Agenda Date: 7/29/09
Agenda Item: 2Q

STATE OF NEW JERSEY

Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A DEMAND RESPONSE PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO THE BPU ORDER I/M/O DEMAND RESPONSE PROGRAMS FOR THE PERIOD BEGINNING JUNE 1, 2009 – ELECTRIC DISTRIBUTION COMPANY PROGRAMS)	ORDER ADOPTING SETTLEMENT DOCKET NO. EO08080544
AND	
IN THE MATTER OF THE DEMAND RESPONSE PROGRAMS FOR THE PERIOD BEGINNING JUNE 1, 2009 – ELECTRIC DISTRIBUTION PROGRAMS)	DOCKET NO. EO08050326

(SERVICE LIST ATTACHED)

BY THE BOARD:

By this Order the New Jersey Board of Public Utilities ("Board") considers a stipulation of settlement ("Settlement") signed on July 24, 2009, by Public Service Electric and Gas Company ("PSE&G" or "Company"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and the Staff of the Board of Public Utilities ("Staff") (collectively, the "Signatory Parties") implementing the Company's proposed Residential Central Air Conditioner ("AC") Cycling Sub-Program and the Small Commercial Customer ("Commercial") AC Cycling Sub-Program (collectively, the "Program"). For the reasons discussed below, the Board adopts the Settlement subject to certain conditions.

Background and Procedural History

By Order dated July 1, 2008 ("July 1 Order" or "DR Order"), the Board, pursuant to N.J.S.A. 48:3-98.1(a)(3), directed the State's four electric distribution companies ("EDCs"), including PSE&G, to submit proposals to the Board by August 1, 2008 for demand response ("DR") programs to be implemented for the period beginning June 1, 2009.[1] In response to the July 1 Order, PSE&G submitted its verified DR petition to the Board on August 5, 2008 ("August 5th Filing"), under N.J.S.A. 48:3-98.1 and the Board Order in Docket Number EO08030164 ("RGGI Order")[2]. The August 5th Filing contained five proposals: (1) the Residential Central AC Cycling Sub-Program; (2) the Small Commercial Customer AC Cycling Sub-Program; (3) the Residential Pool Pump Load Control Sub-Program; (4) the Commercial and Industrial ("C&I") Curtailment Services Sub-Program; and (5) the Load Shifting Demonstration Sub-Program. According to the Company, the programs were designed to assist customers in reducing their electricity consumption during periods of peak demand on the system.

On August 27, 2008, Staff and Rate Counsel met with the EDCs, including PSE&G, to review the individual EDC program submittals, and to discuss which programs could be reviewed and implemented by June 1, 2009, and which proposed programs required more involved review and analysis. By letter dated August 29, 2008, PSE&G was notified by Staff that its August 5th Filing was not administratively complete under the minimum filing requirements for petitions as required by the July 1 Order and the RGGI Order.

By Order dated September 22, 2008[3] ("September 22 Order"), the Board suspended the procedural schedules relating to the EDCs' August 1, 2008 DR filings, including PSE&G's August 5th Filing, and directed Staff to meet with each of the EDCs and with Rate Counsel to reach agreement on those programs which could be reviewed in time for June 2009 implementation and those programs which would require extended review due to complexity and other factors. The September 22 Order further directed the parties to develop proposed procedural schedules for the more complex programs that would permit the implementation of those programs by June 1, 2010, if ultimately approved by the Board. Pursuant to the September 22 Order, Staff, Rate Counsel and the Company met on September 23, 2008 to further discuss the Company's DR proposals that could be implemented by June 1, 2009.

By letter dated September 26, 2008 to PSE&G, Staff memorialized, among other things, the following agreements reached by PSE&G, Rate Counsel, and Staff during their discussions on September 23, 2008: (i) the Residential Central Air Conditioner Cycling Sub-Program and the Small Commercial Customer AC Cycling Sub-Program will be targeted for implementation in June of 2009; (ii) PSE&G will update its prior discovery responses, including providing necessary data to support the cost/benefits of the programs; and (iii) PSE&G will develop a procedural schedule targeting a June 2010 implementation for the Residential Pool Pump Load Control Sub-Program, the Commercial and Industrial Curtailment Services Sub-Program, and the Load Shifting Demonstration Sub-Program ("Remaining Sub-Programs").

Public hearings were held on October 15, 2008 in New Brunswick, New Jersey, October 20, 2008 in Hackensack, and October 23, 2008 in Mount Holly, New Jersey after notice in

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[1] *In The Matter of Demand Response Programs for the Period Beginning June 1, 2009 - Electric Distribution Company Programs,* BPU Docket No. EO08050326.

[2] *In The Matter of Electric Public Utilities And Gas Public Utilities Offering Energy Efficiency And Conservation Programs, Investing In Class I Renewable Energy Resources, And Offering Class I Renewable Energy Programs In Their Respective Service Territories On A Regulated Basis Pursuant To N.J.S.A. 48:3-91, BPU Docket No. EO08030164 (May 12, 2008).*

[3] *In The Matter of Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs,* BPU Docket Nos. EO08050326, EO08080541, EO08080542, EO08080543, EO08080544.

newspapers of general circulation in PSE&G's service territory. No members of the public appeared at the public hearings.

By Order dated March 12, 2009 ("March 12 Order")[4], the Board retained jurisdiction over all the DR filings and, as authorized by N.J.S.A 48:2-31, designated Commissioner Joseph L. Fiordaliso as the presiding officer for these cases with authority to rule on all motions and set schedules as necessary. The March 12 Order also recited the agreement among the Signatory Parties that had been memorialized in the September 26, 2008 letter.

By Order, Commissioner Fiordaliso granted a Motion for Intervention filed by Enerwise Global Technologies ("Enerwise") in the generic EDC DR docket used in connection with the July 1 Order (BPU Docket No. EO08050326). By separate Order dated April 23, 2009, Commissioner Fiordaliso granted the Motion for Intervention filed by the New Jersey Large Energy Users Coalition "(NJLEUC"). The Signatory Parties and NJLEUC met on several occasions in 2009 and held numerous telephonic discussions in an effort to resolve certain issues, including the impact of the Program on NJLEUC's member companies.

As a result of the discussions, the Signatory Parties have agreed to the attached Settlement, including all of the Appendices. Enerwise has not actively participated in the negotiations and, while provided with notice of the Settlement, has filed no response. NJLEUC did not sign the Settlement, but does not oppose the Settlement based on the inclusion of certain "compromise" language discussed later in this Order.

Terms of the Settlement

The Signatory Parties have agreed to the following terms[5]:

1. The Parties agree that PSE&G shall implement the Residential Central Air Conditioner Cycling Sub-Program and the Small Commercial Customer AC Cycling Sub-Program (collectively, the "Program") as described and set forth in this Settlement Agreement ("Settlement"). Based on the description of the Program as described in the Stipulation, and based upon the assumptions and projections regarding future costs and revenues as of the date of this Agreement, the Parties agree that the Program appears to be cost effective, in accord with the requirements of the Demand Response Order.[6]

2. The Parties also agree that the three other sub-programs PSE&G proposed in its Petition, specifically, the Residential Pool Pump Load Control Sub-Program, the Commercial and Industrial Curtailment Services Sub-Program, and the Load Shifting Demonstration Sub-Program (collectively, the "Remaining Sub-Programs"), will not be implemented at this time, but shall remain under review by the Board. The Parties agree to develop a procedural schedule for the resolution of the Remaining Sub-Programs or a schedule will be established by Board action. Board Staff has not yet determined the Remaining Sub-Programs to be administratively complete. The Parties

[4] *In The Matter of Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs,* BPU Docket Nos. EO08050326, EO08080541, EO08080542, EO07110881, EO08080543, EO08080544.

[5] Although described in this Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the conditions of this Order.

[6] *In The Matter of Demand Response Programs for the Period Beginning June 1, 2009 - Electric Distribution Company Programs,* BPU Docket No. EO08050326.

reserve their rights to pursue additional discovery and other procedural rights with respect to the consideration of the Remaining Sub-Programs.

3. The Parties agree that the Residential Central Air Conditioner Cycling Sub-Program will be structured as follows:

Total Investment:	Approximately \$60.2 million (from 2009--2014)
Targeted Demand Reduction:	130.9 Megawatts ("MW")

- The Sub-Program will be targeted to residential customers with central air conditioning in PSE&G's service territory.

Customers Currently Participating in the Legacy Program:

- PSE&G will replace the existing equipment of participants of its existing AC cycling legacy program ("Legacy Program") to migrate to the new Residential Central Air Conditioner Cycling Sub-Program in a systematic manner over a five-year period.

- Customers currently participating in PSE&G's Legacy Program will be migrated to the new program over a five year period, after which the Legacy Program will no longer operate.

- Participants in the Legacy Program who choose to opt-out of the new Sub-Program will not be migrated to the new Program.

- Migrating customers that currently have switches installed on their AC units will be given two options: (1) receive a new switch and continue to receive ongoing monthly incentive payments of \$4 for June through September, plus a \$1 per cycling event incentive; or (2) receive a new cycling thermostat, in which case the incentives will be the thermostat plus a \$50 one-time signing bonus; there will be no ongoing incentives.

- Customers currently participating in PSE&G's Legacy Program that have cycling thermostats will receive a new thermostat upon their migration to the new Residential Sub-Program.

- For each device that is found to be missing or inoperable and is replaced, PSE&G expects an incremental 0.72 kilowatt ("kW") (or the then-PJM established and allowed demand response credit per device) will be available for demand response.

New Participants:

- The Residential Sub-Program will also be made available to new participants. For each new participant enrolled, the incremental kW will be 0.72 kW (or the then-PJM established and allowed demand response credit per device).

- New participants will have a choice of a cycling switch or a thermostat. If the new participant chooses a switch, they will receive ongoing monthly incentive payments of $4 for June through September, plus a $1 per cycling event incentive. If the new participant chooses a thermostat, the incentives will be the thermostat plus a $50 one-time signing bonus; there will be no ongoing incentives.

- PSE&G will also conduct a series of focus groups to test the viability of a single, upfront cash incentive offer for customers who choose switches. The cost of conducting the focus groups and producing a report is estimated to be $25,000, and is included in the administrative costs for the Program. PSE&G will modify its 2009 marketing budget accordingly. PSE&G agrees to confer with both the BPU Staff and Rate Counsel on the content of the focus group discussion guide. PSE&G will use its best efforts to complete the focus group effort within four months after the Board approval of this Demand Response Program. In order to retain as many existing customers as possible in the residential cycling program, and depending on the outcome of the focus groups, PSE&G may seek approval to modify the offer. PSE&G will report the results of the focus groups to the Parties as soon as complete.

- PSE&G will specify the equipment that is compatible or that can be readily made compatible with Advanced Metering Infrastructure ("AMI") systems that may ultimately be installed by PSE&G.

- It is understood that any customer choosing a thermostat and accompanying incentive will be required to participate in the sub-program for a minimum of two years unless the customer moves or otherwise ceases to be a customer. If a participant of the residential sub-program moves, the Company shall contact the new occupants regarding participation in the sub-program.

- All devices will be nominated or bid into all appropriate PJM DR market(s) or program(s) that they are eligible for.

- Customers will not be allowed to override the cycling event.

- PSE&G will use its own workforce to perform the installation work.

- PSE&G will use a competitive solicitation to procure the switches and thermostats.

- PSE&G will own the switches and thermostats.

- Equipment will be purchased in a manner designed to minimize cost and inventory.

- This sub-program is designed to achieve the following load impacts.

Year	2009	2010	2011	2012	2013	2014
DR Installed (MW)*	0	6.6	28.4	65.0	101.4	130.9

*Installed as of March 1 each year; figures are cumulative. This amount is available to receive PJM DR benefits for the summer period in that year.

- PSE&G will target delivery of load control capacity comprising 17% of the eligible residential market (residential customers with central air conditioners) over the next five years, including replacement/upgrade of existing Legacy Program load control equipment and new participants. This represents a replacement of existing controls and expansion to new participants to reach a target of 168,300 residential customers representing 181,764 controls over the long-run. The Parties agree that the yearly target number of customers' participation/migration is as follows:

	2009	2010	2011	2012	2013
Transfer Legacy participants	**4,731**	**15,377**	**33,119**	**33,119**	**31,937**
New Participants	**2,001**	**6502**	**14,005**	**14,005**	**13,504**
Total Participants Added	**6,732**	**21,879**	**47,124**	**47,124**	**45,441**
Cumulative Participants	**6,732**	**28,611**	**75,735**	**122,859**	**168,300**

  Marketing will initially target existing residential program participants with older switches in order to change them to new switches or new thermostats.

- **Cycling Operations**

  For the energy year ("EY") commencing on June 1, 2009 for the Legacy Program and for the EY commencing June 1, 2010 for the new Sub-Program, PSE&G will continue to initiate up to 20 cycling events for reliability support and economic energy management using the following criteria:

  1) PJM's declaration of a system emergency; or
  2) Local distribution emergencies; or
  3) A combination of a high Weighted Temperature Humidity Index (WTHI) of at least 80, with high Locational Marginal Prices (LMP) of at least $250/MWh forecasted for the day-ahead PJM market (average value over the period between 2PM and 4PM) in the PS Zone.

  Cycling duration is expected generally to be up to six hours, but longer durations may be required under certain limited circumstances in the event of a distribution system emergency. Annually thereafter, PSE&G will conduct an assessment to establish criteria for subsequent years, and share the results of such assessment with the Parties.

4. The Small Commercial AC Cycling Sub-Program will be structured as follows:

Total Investment: Approximately $5.14 million (2009-2014)
Targeted Demand Reduction: 19.1 MW

- The Small Commercial Sub-Program will be targeted to small commercial customers under rate schedule GLP that have central air conditioning.

- PSE&G will market the Small Commercial Sub-Program to eligible customers through direct mail, bill messages, postings on the Company's website, telemarketing, and other appropriate methods.

- Enrolled customers will receive cycling thermostats.

- PSE&G will own the thermostats.

- For each new participant enrolled, the incremental kW impact is estimated to be 1.66 kW (or the then PJM established and allowed demand response credit per device).

- PSE&G will specify the equipment that is compatible or that can be readily made compatible with advanced metering infrastructure ("AMI") systems that may ultimately be installed by PSE&G.

- Equipment will be purchased in a manner designed to minimize cost and inventory.

- This Sub-Program will be nominated or bid in all appropriate PJM DR market(s) or program(s) for which it is eligible.

- Customers will not be allowed to override the cycling event.

- PSE&G will use its own workforce to perform the installation work.

- PSE&G will use a competitive solicitation to procure the load control devices.

- The Small Commercial Sub-Program is designed to achieve the following load impacts.

Year	2009	2010	2011	2012	2013	2014
DR Installed (MW)*	0	6.4	15.1	19.1	19.1	19.1

*Installed as of March 1 each year; figures are cumulative. This amount is available to receive PJM DR benefits for the summer period in that year.

- PSE&G will provide incentives of $7.50 per month in each of the summer months of June, July, August and September for each device installed.

- Enrolling customers will be required to participate in the Sub-Program for a minimum of two years unless the customer moves or otherwise ceases to be a customer. If the customer drops out of the Sub-Program prior to the two-year period, PSE&G will re-capture the incentives paid.

- **Cycling Operations**

  For the EY commencing June 1, 2010, the Small Commercial Sub-Program will be operated in a manner similar to the Residential AC Cycling Sub-Program. PSE&G will initiate up to 20 cycling events for reliability support and economic energy management using the following criteria:

  1) PJM's declaration of a system emergency; or
  2) Local distribution emergencies; or
  3) A combination of a high WTHI of at least 80, with high LMP of at least $250/MWh forecasted for the day-ahead PJM market (average value over the period between 2PM and 4PM) in the PS Zone.

Cycling duration is expected generally to be up to six hours, but longer durations may be required under certain limited circumstances in the event of a distribution system emergency.

5. The Parties agree that PSE&G will nominate or bid the Program capacity into all appropriate PJM demand response market(s) or program(s) for which it is eligible. The Company represents that the Program design will comport with the applicable requirements of the PJM demand response wholesale market, with the intent that all revenues from PJM will be used to offset program costs. PSE&G will monitor and verify the performance of the Program, and establish the manner and frequency of kW reductions per participant, pursuant to the rules set forth in the applicable sections of the current PJM Manual or tariff provisions addressing demand response. PSE&G will adhere to the requirements of PJM's market rules to ensure enrollment of the Program in the PJM demand response programs. The Parties acknowledge that, based on the Federal Energy Regulatory Commission's order dated March 26, 2009 in Docket No. ER05-1410-000 *et seq.*[7], the PJM Interruptible Load for Reliability ("ILR") program will end beginning in the 2012-13 energy year. The Parties therefore agree that the Company will bid the Program capacity into the appropriate PJM Reliability Pricing Model ("RPM") auctions applicable for energy years 2012-13 and thereafter. The Parties also agree that, should the rules for PJM's DR programs or RPM auctions change in the future, PSE&G shall determine the appropriate steps in regard to nomination of the Program into the then-applicable PJM program(s) or market(s).

6. The Parties agree that the Program will help achieve the demand response goals set forth in the Board's July 1, 2008, Demand Response Order. The Company will commence the roll-out of the Program approximately three months following program approval by the Board.

7. PSE&G will attempt to resolve disputes with its customers informally in the first instance. Disputes under any customer segment within the Program that involve any monetary claims or civil damages will be resolved in an appropriate court of law. Disputes that involve PSE&G's administration/billing of the Program that cannot be resolved informally by PSE&G will be resolved through the BPU's existing process for customer complaints within the appropriate Division.

8. The Parties agree that PSE&G shall recover all reasonable, prudently incurred Program costs via a separate component of the electric RGGI Recovery Charge ("RRC") mechanism to be filed annually by the Company. Any Program costs that are recovered through the RRC shall not be recovered through other rates in any fashion. The Company will competitively bid the equipment to be installed under the Program in order to achieve the lowest cost available. The Company will use its best efforts to economically coordinate equipment purchases with expected installations in order to minimize inventory. PSE&G will implement the Demand Response component of the electric RRC after Board approval of the Program, effective August 1, 2009, based upon forecasted expenditures and usage for the first year of the Program.

9. 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

[7] *PJM Interconnection, L.L.C.*, 126 FERC at 61,275 (2009)

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 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, 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.

10. Effective August 1, 2009, the Parties agree that all of PSE&G's legacy Residential A/C Cycling program costs currently being recovered through the System Control Charge ("SCC") shall now be recovered through the new Demand Response component of the electric RRC. Therefore, the Parties agree that PSE&G shall transfer the deferred balance in the SCC to the demand response component of the electric RRC on the date that the new RRC rate becomes effective, at which time the SCC rate will be set to zero and the SCC will be terminated. The Parties also acknowledge that, in a pending settlement agreement in BPU Docket No. EO04060395 (*I/M/O Public Service Electric and Gas Company's Request for Deferral Accounting Authority for the Energy Information and Control Network Pilot Program*), Staff, Rate Counsel, and PSE&G have agreed that, subject to Board approval, the Company may recover $4.728 million of costs related to the MyPower pilot program by charging $4.728 million to the SCC deferred balance. The Parties therefore agree that PSE&G shall transfer the remaining deferred SCC Balance (after crediting the aforesaid $4.728 million) to the demand response component of the electric RCC. Thereafter, the Demand Response component of the RRC 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 RRC 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

11. 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 RRC 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 RRC 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.

12. The Parties agree that the following methodology shall by used by the Company to calculate the monthly revenue requirements of the Program's direct costs:

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

*Revenue Requirements = (Cost of Capital * Net Investment) + Amortization or Depreciation – Demand Response (DR) Revenues + Customer Incentives + Administrative Costs*

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

Cost of Capital – This is PSE&G's overall weighted average cost of capital (WACC) authorized by the Board in the Company's most recent electric and/or gas base rate case, including income tax effects. The calculation deriving this current value, which is equal to 11.3092% on a pre-tax basis per year or 0.9424% per month, is shown in Attachment 4 to this Settlement

Net Investment – This is the monthly average (beginning plus ending divided by 2) net balance of:

A. The assets equal to the Program investments less their associated accumulated depreciation and/or amortization.
B. Capitalized IT costs less its associated accumulated amortization.
C. Accumulated Deferred Income Tax (ADIT)

Depreciation/Amortization – The Depreciation or Amortization of the Program is composed of two components:

A. The depreciation or amortization of each of the Program investments is ten years for both book recovery and tax depreciation. The amortization/depreciation would be based on a monthly vintaging methodology instead of the mass property accounting typically used for utility property.
B. The amortization of the Capitalized IT costs. It is anticipated that a Demand Response Program management system for these sub-programs will be needed. Costs associated with the management system will be accounted for in accordance with PSE&G's existing capitalization policy. It is currently estimated that this management system will cost approximately $750,000 and be amortized over five years.

DR Revenues – This is the amount of ILR Revenue, DR Energy Payments or other available DR related revenues that the Company receives through the operation of the Program. This amount will reduce revenue requirements.

Customer Incentives – This is the amount paid to Program participants as compensation for allowing PSE&G to control their electric load in accordance with the Program rules.

Administrative Costs – Administrative Costs would include any incremental PSE&G labor and other related on-going costs required to run the Program.

SCHEDULES SS-3a to SS-3c (revised) are attached hereto in Attachment 5, setting forth the forecast monthly revenue requirements for each of the Sub-Programs. If the Board approves the MyPower settlement described above, a typical residential electric customer on BGS-FP service with the Company using 722 kilowatt-hours per summer month and 6,960 kilowatt-hours on an annual basis would initially see a decrease in the annual bill from $1,277.64 to $1,277.28 or $0.36 or approximately (0.3)% as a result of the Board's approval of the Program, as set forth in Attachment 6. The maximum forecast rate impact would occur in 2013, when the same typical residential electric customer would see an increase in the annual bill of $1.12, or .088%.

13. The Parties agree that DR Revenues will be used to offset annual costs associated with the Demand Response component of the RRC.

14. On February 17, 2009, the federal American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5) was signed into law by President Barack Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company gets federal funds or credits directly related to the Program through the ARRA, the Company agrees to utilize that money to offset the Program's costs. If funding or credits from the ARRA or any subsequent state or federal action becomes available to the Company through the State of New Jersey, a County or Municipality for project reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the Program will be used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

15. The cost effectiveness of the Program will be reviewed in the future annual filings using actual data. The first evaluation shall occur prior to EY2011 in sufficient time to revise/expand the Program, if necessary. Such evaluation should occur no later than one month after receipt of the evaluation results to discuss any modifications of the Program based on the evaluation results, and to discuss the parameters of any subsequent Program evaluation.

16. The Parties agree that PSE&G shall report the following information accompanied by explanations for any material variance between actual values and planned or budget values to the Board, with copies to the Parties, on an annual basis:

a) Number of legacy switches replaced with thermostats
b) Number of legacy switches replaced with switches
c) Number of new customers enrolled
d) Number of customers who drop out
e) Number and type of new devices installed
f) Nominations to PJM
g) Program costs by category
h) Capitalized costs
i) Administrative costs
j) Participant incentives
k) Results of any program evaluations
l) Results of market research

m) Type of equipment installed
n) Curtailment information such as date, duration, criteria used for economic dispatch, duty-cycled used, etc.
o) PJM payments received.
p) Projected PJM payments for future periods.
q) Monthly revenue requirement calculation.
r) Monthly revenues received
s) Calculation of interest on over/under recoveries.
t) Supporting documentation for monthly interest rate used for over/under recoveries.

17. With respect to cost recovery granted by the Board for DR programs pursuant to N.J.S.A. 48:3-98.1, NJLEUC has proposed three alternative provisions for large commercial and industrial ("C&I") customers: an opt-out provision, to allow a large C&I customer to opt out of a utility-sponsored DR program based on the customer's investments or plans to invest in DR measures of its own; a surcharge phase-out provision, to establish usage-based tiers with the surcharge amount decreasing as consumption increases; and a hard cap provision, to place an annual cap on charges payable by large C&I customers for the utility-sponsored DR programs.

Staff supports the establishment of a separate, generic Board proceeding to address the NJLEUC proposals. This statement of support for a generic proceeding does not represent the expression of a position by any party to the Stipulation with respect to the merits of any of the NJLEUC proposals. Aside from this statement of support, the parties reserve all of their rights in any subsequent proceeding to take any position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of a proceeding. The Company and Rate Counsel take no position regarding this issue.

Comments of the *New Jersey Large Energy Users Coalition*

By letter dated July 27, 2009, NJLEUC stated that it does not oppose the Stipulation based on the compromise language included in the Stipulation expressing Staff's support for a separate, generic Board proceeding to address NJLEUC's proposals regarding costs to large C&I customers for utility-sponsored energy efficiency and DR programs. NJLEUC has identified concerns regarding the Settlement's proposed cost recovery mechanism and the effect on large C&I customers, and expresses its anticipation of a generic proceeding to resolve NJLEUC's issues.

In its July 27 letter, NJLEUC, by reference, incorporates the discussion of its concerns and the three alternatives described in its letter submitted in BPU Docket No. EO09010058, in connection with PSE&G's Energy Efficiency Economic Stimulus Program. PSE&G and Rate Counsel, as Signatory Parties to the Stipulation, take no position on the need for a separate generic Board proceeding to address NJLEUC's cost recovery concerns.

DISCUSSION AND FINDING

Cost-effective customer demand response programs can result in proven significant benefits for all ratepayers by increasing electric system reliability during peak demand periods, lowering wholesale energy costs when electricity prices spike, decreasing price volatility, reducing the need for and the associated costs for construction of new generation facilities and costly upgrades to the distribution and transmission networks, reducing delivery line losses; and improving air quality[8]. Furthermore, residential DR programs like the Residential AC Cycling Sub-Program and the Small Commercial AC Cycling Sub-Program under consideration provide opportunities for smaller customers to lower their monthly electricity bills by automatically reducing their energy use when bills generally spike due to increased electricity demand, such as for increased air conditioning during the summer months.

The New Jersey Energy Master Plan ("EMP"), adopted in October 2008, made a reduction in peak electricity demand a primary energy goal[9]. The EMP targeted a 5,700 MW reduction in peak demand throughout the State by 2020[10]. Specifically, the EMP recommended that the State's EDCs develop and implement DR programs for their customers[11]. Accordingly, by its July 1 Order, the Board, pursuant to N.J.S.A. 48:3-98.1(a)(3), directed the State's EDCs, including PSE&G, to submit proposals to the Board by August 1, 2008 for DR programs to be implemented for the period beginning June 1, 2009. For PSE&G, the allocated share of electric load was determined to be 55 percent, thereby targeting a demand reduction of 165 MW by the Company in energy year 2009. Based on the information provided, the Residential AC Cycling Sub-Program and the Small Commercial AC Cycling Sub-Program proposals are in keeping with the Board's directive and the guidance provided in the EMP.

Although the Board makes no judgment at this time as to whether costs to be recovered for the Residential AC Cycling Sub-Program and the Small Commercial AC Cycling Sub-Program will be found to be reasonable and prudent, it believes that the Settlement contains sufficient safeguards to shield ratepayers from unnecessary or imprudent program costs. One widely regarded and utilized test, the Total Resource Cost ("TRC") Test, has found the Program to be cost effective on the basis of projected program costs. In the future, the Program will be reviewed for cost-effectiveness each year through annual filings based upon actual incurred costs. The Company will be required to show that all costs are reasonable and prudently incurred in such annual filings. Thus, the Board will review the costs for reasonableness and prudency when the Company makes its initial filing to adjust its Electric RGGI Recovery Charge ("RRC") rates and through the subsequent annual cost recovery filings.

At this time, the Board believes that the projected Program costs appear to be reasonable in relation to the anticipated benefits. Projected revenues from participation in PJM DR programs and market-based opportunities will be used to off-set program costs and mitigate the cost impact on ratepayers' bills, especially as the total amount of DR increases during the evolution of the Residential AC Cycling Sub-Program and the Small Commercial AC Cycling Sub-Program. In Attachment 6 of the Stipulation, PSE&G projects that potentially the Program could receive over $205 million in PJM revenues by 2029, based upon DR values in current PJM RPM auctions and forecasts for later years. The Board recognizes that such offsetting cost revenues are Company projections, but if only a portion of such revenues are eventually realized, the Program could become a valuable asset to ratepayers.

Additionally, PSE&G has committed to facilitate and expedite the efficient migration of customers currently enrolled in the Company's AC Cycling legacy program, a residential air

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[8] See, Benefits of Demand Response in Electricity Markets and Recommendations for Achieving Them, Report to US Congress, US Dept of Energy (Feb. 2006), available at www.oe.energy.gov; Assessment of Demand Response& Advanced Metering, Staff Report, FERC Dkt. No. AD06-2-650 (Aug. 2006), available at www.ferc.gov/legal/staff-reports.

[9] For the full text of the EMP, see www.nj.gov/emp.

[10] EMP at 11.

[11] EMP at 61.

conditioning cycling program in which many of the existing switches are inoperable, and has also committed to competitively bid the equipment to be installed under the Program to achieve the lowest cost available. The resulting effectiveness of the Company's AC Cycling efforts can result in significantly increased reliability of the distribution system.

PSE&G estimates that a typical residential electric customer using 722 kilowatt-hours per summer month and 6,960 kilowatt-hours on an annual basis would initially see a $0.36 decrease in the annual bill if the Board approves the Settlement which provides for the application of a portion of the over-collection of funds from the Legacy AC Cycling program against initial Program costs. The projected maximum impact of approximately $0.09 per month on the average residential household bill by 2013 or $1.12 annually, represents a potential maximum impact of .088 percent. Such a modest maximum increase appears to be justified by the expected overall benefits to the electricity system and to the environment, as well as from the revenue streams expected from PSE&G's participation in PJM DR programs and markets.

The first evaluation of the Program will occur prior to Energy Year 2011, in sufficient time to revise or expand the Program, if necessary. Such evaluation will occur no later than one month after receipt of the evaluation results to discuss any modifications of the Program based on the evaluation results, and to discuss the parameters of any subsequent Program evaluation.

Additionally, the Program data, including actual costs contained in the initial and annual filings, and any requested adjustments to the level of the proposed RRC charges for the ensuing annual period will be subject to notice, review by the parties, and the opportunity for discovery and filed comments, prior to Board consideration of revised customer charges.

The Board notes that no members of the public appeared at the public hearings or expressed concern about the Program or the Program's bill impact.

With respect to NJLEUC's concern regarding the allocation of charges on a per kWh basis, the Board notes that the benefits of the DR programs are not specific to one rate class. DR programs, despite the initial cost, are projected to decrease customers' bills, save all customers the construction costs for new infrastructure which would otherwise be needed to serve avoidable demand, and put downward pressure on market electricity prices by reducing demand. The Board is mindful of NJLEUC's call for a separate generic Board proceeding to consider the various cost recovery proposals suggested for large C&I customers. Although the Board is not directing that such a proceeding be convened at this time, the Board believes that it could be valuable to review the options that NJLEUC has suggested, and possibly others as well. However, should NJLEUC file a petition with the Board to initiate such a proceeding, as stated in the Stipulation, the Board notes that Staff supports a review of the cost allocation proposals within that proceeding.

Therefore, based upon the Board's review of the Settlement and Appendices and the comments of the non-signing parties, the Board **HEREBY FINDS** the Settlement to be reasonable and in the public interest. Accordingly, the Board **HEREBY ADOPTS** the Settlement and Appendices in their entireties, incorporating the terms and conditions thereof into this Order as if they were set forth at length herein.

The Board **DIRECTS** that the Company's reasonable and prudently incurred costs associated with the Program may be recovered through a separate component of the electric RCC, which is consistent with the Board's treatment of other programs filed under N.J.S.A. 48:3-98.1. Such cost recovery will be dependent on a finding that the actual costs are reasonable and prudent in future annual reviews.

The Board **HEREBY RATIFIES** the decisions made by Commissioner Fiordaliso discussed above for the reasons stated in those Orders.

The Board **HEREBY SETS** the effective date of the initial RCC as the later of August 1, 2009 or the date of this Order. The Company is **HEREBY DIRECTED** to file compliance tariffs with respect to the Residential AC Cycling Sub-Program and the Small Commercial AC Cycling Sub-Program and the RCC within three business days from the date of this Order.

DATED: 7/31/09

BOARD OF PUBLIC UTILITIES
BY:

Jeanne M Fox
JEANNE M. FOX
PRESIDENT

FREDERICK F. BUTLER
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

NICHOLAS ASSELTA
COMMISSIONER

ELIZABETH RANDALL
COMMISSIONER

ATTEST:

Kristi Izzo
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

Kristi Izzo

PUBLIC SERVICE ELCTRIC AND GAS COMPNAY
DEMAND RESPONSE PROGRAM
BPU DOCKET NUMBERS EO08080544 and EO08050326

BPU

Alice Bator, Bureau Chief
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-2448
FAX: (973) 648-7420
Alice.bator@bpu.state.nj.us

John Garvey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973)648-6123
FAX: (973) 648-4430
garvey.john@bpu.state.nj.us

Sheila Iannaccone, Bureau Chief
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-3705
FAX: (973) 648-2467
Sheila.Iannoccone@bpu.state.nj.us

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-3426
FAX: (973) 638-2409
kristi.izzo@bpu.state.nj.us

Linda Nowicki
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (609) 777-3314
FAX: (609) 777-3344
Linda.nowicki@bpu.state.nj.us

Suzanne Patnaude
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-3858
FAX: (973) 648-2209
suzanne.patnaude@bpu.state.nj.us

Frank Perrotti
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (913) 648-7290
FAX: (973) 648-2467
frank.perrotti@bpu.state.nj.us

Stacy Peterson
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (913) 648-2143
FAX: (973) 648-7420
Stacy.peterson@bpu.state.nj.us

Andrea Reid
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (___) ___-____
FAX: ( ) ___-____
andrea.reid@bpu.state.nj.us

Ronald Reisman
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE (___) ___-____
FAX: (___) ___-____
Ronald.Reisman@bpu.state.nj.us

Andrea Sarmentero-Garzon
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE (___) ___-____
FAX: (___) ___-____
andrea.sarmentero-garzon@bpu.state.nj.us

Robert Schultheis
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-
FAX: (973) 638-2467
robert.schultheis@bpu.state.nj.us

Nnajindu Ugoli
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark ,NJ 07102
PHONE: (973) 648-2219
FAX: (973) 648-7420
Naji.ugoli@bpu.state.nj.us

DAG

Jessica L. Campbell, DAG
NJ Dept. of Law & Public Safety
124 Halsey Street, 5th Floor
PO Box 45029
Newark, NJ 07101
PHONE: (973) 648-4726
FAX: (973) 648-3555
Jessica.Campbell@dol.lps.state.nj.us

Elise Goldblat, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
PHONE: (973) 648-3709
FAX: (973) 648-3555
elise.goldblat@dol.lps.state.nj.us

Kerri Kirschbaum, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
PHONE: (973) 648-7811
FAX: (973) 648-3555
kerri.kirschbaum@law.dol.lps.state.nj.us

Alex Moreau, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
PHONE: (973) 648-3762
FAX: (973) 648-3555
Alex.Moreau@dol.lps.state.nj.us

Anne Marie Shatto, DAG
NJ Dept of Law & Public Safety
Division of Law
124 Halsey Street
PO Box 45029
Newark, NJ 07101
PHONE (973) 648-3762
FAX: (973) 648-3555
anne.shatto@law.dol.lps.state.nj.us

Babette Tenzer, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Skeet
PO Box 45029
Newark. NJ 07102
PHONE (973) 648-7811
FAX: (973) 648-3555
babette.tenzer@law.dol.lps.state.nj.us

Caroline Vachier, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
PO Box 45029
Newark. NJ 07102
PHONE (973) 648-3709
FAX: (973) 648-3555
Caroline.vachier@law.dol.lps.state.nj.us

ADVOCATE

Stefanie A. Brand, Director
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Floor
PO Box 46005 –
Newark, NJ 07101
PHONE: (973) 648-2690
FAX (973) 624-1047
sbrand@rpa.state.nj.us

Paul Flanagan, Lit. Mgr.
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Fl
PO Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 642-1047
pflanagan@rpa.state.nj.us

James Glassen, Esq.
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Fl
PO Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 642-1047
Jglassen@rpa.state.nj.us

Kurt Lewandowski, Esq.
Asst. Deputy Public Advocate
Dept. of the Public Advocate
3 1 Clinton Street - 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 642-1047
klewando@rpa.state.nj.us

Ami Morita
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
amorita@rpa.state.nj.us

Diane Schulze
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 648-2193
dschulze@rpa.state.nj.us

ADVOCATE CONSULTANTS

Bruce Biewald
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
bbiewald@synapse-energy.com

Robert Fagan
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
rfagan@synapse-energy.com

PUBLIC SERVICE ELCTRIC AND GAS COMPNAY
DEMAND RESPONSE PROGRAM
BPU DOCKET NUMBERS EO08080544 and EO08050326

Rick Hornby
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
rhornby@synapse-energy.com

Jenn Kallay
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
jkallay@synapse-energy.com

ATLANTIC CITY ELECTRIC CO.
Wayne Barndt
Pepco Holdings, Inc. - 79NC59
New Castle Regional Office 401
Eagle Run Road
P.O. Box 9239
Newark, DE 19714
PHONE (___) ___-____
FAX: (___) ___-____
wayne.barndt@pepcoholdings.com

Walter L. Davis
Atlantic City Electric CO. - 63ML38
401 Eagle Run Road
P.O. Box 9239
Newark, DE 19714-9239
walt.davis@pepcoholdings.com

Joseph Janocha, Manager
Regulatory Affairs
Atlantic City Electric Co. - 63ML38
5100 Harding Highway
Atlantic Regional Office
Mays Landing, NJ 08330
PHONE: (609) 625-5868
FAX: (609) 625-5838
Joseph.janocha@pepcoholdings.com

Nicholas W. Mania
Dickstein Shapiro, LLP
1825 Eye Street, NW
Washington, DC 20006-5304
PHONE (___) ___-____
FAX: (___) ___-____
mattian@dicksteinshapiro.com

Kenneth J. Parker, President
Atlantic City Electric Co. - 63ML38
5100 Harding Highway
Mays Landing, NJ 08330
PHONE (___) ___-____
FAX: (___) ___-____
kenneth.parker@atlanticcityelectric.com

Philip J. Passanante
Assistant General Counsel
Atlantic city electric Co. – 89KS42
800 King street, 5th Floor
PO box 231
Wilmington, DE 19899-0231
PHONE (302) 429-3105
FAX: (301) 429-3801
Philip.passanante@pepcoholdings.com

Roger E. Pedersen, Manager
NJ - Regulatory Afairs
Atlantic Ciy Electric Co. - 63ML38
5100 Harding Highway
Mays Landing, NJ 08330
PHONE: (609) 625-5820
FAX: (609) 625-5838
Roger.pedersen@pepcoholdings.com

JCP&L
Michael J. Connolly
Morgan, Lewis & Bockius, LLP
89 Headquarters Plaza North, Suite 1435
Morristown, NJ 07960
PHONE: (973) 993-3133
FAX: (877) 432-9652
mconnolly@morganlewis.com

Michael J. Filippone
Jersey Central Power & Light Co.
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911
PHONE: (973) 401-8991
FAX: (973) 401-8224
mfilippone@firstenergycorp.com

Eva Gardow
Jersey Central Power & Light
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911
PHONE (___) ___-____
FAX: (___) ___-____
egardow@firstenergycorp.com

Arthur E. Korkosz, Esq.
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
PHONE (___) ___-____
FAX: (___) ___-____
korkosza@firstenergycorp.com

Marc B. Lasky, Esq.
Morgan, Lewis & Bockius, LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960
PHONE: (973) 993-3133
FAX: (877) 432-9652
mlasky@morganlewis.com

Chris Siebens, Manager
2800 Pottsville Pike
Reading, PA 19640
PHONE: (610) 921-6694
FAX: (330) 374-7337
csiebens@firstenergycorp.com

ROCKLAND
John L. Carley, Esq.
Consolidated Edison Co. of NY
Law Dept., Room 1815-S
4 Irving Place
New York, NY 10003
PHONE: (212) 460-2097
FAX: (212) 677-5850
carleyj@coned.com

James C. Meyer, Esq.
Riker, Danzig, Scherer, Hyland & Perretti
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962
PHONE: (973) 451-8464
FAX: (973) 538-0800
jmeyer@riker.com

Jane Quin
Orange & Rockland
390 West Route 59
Spring Valley, NY 10977-5300
PHONE (___) ___-____
FAX: (___) ___-____
quinj@oru.com

OTHER PARTIES
Dara Biltekoff, Corporate Counsel
Energy Curtailment Specialists
4455 Genessee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
dara@ecsgrid.com

Charles Alexander Castle
Bevan, Mosca, Giuditta & Zarillo, PC
776 Mountain Blvd., Suite 202
Watchung, NJ 07069
PHONE (___) ___-____
FAX: (___) ___-____
ccastle@bmgzlaw.com

Timothy Daniels
810 Seventh Ave., Suite400
New York, NY 10019
PHONE: (212) 885-6454
FAX: (213) 883-5888
timothy.daniels@constellation.com

Elizabeth Eisenhauer
Energy Curtailment Specialists
4455 Genesee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
eeisenhauer@ecsdemandresponse.com

David Ellis, Senior Vice President
Enewise Global Technologies, Inc.
511 School House Road, Suite 20
Kenneth Square, PA 19348
PHONE (___) ___-____
FAX: (___) ___-____
david.ellis@enerwise.com

Phil Germinario, Mgr.
SUEZ Energy Resources NA, Inc
333 Thornall Street, 6th Floor
Edison, NJ 08837
PHONE (___) ___-____
FAX: (___) ___-____
phil.germinario@suezenergyna.com

Steven S. Goldenberg, Esq.
Fox Rothschild LLP
997 Lenox Drive, Bldg. 3
Lawrenceville, NJ 08648
PHONE: (___) ___-____
FAX: (___) ___-____
sgoldenberg@foxrothschild.com

Divesh Gupta, Esq.
Constellation Energy Resources Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
PHONE: (___) ___-____
FAX: (___) ___-____
divesh.gupta@constellation.com

Marc A Hanks, Dir.
Gov. & Regulatory
Direct Energy
PHONE: (___) ___-____
FAX: (___) ___-____
mhanks@strategicenergy.com

David Holland
Honeywell Utility Solutions
Wayne Interchange Plaza 1
145 Rt. 46 West
Wayne, NJ 07470
PHONE: (___) ___-____
FAX: (___) ___-____
dave.holland@honeywell.com

Ritchie Don Priddy, Director
SUEZ Energy Resources NA, Inc
1990 Post Oak Blvd., Suite 1900
Houston, TX 77056
PHONE: (___) ___-____
FAX: (___) ___-____
rpriddy@suezenergyna.com

Tom Rutigliano
Consumer Powerline
17 State Street 19th Floor
New York, NY 10004
PHONE: (___) ___-____
FAX: (___) ___-____
trutgliano@consumerpowerline.com

PUBLIC SERVICE ELCTRIC AND GAS COMPNAY
DEMAND RESPONSE PROGRAM
BPU DOCKET NUMBERS EO08080544 and EO08050326

Kenneth D. Schisler, Sr. Director
Regulatory Affairs
EnerNOC, Inc
75 Federal Street, Suite 300
Boston, MA 02110
PHONE (___) ___-____
FAX: (___) ___-____
kschisler@enernoc.com

Glen Smith, President & CEO
Energy Curtailment Specialists
4455 Genesee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
gesmith@ecsny.com

Paul Tyno, Executive VP
Energy Curtailment Specialists
4455 Genesee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
ptyno@ecsny.com

Matthew I. Kahal
c/o Exeter Associates
5565 Sterrett Place
Suite 310
Columbia, MD 21044
mkahal@exeterassociates.com

PSE&G
Tamara L. Linde, Esq.
Vice President - Regulatory
PSEG Services Corporation
80 Park Plaza – T5G
Newark, NJ 07102
PHONE: (973) 430-8058
FAX: (973) 430-5983
Tamara.linde@pseg.com

Gregory Eisenstark, Esq.
Assistant General Corporate Rate Counsel
PSEG Services Corporation
80 Park Plaza – T5G
Newark, NJ 07102
PHONE: (973) 430-6281
FAX: (973) 430-5983
Gregory.eisenstark@pseg.com

Gregory Eisenstark
Assistant General Corporate Rate Counsel

PSEG Services Corporation
80 Park Plaza – T5G, Newark, New Jersey 07102-4194
973-430-6281 fax: 973-430-5983
email: gregory.eisenstark@pseg.com

PSEG
Services Corporation

July 24, 2009

VIA ELECTRONIC & REGULAR MAIL

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

RE: In the Matter of the Petition of Public Service Electric and Gas Company for Approval of a Demand Response Program and Associated Cost Recovery Mechanism Pursuant to the BPU Order I/M/O Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs
BPU Docket No. EO08080544

Dear Secretary Izzo:

Enclosed for filing is an original and ten (10) copies of a fully executed Settlement Agreement in the above-referenced matter.

Respectfully submitted,

Sent by
Gregory Eisenstark, Esq.

c: Attached Service list

PUBLIC SERVICE ELCTRIC AND GAS COMPNAY
DEMAND RESPONSE PROGRAM
BPU DOCKET NO. EO08080544

BPU
Alice Bator, Bureau Chief
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-2448
FAX: (973) 648-7420
Alice.bator@bpu.state.nj.us

John Garvey
Board of Public Utilities
Two Gateway Center
Ncwark, NJ 07102
PHONE: (973)648-6123
FAX: (973) 648-4430
garvey.john@bpu.state.nj.us

Shcila lannaccone, Burcau Chief
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-3705
FAX: (973) 648-2467
Sheila.Iannoccone@bpu.state.nj.us

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-3426
FAX: (973) 638-2409
kristi.izzo@bpu.state.nj.us

Linda Nowicki
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (609) 777-3314
FAX: (609) 777-3344
Linda.nowicki@bpu.state.nj.us

Suzanne Patnaude
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-3858
FAX: (973) 648-2209
suzanne.patnaude@bpu.state.nj.us

Frank Perrotti
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (913) 648-7290
FAX: (973) 648-2467
frank.perrotti@bpu.state.nj.us

Stacy Peterson
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (913) 648-2143
FAX: (973) 648-7420
Stacy.peterson@bpu.state.nj.us

Andrea Reid
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE: (___) ___-____
FAX: ( ) ___-______
andrea.reid@bpu.state.nj.us

Ronald Reisman
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
PHONE (___) ___-____
FAX: (___) ___-____
Ronald.Reisman@bpu.state.nj.us

Andrea Sarmentero-Garzon
Board of Public Utilities
Two Gateway Center.
Ncwark, NJ 07102
PHONE (___) ___-____
FAX: (___) ___-____
andrea.sarmentero-garzon@bpu.state.nj.us

Robert Schultheis
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark, NJ 07102
PHONE: (973) 648-
FAX: (973) 638-2467
robert.schultheis@bpu.state.nj.us

Nnajindu Ugoli
Board of Public Utilities
Division of Energy
Two Gateway Center
Newark ,NJ 07102
PHONE: (973) 648-2219
FAX: (973) 648-7420
Naji.ugoli@bpu.state.nj.us

DAG
Jessica L. Campbell, DAG
NJ Dept. of Law & Public Safety
124 Halsey Street, 5th Floor
PO Box 45029
Newark, NJ 07101
PHONE: (973) 648-4726
FAX: (973) 648-3555
Jessica.Campbell@dol.lps.state.nj.us

Elise Goldblat, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
PHONE: (973) 648-3709
FAX: (973) 648-3555
elise.goldblat@dol.lps.state.nj.us

Kerri Kirschbaum, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
PHONE: (973) 648-7811
FAX: (973) 648-3555
kerri.kirschbaum@law.dol.lps.state.nj.us

Alex Moreau, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
PHONE: (973) 648-3762
FAX: (973) 648-3555
Alcx.Moreau@dol.lps.state.nj.us

Anne Marie Shatto, DAG
NJ Dept of Law & Public Safety
Division of Law
124 Halsey Street
PO Box 45029
Newark, NJ 07101
PHONE (973) 648-3762
FAX: (973) 648-3555
anne.shatto@law.dol.lps.state.nj.us

Babette Tenzer, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Skeet
PO Box 45029
Newark. NJ 07102
PHONE (973) 648-7811
FAX: (973) 648-3555
babette.tenzer@law.dol.lps.state.nj.us

Caroline Vachier, DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
PO Box 45029
Newark. NJ 07102
PHONE (973) 648-3709
FAX: (973) 648-3555
Caroline.vachier@law.dol.lps.state.nj.us

ADVOCATE
Stefanie A. Brand, Director
Dcpt. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Floor
PO Box 46005 ~
Newark, NJ 07101
PHONE: (973) 648-2690
FAX (973) 624-1047
sbrand@rpa.state.nj.us

Paul Flanagan, Lit. Mgr.
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Fl
PO Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 642-1047
pflanagan@rpa.state.nj.us

James Glassen, Esq.
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Fl
PO Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 642-1047
Jglassen@rpa.state.nj.us

Kurt Lewandowski, Esq.
Asst. Deputy Public Advocate
Dept. of the Public Advocate
3 1 Clinton Street - 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 642-1047
klewando@rpa.state.nj.us

Ami Morita
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
amorita@rpa.state.nj.us

Diane Schulze
Dept. of the Public Advocate
Division of Rate Counsel
31 Clinton Street – 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 648-2193
dschulze@rpa.state.nj.us

ADVOCATE CONSULTANTS
Bruce Biewald
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
bbiewald@synapse-energy.com

Robert Fagan
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
rfagan@synapse-energy.com

PUBLIC SERVICE ELCTRIC AND GAS COMPNAY
DEMAND RESPONSE PROGRAM
BPU DOCKET NO. EO08080544

Rick Hornby
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
rhornby@synapse-energy.com

Jenn Kallay
Synapse Energy Economics, Inc.
22 Pearl Strcct
Cambridge, MA 02139
PHONE (___) ___-____
FAX: (___) ___-____
jkallay@synapse-cnergy.com

ATLANTIC CITY ELECTRIC CO.
Wayne Barndt
Pepco Holdings, Inc. - 79NC59
New Castle Regional Office 401
Eagle Run Road
P.O. Box 9239
Newark, DE 19714
PHONE (___) ___-____
FAX: (___) ___-____
wayne.barndt@pepcoholdings.com

Walter L. Davis
Atlantic City Electric CO. - 63ML38
401 Eagle Run Road '
P.O. Box 9239
Newark, DE 19714-9239
walt.davis@pepcoholdings.com

Joseph Janocha, Manager
Regulatory Affairs
Atlantic City Electric Co. - 63ML38
5100 Harding Highway
Atlantic Regional Office
Mays Landing, NJ 08330
PHONE: (609) 625-5868
FAX: (609) 625-5838
Joseph.janocha@pepcoholdings.com

Nicholas W. Mania
Dickstein Shapiro, LLP
1825 Eye Street, NW
Washington, DC 20006-5304
PHONE (___) ___-____
FAX: (___) ___-____
mattian@dicksteinshapiro.com

Kenneth J. Parker, President
Atlantic City Electric Co. - 63ML38
5100 Harding Highway
Mays Landing, NJ 08330
PHONE (___) ___-____
FAX: (___) ___-____
kenneth.parker@atlanticcityelectric.com

Philip J. Passanante
Assistant General Counsel
Atlantic city electric Co. – 89KS42
800 King street, 5th Floor
PO box 231
Wilmington, DE 19899-0231
PHONE (302) 429-3105
FAX: (301) 429-3801
Philip.passanante@pepcoholdings.com

Roger E. Pedersen, Manager
NJ - Regulatory Afiairs
Atlantic Ciy Electric Co. - 63ML38
5100 Harding Highway
Mays Landing, NJ 08330
PHONE: (609) 625-5820
FAX: (609) 625-5838
Roger.pedersen@pepcoholdings.com

JCP&L
Michael J. Connolly
Morgan, Lewis & Bockius, LLP
89 Headquarters Plaza North, Suite 1435
Morristown, NJ 07960
PHONE: (973) 993-3133
FAX: (877) 432-9652
mconnolly@morganlewis.com

Michael J. Filippone
Jersey Central Power & Light Co.
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911
PHONE: (973) 401-8991
FAX: (973) 401-8224
mfilippone@firstenergycorp.com

Eva Gardow
Jersey Central Power & Light
300 Madison Avenue
P.0. Box 1911
Morristown, NJ 07962-1911
PHONE (___) ___-____
FAX: (___) ___-____
egardow@firstenergycorp.com

Arthur E. Korkosz, Esq.
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
PHONE (___) ___-____
FAX: (___) ___-____
korkosza@firstenergycorp.com

Marc B. Lasky, Esq.
Morgan, Lewis & Bockius, LLP
89 Headquarters Plaza North
Suite 1435
Morristown, NJ 07960
PHONE: (973) 993-3133
FAX: (877) 432-9652
mlasky@morganlewis.com

Chris Siebens, Manager
2800 Pottsville Pike
Reading, PA 19640
PHONE: (610) 921-6694
FAX: (330) 374-7337
csiebens@firstenergycorp.com

ROCKLAND
John L. Carley, Esq.
Consolidated Edison Co. of NY
Law Dept., Room 1815-S
4 Irving Place
New York, NY 10003
PHONE: (212) 460-2097
FAX: (212) 677-5850
carleyj@coned.com

James C. Meyer, Esq.
Riker, Danzig, Scherer, Hyland & Perretti
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962
PHONE: (973) 451-8464
FAX: (973) 538-0800
jmeyer@riker.com

Jane Quin
Orange & Rockland
390 West Route 59
Spring Valley, NY 10977-5300
PHONE (___) ___-____
FAX: (___) ___-____
quinj@oru.com

OTHER PARTIES
Dara Biltekoff, Corporate Counsel
Energy Curtailment Specialists
4455 Genessee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
dara@ecsgrid.com

Charles Alexander Castle
Bevan, Mosca, Giuditta & Zarillo, PC
776 Mountain Blvd., Suite 202
Watchung, NJ 07069
PHONE (___) ___-____
FAX: (___) ___-____
ccastle@bmgzlaw.com

Timothy Daniels
810 Seventh Aye., Suite400
New York, NY 10019
PHONE: (212) 885-6454
FAX: (213) 883-5888
timothy.daniels@constellation.com

Elizabeth Eisenhauer
Energy Curtailment Specialists
4455 Genesee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
eeisenhauer@ecsdemandresponse.com

David Ellis, Senior Vice President
Enewise Global Technologies, Inc.
511 School House Road, Suite 20
Kenneth Square, PA 19348
PHONE (___) ___-____
FAX: (___) ___-____
david.ellis@enerwise.com

Phil Germinario, Mgr.
SUEZ Energy Resources NA, Inc
333 Thornall Street, 6th Floor
Edison, NJ 08837
PHONE (___) ___-____
FAX: (___) ___-____
phil.germinario@suezenergyna.com

Steven S. Goldenberg, Esq.
Fox Rothschild LLP
997 Lenox Drive, Bldg. 3
Lawrenceville, NJ 08648
PHONE: (___) ___-____
FAX: (___) ___-____
sgoldenberg@foxrothschild.com

Divesh Gupta, Esq.
Constellation Energy Resources Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
PHONE: (___) ___-____
FAX: (___) ___-____
divesh.gupta@constellation.com

Marc A Hanks, Dir.
Gov. & Regulatory
Direct Energy
PHONE: (___) ___-____
FAX: (___) ___-____
mhanks@strategicenergy.com

David Holland
Honeywell Utility Solutions
Wayne Interchange Plaza 1
145 Rt. 46 West
Wayne, NJ 07470
PHONE: (___) ___-____
FAX: (___) ___-____
dave.holland@honeywell.com

Ritchie Don Priddy, Director
SUEZ Energy Resources NA, Inc
1990 Post Oak Blvd., Suite I900
Houston, TX 77056
PHONE: (___) ___-____
FAX: (___) ___-____
rpriddy@suezenergyna.com

Tom Rutigliano
Consumer Powerline
17 State Street 19th Floor
New York, NY 10004
PHONE: (___) ___-____
FAX: (___) ___-____
trutgliano@consumerpowerline.com

PUBLIC SERVICE ELCTRIC AND GAS COMPNAY
DEMAND RESPONSE PROGRAM
BPU DOCKET NO. EO08080544

Kenneth D. Schisler, Sr. Director
Regulatory Affairs
EnerNOC, Inc
75 Federal Street, Suite 300
Boston, MA 02110
PHONE (___) ___-____
FAX: (___) ___-____
kschisler@enernoc.com

Glen Smith, President & CEO
Energy Curtailment Specialists
4455 Genesee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
gesmith@ecsny.com

Paul Tyno, Executive VP
Energy Curtailment Specialists
4455 Genesee Street
Buffalo, NY 14225
PHONE (___) ___-____
FAX: (___) ___-____
ptyno@ecsny.com

Matthew I. Kahal
c/o Exeter Associates
5565 Sterrett Place
Suite 310
Columbia, MD 21044
mkahal@exeterassociates.com

PSE&G
Tamara L. Linde, Esq.
Vice President - Regulatory
PSEG Services Corporation
80 Park Plaza – T5G
Newark, NJ 07102
PHONE: (973) 430-8058
FAX: (973) 430-5983
Tamara.linde@pseg.com

Gregory Eisenstark, Esq.
Assistant General Corporate Rate
Counsel
PSEG Services Corporation
80 Park Plaza – T5G
Newark, NJ 07102
PHONE: (973) 430-6281
FAX: (973) 430-5983
Gregory.eisenstark@pseg.com

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 DEMAND RESPONSE PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO THE BPU ORDER I/M/O DEMAND RESPONSE PROGRAMS FOR THE PERIOD BEGINNING JUNE 1, 2009 – ELECTRIC DISTRIBUTION COMPANY PROGRAMS	)	**SETTLEMENT AGREEMENT** BPU Docket No. EO08080544

APPEARANCES:

Gregory Eisenstark, Assistant General Corporate Rate Counsel for the Petitioner, Public Service Electric and Gas Company

Paul Flanagan, Esq., Deputy Public Advocate, and **James Glassen, Esq., Diane Schulze, Esq.,** Assistant Deputies Public Advocate, Department of the Public Advocate, Division of Rate Counsel (**Ronald K. Chen, Esq.**, Public Advocate, **Stefanie A. Brand, Esq.,** Director)

Jessica L. Campbell and Alex Moreau, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Anne Milgram**, Attorney General of New Jersey)

Paul Forshay, Esq. and Yefat Levy, Esq. (Sutherland Asbill & Brennan, LLP, attorneys), for the Intervenor, New Jersey Large Energy Users Coalition

Steven Goldenberg, Esq. (Fox Rothschild LLP, attorneys) for the Intervenor, Enerwise Global Technologies, Inc.

On July 1, 2008, the Board of Public Utilities ("Board" or "BPU") issued an Order in BPU Docket No. EO08050326 [1] pursuant to *N.J.S.A.* 48:3-98.1(a)(3) directing the State's electric distribution companies (EDCs) to file demand response programs by August 1, 2008. Among other things, the Demand Response Order directed that each EDC target a specified amount of demand response within its service territory over a multi-year time period. In the Demand Response Order the Board stated that, "Cost effectiveness will be a primary criterion in the Board's evaluation" (Demand Response Order, page 3). Pursuant to the "RGGI" legislation, *N.J.S.A.* 48:3-98.1 *et seq.*, the Board Staff conducted a pre-filing meeting with the EDCs on July 1, 2008.

In the Demand Response Order, the Board ordered that the electric distribution utilities' proposals be geared toward achieving a statewide goal of 300 MWs of demand response above current levels for Energy Year (EY) 2009[2], and a total of 600 MWs of demand response above current levels by the end of EY 2011. The Board stated that these goals are to be allocated among the four electric distribution companies based upon their respective share of statewide electric load. For PSE&G, the allocated share of electric load was determined to be 55 percent, thereby resulting in a target goal of 165 MW reduction for Public Service in EY 2009. *Id.* at pp. 2-3.

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[1] *In The Matter Of Demand Response Programs For The Period Beginning June 1, 2009 – Electric Distribution Company Programs*, Order dated July 1, 2008, BPU Docket No. EO08050326 (hereinafter "Demand Response Order").

[2] Energy Year 2009 begins on June 1, 2009 and ends on May 31, 2010.

The Board also stated that these energy reduction goals are open to comment and further review. *Id.*

On August 5, 2008, 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, filed a petition with the Board pursuant to the Demand Response Order and *N.J.S.A.* 48:3-98.1(a)(3). The petition was supported by testimony and schedules of Frederick A. Lynk and Stephen Swetz. On August 21, 2008 PSE&G filed supplemental testimony and schedules, which included a cost-benefit analysis.

The BPU, in its Demand Response Order directed, among other things, each of the State's electric distribution utilities to submit proposals for demand response programs that could be implemented by June 1, 2009, if approved by the Board. See Demand Response Order at p. 3.

PSE&G's Petition sought Board approval to implement a demand response program to be made available to all customer classes in an attempt to achieve the electric load reduction goals set forth in the Board's Demand Response Order. Public Service proposed to target various customer classes in its Demand Response Program, specifically the residential segment, a small commercial segment and a large commercial/industrial segment. To accomplish this, PSE&G 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.

On August 29, 2008 Board Staff notified the Company by letter that its petition was not administratively complete under the Minimum Filing Requirements for Petitions required by the RGGI Order dated May 12, 2008 ("RGGI Order").

By Order dated September 22, 2008, the Board revised the procedural schedule for the EDCs' demand response filings[3]. In regard to the EDCs' filings, the September 22, 2008 Order stated:

> Staff shall meet individually with each of the EDCs and Rate Counsel no later than September 24, 2008, to the extent practicable, to identify those programs within the EDCs' August 1 filings that may be reviewed within a modification of the procedural schedule attached to the July 1 Order, as well as those programs which will require extended review. Staff, the EDCs and Rate Counsel will develop proposed procedural schedules for the latter programs that will permit the implementation of programs approved by the Board by June 1, 2010.

September 22, 2008 Order at p. 4.

Thereafter, PSE&G met with Board Staff and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") as directed in the September 22, 2008 Order. By letter dated September 26, 2008 to PSE&G, Board Staff memorialized, among other things, the following agreements reached by PSE&G, Rate Counsel, and Board Staff during their discussions on September 23, 2008: (i) the Residential Central Air Conditioner Cycling Sub-Program and the Small Commercial Customer AC Cycling

[3] *I/M/O Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company*

Sub-Program will be targeted for implementation in June of 2009; (ii) PSE&G will update its prior discovery responses, including providing necessary data to support the cost benefits of the programs; and (iii) PSE&G will develop a procedural schedule targeting a June 2010 implementation regarding the Residential Pool Pump Load Control Sub-Program, the Commercial and Industrial Curtailment Services Sub-Program, and the Load Shifting EPRI Demonstration Sub-Program (referred to hereinafter as the "Remaining Sub-Programs"). Board Staff has not yet determined the Remaining Sub-Programs to be administratively complete.

On September 22, 2008, PSE&G published notices of public hearings on its proposal. Copies of the public notice were mailed to the Clerks of the Municipalities, the Clerks of the Board of Chosen freeholders and the County Executives in the Company's electric service territory. The Board held public hearings on October 15, 2008 (New Brunswick), October 20, 2008 (Hackensack), and October 23, 2008 (Mount Holly) to solicit comments from members of the public on PSE&G's proposal. No members of the public appeared.

PSE&G has responded to discovery requests of BPU Staff and the Division of Rate Counsel (Rate Counsel). In addition, PSE&G, BPU Staff, and Rate Counsel (collectively, the "Parties") have conducted settlement discussions and negotiations concerning the Company's Petition and proposed programs. The New Jersey Large

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Programs, BPU Docket No. EO08050544, page 4 (hereinafter the "September 22, 2008 Order").

Energy Users Coalition ("NJLEUC") participated in the settlement discussions, having been granted intervenor status by Order dated April 23, 2009.

NOW, THEREFORE, THE UNDERSIGNED PARTIES AGREE AS FOLLOWS:

1. The Parties agree that PSE&G shall implement the Residential Central Air Conditioner Cycling Sub-Program and the Small Commercial Customer AC Cycling Sub-Program (collectively, the "Program") as described and set forth in this Settlement Agreement ("Settlement"). Based on the description of the Program herein, and based upon the assumptions and projections regarding future costs and revenues as of the date of this Agreement, the Parties agree that the Program appears to be cost-effective, in accord with the requirements of the Demand Response Order. Therefore, the Parties request that the Board issue an Order approving this Settlement without modification.

2. The Parties also agree that the Remaining Sub-Programs will not be implemented at this time, but shall remain under review by the Board. The Parties agree to develop a procedural schedule for the resolution of the Remaining Sub-Programs or a schedule will be established by Board action. The Parties stipulate and agree that the Company's filing, as supplemented by its discovery responses and additional information provided, is administratively complete pursuant to the RGGI Order, with respect to the Residential Central Air Conditioner Cycling Sub-Program and the Small Commercial Customer AC Cycling Sub-Program. The Parties reserve their rights to pursue additional

discovery and other procedural rights with respect to the consideration of the Remaining Sub-Programs.

3. The Parties agree that the Residential Central Air Conditioner (AC) Cycling Sub-Program will be structured as follows:

Total Investment: Approximately $60.2 million (from 2009-2014)
Targeted Demand Reduction: 130.9 MW

- The Sub-Program will be targeted to residential customers with central air conditioning in PSE&G's service territory.

Customers Currently Participating in the Legacy Program:

- PSE&G will replace the existing equipment of participants of its existing AC cycling legacy program ("Legacy Program") to migrate to the new Residential Central Air Conditioner Cycling Sub-Program in a systematic manner over a five-year period.
- Customers currently participating in PSE&G's Legacy Program will be migrated to the new program over a five year period, after which the Legacy Program will no longer operate.
- Participants in the Legacy Program who choose to opt-out of the new Sub-Program will not be migrated to the new Program.
- Migrating customers that currently have switches installed on their AC units will be given two options: (1) receive a new switch and continue to receive ongoing monthly incentive payments of $4 for June through September, plus a $1 per cycling event incentive; or (2) receive a new cycling thermostat, in which case the incentives will be the thermostat plus a $50 one-time signing bonus; there will be no ongoing incentives.
- Customers currently participating in PSE&G's Legacy Program that have cycling thermostats will receive a new thermostat upon their migration to the new Residential Sub-Program.

- For each device that is found to be missing or inoperable and is replaced, PSE&G expects an incremental 0.72 kW (or the then-PJM established and allowed demand response credit per device) will be available for demand response.

<u>New Participants</u>:

- The Residential Sub-Program will also be made available to new participants. For each new participant enrolled, the incremental kW will be 0.72 kW (or the then-PJM established and allowed demand response credit per device).

- New participants will have a choice of a cycling switch or a thermostat. If the new participant chooses a switch, they will receive ongoing monthly incentive payments of $4 for June through September, plus a $1 per cycling event incentive. If the new participant chooses a thermostat, the incentives will be the thermostat plus a $50 one-time signing bonus; there will be no ongoing incentives.

- PSE&G will also conduct a series of focus groups to test the viability of a single, upfront cash incentive offer for customers who choose switches. The cost of conducting the focus groups and producing a report is estimated to be $25,000, and is included in the administrative costs for the Program. PSE&G will modify its 2009 marketing budget accordingly. PSE&G agrees to confer with both the BPU Staff and Rate Counsel on the content of the focus group discussion guide. PSE&G will use its best efforts to complete the focus group effort within four months after the Board approval of this Demand Response Program. In order to retain as many existing customers as possible in the residential cycling program, and depending on the outcome of the focus groups, PSE&G may seek approval to modify the offer. PSE&G will report the results of the focus groups to the Parties as soon as complete.

- PSE&G will specify the equipment that is compatible or that can be readily made compatible with Advanced Metering Infrastructure (AMI) systems that may ultimately be installed by PSE&G.

- It is understood that any customer choosing a thermostat and accompanying incentive will be required to participate in the sub-program for a minimum of two years unless the customer moves or otherwise ceases to be a customer. If a participant of the residential sub-program moves, the Company shall contact the new occupants regarding participation in the sub-program.

- All devices will be nominated or bid into all appropriate PJM Demand Response (DR) market(s) or program(s) that they are eligible for.
- Customers will not be allowed to override the cycling event.
- PSE&G will use its own workforce to perform the installation work.
- PSE&G will use a competitive solicitation to procure the switches and thermostats.
- PSE&G will own the switches and thermostats.
- Equipment will be purchased in a manner designed to minimize cost and inventory.
- This sub-program is designed to achieve the following load impacts.

Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
DR Installed (MW)*	0	6.6	28.4	65.0	101.4	130.9

* Installed as of March 1 each year; figures are cumulative. This amount is available to receive PJM DR benefits for the summer period in that year.

- PSE&G will target delivery of load control capacity comprising 17% of the eligible residential market (residential customers with central air conditioners) over the next five years including replacement/upgrade of existing Legacy Program load control equipment and new participants. This represents a replacement of existing controls and expansion to new participants to reach a target of 168,300 residential customers representing 181,764 controls over the long-run. The Parties agree that the yearly target number of customers participation/migration is as follows:

	2009	2010	2011	2012	2013
Transfer Legacy participants	**4,731**	**15,377**	**33,119**	**33,119**	**31,937**
New Participants	**2,001**	**6502**	**14,005**	**14,005**	**13,504**
Total Participants Added	**6,732**	**21,879**	**47,124**	**47,124**	**45,441**
Cumulative Participants	**6,732**	**28,611**	**75,735**	**122,859**	**168,300**

Marketing will initially target existing residential program participants with older switches in order to change them to new switches or new thermostats.

- **Cycling Operations**

For the EY commencing on June 1, 2009 for the Legacy Program and for the EY commencing June 1, 2010 for the new Sub-Program, PSE&G will continue to initiate up to 20 cycling events for reliability support and economic energy management using the following criteria:

1) PJM's declaration of a system emergency; or
2) Local distribution emergencies; or
3) A combination of a high Weighted Temperature Humidity Index (WTHI) of at least 80, with high Locational Marginal Prices (LMP) of at least $250/MWh forecasted for the day-ahead PJM market (average value over the period between 2PM and 4PM) in the PS Zone.

Cycling duration is expected generally to be up to six hours, but longer durations may be required under certain limited circumstances in the event of a distribution system emergency. Annually thereafter, PSE&G will conduct an assessment to establish criteria for subsequent years, and share the results of such assessment with the Parties.

4. The Small Commercial AC Cycling Sub-Program will be structured as follows:

Total Investment: Approximately $5.14 million (2009-2014)
Targeted Demand Reduction: 19.1 MW

- The Small Commercial Sub-Program will be targeted to small commercial customers under rate schedule GLP that have central air conditioning.
- PSE&G will market the Small Commercial Sub-Program to eligible customers through direct mail, bill messages, postings on the Company's web site, telemarketing, and other appropriate methods.
- Enrolled customers will receive cycling thermostats.
- PSE&G will own the thermostats.
- For each new participant enrolled, the incremental kW impact is estimated to be 1.66 kW (or the then PJM established and allowed demand response credit per device).
- PSE&G will specify the equipment that is compatible or that can be readily made compatible with AMI systems that may ultimately be installed by PSE&G.
- Equipment will be purchased in a manner designed to minimize cost and inventory.
- This Sub-Program will be nominated or bid in all appropriate PJM DR market(s) or program(s) for which it is eligible.
- Customers will not be allowed to override the cycling event.
- PSE&G will use its own workforce to perform the installation work
- PSE&G will use a competitive solicitation to procure the load control devices.
- The Small Commercial Sub-Program is designed to achieve the following load impacts.

Year	2009	2010	2011	2012	2013	2014
DR Installed (MW)*	0	6.4	15.1	19.1	19.1	19.1

* Installed as of March 1 each year; figures are cumulative. This amount is available to receive PJM DR benefits for the summer period in that year.

- PSE&G will provide incentives of $7.50 a month in each of the summer months of June, July, August and September for each device installed. Enrolling customers will be required to participate in the Sub-Program for a minimum of two years unless the customer moves or otherwise ceases to be a customer. If the customer drops out of the Sub-Program prior to the two-year period, PSE&G will recapture the incentives paid.

- **Cycling Operations**

For the EY commencing June 1, 2010, the Small Commercial Sub-Program will be operated in a manner similar to the Residential AC Cycling Sub-Program. PSE&G will initiate up to 20 cycling events for reliability support and economic energy management using the following criteria:

1) PJM's declaration of a system emergency; or
2) Local distribution emergencies; or
3) A combination of a high WTHI of at least 80, with high LMP of at least $250/MWh forecasted for the day-ahead PJM market (average value over the period between 2PM and 4PM) in the PS Zone.

Cycling duration is expected generally to be up to six hours, but longer durations may be required under certain limited circumstances in the event of a distribution system emergency.

5. The Parties agree that PSE&G will nominate or bid the Program capacity into all appropriate PJM demand response market(s) or program(s) for which it is eligible. The Company represents that the Program design will comport with the applicable requirements of PJM demand response wholesale market, with the intent that all revenues from PJM will be used to offset program costs. PSE&G will monitor and verify the performance of the Program, and establish the manner and frequency of kW reductions

per participant, pursuant to the rules set forth in the applicable sections of the current PJM Manual or tariff provisions addressing demand response. PSE&G will adhere to the requirements of PJM's market rules to ensure enrollment of the Program in the PJM demand response programs. The Parties acknowledge that, based on the Federal Energy Regulatory Commission's order dated March 26, 2009 in Docket No. ER05-1410-000 *et seq.*[4], the PJM Interruptible Load for Reliability ("ILR") program will end beginning in the 2012-13 energy year. The Parties therefore agree that the Company will bid the Program capacity into the appropriate PJM Reliability Pricing Model ("RPM") auctions applicable for energy years 2012-13 and thereafter. The Parties also agree that, should the rules for PJM's DR programs or RPM auctions change in the future, PSE&G shall determine the appropriate steps in regard to nomination of the Program into the then-applicable PJM program(s) or market(s).

6. The Parties agree that the Program will help achieve the demand response goals set forth in the Board's Demand Response Order. The Company will commence the roll-out of the Program approximately three months following program approval by the Board.

7. PSE&G will attempt to resolve disputes with its customers informally in the first instance. Disputes under any customer segment within the Program that involve any monetary claims or civil damages will be resolved in an appropriate court of law.

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[4] *PJM Interconnection, L.L.C.*, 126 FERC ¶ 61,275 (2009).

Disputes that involve PSE&G's administration/billing of the Program that cannot be resolved informally by PSE&G will be resolved through the BPU's existing process for customer complaints within the appropriate Division.

8. The Parties agree that PSE&G shall recover all reasonable, prudently incurred Program costs via a separate component of the electric RGGI Recovery Charge (RRC) mechanism to be filed annually by the Company. Any Program costs that are recovered through the RRC shall not be recovered through other rates in any fashion. The Company will competitively bid the equipment to be installed under the Program in order to achieve the lowest cost available. The Company will use its best efforts to economically coordinate equipment purchases with expected installations in order to minimize inventory. PSE&G will implement the Demand Response component of the electric RRC after Board approval of the Program, effective August 1, 2009 based upon forecasted expenditures and usage for the first year of the Program.

9. 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..

10. Effective August 1, 2009 the Parties agree that all of PSE&G's legacy Residential A/C Cycling program costs currently being recovered through the System Control Charge (SCC) shall now be recovered through the new Demand Response component of the electric RRC. Therefore, the Parties agree that PSE&G shall transfer the deferred balance in the SCC to the demand response component of the electric RRC on the date that the new RRC rate becomes effective, at which time the SCC rate will be set to zero and the SCC will be terminated. The Parties also acknowledge that, in a pending settlement agreement in BPU Docket No. EO04060395 (*I/M/O Public Service Electric and Gas Company's Request for Deferral Accounting Authority for the Energy Information and Control Network Pilot Program*), BPU Staff, Rate Counsel, and PSE&G have agreed that the Company will recover $4.728 million of costs related to the MyPower pilot program by charging $4.728 million to the SCC deferred balance. The Parties therefore agree that PSE&G shall transfer the remaining deferred SCC balance (after crediting the aforesaid $4.728 million) to the demand response component of the electric RRC.

Thereafter, the Demand Response component of the RRC 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 RRC 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.

11. 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 RRC 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 RRC 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.

12. The Parties agree that the following methodology shall by used by the Company to calculate the monthly revenue requirements of Program's direct costs:

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

*Revenue Requirements = (Cost of Capital * Net Investment) + Amortization or Depreciation – Demand Response(DR) Revenues + Customer Incentives + Administrative Costs*

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) authorized by the Board the Company's most recent electric and/or gas base rate case, including income tax effects. The calculation deriving this current

value, which is equal to 11.3092% on a pre-tax basis per year or 0.9424% per month, is shown in Attachment 4 to this Settlement

Net Investment – This is the monthly average (beginning plus ending divided by 2) net balance of:

A. The assets equal to the Program investments less their associated accumulated depreciation and / or amortization.

B. Capitalized IT costs less its associated accumulated amortization.

C. Accumulated Deferred Income Tax (ADIT)

Depreciation/Amortization – The Depreciation or Amortization of the Program is composed of two components:

A. The depreciation or amortization of each of the Program investments is ten years for both book recovery and tax depreciation. The amortization/depreciation would be based on a monthly vintaging methodology instead of the mass property accounting typically used for utility property.

B. The amortization of the Capitalized IT costs. It is anticipated that a Demand Response Program management system for these sub-programs will be needed. Costs associated with the management system will be accounted for in accordance with PSE&G's existing capitalization policy. It is currently estimated that this management system will cost approximately $750,000 and be amortized over five years.

DR Revenues – This is the amount of ILR Revenue, DR Energy Payments or other available DR related revenues that the Company receives through the operation of the Program. This amount will reduce revenue requirements.

Customer Incentives – This is the amount paid to Program participants as compensation for allowing PSE&G to control their electric load in accordance with the Program rules.

Administrative Costs – Administrative Costs would include any incremental PSE&G labor and other related on-going costs required to run the Program.

SCHEDULES SS-3a and SS-3c (revised) are attached hereto in Attachment 5, setting forth the forecast monthly revenue requirements for each of the Sub-Programs. A typical residential electric customer using 722 kilowatthours per summer month and 6,960 kilowatthours on an annual basis and on BGS-FP service with PSE&G would see a decrease in the annual bill from $1,277.64 to $1,277.28 or $0.36 or approximately (0.3)%as a result of the Board's approval of the Program. *See* Attachment 6. The maximum forecast rate impact would occur in 2013, when the same typical residential electric customer would see an increase in the annual bill of $1.12, or .088%.

13. The Parties agree that DR Revenues will be used to offset annual costs associated with the Demand Response component of the RRC.

14. On February 17, 2009, the federal American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5) was signed into law by President Barack

Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company gets federal funds or credits directly related to the Program through the ARRA, the Company agrees to utilize that money to offset the Program's costs. If funding or credits from the ARRA or any subsequent state or federal action becomes available to the Company through the State of New Jersey, a County or Municipality for project reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the Program will be used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

15. The cost effectiveness of the Program will be reviewed in the future annual filings using actual data. The first evaluation shall occur prior to EY2011 in sufficient time to revise/expand the Program, if necessary. Such evaluation should occur no later than one month after receipt of the evaluation results to discuss any modifications of the Program based on the evaluation results, and to discuss the parameters of any subsequent Program evaluation.

16. The Parties agree that PSE&G shall report the following information accompanied by explanations for any material variance between actual values and planned or budget values to the Board, with copies to the Parties, on an annual basis:

a) Number of legacy switches replaced with thermostats

b) Number of legacy switches replaced with switches

c) Number of new customers enrolled

d) Number of customers who drop out

e) Number and type of new devices installed

f) Nominations to PJM

g) Program costs by category

h) Capitalized costs

i) Administrative costs

j) Participant incentives

k) Results of any program evaluations

l) Results of market research

m) Type of equipment installed

n) Curtailment information such as date, duration, criteria used for economic dispatch, duty-cycled used, etc.

o) PJM payments received.

p) Projected PJM payments for future periods.

q) Monthly revenue requirement calculation.

r) Monthly revenues received

s) Calculation of interest on over/under recoveries.

t) Supporting documentation for monthly interest rate used for over/under recoveries.

17. The Parties request that the Board issue an Order approving this Settlement Agreement without modification.

18. With respect to cost recovery granted by the Board for demand response programs pursuant to N.J.S.A. 48:3-98.1, NJLEUC has proposed three alternative provisions for large commercial and industrial ("C&I") customers: an opt-out provision, to allow a large C&I customer to opt out of a utility-sponsored demand response program based on the customer's investments or plans to invest in demand response measures of its own; a surcharge phase-out provision, to establish usage-based tiers with the surcharge amount decreasing as consumption increases; and a hard cap provision, to place an annual cap on charges payable by large C&I customers for Utility sponsored demand response programs.

Staff supports the establishment of a separate, generic Board proceeding to address the NJLEUC proposals. This statement of support for a generic proceeding does not represent the expression of a position by any party to the Stipulation with respect to the merits of any of the NJLEUC proposals. Aside from this statement of support by Board Staff, the Parties reserve all of their rights in any subsequent proceeding to take any position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of a proceeding. The Company and Rate Counsel take no position regarding this issue.

19. The Parties agree that this Settlement Agreement was negotiated and agreed to in its entirety with each section being mutually dependent on approval of all other sections. Therefore, if the Board modifies any of the terms of this Settlement Agreement, each Party is given the option, before implementation of any different terms in this case, to accept the change or to resume the proceeding as if no agreement had been reached. If these proceedings are resumed, each Party is given the right to return to the position it was in before this Settlement Agreement was executed.

20. It is specifically understood and agreed that this Settlement Agreement represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties 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 Settlement Agreement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement Agreement.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By: Gregory Eisenstark

Gregory Eisenstark
Assistant General Corporate Rate Counsel

DATED: 7-23-09

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

By: ______________________________
Jessica Campbell, Deputy Attorney General
Alex Moreau, Deputy Attorney General

DATED: July 23, 2009

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY
STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: Stefanie A. Brand
Stefanie A. Brand, Director

DATED: July 24, 2009

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 14 ELECTRIC

XXX Revised Sheet No. 64C
Superseding
XXX Sheet No. 64C

RGGI RECOVERY CHARGE

	Charge (cents per kilowatthour)
Component:	
Carbon Abatement Program	0.0020
Demand Response Working Group Modified Program	0.0049
Demand Response Program	0.0067
Sub-total per kilowatthour	0.0136
Charge including New Jersey Sales and Use Tax (SUT)	0.0146

RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program, interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, 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 rates shall be reset each month.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 14 ELECTRIC

XXX Revised Sheet No. 64
Superseding
XXX Revised Sheet No. 64

SYSTEM CONTROL CHARGE

	Charge (cents per kilowatthour)
SYSTEM CONTROL CHARGE	
Charge	0.0000
Charge including New Jersey Sales and Use Tax (SUT)	0.0000

SYSTEM CONTROL CHARGE

This mechanism is designed to provide recovery of costs associated with the operation of certain programs as approved by the BPU. Actual costs incurred by the Company will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. This interest rate shall change each August 1.

PSE&G DR Program
Electric & Gas CAC Under/(Over) Calculation

0.000067 DR RGGI Rate $/kWh
41.084% Tax Rate
0.71% Annual Interest Rate

Updated Revenue Requirements - 10 Year Program Investment Amortization

Attachment 3

	RGGI DR Under/(Over) Calculation ($000)	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total	
(1)	DR RGGI Revenue	302.8	249.6	233.7	230.6	242.9	246.6	228.2	241.6	218.2	231.0	266.3	311.7	302.8	249.6	233.7	230.6	242.9	4,263	DR Rate * Row 9
(1a)	Contribution In Aid of Construction																			Investments + Related Incomes taxes
(2)	Revenue Requirements[1]	(2,231.9)	356.5	182.3	197.6	204.9	229.6	256.9	266.9	283.4	311.4	968.9	978.7	1,017.0	372.5	258.3	282.3	307.2	4,243	From SS-3 Rev 2 Col 20
(3)	Monthly Under/(Over) Recovery	(2,534.6)	106.9	(51.4)	(33.0)	(38.0)	(16.9)	28.7	25.3	65.2	80.4	702.6	667.1	714.2	122.9	24.5	51.7	64.3		Row 1a + Row 2 - Row 1
(4)	Deferred Balance	(2,534.6)	(2,427.7)	(2,479.1)	(2,512.2)	(2,550.2)	(2,567.1)	(2,538.4)	(2,513.1)	(2,448.0)	(2,367.6)	(1,665.0)	(997.9)	(283.7)	(160.8)	(136.2)	(84.5)	(20.2)		Prev Row 4 + Row 3
(5)	Monthly Interest Rate	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%		Annual Interest Rate / 12
(6)	After Tax Monthly Interest Expense/(Credit)	(0.4)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.8)	(0.7)	(0.5)	(0.2)	(0.1)	(0.1)	(0.0)	(0.0)		(Prev Row 4 + Row 4) / 2 (1 - Tax Rate) * Row 5
(7)	Cumulative Interest	(0.4)	(1.3)	(2.2)	(3.0)	(3.9)	(4.8)	(5.7)	(6.6)	(7.4)	(8.3)	(9.0)	(9.4)	(9.7)	(9.7)	(9.8)	(9.8)	(9.9)		Prev Row 7 + Row 6
(8)	Balance Added to Subsequent Year's Revenue Requirements																	(30.1)		Row 4 + Row 7
(9)	Net Sales - kWh (000)	4,519,262	3,724,843	3,488,791	3,441,818	3,625,024	3,680,199	3,406,264	3,605,715	3,256,644	3,448,360	3,975,124	4,651,506	4,519,262	3,724,843	3,488,791	3,441,818	3,625,024	63,623,291	

[1] August 2009 revenue requirements include the forecasted SCC deferred balance and accumulated interest

Attachment 4

PSE&G Demand Response Program
Weighted Average Cost of Capital (WACC)

	Percent	Cost	Weighted Cost	Revenue Conversion Factor	Pre-Tax Weighted Cost		Discount Rate
Long-term Debt	50.6434%	6.1900%	3.1348%	1.0000	3.1348%		
Customer Deposits	0.6831%	2.9400%	0.0201%	1.0000	0.0201%		
Sub-total	51.3265%		3.1549%		3.1549%		1.8587%
Preferred Stock	1.2708%	5.0300%	0.0639%	1.6973	0.1085%		0.0639%
Common Equity	47.4027%	10.0000%	4.7403%	1.6973	8.0458%		4.7403%
Total	100.0000%		7.9591%		11.3092%		6.6629%
Monthly WACC					0.94243%		
Reflects a tax rate of	41.084%				0.000000%	0.0000%	

Per the latest base rate case: BPU Docket No. GR05100845, OAL Docket No. PUC-1747-06

PSE&G Demand Response Program (Res AC & Small Comm. Cycling Only)
Revenue Requirements Summary

($'s unless otherwise noted)

Updated Revenue Requirements - 10 Year Program Investment Amortization

Monthly Pre-Tax WACC	0.94243%
Income Tax Rate	41.084%
Annual kWh Sales (000)	44,823,552

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	Program Investment	Capitalized IT Costs	Gross Plant	Program Investment Amortization / Depreciation	IT Cost Amortization	Accumulated Amortization	Net Plant	Tax Depreciation	Deferred Income Tax	Accumulated Deferred Income Tax	Net Investment	Return Requirement	DR Revenue Credited to Customers	Customer Incentives	Administrative costs	Revenue Requirements	Legacy Res. A/C Cycling Customer Incentives	Legacy Res A/C Cycling Admin. Costs	Legacy DR Revenue Credited to Customers	Revenue Requirements Incl. Legacy Res A/C Program
Monthly Calculations																				
Jan-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aug-09	646,486	-	646,486	5,387.38	-	5,387	641,098	6,465	443	443	640,656	3,019	-	29,439	204,860	242,705	717,831	49,749	121,021	889,264
Sep-09	646,486	-	1,292,972	10,774.76	-	16,162	1,276,810	14,546	1,549	1,992	1,274,818	9,026	-	41,458	204,954	266,213	712,042	49,749	671,503	356,501
Oct-09	646,486	-	1,939,458	16,162.15	-	32,324	1,907,133	25,321	3,763	5,755	1,901,379	14,967	-	17,420	205,049	253,598	-	49,749	121,021	182,326
Nov-09	646,486	-	2,585,943	21,549.53	-	53,874	2,532,070	41,483	8,189	13,944	2,518,125	20,825	-	17,420	205,143	264,938	-	49,749	117,117	197,570
Dec-09	646,486	-	3,232,429	26,936.91	-	80,811	3,151,618	73,807	19,256	33,200	3,118,418	26,560	-	17,420	205,238	276,155	-	49,749	121,021	204,883
Jan-10	694,776	750,000	4,677,205	32,726.71	12,500.00	126,037	4,551,168	40,985	(1,743)	31,458	4,519,710	35,992	-	18,395	202,497	302,111	-	48,546	121,021	229,636
Feb-10	694,776	-	5,371,982	38,516.51	12,500.00	177,054	5,194,928	44,143	(2,824)	28,634	5,166,294	45,642	-	18,395	202,607	317,661	-	48,546	109,309	256,898
Mar-10	731,795	-	6,103,777	44,614.81	12,500.00	234,169	5,869,608	47,802	(3,826)	24,808	5,844,800	51,886	-	19,810	210,540	339,351	-	48,546	121,021	266,876
Apr-10	731,795	-	6,835,572	50,713.10	12,500.00	297,382	6,538,190	51,868	(4,661)	20,146	6,518,044	58,256	-	19,810	210,650	351,929	-	48,546	117,117	283,358
May-10	805,833	-	7,641,404	57,428.37	12,500.00	367,310	7,274,094	56,904	(5,351)	14,795	7,259,299	64,921	-	22,640	226,405	383,894	-	48,546	121,021	311,420
Jun-10	805,833	-	8,447,237	64,143.64	12,500.00	443,954	8,003,283	62,660	(5,745)	9,050	7,994,233	71,877	73,997	161,052	226,515	462,092	654,225	48,546	195,956	968,906
Jul-10	805,833	-	9,253,070	70,858.91	12,500.00	527,313	8,725,757	69,375	(5,745)	3,305	8,722,452	78,772	76,463	174,955	226,626	487,247	646,699	48,546	203,761	978,732
Aug-10	879,870	-	10,132,940	78,191.17	12,500.00	618,004	9,514,936	78,174	(5,143)	(1,837)	9,516,773	85,946	76,463	192,706	242,381	535,260	638,233	48,546	205,004	1,017,035
Sep-10	879,870	-	11,012,810	85,523.42	12,500.00	716,027	10,296,783	89,172	(3,636)	(5,474)	10,302,256	93,390	206,648	207,627	242,491	434,883	629,766	48,546	740,715	372,481
Oct-10	953,908	-	11,966,718	93,472.65	12,500.00	822,000	11,144,718	105,071	(371)	(5,844)	11,150,562	101,089	76,463	28,300	258,246	417,145	-	48,546	207,407	258,284
Nov-10	953,908	-	12,920,626	101,421.88	12,500.00	935,922	11,984,704	128,918	6,161	317	11,984,387	109,015	73,997	28,300	258,356	435,597	-	48,546	201,840	282,303
Dec-10	1,027,945	-	13,948,571	109,988.09	12,500.00	1,058,410	12,890,161	180,316	23,758	24,075	12,866,086	117,099	76,463	31,130	274,111	468,366	-	48,546	209,704	307,207
	Cumulative Programs	Cumulative Programs	Prior Month + (Col 1 + Col 2)	Cumulative Programs	1/60 of Each Prior 60 Months of Col 2 (5 year amortization)	Prior Month + (Col 4 + Col 5)	Col 3 - Col 6	Cumulative Programs	-(Col 4 + Col 5 - Col 8) * Income Tax Rate	Prior Month + Col 9	Col 7 - Col 10	(Prior Col 11 + Col 11) / 2 * Monthly Pre Tax WACC	Cumulative Programs	Cumulative Programs	Cumulative Programs	Col 4 + Col 5 + Col 12 - Col 13 + Col 14 + Col 15	Program Assumption	Program Assumption	Program Assumption	Col 16 + Col 17 + Col 18 - Col 19 + SCC Def. Bal. & Accum. Int. (2009 Only)
Annual Summary																				
2009	3,232,429	-	3,232,429	80,811	-	80,811	3,151,618	161,621	33,200	33,200	3,118,418	74,397	-	123,157	1,025,244	1,303,609	1,429,873	248,744	1,151,681	1,830,545
2010	9,966,142	750,000	13,948,571	827,599	150,000	1,058,410	12,890,161	955,388	(9,125)	24,075	12,866,086	913,884	660,494	923,119	2,781,425	4,935,535	2,568,923	582,553	2,553,875	5,533,135
2011	18,052,413	-	32,000,984	2,297,696	150,000	3,506,106	28,494,878	2,365,777	(33,656)	(9,581)	28,504,458	2,358,895	1,920,216	2,182,893	4,566,450	9,635,719	1,895,887	527,723	2,631,723	9,427,607
2012	17,082,624	-	49,083,608	4,050,407	150,000	7,706,513	41;377,094	3,814,113	(158,705)	(168,286)	41,545,380	3,979,538	4,632,231	3,121,216	4,107,298	10,776,229	1,085,436	435,579	2,100,501	10,196,743
2013	17,048,848	-	66,132,456	5,756,840	150,000	13,613,353	52,519,102	5,096,423	(332,952)	(501,238)	53,020,340	5,365,771	7,787,520	3,957,756	4,121,499	11,564,346	293,069	346,161	1,298,642	10,904,934
2014	-	-	66,132,456	6,538,246	150,000	20,301,599	45,830,857	5,448,525	(509,327)	(1,010,565)	46,841,421	5,646,763	10,434,252	3,687,475	627,158	6,215,390	0	-	322,893	5,892,497
2015	-	-	66,132,456	6,538,246	-	26,839,844	39,292,611	4,879,175	(681,613)	(1,692,177)	40,984,788	4,966,203	11,576,435	3,687,475	653,323	4,268,812	-	-	-	4,268,812
2016	-	-	66,132,456	6,538,246	-	33,378,090	32,754,366	4,399,968	(878,490)	(2,570,667)	35,325,033	4,315,000	12,008,717	3,687,475	680,550	3,212,553	-	-	-	3,212,553
2017	-	-	66,132,456	6,538,246	-	39,916,336	26,216,120	4,089,864	(1,005,893)	(3,576,560)	29,792,680	3,682,133	12,400,940	3,687,475	708,883	2,215,797	-	-	-	2,215,797
2018	-	-	66,132,456	6,538,246	-	46,454,581	19,677,874	3,914,823	(1,077,807)	(4,654,367)	24,332,242	3,060,537	12,835,000	3,687,475	738,366	1,189,623	-	-	-	1,189,623
2019	-	-	66,132,456	6,457,435	-	52,912,016	13,220,440	3,859,693	(1,067,256)	(5,721,623)	18,942,063	2,445,111	13,284,210	3,687,475	769,045	74,855	-	-	-	74,855
2020	-	-	66,132,456	5,710,646	-	58,622,662	7,509,793	3,860,270	(760,209)	(6,481,832)	13,991,626	1,856,706	13,780,253	3,687,475	800,966	(1,724,460)	-	-	-	(1,724,460)
2021	-	-	66,132,456	4,240,549	-	62,863,212	3,269,244	3,861,398	(155,770)	(6,637,603)	9,906,847	1,341,404	14,230,341	3,687,475	834,179	(4,126,733)	-	-	-	(4,126,733)
2022	-	-	66,132,456	2,487,838	-	65,351,050	781,406	3,860,270	563,850	(6,073,753)	6,855,158	938,402	14,728,378	3,687,475	868,737	(6,745,926)	-	-	-	(6,745,926)
2023	-	-	66,132,456	781,406	-	66,132,456	-	3,861,398	1,265,384	(4,808,369)	4,808,369	650,123	15,243,854	3,687,475	904,691	(9,220,159)	-	-	-	(9,220,159)
2024	-	-	66,132,456	-	-	66,132,456	-	3,764,913	1,546,777	(3,261,592)	3,261,592	456,322	15,813,110	3,651,418	936,068	(10,769,301)	-	-	-	(10,769,301)
2025	-	-	66,132,456	-	-	66,132,456	-	3,376,360	1,387,144	(1,874,448)	1,874,448	290,421	15,396,897	3,047,356	920,739	(11,138,381)	-	-	-	(11,138,381)
2026	-	-	66,132,456	-	-	66,132,456	-	2,548,011	1,046,825	(827,623)	827,623	152,791	13,224,546	2,114,132	853,463	(10,104,160)	-	-	-	(10,104,160)
2027	-	-	66,132,456	-	-	66,132,456	-	1,511,524	620,995	(206,628)	206,628	58,483	9,329,862	1,175,809	837,861	(7,257,710)	-	-	-	(7,257,710)
2028	-	-	66,132,456	-	-	66,132,456	-	502,941	206,628	(0)	0	11,684	5,076,179	317,469	867,186	(3,879,841)	-	-	-	(3,879,841)
2029	-	-	66,132,456	-	-	66,132,456	-	-	-	(0)	0	0	1,257,661	(0)	373,974	(883,687)	-	-	-	(883,687)
Total	65,382,456	750,000		65,382,456	750,000			66,132,456	(0)				205,621,097	57,489,075	28,977,106	(10,457,891)	7,273,188	2,140,761		(11,103,257)

Note: Totals may not foot due to rounding

PSE&G Demand Response Program

Residential A/C Cycling Revenue Requirements Calculation

($'s unless otherwise noted)

Attachment 5

Schedule SS - 3a (Revised)

Monthly Pre-Tax WACC	0.94243%
Income Tax Rate	41.084%
Annual kWh Sales (000)	44,823,552

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	Program Investment	Capitalized IT Costs	Gross Plant	Program Investment Amortization / Depreciation	IT Cost Amortization	Accumulated Amortization	Net Plant	Tax Depreciation	Deferred Income Tax	Accumulated Deferred Income Tax	Net Investment	Return Requirement	DR Revenue Credited to Customers	Customer Incentives	Administrative costs	Revenue Requirements	Annual Rate w/o SUT ($/kWh)
Monthly Calculations																	
Jan-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Feb-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mar-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Apr-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
May-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jun-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jul-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Aug-09	440,248		440,248	3,669	-	3,669	436,579	4,402	301	301	436,277	2,056	-	23,691	134,581	163,997	
Sep-09	440,248		880,495	7,337	-	11,006	869,489	9,906	1,055	1,357	868,132	6,147	-	29,962	134,581	178,027	
Oct-09	440,248		1,320,743	11,006	-	22,012	1,298,730	17,243	2,562	3,919	1,294,812	10,192	-	17,420	134,581	173,200	
Nov-09	440,248		1,760,990	14,675	-	36,687	1,724,303	28,249	5,577	9,496	1,714,807	14,182	-	17,420	134,581	180,858	
Dec-09	440,248		2,201,238	18,344	-	55,031	2,146,207	50,262	13,113	22,609	2,123,598	18,087	-	17,420	134,581	188,432	
Jan-10	481,244	650,000	3,332,482	22,354	10,833	88,218	3,244,264	30,265	(1,201)	21,408	3,222,856	25,193	-	18,395	134,348	211,124	
Feb-10	481,244		3,813,727	26,364	10,833	125,416	3,688,311	32,452	(1,950)	19,459	3,668,852	32,475	-	18,395	134,348	222,416	
Mar-10	518,263		4,331,990	30,683	10,833	166,933	4,165,057	35,044	(2,659)	16,799	4,148,258	36,835	-	19,810	142,171	240,333	
Apr-10	518,263		4,850,253	35,002	10,833	212,768	4,637,485	37,923	(3,251)	13,549	4,623,936	41,336	-	19,810	142,171	249,152	
May-10	592,301		5,442,553	39,938	10,833	263,539	5,179,014	41,625	(3,758)	9,791	5,169,223	46,147	-	22,640	157,816	277,374	
Jun-10	592,301		6,034,854	44,874	10,833	319,246	5,715,607	45,856	(4,047)	5,744	5,709,864	51,264	42,344	97,812	157,816	320,255	
Jul-10	592,301		6,627,155	49,810	10,833	379,889	6,247,265	50,791	(4,047)	1,696	6,245,569	56,336	43,756	105,965	157,816	337,004	
Aug-10	666,338		7,293,493	55,362	10,833	446,085	6,847,408	57,455	(3,591)	(1,895)	6,849,302	61,705	43,756	117,966	173,461	375,572	
Sep-10	666,338		7,959,831	60,915	10,833	517,834	7,441,997	65,784	(2,450)	(4,345)	7,446,343	67,363	118,253	127,137	173,461	321,456	
Oct-10	740,376		8,700,207	67,085	10,833	595,752	8,104,455	78,124	84	(4,261)	8,108,716	73,298	43,756	28,300	189,106	324,867	
Nov-10	740,376		9,440,583	73,255	10,833	679,840	8,760,742	96,633	5,154	893	8,759,849	79,487	42,344	28,300	189,106	338,637	
Dec-10	814,413		10,254,996	80,042	10,833	770,715	9,484,281	137,354	19,095	19,988	9,464,292	85,875	43,756	31,130	204,751	368,875	
	Program Assumption	Program Assumption	Prior Month + (Col 1 + Col 2)	1/180 of each Prior 180 Months from Col 1 (15 year depreciation)	1/60 of Each Prior 60 Months of Col 2 (5 year amortization)	Prior Month + (Col 4 + Col 5)	Col 3 - Col 6	See Schedule SS - XX for Details	-(Col 4 + Col 5 - Col 8) * Income Tax Rate	Prior Month + Col 9	Col 7 - Col 10	(Prior Col 11 + Col 11) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Col 4 + Col 5 + Col 12 - Col 13 + Col 14 + Col 15	Col 16 / [Annual kWh Sales] (Rnd to 6 dec.)
Annual Summary																	
2009	2,201,238	-	2,201,238	55,031	-	55,031	2,146,207	110,062	22,609	22,609	2,123,598	50,663	-	105,913	672,907	884,514	0.000020
2010	7,403,758	650,000	10,254,996	585,684	130,000	770,715	9,484,281	709,306	(2,621)	19,988	9,464,292	657,314	377,963	635,659	1,956,371	3,587,066	0.000080
2011	16,504,979	-	26,759,975	1,854,519	130,000	2,755,235	24,004,741	1,924,812	(24,530)	(4,542)	24,009,283	1,910,678	1,238,437	1,691,283	4,013,287	8,361,330	0.000187
2012	17,082,624	-	43,842,599	3,536,306	130,000	6,421,541	37,421,058	3,349,421	(130,189)	(134,731)	37,555,789	3,499,760	3,494,552	2,569,216	4,029,552	10,270,282	0.000229
2013	17,048,848	-	60,891,447	5,242,739	130,000	11,794,280	49,097,167	4,683,853	(283,022)	(417,753)	49,514,920	4,941,960	6,411,820	3,405,756	4,037,098	11,345,733	0.000253
2014	-	-	60,891,447	6,024,145	130,000	17,948,425	42,943,022	5,076,056	(442,922)	(860,675)	43,803,698	5,276,776	9,010,403	3,135,475	535,732	6,091,724	0.000136
2015	-	-	60,891,447	6,024,145	-	23,972,569	36,918,878	4,545,661	(607,420)	(1,468,096)	38,386,973	4,647,537	10,102,748	3,135,475	554,482	4,258,891	0.000095
2016	-	-	60,891,447	6,024,145	-	29,996,714	30,894,733	4,091,542	(793,990)	(2,262,086)	33,156,819	4,045,501	10,480,001	3,135,475	573,889	3,299,009	0.000074
2017	-	-	60,891,447	6,024,145	-	36,020,859	24,870,588	3,786,441	(919,338)	(3,181,424)	28,052,012	3,461,102	10,822,294	3,135,475	593,975	2,392,404	0.000053
2018	-	-	60,891,447	6,024,145	-	42,045,004	18,846,443	3,611,247	(991,315)	(4,172,739)	23,019,183	2,887,862	11,201,098	3,135,475	614,764	1,461,148	0.000033
2019	-	-	60,891,447	5,969,114	-	48,014,117	12,877,330	3,556,116	(991,356)	(5,164,095)	18,041,425	2,320,532	11,593,123	3,135,475	636,281	468,279	0.000010
2020	-	-	60,891,447	5,438,460	-	53,452,578	7,438,869	3,556,694	(773,105)	(5,937,200)	13,376,069	1,772,385	12,026,020	3,135,475	658,551	(1,021,149)	(0.000023)
2021	-	-	60,891,447	4,169,625	-	57,622,203	3,269,244	3,557,821	(251,354)	(6,188,554)	9,457,798	1,282,059	12,418,811	3,135,475	681,600	(3,150,052)	(0.000070)
2022	-	-	60,891,447	2,487,838	-	60,110,041	781,406	3,556,694	439,129	(5,749,425)	6,530,831	894,671	12,853,448	3,135,475	705,456	(5,630,008)	(0.000126)
2023	-	-	60,891,447	781,406	-	60,891,447	-	3,557,821	1,140,662	(4,608,763)	4,608,763	620,497	13,303,303	3,135,475	730,147	(8,035,779)	(0.000179)
2024	-	-	60,891,447	-	-	60,891,447	-	3,491,757	1,434,554	(3,174,209)	3,174,209	440,094	13,800,093	3,116,662	755,702	(9,487,634)	(0.000212)
2025	-	-	60,891,447	-	-	60,891,447	-	3,209,317	1,318,516	(1,855,693)	1,855,693	284,420	13,717,098	2,782,816	782,152	(9,867,711)	(0.000220)
2026	-	-	60,891,447	-	-	60,891,447	-	2,502,362	1,028,070	(827,623)	827,623	151,730	12,359,299	2,053,742	809,527	(9,344,299)	(0.000208)
2027	-	-	60,891,447	-	-	60,891,447	-	1,511,524	620,995	(206,628)	206,628	58,483	9,144,815	1,175,809	837,861	(7,072,663)	(0.000158)
2028	-	-	60,891,447	-	-	60,891,447	-	502,941	206,628	(0)	0	11,684	5,076,179	317,469	867,186	(3,879,841)	(0.000087)
2029	-	-	-	-	-	-	-	-	-	-	-	0	1,257,661	(0)	373,974	(883,687)	(0.000020)
Total	60,241,447	650,000		60,241,447	650,000			60,891,447	(0)				180,689,165	49,209,075	25,420,495	(5,952,441)	

Note: Totals may not foot due to rounding

PSE&G Demand Response Program

Small Commercial A/C Cycling Revenue Requirements Calculation

Attachment 5

Schedule SS - 3c (Revised)

($'s unless otherwise noted)

Monthly Pre-Tax WACC 0.94243%
Income Tax Rate 41.084%
Annual kWh Sales (000) 44,823,552

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	Program Investment	Capitalized IT Costs	Gross Plant	Program Investment Amortization / Depreciation	IT Cost Amortization	Accumulated Amortization	Net Plant	Tax Depreciation	Deferred Income Tax	Accumulated Deferred Income Tax	Net Investment	Return Requirement	DR Revenue Credited to Customers	Customer Incentives	Administrative costs	Revenue Requirements	Annual Rate w/o SUT ($/kWh)
Monthly Calculations																	
Jan-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Feb-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mar-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Apr-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
May-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jun-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jul-09	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Aug-09	206,238		206,238	1,719	-	1,719	204,520	2,062	141	141	204,378	963	-	5,748	70,278	78,708	
Sep-09	206,238		412,476	3,437	-	5,156	407,321	4,640	494	635	406,685	2,879	-	11,496	70,373	88,186	
Oct-09	206,238		618,715	5,156	-	10,312	608,403	8,078	1,200	1,836	606,567	4,775	-	-	70,467	80,398	
Nov-09	206,238		824,953	6,875	-	17,187	807,766	13,234	2,613	4,448	803,318	6,644	-	-	70,562	84,080	
Dec-09	206,238		1,031,191	8,593	-	25,780	1,005,411	23,546	6,143	10,591	994,820	8,473	-	-	70,656	87,723	
Jan-10	213,532	100,000	1,344,723	10,373	1,667	37,819	1,306,904	10,720	(542)	10,049	1,296,855	10,799	-	-	68,148	90,987	
Feb-10	213,532		1,558,255	12,152	1,667	51,638	1,506,617	11,691	(874)	9,175	1,497,442	13,167	-	-	68,259	95,245	
Mar-10	213,532		1,771,787	13,932	1,667	67,236	1,704,551	12,758	(1,167)	8,008	1,696,543	15,051	-	-	68,369	99,018	
Apr-10	213,532		1,985,319	15,711	1,667	84,614	1,900,705	13,945	(1,410)	6,598	1,894,108	16,920	-	-	68,479	102,776	
May-10	213,532		2,198,851	17,490	1,667	103,771	2,095,080	15,279	(1,593)	5,004	2,090,076	18,774	-	-	68,589	106,520	
Jun-10	213,532		2,412,383	19,270	1,667	124,707	2,287,676	16,804	(1,698)	3,307	2,284,369	20,613	31,652	63,240	68,699	141,836	
Jul-10	213,532		2,625,915	21,049	1,667	147,423	2,478,492	18,584	(1,698)	1,609	2,476,883	22,436	32,708	68,990	68,810	150,244	
Aug-10	213,532		2,839,447	22,829	1,667	171,919	2,667,528	20,719	(1,551)	58	2,667,471	24,241	32,708	74,740	68,920	159,689	
Sep-10	213,532		3,052,979	24,608	1,667	198,194	2,854,786	23,388	(1,186)	(1,128)	2,855,914	26,027	88,395	80,490	69,030	113,427	
Oct-10	213,532		3,266,511	26,388	1,667	226,248	3,040,263	26,947	(455)	(1,583)	3,041,846	27,791	32,708	-	69,140	92,278	
Nov-10	213,532		3,480,043	28,167	1,667	256,082	3,223,962	32,285	1,007	(576)	3,224,537	29,528	31,652	-	69,250	96,960	
Dec-10	213,532		3,693,575	29,946	1,667	287,695	3,405,881	42,962	4,663	4,087	3,401,794	31,224	32,708	-	69,360	99,490	
	Program Assumption	Program Assumption	Prior Month + (Col 1 + Col 2)	1/180 of each Prior 180 Months from Col 1 (15 year depreciation)	1/60 of Each Prior 60 Months of Col 2 (5 year amortization)	Prior Month + (Col 4 + Col 5)	Col 3 - Col 6	See Schedule SS - XX for Details	-(Col 4 + Col 5 - Col 8) * Income Tax Rate	Prior Month + Col 9	Col 7 - Col 10	(Prior Col 11 + Col 11) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Col 4 + Col 5 + Col 12 - Col 13 + Col 14 + Col 15	Col 16 / [Annual kWh Sales] (Rnd to 6 dec.)
Annual Summary																	
2009	1,031,191	-	1,031,191	25,780	-	25,780	1,005,411	51,560	10,591	10,591	994,820	23,734	-	17,244	352,337	419,095	0.000009
2010	2,562,384	100,000	3,693,575	241,915	20,000	287,695	3,405,881	246,082	(6,505)	4,087	3,401,794	256,570	282,530	287,460	825,054	1,348,469	0.000030
2011	1,547,433	-	5,241,009	443,177	20,000	750,872	4,490,137	440,965	(9,126)	(5,039)	4,495,176	448,218	681,779	491,610	553,163	1,274,389	0.000028
2012	-	-	5,241,009	514,101	20,000	1,284,972	3,956,036	464,692	(28,516)	(33,555)	3,989,591	479,778	1,137,679	552,000	77,747	505,946	0.000011
2013	-	-	5,241,009	514,101	20,000	1,819,073	3,421,935	412,571	(49,929)	(83,484)	3,505,420	423,811	1,375,701	552,000	84,401	218,613	0.000005
2014	-	-	5,241,009	514,101	20,000	2,353,174	2,887,834	372,469	(66,405)	(149,889)	3,037,724	369,987	1,423,849	552,000	91,427	123,666	0.000003
2015	-	-	5,241,009	514,101	-	2,867,275	2,373,734	333,514	(74,192)	(224,082)	2,597,815	318,666	1,473,686	552,000	98,840	9,921	-
2016	-	-	5,241,009	514,101	-	3,381,376	1,859,633	308,426	(84,499)	(308,581)	2,168,214	269,499	1,528,716	552,000	106,661	(86,455)	(0.000002)
2017	-	-	5,241,009	514,101	-	3,895,477	1,345,532	303,423	(86,555)	(395,136)	1,740,668	221,031	1,578,646	552,000	114,908	(176,607)	(0.000004)
2018	-	-	5,241,009	514,101	-	4,409,578	831,431	303,576	(86,492)	(481,628)	1,313,059	172,675	1,633,903	552,000	123,602	(271,524)	(0.000006)
2019	-	-	5,241,009	488,321	-	4,897,899	343,110	303,577	(75,900)	(557,528)	900,638	124,579	1,691,087	552,000	132,763	(393,424)	(0.000009)
2020	-	-	5,241,009	272,186	-	5,170,085	70,924	303,576	12,896	(544,632)	615,556	84,322	1,754,234	552,000	142,415	(703,312)	(0.000016)
2021	-	-	5,241,009	70,924	-	5,241,009	-	303,577	95,583	(449,049)	449,049	59,346	1,811,530	552,000	152,579	(976,681)	(0.000022)
2022	-	-	5,241,009	-	-	5,241,009	-	303,576	124,721	(324,328)	324,328	43,731	1,874,931	552,000	163,280	(1,115,919)	(0.000025)
2023	-	-	5,241,009	-	-	5,241,009	-	303,577	124,722	(199,606)	199,606	29,626	1,940,551	552,000	174,544	(1,184,381)	(0.000026)
2024	-	-	5,241,009	-	-	5,241,009	-	273,156	112,223	(87,383)	87,383	16,228	2,013,018	534,756	180,366	(1,281,668)	(0.000029)
2025	-	-	5,241,009	-	-	5,241,009	-	167,044	68,628	(18,755)	18,755	6,002	1,679,799	264,540	138,587	(1,270,670)	(0.000028)
2026	-	-	5,241,009	-	-	5,241,009	-	45,649	18,755	(0)	0	1,060	865,247	60,390	43,935	(759,861)	(0.000017)
2027	-	-	5,241,009	-	-	5,241,009	-	-	-	(0)	0	0	185,047	(0)		(185,047)	(0.000004)
2028	-	-	5,241,009	-	-	5,241,009	-	-	-	(0)	0	0	(0)	(0)	-	0	-
2029	-	-	-	-	-	-	-	-	-	-	-	0	(0)	(0)	-	0	-
2009-2018	5,141,009	100,000		5,141,009	100,000			5,241,009	(0)				24,931,932	8,280,000	3,556,611	(4,505,450)	

Note: Totals may not foot due to rounding

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed change in the electric RGGI Recovery Charge and System Control 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	$350.40	$350.28	($0.12)	(0.03%)
360	3,600	671.60	671.44	(0.16)	(0.02)
722	6,960	1,277.64	1,277.28	(0.36)	(0.03)
803	7,800	1,431.87	1,431.45	(0.42)	(0.03)
1,250	12,000	2,205.64	2,205.08	(0.56)	(0.03)

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
(2) Same as (1) except includes the change for the Demand Response Program component of the RGGI Recovery Charge and the System Control 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	$32.74	$32.73	($0.01)	(0.03%)
3,600	360	66.62	66.60	(0.02)	(0.03)
6,960	722	132.81	132.78	(0.03)	(0.02)
7,800	803	148.36	148.32	(0.04)	(0.03)
12,000	1,250	234.17	234.11	(0.06)	(0.03)

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