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BOARD OF PUBLIC UTILITIES
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CASE MANAGEMENT

JUN 03 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ



May 31, 2019

In the Matter of the Petition of
Public Service Electric and Gas Company's
2019 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. GRI19060698

VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of petitioner Public Service Electric and Gas Company is the Petition, Testimony of Stephen Swetz, and Supporting Schedules in the above-referenced proceeding.

CMS
Legal
DAG
RPA
ENERGY

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman".

Matthew M. Weissman

C Attached Service List (electronic only)

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05/30/2019

Public Service Electric and Gas Company
MAC 2019-2020
MAC 2019-2020

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JUN 03 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)	
ELECTRIC AND GAS COMPANY'S)	PETITION
2019 ANNUAL MARGIN)	DOCKET NO. _____
ADJUSTMENT CHARGE (MAC))	

Public Service Electric and Gas Company ("PSE&G" or "Company"), a public utility of the State of New Jersey, with its principal offices for the transaction of business at 80 Park Plaza Newark, New Jersey 07101, hereby petitions the New Jersey Board of Public Utilities ("Board" or "BPU") as follows:

PSE&G, as a combined electric and gas utility, is engaged in the purchase, transmission, distribution, and sale of natural gas for residential, commercial, and industrial customers in New Jersey, in addition to its electric operations.

MARGIN ADJUSTMENT CHARGE (MAC)

1. On January 9, 2002, as a result of the gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service (TSG-NF) rates to customers on Rate Schedules Residential Service (RSG), General Service (GSG), Large Volume Service (LVG), Street Lighting Service (SLG), and Firm Transportation Gas Service (TSG-F).

2. There are two limited situations when some or all of the revenue associated with certain specific TSG-NF customers flow to earnings instead of being included in the

MAC and distributed to customers on RSG, GSG, LVG, SLG, and TSG-F rate schedules.

These situations are:

i. When gas applications formerly being served under Rate Schedule LVG switch to Rate Schedule TSG-NF after the effective date of a base rate case decision. The total TSG-NF revenues from these switching customers, other than that related to the commodity, Sales and Use Tax (SUT), Societal Benefits Charge (SBC), Tax Adjustment Credit (TAC), and Green Programs Recovery Charge (GPRC), flow to earnings in lieu of being included in the MAC, until the effective date of new rates in the Company's next base rate case. These revenues will be used to recover costs associated with the infrastructure (service, mains, meters, etc.) already installed to provide firm service at Rate Schedule LVG, since TSG-NF revenues no longer flow to the Company once the customer switches from LVG to TSG-NF. The margin treatment for customers switching from TSG-NF to LVG is reciprocal for customers switching from LVG to TSG-NF.

ii. When the Company retains a portion of the TSG-NF revenues for new TSG-NF customers whose service commences on or after the end of the test year established in a base rate case or for additional investment necessary to serve existing TSG-NF customers after the end of the base rate case test year. For this purpose, new customers are defined as gas service to a separately metered new account for equipment that did not previously utilize gas delivery

service from PSE&G. As described in the first situation above, TSG-NF net revenues are defined as total revenues, other than that related to the commodity, SUT, SBC, TAC, and GPRC charges. The annual amount retained by the Company is equal to twenty-percent (20%) of the cost of the new facilities required to serve all such customers, less any direct customer contribution toward these costs, and is used to cover the costs associated with these new customers. As in the first situation, the cost recovery associated with these customers remains in force until the effective date of new rates in the Company's next base rate case proceeding.

3. In the 2018 MAC proceeding, the MAC credit remained (\$0.006758) per therm including SUT. BPU Docket No. GR18060605 (Decision and Order Approving Stipulation for MAC Rates, March 29, 2019).

2019 ANNUAL MAC FILING

4. This annual MAC filing is supported by the direct testimony of Stephen Swetz attached hereto as Attachment A, in which he recommends retaining the current MAC of (\$0.006758) per therm including SUT. Details supporting the MAC balance can be found on Schedule SS-MAC-3.

5. For the period ending April 30, 2019, the actual MAC balance is over-collected by \$12.42 million, excluding interest as detailed on Schedule SS-MAC-3, column 10.

6. At the end of September 2019, the MAC balance is forecasted to be over-collected by \$18.36 million, excluding interest as detailed on Schedule SS-MAC-3, column 10. At the end of September 2019, the MAC balance including interest is forecasted to be over-collected by \$20.28 million as detailed on Schedule SS-MAC-3, column 14.

7. The newly calculated rate of (\$0.008510) per therm including SUT, would result in a rate decrease of \$0.001752 per therm from the current rate of (\$0.006758) per therm including SUT. However, the over-collection at the end of September 2019 is dependent on the forecasted margins from many large customers, which tend to be extremely volatile and could be adversely impacted by many unforeseeable factors, such as economic uncertainty. As this matter is filed on an annual basis, the Company believes that given this uncertainty, it is prudent that the current rate of (\$0.006758) per therm including SUT remain in effect. A clean tariff sheet for the current MAC is attached hereto as Attachment B.

8. A typical residential gas heating customer that uses 172 therms in a winter month and 1,040 therms on an annual basis would see no change to their current annual bill of \$893.03 based upon rates in effect on May 1, 2019, and assuming the customer receives Basic Gas Supply (BGS-RSG) service from PSE&G.

COMMUNICATIONS

Communications and correspondence related to this filing should be sent as follows:

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CONCLUSION

WHEREFORE, PSE&G hereby requests that the Board issue a written Order by October 1, 2019 approving the Company's current MAC rate of (\$0.006758) per therm (including SUT) as reasonable and prudent at this time and, accordingly, modify the Tariff for Gas Service, B.P.U.N.J. No. 16 Gas, pursuant to N.J.S.A. 48:2-21 and 48:2-21.1.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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DATED: May 31, 2019
Newark, New Jersey

STATE OF NEW JERSEY)

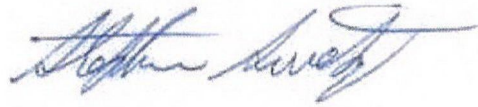
SS:

COUNTY OF ESSEX)

Stephen Swetz of full age, being duly sworn according to law, on his oath
deposes and says:

1. I am Stephen Swetz, Sr. Director - Corporate Rates and Revenue
Requirements for PSEG Services Corporation.

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



Sworn to and subscribed to
before me this 31th day of
May 2019

