



**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 PUBLIC SERVICE ELECTRIC	)	DECISION AND ORDER
AND GAS COMPANY'S 2014/2015 ANNUAL BASIC	)	APPROVING STIPULATION FOR
GAS SUPPLY SERVICE (BGSS) COMMODITY	)	PROVISIONAL BGSS-RSG
CHARGE FILING FOR ITS RESIDENTIAL GAS	)	RATES
CUSTOMERS UNDER ITS PERIODIC PRICING	)	
MECHANISM	)	BPU DOCKET NO. GR14050512

**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**

Public Service Electric and Gas Company ("Company" or "PSE&G") filed a petition with the New Jersey Board of Public Utilities ("Board") on May 29, 2014 requesting a decrease to its basic gas supply service ("BGSS") default Commodity Charge for Residential Service ("BGSS-RSG") rate from \$0.544051 per therm to \$0.451880 per therm including losses and Sales and Use Tax ("SUT"). If approved as filed, a residential customer using 100 therms per month during the winter months and 660 therms on an annual basis would see a decrease in the monthly winter bill of \$9.21 (8.6%), and a residential customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see a decrease in the annual bill of \$96.72 (8.9%).

According to the Company, price levels in the natural gas market have been relatively stable, and while they have increased over the past twelve months, they continue to remain at reasonable levels when compared to the higher prices experienced during previous periods. The Company anticipates that the current level of natural gas prices will continue for the 2014-2015 BGSS period, with prices rising moderately during the 2014/2015 winter months in response to the seasonal increase in demand. Consequently, the Company projects a decrease in BGSS revenues needed to recover its costs for BGSS service during the 2014-2015 BGSS year of \$105.0 million.

Subsequent to filing the petition, the Company made a compliance filing on July 1, 2014 in response to the Board's Order in the Company's Capital Infrastructure Investment Program Extension ("CIP II") in Docket Nos. ER13111108 and GR13111109. As a result of the settlement of the CIP II matter, the Company's BGSS-RSG Commodity Charge was reduced from \$0.544051 per therm (including losses and SUT) to \$0.544009 per therm (including losses and SUT) effective July 1, 2014.

On July 2, 2014, the Retail Energy Supply Association filed a motion to intervene in this proceeding. The Company and the Division of Rate Counsel ("Rate Counsel") filed opposition to the motion. The motion remains pending at this time.

After publication of notice in newspapers of general circulation in PSE&G's service territory, public hearings were scheduled and conducted in Hackensack, New Brunswick, and Mt. Holly, on August 11, 12, and 14, 2014, respectively. Two members of the public appeared at the hearings in Hackensack and two members of the public appeared at the hearings in New Brunswick. One customer expressed concern about the fairness of the Company's recovery of storm costs when PSE&G was insulated from liability to the individual for flood damages he incurred because his sump pump did not work during certain major storm events. The issues expressed by the three other members of the public included a concern about the cost of utility service generally and the Company's collection practices. One member of the public posed a question about the timing of Board decisions. A representative speaking on behalf of the Mercer County Workers Benefit Council asserted that PSE&G should not receive any further rate increases because (i) New Jersey's economic recovery is lagging behind the nation; (ii) PSE&G only provides safe and reliable service when the ratepayers are willing to pay for the service; and (iii) despite the decisions of the Board and the New Jersey Supreme Court, PSE&G's stranded costs resulting from energy restructuring were unfair. No member of the public appeared and commented directly on this filing.

The Company, Rate Counsel and Board Staff (collectively, the "Parties") have determined that additional time is needed to complete a review of the Company's filing, and until that review has been completed the current after-tax BGSS-RSG rate of \$0.544009 per therm should be decreased to \$0.451880 per therm including losses and SUT on a provisional basis.

### **STIPULATION**<sup>1</sup>

The Parties executed a Stipulation for Provisional BGSS-RSG rates ("Stipulation") on September 3, 2014 that provides for the following:

The Company's BGSS-RSG rate shall be provisionally decreased from \$0.544009 per therm (including losses and SUT) to \$0.451880 per therm (including losses and SUT), subject to refund with interest on any net over-recovered BGSS balance.

The Parties agree that implementation of the agreed upon provisional BGSS-RSG rate should be made effective October 1, 2014 or as soon as possible upon the issuance of the Board Order approving this stipulation.

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<sup>1</sup> Although summarized in this Order, should there be any conflict between this summary and this Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

The Parties recommend to the Board that this matter be transmitted to the Office of Administrative Law ("OAL") for an opportunity for full review of all issues, including the provisional rate approved by the Board.

Per the filing, a residential customer using 160 therms per month during the winter months and 1,050 therms for the year would see a decrease of \$96.72 (8.9%) in the annual bill.

Per the generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-RSG rate of up to 5% of the average rate based on a typical 100 therms per month average (1,200 therms annual usage) residential customer's total bill, to be effective December 1, 2014 and/or February 1, 2015. Such rate increases shall be preconditioned upon written notice by the Company to Board Staff and to Rate Counsel no later than November 1, 2014 and/or January 1, 2015 of its intention to apply a December 1, 2014 or a February 1, 2015 self-implementing rate increase, respectively, and of the approximate amount of the increases based upon then-current market data. The Company is permitted to decrease its BGSS-RSG Commodity charge at any time, upon 5 days' notice to the Board and Rate Counsel.

The Company will submit tariff sheets in the form attached to the Stipulation as Exhibit C within 5 business days of the effective date of the Board Order approving the Stipulation.

The Company further agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: (i) the BGSS NYMEX Update Report (also known as SPSCHART-1) attached to the Stipulation as Exhibit A; and (ii) a monthly report of unitized credits to the BGSS (Interruptible Service Gas, Cogeneration, Transportation Service Gas-Firm, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds) and the associated dollar amounts, which is attached to the Stipulation as Exhibit B. The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

### **DISCUSSION AND FINDINGS**

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 if fully set forth herein.

The Board **HEREBY ORDERS** that the Company's BGSS default Commodity Charge for Residential Service per therm after-tax rate shall be provisionally decreased to \$0.451880 per therm, including losses and SUT, effective the later of the date of service of this Order and October 1, 2014. Any net over-recovered BGSS-RSG balance at the end of the BGSS period shall be subject to refund with interest.

The Board **HEREBY DIRECTS** that the Company to file tariff sheets substantially in the form of Exhibit C to the Stipulation within five (5) business days of the service of this Order.

The Board **HEREBY DIRECTS** that this matter be transmitted to the OAL for a full review of the filing.

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.

DATED: 9/30/14

BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

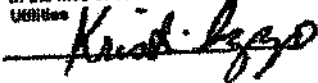
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
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 PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S 2014/2015  
ANNUAL BASIC GAS SUPPLY SERVICE (BGSS) COMMODITY CHARGE FILING FOR ITS  
RESIDENTIAL GAS CUSTOMERS UNDER ITS PERIODIC PRICING MECHANISM  
BPU DOCKET NO. GR14050512

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September 3, 2014

**Via Overnight Mail**

In the Matter of Public Service Electric and  
Gas Company's 2014/2015 Annual BGSS Commodity  
Charge Filing for its Residential Gas Customers  
Under its Periodic Pricing Mechanism

BPU Docket No. GR14050512

Kristi Izzo, Secretary  
Board of Public Utilities  
44 S Clinton Avenue, 9<sup>th</sup> Floor  
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

Enclosed for filing by Public Service Electric and Gas Company ("Company"), please find an original and ten copies of the Company's Stipulation for Provisional BGSS Rates in the captioned matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alexander C. Stern", is written over a faint, circular embossed or stamped seal.

Attach.

C Service List (Electronic)

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08/04/2014

Public Service Electric and Gas Company  
BGSS 2014-2015  
GR14050512

Page 2 of 2

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE )  
ELECTRIC AND GAS COMPANY'S )  
2014/2015 ANNUAL BGSS COMMODITY ) STIPULATION FOR  
CHARGE FILING FOR ITS RESIDENTIAL ) PROVISIONAL BGSS RATES  
GAS CUSTOMERS UNDER ITS PERIODIC )  
PRICING MECHANISM ) BPU DOCKET NO. GR14050512

**APPEARANCES:**

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

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**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 in the above-referenced matter, requesting a decrease in Annual BGSS gas revenues of approximately \$105.0 million (excluding losses and New Jersey Sales and Use Tax, SUT) to be implemented for service rendered on and after October 1, 2014 or earlier, should the Board deem it appropriate. In the May 29<sup>th</sup> filing, the Company requested to decrease the BGSS-RSG Commodity charge from \$0.544051 per therm including losses and SUT to \$0.451880 per therm including losses and SUT. As filed, this proposed change would decrease the bill for a typical residential heating customer using 160 therms per winter month and 1050 therms annually by 8.9%. The proposed change as filed would lower the annual bill for a residential heating customer using 100 therms per month during

the winter months and 660 therms annually by 8.6%. Notice setting forth the Company's May 29, 2013 request for the BGSS Commodity charge decrease, including the date, time and place of the public hearing, was placed in newspapers having a circulation within the Company's gas service territory and was served on the county executives and clerks of all municipalities within the Company's gas service territory.

Public hearings were scheduled and conducted in Hackensack, New Brunswick and Mount Holly on August 11, 12, and 14, 2014, respectively. Two members of the public appeared in Hackensack and two appeared in New Brunswick. One customer expressed concern about the fairness of Public Service's recovery of storm costs when the Company was insulated from liability to the individual for flood damages he incurred because his sump pump did not work during certain major storm events. The issues expressed by the three other members of the public included concern about the cost of utility service generally, a question about the timing of Board decision-making, concern about Public Service's collection practices; and an allegation by a representative speaking on behalf of the Mercer County Workers Benefit Council that the Company should not receive any further rate increases because (i) New Jersey's economic recovery is lagging behind the nation; (ii) Public Service only provides safe and reliable service when the ratepayers are willing to pay for the service; and (iii) despite the decisions of the Board and the New Jersey Supreme Court, Public Service's stranded costs resulting from energy restructuring

were unfair. No members of the public appeared and commented directly on this filing.

Subsequent to the May 29, 2014 Filing, the Company made a Compliance Filing on July 1, 2014 in response to the Board's Order in the Company's Capital Infrastructure Investment Program Extension ("CIP II") in Docket Nos. ER13111108 and GR13111109. As a result of the settlement of the CIP II Matter, the Company's BGSS-RSG Commodity Charge was reduced from \$0.544051 per therm (including losses and SUT) to \$0.544009 per therm (including losses and SUT) effective July 1, 2014.<sup>1</sup>

Public Service, Board Staff, and the Division of Rate Counsel (Rate Counsel) (collectively, the "Parties") have determined that additional time is needed to complete the review of the Company's proposed BGSS-RSG Commodity charge.<sup>2</sup> However, the Parties also agree that action with respect to the Company's BGSS-RSG Commodity charge for the 2014-2015 BGSS year, on a provisional basis, is reasonable at this time and HEREBY AGREE as follows:

1. The Company's BGSS Commodity Service, Tariff rate BGSS-RSG, shall provisionally be decreased from \$0.544009 per therm (including losses and SUT) to \$0.451880 per therm (including losses and SUT). This BGSS-RSG Commodity charge is on a provisional basis, subject to refund with interest on any net over-

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<sup>1</sup> As a result of the BGSS RSG commodity decrease approved in the Board's Order in the CIP II Matter, a typical residential gas heating customer using 100 therms per month during the winter months and 660 therms on an annual basis would see a decrease in the monthly winter commodity bill of \$0.01. Further, a typical residential gas heating customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see a decrease in their annual commodity bill of \$0.06.

<sup>2</sup> A motion to intervene filed by the Retail Energy Supply Association ("RESA") is pending with the Board.

recovered BGSS-RSG balance. There will be an opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board. The residential customer impact of this action is as follows: MONTHLY – a residential customer using 100 therms per month during the winter months and 660 therms on an annual basis would see a decrease in the monthly winter bill of \$9.21. ANNUAL – a residential customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see a decrease in the annual bill of \$96.72. The agreed-upon provisional rate would result in a decrease in revenues during the 2014-2015 BGSS year of \$105 million (excluding losses and New Jersey Sales and Use Tax, SUT). The Company requests that the provisional rate become effective as of October 1, 2014, or as soon as possible upon the issuance of a Board Order approving this Stipulation.

2. In addition, the Board, in its generic Order in Docket No. GX01050304 dated January 6, 2003, granted approval to increase the BGSS-RSG Commodity charge to be effective December 1 of this year and/or February 1 of next year, on a self-implementing basis, with each such increase being subject to a maximum rate increase of 5% of the average rate based on a typical 100 therms per month average (1,200 therms annual usage) residential customer's total bill. Such rate increases shall be preconditioned upon written notice by Public Service to the BPU Staff and to Rate Counsel no later than November 1, 2014 and/or January 1, 2015 of its intention to apply a December 1 or a February 1 self-implementing rate increase respectively, and of the approximate amount of the increases based upon then-current market data. Public

Service is permitted to decrease its BGSS-RSG Commodity charge at any time, upon five days notice to the Board and Rate Counsel.

3. The Company will provide an updated tariff sheet within five (5) business days of the effective date of the Board's Order in this docket reflecting the provisional rate of \$0.451880 per therm (including losses and SUT) for the BGSS-RSG Commodity charge agreed to by the parties in this Stipulation. A proposed tariff sheet is attached hereto as Exhibit C to this Stipulation. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-PSCHART-1) attached hereto as Exhibit A; and 2) a monthly report of unitized credits to the BGSS (ISG, Cogeneration, TSG-F, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds) and the associated dollar amounts (attached hereto as Exhibit B). The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month.

4. The undersigned Parties recommend to the Board that this matter be transmitted to the Office of Administrative Law for an opportunity for full review of all issues, including the provisional rate approved by the Board.

5. The undersigned agree that this Stipulation for a Provisional BGSS-RSG Commodity charge contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular

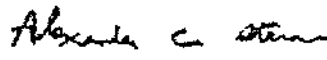
aspect of this Stipulation is not accepted and approved by the Board, this Stipulation shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

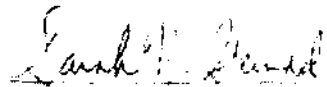
6. The undersigned further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

7. The undersigned parties further HEREBY AGREE that this Stipulation for a Provisional BGSS-RSG Commodity charge has been made exclusively for the purpose of this proceeding and that this Stipulation, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation for a Provisional BGSS-RSG Commodity charge.

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

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Associate General Regulatory Counsel

BY:   
Sarah H. Steindel  
Assistant Deputy Rate Counsel

DATED 8 15 2014

DATED: 9/3/14

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: 9/3/14



## S-PSCHART-1 - RE-STATED FOR PURCHASES NOT SENDOUT

## BGSS NYMEX Update Report

as of July 7, 2014

Month	BGSS	NYMEX	Incr/ (Decr)	% Chg	Sales forecast (dths)	Receipts (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-13	\$3.498	\$3.498	\$0.000		6124	8214	4,708	3,335	\$0
Nov-13	\$3.496	\$3.496	\$0.000		15486	14059	6,509	6,928	\$0
Dec-13	\$3.818	\$3.818	\$0.000		21675	13267	6,726	3,065	\$0
Jan-14	\$4.407	\$4.407	\$0.000		29279	19045	6,726	6,998	\$0
Feb-14	\$5.557	\$5.557	\$0.000		24249	14508	6,075	8,493	\$0
Mar-14	\$4.855	\$4.855	\$0.000		21028	15349	6,726	4,870	\$0
Apr-14	\$4.584	\$4.584	\$0.000		9798	12760	4,573	9,190	\$0
May-14	\$4.795	\$4.795	\$0.000		4116	11432	4,725	6,738	\$0
Jun-14	\$4.434	\$4.619	(\$0.044)		2961	6987	4,573	5,540	(\$244)
Jul-14	\$4.439	\$4.400	(\$0.532)		2721	8558	4,725	4,135	(\$2,200)
Aug-14	\$4.436	\$4.225	(\$0.800)		2467	8535	4,725	3,571	(\$2,857)
Sep-14	\$4.413	\$4.219	(\$0.689)		2589	8631	4,573	2,830	(\$1,950)
<b>Avg Total \$</b>	<b>\$4.394</b>	<b>\$4.373</b>	<b>(\$0.022)</b>	<b>-0.5%</b>	<b>142,493</b>	<b>141,345</b>	<b>65,362</b>	<b>65,694</b>	<b>(\$7,251)</b>
Oct-14	\$4.422	\$4.221	(\$0.201)		5908	8952	4,725	4,227	(\$850)
Nov-14	\$4.467	\$4.259	(\$0.208)		12922	11226	5,395	5,831	(\$1,213)
Dec-14	\$4.573	\$4.329	(\$0.244)		19449	12849	5,574	7,275	(\$1,775)
Jan-15	\$4.640	\$4.385	(\$0.255)		25313	13028	5,574	7,454	(\$1,901)
Feb-15	\$4.614	\$4.395	(\$0.249)		19693	8928	5,035	3,893	(\$969)
Mar-15	\$4.519	\$4.286	(\$0.233)		16805	13919	5,574	8,345	(\$1,944)
Apr-15	\$4.072	\$3.989	(\$0.083)		7965	9194	2,552	6,642	(\$551)
May-15	\$4.046	\$3.976	(\$0.070)		4362	9912	2,637	7,275	(\$509)
Jun-15	\$4.064	\$3.996	(\$0.068)		2569	8501	2,552	5,949	(\$405)
Jul-15	\$4.088	\$4.023	(\$0.065)		2497	8706	2,637	6,069	(\$394)
Aug-15	\$4.083	\$4.029	(\$0.054)		2463	8699	2,637	6,062	(\$327)
Sep-15	\$4.068	\$4.014	(\$0.054)		2583	8680	2,552	6,138	(\$331)
<b>Avg Total \$</b>	<b>\$4.305</b>	<b>\$4.156</b>	<b>(\$0.149)</b>	<b>-3.5%</b>	<b>122,529</b>	<b>122,606</b>	<b>47,446</b>	<b>75,160</b>	<b>(\$11,170)</b>

## Footnotes:

- a: Nymex rate used for annual BGSS periodic rate filing  
b: Nymex rate as of date of the report  
c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing  
d: Sales forecast (includes fuel requirement)  
e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)  
g: 'Unhedged' volume consists of receipts volume forecast less 'hedged' volume  
h: Not necessarily representative of a change in under/over-recovery value

**Public Service Electric and Gas Company****Unitized Credits to BGSS-RSG****July 2014**

<b><u>Contribution Category</u></b>	<b><u>Credits</u></b> <b><u>(\$ 000)</u></b>	<b><u>BGSS-RSG</u></b> <b><u>Share of the</u></b> <b><u>Volumes</u></b> <b><u>(MDth)</u></b>	<b><u>Unitized</u></b> <b><u>Credits</u></b> <b><u>(\$/Dth)</u></b>
Interruptible Service Gas (ISG)	\$292	48	\$6.029
Cogeneration	\$2,669	3,102	\$0.860
Transportation Service Gas-Firm (TSG-F)	\$182	204	\$0.892
Off-System Sales	\$5,017	5,358	\$0.936
Capacity Release	\$482	5,805	\$0.083
Gas to Electric	\$3,186	13,967	\$0.228
CSG Non-Power	\$170	1,342	\$0.127
Supplier Refunds	\$67	n/a	n/a

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 54**

**Superseding**

**B.P.U.N.J. No. 15 GAS**

**XXX Revised Sheet No. 54**

**BGSS-RSG  
BASIC GAS SUPPLY SERVICE-RSG  
COMMODITY CHARGES APPLICABLE TO RATE SCHEDULE RSG  
(Per Therm)**

Estimated Non-Gulf Coast Cost of Gas .....	\$ 0.063377
Capital Adjustment Charge (See Tariff Sheet Nos. 48 to 49) .....	<u>0.000000</u>
Adjusted Non-Gulf Coast Cost of Gas .....	0.063377
Estimated Gulf Coast Cost of Gas .....	0.424290
Adjustment to Gulf Coast Cost of Gas .....	0.000000
Prior period (over) or under recovery .....	<u>(0.067450)</u>
Adjusted Cost of Gas .....	0.420217
Commodity Charge after application of losses: (Loss Factor = 0.5%) .....	\$ 0.422318
Commodity Charge including New Jersey Sales and Use Tax (SUT) .....	<u>\$ 0.451880</u>

The above Commodity Charge will be established on a level annualized basis immediately prior to the winter season of each year for the succeeding twelve-month period. The estimated average Non-Gulf and Gulf Coast Cost of Gas will be adjusted for any under- or over-recovery together with applicable interest thereon which may have occurred during the operation of the Company's previously approved Commodity Charge filing. Further, the Company will be permitted a limited self-implementing increase to the Commodity Charge on December 1 and February 1 of each year. These limited self-implementing increases, if applied, are to be in accordance with a Board of Public Utilities approved methodology. Commodity Charge decreases would be permitted at any time if applicable.

The difference between actual costs and Public Service's recovery of these costs shall be determined monthly. If actual costs exceed the recovery of these costs, an underrecovery or a negative balance will result. If the recovery of these costs exceeds actual costs, an overrecovery or a positive balance will result. Interest shall be applied monthly to the average monthly cumulative deferred balance, positive or negative, from the beginning to the end of the annual period. Monthly interest on negative deferred balances (underrecoveries) shall be netted against monthly interest on positive deferred balances (overrecoveries) for the annual period. A cumulative net positive interest balance at the end of the annual period is owed to customers and shall be returned to customers in the next annual period. A cumulative net negative interest balance shall be zeroed out at the end of the annual period. The sum of the calculated monthly interests shall be added to the overrecovery balance or subtracted from the underrecovery balance at the end of the annual period. The positive interest balance shall be rolled into the beginning under- or over-recovery balance of the subsequent annual period.

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: