

# NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY GAS CUSTOMERS

## IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF THE NEXT PHASE OF THE GAS SYSTEM MODERNIZATION PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM (“GSMP III”)

**Notice of Filing and Notice of Public Hearings | BPU Docket No.: GR23030102**

**PLEASE TAKE NOTICE** that on March 1, 2023, Public Service Electric and Gas Company (“Public Service”, “PSE&G”, or “Company”) filed a petition and supporting documentation with the New Jersey Board of Public Utilities (“Board” or “BPU”). The Company is seeking Board approval to implement and administer an extension to PSE&G’s Gas System Modernization Program (“GSMP III” or “Program”) and an associated cost recovery mechanism.

PSE&G seeks Board approval to invest approximately \$2.54 billion in Program investments across its gas service territory over three (3) years with cost recovery based upon the Board’s Infrastructure Investment Program (“IIP”) rules and consistent with the same approach used for the Company’s Energy Strong II program and Infrastructure Advancement Program. The implementation of GSMP III proposes to replace cast iron (“CI”) mains and unprotected steel (“US”) mains and services; address the abandonment of district regulators associated with this CI and US plant; rehabilitate large diameter elevated pressure cast iron (“EPCI”); upgrade utilization pressure cast iron (“UPCI”) portions of the system to EPCI; replace limited amounts of protected steel and plastic mains; and relocate inside meter sets. The Program proposes the replacement of approximately 380 miles of main annually, for a total of 1,140 miles of replacement main. The proposed replacement miles include 810 miles of UPCI mains, 50 miles of EPCI mains, 200 miles of US mains and 80 miles of cathodically-protected steel and plastic mains. Additionally, the proposed Program would result in the abandonment of approximately 210 district regulators, the replacement of approximately 92,100 US services and the relocation of approximately 49,200 inside meter sets to the outside. Finally, the proposed Program would include the installation of a one megawatt (1 MW) power-to-gas facility that would serve a portion of the Central 60 psig gas distribution system with a blended supply of up to 2% of clean hydrogen and the installation of a facility that would allow the injection of renewable natural gas (“RNG”) created from landfill gas into the Central 35 psig gas distribution system.

In conjunction with the implementation of the Program, PSE&G will seek Board approval to recover the revenue increases associated with the capital investment costs of the GSMP III. While the Company is not seeking an increase at this time, PSE&G is seeking authority to recover a return on and return of its investments through semi-annual adjustments to its IIP charges beginning on December 1, 2024. The Company estimates that the rate change would initially increase rates by approximately \$22.99 million. This rate change is only an estimate at this time and is subject to change.

For illustrative purposes, the December 1, 2024 estimated GSMP III rate components of IIP charges including New Jersey Sales and Use Tax (“SUT”) for residential Rate Schedule Residential Gas Service (“RSG”) is shown in Table #1. Table #2 provides customers with the approximate effect of the proposed change in the GSMP III component of IIP charges relating to the Program, if approved by the Board, effective December 1, 2024. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer’s usage.

Under the proposed Program, a typical residential gas heating customer using 172 therms per month during the winter months and 1,040 therms on an annual basis would see an initial increase in the annual bill from \$1,170.82 to \$1,183.52, or \$12.70 or approximately 1.08%. The approximate effect of the proposed GSMP III component of IIP charge on typical gas residential monthly bills, if approved by the Board, is illustrated in Table #3.

Based upon current projections and assuming full implementation of the complete Program as proposed, the anticipated incremental annual bill impact for the typical residential gas heating customer using 1,040 therms annually would be: \$12.70 or approximately 1.08% effective December 1, 2024; \$16.36 or approximately 1.40% effective June 1, 2025; \$23.62 or approximately 2.02% effective December 1, 2025; \$20.06 or approximately 1.71% effective June 1, 2026; \$21.64 or approximately 1.85% effective December 1, 2026; \$22.62 or approximately 1.93% effective June 1, 2027; and \$4.86 or approximately 0.42% effective December 1, 2027.

Tables #4 & #5 provide customers with the estimated incremental and cumulative rate impacts of the Program to typical and class average customers for each Rate Class. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule

and the level of the customer’s usage. It is anticipated that the Company will make semi-annual filings each year of the Program to request the Board’s approval to implement that Program Year’s revenue requests. The Board’s decisions may increase or decrease the percentages shown.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of the Company’s petition may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons to any class or classes of customers of the Company. Therefore, the described charges may increase or decrease based upon the Board’s decision.

The petition is available for review online at the PSEG website at <http://www.pseg.com/pseandgfilings>.

**PLEASE TAKE FURTHER NOTICE** that due to the COVID-19 Pandemic, virtual public hearings are scheduled on the following date and times so that members of the public may present their views on the petition at the virtual public hearings as noted below.

Information provided at the public hearings will become part of the record and considered by the Board.

**VIRTUAL PUBLIC HEARINGS**

**Date:** Monday, July 31, 2023

**Times:** 4:30 and 5:30 p.m.

**Join:** Join Zoom Meeting

<https://pseg.zoom.us/j/92846158128?pwd=cZBtZHE5ZTh1Z1FveGlmSVg0R1NuQT09#success>

Go To [www.zoom.com](http://www.zoom.com) and choose “Join a Meeting” at the top of the web page. When prompted, use Meeting number 928 4615 8128 to access the meeting.

-or-

**Join by phone (toll-free):**

**Dial In:** (888) 475-4499

**Meeting ID:** 928 4615 8128

When prompted, enter the Meeting ID number to access the meeting.

Representatives from the Company, Board Staff, and the New Jersey Division of Rate Counsel will participate in the virtual public hearings. Members of the public may participate by utilizing the link or Dial-In number set forth above and express their views on the Petition. To encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters and/or listening assistance, 48 hours prior to the above hearings to the Board Secretary at [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov).

Comments may be submitted directly to the specific docket listed above using the “Post Comments” button on the Board’s Public Document Search tool: <https://publicaccess.bpu.state.nj.us/>.

Comments are considered public documents for purposes of the State’s Open Public Records Act. Only public documents should be submitted using the “Post Comments” button on the Board’s Public Document Search tool. Any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. In addition to hard copy submissions, confidential information may also be filed electronically via the Board’s e-filing system or by email to the Secretary of the Board. Please include “Confidential Information” in the subject line of any email.

Emailed and/or written comments may also be submitted to:

Sherri L. Golden, Secretary of the New Jersey Board of Public Utilities  
44 South Clinton Avenue, 1st Floor,  
P.O. Box 350,  
Trenton, New Jersey 08625-0350.  
Phone: 609-913-6241  
Email: [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

**Table #1**

**GSMP III RATE COMPONENTS of IIP Charges For Residential RSG Customers Rates if Effective December 1, 2024**

		IIP Charges		
			Charges in Effect March 1, 2023 Including SUT	Estimated Charges Including SUT
RSG	Service Charge	per month	\$0.00	\$0.00
	Distribution Charge	\$/Therm	\$0.000000	\$0.012235
	Off-Peak Use	\$/Therm	\$0.000000	\$0.006118
	Basic Gas Supply Service- RSG (BGSS-RSG)	\$/Therm	\$0.000000	-\$0.000071

**Table #2**

**Proposed Percentage Change in Revenue By Customer Class For Gas Service For Rates if Effective December 1, 2024**

	Rate Class	Percent Change
Residential Service	RSG	1.10 %
General Service	GSG	0.64 %
Large Volume Service	LVG	0.37 %
Street Lighting Service	SLG	0.05 %
Firm Transportation Gas Service	TSG-F	0.14 %
Non-Firm Transportation Gas Service	TSG-NF	0.16 %
Cogeneration Interruptible Service	CIG	0.22 %
Contract Services	CSG	0.18 %
	Overall	0.76 %

The percent increases noted above are based upon March 1, 2023 Delivery Rates, the applicable Basic Gas Supply Service (BGSS) charges, and assumes that customers receive commodity service from Public Service.

**Table #3  
Residential Gas Service For Rates if Effective December 1, 2024**

If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Monthly Percent Change Would Be:
170	25	\$34.40	\$34.71	\$0.31	0.90 %
340	50	60.21	60.81	0.60	1.00
610	100	112.92	114.13	1.21	1.07
1,040	172	188.02	190.12	2.10	1.12
1,210	200	217.20	219.63	2.43	1.12
1,816	300	321.48	325.13	3.65	1.14

(1) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect March 1, 2023, and assumes that the customer receives commodity service from Public Service.  
(2) Same as (1) except includes change for GSMP III Rate Adjustment.

**Table #4**

**Gas Service Incremental Annual Percent Change From Current Typical Annual Bill Rates Effective March 1, 2023 Including Forecasted Gas/Benefit Sales**

Rate Class	Forecasted % Increase 12/1/2024	Forecasted % Increase 6/1/2025	Forecasted % Increase 12/1/2025	Forecasted % Increase 6/1/2026	Forecasted % Increase 12/1/2026	Forecasted % Increase 6/1/2027	Forecasted % Increase 12/1/2027
RSG	1.08%	1.40%	2.02%	1.71%	1.85%	1.93%	0.42%
GSG	0.71%	0.92%	1.35%	1.13%	1.23%	2.19%	0.48%
LVG	0.38%	0.49%	0.71%	0.60%	0.64%	1.13%	0.26%
TSG-F	0.15%	0.19%	0.27%	0.22%	0.24%	0.42%	0.09%
TSG-NF	0.24%	0.31%	0.45%	0.38%	0.41%	0.73%	0.16%
CIG	0.24%	0.31%	0.44%	0.38%	0.41%	0.73%	0.16%

The percent increases noted above are based upon Delivery Rates in effect March 1, 2023, and the applicable Basic Gas Supply Service (BGSS) charges and assumes customers receive commodity service from Public Service. It is anticipated that the Company will make semi-annual filings each year of the Program to request the Board’s approval to implement that Program Year’s revenue requests. The Board’s decisions may increase or decrease the percentages shown above.

**Table #5**

**Gas Service Cumulative Annual Percent Change From Current Typical Annual Bill Rates Effective March 1, 2023 Including Forecasted Gas/Benefit Sales**

Rate Class	Forecasted % Increase 12/1/2024	Forecasted % Increase 6/1/2025	Forecasted % Increase 12/1/2025	Forecasted % Increase 6/1/2026	Forecasted % Increase 12/1/2026	Forecasted % Increase 6/1/2027	Forecasted % Increase 12/1/2027
RSG	1.08%	2.48%	4.50%	6.21%	8.06%	9.99%	10.41%
GSG	0.71%	1.64%	2.98%	4.12%	5.34%	7.54%	8.01%
LVG	0.38%	0.87%	1.59%	2.19%	2.83%	3.96%	4.21%
TSG-F	0.15%	0.33%	0.60%	0.82%	1.05%	1.47%	1.56%
TSG-NF	0.24%	0.55%	0.99%	1.37%	1.78%	2.51%	2.67%
CIG	0.24%	0.55%	1.00%	1.37%	1.78%	2.51%	2.67%

The percent increases noted above are based upon Delivery Rates in effect March 1, 2023, and the applicable Basic Gas Supply Service (BGSS) charges and assumes customers receive commodity service from Public Service. It is anticipated that the Company will make semi-annual filings each year of the Program to request the Board’s approval to implement that Program Year’s revenue requests. The Board’s decisions may increase or decrease the percentages shown above.



PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**Danielle Lopez, Esq.**  
Associate Counsel – Regulatory