

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

In the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Second Energy Strong Program (Energy Strong II) Notice of Filing and Notice of Public Hearings BPU Docket Nos.: EO18060629 and GO18060630

TAKE NOTICE that, on June 8, 2018, Public Service Electric and Gas Company (Public Service, PSE&G, or Company) filed a petition and supporting documentation with the New Jersey Board of Public Utilities (Board or BPU). The Company is seeking Board approval to implement and administer an extension to PSE&G's Energy Strong Program (ES II or Program) and to approve an associated cost recovery mechanism.

PSE&G seeks Board approval to invest up to \$1.503 billion in ES II Electric Program Investments across its service territory. Over the Program's duration, PSE&G plans to upgrade 31 substations, upgrade circuits to protect them from storms, modernize the distribution system with communications and controlled mechanisms and invest in contingency reconfiguration strategies to harden its electric system. In addition, PSE&G seeks Board approval to invest up to \$999.2 million, \$910.9 million of which will be ES II Gas Program Investments. Over the Program's duration, PSE&G plans to complete projects that will improve the resiliency of its gas distribution system to potential interstate gas pipeline curtailments and modernization and storm harden Metering and Regulation stations across its gas service territories.

In conjunction with the implementation of the Program, PSE&G will seek Board approval to recover in base rates the revenue increases associated with the capital investment costs of ES II. While the Company is not seeking an increase at this time, PSE&G is seeking authority to recover a return on and return of its investments through semiannual adjustments to its base rates beginning on March 1, 2021, for electric and September 1, 2022, for gas. The Company estimates that the rate change for electric rates effective March 1, 2021, would increase rates by approximately \$19.5 million and the rate change for gas rates effective September 1, 2022, would increase rates by approximately \$15.9 million. These rate changes are only estimates at this time and are subject to change.

For illustrative purposes, the March 1, 2021, and September 1, 2022, estimated base rates including New Jersey Sales and Use Tax (SUT) for residential Rate Schedules RS and RSG, respectively, are shown in Table #1. Tables #2 and #3 provide customers with the approximate effect of the proposed change in base rates relating to the Program, if approved by the Board, effective March 1, 2021, for electric and September 1, 2022, for gas. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage.

Under the Company's proposal, a residential electric customer using 740 kilowatt-hours per month during the summer months and 6,920 kilowatt-hours on an annual basis would see an initial increase in the annual bill from \$1,246.08 to \$1,254.56, or \$8.48 or approximately 0.68%. The approximate effect of the proposed electric base rate change on typical gas residential monthly bills, if approved by the Board, is illustrated in Table #4.

Under the Company's proposal, a residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an initial increase in the annual bill from \$558.90 to \$564.48, or \$5.58 or approximately 1.00%. Also, a typical residential gas heating customer using 172 therms per month during the winter months and 1,040 therms on an annual basis would see an initial increase in the annual bill from \$880.23 to \$889.81, or \$9.58 or approximately 1.09%. The approximate effect of the proposed gas base rate change on typical gas residential monthly bills, if approved by the Board, is illustrated in Table #5.

Based upon current projections and assuming full implementation of the complete Program as proposed, the anticipated incremental annual bill impact for the typical residential electric customer using 6,920 kilowatt-hours annually would be: \$8.48 or approximately 0.68% effective 3/1/2021; \$8.20 or approximately 0.66% effective 9/1/2021; \$7.52 or approximately 0.60% effective 3/1/2022; \$19.56 or approximately 1.57% effective 9/1/2022; \$20.12 or approximately 1.61% effective 9/1/2023; \$11.36 or approximately 0.91% effective 3/1/2024; \$0.84 or approximately 0.07% effective 9/1/2024. Therefore, the total annual cumulative bill impact as a result of ES II on 9/1/2024 for a residential customer using 6,920 kilowatt-hours annually would be \$76.08.

Based upon current projections and assuming full implementation of the complete Program as proposed, the anticipated incremental annual bill impact for the typical residential gas heating customer using 1,040 therms annually would be: \$9.58 or approximately 1.09% effective 9/1/2022; \$7.14 or approximately 0.81% effective 9/1/2023; \$41.40 or approximately 4.70% effective 9/1/2024. Therefore, the total annual cumulative bill impact as a result of ES II on a residential gas heating customer using 1,040 therms annually on 9/1/2024 would be \$58.12.

Tables #6, #7, #8 and #9 provide customers with the estimated incremental and cumulative rate impacts of the Program to typical and class average customers for Residential, Commercial, and Industrial classes, respectively. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage. It is anticipated that the Company will make semiannual filings each year of the Program to request the Board's approval to implement that Program year's revenue requests. The Board's decisions may increase or decrease the percentages shown.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as a result of the Company's filing may be modified and/or allocated by the Board in accordance 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 described charges may increase or decrease based upon the Board's decision.

Copies of the Company's filing are available for review by the public at the Company's customer service centers, online at the PSE&G website at <http://www.pseg.com/pseandgfilings>, and at the Board of Public Utilities at 44 South Clinton Avenue, Seventh Floor, Trenton, New Jersey 08625-0350.

The following dates, times and locations for public hearings have been scheduled on the Company's filing so that members of the public may present their views. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

January 7, 2019 4:00 and 5:30 PM Bergen County Administration Building Freeholders Public Meeting Room Room 540 1 Bergen County Plaza Hackensack, NJ 07601	January 8, 2019 4:00 and 5:30 PM Burlington County Administration Building Board of Chosen Freeholders Board Room 1st Floor 49 Rancocas Road Mt. Holly, NJ 08060	January 9, 2019 4:00 and 5:30 PM Middlesex County Administration Building Freeholders Meeting Room 1st Floor Meeting Room 75 Bayard Street New Brunswick, NJ 08901
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In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters, listening devices or mobility assistance no less than 48 hours prior to the above hearings to the Board's Secretary at the following address.

Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, Third Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch whether or not they attend the public hearings. To review PSE&G's rate filing, visit <http://www.pseg.com/pseandgfilings>.

The proposed charges for electric delivery service are as follows:

**Table #1 – Base Rates For Residential RS and RSG Customers
Rates If Effective March 1, 2021 for Electric and September 1, 2022 for Gas**

Rate Schedule		Base Rates	
		Charges in Effect December 1, 2018 Including SUT	Estimated Charges Including SUT
Electric			
RS			
	Service Charge	per month	\$4.95
	Distribution 0-600, June-September	\$/kWh	0.039706
	Distribution 0-600, October-May	\$/kWh	0.035553
	Distribution over 600, June-September	\$/kWh	0.043780
	Distribution over 600, October-May	\$/kWh	0.035553
Gas			
RSG	Service Charge	per month	\$8.62
	Distribution Charge	\$/Therm	0.355833
	Off-Peak Use	\$/Therm	0.177942
	Basic Gas Supply Service-RSG (BGSS-RSG)	\$/Therm	0.349129

Table #2 – Proposed Percentage Change in Revenue By Customer Class for Electric Service For Rates If Effective March 1, 2021

Electric		
	Rate Class	Percent Change
Residential	RS	0.66%
Residential Heating	RHS	0.68
Residential Load Management	RLM	0.46
Water Heating	WH	0.68
Water Heating Storage	WHS	0.96
Building Heating	HS	0.24
General Lighting & Power	GLP	0.17
Large Power & Lighting-Sec.	LPL-S	0.13
Large Power & Lighting-Pri.	LPL-P	0.09
High Tension-Subtr.	HTS-S	0.11
High Tension-HV	HTS-HV	0.05
Body Politic Lighting	BPL	0.02
Body Politic Lighting-POF	BPL-POF	0.07
Private Street & Area Lighting	PSAL	0.03
Overall		0.34

The percent increases noted above are based upon December 1, 2018, Delivery Rates, Tax Adjustment Credit (TAC) rates as of January 1, 2019, the applicable Basic Generation Service (BGS) charges, and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table #3 – Proposed Percentage Change in Revenue by Customer Class for Gas Service For Rates If Effective September 1, 2022

	Rate Class	Percent Change
Residential Service	RSG	1.05%
General Service	GSG	0.67
Large Volume Service	LVG	0.20
Street Lighting Service	SLG	0.04
Firm Transportation Gas Service	TSG-F	0.17
Non-Firm Transportation Gas Service	TSG-NF	0.18
Cogeneration Interruptible Service	CIG	0.25
Contract Service	CSG	0.15
Overall		0.72

The percent increases noted above are based upon December 1, 2018, Delivery Rates, Tax Adjustment Credit (TAC) rates as of January 1, 2019, the applicable Basic Gas Supply Service (BGSS) charges, and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table #4 – Residential Electric Service for Rates If Effective March 1, 2021

If Your Annual kWh Use Is:	And Your Monthly Summer kWh Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Monthly Summer Percent Change Would Be:
1,732	185	\$36.91	\$37.43	\$0.52	1.41%
3,464	370	68.87	69.93	1.06	1.54
6,920	740	134.70	136.82	2.12	1.57
7,800	803	146.46	148.76	2.30	1.57
12,500	1,337	246.04	249.86	3.82	1.55

1. Based upon Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect December 1, 2018, Tax Adjustment Credit (TAC) rates as of January 1, 2019, and assumes that the customer receives BGS-RSCP service from Public Service Electric and Gas Company

2. Same as (1) except includes the proposed change for the Energy Strong II Program.

Table #5 – Residential Gas Service for Rates If Effective September 1, 2022

If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Monthly Percent Change Would Be:
170	25	\$27.62	\$27.85	\$0.23	0.83%
340	50	46.60	47.05	0.45	0.97
610	100	85.82	86.74	0.92	1.07
1,040	172	141.45	143.03	1.58	1.12
1,210	200	163.04	164.87	1.83	1.12
1,816	300	240.24	242.99	2.75	1.14

1. Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2018, Tax Adjustment Credit (TAC) rates as of January 1, 2019, and assumes that the customer receives commodity service from Public Service

2. Same as (1) except includes the proposed change for the Energy Strong II Program.

Table #6 – Residential Electric Service Projected Incremental Percent Change From Annual Bills Effective November 1, 2018

Rate Class	Forecasted % Increase 3/1/2021	Forecasted % Increase 9/1/2021	Forecasted % Increase 3/1/2022	Forecasted % Increase 9/1/2022	Forecasted % Increase 9/1/2023	Forecasted % Increase 3/1/2024	Forecasted % Increase 9/1/2024
RS	0.68%	0.66%	0.60%	1.57%	1.61%	0.91%	0.07%
RHS	0.67	0.66	0.60	1.55	1.58	0.89	0.06
RLM	0.44	0.43	0.40	1.08	1.14	0.65	0.05
GLP	0.18	0.17	0.16	0.40	0.41	0.23	0.02
LPL-S	0.13	0.13	0.11	0.30	0.30	0.17	0.01
LPL-P	0.09	0.09	0.08	0.22	0.34	0.22	0.02
HTS-S	0.12	0.12	0.12	0.33	0.36	0.21	0.02

The percent increases noted above are based upon Delivery Rates in effect December 1, 2018, Tax Adjustment Credit (TAC) rates as of January 1, 2019, the applicable Basic Generation Service (BGS) charges and assumes that the customer receives commodity service from Public Service Electric and Gas Company. It is anticipated that the Company will make semiannual filings each year of the Program to request the Board's approval to implement that Program year's revenue requests. The Board's decisions may increase or decrease the percentages shown above.

Table #7 – Electric Service Projected Cumulative Percent Change From Annual Bills Effective November 1, 2018

Rate Class	Forecasted Cumulative % Increase 3/1/2021	Forecasted Cumulative % Increase 9/1/2021	Forecasted Cumulative % Increase 3/1/2022	Forecasted Cumulative % Increase 9/1/2022	Forecasted Cumulative % Increase 9/1/2023	Forecasted Cumulative % Increase 3/1/2024	Forecasted Cumulative % Increase 9/1/2024
RS	0.68%	1.34%	1.94%	3.51%	5.13%	6.04%	6.11%
RHS	0.67	1.33	1.93	3.48	5.06	5.95	6.02
RLM	0.44	0.87	1.27	2.35	3.49	4.14	4.19
GLP	0.18	0.34	0.50	0.90	1.31	1.54	1.56
LPL-S	0.13	0.26	0.37	0.67	0.97	1.14	1.15
LPL-P	0.09	0.18	0.26	0.49	0.82	1.05	1.06
HTS-S	0.12	0.24	0.36	0.69	1.05	1.26	1.28

The percent increases noted above are based upon Delivery Rates in effect December 1, 2018, Tax Adjustment Credit (TAC) rates as of January 1, 2019, the applicable Basic Generation Service (BGS) charges and assumes that the customer receives commodity service from Public Service Electric and Gas Company. It is anticipated that the Company will make semi-annual filings each year of the Program to request the Board's approval to implement that Program year's revenue requests. The Board's decisions may increase or decrease the percentages shown above. The cumulative totals in Table #7 may not agree to Table #6 due to rounding.

Table #8 – Gas Service Projected Incremental Percent Change From Annual Bills Effective November 1, 2018

Rate Class	Forecasted % Increase 9/1/2022	Forecasted % Increase 9/1/2023	Forecasted % Increase 9/1/2024
RSG	1.09%	0.81%	4.70%
GSG	0.69	0.55	3.21
LVG	0.22	0.17	1.13
TSG-F	0.17	0.12	0.73
TSG-NF	0.26	0.19	1.14
CIG	0.28	0.21	1.27

The percent increases noted above are based upon Delivery Rates in effect December 1, 2018, Tax Adjustment Credit (TAC) rates as of January 1, 2019, the applicable Basic Gas Supply Service (BGSS) charges and assumes that the customer receives commodity service from Public Service Electric and Gas Company. It is anticipated that the Company will make semiannual filings each year of the Program to request the Board's approval to implement that Program year's revenue requests. The Board's decisions may increase or decrease the percentages shown above.

Table #9 – Residential Gas Service Projected Cumulative Percent Change From Annual Bills Effective November 1, 2018

Rate Class	Forecasted % Increase 9/1/2022	Forecasted % Increase 9/1/2023	Forecasted % Increase 9/1/2024
RSG	1.09%	1.90%	6.60%
GSG	0.69	1.24	4.44
LVG	0.22	0.39	1.53
TSG-F	0.17	0.29	1.02
TSG-NF	0.26	0.45	1.60
CIG	0.28	0.50	1.77

The percent increases noted above are based upon Delivery Rates in effect December 1, 2018, Tax Adjustment Credit (TAC) rates as of January 1, 2019, the applicable Basic Gas Supply Service (BGSS) charges and assumes that the customer receives commodity service from Public Service Electric and Gas Company. It is anticipated that the Company will make semiannual filings each year of the Program to request the Board's approval to implement that Program year's revenue requests. The Board's decisions may increase or decrease the percentages shown above. The cumulative totals in Table #9 may not agree to Table #8 due to rounding.