



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY TO)
MODIFY ITS MANUFACTURED GAS PLANT (MGP))
REMEDIAION COMPONENT WITHIN ITS ELECTRIC)
SOCIETAL BENEFITS CHARGE (SBC) AND ITS GAS)
SBC; DURING THE REMEDIATION ADJUSTMENT)
CHARGE (RAC) 25 PERIOD, AUGUST 1, 2016 TO)
JULY 31, 2017)

DECISION AND ORDER
APPROVING STIPULATION

DOCKET NO. GR18020093

Parties of Record:

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

BY THE BOARD:¹

On February 1, 2018, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the Company's Manufactured Gas Plant ("MGP") Remediation Adjustment Clause ("RAC") activities and net MGP costs incurred between August 1, 2016 through July 31, 2017 ("RAC 25 Period"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by PSE&G, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") which addresses the issues in the petition.

BACKGROUND

The RAC allows recovery of reasonably incurred MGP program costs plus carrying charges by the Company, amortized over a seven (7) year rolling average period. The Company's MGP costs are allocated to gas and electric customers on a sixty (60)/forty (40) percent basis pursuant to prior Orders of the Board. The RAC is a separate component of PSE&G's electric and gas Societal Benefits Charge ("SBC").

In the petition, PSE&G requested approval of net RAC 25 Period expenditures of approximately \$57.695 million. As a result of the allocation of MGP costs between electric and gas customers,

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

this resulted in \$23.081 million for electric customers and \$34.621 million for gas customers for RAC 25 Period expenditures. The annual revenue collected from electric customers would be increased by \$1.587 million and the annual revenue collected from gas customers would be increased by \$7.393 million.

After publication of notices in newspapers of general circulation in the Company's service territory, three (3) public hearings were held in New Brunswick, Mount Holly and Hackensack on June 11, 2018, June 13, 2018 and June 19, 2018, respectively. No members of the public appeared at the hearings or filed comments with regard to the filing.

STIPULATION

After review and discussion, the Parties reached an agreement on the petition, and on October 11, 2018 executed the Stipulation. The Stipulation provides for the following:²

1. PSE&G's petition in this matter sought authority to establish rates to recover the true-up of RAC 24 costs, 1/7 of each of the RAC 19 through RAC 25 expenditures, and the carrying costs on its unamortized remediation program balance. The Company's filing further requested an Order finding that "its RAC activities conducted and Program Costs incurred during the RAC 25 period, August 1, 2016 through July 31, 2017, are reasonable and are appropriate for recovery" and that such Order find that it is reasonable to increase the existing gas MGP component of the SBC and increase the existing electric MGP component of the SBC. These components are historically referred to as the electric and gas RAC.
2. The Company incurred gross expenditures of \$64,853,631 in remediation costs during the RAC 25 Period. This amount has been reduced by insurance proceeds of \$6,000,000, miscellaneous recoveries of \$1,151,653 as well as \$7,442 (interest only) of Natural Resource Damages³ ("NRD")-related MGP costs that have been deferred, resulting in net expenditures of \$57,694,536 for the RAC 25 Period, as illustrated on Attachment A-3, page 1 to the petition.
3. The RAC annual recovery mechanism includes carrying charges on the unamortized balance, which is calculated on a net of tax basis as illustrated on Attachment A-2, page 1 of the petition. As a result of the Tax Cuts and Jobs Act of 2017, the federal tax rate has been reduced, increasing the net of tax interest rate for January 2018 forward as shown in Exhibit A of the Stipulation. However, the increase in revenue requirements shown in Exhibit A of the Stipulation will not be implemented at this time. Instead, the Company shall receive rates, designed to recover the revenue requirement increases from the original Attachment A-2, page 2 of the petition. PSE&G will add the electric and gas revenue requirements in excess of that requested in this matter (\$0.803) million for electric and \$1.310 million for gas per Exhibit A to the Stipulation in its subsequent RAC 26 filing.

² Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the paragraphs of the Stipulation.

³ "Natural Resource Damages" are costs that are beyond costs of remediation and are amounts payable to the State of New Jersey to compensate for recovery for the residual injury that remains once the remedial cleanup process is completed, i.e. compensation for the loss of use of the affected natural resources caused by the contamination.

4. The petition allocates RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives,⁴ and RAC costs are recovered over a rolling seven-year period.
5. The Company has responded to all discovery requests. The Parties agree that the current gas RAC of \$0.011189/therm, excluding Sales and Use Tax ("SUT"), should be increased to \$0.013692 /therm, excluding SUT. The Parties also agree that the current electric RAC of \$0.000462/kilowatt-hour, excluding line losses and SUT, should be increased to be \$0.000496/kilowatt-hour, excluding line losses and SUT. Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C of the Stipulation in both redline and clean format.
6. The foregoing rates will allow recovery of 1/7 of the RAC 19 through RAC 25 expenditures. Under these rates, the annual bill for a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would increase from \$1,232.56 to \$1,232.84, or \$0.28 or approximately 0.02% based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP") Supply rates in effect on October 1, 2018, and assuming that the customer receives BGS-RSCP service from PSE&G. A residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an increase in the annual bill from \$552.55 to \$554.21, or \$1.66 or approximately 0.30%. A typical gas heating customer using 165 therms during a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$869.07 to \$871.81, or \$2.74 or approximately 0.32% based upon current Delivery and Basic Gas Supply Service ("BGSS-RSG") Supply rates in effect on October 1, 2018 and assuming that the customer receives BGSS-RSG service from PSE&G.
7. The Company's MGP remediation work performed during the RAC 25 Period, August 1, 2016 to July 31, 2017, described in Company witness Richard A. Blackman's testimony (Attachment B to the Company's petition), was prudent and reasonable. The Company represents that the expenditures and rates agreed to in the Stipulation do not include any incentive compensation costs.
8. The Company represents that it has credited RAC ratepayers with the sale proceeds of the Hobart Avenue Gas Works property sale in the amount of \$54,250 during the RAC 25 Period.
9. The Company represents that its RAC 25 filing does not include any administrative, legal, consulting, or other costs associated with NRD claims. The Parties further agree that PSE&G will have deferred a total of \$736,367 inclusive of applicable interest, of NRD-related MGP costs through the end of the RAC 25 period. PSE&G agrees to defer the above-indicated NRD-related MGP costs until such future time as the Board specifically addresses the rate recoverability of NRD-related expenditures through the RAC mechanism. The Parties stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC, of NRD-related costs. The Parties expressly reserve their rights to argue their respective positions on NRD issues in future proceedings, as appropriate.

⁴ As noted in the September 15, 1993 NJ BPU Order in Docket No. ER91111698J.

10. Attached to the Stipulation as Exhibit A is Attachment A-2, from the Company's filing updated for the 2018 change in the federal tax rate and the last interest rates available, which reflects the expenditures to be approved for this RAC 25 Period and the approved expenditures for RAC 19 through RAC 25.
11. The Company agrees, as in this and other recent RAC filings, that it will continue to include with its future RAC filings, responses to the minimum filing requirements ("MFRs"), and in the future RAC filings it shall not request any late fees or charges that are associated with legal costs recovered through the RAC. The MFRs are attached to the Stipulation as Exhibit B.
15. The Parties agree that the Company's MGP remediation costs will remain subject to audit by the Board. Additionally, the Company periodically conducts audits of these expenses, similar to its other expenses.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this matter, including the petition and the attached Stipulation. The Board **HEREBY FINDS** that the Company's remediation work performed during the RAC 25 Period was prudent and has been thoroughly reviewed by the Parties. The Board **FURTHER FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation, attached hereto as its own, as though fully set forth herein.

The Board **HEREBY FINDS** that it is reasonable to change the existing RAC rates, and therefore, **HEREBY ORDERS** that the Company's existing electric (per kilowatt-hour) RAC rate be increased to \$0.000496 per kilowatt-hour (excluding line losses and SUT) consistent with the proposed rate changes set forth in Exhibit C of the Stipulation. As a result of the Stipulation, a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would see an increase in their annual bill of \$0.28 or approximately 0.02% based on current Delivery and BGS-RSCP Supply rates in effect on October 1, 2018, and assuming that the customer receives BGS-RSCP service from PSE&G.

The Board also **HEREBY ORDERS** that the Company's existing gas (per therm) RAC rate be increased to \$0.013692 per therm (excluding SUT) consistent with the proposed rate changes set forth in Exhibit C of the Stipulation. As a result of the Stipulation, a typical residential gas heating customer using 165 therms per winter months and 1,010 therms on an annual basis would see an increase in their annual bill of \$2.74 or approximately 0.32% (based on rates in effect on October 1, 2018 and assuming the customer receives BGSS-RSG service from PSE&G).

The Board **FURTHER ORDERS** that the NRD-related costs deferred through the end of the RAC 25 Period of \$736,367 shall continue to be deferred until such time as the Board addresses the rate recoverability of NRD-related costs via the RAC mechanism.

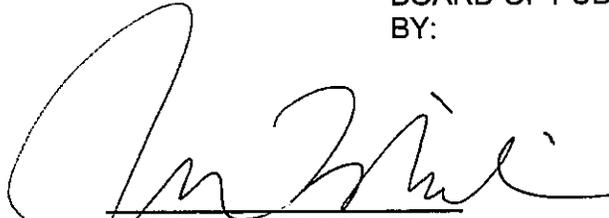
The Board **HEREBY DIRECTS** the Company to file tariff sheets consistent with this Decision and Order by November 1, 2018.

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

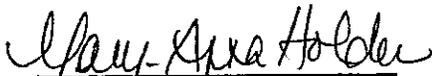
The effective date of this Order is November 1, 2018.

DATED: 10/29/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



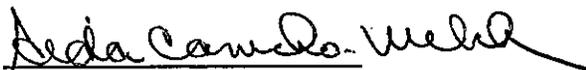
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
TO MODIFY ITS MANUFACTURED GAS PLANT (MGP) REMEDIATION COMPONENT
WITHIN ITS ELECTRIC SOCIETAL BENEFITS CHARGE (SBC) AND ITS GAS SBC; DURING
THE REMEDIATION ADJUSTMENT CHARGE (RAC) 25 PERIOD, AUGUST 1, 2016 TO JULY
31, 2017
BPU DOCKET No. GR18020093

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October 11, 2018

In The Matter Of The Petition Of
Public Service Electric And Gas Company
To Modify Its Manufactured Gas Plant (MGP) Remediation Component
Within Its Electric Societal Benefits Charge (SBC)
And Its Gas SBC; During The Remediation
Adjustment Charge (RAC) 25 Period, August 1, 2016, to July 31, 2017

BPU Docket No.: GR18020093

VIA ELECTRONIC MAIL & OVERNIGHT DELIVERY

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

Dear Secretary Camacho-Welch:

Attached please find a Settlement executed by all parties to the above-referenced matter which addresses and settles all issues therein.

Thank you for your consideration in this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Danielle Lopez", written in a cursive style.

C Attached Service List (E-Mail)

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02/26/2018

Public Service Electric and Gas Company
RAC 25
GR18020093

Page 2 of 2

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

In The Matter Of The Petition Of Public Service Electric And Gas Company To Modify Its Manufactured Gas Plant (MGP) Remediation Component Within Its Electric Societal Benefits Charge (SBC) and Its Gas SBC; During The Remediation Adjustment Charge (RAC) 25 Period, August 1, 2016, to July 31, 2017	STIPULATION OF SETTLEMENT BPU DOCKET NO. GR18020093
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APPEARANCES:

Matthew M. Weissman, Esq., General State Regulatory Counsel, and Danielle Lopez, Esq., Assistant General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company

Maura Caroselli, Esq. and Henry M. Ogden, Esq., Assistant Deputies Rate Counsel, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau and Emma Xiao, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

On February 1, 2018, Public Service Electric and Gas Company (PSE&G or, Company) filed a petition with the New Jersey Board of Public Utilities (Board) for an Order finding that PSE&G's Manufactured Gas Plant (MGP) Remediation work, associated with the clean-up of PSE&G's former MGP sites, performed during the Remediation Adjustment Charge (RAC) period August 1, 2016 through July 31, 2017 (RAC 25 period) was prudent, and that the resulting RAC 25 costs are reasonable and appropriate for rate recovery. Upon review of the petition, conducting discovery and reviewing responses to discovery, the Staff of the New Jersey Board of Public Utilities

(Board Staff), the New Jersey Division of Rate Counsel (Rate Counsel), and PSE&G, the only parties to this proceeding (collectively, the Parties), stipulate and agree as follows:

1. PSE&G's Petition in this matter sought authority to establish rates to recover the true-up of RAC 24 costs, 1/7 of each of the RAC 19 through RAC 25 expenditures, and the carrying costs on its unamortized remediation program balance. The Company's filing further requested an Order finding that "its RAC activities conducted and Program Costs incurred during the RAC 25 period, August 1, 2016 through July 31, 2017, are reasonable and are appropriate for recovery" and that such Order find that it is reasonable to increase the existing gas MGP component of the Societal Benefits Charge (SBC) and increase the existing electric MGP component of the SBC. These components are historically referred to as the electric and gas RAC.
2. The Company incurred gross expenditures of \$64,853,631 in remediation costs during the RAC 25 period. This amount has been reduced by insurance proceeds of \$6,000,000, miscellaneous recoveries of \$1,151,653 as well as \$7,442 (interest only) of Natural Resource Damages¹ (NRD)-related MGP costs that have been deferred, resulting in net expenditures of \$57,694,536 for the RAC 25 period, as illustrated on Attachment A-3, page 1 to the petition.
3. The RAC annual recovery mechanism includes carrying charges on the unamortized balance, which is calculated on a net of tax basis as illustrated on Attachment A-2, page 1 to the Petition. As a result of the Tax Cuts and Jobs Act of 2017, the federal tax rate has been reduced, increasing the net of tax interest rate for January 2018 forward as shown in Exhibit A of this Stipulation. However, the increase in revenue

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requirements shown in Exhibit A will not be implemented at this time. Instead, the Company shall receive rates designed to recover the revenue requirement increases from the original Attachment A-2, page 2. PSE&G will add the electric and gas revenue requirements in excess of that requested in this matter (\$0.803 million for electric and \$1.310 million for gas per Exhibit A to this Stipulation) in its subsequent RAC 26 filing.

4. The petition allocates RAC costs to gas and electric customers on a 60/40 percent basis pursuant to Board directives², and RAC costs are recovered over a rolling seven-year period.
5. Notice of the Company's Petition in this docket, including the date, time and place of public hearings, was placed in newspapers having a circulation within the Company's electric service territory, and was served on the Clerks of the municipalities, the Clerks of the Board of Chosen Freeholders, and the County Executives within the Company's electric and gas service territories. In accordance with that notice, public hearings on the Company's requests were held on the following dates at three locations in PSE&G's service territory: two hearings on June 11, 2018 in New Brunswick, New Jersey, two hearings on June 13, 2018 in Mt Holly, New Jersey and two hearings on June 19, 2018 in Hackensack, New Jersey. No members of the public appeared at these hearings or filed written comments.
6. The Company has responded to all discovery requests. The Parties agree that the current gas RAC of \$0.011189/therm, excluding sales and use tax (SUT), should be increased to \$0.013692/therm, excluding SUT. The Parties also agree that the current electric RAC of \$0.000462/kilowatt-hour, excluding line losses and SUT, should be increased to \$0.000496/kilowatt-hour, excluding line losses and SUT.

²

As noted in the September 15, 1993 NJ BPU Order in Docket No. ER91111698J.

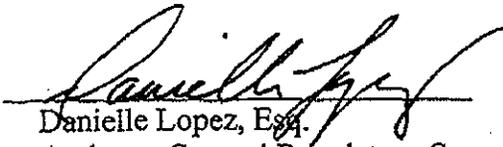
Tariff sheets consistent with the proposed rate changes are set forth in Exhibit C in both redline and clean format.

7. The foregoing rates will allow recovery of 1/7 of the RAC 19 through RAC 25 expenditures. Under these rates, the annual bill for a typical residential electric customer using 750 kilowatt-hours per summer month and 7,200 kilowatt-hours on an annual basis would increase from \$1,232.56 to \$1,232.84, or \$0.28 or approximately 0.02% based upon current Delivery and Basic Generation Service – Residential Small Commercial Pricing (BGS-RSCP) Supply rates in effect on October 1, 2018, and assuming that the customer receives BGS-RSCP service from PSE&G. A residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an increase in the annual bill from \$552.55 to \$554.21, or \$1.66 or approximately 0.30%. A typical gas heating customer using 165 therms during a winter month and 1,010 therms on an annual basis would see an increase in their annual bill from \$869.07 to \$871.81, or \$2.74 or approximately 0.32% based upon current Delivery and Basic Gas Supply Service (BGSS-RSG) Supply rates in effect on October 1, 2018 and assuming that the customer receives BGSS-RSG service from PSE&G.
8. The Company's MGP remediation work performed during the RAC 25 period, August 1, 2016 to July 31, 2017, described in Company witness Richard A. Blackman's testimony (Attachment B to the Company's petition), was prudent and reasonable. The Company represents that the expenditures and rates agreed to in this Stipulation do not include any incentive compensation costs.
9. The Company represents that it has credited RAC ratepayers with the sale proceeds of the Hobart Avenue Gas Works property sale in the amount of \$54,250 during the RAC 25 remediation period.

10. The Company represents that its RAC 25 filing does not include any administrative, legal, consulting, or other costs associated with NRD claims. The Parties further agree that PSE&G will have deferred a total of \$736,367 inclusive of applicable interest, of NRD-related MGP costs through the end of the RAC 25 period. PSE&G agrees to defer the above-indicated NRD-related MGP costs until such future time as the Board specifically addresses the rate recoverability of NRD-related expenditures through the RAC mechanism. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC, of NRD-related costs. The Parties expressly reserve their rights to argue their respective positions on NRD issues in future proceedings, as appropriate.
11. Attached hereto as Exhibit A is Attachment A-2 from the Company's filing, updated for the 2018 change in the federal tax rate and the latest interest rates available, which reflects the expenditures to be approved for this RAC 25 period and the approved expenditures for RAC 19 through RAC 25.
12. The Company agrees, as in this and other recent RAC filings, that it will continue to include with its future RAC filings, responses to the minimum filing requirements (MFRs), and in the future RAC filings it shall not request any late fees or charges that are associated with legal costs recovered through the RAC. The MFRs are attached hereto as Exhibit B.
13. The Parties agree that this Settlement is being entered into exclusively for the purpose of resolving the issues in this matter. The Parties further agree that this Settlement resolves all issues regarding the Company's RAC 25 filing except as specifically provided herein.

14. The Parties agree that this Settlement was negotiated and agreed to in its entirety with each section being mutually dependent on approval of all other sections. Therefore, if the Board modifies any of the terms of this Settlement, each party is given the option, before implementation of any different rate or terms in this case, to accept the change or to resume the proceeding as if no agreement had been reached. If this proceeding is resumed, each party is given the right to return to the position it was in before this Settlement was executed.
15. The Parties agree that the Company's MGP remediation costs will remain subject to audit by the Board. Additionally, the Company periodically conducts audits of these expenses, similar to its other expenses.
16. It is specifically understood and agreed that this Settlement represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Company, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposedly underlying any agreement provided herein in total or by specific item. The Parties further agree that this Settlement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement. All rates remain subject to audit by the Board.

PUBLIC SERVICE ELECTRIC
AND GAS COMPANY

By: 
Danielle Lopez, Esq.
Assistant General Regulatory Counsel

DATED: 10/10/2018

GURBIR S. GREWAL
ATTORNEY GENERAL
OF NEW JERSEY
Attorney for the Staff of the New Jersey
Board of Public Utilities

By: 
Emma Yao Xiao
Deputy Attorney General

DATED: 10/10/18

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

By: Maura Caroselli
Maura Caroselli, Esq.
Assistant Deputy Rate Counsel

DATED: 10/11/18

GR18020093

EXHIBIT A

Attachment A-2 (REVISED)
Page 1 of 2

RAC 25 SUMMARY SCHEDULE FOR THE ANNUAL RAC PERIOD ENDED JULY 31, 2017 \$000

Workpaper Reference	TOTAL	RAC #25	RAC #24	RAC #23	RAC #22	RAC #21	RAC #20	RAC #19	
COSTS ELIGIBLE FOR AMORTIZATION & RECOVERY OVER 7 YEARS:									
Prior RAC Periods #19 - #24 - Actual Approved Expenditures , Net*	From Prior yr. Approved RAC filings (A)	\$289,453		\$40,903	\$54,113	\$84,998	\$65,896	\$25,770	\$17,773
RAC 25 Period - Actual Expenditures, Net*	From Attachment A-3, pg. 1 (B)	\$57,695	\$57,695						
ANNUAL RECOVERY SUMMARY:									
Annual Amortization of Prior RAC Period Costs (seven years)	From Prior yr. Approved RAC filings = (A) / 7	\$41,350		\$5,843	\$7,730	\$12,143	\$9,414	\$3,681	\$2,539
Annual Amortization (seven years)	(B) / 7	<u>\$8,242</u>	<u>\$8,242</u>						
		REVISED	AS FILED / SETTLED	DIFFERENCE					
RAC 19 through 25 Expenditures for Allocation between Gas & Electric		\$49,592	\$49,592	\$0	<i>To Attachment A-2 pg. 2</i>				
True up of RAC 24 Expenditures with RAC Recoveries - GAS	From Attachment A-3, pg. 2	\$7,375	\$7,375	\$0					
True up of RAC 24 Expenditures with RAC Recoveries - ELEC	From Attachment A-3, pg. 2	(\$48)	(\$48)	\$0					
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-17 to Jun-19 per Dkt. No. ER02080604	From Attachment A-5, pg. 2	\$4,891	\$3,581	\$1,310	<i>Difference due to tax rate change (1/1/18 forward) and updated interest rate (8/1/18 forward)</i>				
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-17 to Jun-19 per DKT No. ER020080604	From Attachment A-5, pg. 4	\$3,000	\$2,197	\$803	<i>Difference due to tax rate change (1/1/18 forward) and updated interest rate (8/1/18 forward)</i>				
TOTAL - RAC 25 ANNUAL RECOVERY, PERIOD TO DATE		<u>\$64,809</u>	<u>\$62,696</u>	<u>\$2,113</u>					

* NET represents "Net of Insurance Recoveries, Miscellaneous Recoveries and NRD"
Numbers may not add due to rounding

EXHIBIT A

REMEDIATION PROGRAM COSTS - RAC 25 ELECTRIC AND GAS ALLOCATION DETAILS

\$000

I. OVERALL ALLOCATION BETWEEN GAS & ELECTRIC CUSTOMERS:

Workpaper Reference	Gas	Electric	Total
RAC 19 through 25 Expenditures for Allocation between Gas & Electric	From Attachment A-2, pg 1		\$49,592 (A)
Allocation % between Gas & Electric Customers	See Note 1, below		60% 40% 100%
Allocation to Gas Customers	(A) X 60%	\$29,755	
Allocation to Electric Customers	(A) X 40%	\$19,837	
ADD:			
True up of RAC 24 Expenditures with RAC Recoveries - GAS	From Attachment A-3, pg 2		\$7,375
True up of RAC 24 Expenditures with RAC Recoveries - ELEC	From Attachment A-3, pg 2		(\$48)
Cumulative Interest (Carrying Charges) on Gas Deferred Balances Aug-17 to Jun-19 per Dkt. No. ER02080604	From Attachment A-5, pg 2 of 4		\$4,891
Cumulative Interest (Carrying Charges) on Electric Deferred Balances Aug-17 to Jun-19 per DKT No. ER02080604	From Attachment A-5, pg 4 of 4		\$3,000
Total Gas and Electric	\$42,021	\$22,788	\$64,809
Total Gas and Electric as Filed in original Attachment A-2, page 2 of 2	\$40,711	\$21,985	\$62,696
Deficiency to be recovered in RAC 26	\$1,310	\$803	\$2,113

Note 1: Allocation of 60% of costs to Gas customers and 40% to Electric customers was determined per BPU Order dated November 4, 1994, Dkt. ER91111698J

II. ALLOCATION TO GAS CUSTOMER CLASSES:

		7/18-6/19			\$000
		\$/Therm			Recovery
		Therm Sales (000)	(Excl. SUT)	(Incl. SUT)	
Customer Classes:	RSG	1,526,064	0.013692	0.014599	\$20,894
	GSG	286,092	0.013692	0.014599	\$3,917
	LVG	726,688	0.013692	0.014599	\$9,949
	CIG	44,899	0.013692	0.014599	\$615
	TSG-F, NF	388,895	0.013692	0.014599	\$5,325
	SLG	683	0.013692	0.014599	\$9
		2,973,320			\$40,709

Based on Original request

III. ALLOCATION TO ELECTRIC CUSTOMER CLASSES:

		\$000	Electric RAC			
		KWH (000)	\$/KWH			
		Rate	Loss Factor	(Excl. SUT)	(Incl. SUT)	
Amount To Be Recovered, (\$000)		\$000	7.5377%	0.000536	0.000572	
Projected KWh Purchased July 2018 to June 2019		44,352.638	5.1232%	0.000523	0.000558	
		\$/000	2.9402%	0.000511	0.000545	
	Customer Classes:		1.4590%	0.000503	0.000536	
	Secondary Service					
	LPL Primary					
	HTS Subtransmission					
	HTS High Voltage					

Based on Original request

Numbers may not add due to rounding

EXHIBIT B

PSE&G RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period.

1. The Company currently provides a vendor summary as part of its generic discovery responses to its annual RAC filing. This document provides a summary of the expenditures incurred by vendor by site for the twelve-month RAC period. Hereafter, the vendor summary will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through July 31 will be submitted with the Company's RAC Petition.
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting work papers, charts and tables.
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding July 31st of the most recent RAC period.
4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in

EXHIBIT B

aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.

5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company will provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.
7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.

EXHIBIT B

8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.
9. Provide schedules and supporting work papers and documents which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.
10. Provide the Company's bid evaluation studies, reports, work papers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide

EXHIBIT B

copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.

13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including work papers and supporting documentation.
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The Parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.
17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly

EXHIBIT B

impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.

18. The Company shall disclose all internal control deficiencies, significant deficiencies, or material weaknesses that are identified by the Sarbanes Oxley review process or by company internal control procedures that are related to RAC expenditures or cost recoveries during the applicable RAC period under review or the immediate prior RAC period. In addition, the Company will provide identification of remedial steps taken by management to correct such deficiencies, significant deficiencies, or material weaknesses; and the summarization of additions, deletions, or amendments to the company's Site Remediation Project Directives during the applicable RAC period under review. The Company may seek confidential treatment of materials prior to submitting the portion of such materials it considers confidential under applicable standards.
19. All legal bills sought to be paid by ratepayers. Said bills shall include the descriptions provided with such bills. The Company may seek confidential treatment of materials prior to submitting the portion of such materials it considers confidential under applicable standards. Material in legal bills that are legally privileged may be excluded from the filing, which parties may seek under the applicable standard for any claimed privilege.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 57

Superseding

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

XXX Revised Sheet No. 57

SOCIETAL BENEFITS CHARGE

**Cost Recovery
(per kilowatthour)**

Component:

Social Programs.....	\$ 0.001266
Energy Efficiency and Renewable Energy Programs.....	0.003142
Manufactured Gas Plant Remediation.....	<u>0.000462</u> 0.000496
Sub-total per kilowatthour.....	\$ <u>0.004870</u> 0.004904

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	7.5377%	\$ <u>0.005267</u> <u>0.005304</u>	\$ 0.001255	\$ 0.000706	\$ <u>0.007228</u> <u>0.007265</u>
LPL Primary	5.1232%	<u>0.005133</u> <u>0.005169</u>	0.001255	0.000706	<u>0.007094</u> <u>0.007130</u>
HTS Subtransmission	2.9402%	<u>0.005048</u> <u>0.005053</u>	0.001255	0.000706	<u>0.006979</u> <u>0.007014</u>
HTS High Voltage &	1.4590%	<u>0.004942</u> <u>0.004977</u>	0.001255	0.000706	<u>0.006903</u> <u>0.006938</u>
HTS Transmission					

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service.....	\$0.007707	0.007746
LPL Primary.....	0.007564	0.007602
HTS Subtransmission.....	0.007444	0.007479
HTS High Voltage & HTS Transmission.....	0.007360	0.007398

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- or 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.

Date of Issue:

Issued by SCOTT S. JENNINGS, 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. 57
Superseding

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

XXX Revised Sheet No. 57

SOCIETAL BENEFITS CHARGE

**Cost Recovery
(per kilowatthour)**

Component:

Social Programs	\$ 0.001266
Energy Efficiency and Renewable Energy Programs	0.003142
Manufactured Gas Plant Remediation	0.000496
Sub-total per kilowatthour	\$ 0.004904

Charge including losses, USF and Lifeline:

	<u>Loss Factor</u>	<u>Sub-total Including Losses</u>	<u>USF</u>	<u>Lifeline</u>	<u>Total Charge</u>
Secondary Service	7.5377%	\$ 0.005304	\$ 0.001255	\$ 0.000706	\$ 0.007265
LPL Primary	5.1232%	0.005169	0.001255	0.000706	0.007130
HTS Subtransmission	2.9402%	0.005053	0.001255	0.000706	0.007014
HTS High Voltage & HTS Transmission	1.4590%	0.004977	0.001255	0.000706	0.006938

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service	\$0.007746
LPL Primary	0.007602
HTS Subtransmission	0.007479
HTS High Voltage & HTS Transmission	0.007398

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- or 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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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 41

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

Superseding

XXX Revised Sheet No. 41

SOCIETAL BENEFITS CHARGE

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

Social Programs.....	\$ 0.000000
Energy Efficiency and Renewables Programs.....	0.022332
Manufactured Gas Plant Remediation.....	0.011189 0.013692
Universal Service Fund - Permanent.....	0.004600
Universal Service Fund - Lifeline	<u>0.005100</u>
Societal Benefits Charge	\$ 0.043224 <u>0.045724</u>
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT).....	\$ 0.046084 <u>0.048753</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.

See Section 16 of the Standard Terms and Conditions for exemptions from this charge.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 41

Superseding

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

XXX Revised Sheet No. 41

SOCIETAL BENEFITS CHARGE

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

Social Programs.....	\$ 0.000000
Energy Efficiency and Renewables Programs.....	0.022332
Manufactured Gas Plant Remediation.....	0.013692
Universal Service Fund - Permanent.....	0.004600
Universal Service Fund - Lifeline.....	<u>0.005100</u>
Societal Benefits Charge	\$ 0.045724
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT).....	<u>\$ 0.048753</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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