



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)	DECISION AND ORDER
SERVICE ELECTRIC AND GAS COMPANY'S)	APPROVING STIPULATION FOR
2014/2015 ANNUAL MARGIN ADJUSTMENT CHARGE)	PROVISIONAL MAC RATES
(MAC) FILING UNDER ITS PERIODIC PRICING)	
MECHANISM AND FOR CHANGES IN THE TARIFF)	BPU DOCKET NO. GR14050511
FOR GAS SERVICE		

Parties of Record:

Alexander C. Stern, Esq., for the Petitioner, Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On January 9, 2002, as a result of the Board of Public Utilities' ("Board") Order in Public Service Electric and Gas Company's ("PSE&G" or "the Company") gas base rate case in Docket No. GR01050328¹, the Margin Adjustment Clause ("MAC") was implemented to credit the net revenues associated with Transmission Service Gas Non-Firm ("TSG-NF") rates to customers on Rate Schedules Residential Service Gas, General Service Gas, Large Volume Service Gas, Firm Transportation Gas Service and Street Lighting Service. The purpose of the MAC is to properly allocate transportation/distribution costs to non-firm gas transportation customers having the ability to switch to alternative fuel sources (e.g. oil) in recognition that these customers should contribute, along with firm customers, towards the costs associated with maintaining the distribution system. The MAC is set to ensure margins from TSG-NF customers are credited to firm gas customers.

The current MAC was set in accordance with the Board's March 19, 2014 Order approving the Stipulation for Final MAC Rates in BPU Docket No. GR13060445. After review, the Board approved a MAC rate consisting of a per therm credit of \$0.004587 including sales and use tax ("SUT").

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. No. GR01050328, Board Order dated January 9, 2002.

The Company filed the instant petition with the Board on May 29, 2014, representing that it currently projects, based on actual results through April 2014, that the net MAC balance including cumulative interest at September 30, 2014 will be an over-recovery of \$24.96 million. Given this forecasted over-recovery, the Company believes that a per therm credit of \$0.011403 including SUT is appropriate to be effective for service rendered on and after October 1, 2014.

According to the petition, based on rates in effect as of July 1, 2014, PSE&G's typical residential gas heating customers using 160 therms in a winter month and 1,050 therms annually would experience a decrease in their annual bills from \$1,069.40 to \$1,062.22, or \$7.18 (0.67%).

PSE&G, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, "the Parties") have determined that additional time is needed to complete a comprehensive review of the Company's proposed change in the MAC. However, on September 3, 2014, the Parties executed a stipulation ("Stipulation")² to implement the proposed change in the MAC rate on a provisional basis.

The Parties agree as follows:

1. The Company's MAC rate should be made effective as of October 1, 2014, or as soon as possible upon the issuance of a Board Order approving the Stipulation and should be decreased to reflect a credit of \$0.011403 per therm, (including SUT) on a provisional basis subject to interest on any net over or under-recovered MAC balance. Interest based on the seven (7) year Treasuries plus sixty (60) basis points is to be adjusted on August 1 of each year on any net over or under-recovered MAC balance.³
2. The Company will provide an updated tariff sheet in the form attached to the Stipulation as Exhibit A within ten (10) business days of the effective date of the Board's Order in this docket.
3. The Parties understand that this determination is on a provisional basis with an opportunity for a full review at the Office of Administrative Law, if the Board should deem it necessary and final approval by the Board.
4. 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.

DISCUSSION AND FINDING

The Board **HEREBY FINDS** that, subject to the terms and conditions set forth below, the attached Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as though fully set forth herein.

² Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

³ 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 Board **HEREBY ORDERS** that the Company's Margin Adjustment Clause rate shall be provisionally changed to a credit of \$0.011403 per therm (including SUT). Any net over-recovered MAC balance at the end of the MAC period shall be subject to refund with interest.

The Board **HEREBY DIRECTS** that this matter be transmitted to the Office of Administrative Law for a full review and an opportunity for hearings.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within ten (10) business days from the effective date of this Order.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

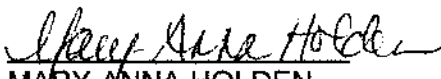
This Order shall be effective on the later of October 1, 2014 and the date of service.

DATED: 9/30/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

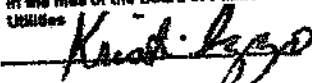

JOSEPH L. FIORDALISO
COMMISSIONER


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'S 2014/2015 ANNUAL MARGIN ADJUSTMENT CHARGE (MAC) FILING UNDER
ITS PERIODIC PRICING MECHANISM AND FOR CHANGES IN THE TARIFF FOR GAS
SERVICE - BPU DOCKET NO. GR14050511

SERVICE LIST

Alexander C. Stern, Esq.
Assistant General Regulatory Counsel
PSEG Services Corporation
80 Park Plaza - T5G
Newark, New Jersey 07102

Connie E. Lembo
PSEG Services Corporation
80 Park Plaza - T5G
Newark, New Jersey 07102

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Brian Lipman, Litigation Manager
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Christine Juarez, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Sara Steindel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Babette Tenzer, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Alex Moreau, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Caroline Vachier, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

T. David Wand, Esq.
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Jerome May, Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Rosalie Serapiglia, Manager
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Megan Lupo, Esq.
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Henry Rich
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Robert Schultheis, Chief
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Alexander C. Stern
Associate General Regulatory Counsel

Law Department
PSEG Services Corporation
80 Park Plaza - 1501, Newark, New Jersey 07102-4194
tel: 973.430.5754 fax: 973.430.5983
email: alexander.stern@pseg.com



September 3, 2014

In the Matter of the Petition of
Public Service Electric and Gas Company to
2014/2015 Annual Margin Adjustment Charge ("MAC")
Filing Under its Periodic Pricing Mechanism
and for Changes in the Tariff for Gas Service

BPU Docket No. GR14050511

VIA ELECTRONIC & REGULAR MAIL

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625

Dear Secretary Izzo:

Enclosed for filing, please find a fully executed Stipulation for Provisional Margin Adjustment Charge in the above-referenced proceeding.

Please feel free to contact me with any questions you may have regarding this submittal.

Respectfully submitted

C Attached Service List

BPU

Edward Beslow Esq.
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-1379
edward.beslow@bpu.state.nj.us

BPU

Megan Lupo
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
megan.lupo@bpu.state.nj.us

BPU

Robert Schultheis
Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
robert.schultheis@bpu.state.nj.us

DAG

Babette Tenzer DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-7811
babette.tenzer@dol.lps.state.nj.us

PSE&G

Connie E. Lembo
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-6273
constance.lembo@pseg.com

Rate Counsel

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

BPU

Jacqueline Galka
Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
(609) 984-4657
jackie.galka@bpu.state.nj.us

BPU

Jerome May
Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-3960
Jerome.may@bpu.state.nj.us

BPU

Rosalie Serapiglia
Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
rosalie.serapiglia@bpu.state.nj.us

DAG

Caroline Vachier DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3709
caroline.vachier@dol.lps.state.nj.us

PSE&G

Alex Stern Esq.
PSEG Services Corporation
80 Park Plaza, T5
P.O. Box 570
Newark NJ 07102
(973) 430-5754
alexander.stern@pseg.com

Rate Counsel

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

BPU

Kristi Izzo
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
(609) 292-1599
kristi.izzo@bpu.state.nj.us

BPU

Henry Rich
Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton NJ 08625-0350
(609) 341-5760
henry.rich@bpu.state.nj.us

DAG

Alex Moreau DAG
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3762
Alex.Moreau@dol.lps.state.nj.us

DAG

T. David Wand
NJ Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Flr.
P.O. Box 45029
Newark NJ 07101
(973) 648-3441
david.wand@dol.lps.state.nj.us

Rate Counsel

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

Rate Counsel

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

Rate Counsel

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

Rate Counsel Consultant

Andrea Crane
The Columbia Group, Inc.
90 Grove Street, Suite 211
Ridgefield CT 06877
(203) 438-2999
ctcolumbia@aol.com

Rate Counsel

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

Rate Counsel

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

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S 2014/2015) SETTLEMENT FOR
ANNUAL MARGIN ADJUSTMENT CHARGE) PROVISIONAL MARGIN
("MAC") FILING UNDER ITS PERIODIC) ADJUSTMENT CHARGE
PRICING MECHANISM AND FOR CHANGES)
IN THE TARIFF FOR GAS SERVICE) BPU DOCKET NO. GR14050511

APPEARANCES:

Alexander C. Stern, Esq., for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Sarah H. Steindel, Esq.**, and **Christine M. Juarez, Esq.**, Assistant Deputy Rate Counsels, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)

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

On May 29, 2014, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing with the Board of Public Utilities ("Board") in the above-referenced matter, requesting a change in the Margin Adjustment Charge (MAC) rate for firm customers from (\$0.004587) per therm to (\$0.011403) per therm, including sales and use tax ("SUT"), to be implemented for service rendered on and after October 1, 2014.

By way of background, on January 9, 2002, as a result of the Board's Order in Public Service's gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with the rate schedule Non-Firm

Transportation Gas Service ("TSG-NF") to customers on Rate Schedules Residential Service Gas ("RSG"), General Service Gas ("GSG"), Large Volume Service Gas ("LVG"), Street Lighting Service ("SLG"), and Firm Transportation Gas Service ("TSG-F"). The current MAC is in accordance with the Board's March 19, 2014 Order approving the Stipulation for Final MAC Rates in BPU Docket No. GR13060445 whereby the Board approved a MAC rate of (\$0.004587) (i.e., a credit of \$0.004587 per therm including SUT).

In the Company's May 29, 2014 filing, Public Service represented that the current MAC balance, its over/(under) recovery and the associated interest costs for the actual results and corresponding forecast supported a change in the MAC to a rate of (\$0.011403) (i.e., a credit of \$0.011403 per therm including SUT). Based on rates in effect as of July 1, 2014, the impact of the implementation of this credit on a provisional basis for a typical residential gas heating customer receiving Basic Gas Supply Service from the Company and using 160 therms in a winter month and 1,050 therms annually will be a decrease in the customer's annual bill from \$1,069.40 to \$1,062.22 or \$7.18 or 0.67%.

The Company acknowledges that a forecasted MAC is dependent upon the margins received from TSG-NF customers whose usage tends to be volatile and could be adversely impacted by various factors such as economic cycles and storm damage. As this matter is filed on an annual basis with the next filing anticipated in June 2015, the

Company believes that given this uncertainty, it is prudent to change the MAC rate to (\$0.011403) per therm including SUT , (i.e., a credit of \$0.011403 per therm including SUT). A tariff sheet reflecting approval of the MAC rate proposed in the Company's filing is attached hereto as Attachment A to this Settlement.

Public Service, Board Staff and the Division of Rate Counsel (Rate Counsel) (collectively, "the Parties") have determined that additional time is needed to complete a comprehensive review of the Company's proposed change in the MAC. However, the Parties also agree that implementation of the change in the MAC, on a provisional basis, is reasonable at this time and HEREBY AGREE as follows:

1. The Company's MAC rate effective as of October 1, 2014, or as soon as possible upon the issuance of a Board Order approving this Stipulation ("Stipulation"), should be changed to reflect a rate of (\$0.011403) including SUT per therm on a provisional basis subject to interest on any net over or under-recovered MAC balance. Interest based on the seven-year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year, on any net over or under-recovered MAC balance.¹

2. The Company will provide an updated tariff sheet within ten (10) business days of the effective date of the Board's Order in this docket. The proposed tariff sheet is attached hereto as Exhibit A.

¹ 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."

3. The undersigned agree that this Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved by the Board, this Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution. More particularly, in the event this Settlement is not adopted in its entirety by the Board then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Settlement as though this Settlement had not been signed.

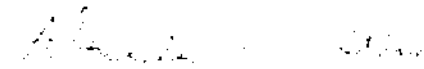
4. The Parties understand that this determination is on a provisional basis, subject to interest on any net over or under-recovered MAC balance, an opportunity for a full review at the Office of Administrative Law ("OAL"), if the Board should deem it necessary and final approval by the Board.

5. The undersigned 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.

6. The undersigned parties further HEREBY AGREE that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or 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: 

Alexander C. Stern, Esq.
Associate General Regulatory Counsel

BY: _____
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: September 3, 2014

DATED: September __, 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: September __, 2014

6. The undersigned parties further HEREBY AGREE that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or 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: Alexander C. Stern
Alexander C. Stern, Esq.
Associate General Regulatory Counsel

BY: Sarah H. Steindel
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: September 3, 2014

DATED: September 3, 2014

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

BY: T. David Wand
T. David Wand
Deputy Attorney General

DATED: September 3, 2014

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43

B.P.U.N.J. No. 15 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 (\$0.010657)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT) (\$0.011403)

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.

Date of Issue:

Issued by DANIEL J. CREGG, 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: