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December 8, 2022

In the Matter of the Petition of
Public Service Electric and Gas Company's
2022 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. GR22060367

VIA ELECTRONIC MAIL

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

Dear Secretary Diaz:

Attached is the fully executed Stipulation in the above-reference matter resolving all aspects of this matter. All the 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 and the New Jersey Division of Rate Counsel. 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.

Sincerely,

A handwritten signature in black ink that reads "Aaron I. Karp".

Attachment

cc: Attached Service List (electronic only)

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

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)
AND GAS COMPANY’S 2022 ANNUAL MARGIN) BPU DOCKET NO. GR22060367
ADJUSTMENT CHARGE (MAC))

STIPULATION AND AGREEMENT

APPEARANCES:

Matthew M. Weissman, Esq., Managing Counsel - State Regulatory, and **Aaron I. Karp**, Esq., Associate Counsel - Regulatory, for the Petitioner, Public Service Electric and Gas Company

Sarah H. Steindel, Esq., Assistant Deputy Rate Counsel, **Megan Lupo**, Esq., Assistant Deputy Rate Counsel, and **Maura Caroselli**, Esq., Manager of Gas & Clean Energy, 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**, Attorney General of New Jersey)

On January 9, 2002, as a result of the New Jersey Board of Public Utilities’ (“Board” or “BPU”) Order in Public Service Electric and Gas Company’s (“PSE&G” or “Company”) gas base rate case, the Margin Adjustment Charge (“MAC”) was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service rates to certain customers on Rate Schedules Residential Service, General Service, Large Volume Service, Street Lighting Service and Firm Transportation Gas Service.¹

By Board Order dated November 17, 2021, the current MAC rate of (\$0.006207) per therm (including Sales and Use Tax (“SUT”)) was established and made effective December 1, 2021.² On

¹ In re the Petition of Public Service Electric and Gas Company for Approval of an Increase in Gas Rates and for Changes in the Tariff for Gas Service B.P.U.N.J. No. 12, Gas Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, BPU Docket No. GR01050328, Order dated January 9, 2002.

² In the Matter of the Petition of Public Service Electric and Gas Company’s 2021 Annual Margin Adjustment Charge (“MAC”), BPU Docket No. GR21060882, Order dated November 17, 2021.

June 1, 2022, PSE&G filed a petition and supporting documentation with the Board requesting authorization to lower the Company's current MAC rate from (\$0.006207) per therm (including SUT) to (\$0.006372) per therm (including SUT) ("June 2022 Petition"). The June 2022 Petition included actual results through April 2022, and projected results through September 2022, and overall projected a decrease of \$430,590 (including SUT). As the June 2022 Petition requested a rate decrease, the Company did not notice public hearings at that time.

In response to discovery, PSE&G updated the projected data in the June 2022 Petition with actual data through July 2022, and that updated data supported a MAC rate of (\$0.006049) per therm (including SUT), which reflects an increase of \$412,322 (including SUT).³ However, since this newly calculated credit would result in a rate increase that was not publicly noticed by the Company, the Company proposed to maintain the current MAC rate of (\$0.006207) per therm (including SUT).

Upon review of the June 2022 Petition with actual data through April 2022, and the updates provided in discovery that include actual data through July 2022, Board Staff, the New Jersey Division of Rate Counsel, and PSE&G (collectively, "Parties") agree that the current MAC rate is reasonable at this time and stipulate and agree as follows:

1. The Company will maintain the current MAC rate of (\$0.006207) per therm (including SUT). The MAC rate is subject to interest on any net over- or under-recovered MAC balance. Interest based upon the seven (7)-year Treasuries plus 60 basis points is to be adjusted August 1 of each year on any net over- or under-recovered MAC balance.⁴ A tariff sheet reflecting

³ Also in response to discovery, the Company corrected inadvertent errors included in the schedules attached to the June 2022 Petition and in the prior annual MAC filing dated June 1, 2021. See PSE&G response to discovery request RCR-A_0005- Supplemental, submitted September 9, 2022, and PSE&G response to discovery request S-PSEG-REV-0010, submitted October 5, 2022.

⁴ Paragraph 12 of the Board's July 9, 2010 Order in BPU Docket No. GR09050422 directs that "[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance."

the stipulated MAC rate of (\$0.006207) per therm (including SUT) is attached hereto as Attachment A.

2. The Parties further agree that the actual MAC data through July 2022 is approved and actual results for August 1, 2022 forward will be reviewed in the Company's next MAC filing to be made by June 1, 2023.

3. As a result of maintaining the current MAC rate, PSE&G's typical residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis, would see no change in the annual bill of \$839.38. Moreover, under the Company's proposal, 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 no change in the annual bill of \$1,358.02.⁵

4. This stipulation of settlement ("Stipulation") represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that this Stipulation is not adopted in its entirety by the Board in any applicable Order(s), any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

5. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

6. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as

⁵ The calculations in this paragraph are based on current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2022.

expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

7. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order or upon such date after the service thereof as the Board may specify in accordance with N.J.S.A. 48:2-40.

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

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

BY: Aaron I. Karp
Aaron I. Karp
Associate Counsel - Regulatory

BY: Matko Ilic
Matko Ilic
Deputy Attorney General

DATED: December 6, 2022

DATED: December 7, 2022

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

BY: Megan Lupo
Megan Lupo
Assistant Deputy Rate Counsel

DATED: December 7, 2022

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43

B.P.U.N.J. No. 16 GAS

Superseding

XXX Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, SLG, TSG-F
(Per Therm)**

Margin Adjustment Charge (\$0.005821)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....(\$0.006207)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.