



April 20, 2022

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

BPU Docket No. GR21060952

VIA ELECTRONIC MAIL ONLY

Carmen Diaz, Acting Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Acting Secretary Carmen Diaz:

Enclosed for filing by Public Service Electric and Gas Company (PSE&G or the “Company”), please find an electronic copy of the Company’s compliance filing in accordance with the Board of Public Utilities’ (“Board”) order in the above-referenced Docket dated September 14, 2021.

In that order, the Board approved a Provisional Settlement and a provisional WNC rate, and also approved the parties’ agreement that as the remaining WNC over/under balance approaches zero, PSE&G will make a compliance filing in this docket to set the WNC rate to zero and roll any remaining over or under recovery balance, including interest, from the upcoming 2021-2022 Winter Period into the Company’s initial Gas Conservation Incentive Program (“CIP”) filing, as established in *I/M/O the Petition of PSE&G for Approval of its Clean Energy Future – Energy Efficiency Program on a Regulated Basis*, Docket Nos. GO18101112 and EO18101113, Order Adopting Stipulation (September 23, 2020), for rates scheduled to be in effect on October 1, 2022.

In accordance with that agreement, the Company herewith files the following revised tariff sheets, effective May 1, 2022:

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

- Seventh Revised Sheet No. 45 – Weather Normalization Charge
- Sixth Revised Sheet No. 47 – Weather Normalization Charge (Continued)

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

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman". The signature is written in a cursive style with a large initial 'M'.

Matthew M. Weissman

C Attached Service List (Electronic)

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WEATHER NORMALIZATION CHARGE

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

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2021 through April <u>May 30</u> , 2022	(\$0.001050)	(\$0.001120)
May <u>June</u> 1, 2022 through September 30, <u>2022</u>	\$0.000000	\$0.000000

Weather Normalization Charge

The Weather Normalization Charge is suspended as a result of the implementation of the Gas Conservation Incentive Program Rate Schedule.

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

2. Actual Calendar Month Degree Days

- the accumulation of the actual Degree Days for each day of a calendar month.

3. Normal Calendar Month Degree Days

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2021-2022 Winter Period are set forth in the table below:

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

4. Winter Period

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

**WEATHER NORMALIZATION CHARGE
(Continued)****I. DETERMINATION OF THE WEATHER NORMALIZATION RATE**

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 9.6% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms, currently the Green Programs Recovery Charge, that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and 73.33% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

II. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

~~The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year. The Weather Normalization Charge is suspended as a result of the implementation of the Gas Conservation Incentive Program Rate Schedule.~~

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