



June 27, 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")  
(June 2019 GSMP Rate Filing)

BPU Docket No. \_\_\_\_\_

***VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL***

Aida Camacho-Welch, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3rd 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 from the end.

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”) )  
(JUNE 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 June 2019 for rates to be effective December 1, 2019.

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 as reflected below, subject to the requirement that at least 10% of Program investment be in-service for each roll-in:

<b>GSMP II Rate Roll-in Schedule</b>				
<b>Roll-in #</b>	<b>Rates Effective</b>	<b>Initial Filing</b>	<b>Investment as of</b>	<b>True-up Filing</b>
1 <sup>1</sup>	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 <sup>2</sup>	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 August 31, 2019. The annualized increase in gas revenue requirement associated with those investment costs is approximately \$19.666 million in revenue and is supported by Attachment 2, Schedule SS-GSMP-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 August 31, 2019. The projected amounts of plant placed in service from June 1, 2019 through August 31, 2019 will be updated for actual results by September 15, 2019.

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 August 31, 2019. 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 \$11.68 or approximately 1.31%.

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, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101 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-GSMPII-5, are just and reasonable, and that PSE&G should be authorized to implement the proposed rates as set forth herein, effective December 1, 2019 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**

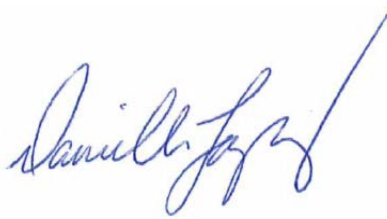
For all the foregoing reasons, PSE&G respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue an order approving this Petition specifically finding that:

22. PSE&G is authorized to recover all costs identified herein associated with GSMP II Program costs incurred through August 31, 2019, 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 December 1, 2019.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



DATED: June 27, 2019


By \_\_\_\_\_

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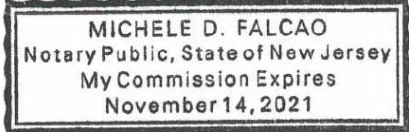
STATE OF NEW JERSEY     )  
COUNTY OF ESSEX         )

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 27<sup>th</sup> day of  
June 2019

<b>PUBLIC SERVICE ELECTRIC AND GAS</b> <b>Minimum Filing Requirements – Gas System Modernization Program II</b>	
<b>MINIMUM FILING REQUIREMENT( MFR)</b>	<b>LOCATION IN FILING</b>
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”)  
(June 2019 GSMP II Rate Filing)**

**BPU Docket No. \_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

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

**June 27, 2019**

## ATTACHMENT 1

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

6   **Q.     Please state your name and title.**

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

16 **Q.     What is the purpose of your testimony?**

17 A.     This testimony provides information on the status of certain projects and  
18 expenditures related to PSE&G’s Next Phase of the Gas System Modernization Program  
19 and Associated Cost Recovery Mechanism (“GSMP II”), which was approved in an  
20 Order of the New Jersey Board of Public Utilities (“BPU” or “Board”) dated May 22,  
21 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.  
5 Costs incurred in excess of the \$1.80 million per mile can be credited toward the  
6 Company's baseline capital expenditure requirement, which will be described in more  
7 detail below, in the year incurred. Recovery of costs in excess of the \$1.80 million  
8 per mile can 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  
11 \$300 million over the five-year program period—with no less than \$20 million  
12 expended in each calendar year. If the Company spends less than \$30 million in a  
13 year or less than \$100 million by the end of 2021, the Company must notify Board  
14 Staff and Rate Counsel and schedule a conference within 30 days of the date the  
15 Company provides such notice. An exemption can be granted based on extraordinary  
16 circumstances.

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

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

## ATTACHMENT 1

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

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

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

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

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

## ATTACHMENT 1

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

2 A. Yes. The Company agreed to conduct a methane leak survey of approximately  
3 280 miles of UPCI during the planning period of the Program and report the results in  
4 accordance with Attachment D of the GSMP II Order.

5 **GSMP II STATUS UPDATE**

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

8 A. Yes. All aspects of the Program are proceeding well. Through March 2019, the  
9 Company has replaced over ten miles of main and 595 services. The rate adjustments in  
10 this filing are for recovery of costs associated with gas plant that is anticipated to be in  
11 service by August 31, 2019. A breakdown of this work on investment proposed to be in  
12 rates is provided in the monthly reports provided in Schedule WEM-GSMP-2.

13 The expenditures are listed in Schedule WEM-GSMP-3 and include actual  
14 expenditures through April 30, 2019 and a forecast of gas capital expenditures from May  
15 1, 2019 through August 31, 2019 associated with gas plant that is anticipated to be in  
16 service by August 31, 2019.

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

18 A. Yes. To address the possibility that PSE&G may experience higher plant in  
19 service amounts and/or higher expenditures than currently anticipated by August 31,  
20 2019, this forecast is inclusive of contingency for this rate filing. Pursuant to the GSMP  
21 II Order, PSE&G will update this filing with actual financial data through August 31,

## ATTACHMENT 1

1 2019 and adjust the rate impacts accordingly, by September 15, 2019. PSE&G's  
2 update of this filing for actual data through August 31, 2019 will assure that only plant  
3 in-service is included in rates implemented as a result of this filing.

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

6 A. With regard to the Program investments, PSE&G anticipates having a total of 136  
7 miles of main installed and in-service, 6,700 services replaced and in-service, and 6  
8 district regulators abandoned as of August 31, 2019. Some trailing work associated with  
9 the main installed, such as service replacements, district regulator abandonments and  
10 pavement restoration, may not be completed by that date.

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

12 A. The Company currently expects Stipulated Base expenditures through August 31,  
13 2019 of approximately \$42 million, exceeding the minimum annual required investment  
14 of \$20 million for 2019 as well as the \$30 million minimum requiring a conference with  
15 Staff and Rate Counsel.

**ATTACHMENT 1**

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

3 A. Yes. The Company anticipates meeting or exceeding the \$155 million baseline  
4 requirement by the end of 2019.

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

7 A. The Company's 2018 open leak inventory was 1230. Based on the Open leak  
8 inventory from 2014 – 2017 as specified in paragraph 27 of the Stipulation approved  
9 in the GSMP II Order, the 5 year average leak inventory is 1676.80 as set forth in the  
10 below chart.

<b>yr</b>	<b>Open leaks YTD</b>
2014	1710
2015	2314
2016	1649
2017	1481
2018	1230
<b>5 yr ave</b>	1676.8

**ATTACHMENT 1**

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

2 A. For 2019, the Company must reduce its open leak inventory to at or below the  
3 5 year average leak inventory specified above. Thereafter the cap is reduced by 1%  
4 per year. The Company anticipates reducing its leak inventory to or below the cap by  
5 the end of the year.

6 **Q. Did the Company conduct the methane leak survey required in the**  
7 **GSMPII Order.**

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

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

12 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**  
Assistant General Regulatory Counsel

**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



April 1, 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 – January 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 January, 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  
Lisa Gurkas  
Brian Lipman  
Alex Moreau  
Stacy Peterson  
Ilene Lampitt  
Felicia Thomas-Friel  
Caroline Vachier  
Noreen Giblin  
Grace Strom Power

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
<b>Total</b>	<b>\$ 1,575,000,000</b>

2019 January PTD Budget	2019 January PTD Actual
\$ 2,099,637	\$ 2,477,878
\$ -	\$ 1,364,489
\$ -	\$ -
<b>\$ 2,099,637</b>	<b>\$ 3,842,367</b>

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
<b>Total</b>	<b>\$ 300,000,000</b>

2019 January PTD Budget	2019 January PTD Actual
\$ 3,113,151	\$ 3,705,830
\$ 1,099,099	\$ 677,227
\$ -	\$ -
\$ -	\$ 324,455
<b>\$ 4,212,250</b>	<b>\$ 4,707,511</b>

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	January PTD Actual Internal Labor \$	January PTD Actual Material \$	January PTD Actual Other \$	January PTD Actual Total \$
Replacement Main	\$ 779,473	\$ 164,964	\$ 1,533,441	\$ 2,477,878
Replacement Service	\$ 270,402	\$ 103,144	\$ 990,943	\$ 1,364,489
Regulator Elimination	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,049,875</b>	<b>\$ 268,108</b>	<b>\$ 2,524,384</b>	<b>\$ 3,842,367</b>
GSMP II Internal Labor Hours				
Internal Labor - Regular Hours	15,777			
Internal Labor - Overtime Hours	2,315			

Amount to Plant In-Service
\$ 2,314,483
\$ 1,364,489
\$ -
<b>\$ 3,678,972</b>

Expenditures Incurred To Date Stipulated Base II Projects	January PTD Actual Internal Labor \$	January PTD Actual Material \$	January PTD Actual Other \$	January PTD Actual Total \$
Replacement Main	\$ 724,336	\$ 339,132	\$ 2,642,362	\$ 3,705,830
Replacement Service	\$ 183,062	\$ 32,637	\$ 461,528	\$ 677,227
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 86,360	\$ 29,254	\$ 208,841	\$ 324,455
<b>Total</b>	<b>\$ 993,758</b>	<b>\$ 401,023</b>	<b>\$ 3,312,730</b>	<b>\$ 4,707,511</b>
Stip Base II Internal Labor Hours				
Internal Labor - Regular Hours	15,033			
Internal Labor - Overtime Hours	2,010			

Amount to Plant In-Service
\$ 3,399,267
\$ 674,873
\$ -
\$ 324,455
<b>\$ 4,398,595</b>

REPORT DATE: JAN 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	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	705,075	7,065	7,065
					4"	Plastic	2,126	1,046	327,114	1,046	1,046
					6"	Plastic	1,110	21	125,963	21	21
					8"	Plastic	0		29,848	-	-
					12"	Plastic	-	-	-	-	-
					12"	Steel	-	-	-	-	-
					16"	Steel	-	-	-	-	-
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	10,030	8,132	1,188,000	8,132	8,132
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	921	39	12,829	39	39
					>2"	Plastic	-	-	-	-	-
STIPULATED BASE	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	921	39	12,829	39	39
	Abandon Facilities Blanket	Abandon Regulator	Dec-23	Regulators Abandoned	N/A	N/A		-		-	-
	Abandon Facilities Blanket	Abandon Regulator	N/A	Regulators Abandoned	N/A	N/A		-		-	-
	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	1,458	8,272	57,574	8,272	8,272
					4"	Plastic	588	3,057	36,640	3,057	3,057
					6"	Plastic	590	3,748	11,067	3,748	3,748
					8"	Plastic	255	5	7,018	5	5
					8"	Steel			-	-	-
					12"	Plastic	-		1,335	-	-
					12"	Steel	1,941		19,625	-	-
					16"	Steel	714		14,485	-	-
					20"	Steel	-		97	-	-
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	5,546	15,082	147,840	15,082	15,082
STIPULATED BASE	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	72	146	1,000	146	146
					>2"	Plastic	-	-	-	-	-
	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	72	146	1,000	146	146
	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	-	-	-	-	-
	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	1,458	8,272	57,574	8,272	8,272
					4"	Plastic	588	3,057	36,640	3,057	3,057
					6"	Plastic	590	3,748	11,067	3,748	3,748
					8"	Plastic	255	5	7,018	5	5
					8"	Steel			-	-	-
	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	12"	Plastic	-		1,335	-	-
					12"	Steel	1,941		19,625	-	-
					16"	Steel	714		14,485	-	-
					20"	Steel	-		97	-	-
					N/A	N/A	5,546	15,082	147,840	15,082	15,082
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	72	146	1,000	146	146
					>2"	Plastic	-	-	-	-	-
	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	72	146	1,000	146	146
	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**  
Assistant General Regulatory Counsel

**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



May 1, 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 – February 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 February, 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  
Lisa Gurkas  
Brian Lipman  
Alex Moreau  
Stacy Peterson  
Ilene Lampitt  
Felicia Thomas-Friel  
Caroline Vachier  
Noreen Giblin  
Grace Strom Power

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
<b>Total</b>	<b>\$ 1,575,000,000</b>

2019 February PTD Budget	2019 February PTD Actual
\$ 2,318,663	\$ 6,553,692
\$ -	\$ 1,681,395
\$ -	\$ -
<b>\$ 2,318,663</b>	<b>\$ 8,235,087</b>

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
<b>Total</b>	<b>\$ 300,000,000</b>

2019 February PTD Budget	2019 February PTD Actual
\$ 6,821,098	\$ 6,795,187
\$ 2,621,026	\$ 1,858,745
\$ -	\$ -
\$ -	\$ 735,910
<b>\$ 9,442,124</b>	<b>\$ 9,389,841</b>

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	February PTD Actual Internal Labor \$	February PTD Actual Material \$	February PTD Actual Other \$	February PTD Actual Total \$
Replacement Main	\$ 1,979,056	\$ 482,237	\$ 4,092,399	\$ 6,553,692
Replacement Service	\$ 427,176	\$ 314,631	\$ 939,588	\$ 1,681,395
Regulator Elimination	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,406,232</b>	<b>\$ 796,868</b>	<b>\$ 5,031,987</b>	<b>\$ 8,235,087</b>
GSMP II Internal Labor Hours				
Internal Labor - Regular Hours	34,458			
Internal Labor - Overtime Hours	6,069			

Amount to Plant In-Service
\$ 6,336,225
\$ 1,681,395
\$ -
<b>\$ 8,017,620</b>

Expenditures Incurred To Date Stipulated Base II Projects	February PTD Actual Internal Labor \$	February PTD Actual Material \$	February PTD Actual Other \$	February PTD Actual Total \$
Replacement Main	\$ 1,333,597	\$ 560,133	\$ 4,901,456	\$ 6,795,187
Replacement Service	\$ 364,881	\$ 90,285	\$ 1,403,579	\$ 1,858,745
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 221,122	\$ 55,465	\$ 459,323	\$ 735,910
<b>Total</b>	<b>\$ 1,919,599</b>	<b>\$ 705,883</b>	<b>\$ 6,764,359</b>	<b>\$ 9,389,841</b>
Stip Base II Internal Labor Hours				
Internal Labor - Regular Hours	27,503			
Internal Labor - Overtime Hours	4,535			

Amount to Plant In-Service
\$ 6,238,292
\$ 1,856,391
\$ -
\$ 735,910
<b>\$ 8,830,593</b>

	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	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	705,075	16,280	16,280
					4"	Plastic	2,126	1,046	904	6,517	327,114	7,563	7,563
					6"	Plastic	1,110	21	465	2,273	125,963	2,294	2,294
					8"	Plastic	0		57	8	29,848	8	8
					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	1,188,000	26,145	26,145
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	921	39	795	251	12,829	290	290
					>2"	Plastic	-	-	-	2	-	2	-
Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	921	39	795	253	12,829	292	292	
Abandon Facilities Blanket	Abandon Regulator	Dec-23	Regulators Abandoned	N/A	N/A		-		-		-	-	
Abandon Facilities Blanket	Abandon Regulator	N/A	Regulators Abandoned	N/A	N/A		-		-		-	-	
STIPULATED BASE	Replace Facilities Blanket	Replacement Main	Dec-23	Feet of Main	2"	Plastic	1,458	8,272	471	7,575	57,574	15,847	15,847
					4"	Plastic	588	3,057	434	6,511	36,640	9,568	9,568
					6"	Plastic	590	3,748	354	461	11,067	4,209	4,209
					8"	Plastic	255	5	22	80	7,018	85	85
					8"	Steel	-	-	-	-	-	-	-
					12"	Plastic	-	-	5	1,335	5	5	
					12"	Steel	1,941	451	221	19,625	221	221	
					16"	Steel	714	1,006	-	14,485	-	-	
	20"	Steel	-	-	-	97	-	-					
	Replace Facilities Blanket	Replacement Main	N/A	Feet of Main	N/A	N/A	5,546	15,082	2,738	14,853	147,840	29,935	29,935
	Replace Facilities Blanket	Replacement Service	Dec-23	Services Replaced	≤ 2"	Plastic	72	146	81	167	1,000	313	313
					>2"	Plastic	-	-	-	5	-	5	-
	Replace Facilities Blanket	Replacement Service	N/A	Services Replaced	N/A	N/A	72	146	81	172	1,000	318	318
	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**  
Assistant General Regulatory Counsel

**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



June 1, 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 – March 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 March, 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  
Lisa Gurkas  
Brian Lipman  
Alex Moreau  
Stacy Peterson  
Ilene Lampitt  
Felicia Thomas-Friel  
Caroline Vachier  
Grace Strom Power

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 March PTD Budget	2019 March PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 11,897,095	\$ 12,850,177
Replacement Service	\$ 482,000,000	\$ 139,401	\$ 3,174,466
Regulator Elimination	\$ 5,600,000	\$ -	\$ -
<b>Total</b>	<b>\$ 1,575,000,000</b>	<b>\$ 12,036,496</b>	<b>\$ 16,024,643</b>

Stipulated Base II Major Project Categories	Overall Approved Program	2019 March PTD Budget	2019 March PTD Actual
Replacement Main	\$ 217,200,000	\$ 11,124,657	\$ 9,656,684
Replacement Service	\$ 34,800,000	\$ 3,564,576	\$ 2,542,436
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ -	\$ 1,189,948
<b>Total</b>	<b>\$ 300,000,000</b>	<b>\$ 14,689,233</b>	<b>\$ 13,389,068</b>

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	March PTD Actual Internal Labor \$	March PTD Actual Material \$	March PTD Actual Other \$	March PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 3,956,577	\$ 1,021,093	\$ 7,872,506	\$ 12,850,177	\$ 12,348,578
Replacement Service	\$ 892,682	\$ 696,212	\$ 1,585,571	\$ 3,174,466	\$ 3,174,466
Regulator Elimination	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 4,849,260</b>	<b>\$ 1,717,306</b>	<b>\$ 9,458,078</b>	<b>\$ 16,024,643</b>	<b>\$ 15,523,044</b>
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	65,768				
Internal Labor - Overtime Hours	12,884				

Expenditures Incurred To Date Stipulated Base II Projects	March PTD Actual Internal Labor \$	March PTD Actual Material \$	March PTD Actual Other \$	March PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 1,950,907	\$ 844,711	\$ 6,861,066	\$ 9,656,684	\$ 8,711,496
Replacement Service	\$ 503,006	\$ 115,214	\$ 1,924,216	\$ 2,542,436	\$ 2,540,082
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 394,495	\$ 115,765	\$ 679,688	\$ 1,189,948	\$ 1,189,948
<b>Total</b>	<b>\$ 2,848,408</b>	<b>\$ 1,075,690</b>	<b>\$ 9,464,970</b>	<b>\$ 13,389,068</b>	<b>\$ 12,441,527</b>
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	39,329				
Internal Labor - Overtime Hours	7,342				





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**Danielle Lopez**  
Assistant General Regulatory Counsel

**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



June 21, 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 – April 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 April, 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)

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Alex Moreau

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 April PTD Budget	2019 April PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 27,977,077	\$ 28,196,760
Replacement Service	\$ 482,000,000	\$ 2,522,099	\$ 6,580,091
Regulator Elimination	\$ 5,600,000	\$ -	\$ 5,741
<b>Total</b>	<b>\$ 1,575,000,000</b>	<b>\$ 30,499,176</b>	<b>\$ 34,782,592</b>

Stipulated Base II Major Project Categories	Overall Approved Program	2019 April PTD Budget	2019 April PTD Actual
Replacement Main	\$ 217,200,000	\$ 15,591,962	\$ 12,891,435
Replacement Service	\$ 34,800,000	\$ 4,319,682	\$ 3,277,518
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ -	\$ 1,854,312
<b>Total</b>	<b>\$ 300,000,000</b>	<b>\$ 19,911,644</b>	<b>\$ 18,023,265</b>

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	April PTD Actual Internal Labor \$	April PTD Actual Material \$	April PTD Actual Other \$	April PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 7,239,593	\$ 2,229,350	\$ 18,727,817	\$ 28,196,760	\$ 27,430,879
Replacement Service	\$ 1,879,656	\$ 1,306,635	\$ 3,393,800	\$ 6,580,091	\$ 6,580,091
Regulator Elimination	\$ 3,336	\$ 602	\$ 5,139	\$ 5,741	\$ 0
<b>Total</b>	<b>\$ 9,122,585</b>	<b>\$ 3,536,587</b>	<b>\$ 22,126,756</b>	<b>\$ 34,782,592</b>	<b>\$ 34,010,970</b>
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	113,202				
Internal Labor - Overtime Hours	28,102				

Expenditures Incurred To Date Stipulated Base II Projects	April PTD Actual Internal Labor \$	April PTD Actual Material \$	April PTD Actual Other \$	April PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 2,372,429	\$ 1,064,656	\$ 9,454,350	\$ 12,891,435	\$ 11,761,748
Replacement Service	\$ 804,634	\$ 187,080	\$ 2,285,804	\$ 3,277,518	\$ 3,273,279
Large Diameter HP Joints		\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 654,785	\$ 175,971	\$ 1,023,556	\$ 1,854,312	\$ 1,854,312
<b>Total</b>	<b>\$ 3,831,848</b>	<b>\$ 1,427,707</b>	<b>\$ 12,763,710</b>	<b>\$ 18,023,265</b>	<b>\$ 16,889,339</b>
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	49,794				
Internal Labor - Overtime Hours	10,766				

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**Danielle Lopez**  
Assistant General Regulatory Counsel

**Law Department**  
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Tel: 973.430.6479 fax: 973.430.5983  
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June 21, 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 – May 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 May, 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,

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Danielle Lopez

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



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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 May PTD Budget	2019 May PTD Actual
Replacement Main \$	\$ 1,087,400,000	\$ 51,961,044	\$ 52,495,131
Replacement Service \$	\$ 482,000,000	\$ 6,661,268	\$ 11,924,566
Regulator Elimination \$	\$ 5,600,000	\$ 39,930	\$ 96,588
<b>Total</b>	<b>\$ 1,575,000,000</b>	<b>\$ 58,662,242</b>	<b>\$ 64,516,285</b>

Stipulated Base II Major Project Categories	Overall Approved Program	2019 May PTD Budget	2019 May PTD Actual
Replacement Main \$	\$ 217,200,000	\$ 19,813,076	\$ 16,185,022
Replacement Service \$	\$ 34,800,000	\$ 4,985,387	\$ 3,791,379
Large Diameter HP Joints \$	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction \$	\$ 30,000,000	\$ -	\$ 2,977,261
<b>Total</b>	<b>\$ 300,000,000</b>	<b>\$ 24,798,463</b>	<b>\$ 22,953,662</b>

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	May PTD Actual Internal Labor \$	May PTD Actual Material \$	May PTD Actual Other \$	May PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 10,982,245	\$ 3,528,018	\$ 37,984,867	\$ 52,495,131	\$ 51,181,347
Replacement Service	\$ 3,131,233	\$ 2,041,489	\$ 6,751,844	\$ 11,924,566	\$ 11,924,566
Regulator Elimination	\$ 21,072	\$ 4,362	\$ 92,226	\$ 96,588	\$ 35,463
<b>Total</b>	<b>\$ 14,134,550</b>	<b>\$ 5,573,869</b>	<b>\$ 44,828,937</b>	<b>\$ 64,516,285</b>	<b>\$ 63,141,377</b>
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	134,788				
Internal Labor - Overtime Hours	36,908				

Expenditures Incurred To Date Stipulated Base II Projects	May PTD Actual Internal Labor \$	May PTD Actual Material \$	May PTD Actual Other \$	May PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 2,804,134	\$ 1,296,449	\$ 12,084,439	\$ 16,185,022	\$ 14,666,570
Replacement Service	\$ 901,784	\$ 226,162	\$ 2,663,433	\$ 3,791,379	\$ 3,780,836
Large Diameter HP Joints		\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 1,140,358	\$ 246,078	\$ 1,590,825	\$ 2,977,261	\$ 2,977,261
<b>Total</b>	<b>\$ 4,846,276</b>	<b>\$ 1,768,689</b>	<b>\$ 16,338,697</b>	<b>\$ 22,953,662</b>	<b>\$ 21,424,667</b>
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	54,672				
Internal Labor - Overtime Hours	13,323				

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Attachment 1  
Schedule WEM-GSMPII-3

Roll-In	1	1	1	1	1	1	1	1	1
	Actual 2019 Jan-19	Actual 2019 Feb-19	Actual 2019 Mar-19	Actual 2019 Apr-19	Actual 2019 May-19	Forecast 2019 Jun-19	Forecast 2019 Jul-19	Forecast 2019 Aug-19	Total
Miles of Main Replaced	2	3	6	21	24	30	29	22	136
<b><u>GSMP II Total Program</u></b>									
Direct Install	\$3,810,974	\$4,049,452	\$7,662,618	\$18,487,921	\$29,130,410	\$33,175,000	\$44,286,000	\$44,663,500	\$185,265,875
COR (less Salvage)	\$163,395	\$204,985	\$133,220	\$270,022	\$603,287	\$2,010,000	\$2,674,000	\$2,796,500	\$8,855,408
Total	\$3,974,369	\$4,254,437	\$7,795,838	\$18,757,943	\$29,733,696	\$35,185,000	\$46,960,000	\$47,460,000	\$194,121,283
<b><u>GSMP II Program - Mains</u></b>									
Direct Install	\$2,287,446	\$2,558,662	\$3,192,681	\$9,932,841	\$12,656,795	\$25,712,500	\$35,530,000	\$37,400,000	\$129,270,926
COR (less Salvage)	\$163,395	\$204,985	\$133,220	\$264,282	\$547,903	\$1,787,500	\$2,470,000	\$2,600,000	\$8,171,284
Total	\$2,450,841	\$2,763,647	\$3,325,901	\$10,197,123	\$13,204,698	\$27,500,000	\$38,000,000	\$40,000,000	\$137,442,210
<b><u>GSMP II Program - Services</u></b>									
Direct Install	\$1,523,528	\$1,490,790	\$4,469,937	\$8,555,080	\$16,473,615	\$7,462,500	\$8,756,000	\$7,263,500	\$55,994,949
COR (less Salvage)	\$0	\$0	\$0	\$5,741	\$55,384	\$37,500	\$44,000	\$36,500	\$179,125
Total	\$1,523,528	\$1,490,790	\$4,469,937	\$8,560,820	\$16,528,999	\$7,500,000	\$8,800,000	\$7,300,000	\$56,174,073
<b><u>GSMP II Program - Regulators</u></b>									
Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COR (less Salvage)	\$0	\$0	\$0	\$0	\$0	\$185,000	\$160,000	\$160,000	\$505,000
Total	\$0	\$0	\$0	\$0	\$0	\$185,000	\$160,000	\$160,000	\$505,000
<b><u>Stipulated Base Spend</u></b>									
Direct Install	\$4,074,088	\$4,484,816	\$3,853,058	\$4,443,463	\$4,531,886	\$6,045,000	\$6,603,000	\$4,836,000	\$38,871,310
COR (less Salvage)	\$308,916	\$279,091	\$389,099	\$190,735	\$398,511	\$455,000	\$497,000	\$364,000	\$2,882,352
Total	\$4,383,005	\$4,763,907	\$4,242,157	\$4,634,197	\$4,930,396	\$6,500,000	\$7,100,000	\$5,200,000	\$41,753,662
	<u>Amount</u>	<u>Percentage</u>							
Total GSMP II Program	\$1,575,000,000								
10% Minimum Filing Requirement	\$157,500,000	10%							
Roll-In # 1 (Actual/Forecast)	1	\$194,121,283	12%						

**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”)  
(June 2019 GSMP II Rate Filing)**

**BPU Docket No. \_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

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

**June 27, 2019**

## ATTACHMENT 2

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

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

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

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

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

## ATTACHMENT 2

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

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



**COST RECOVERY MECHANISM**

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

A. PSE&G is proposing to recover the annual revenue requirement associated with the Program consistent with the GSMP II Rate Mechanism approved in the GSMP II Order. The revenue requirement is based on expected plant in-service and cost of removal expenditures based on actual results through May 31, 2019 and a forecast through August 31, 2019. The forecast for June 1, 2019 through August 31, 2019 will be trued-up with actual results and filed by September 15, 2019.

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

A. The Company is proposing a forecasted annual revenue requirement increase of \$19.666 million based upon the actual and forecasted expenditures discussed above and assuming adjusted base rates go into effect December 1, 2019. The revenue requirement increase is calculated in Schedule SS-GSMPII-2.

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

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

$$\begin{aligned} \text{Revenue Requirements} = & ((\text{GSMP II Rate Mechanism Rate Base} * \\ & \text{After Tax WACC}) + \text{Depreciation Expense (net of tax)} + \text{Expense} \\ & \text{Adjustment} + \text{Tax Adjustments}) * \text{Revenue Factor} \end{aligned}$$

## ATTACHMENT 2

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

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

15 **Q. What is the Weighted Average Cost of Capital (WACC) utilized in the**  
16 **calculation of the revenue requirement?**

17 A. Per the GSMP II Order, the WACC for the GSMP II Rate Mechanism will be  
18 based upon the authorized ROE and capital structure including income tax effects  
19 decided by the Board in the most recently approved base rate case. In October 2018,  
20 the Board approved the Company's 2018 base rate case<sup>1</sup>, which set the WACC at

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<sup>1</sup> In the Matter of the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas

## ATTACHMENT 2

1 6.99%, or 6.48% on an after-tax basis, based on a Return on Equity of 9.60% and a  
2 cost of debt of 3.96%. This WACC is utilized in the GSMPII Rate Mechanism  
3 consistent with the GSMP II Order. For the calculation of the WACC and after-tax  
4 WACC, see Schedule SS-GSMPII-3.

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

6 A. Depreciation expense is calculated as Gross Plant in-Service multiplied by the  
7 applicable annual depreciation rate for the assets being placed into service. The  
8 GSMP II Order specified the depreciation rates would be based on the depreciation  
9 rates applied to the same asset in current base rates. The Company's 2018 base rate  
10 case established new depreciation rates by asset class. The asset classes expected to  
11 be applicable to the GSMP II investment are mains, services and regulators. The  
12 depreciation rates for mains, services, and regulators will be 1.39%, 1.81%, and  
13 3.27% respectively, as established in the 2018 base rate case, and will be applicable to  
14 the GSMP II plant placed into service. Since the net revenue requirement for the roll-  
15 in will be grossed up by the revenue factor in the revenue requirement formula  
16 approved by the Board, the depreciation expense must be calculated net of tax. The  
17 tax basis associated with the depreciation expense is calculated as direct in-service  
18 expenditures plus any CWIP capital expenditures transferred into service, plus the  
19 debt component of any AFUDC transferred into service. The depreciation expense

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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 net of tax is calculated as the annual depreciation expense less the tax associated with  
2 the depreciation expense as described above. The equity portion of the AFUDC  
3 transferred into service is not recognized in the tax basis of the plant transferred into  
4 service. As a result, there is no tax depreciation expense associated with that portion  
5 of Plant in-Service. Therefore, the depreciation expense net of tax must be multiplied  
6 by the revenue factor to recover the tax gross-up related to the AFUDC-equity. The  
7 Company currently does not anticipate any CWIP associated with the GSMP II.

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

9 A. The Expense Adjustment is an adjustment to capture the estimated O&M  
10 savings related to leak reduction, partially offset by the expenses related to leak  
11 detection surveying. In accordance with paragraph 33a of the Stipulation approved in  
12 the GSMP II Order, the replacement of 875 miles of main will have an O&M saving  
13 of \$3.3 million for the entire program, which is \$3,771 per mile. This cost per mile  
14 will be applied to the miles of main replaced during the filing period, which is  
15 estimated to be 136 miles for an O&M savings of approximately \$503,000. In  
16 accordance with paragraph 33b, the Company conducted leak detection surveying.  
17 The total leak detection surveying cost for the GSMP II program is \$50,000 which  
18 will be amortized over five years. For the calculation of the Expense Adjustment and  
19 after-tax Expense Adjustment, see Schedule SS-GSMPII-2.

## ATTACHMENT 2

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

2 A. The Tax Adjustment is an adjustment to capture the effects of any flow through  
3 items and any tax law changes codified by the IRS, the State of New Jersey, or any  
4 other taxing authority.

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

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

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

10 A. The Revenue Factor adjusts the revenue requirement net of tax for federal and  
11 state income taxes and the costs associated with the BPU and Division of Rate  
12 Counsel (RC) Annual Assessments and Gas Revenue Uncollectibles. The BPU/RC  
13 Assessment Expenses consist of payments, based upon a percentage of revenues  
14 collected (updated annually), to the State based on the electric and gas intrastate  
15 operating revenues for the utility. The Company has utilized the respective BPU/RC  
16 assessment rates based on the 2019 fiscal year assessment, which are 0.23% and  
17 0.06%, respectively, and the Gas Revenue Uncollectible rate of 1.60%, which was set  
18 in the Company's 2018 base rate case. See Schedule SS-GSMPII-4 for the calculation  
19 of the revenue factor.

## ATTACHMENT 2

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

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

### 5 **RATE DESIGN**

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

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

14 The detailed calculations supporting the rate design are shown in Schedule SS-  
15 GSMPII-5. This schedule contains the proposed base rates as a result of the GSMP II  
16 base rate adjustment effective for December 1, 2019.

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

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

20 The annual impact of the proposed rates to the typical residential gas heating  
21 customers using 172 therms in a winter month and 1,040 therms annually would be an

## ATTACHMENT 2

1 increase in the annual bill from \$893.03 to \$904.71 or \$11.68 or approximately 1.31%  
2 (based upon Delivery Rates and BGSS-RSG charges in effect June 1, 2019, and  
3 assuming that the customer receives BGSS service from PSE&G).

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

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

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

13 A. Yes. The GSMP Rate Mechanism was approved for \$1.575 billion per  
14 paragraph 17 of the Stipulation approved in the GSMP II Order, and thus the 10%  
15 threshold is \$157.5 million. As shown in Schedule WEM-GSMPII-3, the Company  
16 anticipates plant in-service of \$194.1 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  
4 from the utility's last base rate case by 50 basis points or more, accelerated recovery  
5 shall not 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  
10 the beginning and ending common equity balances for the corresponding period.”

11 **Q. How was rate base calculated for the earnings test?**

12 A. Rate Base was calculated for the beginning and ending balance using the same  
13 methodology as specified for the Company’s Weather Normalization Charge in the  
14 2018 base rate case. The components as specified in the 2018 base rate case are Plant  
15 In-service (excluding Plant Held for Future Use), less Accumulated Depreciation and  
16 Accumulated Deferred Income Taxes, plus Materials and Supplies and Prepayments.

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

18 A. Net Income is calculated as the Company’s operating expenses less Interest  
19 Expense, which is included in Operating Income. The Net Income calculation



## ATTACHMENT 2

1 excludes earnings from the Company's Green Programs, which are also excluded  
2 from the Company's rate base.

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

4 A. The earnings test for this filing is based on the 12 month period of July 2018  
5 through June 2019. Given the Company will update its filing for actual results  
6 through August 31, 2019, June 2019 represents the most recent publically available  
7 information at the time the Company updates its filing for actual results by September  
8 15, 2019.

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

10 A. The Company estimates its ROE for purposes of the earnings test is 9.38%.  
11 This is below the ROE threshold in the IIP of 10.1%, and therefore the Company's  
12 earnings do not preclude the rate roll-in in this case. The Company will update the  
13 earnings test for actual results by September 15, 2019, consistent with the update for  
14 GSMP II investment. Please see Schedule SS-GSMPII-7 for the earnings test  
15 calculation.

16 **Q. Does the proposed earnings test overstate the Company's actual ROE?**

17 A. Yes. First, the calculation of the common equity balance for this earnings test  
18 excludes certain rate base components, which are not available, and would be  
19 included in a rate case. Most notably, cash working capital, which requires an  
20 extensive separate study that is prepared as part of a base rate proceeding, resulting in

## ATTACHMENT 2

1 an increase to rate base, increasing the common equity balance, and thus lowering the  
2 ROE for this earnings test. Second, the IIP specifies the average common equity  
3 balance to be calculated as, "...the average of the beginning and ending common  
4 equity balances for the corresponding period..." as opposed to a base rate case which  
5 uses the common equity balance at the end of the test year. Because the Company is  
6 continually investing in its system and rate base therefore increases every month, an  
7 average rate base and resulting average common equity balance for the corresponding  
8 earnings period overstates the Company's ROE. Notwithstanding these issues with  
9 this ROE calculation, the Company's ROE of 9.38% for this earnings test is still  
10 below its allowed return of 9.60% and well below the 10.1% threshold specified in the  
11 IIP.

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

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

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

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

8 **EDUCATIONAL BACKGROUND**

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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G	TBD	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
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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G	TBD	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	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(\$4AllExt) / 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, \$4All, 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 (\$4All) / 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

Attachment 2

## Gas Roll-in Calculation Roll-in Filing

Schedule SS-GSMP II-2

in (\$000)

<b>Rate Effective Date</b>	<b><u>12/1/2019</u></b>
Plant In Service as of Date	8/31/2019
Rate Base Balance as of Date	11/30/2019

### RATE BASE CALCULATION

	<b>Total</b>	Notes
1 Gross Plant	\$185,266	= In 17
2 Accumulated Depreciation	\$7,566	= In 20
3 Net Plant	\$192,831	= In 1 + In 2
4 Accumulated Deferred Taxes	-\$3,782	= See "Roll-In Detail" Wkps
5 Rate Base	\$189,049	= In 3 + In 4
6 Rate of Return - After Tax (Schedule WACC)	6.48%	See Schedule SS-GSMP II-3
7 Return Requirement (After Tax)	\$12,254	= In 5 * In 6
8 Depreciation Exp, net	\$2,019	= In 26
9 Expense Adjustment (After Tax)	-\$362	= In 35
10 Tax Adjustment	\$0	N/A
11 Revenue Factor	1.4137	See Schedule SS-GSMP II-4
12 <b>Roll-in Revenue Requirement</b>	<b>\$19,666</b>	= (In 7 + In 8 + In 9 + In 10) * In 11

### **SUPPORT**

#### Gross Plant

13 Plant in-service	\$185,266	= 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 <b>Total Gross Plant</b>	<b>\$185,266</b>	= In 13 + In 14 + In 15 + In 16

#### Accumulated Depreciation

18 Accumulated Depreciation	-\$1,290	= See "Roll-In Detail" Wkps
19 Cost of Removal	\$8,855	= See "Roll-In Detail" Wkps
20 <b>Net Accumulated Depreciation</b>	<b>\$7,566</b>	= In 18 + In 19

#### Depreciation Expense (Net of Tax)

21 Depreciable Plant (xAFUDC-E)	\$185,266	= In 13 + In 14 + In 15
22 AFUDC-E	\$0	= In 16
23 Depreciation Rate	1.52%	= See "Roll-In Detail" Wkps
24 Depreciation Expense	\$2,809	= (In 21 + In 22) * In 23
25 Tax @28.11%	\$790	= In 21 * In 23 * Tax Rate
26 <b>Depreciation Expense (Net of Tax)</b>	<b>\$2,019</b>	= 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**

	<b><u>Percent</u></b>	<b><u>Embedded Cost</u></b>	<b><u>Weighted Cost</u></b>	<b><u>Pre-Tax Weighted Cost</u></b>	<b><u>After-Tax Weighted Cost</u></b>
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

	<b><u>ELECTRIC</u></b>	<b><u>GAS</u></b>	
Revenue Increase	100.0000	100.0000	
Uncollectible Rate	1.6000	1.6000	2018 Base Rate Case
BPU Assessment Rate	0.0023	0.0023	2019 BPU Assessment
Rate Counsel Assessment Rate	<u>0.0006</u>	<u>0.0006</u>	2019 RC Assessment
Income before State of NJ Bus. Tax	99.9971	98.3971	
State of NJ Bus. Income Tax @ 9.00%	<u>8.9997</u>	<u>8.8557</u>	
Income Before Federal Income Taxes	90.9974	89.5414	
Federal Income Taxes @ 21%	<u>19.1095</u>	<u>18.8037</u>	
Return	<u>71.8879</u>	<u>70.7377</u>	
Revenue Factor	<b><u>1.3911</u></b>	<b><u>1.4137</u></b>	

**Gas Revenue Requirement Allocation Explanation of Format**

Pages 2 through 5 presented in Schedule SS-GSMPII-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-GSMPII-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 June 1, 2019. The commodity rates in the Column (2) reflect the 2019 class-weighted averages (BGSS-RSG uses the rate as of 1/1/2019). 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 10 and 11 of this schedule.

## Cost of Service and Rate Design Sync

### Part 1: 2018 Base Rate Case Final Revenue Allocation

Notes:

1	Requested increase in Revenue Requirements						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
12	Total Target Distribution Revenue Requirements						= line 11 + page 3, col 2
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	\$ 364,261,204	\$ 298,756,197	\$ 42,735,206	\$ 22,731,869	\$ 37,931	= line 5 * line 15
17	Distribution Delivery	\$ 379,713,139	\$ 241,707,699	\$ 44,572,168	\$ 93,405,851	\$ 27,421	= line 6 * line 15
18	Streetlighting Fixtures	\$ 417,670	\$ 0	\$ 0	\$ 0	\$ 417,670	= line 7
19	Customer Service	\$ 83,903,802	\$ 75,431,262	\$ 6,605,443	\$ 1,865,754	\$ 1,343	= line 8 * line 15
20	Measurement	\$ 101,176,906	\$ 74,158,232	\$ 16,787,309	\$ 10,231,321	\$ 43	= line 9 * line 15
21	Total	\$ 929,472,721	\$ 690,053,391	\$ 110,700,126	\$ 128,234,795	\$ 484,409	

## Inter Class Revenue Allocations

### Calculation of Increase Limits

<u>line #</u>		(in \$1,000)	Notes:
1	Requested Revenue Increase to be recovered from rate schedule charges =	\$ 19,666	Schedule SS-GSMPII-1
2	Present Distribution Revenue =	\$ 909,806 from RSG, GSG, LVG & SLG	Page 4, col 3, line 11
3	Present Total Customer Bills (all on BGSS) =	\$ 2,096,185	Page 4, col 5, line 11
4	Average Distribution Increase =	2.162%	= Line 1 / Line 2
5	Average Total Bill Increase =	0.938%	= Line 1 / Line 3
6	Lower Distribution increase limit =	1.081% in Distribution charges	= 0.5 * Line 4
7	Upper Distribution increase limit #1 =	3.243% in Distribution charges	= 1.5 * Line 4
8	Upper Bill increase limit #2 =	1.876% in Bill Increase	= 2.0 * Line 5
	all rounded to 0.001%		

<sup>1</sup> 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-GSMPII-1 workpapers	= (2) - (3)	Page 6	= (4) / (3)	SS-GSMPII-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 =			2.162%					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	298,756	75,431	74,158	448,345.692	1,635,900	\$ 22.84	\$ 8.08	\$ 8.08	Fixed per 2018 Base Rate Case
3	GSG	42,735	6,605	16,787	66,127.958	140,771	\$ 39.15	\$ 14.50	\$ 14.97	move to costs, limited @ 1.5 times overall avg Distribution % increase
4	LVG	22,732	1,866	10,231	34,828.944	18,375	\$ 157.96	\$ 128.76	\$ 132.94	move to costs, limited @ 1.5 times overall avg Distribution % increase
5	TSG-F	530	400	20	950.672	37	\$ 2,141.15	\$ 689.62	\$ 711.98	move to costs, limited @ 1.5 times overall avg Distribution % increase
6	TSG-NF							\$ 689.62	\$ 711.98	set equal to new TSG-F Service Charge
7	CIG							\$ 166.28	\$ 169.87	increase current @ average Distribution % increase
8	CSG							\$ 689.62	\$ 711.98	set equal to new TSG-F Service Charge
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Notes:		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	
	<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)
<b><u>Delivery</u></b>								
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	0.345322	516,212	1,494,872	0.355912	532,043	15,831	3.07
3 Off-Peak Dist	56	0.172661	10	56	0.177956	10	0	0.00
4 Balancing Charge	917,326	0.096436	88,463	917,326	0.096436	88,463	0	0.00
5 SBC	1,494,928	0.045724	68,354	1,494,928	0.045724	68,354	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	0.009676	8,876	917,326	0.009676	8,876	0	0.00
8 Green Programs Recovery Charge	1,494,928	0.005014	7,496	1,494,928	0.005014	7,496	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)			(15)	0	0.00
14 Delivery Subtotal	1,494,928		\$734,530	1,494,928		\$750,361	\$15,831	2.16
15 Unbilled Delivery			(3,315)			(3,386)	(71)	2.14
16 Delivery Subtotal w unbilled			\$731,215			\$746,975	\$15,760	2.16
17								
<b><u>Supply</u></b>								
19 BGSS-RSG	1,494,872	0.328564	\$491,161	1,494,872	0.328564	\$491,161	\$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	(0.000059)	(88)	(88)	0.00
22 Off-Peak Comm. Charge	46	0.303594	14	46	0.303594	14	0	0.00
23								
24 Miscellaneous			(1)			(1)	0.00	0.00
25 Supply subtotal	1,494,918		\$491,174	1,494,918		\$491,086	(88.00)	(0.02)
26 Unbilled Supply			(3,737)			(3,736)	1.00	(0.03)
27 Supply Subtotal w unbilled			\$487,437			\$487,350	(87.00)	(0.02)
28								
29 Total Delivery + Supply	1,494,928		\$1,218,652	1,494,928		\$1,234,325	15,673.00	1.29
30								
31								
32								

33 Notes:

34 All customers assumed to be on BGSS.

35 Annualized Weather Normalized Revenue reflects Delivery rates in effect 6/1/2019

36 plus applicable BGSS charges.

37

**RATE SCHEDULE GSG  
GENERAL 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)
<b><u>Delivery</u></b>								
1 Service Charge	1,689,246	14.50	\$24,494	1,689,246	14.97	\$25,288	\$794	3.24
2 Distribution Charge - Pre 7/14/97	2,183	0.280009	611	2,183	0.285724	624	13	2.13
3 Distribution Charge - All Others	295,256	0.280009	82,674	295,256	0.285724	84,362	1,688	2.04
4 Off-Peak Dist Charge - Pre 7/14/97	0	0.140005	0	0	0.142862	0	0	0.00
5 Off-Peak Dist Charge - All Others	45	0.140005	6	45	0.142862	6	0	0.00
6 Balancing Charge	173,170	0.096436	16,700	173,170	0.096436	16,700	0	0.00
7 SBC	297,484	0.045724	13,602	297,484	0.045724	13,602	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	0.009676	1,676	173,170	0.009676	1,676	0	0.00
10 Green Programs Recovery Charge	297,484	0.005014	1,492	297,484	0.005014	1,492	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		\$122,297	297,484		\$124,792	\$2,495	2.04
17 Unbilled Delivery			369			376	7	1.90
18 Delivery Subtotal w unbilled			\$122,666			\$125,168	\$2,502	2.04
19								
<b><u>Supply</u></b>								
21 BGSS	297,484	0.544258	\$161,908	297,484	0.544258	\$161,908	\$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	(0.000025)	(7)	(7)	0.00
24								
25 Miscellaneous			(51)			(51)	0	0.00
26 Supply subtotal	297,484		\$161,857	297,484		\$161,850	(7)	0.00
27 Unbilled Supply			11,026			11,026	0	0.00
28 Supply Subtotal w unbilled			\$172,883			\$172,876	(7)	0.00
29								
30 Total Delivery + Supply	297,484		<u>\$295,549</u>	297,484		<u>\$298,044</u>	<u>\$2,495</u>	0.84

31

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34 Notes:

35 All customers assumed to be on BGSS.

36 Annualized Weather Normalized Revenue reflects Delivery rates in effect 6/1/2019

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)
<b><u>Delivery</u></b>								
1 Service Charge	220,495	128.76	\$28,391	220,495	132.94	\$29,313	\$922	3.25
2 Demand Charge	18,017	3.9207	70,639	18,017	3.9393	70,974	335	0.47
3 Distribution Charge 0-1,000 pre 7/14/97	8,974	0.039047	350	8,974	0.041275	370	20	5.71
4 Distribution Charge over 1,000 pre 7/14/97	45,378	0.042397	1,924	45,378	0.042058	1,909	(15)	(0.78)
5 Distribution Charge 0-1,000 post 7/14/97	145,700	0.039047	5,689	145,700	0.041275	6,014	325	5.71
6 Distribution Charge over 1,000 post 7/14/97	540,051	0.042397	22,897	540,051	0.042058	22,713	(184)	(0.80)
7 Balancing Charge	361,999	0.096436	34,910	361,999	0.096436	34,910	0	0.00
8 SBC	740,103	0.045724	33,840	740,103	0.045724	33,840	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	0.009676	3,503	361,999	0.009676	3,503	0	0.00
11 Green Programs Recovery Charge	740,103	0.005014	3,711	740,103	0.005014	3,711	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	(0.09)
17 Delivery Subtotal	740,103		\$180,715	740,103		\$182,118	\$1,403	0.78
18 Unbilled Delivery			(46)			(45)	1	(2.17)
19 Delivery Subtotal w unbilled			\$180,669			\$182,073	\$1,404	0.78
20								
21								
<b><u>Supply</u></b>								
23 BGSS	740,103	0.539295	\$399,134	740,103	0.539295	\$399,134	\$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	(0.000025)	(19)	(19)	0.00
26								
27 Miscellaneous			(143)			(143)	0	0.00
28 Supply Subtotal	740,103		\$398,991	740,103		\$398,972	(\$19)	0.00
29 Unbilled Supply			1,196			1,196	0	0.00
30 Supply Subtotal w unbilled			\$400,187			\$400,168	(\$19)	0.00
31								
32 Total Delivery + Supply	740,103		<u>\$580,856</u>	740,103		<u>\$582,241</u>	<u>\$1,385</u>	0.24

36 Notes:

37 All customers assumed to be on BGSS.

38 Annualized Weather Normalized Revenue reflects Delivery rates in effect 6/1/2019

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)
<b><u>Delivery</u></b>								
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	0.045455	30.854	678.777	0.046308	31.433	0.579	1.88
7 SBC	678.777	0.045724	31.036	678.777	0.045724	31.036	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	0.005014	3.403	678.777	0.005014	3.403	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		\$391.956	678.777		\$392.535	\$0.579	0.15
16 Unbilled Delivery			0.000			0.000	0.000	0.00
17 Delivery Subtotal w unbilled			\$391.956			\$392.535	\$0.579	0.15
18								
<b><u>Supply</u></b>								
20 BGSS	678.777	0.529386	\$359.335	678.777	0.529386	\$359.335	\$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	(0.000025)	(0.017)	(0.017)	0.00
23 Miscellaneous			131.390			131.390	0.000	0.00
24 Supply Subtotal	678.777		\$490.725	678.777		\$490.708	(\$0.017)	0.00
25 Unbilled Supply			245.363			245.354	(0.009)	0.00
26 Supply Subtotal w unbilled			\$736.088			\$736.062	(\$0.026)	0.00
27								
28 Total Delivery + Supply	678.777		\$1,128.044	678.777		\$1,128.597	\$0.553	0.05

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 6/1/2019

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)
<b><u>Delivery</u></b>								
1 Service Charge	0.166	166.28	\$28	0.166	169.87	\$28	\$0	0.00
2 Margin 0-600,000	32,835	0.074642	2,451	32,835	0.076225	2,503	52	2.12
3 Margin over 600,000	8,232	0.064642	532	8,232	0.066225	545	13	2.44
4 Extended Gas Service	0	0.150000	0	0	0.150000	0	0	0.00
5 SBC	41,067	0.045724	1,878	41,067	0.045724	1,878	0	0.00
6 Green Programs Recovery Charge	41,067	0.005014	206	41,067	0.005014	206	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		\$4,645	41,067		\$4,710	\$65	1.40
13 Unbilled Delivery			(32)			(32)	0	0.00
14 Delivery Subtotal w unbilled			\$4,613			\$4,678	\$65	1.41
15								
<b><u>Supply</u></b>								
17 Commodity Component	41,067	0.336694	\$13,827	41,067	0.336694	\$13,827	\$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		\$16,526	42,321		\$16,526	\$0	0.00
23 Unbilled Supply			(69)			(69)	0	0.00
24 Supply Subtotal w unbilled			\$16,457			\$16,457	\$0	0.00
25								
26 Total Delivery + Supply	41,067		<u>\$21,070</u>	41,067		<u>\$21,135</u>	<u>\$65</u>	0.31

30 Notes:

31 All customers assumed to be on BGSS.

32 Annualized Weather Normalized Revenue reflects Delivery rates in effect 6/1/2019

33 plus applicable BGSS charges.

34

**RATE SCHEDULE TSG-F  
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>
	(1)	(2)	(3=1*2)	(4)	(5)	(6=4*5)	(7=6-3)	(8=7/3)
<b><u>Delivery</u></b>								
1 Service Charge	0.494	689.62	\$340.672	0.494	711.98	\$351.718	\$11.046	3.24
2 Demand Charge	487	2.0476	997.181	487	2.0643	1,005.314	8.133	0.82
3 Demand Charge, Agreements	0	0.0000	0.000	0	0.0000	0.000	0.000	0.00
4 Distribution Charge	25,950	0.078269	2,031.081	25,950	0.078906	2,047.611	16.530	0.81
5 Distribution Charge, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
6 SBC	25,950	0.045724	1,186.538	25,950	0.045724	1,186.538	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	0.005014	130.113	25,950	0.005014	130.113	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)			(54.061)	(0.027)	0.05
17 Delivery Subtotal	25,950		3,933.392	25,950		3,969.074	35.682	0.91
18 Unbilled Delivery			35.093			35.411	0.318	0.91
19 Delivery Subtotal w unbilled			3,968.485			4,004.485	36.000	0.91
20								
<b><u>Supply</u></b>								
22 Commodity Charge, BGSS-F	25,950	0.525934	\$13,648.000	25,950	0.525934	\$13,648.000	\$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		\$13,648.000	25,950		\$13,648.000	\$0.000	0.00
26 Unbilled Supply			0.000			0.000	0.000	0.00
27 Supply Subtotal w unbilled			\$13,648.000			\$13,648.000	\$0.000	0.00
28								
29 Total Delivery + Supply	25,950		\$17,616.485	25,950		\$17,652.485	\$36.000	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 6/1/2019

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> (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)
<b><u>Delivery</u></b>								
1 Service Charge	2,218	689.62	\$1,530	2,218	711.98	\$1,579	\$49	3.20
2 Dist Charge 0-50,000	99,839	0.083251	8,312	99,839	0.084960	8,482	170	2.05
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	0.083251	5,613	67,427	0.084960	5,729	116	2.07
5 Dist Charge over 50,000, Agreements	11,318	0.023502	266	11,318	0.023502	266	0	0.00
6 SBC	167,266	0.045724	7,648	167,266	0.045724	7,648	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	0.005014	839	167,266	0.005014	839	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		\$23,012	179,184		\$23,347	\$335	1.46
16 Unbilled Delivery			(7,743)			(7,858)	(115)	1.49
17 Delivery Subtotal w unbilled			\$15,269			\$15,489	\$220	1.44
18								
<b><u>Supply</u></b>								
20 Commodity Charge, BGSS-I	179,184	0.494609	\$88,626	179,184	0.494609	\$88,626	\$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		\$88,687	179,229		\$88,687	\$0	0.00
26 Unbilled Supply			(3,000)			(3,000)	0	0.00
27 Supply Subtotal w unbilled			\$85,687			\$85,687	\$0	0.00
28								
29 Total Delivery + Supply	179,184		\$100,956	179,184		\$101,176	\$220	0.22
30								
31								
32								

33 Notes:

34 All customers assumed to be on BGSS.

35 Annualized Weather Normalized Revenue reflects Delivery rates in effect 6/1/2019

36 plus applicable BGSS charges.

**RATE SCHEDULE CSG  
CONTRACT SERVICES  
GSMP II**

(Terms & 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)
<b>Delivery</b>								
1 Service Charge - Power	0.0800	689.62	\$55	0.0800	711.98	\$57	\$2	3.64
2 Service Charge - Power- Non Firm	0.0120	689.62	8	0.0120	711.98	9	1	12.50
3 Service Charge - Other	0.1090	689.62	75	0.1090	711.98	78	3	4.00
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	0.083251	396	4,755	0.084960	404	8	2.02
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 customer uses BGSS-F)	0	0.000000	0	0	0.000000	0	0	0.00
13 SBC	789,848	0.045724	980	789,848	0.045724	980	0	0.00
14 Green Programs Recovery Charge	789,848	0.005014	149	789,848	0.005014	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		7,574	789,848		7,588	14	0.18
22 Unbilled Delivery			(90)			(90)	0	0.00
23 Delivery Subtotal w/ Unbilled	789,848		7,484	789,848		7,498	14	0.19
24								
<b>Supply</b>								
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 <b>Total Delivery &amp; Supply</b>	789,893		7,533	789,893		7,547	14.00	0.19



**Gas Tariff Rates  
GSMP II**

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
<b>RSG</b>	Service Charge	\$8.08	\$8.62	\$8.08	\$8.62
	Distribution Charges	\$0.345322	\$0.368200	\$0.355912	\$0.379491
	Balancing Charge	\$0.096436	\$0.102825	\$0.096436	\$0.102825
	Off-Peak Use	\$0.172661	\$0.184100	\$0.177956	\$0.189746
<b>GSG</b>	Service Charge	\$14.50	\$15.46	\$14.97	\$15.96
	Distribution Charge - Pre July 14, 1997	\$0.280009	\$0.298560	\$0.285724	\$0.304653
	Distribution Charge - All Others	\$0.280009	\$0.298560	\$0.285724	\$0.304653
	Balancing Charge	\$0.096436	\$0.102825	\$0.096436	\$0.102825
	Off-Peak Use Dist Charge - Pre July 14, 1997	\$0.140005	\$0.149280	\$0.142862	\$0.152327
	Off-Peak Use Dist Charge - All Others	\$0.140005	\$0.149280	\$0.142862	\$0.152327
<b>LVG</b>	Service Charge	\$128.76	\$137.29	\$132.94	\$141.75
	Demand Charge	\$3.9207	\$4.1804	\$3.9393	\$4.2003
	Distribution Charge 0-1,000 pre July 14, 1997	\$0.039047	\$0.041634	\$0.041275	\$0.044009
	Distribution Charge over 1,000 pre July 14, 1997	\$0.042397	\$0.045206	\$0.042058	\$0.044844
	Distribution Charge 0-1,000 post July 14, 1997	\$0.039047	\$0.041634	\$0.041275	\$0.044009
	Distribution Charge over 1,000 post July 14, 1997	\$0.042397	\$0.045206	\$0.042058	\$0.044844
	Balancing Charge	\$0.096436	\$0.102825	\$0.096436	\$0.102825
<b>SLG</b>	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	\$0.045455	\$0.048466	\$0.046308	\$0.049376

**Gas Tariff Rates  
GSMP II**

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
<b>TSG-F</b>	Service Charge	\$689.62	\$735.31	\$711.98	\$759.15
	Demand Charge	\$2.0476	\$2.1833	\$2.0643	\$2.2011
	Distribution Charges	\$0.078269	\$0.083454	\$0.078906	\$0.084134
<b>TSG-NF</b>	Service Charge	\$689.62	\$735.31	\$711.98	\$759.15
	Distribution Charge 0-50,000	\$0.083251	\$0.088766	\$0.084960	\$0.090589
	Distribution Charge over 50,000	\$0.083251	\$0.088766	\$0.084960	\$0.090589
	Special Provision (d)	\$1.89	\$2.02	\$1.89	\$2.02
<b>CIG</b>	Service Charge	\$166.28	\$177.30	\$169.87	\$181.12
	Distribution Charge 0-600,000	\$0.074642	\$0.079587	\$0.076225	\$0.081275
	Distribution Charge over 600,000	\$0.064642	\$0.068925	0.066225	\$0.070612
	Special Provision (c) 1st para	\$1.89	\$2.02	\$1.89	\$2.02
<b>BGSS RSG</b>	Commodity Charge including Losses	\$0.327371	\$0.349059	\$0.327311	\$0.348995
<b>CSG</b>	Service Charge	\$689.62	\$735.31	\$711.98	\$759.15
	Distribution Charge - Non-Firm	\$0.083251	\$0.088766	\$0.084960	\$0.090589

## 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:

<b>Residential Gas Service</b>					
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	\$229.77	\$231.65	\$1.88	0.82%
50	340	356.00	359.84	3.84	1.08
100	610	566.34	573.18	6.84	1.21
159	1,000	861.59	872.84	11.25	1.31
172	1,040	893.03	904.71	11.68	1.31
200	1,210	1,021.76	1,035.38	13.62	1.33
300	1,816	1,481.74	1,502.12	20.38	1.38

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 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.

<b>Residential Gas Service</b>					
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	\$27.93	\$28.20	\$0.27	0.97%
340	50	47.21	47.77	0.56	1.19
610	100	87.05	88.17	1.12	1.29
1,040	172	143.56	145.49	1.93	1.34
1,210	200	165.48	167.73	2.25	1.36
1,816	300	243.92	247.29	3.37	1.38

(3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 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 \$M

Schedule SS-GSMP II-7

Page 1 of 2

		Accumulated	Accumulated	Deferred Income	Materials &		Rate Base for
	Plant In-Service*	Depreciation	Taxes	Supplies	Prepayments		Earnings Test
Jun-18	7,941	(2,345)	(1,684)	139	94		<b>4,145</b>
Jun-19	8,537	(2,402)	(1,765)	143	94		<b>4,607</b>
Average	8,239	(2,374)	(1,724)	141	94		<b>4,376</b>

*Actual*

*Forecasted*

1	Average Rate Base	4,376	
2	Common Equity %	54%	2018 Base Rate Case
3	Equity Base for Earnings Test	2,363	= ln 1 * ln 2
4	Allowed ROE	9.6%	2018 Base Rate Case
5	ROE Limit buffer	0.5%	From IIP
6	Maximum ROE	10.1%	= ln 4 + ln 5
7	Actual Net Income	222	See page 2
8	ROE for Earnings Test	9.38%	= ln 7 / ln 3
9	Earnings Test Pass / Fail	<b>Pass</b>	= IF ln 6 > 8, Pass else Fail

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

# PSE&G GSMP II Earnings Test

in \$M

Schedule SS-GSMP II-7

Page 2 of 2

	Net Utility Operating Income*	Less Net Interest Charges*	Regulatory Net Income for Earnings Test	
Jul-18	(4,647)	(6,146)	<b>(10,793)</b>	<i>Actual</i>
Aug-18	(6,420)	(6,273)	<b>(12,693)</b>	<i>Actual</i>
Sep-18	(29,224)	(5,899)	<b>(35,123)</b>	<i>Actual</i>
Oct-18	10,352	(6,255)	<b>4,096</b>	<i>Actual</i>
Nov-18	40,682	(6,444)	<b>34,238</b>	<i>Actual</i>
Dec-18	59,069	(6,567)	<b>52,502</b>	<i>Actual</i>
Jan-19	79,944	(6,878)	<b>73,066</b>	<i>Actual</i>
Feb-19	71,793	(6,887)	<b>64,906</b>	<i>Actual</i>
Mar-19	57,795	(6,945)	<b>50,850</b>	<i>Actual</i>
Apr-19	20,791	(6,949)	<b>13,842</b>	<i>Forecasted</i>
May-19	3,618	(7,275)	<b>(3,657)</b>	<i>Forecasted</i>
Jun-19	(2,233)	(7,337)	<b>(9,570)</b>	<i>Forecasted</i>
Total	301,521	(79,855)	<b>221,666</b>	

\* 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")

### Notice of Filing and Notice of Public Hearings

Docket No. XXXXXXXXXX

**TAKE NOTICE** that, on June 28, 2019 Public Service Electric and Gas Company (Public Service, PSE&G, the Company) filed a Petition and supporting documentation with the New Jersey Board of Public Utilities (Board, BPU). The Company is seeking Board approval to implement and administer an extension to PSE&G's Gas System Modernization Program II (GSMP II or the Program) and to approve an associated cost recovery mechanism.

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 \$19.7 million associated with actual Program investments through May 31, 2019 and forecasted investments through August 31, 2019.

For illustrative purposes, the estimated base rates effective December 1, 2019 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 \$566.34 to \$573.18, or \$6.84 or approximately 1.21%. 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 \$893.03 to \$904.71, or \$11.68 or approximately 1.31%. 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/customerservice/locations>), online at the PSEG website at <http://www.pseg.com/pseandgfilings>, and at the Board of Public Utilities at 44 South Clinton Avenue, 2<sup>nd</sup> 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, 2019**

**Time 1**

Location 1

Room 1

Address 1

Overflow Address 1

City 1, N.J. Zip Code 1

**Date 2, 2019**

**Time 2**

Location 2

Room 2

Address 2

Overflow Address 2

City 2, N.J. Zip Code 2

**Date 3, 2019**

**Time 3**

Location 3

Room 3

Address 3

Overflow Address 3

City 3, N.J. Zip Code 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, 3<sup>rd</sup> Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch whether or not they attend the public hearings.

**Table # 1**  
**BASE RATES**  
**For Residential RSG Customers**  
**Rates if Effective December 1, 2019**

Rate Schedule			Base Rates	
			Charges in Effect June 1, 2019 Including SUT	Estimated Charges Including SUT
RSG	Service Charge	per month	\$8.62	\$8.62
	Distribution Charge	\$/Therm	0.368200	0.379491
	Off-Peak Use	\$/Therm	0.184100	0.189746
	Basic Gas Supply Service-RSG (BGSS-RSG)	\$/Therm	0.349059	0.348995

**Table # 2**  
**Proposed Percentage Change in Revenue**  
**by Customer Class For Gas Service**  
**For Rates if Effective December 1, 2019**

	Rate Class	Percent Change
Residential Service	RSG	1.29
General Service	GSG	0.84
Large Volume Service	LVG	0.24
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	0.19
Overall		0.89

The percent increases noted above are based upon June 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 December 1, 2019**

<b>If Your Annual Therm Use Is:</b>	<b>And Your Monthly Winter Therm Use Is:</b>	<b>Then Your Present Monthly Winter Bill (1) Would Be:</b>	<b>And Your Proposed Monthly Winter Bill (2) Would Be:</b>	<b>Your Monthly Winter Bill Change Would Be:</b>	<b>And Your Monthly Percent Change Would Be:</b>
170	25	\$27.93	\$28.20	\$0.27	0.97%
340	50	47.21	47.77	0.56	1.19
610	100	87.05	88.17	1.12	1.29
1,040	172	143.56	145.49	1.93	1.34
1,210	200	165.48	167.73	2.25	1.36
1,816	300	243.92	247.29	3.37	1.38

- (1) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 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****BALANCE SHEET****\$ (In Thousands)****Dec 31, 2018**

## Assets and Other Debits

## Utility Plant

## Electric Utility Plant

101	Electric Utility Plant in Service	\$	18,387,991
103	Electric Experimental Plant Unclassified		-
105	Electric Utility Plant Held for Future Use		19,409
106	Electric Completed Construction not classified- Electric		3,555,623
107	Electric Construction Work in Progress		1,155,960
	Total Electric Utility Plant		<u>23,118,984</u>

## Gas Utility Plant

101	Gas Utility Plant in Service	\$	8,040,321
103	Gas Experimental Plant Unclassified		-
105	Gas Utility Plant Held for Future Use		96
106	Gas Completed Construction not classified		86,011
107	Gas Construction Work in Progress		13,317
	Total Gas Utility Plant		<u>8,139,745</u>

## Common Utility Plant

101	Common Utility Plant in Service	\$	435,766
106	Common Completed Construction not classified		8,527
107	Common Construction Work in Progress		17,345
	Total Common Utility Plant		<u>461,638</u>

## Total Utility Plant

31,720,368

## Accumulated Provisions for Depreciation and Amortization of

## Electric Utility Plant

108 & 111	Electric Utility Plant in Service	(3,636,440)
108.5	Electric Utility Plant Held for Future Use	-
	Total Electric Utility Plant	<u>(3,636,440)</u>

## Gas Utility Plant

108 & 111	Gas Utility Plant in Service	(2,292,658)
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## Common Utility Plant

108 & 111	Common Utility Plant in Service	(175,530)
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Total Accumulated Provisions for  
Depreciation and Amortization  
of Utility Plant(6,104,628)

## Net Utility Plant Excluding Nuclear Fuel

25,615,739

## 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>25,615,739</u>

## Other Property and Investments

121	Nonutility Property	3,249
122	Accumulated Provision for Depreciation & Amortization of Nonutility Property	(787)
123 & 123.1	Investments in Associated & Subsidiary Companies	45,354
124	Other Investments	269,679
125-8	Special Funds	44,647
175	Long-Term Portion of Derivative Assets	-
	Total Other Property and Investments	<u>362,142</u>

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY****BALANCE SHEET**Dec 31, 2018

## Current and Accrued Assets

131	Cash	\$	39,059
132-4	Special Deposits		21,115
135	Working Funds		-
136	Temporary Cash Investments		0
141-3	Notes and Accounts Receivable		953,611
144	Accumulated Provision for Uncollectible Accounts - Credit		(63,130)
145-6	Receivables from Associated Companies		141,675
151-5	Materials and Supplies (incl. 163)		195,921
158	Allowances		-
164	Gas Stored Underground - Current		-
165	Prepayments		10,177
171	Interest and Dividends Receivable		-
172	Rents Receivable		8,213
173	Accrued Utility Revenues		239,531
174	Miscellaneous Current and Accrued		2,689
175	Current Portion of Derivative Instrument Assets		-

Total Current and Accrued Assets	1,548,862
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## Deferred Debits

181	Unamortized Debt Expense	51,253
182	Unrec'd Plt and Reg Costs and Other Reg Assets	3,761,208
183	Preliminary Survey and Investigation Charges	24,463
184	Clearing Accounts	422
185	Temporary Facilities	-
186	Miscellaneous Deferred Debits	41,392
188	Research and Development Expenditures	-
189	Unamortized Loss on Reacquired Debt	48,561
190	Accumulated Deferred Income Taxes	995,947
	Total Deferred Debits	4,923,246

Total Assets and Other Debits	\$ 32,449,989
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**PUBLIC SERVICE ELECTRIC AND GAS COMPANY****BALANCE SHEET**

Dec 31, 2018

## 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 Reacquired Capital Stock		-
211	Miscellaneous Paid-In Capital		-
215	Appropriated Retained Earnings		-
216	Unappropriated Retained Earnings		7,975,916
216.1	Unappropriated Undistributed Subsidiary Earnings		272
219	Other Comprehensive Income		(749)
	Total Proprietary Capital		<u>10,948,603</u>

## Long-Term Debt

221	221 Bonds		9,258,381
223	223 Advances from Assoc. Co.		-
225	225 Unamortized Premium on Long-Term Debt		-
226	226 Unamortized Discount on Long-Term Debt		(22,833)
	Total Long-Term Debt		<u>9,235,548</u>

## Other Non-Current Liabilities

227-9	Other Non-current Liabilities		914,471
244	Long-Term Portion of Derivative Instrument Liabilities		-
230	Asset Retirement Obligation		302,071
	Total Other Non-Current Liabilities		<u>1,216,542</u>

## Current and Accrued Liabilities

231	Notes Payable		271,560
232	Accounts Payable		713,326
233-4	Payables to Associated Companies		317,876
235	Customer Deposits		92,268
236	Taxes Accrued		3,095
237	Interest Accrued		95,752
238	Dividends Declared		-
239	Matured Long-Term Debt		-
241	Tax Collections Payable		365
242	Miscellaneous Current and Accrued Liabilities		491,748
243	Obligations Under Capital leases		-
244	Current Portion of Derivative Instrument Liabilities		-
	Total Current and Accrued Liabilities		<u>1,985,989</u>

## Deferred Credits

252	Customer Advances for Construction		44,890
253	Other Deferred Credits		369,566
254	Other Regulatory Liabilities		3,697,658
255	Accumulated Deferred Investment Tax Credits		131,884
281-3	Accumulated Deferred Income Taxes		4,819,309
	Total Deferred Credits		<u>9,063,307</u>

Total Liabilities and Other Credits	\$	<u>32,449,989</u>
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