



December 30, 2019

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of the Next Phase of the Gas System
Modernization Program and Associated Cost
Recovery Mechanism ("GSMP II")
(December 2019 GSMP II Rate Filing)

BPU Docket No. _____

VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Enclosed please find an original and two copies of Public Service Electric and Gas Company's (PSE&G, the Company) filing in the above-referenced matter.

Please be advised that workpapers are being provided via electronic version only.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", with a long, sweeping flourish extending upwards and to the right.

C Attached service list (via e-mail)

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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 THE NEXT : BPU DOCKET NO. _____
PHASE OF THE GAS SYSTEM MODERNIZATION :
PROGRAM AND ASSOCIATED COST :
RECOVERY MECHANISM (“GSMP II”) :
(DECEMBER 2019 GSMP II RATE FILING) :

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 as follows:

INTRODUCTION AND OVERVIEW

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 purposes within the State of New Jersey. PSE&G provides service to approximately 2.2 million electric and 1.8 million gas customers in an area having a population in excess of six 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 regulation by the Board 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. 48:2-13, *et seq.*

3. PSE&G is filing this Petition seeking Board approval for gas base rate changes to provide for cost recovery associated with the extension of the Company's Gas System Modernization Program (GSMP II or the Program) as approved by the Board Order dated May 22, 2018 in GR17070776 (GSMP II Order). In that Order the Board adopted a Stipulation (the Stipulation) that explicitly authorizes this rate filing in December 2019 for rates to be effective June 1, 2020.

4. Paragraph 35 of the Stipulation provides: To effectuate the cost recovery process for the GSMP II Rate Mechanism investments, PSE&G shall proceed on the below schedule following public notice and public hearing, recognizing that the prudence of the investments will be determined in the base rate case following the placement of the investments into service. The schedule below anticipates semi-annual notice, public hearings, and rate adjustments to cover all rate changes for the GSMP II Rate Mechanism investments. The effective dates for the adjustments may be revised by agreement of the Parties in the Company's 2018 base rate case.

5. Paragraph 36 of the Stipulation provides the following proposed schedule of Rates Effective, Initial Filing, Investment as of, and True-up Filing dates for all rate roll-ins, subject to the requirement that at least 10% of Program investment be in-service for each roll-in:

GSMP II Rate Roll-in Schedule				
Roll-in #	Rates Effective	Initial Filing	Investment as of	True-up Filing
1 ¹	12/1/19	6/30/19	8/31/19	9/15/19
2	6/1/20	12/31/19	2/29/20	3/15/20
3	12/1/20	6/30/20	8/31/20	9/15/20
4	6/1/21	12/31/20	2/28/21	3/15/21
5	12/1/21	6/30/21	8/31/21	9/15/21
6	6/1/22	12/31/21	2/28/22	3/15/22
7	12/1/22	6/30/22	8/31/22	9/15/22
8	6/1/23	12/31/22	2/28/23	3/15/23
9	12/1/23	6/30/23	8/31/23	9/15/23
Final ²	10/1/24	4/31/24	6/30/24	7/15/24

BACKGROUND

6. On July 27, 2017 Public Service petitioned the Board in BPU Docket No. GR17070776 for approval of GSMP II. The Program as filed is an extension of PSE&G's Gas System Modernization Program (GSMP), and was designed to replace cast iron (CI) mains and unprotected steel (US) mains and services; address the abandonment of district regulators associated with this cast iron and unprotected steel plant; rehabilitate large diameter elevated pressure cast iron; upgrade utilization pressure (UP) portions of the system to elevated pressure (EP); replace limited amounts of protected steel and plastic mains; and relocate inside meter sets. The proposed Program would result in the replacement of approximately 250 miles of main per year, with estimated investment of approximately \$2.68 billion for the full five years, or approximately \$536 million per year.

7. Public comment hearings on the petition were held in afternoons and evenings in New Brunswick, New Jersey on January 17, 2018; in Mt. Holly, New Jersey on January 18, 2018; and in Hackensack, New Jersey on January 25, 2018. While the petition proposed no

rate increases, the projected rate impacts of the program in the petition appeared in the public notice for those public comment hearings.

8. The Stipulation approved in the GSMP II Order provided that the GSMP II program shall include an investment level of up to \$1.575 billion, which excludes the costs associated with any allowance for funds used during construction (AFUDC). The Stipulation also required that the Company make certain investments not eligible for accelerated recovery (Stipulated Base), which is described in more detail below, as well as maintain baseline capital expenditures at a minimum of \$155 million per year from 2019 through 2023. The Program investment is eligible for recovery through rate adjustments in accordance with the Alternative Rate Mechanism set forth in the Stipulation. Recovery of GSMP II program type investments beyond \$1.575 billion may be sought through a base rate case. Costs recoverable under the accelerated rate mechanism shall not exceed \$1.80 million per mile. Costs incurred by the Company in excess of the \$1.80 million/mile on its replacements will be credited toward the baseline capital expenditure requirement for the year in which the cost is incurred. Recovery of costs in excess of \$1.80 million per mile may be sought through a base rate case.

9. GSMP II investments include: the costs to replace PSE&G's Utilization Pressure Cast Iron (UPCI) mains and associated services, and Unprotected Steel mains and associated services; the costs required to uprate the UPCI systems (including the uprating of associated protected steel and plastic mains and associated services) to higher pressures; and costs associated with the installation of excess flow valves and the elimination of district regulators, where applicable. The program investment excludes: the costs to replace elevated pressure cast iron (EPCI), plastic and cathodically protected steel mains, costs to reinforce

EPCI joints and meters, and the additional costs associated with the relocation of inside meter sets to outdoor locations.

10. During the five years 2019 through 2023, the Company will be required to make certain capital expenditures, known as the Stipulated Base, that is not recoverable through the Alternative Rate Mechanism set forth in the Stipulation. The Stipulated Base is required to be at least \$300 million during the five-year Program, with no less than \$20 million expended in each calendar year on certain capital projects. Stipulated Base expenditures include: the replacement of UPCI or EPCI cast iron and unprotected steel mains and associated services; the costs required to uprate the UPCI system if applicable (including the uprating of associated protected steel and plastic mains and services) to higher pressures; the elimination, where applicable, of district regulators, and the installation of excess flow valves associated with the Stipulated Base; the additional costs related to the relocation of inside meter sets associated with Stipulated Base projects; reinforcement of EPCI joints; and replacement of plastic and cathodically protected steel main, as well as the Program main replacements. The Stipulated Base does not include the costs of replacement meters or expenditures related to leak repairs.

11. The GSMP II Order outlined the Minimum Filing Requirements (MFRs) for the GSMP II rate recovery petitions such as this. A matrix setting forth the location of each MFR is provided in Appendix A to this Petition.

REQUEST FOR COST RECOVERY

12. Consistent with the GSMP II Order, PSE&G is seeking BPU approval to recover the revenue requirements associated with certain capitalized investment costs of

GSMP II through February 29, 2020 that have not yet been recovered in rates. The annualized increase in gas revenue requirement associated with those investment costs is approximately \$18.245 million in revenue and is supported by Attachment 2, Schedule SS-GSMPII-2 attached hereto. The rate adjustments in this filing are for recovery of costs associated with GSMP II Program investment that is anticipated to be in service by February 29, 2020. The projected amounts of plant placed in service from December 1, 2019 through February 29, 2020 will be updated for actual results by March 16, 2020.

13. As required by the GSMP II Order and Stipulation, the proposed gas rate adjustments are structured consistent with the rate design methodology used to set rates in the most recent base rate case. The Company has utilized weather normalized annualized billing determinants from the latest approved base rate case. The detailed calculation supporting the gas rate design is shown in Attachment 2, Schedule SS-GSMPII-5.

14. Attachment 1 is the testimony of Wade E. Miller, Director – Gas Transmission & Distribution Engineering addressing the progress of the GSMP II and anticipated plant in-service at the end of February 29, 2020. Attachment 2 is the testimony of Steven Swetz supporting the revenue requirement and rate calculations.

15. The annual average bill impacts of the requested rate increase are set forth in Attachment 2, Schedule SS-GSMPII-6. The annual impact of the proposed rates to the typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually is an increase of \$10.88 or approximately 1.22%.

16. Attachment 3 is a draft Form of Notice of Filing and of Public Hearings (Form of Notice). This Form of Notice will be placed in newspapers having a circulation within the

Company's gas service territory upon scheduling of public hearing dates. Public hearings will be held in each geographic area within the Company's service territory, i.e., Northern, Central, and Southern. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's electric and gas service territories upon scheduling of public hearing dates.

17. Notice of this filing and two copies of the Petition, testimony, and schedules will be served upon the Department of Law and Public Safety, 25 Market Street, P.O. Box 112 Trenton, NJ 08625, and upon the Director, Division of Rate Counsel, 140 East Front Street 4th Floor, Trenton, N.J. 08625. Electronic copies of the Petition, testimony, and schedules will also be sent to the persons identified on the service list provided with this filing.

18. Attachments 4 and 5 are the income statement and balance sheet required by the Minimum Filing Requirements in the GSMP II Order.

19. PSE&G requests that the Board find that the proposed rates, as calculated in the proof of revenue, Attachment 2, Schedule SS-GSMP II-5, are just and reasonable, and that PSE&G should be authorized to implement the proposed rates as set forth herein, effective June 1, 2020 upon issuance of a written BPU order.

20. 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

21. 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:

22. PSE&G is authorized to recover all costs identified herein associated with GSMP II Program costs incurred through February 29, 2020 as such costs are reflected in this Petition and accompanying materials, along with anticipated updates of data; and

23. The rates as calculated in the proof of revenue, Attachment 2, Schedule SS-GSMPII-5, are just and reasonable and may be implemented for service rendered on and after June 1, 2020.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



DATED: December 30, 2019


By _____

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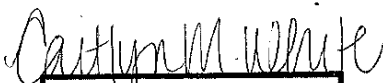

STATE OF NEW JERSEY)
COUNTY OF ESSEX)

I, Michael P. McFadden, of full age, being duly sworn according to law, on his
oath deposes and says:

1. I am Manager of Revenue Requirements of PSEG Services Corporation.
2. I have read the annexed Petition, and the matters contained therein are true to the
best of my knowledge and belief.

BY 
Michael P. McFadden

Sworn to and Subscribed to
Before me this 30th day of
December 2019

PUBLIC SERVICE ELECTRIC AND GAS Minimum Filing Requirements – Gas System Modernization Program II	
MINIMUM FILING REQUIREMENT(MFR)	LOCATION IN FILING
1. PSE&G's income statement for the most recent 12 month period, as filed with the BPU	Attachment 4
2. PSE&G's balance sheet for the most recent 12 month period, as filed with the BPU	Attachment 5
3. A calculation of the proposed rate adjustment based on details related to Program projects included in Plant in Service.	Attachment 2, Schedule SS-GSMPII-5
3.a. A calculation of the associated depreciation expense, based on those projects closed to Plant in Service during the period	Attachment 2, Schedule SS-GSMPII-2
4. A revenue requirement calculation showing the actual capital expenditures for the period for which the filing is made, as well as supporting calculations.	Attachment 2, Schedule SS-GSMPII-2
5. Copies of the current and all previously filed Monthly Reports.	Attachment 1, Schedule WEM-GSMPII-2

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

**In the Matter of the Petition of Public Service Electric and
Gas Company for Approval of the Next Phase of the Gas
System Modernization Program and Associated Cost
Recovery Mechanism (“GSMP II”)
(December 2019 GSMP II Rate Filing)**

BPU Docket No. _____

DIRECT TESTIMONY

OF

**WADE E. MILLER
DIRECTOR – GAS TRANSMISSION &
DISTRIBUTION ENGINEERING**

December 30, 2019

ATTACHMENT 1

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
WADE E. MILLER
DIRECTOR – GAS TRANSMISSION & DISTRIBUTION ENGINEERING**

Q. Please state your name and title.

A. My name is Wade E. Miller. I am the Director – Gas Transmission & Distribution Engineering for Public Service Electric and Gas Company (“PSE&G”, “the Company”, or “Petitioner”). I am responsible for gas system planning and reliability as well as the safe and efficient engineering, design, and operating procedures of PSE&G’s gas transmission and distribution assets. I am also responsible for the management of the gas Transmission and Distribution Integrity Management Programs, operation and maintenance of 48 city gate stations, four gas plants, and gas control to PSE&G’s gas customers. My credentials are set forth in the attached Schedule WEM-GSMP II-1.

Q. What is the purpose of your testimony?

A. This testimony provides information on the status of certain projects and expenditures related to PSE&G’s Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism (“GSMP II”), which was approved in an Order of the New Jersey Board of Public Utilities (“BPU” or “Board”) dated May 22, 2018 in BPU Docket No. GR17070776 (“GSMP II Order”).

OVERVIEW OF GAS SYSTEM MODERNIZATION PROGRAM

Q. Please describe the Company's GSMP II.

A. The Stipulation approved in the GSMP II Order allowed PSE&G to seek accelerated recovery on certain investments, referred to as "Program Investment" along with base spend requirements on similar work referred to as "Stipulated Base". The Program allowed for investment up to \$1.575 billion—representing replacement of 875 miles of main—which excludes the costs associated with the Stipulated Base and any allowance for funds used during construction ("AFUDC").

Q. Please describe the GSMP II Program Investments eligible for accelerated recovery.

A. Program investments include the costs to replace PSE&G's Utilization Pressure Cast Iron ("UPCI") mains and associated services and Unprotected Steel ("US") mains and associated services, the costs required to uprate the UPCI systems (including the uprating of associated protected steel and plastic mains and associated services) to higher pressures, and costs associated with the installation of excess flow valves and the elimination of district regulators, where applicable. The Program investment excludes: costs to replace elevated pressure cast iron ("EPCI"), plastic and cathodically protected steel mains; costs to reinforce EPCI joints; cost of replaced meters; and the additional costs associated with the relocation of inside meter sets to outdoor locations.

ATTACHMENT 1

1 **Q. Is there a cost per mile cap for accelerated recovery?**

2 A. Yes. Per the GSMP II Order, for purposes of accelerated recovery only, cost
3 recoverable under the accelerated mechanism shall not exceed \$1.80 million per mile.
4 However, the \$1.80 million per mile is only a limit for accelerated cost recovery. Costs
5 incurred in excess of the \$1.80 million per mile can be credited toward the Company's
6 baseline capital expenditure requirement, which will be described in more detail below,
7 in the year incurred. Recovery of costs in excess of the \$1.80 million per mile can be
8 sought in a base rate case.

9 **Q. Please describe the Stipulated Base part of this program.**

10 A. During the five years 2019 through 2023, the Company is required to spend \$300
11 million over the five-year program period—with no less than \$20 million expended in
12 each calendar year. If the Company spends less than \$30 million in a year or less than
13 \$100 million by the end of 2021, the Company must notify Board Staff and Rate
14 Counsel and schedule a conference within 30 days of the date the Company provides
15 such notice. An exemption can be granted based on extraordinary circumstances.

16 **Q. Please describe the investments that can be included as Stipulated Base.**

17 A. Stipulated Base expenditures include the replacement of cast iron (Utilization
18 Pressure and Elevated Pressure) and unprotected steel mains and associated services, as
19 well as the costs required to uprate the UPCI system if applicable (including the
20 uprating of associated protected steel and plastic mains and services) to higher pressures

ATTACHMENT 1

1 and the elimination, where applicable, of district regulators, the installation of excess
2 flow valves associated with the Stipulated Base, reinforcement of EPCI joints,
3 replacement of plastic and cathodically protected steel main, and the additional costs
4 associated with the relocation of inside meter sets that is associated with the Stipulated
5 Base as well as the Program main replacements. The Stipulated Base does not include
6 the costs of replacement meters or expenditures related to leak repairs.

7 **Q. Is there a baseline capital expenditure requirement?**

8 A. Yes. Per the GSMP II Order, the Company is required to maintain baseline
9 capital expenditures levels from 2019 through 2023 of at least \$155 million per year.
10 As noted above, any costs exceeding the \$1.80 million per mile cap for accelerated
11 recovery can be included toward the \$155 million baseline expenditure requirement.

12 **Q. Did the Company agree to reduce its leak inventory as part of the GSMP II**
13 **Order?**

14 A. Yes. The Company agreed to reduce its year-end open leak inventory by one
15 percent each year of the Program, except under extraordinary circumstances as
16 specified in the GSMP II Order.

17 **Q. Was the Company required to conduct a methane leak survey?**

18 A. Yes. The Company agreed to conduct a methane leak survey of approximately
19 280 miles of UPCI during the planning period of the Program and report the results in
20 accordance with Attachment D of the GSMPII Order.

GSMPII STATUS UPDATE

Q. Can you provide details on the implementation of the Program to date and particularly the projects in-service that are a part of this rate filing?

A. Yes. All aspects of the Program are proceeding well. Through November 2019, the Company has replaced over 199 miles of main and 13,522 services. The rate adjustments in this filing are for recovery of costs associated with gas plant anticipated to be in service by February 29, 2020, but that were not placed in service in a prior rate adjustment. A breakdown of this work on investment proposed to be in rates is provided in the monthly reports provided in Schedule WEM-GSMPII-2.

The expenditures are listed in Schedule WEM-GSMPII-3 and include actual expenditures through November 30, 2019 and a forecast of gas capital expenditures from December 1, 2019 through February 29, 2020 associated with gas plant that is anticipated to be in service by February 29, 2020.

Q. Has the Company included contingency in its forecasted expenditures?

A. Yes. To address the possibility that PSE&G may experience higher plant in service amounts and/or higher expenditures than currently anticipated by February 29, 2020, this forecast is inclusive of contingency for this rate filing. Pursuant to the GSMP II Order, PSE&G will update this filing with actual financial data through February 29, 2020 and adjust the rate impacts accordingly, by March 16, 2019. PSE&G's update of this filing for actual data through February 29, 2020 will assure that only plant in-service is included in rates implemented as a result of this filing.

ATTACHMENT 1

1 **Q. What are the projects expected to be in service by the end of the roll-in period?**

2 A. With regard to the Program investments, PSE&G anticipates having a total of 255
3 miles of main installed and in-service, 17,000 services replaced and in-service, and 29
4 district regulators abandoned as of February 29, 2020. Some trailing work associated with
5 the main installed, such as service replacements, district regulator abandonments and
6 pavement restoration, may not be completed by that date.

7 **Q. What is the status of the Company's Stipulated Base expenditures?**

8 A. The Company currently expects Stipulated Base expenditures through December
9 31, 2019 of approximately \$60 million, exceeding the minimum annual required
10 investment of \$20 million for 2019 as well as the \$30 million minimum requiring a
11 conference with Staff and Rate Counsel.

12 **Q. Does the Company anticipate meeting the \$155 million baseline expenditure**
13 **requirement?**

14 A. Yes. Through November 2019 the Company has invested \$194.7 million and is
15 anticipated to finish the year at \$219.6 million, well above the \$155 million
16 requirement.

17 **Q. What was the Company's 2018 open leak inventory and resulting 5-year**
18 **average leak inventory for 2014 – 2018?**

19 A. The Company's 2018 open leak inventory was 1230. Based on the Open leak
20 inventory from 2014 – 2017 as specified in paragraph 27 of the Stipulation approved in

ATTACHMENT 1

1 the GSMP II Order, the 5 year average leak inventory is 1676.80 as set forth in the
2 below chart.

yr	Open leaks YTD
2014	1710
2015	2314
2016	1649
2017	1481
2018	1230
5 yr avg	1676.8

3 **Q. What is the Company's cap on open leaks for 2019?**

4 A. For 2019, the Company must reduce its open leak inventory to at or below the 5
5 year average leak inventory specified above. Thereafter the cap is reduced by 1% per
6 year. Through November 30, 2019, the Company's open leak inventory is 1,151, which
7 is below the five-year average of 1676.8. The Company anticipates remaining below
8 the cap by the end of the year.

9 **Q. Did the Company conduct the methane leak survey required in the GSMP**
10 **II Order?**

11 A. Yes. The Company conducted the survey in 2018 at a cost of \$50,000 and
12 submitted the report to the BPU on March 1, 2019 as required by Attachment D of the
13 GSMP II Order.

14 **Q. Does this complete your testimony at this time?**

15 A. Yes, it does.

ATTACHMENT 1

SCHEDULE INDEX

Schedule WEM-GSMPII-1	Credentials
Schedule WEM-GSMPII-2	Monthly Reports
Schedule WEM-GSMPII-3	GSMP II & Stipulated Base Forecast

CREDENTIALS
OF
WADE E. MILLER
DIRECTOR – GAS TRANSMISSION &
DISTRIBUTION ENGINEERING

I received a Bachelor of Science Degree in Mechanical Engineering from The College of New Jersey in 2000. I also received my Engineer-In-Training certification in 2000. I became licensed as a Professional Engineer with the State of New Jersey in 2006. I also received my certification as a Project Management Professional with the Project Management Institute in 2006. In 2007, I earned the designation of Registered Gas Distribution Professional from the Gas Technology Institute.

I was employed by PSE&G in June 2000 as an Associate Engineer in the Trenton Gas Distribution District where I began my training program and was mentored under a senior engineer. In 2001, I was relocated from Trenton District to Burlington District where I acted as the sole engineer. In 2003, I was promoted to the position of Lead Engineer. During my first four years, I provided engineering and managerial support for all phases of planning, design, construction, and maintenance of the gas distribution system while adhering to the established capital and O&M budgets.

1 In 2004, I was promoted to the position of Supervising Engineer in the
2 Asset Management department and given the responsibility for the approval of all
3 engineering designs associated with new and replacement main requisitions, district
4 and pound to pound regulator installations, large volume meter sets, higher than
5 normal delivery pressure requests, gas load increase submittals, and written gas out
6 procedures covering six of the twelve gas districts. In addition, I was also responsible
7 for developing the replacement main plans for these same six districts including
8 identification and prioritization.

9 In 2007, I was promoted to the position of Planning & Design Manager
10 in the Asset Management department overseeing a team of engineers and given the
11 responsibility for developing and maintaining Company design standards for the Gas
12 system, maintaining system integrity, and providing technical support to gas field
13 operations. I was also responsible for developing the annual replacement main,
14 regulator, and system reinforcement programs for the Company.

15 In April 2014, I assumed my current position, which involves overall
16 responsibility for system planning and reliability as well as the safe and efficient
17 engineering, design, and operating procedures of PSE&G's gas transmission and
18 distribution assets. I am also responsible for the management of the Transmission and
19 Distribution Integrity Management Programs, operation and maintenance of 48 city
20 gate stations, four gas plants, and gas control to over 1.8 million customers.

1 I am the Committee sponsor for PSE&G's Gas Engineering Committee
2 which is responsible for approval of action items due to regulatory changes and
3 changes to Company technical manuals, the Operator Qualification program, Integrity
4 Management programs, and new technology and materials.

5 I am a member of the Operations Safety Regulatory Action committee
6 and the Engineering committee of the American Gas Association. In addition, I am a
7 member of the Executive Committee of the Society of Gas Operators.

Danielle Lopez
Associate Counsel-Regulatory

Law Department
80 Park Plaza, T-5, Newark, New Jersey 07102-4194
Tel: 973.430.6479 fax: 973.430.5983
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ATTACHMENT 1
SCHEDULE WEM-GSMP II-2
Page 1 of 16



November 27, 2019

VIA ELECTRONIC and FIRST-CLASS MAIL

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
Monthly Report – September 2019**

Dear Secretary Camacho-Welch:

Enclosed for filing are ten copies of this letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for September, 2019 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Very truly yours,

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

Danielle Lopez

cc: Stefanie Brand (2 Hard Copies and e-mail)

- 2 -

Via E-Mail Only:

Paul Flanagan
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
Brian Lipman
Felicia Thomas-Friel
Lisa Gurkas
Alex Moreau

PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program
Replacement Main	\$ 1,087,400,000
Replacement Service	\$ 482,000,000
Regulator Elimination	\$ 5,600,000
Total	\$ 1,575,000,000

2019 September PTD Budget	2019 September PTD Actual
\$ 187,164,401	\$ 155,800,465
\$ 31,812,851	\$ 42,501,036
\$ 2,216,559	\$ 168,161
\$ 221,193,811	\$ 198,469,662

Stipulated Base II Major Project Categories	Overall Approved Program
Replacement Main	\$ 217,200,000
Replacement Service	\$ 34,800,000
Large Diameter HP Joints	\$ 18,000,000
GSMP Meter Reconstruction	\$ 30,000,000
Total	\$ 300,000,000

2019 September PTD Budget	2019 September PTD Actual
\$ 36,019,535	\$ 33,195,885
\$ 7,555,695	\$ 5,841,282
\$ -	\$ -
\$ -	\$ 7,759,977
\$ 43,575,230	\$ 46,797,143

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	September PTD Actual Internal Labor \$	September PTD Actual Material \$	September PTD Actual Other \$	September PTD Actual Total \$
Replacement Main	\$ 4,801,618	\$ 8,844,243	\$ 142,154,603	\$ 155,800,465
Replacement Service	\$ 9,286,758	\$ 4,902,241	\$ 28,312,037	\$ 42,501,036
Regulator Elimination	\$ 46,174	\$ 14,968	\$ 153,193	\$ 168,161
Total	\$ 14,134,550	\$ 13,761,451	\$ 170,619,834	\$ 198,469,662
GSMP II Internal Labor Hours				
Internal Labor - Regular Hours	375,237			
Internal Labor - Overtime Hours	125,397			

Amount to Plant In-Service
\$ 150,916,110
\$ 42,483,155
\$ -
\$ 193,399,265

Expenditures Incurred To Date Stipulated Base II Projects	September PTD Actual Internal Labor \$	September PTD Actual Material \$	September PTD Actual Other \$	September PTD Actual Total \$
Replacement Main	\$ 699,757	\$ 970,595	\$ 31,525,533	\$ 33,195,885
Replacement Service	\$ 1,452,484	\$ 314,759	\$ 4,074,039	\$ 5,841,282
Large Diameter HP Joints		\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 2,694,035	\$ 483,336	\$ 4,582,606	\$ 7,759,977
Total	\$ 4,846,276	\$ 1,768,689	\$ 40,182,178	\$ 46,797,143
Stip Base II Internal Labor Hours				
Internal Labor - Regular Hours	113,333			
Internal Labor - Overtime Hours	33,472			

Amount to Plant In-Service
\$ 31,129,113
\$ 5,826,881
\$ -
\$ 7,759,977
\$ 44,715,971

ATTACHMENT 1
SCHEDULE WEM-GSMPII-2
Page 4 of 16

2a - Description of projects
2c - Projected and actual miles of main installed
2d - Projected and actual number of services installed

	Project	Sub-Project	Project Completion Date	Units	Size Installed	Material Installed	Projected Quantity Jan 2019	Actual Quantity Jan 2019	Projected Quantity Feb 2019	Actual Quantity Feb 2019	Projected Quantity Mar 2019	Actual Quantity Mar 2019	Projected Quantity Apr 2019	Actual Quantity Apr 2019	Projected Quantity May 2019	Actual Quantity May 2019	Projected Quantity Jun 2019	Actual Quantity Jun 2019	Projected Quantity Jul 2019	Actual Quantity Jul 2019	Projected Quantity Aug 2019	Actual Quantity Aug 2019	Projected Quantity Sep 2019	Actual Quantity Sep 2019
GAS SYSTEM MODERNIZATION PROGRAM	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	6,794	7,065	2,691	9,215	7,567	21,194	13,909	68,758	72,562	72,542	131,684	87,890	83,061	92,326	108,603	154,521	81,029	72,882
					4"	Plastic	2,126	1,046	904	6,517	1,265	6,172	5,896	34,833	32,815	42,653	50,991	20,613	37,962	19,515	57,705	46,355	46,012	21,493
					6"	Plastic	1,110	21	465	2,273	1,352	2,900	2,452	5,181	8,853	6,003	8,407	7,681	13,089	10,003	21,844	23,667	24,598	11,547
					8"	Plastic	0		57	8	2,771	2	827	3,304	3,796	1,177	1,356	354	1,448	4,159	2,920	6,032	4,315	7,264
					12"	Plastic	-		-		-		-											
					12"	Steel	-		-		-		-											
					16"	Steel			-		-		-											
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	10,030	8,132	4,118	18,013	12,956	30,268	23,084	112,076	118,027	122,375	192,438	116,538	135,560	126,003	191,071	230,575	155,954	117,235
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	921	39	795	253	584	303	735	825	798	1,438	1,014	1,498	999	1,679	1,495	1,827	1,464	1,971
					>2"	Plastic	-		-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	921	39	795	253	584	303	735	825	798	1,438	1,014	1,498	999	1,679	1,495	1,828	1,464	1,971	
Abandon Facilities Blanket	Abandon Regulator	Dec-23	Regulators Abandoned	N/A	N/A		-		-		-		-		-		-		-		-			1
Abandon Facilities Blanket	Abandon Regulator	N/A	Regulators Abandoned	N/A	N/A		-		-		-		-		-		-		-		-			1
STIPULATED BASE	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	1,458	8,272	471	7,575	1,565	5,195	3,423	3,282	4,433	3,826	3,731	2,592	6,049	6,011	6,418	6,255	11,177	18,513
					4"	Plastic	588	3,057	434	6,511	2,025	2,745	1,740	991	3,179	243	2,799	5,212	2,311	4,122	5,114	1,839	7,068	1,143
					6"	Plastic	590	3,748	354	461	984	1,179	218	2,554	355	152	209	509	822	2	1,850	919	1,111	(61)
					8"	Plastic	255	5	22	80	499	(85)	1,111		874		1,012		257		1,162	268	483	-
					8"	Steel																		
					12"	Plastic	-		-	5	-	1	-	(6)	-		-		456	2	299	-	315	-
					12"	Steel	1,941		451	221	1,045	(211)	385	(10)	710		2,495	1,303	3,161	114	1,714	57	1,220	(1,303)
					16"	Steel	714		1,006		1,781		2,151		1,812		2,141	12	895	14	1,251	100	863	(26)
					20"	Steel	-	-	-	-	-	-	-	-	63		34		-	-	-	-	-	-
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	5,546	15,082	2,738	14,853	7,899	8,824	9,028	6,811	11,428	4,221	12,419	9,628	13,951	10,265	17,808	9,438	22,238	18,725
Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	72	146	81	163	58	174	39	155	45	81	63	90	78	52	109	136	108	130	
				>2"	Plastic	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	72	146	81	163	58	174	39	155	45	81	63	90	78	52	109	136	108	130	
Large Diameter High Pressure Joints	Joints	Dec-23	HP Joints Encapsulated	N/A	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Large Diameter High Pressure Joints	Joints	N/A	HP Joints Encapsulated	N/A	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT

REPORT DATE: September 2019

2a - Description of projects

2c - Projected and actual miles of main installed

2d - Projected and actual number of services installed

	Project	Sub-Project	Project Completion Date	Units	Size Installed	Material Installed	2019 Estimated Quantity	2019 Quantity Completed	Total Program Quantity Completed To Date
GAS SYSTEM MODERNIZATION PROGRAM	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	705,075	586,393	586,393
					4"	Plastic	327,114	199,197	199,197
					6"	Plastic	125,963	69,276	69,276
					8"	Plastic	29,848	22,300	22,300
					12"	Plastic	-	-	-
					12"	Steel	-	-	-
					16"	Steel	-	-	-
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	1,188,000	877,166	877,166
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	12,829	9,833	9,833
					>2"	Plastic	-	1	1
	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	12,829	9,834	9,834
	Abandon Facilities Blanket	Abandon Regulator	Dec-23	Regulators Abandoned	N/A	N/A		1	1
	Abandon Facilities Blanket	Abandon Regulator	N/A	Regulators Abandoned	N/A	N/A		1	1
STIPULATED BASE	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	57,574	61,521	61,521
					4"	Plastic	36,640	25,863	25,863
					6"	Plastic	11,067	9,463	9,463
					8"	Plastic	7,018	268	268
					8"	Steel	-	-	-
					12"	Plastic	1,335	2	2
					12"	Steel	19,625	171	171
					16"	Steel	14,485	100	100
					20"	Steel	97	-	-
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	147,840	97,388	97,388
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	1,000	1,127	1,127
					>2"	Plastic	-	-	-
	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	1,000	1,127	1,127
	Large Diameter High Pressure Joints	Joints	Dec-23	HP Joints Encapsulated	N/A	N/A	-	-	-
	Large Diameter High Pressure Joints	Joints	N/A	HP Joints Encapsulated	N/A	N/A	-	-	-

[illegible]

Danielle Lopez
Associate Counsel-Regulatory

Law Department
80 Park Plaza, T-5, Newark, New Jersey 07102-4194
Tel: 973.430.6479 fax: 973.430.5983
Email: danielle.lopez@pseg.com



December 23, 2019

VIA ELECTRONIC and FIRST-CLASS MAIL

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
Monthly Report – October 2019**

Dear Secretary Camacho-Welch:

Enclosed for filing are ten copies of this letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for October, 2019 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

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Very truly yours,

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

Danielle Lopez

cc: Stefanie Brand (2 Hard Copies and e-mail)

- 2 -

Via E-Mail Only:

Paul Flanagan
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
Brian Lipman
Felicia Thomas-Friel
Lisa Gurkas
Alex Moreau

PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program	2019 October PTD Budget	2019 October PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 216,764,486	\$ 181,567,737
Replacement Service	\$ 482,000,000	\$ 39,238,102	\$ 51,589,051
Regulator Elimination	\$ 5,600,000	\$ 3,261,284	\$ 239,512
Total	\$ 1,575,000,000	\$ 259,263,872	\$ 233,396,300

Stipulated Base II Major Project Categories	Overall Approved Program	2019 October PTD Budget	2019 October PTD Actual
Replacement Main	\$ 217,200,000	\$ 40,049,077	\$ 36,529,194
Replacement Service	\$ 34,800,000	\$ 8,143,689	\$ 6,633,406
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ -	\$ 9,059,582
Total	\$ 300,000,000	\$ 48,192,766	\$ 52,222,182

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	October PTD Actual Internal Labor \$	October PTD Actual Material \$	October PTD Actual Other \$	October PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 3,034,169	\$ 7,780,217	\$ 170,753,352	\$ 181,567,737	\$ 175,303,906
Replacement Service	\$ 11,039,202	\$ 5,961,382	\$ 34,588,466	\$ 51,589,051	\$ 51,563,829
Regulator Elimination	\$ 61,179	\$ 19,852	\$ 219,660	\$ 239,512	\$ 1,589
Total	\$ 14,134,550	\$ 13,761,451	\$ 205,561,478	\$ 233,396,300	\$ 226,869,324
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	445,795				
Internal Labor - Overtime Hours	153,751				

Expenditures Incurred To Date Stipulated Base II Projects	October PTD Actual Internal Labor \$	October PTD Actual Material \$	October PTD Actual Other \$	October PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ (448,763)	\$ 790,509	\$ 36,187,449	\$ 36,529,194	\$ 34,194,945
Replacement Service	\$ 1,577,818	\$ 354,900	\$ 4,700,688	\$ 6,633,406	\$ 6,619,005
Large Diameter HP Joints		\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 3,717,222	\$ 623,280	\$ 4,719,080	\$ 9,059,582	\$ 9,059,582
Total	\$ 4,846,276	\$ 1,768,689	\$ 45,607,217	\$ 52,222,182	\$ 49,873,532
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	124,996				
Internal Labor - Overtime Hours	38,909				

REPORT DATE: October 2019

2a - Description of projects

2c - Projected and actual miles of main installed

2d - Projected and actual number of services installed

	Project	Sub-Project	Project Completion Date	Units	Size Installed	Material Installed	Projected Quantity Jan 2019	Actual Quantity Jan 2019	Projected Quantity Feb 2019	Actual Quantity Feb 2019	Projected Quantity Mar 2019	Actual Quantity Mar 2019	Projected Quantity Apr 2019	Actual Quantity Apr 2019	Projected Quantity May 2019	Actual Quantity May 2019	Projected Quantity Jun 2019	Actual Quantity Jun 2019	Projected Quantity Jul 2019	Actual Quantity Jul 2019	Projected Quantity Aug 2019	Actual Quantity Aug 2019	Projected Quantity Sep 2019	Actual Quantity Sep 2019	Projected Quantity Oct 2019	Actual Quantity Oct 2019	2019 Estimated Quantity	2019 Quantity Completed	Total Program Quantity Completed To Date		
GAS SYSTEM MODERNIZATION PROGRAM	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	6,794	7,065	2,691	9,215	7,567	21,194	13,909	68,758	72,562	72,542	131,684	87,890	83,061	92,326	108,603	154,521	81,029	72,882	78,216	55,792	705,075	642,185	642,185		
					4"	Plastic	2,126	1,046	904	6,517	1,265	6,172	5,896	34,833	32,815	42,653	50,991	20,613	37,962	19,515	57,705	46,355	46,012	21,493	39,365	21,349	327,114	220,546	220,546		
					6"	Plastic	1,110	21	465	2,273	1,352	2,900	2,452	5,181	8,853	6,003	8,407	7,681	13,089	10,003	21,844	23,667	24,598	11,547	24,035	5,676	125,963	74,952	74,952		
					8"	Plastic	0	-	57	8	2,771	2	827	3,304	3,796	1,177	1,356	354	1,448	4,159	2,920	6,032	4,315	7,264	6,751	2,397	29,848	24,697	24,697		
					12"	Plastic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
					12"	Steel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	16"	Steel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	10,030	8,132	4,118	18,013	12,956	30,268	23,084	112,076	118,027	122,375	192,438	116,538	135,560	126,003	191,071	230,575	155,954	117,235	148,367	85,214	1,188,000	962,380	962,380		
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	921	39	795	253	584	303	735	825	798	1,438	1,014	1,498	999	1,679	1,495	1,827	1,464	1,971	1,612	2,005	12,829	11,838	11,838		
					>2"	Plastic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	1		
Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	921	39	795	253	584	303	735	825	798	1,438	1,014	1,498	999	1,679	1,495	1,827	1,464	1,971	1,612	2,006	12,829	11,839	11,839			
Abandon Facilities Blanket	Abandon Regulator	Dec-23	Regulators Abandoned	N/A	N/A	-	3	-	2	-	2	-	4	-	8	-	2	-	-	1	-	-	-	-	-	/	22	22			
Abandon Facilities Blanket	Abandon Regulator	N/A	Regulators Abandoned	N/A	N/A	-	3	-	2	-	2	-	4	-	8	-	2	-	-	1	-	-	-	-	-	/	22	22			
STIPULATED BASE	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	1,458	8,272	471	7,575	1,565	5,195	3,423	3,282	4,433	3,826	3,731	2,592	6,049	6,011	6,418	6,255	11,177	18,513	9,904	10,231	57,574	71,752	71,752		
					4"	Plastic	588	3,057	434	6,511	2,025	2,745	1,740	991	3,179	243	2,799	5,212	2,311	4,122	5,114	1,839	7,068	1,143	4,319	3,138	36,640	29,001	29,001		
					6"	Plastic	590	3,748	354	461	984	1,179	218	2,554	355	152	355	509	822	2	1,850	919	1,111	(61)	1,737	107	11,067	9,570	9,570		
					8"	Plastic	255	5	22	80	499	(85)	1,111	-	874	-	1,012	-	257	-	1,162	268	483	-	875	-	7,018	268	268		
					8"	Steel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
					12"	Plastic	-	-	-	5	-	1	-	(6)	-	-	-	-	456	2	299	-	315	-	266	-	1,335	2	2		
					12"	Steel	1,941	-	451	221	1,045	(211)	385	(10)	710	-	2,495	1,303	3,161	114	1,714	57	1,220	(1,303)	3,029	-	19,625	171	171		
					16"	Steel	714	-	1,006	-	1,781	-	-	2,151	1,812	2,141	12	895	14	1,251	100	863	(26)	983	-	-	-	14,485	100	100	
	20"	Steel	-	-	-	-	-	-	-	-	63	-	34	-	-	-	-	-	-	-	-	-	-	-	97	-	-				
	42"	Steel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700	-	700					
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	5,546	15,082	2,738	14,853	7,899	8,824	9,028	6,811	11,428	4,221	12,419	9,628	13,951	10,265	17,808	9,438	22,238	18,725	21,113	14,176	147,840	111,564	111,564		
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	72	146	81	163	58	174	39	155	45	81	63	90	78	52	109	136	108	130	154	124	1,000	1,251	1,251		
					>2"	Plastic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	72	146	81	163	58	174	39	155	45	81	63	90	78	52	109	136	108	130	154	124	1,000	1,251	1,251		
	Large Diameter High Pressure Joints	Joints	Dec-23	HP Joints Encapsulated	N/A	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Large Diameter High Pressure Joints	Joints	N/A	HP Joints Encapsulated	N/A	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

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December 23, 2019

VIA ELECTRONIC and FIRST-CLASS MAIL

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
Monthly Report – November 2019**

Dear Secretary Camacho-Welch:

Enclosed for filing are ten copies of this letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for November, 2019 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Very truly yours,

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

Danielle Lopez

cc: Stefanie Brand (2 Hard Copies and e-mail)

- 2 -

Via E-Mail Only:

Paul Flanagan
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
Brian Lipman
Felicia Thomas-Friel
Lisa Gurkas
Alex Moreau

PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program	2019 November PTD Budget	2019 November PTD Actual
Replacement Main \$	\$ 1,087,400,000	\$ 240,826,446	\$ 205,184,567
Replacement Service \$	\$ 482,000,000	\$ 45,619,681	\$ 58,932,438
Regulator Elimination \$	\$ 5,600,000	\$ 4,575,781	\$ 356,300
Total	\$ 1,575,000,000	\$ 291,021,908	\$ 264,473,305

Stipulated Base II Major Project Categories	Overall Approved Program	2019 November PTD Budget	2019 November PTD Actual
Replacement Main \$	\$ 217,200,000	\$ 43,412,885	\$ 38,723,744
Replacement Service \$	\$ 34,800,000	\$ 8,732,446	\$ 7,205,838
Large Diameter HP Joints \$	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction \$	\$ 30,000,000	\$ -	\$ 10,198,423
Total	\$ 300,000,000	\$ 52,145,331	\$ 56,128,005

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	November PTD Actual Internal Labor \$	November PTD Actual Material \$	November PTD Actual Other \$	November PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 1,459,057	\$ 7,218,541	\$ 196,506,969	\$ 205,184,567	\$ 197,923,015
Replacement Service	\$ 12,601,814	\$ 6,519,852	\$ 39,810,771	\$ 58,932,438	\$ 58,883,781
Regulator Elimination	\$ 73,679	\$ 23,058	\$ 333,242	\$ 356,300	\$ 48,463
Total	\$ 14,134,550	\$ 13,761,451	\$ 236,650,982	\$ 264,473,305	\$ 256,855,259
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	501,201				
Internal Labor - Overtime Hours	189,494				

Expenditures Incurred To Date Stipulated Base II Projects	November PTD Actual Internal Labor \$	November PTD Actual Material \$	November PTD Actual Other \$	November PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ (928,953)	\$ 727,748	\$ 38,924,949	\$ 38,723,744	\$ 36,178,934
Replacement Service	\$ 1,649,975	\$ 366,302	\$ 5,189,561	\$ 7,205,838	\$ 7,191,437
Large Diameter HP Joints		\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 4,125,254	\$ 674,639	\$ 5,398,530	\$ 10,198,423	\$ 10,198,423
Total	\$ 4,846,276	\$ 1,768,689	\$ 49,513,040	\$ 56,128,005	\$ 53,568,794
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	132,903				
Internal Labor - Overtime Hours	43,818				

ATTACHMENT 1
SCHEDULE WEM-GSMPII-2
Page 15 of 16

2a - Description of projects
2c - Projected and actual miles of main installed
2d - Projected and actual number of services installed

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-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[illegible]

PSE&G Gas System Modernization Program II Capital Expenditures

Attachment 1
Schedule WEM-GSMP11-3

Roll-In	1	1	1	1	1	1	1	1	2	2	2	2	2	2			
	Actual 2019 Jan-19	Actual 2019 Feb-19	Actual 2019 Mar-19	Actual 2019 Apr-19	Actual 2019 May-19	Actual 2019 Jun-19	Actual 2019 Jul-19	Actual 2019 Aug-19	Actual 2019 Sep-19	Actual 2019 Oct-19	Actual 2019 Nov-19	Forecast 2019 Dec-19	Forecast 2020 Jan-20	Forecast 2020 Feb-20	Program Total	YTD 2019 Total	Roll-In 2 Total
Miles of Main Replaced	2	3	6	21	24	22	24	44	22	18	15	19	19	18	255	218	110
GSMP II Total Program																	
Direct Install	\$3,810,974	\$4,049,452	\$7,662,618	\$18,487,921	\$29,130,410	\$23,971,094	\$29,850,369	\$46,331,309	\$30,074,272	\$33,501,029	\$29,985,813	\$31,734,600	\$22,958,491	\$22,672,250	\$334,220,603	\$288,589,862	\$170,926,456
COR (less Salvage)	\$163,395	\$204,985	\$133,220	\$270,022	\$603,287	\$1,161,223	\$726,133	\$931,844	\$907,136	\$1,425,731	\$1,091,070	\$792,919	\$488,141	\$464,822	\$9,363,927	\$8,410,965	\$5,169,819
Total	\$3,974,369	\$4,254,437	\$7,795,838	\$18,757,943	\$29,733,696	\$25,132,317	\$30,576,502	\$47,263,153	\$30,981,408	\$34,926,760	\$31,076,883	\$32,527,519	\$23,446,632	\$23,137,072	\$343,584,530	\$297,000,826	\$176,096,275
GSMP II Program - Mains																	
Direct Install	\$2,287,446	\$2,558,662	\$3,192,681	\$9,932,841	\$12,656,795	\$6,657,041	\$4,067,153	\$11,524,014	\$7,518,839	\$7,152,980	\$9,977,330	\$9,578,350	\$6,929,486	\$6,843,091	\$100,876,710	\$87,104,133	\$48,000,076
COR (less Salvage)	\$163,395	\$204,985	\$133,220	\$264,282	\$547,903	\$1,156,894	\$693,171	\$903,797	\$847,557	\$1,348,629	\$997,721	\$755,814	\$625,298	\$443,070	\$8,925,734	\$8,017,366	\$4,858,089
Total	\$2,450,841	\$2,763,647	\$3,325,901	\$10,197,123	\$13,204,698	\$7,813,935	\$4,760,324	\$12,427,811	\$8,366,396	\$8,501,608	\$10,975,052	\$10,334,164	\$7,394,784	\$7,286,161	\$109,802,444	\$95,121,499	\$52,858,165
GSMP II Program - Services																	
Direct Install	\$1,523,528	\$1,490,790	\$4,469,937	\$8,555,080	\$16,473,615	\$17,313,785	\$25,745,395	\$34,739,044	\$22,409,378	\$26,082,600	\$20,018,099	\$22,093,458	\$15,983,578	\$15,784,299	\$232,682,585	\$200,914,708	\$122,371,412
COR (less Salvage)	\$0	\$0	\$0	\$5,741	\$55,384	\$4,330	\$32,963	\$28,047	\$59,579	\$77,103	\$93,348	\$37,105	\$22,843	\$21,732	\$438,194	\$393,599	\$311,730
Total	\$1,523,528	\$1,490,790	\$4,469,937	\$8,560,820	\$16,528,999	\$17,318,114	\$25,778,358	\$34,767,091	\$22,468,957	\$26,159,703	\$20,111,447	\$22,130,563	\$16,006,421	\$15,806,050	\$233,120,779	\$201,308,307	\$122,683,142
GSMP II Program - Regulators																	
Direct Install	\$0	\$0	\$0	\$0	\$0	\$268	\$37,821	\$68,251	\$146,055	\$265,449	-\$9,615	\$62,792	\$45,427	\$44,861	\$661,308	\$571,020	\$554,968
COR (less Salvage)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$268	\$37,821	\$68,251	\$146,055	\$265,449	-\$9,615	\$62,792	\$45,427	\$44,861	\$661,308	\$571,020	\$554,968
Stipulated Base Spend																	
Direct Install	\$4,074,088	\$4,484,816	\$3,853,058	\$4,443,463	\$4,531,886	\$5,335,948	\$4,228,130	\$9,391,926	\$4,299,728	\$5,147,573	\$3,695,264	\$3,689,726	\$2,788,487	\$2,613,570	\$62,577,662	\$57,175,605	\$22,234,347
COR (less Salvage)	\$308,916	\$279,091	\$389,099	\$190,735	\$398,511	\$226,241	\$167,358	\$92,925	\$101,226	\$277,466	\$210,561	\$182,267	\$137,747	\$129,107	\$3,091,249	\$2,824,395	\$1,038,374
Total	\$4,383,005	\$4,763,907	\$4,242,157	\$4,634,197	\$4,930,396	\$5,562,189	\$4,395,488	\$9,484,851	\$4,400,954	\$5,425,038	\$3,905,825	\$3,871,993	\$2,926,234	\$2,742,677	\$65,668,911	\$60,000,000	\$23,272,721
Baseline Spend																	
Direct Install	\$12,728,530	\$14,508,186	\$14,606,451	\$19,113,946	\$14,026,453	\$11,160,534	\$17,825,878	\$11,215,033	\$15,857,071	\$14,433,136	\$15,571,309	\$21,479,244			\$182,525,771	\$182,525,771	\$67,340,760
COR (less Salvage)	\$2,761,344	\$2,582,126	\$2,814,955	\$2,940,175	\$2,933,783	\$3,595,671	\$3,000,098	\$3,170,004	\$2,810,631	\$3,828,699	\$3,181,744	\$3,500,000			\$37,119,229	\$37,119,229	\$13,321,074
Total	\$15,489,874	\$17,090,312	\$17,421,406	\$22,054,120	\$16,960,236	\$14,756,206	\$20,825,975	\$14,385,037	\$18,667,702	\$18,261,835	\$18,753,053	\$24,979,244			\$219,645,000	\$219,645,000	\$80,661,834
	Amount	Percentage															
Total GSMP II Program	\$1,575,000,000																
10% Minimum Filing Requirement	\$157,500,000	10%															
Roll-In # 1 (Actual/Forecast)	2	\$176,096,275	11%														

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

**In the Matter of the Petition of Public Service Electric and
Gas Company for Approval of the Next Phase of the Gas
System Modernization Program and Associated Cost
Recovery Mechanism (“GSMP II”)
(December 2019 GSMP II Rate Filing)**

BPU Docket No. _____

DIRECT TESTIMONY

OF

**STEPHEN SWETZ
SR. DIRECTOR – CORPORATE RATES AND
REVENUE REQUIREMENTS**

December 30, 2019

ATTACHMENT 2

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
STEPHEN SWETZ
SR. DIRECTOR – CORPORATE RATES AND REVENUE REQUIREMENTS**

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

A. My name is Stephen Swetz, and I am the Sr. Director – Corporate Rates and Revenue Requirements for PSEG Services Corporation. My credentials are set forth in the attached Schedule SS-GSMPII-1.

Q. Please describe your responsibilities as the Sr. Director – Corporate Rates and Revenue Requirements for PSEG Services Corporation.

A. As Sr. Director of Corporate Rates and Revenue Requirements, I plan, develop and direct Public Service Electric and Gas Company's ("PSE&G", "the Company") electric and gas retail pricing strategies, retail rate design, embedded and marginal cost studies, and tariff provisions. I also direct the calculation of revenue requirements for PSE&G's base rates as well as all cost recovery clauses. Acting as a key regulatory resource to PSE&G on regulatory matters, strategies and policies, I have testified in many cases and negotiated settlements on rate design, cost of service, recovery clauses including renewable and energy efficiency cost recovery, and base rates.

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

A. The purpose of my testimony is to support PSE&G's proposed change in base rates to recover the revenue requirement associated with its Gas System Modernization

ATTACHMENT 2

1 Program II (“GSMP II” or “Program”) through the GSMP II Rate Mechanism approved
2 by the Board of Public Utilities (“Board” or “BPU”) as described in paragraphs 29 and
3 38 of the Stipulation of Settlement approved by the Board in Docket No. GR17070776
4 on May 22, 2018 (“GSMP II Order”). The proposed GSMP II revenue requirements
5 are based upon the actual costs of engineering, design and construction, cost of removal
6 (net of salvage) and property acquisition, including actual labor, materials, overhead,
7 and any capitalized Allowance for Funds Used During Construction (“AFUDC”) on
8 GSMP II projects. As specified in more detail below, the Board-approved revenue
9 requirement formula for the GSMP II Rate Mechanism allows the Company to recover
10 a return of and on its GSMP II investment costs, less an agreed upon expense reduction
11 adjustment and any tax adjustment for flow-through items or any tax law changes
12 codified by the IRS, the State of New Jersey or any other taxing authority. This
13 testimony provides an overview of the cost recovery mechanism along with a
14 description of the revenue requirement calculations and rate design mechanism.

1 **COST RECOVERY MECHANISM**

2 **Q. Please briefly describe PSE&G's proposed cost recovery.**

3 A. PSE&G is proposing to recover the annual revenue requirement associated with
4 the Program consistent with the GSMP II Rate Mechanism approved in the GSMP II
5 Order. The revenue requirement is based on expected plant in-service and cost of
6 removal expenditures that have not been included in a prior rate adjustment. The plant
7 in-service and cost of removal expenditures are based on actual results through
8 November 30, 2019 and a forecast through February 29, 2020. The forecast from
9 December 1, 2019 through February 29, 2020 will be trued-up with actual results and
10 filed by March 16, 2020.

11 **Q. What is the forecasted annual revenue requirement increase being**
12 **proposed for this GSMP II roll-in filing?**

13 A. The Company is proposing a forecasted annual revenue requirement increase of
14 \$18.245 million based upon the actual and forecasted expenditures discussed above and
15 assuming adjusted base rates go into effect June 1, 2020. The revenue requirement
16 increase is calculated in Schedule SS-GSMPII-2.

17 **Q. How is the revenue requirement calculated?**

18 A. The GSMP II revenue requirement is calculated using the following formula
19 approved by the Board in the GSMP II Order:

ATTACHMENT 2

1 Revenue Requirements = ((GSMP II Rate Mechanism Rate Base * After
2 Tax WACC) + Depreciation Expense (net of tax) + Expense Adjustment
3 + Tax Adjustments) * Revenue Factor

4 **Q. How is the GSMP II Rate Base calculated?**

5 A. Per the GSMP II Order, the GSMP II Rate Base is calculated as the GSMP II
6 Investment Costs less Accumulated Depreciation and less Accumulated Deferred
7 Income Taxes (“ADIT”). The GSMP II Investment Costs consist of actual plant placed
8 into service from Program inception through November 30, 2019 (less the amounts
9 already recovered in rates from prior rate adjustments) and a forecast of capital
10 expenditures through February 29, 2020 for projects expected to be in service by
11 February 29, 2020. For details on the GSMP II Investment Costs, see Schedule WEM-
12 GSMPII-3. Accumulated Depreciation is the sum of the depreciation expense incurred
13 from the date the GSMP II projects are placed into service and the effective date of the
14 base rate change. The GSMP II Order anticipates the second roll in filing to result in
15 rates effective June 1, 2020, so the Accumulated Depreciation in the filing is through
16 May 31, 2020. Consistent with the calculation of Accumulated Depreciation, ADIT is
17 calculated through May 31, 2020.

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1 **Q. What is the Weighted Average Cost of Capital (“WACC”) utilized in the**
2 **calculation of the revenue requirement?**

3 A. Per the GSMP II Order, the WACC for the GSMP II Rate Mechanism will be
4 based upon the authorized return on equity (“ROE”) and capital structure including
5 income tax effects decided by the Board in the most recently approved base rate case.
6 In October 2018, the Board approved the Company’s 2018 base rate case¹, which set
7 the WACC at 6.99%, or 6.48% on an after-tax basis, based on a return on equity of
8 9.60% and a cost of debt of 3.96%. This WACC is utilized in the GSMPII Rate
9 Mechanism consistent with the GSMP II Order. For the calculation of the WACC and
10 after-tax WACC, see Schedule SS-GSMPII-3.

11 **Q. How is the depreciation expense net of tax calculated?**

12 A. Depreciation expense is calculated as Gross Plant in-Service multiplied by the
13 applicable annual depreciation rate for the assets being placed into service. The GSMP
14 II Order specified the depreciation rates would be based on the depreciation rates
15 applied to the same asset in current base rates. The Company’s 2018 base rate case
16 established new depreciation rates by asset class. The asset classes expected to be
17 applicable to the GSMP II investment are mains, services and regulators. The
18 depreciation rates for mains, services, and regulators will be 1.39%, 1.81%, and 3.27%
19 respectively, as established in the 2018 base rate case, and will be applicable to the

¹ 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, BPU Docket Nos. ER18010029 and GR18010030.

ATTACHMENT 2

1 GSMP II plant placed into service. Since the net revenue requirement for the roll-in
2 will be grossed up by the revenue factor in the revenue requirement formula approved
3 by the Board, the depreciation expense must be calculated net of tax. The tax basis
4 associated with the depreciation expense is calculated as direct in-service expenditures
5 plus any CWIP capital expenditures transferred into service, plus the debt component
6 of any AFUDC transferred into service. The depreciation expense net of tax is
7 calculated as the annual depreciation expense less the tax associated with the
8 depreciation expense as described above. The equity portion of the AFUDC transferred
9 into service is not recognized in the tax basis of the plant transferred into service. As a
10 result, there is no tax depreciation expense associated with that portion of Plant in-
11 Service. Therefore, the depreciation expense net of tax must be multiplied by the
12 revenue factor to recover the tax gross-up related to the AFUDC-equity. The Company
13 currently does not anticipate any CWIP associated with the GSMP II work.

14 **Q. What is the Expense Adjustment?**

15 A. The Expense Adjustment is an adjustment to capture the estimated O&M savings
16 related to leak reduction, partially offset by the expenses related to leak detection
17 surveying. In accordance with paragraph 33a of the Stipulation approved in the GSMP
18 II Order, the replacement of 875 miles of main will have an O&M saving of \$3.3 million
19 for the entire program, which is \$3,771 per mile. This cost per mile will be applied to
20 the miles of main replaced during this roll-in period, which is estimated to be 110 miles

ATTACHMENT 2

1 for an O&M savings of approximately \$417,000. In accordance with paragraph 33b, the
2 Company conducted leak detection surveying. The total leak detection surveying cost
3 for the GSMP II program was \$50,000 and was amortized over five years in the first
4 rate adjustment filing. There are no additional leak detection surveying costs that will
5 be included in the revenue requirement calculation. For the calculation of the Expense
6 Adjustment and after-tax Expense Adjustment, see Schedule SS-GSMPII-2.

7 **Q. What is the Tax Adjustment?**

8 A. The Tax Adjustment is an adjustment to capture the effects of any flow through
9 items associated with the GSMP II investment that is not included in the Company's
10 Tax Adjustment Credit and any tax law changes codified by the IRS, the State of New
11 Jersey, or any other taxing authority.

12 **Q. Does the Company anticipate a Tax Adjustment in this GSMP II Rate**
13 **Mechanism?**

14 A. There are currently no flow-through items or tax law changes applicable to the
15 GSMP II Program.

16 **Q. What is the Revenue Factor?**

17 A. The Revenue Factor adjusts the revenue requirement net of tax for federal and
18 state income taxes and the costs associated with the BPU and Division of Rate Counsel
19 (RC) Annual Assessments and Gas Revenue Uncollectibles. The BPU/RC Assessment
20 Expenses consist of payments, based upon a percentage of revenues collected (updated

ATTACHMENT 2

annually), to the State based on the electric and gas intrastate operating revenues for the utility. The Company has utilized the respective BPU/RC assessment rates based on the 2019 fiscal year assessment, which are 0.23% and 0.06%, respectively, and the Gas Revenue Uncollectible rate of 1.60%, which was set in the Company's 2018 base rate case. See Schedule SS-GSMPII-4 for the calculation of the revenue factor.

Q. Have you provided the detailed calculations supporting the revenue requirements?

A. Yes. The detailed calculations supporting the revenue requirement calculation described above are provided in electronic workpapers WP-SS-GSMPII-1.xlsx.

RATE DESIGN

Q. What rate design is the Company proposing to use for this base rate adjustment?

A. The proposed gas base rate adjustments use the rate design methodology corresponding to the latest Board approved electric and gas base rate case approved. In accordance with paragraph 39 of the Stipulation approved in the GSMP II Order, the billing determinants utilize the weather normalized annualized billing determinants from the latest Board approved gas base rate case, which are based on July 2017 through June 2018.

The detailed calculations supporting the rate design are shown in Schedule SS-GSMPII-5. This schedule contains the proposed base rates as a result of the GSMP II base rate adjustment effective for June 1, 2020.

ATTACHMENT 2

1 **Q. What are the annual rate impacts to the typical residential customer?**

2 A. Based upon rates effective December 1, 2019, the annual average bill impacts of
3 the rates requested are set forth in Schedule SS-GSMPII-6.

4 The annual impact of the proposed rates to the typical residential gas heating
5 customers using 172 therms in a winter month and 1,040 therms annually would be an
6 increase in the annual bill from \$895.22 to \$906.10 or \$10.88 or approximately 1.22%
7 (based upon Delivery Rates and BGSS-RSG charges in effect December 1, 2019, and
8 assuming that the customer receives BGSS service from PSE&G).

9 **Q. Are there additional criteria required for the Company to request a rate**
10 **adjustment?**

11 A. Yes. In footnote 6 to paragraph 36, the Parties agreed that a rate adjustment is
12 “only applicable if at least 10% of GSMP II Rate Mechanism investment is in-service.”
13 In addition, while not part of the GSMP II Order, the Infrastructure Investment Program
14 (IIP) regulations require an earnings test with a cost recovery request.

15 **Q. Does the Company anticipate meeting the at least 10% of GSMP Rate**
16 **Mechanism investment threshold?**

17 A. Yes. The GSMP Rate Mechanism was approved for \$1.575 billion per
18 paragraph 17 of the Stipulation approved in the GSMP II Order, and thus the 10%
19 threshold is \$157.5 million. As shown in Schedule WEM-GSMPII-3, the Company
20 anticipates plant in-service of \$176.1 million, exceeding the \$157.5 million threshold.

ATTACHMENT 2

1 **Q. What is the earnings test for IIP programs?**

2 A. The IIP states in paragraph 14:3-2A.6(i): “For any Infrastructure Investment
3 Program approved by the Board, if the calculated ROE exceeds the allowed ROE from
4 the utility's last base rate case by 50 basis points or more, accelerated recovery shall not
5 be allowed for the applicable filing period.”

6 **Q. Does the IIP specify how the earnings test should be calculated?**

7 A. Yes. In paragraph 14:3-2A.6(h), the IIP states: “An earnings test shall be
8 required, where Return on Equity (ROE) shall be determined based on the actual net
9 income of the utility for the most recent 12-month period divided by the average of the
10 beginning and ending common equity balances for the corresponding period.”

11 **Q. How was common equity calculated for the earnings test?**

12 A. The Company will use the common equity balance from its financial statements
13 filed with FERC and/or the BPU, on the same basis that it prepares its annual audited
14 FERC Form I. Since the Company’s common equity balance is for all of PSE&G, the
15 Company will calculate the Gas allocation of common equity as the percentage of Gas
16 Net Plant, calculated in the same manner as used for the WNC earnings test, compared
17 to total PSE&G Net Plant, excluding Construction Work in Progress, from the same
18 financial statements used to determine PSE&G common equity.

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1 **Q. How is Net Income calculated for the earnings test?**

2 A. Net Income is calculated as the Company's operating income less Interest
3 Expense, which is included in Operating Income. The Net Income calculation excludes
4 earnings from the Company's Green Programs, which are also excluded from the
5 Company's rate base.

6 **Q. What time period is utilized for the earnings test?**

7 A. The earnings test for this filing is based on the 12 month period of January 2019
8 through December 2019. Given the Company will update its filing for actual results
9 through February 29, 2020, the October through December Common Equity and Net
10 Income represent estimates. The estimates will be replaced with actual results through
11 December 31, 2019 at the time the Company updates its filing for actual results by
12 March 16, 2020.

13 **Q. What are the results of your earnings test?**

14 A. The Company estimates its ROE for purposes of the earnings test is 9.51%. This
15 is below the ROE threshold in the IIP of 10.1%, and therefore the Company's earnings
16 do not preclude the rate roll-in in this case. The Company will update the earnings test
17 for actual results by March 16, 2020, consistent with the update for GSMP II
18 investment. Please see Schedule SS-GSMP II-7 for the earnings test calculation.

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

20 A. Yes, it does.

ATTACHMENT 2

SCHEDULE INDEX

Schedule SS-GSMPII-1	Credentials
Schedule SS-GSMPII-2	Gas Revenue Requirement Calculation
Schedule SS-GSMPII-3	Weighted Average Cost of Capital (WACC)
Schedule SS-GSMPII-4	Revenue Factor Calculation
Schedule SS-GSMPII-5	Gas Proof of Revenue
Schedule SS-GSMPII-6	Gas Typical Residential Annual Bill Impacts
Schedule SS-GSMPII-7	Earnings Test

ELECTRONIC WORKPAPER INDEX

WP-SS-GSMPII-1.xlsx

**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 30 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 Corporate Rates and Revenue Requirements, 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 contributed to other filings including

1 unbundling electric rates and Off-Tariff Rate Agreements. I have had a leadership role in
2 various economic analyses, asset valuations, rate design, pricing efforts and cost of service
3 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	E/G	ER19091302	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 (GSMP-II) - 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
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	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 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 - 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	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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
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 (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 Gas System Modernization Program II

Gas Roll-in Calculation

Roll-in Filing

in (\$000)

Attachment 2
Schedule SS-GSMPPII-2

Rate Effective Date	<u>6/1/2020</u>
Plant In Service as of Date	2/29/2020
Rate Base Balance as of Date	5/31/2020

RATE BASE CALCULATION

	<u>Total</u>	Notes
1 Gross Plant	\$170,926	= In 17
2 Accumulated Depreciation	\$3,670	= In 20
3 Net Plant	\$174,596	= In 1 + In 2
4 Accumulated Deferred Taxes	(\$3,600)	= See "Roll-In Detail" Wkps
5 Rate Base	\$170,997	= In 3 + In 4
6 Rate of Return - After Tax (Schedule WACC)	6.48%	See Schedule SS-GSMPPII-3
7 Return Requirement (After Tax)	\$11,084	= In 5 * In 6
8 Depreciation Exp, net	\$2,084	= In 26
9 Expense Adjustment (After Tax)	(\$300)	= In 35
10 Tax Adjustment	\$0	N/A
11 Revenue Factor	1.4178	See Schedule SS-GSMPPII-4
12 Roll-in Revenue Requirement	\$18,245	= (In 7 + In 8 + In 9 + In 10) * In 11

SUPPORT

Gross Plant

13 Plant in-service	\$170,926	= See "Roll-In Detail" Wkps
14 CWIP Transferred into Service	\$0	= See "Roll-In Detail" Wkps
15 AFUDC on CWIP Transferred Into Service - Debt	\$0	= See "Roll-In Detail" Wkps
16 AFUDC on CWIP Transferred Into Service - Equity	\$0	= See "Roll-In Detail" Wkps
17 Total Gross Plant	\$170,926	= In 13 + In 14 + In 15 + In 16

Accumulated Depreciation

18 Accumulated Depreciation	(\$1,500)	= See "Roll-In Detail" Wkps
19 Cost of Removal	\$5,170	= See "Roll-In Detail" Wkps
20 Net Accumulated Depreciation	\$3,670	= In 18 + In 19

Depreciation Expense (Net of Tax)

21 Depreciable Plant (xAFUDC-E)	\$170,926	= In 13 + In 14 + In 15
22 AFUDC-E	\$0	= In 16
23 Depreciation Rate	1.70%	= See "Roll-In Detail" Wkps
24 Depreciation Expense	\$2,899	= (In 21 + In 22) * In 23
25 Tax @28.11%	\$815	= In 21 * In 23 * Tax Rate
26 Depreciation Expense (Net of Tax)	\$2,084	= In 24 - In 25

PSE&G Gas System Modernization Program II
Weighted Average Cost of Capital (WACC)

Attachment 2
Schedule SS-GSMPII-3

November 2018 Forward

	<u>Percent</u>	<u>Embedded Cost</u>	<u>Weighted Cost</u>	<u>Pre-Tax Weighted Cost</u>	<u>After-Tax Weighted Cost</u>
Common Equity	54.00%	9.60%	5.18%	7.21%	5.18%
Customer Deposits	0.47%	0.87%	0.00%	0.00%	0.00%
Long-Term Debt	<u>45.53%</u>	3.96%	<u>1.80%</u>	<u>1.80%</u>	<u>1.30%</u>
Total	<u>100.00%</u>		<u>6.99%</u>	<u>9.02%</u>	<u>6.48%</u>

Income Tax Rates

Federal Income Tax	21.00%
State NJ Business Incm Tax	<u>9.00%</u>
Tax Rate	28.11%

PSE&G Gas System Modernization Program II
Revenue Factor Calculation

Attachment 2
Schedule SS-GSMPII-4

	<u>ELECTRIC</u>	<u>GAS</u>	
Revenue Increase	100.0000	100.0000	
Uncollectible Rate	1.6000	1.6000	2018 Base Rate Case
BPU Assessment Rate	0.2311	0.2311	2019 BPU Assessment
Rate Counsel Assessment Rate	<u>0.0553</u>	<u>0.0553</u>	2019 RC Assessment
Income before State of NJ Bus. Tax	99.7136	98.1136	
State of NJ Bus. Income Tax @ 9.00%	<u>8.9742</u>	<u>8.8302</u>	
Income Before Federal Income Taxes	90.7394	89.2834	
Federal Income Taxes @ 21%	<u>19.0553</u>	<u>18.7495</u>	
Return	<u>71.6841</u>	<u>70.5339</u>	
Revenue Factor	<u>1.3950</u>	<u>1.4178</u>	

Gas Revenue Requirement Allocation Explanation of Format

Pages 2 through 5 presented in Schedule SS-GSMP II-5 are the 4 relevant pages from the complete cost of service and revenue requirement allocation methodology based on the 2018 Base Rate Case Settlement, approved by the Board on October 29, 2018. Page 2 Part 1 shows the "Final" revenue requirement allocation to the each rates class and its associated functions as defined in the 2018 PSE&G Base Rate Case (Rate Case). Part 2 allocates the GSMP II Revenue Increase in accordance with the Rate Case Board Order. Pages 3 and 4 provide the interclass revenue allocations based upon the rate rules approved in the Rate Case. Page 5 provides the service charges calculations for each rate class by which are calculated in accordance with the Rate Case Board Order.

Gas Rate Design (Proof of Revenue by Rate Class) Explanation of Format

The summary provides by rate schedule the Annualized Weather Normalized (all customers assumed to be on BGSS) revenue based on current tariff rates and the proposed initial rate change. Pages 6 through 16 presented in Schedule SS-GSMP II-5 are the 11 relevant pages from the complete rate change workpapers from the Company's 2018 Gas Base Rate Case and have been appropriately modified per my testimony to reflect this GSMP II Program Roll-In.

Annualized Weather Normalized (all customers assumed to be on BGSS) and the Proposed Detailed Rate Design.

In the detailed rate design pages, all the components are separated into Delivery and Supply. In addition to the Distribution components of Delivery, also included in the schedule are lines for Balancing, Societal Benefits Charge, Margin Adjustment Charge, Weather Normalization Charge, Green Programs Recovery Charge, Tax Adjustment Credit, Miscellaneous items, and Unbilled Revenue.

Column (1) shows the annualized weather normalized billing units. Column (2) shows present Delivery rates (without Sales and Use Tax, SUT) effective December 1, 2019. The commodity rates in the Column (2) reflect the 2019 class-weighted averages (BGSS-RSG uses the rate as of 12/1/2019). Column (3) presents annualized revenue assuming all customers are provided service under their applicable BGSS provision. Column (4) repeats the billing units of Column (1). Column (5) shows the proposed rates without SUT that result in the proposed revenues shown in Column (6). Columns (7) and (8) show the proposed base rate revenue increase, in thousands of dollars and percent increase, respectively, for each of the billing unit blocks. The proposed tariff charges (with and without SUT) are provided on pages 15 and 16 of this schedule.

Cost of Service and Rate Design Sync

Part 1: 2018 Base Rate Case Final Revenue Allocation

1	Requested increase in Revenue Requirements							Notes:
								2018 Rate Case Schedule SS-G7 R-2, pg 2, line 16
2	Total Target Distribution Revenue Requirements							2018 Rate Case Schedule SS-G7 R-2, pg 2, line 17
3	Sum of Initial Sync Revenue Requirements							2018 Rate Case Schedule SS-G7 R-2, pg 2, line 18
4	Final Sync Adjustment Factor							2018 Rate Case Schedule SS-G7 R-2, pg 2, line 19
		Total	RSG	GSG	LVG	SLG		
5	Distribution Access	\$ 348,181,228	\$ 285,567,880	\$ 40,848,700	\$ 21,728,392	\$ 36,257		2018 Rate Case Schedule SS-G7 R-2, pg 2, line 20
6	Distribution Delivery	\$ 362,951,052	\$ 231,037,735	\$ 42,604,570	\$ 89,282,536	\$ 26,211		2018 Rate Case Schedule SS-G7 R-2, pg 2, line 21
7	Streetlighting Fixtures	\$ 417,670	\$ 0	\$ 0	\$ 0	\$ 417,670		2018 Rate Case Schedule SS-G7 R-2, pg 2, line 22
8	Customer Service	\$ 80,199,946	\$ 72,101,419	\$ 6,313,852	\$ 1,783,392	\$ 1,284		2018 Rate Case Schedule SS-G7 R-2, pg 2, line 23
9	Measurement	\$ 96,710,544	\$ 70,884,585	\$ 16,046,249	\$ 9,779,669	\$ 41		2018 Rate Case Schedule SS-G7 R-2, pg 2, line 24
10	Total	\$ 888,460,440	\$ 659,591,618	\$ 105,813,371	\$ 122,573,988	\$ 481,463		

Part 2: GSMPII Roll-In Revenue Allocation

11	Requested increase in Revenue Requirements							Schedule SS-GSMPII-2
								= line 11 + page 3, col 2
12	Total Target Distribution Revenue Requirements							
13	Rate Case Minus Streetlight Fixtures							= line 10 - line 7
14	Target Minus Streetlight Fixtures							= line 12 - line 7
15	Final Sync Adjustment Factor							= line 14 / line 13
		Total	RSG	GSG	LVG	SLG		
16	Distribution Access	\$ 374,904,192	\$ 307,485,259	\$ 43,983,844	\$ 23,396,049	\$ 39,040		= line 5 * line 15
17	Distribution Delivery	\$ 390,807,602	\$ 248,769,917	\$ 45,874,478	\$ 96,134,984	\$ 28,222		= line 6 * line 15
18	Streetlighting Fixtures	\$ 417,670	\$ 0	\$ 0	\$ 0	\$ 417,670		= line 7
19	Customer Service	\$ 86,355,304	\$ 77,635,214	\$ 6,798,441	\$ 1,920,267	\$ 1,383		= line 8 * line 15
20	Measurement	\$ 104,133,094	\$ 76,324,988	\$ 17,277,801	\$ 10,530,260	\$ 45		= line 9 * line 15
21	Total	\$ 956,617,862	\$ 710,215,378	\$ 113,934,564	\$ 131,981,561	\$ 486,359		

Inter Class Revenue Allocations

Calculation of Increase Limits

<u>line #</u>		(in \$1,000)	Notes:
	Requested Revenue Increase to be		
1	recovered from rate schedule charges =	\$ 18,245	Schedule SS-GSMP11-1
2	Present Distribution Revenue =	\$ 938,373 from RSG, GSG, LVG & SLG	Page 4, col 3, line 11
3	Present Total Customer Bills (all on BGSS) =	\$ 2,058,292	Page 4, col 5, line 11
4	Average Distribution Increase =	1.944%	= Line 1 / Line 2
5	Average Total Bill Increase =	0.886%	= Line 1 / Line 3
6	Lower Distribution increase limit =	0.972% in Distribution charges	= 0.5 * Line 4
7	Upper Distribution increase limit #1 =	2.916% in Distribution charges	= 1.5 * Line 4
8	Upper Bill increase limit #2 =	1.772% in Bill Increase	= 2.0 * Line 5
	all rounded to 0.001%		

Inter Class Revenue Allocations

Calculation of Increases

line #	(1) Rate Schedule	(2) Proposed Distribution Revenue Requirement (from COS) (in \$1,000)	(3) Present Distribution Revenue (in \$1,000)	(4) Unlimited COS Distribution Charge \$ Increase (in \$1,000)	(5) Present Total Bill Revenue (all on BGSS) (in \$1,000)	(6) Unlimited Distribution Charge Increase (%)	(7) Change in MAC & BGSS credits (in \$1,000)	(8) Limited Final Distribution Charge Increase (%)	(9) Proposed Total Bill Increase (%)	(10) Proposed Distribution Revenue Increase (in \$1,000)
<u>Calculation of TSG-F Increase</u>										
1	TSG-F	\$ 3,304	\$ 3,397	\$ (93)	\$ 16,820	-2.750%	\$ (3)	0.972%	0.178%	\$ 33
<u>Calculation of TSG-NF & CIG Increase</u>										
2	TSG-NF	----	\$ 10,580	----	\$ 94,587	----		1.944%	0.218%	\$ 206
3	CIG	----	\$ 3,084	----	\$ 19,518	----		1.944%	0.307%	\$ 60
4	CSG ¹	----	\$ 7,391	----	\$ 7,552	----		----	0.132%	\$ 10
<u>Calculation of Margin Rates (RSG, GSG, LVG & SLG) Increase</u>										
5	RSG	\$ 710,215	\$ 694,671	\$ 15,544	\$ 1,221,745	2.238%	\$ (197)	2.104%	1.180%	\$ 14,618
6	GSG	\$ 113,935	\$ 111,441	\$ 2,494	\$ 284,884	2.238%	\$ (31)	2.104%	0.812%	\$ 2,345
7	LVG	\$ 131,982	\$ 131,828	\$ 154	\$ 550,585	0.116%	\$ (76)	0.972%	0.219%	\$ 1,281
8	SLG	\$ 486	\$ 433	\$ 553	\$ 1,078		\$ (0.078)			
9	Distribution Only	\$ 69	\$ 18,687	\$ 50.002		267.577%		2.916%	0.043%	\$ 0.545
10	Fixtures	\$ 418	\$ 414.592	\$ 3		0.742%		0.000%	0.000%	\$ -
11	Total for Margin Rates	\$ 956,618	\$ 938,373	\$ 18,245	\$ 2,058,292	1.944%	\$ (304.078)	1.944%	0.872%	\$ 18,245

¹ CSG Credits all flow back through BGSS

Notes:	for TSG-F - from 2018 Rate Case Schedule SS-G7 R-2, pg 1, col 6, line 6	SS-GSMP11-1 workpapers	= (2) - (3)	Page 6	= (4) / (3)	SS-GSMP11-1 workpapers	calculated on limits	= (Col 10 + Col 7) / Col 5	= (3) * (8)
	for RSG, GSG, LVG & SLG from page 1, line 21								

Service Charge Calculations

line #	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	Notes:
1				Average Distribution Increase =	1.944%					page 3, line 4
	Rate Schedule	Distribution Access Rev Req (in \$1,000)	Customer Service Rev Req (in \$1,000)	Measurement Rev Req (in \$1,000)	COS Indicated Total Rev Req (in \$1,000)	# of Customers	Cost Based Monthly Service Charge (\$/month)	Current Monthly Service Charge (\$/month)	Proposed Limited Monthly Service Charge (\$/month)	
2	RSG	307,485	77,635	76,325	461,445.461	1,635,900	\$ 23.51	\$ 8.08	\$ 8.08	Fixed per 2018 Base Rate Case
3	GSG	43,984	6,798	17,278	68,060.086	140,771	\$ 40.29	\$ 15.19	\$ 15.63	move to costs, limited @ 1.5 times overall avg Distribution % increase
4	LVG	23,396	1,920	10,530	35,846.576	18,375	\$ 162.57	\$ 134.85	\$ 138.78	move to costs, limited @ 1.5 times overall avg Distribution % increase
5	TSG-F	530	400	20	950.672	37	\$ 2,141.15	\$ 722.23	\$ 743.29	move to costs, limited @ 1.5 times overall avg Distribution % increase
6	TSG-NF							\$ 722.23	\$ 743.29	set equal to new TSG-F Service Charge
7	CIG							\$ 171.50	\$ 174.83	increase current @ average Distribution % increase
8	CSG							\$ 722.23	\$ 743.29	set equal to new TSG-F Service Charge
Notes:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
		values for RSG, GSG & LVG for Cols 2, 3, & 4 from page 2, lines 16, 19 & 20			= (2) + (3) + (4)	RSG, GSG & LVG from 2018 Rate Case Schedule SS-G7 R-2, page 2, line 1	= Col 5 * 1000 / Col 6 / 12 rounded to \$0.01	From Tariff	based on methodology described	
		values for TSG-F for Cols 2, 3 & 4 from 2018 Rate Case Schedule SS-G7 R-2, page 1, lines 1, 4 & 5				TSG-F from COS workpapers				

**RATE SCHEDULE RSG
RESIDENTIAL SERVICE
GSMP II**

(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge	19,630.803	8.08	\$158,617	19,630.803	8.08	\$158,617	0	0.00
2 Distribution Charge	1,494,872	0.360706	539,209	1,494,872	0.370528	553,892	14,683	2.72
3 Off-Peak Dist	56	0.180353	10	56	0.185264	10	0	0.00
4 Balancing Charge	917,326	0.092492	84,845	917,326	0.092492	84,845	0	0.00
5 SBC	1,494,928	0.049797	74,443	1,494,928	0.049797	74,443	0	0.00
6 Margin Adjustment	1,494,928	(0.006338)	(9,475)	1,494,928	(0.006338)	(9,475)	0	0.00
7 Weather Normalization	917,326	(0.004800)	(4,403)	917,326	-0.004800	(4,403)	0	0.00
8 Green Programs Recovery Charge	1,494,928	0.002126	3,178	1,494,928	0.002126	3,178	0	0.00
9 Tax Adjustment Credit	1,494,928	(0.069574)	(104,008)	1,494,928	(0.069574)	(104,008)	0	0.00
10 Green Enabling Mechanism	1,494,928	0.000000	0	1,494,928	0.000000	0	0	0.00
11 Facilities Charges			0			0	0	0.00
12 Minimum			0			0	0	0.00
13 Miscellaneous			(15)			(14)	1	(6.67)
14 Delivery Subtotal	1,494,928		\$742,401	1,494,928		\$757,085	\$14,684	1.98
15 Unbilled Delivery			(3,351)			(3,415)	(64)	1.91
16 Delivery Subtotal w unbilled			\$739,050			\$753,670	\$14,620	1.98
17								
Supply								
19 BGSS-RSG	1,494,872	0.325367	\$486,382	1,494,872	0.325367	\$486,382	\$0	0.00
20 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
21 BGSS Contrib. from TSG-F, TSG-NF & CIG	0	0.000000	0	1,494,928	(0.000053)	(79)	(79)	0.00
22 Off-Peak Comm. Charge	46	0.309130	14	46	0.309130	14	0	0.00
23								
24 Miscellaneous			(1)			(1)	0.00	0.00
25 Supply subtotal	1,494,918		\$486,395	1,494,918		\$486,316	(79)	(0.02)
26 Unbilled Supply			(3,700)			(3,699)	1	(0.03)
27 Supply Subtotal w unbilled			\$482,695			\$482,617	(78)	(0.02)
28								
29 Total Delivery + Supply	1,494,928		\$1,221,745	1,494,928		\$1,236,287	14,542	1.19
30								
31								
32								

33 Notes:

34 All customers assumed to be on BGSS.

35 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

36 plus applicable BGSS charges.

37

**RATE SCHEDULE GSG
GENERAL SERVICE
GSMP II**
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u> (1)	<u>Rate</u> (2)	<u>Revenue</u> (3=1*2)	<u>Units</u> (4)	<u>Rate</u> (5)	<u>Revenue</u> (6=4*5)	<u>Revenue</u> (7=6-3)	<u>Percent</u> (8=7/3)
<u>Delivery</u>								
1 Service Charge	1,689,246	15.19	\$25,660	1,689,246	15.63	\$26,403	\$743	2.90
2 Distribution Charge - Pre 7/14/97	2,183	0.288299	629	2,183	0.293658	641	12	1.91
3 Distribution Charge - All Others	295,256	0.288299	85,122	295,256	0.293658	86,704	1,582	1.86
4 Off-Peak Dist Charge - Pre 7/14/97	0	0.144150	0	0	0.146829	0	0	0.00
5 Off-Peak Dist Charge - All Others	45	0.144150	6	45	0.146829	7	1	16.67
6 Balancing Charge	173,170	0.092492	16,017	173,170	0.092492	16,017	0	0.00
7 SBC	297,484	0.049797	14,814	297,484	0.049797	14,814	0	0.00
8 Margin Adjustment	297,484	(0.006338)	(1,885)	297,484	(0.006338)	(1,885)	0	0.00
9 Weather Normalization	173,170	(0.004800)	(831)	173,170	(0.004800)	(831)	0	0.00
10 Green Programs Recovery Charge	297,484	0.002126	632	297,484	0.002126	632	0	0.00
11 Tax Adjustment Credit	297,484	(0.056346)	(16,762)	297,484	(0.056346)	(16,762)	0	0.00
12 Green Enabling Mechanism	297,484	0.000000	0	297,484	0.000000	0	0	0.00
13 Facilities Charges			0			0	0	0.00
14 Minimum			2			2	0	0.00
15 Miscellaneous			(313)			(313)	0	0.00
16 Delivery Subtotal	297,484		\$123,091	297,484		\$125,429	\$2,338	1.90
17 Unbilled Delivery			371			378	7	1.89
18 Delivery Subtotal w unbilled			\$123,462			\$125,807	\$2,345	1.90
19								
<u>Supply</u>								
21 BGSS	297,484	0.508189	\$151,178	297,484	0.508189	\$151,178	\$0	0.00
22 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
23 BGSS Contrib. from TSG-F, TSG-NF & CIG	0	0.000000	0	297,484	(0.000023)	(7)	(7)	0.00
24								
25 Miscellaneous			(51)			(51)	0	0.00
26 Supply subtotal	297,484		\$151,127	297,484		\$151,120	(7)	0.00
27 Unbilled Supply			10,295			10,295	0	0.00
28 Supply Subtotal w unbilled			\$161,422			\$161,415	(7)	0.00
29								
30 Total Delivery + Supply	297,484		\$284,884	297,484		\$287,222	\$2,338	0.82

31

32

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34 Notes:

35 All customers assumed to be on BGSS.

36 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

37 plus applicable BGSS charges.

38

**RATE SCHEDULE LVG
LARGE VOLUME SERVICE
GSMP II**

(Terms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u> (1)	<u>Rate</u> (2)	<u>Revenue</u> (3=1*2)	<u>Units</u> (4)	<u>Rate</u> (5)	<u>Revenue</u> (6=4*5)	<u>Revenue</u> (7=6-3)	<u>Percent</u> (8=7/3)
Delivery								
1 Service Charge	220,495	134.85	\$29,734	220,495	138.78	\$30,600	\$866	2.91
2 Demand Charge	18,017	3.9473	71,119	18,017	3.9633	71,407	288	0.40
3 Distribution Charge 0-1,000 pre 7/14/97	8,974	0.042298	380	8,974	0.044469	399	19	5.00
4 Distribution Charge over 1,000 pre 7/14/97	45,378	0.041894	1,901	45,378	0.041536	1,885	(16)	(0.84)
5 Distribution Charge 0-1,000 post 7/14/97	145,700	0.042298	6,163	145,700	0.044469	6,479	316	5.13
6 Distribution Charge over 1,000 post 7/14/97	540,051	0.041894	22,625	540,051	0.041536	22,432	(193)	(0.85)
7 Balancing Charge	361,999	0.092492	33,482	361,999	0.092492	33,482	0	0.00
8 SBC	740,103	0.049797	36,855	740,103	0.049797	36,855	0	0.00
9 Margin Adjustment	740,103	(0.006338)	(4,691)	740,103	(0.006338)	(4,691)	0	0.00
10 Weather Normalization	361,999	(0.004800)	(1,738)	361,999	(0.004800)	(1,738)	0	0.00
11 Green Programs Recovery Charge	740,103	0.002126	1,573	740,103	0.002126	1,573	0	0.00
12 Tax Adjustment Credit	740,103	(0.027547)	(20,388)	740,103	(0.027547)	(20,388)	0	0.00
13 Green Enabling Mechanism	740,103	0.000000	\$0	740,103	0.000000	\$0	0	0.00
14 Facilities Charges			1			1	0	0.00
15 Minimum			218			218	0	0.00
16 Miscellaneous			(279)			(279)	0	(0.06)
17 Delivery Subtotal	740,103		\$176,955	740,103		\$178,235	\$1,280	0.72
18 Unbilled Delivery			(45)			(45)	0	0.00
19 Delivery Subtotal w unbilled			\$176,910			\$178,190	\$1,280	0.72
20								
21								
Supply								
23 BGSS	740,103	0.503580	\$372,701	740,103	0.503580	\$372,701	\$0	0.00
24 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
25 BGSS Contrib. from TSG-F, TSG-NF & CIG	0	0.000000	0	740,103	(0.000023)	(17)	(17)	0.00
26								
27 Miscellaneous			(143)			(143)	0	0.00
28 Supply Subtotal	740,103		\$372,558	740,103		\$372,541	(\$17)	0.00
29 Unbilled Supply			1,117			1,117	0	0.00
30 Supply Subtotal w unbilled			\$373,675			\$373,658	(\$17)	0.00
31								
32 Total Delivery + Supply	740,103		\$550,585	740,103		\$551,848	\$1,263	0.23

36 Notes:

37 All customers assumed to be on BGSS.

38 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

39 plus applicable BGSS charges.

**RATE SCHEDULE SLG
STREET LIGHTING SERVICE
GSMP II**

(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u> (1)	<u>Rate</u> (2)	<u>Revenue</u> (3=1*2)	<u>Units</u> (4)	<u>Rate</u> (5)	<u>Revenue</u> (6=4*5)	<u>Revenue</u> (7=6-3)	<u>Percent</u> (8=7/3)
<u>Delivery</u>								
1 Single	10.392	13.2351	\$137.539	10.392	13.2351	\$137.539	\$0.000	0.00
2 Double Inverted	0.108	13.2351	1.429	0.108	13.2351	1.429	0.000	0.00
3 Double Upright	0.588	13.2351	7.782	0.588	13.2351	7.782	0.000	0.00
4 Triple prior to 1/1/93	18.096	13.2351	239.502	18.096	13.2351	239.502	0.000	0.00
5 Triple on and after 1/1/93	0.420	67.4762	28.340	0.420	67.4762	28.340	0.000	0.00
6 Distribution Therm Charge	678.777	0.046697	31.697	678.777	0.047500	32.242	0.545	1.72
7 SBC	678.777	0.049797	33.801	678.777	0.049797	33.801	0.000	0.00
8 Margin Adjustment	678.777	(0.006338)	(4.302)	678.777	(0.006338)	(4.302)	0.000	0.00
9 Green Programs Recovery Charge	678.777	0.002126	1.443	678.777	0.002126	1.443	0.000	0.00
10 Tax Adjustment Credit	678.777	(0.104035)	(70.617)	678.777	(0.104035)	(70.617)	0.000	0.00
11 Green Enabling Mechanism	678.777	0.000000	0.000	678.777	0.000000	0.000	0.000	0.00
12 Facilities Charges			0.000			0.000	0.000	0.00
13 Minimum			0.000			0.000	0.000	0.00
14 Miscellaneous			(13.010)			(13.010)	0.000	0.00
15 Delivery Subtotal	678.777		\$393.604	678.777		\$394.149	\$0.545	0.14
16 Unbilled Delivery			0.000			0.000	0.000	0.00
17 Delivery Subtotal w unbilled			\$393.604			\$394.149	\$0.545	0.14
18								
<u>Supply</u>								
20 BGSS	678.777	0.479104	\$325.205	678.777	0.479104	\$325.205	\$0.000	0.00
21 Emergency Sales Service	0.000	0.000000	0.000	0.000	0.000000	0.000	0.000	0.00
22 BGSS Contrib. from TSG-F, TSG-NF & CIG	0.000	0.000000	0.000	678.777	(0.000023)	(0.016)	(0.016)	0.00
23 Miscellaneous			131.390			131.390	0.000	0.00
24 Supply Subtotal	678.777		\$456.595	678.777		\$456.579	(\$0.016)	0.00
25 Unbilled Supply			228.298			228.290	(0.008)	0.00
26 Supply Subtotal w unbilled			\$684.893			\$684.869	(\$0.024)	0.00
27								
28 Total Delivery + Supply	678.777		<u>\$1,078.497</u>	678.777		<u>\$1,079.018</u>	<u>\$0.521</u>	0.05
29								
30								
31								

32 Notes:

33 All customers assumed to be on BGSS.

34 SLG units and revenues shown to 3 decimals.

35 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

36 plus applicable BGSS charges.

RATE SCHEDULE CIG
COGENERATION INTERRUPTIBLE SERVICE
GSMP II
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u> (1)	<u>Rate</u> (2)	<u>Revenue</u> (3=1*2)	<u>Units</u> (4)	<u>Rate</u> (5)	<u>Revenue</u> (6=4*5)	<u>Revenue</u> (7=6-3)	<u>Percent</u> (8=7/3)
<u>Delivery</u>								
1 Service Charge	0.166	171.50	\$28	0.166	174.83	\$29	\$1	3.57
2 Margin 0-600,000	32,835	0.076931	2,526	32,835	0.078368	2,573	47	1.86
3 Margin over 600,000	8,232	0.066931	551	8,232	0.068368	563	12	2.18
4 Extended Gas Service	0	0.150000	0	0	0.150000	0	0	0.00
5 SBC	41,067	0.049797	2,045	41,067	0.049797	2,045	0	0.00
6 Green Programs Recovery Charge	41,067	0.002126	87	41,067	0.002126	87	0	0.00
7 Tax Adjustment Credit	41,067	(0.010966)	(450)	41,067	(0.010966)	(450)	0	0.00
8 Green Enabling Mechanism	41,067	0.000000	0	41,067	0.000000	0	0	0.00
9 Facilities Charges			0			0	0	0.00
10 Minimum			0			0	0	0.00
11 Miscellaneous			0			0	0	0.00
12 Delivery Subtotal	41,067		\$4,787	41,067		\$4,847	\$60	1.25
13 Unbilled Delivery			(33)			(32)	1	(3.03)
14 Delivery Subtotal w unbilled			\$4,754			\$4,815	\$61	1.28
15								
<u>Supply</u>								
17 Commodity Component	41,067	0.295298	\$12,127	41,067	0.295298	\$12,127	\$0	0.00
18 Pilot Use	1,249	1.89	2,361	1,249	1.89	2,361	0	0.00
19 Penalty Use	0		0	0		0	0	0.00
20 Extended Gas Service	5		338	5		338	0	0.00
21 Miscellaneous			0			0	0	0.00
22 Supply Subtotal	42,321		\$14,826	42,321		\$14,826	\$0	0.00
23 Unbilled Supply			(62)			(62)	0	0.00
24 Supply Subtotal w unbilled			\$14,764			\$14,764	\$0	0.00
25								
26 Total Delivery + Supply	41,067		\$19,518	41,067		\$19,579	\$61	0.31

30 Notes:

31 All customers assumed to be on BGSS.

32 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

33 plus applicable BGSS charges.

34

**RATE SCHEDULE TSG-F
FIRM TRANSPORTATION GAS SERVICE
GSMP II**
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u> (1)	<u>Rate</u> (2)	<u>Revenue</u> (3=1*2)	<u>Units</u> (4)	<u>Rate</u> (5)	<u>Revenue</u> (6=4*5)	<u>Revenue</u> (7=6-3)	<u>Percent</u> (8=7/3)
<u>Delivery</u>								
1 Service Charge	0.494	722.23	\$356.782	0.494	743.29	\$367.185	\$10.403	2.92
2 Demand Charge	487	2.0722	1,009.161	487	2.0873	1,016.515	7.354	0.73
3 Demand Charge, Agreements	0	0.0000	0.000	0	0.0000	0.000	0.000	0.00
4 Distribution Charge	25,950	0.079210	2,055.500	25,950	0.079786	2,070.447	14.947	0.73
5 Distribution Charge, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
6 SBC	25,950	0.049797	1,292.232	25,950	0.049797	1,292.232	0.000	0.00
7 SBC, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
8 Margin Adjustment	25,950	(0.006338)	(164.471)	25,950	(0.006338)	(164.471)	0.000	0.00
9 Margin Adjustment, Agreements	0	(0.006338)	0.000	0	(0.006338)	0.000	0.000	0.00
10 Green Programs Recovery Charge	25,950	0.002126	55.170	25,950	0.002126	55.170	0.000	0.00
11 Green Programs Recovery Charge, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
12 Tax Adjustment Credit	25,950	(0.020566)	(533.688)	25,950	(0.020566)	(533.688)	0.000	0.00
13 Green Enabling Mechanism	25,950	0.000000	0.000	25,950	0.000000	0.000	0.000	0.00
14 Facilities Charges			0.000			0.000	0.000	0.00
15 Minimum			0.000			0.000	0.000	0.00
16 Miscellaneous			(54.034)			(54.030)	0.004	(0.01)
17 Delivery Subtotal	25,950		4,016.652	25,950		4,049.360	32.708	0.81
18 Unbilled Delivery			35.836			36.128	0.292	0.81
19 Delivery Subtotal w unbilled			4,052.488			4,085.488	33.000	0.81
20								
<u>Supply</u>								
22 Commodity Charge, BGSS-F	25,950	0.492023	\$12,768.000	25,950	0.492023	\$12,768.000	\$0.000	0.00
23 Emergency Sales Service	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
24 Miscellaneous			0.000			0.000	0.000	0.00
25 Supply Subtotal	25,950		\$12,768.000	25,950		\$12,768.000	\$0.000	0.00
26 Unbilled Supply			0.000			0.000	0.000	0.00
27 Supply Subtotal w unbilled			\$12,768.000			\$12,768.000	\$0.000	0.00
28								
29 Total Delivery + Supply	25,950		\$16,820.488	25,950		\$16,853.488	\$33.000	0.20

33 Notes:

34 All customers assumed to be on BGSS.

35 TSG-F revenues shown to 3 decimals.

36 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

37 plus applicable BGSS charges.

RATE SCHEDULE TSG-NF
NON-FIRM TRANSPORTATION GAS SERVICE
GSMP II
(Terms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u>	<u>Rate</u>	<u>Revenue</u>	<u>Units</u>	<u>Rate</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Percent</u>
<u>Delivery</u>	(1)	(2)	(3=1*2)	(4)	(5)	(6=4*5)	(7=6-3)	(8=7/3)
1 Service Charge	2,218	722.23	\$1,602	2,218	743.29	\$1,649	\$47	2.93
2 Dist Charge 0-50,000	99,839	0.085720	8,558	99,839	0.087292	8,715	157	1.83
3 Dist Charge 0-50,000, Agreements	600	0.023333	14	600	0.023333	14	0	0.00
4 Dist Charge over 50,000	67,427	0.085720	5,780	67,427	0.087292	5,886	106	1.83
5 Dist Charge over 50,000, Agreements	11,318	0.023502	266	11,318	0.023502	266	0	0.00
6 SBC	167,266	0.049797	8,329	167,266	0.049797	8,329	0	0.00
7 SBC, Agreements	11,918	0.042876	511	11,918	0.042876	511	0	0.00
8 Green Programs Recovery Charge	167,266	0.002126	356	167,266	0.002126	356	0	0.00
9 Green Programs Recovery Charge, Agreements	11,918	0.005370	64	11,918	0.005370	64	0	0.00
10 Tax Adjustment Credit	167,266	(0.009043)	(1,513)	167,266	(0.009043)	(1,513)	0	0.00
11 Green Enabling Mechanism	167,266	0.000000	0	167,266	0.000000	0	0	0.00
12 Facilities Charges			5			5	0	0.00
13 Minimum			0			0	0	0.00
14 Miscellaneous			(277)			(277)	0	0.00
15 Delivery Subtotal	179,184		\$23,695	179,184		\$24,005	\$310	1.31
16 Unbilled Delivery			(7,973)			(8,077)	(104)	1.30
17 Delivery Subtotal w unbilled			\$15,722			\$15,928	\$206	1.31
18								
19 <u>Supply</u>								
20 Commodity Charge, BGSS-I	179,184	0.455202	\$81,565	179,184	0.455202	\$81,565	\$0	0.00
21 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
22 Pilot Use	26	1.890000	49	26	1.890000	49	0	0.00
23 Penalty Use	19	0.526316	10	19	0.526316	10	0	0.00
24 Miscellaneous			2			2	0	0.00
25 Supply Subtotal	179,229		\$81,626	179,229		\$81,626	\$0	0.00
26 Unbilled Supply			(2,761)			(2,761)	0	0.00
27 Supply Subtotal w unbilled			\$78,865			\$78,865	\$0	0.00
28								
29 Total Delivery + Supply	179,184		<u>\$94,587</u>	179,184		<u>\$94,793</u>	<u>\$206</u>	0.22

30

31 Notes:

32 All customers assumed to be on BGSS.

33 Annualized Weather Normalized Revenue reflects Delivery rates in effect 12/1/2019

34 plus applicable BGSS charges.

**RATE SCHEDULE CSG
CONTRACT SERVICES
GSMP II**

(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge - Power	0.0800	722.23	\$58	0.0800	743.29	\$59	\$1	1.72
2 Service Charge - Power- Non Firm	0.0120	722.23	9	0.0120	743.29	9	0	0.00
3 Service Charge - Other	0.1090	722.23	79	0.1090	743.29	81	2	2.53
4 Distribution Charge - Power	599,445	0.006051	3,627	599,445	0.006051	3,627	0	0.00
5 Distribution Charge - Power- Non Firm	4,755	0.085720	408	4,755	0.087292	415	7	1.72
6 Distribution Charge - Other	185,648	0.011904	2,210	185,648	0.011904	2,210	0	0.00
7 Maintenance - Power	599,445	0.000142	85	599,445	0.000142	85	0	0.00
8 Maintenance - Power- Non Firm	4,755	0.000000	0	4,755	0.000000	0	0	0.00
9 Maintenance - Other	185,648	0.000113	21	185,648	0.000113	21	0	0.00
10 Pilot Use	0	0.000000	0	0	0.000000	0	0	0.00
11 Penalty Use	0	0.000000	0	0	0.000000	0	0	0.00
Balancing Charge (applicable only if 12 customer uses BGSS-F)	0	0.000000	0	0	0.000000	0	0	0.00
13 SBC	789,848	0.049797	980	789,848	0.049797	980	0	0.00
14 Green Programs Recovery Charge	789,848	0.002126	149	789,848	0.002126	149	0	0.00
15 Tax Adjustment Credit	789,848	(0.001285)	(1,015)	789,848	(0.001285)	(1,015)	0	0.00
16 Green Enabling Mechanism	789,848	0.000000	0	789,848	0.000000	0	0	0.00
17 Facilities Chg.			840			840	0	0.00
18 Minimum			271			271	0	0.00
19 Sales Tax Discount - Delivery			(428)			(428)	0	0.00
20 Misc.			300			300	0	0.00
21 Delivery Subtotal	789,848		7,594	789,848		7,604	10	0.13
22 Unbilled Delivery			(91)			(91)	0	0.00
23 Delivery Subtotal w/ Unbilled	789,848		7,503	789,848		7,513	10	0.13
24								
Supply								
26 BGSS-Firm - Power	0	0.000000	0	0	0.000000	0	0	0.00
27 BGSS-Firm - Power- Non Firm	0	0.000000	0	0	0.000000	0	0	0.00
28 BGSS-Firm - Other	0	0.000000	0	0	0.000000	0	0	0.00
29								
30 BGSS-Interruptible - Power	0	0.000000	0	0	0.000000	0	0	0.00
31 BGSS-Interruptible - Power- Non Firm	0	0.000000	0	0	0.000000	0	0	0.00
32 BGSS-Interruptible - Other	0	0.000000	0	0	0.000000	0	0	0.00
33								
34 Emergency Sales Svc. - Power	0	0.000000	0	0	0.000000	0	0	0.00
35 Emergency Sales Svc. - Power- Non Firm	0	0.000000	0	0	0.000000	0	0	0.00
36 Emergency Sales Svc - Other	0	0.000000	0	0	0.000000	0	0	0.00
37								
38 Pilot Use	26	1.89	49	26	1.89	49	0	0.00
39 Penalty Use	0	0.000000	0	0	0.000000	0	0	0.00
40 Misc.	19		0	19		0	0	0.00
41 Supply Subtotal	45		49	45		49.140	0	0.00
42 Unbilled Supply	0		0	0		0	0	0.00
43 Supply Subtotal w/ Unbilled	45		49	45		49.140	0	0.00
44								
45 Total Delivery & Supply	789,893		7,552	789,893		7,562	10	0.13

**Gas Tariff Rates
GSMP II**

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
RSG	Service Charge	\$8.08	\$8.62	\$8.08	\$8.62
	Distribution Charges	\$0.360706	\$0.384603	\$0.370528	\$0.395075
	Balancing Charge	\$0.092492	\$0.098620	\$0.092492	\$0.098620
	Off-Peak Use	\$0.180353	\$0.192301	\$0.185264	\$0.197538
GSG	Service Charge	\$15.19	\$16.20	\$15.63	\$16.67
	Distribution Charge - Pre July 14, 1997	\$0.288299	\$0.307399	\$0.293658	\$0.313113
	Distribution Charge - All Others	\$0.288299	\$0.307399	\$0.293658	\$0.313113
	Balancing Charge	\$0.092492	\$0.098620	\$0.092492	\$0.098620
	Off-Peak Use Dist Charge - Pre July 14, 1997	\$0.144150	\$0.153700	\$0.146829	\$0.156556
	Off-Peak Use Dist Charge - All Others	\$0.144150	\$0.153700	\$0.146829	\$0.156556
LVG	Service Charge	\$134.85	\$143.78	\$138.78	\$147.97
	Demand Charge	\$3.9473	\$4.2088	\$3.9633	\$4.2259
	Distribution Charge 0-1,000 pre July 14, 1997	\$0.042298	\$0.045100	\$0.044469	\$0.047415
	Distribution Charge over 1,000 pre July 14, 1997	\$0.041894	\$0.044669	\$0.041536	\$0.044288
	Distribution Charge 0-1,000 post July 14, 1997	\$0.042298	\$0.045100	\$0.044469	\$0.047415
	Distribution Charge over 1,000 post July 14, 1997	\$0.041894	\$0.044669	\$0.041536	\$0.044288
SLG	Balancing Charge	\$0.092492	0.09862	\$0.092492	\$0.098620
	Single-Mantle Lamp	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Double-Mantle Lamp, inverted	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Double Mantle Lamp, upright	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Triple-Mantle Lamp, prior to January 1, 1993	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Triple-Mantle Lamp, on and after January 1, 1993	\$67.4762	\$71.9465	\$67.4762	\$71.9465
	Distribution Therm Charge	\$0.046697	\$0.049791	\$0.047500	\$0.050647

**Gas Tariff Rates
GSMP II**

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
TSG-F	Service Charge	\$722.23	\$770.08	\$743.29	\$792.53
	Demand Charge	\$2.0722	\$2.2095	\$2.0873	\$2.2256
	Distribution Charges	\$0.079210	\$0.084458	\$0.079786	\$0.085072
TSG-NF	Service Charge	\$722.23	\$770.08	\$743.29	\$792.53
	Distribution Charge 0-50,000	\$0.085720	\$0.091399	\$0.087292	\$0.093075
	Distribution Charge over 50,000	\$0.085720	\$0.091399	\$0.087292	\$0.093075
	Special Provision (d)	\$1.89	\$2.02	\$1.89	\$2.02
CIG	Service Charge	\$171.50	\$182.86	\$174.83	\$186.41
	Distribution Charge 0-600,000	\$0.076931	\$0.082028	\$0.078368	\$0.083560
	Distribution Charge over 600,000	\$0.066931	\$0.071365	0.068368	\$0.072897
	Special Provision (c) 1st para	\$1.89	\$2.02	\$1.89	\$2.02
BGSS RSG	Commodity Charge including Losses	\$0.318994	\$0.340127	\$0.318940	\$0.340070
CSG	Service Charge	\$722.23	\$770.08	\$743.29	\$792.53
	Distribution Charge - Non-Firm	\$0.085720	\$0.091399	\$0.087292	\$0.093075

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed change in the gas base rate 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	170	\$230.36	\$232.18	\$1.82	0.79%
50	340	357.16	360.68	3.52	0.99
100	610	567.94	574.32	6.38	1.12
159	1,000	870.17	880.59	10.42	1.20
172	1,040	895.22	906.10	10.88	1.22
200	1,210	1,024.42	1,037.00	12.58	1.23
300	1,816	1,485.80	1,504.70	18.90	1.27

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2019 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes change for Gas System Modernization Program II Base Rate Adjustments.

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:
170	25	\$27.80	\$28.06	\$0.26	0.94%
340	50	46.94	47.45	0.51	1.09
610	100	86.30	87.35	1.05	1.22
1,040	172	142.24	144.03	1.79	1.26
1,210	200	163.97	166.05	2.08	1.27
1,816	300	241.66	244.78	3.12	1.29

- (3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2019 and assumes that the customer receives commodity service from Public Service.
- (4) Same as (3) except includes change for Gas System Modernization Program II Base Rate Adjustments.

PSE&G GSMP II Earnings Test
in \$000

Schedule SS-GSMP II-7
Page 1 of 4

1	Equity Base for Earnings Test	2,807,373	See page 2
2	Allowed ROE	9.6%	2018 Base Rate Case
3	ROE Limit buffer	0.5%	From IIP
4	Maximum ROE	10.1%	= ln 2 + ln 3
5	Actual Net Income	266,937	See page 4
6	ROE for Earnings Test	9.51%	= ln 5 / ln 1
7	Earnings Test Pass / Fail	Pass	= IF ln 4 > 6, Pass else Fail

PSE&G GSMPII Earnings Test

in \$000

Schedule SS-GSMPII-7

Page 2 of 4

Common Equity Calculation

	Jan-19	Dec-19	Average
1 Common Equity	10,948,603	11,893,970	11,421,286
2 Gas Allocation	24%	25%	
3 Gas Equity Balance	2,655,751	2,958,995.86	2,807,373

Actual from FERC Form 1, page 112, line 16
See ln 4 [June 2018] and ln 7 [June 2019]
= ln 1 * ln 2

Gas Allocation Calculation

		Accumulated			%
		Gross Plant	Depreciation	Net Investment	
		Jan-19			
4	Gas Distribution	8,300,343	(2,374,687)	5,925,656	24% See page 3
5	Other	22,233,402	(3,729,941)	18,503,461	76% = ln 6 - ln 4
6	Total	30,533,745	(6,104,628)	24,429,117	100% FERC Form 1, page 110, line 2 (Plant) and 5 (Accum Dep)
		Dec-19			
7	Gas Distribution	8,899,004	(2,425,626)	6,473,378	25% See page 3
8	Other	24,125,410	(4,578,421)	19,546,990	75% = ln 9 - ln 7
9	Total	33,024,414	(7,004,047)	26,020,368	100%

PSE&G GSMP II Earnings Test

in \$000

Schedule SS-GSMP II-7

Page 3 of 4

Gas Net Plant

	Gas Distribution Plant In-Service	Gas Plant Held for Future Use	Gas Plant in Service for Earnings Test*	Gas Accumulated Depreciation
Jan-19	8,300,440	96	8,300,343	(2,374,687) Actual
Feb-19	8,332,720	96	8,332,624	(2,382,823) Actual
Mar-19	8,359,837	96	8,359,740	(2,382,432) Actual
Apr-19	8,407,768	96	8,407,671	(2,391,242) Actual
May-19	8,480,981	96	8,480,884	(2,396,651) Actual
Jun-19	8,523,804	96	8,523,708	(2,390,348) Actual
Jul-19	8,579,090	96	8,578,994	(2,397,160) Actual
Aug-19	8,647,415	96	8,647,319	(2,404,478) Actual
Sep-19	8,711,781	96	8,711,684	(2,405,454) Actual
Oct-19	8,770,872	96	8,770,776	(2,412,472) Frcst
Nov-19	8,821,421	96	8,821,324	(2,418,134) Frcst
Dec-19	8,899,100	96	8,899,004	(2,425,626) Frcst

* Excludes Plant Held for Future Use consistent with 2018 rate case Stipulation on earnings test for WNC

PSE&G GSMP II Earnings Test

in \$000

Schedule SS-GSMP II-7

Page 4 of 4

	Net Utility Operating Income*	Less Net Interest Charges*	Regulatory Net Income for Earnings Test	
Jan-19	79,944	(6,878)	73,066	<i>Actual</i>
Feb-19	71,793	(6,887)	64,906	<i>Actual</i>
Mar-19	57,795	(6,945)	50,850	<i>Actual</i>
Apr-19	19,427	(6,949)	12,478	<i>Actual</i>
May-19	3,247	(7,167)	(3,920)	<i>Actual</i>
Jun-19	366	(7,228)	(6,862)	<i>Actual</i>
Jul-19	1,385	(7,389)	(6,004)	<i>Actual</i>
Aug-19	(791)	(7,475)	(8,266)	<i>Actual</i>
Sep-19	1,219	(7,147)	(5,929)	<i>Actual</i>
Oct-19	11,298	(7,501)	3,797	<i>Forecast</i>
Nov-19	45,755	(7,495)	38,260	<i>Forecast</i>
Dec-19	62,663	(8,103)	54,560	<i>Forecast</i>
Total	354,101	(87,164)	266,937	

* Excludes GPRC

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY GAS CUSTOMERS

In The Matter Of The Petition Of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II") (December 2019 GSMP II Rate Filing)

Notice of Filing and Notice of Public Hearings

Docket No. XXXXXXXXXX

TAKE NOTICE that, in December 2019 Public Service Electric and Gas Company ("Public Service," "PSE&G," or the "Company") filed a Petition and supporting documentation with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking Board approval for gas base rate changes to provide for cost recovery associated with the Company's Gas System Modernization Program II ("GSMP II" or "the Program").

On May 22, 2018 the Board issued an Order ("GSMP II Order") approving the Program in Docket No. GR17070776. The GSMP II Order provided approval to invest up to \$1.575 billion to be recovered through the GSMP II rate recovery mechanism in order to replace PSE&G's cast iron mains and unprotected steel mains and services; address the abandonment of district regulators associated with this cast iron and unprotected steel plant; rehabilitate large diameter elevated pressure cast iron; upgrade utilization pressure portions of the system to elevated pressure; replace limited amounts of protected steel and plastic mains; and relocate inside meter sets.

Under the Company's proposal, PSE&G seeks Board approval to recover in base rates an estimated annual revenue increase of approximately \$18.2 million associated with actual Program investments of \$96.9 million through November 30, 2019 and forecasted investments of \$79.1 million through February 29, 2020.

For illustrative purposes, the estimated base rates effective June 1, 2020 including New Jersey Sales and Use Tax ("SUT") for Residential Rate Schedule RSG is shown in Table #1.

Table #2 provides customers with the approximate impact of the proposed increase in rates relating to the Gas System Modernization Program II, if approved by the Board. 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 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 \$567.94 to \$574.32, or \$6.38 or approximately 1.12%. 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 \$895.22 to \$906.10, or \$10.88 or approximately 1.22%. 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 # 3.

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.

Copies of the Company's filing are available for review at the Company's Customer Service Centers (addresses located here: <https://nj.pseg.com/customerservicelocations>), online at the PSEG website at <http://www.pseg.com/pseandgfilings>, and at the Board at 44 South Clinton Avenue, 2nd Floor, Trenton, New Jersey 08625-0350. Any member of the public who wants to inspect the petition at the Board may contact the Board's Division of Case Management at (609) 292-0806 to schedule an appointment.

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.

Date 1, 2020
Time 1
Location 1
Location 1 Overflow
Room 1
Room 1 Overflow
Address 1
City 1, New Jersey Zip 1

Date 2, 2020
Time 2
Location 2
Location 2 Overflow
Room 2
Room 2 Overflow
Address 2
City 2, New Jersey Zip 2

Date 3, 2020
Time 3
Location 3
Location 3 Overflow
Room 3
Room 3 Overflow
Address 3
City 3, New Jersey Zip 3

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings.

Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch or email aida.camacho@bpu.nj.gov whether or not they attend the public hearings.

Table # 1
BASE RATES
For Residential RSG Customers
Rates if Effective June 1, 2020

Rate Schedule			Base Rates	
			Charges in Effect December 1, 2019 Including SUT	Estimated Charges Including SUT
RSG	Service Charge	per month	\$8.62	\$8.62
	Distribution Charge	\$/Therm	0.384603	0.395075
	Off-Peak Use	\$/Therm	0.192301	0.197538
	Basic Gas Supply Service-RSG (BGSS-RSG)	\$/Therm	0.340127	0.340070

Table # 2
Proposed Percentage Change in Revenue
by Customer Class For Gas Service
For Rates if Effective June 1, 2020

	Rate Class	Percent Change
Residential Service	RSG	1.19
General Service	GSG	0.82
Large Volume Service	LVG	0.23
Street Lighting Service	SLG	0.05
Firm Transportation Gas Service	TSG-F	0.20
Non-Firm Transportation Gas Service	TSG-NF	0.22
Cogeneration Interruptible Service	CIG	0.31
Contract Services	CSG	0.13
Overall		0.84

The percent increases noted above are based upon December 1, 2019 Delivery Rates, the applicable Basic Gas Supply Service ("BGSS") charges, and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table # 3
Residential Gas Service For Rates if Effective June 1, 2020

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	\$27.80	\$28.06	\$0.26	0.94%
340	50	46.94	47.45	0.51	1.09
610	100	86.30	87.35	1.05	1.22
1,040	172	142.24	144.03	1.79	1.26
1,210	200	163.97	166.05	2.08	1.27
1,816	300	241.66	244.78	3.12	1.29

- (1) Based upon Delivery Rates and Basic Gas Supply Service ("BGSS-RSG") charges in effect December 1, 2019 and assumes that the customer receives commodity service from Public Service.

- (2) Same as (1) except includes change for GSMP II Base Rate Adjustments.

Danielle Lopez, Esq.
Assistant General Regulatory Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

ATTACHMENT 4**PUBLIC SERVICE ELECTRIC AND GAS COMPANY****INCOME ACCOUNT**

	<u>YTD 2018 *</u> <u>'(\$000)</u>
400 Electric Operating Revenues	3,149,850
Electric Operating Expenses:	
401 Operation Expense	2,195,136
402 Maintenance Expense	125,949
403 Depreciation Expense	271,664
404 Amortization of Limited Term Plant	12,105
407 Amortization of Property Losses	24,866
408.1 Taxes Other Than Income Taxes	23,558
409.1 Income Taxes - Federal	(18,262)
410.1 Provision for Deferred Income Taxes	918,677
411.1 Provision for Deferred Income Taxes - Credit	(793,364)
411.103 Accretion Expense-Electric	0
411.4 Investment Tax Credit Adjustments (Net)	(8,528)
Total Electric Utility Operating Expenses	<u>2,751,800</u>
Electric Utility Operating Income	<u>\$ 398,050</u>
* Electric Distribution only	
	<u>YTD 2018</u>
400 Gas Operating Revenues	1,790,946
Gas Operating Expenses:	
401 Operation Expense	1,197,349
402 Maintenance Expense	37,620
403 Depreciation Expense	151,969
404 Amortization of Limited Term Plant	9,446
407 Amortization of Property Losses	35,044
407.3 Amortization of Excess cost of removal	19,621
407.4 Amortization of Excess cost of removal	0
408.1 Taxes Other Than Income Taxes	19,175
409.1 Income Taxes - Federal	(37,249)
410.1 Provision for Deferred Income Taxes	1,369,818
411.1 Provision for Deferred Income Taxes - Cr	(1,284,180)
411.4 Investment Tax Credit Adjustments (Net)	(832)
Total Gas Utility Operating Expenses	<u>1,517,781</u>
Gas Utility Operating Income	<u>\$ 273,165</u>
Net Utility Operating Income	<u>\$ 671,215</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY**Attachment 5****Page 1 of 3****BALANCE SHEET****\$ (In Thousands)****Sep 30, 2019**

Assets and Other Debits

Utility Plant

Electric Utility Plant

101	Electric Utility Plant in Service	\$	20,311,708
103	Electric Experimental Plant Unclassified		-
105	Electric Utility Plant Held for Future Use		25,288
106	Electric Completed Construction not classified- Electric		2,427,034
107	Electric Construction Work in Progress		1,580,566
	Total Electric Utility Plant		<u>24,344,595</u>

Gas Utility Plant

101	Gas Utility Plant in Service	\$	8,498,031
103	Gas Experimental Plant Unclassified		-
105	Gas Utility Plant Held for Future Use		96
106	Gas Completed Construction not classified		62,361
107	Gas Construction Work in Progress		4,832
	Total Gas Utility Plant		<u>8,565,320</u>

Common Utility Plant

101	Common Utility Plant in Service	\$	455,903
106	Common Completed Construction not classified		385
107	Common Construction Work in Progress		13,583
	Total Common Utility Plant		<u>469,872</u>

Total Utility Plant	33,379,787
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Accumulated Provisions for Depreciation and Amortization of

Electric Utility Plant

108 & 111	Electric Utility Plant in Service	(3,842,829)
108.5	Electric Utility Plant Held for Future Use	-
	Total Electric Utility Plant	<u>(3,842,829)</u>

Gas Utility Plant

108 & 111	Gas Utility Plant in Service	(2,321,921)
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Common Utility Plant

108 & 111	Common Utility Plant in Service	(190,045)
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Total Accumulated Provisions for Depreciation and Amortization of Utility Plant	<u>(6,354,795)</u>
Net Utility Plant Excluding Nuclear Fuel	27,024,992

Nuclear Fuel

120.1	120.1	In Process	-
120.2	120.2	Materials and Assemblies Stock	-
120.3	120.3	In Reactor	-
120.4	120.4	Spent	-

Accumulated Provisions for Amortization

120.5	120.5	Nuclear Fuel	-
		Net Nuclear Fuel	-
		Net Utility Plant	<u>27,024,992</u>

Other Property and Investments

121	Nonutility Property	3,249
122	Accumulated Provision for Depreciation & Amortization of Nonutility Property	(850)
123 & 123.1	Investments in Associated & Subsidiary Companies	45,354
124	Other Investments	251,050
125-8	Special Funds	47,920
175	Long-Term Portion of Derivative Assets	-
	Total Other Property and Investments	<u>346,723</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

Sep 30, 2019

Current and Accrued Assets

131	Cash	\$	25,208
132-4	Special Deposits		36,359
135	Working Funds		-
136	Temporary Cash Investments		0
141-3	Notes and Accounts Receivable		908,404
144	Accumulated Provision for Uncollectible Accounts - Credit		(61,034)
145-6	Receivables from Associated Companies		16,491
151-5	Materials and Supplies (incl. 163)		212,965
158	Allowances		-
164	Gas Stored Underground - Current		-
165	Prepayments		123,160
171	Interest and Dividends Receivable		-
172	Rents Receivable		4,318
173	Accrued Utility Revenues		161,254
174	Miscellaneous Current and Accrued		20,432
175	Current Portion of Derivative Instrument Assets		-
	Total Current and Accrued Assets		1,447,557

Deferred Debits

181	Unamortized Debt Expense		56,956
182	Unrec'd Plt and Reg Costs and Other Reg Assets		3,916,617
183	Preliminary Survey and Investigation Charges		23,998
184	Clearing Accounts		-
185	Temporary Facilities		-
186	Miscellaneous Deferred Debits		123,734
188	Research and Development Expenditures		-
189	Unamortized Loss on Reacquired Debt		43,861
190	Accumulated Deferred Income Taxes		905,518
	Total Deferred Debits		5,070,683
	Total Assets and Other Debits	\$	33,889,955
			0

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

Sep 30, 2019

Liabilities and Other Credits

Proprietary Capital

201	Common Stock Issued	\$	892,260
204	Preferred Stock Issued		-
207	Premium on Capital Stock		-
208	Donations from Stockholders		2,080,903
210	Gain on Resale or Cancellation of Required Capital Stock		-
211	Miscellaneous Paid-In Capital		-
215	Appropriated Retained Earnings		-
216	Unappropriated Retained Earnings		8,931,766
216.1	Unappropriated Undistributed Subsidiary Earnings		272
219	Other Comprehensive Income		2,098
	Total Proprietary Capital		<u>11,907,299</u>

Long-Term Debt

221	221 Bonds		9,908,381
223	223 Advances from Assoc. Co.		-
225	225 Unamortized Premium on Long-Term Debt		-
226	226 Unamortized Discount on Long-Term Debt		(25,780)
	Total Long-Term Debt		<u>9,882,601</u>

Other Non-Current Liabilities

227-9	Other Non-current Liabilities		931,780
244	Long-Term Portion of Derivative Instrument Liabilities		-
230	Asset Retirement Obligation		300,322
	Total Other Non-Current Liabilities		<u>1,232,101</u>

Current and Accrued Liabilities

231	Notes Payable		10,000
232	Accounts Payable		601,824
233-4	Payables to Associated Companies		207,426
235	Customer Deposits		89,978
236	Taxes Accrued		2,210
237	Interest Accrued		91,341
238	Dividends Declared		-
239	Matured Long-Term Debt		-
241	Tax Collections Payable		397
242	Miscellaneous Current and Accrued Liabilities		614,310
243	Obligations Under Capital leases		-
244	Current Portion of Derivative Instrument Liabilities		-
	Total Current and Accrued Liabilities		<u>1,617,486</u>

Deferred Credits

252	Customer Advances for Construction		45,780
253	Other Deferred Credits		555,181
254	Other Regulatory Liabilities		3,489,704
255	Accumulated Deferred Investment Tax Credits		134,388
281-3	Accumulated Deferred Income Taxes		5,025,414
	Total Deferred Credits		<u>9,250,467</u>

Total Liabilities and Other Credits \$ 33,889,955