



Agenda Date: 5/22/24
Agenda Item: IIA

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 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. 17 ELECTRIC AND B.P.U.N.J. NO. 17 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)	ORDER FURTHER SUSPENDING INCREASES, CHANGES OR ALTERATIONS IN RATES FOR SERVICE
)	DOCKET NOS. ER23120924 AND GR23120925
)	OAL DOCKET NO. PUC 00926-24

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Katherine E. Smith, Esq., on behalf of Public Service Electric and Gas Company
Steven Goldenberg, Esq., Giordano, Halleran & Ciesla, on behalf of New Jersey Large Energy Users Coalition
Steven Wing-Kern Lee, Esq., Spilman Thomas & Battle, PLLC, on behalf of Walmart, Inc.
Janine G. Bauer, Esq., Szaferman, Lakind, Blumstein & Blader, P.C., on behalf of AARP

BY THE BOARD:¹

On December 29, 2023, pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21 N.J.S.A. 48:2-21.1, and N.J.A.C. 14:1-5.12, Public Service Electric and Gas Company (“PSE&G” or “Company”), a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (“Board”), filed a petition for approval of an increase in its current base rates for electric service of approximately \$522 million, excluding Sales and Use Tax (“SUT”), and an increase in its current base rates for gas service of approximately \$423 million, to be effective for electric service provided on and after January 29, 2024 (“Petition”).

Additionally, in the Petition, PSE&G sought: 1) recovery of storm costs through a new clause component rather than through base rates; 2) recovery of gas bad debt expense through a new component of the Societal Benefits Charge rather than through base rates; and 3) an adjustment to flow-back certain tax benefits to customers through the Tax Adjustment Credit. The net revenue impact of all proposals to electric customers is an increase of approximately \$462 million.

¹ Commissioner Marian Abdou recused herself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

The net revenue impact of all proposals to gas customers is an increase of approximately \$364 million.

According to the Petition, the Company filed the Petition, in part, to comply with the Board's Orders approving the second phase of PSE&G's Gas System Modernization Program ("GSMP II") and the Company's Energy Strong II Program.²

According to PSE&G, the key drivers of this rate request include recovery of Board-approved capital investments and deferrals, and resets of Board-approved cost recovery clauses such as stipulated base program and deferred recovery on investments for Energy Strong II, GSMP II, Infrastructure Advancement Program ("IAP"), the Clean Energy Future – Energy Cloud ("CEF-EC") program for installation of advanced meter infrastructure, the Clean Energy Future – Electric Vehicle ("CEF-EV") program, and the Mason Station project, along with other significant capital expenditures. Additionally, PSE&G claimed an additional major driver is deferred storm costs related to major storms.

By the Petition, PSE&G sought the following:

- A prudency determination and final rate recovery of the following programs:
 - NJ Transit Mason Substation
 - GSMP II
 - Energy Strong II
 - CEF-EC
- A prudency determination and recovery of investments and expenditures associated with the Company's CEF-EV program investments that are in-service.
- Recovery of the investments in Energy Strong II, GSMP II, and the Infrastructure Advancement Program that are not subject to interim recovery.
 - authority to:
 - Authorize a return on equity of 10.40%;
 - Modification of its depreciation rates;
 - Approval of several rate and tariff changes.

By Order dated January 10, 2024, the Board suspended the proposed rates until May 29, 2024.³ This matter was subsequently transmitted to the Office of Administrative Law for hearings as a contested case and assigned to Administrative Law Judge ("ALJ") Irene S. Jones.

² In re the Petition of Public Service Electric and Gas Co. for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II"), BPU Docket No. GR17070776, Order dated May 22, 2018 ("GSMP II Order"); In re the Petition of Public Service Electric and Gas Co. for Approval of the Second Energy Strong Program ("Energy Strong II"), BPU Docket Nos. EO18060629 and GO18060630, Order dated September 11, 2019 ("Energy Strong II Order"). The GSMP II Order required PSE&G to file a base rate case no later than January 1, 2024. The Energy Strong II Order required PSE&G to file a base rate case no later than December 31, 2023.

³ In re 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. 17 Electric and B.P.U.N.J. No. 17 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. ER23120924 and GR23120925, Order dated January 10, 2024.

On March 6, 2024, ALJ Jones issued a Prehearing Order in this matter setting a procedural schedule and ruling on several motions to intervene or participate. ALJ Jones ruled on additional motions by Order dated April 10, 2024.

On April 15, 2024, PSE&G updated the Petition to include nine (9) months of actual information and three (3) of estimated information (“9+3 Update”). Based upon the 9+3 Update, the proposed revenue requirement was modified to a net increase of \$485 million for electric customers and a net increase of \$339 million for gas customers.

Because a review of this matter will not be complete on or before May 29, 2024, and the proposed revisions, if approved, will likely increase existing rates and change or alter existing classifications in the Petitioner’s tariff, it is **HEREBY ORDERED** as follows:

- (1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are further suspended until September 30, 2024, unless the Board makes a determination disposing of the Petition or enters an Order further suspending the proposed revisions prior to that date;
- (2) PSE&G shall, at least 10 days prior to the date set for hearing on the Petition by the OAL, file with the Board and the OAL, proof of compliance with the N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c) notice provisions, which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and
- (3) PSE&G shall serve copies of this Order upon the OAL, the New Jersey Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of County Commissioners of each affected county, and, where appropriate, the executive officer of the affected county within its service area. Proof of Service of this Order shall be filed with the Board.

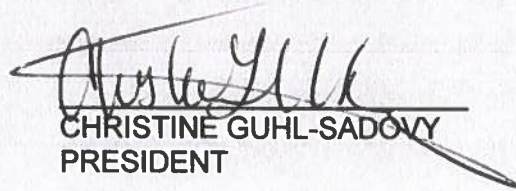
The Order shall be effective on May 27, 2024.

DATED: May 22, 2024

BOARD OF PUBLIC UTILITIES
BY:



DR. ZENON CHRISTODOULOU
COMMISSIONER



CHRISTINE GUHL-SADOVY
PRESIDENT



MICHAEL BANGE
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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BPU DOCKET NOS. ER23120924 and GR23120925
OAL DOCKET NO. PUC 0926-24

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