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CASE MANAGEMENT
2019 SEP -3 P 2:
BOARD OF PUBLIC UTILITIES
TRENTON, NJ
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CASE MA

2019 SEP -4 P 12: 54

BOARD OF PUBLIC UTILITIES
TRENTON, NJ



August 30, 2019

In The Matter of the Petition of
Public Service Electric and Gas Company
for Approval of Electric Base Rate
Adjustments Pursuant to the Madison 4kV Substation Project
(M&M 2019 Rate Filing)
BPU Docket No.: ER19040530

VIA E-MAIL & OVERNIGHT DELIVERY

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

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SEP 03 2019
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Dear Secretary Camacho-Welch:

Enclosed for filing by Public Service Electric and Gas Company, please find an original and ten copies of a Stipulation for approval of electric base rate adjustments pursuant to the Madison 4kV substation project.

Thank you for your consideration to this matter.

Very truly yours,

c: Attached Service List (E-Mail)

Case Mgmt
A. Ford, Esq.

list copied

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SEP 03 2019

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF ELECTRIC BASE) BPU Docket No. ER19040530
RATE ADJUSTMENTS PURSUANT TO THE)
MADISON 4KV SUBSTATION PROJECT)
(M&M 2019 RATE FILING))

STIPULATION OF SETTLEMENT AND AGREEMENT

APPEARANCES:

Matthew M. Weissman, Esq., General Regulatory Counsel-Rates, PSEG Services Corp., and **Danielle Lopez, Esq.**, Assistant General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas

Ami Morita, Esq., Managing Attorney – Electric, **Maria Novas-Ruiz, Esq.**, Assistant Deputy Rate Counsel, and **James Glassen, Esq.**, Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (**Stefanie A. Brand, Esq.** Director)

Emma Yao Xiao, Esq., Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Esq., Attorney General of New Jersey)

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

On April 30, 2019, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition (“April 2019 Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking BPU approval to recover the revenue requirements associated with certain capitalized electric investment costs of the Madison & Marshall (“M&M”) substations incurred from October 1, 2014 through June 30, 2019. Upon review of the April 2019 Petition and discovery responses, 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, Parties), STIPULATE and AGREE as follows:

1. PSE&G's April 2019 Petition in this matter sought Board approval for electric base rate changes to provide for cost recovery associated with the M&M substations, which were initially part of the Energy Strong Program ("ES") approved by the Board in Docket Nos. EO13020155 & GO13020156 on May 21, 2014. However, due to a scope change related to the raising and rebuilding of the M&M substations, the investments were to be recovered outside of ES. The current filing is being made pursuant to an Agreement Regarding Withdrawal of Objection ("M&M Agreement"), dated November 30, 2016 entered into between PSE&G, Board Staff and Rate Counsel.
2. The M&M Agreement allowed the Company to reflect in base rates the reasonable and prudent costs associated with the M&M substations, assuming the substations are in service more than six (6) months but less than one (1) year following the end of the test year in the Company's 2018 Base Rate Case, BPU Docket Nos. ER18010029 & GR18010030 (2018 Base Rate Case). The Madison substation was placed into service in April 2019, consistent with this requirement. The full removal and retirement of the Marshall Street substation is expected by March 2021, expenditures of which are not included in the April 2019 filing.
3. PSE&G's April 2019 Petition sought Board approval to recover in base rates an estimated annual revenue increase associated with the capitalized investment costs of the M&M substations incurred through June 30, 2019 of approximately \$7.4 million from the Company's electric customers.
4. The annualized increase in electric revenue requirement was supported by Attachment 2, Schedule SS-M&M-2 attached to the April 2019 Petition, which was based upon actual expenditures through March 31, 2019 and projected expenditures through June 30, 2019.

5. Notice of the Company's April 2019 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 requests were held in the afternoon and evening on the following dates and locations in PSE&G's electric service territory: August 22, 2019 in Mt. Holly, New Jersey; August 27, 2019 in Hackensack, New Jersey; and August 29, 2019 in New Brunswick, New Jersey. No members of the public provided comments at any of the hearings or filed written comments with the Board.
6. On July 15, 2019, the Company provided updated schedules in this matter, which replaced the projected data in the original schedules with actual data through June 30, 2019.
7. The Company shall implement the requested rates associated with the updated annualized increase in the electric revenue requirement and the rate design in the 2018 Base Rate Case Order, which were provided in the July 15, 2019 update to Schedule SS-M&M-5. Those pages are attached hereto as Attachment 1. The Company shall implement the electric rates discussed in this paragraph effective October 1, 2019. As a result of the update for actuals costs through June 30, 2019, the Company's proposed annual revenue increase was subsequently decreased from \$7.4 million as filed to \$7.1 million.
8. The annual impact of the increased rates to the typical residential electric customer using 740 kilowatt-hours per summer month and 6,920 kilowatt-hours on an annual basis

would be an increase in the annual bill from \$1,224.16 to \$1,227.28, or \$3.12 or approximately 0.25%.

9. The M&M Agreement allowing for this proceeding states: “PSE&G and Rate Counsel agree to support a reasonably timely resolution of that rate adjustment matter consistent with the time frames used in other infrastructure related rate adjustments.” Based on the Company’s filing in April 2019, the effective date for new rates consistent with the time frame used for other infrastructure related rate adjustments would be October 1, 2019. The rate adjustments established herein shall be provisional and subject to refund contingent upon the Board finding that PSE&G imprudently incurred capital expenditures associated with the M&M project. Such prudence review shall take place in the Company’s next base rate case. The Company will file its next base rate case no later than January 1, 2024 (“the 2024 base rate case”), in accordance with paragraph 40 of the Gas System Modernization Program II Stipulation, which was approved by the Board of Public Utilities in Docket Number GR17070776, in an Order dated May 22, 2018. Nothing herein will preclude any party from raising any objection in the 2024 base rate case regarding whether PSE&G imprudently incurred capital expenditures associated with the M&M project.
10. 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.


11. It is the intent of the Signatories that the provisions herein be approved by the Board as being in the public interest. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.
12. 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, PSE&G, 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.
13. 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.

14. The Parties do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

GURBIR S. GREWAL, ESQ.
ATTORNEY GENERAL OF
NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities


BY: 
Danielle Lopez, Esq.
Assistant General Regulatory Counsel

BY: 
Peter Van Brunt, Esq.
Deputy Attorney General
On behalf of Emma Yao Xiao, Esq.
Deputy Attorney General

DATED: 8/30/2019

DATED: 8-30-19

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

BY: 
Ami Morita, Esq., ~~MARIA T. NOVAK-RUP, ESQ.~~
Managing Attorney—Electric ~~ASSISTANT DEPUTY
RATE COUNSEL~~

DATED: 8/30/2019

Electric Tariff Rates

<u>Rate Schedules</u>		<u>Present</u>		<u>Proposed</u>		<u>Difference</u>
		<u>Charge w/out SUT</u>	<u>Charge w/ SUT</u>	<u>Charge w/out SUT</u>	<u>Charge w/ SUT</u>	<u>w/out SUT</u>
RS	Service Charge	\$4.64	\$4.95	\$4.64	\$4.95	\$0.00
	Distribution 0-600 Sum	\$0.037239	\$0.039706	\$0.038220	\$0.040752	\$0.000981
	Distribution 0-600 Win	\$0.033344	\$0.035553	\$0.033344	\$0.035553	\$0.000000
	Distribution over 600 Sum	\$0.041060	\$0.043780	\$0.042041	\$0.044826	\$0.000981
	Distribution over 600 Win	\$0.033344	\$0.035553	\$0.033344	\$0.035553	\$0.000000
RHS	Service Charge	\$4.64	\$4.95	\$4.64	\$4.95	\$0.00
	Distribution 0-600 Sum	\$0.048037	\$0.051219	\$0.048613	\$0.051834	\$0.000576
	Distribution 0-600 Win	\$0.032539	\$0.034695	\$0.032784	\$0.034956	\$0.000245
	Distribution over 600 Sum	\$0.052937	\$0.056444	\$0.053513	\$0.057058	\$0.000576
	Distribution over 600 Win	\$0.014939	\$0.015929	\$0.015184	\$0.016190	\$0.000245
	Common Use	\$0.052937	\$0.056444	\$0.053513	\$0.057058	\$0.000576
RLM	Service Charge	\$13.07	\$13.94	\$13.07	\$13.94	\$0.00
	Distrib. kWhr Summer On	\$0.069819	\$0.074445	\$0.070546	\$0.075220	\$0.000727
	Distrib. kWhr Summer Off	\$0.014566	\$0.015531	\$0.014727	\$0.015703	\$0.000161
	Distrib. kWhr Winter On	\$0.014566	\$0.015531	\$0.014727	\$0.015703	\$0.000161
	Distrib. kWhr Winter Off	\$0.014566	\$0.015531	\$0.014727	\$0.015703	\$0.000161
WH	Distribution	\$0.047122	\$0.050244	\$0.047398	\$0.050538	\$0.000276
WHS	Service Charge	\$0.58	\$0.62	\$0.59	\$0.63	\$0.01
	Distribution	\$0.001580	\$0.001685	\$0.001615	\$0.001722	\$0.000035
HS	Service Charge	\$3.48	\$3.71	\$3.51	\$3.74	\$0.03
	Distribution June-September	\$0.095993	\$0.102353	\$0.096281	\$0.102660	\$0.000288
	Distribution October-May	\$0.028716	\$0.030618	\$0.028795	\$0.030703	\$0.000079
GLP	Service Charge	\$4.43	\$4.72	\$4.47	\$4.77	\$0.04
	Service Charge-unmetered	\$2.05	\$2.19	\$2.07	\$2.21	\$0.02
	Service Charge-Night Use	\$347.77	\$370.81	\$347.77	\$370.81	\$0.00
	Distrib. KW Annual	\$3.6834	\$3.9274	\$3.6931	\$3.9378	\$0.0097
	Distrib. KW Summer	\$9.2370	\$9.8490	\$9.2611	\$9.8746	\$0.0241
	Distribution kWhr, June-September	\$0.003011	\$0.003210	\$0.003019	\$0.003219	\$0.000008
	Distribution kWhr, October-May	\$0.007686	\$0.008195	\$0.007706	\$0.008217	\$0.000020
	Distribution kWhr, Night use, June-September	\$0.007686	\$0.008195	\$0.007706	\$0.008217	\$0.000020
	Distribution kWhr, Night use, October-May	\$0.007686	\$0.008195	\$0.007706	\$0.008217	\$0.000020

Electric Tariff Rates

		Present		Proposed		Difference
		<u>Charge w/out SUT</u>	<u>Charge w/ SUT</u>	<u>Charge w/out SUT</u>	<u>Charge w/ SUT</u>	<u>w/out SUT</u>
<u>Rate Schedules</u>						
LPL-Secondary	Service Charge	\$347.77	\$370.81	\$347.77	\$370.81	\$0.00
	Distrib. KW Annual	\$3.5156	\$3.7485	\$3.5280	\$3.7617	\$0.0124
	Distrib. KW Summer	\$8.3638	\$8.9179	\$8.3934	\$8.9495	\$0.0296
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
LPL-Primary	Service Charge	\$347.77	\$370.81	\$347.77	\$370.81	\$0.00
	Service Charge-Alternate	\$20.02	\$21.35	\$20.20	\$21.54	\$0.18
	Distrib. KW Annual	\$1.6389	\$1.7475	\$1.6442	\$1.7531	\$0.0053
	Distrib. KW Summer	\$9.0979	\$9.7006	\$9.1274	\$9.7321	\$0.0295
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
HTS-Subtransmission	Service Charge	\$1,911.39	\$2,038.02	\$1,911.39	\$2,038.02	\$0.00
	Distrib. KW Annual	\$1.0646	\$1.1351	\$1.0722	\$1.1432	\$0.0076
	Distrib. KW Summer	\$3.8482	\$4.1031	\$3.8758	\$4.1326	\$0.0276
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
HTS-HV	Service Charge	\$1,720.25	\$1,834.22	\$1,720.25	\$1,834.22	\$0.00
	Distrib. KW Annual	\$0.6145	\$0.6552	\$0.6166	\$0.6574	\$0.0021
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
BPL	Distribution Sum	\$0.006713	\$0.007158	\$0.006735	\$0.007181	\$0.000022
	Distribution Winter	\$0.006713	\$0.007158	\$0.006735	\$0.007181	\$0.000022
BPL-POF	Distribution Sum	\$0.006708	\$0.007152	\$0.006728	\$0.007174	\$0.000020
	Distribution Winter	\$0.006708	\$0.007152	\$0.006728	\$0.007174	\$0.000020
PSAL	Distribution Sum	\$0.007152	\$0.007626	\$0.007184	\$0.007660	\$0.000032
	Distribution Winter	\$0.007152	\$0.007626	\$0.007184	\$0.007660	\$0.000032