



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

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)
)
)

DECISION AND ORDER
APPROVING STIPULATION FOR
FINAL RATES

BPU DOCKET NO. GR21060952

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Matthew M. Weismann, Esq., on behalf of Public Service Electric and Gas Company

BY THE BOARD:

On June 30, 2021, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval to adjust its Weather Normalization Clause ("WNC") rate ("2021 WNC Petition"). By this Decision and Order, the Board considers a Stipulation for Final Rates ("Stipulation") executed by PSE&G, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, "Parties") which requests that the Board approve a revised WNC rate on a final basis.

BACKGROUND/PROCEDURAL HISTORY

PSE&G's WNC Tariff was first approved by the Board as part of the Stipulation of Settlement of the Company's 2009 Base Rate Case.¹ The WNC tariff requires the Company to calculate the level by which its margin revenues differed from what would have resulted if normal weather occurred during the prior October through May period ("Winter Period").² The WNC helps to mitigate the financial effect of variations from the normal weather on which base rates are set, to both the Company and its customers receiving service under the Residential Service Gas ("RSG"), General Service Gas ("GSG"), and Large Volume Gas ("LVG") rate schedules.

¹ In re the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, BPU Docket No. GR09050422, Order dated July 9, 2010.

² Margin revenues are distribution revenues from relevant rate classes' per therm charges. The determination of normal weather is based upon a 20-year rolling average of heating degree days for each of the Winter Period months.

By Order dated February 19, 2020, the Board approved the modification of the Winter Period from five (5) months to eight (8) months as a result of the Company's 2019 Basic Gas Supply Service Filing.³

2021 WNC Petition

In the 2021 WNC Petition, PSE&G sought approval to refund \$1,835,733 to customers over the 2021-2022 Winter Period through its WNC rate. The base level of normal degree days is defined in PSE&G's WNC Tariff for each month in the 2021-2022 Winter Period. Any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

According to the 2021 WNC Petition, the Heating Degrees Days for the 2020-2021 Winter Period were 269.17 days less than the normal heating degree days, resulting in a margin deficiency of \$31,244,886. PSE&G made the following four (4) adjustments to the margin revenue deficiency to calculate the 2020-2021 WNC deferral and refund request in accordance with the WNC Tariff: (1) applied the WNC Tariff Earnings Test to the calculated margin revenue deficiency as a result of the warmer than normal 2020-2021 Winter Period; (2) included the remaining 2019-2020 WNC refund balance that was not fully refunded to customers over the 2020-2021 Winter Period due to lower usage from higher than normal temperatures; (3) included amounts collected from customers as a result of a provisional WNC rate in effect for October and November 2020 that should be refunded over the 2021-2022 Winter Period; and (4) included interest due on amounts collected from customers as described in item 3 above due to the provisional WNC rate in effect during October and November 2020.

The margin deficit from the 2020-2021 Winter Period is offset by a remaining over-collection from the 2019-2020 winter period of \$1,835,733, which includes a carryover excess of \$215,043 as of September 30, 2020 to be refunded. Additionally, PSE&G would refund \$1,616,622 of WNC revenues as a result of the tariffs in effect for the months of October and November. The Company would also refund \$4,068 in interest due on the over-collected balance.

In accordance with the WNC Tariff, the Company represented that it trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC rate at the end of the Winter Period, and that the revised tariff sheets reflect updated Degree Day Consumption Factors for the 2021-2022 Winter Period. In the 2021 WNC Petition, the Company proposed a WNC credit rate of \$0.001120 per balancing therm.⁴

By Order dated September 14, 2021, in this docket, the Board approved a stipulation for provisional rates executed by the Parties ("September 2021 Provisional Order"). The September 2021 Provisional Order authorized PSE&G to implement a per therm WNC credit rate of \$0.001120 on a provisional basis for services rendered on and after October 1, 2021. This provisional rate was subject to refund after true-up. Based upon rates in effect at the time, the annual bill for typical PSE&G residential gas heating customers using 172 therms in a winter month and 1,040 therms annually would see a decrease in their annual bill of \$0.78.

³ In re the Petition of Public Service Electric and Gas Company's 2019/2020 Annual BGSS Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge, BPU Docket No. GR19060699, Order dated February 19, 2020.

⁴ All rates quoted herein include losses and Sales and Use Tax ("SUT") unless otherwise stated.

The 2021 WNC Petition requested a decrease to rates meaning public hearings were not required, nor held in this matter. In addition, no written comments from the public were received by the Board related to the 2021 WNC Petition.

On April 20, 2022, PSE&G made a compliance filing in this docket with the Board setting the WNC rate to \$0.000000 per kWh effective May 1, 2022 and rolling the remaining WNC balances into the Company's Gas Conservation Incentive Program ("CIP") balance, which will be reviewed in the Company's initial CIP filing to be made June 1, 2022.⁵ PSE&G made this compliance filing as a result of the stipulated terms in the September 2021 Provisional Order.

STIPULATION

Following a review of the 2021 WNC Petition and discovery, the Parties executed the Stipulation, which provides, in part, as follows:⁶

1. The Parties request that the Board approve as final the WNC rate of (\$0.001050) per balancing therm excluding SUT, (\$0.001120) per balancing therm including SUT, effective October 1, 2021 through April 30, 2022.
2. The Parties also request that the Board approve as final the WNC rate of \$0.000000 per balancing therm including SUT, effective upon Board approval. Details of the balances rolled into the Company's Gas Conservation Incentive Program ("CIP") balance will be subject to review in the Company's initial CIP filing to be made by June 1, 2022 in accordance with the September 2020 Order.

DISCUSSION AND FINDINGS

The Board reviewed the record in this proceeding, including the 2021 WNC Petition and the Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** on a final basis a per therm WNC credit rate of \$0.001120 applicable to Rate Schedules RSG, GSG, and LVG, for the period October 1, 2021 through April 30, 2022. As a result of the Stipulation, there is no additional bill impact to customers.

The Board **HEREBY DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by June 1, 2022.

The Company's costs, including those related to the WNC, remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions deemed to be appropriate as a result of any such audit.


⁵ In re the Petition of PSE&G for Approval of its Clean Energy Future – Energy Efficiency Program on a Regulated Basis, Docket Nos. GO18101112 and EO18101113, Board Order dated September 23, 2020 ("September 2020 Order").

⁶ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

The effective date of this Order is May 11, 2022.


DATED: May 4, 2022

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT

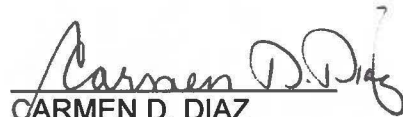

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST:


CARMEN D. DIAZ
ACTING SECRETARY

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

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Office of the General Counsel</u></p> <p>Abe Silverman, Esq., General Counsel abe.silverman@bpu.nj.gov</p> <p>Carol Artale, Esq., Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Esq., Senior Counsel heather.weisband@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Bureau Chief paul.lupo@bpu.nj.gov</p> <p>Ryan Moran ryan.moran@bpu.nj.gov</p> <p><u>New Jersey Division of Law</u> 25 Market Street Post Office Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p>	<p><u>Public Service Electric and Gas Company</u> PSEG Services Corporation 80 Park Plaza, T5 Post Office Box 570 Newark, NJ 07102</p> <p>Matthew M. Weissman, Esq. matthew.weissman@pseg.com</p> <p>Katherine E. Smith, Esq. katherine.smith@pseg.com</p> <p>Terrance J. Moran terrance.moran@pseg.com</p> <p>Stephen Irons stephen.irons@pseg.com</p> <p>Deborah Marks deborah.marks@pseg.com</p> <p><u>New Jersey Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625</p> <p>Brian Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Sarah H. Steindel, Esq. ssteinde@rpa.nj.gov</p> <p><u>Rate Counsel Consultants</u></p> <p>Dr. Karl Pavlovic PCMG and Associates 22 Brooks Avenue Gaithersburg, MD 20877 kpavlovic@pcmgregcon.com</p> <p>Dante Mugrace, PCMG and Associates 90 Moonlight Court Toms River, New Jersey 08753 dmugrace@pcmgregcon.com</p>
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Matthew M. Weissman
Managing Counsel - State Regulatory

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



April 26, 2021

In The Matter of the Petition of
Public Service Electric and Gas Company
to Revise its Weather Normalization Charge
for the 2021-2022 Annual Period
BPU Docket No. GR21060952

VIA ELECTRONIC MAIL

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

Dear Acting Secretary Diaz:

Attached please find the fully executed Stipulation in the above-referenced matter. The following parties have signed the Stipulation: Public Service Electric and Gas Company, the Staff of the New Jersey Board of Public Utilities, and the New Jersey Division of Rate Counsel.

Consistent with the Order issued by the New Jersey Board of Public Utilities (“BPU or 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 filing is being electronically filed with the Secretary of the Board. No paper copies will follow.

If you have any questions, please do not hesitate to contact me. Thank you for your consideration in this matter.

Very truly yours,

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

Matthew M. Weissman

c: Attached Service List (E-Mail)

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)	STIPULATION FOR
PUBLIC SERVICE ELECTRIC AND GAS)	FINAL WEATHER
COMPANY TO REVISE ITS WEATHER)	NORMALIZATION CHARGE
NORMALIZATION CHARGE)	BPU Docket No. GR21060952
FOR THE 2021-2022 ANNUAL PERIOD)	

APPEARANCES:

Matthew M. Weissman, Esq., Managing Counsel, State Regulatory, and **Katherine E. Smith**, Esq., Associate General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company

Maura Caroselli, Esq. Managing Attorney – Gas and **Sarah H. Steindel**, Esq., Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Brian O. Lipman**, Esq., Director)

Matko Ilic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Acting Attorney General of New Jersey)

On June 30, 2021, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting approval to refund customers \$1,835,733 over the 2021-2022 Winter Period (*i.e.*, October 1-May 31) (“2021 WNC Petition”). The Weather Normalization Charge (“WNC”) will be recovered from PSE&G gas customers receiving service under the following Rate Schedules: Residential Service (“RSG”), General Service (“GSG”), and Large Volume Gas (“LVG”) during the 2021-2022 Winter Period.

As part of its 2021 WNC Petition, PSE&G proposed a WNC rate of (\$0.001120) per balancing therm including New Jersey Sales and Use Tax (“SUT”).

The WNC Tariff was first approved by the Board on July 9, 2010 as part of the Stipulation of Settlement of PSE&G's 2009 base rate case.¹ The BPU approved the 2020-2021 PSE&G WNC tariff rate of \$0.000000 per balancing therm (with SUT) on November 18, 2020.²

In calculating the proposed WNC, PSE&G represents that it utilized calculations required by the July 2010 Order and as reflected in its WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each Winter Period, the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2021-2022 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

In accordance with the WNC Tariff, PSE&G represents that it trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC tariff sheets developed by PSE&G and included in the 2021 WNC Petition reflect updated Degree Day Consumption Factors for the 2021-2022 Winter Period.

These calculations establish a margin revenue deficiency of \$31,244,886 for the 2020-2021 Winter Period. In calculating the 2021-2022 WNC request for recovery, PSE&G represents that it has made four (4) adjustments to the margin revenue deficiency in accordance with the WNC tariff. Specifically, the Company has:

¹ I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, Docket No. GR09050422, Order dated July 18, 2010 (July 2010 Order).

² I/M/O the Petition of PSE&G to Revise Its Weather Normalization Charge for the 2020-2021 Annual Period, Docket No. GR20060470, Order dated November 18, 2020.

- a. Applied the WNC Tariff Earnings Test to the calculated margin revenue deficiency as a result of the warmer than normal 2020-2021 Winter Period;
- b. Included the remaining 2019-2020 WNC refund balance that was not fully refunded to customers over the 2020-2021 Winter Period due to lower usage from higher than normal temperatures;
- c. Included amounts collected from customers as a result of a provisional WNC rate in effect for October and November 2020, that should now be refunded over the 2021-2022 Winter Period; and
- d. Included interest due on amounts collected from customers as described in item c. above due to the provisional WNC rate in effect during October and November 2020.

PSE&G, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”), the only parties to this proceeding, discussed certain matters at issue herein. By Order dated September 14, 2021³, the Board approved a Provisional Settlement and a provisional rate of (\$0.001120) per balancing therm including SUT, effective October 1, 2021. The parties further agreed that as the remaining 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 recovered balance, including interest, from the upcoming 2021-2022 Winter Period into the Company’s initial Gas Conservation Incentive Program (“CIP”) filing, as established in the September 2020 Order for rates scheduled to be in effect on October 1, 2022.⁴

In accordance with above, on April 20, 2022 the Company made a compliance filing setting the WNC rate to zero effective May 1, 2022. The current balance is estimated to be less than

³ I/M/O the Petition of PSE&G to Revise Its Weather Normalization Charge for the 2021-2022 Annual Period, Docket No. GR21060952, Order dated September 14, 2021.

⁴ 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, Board Order dated September 23, 2020 (“September 2020 Order”).

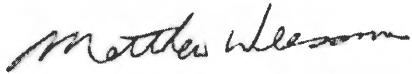
\$100,000. The remaining balance as of April 30, 2022, including interest, will be transferred to the Company's Gas CIP to be recovered/refunded in the Company's initial CIP filing.

NOW THEREFORE, THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

- 1) The Parties request that the BPU approve as final the WNC rate of (\$0.001050) per balancing therm excluding SUT, (\$0.001120) per balancing therm including SUT, effective October 1, 2021 through April 30, 2022.
- 2) The Parties also request that the BPU approve as final the WNC rate of \$0.000000 per balancing therm including SUT, effective upon Board approval. Details of the balances rolled into the Company's Gas Conservation Incentive Program ("CIP") balance will be subject to review in the Company's initial CIP filing to be made by June 1, 2022 in accordance with the September 2020 Order.
- 3) The Parties agree that this Settlement for final WNC rates reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved in its entirety by the Board, this Settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.
- 4) The Parties further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
- 5) The Parties further agree that this Settlement for the final WNC rates was made exclusively for the purpose of this proceeding, and that this Settlement, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement.

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

MATTHEW J. PLATKIN
ACTING ATTORNEY GENERAL OF
NEW JERSEY
Attorney for the Staff of the Board of Public
Utilities

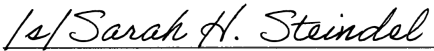
BY: 
Matthew M. Weissman
Managing Counsel - State Regulatory

BY: 
Matko Ilic
Deputy Attorney General

DATED: April 25, 2022

DATED: April 26, 2022

NEW JERSEY DIVISION OF RATE COUNSEL,
BRIAN O. LIPMAN, DIRECTOR

BY: 
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: April 26, 2022

BPU

Stacy Peterson
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-4517
stacy.peterson@bpu.nj.gov

DAG

Pamela Owen
NJ Dept of Law & Public Safety
Division of Law, Public Utilities Section
R.J. Hughes Justice Complex
25 Market Street, P.O. Box 112
Trenton NJ 08625
Pamela.Owen@law.njoag.gov

PSE&G

Katherine E. Smith
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-6996
katherine.smith@pseg.com

Rate Counsel

Stefanie A. Brand
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
sbrand@rpa.state.nj.us

Rate Counsel

Shelly Massey
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
smassey@rpa.nj.gov

BPU

Heather Weisband
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton NJ 08625
heather.weisband@bpu.nj.gov

PSE&G

Michele Falcao
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-6119
michele.falcao@pseg.com

PSE&G

Matthew M. Weissman Esq.
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-7052
matthew.weissman@pseg.com

Rate Counsel

Maura Caroselli Esq.
Division of Rate Counsel
140 East Front Street
4th Floor
Trenton NJ 08625
mcaroselli@rpa.nj.gov

Rate Counsel

Sarah Steindel
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
ssteinde@rpa.state.nj.us

DAG

Matko Ilic
NJ Dept. of Law and Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton NJ 08625
matko.ilic@law.njoag.gov

PSE&G

Bernard Smalls
PSEG Services Corporation
80 Park Plaza-T5
Newark NJ 07102-4194
(973) 430-5930
bernard.smalls@pseg.com

PSE&G

Caitlyn White
PSEG Services Corporation
80 Park Plaza, T-5
P.O. Box 570
Newark NJ 07102
(973)-430-5659
caitlyn.white@pseg.com

Rate Counsel

Brian O. Lipman
Division of Rate Counsel
140 East Front Street, 4th Flr.
P.O. Box 003
Trenton NJ 08625
(609) 984-1460
b lipman@rpa.nj.gov