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June 1, 2020

In the Matter of the Petition of
Public Service Electric and Gas Company's
2020 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. _____

VIA BPU E-FILING SYSTEM & ELECTRONIC MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of petitioner Public Service Electric and Gas Company is the Petition, Testimony of Stephen Swetz, and Supporting Schedules in the above-referenced proceeding.

Very truly yours,

A handwritten signature in blue ink that reads "Joseph A. Shea, Jr." in a cursive script.

Joseph A. Shea, Jr.

C Attached Service List (electronic only)

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)	
ELECTRIC AND GAS COMPANY’S)	PETITION
2020 ANNUAL MARGIN)	DOCKET NO. _____
ADJUSTMENT CHARGE (MAC))	

Public Service Electric and Gas Company (“PSE&G” or “Company”), a public utility of the State of New Jersey, with its principal offices for the transaction of business at 80 Park Plaza Newark, New Jersey 07101, hereby petitions the New Jersey Board of Public Utilities (“Board”) as follows:

PSE&G, an integrated electric and gas utility, is engaged in the purchase, transmission, distribution, and sale of natural gas for residential, commercial and industrial customers in New Jersey, in addition to its electric operations.

MARGIN ADJUSTMENT CHARGE (“MAC”)

1. On January 9, 2002, as a result of the gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service (“TSG-NF”) rates to customers on Rate Schedules Residential Service (“RSG”), General Service (“GSG”), Large Volume Service (“LVG”), Street Lighting Service (“SLG”), and Firm Transportation Gas Service (“TSG-F”).

There are two limited situations when some or all of the revenue associated with certain specific TSG-NF customers flow to earnings instead of being included in the MAC and distributed to customers on RSG, GSG, LVG, SLG, and TSG-F rate schedules. These are:

1. When gas applications formerly being served under Rate Schedule LVG switch to Rate Schedule TSG-NF after the effective date of a base rate case decision. The total TSG-NF revenues from these switching customers, other than that related to the commodity, Sales and Use Tax (“SUT”), Societal Benefits Charge (“SBC”), Tax Adjustment Credit (“TAC”), and Green Programs Recovery Charge (“GPRC”), flow to earnings in lieu of being included in the MAC, until the effective date of new rates in the Company’s next 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 Schedule LVG, since TSG-NF revenues no longer flow to the Company once the customer switches from LVG to TSG-NF. The margin treatment for customers switching from TSG-NF to LVG is reciprocal for customers switching from LVG to TSG-NF.
2. When the Company retains a portion of the TSG-NF revenues for new TSG-NF customers whose service commences on or after the end of the test year established in a base rate case or for additional investment necessary to serve existing TSG-NF customers after the end of the base rate case test year. For this purpose, new customers are defined as customers receiving gas service to a separately metered new account for equipment that did not previously utilize gas delivery service from PSE&G. As described in the first situation above, TSG-NF net revenues are defined as total revenues, other than that related to the commodity, SUT, SBC, TAC, and GPRC charges. The annual amount retained by the Company is equal to twenty-percent (20%) 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 first situation, the cost recovery associated with these customers remains in force until the effective date of new rates in the Company's next base rate case proceeding.

In the most recent MAC proceeding of 2019, the MAC credit of (\$0.009239) per therm including SUT, was approved effective February 1, 2020.

2020 ANNUAL MAC FILING

This annual MAC filing petition is supported by the direct testimony of Stephen Swetz attached hereto as Attachment A, in which he recommends a MAC credit of (\$0.006951) per therm including SUT.

In this 2020 MAC filing, for the period ending April 30, 2019, the actual MAC balance is over-collected by \$13.42 million, excluding interest as detailed on Schedule SS-MAC-3, column 10.

For the period ending September 2020, the MAC balance is forecasted to be over-collected by \$16.58 million, excluding interest as detailed on Schedule SS-MAC-3, column 10. The MAC balance including interest is forecasted to be over-collected \$16.81 million as detailed on Schedule SS-MAC-3, column 14. The newly calculated rate of (\$0.006951) per therm including SUT, would result in a rate increase of \$0.002288 per therm from the current rate of (\$0.009239) per therm including SUT or \$5.53 million.

A typical residential gas heating customer that uses 172 therms in a winter month and 1,040 therms on an annual basis would see their current annual bill increase by \$2.38 (from

\$866.27 to \$868.65), or approximately 0.27% based upon rates in effect on June 1, 2020 and assuming the customer receives Basic Gas Supply (“BGS-RSG”) service from PSE&G. Clean and redline tariff sheets for the current MAC are attached hereto as Attachment B.

Contained herein in Attachment C is a draft Form of Notice of Filing and of Public Hearings (“Form of Notice”). This Form of Notice sets forth the requested changes to the gas rates and will be placed in newspapers having a circulation within the Company’s gas service territory upon receipt, scheduling, and publication of public hearing dates. A Notice will be served on the County Executives and Clerks of all municipalities within the Company’s electric service territory upon scheduling of public hearing dates. In accordance with the Board’s recent Covid-19 order,¹ notice of this filing, the Petition, testimony, and schedules 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 4th Floor, Trenton, N.J. 08625 by electronic mail. Electronic copies of the Petition, testimony, and schedules will also be sent to the persons identified on the service list provided with this filing.

¹ See In the Matter of the New Jersey Board of Public Utilities’ Response to the Covid-19 Pandemic for a Temporary Waiver of the Requirements for Certain Non-Essential Obligations, Docket No. EO20030254, dated March 19, 2020.

COMMUNICATIONS

Communications and correspondence related to the Petition should be sent as follows:

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CONCLUSION

WHEREFORE, PSE&G hereby requests that the Board issue a written Order by October 1, 2020 approving the Company's proposed MAC rate of (\$0.006951) per therm (including SUT) as reasonable and prudent at this time and, accordingly, modify the Tariff for Gas Service, B.P.U.N.J. No. 15 Gas, pursuant to N.J.S.A. 48:2-21 and 48:2-21.1.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



Joseph A. Shea, Jr.
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DATED: June 1, 2020
Newark, New Jersey

STATE OF NEW JERSEY)
) ss:
COUNTY OF ESSEX)

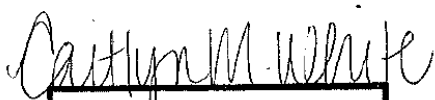
I, Stephen Swetz of full age, being duly sworn according to law, on his oath
deposes and says:

1. I am Stephen Swetz, Sr. Director - Corporate Rates and Revenue Requirements
for PSEG Services Corporation.

2. I have read the annexed Petition and the matters contained therein, and they are
true to the best of my knowledge and belief.



Sworn to and Subscribed to
Before me this 1st day of
June, 2020



CATLYN M. WHITE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 9/19/2024

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **STEPHEN SWETZ**
5 **SR. DIRECTOR - CORPORATE RATES AND REVENUE REQUIREMENTS**

6 **Q. Please state your name and affiliation.**

7 A. My name is Stephen Swetz, and I am the Senior Director – Corporate Rates and
8 Revenues Requirements for PSEG Services Corporation. My credentials are set forth in
9 the attached Schedule SS-MAC-1.

10 **Q. What is the purpose of your direct testimony in this proceeding?**

11 A. The purpose of my testimony is to support Public Service Electric and Gas
12 Company’s (“PSE&G” or “Company”) annual Margin Adjustment Charge (“MAC”)
13 filing. The testimony and accompanying schedules support a MAC credit of (\$0.006951)
14 per therm including New Jersey Sales and Use Tax (“SUT”) of 6.625%.

15 **Q. Please briefly discuss the history of the Margin Adjustment Charge.**

16 A. On January 9, 2002 as a result of the gas base rate case under Board of Public
17 Utilities (“BPU”) Docket No. GR01050328, the MAC was implemented to credit the net
18 revenues associated with Non-Firm Transportation Gas Service (“TSG-NF”) rates to
19 customers on Rate Schedules Residential Service (“RSG”), General Service (“GSG”),
20 Large Volume Service (“LVG”), Street Lighting Service (“SLG”), and Firm
21 Transportation Gas Service (“TSG-F”).

22 There are two limited situations when some or all of the revenue associated
23 with certain specific TSG-NF customers flow to earnings instead of being included in the

24 MAC and distributed to customers on RSG, GSG, LVG, SLG and TSG-F rate schedules.

25 These are:

- 26 1. When gas applications formerly being served under Rate Schedule LVG switch to
27 Rate Schedule TSG-NF after the effective date of a base rate case decision, the total
28 TSG-NF revenues from these switching customers, other than that related to the
29 commodity, SUT, Societal Benefits Charge (“SBC”) Tax Adjustment Credit
30 (“TAC”), and Green Programs Recovery Charge (“GPRC”), flow to earnings in lieu
31 of being included in the MAC until the effective date of new rates in the Company’s
32 next base rate case. These revenues will be used to recover costs associated with
33 the infrastructure (service, mains, meters, etc.) already installed to provide firm
34 service at Rate Schedule LVG, since TSG-NF revenues no longer flow to the
35 Company once the customer switches from LVG to TSG-NF. The margin
36 treatment for customers switching from TSG-NF to LVG is reciprocal for
37 customers switching from LVG to TSG-NF.
- 38 2. When the Company retains a portion of the TSG-NF revenues for new TSG-NF
39 customers whose service commences on or after the end of the test year established
40 in a base rate case or for additional investment necessary to serve existing TSG-NF
41 customers after the end of the base rate case test year. For this purpose, new
42 customers are defined as customers receiving gas service to a separately metered
43 new account for equipment that did not previously utilize gas delivery service from
44 PSE&G. As described in the first situation above, TSG-NF net revenues are
45 defined as total revenues, other than that related to the commodity, SUT, SBC,
46 TAC, and GPRC charges. The annual amount retained by the Company is equal to
47 20% of the cost of the new facilities required to serve all such customers, less any
48 direct customer contribution toward these costs, and is used to cover the costs
49 associated with these new customers. As in the first situation, the cost recovery
50 associated with these customers remains in force until the effective date of new gas
51 base rates in the Company’s next rate case proceeding. At the time new gas base
52 rates go into effect, the migration margin numbers’ calculation will be reset to zero
53 and the MAC will be calculated with new rates and migration volumes. In the most

54 recent MAC proceeding of 2019, the MAC credit was set at (\$0.009239) per therm
55 including SUT.

56 **Q. Please describe the components of the revenue requirements of the 2020**
57 **Annual MAC filing.**

58 A. In this 2020 MAC filing, for the period ending April 30, 2020, the actual MAC
59 balance is over-collected by \$13.42 million, excluding interest as detailed on Schedule SS-
60 MAC-3, column 10.

61 At the end of the period ending September 2020, the MAC balance is forecasted to
62 be over-collected \$16.58 million, excluding interest as detailed on Schedule SS-MAC-3,
63 column 10. The MAC balance including interest is forecasted to be over-collected by
64 \$16.81 million as detailed on Schedule SS-MAC-3, column 14.

65 **Q. Please describe the calculation of the MAC.**

66 A. The calculation of the MAC credit of (\$0.006951) per therm including SUT is
67 shown in the following table:

1	Forecasted Total Over/(Under) Recovery Per Schedule SS-MAC-2	\$16,809,893
2	Forecasted Therms for October 1, 2020 to September 30, 2021	2,578,750,006
3=(1/2)*-1	Margin Adjustment Charge (Per Therm)	(\$0.006519)
4=3*1.06625	Margin Adjustment Charge (Including Sales and Use Tax)	(\$0.006951)

68

69 **Q. What is the revenue impact of the revised MAC credit described above?**

70 A. The proposed reduction of the MAC credit from (\$0.008665) without SUT
71 ((\$0.009239) with SUT) to (\$0.006519) without SUT ((\$0.006951) with SUT), results in a
72 reduction in the credit from approximately \$22.3 million per year to \$16.8 million, or an
73 increase of approximately \$5.5 million.

74 **Q. Why is there an annual revenue increase of approximately \$5.5 million?**

75 A. In the Company's 2019 MAC filing, per the Stipulation of Settlement, the Company
76 agreed to increase the amount to be credited to firm customers by \$5.0 million, to reduce
77 the Company's over-collected balance, resulting in a MAC credit set to return \$22.0 million
78 annually. The incremental \$5.0 million annual credit was successful in reducing the
79 Company's MAC over-collected balance. However, reducing the MAC credit from an
80 annual credit of approximately \$22 million to a steady-state annual credit of approximately
81 \$17 million results in a net decrease in the MAC credit corresponding to a net increase to
82 customers.

83 **Q. Does this conclude your testimony?**

84 A. Yes, it does.

CREDENTIALS
OF
STEPHEN SWETZ
SR. DIRECTOR-CORPORATE RATES AND REVENUE REQUIREMENTS

1
2
3
4
5
6 My name is Stephen Swetz and I am employed by PSEG Services
7 Corporation. I am the Sr. Director - Corporate Rates and Revenue Requirements where
8 my main responsibility is to contribute to the development and implementation of electric
9 and gas rates for Public Service Electric and Gas Company (PSE&G, the Company).

10 **WORK EXPERIENCE**

11 I have over 30 years of experience in Rates, Financial Analysis and
12 Operations for three Fortune 500 companies. Since 1991, I have worked in various
13 positions within PSEG. I have spent most of my career contributing to the development
14 and implementation of PSE&G electric and gas rates, revenue requirements, pricing and
15 corporate planning with over 20 years of direct experience in Northeastern retail and
16 wholesale electric and gas markets.

17 As Sr. Director of Corporate Rates and Revenue Requirements, I have
18 submitted pre-filed direct cost recovery testimony as well as oral testimony to the New
19 Jersey Board of Public Utilities and the New Jersey Office of Administrative Law for base
20 rate cases, as well as a number of clauses including infrastructure investments, renewable
21 energy, and energy efficiency programs. A list of my prior testimonies can be found on
22 pages 3 and 4 of this document. I have also contributed to other filings including

1 unbundling electric rates and Off-Tariff Rate Agreements. I have had a leadership role in
2 various economic analyses, asset valuations, rate design, pricing efforts and cost of service
3 studies.

4 I am an active member of the American Gas Association's Rate and Strategic
5 Issues Committee, the Edison Electric Institute's Rates and Regulatory Affairs Committee
6 and the New Jersey Utility Association (NJUA) Finance and Regulatory Committee.

7 **EDUCATIONAL BACKGROUND**

8 I hold a B.S. in Mechanical Engineering from Worcester Polytechnic
9 Institute and an MBA from Fairleigh Dickinson University.

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E	ER20040324	written	Apr-20	Transitional Renewable Energy Certificate Program (TREC)
Public Service Electric & Gas Company	E/G	GR20010073	written	Jan-20	Remediation Adjustment Charge-RAC 27
Public Service Electric & Gas Company	G	GR19120002	written	Dec-19	CEF
Public Service Electric & Gas Company	E/G	ER19091302	written	Aug-19	Tax Adjustment Clauses (TACS)
Public Service Electric & Gas Company	E/G	ER19070850	written	Jul-19	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER19060764 & GR19060765	written	Jun-19	Green Programs Recovery Charge (GPRC)-including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	GR19060766	written	Jun-19	Gas System Modernization Program II (GSMPII) - First Roll-In
Public Service Electric & Gas Company	G	GR19060761	written	Jun-19	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E	ER19060741	written	Jun-19	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18060629 - GO18060630	oral	Jun-19	Energy Strong II / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	G	GR19060698	written	May-19	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER19040523	written	May-19	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18101113 - GO18101112	oral	May-19	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E/G	EO18101113 - GO18101112	written	Dec-18	Clean Energy Future - Energy Efficiency Program Approval
Public Service Electric & Gas Company	E/G	GR18121258	written	Nov-18	Remediation Adjustment Charge-RAC 26
Public Service Electric & Gas Company	G	GR18070831	written	Jul-18	Gas System Modernization Program (GSMP) - Third Roll-In
Public Service Electric & Gas Company	E/G	ER18070688 - GR18070689	written	Jun-18	Green Programs Recovery Charge (GPRC)-including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER18060681	written	Jun-18	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR18060675	written	Jun-18	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	EO18060629 - GO18060630	written	Jun-18	Energy Strong II / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	G	GR18060605	written	Jun-18	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER18040358 - GR18040359	written	Mar-18	Energy Strong / Revenue Requirements & Rate Design - Eighth Roll-in
Public Service Electric & Gas Company	E/G	ER18030231	written	Mar-18	Tax Cuts and Job Acts of 2017
Public Service Electric & Gas Company	E/G	GR18020093	written	Feb-18	Remediation Adjustment Charge-RAC 25
Public Service Electric & Gas Company	E/G	ER18010029 and GR18010030	written	Jan-18	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER17101027	written	Sep-17	Energy Strong / Revenue Requirements & Rate Design - Seventh Roll-in
Public Service Electric & Gas Company	G	GR17070776	written	Jul-17	Gas System Modernization Program II (GSMP II)
Public Service Electric & Gas Company	G	GR17070775	written	Jul-17	Gas System Modernization Program (GSMP) - Second Roll-In
Public Service Electric & Gas Company	G	GR17060720	written	Jul-17	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17070724 - GR17070725	written	Jul-17	Green Programs Recovery Charge (GPRC)-including CA, DR, EEE, EEE Ext, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER17070723	written	Jul-17	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR17060593	written	Jun-17	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER17030324 - GR17030325	written	Mar-17	Energy Strong / Revenue Requirements & Rate Design - Sixth Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Mar-17	Energy Efficiency 2017 Program
Public Service Electric & Gas Company	E	ER17020136	written	Feb-17	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR16111064	written	Nov-16	Remediation Adjustment Charge-RAC 24
Public Service Electric & Gas Company	E	ER16090918	written	Sep-16	Energy Strong / Revenue Requirements & Rate Design - Fifth Roll-in
Public Service Electric & Gas Company	E	EO16080788	written	Aug-16	Construction of Mason St Substation
Public Service Electric & Gas Company	E	ER16080785	written	Aug-16	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR16070711	written	Jul-16	Gas System Modernization Program (GSMP) - First Roll-In
Public Service Electric & Gas Company	G	GR16070617	written	Jul-16	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER16070613 - GR16070614	written	Jul-16	Green Programs Recovery Charge (GPRC)-including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER16070616	written	Jul-16	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR16060484	written	Jun-16	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	EO16050412	written	May-16	Solar 4 All Extension II (S4AllExt II) / Revenue Requirements & Rate Design
Public Service Electric & Gas Company	E/G	ER16030272 - GR16030273	written	Mar-16	Energy Strong / Revenue Requirements & Rate Design - Fourth Roll-in
Public Service Electric & Gas Company	E/G	GR15111294	written	Nov-15	Remediation Adjustment Charge-RAC 23
Public Service Electric & Gas Company	E	ER15101180	written	Sep-15	Energy Strong / Revenue Requirements & Rate Design - Third Roll-in
Public Service Electric & Gas Company	E/G	ER15070757-GR15070758	written	Jul-15	Green Programs Recovery Charge (GPRC)-including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER15060754	written	Jul-15	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR15060748	written	Jul-15	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR15060646	written	Jun-15	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15050558	written	May-15	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER15050558	written	May-15	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER15030389-GR15030390	written	Mar-15	Energy Strong / Revenue Requirements & Rate Design - Second Roll-in
Public Service Electric & Gas Company	G	GR15030272	written	Feb-15	Gas System Modernization Program (GSMP)
Public Service Electric & Gas Company	E/G	GR14121411	written	Dec-14	Remediation Adjustment Charge-RAC 22
Public Service Electric & Gas Company	E/G	ER14091074	written	Sep-14	Energy Strong / Revenue Requirements & Rate Design - First Roll-in
Public Service Electric & Gas Company	E/G	EO14080897	written	Aug-14	EEE Ext II
Public Service Electric & Gas Company	G	ER14070656	written	Jul-14	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER14070651-GR14070652	written	Jul-14	Green Programs Recovery Charge (GPRC)-including CA, DR, EEE, EEE Ext, S4All, S4AEXT, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	E	ER14070650	written	Jul-14	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR14050511	written	May-14	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR14040375	written	Apr-14	Remediation Adjustment Charge-RAC 21

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	E/G	ER13070603-GR13070604	written	Jun-13	Green Programs Recovery Charge (GPRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E	ER13070605	written	Jul-13	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR13070615	written	Jun-13	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR13060445	written	May-13	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E/G	EO13020155-GO13020156	written/oral	Mar-13	Energy Strong / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GO12030188	written/oral	Mar-13	Appliance Service / Tariff Support
Public Service Electric & Gas Company	E	ER12070599	written	Jul-12	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER12070606-GR12070605	written	Jul-12	RGGI Recovery Charges (RRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E	EO12080721	written/oral	Jul-12	Solar Loan III (SLIII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO12080721	written/oral	Jul-12	Solar 4 All Extension(S4AllExt) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR12060489	written	Jun-12	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	G	GR12060583	written	Jun-12	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	E/G	ER12030207	written	Mar-12	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER12030207	written	Mar-12	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	G	GR11060338	written	Jun-11	Margin Adjustment Charge (MAC) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	G	GR11060395	written	Jun-11	Weather Normalization Charge / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO11010030	written	Jan-11	Economic Energy Efficiency Extension (EEExt) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Oct-10	RGGI Recovery Charges (RRC)-Including DR, EEE, CA, S4All, SLII / Cost Recovery
Public Service Electric & Gas Company	E/G	ER10080550	written	Aug-10	Societal Benefits Charge (SBC) / Cost Recovery
Public Service Electric & Gas Company	E	ER10080550	written	Aug-10	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	GR09050422	written/oral	Mar-10	Base Rate Proceeding / Cost of Service & Rate Design
Public Service Electric & Gas Company	E	ER10030220	written	Mar-10	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	E	EO09030249	written	Mar-09	Solar Loan II(SLII) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	EO09010056	written	Feb-09	Economic Energy Efficiency(EEE) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO09020125	written	Feb-09	Solar 4 All (S4All) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E	EO08080544	written	Aug-08	Demand Response (DR) / Revenue Requirements & Rate Design - Program Approval
Public Service Electric & Gas Company	E/G	ER10100737	written	Jun-08	Carbon Abatement (CA) / Revenue Requirements & Rate Design - Program Approval

**PSE&G - Margin Adjustment Clause
Clause Balances Over/(Under) and
Cummulative Interest Summary
Actuals Through April 2020**

		(1) Column 10 from Schedule SS-MAC-3	(2) Column 13 from Schedule SS-MAC-3	(3) Col 1 + Col 2 + Col 3	
	<u>Month</u>	<u>MAC Balance Over/(Under)</u>	<u>Cumulative Interest</u>	<u>Total Over/(Under) Recovery</u>	
A c t u a l s	Sep-19	\$15,151,264	\$1,869,536	\$17,020,800	
	Oct-19	\$15,700,996	\$1,900,002	\$17,600,998	
	Nov-19	\$16,401,978	\$1,931,704	\$18,333,682	
	Dec-19	\$15,483,665	\$1,963,191	\$17,446,857	
	Jan-20	\$14,328,281	\$1,992,630	\$16,320,912	
	Feb-20	\$15,335,945	\$29,293	\$15,365,238	
	Mar-20	\$14,019,652	\$58,282	\$14,077,934	
	Apr-20	\$13,420,068	\$85,379	\$13,505,447	
	Forecast	May-20	\$13,980,757	\$112,437	\$14,093,195
		Jun-20	\$14,571,400	\$140,632	\$14,712,032
Jul-20		\$15,279,654	\$170,110	\$15,449,764	
Aug-20		\$15,957,136	\$200,957	\$16,158,093	
Sep-20		\$16,576,809	\$233,084	\$16,809,893	

**PSE&G - Margin Adjustment Clause
Balance Over/(Under) and Interest Calculation**

MAC Balance

(\$'s - Unless noted)

Actuals Through April 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
						Col 1 - Col 2 - Col 3 - Col 4 - Col 5			Col 6 + Col 7 + Col 8	Prior Col 10 + Col 9		(Prior Col 10 + Col 10) / 2 * (Col 11 / 12)	Prior Col 13 + Col 12	Col 10 + Col 13	
						<u>Carrying Charge on New TSG-NF Customer Connection Investments</u>									
			<u>LVG to TSG-NF Migration</u>	<u>TSG-NF to LVG Migration</u>		<u>TSG-NF Net Margin Revenue</u>	<u>Prior Period Billing Adj.</u>	<u>MAC Credit</u>	<u>MAC Over/(Under) Recovery</u>	<u>MAC Balance</u>	<u>Annual Interest Rate</u>	<u>Interest on Prospective Balance</u>	<u>Cummulative Interest</u>	<u>Total MAC + Accumulated Interest Over/(Under) Recovery</u>	
<u>Month</u>	<u>Total TSG-NF Revenue</u>	<u>Total TSG-NF Expenses</u>													
Monthly Calculations															
A c t u a l s	Sep-19	\$1,595,685	\$496,285	\$13,854	(\$4,043)	\$0	\$1,089,589	\$51,612	(\$459,913)	\$681,288	\$15,151,264	2.37%	\$29,251	\$1,869,536	\$17,020,800
	Oct-19	\$1,866,050	\$631,380	\$14,036	(\$3,750)	\$0	\$1,224,384	\$56,886	(\$731,538)	\$549,732	\$15,700,996	2.37%	\$30,467	\$1,900,002	\$17,600,998
	Nov-19	\$2,056,548	\$625,961	\$15,611	(\$4,158)	\$0	\$1,419,134	\$51,851	(\$770,002)	\$700,983	\$16,401,978	2.37%	\$31,702	\$1,931,704	\$18,333,682
	Dec-19	\$2,315,027	\$719,036	\$19,955	(\$7,660)	\$0	\$1,583,696	\$76,199	(\$2,578,208)	(\$918,313)	\$15,483,665	2.37%	\$31,487	\$1,963,191	\$17,446,857
	Jan-20	\$1,973,527	\$593,301	\$22,968	(\$8,786)	\$0	\$1,366,044	\$92,278	(\$2,613,706)	(\$1,155,384)	\$14,328,281	2.37%	\$29,439	\$1,992,630	\$16,320,912
	Feb-20	\$2,480,700	\$634,933	\$22,000	(\$8,755)	\$0	\$1,832,522	\$96,760	(\$2,914,249)	(\$984,967)	\$15,335,945	2.37%	\$29,293	\$29,293	\$15,365,238
	Mar-20	\$1,698,779	\$588,188	\$20,893	(\$7,736)	\$0	\$1,097,434	\$90,535	(\$2,504,261)	(\$1,316,293)	\$14,019,652	2.37%	\$28,989	\$58,282	\$14,077,934
	Apr-20	\$1,848,101	\$553,810	\$19,456	(\$2,994)	\$0	\$1,277,828	\$63,806	(\$1,941,218)	(\$599,584)	\$13,420,068	2.37%	\$27,097	\$85,379	\$13,505,447
	May-20	\$1,992,287	\$658,994	\$19,456	(\$2,994)	\$0	\$1,316,831	\$93,275	(\$849,417)	\$560,690	\$13,980,757	2.37%	\$27,058	\$112,437	\$14,093,195
	Jun-20	\$1,820,032	\$594,505	\$19,456	(\$2,994)	\$0	\$1,209,065	\$74,707	(\$693,130)	\$590,643	\$14,571,400	2.37%	\$28,195	\$140,632	\$14,712,032
Forecast	Jul-20	\$1,769,980	\$573,559	\$19,456	(\$2,994)	\$0	\$1,179,959	\$61,440	(\$533,145)	\$708,254	\$15,279,654	2.37%	\$29,478	\$170,110	\$15,449,764
	Aug-20	\$1,738,293	\$562,426	\$19,456	(\$2,994)	\$0	\$1,159,405	\$59,135	(\$541,057)	\$677,482	\$15,957,136	2.37%	\$30,846	\$200,957	\$16,158,093
	Sep-20	\$1,667,427	\$521,098	\$19,456	(\$2,994)	\$0	\$1,129,867	\$51,612	(\$561,806)	\$619,673	\$16,576,809	2.37%	\$32,127	\$233,084	\$16,809,893

Table in Swetz Testimony

1	Forecasted Total Over/(Under) Recovery Per Schedule SS-MAC-2	\$16,809,893
2	Forecasted Therms for October 1, 2020 to September 30, 2021	2,578,750,006
3=(1/2)*-1	Margin Adjustment Charge (Per Therm)	(\$0.006519)
4=3*1.06625	Margin Adjustment Charge (Including Sales and Use Tax)	(\$0.006951)
5	Existing Margin Adjustment Charge	(\$0.008665)
6=(3-5)*1	Margin Adjustment Charge Increase / (Decrease)	\$5,533,998

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43

B.P.U.N.J. No. 16 GAS

Superseding

XXX Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge.....	(\$0.006519)
	(\$0.008665)
Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....	(\$0.006951)
	(\$0.009239)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43

B.P.U.N.J. No. 16 GAS

Superseding

XXX Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge (\$0.006519)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....(\$0.006951)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY GAS CUSTOMERS

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S 2020 ANNUAL MARGIN ADJUSTMENT CHARGE (MAC)

Notice of a Filing and Notice of Public Hearings

BPU Docket No. XXXXXXXXXX

TAKE NOTICE that on June 1, 2020 Public Service Electric and Gas Company (Public Service, the Company) filed a Petition with the New Jersey Board of Public Utilities (Board, BPU) requesting to reset the Company's Margin Adjustment Charge (MAC). On January 9, 2002 as a result of the gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service (TSG-NF) rates to customers on Rate Schedules Residential Service (RSG), General Service (GSG), Large Volume Service (LVG), Street Lighting Service (SLG) and Firm Transportation Gas Service (TSG-F). Approval of this filing would decrease the credit to the previously mentioned gas customers. The proposed MAC, if approved by the Board, is shown in Table #1.

The approximate effect of the proposed changes on typical gas residential monthly winter bills, if approved by the Board, is illustrated in Table # 2.

Under the Company's proposal, 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 \$554.26 to \$555.62, or \$1.36 or approximately 0.25%.

Moreover, under the Company's proposal, 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 increase in the annual bill from \$871.88 to \$874.26, or \$2.38 or approximately 0.27%.

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 filing 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.

A copy of the Company's filing is available for review at the PSEG website at <http://www.pseg.com/pseandgfilings>.

Public hearings have been scheduled on the following dates and times so that members of the public may present their views on the Company's filing. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

Date 1, 2020
Time 1

Date 2, 2020
Time 2

Date 3, 2020
Time 3

To encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings.

Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 9th Floor, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch,

or email aida.camacho@bpu.nj.gov, whether or not they participate in the public hearings.

Written comments should reference the name of the petition and the above docket number in the subject line. Written comments will be provided the same weight as statements made at the hearings. Hearings will continue, if necessary, on such additional dates and at such locations as the Board may designate, to ensure that all interested persons are heard.

Table # 1
Margin Adjustment Charge

Rate Schedules	Present \$/therm (Incl. SUT)	Proposed \$/therm (Incl. SUT)
RSG, GSG, LVG, SLG and TSG-F	(\$0.009239)	(\$0.006951)

Table #2
Residential Gas Service

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	\$27.23	\$27.29	\$0.06	0.22%
340	50	45.83	45.94	0.11	0.24
610	100	84.07	84.29	0.22	0.26
1,040	172	138.39	138.78	0.39	0.28
1,210	200	159.49	159.95	0.46	0.29
1,816	300	234.94	235.62	0.68	0.29

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2020.

(2) Same as (1) except includes proposed change in the Margin Adjustment Charge (MAC).

Joseph A. Shea, Jr., Esq.
Associate Counsel - Regulatory

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed change in the gas Margin Adjustment Charge (MAC) on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
25	170	\$226.56	\$226.92	\$0.36	0.16%
50	340	349.60	350.36	0.76	0.22
100	610	554.26	555.62	1.36	0.25
159	1,000	847.79	850.07	2.28	0.27
172	1,040	871.88	874.26	2.38	0.27
200	1,210	997.28	1,000.00	2.72	0.27
300	1,816	1,445.04	1,449.18	4.14	0.29

(1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2020.

(2) Same as (1) except includes change in the Margin Adjustment Charge.

Residential Gas Service					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
170	25	\$27.23	\$27.29	\$0.06	0.22%
340	50	45.83	45.94	0.11	0.24
610	100	84.07	84.29	0.22	0.26
1,040	172	138.39	138.78	0.39	0.28
1,210	200	159.49	159.95	0.46	0.29
1,816	300	234.94	235.62	0.68	0.29

(3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2020.

(4) Same as (3) except includes change in the Margin Adjustment Charge.