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December 30, 2021

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of the Next Phase of the Gas System
Modernization Program and Associated Cost
Recovery Mechanism ("GSMP II")
(December 2021 GSMP II Rate Filing)

BPU Docket No. _____

VIA BPU E-FILING SYSTEM & ELECTRONIC 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 on behalf of petitioner Public Service Electric and Gas Company is the Petition, Testimony of Wade Miller, Stephen Swetz, and Supporting Schedules in the above-referenced proceeding.

Please be advised that workpapers are being provided via electronic version only.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written in a cursive style.

C Attached service list (via e-mail)

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF THE NEXT)BPU DOCKET NO. _____
PHASE OF THE GAS SYSTEM MODERNIZATION)
PROGRAM AND ASSOCIATED COST)
RECOVERY MECHANISM (“GSMP II”))
(DECEMBER 2021 GSMP II RATE FILING)

VERIFIED PETITION

Public Service Electric and Gas Company (PSE&G, the Company, or Petitioner), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities (Board or BPU) pursuant to *N.J.S.A.* 48:2-21 as follows:

INTRODUCTION AND OVERVIEW

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (BGS), and distribution of gas and the provision of Basic Gas Supply Service (BGSS), for residential, commercial and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.4 million electric and 1.8 million gas customers in an area having a population in excess of 6.2million persons and that extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton and south to Camden, New Jersey.
2. Petitioner is subject to regulation by the Board for the purposes of setting its retail distribution rates and to assure safe, adequate and reliable electric distribution and natural gas distribution service pursuant to *N.J.S.A.* 48:2-13, *et seq.*

3. PSE&G is filing this Petition seeking Board approval for gas base rate changes to provide for cost recovery associated with the extension of the Company's Gas System Modernization Program (GSMP II or the Program) as approved by the Board Order dated May 22, 2018 in GR17070776 (GSMP II Order). In that Order the Board adopted a Stipulation (the Stipulation) that explicitly authorizes this rate filing in December 2021 for rates to be effective June 1, 2022.

4. Paragraph 35 of the Stipulation provides: To effectuate the cost recovery process for the GSMP II Rate Mechanism investments, PSE&G shall proceed on the below schedule following public notice and public hearing, recognizing that the prudence of the investments will be determined in the base rate case following the placement of the investments into service. The schedule below anticipates semi-annual notice, public hearings, and rate adjustments to cover all rate changes for the GSMP II Rate Mechanism investments. The effective dates for the adjustments may be revised by agreement of the Parties in the Company's 2018 base rate case.

5. Paragraph 36 of the Stipulation provides the following proposed schedule of Rates Effective, Initial Filing, Investment as of, and True-up Filing dates for all rate roll-ins as reflected below, subject to the requirement that at least 10% of Program investment be in-service for each roll-in:

GSMP II Rate Roll-in Schedule				
Roll-in #	Rates Effective	Initial Filing	Investment as of	True-up Filing
1 ¹	12/1/19	6/30/19	8/31/19	9/15/19
2	6/1/20	12/31/19	2/29/20	3/15/20
3	12/1/20	6/30/20	8/31/20	9/15/20
4	6/1/21	12/31/20	2/28/21	3/15/21
5	12/1/21	6/30/21	8/31/21	9/15/21
6	6/1/22	12/31/21	2/28/22	3/15/22
7	12/1/22	6/30/22	8/31/22	9/15/22
8	6/1/23	12/31/22	2/28/23	3/15/23
9	12/1/23	6/30/23	8/31/23	9/15/23
Final ²	10/1/24	4/31/24	6/30/24	7/15/24

BACKGROUND

6. On July 27, 2017 Public Service petitioned the Board in BPU Docket No. GR17070776 for approval of GSMP II. The Program as filed is an extension of PSE&G’s Gas System Modernization Program (GSMP), and was designed to replace cast iron (CI) mains and unprotected steel (US) mains and services; address the abandonment of district regulators associated with this cast iron and unprotected steel plant; rehabilitate large diameter elevated pressure cast iron; upgrade utilization pressure (UP) portions of the system to elevated pressure (EP); replace limited amounts of protected steel and plastic mains; and relocate inside meter sets. The proposed Program would result in the replacement of approximately 250 miles of main per year, with estimated investment of approximately \$2.68 billion for the full five years, or approximately \$536 million per year.

7. Public comment hearings on the petition were held in afternoons and evenings in New Brunswick, New Jersey on January 17, 2018; in Mt. Holly, New Jersey on January 18, 2018; and in Hackensack, New Jersey on January 25, 2018. While the petition proposed no

rate increases, the projected rate impacts of the program in the petition appeared in the public notice for those public comment hearings.

8. The Stipulation approved in the GSMP II Order provided that the GSMP II program shall include an investment level of up to \$1.575 billion, which excludes the costs associated with any allowance for funds used during construction (AFUDC). The Stipulation also required that the Company make certain investments not eligible for accelerated recovery (Stipulated Base), which are described in more detail below, as well as maintain baseline capital expenditures at a minimum of \$155 million per year from 2019 through 2023. The Program investment is eligible for recovery through rate adjustments in accordance with the Alternative Rate Mechanism set forth in the Stipulation. Recovery of GSMP II program type investments beyond \$1.575 billion may be sought through a base rate case. Costs recoverable under the accelerated rate mechanism shall not exceed \$1.80 million per mile. Costs incurred by the Company in excess of the \$1.80 million/mile on its replacements will be credited toward the baseline capital expenditure requirement for the year in which the cost is incurred. Recovery of costs in excess of \$1.80 million per mile may be sought through a base rate case.

9. GSMP II investments include: the costs to replace PSE&G's Utilization Pressure Cast Iron (UPCI) mains and associated services, and Unprotected Steel mains and associated services; the costs required to uprate the UPCI systems (including the uprating of associated protected steel and plastic mains and associated services) to higher pressures; and costs associated with the installation of excess flow valves and the elimination of district regulators, where applicable. The program investment excludes: the costs to replace elevated pressure cast iron (EPCI), plastic and cathodically protected steel mains, costs to reinforce

EPCI joints and meters, and the additional costs associated with the relocation of inside meter sets to outdoor locations.

10. During the five years 2019 through 2023, the Company will be required to make certain capital expenditures, known as the Stipulated Base, that is not recoverable through the Alternative Rate Mechanism set forth in the Stipulation. The Stipulated Base is required to be at least \$300 million during the five-year Program, with no less than \$20 million expended in each calendar year on certain capital projects. Stipulated Base expenditures include: the replacement of UPCI or EPCI cast iron and unprotected steel mains and associated services; the costs required to uprate the UPCI system if applicable (including the uprating of associated protected steel and plastic mains and services) to higher pressures; the elimination, where applicable, of district regulators, and the installation of excess flow valves associated with the Stipulated Base; the additional costs related to the relocation of inside meter sets associated with Stipulated Base projects; reinforcement of EPCI joints; and replacement of plastic and cathodically protected steel main, as well as the Program main replacements. The Stipulated Base does not include the costs of replacement meters or expenditures related to leak repairs.

11. The GSMP II Order outlined the Minimum Filing Requirements (MFRs) for the GSMP II rate recovery petitions such as this. A matrix setting forth the location of each MFR is provided in Appendix A to this Petition.

REQUEST FOR COST RECOVERY

12. Consistent with the GSMP II Order, PSE&G is seeking BPU approval to recover the revenue requirements associated with certain capitalized investment costs of

GSMP II through February 28, 2022. The annualized increase in gas revenue requirement associated with those investment costs is approximately \$27.227 million in revenue and is supported by Attachment 2, Schedule SS-GSMP-2 attached hereto. The rate adjustments in this filing are for recovery of costs associated with GSMP II Program investment that is anticipated to be in service by February 28, 2022. The projected amounts of plant placed in service from December 1, 2021 through February 28, 2022 will be updated for actual results by March 15, 2022.

13. As required by the GSMP II Order and Stipulation, the proposed gas rate adjustments are structured consistent with the rate design methodology used to set rates in the most recent base rate case. The Company has utilized weather normalized annualized billing determinants from the latest approved base rate case. The detailed calculation supporting the gas rate design is shown in Attachment 2, Schedule SS-GSMPII-5.

14. Attachment 1 is the testimony of Wade E. Miller, Director – Gas Transmission & Distribution Engineering addressing the progress of the GSMP II and anticipated plant in-service at the end of February 28, 2022. Attachment 2 is the testimony of Stephen Swetz supporting the revenue requirement and rate calculations.

15. The annual average bill impacts of the requested rate increase are set forth in Attachment 2, Schedule SS-GSMPII-6. The annual impact of the proposed rates to the typical residential gas heating customer using 172 therms in a winter month and 1,040 therms annually is an increase in the annual bill from \$983.94 to \$998.94 or \$15.00 or approximately 1.52% (based upon Delivery Rates and BGSS-RSG charges in effect as of December 1, 2021, and assuming that the customer receives BGSS service from PSE&G).

16. Attachment 3 is a draft Form of Notice of Filing and of Public Hearings (Form of Notice). This Form of Notice will be placed in newspapers having a circulation within the Company's gas service territory upon scheduling of public hearings. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's gas service territory upon scheduling of public hearings.

17. In accordance with the Board's Covid-19 order,^[1] notice of this filing, the Petition, testimony, and schedules will be served upon the Division of Law, Public Utilities Section, R.J. Hughes Justice Complex, 25 Market St. 7th Floor West, PO Box 112, Trenton, NJ 08625 and upon the Director, Division of Rate Counsel, 140 East Front Street 4th Floor, Trenton, N.J. 08625 by electronic mail. Electronic copies of the Petition, testimony, and schedules will also be sent to the persons identified on the service list provided with this filing.

18. Attachments 4 and 5 are the income statement and balance sheet required by the Minimum Filing Requirements in the GSMP II Order.

19. PSE&G requests that the Board find that the proposed rates, as calculated in the proof of revenue, Attachment 2, Schedule SS-GSMP II-5, are just and reasonable, and that PSE&G should be authorized to implement the proposed rates as set forth herein, effective June 1, 2022 upon issuance of a written BPU order.

20. Any final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency with the provisions of *N.J.S.A.* 48:2-21 and for other

^[1] See, In the Matter of the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic for a Temporary Waiver of the Requirements for Certain Non-Essential Obligations, Docket No. EO20030254, dated March 19, 2020.

good and legally sufficient reasons, to any class or classes of customers of the Company. Therefore, the average percentage changes in final rates may increase or decrease compared to the proposed rates based upon the Board's decision.

COMMUNICATIONS

21. Communications and correspondence related to the Petition should be sent as follows:

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CONCLUSION AND REQUESTS FOR APPROVAL

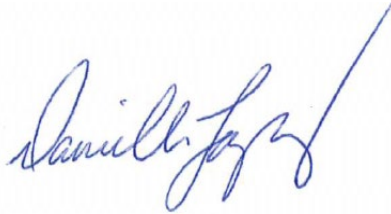
For all the foregoing reasons, PSE&G respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue an order approving this Petition specifically finding that:

22. PSE&G is authorized to recover all costs identified herein associated with GSMP II Program costs incurred through February 28, 2022, as such costs are reflected in this Petition and accompanying materials, along with anticipated updates of data; and

23. The rates as calculated in the proof of revenue, Attachment 2, Schedule SS-GSMPII-5, are just and reasonable and may be implemented for service rendered on and after June 1, 2022.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By _____
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DATED: December 30, 2021

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF THE NEXT)BPU DOCKET NO. _____
PHASE OF THE GAS SYSTEM MODERNIZATION)
PROGRAM AND ASSOCIATED COST)
RECOVERY MECHANISM (“GSMP II”))
(JUNE 2021 GSMP II RATE FILING)

CERTIFICATION

I, David J. Zarra, of full age, certifies as follows:

1. I am Manager of Revenue Requirements of PSEG Services Corporation.
2. I have read the contents of the foregoing Petition, and the information contained therein are true and correct to the best of my knowledge, information, and belief.

Dated: December 30, 2021

BY



David J. Zarra

PUBLIC SERVICE ELECTRIC AND GAS	
Minimum Filing Requirements – Gas System Modernization Program II	
MINIMUM FILING REQUIREMENT(MFR)	LOCATION IN FILING
1. PSE&G's income statement for the most recent 12 month period, as filed with the BPU	Attachment 4
2. PSE&G's balance sheet for the most recent 12 month period, as filed with the BPU	Attachment 5
3. A calculation of the proposed rate adjustment based on details related to Program projects included in Plant in Service.	Attachment 2, Schedule SS-GSMPII-5
3a. A calculation of the associated depreciation expense, based on those projects closed to Plant in Service during the period	Attachment 2, Schedule SS-GSMPII-2
4. A revenue requirement calculation showing the actual capital expenditures for the period for which the filing is made, as well as supporting calculations.	Attachment 2, Schedule SS-GSMPII-2
5. Copies of the current and all previously filed Monthly Reports.	Attachment 1, Schedule WEM-GSMPII-2

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**In the Matter of the Petition of Public Service Electric and
Gas Company for Approval of the Next Phase of the Gas
System Modernization Program and Associated Cost
Recovery Mechanism (“GSMP II”)
(December 2021 GSMP II Rate Filing)**

BPU Docket No. _____

DIRECT TESTIMONY

OF

**WADE E. MILLER
DIRECTOR – GAS TRANSMISSION &
DISTRIBUTION ENGINEERING**

December 30, 2021

ATTACHMENT 1

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **WADE E. MILLER**
5 **DIRECTOR – GAS TRANSMISSION & DISTRIBUTION ENGINEERING**

6 **Q. Please state your name and title.**

7 A. My name is Wade E. Miller. I am the Director – Gas Transmission & Distribution
8 Engineering for Public Service Electric and Gas Company (“PSE&G”, “the Company”, or
9 “Petitioner”). I am responsible for gas system planning and reliability as well as the safe and
10 efficient engineering, design, and operating procedures of PSE&G’s gas transmission and
11 distribution assets. I am also responsible for the management of the gas Transmission and
12 Distribution Integrity Management Programs, operation and maintenance of 58 metering and
13 regulating stations, four gas plants, and gas control to PSE&G’s gas customers. My credentials
14 are set forth in the attached Schedule WEM-GSMPII-1.

15 **Q. What is the purpose of your testimony?**

16 A. This testimony provides information on the status of certain projects and expenditures
17 related to PSE&G’s Next Phase of the Gas System Modernization Program and Associated Cost
18 Recovery Mechanism (“GSMP II”), which was approved in an Order of the New Jersey Board of
19 Public Utilities (“BPU” or “Board”) dated May 22, 2018 in BPU Docket No. GR17070776
20 (“GSMP II Order”).

1 **OVERVIEW OF GAS SYSTEM MODERNIZATION PROGRAM**

2 **Q. Please describe the Company’s GSMP II.**

3 A. The Stipulation approved in the GSMP II Order allowed PSE&G to seek accelerated
4 recovery on certain investments, referred to as “Program Investment” along with base spend
5 requirements on similar work referred to as “Stipulated Base”. The Program allowed for
6 investment up to \$1.575 billion—representing replacement of 875 miles of main—which
7 excludes the costs associated with the Stipulated Base and any allowance for funds used during
8 construction (“AFUDC”).

9 **Q. Please describe the GSMP II Program Investments eligible for accelerated**
10 **recovery.**

11 A. Program investments include the costs to replace PSE&G’s Utilization Pressure Cast
12 Iron (“UPCI”) mains and associated services and Unprotected Steel (“US”) mains and
13 associated services, the costs required to uprate the UPCI systems (including the uprating of
14 associated protected steel and plastic mains and associated services) to higher pressures, and
15 costs associated with the installation of excess flow valves and the elimination of district
16 regulators, where applicable. The Program investment excludes: costs to replace elevated
17 pressure cast iron (“EPCI”), plastic and cathodically protected steel mains; costs to reinforce
18 EPCI joints; cost of replaced meters; and the additional costs associated with the relocation of
19 inside meter sets to outdoor locations.

20 **Q. Is there a cost per mile cap for accelerated recovery?**

21 A. Yes. Per the GSMP II Order, for purposes of accelerated recovery only, cost
22 recoverable under the accelerated mechanism shall not exceed \$1.80 million per mile.

ATTACHMENT 1

1 However, the \$1.80 million per mile is only a limit for accelerated cost recovery. Costs
2 incurred in excess of the \$1.80 million per mile can be credited toward the Company's baseline
3 capital expenditure requirement, which will be described in more detail below, in the year
4 incurred. Recovery of costs in excess of the \$1.80 million per mile can be sought in a base rate
5 case.

6 **Q. Please describe the Stipulated Base part of this program.**

7 A. During the five years 2019 through 2023, the Company is required to spend \$300
8 million over the five-year program period—with no less than \$20 million expended in each
9 calendar year. If the Company spends less than \$30 million in a year or less than \$100 million
10 by the end of 2021, the Company must notify Board Staff and Rate Counsel and schedule a
11 conference within 30 days of the date the Company provides such notice. An exemption can
12 be granted based on extraordinary circumstances.

13 **Q. Please describe the investments that can be included as Stipulated Base.**

14 A. Stipulated Base expenditures include the replacement of cast iron (Utilization Pressure
15 and Elevated Pressure) and unprotected steel mains and associated services, as well as the costs
16 required to uprate the UPCI system if applicable (including the uprating of associated protected
17 steel and plastic mains and services) to higher pressures and the elimination, where applicable,
18 of district regulators, the installation of excess flow valves associated with the Stipulated Base,
19 reinforcement of EPCI joints, replacement of plastic and cathodically protected steel main, and
20 the additional costs associated with the relocation of inside meter sets that is associated with
21 the Stipulated Base as well as the Program main replacements. The Stipulated Base does not
22 include the costs of replacement meters or expenditures related to leak repairs.

1 **Q. Is there a baseline capital expenditure requirement?**

2 A. Yes. Per the GSMP II Order, the Company is required to maintain baseline capital
3 expenditures levels from 2019 through 2023 of at least \$155 million per year. As noted above,
4 any costs exceeding the \$1.80 million per mile cap for accelerated recovery can be included
5 toward the \$155 million baseline expenditure requirement.

6 **Q. Did the Company agree to reduce its leak inventory as part of the GSMP II Order?**

7 A. Yes. The Company agreed to reduce its year-end open leak inventory by one percent
8 each year of the Program, except under extraordinary circumstances as specified in the GSMP
9 II Order.

10 **Q. Was the Company required to conduct a methane leak survey?**

11 A. Yes. The Company agreed to conduct a methane leak survey of approximately 280
12 miles of UPCI during the planning period of the Program and report the results in accordance
13 with Attachment D of the GSMP II Order.

14 **GSMPII STATUS UPDATE**

15 **Q. Can you provide details on the implementation of the Program to date and**
16 **particularly the projects in-service that are a part of this rate filing?**

17 A. Yes. All aspects of the Program are proceeding well. Through November 30, 2021 the
18 Company has replaced over 780.0 miles of main and 58,078 services. The rate adjustments in
19 this filing are for recovery of costs associated with gas plant anticipated to be in service by
20 February 28, 2022, but that were not placed in service in a prior rate adjustment. A breakdown of
21 this work on investment proposed to be in rates is provided in the monthly reports provided in
22 Schedule WEM-GSMPII-2.

ATTACHMENT 1

1 The expenditures are listed in Schedule WEM-GSMPII-3 and include actual expenditures
2 through November 30, 2021 and a forecast of gas capital expenditures from December 1, 2021
3 through February 28, 2022 associated with gas plant that is anticipated to be in service by February
4 28, 2022.

5 **Q. Has the Company included contingency in its forecasted expenditures?**

6 A. Yes. To address the possibility that PSE&G may experience higher plant in service
7 amounts and/or higher expenditures than currently anticipated by February 28, 2022, this forecast
8 is inclusive of contingency for this rate filing. Pursuant to the GSMP II Order, PSE&G will
9 update this filing with actual financial data through February 28, 2022, and adjust the rate
10 impacts accordingly, by March 15, 2022. PSE&G's update of this filing for actual data through
11 February 28, 2022 will assure that only plant in-service is included in rates implemented as a result
12 of this filing.

13 **Q. What are the projects expected to be in service by the end of the roll-in period?**

14 A. With regard to the Program investments, PSE&G anticipates having a total of 822.0 miles
15 of main installed and in-service, 64,571 services replaced and in-service, and 99 district regulators
16 abandoned as of February 28, 2022. Some trailing work associated with the main installed, such
17 as service replacements, district regulator abandonments and pavement restoration, may not be
18 completed by that date.

ATTACHMENT 1

1 **Q. What is the status of the Company’s Stipulated Base expenditures?**

2 A. The Company currently expects Stipulated Base expenditures through December 31, 2021
3 of approximately \$42 million, exceeding the minimum annual required investment of \$20 million
4 for 2021, as well as the \$30 million minimum requiring a conference with Staff and Rate Counsel.

5 **Q. Does the Company anticipate meeting the \$155 million baseline expenditure**
6 **requirement?**

7 A. Yes. The Company anticipates meeting or exceeding the \$155 million baseline
8 requirement by the end of 2021.

9 **Q. What was the Company’s 2020 open leak inventory and resulting 5-year average**
10 **leak inventory for 2014 – 2018?**

11 A. The Company’s 2020 open leak inventory was 965. Based on the open leak inventory
12 from 2014 – 2017 as specified in paragraph 27 of the Stipulation approved in the GSMP II
13 Order, the 5 year average leak inventory is 1677 as set forth in the below chart.

yr	Open leaks YTD
2014	1710
2015	2314
2016	1649
2017	1481
2018	1230
5 yr avg	1677

14 **Q. What is the Company’s cap on open leaks for 2021?**

15 A. For 2021, the Company’s cap is reduced by 1% of the 5 year average leak inventory
16 specified above, or 1,660. Thereafter the cap continues to be reduced by 1% per year. The
17 Company anticipates reducing its leak inventory to or below the cap by the end of the year.

ATTACHMENT 1

1 **Q. Did the Company conduct the methane leak survey required in the GSMP II**
2 **Order?**

3 A. Yes. The Company conducted the survey in 2018 at a cost of \$50,000, submitted the
4 report to the BPU on March 1, 2019, and submitted the report with updated grid information
5 on February 26, 2021, as required by Attachment D of the GSMP II Order.

6 **Q. Does this complete your testimony at this time?**

7 A. Yes, it does.

ATTACHMENT 1

SCHEDULE INDEX

Schedule WEM-GSMPII-1	Credentials
Schedule WEM-GSMPII-2	Monthly Reports
Schedule WEM-GSMPII-3	GSMP II & Stipulated Base Forecast

1 engineering designs associated with new and replacement main requisitions, district
2 and pound to pound regulator installations, large volume meter sets, higher than normal
3 delivery pressure requests, gas load increase submittals, and written gas out procedures
4 covering six of the twelve gas districts. In addition, I was also responsible for
5 developing the replacement main plans for these same six districts including
6 identification and prioritization.

7 In 2007, I was promoted to the position of Planning & Design Manager
8 in the Asset Management department overseeing a team of engineers and given the
9 responsibility for developing and maintaining Company design standards for the Gas
10 system, maintaining system integrity, and providing technical support to gas field
11 operations. I was also responsible for developing the annual replacement main,
12 regulator, and system reinforcement programs for the Company.

13 In April 2014, I assumed my current position, which involves overall
14 responsibility for system planning and reliability as well as the safe and efficient
15 engineering, design, and operating procedures of PSE&G's gas transmission and
16 distribution assets. I am also responsible for the management of the Transmission and
17 Distribution Integrity Management Programs, operation and maintenance of 58
18 metering & regulating stations, four gas plants, and gas control to over 1.8 million
19 customers.

20 I am the Committee sponsor for PSE&G's Gas Engineering Committee

1 which is responsible for approval of action items due to regulatory changes and changes
2 to Company technical manuals, the Operator Qualification program, Integrity
3 Management programs, and new technology and materials.

4 I am a member of the Operations Safety Regulatory Action committee
5 and the Engineering committee of the American Gas Association. In addition, I am a
6 member of the Executive Committee of the Society of Gas Operators.

Danielle Lopez
Associate Counsel-Regulatory

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July 1, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
MONTHLY REPORT – April 2021**

Dear Secretary Camacho-Welch:

Enclosed for filing is the letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for April 2021 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written over a light blue horizontal line.

Danielle Lopez

CC - E-Mail Only:

Stefanie Brand
Paul Flanagan
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
Brian Lipman
Karen Forbes
Matko Illic

**PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT**

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program
Replacement Main	\$ 1,087,400,000
Replacement Service	\$ 482,000,000
Regulator Elimination	\$ 5,600,000
Total	\$ 1,575,000,000

April PTD Budget	April PTD Actual
\$ 676,817,630	\$ 639,262,117
\$ 145,767,012	\$ 191,942,502
\$ 2,049,827	\$ 1,462,018
\$ 824,634,469	\$ 832,666,637

Stipulated Base II Major Project Categories	Overall Approved Program
Replacement Main	\$ 217,200,000
Replacement Service	\$ 34,800,000
Large Diameter HP Joints	\$ 18,000,000
GSMP Meter Reconstruction	\$ 30,000,000
Total	\$ 300,000,000

April PTD Budget	April PTD Actual
\$ 91,125,899	\$ 74,195,639
\$ 17,234,147	\$ 14,223,651
\$ -	\$ -
\$ 14,933,333	\$ 26,965,922
\$ 123,293,380	\$ 115,385,212

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	April PTD Actual Internal Labor \$	April PTD Actual Material \$	April PTD Actual Other \$	April PTD Actual Total \$
Replacement Main	\$ 110,320,047	\$ 40,758,145	\$ 488,183,926	\$ 639,262,117
Replacement Service	\$ 38,187,093	\$ 18,321,554	\$ 135,433,855	\$ 191,942,502
Regulator Elimination	\$ 333,484	\$ 165,144	\$ 1,296,874	\$ 1,462,018
Total	\$ 148,840,623	\$ 59,244,843	\$ 624,914,654	\$ 832,666,637
GSMP II Internal Labor Hours				
Internal Labor - Regular Hours	1,569,371			
Internal Labor - Overtime Hours	534,956			

Amount to Plant In-Service
\$ 615,650,919
\$ 191,805,251
\$ 552,723
\$ 808,008,892

Expenditures Incurred To Date Stipulated Base II Projects	April PTD Actual Internal Labor \$	April PTD Actual Material \$	April PTD Actual Other \$	April PTD Actual Total \$
Replacement Main	\$ 9,959,496	\$ 6,170,562	\$ 58,065,581	\$ 74,195,639
Replacement Service	\$ 2,631,495	\$ 516,345	\$ 11,075,810	\$ 14,223,651
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 9,296,511	\$ 1,216,994	\$ 16,452,417	\$ 26,965,922
Total	\$ 21,887,502	\$ 7,903,901	\$ 85,593,809	\$ 115,385,212
Stip Base II Internal Labor Hours				
Internal Labor - Regular Hours	245,055			
Internal Labor - Overtime Hours	87,166			

Amount to Plant In-Service
\$ 69,903,350
\$ 14,198,642
\$ -
\$ 26,965,922
\$ 111,067,914

Danielle Lopez
Associate Counsel-Regulatory

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July 30, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
MONTHLY REPORT – MAY 2021**

Dear Secretary Camacho-Welch:

Enclosed for filing is the letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for April 2021 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the Division of Rate Counsel. No paper copies will follow.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written over a light blue circular stamp.

Danielle Lopez

CC - E-Mail Only:

Stefanie Brand
Robert Brabston
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
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Karen Forbes
Matko Illic

**PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT**

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program	May PTD Budget	May PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 706,513,440	\$ 671,704,924
Replacement Service	\$ 482,000,000	\$ 152,377,520	\$ 203,273,690
Regulator Elimination	\$ 5,600,000	\$ 2,169,763	\$ 1,694,105
Total	\$ 1,575,000,000	\$ 861,060,723	\$ 876,672,719

Stipulated Base II Major Project Categories	Overall Approved Program	May PTD Budget	May PTD Actual
Replacement Main	\$ 217,200,000	\$ 92,728,302	\$ 76,197,480
Replacement Service	\$ 34,800,000	\$ 17,700,643	\$ 14,522,837
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ 15,491,667	\$ 27,991,306
Total	\$ 300,000,000	\$ 125,920,612	\$ 118,711,623

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	May PTD Actual Internal Labor \$	May PTD Actual Material \$	May PTD Actual Other \$	May PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 116,311,479	\$ 41,978,125	\$ 513,415,320	\$ 671,704,924	\$ 646,277,944
Replacement Service	\$ 39,694,061	\$ 19,149,974	\$ 144,429,655	\$ 203,273,690	\$ 203,133,039
Regulator Elimination	\$ 373,815	\$ 167,085	\$ 1,527,020	\$ 1,694,105	\$ 613,723
Total	\$ 156,379,354	\$ 61,295,184	\$ 659,371,995	\$ 876,672,719	\$ 850,024,707
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	1,642,790				
Internal Labor - Overtime Hours	560,605				

Expenditures Incurred To Date Stipulated Base II Projects	May PTD Actual Internal Labor \$	May PTD Actual Material \$	May PTD Actual Other \$	May PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 10,253,492	\$ 6,200,223	\$ 59,743,764	\$ 76,197,480	\$ 71,816,261
Replacement Service	\$ 2,686,222	\$ 517,383	\$ 11,319,232	\$ 14,522,837	\$ 14,497,828
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 9,646,601	\$ 1,249,233	\$ 17,095,473	\$ 27,991,306	\$ 27,991,306
Total	\$ 22,586,315	\$ 7,966,839	\$ 88,158,469	\$ 118,711,623	\$ 114,305,394
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	252,164				
Internal Labor - Overtime Hours	90,067				

Danielle Lopez
Associate Counsel-Regulatory

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August 31, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
MONTHLY REPORT – JUNE 2021**

Dear Secretary Camacho-Welch:

Enclosed for filing is the letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for June 2021 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the Division of Rate Counsel. No paper copies will follow.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written over a light blue circular stamp.

Danielle Lopez

CC - E-Mail Only:

Robert Brabston
Grace Strom Power
Stacy Peterson
Caroline Vachier
Ilene Lampitt
Brian Lipman
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Matko Illic

**PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT**

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program	June PTD Budget	June PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 736,465,740	\$ 708,566,252
Replacement Service	\$ 482,000,000	\$ 160,943,025	\$ 214,480,281
Regulator Elimination	\$ 5,600,000	\$ 2,289,700	\$ 1,884,736
Total	\$ 1,575,000,000	\$ 899,698,465	\$ 924,931,269

Stipulated Base II Major Project Categories	Overall Approved Program	June PTD Budget	June PTD Actual
Replacement Main	\$ 217,200,000	\$ 97,686,873	\$ 78,692,100
Replacement Service	\$ 34,800,000	\$ 18,740,000	\$ 14,925,400
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ 16,050,000	\$ 29,266,734
Total	\$ 300,000,000	\$ 132,476,873	\$ 122,884,234

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	June PTD Actual Internal Labor \$	June PTD Actual Material \$	June PTD Actual Other \$	June PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 121,519,132	\$ 44,825,253	\$ 542,221,867	\$ 708,566,252	\$ 681,462,207
Replacement Service	\$ 41,978,467	\$ 19,770,047	\$ 152,731,767	\$ 214,480,281	\$ 214,339,630
Regulator Elimination	\$ 423,982	\$ 168,548	\$ 1,716,188	\$ 1,884,736	\$ 672,850
Total	\$ 163,921,581	\$ 64,763,848	\$ 696,669,822	\$ 924,931,269	\$ 896,474,688
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	1,717,771				
Internal Labor - Overtime Hours	584,804				

Expenditures Incurred To Date Stipulated Base II Projects	June PTD Actual Internal Labor \$	June PTD Actual Material \$	June PTD Actual Other \$	June PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 10,682,591	\$ 6,270,187	\$ 61,739,322	\$ 78,692,100	\$ 74,218,852
Replacement Service	\$ 2,784,424	\$ 519,384	\$ 11,621,592	\$ 14,925,400	\$ 14,899,785
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 9,940,308	\$ 1,270,250	\$ 18,056,176	\$ 29,266,734	\$ 29,266,734
Total	\$ 23,407,322	\$ 8,059,821	\$ 91,417,091	\$ 122,884,234	\$ 118,385,371
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	260,592				
Internal Labor - Overtime Hours	92,962				

Danielle Lopez
Associate Counsel-Regulatory

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September 30, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
MONTHLY REPORT – JULY 2021**

Dear Secretary Camacho-Welch:

Enclosed for filing is the letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for July 2021 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the Division of Rate Counsel. No paper copies will follow.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written over a light blue circular stamp.

Danielle Lopez

CC - E-Mail Only:

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**PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT**

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program	July PTD Budget	July PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 769,664,087	\$ 738,351,488
Replacement Service	\$ 482,000,000	\$ 168,452,088	\$ 226,021,034
Regulator Elimination	\$ 5,600,000	\$ 2,409,637	\$ 2,092,249
Total	\$ 1,575,000,000	\$ 940,525,812	\$ 966,464,771

Stipulated Base II Major Project Categories	Overall Approved Program	July PTD Budget	July PTD Actual
Replacement Main	\$ 217,200,000	\$ 102,466,343	\$ 79,825,424
Replacement Service	\$ 34,800,000	\$ 19,771,127	\$ 15,086,536
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ 16,608,333	\$ 30,230,714
Total	\$ 300,000,000	\$ 138,845,804	\$ 125,142,673

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	July PTD Actual Internal Labor \$	July PTD Actual Material \$	July PTD Actual Other \$	July PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 126,527,916	\$ 46,585,009	\$ 565,238,563	\$ 738,351,488	\$ 710,065,311
Replacement Service	\$ 44,232,948	\$ 20,783,803	\$ 161,004,283	\$ 226,021,034	\$ 225,880,383
Regulator Elimination	\$ 457,431	\$ 169,428	\$ 1,922,821	\$ 2,092,249	\$ 799,236
Total	\$ 171,218,294	\$ 67,538,240	\$ 728,165,667	\$ 966,464,771	\$ 936,744,929
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	1,793,795				
Internal Labor - Overtime Hours	608,958				

Expenditures Incurred To Date Stipulated Base II Projects	July PTD Actual Internal Labor \$	July PTD Actual Material \$	July PTD Actual Other \$	July PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 10,901,036	\$ 6,273,906	\$ 62,650,482	\$ 79,825,424	\$ 75,299,156
Replacement Service	\$ 2,915,432	\$ 521,366	\$ 11,649,738	\$ 15,086,536	\$ 15,060,920
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 10,263,823	\$ 1,282,992	\$ 18,683,899	\$ 30,230,714	\$ 30,230,714
Total	\$ 24,080,291	\$ 8,078,263	\$ 92,984,119	\$ 125,142,673	\$ 120,590,790
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	267,915				
Internal Labor - Overtime Hours	95,091				

Danielle Lopez
Associate Counsel-Regulatory

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October 25, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
MONTHLY REPORT – AUGUST 2021**

Dear Secretary Camacho-Welch:

Enclosed for filing is the letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for August 2021 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the Division of Rate Counsel. No paper copies will follow.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written over a light blue circular stamp.

Danielle Lopez

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**PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT**

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program
Replacement Main	\$ 1,087,400,000
Replacement Service	\$ 482,000,000
Regulator Elimination	\$ 5,600,000
Total	\$ 1,575,000,000

August PTD Budget	August PTD Actual
\$ 805,987,696	\$ 773,722,432
\$ 175,643,948	\$ 238,182,143
\$ 2,529,573	\$ 2,115,595
\$ 984,161,217	\$ 1,014,020,170

Stipulated Base II Major Project Categories	Overall Approved Program
Replacement Main	\$ 217,200,000
Replacement Service	\$ 34,800,000
Large Diameter HP Joints	\$ 18,000,000
GSMP Meter Reconstruction	\$ 30,000,000
Total	\$ 300,000,000

August PTD Budget	August PTD Actual
\$ 106,234,917	\$ 80,558,276
\$ 20,778,595	\$ 15,512,885
\$ -	\$ -
\$ 17,166,667	\$ 31,240,225
\$ 144,180,179	\$ 127,311,385

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	August PTD Actual Internal Labor \$	August PTD Actual Material \$	August PTD Actual Other \$	August PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 133,051,900	\$ 48,262,365	\$ 592,408,167	\$ 773,722,432	\$ 744,103,633
Replacement Service	\$ 45,902,681	\$ 21,540,831	\$ 170,738,632	\$ 238,182,143	\$ 238,041,492
Regulator Elimination	\$ 466,428	\$ 166,868	\$ 1,948,727	\$ 2,115,595	\$ 813,722
Total	\$ 179,421,008	\$ 69,970,064	\$ 765,095,525	\$ 1,014,020,170	\$ 982,958,848
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	1,876,479				
Internal Labor - Overtime Hours	635,226				

Expenditures Incurred To Date Stipulated Base II Projects	August PTD Actual Internal Labor \$	August PTD Actual Material \$	August PTD Actual Other \$	August PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 10,811,681	\$ 6,359,068	\$ 63,387,527	\$ 80,558,276	\$ 75,867,342
Replacement Service	\$ 2,990,218	\$ 522,533	\$ 12,000,133	\$ 15,512,885	\$ 15,487,269
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 10,515,793	\$ 1,303,521	\$ 19,420,911	\$ 31,240,225	\$ 31,240,225
Total	\$ 24,317,692	\$ 8,185,122	\$ 94,808,572	\$ 127,311,385	\$ 122,594,836
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	271,186				
Internal Labor - Overtime Hours	95,895				

Danielle Lopez
Associate Counsel-Regulatory

Law Department
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Email: danielle.lopez@pseg.com



December 1, 2021

VIA ELECTRONIC MAIL ONLY

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

**Re: NEXT PHASE OF THE PSE&G GAS SYSTEM MODERNIZATION PROGRAM
MONTHLY REPORT – SEPTEMBER 2021**

Dear Secretary Camacho-Welch:

Enclosed for filing is the letter and enclosures providing Public Service Electric & Gas Company's (PSE&G's) monthly report for September 2021 on its Next Phase of the Gas System Modernization Program (GSMP II or the Program).

The GSMP II was approved by a Board Order dated May 22, 2018 in BPU Docket No. GR17070776. That Order adopted a Stipulation pursuant to which PSE&G is operating the Program. This report is filed pursuant to paragraph 43 of that Stipulation and is designed to address the first four items contained in Attachment C to that Stipulation.

The first three items are addressed in the attached materials. With regard to item 4, there were no funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Program projects.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the Division of Rate Counsel. No paper copies will follow.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", written over a light blue circular stamp.

Danielle Lopez

CC - E-Mail Only:

Robert Brabston
Grace Strom Power
Paul Lupo
Caroline Vachier
Ilene Lampitt
Brian Lipman
Karen Forbes
Matko Illic

PSE&G - GAS SYSTEM MODERNIZATION PROGRAM
ATTACHMENT C - MONTHLY REPORT

1) PSE&G's overall approved GSMP II Rate Mechanism and Stipulated Base capital budget broken down by major categories, both budgeted and actual amounts.

GSMP II Major Project Categories	Overall Approved Program	Sept. PTD Budget	Sept. PTD Actual
Replacement Main	\$ 1,087,400,000	\$ 842,383,196	\$ 802,030,563
Replacement Service	\$ 482,000,000	\$ 183,658,661	\$ 248,734,301
Regulator Elimination	\$ 5,600,000	\$ 2,649,510	\$ 2,273,485
Total	\$ 1,575,000,000	\$ 1,028,691,367	\$ 1,053,038,349

Stipulated Base II Major Project Categories	Overall Approved Program	Sept. PTD Budget	Sept. PTD Actual
Replacement Main	\$ 217,200,000	\$ 110,017,156	\$ 82,751,038
Replacement Service	\$ 34,800,000	\$ 21,685,635	\$ 15,799,784
Large Diameter HP Joints	\$ 18,000,000	\$ -	\$ -
GSMP Meter Reconstruction	\$ 30,000,000	\$ 17,725,000	\$ 32,287,993
Total	\$ 300,000,000	\$ 149,427,791	\$ 130,838,815

2) b. Expenditures incurred to date and amounts transferred to plant in-service, by project. Expenditures broken down by internal labor, materials, and other costs. Internal labor hours broken down by regular hours and overtime hours.

Expenditures Incurred To Date GSMP II Projects	Sept. PTD Actual Internal Labor \$	Sept. PTD Actual Material \$	Sept. PTD Actual Other \$	Sept. PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 137,852,605	\$ 49,536,804	\$ 614,641,154	\$ 802,030,563	\$ 771,408,362
Replacement Service	\$ 47,313,394	\$ 22,117,905	\$ 179,303,002	\$ 248,734,301	\$ 248,593,650
Regulator Elimination	\$ 501,332	\$ 166,868	\$ 2,106,617	\$ 2,273,485	\$ 857,808
Total	\$ 185,667,331	\$ 71,821,577	\$ 796,050,772	\$ 1,053,038,349	\$ 1,020,859,820
GSMP II Internal Labor Hours					
Internal Labor - Regular Hours	1,940,094				
Internal Labor - Overtime Hours	654,334				

Expenditures Incurred To Date Stipulated Base II Projects	Sept. PTD Actual Internal Labor \$	Sept. PTD Actual Material \$	Sept. PTD Actual Other \$	Sept. PTD Actual Total \$	Amount to Plant In-Service
Replacement Main	\$ 11,247,880	\$ 6,567,168	\$ 64,935,990	\$ 82,751,038	\$ 77,719,352
Replacement Service	\$ 3,043,348	\$ 524,376	\$ 12,232,060	\$ 15,799,784	\$ 15,774,169
Large Diameter HP Joints	\$ -	\$ -	\$ -	\$ -	\$ -
GSMP Meter Reconstruction	\$ 10,891,012	\$ 1,368,141	\$ 20,028,840	\$ 32,287,993	\$ 32,287,993
Total	\$ 25,182,240	\$ 8,459,685	\$ 97,196,890	\$ 130,838,815	\$ 125,781,514
Stip Base II Internal Labor Hours					
Internal Labor - Regular Hours	278,833				
Internal Labor - Overtime Hours	98,663				

**PSE&G Gas System Modernization Program II
Capital Expenditures**

Attachment 1
Schedule WEM-GSMPII-3

Roll-In	6		6		6		6		Program Total	YTD 2021 Total	Roll-In 6 Total
	Actual 2021 Sep-21	Actual 2021 Oct-21	Actual 2021 Nov-21	Forecast 2021 Dec-21	Forecast 2022 Jan-22	Forecast 2022 Feb-22	6	6			
Miles of Main Replaced	17	38	28	19	13	10			832	281	124
<u>GSMP II Total Program</u>											
Direct Install	\$37,898,711	\$49,922,357	\$43,270,750	\$41,373,000	\$42,370,000	\$37,770,000			\$1,235,453,757	\$479,884,238	\$252,604,818
COR (less Salvage)	\$1,119,481	\$1,533,704	\$1,514,378	\$2,827,000	\$2,830,000	\$2,430,000			\$43,410,451	\$19,130,079	\$12,254,564
Total	\$39,018,192	\$51,456,062	\$44,785,128	\$44,200,000	\$45,200,000	\$40,200,000			\$1,278,864,208	\$499,014,317	\$264,859,382
<u>GSMP II Program - Mains</u>											
Direct Install	\$5,379,182	\$15,220,319	\$16,307,222	\$32,200,000	\$32,200,000	\$27,600,000			\$498,464,504	\$160,254,244	\$128,906,723
COR (less Salvage)	\$1,002,877	\$1,489,287	\$1,381,281	\$2,800,000	\$2,800,000	\$2,400,000			\$41,612,123	\$18,308,245	\$11,873,445
Total	\$6,382,059	\$16,709,606	\$17,688,503	\$35,000,000	\$35,000,000	\$30,000,000			\$540,076,627	\$178,562,489	\$140,780,168
<u>GSMP II Program - Services</u>											
Direct Install	\$31,885,821	\$33,823,419	\$25,751,883	\$8,973,000	\$9,970,000	\$9,970,000			\$723,855,788	\$312,622,475	\$120,374,123
COR (less Salvage)	\$116,605	\$44,418	\$133,096	\$27,000	\$30,000	\$30,000			\$1,798,328	\$821,834	\$381,119
Total	\$32,002,426	\$33,867,837	\$25,884,979	\$9,000,000	\$10,000,000	\$10,000,000			\$725,654,117	\$313,444,308	\$120,755,242
<u>GSMP II Program - Regulators</u>											
Direct Install	\$633,707	\$878,619	\$1,211,646	\$200,000	\$200,000	\$200,000			\$13,133,465	\$7,007,520	\$3,323,972
COR (less Salvage)	\$0	\$0	\$0	\$0	\$0	\$0			\$0	\$0	\$0
Total	\$633,707	\$878,619	\$1,211,646	\$200,000	\$200,000	\$200,000			\$13,133,465	\$7,007,520	\$3,323,972
<u>Stipulated Base Spend</u>											
Direct Install	\$3,186,677	\$3,560,387	\$5,960,542	\$7,008,000	\$7,392,000	\$3,168,000			\$152,564,701	\$40,333,181	\$30,275,607
COR (less Salvage)	\$340,752	\$379,480	\$116,713	\$292,000	\$308,000	\$132,000			\$6,591,202	\$2,036,117	\$1,568,945
Total	\$3,527,429	\$3,939,868	\$6,077,255	\$7,300,000	\$7,700,000	\$3,300,000			\$159,155,903	\$42,369,299	\$31,844,552
<u>Baseline Spend</u>											
Direct Install	\$18,784,143	\$17,274,649	\$13,944,276	\$17,800,000	\$16,020,000	\$16,910,000			\$602,401,510	\$196,397,200	\$100,733,068
COR (less Salvage)	\$2,091,447	\$1,799,395	\$1,560,864	\$2,200,000	\$1,980,000	\$2,090,000			\$76,471,551	\$25,123,271	\$11,721,705
Total	\$20,875,590	\$19,074,043	\$15,505,140	\$20,000,000	\$18,000,000	\$19,000,000			\$678,873,060	\$221,520,471	\$112,454,773
	<u>Amount</u>	<u>Percentage</u>									
Total GSMP II Program	\$1,575,000,000										
10% Minimum Filing Requirement	\$157,500,000	10%									
Roll-In # 5 (Actual/Forecast)	\$264,859,382	17%									

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**In the Matter of the Petition of Public Service Electric and
Gas Company for Approval of the Next Phase of the Gas
System Modernization Program and Associated Cost
Recovery Mechanism (“GSMP II”)
(December 2021 GSMP II Rate Filing)**

BPU Docket No. _____

DIRECT TESTIMONY

OF

**STEPHEN SWETZ
SR. DIRECTOR – CORPORATE RATES AND
REVENUE REQUIREMENTS**

December 30, 2021

ATTACHMENT 2

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
STEPHEN SWETZ
SR. DIRECTOR – CORPORATE RATES AND REVENUE REQUIREMENTS**

Q. Please state your name, affiliation and business address.

A. My name is Stephen Swetz, and I am the Sr. Director – Corporate Rates and Revenue Requirements for PSEG Services Corporation. My credentials are set forth in the attached Schedule SS-GSMPII-1.

Q. Please describe your responsibilities as the Sr. Director – Corporate Rates and Revenue Requirements for PSEG Services Corporation.

A. As Sr. Director of Corporate Rates and Revenue Requirements, I plan, develop and direct Public Service Electric and Gas Company’s (“PSE&G”, “the Company”) electric and gas retail pricing strategies, retail rate design, embedded and marginal cost studies, and tariff provisions. I also direct the calculation of revenue requirements for PSE&G’s base rates as well as all cost recovery clauses. Acting as a key regulatory resource to PSE&G on regulatory matters, strategies and policies, I have testified in many cases and negotiated settlements on rate design, cost of service, recovery clauses including renewable and energy efficiency cost recovery, and base rates.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to support PSE&G’s proposed change in base rates to recover the revenue requirement associated with its Gas System Modernization Program II (“GSMP II” or “Program”) through the GSMP II Rate Mechanism approved by the Board of Public Utilities (“Board” or “BPU”) as described in paragraphs 29 and 38 of the Stipulation of

ATTACHMENT 2

1 Settlement approved by the Board in Docket No. GR17070776 on May 22, 2018 (“GSMP II
2 Order”). The proposed GSMP II revenue requirements are based upon the actual costs of
3 engineering, design and construction, cost of removal (net of salvage) and property acquisition,
4 including actual labor, materials, overhead, and any capitalized Allowance for Funds Used
5 During Construction (“AFUDC”) on GSMP II projects. As specified in more detail below, the
6 Board-approved revenue requirement formula for the GSMP II Rate Mechanism allows the
7 Company to recover a return of and on its GSMP II investment costs, less an agreed upon
8 expense reduction adjustment and any tax adjustment for flow-through items or any tax law
9 changes codified by the IRS, the State of New Jersey or any other taxing authority. This
10 testimony provides an overview of the cost recovery mechanism along with a description of
11 the revenue requirement calculations and rate design mechanism.

12 **COST RECOVERY MECHANISM**

13 **Q. Please briefly describe PSE&G’s proposed cost recovery.**

14 A. PSE&G is proposing to recover the annual revenue requirement associated with the
15 Program consistent with the GSMP II Rate Mechanism approved in the GSMP II Order. The
16 revenue requirement is based on expected plant in-service and cost of removal expenditures
17 that have not been included in a prior rate adjustment. The plant in-service and cost of removal
18 expenditures are based on actual results through November 30, 2021 and a forecast through
19 February 28, 2022. The forecast from December 1, 2021 through February 28, 2022 will be
20 trued-up with actual results and filed by March 15, 2022.

ATTACHMENT 2

1 **Q. What is the forecasted annual revenue requirement increase being proposed for**
2 **this GSMP II roll-in filing?**

3 A. The Company is proposing a forecasted annual revenue requirement increase of
4 \$27.227 million based upon the actual and forecasted expenditures discussed above and
5 assuming adjusted base rates go into effect June 1, 2022. The revenue requirement increase
6 is calculated in Schedule SS-GSMPII-2.

7 **Q. How is the revenue requirement calculated?**

8 A. The GSMP II revenue requirement is calculated using the following formula approved
9 by the Board in the GSMP II Order:

10 Revenue Requirements = ((GSMP II Rate Mechanism Rate Base * After Tax
11 WACC) + Depreciation Expense (net of tax) + Expense Adjustment + Tax
12 Adjustments) * Revenue Factor

13 **Q. How is the GSMP II Rate Base calculated?**

14 A. Per the GSMP II Order, the GSMP II Rate Base is calculated as the GSMP II Investment
15 Costs less Accumulated Depreciation and less Accumulated Deferred Income Taxes (“ADIT”).
16 The GSMP II Investment Costs consist of actual plant placed into service from Program
17 inception through November 30, 2021 (less the amounts already recovered or pending recovery
18 in rates) and a forecast of capital expenditures through February 28, 2022 for projects expected
19 to be in service by February 28, 2022. For details on the GSMP II Investment Costs, see
20 Schedule WEM-GSMPII-3. Accumulated Depreciation is the sum of the depreciation expense
21 incurred from the date the GSMP II projects are placed into service and the effective date of
22 the base rate change. The GSMP II Order anticipates the sixth roll in filing to result in rates

ATTACHMENT 2

1 effective June 1, 2022, so the Accumulated Depreciation in the filing is through May 31, 2022.
2 Consistent with the calculation of Accumulated Depreciation, ADIT is calculated through May
3 31, 2022.

4 **Q. What is the Weighted Average Cost of Capital (“WACC”) utilized in the**
5 **calculation of the revenue requirement?**

6 A. Per the GSMP II Order, the WACC for the GSMP II Rate Mechanism will be based
7 upon the authorized return on equity (“ROE”) and capital structure including income tax effects
8 decided by the Board in the most recently approved base rate case. In October 2018, the Board
9 approved the Company’s 2018 base rate case¹, which set the WACC at 6.99%, or 6.48% on an
10 after-tax basis, based on a return on equity of 9.60% and a cost of debt of 3.96%. This WACC
11 is utilized in the GSMPII Rate Mechanism consistent with the GSMP II Order. For the
12 calculation of the WACC and after-tax WACC, see Schedule SS-GSMPII-3.

13 **Q. How is the depreciation expense net of tax calculated?**

14 A. Depreciation expense is calculated as Gross Plant in-Service multiplied by the
15 applicable annual depreciation rate for the assets being placed into service. The GSMP II Order
16 specified the depreciation rates would be based on the depreciation rates applied to the same
17 asset in current base rates. The Company’s 2018 base rate case established new depreciation
18 rates by asset class. The asset classes expected to be applicable to the GSMP II investment are
19 mains, services and regulators. The depreciation rates for mains, services, and regulators will
20 be 1.39%, 1.81%, and 3.27% respectively, as established in the 2018 base rate case, and will

¹ 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, BPU Docket Nos. ER18010029 and GR18010030.

ATTACHMENT 2

1 be applicable to the GSMP II plant placed into service. Since the net revenue requirement for
2 the roll-in will be grossed up by the revenue factor in the revenue requirement formula
3 approved by the Board, the depreciation expense must be calculated net of tax. The tax basis
4 associated with the depreciation expense is calculated as direct in-service expenditures plus
5 any CWIP capital expenditures transferred into service, plus the debt component of any
6 AFUDC transferred into service. The depreciation expense net of tax is calculated as the
7 annual depreciation expense less the tax associated with the depreciation expense as described
8 above. The equity portion of the AFUDC transferred into service is not recognized in the tax
9 basis of the plant transferred into service. As a result, there is no tax depreciation expense
10 associated with that portion of Plant in-Service. Therefore, the depreciation expense net of tax
11 must be multiplied by the revenue factor to recover the tax gross-up related to the AFUDC-
12 equity. The Company currently does not anticipate any CWIP associated with the GSMP II.

13 **Q. What is the Expense Adjustment?**

14 A. The Expense Adjustment is an adjustment to capture the estimated O&M savings
15 related to leak reduction, partially offset by the expenses related to leak detection surveying.
16 In accordance with paragraph 33a of the Stipulation approved in the GSMP II Order, the
17 replacement of 875 miles of main will have an O&M saving of \$3.3 million for the entire
18 program, which is \$3,771 per mile. This cost per mile will be applied to the miles of main
19 replaced during this roll-in period, which is estimated to be 124 miles for an O&M savings of
20 approximately \$468,000. In accordance with paragraph 33b, the Company conducted leak
21 detection surveying. The total leak detection surveying cost for the GSMP II program was
22 \$50,000 and was amortized over five years in the first rate adjustment filing. There are no

ATTACHMENT 2

1 future additional leak detection surveying costs to be recovered in this program. For the
2 calculation of the Expense Adjustment and after-tax Expense Adjustment, see Schedule SS-
3 GSMPII-2.

4 **Q. What is the Tax Adjustment?**

5 A. The Tax Adjustment is an adjustment to capture the effects of any flow through items
6 associated with the GSMPII investment that is not included in the Company's Tax Adjustment
7 Credit and any tax law changes codified by the IRS, the State of New Jersey, or any other
8 taxing authority.

9 **Q. Does the Company anticipate a Tax Adjustment in this GSMP II Rate**
10 **Mechanism?**

11 A. There are currently no flow-through items or tax law changes applicable to the GSMP
12 II Program.

13 **Q. What is the Revenue Factor?**

14 A. The Revenue Factor adjusts the revenue requirement net of tax for federal and state
15 income taxes and the costs associated with the BPU and Division of Rate Counsel (RC) Annual
16 Assessments and Gas Revenue Uncollectibles. The BPU/RC Assessment Expenses consist of
17 payments, based upon a percentage of revenues collected (updated annually), to the State based
18 on the electric and gas intrastate operating revenues for the utility. The Company has utilized
19 the respective BPU/RC assessment rates based on the 2021 fiscal year assessment, which are
20 0.22% and 0.05%, respectively, and the Gas Revenue Uncollectible rate of 1.60%, which was
21 set in the Company's 2018 base rate case. See Schedule SS-GSMPII-4 for the calculation of
22 the revenue factor.

ATTACHMENT 2

1 **Q. Have you provided the detailed calculations supporting the revenue**
2 **requirements?**

3 A. Yes. The detailed calculations supporting the revenue requirement calculation
4 described above are provided in electronic workpapers WP-SS-GSMPII-1.xlsx.

5 **RATE DESIGN**

6 **Q. What rate design is the Company proposing to use for this base rate adjustment?**

7 A. The proposed gas base rate adjustments use the rate design methodology corresponding
8 to the latest Board approved electric and gas base rate case approved. In accordance with
9 paragraph 39 of the Stipulation approved in the GSMP II Order, the billing determinants utilize
10 the weather normalized annualized billing determinants from the latest Board approved gas
11 base rate case, which are based on July 2017 through June 2018.

12 The detailed calculations supporting the rate design are shown in Schedule SS-
13 GSMPII-5. This schedule contains the proposed base rates as a result of the GSMP II base rate
14 adjustment effective for June 1, 2022.

15 **Q. What are the annual rate impacts to the typical residential customer?**

16 A. Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG)
17 charges in effect as of December 1, 2021, the annual average bill impacts of the rates requested
18 are set forth in Schedule SS-GSMPII-6.

19 The annual impact of the proposed rates to the typical residential gas heating customers
20 using 172 therms in a winter month and 1,040 therms annually would be an increase in the
21 annual bill from \$983.94 to \$998.94 or \$15.00 or approximately 1.52% (based upon Delivery

ATTACHMENT 2

1 Rates and BGSS-RSG charges in effect as of December 1, 2021, and assuming that the
2 customer receives BGSS service from PSE&G).

3 **Q. Are there additional criteria required for the Company to request a rate**
4 **adjustment?**

5 A. Yes. In footnote 6 to paragraph 36, the Parties agreed that a rate adjustment is “only
6 applicable if at least 10% of GSMP II Rate Mechanism investment is in-service.” In addition,
7 while not part of the GSMP II Order, the Infrastructure Investment Program (IIP) regulations
8 require an earnings test with a cost recovery request.

9 **Q. Does the Company anticipate meeting the at least 10% of GSMP Rate Mechanism**
10 **investment threshold?**

11 A. Yes. The GSMP Rate Mechanism was approved for \$1.575 billion per paragraph 17
12 of the Stipulation approved in the GSMP II Order, and thus the 10% threshold is \$157.5
13 million. As shown in Schedule WEM-GSMPII-3, the Company anticipates plant in-service of
14 \$264.9 million, exceeding the \$157.5 million threshold.

15 **Q. What is the earnings test for IIP programs?**

16 A. The IIP states in paragraph 14:3-2A.6(i): “For any Infrastructure Investment Program
17 approved by the Board, if the calculated ROE exceeds the allowed ROE from the utility's last
18 base rate case by 50 basis points or more, accelerated recovery shall not be allowed for the
19 applicable filing period.”

20 **Q. Does the IIP specify how the earnings test should be calculated?**

21 A. Yes. In paragraph 14:3-2A.6(h), the IIP states: “An earnings test shall be required,
22 where Return on Equity (ROE) shall be determined based on the actual net income of the utility

ATTACHMENT 2

1 for the most recent 12-month period divided by the average of the beginning and ending
2 common equity balances for the corresponding period.”

3 **Q. How was common equity calculated for the earnings test?**

4 A. The Company will use the common equity balance from its financial statements filed
5 with FERC and/or the BPU, on the same basis that it prepares its annual audited FERC Form
6 I. Since the Company’s common equity balance is for all of PSE&G, the Company will
7 calculate the Gas allocation of common equity as the percentage of Gas Net Plant, calculated
8 in the same manner as used for the WNC earnings test, compared to total PSE&G Net Plant,
9 excluding Construction Work in Progress, from the same financial statements used to
10 determine PSE&G common equity.

11 **Q. How is Net Income calculated for the earnings test?**

12 A. Net Income is calculated as the Company’s operating expenses less Interest Expense,
13 which is included in Operating Income. The Net Income calculation excludes earnings from
14 the Company’s Green Programs, which are also excluded from the Company’s rate base.

15 **Q. What time period is utilized for the earnings test?**

16 A. The earnings test for this filing is based on the 12 month period of January 2021 through
17 December 2021. Given the Company will update its filing for actual results through February
18 28, 2022, the October through December Common Equity and Net Income represent estimates.
19 The estimates will be replaced with actual results through December 31, 2021 as soon as
20 possible after the 2021 final financials are submitted to the Board.

ATTACHMENT 2

1 **Q. What are the results of your earnings test?**

2 A. The Company estimates its ROE for purposes of the earnings test is 9.58%. This is
3 below the ROE threshold in the IIP of 10.1%, and therefore the Company's earnings do not
4 preclude the rate roll-in in this case. The Company will update the earnings test for actual
5 results as soon as possible after the 2021 final financials are submitted to the Board. Please
6 see Schedule SS-GSMPII-7 for the earnings test calculation.

7 **Q. Does this conclude your testimony?**

8 A. Yes, it does.

ATTACHMENT 2

SCHEDULE INDEX

Schedule SS-GSMPII-1	Credentials
Schedule SS-GSMPII-2	Gas Revenue Requirement Calculation
Schedule SS-GSMPII-3	Weighted Average Cost of Capital (WACC)
Schedule SS-GSMPII-4	Revenue Factor Calculation
Schedule SS-GSMPII-5	Gas Proof of Revenue
Schedule SS-GSMPII-6	Gas Typical Residential Annual Bill Impacts
Schedule SS-GSMPII-7	Earnings Test

ELECTRONIC WORKPAPER INDEX

WP-SS-GSMPII-1.xlsx

1 contributed to other filings including unbundling electric rates and Off-Tariff Rate
2 Agreements. I have had a leadership role in various economic analyses, asset valuations,
3 rate design, pricing efforts and cost of service studies.

4 I am an active member of the American Gas Association's Rate and Strategic
5 Issues Committee, the Edison Electric Institute's Rates and Regulatory Affairs Committee
6 and the New Jersey Utility Association (NJUA) Finance and Regulatory Committee.

7 **EDUCATIONAL BACKGROUND**

8 I hold a B.S. in Mechanical Engineering from Worcester Polytechnic
9 Institute and an MBA from Fairleigh Dickinson University.

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E	ER21121242	written	Dec-21	Solar Successor Incentive Program (SuSI)
Public Service Electric & Gas Company	E/G	EO21111211 & GO21111212	written	Nov-21	Infrastructure Advancement Program (IAP)
Public Service Electric & Gas Company	E/G	ER21111209 & GR21111210	written	Nov-21	The Second Energy Strong Program (Energy Strong II)
Public Service Electric & Gas Company	E/G	ER21101201 and GR21101202	written	Oct-21	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E/G	ER21070965 & GR21070966	written	Jul-21	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, EE17, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	ER21060952	written	Jun-21	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR21060949	written	Jun-21	Gas System Modernization Program II (GSMPII) - Fifth Roll-In
Public Service Electric & Gas Company	E	ER21060948	written	Jun-21	SPRC 2021
PSEG New Haven LLC	PSEG New Haven LLC	21-06-40	written	Jun-21	PSEG 2022 AFRR
Public Service Electric & Gas Company	G	GR21060882	written	Jun-21	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER21050859	written	May-21	Community Solar Cost Recovery
Public Service Electric & Gas Company	G	GR20120771	written	Dec-20	Gas System Modernization Program II (GSMPII) - Forth Roll-In
Public Service Electric & Gas Company	E/G	GR20120763	written	Dec-20	Remediation Adjustment Charge-RAC 28
Public Service Electric & Gas Company	E	ER20120736	written	Nov-20	The Second Energy Strong Program (Energy Strong II)
Public Service Electric & Gas Company	E/G	ER20100685 & GR20100686	written	Oct-20	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E	ER20100658	written	Oct-20	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER20060467 & GR20060468	written	Jun-20	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, EE17, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	GR20060464	written	Jun-20	Gas System Modernization Program II (GSMPII) - Third Roll-In
Public Service Electric & Gas Company	E	ER20060454	written	Jun-20	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR20060470	written	Jun-20	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR20060384	written	Jun-20	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER20040324	written	Apr-20	Transitional Renewable Energy Certificate Program (TREC)
Public Service Electric & Gas Company	E/G	GR20010073	written	Jan-20	Remediation Adjustment Charge-RAC 27
Public Service Electric & Gas Company	G	GR19120002	written	Dec-19	Gas System Modernization Program II (GSMPII) - Second Roll-In
Public Service Electric & Gas Company	E/G	ER19091302 & GR19091303	written	Aug-19	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E/G	ER19070850	written	Jul-19	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER19060764 & GR19060765	written	Jun-19	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	GR19060766	written	Jun-19	Gas System Modernization Program II (GSMPII) - First Roll-In
Public Service Electric & Gas Company	G	GR19060761	written	Jun-19	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E	ER19060741	written	Jun-19	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18060629 - GO18060630	oral	Jun-19	Energy Strong II / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	G	GR19060698	written	May-19	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER19040523	written	May-19	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18101113 - GO18101112	oral	May-19	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E	ER19040530	written	Apr-19	Madison 4kV Substation Project (Madison & Marshall)
Public Service Electric & Gas Company	E/G	EO18101113 - GO18101112	written	Dec-18	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E/G	GR18121258	written	Nov-18	Remediation Adjustment Charge-RAC 26
Public Service Electric & Gas Company	E	EO18101115	written	Oct-18	Clean Energy Future - Energy Cloud Program (EC)
Public Service Electric & Gas Company	E	EO18101111	written	Oct-18	Clean Energy Future-Electric Vehicle And Energy Storage Programs (EVES)
Public Service Electric & Gas Company	G	GR18070831	written	Jul-18	Gas System Modernization Program (GSMP) - Third Roll-In
Public Service Electric & Gas Company	E/G	ER18070688 - GR18070689	written	Jun-18	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER18060681	written	Jun-18	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR18060675	written	Jun-18	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18060629 - GO18060630	written	Jun-18	Energy Strong II / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	G	GR18060605	written	Jun-18	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER18040358 - GR18040359	written	Mar-18	Energy Strong / Revenue Requirements & Rate Design - Eighth Roll-in
Public Service Electric & Gas Company	E/G	ER18030231	written	Mar-18	Tax Cuts and Job Acts of 2017
Public Service Electric & Gas Company	E/G	GR18020093	written	Feb-18	Remediation Adjustment Charge-RAC 25
Public Service Electric & Gas Company	E/G	ER18010029 and GR18010030	written	Jan-18	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER17101027	written	Sep-17	Energy Strong / Revenue Requirements & Rate Design - Seventh Roll-in
Public Service Electric & Gas Company	G	GR17070776	written	Jul-17	Gas System Modernization Program II (GSMP II)
Public Service Electric & Gas Company	G	GR17070775	written	Jul-17	Gas System Modernization Program (GSMP) - Second Roll-In
Public Service Electric & Gas Company	G	GR17060720	written	Jul-17	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17070724 - GR17070725	written	Jul-17	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER17070723	written	Jul-17	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR17060593	written	Jun-17	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17030324 - GR17030325	written	Mar-17	Energy Strong / Revenue Requirements & Rate Design - Sixth Roll-in

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E/G	EO14080897	written	Mar-17	Energy Efficiency 2017 Program
Public Service Electric & Gas Company	E/G	ER17020136	written	Feb-17	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR16111064	written	Nov-16	Remediation Adjustment Charge-RAC 24
Public Service Electric & Gas Company	E	ER16090918	written	Sep-16	Energy Strong / Revenue Requirements & Rate Design - Fifth Roll-in
Public Service Electric & Gas Company	E	EO16080788	written	Aug-16	Construction of Mason St Substation
Public Service Electric & Gas Company	E	ER16080785	written	Aug-16	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR16070711	written	Jul-16	Gas System Modernization Program (GSMP) - First Roll-In
Public Service Electric & Gas Company	G	GR16070617	written	Jul-16	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER16070613 - GR16070614	written	Jul-16	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER16070616	written	Jul-16	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR16060484	written	Jun-16	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	EO16050412	written	May-16	Solar 4 All Extension II (S4AllExt II) / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	E/G	ER16030272 - GR16030273	written	Mar-16	Energy Strong / Revenue Requirements & Rate Design - Fourth Roll-in
Public Service Electric & Gas Company	E/G	GR15111294	written	Nov-15	Remediation Adjustment Charge-RAC 23
Public Service Electric & Gas Company	E	ER15101180	written	Sep-15	Energy Strong / Revenue Requirements & Rate Design - Third Roll-in
Public Service Electric & Gas Company	E/G	ER15070757-GR15070758	written	Jul-15	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER15060754	written	Jul-15	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR15060748	written	Jul-15	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR15060646	written	Jun-15	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15050558	written	May-15	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER15050558	written	May-15	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15030389-GR15030390	written	Mar-15	Energy Strong / Revenue Requirements & Rate Design - Second Roll-in
Public Service Electric & Gas Company	G	GR15030272	written	Feb-15	Gas System Modernization Program (GSMP)
Public Service Electric & Gas Company	E/G	GR14121411	written	Dec-14	Remediation Adjustment Charge-RAC 22
Public Service Electric & Gas Company	E/G	ER14091074	written	Sep-14	Energy Strong / Revenue Requirements & Rate Design - First Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Aug-14	EEE Ext II
Public Service Electric & Gas Company	G	ER14070656	written	Jul-14	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER14070651-GR14070652	written	Jul-14	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER14070650	written	Jul-14	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR14050511	written	May-14	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR14040375	written	Apr-14	Remediation Adjustment Charge-RAC 21
Public Service Electric & Gas Company	E/G	ER13070603-GR13070604	written	Jun-13	Green Programs Recovery Charge (GPRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E	ER13070605	written	Jul-13	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR13070615	written	Jun-13	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR13060445	written	May-13	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO13020155-GO13020156	written/oral	Mar-13	Energy Strong / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GO12030188	written/oral	Mar-13	Appliance Service / Tariff Support
Public Service Electric & Gas Company	E	ER12070599	written	Jul-12	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER12070606-GR12070605	written	Jul-12	RGGI Recovery Charges (RRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E	EO12080721	written/oral	Jul-12	Solar Loan III (SLIII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO12080721	written/oral	Jul-12	Solar 4 All Extension(S4AllExt) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR12060489	written	Jun-12	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	G	GR12060583	written	Jun-12	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER12030207	written	Mar-12	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER12030207	written	Mar-12	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR11060338	written	Jun-11	Margin Adjustment Charge (MAC) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR11060395	written	Jun-11	Weather Normalization Charge / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO11010030	written	Jan-11	Economic Energy Efficiency Extension (EEExt) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Oct-10	RGGI Recovery Charges (RRC)-Including DR, EEE, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E/G	ER10080550	written	Aug-10	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER10080550	written	Aug-10	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR09050422	written/oral	Mar-10	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER10030220	written	Mar-10	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E	EO09030249	written	Mar-09	Solar Loan II(SLII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	EO09010056	written	Feb-09	Economic Energy Efficiency(EEE) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO09020125	written	Feb-09	Solar 4 All (S4All) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO08080544	written	Aug-08	Demand Response (DR) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Jun-08	Carbon Abatement (CA) / Revenue Requirements & Rate Design - Program Approval

PSE&G Gas System Modernization Program II
Gas Roll-in Calculation
Roll-in Filing
in (\$000)

Attachment 2
Schedule SS-GSMPII-2

Rate Effective Date	6/1/2022
Plant In Service as of Date	2/28/2022
Rate Base Balance as of Date	5/31/2022

RATE BASE CALCULATION

	<u>Total</u>	Notes
1 Gross Plant	\$252,605	= In 17
2 Accumulated Depreciation	\$10,162	= In 20
3 Net Plant	\$262,767	= In 1 + In 2
4 Accumulated Deferred Taxes	(\$6,464)	= See "Roll-In Detail" Wkps
5 Rate Base	\$256,303	= In 3 + In 4
6 Rate of Return - After Tax (Schedule WACC)	6.48%	See Schedule SS-GSMPII-3
7 Return Requirement (After Tax)	\$16,613	= In 5 * In 6
8 Depreciation Exp, net	\$2,931	= In 26
9 Expense Adjustment (After Tax)	(\$337)	= In 35
10 Tax Adjustment	\$0	N/A
11 Revenue Factor	1.4175	See Schedule SS-GSMPII-4
12 Roll-in Revenue Requirement	\$27,227	= (In 7 + In 8 + In 9 + In 10) * In 11

SUPPORT

Gross Plant

13 Plant in-service	\$252,605	= See "Roll-In Detail" Wkps
14 CWIP Transferred into Service	\$0	= See "Roll-In Detail" Wkps
15 AFUDC on CWIP Transferred Into Service - Debt	\$0	= See "Roll-In Detail" Wkps
16 AFUDC on CWIP Transferred Into Service - Equity	\$0	= See "Roll-In Detail" Wkps
17 Total Gross Plant	\$252,605	= In 15 + In 16 + In 17 + In 18

Accumulated Depreciation

18 Accumulated Depreciation	(\$2,092)	= See "Roll-In Detail" Wkps
19 Cost of Removal	\$12,255	= See "Roll-In Detail" Wkps
20 Net Accumulated Depreciation	\$10,162	= In 20 + In 21

Depreciation Expense (Net of Tax)

21 Depreciable Plant (xAFUDC-E)	\$252,605	= In 15 + In 16 + In 17
22 AFUDC-E	\$0	= In 18
23 Depreciation Rate	1.61%	= See "Roll-In Detail" Wkps
24 Depreciation Expense	\$4,078	= (In 23 + In 24) * In 25
25 Tax @28.11%	\$1,146	= In 23 * In 25 * Tax Rate
26 Depreciation Expense (Net of Tax)	\$2,931	= In 26 - In 27

Expense Adjustments

27 Miles of Main Replaced	124	= See "Roll-In Detail" Wkps = \$3.3M / 875 miles (See Approved)
28 Agreed O&M Savings/ Mile	(\$3.77)	Stipulation
29 O&M Savings	(\$468)	= In 29 * In 30
30 GSMPII related methane mapping expenses	\$0	= See "Roll-In Detail" Wkps
31 Amortization period (years)	5	program period
32 Annual methane mapping amortization expense	\$0	= In 32 / In 33
33 Expense Adjustment	(\$468)	= In 31 + In 34
34 Tax @28.11%	(\$132)	= In 35 * Tax Rate
35 Expense Adjustment (Net of Tax)	(\$337)	= In 35 - In 36

PSE&G Gas System Modernization Program II
Weighted Average Cost of Capital (WACC)

Attachment 2
 Schedule SS-GSMP11-3

November 2018 Forward

	<u>Percent</u>	<u>Embedded Cost</u>	<u>Weighted Cost</u>	<u>Pre-Tax Weighted Cost</u>	<u>After-Tax Weighted Cost</u>
Common Equity	54.00%	9.60%	5.18%	7.21%	5.18%
Customer Deposits	0.47%	0.87%	0.00%	0.00%	0.00%
Long-Term Debt	<u>45.53%</u>	3.96%	<u>1.80%</u>	<u>1.80%</u>	<u>1.30%</u>
Total	<u>100.00%</u>		<u>6.99%</u>	<u>9.02%</u>	<u>6.48%</u>

Income Tax Rates

Federal Income Tax	21.00%
State NJ Business Incm Tax	<u>9.00%</u>
Tax Rate	28.11%

PSE&G Gas System Modernization Program II
Revenue Factor Calculation

Attachment 2
 Schedule SS-GSMP11-4

	<u>ELECTRIC</u>	<u>GAS</u>	
Revenue Increase	100.0000	100.0000	
Uncollectible Rate		1.6000	2018 Base Rate Case
BPU Assessment Rate	0.2154	0.2154	2021 BPU Assessment
Rate Counsel Assessment Rate	0.0535	0.0535	2021 RC Assessment
	<hr/>	<hr/>	
Income before State of NJ Bus. Tax	99.7312	98.1312	
State of NJ Bus. Income Tax @ 9.00%	8.9758	8.8318	
	<hr/>	<hr/>	
Income Before Federal Income Taxes	90.7554	89.2994	
Federal Income Taxes @ 21%	19.0586	18.7529	
	<hr/>	<hr/>	
Return	71.6967	70.5465	
	<hr/>	<hr/>	
Revenue Factor	<u>1.3948</u>	<u>1.4175</u>	

Gas Revenue Requirement Allocation Explanation of Format

Pages 2 through 5 presented in Schedule SS-GSMPII-5 are the 4 relevant pages from the complete cost of service and revenue requirement allocation methodology based on the 2018 Base Rate Case Settlement, approved by the Board on October 29, 2018. Page 2 Part 1 shows the “Final” revenue requirement allocation to the each rates class and its associated functions as defined in the 2018 PSE&G Base Rate Case (Rate Case). Part 2 allocates the GSMP II Revenue Increase in accordance with the Rate Case Board Order. Pages 3 and 4 provide the interclass revenue allocations based upon the rate rules approved in the Rate Case. Page 5 provides the service charges calculations for each rate class by which are calculated in accordance with the Rate Case Board Order.

Gas Rate Design (Proof of Revenue by Rate Class) Explanation of Format

The summary provides by rate schedule the Annualized Weather Normalized (all customers assumed to be on BGSS) revenue based on current tariff rates and the proposed initial rate change. Pages 6 through 16 presented in Schedule SS-GSMPII-5 are the 11 relevant pages from the complete rate change workpapers from the Company’s 2018 Gas Base Rate Case and have been appropriately modified per my testimony to reflect this GSMP II Program Roll-In.

Annualized Weather Normalized (all customers assumed to be on BGSS) and the Proposed Detailed Rate Design.

In the detailed rate design pages, all the components are separated into Delivery and Supply. In addition to the Distribution components of Delivery, also included in the schedule are lines for Balancing, Societal Benefits Charge, Margin Adjustment Charge, Weather Normalization Charge, Green Programs Recovery Charge, Tax Adjustment Credit, Miscellaneous items, and Unbilled Revenue.

Column (1) shows the annualized weather normalized billing units. Column (2) shows present Delivery rates (without Sales and Use Tax, SUT) effective December 1, 2021. The commodity rates in the Column (2) reflects January 2021 through December 2021’s class-weighted averages (BGSS-RSG uses the rate as of 12/1/2021). Column (3) presents annualized revenue assuming all customers are provided service under their applicable BGSS provision. Column (4) repeats the billing units of Column (1). Column (5) shows the proposed rates without SUT that result in the proposed revenues shown in Column (6). Columns (7) and (8) show the proposed base rate revenue increase, in thousands of dollars and percent increase, respectively, for each of the billing unit blocks. The proposed tariff charges (with and without SUT) are provided on pages 15 and 16 of this schedule.

Inter Class Revenue Allocations

Calculation of Increase Limits

<u>line #</u>		(in \$1,000)	Notes:
	Requested Revenue Increase to be		
1	recovered from rate schedule charges =	\$ 27,227	Schedule SS-GSMPII-5
2	Present Distribution Revenue =	\$ 1,025,847	from RSG, GSG, LVG & SLG Page 4, col 3, line 11
3	Present Total Customer Bills (all on BGSS) =	\$ 2,223,560	Page 4, col 5, line 11
4	Average Distribution Increase =	2.654%	= Line 1 / Line 2
5	Average Total Bill Increase =	1.224%	= Line 1 / Line 3
6	Lower Distribution increase limit =	1.327% in Distribution charges	= 0.5 * Line 4
7	Upper Distribution increase limit #1 =	3.981% in Distribution charges	= 1.5 * Line 4
8	Upper Bill increase limit #2 =	2.448% in Bill Increase	= 2.0 * Line 5
	all rounded to 0.001%		

Inter Class Revenue Allocations

Calculation of Increases

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
line #	Rate Schedule	Proposed Distribution Revenue Requirement (from COS) (in \$1,000)	Present Distribution Revenue (in \$1,000)	Unlimited COS Distribution Charge \$ Increase (in \$1,000)	Present Total Bill Revenue (all on BGSS) (in \$1,000)	Unlimited Distribution Charge Increase (%)	Change in MAC & BGSS credits (in \$1,000)	Limited Final Distribution Charge Increase (%)	Proposed Total Bill Increase (%)	Proposed Distribution Revenue Increase (in \$1,000)
<u>Calculation of TSG-F Increase</u>										
1	TSG-F	\$ 3,304.030	\$ 3,553.187	\$ (249.157)	\$ 19,561.404	-7.012%	\$ (3.141)	1.327%	0.225%	\$ 47.151
<u>Calculation of TSG-NF & CIG Increase</u>										
2	TSG-NF	---	\$ 11,567	---	\$ 113,618	---		2.654%	0.270%	\$ 307
3	CIG	---	\$ 3,370	---	\$ 24,535	---	\$ -	2.654%	0.363%	\$ 89
4	CSG ¹	---	\$ 7,446	---	\$ 7,950	---		---	0.214%	\$ 17
<u>Calculation of Margin Rates (RSG, GSG, LVG & SLG) Increase</u>										
5	RSG	\$ 781,858	\$ 761,678	\$ 20,180	\$ 1,278,887	2.649%	\$ (294)	2.655%	1.558%	\$ 20,222
6	GSG	\$ 125,428	\$ 122,190	\$ 3,238	\$ 320,080	2.650%	\$ (46)	2.655%	0.999%	\$ 3,244
7	LVG	\$ 145,295	\$ 141,543	\$ 3,752	\$ 623,367	2.651%	\$ (114)	2.656%	0.585%	\$ 3,760
8	SLG	\$ 493,288	\$ 435,937		\$ 1,225,844					
9	Distribution Only	\$ 75.618	\$ 21.345	\$ 54.273		254.266%	\$ (0.117)	3.981%	0.060%	\$ 0.850
10	Fixtures	\$ 417.670	\$ 414.592	\$ 3.078		0.742%		0.000%	0.000%	\$ -
11	Total for Margin Rates	\$ 1,053,074	\$ 1,025,847	\$ 27,227	\$ 2,223,560	2.654%	\$ (454)	2.654%	1.204%	\$ 27,227

¹ CSG Credits all flow back through BGSS

Notes: for TSG-F - from 2018 Rate Case Schedule SS-G7 R-2, pg 1, col 6, line 6
 for RSG, GSG, LVG & SLG from page 1, line 21

SS-GSMP-1 workpapers = (2) - (3)
 Page 6 = (4) / (3)
 SS-GSMP-1 workpapers calculated on limits = (Col 10 + Col 7) / Col 5
 = (3) * (8)

Service Charge Calculations

line #	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	Notes:
	Rate Schedule	Distribution Access Rev Req (in \$1,000)	Customer Service Rev Req (in \$1,000)	Measurement Rev Req (in \$1,000)	COS Indicated Total Rev Req (in \$1,000)	# of Customers	Cost Based Monthly Service Charge (\$/month)	Current Monthly Service Charge (\$/month)	Proposed Limited Monthly Service Charge (\$/month)	
1				Average Distribution Increase =	2.654%					page 3, line 4
2	RSG	338,503	85,467	84,024	507,993.387	1,635,900	\$ 25.88	\$ 8.08	\$ 8.08	Fixed per 2018 Base Rate Case
3	GSG	48,421	7,484	19,021	74,926	140,771	\$ 44.35	\$ 17.35	\$ 18.04	move to costs, limited @ 1.5 times overall avg Distribution % increase
4	LVG	25,756	2,114	11,592	39,463	18,375	\$ 178.97	\$ 154.02	\$ 160.15	move to costs, limited @ 1.5 times overall avg Distribution % increase
5	TSG-F	530	400		930	37	\$ 2,095.57	\$ 824.91	\$ 857.75	move to costs, limited @ 1.5 times overall avg Distribution % increase
6	TSG-NF							\$ 824.91	\$ 857.75	set equal to new TSG-F Service Charge
7	CIG							\$ 187.48	\$ 192.46	increase current @ average Distribution % increase
8	CSG							\$ 824.91	\$ 857.75	set equal to new TSG-F Service Charge
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Notes:	values for RSG, GSG & LVG for Cols 2, 3, & 4 from page 2, lines 16, 19 & 20				= (2) + (3) + (4)	RSG, GSG & LVG from 2018 Rate Case Schedule SS-G7 R-2, page 2, line 1	= Col 5 * 1000 / Col 6 / 12 rounded to \$0.01	From Tariff	based on methodology described	
	values for TSG-F for Cols 2, 3 & 4 from 2018 Rate Case Schedule SS-G7 R-2, page 1, lines 1, 4 & 5					TSG-F from COS workpapers				

**RATE SCHEDULE GSG
GENERAL SERVICE
Schedule SS-GSMPII-5**
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge	1,689,246	17.35	\$29,308	1,689,246	18.04	\$30,474	\$1,166	3.98
2 Distribution Charge - Pre 7/14/97	2,183	0.312060	681	2,183	0.319012	696	15	2.20
3 Distribution Charge - All Others	295,256	0.312060	92,138	295,256	0.319012	94,190	2,052	2.23
4 Off-Peak Dist Charge - Pre 7/14/97	0	0.156030	0	0	0.159506	0	0	0.00
5 Off-Peak Dist Charge - All Others	45	0.156030	7	45	0.159506	7	0	0.00
6 Balancing Charge	173,170	0.087669	15,182	173,170	0.087669	15,182	0	0.00
7 SBC	297,484	0.049297	14,665	297,484	0.049297	14,665	0	0.00
8 Margin Adjustment	297,484	(0.005821)	(1,732)	297,484	(0.005821)	(1,732)	0	0.00
9 Weather Normalization	173,170	(0.001050)	(182)	173,170	(0.001050)	(182)	0	0.00
10 Green Programs Recovery Charge	297,484	0.006923	2,059	297,484	0.006923	2,059	0	0.00
11 Tax Adjustment Credit	297,484	(0.050734)	(15,093)	297,484	(0.050734)	(15,093)	0	0.00
12 Green Enabling Mechanism	297,484	0.000000	0	297,484	0.000000	0	0	0.00
13 Facilities Charges			0			0	0	0.00
14 Minimum			2			2	0	0.00
15 Miscellaneous			(313)			(312)	1	(0.32)
16 Delivery Subtotal	297,484		\$136,722	297,484		\$139,956	\$3,234	2.37
17 Unbilled Delivery			412			422	10	2.43
18 Delivery Subtotal w unbilled			\$137,134			\$140,378	\$3,244	2.37
19								
Supply								
21 BGSS	297,484	0.575927	\$171,329	297,484	0.575927	\$171,329	\$0	0.00
22 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
23 BGSS Contrib. from TSG-F, TSG-NF & CIG	0	0.000000	0	297,484	(0.000034)	(10)	(10)	0.00
24								
25 Miscellaneous			(51)			(51)	0	0.00
26 Supply subtotal	297,484		\$171,278	297,484		\$171,268	(10)	(0.01)
27 Unbilled Supply			11,668			11,667	(1)	(0.01)
28 Supply Subtotal w unbilled			\$182,946			\$182,935	(11)	(0.01)
29								
30 Total Delivery + Supply	297,484		\$320,080	297,484		\$323,313	\$3,233	1.01

34 Notes:

35 All customers assumed to be on BGSS.

36 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021

37 plus applicable BGSS charges.

38

**RATE SCHEDULE LVG
LARGE VOLUME SERVICE
Schedule SS-GSMPII-5**
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge	220,495	154.02	\$33,961	220,495	160.15	\$35,312	\$1,351	3.98
2 Demand Charge	18,017	4.1594	74,940	18,017	4.2525	76,617	1,677	2.24
3 Distribution Charge 0-1,000 pre 7/14/97	8,974	0.040665	365	8,974	0.037511	337	(28)	(7.67)
4 Distribution Charge over 1,000 pre 7/14/97	45,378	0.045179	2,050	45,378	0.047264	2,145	95	4.63
5 Distribution Charge 0-1,000 post 7/14/97	145,700	0.040665	5,925	145,700	0.037511	5,465	(460)	(7.76)
6 Distribution Charge over 1,000 post 7/14/97	540,051	0.045179	24,399	540,051	0.047264	25,525	1,126	4.61
7 Balancing Charge	361,999	0.087669	31,736	361,999	0.087669	31,736	0	0.00
8 SBC	740,103	0.049297	36,485	740,103	0.049297	36,485	0	0.00
9 Margin Adjustment	740,103	(0.005821)	(4,308)	740,103	(0.005821)	(4,308)	0	0.00
10 Weather Normalization	361,999	(0.001050)	(380)	361,999	(0.001050)	(380)	0	0.00
11 Green Programs Recovery Charge	740,103	0.006923	5,124	740,103	0.006923	5,124	0	0.00
12 Tax Adjustment Credit	740,103	(0.023609)	(17,473)	740,103	(0.023609)	(17,473)	0	0.00
13 Green Enabling Mechanism	740,103	0.000000	\$0	740,103	0.000000	\$0	0	0.00
14 Facilities Charges			1			1	0	0.00
15 Minimum			218			218	0	0.00
16 Miscellaneous			(279)			(279)	(0)	0.09
17 Delivery Subtotal	740,103		\$192,764	740,103		\$196,525	\$3,761	1.95
18 Unbilled Delivery			(49)			(50)	(1)	2.04
19 Delivery Subtotal w unbilled			\$192,715			\$196,475	\$3,760	1.95
20								
21								
Supply								
23 BGSS	740,103	0.580334	\$429,507	740,103	0.580334	\$429,507	\$0	0.00
24 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
25 BGSS Contrib. from TSG-F, TSG-NF & CIG	0	0.000000	0	740,103	(0.000034)	(25)	(25)	0.00
26								
27 Miscellaneous			(143)			(143)	0	0.00
28 Supply Subtotal	740,103		\$429,364	740,103		\$429,339	(\$25)	(0.01)
29 Unbilled Supply			1,288			1,288	0	0.00
30 Supply Subtotal w unbilled			\$430,652			\$430,627	(\$25)	(0.01)
31								
32 Total Delivery + Supply	740,103		\$623,367	740,103		\$627,102	\$3,735	0.60

36 Notes:

37 All customers assumed to be on BGSS.

38 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021

39 plus applicable BGSS charges.

**RATE SCHEDULE SLG
STREET LIGHTING SERVICE
Schedule SS-GSMPII-5**
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	<u>Units</u> (1)	<u>Rate</u> (2)	<u>Revenue</u> (3=1*2)	<u>Units</u> (4)	<u>Rate</u> (5)	<u>Revenue</u> (6=4*5)	<u>Revenue</u> (7=6-3)	<u>Percent</u> (8=7/3)
Delivery								
1 Single	10.392	13.2351	\$137.539	10.392	13.2351	\$137.539	\$0.000	0.00
2 Double Inverted	0.108	13.2351	1.429	0.108	13.2351	1.429	0.000	0.00
3 Double Upright	0.588	13.2351	7.782	0.588	13.2351	7.782	0.000	0.00
4 Triple prior to 1/1/93	18.096	13.2351	239.502	18.096	13.2351	239.502	0.000	0.00
5 Triple on and after 1/1/93	0.420	67.4762	28.340	0.420	67.4762	28.340	0.000	0.00
6 Distribution Therm Charge	678.777	0.050613	34.355	678.777	0.051865	35.205	0.850	2.47
7 SBC	678.777	0.049297	33.462	678.777	0.049297	33.462	0.000	0.00
8 Margin Adjustment	678.777	(0.005821)	(3.951)	678.777	(0.005821)	(3.951)	0.000	0.00
9 Green Programs Recovery Charge	678.777	0.006923	4.699	678.777	0.006923	4.699	0.000	0.00
10 Tax Adjustment Credit	678.777	(0.094881)	(64.403)	678.777	(0.094881)	(64.403)	0.000	0.00
11 Green Enabling Mechanism	678.777	0.000000	0.000	678.777	0.000000	0.000	0.000	0.00
12 Facilities Charges			0.000			0.000	0.000	0.00
13 Minimum			0.000			0.000	0.000	0.00
14 Miscellaneous			(13.010)			(13.010)	0.000	0.00
15 Delivery Subtotal	678.777		\$405.744	678.777		\$406.594	\$0.850	0.21
16 Unbilled Delivery			0.000			0.000	0.000	0.00
17 Delivery Subtotal w unbilled			\$405.744			\$406.594	\$0.850	0.21
18								
Supply								
20 BGSS	678.777	0.611899	\$415.343	678.777	0.611899	\$415.343	\$0.000	0.00
21 Emergency Sales Service	0.000	0.000000	0.000	0.000	0.000000	0.000	0.000	0.00
22 BGSS Contrib. from TSG-F, TSG-NF & CIG	0.000	0.000000	0.000	678.777	(0.000034)	(0.023)	(0.023)	0.00
23 Miscellaneous			131.390			131.390	0.000	0.00
24 Supply Subtotal	678.777		\$546.733	678.777		\$546.710	(\$0.023)	0.00
25 Unbilled Supply			273.367			273.355	(0.012)	0.00
26 Supply Subtotal w unbilled			\$820.100			\$820.065	(\$0.035)	0.00
27								
28 Total Delivery + Supply	678.777		\$1,225.844	678.777		\$1,226.659	\$0.815	0.07
29								
30								
31								

32 Notes:

33 All customers assumed to be on BGSS.

34 SLG units and revenues shown to 3 decimals.

35 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021

36 plus applicable BGSS charges.

RATE SCHEDULE CIG
COGENERATION INTERRUPTIBLE SERVICE
Schedule SS-GSMPII-5
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge	0.166	187.48	\$31	0.166	192.46	\$32	\$1	3.23
2 Margin 0-600,000	32,835	0.083871	2,754	32,835	0.086038	2,825	71	2.58
3 Margin over 600,000	8,232	0.073871	608	8,232	0.076038	626	18	2.96
4 Extended Gas Service	0	0.150000	0	0	0.150000	0	0	0.00
5 SBC	41,067	0.049297	2,024	41,067	0.049297	2,024	0	0.00
6 Green Programs Recovery Charge	41,067	0.006923	284	41,067	0.006923	284	0	0.00
7 Tax Adjustment Credit	41,067	(0.007753)	(318)	41,067	(0.007753)	(318)	0	0.00
8 Green Enabling Mechanism	41,067	0.000000	0	41,067	0.000000	0	0	0.00
9 Facilities Charges			0			0	0	0.00
10 Minimum			0			0	0	0.00
11 Miscellaneous			0			0	0	0.00
12 Delivery Subtotal	41,067		\$5,383	41,067		\$5,473	\$90	1.67
13 Unbilled Delivery			(37)			(38)	(1)	2.70
14 Delivery Subtotal w unbilled			\$5,346			\$5,435	\$89	1.66
15								
Supply								
17 Commodity Component	41,067	0.403487	\$16,570	41,067	0.403487	\$16,570	\$0	0.00
18 Pilot Use	1,249	1.89	2,361	1,249	1.89	2,361	0	0.00
19 Penalty Use	0		0	0		0	0	0.00
20 Extended Gas Service	5		338	5		338	0	0.00
21 Miscellaneous			0			0	0	0.00
22 Supply Subtotal	42,321		\$19,269	42,321		\$19,269	\$0	0.00
23 Unbilled Supply			(80)			(80)	0	0.00
24 Supply Subtotal w unbilled			\$19,189			\$19,189	\$0	0.00
25								
26 Total Delivery + Supply	41,067		\$24,535	41,067		\$24,624	\$89	0.36

30 Notes:

31 All customers assumed to be on BGSS.

32 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021

33 plus applicable BGSS charges.

34

RATE SCHEDULE TSG-F
FIRM TRANSPORTATION GAS SERVICE
Schedule SS-GSMPII-5
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge	0.494	824.91	\$407.506	0.494	857.75	\$423.729	\$16.223	3.98
2 Demand Charge	487	2.1423	1,043.300	487	2.1629	1,053.332	10.032	0.96
3 Demand Charge, Agreements	0	0.0000	0.000	0	0.0000	0.000	0.000	0.00
4 Distribution Charge	25,950	0.081888	2,124.994	25,950	0.082677	2,145.468	20.474	0.96
5 Distribution Charge, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
6 SBC	25,950	0.049297	1,279.257	25,950	0.049297	1,279.257	0.000	0.00
7 SBC, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
8 Margin Adjustment	25,950	(0.005821)	(151.055)	25,950	(0.005821)	(151.055)	0.000	0.00
9 Margin Adjustment, Agreements	0	(0.005821)	0.000	0	(0.005821)	0.000	0.000	0.00
10 Green Programs Recovery Charge	25,950	0.006923	179.652	25,950	0.006923	179.652	0.000	0.00
11 Green Programs Recovery Charge, Agreements	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
12 Tax Adjustment Credit	25,950	(0.018498)	(480.023)	25,950	(0.018498)	(480.023)	0.000	0.00
13 Green Enabling Mechanism	25,950	0.000000	0.000	25,950	0.000000	0.000	0.000	0.00
14 Facilities Charges			0.000			0.000	0.000	0.00
15 Minimum			0.000			0.000	0.000	0.00
16 Miscellaneous			(54.034)			(54.029)	0.005	(0.01)
17 Delivery Subtotal	25,950		4,349.597	25,950		4,396.331	46.734	1.07
18 Unbilled Delivery			38.807			40.224	1.417	3.65
19 Delivery Subtotal w unbilled			4,388.404			4,436.555	48.151	1.10
20								
Supply								
22 Commodity Charge, BGSS-F	25,950	0.584701	\$15,173.000	25,950	0.584701	\$15,173.000	\$0.000	0.00
23 Emergency Sales Service	0	0.000000	0.000	0	0.000000	0.000	0.000	0.00
24 Miscellaneous			0.000			0.000	0.000	0.00
25 Supply Subtotal	25,950		\$15,173.000	25,950		\$15,173.000	\$0.000	0.00
26 Unbilled Supply			0.000			0.000	0.000	0.00
27 Supply Subtotal w unbilled			\$15,173.000			\$15,173.000	\$0.000	0.00
28								
29 Total Delivery + Supply	25,950		\$19,561.404	25,950		\$19,609.555	\$48.151	0.25

33 Notes:

34 All customers assumed to be on BGSS.

35 TSG-F revenues shown to 3 decimals.

36 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021

37 plus applicable BGSS charges.

RATE SCHEDULE TSG-NF
NON-FIRM TRANSPORTATION GAS SERVICE
Schedule SS-GSMPII-5
(Therms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge	2,218	824.91	\$1,830	2,218	857.75	\$1,902	\$72	3.93
2 Dist Charge 0-50,000	99,839	0.093241	9,309	99,839	0.095578	9,542	233	2.50
3 Dist Charge 0-50,000, Agreements	600	0.023333	14	600	0.023333	14	0	0.00
4 Dist Charge over 50,000	67,427	0.093241	6,287	67,427	0.095578	6,445	158	2.51
5 Dist Charge over 50,000, Agreements	11,318	0.023502	266	11,318	0.023502	266	0	0.00
6 SBC	167,266	0.049297	8,246	167,266	0.049297	8,246	0	0.00
7 SBC, Agreements	11,918	0.042876	511	11,918	0.042876	511	0	0.00
8 Green Programs Recovery Charge	167,266	0.006923	1,158	167,266	0.006923	1,158	0	0.00
9 Green Programs Recovery Charge, Agreements	11,918	0.005370	64	11,918	0.005370	64	0	0.00
10 Tax Adjustment Credit	167,266	(0.006487)	(1,085)	167,266	(0.006487)	(1,085)	0	0.00
11 Green Enabling Mechanism	167,266	0.000000	0	167,266	0.000000	0	0	0.00
12 Facilities Charges			5			5	0	0.00
13 Minimum			0			0	0	0.00
14 Miscellaneous			(277)			(277)	0	0.00
15 Delivery Subtotal	179,184		\$26,328	179,184		\$26,791	\$463	1.76
16 Unbilled Delivery			(8,859)			(9,015)	(156)	1.76
17 Delivery Subtotal w unbilled			\$17,469			\$17,776	\$307	1.76
18								
Supply								
20 Commodity Charge, BGSS-I	179,184	0.555044	\$99,455	179,184	0.555044	\$99,455	\$0	0.00
21 Emergency Sales Service	0	0.000000	0	0	0.000000	0	0	0.00
22 Pilot Use	26	1.890000	49	26	1.890000	49	0	0.00
23 Penalty Use	19	0.473684	9	19	0.473684	9	0	0.00
24 Miscellaneous			2			2	0	0.00
25 Supply Subtotal	179,229		\$99,515	179,229		\$99,515	\$0	0.00
26 Unbilled Supply			(3,366)			(3,366)	0	0.00
27 Supply Subtotal w unbilled			\$96,149			\$96,149	\$0	0.00
28								
29 Total Delivery + Supply	179,184		\$113,618	179,184		\$113,925	\$307	0.27

33 Notes:

34 All customers assumed to be on BGSS.

35 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021

36 plus applicable BGSS charges.

**RATE SCHEDULE CSG
 CONTRACT SERVICES
 Schedule SS-GSMP11-5**
 (Terms & Revenue - Thousands, Rate - \$/Therm)

	Annualized Weather Normalized			Proposed			Difference	
	Units (1)	Rate (2)	Revenue (3=1*2)	Units (4)	Rate (5)	Revenue (6=4*5)	Revenue (7=6-3)	Percent (8=7/3)
Delivery								
1 Service Charge - Power	0.0800	824.91	\$66	0.0800	857.75	\$69	\$3	4.55
2 Service Charge - Power- Non Firm	0.0120	824.91	10	0.0120	857.75	10	0	0.00
3 Service Charge - Other	0.1090	824.91	90	0.1090	857.75	93	3	3.33
4 Distribution Charge - Power	599,445	0.006051	3,627	599,445	0.006051	3,627	0	0.00
5 Distribution Charge - Power- Non Firm	4,755	0.093241	443	4,755	0.095578	454	11	2.48
6 Distribution Charge - Other	185,648	0.011904	2,210	185,648	0.011904	2,210	0	0.00
7 Maintenance - Power	599,445	0.000142	85	599,445	0.000142	85	0	0.00
8 Maintenance - Power- Non Firm	4,755	0.000000	0	4,755	0.000000	0	0	0.00
9 Maintenance - Other	185,648	0.000113	21	185,648	0.000113	21	0	0.00
10 Pilot Use	0	0.000000	0	0	0.000000	0	0	0.00
11 Penalty Use	0	0.000000	0	0	0.000000	0	0	0.00
12 Balancing Charge (applicable only if customer uses BGSS-F)	0	0.000000	0	0	0.000000	0	0	0.00
13 SBC	789,848	0.049297	980	789,848	0.049297	980	0	0.00
14 Green Programs Recovery Charge	789,848	0.006923	149	789,848	0.006923	149	0	0.00
15 Tax Adjustment Credit	789,848	(0.000846)	(668)	789,848	(0.000846)	(668)	0	0.00
16 Green Enabling Mechanism	789,848	0.000000	0	789,848	0.000000	0	0	0.00
17 Facilities Chg.			840			840	0	0.00
18 Minimum			271			271	0	0.00
19 Sales Tax Discount - Delivery			(428)			(428)	0	0.00
20 Misc.			300			300	0	0.00
21 Delivery Subtotal	789,848		7,996	789,848		8,013	17	0.21
22 Unbilled Delivery			(95)			(95)	0	0.00
23 Delivery Subtotal w/ Unbilled	789,848		7,901	789,848		7,918	17	0.22
Supply								
26 BGSS-Firm - Power	0	0.000000	0	0	0.000000	0	0	0.00
27 BGSS-Firm - Power- Non Firm	0	0.000000	0	0	0.000000	0	0	0.00
28 BGSS-Firm - Other	0	0.000000	0	0	0.000000	0	0	0.00
29								
30 BGSS-Interruptible - Power	0	0.000000	0	0	0.000000	0	0	0.00
31 BGSS-Interruptible - Power- Non Firm	0	0.000000	0	0	0.000000	0	0	0.00
32 BGSS-Interruptible - Other	0	0.000000	0	0	0.000000	0	0	0.00
33								
34 Emergency Sales Svc. - Power	0	0.000000	0	0	0.000000	0	0	0.00
35 Emergency Sales Svc. - Power- Non Firm	0	0.000000	0	0	0.000000	0	0	0.00
36 Emergency Sales Svc - Other	0	0.000000	0	0	0.000000	0	0	0.00
37								
38 Pilot Use	26	1.89	49	26	1.89	49	0	0.00
39 Penalty Use	0	0.000000	0	0	0.000000	0	0	0.00
40 Misc.	19		0	19		0	0	0.00
41 Supply Subtotal	45		49	45		49.140	0	0.00
42 Unbilled Supply	0		0	0		0	0	0.00
43 Supply Subtotal w/ Unbilled	45		49	45		49.140	0	0.00
44								
45 Total Delivery & Supply	789,893		7,950	789,893		7,967	17.00	0.21
46								

47 Notes:
 48 All customers assumed to be on BGSS.
 49 Annualized Weather Normalized Revenue reflects Delivery rates as of 12/1/2021
 50 plus applicable BGSS charges.

**Gas Tariff Rates
Schedule SS-GSMPII-5**

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
RSG	Service Charge	\$8.08	\$8.62	\$8.08	\$8.62
	Distribution Charges	\$0.405733	\$0.432613	\$0.419322	\$0.447102
	Balancing Charge	\$0.087669	\$0.093477	\$0.087669	\$0.093477
	Off-Peak Use	\$0.202867	\$0.216306	\$0.209661	\$0.223551
GSG	Service Charge	\$17.35	\$18.50	\$18.04	\$19.24
	Distribution Charge - Pre July 14, 1997	\$0.312060	\$0.332734	\$0.319012	\$0.340147
	Distribution Charge - All Others	\$0.312060	\$0.332734	\$0.319012	\$0.340147
	Balancing Charge	\$0.087669	\$0.093477	\$0.087669	\$0.093477
	Off-Peak Use Dist Charge - Pre July 14, 1997	\$0.156030	\$0.166367	\$0.159506	\$0.170073
	Off-Peak Use Dist Charge - All Others	\$0.156030	\$0.166367	\$0.159506	\$0.170073
LVG	Service Charge	\$154.02	\$164.22	\$160.15	\$170.76
	Demand Charge	\$4.1594	\$4.4350	\$4.2525	\$4.5342
	Distribution Charge 0-1,000 pre July 14, 1997	\$0.040665	\$0.043359	\$0.037511	\$0.039996
	Distribution Charge over 1,000 pre July 14, 1997	\$0.045179	\$0.048172	\$0.047264	\$0.050395
	Distribution Charge 0-1,000 post July 14, 1997	\$0.040665	\$0.043359	\$0.037511	\$0.039996
	Distribution Charge over 1,000 post July 14, 1997	\$0.045179	\$0.048172	\$0.047264	\$0.050395
	Balancing Charge	\$0.087669	\$0.093477	\$0.087669	\$0.093477
SLG	Single-Mantle Lamp	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Double-Mantle Lamp, inverted	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Double Mantle Lamp, upright	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Triple-Mantle Lamp, prior to January 1, 1993	\$13.2351	\$14.1119	\$13.2351	\$14.1119
	Triple-Mantle Lamp, on and after January 1, 1993	\$67.4762	\$71.9465	\$67.4762	\$71.9465
	Distribution Therm Charge	\$0.050613	\$0.053966	\$0.051865	\$0.055301

**Gas Tariff Rates
Schedule SS-GSMPII-5**

Rate Schedule	Description	Present		Proposed	
		Charge without SUT	Charge Including SUT	Charge without SUT	Charge Including SUT
TSG-F	Service Charge	\$824.91	\$879.56	\$857.75	\$914.58
	Demand Charge	\$2.1423	\$2.2842	\$2.1629	\$2.3062
	Distribution Charges	\$0.081888	\$0.087313	\$0.082677	\$0.088154
TSG-NF	Service Charge	\$824.91	\$879.56	\$857.75	\$914.58
	Distribution Charge 0-50,000	\$0.093241	\$0.099418	\$0.095578	\$0.101910
	Distribution Charge over 50,000	\$0.093241	\$0.099418	\$0.095578	\$0.101910
	Special Provision (d)	\$1.89	\$2.02	\$1.89	\$2.02
CIG	Service Charge	\$187.48	\$199.90	\$192.46	\$205.21
	Distribution Charge 0-600,000	\$0.083871	\$0.089427	\$0.086038	\$0.091738
	Distribution Charge over 600,000	\$0.073871	\$0.078765	0.076038	\$0.081076
	Special Provision (c) 1st para	\$1.89	\$2.02	\$1.89	\$2.02
BGSS RSG	Commodity Charge including Losses	\$0.340957	\$0.363545	\$0.340878	\$0.363461
CSG	Service Charge	\$824.91	\$879.56	\$857.75	\$914.58
	Distribution Charge - Non-Firm	\$0.093241	\$0.099418	\$0.095578	\$0.101910

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed change in the gas base rate on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
25	170	\$244.82	\$247.26	\$2.44	1.00%
50	340	386.34	391.24	4.90	1.27
100	610	619.88	628.74	8.86	1.43
159	1,000	955.41	969.83	14.42	1.51
172	1,040	983.94	998.94	15.00	1.52
200	1,210	1,127.66	1,145.08	17.42	1.54
300	1,816	1,640.56	1,666.78	26.22	1.60

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect as of December 1, 2021 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes change for Gas System Modernization Program II Base Rate Adjustments.

Residential Gas Service					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
170	25	\$29.90	\$30.26	\$0.36	1.20%
340	50	51.22	51.94	0.72	1.41
610	100	94.81	96.26	1.45	1.53
1,040	172	156.89	159.37	2.48	1.58
1,210	200	181.00	183.88	2.88	1.59
1,816	300	267.18	271.51	4.33	1.62

- (3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect as of December 1, 2021 and assumes that the customer receives commodity service from Public Service.
- (4) Same as (3) except includes change for Gas System Modernization Program II Base Rate Adjustments.

PSE&G GSMPII Earnings Test
in \$000

1	Equity Base for Earnings Test	3,442,121	See page 2
2	Allowed ROE	9.6%	2018 Base Rate Case
3	ROE Limit buffer	0.5%	From IIP
4	Maximum ROE	<u>10.1%</u>	= ln 2 + ln 3
5	Actual Net Income	<u>329,913</u>	See page 4
6	ROE for Earnings Test	9.58%	= ln 5 / ln 1
7	Earnings Test Pass / Fail	<u>Pass</u>	= IF ln 4 > 6, Pass else Fail

PSE&G GSMPII Earnings Test

in \$000

Common Equity Calculation

	Dec-20	Dec-21	Average	
1 Common Equity	13,162,115	14,316,650	13,739,382	Actual from FERC Form 1, page 112, line 16
2 Gas Allocation	25%	25%		See ln 4 [Dec. 2020] and ln 7 [Dec. 2021]
3 Gas Equity Balance	<u>3,343,421</u>	<u>3,540,822</u>	3,442,121	= ln 1 * ln 2

Gas Allocation Calculation

		Accumulated			
		Gross Plant	Depreciation	Net Investment	%
		Dec-20			
4	Gas Distribution	9,567,869	(2,529,915)	7,037,954	25% See page 3
5	Other	25,126,346	(4,457,844)	20,668,502	75% = ln 6 - ln 4
6	Total	34,694,215	(6,987,759)	27,706,456	100% FERC Form 1, page 110, line 2 (Plant) and 5 (Accum Dep)
		Dec-21			
7	Gas Distribution	10,264,928	(2,592,038)	7,672,890	25% See page 3
8	Other	28,318,721	(4,967,715)	23,351,006	75% = ln 9 - ln 7
9	Total	38,583,649	(7,559,752)	31,023,897	100% FERC Form 1, page 110, line 2 (Plant) and 5 (Accum Dep)

PSE&G GSMPII Earnings Test

in \$000

Attachment 2
Schedule SS-GSMPII-7
Page 3 of 4**Gas Net Plant**

	Gas Distribution Plant In-Service	Gas Plant Held for Future Use	Gas Plant in Service for Earnings Test*	Gas Accumulated Depreciation
Jan-21	9,567,965	96	9,567,869	(2,529,915) Actual
Feb-21	9,600,049	96	9,599,953	(2,538,541) Actual
Mar-21	9,663,969	96	9,663,873	(2,542,087) Actual
Apr-21	9,725,195	96	9,725,099	(2,543,122) Actual
May-21	9,789,474	96	9,789,378	(2,550,506) Actual
Jun-21	9,850,681	96	9,850,585	(2,551,878) Actual
Jul-21	9,908,323	96	9,908,226	(2,558,676) Actual
Aug-21	9,974,685	96	9,974,589	(2,567,693) Actual
Sep-21	10,025,642	96	10,025,546	(2,566,826) Actual
Oct-21	10,103,639	96	10,103,543	(2,574,531) Frcst
Nov-21	10,188,611	96	10,188,515	(2,583,384) Frcst
Dec-21	10,265,024	96	10,264,928	(2,592,038) Frcst

* Excludes Plant Held for Future Use consistent with 2018 rate case Stipulation on earnings test for WNC

PSE&G GSMPII Earnings Test

in \$000

Attachment 2
Schedule SS-GSMPII-7
Page 4 of 4

	Net Utility Operating Income*	Less Net Interest Charges*	Regulatory Net Income for Earnings Test	
Jan-21	87,300	(7,911)	79,390	<i>Actual</i>
Feb-21	78,386	(7,932)	70,454	<i>Actual</i>
Mar-21	66,300	(7,838)	58,462	<i>Actual</i>
Apr-21	16,719	(7,847)	8,872	<i>Actual</i>
May-21	6,743	(7,983)	(1,240)	<i>Actual</i>
Jun-21	22,932	(7,804)	15,128	<i>Actual</i>
Jul-21	(3,816)	(7,709)	(11,525)	<i>Actual</i>
Aug-21	(3,372)	(7,825)	(11,197)	<i>Actual</i>
Sep-21	9,466	(8,763)	703	<i>Actual</i>
Oct-21	8,189	(8,040)	149	<i>Plan</i>
Nov-21	43,122	(8,016)	35,105	<i>Plan</i>
Dec-21	93,582	(7,971)	85,612	<i>Plan</i>
Total	425,551	(95,638)	329,913	

* Excludes GPRC

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY GAS CUSTOMERS

In the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II") (December 2021 GSMP II Rate Filing)

Notice of Filing and Notice of Public Hearings

Docket No.

TAKE NOTICE that in December 2021, Public Service Electric and Gas Company ("PSE&G," or "Company") filed a petition and supporting documentation with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking Board approval for gas base rate changes to provide for cost recovery associated with the Company's Gas System Modernization Program II ("GSMP II" or "Program") ("Petition").

On May 22, 2018, the Board issued an Order ("GSMP II Order") approving the Program in Docket No. GR17070776. The GSMP II Order provided approval to invest up to \$1.575 billion to be recovered through the GSMP II rate recovery mechanism in order to replace PSE&G's utilization pressure cast iron mains and unprotected steel mains and associated services; upgrade utilization pressure portions of the system to elevated pressure; and install excess flow valves and eliminate district regulators, where applicable.

Under the Company's proposal, PSE&G seeks Board approval to recover in base rates an estimated annual revenue increase of approximately \$27.227 million associated with approximately \$264.9 million of actual and forecasted Program investments through November 30, 2021, and February 28, 2022, respectively.

For illustrative purposes, the estimated base rates effective June 1, 2022, including New Jersey Sales and Use Tax ("SUT") for Residential Rate Schedule RSG, are shown in Table #1.

Table #2 provides customers with the approximate impact of the proposed increase in rates relating to the GSMP II, if approved by the Board. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage.

Under the Company's proposal, a residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an initial increase in the annual bill from \$619.88 to \$628.74, or \$8.86 or approximately 1.43%. Also, a typical residential gas heating customer using 172 therms per month during the winter months and 1,040 therms on an annual basis would see an increase in the annual bill from \$983.94 to \$998.94, or \$15.00 or approximately 1.52%. The approximate

effect of the proposed gas base rate change on typical gas residential monthly bills, if approved by the Board, is illustrated in Table #3.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of the Company's filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons to any class or classes of customers of the Company. Therefore, the described charges may increase or decrease based upon the Board's decision.

The Company's filing is available for review online at the PSEG website at <http://www.pseg.com/pseandgfilings>.

PLEASE TAKE FURTHER NOTICE that due to the COVID-19 pandemic, telephonic public hearings have been scheduled on the following date and times so that members of the public may present their views on the Company's Petition.

Date:

Time:

Dial-In:

Meeting ID:

Passcode:

Representatives from the Company, Board staff and Rate Counsel will participate in the telephonic public hearings. Members of the public are invited to participate by utilizing the dial-in number and access code set forth above and may express their views on the Petition. All comments will be made a part of the final record of the proceeding and will be considered by the Board. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters and/or listening assistance, 48 hours prior to the above hearings to the Board secretary at board.secretary@bpu.nj.gov.

The Board will also accept written and/or electronic comments. While all comments will be given equal consideration and will be made part of the final record of this proceeding, the preferred method of transmittal is via the Board's External Access Portal after

obtaining a MyNewJersey Portal ID. Detailed instructions for e-filing can be found on the Board's home page at <https://www.nj.gov/bpu/agenda/efiling>. Emailed comments may be filed with the secretary of the Board, in pdf or Word format, to board.secretary@bpu.nj.gov.

Written comments may also be submitted to the Board secretary, Aida Camacho-Welch, at the Board of Public Utilities, 44 South Clinton Avenue, 1st Floor, P.O. Box

350, Trenton, New Jersey 08625-0350. All comments should include the name of the Petition and the docket number.

All comments are considered "public documents" for purposes of the state's Open Public Records Act. Commenters may identify information that they seek to keep confidential by submitting comments in accordance with the confidentiality procedures set forth in N.J.A.C. 14:1-12.3.

**Table #1
BASE RATES
For Residential RSG Customers
Rates if Effective June 1, 2022**

Rate Schedule			Base Rates	
			Charges in Effect December 1, 2021, ⁽¹⁾ Including SUT	Estimated Charges, Including SUT
RSG	Service Charge	per month	\$8.62	\$8.62
	Distribution Charge	\$/therm	0.432613	0.447102
	Off-Peak Use	\$/therm	0.216306	0.223551
	Basic Gas Supply Service-RSG (BGSS-RSG)	\$/therm	0.363545	0.363461

⁽¹⁾ Based upon Delivery Rates and Basic Gas Supply Service ("BGSS-RSG") charges in effect as of December 1, 2021, and assumes that the customer receives commodity service from PSE&G.

**Table #2
Proposed Percentage Change in Revenue
by Customer Class for Gas Service
for Rates if Effective June 1, 2022**

	Rate Class	Percent Increase
Residential Service	RSG	1.57
General Service	GSG	1.01
Large Volume Service	LVG	0.60
Street Lighting Service	SLG	0.07
Firm Transportation Gas Service	TSG-F	0.25
Non-Firm Transportation Gas Service	TSG-NF	0.27
Cogeneration Interruptible Service	CIG	0.36
Contract Services	CSG	0.21
Overall		1.15

The percent increases noted above are based upon December 1, 2021, Delivery Rates and assumes that customers receive commodity service from PSE&G.

**Table #3
Residential Gas Service for Rates if Effective June 1, 2022**

If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Monthly Winter Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
170	25	\$29.90	\$30.26	\$0.36	1.20%
340	50	51.22	51.94	0.72	1.41
610	100	94.81	96.26	1.45	1.53
1,040	172	156.89	159.37	2.48	1.58
1,210	200	181.00	183.88	2.88	1.59
1,816	300	267.18	271.51	4.33	1.62

- (1) Based upon Delivery Rates and Basic Gas Supply Service ("BGSS-RSG") charges in effect as of December 1, 2021, and assumes that the customer receives commodity service from PSE&G. Does not include any BGSS-RSG Bill Credits.
(2) Same as (1) except includes change for GSMP II Base Rate Adjustments.

**Danielle Lopez, Esq.
Assistant General Regulatory Counsel**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

ATTACHMENT 4

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

INCOME ACCOUNT

	<u>YTD 2020 *</u>
	'(\$000)
400 Electric Operating Revenues	\$ 3,152,764
Electric Operating Expenses:	
401 Operation Expense	2,184,449
402 Maintenance Expense	129,665
403 Depreciation Expense	298,204
404 Amortization of Limited Term Plant	16,391
407 Amortization of Property Losses	26,767
408.1 Taxes Other Than Income Taxes	24,495
409.1 Income Taxes - Federal	75,743
410.1 Provision for Deferred Income Taxes	297,807
411.1 Provision for Deferred Income Taxes - Credit	(336,280)
411.103 Accretion Expense-Electric	(226)
411.4 Investment Tax Credit Adjustments (Net)	(8,160)
Total Electric Utility Operating Expenses	<u>2,708,856</u>
Electric Utility Operating Income	<u>\$ 443,909</u>

* Electric Distribution only

	<u>YTD 2020</u>
400 Gas Operating Revenues	\$ 1,679,259
Gas Operating Expenses:	
401 Operation Expense	1,028,741
402 Maintenance Expense	49,435
403 Depreciation Expense	177,246
404 Amortization of Limited Term Plant	12,681
407 Amortization of Property Losses	30,491
407.3 Amortization of Excess cost of removal	19,621
407.4 Amortization of Excess cost of removal	0
408.1 Taxes Other Than Income Taxes	17,029
409.1 Income Taxes - Federal	13,541
410.1 Provision for Deferred Income Taxes	197,863
411.1 Provision for Deferred Income Taxes - Cr	(231,396)
411.4 Investment Tax Credit Adjustments (Net)	(790)
Total Gas Utility Operating Expenses	<u>1,314,460</u>
Gas Utility Operating Income	<u>\$ 364,798</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY**BALANCE SHEET****\$ (In Thousands)****Sep 30, 2021**

Assets and Other Debits

Utility Plant

Electric Utility Plant

101	Electric Utility Plant in Service	\$	23,704,881
103	Electric Experimental Plant Unclassified		-
105	Electric Utility Plant Held for Future Use		22,038
106	Electric Completed Construction not classified- Electric		2,458,648
107	Electric Construction Work in Progress		1,380,735
	Total Electric Utility Plant		<u>27,566,302</u>

Gas Utility Plant

101	Gas Utility Plant in Service	\$	9,832,685
103	Gas Experimental Plant Unclassified		-
105	Gas Utility Plant Held for Future Use		96
106	Gas Completed Construction not classified		36,931
107	Gas Construction Work in Progress		48,888
	Total Gas Utility Plant		<u>9,918,600</u>

Common Utility Plant

101	Common Utility Plant in Service	\$	465,899
106	Common Completed Construction not classified		-
107	Common Construction Work in Progress		33,790
	Total Common Utility Plant		<u>499,688</u>

Property under capital leases

101.1	Electric & Gas Property under capital leases		92,597
			<u>92,597</u>

Total Utility Plant**38,077,187**

Accumulated Provisions for Depreciation and Amortization of

Electric Utility Plant

108 & 111	Electric Utility Plant in Service	(4,654,513)
108.5	Electric Utility Plant Held for Future Use	-
	Total Electric Utility Plant	<u>(4,654,513)</u>

Gas Utility Plant

108 & 111	Gas Utility Plant in Service	(2,452,428)
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Common Utility Plant

108 & 111	Common Utility Plant in Service	(251,954)
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Total Accumulated Provisions for
Depreciation and Amortization
of Utility Plant(7,358,895)

Net Utility Plant Excluding Nuclear Fuel

30,718,293

Nuclear Fuel

120.1	120.1	In Process	-
120.2	120.2	Materials and Assemblies Stock	-
120.3	120.3	In Reactor	-
120.4	120.4	Spent	-

Accumulated Provisions for Amortization

120.5	120.5	Nuclear Fuel	-
		Net Nuclear Fuel	-
		Net Utility Plant	<u>30,718,293</u>

(0)

Other Property and Investments

121	Nonutility Property	3,264
122	Accumulated Provision for Depreciation & Amortization of Nonutility Property	(1,016)
123 & 123.1	Investments in Associated & Subsidiary Companies	45,054
124	Other Investments	187,889
125-8	Special Funds	43,197
175	Long-Term Portion of Derivative Assets	-
	Total Other Property and Investments	<u>278,387</u>

BALANCE SHEET

\$ (In Thousands)

Sep 30, 2021

Current and Accrued Assets

131	Cash	\$	200,643
132-4	Special Deposits		48,594
135	Working Funds		-
136	Temporary Cash Investments		260,000
141-3	Notes and Accounts Receivable		1,315,587
144	Accumulated Provision for Uncollectible Accounts - Credit		(287,033)
145-6	Receivables from Associated Companies		18,477
151-5	Materials and Supplies (incl. 163)		233,041
158	Allowances		-
164	Gas Stored Underground - Current		-
165	Prepayments		96,943
171	Interest and Dividends Receivable		-
172	Rents Receivable		5,135
173	Accrued Utility Revenues		173,915
174	Miscellaneous Current and Accrued		28,379
175	Current Portion of Derivative Instrument Assets		-
	Total Current and Accrued Assets		2,093,681

Deferred Debits

181	Unamortized Debt Expense		67,604
182	Unrec'd Plt and Reg Costs and Other Reg Assets		4,267,132
183	Preliminary Survey and Investigation Charges		31,790
184	Clearing Accounts		0
185	Temporary Facilities		-
186	Miscellaneous Deferred Debits		30,316
188	Research and Development Expenditures		-
189	Unamortized Loss on Reacquired Debt		31,475
190	Accumulated Deferred Income Taxes		809,857
	Total Deferred Debits		5,238,175
	Total Assets and Other Debits	\$	<u>38,328,536</u>
			(0)

BALANCE SHEET
\$ (In Thousands)

Sep 30, 2021

Liabilities and Other Credits

Proprietary Capital

201	Common Stock Issued	\$	892,260
204	Preferred Stock Issued		-
207	Premium on Capital Stock		-
208	Donations from Stockholders		2,155,903
210	Gain on Resale or Cancellation of Reacquired Capital Stock		-
211	Miscellaneous Paid-In Capital		-
215	Appropriated Retained Earnings		-
216	Unappropriated Retained Earnings		11,245,454
216.1	Unappropriated Undistributed Subsidiary Earnings		(28)
219	Other Comprehensive Income		874
	Total Proprietary Capital		<u>14,294,464</u>

Long-Term Debt

221	221 Bonds		11,890,001
223	223 Advances from Assoc. Co.		-
225	225 Unamortized Premium on Long-Term Debt		-
226	226 Unamortized Discount on Long-Term Debt		(29,607)
	Total Long-Term Debt		<u>11,860,394</u>

Other Non-Current Liabilities

227-9	Other Non-current Liabilities		1,101,131
244	Long-Term Portion of Derivative Instrument Liabilities		-
230	Asset Retirement Obligation		316,016
	Total Other Non-Current Liabilities		<u>1,417,147</u>

Current and Accrued Liabilities

231	Notes Payable		-
232	Accounts Payable		527,249
233-4	Payables to Associated Companies		162,046
235	Customer Deposits		58,473
236	Taxes Accrued		19,909
237	Interest Accrued		122,147
238	Dividends Declared		-
239	Matured Long-Term Debt		-
241	Tax Collections Payable		379
242	Miscellaneous Current and Accrued Liabilities		585,789
243	Obligations Under Capital leases		12,575
244	Current Portion of Derivative Instrument Liabilities		-
	Total Current and Accrued Liabilities		<u>1,488,567</u>

Deferred Credits

252	Customer Advances for Construction		63,189
253	Other Deferred Credits		317,002
254	Other Regulatory Liabilities		3,198,489
255	Accumulated Deferred Investment Tax Credits		120,646
281-3	Accumulated Deferred Income Taxes		5,568,639
	Total Deferred Credits		<u>9,267,964</u>

Total Liabilities and Other Credits

\$ 38,328,536