

Matthew M. Weissman
General State Regulatory Counsel

Law Department
PSEG Services Corporation
80 Park Plaza – T5, Newark, New Jersey 07102-4194
tel : 973-430-7052 fax: 973-430-5983
email: matthew.weissman@pseg.com

RECEIVED
CASE MANAGEMENT

RECEIVED
MAIL ROOM

JUN 03 2019

JUN 03 2019
PSEG
BOARD OF PUBLIC UTILITIES
TRENTON, NJ
Services Corporation

BOARD OF PUBLIC UTILITIES
TRENTON, NJ
VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL

May 31, 2019

In the Matter of Public Service Electric and Gas Company's 2019/2020
Annual BGSS Commodity Charge Filing for its Residential Gas Customers
Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge

Docket No. GR 19060699

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

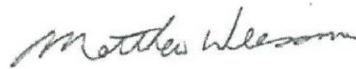
Dear Secretary Camacho-Welch:

Enclosed for filing please find an original and two copies of Public Service Electric and Gas Company's ("Public Service") Motion, Testimony of David F. Caffery, Testimony of Stephen Swetz, and supporting attachments in the above-referenced matter, which have been uploaded to the Board of Public Utilities' E-Filing system. In this filing, Public Service is requesting a decrease in annual BGSS gas revenues of approximately \$12 million (excluding losses and New Jersey Sales and Use Tax or "SUT") to be implemented for service rendered on and after October 1, 2019, or earlier should the Board deem it appropriate. The Company is also requesting two changes in its Balancing Charge; first, a change in the balancing period from the current five billing months of November to March to the eight billing months of October to May; and secondly, a change in the Balancing Charge rate. The combined impact of the proposed changes on a typical residential heating customer using 172 therms per month during the winter months and 1,040 therms on an annual basis is an annual decrease of approximately 0.66%.

This filing and the proposed BGSS rate is in accordance with the Board's January 6, 2003 Order Approving BGSS Price Structure, Docket No. GX01050304. Moreover, this filing includes the Minimum Filing Requirements as approved by the Board.

CMS
Legal
DAG JLR
RPA only
ENERGY

Respectfully submitted,



Matthew M. Weissman

C Attached Service List (electronic)

1. **Motion, Supporting Testimony**
& Tariff Modifications

Motion – dated May 31, 2019

Testimony of David F. Caffery – Attachment A-1

Testimony of Stephen Swetz – Attachment A-2

Tariff Sheets – Attachment B

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S) MOTION
2019/2020 ANNUAL BGSS COMMODITY)
CHARGE FILING FOR ITS RESIDENTIAL)
GAS CUSTOMERS UNDER ITS PERIODIC) DOCKET NO. GR _____
PRICING MECHANISM AND FOR CHANGES)
IN ITS BALANCING CHARGE)

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 moves before the New Jersey Board of Public Utilities ("Board") as follows:

PSE&G, as a combination 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.

GENERIC PROCEEDING ON BGSS PRICE STRUCTURE

- 1) On January 6, 2003, as the result of a generic proceeding, the Board issued its Order Approving the BGSS Price Structure in Docket No. GX01050304 ("BGSS Pricing Structure Order"), in which the Board approved procedures providing for annual Basic Gas Supply Service ("BGSS") Commodity Charge filings by the Company and all the other New Jersey gas distribution companies by June 1, 2003 and each year thereafter, and for two potential 5% self-implementing rate increases on December 1st and the following February 1st. These two limited self-implementing rate adjustments would be permitted each year upon notice to the Board and the New Jersey Division of Rate Counsel ("Rate Counsel") on

November 1st and January 1st of the estimated change to take effect on December 1st and February 1st, respectively.

MINIMUM FILING REQUIREMENTS

- 2) In addition the Board, in its January 16, 2003 Order Adopting Provisional Rates in Docket No. GR02090702, reserved an issue to itself by directing that the parties to that proceeding meet to develop mutually agreed upon minimum filing requirements for future annual BGSS Commodity Charge petitions in time for the next petition.
- 3) The parties to that proceeding agreed on a list of 17 annual BGSS Minimum Filing Requirements that are applicable to the Company's June 1st annual BGSS filing. The parties included those Minimum Filing Requirements in a settlement that was approved by the Board on June 20, 2003. Also, as part of the BGSS settlement in Docket No. GR15060647 approved by the Board on February 24, 2016, Item 18 has been added to address the Company's Gas Supply Plan. Lastly, as part of the BGSS settlement in Docket No. GR17060589 approved by the Board on April 25, 2018, the parties to that proceeding agreed to modifications to Item Nos. 13 and 18.

2018/2019 ANNUAL BGSS COMMODITY CHARGE FILING

- 4) On June 1, 2018, the Company made its 2018/2019 Annual BGSS Commodity Charge filing for its Periodic Pricing Mechanism applicable to its residential gas customers pursuant to the BGSS Pricing Structure Order. The filing was also made in accordance with the above-referenced Minimum Filing Requirements.
- 5) In the 2018/2019 BGSS filing the Company requested a decrease in the then current BGSS Commodity Charge rate of \$0.368938 cents per therm (including losses and Sales and Use

Tax or "SUT") to \$0.349579 cents per therm (including losses and SUT) effective October 1, 2018 to remain in effect through September 30, 2019. This request was supported by the direct testimony of David F. Caffery, in which he addressed all of the Minimum Filing Requirements and provided the basis for the decrease in the BGSS rate.

- 6) The Company also requested an increase in its Balancing Charge, which recovers the cost of providing storage and peaking services, from the then current charge of \$0.090052 per therm (including losses and SUT) to \$0.102825 per therm (including losses and SUT). This charge was also supported by the direct testimony of Mr. Caffery, and is applicable only for the period November through March.
- 7) The Company requested a decrease in its Storage Inventory Carrying Charge which is recovered through the balancing and commodity charges. The requested charge was \$0.004352 per therm (excluding losses and SUT) for the balancing portion and \$0.006323 per therm (excluding losses and SUT) for the commodity portion using the applicable billing determinants for each.
- 8) The 2018/2019 filing by the Company also included the Company's estimated decrease in BGSS revenue of approximately \$24.8 million (excluding losses and SUT) required for the period of October 1, 2018 through September 30, 2019.
- 9) Residential annual bills comparing the current and proposed BGSS charge and the Balancing Charge, pursuant to the 2018/2019 filing were included in the form of public notice attached as Attachment C to that motion.
- 10) Notice setting forth the Company's June 1, 2018 request for the BGSS Commodity Charge decrease and Balancing Charge increase, including the date, time, and place of the public

hearings, was placed in newspapers having a circulation within PSE&G's gas service territory, and was served on the county executives and clerks of all municipalities within its gas service territory.

- 11) Public hearings were scheduled and conducted in New Brunswick, Hackensack, and Mt. Holly on August 21, 27, and 29, 2018, respectively. Six members of the public spoke and expressed general concerns regarding utility bills and service shutoffs for lack of payment. No member of the public commented specifically on the BGSS filing.
- 12) Subsequent to the June 1, 2018 filing, the Company made a compliance filing on August 31, 2018 in response to the Board's Order in the Company's petition for Approval of Electric and Gas Base Rate Adjustments Pursuant to the Energy Strong Program ("Energy Strong Matter") in BPU Docket Nos. ER18040358 and GR18040359. As a result of the settlement of the Energy Strong Matter, the Company's BGSS-RSG Commodity Charge was decreased from \$0.368938 per therm (including losses and SUT) to \$0.368937 per therm (including losses and SUT) effective September 1, 2018.
- 13) PSE&G, Board Staff, and Rate Counsel agreed, on a provisional basis, to implement the BGSS-RSG Commodity Charge and Balancing Charge as of October 1, 2018, or as soon as possible upon the issuance of a Board Order approving the Stipulation for a Provisional BGSS Rates ("Provisional Stipulation"). The Provisional Stipulation was approved at the Board agenda meeting on September 17, 2018. The BGSS Commodity Charge was provisionally decreased from \$0.368937 per therm (including losses and SUT) to \$0.349579 per therm (including losses and SUT) for service rendered on and after October 1, 2018. The BGSS Balancing Charge was provisionally increased from \$0.090052 per therm

(including losses and SUT) to \$0.102825 per therm (including losses and SUT) for service rendered on and after October 1, 2018.

- 14) Subsequent to the Board's approval of the Provisional Stipulation, PSE&G made compliance filings in response to the Board's Orders in the Company's petitions in two matters. First, on October 30, 2018, PSE&G made a compliance filing *In the Matter of the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, B.P.U.N.J. No. 16 Electric and B.P.U.N.J. No. 16 Gas, and for changes in Depreciation Rates, pursuant to N.J.S.A. 48:2-18 N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, and for Other Appropriate Relief* in BPU Docket Nos. ER18010029 and GR18010030. In this matter, the BGSS-RSG Commodity Charge was decreased from the provisionally approved rate of \$0.349579 per therm (including losses and SUT) to \$0.349129 per therm (including losses and SUT) effective November 1, 2018.
- 15) Second, on December 28, 2018, PSE&G made a compliance filing *In the Matter of the Petition of Public Service Electric and Gas Company for approval of Gas Base Rate Adjustments Pursuant to its Gas System Modernization Program ("GSMP")* under BPU Docket No. GR18070831. As a result of the settlement of this GSMP matter, PSE&G's BGSS-RSG Commodity Charge was further decreased from \$0.349129 per therm (including losses and SUT) to \$0.349059 per therm (including losses and SUT) effective January 1, 2019.
- 16) PSE&G, Board Staff, and Rate Counsel subsequently completed their review of the Company's 2018/19 BGSS filing, and agreed that the Company's: (a) BGSS Commodity Service, tariff rate

BGSS-RSG of \$0.349059 per therm (including losses and SUT) would be deemed final; and (b) Balancing Charge of \$0.102825 per therm (including losses and SUT) would also be deemed final. The Board approved this stipulation for final rates on March 29, 2019.

2019/2020 ANNUAL BGSS COMMODITY CHARGE FILING

- 17) The Company is making this 2019/2020 Annual BGSS Commodity Charge filing for its Periodic Pricing Mechanism applicable to its residential gas customers pursuant to the BGSS Pricing Structure Order. This filing is also made in accordance with the above-referenced Minimum Filing Requirements.
- 18) In this Motion the Company is requesting a decrease in the current BGSS rate of \$0.349059 cents per therm (including losses and SUT) to \$0.340221 cents per therm (including losses and SUT) effective October 1, 2019 and to remain in effect through September 30, 2020. This request is supported by the direct testimony of David F. Caffery attached hereto as Attachment A-1, in which he addresses the Minimum Filing Requirements and demonstrates the need for the change in the BGSS rate.
- 19) The Company is also requesting two changes in its Balancing Charge, which recovers the cost of providing storage and peaking services. First, the Company requests a change in the balancing period from the current five billing months of November to March to the eight billing months of October to May. Second, the Company requests a change in the Balancing Charge from \$0.102825 per balancing use therm (including losses and SUT) based on the current five month balancing period to \$0.098620 per balancing use therm (including losses and SUT) based on the eight month balancing period. For illustrative purposes, the Company has also calculated an updated five-month Balancing Charge of

\$0.113187 per balancing use therm (including losses and SUT) to demonstrate the required change in rate from the current \$0.102825 due to changes in costs. The modification of the balancing period is supported by Mr. Swetz (Attachment A-2) and the change in the balancing charge is supported by Mr. Caffery (Attachment A-1).

- 20) The Company is also requesting a change in its Storage Inventory Carrying Charge, which is shown on page 2 of Attachment D-1 and is recovered through the Balancing and Commodity Charges. The requested charge is \$0.003871 per balancing use therm (excluding losses and SUT) for the balancing portion (inclusive of the proposed eight-month balancing period) and \$0.006486 per therm (excluding losses and SUT) for the commodity portion using the applicable send out for each.
- 21) Price levels in the natural gas market have decreased marginally from the levels in effect last year at this time. As illustrated on Item 8 herein, the NYMEX price for June 2019 is 7.8% lower this year as compared to last year, and the average monthly price for the entire forecasted period is 2.9% lower this year as compared to last year. The May 9, 2019 forward NYMEX strip used by the Company in this filing shows that prices are expected to rise modestly from current levels through the first quarter of 2020, followed by a reduction for the balance of the BGSS period. One of the primary drivers for this decrease in prices compared to last year's levels is the record natural gas production witnessed over the past six months. In fact, an all-time high production level of 87 Bcf/d was achieved just recently, accounting for much of the reason why prices have remained moderate despite national storage levels 20% below the five-year average. These lower anticipated commodity price levels based on the NYMEX strip has helped to offset the increase in pipeline rates put in

place by both Transco and Texas Eastern, allowing the Company to propose the decrease in rates to the RSG customers.

- 22) The Company estimates that a decrease in BGSS revenue of approximately \$12 million (excluding losses and SUT) would be required for the period of October 1, 2019 and September 30, 2020.
- 23) Residential annual bills comparing the current and proposed BGSS charge and Balancing Charge (inclusive of the proposed change to an eight-month balancing period) are included in the form of public notice attached hereto as Attachment C. The impact of the requested BGSS-RSG Charge and Balancing Charge changes for a typical residential gas heating customer using 172 therms per month during the winter months and 1,040 therms on an annual basis is a decrease in the winter monthly bill of approximately 1.48%, and on an annual basis the impact is a decrease of approximately 0.66%. Moreover, pursuant to paragraph 10 of the BGSS Pricing Structure Order, the attached public notice also states that such proposed rates may be subject to self-implementing rate increases of up to 5% on December 1, 2019 and February 1, 2020. The impact of such potential self-implementing increases on an average residential bill (1,200 therms annually) would be an increase of approximately \$8.45 for a winter month on December 1, 2019 and an additional approximate increase of \$8.44 per winter month on February 1, 2020.
- 24) For illustrative purposes, the Company has calculated an updated five month Balancing Charge rate of \$0.113187 per balancing use therm (including losses and SUT). The impact of the requested BGSS-RSG Charge and Balancing Charge changes for a typical residential gas heating customer using 172 therms per month during the winter months and 1,040

therms on an annual basis is a decrease in the winter monthly bill of approximately 0.02%, and on an annual basis the impact is a decrease of approximately 0.29%. The impact of the potential self-implementing increases described in the previous paragraph on an average residential bill (1,200 therms annually) would be an increase of approximately \$8.48 for a winter month on December 1, 2019, and an additional approximate increase of \$8.48 per winter month on February 1, 2020. The illustrative bill impacts are also included in the form of public notice attached hereto as Attachment C.

- 25) The proposed tariff sheets (redlined and non-redlined) to implement the above request are attached hereto as Attachment B.
- 26) A notice setting forth the request for the BGSS-RSG Commodity Charge and Balancing Charge changes and public hearing dates will be placed in newspapers having a circulation within the Company's gas service territory, and notice of this filing will be served on the County Executives and Clerks of all municipalities within the Company's gas territory upon the receipt, scheduling, and publication of hearing dates. A copy of the form of notice is attached hereto as Attachment C.

CONCLUSION

WHEREFORE, Public Service hereby requests that the Board issue a written Order by October 1, 2019 approving:

- (1) a decrease in the Company's BGSS-RSG Commodity Charge from the current charge of \$0.349059 per therm (including losses and SUT) to a charge of \$0.340221 per therm (including losses and SUT);
- (2) the modification of the balancing period from the current five billing months of November to March to the eight billing months of October to May;
- (3) a change in the Balancing Charge from \$0.102825 per therm (including losses and SUT) to \$0.098620 per balancing use therm (including losses and SUT) effective with the billing month of October 2019;
- (4) the extension of the pricing mechanism approved in the BGSS Pricing Structure Order as requested herein;
- (5) the modifications to 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, that are set forth in Attachment B to this Motion.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: 

Matthew M. Weissman, Esq.
General State Regulatory Counsel
PSEG Services Corporation
80 Park Plaza, T5G
Newark, New Jersey 07102

DATED: May 31, 2019
Newark, New Jersey

STATE OF NEW JERSEY)

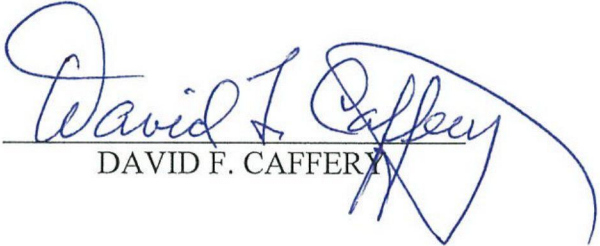
ss:

COUNTY OF ESSEX)

DAVID F. CAFFERY of full age, being duly sworn according to law, on his oath
deposes and says:

1. I am David F. Caffery for PSEG Energy Resources and Trade LLC who is filing this
testimony on behalf of Public Service Electric and Gas Company.

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


DAVID F. CAFFERY

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



DEBORAH S. MARKS

Notary Public

State of New Jersey

My Commission Expires June 3, 2023


ID# 2374254

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 for PSEG Services Corporation who is filing this testimony on behalf of Public Service Electric and Gas Company.

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



STEPHEN SWETZ

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



DEBORAH S. MARKS
Notary Public
State of New Jersey
My Commission Expires June 3, 2023
ID# 2374254