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NJ BPU
CASE MANAGEMENT

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

June 30, 2014

In The Matter of the Petition of
Public Service Electric and Gas Company
for Approval of Changes in its
Electric Green Programs Recovery Charge
and its Gas Green Programs Recovery Charge
"2014 PSE&G Green Programs Cost Recovery Filing"

BPU Docket No. ER14070651 & GR14070652

VIA ELECTRONIC MAIL & OVERNIGHT MAIL DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

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

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

Very truly yours,

Alexander C. Stern

Attachment
C Attached Service List (E-Mail Only)

<u>CD – Electronic Workpapers</u>
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Jerome May
Alice Bator
Stacy Peterson
Caroline Vachier
Stefanie Brand (2)

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GPRC 2014

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF	)	
PUBLIC SERVICE ELECTRIC AND GAS	)	**PETITION**
COMPANY FOR APPROVAL OF CHANGES	)	
IN ITS ELECTRIC GREEN PROGRAMS	)	
RECOVERY CHARGE AND ITS GAS GREEN	)	BPU Docket No. __________
PROGRAMS RECOVERY CHARGE	)	
("2014 PSE&G Green Programs Cost Recovery Filing")		

Public Service Electric and Gas Company ("PSE&G," "the Company," "Public Service," "Petitioner"), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities ("Board" or "BPU") pursuant to N.J.S.A. 48:2-21, 48:2-21.1, and N.J.S.A. 48:3-98.1, as follows:

INTRODUCTION

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service ("BGS") and distribution of gas and the provision of Basic Gas Supply Service ("BGSS"), for residential, commercial and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.2 million electric and 1.8 million gas customers in an area having a population in excess of 6.0 million persons, and which extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton and south to Camden, New Jersey.

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

3. Pursuant to N.J.S.A. 48:3-98.1 *et seq.*,[1] PSE&G has implemented eight Board-approved energy efficiency, demand response, and solar energy programs (collectively, "PSE&G Green Programs"). The programs are: (1) the Carbon Abatement Program ("CA"); (2) the Energy Efficiency Economic Stimulus Program ("EEE"); (3) the EEE Extension Program; (4) the Demand Response Program ("DR"); (5) the Solar 4 All Program ("S4A"); (6) the Solar Loan II Program ("SLII"); (7) the Solar 4 All Extension Program ("S4AE"); and (8) the Solar Loan III Program ("SLIII").[2][3]

4. The Board has approved each of the PSE&G Green Programs and their associated cost recovery mechanisms. PSE&G recovers the revenue requirements for these Programs through its electric and gas Green Program Recovery Charges ("GPRC"). There is a separate component of the GPRC for each of the eight Programs.[4]

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[1] N.J.S.A. 48:3-98.1 permits electric and gas public utilities to provide and invest in energy efficiency, conservation and renewable energy resources and/or programs.

[2] Prior to enactment of N.J.S.A. 48:3-98.1, PSE&G filed for approval of its first Solar Loan offering ("SL I") with cost recovery addressed through a separate Solar Pilot Recovery Charge ("SPRC"). The Board approved the SL I Program in April 2008 and PSE&G annually files a separate SL I Program cost recovery petition as a companion filing to the within filing. The Board has established it to be appropriate to case manage the cost recovery filings for PSE&G's Green Programs and the SL I Program together.

[3] The GPRC included a ninth board approved program, the Demand Response Working Group Modified Program. Recovery of the program costs was completed on September 30, 2009 in accordance with the Board Order under Docket No. EO08050326 dated April 27, 2009 and the component rate was set to zero effective October 1, 2009. With this filing the Company will delete reference to this component in its tariff.

[4] The gas GPRC only includes components for the CA, EEE and EEE Extension Programs.

8. By Order dated December 16, 2008, the Board approved the Joint Petition and authorized the Company to implement the CA Program and the associated cost recovery mechanism ("CA Order").

9. The Board-approved Joint Position authorized PSE&G to implement the following CA sub-programs:

a. Residential Home Energy Tune-Up Sub-Program
b. Residential Programmable Thermostat Installation Sub-Program
c. Small Business Direct Install Sub-Program
d. Large Business Best Practices and Technology Demonstration Sub-Program
e. Hospital Efficiency – Retrofit Sub-Program and New Construction Sub-Program

10. In regard to cost recovery, the Board-approved Joint Position provides:

> The Parties agree that PSE&G will utilize the revenue requirements methodology as set forth in the original filing, specifically as described in the Direct Testimony of Stephen Swetz. Attachment 2 contains Schedule SS-2, which shows the calculation of the Weighted Average Cost of Capital (WACC) of 11.3092% based upon a combined State/federal tax rate of 41.084% is attached to this Settlement.[9]
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> * * *
>
> The Parties agree that PSE&G is entitled to recovery of all reasonable and prudent Program costs. Cost recovery shall be made via two separate recovery charge mechanisms, one for electric and one for gas that shall be filed each year as set forth in the Company's filing. These annual filings will be made by October 1st of each year to set forth a calculation of the electric and gas recovery charges for estimated revenue requirements for the subsequent year plus the over/under deferred balance for the current year. The charges proposed

[9] Joint Position, ¶12

> 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.[10]

The Order approved the cost recovery mechanism set forth in the Joint Petition. *See CA Order*, pp. 13-14.

11. The Company is successfully implementing the CA Program. In compliance with the Board's prior orders, the Company is filing this Petition to reset the CA component of the GPRC. Additional details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

II. **ENERGY EFFICIENCY ECONOMIC STIMULUS PROGRAM**

12. On January 21, 2009, the Company filed a Petition with the Board seeking approval of the EEE Program, which comprises eight energy efficiency sub-programs.[11]

13. On June 30, 2009, the signatory parties executed a Stipulation that called for some modifications to the Company's proposal. By Order dated July 16, 2009, the Board approved the Stipulation and authorized the Company to implement the EEE Program and begin cost recovery through the EEE component of the GPRC, with rates effective as of August 1, 2009.

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[10] CA Joint Position, ¶14. The Joint Position also specifies the methodology for calculating interest on net over- and under-recoveries. *See* Joint Position, ¶15.

[11] *In The Matter Of The Petition Of Public Service Electric And Gas Company Offering An Energy Efficiency Economic Stimulus Program In Its Service Territory On A Regulated Basis And Associated Cost Recovery Mechanism Pursuant to N.J.S.A 48:3-98.1*, BPU Docket No. EO09010058.

14. The Board-approved Stipulation authorized the Company to implement the following EEE sub-programs:

a. Residential Whole House Efficiency Sub-Program
b. Residential Multi-Family Housing Sub-Program
c. Small Business Direct Install Sub-Program
d. Municipal/Local/State Government Direct Install Sub-Program
e. Hospital Efficiency Sub-Program
f. Data Center Efficiency Sub-Program
g. Building Commissioning/O&M Sub-Program
h. Technology Demonstration Sub-Program

15. In regard to cost recovery, the Board-approved Stipulation provides:

> PSE&G will recover the net revenue requirements associated with this EEE Program via two new EEE Stimulus Components ("EEESC") of the Company's electric and gas RGGI Recovery Charges ("GPRC"). The electric EEESC will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the electric EEE Program. The gas EEESC will be applicable to all gas rate schedules on an equal cents per therm basis for recovery of costs associated with the gas EEE Program. The initial EEESCs will be based on estimated EEE Program revenue requirements from July 1, 2009 or the date of the written BPU Order to December 31, 2010. Thereafter, the electric and gas EEESCs will be changed nominally on an annual basis incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.[12]
>
> * * *
>
> The Signatory Parties stipulate that the revenue requirements recovered through the electric and gas EEESCs will be calculated to include a return on investment and a return of investment through amortization of the associated regulatory

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[12] EEE Stipulation, ¶20

asset over 60 months. Although the five-year amortization does not match the life of the measures installed and the associated benefits, the parties agreed to this shorter recovery period to accelerate recovery of the Company's investment. The revenue requirements include reasonable and prudent associated costs regarding administrative, sales, training, evaluation and IT capital. They further stipulate that this initial calculation will use the overall cost of capital utilized to set rates in the Company's most recent gas base rate case, BPU Docket No. GR05100845, which was 7.9591%, (11.3092% on a pre-tax basis) based on a return on equity of 10. The Signatory Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculation. The Signatory Parties agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1st of the subsequent year. The Signatory Parties stipulate that after the initial revenue requirements period, the electric and gas EEESCs will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement for the purpose of setting the initial EEESCs for the period ending December 31, 2010 is set forth in Attachment 2 attached to the Stipulation and made a part of the Stipulation.

In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's pre-tax WACC as identified in Paragraph 22 above. The interest amount charged to the EEESC balances will be

> computed using the following methodology set forth in Attachment 3 to the Stipulation and made a part of the Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Attachment 3 to the Stipulation. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred electric and gas EEESC balance at the end of each reconciliation period. The true-up calculation of over- and under-recoveries shall be included in the Company's Annual Filing. The interest calculation in this paragraph is subject to the condition set forth in paragraph number 22.[13]

16. The Company is successfully implementing the EEE Program and is filing this Petition in compliance with prior Board orders to reset the EEE component of the GPRC. Additional details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

III. EEE EXTENSION PROGRAM

17. On January 25, 2011, the Company filed a Petition with the Board seeking approval of the EEE Extension Program to extend three central EEE sub-programs (Multi-Family Housing, Municipal Direct Install and Hospital Efficiency) which were fully subscribed with a backlog of customer applications. The objective of the filing was simply to add funding and extend the time frame for three sub-programs already in the marketplace in order to address more customers.[14]

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[13] EEE Stipulation, ¶¶22-23.

[14] *I/M/O the Petition of Public Service Electric and Gas Company for an Extension of Three Subprogram Components of its Energy Efficiency Economic Stimulus Program in its Service Territory on a Regulated Basis*

18. PSE&G filed the Petition in an effort to continue to stimulate the economy by lowering consumers' energy bills, fostering job creation opportunities, continuing to look for ways to address climate change and to continue assisting the State in achieving its aggressive energy reduction goals. The Hospital Efficiency, Residential Multi-Family Housing and Municipal/Local/Government Direct Install Sub-Programs of PSE&G's EEE Program had proven highly successful and there remained significant customer interest in taking advantage of the offerings.

19. On July 1, 2011, the Company, Board Staff, Rate Counsel and New Jersey Housing and Mortgage Finance Agency ("NJHMFA") executed a Stipulation approving the EEE Extension. By Order dated July 14, 2011, the Board approved the Stipulation and authorized the Company to implement the EEE Extension Program and begin cost recovery through the electric and gas EEE Extension Components ("EEEextC") of the GPRC, with rates effective as of July 24, 2011 (hereinafter, "EEE Extension Order").

20. The Board-approved Stipulation authorized the additional funding for the following EEE Extension sub-programs as follows:

		$Millions
A.	**Residential Segment**	
	Residential Multi-Family Housing Sub-Program	$20.0
B.	**Industrial and Commercial Segment**	
	Municipal/Local/State Government Direct Install Sub-Program	$25.0
	Hospital Efficiency Sub-Program	$50.0

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and Associated Cost Recovery and for Changes in the Tariff for Electric Service, B.P.U.N.J. NO.15 ELECTRIC, and the Tariff for Gas Service, B.P.U.N.J. NO.15, GAS Pursuant to N.J.S.A. 48:2-21, 48:2-21.1, and N.J.S.A. 48:3-98.1(Multi-Family, Hospitals and Municipal/Non-Profit Direct Install), BPU Docket No. EO11010030.

C. Administration, Program Management, Quality Assurance/ Quality Control, Evaluation $8.0

Total Energy Efficiency Expenditures $103.0

21. In regard to cost recovery, the Board Order provides:

> PSE&G will recover the net revenue requirements associated with the E3 Extension via two new EEEextC of the Company's electric and gas GPRC. The electric EEEextC will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the electric E3 Extension. The gas EEEextC will be applicable to all gas rate schedules on an equal cents per therm basis for recovery of costs associated with the gas E3 Extension. The initial EEEextCs will be based on estimated E3 Extension revenue requirements from August 1, 2011 to December 31, 2012. Thereafter, the electric and gas EEEextCs will be changed nominally on an annual basis incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year. The annual EEExtCs true-up filings will be made as part of the GPRC annual true up petition ("Annual Filing").[15]
>
> * * *
>
> The Signatory Parties stipulate that the revenue requirements recovered through the electric and gas EEExtCs will be calculated to include a return on investment and a return of investment through amortization of the associated regulatory asset over 60 months. Although the five-year amortization does not match the life of the measures installed and the associated benefits, the Signatory Parties agreed to this shorter recovery period to accelerate recovery of the Company's investment. The revenue requirements include reasonable estimated associated costs regarding

[15] EEE Extension Order at ¶22.

administrative, marketing and sales, training, processing, inspections, and other quality control, and evaluation. The Signatory Parties further stipulate that this initial calculation will use the overall cost of capital utilized to set rates in the Company's most recent base rate case, BPU Docket No. GR09050422, which was 8.21%, based on a return on equity ("ROE") of 10.3%. The Signatory Parties agree that any change in the Weighted Average Cost of Capital ("WACC") authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations. The Signatory Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1st of the subsequent year. The Signatory Parties stipulate that after the initial revenue requirements period, the electric and gas EEEextCs will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement as well as the rate calculation for the purpose of setting the initial EEEextCs for the period ending December 31, 2012 is set forth in Attachment 2 to the Stipulation.

In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's pre-tax WACC as identified in Paragraph 23 of the Stipulation. The interest amount charged to the EEEextC balances will be computed using the following methodology set forth in Attachment 3 of the Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in

> Attachment 3. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred electric and gas EEEextC balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing. This interest calculation in this paragraph is subject to the condition set forth in paragraph 23.[16]

22. Pursuant to paragraph 31 of the Board-approved EEE Extension Stipulation of Settlement, the Company purchased and installed an energy efficiency data management system to assist both the Company and the Board in tracking program results. In addition to the annual cost recovery program reviews, over the past three years, the Company and Board Staff have also regularly discussed energy efficiency program reporting. Consistent with these discussions, PSE&G continues to provide monthly electronic uploads of program level data (costs and energy savings) into the BPU's IMS system with more detailed data (project and measure level costs and savings) captured in PSE&G's TrakSmart system and available for review upon request. The Company will continue to provide electronic data in this manner and will cease providing hard copy quarterly reports as directed by Board Staff.

23. The Company is successfully implementing the EEE Extension Program and is filing this Petition in compliance with prior Board orders to reset the EEE Extension components of the GPRC along with the other GPRC Programs. Additional

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[16] EEE Extension Order at ¶¶23-24.

details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

IV. DEMAND RESPONSE PROGRAM

24. In response to the Board's July 1, 2008 Order, on August 5, 2008 PSE&G filed a Petition for approval of a DR Program.[17] On August 21, 2008 PSE&G filed supplemental testimony and schedules.

25. The Petition proposed five sub-programs: (1) Residential Central Air Conditioner Cycling Sub-Program; (2) Residential Pool Pump Load Control Sub-Program; (3) Small Commercial Customer AC Cycling Sub-Program; (4) Commercial and Industrial ("C&I") Curtailment Services Sub-Program; and (5) Load Shifting Demonstration Sub-Program.

26. On July 23, 2009, the parties executed a Settlement Agreement. The Settlement Agreement called for the Company to implement the Residential Central Air Conditioner Cycling Sub-Program and the Small Commercial Customer AC Cycling Sub-Program. Consideration of the other proposed sub-programs was deferred.

27. In regard to cost recovery, the Board-approved Settlement Agreement provides:

> The Parties agree that PSE&G shall recover all reasonable, prudently incurred Program costs via a separate component of

[17] *I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Demand Response Program and An Associated Cost Recovery Mechanism, et al.*, BPU Docket No. EO08080544.

the electric RGGI Recovery Charge (GPRC) mechanism to be filed annually by the Company.[18]

* * *

The Parties agree that the overall cost of capital utilized to set rates for the initial rate period of the Program will be that approved in the Company's most recent gas base rate case, BPU Docket No. GR05100845, which was 7.9591% (11.3092% on a pre-tax basis), based on a return on equity ("ROE") of 10.0%. The Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations, effective as of the date of the Board's base rate case order authorizing a change in the WACC. The parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up, but in any event, no later than January 1 of the subsequent year.[19]

* * *

[T]he Demand Response component of the GPRC will be reviewed, trued-up, and modified in an annual filing that PSE&G will make with the Board. Each annual filing will contain a reconciliation of PSE&G's actual recoveries (which were based on projected Program costs) and actual revenue requirements for the prior period. Each annual filing will also contain a forecast of revenue requirements for the upcoming 12-month period that shall be based upon the Company's then-current gas and/or electric authorized overall rate of return and capital structure, including income tax effects. Attachment 1 is the GPRC tariff sheet, including the initial Demand Response component based on this Settlement, to be approved by the Board. Attachment 2 is the revised SCC tariff sheet showing a zero charge.

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[18] DR Settlement Agreement, ¶8.
[19] DR Settlement Agreement, ¶9

> The Parties also agree that the Company's carrying charges on its over- or under-recovered deferred balances for this Program will be set at the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's most recent base rate case as identified in Paragraphs 9 and 10 above. The interest amount charged to the DR component of the electric GPRC balance will be computed using the following methodology set forth in Attachment 3 attached hereto and made a part of this Settlement Agreement. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Attachment 3. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred electric and gas DR GPRC balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's annual filing.[20]

28. In an Order dated July 31, 2009, the Board approved the Settlement and authorized PSE&G to implement the Residential AC Cycling and Small Commercial AC Cycling Sub-Programs. The Board also approved the cost recovery mechanism and PSE&G implemented the rates for the DR component of the GPRC on August 3, 2009.

29. The Company is filing this Petition in compliance with prior Board orders to reset the DR component of the GPRC. Additional details about the Program status and

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[20] DR Settlement Agreement, ¶¶10 and 11.

proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

V. SOLAR 4 ALL PROGRAM

30. On February 10, 2009, PSE&G filed its Petition with the Board requesting approval of a solar generation investment program, known as the Solar 4 All Program, and an associated rate recovery mechanism.[21] The Petition proposed several different segments of a utility-owned solar photovoltaic generation program.

31. On July 27, 2009, the parties executed a Settlement Agreement. The Settlement Agreement calls for the Solar 4 All Program to consist of two segments: Segment 1 – Centralized Solar (40 MW) and Segment 2 – Pole-Attached Solar (40 MW), for a total of 80 MW, with an estimated capital investment of approximately $514 million.

32. In regard to cost recovery, the Board-approved Settlement Agreement provides:

> PSE&G will recover the net revenue requirements associated with the Solar 4 All Program via a new Solar Generation Investment Program component of the Company's electric GPRC ("SGIP"). The SGIP will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the Solar 4 All Program. The initial SGIP will be based on estimated Program revenue requirements from August 1, 2009 or date of the written BPU

[21] *I/M/O 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. EO09020125.

Order to December 31, 2010. Thereafter, the SGIP will be changed nominally on an annual basis, incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.[22]

* * *

The revenue requirements include reasonable and prudent associated costs regarding administrative, sales, training, evaluation and IT capital. The Parties further stipulate that this initial calculation will use a WACC of 7.9591%, (11.3092% on a pre-tax basis) based on a return on equity of 10.0%. The Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations, effective as of the date of the Board's base rate case order authorizing a change in the WACC. The Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Parties stipulate that after the initial revenue requirements period, the SGIP will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement for the purpose of setting the initial SGIP for the period ending December 31, 2010 is set forth in Exhibit C attached hereto and made a part of this Stipulation.

In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last

22 S4A Settlement Agreement, ¶34.

> calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board as identified in Paragraph 36 above. The interest amount charged to the SGIP balance will be computed using the following methodology set forth in Exhibit D attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Exhibit D. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred SGIP balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing.[23]

33. In an Order dated August 3, 2009, the Board approved the Settlement Agreement and authorized PSE&G to implement the S4A Program. The Board also approved the cost recovery mechanism and PSE&G implemented the rates for the S4A component of the GPRC (known as the "SGIP") on August 3, 2009.

34. The Company is successfully implementing the S4A Program and is filing this Petition in compliance with prior Board orders to reset the SGIP component of the GPRC. Additional details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

VI. <u>SOLAR LOAN II PROGRAM</u>

35. On March 31, 2009, Public Service filed a Petition with the Board requesting approval of the Solar Loan II Program and associated rate recovery

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[23] S4A Settlement Agreement, ¶¶36 and 37.

mechanism.[24] Building on its successful Solar Loan I Program, PSE&G proposed a new program for 40 MW of additional loans for the installation of solar photovoltaic systems, along with any unused capacity from Solar Loan I.

36. On November 4, 2009, the parties executed a Settlement Agreement. The Settlement agreement provides that the SLII Program shall be 51 MW (DC) in total size (plus capacity transferred from the Solar Loan I Program, if any), and shall be open to net-metered solar systems that are 500 kW and smaller. It also provides that the SLII Program will have the following segments and capacities:

Greater than 150 kW up to 500 kW (non-residential)	25 MW
Up to 150 kW (non-residential)	17 MW
Residential	9 MW[25]

37. In regard to cost recovery, the Board-approved Settlement Agreement provides:

> PSE&G will recover the net revenue requirements associated with the Solar Loan II Program via a new Solar Loan II Program component of the Company's electric GPRC ("SLP"). The SLP will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the Program. The initial SLP will be based on estimated Program revenue requirements from the date of the written BPU Order, to December 31, 2010. Thereafter, the SLP will be changed nominally on an annual basis, incorporating a true-up for

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[24] *I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Solar Loan II Program and an Associated Cost Recovery Mechanism*, BPU Docket No. EO09030249.

[25] By Order dated June 22, 2010, the Board approved the modification of the SLII Program to include solar facilities greater than 500 kW up to 2 MW, along with some other changes to the Program. *I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Solar Loan II Program and an Associated Cost Recovery Mechanism*, BPU Docket No. EO09030249, Decision and Order Approving Program Changes.

actuals and an estimate of the revenue requirements for the upcoming year.[26]

* * *

The revenue requirements include costs regarding administration, sales, training, evaluation, and IT capital. The Signatory Parties further stipulate that this initial calculation will use a WACC of 7.9591%, (11.3092% on a pre-tax basis) based on a return on equity of 10.0%. The Signatory Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations, effective as of the date of the Board's base rate case order authorizing a change in the WACC. The Signatory Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly revenue requirement calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Signatory Parties stipulate that after the initial revenue requirements period, the SLP will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement for the purpose of setting the initial SLP for the period ending December 31, 2010 is set forth in Exhibits E1 and E2 attached hereto and made a part of this Settlement.

In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board as

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[26] SLII Settlement Agreement, ¶36.

> identified in Paragraph 38 above. The interest amount charged to the SLP balance will be computed using the methodology set forth in Exhibit F attached hereto and made a part of this Settlement Agreement. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Exhibit F. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred SLP balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing.[27]

38. In an Order dated November 10, 2009, the Board approved the Settlement Agreement and authorized PSE&G to implement the SLII Program. The Board also approved the cost recovery mechanism and PSE&G implemented the rates for the SLII component of the GPRC on November 10, 2009.

39. To be consistent with the Board's Order in the Solar Loan III Program, PSE&G no longer plans to exercise the Call Option for loans that have been paid prior to the end of their term.

40. The Company is successfully implementing the SLII Program and is filing this Petition in compliance with prior Board orders to reset the SLII Program component of the GPRC. Additional details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

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[27] SLII Settlement Agreement, ¶¶38 and 39.

VII. SOLAR 4 ALL PROGRAM EXTENSION

41. On August 1, 2012, PSE&G filed a Petition with the Board seeking approval to extend the Solar 4 All Program through the addition of new utility-owned solar program segments.[28]

42. On May 29, 2013, the Board issued an Order approving a modified version of the Solar 4 All Program Extension initially proposed by Public Service. The Board Order approved Public Service to implement a Solar 4 All Program Extension consisting of four segments: Segment A – Landfills/Brownfields (42 MW); Segment B – Underutilized Government Facilities (1MW); Segment C – Grid Security/Storm Preparedness Pilot (1MW); and Segment D – Parking Lot Solar Pilot (1MW), for a total of 45 MWs, with an estimated capital investment over the initial build-out period of approximately $247.2 million (excluding Allowance for Funds Used During Construction).

43. In regard to cost recovery, the Board-approved Settlement Agreement provides:

> PSE&G will recover the net revenue requirements for the Solar4All Extension Program via a new Solar Generation Investment Extension Program ("SGIEP") component of the Company's electric RGGI Recovery Charge ("RRC"). The SGIEP will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of the costs associated with the Solar 4 All Extension Program. The initial SGIEP will be based on revenue requirements from June 1,

[28] *I/M/O the Petition of Public Service Electric and Gas Company for Approval of an Extension of a Solar Generation Investment Program and Associated Cost Recovery Mechanism*, BPU Docket No. EO12080721.

2013, or the date of the written Board Order, through September 30, 2014. Thereafter, the SGIEP will be changed nominally on an annual basis in conjunction with the annual filing for all other existing [GPRC] components, incorporating a true-up for actual results and a forecast of revenue requirements for the twelve months succeeding the anticipated Board approval date.[29]

* * *

The Signatory Parties stipulate that the revenue requirements recovered through the SGIEP will be calculated to include a return on investment and a return of investment over the lives of the capital assets. The Program investments are proposed to be treated as separate utility assets, and depending on the type of investment, either 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>Cost of Capital</u> – This is PSE&G's overall weighted average cost of capital ("WACC"). The overall cost of capital utilized to set rates for the initial rate period of the Program will be 7.6431% (11.1790% on a pre-tax basis) based on an equity percentage of 51.2%, a return on equity of 10.0% and the Company's embedded long-term cost of debt as of March 31, 2013 of 5.1702%.

[29] S4AE Board Order at ¶29.

Net Investment – This is the Gross Plant-in-Service less associated accumulated depreciation and/or amortization less Accumulated Deferred Income Tax ("ADIT").

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 base tax depreciation applied to the corresponding asset classes. The base tax depreciation is calculated on the total amount of the asset less any bonus depreciation and any applicable tax credits.

<table>
<tr><th>Asset Class</th><th>Book Recovery</th><th>Base Tax Depreciation</th></tr>
<tr><td>Solar Panels, acqusition and installation costs</td><td>20 year dep.</td><td rowspan="3">5 year MACRS</td></tr>
<tr><td>Inverters</td><td rowspan="2">5 year dep.</td></tr>
<tr><td>Communications Equipment</td></tr>
<tr><td>Meters</td><td>20 year dep.</td><td>20 year MACRS</td></tr>
</table>

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

Operations and Maintenance Costs – Operations and Maintenance Costs will 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/lease or other payments or bill credits made to non-PSE&G host sites/facilities and the fair values of rents for use of electric transmission sites/facilities.
- Insurance Expense

Revenues from Solar Output – PSE&G will pursue generating revenues from solar output from the following sources:

- Sales of energy in the applicable PJM wholesale markets

• Capacity payments from the PJM capacity market
• Sales of SRECs through an auction process

PSE&G will apply all net revenues it receives from the energy and capacity sales in the PJM markets and the sale of SRECs to customers to offset the Extension Program revenue requirements.

Investment Tax Credit ("ITC") –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. The impact on revenue requirements is generated by applying the book depreciation method to the difference between the book basis and the tax basis multiplied by the tax rate, and then multiplied by the revenue conversion factor.

* * *

The Signatory Parties further stipulate that the initial revenue requirement calculation will use a WACC of 7.6431% (11.1790% on a pre-tax basis) based on an equity percentage of 51.2%, a return on equity of 10.0%, and the Company's embedded long-term cost of debt as of March 31, 2013 of 5.1702% . . . . The Signatory Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations, effective as of the date of the Board's base rate case order authorizing a change in the WACC. The Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the

> subsequent year. The Parties stipulate that after the initial revenue requirements period, the SGIEP will be calculated utilizing projected cost data subject to annual adjustments. . .[30]

44. The May 29, 2013 Board Order authorized PSE&G to implement the S4AE Program. The Board also approved the cost recovery mechanism and PSE&G implemented the rates for the S4AE component of the GPRC (known as the "SGIEP") on June 1, 2013.

45. The Company is successfully implementing the S4AE Program and is filing this Petition in compliance with prior Board orders to reset the SGIEP component of the GPRC. Additional details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

VIII. SOLAR LOAN III PROGRAM

46. On August 1, 2012, Public Service filed a Petition with the Board requesting approval of the Solar Loan III Program and associated rate recovery mechanism.[31] The Solar Loan III Program was developed in accordance with the Board's Order dated May 23, 2012 in Docket No. EO11050311V concerning future public utility investment in renewable energy programs. The May 23, 2012 Order adopted the recommendation of the Board's Office of Clean Energy ("OCE") to extend

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[30] S4AE Settlement Agreement, ¶¶30 through 32.

[31] *I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Solar Loan III Program and Associated Cost Recovery Mechanism*, BPU Docket No. EO12080726.

the existing Electric Distribution Company ("EDC") SREC financing programs by 180 MW over a three-year period. PSE&G's share of that additional capacity was 97.5 MW. Building on its successful Solar Loan I and II Programs, PSE&G proposed a new program for 97.5 MW of additional loans for the installation of solar photovoltaic systems by PSE&G customers.

47. On May 29, 2013, the Board issued an Order approving the SLIII Program totaling 97.5MW (DC) in total size. The Order also provided that the SLIII Program will be open to the following customer segments:

Residential Individual Customer (net metered)
Residential- Aggregated by a 3rd party (net metered)
Non-residential≤ 150kW (net metered) ("Small Non-Res")
Non-residential >150kW (up to 2MW per project) (net metered) ("Large Non-Res")
Landfills/Brownfields (up to 5MW per project) (either net metered or grid connected)

48. In regard to cost recovery, the Board-approved Settlement Agreement provides:[32]

> PSE&G will recover the net revenue requirements for the Solar Loan III Program via a new Solar Loan III Program component ("SLIIIc") of the Company's electric RGGI Recovery Charge (RRC). The SLIIIc will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of the costs associated with the Solar Loan III Program. The initial SLIIIc will be based on revenue requirements from June 1, 2013, or the date of the written Board Order, through September 30, 2014. Thereafter, the

[32] SLIII Settlement Agreement, ¶¶73 and 74.

SLIIIc will be changed nominally on an annual basis in conjunction with the annual filing for all other existing RRC components, incorporating a true-up for actual results and a forecast of revenue requirements for the twelve months succeeding the anticipated Board approval date.

The SLIII Signatory Parties stipulate that the revenue requirements recovered through the SLIIIc will be calculated to include a return on investment and a return of investment over the lives of the capital assets. The Program investments are proposed to be treated as separate utility assets, and depending on the type of investment, either 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 = (Cost of Capital * Net Investment) – Net Loan Accrued Interest + Amortization and/or Depreciation + Net Operation and Maintenance Costs – Net Proceeds from the sale of SRECs – Cash Payments in lieu of SRECs*

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

<u>Cost of Capital</u> – This is PSE&G's overall weighted average cost of capital ("WACC"). The overall cost of capital utilized to set rates for the initial rate period of the Program will be 7.6431% (11.1790% on a pre-tax basis) based on an equity percentage of 51.2%, a return on equity of 10.0% and the Company's embedded long-term cost of debt as of March 31, 2013 of 5.1702%.

<u>Net Investment</u> – The net investment for the Program would be comprised of the following:

- Total Loan Outstanding Balances. The Total Loan Outstanding Balances are defined as: *Loan Accrued Interest Balances + Loan Principal Balances*
- SREC inventory

<u>Total Loan Outstanding Balances</u> – The detailed monthly return calculation on the total loan outstanding balances would be as follows:

Loan Accrued Interest + Loan Interest Rate to WACC Differential Cost

Where

*Loan Accrued Interest = Average Daily Outstanding Loan Balance * (Annual Loan Interest Rate / 365) * (# of Days in Month)*

And

*Loan Interest Rate to WACC Differential Cost = Loan Accrued Interest *((Pre Tax WACC/Loan Interest Rate) – 1)*

SREC Inventory – The detailed monthly return calculation on the SREC Inventory would be as follows:

*Average Daily Outstanding SREC Inventory Balance * (Pre Tax WACC / 365) * (# of Days in Month)*

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

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

Net Operations and Maintenance Costs – is calculated as Gross Operation and Maintenance Costs less any revenues received from the borrowers. Gross Operations and Maintenance Costs would include PSE&G labor and other related on-going costs required to manage and administer the Program including related information technology expenses, the cost of the SM, and SREC disposition expenses.

Revenues received from the borrowers would include any revenue received from the following sources as described in the Program Rules:

- Applications fees
- Administrative Fees
- SREC Processing Fees
- Any other applicable Fees

The SLIII Signatory Parties stipulate that the Net Operation and Maintenance Costs must equal zero over the life of the Solar Loan III Program . . . .

The SLIII Signatory Parties further stipulate that common costs shared by all three of PSE&G's solar loan programs be allocated based on forecasted MW capacity installed for the upcoming year. Therefore, every December a forecast will be conducted of the cumulative total capacity installed by the end of the following year for the Solar Loan III Program. For Solar Loan I and Solar Loan II, the current methodology of allocating costs based on the total forecasted capacity installed for the program will be maintained. The ratio of the forecasted installed capacity for each program to total forecasted installed capacity for all of the solar loan programs will be applied to all common costs for the following year starting on January 1.

<u>Net Proceeds from the sale of SRECs</u> – The net SREC proceeds reduce revenue requirements and is defined as:

SREC Value Credited to Loans + Gain/(Loss) on Sale of SRECs - SREC Floor Price Costs

> SREC Value Credited to Loans – The SREC Value Credited to Loans is defined as the number of SRECs generated and credited to the loans times the higher of the "market value" of SRECs as defined in the Loan Agreements or the Floor Price.

<u>Gain/(Loss) on Sale of SRECs</u> – The proceeds from the Sale of SRECs less their corresponding inventory cost. Inventory cost is the value the SREC received when they were credited to loans as defined above.

<u>SREC Disposition Expenses</u> – All costs related to the disposition of SRECs for the Program.

<u>SREC Floor Price Costs</u> – When the market value of the SRECs credited to loans, as defined in the Loan Agreements, is less than the value of the SRECs priced at the Floor Price, the differential value reduces the Net Proceeds from the sale of SRECs.

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

49. The May 29, 2013 Board Order authorized PSE&G to implement the SLIII Program. The Board also approved the cost recovery mechanism and PSE&G implemented the rates for the SLIII component of the GPRC (known as the "SLIIIc") on June 1, 2013.

50. The Company is successfully implementing the SLIII Program and is filing this Petition in compliance with prior Board orders to reset the SLIIIc component of the GPRC. Additional details about the Program status and proposed rates and bill impacts are discussed below under the heading "Supporting Testimony."

SUPPORTING TESTIMONY

51. In support of this Petition, the Company is presenting the Direct Testimony of Jess E. Melanson, Director of Energy Services in the Customer Solutions Group at PSE&G. Mr. Melanson's Direct Testimony is attached hereto as Attachment A. Mr. Melanson describes the status of the CA, EEE, EEE Extension, DR, S4A, SLII, S4AE and SLIII Programs. Mr. Melanson's testimony and schedules also discuss and quantify the administrative costs the Company seeks to recover through the GPRC for these Programs pursuant to their respective Orders and Settlements.

52. PSE&G is also presenting the Direct Testimony of Stephen Swetz, Director - Corporate Rates and Revenue Requirements for PSE&G. Mr. Swetz's testimony and schedules, attached hereto as Attachment B, develop the revenue requirements for each of the eight programs and the proposed GPRC rates.

53. The proposed rates for the combined components of the electric and gas GPRCs for the period October 1, 2014 through September 30, 2015 are designed to recover approximately $110.8 million (electric) and $18.2 million (gas) in revenue on an annual basis. The resulting net combined annual revenue impacts on the Company's electric customers are an increase of $0.3 million and a decrease of $0.3 million for the Company's gas customers. The cumulative proposed rate impacts for all eight components of the electric GPRC would be an increase from $0.002852 per kWh (including SUT) to $0.002859 per kWh (including SUT). The cumulative proposed changes for the three components of the gas GPRC, which includes only the CA, EEE and EEE Extension components, would be a decrease from $0.007168 per therm (including SUT) to $0.007038 per therm (including SUT). The proposed changes to each of the GPRC components are described in Mr. Swetz's testimony and schedules (see Attachment B).

54. As a result of the proposed rates set forth in Attachment C, PSE&G's class average residential electric customers using 780 kWh in a summer month and 7,360 kWh annually would experience an increase in their annual bill from $1,366.88 to $1,367.00,

or $0.12, or approximately 0.01% (based on Delivery Rates and Basic Generation Service Fixed Pricing [BGS-FP] charges in effect June 1, 2014 and assuming that the customer receives BGS-FP service from PSE&G). PSE&G's class average residential gas heating customers using 160 therms in a winter month and 1,050 therms annually would experience an decrease in their annual bill from $1,077.06 to $1,076.90, or $0.16, or approximately 0.01% (based on current Delivery Rates and Basic Gas Supply Service [BGSS-RSG] charges in effect June 1, 2014 and assuming that the customer receives BGSS service from PSE&G). The residential customer bill impacts comparing the current and proposed delivery charges are contained within the Typical Residential Bill Impacts and draft Form of Notice of Filing and of Public Hearings set forth in Attachment D and E, respectively, for the aforementioned class average customers, as well as for other typical customer usage patterns.

55. The proposed rates, as set forth in the tariff sheets in Attachment C, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on or before October 1, 2014, upon issuance of a written Board Order.

56. Contained herein in 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 and gas rates and will be placed in newspapers having a circulation within the Company's electric and gas service territories upon receipt, scheduling and publication of public hearing dates. Public hearings will be held in each geographic area within the

Company's service territory, i.e. Northern, Central, and Southern. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's electric and gas service territories upon receipt, scheduling and publication of public hearing dates.

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

58. Also filed herewith are appendices providing details of where in the filing the Company has addressed the minimum filing requirements or reporting requirements for each of the eight Programs. These documents are designated as Appendices A-CA/EEE/EEE Ext, A-DR, A-S4A, A-SLII, A-S4AE, and A-SLIII.

59. PSE&G requests that the Board issue an order finding that the actual Program costs through September 30, 2014 for each of the eight GPRC Programs are reasonable and appropriate for recovery through the GPRC.

60. PSE&G also requests that the Board issue an order approving the proposed rates on or before October 1, 2014. In the alternative, if the Board is not able to approve the proposed rates as final by this time, PSE&G requests that the Board approve the rates

on a provisional basis, subject to refund, effective for service rendered on and after October 1, 2014.

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

COMMUNICATIONS

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

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CONCLUSION AND REQUESTS FOR APPROVAL

For all the foregoing reasons, PSE&G respectfully requests that the Board expeditiously issue an order approving this Petition and specifically finding that:

1. The actual Program costs through March 31, 2014 for each of the eight GPRC Programs are reasonable and appropriate for recovery through the GPRC;

2. PSE&G is authorized to recover all costs requested herein associated with the Carbon Abatement, Energy Efficiency Economic Stimulus, EEE Extension, Demand Response, Solar 4 All, Solar Loan II Program, Solar 4 All Extension Program; and Solar Loan III Program.

3. The proposed rates and charges set forth in the proposed Tariff for Electric Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 15, Electric, and the proposed Tariff for Gas Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 15, Gas, referred to herein as Attachment C, are just and reasonable and PSE&G is authorized to implement the rates proposed herein on or before October 1, 2014.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Alexander C. Stern

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DATED: June 30, 2014
Newark, New Jersey

STATE OF NEW JERSEY)
:
COUNTY OF ESSEX)

Jess E. Melanson, of full age, being duly sworn according to law, on his oath deposes and says:

1. I am Director of Energy Services in the Customer Solutions Group of Public Service Electric and Gas Company, the Petitioner in the foregoing Petition.

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

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

Jess E. Melanson

Sworn and subscribed to)
before me this 30th day)
of June 2014)

MICHELE D. FALCAO
Commission # 2414516
Notary Public, State of New Jersey
My Commission Expires
November 14, 2016