



Agenda Date: 9/11/15
Agenda Item: 2J

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY TO REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2015-2016 ANNUAL PERIOD)	DECISION AND ORDER APPROVING STIPULATION FOR PROVISIONAL WNC RATES
)	
)	
)	
)	
)	DOCKET NO. GR15060748

Parties of Record

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

BY THE BOARD:¹

BACKGROUND

The Public Service Electric and Gas Company (“Company”) Weather Normalization Clause (“WNC”) tariff was approved by the New Jersey Board of Public Utilities (“Board”) as part of the settlement of the Company’s last base rate case.² The WNC tariff requires the Company to calculate the level by which its margin revenues³ differed from what would have resulted had normal weather⁴ occurred during the prior October through May period (“Winter Period”). The base level of normal degree days for the 2014-2015 Winter Period is defined in the Company’s WNC tariff. Any excess or deficiency in margin revenues when compared to normal is subsequently credited or charged to customers over the next Winter Period.

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

² Board Order dated July 9, 2010, In re the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service, Dkt. No. GR09050422.

³ Margin revenues are distribution revenues from relevant rate classes’ per therm charges.

⁴ The determination of ‘normal weather’ is based upon a twenty-year rolling average of heating degree days for each of the Winter Period months.

On June 25, 2015, the Company petitioned the Board for approval to refund approximately \$39.696 million to the Company's gas customers through the WNC over the 2015-2016 Winter Period. According to the petition, this amount was derived as follows:

2014-2015 Winter Period Total WNC Revenue Excess	\$(46,356,149)
Excess Refund Balance from 2013-2014 WNC to be collected during 2015-2016 Winter Period	<u>6,659,724</u>
Total	\$(39,696,425)

The Company is proposing a WNC credit rate of \$0.030144⁵ per balancing therm applicable to Residential Service Gas ("RSG"), General Service Gas ("GSG") and Large Volume Gas ("LVG") customers. If approved by the Board, a typical residential heating customer using 165 therms per month during the winter months and 1,010 therms on an annual basis would see an increase in the annual bill from \$920.37 to \$922.69 or \$2.32 (0.25%), based upon delivery and commodity rates in effect on June 1, 2015, with the WNC set to the rate that was in effect for the 2014-2015 WNC Annual Period, assuming that the customer receives commodity service from PSE&G.

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were scheduled and conducted in Hackensack, New Brunswick, and Westampton, on August 18, 19, and 20, 2015, respectively. While four (4) members of the public appeared and commented generally on high utility rates, no member of the public appeared and commented specifically on this filing.

Following a review by and subsequent discussions among representatives of the Company, Board Staff and the Division of Rate Counsel, (collectively, "the Parties"), it was determined that additional time is needed to complete a comprehensive review of the Company's proposed WNC rate and other aspects of the Company's filing. On August 26, 2015, the Parties executed a Stipulation for Provisional WNC Rates ("Stipulation"), agreeing that a change at this time in PSE&G's WNC rate on a provisional basis subject to refund is reasonable and in the public interest.

STIPULATION FOR PROVISIONAL WNC RATES⁶

The Parties stipulate and agree as follows:

- 1) The Board should provisionally approve a WNC credit rate of \$0.030144 per therm applicable to Rate Schedules RSG, GSG and LVG for the 2015-2016 Winter Period.

⁵ All rates quoted herein include sales and use tax ("SUT").

⁶ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

- 2) Upon Board approval of the WNC credit rate of \$0.030144, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47, substantially in the form of Exhibit A to the Stipulation, to reflect the revised provisional WNC charges presented in Paragraph 1 above applicable to gas customers to be effective on October 1, 2015.
- 3) The Parties understand that these changes are on a provisional basis, subject to true-up of the earnings for the Annual Period, and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

DISCUSSION AND FINDING

The Board, having carefully reviewed the record to date in this proceeding and the attached Stipulation, **HEREBY FINDS** that subject to the terms and conditions set forth below, that the 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 APPROVES** on a provisional basis, subject to refund, the Company's implementation of an after-tax per therm WNC credit rate of \$0.030144, applicable to Rate Schedules RSG, GSG and LVG for the 2015-2016 Winter Period to be effective for service rendered on and after October 1, 2015.

The Board **HEREBY DIRECTS** that this matter be transmitted to the Office of Administrative Law for review and evidentiary hearings, if necessary.

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

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

The effective date of this Order is September 21, 2015.

DATED: 9-11-15

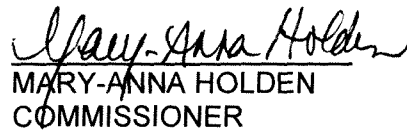
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER

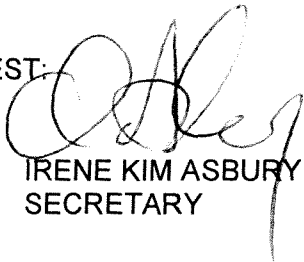


MARY-ANNA HOLDEN
COMMISSIONER



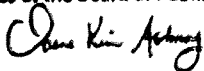
DIANNE SOLOMON
COMMISSIONER

ATTEST:



IRENE KIM ASBURY
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 REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2015-2016 ANNUAL
PERIOD - DOCKET NO. GR15060748

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August 26, 2015

In The Matter of the Petition of
Public Service Electric and Gas Company
to Revise its Weather Normalization Charge
for the 2015-2016 Annual Period

BPU Docket No. GR15060748

VIA OVERNIGHT MAIL DELIVERY

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

Dear Secretary Asbury:

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 Weather Normalization Charge in the captioned matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Matthew M. Weissman".

Attachments

C Attached Service List

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)	STIPULATION FOR
PUBLIC SERVICE ELECTRIC AND GAS)	PROVISIONAL WEATHER
COMPANY TO REVISE ITS WEATHER)	NORMALIZATION CHARGE
NORMALIZATION CHARGE (WNC))	BPU Dkt. No. GR15060748
FOR THE 2015-2016 ANNUAL PERIOD)	

APPEARANCES:

Matthew M. Weissman, General Regulatory Counsel - Rates, for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, Division of Rate Counsel; **Sarah H. Steindel, Esq.** and **Maura Caroselli**, Assistant Deputy Rate Counsels, Division of Rate Counsel

Patricia A. Krogman and Alex Moreau, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey)

On June 25, 2015, Public Service Electric and Gas Company (PSE&G or the Company) filed its Petition with the Board of Public Utilities (Board or BPU), requesting approval to return \$39,696,425 in over-recovered revenue through the Weather Normalization Charge (WNC) to customers receiving gas service under Rate Schedules Residential Service Gas (RSG), General Service Gas (GSG) and Large Volume Gas (LVG) during the Winter Period of October 1, 2015 to May 31, 2016. See B.P.U.N.J. No. 15 Gas Tariff Sheet Nos. 45, 46, and 47 (WNC Tariff). As part of this Petition, PSE&G proposed a WNC for the 2015-2016 Winter Period of (\$0.028172) ((\$0.030144) including Sales and Use Tax (SUT)) per balancing therm (i.e. a credit of 0.028172 per therm without SUT and \$0.030144 per therm including SUT) applicable to Rate Schedules RSG, GSG and LVG. The proposed rate per Balancing Therm reflects the actual results for the 2014-2015 Winter Period to be refunded to customers during the

2015-2016 Winter Period, with incorporation of the one adjustment described below, and represents a total amount to be returned of \$39,696,425.

The WNC Tariff was first approved by the Board on July 9, 2010, as part of the Stipulation of Settlement of PSE&G's 2009 base rate case. Decision and Order Adopting Initial Decision with Modifications for Gas Decision, *I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service*, Dkt. No. GR09050422 (July 2010 Order). The BPU approved the permanent 2014-2015 PSE&G WNC rate and Tariff on April 15, 2015. Decision and Order, *I/M/O the Petition of PSE&G to Revise Its Weather Normalization Charge for the 2014-2015 Annual Period*, Dkt. No. GR14070656 (April 15, 2015) (the 2014-2015 WNC Order).

In calculating the proposed WNC, PSE&G represents that it has utilized calculations required by the July 2010 Order and reflected in PSE&G's WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each October-to-May period (Winter Period), the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2014-2015 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

In accordance with the WNC Tariff, PSE&G represents that it has trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC Tariff Sheets developed by PSE&G and included in the Petition reflect updated Degree Day Consumption Factors for the 2015-2016 Winter Period.

These calculations establish a margin revenue excess of \$46,356,149 resulting solely from the 2014-2015 Winter Period. Only this component of the total deficiency originated from the recent 2014-2015 Winter Period. In calculating the 2015-2016 WNC refund request, PSE&G represents that it has made one adjustment to the margin revenue deficiency in accordance with the WNC Tariff. Specifically, the Company has included an excess refund on the remaining 2013-2014 carryover WNC balance, which totals \$6,659,724 and decreases the amount to be refunded in the 2015-2016 Winter Period.

Notice setting forth the Company's June 25, 2015 WNC filing, 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 Westampton on August 18, 19, and 20, 2015, respectively. Four members of the public expressed general concerns about high utility rates and opposition to shutting off service for lack of payment. No members of the public appeared and commented specifically on this filing.

PSE&G, Board Staff, and the Division of Rate Counsel ("Parties"), the only parties to this proceeding, discussed certain matters at issue herein. As a result of those discussions, the Parties have determined that additional time is needed to complete the review of the proposed WNC and other aspects of the Company's filing. However, the Parties also agree that change in the Company's proposed WNC for the 2015-2016 Winter Period, on a provisional basis, is reasonable at this time.


NOW THEREFORE, THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

- 1) The Parties stipulate and request that the BPU provisionally approve PSE&G's WNC of (\$0.028172) without SUT ((\$0.030144) including SUT) per balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2015-2016 Winter Period. As a result of the stipulated provisional WNC, PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$920.37 to \$922.69 or \$2.32 or approximately 0.25%, based upon Delivery Rates and BGSS-RSG charges in effect on June 1, 2015, with the WNC set to the rate that was in effect for the 2014-2015 WNC Annual Period, and assuming that the customer receives gas commodity service from PSE&G.
- 2) The Parties further agree that upon Board approval of the above rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised provisional WNC delineated in Paragraph 1 above applicable to gas customers to be effective on October 1, 2015. Copies of the proposed Tariff Sheets are attached hereto as Exhibit A.
- 3) The Parties understand that these changes are on a provisional basis, subject to true-up of the earnings for the Annual Period, and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law (OAL), if necessary, and final approval by the Board.
- 4) The Parties agree that this Settlement for the provisional WNC reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not

accepted and approved in its entirety by the Board, this Settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

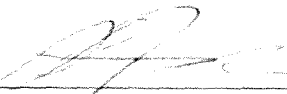
- 5) The Parties further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
- 6) The Parties further agree that this Settlement for the provisional WNC has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement for the provisional WNC.

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY


BY: _____
Matthew M. Weissman
General Regulatory Counsel - Rates

DATED: August 26, 2015

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


BY: _____
Alex Moreau
Deputy Attorney General

DATED: August 26, 2015

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

BY: _____
Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

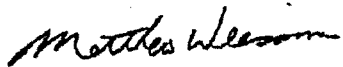
DATED: August 26, 2015

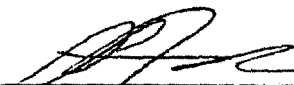
accepted and approved in its entirety by the Board, this Settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

- 5) The Parties further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
- 6) The Parties further agree that this Settlement for the provisional WNC has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement for the provisional WNC.

PUBLIC SERVICE ELECTRIC AND GAS
COMPANY

JOHN JAY HOFFMAN
ACTING ATTORNEY GENERAL OF
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Attorney for the Staff of the Board of Public
Utilities

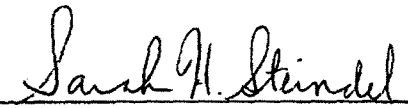
BY: 
Matthew M. Weissman
General Regulatory Counsel - Rates

BY: 
Alex Moreau
Deputy Attorney General

DATED: August 26, 2015

DATED: August 26, 2015

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

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

DATED: August 26, 2015

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 45

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

Superseding
XXX Revised Sheet No. 45

WEATHER NORMALIZATION CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG
(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2014-2015 through May 31, 2015 2016	(\$0.031743) (\$0.028172)	(\$0.033965) (\$0.030144)
June 1, 2015-2016 through September 30, 2015 2016	\$0.000000	\$0.000000

Weather Normalization Charge

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

2. Actual Calendar Month Degree Days

- the accumulation of the actual Degree Days for each day of a calendar month.

3. Normal Calendar Month Degree Days

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the ~~2014-2015-2015-2016~~ Winter Period are set forth in the table below:

	Normal Degree Days
Oct - 154	249.4 252.01
Nov - 154	329.4 344.19
Dec - 154	344.0 348.57
Jan - 165	398.9 393.20
Feb - 165	332.3 355.61
Mar - 165	380.3 382.08
Apr - 165	354.3 350.22
May - 165	132.3 131.07

4. Winter Period

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

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:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 46

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

**Superseding
XXX Revised Sheet No. 46**

**WEATHER NORMALIZATION CHARGE
(Continued)**

5. Degree Day Dead Band

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

6. Degree Day Consumption Factors

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2014~~2015~~-2015~~2016~~ Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct-154	192,072	1,597			77,817			7,653
	102,649	1,047	18,99749-348	1,4671,644	75,456	521631	116114	7,162
Nov-154	135,532	7,237			77,817			7,653
	131,768	5,736	18,24243-651	3,5113,793	75,456	1,106,1,284	1,0511,051	7,162
Dec-154	131,750	7,721			77,817			7,653
	114,980	3,366	19,31440-170	1,5824,297	75,456	1,289,1,427	273266	7,162
Jan-155	231,079	10,214			77,817			7,653
	234,292	1,971	50,59047,597	1,3125,642	75,456	1,790,2,124	716239	7,211
Feb-155	231,138	10,100			77,817			7,653
	227,566	1,523	54,85752-810	3,0435,248	75,456	1,554,1,735	215735	7,211
Mar-155	227,494	10,012			77,817			7,653
	224,363	4,624	19,37344-625	3,2335,476	75,456	1,217,2,264	445476	7,211
Apr-155	139,546	10,224			77,817			7,653
	137,505	3,421	25,81533-772	5,2525,569	75,456	1,325,1,465	513419	7,211
May-155	136,554	8,449			77,817			7,653
	119,406	3,179	10,50419-803	1,7024,992	75,456	255,615	-	7,211

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

7. Margin Revenue Factor

- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	\$0.282087
Rate Schedule GSG	\$0.237618
Rate Schedule LVG	\$0.037773

8. Annual Period

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

9. Average 13 Month Common Equity Balance

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service less Accumulated Depreciation Reserve) at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

Date of Issue:

Effective:

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.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
B.P.U.N.J. No. 15 GAS

XXX Revised Sheet No. 47
Superseding
XXX Revised Sheet No. 47

WEATHER NORMALIZATION CHARGE
(Continued)

II. DETERMINATION OF THE WEATHER NORMALIZATION RATE

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms (Green Programs Recovery Charge, Capital Adjustment Charge, etc) that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and ~~64.0565~~ 34% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

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XXX Revised Sheet No. 45

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Superseding
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WEATHER NORMALIZATION CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG
(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2015 through May 31, 2016	(\$0.028172)	(\$0.030144)
June 1, 2016 through September 30, 2016	\$0.000000	\$0.000000

Weather Normalization Charge

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

2. Actual Calendar Month Degree Days

- the accumulation of the actual Degree Days for each day of a calendar month.

3. Normal Calendar Month Degree Days

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2015-2016 Winter Period are set forth in the table below:

	Normal Degree Days
Oct - 15	252.01
Nov - 15	544.19
Dec - 15	848.57
Jan - 16	993.20
Feb - 16	855.61
Mar - 16	682.08
Apr - 16	360.22
May - 16	131.07

4. Winter Period

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

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

**Superseding
XXX Revised Sheet No. 46**

**WEATHER NORMALIZATION CHARGE
(Continued)**

5. Degree Day Dead Band

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

6. Degree Day Consumption Factors

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2015-2016 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct.-15	102,072	1,507	18,997	1,467	77,817	621	146	5,653
Nov.-15	185,532	7,237	48,242	3,614	77,817	1,106	1,051	5,653
Dec.-15	224,750	9,721	43,614	4,589	77,817	1,389	278	5,653
Jan.-16	231,079	10,214	50,590	4,812	78,581	2,080	346	5,692
Feb.-16	231,128	10,100	54,857	5,043	78,581	1,654	745	5,692
Mar.-16	227,494	10,012	49,873	5,233	78,581	2,217	445	5,692
Apr.-16	199,546	10,234	35,815	5,258	78,581	1,225	533	5,692
May-16	146,854	8,449	20,504	4,703	78,581	655	-	5,692

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

7. Margin Revenue Factor

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Margin Revenue Factors:

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8. Annual Period

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9. Average 13 Month Common Equity Balance

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**WEATHER NORMALIZATION CHARGE
(Continued)**

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III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

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