



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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 ELECTRIC AND GAS BASE RATE ADJUSTMENTS PURSUANT TO THE CAPITAL INFRASTRUCTURE INVESTMENT PROGRAM EXTENSION)	DECISION AND ORDER APPROVING STIPULATION
)	
)	DOCKET NOS. ER13111108 and GR13111109
)	

Parties of Record:

Matthew M. Weissman, Esq., for Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On November 23, 2010 and February 18, 2011, respectively, Public Service Electric and Gas Company ("PSE&G" or "Company") filed petitions in Docket No. GO10110862 and Docket No. EO11020088 requesting that the Board approve extensions of the Company's initial Board-approved gas and electric Capital Infrastructure Programs ("CIP I") pursuant to N.J.S.A. 48:2-21 et seq. to enable the Company to continue those construction programs which the Company represented would enhance the reliability of its gas and electric distribution systems.

The extensions, referred to as CIP II, were approved in a Board Order dated July 14, 2011 ("July Order"). In the CIP II, the Company proposed twenty-two electric infrastructure projects estimated to cost \$195.0 million, and eight gas infrastructure projects estimated at \$78.0 million (collectively, "Qualifying Projects").

Pursuant to the July Order, the Company is required to provide Board Staff and Rate Counsel with quarterly reports regarding certain reliability parameters, and to make the following minimum levels of capital investment excluding expenditures for new business or stimulus

spending under either CIP I or CIP II (i.e. "non-qualifying project spending") as follows in each of the designated years to be entitled to recover for expenditures under CIP II:

ELECTRIC - 2011 - \$170.5 million; 2012 - \$183.8 million; 2013 - \$188.8 million
GAS - 2011 - \$116.3 million; 2012 - \$133.9 million.

Following Superstorm Sandy, the Company requested, and the Board granted, a five-month extension of time for completion of the CIP II Qualifying Projects in an Order dated December 19, 2012 ("December Order") in Docket Nos. GO10110862 and EO11020088.

On or about November 15, 2013, PSE&G filed this petition seeking Board approval for electric and gas base rate changes to provide cost recovery following completion of all of the CIP II Qualifying Projects. Specifically, in this CIP II final cost recovery petition, the Company is seeking Board approval to recover the revenue requirements associated with the capitalized investment costs of CIP II Qualifying Projects incurred during 2012-2013. According to PSE&G, the annualized electric and gas revenue requirements, assuming an effective date of July 1, 2014, approximate \$21.1 million for electric investments and \$6.9 million for gas investments. According to the petition, the Company submits that all CIP II Qualifying Projects were placed into service by May 31, 2013 in compliance with the December Order. Additionally, the Company represents that it has met the required minimum base capital spending requirements in excess of non-qualifying project spending for electric and gas projects.

After notice, public hearings on this filing were held in Hackensack on April 28, 2014, New Brunswick on April 30, 2014, and in Mount Holly on May 1, 2014, with hearings at 4:30 and 5:30 p.m. at each location. Two members of the public spoke at the New Brunswick public hearing, expressing concern about the proposed rate increases.

Following the completion and review of discovery, and the public hearings listed above, representatives of the Company, Board Staff, and Rate Counsel (collectively, the "Parties") met to discuss the issues and reached a settlement on all aspects of the Company's CIP II final recovery petition.

STIPULATION¹

On June 9, 2014, the Parties executed a stipulation ("Stipulation") agreeing that the costs and rates reflected in the Stipulation are reasonable and prudent.

PSE&G has made the total minimum levels of base gas capital and electric spending required under the Board Order dated July 14, 2011 in Docket Nos. EO11020088 and GO10110862 and the July 2011 CIP II Order.

The Company represents that it has not eliminated or substituted any CIP II Qualifying Project agreed to by the Parties in the Board's July 2011 CIP II Order.

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 Parties agree that Attachment A to the Stipulation reflects a detailed description of each CIP II Qualifying Project and the actual cost for each CIP II Qualifying Project.

The revenue requirements associated with the final roll-in of the CIP II projects assuming a July 1, 2014 rate effective date are reflected in the tables following paragraph 19. of the Stipulation.

The Parties agree that the implementation of the base rates as shown in Attachment B to the Stipulation shall be made effective July 1, 2014.

The Company agrees that it shall obtain an audit of CIP II similar to the audit of CIP I that was reported on by PSEG Services Corporation Internal Auditing Services on November 12, 2010, and to share Auditing Services documented results of this audit with Board Staff and Rate Counsel.

DISCUSSION AND FINDING

In the April 2009 Order, the Board recognized that the acceleration of utility infrastructure projects and the treatment of capital expenses on an expedited schedule outside the purview of a rate case is not part of the normal course of utility regulation. However, based on economic conditions at that time, the Board found that it was appropriate and within the Board's authority to allow infrastructure projects which had already been researched and planned by the utilities to be accelerated, and that enhanced investments in infrastructure would both increase reliability and promote employment. The Board is persuaded that the CIP II has accomplished its goals.

The Board, having carefully reviewed the Stipulation in this proceeding, **HEREBY FINDS** that the Stipulation calling for incremental annual revenue recovery of \$21.1 million and \$6.9 million for electric and gas investments in Qualifying Projects, respectively, is reasonable, in the public interest and in accordance with the law. A typical residential electric customer using 7,360 kWh per year and 780 kWh in a summer month would see an annual bill increase of \$5.48 or approximately 0.40%, while a residential gas heating customer using 1,050 therms per year and 160 therms in a winter month would see an annual bill increase of \$3.96 or approximately 0.37%. With this decision and the roll into rate base of the remaining CIP II Qualifying Projects, PSE&G's 2009 base rate case (GR09050422), which was left open to allow base rate recovery for these investments, can be closed.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days after the effective date of this Order.

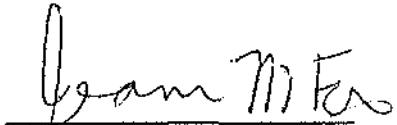
This Order shall become effective July 1, 2014.


The Company's electric and gas costs will remain subject to audit by the Board. This decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 6/18/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

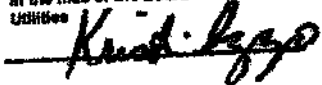

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
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 Petition of Public Service Electric and Gas Company For
Approval of Electric and Gas Base Rate Adjustments Pursuant to the Capital
Infrastructure Investment Program Extension
Docket Nos. ER13111108 and GR13111109**

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF)
ELECTRIC AND GAS BASE RATE)
ADJUSTMENTS PURSUANT TO THE)
CAPITAL INFRASTRUCTURE)
INVESTMENT PROGRAM EXTENSION)

BPU DOCKET NOS.
ER13111108
&
GR13111109

STIPULATION

APPEARANCES:

Matthew M. Weissman, Esq., General Regulatory Counsel-Rates, and **Martin C. Rothfelder, Esq.**, Associate General Regulatory Counsel for the Petitioner Public Service Electric and Gas Company

Brian Lipman, Esq., Litigation Manager; **Felicia Thomas-Friel, Esq.** and **Ami Morita, Esq.**, Deputy Rate Counsel, and **Kurt S. Lewandowski, Esq.** and **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsel, for the Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

T. David Wand and **Alex Moreau**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**John J. Hoffman**, Acting Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

INTRODUCTION AND SUMMARY

1. This Stipulation (“CIP II Final Roll In Stipulation”) is intended to address and resolve all issues in the Public Service Electric and Gas Company (“PSE&G” or the “Company”) petition dated November 15, 2013 in these dockets.

BACKGROUND

2. On November 23, 2010 and February 18, 2011, respectively, PSE&G filed petitions in Docket No. GO10110862 (“Gas Extension Petition”) and Docket No. E011020088 (“Electric Extension Petition”) requesting that the Board approve extensions of the initial Board-approved gas and electric Capital Infrastructure Program (“CIP I”) pursuant to N.J.S.A. 48:2-21 et seq., to enable the Company to continue those construction programs and enhance the reliability of its gas and electric distribution systems.

3. On April 4, 2011, notice setting forth the Company’s November 2010 and February 2011 requests to extend CIP I, including the date, time and place of public hearings, was placed in newspapers having a circulation within the Company’s gas and electric service territory, and was served on the Clerks of the municipalities, the Clerks of the Board of Chosen Freeholders, and the County Executives within the Company’s electric and gas service territory. In accordance with that notice, public hearings on the Company’s requests were held on the following dates at three locations in PSE&G’s service territory: one hearing on April 25, 2011 in Hackensack, New Jersey (covering the time period of the two noticed hearings); two hearings on April 27, 2011 in New Brunswick, New Jersey; and two hearings on April 28, 2011 in Mt. Holly, New Jersey. A total of eight members of the public appeared and made statements at the public hearings.

4. The program extensions, hereinafter referred to as CIP II, were approved in a Board Order dated July 14, 2011 (“July 2011 CIP II Order”) in Docket Nos. GO10110862 and E011020088, that adopted a July 7, 2011 Stipulation providing for a settlement among all parties. The approved CIP II program involves twenty-two electric Qualifying Projects representing an investment of approximately \$195 million, and eight gas Qualifying Projects

representing an investment of approximately \$78 million.

5. The July 2011 CIP II Order requires, among other things, that the Company shall begin work on each Qualifying Project within three months of the date of that Board Order and file a petition proposing gas and electric base rate changes on November 1, 2011, as well as additional petitions at the conclusion of the CIP II electric Qualifying Projects and the conclusion of the CIP II gas “Qualifying Projects.” The Board Order requires that these CIP II cost recovery filings shall include:

- requests for recovery in base rates of all prudently incurred capital expenditures associated with the CIP II Qualifying Projects, including actual costs of engineering, design and construction, cost of removal (net of salvage) and property acquisition, including actual labor, materials, overhead, capitalized AFUDC, and capitalized deferred return associated with the projects (the “Capital Investment Costs”), and
- a revenue requirement that reflects a return on CIP II investments associated with the CIP II Qualifying Projects based on PSE&G’s Capital Investment Costs, as defined above, and based upon cost of capital, depreciation, and accounting as specified in the July 2011 CIP II Order.

6. Pursuant to the July 2011 CIP II Order, PSE&G was required to provide Board Staff and the Rate Counsel with quarterly reports regarding certain reliability parameters, and to make certain minimum levels of base investment spending that are summarized as follows:

- a. Total minimum levels of base electric capital spending, including Utility Operating Support costs and not including capital expenditures for New

Business or capital stimulus spending under either CIP I or CIP II: 2011 - \$170.5 million; 2012 - \$183.8 million; and 2013 - \$188.8 million, and

- b. Total minimum levels of base gas capital spending, not including capital expenditures for New Business or capital stimulus spending under either CIP I or CIP II: 2011 - \$116.3 million; 2012 - \$133.9 million.

7. The July 2011 CIP II Order also required that the Qualifying Projects, and any Board-approved substituted projects, and the associated investment costs included in each CIP II Recovery Filing, would be subject to a prudence review by BPU Staff and Rate Counsel prior to the issuance of a Board Order establishing that the Company's proposed annual base rate adjustment is just and reasonable. The July 2011 CIP II Order and stipulation approved therein also provided that PSE&G's base rate case, Docket No. GR09050422, shall remain open until the conclusion of the proceeding to review the CIP II Recovery Filings made at the conclusion of the final Gas and Electric CIP II Qualifying Projects.

8. The Company made its first filing in compliance with the July 2011 Order on November 1, 2011, and reached settlement with the Parties to that proceeding on December 6, 2012. On December 19, 2012, the Board issued an Order ("December 2012 Order") directing the Company to perform the initial roll-in of its CIP II projects constructed through December 2011 and approving rates that became effective on January 1, 2013.

9. Following Superstorm Sandy, the Company requested and the Board granted a five-month extension of time for completion of the CIP II projects in an Order dated December 19, 2012 in Docket Nos. GO10110862 and EO11020088.

The Petition Addressed In This Stipulation

10. PSE&G's petition dated November 15, 2013 (the "CIP II Final Recovery Petition") is the second CIP II recovery filing as required by the July 2011 CIP II Order. Notice of the requested increase in rates, including the date, time and place of the public hearing, was placed in newspapers having a circulation within the Company's gas and electric service territory and was served on the county executives and clerks of all municipalities within the Company's gas and electric service territory. Public hearings were held in Hackensack at 4:30 p.m. and 5:30 p.m. on April 28, 2014; in New Brunswick at 4:30 p.m. and 5:30 p.m. on April 30, 2014; and in Mount Holly at 4:30 p.m. and 5:30 p.m. on May 1, 2014. No members of the public appeared in Hackensack or Mount Holly, and a total of two members of the public appeared and made statements at the New Brunswick public hearings. One member spoke on behalf of the Mercer County Workers' Benefits Council and expressed concern about the lack of improvement in the economy for working people since the CIP I and CIP II programs began and opposed providing a rate increase. A second individual stated that he supports regular upgrades to the distribution system but opposes the rate increase.

11. In the CIP II Final Recovery Petition, PSE&G is seeking BPU approval to recover the revenue requirements associated with the capitalized investment costs of CIP II for 2012-2013. At the time of the filing, the annualized electric and gas revenue requirements for the period ending October 1, 2014 were calculated to be approximately \$21.7 million and \$7.1 million in revenue, respectively, or a total of \$28.8 million and were supported by Schedules P-1 through P-2 attached to the November 2013 Petition, Schedules JLC-CIP II-1 through JLC-CIP II-6 attached to the Direct Testimony of Jorge L. Cardenas (Attachment A to the CIP II Final

Recovery Petition), and Schedules SS-CIP II-1 through SS-CIP II-8 attached to the Direct Testimony of Stephen Swetz, Attachment B to the CIP II Final Recovery Petition. The base rate revenue requirement adjustments and detailed calculations for electric and gas from Schedules SS-CIP II-2 through SS-CIP II-6 attached to Mr. Swetz's testimony were used as the basis to increase current base rates, and included actual expenditures through September 30, 2013 and projected return on average plant through September 30, 2014. These Schedules contain the proposed base rates as a result of the base rate adjustments for CIP II effective for October 1, 2014. In support of the CIP II Final Recovery Petition, PSE&G submitted the testimony of Jorge L. Cardenas, Vice President, Asset Management and Centralized Services, who testified that all CIP II Qualifying Projects were placed into service by May 31, 2013 in compliance with the December 2012 Order. Mr. Cardenas also testified that PSE&G had met the required minimum base capital spending requirements for electric Non-Qualifying Projects of \$170.5 million for 2011 and of \$183.8 million for 2012; that PSE&G projected that it would meet the minimum base capital spending requirements for electric Non-Qualifying Projects for 2013 of \$188.8 million; and that it had met the required minimum base capital spending requirements for gas Non-Qualifying Projects for 2011 of \$116.3 million and for 2012 of \$133.9 million.

12. In addition, the Minimum Filing Requirements supporting the CIP II Final Recovery Petition, as set forth in the July 2011 CIP II Order, were described in Appendix A to PSE&G's November 2013 Petition, and were set forth in Schedules P-1 and P-2 attached to the petition and in the Schedules supporting the Testimony of PSE&G Witnesses Cardenas and Swetz.

Discovery and Settlement Discussions

13. Discovery questions relating to PSE&G's CIP II Final Recovery Petition have been propounded by Board Staff and Rate Counsel, and the Company has responded thereto.

14. Following the completion and review of discovery and the public hearings listed above, representatives of PSE&G, Board Staff, and Rate Counsel, the only Parties to this proceeding, met to discuss the issues and reached a settlement on all aspects of PSE&G's CIP II Final Recovery Petition. The substance of the settlement appears below.

STIPULATED MATTERS

15. The Parties agree that the costs and rates contained herein are reasonable and prudent.

16. PSE&G has made the total minimum levels of base gas capital and electric spending required under the Board Order dated July 14, 2011 in Docket Nos. EO11020088 and GO10110862 and the July 2011 CIP II Order, not including capital expenditure for new business or capital stimulus spending, under either CIP I or CIP II of \$170.5 million for electric and \$116.3 million for gas, for the year 2011, \$183.8 million for electric and \$133.9 for gas, for the year 2012, and \$188.8 million for electric, for the year 2013.

17. The Company represents that it has not eliminated or substituted any CIP II Qualifying Project agreed to by the Parties in the Board's July 2011 CIP II Order.

18. The Parties agree that Attachment A reflects a detailed description of each CIP II Qualifying Project and the actual cost for each CIP II Qualifying Project.

19. This Stipulation includes the following Table, which details the calculation of the revenue requirements associated with the final roll-in of the CIP II projects assuming a July 1,

2014 rate effective date.

ELECTRIC (\$000)	
	CIP II
Rate Base	138,326
Rate of Return	7.96%
Operating Income Requirement	11,017
Depreciation Expense (net of taxes)	2,949
Interest Expense	(1,521)
Operating Income Deficiency	12,446
Revenue Factor	1.6944
Revenue Requirement	21,088

GAS (\$000)	
	CIP II
Rate Base	49,562
Rate of Return	7.96%
Operating Income Requirement	3,947
Depreciation Expense (net of taxes)	609
Interest Expense	(545)
Operating Income Deficiency	4,011
Revenue Factor	1.7159
Revenue Requirements	6,883

20. The Parties agree to the implementation of the base rates described herein and shown in Attachment B. PSE&G represents that the Company followed the rate allocation methodologies used in PSE&G's 2009 base case to develop the rates in Attachment B and the initial CIP II roll-in for rates effective January 1, 2013 and that such rates are reasonable and consistent with the revenue requirements set forth in the paragraph above. The Parties agree that that the rates in Attachment B shall be effective July 1, 2014.

21. PSE&G agrees that it shall obtain an audit of CIP II similar to the audit of CIP I that was reported on by PSEG Services Corporation Internal Auditing Services on November 12, 2010. The Company shall provide a copy of this audit report to Board Staff and Rate Counsel as a compliance filing in this case subject to the "Agreement of Non-Disclosure of Information Claimed to be Confidential" in this case and subject to any privileges PSE&G may assert with regard to any information in that audit report. Notwithstanding the "Agreement of Non-Disclosure of Information Claimed to be Confidential" in this case, Rate Counsel may seek to introduce relevant portions of the audit report in the next base rate case subject to procedures to protect confidentiality that are at least as protective as those in the "Agreement of Non-Disclosure of Information Claimed to be Confidential" in this case. The parties further agree that PSE&G's agreement to provide a copy of the audit report as set forth in this paragraph 21 is limited to the audit concerning this CIP II case, and that its agreement to do so in this case shall not serve as a precedent in future cases to provide similar reports or prejudice PSE&G from asserting any position in future matters pertaining to such reports.

22. Provided the Board approves the CIP II Final Roll-In Stipulation, the bill impacts of the implementation of the new base rates attributable to this Stipulation, for a typical residential electric customer that uses 7,360 kilowatt-hours per year and 780 kWh in a summer month, will be:

Annual: present bill \$1,366.04; new bill \$1,371.52; increase of \$5.48 or approximately 0.40%.

Monthly (summer): present bill \$144.69; new bill \$146.06; increase of \$1.37 or approximately 0.95%.

23. The combined bill impacts for a typical residential gas heating customer that uses 1,050 therms per year and 160 therms in a winter month will be:

Annual: present bill \$1,084.74; new bill \$1,088.70; increase of \$3.96 or approximately 0.37%.

Monthly (winter): present bill \$164.92; new bill \$165.52; increase of \$0.60 or approximately 0.36%.

FURTHER PROVISIONS

24. This 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), then 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.

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

26. 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 expressly provided herein, Public Service, Board Staff, and Rate Counsel 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

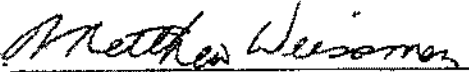
further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

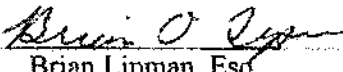
27. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

NEW JERSEY DIVISION OF RATE
COUNSEL
STEFANIE A. BRAND, DIRECTOR


By: 
Matthew M. Weissman, Esq.
General Regulatory Counsel – Rates

By: 
Brian Lipman, Esq.
Litigation Manager

Dated: June 9, 2014

Dated: June 9, 2014

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

By: 
T. David Wand
Deputy Attorney General

Dated: 6/9, 2014

**PSE&G Capital Infrastructure Investment Program Extension CIP II - GAS
Capital Stimulus II Gas Investments**

BPU Project Number	Infrastructure Project	Sub-Project	Description	Actual Cost Through Program End	Total Estimated Cost
GD2-001A	Replace Facilities Blanket	Replacement Main	Blanket provides funding for the replacement of approximately 47 miles of aging cast iron and bare steel gas mains (due to active corrosion or high hazard index), and replacement of 2721 bare steel gas services associated with main replacement. In addition provides funding for replacement of 16 aging and obsolete gas pressure regulators and replacement of M&R equipment including water bath heaters, pressure regulators, piping and other appurtenances, and instruments at various M&R Station locations.	\$45,202,239	\$ 43,420,000
GD2-001B	Replace Facilities Blanket	Replacement Service		\$11,899,524	\$ 8,280,000
GD2-001C	Replace Facilities Blanket	Replacement Regulator		\$ 1,368,823	\$ 2,500,000
GD2-001D	Replace Facilities Blanket	M&R Replacements		\$ 2,824,084	\$ 2,000,000
GD2-002A	Environmental/Regulatory Blanket	BPU Gas Services	Blanket provides funding for the replacement of approximately 978 bare steel gas services as mandated by the BPU and the 20% rule (NJAC 14:7-1.16 e) "An operator shall replace all bare and coated cathodically unprotected steel service lines within a definable area when records indicate that 20 percent or more of the bare and coated cathodically unprotected steel services within that definable area have exhibited leaks." Accelerated replacement of bare steel services from blocks that are identified during the annual service leakage study. In addition provides funding for the abandonment of 5552 active stubs that have not been used for 12 months or more.	\$ 3,480,102	\$ 6,860,000
GD2-002B	Environmental/Regulatory Blanket	Stub Abandonment		\$ 9,122,364	\$ 10,140,000
GD2-003A	System Reinforcement Blanket	Bell Joint Encapsulation	Blanket provides funding for the installation of 1641 life extending cast iron bell joint encapsulations. Also includes the installation of various new reinforcement mains and regulating stations to improve system reliability in areas of the service territory identified by network analysis and actual pressures experienced, and overall capacity improvements that minimize pressure losses during periods of high demand. Enhances system reliability and integrity and ensures system pressures remain above design minimums.	\$ 4,256,815	\$ 3,750,000
GD2-003B	System Reinforcement Blanket	Distribution Reinforcements		\$ 1,023,127	\$ 1,000,000
Grand Total				\$79,177,078	\$ 77,950,000

PSE&G Capital Infrastructure Investment Program Extension
Capital Stimulus II Electric Investments

BPU Project Number	Infrastructure Project	Description	Actual Cost Through Program End	Total Estimated Cost
ED2-001	Indoor Breaker Replacement Program	This program provides funding for the replacement of aging (1926) indoor Oil Circuit Breakers at Norfolk, Irvington, Ironbound, and Central Ave to preserve asset function and	\$ 18,097,213	\$ 12,000,000
ED2-002	Fire Protection System Upgrade Program	This program provides funds for indoor substation fire protection system upgrades	\$ 3,478,988	\$ 2,400,000
ED2-003	Relay Replacement Program	This program provides funding for relay replacements of first generation solid state devices, mainly Westinghouse relays installed in the early 1970s. These relays have proven unreliable because their trip settings drift requiring annual maintenance	\$ 3,768,223	\$ 3,000,000
ED2-004	Urban Substation Upgrade	This project focuses on improving the overall condition, reliability and infrastructure in our urban substations. The improvements include replacement of old, energy inefficient voltage regulators, station light and power transformers and inadequate substation lighting. These station	\$ 14,491,828	\$ 11,300,000
ED2-004B	Urban Substation Upgrade - Security Fencing	upgrades will provide those customers in our urban service territory with better voltage regulation during peak periods, reduces risks due to aging equipment and provides societal benefits associated with energy conservation.	\$ 783,625	\$ 1,000,000
ED2-005	Ventilation System Upgrade	This project provides funding for replacement of the ventilation system at Harrison Substation to keep summer extreme temperatures in the station below 100 degrees. High temperatures during the summer months with improper ventilation can result in a station shutdown and serious health risks for employees within the station	\$ 744,433	\$ 500,000
ED2-006	SAIFI Improvement Program	This program provides systematic funding for condition based replacement of selected devices and additional equipment which directly affect customer reliability. The program will be divided into 4 parts: 1) Minor circuit remediation; 2) Reduce customer impact by increased sectionalization; 3) Major circuit remediation; and 4) Replace Defective Poles	\$ 63,330,894	\$ 60,000,000
ED2-007	Lashed cable - SAIFI Improvement	This program provides funding for the replacement of poorly performing overhead lashed cable throughout the distribution system with newer more reliable cable	\$ 6,881,348	\$ 7,000,000

ATTACHMENT A
CIP II - ELECTRIC

SPU Project Number	Infrastructure Project	Description	Actual Cost Through Program End	Total Estimated Cost
ED2-008	Recloser Replacement Program	This program provides funding for condition based replacement of aging reclosers which improves reliability and eliminates oil containing devices from the pole top	\$ 3,359,126	\$ 4,000,000
ED2-009	UG Cable Replacement Program	This program provides funding for the replacement of poorly performing underground cable throughout the distribution system with newer more reliable cable	\$ 14,784,550	\$ 15,000,000
ED2-010	Aerial Cable Replacement Program	This program provides funding for the replacement of poorly performing aerial cable throughout the distribution system with newer more reliable cable.	\$ 2,927,683	\$ 3,500,000
ED2-011	BUD Cable Replacement Program	This program provides for replacement of aging BUD cable facilities to preserve asset function and reliability	\$ 20,507,610	\$ 20,000,000
ED2-012	Network Equipment Replacement Program	This program provides funding for the replacement defective miscellaneous underground equipment such as transformers, network protectors, oil filled cutouts, etc	\$ 7,085,154	\$ 6,700,000
ED2-013	13KV Network Protector Relays Replacement Program	This program provides for the replacement of older network protector relays with new expanded capability protection relays. This program is Pat Downes recommendation #6	\$ 715,895	\$ 1,500,000
ED2-014	LPGF Gas Monitoring System	This project provides for installation of monitoring systems to track consumption of nitrogen gas used by specific feeders in the stations which will enable targeted gas leakage repairs. This program is Pat Downes recommendation #10	\$ 38,888	\$ 900,000
ED2-015	Jersey City 26kV Network Optimization & Network Monitoring	This project provides funding for the optimization of the South Waterfront underground network. The plan calls to separate the network load from the Morgan St 26-kv radial grid and form a pure three circuit network directly supplied from S. Waterfront. The present configuration is subject to miss-operations which could shut down critical financial institutions. The rearrangements would greatly increase area reliability by simplifying the network, reinforcing it and replacing aged cables. In order to maximize the synergies created by Network Monitoring, the reconfiguration of the network will need to occur concurrently with the network monitoring project. Pat Downes recommendation # 8	\$ 16,374,793	\$ 20,000,000

ATTACHMENT A
CIP II - ELECTRIC

BPU Project Number	Infrastructure Project	Description	Actual Cost Through Program End	Total Estimated Cost
ED2-016	Jersey City 13kV Network Optimization	This project provides funding for the optimization of the Jersey City underground network. The rearrangements would greatly increase area reliability by simplifying the network, reinforcing it and replacing aged cables.	\$ 8,280,469	\$ 8,250,000
ED2-017	New Brunswick 26kV Network Optimization	This project provides funding for the optimization of the New Brunswick underground network. The rearrangements would greatly increase area reliability by simplifying the network, reinforcing it and replacing aged cables.	\$ 4,793,778	\$ 5,000,000
ED2-019	Install 5th Feeder At Hawthorne	Install the Hawthorne Substation 5th feeder to accommodate changing load profiles in the Hawthorne-Ridgewood-Wyckoff area.	\$ 3,277,829	\$ 3,900,000
ED2-021	Runnemede 5th and 6th Feeders	Install the Runnemede Substation 5th and 6th feeders to accommodate changing load profiles in the Runnemede-Gloucester area.	\$ 1,547,657	\$ 4,500,000
ED2-023	St. Peters New Brunswick Upgrade	Improve reliability to the Hospital by reducing momentary interruptions.	\$ 2,310,388	\$ 2,200,000
ED2-024	South River Upgrade	Improve reliability and accessibility for restoration of two 26kv supply lines.	\$ 2,453,226	\$ 2,750,000
Grand Total			\$ 200,033,596	\$ 198,400,000



Cip II Roll-In
Electric Tariff Rates

		Present		Proposed	
		<u>Charge w/out SUT</u>	<u>Charge including SUT</u>	<u>Charge w/out SUT</u>	<u>Charge including SUT</u>
<u>Rate Schedules</u>					
RS	Service Charge	\$2.27	\$2.43	\$2.27	\$2.43
	Distribution 0-600 Sum	\$0.032980	\$0.035289	\$0.034624	\$0.037048
	Distribution 0-600 Win	\$0.033344	\$0.035678	\$0.033344	\$0.035678
	Distribution over 600 Sum	\$0.036801	\$0.039377	\$0.038445	\$0.041136
	Distribution over 600 Win	\$0.033344	\$0.035678	\$0.033344	\$0.035678
RHS	Service Charge	\$2.27	\$2.43	\$2.27	\$2.43
	Distribution 0-600 Sum	\$0.047010	\$0.050301	\$0.047949	\$0.051305
	Distribution 0-600 Win	\$0.030395	\$0.032523	\$0.031002	\$0.033172
	Distribution over 600 Sum	\$0.052326	\$0.055989	\$0.053371	\$0.057107
	Distribution over 600 Win	\$0.011304	\$0.012095	\$0.011530	\$0.012337
	Common Use	\$0.052326	\$0.055989	\$0.053371	\$0.057107
RLM	Service Charge	\$13.07	\$13.98	\$13.07	\$13.98
	Distrib. kWhr Summer On	\$0.055685	\$0.059583	\$0.057097	\$0.061094
	Distrib. kWhr Summer Off	\$0.013086	\$0.014002	\$0.013418	\$0.014357
	Distrib. kWhr Winter On	\$0.013086	\$0.014002	\$0.013418	\$0.014357
	Distrib. kWhr Winter Off	\$0.013086	\$0.014002	\$0.013418	\$0.014357
WH	Distribution	\$0.043148	\$0.046168	\$0.043946	\$0.047022
WHS	Service Charge	\$0.52	\$0.56	\$0.52	\$0.56
	Distribution	\$0.000075	\$0.000080	\$0.000150	\$0.000161
HS	Service Charge	\$3.11	\$3.33	\$3.11	\$3.33
	Distribution June-September	\$0.080644	\$0.086289	\$0.082242	\$0.087999
	Distribution October-May	\$0.029751	\$0.031834	\$0.030340	\$0.032464
GLP	Service Charge	\$3.96	\$4.24	\$3.96	\$4.24
	Service Charge-unmetered	\$1.83	\$1.96	\$1.83	\$1.96
	Service Charge-Night Use	\$347.77	\$372.11	\$347.77	\$372.11
	Distrib. KW Annual	\$3.9750	\$4.2533	\$4.0521	\$4.3357
	Distrib. KW Summer	\$7.3771	\$7.8935	\$7.5203	\$8.0467
	Distribution kWhr. June-September	\$0.009336	\$0.009990	\$0.009517	\$0.010183
	Distribution kWhr. October-May	\$0.003282	\$0.003512	\$0.003346	\$0.003580
	Distribution kWhr. Night use. June-September	\$0.003282	\$0.003512	\$0.003346	\$0.003580
	Distribution kWhr. Night use. October-May	\$0.003282	\$0.003512	\$0.003346	\$0.003580

Clp II Roll-in
Electric Tariff Rates

		<u>Present</u>		<u>Proposed</u>	
		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
		<u>w/out SUT</u>	<u>including</u>	<u>w/out SUT</u>	<u>including</u>
			<u>SUT</u>		<u>SUT</u>
<u>Rate Schedules</u>					
LPL-Secondary	Service Charge	\$347.77	\$372.11	\$347.77	\$372.11
	Distrib. KW Annual	\$3.2915	\$3.5219	\$3.3639	\$3.5994
	Distrib. KW Summer	\$7.8305	\$8.3786	\$8.0028	\$8.5630
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000
LPL-Primary	Service Charge	\$347.77	\$372.11	\$347.77	\$372.11
	Service Charge-Alternate	\$17.88	\$19.13	\$17.88	\$19.13
	Distrib. KW Annual	\$1.5612	\$1.6705	\$1.5928	\$1.7043
	Distrib. KW Summer	\$8.6669	\$9.2736	\$8.8423	\$9.4613
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000
HTS-Subtransmission	Service Charge	\$1,911.39	\$2,045.19	\$1,911.39	\$2,045.19
	Distrib. KW Annual	\$0.9896	\$1.0589	\$1.0103	\$1.0810
	Distrib. KW Summer	\$3.5777	\$3.8281	\$3.6527	\$3.9084
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000
HTS-HV	Service Charge	\$1,720.25	\$1,840.67	\$1,720.25	\$1,840.67
	Distrib. KW Annual	\$0.6305	\$0.6746	\$0.6478	\$0.6931
	Distribution kWhr	\$0.000000	\$0.000000	\$0.000000	\$0.000000
BPL	Distribution Sum	\$0.009982	\$0.010681	\$0.012591	\$0.013472
	Distribution Winter	\$0.009982	\$0.010681	\$0.012591	\$0.013472
BPL-POF	Distribution Sum	\$0.006091	\$0.006517	\$0.006432	\$0.006882
	Distribution Winter	\$0.006091	\$0.006517	\$0.006432	\$0.006882
PSAL	Distribution Sum	\$0.011139	\$0.011919	\$0.014180	\$0.015173
	Distribution Winter	\$0.011139	\$0.011919	\$0.014180	\$0.015173

CIP II Roll-in
Gas Tariff Rates

Rate Schedule		Present		Proposed	
		Charge w/o	Charge	Charge w/o	Charge
		SUT	SUT	SUT	SUT
RSG	Service Charge	\$5.46	\$5.84	\$5.46	\$5.84
	Distribution Charges	\$0.278532	\$0.298029	\$0.282087	\$0.301833
	Balancing Charge	\$0.089679	\$0.095957	\$0.089679	\$0.095957
	Off-Peak Use	\$0.139266	\$0.149015	\$0.141043	\$0.150916
GSG	Service Charge	\$10.28	\$11.00	\$10.44	\$11.17
	Distribution Charge - Pre July 14, 1997	\$0.235594	\$0.252086	\$0.237618	\$0.254251
	Distribution Charge - All Others	\$0.235594	\$0.252086	\$0.237618	\$0.254251
	Balancing Charge	\$0.089679	\$0.095957	\$0.089679	\$0.095957
	Off-Peak Use Dist Charge - Pre July 14, 1997	\$0.117797	\$0.126043	\$0.118809	\$0.127126
	Off-Peak Use Dist Charge - All Others	\$0.117797	\$0.126043	\$0.118809	\$0.127126
LVG	Service Charge	\$95.10	\$101.76	\$96.55	\$103.31
	Demand Charge	\$3.5068	\$3.7523	\$3.5388	\$3.7865
	Distribution Charge 0-1,000 pre July 14, 1997	\$0.060668	\$0.064915	\$0.044736	\$0.047868
	Distribution Charge over 1,000 pre July 14, 1997	\$0.030151	\$0.032262	\$0.035592	\$0.038083
	Distribution Charge 0-1,000 post July 14, 1997	\$0.060668	\$0.064915	\$0.044736	\$0.047868
	Distribution Charge over 1,000 post July 14, 1997	\$0.030151	\$0.032262	\$0.035592	\$0.038083
	Balancing Charge	\$0.089679	\$0.095957	\$0.089679	\$0.095957
SLG	Single-Mantle Lamp	\$9.6316	\$10.3058	\$9.6316	\$10.3058
	Double-Mantle Lamp, inverted	\$9.4856	\$10.1496	\$9.4856	\$10.1496
	Double Mantle Lamp, upright	\$8.3906	\$8.9779	\$8.3906	\$8.9779
	Triple-Mantle Lamp, prior to January 1, 1993	\$9.4856	\$10.1496	\$9.4856	\$10.1496
	Triple-Mantle Lamp, on and after January 1, 1993	\$61.9958	\$66.3355	\$61.9958	\$66.3355
	Distribution Therm Charge	\$0.052361	\$0.056026	\$0.057253	\$0.061261
TSG-F	Service Charge	\$488.34	\$522.52	\$495.76	\$530.46
	Demand Charge	\$1.7442	\$1.8663	\$1.7615	\$1.8848
	Distribution Charges	\$0.066669	\$0.071336	\$0.067330	\$0.072043
TSG-NF	Service Charge	\$488.34	\$522.52	\$495.76	\$530.46
	Distribution Charge 0-50,000	\$0.066944	\$0.071630	\$0.067582	\$0.072313
	Distribution Charge over 50,000	\$0.066944	\$0.071630	\$0.067582	\$0.072313
	Special Provision (d)	\$1.89	\$2.02	\$1.89	\$2.02
CIG	Service Charge	\$131.18	\$140.36	\$132.51	\$141.79
	Distribution Charge 0-600,000	\$0.059578	\$0.063748	\$0.060180	\$0.064393
	Distribution Charge over 600,000	\$0.048888	\$0.052310	\$0.049382	\$0.052839
	Special Provision (c) 1st para	\$1.89	\$2.02	\$1.89	\$2.02
CSG	Service Charge	\$488.34	\$522.52	\$495.76	\$530.46
BGSS RSG	Commodity Charge including Losses	\$0.508459	\$0.544051	\$0.508420	\$0.544009