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CASE MANAGEMENT

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MAY 01 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ



May 1, 2018

In The Matter of the Petition of Public
Service Electric and Gas Company to
Revise its Weather Normalization Charge
for the 2017-2018 Annual Period

BPU Docket No. GR17060720

RECEIVED
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MAY 01 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

VIA ELECTRONIC & OVERNIGHT MAIL

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

Dear Secretary Camacho-Welch:

Enclosed for filing by Public Service Electric and Gas Company (Company) please find an original and ten copies of the Company's compliance filing in accordance with the Board's Order in the above referenced Docket dated April 25, 2018. The Company herewith files the following revised sheet, effective May 5, 2018, to its Tariff for Gas Service B.P.U.N.J. No. 15 Gas:

- Eleventh Revised Sheet No. 45 – Weather Normalization Charge
- Seventeenth Revised Sheet No. 46 – Weather Normalization Charge (Continued)
- Tenth Revised Sheet No. 47 - Weather Normalization Charge (Continued)

Please note that this compliance filing includes a change from what was approved in the above referenced Docket. The Seventeenth Revised Sheet No. 46 contains an adjustment to the Margin Revenue Factors, effective April 1, 2018, due to rate changes relating to the Tax Cuts and Jobs Act of 2017 as ordered by the Board under Docket No. AX18010001 dated January 31, 2018.

Thank you for your attention and consideration in this matter. If you have any questions regarding this compliance filing, do not hesitate to contact me.

Very truly yours,

Justin B. Incardone

C Attached Service List ✓

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best hard copy

BPU

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WEATHER NORMALIZATION CHARGE**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG
(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2017 through May 31, 2018	\$0.021647	\$0.023081
June 1, 2018 through September 30, 2018	\$0.000000	\$0.000000

Weather Normalization Charge

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN**1. Degree Days (DD)**

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

2. Actual Calendar Month Degree Days

- the accumulation of the actual Degree Days for each day of a calendar month.

3. Normal Calendar Month Degree Days

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2017-2018 Winter Period are set forth in the table below:

	<u>Normal Degree Days</u>
Oct - 17	249.24
Nov - 17	514.57
Dec - 17	819.31
Jan - 18	999.69
Feb - 18	838.55
Mar - 18	682.31
Apr - 18	357.52
May - 18	126.62

4. Winter Period

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

Date of Issue: May 1, 2018

Effective: May 5, 2018

Issued by SCOTT S. JENNINGS, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated April 25, 2018
in Docket No. GR17060720

WEATHER NORMALIZATION CHARGE
(Continued)

5. Degree Day Dead Band

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

6. Degree Day Consumption Factors

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2017-2018 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating	Heating	Non-Heating		
Oct.-17	106,936	2,872	39,384	1,295	81,860	545	-	6,671
Nov.-17	195,957	8,613	26,279	2,609	81,860	1,075	115	6,671
Dec.-17	244,471	11,825	42,337	3,494	81,860	1,434	183	6,671
Jan.-18	235,679	11,758	57,050	3,782	82,274	2,039	214	6,672
Feb.-18	240,480	11,629	54,776	3,874	82,274	1,638	222	6,672
Mar.-18	234,561	12,252	53,931	3,933	82,274	2,207	238	6,672
Apr.-18	210,553	13,559	43,515	4,109	82,274	1,344	219	6,672
May-18	164,748	9,961	25,772	4,446	82,274	710	167	6,672

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

7. Margin Revenue Factor

- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	\$0.300343
Rate Schedule GSG	\$0.247071
Rate Schedule LVG	\$0.039772

8. Annual Period

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

9. Average 13 Month Common Equity Balance

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service less Accumulated Depreciation Reserve) at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

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80 Park Plaza, Newark, New Jersey 07102

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WEATHER NORMALIZATION CHARGE
(Continued)**II. DETERMINATION OF THE WEATHER NORMALIZATION RATE**

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms (Green Programs Recovery Charge, Capital Adjustment Charge, etc) that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and 63.54% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

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Effective: May 5, 2018

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