



September 16, 2011

Public Service Electric And Gas Company's
Proposed New Contract Service Rate Schedule in Compliance with the Board's Order
In The Matter Of A Generic Proceeding
To Consider Prospective Standards for Gas Distribution Utility
Rate Discounts and Associated Contract Terms and Conditions

BPU Docket Nos. GR10100761 and ER10100762

VIA ELECTRONIC & OVERNITE MAIL

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Dear Secretary Izzo:

Enclosed for filing please find an original and ten copies of Public Service Electric and Gas Company's ("PSE&G" or "Company") compliance filing Rate Schedule Contract Service ("CSG") to comply with the Board of Public Utilities' ("Board" or "BPU") August 18, 2011 Order. PSE&G's filing consists of this transmittal letter, which includes a summary of the filing, proposed form of a new CSG Rate Schedule (Exhibit A), a draft CSG Application Form (Exhibit B), redlined Third Party Supplier Requirement tariff sheets (Exhibit C), as well as additional redlined tariff sheets necessary to incorporate the new CSG Rate Schedule into the Gas Tariff (Exhibit D).

Introduction

PSE&G is pleased to submit its proposed CSG Rate Schedule in compliance with the Board's August 18, 2011 Order in the Matter of Generic Proceeding to Consider Prospective

Standards for Gas Distribution Utility Rate Discounts and Associated Contract Terms and Conditions, Docket Nos. GR10100761 and ER10100762 (the “Order”). The compliance filing is the culmination of a long, interactive stakeholder process over the past year. The Company appreciates Board Staff’s efforts to consider stakeholder input during the generic proceeding.

Summary of PSE&G’s Compliance Filing

PSE&G’s proposed CSG Rate Schedule is compliant with the Board’s Order and provides a mechanism for PSE&G to offer discounts for gas delivery service in limited circumstances and subject to Board approval. The proposed Rate Schedule supports the objective of providing a clear and unambiguous process to provide for discounts to gas transportation service where such discount is necessary to avoid a bypass or is otherwise justified and in the best interest of PSE&G’s existing customers. The Rate Schedule provides, as directed by the Order, that all contracts for discounted delivery rates would have to be reviewed and approved by the BPU prior to implementation. Further, in order to ensure transparency, the proposed tariff provides that once approved by the Board, the discounted delivery rates would not be considered confidential.

More specifically, the proposed Rate Schedule provides for the following:

1. Economically Viable Bypass

Customers will have the ability to take service under this tariff where they have demonstrated that they have an economically viable bypass. The customer would be required to supply the following information:

- A bypass feasibility report issued by the interstate pipeline or an independent engineering consultant setting forth:
 - Maps and flow diagrams showing the route of the potential bypass;
 - Engineering studies related to the proposed cost to bypass;
 - The size of the bypass pipeline;
 - Status of all permits from State or Federal agencies and railroads necessary for the bypass; and ,
 - Statement from the interstate pipeline that the bypass is viable.
- Information regarding the creditworthiness of customer. The creditworthiness of the customer will allow the utility to determine if the customer can realistically absorb the cost of a bypass.
- The rate would be a fixed monthly charge for terms of 5, 10, or 20 years as selected by the customer and based on the costs of bypass that the specific customer has demonstrated that it has available.

2. Other Considerations

Additionally, the rate schedule provides the authority for PSE&G to offer delivery discounted rates based upon other considerations including but not limited to the public interest, economic development, the benefit to PSE&G's ratepayers, and/or to spur the New Jersey economy. Customers requesting this type of discount must provide PSE&G with the basis for the discount and must provide support for that position. PSE&G will review information received from the customer to reasonably determine whether the customer meets the criteria necessary for a discount. Customers receiving rates under these circumstances will be

responsible for all incremental costs associated with PSE&G providing service.

Once received, PSE&G will review the customer's application and notify the customer if the application is incomplete and indicate what is required to be submitted in order to deem the application complete. Once PSE&G deems an application for discounted delivery rates complete, PSE&G will complete its analysis within 45 days and respond to the customer's request. If the request meets the criteria for discounted delivery rates, PSE&G will then enter into a Contract Service Agreement with the customer based on the customer's CSG application and file the Contract Service Agreement with the Board for approval.

Revenue from this rate schedule would be credited to Basic Gas Supply Service ("BGSS" customers, the same as all current Cogeneration Contracts, TSG-F and CIG revenue flow. However, there are two limited situations when some or all of the revenue associated with certain specific CSG customers flow to margin revenues in lieu of otherwise being flowed to offset BGSS costs.

The first situation is where gas applications formerly being served under Rate Schedule LVG switch to Rate Schedule CSG after the effective date of base rates currently in effect. The total CSG revenues from these switching customers, other than that related to commodity, SUT, TEFA, SBC, RGGI and CAC would flow to margin revenues in lieu of reducing BGSS costs until the effective date of new rates in the Company's next gas base rate case. These revenues will be used to recover costs associated with the infrastructure (service, mains, meters, etc.) already installed to provide firm service at Rate LVG, since CSG revenues no longer flow to the Company once the application switches to CSG. The margin treatment for any future customers switching back from CSG to LVG is reciprocal for customers switching from LVG to CSG.

The second situation in which the Company retains a portion of the revenue credited to BGSS costs is for new CSG customers whose service commences on or after the end of the test year or for additional investment necessary to serve existing TSG-NF customers switching to CSG after the end of the previous test year. For this purpose, new customers are defined as gas service to a separately metered new account for equipment that did not previously utilize gas delivery service from PSE&G. As above, CSG net revenues are defined as total revenues, other than that related to commodity, SUT, TEFA, SBC, RGGI and CAC charges. The amount of margin revenue retained by the Company is equal to 20 percent of the cost of the new facilities required to serve all such customers, less any direct customer contribution toward these costs, and is used to cover the costs associated with these new customers. As in the prior situation, the cost recovery associated with these customers remains effective until the effective date of new rates in the Company's next gas base rate case.

Conclusion

For all the foregoing reasons, PSE&G respectfully requests that the Board accept its proposed CSG Rate Schedule and additional Gas Tariff sheets in compliance with the Order, the corresponding accounting, and specify that the proposed tariff sheets are effective upon the date of the Order accepting them.

Respectfully submitted,

*Original Signed by
David K. Richter, Esq.*

GAS DISCOUNTS RATES

BPU DOCKET NO. GR10100761 & ER10100762

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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

Original Sheet No. 112

**RATE SCHEDULE CSG
CONTRACT SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Firm or interruptible delivery service for general purposes where the maximum requirement is not less than 150 therms per hour and the customer is requesting a discount rate for delivery service based on an (a) Economically Viable Bypass alternative or (b) Other Considerations.

Public Service will review all applications to verify for completeness within 45 days of receipt. If any data is missing, Public Service will notify customer of the information needed to complete the application. Public Service reserves the right to request additional information as needed on a case by case basis. Once a request is deemed complete, Public Service will have 45 days to complete its analysis and respond to the customer. Once agreement has been reached, Public Service will forward the application to the Board of Public Utilities for review and approval. Board of Public Utilities approved rates are not confidential.

Customers may purchase gas supply from a Third Party Supplier (TPS) or, for customers with a maximum requirement of less than 2,000 therms per hour, from Public Service's Basic Gas Supply Service default service as detailed in this rate schedule.

ECONOMICALLY VIABLE BYPASS

For all customers requesting this tariff service based on an economically viable bypass alternative, the customer must submit to Public Service the following minimum information:

1. A bypass feasibility report issued by the interstate pipeline or an independent engineering consultant setting forth:
 - i. Maps and flow diagrams showing the route of the potential bypass;
 - ii. Engineering studies related to the proposed cost to bypass;
 - iii. The size of the bypass pipeline;
 - iv. Status of all permits from State or Federal agencies and railroads necessary for the bypass, and
 - v. Statement from the interstate pipeline that the bypass is viable.
2. Creditworthiness of customer.

OTHER CONSIDERATIONS

Service under this tariff based on other considerations may be provided. The application forwarded to the Board of Public Utilities will explain the reason for the request and support for that request, including but not limited to the public interest, economic development, the benefit to Public Service ratepayers and/or to spur the New Jersey economy.

Date of Issue:

Issued by ROSE M. CHERNICK, 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:

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

Original Sheet No. 112A

**RATE SCHEDULE CSG
CONTRACT SERVICE
(Continued)**

ECONOMICALLY VIABLE BYPASS

DELIVERY CHARGES:

Service Charge:

\$465.59 in each month [\$498.18 including New Jersey Sales and Use Tax (SUT)]

Distribution Charge: per \$ of Net Alternative Delivery Cost

<u>Term</u>	<u>Monthly Charge</u>	<u>Monthly Charge Including SUT</u>
5 Years	\$0.025583	\$0.027374
10 Years	0.015773	0.016877
20 Years	0.010716	0.011466

Maintenance Charges: per \$ of Alternative Delivery Cost

<u>Term</u>	<u>Monthly Charge</u>	<u>Monthly Charge Including SUT</u>
5 Years	\$0.000262	\$0.000280
10 Years	0.000276	0.000295
20 Years	0.000300	0.000321

Plus any customer site-specific ongoing or continuing cost not directly related to the operation, maintenance or inspection of the customer's planned by-pass pipeline. This shall include, but not be limited to, periodic payments for rights-of-way, easements, pipeline cost differentials, permits or other such costs. These charges shall be expressed on a monthly levelized basis over the term of service.

Balancing Charge:

Applicable only if the customer is provided Public Service's Basic Gas Supply Service – Firm (BGSS-F) default service.

<u>Charge</u>	<u>Charge Including SUT</u>	
\$0.089679	\$0.095957	per Balancing Use Therm

Societal Benefits Charge:

This charge shall recover costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by government. In appropriate circumstances, the Board of Public Utilities may approve a discount from the Societal Benefits Charge. Refer to the Societal Benefits Charge sheet of this Tariff for the current charge.

RGGI Recovery Charge:

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) Program per the Board Order in Docket No. EO08030164. In appropriate circumstances, the Board of Public Utilities may approve a discount from the RGGI Recovery Charge. Refer to the RGGI Recovery Charge sheet of this Tariff for the current charge.

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

Original Sheet No. 112B

**RATE SCHEDULE CSG
CONTRACT SERVICE
(Continued)**

OTHER CONSIDERATIONS

DELIVERY CHARGES:

The Delivery Charges may not be lower than an amount sufficient to generate a return on the capital investments made by Public Service and recovery of marginal and embedded costs, including depreciation, to provide service to the customer under this rate schedule. Delivery Charges will be based on agreement reached with Public Service and approved by the Board of Public Utilities.

COMMODITY CHARGES:

A customer may choose to receive gas supply from either:

- a) A TPS who has agreed to the terms and conditions of the Third Party Supplier Requirements portion of this Tariff, or
- b) For customers with a maximum requirement of less than 2,000 therms per hour, Public Service through its Basic Gas Supply Service default service. Such supply service may be either firm or interruptible. Public Service may also supply Emergency Sales Service in certain instances as indicated below.

Third Party Supply:

A customer that receives gas supply from a TPS will be charged for gas supply according to any agreement between the customer and the TPS. The customer will not be charged for commodity by Public Service, except as provided for in Emergency Sales Service below.

Emergency Sales Service:

Emergency Sales Service is only available for customers with a maximum requirement of less than 2,000 therms per hour.

In the event that, during any month, if Public Service cannot confirm that the customer has an eligible TPS, or if the TPS no longer satisfies the Third Party Supplier Requirements of this tariff, Public Service may supply the deficiencies as Emergency Sales Service.

Emergency Sales Service will be offered at the sole discretion of Public Service, after taking into consideration its other firm supply obligations. Public Service reserves the right to curtail service to any customer if deliveries from customer's TPS pursuant to Third Party Supplier Requirements are curtailed.

If a customer is receiving Emergency Sales Service and does not wish to designate a TPS for future deliveries or customer, for any reason, no longer desires to receive gas supply from a TPS, the customer may receive gas supply pursuant to Public Service's Basic Gas Supply Service.

The conditions under which Emergency Sales Service will apply are detailed in Section 14 - Third Party Supplier Service Provisions of the Standard Terms and Conditions of this Tariff, and the charges for this service are defined on the Emergency Sales Service sheet of this Tariff.

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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. 15 GAS

Original Sheet No. 112C

**RATE SCHEDULE CSG
CONTRACT SERVICE
(Continued)**

Basic Gas Supply Service:

A customer with a Maximum Requirement of less than 2,000 therms per hour that does not receive gas supply from a TPS will be supplied, at the customer's option, under either the Basic Gas Supply Service – Firm (BGSS-F) default service or the Basic Gas Supply Service-Interruptible (BGSS-I) default service as applicable based on whether Customer is being provided firm or interruptible service pursuant to this Rate Schedule. Refer to the Basic Gas Supply Service – Firm sheet of this Tariff for the current charge for BGSS-F commodity charge or to the Basic Gas Supply Service – Interruptible sheet of this Tariff for the current charge for BGSS-I commodity charge.

OTHER CHARGES:

See Special Provision (f).

BILLING DETERMINANTS:

Therms:

The number of therms used shall be determined by multiplying the number of hundred cubic feet used by the conversion factor which appears on every bill. The conversion factor used for the "therm multiplier" shall be on the basis of the actual heating value of the gas used.

Balancing Use Therms:

Applicable only if the customer is provided Public Service's Basic Gas Supply Service – Firm (BGSS-F) default service.

During each of the billing months of November through March, if the average daily usage of gas in any month exceeds the average daily usage during the preceding billing months of June through September, the therms used in such month in excess of the product of the average daily usage in the preceding months of June through September times the number of days in the billing month shall be the Balancing Use Therms and subject to the Balancing Charge. For new customers and for customers who install additional gas burning equipment, the average daily usage in the preceding June through September time period to be used in the above calculation shall be estimated by Public Service.

Alternative Delivery Cost:

- a. For Firm Delivery Service: The estimated total up-front cost of the customer's bypass plan, based on a detailed cost estimate provided by the applicable interstate pipeline.
- b. For Interruptible Delivery Service: The sum of 90% of the estimated total up-front cost of the customer's bypass plan, based on a detailed cost estimate provided by the applicable interstate pipeline, plus 10% of the incremental installed cost for Public Service to provide interruptible delivery service as estimated by Public Service.

Net Alternative Delivery Cost:

The Net Alternative Delivery Cost is equal to the Alternative Delivery Cost net of any customer contribution made to Public Service to provide service under this Rate Schedule without Public Service tax gross-up effects.

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

Original Sheet No. 112D

**RATE SCHEDULE CSG
CONTRACT SERVICE
(Continued)**

TERMS OF PAYMENT:

Payment is due within 15 days after the postmark date, or email date for customers who have opted for paperless billing, of the outstanding bill and subject to a late payment charge at the rate of 1.416% per monthly billing period in accordance with Section 8.13 of the Standard Terms and Conditions. Service to a body politic will not be subject to a late payment charge.

TERM:

Up to twenty years from the commencement date specified in the service agreement required by Special Provision (a). The Distribution Charge and the Maintenance Charges as of the commencement date will remain unchanged for the term of the service agreement. The customer may terminate service by providing no less than one month's notice. Customers shall be required to make a termination payment for all such service terminated prior to the end of the Term equal to 50% of the sum of the Distribution Charges for the remaining term of the service agreement. The termination payment shall be due to Public Service upon the date the termination becomes effective pursuant to the customer's notice.

SPECIAL PROVISIONS APPLICABLE TO ALL CUSTOMERS:

- (a) Customer will be required to sign a service agreement and service will be restricted to the maximum daily capacity of the alternative delivery option used to determine the Monthly Distribution Charge. Deliveries in excess of the maximum specified in such service agreement will require the establishment of an additional new service agreement and related monthly charges, where such charges for such excess capacity shall be based upon the then current costs for such alternative delivery option and the then current pricing factor.
- (b) Upon advanced written notice to Public Service, such service agreement shall be transferable to a new customer or owner of the facility at the location specified in the service agreement.
- (c) Requests for a change between interruptible delivery service under this rate schedule to or from firm delivery service under this rate schedule will require the establishment of a new service agreement and new term of service based on the then current costs and pricing factor. There shall be no termination payment required related to a change from interruptible delivery service to firm delivery service under this rate schedule. A change from firm delivery service to interruptible delivery service will require a termination payment as detailed above.
- (d) For customers with a maximum requirement of 2,000 therms per hour or greater, Public Service reserves the right to discontinue delivery service at any time the total imbalance cashout amounts unpaid, including amounts billed and amounts not yet billed, by the customer's TPS are greater than 90% of the current credit Security amount held by Public Service for the customer's TPS in accordance with Section 5 of the Third Party Supplier Requirements of this tariff.
- (e) Customers with a maximum requirement of 7,500 therms per hour or greater shall designate personnel physically located at the customer's facility having operational control of the gas usage at that facility who can be directly contacted by telephone or other electronic means at any hour of any day by Public Service. These personnel shall be responsible for coordinating the balancing of customer's gas consumption and deliveries by the customer's TPS and shall be the only party that Public Service contacts for all operational coordination requirements including those during periods of suspension or limitation and critical periods as detailed in Sections 6.3.2 and 6.3.3 of the Third Party Supplier Requirements of this tariff.

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**RATE SCHEDULE CSG
CONTRACT SERVICE
(Continued)**

(f) Where the customer has selected BGSS-I as their gas supply option or is supplied interruptible delivery service under this rate schedule, the following shall apply:

- (f-1) The customer shall provide a signed affidavit, certifying the specific grade of fuel oil (or oils), or other alternate fuel, that can physically and legally be utilized by the installation being served. This affidavit shall be a prerequisite for receiving service under this rate schedule and shall be furnished by the customer each fall no later than November 1st. The affidavit shall include the percentage of operation which can physically and legally be served by each alternate fuel. The customer will submit, within 30 days of change in operations, a new affidavit to Public Service when such change affects its alternate fuel capability. Additionally, the Affidavit shall require customers using No. 2 Fuel Oil, No. 4 Fuel Oil, jet fuel, or kerosene to provide certification that they have, and will maintain, either seven days of alternate fuel available through on-site storage capacity or additional firm contractual supply to make-up for any storage deficiencies so as to be equal to a seven day supply. Customers providing certification that they will suspend operations during an interruption are exempt from the alternate fuel requirement. Public Service reserves the right to inspect the customer's operation as to alternate fuel capability. Customers that fail to provide an affidavit by November 1st of each year shall continue to be subject to all of the terms of this rate schedule and in addition be subject to the Demand Charge as provided for in Rate Schedule LVG.
- (f-2) Upon advance notice of eight hours or more, from any hour of any day given to customer by Public Service by telephone, telegram or otherwise, customer shall discontinue the use of gas until further notice; customer shall designate personnel who will accept such notification at any hour of any day.
- (f-3) If customer does not discontinue the use of gas after notification pursuant to Special Provision (f-2) customer shall be charged \$1.89 (\$2.02 including SUT) per therm for an amount not to exceed one hour's maximum requirement per day of interruption. Use of this amount shall be limited to a use rate per hour not greater than 5% of customer's maximum hourly requirement.

The charge for all additional gas used shall be ten times the highest price of the daily ranges for delivery in Transco Zone 6, New York, or Texas Eastern Zone M-3 which are published in *Gas Daily* on the table "Daily Price Survey" for each therm of gas used by the customer. This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey.

If a customer supplied under Rate Schedule BGSS-I persistently does not discontinue the use of gas after notification pursuant to Special Provision (f-2), in addition to the aforementioned penalty charge, the customer will be notified that it no longer qualifies for service under interruptible supply service Rate Schedule BGSS-I. Applicable firm supply service will be available on a prospective basis under Rate Schedule BGSS-F subject to the availability of supply and delivery capacity.

Except for pilots, however, Public Service has no obligation to deliver gas at any time following notice pursuant to Special Provision (f-2) and may discontinue completely all other deliveries of gas to customer during the period of interruption.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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

Original Sheet No. 112F

**RATE SCHEDULE CSG
CONTRACT SERVICE
(Continued)**

- (g) Unless otherwise agreed to by Public Service, metering shall include a recording device, furnished by Public Service. Customer shall furnish an electrical supply for the operation of the recording device.
- (h) Service supplied under this rate schedule shall be separately metered and shall not be combined with use under any other rate schedule for billing purposes. Customer shall not be eligible to receive service under this rate schedule and any other rate schedule for the same equipment or for equipment supplying a common steam header.
- (i) Service under this rate schedule is not available for resale.

SPECIAL PROVISIONS APPLICABLE TO CUSTOMERS SERVED BY THIRD PARTY SUPPLIERS FOR COMMODITY SERVICE:

- (j) The customer must contract with a TPS to arrange for deliveries to Public Service of their daily usage, adjusted for losses, and such TPS agrees to abide by the provisions of the Third Party Supplier Requirements. A customer is limited to one (1) TPS for gas for each account for which the customer receives delivery service.
- (k) The customer's TPS is required to notify Public Service of the customer's selection prior to the last business day of the month for deliveries to commence on the first (1st) of the next month, and such selection shall remain in effect for the entire month, subject to the conditions of Emergency Sales Service. Customers eligible to receive Emergency Sales Service can change TPSs effective only on the first day of the month. Customers not eligible to receive Emergency Sales Service can change TPSs at any time in the event that their TPS fails to deliver supply.

STATE OF NEW JERSEY AUTHORIZED TAXES:

The Transitional Energy Facility Assessment and the New Jersey Sales and Use Tax are applied in accordance with P.L. 1997, c. 162, as amended by P.L. 2006, c. 44, and are included in the appropriate charges in this rate schedule. See Section 15 of the Standard Terms and Conditions for additional details and/or exceptions.

THIRD PARTY SUPPLIER REQUIREMENTS:

TPSs are subject to the Third Party Supplier Requirements of this Tariff.

STANDARD TERMS AND CONDITIONS:

This rate schedule is subject to the Standard Terms and Conditions of this Tariff except Section 7.6, Appliance Adjustments.

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APPLICATION FOR CONTRACT SERVICE (CSG)

TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY:

_____ (Customer)

Requests Public Service Electric and Gas Company (PSE&G) to supply (check one) firm _____ or interruptible _____ transportation gas service

at _____ (Location)

under the terms of RATE SCHEDULE CSG.

Based on review of CSG Tariff, Customer requests the option of (check one) Economically Viable Bypass _____ or Other Considerations _____ for CSG service and have attached all documentations to this application to meet the minimum filing requirements as outlined in the CSG Tariff.

The Gas Volumes that PSE&G shall be obligated to deliver to customer at the delivery point(s) are as follows:

_____ MCF on a maximum hourly basis _____ MCF on an average daily basis
_____ MCF maximum monthly average daily usage _____ Delivery Point(s)

However, provided that upon request by Customer, PSE&G may at its sole discretion accept and deliver volumes in excess of those specified.

Upon acceptance by Public Service of this application, it is understood and agreed that:

- (1) Customer shall take and pay for the service in accordance with RATE SCHEDULE CSG and the standard terms and conditions referred to therein and in accordance with any changes or modifications thereof as provided in Section 14 of the Standard Terms and Conditions.
- (2) The customer's requested term of service shall be for a period of (check one) 5 years _____ or 10 years _____ or 20 years.
- (3) This Application supersedes Application dated _____.
- (4) During an interruption, pilot use shall be limited to a use rate per hour not greater than 5% of customer's maximum hourly requirement.
- (5) PSE&G reserves to right to interrupt or restrict deliveries of gas to customer when PSE&G operating conditions necessitate such action. Public Service shall not be liable in any way for any failure in whole or in part, temporary or permanent, to deliver gas under this rate schedule.
- (6) Does Customer elect to receive supply from TPS (check one) Yes _____ No _____?
- (7) If Customer does not elect to receive gas supply from a TPS, Customer requests to be supplied under (check one) Basic Gas Supply Service - Interruptible (BGSS-I) _____ or Basic Gas Supply Service - Firm (BGSS-F), subject to the terms of the CSG tariff, which will be applied to all therms billed each month.

RECEIVED:
PUBLIC SERVICE ELECTRIC AND GAS COMPANY

ACCEPTED:

(Customer)

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 114

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

Superseding
Original Sheet No. 114

THIRD PARTY SUPPLIER REQUIREMENTS

1. GENERAL

A Third Party Supplier (TPS) of natural gas is an entity that has contracted with customers of Public Service to deliver supplies of natural gas to interconnection points with Public Service's distribution system, or is a customer who is self-supplying and acting as a TPS on their own behalf in purchasing and transporting natural gas to interconnection points with Public Service's distribution system, from which Public Service may receive and physically transport and deliver on a firm basis these gas supplies to the customer pursuant to Rate Schedules RSG, SLG, GSG, LVG, ~~or TSG-F,~~ or CSG and on an interruptible basis to customers pursuant to Rate Schedules TSG-NF or CSG. In order for an entity to qualify as a TPS it must execute an Application for Service and satisfy Public Service's credit requirements as noted herein. In order for a customer to qualify to self-supply, the Public Service customer of record for gas delivery service must be served ~~on~~ at Rate Schedule TSG-NF or CSG and must be the same corporate entity that is purchasing and transporting the natural gas to interconnection points with Public Service's distribution system. TPSs, other than qualifying self-supplying customers, must be licensed by the Board of Public Utilities (Board).

A TPS must successfully complete all Electronic Data Interchange testing in order to enroll new customers that receive service under Rate Schedules RSG, GSG, LVG and SLG.

TPSs agree to abide by the Board's regulations and with N.J.A.C. 14:4 et seq., Energy Competition, including but not limited to Subchapter 7 *Retail Choice Consumer Protection*. Public Service is not responsible for the administration or the enforcement of either of the aforementioned regulations or Code.

2. CUSTOMER CONFIRMATION

By the twentieth (20th) of each month, for service to RSG, SLG, GSG, or LVG which is to commence on the first (1st) of the next calendar month, Public Service will provide to each TPS by electronic or other means, as specified by Public Service, a list which includes: (1) those customers who have requested to be served by that particular TPS and have represented that they have a contractual relationship with that TPS, including their required Daily Contract Quantity (DCQ), expressed in therms; (2) former customers' applicable imbalances, expressed in therms; and (3) the TPS's Aggregate Daily Contract Quantity (ADCQ), adjusted for losses, expressed in dekatherms, equal to the sum of the DCQ's of each of the customers of that TPS. TPS will be required to notify Public Service by electronic or other means, as specified by Public Service, by the twentieth (20th) of the month as to any corrections or changes to their list of customers, otherwise the list will be assumed to be accurate. Public Service will only amend the list of customers and their respective DCQ's in accordance with the above procedures prior to the next month if a good faith dispute arises concerning the respective TPS's list.

Public Service will provide to each TPS by electronic or other means, as specified by Public Service, a list which includes those TSG-F, ~~and~~ TSG-NF, and CSG customers who have requested to be served by that particular TPS and have represented that they have a contractual relationship with that TPS.

3. DELIVERY

3.1 General: Subject to the Force Majeure provisions in Section 7, TPS must deliver to Public Service on each day of the month at points specified on Public Service's distribution system, which points are operationally acceptable to Public Service in its sole discretion, the ADCQ for its RSG, SLG, GSG, and LVG customers and the daily or, under certain circumstances, the hourly usage of its TSG-F, ~~and~~ TSG-NF, and CSG customers, adjusted for losses (hereinafter collectively referred to as "usage"). Failure to comply with this provision shall subject TPS to the cashout pursuant to Sections 6.1, 6.2, and/or 6.3.

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XXX Revised Sheet No. 115

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

Superseding
Original Sheet No. 115

**THIRD PARTY SUPPLIER REQUIREMENTS
(Continued)**

- 3.2. **Warranty of Title:** TPS warrants that, at the time of delivery of gas to Public Service, it will have good title to deliver all gas volumes made available.
- 3.3. **Delivery Control and Possession:** After TPS delivers gas or causes gas to be delivered to Public Service at Public Service's point of interconnection with the applicable interstate pipeline, Public Service will be deemed to be in control and possession of the gas until an equivalent amount of gas, less losses, is delivered to customer at customer's Public Service meter.
- 3.4. **Delivery Liability:** Public Service shall in no way be liable for any errors in the calculation of the DCQ or ADCQ, nor be responsible for any additional gas costs incurred by TPS due to any error in the calculation of the DCQ or ADCQ.
- 3.5. **Delivery Allocation:** On each day deliveries of gas by TPS to Public Service shall be first allocated to TPS's ADCQ on such day and any remaining volume shall be allocated to TPS's TSG-F, ~~and~~ TSG-NF, ~~and~~ CSG customers.

4. NOMINATION PROCEDURES

- 4.1. **General:** ~~Unless otherwise provided for under section 4.3, By July 1 of each year,~~ Public Service will provide TPS(s) notice ~~by July 1 of each year~~ of the allocation of receipt capacity by pipeline that it expects to have available for all deliveries by TPS(s) at its city gate interconnections, based on existing contractual commitments, for the twelve (12) month period beginning the following November 1. Each TPS(s) will be allocated the receipt capacity based on the total expected firm and interruptible load versus the amount of available receipt capacity.

TPS will be credited for deliveries to Public Service on each day in accordance with the final daily volume confirmations of the interstate pipelines designated by TPS pursuant to this Sub-section.

- 4.2. **TPS Nomination Requirements for Customers with a Maximum Requirement of Less Than 7,500 Therms Per Hour:** TPS will be required to nominate to Public Service by electronic or other means, as specified by Public Service, the total volume it intends to deliver to Public Service for subsequent delivery, along with the interstate pipelines it intends to utilize for this delivery and any additional information required by Public Service to fully identify such deliveries. TPS shall nominate to Public Service by 2:30 p.m. Eastern Time prior to the day gas is scheduled to flow. Public Service will not be obligated to accept gas which has not been nominated in accordance with this Section.

Public Service will accept deliveries of gas for customers on the interstate pipelines of Transco or Texas Eastern. However, due to delivery limitations, Public Service reserves the right to require a reasonable apportionment of deliveries between Transco and Texas Eastern.

- 4.3. **TPS Nomination Requirements for Customers with a Maximum Requirement of 7,500 Therms Per Hour and Greater:** TPS will be required to nominate to Public Service using Public Service's electronic bulletin board, at least 24 hours prior to the start of each day, the total volume it intends to deliver to Public Service for subsequent delivery the next day for each customer with a maximum requirement of 7,500 therms per hour and greater. Such daily nomination may be changed by the TPS at any time up to and during the day for which the daily nomination is applicable by notification to Public Service.

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Superseding
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**THIRD PARTY SUPPLIER REQUIREMENTS
(Continued)**

Public Service reserves the right to limit any revision to such daily nomination and shall not be obligated to accept any changes greater than one twenty-fourth (1/24) of the customer's maximum daily usage requirements multiplied by the number of hours remaining for the day. In any event, Public Service may refuse any revision in the nomination made during the day of delivery if, in its sole opinion, such revision is not related to the customer balancing its supplies and usage for the day.

Public Service will, for each customer provided delivery service, specify the interstate pipeline ~~delivery point(s) upon at~~ which ~~deliveries of gas supplies by from~~ a TPS shall be delivered. Normally ~~such point(s) this~~ will be on the interstate pipeline that is in the closest proximity to each customer.

5. CREDIT REQUIREMENTS

- 5.1. General:** Public Service's acceptance of a request for service under these Third Party Supplier Requirements is contingent upon TPS satisfying a credit appraisal by Public Service. Based on consistent financial evaluation standards, each TPS may be granted, on a non-discriminatory basis, an Unsecured Credit Limit. Public Service shall perform such evaluations no less frequently than once every twelve (12) months.

If required, a TPS may provide one of the following additional credit assurances: (1) an advance cash deposit; (2) a standby irrevocable letter of credit; or (3) a guarantee, acceptable to Public Service, by a parent Guarantor which satisfies the credit requirements. The total of the amounts offered by these instruments and, if applicable, the Unsecured Credit Limit, is defined as Security.

- 5.2. Credit Amount:** The total Security at all times must be of an amount not less than the product of the TPS's Daily Requirements, expressed in dekatherms, and \$70.00, plus the amount of balancing cashout obligations outstanding to Public Service, whether billed or not billed, such total amount rounded down to the next lower multiple of \$15,000. Daily Requirements is defined as the sum of the TPS's maximum month ADCQs for RSG, SLG, GSG and LVG customers and the total of the maximum month average daily usage for TSG-F, ~~and~~ TSG-NF, ~~and~~ CSG customers, as stated in their respective service agreements. At any time, the maximum month's value shall be the greatest total ADCQ or average daily usage, as applicable, in the prior 12 month period (otherwise known as a rolling 12 month period).

If, at any point in time, the TPS's Daily Requirements decreases, TPS has the option to reduce the level of the Security to the product of the new Daily Requirements and \$70.00, after all the outstanding obligations payable to Public Service are satisfied.

In all cases, any required increase in the level of Security must be satisfied within two (2) business days after receipt of the Public Service notice for additional Security requirements to continue service. If such Security is not posted in accordance with the foregoing, then Public Service is not required to continue service.

- 5.3. Interest:** Interest, on cash deposited with Public Service as Security, will be the lower of the average Federal Funds Effective Rate (as published daily on the Federal Reserve website) for the period of time the funds are on deposit or six (6) percent. Cash deposits shall cease to bear interest upon discontinuance of service by the TPS or, if earlier, when Public Service closes the account. When the executed service agreement is terminated or when a portion of the cash deposit is returned to the TPS, such cash deposits will be returned with accrued interest upon payment or deduction of all charges and other debts that the TPS might owe Public Service.

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

Superseding
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**THIRD PARTY SUPPLIER REQUIREMENTS
(Continued)**

- 5.4. Failure to Deliver for Customers on Rate Schedules RSG, SLG, GSG, and LVG:** In the event that, for a particular TPS, at any time, the sum of the cumulative imbalances, for non Force Majeure reasons, which Public Service has not yet received payment are underdeliveries that exceed three (3) times the ADCQ, Public Service will immediately notify the TPS via telephone, facsimile, or similar means. If such underdeliveries reach five (5) times the ADCQ, the following will occur: (1) the TPS is no longer eligible for these Third Party Supplier Requirements unless and until the conditions below are satisfied, but not before the first (1st) day of the following month; and (2) for the balance of the current month, the affected TPS's customers will be supplied natural gas by Public Service and will be billed for Emergency Sales Service pursuant to their rate schedules for their DCQ times the number of days remaining in the current month. Such customers will continue to be charged the Emergency Sales Service rate until TPS service commences from an eligible TPS pursuant to Section 14.3 of the Standard Terms and Conditions or from BGSS default service pursuant to Section 14.5 of the Standard Terms and Conditions.

In order to be reinstated as an eligible TPS following an occurrence of an under-delivery event as described above, the former TPS, in addition to meeting all other applicable tariff requirements must post and maintain for a one (1) year period Security in an amount equal to two (2) times that otherwise required pursuant to Section 5.2 of these Third Party Supplier Requirements. At the conclusion of that year and assuming no additional occurrence of an under-delivery event as described above, TPS's requirement regarding maintenance of the Security will be returned to that described in Section 5.2. If an additional under-delivery event as described above occurs during that year period, the TPS will be ineligible for these Third Party Supplier Requirements for an additional one (1) year period.

- 5.5. Failure to Deliver for Customers on Rate Schedules ~~TSG-F~~, ~~and TSG-NF~~, and CSG:** In the event that, for a particular TPS, at any time, the amount of obligations outstanding to Public Service, whether billed or not billed, exceed 70% of the current level of Security, Public Service will immediately notify the TPS via telephone, facsimile, or similar means.

At this time the TPS will be given the option to increase the total amount of Security held by Public Service to the required amount as described in Section 5.2 of these TPS Requirements within two (2) business days or to provide immediate payment on outstanding amounts, whether billed or not billed, due to Public Service.

At such time the amount of obligations outstanding to Public Service, whether billed or not billed, exceed 100% of the current level of Security, the TPS is no longer eligible under these Third Party Supplier Requirements unless and until the conditions below are satisfied, but not before the first (1st) day of the following month. The affected TPS's customers eligible for Emergency Sales Service will be supplied natural gas by Public Service for their usage for the remainder of the month. Such customers will continue to be charged the Emergency Sales Service rate until TPS service commences from an eligible TPS or from BGSS default service. Delivery service to customers not eligible for Emergency Sales Service will be ceased until such customers arrange for gas supplies from an eligible TPS.

In order to be reinstated as an eligible TPS following an occurrence of event as described above, the former TPS, in addition to meeting all other applicable tariff requirements must post and maintain for a one (1) year period Security in an amount equal to two (2) times that otherwise required pursuant to Section 5.2 of these Third Party Supplier Requirements. At the conclusion of that year and assuming no additional occurrence of

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**THIRD PARTY SUPPLIER REQUIREMENTS
(Continued)**

an event in which outstanding obligations, whether billed or not billed, exceed Security as described above, TPS's requirement regarding maintenance of the Security will be returned to that described in Section 5.2. If an additional event in which outstanding obligations, whether billed or not billed, exceed Security as described above occurs during that year period, the TPS will be ineligible under these Third Party Supplier Requirements for an additional one (1) year period.

6. IMBALANCE CASHOUT PROCEDURES

6.1. TPS Imbalance Cashout for Customers on Rate Schedules RSG, SLG, GSG, and LVG: On any day that TPS delivers a volume other than the aggregate of the ADCQs, of its RSG, SLG, GSG and LVG customers, the TPS will be subject to a daily cashout as follows:

6.1.1. Overdeliveries: For any overdeliveries on any day, the TPS will be cashed out at a rate equal to Public Service's BGSS supplier(s)'s weighted average pipeline transportation cost including fuel, calculated at 100% load factor (WATC), plus a gas cost equal to 90% of the lower of the postings for the day of overdelivery for the Texas Eastern East Louisiana Zone or the Transco Zone 3, as published in Inside *F.E.R.C.'s Gas Market Report* on the table, "Prices of Spot Gas Delivered to Pipeline". Public Service at its sole discretion may refuse to accept any overdeliveries from a TPS. If TPS overdelivers gas at any time, the cashout volume will be treated as a purchase of gas supply by Public Service.

6.1.2. Underdeliveries: For any underdeliveries on any day up to and including five (5) percent of the ADCQ, the TPS will be cashed out at a rate equal to Public Service's BGSS supplier(s)'s weighted average pipeline transportation cost including fuel, calculated at 100% load factor (WATC), plus a gas cost equal to 110% of the higher of the postings for the day of underdelivery for the Texas Eastern East Louisiana Zone or the Transco Zone 3 as published in Inside *F.E.R.C.'s Gas Market Report* on the table, "Prices of Spot Gas Delivered to Pipeline". For any underdeliveries by an eligible TPS greater than five (5) percent of the ADCQ on any day other than on days during a Critical Period as defined below, the TPS will pay a charge per dekatherm at a rate of two times a daily price index. This daily price index is the highest price of the daily ranges for delivery in Transco Zone 6, New York, or Texas Eastern Zone M-3 which are published in Platt's *Gas Daily* on the table, "Daily Price Survey."

Upon no less than eight (8) hours notice, Public Service may on any days that it determines that its gas supply condition is critical, declare such days to be a "Critical Period." For any underdeliveries by an eligible TPS greater than five (5) percent of the ADCQ during a Critical Period, the TPS will pay a charge per dekatherm at a rate equal to ten times the above daily price index. This resulting price index shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey. In addition, Public Service has the right to recover proportionately from undelivered TPSs any penalties or other charges or damages assessed on Public Service as a result of any underdeliveries by eligible TPSs.

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**THIRD PARTY SUPPLIER REQUIREMENTS
(Continued)**

- 6.2. TPS Imbalance Cashout for Customers with a Maximum Requirement of Less Than 7,500 Therms Per Hour on Rate Schedules TSG-F, ~~and TSG-NF~~, and CSG:** TPS is responsible to deliver gas to Public Service for their applicable customers at the same daily rate that the aggregate of their applicable customers are utilizing gas. The Daily Cashout Price for over- or underdeliveries by a TPS for any day will be the average of the "Midpoint" values stated in the "Citygates" section of the Daily Price Survey of Platt's *Gas Daily* for Texas Eastern M-3 and Transco Zone 6 New York for that day. Under any circumstance, Public Service has the right to recover proportionately from undelivered TPSs any penalties or other charges or damages assessed on Public Service as a result of any underdeliveries by eligible TPSs.

Public Service, in its sole discretion, may refuse to accept any deliveries of gas which it determines to be excess to a TPS's customers' daily usage.

- 6.2.1. Normal Daily Balancing:** Any daily underdelivery of gas that is less than or equal to 15% of the customers' actual daily use or an overdelivery of gas less than or equal to 5% of the customers' actual daily use shall be cashed out by Public Service at the Daily Cashout Price. Any daily overdelivery of gas greater than 5% of the customers' actual daily use will be cashed out by Public Service at 80% of the Daily Cashout Price. Any daily underdelivery that is greater than 15% but less than or equal to 25% of the customers' actual usage shall be cashed out at 120% of the Daily Cashout Price. Any daily underdelivery that is greater than 25% of the customers' actual usage shall be cashed out at twice the Daily Cashout Price.

- 6.2.2. Balancing During Critical Periods:** Upon no less than eight hours notice to the TPS, Public Service may on any day that it determines that its gas supply condition is critical, declare such days to be a "Critical Period. During such a Critical Period all underdeliveries by the TPS will be cashed out at ten times the Daily Cashout Price. This price for underdeliveries shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey.

- 6.3. TPS Imbalance Cashout for Customers with a Maximum Requirement of 7,500 Therms Per Hour and Greater on Rate Schedules TSG-F, ~~and TSG-NF~~, and CSG:** TPS is responsible to deliver gas to Public Service for each of their applicable customers at the same daily rate each customer is utilizing gas. Except as provided for in Section 6.3.5 below, aAll balancing and cashout calculations shall be performed separately for each applicable customer. The basis for the Daily Cashout Price for over- or underdeliveries by a TPS will be the weighted average of the "Midpoint" value(s) for Texas Eastern M-3 and/or Transco Zone 6 New York, as applicable, based upon the actual delivery on the interstate pipeline(s) used by the TPS, as published in Platt's *Gas Daily* on the table "Daily Price Survey". Under any circumstance, Public Service has the right to recover proportionately from undelivered TPSs any penalties or other charges or damages assessed on Public Service as a result of any underdeliveries by eligible TPSs.

If at any time customer's TPS fails to deliver, or arrange for delivery of a quantity of gas, which is consistent with the quantity of gas being consumed by customer, Public Service, in its sole discretion, may suspend deliveries of gas to customer until such time as the delivery of gas to Public Service is equal to the quantity of gas being consumed by customer commences. Public Service, in its sole discretion, may refuse to accept any deliveries of gas which it determines to be excess to a TPS's customers' daily usage.

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THIRD PARTY SUPPLIER REQUIREMENTS

(Continued)

6.3.1. Normal Daily Balancing: Any daily underdelivery of gas that is less than or equal to ~~20~~5% of each customer's actual daily use ~~or an overdelivery of gas less than or equal to 5% of each customer's actual daily use~~ shall be cashed out by Public Service at the Daily Cashout Price. Any daily underdelivery that is greater than 20% of each customer's actual usage shall be cashed out by Public Service at 110% of the Daily Cashout Price. Any daily overdelivery of gas ~~that is less than or equal to 20~~greater than 5% of each customer's actual daily use ~~shall~~will be cashed out by Public Service at ~~98~~0% of the Daily Cashout Price. Any daily overdelivery of gas that is greater than 20% of each customer's actual daily use shall be cashed out by Public Service at 80% of the Daily Cashout Price. ~~Any daily underdelivery that is greater than 15% but less than or equal to 25% of each customer's actual usage shall be cashed out at 120% of the Daily Cashout Price. Any daily underdelivery that is greater than 25% of each customer's actual usage shall be cashed out at twice the Daily Cashout Price.~~

6.3.2. Balancing During Periods of Suspension or Limitation: If at any time any customer is consuming gas at a rate other than a uniform hourly rate, and Public Service determines that in its sole judgment that the integrity of all or a portion of its gas distribution system is being jeopardized because of such action, or the interstate pipeline upon which such gas is being delivered to Public Service enforces uniform hourly take restrictions, Public Service may limit the total amount of gas delivered to a TPS's customer to the same hourly rate at which the TPS is delivering gas to the Public Service gas system.

Public Service will provide the TPS two hours notice that it intends to suspend or limit deliveries of gas to one or more customers, except in the case of an emergency on the Public Service gas distribution system or when the interstate pipeline enforces uniform hourly take provisions, in which case the TPS shall be notified as soon as practicable. Such notice from Public Service shall indicate the action Public Service intends to take with respect to suspending or limiting deliveries to a customer, the estimated time period of such suspension or limitation, and the time when such suspension or limitation shall go into effect.

If, during such a period of suspension or limitation of service, the TPS delivers a quantity of gas that is inconsistent with such suspension or limitation, then all underdeliveries by the TPS will be cashed out at five times the Daily Cashout Price.

6.3.3. Balancing During Critical Periods: Upon no less than eight hours notice to the TPS, Public Service may on any day that it determines that its gas supply condition is critical, declare such days to be a "Critical Period. During such a Critical Period all underdeliveries by the TPS will be cashed out at ten times the Daily Cashout Price. This price for underdeliveries shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey.

6.3.4. Designated Personnel: The customer's designated personnel having operational control of the gas usage at that facility shall be responsible for coordinating the balancing of customer's gas consumption and deliveries by the customer's TPS. Such personnel shall be the only party that Public Service contacts for all operational coordination requirements, including those during periods of Suspension or Limitation and Critical Periods as detailed in Sections 6.3.2 and 6.3.3.

6.3.5. Pooling: A TPS who is supplying more than one facility under separate CSG and/or TSG-NF accounts, with each facility having a ~~maximum~~ Requirement of 7500 therms per hour or greater and with each facility being required to have its gas supplies delivered ~~to~~ the same interstate pipeline delivery point as advised by Public Service pursuant to Section 4.3, may pool gas deliveries to serve the pooled load of all those facilities on the respective pipeline. The TPS shall nominate to Public Service in accordance with Section 4.3 the total gas volume to be delivered to serve the load of the pooled facilities on the

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**THIRD PARTY SUPPLIER REQUIREMENTS
(Continued)**

respective pipeline. That nomination shall be subject to intraday nomination changes; provided, however, that such prospective changes may be limited to 1/24th of the cumulative maximum daily requirement of the pooled facilities for each remaining hour of the day. Daily imbalance cashouts will be performed in accordance with Section 6.3, using the pooled gas deliveries versus the pooled gas usage for these facilities.

A TPS may designate a particular delivered gas supply or supplies to absorb any variation between the pooled gas deliveries and the actual pooled gas usage (swing service), provided that such supply or supplies are delivered under an interstate pipeline service agreement which is approved by the applicable interstate pipeline as being valid for use as a swing service, and that such supply or supplies have been scheduled with the pipeline's tariff provisions and operating procedures applicable to swing services. Prior to its initial utilization of a swing service, the TPS shall notify Public Service of its intention to do so. Such swing service shall not be effective until Public Service has confirmed with the applicable interstate pipeline that the swing service satisfies the pipeline's tariff provisions and operating procedures, and Public Service and the pipeline have established all necessary procedures and communications relating to daily scheduling, confirmations, and related activities.

- 6.4. Cashout Billing and Payment:** Public Service will bill TPS any cashout costs and these charges are due within ten (10) days of the date of Public Service's invoice. Such bills will be subject to a late payment charge at the rate of 1.416% per monthly billing period in accordance with Section 8.13 of the Standard Terms and Conditions.

Notwithstanding the above, Public Service maintains the right to suspend transportation deliveries to any customer under Rate Schedules RSG, SLG, GSG, LVG, TSG-F, and TSG-NF, and CSG if in Public Service's sole opinion a TPS is not able to meet the delivery requirements as specified herein.

7. FORCE MAJEURE

TPS will be excused from delivering the required ADCQ on any given day for Force Majeure events which directly and substantially affect TPS's natural gas deliveries to Public Service. For purposes of these Third Party Supplier Requirements, a Force Majeure event will be any failure of the final pipeline delivering gas to Public Service or an upstream pipeline feeding such pipeline, with failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's FERC approved tariff. A legitimate Force Majeure event that curtails TPS's firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a TPS's natural gas deliveries to Public Service, will excuse a TPS from performing pursuant to Sections 6.1, 6.2 and 6.3 of these Third Party Supplier Requirements to the extent of such curtailment. If at such time the TPS is delivering gas to customers on other systems, the volume excused from performance on Public Service's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The TPS is responsible for supplying complete information and verifiable proof of all the particulars requested by Public Service related to any such Force Majeure exclusion. The TPS must have a firm, non interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to Public Service.

8. STANDARD TERMS AND CONDITIONS

These Third Party Supplier Requirements are subject to the Standard Terms and Conditions of this Tariff, as applicable.

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- 8.5.2. Customer Usage Information:** Where Public Service has an interval meter installed, twelve months of interval usage, where available, will be provided upon request of the customer. The historical interval data will be provided based upon the measurement interval of the installed meter, and will be sent to the customer in an electronic format. The cost per meter, per request is \$40.00.

Where Public Service has an interval meter installed, Public Service will provide Internet access to customer historical usage data on a next-day basis for those customers who request such service. The charges for this service shall include a set up charge of \$107.00 per meter, and a monthly charge of \$17.00 per meter per month. Customer will be required to sign an Agreement for this service.

- 8.6. Billing Adjustments:** Whenever a meter is found to be registering fast by 2% or more, an adjustment of charges shall be made. When a meter is found to be registering slow by more than 2%, an adjustment of charges may be made in the case of meter tampering, non-register meters, or in circumstances in which a customer, other than RSG, should reasonably have known that the bill did not accurately reflect the usage. Billing adjustments shall be made in accordance with N.J.A.C. 14:3-4.6.

- 8.7. Meter Reading and Billing Period:** All charges are stated on a monthly basis. The term "month" for billing purposes shall mean the period between any two consecutive regularly scheduled meter readings. Meter reading schedules provide for reading meters, in accordance with their geographic location, as nearly as may be practicable every thirty days. Schedules are prepared in advance by Public Service and are available for inspection.

- 8.8. Proration of Monthly Charges:** For all billings for service, including initial bills, final bills, and bills for periods other than twenty-five to thirty-six days inclusive, except for temporary service accounts and Rate Schedules CIG, TSG-F, ~~and TSG-NF~~, and CSG, the monthly charges will be prorated based on the number of days in the billing month. For temporary service accounts the minimum period for billing purposes shall be one month.

- 8.9. Averaged Bills:** Where Public Service is unable to read the meter, Public Service may estimate the amount of gas supplied and submit an averaged bill, so marked, for customer's acceptance. Adjustments for averaged bills shall be made in Accordance with N.J.A.C. 14:3-7.2. Adjustment of such customer's averaged use to actual use will be made after an actual meter reading is obtained.

Public Service reserves the right to discontinue gas service when a meter reading is not obtained for eight (8) consecutive billing periods (monthly accounts), and after written notice is sent to a customer on the fifth and seventh months explaining that a meter reading must be obtained. Public Service will take all reasonable means to obtain a meter reading during normal working hours, evening hours or Saturdays before discontinuing service. After all reasonable means to obtain a meter reading have been exhausted, Public Service may discontinue service provided at least eight months have passed since the last meter reading was obtained, the Board of Public Utilities has been so notified and the customer has been properly notified by prior mailing.

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(Continued)

and will not be applied sooner than 25 days after a bill is rendered, in accordance with N.J.A.C. 14:3-7.1(e). The amount of the finance charge to be added to the unpaid balance shall be calculated by multiplying the unpaid balance by the late payment charge rate. When payment is received by Public Service from a customer who has an unpaid balance which includes charges for late payment, the payment shall be applied first to such charges and then to the remainder of the unpaid balance.

8.14. Returned Check Charge: A \$15.00 charge shall be applied to the accounts of customers who have checks to Public Service returned unhonored by the bank.

8.15. Field Collection Charge: A charge may be applied to the accounts of customers when it becomes necessary for Public Service to make a collection visit to the customer or premises. A charge of 30.00 may be applied to commercial and industrial accounts which include Rate Schedules: GSG, LVG, SLG, CIG, TSG-F, ~~and~~ TSG-NF and CSG.

9. LEAKAGE

Customer shall immediately give notice to Public Service at its office of any escape of gas in or about the customer's premises.

10. ACCESS TO CUSTOMER'S PREMISES

Public Service shall have the right of reasonable and safe access to customer's premises, and to all property furnished by Public Service, at all reasonable times for the purpose of inspection of customer's premises incident to the rendering of service, reading meters or inspecting, testing, or repairing its facilities used in connection with supplying the service, or for the removal of its property. The customer shall obtain, or cause to be obtained, all permits needed by Public Service for access to its facilities. Access to facilities of Public Service shall not be given except to authorized employees of Public Service or duly authorized governmental officials.

11. DISCONTINUANCE OF SERVICE

11.1. By Public Service: Public Service, upon reasonable notice, when it can be reasonably given, may suspend or curtail or discontinue service for the following reasons: (1) for the purpose of making permanent or temporary repairs, changes or improvements in any part of its system; (2) for compliance in good faith with any governmental order or directive notwithstanding such order or directive subsequently may be held to be invalid; (3) for any of the following acts or omissions on the part of the customer: (a) non-payment of a valid bill due for service furnished at a present or previous location. However, non-payment for business service shall not be a reason for discontinuance of residence service except in cases of diversion of service pursuant to N.J.A.C. 14:3-7.16; (b) tampering with any facility of Public Service; (c) fraudulent representation in relation to the use of service; (d) customer moving from the premises, unless the customer requests that service be continued; (e) providing service to others without approval of Public Service except as permitted under Section 8.3 Metering on Customer's Premises; (f) failure to make or increase an advance payment or deposit as provided for in these Standard Terms and Conditions; (g) refusal to contract for service where such contract is required; (h)

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STANDARD TERMS AND CONDITIONS
(Continued)

13. SERVICE LIMITATIONS

- 13.1. Continuity of Service:** Public Service will use reasonable diligence to provide a regular and uninterrupted supply of service; but, should the supply be suspended, curtailed, or discontinued by Public Service for any of the reasons set forth in Section 11 of these Standard Terms and Conditions, or should the supply of service be interrupted, curtailed, deficient, defective, or fail, by reason of any act of God, accident, strike, legal process, governmental interference, or by reason of compliance in good faith with any governmental order or directive, notwithstanding such order or directive subsequently may be held to be invalid, Public Service shall not be liable for any loss or damage, direct or consequential, resulting from any such suspension, discontinuance, interruption, curtailment, deficiency, defect, or failure.
- 13.2. Emergencies:** Public Service may curtail or interrupt service to any customer or customers in the event of an emergency threatening the integrity of its system or the systems to which it is directly or indirectly connected if, in its sole judgment, such action will prevent or alleviate the emergency condition.
- 13.3. Unusual Conditions:** Public Service may place limitations on the amount and character of gas service it will supply or transport and may refuse such service to new customers, to existing customers for additional load, or to customers whose service agreements have expired if Public Service is or will be unable to obtain or does not have assured the necessary production raw materials, equipment and facilities to supply such gas or transportation service. In the case of transportation service, if Public Service, at its sole discretion, determines that such service would not be consistent with the best interest of its customers served under all rate schedules contained herein such service may be denied to applicants for such service.

14. THIRD PARTY SUPPLIER SERVICE PROVISIONS

- 14.1. Third Party Supplier Gas Supply:** Customers served on Rate Schedules RSG, GSG, LVG, SLG, ~~and~~ TSG-NF, ~~and~~ CSG may choose to receive gas supply from either a Third Party Supplier (TPS) or from Public Service through its Basic Gas Supply Service. Customers on these rate schedules who are not enrolled with a TPS will receive their gas supply from Public Service. Customers served on Rate Schedule TSG-F may only receive gas supply from a TPS. The customer's supply of gas is limited to one TPS for the account(s) at a particular customer facility or complex.

A TPS is either a retail energy provider that has been licensed by the Board or is a customer served under Rate Schedules ~~s~~ TSG-NF ~~and~~ CSG that has elected to self supply and act as a TPS on their own behalf. All TPSs must execute an Application for Service, be accepted by Public Service, and conform with the Third Party Supplier Requirements section of this Tariff.

- 14.2. Enrollment:** Customers may request an enrollment package from Public Service which in addition to providing general information regarding gas supply describes the process necessary for a customer to obtain a TPS for gas supply. This enrollment package will be provided to the customer at no charge and may be obtained by calling or writing Public Service or visiting a Customer Service Center. Once the customer has chosen a TPS, the customer must provide appropriate authorization as required by their designated supplier.

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- 14.3. Selection or Change of Third Party Supplier:** In order to be eligible to receive gas supply from a TPS, the customer must contract with a TPS to obtain gas supply for delivery to the customer by Public Service. The customer's designated TPS is required to notify Public Service of its selection as the customer's provider of gas supply on or before the first business day of the month for deliveries to commence on the first scheduled meter reading date following the first calendar day of the following month for Rate Schedules RSG, GSG, LVG, and SLG. Notification for customers on Rate Schedules TSG-F, ~~and~~ TSG-NF, and CSG is required prior to the last business day of the month. Such selection shall remain in effect for the entire billing period.

For customers on Rate Schedule RSG, GSG, LVG and SLG, once Public Service has received the TPS notification for the initial, or subsequent, enrollment with a TPS, Public Service will confirm the customer's selection of its designated TPS by sending a letter of confirmation to the customer, which will be sent within one business day. In the event of a dispute, assignment of a customer will not occur unless and until the dispute is resolved. This confirmation letter will include notification of the RSG customer's right to rescind their contract with their designated TPS which must be exercised within fourteen (14) days of mailing of the letter of confirmation. Once assignment has occurred, the TPS will be required to supply all of the gas supply on the Public Service customer's account.

- 14.4. Return to Public Service Basic Gas Supply Service Default Service:** Customers may return to Public Service Basic Gas Supply Service default service for commodity supply under the conditions and procedures as outlined below.

- 14.4.1. Customers on Rate Schedules RSG, GSG, LVG and SLG:** Customers that subsequently choose to return to Basic Gas Supply Service default service must notify Public Service on or before the first business day of the month for deliveries to commence on the first scheduled meter reading date following the first calendar day of the following month. Public Service will confirm the customer's selection of Basic Gas Supply Service default service gas supply by sending a letter of confirmation to the customer, which will be sent within one business day. This confirmation letter will include notification of the customer's right to rescind their selection which must be exercised within fourteen (14) days of mailing of the letter of confirmation. GSG, LVG, and SLG customers not exercising their right of rescission within the fourteen (14) day period may be subject to renewable one-year terms on Basic Gas Supply Service default service.

If a customer's TPS notifies Public Service on or before the first of the month that it has terminated its supply relationship with the customer, such termination will become effective on the first scheduled meter reading date following the first calendar day of the following month. The customer will be advised by Public Service in writing of this change in supplier. The customer will be placed on the applicable Public Service Basic Gas Supply Service default service unless the customer has selected another TPS in accordance with Section 14.3. GSG, LVG, and SLG customers provided Basic Gas Supply Service default service for two or more consecutive months may be subject to renewable one-year terms on Basic Gas Supply Service default service.

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14.4.2. Customers on Rate Schedules TSG-NF and CSG (with maximum requirement of less than 2,000 therms per hour): For customers that subsequently choose to return to Basic Gas Supply Service default service, the return will become effective on the first of the month following the customer's written notification to Public Service, provided that such notice was given prior to the last business day of the preceding month. Public Service will confirm the customer's selection of Basic Gas Supply Service default service gas supply by sending a letter of confirmation to the customer, which will be sent within one business day.

If a customer's TPS notifies Public Service that it has terminated its supply relationship with the customer, such termination will become effective on the first of the month after such notification, provided such notification was received no later than the next to last business day of the month. In the event that notification is received after the next to last business day of the month, such termination shall become effective the first of the second month following such notification. The customer will be advised by Public Service in writing of this change in supplier. The customer will be placed on the applicable Public Service Basic Gas Supply Service default service unless the customer has selected another TPS in accordance with Section 14.3.

14.4.3. Customers on Rate Schedule TSG-F: Basic Gas Supply Service default service is not available for customers on Rate Schedule TSG-F.

14.5. Emergency Sales Service: Under certain conditions as specified below, Public Service may supply gas commodity on the Emergency Sales Service provision. Emergency Sales Service will be offered at the sole discretion of Public Service, after taking into consideration its other firm supply obligations. Public Service reserves the right to curtail service to any customer if deliveries from customer's TPS pursuant to Third Party Supplier Requirements are curtailed.

14.5.1. Customers on Rate Schedules RSG, GSG, LVG and SLG: During any month where Public Service cannot confirm that the customer has an eligible TPS, or if the TPS no longer satisfies the Third Party Supply Requirements section of this tariff, Public Service may supply gas commodity service to such customer as Emergency Sales Service unless and until customer selects another TPS in accordance with Section 14.3. The customer will be advised by Public Service in writing that, until the customer's next meter reading date the customer will be billed, in addition to all applicable delivery charges, the Emergency Sales Service Charge for all of its applicable Daily Contract Quantity (DCQ) therms. Thereafter, the customer will be placed on the applicable Public Service Basic Gas Supply Service default service. GSG, LVG, and SLG customers provided Basic Gas Supply Service default service for two or more consecutive months may be subject to renewable one-year terms on Basic Gas Supply Service default service.

14.5.2. Customers on Rate Schedules TSG-NF and CSG (with maximum requirement of less than 2,000 therms per hour) : During any month where Public Service cannot confirm that the customer has an eligible TPS, or if the TPS no longer satisfies the Third Party Supply Requirements section of this tariff, Public Service may supply gas commodity service to such customer as Emergency Sales Service unless and until customer selects another TPS in accordance with Section 14.3. The customer will be advised by Public Service in writing that, for the balance of the current month the customer will be billed, in addition to all applicable delivery charges, the Emergency Sales Service Charge for all of its therm usage. Commencing on the first of the following month the customer will be placed on the applicable Public Service Basic Gas Supply Service default service.

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SOCIETAL BENEFITS CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, SLG,
TSG-F, TSG-NF, CIG, CSG
(Per Therm)**

Social Programs.....	\$ x.xxxxxx
Energy Efficiency and Renewables Programs.....	x.xxxxxx
Manufactured Gas Plant Remediation.....	x.xxxxxx
Universal Service Fund - Permanent.....	x.xxxxxx
Universal Service Fund - Lifeline	<u>x.xxxxxx</u>
Societal Benefits Charge	\$ x.xxxxxx
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT).....	<u>\$ x.xxxxxx</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under-over recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. The interest rates for all components other than USF and Lifeline shall change each August 1. The interest rates for the USF and Lifeline components shall be reset each month.

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RGGI RECOVERY CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, SLG,
TSG-F, TSG-NF, CIG, CSG
(per Therm)**

Component:

Carbon Abatement Program	\$x.xxxxxx
Energy Efficiency Economic Stimulus Program.....	x.xxxxxx
Energy Efficiency Economic Extension Program.....	<u>x.xxxxxx</u>
RGGI Recovery Charge	\$x.xxxxxx
RGGI Recovery Charge including New Jersey Sales and Use Tax (SUT)	<u>\$x.xxxxxx</u>

RGGI Recovery Charge

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. Interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rate shall be reset each month.

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BGSS-F

BASIC GAS SUPPLY SERVICE-FIRM

COMMODITY CHARGES APPLICABLE TO RATE SCHEDULES GSG, LVG, SLG, CSG

(Per Therm)

COMMODITY

CHARGE: Commodity Charge..... \$x.xxxxxx
Commodity Charge including New Jersey Sales
and Use Tax (SUT)..... \$x.xxxxxx

FLOOR

PRICE: Non-Gulf Coast Cost of Gas component \$x.xxxxxx
Variable Cost of Commodity and Fuel x.xxxxxx
Cost of Gas Acquired to serve BGSS-F for the month..... x.xxxxxx
Total Cost of Gas..... \$x.xxxxxx

Floor Price after application of losses (Loss Factor = 0.5%)..... \$x.xxxxxx

CEILING

PRICE: Commodity Charge..... \$x.xxxxxx

A market based charge including all applicable taxes to be posted by Public Service on a monthly basis. The foregoing Commodity Charge will be subject to a floor price equal to the sum of the Non-Gulf Coast Cost of Gas component and the Cost of Gas Acquired for these customers. Additionally, this Commodity Charge will not exceed a Ceiling Price equal to the applicable charge for Emergency Sales Service.

The Cost of Gas Acquired will be established prior to the beginning of each month based on the NYMEX closing price for the following month plus other fixed adjustments of a negative \$0.023583 per therm.

For Rate Schedule CSG, this service is only available for customers with a maximum requirement of 2,000 therms per hour.

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BGSS-I
BASIC GAS SUPPLY SERVICE-INTERRUPTIBLE
COMMODITY CHARGE APPLICABLE TO RATE SCHEDULES TSG-NF, CSG
(Per Therm)

COMMODITY CHARGE:	Commodity Charge	\$ x.xxxxxx
	Commodity Charge including New Jersey Sales and Use Tax (SUT).....	<u>\$ x.xxxxxx</u>
FLOOR PRICE:	50% of the Non-Gulf Coast Cost of Gas component.....	\$ x.xxxxxx
	Variable Cost of Commodity and Fuel	x.xxxxxx
	Cost of Gas Acquired to serve BGSS-I for the month	<u>x.xxxxxx</u>
	Total Cost of Gas	\$ x.xxxxxx
	Floor Price after application of losses (Loss Factor =0.5%).....	\$ x.xxxxxx
CEILING PRICE:	Floor Price plus \$0.18	\$ x.xxxxxx

A market based charge including all applicable taxes to be posted by Public Service on a monthly basis. The foregoing Commodity Charge will be subject to a floor price equal to the sum of 50% of the Non-Gulf Coast Cost of Gas component and the Cost of Gas Acquired for these customers. Additionally, this Commodity Charge will not exceed a Ceiling Price equal to the Floor Price plus 18 cents per therm.

The Cost of Gas Acquired will be established prior to the beginning of each month based on the NYMEX closing price for the following month.

For Rate Schedule CSG, this service is only available for customers with a maximum requirement of 2,000 therms per hour.

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EMERGENCY SALES SERVICE
CHARGE APPLICABLE TO RATE SCHEDULES RSG, GSG, LVG,
SLG, TSG-F, TSG-NF, CSG
(Per Therm)

Public Service's BGSS supplier(s)'s weighted average pipeline transportation cost including fuel, calculated at 100% load factor (WATC)	\$ x.xxxxxx
Public Service's BGSS supplier(s)'s highest cost of gas purchased or used by Public Service during the month	x.xxxxxx
A charge of \$0.181	<u>x.xxxxxx</u>
Total	\$ <u>x.xxxxxx</u>
Emergency Sales Service Charge after application of losses (Loss Factor =0.5%).....	\$ x.xxxxxx
Emergency Sales Service Charge including New Jersey Sales and Use Tax (SUT)	\$ <u>x.xxxxxx</u>

The charge for Emergency Sales Service will equal the sum of: (1) Public Service's BGSS supplier(s)'s weighted average pipeline transportation cost including fuel, calculated at 100% load factor (WATC); (2) Public Service's BGSS supplier(s)'s highest cost of gas purchased or used during that month, (including associated storage costs, if any); (3) a charge of 18.1 cents per therm; (4) application of losses; and (5) all other applicable taxes and surcharges.

For Rate Schedule CSG, this service is only available for customers with a maximum requirement of 2,000 therms per hour.

Date of Issue:

Issued by ROSE M. CHERNICK, 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.113
Superseding
Original Sheet No. 113**

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

RESERVED FOR FUTURE USE

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