b>	<b>Total</b>	
a	Actual CIP Carryforward Balance	\$90,765,240	\$12,954,806	\$2,951,431	\$106,671,478	Final Stipulation, Exhibit B
b	Approved CIP Carry-Forward	\$90,765,240	\$12,954,806	\$2,659,630	\$106,379,677	Final Stipulation, Exhibit C
c	<b>Actual vs Approved (Over) / Under recovery</b>	<b>\$0</b>	<b>\$0</b>	<b>\$291,801</b>	<b>\$291,801</b>	c = a - b
d	CIP Revenue Recovery	\$97,875,174	\$13,032,664	\$3,170,501	\$114,078,339	Attachment A Schedules 1 through 3, page 3
e	<b>(Over) / Under recovery of Approved CIP Carry-Forward</b>	<b>(\$7,109,934)</b>	<b>(\$77,858)</b>	<b>(\$510,871)</b>	<b>(\$7,698,663)</b>	
(1)	CIP Carry-Forward	(\$7,109,934)	(\$77,858)	(\$219,070)	(\$7,406,862)	= c + e
(2)	CIP Weather	(\$41,726,597)	(\$6,815,841)	(\$1,564,686)	(\$50,107,124)	See Attachment A, Schedule 5, Page 1
(3)	CIP Non-Weather	\$59,824,680	\$8,112,601	\$1,537,639	\$69,474,920	See Attachment A, Schedule 5, Page 1
(4)	<b>Total CIP Deferral</b>	<b>\$10,988,149</b>	<b>\$1,218,902</b>	<b>(\$246,116)</b>	<b>\$11,960,934</b>	(4) = (1) + (2) + (3)
(5)	CIP Non-Weather Savings Recovery				<b>\$69,474,920</b>	See Attachment A, Schedule 5, Page 1 for Refund or Page 2 for Recovery
(6)	CIP Allocation of Non-Weather Savings Cap	86%	12%	2%	<b>100%</b>	(6) = (3) / Total (3)
(7)	CIP Non-Weather Allocation	\$59,824,680	\$8,112,601	\$1,537,639	<b>\$69,474,920</b>	(7) = Total (5) * (6)
(8)	CIP Weather	(\$41,726,597)	(\$6,815,841)	(\$1,564,686)	<b>(\$50,107,124)</b>	(2)
(9)	WNC Ending Balance				<b>(\$86)</b>	
(10)	CIP Allocation of Weather	83%	14%	3%	<b>100%</b>	(10) = (2) / Total (2)
(11)	CIP Allocation of WNC Ending Balance	(\$72)	(\$12)	(\$3)	<b>(\$86)</b>	(11) = Total (9) * (10)
(12)	CIP Carry-Forward Recovery	(\$7,109,934)	(\$77,858)	(\$219,070)	<b>(\$7,406,862)</b>	(12) = (1)
(13)	<b>CIP (Refund) / Charge</b>	<b>\$10,988,077</b>	<b>\$1,218,890</b>	<b>(\$246,119)</b>	<b>\$11,960,847</b>	(13) = (7) + (8) + (11)+12
(14)	Projected Use (000) *	1,535,417	282,858	743,188		Attachment A Schedules 1 - 3, Page 1
(15)	CIP Rate	0.007156	0.004309	-0.000331		(15) = (13) / ((14) * 1000)
(16)	CIP Rate w/ Assessment	0.007174	0.004320	-0.000332		(16) = (15) * (1 / (1 - (0.20% + 0.05%)))
(17)	CIP Rate w/SUT	0.007649	0.004606	-0.000354		(17) = (16) * 1.06625

## TYPICAL RESIDENTIAL GAS BILL IMPACTS

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

<b>Residential Gas Service - Average Monthly Bill</b>					
If Your Average Monthly Therm Use Is:	And Your Avg. Dec. to Mar. Monthly Therm Use Is:	Then Your Present Monthly Bill (1) Would Be:	And Your Proposed Monthly Bill (2) Would Be:	Your Monthly Bill Change Would Be:	And Your Percent Change Would Be:
16	25	\$27.68	\$26.68	(\$1.00)	(3.6)%
33	50	45.38	43.36	(2.02)	(4.5)
51	100	66.68	63.56	(3.12)	(4.7)
87	172	106.99	101.65	(5.34)	(5.0)
100	198	121.95	115.78	(6.17)	(5.1)
152	300	179.69	170.33	(9.36)	(5.2)

(1) Based upon Basic Gas Supply Service (BGSS-RSG) and Delivery Rates in effect May 1, 2026, and assumes that the customer receives commodity service from Public Service.

(2) Same as (1) except includes decrease due to GCIP.

<b>Residential Gas Service - Monthly Winter Bill</b>				
If Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
25	\$37.61	\$36.07	(\$1.54)	(4.1)%
50	65.21	62.12	(3.09)	(4.7)
100	123.14	116.97	(6.17)	(5.0)
172	204.67	194.07	(10.60)	(5.2)
198	234.14	221.92	(12.22)	(5.2)
300	349.48	330.97	(18.51)	(5.3)

(3) Based upon Basic Gas Supply Service (BGSS-RSG) and Delivery Rates in effect May 1, 2026, and assumes that the customer receives commodity service from Public Service.

(4) Same as (3) except includes decrease due to GCIP.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 48**

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

**Superseding**

**XXX Revised Sheet No. 48**

**CONSERVATION INCENTIVE PROGRAM**

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

	Conservation Incentive Program	Conservation Incentive Program including SUT
RSG	<del>\$0.007174</del> <del>\$0.059797</del>	<del>\$0.007649</del> <del>\$0.063759</del>
GSG	<del>\$0.004320</del> <del>\$0.044772</del>	<del>\$0.004606</del> <del>\$0.047738</del>
LVG	<del>(\$0.000332)</del> <del>\$0.003536</del>	<del>(\$0.000354)</del> <del>\$0.003770</del>

**Conservation Incentive Program**

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

**I. DEFINITION OF TERMS AS USED HEREIN**

**1. Actual Number of Customers**

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

**2. Actual Usage Per Customer**

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

**3. Adjustment Period**

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

**4. Annual Period**

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

**5. Average 13 Month Common Equity Balance**

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

**6. Baseline Usage per Customer**

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

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

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 80 Park Plaza, Newark, New Jersey 07102  
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**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 48A**

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

**Superseding**

**XXX Revised Sheet No. 48A**

**CONSERVATION INCENTIVE PROGRAM  
 (Continued)**

**7. Customer Class Group**

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

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

**8. Forecast Annual Usage**

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

**9. Margin Revenue Factor**

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

Group I (RSG): \$0.576449  
 Group II (GSG): \$0.476351  
 Group III (LVG): \$0.064216

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

**10. Degree Days (DD)**

– the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

**11. Actual Calendar Month Degree Days**

– the accumulation of the actual Degree Days for each day of a calendar month.

**12. Normal Calendar Month Degree Days**

– the level of calendar month degree days to which the weather portion of the CIP applies.

The normal calendar month Degree Days will be the twenty-year average of the National Oceanic and Atmospheric Administration (“NOAA”) First Order Weather Observation Station at the Newark airport and will be updated annually. The base level of normal HDD for the defined winter period months for the 202~~65~~-202~~76~~ Winter Period are set forth in the table below:

Month	Normal Heating Degree Days
October 202 <del>65</del>	207.64210.23
November 202 <del>65</del>	515.73513.84
December 202 <del>65</del>	795.94795.83
January 202 <del>76</del>	957.73960.40
February 202 <del>76</del>	817.54818.33
March 202 <del>76</del>	656.69671.85
April 202 <del>76</del>	339.61342.54
May 202 <del>76</del>	110.93117.40

**13. Winter Period**

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

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

**Superseding**

**XXX Revised Sheet No. 48B**

**CONSERVATION INCENTIVE PROGRAM  
 (Continued)**

**14. Degree Day Consumption Factors**

– the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. Degree day Consumption Factors for the 202~~65~~-202~~76~~ Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non- Heating	GSG		LVG	GSG		LVG
			Heating	Non- Heating		Heating	Non- Heating	
Oct.- <del>265</del>	<del>173,154</del> <del>168,298</del>	-	-	-	<del>92,406</del> <del>89,323</del>	<del>631</del> <del>624</del>	-	<del>7,880</del> <del>8,144</del>
Nov.- <del>265</del>	<del>271,965</del> <del>272,804</del>	<del>2,231</del> <del>2,229</del>	<del>31,460</del> <del>33,029</del>	<del>2,654</del> <del>2,645</del>	<del>92,406</del> <del>89,323</del>	<del>1,216</del> <del>1,219</del>	<del>144</del> <del>142</del>	<del>7,880</del> <del>8,144</del>
Dec.- <del>265</del>	<del>271,005</del> <del>272,395</del>	<del>2,747</del> <del>2,908</del>	<del>48,641</del> <del>48,448</del>	<del>3,742</del> <del>3,749</del>	<del>92,406</del> <del>89,323</del>	<del>2,124</del> <del>2,136</del>	<del>250</del> <del>252</del>	<del>7,880</del> <del>8,144</del>
Jan.- <del>276</del>	<del>288,233</del> <del>296,002</del>	<del>2,775</del> <del>2,998</del>	<del>49,159</del> <del>48,404</del>	<del>3,937</del> <del>3,915</del>	<del>90,355</del> <del>87,818</del>	<del>2,366</del> <del>2,379</del>	<del>271</del> <del>272</del>	<del>7,644</del> <del>7,865</del>
Feb.- <del>276</del>	<del>289,504</del> <del>287,754</del>	<del>2,502</del> <del>2,685</del>	<del>50,668</del> <del>50,251</del>	<del>4,027</del> <del>4,013</del>	<del>90,355</del> <del>87,818</del>	<del>1,912</del> <del>1,916</del>	<del>171</del> <del>158</del>	<del>7,644</del> <del>7,865</del>
Mar.- <del>276</del>	<del>296,865</del> <del>297,254</del>	<del>2,784</del> <del>2,833</del>	<del>52,025</del> <del>50,861</del>	<del>4,102</del> <del>4,088</del>	<del>90,355</del> <del>87,818</del>	<del>2,221</del> <del>2,206</del>	243	<del>7,644</del> <del>7,865</del>
Apr.- <del>276</del>	<del>283,425</del> <del>285,070</del>	<del>2,865</del> <del>2,936</del>	<del>53,718</del> <del>51,747</del>	<del>4,116</del> <del>4,097</del>	<del>90,355</del> <del>87,818</del>	<del>1,725</del> <del>1,727</del>	<del>237</del> <del>236</del>	<del>7,644</del> <del>7,865</del>
May- <del>276</del>	<del>218,273</del> <del>217,538</del>	<del>3,485</del> <del>3,545</del>	<del>19,151</del> <del>22,054</del>	<del>3,972</del> <del>3,941</del>	<del>90,355</del> <del>87,818</del>	<del>1,200</del> <del>1,204</del>	<del>177</del> <del>178</del>	<del>7,644</del> <del>7,865</del>

**II. BASELINE USE PER CUSTOMER**

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

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

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**CONSERVATION INCENTIVE PROGRAM**

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

	Conservation Incentive Program	Conservation Incentive Program including SUT
RSG	\$0.007174	\$0.007649
GSG	\$0.004320	\$0.004606
LVG	(\$0.000332)	(\$0.000354)

**Conservation Incentive Program**

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

**I. DEFINITION OF TERMS AS USED HEREIN**

**1. Actual Number of Customers**

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

**2. Actual Usage Per Customer**

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

**3. Adjustment Period**

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

**4. Annual Period**

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

**5. Average 13 Month Common Equity Balance**

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

**6. Baseline Usage per Customer**

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

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

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 80 Park Plaza, Newark, New Jersey 07102  
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Effective:

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 48A**

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

**Superseding  
 XXX Revised Sheet No. 48A**

**CONSERVATION INCENTIVE PROGRAM  
 (Continued)**

**7. Customer Class Group**

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

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

**8. Forecast Annual Usage**

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

**9. Margin Revenue Factor**

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

Group I (RSG): \$0.576449  
 Group II (GSG): \$0.476351  
 Group III (LVG): \$0.064216

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

**10. Degree Days (DD)**

– the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

**11. Actual Calendar Month Degree Days**

– the accumulation of the actual Degree Days for each day of a calendar month.

**12. Normal Calendar Month Degree Days**

– the level of calendar month degree days to which the weather portion of the CIP applies.

The normal calendar month Degree Days will be the twenty-year average of the National Oceanic and Atmospheric Administration (“NOAA”) First Order Weather Observation Station at the Newark airport and will be updated annually. The base level of normal HDD for the defined winter period months for the 2026-2027 Winter Period are set forth in the table below:

Month	Normal Heating Degree Days
October 2026	207.64
November 2026	515.73
December 2026	795.94
January 2027	957.73
February 2027	817.54
March 2027	656.69
April 2027	339.61
May 2027	110.93

**13. Winter Period**

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

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**CONSERVATION INCENTIVE PROGRAM  
 (Continued)**

**14. Degree Day Consumption Factors**

– the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. Degree day Consumption Factors for the 2026-2027 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non- Heating	GSG		LVG	GSG		LVG
			Heating	Non- Heating		Heating	Non- Heating	
Oct.-26	173,154	-	-	-	92,406	631	-	7,880
Nov.-26	271,965	2,231	31,460	2,654	92,406	1,216	144	7,880
Dec.-26	271,005	2,747	48,641	3,742	92,406	2,124	250	7,880
Jan.-27	288,233	2,775	49,159	3,937	90,355	2,366	271	7,644
Feb.-27	289,504	2,502	50,668	4,027	90,355	1,912	171	7,644
Mar.-27	296,865	2,784	52,025	4,102	90,355	2,221	243	7,644
Apr.-27	283,425	2,865	53,718	4,116	90,355	1,725	237	7,644
May-27	218,273	3,485	19,151	3,972	90,355	1,200	177	7,644

**II. BASELINE USE PER CUSTOMER**

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

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

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