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JUN 27 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ  
June 26, 2018

RECEIVED  
CASE MANAGEMENT

JUN 27 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

In The Matter of the Petition of  
Public Service Electric and Gas Company  
to Revise its Weather Normalization Charge  
for the 2018-2019 Annual Period

BPU Docket No. GR 18060675

***VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL***

Aida Camacho-Welch, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3rd Flr.  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Public Service Electric and Gas Company (PSE&G) submits its Petition, Testimony and Supporting Schedules in the above-referenced proceeding on the Board of Public Utilities E-Filing system.

Very truly yours,

A handwritten signature in blue ink, consisting of a stylized, cursive letter 'J' followed by a horizontal stroke.

Attachment  
C Attached Service List

Cms  
Legal  
Energy

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JUN 27 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF )  
PUBLIC SERVICE ELECTRIC AND GAS ) PETITION  
COMPANY TO REVISE ITS WEATHER ) BPU Docket No. \_\_\_\_\_  
NORMALIZATION CHARGE FOR THE )  
2018-2019 ANNUAL PERIOD )

Public Service Electric and Gas Company ("PSE&G" or the "Company"), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities ("Board" or "BPU") as follows:

**INTRODUCTION**

1. PSE&G is a public utility engaged in the distribution of electricity and the provision of Basic Generation Service ("BGS") and distribution of gas and the provision of Basic Gas Supply Service ("BGSS") for residential, commercial and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.2 million electric and 1.8 million gas customers in an area having a population in excess of six million persons and that extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton, and south to Camden, New Jersey.

2. PSE&G is subject to regulation by the Board for the purposes of setting its retail distribution rates and to assure safe, adequate, and reliable electric distribution and natural gas distribution service pursuant to N.J.S.A. 48:2-21 et seq.



### **PSE&G WEATHER NORMALIZATION CHARGE DESCRIPTION**

3. This filing seeks BPU approval of PSE&G's request to recover \$14,265,094 over the 2018-2019 Winter Period (*i.e.*, October 1-May 31). The Weather Normalization Charge ("WNC") will be collected from PSE&G gas customers receiving service under Rate Schedules Residential Service (RSG), General Service (GSG), and Large Volume Gas (LVG) during the 2018-2019 Winter Period.

4. B.P.U.N.J. No. 15 Gas Tariff Sheets Nos. 45, 46, 47 ("WNC Tariff") were initially approved by the Board on July 9, 2010 as part of the Stipulation of Settlement of PSE&G's 2009-2010 base rate case. Decision and Order, *I/M/O the Petition of PSE&G for Approval of an Increase in Electric and Gas Rates and for Changes in the Tariffs for Electric and Gas Service*, Dkt. No. GR09050422 (NJBPU July 9, 2010).

5. The WNC Tariff requires PSE&G to calculate, at the end of each Winter Period, the level by which Margin Revenues differed from what would have resulted if normal weather had occurred. "Margin Revenues," which directly impact the Company's earnings, are the distribution revenues from relevant rate classes from the per therm charge. The base level of normal degree days for the 2017-2018 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

6. In accordance with the WNC Tariff, the Company is required to true-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at

the end of the Winter Period. Schedule SAW-WNC-1, included in the testimony of Stephen A. Wreschnig (Attachment 1), presents the true-up of the 2017-2018 Winter Period Degree Day Consumption Factors.

7. In addition, the revised WNC Tariff Sheets (Attachment 4) reflect updated Degree Day Consumption Factors for the 2018-2019 Winter Period.

8. Actual heating degree days for the 2017-2018 Winter Period were 22.94 degree days more than the normal heating degree days (adjusted for a ½ percent dead band). See Attachment 1, Schedule SAW-WNC-2. The 22.94 heating degree days more than the normal degree days results in a Margin Revenue over recovery of (\$8,846,178). See Attachment 1, Schedule SAW-WNC-2.

9. PSE&G has made one adjustment to the Margin Revenue excess to calculate the 2018-2019 WNC recovery request in accordance with the WNC Tariff, as described in the Testimony of Donna M. Powell, Assistant Controller, (Attachment 2) and the Testimony of Stephen Swetz, Senior Director, (Attachment 3). In Docket No. GR17060720, the Board approved the collection of \$54,738,895, of which \$31,882,242 was to be recovered over the 2017-2018 Winter Period ("Part I") with the remaining deficiency of \$22,856,653 to be recovered over the 2018-2019 Winter Period ("Part II"). The full recovery of the \$54,738,895 was limited for the 2017-2018 Winter Period due to the application of the 3% rate cap. The Company collected \$31,627,623 of the anticipated Part I amount of \$31,882,242 resulting in a balance of \$254,619 to be carried over and

added to the Part II amount of \$22,856,653. As such, this computes to \$23,111,272 (\$254,619 plus \$22,856,653) of remaining deficiency from the 2016-2017 Winter Period to be collected from customers over the 2018-2019 Winter Period.

10. Based on the Board-approved method for calculating the WNC, the Company respectfully requests approval to recover the \$14,265,094 uncollected balance during the 2018-2019 Winter Period. (See Attachment 2, Schedule DMP-WNC-4).

11. In order to recover this under collection, PSE&G proposes a WNC of \$0.09676 without New Jersey Sales and Use Tax ("SUT") (\$0.010317 including SUT) per Balancing Therm. For the supporting calculation, see Attachment 3, Testimony of Stephen Swetz.

12. As a result of the proposed WNC for the 2018-2019 WNC Winter Period, as described in the testimony of Stephen Swetz, PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms annually would experience a decrease in their annual bill from \$879.16 to \$871.36 or \$7.80 or approximately 0.89%, based upon Delivery Rates and BGSS-RSG charges in effect on June 1, 2018, with the WNC set to the rate that was in effect for the 2017-2018 Annual Period, and assuming the customer receives commodity service from PSE&G.

13. Attached hereto and made a part of this Petition are:

- a. The testimony and supporting schedules of Stephen A. Wreschnig, Manager, Electric and Gas Sales and Revenue Forecasting (Attachment 1),

which describe and support the calculation of the therm sales subject to the WNC, the sales forecast of Balancing Therms used in determining the WNC, the normal heating degree days, and development of the proposed monthly Degree Day Consumption Factors to be used for the 2018-2019 Winter Period.

b. The testimony and supporting schedules of Donna M. Powell, Assistant Controller-PSE&G (Attachment 2), which describe and support the Company's calculation of the 2017-2018 margin revenue deferral and adjustment to the WNC balance supporting the proposed 2018-2019 Winter Period WNC rate.

c. The testimony and supporting schedule of Stephen Swetz, Senior Director-Corporate Rates and Revenue Requirements, PSEG Services Corporation (Attachment 3), which describe and support the Company's derivation of the WNC to be implemented for the 2018-2019 Winter Period and collected from the Company's RSG, GSG, and LVG customers.

d. Proposed B.P.U.N.J. No. 15 Gas Tariff Sheets Nos. 45, 46, and 47 in clean and redlined form (Attachment 4) to become effective on October 1, 2018.

e. Typical Residential Gas Bill Impacts associated with the proposed WNC (Attachment 5).



14. Notice of this filing and two copies of the Petition will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101 and upon the Director, Division of Rate Counsel, 140 East Front Street, 4<sup>th</sup> Floor, Trenton, New Jersey 08625. Copies of the Petition and supporting testimony and attachments will also be sent to the persons identified on the service list provided with this filing.