



June 28, 2012

In The Matter of the Petition of
Public Service Electric And Gas Company
for Approval of Changes in its
Electric Solar Pilot Recovery Charge ("SPRC")
for its Solar Loan I Program

BPU Docket No. _____

VIA ELECTRONIC MAIL & OVERNIGHT MAIL DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue
CN 350
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

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

A CD containing electronic workpapers is being provided to your office and those shown below.

Very truly yours,

A handwritten signature in blue ink that reads "Alexander C. Stern".

Attachment

(Hard Copy and CD)

- C Elizabeth Ackerman
- Jerome May
- Alice Bator
- Stacy Peterson
- Michael Winka
- Caroline Vachier
- Stefanie Brand (2)

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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) **PETITION**
APPROVAL OF CHANGES IN ITS ELECTRIC)
SOLAR PILOT RECOVERY CHARGE (SPRC)) BPU Docket No. _____
FOR ITS SOLAR LOAN I PROGRAM)

Public Service Electric and Gas Company (“Public Service,” “PSE&G,” the “Company,” “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. 48:3:98.1, et seq.*, as follows:

INTRODUCTION

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 2.1 million electric and 1.8 million gas customers in an area having a population of approximately 6 million persons, and which 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. 48:2-21 et seq.*

3. On April 19, 2007, PSE&G filed a Petition with the Board seeking approval of an innovative solar energy initiative. Under this initiative, PSE&G proposed to implement a solar photovoltaic (“PV”) program (the “Program” or “Solar Loan I”) across all customer classes within its electric service territory, with segments for residential, residential low-income, municipal/public entities, and commercial/industrial (“C&I”) and not-for-profit customers. The Company also proposed a comprehensive cost recovery mechanism.

4. On March 19, 2008, the parties to the Solar Loan I matter executed a Settlement (“Settlement”). The Settlement fully resolved the issues in the Solar Loan I proceeding.

5. By Order dated April 16, 2008, the Board issued an Order approving the Settlement and authorizing the Company to implement the Solar Loan I Program and associated cost recovery mechanism (“Order”). In regard to cost recovery, the Board’s Order and the Settlement state:

The parties agree that PSE&G will recover the net monthly revenue requirements associated with this Program through a new charge of the Company’s electric tariff called the SPRC. The SPRC will be a new charge in the Company’s electric tariff, applicable to all electric Rate Schedules on an equal cents per kilowatthour. The SPRC rates will not be implemented at this time. PSE&G will defer costs and net monthly revenue requirements it incurs for the Program to the SPRC for future recovery, consistent with the terms of this Settlement Agreement. Interest on the deferred SPRC balance (both on under- and over-recovered balances) will be calculated at the same rate and methodology as PSE&G currently uses for the electric Societal Benefits Charge.

The Order similarly specifies the revenue requirements methodology and other associated elements of the cost recovery mechanism. *See Order*, Paragraph 75.

6. The Board's Order also states

The parties agree that the Cost of Capital for this Program is 11.11%, including a return on Common Equity of 9.75%, which is the most recent Return On Equity established by the Board for PSE&G electric in Docket No, ER02050303, and including income tax effects. The resulting monthly Cost of Capital used for calculating the Net Monthly Revenue Requirements is 0.92583%. Net Plant equals the original loan amounts booked less the accumulated amortization through the SPRC. The Amortization is equal to the sum of the amortizations of all of the outstanding loans for each month until the total amount is recovered (Net Plant equals zero). Any cash payments received by PSE&G from the Project Owner for early termination of a contract will be credited against the Net Plant for the specific project. [*Order*, Paragraph 76].

7. The Board also approved a mechanism under which PSE&G recovers certain administrative costs associated with the Program. Specifically, the Order provides that the Company "shall recover 50% of the administrative costs of the Solar Program through the SPRC, based on the annual grand total amounts set forth in Attachment D. Administrative costs are defined as reasonable and incremental costs incurred by the Company to implement the Program. The maximum administrative cost recovery through the SPRC in any year is \$1.0 million." *Order*, Paragraph 77.

8. PSE&G has successfully implemented the Program and is now filing this Petition to implement the cost recovery provisions of the Order and Settlement and revise rates for the SPRC.

9. In support of this Petition, the Company is presenting the Direct Testimony of Terrence J. Moran, the Director, Market Strategy and Development in the Renewables and Energy Solutions Group at Public Service. Mr. Moran's Direct Testimony is attached hereto as Attachment A. Mr. Moran describes the status of the Solar Loan I Program. Mr. Moran's testimony and schedules also discuss and quantify the administrative costs the Company seeks to recover through the SPRC pursuant to the Order and Settlement.

10. PSE&G also presents the Direct Testimony of Stephen Swetz, Director Corporate Rates and Revenue Requirements. Mr. Swetz's testimony and schedules, attached hereto as Attachment B, develop the revenue requirements and proposed SPRC rates.

11. Based on the Company's actual collections through March 31, 2013 and its projected collections through September 30, 2014, the SPRC, which is currently set at a rate of \$0.000454 without Sales and Use Tax ("SUT"), is expected to be under collected by \$19,483,349, including interest. The rates proposed for the SPRC for the period October 1, 2013 through September 30, 2014 are designed to recover approximately \$19.5 million. The resultant net annual revenue impact on the Company's electric customers is a \$0.2 million increase. The Company is proposing to implement the SPRC rates on or before October 1, 2013 until the Board approves new SPRC rates.

12. Attached to Mr. Swetz's testimony are the following schedules in support of the Company's request:

- Schedule SS-SLI-1 are Mr. Swetz's Credentials

- Schedule SS-SLI-2 is a summary sheet setting forth the proposed rate calculations for the applicable period.
- Schedule SS-SLI-3 sets forth the electric revenue requirements summary.
- Schedule SS-SLI-3a sets forth the details of the electric revenue requirements.
- Schedule SS-SLI-4 sets forth the electric over/under recovered balance and associated interest rate calculations.

13. Public Service has proposed tariff sheets (redlined and “clean”), effective October 1, 2013 reflecting the SPRC rate in the Electric Tariff (*see* Attachment C). The proposed change in the SPRC is an increase from \$0.000454 per kWh (\$0.000486 including SUT) to \$0.000458 per kWh without SUT (\$0.000490 per kWh including SUT). The proposed rates are designed to recover the Program costs, which includes carrying charges on PSE&G’s expenditures.

14. As a result of the proposed SPRC rate set forth in Attachment B, Public Service’s class average residential electric customers using 780 kWh in a summer month and 7,360 kWh annually would not experience a change in their annual bill of \$1,364.80. This is based upon current Delivery Rates and Basic Generation Service Fixed Pricing (“BGS-FP”) charges in effect June 1, 2013 and assume that the customer receives BGS-FP service from PSE&G. The residential customer bill impacts comparing the current and proposed delivery charges are contained within the draft Form of Notice of Filing and of Public Hearings set forth in Attachment D for the aforementioned class average customers as well as other typical customer usage patterns.

15. The proposed rates, as set forth in the tariff sheets in Attachment C, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on October 1, 2013, upon issuance of a written BPU Order.

16. Contained herein in Attachment D is a draft Form of Notice of Filing and of Public Hearings. This Form of Notice sets forth the requested changes to the electric rates and will be placed in newspapers having a circulation within the Company's electric service territory upon receipt, scheduling and publication 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 service territories upon receipt, scheduling and publication of public hearing dates.

17. Notice of this filing and two copies of the Petition 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, New Jersey 08625. Copies of the Petition and supporting testimony and attachments will also be sent to the persons identified on the service list provided with this filing.

18. Public Service requests that the Board issue an Order approving the proposed rates on or before October 1, 2013.

19. It is understood that 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 based upon the Board's decision.

COMMUNICATIONS

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:

1. PSE&G is authorized to recover all costs requested herein associated with the Solar Loan I Program;
2. The proposed rates and charges set forth in the proposed Tariff for Electric Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 15, Electric, referred to herein as Attachment C, are just and reasonable and PSE&G is authorized to implement the rates proposed herein on or about October 1, 2013.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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DATED: June 28, 2013
Newark, New Jersey

STATE OF NEW JERSEY)
 :
COUNTY OF ESSEX)

TERRENCE J. MORAN, of full age, being duly sworn according to law, on his oath deposes and says:

1. I am Director, Market Strategy and Development, in the Renewables and Energy Solutions Group of Public Service Electric and Gas Company, the Petitioner in the foregoing Petition.
2. I have read the annexed Petition, and the matters and things contained therein are true to the best of my knowledge and belief.
3. Copies of the Petition have been overnight mailed and emailed to the NJBPU, the Department of Law & Public Safety and the Division of Rate Counsel.



Terrence J. Moran

Sworn and subscribed to)
before me this 28th day)
of June 2013)



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

**In The Matter of the Petition of
Public Service Electric And Gas Company
for Approval of Changes in its
Electric Solar Pilot Recovery Charge (“SPRC”)
for its Solar Loan I Program**

BPU Docket No. _____

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
TERRENCE J. MORAN
DIRECTOR OF MARKET STRATEGY
AND DEVELOPMENT**

ATTACHMENT A

June 28, 2013

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **TERRENCE J. MORAN**
5 **DIRECTOR OF MARKET STRATEGY**
6 **AND DEVELOPMENT**
7

8 My name is Terrence J. Moran and I am the Director of Market Strategy
9 and Development for Public Service Electric and Gas Company (“PSE&G,” the
10 “Company”). I have primary management and oversight responsibility over the
11 design and planning of renewable energy, energy efficiency, and demand response
12 programs. My credentials are included as Schedule TJM-SLI-1. The purpose of this
13 testimony is to support the Company’s request for recovery of costs incurred
14 implementing PSE&G’s Solar Loan I Program.

15 **Description**

16 As approved by a Board of Public Utilities (“Board”) Order dated April
17 16, 2008 in Docket No. EO07040278, the Solar Loan I Program was originally
18 designed as a 30 megawatt (“MW”) distributed photovoltaic solar initiative in which
19 customers or developers install solar photovoltaic systems on customers’ premises
20 “behind the meter,” using PSE&G as an essential source of capital. The program
21 consists of three segments: Municipal/Non-Profit; Residential and Multi-
22 family/Affordable Housing; and Commercial & Industrial. Subsequent to PSE&G’s
23 Solar Loan II Program being approved by Board Order dated, November 10, 2009,

1 7.83 MW of Solar Loan I capacity was transferred to the Solar Loan II Program, and
2 the current capacity of Solar Loan I is 22.17 MW. The Program is intended to reduce
3 the overall cost of project development, installation, financing and maintenance, while
4 providing the best solar energy value for all stakeholders.

5 Under Solar Loan I, PSE&G provides loans to solar photovoltaic
6 developers or customers for a portion of a project's cost. The residential borrowers
7 will repay the loan over a 15-year period by providing Solar Renewable Energy
8 Certificates ("SRECs") (or an equivalent amount of cash) to PSE&G. For consumer
9 loans the repayment period is 10 years.

10 The SRECs, for purposes of this Program, have an established floor
11 value of \$475 for the loan repayment period. The higher of the \$475 floor price or the
12 Market Value at the time the SREC is transferred to PSE&G is applied toward loan
13 repayment. For purposes of loan repayment, the SREC Market Value means the
14 average monthly cumulative weighted price of SRECs as published on the New Jersey
15 Clean Energy Program ("NJCEP") website bulletin board during the calendar month
16 preceding the month the SREC payment is credited to the loan.

17 If loans are paid off early, PSE&G retains the right to purchase SRECs
18 through a call option. The call option price is 75% of the then current Market Value
19 of SRECs.

1 The interest rate for loans in the commercial and industrial (“C&I”)
2 segment is 11.11%, and the interest rate for loans in the residential segment is 6.5%.

3 There are two caps imposed on any individual developer/customer.
4 First, an individual developer/customer cannot be awarded capacity in excess of 25%
5 of the total Program capacity (i.e., 30 MW). Additionally, an individual
6 developer/customer cannot be awarded capacity in excess of 25% of the capacity of
7 an individual segment.

8 For the first year of the Program there were hard caps of 9 MW (30%)
9 for the Municipal/Not-for Profit segment, 9 MW (30%) for the Residential segment
10 and the Multi- Family/Affordable Housing segment combined, and 12 MW (40%) for
11 the C&I segment. Based on market conditions and the status of projects accepted into
12 each segment, PSE&G removed these caps starting in the second year of the Program.

13

14 **Solar Loan I Program Status**

15 The Program website was activated on April 17, 2008 and the first
16 applications were received on April 22, 2008. The last loan was closed on May 15th
17 2012 and the Program is now in a loan and SREC maintenance mode.

1 The Solar Loan I Program issued 169 loans for a total amount of \$82.8
2 million representing 22.17 MW.¹ This includes \$79.5 million representing 44 closed
3 loans totaling 21.2 MW of non-residential projects, and \$3.3 million totaling 125
4 closed loans representing 0.9 MW of residential projects.

5 Through March 31, 2013, 71,007 SRECs have been received by
6 PSE&G under the Solar Loan I Program.

7 Upon the issuance of the final written Order approving the Solar Loan II
8 Program on November 10, 2009, the Solar Loan I Program was closed and no new
9 applications were being accepted into Solar Loan I. The Program waiting list
10 remained active until April 17, 2010, after which any remaining capacity was
11 transferred to the Solar Loan II Program.

12

13 **Solar Loan I Administrative Costs**

14 The Solar Loan I Program actual monthly administrative costs from
15 December 1, 2012 through March 31, 2013 along with projections through December
16 2014 are shown on Schedule TJM-SLI-2. This Schedule details Solar Loan I Program
17 and Solar Loan II Program Total Common Costs (column 1), Solar Loan I Program's
18 allocated share of Common Costs (column 2), Solar Loan I Program Direct
19 Administrative (O&M) Costs (column 3), Fees Collected from Borrowers (column 4),

¹ This quantity includes one large commercial loan that was funded in two phases and is reported as two separate loans.

1 Total Solar Loan I Administrative (O&M) Costs (column 5), and the SPRC
2 Recoverable Program Administrative Costs (column 6). The SPRC Recoverable
3 Program Administrative Costs, per the Board Order, are 50 percent of the Total Solar
4 Loan I Administrative Costs.

5 Certain administrative costs are common to both Solar I and Solar Loan
6 II. Such costs are allocated to Solar Loan I Program and Solar Loan II Program in
7 accordance with the formula established in the Solar Loan II Program Settlement.
8 Based on Exhibit C in the Solar Loan II Board Order (Docket No.EO09030249),
9 resources for program management of both Solar Loan I and Solar Loan II (Common
10 Costs) are allocated to Solar Loan I and Solar Loan II on a pro-rata basis based on the
11 total program sizes of 30MW and 51MW, respectively. Currently the Solar Loan I
12 Program receives 27% (22MW/81MW) of the total Common Costs after capacity
13 reallocations from Solar Loan I to Solar Loan II. The total allocated Solar Loan I
14 Common Costs from December 1, 2012 through March 31, 2013 were \$48,749.
15 There were no Direct Administrative Costs incurred during this same period. There
16 was a credit of \$588 for Application and Administrative Fees. Therefore the Total
17 Solar Loan I Administrative Costs for the period from December 1, 2012 through
18 March 31, 2013 were \$48,161. The SPRC Recoverable Administrative Costs for the
19 same period were \$24,081.

1 Schedule TJM-SLI-3 shows the Program administrative cost details
2 allocated to the categories used by the BPU for the NJ Clean Energy Program
3 (“NJCEP”). Administration and Program Development Expenditures includes the
4 costs to manage the program along with program tracking and reporting. Rebate
5 Processing, Inspections and Other Quality Control Expenditures include the cost of
6 PSE&G incremental employees and contractors engaged in the administration of the
7 loan program, including program application processing, SREC processing and the
8 cost of credit information through Experian, along with other costs associated with
9 program administration. In addition to the standard NJCEP categories, the schedule
10 also shows the application and administrative fees received from borrowers as a credit
11 in a separate column. For the period from December 1, 2012 through March 31,
12 2013, Administration and Program Developments Expenditures were \$26,670; Rebate
13 Processing, Inspections and Other QC Expenditures were \$22,080; there were no
14 Evaluation and Related Research, Marketing and Sales, or Training Expenditures.
15 There was a credit of \$588 for Application and Administrative Fees. Therefore, the
16 net total administration expenditures for the period were \$48,161.

17 In accord with the Board-approved Settlement for this Program, 50% of
18 the approved annual total administrative cost for the Solar Loan I program is
19 recoverable through the SPRC up to a maximum of \$1,000,000 per year. Schedule
20 TJM-SLI-4 shows the annual maximum recoverable administrative costs from

1 Attachment D of the Board order along with the actual and forecasted total annual
2 administrative costs for the years 2008 – 2014. The actual recoverable administrative
3 costs from December 1, 2012 through March 31, 2013 and projected costs through
4 2014 are significantly below the allowed cap primarily due to cost sharing with the
5 Solar Loan II program and the continued leveraging of utility infrastructure and
6 personnel. Accordingly, the SPRC Recoverable Administrative (O&M) Costs shown
7 in Schedule TJM-SLI-2 have been incorporated into the revenue requirements
8 contained in Schedule SS-SLI-3a.

9 **Loans Closed by Segment**

10 Schedule TJM-SLI-5 shows the number of Solar Loan I loans closed by
11 segment.

12 **Capacity of Solar Systems by Segment**

13 Schedule TJM-SLI-6 shows the capacity of solar systems supported by
14 Solar Loan I loans by segment.

15 **Energy Generated**

16 Schedule TJM-SLI-7 shows the actual kWh generated by solar systems
17 supported by Solar Loan I by segment, through March 31, 2013.

18 **Loans Closed by Quarter**

19 Schedule TJM-SLI-8 shows the number of loans closed by quarter.

1 **Emission Reductions**

2 Schedule TJM-SLI-9 shows the estimated emissions reductions
3 attributed to solar systems supported by Solar Loan I loans by segment.

4 **SREC's Received Through the Program**

5 Schedule TJM-SLI-10 shows the SRECs received by PSE&G through
6 the Solar Loan I Program.

7 **Issues & Discussion**

8 **Loan Defaults**

9 As of March 31, 2013 there have been no defaults by any borrower in
10 the Solar Loan I Program.

11 PSE&G witness Stephen Swetz has incorporated the administrative
12 costs (both actual and projected) into his testimony and exhibits, which are included
13 as Attachment B to this filing.

14 This concludes my testimony at this time.

SCHEDULE INDEX

1	Schedule TJM-SLI-1	Credentials of Terrence J. Moran
2	Schedule TJM-SLI-2	Recoverable Administrative Costs
3	Schedule TJM-SLI-3	Administrative Costs (O&M) Detail by BPU Categories
4	Schedule TJM-SLI-4	Administrative Costs Cap
5	Schedule TJM-SLI-5	Number of Loans Closed by Segment
6	Schedule TJM-SLI-6	Capacity of Solar System for Loans Closed by Segment
7	Schedule TJM-SLI-7	Actual kWh Generated by Segment for Closed Loans
8	Schedule TJM-SLI-8	Number of Loans Closed by Quarter
9	Schedule TJM-SLI-9	Emission Reduction by Segment
10	Schedule TJM-SLI-10	SRECs by Segment

1 policy issues, energy markets, customer end-use technologies, and utility operations.
2 Areas of expertise include retail access processes and policy, energy market
3 operations, and energy analytics. I have served on the Executive Committee of the
4 Retail Electric Quadrant in the North American Energy Standards Board (NAESB),
5 and participate in the American Gas Association and Electric Power Research
6 Institute's Sustainability groups. I have previously prepared and presented testimony
7 to the New Jersey Board of Public Utilities as the Company's policy witness in the
8 Solar Loan III and Solar 4 All Extension proceedings, and I have represented the
9 Company in various working groups and forums at the NJBPU, PJM and NAESB. I
10 also currently serve as an instructor in the Continuing Education Department at
11 Bergen Community College, teaching courses on Sustainability and Alternative
12 Energy and (energy) Economics.

SOLAR LOAN I: RECOVERABLE ADMINISTRATIVE COST (O&M)

		(1)	(2)	(3)	(4)	(5)	(6)	
Month	Yr	Solar Loan I and Solar Loan II Total Common Costs	Solar Loan I Allocation of Common Costs ¹	Solar Loan I Direct Administrative (O&M) Costs	Application and Administrative Fee	Total Solar Loan I Administrative Costs	SPRC Recoverable Administrative (O&M) Costs	
December	2012	28,948	8,512	-	(588)	7,924	3,962	Actuals
January	2013	48,062	13,155	-	-	13,155	6,577	
February	2013	48,087	13,162	-	-	13,162	6,581	
March	2013	50,865	13,922	-	-	13,922	6,961	
April	2013	49,677	13,597	-	-	13,597	6,798	
May	2013	55,000	15,054	-	-	15,054	7,527	
June	2013	55,000	15,054	-	-	15,054	7,527	
July	2013	55,000	15,054	-	-	15,054	7,527	
August	2013	55,000	15,054	-	-	15,054	7,527	
September	2013	55,000	15,054	-	-	15,054	7,527	
October	2013	55,000	15,054	-	-	15,054	7,527	
November	2013	55,000	15,054	-	-	15,054	7,527	
December	2013	55,000	15,054	-	-	15,054	7,527	
January	2014	60,000	16,422	-	-	16,422	8,211	Forecast
February	2014	60,000	16,422	-	-	16,422	8,211	
March	2014	60,000	16,422	-	-	16,422	8,211	
April	2014	60,000	16,422	-	-	16,422	8,211	
May	2014	60,000	16,422	-	-	16,422	8,211	
June	2014	60,000	16,422	-	-	16,422	8,211	
July	2014	60,000	16,422	-	-	16,422	8,211	
August	2014	60,000	16,422	-	-	16,422	8,211	
September	2014	60,000	16,422	-	-	16,422	8,211	
October	2014	60,000	16,422	-	-	16,422	8,211	
November	2014	60,000	16,422	-	-	16,422	8,211	
December	2014	60,000	16,422	-	-	16,422	8,211	

Notes:

= Col (1) * Various Rates

= Col (2) + Col (3)

= Col (4) * 0.5

¹ Based on Exhibit C in the Solar Loan II Board Order (Docket No.EO09030249), resources for program management of both Solar Loan I and Solar Loan II (Common Costs) will be allocated to Solar Loan I and Solar Loan II on a pro-rata basis based on the size of each program.

SOLAR LOAN I: ADMINISTRATIVE COST (O&M) DETAIL BY BPU CATEGORY

Month	Yr	Administration and Program Development Expenditures	Evaluation and Related Research Expenditures	Rebate Processing, Inspections and Other QC Expenditures	Marketing & Sales	Training Expenditures	Application and Administrative Fee	Total	
December	2012	3,888	-	4,624	-	-	(588)	7,924	Actuals
January	2013	7,409	-	5,745	-	-	-	13,155	
February	2013	7,631	-	5,531	-	-	-	13,162	
March	2013	7,742	-	6,180	-	-	-	13,922	
April	2013	9,518	-	4,079	-	-	-	13,597	
May	2013	10,537	-	4,516	-	-	-	15,054	
June	2013	10,537	-	4,516	-	-	-	15,054	
July	2013	10,537	-	4,516	-	-	-	15,054	
August	2013	10,537	-	4,516	-	-	-	15,054	
September	2013	10,537	-	4,516	-	-	-	15,054	
October	2013	10,537	-	4,516	-	-	-	15,054	
November	2013	10,537	-	4,516	-	-	-	15,054	
December	2013	10,537	-	4,516	-	-	-	15,054	Forecast
January	2014	11,495	-	4926.6	-	-	-	16,422	
February	2014	11,495	-	4926.6	-	-	-	16,422	
March	2014	11,495	-	4926.6	-	-	-	16,422	
April	2014	11,495	-	4926.6	-	-	-	16,422	
May	2014	11,495	-	4926.6	-	-	-	16,422	
June	2014	11,495	-	4926.6	-	-	-	16,422	
July	2014	11,495	-	4926.6	-	-	-	16,422	
August	2014	11,495	-	4926.6	-	-	-	16,422	
September	2014	11,495	-	4926.6	-	-	-	16,422	
October	2014	11,495	-	4926.6	-	-	-	16,422	
November	2014	11,495	-	4926.6	-	-	-	16,422	
December	2014	11,495	-	4926.6	-	-	-	16,422	

**SOLAR LOAN I
ADMINISTRATIVE COSTS CAP**

(1,000.00)

Year	Total Approved Administrative Cost*	Maximum Recoverable Administrative Cost (50%)*	Requested SPRC Recovery
2008	1,830	915	\$ 425
2009	2,615	1,000 ⁽¹⁾	\$ 506
2010	1,493	747	\$ 259
2011	1,539	770	\$ 127
2012	1,586	793	\$ 68
2013	1,624	812	\$ 87 ⁽²⁾
2014	1,674	837	\$ 99 ⁽²⁾
2015	1,726	863	
2016	1,779	890	
2017	1,834	917	
2018	967	484	
2019	998	499	
2020	1,029	515	
2021	1,062	531	
2022	1,096	548	
2023	1,131	566	

* "Total Approved Administrative Cost" and "Maximum Recoverable Administrative Cost (50%)" from Attachment D in the Board Order approving Solar Loan I (Docket No. EO07040278)

(1) Note: Per agreement with the parties to the stipulation the maximum administrative cost recovery through the SPRC in any year is \$1.0 million.

(2) Projected Administrative Costs (O&M) Actuals through March 31, 2013 forecast thereafter

SOLAR LOAN I
Number of Loans Closed by Segment
through March 31, 2013

Segment	Loans
Residential	125
Multi-Family/Affordable	-
Municipal/Not-for-Profit	7
Commercial/Industrial	37
Total	169

**Solar Loan I
Capacity of Solar System for Loans Closed by Segment
through March 31, 2013**

Segment	kW Closed
Residential	935.99
Multi-Family/Affordable	-
Municipal/Not-for-Profit	2,264.04
Commercial/Industrial	18,966.74
Total	22,166.77

SCHEDULE TJM-SLI-7

Solar Loan I Actual kWh Generated by Segment for Closed Loans through March 31, 2013

<u>Segment</u>	<u>kWh</u>
Residential	3,038,347
Multi-Family/Affordable	-
Municipal/Not-for-Profit	7,917,648
Commercial/Industrial	62,563,358
	<u><u>73,519,353</u></u>

Solar Loan I
Number of Loans Closed by Quarter
through March 31, 2013

2009	Closed Loans
1st Qtr.	3
2nd Qtr.	5
3rd Qtr.	7
4th Qtr.	38
Total 2009	53
2010	
1st Qtr.	25
2nd Qtr.	23
3rd Qtr.	34
4th Qtr.	12
Total 2010	94
2011	
1st Qtr.	10
2nd Qtr.	4
3rd Qtr.	3
4th Qtr.	4
Total 2011	21
2012	
1st Qtr.	-
2nd Qtr.	1
3rd Qtr.	-
4th Qtr.	-
Total 2012	1
Total Program	169

SCHEDULE TJM-SLI-9

Solar Loan I Emission Reduction by Segment through March 31, 2013

Metric Tons			
Segment	CO2	NOx	SO2
Residential	2,095	4	9
Multi-Family/Affordable	-	-	-
Municipal/Not-for-Profit	5,459	10	23
Commercial/Industrial	43,135	7	184
Total	15,279	28	65

**Solar Loan I
SRECs by Segment
through March 31, 2013**

Segment	SRECs
Residential	2,879
Multi-Family/Affordable	-
Municipal/Not-for-Profit	7,329
Commercial/Industrial	60,799
Total	71,007

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

**In The Matter of the Petition of
Public Service Electric And Gas Company
for Approval of Changes in its
Electric Solar Pilot Recovery Charge (“SPRC”)
for its Solar Loan I Program**

BPU Docket No. _____

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

ATTACHMENT B

June 28, 2013

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

6
7 My name is Stephen Swetz and I am the Director – Corporate Rates and
8 Revenue Requirements, PSEG Services Corporation. My credentials are included as
9 Schedule SS-SLI-1.

10
11 **SCOPE OF TESTIMONY**

12 The purpose of my testimony is to support Public Service Electric and
13 Gas Company’s (“PSE&G,” the “Company”) filing for recovery of the costs related to
14 PSE&G’s Solar Loan I Program (“Solar Loan I” or “Program”). The period includes
15 actual costs incurred from December 2012 through March 2013 and forecasted costs
16 through September 2014. My testimony provides the detailed calculations and
17 recovery mechanisms, including projected rate and bill impacts.

18
19 **COST RECOVERY MECHANISM**

20 General

21 PSE&G is filing to recover the revenue requirements associated with the
22 direct costs of the Program. Direct costs include all costs related to: loans issued
23 under the Program and 50 percent of the administrative costs of running the Program.

1 These costs are offset by the net benefits derived from the net proceeds from the sale
2 of SRECs, cash payments in lieu of SRECs, as well as the SREC call option net
3 benefit. Based on the Company's actual costs through March 31, 2013 and its
4 projected costs through September 30, 2014, the Solar Pilot Recovery Charge
5 ("SPRC") is expected to be under collected by approximately \$19.5 million, including
6 interest. The rate proposed for the SPRC would be effective October 1, 2013 through
7 September 30, 2014 and is designed to recover \$19.5 million over the twelve month
8 period as shown on Schedule SS-SLI-2. PSE&G is proposing that the Board
9 authorize the recovery of the revenue requirements of the Program in accordance with
10 the Board's Order approving the Solar Loan I Program in Docket No. EO07040278.
11 The details of the costs proposed to be recovered, as well as the mechanism for such
12 recovery, are described in the following sections of this testimony.

13

14 Calculation of the Revenue Requirements of Direct Costs

15 The Program investments are to be treated as separate utility assets, and
16 depending on the type of investment, either depreciated or amortized as described in
17 the corresponding section below. Paragraph 75 of the Board Order approving the
18 Program established the following methodology for calculating the revenue
19 requirements associated with the direct costs of the Program:

1 *Net Monthly Revenue Requirements = (Cost of Capital * Net Plant) +*
2 *Amortization + Recoverable Administrative Costs – Net Proceeds from the*
3 *Sale of SRECs – Cash Payments Received in lieu of SRECs*

4 The revenue requirements formula for Solar Loan I was established at a broad level
5 without a supporting schedule showing the detailed calculations. As a result, the
6 Solar Loan I revenue requirement formula was modified to the more detailed
7 calculation used in PSE&G’s SPRC cost recovery filing in Docket No. ER10030220.
8 The Board-approved revenue requirement formula is:

9 *Revenue Requirements = (Pre-Tax Cost of Capital * Net Investment) – Net*
10 *Loan Accrued Interest + Amortization and/or Depreciation + Operation and*
11 *Maintenance (Recoverable Administrative) Costs – Net Proceeds from the Sale*
12 *of SRECs – Cash Payments in lieu of SRECs*

13 The details of each of the above terms are described as follows:

14 Pre-Tax Cost of Capital – The weighted average cost of capital (“WACC”) for
15 the Program was set at 7.8406%. For calculating Revenue Requirements, the
16 corresponding Pre-Tax WACC of 11.11% per year, or 0.92583% per month, is
17 used in accordance with paragraph 75 of the Order approving the Program.

18 Net Investment – The net investment for the Program is comprised of the
19 following:

- 20 • Total Loan Outstanding Balances

1 Cash Payments in lieu of SRECs – This includes when the borrower chooses to
2 repay the loan with cash and any required true up cash payments.

3 The total revenue requirements are based on actual costs incurred
4 through March 31, 2013 and projected costs through September 30, 2014. All loans,
5 principal and interest, will be repaid by providing the Company with SRECs or cash.
6 For the forecasted period, SREC prices for the months of April 2013 through
7 September 2014 are assumed to be \$200. The summary monthly calculations of the
8 actual revenue requirements through March 2013 and the forecasted revenue
9 requirements from April 2013 through September 2014 are shown in Schedule SS-
10 SLI-3. The detailed monthly calculations of the revenue requirements through
11 September 2013 are shown in Schedule SS-SLI-3a. The calculation of the over/under
12 recovered balance along with the associated interest rate calculations is shown in
13 Schedule SS-SLI-4. As summarized on Schedule SS-SLI-2, the expected revenue
14 requirement through September 2014 is \$19,483,349, which includes an expected
15 under-recovery of \$12,291,769 through September 2013 (including interest), and a
16 forecasted revenue requirement of \$7,191,580 from October 2013 through September
17 2014.

1 Method for Recovery of Direct Cost

2 PSE&G will recover the net Revenue Requirements associated with this
3 Program through the SPRC based on paragraph 75 of the Order approving Solar Loan
4 I. The SPRC was approved as the recovery mechanism for Solar Loan I revenue
5 requirements in paragraph 39 of the Order and is applicable to all electric rate
6 schedules on an equal cents per kilowatt-hour basis. The Company is requesting
7 Board approval of an effective date of October 1, 2013. If Board approval is received
8 prior to October 1, 2013, rates would still go into effect October 1, 2013 as filed. All
9 Program costs incurred prior to October 1, 2013 will be deferred. If Board approval is
10 received after October 1, the proposed initial rate period charge would still be
11 implemented at the time of approval. In that instance, all Program costs incurred prior
12 to the rate-effective date will be deferred until rates go into effect. The SPRC rates
13 will remain in effect until the Board approves a new SPRC rate in a subsequent
14 proceeding.

15 The annual filing will include actual revenue requirements through
16 March 31st, the projected over/under deferred balance as of September 30th for the
17 current year along with the corresponding cumulative interest balance, plus the
18 estimated revenue requirements for October 1 of the year of the filing through
19 September 30 of the following year. For all subsequent rate periods, an annual filing
20 will be made no later than July 1st of each year. The charges proposed in the annual

1 filings made each year will go into effect provisionally or as final rates, on October 1st
2 of that year, upon issuance of a Board Order authorizing these provisional or final
3 rates.

4 The calculation of the proposed SPRC increase is shown in Schedule
5 SS-SLI-2. The Total Target Rate Revenues are divided by the current forecasted
6 kilowatt-hours sales from October 2013 through September 2014 to determine the
7 SPRC without the New Jersey Sales and Use Tax (“SUT”) applied. PSE&G is
8 proposing to increase the SPRC from a rate of \$0.000454 per kWh to \$0.000458 per
9 kWh, without SUT. The rates proposed for the SPRC for the period October 1, 2013
10 through September 30, 2014 are designed to recover approximately \$19.5 million. As
11 a result of the proposed new SPRC rate shown in Schedule SS-SLI-2, Public Service’s
12 class average residential electric customers using 780 kWh in a summer month and
13 7,360 kWh annually would not experience a change in their annual bill of \$1,364.
14 This is based upon current Delivery Rates and Basic Generation Service Fixed Pricing
15 (“BGS-FP”) charges in effect June 1, 2013, and assumes that the customer receives
16 BGS-FP service from PSE&G.

17 The electronic version of this filing contains the supporting detailed
18 assumptions and calculations for Schedules SS-SLI-2 through SS-SLI-4 in WP-SS-
19 SLI-1.xls. Additional supporting work papers will be provided electronically and are
20 listed in the index below.

1 Under the Company's proposal, any over/under recovery of the actual
2 revenue requirements compared to revenues would be deferred. Based on paragraph
3 75 of the Order approving the Program, the interest rate for the deferred SPRC
4 balance will be calculated at the same rate and methodology as PSE&G currently uses
5 for the electric Societal Benefits Charge. The interest rate would be applicable as the
6 carrying charge rate on any over/under recovered balance on a monthly basis.

7 This concludes my testimony at this time.

Schedule Index

Schedule SS-SLI-1 Credentials

Schedule SS-SLI-2 Proposed Rate Calculations

Schedule SS-SLI-3 Revenue Requirements Calculation - Summary

Schedule SS-SLI-3a Revenue Requirements Calculation – Detail

Schedule SS-SLI-4 Over / Under Recovered Balance Calculation

Electronic Work Paper Index

WP-TJM-SLI-1.xlsx Detailed O&M Schedules

WP-SS-SLI-1.xlsx..... Actual and Forecasted Revenue Requirements and
Rate Analysis Calculations

WP-SS-SLI-1a (Actuals).xlsx..... Actual Revenue Requirements Calculation

WP-SS-SLI-2.xlsx..... Aggregate Loan Amortization Schedules and
Forecasted Revenue Requirement Inputs

1 PSE&G electric and gas rates. I have submitted pre-filed direct cost recovery
2 testimony in the latest electric and gas base rate case processed by the New Jersey
3 Board of Public Utilities as well as oral testimony to the New Jersey Office of
4 Administrative Law. In addition, I have submitted pre-filed direct cost recovery
5 testimony on behalf of the Company for the Carbon Abatement, Demand Response,
6 Solar 4 All, Solar 4 All Extension, and Solar Loan I, II and III Programs, as well as
7 the Margin Adjustment Charge, the electric and gas Societal Benefits Charge and
8 Non-utility Generation Charge rate to the New Jersey Board of Public Utilities. I
9 have also contributed to other filings that the Company has made to the New Jersey
10 Board of Public Utilities; including the Capital Economic Stimulus Infrastructure
11 Investment Program and the Economic Energy Efficiency Stimulus Program, as well
12 as unbundling electric rates and Off-Tariff Rate Agreements. I have had a leadership
13 role in various economic analyses, asset valuations, rate design and pricing efforts and
14 participated in electric and gas marginal cost studies

15 I am an active member of the American Gas Association's Rate and
16 Strategic Issues Committee and the Edison Electric Institute's Rates and Regulatory
17 Affairs Committee. I am also a member of the New Jersey Utility Association
18 Finance and Regulatory Committee.

PSE&G Solar Loan I Program

Proposed Rate Calculations

(\$'s Unless Specified)

Schedule SS-SL1-2

Actual results through 3/31/2013

SUT Rate 7%

<u>Line</u>	<u>Date(s)</u>		<u>Electric</u>	<u>Source/Description</u>
1	Oct-13 to Sep-14	Revenue Requirements	7,191,580	SUM (Schedule SS-SL1-3, Col 20)
2	Sep-13	Under / (Over) Recovered Balance	12,268,403	Schedule SS-SL1-3, Line 4, Col 69
3	Sep-13	Cumulative Interest Exp / (Credit)	<u>23,367</u>	Schedule SS-SL1-3, Line 7, Col 69
4	Sep-14	Total Target Rate Revenue	19,483,349	Line 1 + Line 2 + Line 3
5	Oct-13 to Sep-14	Forecasted kWh (000)	42,562,084	
6		Proposed Rate w/o SUT (\$/kWh)	0.000458	(Line 4 / (Line 5*1,000)) [Rnd 6]
7		Proposed Rate w/ SUT (\$/kWh)	0.000490	(Line 6 * (1 + SUT Rate)) [Rnd 6]
8		Existing Rate w/o SUT (\$/kWh)	0.000454	
9		Difference in Proposed and Existing Rate	0.000004	(Line 6 - Line 8)
10		Resultant SPRC Revenue Increase	170,248	(Line 5 * Line 9 * 1,000)

**PSE&G Solar Loan I Program
Electric Revenue Requirements Calculation - Summary**

Schedule SS-SL1-3

Actuals through March 2013

Annual Pre-Tax WACC 11.100%
Monthly Pre-Tax WACC 0.92583%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(17a)	(18)	(19)	(20)
	Total Loan Outstanding	SREC Inventory	Total Net Loan Investment	Return Requirement On Net Loan Investments	Net Plant Investment	Return Requirement on Plant Investment	Loan Accrued Interest	Loan Interest Paid	Net Loan Accrued Interest	Loan Principal Paid / Amortized	Plant Depreciation	Depreciation / Amortization	O&M Expenses	SREC Value Credited to Loans	Gain / (Loss) on SREC Sales	SREC Disposition Expenses	SREC Call Option Net Benefit	SREC Floor Price Cost	Net Proceeds from the Sale of SRECs	Cash Payments to Loans	Revenue Requirements
Monthly Calculations																					
Dec-12	68,251,150	1,287,922	69,539,072	652,434	-	-	633,727	486,788	146,940	-	-	-	3,962	486,875	-	27,513	-	261,826	197,536	(87)	312,008
Jan-13	68,479,215	1,472,229	69,951,443	656,090	-	-	635,235	407,170	228,065	-	-	-	6,577	407,075	-	-	-	222,769	184,306	95	250,201
Feb-13	68,598,031	1,691,073	70,289,103	596,091	-	-	575,719	456,903	118,816	-	-	-	6,581	455,525	-	-	-	236,681	218,844	1,378	263,635
Mar-13	68,704,101	2,34,806	68,938,907	659,487	-	-	638,593	532,523	106,071	-	-	-	6,961	532,475	(957,876)	7,360	-	298,321	(731,081)	48	1,291,411
Apr-13	68,184,154	703,587	68,887,741	629,305	-	-	618,818	1,138,765	(519,947)	-	-	-	6,798	1,138,575	-	-	-	669,794	468,781	190	687,080
May-13	67,759,833	1,144,587	68,904,420	638,043	-	-	623,054	778,454	(155,400)	268,921	-	268,921	7,527	1,047,375	-	-	-	606,375	441,000	-	628,891
Jun-13	67,202,031	1,640,187	68,842,218	637,944	-	-	619,248	716,471	(97,223)	460,579	-	460,579	7,527	1,177,050	-	-	-	681,450	495,600	-	707,672
Jul-13	66,413,992	590,400	67,004,392	637,270	-	-	614,161	697,663	(83,502)	704,537	-	704,537	7,527	1,402,200	(787)	9,160	-	811,800	580,453	-	852,383
Aug-13	65,645,941	1,169,400	66,815,341	620,628	-	-	607,074	670,272	(63,198)	704,853	-	704,853	7,527	1,375,125	-	-	-	796,125	579,000	-	817,206
Sep-13	64,882,741	1,743,400	66,626,141	618,562	-	-	600,049	606,723	(6,673)	756,527	-	756,527	7,527	1,363,250	-	-	-	789,250	574,000	-	815,289
Oct-13	64,219,097	529,200	64,748,297	616,785	-	-	593,206	593,097	109	663,753	-	663,753	7,527	1,256,850	-	9,961	-	727,650	519,239	-	768,717
Nov-13	63,734,702	980,400	64,715,102	599,530	-	-	587,205	586,931	275	484,669	-	484,669	7,527	1,071,600	-	-	-	620,400	451,200	-	640,251
Dec-13	63,449,663	1,345,800	64,795,463	599,381	-	-	582,787	581,978	809	285,847	-	285,847	7,527	867,825	-	-	-	502,425	365,400	-	526,546
Jan-14	63,487,525	228,400	63,715,925	599,795	-	-	580,311	518,234	62,077	24,216	-	24,216	8,211	542,450	-	9,944	-	314,050	218,456	-	351,688
Feb-14	63,580,347	433,800	64,014,147	589,741	-	-	580,647	469,255	111,392	18,570	-	18,570	8,211	487,825	-	-	-	282,425	205,400	-	299,730
Mar-14	63,565,787	684,800	64,250,587	592,761	-	-	581,565	560,332	21,233	35,793	-	35,793	8,211	596,125	-	-	-	345,125	251,000	-	364,532
Apr-14	63,416,318	307,800	63,724,118	594,650	-	-	581,556	630,402	(48,846)	100,623	-	100,623	8,211	731,025	-	6,192	-	423,225	301,608	-	450,722
May-14	62,949,599	748,600	63,698,199	590,114	-	-	580,181	714,313	(134,132)	332,587	-	332,587	8,211	1,046,900	-	-	-	606,100	440,800	-	624,243
Jun-14	62,355,254	1,241,400	63,596,654	589,792	-	-	576,054	589,503	(13,449)	580,897	-	580,897	8,211	1,170,400	-	-	-	677,600	492,800	-	699,549
Jul-14	61,531,285	587,200	62,118,485	588,768	-	-	570,631	571,487	(856)	823,113	-	823,113	8,211	1,394,600	-	7,939	-	807,400	579,261	-	841,687
Aug-14	60,726,031	1,163,400	61,889,431	575,391	-	-	563,221	562,914	308	805,561	-	805,561	8,211	1,368,475	-	-	-	792,275	576,200	-	812,656
Sep-14	59,924,354	1,735,000	61,659,354	572,970	-	-	555,873	556,199	(326)	801,351	-	801,351	8,211	1,357,550	-	-	-	785,950	571,600	-	811,258
	From Sched SS-SL1-2a Col 11	From Sched SS-SL1-2a Col 15	Col 1 + Col 2	From Sched SS-SL1-2a Col 3 + Col 16	From Sched SS-SL1-2a Col 26	(Prior Col 5 + Col 5) / 2 + [Monthly Pre Tax WACC]	From Sched SS-SL1-2a Col 4	From Sched SS-SL1-2a Col 7	Col 7 - Col 8	From Sched SS-SL1-2a Col 8	From Sched SS-SL1-2a Col 20	Col 9 + Col 10	From Sched SS-SL1-2a Col 28	From Sched SS-SL1-2a Col 5	From Sched SS-SL1-2a Col 14	From Sched SS-SL1-2a Col 17	From Sched SS-SL1-2a Col 18	From Sched SS-SL1-2a Col 18a	Col 14 + Col 15 - Col 16 + Col 17 - Col 17a	From Sched SS-3 Col 6	Col 4 + Col 6 - Col 9 + Col 12 + Col 13 - Col 18 - Col 19
Annual Summary																					
2009	42,055,057	1,483,481	43,538,538	1,322,954	-	-	1,267,817	1,209,191	58,626	937,413	-	937,413	505,554	2,146,604	271,256	135,091	-	3,499	2,279,270	-	428,024
2010	62,387,945	2,636,299	65,024,244	5,825,922	-	-	5,558,552	5,617,178	(58,626)	3,820,753	-	3,820,753	258,525	9,411,252	1,499,493	203,401	-	-	10,707,344	26,680	(770,198)
2011	73,099,428	1,795,218	74,894,646	7,945,123	-	-	7,473,721	7,429,658	44,062	4,927,273	-	4,927,273	127,415	12,280,358	(3,344,977)	285,220	-	559,489	8,090,672	76,574	4,788,503
2012	68,251,150	1,287,922	69,539,072	8,049,416	-	-	7,781,089	7,678,212	102,878	4,968,092	-	4,968,092	68,189	12,500,100	(5,730,793)	108,511	-	3,967,845	2,692,950	146,204	10,143,665
2013	63,449,663	1,345,800	64,795,463	7,509,116	-	-	7,295,149	7,766,949	(471,800)	4,329,686	-	4,329,686	87,131	12,094,925	(958,663)	26,481	-	6,963,039	4,146,742	1,710	8,249,282
2014	-	-	-	5,293,982	-	-	5,170,040	5,172,638	(2,598)	3,522,712	-	3,522,712	73,899	8,695,350	-	24,075	-	5,034,150	3,637,125	-	5,256,066
Total				35,946,513			34,546,368	34,873,826	(327,458)	22,505,930		22,505,930	1,120,713	57,128,588	(8,263,684)	782,779		16,528,023	31,554,102	251,168	28,095,343
Total Oct-13 - Sep-14				7,109,678			6,933,238	6,934,643	(1,405)	4,956,982		4,956,982	96,479	11,891,625	-	34,037		6,884,625	4,972,963	-	7,191,580

¹ Revenue requirements for 2008 only include O&M Expenses of \$425,292.99 and are shown in the Under / Over Balance (Schedule SS-SL1-4); the total revenue requirement through September 2014 is \$28,530,204.99 (\$425,292.99 + \$28,104,911.00)

PSE&G Solar Loan I Program
Electric Revenue Requirements Calculation - Detail

Actuals through March 2013

Annual Pre-Tax WACC 11.1100%
 Monthly Pre-Tax WACC 0.92583%

(1)	(2)	(3)	(3a)	(3b)	(4)	4a	4b	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Loan Amount Issued	Capitalized Plant	Return On Total Outstanding Loan Balance	Loan Interest	Loan Interest	Loan Accrued Interest	Loan Accrued Interest - Commercial	Loan Accrued Interest - Residential	SREC Value Credited to Loans	Cash Payments to Loans	Loan Interest Paid	Loan Principal Paid / Amortized	Loan	Loan Principal Balance	Total Loan Outstanding Balance	Value of SREC Transferred to PSE&G	SREC Auction Sales	Gain / (Loss) on SREC Sales	
			Rate to WACC Differential	Rate to WACC Differential								Accrued Interest Balance						
Col 3a + Col 3b + Col 4	Col 3a + Col 3b + Col 4	Col 3a + Col 3b + Col 4	WP-SS-SL1-2.xls 'LoansC' wksht Col 32	WP-SS-SL1-2.xls 'LoansR' wksht Col 32	WP-SS-SL1-2.xls 'Loans' wksht Col 11	WP-SS-SL1-2.xls 'LoansC' wksht Col 11	WP-SS-SL1-2.xls 'LoansR' wksht Col 11	WP-SS-SL1-2.xls 'Loans' wksht Col 13	WP-SS-SL1-2.xls 'Loans' wksht Col 14	WP-SS-SL1-2.xls 'Loans' wksht Col 16	WP-SS-SL1-2.xls 'Loans' wksht Col 17	WP-SS-SL1-2.xls 'Loans' wksht Col 18	WP-SS-SL1-2.xls 'Loans' wksht Col 19	Col 9 + Col 10	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 23	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 25	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 26	
Dec-12	-	-	642,342	-	8,614	633,727	621,582	12,146	486,875	(87)	486,788	-	146,940	68,104,210	68,251,150	225,049	-	-
Jan-13	-	-	643,886	-	8,651	635,235	623,037	12,198	407,075	95	407,170	-	375,005	68,104,210	68,479,215	184,306	-	-
Feb-13	-	-	583,482	-	7,763	575,719	564,773	10,946	455,525	1,378	456,903	-	493,821	68,104,210	68,598,031	218,844	-	-
Mar-13	-	-	647,121	-	8,528	638,593	626,569	12,025	532,475	48	532,523	-	599,892	68,104,210	68,704,101	234,154	732,545	(957,876)
Apr-13	-	-	627,023	-	8,205	618,818	607,248	11,570	1,138,575	190	1,138,765	-	79,944	68,104,210	68,184,154	468,781	-	-
May-13	-	-	631,269	-	8,216	623,054	611,469	11,584	1,047,375	-	778,454	268,921	253,072	67,506,761	67,759,833	441,000	-	-
Jun-13	-	-	627,341	-	8,093	619,248	607,838	11,410	1,177,050	-	716,471	460,579	155,849	67,046,182	67,202,031	495,600	-	-
Jul-13	-	-	622,113	-	7,952	614,161	603,012	11,149	1,402,200	-	697,663	704,537	72,347	66,341,646	66,413,992	590,400	1,639,400	(787)
Aug-13	-	-	614,881	-	7,807	607,074	596,066	11,008	1,375,125	-	670,272	704,853	9,148	65,636,793	65,645,941	579,000	-	-
Sep-13	-	-	607,709	-	7,659	600,049	589,311	10,739	1,363,250	-	606,723	756,527	2,475	64,880,266	64,882,741	574,000	-	-
Oct-13	-	-	600,704	-	7,498	593,206	582,634	10,572	1,256,850	-	593,097	663,753	2,584	64,216,512	64,219,097	529,200	1,743,400	-
Nov-13	-	-	594,560	-	7,354	587,205	576,836	10,370	1,071,600	-	586,931	484,669	2,859	63,731,843	63,734,702	451,200	-	-
Dec-13	-	-	590,018	-	7,232	582,787	572,646	10,140	867,825	-	581,978	285,847	3,668	63,445,996	63,449,663	365,400	-	-
Jan-14	-	-	587,436	-	7,125	580,311	570,265	10,046	542,450	-	518,234	24,216	65,745	63,421,780	63,487,525	228,400	1,345,800	-
Feb-14	-	-	587,732	-	7,085	580,647	570,712	9,935	487,825	-	469,255	18,570	177,137	63,403,210	63,580,347	205,400	-	-
Mar-14	-	-	588,591	-	7,026	581,565	571,712	9,852	596,125	-	560,332	35,793	198,371	63,367,416	63,565,787	251,000	-	-
Apr-14	-	-	588,511	-	6,955	581,556	571,750	9,806	731,025	-	630,402	100,623	149,525	63,266,793	63,416,318	307,800	684,800	-
May-14	-	-	587,075	-	6,894	580,181	570,513	9,668	1,046,900	-	714,313	332,587	15,393	62,934,206	62,949,599	440,800	-	-
Jun-14	-	-	582,806	-	6,752	576,054	566,534	9,521	1,170,400	-	589,503	580,897	1,944	62,353,309	62,355,254	492,800	-	-
Jul-14	-	-	577,254	-	6,623	570,631	561,343	9,288	1,394,600	-	571,487	823,113	1,089	61,530,196	61,531,285	587,200	1,241,400	-
Aug-14	-	-	569,675	-	6,454	563,221	554,121	9,100	1,368,475	-	562,914	805,561	1,396	60,724,634	60,726,031	576,200	-	-
Sep-14	-	-	562,172	-	6,299	555,873	547,039	8,834	1,357,550	-	556,199	801,351	1,070	59,923,284	59,924,354	571,600	-	-
Annual Summary																		
2009	42,933,844	-	1,272,374	-		1,267,817			2,146,604	-	1,209,191	937,413	58,626	41,996,431	42,055,057	2,143,104	930,880	271,256
2010	24,212,268	-	5,633,081	-		5,558,552			9,411,252	26,680	5,617,178	3,820,753	-	62,387,945	62,387,945	9,412,632	9,759,306	1,499,493
2011	15,594,694	-	7,594,846	-		7,473,721			12,280,358	76,574	7,429,658	4,927,273	44,062	73,055,366	73,099,428	11,724,979	9,221,084	(3,344,977)
2012	16,936	-	7,893,123	-		7,781,089			12,500,100	146,204	7,678,212	4,968,092	146,940	68,104,210	68,251,150	8,533,307	3,309,809	(5,730,793)
2013	-	-	7,390,108	-		7,295,149			12,094,925	1,710	7,766,949	4,329,686	3,668	63,445,996	63,449,663	5,131,886	4,115,345	(958,663)
2014	-	-	5,231,254	-		5,170,040			8,695,350	-	5,172,638	3,522,712	-	-	-	3,661,200	3,272,000	-
Total	82,757,741	-	35,014,786	-		34,546,368			57,128,588	251,168	34,873,826	22,505,930				40,607,108	30,608,424	(8,263,684)
Total Oct-13 - Sep-14	-	-	7,016,536	-		6,933,238			11,891,625	-	6,934,643	4,956,982				5,007,000	5,015,400	-

PSE&G Solar Loan I Program
Electric Revenue Requirements Calculation - Detail

Actuals through March 2013

Annual Pre-Tax WACC 11.1100%
 Monthly Pre-Tax WACC 0.92583%

	(15)	(16)	(17)	(18)	(18a)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
	<u>SREC Inventory</u>	<u>Return on SREC Inventory</u>	<u>SREC Disposition Expenses</u>	<u>SREC Call Option Net Benefit</u>	<u>SREC Floor Price Cost</u>	<u>Gross Plant</u>	<u>Plant Depreciation</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>	<u>Tax Depreciation</u>	<u>Deferred Income Tax</u>	<u>Accumulated Deferred Income Tax</u>	<u>Net Plant Investment</u>	<u>Return Requirement on Plant Investment</u>	<u>O&M Expenses¹</u>	<u>Revenue Requirements¹</u>	<u>Alternative Revenue Requirements¹</u>
Dec-12	1,287,922	10,093	27,513	-	261,826	-	-	-	-	-	-	-	-	-	3,962	312,008	312,008
Jan-13	1,472,229	12,204	-	-	222,769	-	-	-	-	-	-	-	-	-	6,577	250,201	250,201
Feb-13	1,691,073	12,610	-	-	236,681	-	-	-	-	-	-	-	-	-	6,581	263,635	263,635
Mar-13	234,806	12,366	7,360	-	298,321	-	-	-	-	-	-	-	-	-	6,961	1,291,411	1,291,411
Apr-13	703,587	2,282	-	-	669,794	-	-	-	-	-	-	-	-	-	6,798	687,080	687,080
May-13	1,144,587	6,773	-	-	606,375	-	-	-	-	-	-	-	-	-	7,527	628,891	628,891
Jun-13	1,640,187	10,603	-	-	681,450	-	-	-	-	-	-	-	-	-	7,527	707,672	707,672
Jul-13	590,400	15,157	9,160	-	811,800	-	-	-	-	-	-	-	-	-	7,527	852,383	852,383
Aug-13	1,169,400	5,747	-	-	796,125	-	-	-	-	-	-	-	-	-	7,527	817,206	817,206
Sep-13	1,743,400	10,853	-	-	789,250	-	-	-	-	-	-	-	-	-	7,527	815,289	815,289
Oct-13	529,200	16,081	9,961	-	727,650	-	-	-	-	-	-	-	-	-	7,527	768,717	768,717
Nov-13	980,400	4,970	-	-	620,400	-	-	-	-	-	-	-	-	-	7,527	640,251	640,251
Dec-13	1,345,800	9,362	-	-	502,425	-	-	-	-	-	-	-	-	-	7,527	526,546	526,546
Jan-14	228,400	12,359	9,944	-	314,050	-	-	-	-	-	-	-	-	-	8,211	351,688	351,688
Feb-14	433,800	2,009	-	-	282,425	-	-	-	-	-	-	-	-	-	8,211	299,730	299,730
Mar-14	684,800	4,170	-	-	345,125	-	-	-	-	-	-	-	-	-	8,211	364,532	364,532
Apr-14	307,800	6,139	6,192	-	423,225	-	-	-	-	-	-	-	-	-	8,211	450,722	450,722
May-14	748,600	3,039	-	-	606,100	-	-	-	-	-	-	-	-	-	8,211	624,243	624,243
Jun-14	1,241,400	6,986	-	-	677,600	-	-	-	-	-	-	-	-	-	8,211	699,549	699,549
Jul-14	587,200	11,515	7,939	-	807,400	-	-	-	-	-	-	-	-	-	8,211	841,687	841,687
Aug-14	1,163,400	5,716	-	-	792,275	-	-	-	-	-	-	-	-	-	8,211	812,656	812,656
Sep-14	1,735,000	10,798	-	-	785,950	-	-	-	-	-	-	-	-	-	8,211	811,258	811,258
	Prior Col 15 + Col 12 - Col 13 - Col 14	WP-SS-SL1- 2.xls 'SREC Inv.' wksh Col 28	WP-SS-SL1- 2.xls 'SREC Inv.' wksh Col 29	Included in Col 14	WP-SS-SL1- 2.xls 'Loans' wksh Col 36	Prior Month Col 19 + Col 2	1/120 of Each Prior 120 Months of Col 2 (10 year amortization)	Prior Col 21 + Col 20	Col 19 - Col 21	See WP-SS- 1.xls 'AmortE' wksh	(Col 23 - Col 20) * Income Tax Rate	Prior Col 25 + Col 24	Col 22 - Col 25	(Prior Col 26 + Col 26) / 2 * Monthly Pre Tax WACC	Program Assumption	Col 3 - Col 4 - Col 5 - Col 6 + Col 7 + Col 8 - Col 14 + Col 16 + Col 17- Col 18 + Col 18a + Col 20 + Col 27 + Col 28	3a + 3b - 14 + 16 + 17 - 18 + 18a + 20 + 27 + 28
Annual Summary																	
2009	1,483,481	50,579	135,091	-	3,499	-	-	-	-	-	-	-	-	-	505,554	428,024	428,024
2010	2,636,299	192,841	203,401	-	-	-	-	-	-	-	-	-	-	-	258,525	(770,198)	(770,198)
2011	1,795,218	350,277	285,220	-	559,489	-	-	-	-	-	-	-	-	-	127,415	4,788,503	4,788,503
2012	1,287,922	156,293	108,511	-	3,967,845	-	-	-	-	-	-	-	-	-	68,189	10,143,665	10,143,665
2013	1,345,800	119,008	26,481	-	6,963,039	-	-	-	-	-	-	-	-	-	87,131	8,249,282	8,249,282
2014	-	62,729	24,075	-	5,034,150	-	-	-	-	-	-	-	-	-	73,899	5,256,066	5,256,066
Total		931,727	782,779	-	16,528,023	-	-	-	-	-	-	-	-	-	1,120,713	28,095,343	28,095,343
Total Oct-13 - Sep-14		93,142	34,037	-	6,884,625	-	-	-	-	-	-	-	-	-	96,479	7,191,580	7,191,580

¹ Revenue requirements for 2008 only include O&M Expenses of \$425,292.99 and are shown in the Under / Over Balance (Schedule SS-SL1-4); the total revenue requirement through September 2014 is \$28,530,204.99 (\$425,292.99 + \$28,104,911.00)

PSE&G Solar Loan I Program
Under/(Over) Calculation

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000058	0.000058	0.000058	0.000058	0.000058	0.000058
	(59)	(60)	(61)	(62)	(63)	(64)
<u>SLI Under/(Over) Calculation</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>
(1) Solar Loan I SPRC Revenue	\$176,317	\$185,875	\$197,693	\$187,606	\$190,087	\$166,406
(2) Revenue Requirements	\$346,930	\$312,008	\$250,201	\$263,635	\$1,291,411	\$687,080
(3) Monthly Under/(Over) Recovery	\$170,612	\$126,133	\$52,509	\$76,029	\$1,101,324	\$520,674
(4) Deferred Balance	\$13,856,404	\$13,982,537	\$14,035,046	\$14,111,075	\$15,212,399	\$15,733,073
(5) Monthly Interest Rate	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%
(6) After Tax Monthly Interest Expense/(Credit)	\$5,679	\$5,741	\$5,777	\$5,804	\$6,047	\$6,381
(7) Cumulative Interest	\$19,955	\$25,696	\$31,473	\$37,277	\$43,324	\$49,705
(8) Balance Added to Subsequent Year's Revenue Requirements	\$13,876,360	\$14,008,233	\$14,066,519	\$14,148,352	\$15,255,723	\$15,782,778
(9) Net Sales - kWh (000)						
(10) SPRC Settlement: Application Fee Credit						
(11) SPRC Settlement: Prior to Filing Expenses Credit						

PSE&G Solar Loan I Program
Under/(Over) Calculation

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000058	0.000454	0.000454	0.000454	0.000454	0.000458	0.000458
	(65)	(66)	(67)	(68)	(69)	(70)	(71)
<u>SLI Under/(Over) Calculation</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>
(1) Solar Loan I SPRC Revenue	\$192,852	\$1,678,585	\$1,950,492	\$1,944,732	\$1,575,733	\$1,526,600	\$1,425,761
(2) Revenue Requirements	<u>\$628,891</u>	<u>\$707,672</u>	<u>\$852,383</u>	<u>\$817,206</u>	<u>\$815,289</u>	<u>\$768,717</u>	<u>\$640,251</u>
(3) Monthly Under/(Over) Recovery	\$436,039	(\$970,913)	(\$1,098,109)	(\$1,127,527)	(\$760,444)	(\$757,883)	(\$785,510)
(4) Deferred Balance	\$16,169,111	\$15,254,481	\$14,156,373	\$13,028,846	\$12,268,403	\$11,510,519	\$10,725,009
(5) Monthly Interest Rate	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%
(6) After Tax Monthly Interest Expense/(Credit)	\$6,578	\$6,480	\$6,065	\$5,606	\$5,216	\$4,903	\$4,585
(7) Cumulative Interest	\$56,283	\$6,480	\$12,544	\$18,150	\$23,367	\$28,270	\$32,855
(8) Balance Added to Subsequent Year's Revenue Requirements	\$16,225,395	\$15,260,961	\$14,168,917	\$13,046,996	\$12,291,769	\$11,538,789	\$10,757,864
(9) Net Sales - kWh (000)	3,325,038	3,697,325	4,296,237	4,283,552	3,470,777	3,333,189	3,113,016
(10) SPRC Settlement: Application Fee Credit							
(11) SPRC Settlement: Prior to Filing Expenses Credit							

PSE&G Solar Loan I Program
Under/(Over) Calculation

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000458	0.000458	0.000458	0.000458	0.000458	0.000458
	(72)	(73)	(74)	(75)	(76)	(77)
<u>SLI Under/(Over) Calculation</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>
(1) Solar Loan I SPRC Revenue	\$1,517,691	\$1,687,981	\$1,535,776	\$1,548,188	\$1,403,487	\$1,473,752
(2) Revenue Requirements	<u>\$526,546</u>	<u>\$351,688</u>	<u>\$299,730</u>	<u>\$364,532</u>	<u>\$450,722</u>	<u>\$624,243</u>
(3) Monthly Under/(Over) Recovery	(\$991,145)	(\$1,336,292)	(\$1,236,046)	(\$1,183,655)	(\$952,766)	(\$849,509)
(4) Deferred Balance	\$9,733,864	\$8,397,571	\$7,161,525	\$5,977,870	\$5,025,104	\$4,175,595
(5) Monthly Interest Rate	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%	0.0700%
(6) After Tax Monthly Interest Expense/(Credit)	\$4,219	\$3,739	\$3,208	\$2,709	\$2,269	\$1,897
(7) Cumulative Interest	\$37,074	\$40,813	\$44,021	\$46,730	\$48,999	\$50,897
(8) Balance Added to Subsequent Year's Revenue Requirements	\$9,770,938	\$8,438,384	\$7,205,546	\$6,024,600	\$5,074,104	\$4,226,492
(9) Net Sales - kWh (000)	3,313,736	3,685,547	3,353,223	3,380,322	3,064,383	3,217,800
(10) SPRC Settlement: Application Fee Credit						
(11) SPRC Settlement: Prior to Filing Expenses Credit						

PSE&G Solar Loan I Program
Under/(Over) Calculation

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000458	0.000458	0.000458	0.000458		
	(78)	(79)	(80)	(81)	(82)	
<u>SLI Under/(Over) Calculation</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Total</u>	
(1) Solar Loan I SPRC Revenue	\$1,743,711	\$2,066,523	\$1,959,492	\$1,604,472	\$28,577,659	SL I Rate * Line 9
(2) Revenue Requirements	<u>\$699,549</u>	<u>\$841,687</u>	<u>\$812,656</u>	<u>\$811,258</u>	\$28,520,636	From SS-3, Col 20
(3) Monthly Under/(Over) Recovery	(\$1,044,162)	(\$1,224,835)	(\$1,146,836)	(\$793,214)		Line 2 - Line 1
(4) Deferred Balance	\$3,131,433	\$1,906,598	\$759,763	(\$33,452)		Prev Line 4 + Line 3 + Line 10 + Line 11
(5) Monthly Interest Rate	0.0700%	0.0700%	0.0700%	0.0700%		Annual Interest Rate / 12
(6) After Tax Monthly Interest Expense/(Credit)	\$1,507	\$1,039	\$550	\$150		(Prev Line 4 + Line 4) / 2 * (1 - Tax Rate) * Line 5
(7) Cumulative Interest	\$52,403	\$53,442	\$53,992	\$54,142		Prev Line 7 + Line 6
(8) Balance Added to Subsequent Year's Revenue Requirements	\$3,183,837	\$1,960,040	\$813,755	\$20,690		Line 4 + Line 7
(9) Net Sales - kWh (000)	3,807,229	4,512,058	4,278,366	3,503,214		
(10) SPRC Settlement: Application Fee Credit						
(11) SPRC Settlement: Prior to Filing Expenses Credit						

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
B.P.U.N.J. No. 15 ELECTRIC

XXX Revised Sheet No. 64
Superseding
XXX Revised Sheet No. 64

SOLAR PILOT RECOVERY CHARGE

Charge
(per kilowatthour)

SOLAR PILOT RECOVERY CHARGE:

Charge\$ 0.000458

Charge including New Jersey Sales and Use Tax (SUT).....\$ 0.000490

SOLAR PILOT RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the Public Service Solar Pilot Program per the Board Order in Docket No. EO07040278 less the net proceeds from the sale of associated Solar Renewable Energy Certificates (SRECs) or cash received in lieu of SRECs. The net recovery by the Company is subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. This interest rate shall change each August 1.

Date of Issue:

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

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
B.P.U.N.J. No. 15 ELECTRIC

XXX Revised Sheet No. 64
Superseding
XXX Revised Sheet No. 64

SOLAR PILOT RECOVERY CHARGE

Charge
(per kilowatthour)

SOLAR PILOT RECOVERY CHARGE:

Charge	\$ 0.000454 <u>0.000458</u>
Charge including New Jersey Sales and Use Tax (SUT).....	\$ 0.000486 <u>0.000490</u>

SOLAR PILOT RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the Public Service Solar Pilot Program per the Board Order in Docket No. EO07040278 less the net proceeds from the sale of associated Solar Renewable Energy Certificates (SRECs) or cash received in lieu of SRECs. The net recovery by the Company is subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. This interest rate shall change each August 1.

Date of Issue:

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

Effective:

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY ELECTRIC CUSTOMERS

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF CHANGES IN ITS ELECTRIC SOLAR PILOT RECOVERY CHARGE (SPRC) FOR ITS SOLAR LOAN I PROGRAM

Notice of a Filing And Notice of Public Hearings

Docket No. XXXXXXXXX

TAKE NOTICE that, in June 2013, Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition with the New Jersey Board of Public Utilities ("Board", "BPU") requesting an increase in the cost recovery mechanism for the Solar Loan I Program ("Program"). As directed in the original Board Order EO07040278 dated April 16, 2008, PSE&G implemented the Program and associated cost recovery mechanism. As part of this filing, PSE&G has included an annual update on the status of the Program. As proposed in the Company's filing, the resultant revenue increase on the Company's electric customers is \$0.2 million on an annual basis.

PSE&G proposes to recover the Program costs through the Solar Pilot Recovery Charge ("SPRC"). The SPRC is applicable to all electric rate schedules. The proposed SPRC, if approved by the Board, is shown in Table #1.

The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table # 2.

Date 1, 2013
Time 1
Location 1
Location 1 Overflow
Room 1
Room 1 Overflow
Address 1
City 1, N.J. Zip 1

Date 2, 2013
Time 2
Location 2
Location 2 Overflow
Room 2
Room 2 Overflow
Address 2
City 2, N.J. Zip 2

Date 3, 2013
Time 3
Location 3
Location 3 Overflow
Room 3
Room 3 Overflow
Address 3
City 3, N.J. Zip 3

Based on the filing, a typical residential electric customer using 780 kilowatthours per summer month and 7,360 kilowatthours on an annual basis would not see a change to their annual bill of \$1,364.80.

The Board has the statutory authority pursuant to *N.J.S.A. 48:2-21*, to establish the Solar Pilot Recovery Charge to levels it finds just and reasonable. Therefore, the Board may establish the Solar Pilot Recovery Charge at a level other than that proposed by Public Service. Therefore, the above described charges may increase or decrease based upon the Board's decision.

Copies of the Company's filing are available for review by the public at the Company's Customer Service Centers and at the Board of Public Utilities at 44 South Clinton Avenue, Seventh Floor, Trenton, New Jersey 08625-0350.

The following dates, times and locations for public hearings on the Company's filing have been scheduled so that members of the public may present their views.

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings. Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue,

Ninth Floor, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Kristi Izzo, whether or not they attend the public hearings.

Table # 1
Solar Pilot Recovery Charge

	Solar Pilot Recovery Charge	
	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)
Electric - \$ per kWhr	\$0.000486	\$0.000490

Table #2
Residential Electric Service

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,600	170	\$32.90	\$32.90	\$0.00	0.00%
3,900	415	76.78	76.78	0.00	0.00
7,360	780	144.56	144.56	0.00	0.00
7,800	803	149.00	149.00	0.00	0.00
12,400	1,320	248.47	248.48	0.01	0.00

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 1, 2013 and assumes that the customer receives BGS-FP service from Public Service.
(2) Same as (1) except includes the change for the Solar Pilot Recovery Charge.

Alexander C. Stern, Esq.
Associate General Regulatory Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY