



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE)	DECISION AND ORDER
ELECTRIC AND GAS COMPANY FOR APPROVAL OF)	APPROVING STIPULATION
CHANGES IN ITS GAS CONSERVATION INCENTIVE)	FOR PROVISIONAL RATES
PROGRAM (2025 PSE&G GAS CONSERVATION)	
INCENTIVE PROGRAM RATE FILING))	DOCKET NO. GR25050311

Parties of Record:

Danielle Lopez, Esq., Assistant Counsel – Regulatory, Public Service Electric and Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 30, 2025, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking approval of adjustments related to the Company’s Gas Conservation Incentive Program (“GCIP”) and associated customers class rates to account for potential lost sales revenues stemming from the Company’s energy efficiency (“EE”) programs (“May 2025 GCIP Petition”). By this Decision and Order, the Board considers a provisional stipulation of settlement (“Provisional Stipulation”) executed by PSE&G, the New Jersey Division of Rate Counsel and Board Staff (collectively, “Parties”), intended to implement the Company’s GCIP on a provisional basis, subject to refund with interest.

BACKGROUND AND PROCEDURAL HISTORY

The RGGI Act, N.J.S.A. 26:2C-45, includes findings that EE and conservation measures are essential elements of the New Jersey’s energy future, and that greater reliance on EE and conservation will provide significant benefits to the citizens of New Jersey.

Pursuant to the RGGI Act, an electric or gas public utility may provide, and invest in, EE and conservation programs in its service territory on a regulated basis.¹ Upon Board approval, EE and conservation programs may be eligible for rate treatment, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas.² Ratemaking treatment may include placing appropriate technology and program costs

¹ N.J.S.A. 48:3-98.1(a)(1).

² N.J.S.A. 48:3-98.1(b).

investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board including, but not limited to, the Societal Benefits Charge established pursuant to Section 12 of L. 1999, c. 23.³ An electric or gas utility seeking cost recovery for any EE and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

N.J.S.A. 48:3-87, *et seq.*, ("CEA") calls for aggressive energy reduction requirements, greater emphasis on the importance of EE and peak demand reduction ("PDR"), and requires the Board to adopt an EE program "to ensure investment in cost-effective energy efficiency measures, ensure universal access to energy efficiency measures, and serve the needs of low-income communities."⁴ The CEA also calls upon New Jersey's electric and gas public utilities to increase the delivery of EE and PDR programs to customers via the reduction of electricity and natural gas usage.⁵

On May 23, 2018, Governor Phil Murphy issued Executive Order 28, directing the Board to create a new Energy Master Plan to "provide a comprehensive blueprint for the total conversion of the State's energy production profile to 100% clean energy sources on or before January 1, 2050" as well as provide "specific proposals to be implemented over the next ten (10) years in order to achieve the January 1, 2050 goal."⁶

By Order dated September 23, 2020, the Board, among other things, established PSE&G's electric and gas CIP mechanisms to account for lost revenue resulting from the potential decrease in customer energy usage stemming from administering clean energy programs.⁷ Consistent with the CEF-EE Order, PSE&G must file annual petitions to modify its GCIP rates.

May 2025 GCIP Petition

By the May 2025 GCIP Petition, PSE&G sought Board approval to implement adjustments related to changes in average customer revenue compared to a baseline per customer.⁸ According to the May 2025 GCIP Petition, the CIP margin deficiency to be collected from customers, or the margin excess to be refunded to customers, is calculated each month by applicable rate schedule by subtracting the baseline revenue per customers from the actual revenue per customer and multiplying the resulting revenue per customer by actual number of customers for the month. The Company's total proposed GCIP deferral is \$114.9 million, representing \$41.8 million of non-weather related gas distribution margin deficiencies, \$54.9 million associated with weather-related gas distribution margin, and the GCIP Carry-Forward amount of \$18.3 million.

³ N.J.S.A. 48:3-60.

⁴ N.J.S.A. 48:3-87(g).

⁵ N.J.S.A. 48:3-87.9(a).

⁶ Exec. Order No. 28 (May 23, 2018).

⁷ In re the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Efficiency ("CEF-EE") Program on a Regulated Basis, BPU Docket Nos. GO18101112 and EO18121113, Order dated September 23, 2020 ("CEF-EE Order").

⁸ The gas baseline per customer is determined via the billing determinants from the Company's 2023 base rate case and the latest variable margin rates per schedule, including any Infrastructure Investment Program rate adjustment. The 2023 base rate case was approved October 9, 2024, in BPU Docket Nos. ER23120924 and GR23120925.

Non-Weather-related gas distribution margin credit	\$41,802,750
Weather-Related Gas Distribution margin deficiencies	\$54,854,462
Current Weather Normalization Clause ("WNC") Balance through April 2025	(\$1,268)
GCIP Carry-forward	\$18,263,442
Total	\$114,919,386

As required by the CEF-EE Order and its associated stipulation, the proposed gas rate adjustment is limited by a Variable Margin test and BGSS Savings Test, however the application of the Variable Margin Revenue Test and the BGSS Savings Test did not result in a limitation on the Company's GCIP recovery of non-weather related revenues. Additionally, by Order dated September 14, 2021, the Board approved stipulation whereby the Parties agreed that as the over/under balance of the WNC approaches zero, PSE&G would make a compliance filing to set the WNC rate to zero and roll any remaining over or under recovery balance, including interest, into the Company's GCIP filing as established in its CEF-EE Order.⁹ In October 2024 the Company rolled the remaining WNC balance of (\$2,039) into the Company's GCIP balance. The current balance from October 2024 through April 2025 totals (\$1,268) and has been included in the balance to be collected from customers.

The proposed GCIP rates and their associated customer classes are illustrated below:

		GCIP Rates w/o SUT	GCIP Rates incl. SUT
Group I	RSG	\$0.065019	\$0.069327
Group II	GSG	\$0.046894	\$0.050001
Group III	LVG	\$0.003536	\$0.003770

Following adequate notice, two (2) public hearings were held at 4:30 p.m. and 5:30 p.m. on September 2, 2025. Two (2) members of the public attended the public hearing sessions, but did not state their name or submit comments. Additionally, the Board has received no written comments.

STIPULATION

Following an initial review of the May 2025 GCIP Petition, the Parties executed the Provisional Stipulation, which provides for the following:¹⁰

1. Additional time is needed to update the May 2025 GCIP Petition for the full recovery period October 1, 2024 through September 30, 2025 and for the Company to update its earnings test through September 2025. The Company will provide this update no later than November 30, 2025. Accordingly, the Parties agree that the Company will implement provisional GCIP rates to recover \$114,919,386.

⁹ In re the Petition of Public Service Electric and Gas Company to Revise its Weather Normalization Charge for the 2021-2022 Annual Period, BPU Docket No. GR21060952, Order dated September 14, 2021.

¹⁰ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

2. The Company shall implement the provisional GCIP rates set forth in Schedule SS-GCIP-2, attached to the Stipulation as Exhibit A, subject to refund with interest. Tariff sheets showing the agreed upon GCIP rates are attached to the Stipulation as Exhibit B.
3. The Parties will evaluate whether the Company may eliminate the WNC adjustment starting with the next CIP period beginning on October 1, 2025.
4. Under the Company's proposal typical residential gas customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would be an increase in the average monthly bill from \$102.61 to \$103.05, or \$0.44 or approximately 0.4%. On an annual basis, the typical residential customer using 1,040 therms annually would see an increase in their annual bill from \$1,231.32 to \$1,236.60, or \$5.28, or approximately 0.4% (based upon Delivery Rates and BGSS-RSG charges in effect as of August 1, 2025 and assuming that the customer receives BGSS service from PSE&G).

DISCUSSIONS AND FINDINGS

Having carefully reviewed the record to date in this matter, including the May 2025 GCIP Petition, and the Provisional Stipulation, the Board **HEREBY FINDS** the Provisional Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the attached Provisional Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as through fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any new over recovered balance, the GCIP rates as set forth in the Provisional Stipulation. These charges shall become effective as of January 1, 2026.

As a result of the Provisional Stipulation, the annual impact on the typical residential gas heating customer using 172 therms in a winter month (1,040 therms annually) would be an increase in the average monthly bill of \$0.44.


Accordingly, the Board **HEREBY ORDERS** PSE&G to file revised tariff sheets conforming to the terms of its Order prior to January 1, 2026.

The Company's costs, including those related to the GCIP, will 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.

This Board Order shall be effective on December 24, 2025.

DATED: December 17, 2025

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRI L. LEWIS
BOARD 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 for Approval of Changes in its Gas Conservation Incentive Program (2025 PSE&G Gas CIP Rate Filing)

BPU Docket No. GR25050311

SERVICE LIST

Board of Public Utilities

44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri L. Lewis, Board Secretary
board.secretary@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Office of the General Counsel

Ava Marie Madeam, General Counsel
avamarie.madeam@bpu.nj.gov

Elspeth Faiman Hans, Deputy General Counsel
elspeth.hans@bpu.nj.gov

Gary Colin Emerle, Deputy General Counsel
colin.emerle@bpu.nj.gov

Heather Weisband, Senior Counsel
heather.weisband@bpu.nj.gov

Charles Gurkas, Paralegal
charles.gurkas@bpu.nj.gov

Division of Revenue & Rates

Robert Aaron
robert.aaron@bpu.nj.gov

New Jersey Division of Rate Counsel

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625

Brian Lipman, Esq., Director
blipman@rpa.nj.gov

Maura Caroselli, Esq.
mcaroselli@rpa.nj.gov

Megan Lupo, Esq.
mlupo@rpa.nj.gov

Andrew Kuntz, Esq.
akuntz@rpa.nj.gov

Joy Carter, Paralegal
jcarter@rpa.nj.gov

New Jersey Division of Law

25 Market Street
Post Office Box 112
Trenton, NJ 08625

Pamela Owen, ASC, DAG
pamela.owen@law.njoag.gov

Matko Ilic, DAG
matko.ilic@law.njoag.gov

Steven Chaplar, DAG
steven.chaplar@law.njoag.gov

Public Service Electric and Gas Company

80 Park Plaza, T5
P.O. Box 570
Newark, NJ 07102

Danielle Lopez, Esq.
danielle.lopez@pseg.com

Joseph F. Accardo Jr., Esq.
joseph.accardojr@pseg.com

Caitlyn White
caitlyn.white@pseg.com

Bernard Smalls
bernard.small@pseg.com

Maria Barling
maria.barling@pseg.com

Danielle Lopez
Associate Counsel - Regulatory

Public Service Electric Gas Company
80 Park Plaza – T20, Newark, New Jersey 07102-4194
email: danielle.lopez@pseg.com



November 13, 2025

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of Changes in its Gas Conservation
Incentive Program
(2025 PSE&G Gas Conservation Incentive
Program Rate Filing)

BPU Docket No. GR25050311

VIA ELECTRONIC MAIL

Sherri Lewis, Secretary
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Lewis:

Attached is the fully executed Stipulation in the above-reference matter resolving all aspects of this matter. All the parties have signed the Stipulation: Public Service Electric and Gas Company, the Staff of the New Jersey Board of Public Utilities, and the New Jersey Division of Rate Counsel.

Consistent with the Order issued by the New Jersey Board of Public Utilities (“BPU or Board”) in connection with In the Matter of the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this filing is being electronically filed with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

If you have any questions, please do not hesitate to contact me. Thank you for your consideration in this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", is written over a light blue rectangular background.

cc: Attached service list

In the Matter of the Petition of Public
Service Electric and Gas Company for
Approval of Changes in its Gas
Conservation Incentive Program (2025
PSE&G Gas Conservation Incentive
Program Rate Filing)
BPU Docket No. GR25050311

Sherri L. Lewis, Board Secretary
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
PO Box 350
Trenton, NJ 08625
board.secretary@bpu.nj.gov

Brian O. Lipman, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mcaroselli@rpa.nj.gov

Megan C. Lupo, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mlupo@rpa.nj.gov

Andrew Kuntz, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
akuntz@rpa.nj.gov

Joy Carter, Paralegal
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
jcarter@rpa.nj.gov

William Barkasy
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
william.barkasy@bpu.nj.gov

Robert Aaron
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
robert.aaron@bpu.nj.gov

Charles Gurkas
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
charles.gurkas@bpu.nj.gov

Stacy Peterson
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
stacy.peterson@bpu.nj.gov

Jacqueline O'Grady
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
jackie.ograde@bpu.nj.gov

Heather Weisband
NJ Board of Public Utilities 44 South
Clinton Avenue P.O. Box 350
Trenton, NJ 08625
heather.weisband@bpu.nj.gov

Benjamin Witherell
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
heather.weisband@bpu.nj.gov

Stacy Richardson
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
stacy.richardson@bpu.nj.gov

Matko Ilic, DAG
NJ Dept. of Law and Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, NJ 08625
matko.ilic@law.njoag.gov

Joseph F. Accardo, Jr.
PSE&G
80 Park Plaza, T20
P.O. Box 350
Newark, NJ 07102
joseph.accardoJr@pseg.com

Danielle Lopez, Esq.
PSE&G
80 Park Plaza, T20
P.O. Box 570
Newark, NJ 07102
danielle.lopez@pseg.com

Maria Barling
PSE&G
80 Park Plaza, T20
P.O. Box 570
Newark, NJ 07102
maria.barling@pseg.com

Bernard Smalls
PSE&G
80 Park Plaza, T20
P.O. Box 570
Newark, NJ 07102
bernard.smalls@pseg.com

Stacey M. Mickles, Esq.
PSE&G
80 Park Plaza, T20
P.O. Box 350
Newark, NJ 07102
stacey.mickles@pseg.com

Matthew M. Weissman, Esq.
PSE&G
80 Park Plaza, T20
P.O. Box 570
Newark, NJ 07102
matthew.weissman@pseg.com

Caitlyn White
PSE&G
80 Park Plaza, T20
P.O. Box 570
Newark, NJ 07102
caitlyn.white@pseg.com

Karl Richard Pavlovic
Managing Director
PCMG and Associates
22 Brooks Avenue
Gaithersburg, MD 20877
kpavlovic@pcmgregcon.com

Dante Mugrace
Senior Consultant
PCMG and Associates
22 Brooks Avenue
Gaithersburg, MD 20877
dmugrace@pcmgregcon.com

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF	:	
PUBLIC SERVICE ELECTRIC AND GAS	:	
COMPANY FOR APPROVAL OF CHANGES	:	BPU DOCKET NO. GR25050311
IN ITS GAS CONSERVATION	:	
INCENTIVE PROGRAM	:	
(2025 PSE&G GAS CIP RATE FILING)	:	

STIPULATION FOR PROVISIONAL RATES

APPEARANCES:

Danielle Lopez, Esq., Associate Counsel—Regulatory General, for the Petitioner, Public Service Electric and Gas Company.

Maura Caroselli, Esq., Managing Attorney – Gas and **Megan C. Lupo, Esq.**, and Andrew Kuntz, Esq., Assistant Deputies Rate Counsel for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director).

Matko Ilic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin, Attorney General of New Jersey**)

On May 30, 2025, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting a rate adjustment in response to changes in the average gas revenue per customer compared to a baseline revenue per customer, pursuant to N.J.S.A. 48:2-21 and PSE&G’s Clean Energy Future-Energy Efficiency Program (“CEF-EE”) (“May 2025 Petition”).

BACKGROUND

By Order dated September 23, 2020, the Board approved a stipulation authorizing PSE&G to implement a Conservation Incentive Program (“CIP”) by which the Company may account for potential lost sales revenue resulting from the implementation of energy efficiency and its

associated decreases in customer energy usage (“CEF-EE Stipulation”).¹ Paragraph 39 of the CEF-EE Stipulation authorized the first gas CIP (“GCIP”) cost recovery filing by June 1, 2022, for new rates effective October 1, 2022, with adjustments annually thereafter. Id. The CEF-EE Stipulation further provided that the recovery of lost revenues, if any, was to be made via a CIP based on the methodology set forth below, and as detailed in Attachments 5 and 6E to the CEF-EE Stipulation.

For the Company’s GCIP, baseline revenue per customer is derived from the billing determinants utilized in PSE&G’s 2023 base rate case and the latest variable margin rates per rate schedule, including any Infrastructure Investment Program (“IIP”) rate adjustments. The baseline usage and margin rates are updated with each subsequent base rate case or IIP rate adjustment. To determine recovery eligibility for CIP accruals, the margin impact of changes in customer usage will be segregated into non-weather-related and weather-related components.

The non-weather-related component will be calculated by deducting the weather-related component from the total GCIP deferral. For gas, the weather-related impact will be calculated in the same manner as it is calculated for the Company’s existing Weather Normalization Charge (“WNC”). Recovery of non-weather-related GCIP impacts shall be subject to the application of two (2) eligibility tests: 1) a Modified BGSS Savings Test; and 2) a Variable Margin Test.

The dual cost recovery tests work together so the total non-weather-related recoverable amount is limited to the smaller of the two (2) recoverable amounts allowed under the separate BGSS Savings Test and Variable Margin Test for Gas. Any amount exceeding the lesser of the

¹ In re the Petition of Public Service Electric and Gas Company for Approval of Its Clean Energy Future-Energy Efficiency Program on a Regulated Basis, BPU Docket Nos. EO18101113 and GO18101112, Order dated September 23, 2020.

BGSS Savings Test and Variable Margin Test may be deferred for future recovery subject to the earnings test described below. The Company agreed not to seek recovery of interest on any deferred carry-forward amount.

The Company also agreed to include an earnings test that applies to both the weather-related and non-weather-related components of the CIP. Under the earnings test, the Company's actual return on equity ("ROE") is determined based upon the actual jurisdictional net income of the utility for the most recent twelve (12)-month period divided by the average of the beginning and ending common equity balances related to jurisdictional activity for the corresponding period, as specified in more detail in the Company's electric and gas tariffs. If the calculated ROE exceeds the allowed ROE from the utility's last base rate case by fifty (50) basis points or more, recovery of lost revenues through the CIP shall not be allowed for the applicable filing period and shall not be carried over to subsequent filing periods.

To implement initiatives to further customer conservation efforts, the Company agreed to provide funding in the amount of \$3.3 million per year ("Shareholder Contribution") as long as the CIP remains in place, commencing with the start of the CIP deferrals, as defined below. All shareholder contribution expenditures were to be allocated fifty-five percent (55%) to electric distribution, or approximately \$1.8 million, and forty-five percent (45%) to gas distribution, or approximately \$1.5 million. Any under-spend in a year was to be factored into the following year's spending amount. The shareholder contribution is not included in customer rates and supports initiatives designed to aid customers in reducing their costs of natural gas and electricity, and to reduce peak demand. The parties to the CEF-EE Stipulation further agreed that PSE&G's first GCIP cost recovery filing would be based upon an initial deferral period of October 1, 2021 through September 30, 2022, and that the Company would not record any GCIP deferral prior to

October 1, 2021. Any variances from the annual filing would be trued-up thereafter. By Order dated April 12, 2023, the Board approved the initial GCIP filing.² The May 2025 Petition is for the 2025 GCIP cost recovery filing seeking new rates effective October 1, 2025, based on a deferral period of October 1, 2024 through September 30, 2025.

The CIP margin deficiency to be collected from customers, or the margin excess to be refunded to customers, is calculated each month by applicable rate schedule by subtracting the baseline revenue per customer from the actual revenue per customer and multiplying the resulting revenue per customer by the actual number of customers for the month.

MAY 2025 PETITION

By the May 2025 Petition, PSE&G identified that its total deferral for the GCIP is forecasted to be \$114.9 million representing \$41.8 million of non-weather-related gas distribution margin deficiencies, \$54.9 million related to weather-related gas distribution margin from October 2024 through March 2025 and the GCIP Carry-Forward amount of \$18.3 million partially offset by the transfer of the current WNC balance from October 2024 through April 2025 totals (\$1,268). The Company also proposed to eliminate the WNC adjustment starting with the next CIP period beginning on October 1, 2025 due to minimal activity related to the WNC going forward.

The application of the Variable Margin Test and the BGSS Savings Test was not forecasted to result in any limitation in the recovery of the non-weather-related component. The Company also forecasted that it would pass the Earnings Test for recovery of the weather-related and non-weather-related components.

² In re the Petition of Public Service Electric and Gas Company for Approval of Changes in its Gas Conservation Incentive Program, BPU Docket No. GR22060362, Order dated April 12, 2023.

Notice of the Company's May 2025 Petition, including the date, time and details for public hearings, was placed in newspapers having a circulation within the Company's service territory, and served on the Clerks of the municipalities, the Clerks of the Board of County Commissioners, and the County Executives within the Company's service territory. Virtual public hearings were held on at 4:30 p.m. and 5:30 p.m. on September 2, 2025. Two (2) members of the public attended the public hearing sessions, but did not state their name or submit comments. Additionally, the Board has received no written comments.

STIPULATION OF SETTLEMENT

Following review of the May 2025 Petition, Board Staff, the New Jersey Division of Rate Counsel ("Rate Counsel"), and PSE&G (collectively, "Parties")—the only parties to this proceeding—now HEREBY STIPULATE AND AGREE as follows:

1. Additional time is needed to update the GCIP filing for the full recovery period October 1, 2024 through September 30, 2025 and for the Company to update its earnings test through September 2025. The Company will provide this update no later than November 30, 2025. Accordingly, the Parties agree that the Company will implement provisional GCIP rates to recover \$114,919,386.

2. The Company shall implement the provisional GCIP rates set forth in Schedule SS-GCIP-2, attached hereto as Exhibit A, subject to refund with interest. Tariff sheets showing the agreed upon GCIP rates are attached hereto as Exhibit B.

3. The Parties will evaluate whether the Company may eliminate the WNC adjustment starting with the next CIP period beginning on October 1, 2025.

4. Under the Company's proposal typical residential gas customer using 172 therms in a winter month and 87 average monthly therms (1,040 annually) would be an increase in the

average monthly bill from \$102.61 to \$103.05, or \$0.44 or approximately 0.4%. On an annual basis, the typical residential customer using 1,040 therms annually would see an increase in their annual bill from \$1,231.32 to \$1,236.60, or \$5.28, or approximately 0.4% (based upon Delivery Rates and BGSS-RSG charges in effect as of August 1, 2025 and assuming that the customer receives BGSS service from PSEG).

5. This Stipulation of Settlement (“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.

6. Particularly, in the event that this 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 signed.

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


8. 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.

9. 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.

10. Lastly, the Parties 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.

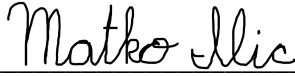
WHEREFORE, the Parties hereto respectfully submit this Stipulation to the Board of Public Utilities and recommend that the Board issue a Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: 
Danielle Lopez, Esq.
Associate Counsel, Regulatory

DATED: September 12, 2025

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: 
Matko Ilic
Deputy Attorney General

DATED: November 10, 2025

**NEW JERSEY DIVISION OF RATE COUNSEL
BRIAN LIPMAN, DIRECTOR**

A handwritten signature in cursive script that reads "megan C Lupo".

BY: _____
Megan C. Lupo, Esq.
Assistant Deputy Rate Counsel

DATED: November 13, 2025

Exhibit A
Schedule SS-GCIP-2

**PUBLIC SERVICE ELECTRIC AND GAS
CONSERVATION INCENTIVE PROGRAM
CALCULATION OF GCIP RATES**

GCIP Rate		RSG	GSG	LVG	Total	
a	Actual CIP Carryforward Balance	\$97,614,785	\$11,690,288	\$4,605,546	\$113,910,619	Final Stipulation, Exhibit B
b	Approved CIP Carry-Forward	\$91,925,910	\$11,276,667	\$4,065,829	\$107,268,405	Final Stipulation, Exhibit C
c	Actual vs Approved (Over) / Under recovery	\$5,688,875	\$413,622	\$539,718	\$6,642,214	c = a - b
d	CIP Revenue Recovery	\$81,660,976	\$10,184,236	\$3,801,965	\$95,647,177	Attachment A Schedules 1 through 3, page 3
e	(Over) / Under recovery of Approved CIP Carry-Forward	\$10,264,934	\$1,092,431	\$263,863	\$11,621,228	
(1)	CIP Carry-Forward	\$15,953,809	\$1,506,053	\$803,581	\$18,263,442	= c + e
(2)	CIP Weather	\$47,381,691	\$5,544,756	\$1,928,015	\$54,854,462	See Attachment A, Schedule 5, Page 1
(3)	CIP Non-Weather	\$35,356,478	\$6,518,193	(\$71,921)	\$41,802,750	See Attachment A, Schedule 5, Page 1
(4)	Total CIP Deferral	\$98,691,978	\$13,569,002	\$2,659,675	\$114,920,654	(4) = (1) + (2) + (3)
(5)	CIP Non-Weather Savings Recovery				\$41,802,750	See Attachment A, Schedule 5, Page 1 for Refund or Page 2 for Recovery
(6)	CIP Allocation of Non-Weather Savings Cap	85%	16%	0%	100%	(6) = (3) / Total (3)
(7)	CIP Non-Weather Allocation	\$35,356,478	\$6,518,193	(\$71,921)	\$41,802,750	(7) = Total (5) * (6)
(8)	CIP Weather	\$47,381,691	\$5,544,756	\$1,928,015	\$54,854,462	(2)
(9)	WNC Ending Balance				(\$1,268)	
(10)	CIP Allocation of Weather	86%	10%	4%	100%	(10) = (2) / Total (2)
(11)	CIP Allocation of WNC Ending Balance	(\$1,095)	(\$128)	(\$45)	(\$1,268)	(11) = Total (9) * (10)
(12)	CIP Carry-Forward Recovery	\$15,953,809	\$1,506,053	\$803,581	\$18,263,442	(12) = (1)
(13)	CIP (Refund) / Charge	\$98,690,882	\$13,568,874	\$2,659,630	\$114,919,386	(13) = (7) + (8) + (11)+12
(14)	Projected Use (000) *	1,522,129	290,163	754,313		Attachment A Schedules 1 - 3, Page 1
		RSG	GSG	LVG		
(15)	CIP Rate	0.064837	0.046763	0.003526		(15) = (13) / ((14) * 1000)
(16)	CIP Rate w/ Assessment	0.065019	0.046894	0.003536		(16) = (15) * (1 / (1 - (0.22% + 0.05%)))
(17)	CIP Rate w/SUT	0.069327	0.050001	0.003770		(17) = (16) * 1.06625

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 17 GAS

XXX Revised Sheet No. 48
Superseding
XXX Revised Sheet No. 48

CONSERVATION INCENTIVE PROGRAM

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

	Conservation Incentive Program	Conservation Incentive Program including SUT
RSG	\$0.0650190-060284	\$0.0693270-064275
GSG	\$0.0468940-039086	\$0.0500010-041675
LVG	\$0.0035360-005382	\$0.0037700-005739

Conservation Incentive Program

This charge shall be applicable to the rate schedules listed above. The Conservation Incentive Program shall be based on the differences between actual and allowed usage per customer during the preceding annual period. The Conservation Incentive Mechanism shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Actual Number of Customers

– the Actual Number of Customers (“ANC”) shall be determined on a monthly basis for each of the Customer Class Groups to which the Conservation Incentive Program (“CIP”) Clause applies. The ANC shall equal the aggregate actual monthly Service Charge revenue for each class of customers subject to the CIP as recorded on the Company’s books, divided by the service charge rate applicable to such class of customers in each Customer Class Group.

2. Actual Usage Per Customer

– the Actual Usage per Customer (“AUC”) shall be determined in terms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The AUC shall equal the aggregate actual booked sales for the month as recorded on the Company’s books divided by the ANC for the corresponding month.

3. Adjustment Period

– shall be the year beginning immediately following the conclusion of the Annual Period.

4. Annual Period

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

5. Average 13 Month Common Equity Balance

– shall be the average of the beginning and ending common equity balances based on the latest publically available financials available before the end of the Annual Period. The Company shall provide the most recently available actual months plus forecasted data at the time of each Initial Filing. The forecasted data will be updated with actuals once the financial statements for the months have been disclosed.

6. Baseline Usage per Customer

– the Baseline Usage per Customer (“BUC”) shall be stated in terms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The BUC shall be rounded to the nearest one tenth of one therm.

The BUC shall be reset each time new base rates are placed into effect through a base rate case.

Date of Issue:

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80 Park Plaza, Newark, New Jersey 07102
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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 17 GAS

XXX Revised Sheet No. 48A
Superseding
XXX Revised Sheet No. 48A

**CONSERVATION INCENTIVE PROGRAM
(Continued)**

7. Customer Class Group

– for purposes of determining and applying the CIP, customers shall be aggregated into three separate recovery class groups. The Customer Class Groups shall be as follows:

Group I: RSG
Group II: GSG
Group III: LVG

8. Forecast Annual Usage

– the Forecast Annual Usage (“FAU”) shall be the projected total annual throughput for all customers within the applicable Customer Class Group. The FAU shall be estimated based on normal weather.

9. Margin Revenue Factor

– the Margin Revenue Factor (“MRF”) shall be the weighted-average margin rate as quoted in the individual service classes to which the CIP applies. The MRFs by Customer Class Group are as follows:

Group I (RSG): \$0.566425
Group II (GSG): \$0.465413
Group III (LVG): \$0.062803

The MRF shall be reset each time new base rates are placed into effect, including Infrastructure Investment Program (“IIP”) or all other future base rate changes.

10. 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.

11. Actual Calendar Month Degree Days

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

12. Normal Calendar Month Degree Days

– the level of calendar month degree days to which the weather portion of the CIP applies.

The normal calendar month Degree Days 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. The base level of normal HDD for the defined winter period months for the 202~~54~~-202~~65~~ Winter Period are set forth in the table below:

Month	Normal Heating Degree Days
October 202 54	210.23 217.76
November 202 54	513.84 519.53
December 202 54	795.83 798.07
January 202 65	960.40 980.32
February 202 65	818.33 826.22
March 202 65	671.85 678.84
April 202 65	342.54 343.86
May 202 65	117.40 117.01

13. 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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XXX Revised Sheet No. 48B

**CONSERVATION INCENTIVE PROGRAM
(Continued)**

14. 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. Degree day Consumption Factors for the 202~~54~~-202~~65~~ 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		Heating	Non- Heating	
Oct.- 254	168,298 170,527	-	-	-	89,323 90,408	624 620	-	8,144 8,122
Nov.- 254	272,801 273,244	2,229 2,284	33,029 29,604	2,645 2,632	89,323 90,408	1,219	142 141	8,144 8,122
Dec.- 254	272,395 272,320	2,908 2,830	48,448 48,638	3,749 3,724	89,323 90,408	2,136 2,156	252 253	8,144 8,122
Jan.- 265	296,002 305,642	2,998 3,084	48,404 49,983	3,915 3,885	87,818 90,924	2,379 2,477	272 273	7,865 8,220
Feb.- 265	287,754 287,764	2,685 2,794	50,251 51,727	4,013 4,004	87,818 90,924	1,916 1,920	158 135	7,865 8,220
Mar.- 265	297,254 295,009	2,833 2,888	50,861 52,445	4,088 4,069	87,818 90,924	2,206 2,219	243	7,865 8,220
Apr.- 265	285,070 288,934	2,936 2,969	51,747 54,265	4,097 4,074	87,818 90,924	1,727	236	7,865 8,220
May- 265	217,538 215,159	3,545 3,516	22,054 24,305	3,941 3,914	87,818 90,924	1,204 1,176	178 175	7,865 8,220

II. BASELINE USE PER CUSTOMER

The BUC for each Customer Class Group by month are as follows:

Month	RSG	GSG	LVG
Oct.	44.9	72.2	2,145.1
Nov.	90.8	197.6	3,591.7
Dec.	147.0	351.7	5,602.5
Jan.	181.3	421.4	6,572.2
Feb.	158.4	369.4	6,252.5
Mar.	123.7	303.8	5,343.4
Apr.	71.8	163.3	3,356.4
May	36.3	89.0	1,708.4
Jun.	21.4	57.9	1,169.7
Jul.	18.7	47.5	1,309.3
Aug.	16.9	51.1	1,284.5
Sep.	18.8	48.2	1,317.7
Total Annual	930.0	2,173.1	39,653.4

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GSG	\$0.046894	\$0.050001
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			Heating	Non- Heating		Heating	Non- Heating	
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Nov.-25	272,801	2,229	33,029	2,645	89,323	1,219	142	8,144
Dec.-25	272,395	2,908	48,448	3,749	89,323	2,136	252	8,144
Jan.-26	296,002	2,998	48,404	3,915	87,818	2,379	272	7,865
Feb.-26	287,754	2,685	50,251	4,013	87,818	1,916	158	7,865
Mar.-26	297,254	2,833	50,861	4,088	87,818	2,206	243	7,865
Apr.-26	285,070	2,936	51,747	4,097	87,818	1,727	236	7,865
May-26	217,538	3,545	22,054	3,941	87,818	1,204	178	7,865

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Apr.	71.8	163.3	3,356.4
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