



STATE OF NEW JERSEY
Board of Public Utilities
44 S. Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
www.nj.gov/bpu

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF CHANGES IN ITS ELECTRIC REGIONAL)
GREENHOUSE GAS (RGGI) RECOVERY CHARGE)
AND ITS GAS RGGI RECOVERY CHARGE AND FOR)
CHANGES IN THE TARIFF FOR ELECTRIC SERVICE,)
B.P.U.N.J. NO. 15 ELECTRIC, AND THE TARIFF FOR)
GAS SERVICE, B.P.U.N.J. NO 15 GAS, PURSUANT)
TO N.J.S.A. 48:2-21, 48:2-21.1, AND N.J.S.A. 48:3-98.1)

DECISION AND ORDER
APPROVING INITIAL DECISION
AND STIPULATION

BPU DOCKET NO. ER10100737

and

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF CHANGES IN ITS ELECTRIC AND)
GAS REGIONAL GREENHOUSE GAS RECOVERY)
CHARGE FOR THE CARBON ABATEMENT PROGRAM;)
AND FOR CHANGES IN THE TARIFF FOR ELECTRIC)
SERVICE, B.P.U.N.J. NO. 14 ELECTRIC, AND CHANGES)
IN THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO. 14)
GAS, PURSUANT TO N.J.S.A. 48:3-98.1)

BPU DOCKET NO. ER09100824

(NOTIFICATION LIST ATTACHED)

APPEARANCES

Matthew M. Weisman, Esq., Associate General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company

Stefanie Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law by former Governor Corzine based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found

that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board" or "BPU") including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board.

PSE&G Programs

Energy Efficiency

By Order dated December 16, 2008¹, the Board authorized Public Service Electric and Gas Company ("PSE&G" or "Company") to invest \$45.9 million in the Carbon Abatement Program ("CA"). The Program has five sub-programs:

- Residential Whole House Efficiency Sub-Program
- Residential Programmable Thermostat Installation Sub-Program
- Small Business Direct Install Sub-Program
- Large Business Best Practices and Technology Demonstration Pilot Sub-Program
- Hospital Efficiency Sub-Program

By Order dated July 17, 2009², the Board authorized PSE&G to invest approximately \$192 million in the Economic Energy Efficiency Stimulus Program ("EEE"). Three of the eight sub-programs in the E3 Stimulus Program were identical to those sub-programs in the Carbon Abatement Program (Residential Whole House Efficiency Sub-Program, Small Business Direct Install Program, and the Hospital Efficiency Sub-Program). The other sub-programs approved under the EEE were: Residential Multi-Family Housing, Municipal/Local/State Government Direct Install, Data Center Efficiency, Building Commissioning/O&M, and Technology Demonstration.

Demand Response

By Order dated July 1, 2008³, the Board pursuant to N.J.S.A. 48:3-98.1(a)(3) directed the State's four electric distribution companies, including PSE&G to submit proposals to the Board by August 1, 2008 for demand response ("DR") programs to be implemented for the period beginning June 1, 2009. By Order dated July 31, 2009⁴, the BPU approved a stipulation that authorized PSE&G to implement a Residential

¹ I/M/O the Petition of PSE&G Offering a Carbon Abatement Program in its Service Territory on a Regulated Basis and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08060426, Order Dated December 16, 2008.

² I/M/O Energy Efficiency Programs and Associated Cost Recovery Mechanisms AND I/M/O the Petition of PSE&G Offering an Energy Efficiency Economic Stimulus Program in its Service Territory on a Regulated Basis and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket Nos. EO09010056 and EO09010058, Order dated July 17, 2009.

³ I/M/O Demand Response Programs for the Period Beginning June 1, 2009- Electric Distribution Company Programs, BPU Docket No. EO08050326, Order dated July 1, 2008.

⁴ I/M/O the Petition of PSE&G for Approval of a Demand Response Program and Associated Cost Recovery Mechanism Pursuant to the BPU Order I/M/O Demand Response Programs for the Period Beginning June 1, 2009- Electric Distribution Company Programs, BPU Docket No. EO08080544, Order dated July 31, 2009.

Air Conditioning ("AC") Cycling and a Small Commercial AC Cycling Program with an estimated budget of \$65.34 million.

Solar Programs

By Order dated August 3, 2009⁵, the Board authorized PSE&G to invest approximately \$514 million in a solar generation program, known as Solar 4 All ("S4A Program"). The S4A Program consists of two segments: Segment 1- Centralized Solar (40 MW) and Segment 2- Pole-Attached Solar (40 MW).

By Order dated August 7, 2008⁶, the Board directed PSE&G to file a solar renewable energy certificate ("SREC") based financing program by March 31, 2009. ("SREC Financing Order"). Pursuant to the SREC Financing Order, PSE&G's proposed SREC-based financing program could be structured as a modification of the solar loan program approved by the Board on April 16, 2008⁷ provided that the modifications were sufficient to enable the SREC-based financing program to support the transition to a market-based approach to delivering incentives for solar electric generation. As approved by Board Order dated November 10, 2009⁸, the Solar Loan II Program ("SLII Program") is an approximate 51 MW distributed photovoltaic ("PV") solar initiative in which customers or developers install solar PV systems on customers' premises "behind the meter" using PSE&G as a source of capital. The initial investment estimate for the SLII program was \$144 million.

Under the terms of the Orders approving the programs described above, PSE&G recovers the revenue requirements for programs described above through its electric and gas RGGI Recovery Charges ("RRCs"). There is a separate component of the RRC for each of the programs. PSE&G is required to make annual filings to set forth a calculation of the electric and gas recovery charges for estimated revenue requirements for the subsequent year plus the over/under deferred balance for the current year for the programs ("Annual Filing").

2009 CARBON ABATEMENT FILING

On October 1, 2009, PSE&G filed a petition with the Board in Docket No. ER09100824 requesting approval for increases in the portion of its electric and gas RRCs effective January 1, 2010 attributable to the Carbon Abatement Program. ("2009 Carbon Abatement Filing") The petition also sought to modify certain aspects of the CA and transfer administration funds between sub-programs. According to the 2009 Carbon Abatement Filing, the rates proposed under the filing were designed to recover approximately \$3.9 million in revenue on an annual basis. Based on the Company's actual collections through August 31, 2009, and its projected collections through December 31, 2009, the RRC was expected to be under-collected by \$39.3 thousand, including interest. The resultant net annual revenue impact on the Company's electric and gas customers would have been a \$1.9 million increase.

After notice in newspapers in general circulation within the service territory, public hearings were held in Hackensack, Mt. Holly, and New Brunswick, on December 14, 15, and 21, 2009, respectively. A total of four members of the public attended. By Order dated December 17, 2009, the Board approved a

5/ I/M/O the Petition of PSE&G for Approval of a Solar Generation Investment Program and an Associated Cost Recovery Mechanism, BPU Docket No. EO09020125, Order dated August 3, 2009.

6/ I/M/O the the Renewable Energy Portfolio Standard- Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs; and for Electric Distribution Company Submittals of Filings in Connection with Solar Financing, BPU Docket No. EO06100744, Order dated August 7, 2008.

7/ I/M/O the Petition of PSE&G for Approval of a Solar Energy Program and an Associated Cost Recovery Mechanism- Decision and Order Approving Settlement, BPU Docket No. EO07040278, Order dated April 16, 2008.

8/ I/M/O the Petition of PSE&G for Approval of a Solar Loan II Program and an Associated Cost Recovery Mechanism, BPU Docket No. EO09030249, Order dated November 10, 2009.

stipulation in which the Company, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, the "Parties") agreed to the implementation of provisional RRC rates for Carbon Abatement to afford the Parties additional time to complete the review of the proposed rates and program changes in the 2009 Carbon Abatement Filing. The Order provisionally increased the Company's electric CA component of the RRC from \$0.000021 per kWh (including Sales and Use Tax ("SUT")) to \$0.000042 per kWh (including SUT) and increased the Company's gas CA component of the RRC from \$0.000384 per therm (including SUT) to \$0.000782 per therm (including SUT).

2010 RRC FILING

On October 14, 2010, PSE&G filed the Annual Filing and accompanying exhibits. ("2010 Annual Filing") According to the 2010 Annual Filing, the rates proposed for PSE&G's electric and gas components of the RRC for the period January 1, 2010 through December 31, 2010 are designed to recover approximately \$48.1 million (electric) and \$10.5 million (gas) on an annual basis. The resultant net annual revenue impact on the Company's electric and gas customers are increases of \$18.7 million (electric) and \$1.4 million (gas). After notice, public hearings were conducted in Hackensack, New Brunswick, and Mt. Holly on December 13, 14, and 16, 2010, respectively. A total of two members of the public attended.

By letter dated January 21, 2011, the 2010 Annual Filing was transmitted to the Office of Administrative Law ("OAL") and assigned to Administrative Law Judge Irene Jones ("ALJ Jones"). A pre-hearing conference was held on May 3, 2011 and a pre-hearing Order was subsequently issued. Recognizing the rates associated with the 2009 Carbon Abatement Filing were provisionally approved and that the same issues were being addressed in the 2010 Annual Filing, on or about June 7, 2010, the Board transmitted the 2009 Carbon Abatement Filing to the OAL for consolidation with the 2010 Annual Filing. The matters were officially consolidated pursuant to ALJ Jones' amended pre-hearing Order dated September 13, 2011.

STIPULATION

Several rounds of discovery questions were propounded by Staff and Rate Counsel, and the Company has responded thereto. Following review of discovery, the Parties met in person and telephonically on several occasions. As a result, on November 18, 2011, the Parties executed the attached Stipulation of Settlement ("Stipulation").

The Stipulation provides the following⁹:

14. The Company's current provisional Carbon Abatement Program Component of its RRC shall be deemed final upon the service of a Board Order approving the Stipulation, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
15. Based upon a review of the actual data through March 31, 2011 and forecasted revenue requirements through December 31, 2011, the Parties agree to implement the electric RRC rates requested in the 2010 Annual Filing. Based on projected 2011 electric sales as outlined in that filing, the requested rates were expected to result in an annual increase of \$18.7 million. The cumulative rate impacts increase the electric RRC from \$0.000825 per kWh (including SUT) to \$0.001283 per kWh (including SUT) and details on each proposed component are shown in

⁹ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control subject to the findings and conclusions contained in this Order.

Attachment A to the Stipulation.¹⁰ Although the Company requested a \$1.4 million increase in annual revenue for the gas RRC, the Company agrees to maintain the gas RRC at its current level. The current gas RRC is \$0.004184 per therm (including SUT). The Parties agree that electric and gas RRC costs incurred prior to March 31, 2011 are deemed reasonable and prudent. Corresponding balances for each sub component of the electric and gas RRC as of March 31, 2011 are included in Attachment B to the Stipulation. Actual electric and gas RRC costs incurred after March 31, 2011 are subject to review for prudence and reasonableness in future true-up filings subject to the limitation on administrative costs referenced in paragraphs 17 through 19 in the Stipulation.

16. Although the next annual RGGI Recovery filing was due to be filed October 1, 2011, PSE&G agrees that it shall make its next filing with 12 months of actual data from April 1, 2011 to March 31, 2012 as soon as such data is available, but no later than July 1, 2012.
17. Recognizing that the EEE and CA programs are scheduled to terminate in or about 2013 and have utilized and continue to utilize internal employees to a greater extent than the other programs involved in this proceeding, PSE&G agrees that actual overall administration, program management, quality assurance/quality control evaluation costs for the CA and EEE shall not exceed \$19.4 million, which reflects a reduction of \$7.0 million from the estimated program costs approved in the respective Board Orders in these matters. Although PSE&G agrees to be bound by the \$19.4 million cap on these costs, the Parties recognize that there may be additional program costs incurred after both EEE and CA have terminated and program dollars have been committed to customers. To the extent dollars under the cap remain and PSE&G continues to incur administrative costs associated with EEE and CA, PSE&G shall be permitted to seek recovery of all reasonable and prudent costs incurred up to the \$19.4 million cap.
18. With regard to the S4A Program, the Company originally estimated total operating expenses of \$33.4 million through 2013. These included operating and maintenance costs, administrative costs, rent, insurance, and other costs. The Parties agree that through 2013, these costs for the Solar 4 All program will be capped at \$23.3 million. The Parties recognize that the Company is considering its options with respect to insurance costs. The Parties agree that the Company should be permitted to recover the costs of such insurance to the extent that the Company operates under the cap limit established herein.
19. With respect to the DR program, the Company originally estimated total general administration expenses of \$18.7 million through 2013. These included overall administration, program management, quality assurance/quality control evaluation costs. The Parties agree that through 2013, these costs for the DR program will be capped at \$17.7 million.
20. Expenditures within the agreed-upon "not to exceed" cap on the CA and EEE, DR program and the S4A Program, respectively, are subject to review for reasonableness and prudence in the annual RRC cost recovery proceedings, along with capital costs. In addition, the Parties agree that administrative costs associated with the SL II program will continue to be reviewed for reasonableness and prudence in subsequent filings.

¹⁰ The RRC rate reflects inclusion of the recently approved "EEEEExt" subcomponent of the RRC. See *I/M/O the Petition Of Public Service Electric And Gas Company For An Extension Of Three Sub-Components Of Its Energy Efficiency Economic Stimulus Program In Its Service Territory On A Regulated Basis And Associated Cost Recovery And For Changes In The Tariff For Electric Service, B.P.U.N.J. No. 15 Electric And The Tariff For Gas Service, B.P.U.N.J. No. 15 Gas, Pursuant To N.J.S.A. 48:2-21, 48:2-21.1, And N.J.S.A. 48:3-98.1*, BPU Docket No. EO11010030 (Order dated July 14, 2011).

21. The Parties further agree that, for all five RGGI Programs that are the subject of this proceeding, actual overall administration, program management, quality assurance/quality control evaluation and investment costs for the duration of these programs shall be considered incremental to the level in base rates for purposes of cost recovery. In addition, the Parties agree that internal labor costs related to the SLII shall be included in the Company's quarterly reports for this program, and that an internal labor cost quarterly report shall be commenced for the DR program with the first report due April 30, 2012 and each report thereafter due thirty (30) days after the calendar quarter. The Parties further agree that Board Staff and Rate Counsel reserve the right in the Company's next base rate case to argue that internal labor costs associated with the DR program and SLII should be included in base rates and removed from the RRC. As a result of the agreement herein, the issues concerning incremental costs shall be deemed closed and resolved.
22. The Company agrees that any proposed program changes requested in either the 2009 Carbon Abatement Filing or the 2010 RGGI Annual Filing are hereby withdrawn.
23. As a result of the proposed rates set forth in Attachment D to the Stipulation, PSE&G's class average residential electric customers using 780 kWh in a summer month and 7,360 kWh annually would experience an increase in their annual bill from \$1,362.08 to \$1,365.44 or \$3.36, or approximately 0.25% (based on Delivery Rates and Basic Generation Service Fixed Pricing [BGS-FP] charges in effect 10/01/11 and assuming that the customer receives BGS-FP service from PSE&G).
24. The residential customer bill impacts comparing the current and proposed delivery charges and Typical Residential Bill Impacts are set forth in Attachment D to the Stipulation for the aforementioned class average customers, as well as for other typical customer usage patterns.
25. The proposed rates, as set forth in the tariff sheets in Attachment C to the Stipulation, are just and reasonable and the Parties hereby agree that PSE&G should be authorized to implement the proposed rates as set forth herein in accordance with a written BPU Order of approval.
28. The Parties further acknowledge that a Board Order approving the Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

On November 21, 2011, ALJ Jones issued her Initial Decision approving the Stipulation in its entirety finding that the Parties have voluntarily agreed to the Stipulation as evidenced by the signatures of the Parties or their representatives and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding, including the attached Initial Decision and the Stipulation of the Parties. The Board **FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation as its own, as if fully set forth herein. Based on the rates in effect as of November 1, 2011, a residential electric customer using 780 kWh per summer months and 7,360 kWh on an annual basis would see an increase in the annual bill from \$1,365.96 to \$1,369.32, or \$3.36, or approximately 0.25%. There will be no change to the annual bill for a gas customer as a result of the Stipulation. In accordance with N.J.S.A. 48:2-40, the rates approved by this Board Order will become effective on January 1, 2012.

The Board **HEREBY ORDERS** PSE&G to file revised tariff sheets conforming to the terms of the Stipulation within five (5) days of service of this Board Order.

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 12/15/11

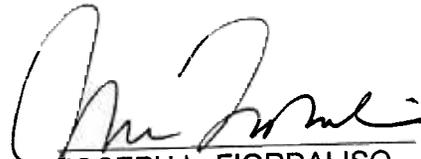
BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER

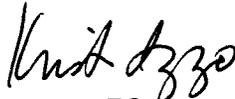


JOSEPH L. FIORDALISO
COMMISSIONER



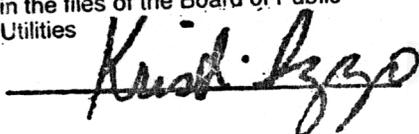
NICHOLAS ASSELTA
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF CHANGES IN ITS ELECTRIC RGGI RECOVERY CHARGES AND ITS GAS RGGI RECOVERY CHARGES AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE B.P.U.N.J. NO. 15 ELECTRIC AND THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO 15 GAS PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1 AND N.J.S.A. 48:3-98.1 (DOCKET NO ER10100737)

AND

IMO THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF CHANGES IN ITS ELECTRIC AND GAS REGIONAL GREENHOUSE GAS RECOVERY CHARGE (RGGI) FOR THE CARBON ABATEMENT PROGRAM; FOR A MODIFICATION TO THE CARBON ABATEMENT PROGRAM; AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE B.P.U.N.J. NO. 14 ELECTRIC AND CHANGES IN THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO. 14 GAS, PURSUANT TO N.J.S.A. 48:3-98.1 (DOCKET NO. ER09100824)

BOARD OF PUBLIC UTILITIES		
Jerome May Board of Public Utilities 44 S. Clinton Avenue, 9 th Fl. P.O. Box 350 Trenton, NJ 08625-0350	Alice Bator Board of Public Utilities 44 S. Clinton Avenue, 9 th Fl. P.O. Box 350 Trenton, NJ 08625-0350	Stacy Peterson Board of Public Utilities 44 S. Clinton Avenue, 9 th Fl. P.O. Box 350 Trenton, NJ 08625-0350
Ken Sheehan, Chief Counsel Board of Public Utilities 44 S. Clinton Avenue, 9 th Fl. P.O. Box 350 Trenton, NJ 08625-0350	Kristi Izzo, Secretary Board of Public Utilities 44 S. Clinton Avenue, 9 th Fl. P.O. Box 350 Trenton, NJ 08625-0350	
DIVISION OF RATE COUNSEL		
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Kurt Lewandowski, Esq. Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101	Sarah Steindel, Esq. Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101	

DEPARTMENT OF LAW & PUBLIC SAFETY

Caroline Vachier, DAG Division of Law 124 Halsey Street, 5 th Floor P.O. Box 45029 Newark, NJ 07101	Babette Tenzer, DAG Division of Law 124 Halsey Street, 5 th Floor P.O. Box 45029 Newark, NJ 07101	Alex Moreau, DAG Division of Law 124 Halsey Street, 5 th Floor P.O.Box 45029 Newark, NJ 07101
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PSE&G

Matthew Weisman, Esq. Associate General Regulatory Counsel Public Service Electric and Gas Company 80 Park Plaza Newark, NJ 07102	Alex Stern, Esq. Asst. General Regulatory Counsel Public Service Electric and Gas Company 80 Park Plaza Newark, NJ 07102
Connie E. Lembo PSEG Services Corporation 80 Park Plaza, T-05 Newark, NJ 07102	



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 1599-11

AGENCY DKT. NO. ER10100737

OAL DKT. NO. PUC 6738-11

AGENCY DKT. NO. ER09100824

**I/M/O THE PETITION OF PUBLIC SERVICE
ELECTRIC AND GAS CO. FOR APPROVAL
OF CHANGES IN ITS ELECTRIC RGGI RECOVERY
CHARGES AND ITS GAS RGGI RECOVERY CHARGES**

**I/M/O THE PETITION OF PUBLIC SERVICE ELECTRIC
AND GAS CO. FOR APPROVAL OF CHANGES IN ITS
ELECTRIC AND GAS REGIONAL GREENHOUSE
GAS RECOVERY CHARGE (RGGI) TO THE CARBON
ABATEMENT PROGRAM**

Matthew M. Weissman, Esq. Associate General Regulatory Counsel, and
Alexander C. Stern, Esq. for petitioner Public Service Electric and Gas
Company

Paul Flanagan, Esq., Litigation Manager; **Felicia Thomas-Friel, Esq.**, Deputy
Rate Counsel, **Sarah Steindel, Esq.**, Assistant Deputy Rate Counsel,
Kurt S. Lewandowski, Esq., Assistant Deputy Rate Counsel and **James**

OAL DKT. NO.: PUC 1599-11 & PUC 6738-11

Glassen, Esq., Assistant Deputy Rate Counsel, for New Jersey Division
of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of
Public Utilities (Paula T. Dow, Attorney General of New Jersey)

Record Closed: November 18, 2011

Decided: November 21, 2011

BEFORE: **IRENE JONES, ALJ**:

On October 1, 2010, Public Service Electric and Gas Company (Petitioner or the Company), a public utility of the State of New Jersey filed a petition with the State Board of Public Utilities (BPU or Board) making the requisite annual filing with the Board requesting resetting of the Company's Electric and Gas Regional Greenhouse Gas Initiative (RGGI) Recovery Charges (RRCs) for five of its RGGI Programs. Petitioner sought an order approving rate recovery of incurred expenses associated with implementing its Board-approved RGGI programs. Petitioner proposed increasing rates to be paid by the Company's electric customers by \$18.7 million annually and increasing rates to be paid by the Company's gas customers by \$1.4 million annually. The Company proposed a January 1, 2011 effective date for these rate changes.

The BPU transmitted the matter to the Office of Administrative Law for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

On October 1, 2009, Petitioner made a requisite annual filing with the Board requesting revenue of approximately \$3.9 million on an annual basis (hereinafter "2009 Carbon Abatement Annual Cost Recovery Proceeding") as recovery for expenditures associated with implementation of its Board-approved Carbon Abatement Program. On December 16, 2009 the Company, Board Staff and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") agreed to the implementation of provisional RRC rates for Carbon Abatement to afford the Parties additional time to complete the review of the proposed rates and program changes. The Board approved the provisional rates in an Order dated December 17, 2009.

Recognizing that rates associated with the 2009 Carbon Abatement Annual Cost Recovery Proceeding were provisionally approved and that the same issues were being addressed in the subsequently filed 2010 RGGI Annual Cost Recovery Proceeding, on or about June 7, 2011, the Board transmitted the 2009 Carbon Abatement Annual Cost Recovery Proceeding to the Office of Administrative Law for consolidation with the Company's 2010 RGGI Annual Cost Recovery Proceeding pending before this court. The matters were officially consolidated pursuant to Order of this court dated September 13, 2011.

Telephone conferences were conducted throughout the proceedings. Public hearings were conducted in New Brunswick, Hackensack, and Mt. Holly, New Jersey. The parties conferred throughout the proceedings and reached a resolution of the matter. An executed Stipulation of Settlement (Stipulation) was filed on November 18, 2011, on which date the record was closed. Attached herewith is a copy of the Stipulation

I have reviewed the record and the settlement terms and I **FIND** that the parties have voluntarily agreed to the Stipulation as evidenced by their signatures and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and that it should be approved. It is hereby **ORDERED** that the Stipulation be and is hereby **APPROVED**, the rates reflected therein be effective on the effective date of approval by the BPU of the pertinent tariff sheets, and these proceedings be concluded.

hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.



November 21, 2011

DATE

Irene Jones, ALJ

Date Received at Agency:

Date Mailed to Parties:

sej

Alexander C. Stern
Assistant General Regulatory Counsel

Law Department
PSEG Services Corporation
80 Park Plaza -- T5G, Newark, New Jersey 07102-4194
tel: 973.430.5754 fax: 973.430.5983
email: alexander.stern@pseg.com



November 18, 2011

In the Matter of the Petition of
Public Service Electric and Gas Company for
Approval of Changes in its Electric RGGI Recovery Charges
and its Gas RGGI Recovery Charges and for Changes in the Tariff for
Electric Service, B.P.U.N.J. No. 15 Electric, and the Tariff for Gas
Service, B.P.U.N.J. No. 15 Gas, Pursuant
to *N.J.S.A.* 48:2-21, 48:2-21.1, and *N.J.S.A.* 48:3-98.1
BPU Docket No. ER10100737
OAL Docket No. PUC 01599-2011N

In the Matter of the Petition of the
Public Service Electric & Gas Company
for Approval of Changes in its Electric and Gas
Regional Greenhouse Gas Recovery Charge (RGGI)
for the Carbon Abatement Program; for a Modification
to the Carbon Abatement Program; and for Changes in the
Tariff for Electric Service B.P.U.N.J. No. 14 Electric and
Changes in the Tariff for Gas Service B.P.U.N.J. No. 14
Gas Pursuant to *N.J.S.A.* 48:3-98.1
BPU Docket No. ER09100824
OAL Docket No. PUC 06738-2011N

VIA ELECTRONIC MAIL & US MAIL

Honorable Irene Jones, ALJ
Office of Administrative Law
33 Washington Street
Newark, New Jersey 07102

Dear Judge Jones:

Attached please find the executed Stipulation in the above-referenced proceeding. If acceptable to Your Honor, an Initial Decision is respectfully requested by November 30, 2011 to ensure the Board has the opportunity to act on this matter before year end. If you have any questions or require additional information, please call me at (973) 430-5754. Thank you for your consideration of this matter.

Very truly yours,

Original Signed by
Alexander C. Stern, Esq.

C Attached Service List (E-Mail Only)

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
RGGI RATE FILING 2010 & CARBON ABATEMENT 2009-2010
BPU DOCKET NO. ER10100737 & ER0910824
OAL DOCKET NO. 01599- & 06738-2011N**

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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 CHANGES IN ITS ELECTRIC RGGI)
RECOVERY CHARGES AND ITS GAS RGGI RECOVERY)
CHARGES AND FOR CHANGES IN THE TARIFF FOR)
ELECTRIC SERVICE, B.P.U.N.J. No. 15 ELECTRIC, AND)
THE TARIFF FOR GAS SERVICE, B.P.U.N.J. No. 15 GAS,)
PURSUANT TO *N.J.S.A.* 48:2-21, 48:2-21.1, AND *N.J.S.A.*)
48:3-98.1)

STIPULATION

BPU DKT NO. ER10100737
OAL DKT NO. PUC 01599-2011N

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS COMPANY)
FOR APPROVAL OF CHANGES IN ITS ELECTRIC AND)
GAS REGIONAL GREENHOUSE GAS RECOVERY CHARGE)
(RGGI) FOR THE CARBON ABATEMENT PROGRAM; FOR)
A MODIFICATION TO THE CARBON ABATEMENT)
PROGRAM; AND FOR CHANGES IN THE TARIFF FOR)
ELECTRIC SERVICE B.P.U.N.J. NO. 14 ELECTRIC, AND)
CHANGES IN THE TARIFF FOR GAS SERVICE, B.P.U.N.J.)
NO. 14 GAS, PURSUANT TO *N.J.S.A.* 48:3-98.1)

BPU DKT NO. ER09100824
OAL DKT NO. PUC 06738-2011N

APPEARANCES:

Matthew M. Weissman, Esq., Associate General Regulatory Counsel, and **Alexander C. Stern, Esq.**, Assistant General Regulatory Counsel, for the Petitioner Public Service Electric and Gas Company

Paul Flanagan, Esq., Litigation Manager; **Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, **Sarah Steindel, Esq.**, Assistant Deputy Rate Counsel, **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsel and **James Glassen, Esq.**, Assistant Deputy Rate Counsel, for the Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

2010 Annual RGGI Cost Recovery Proceeding

Pursuant to *N.J.S.A. 48:3-98.1 et seq.*, in connection with this filing, Public Service Electric and Gas Company (“Public Service,” “PSE&G” or the “Company”) has filed, and the New Jersey Board of Public Utilities (“Board” or “BPU”) has approved, five petitions to implement energy efficiency, demand response, and solar energy programs. The programs are: (1) the Carbon Abatement Program (“CA”); (2) the Energy Efficiency Economic Stimulus Program (“EEE”); (3) the Demand Response Program (“DR”); (4) the Solar 4 All Program (“S4A”); and (5) the Solar Loan II Program (“SLII”). PSE&G has implemented these programs after BPU approval to help the State achieve its renewable energy and energy efficiency goals.¹

2 The Board has approved each of these Programs and their associated cost recovery mechanisms. PSE&G recovers the revenue requirements for these Programs through its electric and gas RGGI Recovery Charges (“RRC”). There is a separate component of the RRC for each of the RGGI Programs.²

3 On October 1, 2010, PSE&G made the requisite annual filing with the Board requesting resetting of the Company’s Electric and Gas RGGI RRCs for the five RGGI Programs referenced in paragraph Approval of this filing proposed increasing rates to be paid by the Company’s electric customers by \$18.7 million annually and increasing rates to be paid by the

The Company has also recently received Board approval to extend certain offerings in its EEE program. *See I/M/O the Petition Of Public Service Electric And Gas Company For An Extension Of Three Sub-Components Of Its Energy Efficiency Economic Stimulus Program In Its Service Territory On A Regulated Basis And Associated Cost Recovery And For Changes In The Tariff For Electric Service, B.P.U.N.J. No. 15 Electric And The Tariff For Gas Service, B.P.U.N.J. No. 15 Gas, Pursuant To N.J.S.A. 48:2- 21,48:2-21.1, And N.J.S.A. 48:3-98.1, BPU Docket No. EO11010030 (Order dated July 14, 2011) (“EEE Extension”).*

The gas RRC includes components for the CA and EEE and EEE Extension Programs.

Company's gas customers by \$1.4 million annually. The Company proposed a January 1, 2011 effective date for these rate changes.

4. Notice setting forth the Company's October 1, 2010 request for an increase in its RRC rates, including the date, time and place of the public hearing, was placed in newspapers of broad circulation within the Company's gas and electric service territory and was served on the county executives and clerks of all municipalities within the Company's gas and electric service territory.

5. Public hearings were conducted in Hackensack, New Brunswick and Mt. Holly on December 13, 14 and 16, 2010 at 4:30 pm and 5:30 pm, respectively.

6. On or about February 2, 2011, the matter was transmitted to the Office of Administrative Law and assigned to the Honorable Irene Jones, ALJ

2009 Carbon Abatement Annual Cost Recovery Proceeding

7 Pursuant to the Board's Order approving PSE&G's Carbon Abatement Program and setting initial rates,³ on October 1, 2009, PSE&G made a filing at BPU Docket No. ER09100824 requesting revenue of approximately \$3.9 million on an annual basis (hereinafter "2009 Carbon Abatement Annual Cost Recovery Proceeding"). Compared to the Company's existing Board approved RGGI Recovery Charge ("RRC") the resultant total net annual revenue impact on the Company's electric and gas customers is a \$1.9 million increase.

³ See *I/M/O the Petition of Public Service Electric and Gas Company Offering a Carbon Abatement Program in Its Service Territory on a Regulated Basis and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1*, Decision and Order Approving Joint Position, BPU Docket No. EO08060426 (dated December 16, 2008) ("Carbon Abatement Program Approval Order").

8. Notice setting forth the Company's October 1, 2009 request for an increase in its RRC rates was placed in newspapers of broad circulation within the Company's gas and electric service territory.

9. Public hearings were held in Hackensack, Mt. Holly and New Brunswick on December 14, 15, and 21, 2009 at 3:30 pm and 5:30 pm, respectively.

10. Consistent with the Carbon Abatement Program Approval Order, the charges proposed in annual filings made by October 1st of each year were to go into effect provisionally or as final rates, on January 1st of the subsequent year. Accordingly, on December 16, 2009 Public Service, Board Staff and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") agreed to the implementation of provisional RRC rates for Carbon Abatement to afford the Parties additional time to complete the review of the proposed rates and program changes. The Board approved the provisional rates in an Order dated December 17, 2009. The Order provisionally increased the Company's electric Carbon Abatement Program Component of the RRC from \$0.000021 per kWh (including Sales and Use Tax, hereinafter "SUT") to \$0.000042 per kWh (including SUT) and increased the Company's gas Carbon Abatement Program Component of the RRC from \$0.000384 per therm (including SUT) to \$0.000782 per therm (including SUT).

Consolidation at the Office of Administrative Law

Recognizing that rates associated with the 2009 Carbon Abatement Annual Cost Recovery Proceeding were provisionally approved and that the same issues were being addressed in the subsequently filed 2010 RGGI Annual Cost Recovery Proceeding, on or about June 7, 2011, the Board transmitted the 2009 Carbon Abatement Annual Cost Recovery Proceeding to the Office of Administrative Law for consolidation with the Company's 2010 RGGI Annual Cost Recovery Proceeding pending before the Honorable Irene Jones, ALJ. The matters were officially consolidated pursuant to ALJ Jones' Order dated September 13, 2011.

Subsequent to a pre-hearing conference on May 3, 2011, a Pre-hearing Order was issued by ALJ Jones on May 19, 2011, which was later amended in an Amended Pre-hearing Order issued on September 13, 2011.

DISCOVERY AND SETTLEMENT DISCUSSIONS

12. Discovery questions have been propounded by Board Staff and the Division of Rate Counsel, and the Company has responded thereto.

Following review of discovery and the public hearings listed above, representatives of the Parties met to discuss the issues and reached a comprehensive settlement of all issues. Specifically, the Parties hereby **STIPULATE AND AGREE** to the following:

STIPULATED MATTERS

14. The Company's current provisional Carbon Abatement Program Component of its RRC shall be deemed final upon the service of a Board Order approving this Settlement, or

upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

15. Based upon a review of actual data through March 31, 2011 and forecasted revenue requirements through December 31, 2011, the parties agree to implement the electric RRC rates requested in the October 1, 2010 filing. Based on projected 2011 electric sales as outlined in that filing, the requested rates were expected to result in an annual increase of \$18.7 million. The cumulative rate impacts increase the electric RRC from \$0.000825 per kWh (including SUT) to \$0.001283 per kWh (including SUT) and details on each proposed component are shown in Attachment A.⁴ Although the Company requested a \$1.4 million increase in annual revenue for the gas RRC, the Company hereby agrees to maintain the gas RRC at its current level. The current gas RRC is \$0.004184 per therm (including SUT). The parties agree that electric and gas RRC costs incurred prior to March 31, 2011 are deemed reasonable and prudent. Corresponding balances for each sub component of the electric and gas RRCs as of March 31, 2011 are included as Attachment B. Actual electric and gas RRC costs incurred after March 31, 2011 are subject to review for prudence and reasonableness in future true-up filings subject to the limitation on administrative costs referenced in paragraphs 17 through 19.

⁴ The RRC rate reflects inclusion of the recently approved "EEEEExt" subcomponent of the RRC. *See I/M/O the Petition Of Public Service Electric And Gas Company For An Extension Of Three Sub-Components Of Its Energy Efficiency Economic Stimulus Program In Its Service Territory On A Regulated Basis And Associated Cost Recovery And For Changes In The Tariff For Electric Service, B.P.U.N.J. No. 15 Electric And The Tariff For Gas Service, B.P.U.N.J. No. 15 Gas, Pursuant To N.J.S.A. 48:2- 21, 48:2-21.1, And N.J.S.A. 48:3-98.1, BPU Docket No. EO11010030 (Order dated July 14, 2011).*

16 Although the next annual RGGI Recovery filing was due to be filed October 1, 2011, PSE&G hereby agrees that it shall make its next filing with 12 months of actual data from April 1, 2011 to March 31, 2012 as soon as such data is available, but no later than July 1, 2012

17 Recognizing that the EEE and CA programs are scheduled to terminate in or about 2013 and have utilized and continue to utilize internal employees to a greater extent than the other programs involved in this proceeding, PSE&G agrees that actual overall administration, program management, quality assurance/quality control evaluation costs for the Carbon Abatement Program; and the Energy Efficiency Economic Stimulus Program, shall not exceed \$19.4 million, which reflects a reduction of \$7.0 million from the estimated program costs approved in the respective Board Orders in these matters. Although PSE&G agrees to be bound by the \$19.4 million cap on these costs, the parties recognize that there may be additional program costs incurred after both EEE and CA have terminated and program dollars have been committed to customers. To the extent dollars under the cap remain and PSE&G continues to incur administrative costs associated with EEE and CA, PSE&G shall be permitted to seek recovery of all reasonable and prudent costs incurred up to the \$19.4 million cap.

18. With regard to the Solar 4 All program, the Company originally estimated total operating expenses of \$33.4 million through 2013. These included operating and maintenance costs, administrative costs, rent, insurance, and other costs. The parties agree that through 2013, these costs for the Solar 4 All program will be capped at \$23.3 million. The Parties recognize that the Company is considering its options with respect to insurance costs. The Parties agree that the Company should be permitted to recover the costs of such insurance to the extent that the Company operates under the cap limit established herein.

19. With regard to the Demand Response program, the Company originally estimated total general administration expenses of \$18.7 million through 2013. These included overall administration, program management, quality assurance/quality control evaluation costs. The parties agree that through 2013, these costs for the Demand Response program will be capped at \$17.7 million.

20. Expenditures within the agreed-upon "not to exceed" caps on the Carbon Abatement and Energy Efficiency Economic Stimulus programs, Demand Response program and the Solar 4 All program, respectively, are subject to review for reasonableness and prudence in the annual RRC cost recovery proceedings, along with capital costs. In addition, the parties agree that administrative costs associated with the Solar Loan II program will continue to be reviewed for reasonableness and prudence in subsequent filings.

21. The Parties further agree that, for all five RGGI Programs that are the subject of this proceeding, actual overall administration, program management, quality assurance/quality control evaluation and investment costs for the duration of these programs shall be considered incremental to the level in base rates for purposes of cost recovery. In addition, the Parties agree that internal labor costs related to the Solar Loan II Program shall be included in the Company's quarterly reports for this program, and that an internal labor cost quarterly report shall be commenced for the Demand Response Program with the first report due April 30, 2012 and each report thereafter due thirty (30) days after the calendar quarter. The Parties further agree that Board Staff and Rate Counsel reserve the right in the Company's next base rate case to argue that internal labor costs associated with the Demand Response Program and the Solar Loan II

Program should be included in base rates and removed from the RRC. As a result of the agreement herein, the issues concerning incremental costs shall be deemed closed and resolved.

22. The Company agrees that any proposed program changes requested in either the 2009 Carbon Abatement Annual Cost Recovery Proceeding or the 2010 RGGI Annual Cost Recovery Proceeding are hereby withdrawn.

23 As a result of the proposed rates set forth in Attachment D, PSE&G's class average residential electric customers using 780 kWh in a summer month and 7,360 kWh annually would experience an increase in their annual bill from \$1,362.08 to \$1,365.44 or \$3.36, or approximately 0.25% (based on Delivery Rates and Basic Generation Service Fixed Pricing [BGS-FP] charges in effect 10/01/11 and assuming that the customer receives BGS-FP service from PSE&G).

24. The residential customer bill impacts comparing the current and proposed delivery charges and Typical Residential Bill Impacts are set forth in Attachment D for the aforementioned class average customers, as well as for other typical customer usage patterns.

25. The proposed rates, as set forth in the tariff sheets in Attachment C, are just and reasonable and the Parties hereby agree that PSE&G should be authorized to implement the proposed rates as set forth herein in accordance with a written BPU Order of approval.

26. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, or modified by the Board, each party that is adversely affected by the modification can either accept the modification or declare this Settlement to be null and void, and the parties

shall be placed in the same position that they were in immediately prior to its execution. More particularly, in the event this Stipulation is not adopted in its entirety by the Board then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

27. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, Public Service, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

PUBLIC SERVICE ELECTRIC AND GAS
COUNSEL

BY: Alexander C. Stern
Alexander C. Stern, Esq.
Assistant General Regulatory Counsel

DATED: November 18, 2011

NEW JERSEY DIVISION OF RATE
STEFANIE A. BRAND, DIRECTOR

BY: Paul E. Flanagan
Paul E. Flanagan, Esq.
Litigation Manager

DATED: 11-18-11

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: Alex Moreau
Alex Moreau, Esq.
Deputy Attorney General

DATED: November 18, 2011

RGGI Recovery Rate (RRC) Rate Schedule - \$/kWh					
RRC Subcomponents	Existing in Original Filing	Proposed in Original Filing	Existing with EEE Extension	Proposed Rates for Settlement	
Electric					
w/o SUT	CA	0.000039	0.000045	0.000039	0.000045
	EEE	0.00035	0.000434	0.00035	0.000434
	DR	0.000067	0.000122	0.000067	0.000122
	S4A	0.000177	0.000432	0.000177	0.000432
	SL2	0.000039	0.000067	0.000039	0.000067
	EEE ext			0.000099	0.000099
	Total	0.000672	0.001100	0.000771	0.001199
	Total Electric RRC (w/ SUT)	0.000719	0.001177	0.000825	0.001283
Gas					
w/o SUT	CA	0.000731	0.000889	0.000731	0.000731
	EEE	0.00239	0.002692	0.00239	0.00239
	EEE ext			0.000789	0.000789
	Total Gas RRC (w/o SUT)	0.003121	0.003581	0.00391	0.00391
	Total Gas RRC (w/ SUT)	0.003339	0.003832	0.004184	0.004184

RGGI Activity From Inception Through March 31, 2011

Attachment B

(\$)

Page 1 of 11

	(1)	(2)	(3)	(4)
	<u>Total Revenues</u>	<u>Total Revenue Requirement</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Cumulative Interest</u>
Electric				
CA-E	2,944,582	2,565,899	378,683	460
EEE-E	25,173,766	18,298,704	6,875,061	21,900
DR	4,798,569	16,654	4,781,915	12,156
S4A	12,676,816	17,411,558	(4,734,742)	6,510
SL2	2,326,821	1,468,159	858,662	1,535
EEEExt-E	0	0	0	0
Total E	47,920,553	39,760,974	8,159,579	42,561
Gas				
CA-G	4,228,590	3,600,917	629,021	536
EEE-G	12,991,032	7,880,251	5,110,782	10,660
EEE-Ext-G	0	0	0	0
Total G	17,219,623	11,481,168	5,739,804	11,196

**Carbon Abatement Program
Electric Over / (Under) Calculation**
(\$)

Tax Rate 41.084%

(Note: Actuals Through March 2011)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<u>Over / (Under) Recovery Beginning Balance</u>	<u>Electric Revenues</u>	<u>Revenue Requirement</u>	<u>Over / (Under) Recovery</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Over / (Under) Average Monthly Balance</u>	<u>Interest Rate (Annualized)</u>	<u>Interest On Over / (Under) Average Monthly Balance</u>	<u>Interest Roll- in</u>	<u>Cumulative Interest</u>
Monthly Calculations										
Jan-09	-	72,496	839	71,657	71,657	35,828	5.02%	88		88
Feb-09	71,657	65,875	3,146	62,729	134,386	103,021	2.04%	103		191
Mar-09	134,386	69,215	26,967	42,247	176,634	155,510	0.86%	66		257
Apr-09	176,634	57,064	39,779	17,285	193,918	185,276	0.59%	54		311
May-09	193,918	66,176	58,495	7,681	201,599	197,759	0.70%	68		379
Jun-09	201,599	73,875	40,765	33,110	234,710	218,155	0.74%	79		458
Jul-09	234,710	75,691	71,190	4,501	239,210	236,960	0.71%	83		541
Aug-09	239,210	94,432	111,456	(17,024)	222,186	230,698	0.59%	67		607
Sep-09	222,186	69,885	78,463	(8,598)	213,588	217,887	0.45%	48		656
Oct-09	213,588	62,549	87,524	(24,975)	188,614	201,101	0.39%	39		694
Nov-09	188,614	61,379	159,280	(97,901)	90,712	139,663	0.27%	19		713
Dec-09	90,712	70,604	171,994	(101,391)	(10,678)	40,017	0.23%	5	717	717
Jan-10	(9,961)	144,529	123,344	21,186	11,224	632	0.23%	0		0
Feb-10	11,224	126,894	118,942	7,952	19,177	15,201	0.23%	2		2
Mar-10	19,177	128,076	101,271	26,805	45,982	32,579	0.23%	4		5
Apr-10	45,982	117,935	113,513	4,422	50,404	48,193	0.29%	7		12
May-10	50,404	134,281	136,083	(1,821)	48,583	49,494	0.27%	7		19
Jun-10	48,583	158,799	175,764	(16,965)	31,618	40,100	0.36%	7		26
Jul-10	31,618	186,551	120,913	65,638	97,256	64,437	0.35%	11		37
Aug-10	97,256	174,339	6,077	168,262	265,518	181,387	0.37%	33		70
Sep-10	265,518	143,694	104,162	39,532	305,050	285,284	0.33%	46		116
Oct-10	305,050	124,276	128,993	(2,718)	302,333	303,682	0.33%	49		165
Nov-10	302,333	123,895	69,518	54,377	356,709	329,521	0.33%	53		219
Dec-10	356,709	138,926	112,541	26,385	383,095	369,902	0.33%	60		279
Jan-11	383,095	145,862	129,727	16,135	399,229	391,162	0.33%	63		342
Feb-11	399,229	125,478	138,586	(13,109)	386,121	392,675	0.32%	62		404
Mar-11	386,121	131,846	139,284	(7,438)	378,683	382,402	0.30%	56		460
	(Prior Col 5) + (Col 9)	See Revenue Schedule for Details	See Sched SS-2E Col 15	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2	PSE&G CP/STD Wght Avg Rate from Previous Month	(Col 6 * (Col 7) / 12)*net of tax rate		Prior Month + Col 8 - Col 9

PSE&G Economic Energy Efficiency Stimulus Program
Electric Over/(Under) Calculation

(5)

Tax Rate 41.084%	Tax Rate effective 07/01/10 40.850%
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(Note: Actuals Through March 2011)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Over / (Under) Recovery Beginning Balance	Electric Revenues	Revenue Requirement Excluding WACC Cost	Over / (Under) Recovery	Over / (Under) Recovery Ending Balance	Over / (Under) Average Monthly Balance	Interest Rate (Annualized)	Interest On Over / (Under) Average Monthly Balance	Interest Roll-in	Cumulative Interest (Exp) / Credit	Monthly Rate Case WACC Differential Cost	WACC Cost Roll-In to Over/Under Interest Calc.	Cumulative WACC Cost	Over / (Under) Recovery Ending Balance Incl. WACC Cost
Monthly Calculations														
Aug-09	-	1,652,556	81,009	1,571,547	1,571,547	785,773	0.59%	228	-	228	-	-	-	1,571,547
Sep-09	1,571,547	1,222,637	49,497	1,173,140	2,744,687	2,156,117	0.45%	477	-	704	-	-	-	2,744,687
Oct-09	2,744,687	1,064,606	66,678	1,025,930	3,770,617	3,257,652	0.39%	624	-	1,328	-	-	-	3,770,617
Nov-09	3,770,617	1,074,136	328,075	746,061	4,516,678	4,143,647	0.27%	549	-	1,877	-	-	-	4,516,678
Dec-09	4,516,678	1,235,583	382,081	853,482	5,370,160	4,943,419	0.23%	558	-	2,436	-	-	-	5,370,160
Jan-10	5,370,160	1,297,059	270,793	1,026,266	6,396,426	5,853,293	0.23%	664	-	3,100	-	-	-	6,396,426
Feb-10	6,396,426	1,138,792	247,648	891,144	7,287,570	6,841,998	0.23%	773	-	3,873	-	-	-	7,287,570
Mar-10	7,287,570	1,149,402	582,157	667,245	7,954,815	7,571,192	0.23%	855	-	4,728	-	-	-	7,954,815
Apr-10	7,954,815	1,058,390	608,891	449,498	8,304,313	8,079,564	0.28%	1,150	-	5,878	-	-	-	8,304,313
May-10	8,304,313	1,058,390	889,746	316,163	8,620,476	8,462,395	0.27%	1,122	-	7,000	-	-	-	8,620,476
Jun-10	8,620,476	1,204,908	889,365	555,751	9,176,227	8,898,352	0.38%	1,573	-	8,573	-	-	-	9,176,227
Jul-10	9,176,227	1,425,118	1,032,127	642,050	9,818,278	9,497,252	0.35%	1,638	-	10,211	8,194	-	8,194	9,818,278
Aug-10	9,818,278	1,674,177	1,195,398	369,180	10,187,458	10,002,868	0.37%	1,824	-	12,035	8,716	-	16,900	10,200,358
Sep-10	10,187,458	1,594,576	1,289,586	86,122	10,273,580	10,230,519	0.33%	1,684	-	13,689	9,534	-	28,434	10,300,014
Oct-10	10,273,580	1,115,293	1,655,863	(540,570)	9,733,010	10,003,295	0.33%	1,627	-	15,327	11,306	-	37,740	9,770,750
Nov-10	9,733,010	1,111,880	1,521,833	(409,953)	9,323,057	9,528,039	0.33%	1,550	-	16,876	13,494	-	51,235	9,374,291
Dec-10	9,323,057	1,249,772	2,076,178	(829,407)	8,493,650	8,908,353	0.33%	1,449	-	18,326	15,953	-	67,188	8,560,838
Jan-11	8,426,462	1,309,015	1,882,161	(573,145)	7,853,317	8,139,890	0.33%	1,324	-	19,650	-	67,188	-	7,349,955
Feb-11	7,853,317	1,129,080	1,629,442	(503,362)	7,349,955	7,501,636	0.32%	1,199	-	20,849	-	-	-	7,349,955
Mar-11	7,349,955	1,163,238	1,656,131	(474,894)	6,875,062	7,112,508	0.30%	1,052	-	21,900	-	-	-	6,875,062
	(Prior Col 5) + (Col 9)	See Revenue Schedule for Details	See Revenue Requirements Schedule for Details	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2	PSE&G CP/STD Wght Avg Rate from Previous Month	(Col 6 * (Col 7) / 12) net of tax rate		Prior Month + Col 8 - Col 9				

PSE&G DR Program
Electric & Gas Under/(Over) Calculation

0.000067 DR RGGI Rate \$/kWh
 Pre-Jul 10 Post-Jul 10
 41.084% 40.850% Tax Rate

Attachment B
 Page 4 of 11

(8)	0.000067 DR RGGI Rate \$/kWh											
	1	2	3	4	5	6	7	8	9	10	11	12
	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
RGGI DR Under/(Over) Calculation (\$000)												
(1) DR RGGI Revenue	295.9	234.0	209.5	205.6	236.5	248.3	218.0	220.0	202.6	230.7	272.8	320.5
(2) Revenue Requirements ¹	(2,561.8)	311.4	(62.5)	(48.8)	8.7	(69.7)	(50.9)	335.8	(38.3)	(49.0)	305.5	233.5
(3) Monthly Under/(Over) Recovery	(2,857.5)	77.4	(272.1)	(254.2)	(227.8)	(318.0)	(268.9)	115.8	(241.0)	(279.7)	32.7	(87.0)
(3a) Demand Response Working Group Roll-In								140.21				
(4) Deferred Balance	(2,857.5)	(2,780.1)	(3,052.2)	(3,306.4)	(3,534.2)	(3,852.2)	(4,121.1)	(3,865.1)	(4,106.1)	(4,385.6)	(4,353.0)	(4,440.0)
(5) Monthly Interest Rate	0.04917%	0.03750%	0.03250%	0.02250%	0.01917%	0.01917%	0.01917%	0.01917%	0.02417%	0.02250%	0.03000%	0.02917%
(6) After Tax Monthly Interest Expense/(Credit)	(0.4)	(0.6)	(0.6)	(0.4)	(0.4)	(0.4)	(0.5)	(0.4)	(0.6)	(0.6)	(0.8)	(0.8)
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue Requirements	(0.4)	(1.0)	(1.6)	(2.0)	(2.4)	(2.8)	(3.3)	(3.7)	(4.3)	(4.8)	(5.6)	(6.4)
(9) Net Sales - kWh (000)												
(10) Incremental Interest From WACC Change												0.7
(11) Cumulative Incremental Interest ²												0.7
(12) Average Net of Tax Deferred Balance	(841.8)	(1,680.7)	(1,718.1)	(1,873.1)	(2,015.1)	(2,175.9)	(2,348.8)	(2,352.8)	(2,348.1)	(2,501.5)	(2,574.3)	(2,600.5)

¹ August 2009 revenue requirements include the forecasted SCC deferred balance and accumulated interest

² Cumulative Incremental Interest is added to the revenue requirements in 1/1/11.

PSE&G DR Program
Electric & Gas Under/(Over) Calculation

0.000067 DR RGGI Rate \$/kWh
Pre-Jul 10 Post-Jul 10
41.084% 40.850% Tax Rate

	15	16	17	18	19	20	28		
<u>RGGI DR Under/(Over) Calculation (\$000)</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Total</u>
(1) DR RGGI Revenue	299.5	246.9	213.5	212.8	238.7	250.6	215.6	226.5	4,106 DR Rate * Row 9
(2) Revenue Requirements ¹	190.9	332.5	43.4	743.3	189.2	(106.2)	164.9	(3.4)	(186) From SS-2, Col 20
(3) Monthly Under/(Over) Recovery	(108.8)	85.6	(170.1)	530.5	(49.5)	(356.7776)	(50.7)	(229.9)	Row 1a + Row 2 - Row 1
(3a) Demand Response Working Group Roll-in									
(4) Deferred Balance	(4,548.6)	(4,463.0)	(4,633.1)	(4,102.8)	(4,152.1)	(4,501.3)	(4,552.0)	(4,781.9)	
(5) Monthly Interest Rate	0.03063%	0.02750%	0.02750%	0.02750%	0.02750%	0.02750%	0.02667%	0.02500%	Annual Interest Rate / 12 (Prev Row 4 + Row 4) / 2 (1 - Tax Rate) * Row 5
(6) After Tax Monthly Interest Expense/(Credit)	(0.8)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	Prev Row 7 + Row 6
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue Requirements	(7.2)	(7.9)	(8.7)	(9.4)	(10.0)	(10.8)	(11.5)	(12.156)	Row 4 + Row 7 + 11
(8) Net Sales - kWh (000)									
(10) Incremental Interest From WACC Change	1.0	1.3	1.5	1.5	1.5				Prev Row 11 + Row 10 (Prev Row 4 + Row 4) / 2 * (1 - Tax Rate)
(11) Cumulative Incremental Interest ²	1.7	3.0	4.6	6.1	7.6				
(12) Average Net of Tax Deferred Balance	(2,658.4)	(2,665.2)	(2,690.2)	(2,583.8)	(2,441.3)	(2,559.2)	(2,677.5)	(2,780.5)	

¹ August 2009 revenue requirements include the forecasted SCC deferred balance and accumulated interest

² Cumulative Incremental Interest is added to the revenue requirements in 1/1/11.

PSE&G Solar4All Program
Electric SGIP Under/(Over) Calculation

0.000177 Existing SGIP RGGI Rate \$/kWh
 Pre-Jul 10 Post-Jul 10
 41.064% 40.850% Tax Rate

	1	2	3	4	5	6	7	8	9	10	11	12
		<u>Aug-08</u>	<u>Sep-08</u>	<u>Oct-08</u>	<u>Nov-08</u>	<u>Dec-08</u>	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>
(1) SGIP RGGI Revenue		781,804	618,305	563,559	543,206	624,842	655,941	575,303	581,269	535,243	509,340	720,701
(2) Revenue Requirements			<u>43,429</u>	<u>142,411</u>	<u>123,609</u>	<u>130,184</u>	<u>170,089</u>	<u>207,635</u>	<u>393,383</u>	<u>388,444</u>	<u>521,046</u>	<u>643,249</u>
(3) Monthly Under/(Over) Recovery		(781,803.63)	(574,878.20)	(411,147.87)	(419,596.79)	(494,857.47)	(485,852.56)	(368,268.35)	(187,888.41)	(145,799.12)	(88,293.61)	(77,452.90)
(4) Deferred Balance		(781,803.63)	(1,356,679.83)	(1,767,827.50)	(2,187,424.29)	(2,682,081.76)	(3,167,834.33)	(3,536,202.68)	(3,724,089.09)	(3,869,888.21)	(3,958,181.82)	(4,035,634.72)
(5) Monthly Interest Rate		0.049%	0.038%	0.033%	0.023%	0.019%	0.019%	0.019%	0.019%	0.024%	0.023%	0.030%
(6) After Tax Monthly Interest Expense/(Credit)		(113.23)	(236.23)	(299.14)	(262.16)	(274.94)	(330.30)	(378.52)	(409.92)	(540.62)	(518.65)	(706.45)
(7) Cumulative Interest		(113.23)	(349.47)	(648.60)	(910.76)	(1,185.70)	(1,515.99)	(1,894.52)	(2,304.44)	(2,845.06)	(3,383.91)	(4,070.35)
(8) Balance Added to Subsequent Year's Revenue Requirements												
(9) Net Sales - kWh (000)												
(10) Incremental Interest From WACC Change												
(11) Cumulative Incremental Interest ¹												
(12) Average Net of Tax Deferred Balance		(230,303.7)	(629,954.6)	(920,417.4)	(1,165,138.1)	(1,434,459.1)	(1,723,297.7)	(1,974,904.7)	(2,138,736.7)	(2,237,033.8)	(2,305,992.9)	(2,354,818.5)

¹ Cumulative incremental interest is added to the revenue requirements in 1/1/11.

PSE&G Solar4All Program
Electric SGIP Under/(Over) Calculation

0.000177 Existing SGIP RGGI Rate \$/kWh
Pre-Jul 10 Post-Jul 10
41.084% 40.000% Tax Rate

	13	14	15	16	17	18	19	20	21	19
	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Total
RGGI SGIP Under/(Over) Calculation (\$000)										
(1) SGIP RGGI Revenue	546,655	791,229	652,152	564,020	562,294	630,510	661,668	509,475	595,350	12,676,616
(2) Revenue Requirements	<u>795,885</u>	<u>847,081</u>	<u>869,331</u>	<u>1,620,262</u>	<u>1,368,861</u>	<u>1,574,269</u>	<u>2,107,349</u>	<u>2,440,693</u>	<u>2,782,322</u>	17,189,622
(3) Monthly Under/(Over) Recovery	(50,770.18)	55,852.10	236,179.78	1,056,241.92	806,687.24	943,759.17	1,448,361.52	1,671,187.70	2,183,941.52	SS-2, Col 26
(4) Deferred Balance	(4,086,404.90)	(4,030,552.80)	(3,794,373.02)	(2,738,131.11)	(1,931,443.67)	(967,684.70)	679,612.82	2,560,800.52	4,734,742.05	Row 2 - Row 1
(5) Monthly Interest Rate	0.029%	0.031%	0.026%	0.028%	0.028%	0.028%	0.029%	0.027%	0.025%	Row 4 - Row 3
(6) After Tax Monthly Interest Expense/(Credit)	(700.61)	(740.18)	(636.41)	(531.30)	(379.78)	(237.42)	(7.01)	254.77	536.67	Annual Interest Rate / 12 (Prev Row 4 + Row 4) / 2 * (1 - Tax Rate) * Row 5
(7) Cumulative Interest	(4,770.96)	(5,511.14)	(6,147.56)	(6,678.85)	(7,058.64)	(7,296.05)	(7,303.06)	(7,048.28)	(6,509.61)	Prev Row 7 + Row 6
(8) Balance Added to Subsequent Year's Revenue Req						(773,044.8)				Row 4 + Row 7 + Row 11
(9) Net Sales - kWh (000)										SS-2, Col 25
(10) Incremental Interest From WACC Change	24,951.48	26,556.69	31,716.31	39,064.86	45,840.14	51,806.95				Prev Row 11 + Row 10
(11) Cumulative Incremental Interest ¹	24,951.48	53,508.16	85,224.47	124,289.14	170,129.27	221,936				(Prev Row 6 + Row 4) / (1 - Tax Rate)
(12) Average Net of Tax Deferred Balance	(2,402,093.2)	(2,400,590.2)	(2,314,221.6)	(1,931,988.1)	(1,361,026.8)	(863,332.3)	(91,112.3)	966,394.7	2,154,699.2	

¹ Cumulative Incremental Interest is added to the revenue requirements in 1/1/11

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

0.000038 Excluding SL II Rate w/o SUT \$/kWh
 Pre-Jul 10 Post-Jul 10
 41.084% 40.850% Tax Rate

Attachment B
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RGGI SLII Under/(Over) Calculation (\$000)	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
(1) Solar Loan II RGGI Revenue Requirements (excluding incremental WACC)	83,783	137,677	144,529	126,894	128,076	117,935	134,261	158,709	186,551	174,339
(2)		53,479	35,533	37,734	112,043	82,071	59,921	68,027	82,188	62,310
(3) Monthly Under/(Over) Recovery	(83,782.6)	(84,198.1)	(108,996.9)	(89,159.7)	(16,033.4)	(35,864.3)	(74,340.7)	(90,772.0)	(104,363.3)	(112,028.5)
(4) Deferred Balance	(83,782.6)	(167,980.7)	(276,977.6)	(366,137.3)	(382,170.7)	(418,035.1)	(492,375.8)	(583,147.8)	(687,511.1)	(798,539.6)
(5) Monthly Interest Rate	0.02250%	0.01917%	0.01917%	0.01917%	0.01917%	0.02417%	0.02250%	0.03000%	0.02917%	0.03083%
(6) After Tax Monthly Interest Expense/(Credit)	(5.55)	(14.21)	(25.12)	(36.31)	(42.25)	(56.97)	(80.34)	(95.05)	(109.81)	(135.60)
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue Requirements	(5.55)	(19.77)	(44.89)	(81.20)	(123.45)	(180.42)	(240.76)	(335.81)	(445.42)	(581.02)
(9) Net Sales - kWh (000)										
(10) Incremental Interest From WACC Change								-	30.4	49.2
(11) Cumulative Incremental Interest ¹								-	30.4	79.6
(12) Average Net of Tax Deferred Balance	(24,680.7)	(74,164.4)	(131,075.8)	(189,448.8)	(220,436.6)	(235,724.6)	(268,188.8)	(316,827.8)	(375,797.4)	(439,785.3)

¹ Cumulative incremental interest is added to the revenue requirements in 11/11.

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

0.000039 Existing SL II Rate w/o SUT \$/kWh
 Pre-Jul 10 Post-Jul 10
 41.084% 40.850% Tax Rate

	11	12	13	14	15	16	17	15	
	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Total	
RGGI SL II Under/(Over) Calculation (\$000)									
(1) Solar Loan II RGGI Revenue	143,694	124,276	123,895	138,926	145,862	125,478	131,846	1,923,635	SL II Rate * Row 9
(2) Revenue Requirements (excluding Incremental WACC)	142,449	71,276	118,117	143,934	94,837	155,949	145,416	1,069,080	From SS-2, Col 20
(3) Monthly Under/(Over) Recovery	(1,245.1)	(53,000.0)	(5,778.1)	5,007.6	(50,925.1)	30,471.1	13,569.9		Row 2 - Row 1
(4) Deferred Balance	(800,784.8)	(853,784.7)	(859,562.8)	(854,555.2)	(902,702.9)	(872,231.8)	(858,661.9)		Prev Row 4 + Row 3
(5) Monthly Interest Rate	0.02750%	0.02750%	0.02750%	0.02750%	0.02750%	0.02667%	0.02500%		Annual Interest Rate / 12
(6) After Tax Monthly Interest Expense/(Credit)	(130.16)	(134.57)	(139.35)	(139.41)	(142.69)	(139.96)	(127.98)		(Prev Row 4 + Row 4) / 2 * (1 - Tax Rate) * Row 5
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue Requirements	(711.18)	(845.75)	(985.09)	(1,124.51)	(1,267.20)	(1,407.18)	(1,535.16)		Prev Row 7 + Row 6
(8) Net Sales - kWh (000)				(852,902.27)					Row 4 + Row 7 + Row 11
(9) Incremental Interest From WACC Change	93.0	486.4	961.9	1,158.6					
(10) Cumulative Incremental Interest ¹	172.6	659.0	1,620.9	2,777					Prev Row 11 + Row 10
(12) Average Net of Tax Deferred Balance	(473,295.9)	(489,338.9)	(506,722.5)	(506,950.4)	(519,709.1)	(524,936.9)	(511,911.8)		(Prev Row 4 + Row 4) / 2 * (1 - Tax Rate)

¹ Cumulative incremental interest is added to the revenue requirements in 1/1/11.

**Carbon Abatement Program
Gas Over / (Under) Calculation**

(\$)
Tax Rate 41.084%

(Note: Actuals Through March 2011)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<u>Over / (Under) Recovery Beginning Balance</u>	<u>Gas Revenues</u>	<u>Revenue Requirement</u>	<u>Over / (Under) Recovery</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Over / (Under) Average Monthly Balance</u>	<u>Interest Rate (Annualized)</u>	<u>Interest On Over / (Under) Average Monthly Balance</u>	<u>Interest Roll-In</u>	<u>Cumulative Interest</u>
Monthly Calculations										
Jan-09	-	194,360	3,666	190,695	190,695	95,347	5.02%	235		235
Feb-09	190,695	131,111	16,446	114,665	305,360	248,027	2.04%	248		483
Mar-09	305,360	137,691	140,469	(2,778)	302,582	303,971	0.86%	128		612
Apr-09	302,582	62,878	129,864	(66,986)	235,596	269,089	0.59%	78		690
May-09	235,596	34,869	108,941	(74,071)	161,524	198,560	0.70%	68		758
Jun-09	161,524	33,359	50,963	(17,623)	143,901	152,712	0.74%	55		813
Jul-09	143,901	25,061	108,822	(83,761)	60,140	102,020	0.71%	36		849
Aug-09	60,140	45,261	232,260	(186,999)	(126,859)	(33,360)	0.59%	(10)		839
Sep-09	(126,859)	105,328	97,765	7,562	(119,297)	(123,078)	0.45%	(27)		812
Oct-09	(119,297)	65,782	272,256	(206,494)	(325,791)	(222,544)	0.39%	(43)		770
Nov-09	(325,791)	91,806	172,297	(80,491)	(406,282)	(366,036)	0.27%	(49)		721
Dec-09	(406,282)	159,845	178,459	(18,614)	(424,896)	(415,589)	0.23%	(47)		674
Jan-10	(424,222)	375,610	85,085	290,524	(133,697)	(278,960)	0.23%	(32)	674	(32)
Feb-10	(133,697)	320,495	161,725	158,770	25,073	(54,312)	0.23%	(8)		(38)
Mar-10	25,073	217,117	44,223	172,894	197,967	111,520	0.23%	13		(25)
Apr-10	197,967	132,323	123,347	8,978	206,942	202,455	0.29%	29		4
May-10	206,942	107,556	130,440	(22,885)	184,058	195,500	0.27%	26		30
Jun-10	184,058	84,328	70,842	13,486	197,543	190,801	0.36%	34		63
Jul-10	197,543	77,573	126,819	(49,246)	148,297	172,920	0.35%	30		93
Aug-10	148,297	80,584	53,458	27,126	175,423	161,860	0.37%	29		123
Sep-10	175,423	91,337	106,402	(15,065)	160,358	167,890	0.33%	27		150
Oct-10	160,358	133,651	99,203	34,448	194,805	177,582	0.33%	29		179
Nov-10	194,805	179,249	131,140	48,110	242,915	218,860	0.33%	35		214
Dec-10	242,915	375,090	179,664	195,426	438,341	340,628	0.33%	55		269
Jan-11	438,341	393,420	241,020	152,400	590,740	514,541	0.33%	83		353
Feb-11	590,740	306,312	302,882	3,430	594,170	592,455	0.32%	93		446
Mar-11	594,170	266,616	231,766	34,851	629,021	611,596	0.30%	90		536

(Prior Col 5) + (Col 9) See Revenue Schedule for Details See Sched SS-2G Col 15 Col 2 - Col 3 Col 1 + Col 4 (Col 1 + Col 5) / 2 PSE&G CP/STD Wght Avg Rate from Previous Month (Col 6 * (Col 7) / 12)*net of tax rate Prior Month + Col 8 - Col 9

PSE&G Economic Energy Efficiency Stimulus Program
Gas Over/(Under) Calculation

(*) Tax Rate 41.084% Tax Rate effective 01/01/10 40.850%

(Note: Actuals Through March 2011)

	(3)	(4)	(5)	(6)	(9)	(10)	(11)	(12)	(13)	(14)	
	Revenue Requirement Excluding WACC Cost	Over / (Under) Recovery	Over / (Under) Recovery Ending Balance	Over / (Under) Average Monthly Balance	Interest Rate (Annualized)	Interest On Over / (Under) Average Monthly Balance	Interest Roll-In	Monthly Rate Case WACC Differential Cost	WACC Cost Roll-In to Over/Under Interest Calc.	Cumulative WACC Cost	Over / (Under) Recovery Ending Balance Incl. WACC Cost
Monthly Calculations											
Aug-09	301,322	39,709	261,613	261,613	0.59%	38	-	-	-	-	261,613
Sep-09	306,246	16,273	289,972	406,599	0.45%	90	-	-	-	-	551,585
Oct-09	437,801	28,667	409,134	960,720	0.39%	145	-	-	-	-	960,720
Nov-09	611,165	75,983	535,202	1,495,921	0.27%	163	-	-	-	-	1,495,921
Dec-09	1,094,151	163,254	900,897	2,396,818	0.23%	220	-	-	-	-	2,396,818
Jan-10	1,238,054	135,627	1,092,427	3,489,245	0.23%	332	-	-	-	-	3,489,245
Feb-10	1,047,856	132,618	915,238	4,404,464	0.23%	446	-	-	-	-	4,404,464
Mar-10	709,862	241,244	468,618	4,873,102	0.23%	524	-	-	-	-	4,873,102
Apr-10	432,639	309,027	123,602	4,996,704	0.29%	703	-	-	-	-	4,996,704
May-10	351,852	403,608	(61,956)	4,944,749	0.27%	659	-	-	-	-	4,944,749
Jun-10	275,710	509,385	(109,330)	4,835,419	0.36%	864	-	-	-	-	4,835,419
Jul-10	253,624	521,510	(186,519)	4,646,900	0.37%	825	-	-	-	-	4,646,900
Aug-10	283,468	521,510	(245,897)	4,403,002	0.33%	628	-	-	-	-	4,403,002
Sep-10	239,625	758,564	(319,593)	4,180,117	0.33%	654	-	-	-	-	4,180,117
Oct-10	436,971	580,230	5,825	3,866,349	0.33%	628	-	-	-	-	3,866,349
Nov-10	595,055	943,218	283,136	4,149,485	0.33%	652	-	-	-	-	4,149,485
Dec-10	1,285,264	808,551	479,733	4,802,987	0.33%	710	-	-	26,231	-	4,802,987
Jan-11	1,031,494	698,193	312,291	4,915,278	0.32%	751	-	-	-	-	4,915,278
Feb-11	871,701	678,187	195,504	5,110,782	0.30%	741	-	-	-	-	5,110,782
Mar-11	4,915,278	678,187	195,504	5,110,782	0.30%	741	-	-	-	-	5,110,782
					PSE&G CP/STD Wght Avg Rate from Previous Month						
	(Prior Col 5) + (Col 9)	See Revenue Schedule for Details	See Revenue Requirements Schedule for Details	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2	(Col 6 * (Col 7) / 12) * net of tax rate	Prior Month + Col 8 - Col 9			

ATTACHMENT C

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 65

Superseding

XXX Revised Sheet No. 65

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

RGGI RECOVERY CHARGE

Charge
(per kilowatthour)

Component:

Carbon Abatement Program	\$ 0.000045
Demand Response Working Group Modified Program	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000434
Demand Response Program	\$ 0.000122
Solar Generation Investment Program	\$ 0.000432
Solar Loan II Program.....	\$ 0.000067
Energy Efficiency Economic Extension Program.....	\$ 0.000099
Sub-total per kilowatthour	\$ 0.001199

Charge including New Jersey Sales and Use Tax (SUT).... ..\$ 0.001283

RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rates shall be reset each month.

Date of Issue:

Issued by ROSE M. CHERNICK, 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:

ATTACHMENT D

PROPOSED RGGI RECOVERY CHARGE TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed new electric Carbon Abatement Program, Energy Efficiency Economic Stimulus Program, Demand Response Program, Solar Generation Investment Program and Solar Loan II Program components of the RGGI Recovery Charge (RRC) on typical residential electric bills is illustrated below:

Residential Electric Service					
If Your Monthly Summer kWhr Use Is:	And Your Annual kWhr 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:
170	1,600	\$317.56	\$318.36	\$0.80	0.25%
415	3,900	730.64	732.44	1.80	0.25
780	7,360	1,362.08	1,365.44	3.36	0.25
803	7,800	1,443.29	1,446.89	3.60	0.25
1,320	12,400	2,297.08	2,302.76	5.68	0.25

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect October 1, 2011 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the change in the Carbon Abatement Program, Energy Efficiency Economic Stimulus Program, Demand Response Program, Solar Generation Investment Program and Solar Loan II Program components of the RRC.

Residential Electric Service					
If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (3) Would Be:	And Your Proposed Monthly Summer Bill (4) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Percent Change Would Be:
1,600	170	\$32.21	\$32.29	\$0.08	0.25%
3,900	415	75.00	75.19	0.19	0.25
7,360	780	141.24	141.60	0.36	0.25
7,800	803	145.58	145.95	0.37	0.25
12,400	1,320	243.03	243.63	0.60	0.25

- (3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect October 1, 2011 and assumes that the customer receives BGS-FP service from Public Service.
- (4) Same as (3) except includes the change in the Carbon Abatement Program, Energy Efficiency Economic Stimulus Program, Demand Response Program, Solar Generation Investment Program and Solar Loan II Program components of the RRC.