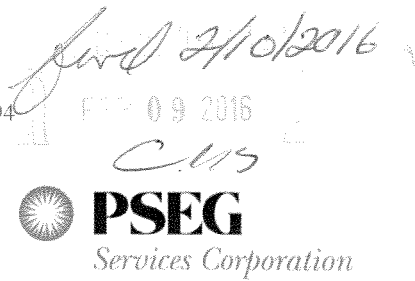


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RECEIVED

FEB 09 2016

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

February 8, 2016

In the Matter of the Petition of  
Public Service Electric and Gas Company  
for Approval of Electric Base Rate Adjustments  
Pursuant to The Energy Strong Program

BPU Docket No. ER15101180

***VIA ELECTRONIC MAIL & OVERNIGHT MAIL***

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

Dear Secretary Asbury:

Enclosed is a fully executed Stipulation of Settlement in the above-referenced matter. If you have any questions regarding this, do not hesitate to contact me.

Very truly yours,

*Martin C. Rothfelder*

C Attached Service List (E-mail only) ✓

*Case mgmt.*

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01/20/2016

Public Service Electric and Gas Company  
Energy Strong Electric Rate 2015  
ER15101180

Page 3 of 3

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09 2016  
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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

<b>IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF ELECTRIC BASE RATE ADJUSTMENTS PURSUANT TO THE ENERGY STRONG PROGRAM</b>	<b>BPU DOCKET NO. ER15101180</b>
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**APPEARANCES:**

**Martin C. Rothfelder, Esq.**, Associate General Regulatory Counsel for the Petitioner, Public Service Electric and Gas Company

**Brian Lipman, Esq.**, Litigation Manager, **Ami Morita, Esq.**, Managing Attorney – Electric, **Diane Schultz, Esq.** and **Kurt Lewandowski, Esq.**, Assistant Deputy Rate Counsels, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand, Director**)

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

On September 29, 2015 Public Service Electric and Gas Company (PSE&G, the Company) filed a Petition (September 2015 Petition) with the Board of Public Utilities (Board) seeking BPU approval to recover the revenue requirements associated with certain capitalized electric investment costs of the Energy Strong Program through November 30, 2015. Upon review of the PSE&G filing, conducting and reviewing responses to discovery, and discussing the facts and issues in this matter, the Staff of the New Jersey Board of Public Utilities (Board Staff), the New Jersey Division of Rate Counsel (Rate Counsel), and PSE&G, the only parties to this proceeding (collectively, the Parties), stipulate and agree as follows:

1. PSE&G's September 2015 Petition in this matter sought Board approval for electric base rate changes to provide for cost recovery associated with the Company's Energy Strong Program. The Energy Strong Program was addressed in a Board Order dated May 21, 2014 in BPU Docket Nos. EO13020155 and GO13020156 (Energy Strong Order) that adopted a

Stipulation that explicitly authorizes the request for the rate increases in the September 2015 Petition.<sup>1</sup>

2. PSE&G's September 2015 Petition sought authority to establish rates to recover an annualized increase in electric revenue requirement of \$13.633 million. The September 2015 Petition proposed revenue requirement increases associated with Energy Strong investment costs. The annualized increase in electric revenue requirement was supported by Attachment 2, Schedule SS-ESAM-2E attached to the September 2015 Petition, which was based upon actual costs for program investments placed into service from June 1, 2015 through August 31, 2015 and projected costs for program investments anticipated to be placed into service through November 30, 2015 and was also the basis for the proposed increased electric base rates.
3. Notice of the Company's September 2015 Petition, including the date, time and place of public hearings, was placed in newspapers having a circulation within the Company's electric service territory, and was served on the Clerks of the municipalities, the Clerks of the Board of Chosen Freeholders, and the County Executives within the Company's electric service territory. In accordance with that notice, public hearings on the Company's request were held on the following dates at three locations in PSE&G's service territory:

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<sup>1</sup> Paragraph 41 of the Energy Strong Stipulation, through part c., provides as follows:

In order to effectuate the cost recovery process for the Electric-ES Program investments, Public Service shall proceed on the following schedule following public notice and public hearing, recognizing that the prudence of the investments will be determined in the Next Base Case, as addressed above. The schedule below anticipates semi-annual notice, public hearings, and rate adjustments to cover all rate changes for the Electric-ES Program investments: . . . .

- c. Revenue Requirements associated with program investments that are placed into service from 6/1/15 through and including 11/30/15 shall go into base rates effective 3/1/16. PSE&G shall make its initial filing for such rates in September 2015, and update such filing for actual data through November 30, 2015 by December 15, 2015.

two hearings on December 9, 2015 in New Brunswick, New Jersey; two hearings on December 10, 2015 in Mount Holly, New Jersey; and two hearings on December 17, 2015 in Hackensack, New Jersey. No members of the public provided comments at any of these hearings.

4. On December 15, 2015, the Company provided updated schedules in this matter, which replaced the projected data in the original schedules with actual data through November 30, 2015. The Company then provided revised updated schedules on January 8, 2016. Schedule SS-ESAM-2E (Revised Update) reflects the revised updated annualized increase to electric revenue requirements associated with Energy Strong investment costs. The Parties agree that the Company shall receive rates, as described below, designed to recover the electric revenue requirement increase from the January 8, 2016 Schedule SS-ESAM2-2E (Revised Update) of \$10.382 million.
5. The Company shall implement the rates associated with the proposed annualized increase in the electric revenue requirement and the rate design (consistent with the Energy Strong Order) reflected in the January 8, 2016 schedule SS-ESAM-5 (Revised Update), at pages 22-23. Those pages are attached hereto as Attachment 1. The Company shall implement the electric rates discussed in this paragraph effective March 1, 2016.
6. The annual impact of the proposed rates to the typical residential electric customer that uses 750 kilowatt-hours in a summer month and 7,200 kilowatt-hours annually is an increase of \$2.68 or approximately 0.21%.
7. The Parties agree that pursuant to the terms of the Energy Strong Order, PSE&G may implement the rates in Attachment 1 effective March 1, 2016. The rate adjustments established herein shall be provisional and subject to refund solely based upon a Board

finding that PSE&G imprudently incurred capital expenditures under the Energy Strong Program. Such prudence review shall take place in the Company's Next Base Case<sup>2</sup> and its base rate case subsequent to the Next Base Case to the extent there are any Energy Strong Program investments up to \$1 billion not included within the test year of the Next Base Case. The Signatories further agree that the review of Energy Strong Program investment costs in the Next Base Case or a subsequent base rate case is not only to ensure that the actual costs incurred in completing the projects were spent prudently, but includes review to ensure that they are distribution, not transmission, investments. Nothing herein will preclude any party from raising in the Next Base Case any objection that could have been raised in the annual or semi-annual filings.

8. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that this Stipulation is not adopted in its entirety by the Board in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.
9. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

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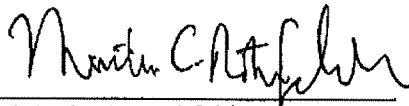
<sup>2</sup> "Next Base Case" as used herein is the term as defined in the Energy Strong case Stipulation as approved by the Board of Public Utilities in docket numbers EO13020155 & GO13020156 by an order dated May 21, 2014.

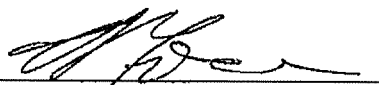


10. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, Public Service, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.
11. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

PUBLIC SERVICE ELECTRIC  
AND GAS COMPANY

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GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

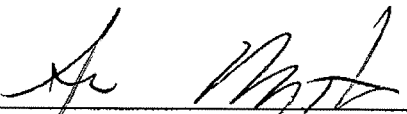
By:   
Martin C. Rothfelder, Esq.

By:   
Alex Moreau  
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DATED: 2/3/16

DATED: 2/3/16

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

By:   
Ami Morita, Esq.  
Managing Attorney - Electric

DATED: 2/5/16

ESAM Roll-in  
Electric Tariff Rates

Schedule SS-ESAM-5  
Page 22 of 23

Rate Schedules

	Present		Proposed		Difference w/out SUT
	Charge w/out SUT	Charge including SUT	Charge w/out SUT	Charge including SUT	
RS					
	Service Charge	\$2.27	\$2.27	\$2.43	\$0.00
	Distribution 0-600 Sum	\$0.035170	\$0.037632	\$0.036008	\$0.000838
	Distribution 0-600 Win	\$0.033344	\$0.035678	\$0.033344	\$0.000000
	Distribution over 600 Sum	\$0.038991	\$0.041720	\$0.039829	\$0.000838
	Distribution over 600 Win	\$0.033344	\$0.035678	\$0.033344	\$0.000000
RHS					
	Service Charge	\$2.27	\$2.43	\$2.27	\$0.00
	Distribution 0-600 Sum	\$0.048252	\$0.051630	\$0.048722	\$0.000470
	Distribution 0-600 Win	\$0.031198	\$0.033382	\$0.031502	\$0.000304
	Distribution over 600 Sum	\$0.053708	\$0.057468	\$0.054231	\$0.000523
	Distribution over 600 Win	\$0.011603	\$0.012415	\$0.011716	\$0.000113
	Common Use	\$0.053708	\$0.057468	\$0.054231	\$0.000523
RLM					
	Service Charge	\$13.07	\$13.98	\$13.07	\$0.00
	Distrib. kWhr Summer On	\$0.057563	\$0.061592	\$0.058278	\$0.000715
	Distrib. kWhr Summer Off	\$0.013527	\$0.014474	\$0.013695	\$0.000168
	Distrib. kWhr Winter On	\$0.013527	\$0.014474	\$0.013695	\$0.000168
	Distrib. kWhr Winter Off	\$0.013527	\$0.014474	\$0.013695	\$0.000168
WH					
	Distribution	\$0.044278	\$0.047377	\$0.044681	\$0.000403
WHS					
	Service Charge	\$0.52	\$0.56	\$0.52	\$0.00
	Distribution	\$0.000150	\$0.000161	\$0.000151	\$0.000001
HS					
	Service Charge	\$3.11	\$3.33	\$3.11	\$0.00
	Distribution June-September	\$0.082727	\$0.088518	\$0.083503	\$0.000776
	Distribution October-May	\$0.030519	\$0.032655	\$0.030805	\$0.000286
GLP					
	Service Charge	\$3.96	\$4.24	\$3.96	\$0.00
	Service Charge-unmetered	\$1.83	\$1.96	\$1.83	\$0.00
	Service Charge-Night Use	\$347.77	\$372.11	\$347.77	\$0.00
	Distrib. KW Annual	\$4.0773	\$4.3627	\$4.1160	\$0.0387
	Distrib. KW Summer	\$7.5671	\$8.0968	\$7.6389	\$0.0718
	Distribution kWhr, June-September	\$0.009576	\$0.010246	\$0.009667	\$0.000091
	Distribution kWhr, October-May	\$0.003367	\$0.003603	\$0.003399	\$0.000032
	Distribution kWhr, Night use, June-September	\$0.003367	\$0.003603	\$0.003399	\$0.000032
	Distribution kWhr, Night use, October-May	\$0.003367	\$0.003603	\$0.003399	\$0.000032

ESAM Roll-in  
Electric Tariff Rates

Schedule SS-ESAM-5  
Page 23 of 23

	Present		Proposed		Difference w/out SUT
	Charge w/out SUT	Charge including SUT	Charge w/out SUT	Charge including SUT	
<b>Rate Schedules</b>					
LPL-Secondary					
Service Charge	\$347.77	\$372.11	\$347.77	\$372.11	\$0.00
Distrib. KW Annual	\$3.3877	\$3.6248	\$3.4244	\$3.6641	\$0.0367
Distrib. KW Summer	\$8.0595	\$8.6237	\$8.1467	\$8.7170	\$0.0872
Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
LPL-Primary					
Service Charge	\$347.77	\$372.11	\$347.77	\$372.11	\$0.00
Service Charge-Alternate	\$17.88	\$19.13	\$17.88	\$19.13	\$0.00
Distrib. KW Annual	\$1.6032	\$1.7154	\$1.6192	\$1.7325	\$0.0160
Distrib. KW Summer	\$8.9001	\$9.5231	\$8.9888	\$9.6180	\$0.0887
Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
HTS-Subtransmission					
Service Charge	\$1,911.39	\$2,045.19	\$1,911.39	\$2,045.19	\$0.00
Distrib. KW Annual	\$1.0174	\$1.0886	\$1.0283	\$1.1003	\$0.0109
Distrib. KW Summer	\$3.6784	\$3.9359	\$3.7179	\$3.9782	\$0.0395
Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
HTS-HV					
Service Charge	\$1,720.25	\$1,840.67	\$1,720.25	\$1,840.67	\$0.00
Distrib. KW Annual	\$0.6519	\$0.6975	\$0.6589	\$0.7050	\$0.0070
Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
BPL					
Distribution Sum	\$0.013495	\$0.014440	\$0.015174	\$0.016236	\$0.001679
Distribution Winter	\$0.013495	\$0.014440	\$0.015174	\$0.016236	\$0.001679
BPL-POF					
Distribution Sum	\$0.006544	\$0.007002	\$0.006741	\$0.007213	\$0.000197
Distribution Winter	\$0.006544	\$0.007002	\$0.006741	\$0.007213	\$0.000197
PSAL					
Distribution Sum	\$0.015041	\$0.016094	\$0.016616	\$0.017779	\$0.001575
Distribution Winter	\$0.015041	\$0.016094	\$0.016616	\$0.017779	\$0.001575