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September 4, 2013

In the Matter of the Board's Review
of the Applicability and Calculation of a
Consolidated Tax Adjustment

BPU Docket No. EO12121072

VIA ELECTRONIC & REGULAR MAIL

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

Dear Ms. Izzo:

Enclosed please find the Submission of the Public Service and Gas Company (PSE&G) in response to July 25, 2013 Notice of Opportunity to Provide Additional Information. A copy has also been sent to: rule.comments@bpu.state.nj.us pursuant to the instructions in that notice. PSE&G is also responding to the July 25, 2013 Notice of Opportunity to Provide Additional Information through the submission with other companies being filed by the New Jersey Utilities Association.

Sincerely,

A handwritten signature in blue ink that reads "Martin C. Rothfelder".

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE BOARD'S REVIEW OF THE APPLICABILITY AND CALCULATION OF A CONSOLIDATED TAX ADJUSTMENT GENERIC PROCEEDING	BPU Docket No. EO12121072
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**SUBMISSION OF THE PUBLIC SERVICE AND GAS COMPANY (PSE&G)
IN RESPONSE TO JULY 25, 2013
NOTICE OF OPPORTUNITY TO PROVIDE ADDITIONAL INFORMATION**

- a. A copy of any tax sharing agreement relating to the filing of a consolidated income tax return.

RESPONSE:

See attachment.

- b. The year in which the utility was first included in a consolidated tax return.

RESPONSE:

PSE&G was included in a consolidated return prior to 1991.

- c. The total amount paid by the utility to its parent company for federal income taxes in each year since 1991.
- d. The total amount paid by all members of the consolidated income tax group to the parent company relating to federal income taxes, in each year since 1991.
- e. The amount paid to each loss company by the parent, in each year since 1991;
- f. The total amount paid by the consolidated entity to the IRS for federal income taxes in each year since 1991;

RESPONSE:

For information related to this item, please see the attached discovery response S-PREV-91(Update) from PSE&G's last base rate case, BPU Docket No. GR09050422.

- g. The amount of bonus depreciation taken by each member of the consolidated income tax group in each year since 1991.

RESPONSE: That information is not readily available.

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- h.** The amount of Alternative Minimum Taxes paid by the consolidated income tax group in each year since 1991.

RESPONSE:

Information on the Alternative Minimum Tax relied up on by Rate Counsel Witness Crane in PSE&Gs last rate case can be found in the schedules to the testimony of Andrea Crane in that case, BPU Docket No. GR09050422, updated schedule ACC-13E.

- i.** The amount of any tax loss carry forward available to the consolidated group and the period(s) over which these tax loss carry forwards are available to be used by the consolidated group;

RESPONSE:

None.

- j.** A brief description of each company included in the consolidated income tax group since 1991, along with an indication of whether each company is regulated or non-regulated;

RESPONSE:

PSE&G has not maintained this information since the repeal of The Public Utility Holding Company Act of 1935.

- k.** The reason why a company that was previously included in the consolidated income tax group is no longer included in the group;

RESPONSE:

There are two main reasons that a company that once was included in the consolidated group is no longer included in that group: 1. the company was sold or 2. it was dissolved through tax liquidation or internal merger into another company in the group.

- l.** All workpapers and calculations relating to the calculation of the CTA as requested in the Notice;

RESPONSE:

No calculations or workpapers were developed in developing a response to the notice.

- m.** The federal income taxes (both current and deferred) reported by the consolidated income tax group on the parent company's Annual Report, by year since 1991;
- n.** The federal income taxes (both current and deferred) by the utility, by year since 1991;

RESPONSE:

This information is publicly available in PSE&G annual reports at the following url:
<http://www.sec.gov/edgar.shtml> .

Tax Allocation Agreement Between Public Service
Enterprise Group Incorporated and
Public Service Electric and Gas Company

The following tax allocation agreement, effective May 1, 1986, results from the restructuring of Public Service Electric and Gas Company and the inception of the new holding company structure with Public Service Enterprise Group Incorporated ("Enterprise") as parent. The consolidated affiliated group consists of Enterprise and its subsidiaries: Public Service Electric and Gas Company ("PSE&G") and its subsidiaries, Community Energy Alternatives Incorporated ("CEA") and its subsidiaries, and Public Service Resources Corporation ("PSRC") and its subsidiaries. This agreement applies to PSE&G and its subsidiaries (hereinafter referred to as "PSE&G").

An Internal Revenue Service ruling has been received providing that the affiliated group with PSE&G as common parent which existed immediately before the restructuring will continue in existence for consolidated return purposes with Enterprise as the new common parent. The ruling further provides that the affiliated group can continue to join in the annual filing of a consolidated Federal Income Tax return. Enterprise intends to so file a consolidated Federal Income Tax return for itself, its subsidiaries and their subsidiaries (the "Group"). PSE&G consents to be included in the consolidated return. Enterprise and PSE&G therefore agree to the following method of allocating consolidated Federal Income Tax liability and for compensating PSE&G for the use of its net operating losses and/or tax credits, if any, in arriving at such tax liability. The agreement also applies to refund claims and the carryback of net operating losses and/or tax credits.

The primary goal of this allocation agreement is, to the maximum extent possible, to allocate to PSE&G the tax liability or savings for the consolidated group which are generated by PSE&G. Therefore, the parties hereto agree as follows:

1. PSE&G shall compute its liability on a stand alone basis solely by reference to its respective items of income, gain, loss, deduction and credit.
2. If PSE&G generates a net tax liability on a stand alone basis, it shall pay the amount of such separate return liability to Enterprise.
3. If PSE&G incurs a net operating loss and/or tax credits, on a stand alone basis, PSE&G shall receive the tax savings to the extent such savings can be utilized by the Group.

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4. The provisions of this agreement shall be administered by the Income Tax Department of Public Service Electric and Gas Company (Tax Department), whose decisions with respect to tax liability, and the interpretation and application of this Agreement, shall be final and binding on the parties hereto.
5. All tax payments, including estimated tax payments, as calculated by the Tax Department, shall be paid by Enterprise to PSE&G or by PSE&G to Enterprise no later than five working days after the member is notified of such amount. The amounts due may be paid either by the actual remittance of cash or via inter-company accounts, as determined, from time to time by Enterprise.
6. Adjustments to consolidated Federal Income Tax liability or refunds made by the Internal Revenue Service on audit of the consolidated return shall be determined in accordance with paragraphs 1 through 3.
7. This agreement shall apply to all tax years beginning with the year 1986 unless Enterprise and PSE&G agree in writing to terminate this agreement.

In Witness Whereof, the parties hereto have duly executed this agreement by their duly authorized officers.

Public Service Enterprise Group Incorporated

By E. J. [Signature] Date 8/7/86

Title Chairman of the Board

Public Service Electric and Gas Company

By [Signature] Date 8/11/86

Title Senior Executive Vice President

RESPONSE TO STAFF
REQUEST: S-PREV-91 (UPDATE)
WITNESS(S): KRUEGER
PAGE 1 OF 2
RATE CASE 2009

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
CONSOLIDATED TAXES - FEDERAL TAX PAYMENTS

QUESTION:

Consolidated Tax Savings –

- a) What were Petitioner's payments to its parent company for Federal Income Taxes for each of the years 1991 through the present?
- b) What were the consolidated group's payments to the Internal Revenue Service for Federal Income Taxes for each of the years 1991 through the present?

ANSWER:

See attached schedule showing PSE&G's Federal tax payment to parent company and the consolidated group's (Public Service Enterprise Group) payment to the IRS for years 1991 until present.

S-PREV-91 Update
PAGE 2 OF 2Public Service Electric and Gas Company
Consolidated Tax Savings
PSE&G and Enterprise Federal Tax Payments

Years 1991 - 2008

Year	PSE&G's Federal Tax Payments to Enterprise	Enterprise Federal Tax Payments to IRS
2009 (1)	33,142,003	1,174,471,726
2008	95,182,329	670,474,882
2007	258,446,708	626,764,137
2006	199,194,836	277,721,322
2005	262,556,139	109,479,334
2004	219,217,135	107,393,463
2003	88,059,263	-
2002	37,151,661	19,755,555
2001	110,035,153	53,109,845
2000	162,554,982	126,265,952
1999	212,391,918	379,475,470
1998	337,252,666	324,907,153
1997	291,891,208	160,035,293
1996	239,466,364	152,166,153
1995	244,647,678	171,911,715
1994	247,753,427	163,840,091
1993	149,283,044	128,141,029
1992	217,344,135	149,908,945
1991	183,007,377	133,568,697

(1) Per December 15, 2009 Payment Projection