



June 1, 2018

In the Matter of the Petition of
Public Service Electric and Gas Company's
2018 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. _____

VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Public Service Electric and Gas Company (PSE&G) submits its Petition, Testimony and Supporting Schedules in the above-referenced proceeding on the Board of Public Utilities E-Filing system.

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman".

C Attached Service List (electronic only)

MAC 2018-2019

MAC 2018-2019

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MAC 2018-2019

MAC 2018-2019

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)	
ELECTRIC AND GAS COMPANY'S)	PETITION
2018 ANNUAL MARGIN)	DOCKET NO. _____
ADJUSTMENT CHARGE (MAC))	

Public Service Electric and Gas Company (Public Service, the Company or PSE&G), a public utility of the State of New Jersey, with its principal offices for the transaction of business at 80 Park Plaza Newark, New Jersey 07101, hereby Petitions the New Jersey Board of Public Utilities (Board) as follows:

Public Service, as a combination electric and gas utility, is engaged in the purchase, transmission, distribution and sale of natural gas for residential, commercial and industrial customers in New Jersey in addition to its electric operations.

MARGIN ADJUSTMENT CHARGE (MAC)

1. On January 9, 2002 as a result of the gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service (TSG-NF) rates to customers on Rate Schedules Residential Service (RSG), General Service (GSG), Large Volume Service (LVG), Street Lighting Service (SLG) and Firm Transportation Gas Service (TSG-F).

There are two limited situations when some or all of the revenue associated with certain specific TSG-NF customers flow to earnings in lieu of otherwise being included in the MAC and distributed to customers on RSG, GSG, LVG, SLG and TSG-F rate schedules. These are:

1. When gas applications formerly being served under Rate Schedule LVG switch to Rate Schedule TSG-NF after the effective date of a base rate case decision. The total TSG-NF revenues from these switching customers, other than that related to the commodity, Sales and Use Tax (SUT), Societal Benefits Charge (SBC) and Green Programs Recovery Charge (GPRC), flow to earnings in lieu of being included in the MAC until the effective date of new rates in the Company's next base rate case. These revenues will be used to recover costs associated with the infrastructure (service, mains, meters, etc.) already installed to provide firm service at Rate LVG, since TSG-NF revenues no longer flow to the Company once the customer switches to TSG-NF. The margin treatment for customers switching from TSG-NF to LVG is reciprocal for customers switching from LVG to TSG-NF.
2. When the Company retains a portion of the TSG-NF revenues for new TSG-NF customers whose service commences on or after the end of the test year established in a base rate case or for additional investment necessary to serve existing TSG-NF customers after the end of the base rate case test year. For

this purpose, new customers are defined as gas service to a separately metered new account for equipment that did not previously utilize gas delivery service from PSE&G. As described in the first situation above, TSG-NF net revenues are defined as total revenues, other than that related to the commodity, SUT, SBC and GPRC charges. The annual amount retained by the Company is equal to twenty-percent (20%) of the cost of the new facilities required to serve all such customers, less any direct customer contribution toward these costs, and is used to cover the costs associated with these new customers. As in the first situation, the cost recovery associated with these customers remains in force until the effective date of new rates in the Company's current base rate case proceeding.

In the most recent MAC proceeding of 2017, the MAC credit was set at (\$0.006758) per therm including SUT.

2018 ANNUAL MAC FILING

This annual MAC filing petition is supported by the direct testimony of Stephen Swetz attached hereto as Attachment A in which he recommends a MAC credit of (\$0.010873) per therm including SUT. Details supporting the MAC Balance can be found on Schedule SS-MAC-3.

In this 2018 Annual MAC filing, for the period ending April 30, 2018, the actual MAC balance is overcollected by \$13.18 million excluding interest as detailed on Schedule SS-MAC-3, column 10.

At the end of the period ending September 2018, the MAC balance is forecasted to be overcollected \$23.87 million excluding interest as detailed on Schedule SS-MAC-3, column 10. The MAC balance including interest is forecasted to be overcollected \$25.32 million as detailed on Schedule SS-MAC-3, column 14. The newly calculated rate of (\$0.010873) per therm including SUT, would result in a rate decrease of \$0.004115 per therm from the current rate of (\$0.006758) per therm including SUT. A clean Tariff Sheet for the current MAC is attached hereto as Attachment B.

As a result of the proposed MAC, PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms annually would experience a decrease in their annual bill from \$879.16 to \$875.06 or \$4.10, or approximately 0.47%, based upon current Delivery Rates and BGSS-RSG charges in effect on June 1, 2018 and assumes that the customer receives BGSS service from PSE&G. Attachment C attached hereto is a schedule depicting gas residential customer bill impacts resulting from approval of this Petition.

COMMUNICATIONS

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

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CONCLUSION

WHEREFORE, Public Service hereby requests that the Board issue a written Order by October 1, 2018 approving the Company's MAC rate of (\$0.010873) including SUT per therm as reasonable and prudent at this time and, accordingly, modify the Tariff for Gas Service, B.P.U.N.J. No. 15 Gas, pursuant to N.J.S.A., 48:2-21 and 48:2-2.1.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



Matthew M. Weissman
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DATED: June 1, 2018
Newark, New Jersey

STATE OF NEW JERSEY)

SS:

COUNTY OF ESSEX)

Stephen Swetz of full age, being duly sworn according to law, on his oath
deposes and says:

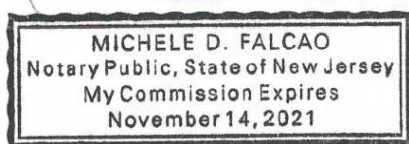
1. I am Stephen Swetz, Sr. Director - Corporate Rates and Revenue Requirements for PSEG Services Corporation.

2. I have read the annexed Petition and the matters contained therein, and they are true to the best of my knowledge and belief.

Robert Smith

Sworn to and subscribed to
before me this 1st day of
June 2018

Richard D. Falcao



1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **STEPHEN SWETZ**
5 **SR. DIRECTOR - CORPORATE RATES AND REVENUE**
6 **REQUIREMENTS**
7

8 My name is Stephen Swetz and I am the Sr. Director - Corporate
9 Rates and Revenues Requirements for PSEG Services Corporation. My
10 credentials are set forth in the attached Schedule SS-MAC-1.
11

12 **SCOPE OF TESTIMONY**

13 The purpose of my testimony is to support Public Service Electric &
14 Gas Company's (PSE&G, the Company) annual Margin Adjustment Charge
15 (MAC) filing. The testimony and accompanying schedules support a Margin
16 Adjustment Charge (MAC) credit of (\$0.010873) per therm including New Jersey
17 Sales and Use Tax (SUT) of 6.625%.

18 **MARGIN ADJUSTMENT CHARGE BACKGROUND**

19 On January 9, 2002 as a result of the gas base rate case under Board
20 of Public Utilities (BPU) Docket No. GR01050328, the MAC was implemented to
21 credit the net revenues associated with Non-Firm Transportation Gas Service
22 (TSG-NF) rates to customers on Rate Schedules Residential Service (RSG),

General Service (GSG), Large Volume Service (LVG), Street Lighting Service (SLG) and Firm Transportation Gas Service (TSG-F).

There are two limited situations when some or all of the revenue associated with certain specific TSG-NF customers flow to earnings in lieu of otherwise being included in the MAC and distributed to customers on RSG, GSG, LVG, SLG and TSG-F rate schedules. These are:

1. When gas applications formerly being served under Rate Schedule LVG switch to Rate Schedule TSG-NF after the effective date of a base rate case decision, the total TSG-NF revenues from these switching customers, other than that related to the commodity, SUT, Societal Benefits Charge (SBC) and Green Programs Recovery Charge (GPRC), flow to earnings in lieu of being included in the MAC until the effective date of new rates in the Company's next base rate case. These revenues will be used to recover costs associated with the infrastructure (service, mains, meters, etc.) already installed to provide firm service at Rate LVG, since TSG-NF revenues no longer flow to the Company once the customer switches to TSG-NF. The margin treatment for customers switching from TSG-NF to LVG is reciprocal for customers switching from LVG to TSG-NF.
2. When the Company retains a portion of the TSG-NF revenues for new TSG-NF customers whose service commences on or after the end of the test year established in a base rate case or for additional investment necessary to serve existing TSG-NF customers after the end of the base rate case test year. For this purpose, new customers are defined as gas service to a separately metered new account for equipment that did not previously utilize gas delivery service from PSE&G. As described in the first situation above, TSG-NF net revenues are defined as total revenues, other than that related to the commodity, SUT, SBC and GPRC charges. The annual

amount retained by the Company is equal to twenty-percent (20%) of the cost of the new facilities required to serve all such customers, less any direct customer contribution toward these costs, and is used to cover the costs associated with these new customers. As in the first situation, the cost recovery associated with these customers remains in force until the effective date of new gas base rates in the Company's current rate case proceeding. At the time new gas base rates go into effect, the migration margin numbers' calculation will be reset to zero and the MAC will be calculated with new rates and migration volumes. In the most recent MAC proceeding of 2017, the MAC credit was set at (\$0.006758) per therm including SUT.

2018 ANNUAL MAC FILING

In this 2018 Annual MAC filing, for the period ending April 30, 2018, the actual MAC balance is overcollected by \$13.18 million excluding interest as detailed on Schedule SS-MAC-3, column 10.

At the end of the period ending September 2018, the MAC balance is forecasted to be overcollected \$23.87 million excluding interest as detailed on Schedule SS-MAC-3, column 10. The MAC balance including interest is forecasted to be overcollected \$25.32 million as detailed on Schedule SS-MAC-3, column 14.

CALCULATION OF THE MAC CREDIT

The calculation of the MAC credit of (\$0.010873) per therm including SUT is shown in the following table:

1	Forecasted Total Over/(Under) Recovery Per Schedule SS-MAC-2	\$25,320,539
2	Forecasted Therms for October 1, 2018 to September 30, 2019	2,483,022,727
3=(1/2)*-1	Margin Adjustment Charge (Per Therm)	(\$0.010197)
4=3*1.06625	Margin Adjustment Charge (Including Sales and Use Tax)	(\$0.010873)

74

75

76 **CONCLUSION**

77 The newly calculated rate of (\$0.010873) per therm including SUT from
78 above would result in a rate decrease of \$0.004115 per therm from the current rate
79 of (\$0.006758) per therm including SUT.

80

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

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

WORK EXPERIENCE

I have over 25 years of experience in Rates, Financial Analysis and Operations for three Fortune 500 companies. Since 1991, I have worked in various positions within PSEG. I have spent most of my career contributing to the development and implementation of PSE&G electric and gas rates, revenue requirements, pricing and corporate planning with over 20 years of direct experience in Northeastern retail and wholesale electric and gas markets.

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

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

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

8 **EDUCATIONAL BACKGROUND**

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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E/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 and 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
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	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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G	GR11060338	written	Jun-11	Margin Adjustment Charge (MAC) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR11060395	written	Jun-11	Weather Normalization Charge / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO11010030	written	Jan-11	Economic Energy Efficiency Extension (EEEext) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Oct-10	RGGI Recovery Charges (RRC)-Including DR, EEE, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E/G	ER10080550	written	Aug-10	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER10080550	written	Aug-10	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR09050422	written/oral	Mar-10	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER10030220	written	Mar-10	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E	EO09030249	written	Mar-09	Solar Loan II(SLII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	EO09010056	written	Feb-09	Economic Energy Efficiency(EEE) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO09020125	written	Feb-09	Solar 4 All (S4All) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO08080544	written	Aug-08	Demand Response (DR) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Jun-08	Carbon Abatement (CA) / Revenue Requirements & Rate Design - Program Approval

**PSE&G - Margin Adjustment Clause
Clause Balances Over/(Under) and
Cumulative Interest Summary
Actuals Through April 2018**

Schedule SS-MAC-2

Page 1 of 1

		(1) Column 10 from Schedule SS-MAC-3	(2) Column 13 from Schedule SS-MAC-3	(3) Col 1 + Col 2 + Col 3
		<u>MAC Balance</u>		<u>Total Over/(Under)</u>
	<u>Month</u>	<u>Over/(Under)</u>	<u>Cumulative Interest</u>	<u>Recovery</u>
A c t u a l s	Sep-17	\$15,992,450	\$1,021,020	\$17,013,470
	Oct-17	\$15,890,089	\$1,056,490	\$16,946,579
	Nov-17	\$17,027,054	\$1,093,110	\$18,120,164
	Dec-17	\$16,476,641	\$1,130,383	\$17,607,024
	Jan-18	\$13,862,345	\$1,164,135	\$15,026,479
	Feb-18	\$13,315,897	\$1,194,371	\$14,510,268
	Mar-18	\$11,191,231	\$1,221,635	\$12,412,865
	Apr-18	\$13,181,908	\$1,248,750	\$14,430,658
forecast	May-18	\$14,801,126	\$1,279,881	\$16,081,007
	Jun-18	\$16,880,206	\$1,315,127	\$18,195,332
	Jul-18	\$19,237,211	\$1,355,307	\$20,592,519
	Aug-18	\$21,855,639	\$1,401,023	\$23,256,662
	Sep-18	\$23,868,647	\$1,451,891	\$25,320,539

**PSE&G - Margin Adjustment Clause
Balance Over/(Under) and Interest Calculation**

MAC Balance

(\$'s - Unless noted)

Actuals Through April 2018

Schedule SS-MAC-3

Page 1 of 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
						Col 1 - Col 2 - Col 3 - Col 4 - Col 5			Col 6 + Col 7 + Col 8	Prior Col 10 + Col 9		(Prior Col 10 + Col 10) / 2 * (Col 11 / 12)	Prior Col 13 + Col 12	Col 10 + Col 13	
					<u>Carrying Charge on New TSG-NF Customer Connection Investments</u>	<u>TSG-NF Net Margin Revenue</u>	<u>Prior Period Billing Adj.</u>	<u>MAC Credit</u>	<u>MAC Over/(Under) Recovery</u>	<u>MAC Balance</u>	<u>Annual Interest Rate</u>	<u>Interest on Prospective Balance</u>	<u>Cummulative Interest</u>	<u>Total MAC + Accumulated Interest Over/(Under) Recovery</u>	
Month	<u>Total TSG-NF Revenue</u>	<u>Total TSG-NF Expenses</u>	<u>LVG to TSG-NF Migration</u>	<u>TSG-NF to LVG Migration</u>											
Monthly Calculations															
Actuals	Sep-17	\$1,706,125	\$683,058	\$42,674	(\$1,992,893) *	\$0	\$2,973,286	\$68,743	(\$476,634)	\$2,565,394	\$15,992,450	2.67%	\$32,729	\$1,021,020	\$17,013,470
	Oct-17	\$552,382	\$214,714	\$43,313	(\$60,024)	\$0	\$354,379	\$75,921	(\$532,660)	(\$102,361)	\$15,890,089	2.67%	\$35,469	\$1,056,490	\$16,946,579
	Nov-17	\$3,405,846	\$747,274	\$44,817	(\$69,881)	\$0	\$2,683,636	\$60,335	(\$1,607,006)	\$1,136,965	\$17,027,054	2.67%	\$36,620	\$1,093,110	\$18,120,164
	Dec-17	\$2,959,025	\$884,949	\$60,190	(\$102,457)	\$0	\$2,116,343	\$75,126	(\$2,741,882)	(\$550,413)	\$16,476,641	2.67%	\$37,273	\$1,130,383	\$17,607,024
	Jan-18	\$1,195,855	\$736,922	\$79,727	(\$102,066)	\$0	\$481,272	\$97,922	(\$3,193,490)	(\$2,614,297)	\$13,862,345	2.67%	\$33,752	\$1,164,135	\$15,026,479
	Feb-18	\$2,137,555	\$639,404	\$50,562	(\$165,621)	\$0	\$1,613,209	\$148,555	(\$2,308,212)	(\$546,447)	\$13,315,897	2.67%	\$30,236	\$1,194,371	\$14,510,268
	Mar-18	\$1,070,757	\$786,691	\$95,120	(\$110,760)	\$0	\$299,706	\$132,613	(\$2,556,985)	(\$2,124,667)	\$11,191,231	2.67%	\$27,264	\$1,221,635	\$12,412,865
	Apr-18	\$4,084,834	\$580,531	\$67,297	(\$241,201)	\$0	\$3,678,207	\$174,823	(\$1,862,353)	\$1,990,678	\$13,181,908	2.67%	\$27,115	\$1,248,750	\$14,430,658
	May-18	\$3,378,016	\$1,272,039	\$79,727	(\$102,066)	\$0	\$2,128,316	\$108,037	(\$617,136)	\$1,619,217	\$14,801,126	2.67%	\$31,131	\$1,279,881	\$16,081,007
	Jun-18	\$4,038,324	\$1,529,714	\$79,727	(\$102,066)	\$0	\$2,530,948	\$62,908	(\$514,776)	\$2,079,080	\$16,880,206	2.67%	\$35,245	\$1,315,127	\$18,195,332
Forecast	Jul-18	\$4,378,082	\$1,724,748	\$79,727	(\$102,066)	\$0	\$2,675,673	\$58,042	(\$376,709)	\$2,357,006	\$19,237,211	2.67%	\$40,181	\$1,355,307	\$20,592,519
	Aug-18	\$4,759,309	\$1,845,032	\$79,727	(\$102,066)	\$0	\$2,936,616	\$68,405	(\$386,592)	\$2,618,428	\$21,855,639	2.67%	\$45,716	\$1,401,023	\$23,256,662
	Sep-18	\$3,754,716	\$1,445,652	\$79,727	(\$102,066)	\$0	\$2,331,402	\$68,743	(\$387,137)	\$2,013,008	\$23,868,647	2.67%	\$50,868	\$1,451,891	\$25,320,539

*Reflects an adjustment of \$1,928,477 for the period of August 2016 through August 2017 to the September 2017 migration amount of \$64,416 for a total migration amount of \$1,992,893

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43

B.P.U.N.J. No. 15 GAS

Superseding

XXX Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, SLG, TSG-F
(Per Therm)**

Margin Adjustment Charge (\$0.010197)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....(\$0.010873)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.

Date of Issue:

Issued by SCOTT S. JENNINGS, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

Effective:

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed changes in the gas Margin Adjustment Charge (MAC) on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
25	180	\$210.34	\$209.58	(\$0.76)	(0.36)%
50	360	350.73	349.31	(1.42)	(0.40)
100	610	558.56	556.04	(2.52)	(0.45)
159	1,000	870.44	866.32	(4.12)	(0.47)
165	1,010	879.16	875.06	(4.10)	(0.47)
200	1,224	1,050.55	1,045.51	(5.04)	(0.48)
300	1,836	1,540.92	1,533.40	(7.52)	(0.49)

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2018 and assumes that the customer receives commodity service from Public Service.
(2) Same as (1) except includes change in the MAC.

Residential Gas Service					
If Your Annual Therm Use Is:	And 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:
180	25	\$26.06	\$25.96	(\$0.10)	(0.38)%
360	50	46.30	46.10	(0.20)	(0.43)
610	100	88.48	88.07	(0.41)	(0.46)
1,010	165	142.23	141.56	(0.67)	(0.47)
1,224	200	171.18	170.36	(0.82)	(0.48)
1,836	300	253.84	252.61	(1.23)	(0.48)

- (3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2018 and assumes that the customer receives commodity service from Public Service.
(4) Same as (3) except includes change in the MAC.