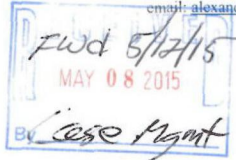


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May 7, 2015



MAY 08 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

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 E-MAIL AND OVERNIGHT DELIVERY

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Ms. Asbury:

Attached please find a Settlement executed by all parties to the above-referenced matter.

Thank you for your consideration in this matter.

Respectfully submitted,

Alexander C Stern

C Attached Service List (E-mail Only) ✓

Case Mgmt
R. Boylan

05/06/2015

Public Service Electric and Gas Company
GPRC 2014
ER14070651 and GR14070652

RECEIVED
Page 1 of 2

MAY 08 2015

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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)	STIPULATION
FOR APPROVAL OF CHANGES IN ITS)	
ELECTRIC GREEN PROGRAMS RECOVERY)	BPU DOCKET NOS. ER14070651
CHARGES AND ITS GAS GREEN PROGRAMS)	and
RECOVERY CHARGES ("2014 PSE&G GREEN)	GR14070652
PROGRAMS COST RECOVERY FILING"))	

APPEARANCES:

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

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

Alex Moreau and T. David Wand, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**John J. Hoffman**, Acting Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. Pursuant to *N.J.S.A. 48:3-98.1 et seq.*,¹ Public Service Electric and Gas Company ("Public Service," "PSE&G" or the "Company") has implemented eight New Jersey Board of Public Utilities ("Board" or "BPU") approved energy efficiency, demand response, and solar energy programs (collectively, "Green Programs"). The filing resolved in this Stipulation

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.

addresses eight of the nine Programs.² The eight Programs are: (1) the Carbon Abatement Program (“CA”); (2) the Energy Efficiency Economic Stimulus Program (“EEE”); (3) the EEE Extension Program (“EEE Extension”); (4) the Demand Response Program (“DR”); (5) the Solar Generation Investment Program, also referred to as the Solar 4 All Program (“S4A”); (6) the Solar Loan II Program (“SLII”);³ (7) the Solar 4 All Extension Program (“S4AE”); and (8) the Solar Loan III Program (“SLIII”). PSE&G has implemented the PSE&G Green Programs after BPU approval to help the State achieve its renewable energy and energy efficiency goals.

2. 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 RGGI Recovery Charge (hereinafter referred to as the Green Programs Recovery Charge or “GPRC”). There is a separate component of the GPRC for each of the eight Green Programs at issue herein as well as one additional program recently approved.⁴

3. On July 1, 2014, PSE&G made the requisite annual filing with the Board requesting resetting of the Company’s Electric and Gas GPRCs for the eight PSE&G Green Programs referenced in paragraph 1. The filing proposed to increase rates to be paid by the Company’s

² 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.

³ Prior to enactment of N.J.S.A.48:3-98.1, PSE&G filed for approval of its first Solar Loan offering (“SLI”) 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 GPRC filing resolved in this Stipulation. In the past, the Board has determined it appropriate to ease manage the cost recovery filings for PSE&G’s Green Programs and the SL I Program together.

⁴ The gas GPRC only includes components for the CA, EEE and EEE Extension Programs. On April 15, 2015 the Board approved PSE&G’s EEE Extension II Program, BPU Docket No. EO14080897. EEE Extension II is not part of this current filing, but will be added to the GPRC effective May 1, 2015.

electric customers by \$0.3 million annually and to decrease rates to be paid by the Company's gas customers by \$(0.3) million annually. The Company proposed an October 1, 2014 effective date for these rate changes.

4. Notice setting forth the Company's July 1, 2014 request for an increase in its GPRC rates, including the date, time and place of the public hearing, was placed in newspapers of broad circulation within the Company's gas and electric service territory and was served on the county executives and clerks of all municipalities within the Company's gas and electric service territories.

5. Public hearings were conducted in Hackensack, New Brunswick and Mount Holly on August 11, 12, and 14, 2014, respectively. Four members of the public expressed general concerns about high utility rates and the Company's provision of service. No members of the public appeared and commented directly on this filing.

6. On January 9, 2015, the Company, in response to discovery request RCR-A-14-UPDATE, updated the filing with actual data through September 30, 2014 which is attached hereto as Attachment D. Based on this update, the electric GPRC revenue increase would be \$0.290 million and the gas GPRC revenue decrease would be \$(0.335) million for the period October 1, 2014 through September 30, 2015.

DISCOVERY AND SETTLEMENT DISCUSSIONS

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

8. Following review of discovery and the public hearings listed above, representatives of the Company, Board Staff and Rate Counsel (collectively, "the Parties") met to discuss the issues and reached a comprehensive settlement of all issues. Specifically, the Parties hereby **STIPULATE AND AGREE** to the following:

STIPULATED MATTERS

9. The Parties agree to implement the originally proposed gas GPRC revenue decrease of \$0.3 million requested in the Petition. The cumulative rate impacts from the three gas Green Programs decrease the gas GPRC from \$0.007736 per therm including SUT to \$0.007607 per therm including SUT. Although the Company requested a \$0.3 million increase in annual revenue for the electric GPRC, the Company hereby agrees to maintain the electric GPRC at its current level. The current electric GPRC is \$0.002907 per kWh including SUT.

10. Tariff sheets consistent with this gas rate change as well as maintenance of the electric GPRC at its current level are set forth in Attachment A. The Company's calculations in support of the proposed kWh/therm rates are set forth in Attachment B.

11. The Parties agree that the actual electric and gas GPRC costs charged to the Program prior to October 1, 2014 have been reviewed and deemed prudent and reasonable by the Parties. Actual costs charged to the Program after that date are subject to review for reasonableness and prudence in future PSE&G Green Program adjustment proceedings. PSE&G hereby agrees that it shall make its next GPRC filing with actual data from October 1, 2014 to March 31, 2015 and forecasted data through September 30, 2016 no later than July 1, 2015.

12. As a result of the electric GPRC being maintained at the current rates set forth in Attachment A, PSE&G's class average residential electric customers using 750 kWh in a summer month and 7,200 kWh annually would not experience a change in their annual bill of \$1,344.16. This is based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect May 1, 2015, and assumes that the customer receives BGS-RSCP service from PSE&G.

13. As a result of the proposed rates set forth in Attachment A, PSE&G's class average residential gas customers using 165 therms per month during the winter months and 1,010 therms annually would experience a decrease in their annual bill from \$920.53 to \$920.37 or \$0.16 or approximately 0.02%. This is based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect May 1, 2015, and assumes that the customer receives BGSS-RSG service from PSE&G. Annual bills do not include BGSS-RSG Bill Credits.

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

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

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

17. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, or is modified by the Board, each party that is adversely affected by the modification can either accept the modification or declare this Settlement to be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

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

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

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

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

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

NEW JERSEY DIVISION OF RATE
COUNSEL
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DATED: May 6, 2015

DATED: MAY 6, 2015

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