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February 10, 2009

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of a Solar Generation Investment
Program and an Associated Cost Recovery Mechanism

BPU Docket No.

VIA ELECTRONIC, HAND-DELIVERY & REGULAR MAIL

Kristi Izzo, Secretary
Office of the Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Dear Secretary Izzo:

Enclosed for filing are the original and ten (10) copies of the Petition, Testimony and Schedules, and supporting documents of Public Service Electric and Gas Company (Public Service; the Company; PSE&G) in the above-captioned matter.

Public Service respectfully requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. PSE&G believes evidentiary hearings are not necessary for the Board to approve this Program. The Company will work diligently with all parties in the proceeding in as timely and equitable a manner as is possible.

Electronic copies of certain schedules and work papers are being provided on a CD enclosed herewith, because the files are too large to send via e-mail.

Respectfully submitted,

Gregory Eisenstark, Esq.

c: Attached Service list

SOLAR 4 ALL
BPU DOCKET NO.

BPU

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF
PUBLIC SERVICE ELECTRIC AND GAS COMPANY
FOR APPROVAL OF A SOLAR GENERATION INVESTMENT
PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM

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DATE: February 10, 2009
Newark, New Jersey

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR GENERATION INVESTMENT PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	))))))	**PETITION** BPU Docket No. ____________

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

EXECUTIVE SUMMARY OF PROPOSED PROGRAM

1. PSE&G is proposing a utility-owned solar photovoltaic generation program, called the PSE&G Solar 4 All Program ("Program"), with four distinct segments. Under the Program, PSE&G will invest approximately $773 million in solar photovoltaic generation systems ("Solar Systems"). PSE&G will finance, own, and operate the Solar Systems. The Solar Systems will be installed in a variety of locations throughout PSE&G's electric service territory. The Solar Systems will be grid-connected to PSE&G's distribution system. In total, PSE&G will install approximately 120 MW d.c.[1]

[1] All references to MW capacity of Solar Systems in this Petition are in direct current or "dc." The electricity generated by a Solar System passes through an inverter and is converted to alternating current or "ac."

of Solar Systems under the Program. The four Program segments are discussed in more detail in the ensuing sections of this Petition and in the direct testimony of Alfredo Z. Matos, which is attached to the Petition as Attachment A

2. PSE&G proposes to recover all Program costs through the Regional Greenhouse Gas Initiative ("RGGI") Recovery Charge, or "RRC." PSE&G proposes to earn a return on its net investment in the Program based on a Weighted Average Cost of Capital ("WACC") of 8.2582% annually. Including tax effects, the weighted pre-tax cost is 11.97%, as discussed in the pre-filed testimony and schedules of Mark G. Kahrer, which is included with this Petition as Attachment C. A complete discussion of the cost recovery mechanism is provided in the ensuing sections of this Petition and in the pre-filed testimony and schedules of Stephen Swetz, which is attached to the Petition as Attachment B.

BACKGROUND AND RGGI FILING REQUIRMENTS

3. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (BGS), and distribution of gas and the provision of Basic Gas Supply Service (BGSS), for residential, commercial and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.1 million electric and 1.7 million gas customers in an area having a population in excess of 5.5 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.

4. Petitioner is subject to regulation by the BPU 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*.

5. On January 13, 2008, legislation was signed into law[2] by Governor Corzine which set forth the New Jersey Legislature's findings that increased use of renewable energy resources must be an essential element of the State's energy future and that greater reliance on renewable energy resources will provide significant benefits to the citizens of New Jersey. The Legislature also found and declared that public utility involvement and competition in the renewable energy industry are essential to maximize efficiencies. The above-referenced legislation is herein referred to as the "Regional Greenhouse Gas Initiative" or "RGGI legislation."

6. Pursuant to Section 13 of the RGGI legislation, an electric or gas public utility may, among other things, provide and invest in energy efficiency and renewable energy programs in its service territory on a regulated basis.[3] See *N.J.S.A.* 48:3-98.1(a)(1). The RGGI legislation also states that electric and gas public utility investment in energy efficiency and renewable energy programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. See *N.J.S.A.* 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and

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[2] The legislation is codified principally at *N.J.S.A.* 26:2C-45.

program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. *Id.*

7. An electric or gas public utility seeking cost recovery for any renewable energy program pursuant to *N.J.S.A.* 48:3-98.1 must file a petition with the Board. See *N.J.S.A.* 48:3-98.1(b). In determining the recovery of such program costs, the Board "…may take into account the potential for job creation from such programs, the effect on competition for such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace." *Id.* The RGGI legislation also provides that unless the Board issues a written order within 180 days after the filing of the petition approving, modifying or denying the requested recovery, the recovery requested by the utility shall be granted effective on the 181st day after the filing without further order by the Board. *Id.*

8. Within 120 days after enactment of the RGGI legislation, the Board was required to issue an order that allows electric and/or gas public utilities to offer energy efficiency and conservation, and renewable energy programs in their respective service territories on a regulated basis. On May 12, 2008, the Board issued such an Order pursuant to *N.J.S.A.* 48:3-98.1(c). See BPU Order Pursuant to *N.J.S.A.* 48:3-98.1 (c) (120-Day RGGI Order), BPU Docket No. EO08030164.

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[3] Section 13 of the RGGI legislation has been codified at *N.J.S.A.* 48:3-98.1 *et seq*.

9. As set forth in the 120-Day RGGI Order, the Board will allow electric public utilities and gas public utilities to offer energy efficiency and conservation and renewable energy programs on a regulated basis provided that the utility files a petition and obtains Board approval for such programs and the mechanism for program cost recovery. See 120-Day RGGI Order at p. 6. The Board also established that certain information be filed with the Petition. This requested information is set forth in the minimum filing requirements attached to the 120-Day RGGI Order as Appendix A (RGGI Minimum Filing Requirements).

10. The RGGI Minimum Filing Requirements set forth specific information that a utility must submit along with its petition. The RGGI Minimum Filing Requirements distinguish between a full or large scale program and a small scale program. For small scale programs and pilot programs, the RGGI Minimum Filing Requirements are reduced, given the limited nature of such programs, to allow for a more accelerated review and approval process. See 120-Day RGGI Order at p. 4. A small scale program is defined as one that would result in either a rate increase of less than one half of one percent to the average residential customer or an additional annual total revenue requirement of less than $5 million. *Id.* Small scale programs are exempted from Section V of the RGGI Minimum Filing Requirement that an up-front cost/benefit analysis be submitted. *Id.*

11. The 120-Day RGGI Order also requires a utility, contemplating filing a petition for energy efficiency and/or conservation or renewable energy programs and related cost recovery mechanism, to meet with BPU Staff and the New Jersey Division of Rate Counsel (Rate Counsel) at least 30-days prior to filing its petition to discuss the nature of the program and program cost recovery mechanism to be proposed in the petition, as well as, the RGGI Minimum Filing Requirements to be submitted along with the petition. (30 Day RGGI Pre-Filing Meeting). *See* 120-Day RGGI Order at p. 6. Should a utility seek to file for Board approval of a small scale program, the utility shall so notify BPU Staff and Rate Counsel at the pre-filing meeting. *Id.* at p. 4. If the utility believes that it is unable to comply with a particular RGGI Minimum Filing Requirement, a detailed explanation for such noncompliance should be discussed at the 30-Day Pre-Filing Meeting. *Id*. The RGGI Minimum Filing Requirements may be modified by Board Staff as determined on a case-by-case basis if public policy considerations deem specific requirements unnecessary or onerous for a particular program or class of programs. *Id.*

12. Attached hereto, and incorporated herein by reference, is Appendix A, which identifies where in the instant filing all of the applicable RGGI Minimum Filing Requirements are set forth.

13. PSE&G convened a 30-Day Pre-Filing Meeting with Board Staff and Rate Counsel on November 24, 2008 at the Company's offices in Newark, New Jersey.

14. Once a petition has been filed with the Board, Board Staff shall have 30 days, commencing on the date the petition was filed, to determine whether the petition is administratively complete and advise the utility in writing that the petition is administratively complete or that the petition is not administratively complete and set forth the deficiencies and the items required to remedy the deficiencies. *Id.* at p. 6.

15. PSE&G has committed significant effort and resources to comply with the Board's minimum filing requirements and requests that the Board Staff find this filing to be administratively complete as expeditiously as possible.

PSE&G SOLAR 4 ALL PROGRAM SUMMARY SEGMENT DESCRIPTIONS

PROGRAM SEGMENTS

16. PSE&G proposes the following four segments. The size of each segment is described in terms of approximate megawatts below. PSE&G reserves the right to adjust the segment capacities if necessary, while remaining within the 120 MW total Program size.

1. Centralized Solar (35 MW)

Total Investment: Approximately $221 million

- PSE&G will invest in, own, and operate Solar Systems on utility-owned property (approximately 25 MW) and on brownfields/grayfields and/or sites owned by non-profit entities, including Urban Enterprise Zones ("UEZs")(approximately 10

MW). The capacity allocations between the utility-owned and third party-owned components of this segment are flexible.

- PSE&G will select appropriate Company-owned sites.
- Solar developers will propose projects and locations to PSE&G for the third party-owned sites in accord with PSE&G's program specifications, including, but not limited to, appropriate interconnection switchgear, metering, and communications to a central monitoring system. If, within the first six months after approval of this Petition, solar developers have not proposed at least 3 MW of qualifying projects for the third-party portion of this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. In each of the second and third annual periods of the Program, if, within six months of the start of each respective annual period, solar developers have not proposed at least three additional MW of qualifying projects for the third-party portion of this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Finally, in the fourth annual period of the Program, if, within six months of the start of that annual period, solar developers have not proposed at least one additional MW of qualifying projects for the third-party portion of this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. PSE&G is assuming that the sites will average 2MW per third party-owned site, for a total of 10 MW for this component of Segment 1, although the actual number of sites and

sizes may vary. PSE&G will pay rents to the host sites in the brownfield, grayfield, and not-for-profit portion of this segment.

- The Solar Systems will either be ground- or roof-mounted.
- The Solar Systems will interconnect with the PSE&G distribution system.
- PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource.
- PSE&G will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.
- Subject to a Solar Renewable Energy Certificate ("SREC") "trigger" mechanism described below, PSE&G will sell any SRECs it receives from the Solar Systems in the SREC Auction that the Board has already approved for the PSE&G Solar Loan Program. The net revenues PSE&G receives from selling the SRECs will partially offset Program revenue requirements.
- PSE&G will use a competitive solicitation to hire third party firms, knowledgeable in solar development, to provide engineering design services, equipment and other materials and services required to execute the projects on Company-owned sites.
- PSE&G will use its own work force, or hire contractors, to perform the installation on utility-owned property. PSE&G will contract with third-party solar developers to develop and install the Solar Systems on third party-owned sites. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.
- PSE&G will use its own workforce for any necessary interconnection work

2. Neighborhood Solar (40 MW)

Total Investment: Approximately $264 million

- PSE&G will invest in, own, and operate small, pole-mounted Solar Systems in its electric service territory.
- Each pole-mounted unit will be designed to generate approximately 200 watts d.c. PSE&G expects to install up to 200,000 units.
- PSE&G will install Solar Systems on distribution metal or wood poles solely-owned by PSE&G. PSE&G will also utilize jointly-owned poles, assuming appropriate agreements can be reached with the joint owner. The units will be interconnected with PSE&G's distribution system at secondary voltage.
- Each unit may not be individually metered. The hourly output of the Solar Systems in this segment will be determined through the use of a calculated load profile, which will be created by metering a sample of these systems with interval meters. However, PSE&G will explore the feasibility of providing communication with each individual Solar System attached to the utility poles to measure and report the system output.
- PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource.
- PSE&G will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.
- If PSE&G is unable to qualify these Solar Systems to sell the output in the PJM energy and/or capacity markets (or if the costs of doing so outweighs the benefits),

PSE&G will instead apply the following methodology. In the PSE&G settlement process this solar output will be applied as a reduction to the load to be served by the BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average locational marginal price ("LMP") in the PSE&G zone, and that value will be debited to the BGS-FP Reconciliation Charge and credited to the RGGI Recovery Charge to offset revenue requirements.

- Subject to an SREC "trigger" mechanism described below, PSE&G will sell any SRECs it receives from the Solar Systems in the SREC Auction that the Board has already approved for the PSE&G Solar Loan Program. The net revenues PSE&G receives from selling the SRECs will partially offset Program revenue requirements.
- PSE&G will use its own skilled workforce, or contractors, to perform the installation work and to connect the pole-mounted units to its distribution system.
- PSE&G will use a competitive solicitation to procure the pole-mounted solar units.

3. Local Government Solar (43 MW)

Total Investment: Approximately $273 million

- PSE&G will invest in, own, and operate Solar Systems on properties owned by units of local government (municipalities and counties), including public schools.
- Solar developers will propose projects and locations to PSE&G for local government-owned sites in accord with PSE&G's program specifications, including, but not limited to, appropriate interconnection switchgear, metering, and communications to a central monitoring system. If, within the first six months after approval of this Petition, solar developers have not proposed at least 3 MW of qualifying projects for this segment, PSE&G may hire 2 to 4 solar developers

selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. In each of the second through fifth annual periods of the Program, if, within six months of the start of each respective annual period, solar developers have not proposed at least four additional MW of qualifying projects for this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Finally, in the sixth annual period of the Program, if, within six months of the start of that annual period, solar developers have not proposed at least two additional MW of qualifying projects for this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. The Solar Systems will be connected to PSE&G's distribution system on the utility side of the meter.

- The Solar Systems will be metered to determine the aggregate kWh output and the SREC values. Hourly or real-time output values will be established for the systems through either installed meters or through the use of load profiles (based on interval meters installed on a sample of the Solar Systems). The customers at the solar locations will continue to have all of their electric usage billed at their current rates. The Solar System output will be fed back into the grid on the utility side of the meter. In consideration for use of the facility, the local government entity will receive a monthly electric bill credit for the electricity the Solar System generates equal to 100% of the energy value of the solar output priced at the hourly zonal load weighted LMP in the PSE&G zone. The 100% factor is appropriate for this segment because it supports reduced energy costs for units of local government.

- PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource.
- PSE&G will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.
- If PSE&G is unable to qualify these Solar Systems to sell the output in the PJM energy and/or capacity markets (or if the costs of doing so outweighs the benefits), PSE&G will instead apply the following methodology. In the PSE&G settlement process this solar output will be applied as a reduction to the load to be served by the BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average LMP and that value will be debited to the BGS-FP Reconciliation Charge and credited to the RGGI Recovery Charge to offset revenue requirements.
- Subject to an SREC “trigger” mechanism described below, PSE&G will receive the SRECs from the Solar Systems and will sell the SRECs in the SREC Auction that the Board has already approved for the PSE&G Solar Loan Program. The net revenues PSE&G receives from selling the SRECs will partially offset Program revenue requirements.
- PSE&G will contract with third-party solar developers to develop and install the Solar Systems on the local government-owned sites. All contracted work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.
- PSE&G will use its own work force to perform the interconnection work.

- This segment will include a demonstration project in which the Company will provide small Solar Systems attached to existing street lighting poles and small public buildings in Branch Brook Park, Newark.
- As part of the installations of Solar Systems in school districts, PSE&G will provide solar educational materials for use by students housed by the building where the Solar System has been installed. In addition, a monitor with the Solar System's energy output will be installed in each local government building where a Solar System is installed, to allow the public traffic passing through the building to view actual solar output.

4. New Jersey Housing & Mortgage Finance Agency (HMFA)/ Affordable Housing Solar (2 MW)

Total Investment: Approximately $15 million

- PSE&G will collaborate with the New Jersey Housing & Mortgage Finance Agency (HFMA) in this segment.
- PSE&G will install Solar Systems on the common areas of HMFA-financed affordable housing communities.
- The Solar Systems will be metered to determine the aggregate kWh output and the SREC values. Hourly or real-time output values will be established for the systems through either installed meters or through the use of load profiles (based on interval meters installed on a sample of the Solar Systems). The customers at the solar locations will continue to have all of their electric usage billed at their current rates. The Solar System output will be fed back into the grid on the utility side of the meter. In consideration for use of the facility, the HFMA facility will receive a monthly electric bill credit for the electricity the Solar System generates equal to 100% of the energy value of the solar output priced at the hourly zonal

load weighted LMP in the PSE&G zone. The 100% factor is appropriate for this segment because it supports reduced energy costs for low-income housing developments. PSE&G's agreement with the HMFA facility will require that the monthly electric bill credit be flowed back to the facility's tenants. The mechanism for this flow-back will be negotiated with the owner of the HMFA facility.

- The HMFA's participation in this Segment is subject to it receiving appropriate authorization to do so, including the approval of its Board. Should the HMFA not participate directly in the Program, PSE&G will seek to install Solar Systems in the common areas of other affordable housing communities in its electric service territory, under the terms for this segment set forth in this Petition and in Mr. Matos' testimony.
- The Solar Systems will be grid-connected to PSE&G's distribution system on the utility side of the meter.
- PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource.
- PSE&G will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.
- If PSE&G is unable to qualify these Solar Systems to sell the output in the PJM energy and capacity markets (or if the costs of doing so outweighs the benefits), PSE&G will instead apply the following methodology. In the PSE&G settlement process this solar output will be applied as a reduction to the load to be served by the BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average LMP and that value will be debited to the BGS-FP

Reconciliation Charge and credited to the RGGI Recovery Charge to offset revenue requirements.

- Subject to an SREC "trigger" mechanism described below, PSE&G will receive the SRECs from the Solar Systems and will sell the SRECs in the SREC Auction that the Board has already approved for the PSE&G Solar Loan Program. The net revenues PSE&G receives from selling the SRECs will partially offset Program revenue requirements.
- PSE&G will contract for the Solar System installation work at prevailing wage.
- PSE&G will use its own workforce to perform interconnection work.
- PSE&G will use a competitive solicitation to procure the Solar System equipment.

SREC TRIGGER MECHANISM

17. To provide a level of protection to ensure that PSE&G-owned solar generation does not create an excess of SRECs above the Renewable Portfolio Standards ("RPS") requirements, PSE&G proposes that the Board approve a mechanism that may limit the number of SRECs sold under the Program, depending on the state of the SREC market during each year of the Program. Such a "trigger" mechanism will help insure that competition among solar developers continues after the PSE&G-owned Solar Systems are in place.

18. While there may be several possible mechanisms for such an "SREC trigger," PSE&G proposes the following approach:

Prior to each periodic auction of Program SRECs, the BPU's Office of Clean Energy ("OCE") will determine whether New Jersey has sufficient solar generation registered to satisfy the then-applicable RPS requirements. The OCE would notify PSE&G of its determination. PSE&G will then offer at auction only the amount of Program SRECs necessary to ensure that the State meets the solar RPS requirements for that energy year. Any Program SRECs in excess of the amount required under this mechanism would not be sold in that auction and would expire at the end of their life. Under this approach, the Board should consider retaining a consultant to assist it in the periodic determinations of installed solar capacity in New Jersey. The cost of such a consultant has been included as a Program administrative cost.

19. PSE&G is willing to work cooperatively with the OCE and members of the solar industry to establish a mechanism to ensure that the New Jersey solar market remains competitive, while at the same time striving for lower-cost alternatives. However, it bears emphasis that to the extent SRECs are not sold because of an SREC trigger mechanism, there will be less revenues to offset the Program revenue requirements.

COMPARISION WITH OTHER PROGRAMS AND STATE POLICIES

20. The Program is not similar to any current programs administered by the Office of Clean Energy. The Program, like PSE&G's solar loan program, seeks to provide incentives to utility customers who are interested in installing Solar Systems. However, whereas the solar loan program focuses on third-party owned systems, this Program will provide utility-owned, grid-connected Solar Systems. Accordingly, the

Program will complement PSE&G's solar loan program. In addition, because PSE&G will sell the SRECs it receives under the Program, it will also complement the Board's efforts in establishing a viable SREC market.

21. The Program directly supports the State's renewable energy initiatives, as outlined in the recently-released Energy Master Plan (EMP). The Program, when fully deployed, will result in 120 MW of additional solar generating capacity in New Jersey. This additional solar capacity is expected to satisfy 6.7% of the State's RPS requirements through 2020. The Program also supports the carbon-reduction goals of the Global Warming Response Act ("GWRA"), N.J.S.A. 26:2C-37 et seq. and the Department of Environmental Protection's draft GWRA recommendation report. PSE&G estimates that the 120 MW of solar capacity will eliminate 1,702,321 tons of CO_2 emissions.[4]

22. This Program will support the State's current model for fostering a solar energy industry in New Jersey. The State's model has been built around developing a market for SRECs, which are intended to make above-market solar energy projects competitive in New Jersey's energy market. Under the proposed Program, PSE&G will be a large investor in solar energy projects that are developed using the SREC model. PSE&G will put its "patient capital" to work to spur continued growth in New Jersey's solar energy industry. Mr. Matos' testimony discusses, in greater detail, the ways in

4 PSE&G has not identified any specific air emissions credits or offsets; however, the Company's intent is to apply the proceeds from any such credits or offsets to the revenue requirements of the Program, in a manner similar to the proposed treatment of SRECs.

which the Program will compliment the State's renewable energy policies. *See* Attachment A.

23. The Program will also have a positive impact on the solar industry in New Jersey. The Program will be encourages growth for the solar industry, by providing capital to build solar capacity in difficult economic times and creating new, "green" jobs. It will also train a pool of skilled workers who will be available for the entire solar industry. The Program is consistent with the State's policies to ultimately transition to a market-based solar industry, by creating competition within the industry to produce lower total cost of installations and maximum solar energy output at a faster pace, to help achieve the RPS requirements.

DISPUTE RESOLUTION PROCESS

24. Public Service proposes that any disputes related to the Program be resolved through the Board's established customer complaint process. PSE&G addresses the dispute resolution process in the testimony of Mr. Matos.

COST RECOVERY PROPOSAL

25. PSE&G is requesting that the Board grant approval of recovery of all Program costs. PSE&G proposes to recover all Program costs via a separate component of the electric RGGI Recovery Charge (RRC) mechanism approved by the Board for the

Company's Carbon Abatement Program. The RRC would be reviewed and modified in an annual filing that PSE&G would make with the Board. In addition, PSE&G will consider rolling the net, unrecovered Program investment balance into base rates at the time its electric base rates are next reset. PSE&G's proposed cost recovery mechanism for the Program, including the estimated rate impacts on customers and proposed initial rates, is fully-described in the pre-filed testimony and schedules of Mr. Swetz. (Attachment B)

26. Pursuant to N.J.S.A. 48:3-98.1(b), PSE&G requests that it earn a return on its net investment in the Program based on a Weighted Average Cost of Capital ("WACC") of 8.2582% annually. Mark G. Kahrer testifies to the proper return on the Company's investment in his pre-filed testimony (Attachment C). The derivation of the WACC is shown in Schedule MGK-3 to Mr. Kahrer's testimony. For calculating Revenue Requirements, the corresponding Pre-Tax WACC of 11.9700% per year or 0.9975% per month is used (see Schedule MGK-3).

27. The Company also requests that the carrying charge on its deferred balances for this Program be set at the monthly WACC, as described in Mr. Kahrer's testimony. Any over/under recovery of the actual revenue requirements compared to revenues would be deferred. The monthly WACC would be applicable as the carrying charge rate on any over/under recovered balance on a monthly basis. Mr. Swetz addresses the calculation of carrying charges in his testimony.

28. If any Federal Economic Stimulus Funds that are applicable to this Program

become available and are received by the Company, such amounts will, at that time, be credited against amounts expended. Revenue requirements will be recalculated at that date and deferred accounting will continue to be followed. If the Program investments have been rolled into base rates, any Federal Economic Stimulus Funds received will be utilized for future qualifying investments.

29. Satisfying a cost/benefit analysis is not required under the Minimum Filing Requirements because the Program is a renewable energy program. Nonetheless, PSE&G will conduct such an analysis and file it with the Board. A cost/benefit analysis of the Program will be provided as an update to Mr. Swetz's testimony and schedules, which PSE&G anticipates filing shortly.

30. Mr. Daniel M. Furlong testifies to the accounting treatment the Company will use for the Program. He also supports certain financial statements that are required under the Board's Minimum Filing Requirements. Mr. Furlong's prefiled testimony is attached hereto as Attachment D.

31. 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. One public hearing will be held in each geographic area within the Company's service territory, i.e. Northern, Central, and Southern. Concurrent with this filing with the BPU,

a Notice of this filing will be served on the County Executives and Clerks of all Municipalities within the Company's electric service territory. A subsequent 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. (See Attachment F). In addition, PSE&G provides a residential rate impact summary, provided herewith as Attachment G. Proposed tariff sheets (clean and redlined) are provided herewith at Attachment H. Two copies of the Petition and supporting attachments will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07102 and upon the Director, Division of Rate Counsel, 31 Clinton Street, Newark, New Jersey 07101. A copy will also be sent to the persons identified on the service list provided with this filing.

32. Public Service requests that the proposed rates to recover all of the Program costs be approved by the Board, along with the Program and cost recovery mechanism proposed in this filing, within the timeframe established under N.J.S.A. 48:3-98.1 *et seq*. Public Service also requests that the Board authorize the Company to implement the proposed rates contemporaneously with the Board's approval of this Petition. Once the proposed RRC rates are in effect, the RRC will operate much like the Company's other rate clauses, subject to deferred accounting and periodic true-up through filings with the Board.

REQUEST FOR REVIEW AND APPROVAL

33. Public Service requests review and approval of this Petition pursuant to the time frame set forth in N.J.S.A. 48:3-98.1 *et seq*.

34. Public Service respectfully requests that the BPU retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. PSE&G believes evidentiary hearings are not required for the Board to approve this Program and the proposed cost recovery mechanism. Public Service is confident that these and any issues other parties raise can be resolved through settlement or through written comments filed with the Board prior to its decision.

COMMUNICATIONS

Communications and correspondence related to the Petition should be sent as follows:

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CONCLUSION

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

1. The Program is in the public interest and that PSE&G is authorized to implement and administer the Program as a regulated utility service under the terms set forth in this Petition and accompanying Attachments;

2. The cost recovery mechanism proposed herein is just and reasonable, and PSE&G is authorized to recover all costs requested herein associated with the Program, which will be recovered through a separate component of the electric RGGI Recovery Charge, which will be filed annually;

3. The proposed rates and charges, as set forth herein, are just and reasonable and PSE&G is authorized to implement the rates proposed herein.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By: ______________________________
Gregory Eisenstark
Assistant General Corporate Rate Counsel

DATED: February 10, 2009
Newark, New Jersey

STATE OF NEW JERSEY)
:
COUNTY OF ESSEX)

ALFREDO Z. MATOS, of full age, being duly sworn according to law, on her oath deposes and says:

1. I am Vice President – Renewables and Energy Solutions 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.

Alfredo Z. Matos

Sworn and subscribed to)
before me this 10th day)
of February, 2009)

JUNE BARNETT
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 7/31/2013

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

DIRECT TESTIMONY
OF
ALFREDO Z. MATOS
VICE PRESIDENT – RENEWABLES AND ENERGY SOLUTIONS

My name is Alfredo Z. Matos and I am the Vice President of Renewables and Energy Solutions at Public Service Electric and Gas Company (PSE&G, the Company), New Jersey's largest electric and gas utility. My credentials are set forth in the attached Schedule AZM-1.

SCOPE OF TESTIMONY

I am testifying in support of PSE&G's proposed Solar 4 All Program ("Program"). The Program is comprised of four segments. I will provide an overview of the Program and its goals, and explain how this Program will support the State's renewable energy and environmental goals. I provide a description of each of the segments. I will also testify in support of PSE&G's proposal regarding resolution of customer complaints or disputes that may arise regarding the Program. Mr. Stephen Swetz is filing testimony addressing revenue requirements and cost recovery issues. Mr. Daniel M. Furlong testifies in support of the accounting treatment for the Program costs and revenues. Mr. Mark G. Kahrer testifies in support of PSE&G's proposed return on its investment in the Program.

The electronic version of this filing contains the Program assumptions, including investments, costs, participation, provisions for billing for electric service, and market sizing and impacts, in the electronic work paper labeled WP_AZM 1.xls.

OVERVIEW OF THE PSE&G SOLAR 4 ALL PROGRAM

Through this Program, PSE&G seeks to invest approximately $773,000,000 to develop 120 MW d.c.[1] of solar photovoltaic (PV) systems, ("Solar Systems") and thus expand New Jersey's solar infrastructure resources over an approximate five-year horizon, creating hundreds of annual green jobs. The total installed cost is forecast to be $6.44 per watt of installed solar capacity, which includes an appropriate rate for installation labor using prevailing wages. This forecasted installed cost compares favorably with the average installed cost of $8.25 per watt for non-residential solar systems installed under the Board's rebate program. PSE&G will invest in, own and operate the Solar Systems and engage various market participants, including solar developers, installers, manufacturers, and other firms, for engineering services, equipment, permitting and construction services, where appropriate. During the preparation of the Petition, PSE&G issued a Request for Proposals (RFP) to approximately twenty-three solar firms for the

[1] All references to MW capacity of Solar Systems in this testimony are in direct current or "dc." The electricity generated by a solar system passes through an inverter and is converted to alternating current or "ac."

purpose of obtaining market pricing and proposals to establish cost projections in this petition. The RFP also provides PSE&G a competitive process to select multiple firms to implement and develop the various solar projects on PSE&G-owned real estate, using a market based approach.

For Solar Systems developed on non-PSE&G owned real estate, PSE&G will invest in, own and operate Solar Systems installed on these host sites, with solar developers making proposals to PSE&G with the concurrence of the host site owners. Upon PSE&G acceptance of the proposed project, the developer will be engaged by PSE&G to fully develop the project and broker the deal with the host site owner to meet all of PSE&G's requirements for owning and operating the systems. It is expected that these projects will provide market competition amongst solar developers to ensure the best projects are proposed to PSE&G providing maximum benefit to utility customers.

By selecting solar developers through the RFP process for PSE&G owned properties and accepting projects on non-PSE&G sites from competing developers, PSE&G will not be developing solar projects on its own, but is seeking to collaborate with experienced solar developers, engineers, and construction firms to develop projects, with PSE&G financing all projects, identifying potential Company-owned sites, and in some cases using its own installation labor for projects on PSE&G-owned real-estate. PSE&G will utilize the selected solar developers to fully-develop these projects, including project assessment, land prep, engineering, layout, procurement of equipment, site permitting and construction. The Solar Systems will be installed in various locations throughout PSE&G's electric service territory, and shall be grid-connected on the utility side of the billing meter to PSE&G's electric distribution system, and will be eligible to receive Solar Renewable Energy Certificates ("SRECs").

THE PROGRAM WILL SUPPORT THE STATE'S RENEWABLE ENERGY AND ENVIRONMENTAL GOALS

This Program will compliment and support the State's current model for fostering a solar energy industry in New Jersey. The State's model has been built around developing a market for SRECs, which are intended to make above-market solar energy projects competitive in New Jersey's energy market. Under the proposed Program, PSE&G will be a large investor in solar energy projects that are developed relying on the SREC model. PSE&G will put its "patient capital" to work to spur continued growth in New Jersey's solar energy industry.

The Program will have a significant positive impact on the solar industry in New Jersey. The Program will be an enabling initiative that encourages growth for the solar industry, by providing PSE&G's significant expertise in the energy industry together with financing and capital to build solar capacity in difficult economic times and creating new, "green" jobs. The Program will increase New Jersey jobs in the solar industry. It will also train a pool of skilled workers who will then be available for the entire solar industry. In addition to creating jobs, the

Program will encourage solar developers to seek system productivity efficiencies in energy output. For these reasons, the Program is consistent with the State's policies to ultimately transition towards a market-based solar industry, by creating competition within the industry to produce lower total cost of installations and maximum solar energy output at a faster pace, to help achieve the Renewable Portfolio Standards' ("RPS") requirements.

Further, the Program will assist the Board's transition from a rebate-based program to a market-driven, SREC-based one. In its Order in *In the Matter of the Renewable Energy Portfolio Standards-Alternative Compliance Payments and Solar Alternative Compliance Payments*, Docket No. EO06100744 (December 6, 2007), the Board approved a plan for transitioning the solar renewable energy market from rebates to market-based incentives, while maintaining rebates for smaller solar systems for Reporting Year 2008, with the continuation of rebates for Reporting Years 2009-2012 to be addressed in the ongoing Comprehensive Resource Analysis proceeding (Docket No. EO07030203). To facilitate the change in emphasis from rebates to SRECs, the Board ordered an increase in the Solar Alternative Compliance Payment ("SACP") in reporting year 2009 and a multi-year schedule for SACPs extending out eight years.[2] However, the Board also found that a capping mechanism on the cost of SRECs should be triggered if estimated solar incentive costs exceed 2% of estimated retail electricity costs.

[2] For the purpose of calculating the Program's revenue requirements, PSE&G has used the Board's estimated level of SREC prices as set forth in this Order, and has extrapolated the SREC values based on the Board's Order for the balance of the forecasted period. Mr. Swetz has incorporated these values into his revenue requirements calculations. *See* Schedule SS-2.

Such a freeze on solar incentives would remain in effect until the aggregate costs drop below the 2% threshold.

The State of New Jersey and its solar industry will benefit from having PSE&G make these investments in solar generation. First and foremost, the Program will help New Jersey address the current and future shortfall in meeting the solar RPS requirements. The current shortfall is estimated at 15MW. PSE&G's proposal to invest in solar infrastructure resources will help the State catch up to current solar RPS targets, and additional investment by other industry members will continue to help close the gap on a going-forward basis. When this Program is approved and completed, it will comprise less than 7% of the entire market of solar resources needed to meet the RPS requirements and Energy Master Plan targets by 2020.

The current tightening of the capital markets and the state of the economy has had and will continue to have an impact on the number of projects that get developed. The availability of capital to finance Solar Systems is paramount to building these systems, and we are seeing not only a lack of capital flowing, but also a higher cost of capital in the economy. Utility investment in solar systems, such as in this proposed PSE&G Program, is therefore essential if the State is to meet the solar RPS requirements and support the development of the industry and create jobs in an ailing economy. Without such utility investment, ratepayers will likely be forced to fund SACPs, without getting all of the environmental and economic benefits of developing solar generation projects.

Second, a major investment in solar energy, such as the one proposed in this Program, will help drive down production costs and spur the market toward price competitiveness. While the economics of solar generation are improving, the cost of solar energy remains well above market. We need bold solar investments to meet the RPS goals and support a sustainable solar industry.

Third, this Program allows the State to help guide solar investment toward sectors in which there are additional societal benefits from such investment. This includes the benefits of converting brownfields and grayfields to productive sites for renewable generation; the benefits of bringing solar into school buildings and low-income housing; and the benefits of putting solar on local government buildings, which, as I explain in greater detail below, will lead to lower utility bills and reduced burdens on the local taxpayer.

The federal government is doing its part to encourage utilities to invest in solar. With the enactment of federal legislation in October 2008 to allow utilities to claim the investment tax credit ("ITC") for solar generation projects, the federal government has encouraged utility participation in solar PV markets. This is an important federal benefit that New Jersey customers will be able to realize through PSE&G's investment in solar infrastructure. In this Program, PSE&G proposes to provide its capital to invest in a number of solar projects that will create hundreds of annual jobs in New Jersey, at a time when jobs are needed in the State. PSE&G's proposal includes a full return on its invested capital, which is necessary to fully compensate the investors willing to invest in PSE&G for its investment in the Program. PSE&G will seek to incentivize New Jersey-based solar manufacturing and fabrication firms, by placing a priority on these firms during the RFP process, which is already underway. Developing these firms in New Jersey helps create additional jobs in our home state, which helps the overall economy and help cement New Jersey as a leader in solar resources in the nation.

The Program will also create environmental benefits to New Jersey by providing carbon-free solar generation to all utility customers and a demand reduction element, since peak solar energy output will be produced near the time of peak demand. In addition, this proposal creates customer value on several fronts by returning benefits and value from:

1) the federal investment tax credit;

2) net revenues received by selling energy and capacity in the PJM markets; and

3) monetizing the value of SRECs received through their sale in the auction that PSE&G is using for the PSE&G Solar Loan Program.

The Program is not similar to any current programs administered by the Board's Office of Clean Energy. Importantly, the proposed Program will complement other utility-based solar initiatives, such as PSE&G's solar loan program and the SREC contract programs that Jersey Central Power and Light Company ("JCP&L") and Atlantic City Electric Company ("ACE") have proposed. The loan program and SREC contract proposals focus largely on third-party owned, net metered installations. As filed, the JCP&L and ACE programs are limited to net metered projects that are 500 kW or less. However, this Program will provide grid-connected Solar Systems that PSE&G will own. Accordingly, the Program will complement PSE&G's solar loan program and the State's other solar initiatives. In addition, this Program will not impact PSE&G's intent to comply with the BPU Solar Securitization Order by making an appropriate filing with the Board by March 31, 2009.

Because PSE&G will sell the SRECs it receives under the Program in the market, it will also complement the Board's efforts in establishing a viable SREC market and helping reduce the cost of renewable energy to ratepayers. However, to provide a level of protection to ensure that PSE&G-owned solar generation does not create an excess of SRECs above the RPS requirements, PSE&G proposes a mechanism that may limit the number of SRECs that PSE&G will sell under the Program, depending on the state of the SREC market during each year of the Program. This SREC trigger mechanism will help insure that PSE&G's program does not impact the SREC market in a way that disrupts the continued development of New Jersey's solar industry.

The Program will bring the benefits of solar energy to all of the communities PSE&G serves. As I describe in detail below, PSE&G will install Solar Systems on under-utilized utility property throughout its electric service territory. The Company will offer every municipality and public school district in its electric service territory an opportunity to install Solar Systems on their property. As part of the installations of Solar Systems in school districts, PSE&G will provide solar educational materials for use by students housed by the building where the Solar System has been installed. In the municipal segment, PSE&G will implement a demonstration project to provide small Solar Systems attached to existing street lighting poles and the roofs of small public buildings in Branch Brook Park, Newark, to demonstrate how this 21st century solar panel technology can be integrated with existing, decorative antique-looking light poles. The Company will also install Solar Systems on third party-owned brownfields and other under-utilized commercial and industrial sites, including sites in urban enterprise zones (UEZs). The Neighborhood Solar Segment will bring renewable energy to all parts of the Company's service territory, by attaching solar units to utility poles. The HMFA Affordable Housing Segment will bring the benefits of solar energy to low-income residential communities. PSE&G will install monitoring of installed Solar Systems where appropriate, with access to energy output, status and other characteristics, so that the local project sites and PSE&G are informed about the energy output. Collectively, all of the Program's installations will focus on under-served markets, which will both improve the environment for all New Jersey residents and further the State's Smart Growth development goals.

The Program directly supports the State's renewable energy initiatives, as outlined in the recently-released Energy Master Plan (EMP). The Program, when fully deployed, will result in 120 MW of additional solar generating capacity in

New Jersey. This additional solar capacity will satisfy 6.7% of the State's RPS requirements through 2020. The Program also supports the carbon-reduction goals of the Global Warming Response Act ("GWRA"), N.J.S.A. 26:2C-37 *et seq*. and the New Jersey Department of Environmental Protection's recently-released draft GWRA recommendation report. PSE&G estimates that the 120 MW of solar capacity will eliminate 1,702,321 tons of CO_2 emissions, or the equivalent of removing 309,513 cars from the roads.

The Program is comprised of four segments that total 120 MW of solar infrastructure projects. Under this Program, a number of solar development and engineering firms will have the opportunity to partake in this deployment of utility capital. All the segments have common elements:

- PSE&G is financing the investments;
- PSE&G is the owner and operator of the Solar Systems;
- The net revenues PSE&G receives from the carbon-free solar electricity will be flowed back to utility customers, as will any monetized value of SRECs[3] and the recognition of the federal ITC in accord with the Federal Income Tax Law. In addition, in all segments the Solar Systems will be interconnected with PSE&G's distribution system on the utility's side of the meter – i.e., they will be grid-connected.

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[3] PSE&G has not identified any specific air emissions credits or offsets; however, the Company's intent is to apply the proceeds from any such credits or offsets to the revenue requirements of the Program, in a manner similar to the proposed treatment of SRECs.

An annual schedule of investment dollars on how these segments are built out is included as Schedules SS-2 through SS-3 to Mr. Swetz's testimony.

PROGRAM SEGMENTS

PSE&G proposes the following four segments. The size of each segment is described in terms of approximate megawatts below. PSE&G reserves the right to adjust the segment capacities if necessary, while remaining within the 120 MW total Program size. The table below shows the anticipated 120 MW capacity build out for this Program. PSE&G is willing to be flexible in shifting the capacity from one year to another, to the extent doing so is consistent with business commitments and Program requirements.

Energy Year Install Schedule								
Segment	Total	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Centralized Solar	35.0	4.0	10.3	10.3	10.3	-	-	-
Neighborhood Solar	40.0	3.7	9.6	9.9	9.9	6.3	0.5	-
Local Government Solar	43.0	7.2	8.0	8.0	8.0	8.0	4.0	-
HMFA/Affordable Housing Solar	2.0	0.1	0.8	0.8	0.4	-	-	-
	120.0	15.0	28.7	29.0	28.6	14.3	4.5	-

SEGMENT 1 – CENTRALIZED SOLAR (35 MW)

Description

This segment makes use of real estate owned by PSE&G or third parties for the installation of solar PV systems to generate carbon-free electricity. For part of this segment, PSE&G will install ground- or roof-mounted solar PV units on land or buildings it owns. Three promising PSE&G-owned sites have been identified and additional sites are under consideration. PSE&G anticipates this part of Segment 1 will entail the construction of approximately 25 MW dc of solar capacity on its own real estate.

In addition, upon BPU approval of the Program, PSE&G will issue announcements that it is seeking qualifying third party-owned host sites on designated brownfields, properties owned by non-profit organizations, and under-developed real-estate (typically known as grayfields) in its electric service territory (for approximately 10 MW of solar capacity). As part of these announcements, PSE&G will also list specific criteria for the Solar Systems on third party-owned sites. Solar developers will propose both sites and identified solar projects to PSE&G, which will select qualifying projects on a first-come, first-served basis and project criteria basis. This criterion includes elements such as cost per watt, lower interconnection costs and interconnection acceptability, appropriate scale for solar PV systems, as well as other appropriate criteria as determined by PSE&G. PSE&G will select the projects after the developer has submitted the project concepts, including cost information and has reached an agreement with the corresponding third party site owner to allow PSE&G to use the land, and other terms and conditions as outlined in the PSE&G criteria for these types of projects. Solar developers will compete with each other to develop the site to maximize the solar output and bring the best projects to PSE&G.

If, within the first six months after approval of this Petition, solar developers have not proposed at least 3 MW of qualifying projects for the third-party portion of this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. In each of the second and third annual periods of the Program, if, within six months of the start of each respective annual period, solar developers have not proposed at least three additional MW of qualifying projects for the third-party portion of this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Finally, in the fourth annual period of the Program, if, within six months of the start of that annual period, solar developers have not proposed at least one additional MW of qualifying projects for the third-party portion of this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. PSE&G is assuming that the sites will average approximately 2MW per third party-owned site, for a total of 10 MW for this component of Segment 1, although the actual number of sites and sizes may vary.

The level of investment for this 35MW segment is expected to be approximately $221 million.

PSE&G will provide the investment capital for, own, and operate the Solar Systems, which will be interconnected with the PSE&G distribution system. PSE&G will sell the electricity generated by the Solar Systems in the applicable PJM markets, and PSE&G will apply the net revenues it receives from the sales in the PJM markets toward offsetting the revenue requirements of the program, so that customers receive the benefits of the grid-supply solar electricity.

The centralized Solar Systems will not only generate energy but they will also receive SRECs as established by the Board's rules. Subject to an SREC "trigger" mechanism discussed below, PSE&G will sell any SRECs it receives from the Solar Systems in the SREC Auction approved by the Board for the PSE&G Solar Loan Program. The net revenues (i.e., revenues less the cost of conducting the auction) PSE&G receives from selling the SRECs will be returned to customers by offsetting a portion of the Program's revenue requirements. Similarly, federal ITC value will benefit customers by offsetting revenue requirements over the life of the assets in accord with the Federal Income Tax Law. This is described more fully in the testimony of Mr. Stephen Swetz.

Target Market and Eligibility

This segment is not an offer to any specific customer group, but will benefit all of PSE&G's electric customers.

PSE&G has identified the following PSE&G facilities as potentially appropriate for development of projects:

- Linden SNG Site ~ 8 usable acres ~ 3 MW dc
- Central Gas Plant ~ 7 usable acres ~ 2.5 MW dc
- Cox's Corner Substation ~ 5 usable acres ~ 1.5 MW dc

PSE&G is planning to identify additional sites that could support Solar Systems. For the purpose of modeling these additional sites, PSE&G has assumed that each such site could support a system of approximately 2 MW to 3 MW.

In addition, as I discussed above, upon BPU approval of the Program, PSE&G will seek solar developers to identify potential third-party owned host sites, with a focus on brownfields, non-profits and other under developed properties. These properties will be developed by solar developers under contract to PSE&G, to enhance the economic use of this real estate.

The capacity allocations between the utility-owned and third party-owned components of this segment are flexible.

Offerings and Revenue Sources

PSE&G will register the Solar Systems with PJM, and sell the electricity output in the applicable PJM wholesale markets. Net proceeds from the sale of power into PJM, including any available capacity credits or revenues, will be credited to the RGGI Recovery Charge to partially offset revenue requirements.

Further, PSE&G expects to register the Solar Systems with the BPU to receive SRECs. Subject to the SREC trigger mechanism, any SRECs received by the Company will be sold at auction in a manner similar to the PSE&G Solar Loan Program to maximize the SREC value to benefit customers. The net proceeds from the sale of SRECs will be credited to the RGGI Recovery Charge to partially offset revenue requirements.

PSE&G will pay rents to the host sites in the brownfield, grayfield, and not-for-profit portion of this segment. If PSE&G gas or transmission properties are used for any of the solar installations, PSE&G will make the necessary accounting entries to compensate PSE&G's gas and/or transmission businesses for the use of their properties. Mr. Swetz and Mr. Furlong address the ratemaking and accounting treatment of these intra-company accounting entries in their testimonies.

Program Administration

PSE&G will perform all program administration and management for this segment, while utilizing solar developers to develop the identified sites.

Program Delivery Methods

The Company intends to hire third party firms, knowledgeable in solar development, to provide engineering design services, equipment and other materials and services required to execute the projects. PSE&G intends to utilize its own skilled workforce for the installation of this segment on utility-owned property, or may hire contractors to perform the installation work. PSE&G will contract with third-party solar developers to perform the installation work on non-utility owned sites. PSE&G will use its own workforce for any necessary interconnection work. In the event that subcontractors are utilized for this segment, for those projects that qualify as a "public work" as defined by statute, the service provider will adhere to all aspects of the New Jersey State Prevailing Wage Act, N.J.S.A. 34:11-56.25 *et seq*., and will require the same of all subcontractors. For those projects that do not qualify as public works, service providers will be required to pay the equivalent of the prevailing wage for the county in which the work is to be performed, unless the work is performed by union employees, in which case the employees will be paid in accordance with the union contract. Language of this type has been inserted in the Program RFP document as a contract requirement, and will also be a requirement for all installations on third party-owned property. To ensure that the terms for prevailing wage is complied with, PSE&G would provide a rate analysis upon contract negotiation to ensure the prevailing wage rate is used and will execute a contract under those terms. PSE&G invoice review and approval processes will ensure that those rates are being charged at time of payment. The Supplier will be legally bound by those terms and will risk termination of contract should the wages paid as per this contract not be in line with the state prevailing wage rates as agreed.

Procurement of Equipment, Engineering Services and Labor

PSE&G will utilize a competitive process for the procurement for this segment. A procurement process has already commenced seeking indicative bids, with awards to one or more vendors expected to be executed after BPU approval of this Program for PSE&G-owned sites. PSE&G will select third party project sites from solar developers who are competing in the marketplace to bring these types of projects to PSE&G.

Impact on Marketplace, Competition, Employment, Economic Development, New Business, and Market Barriers

This Segment will have an overall positive impact on the renewable energy marketplace in New Jersey. Having a new source of capital for the solar marketplace will serve to spur additional economic, employment, and new business opportunities for many sectors of the economy. PSE&G will use solar developers or contractors for a significant part of this Segment, which will foster competition in the renewable energy sector. Because this Segment focuses on under-utilized property in mostly commercial and industrial areas, including UEZs, it will bring access to renewable energy benefits enjoyed by more affluent markets to urban areas, and will not compete with existing services.

One of the challenges to grid-connected solar is access to suitable sites for large installations. By using existing utility property, along with third party-owned brownfields, grayfields, and non-profit owned sites, this Segment will directly address this challenge.

Budget

The proposed budget is set forth in Schedule SS-2a to the testimony of Stephen Swetz (Attachment B).

SEGMENT 2 – NEIGHBORHOOD SOLAR (40 MW)

Description

PSE&G will install Solar Systems on distribution metal or wood poles solely-owned by PSE&G. PSE&G will also utilize jointly-owned poles, assuming appropriate agreements can be reached with the joint owner. Each pole-mounted unit will be designed to generate approximately 200 watts d.c. and provide leading power factor qualities into the distribution system. PSE&G expects to install up to 200,000 units over approximately five years. PSE&G intends to use its own skilled workforce, or contractors, to perform the installation work and connect the Solar System to its distribution system.

These pole attached solar panels will be registered with the BPU to qualify for SRECs. Subject to an SREC trigger mechanism discussed below, SRECs received will be auctioned in the already-approved PSE&G Solar Loan Program. The net revenues PSE&G derives from selling the SRECs will go towards offsetting Program revenue requirements. Similarly, ITC value will go towards offsetting the revenue requirements over the life of the assets pursuant to the

Federal Income Tax Law. This is more fully described in the testimony of Stephen Swetz.

The level of investment for this 40MW segment is expected to be approximately $264 million.

Target Market and Eligibility

This segment of the program is not directed to any one market segment, nor is it an offer to end use customers, but rather for the benefit of all customers.

Offerings and Revenue Sources

Each unit may not be individually metered. The hourly output of the Solar Systems in this segment will be determined through the use of a calculated load profile, which will be created by metering a sample of these systems with interval meters. PSE&G will explore the feasibility of providing communication with each individual Solar System attached to the utility poles to measure and report the system output.

PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource. PSE&G

will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.

If PSE&G is unable to qualify these Solar Systems to sell the output in the PJM energy and/or capacity markets (or if the costs of doing so outweighs the benefits), PSE&G will instead apply the following methodology. In the PSE&G settlement process this solar output will be applied as a reduction to the load to be served by the BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average locational marginal price ("LMP") in the PSE&G zone, and that value will be debited to the BGS-FP Reconciliation Charge and credited to the RGGI Recovery Charge to offset revenue requirements. Further, PSE&G expects to register the Solar Systems with the BPU to receive SRECs. Subject to a "trigger" mechanism discussed below, any SRECs received by the Company will be sold at auction in a manner similar to the PSE&G Solar Loan Program in order to maximize the SREC value that will be credited to the RGGI Recovery Charge to partially offset revenue requirements.

Program Administration

PSE&G will perform all program administration and management for this segment, while using a solar firm to provide the engineering and equipment for PSE&G installation.

Program Delivery Methods

The pole attached systems will be interconnected with PSE&G's distribution system at secondary voltage and will provide system enhancement. PSE&G intends to utilize its own workforce for the installation of systems defined in this segment. PSE&G may also utilize subcontractors as needed. In the event that subcontractors are utilized, for the purposes of this segment, for those projects that qualify as a "public work" as defined by statute, the service provider will adhere to all aspects of the New Jersey State Prevailing Wage Act, *N.J.S.A.* 34:11-56.25 *et seq*., and will required the same of all subcontractors. For those projects that do not qualify as public works, service providers will be required to pay the equivalent of the prevailing wage for the county in which the work is to be performed, unless the work is performed by union employees, in which case the employees will be paid in accordance with the union contract.

Work will begin as soon as possible after receipt of a written Board Order.

Procurement of Equipment

PSE&G will utilize a competitive process for the procurement of equipment and technology for this program. A procurement process has already commenced, with an award to one or more vendors expected to be executed after BPU approval of this petition.

Quality Assurance Provisions

PSE&G will explore the feasibility of providing communication with each individual Solar System attached to the utility poles to measure and report the system output. However, in the absence of that, PSE&G will rely on a well-established proxy to determine the output of the pole attached Solar Systems by utilizing the modeling algorithms of PVWATTs. This PV solar modeling tool is widely used by the solar industry and is sanctioned by the BPU for solar development in New Jersey. In order to validate the PVWATTs output model, a statistical sample of output meters will be installed on certain pole attached units. These output meters, coupled with the PVWATTs modeled output on the aggregate, will develop an appropriate supply shape for the generating asset. This statistical sampling methodology will also be used to qualify for SRECs.

Impact on Marketplace, Competition, Employment, Economic Development, New Business, and Market Barriers

This Segment will have an overall positive impact on the renewable energy marketplace in New Jersey. Having a new source of capital for the solar marketplace will serve to spur additional economic, employment, and new business opportunities for many sectors of the economy. PSE&G will use a competitive procurement process to acquire a substantial quantity of solar generating equipment for this Segment, which will foster competition, employment opportunities, and new business in the renewable energy fabrication sector. Because this Segment will bring solar installations throughout all of the

Company's electric service territory, it will bring access to renewable energy benefits enjoyed by more affluent markets to urban areas, and will not compete with existing services.

One of the challenges to grid-connected solar is access to suitable sites for large installations. By using existing utility poles, which are available in sufficient quantity to develop a significant amount of solar generation, the Segment will directly address this challenge.

Budget

The proposed budget is set forth in Schedule SS-2b to the testimony of Stephen Swetz (Attachment B).

SEGMENT 3 – LOCAL GOVERNMENT SOLAR (43 MW)

Description

In this segment PSE&G shall invest in roof-mounted Solar Systems installed on the buildings of municipalities, public schools, and county government (units of local government) located in PSE&G's electric service territory.

Upon BPU approval of the Program, PSE&G will announce to units of local government in its electric service territory and solar developers that PSE&G is seeking solar projects to be established on such host sites. Sites with the corresponding solar projects will be identified to PSE&G and selected based on a first-come, first-served basis and a project selection criterion. This criteria will include elements such as cost per watt, total energy output, lower interconnection costs and interconnection acceptability, capacity equal to or no less than 10% below the limits defined for that size unit of government, as well as other appropriate criteria as determined by PSE&G. PSE&G will select the project after the developer has submitted the project concepts, including cost information, and has obtain an agreement with the corresponding unit of local government site owner to allow PSE&G to use the roof space, along with the other terms and conditions as outlined in the PSE&G Program criteria for these types of projects. Solar developer will develop the site to maximize the solar output and compete with one another to bring these types of projects to PSE&G.

If, within the first six months after approval of this Petition, solar developers have not proposed at least 3 MW of qualifying projects for this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. In each of the second through fifth annual periods of the Program, if, within six months of the start of each respective annual period, solar developers have not proposed at least four additional MW of qualifying projects for this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Finally, in the sixth annual period of the Program, if, within six months of the start of that annual period, solar developers have not proposed at least two additional MW of qualifying projects for this segment, PSE&G may hire 2 to 4 solar developers selected from an RFP process to develop projects for this portion of the segment, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. The level of investment for this 43MW segment is expected to be approximately $273 million.

Target Market and Eligibility

PSE&G will invest in, own and operate Solar Systems on properties owned by units of local government (municipalities and counties), including public school districts. For a public school district to qualify for the Program, the district must actually own and operate its own school(s) and school building(s). PSE&G anticipates approximately 450 installations in this Segment. PSE&G will employ a sliding scale to allow larger municipalities to have larger capacity systems. In addition, units of local government located in UEZs will have the opportunity to have larger capacity systems. Following the process described above, each unit of local government will nominate an appropriate capacity system of solar capacity that meets the design criteria established by PSE&G, such as ensuring the remaining life of the roof equals or exceeds the life of the Solar System.

Municipal Demonstration Project

As part of this segment, PSE&G will implement a demonstration project where the Company will provide small Solar Systems attached to street lighting poles in Branch Brook Park, Newark, to demonstrate how this 21st century solar panel technology and be integrated with existing antique-style light poles. Small Solar Systems will also be installed on the roofs of small public buildings in the park. In this demonstration project, PSE&G will credit the Park's electric account with 100% of the value of the solar energy output in accordance with the terms described in Segment 3

Offerings, Revenue Sources, and Customer Incentives

The Solar Systems will be metered to determine the aggregate kWh output and the SREC values. Hourly or real-time output values will be established for the systems through either installed meters or through the use of load profiles (based on interval meters installed on a sample of the Solar Systems). The customers at the solar locations will continue to have all of their electric usage billed at their current rates. The Solar System output will be fed back into the grid on the utility side of the meter. In consideration for use of the facility, the local government entity will receive a monthly electric bill credit for the electricity the Solar System generates equal to 100% of the value of the solar output priced at the hourly zonal load weighted LMP in the PSE&G zone. The 100% of LMP factor is an appropriate bill credit to compensate the governmental entity for the use of their property.

PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource. PSE&G will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.

If PSE&G is unable to qualify these Solar Systems to sell the output in the PJM energy and/or capacity markets (or if the costs of doing so outweighs the benefits), PSE&G will instead apply the following methodology. In the PSE&G settlement process this solar output will be applied as a reduction to the load to be served by the BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average LMP and that value will be debited to the BGS-FP Reconciliation Charge and credited to the RGGI Recovery Charge to offset revenue requirements.

Further, PSE&G expects to register the Solar Systems with the BPU to receive SRECs. Subject to an SREC “trigger” mechanism discussed below, any SRECs received by the Company will be sold at auction in a manner similar to the PSE&G Solar Loan Program in order to maximize the SREC value that will be credited to the RGGI Recovery Charge to partially offset revenue requirements.

Similarly, federal ITC value will benefit customers by offsetting revenue requirements over the life of the assets in accord with the Federal Income Tax Law.

Program Administration

PSE&G will perform all program administration and management for this segment, while utilizing solar developers to develop projects selected by PSE&G based on established criteria for this segment.

As part of the installations of Solar Systems in school districts, PSE&G will provide solar educational materials for use by students housed by the building where the Solar System has been installed.

Program Delivery Methods

PSE&G plans to use third party solar developers for this segment to provide engineering design services, equipment, installation, and other materials and services required to execute the projects PSE&G will use its own workforce for any necessary interconnection work. For those projects that qualify as a "public work" as defined by statute, the service provider will adhere to all aspects of the New Jersey State Prevailing Wage Act, *N.J.S.A.* 34:11-56.25 *et seq*., and will require the same of all subcontractors. For those projects that do not qualify as public works, service providers will be required to pay the equivalent of the prevailing wage for the county in which the work is to be performed, unless the work is performed by union employees, in which case the employees will be paid in accordance with the union contract. To ensure that the terms for prevailing wage is complied with, PSE&G would provide a rate analysis upon contract negotiation to ensure the prevailing wage rate is used and will execute a contract under those terms. PSE&G invoice review and approval processes will ensure that those rates are being charged at time of payment. The Supplier will be legally bound by those terms and will risk termination of contract should the wages paid as per this contract not be in line with the State prevailing wage rates as agreed.

Procurement of Equipment, Engineering Services and Labor

PSE&G will utilize a market-based, competitive process for the procurement for this segment, with solar developers providing a conceptual project and understanding from the unit of government to make the roof space available for the proposed project.

Quality Assurance Provisions

PSE&G will monitor and supervise construction of the projects. It will also provide for Operation and Maintenance throughout the life of the project. PSE&G will enter into an appropriate arrangement with the host units of government that defines the responsibilities and defines the treatment of electricity billing.

Impact on Marketplace, Competition, Employment, Economic Development, New Business, and Market Barriers

This Segment will have an overall positive impact on the renewable energy marketplace in New Jersey. Having a new source of capital for the solar marketplace will serve to spur additional economic, employment, and new business opportunities for many sectors of the economy. PSE&G will contract with solar developers for this Segment, which will foster competition in the renewable energy sector. Because this Segment focuses on local government-owned sites and facilities, it will bring access to renewable energy benefits enjoyed by more affluent markets to urban areas, and will not compete with existing services. In addition, by providing a credit to the local government entity's electric bill, this Segment will help mitigate the local property tax burden, another positive economic development.

One of the challenges to grid-connected solar is access to suitable sites for large installations. By using existing government-owned property, the Program will directly address this challenge.

Budget

The proposed budget is set forth in Schedule SS-2c to the testimony of Mr. Stephen Swetz (Attachment B).

SEGMENT 4 – HMFA/AFFORDABLE HOUSING SOLAR (2 MW)

Description

In Segment 4, PSE&G will invest in grid-connected, roof mounted Solar Systems installed in New Jersey Housing & Mortgage Finance Agency (HMFA)-financed affordable housing communities, or other affordable housing communities. HMFA will nominate, in priority order, their inventory of HMFA units located in PSE&G's electric service area and each facility must meet roof condition criteria to be eligible. The HMFA's participation in this Segment is subject to it receiving appropriate authorization to do so, including the approval of its Board and possibly other appropriate authorizations. Should the HMFA not participate directly in the Program, PSE&G will seek to install Solar Systems in other affordable housing communities in its electric service territory.

The level of investment for this 2MW segment is expected to be approximately $15 million.

Target Market and Eligibility

PSE&G anticipates that Solar Systems for this segment will average 50 kW each with an estimated 40 HMFA units, for a total segment capacity of approximately 2 MW.

Offerings, Revenue Sources, and Customer Incentives

The Solar Systems will be metered to determine the aggregate kWh output and the SREC values. Hourly or real-time output values will be established for the systems through either installed meters or through the use of load profiles (based on interval meters installed on a sample of the Solar Systems). The customers at the solar locations will continue to have all of their electric usage billed at their current rates. The Solar System output will be fed back into the grid on the utility side of the meter. In consideration for use of the facility, the HFMA facility will receive a monthly electric bill credit for the electricity the Solar System generates equal to 100% of the value of the solar output priced at the hourly zonal load weighted LMP in the PSE&G zone. The 100% factor is appropriate for this segment because it supports reduced energy costs for low-income housing developments. PSE&G's agreement with the HMFA facility will require that the monthly electric bill credit be flowed back to the facility's tenants, under a mechanism that will be negotiated with the owner of the HMFA facility.

PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource. PSE&G will apply the net revenues it receives from the sales in the PJM markets to partially offset the Program revenue requirements.

If PSE&G is unable to qualify these Solar Systems to sell the output in the PJM energy and/or capacity markets (or if the costs of doing so outweighs the benefits), PSE&G will instead apply the following methodology. In the PSE&G settlement process this solar output will be applied as a reduction to the load to be served by the BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average LMP and that value will be debited to the BGS-FP Reconciliation Charge and credited to the RGGI Recovery Charge to offset revenue requirements.

Further, PSE&G expects to register the Solar Systems with the BPU to receive SRECs. Subject to an SREC "trigger" mechanism discussed below, any SRECs received by the Company will be sold at auction in a manner similar to the PSE&G Solar Loan Program in order to maximize the SREC value that will be credited to the RGGI Recovery Charge to partially offset revenue requirements. Similarly, federal ITC value will benefit customers by offsetting revenue requirements over the life of the assets in accord with the Federal Income Tax Law.

PSE&G will design a plan to qualify potential sites and will design program marketing materials to interest developers of affordable housing projects.

Program Administration

PSE&G will perform all program administration and management for this segment.

Program Delivery Methods

The Company intends to hire third party firms, knowledgeable in solar development, to provide engineering design services, equipment, installation, and other materials and services required to execute the project. PSE&G will use its own workforce for any necessary interconnection work. For those projects that qualify as a “public work” as defined by statute, the service provider will adhere to all aspects of the New Jersey State Prevailing Wage Act, *N.J.S.A.* 34:11-56.25 *et seq.*, and will require the same of all subcontractors. For those projects that do not qualify as public works, service providers will be required to pay the equivalent of the prevailing wage for the county in which the work is to be performed, unless the work is performed by union employees, in which case the employees will be paid in accordance with the union contract. Language of this type has been inserted in the Program RFP document as a contract requirement and will be a requirement for all installations. To ensure that the terms for prevailing wage is complied with, PSE&G would provide a rate analysis upon contract negotiation to ensure the prevailing wage rate is used and will execute a contract under those terms. PSE&G invoice review and approval processes will ensure that those rates are being charged at time of payment. The Supplier will be legally bound by those terms and will risk termination of contract should the wages paid as per this contract not be in line with the State prevailing wage rates as agreed.

Procurement of Equipment, Engineering Services and Labor

PSE&G will utilize a competitive process for the procurement for this segment. A procurement process has already commenced, with awards to one or more vendors expected to be executed after BPU approval of this petition.

Quality Assurance Provisions

PSE&G will monitor and supervise construction of the projects. It will also provide for Operation and Maintenance throughout the life of the project. PSE&G will enter into an appropriate arrangement with the HMFA facility that spells out responsibilities and defines the treatment of electricity billing.

Impact on Marketplace, Competition, Employment, Economic Development, New Business, and Market Barriers

This Segment will have an overall positive impact on the renewable energy marketplace in New Jersey. Having a new source of capital for the solar marketplace will serve to spur additional economic, employment, and new business opportunities for many sectors of the economy. PSE&G will use contractors for a significant part of this Segment, which will foster competition in the renewable energy sector. Because this Segment focuses on affordable housing developments, it will bring access to renewable energy benefits enjoyed by more affluent markets to lower-income communities, and will not compete with existing services.

One of the challenges to grid-connected solar is access to suitable sites for large installations. By using the roofs of existing affordable housing communities, the Program will directly address this challenge.

Budget

The proposed budget is set forth in Schedule SS-2d to the testimony of Stephen Swetz (Attachment B).

That completes the description of the four segments of the Solar 4 All Program.

<u>SREC TRIGGER MECHANISM</u>

To provide a level of protection to ensure that PSE&G-owned solar generation does not create an excess of SRECs above the RPS requirements, PSE&G proposes that the Board approve a mechanism that may limit the number of SRECs sold under the Program, depending on the state of the SREC market during each year of the Program. Such a “trigger” mechanism will help insure that competition amongst solar developers continues after the PSE&G-owned Solar Systems are in place.

While there may be several possible mechanisms for such an SREC "trigger", PSE&G proposes the following approach:

Prior to each periodic auction of Program SRECs, the BPU's Office of Clean Energy ("OCE") will determine whether New Jersey has sufficient solar generation registered to satisfy the then-applicable RPS requirements. The OCE would notify PSE&G of its determination. PSE&G will then offer at auction only the amount of Program SRECs necessary to ensure that the State meets the solar RPS requirements for that energy year. Any Program SRECs in excess of the amount required under this mechanism would not be sold in that auction, and would expire at the end of their life.

Under this trigger mechanism, the Board should consider retaining a consultant to assist it in the periodic determinations of installed solar capacity in New Jersey. The cost of such a consultant is included as a Program administrative cost.

While PSE&G believes that above described "trigger" mechanism should satisfy any concerns with respect to PSE&G's Solar Systems' impact on the SREC market, PSE&G is willing to work cooperatively with the OCE and members of the solar industry to establish a mechanism to ensure that the New Jersey solar market remains competitive, while at the same time striving for lower-cost alternatives. However, it bears emphasis that to the extent SRECs are not sold because of any type of SREC trigger mechanism, there will be less revenues to offset the Program revenue requirements. In addition, with less SREC revenue to offset Program costs, the possibility of reaching the 2% cap I discussed earlier in this testimony would also increase.

DISPUTE RESOLUTION PROCEDURES

Customer complaints relating to the design, delivery, or administration of the Program segments potentially could be received through two means: directly to various PSE&G customer contact personnel and departments or directly to the NJBPU. In both instances the immediate issue would be referred to the appropriate PSE&G management personnel to investigate and resolve. PSE&G will utilize the same complaint resolution procedures in the Solar 4 All Program that were approved for use in the Solar Loan Program.

PSE&G will attempt to resolve disputes with its customers informally in the first instance. See Schedule AZM-2 for a flow chart on how customer complaints will be processed. Disputes that involve PSE&G's administration of the Program that cannot be resolved informally will be resolved through the BPU's existing process for customer complaints within the appropriate Division. Disputes between PSE&G and its sub-contractors will be resolved in accordance with contract provisions. Disputes under the Program that involve monetary claims or civil damages that cannot be decided by the NJBPU will be resolved in an appropriate court of law.

CONCLUSION

This concludes my testimony at this time, but allow me to end with remembering one of the most widely respected historians of our time, Professor Bernard Lewis of Princeton University. Professor Lewis recently said, "…there are times in the long history of the human adventure when we have a real turning point, a major change – the end of an era, the beginning of a new era." Professor Lewis went on to say, "I am becoming more and more convinced that we are in such an age at the present time."

Think about the revolutionary changes during your lifetime. Who had heard of the Internet twenty years ago? Or cell phones? Or Blackberries? We, collectively, are about to embark on a historic journey to bring the power of the sun into customers' homes and businesses. The State of New Jersey and PSE&G are committed to providing energy efficiency investments and renewable energy through the newly enacted RGGI legislation, with rate recovery and equitable full return for the utility.

Although there is a significant business challenge to implement the Program, there is also the opportunity to effect global climate change, allow all customers access to solar power, and create hundreds of direct jobs, and perhaps thousands of indirect jobs, which are needed in New Jersey. I believe we must forge ahead as other innovators have in the past and accomplish this visionary Solar 4 All work through the collaboration of PSE&G, the BPU, the Division of

Rate Counsel, the solar developers and installers, and all stakeholders for the benefit of New Jersey.

Thank you.

QUALIFICATIONS
OF
ALFREDO Z. MATOS
VICE PRESIDENT RENEWABLES AND ENERGY SOLUTIONS

Work Experience

I am the Vice President Renewables and Energy Solutions at Public Service Electric and Gas Company in New Jersey with over 27 years of diverse experience in the energy industry. In my current position, I help the utility explore and implement new opportunities in the renewable energy and energy efficiency markets. Under my direction, PSE&G recently obtained approval for the Solar Loan Program and the Carbon Abatement Program, designed to support New Jersey’s Energy Master Plan. My work in the community has been focused on education, as an elected Board of Education Member, leadership roles in parks and recreation programs, coaching and High School Fundraising. I am also a Eucharistic Minister.

I joined PSE&G in 1981 as part of the Hope Creek nuclear plant engineering team through construction and start-up activities and progressed to domestic and international electric distribution including regional and field management responsibility in gas and electric distribution. My experience in electric distribution business includes managing field operational resources, network planning, project management, engineering and construction.

My responsibilities in the past 12 years have included Business Development and Asset Management of international investments in Latin America and as part of my responsibilities, I was engaged as V.P. of Operations in managing several utility companies and had the following corporate governance responsibilities:

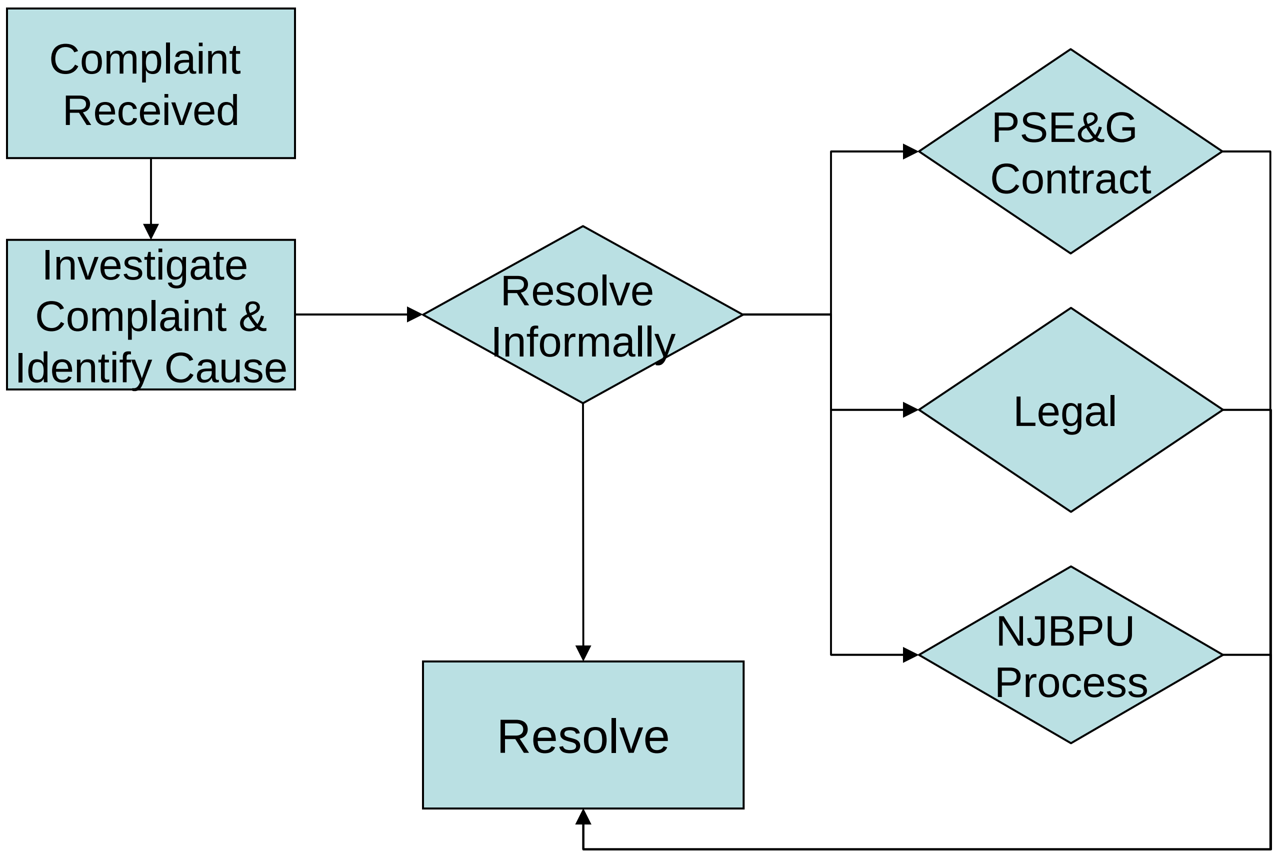
- Chairman of the Board of Directors – LUZ DEL SUR S.A.A., LIMA, PERU
- Chairman of the Board of Directors – TECSUR S.A., LIMA, PERU
- Vice-Chairman of the Board of Directors – CHILQUINTA ENERGIA S.A., SANTIAGO/VALPARAISO, CHILE
- Chairman of the Board of Directors – SOCIEDAD AUSTRAL DE ELECTRICIDAD S.A., OSORNO, CHILE
- Member of the Board of Directors – DHOFAR POWER COMPANY S.A.O.C., MUSCAT, OMAN

Educational Background

I hold a Master of Business Administration degree from Fairleigh Dickinson University in New Jersey, where I also earned a Masters and a Bachelor of Science degree in electrical engineering. I have also successfully completed Finance for Senior Executives at Harvard University and I am bilingual English-Spanish.

Schedule AZM-2

COMPLAINT PROCESS FLOW CHART



ATTACHMENT B

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
STEPHEN SWETZ
MANAGER – RATES AND REGULATION

My name is Stephen Swetz and I am the Manager – Rates and Regulation for Public Service Electric and Gas Company (PSE&G, the Company). My credentials are set forth in the attached Schedule SS–1.

SCOPE OF TESTIMONY

The purpose of my testimony is to support the Company's proposed methodology for recovery of the costs related to PSE&G's solar generation investment program, called the Solar 4 All Program ("Program"), including projected rate and bill impacts. My testimony provides details of the proposed calculations and recovery mechanisms.

COST RECOVERY MECHANISM

General

PSE&G is proposing to recover the revenue requirements associated with the direct costs of the Program. Direct costs include all costs related to Program capital expenditures, and Operations and Maintenance costs including the administrative costs of running the Program. These costs would be offset by the net benefits derived from the program including but not limited to the solar electrical output, the net SREC revenue as well as the amortization of the investment tax credit (ITC) utilized by the Company. PSE&G is proposing that the Board authorize the recovery of the revenue requirements of the Program in accordance with the Regional Greenhouse Gas Initiative (RGGI) legislation, *N.J.S.A.* 48:3-98.1 *et seq*. The details of the costs proposed to be recovered, as well as the mechanism for such recovery, are described in the following sections of this testimony.

<u>Calculation of the Revenue Requirements of Direct Costs</u>

The Program investments are proposed to be treated either as separate classes of utility plant, and depending on the type of investment, depreciated or amortized as described in the corresponding section below. The revenue requirements associated with the direct costs of the Program would be expressed as:

*Revenue Requirements = (Pre-Tax Cost of Capital * Net Investment) + Amortization and/or Depreciation + Operation and Maintenance Costs – Revenues from Solar Output – ITC Amortization w/ Tax Gross Up + Tax Associated from ITC Basis Reduction*

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

<u>Pre-Tax Cost of Capital</u> – The weighted average cost of capital (WACC) for the Program is described in the Direct Testimony of Mark Kahrer. The

calculation deriving this current value, which is equal to 8.2582% per year, is shown in Schedule MGK-3. For calculating Revenue Requirements, the corresponding Pre-Tax WACC of 11.9700% per year or 0.9975% per month is used (See Schedule MGK-3).

Net Investment – This is the Program investments less their associated accumulated depreciation and / or amortization less their Accumulated Deferred Income Tax (ADIT). The assumptions supporting the capital expenditures related to the Program are found in the direct testimony and work papers of Alfredo Z. Matos.

Depreciation/Amortization – The depreciation or amortization of the Program assets will vary depending on its asset class. The table below summarizes the book recovery and associated tax depreciation applied to the corresponding asset classes.

Asset Class	Book Recovery	Tax Depreciation
Solar Panels, acquisition and installation costs (Centralized, Neighborhood, HMFA)	20 year dep.	5 year MACRS
Solar Panels, acquisition and installation costs (Local Government)	15 year dep.	
Inverters	5 year dep.	
Communications Equipment		
Meters (Centralized, Neighborhood, HMFA)	20 year dep.	20 year MACRS
Meters (Local Government)	15 year dep.	

The amortization/depreciation would be based on a monthly vintaging methodology instead of the mass property accounting typically used for utility property.

<u>Operations and Maintenance Costs</u> – Operations and Maintenance Costs would include:

- PSE&G labor and other related on-going costs required to manage the physical assets.
- Administrative costs related to the management of the Program.
- Rent payments or bill credits made to non-PSE&G host sites / facilities and the fair values of rents for use of gas and electric transmission sites / facilities.
- Insurance Expense

The assumptions supporting the estimated Operations and Maintenance costs are described in the Direct Testimony and work papers of Mr. Matos.

<u>Investment Tax Credit (ITC)</u>

As indicated in the Direct Testimony of Mr. Matos, utilities are now eligible for the federal ITC for solar investments. The ITC is thirty percent of the solar investment. The Company will return all of the ITC it utilizes to ratepayers in accordance with Federal Income Tax Law. The return of the ITC to ratepayers must be amortized over the book life of the assets.

The ITC benefit is partially offset by the tax impact associated with the tax basis reduction equal to fifty percent of the ITC. This tax basis reduction is prescribed by Federal Income Tax Law governing the ITC. This impact is generated by applying the book depreciation method to the difference between the book basis and the tax basis times the tax rate, and then multiplied by the revenue conversion factor.

The monthly detailed calculations of the Revenue Requirements through December 2013 for each of the four Program segments are shown in Schedules SS–2a through SS–2d. The aggregate summary of these monthly revenue requirements for the four segments is shown in Schedule SS-2. The annual revenue requirements for each segment through the year 2028 are shown in Schedules SS-3a through SS-3d. The aggregate annual revenue requirements are shown in Schedule SS-3. The expected revenue requirement for the Program is $11,496,697 for the initial period[1]. The peak revenue requirement in the first five subsequent annual periods is $25,652,769 and occurs in 2013 based upon Program assumptions.

Method for Recovery of Direct Cost

PSE&G will recover the net Revenue Requirements associated with this Program through a separate component of the electric RGGI Recovery Charge (RRC).

[1] See the following section "Method for Recovery of Direct Costs" for description of "initial period"

The electric RRC was established via the BPU's order approving the Company's Carbon Abatement Program (Docket No. EOO8060426) issued on December 16, 2008. The Solar 4 All component will be added to the electric RRC in the Company's electric tariff and be applicable to all electric rate schedules on an equal cents per kilowatt-hour. PSE&G is proposing to implement the Solar 4 All component of the electric RRC simultaneously with Board approval of this Program based upon forecasted expenditures and usage. Since board approval is anticipated during the first six months of 2009, the initial period for determining rates will be from July 1, 2009 through December 31, 2010. If Board approval is received prior to July 1, 2009, rates will still go into effect July 1, 2009 as filed for the initial rate period. All programs costs incurred prior to July 1, 2009 will be deferred. If Board approval is received after July 1, 2009 but prior to December 31, 2009 the proposed initial rate period charge will still be implemented for the remaining months of the initial eighteen month rate period. Thereafter, rates for all subsequent rate periods will be based upon a calendar year.

For all subsequent rate periods, an annual filing will be made by October 1st of each year to set forth a calculation of the Solar 4 All component of the electric RRC for estimated revenue requirements for the subsequent year plus the projected over/under deferred balance as of December 31st for the current year. The charges proposed in the annual filings made by October 1st of each year will go into effect provisionally or as final rates, on January 1st of the subsequent year, upon issuance of a Board Order authorizing these provisional or final rates. If an Order is not received and the provisional or final rates are not effective on January 1, the Company is under no obligation to begin the subsequent year's programs. Upon review by the Board regarding the proposed provisional or final rates, should a suspension occur because of the lack of issuance of if Board Order authorizing these provisional or final rates, any such suspension shall not be deemed imprudent. In addition, PSE&G will consider rolling the net, unrecovered Program investment balance into base rates at the time its electric base rates are next reset.

The calculation of the proposed Solar 4 All component of the electric RRC is shown in Schedule SS–4. The Revenue Requirements, for the initial and all subsequent rate periods, are divided by the current forecasted kilowatt-hours sales to determine the Solar 4 All component of the electric RRC without the New Jersey Sales and Use Tax (SUT) applied. The forecasted kilowatt-hours sales used for this analysis are consistent with those filed in the Company's 2009 SBC filing. This same level of sales is held constant for all subsequent annual periods for illustrative purposes only (See Schedule SS–4). The proposed Solar 4 All component of the electric RRC for each period is then applied to all the existing class average rates and the percentage change is calculated. In addition, the annual bill impacts for the typical RS customer are calculated for each period through 2028. The first full year's change to the RS typical annual bill is $1.24, or 0.098%. The maximum impact to the RS typical annual bill in the first five years of the program occurs in 2013 and is $4.24 or 0.334%. The electronic version of this filing contains the supporting detailed assumptions and calculations for Schedules SS-2 through SS-4 in electronic work papers labeled WP_AZM 1.xls, WP_SS 1.xls, WP_SS 2.xls and WP_SS 2a.xls through WP_SS 2d.xls.

The cumulative rate impacts of this Program along with the Company's Solar Loan Program and its Carbon Abatement Program through 2013 can be found on Schedule SS-5. The supporting detailed calculations can be found in the electronic work paper WP_SS 1.xls.

Under the Company's proposal, any over/under recovery of the actual revenue requirements compared to revenues would be deferred. The monthly WACC would be applicable as the carrying charge rate on any over/under recovered balance on a monthly basis and computed as indicated below.

*Monthly Carrying Charge = Monthly Pre-Tax WACC * (Beginning Deferred Balance + Ending Deferred Balance) / 2 * (1 – Tax Rate)*

The monthly carrying charge on the over/under recovery balance would be added to the month ending deferred balance to create the month ending deferred balance with carrying charge. The ending deferred balance with carrying charge becomes the beginning monthly balance for the subsequent month. The method of including the deferred balance in setting the Solar 4 All component of the electric RRC for all subsequent periods is described in the second paragraph of this section.

The Board's Order pursuant to N.J.S.A. 48:3-98.1, Appendix A, section I(a), BPU Docket No. EO08030164, requires three years of a pro-forma Income Statement and Balance Sheet showing the incremental impacts from the Program. We have prepared the projected Income Statement and Balance Sheet for the Solar 4 All Program from 2009 to 2028. See Schedule SS – 6. The supporting detailed calculations can be found in the electronic work papers WP_SS 1.xls and WP_SS 2.xls

This concludes my testimony at this time.

Schedule Index

Electronic Work Paper Index

QUALIFICATIONS
OF
STEPHEN SWETZ
MANAGER – RATES AND REGULATION

My name is Stephen Swetz and I am the Manager – Rates and Regulation for Public Service Electric and Gas Company (PSE&G, the Company).

EDUCATIONAL BACKGROUND

I graduated from Worcester Polytechnic Institute with a Bachelor of Science degree in Mechanical Engineering. I also earned the degree of Master of Business Administration from Fairleigh Dickinson University.

WORK EXPERIENCE

I have over 20 years experience in Rates, Analysis, and Operations for three Fortune 500 companies. Since 1991, I have worked in various positions at PSE&G and affiliates of PSE&G. I have held positions in Rates & Regulation, Pricing, Corporate Planning & Finance with over thirteen years of direct experience in Northeastern retail and wholesale electric and gas markets. I am presently the Manager – Rates and Regulation and contribute to the development and implementation of the Company's electric and gas rates. I have contributed to the Company's filings to the New Jersey Board of Public Utilities; including the Capital

Economic Stimulus Infrastructure Investment, Economic Energy Efficiency Stimulus, Solar Loan, and Carbon Abatement Programs as will as unbundling electric rates, and Off Tariff Rate Agreements. I have led in various economic analyses, asset valuations, rate design and pricing efforts and participated in electric and gas marginal cost studies

I am an active participant of the American Gas Association's Rate and Strategic Issues Committee and the Economic Regulation and Committee of the Edison Electric Institute.

PSE&G Solar 4 All Program

Revenue Requirements Calculation

($000's)

	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
						Plant					
	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement
Jan 2009	-	-	-	-	-	-	-	-	-	-	-
Feb 2009	-	-	-	-	-	-	-	-	-	-	-
Mar 2009	-	-	-	-	-	-	-	-	-	-	-
Apr 2009	-	-	-	-	-	-	-	-	-	-	-
May 2009	-	-	-	-	-	-	-	-	-	-	-
Jun 2009	-	-	-	-	-	-	-	-	-	-	-
Jul 2009	-	-	-	-	-	-	-	-	-	-	-
Aug 2009	-	-	-	-	-	-	-	-	-	-	-
Sept 2009	1,682	1,682	10	10	1,672	48	9	16	16	1,656	8
Oct 2009	1,682	3,364	20	30	3,333	95	17	32	48	3,285	25
Nov 2009	1,682	5,045	30	60	4,985	143	26	48	96	4,889	41
Dec 2009	1,868	6,794	41	102	6,692	192	35	65	161	6,531	57
Jan 2010	12,751	19,545	123	224	19,320	554	104	185	346	18,975	127
Feb 2010	12,799	32,224	203	427	31,797	913	172	304	650	31,147	250
Mar 2010	25,285	57,750	346	773	56,977	1,636	294	551	1,201	55,776	434
Apr 2010	12,744	70,429	426	1,199	69,230	1,995	362	671	1,872	67,359	614
May 2010	25,705	96,198	570	1,769	94,429	2,725	485	920	2,792	91,638	793
Jun 2010	13,717	109,916	649	2,418	107,498	3,113	551	1,052	3,844	103,654	974
Jul 2010	15,556	125,472	738	3,155	122,317	3,554	627	1,202	5,047	117,270	1,102
Aug 2010	15,556	141,029	827	3,983	137,046	3,994	703	1,352	6,399	130,647	1,236
Sept 2010	15,556	156,585	916	4,899	151,686	4,416	779	1,494	7,893	143,793	1,369
Oct 2010	15,556	172,142	1,006	5,905	166,237	4,838	855	1,636	9,529	156,707	1,499
Nov 2010	15,556	187,698	1,095	7,000	180,698	5,259	931	1,778	11,308	169,391	1,626
Dec 2010	15,556	203,255	1,184	8,184	195,070	5,680	1,007	1,920	13,227	181,843	1,752
Jan 2011	15,551	218,805	1,274	9,458	209,347	5,976	1,083	2,010	15,238	194,109	1,875
Feb 2011	15,576	234,381	1,363	10,821	223,560	6,273	1,159	2,101	17,339	206,221	1,997
Mar 2011	15,551	249,932	1,452	12,273	237,658	6,424	1,234	2,132	19,471	218,187	2,117
Apr 2011	15,551	265,482	1,542	13,815	251,667	6,721	1,310	2,223	21,694	229,973	2,235
May 2011	15,551	281,033	1,631	15,446	265,587	6,870	1,386	2,253	23,947	241,640	2,352
Jun 2011	15,551	296,584	1,720	17,166	279,418	7,155	1,462	2,339	26,286	253,132	2,468
Jul 2011	15,551	312,135	1,809	18,975	293,159	7,419	1,538	2,416	28,702	264,457	2,581
Aug 2011	15,576	327,710	1,899	20,874	306,836	7,684	1,614	2,494	31,196	275,640	2,694
Sept 2011	15,551	343,261	1,988	22,862	320,399	7,936	1,690	2,566	33,762	286,636	2,804
Oct 2011	15,551	358,812	2,077	24,940	333,872	8,189	1,766	2,639	36,401	297,471	2,913
Nov 2011	15,551	374,362	2,167	27,106	347,256	8,442	1,842	2,712	39,113	308,143	3,021
Dec 2011	15,543	389,905	2,256	29,362	360,543	8,694	1,917	2,784	41,897	318,646	3,126
Jan 2012	15,546	405,451	2,345	31,707	373,744	8,872	1,993	2,826	44,723	329,021	3,230
Feb 2012	15,546	420,997	2,434	34,141	386,856	9,050	2,069	2,868	47,591	339,265	3,333
Mar 2012	15,546	436,543	2,524	36,665	399,878	9,140	2,145	2,874	50,465	349,413	3,435
Apr 2012	15,546	452,089	2,613	39,278	412,811	9,318	2,221	2,916	53,381	359,430	3,535
May 2012	15,546	467,635	2,702	41,980	425,655	9,407	2,297	2,921	56,302	369,353	3,635
Jun 2012	15,546	483,180	2,791	44,771	438,409	9,578	2,373	2,960	59,262	379,147	3,733
Jul 2012	15,546	498,726	2,881	47,652	451,075	9,737	2,448	2,994	62,257	388,818	3,830
Aug 2012	15,546	514,272	2,970	50,621	463,651	9,895	2,524	3,028	65,285	398,366	3,926
Sept 2012	15,546	529,818	3,059	53,680	476,137	10,049	2,600	3,060	68,345	407,792	4,021
Oct 2012	15,546	545,364	3,148	56,829	488,535	10,203	2,676	3,092	71,438	417,097	4,114
Nov 2012	15,546	560,909	3,238	60,066	500,843	10,357	2,752	3,125	74,562	426,281	4,206
Dec 2012	15,082	575,992	3,324	63,390	512,602	10,498	2,825	3,152	77,715	434,887	4,295
Jan 2013	15,095	591,087	3,410	66,800	524,287	10,612	2,899	3,169	80,883	443,404	4,380
Feb 2013	15,095	606,182	3,497	70,297	535,886	10,725	2,972	3,185	84,068	451,817	4,465
Mar 2013	15,044	621,226	3,583	73,880	547,347	10,804	3,045	3,188	87,256	460,091	4,548
Apr 2013	15,044	636,270	3,669	77,548	558,721	10,916	3,119	3,204	90,460	468,262	4,630
May 2013	15,044	651,314	3,755	81,304	570,010	10,995	3,192	3,206	93,665	476,345	4,711
Jun 2013	9,657	660,971	3,815	85,118	575,853	10,951	3,243	3,167	96,832	479,020	4,765
Jul 2013	7,520	668,491	3,862	88,980	579,511	10,843	3,283	3,106	99,939	479,572	4,781
Aug 2013	7,520	676,011	3,909	92,889	583,122	10,734	3,323	3,045	102,984	480,138	4,787
Sept 2013	7,520	683,531	3,956	96,845	586,686	10,626	3,362	2,984	105,968	480,718	4,792
Oct 2013	7,520	691,051	4,003	100,848	590,203	10,517	3,402	2,923	108,891	481,312	4,798
Nov 2013	7,520	698,571	4,050	104,897	593,673	10,409	3,442	2,862	111,753	481,920	4,804
Dec 2013	7,477	706,048	4,096	108,994	597,054	10,304	3,482	2,803	114,556	482,498	4,810

	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls to WP_SS 2d.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC			
	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
Jan 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
May 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept 2009	5	152	-	1	-	3	-	-	-	3	2	1	170
Oct 2009	5	152	-	3	-	4	-	16	-	6	4	2	176
Nov 2009	5	152	-	4	-	5	-	-	-	9	6	3	216
Dec 2009	6	152	-	5	-	6	-	-	-	12	8	4	240
Jan 2010	14	113	11	10	-	22	-	102	-	35	25	13	227
Feb 2010	18	113	23	15	-	40	-	-	-	59	41	21	503
Mar 2010	49	136	44	22	-	87	-	-	-	101	70	36	808
Apr 2010	53	136	57	26	-	105	-	978	-	124	87	45	62
May 2010	75	168	80	33	-	158	-	-	-	167	116	60	1,338
Jun 2010	79	168	90	38	-	184	-	-	-	189	132	68	1,559
Jul 2010	87	168	99	44	-	212	-	2,836	-	215	150	77	(1,099)
Aug 2010	94	168	106	51	-	236	-	-	-	242	168	87	1,924
Sept 2010	99	168	112	57	-	254	-	-	-	268	187	96	2,109
Oct 2010	102	168	106	64	-	244	-	4,248	-	294	205	105	(1,941)
Nov 2010	86	168	83	70	-	189	-	-	-	320	223	115	2,510
Dec 2010	88	168	85	76	-	196	-	-	-	346	241	124	2,694
Jan 2011	109	159	105	85	-	251	-	4,068	-	372	259	133	(1,210)
Feb 2011	121	159	119	92	-	289	-	-	-	398	277	143	3,028
Mar 2011	147	159	150	98	-	374	-	-	-	424	296	152	3,182
Apr 2011	153	159	155	105	-	389	-	5,973	-	450	314	161	(2,617)
May 2011	173	159	178	111	-	455	-	-	-	476	332	171	3,513
Jun 2011	172	159	190	118	-	489	-	-	-	502	350	180	3,665
Jul 2011	181	159	200	125	-	519	-	8,465	-	528	368	189	(4,636)
Aug 2011	188	159	206	131	-	540	-	-	-	554	386	199	3,994
Sept 2011	191	159	209	138	-	550	-	-	-	580	404	208	4,162
Oct 2011	189	159	191	144	-	500	-	9,705	-	606	423	217	(5,343)
Nov 2011	148	159	146	151	-	372	-	-	-	632	441	227	4,572
Dec 2011	148	159	146	157	-	371	-	-	-	658	459	236	4,739
Jan 2012	183	164	177	169	-	459	-	7,983	-	684	477	245	(3,091)
Feb 2012	200	164	218	176	-	511	-	-	-	710	495	255	5,064
Mar 2012	244	164	271	183	-	643	-	-	-	736	513	264	5,191
Apr 2012	247	164	276	189	-	654	-	10,480	-	762	531	273	(5,129)
May 2012	278	164	314	196	-	746	-	-	-	788	550	283	5,487
Jun 2012	271	164	328	203	-	788	-	-	-	814	568	292	5,612
Jul 2012	281	164	342	210	-	820	-	13,802	-	840	586	301	(8,040)
Aug 2012	287	164	350	216	-	838	-	-	-	866	604	311	5,915
Sept 2012	287	164	352	223	-	840	-	-	-	892	622	320	6,072
Oct 2012	280	164	322	230	-	750	-	14,927	-	918	640	329	(8,648)
Nov 2012	213	164	244	237	-	550	-	-	-	944	659	339	6,488
Dec 2012	206	164	241	243	-	541	-	-	-	969	676	348	6,635
Jan 2013	256	170	291	258	-	660	-	11,245	-	995	694	357	(4,472)
Feb 2013	279	170	319	264	-	726	-	-	-	1,020	711	366	6,902
Mar 2013	340	170	392	271	-	903	-	-	-	1,045	729	375	7,002
Apr 2013	342	170	395	278	-	907	-	14,142	-	1,070	746	384	(6,998)
May 2013	383	170	444	285	-	1,025	-	-	-	1,095	764	393	7,256
Jun 2013	361	170	458	291	-	1,065	-	-	-	1,113	776	399	7,305
Jul 2013	367	170	471	295	-	1,086	-	17,997	-	1,126	785	404	(10,646)
Aug 2013	366	170	476	299	-	1,088	-	-	-	1,140	795	409	7,392
Sept 2013	360	170	473	303	-	1,070	-	-	-	1,154	805	414	7,438
Oct 2013	343	170	428	306	-	937	-	18,417	-	1,167	814	419	(10,869)
Nov 2013	253	170	320	310	-	675	-	-	-	1,181	824	424	7,650
Dec 2013	245	170	313	314	-	654	3	-	-	1,195	833	428	7,692

PSE&G Solar 4 All Program

Revenue Requirements Calculation

($000's)

Centralized Segment

	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2a.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2a.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
Jan 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec 2009	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jan 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2010	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2010	12,606	12,847	63	63	12,784	364	54	127	127	12,656	63	25	22	2	2	-	19	-	-	-	18	13	7	133
Apr 2010	65	12,847	63	127	12,720	364	54	127	255	12,466	125	25	22	2	2	-	19	-	128	-	18	13	7	67
May 2010	12,547	25,459	125	251	25,208	721	106	253	508	24,700	185	35	22	3	4	-	42	-	-	-	37	26	13	284
Jun 2010	5,439	30,898	151	403	30,495	875	129	307	814	29,681	271	38	22	4	5	-	52	-	-	-	44	31	16	380
Jul 2010	5,439	36,337	178	581	35,756	1,030	151	361	1,175	34,581	321	42	22	4	6	-	62	-	719	-	52	36	19	(277)
Aug 2010	5,439	41,776	204	785	40,991	1,184	174	415	1,590	39,401	369	46	22	5	7	-	71	-	-	-	60	42	21	502
Sept 2010	5,439	47,215	231	1,016	46,199	1,338	196	469	2,059	44,140	417	49	22	6	8	-	78	-	-	-	68	47	24	564
Oct 2010	5,439	52,654	257	1,273	51,381	1,492	219	523	2,582	48,799	464	51	22	6	9	-	76	-	1,276	-	76	53	27	(643)
Nov 2010	5,439	58,093	284	1,557	56,536	1,646	241	577	3,159	53,376	510	43	22	7	10	-	59	-	-	-	84	58	30	705
Dec 2010	5,439	63,532	311	1,868	61,664	1,800	264	631	3,790	57,874	555	45	22	8	11	-	62	-	-	-	91	64	32	766
Jan 2011	5,437	68,970	337	2,205	66,764	1,954	287	685	4,475	62,289	599	55	14	9	12	-	81	-	1,277	-	99	69	35	(465)
Feb 2011	5,437	74,407	364	2,569	71,838	2,108	309	739	5,215	66,623	643	61	14	9	13	-	93	-	-	-	107	75	38	867
Mar 2011	5,437	79,844	390	2,959	76,885	2,117	332	733	5,948	70,937	686	74	14	10	14	-	121	-	-	-	115	80	41	913
Apr 2011	5,437	85,281	417	3,376	81,906	2,271	354	787	6,735	75,170	729	77	14	11	15	-	127	-	1,929	-	123	86	44	(958)
May 2011	5,437	90,719	443	3,819	86,900	2,282	377	783	7,518	79,382	771	88	14	12	16	-	149	-	-	-	131	91	46	1,019
Jun 2011	5,437	96,156	470	4,289	91,867	2,374	399	811	8,329	83,538	813	87	14	12	17	-	161	-	-	-	138	97	49	1,066
Jul 2011	5,437	101,593	496	4,785	96,808	2,467	422	840	9,170	87,639	854	92	14	13	18	-	172	-	2,781	-	146	102	52	(1,663)
Aug 2011	5,437	107,030	523	5,308	101,723	2,559	444	869	10,038	91,684	894	95	14	14	19	-	180	-	-	-	154	107	55	1,173
Sept 2011	5,437	112,468	549	5,857	106,611	2,651	467	897	10,936	95,675	934	97	14	14	20	-	183	-	-	-	162	113	57	1,228
Oct 2011	5,437	117,905	576	6,433	111,472	2,744	489	926	11,862	99,610	974	96	14	15	21	-	167	-	3,226	-	170	118	60	(1,926)
Nov 2011	5,437	123,342	602	7,035	116,307	2,836	512	955	12,817	103,490	1,013	76	14	16	22	-	125	-	-	-	178	124	63	1,379
Dec 2011	5,437	128,779	629	7,664	121,115	2,929	535	984	13,800	107,315	1,051	76	14	16	23	-	125	-	-	-	185	129	66	1,436
Jan 2012	5,438	134,217	655	8,320	125,897	3,021	557	1,012	14,813	111,085	1,089	94	15	18	24	-	155	-	2,680	-	193	135	69	(1,198)
Feb 2012	5,438	139,655	682	9,002	130,653	3,114	580	1,041	15,854	114,799	1,127	103	15	18	25	-	173	-	-	-	201	140	71	1,528
Mar 2012	5,438	145,092	709	9,710	135,382	3,119	602	1,034	16,888	118,495	1,164	125	15	19	26	-	218	-	-	-	209	146	74	1,560
Apr 2012	5,438	150,530	735	10,445	140,085	3,211	625	1,063	17,950	122,135	1,200	127	15	20	27	-	222	-	3,543	-	217	151	77	(1,931)
May 2012	5,438	155,968	762	11,207	144,761	3,218	647	1,056	19,006	125,755	1,236	143	15	20	28	-	253	-	-	-	225	157	80	1,650
Jun 2012	5,438	161,405	788	11,995	149,410	3,273	670	1,070	20,076	129,335	1,272	139	15	21	29	-	268	-	-	-	232	162	82	1,686
Jul 2012	5,438	166,843	815	12,810	154,033	3,329	692	1,083	21,159	132,874	1,308	144	15	22	30	-	279	-	4,691	-	240	168	85	(2,958)
Aug 2012	5,438	172,281	841	13,651	158,630	3,384	715	1,097	22,256	136,374	1,343	147	15	23	31	-	286	-	-	-	248	173	88	1,782
Sept 2012	5,438	177,718	868	14,519	163,200	3,440	738	1,110	23,366	139,834	1,378	148	15	23	32	-	287	-	-	-	256	178	91	1,834
Oct 2012	5,438	183,156	894	15,413	167,743	3,495	760	1,124	24,489	143,254	1,412	144	15	24	33	-	257	-	5,096	-	264	184	94	(3,184)
Nov 2012	5,438	188,594	921	16,334	172,260	3,551	783	1,137	25,627	146,634	1,446	110	15	25	34	-	188	-	-	-	272	189	96	1,998
Dec 2012	5,438	194,031	947	17,281	176,750	3,606	805	1,151	26,777	149,973	1,479	109	15	25	35	-	186	-	-	-	279	195	99	2,051
Jan 2013	5,438	199,469	974	18,255	181,215	3,662	828	1,164	27,941	153,273	1,512	135	14	27	37	-	227	-	3,855	-	287	200	102	(1,769)
Feb 2013	5,438	204,908	1,000	19,255	185,652	3,717	850	1,178	29,119	156,533	1,545	147	14	28	38	-	250	-	-	-	295	206	105	2,126
Mar 2013	5,386	210,294	1,027	20,282	190,012	3,738	873	1,177	30,296	159,716	1,577	178	14	28	39	-	311	-	-	-	303	211	107	2,146
Apr 2013	5,386	215,680	1,053	21,335	194,345	3,792	895	1,190	31,487	162,859	1,609	179	14	29	40	-	313	-	4,874	-	311	217	110	(2,680)
May 2013	5,386	221,067	1,079	22,414	198,652	3,814	917	1,190	32,677	165,976	1,640	200	14	30	41	-	355	-	-	-	318	222	113	2,223
Jun 2013	-	221,067	1,079	23,494	197,573	3,702	917	1,144	33,821	163,752	1,645	185	14	30	41	-	363	-	-	-	318	222	113	2,204
Jul 2013	-	221,067	1,079	24,573	196,494	3,589	917	1,098	34,918	161,575	1,623	187	14	30	41	-	366	-	6,194	-	318	222	113	(4,014)
Aug 2013	-	221,067	1,079	25,652	195,414	3,477	917	1,051	35,970	159,445	1,601	185	14	30	41	-	362	-	-	-	318	222	113	2,161
Sept 2013	-	221,067	1,079	26,732	194,335	3,364	917	1,005	36,975	157,360	1,580	180	14	30	41	-	352	-	-	-	318	222	113	2,145
Oct 2013	-	221,067	1,079	27,811	193,256	3,252	917	959	37,934	155,322	1,560	171	14	30	41	-	305	-	6,141	-	318	222	113	(3,979)
Nov 2013	-	221,067	1,079	28,890	192,176	3,139	917	913	38,847	153,330	1,539	126	14	30	41	-	218	-	-	-	318	222	113	2,185
Dec 2013	-	221,067	1,079	29,970	191,097	3,027	917	867	39,713	151,384	1,520	121	14	30	41	-	208	3	-	-	318	222	113	2,166

PSE&G Solar 4 All Program
Revenue Requirements Calculation

($000's)

Neighborhood Segment

	Program Assumption	Program Assumption	Refer to WP_SS 2b.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2b.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2b.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2b.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
Jan 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept 2009	1,682	1,682	10	10	1,672	48	9	16	16	1,656	8	5	152	-	1	-	3	-	-	-	3	2	1	170
Oct 2009	1,682	3,364	20	30	3,333	95	17	32	48	3,285	25	5	152	-	3	-	4	-	16	-	6	4	2	176
Nov 2009	1,682	5,045	30	60	4,985	143	26	48	96	4,889	41	5	152	-	4	-	5	-	-	-	9	6	3	216
Dec 2009	1,748	6,794	41	102	6,692	192	35	65	161	6,531	57	6	152	-	5	-	6	-	-	-	12	8	4	240
Jan 2010	3,581	10,375	63	165	10,210	294	54	99	260	9,950	82	7	6	-	9	-	12	-	102	-	18	12	7	30
Feb 2010	3,581	13,955	85	249	13,706	395	72	133	393	13,313	116	8	6	-	12	-	17	-	-	-	24	17	9	178
Mar 2010	3,581	17,536	106	356	17,181	497	90	167	560	16,621	149	10	6	-	15	-	26	-	-	-	30	21	11	221
Apr 2010	3,581	21,117	128	483	20,634	598	109	201	761	19,873	182	11	6	-	18	-	30	-	352	-	36	25	13	(85)
May 2010	3,581	24,698	149	633	24,065	700	127	235	996	23,069	214	13	6	-	21	-	39	-	-	-	42	30	16	308
Jun 2010	3,581	28,279	171	804	27,475	801	145	269	1,266	26,210	246	14	6	-	24	-	46	-	-	-	48	34	18	350
Jul 2010	5,420	33,699	204	1,008	32,692	955	173	321	1,587	31,105	286	16	6	-	29	-	55	-	734	-	58	40	21	(326)
Aug 2010	5,420	39,119	236	1,244	37,875	1,108	201	373	1,960	35,916	334	18	6	-	33	-	64	-	-	-	67	47	25	475
Sept 2010	5,420	44,539	269	1,513	43,026	1,243	229	417	2,376	40,650	382	19	6	-	38	-	70	-	-	-	76	53	28	542
Oct 2010	5,420	49,959	302	1,815	48,144	1,377	257	460	2,837	45,308	429	20	6	-	43	-	69	-	1,144	-	86	60	32	(528)
Nov 2010	5,420	55,379	335	2,149	53,230	1,512	284	504	3,341	49,889	475	17	6	-	47	-	54	-	-	-	95	66	35	698
Dec 2010	5,420	60,799	367	2,517	58,283	1,646	312	548	3,889	54,394	520	17	6	-	52	-	57	-	-	-	104	73	38	767
Jan 2011	5,420	66,220	400	2,916	63,303	1,759	340	583	4,472	58,831	565	22	6	-	58	-	74	-	1,166	-	114	79	42	(341)
Feb 2011	5,445	71,665	433	3,349	68,316	1,872	368	618	5,090	63,226	609	25	6	-	63	-	86	-	-	-	123	86	45	886
Mar 2011	5,420	77,085	465	3,815	73,270	1,985	396	653	5,743	67,528	652	31	6	-	68	-	113	-	-	-	132	92	49	934
Apr 2011	5,420	82,505	498	4,313	78,192	2,098	423	688	6,431	71,762	695	33	6	-	73	-	118	-	1,784	-	142	99	52	(786)
May 2011	5,420	87,925	531	4,843	83,082	2,211	451	723	7,153	75,928	737	37	6	-	77	-	139	-	-	-	151	105	56	1,049
Jun 2011	5,420	93,345	564	5,407	87,938	2,324	479	758	7,911	80,027	778	37	6	-	82	-	151	-	-	-	160	112	59	1,103
Jul 2011	5,420	98,766	596	6,003	92,762	2,416	507	784	8,696	84,067	818	40	6	-	87	-	161	-	2,587	-	170	118	62	(1,426)
Aug 2011	5,445	104,211	629	6,632	97,579	2,508	535	811	9,507	88,072	859	41	6	-	92	-	168	-	-	-	179	125	66	1,221
Sept 2011	5,420	109,631	662	7,294	102,337	2,589	562	833	10,339	91,998	898	42	6	-	97	-	172	-	-	-	188	131	69	1,282
Oct 2011	5,420	115,051	694	7,988	107,063	2,670	590	854	11,193	95,869	937	42	6	-	101	-	157	-	3,017	-	198	138	73	(1,656)
Nov 2011	5,420	120,471	727	8,715	111,756	2,750	618	876	12,069	99,686	975	32	6	-	106	-	117	-	-	-	207	144	76	1,455
Dec 2011	5,420	125,891	760	9,475	116,416	2,831	646	898	12,967	103,449	1,013	32	6	-	111	-	117	-	-	-	216	151	79	1,518
Jan 2012	5,420	131,311	793	10,268	121,044	2,898	674	914	13,881	107,163	1,050	41	6	-	119	-	146	-	2,512	-	226	157	83	(948)
Feb 2012	5,420	136,732	825	11,093	125,639	2,966	701	930	14,812	110,827	1,087	45	6	24	124	-	163	-	-	-	235	164	86	1,637
Mar 2012	5,420	142,152	858	11,951	130,201	3,034	729	947	15,758	114,443	1,124	55	6	31	129	-	205	-	-	-	244	170	90	1,674
Apr 2012	5,420	147,572	891	12,841	134,731	3,102	757	963	16,722	118,009	1,159	56	6	33	134	-	209	-	3,334	-	253	177	93	(1,600)
May 2012	5,420	152,992	923	13,765	139,228	3,170	785	980	17,701	121,526	1,195	64	6	39	139	-	239	-	-	-	263	183	97	1,778
Jun 2012	5,420	158,413	956	14,721	143,692	3,237	813	996	18,698	124,994	1,230	62	6	40	144	-	253	-	-	-	272	190	100	1,823
Jul 2012	5,420	163,833	989	15,709	148,123	3,293	840	1,007	19,705	128,418	1,264	65	6	43	149	-	264	-	4,421	-	281	196	103	(2,543)
Aug 2012	5,420	169,253	1,021	16,731	152,522	3,348	868	1,019	20,724	131,798	1,298	66	6	45	154	-	270	-	-	-	291	203	107	1,934
Sept 2012	5,420	174,673	1,054	17,785	156,888	3,399	896	1,028	21,752	135,136	1,331	66	6	47	159	-	271	-	-	-	300	209	110	1,994
Oct 2012	5,420	180,094	1,087	18,872	161,222	3,450	924	1,038	22,790	138,432	1,364	65	6	47	164	-	243	-	4,810	-	309	216	114	(2,732)
Nov 2012	5,420	185,514	1,120	19,991	165,523	3,501	952	1,047	23,837	141,685	1,397	49	6	36	169	-	178	-	-	-	319	222	117	2,174
Dec 2012	5,420	190,934	1,152	21,143	169,791	3,552	979	1,057	24,894	144,896	1,429	48	6	36	174	-	176	-	-	-	328	229	121	2,234
Jan 2013	5,420	196,354	1,185	22,328	174,026	3,598	1,007	1,064	25,959	148,067	1,461	60	7	46	184	-	215	-	3,644	-	337	235	124	(1,365)
Feb 2013	5,420	201,775	1,218	23,546	178,229	3,644	1,035	1,072	27,031	151,198	1,493	66	7	52	189	-	237	-	-	-	347	242	127	2,326
Mar 2013	5,420	207,195	1,250	24,796	182,399	3,690	1,063	1,079	28,110	154,289	1,524	81	7	67	194	-	295	-	-	-	356	248	131	2,354
Apr 2013	5,420	212,615	1,283	26,079	186,536	3,736	1,091	1,087	29,197	157,339	1,554	81	7	69	199	-	297	-	4,613	-	365	255	134	(2,203)
May 2013	5,420	218,036	1,316	27,395	190,641	3,783	1,118	1,095	30,291	160,349	1,584	91	7	80	204	-	336	-	-	-	375	261	138	2,448
Jun 2013	5,420	223,456	1,348	28,743	194,713	3,829	1,146	1,102	31,394	163,319	1,614	88	7	79	209	-	353	-	-	-	384	268	141	2,482
Jul 2013	3,283	226,739	1,368	30,112	196,627	3,810	1,163	1,087	32,481	164,146	1,633	90	7	82	212	-	361	-	5,915	-	390	272	143	(3,402)
Aug 2013	3,283	230,022	1,388	31,500	198,522	3,790	1,180	1,073	33,553	164,969	1,641	91	7	83	215	-	363	-	-	-	395	276	145	2,537
Sept 2013	3,283	233,305	1,408	32,907	200,397	3,771	1,197	1,058	34,611	165,786	1,650	89	7	84	218	-	358	-	-	-	401	279	147	2,565
Oct 2013	3,283	236,587	1,428	34,335	202,252	3,752	1,213	1,043	35,654	166,598	1,658	86	7	81	222	-	314	-	6,140	-	406	283	149	(3,515)
Nov 2013	3,283	239,870	1,447	35,782	204,088	3,733	1,230	1,028	36,683	167,405	1,666	63	7	59	225	-	227	-	-	-	412	287	151	2,692
Dec 2013	3,283	243,153	1,467	37,250	205,903	3,714	1,247	1,014	37,696	168,207	1,674	62	7	58	228	-	221	-	-	-	418	291	153	2,719

PSE&G Solar 4 All Program
Revenue Requirements Calculation
($000's)

Local Government Segment

	Program Assumption	Program Assumption	Refer to WP_SS 2c.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2c.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2c.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2c.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
Jan 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jan 2010	9,170	9,170	60	60	9,110	260	51	86	86	9,025	45	7	108	11	2	-	11	-	-	-	17	12	6	197
Feb 2010	9,098	18,268	118	178	18,091	517	100	171	257	17,834	134	10	108	23	3	-	23	-	-	-	35	24	12	325
Mar 2010	9,098	27,367	176	354	27,013	775	150	257	514	26,499	221	14	108	42	5	-	42	-	-	-	52	36	18	454
Apr 2010	9,098	36,465	235	589	35,876	1,032	200	342	856	35,020	307	17	108	55	6	-	55	-	499	-	69	48	25	80
May 2010	9,098	45,563	293	882	44,681	1,290	249	428	1,284	43,398	391	22	108	76	8	-	76	-	-	-	87	60	31	705
Jun 2010	4,223	49,786	320	1,202	48,584	1,409	272	467	1,751	46,833	450	22	108	84	9	-	84	-	-	-	95	66	33	781
Jul 2010	4,223	54,008	347	1,549	52,459	1,529	295	507	2,258	50,201	484	24	108	92	9	-	92	-	1,371	-	103	72	36	(537)
Aug 2010	4,223	58,231	374	1,924	56,307	1,648	318	547	2,804	53,503	517	25	108	99	10	-	99	-	-	-	111	77	39	885
Sept 2010	4,223	62,453	401	2,325	60,128	1,768	341	586	3,390	56,738	550	26	108	103	11	-	103	-	-	-	119	83	42	936
Oct 2010	4,223	66,676	428	2,753	63,922	1,888	364	626	4,016	59,906	582	26	108	96	11	-	96	-	1,780	-	127	88	45	(795)
Nov 2010	4,223	70,898	456	3,209	67,689	2,007	387	666	4,682	63,008	613	21	108	72	12	-	72	-	-	-	135	94	48	1,028
Dec 2010	4,223	75,121	483	3,692	71,429	2,127	410	705	5,387	66,042	644	21	108	74	13	-	74	-	-	-	143	100	50	1,076
Jan 2011	4,223	79,344	510	4,201	75,143	2,142	433	702	6,089	69,054	674	26	118	92	14	-	92	-	1,564	-	151	105	53	(425)
Feb 2011	4,223	83,568	537	4,738	78,830	2,159	456	700	6,789	72,041	704	29	118	104	15	-	104	-	-	-	159	111	56	1,189
Mar 2011	4,223	87,791	564	5,302	82,489	2,175	479	697	7,485	75,004	733	36	118	133	15	-	133	-	-	-	167	116	59	1,242
Apr 2011	4,223	92,014	591	5,893	86,122	2,192	502	694	8,180	77,942	763	37	118	137	16	-	137	-	2,156	-	175	122	62	(866)
May 2011	4,223	96,238	618	6,511	89,727	2,209	525	692	8,871	80,856	792	42	118	158	17	-	158	-	-	-	183	128	65	1,341
Jun 2011	4,223	100,461	645	7,156	93,305	2,280	548	712	9,583	83,723	821	41	118	168	18	-	168	-	-	-	191	133	67	1,386
Jul 2011	4,223	104,684	672	7,828	96,857	2,352	571	732	10,314	86,542	849	43	118	176	18	-	176	-	2,937	-	199	139	70	(1,503)
Aug 2011	4,223	108,908	699	8,527	100,381	2,424	594	752	11,066	89,315	877	44	118	182	19	-	182	-	-	-	207	145	73	1,479
Sept 2011	4,223	113,131	726	9,253	103,878	2,496	617	772	11,838	92,040	905	45	118	184	20	-	184	-	-	-	215	150	76	1,524
Oct 2011	4,223	117,354	753	10,007	107,348	2,567	640	792	12,629	94,719	931	44	118	166	21	-	166	-	3,266	-	223	156	79	(1,699)
Nov 2011	4,223	121,578	780	10,787	110,791	2,639	663	812	13,441	97,350	958	33	118	122	21	-	122	-	-	-	231	161	82	1,600
Dec 2011	4,223	125,801	807	11,594	114,207	2,711	686	832	14,273	99,934	984	33	118	121	22	-	121	-	-	-	239	167	84	1,643
Jan 2012	4,224	130,025	835	12,429	117,597	2,720	709	826	15,099	102,497	1,010	41	126	149	24	-	149	-	2,629	-	247	173	87	(927)
Feb 2012	4,224	134,250	862	13,291	120,959	2,730	732	821	15,920	105,039	1,035	45	126	165	24	-	165	-	-	-	255	178	90	1,749
Mar 2012	4,224	138,474	889	14,179	124,295	2,740	755	815	16,735	107,559	1,060	56	126	206	25	-	206	-	-	-	263	184	93	1,801
Apr 2012	4,224	142,698	916	15,095	127,603	2,750	778	810	17,545	110,058	1,085	56	126	209	26	-	209	-	3,383	-	272	189	96	(1,539)
May 2012	4,224	146,922	943	16,038	130,885	2,760	801	805	18,350	112,534	1,110	63	126	237	27	-	237	-	-	-	280	195	99	1,893
Jun 2012	4,224	151,147	970	17,008	134,139	2,803	824	813	19,163	114,976	1,135	61	126	249	27	-	249	-	-	-	288	201	101	1,932
Jul 2012	4,224	155,371	997	18,005	137,366	2,846	847	821	19,984	117,382	1,159	63	126	258	28	-	258	-	4,388	-	296	206	104	(2,413)
Aug 2012	4,224	159,595	1,024	19,029	140,566	2,889	870	829	20,814	119,752	1,183	64	126	263	29	-	263	-	-	-	304	212	107	2,018
Sept 2012	4,224	163,819	1,051	20,080	143,739	2,932	893	838	21,651	122,088	1,206	64	126	263	30	-	263	-	-	-	312	217	110	2,058
Oct 2012	4,224	168,044	1,078	21,158	146,885	2,976	917	846	22,497	124,388	1,229	62	126	234	30	-	234	-	4,689	-	320	223	113	(2,592)
Nov 2012	4,224	172,268	1,105	22,264	150,004	3,019	940	854	23,352	126,653	1,252	47	126	171	31	-	171	-	-	-	328	229	116	2,120
Dec 2012	4,224	176,492	1,132	23,396	153,096	3,062	963	862	24,214	128,882	1,274	46	126	168	32	-	168	-	-	-	336	234	118	2,159
Jan 2013	4,225	180,717	1,159	24,556	156,162	3,081	986	861	25,075	131,087	1,297	57	132	204	34	-	204	-	3,497	-	344	240	121	(1,280)
Feb 2013	4,225	184,942	1,187	25,742	159,200	3,101	1,009	860	25,935	133,265	1,318	62	132	224	35	-	224	-	-	-	352	245	124	2,261
Mar 2013	4,225	189,168	1,214	26,956	162,212	3,121	1,032	859	26,793	135,418	1,340	76	132	278	35	-	278	-	-	-	360	251	127	2,313
Apr 2013	4,225	193,393	1,241	28,197	165,196	3,141	1,055	857	27,651	137,545	1,361	77	132	279	36	-	279	-	4,366	-	368	257	130	(2,014)
May 2013	4,225	197,618	1,268	29,464	168,153	3,161	1,078	856	28,507	139,647	1,383	86	132	314	37	-	314	-	-	-	376	262	133	2,399
Jun 2013	4,225	201,843	1,295	30,759	171,084	3,193	1,101	860	29,366	141,717	1,403	83	132	329	38	-	329	-	-	-	384	268	135	2,434
Jul 2013	4,225	206,068	1,322	32,081	173,987	3,226	1,124	864	30,230	143,757	1,424	85	132	338	38	-	338	-	5,535	-	392	273	138	(3,061)
Aug 2013	4,225	210,293	1,349	33,430	176,863	3,258	1,147	867	31,098	145,765	1,444	86	132	342	39	-	342	-	-	-	400	279	141	2,512
Sept 2013	4,225	214,518	1,376	34,806	179,712	3,290	1,170	871	31,969	147,743	1,464	85	132	339	40	-	339	-	-	-	408	285	144	2,548
Oct 2013	4,225	218,744	1,403	36,210	182,534	3,323	1,193	875	32,844	149,690	1,483	82	132	300	41	-	300	-	5,795	-	416	290	147	(3,213)
Nov 2013	4,225	222,969	1,430	37,640	185,329	3,355	1,216	879	33,723	151,606	1,503	61	132	218	42	-	218	-	-	-	424	296	150	2,597
Dec 2013	4,182	227,151	1,457	39,097	188,054	3,386	1,239	882	34,605	153,448	1,521	60	132	213	42	-	213	-	-	-	432	301	152	2,631

PSE&G Solar 4 All Program
Revenue Requirements Calculation
($000's)

HMFA / Affordable Housing Segment

	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
	Program Assumption	Program Assumption	Refer to WP_SS 2d.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2d.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
Jan 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sept 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oct 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nov 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jan 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May 2010	478	478	3	3	475	14	3	4	4	471	2	4	32	1	0	-	1	-	-	-	1	1	0	41
Jun 2010	475	953	6	9	944	27	5	9	13	930	7	5	32	1	0	-	1	-	-	-	2	1	1	48
Jul 2010	475	1,428	9	18	1,410	40	8	13	27	1,383	12	5	32	2	0	-	2	-	12	-	3	2	1	42
Aug 2010	475	1,903	12	30	1,873	54	10	18	45	1,828	16	5	32	3	0	-	3	-	-	-	3	2	1	61
Sept 2010	475	2,378	15	45	2,332	67	13	22	67	2,265	20	5	32	3	0	-	3	-	-	-	4	3	2	67
Oct 2010	475	2,852	18	63	2,789	81	15	27	94	2,695	25	5	32	4	0	-	4	-	49	-	5	4	2	25
Nov 2010	475	3,327	21	84	3,243	94	18	31	125	3,118	29	5	32	3	1	-	3	-	-	-	6	4	2	80
Dec 2010	475	3,802	24	108	3,694	108	20	36	161	3,533	33	5	32	3	1	-	3	-	-	-	7	5	3	86
Jan 2011	470	4,272	27	135	4,137	121	23	40	202	3,935	37	5	20	4	1	-	4	-	60	-	8	5	3	20
Feb 2011	470	4,742	30	165	4,577	134	25	45	246	4,331	41	6	20	5	1	-	5	-	-	-	9	6	3	87
Mar 2011	470	5,212	33	198	5,014	148	28	49	295	4,718	45	6	20	7	1	-	7	-	-	-	9	7	3	93
Apr 2011	470	5,682	36	234	5,448	161	31	54	349	5,099	49	6	20	7	1	-	7	-	105	-	10	7	4	(6)
May 2011	470	6,152	39	273	5,879	169	33	56	405	5,474	53	6	20	9	1	-	9	-	-	-	11	8	4	105
Jun 2011	470	6,622	42	315	6,307	177	36	58	462	5,844	56	7	20	10	1	-	10	-	-	-	12	8	4	110
Jul 2011	470	7,092	45	360	6,732	185	38	60	523	6,209	60	7	20	10	1	-	10	-	160	-	13	9	5	(44)
Aug 2011	470	7,562	48	407	7,154	192	41	62	585	6,569	64	7	20	11	1	-	11	-	-	-	14	10	5	122
Sept 2011	470	8,031	51	458	7,573	200	43	65	650	6,924	67	7	20	11	1	-	11	-	-	-	15	10	5	127
Oct 2011	470	8,501	54	512	7,989	208	46	67	716	7,273	71	7	20	10	1	-	10	-	195	-	15	11	6	(63)
Nov 2011	470	8,971	57	569	8,403	216	48	69	786	7,617	74	6	20	8	2	-	8	-	-	-	16	11	6	137
Dec 2011	462	9,433	60	628	8,805	224	51	71	857	7,949	78	6	20	8	2	-	8	-	-	-	17	12	6	143
Jan 2012	464	9,897	63	691	9,206	232	53	73	930	8,276	81	7	17	10	2	-	10	-	163	-	18	13	7	(18)
Feb 2012	464	10,361	65	756	9,605	240	56	76	1,006	8,599	84	7	17	11	2	-	11	-	-	-	19	13	7	150
Mar 2012	464	10,825	68	825	10,000	247	58	78	1,083	8,916	87	8	17	14	2	-	14	-	-	-	20	14	7	156
Apr 2012	464	11,288	71	896	10,392	255	61	80	1,163	9,229	91	8	17	14	2	-	14	-	220	-	20	14	7	(59)
May 2012	464	11,752	74	970	10,782	260	63	81	1,244	9,538	94	9	17	17	2	-	17	-	-	-	21	15	8	167
Jun 2012	464	12,216	77	1,047	11,168	264	66	82	1,326	9,842	97	9	17	18	2	-	18	-	-	-	22	15	8	172
Jul 2012	464	12,679	80	1,128	11,552	269	68	82	1,408	10,143	100	9	17	18	2	-	18	-	302	-	23	16	8	(125)
Aug 2012	464	13,143	83	1,211	11,932	273	71	83	1,491	10,441	103	9	17	19	2	-	19	-	-	-	24	17	9	182
Sept 2012	464	13,607	86	1,297	12,310	278	73	84	1,576	10,734	106	9	17	19	2	-	19	-	-	-	25	17	9	187
Oct 2012	464	14,070	89	1,386	12,685	283	76	85	1,661	11,024	109	9	17	17	3	-	17	-	332	-	26	18	9	(140)
Nov 2012	464	14,534	92	1,478	13,056	287	78	86	1,747	11,310	111	8	17	13	3	-	13	-	-	-	26	18	10	195
Dec 2012	-	14,534	92	1,570	12,965	279	78	82	1,829	11,135	112	3	17	12	3	-	12	-	-	-	26	18	10	191
Jan 2013	12	14,546	92	1,661	12,884	271	78	79	1,908	10,976	110	4	17	14	3	-	14	-	248	-	26	18	10	(58)
Feb 2013	12	14,558	92	1,753	12,804	263	78	76	1,984	10,820	109	4	17	15	3	-	15	-	-	-	26	18	10	189
Mar 2013	12	14,570	92	1,846	12,724	254	78	72	2,056	10,668	107	5	17	19	3	-	19	-	-	-	26	18	10	189
Apr 2013	12	14,582	92	1,938	12,644	246	78	69	2,125	10,519	106	5	17	18	3	-	18	-	288	-	26	18	10	(101)
May 2013	12	14,594	92	2,030	12,564	237	78	65	2,190	10,373	104	5	17	20	3	-	20	-	-	-	26	18	10	186
Jun 2013	12	14,605	92	2,122	12,483	228	78	61	2,252	10,231	103	5	17	21	3	-	21	-	-	-	26	18	10	184
Jul 2013	12	14,617	92	2,215	12,403	218	79	57	2,309	10,094	101	5	17	21	3	-	21	-	352	-	26	18	10	(169)
Aug 2013	12	14,629	92	2,307	12,322	209	79	54	2,363	9,959	100	5	17	21	3	-	21	-	-	-	27	18	10	182
Sept 2013	12	14,641	92	2,400	12,242	200	79	50	2,413	9,829	99	5	17	20	3	-	20	-	-	-	27	19	10	180
Oct 2013	12	14,653	93	2,492	12,161	190	79	46	2,459	9,702	97	4	17	17	3	-	17	-	341	-	27	19	10	(162)
Nov 2013	12	14,665	93	2,585	12,080	181	79	42	2,501	9,580	96	3	17	12	3	-	12	-	-	-	27	19	10	176
Dec 2013	12	14,677	93	2,677	12,000	177	79	40	2,541	9,458	95	3	17	12	3	-	12	-	-	-	27	19	10	175

PSE&G Solar 4 All Program
Revenue Requirements Calculation

($000's)

	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls to WP_SS 2d.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	6,914	6,794	102	102	6,692	478	87	161	161	6,531	131	21	607	-	14	-	18	-	16	-	29	20	11	802
2010	196,339	203,255	8,083	8,184	195,070	38,675	6,870	13,066	13,227	181,843	11,776	842	1,842	894	507	-	1,927	-	8,164	-	2,358	1,644	845	10,695
2011	186,651	389,905	21,178	29,362	360,543	87,784	18,001	28,670	41,897	318,646	30,183	1,919	1,904	1,995	1,456	-	5,101	-	28,210	-	6,179	4,309	2,215	17,050
2012	186,086	575,992	34,028	63,390	512,602	116,105	28,924	35,817	77,715	434,887	45,294	2,978	1,968	3,434	2,474	-	8,140	-	47,192	-	9,926	6,922	3,559	21,556
2013	130,056	706,048	45,604	108,994	597,054	128,437	38,763	36,841	114,556	482,498	56,272	3,895	2,034	4,781	3,474	-	10,797	3	61,801	-	13,301	9,276	4,770	25,653
2014	66,967	773,015	52,363	161,356	611,658	115,652	44,508	29,229	143,785	467,873	57,633	4,345	2,102	5,870	4,126	-	12,115	53	69,746	-	15,276	10,652	5,477	24,074
2015	14,298	787,313	53,570	214,926	572,387	84,128	45,534	15,856	159,640	412,746	52,447	4,474	1,372	6,160	4,345	-	12,299	264	70,872	-	15,650	10,913	5,603	17,974
2016	16,755	804,068	53,306	268,233	535,835	55,529	45,310	4,198	163,839	371,997	46,873	4,586	573	6,898	4,475	-	14,249	466	68,470	-	15,588	10,870	5,576	12,645
2017	16,812	820,881	53,124	321,357	499,524	37,106	45,429	(3,419)	160,419	339,105	42,493	4,701	593	7,689	4,609	-	16,340	660	66,057	-	15,072	10,510	5,366	9,935
2018	12,633	833,514	52,970	374,326	459,188	23,184	45,760	(9,275)	151,144	308,044	38,792	4,819	613	8,476	4,747	-	18,422	692	63,808	-	14,232	9,925	5,027	8,366
2019	7,084	840,597	52,881	427,207	413,391	14,051	45,964	(13,111)	138,033	275,358	34,952	4,940	635	9,260	4,890	-	20,491	710	61,586	-	13,724	9,570	4,823	6,300
2020	13,576	854,173	52,786	479,993	374,180	11,376	46,162	(14,291)	123,741	250,439	31,380	5,064	657	10,039	5,036	-	22,548	729	59,436	-	13,246	9,237	4,620	4,385
2021	15,863	870,036	52,610	532,603	337,433	13,167	46,479	(13,686)	110,056	227,378	28,600	5,190	680	10,257	5,188	-	23,108	745	57,366	-	12,435	8,671	4,275	4,473
2022	15,934	885,970	52,433	585,036	300,934	14,125	46,533	(13,315)	96,741	204,193	25,832	5,320	704	10,480	5,343	-	23,682	764	55,362	-	12,058	8,408	4,114	3,953
2023	11,966	897,937	52,271	637,307	260,629	13,927	46,371	(13,329)	83,412	177,217	22,922	5,454	728	10,710	5,503	-	24,271	783	53,429	-	12,058	8,408	4,114	2,755
2024	6,700	904,637	52,172	689,479	215,158	12,016	46,272	(14,073)	69,338	145,819	19,389	5,590	754	10,945	5,669	-	24,874	805	51,538	-	12,058	8,408	4,114	951
2025	10,014	914,650	48,788	738,267	176,383	10,622	43,342	(13,443)	55,896	120,487	15,846	5,497	780	9,778	5,681	12,907	24,084	822	44,050	-	11,142	7,769	3,798	15,209
2026	11,638	926,288	44,241	782,508	143,780	10,923	39,350	(11,679)	44,217	99,564	13,144	5,287	808	7,916	5,654	9,431	22,608	843	30,764	-	10,020	6,987	3,410	18,668
2027	11,737	938,025	39,932	822,440	115,585	11,025	35,561	(10,080)	34,136	81,449	10,806	5,095	836	6,136	5,633	9,636	21,223	864	18,511	-	8,972	6,257	3,048	25,296
2028	8,293	946,318	35,889	858,329	87,990	10,487	32,007	(8,841)	25,295	62,694	8,693	4,903	865	4,255	5,618	9,046	19,116	888	7,711	-	7,988	5,570	2,707	30,706
2009-2028	946,317		858,329			808,797	747,227	25,295			593,459	84,921	21,055	135,974	84,442	41,020	325,411	10,090	924,090		221,310	154,327	77,475	261,445

PSE&G Solar 4 All Program
Revenue Requirements Calculation
($000's)
Centralized Segment

Schedule SS - 3a

	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2a.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2a.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	63,411	63,532	1,868	1,868	61,664	10,814	1,588	3,790	3,790	57,874	3,279	399	222	47	65	-	541	-	2,122	-	549	383	195	2,480
2011	65,247	128,779	5,796	7,664	121,115	29,292	4,927	10,010	13,800	107,315	9,961	974	168	151	209	-	1,685	-	9,213	-	1,708	1,191	606	4,068
2012	65,252	194,031	9,617	17,281	176,750	39,760	8,174	12,977	26,777	149,973	15,453	1,532	186	258	357	-	2,771	-	16,010	-	2,836	1,977	1,006	4,816
2013	27,035	221,067	12,689	29,970	191,097	42,273	10,785	12,936	39,713	151,384	18,951	1,995	167	352	486	-	3,631	3	21,065	-	3,742	2,610	1,327	4,914
2014	-	221,067	12,952	42,922	178,145	29,291	11,009	7,511	47,224	130,921	16,855	2,061	173	370	511	-	3,641	53	21,421	-	3,820	2,664	1,355	2,677
2015	3,367	224,434	12,918	55,840	168,594	20,055	10,980	3,728	50,952	117,641	14,822	2,113	165	381	527	-	3,581	264	20,663	-	3,814	2,660	1,351	1,296
2016	3,484	227,918	12,866	68,706	159,212	12,912	10,936	812	51,764	107,448	13,447	2,166	157	392	542	-	4,149	466	19,955	-	3,801	2,651	1,346	(105)
2017	3,500	231,418	12,821	81,527	149,891	7,463	10,955	(1,434)	50,330	99,561	12,367	2,221	148	404	559	-	4,758	660	19,253	-	3,688	2,572	1,301	(1,111)
2018	1,465	232,882	12,786	94,313	138,569	2,915	11,010	(3,326)	47,004	91,565	11,480	2,277	153	416	576	-	5,365	692	18,596	-	3,528	2,460	1,239	(1,715)
2019	-	232,882	12,784	107,097	125,785	1,726	11,015	(3,816)	43,188	82,598	10,421	2,334	159	429	593	-	5,967	710	17,948	-	3,515	2,451	1,233	(2,638)
2020	3,154	236,037	12,762	119,859	116,178	1,775	11,044	(3,808)	39,380	76,798	9,527	2,393	164	441	611	-	6,566	729	17,321	-	3,428	2,391	1,198	(3,339)
2021	3,268	239,304	12,718	132,577	106,728	2,409	11,107	(3,573)	35,806	70,921	8,842	2,454	170	455	629	-	6,729	745	16,718	-	3,245	2,263	1,123	(3,309)
2022	3,285	242,590	12,675	145,251	97,339	2,673	11,111	(3,467)	32,340	64,999	8,135	2,516	176	468	648	-	6,896	764	16,135	-	3,163	2,206	1,090	(3,456)
2023	1,377	243,966	12,640	157,891	86,075	2,526	11,077	(3,513)	28,827	57,248	7,362	2,580	182	482	667	-	7,068	783	15,572	-	3,163	2,206	1,090	(3,788)
2024	-	243,966	12,637	170,529	73,438	1,732	11,074	(3,838)	24,989	48,449	6,324	2,645	188	497	687	-	7,243	805	15,029	-	3,163	2,206	1,090	(4,378)
2025	2,983	246,949	12,620	183,149	63,801	1,749	11,057	(3,824)	21,164	42,636	5,439	2,712	195	512	708	-	7,423	822	12,898	-	3,163	2,206	1,090	(3,237)
2026	3,094	250,043	12,584	195,733	54,310	2,299	11,021	(3,584)	17,581	36,729	4,751	2,780	202	527	729	-	7,608	843	8,330	-	3,163	2,206	1,090	514
2027	3,114	253,157	12,550	208,282	44,875	2,528	10,987	(3,475)	14,106	30,769	4,040	2,850	209	543	751	-	7,797	864	4,048	-	3,163	2,206	1,090	3,956
2028	1,306	254,464	12,522	220,805	33,659	2,394	10,959	(3,519)	10,587	23,072	3,265	2,923	260	559	773	-	7,697	888	484	-	3,163	2,206	1,090	6,957
2009-2028	254,462		220,805			216,586	190,817	10,587			184,722	41,923	3,444	7,683	10,628	-	101,118	10,090	272,782		59,814	41,710	20,911	4,602

PSE&G Solar 4 All Program

Revenue Requirements Calculation

($000's)

Neighborhood Segment

Year	(1) Program Investment	(2) Gross Plant	(3) Depreciation Expense	(4) Accumulated Depreciation	(5) Net Plant	(6) Plant: Tax Depreciation	(7) Plant: Book Deprec Tax Basis	(8) Plant: Deferred Tax Exp	(9) Accumulated Deferred Tax	(10) Net Investment	(11) Return Requirement
	Program Assumption	Program Assumption	Refer to WP_SS 2b.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2b.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2b.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
2009	6,794	6,794	102	102	6,692	478	87	161	161	6,531	131
2010	54,006	60,799	2,415	2,517	58,283	11,127	2,052	3,728	3,889	54,394	3,415
2011	65,092	125,891	6,959	9,475	116,416	28,011	5,915	9,078	12,967	103,449	9,535
2012	65,043	190,934	11,668	21,143	169,791	38,949	9,918	11,927	24,894	144,896	14,929
2013	52,219	243,153	16,106	37,250	205,903	44,851	13,690	12,802	37,696	168,207	19,152
2014	20,636	263,789	18,733	55,982	207,807	41,575	15,923	10,539	48,235	159,572	20,144
2015	7,644	271,433	18,968	74,950	196,483	29,608	16,122	5,540	53,776	142,707	17,999
2016	9,263	280,696	18,876	93,826	186,870	20,854	16,045	1,976	55,751	131,118	16,360
2017	9,322	290,017	18,793	112,620	177,398	15,315	16,126	(333)	55,418	121,980	15,127
2018	7,531	297,549	18,725	131,345	166,204	10,838	16,333	(2,257)	53,161	113,043	14,103
2019	3,738	301,287	18,690	150,035	151,252	7,145	16,465	(3,829)	49,332	101,921	12,905
2020	7,287	308,574	18,644	168,679	139,895	6,275	16,573	(4,231)	45,101	94,794	11,730
2021	8,842	317,416	18,563	187,242	130,174	7,240	16,758	(3,910)	41,191	88,984	11,001
2022	8,910	326,326	18,479	205,721	120,605	7,833	16,802	(3,685)	37,506	83,099	10,300
2023	7,209	333,535	18,403	224,124	109,411	7,842	16,726	(3,650)	33,856	75,555	9,546
2024	3,587	337,122	18,357	242,481	94,641	6,830	16,680	(4,047)	29,809	64,832	8,445
2025	7,031	344,153	18,322	260,803	83,350	6,219	16,645	(4,284)	25,526	57,825	7,300
2026	8,544	352,697	18,263	279,066	73,631	7,030	16,586	(3,926)	21,600	52,031	6,578
2027	8,623	361,320	18,205	297,271	64,049	7,555	16,528	(3,687)	17,913	46,136	5,876
2028	6,987	368,307	18,152	315,423	52,884	7,580	16,475	(3,654)	14,259	38,625	5,122
2009-2028	368,307		315,423			313,155	278,449	14,259			219,698

Year	(12) Expenses: O&M	(13) Expenses: Administrative	(14) Expenses: Rent	(15) Expenses: Insurance	(16) Expenses: Other	(17) Revenue from Sale of: Energy	(18) Revenue from Sale of: Capacity	(19) Revenue from Sale of: SRECs	(20) Revenue from Sale of: Other	(21) ITC: Amortiztion	(22) ITC: Tax Gross-up	(23) Tax Assoc. w/50% ITC Basis Reduction	(24) Revenue Requirements
	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2b.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
2009	21	607	-	14	-	18	-	16	-	29	20	11	802
2010	171	71	-	340	-	539	-	2,332	-	685	478	253	2,630
2011	415	73	-	1,016	-	1,573	-	8,554	-	1,980	1,380	728	5,239
2012	681	76	421	1,757	-	2,615	-	15,077	-	3,321	2,316	1,220	7,424
2013	948	79	840	2,499	-	3,575	-	20,313	-	4,585	3,197	1,685	9,638
2014	1,097	81	1,134	2,995	-	4,108	-	23,687	-	5,334	3,720	1,959	9,294
2015	1,111	84	1,163	3,134	-	4,101	-	23,649	-	5,409	3,772	1,984	7,514
2016	1,139	87	1,157	3,228	-	4,751	-	22,835	-	5,389	3,758	1,974	6,088
2017	1,167	90	1,152	3,325	-	5,448	-	22,031	-	5,116	3,568	1,860	5,350
2018	1,196	93	1,146	3,424	-	6,143	-	21,279	-	4,657	3,247	1,669	5,031
2019	1,226	97	1,140	3,527	-	6,833	-	20,538	-	4,375	3,051	1,551	4,338
2020	1,256	100	1,134	3,633	-	7,518	-	19,819	-	4,131	2,881	1,445	3,594
2021	1,287	104	1,129	3,742	-	7,705	-	19,131	-	3,708	2,585	1,258	3,954
2022	1,319	107	1,123	3,854	-	7,897	-	18,463	-	3,507	2,445	1,169	4,041
2023	1,352	111	1,117	3,970	-	8,093	-	17,818	-	3,507	2,445	1,169	3,805
2024	1,386	115	1,112	4,089	-	8,294	-	17,172	-	3,507	2,445	1,169	3,255
2025	1,420	119	1,106	4,211	-	8,500	-	14,997	-	3,507	2,445	1,169	4,200
2026	1,455	123	1,101	4,338	-	8,711	-	10,743	-	3,507	2,445	1,169	7,621
2027	1,492	127	1,095	4,468	-	8,928	-	6,542	-	3,507	2,445	1,169	11,012
2028	1,529	180	1,090	4,602	-	8,813	-	2,702	-	3,507	2,445	1,169	14,377
2009-2028	21,666	2,525	18,160	62,165	-	114,162	-	307,697		73,265	51,090	25,783	119,205

PSE&G Solar 4 All Program
Revenue Requirements Calculation
($000's)

Local Government Segment

	Program Assumption	Program Assumption	Refer to WP_SS 2c.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2c.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2c.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
						Plant					
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement
2009	-	-	-	-	-	-	-	-	-	-	-
2010	75,121	75,121	3,692	3,692	71,429	16,250	3,138	5,387	5,387	66,042	4,937
2011	50,680	125,801	7,903	11,594	114,207	28,346	6,717	8,886	14,273	99,934	9,991
2012	50,691	176,492	11,802	23,396	153,096	34,229	10,031	9,941	24,214	128,882	13,739
2013	50,659	227,151	15,701	39,097	188,054	38,638	13,346	10,391	34,605	153,448	16,942
2014	46,331	273,482	19,566	58,663	214,819	43,007	16,631	10,836	45,442	169,377	19,592
2015	3,028	276,510	20,572	79,235	197,275	33,141	17,486	6,432	51,873	145,402	18,735
2016	3,613	280,123	20,451	99,686	180,437	20,895	17,383	1,443	53,316	127,121	16,272
2017	3,625	283,748	20,395	120,081	163,667	13,883	17,395	(1,443)	51,873	111,794	14,276
2018	3,637	287,386	20,342	140,423	146,962	9,220	17,459	(3,385)	48,488	98,474	12,567
2019	3,346	290,731	20,292	160,715	130,016	5,046	17,524	(5,127)	43,362	86,654	11,079
2020	2,872	293,603	20,264	180,979	112,625	3,190	17,582	(5,913)	37,449	75,176	9,658
2021	3,354	296,957	20,213	201,192	95,765	3,286	17,640	(5,897)	31,551	64,213	8,342
2022	3,367	300,324	20,161	221,353	78,971	3,336	17,638	(5,876)	25,676	53,295	7,032
2023	3,381	303,705	20,110	241,463	62,242	3,335	17,587	(5,855)	19,821	42,421	5,728
2024	3,113	306,818	20,059	261,523	45,295	3,307	17,536	(5,846)	13,975	31,320	4,428
2025	-	306,818	16,836	278,359	28,459	2,548	14,753	(5,015)	8,960	19,499	3,005
2026	-	306,818	12,796	291,155	15,663	1,533	11,219	(3,979)	4,981	10,682	1,779
2027	-	306,818	9,005	300,160	6,658	924	7,895	(2,864)	2,117	4,541	885
2028	-	306,818	5,210	305,370	1,447	513	4,569	(1,666)	451	996	306
2009-2028	306,818		305,370			264,627	263,530	451			179,294

	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2c.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(12)	**(13)**	**(14)**	**(15)**	**(16)**	**(17)**	**(18)**	**(19)**	**(20)**	**(21)**	**(22)**	**(23)**	**(24)**
	Expenses					Revenue from Sale of				ITC			
Year	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	234	1,290	827	98	-	827	-	3,649	-	1,093	762	386	5,134
2011	454	1,419	1,743	217	-	1,743	-	9,922	-	2,342	1,633	827	6,912
2012	671	1,508	2,572	334	-	2,572	-	15,089	-	3,499	2,440	1,234	8,260
2013	899	1,583	3,379	457	-	3,379	-	19,193	-	4,656	3,247	1,642	10,129
2014	1,134	1,636	4,158	587	-	4,158	-	23,449	-	5,803	4,047	2,047	11,262
2015	1,195	1,016	4,412	650	-	4,412	-	25,412	-	6,108	4,259	2,152	8,541
2016	1,225	241	5,111	670	-	5,111	-	24,571	-	6,076	4,237	2,139	6,114
2017	1,255	264	5,862	690	-	5,862	-	23,704	-	5,953	4,151	2,092	5,164
2018	1,287	273	6,608	710	-	6,608	-	22,895	-	5,738	4,001	2,011	4,555
2019	1,319	283	7,351	732	-	7,351	-	22,096	-	5,525	3,853	1,930	4,160
2020	1,351	293	8,088	754	-	8,088	-	21,328	-	5,382	3,753	1,870	3,726
2021	1,385	303	8,289	776	-	8,289	-	20,583	-	5,190	3,619	1,794	3,420
2022	1,419	313	8,495	800	-	8,495	-	19,864	-	5,102	3,558	1,760	2,963
2023	1,455	324	8,706	824	-	8,706	-	19,173	-	5,102	3,558	1,760	2,369
2024	1,491	336	8,923	848	-	8,923	-	18,504	-	5,102	3,558	1,760	1,759
2025	1,300	347	7,765	720	12,322	7,765	-	15,405	-	4,213	2,938	1,452	13,426
2026	1,010	360	6,041	562	8,527	6,041	-	11,239	-	3,196	2,228	1,100	9,472
2027	739	372	4,417	407	8,783	4,417	-	7,775	-	2,254	1,571	774	9,365
2028	452	425	2,606	243	9,046	2,606	-	4,525	-	1,311	914	447	9,380
2009-2028	20,274	12,587	105,354	11,079	38,679	105,354	-	328,376		83,644	58,327	29,177	126,113

PSE&G Solar 4 All Program
Revenue Requirements Calculation
($000's)

HMFA / Affordable Housing Segment

	Program Assumption	Program Assumption	Refer to WP_SS 2d.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
						Plant					
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement
2009	-	-	-	-	-	-	-	-	-	-	-
2010	3,802	3,802	108	108	3,694	485	92	161	161	3,533	144
2011	5,631	9,433	520	628	8,805	2,135	442	695	857	7,949	696
2012	5,101	14,534	941	1,570	12,965	3,167	800	972	1,829	11,135	1,173
2013	143	14,677	1,108	2,677	12,000	2,675	942	712	2,541	9,458	1,227
2014	-	14,677	1,112	3,790	10,887	1,779	945	343	2,884	8,004	1,043
2015	260	14,937	1,112	4,902	10,035	1,324	945	155	3,039	6,996	891
2016	394	15,331	1,113	6,014	9,317	868	946	(32)	3,007	6,310	795
2017	366	15,697	1,115	7,129	8,568	444	954	(209)	2,798	5,770	723
2018	-	15,697	1,116	8,244	7,453	211	959	(307)	2,491	4,962	642
2019	-	15,697	1,116	9,360	6,337	134	959	(339)	2,151	4,186	547
2020	262	15,959	1,116	10,476	5,484	136	962	(339)	1,812	3,672	465
2021	399	16,359	1,117	11,593	4,766	233	975	(305)	1,507	3,259	415
2022	372	16,730	1,118	12,710	4,020	282	981	(287)	1,220	2,800	365
2023	-	16,730	1,118	13,829	2,902	224	981	(311)	909	1,993	286
2024	-	16,730	1,118	14,947	1,784	147	981	(343)	566	1,217	192
2025	-	16,730	1,010	15,957	774	107	887	(320)	246	528	102
2026	-	16,730	597	16,554	177	61	524	(190)	56	121	36
2027	-	16,730	172	16,726	4	17	151	(55)	1	4	5
2028	-	16,730	4	16,730	-	1	4	(1)	(1)	1	0
2009-2028	16,730		16,730			14,429	14,431	(1)			9,746

	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2d.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC			
Year	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	39	259	20	3	-	20	-	61	-	31	22	11	450
2011	76	244	101	14	-	101	-	520	-	149	104	54	831
2012	94	198	182	26	-	182	-	1,017	-	270	188	98	1,056
2013	53	205	211	32	-	211	-	1,230	-	318	222	116	972
2014	54	212	208	33	-	208	-	1,188	-	319	223	116	841
2015	55	106	205	34	-	205	-	1,149	-	320	223	116	623
2016	57	87	237	35	-	237	-	1,109	-	321	224	116	548
2017	58	90	272	36	-	272	-	1,070	-	314	219	112	531
2018	60	93	306	37	-	306	-	1,038	-	309	215	109	495
2019	61	97	341	38	-	341	-	1,004	-	309	215	109	440
2020	63	100	375	39	-	375	-	968	-	305	213	107	404
2021	64	104	384	40	-	384	-	934	-	293	204	99	409
2022	66	107	394	42	-	394	-	901	-	286	200	95	405
2023	67	111	404	43	-	404	-	866	-	286	200	95	369
2024	69	115	414	44	-	414	-	833	-	286	200	95	315
2025	66	119	395	41	585	395	-	750	-	259	181	86	819
2026	41	123	248	25	904	248	-	452	-	155	108	51	1,061
2027	14	127	81	7	853	81	-	147	-	49	34	15	963
2028	-	-	-	0	-	-	-	-	-	7	5	0	(7)
2009-2028	1,057	2,498	4,777	570	2,342	4,777	-	15,236		4,587	3,199	1,604	11,525

PSE&G Solar 4 All Program
Rate Impact Analysis

6,960 Typ RS kWh / yr.
7% SUT Rate
722 Typ RS kWh / Summer Month
44,823,552 kWh Sales (000) - Annual
509 Typ RS kWh / Winter Month
23,451,245 kWh Sales (000) - July to Dec.
3,693 Typ RS kWh / Jul to Dec
0.000021 Current electric RRC ($/kWh)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
				Class Average Rate w/SUT - $/kWh[1]										Typ.RS Solar 4 All Comp. electric RRC ($)					
	Solar 4 All Revenue Requirement ($'s)	Solar 4 All Component of Electric RRC w/o SUT ($/kWh)	**Solar 4 All Component of Electric RRC w/ SUT ($/kWh)**	RS	RHS	RLM	GLP	LPL-S (0-749)	LPL-S (750-999)	LPL-S (1,000+)	LPL-P	HTS-S	HTS-HV	Summer Monthly Bill	Winter Monthly Bill	Annual Bill	Change in RS Typical Annual Bill ($'s)	RS Typical Annual Bill ($'s)	% Change in RS Typical Annual Bill
Current				0.183074	0.161083	0.171609	0.176113	0.154741	0.157620	0.161963	0.152961	0.144593	0.136245	0.02	0.01	0.16		1,269.28	
2009[2]	801,914	0.000168	**0.000180**	0.183254	0.161263	0.171789	0.176293	0.154921	0.157800	0.162143	0.153141	0.144773	0.136425	0.15	0.10	0.75	0.59	1,269.87	0.046%
2010[2]	10,694,783	0.000168	**0.000180**	0.183254	0.161263	0.171789	0.176293	0.154921	0.157800	0.162143	0.153141	0.144773	0.136425	0.15	0.10	1.40	1.24	1,270.52	0.098%
2011	17,050,483	0.000380	**0.000407**	0.183481	0.161490	0.172016	0.176520	0.155148	0.158027	0.162370	0.153368	0.145000	0.136652	0.31	0.22	3.00	2.84	1,272.12	0.224%
2012	21,555,801	0.000481	**0.000515**	0.183589	0.161598	0.172124	0.176628	0.155256	0.158135	0.162478	0.153476	0.145108	0.136760	0.39	0.27	3.72	3.56	1,272.84	0.280%
2013	25,652,769	0.000572	**0.000612**	0.183686	0.161695	0.172221	0.176725	0.155353	0.158232	0.162575	0.153573	0.145205	0.136857	0.46	0.32	4.40	4.24	1,273.52	0.334%
2014	24,073,695	0.000537	**0.000575**	0.183649	0.161658	0.172184	0.176688	0.155316	0.158195	0.162538	0.153536	0.145168	0.136820	0.43	0.30	4.12	3.96	1,273.24	0.312%
2015	17,973,916	0.000401	**0.000429**	0.183503	0.161512	0.172038	0.176542	0.155170	0.158049	0.162392	0.153390	0.145022	0.136674	0.32	0.23	3.12	2.96	1,272.24	0.233%
2016	12,644,949	0.000282	**0.000302**	0.183376	0.161385	0.171911	0.176415	0.155043	0.157922	0.162265	0.153263	0.144895	0.136547	0.23	0.16	2.20	2.04	1,271.32	0.161%
2017	9,934,899	0.000222	**0.000237**	0.183311	0.161320	0.171846	0.176350	0.154978	0.157857	0.162200	0.153198	0.144830	0.136482	0.19	0.13	1.80	1.64	1,270.92	0.129%
2018	8,366,031	0.000187	**0.000200**	0.183274	0.161283	0.171809	0.176313	0.154941	0.157820	0.162163	0.153161	0.144793	0.136445	0.16	0.11	1.52	1.36	1,270.64	0.107%
2019	6,299,751	0.000141	**0.000150**	0.183224	0.161233	0.171759	0.176263	0.154891	0.157770	0.162113	0.153111	0.144743	0.136395	0.12	0.09	1.20	1.04	1,270.32	0.082%
2020	4,385,003	0.000098	**0.000105**	0.183179	0.161188	0.171714	0.176218	0.154846	0.157725	0.162068	0.153066	0.144698	0.136350	0.09	0.06	0.84	0.68	1,269.96	0.054%
2021	4,473,420	0.000100	**0.000107**	0.183181	0.161190	0.171716	0.176220	0.154848	0.157727	0.162070	0.153068	0.144700	0.136352	0.09	0.07	0.92	0.76	1,270.04	0.060%
2022	3,953,057	0.000088	**0.000094**	0.183168	0.161177	0.171703	0.176207	0.154835	0.157714	0.162057	0.153055	0.144687	0.136339	0.08	0.06	0.80	0.64	1,269.92	0.050%
2023	2,754,502	0.000061	**0.000066**	0.183140	0.161149	0.171675	0.176179	0.154807	0.157686	0.162029	0.153027	0.144659	0.136311	0.06	0.04	0.56	0.40	1,269.68	0.032%
2024	950,663	0.000021	**0.000023**	0.183097	0.161106	0.171632	0.176136	0.154764	0.157643	0.161986	0.152984	0.144616	0.136268	0.03	0.02	0.28	0.12	1,269.40	0.009%
2025	15,208,503	0.000339	**0.000363**	0.183437	0.161446	0.171972	0.176476	0.155104	0.157983	0.162326	0.153324	0.144956	0.136608	0.28	0.20	2.72	2.56	1,271.84	0.202%
2026	18,668,310	0.000416	**0.000446**	0.183520	0.161529	0.172055	0.176559	0.155187	0.158066	0.162409	0.153407	0.145039	0.136691	0.34	0.24	3.28	3.12	1,272.40	0.246%
2027	25,296,252	0.000564	**0.000604**	0.183678	0.161687	0.172213	0.176717	0.155345	0.158224	0.162567	0.153565	0.145197	0.136849	0.45	0.32	4.36	4.20	1,273.48	0.331%
2028	30,706,342	0.000685	**0.000733**	0.183807	0.161816	0.172342	0.176846	0.155474	0.158353	0.162696	0.153694	0.145326	0.136978	0.54	0.38	5.20	5.04	1,274.32	0.397%
	From Schedule SS-3 Col 24 * 1000	Col 1 / kWh Sales Rnd 6	Col 2 * (1 + SUT Rate) Rnd 6	Col 3 + Current Class Avg Rate for Each Rate Class (Col 4 thru Col 13)										(Cur. eRRC + Col 3) * Typ RS kWh Sum Mo Rnd 2	(Cur. eRRC + Col 3) * Typ RS kWh Win Mo Rnd 2	(4 * Col 14) + (8 * Col 15) [See Note2 for 2009]	Col 16 - Current Col 16	Current Col 18 + Col 17	Col 17 / Current Col 18

0.35

	% Change from Current Class Average Rate w/SUT									
	RS	RHS	RLM	GLP	LPL-S (0-749)	LPL-S (750-999)	LPL-S (1,000+)	LPL-P	HTS-S	HTS-HV
2009[2]	0.098%	0.112%	0.105%	0.102%	0.116%	0.114%	0.111%	0.118%	0.124%	0.132%
2010[2]	0.098%	0.112%	0.105%	0.102%	0.116%	0.114%	0.111%	0.118%	0.124%	0.132%
2011	0.222%	0.253%	0.237%	0.231%	0.263%	0.258%	0.251%	0.266%	0.281%	0.299%
2012	0.281%	0.320%	0.300%	0.292%	0.333%	0.327%	0.318%	0.337%	0.356%	0.378%
2013	0.334%	0.380%	0.357%	0.348%	0.395%	0.388%	0.378%	0.400%	0.423%	0.449%
2014	0.314%	0.357%	0.335%	0.326%	0.372%	0.365%	0.355%	0.376%	0.398%	0.422%
2015	0.234%	0.266%	0.250%	0.244%	0.277%	0.272%	0.265%	0.280%	0.297%	0.315%
2016	0.165%	0.187%	0.176%	0.171%	0.195%	0.192%	0.186%	0.197%	0.209%	0.222%
2017	0.129%	0.147%	0.138%	0.135%	0.153%	0.150%	0.146%	0.155%	0.164%	0.174%
2018	0.109%	0.124%	0.117%	0.114%	0.129%	0.127%	0.123%	0.131%	0.138%	0.147%
2019	0.082%	0.093%	0.087%	0.085%	0.097%	0.095%	0.093%	0.098%	0.104%	0.110%
2020	0.057%	0.065%	0.061%	0.060%	0.068%	0.067%	0.065%	0.069%	0.073%	0.077%
2021	0.058%	0.066%	0.062%	0.061%	0.069%	0.068%	0.066%	0.070%	0.074%	0.079%
2022	0.051%	0.058%	0.055%	0.053%	0.061%	0.060%	0.058%	0.061%	0.065%	0.069%
2023	0.036%	0.041%	0.038%	0.037%	0.043%	0.042%	0.041%	0.043%	0.046%	0.048%
2024	0.013%	0.014%	0.013%	0.013%	0.015%	0.015%	0.014%	0.015%	0.016%	0.017%
2025	0.198%	0.225%	0.212%	0.206%	0.235%	0.230%	0.224%	0.237%	0.251%	0.266%
2026	0.244%	0.277%	0.260%	0.253%	0.288%	0.283%	0.275%	0.292%	0.308%	0.327%
2027	0.330%	0.375%	0.352%	0.343%	0.390%	0.383%	0.373%	0.395%	0.418%	0.443%
2028	0.400%	0.455%	0.427%	0.416%	0.474%	0.465%	0.453%	0.479%	0.507%	0.538%

[1]All customers assumed to have BGS Supply effective January 1, 2009
[2]Initial Rate Period from July 2009 to Dec. 2010
$ 11,496,697 = 2009-2010 Revenue Requirement

PSE&G Solar 4 All Program

Schedule SS-5

Cumulative Rate Impact Analysis - Solar Program Recovery Charge (SPRC) & Electric RGGI Recovery Charge (RRC)

Rate Calculations

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Solar Revenue Requirement ($)	Carrying Charge on deferred balance ($)	SPRC Revenue Requirement ($)	SPRC w/o SUT ($/kWh)	SPRC Revenue ($)	SPRC Balance EOY Under/(Over) ($)	Electric Carbon Abatement Revenue Requirement ($)	Electric Carbon Abatement Component w/o SUT ($/kWh)	Solar4All Revenue Requirement ($)	Solar4All Component w/o SUT ($/kWh)	SPRC + Electric RRC w/o SUT ($/kWh)
2008	426,894	15,674	442,568			442,568					
Jan-Jun 2009				0.000000				0.000020			0.000020
Jul-Dec 2009				0.000000				0.000020	801,914	0.000168	0.000188
2009	2,911,704	124,620	3,478,891	0.000000	0	3,478,891	899,056	0.000020	801,914		
2010	3,288,527	366,172	7,133,590	0.000159	(7,126,945)	6,645	1,351,696	0.000030	10,694,783	0.000168	0.000357
2011	1,336,695	345,628	1,688,969	0.000038	(1,703,295)	(14,326)	1,626,807	0.000036	17,050,483	0.000380	0.000454
2012	1,304,832	344,376	1,634,882	0.000036	(1,613,648)	21,234	2,112,074	0.000047	21,555,801	0.000481	0.000564
2013	1,265,759	344,710	1,631,703	0.000036	(1,613,648)	18,055	2,173,828	0.000048	25,652,769	0.000572	0.000656
	From Solar Rev. Req Calc+ Prev Col E	From Solar Rev. Req Calc	Col A + Col B + Prev Col E	Col C / [Annual kWh Sales] (Rnd to 6 dec.)	=Col D * [Annual kWh Sales]	Col C + Col E	CA Sched SS-3 (Rev) Col 15	Col G / [Annual kWh Sales] (Rnd to 6 dec.)	Attach 7F Col 1	Col I / [Annual kWh Sales] (Rnd to 6 dec.)	Col D + Col H + Col J

44,823,552 Annual kWh Sales (000)

Rate Impact Analysis

6,960 Typ RS kWh / yr.

722 Typ RS kWh / Summer Month

509 Typ RS kWh / Winter Month

7% SUT Rate

0.000021 Current electric RRC ($/kWh)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
					Class Average Rate w/SUT - $/kWh[1]										Typical RS SPRC + RRC ($)				
	SPRC w/ SUT ($/kWh)	Electric RRC w/ SUT ($/kWh)	SPRC + Electric RRC w/o SUT ($/kWh)	**SPRC + Electric RRC w/ SUT ($/kWh)**	RS	RHS	RLM	GLP	LPL-S (0-749)	LPL-S (750-999)	LPL-S (1,000+)	LPL-P	HTS-S	HTS-HV	Summer Monthly Bill	Winter Monthly Bill	Annual Bill	RS Typical Annual Bill ($'s)	% Change in RS Typical Annual Bill
	Current less Electric RRC (Carbon Abatement)				0.183053	0.161062	0.171588	0.176092	0.154720	0.157599	0.161942	0.152940	0.144572	0.136224			-	1,269.12	
2009[2]	0.000000	0.000201	0.000188	**0.000201**	0.183254	0.161263	0.171789	0.176293	0.154921	0.157800	0.162143	0.153141	0.144773	0.136425	0.15	0.10	1.40	1,270.52	0.110%
2010	0.000170	0.000212	0.000357	**0.000382**	0.183435	0.161444	0.171970	0.176474	0.155102	0.157981	0.162324	0.153322	0.144954	0.136606	0.27	0.20	2.68	1,271.80	0.211%
2011	0.000041	0.000446	0.000454	**0.000486**	0.183539	0.161548	0.172074	0.176578	0.155206	0.158085	0.162428	0.153426	0.145058	0.136710	0.35	0.25	3.40	1,272.52	0.268%
2012	0.000039	0.000565	0.000564	**0.000603**	0.183656	0.161665	0.172191	0.176695	0.155323	0.158202	0.162545	0.153543	0.145175	0.136827	0.44	0.31	4.24	1,273.36	0.334%
2013	0.000039	0.000664	0.000656	**0.000702**	0.183755	0.161764	0.172290	0.176794	0.155422	0.158301	0.162644	0.153642	0.145274	0.136926	0.51	0.36	4.92	1,274.04	0.388%
	From Col D above * (1+SUT Rate) Rnd 6	From Col H + Col J above * (1+SUT Rate) Rnd 6	From Col K above	Col 3 * (1 + SUT Rate) Rnd 6	[Current Class Avg Rate - Cur Elec RRC] + Col 4 for Each Rate Class (Col 5 thru Col 14)										Col 1 * Sum Mo kWh Rnd 2 + Col 2 * Sum Mo kWh Rnd 2	Col 1 * Win Mo kWh Rnd 2 + Col 2 * Win Mo kWh Rnd 2	(4 * Col 15) + (8 * Col 16)	Current Col 18 + Col 17	Col 17 / Current Col 18

	% Change from Current Class Average Rate w/SUT									
	RS	RHS	RLM	GLP	LPL-S (0-749)	LPL-S (750-999)	LPL-S (1,000+)	LPL-P	HTS-S	HTS-HV
2009	0.110%	0.125%	0.117%	0.114%	0.130%	0.128%	0.124%	0.131%	0.139%	0.148%
2010	0.209%	0.237%	0.223%	0.217%	0.247%	0.242%	0.236%	0.250%	0.264%	0.280%
2011	0.265%	0.302%	0.283%	0.276%	0.314%	0.308%	0.300%	0.318%	0.336%	0.357%
2012	0.329%	0.374%	0.351%	0.342%	0.390%	0.383%	0.372%	0.394%	0.417%	0.443%
2013	0.383%	0.436%	0.409%	0.399%	0.454%	0.445%	0.433%	0.459%	0.486%	0.515%

[1] All customers assumed to have BGS Supply

[2] Annual Rate impact as of Rates effective July 1st for 2009 only

PSE&G Solar 4 All Program

Income Statement and Balance Sheet

($000's)

Income Statement	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenue																				
Energy	18	1,927	5,101	8,140	10,797	12,115	12,299	14,249	16,340	18,422	20,491	22,548	23,108	23,682	24,271	24,874	24,084	22,608	21,223	19,116
Capacity	-	-	-	-	3	53	264	466	660	692	710	729	745	764	783	805	822	843	864	888
Other Revenue--Solar	16	8,164	28,210	47,192	61,801	69,746	70,872	68,470	66,057	63,808	61,586	59,436	57,366	55,362	53,429	51,538	44,050	30,764	18,511	7,711
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Requirements	802	10,695	17,050	21,556	25,653	24,074	17,974	12,645	9,935	8,366	6,300	4,385	4,473	3,953	2,755	951	15,209	18,668	25,296	30,706
Total Operating Revenue	836	20,786	50,362	76,888	98,253	105,988	101,408	95,830	92,993	91,288	89,087	87,099	85,693	83,761	81,237	78,167	84,165	72,883	65,894	58,420
Operating Expenses																				
Operation & Maintenance	21	842	1,919	2,978	3,895	4,345	4,474	4,586	4,701	4,819	4,940	5,064	5,190	5,320	5,454	5,590	5,497	5,287	5,095	4,903
Administrative	607	1,842	1,904	1,968	2,034	2,102	1,372	573	593	613	635	657	680	704	728	754	780	808	836	865
Rent	-	894	1,995	3,434	4,781	5,870	6,160	6,898	7,689	8,476	9,260	10,039	10,257	10,480	10,710	10,945	9,778	7,916	6,136	4,255
Insurance	14	507	1,456	2,474	3,474	4,126	4,345	4,475	4,609	4,747	4,890	5,036	5,188	5,343	5,503	5,669	5,681	5,654	5,633	5,618
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,907	9,431	9,636	9,046
Total Operating Expenses	641	4,084	7,273	10,854	14,184	16,443	16,351	16,532	17,592	18,656	19,724	20,796	21,315	21,848	22,395	22,958	34,643	29,096	27,336	24,688
Depreciation and Amortization																				
Depreciation	102	8,083	21,178	34,028	45,604	52,363	53,570	53,306	53,124	52,970	52,881	52,786	52,610	52,433	52,271	52,172	48,788	44,241	39,932	35,889
Amortization of State Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Depreciation and Amortization	102	8,083	21,178	34,028	45,604	52,363	53,570	53,306	53,124	52,970	52,881	52,786	52,610	52,433	52,271	52,172	48,788	44,241	39,932	35,889
Operating Income	92	8,619	21,911	32,006	38,465	37,182	31,487	25,992	22,277	19,662	16,482	13,516	11,768	9,481	6,571	3,037	733	(454)	(1,375)	(2,157)
AFUDC	0	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	23	1,980	4,942	7,241	8,788	8,717	7,610	6,558	5,862	5,384	4,852	4,372	4,068	3,746	3,387	2,874	2,349	1,996	1,702	1,433
Income Before Income Taxes	70	6,641	16,969	24,765	29,677	28,465	23,877	19,434	16,415	14,279	11,630	9,144	7,700	5,734	3,184	163	(1,616)	(2,450)	(3,077)	(3,589)
ITC Adjustment	(29)	(2,358)	(6,179)	(9,926)	(13,301)	(15,276)	(15,650)	(15,588)	(15,072)	(14,232)	(13,724)	(13,246)	(12,435)	(12,058)	(12,058)	(12,058)	(11,142)	(10,020)	(8,972)	(7,988)
Income Tax Expense	35	3,226	8,277	12,272	15,003	14,921	13,111	11,269	9,905	8,828	7,620	6,478	5,682	4,780	3,732	2,491	1,574	1,003	532	120
Net Income	64	5,773	14,871	22,420	27,975	28,819	26,416	23,752	21,582	19,683	17,734	15,912	14,453	13,012	11,510	9,730	7,952	6,568	5,364	4,278
Preferred Dividends	0	33	83	121	147	146	128	110	98	90	81	73	68	63	57	48	39	33	29	24
Earnings Available to PSEG	64	5,740	14,788	22,298	27,828	28,673	26,288	23,642	21,483	19,593	17,653	15,838	14,385	12,949	11,453	9,681	7,912	6,534	5,335	4,254

Balance Sheet

Assets	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Property, Plant & Equipment	6,794	203,255	389,905	575,992	706,048	773,015	787,313	804,068	820,881	833,514	841,160	854,173	870,036	885,970	897,937	904,637	914,650	926,288	938,025	946,318
Less: Accumulated Depreciation	102	8,184	29,362	63,390	108,994	161,356	214,926	268,233	321,357	374,326	431,611	479,993	532,603	585,036	637,307	689,479	738,267	782,508	822,440	858,329
Net Property, Plant & Equipment	6,692	195,070	360,543	512,602	597,054	611,658	572,387	535,835	499,524	459,188	409,550	374,180	337,433	300,934	260,629	215,158	176,383	143,780	115,585	87,990
Deferred Income Taxes:																				
Deferred Tax Asset	428	(1,999)	(33,231)	(77,923)	(131,356)	(179,138)	(209,865)	(220,532)	(219,872)	(209,026)	(189,876)	(171,879)	(153,046)	(134,741)	(116,411)	(96,817)	(77,972)	(61,726)	(47,825)	(35,681)
State Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	7,120	193,071	327,312	434,679	465,697	432,520	362,522	315,304	279,652	250,161	219,674	202,301	184,387	166,193	144,219	118,340	98,411	82,054	67,761	52,309
Liabilities																				
Unamortized State Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Deferred ITC	2,009	58,590	108,406	154,306	180,021	184,836	173,475	162,914	147,842	133,610	118,757	106,640	94,204	82,147	70,089	58,032	46,890	36,870	27,898	19,910
Regulatory Liability	428	(1,999)	(33,231)	(77,923)	(131,356)	(179,138)	(209,865)	(220,532)	(219,872)	(209,026)	(189,876)	(171,879)	(153,046)	(134,741)	(116,411)	(96,817)	(77,972)	(61,726)	(47,825)	(35,681)
Deferred Income Taxes:																				
Plant Related	161	13,227	41,897	77,715	114,556	143,785	159,640	163,839	160,419	151,144	136,834	123,741	110,056	96,741	83,412	69,338	55,896	44,217	34,136	25,295
Capitalization:																				
Debt	2,162	58,941	100,539	134,177	144,648	135,352	114,422	99,986	91,464	83,416	73,625	68,766	63,685	58,364	51,230	41,981	35,195	29,981	25,609	20,460
Preferred Stock	44	1,207	2,058	2,747	2,961	2,771	2,342	2,047	1,872	1,708	1,507	1,408	1,304	1,195	1,049	859	720	614	524	419
Common Equity	2,315	63,106	107,643	143,657	154,868	144,915	122,507	107,050	97,927	89,310	78,827	73,625	68,185	62,488	54,850	44,947	37,682	32,099	27,418	21,906
Total Capitalization	4,522	123,253	210,240	280,581	302,476	283,038	239,271	209,083	191,263	174,434	153,959	143,799	133,173	122,046	107,128	87,788	73,597	62,694	53,551	42,784
Total Liabilities	7,120	193,071	327,312	434,679	465,697	432,520	362,522	315,304	279,652	250,161	219,674	202,301	184,387	166,193	144,219	118,340	98,411	82,054	67,761	52,309

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
MARK G. KAHRER
VICE PRESIDENT-FINANCE

My name is Mark G. Kahrer and I am an employee of Public Service Enterprise Group, Inc. (PSEG) Services Corporation in the position of Vice President—Finance for Public Service Electric & Gas ("PSE&G" or "Company"). My business address is 80 Park Plaza, Newark, New Jersey. My credentials are included in the attached Schedule MGK-1 of this testimony.

SCOPE OF TESTIMONY

The purpose of my testimony is to support the required return on the investments proposed by PSE&G in its Solar 4 All Program ("Program"). The testimony provides the support for the cost and capitalization for the components of the Weighted Average Cost of Capital (WACC) that is used in the testimony of Stephen Swetz in the calculation of the revenue requirements associated with the Program.

OVERVIEW OF THE PSE&G SOLAR 4 ALL PROGRAM

The Company developed the Solar 4 All Program as the vehicle to deploy approximately 120 MWs of solar photovoltaic ("PV") systems. It is estimated that the

Program's investment will amount to approximately $773 million over a six-year period, commencing in 2009 and running through 2014. Expenditures will be divided into four segments:

- Centralized Solar: 35 MWs--$221 million.
- Neighborhood Solar: 40 MWs--$264 million.
- Local Government Solar: 43 MWs--$273 million.
- HMFA / Affordable Housing Solar: 2 MWs--$15 million.

Of these expenditures approximately $203 million is expected to be invested by the end of 2010. See Schedule MGK-2, attached, for the detailed year-by-year capital investment included in the Program.

COST RECOVERY OF THE PSE&G SOLAR 4 ALL PROGRAM

The revenue requirements and cost recovery mechanism of the Company's proposed Program are described in detail in the testimony of Stephen Swetz. Costs to be recovered include:

- Return of and on the invested capital associated with the Program.
- Expenses including operation and maintenance costs, administrative costs, rent, insurance and cost of removal.
- Tax related items (described in detail in Mr. Swetz's testimony).

- Less revenue received associated with energy and SRECs produced by the PV systems.

Return of the investment will be over the book lives of the various components of the PV systems. Return on the unrecovered investment would be at WACC. Schedule MGK-3, attached, shows the calculation of the WACC proposed for this Program. Schedule MGK-4, attached, is provided as required by the Minimum Filing Requirements for Petitions under N.J.S.A. 48:3-98.1. Schedule MGK-4 shows the calculation of the capital structure approved by the Board in its most recent electric and gas cases as well as the allowed overall rate of return approved by the Board

DESCRIPTION OF WACC FOR PURPOSES OF THE PROGRAM

PSE&G will determine its revenue requirements based upon a WACC including income tax effects. WACC, for purposes of the Program, will reflect:

- A capital structure that:
  - Includes the actual PSE&G capital outstanding at the month ended prior to the decision.
  - Includes long-term debt due within one year.
  - Excludes short-term debt.

- Includes a pro forma adjustment that represents the capital required to finance the investment called for by this Program filing along with the capital required to finance the investments called for in the Economic Energy Efficiency Stimulus Program filing and in the Capital Economic Stimulus Infrastructure filing. The pro forma adjustment will assume the capital required will be a combination of new long-term debt at the then-current coupon rates for such utility long-term debt and common equity such that the pro forma PSE&G capital structure will reflect a 51.2 percent common equity component.

- A cost of debt equal to the weighted embedded cost of long-term debt as of the month ended prior to the decision with a pro forma adjustment to reflect the anticipated financing as described above.
- A cost of preferred stock equal to the weighted embedded cost of preferred as of the month ended prior to the decision.
- A cost of common equity that reflects the market's current expectations.

The WACC in the Program's filing is 8.2582% annually. Including tax effects, the weighted pre-tax cost is 11.97%. This would correspond to a 0.9975% monthly rate. The WACC is based on the capitalization and costs presented in Schedule MGK-3.

DETERMINATION OF THE CAPITAL STRUCTURE

The WACC in Schedule MGK-3 reflects actual data for PSE&G as of November 30, 2008, the information available as of the time this filing was being prepared. The capitalization ratio is derived by beginning with actual capitalization as of November 30, 2008 as per the Financial Statements of PSE&G provided monthly to the BPU. Adjustments are made to reflect:

- The $275 million five-year debt series issued on December 2, 2008 at a coupon rate of 6.33%.
- A $286 million debt issue to support the financing of the capital expenditures associated with this Program and the two other pending filings as described above through the end of 2010.

The $286 million pro forma debt issue represents 34.17% of the capital requirements associated with program expenditures (see Schedule MGK-5) with the balance of the capital requirements coming from common equity. This 34.17%/65.83% assumed debt/equity financing is such that the resulting pro forma PSE&G capital structure would reflect a 51.2 percent common equity component. Schedule MGK-5 shows the derivation of the capital structure reflected in the WACC calculation.

The 51.2 percent common equity in the proposed capital structure is consistent with that allowed New Jersey Natural Gas (NJNG) (BPU Docket No. GR07110889) in a decision dated October 3, 2008. In the third and fourth quarters of 2008 we have seen extreme volatility in the financial markets. The higher percent common equity allowed NJNG is consistent with the requirements of the current financial markets. A recent SNL*i* article quotes James Hempstead, Moody's senior vice president, as saying:

> For the long term, the biggest risk could come from new environmental legislation. Although such new laws may be introduced sooner rather than later, it could take some time before the details of implementation are fully worked out. But given the sheer magnitude of the implications for the sector, we remain befuddled as to why utilities are not more aggressive with their balance-sheet strengthening programs.

The capitalization ratio utilized in calculating the WACC for purposes of this Program will be updated annually prior to the resetting of rates for this clause. The update will reflect actual capitalization at that point along with a pro forma adjustment for expected capital financing requirements for the Program in the coming year.

COST OF THE COMPONENTS OF THE WACC

Cost of Long-term Debt

Schedule MGK-6 shows the calculation of the embedded cost of long-term debt based upon November 30, 2008 actual outstanding series cost information with the pro forma adjustments described above. The pro forma $286 million debt issue is at an expected coupon rate of 5.5%. The projected rate from January 2009 represents the average of indicative quotes for a new 10-year debt issue by PSE&G as provided to the Company by BNP Paribas, UBS and Royal Bank of Scotland who regularly follow our credit and bonds. This projected rate will be updated within 30 days prior to the expected decision date set by RGGI rules for this application. The cost for new debt to be issued to finance Program expenditures beyond 2010 will be updated annually prior to rates being reset under this Program's cost recovery mechanism.

Cost of Customer Deposits

The cost for customer deposits is established annually by the BPU with a new rate effective each January. The rate in place in November 2008 was 4.79%. The new rate effective January 1, 2009 is 2.34%. For purposes of this filing we are using the current 2009 rate. The cost applied to customer deposits will be updated annually through the life of this Program to recognize the change in the BPU set customer deposit rate.

Cost of Preferred Stock

Schedule MGK-7 shows the derivation of the weighted embedded cost of preferred stock of 5.03%. The Company does not foresee the issuance of any new preferred stock in the near future. If any new preferred stock is issued during the life of this Program the Company's WACC would be adjusted to reflect such an issue's impact on the Company's weighted embedded cost of preferred stock.

Cost of Common Equity

As noted above, in the third and fourth quarters of 2008, we have seen extreme volatility in the financial markets. The market for new capital is thin and the horizon is very uncertain. The competition for scarce funds in the external markets is stronger than ever, and investors are demanding higher returns before they consider an equity investment. During this time, we have observed a dramatic increase in the cost of capital. The existing regulatory WACC applied to the Company's electric and gas operations reflect allowed returns on equity (ROEs) of 9.75% and 10% respectively. But these rates were established in 2003 for electric operations and 2006 for gas.

The BPU recognizes that the cost of common equity is now higher. Looking back over the period 2002 through 2007 we see that the BPU has allowed the electric and gas utilities it regulates an ROE that averaged 9.83%, on an average 45.7% common equity in capitalization (see Schedule MGK- 8). The recent NJNG decision shows a movement in the upward direction that the markets are looking for—namely an increase in the allowed ROE to 10.3% on a 51.2% common equity in capitalization. While the Company believes the appropriate cost of common equity is still above that allowed NJNG, to expedite the resolution of this filing PSE&G is proposing that the WACC for purposes of this filing reflect the ROE and capitalization that the BPU saw fit to grant NJNG in its October 3, 2008 decision.

This concludes my testimony.

QUALIFICATIONS
OF
MARK G. KAHRER
VICE PRESIDENT--FINANCE

I have been employed at PSEG for more than 25 years, serving in a number of financial positions in the company including Director – Corporate Accounting, Director – Financial Risk Management, Assistant Treasurer and, most recently, Vice President – Finance and Development of PSEG Power LLC, prior to my appointment as Vice President – Finance for PSE&G. In those roles, I was responsible for closing the corporation's books of record, filing compliance reports with the Securities and Exchange Commission and the Federal Energy Regulatory Commission ("Commission"), establishing a risk governance framework and policies, overseeing the administration of more than $4.5 billion in pension, 401(K) and nuclear decommissioning trust funds, implementing the corporation's insurance programs and leading the corporate finance group, which was responsible for issuing more than $7 billion in debt and equity securities during my tenure. In addition, I was also responsible for managing PSE&G's relationships with financial rating entities such as Fitch Ratings, Moody's Investors Service and Standard and Poor's.

I have a Bachelor of Science degree in accounting from St. Peter's College, a Masters in Business Administration with a concentration in finance from Seton Hall University, and I am a Certified Public Accountant licensed in the State of New Jersey.

PSE&G Solar 4 All Program
Capital Investment

Schedule MGK - 2

(thousands of dollars)

Capital Expenditures:	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Centralized Solar	120	63,411	65,247	65,252	27,035	-	221,065
Neighborhood Solar	6,794	54,006	65,092	65,043	52,219	20,636	263,790
Local Government Solar	-	75,121	50,680	50,691	50,659	46,331	273,482
HMFA / Affordable Housing	-	3,802	5,631	5,101	143	-	14,677
Total	6,914	196,340	186,650	186,087	130,056	66,967	773,014
Cumulative Expenditure	6,914	203,254	389,904	575,991	706,047	773,014	

PSE&G Solar 4 All Program
Weighted Average Cost of Capital (WACC)

Schedule MGK - 3

	Percent	Cost	WACC	Revenue Conversion Factor	WACC Including Tax Effects
Long-term Debt	46.8169%	6.2198%	2.9119%		2.9119%
Customer Deposits	1.0042%	2.3400%	0.0235%		0.0235%
Sub-total	47.8211%		2.9354%		2.9354%
Preferred Stock	0.9789%	5.0296%	0.0492%	1.697332	0.0836%
Common Equity	51.2000%	10.3000%	5.2736%	1.697332	8.9510%
Total	100.0000%		8.2582%		11.9700%
Monthly WACC			0.6882%		0.9975%

NOTE: Reflects a tax rate of: 41.084%

PSE&G Solar 4 All Program
Minimum Filing Requirement IV.h. for Petitions under N.J.S.A. 48:3-98.1

Schedule MGK - 4

Electric (1):

	Percent	Cost	Overall Rate of Return
Long-term Debt	50.6434%	6.1900%	3.1348%
Customer Deposits	0.6831%	2.9400%	0.0201%
Sub-total	51.3265%		3.1549%
Preferred Stock	1.2708%	5.0300%	0.0639%
Common Equity	47.4027%	9.7500%	4.6218%
Total	100.0000%		7.8406%

Gas (2):

	Percent	Cost	Overall Rate of Return
Long-term Debt	50.6434%	6.1900%	3.1348%
Customer Deposits	0.6831%	2.9400%	0.0201%
Sub-total	51.3265%		3.1549%
Preferred Stock	1.2708%	5.0300%	0.0639%
Common Equity	47.4027%	10.0000%	4.7403%
Total	100.0000%		7.9591%

(1) BPU Docket No. ER02050303
(2) BPU Docket No. GR05100845

PSE&G Solar 4 All Program
Development of Capitalization

Schedule MGK - 5

(thousands of dollars)

Actual Capital Structure:

	Capitalization Nov-08	Capitalization Dec MTN Issue	Capitalization Adjusted	Capitalization Ratio
Long-term Debt	3,248,737	274,916	3,523,653	48.27%
Customer Deposits	81,715	-	81,715	1.12%
Sub-total	3,330,452	274,916	3,605,368	49.39%
Preferred Stock	79,655	-	79,655	1.09%
Common Equity	3,615,421	-	3,615,421	49.52%
Total	7,025,528	274,916	7,300,444	100.00%

Financing Requirement:

Investment thru 2010:	Capital Economic Stimulu Electric	Capital Economic Stimulu Gas	EEE Stimulus Electric	EEE Stimulus Gas	Solar 4 All Electric	Total
Investment	359,582	283,409	120,642	48,358	203,255	1,015,247
Accum. Deprec/Amort	8,842	6,782	8,697	3,486	8,184	35,991
Accum. Def. Tax	3,543	3,278	45,569	18,266	13,227	83,882
Accum. Def. ITC	-	-	-	-	58,590	58,590
Amount to Finance	347,197	273,350	66,376	26,606	123,254	836,783

Allocation of Financing Requirement between Debt and Equity:

	Financing Requiremen	Ratio
Long-term Debt	285,946	34.17%
Common Equity	550,838	65.83%
Total	836,783	100.00%

WACC:

	Capitalization Adjusted	Capitalization Net to be Financed	Capitalization Pro Forma	Capitalization Ratio
Long-term Debt	3,523,653	285,946	3,809,599	46.82%
Customer Deposits	81,715	-	81,715	1.00%
Sub-total	3,605,368	285,946	3,891,314	47.82%
Preferred Stock	79,655	-	79,655	0.98%
Common Equity	3,615,421	550,838	4,166,259	51.20%
Total	7,300,444	836,783	8,137,227	100.00%

PSE&G Solar 4 All Program
Embedded Cost of Long-term Debt
(dollars)

PSE&G LONG TERM DEBT	COST OF BOND YIELD BASIS	PRINCIPAL AMOUNT OUTSTANDING	PLUS NET UNAMORTIZED PREMIUM/ (DISCOUNT)	PLUS NET UNAMORTIZED SELLING EXPENSE	PLUS NET UNAMORTIZED PREMIUM/ (DISCOUNT) & SELLING EXPENSE	PRINCIPAL AMOUNT AND UNAMORTIZED PREMIUM/ (DISCOUNT) & SELLING EXPENSE- NET	WEIGHT IN % OF PRINCIPAL AMOUNT AND UNAMORTIZED PREMIUM/ (DISCOUNT) & SELLING EXPENSE- NET	COST IN PERCENT
6.750% SERIES VV DUE 1-1-16	7.319%	$171,245,000.00	($931,534.63)	($11,760.00)	($943,294.63)	$170,301,705.37	4.4921%	0.3288%
6.450% PC SERIES T DUE 10-1-19	7.147%	$4,600,000.00	($37,684.98)	($35,862.00)	($73,546.98)	$4,526,453.02	0.1194%	0.0085%
9.250% SERIES CC DUE 6-1-21	9.730%	$134,380,000.00	($160,024.04)	($7,152.00)	($167,176.04)	$134,212,823.96	3.5402%	0.3445%
5.200% PC SERIES M DUE 3-1-25	5.711%	$23,000,000.00	($191,765.16)	($171,108.00)	($362,873.16)	$22,637,126.84	0.5971%	0.0341%
3.664% PC SERIES Z (2003 B1) DUE 11-1-33	3.981%	$50,000,000.00	$0.00	($321,649.68)	($321,649.68)	$49,678,350.32	1.3104%	0.0522%
3.664% PC SERIES AA (2003 B2) DUE 11-1-33	3.981%	$50,000,000.00	$0.00	($321,649.68)	($321,649.68)	$49,678,350.32	1.3104%	0.0522%
5.450% PC SERIES O DUE 2-1-32	5.898%	$50,000,000.00	($577,000.42)	($157,059.00)	($734,059.42)	$49,265,940.58	1.2995%	0.0766%
6.400% PC SERIES P DUE 5-1-32	6.917%	$100,000,000.00	($1,092,824.65)	($478,800.00)	($1,571,624.65)	$98,428,375.35	2.5963%	0.1796%
8.000% SERIES DUE 6-1-37	8.364%	$7,462,900.00	$0.00	$0.00	$0.00	$7,462,900.00	0.1969%	0.0165%
5.000% SERIES DUE 7-1-37	5.229%	$7,537,800.00	$0.00	$0.00	$0.00	$7,537,800.00	0.1988%	0.0104%
2.272% FRN SERIES B DUE 3-12-10	4.768%	$300,000,000.00	$0.00	($643,506.91)	($643,506.91)	$299,356,493.09	7.8962%	0.3765%
8.160% SERIES DUE 5/26/09 *	8.769%	$16,500,000.00	($2,193.78)	($340.00)	($2,533.78)	$16,497,466.22	0.4352%	0.0382%
8.100% SERIES DUE 5/26/09 *	8.708%	$43,500,000.00	($5,783.62)	($896.00)	($6,679.62)	$43,493,320.38	1.1472%	0.0999%
5.125% SERIES DUE 9/01/12 *	5.857%	$300,000,000.00	($429,000.00)	($763,679.55)	($1,192,679.55)	$298,807,320.45	7.8818%	0.4617%
5.000% SERIES DUE 1/01/13 *	5.667%	$150,000,000.00	$0.00	($406,568.27)	($406,568.27)	$149,593,431.73	3.9459%	0.2236%
5.000% SERIES DUE 8/15/14 *	5.721%	$250,000,000.00	($557,425.00)	($957,591.33)	($1,515,016.33)	$248,484,983.67	6.5544%	0.3750%
7.040% SERIES DUE 11/06/20 *	7.588%	$9,000,000.00	($34,724.19)	($40,044.00)	($74,768.19)	$8,925,231.81	0.2354%	0.0179%
5.375% SERIES DUE 9/1/13 *	6.064%	$300,000,000.00	($148,714.85)	($909,723.83)	($1,058,438.68)	$298,941,561.32	7.8853%	0.4782%
7.180% SERIES DUE 8/01/23 *	7.744%	$5,000,000.00	($18,220.46)	($35,000.00)	($53,220.46)	$4,946,779.54	0.1305%	0.0101%
7.150% SERIES DUE 8/30/23 *	7.712%	$33,500,000.00	($122,264.50)	($234,675.00)	($356,939.50)	$33,143,060.50	0.8742%	0.0674%
5.250% SERIES DUE 7/1/35 *	5.634%	$250,000,000.00	($695,625.00)	($1,895,412.36)	($2,591,037.36)	$247,408,962.64	6.5260%	0.3676%
5.700% SERIES DUE 12/1/36 *	6.113%	$250,000,000.00	($987,943.90)	($2,027,149.26)	($3,015,093.16)	$246,984,906.84	6.5148%	0.3982%
5.800% SERIES DUE 5/1/37 *	6.198%	$350,000,000.00	($645,360.13)	($2,813,108.34)	($3,458,468.47)	$346,541,531.53	9.1409%	0.5666%
5.300% SERIES DUE 5/1/18 *	5.985%	$400,000,000.00	($297,509.66)	($2,556,723.86)	($2,854,233.52)	$397,145,766.48	10.4757%	0.6270%
6.330% SERIES DUE 11/1/2013 *	7.570%	$275,000,000.00	($83,875.76)	($1,721,789.88)	($1,805,665.64)	$273,194,334.36	7.2062%	0.5455%
5.500% NEW 10 YR NOTE DUE 2018 *	6.185%	$285,946,000.00	$0.00	($2,015,676.00)	($2,015,676.00)	$283,930,324.00	7.4893%	0.4632%
TOTAL PSE&G LONG TERM DEBT		**$3,816,671,700.00**	**($7,019,474.72)**	**($18,526,924.95)**	**($25,546,399.68)**	**$3,791,125,300.32**	**100.000%**	**6.2198%**

PSE&G Solar 4 All Program
Embedded Cost of Preferred Stock
(dollars)

SERIES	DATE OF ISSUE	ORIG. ISSUE NUMBER OF SHARES	ORIG. ISSUE PAR VALUE OUTSTANDING	PREMIUM/ (DISCOUNT)	EXPENSES	ORIG. ISSUE PROCEEDS TO THE COMPANY	ORIG. ISSUE PERCENT OF PAR VALUE	ORIG. ISSUE COST TO COMPANY	CURRENT PAR VALUE OUTSTANDING	WEIGHT IN % OF CURRENT PAR VALUE OUTSTANDING	COST IN PERCENT
4.08%	10-25-49	250,000	$25,000,000.00	$37,500.00	$115,835.55	24921664.45	99.6867%	4.0928%	$14,622,100.00	18.387167%	0.752554%
4.18%	5-27-54	249,942	$24,994,200.00	$31,691.30	$49,054.24	24976837.06	99.9305%	4.1829%	$11,695,800.00	14.707369%	0.615195%
4.30%	10-03-55	250,000	$25,000,000.00	$0.00	$67,061.93	24932938.07	99.7318%	4.3116%	$14,947,800.00	18.796732%	0.810433%
5.05%	3-12-58	250,000	$25,000,000.00	$25,000.00	$64,244.33	24960755.67	99.8430%	5.0579%	$10,400,200.00	13.078163%	0.661486%
5.28%	12-21-60	250,000	$25,000,000.00	$37,500.00	$63,235.67	24974264.33	99.8971%	5.2854%	$11,786,400.00	14.821298%	0.783371%
6.92%	2-03-94	600,000	$60,000,000.00	($288,000.00)	$55,000.00	59657000	99.4283%	6.9598%	$16,071,100.00	20.209272%	1.406522%
		1,849,942	**$184,994,200.00**	**($156,308.70)**	**$414,431.72**	**$184,423,459.58**			**$79,523,400.00**	**100.000000%**	**5.029562%**

PSE&G Solar 4 All Program
Allowed ROEs and Common Equity in Capitalization

Schedule MGK - 8

Past Allowed Returns:

Company	Docket No.	Date	ROE	Percent Common Equity
PSE&G	GR-01050297	1/9/2002	10.00%	NA
Pivotal Utility	GR-02040245	11/20/2002	10.00%	NA
PSE&G	ER-02050303	7/9/2003	9.75%	41.45%
Rockland Electric	ER-02100724	7/15/2003	9.75%	46.00%
Jersey Central	ER-02080506	7/25/2003	9.50%	46.00%
South Jersey Gas	GR-03080683	7/8/2004	10.00%	46.00%
Atlantic City Electric	ER-03020110	5/26/2005	9.75%	46.22%
Jersey Central	ER-02080506	6/1/2005	9.75%	46.00%
PSE&G	GR-05100845	11/9/2006	10.00%	47.40%
Rockland Electric	ER-06060483	3/22/2007	9.75%	46.51%
Average			9.83%	45.70%

Recent Allowed Return:

New Jersey Natural Gas	GR-07110889	10/3/2008	10.30%	51.20%

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
DANIEL M. FURLONG
ASSISTANT CONTROLLER

My name is Daniel M. Furlong and I am an Assistant Controller of Public Service Enterprise Group, Inc. (PSEG) Services Corporation. My business address is 80 Park Plaza, Newark, New Jersey. My professional background and qualifications as a witness in this proceeding are included in Schedule DMF-1 of this testimony.

<u>SCOPE OF TESTIMONY</u>

The purpose of my testimony is to describe the accounting for the Public Service Electric and Gas Company's ("PSE&G" or "Company") Solar 4 All Program ("Program"). My testimony provides the accounting entries to record expenditures and recovery associated with the Program as described in the testimony of Stephen Swetz (Attachment B). The accounting entries are summarized in Schedule DMF-2.

<u>PROGRAM COSTS</u>

PSE&G is proposing to recover the revenue requirements associated with the direct costs of the Program. Direct costs include all costs related to Program capital expenditures and Operations and Maintenance Costs including the Administrative Costs of running the Program. These costs would be offset by all the net benefits derived from the Program including but not limited to the solar electrical output, the net SREC revenue as well as the amortization of the applicable solar investment tax credit (ITC) utilized by PSE&G. The following is a description of each cost element and the associated accounting entries.

(1) The Program capital assets will include solar panels, inverters, metering and communications equipment. The investment in the solar installations will be capitalized as Other Production plant.

346 Miscellaneous Power Plant Equipment	XXX	
131 Cash (payroll, outside services, M&S)		XXX

If the construction period is longer than 60 days then the Company will also accrue AFUDC in accordance with our capitalization policy.

(2) The solar panels and metering assets will be depreciated over twenty years or the life of the agreement with the host site if it is less than twenty years. The inverters and the communication assets will be depreciated over 5 years.

403 Depreciation Expense	XXX	
108 Accumulated Depreciation		XXX

(3) The Company will record the investment tax credit received on the solar assets and amortize the credit to the income statement on a straight line basis over the book life of the equipment. The deferral:

236 Taxes Accrued	XXX	
410.1 Deferred Income Tax	XXX	
409.1 Income Taxes		XXX
255 Accumulated Deferred ITC		XXX

The amortization over the book life:

255 Accumulated Deferred ITC	XXX	
411.4 Investment Tax Credit Adjustments		XXX

(4) The tax basis of the solar assets will be the original cost of the assets reduced by 50% of the solar investment tax credit. The book-tax basis difference is amortized to income on a straight line basis over the book life of the assets. Since the book cost exceeds the tax basis a portion of the book depreciation is not deductible. Therefore this flow through of the basis difference will increase income tax expense.

409.1 Income Taxes	XXX	
236 Taxes Accrued		XXX

(5) The Company will incur operation and maintenance expenses associated with the solar installations which will be recorded in the appropriate Other Power Generation expense accounts.

549 Miscellaneous Operation Expense	XXX	
554 Miscellaneous Maintenance Expense	XXX	
131 Cash		XXX

(6) When the centralized solar is installed on Gas Distribution or Transmission property, Electric Distribution will be charged a rental charge fee that will

cover the return on and of the property utilized plus an appropriate share of expenses.

550 Rents Other Power Generation	XXX	
454 Rents from Electric Property		XXX
493 Rents from Gas Property		XXX

(7) In the governmental and HMFA segments the customer will receive a bill credit based on the amount of solar energy produced at their location. This bill credit is intended to reimburse the customer for the use of their premises. The bill credit will be recorded as a rent expense.

550 Rents Other Power Generation	XXX	
142 Customer Accounts Receivable		XXX

ACCOUNTING FOR THE SOLAR OUTPUT

(1) The output from the centralized solar systems will be sold in the PJM market and the net revenues will offset the revenue requirements of the program.

131 Cash	XXX	
447 Sales for Resale – Solar 4 All		XXX

(2) The output from the solar installations in the other three segments will be applied as a reduction to the load to be served by BGS-FP suppliers. The solar energy produced will be valued at the zonal load weighted average LMP and that value will be debited to the BGS-FP reconciliation charge and credited to the RGGI Recovery Charge to offset revenue requirements.

555 Purchased Power – BGS	XXX	
447 Sales for Resale – Solar 4 All		XXX

(3) The SRECs received from all of the solar installations will be sold in the SREC Auction approved by the BPU. The net revenues received from the SREC sales will offset the revenue requirements of the program.

Record the receipt of the SRECs at current market value:

174 Misc. Current & Accrued Assets – SREC	XXX	
182 Regulatory Asset – SREC		XXX

Record the sale of the SRECs at auction by reducing the SREC asset and crediting the RGGI Recovery Charge:

131 Cash	XXX	
182 Regulatory Asset – SREC	XXX	
174 Misc. Current & Accrued Assets – SREC		XXX
456 Other Electric Revenues – Solar 4 All		XXX

<u>CALCULATION OF REVENUE REQUIREMENTS</u>

Each month a revenue requirement for this program will be determined that will include the expenses and sales of energy and SRECs described above plus a return on the net capital invested at PSE&G's overall weighted average cost of capital (WACC) authorized by the Board in the most recent base rate case, including income tax effects.

*Revenue Requirements = (Pre–tax Cost of Capital * Net Investment) +Amortization and/or Depreciation + Operation and Maintenance Costs –*

Revenues from Solar Output – ITC Amortization w/ Tax Gross Up + Tax Associated from ITC Basis Reduction

The Net Investment in the formula is the capitalized cost of the solar installations less the associated accumulated depreciation and accumulated deferred income taxes. The investment tax credit amortization and the impact of flow through depreciation are charged directly to tax expense and therefore must be grossed-up when determining the revenue requirement.

INCOME TAXES

The Company will record deferred incomes taxes for all of the tax-book timing differences that result from this program. The different lives and methods for tax vs. book depreciation and entries to regulatory asset or liability accounts represent timing differences.

OVER/UNDER COLLECTION

Each month the actual revenue collected through the RGGI Clause will be compared to that month's revenue requirement. The difference will be deferred as a regulatory asset or regulatory liability with an offsetting charge to expense. For an under collection the entry will be:

182 Regulatory Assets – Solar 4 All	XXX	
407.4 Regulatory Credits		XXX

For an over collection the entry will be:

407.3 Regulatory Debits	XXX	
254 Regulatory Liabilities – Solar 4 All		XXX

The monthly WACC rate will be multiplied by the average monthly deferred balance and the resulting carrying cost will be added to the deferred balance. For an under collection the entry will be:

182 Regulatory Assets – Solar 4 All	XXX	
431 Interest Expense		XXX
419 Other Income		XXX

For an over collection the entry will be:

426.5 Other Deductions	XXX	
431 Interest Expense	XXX	
254 Regulatory Liabilities – Solar 4 All		XXX

At the end of the initial and each annual period, the corresponding deferred balances would be included in the forecasted revenue requirements for the proceeding period for each respective electric and gas RGGI clause.

Historical Financial Information

The following financial data, as required by the applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12, are included with my testimony.

Schedule DMF-3	Balance Sheets – 12/2005, 12/2006, 12/2007
Schedule DMF-4	Income Statements–2005, 2006, 2007
Schedule DMF-5	Balance Sheet – 11/2008
Schedule DMF-6	Revenue by Class of Business 2007
Schedule DMF-7	Affiliate Payments 2005, 2006, 2007

This concludes my testimony at this time.

QUALIFICATIONS
OF
DANIEL M. FURLONG
ASSISTANT CONTROLLER

I graduated from Syracuse University in 1975 with a Bachelor of Science in Accounting (Magna Cum Laude).

Between 1975 and 1991 I was employed by Jersey Central Power & Light Company (JCP&L). I was employed in the Accounting Department of JCP&L from 1975 through 1983, and my responsibilities ranged from entry-level accountant to Manager Accounting Operations. In 1983 I was named Director Rates, a position I held until 1988 at which time I returned to Accounting as an Assistant Comptroller.

From 1991 to 1995 I was an Assistant Comptroller for GPU Nuclear Inc., where I was responsible for budgeting, cost control, financial analysis and rate support. From 1995 to 1997 I was an Assistant Comptroller for GPU Service Inc., responsible for business planning and taxes. In 1997 I returned to GPU Nuclear as Comptroller where I was responsible for accounting, budgeting, internal controls and financial planning and analysis.

In 2001 I assumed my current position as Public Service Enterprise Group, Inc. Assistant Controller – PSE&G in the PSEG Services Corporation. I am responsible for all accounting matters for the PSE&G subsidiary.

I have previously testified before the New Jersey Board of Public Utilities in several proceedings while I was Director Rates for JCP&L. I was the accounting and revenue requirements witness in three base rate proceedings. In addition I was a primary witness in several Levelized Energy Adjustment Clause proceedings during the same time frame.

I testified as a rebuttal witness in *I/M/O the Petition of Public Service Electric and Gas Company for Declaratory Ruling Clarifying the Cost Responsibility for Nuclear Generation Asset Decommissioning Funds* (BPU Docket No. EO02080610). I also testified in PSE&G's gas base rate case, *I/M/O the Petition of Public Service Electric and Gas Company for Approval of an Increase in Gas Rates, Depreciation Rates for Gas Property and for Changes in the Tariff for Gas Service* (BPU Docket No. GR05100845), in PSE&G's RAC 13/14 case, *I/M/O the Motion of Public Service Electric and Gas Company to Modify its Manufactured Gas Plant (MGP) Remediation Component Within its Electric Societal Benefits Charge (SBC) and its Gas SBC, et al*., (BPU Docket No. ER07020104) and in PSE&G's RAC 15 case, *I/M/O the Motion of Public Service Electric and Gas Company to Modify its Manufactured Gas Plant (MGP) Remediation Component Within its Electric Societal Benefits Charge (SBC) and its Gas SBC, et al*., (BPU Docket No. ER07120970). Most recently, I testified in PSE&G's Carbon Abatement filing, *I/M/O the Petition of*

Public Service Electric and Gas Company Offering a Carbon Abatement Program, et al., (BPU Docket No. EO086060426).

PSE&G Solar 4 All
Accounting Entries

Entry	Acct.	Description	Debit	Credit
		Accounting for Company Owned Solar Equipment		
R1	Capitalize the solar equipment owned by PSE&G.			
	346	Miscellaneous Power Plant Equipment	XXX	
	131	Cash (payroll, outside services, materials and supplies)		XXX
R2	Depreciate the solar equipment over the book life.			
	403	Depreciation Expense	XXX	
	108	Accumulated Depreciation		XXX
R3	Record deferred income taxes on the book tax timing difference .			
	410.1	Deferred Income Taxes, Utility Operating Income	XXX	
	282	Accumulated Deferred Income Taxes		XXX
	or			
	411.1	Deferred Income Taxes - Credit, Utility Operating Income		XXX
	282	Accumulated Deferred Income Taxes	XXX	
R4	Record solar equipment operation & maintainence expense.			
	549	Miscellaneous Other Power Generation Expense	XXX	
	554	Maintenance of Miscellaneous Other Power Generation Plant	XXX	
	131	Cash		XXX
R5	Record the solar equipment Investment Tax Credit.			
	236	Taxes Accrued	XXX	
	410.1	Deferred Income Taxes, Utility Operating Income	XXX	
	409.1	Income Taxes, Utility Operating Income		XXX
	255	Accumulated Deferred Investment Tax Credits		XXX
R6	Amortize the solar investment tax credit over the book life of the equipment.			
	255	Accumulated Deferred Investment Tax Credits	XXX	
	411.4	Investment Tax Credit Adjustments		XXX
R7	Record rent paid to Gas Distrubtion and Transmission			
	550	Rents Other Power Generation	XXX	
	454	Rents from Electric Property		XXX
	493	Rents from Gas Property		XXX
R8	Record the bill credit provided to Goverment & HMFA segments.			
	550	Rents Other Power Generation	XXX	
	142	Customer Accounts Receivable		XXX

PSE&G Solar 4 All
Accounting Entries

Entry	Acct.	Description	Debit	Credit
		Accounting for SRECs		
R9		Record the receipt of the SRECs at current market value.		
	174	Misc Current and Accrued Assets -SREC	XXX	
	182	Regulatory Asset - Solar 4 All		XXX
R10		Record the sale of the SRECs at auction (net of transaction cost).		
	131	Cash	XXX	
	182	Regulatory Asset - Solar 4 All - gain or loss on sale	XXX	
	174	Misc Current and Accrued Assets -SREC		XXX
	456	Other Electric Revenues - Solar 4 All		
		Accounting for Sale of Solar Energy		
R11		Record grid connected sales to PJM at LMP.		
	131	Cash	XXX	
	447	Sales For Resale - Solar Infrastructure		XXX
R12		Record energy benefit from unscheduled solar generation at LMP.		
	555	Purchased Power - BGS-FP	XXX	
	456	Other Electric Operating Revenues - Solar 4 All		XXX
		Accounting for Cost Recovery		
R13		Record the monthly Solar 4 All revenues.		
	142	Customer Accounts Receivable	XXX	
	400	Operating Revenues		XXX
R14		Record any over/ under recovery.		
	182	Regulatory Asset - Solar 4 All	XXX	
	407.3	Regulatory Debits	XXX	
	407.4	Regulatory Credits		XXX
	254	Regulatory Liability - Solar 4 All		XXX
R15		Record cost of capital on any over/ under recovered balance using PSE&G's WACC.		
	182	Regulatory Asset - Solar 4 All	XXX	
	419	Other Income		XXX
	431	Interest Expense	XXX	XXX
	254	Regulatory Liability - Solar 4 All		XXX

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

	Dec.31, 2005	Dec.31, 2006	Dec.31, 2007
		(THOUSANDS)	
Assets and Other Debits			
Utility Plant			
Electric Utility Plant			
101 Electric Utility Plant in Service	6,446,220	6,707,986	7,085,555
103 Electric Experimental Plant Unclassified	0	0	0
105 Electric Utility Plant Held for Future Use	26,858	26,376	8,165
107 Electric Construction Work in Progress	44,794	57,049	24,684
Total Electric Utility Plant	6,517,872	6,791,411	7,118,404
Gas Utility Plant			
101 Gas Utility Plant in Service	3,976,672	4,167,457	4,322,406
103 Gas Experimental Plant Unclassified	0	0	0
105 Gas Utility Plant Held for Future Use	0	0	0
107 Gas Construction Work in Progress	13,363	509	1,601
Total Gas Utility Plant	3,990,035	4,167,966	4,324,007
Common Utility Plant			
101 Common Utility Plant in Service	188,085	160,152	82,327
107 Common Construction Work in Progress	0	0	27,521
Total Common Utility Plant	188,085	160,152	109,848
Total Utility Plant	10,695,992	11,119,529	11,552,259
Accumulated Provisions for Depreciation and Amortization			
Electric Utility Plant			
108 & 111 Electric Utility Plant in Service	(2,158,680)	(2,261,775)	(2,374,881)
Gas Utility Plant			
108 & 111 Gas Utility Plant in Service	(1,727,049)	(1,739,553)	(1,788,393)
Common Utility Plant			
108 & 111 Common Utility Plant in Service	(147,156)	(128,968)	(54,808)
Total Accumulated Provisions for Depreciation and Amortization of Utility Plant	(4,032,885)	(4,130,296)	(4,218,082)
Net Utility Plant Excluding Nuclear Fuel	6,663,107	6,989,233	7,334,177
Nuclear Fuel			
120.1 In Process	0	0	0
120.2 Materials and Assemblies Stock	0	0	0
120.3 In Reactor	0	0	0
120.4 Spent	0	0	0
Accumulated Provisions for Amortization			
120.5 Nuclear Fuel	0	0	0
Net Nuclear Fuel	0	0	0
Net Utility Plant	6,663,107	6,989,233	7,334,177

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

	Dec.31, 2005	Dec.31, 2006	Dec.31, 2007
		(THOUSANDS)	
Assets and Other Debits (Continued)			
Other Property and Investments			
121 Nonutility Property	2,894	2,857	2,857
122 Accumulated Provision for Depreciation and Amortization of Nonutility Property	(309)	(330)	(357)
123.1 Investment in Subsidiary Companies	56,057	55,679	56,726
124 Other Investments	135,672	141,587	145,984
125-8 Special Funds	315,156	53,293	57,103
Total Other Property and Investments	509,470	253,087	262,313
Current and Accrued Assets			
131 Cash	28,081	26,691	29,475
132-4 Special Deposits	806	279	178
135 Working Funds	0	0	0
136 Temporary Cash Investments	129,282	0	0
141-3 Notes and Accounts Receivable	998,644	850,070	1,039,546
144 Accumulated Provision for Uncollectible Accounts - Credit	(41,412)	(46,404)	(44,985)
145-6 Receivables from Associated Companies	105,019	98,866	85,410
151-5 Materials and Supplies (incl. 163)	48,673	49,604	53,277
158 Allowances	0	0	0
164 Gas Stored Underground - Current	0	0	0
165 Prepayments	48,959	14,009	57,170
171 Interest and Dividends Receivable	0	220	4,561
172 Rents Receivable	1,305	1,542	529
173 Accrued Utility Revenues	393,990	327,755	353,031
174 Miscellaneous Current and Accrued			
176 (Less) Long-Term Debt Portion of Derivative Instrument	0	2,430	0
Derivitive Instrument Assests-Hedges			842
Total Current and Accrued Assets	1,713,347	1,325,061	1,579,034
Deferred Debits			
181 Unamortized Debt Expense	20,135	20,627	21,930
182 Unrec'd Plt and Reg Costs and Other Reg Assets	3,160,219	3,936,719	3,577,221
183 Preliminary Survey and Investigation Charges	0	0	76
184 Clearing Accounts	0	0	0
185 Temporary Facilities	0	0	0
186 Miscellaneous Deferred Debits	27,023	25,870	20,707
188 Research and Development Expenditures	0	0	0
189 Unamortized Loss on Reacquired Debt	91,057	84,689	79,689
190 Accumulated Deferred Income Taxes	466,726	467,102	477,592
Total Deferred Debits	3,765,160	4,535,007	4,177,215
Total Assets and Other Debits	$12,651,084	$13,102,387	$13,352,739

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		Dec.31, 2005	Dec.31, 2006	Dec.31, 2007
			(THOUSANDS)	
Liabilities and Other Credits				
Proprietary Capital				
201	Common Stock Issued	892,260	892,260	892,260
204	Preferred Stock Issued	79,523	79,523	79,523
207	Premium on Capital Stock	132	132	132
208	Donations from Stockholders	1,155,937	1,155,937	1,155,937
210	Gain on Resale or Cancellation of Reacquired Capital Stock	0	0	0
211	Miscellaneous Paid-In Capital	0	0	0
215	Appropriated Retained Earnings	0	0	0
216	Unappropriated Retained Earnings	1,004,707	1,064,553	1,239,624
219	Other Comprehensive Income	(4,666)	852	2,499
	Total Proprietary Capital	3,127,893	3,193,258	3,369,975
Long-Term Debt				
221	Bonds	3,192,593	3,120,168	3,357,231
223	Advances from Assoc. Co.	0	0	0
225	Unamortized Premium on Long-Term Debt	3,172	2,989	2,805
226	Unamortized Discount on Long-Term Debt	(7,224)	(7,493)	(7,519)
	Total Long-Term Debt	3,188,541	3,115,664	3,352,517
Other Non-Current Liabilities				
227-9	Other Non-current Liabilities	573,698	1,055,469	920,685
	Long-Term Portion of Derivitive Instrument Liabilities-Hedges	0	16,574	35,245
230	Asset Retirement Obligation	209,927	220,825	231,269
	Total Other Non-Current Liabilities	783,625	1,292,868	1,187,199
Current and Accrued Liabilities				
231	Notes Payable	0	30,514	64,858
232	Accounts Payable	104,056	100,932	131,479
233-4	Payables to Associated Companies	453,112	707,124	615,594
235	Customer Deposits	45,758	56,319	71,830
236	Taxes Accrued	27,201	3,867	29,349
237	Interest Accrued	51,762	49,790	68,294
238	Dividends Declared	0	0	0
239	Matured Long-Term Debt	17	0	0
241	Tax Collections Payable	576	2,653	1,018
242	Miscellaneous Current and Accrued Liabilities	539,685	457,253	483,986
243	Obligations Under Capital leases	0	0	0
245	Derivative Instrument Liabilities - Hedges	11,461	20,491	53,447
	Long-Term Portion of Derivitive Instrument Liabilities-Hedges	0	(16,574)	(35,245)
	Total Current and Accrued Liabilities	1,233,628	1,412,369	1,484,610
Deferred Credits				
252	Customer Advances for Construction	1,809	11,412	10,086
253	Other Deferred Credits	606,015	507,673	656,451
254	Other Regulatory Liabilities	661,645	616,852	391,213
255	Accumulated Deferred Investment Tax Credits	47,425	44,405	41,427
281-3	Accumulated Deferred Income Taxes	3,000,503	2,907,886	2,859,261
	Total Deferred Credits	4,317,397	4,088,229	3,958,438
	Total Liabilities and Other Credits	$12,651,084	$13,102,387	$13,352,739

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

ELECTRIC INCOME ACCOUNT

	Year 2005 *	Year 2006 * (Thousands)	Year 2007 *
Utility Operating Income			
400 Electric Operating Revenues	(4,104,060)	(4,325,458)	(5,005,404)
Electric Operating Expenses:			
401 Operation Expense	3,203,252	3,441,054	4,058,762
402 Maintenance Expense	101,674	115,211	105,329
403 Depreciation Expense	140,156	139,534	143,904
404 Amortization of Limited Term Plant	13,081	10,324	4,321
407 Amortization of Property Losses	80,096	154,714	153,999
408.1 Taxes Other Than Income Taxes	117,217	113,606	116,129
409.1 Income Taxes - Federal	186,099	195,287	169,621
410.1 Provision for Deferred Income Taxes	38,351	(12,180)	94,993
411.1 Provision for Deferred Income Taxes - Credit	(94,905)	(104,823)	(147,055)
411.103 Accretion Expense-Electric		26	2
411.4 Investment Tax Credit Adjustments (Net)	(686)	(1,067)	(1,026)
Total Electric Utility Operating Expenses	3,784,336	4,051,687	4,698,979
Electric Utility Operating Income	(319,724)	(273,771)	(306,425)

* Electric Distribution only

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

GAS INCOME ACCOUNT

	Year 2005	Year 2006 (Thousands)	Year 2007
400 Gas Operating Revenues	(2,976,901)	(2,794,935)	(3,027,323)
Gas Operating Expenses:			
401 Operation Expense	2,540,333	2,432,174	2,566,508
402 Maintenance Expense	24,600	25,210	29,865
403 Depreciation Expense	119,364	115,225	87,289
404 Amortization of Limited Term Plant	5,460	4,852	2,777
407 Amortization of Property Losses	20,781	18,298	17,897
407.4 Amortization of Excess cost of removal	0	(1,907)	(13,200)
408.1 Taxes Other Than Income Taxes	59,987	54,434	60,025
409.1 Income Taxes - Federal	43,865	32,225	47,307
410.1 Provision for Deferred Income Taxes	50,517	41,698	56,675
411.1 Provision for Deferred Income Taxes - Credit	(31,519)	(24,553)	(23,418)
411.4 Investment Tax Credit Adjustments (Net)	(1,357)	(1,348)	(1,348)
Total Gas Utility Operating Expenses	2,832,031	2,696,309	2,830,377
Gas Utility Operating Income	(144,870)	(98,625)	(196,946)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

	November 30, 2008 (THOUSANDS)
Assets and Other Debits	
Utility Plant	
Electric Utility Plant	
101 Electric Utility Plant in Service	7,452,000
103 Electric Experimental Plant Unclassified	0
105 Electric Utility Plant Held for Future Use	8,414
107 Electric Construction Work in Progress	63,424
Total Electric Utility Plant	7,523,838
Gas Utility Plant	
101 Gas Utility Plant in Service	4,511,251
103 Gas Experimental Plant Unclassified	0
105 Gas Utility Plant Held for Future Use	0
107 Gas Construction Work in Progress	5,771
Total Gas Utility Plant	4,517,022
Common Utility Plant	
101 Common Utility Plant in Service	83,799
107 Common Construction Work in Progress	74,038
Total Common Utility Plant	157,837
Total Utility Plant	12,198,697
Accumulated Provisions for Depreciation and Amortization	
Electric Utility Plant	
108 & 111 Electric Utility Plant in Service	(2,494,329)
108.5 Electric Utility Plant Held for Future Use	
Total Electric Utility Plant	(2,494,329)
Gas Utility Plant	
108 & 111 Gas Utility Plant in Service	(1,848,713)
Common Utility Plant	
108 & 111 Common Utility Plant in Service	(53,919)
Total Accumulated Provisions for Depreciation and Amortization of Utility Plant	(4,396,961)
Net Utility Plant Excluding Nuclear Fuel	7,801,736
Nuclear Fuel	
120.1 In Process	0
120.2 Materials and Assemblies Stock	0
120.3 In Reactor	0
120.4 Spent	0
Accumulated Provisions for Amortization	
120.5 Nuclear Fuel	0
Net Nuclear Fuel	0
Net Utility Plant	7,801,736

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

	November 30, 2008 (THOUSANDS)
Assets and Other Debits (Continued)	
Other Property and Investments	
121 Nonutility Property	2,857
122 Accumulated Provision for Depreciation and Amortization of Nonutility Property	(381)
123.1 Investment in Subsidiary Companies	56,666
124 Other Investments	150,368
125-8 Special Funds	45,084
Total Other Property and Investments	254,594
Current and Accrued Assets	
131 Cash	4,051
132-4 Special Deposits	700
135 Working Funds	
136 Temporary Cash Investments	
141-3 Notes and Accounts Receivable	894,260
144 Accumulated Provision for Uncollectible Accounts - Credit	(52,012)
145-6 Receivables from Associated Companies	113,527
151-5 Materials and Supplies (incl. 163)	61,863
158 Allowances	0
164 Gas Stored Underground - Current	0
165 Prepayments	113,974
171 Interest and Dividends Receivable	42,614
172 Rents Receivable	2,128
173 Accrued Utility Revenues	403,545
174 Miscellaneous Current and Accrued	
176 (Less) Long-Term Debt Portion of Derivative Instrument	524
Derivitive Instrument Assests-Hedges	
Total Current and Accrued Assets	1,585,174
Deferred Debits	
181 Unamortized Debt Expense	14,942
182 Unrec'd Plt and Reg Costs and Other Reg Assets	4,253,182
183 Preliminary Survey and Investigation Charges	342
184 Clearing Accounts	738
185 Temporary Facilities	
186 Miscellaneous Deferred Debits	18,734
188 Research and Development Expenditures	
189 Unamortized Loss on Reacquired Debt	112,711
190 Accumulated Deferred Income Taxes	459,514
Total Deferred Debits	4,860,163
Total Assets and Other Debits	$14,501,667

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		November 30, 2008 (THOUSANDS)
Liabilities and Other Credits		
Proprietary Capital		
201	Common Stock Issued	(892,260)
204	Preferred Stock Issued	(79,523)
207	Premium on Capital Stock	(132)
208	Donations from Stockholders	(1,155,937)
210	Gain on Resale or Cancellation of Reacquired Capital Stock	
211	Miscellaneous Paid-In Capital	
215	Appropriated Retained Earnings	
216	Unappropriated Retained Earnings	(1,566,245)
219	Other Comprehensive Income	(978)
	Total Proprietary Capital	(3,695,076)
Long-Term Debt		
221	Bonds	(3,255,726)
223	Advances from Assoc. Co.	
225	Unamortized Premium on Long-Term Debt	
226	Unamortized Discount on Long-Term Debt	6,988
	Total Long-Term Debt	(3,248,738)
Other Non-Current Liabilities		
227-9	Other Non-current Liabilities	(872,958)
	Long-Term Portion of Derivitive Instrument Liabilities-Hedges	
230	Asset Retirement Obligation	(241,108)
	Total Other Non-Current Liabilities	(1,114,066)
Current and Accrued Liabilities		
231	Notes Payable	(311,848)
232	Accounts Payable	(131,277)
233-4	Payables to Associated Companies	(639,360)
235	Customer Deposits	(81,715)
236	Taxes Accrued	(1,891)
237	Interest Accrued	(66,537)
238	Dividends Declared	0
239	Matured Long-Term Debt	0
241	Tax Collections Payable	(442)
242	Miscellaneous Current and Accrued Liabilities	(465,284)
243	Obligations Under Capital leases	
245	Derivative Instrument Liabilities - Hedges	(81,864)
	Long-Term Portion of Derivitive Instrument Liabilities-Hedges	
	Total Current and Accrued Liabilities	(1,780,218)
Deferred Credits		
252	Customer Advances for Construction	(9,706)
253	Other Deferred Credits	(1,313,095)
254	Other Regulatory Liabilities	(352,955)
255	Accumulated Deferred Investment Tax Credits	(39,163)
281-3	Accumulated Deferred Income Taxes	(2,948,650)
	Total Deferred Credits	(4,663,569)
	Total Liabilities and Other Credits	($14,501,667)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

ELECTRIC REVENUE BY CLASS OF BUSINESS
12 MONTHS ENDING DECEMBER 31, 2007
(Thousands)

Residential	$1,904,724
Commercial	2,417,810
Industrial	317,379
Public Street & Highway Lighting	70,859
Interdepartmental Revenues	1,783
Sales for Resale	277,487
Forfeited Discounts	6,842
Miscellaneous Service Revenues	1,878
Rent from Electric Property	2,469
Other Electric Revenues	4,172
Total Revenue from Electric Distribution Sales	5,005,403

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

GAS REVENUE BY CLASS OF BUSINESS
12 MONTHS ENDING DECEMBER 31, 2007
(Thousands)

Residential	$1,949,378
Commercial	789,402
Industrial	117,831
Street & Yard Light Service	936
Cogeneration	129,348
Interdepartmental Revenues	1,365
Forfeited Discounts	1,190
Miscellaneous Service Revenues	33,955
Other Gas Revenues	3,919
Total Revenue from Gas Distribution Sales	3,027,323

Schedule DMF-7

Public Service Electric & Gas Company

Total Utility Payments or Accruals to Affiliates

($ THOUSANDS) Net Billing

	2007	2006	2005
PSEG Services	$ 477,726	$ 433,544	$ 425,633
PSEG Power	$ 3,344,032	$ 2,758,103	$ 2,611,805
PSEG Energy Holdings	$ (342)	$ (359)	$ (267)
PSEG Enterprise	$ (51,746)	$ (63,597)	$ (80,303)
Total Payments to Affiliates	$ 3,769,670	$ 3,127,691	$ 2,956,868

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 A SOLAR GENERATION INVESTMENT PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM

Notice of a Filing And Notice of Public Hearings

TAKE NOTICE that, on February 10, 2009 Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition and supporting documentation with the New Jersey Board of Public Utilities ("Board", "BPU") in Docket Number XXXXXXXX seeking Board approval to implement and administer a PSE&G Solar Generation Investment Program ("Program") and to approve an associated cost recovery mechanism. This Program will be promoted as "Solar 4 All".

Under the Program, PSE&G will invest approximately $773 million in solar photovoltaic generation systems ("Solar Systems"). PSE&G will finance, own, and operate the Solar Systems. The Solar Systems will be installed in a variety of locations throughout PSE&G's electric service territory including: PSE&G property, brownfields/grayfields and/or sites owned by non-profit entities; utility poles; properties owned by local government including public schools; and in the common areas of HMFA-financed affordable housing communities. The Solar Systems will be grid-connected to PSE&G's distribution system. In total, PSE&G will install approximately 120 MW d.c. of Solar Systems under the Program. The Program is not similar to any current programs administered by the Office of Clean Energy. The Program directly supports the State of New Jersey's renewable energy initiatives, as outlined in the recently released Energy Master Plan.

PSE&G proposes to recover all Program costs through a separate component of the electric RGGI Recovery Charge (RRC) entitled Solar Generation Investment Program. This new component will be applicable to all electric rate schedules on equal cents per kilowatt-hour basis. The Solar Generation Investment Program charge would be reviewed and modified in an annual filing. PSE&G proposes to earn a return on its net investment in the Program based on a Weighted Average Cost of Capital. The proposed new RRC, if approved by the Board, is shown in Table #1 below.

Table #2 below provides customers with the approximate net effect of the proposed increase in rates relating to this Program, if approved by the Board. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage. The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table # 3 below.

Based on the filing, a typical residential electric customer using 722 kilowatthours per summer month and 6,960 kilowatthours on an annual basis would see an initial increase in the annual bill from $1,269.28 to $1,270.52, or $1.24 or approximately 0.10%.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of the Company's filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A 48:2-21 and for other good and legally sufficient reasons to any class or classes of customers of the Company. Therefore, the described charges may increase or decrease based upon the Board's decision.

Copies of the Company's filing are available for review by the public at the Company's Customer Service Centers and at the Board of Public Utilities at Two Gateway Center, Newark, New Jersey 07102.

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

Date 1, 2009	Date 2, 2009	Date 3, 2009
Time 1	Time 2	Time 3
Location 1	Location 2	Location 3
Location 1 Overflow	Location 2 Overflow	Location 3 Overflow
Room 1	Room 2	Room 3
Room 1 Overflow	Room 2 Overflow	Room 3 Overflow
Address 1	Address 2	Address 3
City 1, N.J. Zip 1	City 2, N.J. Zip 2	City 3, N.J. Zip 3

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as, interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings. Customers may also file written comments with the Secretary of the Board of Public Utilities at Two Gateway Center, Newark, New Jersey 07102 ATTN: Secretary Kristi Izzo whether or not they attend the public hearings.

Table # 1
Electric RRC Charge

	Solar Generation Investment Program Component of the RRC		Total RRC	
	Present $/kWhr (Incl. SUT)	**Proposed $/kWhr (Incl. SUT)**	**Present $/kWhr (Incl. SUT)**	**Proposed $/kWhr (Incl. SUT)**
RRC Electric - $ per kWhr	**$0.000000**	**$0.000180**	**$0.000021**	**$0.000201**

Table # 2
Impact By Customer Class

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR ELECTRIC SERVICE		
BGS-FP	**Rate Class**	**% Increase**
Residential	RS	**0.10%**
Residential Heating	RHS	**0.11**
Residential Load Management	RLM	**0.11**
General Lighting & Power	GLP	**0.10**
Large Power & Lighting - Secondary (Peak Load Share 0 – 749)	LPL-S	**0.12**
Large Power & Lighting - Secondary (Peak Load Share 750 – 999)	LPL-S	**0.11**
BGS-CIEP		
Large Power & Lighting - Secondary (Peak Load Share 1,000+)	LPL-S	**0.11**
Large Power & Lighting – Primary	LPL-P	**0.12**
High Tension – Subtransmission	HTS-S	**0.12**
High Tension - High Voltage	HTS-HV	**0.13**

The percent increases noted above are based upon current Delivery Rates and the applicable Basic Generation Service (BGS) charges and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table #3
Residential Electric Service

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,800	170	$33.16	$33.19	$0.03	0.09%
3,600	360	67.50	67.56	0.06	0.09
6,960	722	134.62	134.75	0.13	0.10
7,800	803	150.38	150.52	0.14	0.09
12,000	1,250	237.31	237.53	0.22	0.09

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
(2) Same as (1) except for the addition of the proposed Solar Generation Investment Program component to the RRC.

Gregory Eisenstark, Esq.
Assistant General Corporate Rate Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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 A SOLAR GENERATION INVESTMENT PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM

TAKE NOTICE that, on February 10, 2009 Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition and supporting documentation with the New Jersey Board of Public Utilities ("Board", "BPU") in Docket Number XXXXXXXX seeking Board approval to implement and administer a PSE&G Solar Generation Investment Program ("Program") and to approve an associated cost recovery mechanism. This Program will be promoted as "Solar 4 All".

Under the Program, PSE&G will invest approximately $773 million in solar photovoltaic generation systems ("Solar Systems"). PSE&G will finance, own, and operate the Solar Systems. The Solar Systems will be installed in a variety of locations throughout PSE&G's electric service territory including: PSE&G property, brownfields/grayfields and/or sites owned by non-profit entities; utility poles; properties owned by local government including public schools; and in the common areas of HMFA-financed affordable housing communities. The Solar Systems will be grid-connected to PSE&G's distribution system. In total, PSE&G will install approximately 120 MW d.c. of Solar Systems under the Program. The Program is not similar to any current programs administered by the Office of Clean Energy. The Program directly supports the State of New Jersey's renewable energy initiatives, as outlined in the recently released Energy Master Plan.

PSE&G proposes to recover all Program costs through a separate component of the electric RGGI Recovery Charge (RRC) entitled Solar Generation Investment Program. This new component will be applicable to all electric rate schedules on equal cents per kilowatt-hour basis. The Solar Generation Investment Program charge would be reviewed and modified in an annual filing. PSE&G proposes to earn a return on its net investment in the Program based on a Weighted Average Cost of Capital. The proposed new RRC, if approved by the Board, is shown in Table #1 below.

Table #2 below provides customers with the approximate net effect of the proposed increase in rates relating to this Program, if approved by the Board. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage. The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table # 3 below.

Based on the filing, a typical residential electric customer using 722 kilowatthours per summer month and 6,960 kilowatthours on an annual basis would see an initial increase in the annual bill from $1,269.28 to $1,270.52, or $1.24 or approximately 0.10%.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of the Company's filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A 48:2-21 and for other good and legally sufficient reasons to any class or classes of customers of the Company. Therefore, the described charges may increase or decrease based upon the Board's decision.

Copies of the Company's filing are available for review by the public at the Company's Customer Service Centers and at the Board of Public Utilities at Two Gateway Center, Newark, New Jersey 07102.

Table # 1
Electric RRC Charge

	Solar Generation Investment Program Component of the RRC		Total RRC	
	Present $/kWhr (Incl. SUT)	Proposed $/kWhr (Incl. SUT)	Present $/kWhr (Incl. SUT)	Proposed $/kWhr (Incl. SUT)
RRC Electric - $ per kWhr	**$0.000000**	**$0.000180**	**$0.000021**	**$0.000201**

Table # 2
Impact By Customer Class

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR ELECTRIC SERVICE		
BGS-FP	**Rate Class**	**% Increase**
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Large Power & Lighting - Secondary (Peak Load Share 0 – 749)	LPL-S	**0.12**
Large Power & Lighting - Secondary (Peak Load Share 750 – 999)	LPL-S	**0.11**
BGS-CIEP		
Large Power & Lighting - Secondary (Peak Load Share 1,000+)	LPL-S	**0.11**
Large Power & Lighting – Primary	LPL-P	**0.12**
High Tension – Subtransmission	HTS-S	**0.12**
High Tension - High Voltage	HTS-HV	**0.13**

The percent increases noted above are based upon current Delivery Rates and the applicable Basic Generation Service (BGS) charges and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table #3
Residential Electric Service

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,800	170	$33.16	$33.19	$0.03	0.09%
3,600	360	67.50	67.56	0.06	0.09
6,960	722	134.62	134.75	0.13	0.10
7,800	803	150.38	150.52	0.14	0.09
12,000	1,250	237.31	237.53	0.22	0.09

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
(2) Same as (1) except for the addition of the proposed Solar Generation Investment Program component to the RRC.

Gregory Eisenstark, Esq.
Assistant General Corporate Rate Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The initial effect of the proposed addition of the Solar Generation Investment Program component in the electric RGGI Recovery Charge on typical residential electric bills, if approved by the Board, is illustrated below:

Residential Electric Service					
If Your Monthly Summer kWhr Use Is:	And Your Annual kWhr Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
170	1,800	$347.76	$348.12	$0.36	0.10%
360	3,600	666.96	667.52	0.56	0.08
722	6,960	1,269.28	1,270.52	1.24	0.10
803	7,800	1,422.54	1,423.96	1.42	0.10
1,250	12,000	2,191.72	2,193.88	2.16	0.10

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
(2) Same as (1) except includes the change for the Solar Generation Investment Program component of the RGGI Recovery Charge.

Residential Electric Service					
If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (3) Would Be:	And Your Proposed Monthly Summer Bill (4) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Percent Change Would Be:
1,800	170	$33.16	$33.19	$0.03	0.09%
3,600	360	67.50	67.56	0.06	0.09
6,960	722	134.62	134.75	0.13	0.10
7,800	803	150.38	150.52	0.14	0.09
12,000	1,250	237.31	237.53	0.22	0.09

(3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
(4) Same as (3) except includes the change for the Solar Generation Investment Program component of the RGGI Recovery Charge.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 64C**
Superseding
B.P.U.N.J. No. 14 ELECTRIC **XXX Revised~~Original~~ Sheet No. 64C**

RGGI RECOVERY CHARGE

	Charge (cents per kilowatthour)
Component:	
Carbon Abatement Program	0.0020
Solar Generation Investment Program	0.0168
Sub-total per kilowatthour	0.0188~~0.0020~~
Charge including New Jersey Sales and Use Tax (SUT)	0.0201~~0.0021~~

RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with~~ the~~ PSE&G Regional Greenhouse Gas Initiative (RGGI) p~~P~~rograms~~ per the Board Order in Docket No. EO08030164~~. The charge will be reset nominally on an annual basis. For the Carbon Abatement Program, i~~I~~nterest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rate shall be reset each month. For the Solar Generation Investment Program, interest will be accrued monthly on any under- or over- recovered balances based on PSE&G Weighted Cost of Capital.

Date of Issue: ~~December 19, 2008~~ Effective: ~~January 1, 2009~~
Issued by FRANCES I. SUNDHEIM, Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated ~~December 16, 2008~~
in Docket No. ~~EO08060426~~

PUBLIC SERVICE ELECTRIC AND GAS COMPANY | **XXX Revised Sheet No. 64C**
Superseding
B.P.U.N.J. No. 14 ELECTRIC | **XXX Revised Sheet No. 64C**

RGGI RECOVERY CHARGE

	Charge (cents per kilowatthour)
Component:	
Carbon Abatement Program	0.0020
Solar Generation Investment Program	<u>0.0168</u>
Sub-total per kilowatthour	0.0188
Charge including New Jersey Sales and Use Tax (SUT)	0.0201

RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. For the Carbon Abatement Program, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rate shall be reset each month. For the Solar Generation Investment Program, interest will be accrued monthly on any under- or over- recovered balances based on PSE&G Weighted Average Cost of Capital.

APPENDIX A

MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1

I. General Filing Requirements

a. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.

Information and data pertaining to the specific program proposed, as set forth in the applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12, is included in the schedules to the Testimony of Stephen Swetz (Attachment B to the Petition) and Testimony of Daniel M. Furlong (Attachment D to the Petition). Other information required by these regulations is provided in Attachments E, F, G and H.

b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.

Please refer to the Testimony and Schedules of Daniel M. Furlong, Attachment D to the Petition.

c. The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.

PSE&G provides such data in its Petition, Testimony of Alfredo Z. Matos, Testimony of Stephen Swetz, and their supporting schedules and work papers. PSE&G is providing copies of its Petition, supporting schedules and work papers in both hard copy and electronic format, where applicable.

d. The utility shall file testimony supporting its petition.

Please refer to the testimony filed in support of PSE&G's Petition.

e. For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and a list of data it intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A "small scale" project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than $5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.

Under the Company's filing, the initial rate increase would be less than a half of one percent of the average residential customer's bill; therefore, this Program qualifies as a small scale program. However, PSE&G will nonetheless provided additional information specified in Section V, where applicable.

f. If the utility is filing for an increase in rates, charges etc., or for approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.

PSE&G will hold three (3) public hearings in its service territory; North, Central and Southern regions; a draft public notice is provided with the Petition as Attachment E.

II. Program Description

a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.

PSE&G provides this information in the Petition and the Testimony of Mr. Matos.

b. The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.

This explanation is provided in the Petition, Paragraph 20, and in the Testimony of Mr. Matos.

c. The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.

This description is provided in the Petition, Paragraphs 20 through 23, and in the Testimony of Mr. Matos.

d. The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.

This description is provided in the Petition, Paragraph 20, and in the Testimony of Mr. Matos.

e. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, or, pending issuance of the final Energy Master Plan, the draft Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.

This description is provided in the Petition, Paragraphs 20 through 23, and in the Testimony of Mr. Matos.

f. The utility shall provide the features and benefits for each proposed program including the following:

    i. the target market and customer eligibility if incentives are to be offered;
    ii. the program offering and customer incentives;
    iii. the quality control method including inspection;
    iv. program administration; and
    v. program delivery mechanisms.

PSE&G provides this information in the Petition and the Testimony of Mr. Matos.

g. The utility shall provide the criteria upon which it chose the program.

PSE&G provides this information in the Petition and the Testimony of Mr. Matos.

h. The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other.

PSE&G provides details of the program costs in the Schedules to the Testimony of Stephen Swetz (Schedules SS-2 through SS-3).

i. The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.

PSE&G provides this information in the Petition and the Testimony of Mr. Matos.

j. In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and the ratepayer shall be provided.

PSE&G does not intend to use standard contracts for this Program. As particular contracts are developed, copies will be filed with the Board for informational purposes

k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.

PSE&G provides this information in the Petition, Paragraph 24, and Testimony of Mr. Matos, including Schedule AZM-2.

l. The utility shall describe the program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures.

PSE&G provides the relevant information on renewable energy generation in the Petition and Testimony of Mr. Matos.

m. Marketing – The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility's customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers.

PSE&G provides the relevant marketing information in the Petition and Testimony of Mr. Matos.

III. Additional Required Information

a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.

PSE&G provides the relevant information regarding the renewable energy marketplace in the Testimony of Mr. Matos.

b. The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.

PSE&G is unaware of any market barriers that may impact the Program.

c. The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed program and a quantitative estimate of such benefits for the program overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.

Information concerning avoided air emissions is discussed in the Petition, Paragraph 21, and in the Testimony of Mr. Matos.

d. To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under-served markets. This should include an analysis of the services already provided in the market place, and the level of competition.

PSE&G is not aware of any other utility-owner solar generation systems in its electric service territory or in the State of New Jersey.

e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.

PSE&G expects that its Program, which proposes the use of brownfield sites and other under-used commercial and industrial property in the Company's service territory, will help promote the State's Smart Growth policy. *See* Testimony of Mr. Matos.

f. The utility shall propose the method for treatment of Renewable Energy Certificates ("REC") including solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).

PSE&G discusses the treatment of SRECs in the Petition (Paragraphs 16(1) – (4) and 17 through 19) and in the testimonies of Messrs. Matos and Swetz.

g. The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).

PSE&G has not identified any specific air emissions credits or offsets; however, the Company's intent is to apply the proceeds from any such credits or offsets to the revenue requirements of the program, in a manner similar to the proposed treatment of solar RECs. Please see the Petition, Paragraph 21 and the Testimony of Mr. Matos.

h. The utility shall analyze the proposed quantity and expected prices for any REC, solar REC, air emission credits, offsets or allowances or other certificates to the extent possible.

PSE&G addresses the expected quantities and assumed market prices of SRECs, as well as the proposal for auctioning the SRECs throughout the Petition and in the testimonies and supporting schedules of Messrs. Matos and Swetz.

IV. <u>Cost Recovery Mechanism</u>

a. The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the beginning and end of each year of said three-year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years of said three year period.

PSE&G provides appropriate financial data for the proposed program in the Testimony and Schedules of Mr. Swetz and the Testimony and Schedules of Mr. Furlong. Specifically, the specified pro forma income statements and balance sheets are provided in Schedule SS-6.

b. The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.

PSE&G provides this information in the Testimony and Schedules of Mr. Swetz and the Testimony and Schedules of Mr. Furlong.

c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.

PSE&G provides this information in the Petition and in the Testimony and Schedules of Mr. Swetz.

d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.

   PSE&G's Petition is verified as to its accuracy, and PSE&G will serve a copy of the filing on the Department of Public Advocate, Division of Rate Counsel

e. The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs upon each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.

   PSE&G provides the applicable rate impact information the Testimony and Schedules of Mr. Swetz and in Attachments E, F, and G to the Petition.

f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program with all supporting documentation.

   PSE&G provides this information in the Petition and in the Testimony and Schedules of Mr. Swetz.

g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base and pro forma income calculations.

   PSE&G provides this information in the Testimony and Schedules of Mr. Swetz.

h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.

PSE&G provides this information in the Testimony and Schedules of Mark G. Kahrer.

i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.

PSE&G provides this information in the Testimony and Schedules of Mr. Kahrer and Testimony and Schedules of Mr. Swetz.

j. A utility seeking incentives or rate mechanism that decouples utility revenues from sales, shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations.

PSE&G has not proposed incentives or a decoupling mechanism in this filing.

V. <u>Cost/Benefit Analysis</u>

a. The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program, including, if appropriate, a comprehensive and detailed avoided cost savings study with supporting documentation. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.

PSE&G provides an analysis of the costs and benefits of the Program in the Testimony and Schedules of Mr. Swetz.

b. The utility shall calculate a cost/benefit analysis utilizing the Total Resource Cost ("TRC") test that assesses all program costs and benefits from a societal perspective. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.

This Program is a renewable energy program and therefore not subject to a cost/benefit test (see section V.(d), below). Nonetheless, Mr. Swetz has quantified the Programs benefits and costs in his testimony and schedules, and the Company will provide a supplemental cost/benefit analysis in the near future.

c. The utility shall quantify all direct and indirect benefits as well as provide projected costs resulting from a proposed program that is subject to a cost/benefit test.

This Program is a renewable energy program and therefore not subject to a cost/benefit test (see section V.(d), below). Nonetheless, Mr. Swetz has quantified the Program's benefits and costs in his testimony and schedules, and will provide a supplemental cost/benefit analysis in the near future.

d. Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.

This Program is a renewable energy program and therefore not subject to a cost/benefit test. Nonetheless, Mr. Swetz has quantified the Programs benefits and costs in his testimony and schedules. In addition, Mr. Matos addresses how the Program supports the State's energy and environmental planning objectives, includes the Renewable Portfolio Standards.

e. The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed program should be approved.

See section V.(d), above.

f. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.

Not applicable.

g. The utility shall also quantify and deduct from the energy and capacity savings any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:3-98.1 benefits or incentives.

Not applicable.