



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC	)	DECISION AND ORDER
SERVICE ELECTRIC AND GAS COMPANY TO ROLL	)	APPROVING STIPULATION
INTO RATE BASE THE NET CAPITAL INVESTMENT	)	
FOR ALL REMAINING QUALIFYING PROJECTS	)	
FROM THE INITIAL CAPITAL ECONOMIC STIMULUS	)	
INFRASTRUCTURE INVESTMENT PROGRAM UPON	)	
COMPLETION PURSUANT TO <u>N.J.S.A. 48:2-23,</u>	)	
<u>N.J.S.A. 48:2-21, AND N.J.S.A. 48:2-21.2 AND FOR</u>	)	
<u>CHANGES IN THE TARIFF FOR ELECTRIC</u>	)	
<u>SERVICE, B.P.U.N.J. NO. 15 ELECTRIC, AND THE</u>	)	
<u>TARIFF FOR GAS SERVICE, B.P.U.N.J. NO. 15 GAS,</u>	)	DOCKET NOS. ER11090540 and
<u>PURSUANT TO N.J.S.A. 48:2-21</u>	)	GR11090541

**Parties of Record:**

**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**  
**Matthew Weissman, Esq., Public Service Electric and Gas Company**

BY THE BOARD:

**BACKGROUND**

In an effort to maintain the reliability and safety of its delivery system, while providing stimulus to New Jersey's economy, on January 21, 2009, Public Service Electric and Gas Company ("PSE&G" or "Company") petitioned the New Jersey Board of Public Utilities ("Board") in Docket Nos. EO09010049 and GO09010050, requesting that the Board approve a Capital Infrastructure Investment Program ("CIP") pursuant to N.J.S.A. 48:2-21.1, and simultaneously approve the recovery of costs for projects included within its proposed Infrastructure Program through the implementation of electric and gas Capital Adjustment Mechanisms ("CAMs") and associated Capital Adjustment Charges ("CACs"). The Company supplemented the petition on February 4, 2009, (collectively, "2009 Filing").

In the 2009 Filing, the Company maintained that these CIP projects ("Qualifying Projects") were incremental to its planned fiscal 2009, 2010 and 2011 capital investment programs. Additionally, the Company represented that expediting the work on these projects would assist in mitigating the negative impact of the recession by creating additional job opportunities in the State while enhancing service and reliability for PSE&G's existing customers.

By Order dated April 28, 2009 ("April 2009 Order"), the Board approved the construction of thirty-eight Qualifying Projects, which were expected to create 933 additional jobs while enhancing the provision of safe, adequate and proper service in PSE&G's service territory through capital investment in PSE&G's distribution system. The Board also directed the Company to make its first annual cost recovery filing no later than November 1, 2009. This proceeding as well as subsequent annual cost recovery filings became designated as CIP I.

On May 29, 2009, PSE&G filed a petition with the Board seeking to increase its electric and gas distribution base rates ("Base Rate Case") that was assigned Docket No. GR09050422. Among other things, the Company sought an expansion of the CIP, and a review of certain Qualifying Projects for inclusion within the Company's rate base as required by the April 2009 Order. The Company proposed to roll the completed Qualifying Projects into base rates at the conclusion of the rate case.

On November 5, 2009, the Company submitted its first annual CIP filing in Docket Nos. EO09010049 and GO09010050, requesting a \$33.2 million increase in the Company's electric and gas CACs to recover the costs associated with completed Qualifying Projects. On December 22, 2009, the Board approved a stipulation for provisional CAC rates ("Stipulation for Provisional Rates"), which had been entered into by PSE&G, Rate Counsel and Board Staff, effective January 1, 2010. The matter was subsequently transmitted to the Office of Administrative Law on February 4, 2011 and assigned to Administrative Law Judge ("ALJ") Richard McGill.

In accordance with Board Orders dated June 7, 2010 (addressing the Company's electric operations) and July 9, 2010 (addressing the Company's gas operations) in the Company's Base Rate Case, Qualifying Projects completed prior to the closing of the Base Rate Case were rolled into the Company's rate base. Additionally, the Board permitted the Company to continue recovering approximately \$11.5 million of costs associated with the Qualifying Projects (approximately \$10.7 million for electric and approximately \$.7 million for gas) through the CACs, subject to a prudency review of costs associated with these projects in the forthcoming Phase II portion of the Base Rate Case.

On November 1, 2010, the Company submitted its second annual CIP filing in Docket Nos. EO10110823 and GO10110824 ("November 1, 2010 Annual Filing"), requesting rate increases to be effective January 1, 2011. The petition sought to reset PSE&G's CACs, and included an update on the status of the CIP. The resultant revenue increase on the Company's electric and gas customers, if approved, would have been \$17.6 million. This matter was transmitted to the Office of Administrative Law on April 1, 2011, was also assigned to ALJ Richard McGill, and was subsequently consolidated with the first annual CIP filing on consent of the parties.

On November 23, 2010, in Docket No. GO10110862, the Company requested an extension of its existing CIP 1, to enable the Company to continue its stimulus construction programs and enhance the reliability of its gas distribution system. In the same petition, the Company also requested that the net capital investment for all of the Qualifying Projects from the CIP I program be rolled into rate base as soon as practical after those projects were completed, which PSE&G anticipated would occur by the end of April 2011. Therefore, PSE&G proposed that the roll-in occur on approximately July 1, 2011. To accomplish the roll-in for the remainder of the CIP I Qualifying Projects not already included in current electric and gas base rates, PSE&G calculated the corresponding electric and gas revenue requirements based upon its estimated net electric and gas investments as of April 30, 2011. The annualized electric and gas revenue requirements were calculated to be \$41.2 million and \$21.5 million, respectively.

On February 18, 2011, in Docket No. EO11020088, the Company requested a similar extension of the CIP I with respect to its electric distribution system.

On July 14, 2011, in Docket Nos. EO09010049, GO09010050, ER090110936, EO10110823 and GO10110824, the Board directed that PSE&G's total minimum levels of base electric capital spending, including Utility Operating Support costs and excluding capital expenditures for new business or monies spent on Qualifying Projects would be \$170.5 million in 2011, \$183.8 million in 2012, and \$188.8 million in 2013; and that PSE&G's total minimum levels of base gas capital spending, excluding capital expenditures for new business or monies spent on Qualifying Projects would be \$116.3 million in 2011 and \$133.9 million in 2012 to determine whether spending on the Qualifying Projects was incremental ("July 2011 Order I"). In addition, the Board allowed the CAC rates proposed in the Company's filing of November 1, 2010 to be implemented, and mandated that the Company make a filing ("Final CIP Filing") following completion of the thirty-eight Qualifying Projects. The costs of the Qualifying Projects were to be recovered through the Electric and Gas CACs. In that Order, \$693.8 million of actual CIP costs through May 31, 2011 were approved, and the remaining CIP costs were to be addressed in the Final CIP Filing. The revenue requirements recovered through the Electric and Gas CACs were to include a return on investment and a return of investment through depreciation, which investment includes capitalized costs related to the Qualifying Projects. The Board authorized the Company to increase its CAC rates to recover an additional \$17.6 million over an annual period (\$7.9 million for electric and \$9.7 million for gas).

### **THE CURRENT FILING**

On September 13, 2011, the Company made a filing to roll into rate base investments for the CIP I projects placed into service after December 31, 2009 and completed as of June 30, 2011, to implement a corresponding increase in base rates, to establish the final rate impacts of CIP I, and to phase out its CACs. The Company maintains that these requests are all in accordance with the July 2011 Order I.

On December 6, 2012, representatives of PSE&G, Board Staff, and Rate Counsel (collectively, the "Parties"), executed a stipulation ("CIP I Final Recovery Stipulation")<sup>1</sup> which provides for the following:

### **CIP I FINAL RECOVERY STIPULATION**

The salient points of the CIP I Final Recovery Stipulation are as follows:

- 1) The Parties agree that the costs and rates included in the Stipulation are reasonable and prudent.
- 2) PSE&G has satisfied the total minimum levels of base gas capital and electric spending required under July 2011 Orders I and II, not including capital expenditure for New Business or capital stimulus spending, for the year 2011.
- 3) The Company represents that it has not eliminated or substituted any CIP I Qualifying Project agreed to by the Parties in the Board's April 2009 Order; however, PSE&G has modified the scope of certain of the Qualifying Projects as previously reflected in the

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<sup>1</sup>Although summarized in this Order, the detailed terms of the CIP I Final Recovery Stipulation control, subject to the findings and conclusions of this Order.

Company's Quarterly Reports and correspondence with the Board and Rate Counsel regarding CIP I.

- 4) Attachment A to the CIP I Final Recovery Stipulation reflects a description of each CIP I Qualifying Project, the aggregate cost for each CIP I Qualifying Project, and the number of estimated jobs resulting from each CIP I Qualifying Project.
- 5) Both the CIP I Final Recovery Stipulation and CIP II Initial Recovery Stipulation, being executed and submitted simultaneously under Docket Nos. EO11110780 and GO11110781, include a Table which details the calculation of the revenue requirements associated with the final roll-in of the CIP I projects through their completion in June 2011, and the initial roll-in of the CIP II projects through December 31, 2011; totaling \$35.6 million for electric operations and \$20.7 million for gas operations.
- 6) Simultaneously, effective with the base rate changes associated with the above revenue requirements, the Company will reset the electric CACs and retain the current gas CACs established by Board Order dated July 14, 2011 to recover the CIP I under recoveries as of September 30, 2012, in the amounts of \$6.7 million pertaining to electric and \$18.1 million pertaining to gas. The Company will monitor the under recovered electric and gas CIP I CAC balances on a monthly basis. Seventy-five (75) days prior to the date that the respective gas or electric under recovered balances are anticipated to be extinguished; the Company will notify the Board that the corresponding CACs will be reset to zero. At the conclusion of each 75-day period, any remaining under or over recovery will be credited to the respective electric or gas Energy Efficiency Economic Stimulus Program Clause.
- 7) The implementation of the base rates and the CACs as indicated in Attachment B to the CIP I Final Recovery Stipulation which shall be effective January 1, 2013 or on the effective date of the Board Order approving the Stipulation, whichever is later. A delay in implementation beyond January 1, 2013 will result in a change in the level of the CACs and/or time period that the CACs remain in effect.

The proposed Qualifying Projects and the associated costs are described in Attachment A to the CIP I Final Recovery Stipulation.

### **DISCUSSION AND FINDINGS**

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 companies to be accelerated, and that enhanced investments in infrastructure would both increase reliability and promote employment. In the July 2011 Order I, the Board continued to find those conclusions valid. Based on the data related to the Qualifying Projects set forth in Attachment A to the CIP Final Recovery Stipulation demonstrating the actual construction costs of the completed Qualifying Projects that were previously approved for construction by the Board and which have been reviewed by the Parties, the Board **FINDS** that the costs of constructing the Qualifying Projects were reasonable and prudent and that these projects as constructed should indeed enhance reliability.

Therefore, after review of the CIP I Final Recovery Stipulation and Attachments A and B thereto, the Board **HEREBY FINDS** the CIP I Final Recovery Stipulation to be reasonable, in the public

interest, and in accordance with law, and **HEREBY APPROVES** the attached CIP I Final Recovery Stipulation in its entirety and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

The Board **HEREBY DIRECTS** the Company to roll-in to the remaining CIP I projects, completed through June 2011, into its gas and electric rate bases, resulting in revenue requirements of \$35.6 million for electric operations and \$20.7 million for gas operations to be recovered through base rates. A typical residential electric customer using 7,800 kilowatt-hours per year will see an annual increase of \$1.23 or approximately 0.09%. A typical residential gas customer using 1,050 therms per year will see an annual increase of \$11.84 or approximately 1.07%.

The rates approved by this Order shall be effective on the later of January 1, 2013 or the date on which this Order is served in accordance with N.J.S.A. 48:2-40. The Board **HEREBY DIRECTS** PSE&G to file tariff sheets consistent with this Order within five (5) business days from the date of its service.

The Company's rates 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 Board audit.

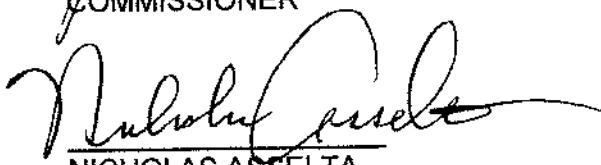
DATED: 12/19/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

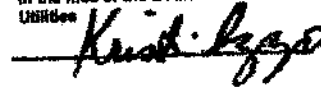
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
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 to Roll Into Rate Base the Net Capital Investment for All Remaining Qualifying Projects from the Initial Capital Economic Stimulus Infrastructure Investment Program Upon Completion Pursuant to N.J.S.A. 48:2-23, N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.2 and for Changes in the Tariff for Electric Service, B.P.U.N.J. No. 15 Electric, and in the Tariff for Gas Service, B.P.U.N.J. No. 15 Gas, Pursuant to N.J.S.A. 48:2-21 BPU Docket Nos. ER11090540 and GR11090541

## SERVICE LIST

### BOARD OF PUBLIC UTILITIES

Jerome May, Director  
Division of Energy  
Board of Public Utilities  
44 S. Clinton Avenue  
9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625-0350  
jerome.may@bpu.state.nj.us

Kristi Izzo, Secretary  
Board of Public Utilities  
44 S. Clinton Avenue  
9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
kristi.izzo@bpu.state.nj.us

Robert Schultheis, Acting Bureau Chief,  
Division of Energy  
Board of Public Utilities  
44 S. Clinton Avenue  
9<sup>th</sup> Fl.  
P.O. Box 350  
Trenton, NJ 08625-0350  
Robert.schultheis@bpu.state.nj.us

### DIVISION OF RATE COUNSEL

Stefanie A. Brand, Esq.  
Director  
Division of Rate Counsel  
31 Clinton Street  
11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
stefanie.brand@rpa.state.nj.us

Felicia Thomas-Friel, Esq.  
Division of Rate Counsel  
31 Clinton Street,  
11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
fthomas@rpa.state.nj.us

Henry Ogden, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
hogden@rpa.state.nj.us

### DEPARTMENT OF LAW & PUBLIC SAFETY

Caroline Vachier, DAG  
Division of Law  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
caroline.vachier@dol.lps.state.nj.us

Babette Tenzer, DAG  
Division of Law  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
babette.tenzer@dol.lps.state.nj.us

Alex Moreau, DAG  
David Wand, DAG  
Division of Law  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
alex.moreau@dol.lps.state.nj.us  
david.wand@dol.lps.state.nj.us

### PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Matthew M. Weissman, Esq.  
Public Service Electric and Gas Company  
80 Park Plaza  
P.O. Box 570-T5G  
Newark, NJ 07101  
matthew.weissman@pseg.com

Martin Rothfelder, Esq.  
Public Service Electric and Gas Company  
80 Park Plaza  
P.O. Box 570-T5G  
Newark, NJ 07101  
martin.rothfelder@pseg.com

Matthew M. Weissman  
General Regulatory Counsel - Rates

Public Service Electric and Gas Company  
80 Park Plaza - T5, Newark, New Jersey 07102-4194  
973-430-7052 fax: 973-430-5983  
email: [matthew.weissman@pseg.com](mailto:matthew.weissman@pseg.com)



December 6, 2012

IN THE MATTER OF THE PETITION OF  
PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
TO ROLL INTO RATE BASE THE NET CAPITAL  
INVESTMENT FOR ALL REMAINING QUALIFYING  
PROJECTS FROM THE INITIAL CAPITAL ECONOMIC  
STIMULUS INFRASTRUCTURE INVESTMENT  
PROGRAM UPON COMPLETION PURSUANT TO  
N.J.S.A. 48:2-23, 48:2-21 AND 48:2-21.2 AND FOR  
CHANGES IN THE TARIFF FOR ELECTRIC SERVICE,  
B.P.U.N.J. NO. 15 ELECTRIC, AND THE TARIFF FOR  
GAS SERVICE, B.P.U.N.J. NO. 15 GAS, PURSUANT TO N.J.S.A. 48:2-21

BPU DOCKET Nos. ER11090540 and GR11090541

Honorable Kristi Izzo, Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P. O. Box 350  
Trenton, NJ 08625-0350

Dear Secretary Izzo:

Attached is a copy of the fully executed Stipulation of Settlement in the above referenced matter.

Very truly yours,

A handwritten signature in cursive script that reads "Matthew Weissman".

Enclosure

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF )	
PUBLIC SERVICE ELECTRIC AND GAS COMPANY )	<b>STIPULATION</b>
TO ROLL INTO RATE BASE THE NET CAPITAL )	
INVESTMENT FOR ALL REMAINING QUALIFYING )	
PROJECTS FROM THE INITIAL CAPITAL ECONOMIC )	BPU DOCKET Nos.
STIMULUS INFRASTRUCTURE INVESTMENT )	ER11090540
PROGRAM UPON COMPLETION PURSUANT TO )	and
<u>N.J.S.A.</u> 48:2-23, 48:2-21 AND 48:2-21.2 AND FOR )	GR11090541
CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, )	
B.P.U.N.J. NO. 15 ELECTRIC, AND THE TARIFF FOR )	
GAS SERVICE, B.P.U.N.J. NO. 15 GAS, PURSUANT )	
TO N.J.S.A. 48:2-21 )	

**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

**Paul E. Flanagan, 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 (Jeffrey S. Chiesa, Attorney General of New Jersey)

**TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

**INTRODUCTION AND SUMMARY**

1. This Stipulation ("CIP I Final Recovery Stipulation") is intended to address and resolve all issues in the Public Service Electric and Gas Company ("PSE&G" or the "Company") petition dated September 13, 2011 in these dockets. Simultaneously herewith, PSE&G, Board of Public Utilities Staff and the Division of Rate Counsel



(collectively “the Parties”) are also executing a companion Stipulation (the “CIP II Initial Recovery Stipulation”) intended to address and resolve all issues in PSE&G’s November 1, 2011 petition (“CIP II Initial Recovery Petition”) in BPU Docket Nos. EO11110780 and GO11110781.

## **BACKGROUND**

### **The Initial Capital Infrastructure Investment Program**

2. On January 21, 2009, and by supplement dated February 4, 2009, PSE&G filed a petition with the Board of Public Utilities (“Board”) in Docket Nos. EO09010049 and EO09010050 seeking approval of its proposed Capital Economic Stimulus Infrastructure Investment Program, referred to herein as Capital Investment Program I or “CIP I.” In that filing PSE&G proposed to undertake capital infrastructure investments through specified CIP I projects across PSE&G’s electric and gas businesses over a twenty-four (24) month period, and to recover the costs of that program through a Capital Adjustment Charge (“CAC”).

3. On April 28, 2009, following execution of a Stipulation (“April 2009 Stipulation”) among the Parties, the Board issued an Order (“April 2009 Order”) approving CIP I.<sup>1</sup> The April 2009 Order approved thirty-three (33) electric projects and five (5) gas

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<sup>1</sup> I/M/O the Proceeding for Infrastructure Investment and a Cost Recovery Mechanism For All Gas and Electric Utilities; and I/M/O the Petition of Public Service Electric & Gas Company For Approval of a Capital Economic Stimulus Infrastructure Investment Program and an Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and 48:2-21.1, BPU Docket Nos. EO09010049 and GO09010050, Decision and Order Approving Stipulation (April 28, 2009).

projects (“Qualifying Projects”) that the Company stated would provide safe, adequate and proper service to its customers; are incremental in nature; and would create jobs in support of the Governor’s Economic Stimulus Plan. The estimated cost of the electric program described in the April 2009 Order was approximately \$421 million, and the estimated cost of the gas program was approximately \$273 million. The Company anticipated that the thirty-eight CIP I projects would generate approximately nine hundred thirty three jobs (933), based on the design and construction work associated with those projects.

4. In the April 2009 Order approving CIP I, the Board also approved the recovery of the costs of the thirty-eight (38) qualifying projects included within the CIP through the implementation of Electric and Gas Capital Adjustment Mechanisms (“CAMs”) and associated Capital Adjustment Charges (“CACs”). The April 2009 Order requires the Company to file an annual petition (“Annual Filing”) to adjust its electric and gas CACs no later than sixty (60) days prior to the date proposed for the implementation of the revised CACs, which is January 1 of each year. Each Annual Filing was required to contain a reconciliation of PSE&G’s projected CAC costs and recoveries and actual revenue requirements for the prior period, a forecast of revenue requirements for the upcoming period, and the items set forth in the minimum filing requirements (“MFRs”) listed in Appendix D of the April 2009 Stipulation. The April 2009 Order also provided that PSE&G would file a base rate case, between April 3, 2009 and April 1, 2011, to provide a forum for a prudency review of all Qualifying Projects and to provide for the net capitalized

costs of Qualifying Projects that are found to be reasonable and prudent to be rolled into base rates and out of the CACs.

**The Post-CIP Base Rate Filing and First CIP Annual Filing**

5. On May 29, 2009 in accordance with the April 2009 Order, PSE&G filed a base rate case.<sup>2</sup> Also in accord with the April 2009 Order, PSE&G proposed to roll the completed Qualifying Projects into base rates at the conclusion of the rate case.

6. On November 5, 2009, PSE&G made its first Annual Filing to adjust its CACs in accordance with the April 2009 Order. In a Decision and Order dated December 22, 2009 (“December 2009 Order”), pursuant to a Stipulation entered into by PSE&G, Rate Counsel, and Board Staff, the Board approved the new CACs on an interim basis, effective January 1, 2010.<sup>3</sup>

7. Following negotiations in the Spring of 2010, the primary parties in PSE&G’s electric and gas base rate case executed a Stipulation of Settlement dated May 26, 2010 (“May 2010 Stipulation”), which was adopted in Board Orders dated June 7, 2010 (“June 2010 Order”) and July 9, 2010 (“July 2010 Order”) for electric and gas, respectively. Pursuant thereto and under the April 2009 Order, PSE&G’s electric and gas Qualifying Projects placed in service through December 31, 2009 under the Capital Infrastructure

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<sup>2</sup> I/M/O the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, B.P.U.N.J. No. 14 Electric and B.P.U.N.J. No. 14 Gas Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and for Approval of a Gas Weather Normalization Clause; a Pension Expense Tracker and for Other Appropriate Relief, Docket No. GR09050422.

<sup>3</sup> See I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Capital Economic Stimulus Infrastructure Investment Program and an Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and 48:21.1, BPU Dkt. Nos. EO09010049, GO09010050, ER09110936, Decision and Order (Dec. 22, 2009) (“December 2009 Order”).

Program were rolled into base rates as of the rate effective dates of June 7, 2010 and July 9, 2010 for electric and gas, respectively. The specific Qualifying Projects and associated dollar amounts that were rolled in to PSE&G's electric and gas base rates are set forth in Attachment A, pages 1-2 of the May 2010 Stipulation approved in the June 2010 Order and the July 2010 Order.

8. Also at the time the base rate case was settled in the June-July 2010 timeframe, and in accordance with paragraphs 21-22 of the April 2009 Stipulation in the CIP matter, the CACs set in the Board's December 2009 Order were reset on a provisional basis, net of the capitalized projects rolled into the Company's base rates through December 31, 2009. Accordingly, pursuant to the June 2010 and July 2010 Orders, the Company's CACs were provisionally revised to recover \$11.46 million for the period June 1, 2010 through December 31, 2010 (\$10.74 million for electric and \$0.72 million for gas), as set forth in the rate design detailed in Attachment A, pages 3-5 of the May 2010 Stipulation. The Company's CACs were provisionally changed consistent with Attachment A, pages 6-9 of the May 2010 Stipulation, subject to refund with interest as defined in the April 2009 Board Order for any over/under collections.

9. The June 2010 and July 2010 Orders resolving the base rate case provided that the ratemaking treatment of any CIP I expenditures not rolled into rate base at that time would continue to be governed by the December 2009 Order and the April 2009 Order.

**The Second CIP Annual Filing and CIP I Project Completion**

10. On November 1, 2010, PSE&G made its second Annual Filing to adjust its CACs in accordance with the April 2009 Order.

11. Notice setting forth the Company's November 1, 2010 request for an increase in its CACs, 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 on December 13, 2010, in New Brunswick on December 14, 2010, and in Mount Holly on December 16, 2010. One member of the public testified in Hackensack, stating that he was President of the Utility Workers Union of America local representing fourteen hundred members that work at PSE&G, and offering remarks regarding PSE&G's staffing practices. One member of the public testified in New Brunswick, regarding the proportion of residential utility rates dedicated to regulatory fees and charges and to sales tax. No member of the public testified in Mt. Holly.

12. Via an Order dated July 14, 2011 in Docket Nos. EO09010049, GO09010050, ER09110936, EO10110823, and GO10110824 ("July 2011 Order I"), the Board approved a July 7, 2011 Stipulation that authorized the Company's to increase CAC

rates an additional \$17.6 million over an annual period (\$7.9 million for electric and \$9.7 million for gas).<sup>4</sup>

13. The majority of the initial CIP Qualifying Projects were timely completed by the end of April 2011, in accordance with the estimated schedule submitted in 2009. Due to severe weather during the winter of 2010-2011, certain of the Qualifying Projects were completed by June 30, 2011, two months later than originally planned.

**The Gas and Electric Capital Infrastructure Extension Filings (“CIP II”), Including The Initial CIP I Final Roll-In Request**

14. 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 existing, Board-approved gas CIP I pursuant to N.J.S.A. 48:2-21 et seq., to enable the Company to continue its stimulus construction programs and enhance the reliability of its gas and electric distribution systems.

15. In the November 23, 2010 Gas Extension Petition, PSE&G also proposed that the net capital investment for all of the Qualifying Projects from the CIP I program be rolled into rate base as soon as practical after those projects are completed, which at the time PSE&G anticipated would occur by the end of April 2011. Therefore, PSE&G proposed that the roll-in occur approximately on July 1, 2011. To accomplish the roll-in

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<sup>4</sup> The total net revenue impact on the Company’s electric and gas customers of \$17.6 million (\$7.9 million for electric and \$9.7 million for gas) is compared to the Company’s then-existing, Board-approved CAC rates, which were

for the remainder of the CIP I Qualifying Projects not already included in current electric and gas base rates, the corresponding electric and gas revenue requirements were calculated based upon the estimated electric and gas net investment as of April 30, 2011. The annualized electric and gas revenue requirements were calculated to be \$41.2 million and \$21.5 million, respectively. The rate design methodologies for electric and gas, and the detailed calculations supporting the electric and gas rate designs, were reflected in the November 23, 2010 Petition and attachments thereto, which showed the estimated proposed base rates as a result of the roll-in of the remaining CIP I Qualifying Projects for electric and gas, and discussed the planned recalculation of the CACs to bring the deferred CAC balances to zero over a reasonable period of time, after which such rates would be changed to zero.

16. On April 4, 2011, notice setting forth the Company's November 2010 and February 2011 requests to extend CIP I, as well as PSE&G's November 2010 request for an increase in its base rates to reflect the inclusion in rate base of the net capitalized amounts for the remaining approved CIP I Qualifying Projects, 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 Public Service's

service territory: two hearings on April 25, 2011, in Hackensack, New Jersey; two hearings on April 27, 2011, in New Brunswick, New Jersey; and two hearings on April 28, 2011 in Mt. Holly, New Jersey. One member of the public testified in Hackensack and suggested advertising and televising the public hearings, digital recording of energy usage, seeking better ways to pay for utility improvements, and voting on rate matters. Six members of the public testified in New Brunswick, including representatives of the Central New Jersey Workers Benefit Council and the Mercer County Workers Benefit Council. The testimony generally opposed any rate increases, and also addressed the difficult economic conditions faced by many ratepayers, refunds that the speakers believed to be due and owing from PSE&G, and the strong financial condition of PSE&G. No members of the public testified in Mount Holly.

17. The electric and gas program extensions, hereinafter referred to as CIP II, were approved in a second Board Order dated July 14, 2011 ("July 2011 Order II") in Docket Nos. GO10110862 and EO11020088, that also adopted a July 7, 2011 Stipulation providing for a settlement among all parties. The approved CIP II program involves twenty-two electric and eight gas Qualifying Projects.

18. As part of the comprehensive settlements adopted in the July 2011 Order I (described in paragraph 12 above) and the July 2011 Order II (described in paragraph 17 above), PSE&G committed to provide Board Staff and Rate Counsel with quarterly reports regarding certain reliability parameters, and made commitments to 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 expenditure 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 expenditure for New Business or capital stimulus spending under either CIP I or CIP II: 2011 - \$116.3 million; 2012 - \$133.9 million.

19. The July 2011 Order I requires that PSE&G make a “Final CIP Filing” following completion of the thirty-eight Qualifying Projects containing final data on those projects, including all information required to roll into rate base CIP investments not yet in base rates and truing up final rates. The parties agreed that a prudency review of the Qualifying Projects as constructed and of the base rate adjustments for Qualifying Projects placed into service after December 31, 2009 would occur in the proceeding to evaluate the Final CIP Filing.

20. The July 2011 Order II requires PSE&G to make filings known as “CIP II Recovery Filings” proposing electric and gas base rate changes in accordance with the mechanism set forth in the Stipulation approved in that Order. That requirement is described in the Initial CIP II Recovery Stipulation, being executed and submitted to the Board simultaneously herewith in BPU Docket Nos. EO11110780 and GO11110781.

**The Petition Addressed In This Stipulation**

21. PSE&G's petition dated September 13, 2011 ("CIP I Final Recovery Petition") addresses the final CIP I rate adjustments required under the July 2011 Order I, requesting adjustments to roll into PSE&G's base rates all remaining CIP I investments, and to phase out the existing CACs that currently recover the costs of the CIP I program.

22. In support of the CIP I Final Recovery Petition, PSE&G submitted the testimony of David M. Daly, Vice President, Asset Management and Centralized Services. Mr. Daly's testimony included final actual data on the CIP I Qualifying Projects, which were completed on or before June 30, 2011.

23. To accomplish the roll-in of the CIP I Qualifying Projects not already included in current electric and gas base rates, the corresponding electric and gas revenue requirements set forth in the CIP I Final Recovery Petition were calculated based upon the actual electric and gas net investments as of July 31, 2011. The roll-in annualized electric and gas revenue requirements were calculated to be \$38.4 million and \$21.5 million, respectively, and are shown on Schedule P-1 to the CIP I Final Recovery Petition.

24. Support for the net investment in CIP I Qualifying Projects as of July 31, 2011 was submitted with the CIP I Final Recovery Petition and corresponds to the net investments utilized in the revenue requirement calculations in the July 7, 2011 Stipulation underlying the July 2011 Order I. Copies of these schedules, updated for

actual costs through July 31, 2011 for all the CIP I Qualifying Projects, are attached to the CIP I Final Recovery Petition as Schedule P-2.

25. The "roll-in" electric and gas revenue requirements from Schedule I of the CIP I Final Recovery Petition were used as the basis to increase current base rates as requested in that Petition. To incorporate this roll-in to base rates, the same rate design methodologies for electric and gas, with one minor exception, were used as adopted in PSE&G's most recent base rate case. The minor exception in the rate design was that the electric and gas street lighting equipment charges were not changed. The detailed calculations supporting the electric and gas rate designs are shown in Schedules 7 and 8 to the CIP I Final Petition. These schedules contain the proposed base rates as a result of the roll-in of the remaining CIP I Qualifying Projects for electric and gas, respectively. The electric and gas CACs were recalculated in Schedules 9 and 10 of the CIP I Final Recovery Petition, respectively, to bring the deferred electric and gas CAC balances (Schedule 3 of the CIP I Final Recovery Petition) as close to zero as practicable over six months, after which such rates shall be set to zero, as provided for under the July 2011 Order I. Also in accordance with that Order, the CIP I Final Petition provided that any remaining balance at that time will be transferred to the Energy Efficiency Economic Stimulus component of PSE&G's electric and gas RGGI Recovery Charges.

**Discovery And Settlement Discussions**

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

27. 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, had several meetings to discuss the issues and reached a settlement regarding all aspects of PSE&G's CIP I Final Recovery Petition and of the CIP II Initial Recovery Petition, both of which are pending before the Board. The settlement of the CIP I Final Recovery Petition is set forth herein; the settlement of the CIP II Initial Recovery Petition is set forth in the CIP II Initial Recovery Stipulation being executed and submitted simultaneously herewith.

**STIPULATED MATTERS**

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

29. PSE&G has satisfied the total minimum levels of base gas capital and electric spending required under the July 2011 Orders I and II, not including capital expenditure for New Business or capital stimulus spending, for the year 2011.

30. The Company represents that it has not eliminated or substituted any CIP I Qualifying Project agreed to by the Parties in the Board's April 2009 Order; however, the

Parties acknowledge that PSE&G has modified the scope of certain of the Qualifying Projects as previously reflected in the Company's Quarterly Reports and correspondence with the Board and Rate Counsel regarding CIP I.

31. The Parties agree that Attachment A hereto reflects a description of each CIP I Qualifying Project, the aggregate cost for each CIP I Qualifying Project, and the number of estimated jobs resulting from each CIP I Qualifying Project.

32. For clarity, both this Stipulation and the CIP II Initial Recovery Stipulation being executed and submitted simultaneously herewith include the following Table, which details the calculation of the revenue requirements associated with the final roll-in of the CIP I projects through their completion in June 2011 and the initial roll-in of the CIP II projects through December 31, 2011.

<b>ELECTRIC (\$000)</b>			
	<b>CIP I<sup>1</sup></b>	<b>CIP II<sup>2</sup></b>	<b>Total</b>
Rate Base	233,599	28,861	262,460
Rate of Return	8.21%	7.96%	
Operating Income Requirement	19,178	2,299	21,477
Depreciation Expense (net of taxes)	4,655	382	5,036
Interest Expense	(2,802)	(317)	(3,119)
Operating Income Deficiency	21,031	2,363	23,394
Revenue Factor	1.6944	1.6944	1.6944
Revenue Requirements	<b>35,635</b>	<b>4,004</b>	<b>39,639</b>
Under Recovered Balance @ September 30, 2012	6,713		
<sup>1</sup> Actual balances through September 30, 2012			
<sup>2</sup> Actuals through December 31, 2011			

<b>GAS (\$000)</b>			
	<b>CIP I<sup>1</sup></b>	<b>CIP II<sup>2</sup></b>	<b>Total</b>
Rate Base	145,968	12,953	158,921
Rate of Return	8.21%	7.96%	
Operating Income Requirement	11,984	1,032	13,016
Depreciation Expense (net of taxes)	1,815	183	1,998
Interest Expense	(1,751)	(142)	(1,893)
Operating Income Deficiency	12,048	1,072	13,120
Revenue Factor	1.7159	1.7159	1.7159
Revenue Requirements	<b>20,674</b>	<b>1,839</b>	<b>22,513</b>
Under Recovered Balance @ September 30, 2012	18,054		
<sup>1</sup> Actual balances through September 30, 2012			
<sup>2</sup> Actuals through December 31, 2011			

33. Simultaneously, effective with the base rate changes associated with the above revenue requirements, the Company will reset the electric CACs and retain the current gas CACs established by Board Order dated July 14, 2011 to recover the above

listed CIP I under recoveries. The Company will monitor the under recovered electric and gas CIP I CAC balances on a monthly basis. Seventy-five (75) days prior to the date that the respective gas or electric under recovered balances are anticipated to be extinguished, the Company will notify the Board that the corresponding CACs will be reset to zero. At the conclusion of each seventy-five-day period, any remaining under or over recovery will be credited to the respective electric or gas Energy Efficiency Economic Stimulus Program Clause.

34. The bill impacts of the implementation of the new Electric CAC rates and increased base rates attributable to CIP 1 only, to a residential electric customer that uses 7,800 kilowatt-hours per year and 803 kWh in a summer month, will be:

Annual: present bill \$1,416.20; new bill \$1,417.43; increase of \$1.23 or approximately 0.09%.

Monthly (summer): present bill \$144.20, new bill \$145.78, increase of \$1.58 or approximately 1.10%

The bill impacts of the implementation of the increased base rates attributable to CIP 1 only and existing Gas CAC rates for a residential gas heating customer that uses 1,050 therms per year and 160 therms in a winter month will be:

Annual: present bill \$1,105.53; new bill \$1,117.37; increase of \$11.84 or approximately 1.07%.

Monthly (winter): present bill \$168.38, new bill \$170.19, increase of \$1.81 or approximately 1.07%

35. The combined bill impacts of the implementation of the new CAC rates and increase base rates attributable to these two Stipulations, to a residential electric customer that uses 7,800 kilowatt-hours per year and 803 kWh in a summer month, will be:

Annual: present bill \$1,416.20; new bill \$1,418.51; increase of \$2.31 or approximately 0.16%.

Monthly (summer): present bill \$144.20, new bill \$146.05, increase of \$1.85 or approximately 1.28%

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

Annual: present bill \$1,105.53; new bill \$1,118.41; increase of \$12.88 or approximately 1.17%.

Monthly (winter): present bill \$168.38, new bill \$170.35, increase of \$1.97 or approximately 1.17%

36. The Parties agree to the implementation of the base rates and the CACs as reflected in Attachment B, which shall be effective January 1, 2013 or on the effective date of the Board order approving this stipulation, whichever is later. The Parties recognize that a delay in implementation beyond January 1, 2013 will result in a change in the level of the CACs and/or time period that the CACs remain in effect.

### **FURTHER PROVISIONS**

37. 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 or the CIP II Initial Recovery 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 executed.

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

39. 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, PSE&G, 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.

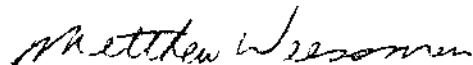
40. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

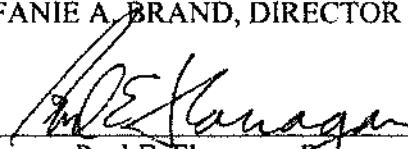
**WHEREFORE**, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in

accordance with the terms hereof, as soon as reasonably possible.

PUBLIC SERVICE ELECTRIC AND GAS

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

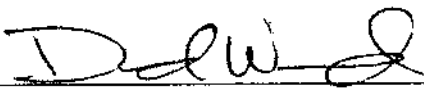
BY:   
Matthew M. Weissman, Esq.  
General Regulatory Counsel - Rates

BY:   
Paul E. Flanagan, Esq.  
Litigation Manager

DATED: September 5, 2012

DATED: 12-5-12

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

BY:   
T. David Wand  
Deputy Attorney General

DATED: 12/5/12

**ATTACHMENT A  
CIP I - ELECTRIC**

**PSE&G Capital Infrastructure Investment Program  
Capital Stimulus Electric Investments**

<b>BPU Proj #</b>	<b>Infrastructure Project</b>	<b>Description</b>	<b>Actual Cost</b>	<b>Jobs Created</b>
ED-007	Environmental/Regulatory Blanket- D	The Environmental Regulatory Blanket provides funds for indoor substation fire protection system upgrades.	\$ 662,915	0.4
ED-008	Replace Facilities Blanket- D	This portion of the Replace Facilities Blanket provides for refurbishment of underground distribution networks.	\$ 1,948,784	3.3
ED-008A	Replace Facilities Blanket- D	This portion of the Replace Facilities Blanket provides for minor rebuilding and replacement of Distribution inside and outside plant facilities due to in service failures, preservation of asset function, and customer complaints.	\$ 8,365,503	18.9
ED-008B	Replace Facilities Blanket- D		\$ 619,995	0.8
			\$ 4,151,739	10.4
			\$ -	-
			\$ 29,577	0.1
ED-009	BUD Cable Replacements	The BUD (Buried Underground Distribution) Cable Replacement Blanket provides for replacement of Distribution outside plant BUD cable facilities due to age and to preserve asset function and reliability.	\$ 125,241,996	271.4
ED-010	Delta Star Replacements	The Delta Star Replacement Blanket provides for replacement of Distribution inside plant aging and outdated Delta Star potheads. These funds will help to maintain reliability levels by avoiding 26kV outages.	\$ 7,813,745	18.0
ED-011	Network Equipment Replacements	The Network Equipment Replacement Program provides for the refurbishment and replacement of Distribution outside plant network protectors, transformers, and relays.	\$ 26,995,458	24.4
ED-012	26kV Oil Circuit Breaker Replacements	This program addresses the replacement of 26kV Oil Circuit Breakers.	\$ 31,830,611	59.7
ED-013	Low Pressure Gas Filled Cable Replacements	This funding provides for the replacement of poorly performing Low Pressure Gas Filled (LPGF) cable throughout the underground distribution system with newer more reliable Ethylene Propylene Rubber (EPR) cable.	\$ 29,011,468	38.8
ED-014	Street Lighting Blanket	This investment request provides for the replacement of aging street lighting and area lighting infrastructure. This work provides continuity of service to PSE&G customers.	\$ 388,316	0.8
ED-018	Adv. Street Lighting Tech. Blanket	This investment request is in support of a program to replace mercury vapor street lights with a new lighting technology called induction fluorescent lighting.	\$ 48,098,989	42.1
ED-020	Ridgefield 9th Feeder (now 10th Feeder)	Install the 10th 13-kV feeder at Ridgefield II Substation and transfer 8 MVA from Leonia Substation to the new feeder to accommodate a changing load profile in the Leonia area.	\$ 4,087,820	11.2
ED-024	Doremus I - 8th Feeder	Install the Doremus Substation 8th feeder to accommodate changing load profiles at Springfield Rd. Substation and on the feeder loops between Doremus and Springfield Rd.	\$ 1,089,308	2.6
ED-025	Kilmer II 10th Feeder (now Lake Nelson)	Install the Kilmer II Substation 10th 13-kV feeder to accommodate changing load profiles in the Edison-Piscataway-South Plainfield area.	\$ 259,519	0.6
ED-026	Minue St. 11th Feeder	Install the Minue Street Substation 8th feeder row and 11th feeder to accommodate changing load profiles in the Woodbridge-Carteret area.	\$ 1,560,306	2.4
ED-027	Westfield 9th Feeder (now 8th Feeder)	Install the 8th 13-kV feeder to accommodate changing load profiles in Cranford & Clark townships.	\$ 2,151,763	5.3

**ATTACHMENT A  
CIP I - ELECTRIC**

BPU Proj #	Infrastructure Project	Description	Actual Cost	Jobs Created
ED-028	Aldene-Schering 26KV Reinforcement	Install two new 26-kV circuits from Aldene to Schering to accommodate changing load profiles in Kenilworth & Union Townships.	\$ 8,025,741	14.2
ED-029	Warinanco 9th Feeder (now 8th Feeder)	Install the Warinanco Substation 8th 13-kV feeder to accommodate changing load profiles in the Roseille-Linden-Elizabeth area.	\$ 3,479,574	8.1
ED-030	Yardville 8th Feeder	Install the Yardville Substation 8th feeder to accommodate changing load profiles in the Hamilton area.	\$ 2,873,762	5.9
ED-031	Medford 9th Feeder (now 8th Feeder)	Install the Medford Substation 8th 13-kV feeder to accommodate changing load profiles in the Medford-Marlton area.	\$ 2,028,005	4.1
ED-032	Penns Neck 15th Feeder	Install the Penns Neck Substation 8th feeder row and 15th 13-kV circuit to accommodate changing load profiles in the Princeton area.	\$ 3,810,748	7.2
ED-033	Lumbarton 9th Feeder	Install the Lumberton Substation 5th feeder row and 9th 13-kV circuit to accommodate changing load profiles in the Lumberton area.	\$ 2,482,858	4.5
ED-034	East Rutherford Collapsed Duct Line	Install a new manhole and conduit system and reroute a portion of the paired Q-329 circuit around the collapsed duct bank on Erie Ave in East Rutherford.	\$ 1,739,318	2.0
ED-035	Bergen - Polk Street 26-kv circuit	Install a new 26-kV circuit from Bergen Switching Station to Polk Street Substation to accommodate changing load profiles in the North Bergen and West New York Areas.	\$ 5,061,688	13.7
ED-036	Maywood 6th Feeder (now 7th Feeder)	Install the Maywood Substation 4th 13kV feeder row and transfer load to accommodate changing load profiles in the Maywood and New Milford Areas.	\$ 4,423,556	12.4
ED-037	Bayonne Peninsula Unit & Reinforce 26-kv	Install a main line 13-kV loop from Route 440 to the end of the Bayonne Peninsula to accommodate changing load profiles in the Bayonne Area.	\$ 11,797,620	14.6
ED-038	Waldwick 10th Feeder	Install the Waldwick Substation 10th feeder to accommodate changing load profiles in Waldwick and Ridgewood areas.	\$ 4,645,679	13.2
ED-039	Liberty State Park Reliability Improvement	Install a 13-kV cable and switches to improve the reliability in Liberty State Park Area.	\$ 639,316	1.2
ED-040	Foundry Street 8th Feeder	Install the Foundry Street Substation 8th feeder to accommodate changing load profiles in the Ironbound section of Newark.	\$ 1,865,715	3.7
ED-041	Essex - Harrison - Clay Street 26-kv circuit	Install a new 26-kV circuit from Essex Switching Station to Harrison Substation to accommodate changing load profiles in the Newark and Harrison Areas.	\$ 8,601,489	8.2
ED-042	Trenton Network Monitoring	This project would provide for SCADA (Supervisory Control and Data Acquisition) equipment to each of the network locations and allow the receivers to communicate with our Operations Office in Division Headquarters. This will allow the Operations Department to remotely monitor the configuration and load on the network, manage out-of-configuration situations and proactively take steps to prevent network outages or failures.	\$ 6,545,556	4.5
ED-043	Paterson Network Monitoring	This project would provide for SCADA (Supervisory Control and Data Acquisition) equipment to each of the network locations and allow the receivers to communicate with our Operations Office in Division Headquarters. This will allow the Operations Department to remotely monitor the configuration and load on the network, manage out-of-configuration situations and proactively take steps to prevent network outages or failures.	\$ 3,969,909	2.5

**ATTACHMENT A  
CIP I - ELECTRIC**

<b>BPU Proj #</b>	<b>Infrastructure Project</b>	<b>Description</b>	<b>Actual Cost</b>	<b>Jobs Created</b>
ED-044	Newark Network Monitoring	This project would provide for SCADA (Supervisory Control and Data Acquisition) equipment to each of the network locations and allow the receivers to communicate with our Operations Office in Division Headquarters. This will allow the Operations Department to remotely monitor the configuration and load on the network, manage out-of-configuration situations and proactively take steps to prevent network outages or failures.	\$ 5,017,160	4.2
ED-045	New Brunswick Network Monitoring	This project would provide for SCADA (Supervisory Control and Data Acquisition) equipment to each of the network locations and allow the receivers to communicate with our Operations Office in Division Headquarters. This will allow the Operations Department to remotely monitor the configuration and load on the network, manage out-of-configuration situations and proactively take steps to prevent network outages or failures.	\$ 3,810,896	2.3
ED-046	Aerial Cable Replacement Program	The Aerial Cable Replacement Program provides for replacement of Distribution outside plant Aerial Cable facilities due to age, and to preserve asset function and reliability.	\$ 48,636,231	87.0
			<b>\$ 423,540,633</b>	<b>724.4</b>

PSE&G Capital Infrastructure Investment Program  
Capital Stimulus Gas Investments

BPU Proj #	Infrastructure Project	Description	Actual Cost	Jobs Created
GSTM-01A	Replacement Main	Blanket provides funding for the replacement of approximately 200 miles of aging cast iron and bare steel gas mains (due to active corrosion or high hazard index), and replacement of approximately 10,500 bare steel gas services associated with main replacement. In addition provides funding for replacement of approximately 64 aging and obsolete gas pressure regulators and replacement of M&R equipment including 14 water bath heaters, pressure regulators, ancillary pressure control equipment such as scrubbers, gas chromatograph controllers, electronic measurement systems, and other appurtenances, and instruments at various M&R Station locations.	\$ 189,165,135	473
GSTM-01B	Replacement Service		\$ 37,324,690	129
GSTM-01C	Replacement Regulator		\$ 7,314,295	16
GSTM-01D	M&R Replacements		\$ 6,320,618	3
<b>Replace Facilities Total</b>			<b>\$ 240,124,738</b>	<b>621</b>
GSTM-02	BPU Gas Services	Blanket provides funding for the replacement of approximately 7,600 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.	\$ 26,542,268	80
<b>Environmental Regulatory Total</b>			<b>\$ 26,542,268</b>	<b>80</b>
GSTM-03A	Bell Joint Encapsulation	Blanket provides funding for the installation of approximately 570 life-extending cast iron bell joint encapsulations, a new lbs. to lbs. regulating station to support pressure in the Ewing Twp. area to meet existing loads. 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 to provide secondary feeds into areas of the territory currently supplied by one way feeds. Enhances system reliability and integrity and ensures system pressures remain above design minimums. Upgrade of various M&R station regulators and piping to improve station deliverability and overall capacity improvements that minimize pressure losses during periods of high demand.	\$ 3,237,549	6
GSTM-03B	Hamilton lbs. to lbs. Regulator		\$ 392,643	1
GSTM-03C	Distribution Reinforcements		\$ 3,415,203	6
GSTM-03D	M&R Reinforcements		\$ 2,845,163	4
<b>System Reinforcement Total</b>			<b>\$ 9,890,558</b>	<b>18</b>
GSTM-04	M&R Station Emergency Generators	Funds provide for the installation of emergency generators at six M&R Stations.	\$ 126,776	1
<b>Support Facilities Total</b>			<b>\$ 126,776</b>	<b>1</b>
GSTM-05	East Rutherford M&R Station - Upgrade	Replacement of Meter & Regulator Station telemetric building, two water bath heaters, and instrumentation.	\$ 1,478,063	5
<b>Grand Total</b>			<b>\$ 278,162,464</b>	<b>724</b>

CIP I & CIP II Roll-in  
Gas Tariff Rates

<u>Rate Schedule</u>		<u>Present</u>		<u>Proposed</u>		<u>Difference w/out SUT</u>
		<u>Charge w/o SUT</u>	<u>Charge Including SUT</u>	<u>Charge w/o SUT</u>	<u>Charge Including SUT</u>	
RSG	Service Charge	\$5.46	\$5.84	\$5.46	\$5.84	\$0.00
	Distribution Charges	\$0.284622	\$0.304546	\$0.296251	\$0.316989	\$0.011629
	Balancing Charge	\$0.089679	\$0.095957	\$0.089679	\$0.095957	\$0.000000
	Off-Peak Use	\$0.142311	\$0.152273	\$0.148126	\$0.158495	\$0.005815
GSG	Service Charge	\$9.80	\$10.49	\$10.28	\$11.00	\$0.48
	Distribution Charge - Pre July 14, 1997	\$0.230228	\$0.246342	\$0.237175	\$0.253777	\$0.006949
	Distribution Charge - All Others	\$0.246195	\$0.263429	\$0.253144	\$0.270864	\$0.006949
	Balancing Charge	\$0.089679	\$0.095957	\$0.089679	\$0.095957	\$0.000000
	Off-Peak Use Dist Charge - Pre July 14, 1997	\$0.115113	\$0.123171	\$0.118588	\$0.126889	\$0.003475
	Off-Peak Use Dist Charge - All Others	\$0.123098	\$0.131715	\$0.126572	\$0.135432	\$0.003474
LVG	Service Charge	\$90.67	\$97.02	\$95.10	\$101.76	\$4.43
	Demand Charge	\$3.4000	\$3.6380	\$3.6068	\$3.7523	\$0.1068
	Distribution Charge 0-1,000 pre July 14, 1997	\$0.069328	\$0.074181	\$0.062249	\$0.066606	(\$0.007079)
	Distribution Charge over 1,000 pre July 14, 1997	\$0.028005	\$0.029965	\$0.031732	\$0.033953	\$0.003727
	Distribution Charge 0-1,000 post July 14, 1997	\$0.076185	\$0.081518	\$0.069106	\$0.073943	(\$0.007079)
	Distribution Charge over 1,000 post July 14, 1997	\$0.034862	\$0.037302	\$0.038589	\$0.041290	\$0.003727
	Balancing Charge	\$0.089679	\$0.095957	\$0.089679	\$0.095957	\$0.000000
SLG	Single-Mantle Lamp	\$9.6316	\$10.3058	\$9.6316	\$10.3058	\$0.0000
	Double-Mantle Lamp, inverted	\$9.4856	\$10.1496	\$9.4856	\$10.1496	\$0.0000
	Double Mantle Lamp, upright	\$8.3906	\$8.9779	\$8.3906	\$8.9779	\$0.0000
	Triple-Mantle Lamp, prior to January 1, 1993	\$9.4856	\$10.1496	\$9.4856	\$10.1496	\$0.0000
	Triple-Mantle Lamp, on and after January 1, 1993	\$61.9958	\$66.3355	\$61.9958	\$66.3355	\$0.0000
	Distribution Therm Charge	\$0.054139	\$0.057929	\$0.069943	\$0.074839	\$0.015804
TSG-F	Service Charge	\$465.59	\$498.18	\$488.34	\$522.52	\$22.75
	Demand Charge	\$1.8887	\$1.8069	\$1.7442	\$1.8663	\$0.0555
	Distribution Charges	\$0.066128	\$0.070757	\$0.068250	\$0.073028	\$0.002122
TSG-NF	Service Charge	\$465.59	\$498.18	\$488.34	\$522.52	\$22.75
	Distribution Charge 0-50,000	\$0.066264	\$0.070902	\$0.068284	\$0.073064	\$0.002020
	Distribution Charge over 50,000	\$0.066264	\$0.070902	\$0.068284	\$0.073064	\$0.002020
	Special Provision (d)	\$1.89	\$2.02	\$1.89	\$2.02	\$0.00
CIG	Service Charge	\$127.04	\$135.93	\$131.18	\$140.36	\$4.14
	Distribution Charge 0-600,000	\$0.057754	\$0.061797	\$0.059578	\$0.063748	\$0.001824
	Distribution Charge over 600,000	\$0.047391	\$0.050708	\$0.048888	\$0.052310	\$0.001497
	Special Provision (c) 1st para	\$1.89	\$2.02	\$1.89	\$2.02	\$0.00
BGSS RSG	Commodity Charge including Losses	0.508511	0.544107	0.508392	0.543979	(\$0.000119)

CIP I and II Roll-in  
Electric Tariff Rates

Rate Schedules		Present		Proposed		Difference w/out SUT
		Charge w/out SUT	Charge Including SUT	Charge w/out SUT	Charge Including SUT	
RS	Service Charge	\$2.27	\$2.43	\$2.27	\$2.43	\$0.00
	Distribution 0-600 Sum	\$0.032087	\$0.034333	\$0.035148	\$0.037608	\$0.003061
	Distribution 0-600 Win	\$0.035512	\$0.037998	\$0.035512	\$0.037998	\$0.000000
	Distribution over 600 Sum	\$0.035908	\$0.038422	\$0.038969	\$0.041697	\$0.003061
	Distribution over 600 Win	\$0.035512	\$0.037998	\$0.035512	\$0.037998	\$0.000000
RHS	Service Charge	\$2.27	\$2.43	\$2.27	\$2.43	\$0.00
	Distribution 0-600 Sum	\$0.047462	\$0.050784	\$0.049178	\$0.052620	\$0.001716
	Distribution 0-600 Win	\$0.031427	\$0.033627	\$0.032563	\$0.034842	\$0.001136
	Distribution over 600 Sum	\$0.052592	\$0.056273	\$0.054494	\$0.058309	\$0.001902
	Distribution over 600 Win	\$0.013002	\$0.013912	\$0.013472	\$0.014415	\$0.000470
	Common Use	\$0.052592	\$0.056273	\$0.054494	\$0.058309	\$0.001902
RLM	Service Charge	\$13.07	\$13.98	\$13.07	\$13.98	\$0.00
	Distrib. kWhr Summer On	\$0.054690	\$0.058518	\$0.057185	\$0.061188	\$0.002495
	Distrib. kWhr Summer Off	\$0.013950	\$0.014927	\$0.014586	\$0.015607	\$0.000636
	Distrib. kWhr Winter On	\$0.013950	\$0.014927	\$0.014586	\$0.015607	\$0.000636
	Distrib. kWhr Winter Off	\$0.013950	\$0.014927	\$0.014586	\$0.015607	\$0.000636
WH	Distribution	\$0.042890	\$0.045892	\$0.044333	\$0.047436	\$0.001443
WHS	Service Charge	\$0.52	\$0.56	\$0.52	\$0.56	\$0.00
	Distribution	\$0.001062	\$0.001136	\$0.001260	\$0.001348	\$0.000198
HS	Service Charge	\$3.11	\$3.33	\$3.11	\$3.33	\$0.00
	Distribution June-September	\$0.079807	\$0.085393	\$0.082684	\$0.088472	\$0.002877
	Distribution October-May	\$0.030685	\$0.032833	\$0.031791	\$0.034016	\$0.001106
GLP	Service Charge	\$3.96	\$4.24	\$3.96	\$4.24	\$0.00
	Service Charge-unmetered	\$1.83	\$1.96	\$1.83	\$1.96	\$0.00
	Service Charge-Night Use	\$347.77	\$372.11	\$347.77	\$372.11	\$0.00
	Distrib. KW Annual	\$3.8307	\$4.0988	\$3.9750	\$4.2533	\$0.1443
	Distrib. KW Summer	\$7.1094	\$7.6071	\$7.3771	\$7.8935	\$0.2877
	Distribution kWhr, June-September	\$0.011037	\$0.011810	\$0.011376	\$0.012172	\$0.000339
	Distribution kWhr, October-May	\$0.005203	\$0.005567	\$0.005322	\$0.005695	\$0.000119
	Distribution kWhr, Night use, June-September	\$0.005203	\$0.005567	\$0.005322	\$0.005695	\$0.000119
	Distribution kWhr, Night use, October-May	\$0.005203	\$0.005567	\$0.005322	\$0.005695	\$0.000119
LPL-Secondary	Service Charge	\$347.77	\$372.11	\$347.77	\$372.11	\$0.00
	Distrib. KW Annual	\$3.1526	\$3.3733	\$3.2915	\$3.5219	\$0.1389
	Distrib. KW Summer	\$7.5002	\$8.0252	\$7.8305	\$8.3786	\$0.3303
	Distribution kWhr	\$0.001583	\$0.001694	\$0.001583	\$0.001694	\$0.000000
LPL-Primary	Service Charge	\$347.77	\$372.11	\$347.77	\$372.11	\$0.00
	Service Charge-Alternate	\$17.88	\$19.13	\$17.88	\$19.13	\$0.00
	Distrib. KW Annual	\$1.4978	\$1.6026	\$1.5612	\$1.6705	\$0.0634
	Distrib. KW Summer	\$8.3148	\$8.8968	\$8.6669	\$9.2736	\$0.3521
	Distribution kWhr	\$0.001515	\$0.001621	\$0.001515	\$0.001621	\$0.000000
HTS-Subtransmission	Service Charge	\$1,911.39	\$2,045.19	\$1,911.39	\$2,045.19	\$0.00
	Distrib. KW Annual	\$0.9464	\$1.0126	\$0.9896	\$1.0589	\$0.0432
	Distrib. KW Summer	\$3.4215	\$3.6610	\$3.5777	\$3.8281	\$0.1562
	Distribution kWhr	\$0.001103	\$0.001180	\$0.001103	\$0.001180	\$0.000000



CIP I and II Roll-in  
Electric Tariff Rates

		<u>Present</u>		<u>Proposed</u>		<u>Difference</u> <u>w/out SUT</u>
		<u>Charge</u> <u>w/out SUT</u>	<u>Charge</u> <u>Including</u> <u>SUT</u>	<u>Charge</u> <u>w/out SUT</u>	<u>Charge</u> <u>Including</u> <u>SUT</u>	
HTS-HV	Service Charge	\$1,720.25	\$1,840.67	\$1,720.25	\$1,840.67	\$0.00
	Distrib. KW Annual	\$0.5941	\$0.6357	\$0.6305	\$0.6746	\$0.0364
	Distribution kWhr	\$0.001103	\$0.000000	\$0.001103	\$0.001180	\$0.000000
BPL	Distribution Sum	\$0.006616	\$0.007079	\$0.011242	\$0.012029	\$0.004626
	Distribution Winter	\$0.006616	\$0.007079	\$0.011242	\$0.012029	\$0.004626
BPL-POF	Distribution Sum	\$0.006648	\$0.007113	\$0.007351	\$0.007866	\$0.000703
	Distribution Winter	\$0.006648	\$0.007113	\$0.007351	\$0.007866	\$0.000703
PSAL	Distribution Sum	\$0.006997	\$0.007487	\$0.012399	\$0.013267	\$0.005402
	Distribution Winter	\$0.006997	\$0.007487	\$0.012399	\$0.013267	\$0.005402

**Electric CIP 1 Capital Adjustment Charges (CAC)  
Electric Tariff Rates**

<u>Capital Adjustment Charges</u>		<u>Present</u>		<u>Proposed</u>		<u>Difference</u> <u>w/out SUT</u>
		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	
		<u>w/out SUT</u>	<u>including SUT</u>	<u>w/out SUT</u>	<u>including SUT</u>	
<u>RS</u>	Service Charge	\$0.08	\$0.09	\$0.01	\$0.01	(\$0.07)
	Distribution 0-600, June-September	\$0.001005	\$0.001075	\$0.000210	\$0.000225	(\$0.000795)
	Distribution 0-600, October-May	\$0.001121	\$0.001199	\$0.000213	\$0.000228	(\$0.000908)
	Distribution over 600, June-September	\$0.001134	\$0.001213	\$0.000235	\$0.000251	(\$0.000899)
	Distribution over 600, October-May	\$0.001121	\$0.001199	\$0.000213	\$0.000228	(\$0.000908)
<u>RHS</u>	Service Charge	\$0.08	\$0.09	\$0.01	\$0.01	(\$0.07)
	Distribution 0-600, June-September	\$0.001522	\$0.001629	\$0.000300	\$0.000321	(\$0.001222)
	Distribution 0-600, October-May	\$0.000983	\$0.001052	\$0.000194	\$0.000208	(\$0.000789)
	Distribution over 600, June-September	\$0.001694	\$0.001813	\$0.000334	\$0.000357	(\$0.001360)
	Distribution over 600, October-May	\$0.000364	\$0.000389	\$0.000072	\$0.000077	(\$0.000292)
	Common Use	\$0.001694	\$0.001813	\$0.000334	\$0.000357	(\$0.001360)
<u>RLM</u>	Service Charge	\$0.44	\$0.47	\$0.08	\$0.09	(\$0.36)
	Distribution, June-September, On-Peak	\$0.001787	\$0.001912	\$0.000355	\$0.000380	(\$0.001432)
	Distribution, June-September, Off-Peak	\$0.000418	\$0.000447	\$0.000084	\$0.000090	(\$0.000334)
	Distribution, October-May, On-Peak	\$0.000418	\$0.000447	\$0.000084	\$0.000090	(\$0.000334)
	Distribution, October-May, Off-Peak	\$0.000418	\$0.000447	\$0.000084	\$0.000090	(\$0.000334)
<u>WH</u>	Distribution	\$0.001401	\$0.001499	\$0.000275	\$0.000294	(\$0.001126)
<u>WHS</u>	Service Charge	\$0.02	\$0.02	\$0.00	\$0.00	(\$0.02)
	Distribution	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>HS</u>	Service Charge	\$0.10	\$0.11	\$0.02	\$0.02	(\$0.08)
	Distribution, June-September	\$0.002613	\$0.002796	\$0.000515	\$0.000551	(\$0.002098)
	Distribution, October-May	\$0.000963	\$0.001030	\$0.000190	\$0.000203	(\$0.000773)
<u>GLP</u>	Service Charge	\$0.13	\$0.14	\$0.03	\$0.03	(\$0.10)
	Service Charge-Unmetered	\$0.06	\$0.06	\$0.01	\$0.01	(\$0.05)
	Service Charge-Night Use	\$11.89	\$12.51	\$2.22	\$2.38	(\$9.47)
	Annual Demand	\$0.1287	\$0.1377	\$0.0254	\$0.0272	(\$0.1033)
	Summer Demand, June-September	\$0.2389	\$0.2556	\$0.0471	\$0.0504	(\$0.1918)
	Distribution kWhr, June-September	\$0.000302	\$0.000323	\$0.000060	\$0.000064	(\$0.000242)
	Distribution kWhr, October-May	\$0.000106	\$0.000113	\$0.000021	\$0.000022	(\$0.000085)
	Distribution kWhr, Night use, June-September	\$0.000106	\$0.000113	\$0.000021	\$0.000022	(\$0.000085)
	Distribution kWhr, Night use, October-May	\$0.000106	\$0.000113	\$0.000021	\$0.000022	(\$0.000085)
<u>LPL-Sec</u>	Service Charge	\$11.89	\$12.51	\$2.22	\$2.38	(\$9.47)
	Annual Demand	\$0.1059	\$0.1133	\$0.0210	\$0.0225	(\$0.0849)
	Summer Demand, June-September	\$0.2520	\$0.2696	\$0.0500	\$0.0535	(\$0.2020)
	Distribution	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000

Electric CIP 1 Capital Adjustment Charges (CAG)  
Electric Tariff Rates

<u>Capital Adjustment Charges</u>		<u>Present</u>		<u>Proposed</u>		<u>Difference w/out SUT</u>
		<u>Charge w/out SUT</u>	<u>Charge Including SUT</u>	<u>Charge w/out SUT</u>	<u>Charge Including SUT</u>	
<u>LPL-Pri</u>	Service Charge	\$11.69	\$12.51	\$2.22	\$2.38	(\$9.47)
	Service Charge-Primary Alternate	\$0.60	\$0.64	\$0.11	\$0.12	(\$0.49)
	Annual Demand	\$0.0503	\$0.0538	\$0.0100	\$0.0107	(\$0.0403)
	Summer Demand, June-September	\$0.2794	\$0.2990	\$0.0553	\$0.0592	(\$0.2241)
	Distribution	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>HTS-Subtr</u>	Service Charge	\$64.23	\$68.73	\$12.20	\$13.05	(\$52.03)
	Annual Demand	\$0.0318	\$0.0340	\$0.0063	\$0.0067	(\$0.0255)
	Summer Demand, June-September	\$0.1150	\$0.1231	\$0.0228	\$0.0244	(\$0.0922)
	Distribution	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>HTS-HV</u>	Service Charge	\$57.81	\$61.86	\$10.98	\$11.75	(\$46.83)
	Annual Demand	\$0.0200	\$0.0214	\$0.0040	\$0.0043	(\$0.0160)
	Distribution	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>BPL</u>	Distribution	\$0.000180	\$0.000193	\$0.000064	\$0.000068	(\$0.000116)
<u>BPL-POF</u>	Distribution	\$0.000181	\$0.000194	\$0.000039	\$0.000042	(\$0.000142)
<u>PSAL</u>	Distribution	\$0.000193	\$0.000207	\$0.000071	\$0.000076	(\$0.000122)