

**NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY ELECTRIC AND GAS CUSTOMERS
IN THE MATTER OF 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. 16
ELECTRIC AND B.P.U.N.J. NO. 16 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**

Notice of Filing and Notice of Public Hearings Docket Nos. ER18010029 and GR18010030

TAKE NOTICE that, on January 12, 2018 Public Service Electric and Gas Company ("Public Service," "PSE&G," or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting an increase in charges for electric and gas service pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1. The Company's electric and gas base rates were last increased in June 2010 and July 2010, respectively. The rate relief requested is required to support the Company's responsibility to operate and maintain its electric distribution system and its gas distribution system in a safe, adequate, proper and reliable manner. The Company has requested an electric revenue increase of \$133.886 Million or approximately 2.46% and a gas revenue increase of \$107.515 Million or approximately 4.85%.

This increase is primarily due to capital investments that the Company has made and storm costs that the Company incurred, but for which it has not received recovery. This is largely offset by a reduction in tax rates due to the recently enacted Federal tax reform legislation, the Tax Cuts and Jobs Act of 2017, and the flow back of certain tax benefits.

Additionally, the Company has requested the authority to implement an electric and gas Green Enabling Mechanism to encourage energy efficiency and remove its incentive to sell more kilowatt-hours of electricity or therms of gas. Instead it will encourage large-scale utility investments in energy efficiency, renewables, and other green initiatives.

The new proposed charges for electric customers, if approved by the Board, are shown in Tables #1a-#1c. The proposed percentage increases by electric customer class are shown in Table #2. The annual percentage increase applicable to specific customers will vary according to their applicable rate schedule and the level of the customers' usage. The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table #3.

The new proposed charges for gas customers, if approved by the Board, are shown in Tables #4a-#4b. The proposed percentage increases by gas customer class are shown in Table #5. The annual percentage increase applicable to specific customers will vary according to their applicable rate schedule and the level of the customers' usage. The approximate effect of the proposed increase on typical gas residential monthly bills, if approved by the Board, is illustrated in Table #6.

Based on the filing, a typical residential electric customer using 740 kilowatt-hours per summer month and 6,920 kilowatt-hours on an annual basis would see an increase in the annual bill from \$1,192.08 to \$1,241.20, or \$49.12, or approximately 4.12%. 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 increase in the annual bill from \$903.50 to \$944.03, or \$40.53, or approximately 4.49%.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the 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.

Present electric and gas rates will remain in effect until new rates are approved by the Board.

Copies of the Company's filing, petition and supporting documents filed with the Board are available for review at the Company's customer service centers, online at the PSEG 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.

| | | |
|---|--|--|
| June 27, 2018 4:30 and 5:30 PM Middlesex County Administration Building Freeholders Meeting Room 1st Floor Meeting Room 75 Bayard Street New Brunswick, NJ 08901 | June 28, 2018 4:30 and 5:30 PM Burlington County Administration Building Board of Chosen Freeholders Board Room 1st Floor 49 Rancocas Road Mt. Holly, NJ 08060 | July 2, 2018 4:30 and 5:30 PM Bergen County Administration Building Freeholders Public Meeting Room Room 540 1 Bergen County Plaza Hackensack, NJ 07601 |
|---|--|--|

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, 48 hours prior to the above hearings to the Board's Secretary at the following address: 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch.

Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 3rd 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 #1a – Electric Service

| | RESIDENTIAL SERVICE (RS) | RESIDENTIAL HEATING SERVICE (RHS) (Closed) | RESIDENTIAL LOAD MGMT SERVICE (RLM) | WATER HEATING SERVICE (WH) (Closed) | WATER HEATING STORAGE SERVICE (WHS) |
|---|--------------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Delivery Charges | | | | | |
| Service Charge: | | | | | |
| Service Charge | \$4.54 | \$4.54 | \$13.94 | -- | \$0.70 |
| Distribution Charges: \$/KWH | | | | | |
| 0-600, June-Sept | \$0.064054 | \$0.062571 | -- | -- | -- |
| 0-600, Oct-May | 0.031465 | 0.039109 | -- | -- | -- |
| over 600, June-Sept | 0.064054 | 0.062571 | -- | -- | -- |
| over 600, Oct-May | 0.031465 | 0.020343 | -- | -- | -- |
| June-Sept On-Peak (1) | -- | -- | \$0.087180 | -- | -- |
| June-Sept Off-Peak (2) | -- | -- | 0.018287 | -- | -- |
| Oct-May On-Peak (1) | -- | -- | 0.018287 | -- | -- |
| Oct-May Off-Peak (2) | -- | -- | 0.018287 | -- | -- |
| Common Use (Tariff Special Provision a-4) | -- | 0.062571 | -- | - | -- |
| All Use | -- | -- | -- | \$0.055070 | 0.001685 |

Table #1b – Electric Service

| | GENERAL LIGHTING AND POWER SERVICE (GLP) | LARGE POWER AND LIGHTING SERVICE- SECONDARY (LPL-S) | LARGE POWER AND LIGHTING SERVICE- PRIMARY (LPL-P) | HIGH TENSION SERVICE SUB- TRANSMISSION (HTS-S) | HIGH TENSION SERVICE HIGH VOLTAGE (HTS-HV) | BUILDING HEATING SERVICE (HS) (Closed) |
|---|--|---|---|--|--|--|
| Delivery Charges | | | | | | |
| Service Charge: | | | | | | |
| Service Charge | \$5.35 | \$370.81 | \$370.81 | \$2,038.02 | \$1,834.22 | \$4.20 |
| Unmetered | 2.47 | -- | -- | -- | -- | -- |
| Night Use | 370.81 | -- | -- | -- | -- | -- |
| Primary Alternate | -- | -- | 24.17 | -- | -- | -- |
| Distribution Kilowatt Charges: \$/KW | | | | | | |
| Annual Demand | \$4.1151 | \$3.9582 | \$1.8470 | \$1.3046 | \$0.6905 | -- |
| Demand June – Sept | 10.1736 | 9.4167 | 10.2527 | 4.7159 | -- | -- |
| Distribution Kilowatt-hour Charges: \$/KWH | | | | | | |
| June-Sept | \$0.003355 | -- | -- | -- | -- | \$0.105862 |
| Oct-May | 0.008495 | -- | -- | -- | -- | 0.031949 |
| Night Use | 0.008495 | -- | -- | -- | -- | -- |
| All Use | -- | -- | -- | -- | -- | -- |

Table #1c – Electric Service

| | BODY POLITIC LIGHTING SERVICE (BPL) | PUBLIC STREET LIGHTING SERVICE FROM PUBLICLY OWNED FACILITIES (BPL-POF) | PRIVATE STREET LIGHTING SERVICE (PSAL) |
|---|-------------------------------------|---|--|
| Luminaire Charges | (3) | -- | (3) |
| Maintenance Charges | -- | (3) | -- |
| Delivery Charges | | | |
| Distribution Kilowatt-hour Charges: \$/KWH | | | |
| All Use | \$0.007811 | \$0.007807 | \$0.008323 |

Electric Service Notes:
All Charges are on a monthly basis, include all applicable taxes; and are applied on a per customer, per kilowatt, or per kilowatt-hour basis, as applicable. See Tariff for Provisions of all Rate Schedules.
(1) RLM – On-Peak Hours = 7 A.M. to 9 P.M. (EST) Mon.-Fri.
(2) RLM – Off-Peak Hours = All Other.
(3) See Rate Schedules for details.

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Table #2 – PROPOSED PERCENTAGE CHANGE BY CUSTOMER CLASS FOR ELECTRIC SERVICE

| | | |
|--------------------------------|---------|-------|
| Residential | RS | 3.85% |
| Residential Heating | RHS | 6.92 |
| Residential Load Management | RLM | 5.04 |
| Water Heating | WH | 6.88 |
| Water Heating Storage | WHS | 3.15 |
| Building Heating | HS | 2.57 |
| General Lighting & Power | GLP | 1.86 |
| Large Power & Lighting- Sec. | LPL-S | 1.47 |
| Large Power & Lighting- Pri. | LPL-P | 1.14 |
| High Tension-Subtr. | HTS-S | 1.57 |
| High Tension-HV | HTS-HV | 0.59 |
| Body Politic Lighting | BPL | 0.00 |
| Body Politic Lighting-POF | BPL-POF | 4.68 |
| Private Street & Area Lighting | PSAL | 0.00 |

The percent increases noted above are based upon current Delivery Rates in effect May 1, 2018 and the applicable Basic Generation Service (BGS) charges; and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table #3 – Residential Electric Service

| If Your Monthly Summer kWhr Use Is: | And Your Annual Use Is: | Then Your Present Annual Bill (1) Would Be: | And Your Proposed Annual Bill (2) Would Be: | Your Annual Change Would Be: | And Your Percent Change Would Be: |
|-------------------------------------|-------------------------|---|---|------------------------------|-----------------------------------|
| 185 | 1,732 | \$318.20 | \$350.04 | \$31.84 | 10.01% |
| 370 | 3,464 | 607.40 | 645.72 | 38.32 | 6.31 |
| 740 | 6,920 | 1,192.08 | 1,241.20 | 49.12 | 4.12 |
| 803 | 7,800 | 1,342.16 | 1,389.63 | 47.47 | 3.54 |
| 1,337 | 12,500 | 2,156.48 | 2,216.84 | 60.36 | 2.80 |

- Based upon current Delivery Rates in effect May 1, 2018 and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges; and assumes that the customer receives BGS-RSCP service from Public Service.
- Same as (1) except includes charges proposed to take effect October 1, 2018.

Additional electric tariff related changes are itemized below:

| Electric Standard Terms & Conditions Related Changes: | Electric Rate Schedule Related Changes: |
|---|---|
| - Deposit Requirements – Section 3.7 & 3.8 | - Green Enabling Mechanism |
| - Loss Factors – Section 4.3 | - Tax Adjustment Credit |

The proposed charges for gas delivery service are as follows:

Table #4a – Gas Service

| | RESIDENTIAL SERVICE RSG | GENERAL SERVICE GSG | LARGE VOLUME SERVICE LVG | STREET LIGHTING SERVICE SLG |
|--|-------------------------|---------------------|--------------------------|-----------------------------|
| Delivery Charges: | | | | |
| Service Charge: | \$8.27 | \$17.65 | \$156.66 | |
| Demand Charge: | | | \$4.3190 (1) | |
| Distribution Charge: | | | | |
| Distribution Charge - All Use: | \$0.425205 | | | \$0.046880 |
| Distribution Charge - Pre 7/14/97: | | \$0.332391 (2) | | |
| Distribution Charge - All Others: | | 0.332391 | | |
| Distribution Charge 0-1,000 pre 7/14/97: | | | \$0.057305 (2) | |
| Distribution Charge over 1,000 pre 7/14/97: | | | 0.042411 (2) | |
| Distribution Charge 0-1,000 post 7/14/97: | | | 0.057305 | |
| Distribution Charge over 1,000 post 7/14/97: | | | 0.042411 | |
| Off-Peak Dist Charge - All Use: | 0.212603 (3) | | | |
| Off-Peak Dist Charge - Pre 7/14/97: | | \$0.166195 (2&3) | | |
| Off-Peak Dist Charge - All Others: | | 0.166195 (3) | | |
| Lamp Charge: | | | | |
| Single Mantle Lamp | | | | \$16.5979 |
| Double Mantle Lamp, inverted | | | | 16.5979 |
| Double Mantle Lamp, upright | | | | 16.5979 |
| Triple Mantle Lamp, prior to January 1, 1993 | | | | 16.5979 |
| Triple Mantle Lamp, on and after January 1, 1993 | | | | 71.4794 |

Table #4b – Gas Service

| | FIRM TRANSPORTATION TSG-F | NON-FIRM TRANSPORTATION TSG-NF | COGENERATION INTERRUPTIBLE CIG | CONTRACT SERVICE CSG |
|--------------------------------|---------------------------|--------------------------------|--------------------------------|----------------------|
| Delivery Charges: | | | | |
| Service Charge: | \$838.81 | \$838.81 | \$218.83 | \$838.81 |
| Demand Charge: | \$2.5390 (1) | | | |
| Distribution Charge: | | | | |
| Distribution Charge - All Use: | \$0.097052 | \$0.096744 | | |
| Margin 0-600,000: | | | \$0.087542 | |
| Margin over 600,000: | | | 0.076880 | |

Gas Service Notes:

- All charges are on a monthly basis, include all applicable taxes; and are applied on a per customer, per demand term, or per term basis, as applicable.
- Applicable in the months of November through March.
 - Applicable to customers who have taken Third Party Supply (TPS) commodity service continuously since July 14, 1997.
 - Off-Peak use is applicable in the months of May through October.

Table #5 – PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR GAS SERVICE

| | | |
|-------------------------------------|--------|-------|
| Residential Service | RSG | 5.00% |
| General Service | GSG | 10.27 |
| Large Volume Service | LVG | 3.34 |
| Street Lighting Service | SLG | 14.97 |
| Firm Transportation Gas Service | TSG-F | 4.90 |
| Non-Firm Transportation Gas Service | TSG-NF | 3.22 |
| Cogeneration Interruptible Service | CIG | 4.38 |
| Contract Service | CSG | 1.54 |

The percent increases noted above are based upon current Delivery Rates in effect May 1, 2018, the applicable Basic Gas Supply Service (BGSS) charges, and assumes that the customer receives commodity service from Public Service.

Table #6 – 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 Increase Would Be: | And Your Percent Increase Would Be: |
|--------------------------------------|-------------------------------|---|---|-------------------------|-------------------------------------|
| 25 | 170 | \$203.31 | \$234.66 | \$31.35 | 15.42% |
| 50 | 340 | 336.88 | 369.89 | 33.01 | 9.80 |
| 100 | 610 | 558.56 | 594.63 | 36.07 | 6.46 |
| 159 | 1,000 | 870.44 | 910.59 | 40.15 | 4.61 |
| 172 | 1,040 | 903.50 | 944.03 | 40.53 | 4.49 |
| 200 | 1,210 | 1,039.48 | 1,081.89 | 42.41 | 4.08 |

- Based upon current Delivery Rates in effect May 1, 2018, the applicable Basic Gas Supply Service (BGSS) charges, and assumes that the customer receives commodity service from Public Service.
- Same as (1) except includes charges proposed to take effect October 1, 2018.

Additional gas tariff related changes are itemized below:

| Gas Standard Terms & Conditions Related Changes: | Gas Rate Schedule Related Changes: |
|--|------------------------------------|
| - Deposit Requirements – Section 3.7 & 3.8 | - Green Enabling Mechanism |
| | - Tax Adjustment Credit |



PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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