



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)	ORDER ADOPTING
SERVICE ELECTRIC AND GAS COMPANY FOR)	STIPULATION OF SETTLEMENT
APPROVAL OF CHANGES IN ITS ELECTRIC AND)	
GAS SOCIETAL BENEFITS CHARGE RATES,)	
FOR A CHANGE IN ITS ELECTRIC NON-UTILITY)	
GENERATION CHARGE RATE, AND FOR CHANGES)	
IN THE TARIFF FOR ELECTRIC SERVICE B.P.U.-N.J.)	
NO. 15 ELECTRIC AND CHANGES IN THE TARIFF)	
FOR GAS SERVICE B.P.U.-N.J. NO. 15 GAS)	
PURSUANT TO <u>N.J.S.A. 48:2-21</u> , <u>N.J.S.A. 48:2-21.1</u>)	
AND <u>N.J.S.A. 48:3-60</u>)	DOCKET NO. ER10080550

Gregory Eisenstark, Associate General Regulatory Counsel, and Tamara Linde, Esq., Vice President Regulatory, attorneys for Petitioner,

Diane Schulze, Assistant Deputy Rate Counsel (Stefanie A. Brand, Esq., Director)

BY THE BOARD:

The Electric Discount and Energy Competition Act ("EDECA"), codified as N.J.S.A. 48:3-49 et seq., was enacted on February 9, 1999. Among its purposes was to lower the high cost of energy and improve the quality and choices of service for all the State's consumers while affording fair treatment to all stakeholders during the transition from a regulated to a competitive power supply marketplace. EDECA established the framework for the deregulation and restructuring of the State's electric and natural gas utilities. The Board of Public Utilities ("Board") was given broad authority and discretion to implement and oversee that transition.

Pursuant to EDECA, the Board established Public Service Electric and Gas Company's ("PSE&G or "Company") electric Societal Benefits Charge ("SBC") and Non-Utility Generation Charge ("NGC") in 1999, and the associated cost recovery mechanisms. PSE&G's gas SBC was established in August, 2000. The Board required each utility to file a request for recovery of deferred expenses pertaining to un-recovered balances in the SBC, NGC, and Market Transition Charge, and any transition period purchased power costs.

The Company's NGC rate is designed to recover the above-market costs of generation purchased by PSE&G from non-utility generators ("NUGs"). The SBC components addressed in this proceeding relate to the recovery of: 1) Energy Efficiency and Renewable Energy ("EE&RE") costs pursuant to electric and gas programs through the Office of Clean Energy, and 2) the value of electric customer receivables expected to be written-off as uncollectible by the Company.

COMPANY FILING

In its August 23, 2010 petition in this docket, PSE&G asked the Board to find and determine that PSE&G's proposed SBC and NGC rates are just and reasonable. Based on actual and estimated data through March 31, 2011, PSE&G proposes to increase annual electric revenues by \$85.441 million, while decreasing annual gas revenues by \$17.200 million. The table below summarizes component amounts and proposed rate changes:

	Recovery Factors [04/01/11 - 03/31/12]					
	ELECTRIC♣					GAS‡
	NGC	SBC			Total	Total
		Social/Bad Debts	EE&RE	SBC	Electric	GAS
Proposed Rate	0.5859	0.1755	0.2900			2.2843
Current Rate	0.4947	0.0837	0.2920			2.8520
Difference	0.0912	0.0918	(0.0020)			(0.5677)
KWH Output (000s)	47,204,769	47,204,769	47,204,769			
Therm Sales (000s)						3,029,735
Revenue Change (\$000s)	\$43,051	\$43,334	(\$944)	\$42,390	\$85,441	(\$17,200)

♣ Rates are ¢ per KWH ‡ Rates are ¢ per therm

On September 30, 2010, the above captioned matter was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") Diana Sukovich.

Public hearings were conducted in Hackensack, New Brunswick and Mount Holly on December 6 and 7, 2010, respectively. No one from the public appeared.

The Company responded to discovery requests. In addition, representatives of the Company, Board's Staff, and Rate Counsel ("the Parties") conducted meetings and discussions concerning the Company's filing. On February 11, 2011 the Parties reached a Stipulation of Settlement.

STIPULATION OF SETTLEMENT¹

The Parties agree that the Company shall defer \$17,628 of costs related to PJM member defaults from PSE&G's NGC, pending the final resolution of the appeal of the Board's decision in PSE&G's prior SBC/NGC case (Docket No. ER09020113), currently before the New Jersey Superior Court, Appellate Division in Docket No. A-005941-09T3.

2. As depicted in the above Table, the Parties agree that the Company's:

- NGC rate should be increased by 0.0912 cents per kWh to 0.5859 cents per kWh;
- ii. Electric bad debts rate should be increased by 0.0918 cents per kWh to 0.1755 cents per kWh;
- iii. Electric EE&RE rate should be reduced by 0.0020 cents per kWh to 0.2900 cents per kWh;
- iv. Gas EE&RE rate should be reduced by 0.5677 cents per therm to 2.4843 cents per therm

3. The Parties recommend that the rate changes set forth above be made effective for service rendered on and after the date of the Board Order approving the Stipulation of Settlement.

INITIAL DECISION

In her February 15, 2011 Initial Decision, ALJ Sukovich found that the Stipulation of Settlement is voluntary, fully disposes of all issues and is consistent with the law.

DISCUSSION AND FINDINGS

The Board has reviewed the Initial Decision and Stipulation of Settlement, and HEREBY FINDS them to be reasonable, in the public interest, and in accordance with law. Accordingly, the Board HEREBY ADOPTS the Initial Decision and Stipulation of Settlement as if set forth at length herein, and HEREBY ORDERS that, effective for service rendered on and after the date of this Order, the cents per kWh and cents per therm rates are as stipulated and reflected below:

ELECTRIC			GAS
NGC	Bad Debts	EE&RE	EE&RE
0.5859	0.1755	0.2900	2.2843

As a result of this approval, typical residential electric customers using 7,800 kWh per year would see a bill increase of \$16.35 or 1.11%, while residential heating customers using 1,200 therms annually would see a bill decrease of \$7.28 or 0.52%.

¹ Although described in this Order, should there be a conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions of this Order.

The Board HEREBY DIRECTS the Company to submit its next SBC filing within the next twelve month period.

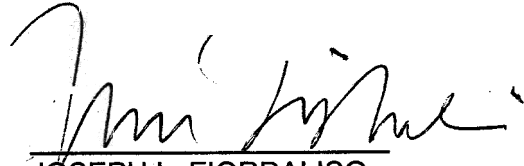
The Board HEREBY DIRECTS the Company to file the appropriate tariff sheets (conforming to the terms and conditions of this Order) within five (5) business days from the date of this Order.

DATED: 3/9/11

BOARD OF PUBLIC UTILITIES
BY:

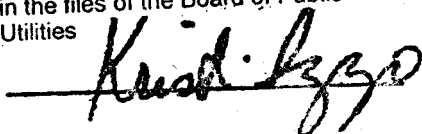


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER
JOSEPH L. FIORDALISO
COMMISSIONER
NICHOLAS ASSELTA
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

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



IN THE MATTER OF THE MOTION OF PUBLIC SERVICE ELECTRIC AND
GAS COMPANY FOR APPROVAL OF CHANGES TO ITS ELECTRIC AND
SOCIETAL BENEFITS CHARGE RATES; FOR A CHANGE IN ITS ELECTRIC NON-UTILITY
GENERATION CHARGE RATE; AND FOR CHANGES IN THE TARIFF FOR ELECTRIC
SERVICE, B.P.U.N.J. NO. 15 ELECTRIC, AND FOR CHANGES IN THE TARIFF FOR GAS
SERVICE, B.P.U.N.J. NO.15 GAS - BPU Docket No. ER10080550

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL Dkt. No. PUC 10890-10

AGENCY DKT. NO. ER 10080550

**IN THE MATTER OF THE PETITION
OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
FOR APPROVAL OF CHANGES IN ITS ELECTRIC AND GAS SOCIETAL BENEFITS
CHARGE RATES, FOR A CHANGE IN ITS NON-UTILITY CHARGE RATE, AND FOR
CHANGES IN THE TARIFF FOR ELECTRIC SERVICE B.P.U.N.N. NO. 15 AND IN
THE TARIFF FOR GAS SERVICE B.P.U.N.J. NO. 15**

Gregory Eisenstark, Associate General Regulatory Counsel, for petitioner
Public Service Electric and Gas Company

Diane Schulze, Deputy Public Advocate, for intervener the Division of Rate
Counsel (Stephanie Brand, Director, attorney)

Kerri Kirschbaum, Deputy Attorney General, for the Staff of the Board of Public
Utilities (Paula T. Dow, Attorney General, attorney)

Record Closed: February 11, 2011

Decided: February 15, 2011

BEFORE: DIANA C. SUKOVICH, ALJ t/a:

On August 23, 2010, Public Service Electric and Gas Company (petitioner) filed a petition with the State Board of Public Utilities (BPU), seeking approval of changes in the Social Programs and Energy Efficiency and Renewables component of its electric Societal Benefits Charge (SBC) rates; in its electric Non-Utility Generation Charge (NGC) rate; and in the EE&RE component of its gas SBC rate, to be effective April 1,

The BPU transmitted the matter to the Office of Administrative Law for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

Telephone conferences were conducted throughout the proceedings. Public hearings were conducted in New Brunswick, Hackensack, and Mt. Holly, New Jersey. The parties conferred throughout the proceedings and reached a resolution of the matter. An executed Stipulation of Settlement (Stipulation) was filed on February 11, 2011, on which date the record was closed. Attached herewith is a copy of the Stipulation.

As referenced in the Stipulation, an appeal of the BPU's decision in petitioner's last SBC/NGC case is pending in the Appellate Division of Superior Court. The parties agree that petitioner will defer \$17,628 of costs related to PJM member defaults from the NGC, pending final resolution of the appeal. As reflected in the Stipulation, as a result of the petition as modified by this deferral, petitioner's total electric SBC/NGC revenues will increase by approximately \$85.441 million on an annual basis, an annual bill increase of \$16.35, approximately 1.11% on a class average residential customer. Gas SBC rates will be reduced by approximately \$17.200 million, an annual decrease of \$7.28, 0.52% for a typical residential heating customer.

have reviewed the record and the settlement terms and **FIND** that the parties have voluntarily agreed to the Stipulation as evidenced by their signatures and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

CONCLUDE that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and that it should be approved. It is hereby **ORDERED** that the Stipulation be and is hereby

APPROVED, the rates reflected therein be effective on the effective date of approval by the BPU of the pertinent tariff sheets, and these proceedings be concluded

hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

February 15, 2010

DATE

Diana Sukovich

DIANA C. SUKOVICH, ALJ t/a

Date Received at Agency:

Date Mailed to Parties:

rr

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Associate General Regulatory Counsel

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February , 2011

In The Matter of the Petition Of
Public Service Electric and Gas Company
for Approval of Changes in its Electric And Gas
Societal Benefits Charge Rates, for a Change in its
Electric Non-Utility Generation Charge Rate,
and for Changes in the Tariff for Electric Service
B.P.U.N.J. No.15 Electric and Changes in the
Tariff for Gas Service B.P.U.N.J. No.15 Gas Pursuant
to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:3-60

BPU Docket No. ER10080550
OAL Docket No. PUC 10890-2010 N

VIA ELECTRONIC MAIL & REGULAR MAIL

Honorable Diana Sukovich
Administrative Law Judge
Office of Administrative Law
33 Washington Street
Newark, New Jersey 07201

Dear Judge Sukovich:

Please find enclosed for filing a fully executed Stipulation of Settlement in the above-referenced proceeding.

Thank you for your assistance in this matter.

Respectfully submitted,

*Original Signed by
Gregory Eisenstark, Esq.*

C Attached Service List (E-Mail Only)

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF
PUBLIC SERVICE ELECTRIC AND GAS
COMPANY FOR APPROVAL OF CHANGES
IN ITS ELECTRIC AND GAS SOCIETAL
BENEFITS CHARGE RATES, FOR A CHANGE
IN ITS ELECTRIC NON-UTILITY GENERATION
CHARGE RATE, AND FOR CHANGES IN THE
TARIFF FOR ELECTRIC SERVICE B.P.U.N.J.
NO.15 ELECTRIC AND CHANGES IN THE
TARIFF FOR GAS SERVICE B.P.U.N.J. NO.15
GAS PURSUANT TO N.J.S.A. 48:2-21,
N.J.S.A. 48:2-21.1 AND N.J.S.A. 48:3-60

**STIPULATION OF
SETTLEMENT**

BPU DOCKET NO. ER10080550
OAL DOCKET NO. PUC-10890-2010N

On August 23, 2010, Public Service Electric and Gas Company (PSE&G or Company) filed a petition with the Board of Public Utilities (Board, BPU) seeking approval of changes in the Social Programs and Energy Efficiency and Renewables (“E&RE”) components of its electric societal benefits charge (SBC) rates and its electric non-utility generation charge (NGC) rate. The Company is also seeking approval of a change in the EE&RE component of its gas SBC rate

The rates proposed for the electric SBC components (excluding RAC, Permanent JSF, and lifeline) were designed to recover approximately \$42.390 million in additional annual revenues from electric customers beginning on April 1, 2011. The rates proposed for the NGC were designed to recover approximately \$43.051 million in additional revenue on an annual basis. The resultant net annual revenue impact on the electric customer would be an \$85.44 million increase.

The rate proposed for the gas SBC component (excluding RAC, Permanent USF, and Lifeline) is designed to reduce annual revenues from gas customers by \$17.200 million on an annual basis beginning on April 1, 2011

Public hearings were conducted in Hackensack, New Brunswick and Mount Holly on December 6 and 7, 2010, respectively. At the December 6 hearing, the Company marked into the record copies of the affidavits of public notice of the proposed rate increase and the certification of mailing of the required notice to the clerks of municipalities and of the Boards of Chosen Freeholders in the Company's electric and gas service territories (Exhibit P-1). One member of the public spoke in opposition to the proposed increase.

The Company has responded to discovery requests propounded by Rate Counsel. In addition, the undersigned parties (Parties) have conducted meetings and discussions concerning the Company's filing.

NOW, THEREFORE, THE UNDERSIGNED PARTIES AGREE AS FOLLOWS:

Except for the deferral of certain costs as discussed herein below in Paragraph 3, the Parties agree that the Administrative Law Judge (ALJ) and the BPU should approve the Company's request as set forth on Schedules SS-2A-Settlement and SS-2B-Settlement, which are attached hereto.

2. The parties agree that the Company's actual costs and expenditures through July 31, 2010, as set forth in its Petition and testimony, are reasonable and prudent, and appropriately recovered through the electric SBC/NGC and gas SBC. The Parties further agree that the forecasts of costs and revenues for the electric SBC/NGC and gas SBC and the actual results for

these items from August 1, 2010 forward will be reviewed in the Company's next SBC/NGC filing.

The current and revised NGC and electric SBC rates are stipulated as follows:

	<u>NGC</u>	<u>SOCIAL</u>	<u>EE&RE</u>
Revised Rate Per KWH	\$0.005859	\$0.001755	\$0.002900
Current Rate Per KWH	\$0.004947	\$0.000837	\$0.002920

4. The current and revised gas SBC rates are stipulated as follows:

	<u>EE&RE</u>
Revised Rate Per therm	\$0.022843
Current Rate Per therm	\$0.028520

An appeal of the Board's decision in PSE&G's prior SBC/NGC case is currently pending before the New Jersey Superior Court, Appellate Division in Docket No. A-005941-09T3 ("Appeal"). The Parties agree that PSE&G shall defer \$17,628 of costs related to PJM member defaults from the NGC, pending the final resolution of the Appeal. All Parties reserve all of their rights with respect to the Appeal

6. As a result of the Petition as modified by the deferral of the PJM Member default costs as discussed in Paragraph 5, the Parties agree that the Company's electric SBC/NGC rates will be changed so that the total electric SBC/NGC revenues are increased by approximately \$85.441 million on an annual basis, which corresponds to an annual bill increase of \$16.35 or approximately 1% on a class average residential customer using 7,800 kWh per year and 803 kWh in a summer month

7. Schedule SS-2A-Settlement, which is attached hereto as Exhibit A, is in the same format as Schedule SS-2A to the Company's witness Stephen Swetz's Direct Testimony

Schedule SS-2A-Settlement provides the derivation and details of the proposed electric SGC/NGC rates

8. The Parties also agree that the Company's gas SBC rates will be changed so that the gas SBC revenues are reduced by approximately \$17.200 million on an annual basis, which corresponds to an annual bill decrease of \$7.28 or 0.52% for typical residential heating customer using 1,200 therms annually and 199 therms in a winter month. Schedule SS-2B-Settlement, attached hereto as Exhibit B, provides the derivation and details of the proposed gas SBC rates.

9. Also attached hereto as Exhibit C are draft tariff pages setting forth the proposed electric SBC/NGC and gas SBC rates.

10. The Parties recommend that the Board issue an Order approving this Stipulation of Settlement ("Settlement") without modification, with the rate modifications set forth herein effective for service rendered on and after April 1, 2011 or the date of the Board order approving this Settlement, whichever is later.

The undersigned Parties agree that this Settlement is being entered into exclusively for the purpose of resolving the issues in these matters.

12. The Parties agree that this Settlement was negotiated and agreed to in its entirety with each section being mutually dependent on approval of all other sections. Therefore, if the Board modifies any of the terms of this Settlement, each Party is given the option, before implementation of any different rate or terms in this case, to accept the change or to resume the proceeding as if no agreement had been reached. If these proceedings are resumed, each Party is given the right to return to the position it was in before this Settlement was executed.

13. The undersigned Parties hereby agree that this Settlement has been 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

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: 
Gregory Eisenstark

By: _____
Diane Schulze
Asst. Deputy Rate Counsel

DATED: 2-10-11

DATED _____

PAULA T DOW, ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

By: _____
Caroline Vachier, DAG

DATED: _____

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

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Gregory Eisenstark

By: Diane Schulze
Diane Schulze
Asst. Deputy Rate Counsel

DATED:

DATED: 2/11/2011

PAULA T DOW, ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

By: _____
Caroline Vachier, DAG

DATED: _____

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

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL


By: _____
Gregory Eisenstark

By: _____
Diane Schulze
Asst. Deputy Rate Counsel

DATED:

DATED: _____

PAULA T DOW, ATTORNEY GENERAL
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Attorney for the Staff of the
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By:  _____
Caroline Vachier, DAG

DATED: 2/10/11

EXHIBIT A

NGC CLAUSE
SBC CLAUSE COMPONENTS: SOCIAL PROGRAMS & ENERGY EFFICIENCY AND RENEWABLES
CALCULATION OF COST RECOVERY FACTOR

04/01/11 - 3/31/12

(\$000's)

	<u>NGC</u>	<u>SOCIAL</u>	<u>EE&RE</u>	<u>TOTAL ELECTRIC SBC*</u>	<u>TOTAL INCLUDING NGC</u>
BEGINNING BALANCE AS OF 07/01/09	(\$35,195)	(\$22,704)	\$14,754	(\$7,950)	(\$43,145)
ACTUAL REVENUES (07/01/09 - 07/31/10)	\$135,637	\$58,336	\$148,765	\$207,101	\$342,738
ACTUAL EXPENSES (07/01/09 - 07/31/10)	\$187,134	\$78,248	\$148,786	\$227,034	\$414,168
ADJUSTMENTS:					
NUG ACCRUAL ADJUSTMENT FOR PJM MEMBER DEFAULTS	\$254 ¹				\$254
SOCIAL PROGRAM ADJUSTMENT		\$540 ²		\$540	\$540
ACCUMULATED INTEREST THROUGH JUNE 30, 2010	(\$876)	(\$675)	\$226	(\$449)	(\$1,325)
BALANCE AS OF JULY 31, 2010	(\$87,314)	(\$42,752)	\$14,960	(\$27,792)	(\$115,106)
INTEREST FOR JULY 2010	(\$87)	(\$37)	\$10	(\$27)	(\$114)
BALANCE INCLUDING INTEREST AS OF JULY 31, 2010	(\$87,401)	(\$42,789)	\$14,970	(\$27,819)	(\$115,220)
PROJECTED REVENUES (08/01/10 - 3/31/11)	\$131,305	\$35,121	\$93,482	\$128,603	\$259,908
PROJECTED EXPENSES (08/01/10 - 3/31/11)	\$116,774	\$31,723	\$97,482	\$129,205	\$245,979
PROJECTED BALANCE @ 3/31/11	(\$72,870)	(\$39,391)	\$10,970	(\$28,421)	(\$101,291)
PROJECTED INTEREST	(\$505)	(\$315)	\$91	(\$224)	(\$729)
OVER/(UNDER) RECOVERY WITH INTEREST 3/31/11	(\$73,375)	(\$39,706)	\$11,061	(\$28,645)	(\$102,020)
ESTIMATED EXPENSES TO BE COLLECTED (04/01/11-3/31/12)	\$203,176	\$43,125	\$147,944	\$191,069	\$394,245
TOTAL TO BE COLLECTED	\$278,551	\$82,831	\$136,883	\$219,714	\$496,265
KWH OUTPUT (000s) (04/01/11-3/31/12)	47,204,769	47,204,769	47,204,769		
AVERAGE COST PER KILOWATTHOUR (DOLLAR/KWH)	0.005859	0.001755	0.002900		
CHARGE - Secondary (DOLLAR/KWH)	0.006337	0.001898	0.003136		
LPL Primary (DOLLAR/KWH)	0.006175	0.001850	0.003057		
HTS Subtransmission (DOLLAR/KWH)	0.006036	0.001808	0.002988		
HTS High Voltage (DOLLAR/KWH)	0.005946	0.001781	0.002943		

CALCULATION OF REVENUE IMPACT

(\$000's)

	<u>NGC</u>	<u>SOCIAL</u>	<u>EE&RE</u>	<u>TOTAL ELECTRIC SBC*</u>	<u>TOTAL INCLUDING NGC</u>
REVISED RATE PER KWH	0.005859	0.001755	0.002900		
CURRENT RATE PER KWH	0.004947	0.000837	0.002920		
DIFFERENCE	0.000912	0.000918	(0.000020)		
KWH OUTPUT (000s) (04/01/11-3/31/12)	47,204,769	47,204,769	47,204,769		
REVENUE IMPACT (04/01/11-3/31/12)	\$43,051	\$43,334	(\$944)	\$42,390	\$85,441

* Excludes RAC, Lifeline and USF.

1 - Includes PJM Member Default adjustment pursuant to BPU Order (Docket No. ER09020113) and stipulated deferral of \$17,628

2 - Balance adjusted by \$539,500 pursuant to BPU Order (Docket No. ER09020113)

EXHIBIT B

GAS SOCIETAL BENEFITS CLAUSE (SBC)
SBC CLAUSE COMPONENT: ENERGY EFFICIENCY and RENEWABLES

CALCULATION OF COST RECOVERY FACTOR
 04/01/11 - 3/31/12
 (\$000's)

	<u>EE&RE</u>	<u>TOTAL</u> <u>* GAS SBC</u>
BEGINNING BALANCE AS OF 07/01/09	(\$13,676)	
ACTUAL REVENUES (07/01/09 - 07/31/10)	\$63,876	
ACTUAL EXPENSES (07/01/09 - 07/31/10)	\$63,659	
<i>ADJUSTMENTS:</i>		
ACCUMULATED INTEREST	\$ (219)	
BALANCE AS OF 07/31/10	(\$13,678)	(\$13,678)
INTEREST AS OF 07/31/10	(\$11)	(\$11)
BALANCE INCLUDING INTEREST AS OF 7/31/10	(\$13,689)	(\$13,689)
PROJECTED REVENUES (08/01/10 - 3/31/11)	\$52,758	\$52,758
PROJECTED EXPENSES (08/01/10 - 3/31/11)	\$38,403	\$38,403
PROJECTED BALANCE @ 3/31/11	\$666	\$666
PROJECTED INTEREST	(\$22)	(\$22)
OVER/(UNDER) RECOVERY WITH INTEREST 3/31/11	\$644	\$644
ESTIMATED EXPENSES TO BE COLLECTED (04/01/11-3/31/12)	\$69,851	\$69,851
TOTAL TO BE COLLECTED	\$69,207	\$69,207
THERM SALES (000s) (04/01/11 - 3/31/12)	3,029,735	
DOLLAR PER THERM	0.022843	

CALCULATION OF REVENUE IMPACT
 (\$000's)

	<u>EE&RE</u>	<u>*TOTAL GAS SBC</u>
REVISED RATE PER THERM	0.022843	
CURRENT RATE PER THERM	0.028520	
DIFFERENCE	(0.005677)	
THERM SALES (000s) (04/01/11 - 3/31/12)	3,029,735	
REVENUE IMPACT (04/01/11 - 3/31/12)	(\$17,200)	(\$17,200)

* Excludes RAC, Lifeline and USF.

EXHIBIT C

SOCIETAL BENEFITS CHARGE

Cost Recovery
 (per kilowatthour)

Component:

Social Programs	\$ 0.001755
Energy Efficiency and Renewable Energy Programs 0.002900
Manufactured Gas Plant Remediation 0.000462
Sub-total per kilowatthour	<u>\$0.005117</u>

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	7.5377%	\$0.005534	\$ 0.001918	\$ 0.000621	\$ 0.008073
LPL Primary	5.1232%	0.005393	0.001919	0.000621	0.007932
HTS Subtransmission	2.9402%	0.005272	0.001918	0.000621	0.007811
HTS High Voltage	1.4590%	0.005193	0.001918	0.000621	0.007732

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service	\$0.008638
LPL Primary 0.008487
HTS Subtransmission 0.008358
HTS High Voltage	<u>.. 0.008273</u>

SOCIETAL BENEFITS CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

Date of Issue:

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G
 80 Park Plaza, Newark, New Jersey 07102
 Filed pursuant to Order of Board of Public Utilities dated
 in Docket No.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 60

B.P.U.N.J. No. 15 ELECTRIC

Superseding

XXX Revised Sheet No. 60

NON-UTILITY GENERATION CHARGE

	Cost Recovery (per kilowatthour)			
	St Lawrence NYPA Credit RS, RHS and RLM	Non-Utility Generation above market costs	Market Transition Charge Refund	Total
Total Cost per kilowatthour		\$ 0.005859	\$ (0.001329)	
Amount per kilowatthour of cost recovery after application of losses:				
RS, RHS & RLM (Loss Factor =7.5377%)	(\$ 0.000086)	\$ 0.006337	\$ (0.001437)	\$0.004814
Other Secondary (Loss Factor =7.5377%)		0.006337	(0.001437)	0.004900
LPL Primary (Loss Factor =5.1232%)		0.006175	(0.001401)	0.004774
HTS Subtransmission (Loss Factor =2.9402%)		0.006036	(0.001369)	0.004667
HTS High Voltage (Loss Factor =1.4590%)		0.005946	(0.001349)	0.004597
Charges including New Jersey Sales and Use Tax (SUT)				
RS, RHS & RLM	(\$ 0.000092)	\$ 0.006781	\$ (0.001538)	\$0.005151
Other Secondary Service		0.006781	(0.001538)	0.005243
LPL Primary		0.006607	(0.001499)	0.005108
HTS Subtransmission		0.006459	(0.001465)	0.004994
HTS High Voltage		0.006362	(0.001443)	0.004919

NON-UTILITY GENERATION CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. This charge shall recover: 1) above market costs associated with non-regulated generation costs which are related to long-term contractual power purchase arrangements approved by the Board and/or established under requirements of the Public Utility Regulatory Policies Act of 1978 and 2) other generation costs as may be approved by the Board. Actual costs incurred by the Company will be subject to deferred accounting. The St. Lawrence New York Power Authority (NYPA) Annual Benefit Allocation credit reflects the annual Economic Benefit allocation for New Jersey's investor owned utilities to supply residential customers' load.

Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered Non-utility Generation above market cost balances. This interest rate shall change each August 1.

The Market Transition Charge Refund is a credit to customers to refund over collection of the Market Transition Charge during the transition period. Interest will not be accrued on any under- or over-recovered Market Transition Charge Refund balances.

Date of Issue

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No

Effective

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
B.P.U.N.J. No. 15 GAS

XXX Revised Sheet No. 41
Superseding
XXX Revised Sheet No. 41

SOCIETAL BENEFITS CHARGE

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

Social Programs	\$ 0.000000
Energy Efficiency and Renewables Program	0.022843
Manufactured Gas Plant Remediation	0.010201
Universal Service Fund - Permanent.....	0.013300
Universal Service Fund - Lifeline.....	<u>0.004900</u>
Societal Benefits Charge	\$ 0.051244
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT)	\$ <u>0.054831</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under-over recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

Date of Issue:

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

Effective:

MINUTES

In the Matter of the Petition of Public Service Electric
And Gas Company for Approval of Changes in its Electric
And Gas Societal Benefits Charge Rates; for a Change in its Electric
Non-Utility Generation Transition Charge Rate; and for Changes in the Tariff
For Electric Service B.P.U.N.J. NO. 15 Electric and Changes in the Tariff for
Gas Service B.P.U.N.J. NO. 15 Gas
Docket No. ER10080550

On August 29, 2010 the Company filed its Petition seeking approval of changes in its electric and gas societal benefits charge (SBC) rates and its electric non-utility generation charge (NGC) rate as follows:

Recovery Factors [04/01/11 - 03/31/12]						
ELECTRIC [♠]					GAS [‡]	
			SBC		Total	Total
		Social/ Bad Debts	EE&RE	Total	Electric	GAS
		NGC			SBC	[EE&RE]
Proposed Rate		0.5859	0.1755	0.29		2.2843
Current Rate		0.4947	0.0837	0.292		2.852
Difference		0.0912	0.0918	-0.002		-0.5677
KWH Output (000s)		47,204,769	47,204,769	47,204,769		
Therm Sales (000s)						3,029,735
Revenue Change (\$000s)		\$43,051	\$43,334	(\$944)	\$42,390	\$85,441 (\$17,200)
♠ Rates are ¢ per KWH				‡ Rates are ¢ per therm		

The Parties conducted discovery and settlement discussions, and on February 11, 2011 reached a Stipulation of Settlement.

In her Initial Decision, filed with the Board on February 15, 2011, ALJ Sukovich found that the Stipulation fully disposed of all issues and was consistent with the law.

The Board found the Initial Decision and Stipulation of the Parties to be reasonable and in the public interest and approved them.