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November 6, 2026

In the Matter of the Petition of
Public Service Electric and Gas Company's
Request for Temporary Deferral Accounting Authority

BPU Docket Nos. _____

VIA BPU E-FILING SYSTEM & ELECTRONIC MAIL
Sherri L. Lewis, Secretary
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Lewis:

On behalf of Public Service Electric and Gas Company ("PSE&G" or the "Company"), enclosed for the Board's consideration is a Petition to defer effective January 1, 2027, the cost of depreciation and the cost of debt of the electric and gas capital investments that the Company has put in service from June 1, 2024, to December 31, 2026, to upgrade its distribution system. Consistent with Executive Order No. 1, and in line with Governor Sherrill's affordability agenda, the Company's request in the Petition for a deferral accounting mechanism would have no impact on distribution base rates. The Petition seeks the Board's written authorization of the deferral request by December 31, 2026.

Governor Sherrill's Executive Orders Nos. 1 and 2 underscore the importance of addressing near-term energy affordability concerns while considering the longer-term needs of New Jersey's energy system. PSE&G believes these objectives are best advanced through a framework of durable affordability that balances immediate customer impacts with prudent investment, system reliability, and appropriate cost recovery over time. The Petition advances this objective without imposing incremental costs on customers from the proposed deferral. PSE&G will forgo the carrying costs associated with the deferral, as described in the accompanying filing. Nothing in the Petition is intended to predetermine the prudency, recoverability, or appropriate ratemaking treatment of any deferred amounts. These determinations will remain subject to the Board's review in the Company's next base rate case.

Through this proposal, PSE&G seeks to address the State's affordability objectives and customers' long-term interests while maintaining proper regulatory oversight. The Company commits to work diligently with all parties to the proceeding to bring this matter to closure within the period set forth in the Petition.

Very truly yours,



Katherine E. Smith

cc: Attached service list

2026 PSEG Electric and Gas Deferral
BPU Docket Nos.

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S REQUEST FOR TEMPORARY DEFERRAL ACCOUNTING AUTHORITY	))))	BPU Docket Nos._____

Public Service Electric and Gas Company ("PSE&G" or "Company"), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, 07102, respectfully petitions the New Jersey Board of Public Utilities ("Board" or "BPU") pursuant to *N.J.S.A.* 48:2-23, 48:2-21 *et seq*., 48:2-16, and any other authority the Board deems applicable, as follows:

INTRODUCTION AND CONTEXT FOR DEFERRAL ACCOUNTING

1. PSE&G is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service ("BGS"), and the distribution of gas and the provision of Basic Gas Supply Service ("BGSS"), for residential, commercial and industrial purposes within the State of New Jersey.

2. PSE&G is subject to regulation by the Board for the purposes of setting its retail distribution rates in New Jersey and to assure safe, adequate and proper electric distribution and natural gas distribution service pursuant to *N.J.S.A.* 48:2-23.

3. PSE&G requests an accounting order which will not change current customer rates.

4. PSE&G hereby requests authority for an accounting mechanism effective January 1, 2027 to defer on its books the cost of depreciation and cost of debt on all unrecovered electric and gas distribution capital placed in service from June 1, 2024 (i.e., the date immediately after the end of the test year used to set rates in PSE&G's last base rate case in 2024 ("2024 Base Rate

Case")) through December 31, 2026 on a temporary basis until its base rates are reviewed in a future proceeding. The costs at issue relate to PSE&G's capital investment costs for facilities replacements, system reinforcement, new business, environmental/regulatory requirements, facilities support, and BPU-approved infrastructure programs. PSE&G continues to invest in its systems to enable reliable and safe service.

5. Approval of a deferral accounting mechanism *does not* increase rates for customers because it does not constitute approval or determination of prudency of any investments, costs, or deferred amounts. The accounting deferral mechanism would be in place until new base rates are set resulting from a future base rate filing. There would be *no impact to any customer bills* from implementation of the requested deferral accounting mechanism. After PSE&G's next base rate proceeding concludes, the total deferred balance to be recovered from customers will be lower than those amounts that would have been recovered arising out of the base rate case that PSE&G had originally planned to file in 2026.

6. PSE&G recognizes the current economic environment and Governor Sherrill's initiatives to keep electricity costs to customers as low as reasonably possible while maintaining safe, adequate, and proper utility service. On January 20, 2026, Governor Sherrill issued two Executive Orders addressing increasing costs of electric supply caused by a supply/demand imbalance in the PJM markets and recognizing that New Jersey's electric utility customers are currently facing significant affordability concerns, "from utilities to groceries to healthcare."[1] While the primary cause of the increase to utility bills in 2025 was the cost of energy supply, from

[1] Exec. Order No. 1 (Sherrill, 2026), *available at* https://www.nj.gov/infobank/eo/057sherrill/pdf/EO-1.pdf ; Exec. Order No. 2 (Sherrill, 2026), *available at* https://www.nj.gov/infobank/eo/057sherrill/pdf/EO-2.pdf .

which the state's electric distribution companies do not profit, one focus of Governor Sherrill's Executive Order No. 1 is on mitigating electric delivery rate increases. Specifically, Executive Order No. 1 states that "[g]iven the extent of the affordability crisis," the BPU shall "consider pursuing a pause, abeyance, or modification of the schedule governing any proceedings in which electric distribution utilities seek approvals for rate increases or cost recoveries to the extent permitted by law."

7. PSE&G also has experienced significant cost increases over the past several years from many inputs required to provide service. The earnings tests submitted by the Company to the BPU on a regular basis since the conclusion of its 2024 Base Rate Case have consistently demonstrated that PSE&G is earning well below its allowed return on equity. In these circumstances any public utility, including PSE&G, must seriously consider seeking a base rate increase.

8. In lieu of filing a base rate case at this time, consistent with the policy priorities stated in Executive Order No. 1, and to maintain customer base rates at current levels while maintaining safe, adequate, and proper service, PSE&G respectfully requests authority from the BPU of an accounting mechanism to temporarily defer on its books the cost of investments placed into service since base rates were last approved by the BPU in October 2024 which were based on financial data through May 31, 2024.[2]

[2] *I/M/O the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, B.P.U.N.J. No. 17 Electric and B.P.U.N.J. No. 17 Gas, and for Changes in Depreciation Rates, Pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, and for Other Appropriate Relief*, BPU Docket Nos. ER23120924 and GR23120925, Order Adopting Initial Decision and Stipulation (Oct. 9, 2024) ("2024 Rate Order").

9. In light of the circumstances that the State of New Jersey is experiencing as described in Governor Sherrill's Executive Order No. 1 and Executive Order No. 2, the deferred accounting proposed here has precedential support. The Board has granted deferral authority in prior instances, including -- as is the case here -- in support of state policy and / or when the state was experiencing pressure on utility costs outside the control of the utility, including, for example, in these instances:

- Approval for deferred accounting treatment of incremental storm damage restoration costs including costs related to Superstorm Sandy;[3]
- Board-initiated order directing all of the state's regulated utilities to defer incremental costs related to COVID-19;[4]
- Approval for a deferral accounting mechanism for costs for replacement of PSE&G's approximately 2.2 million electric meters with Advanced Metering Infrastructure (AMI);[5]
- Approval for a deferral accounting mechanism for costs of PSE&G's Clean Energy Future-Electric Vehicle Program, which provides incentives to customers for electric vehicle charging;[6] and

[3] *In the Matter of the Petition of Public Service Electric and Gas Company and Atlantic City Electric Company's Request for Deferral Accounting Authority For Storm Damage Restoration Costs*, BPU Docket Nos. EO11090518, GO11090519, EO12110995, and GO12110996, Order (December 19, 2012, as amended on Feb 20, 2013).
[4] *In the Matter of the New Jersey Board of Public Utilities' Response To The COVID-19 Pandemic*, BPU Docket No. AO20060471, Order Authorizing Establishment of A Regulatory Asset For Incremental COVID-19 Related Expenses (July 2, 2020).
[5] *In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Cloud ("CEF-EC") Program on a Regulated Basis*, BPU Docket No. EO18101115, Decision and Order Approving Stipulation (January 7, 2021); *In the Matter of the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and for Other Relief*; BPU Docket No. ER16060524, Decision and Order (February 2, 2020) (setting forth the BPU's findings that deployment of AMI would benefit customers, and the environment as well as support state policy goals set forth in the Energy Master Plan and directed all New Jersey EDCs to file proposals to deploy AMI).
[6] *In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Electric Vehicle and Energy Storage ("CEF-EVES") Program on a Regulated Basis*, BPU Docket No. EO1810111, Decision and Order Approving Stipulation (January 27, 2021).

- Approval for a deferral accounting mechanism to record the difference in amortization of net gain or loss component of pension expense or income.[7]

10. PSE&G requests the Board in this proceeding promptly enter an order to authorize interim accounting treatment on these documented utility investments, with ultimate prudency review and cost recovery to be determined in the Company's next base rate case, which the Company will file in June 2027.

INVESTMENT SINCE LAST RATE CASE

11. In light of on-going and increasing costs to provide safe, adequate, and proper service that PSE&G has incurred since its 2024 Base Rate Case, PSE&G is currently earning well below its allowed rate of return. As a result, it is critical for PSE&G to obtain this interim accounting treatment if it delays filing a base rate case.

12. On October 9, 2024, the Board issued an Order resolving the 2024 Base Rate Case, adopting the stipulation of settlement of the parties including PSE&G, Board Staff, and the New Jersey Division of Rate Counsel. In that stipulation, the Signatory Parties agreed that "the Company's rate base is deemed to be $9.3 billion for electric and $8.5 billion for gas with the test year ending May 31, 2024."[8]

13. Since June 1, 2024, PSE&G has continued to appropriately invest in its electric and gas distribution systems providing value to our customers.

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[7] *In the Matter of Public Service Electric and Gas Company's Request for an Accounting Order Authorizing the Company to Modify its Pension Accounting For Ratemaking Purposes*, BPU Docket No. ER22090549, Decision and Order Approving Stipulation (February 17, 2023).

[8] 2024 Rate Order at p. 4.

14. With respect to the electric system, since June 1, 2024, PSE&G has installed 81 new primary (13kV and 4 kV) distribution circuits, 19 new sub-transmission (26 kV) circuits, six new transmission supplied distribution substations, and one new switching station. PSE&G has invested a substantial amount of capital in new electric distribution plant and services equipment. This level of investment was and is required to maintain and further enhance safe and reliable service to customers.

15. PSE&G also has invested a substantial amount of capital in its gas distribution system. The majority of these investments were for the replacement of aging infrastructure and the hardening of the gas distribution system. This level of investment was and is required to maintain and further enhance safe and reliable service to customers.

16. PSE&G recognizes the current affordability focus and the need to keep costs to customers as low as reasonably possible while maintaining safe, adequate, and proper service. The Company has submitted earnings tests in its regular Gas System Modernization Program ("GSMP") II Extension, Infrastructure Advancement Program ("IAP"), and Conservation Incentive Program filings demonstrating the Company is earning well below its allowed return on equity since the conclusion of its 2024 Base Rate Case with new rates effective in October 2024, as shown in the figure below.

PSE&G ROE - Earnings Test Methodology				
	Actual*			
	Electric	Gas	Combined	Authorized
2025 Q3	8.8%	8.1%	8.5%	9.6%
2025 Q4	7.5%	8.1%	7.8%	9.6%
2026 Q1	7.2%	8.2%	7.7%	9.6%
2026 Q2	6.8%	8.2%	7.5%	9.6%

* Calculated as 12 month net income as of the end of each quarter divided by the 13 month average of Common Equity as of the end of each quarter. Net Income and Common Equity are calculated consistent with the earnings test methodology approved in PSE&G's 2024 Base Rate Case Order

MECHANICS OF DEFERRAL ACCOUNTING REQUEST

17. Beginning January 1, 2027, the cost of depreciation and cost of debt on all unrecovered electric and gas distribution capital placed in service since June 1, 2024 through December 31, 2026 shall be deferred and placed in a regulatory asset, as separate and identifiable accounts. The deferral will only apply to depreciation and debt expenses as calculated below and will not include an equity return or carrying charges. The deferral will not include any operations and maintenance ("O&M") expenses. These costs have increased from the 2024 Base Rate Case due to inflation and associated labor wage increases, plus higher medical and fringe costs, increased cyber and IT costs, and new regulations impacting O&M activities such as leak repairs. These types of costs, that the Company is excluding from the proposed deferral would normally be recovered through a base rate filing.

18. The mechanism will use the following calculation:

Monthly Investment Deferral = (Debt Rate/12 * Incremental Monthly Rate Base) + Monthly Incremental Depreciation

19. The terms of the calculation are as follows:

a. Debt Rate is equal to 10-year Treasury rate as of September 30, 2026 plus 60 basis points, which is consistent with the Company's latest debt issuance in August 2026.

b. Incremental Monthly Rate Base is the difference between the Company's December 2026 Proxy Rate Base and the Current Rates Proxy Rate Base:

    i. December 2026 Proxy Rate Base is the Company's actual Plant In-Service less Accumulated Depreciation and Accumulated Deferred Income Taxes ("ADIT") for electric and gas Distribution based on the Company's financial records;

    ii. Current Rates Proxy Rate Base is the rate base embedded in the calculation of current rates based on the Plant In-Service, Accumulated Depreciation and ADIT through May 31, 2024 presented in the Company's 12+0 update to its 2024 Base Rate Case and approved by the Board plus the rate base supporting any rate adjustments since May 31, 2024 associated with the IAP, CEF-EV Program or the extension of the next phase of the GSMP ("GSMPII Ext").

c. For purposes of this deferral calculation only, all other components of rate base and O&M will not be included Monthly Incremental Depreciation is the difference between the December 2026 Depreciation Expense and the Depreciation Expense in Current Rates:

    i. December 2026 Depreciation Expense is the Company's actual depreciation expense as of December 31, 2026 based on its financial records;

ii. Depreciation Expense in Current Rates is the depreciation expense embedded in the calculation of current rates based on the Company's actual depreciation expense as of May 31, 2024 presented in the Company's 12+0 update to its 2024 Base Rate Case plus the average monthly depreciation expense recovery in any rate adjustments since May 31, 2024 associated with the IAP, CEF-EV and GSMPII Ext programs.

20. The December 2026 rate base will be calculated based on the actual electric and gas distribution system capital assets placed into service, in the period from June 1, 2024 through December 31, 2026. The elements of the December 2026 Proxy Rate Base as well as other inputs to the deferral calculation are presented in the supporting affidavit of Brian Davis.

21. The deferral accounting mechanism has no impact on the prudency review of all investments that will occur in a future base rate case that the Company will file in June 2027. There will be no impact on customer rates by approving this deferral mechanism because recovery of the regulatory asset will not occur until the conclusion of this future rate case, when the prudency of the investments since the last rate case and customer rate impacts are determined. Any adjustments or disallowances to investment resulting from regulatory review in the Company's next base rate case will be reflected in the final regulatory asset balance from this deferral, so that no investment or associated regulatory asset based on investment determined to be imprudent is recovered in rates from customers. After PSE&G's next base rate proceeding concludes, the total deferred balance to be recovered from customers will be lower than those amounts that would have been recovered arising out of the base rate case that PSE&G had originally planned to file in 2026.

22. During the period from January 1, 2027 until new base rates are implemented in a future base rate case proceeding, there would be no impact to any customer bills from this mechanism. There are no known implications to taxes or bonus depreciation resulting from this mechanism.

CONCLUSION AND REQUESTS FOR APPROVAL

For all the foregoing reasons, PSE&G respectfully requests that by December 31, 2026, the Board issue written authorization of the above request effective January 1, 2027 and grant any other relief deemed appropriate.

COMMUNICATIONS

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

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Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

By: 

Katherine E. Smith, Esq.
Managing Counsel, State Regulatory
Public Service Electric & Gas Company

DATED: November 6, 2026

STATE OF NEW JERSEY)
) ss.
COUNTY OF ESSEX)

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S REQUEST FOR TEMPORARY DEFERRAL ACCOUNTING AUTHORITY	**BPU Docket Nos.:** _____

AFFIDAVIT OF BRIAN S. DAVIS

I hereby declare under penalty of perjury that:

1. I am Director – PSE&G Finance and Development for Public Service Enterprise Group in support of Public Service Electric and Gas ("PSE&G" or the "Company") and I am authorized to make this statement in the above-stated case.

2. In the petition commencing this matter ("Petition"), PSE&G requests authority for an accounting mechanism effective January 1, 2027 to defer on its books the cost of depreciation and cost of debt on all unrecovered electric and gas distribution capital placed in service from June 1, 2024 (i.e., the date immediately after the end of the test year used to set rates in PSE&G's last base rate case in 2024 ("2024 Base Rate Case")) through December 31, 2026 on a temporary basis until its base rates are reviewed in a future base rate filing.

3. Shown below are tables reflecting PSE&G's currently approved and forecasted "Rate Base" for purposes of this deferral, separately provided for Electric Distribution and Gas Distribution:

A) Electric and gas plant in-service, less accumulated depreciation and deferred taxes as of May 31, 2024 presented in the Company's 12+0 update to its 2024 Base Rate Case and approved by the Board (the "12+0 Rate Base");

B-F) The sum of the Rate Base for the electric and gas rate adjustments since May 31, 2024 associated with PSE&G's Infrastructure Advancement Program ("IAP") and Clean Energy Future – Electric Vehicles ("CEF-EV") program for electric, and IAP and Gas System Modernization Program II Extension ("GSMP II Extension") for gas

G) The sum of the Rate Base from items (A) to (F) above which equals the Current Approved Rate Base as defined in the Petition in this matter;

H) The Forecasted Rate Base as defined in the Petition, which is the Company's actual Plant In-Service less Accumulated Depreciation and Accumulated Deferred Income Taxes ("ADIT") for electric Distribution, based on the Company's financial records as of June 30, 2026 and as projected through December 31, 2026.

PSE&G Rate Base $000s	***(A)***	***(B)***	***(C)***	***(D)***	***(G)***		***(H)***
	2024 RC	**IAP**	**IAP**	**CEF-EV**	**Current**		**Forecast**
ELECTRIC	**12+0**	**Roll-in #2**	**Roll-in #3**	**Roll-in #1**	**Approved**		**Dec-26**
Plant In Service	12,797,960				12,797,960		15,137,511
Accumulated Depreciation	(3,169,488)				(3,169,488)		(3,644,777)
Deferred Taxes	(1,727,903)				(1,727,903)		(1,718,024)
IAP	(18,302)	50,628	84,764		117,090		
CEF-EV	-			37,632	37,632		
Rate Base	**7,882,268**	**50,628**	**84,764**	**37,632**	**8,055,292**		**9,774,711**

PSE&G Rate Base $000s	***(A)***	***(B)***	***(C)***	***(D)***	***(E)***	***(F)***	***(G)***	***(H)***
	2024 RC	**IAP**	**IAP**	**GSMPII Ext**	**GSMPII Ext**	**GSMPII Ext**	**Current**	
GAS	12+0	**Roll-in #2**	**Roll-in #3**	**Roll-in #1**	**Roll-in #2**	**Roll-in #3**	**Approved**	Dec-26
Plant In Service	12,352,939						12,352,939	14,756,455
Accumulated Depreciation	(2,720,732)						(2,720,732)	(3,006,212)
Deferred Taxes	(1,698,948)						(1,698,948)	(2,199,476)
IAP	(175)	66,367	37,243				103,435	
GSMPII Excl	(29,902)			469,690	220,655	36,478	696,922	
Rate Base	**7,903,182**	**66,367**	**37,243**	**469,690**	**220,655**	**36,478**	**8,733,615**	**9,550,768**

4. Summary of inputs used in the calculation as described in the Petition are as follows:

INPUT SUMMARY:	Electric	Gas	Notes
Debt Rate	5.86%	5.86%	10 year US Treasury Rate + 60bps as of September 30, 2026
Approved PIS/Accum Dep/ADIT	8,055,292	8,733,615	2024 Test Year Amounts from 12+0 + approved IAP/CEF-EV/GSMPII Rate Base
Dec26 PIS/Accum Dep/ADIT	9,774,711	9,550,768	Forecasted 2026 Balances (to be updated with actuals when available)
Current Annualized Depreciation	380,041	297,339	May 2024 Actual Depreciation Expense * 12 (end of 2024 RC Test Year) + depreciation recovery from IAP/CEF-EV/GSMPII rate adjustments
Dec26 Annualized Depreciation	422,844	317,818	December 2026 Forecasted Depreciation Expense * 12 (to be updated with actuals when available)
Tax Impacts (Bonus Depreciaton)	N/A	N/A	The December 2026 ADIT balance will reflect any realized tax benefits adopted by the Company (such as bonus depreciation)

By: _____

Brian Davis
Director – PSE&G Finance and Development

Sworn and subscribed before me
this 6th day of November, 2026

CAITLYN M. WHITE
Notary Public, State of New Jersey
Comm. # 50113049
My Commission Expires 09/19/2029

STATE OF NEW JERSEY)
) ss.
COUNTY OF ESSEX)

BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S REQUEST FOR TEMPORARY DEFERRAL ACCOUNTING AUTHORITY	**BPU Docket Nos.:** _____

VERIFICATION OF MICHAEL MCFADDEN

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

1. I am the Director Electric and Gas Sales and Revenue Forecasting for PSEG Services Corporation.
2. I have read the annexed Petition, and was directly involved in its preparation. The matters and things contained therein are true to the best of my knowledge and belief.

BY: _____
Michael P. McFadden

Sworn and subscribed before me
this 6th day of November, 2026

CAITLYN M. WHITE
Notary Public, State of New Jersey
Comm. # 50113049
My Commission Expires 09/19/2029

ATTESTATION OF JOSEPH F. ACCARDO JR.

Essex County)
) ss:
New Jersey)

I, the undersigned, being duly sworn, depose, say, and attest on behalf of Public Service Electric and Gas Company ("PSE&G" or "Company") and not in my individual capacity, that:

1. I am Joseph F. Accardo Jr., Senior Vice President of the Company. I am authorized to make the statements and representations set forth herein on behalf of the Company.

2. I submit this attestation in connection with the Company's petition titled *In the Matter of Public Service Electric and Gas Company's Request for Temporary Deferral Accounting Authority*, filed on November 6, 2026 (the "Petition"). In lieu of filing a base rate case, PSE&G is requesting authority from the BPU to temporarily defer the costs for capital investments made as set forth in its Petition.

3. There will be *no impact* to customer bills from the requested deferral, and PSE&G will forgo the carrying costs associated with the deferral. Approval of deferral does not constitute approval or determination of prudency of any investments, costs, or deferred amounts. The deferral would be in place until new base rates are set resulting from a future base rate filing.

4. To the best of my knowledge, information, and belief, I hereby attest that the statements in this Attestation are true, correct, accurate, and complete.

Name: Joseph F. Accardo Jr.
Title: Senior Vice President
Company: Public Service Electric and Gas Company

Sworn and subscribed to)
before me this 6th day)
of November, 2026)

CAITLYN M. WHITE
Notary Public, State of New Jersey
Comm. # 50113049
My Commission Expires 09/19/2029