July 6, 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 Program; and for Changes
in the Tariff for Electric Service,
B.P.U.N.J. No. 14 Electric, Pursuant to
N.J.S.A. 48:2-21 and 2-21.1

BPU Docket No. BR0030220

VIA ELECTRONIC MAIL & OVERNIGHT DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Fl
Post Office Box 350
Trenton, NJ 08625-0350

Dear Secretary Izzo:

Enclosed for filing please find the original and ten copies of Public Service Electric and Gas Company’s (“Public Service,” “PSE&G” or “the Company”) fully executed Stipulation of Settlement and attachments with respect to the above-referenced matter.

If you have any questions or require additional information, please call me at (973) 430-7052.

Thank you for your consideration.

Very truly yours,

[Signature]

C Attached Service List (E-Mail Only)
PUBLIC SERVICE ELECTRIC AND GAS COMPANY
SOLAR PILOT RECOVERY CHARGE (SPRC)
BPU DOCKET NO. ER10030220

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES


BPU Docket No. ERI10030220

STIPULATION OF SETTLEMENT

APPEARANCES:

Matthew M. Weissman, Esq., General Regulatory Counsel - Rates, and Martin C. Rothfelder, Esq., Associate 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, and Kurt S. Lewandowski, Esq., for the New Jersey Division of Rate Counsel (Stefanie A. Brand, Esq., Director)

Alex Moreau, Deputy Attorney General; and David Wand, Deputy Attorney General for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

Introduction and Background

1. On March 26, 2010 Public Service Electric and Gas Company ("Public Service," "PSE&G," or the "Company") filed a petition to adjust its Solar Pilot Recovery Charge ("SPRC"), which is currently set at zero, but provided for in Public Service tariffs.

2. PSE&G filed a petition on April 19, 2007 for its Solar Loan I program and
associated cost recovery. Under cover letter dated March 19, 2008, the Board of Public Utilities ("Board" or "BPU") received a Settlement between the Division of Rate Counsel ("Rate Counsel"), Board Staff and PSE&G ("SPRC Settlement") addressing that petition. On April 16, 2008, the Board issued its Decision and Order Approving Settlement ("SPRC Order") thereby approving the PSE&G Solar Loan I program, cost recovery for that program through the SPRC, the methodology to set the SPRC, and the tariff setting forth the SPRC rate. The SPRC Order was modified via the Board’s Decision and Order Approving One Time Waiver of Rules dated June 15, 2009.

3. The PSE&G March 26, 2010 filing requested an increase in the SPRC from zero and included a revised tariff reflecting a revised per kWh charge. The Company requested a May 1, 2010 effective date for this rate. The filing stated that, based on actual collections through December 31, 2009 and projected collections through December 31, 2010, the SPRC was expected to be under collected by $1,726,713, including interest. The Company accordingly requested implementation of a rate increase designed to result in collection from the Company’s customers of approximately $1.7 million in revenues for the May 1 through December 1, 2010 time period requested, or $2.5 million on an annual basis.

4. Six public hearings regarding the requested increase were held in three locations at times and specific locations as follows:
<table>
<thead>
<tr>
<th>September 1, 2010</th>
<th>September 2, 2010</th>
<th>September 7, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>3:30 PM and 5:30 PM</td>
<td>3:30 PM and 5:30 PM</td>
<td>3:30 PM and 5:30 PM</td>
</tr>
<tr>
<td>Middlesex County Administration Building 1st Floor Meeting Room J.F. Kennedy Square New Brunswick, NJ</td>
<td>Bergen County Administration Building Freeholders’ Public Meeting Room #540 1 Bergen County Plz. Hackensack, NJ</td>
<td>Burlington County Administration Bldg. Board of Chosen Freeholders’ Boardroom, 1st Floor 49 Rancocas Road Mt. Holly, NJ</td>
</tr>
</tbody>
</table>

Notice, including the date, time and place of the public hearings and the requested rate increase, was placed in newspapers of broad circulation within the Company’s service territory and was served on the county executives and clerks of all municipalities within the Company’s service territory. One member of the public spoke at one of the public hearings on behalf of the Central New Jersey Workers Benefit Council, regarding the difficulties that rate increases present for poor, elderly, or disabled residents.

5. PSE&G has provided semi-annual reports on the Solar Loan I program to the Board and Rate Counsel under cover letters dated July 30, 2009, January 28, 2010, July 30, 2010, February 1, 2011, July 29, 2011, and January 31, 2012, and has responded to all discovery requests in this docket. In addition to the time period covered by the Petition, the Company has responded to discovery with regard to actual SPRC expenditures and collections through October 31, 2011.

6. Based on the Company’s actual collections through October 31, 2011, its projected collections through December 31, 2011, and the revenue requirement methodology provided in paragraphs 75-77 of the Order, the Company estimated that the SPRC would be undercollected by approximately $4.8 million, including interest, as of December 31, 2011. The Company currently estimates its 2012 revenue requirements at
approximately $0.6 million, which along with the prior underrecovery results in a total revenue requirement of approximately $5.4 million.

Stipulated Matters

7. In PSE&G’s March 26, 2010 petition to adjust its SPRC (“Petition”), based on actual results through December 2009, PSE&G credited $91,691, representing 50 percent of the $183,382 in loan application fees received by PSE&G, to ratepayers. See Petition, Attachment A (Direct Testimony of Susanna W. Chiu), Schedule SWC-3. Based on actual results through October 2011, the total application fees credited to ratepayers was $91,191, representing 50% of the updated total of $182,382 in loan application fees received by PSE&G. For purposes of this Stipulation of Settlement, the parties agree that the remaining application fees of $91,191, less $15,357 (the application fees associated with Solar Loan I program applications that were rejected), will be credited to ratepayers. Accordingly, an adjustment of $75,834 will be reflected in PSE&G’s next SPRC filing, which will be made in accordance with paragraph 13 below.

8. An adjustment of $6,148 will also be reflected in PSE&G’s next SPRC filing to adjust for amounts charged to administrative costs prior to the program receiving approval from the BPU.

9. While the revenue requirement as of December 31, 2012 is approximately $5.4 million, the Parties agree to implement the SPRC requested in the March 26, 2010 filing, thereby increasing the SPRC from zero ($0.0000 per kWh) to $0.000058 per kWh without sales and use tax (“SUT”), or to $0.000062 per kWh including SUT on that date. These rates have an anticipated net annual revenue impact on the Company’s electric customers of $2.5 million. Tariff sheets consistent with this rate change are set forth in
Attachment A. The Company's calculations in support of the proposed per kWh rates are set forth in Attachment B.

10. The Parties agree that the actual SPRC costs incurred prior to November 1, 2011 as shown in Attachment B have been reviewed by the parties. Actual costs incurred after that date are subject to review for reasonableness and prudence in future SPRC adjustment proceedings.

11. The Parties agree, in the interest of settlement and as a compromise, that the recovery of costs herein, as reflected in the rates and the calculations in Attachments A and B, shall be deemed in compliance with the limits on recovery of administrative costs set forth in the SPRC Settlement at paragraph 77 and in the SPRC Order. Those provisions define administrative costs as reasonable costs that are incremental costs incurred by PSE&G to implement the program. Those provisions limit recovery of those defined administrative costs to 50% of such costs and further limit recovery of such costs through the SPRC in any year to $1,000,000.

12. The Parties further agree that the claimed costs for the Solar Loan I overall administration, program management, quality assurance/quality control evaluation and recoverable loan costs through October 31, 2011 that were reviewed in the context of this proceeding shall be deemed 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 I Program shall be included in the Company's semi-annual reports for this program. 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 Solar Loan I Program should be included in base rates and removed from the SPRC.
13. PSE&G hereby agrees that it shall make its next SPRC filing concurrently with its annual N.J.S.A. 48:3-98.1 filing with actual data through March 31, 2012 as soon as such data is available, but no later than July 1, 2012.

14. As a result of the rates set forth in Attachment A, PSE&G’s typical residential electric customer using 780 kilowatt-hours per summer month and 7,360 kilowatt-hours on an annual basis would see an increase in the annual bill from $1,336.60 to $1,337.04 or $0.44, or approximately 0.03% based upon rates in effect June 7, 2012 and assuming that the customer receives BGS-FP service from PSE&G.

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

16. 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.

17. The parties agree that the costs recoverable through the SPRC are subject to audit by the Board. Such audit may be through a review of the Company’s internal audits or any other audit mechanism determined to be appropriate by the Board. This Stipulation is not intended to affect in any way the Board’s authority in connection with any Board-ordered audit, nor is it intended to affect the rights of the Board’s Staff, Rate Counsel or any other party to seek any relief that may be appropriate as part of proceedings concerning any Board-ordered audit.
18. 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 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.

19. 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.

20. 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.

21. 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 in BPU
Docket No. ER10030220 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 COMPANY

BY: Matthew M. Weissman
    Matthew M. Weissman, Esq.
    General Regulatory Counsel - Rates

DATED: Jul 6, 2012

NEW JERSEY DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

BY: Sarah H. Steindel
    Paul E. Flanagan, Esq. Sarah H. Steindel
    Litigation Manager Asst. Deputy Rate Counsel

DATED: July 6, 2012

JEFFREY S. CHIESA, ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: T. David Wand
    Deputy, Attorney General

DATED: 07/06/2012
SOLAR PILOT RECOVERY CHARGE

Charge ................................................................. $ 0.000058

Charge Including New Jersey Sales and Use Tax (SUT) ........................................ $ 0.000062

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. EC07040278 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: Effective:

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. ER10030220

Attachment A
First Revised Sheet No. 64
Superseding
Original Sheet No. 64
PUBLIC SERVICE ELECTRIC AND GAS COMPANY

REVENUE REQUIREMENT UPDATE THROUGH OCTOBER 2011

QUESTION:
Please update Schedules SS-1 through SS-4 for actual results through June 2011.

ANSWER:
Please see the attached for the update to Schedules SS-1 through SS-4. Because this proceeding has exceeded the initial recovery period of April 2010 through December 2010, the forecasted revenue requirements were extended for a rate recovery period from January 2012 through December 2012. In addition, rather than providing forecast data when actual results are known, the updated schedules include actual results through October 2011 rather than June 2011.
# PSE&G Solar Loan I Program

## Proposed Rate Calculations

<table>
<thead>
<tr>
<th>Line</th>
<th>Date(s)</th>
<th>Description</th>
<th>Electric</th>
<th>Source/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan-12 to Dec-12</td>
<td>Revenue Requirements</td>
<td>629,486</td>
<td>SUM (Schedule SS-2 (Update), Col 20)</td>
</tr>
<tr>
<td>2</td>
<td>Dec-11</td>
<td>Under-/ Over Recovered Balance</td>
<td>4,734,860</td>
<td>Schedule SS-4 (Update), Line 4, Col 48</td>
</tr>
<tr>
<td>3</td>
<td>Dec-11</td>
<td>Cumulative Interest Exp./ (Credit)</td>
<td>24,691</td>
<td>Schedule SS-4 (Update), Line 7, Col 48</td>
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<tr>
<td>4</td>
<td>Dec-11</td>
<td>Total Target Rate Revenue</td>
<td>5,389,037</td>
<td>Line 1 + Line 2 + Line 3</td>
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<tr>
<td>5</td>
<td>Jan-12 to Dec-12</td>
<td>Forecasted kWh (000)</td>
<td>43,140,604</td>
<td></td>
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<tr>
<td>6</td>
<td></td>
<td>Updated Calculated Rate w/o SUT ($/kWh)</td>
<td>0.000125</td>
<td>(Line 4 / (Line 5 * 1,000)) [Rnd 8]</td>
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<tr>
<td>7</td>
<td></td>
<td>Original Public Notice Rate w/o SUT ($/kWh)</td>
<td>0.000058</td>
<td>MIN (Line 6, Line 7)</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>Proposed Rate w/o SUT ($/kWh)</td>
<td>0.000058</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Proposed Rate w/ SUT ($/kWh)</td>
<td>0.000062</td>
<td>(Line 8 * (1 + SUT Rate)) [Rnd 6]</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>Proposed Annual SPRC Revenue w/o SUT ($/kWh)</td>
<td>2,502,155</td>
<td>(Line 5 * Line 8 * 1,000)</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td>Existing Annual SPRC Revenue w/o SUT ($/kWh)</td>
<td>0.000000</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>Resultant Annual SPRC Revenue Increase w/o SUT ($/kWh)</td>
<td>2,502,155</td>
<td>(Line 10 - Line 11)</td>
</tr>
</tbody>
</table>
# PSEG Solar Loan I Program
## Electric Revenue Requirements Calculation - Summary

**Schedule: 2SS (Revised)**

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Total End User Effective Interest Rate</th>
<th>Description</th>
<th>Total End User Effective Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1</td>
<td>Description</td>
<td>12.3%</td>
<td>Description</td>
<td>12.3%</td>
</tr>
<tr>
<td>Project 2</td>
<td>Description</td>
<td>12.3%</td>
<td>Description</td>
<td>12.3%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>12.3%</td>
<td></td>
<td>12.3%</td>
</tr>
</tbody>
</table>

**Transmittal of Electric Revenue Requirements Calculation (ECC) for 2SS (Revised)**

- *Page 3 of 12*
| State | Fiscal Year | Net Annual Revenue | Other Income | Total Income | Net Annual Expenditure | Other Expenditure | Total Expenditure | Net Annual Reserve | Other Reserve | Total Reserve | Change in Reserve | Reserve Percentage of Total Income | Change in Reserve Percentage of Total Income |
|-------|-------------|--------------------|--------------|--------------|-----------------------|------------------|-----------------|-------------------|--------------|--------------|----------------|----------------|----------------|----------------|
| CA    | 2007-2008   | 3,531,863          | 1,416,850    | 4,948,713    | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 3,531,863    | 1,416,850       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2008-2009   | 4,948,713          | 1,155,840    | 6,104,553    | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 4,948,713    | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2009-2010   | 6,104,553          | 1,155,840    | 7,260,393    | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 6,104,553    | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2010-2011   | 7,260,393          | 1,155,840    | 8,416,233    | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 7,260,393    | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2011-2012   | 8,416,233          | 1,155,840    | 9,572,073    | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 8,416,233    | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2012-2013   | 9,572,073          | 1,155,840    | 10,727,913   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 9,572,073    | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2013-2014   | 10,727,913         | 1,155,840    | 11,883,753   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 10,727,913   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2014-2015   | 11,883,753         | 1,155,840    | 13,039,593   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 11,883,753   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2015-2016   | 13,039,593         | 1,155,840    | 14,195,433   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 13,039,593   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2016-2017   | 14,195,433         | 1,155,840    | 15,351,273   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 14,195,433   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2017-2018   | 15,351,273         | 1,155,840    | 16,507,113   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 15,351,273   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2018-2019   | 16,507,113         | 1,155,840    | 17,662,953   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 16,507,113   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |
| CA    | 2019-2020   | 17,662,953         | 1,155,840    | 18,818,793   | 2,327,744             | 1,028,738        | 3,356,482        | 1,194,769         | 330,847     | 17,662,953   | 1,155,840       | 2,327,744       | 1,028,738       | 3,356,482         |

**ATTACHMENT B**

Schedule 50-1 (Update)

**PAGE 4 OF 12**
### ATTACHMENT B
### PAGE 6 OF 12

**SLI Under/(Over) Calculation**

<table>
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<tr>
<th></th>
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<th>Jun-08</th>
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<th>Oct-08</th>
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<td>(1) Solar Loan SPRG Revenue</td>
<td>$37,235</td>
<td>$33,456</td>
<td>$37,295</td>
<td>$110,354</td>
<td>$31,956</td>
<td>$42,736</td>
<td>$31,858</td>
<td>$55,451</td>
<td>$43,911</td>
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<td>(2) Revenue Requirements</td>
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<td>$33,456</td>
<td>$37,295</td>
<td>$110,354</td>
<td>$31,956</td>
<td>$42,736</td>
<td>$31,858</td>
<td>$55,451</td>
<td>$43,911</td>
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<td>(3) Monthly Under/(Over) Recovery</td>
<td>$37,235</td>
<td>$70,721</td>
<td>$109,016</td>
<td>$218,370</td>
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<td>$228</td>
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<td>$416</td>
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<td>$539</td>
<td>$616</td>
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<td>0.5406%</td>
<td>0.4300%</td>
<td>0.4206%</td>
<td>0.4100%</td>
<td>0.2824%</td>
<td>0.2922%</td>
<td>0.2592%</td>
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<td>(6) After Tax Monthly Interest Expense/(Credit)</td>
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<td>$37,295</td>
<td>$110,354</td>
<td>$31,956</td>
<td>$42,736</td>
<td>$31,858</td>
<td>$55,451</td>
<td>$43,911</td>
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<td>(9) Net Sales - kWh (000)</td>
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<td>$33,456</td>
<td>$37,295</td>
<td>$110,354</td>
<td>$31,956</td>
<td>$42,736</td>
<td>$31,858</td>
<td>$55,451</td>
<td>$43,911</td>
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<td>(15)</td>
<td>(16)</td>
<td>(17)</td>
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<td>(21)</td>
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<tr>
<td>Jan-09</td>
<td>Feb-09</td>
<td>March-09</td>
<td>Apr-09</td>
<td>May-09</td>
<td>Jun-09</td>
<td>Jul-09</td>
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**SLI Under/(Over) Calculation**

(1) Solar Loan I SPRC Revenue
(2) Revenue Requirements
(3) Monthly Under/(Over) Recovery
(4) Deferred Balance
(5) Monthly Interest Rate
(6) After Tax Monthly Interest Expense/(Credit)
(7) Cumulative Interest
(8) Balance Added to Subsequent Year's Revenue Requirement
(9) Net Sales - KWh (000)

 existing SLI Rate w/o SUT $/KWh (Total Row 2/ Total Row 3 [Row 4])

Schedule SS-4 (Update)
Page 2 of 7

$29,751 | $21,443 | $126,110 | $61,083 | $60,932 | $(89,951) | $224,214 | $(543,681) | $58,502

$456,044 | $476,497 | $602,698 | $663,691 | $724,523 | $634,552 | $585,876 | $615,195 | $573,697

0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25%

$672 | $711 | $624 | $597 | $1,080 | $1,038 | $1,140 | $600 | $476

$3,695 | $4,607 | $5,430 | $5,397 | $7,457 | $3,495 | $9,536 | $10,236 | $10,711

$458,940 | $481,094 | $608,028 | $670,088 | $732,051 | $643,157 | $668,511 | $525,430 | $584,408
### ATTACHMENT B
### PAGE 8 OF 12

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

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<thead>
<tr>
<th>SLI Under(Over) Calculation</th>
<th>Oct-08</th>
<th>Nov-09</th>
<th>Dec-09</th>
<th>Jan-10</th>
<th>Feb-10</th>
<th>Mar-10</th>
<th>Apr-10</th>
<th>May-10</th>
<th>Jun-10</th>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
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<td>(2) Revenue Requirements</td>
<td>$72,702</td>
<td>$143,721</td>
<td>$63,198</td>
<td>$78,150</td>
<td>(2,14,003)</td>
<td>$181,989</td>
<td>$49,176</td>
<td>$45,481</td>
<td>$61,119</td>
</tr>
<tr>
<td>(3) Monthly Under(Over) Recovery</td>
<td>$72,702</td>
<td>$143,721</td>
<td>$63,198</td>
<td>$78,150</td>
<td>(2,14,003)</td>
<td>$181,989</td>
<td>$49,176</td>
<td>$45,481</td>
<td>$61,119</td>
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<td>(4) Deferred Balance</td>
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<td>0.1483%</td>
<td>0.1483%</td>
<td>0.1483%</td>
<td>0.1483%</td>
<td>0.1483%</td>
<td>0.1483%</td>
<td>0.1483%</td>
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<td>(6) After Tax Monthly Interest Expense/(Credit)</td>
<td>$533</td>
<td>$528</td>
<td>$718</td>
<td>$780</td>
<td>$833</td>
<td>$832</td>
<td>$633</td>
<td>$634</td>
<td>$721</td>
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<td>(7) Cumulative Interest</td>
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<td>$11,372</td>
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<td>$13,370</td>
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<td>$865,808</td>
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<td>$763,802</td>
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<td>(9) Net Sales - KWh (000)</td>
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<tr>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>2. Revenue Requirements</td>
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<td>0.0967%</td>
<td>0.0967%</td>
<td>0.0967%</td>
<td>0.0967%</td>
<td>0.0967%</td>
<td>0.0967%</td>
<td>0.0967%</td>
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<td>6. After Tax Monthly Interest Expense/(Credit):</td>
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<td>$118</td>
<td>$154</td>
<td>$191</td>
<td>$114</td>
<td>$34</td>
<td>$61</td>
<td>$88</td>
<td>$181</td>
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<td>$17,134</td>
<td>$17,269</td>
<td>$17,460</td>
<td>$17,594</td>
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<td>$17,668</td>
<td>$17,776</td>
<td>$17,957</td>
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<td>9. Net Sales - KWh (000)</td>
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<tr>
<td>(1) Solar Loan I SPRC Revenue</td>
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<td>$0</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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</tr>
<tr>
<td>(2) Revenue Requirements</td>
<td>($332,631)</td>
<td>$33,803</td>
<td>$51,009</td>
<td>$824,704</td>
<td>$331,887</td>
<td>$224,142</td>
<td>$188,779</td>
<td>$2,856,549</td>
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<tr>
<td>(3) Monthly Under/(Over) Recovery</td>
<td>($332,631)</td>
<td>$33,803</td>
<td>$51,009</td>
<td>$824,704</td>
<td>$331,887</td>
<td>$224,142</td>
<td>$188,779</td>
<td>$2,856,549</td>
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<td>0.0597%</td>
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<td>(6) After-Tax Monthly Interest Expense/(Credit)</td>
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### SLI Under/(Over) Calculation

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<td>0.0817%</td>
<td>0.0817%</td>
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<td>Annual Interest Rate / 12</td>
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<td>After-Tax Monthly Interest Expense/(Credit)</td>
<td>$1,706</td>
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<td>$1,425</td>
<td>(Prev Line 4 + Line 5) / 2 * (1 - Tax Rate) * Line 6</td>
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<td>Balance Added to Subsequent Year's Revenue Requirements</td>
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<td>3,723,860</td>
<td>3,277,573</td>
<td>3,171,859</td>
<td>3,456,436</td>
<td>43,140,604</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed change in the electric Solar Pilot Recovery Charge (SPRC) on typical residential electric bills, if approved by the Board, is illustrated below:

<table>
<thead>
<tr>
<th>Residential Electric Service</th>
<th>If Your Monthly Summer kWhr Use Is:</th>
<th>And Your Annual kWhr Use Is:</th>
<th>Then Your Present Annual Bill (1) Would Be:</th>
<th>And Your Proposed Annual Bill (2) Would Be:</th>
<th>Your Annual Bill Change Would Be:</th>
<th>And Your Percent Change Would Be:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>170</td>
<td>1,600</td>
<td>$312.12</td>
<td>$312.24</td>
<td>$0.12</td>
<td>0.04%</td>
</tr>
<tr>
<td></td>
<td>415</td>
<td>3,900</td>
<td>717.44</td>
<td>717.72</td>
<td>0.28</td>
<td>0.04%</td>
</tr>
<tr>
<td></td>
<td>780</td>
<td>7,360</td>
<td>1,336.60</td>
<td>1,337.04</td>
<td>0.44</td>
<td>0.03%</td>
</tr>
<tr>
<td></td>
<td>803</td>
<td>7,800</td>
<td>1,415.93</td>
<td>1,416.41</td>
<td>0.48</td>
<td>0.03%</td>
</tr>
<tr>
<td></td>
<td>1,320</td>
<td>12,400</td>
<td>2,253.64</td>
<td>2,254.44</td>
<td>0.80</td>
<td>0.04%</td>
</tr>
</tbody>
</table>

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 7, 2012 and assumes that the customer receives BGS-FP service from Public Service.

(2) Same as (1) except includes change in the Solar Pilot Recovery Charge.

<table>
<thead>
<tr>
<th>Residential Electric Service</th>
<th>If Your Annual kWhr Use Is:</th>
<th>And Your Monthly Summer kWhr Use Is:</th>
<th>Then Your Present Monthly Summer Bill (3) Would Be:</th>
<th>And Your Proposed Monthly Summer Bill (4) Would Be:</th>
<th>Your Monthly Summer Bill Change Would Be:</th>
<th>And Your Percent Change Would Be:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,600</td>
<td>170</td>
<td>$31.93</td>
<td>$31.94</td>
<td>$0.01</td>
<td>0.03%</td>
</tr>
<tr>
<td></td>
<td>3,900</td>
<td>415</td>
<td>74.32</td>
<td>74.83</td>
<td>0.03</td>
<td>0.04%</td>
</tr>
<tr>
<td></td>
<td>7,360</td>
<td>780</td>
<td>139.87</td>
<td>139.92</td>
<td>0.05</td>
<td>0.04%</td>
</tr>
<tr>
<td></td>
<td>7,800</td>
<td>803</td>
<td>144.17</td>
<td>144.22</td>
<td>0.05</td>
<td>0.03%</td>
</tr>
<tr>
<td></td>
<td>12,400</td>
<td>1,320</td>
<td>240.57</td>
<td>240.65</td>
<td>0.08</td>
<td>0.03%</td>
</tr>
</tbody>
</table>

(3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 7, 2012 and assumes that the customer receives BGS-FP service from Public Service.

(4) Same as (3) except includes change in the Solar Pilot Recovery Charge.