



September 21, 2021

In The Matter of the Petition of
Public Service Electric and Gas Company
to Revise its Weather Normalization Charge
for the 2021-2022 Annual Period

BPU Docket No. GR21060952

VIA ELECTRONIC MAIL ONLY

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

Dear Secretary Camacho-Welch:

Enclosed for filing by Public Service Electric and Gas Company (the “Company”), please find an electronic copy of the Company’s compliance filing in accordance with the Board of Public Utilities’ (“Board”) Order in the above-referenced Docket dated September 14, 2021. The Company herewith files the following revised tariff sheets, effective October 1, 2021:

Tariff for Gas Service, B.P.U.N.J. No. 16 Gas

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

Furthermore, as directed by the Board’s Order in Docket No. EO20030254, dated March 19, 2020, the Company hereby submits this filing via electronic delivery only to the Board Secretary, and will suspend submitting such filings as paper documents until the Board directs otherwise.

Very truly yours,

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

Matthew M. Weissman

C Attached Service List (Electronic)

WEATHER NORMALIZATION CHARGE

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

| | Weather Normalization Charge | Weather Normalization Charge including SUT |
|---|------------------------------|--|
| October 1, 2021 through May 31, 2022 | (\$0.001050) | (\$0.001120) |
| June 1, 2022 through September 30, 2022 | \$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 2021-2022 Winter Period are set forth in the table below:

| | Normal Degree Days |
|----------|-------------------------------|
| Oct - 21 | 235.50 |
| Nov - 21 | 516.42 |
| Dec - 21 | 818.04 |
| Jan - 22 | 992.26 |
| Feb - 22 | 833.48 |
| Mar - 22 | 693.11 |
| Apr - 22 | 356.57 |
| May - 22 | 128.06 |

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: September 21, 2021

Effective: October 1, 2021

Issued by SCOTT S. JENNINGS, SVP - Corporate Planning, Strategy and Utility Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated September 14, 2021
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**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 2021-2022 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.-21 | 133,337 | (2,565) | - | 878 | 90,689 | 440 | - | 7,116 |
| Nov.-21 | 222,287 | 2,959 | 38,241 | 2,569 | 90,689 | 1,167 | 140 | 7,116 |
| Dec.-21 | 246,925 | 4,020 | 50,426 | 3,654 | 90,689 | 2,186 | 202 | 7,116 |
| Jan.-22 | 286,636 | 4,356 | 56,485 | 3,840 | 90,864 | 2,588 | 230 | 7,233 |
| Feb.-22 | 282,495 | 3,981 | 51,991 | 3,968 | 90,864 | 1,758 | 235 | 7,233 |
| Mar.-22 | 281,861 | 4,025 | 54,157 | 3,985 | 90,864 | 2,213 | 237 | 7,233 |
| Apr.-22 | 272,046 | 4,430 | 57,958 | 4,044 | 90,864 | 1,741 | 235 | 7,233 |
| May-22 | 196,181 | 3,402 | - | 4,003 | 90,864 | 967 | 143 | 7,233 |

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 | \$0.391767 |
| Rate Schedule GSG | \$0.304859 |
| Rate Schedule LVG | \$0.043213 |

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, excluding plant held for future use and excluding plant for which the Company receives recovery from clause mechanisms that provide for a return on investment outside of base rates, less Accumulated Depreciation Reserve) less Accumulated Deferred Income Taxes plus working capital associated with Materials and Supplies Inventory and Prepayments 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 54% (the equity percentage of the Company's capital structure).

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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 9.6% 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, currently the Green Programs Recovery Charge, 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 73.33% 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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