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June 30, 2017

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

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

***VIA E-FLING & OVERNIGHT MAIL***

Irene Kim Asbury, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350

Dear Secretary Asbury:

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

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

Very truly yours,

A handwritten signature in blue ink, consisting of a large, stylized initial 'J' followed by a horizontal line and a small flourish.

Attachment  
C Service List (E-Mail Only)

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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 ) **P E T I T I O N**  
APPROVAL OF CHANGES IN ITS ELECTRIC )  
SOLAR PILOT RECOVERY CHARGE (SPRC) ) BPU Docket No. \_\_\_\_\_  
FOR ITS SOLAR LOAN I PROGRAM )

Public Service Electric and Gas Company (“PSE&G,” “the Company,” “Public Service,” or “Petitioner”), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities (the “Board” or “BPU”) pursuant to N.J.S.A. 48:3:98.1, *et seq.*, as follows:

**INTRODUCTION**

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (“BGS”), and distribution of gas and the provision of Basic Gas Supply Service (“BGSS”), for residential, commercial, and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.2 million electric and 1.8 million gas customers in an area having a population in excess of 6 million persons, and which extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton and south to Camden, New Jersey.

2. Petitioner is subject to regulation by the Board for the purposes of setting its retail distribution rates and to assure safe, adequate, and reliable electric distribution and natural gas distribution service pursuant to N.J.S.A. 48:2-21 *et seq.*

3. On April 19, 2007, PSE&G filed a Petition with the Board seeking approval of an innovative solar energy initiative.<sup>1</sup> Under this initiative, PSE&G proposed to implement a solar photovoltaic (PV) program (the “Program” or “Solar Loan I”) across all customer classes within its electric service territory, with segments for residential, residential low-income, municipal/public entities, and commercial/industrial (“C&I”) and not-for-profit customers. The Company also proposed a comprehensive cost recovery mechanism.

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

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

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

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<sup>1</sup> *I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Solar Energy Program and an Associated Cost Recovery Mechanism*, Docket No. EO07040278.

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

6. The Order also states:

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

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

8. On March 24, 2017, the Board issued a final Order approving resolution of the 2016 PSE&G Solar Pilot Recovery Charge Annual Cost Recovery Proceeding

(hereinafter “2016 SL I Program Order”).<sup>2</sup> The 2016 SL I Program Order included an obligation for Public Service to make its next SPRC cost recovery filing with actual data from October 1, 2016 to March 31, 2017 and forecasted data through September 30, 2018 no later than July 1, 2017.<sup>3</sup>

9. PSE&G has successfully implemented the Program and is now filing this Petition, which is similar to petitions the Company has annually filed in recent years related to the Solar Loan I Program, to implement the cost recovery provisions of the Order and Settlement and revise rates for the SPRC.

10. In support of this Petition, the Company is presenting the Direct Testimony of M. Courtney McCormick, the Vice President of Renewables and Energy Solutions at Public Service Electric and Gas Company. Ms. McCormick’s Direct Testimony is attached hereto as Attachment A. Ms. McCormick describes the status of the Solar Loan I Program. Ms. McCormick’s testimony and schedules also discuss and quantify the administrative costs the Company seeks to recover through the SPRC pursuant to the Order and Settlement.

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

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<sup>2</sup> *I/M/O the Petition of Public Service Electric and Gas Company for Approval of Changes in its Electric Solar Pilot Recovery Charge (“SPRC”) for its Solar Loan I Program*, Docket No. ER16070616.

<sup>3</sup> 2016 SL I Program Order, p. 3 (citing paragraph ¶10 of the parties’ stipulation).

12. Based on the Company's actual collections through March 31, 2017, and its projected collections through September 30, 2018, the total SPRC revenue to be collected from ratepayers is forecasted to be \$6,254,713. The \$6.3 million revenue to be collected from ratepayers is comprised of a forecasted under-collected balance through September 2017 of \$347,826, including interest, and a forecasted revenue requirement from October 2017 through September 2018 of \$5,906,886. Dividing the \$6.3 million target revenue by the Company's kilowatt-hour (kWh) sales forecast for October 2017 through September 2018 results in a proposed rate of \$0.000152/kWh without Sales and Use Tax ("SUT") for the period October 1, 2017 through September 30, 2018. Since the SPRC rate is currently set at \$0.000068/kWh without SUT, the proposed rate will result in a net annual revenue increase to the Company's electric customers of \$3.5 million. The Company is proposing to implement the proposed SPRC rate on or before October 1, 2017.

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

- Schedule SS-SLI-1 is Mr. Swetz's Credentials.
- Schedule SS-SLI-2 is a summary sheet setting forth the proposed rate calculations for the applicable period.
- Schedule SS-SLI-3 sets forth the electric revenue requirements summary.
- Schedule SS-SLI-3a sets forth the details of the electric revenue requirements.
- Schedule SS-SLI-4 sets forth the electric (over) / under recovered balance and associated interest rate calculations.

14. Public Service has proposed tariff sheets (redlined and “clean”), effective October 1, 2017 reflecting the SPRC rate in the Electric Tariff (*see* Attachment C). The proposed change in the SPRC is an increase from \$0.000068/kWh without SUT (\$0.000073/kWh including SUT) to \$0.000152/kWh without SUT (\$0.000162/kWh including SUT). The proposed rates are designed to recover the Program costs, which include carrying charges on PSE&G’s expenditures.

15. As a result of the proposed SPRC rate set forth in Attachment C, Public Service’s typical residential electric customers using 750 kWh in a summer month and 7,200 kWh annually would experience an increase in their annual bill from \$1,252.92 to \$1,253.60, an increase of \$0.68 or approximately 0.05%. This is based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect June 1, 2017, and assumes that the customer receives BGS-RSCP service from PSE&G. The residential customer bill impacts comparing the current and proposed delivery charges are contained in Attachment D for the aforementioned typical customers as well as other typical customer usage patterns.

16. The proposed rates, as set forth in the tariff sheets in Attachment C, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on October 1, 2017, upon issuance of a written BPU Order.

17. Contained herein as Attachment E is a draft Form of Notice of Filing and of Public Hearings. This Form of Notice sets forth the requested changes to the electric rates and will be placed in newspapers having a circulation within the Company’s electric

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

18. Notice of this filing and two copies of the Petition will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101, and upon the Director, Division of Rate Counsel, 140 East Front Street, 4<sup>th</sup> Floor, Trenton, New Jersey 08625. Copies of the Petition and supporting testimony and attachments will also be sent to the persons identified on the service list provided with this filing.

19. Public Service requests that the Board issue an Order approving the proposed rates on or before October 1, 2017.

20. It is understood that any final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons, to any class or classes of customers of the Company. Therefore, the average percentage changes in final rates may increase or decrease based upon the Board's decision.

**COMMUNICATIONS**

Communications and correspondence related to the Petition should be sent as

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**CONCLUSION AND REQUESTS FOR APPROVAL**

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

1. PSE&G is authorized to recover all costs requested herein associated with the Solar Loan I Program;
2. The proposed rates and charges set forth in the proposed Tariff for Electric Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 15, Electric, referred to herein as Attachment C, are just and reasonable and PSE&G is authorized to implement the rates proposed herein on or about October 1, 2017.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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DATED: June 30, 2017  
Newark, New Jersey

STATE OF NEW JERSEY )  
: )  
COUNTY OF ESSEX )

M. Courtney McCormick, of full age, being duly sworn according to law, on her oath deposes and says:

1. I am the Vice President of Renewables and Energy Solutions in the Renewables and Energy Solutions Group of Public Service Electric and Gas Company, the Petitioner in the foregoing Petition.

2. I have read the annexed Petition, and the matters and things contained therein are true to the best of my knowledge and belief.

3. Copies of the Petition have been overnight mailed and emailed to the BPU, the Department of Law & Public Safety, and the Division of Rate Counsel.



\_\_\_\_\_  
M. Courtney McCormick

Sworn and subscribed to )  
before me this 30<sup>th</sup> day )  
of June 2017 )

  


1                   **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
2                   **DIRECT TESTIMONY**  
3                   **OF**  
4                   **M. COURTNEY MCCORMICK**  
5                   **VICE PRESIDENT RENEWABLES AND ENERGY SOLUTIONS**

6                   My name is M. Courtney McCormick and I am the Vice President  
7 Renewables and Energy Solutions for Public Service Electric and Gas Company  
8 (“PSE&G,” the “Company”). I have primary management and oversight  
9 responsibility for the design, planning and operations of PSE&G’s renewable  
10 energy, energy efficiency, and demand response programs. My credentials are  
11 included as Schedule MCM-SLI-1. The purpose of this testimony is to support the  
12 Company’s request for recovery of costs incurred implementing PSE&G’s Solar  
13 Loan I Program.

14                   **DESCRIPTION**

15                   As approved by a Board of Public Utilities (Board) Order dated  
16 April 16, 2008 in Docket No. EO07040278, the Solar Loan I Program was  
17 originally designed as a 30 megawatt (MW-dc<sup>1</sup>) distributed photovoltaic solar  
18 initiative in which customers or developers install solar photovoltaic systems on  
19 customers’ premises “behind the meter,” using PSE&G as a source of capital. The  
20 program consists of three segments: Municipal/Non-Profit; Residential and Multi-  
21 family/Affordable Housing; and Commercial & Industrial. Subsequent to

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<sup>1</sup> Direct current. All MW capacity values are in dc unless otherwise noted

1 PSE&G's Solar Loan II Program being approved by Board Order dated,  
2 November 10, 2009, 7.83 MW of uncommitted Solar Loan I capacity was  
3 transferred to the Solar Loan II Program, resulting in 22.17 MW of capacity being  
4 financed through Solar Loan I. The Program is intended to reduce the upfront cost  
5 of project development and installation to customers, while providing the best  
6 solar energy value for all stakeholders.

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

12 The SRECs, for purposes of this Program, have an established floor  
13 price of \$475 for the loan repayment period. The higher of the \$475 floor price or  
14 the Market Value at the time the SREC is transferred to PSE&G is applied toward  
15 loan repayment. For purposes of loan repayment, the SREC Market Value means  
16 the average monthly cumulative weighted price of SRECs as published on the  
17 New Jersey Clean Energy Program (NJCEP) website bulletin board during the  
18 calendar month preceding the month the SREC payment is credited to the loan. If  
19 no price is published on the website for the relevant month, the Market Value will  
20 be the average of quotes received from three independent brokers.



1 15, 2012 and the Program is now maintaining the existing loans and processing  
2 SRECs received from the borrowers.

3           The Solar Loan I Program issued 169 loans for a total amount of  
4 \$82.8 million representing 22.17 MW.<sup>2</sup> This includes \$79.5 million representing  
5 44 closed loans totaling 21.23 MW of non-residential projects, and \$3.3 million  
6 totaling 125 closed loans representing 0.94 MW of residential projects.

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

12                           **SOLAR LOAN I ADMINISTRATIVE COSTS**

13           The Solar Loan I Program actual monthly administrative costs from  
14 October 1, 2016 through March 31, 2017 along with projections through  
15 September 2018 are shown on Schedule MCM-SLI-2. This Schedule details Solar  
16 Loan I Program, Solar Loan II Program, and Solar Loan III Program Total  
17 Common Costs (column 1), Solar Loan I Program's allocated share of Common  
18 Costs (column 2), Solar Loan I Program Volume Costs (column 3), Fees Collected  
19 from Borrowers (column 4), Total Solar Loan I Administrative Costs (column 5),

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<sup>2</sup> This quantity includes one large commercial loan that was funded in two phases and is reported as two separate loans.

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

4           Certain administrative costs are common to Solar Loan I, Solar Loan  
5 II, and Solar Loan III. Such costs are allocated to the Solar Loan I Program, Solar  
6 Loan II Program, and Solar Loan III Program in accordance with the formula  
7 established in the Solar Loan III Program Board Order (Docket No. EO12080726),  
8 which stated that Common Costs shared by all three of PSE&G's solar loan  
9 programs will be allocated based on forecasted MW capacity installed for the  
10 upcoming year, and the ratio of the forecasted installed capacity for each program  
11 to total forecasted installed capacity for all of the solar loan programs will be  
12 applied to all common costs for the following year starting on January 1.  
13 Currently the Solar Loan I Program is allocated 20.6% (22.2 MW/107.9 MW) of  
14 the total Common Costs. For the period from October 1, 2016 through March 31,  
15 2017, actual Solar Loan I Common Costs were \$50,980, Volume Costs were \$0  
16 and no Application and Administration Fees were collected during this same  
17 period. Therefore the Total Solar Loan I Administrative Costs for the period from  
18 October 1, 2016 through March 31, 2017 were \$50,980. The SPRC Recoverable  
19 Administrative Costs for the same period were \$25,031.

1           Schedule MCM-SLI-3 shows the Program administrative cost details  
2 allocated to the categories used by the BPU for the NJCEP. Administration and  
3 Program Development Expenditures (Column 1) include the costs to initiate a  
4 loan, including loan application processing, the cost of credit information through  
5 Experian, program reporting and tracking, along with other costs associated with  
6 program administration. Rebate Processing, Inspections and Other Quality  
7 Control (QC) Expenditures (Column 3) include the costs to manage the program  
8 once loans are closed and include SREC processing, loan maintenance and  
9 program tracking and reporting. For the period from October 1, 2016 through  
10 March 31, 2017, Administration and Program Developments expenditures were \$0  
11 and Rebate Processing, Inspections and Other QC Expenditures were \$50,980.  
12 During the recovery period, there were no Evaluation and Related Research,  
13 Marketing and Sales, Training Expenditures, or Application and Administrative  
14 Fees. Therefore, the net total administration expenditures for the period were  
15 \$50,980.

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

1 administrative costs for the years 2008 – 2023. The actual recoverable  
2 administrative costs from October 1, 2016 through March 31, 2017 and forecasted  
3 costs through 2018 are significantly below the allowed cap primarily due to cost  
4 sharing with the Solar Loan II and Solar Loan III Programs. Accordingly, the  
5 SPRC Recoverable Administrative Costs shown in Schedule MCM-SLI-2 have  
6 been incorporated into the revenue requirements contained in Schedule SS-SLI-3a.

7 **LOANS CLOSED BY SEGMENT**

8 Schedule MCM-SLI-5 shows the number of Solar Loan I loans  
9 closed by segment.

10 **CAPACITY OF SOLAR SYSTEMS BY SEGMENT**

11 Schedule MCM-SLI-6 shows the capacity of solar systems  
12 supported by Solar Loan I loans by segment.

13 **ENERGY GENERATED**

14 Schedule MCM-SLI-7 shows the actual kWh generated by solar  
15 systems supported by Solar Loan I by segment, through March 31, 2017.

16 **LOANS CLOSED BY QUARTER**

17 Schedule MCM-SLI-8 shows the number of loans closed by quarter.

1

**EMISSION REDUCTIONS**

2

3

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

4

**SREC'S RECEIVED THROUGH THE PROGRAM**

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6

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

7

**ISSUES AND DISCUSSIONS**

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A solar project located at the Bayshore Recycling Center in Keasbey, New Jersey experienced a partial roof collapse in April 2014 due to a fire in the warehouse building hosting the solar system. While the system has been offline, the loan has been maintained in good standing through cash payments made by the borrower. The borrower is close to reaching a final settlement with their insurance provider. The borrower has requested to rebuild the solar system on an adjacent building. PSE&G is supportive of restoring the system and will evaluate the feasibility of rebuilding the system with the insurance proceeds.

17

**CONCLUSION**

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PSE&G is seeking cost recovery for the Solar Loan I Program initiatives described above that were undertaken pursuant to appropriate approvals from the Board. The Company's initiatives were undertaken to help New Jersey

1 meet its Energy Master Plan goals and maintaining support for the renewable  
2 energy portfolio standard of 22.5% of energy from renewable sources by 2021,  
3 and to benefit New Jersey's economy through both sustaining and creating  
4 employment opportunities

5 This concludes my testimony at this time.

## **ATTACHMENT A**

### **SCHEDULE INDEX**

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

### **ELECTRONIC WORKPAPER INDEX**

WP-MCM-SLI-1.xlsx	Administrative Costs
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**CREDENTIALS  
OF  
M. COURTNEY McCORMICK  
VICE PRESIDENT RENEWABLES AND ENERGY SOLUTIONS**

1  
2  
3  
4  
5           My name is M. Courtney McCormick and I am employed by Public  
6 Service Electric and Gas Company (PSE&G, the Company) as the Vice President  
7 Renewables and Energy Solutions. In this role, I have primary management and  
8 oversight responsibility for the market strategy, development and implementation  
9 of the Company's solar, energy efficiency and demand response programs.

10 **EDUCATIONAL BACKGROUND**

11           I have a Bachelor of Arts degree in Economics from Barnard College,  
12 Columbia University, and a Juris Doctor degree from Vanderbilt University Law  
13 School.

14 **WORK EXPERIENCE**

15           I have worked for PSE&G and its affiliate PSEG Services Corporation  
16 for over nine years in various positions, as well as for six years as a corporate and  
17 securities attorney with the law firms of Pillsbury Winthrop LLP and King &  
18 Spalding, LLP in their New York offices.

19           I joined PSEG in March of 2008 as Associate General Corporate  
20 Counsel, and assumed the role of Corporate Secretary in July of 2010. From 2010  
21 through 2015, I took on increasing responsibility for oversight of the company's

1 corporate governance and corporate transactions, including financings, mergers and  
2 acquisitions, public and private securities offerings, as well as records management,  
3 shareholder services and securities and stock exchange matters and reporting  
4 compliance. I was named Vice President – Deputy General Counsel and Corporate  
5 Secretary in April 2014, at which time I also assumed oversight responsibility for the  
6 company’s claims and corporate security function, including business continuity and  
7 crisis management planning. In December of 2015, I was named Vice President –  
8 Renewables and Energy Solutions. My professional experience includes a broad  
9 background in federal securities law, corporate transactions and corporate  
10 governance, with a specialization in the energy and utilities industry. Further areas of  
11 expertise include federal and state policy relating to renewables and energy efficiency  
12 and utility regulation.

13 I am a member of the Board of Directors of the Smart Electric Power  
14 Alliance as well as a member of the Edison Electric Industries Retail Executive  
15 Advisory Committee.

**ATTACHMENT A  
SCHEDULE MCM-SLI-2**

<b>SOLAR LOAN I: ADMINISTRATIVE COST</b>								
		(1)	(2)	(3)	(4)	(5) = (2+3+4)	(6)	
Month	Yr	Solar Loan I, Solar Loan II, and Solar Loan III Total Common Costs	Solar Loan I Allocation of Common Costs	Solar Loan I Volume Costs	Application and Administrative Fee	Total Solar Loan I Administrative Costs	SPRC Recoverable Administrative Costs	
October	2016	43,737	9,429	-	-	9,429	4,703	Actual
November	2016	40,404	8,709	-	-	8,709	4,352	
December	2016	38,860	8,375	-	-	8,375	4,185	
January	2017	38,847	8,413	-	-	8,413	4,014	
February	2017	38,864	8,566	-	-	8,566	4,033	
March	2017	36,768	7,488	-	-	7,488	3,744	
April	2017	47,805	9,848	-	-	9,848	4,924	Forecast
May	2017	47,805	8,964	-	-	8,964	4,482	
June	2017	47,805	9,848	-	-	9,848	4,924	
July	2017	58,842	12,122	-	-	12,122	6,061	
August	2017	58,842	12,122	-	-	12,122	6,061	
September	2017	58,842	12,122	-	-	12,122	6,061	
October	2017	69,880	14,395	-	-	14,395	7,198	
November	2017	69,880	14,395	-	-	14,395	7,198	
December	2017	69,880	14,395	-	-	14,395	7,198	
January	2018	80,917	14,727	-	-	14,727	7,363	
February	2018	80,917	14,727	-	-	14,727	7,363	
March	2018	80,917	14,727	-	-	14,727	7,363	
April	2018	80,917	14,727	-	-	14,727	7,363	
May	2018	80,917	14,727	-	-	14,727	7,363	
June	2018	80,917	14,727	-	-	14,727	7,363	
July	2018	80,917	14,727	-	-	14,727	7,363	
August	2018	80,917	14,727	-	-	14,727	7,363	
September	2018	80,917	14,727	-	-	14,727	7,363	
<b>Total</b>		<b>1,495,314</b>	<b>291,732</b>	<b>-</b>	<b>-</b>	<b>291,732</b>	<b>145,407</b>	

<sup>1</sup> May 2017 forecast reduced \$884 to correct for a minor over allocation of an associate's labor accounted in January, February and March 2017.

**ATTACHMENT A  
SCHEDULE MCM-SLI-3**

**SOLAR LOAN I: ADMINISTRATIVE COST DETAIL BY BPU CATEGORY**

Month	Yr	Administration and Program Development Expenditures	Evaluation and Related Research Expenditures	Rebate Processing, Inspections and Other QC Expenditures	Marketing & Sales	Training Expenditures	Application and Administrative Fee	Total	
October	2016	-	-	9,429	-	-	-	9,429	Actual
November	2016	-	-	8,709	-	-	-	8,709	
December	2016	-	-	8,375	-	-	-	8,375	
January	2016	-	-	8,413	-	-	-	8,413	
February	2016	-	-	8,566	-	-	-	8,566	
March	2016	-	-	7,488	-	-	-	7,488	
April	2017	-	-	9,848	-	-	-	9,848	Forecast
May	2017	-	-	8,964	-	-	-	8,964	
June	2017	-	-	9,848	-	-	-	9,848	
July	2017	-	-	12,122	-	-	-	12,122	
August	2017	-	-	12,122	-	-	-	12,122	
September	2017	-	-	12,122	-	-	-	12,122	
October	2017	-	-	14,395	-	-	-	14,395	
November	2017	-	-	14,395	-	-	-	14,395	
December	2017	-	-	14,395	-	-	-	14,395	
January	2018	-	-	14,727	-	-	-	14,727	
February	2018	-	-	14,727	-	-	-	14,727	
March	2018	-	-	14,727	-	-	-	14,727	
April	2018	-	-	14,727	-	-	-	14,727	
May	2018	-	-	14,727	-	-	-	14,727	
June	2018	-	-	14,727	-	-	-	14,727	
July	2018	-	-	14,727	-	-	-	14,727	
August	2018	-	-	14,727	-	-	-	14,727	
September	2018	-	-	14,727	-	-	-	14,727	
<b>Total</b>		-	-	291,732	-	-	-	291,732	

**ATTACHMENT A  
SCHEDULE MCM-SLI-4**

**Solar Loan I  
Program Administrative Costs Cap**

<b>Year</b>	<b>Total Approved Administrative Cost*</b> <small>(000's)</small>	<b>Maximum Recoverable Administrative Cost (50%)*</b> <small>(000's)</small>	<b>Requested SPRC Recovery</b>
2008	1,830	915	425
2009	2,615	1,000 <sup>(1)</sup>	506
2010	1,493	747	259
2011	1,539	770	127
2012	1,586	793	68
2013	1,624	812	95
2014	1,674	837	83
2015	1,726	863	98
2016	1,779	890	62
2017	1,834	917	66 <sup>(2)</sup>
2018	967	484	87
2019	998	499	
2020	1,029	515	
2021	1,062	531	
2022	1,096	548	
2023	1,131	566	

\* "Total Approved Administrative Cost" and "Maximum Recoverable Administrative Cost (50%)" from Attachment D in the Board Order approving Solar Loan I (Docket No. E007040278)

- (1) Note: Per agreement with the parties to the stipulation the maximum administrative cost recovery through the SPRC in any year is \$1.0 million.
- (2) Actuals through March 2017, forecast thereafter

**Solar Loan I**  
**Number of Loans Closed by Segment**  
(Through March 31, 2017)

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

**Solar Loan I**  
**Capacity of Solar System for Loans Closed by Segment**  
(Through March 31, 2017)

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

**Solar Loan I**  
**Actual kWh Generated by Segment for Closed Loans**  
(Through March 31, 2017)

<b>Segment</b>	<b>kWh</b>
Residential	6,991,345
Multi-Family/Affordable	-
Municipal/Not-for-Profit	17,809,059
Commercial/Industrial	144,539,212
<b>Total</b>	<b>169,339,616</b>

**Solar Loan I**  
**Number of Loans Closed by Quarter**  
(Through March 31, 2017)

<b>2009</b>	<b>Loans</b>
Quarter 1	3
Quarter 2	5
Quarter 3	7
Quarter 4	38
<b>2009 Total</b>	<b>53</b>

<b>2010</b>	<b>Loans</b>
Quarter 1	25
Quarter 2	23
Quarter 3	34
Quarter 4	12
<b>2010 Total</b>	<b>94</b>

<b>2011</b>	<b>Loans</b>
Quarter 1	10
Quarter 2	4
Quarter 3	3
Quarter 4	4
<b>2011 Total</b>	<b>21</b>

<b>2012</b>	<b>Loans</b>
Quarter 1	-
Quarter 2	1
Quarter 3	-
Quarter 4	-
<b>2012 Total</b>	<b>1</b>

<b>2013</b>	<b>Loans</b>
Quarter 1	-
Quarter 2	-
Quarter 3	-
Quarter 4	-
<b>2013 Total</b>	<b>-</b>

<b>2014</b>	<b>Loans</b>
Quarter 1	-
Quarter 2	-
Quarter 3	-
Quarter 4	-
<b>2014 Total</b>	<b>-</b>

<b>Program Total</b>	<b>169</b>
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**Solar Loan I**  
**Emission Reduction by Segment**  
(Through March 31, 2017)

(Metric Tons)

<b>Segment</b>	<b>CO2</b>	<b>NOx</b>	<b>SO2</b>
Residential	4,821	8.8	20.7
Multi-Family/Affordable	-	-	-
Municipal/Not-for-Profit	12,278	22.6	52.5
Commercial/Industrial	99,655	183.6	426.2
<b>Total</b>	<b>116,754</b>	<b>215.1</b>	<b>499.4</b>

**Solar Loan I**  
**SRECs by Segment**  
(Through March 31, 2017)

<b>Segment</b>	<b># of SRECs</b>
Residential	6,864
Multi-Family/Affordable	-
Municipal/Not-for-Profit	17,002
Commercial/Industrial	143,748
<b>Total</b>	<b>167,614</b>

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

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

10                   **SCOPE OF TESTIMONY**

11                   The purpose of my testimony is to support the filing of Public  
12 Service Electric and Gas Company (“PSE&G” or the “Company”) for recovery of  
13 the costs related to PSE&G’s Solar Loan I Program (“Solar Loan I” or  
14 “Program”). The period includes actual costs incurred from October 2016 through  
15 March 2017 and forecasted costs through September 2018. My testimony  
16 provides the detailed calculations and recovery mechanisms, including projected  
17 rate and bill impacts.

18                   **COST RECOVERY MECHANISM**

19                   General

20                   PSE&G is filing to recover the revenue requirements associated with  
21 the direct costs of the Program. Direct costs include all costs related to: loans

1 issued under the Program and 50 percent of the administrative costs of running the  
2 Program. These costs are offset by the net benefits derived from the net proceeds  
3 from the sale of Solar Renewable Energy Certificates (SRECs) and cash payments  
4 in lieu of SRECs.

5           Based on the Company's actual collections through March 31, 2017  
6 and its projected collections through September 30, 2018, the total Solar Pilot  
7 Recovery Charge (SPRC) revenue to be collected from ratepayers is forecasted to  
8 be \$6,254,713. The \$6.3 million revenue to be collected from ratepayers is  
9 comprised of a forecasted under-collected balance through September 2017 of  
10 \$347,826 including interest, and a forecasted revenue requirement from October  
11 2017 through September 2018 of \$5,906,886. Dividing the \$6.3 million target  
12 revenue by the Company's kilowatt-hour (kWh) sales forecast for October 2017  
13 through September 2018 results in a proposed rate of \$0.000152/kWh without  
14 New Jersey Sales and Use Tax (SUT) for the period October 1, 2017 through  
15 September 30, 2018. Since the SPRC rate is currently set at \$0.000068/kWh  
16 without SUT, the proposed rate will result in a net annual revenue increase to the  
17 Company's electric customers of \$3.5 million. The rate proposed for the SPRC  
18 would be effective October 1, 2017 through September 30, 2018 and is designed  
19 to recover \$6.3 million over the twelve month period as shown on Schedule SS-  
20 SLI-2. PSE&G is proposing that the Board authorize the recovery of the revenue

1 requirements of the Program in accordance with the Board's Order approving the  
2 Solar Loan I Program in Docket No. EO07040278. The details of the costs  
3 proposed to be recovered, as well as the mechanism for such recovery, are  
4 described in the following sections of this testimony.

5 Calculation of the Revenue Requirements of Direct Costs

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

11 
$$\text{Net Monthly Revenue Requirements} = (\text{Cost of Capital} * \text{Net Plant}) +$$
  
12 
$$\text{Amortization} + \text{Recoverable Administrative Costs} - \text{Net Proceeds from the}$$
  
13 
$$\text{Sale of SRECs} - \text{Cash Payments Received in lieu of SRECs}$$

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

19 
$$\text{Revenue Requirements} = (\text{Pre-Tax Cost of Capital} * \text{Net Investment}) - \text{Net}$$
  
20 
$$\text{Loan Accrued Interest} + \text{Amortization and/or Depreciation} + \text{Operation}$$

1           *and Maintenance (Recoverable Administrative) Costs – Net Proceeds from*  
2           *the Sale of SRECs – Cash Payments in lieu of SRECs*

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

4           Pre-Tax Cost of Capital – The weighted average cost of capital (WACC)  
5           for the Program was set at 7.8406%. For calculating Revenue  
6           Requirements, the corresponding Pre-Tax WACC of 11.11% per year, or  
7           0.92583% per month, is used in accordance with paragraph 75 of the Order  
8           approving the Program.

9           Net Investment – The net investment for the Program is comprised of the  
10          following:

- 11           • Total Loan Outstanding Balances
- 12           • SREC Inventory

13          The assumptions supporting the loans and associated amortization  
14          schedules and SREC Inventory are found in workpaper WP-SS-SLI-2.xlsx.

15          Net Loan Accrued Interest – This amount is subtracted from revenue  
16          requirements. It is defined as (*Loan Accrued Interest – Loan Interest Paid*).  
17          It accounts for timing differences from when loan interest is accrued and  
18          loan interest is paid. Over the life of each loan, the Loan Accrued Interest  
19          is equal to the Loan Interest Paid.

1        Depreciation/Amortization – This is composed of Loan Principal Paid /  
2        Amortized.

3        Operations and Maintenance (Recoverable Administrative) Costs –  
4        Operations and Maintenance Costs include labor and other on-going costs  
5        required to manage and administer the Program. The assumptions  
6        supporting the estimated Operations and Maintenance costs are described in  
7        the direct testimony and workpapers of M. Courtney McCormick. Only 50  
8        percent of the administrative costs are included in the revenue requirements  
9        calculation.

10       Net Proceeds from the Sale of SRECs – The net SREC proceeds reduce  
11       revenue requirements and are defined as:

$$\begin{aligned} & (SREC \text{ Value Credited to Loans} + \text{Gain}/(\text{Loss}) \text{ on Sale of SRECs} \\ & \quad + SREC \text{ Call Option Net Benefit} \end{aligned}$$

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

17                The total revenue requirements are based on actual costs incurred  
18       through March 31, 2017 and projected costs through September 30, 2018. All  
19       loans, including principal and interest, will be repaid by providing the Company  
20       with SRECs or cash. For the forecasted period, SREC prices for the months of

1 April 2017 through September 2018 are assumed to be \$239 based on the  
2 weighted average result of the last three SREC auctions prior to April 2017. The  
3 summary monthly calculations of the actual revenue requirements through March  
4 2017 and the forecasted revenue requirements from April 2017 through September  
5 2018 are shown in Schedule SS-SLI-3. The detailed monthly calculations of the  
6 revenue requirements through September 2018 are shown in Schedule SS-SLI-3a.  
7 The calculation of the (over) / under recovered balance along with the associated  
8 interest rate calculations is shown in Schedule SS-SLI-4. As summarized on  
9 Schedule SS-SLI-2, the expected revenue requirement through September 2018 is  
10 \$6,254,713 which includes an expected under-recovery of \$347,826 through  
11 September 2017 (including interest), and a forecasted revenue requirement of  
12 \$5,906,886 from October 2017 through September 2018.

13 Method for Recovery of Direct Cost

14 PSE&G will recover the net Revenue Requirements associated with  
15 this Program through the SPRC based on paragraph 75 of the Order approving  
16 Solar Loan I. The SPRC was approved as the recovery mechanism for Solar Loan  
17 I revenue requirements in paragraph 39 of the Order and is applicable to all  
18 electric rate schedules on an equal cents per kilowatt-hour basis. The Company is  
19 requesting Board approval of an effective date of October 1, 2017. If Board  
20 approval is received prior to October 1, 2017, rates would still go into effect

1 October 1, 2017 as filed. All Program costs incurred prior to October 1, 2017 will  
2 be deferred. If Board approval is received after October 1, the proposed initial rate  
3 period charge would still be implemented at the time of approval. In that instance,  
4 all Program costs incurred prior to the rate-effective date will be deferred until  
5 rates go into effect.

6           The calculation of the proposed SPRC increase is shown in Schedule  
7 SS-SLI-2. The Total Target Rate Revenues are divided by the current forecasted  
8 kilowatt-hours sales from October 2017 through September 2018 to determine the  
9 SPRC without SUT applied. PSE&G is proposing to increase the SPRC from a  
10 rate of \$0.000068/kWh to \$0.000152/kWh, without SUT. The rates proposed for  
11 the SPRC for the period October 1, 2017 through September 30, 2018 are  
12 designed to recover approximately \$6.3 million. As a result of the proposed new  
13 SPRC rate shown in Schedule SS-SLI-2, PSE&G's typical residential electric  
14 customers using 750 kWh in a summer month and 7,200 kWh annually would  
15 experience an increase in their annual bill from \$1,252.92 to \$1,253.60, an  
16 increase of \$0.68 or approximately 0.05%. This is based upon current Delivery  
17 Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-  
18 RSCP) charges in effect June 1, 2017, and assumes that the customer receives  
19 BGS-RSCP service from PSE&G.

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

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

12           This concludes my testimony at this time.

## **ATTACHMENT B**

### **Schedule Index**

Schedule SS-SLI-1 .....Credentials

Schedule SS-SLI-2 .....Proposed Rate Calculations

Schedule SS-SLI-3 .....Revenue Requirements Calculation - Summary

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

Schedule SS-SLI-4 .....(Over) / Under Recovered Balance Calculation

### **Electronic Work Paper Index**

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

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



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

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

8 **EDUCATIONAL BACKGROUND**

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

## LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G	GR17060593	written	Jun-17	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17030324 - GR17030325	written	Mar-17	Energy Strong / Revenue Requirements & Rate Design - Sixth Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Mar-17	Energy Efficiency 2017 Program
Public Service Electric & Gas Company	E	ER17020136	written	Feb-17	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	EO16080788	written	Aug-16	Construction of Mason St Substation
Public Service Electric & Gas Company	E	ER16090918	written	Sep-16	Energy Strong / Revenue Requirements & Rate Design - Fifth Roll-in
Public Service Electric & Gas Company	E	ER16080785	written	Aug-16	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR16070711	written	Jul-16	Gas System Modernization Program (GSMP) - First Roll-In
Public Service Electric & Gas Company	G	GR16070617	written	Jul-16	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR16060484	written	Jun-16	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	EO16050412	written	16-May	Solar 4 All Extension II (S4AllExt II) / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	E/G	ER16030272 - GR16030273	written	16-Mar	Energy Strong / Revenue Requirements & Rate Design - Fourth Roll-in
Public Service Electric & Gas Company	E/G	GR15111294	written	15-Nov	Remediation Adjustment Charge-RAC 23
Public Service Electric & Gas Company	E	ER15101180	written	15-Sep	Energy Strong / Revenue Requirements & Rate Design - Third Roll-in
Public Service Electric & Gas Company	E/G	ER15070757-GR15070758	written	Jul-15	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER15060754	written	Jul-15	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR15060748	written	Jul-15	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR15060646	written	Jun-15	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15050558	written	May-15	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER15050558	written	May-15	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15030389-GR15030390	written	Mar-15	Energy Strong / Revenue Requirements & Rate Design - Second Roll-in
Public Service Electric & Gas Company	G	GR15030272	written	Feb-15	Gas System Modernization Program (GSMP)
Public Service Electric & Gas Company	E/G	GR14121411	written	Dec-14	Remediation Adjustment Charge-RAC 22
Public Service Electric & Gas Company	E/G	ER14091074	written	Sep-14	Energy Strong / Revenue Requirements & Rate Design - First Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Aug-14	EEE Ext II
Public Service Electric & Gas Company	G	ER14070656	written	Jul-14	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER14070651-GR14070652	written	Jul-14	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER14070650	written	Jul-14	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR14050511	written	May-14	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR14040375	written	Apr-14	Remediation Adjustment Charge-RAC 21
Public Service Electric & Gas Company	E/G	ER13070603-GR13070604	written	Jun-13	Green Programs Recovery Charge (GPRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	G	GR13070615	written	Jun-13	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR13060445	written	May-13	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO13020155-GO13020156	written/oral	Mar-13	Energy Strong / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GO12030188	written/oral	Mar-13	Appliance Service / Tariff Support
Public Service Electric & Gas Company	E	ER12070599	written	Jul-12	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER12070606-GR12070605	written	Jul-12	RGGI Recovery Charges (RRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E	EO12080721	written/oral	Jul-12	Solar Loan III (SLIII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO12080721	written/oral	Jul-12	Solar 4 All Extension(S4AllExt) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR12060489	written	Jun-12	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	G	GR12060583	written	Jun-12	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER12030207	written	Mar-12	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER12030207	written	Mar-12	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR11060338	written	Jun-11	Margin Adjustment Charge (MAC) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR11060395	written	Jun-11	Weather Normalization Charge / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO11010030	written	Jan-11	Economic Energy Efficiency Extension (EEEExt) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Oct-10	RGGI Recovery Charges (RRC)-Including DR, EEE, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E/G	ER10080550	written	Aug-10	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER10080550	written	Aug-10	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR09050422	written/oral	Mar-10	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER10030220	written	Mar-10	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E	EO09030249	written	Mar-09	Solar Loan II(SLII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	EO09010056	written	Feb-09	Economic Energy Efficiency(EEE) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO09020125	written	Feb-09	Solar 4 All (S4All) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO08080544	written	Aug-08	Demand Response (DR) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Jun-08	Carbon Abatement (CA) / Revenue Requirements & Rate Design - Program Approval

# PSE&G Solar Loan I Program

## Proposed Rate Calculations

(\$'s Unless Specified)

Schedule SS-SLI-2

Actual results through March 2017

SUT Rate 6.875%

<u>Line</u>	<u>Date(s)</u>		<u>Electric</u>	<u>Source/Description</u>
1	Oct 2017 - Sep 2018	Revenue Requirements	5,906,886	SUM ( Schedule SS-SLI-3, Col 20)
2	Sep-17	(Over) / Under Recovered Balance	357,897	Schedule SS-SLI-3, Line 4, Col 117
3	Sep-17	Cumulative Interest Exp / (Credit)	<u>(10,071)</u>	Schedule SS-SLI-3, Line 7, Col 117
4	Oct 2017 - Sep 2018	Total Target Rate Revenue	6,254,713	Line 1 + Line 2 + Line 3
5	Oct 2017 - Sep 2018	Forecasted kWh (000)	41,245,331	
6		Calculated Rate w/o SUT (\$/kWh)	0.000152	(Line 4 / (Line 5*1,000)) [Rnd 6]
7		Public Notice Rate w/o SUT (\$/kWh)	0.000152	Line 6
8		Existing Rate w/o SUT (\$/kWh)	0.000068	
9		Proposed Rate w/o SUT (\$/kWh)	0.000152	Line 7
10		Proposed Rate w/ SUT (\$/kWh)	0.000162	(Line 9 * (1 + SUT Rate)) [Rnd 6]
11		Difference in Proposed and Previous Rate	0.000084	(Line 9 - Line 8)
12		Resultant SPRC Revenue Increase / (Decrease)	3,464,608	(Line 5 * Line 11 * 1,000)

PSE&G Solar Loan I Program

Electric Revenue Requirements Calculation - Summary

Actual data through March 2017

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

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(17a)	(18)	(19)	(20)
	Total Loan Outstanding Balance	SREC Inventory	Total Net Loan Investment	Return Requirement On Net Loan Investments	Net Plant Investment	Return Requirement on Plant Investment	Loan Accrued Interest	Loan Interest Paid	Net Loan Accrued Interest	Loan Principal Paid / Amortized	Plant Depreciation	Depreciation / Amortization	O&M Expenses	SREC Value Credited to Loans	Gain / (Loss) on SREC Sales	SREC Disposition Expenses	SREC Call Option Net Benefit	SREC Floor Price Cost	Net Proceeds from the Sale of SRECs	Cash Payments to Loans	Revenue Requirements
<b>Monthly Calculation</b>																					
Oct-16	47,431,583	496,058	47,927,641	460,076	-	-	449,894	449,894	-	572,596	-	572,596	4,703	1,022,200	124,210	5,395	-	526,142	614,872	290	422,214
Nov-16	47,023,389	885,103	47,908,492	437,428	-	-	430,256	430,256	-	408,194	-	408,194	4,352	807,238	-	3,922	-	418,194	385,123	31,212	433,640
Dec-16	46,834,370	301,316	47,135,686	444,941	-	-	441,016	441,016	-	189,020	-	189,020	4,185	628,900	935	5,403	-	327,584	296,847	1,136	340,163
Jan-17	46,847,863	504,215	47,352,078	444,693	-	-	439,378	425,885	13,493	-	-	-	4,014	425,600	-	601	-	222,701	202,298	285	232,632
Feb-17	46,884,774	677,061	47,561,835	403,508	-	-	397,026	360,115	36,911	-	-	-	4,033	359,575	-	-	-	186,729	172,846	540	197,244
Mar-17	46,636,235	323,950	46,960,185	445,531	-	-	439,826	490,230	(50,404)	198,135	-	198,135	3,744	672,125	26,374	4,883	-	348,175	345,442	16,240	336,133
Apr-17	46,347,860	685,318	47,033,178	434,843	-	-	429,565	470,444	(40,879)	247,756	-	247,756	4,924	718,200	-	-	-	356,832	361,368	-	367,034
May-17	45,756,973	1,197,495	46,954,468	435,725	-	-	426,975	447,199	(20,224)	570,663	-	570,663	4,482	1,017,863	-	-	-	505,686	512,177	-	518,917
Jun-17	45,035,292	1,773,007	46,808,299	434,742	-	-	421,612	442,975	(21,363)	700,318	-	700,318	4,924	1,143,292	-	-	-	567,816	575,476	-	585,870
Jul-17	44,083,412	687,842	44,771,254	433,350	-	-	415,060	443,771	(28,711)	923,168	-	923,168	6,061	1,366,939	13,040	7,847	-	679,097	693,035	-	698,255
Aug-17	43,153,912	1,360,866	44,514,778	414,833	-	-	406,393	423,579	(17,186)	912,314	-	912,314	6,061	1,335,893	-	-	-	663,159	672,734	-	677,660
Sep-17	42,230,148	2,026,242	44,256,390	412,161	-	-	397,927	397,873	53	923,818	-	923,818	6,061	1,321,691	-	-	-	656,552	665,139	-	676,847
Oct-17	41,405,347	611,123	42,016,470	409,668	-	-	389,494	389,526	(32)	824,768	-	824,768	7,198	1,214,295	-	-	-	603,172	602,221	-	639,445
Nov-17	40,747,919	1,134,294	41,882,213	389,083	-	-	381,969	382,018	(49)	657,379	-	657,379	7,198	1,039,397	-	-	-	516,280	523,117	-	530,592
Dec-17	40,289,036	1,554,695	41,843,731	388,088	-	-	375,994	375,525	469	459,351	-	459,351	7,198	834,877	-	-	-	414,634	420,242	-	433,926
Jan-18	40,133,610	265,290	40,398,900	387,285	-	-	371,824	369,592	2,231	157,658	-	157,658	7,363	527,250	-	6,830	-	261,960	258,460	-	291,615
Feb-18	40,040,047	498,793	40,538,840	373,901	-	-	370,439	359,326	11,113	104,676	-	104,676	7,363	464,002	-	-	-	230,499	233,503	-	241,325
Mar-18	39,831,751	789,895	40,621,646	375,498	-	-	369,608	375,808	(6,200)	202,096	-	202,096	7,363	577,904	-	-	-	287,038	290,866	-	300,291
Apr-18	39,491,398	356,588	39,847,986	375,855	-	-	367,748	372,682	(4,935)	335,418	-	335,418	7,363	708,100	-	3,470	-	351,652	352,978	-	370,593
May-18	38,851,784	862,551	39,714,335	369,142	-	-	364,656	367,264	(2,608)	637,007	-	637,007	7,363	1,004,270	-	-	-	498,762	505,508	-	510,611
Jun-18	38,086,420	1,428,742	39,515,162	367,750	-	-	358,825	358,881	(56)	765,308	-	765,308	7,363	1,124,189	-	-	-	558,249	565,940	-	574,538
Jul-18	37,098,637	674,458	37,773,095	365,867	-	-	351,817	351,879	(62)	987,721	-	987,721	7,363	1,339,600	-	6,277	-	665,200	668,123	-	692,891
Aug-18	36,134,802	1,332,425	37,467,227	350,035	-	-	342,754	342,912	(158)	963,677	-	963,677	7,363	1,306,589	-	-	-	648,875	657,714	-	663,519
Sep-18	35,185,398	1,978,681	37,164,079	346,911	-	-	333,922	333,915	7	949,411	-	949,411	7,363	1,283,326	-	-	-	637,187	646,138	-	657,540
	From Sched SS-SL1-3a Col 11	From Sched SS-SL1-3a Col 15	From Sched SS-SL1-3a Col 3 + Col 16	From Sched SS-SL1-3a Col 26	(Prior Col 5 + Col 5) / 2 * [Monthly Pre Tax WACC]	From Sched SS-SL1-3a Col 4	From Sched SS-SL1-3a Col 7	Col 7 - Col 8	From Sched SS-SL1-3a Col 8	From Sched SS-SL1-3a Col 20	Col 9 + Col 10	From Sched SS-SL1-3a Col 28	From Sched SS-SL1-3a Col 5	From Sched SS-SL1-3a Col 14	From Sched SS-SL1-3a Col 17	From Sched SS-SL1-3a Col 18	From Sched SS-SL1-3a Col 18a	Col 14 + Col 15 + Col 16 + Col 17 + Col 17a	From Sched SS-3 Col 6	Col 4 + Col 6 - Col 9 + Col 12 + Col 13 - Col 18 - Col 19	
<b>Annual Summary</b>																					
2009	42,055,057	1,483,481	43,538,538	1,322,954	-	-	1,267,817	1,209,191	58,626	937,413	-	937,413	505,554	2,146,604	271,256	135,091	-	3,499	2,279,270	-	428,024
2010	62,387,945	2,636,299	65,024,244	5,825,922	-	-	5,558,552	5,617,178	(58,626)	3,820,753	-	3,820,753	258,525	9,411,252	1,499,493	203,401	-	-	10,707,344	26,680	(770,198)
2011	73,099,428	1,795,218	74,894,646	7,945,123	-	-	7,473,721	7,429,658	44,062	4,927,273	-	4,927,273	127,415	12,280,358	(3,344,977)	285,220	-	559,489	8,090,672	76,574	4,788,503
2012	68,251,150	1,287,922	69,539,072	8,049,416	-	-	7,781,089	7,678,212	102,878	4,968,092	-	4,968,092	68,189	12,500,100	(5,730,793)	108,511	-	3,967,845	2,692,950	146,204	10,143,665
2013	63,542,118	268,789	63,810,907	7,490,617	-	-	7,306,211	7,453,150	(146,940)	4,562,092	-	4,562,092	95,021	11,936,750	(2,101,031)	37,127	-	7,028,218	2,770,374	78,492	9,445,803
2014	58,826,912	199,853	59,026,766	6,925,446	-	-	6,800,395	6,793,314	7,081	4,722,287	-	4,722,287	82,769	11,098,375	128,850	33,975	-	6,900,955	4,292,295	417,226	7,013,900
2015	53,360,129	250,247	53,610,376	6,366,311	-	-	6,262,772	6,269,853	(7,081)	5,459,702	-	5,459,702	98,368	11,223,962	1,268,416	32,739	-	6,715,559	5,744,080	505,593	5,681,789
2016	46,834,370	301,316	47,135,686	5,715,005	-	-	5,622,827	5,622,827	0	6,525,760	-	6,525,760	62,226	11,562,986	779,111	33,172	-	5,896,666	6,412,259	585,601	5,305,131
2017	40,289,036	1,554,695	41,843,731	5,046,224	-	-	4,921,217	5,049,141	(127,924)	6,417,670	-	6,417,670	65,896	11,449,746	39,414	22,233	-	5,720,833	5,746,095	17,064	5,894,554
2018	33,141,035	1,510,241	34,651,276	4,301,620	-	-	4,185,111	4,185,677	(566)	7,147,435	-	7,147,435	86,595	11,333,112	-	25,270	-	5,627,934	5,679,908	-	5,856,308
<b>Oct 2017 - Sep 2018</b>				4,499,083	-	-	4,379,048	4,379,328	(280)	7,044,470	-	7,044,470	87,864	11,423,798	-	25,479	-	5,673,508	5,724,810	-	5,906,886

**PSE&G Solar Loan I Program**  
**Electric Revenue Requirements Calculation - Detail**  
 Actual data through March 2017

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

	(1)	(2)	(3)	(3a)	(3b)	(4)	4a	4b	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Loan Amount Issued	Capitalized Plant	Return On Total Outstanding Loan Balance	Rate to WACC Differential Cost -	Rate to WACC Differential Cost -	Loan Accrued Interest	Loan Accrued Interest - Commercial	Loan Accrued Interest - Residential	SREC Value Credited to Loans	Cash Payments to Loans	Loan Interest Paid	Loan Principal Paid / Amortized	Loan Accrued Interest Balance	Loan Principal Balance	Total Loan Outstanding Balance	Value of SREC Transferred to PSE&G	SREC Auction Sales	Gain / (Loss) on SREC Sales
<b>Monthly Calculations</b>																		
Oct-16	-	-	452,650	-	2,757	449,894	446,007	3,887	1,022,200	290	449,894	572,596	-	47,431,583	47,431,583	496,058	2,117,181	124,210
Nov-16	-	-	432,784	-	2,528	430,256	426,691	3,565	807,238	31,212	430,256	408,194	-	47,023,389	47,023,389	389,045	-	-
Dec-16	-	-	443,507	-	2,491	441,016	437,504	3,513	628,900	1,136	441,016	189,020	-	46,834,370	46,834,370	301,316	886,037	935
Jan-17	-	-	441,793	-	2,415	439,378	435,972	3,405	425,600	285	425,885	-	13,493	46,834,370	46,847,863	202,899	-	-
Feb-17	-	-	399,162	-	2,136	397,026	394,014	3,012	359,575	540	360,115	-	50,404	46,834,370	46,884,774	172,846	-	-
Mar-17	-	-	442,140	-	2,314	439,826	436,563	3,263	672,125	16,240	490,230	198,135	-	46,636,235	46,636,235	323,950	703,435	26,374
Apr-17	-	-	431,775	-	2,210	429,565	426,449	3,116	718,200	-	470,444	247,756	87,806	46,260,054	46,347,860	361,368	-	-
May-17	-	-	429,102	-	2,127	426,975	423,976	2,999	1,017,863	-	447,199	570,663	67,581	45,689,391	45,756,973	512,177	-	-
Jun-17	-	-	423,632	-	2,020	421,612	418,763	2,848	1,143,292	-	442,975	700,318	46,218	44,989,074	45,035,292	575,512	-	-
Jul-17	-	-	416,950	-	1,891	415,060	412,394	2,666	1,366,939	-	443,771	923,168	17,507	44,065,905	44,083,412	687,842	1,786,047	13,040
Aug-17	-	-	408,137	-	1,744	406,393	403,933	2,460	1,335,893	-	423,579	912,314	321	43,153,591	43,153,912	673,024	-	-
Sep-17	-	-	399,532	-	1,605	397,927	395,663	2,264	1,321,691	-	397,873	923,818	374	42,229,774	42,230,148	665,376	-	-
Oct-17	-	-	390,979	-	1,485	389,494	387,400	2,094	1,214,295	-	389,526	824,768	342	41,405,005	41,405,347	611,123	2,026,242	-
Nov-17	-	-	383,343	-	1,374	381,969	380,032	1,938	1,039,397	-	382,018	657,379	293	40,747,626	40,747,919	523,171	-	-
Dec-17	-	-	377,256	-	1,263	375,994	374,214	1,780	834,877	-	375,525	459,351	761	40,288,275	40,289,036	420,401	-	-
Jan-18	-	-	373,008	-	1,184	371,824	370,154	1,670	527,250	-	369,592	157,658	2,993	40,130,617	40,133,610	265,290	1,554,695	-
Feb-18	-	-	371,569	-	1,131	370,439	368,845	1,594	464,002	-	359,326	104,676	14,105	40,025,942	40,040,047	233,503	-	-
Mar-18	-	-	370,703	-	1,095	369,608	368,064	1,544	577,904	-	375,808	202,096	7,905	39,823,846	39,831,751	291,102	-	-
Apr-18	-	-	368,774	-	1,027	367,748	366,300	1,448	708,100	-	372,682	335,418	2,971	39,488,428	39,491,398	356,588	789,895	-
May-18	-	-	365,623	-	967	364,656	363,293	1,364	1,004,270	-	367,264	637,007	363	38,851,421	38,851,784	505,963	-	-
Jun-18	-	-	359,701	-	877	358,825	357,588	1,236	1,124,189	-	358,881	765,308	307	38,086,113	38,086,420	566,191	-	-
Jul-18	-	-	352,616	-	798	351,817	350,692	1,126	1,339,600	-	351,879	987,721	245	37,098,392	37,098,637	674,458	1,428,742	-
Aug-18	-	-	343,470	-	716	342,754	341,744	1,010	1,306,589	-	342,912	963,677	87	36,134,715	36,134,802	657,967	-	-
Sep-18	-	-	334,547	-	625	333,922	333,040	881	1,283,326	-	333,915	949,411	94	35,185,304	35,185,398	646,256	-	-
	Program Assumption	Program Assumption	Col 3a + Col 3b + Col 4	WP-SS-SL1-2.xlsx 'LoansC' wksht Col 32	WP-SS-SL1-2.xlsx 'LoansR' wksht Col 32	WP-SS-SL1-2.xlsx 'Loans' wksht Col 11	WP-SS-SL1-2.xlsx 'LoansC' wksht Col 11	WP-SS-SL1-2.xlsx 'LoansR' wksht Col 11	WP-SS-SL1-2.xlsx 'Loans' wksht Col 13	WP-SS-SL1-2.xlsx 'Loans' wksht Col 14	WP-SS-SL1-2.xlsx 'Loans' wksht Col 16	WP-SS-SL1-2.xlsx 'Loans' wksht Col 17	WP-SS-SL1-2.xlsx 'Loans' wksht Col 18	WP-SS-SL1-2.xlsx 'Loans' wksht Col 19	Col 9 + Col 10	WP-SS-SL1-2.xlsx 'SREC Inv.' wksht Col 23	WP-SS-SL1-2.xlsx 'SREC Inv.' wksht Col 25	WP-SS-SL1-2.xlsx 'SREC Inv.' wksht Col 26
<b>Annual Summary</b>																		
2009	42,933,844	-	1,272,374	-	4,557	1,267,817			2,146,604	-	1,209,191	937,413	58,626	41,996,431	42,055,057	2,143,104	930,880	271,256
2010	24,212,268	-	5,633,081	-	74,529	5,558,552			9,411,252	26,680	5,617,178	3,820,753	-	62,387,945	62,387,945	9,412,632	9,759,306	1,499,493
2011	15,594,694	-	7,594,846	-	121,125	7,473,721			12,280,358	76,574	7,429,658	4,927,273	44,062	73,055,366	73,099,428	11,724,979	9,221,084	(3,344,977)
2012	16,936	-	7,893,123	-	112,033	7,781,089			12,500,100	146,204	7,678,212	4,968,092	146,940	68,104,210	68,251,150	8,533,307	3,309,809	(5,730,793)
2013	-	-	7,400,847	-	94,636	7,306,211			11,936,750	78,492	7,453,150	4,562,092	-	63,542,118	63,542,118	4,908,532	3,826,635	(2,101,031)
2014	-	-	6,877,305	-	76,910	6,800,395			11,098,375	417,226	6,793,314	4,722,287	7,081	58,819,831	58,826,912	4,197,420	4,395,206	128,850
2015	-	-	6,321,160	-	58,388	6,262,772			11,223,962	505,593	6,269,853	5,459,702	-	53,360,129	53,360,129	4,508,404	5,726,426	1,268,416
2016	-	-	5,662,044	-	39,216	5,622,827			11,562,986	585,601	5,622,827	6,525,760	-	46,834,370	46,834,370	5,666,528	6,394,569	779,111
2017	-	-	4,943,803	-	22,586	4,921,217			11,449,746	17,064	5,049,141	6,417,670	761	40,288,275	40,289,036	5,729,689	4,515,724	39,414
2018	-	-	4,194,993	-	9,882	4,185,111			11,333,112	-	4,185,677	7,147,435	195	33,140,840	33,141,035	5,707,559	5,752,013	-
<b>Oct 2017 - Sep 2018</b>	-	-	4,391,590	-	12,542	4,379,048			11,423,798	-	4,379,328	7,044,470				5,752,013	5,799,574	-

**PSE&G Solar Loan I Program**  
**Electric Revenue Requirements Calculation - Detail**  
 Actual data through March 2017

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

	(15)	(16)	(17)	(18)	(18a)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
	<u>SREC</u>	<u>Return on</u>	<u>SREC</u>	<u>SREC Call</u>	<u>SREC Floor</u>	<u>Gross</u>	<u>Plant</u>	<u>Accumulated</u>		<u>Tax</u>	<u>Deferred</u>	<u>Accumulated</u>	<u>Net Plant</u>	<u>Return</u>	<u>O&amp;M</u>	<u>Revenue</u>	<u>Alternative</u>
<b>Monthly</b>	<u>Inventory</u>	<u>SREC</u>	<u>Dispsotion</u>	<u>Option Net</u>	<u>Price Cost</u>	<u>Plant</u>	<u>Depreciation</u>	<u>Depreciation</u>	<u>Net Plant</u>	<u>Depreciation</u>	<u>Income Tax</u>	<u>Deferred</u>	<u>Investment</u>	<u>Requirement</u>	<u>Expenses</u>	<u>Requirements</u>	<u>Requirements</u>
<b>Calculations</b>		<u>Inventory</u>	<u>Expenses</u>	<u>Benefit</u>		<u>Cost</u>						<u>Income Tax</u>	<u>Investment</u>	<u>on Plant</u>			<u>Calculation</u>
Oct-16	496,058	7,426	5,395	-	526,142	-	-	-	-	-	-	-	-	-	4,703	422,214	422,214
Nov-16	885,103	4,644	3,922	-	418,194	-	-	-	-	-	-	-	-	-	4,352	433,640	433,640
Dec-16	301,316	1,434	5,403	-	327,584	-	-	-	-	-	-	-	-	-	4,185	340,163	340,163
Jan-17	504,215	2,900	601	-	222,701	-	-	-	-	-	-	-	-	-	4,014	232,632	232,632
Feb-17	677,061	4,346	-	-	186,729	-	-	-	-	-	-	-	-	-	4,033	197,244	197,244
Mar-17	323,950	3,391	4,883	-	348,175	-	-	-	-	-	-	-	-	-	3,744	336,133	336,133
Apr-17	685,318	3,068	-	-	356,832	-	-	-	-	-	-	-	-	-	4,924	367,034	367,034
May-17	1,197,495	6,622	-	-	505,686	-	-	-	-	-	-	-	-	-	4,482	518,917	518,917
Jun-17	1,773,007	11,110	-	-	567,816	-	-	-	-	-	-	-	-	-	4,924	585,870	585,870
Jul-17	687,842	16,400	7,847	-	679,097	-	-	-	-	-	-	-	-	-	6,061	698,255	698,255
Aug-17	1,360,866	6,695	-	-	663,159	-	-	-	-	-	-	-	-	-	6,061	677,660	677,660
Sep-17	2,026,242	12,629	-	-	656,552	-	-	-	-	-	-	-	-	-	6,061	676,847	676,847
Oct-17	611,123	18,689	8,902	-	603,172	-	-	-	-	-	-	-	-	-	7,198	639,445	639,445
Nov-17	1,134,294	5,740	-	-	516,280	-	-	-	-	-	-	-	-	-	7,198	530,592	530,592
Dec-17	1,554,695	10,831	-	-	414,634	-	-	-	-	-	-	-	-	-	7,198	433,926	433,926
Jan-18	265,290	14,277	6,830	-	261,960	-	-	-	-	-	-	-	-	-	7,363	291,615	291,615
Feb-18	498,793	2,332	-	-	230,499	-	-	-	-	-	-	-	-	-	7,363	241,325	241,325
Mar-18	789,895	4,795	-	-	287,038	-	-	-	-	-	-	-	-	-	7,363	300,291	300,291
Apr-18	356,588	7,081	3,470	-	351,652	-	-	-	-	-	-	-	-	-	7,363	370,593	370,593
May-18	862,551	3,519	-	-	498,762	-	-	-	-	-	-	-	-	-	7,363	510,611	510,611
Jun-18	1,428,742	8,049	-	-	558,249	-	-	-	-	-	-	-	-	-	7,363	574,538	574,538
Jul-18	674,458	13,252	6,277	-	665,200	-	-	-	-	-	-	-	-	-	7,363	692,891	692,891
Aug-18	1,332,425	6,564	-	-	648,875	-	-	-	-	-	-	-	-	-	7,363	663,519	663,519
Sep-18	1,978,681	12,364	-	-	637,187	-	-	-	-	-	-	-	-	-	7,363	657,540	657,540
	Prior Col 15 + Col 12 - Col 13 - Col 14	WP-SS-SL1- 2.xlsx 'SREC Inv.' wksht Col 28	WP-SS-SL1- 2.xlsx 'SREC Inv.' wksht Col 29	Included in Col 14	WP-SS-SL1- 2.xlsx 'Loans' wksht Col 36	Prior Month Col 19 + Col 2	1/120 of Each Prior 120 Months of Col 2 (10 year amortization)	Prior Col 21 + Col 20	Col 19 - Col 21	See WP-SS- SL1-1.xlsx 'AmortE' wksht	(Col 23 - Col 20) * Income Tax Rate	Prior Col 25 + Col 24	Col 22 - Col 25	(Prior Col 26 + Col 26) / 2 * Monthly Pre Tax WACC	Program Assumption	Col 3 - Col 4 - Col 5 - Col 6 + Col 7 + Col 8 - Col 14 + Col 16 + Col 17- Col 18 + Col 18a + Col 20 + Col 27 + Col 28	3a + 3b - 14 + 16 + 17 - 18 + 18a + 20 + 27 + 28
<b>Annual</b>																	
<b>Summary</b>																	
2009	1,483,481	50,579	135,091	-	3,499	-	-	-	-	-	-	-	-	-	505,554	428,024	428,024
2010	2,636,299	192,841	203,401	-	-	-	-	-	-	-	-	-	-	-	258,525	(770,198)	(770,198)
2011	1,795,218	350,277	285,220	-	559,489	-	-	-	-	-	-	-	-	-	127,415	4,788,503	4,788,503
2012	1,287,922	156,293	108,511	-	3,967,845	-	-	-	-	-	-	-	-	-	68,189	10,143,665	10,143,665
2013	268,789	89,770	37,127	-	7,028,218	-	-	-	-	-	-	-	-	-	95,021	9,445,803	9,445,803
2014	199,853	48,141	33,975	-	6,900,955	-	-	-	-	-	-	-	-	-	82,769	7,013,900	7,013,900
2015	250,247	45,151	32,739	-	6,715,559	-	-	-	-	-	-	-	-	-	98,368	5,681,789	5,681,789
2016	301,316	52,961	33,172	-	5,896,666	-	-	-	-	-	-	-	-	-	62,226	5,305,131	5,305,131
2017	1,554,695	102,421	22,233	-	5,720,833	-	-	-	-	-	-	-	-	-	65,896	5,894,554	5,894,554
2018	1,510,241	106,627	25,270	-	5,627,934	-	-	-	-	-	-	-	-	-	86,595	5,856,308	5,856,308
<b>Oct 2017 - Sep</b>																	
<b>2018</b>		107,493	25,479	-	5,673,508	-	-	-	-	-	-	-	-	-	87,864	5,906,886	5,906,886

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

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000040	0.000068	0.000068	0.000068	0.000068	0.000068	0.000068
	(105)	(106)	(107)	(108)	(109)	(110)	(111)
<b><u>SLI (Over)/Under Calculation</u></b>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>
(1) Solar Loan I SPRC Revenue	145,044	213,557	198,846	226,931	233,233	210,083	228,961
(2) Revenue Requirements	<u>714,673</u>	<u>422,214</u>	<u>433,640</u>	<u>340,163</u>	<u>232,632</u>	<u>197,244</u>	<u>336,133</u>
(3) Monthly (Over)/Under Recovery	569,628.4	208,656.3	234,793.7	113,232.3	(601.6)	(12,839.1)	107,171.8
(4) Deferred Balance	(2,296,211.5)	(2,120,727.7)	(1,885,934.1)	(1,772,701.7)	(1,773,303.3)	(1,786,142.4)	(1,678,970.6)
(5) Monthly Interest Rate	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%
(6) After Tax Monthly Interest Expense/(Credit)	(1,609.3)	(1,377.0)	(1,249.1)	(1,140.6)	(1,105.5)	(1,109.7)	(1,080.3)
(7) Cumulative Interest	(33,172.5)	(1,377.0)	(2,626.2)	(3,766.8)	(4,872.3)	(5,982.0)	(7,062.3)
(8) Balance Added to Subsequent Year's Revenue Requirements	(2,329,384.1)	(2,122,104.8)	(1,888,560.2)	(1,776,468.5)	(1,778,175.7)	(1,792,124.4)	(1,686,032.9)
(9) Net Sales - kWh (000)							
(10) SPRC Settlement: Application Fee Credit							
(11) SPRC Settlement: Prior to Filing Expenses Credit							

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

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000068	0.000068	0.000068	0.000068	0.000068	0.000068	0.000152
	(112)	(113)	(114)	(115)	(116)	(117)	(118)
<b><u>SLI (Over)/Under Calculation</u></b>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>
(1) Solar Loan I SPRC Revenue	202,514	217,972	246,287	299,728	289,294	231,921	469,801
(2) Revenue Requirements	<u>367,034</u>	<u>518,917</u>	<u>585,870</u>	<u>698,255</u>	<u>677,660</u>	<u>676,847</u>	<u>639,445</u>
(3) Monthly (Over)/Under Recovery	164,520.2	300,945.3	339,583.1	398,526.6	388,365.5	444,926.9	169,644.3
(4) Deferred Balance	(1,514,450.4)	(1,213,505.0)	(873,921.9)	(475,395.3)	(87,029.8)	357,897.1	517,470.7
(5) Monthly Interest Rate	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%
(6) After Tax Monthly Interest Expense/(Credit)	(995.6)	(850.5)	(650.8)	(420.7)	(175.3)	84.4	272.9
(7) Cumulative Interest	(8,057.9)	(8,908.4)	(9,559.2)	(9,979.8)	(10,155.2)	(10,070.7)	272.9
(8) Balance Added to Subsequent Year's Revenue Requirements	(1,522,508.3)	(1,222,413.4)	(883,481.1)	(485,375.1)	(97,184.9)	347,826.4	517,743.6
(9) Net Sales - kWh (000)	2,978,145	3,205,465	3,621,869	4,407,770	4,254,326	3,410,597	3,090,795
(10) SPRC Settlement: Application Fee Credit							
(11) SPRC Settlement: Prior to Filing Expenses Credit							

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

Existing / Proposed SL I Rate w/o SUT \$/kWh		0.000152	0.000152	0.000152	0.000152	0.000152	0.000152	0.000152
		(119)	(120)	(121)	(122)	(123)	(124)	(125)
<b><u>SLI (Over)/Under Calculation</u></b>		<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>
(1)	Solar Loan I SPRC Revenue	445,495	501,471	532,757	485,192	498,162	448,444	494,490
(2)	Revenue Requirements	<u>530,592</u>	<u>433,926</u>	<u>291,615</u>	<u>241,325</u>	<u>300,291</u>	<u>370,593</u>	<u>510,611</u>
(3)	Monthly (Over)/Under Recovery	85,096.7	(67,545.8)	(241,141.7)	(243,867.0)	(197,871.0)	(77,850.4)	16,121.6
(4)	Deferred Balance	602,567.4	535,021.6	293,879.9	50,012.9	(147,858.1)	(225,708.6)	(209,587.0)
(5)	Monthly Interest Rate	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%	0.10583%
(6)	After Tax Monthly Interest Expense/(Credit)	349.2	354.7	258.4	107.2	(30.5)	(116.5)	(135.7)
(7)	Cumulative Interest	622.1	976.8	1,235.2	1,342.4	1,311.9	1,195.4	1,059.7
(8)	Balance Added to Subsequent Year's Revenue Requirements	603,189.5	535,998.4	295,115.1	51,355.3	(146,546.3)	(224,513.1)	(208,527.3)
(9)	Net Sales - kWh (000)	2,930,889	3,299,153	3,504,982	3,192,051	3,277,383	2,950,289	3,253,221
(10)	SPRC Settlement: Application Fee Credit							
(11)	SPRC Settlement: Prior to Filing Expenses Credit							

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

Existing / Proposed SL I Rate w/o SUT \$/kWh	0.000152	0.000152	0.000152	0.000152
	(126)	(127)	(128)	(129)

	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Notes</u>
(1) Solar Loan I SPRC Revenue	553,043	673,831	650,492	516,111	SL I Rate * Line 9
(2) Revenue Requirements	<u>574,538</u>	<u>692,891</u>	<u>663,519</u>	<u>657,540</u>	From SS-SL1-3, Col 20
(3) Monthly (Over)/Under Recovery	21,495.3	19,059.4	13,026.3	141,428.5	Line 2 - Line 1
(4) Deferred Balance	(188,091.7)	(169,032.3)	(156,006.0)	(14,577.6)	Prev Line 4 + Line 3 + Line 10 + Line 11
(5) Monthly Interest Rate	0.10583%	0.10583%	0.10583%	0.10583%	Annual Interest Rate / 12
(6) After Tax Monthly Interest Expense/(Credit)	(124.0)	(111.3)	(101.3)	(53.2)	(Prev Line 4 + Line 4) / 2 * (1 - Tax Rate) * Line 5
(7) Cumulative Interest	935.7	824.4	723.1	669.9	Prev Line 7 + Line 6
(8) Balance Added to Subsequent Year's Revenue Requirements	(187,156.0)	(168,207.9)	(155,283.0)	(13,907.7)	Line 4 + Line 7
(9) Net Sales - kWh (000)	3,638,440	4,433,102	4,279,556	3,395,469	
(10) SPRC Settlement: Application Fee Credit					
(11) SPRC Settlement: Prior to Filing Expenses Credit					

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 64**

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

**Superseding**

**XXX Revised Sheet No. 64**

**SOLAR PILOT RECOVERY CHARGE**

**Charge  
(per kilowatthour)**

**SOLAR PILOT RECOVERY CHARGE:**

Charge.....	\$ <u>0.000152</u> <del>0.000068</del>
Charge including New Jersey Sales and Use Tax (SUT).....	\$ <u>0.000162</u> <del>0.000073</del>

**SOLAR PILOT RECOVERY CHARGE**

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

Date of Issue:

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

Effective:

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 64**

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

**Superseding**

**XXX Revised Sheet No. 64**

**SOLAR PILOT RECOVERY CHARGE**

**Charge  
(per kilowatthour)**

**SOLAR PILOT RECOVERY CHARGE:**

Charge.....\$ 0.000152

Charge including New Jersey Sales and Use Tax (SUT).....\$ 0.000162

**SOLAR PILOT RECOVERY CHARGE**

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

Date of Issue:

Issued by SCOTT S. JENNINGS, 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:

## 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:

<b>Residential Electric Service</b>					
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:
200	1,920	\$353.28	\$353.44	\$0.16	0.05%
450	4,320	758.52	758.92	0.40	0.05
750	7,200	1,252.92	1,253.60	0.68	0.05
803	7,800	1,356.93	1,357.61	0.68	0.05
1,360	13,160	2,292.64	2,293.84	1.20	0.05

- (1) Based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect June 1, 2017 and assumes that the customer receives BGS-RSCP service from Public Service.
- (2) Same as (1) except includes changes in the Solar Pilot Recovery Charge.

<b>Residential Electric Service</b>					
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:
1,920	200	\$36.82	\$36.84	\$0.02	0.05%
4,320	450	79.81	79.85	0.04	0.05
7,200	750	133.45	133.52	0.07	0.05
7,800	803	143.32	143.39	0.07	0.05
13,160	1,360	246.78	246.90	0.12	0.05

- (3) Based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect June 1, 2017 and assumes that the customer receives BGS-RSCP service from Public Service.
- (4) Same as (3) except includes changes in the Solar Pilot Recovery Charge.

# NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY ELECTRIC CUSTOMERS

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

### Notice of a Filing and Notice of Public Hearings

#### BPU Docket No. XXXXXXXXXX

**TAKE NOTICE** that Public Service Electric and Gas Company (Public Service, the Company) filed a Petition with the New Jersey Board of Public Utilities (Board, BPU) on June 30, 2017 requesting an increase in the cost recovery mechanism for the Solar Loan I Program (Program). As directed in the original Board Order EO07040278 dated April 16, 2008, PSE&G implemented the Program and associated cost recovery mechanism. As part of this filing, PSE&G has included an annual update on the status of the Program. As proposed in the Company's filing, the resultant revenue increase proposed for the Company's electric customer's totals approximately \$3.5 million on an annual basis.

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

Under the Company's proposal, a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would see an increase in the annual bill from \$1,252.92 to \$1,253.60, or \$0.68 or approximately 0.05%. The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table #2

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

Copies of the Company's filing are available for review at the Company's Customer Service Centers, online at the PSEG website at <http://www.pseg.com/pseandgfilings> and at the Board of Public Utilities at 44 South Clinton Avenue, Seventh Floor, Trenton, New Jersey 08625-0350.

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

Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

Date 1, 2017  
Time 1  
Location 1  
Location 1 Overflow  
Room 1  
Room 1 Overflow  
Address 1  
City 1, New Jersey Zip 1

Date 2, 2017  
Time 2  
Location 2  
Location 2 Overflow  
Room 2  
Room 2 Overflow  
Address 2  
City 2, New Jersey Zip 2

Date 3, 2017  
Time 3  
Location 3  
Location 3 Overflow  
Room 3  
Room 3 Overflow  
Address 3  
City 3, New Jersey Zip 3

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

Customers may file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Irene Kim Asbury whether or not they attend the public hearings. To review PSE&G's rate filing, visit <http://www.pseg.com/pseandgfilings>.

**Table # 1**  
**Solar Pilot Recovery Charge**

	Solar Pilot Recovery Charge	
	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)
Electric - \$ per kWhr	\$0.000073	\$0.000162

**Table # 2**  
**Residential Electric Service**

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Monthly Percent Change Would Be:
1,920	200	\$36.82	\$36.84	\$0.02	0.05%
4,320	450	79.81	79.85	0.04	0.05
7,200	750	133.45	133.52	0.07	0.05
7,800	803	143.32	143.39	0.07	0.05
13,160	1,360	246.78	246.90	0.12	0.05

(1) Based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect June 1, 2017 and assumes that the customer receives BGS-RSCP service from Public Service.

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

**Justin B. Incardone, Esq.**  
**Associate General Regulatory Counsel**

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**