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PSEG Services Corporation

June 30, 2021

In The Matter of the Petition of
Public Service Electric And Gas Company
To Revise its Weather Normalization Charge
for the 2021-2022 Annual Period

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, Testimonies of Stephen A. Wreschnig, Donna M. Powell and Stephen Swetz, and Supporting Schedules in the above-referenced proceeding.

Please be advised that workpapers are being provided via electronic version only.

Consistent with the Order issued by the Board in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being filed electronically with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

Very truly yours,

Matthew M. Weissman

Attachment
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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 REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2021-2022 ANNUAL PERIOD	)))))	PETITION BPU Docket No._____

Public Service Electric and Gas Company ("PSE&G" or "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 2.3 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 refund to customers $$1,835,733 over the 2021-2022 Winter Period (*i.e.*, October 1-May 31). The Weather Normalization Charge ("WNC") will be recovered from PSE&G gas customers receiving service under Rate Schedules Residential Service (RSG), General Service (GSG), and Large Volume Gas (LVG) during the 2021-2022 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 2020-2021 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 2020-2021 Winter Period Degree Day Consumption Factors.

7. In addition, the revised WNC Tariff Sheets (Attachment 4) reflect updated Degree Day Consumption Factors for the 2021-2022 Winter Period.

8. Actual heating degree days for the 2020-2021 Winter Period were 269.17 degree days less than the normal heating degree days (adjusted for a ½ percent dead band). *See* Attachment 1, Schedule SAW-WNC-2. The 269.17 heating degree days decrease from the normal degree days results in a Margin Revenue deficiency of $31,244,886. See Attachment 1, Schedule SAW-WNC-2.

9. PSE&G has made four adjustments to the Margin Revenue deficiency to calculate the 2020-2021 WNC deferral and refund 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). The Company has:

a. Applied the WNC Tariff Earnings Test to the calculated margin revenue deficiency as a result of the warmer than normal 2020-2021 Winter Period;

b. Included the remaining 2019-2020 WNC refund balance that was not fully refunded to customers over the 2020-2021 Winter Period due to lower usage from higher than normal temperatures;

c. Included amounts collected from customers as a result of a provisional WNC rate in effect for October and November 2020, that should now be refunded over the 2021-2022 Winter Period; and

d. Included interest due on amounts collected from customers as describe in item 3 above due to the provisional WNC rate in effect during October and November 2020.

11. Based on the Board-approved method for calculating the WNC refund, the Company respectfully requests approval to refund $1,835,733 over the 2021-2022 Winter Period. (See Attachment 2, Schedule DMP-WNC-4).

12. In order to return this over-collection, PSE&G proposes a WNC of ($0.001050) per therm without New Jersey Sales and Use Tax ("SUT") (($0.001120) per Balancing therm including SUT). For the supporting calculation, see Attachment 3, Testimony of Stephen Swetz.

13. As a result of the proposed WNC for the 2021-2022 WNC Winter Period, as described in the testimony of Stephen Swetz, PSE&G's typical residential gas heating customers using 172 therms in a winter month and 1,040 therms annually would experience a decrease in their annual bill from $895.42 to $894.64 or $0.78 or

approximately 0.09%, based upon Delivery Rates and BGSS-RSG charges in effect on June 1, 2021, with the WNC set to the rate that was in effect for the 2020-2021 Annual Period, and assuming the customer receives commodity service from PSE&G.

14. 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 2020-2021 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 2020-2021 Margin Revenue deficiency and adjustment to the WNC balance supporting the proposed 2021-2022 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 2021-2022 Winter

Period and collected from the Company's RSG, GSG, and LVG customers.

d. Proposed B.P.U.N.J. No. 16 Gas Tariff Sheets Nos. 45, 46, and 47 in clean and redlined form (Attachment 4) to become effective on October 1, 2021.

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

COMMUNICATIONS

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CONCLUSION AND REQUESTS FOR APPROVAL

For all the foregoing reasons, PSE&G respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue an order approving this Petition, specifically:

1. Approving the Company's request to refund to the applicable customer classes $1,835,733 in over-collected revenues, which will be refunded over the 2021-2022 Winter Period.

2. Finding that the proposed rates and charges set forth in the proposed tariff for Gas Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 16, Gas Service, referred to herein and as set forth in Attachment 4, are just and reasonable.

3. Authorizing PSE&G to implement the rates proposed herein on or about October 1, 2021.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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DATED: June 30, 2021
Newark, New Jersey

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY TO REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2021-2022 ANNUAL PERIOD	)))))	PETITION BPU Docket No._____

CERTIFICATION

I, David Zarra, of full age, certifies as follows:

1. I am Manager of Revenue Requirements of PSEG Services Corporation.

2. I have read the contents of the foregoing Petition, and the information contained therein are true and correct to the best of my knowledge, information, and belief.

Dated: June 30, 2021

BY _____
David J. Zarra

ATTACHMENT 1

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
STEPHEN A. WRESCHNIG
MANAGER, ELECTRIC AND GAS SALES
AND REVENUE FORECASTING

Q. Please state your name and business address.

A. My name is Stephen A. Wreschnig. My business address is 80 Park Plaza, T-8, Newark, New Jersey 07102.

Q. By whom are you employed and in what capacity?

A. I am Manager, Electric and Gas Sales and Revenue Forecasting for PSEG Services Corporation, a subsidiary of Public Service Enterprise Group Incorporated (PSEG or Enterprise). In this capacity, my major responsibility is the supervision of the development of the electric and gas sales and revenue forecasts for PSE&G.

Q. Please summarize your professional experience in the utility industry.

A. Prior to my association with PSEG, I held the position of Manager, Forecasting & Economic Analysis at Duquesne Light Company from 1999 to 2007. From 1997 until 1999 I was a Director with PNR & Associates, later merged with INDETEC International, a consulting firm specializing in providing market research and forecasting for the utility industry. Prior to this experience, I served

in various forecasting functions at Duquesne Light, Wisconsin Electric Power Company, and the Wisconsin Division of State Energy.

Q. What is your educational background?

A. I received a Master of Science degree in Economics from the University of Wisconsin-Madison. My undergraduate degree is a B.A. in Economics from Michigan State University.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss the calculation of the margin revenues subject to the Weather Normalization Charge (WNC) from the 2020-2021 Winter Period (i.e., the eight consecutive calendar months from October of one calendar year through May of the following calendar year). In addition, I describe the sales forecast of balancing therms that is used in the determination of the Weather Normalization Charge. Finally, I describe the development of the proposed monthly degree day consumption factors and the normal weather data to be used for the 2021-2022 Winter Period.

Q. Does your testimony include any illustrative schedules?

A. Yes. My testimony includes schedules that were prepared by me or under my direction and supervision. The schedules are as follows:

(1) Schedule SAW-WNC-1 shows the true-up calculation for the residential coefficients to account for the difference between the actual and the

projected number of customers on which the coefficients embodied in the tariff were based.

(2) Schedule SAW-WNC-2 compares the actual calendar month degree days for the 2020-2021 Winter Period to the normal calendar month degree days. It also presents the calculation of the deficiency in WNC margin revenues for the 2020/2021 Winter Period.

(3) Schedule SAW-WNC-3 presents the calculation of the average daily usage of gas for the June 2020-September 2020 period used in the calculation of forecasted balancing therms.

(4) Schedule SAW-WNC-4 summarizes the gas calendar-month sales forecast for the October 2021 – May 2022 recovery period and presents the calculation of the balancing therms.

(5) Schedule SAW-WNC-5 shows the calculation of the Residential Service (RSG) rate-specific balancing therm share of delivered sales for the October 2021-September 2022 period.

(6) Schedule SAW-WNC-6 presents the development of the proposed WNC monthly Degree Day Consumption Factors to be used for the 2021-2022 Winter Period.

(7) Schedule SAW-WNC-7 contains the updated base level of normal degree days for the 2021-2022 Winter Period based on the 20 year period ending December 2020.

(8) Schedule SAW-WNC-8 contains the the Gas Sales Forecast Model Documentation

Q. Please describe the Weather Normalization Charge.

A. The Company's WNC is a rate mechanism that, in general, mitigates the financial effect of variations from the normal weather on which base rates are set, on both the company and its customers receiving service under the RSG, General Service (GSG), and the Large Volume Service (LVG) rate schedules. Variances in actual degree days from normal for each day are measured and accumulated over the calendar-month for each month in the Winter Period. These monthly variances are adjusted for a degree day deadband which is ½ percent of the normal calendar-month degree days. The resulting cumulative degree day variance, along with the trued-up degree day consumption factors, determines, along with any prior WNC balances, the adjustment to customers' bills in the following Winter Period. This adjustment is either a surcharge to collect a revenue deficiency as a result of warmer than normal weather or a credit to customers to refund the excess revenues collected as a result of colder than normal weather.

Q. How are the trued-up monthly degree day consumption factors developed?

A. The monthly degree day consumption factors for the RSG Heating customers and for the RSG Non-Heating customers are based on regression models of use per customer. The consumption factor for these two customer groups are, as a result, calculated by multiplying the consumption factor per customer by the forecasted number of customers in each month. The trued-up consumption

factors for these two groups are the consumption factors embodied in the tariff adjusted to reflect the actual number of customers during the months of the 2020-2021 Winter Period. The trued-up monthly degree day consumption factors are calculated, as Schedule SAW-WNC-1 shows, by multiplying the RSG Heating and the RSG Non-Heating degree day consumption factors by the ratio of the actual number of customers to the forecasted number of customers that were incorporated into the original calculation.

Q. Are the degree day consumption factors for Residential Service the only consumption factors that are trued-up?

A. Yes they are.

Q. What is the result of the comparison of the actual heating degree days experienced in the most recent winter 2020-2021 Winter Period and the normal calendar-month heating degree days?

A. For the 2020-2021 Winter Period, the actual heating degree days were 281.30 less than the normal heating degree days. The WNC requires that the heating degree day monthly variances must be adjusted for the ½ percent deadband in which the WNC is operable. After this adjustment, the cumulative actual heating degree days were 269.17 less than normal. See Schedule SAW-WNC-2.

Q. What is the impact of the deadband adjusted heating degree variance on margin revenues?

A. The 269.17 heating degree days decrease from the normal degree day total results in a margin revenue deficiency of $31,244,886. The calculations of the heating degree day variance and the margin revenue impact are set forth on Schedule SAW-WNC-2.

Q. What is the methodology used to project firm gas sales for the recovery year in order to derive the Company's WNC rates?

A. The forecast and the methodology used to project firm gas sales for the recovery year in order to derive the Company's WNC rates is the same as the sales forecast which supports PSE&G's Basic Gas Supply Service (BGSS) filing of June 1, 2021. A summary of the forecast of normalized gas sales for the eight month period of October 2021 through May 2022 is set forth on Schedule SAW-WNC-4.

Q. How was the sales forecast summarized in Schedule SAW-WNC-4 developed?

A. The sales forecast summarized in Schedule SAW-WNC-4 is for firm sales by customer class and rate. This forecast was developed from a set of econometric models in which the customer-class, rate specific sales, or sales per customer in the case of the residential models, were regressed on a set of variables including those that captured both weather and economic factors that influence sales. The estimated models are then used to forecast consumption under normal weather conditions with projected levels of economic and demographic activity. The

forecast is then adjusted for the estimated impacts of energy efficiency measures not captured in the econometric models. The forecast models and the methodology employed are described in detail in Schedule SAW-WNC-8 of my testimony.

Q. How is the forecast of balancing therms developed?

A. The projected balancing therms are calculated by subtracting the projected class and rate-specific average daily usage during the billing months of June 2021 through September 2021 from the total delivered calendar-month sales for the months of October 2021 through May 2022 as stipulated in Docket No. GR19060699. The projected average daily use is derived from the billing-month forecast described above divided by the average number of days in the billing-month. This calculation is shown in Schedule SAW-WNC-3. This average use is then multiplied by the number of days in the calendar-month and subtracted from the total projected calendar-month sales. In the case that the balancing therms calculated are less than zero, they are set to zero. This calculation is shown in Schedule SAW-WNC-4.

Q. What percentage of the RSG total delivered sales is the forecasted balancing therms that is to be used in the calculation of the RSG 3.0% Rate Cap Limit for the 2019-2020 Winter Period?

A. The projected balancing therms are estimated to be 73.33 percent of RSG delivered sales. See Schedule SAW-WNC-5.

Q. How are the updated monthly degree day consumption factors developed?

A. Schedule SAW-WNC-6 shows the calculation of the new monthly degree day consumption factors to be utilized in the 2021-2022 Winter Period. The calculation is based on the estimated coefficients from the models, as described above. The impact of the monthly degree days is the sum of the coefficient on the heating degree day variable and the product of the coefficient and the value of the economic/demographic variable of any variable and or variables that are interactive with heating degree days, such as the price-heating degree day interactive variable, to arrive at the total therm per heating degree day estimate. In the case of the residential rates, this is multiplied by the projected number of customers since the models, and as a result the coefficients, are based on sales per customer – not on total customers.

Q. Have the base level of normal degree days for the defined Winter Period months been updated?

A. Yes, the base level of normal degree days for the defined winter period months for the 2021-2022 Winter Period have been calculated based on the 20-year period ending December 2020 and are shown in Schedule SAW-WNC-7.

Q. Does this conclude your testimony?

A. Yes, it does.

SCHEDULE SAW-WNC-1

Calculation of the Customer True-Up to the RSG-Residential Degree Day Consumption Factors

	RSG-Residential Heating					RSG-Residential Non-Heating				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			(2) / (1)		(4) x (3)			(7) / (6)		(9) x (8)
	Customers			Consumption	Trued-Up Consumption	Customers			Consumption	Trued-Up Consumption
Month	Forecast	Actual	Adjustment	Factor	Factor	Forecast	Actual	Adjustment	Factor	Factor
Oct-20	1,474,832	1,473,127	0.9988439	157,174	156,992	234,476	235,378	1.0038469	(2,282)	(2,291)
Nov-20	1,478,391	1,474,070	0.9970772	248,711	247,984	235,844	234,781	0.9954928	3,549	3,533
Dec-20	1,477,087	1,475,095	0.9986514	247,054	246,721	235,296	233,828	0.9937610	4,468	4,440
Jan-21	1,466,611	1,476,112	1.0064782	288,954	290,826	244,586	231,536	0.9466445	4,382	4,148
Feb-21	1,473,364	1,475,108	1.0011837	283,804	284,140	238,826	230,774	0.9662851	4,006	3,871
Mar-21	1,458,391	1,481,349	1.0157420	277,989	282,365	234,493	231,816	0.9885839	4,072	4,026
Apr-21	1,500,521	1,481,319	0.9872031	275,716	272,188	233,944	232,043	0.9918741	4,461	4,425
May-21	1,485,863	1,481,168	0.9968402	195,966	195,347	232,958	231,444	0.9935010	3,417	3,395

SCHEDULE SAW-WNC-2

Margin Revenue Deficiency/Surplus Calculation 2020-2021 Winter Period

Degree Day Consumption Factors

	RSG-Residential		Commercial			Industrial			Heating Degree Days			
			GSG		LVG	GSG		LVG				
Month	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating		Normal	Actual	Deadband	Variance
Oct-20	156,992	-2,291	20,172	874	88,054	446	-	7,783	237.73	213.21	1.19	23.33
Nov-20	247,984	3,533	36,363	2,550	88,054	1,166	136	7,783	526.11	398.19	2.63	125.29
Dec-20	246,721	4,440	50,391	3,626	88,054	2,178	196	7,783	829.32	827.71	4.15	0.00
Jan-21	290,826	4,148	65,414	3,831	88,805	2,589	229	7,624	1004.41	951.50	5.02	47.89
Feb-21	284,140	3,871	51,917	3,959	88,805	1,758	234	7,624	838.29	890.54	4.19	-48.06
Mar-21	282,365	4,026	54,744	3,974	88,805	2,213	235	7,624	693.37	602.96	3.47	86.94
Apr-21	272,188	4,425	57,510	4,027	88,805	1,739	233	7,624	354.96	321.25	1.77	31.94
May-21	195,347	3,395	7,264	3,961	88,805	960	136	7,624	125.01	122.54	0.63	1.84
Total									4,609.20	4,327.90	23.05	269.17

Therm Deficiency/(Surplus) - HDD Variance x Degree Day Consumption Factors

	RSG-Residential		Commercial			Industrial			Margin Revenue Factors		
			GSG		LVG	GSG		LVG			
Month	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating		RSG	GSG	LVG
Oct-20	3,662,623	(53,449)	470,613	20,390	2,054,300	10,405	-	181,577	$ 0.370528	$ 0.293661	$ 0.042150
Nov-20	31,069,915	442,650	4,555,920	319,490	11,032,286	146,088	17,039	975,132	$ 0.370528	$ 0.293661	$ 0.042150
Dec-20	-	-	-	-	-	-	-	-	$ 0.381121	$ 0.299346	$ 0.042427
Jan-21	13,927,657	198,648	3,132,676	183,467	4,252,871	123,987	10,967	365,113	$ 0.381121	$ 0.299346	$ 0.042427
Feb-21	(13,655,768)	(186,040)	(2,495,131)	(190,270)	(4,267,968)	(84,489)	(11,246)	(366,409)	$ 0.381121	$ 0.299346	$ 0.042427
Mar-21	24,548,813	350,020	4,759,443	345,500	7,720,707	192,398	20,431	662,831	$ 0.381121	$ 0.299346	$ 0.042427
Apr-21	8,693,685	141,335	1,836,869	128,622	2,836,432	55,544	7,442	243,511	$ 0.381121	$ 0.299346	$ 0.042427
May-21	359,438	6,247	13,366	7,288	163,401	1,766	250	14,028	$ 0.381121	$ 0.299346	$ 0.042427
Total	68,606,364	899,410	12,273,757	814,487	23,792,028	445,699	44,883	2,075,783			

Margin Revenue Deficiency/(Surplus) - Therm Deficiency/(Surplus) x Margin Revenue Factors

	RSG-Residential		Commercial			Industrial			Rate Total			
			GSG		LVG	GSG		LVG				
Month	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating		RSG	GSG	LVG	Total
Oct-20	$ 1,357,105	$ (19,804)	$ 138,201	$ 5,988	$ 86,589	$ 3,056	$ -	$ 7,653	$ 1,337,300	$ 147,244	$ 94,242	$ 1,578,786
Nov-20	$ 11,512,274	$ 164,014	$ 1,337,896	$ 93,822	$ 465,011	$ 42,900	$ 5,004	$ 41,102	$ 11,676,288	$ 1,479,622	$ 506,113	$ 13,662,022
Dec-20	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Jan-21	$ 5,308,123	$ 75,709	$ 937,754	$ 54,920	$ 180,437	$ 37,115	$ 3,283	$ 15,491	$ 5,383,831	$ 1,033,072	$ 195,927	$ 6,612,831
Feb-21	$ (5,204,500)	$ (70,904)	$ (746,907)	$ (56,956)	$ (181,077)	$ (25,292)	$ (3,366)	$ (15,546)	$ (5,275,404)	$ (832,522)	$ (196,623)	$ (6,304,549)
Mar-21	$ 9,356,068	$ 133,400	$ 1,424,720	$ 103,424	$ 327,566	$ 57,594	$ 6,116	$ 28,122	$ 9,489,468	$ 1,591,854	$ 355,688	$ 11,437,010
Apr-21	$ 3,313,346	$ 53,866	$ 549,860	$ 38,503	$ 120,341	$ 16,627	$ 2,228	$ 10,331	$ 3,367,211	$ 607,217	$ 130,673	$ 4,105,101
May-21	$ 136,990	$ 2,381	$ 4,001	$ 2,182	$ 6,933	$ 529	$ 75	$ 595	$ 139,370	$ 6,786	$ 7,528	$ 153,685
Total	$ 25,779,404	$ 338,661	$ 3,645,524	$ 241,881	$ 1,005,799	$ 132,529	$ 13,339	$ 87,749	$ 26,118,065	$ 4,033,273	$ 1,093,548	$ 31,244,886

SCHEDULE SAW-WNC-3

Calculation of Forecasted June 2021-September 2021 Average Daily Usage

Class	Rate	Group	Billed Therm Sales					Therms per Day
			June-21	July-21	August-21	September-21	Total	
Residential	**RSG**	**Heating**	45,973,000	30,741,000	25,422,000	29,704,000	131,840,000	1,085,741
		Non-Heating	2,592,000	1,976,000	1,650,000	1,775,000	7,993,000	65,825
Commercial	**GSG**	**Heating**	5,893,000	5,035,000	4,471,000	4,767,000	20,166,000	166,073
		Non-Heating	2,331,000	2,009,000	1,798,000	1,846,000	7,984,000	65,751
	LVG		23,714,000	21,219,000	21,103,000	20,802,000	86,838,000	715,136
Industrial	**GSG**	**Heating**	151,000	125,000	189,000	96,000	561,000	4,620
		Non-Heating	54,000	49,000	33,000	36,000	172,000	1,416
	LVG		4,966,000	4,921,000	3,984,000	3,645,000	17,516,000	144,249
Average Billing-Month Days			30.62	30.86	29.38	30.57	121.4286	

SCHEDULE SAW-WNC-4

Balancing Therm Use Calculation, October 2020 - May 2021
(therms)

Class	Rate	Group	Category	October-21	November-21	December-21	January-22	February-22	March-22	April-22	May-22	October-21 September-22
Residential	**RSG**	**Heating**	**Delivered Sales**	62,560,402	146,513,351	250,018,815	292,882,003	257,799,088	202,944,646	111,633,863	51,153,888	1,498,567,995
			less: **Jun-Sep Ave x Days**	33,657,971	32,572,230	33,657,971	33,657,971	30,400,748	33,657,971	32,572,230	33,657,971	
			equals: **Balancing Use**	28,902,431	113,941,121	216,360,844	259,224,032	227,398,340	169,286,675	79,061,633	17,495,917	1,111,670,993
		Non-Heating	**Delivered Sales**	1,901,264	3,729,267	4,871,354	7,189,924	4,847,801	4,076,988	3,440,600	2,616,966	40,270,969
			less: **Jun-Sep Ave x Days**	2,040,575	1,974,750	2,040,575	2,040,575	1,843,100	2,040,575	1,974,750	2,040,575	
			equals: **Balancing Use**	-	1,754,517	2,830,779	5,149,349	3,004,701	2,036,413	1,465,850	576,391	16,818,000
Commercial	**GSG**	**Heating**	**Delivered Sales**	6,657,941	23,146,432	38,340,189	47,794,313	40,641,958	31,573,897	18,036,007	8,879,321	233,143,808
			less: **Jun-Sep Ave x Days**	5,148,263	4,982,190	5,148,263	5,148,263	4,650,044	5,148,263	4,982,190	5,148,263	
			equals: **Balancing Use**	1,509,678	18,164,242	33,191,926	42,646,050	35,991,914	26,425,634	13,053,817	3,731,058	174,714,319
		Non-Heating	**Delivered Sales**	2,241,627	3,547,026	5,247,802	5,635,776	5,509,680	4,824,700	3,395,350	2,504,058	40,722,395
			less: **Jun-Sep Ave x Days**	2,038,281	1,972,530	2,038,281	2,038,281	1,841,028	2,038,281	1,972,530	2,038,281	
			equals: **Balancing Use**	203,346	1,574,496	3,209,521	3,597,495	3,668,652	2,786,419	1,422,820	465,777	16,928,526
	LVG		**Delivered Sales**	34,110,043	53,327,366	87,392,876	112,690,244	97,916,181	90,564,968	59,965,412	29,835,128	657,728,022
			less: **Jun-Sep Ave x Days**	22,169,216	21,454,080	22,169,216	22,169,216	20,023,808	22,169,216	21,454,080	22,169,216	
			equals: **Balancing Use**	11,940,827	31,873,286	65,223,660	90,521,028	77,892,373	68,395,752	38,511,332	7,665,912	392,024,170
Industrial	**GSG**	**Heating**	**Delivered Sales**	236,125	836,487	1,635,641	2,147,338	1,784,482	1,278,709	673,707	237,434	9,334,959
			less: **Jun-Sep Ave x Days**	143,220	138,600	143,220	143,220	129,360	143,220	138,600	143,220	
			equals: **Balancing Use**	92,905	697,887	1,492,421	2,004,118	1,655,122	1,135,489	535,107	94,214	7,707,263
		Non-Heating	**Delivered Sales**	52,703	146,433	255,316	307,646	257,272	211,037	144,967	58,948	1,596,035
			less: **Jun-Sep Ave x Days**	43,896	42,480	43,896	43,896	39,648	43,896	42,480	43,896	
			equals: **Balancing Use**	8,807	103,953	211,420	263,750	217,624	167,141	102,487	15,052	1,090,234
	LVG		**Delivered Sales**	5,198,162	5,807,948	8,973,224	11,014,401	10,049,567	10,255,113	5,460,394	5,230,818	79,380,821
			less: **Jun-Sep Ave x Days**	4,471,719	4,327,470	4,471,719	4,471,719	4,038,972	4,471,719	4,327,470	4,471,719	
			equals: **Balancing Use**	726,443	1,480,478	4,501,505	6,542,682	6,010,595	5,783,394	1,132,924	759,099	26,937,120
Total			**Delivered Sales**	112,958,267	237,054,310	396,735,217	479,661,645	418,806,029	345,730,058	202,750,300	100,516,561	2,560,745,004
			less: **Jun-Sep Ave x Days**	69,573,830	67,464,330	69,713,141	69,713,141	62,966,708	69,713,141	67,464,330	69,713,141	
			equals: **Balancing Use**	43,384,437	169,589,980	327,022,076	409,948,504	355,839,321	276,016,917	135,285,970	30,803,420	1,747,890,625

RSG Balancing Therm Share of Delivered Sales Calculation, October 2020-September 2021
(therms)

Rate	Class	Group	Category	October-21	November-21	December-21	January-22	February-22	March-22	April-22	May-22	June-22	July-22	August-22	September-22	Total	Balancing / Delivered (percent)
RSG	Residential	Heating	Balancing Use	28,902,431	113,941,121	216,360,844	259,224,032	227,398,340	169,286,675	79,061,633	17,495,917	-	-	-	-	1,111,670,993	
			Delivered Sales	62,560,402	146,513,351	250,018,815	292,882,003	257,799,088	202,944,646	111,633,863	51,153,888	39,825,698	28,745,041	24,671,412	29,819,786	1,498,567,993	
		Non-Heating	Balancing Use	-	1,754,517	2,830,779	5,149,349	3,004,701	2,036,413	1,465,850	576,391	-	-	-	-	16,818,000	
			Delivered Sales	1,901,264	3,729,267	4,871,354	7,189,924	4,847,801	4,076,988	3,440,600	2,616,966	2,338,228	1,962,570	1,626,425	1,669,582	40,270,969	
		Total	Balancing Use	28,902,431	115,695,638	219,191,623	264,373,381	230,403,041	171,323,088	80,527,483	18,072,308	-	-	-	-	1,128,488,993	73.33%
			Delivered Sales	64,461,666	150,242,618	254,890,169	300,071,927	262,646,889	207,021,634	115,074,463	53,770,854	42,163,926	30,707,611	26,297,837	31,489,368	1,538,838,962	

Degree Day Consumption Factor Calculation

RSG Heating

Month	HDD	Post-2008	Transferred Customers	HDDxWage Coefficient	HDD x Price Coefficient	Value			Degree Day Consumption Factor
						Real Price	Wage	Customers	
Oct-21		(0.0066)	(0.0015)	0.0012		0.7620	79.8690	1,473,418	133,337
Nov-21		(0.0066)	(0.0015)	0.0020		0.7620	79.8690	1,481,940	222,287
Dec-21	0.1242	(0.0066)	(0.0015)	0.0006		0.7620	79.8690	1,480,247	246,925
Jan-22	0.20345	(0.0066)	(0.0015)			0.7279	81.6000	1,467,017	286,636
Feb-22	0.20335	(0.0066)	(0.0015)		(0.0046)	0.7279	81.6000	1,471,634	282,495
Mar-22	0.20206	(0.0066)	(0.0015)		(0.0046)	0.7279	81.6000	1,478,263	281,861
Apr-22	0.19631	(0.0066)	(0.0015)		(0.0067)	0.7279	81.6000	1,483,298	272,046
May-22	0.14524	(0.0066)	(0.0015)		(0.0067)	0.7279	81.6000	1,482,446	196,181

RSG Non-Heating

HDD	HDD x Price Coefficient	Transferred Customers	Value		Degree Day Consumption Factor
			Real Price	Customers	
0.0140		(0.0249)	0.8786	236,153	(2,565)
0.0546	(0.0197)	(0.0249)	0.8786	238,062	2,959
0.0586	(0.0191)	(0.0249)	0.8786	237,100	4,020
0.0591	(0.0196)	(0.0249)	0.8422	245,669	4,356
0.0567	(0.0181)	(0.0249)	0.8422	239,883	3,981
0.0561	(0.0168)	(0.0249)	0.8422	235,531	4,025
0.0566	(0.0153)	(0.0249)	0.8422	234,980	4,430
0.0394	-	(0.0249)	0.8422	233,989	3,402

	Commercial GSG Heating						Commercial GSG Non-Heating	
		HDDxPrice		HDDxHouseholds		Degree Day Consumption		Degree Day Consumption
Month	HDD	Coefficient	Value	Coefficient	Value	Factor	HDD	Factor
Oct-21				0.0000	3,375	0	878	878
Nov-21		(10,844)	0.8897	14.1914	3,375	38,241	2,569	2,569
Dec-21		(8,416)	0.8897	17.1620	3,375	50,426	3,654	3,654
Jan-22		(7,124)	0.8779	18.5753	3,378	56,485	3,840	3,840
Feb-22		(8,367)	0.8779	17.5677	3,378	51,991	3,968	3,968
Mar-22		(7,646)	0.8779	18.0218	3,378	54,157	3,985	3,985
Apr-22		(14,046)	0.8779	20.8104	3,378	57,958	4,044	4,044
May-22		-	0.8779	0.0000	3,378	0	4,003	4,003

	Industrial GSG Heating		Industrial GSG Non-Heating	
Month	HDD Coefficient	Degree Day Consumption Factor	HDD Coefficient	Degree Day Consumption Factor
Oct-21	439.86	440	0.00	0
Nov-21	1166.98	1167	139.93	140
Dec-21	2185.54	2186	201.95	202
Jan-22	2588.26	2588	230.27	230
Feb-22	1758.22	1758	235.13	235
Mar-22	2212.86	2213	236.54	237
Apr-22	1741.24	1741	235.47	235
May-22	967.16	967	143.45	143

Month	Commercial LVG					Industrial LVG				
	HDDxCust		HDDxPrice		Degree Day Consumption Factor	HDDxMfg		HDDxPrice		Degree Day Consumption Factor
	Coefficient	Value	Coefficient	Value		Coefficient	Value	Coefficient	Value	
Oct-21	28.8167	3374.52	(8,953.99)	0.7319	90,689	35.9237	228.73	(1,561.12)	0.70	7,116
Nov-21	28.8167	3374.52	(8,953.99)	0.7319	90,689	35.9237	228.73	(1,561.12)	0.70	7,116
Dec-21	28.8167	3374.52	(8,953.99)	0.7319	90,689	35.9237	228.73	(1,561.12)	0.70	7,116
Jan-22	28.8167	3377.57	(8,953.99)	0.7222	90,864	35.9237	231.57	(1,561.12)	0.70	7,233
Feb-22	28.8167	3377.57	(8,953.99)	0.7222	90,864	35.9237	231.57	(1,561.12)	0.70	7,233
Mar-22	28.8167	3377.57	(8,953.99)	0.7222	90,864	35.9237	231.57	(1,561.12)	0.70	7,233
Apr-22	28.8167	3377.57	(8,953.99)	0.7222	90,864	35.9237	231.57	(1,561.12)	0.70	7,233
May-22	28.8167	3377.57	(8,953.99)	0.7222	90,864	35.9237	231.57	(1,561.12)	0.70	7,233

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Normal Monthly Weather
(2001-2020 Average)

Calendar Month	Degree Days
October-21	235.50
November-21	516.42
December-21	818.04
January-22	992.26
February-22	833.48
March-22	693.11
April-22	356.57
May-22	128.06

Natural Gas Sales Forecast - 2021

Public Service Electric & Gas Company

Finance Department

Electric and Gas Sales and Revenue Forecasting Group

April 2021

Contents

Introduction

The natural gas sales forecast has a key role in both the operating and financial planning processes of Public Service Electric & Gas (PSE&G).

The volumetric and maximum day sendout projections are used in the development of strategies for optimal gas procurement by PSE&G's BGSS supplier.

The sales forecast also serves as the basis for the natural gas revenue forecast that is a key parameter in PSE&G's financial planning process. This includes not only the budgeting process but also the regulatory process.

The purpose of this document is to describe the current forecast methodology, forecast assumptions, and the 2021 gas sales forecast. The first section describes the econometric sales models. A discussion of the forecast assumptions used to develop the sales forecast follows. Section III describes the maximum daily send-out projection. An appendix contains more detailed information on the billing period to calendar month conversion, and forecast tables.

I Model Specification and Estimation

Residential Model

Residential gas sales are determined by the number of residential customers and the amount of gas that each of these customers uses. As a result, the modeling of residential sales is disaggregated into two components: the projection of the number of customers and the estimate of what, on average, each of these customers will use. While the projection of the number of residential natural gas customers can be based on historical trends and expected residential construction activity in the service area, the models utilized to develop the average use forecast are more complicated and are described below.

The demand for energy is a derived demand from the demand for the services that the energy provides. In the case of gas in the residential sector, this is a demand for the three main end-uses of gas: space heating, water heating, and cooking. Standard microeconomic theory suggests that the demand for these gas-fueled end-uses is a function of the real, i.e. inflation adjusted, price of gas, and the income of the household. In addition, since space heating and, to a lesser extent, water heating is affected by the weather; weather also needs to be included in the model specification, i.e.

THERM/CUST = *f*(PRICEGAS, INCOME, WEATHER) [1]

where:

THERM/CUST	= Average gas sales per customer,
PRICEGAS	= Real price of gas,
INCOME	= Measure of customer income,
WEATHER	= Billing-month weather.

While information on individual appliance ownership and consumption is not available, PSE&G does segregate its Residential customer data into those customers that have gas space heating and those that do not. As a result, separate models estimating the average gas sales for space heating customers and non-space heating customers were developed.

Weather is incorporated into the models using billing-month heating degree days (HDD). To allow for the possibility of month-specific response to weather, the heating degree data was multiplied by monthly binary variables to produce month-specific HDD independent variables.

The real price of gas was defined as the annual average revenue per therm divided by the Consumers' Price Index –All Urban Consumers. However, the extreme seasonality of monthly gas consumption made the utilization of this variable directly in a linear specification impractical because it is unrealistic to expect that a change in price would have the same impact, measured in therms,

in January, a high consumption month, as in July where consumption can be only one-tenth the January volume. As a result, this variable was incorporated as an interactive variable with HDD to create the effect that a change in price will affect the magnitude of the response to weather, i.e. a small response in the summer months and a much larger response during the space heating season.

Income is defined as the total real wages and salary disbursements for New Jersey from the U.S. Department of Commerce, Bureau of Economic Analysis. This is a narrower measure than personal income, omitting for example dividends, interest and rental income, and, as a result, is assumed to more accurately reflect the economic well-being of the majority of our customers. The incorporation of this variable directly into a linear specification suffers from the same drawback as that of the price. As a result, this variable was also incorporated into the specification as an interactive variable with HDD. In the models the economic variables were lagged one year to account for the delay in the impact that these variables have on consumer behavior.

As a result, the final functional form of the model that was estimated is:

$$THERM/CUST_t = f(\overline{MONTH}xHDD_t \times PRICEGAS_{a-1}, \overline{MONTH}xHDD_t \times INCOME_{a-1}, \overline{MONTH}xHDD_t) \quad [2]$$

where:

THERM/CUST	= Average gas sales per customer,
PRICEGAS	= Real price of gas,
INCOME	= Real Wage and Salary Disbursements,
$\overline{HDD}$	= Heating degree days,
$\overline{MONTH}$	= Vector of binary variables for each heating month,
t	= Billing-month,
a	= Year associated with billing-month, t.

The models were estimated using monthly data from January 2006 to December 2019 period (excluding data from 2009 due to distortions resulting from the implementation of a new billing system.)The results of the OLS estimation procedure are summarized in Table 1 and Figures 1 and 2.

As Figures 1 and 2 illustrate, the high values of the coefficients of determination of both the model for gas space heating customers and the model of those customers without gas heating explain an extremely high proportion of the variation from the mean values. The estimates of the individual coefficients of the RSG model estimations are what one would expect given the characteristics of residential natural gas consumption. The key predictor of gas sales to this sector is weather with the weather having a greater impact on those customers with gas space heating than those without. Price is a factor for residential customers during the winter months but, its impact is relatively small.

Figure 1

RSG Space Heating Model

Actual vs. Fitted Values

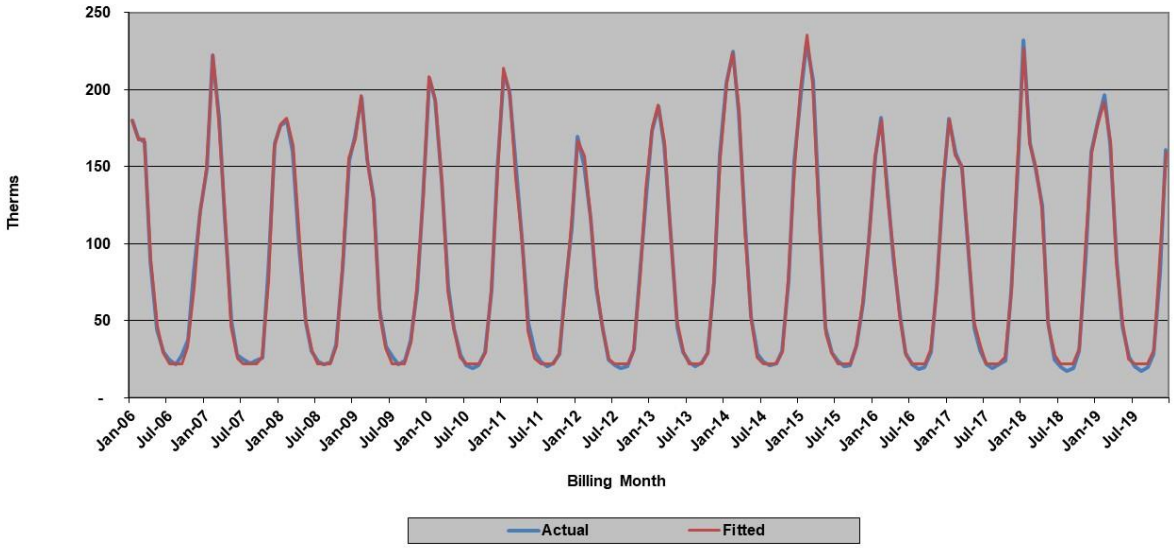
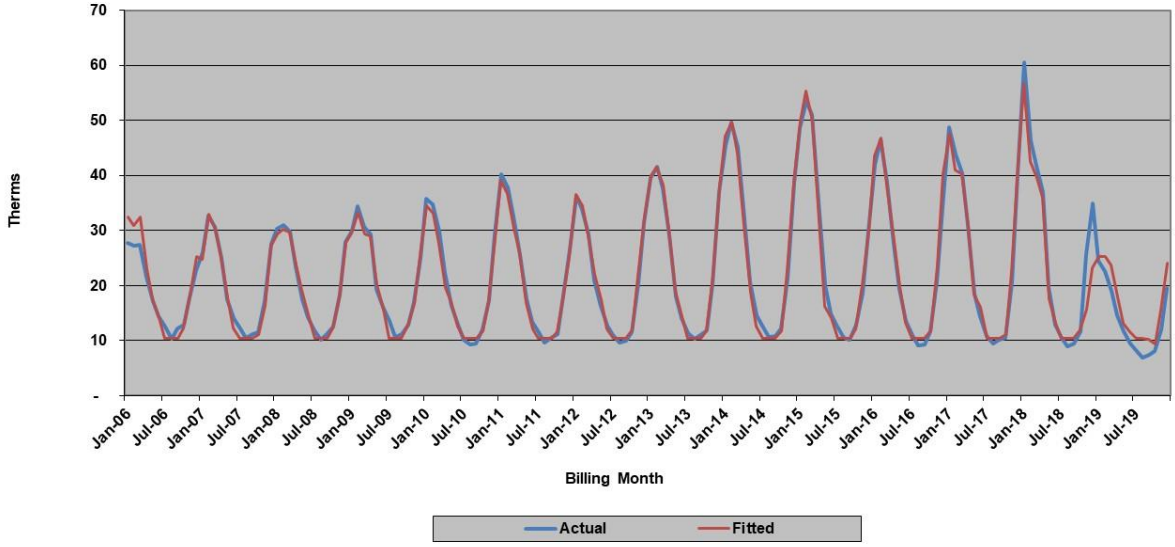


Figure 2

RSG Non-Space Heating Model

Actual vs. Fitted Values



The price elasticity estimates were estimated to be -0.0142 and -0.42 for space heating and non-space heating customers, respectively and consistent with lower gas prices and the lack of a surge in consumption in response to them. The non-space heating elasticity is the result of a similar therm impact of price but, measured over a much smaller base usage. Income was found to have an effect on gas consumption by space heating customers in the fall. This is consistent with income changes resulting affecting when space heating equipment is turned on. The economic downturn appeared to result in a delay in turning on this equipment in the fall reducing use.

Table 1

Estimated Coefficients of the Residential Models

(standard errors in parentheses)

	JAN	FEB	MAR	APR	MAY	JUNE	OCT	NOV	DEC	R2
HEATING										
HDD	0.20345 (0.007)	0.20335 (0.007)	0.20206 (0.007)	0.19631 (0.010)	0.14524 (0.007)	0.16500 (0.020)			0.12416 (0.017)	0.999
		FEB -MAR	APR-MAY							
PRICE x HDD		-0.00457 (0.002)	-0.00665 (0.004)							
WAGE x HDD							0.00123 (0.00012)	0.00198 (0.00003)	0.00064 (0.00023)	
I-POWER	-0.00659 (0.00126)									
RSG-TRAN	-0.00147 (0.00158)									
	JAN	**FEB**	**MAR**	**APR**	**MAY**	**JUNE**	**OCT**	**NOV**	**DEC**	**R2**
NON-HEATING										
HDD	0.05905 (0.002)	0.05667 (0.002)	0.05612 (0.003)	0.05658 (0.004)	0.03936 (0.004)	0.08050 (0.017)	0.01401 (0.007)	0.05460 (0.006)	0.05860 (0.003)	0.974
PRICE x HDD	-0.01961 (0.002)	-0.01809 (0.002)	-0.01678 (0.002)	-0.01533 (0.003)				-0.01967 (0.002)	-0.01908 (0.003)	
RSG-TRAN	-0.02486 (0.00122)									

The second key element of the residential forecast, as noted above, is the projection of the number of residential natural gas customers. This forecast is based on historical trends between customer growth and residential construction activity in the service area and is discussed in the Forecast Assumptions section.

Commercial

The demand for natural gas by the non-residential sector, as with any other factor of production, is a function of the input's price, the price of substitutes (if any) and the level of production. This implies that gas sales to the commercial sector is a function of the real price of gas and the level of "output" of the commercial sector in PSE&G's service territory, i.e. Again, since gas is primarily used for space and/or water heating, weather needs to be included in the specification resulting in the following:

THERMS = *f*(PRICEGAS, OUTPUT, HDD) [3]

where:

THERMS	= Gas Sales,
PRICEGAS	= Real price of gas,
OUTPUT	= Commercial sector output,
HDD	= Heating degree days.

The problem with this specification is that there is not a good measure of output for the local commercial sector. However, if it is assumed that the demand for local commercial output is a function of the local economic and demographic factors, i.e., how many households there are (HSH) and how much money do they have to spend (INCOME), commercial output can then be defined as:

OUTPUT = *f*(INCOME, HSH) [4]

Substituting [4] into [3] yields:

THERMS = *f*(PRICEGAS, INCOME, HSH, HDD) [5]

LVG model was estimated for customers in the commercial sector using monthly billing data from January 2005 to December 2019 period (again, excluding 2009).The firm delivery customers in this class whose usage does not exceed 300 Dth are served under rate GSG. These customers are further disaggregated into those with gas space heat and those that heat with other fuels. These two groups of customers are modeled separately. Time period for GSG models set from January 2007 to December 2019 period in order to get better estimation results. The larger commercial customers are served under rate LVG. These are also modeled separately.

Historical annual household estimates for New Jersey is available from the U.S. Bureau of the Census. As with the residential models, the strong seasonality associated with commercial gas sales dictates that the economic/demographic variables can be used in the model directly but, need to be used as interactive variables with HDD. In addition, in the models the economic variables were lagged one year to account for the delay in the impact that these variables have

on consumer behavior. As a result, the functional form that was estimated for each of the three groups of commercial customers is[1]:

$$THERMS_t = f(\overline{MONTH} \times HDD_t \times PRICEGAS_{a-1},\ \overline{MONTH} \times HDD_t \times INCOME_{a-1},\ \overline{MONTH} \times HDD_t \times HSH_{a-1,}\ HDD_t) \quad [6]$$

where:

THERMS	= Gas sales,
PRICEGAS	= Real price of gas,
INCOME	= Real Wage and Salary Disbursements,
HDD	= Heating degree days,
MONTH	= Vector of binary variables for each heating month,
t	= Billing-month,
a	= Year associated with billing-month, t.

The results of the OLS estimation procedure, summarized in Figures 3-5, show that the commercial models also fit the historical data well.

The estimated coefficients of the three commercial models indicate that while the small commercial space heating are sensitive to price, with an estimated elasticity of -0.1429 the non-space heating customers are not, and the large commercial LVG customers are sensitive to price, with an estimated elasticity of -0.043. In addition, while the coefficients on households, the economic indicator in the models, are highly statistically significant, this does not imply large sales increases given the anticipated slow growth in the number of households.

[1] It was not necessary to incorporate month-specific HDD specification since the LVG sales are less sensitive to the weather.

Figure 3
GSG Commercial Space Heating Model
Actual vs. Fitted Values

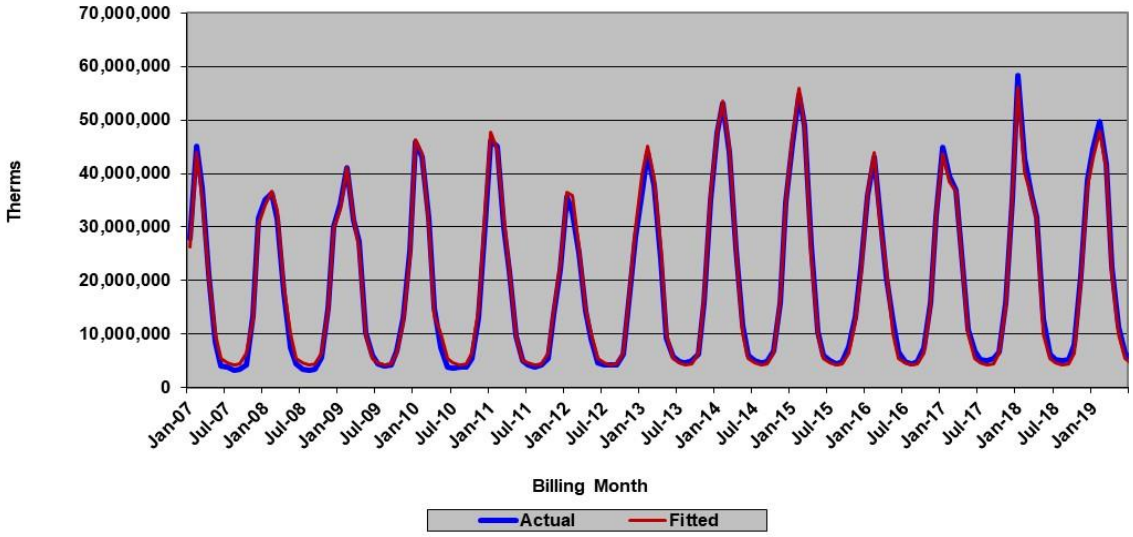


Figure 4
GSG Commercial Non-Space Heating Model
Actual vs. Fitted Values

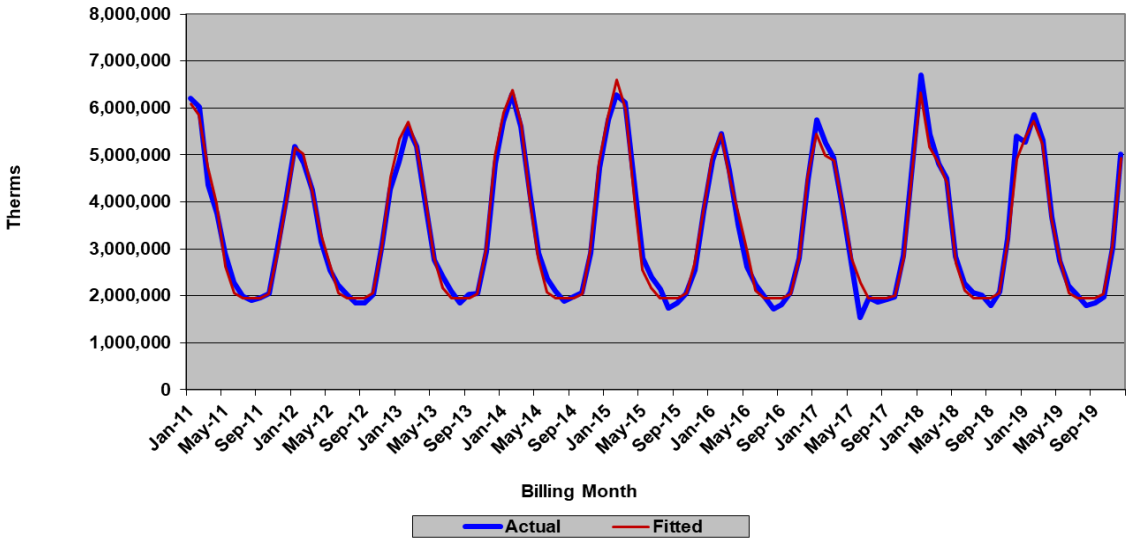


Figure 5

LVG Commercial Model

Actual vs. Fitted Values

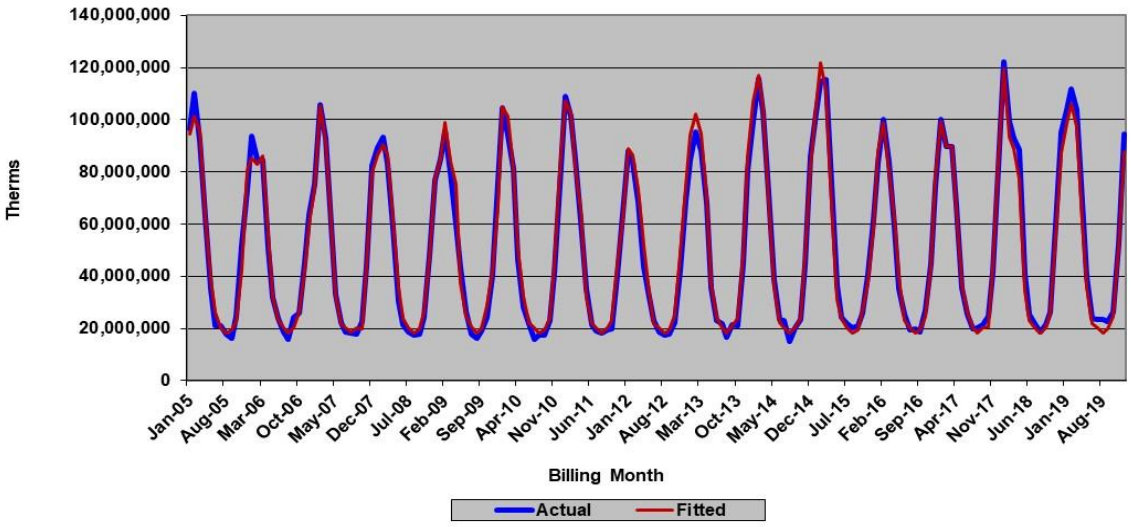


Table 2

Estimated Coefficients of the GSG Commercial Gas Sales Models

(standard errors in parentheses)

	JAN	FEB	MAR	APR	MAY	JUN	SEP	OCT	NOV	DEC	R2
HEATING											
PRICE x HDD	-7124	-8367	-7646	-14046					-10844	-8416	0.995
	(1,695)	(1,340)	(1,580)	(2,470)					(3,228)	(1,598)	
CUST x HDD	18.58	17.57	18.02	20.81					14.19	17.16	
	(1)	(1)	(1)	(1)					(2)	(1)	
NON-HEATING											
HDD	3840	3968	3985	4044	4003	4428		878	2569	3654	0.986
	(74)	(75)	(90)	(144)	(358)	(1,735)		(725)	(182)	(97)	

Table 3

Estimated Coefficients of the LVG Commercial Gas Sales Models

(standard errors in parentheses)

HDD x PRICE	HDD x CUST	R2
-8954.0	28.8	0.988
(1,888)	(1)	

Industrial

While gas sales to the commercial sector are correlated with commercial output because output tends to be correlated with commercial space-heated floor space, sales to the PSE&G rate GSG and rate LVG gas customers in the industrial sector are not correlated with the industrial output because gas, for the most part, is not used for process heat. It is used to heat employee workspaces and the number of employees has been declining while industrial output has been increasing. Therefore, rather than used the traditional function for the demand for a factor of production such as [3], the following specification is used:

THERMS = *f*(PRICEGAS, EMP, HDD) [7]

where:

EMP = Manufacturing employment.

Since gas is used primarily for space heating the economic variables need to be used as interactive variables with HDD to account for the extreme seasonality of the data. As a result, the functional forma that was estimated is:

$THERMS_t = f(HDD_t \times PRICEGAS_{a-1}, HDD_t \times EMP_{a-1}, HDD_t)$ [8]

where:

THERMS = Gas sales,
PRICEGAS = Real price of gas,
HDD = Heating degree days,
t = Billing-month,
a = Year associated with billing-month, t.

The results of the OLS estimation procedure, summarized in Figures 6-8, show that the industrial models for customers in the two space heating segments fit the historical data well. GSG Heating model is estimated for using monthly billing data from January 2011 to December 2019 period while Non-Heating model is estimated for using monthly billing data from January 2013 to December 2019 in order to get better estimation results. The data for industrial GSG non-heating customers, however, seems to indicate the presence of out of period adjustments in the billing data which the model doesn't, and can't be expected to, account for. These were addressed with binary variables. The larger industrial customers are served under rate LVG. The model was estimated for customers in the industrial sector using monthly billing data from January 2005 to December 2019 period (excluding 2009).

Like the small and medium commercial models, the estimated coefficients of the three industrial models indicate that sensitivity to price is small. The small industrial customers, rate GSG did not show any statistically significant response to price while rate LVG sensitive to price, with an estimated elasticity of -0.07 Small response of the industrial sector to gas prices is attributed to the fact that gas, since it is not used for process heat, is a relatively small proportion of the total costs of production.

Figure 6
GSG Industrial Space Heating Model
Actual vs. Fitted Values

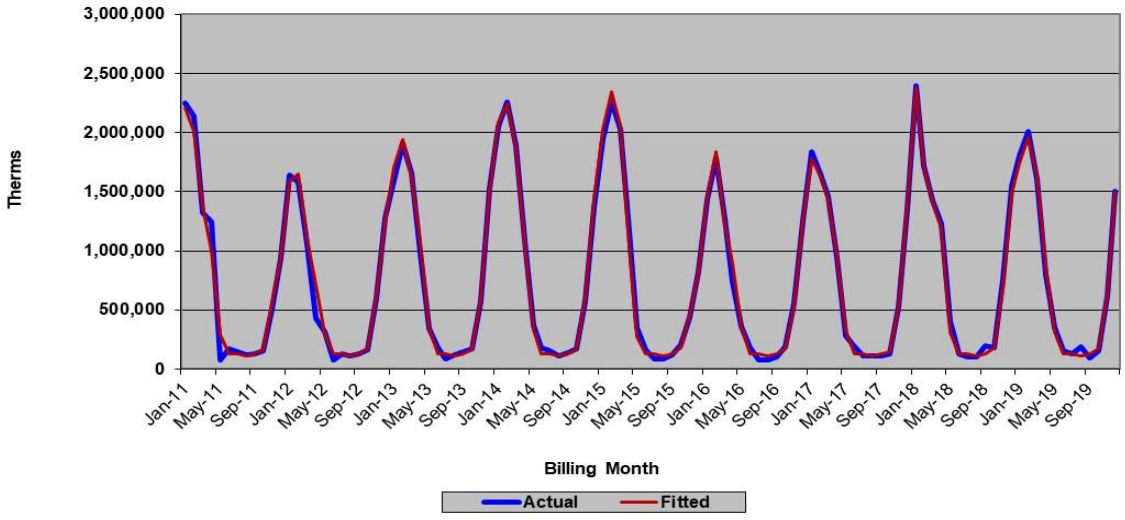


Figure 7
GSG Industrial Non-Space Heating Model
Actual vs. Fitted Values

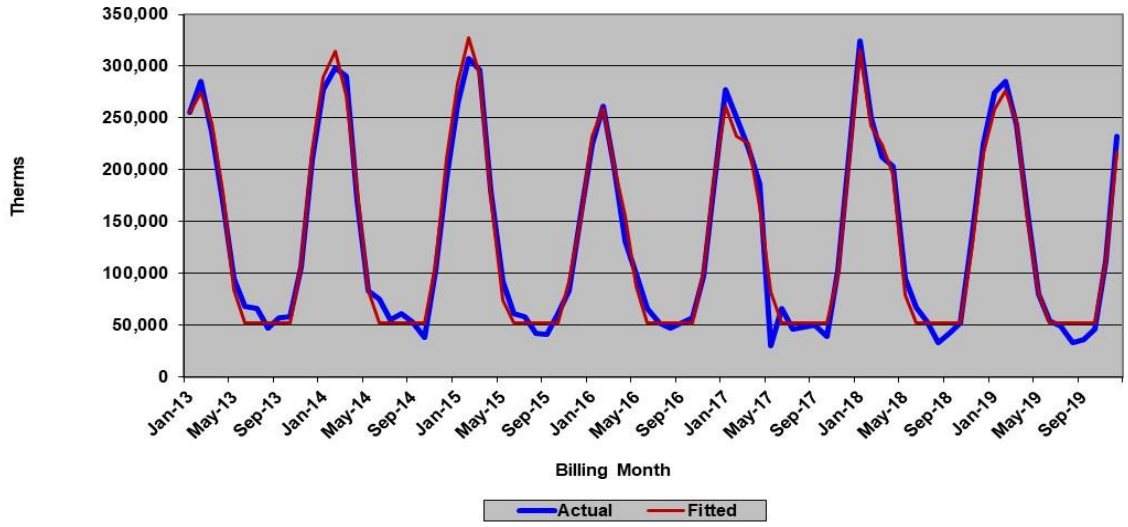


Figure 8
LVG Industrial Heating Model
Actual vs. Fitted Values

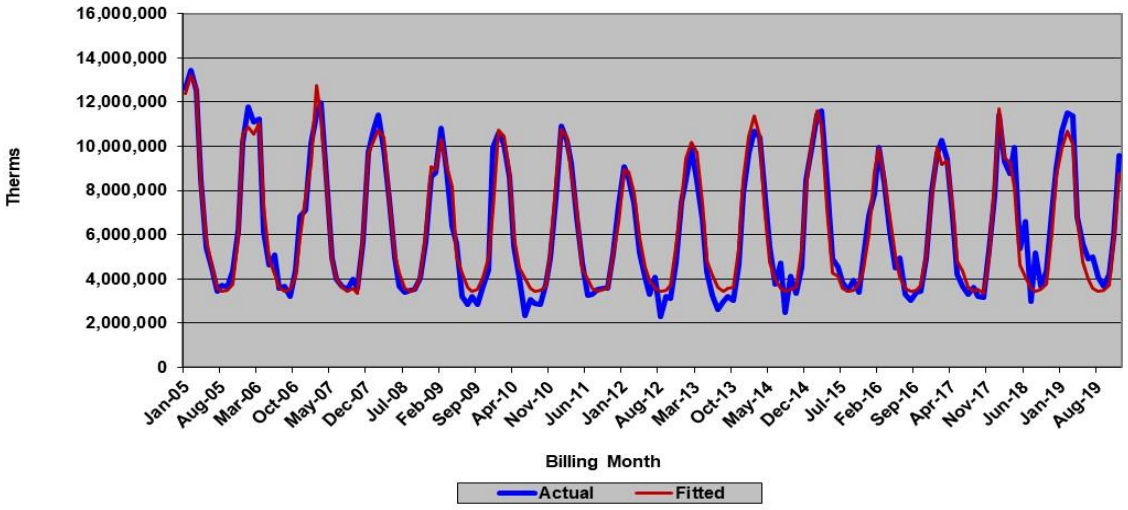


Table 4

Estimated Coefficients of the GSG Industrial Gas Sales Models

(standard errors in parentheses)

	JAN	FEB	MAR	APR	MAY	JUN	OCT	NOV	DEC	R2
HEATING										
HDD	2588	1758	2213	1741	967		440	1167	2186	0.993
	(196)	(162)	(170)	(51)	(127)		(258)	(65)	(201)	
NON-HEATING										
HDD	230	235	237	235	143			140	202	0.981
	(6)	(6)	(7)	(11)	(27)			(14)	(7)	

Table 5

Estimated Coefficients of the LVG Industrial Gas Sales Models

(standard errors in parentheses)

HDD x PRICE	HDD x EMP	R2
-1561.12	35.92	0.946
(671)	(5)	

II Forecast Assumptions

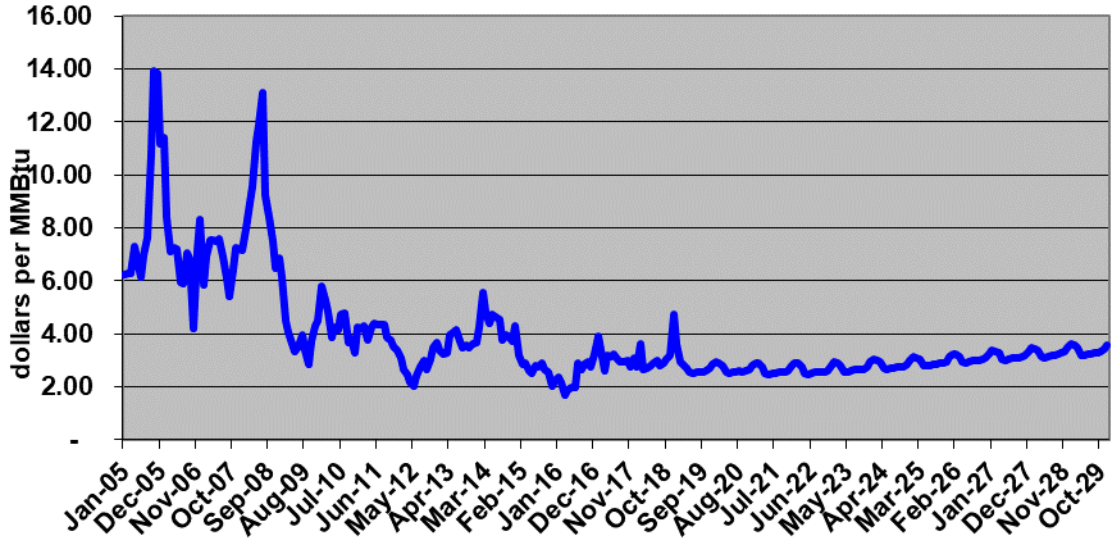
The models described above, in concert with assumptions about future prices and local economic and demographic parameters, were utilized to produce a forecast of billed natural gas delivered sales by rate for the residential, commercial, and industrial customer classes. The assumptions and the forecasts are described in more detail below.

Natural Gas Prices

The main driver of retail natural gas prices is the wholesale cost of gas which changes monthly. While these costs are passed through to commercial and industrial customers on monthly basis, the gas cost under- or over-collection of the residential customers is addressed in October where the rate is adjusted to collect or return the imbalance over the following twelve months. For the purpose of the forecast, the wholesale natural gas price was assumed to follow the NYMEX future prices as of May 06, 2019. As figure 9 shows, the wholesale price of gas is projected to stay relatively stable during the 2019-2029 periods.

Figure 9

NYMEX Natural Gas Futures Prices, May 6, 2019
($/MMBtu)



This price projection was used in the ER&T Gas cost model which generated commodity gas costs by rate. The residential costs, along with the actual imbalance in the residential gas supply cost and the revenue collection to offset this cost was utilized in the Cognos residential model to produce a stream of residential prices assuming that every October the imbalance was trued-up over

the following 12 months. These projected commodity costs, combined with delivery tariff assumptions results in projected retail prices that are summarized below.

Table 6

Historic and Projected Retail Gas Prices

(dollars per therm)

			Commercial			Industrial		
	RSG		GSG		LVG	GSG		LVG
Year	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating	
2006	1.39	1.58	1.41	1.30	1.23	1.43	1.33	1.22
2007	1.35	1.54	1.31	1.27	1.17	1.32	1.24	1.13
2008	1.40	1.57	1.42	1.42	1.29	1.41	1.40	1.25
2009	1.40	1.56	1.09	1.05	0.94	1.09	1.06	0.92
2010	1.24	1.43	1.10	1.07	0.97	1.11	1.06	0.92
2011	1.09	1.26	1.06	1.04	0.92	1.05	1.05	0.87
2012	1.00	1.18	0.95	0.93	0.80	0.95	0.98	0.75
2013	0.94	1.09	1.00	0.99	0.84	1.00	1.01	0.80
2014	0.80	0.94	1.06	1.04	0.91	1.10	1.08	0.90
2015	0.64	0.80	0.86	0.85	0.74	0.86	0.88	0.74
2016	0.71	0.87	0.83	0.83	0.69	0.83	0.86	0.70
2017	0.77	0.91	0.95	0.95	0.79	0.95	0.98	0.80
2018	0.74	0.88	0.93	0.92	0.79	0.94	0.96	0.77
2019	0.79	0.90	0.94	0.92	0.78	0.94	0.96	0.75
2020	0.79	0.91	0.92	0.91	0.75	0.92	0.94	0.73
2021	0.76	0.88	0.92	0.91	0.76	0.92	0.94	0.73
2022	0.74	0.86	0.83	0.82	0.67	0.83	0.85	0.64
2023	0.72	0.84	0.81	0.80	0.65	0.81	0.83	0.62
2024	0.71	0.83	0.80	0.79	0.63	0.80	0.82	0.61
2025	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2026	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2027	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2028	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2029	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2030	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2031	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2032	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2033	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2034	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60
2035	0.71	0.83	0.80	0.79	0.63	0.79	0.82	0.60

Energy Efficiency

In recent years, new technologies and state's saving programs have had significant impact on gas consumption to residential, commercial and industrial customer groups. The method of incorporating efficiency changes into the model estimation process when the changes are not driven by any of the economic explanatory variables is a two-step process.

The first step is to eliminate the impact of these programs in the historical series by adding the estimated impacts of these programs to the historical data, estimating the model, and then producing a forecast. This forecast will not have any impacts of the efficiency programs embedded in it.

The second step is to remove the impacts of the efficiency programs from both the history and the forecast. This reverts the historical data back to actual values and produces a forecast with the impacts of the efficiency programs correctly incorporated.

This methodology is used for RSG Heating, Commercial GSG Heating and LVG sales to incorporate the impacts of the current PSE&G efficiency programs and the estimated impacts of the proposed Clean Energy Future filing. These impacts are summarized in Table 7 below.

Table 7
Impacts of
Energy Master Plan – Energy Efficiency – Clean Energy Future
(therms)

	BILLING MONTH ASUMPTIONS		
	EMP	EE	CEF
2010	14,596,330	1,014,483	-
2011	16,831,360	3,286,510	-
2012	12,618,148	4,213,546	-
2013	16,790,499	5,039,977	-
2014	22,116,578	6,586,486	-
2015	24,589,911	6,989,516	-
2016	27,228,971	7,495,738	-
2017	30,109,455	8,348,880	-
2018	33,743,658	9,541,067	-
2019	37,356,813	9,791,476	-
2020	40,969,968	10,870,995	-
2021	40,969,968	11,229,066	6,784,016
2022	40,969,968	11,689,030	17,622,437
2023	40,969,968	11,698,164	29,976,349
2024	40,969,968	11,618,156	42,206,408
2025	40,969,968	11,618,156	59,455,919
2026	40,969,968	11,618,156	76,249,006
2027	40,969,968	11,618,156	92,318,583
2028	40,969,968	11,618,156	108,388,159
2029	40,969,968	11,516,179	124,457,735
2030	40,969,968	10,962,760	139,251,837

Economic Projections

Economic and demographic forecast assumptions for the nation and New Jersey are from Moody's Economy August 2020 forecast. This forecast captures impact of COVID-19 on economy which assumes that, nationally, the economy will recover at a slow rate after pandemic. This national forecast is expected to be reflected in New Jersey's economic outlook that is also expected to be at a slow pace. In addition, an adjustment was made to the sales forecast in 2021, to capture perceived impacts of pandemic due to the most recent impacts of the government mandated economic restrictions that were not captured in the economic forecast.The forecast is summarized in Table 8.

Weather during the forecast period is assumed to be "normal" as defined by the average daily weather during the twenty-year period ending December 31, 2019.

Table 8

National and New Jersey Economic Forecast Assumptions

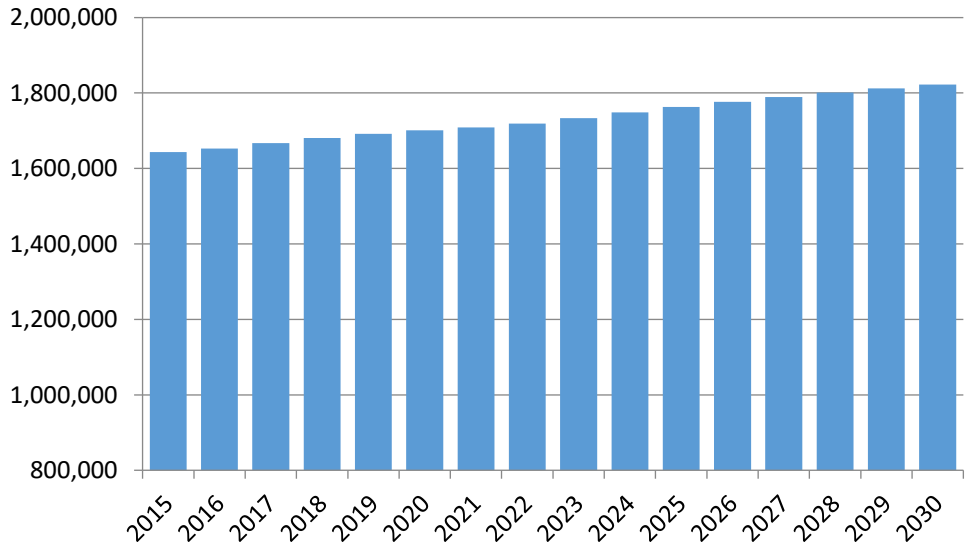
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
United States														
Gross Domestic Product, (Bil. USD, SAAR)	19,543	20,612	21,433	20,529	21,291	22,862	24,270	25,425	26,477	27,505	28,601	29,779	30,993	32,253
Industrial Production: Total, (Index 2012=100, SA)	104	109	109	101	104	108	110	111	112	114	115	117	119	120
Income: Personal - Total, (Bil. Ch. 2009 USD, SAAR)	15,992	16,493	16,889	17,703	16,903	17,375	17,967	18,473	18,905	19,351	19,840	20,361	20,873	21,385
Employment: Total Nonagricultural, (Mil. #, SA)	147	149	151	141	141	146	151	153	154	154	155	156	157	158
Household Survey: Unemployment Rate, (%, SA)	4.3	3.9	3.7	9.0	8.8	6.6	4.8	4.5	4.6	4.8	4.9	4.9	4.8	4.7
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA)	245	251	256	259	263	271	278	286	293	300	307	314	322	329
Interest Rates: 3-Month Treasury Bills EBY, (% p.a., NSA)	0.9	2.0	2.1	0.4	0.3	0.3	0.6	1.5	2.4	2.6	2.6	2.6	2.5	2.5
Terms Conventional Mortgages: All Loans Fixed Effective Rate, (%, NSA)	4.1	4.7	4.4	3.8	3.6	4.2	4.9	5.4	5.7	5.9	6.0	6.0	5.9	5.9
New Jersey														
Real Personal Income, (Mil. 09$, SAAR)	544,481	561,605	573,976	587,526	560,211	573,182	590,677	605,594	618,360	631,922	646,663	662,538	678,036	693,160
Employment: Total Nonagricultural, (Ths., SA)	4,120	4,158	4,199	3,848	3,889	3,998	4,100	4,146	4,161	4,174	4,184	4,197	4,213	4,230
Employment: Total Manufacturing, (Ths., SA)	247	250	252	237	229	232	234	232	228	225	221	218	214	211
Employment: Total Non-Manufacturing, (Ths., SA)	3,874	3,908	3,947	3,611	3,661	3,767	3,867	3,914	3,933	3,949	3,963	3,980	3,999	4,019
Labor: Unemployment Rate, (%, SA)	4.6	4.1	3.5	10.1	9.0	6.7	4.9	4.6	4.7	4.9	4.9	4.9	4.8	4.8
Population: Total, (Ths.)	8,886	8,885	8,880	8,892	8,928	8,968	9,003	9,035	9,067	9,099	9,128	9,152	9,171	9,186
Households: Total, (Ths.)	3,343	3,353	3,363	3,375	3,378	3,390	3,409	3,431	3,453	3,473	3,491	3,508	3,525	3,540
Housing Starts: Single-family, (#, SAAR)	11,568	12,255	12,243	11,207	15,058	20,508	20,996	20,342	19,703	18,386	16,965	15,344	14,397	13,902

Customer Forecasts

The number of residential customers with and without natural gas space heat is based on historical trends and expected residential construction activity in the service area. Residential non-heating customers have been steadily declining at an average annual rate of 1.2 percent and this is expected to continue. Furthermore it is assumed that these customers are converting to gas heat. The number of gas heating customers is also expected to increase as new residential construction occurs. The number of gas customers is assumed to reflect the current decline seen in new single family housing construction. As a result, as the figure below shows, the number of residential customers is expected to remain relatively stable.

Figure 10

Annual Gas Residential Customers



BGSS Share

The share of delivered sales that are BGSS supplied is assumed to follow recent trends where therm shares have stabilized at their current levels across the broad range of customer classes.

III Maximum Daily Sendout Forecast

Introduction

Distribution facilities are designed to meet the estimated maximum hour demand on a day with a mean temperature of 0°F and with seven weather stations in NJ as the measuring base. Gas supplies are designed to meet the estimated maximum daily as well as maximum hourly demand. The maximum daily sendout forecast process consists of:

- Estimating the relationship between weather and firm daily sendout,
- Extrapolating that relationship to determine the current level of daily sendout at 0 degrees if no day that cold appeared in the model estimation data,
- Forecasting future maximum daily sendout levels based on the current estimated level

The remainder of this section describes each of these steps in turn.

Daily Firm Sendout Model Estimation

There are two major issues in modeling maximum firm daily sendout. First, the diversity of the customer base needs to be controlled for. Second, the model has to be designed to be extrapolated rather than interpolated. Each of these issues is discussed below.

The firm sendout number accounts for gas deliveries to a diverse set of customers ranging from residential homes to large industrial sites. Since sales to different types of customers respond to weather differently, customer mix must be controlled for in any modeling effort. In addition, the behavior of this diverse group of customers will change differently over time as prices and other economic parameters change over time. As a result, these changes also need to be accounted for. Unfortunately, the firm sendout number is not available by rate. As a result, the only way to control for changes in customer mix and changes in the behavior over time by these customers is to limit the time period of data that is used in the model estimation.

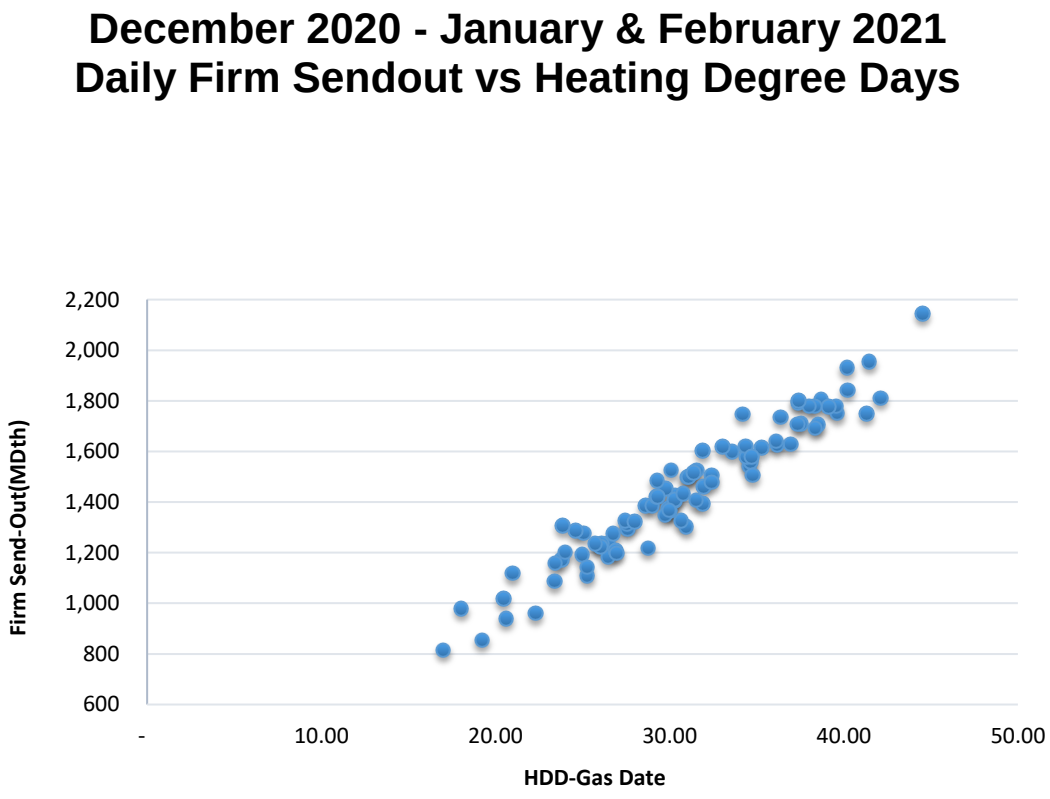
The second issue, of extrapolation, is addressed in a similar way. The relationship between sendout and weather is fairly linear. In reality, it is probably not perfectly linear. This is not an issue when estimating a model and using the results to interpolate values with the range of the estimation data. However, when extrapolating the data outside the range of the estimation data the

imprecision increases. The way to minimize this imprecision is to limit the observations to the lower temperature data so as to get a linear estimation of that portion of a non-linear curve that is closest to the ultimate extrapolation value.

To address both of these forecasting issues, the data used in estimating the relationship between daily sendout and weather was limited to December 2020, January and February 2021 during the most recent year available. Customer class mix will not change significantly in this short period and it contains the coldest months when the maximum sendout would most likely occur. Analysis of the data for these months indicates two things.

First, the data confirms the general responsiveness of firm sendout to the weather, as Figure 11 shows. Second, the relationship appears linear

Figure 11



To refine the impact of the day-type on sendout, the regression model from previous years was enhanced to allow for not only an intercept change from the day-type but, also a HDD response change.

The regression model that modeled daily sendout, SENDOUT, is specified as:

$$SENDOUT_t = f(HDD_t, HDD_{t-1}, \text{WIND-SPEED}, \text{SKY-CONDITIONS}, WEEKDAY_t, HOLIDAY_t, SNOW_t) \quad [9]$$

Where:

HDD_t	=	Heating degree days on gas day t,
HDD_{t-1}	=	One day lag basis Heating degree days on gas day t-1,
WIND-SPEED	=	Daily average wind speed, MPH,
SKY-COND	=	Report of each cloud layer,
WEEKDAY	=	Interactive variable that takes the value of HDD on weekdays, otherwise 0,
HOLIDAY	=	Interactive variable that takes the value of HDD on Sundays or Holidays, otherwise 0,
SNOW	=	Binary variable that takes the value of 1 when reported snowstorm accumulation in any portion of the service area is 6 inches or more, 0 otherwise.

The estimation results are shown in Table 8 and Figure 12 below.

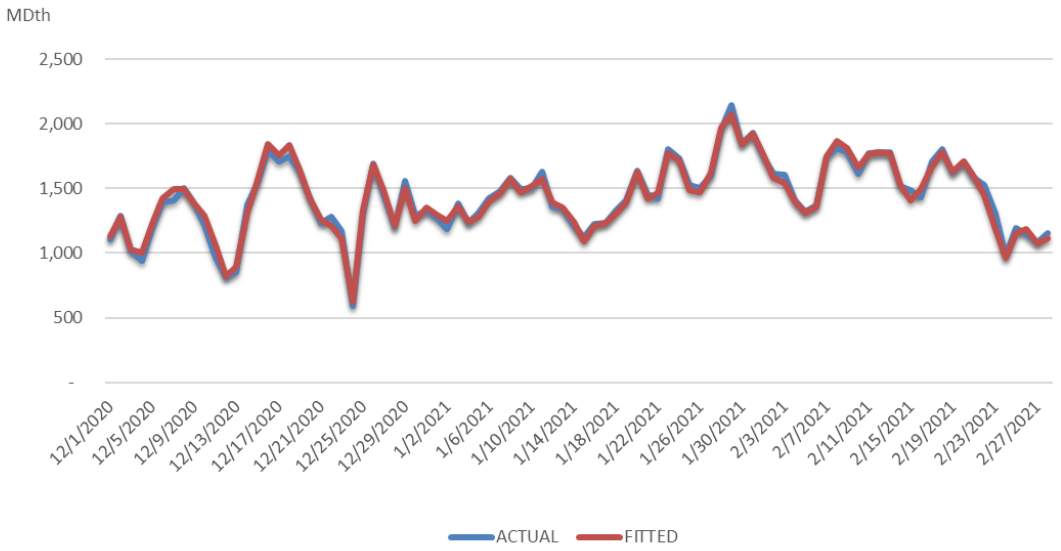
Table 8

Estimated Coefficients of the Daily Sendout Model
(standard errors in parentheses)

	HDD							
Intercept	HDD	LAG	HOLIDAY	WEEKDAY	WIND-SPEED	SKY COND	SNOW	R2
-34.5	35.8	7.8	0.47	0.53	13.3	9.3	-11.1	0.9792
(30.2)	(1.0)	(0.9)	(0.5)	(0.4)	(1.5)	(3.3)	(17.6)	

Figure 12

Daily Sendout Model
Actual vs. Fitted Values



The estimated coefficients of the model suggest that the estimated maximum daily peak would occur on a Friday. The model predicts that the maximum peak daily sendout would be 2074 MDth.

A. Calendar-Month Sales Calculation

Introduction

Utilities have traditionally had a disconnection in the timing of their revenues and their costs. Revenues from retail sales are a revenue stream from meter readings and the resulting bills to their customers that occur on a daily basis throughout the month. The bills issued from meter reads in the current month's meter reading schedule are all recorded as billing-month revenue. Billing-month revenue will include revenue from electricity or gas delivered during the previous month while excluding deliveries of electricity or gas delivered during the current month that occurred after the meters were read. Expenses, on the other hand, such as wages, fuel, depreciation, etc., have been recorded on a calendar-month basis. This inconsistency in the revenue and expense streams can be tolerated if there are no major changes in the revenue and/or expense streams. If major changes are occurring, such as a rapid increase in fossil fuel prices or a high seasonality in sales, a comparison of the billing-month revenue and the calendar-month expenses can give a false view of a utility's financials. To remedy this situation, the sales and revenue accrual calculation, the estimation of calendar-month sales and revenue from billed sales and revenue and the estimation of unbilled sales and revenue was developed.

Section II will discuss how, in theory, the billed sales and the unbilled estimates are used to calculate calendar-month sales using a simple example and introduce the notation that will serve as the basis of the analysis. A description of the theory's specific application to PSE&G's meter reading schedule, that can have a single billing month encompass up to four calendar-months, follows.

Section III will describe the implementation of the estimation of the calendar-month sales and revenue process at PSE&G.

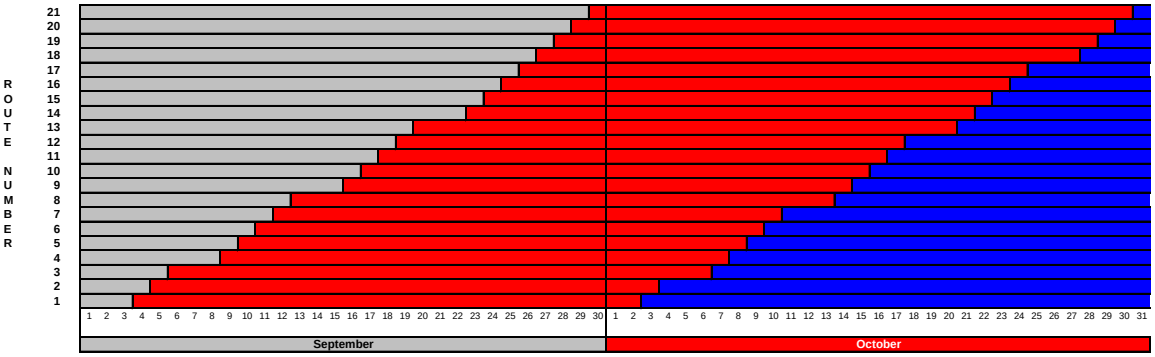
The Unbilled and Calendar-Month Estimation

A Simple Example

Utilities generally read all of their meters every month on 21 workdays. Figure 1, below shows a hypothetical October billing-month (in red) as determined by the September and October meter reading schedules. In the chart, each row represents a Route Number or a group of meters that are always read on the same day (although the day when they are all read may vary from month to month). The bottom row is red on all the days after the September read date, September 3rd until the October read date, October 2nd. If it is assumed that the customers' meters are read at noon, the October bill to these customers will reflect 28.5 days of service in September and only 1.5 days in October[2]. The second row from the bottom represents Route 2 whose customers' meters were read on September 4th and October 3rd. The October bill to these customers will reflect 27.5 days of service in September and only 2.5 days in October. This continues until the top row, Route 21, that had meter reading days of September 29th and October 30th. The October bills to these customers represent only 1.5 days of September service and 29.5 days of October service.

Figure 1

Hypothetical October 2008 Billing-Month



From the red portion of the diagram, it can be seen that the October billing-month consists of September sales that are billed in October that, to facilitate discussion, will be referred to as SEP B> OCT and October sales that are billed in October i.e., OCT B> OCT. The calendar-month sales are defined as the red and blue rectangle defined by the month of October and the 21 read-cycles. This consists of OCT B> OCT sales and the October unbilled sales, OCT B> NOV, the October sales that will be billed in November.

[2] Or, more realistically, if the meter reads for all the Route 1 customers are evenly distributed throughout an 8:00 AM to 4:00 PM workday, the reads, on average, would represent a half day's sales on the read day.

The relationship between billed, unbilled, and calendar-month sales can be derived from these identities from the steps below.

$$\text{October Calendar} = \boxed{\text{OCT B> OCT}} + \boxed{\text{OCT B> NOV}} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{OCT B> NOV}\end{matrix}} \qquad [1]$$

Adding and subtracting $\boxed{\text{SEP B> OCT}}$ to the r.h.s. of [1] yields:

$$\text{October Calendar} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{OCT B> NOV}\end{matrix}} + \boxed{\text{SEP B> OCT}} - \boxed{\text{SEP B> OCT}} \qquad [2]$$

Rearranging the r.h.s. of [2] yields:

$$\text{October Calendar} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{SEP B> OCT}\end{matrix}} + \boxed{\text{OCT B> NOV}} - \boxed{\text{SEP B> OCT}} \qquad [3]$$

Substituting [1] into the l.h.s. of [3] yields:

$$\boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{OCT B> NOV}\end{matrix}} = \boxed{\begin{matrix}\text{OCT B> OCT}\\ \text{SEP B> OCT}\end{matrix}} + \boxed{\text{OCT B> NOV}} - \boxed{\text{SEP B> OCT}} \qquad [4]$$

This is the familiar:

$$\text{October Calendar} = \text{October Billed} + \text{October Unbilled} - \text{September Unbilled}^{3} \qquad [5]$$

This formula for the accrual of calendar-month sales and revenues is preferred to any direct estimation of calendar-month sales because any error in the unbilled estimate is
"reversed out" in the following month. The advantage of this is that, as the calendar time period extends, the potential error resulting from unbilled estimates is reduced. This can be seen by summing up [5] over the 2008 calendar-year as:

$$\text{Calendar-Year 2008} = \sum_{i=\text{JAN08}}^{\text{DEC08}} \text{Billed}_i + \sum_{i=\text{JAN08}}^{\text{DEC08}} \text{Unbilled}_i - \sum_{i=\text{DEC07}}^{\text{NOV08}} \text{Unbilled}_i \qquad [6]$$

[3] The difference between the current month's unbilled and the previous month's is often referred to as
the "net unbilled".

Where:

$Billed_i$ = Billing-month sales in month i,
$Unbilled_i$ = Unbilled sales in month i.

That simplifies to:

$$\text{Calendar-Year 2008} = \sum_{i=JAN08}^{DEC08} Billed_i + Unbilled_{DEC08} - Unbilled_{DEC07} \qquad [7]$$

The key result from [7] is that the annual calendar-year sales are the annual billed sales, a very large real number, and the difference between two monthly unbilled estimates. Since the error that can be expected in the difference between the two monthly unbilled estimates can be assumed to be quite small compared to the annual billed total, the calendar-year estimate, as a result, can be expected to be very accurate.

The same general results described in this simple example apply to PSE&G's more complicated meter reading schedule that is described below.

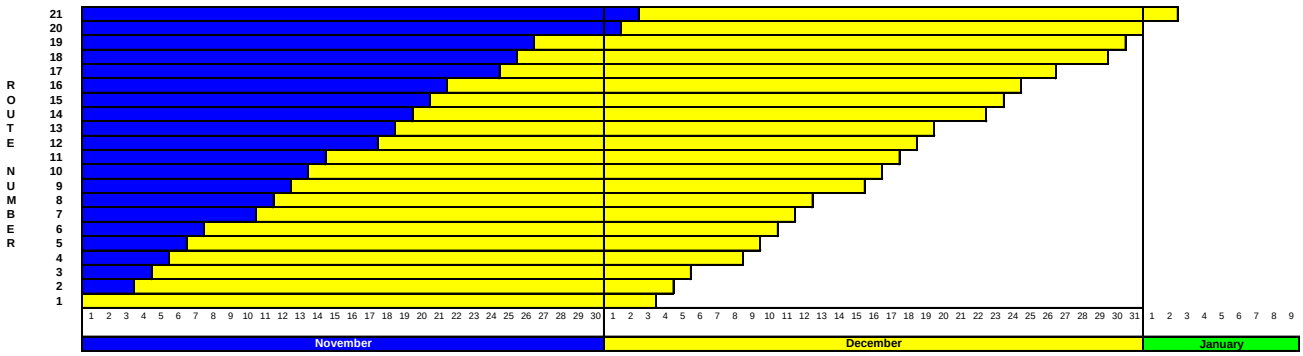
A More General Example

Unlike the hypothetical October billing-month, discussed above, that spanned two months, September and October, the PSE&G billing-month can encompass as many as four months. For example, the December 2008 PSE&G billing month, illustrated in Figure 2. has meter reading dates ranging from October 31st to January 2nd. As a result, it spans four months, October, November, December, and January[4].

[4] This is the original PSE&G December 2008 meter reading schedule. It has since been "compressed" to accommodate the implementation of iPower, the new billing and customer information system.

Figure 2

PSE&G December 2008 Billing-Month



Therefore, to develop a general algorithm applicable to PSE&G, the definition of billed, unbilled, and calendar sales must be expanded to include the potential of having sales from two additional calendar months reflected in a billing-month. December 2008 billing month, for example, is defined as:

$$\text{December Billed} = \boxed{\begin{array}{l}\text{OCT B> DEC}\\ \text{NOV B> DEC}\\ \text{DEC B> DEC}\\ \text{JAN B> DEC}\end{array}} \qquad [8]$$

Given the additional components of the billed, $\boxed{\text{OCT B> DEC}}$, i.e. the "under billed" sales, and $\boxed{\text{JAN B> DEC}}$, the "excess billed" sales, the addition of the current unbilled and subtraction of the previous month's unbilled to the December billed, as defined in the simple example above, will overstate December calendar-month sales by the sum of under billed and excess billed sales. As a result, the December unbilled needs to be redefined as:

$$\text{December Unbilled} = \boxed{\begin{array}{l}\text{DEC B> JAN}\\ \text{DEC B> FEB}\end{array}} + \boxed{\text{NOV B> JAN}} - \boxed{\text{JAN B> DEC}} \qquad [9]$$

$$\text{December Unbilled} = \text{December Unbilled} + \text{January Underbilled} - \text{December Excess Billed} \qquad [10]$$

December calendar can then be defined as December billed plus the new

December unbilled less the equivalent November unbilled or:

DEC B> OCT DEC B> NOV DEC B> DEC DEC B> JAN	=	OCT B> DEC NOV B> DEC DEC B> DEC JAN B> DEC					
	+	DEC B> JAN DEC B> FEB	+	NOV B> JAN	-	JAN B> DEC	
	-	NOV B> DEC NOV B> JAN	-	OCT B> DEC	+	DEC B> NOV	[11]

or, in words:

December Calendar	= December Billed + December Unbilled - November Unbilled	[12]

This is the general formula that is used to calculate unbilled sales at PSE&G.

The PSE&G Gas Calendar-Month Estimation

The estimation of calendar-month gas sales at PSE&G is based on the notion that gas sales can be divided into two components: a weather sensitive component and a non-weather sensitive component. The weather sensitive component is affected by the winter weather as measured by heating degree days (HDD). The non-weather component is simply a function of the number of days in the sales period. As a result, sales during the unbilled periods can be estimated based on the HDD and number of days during the unbilled periods and the estimates of the weather-sensitive sales per HDD and non-weather sensitive sales per day.

The estimate of the weather-sensitive sales per HDD for each rate, the HDD coefficient, is the sum of the coefficients associated with its model's independent variables that have a HDD component divided by the number of days in the billing period. In the case of RSG that, unlike the other rates, is modeled on a use per customer basis, this result is multiplied by the number of customers.

The estimate of the non-weather sensitive sales per day for each rate, the base coefficient, is the value of the model equation with all of the coefficients associated with HDD set to zero and divided by the number of days in the billing period. As in the case of the HDD coefficient, the RSG result is multiplied by the number of customers.

Given the structure of the models, these coefficients will vary by month and by year. The current estimates for 2008 and 2009 are shown in Table 1 below.[5]

Table 1

Unbilled Weather and Base Coefficients, 2008-2009

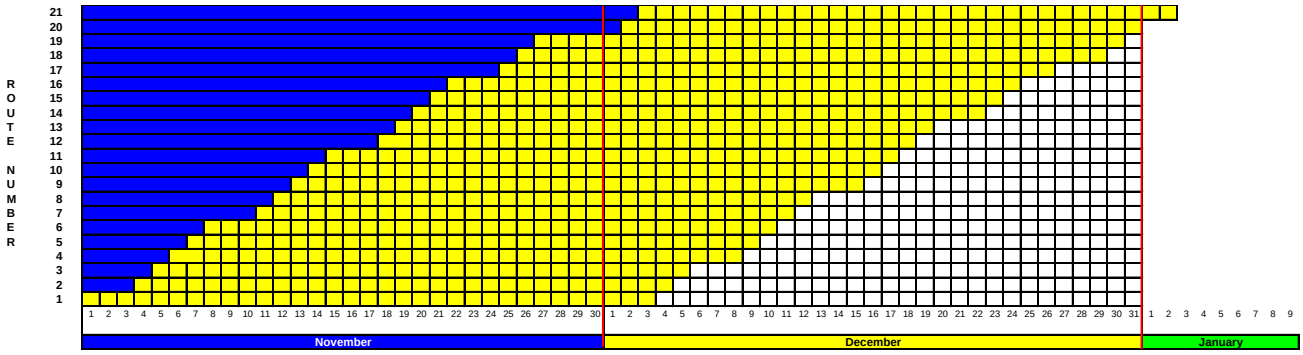
Billing	RSG				GSG-Commercial				GSG-Industrial				LVG - Non Vehicle			
	Heating		Non-heating		Heating		Non-heating		Heating		Non-heating		Commercial		Industrial	
Month	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD	Base	HDD
Jan-08	1,477,624	246,082	218,393	4,689	56,941	45,607	168,133	3,942	(15,873)	3,333	2,978	501	1,047,971	79,608	145,023	8,767
Feb-08	1,554,914	253,674	234,372	4,811	69,746	45,607	175,674	3,942	(15,256)	3,333	3,786	501	1,172,070	79,608	167,056	8,767
Mar-08	1,343,904	249,936	236,373	4,737	25,553	45,607	158,654	3,942	(16,832)	3,333	2,893	501	1,053,237	79,608	138,433	8,767
Apr-08	1,337,980	248,305	190,526	4,692	13,895	45,607	150,129	3,942	(15,769)	3,333	5,681	501	1,076,058	79,608	159,387	8,767
May-08	1,267,108	251,443	164,912	4,741	146,976	45,607	117,463	3,942	332	3,333	4,166	501	838,647	79,608	137,277	8,767
Jun-08	1,086,639	250,233	135,407	4,714	126,187	45,607	95,849	3,942	2,561	3,333	3,704	501	708,324	79,608	129,981	8,767
Jul-08	984,641	248,954	116,905	4,704	135,270	45,607	94,660	3,942	3,907	3,333	2,680	501	610,707	79,608	119,171	8,767
Aug-08	912,999	249,456	104,709	4,666	103,926	45,607	80,601	3,942	2,045	3,333	2,578	501	613,535	79,608	119,770	8,767
Sep-08	940,487	252,748	111,693	4,746	108,515	45,607	84,252	3,942	2,953	3,333	2,730	501	581,470	79,608	129,852	8,767
Oct-08	809,244	249,439	113,383	4,671	115,541	45,607	90,002	3,942	3,184	3,333	1,932	501	728,815	79,608	116,580	8,767
Nov-08	1,076,293	250,792	138,927	4,687	(9,962)	45,607	107,114	3,942	(7,929)	3,333	5,262	501	769,823	79,608	112,495	8,767
Dec-08	1,191,333	252,604	187,367	4,690	(9,608)	45,607	130,211	3,942	(18,805)	3,333	2,214	501	902,036	79,608	120,543	8,767
Jan-09	1,481,212	248,163	214,955	4,643	56,601	45,745	153,926	3,711	(15,827)	3,259	2,952	490	1,041,705	79,850	144,156	8,190
Feb-09	1,548,542	252,236	228,920	4,692	69,856	45,745	171,980	3,711	(15,254)	3,259	3,796	490	1,173,921	79,850	167,320	8,190
Mar-09	1,393,454	253,517	239,084	4,687	26,121	45,745	168,175	3,711	(17,054)	3,259	2,980	490	1,076,642	79,850	141,509	8,190
Apr-09	1,331,091	250,149	185,138	4,617	13,721	45,745	148,255	3,711	(15,497)	3,259	5,622	490	1,062,628	79,850	157,398	8,190
May-09	1,266,433	253,309	160,992	4,665	145,815	45,745	116,535	3,711	352	3,259	4,136	490	832,022	79,850	136,193	8,190
Jun-09	1,094,707	252,091	133,240	4,638	126,187	45,745	95,849	3,711	2,565	3,259	3,704	490	708,324	79,850	129,981	8,190
Jul-09	987,359	250,802	114,502	4,629	134,644	45,745	94,222	3,711	3,889	3,259	2,668	490	607,880	79,850	118,620	8,190
Aug-09	925,740	251,308	103,701	4,591	104,600	45,745	81,124	3,711	2,058	3,259	2,595	490	617,512	79,850	120,546	8,190
Sep-09	953,382	254,625	110,592	4,670	109,193	45,745	84,778	3,711	2,971	3,259	2,747	490	585,098	79,850	130,662	8,190
Oct-09	808,699	251,291	110,672	4,596	114,612	45,745	89,279	3,711	3,169	3,259	1,918	490	722,957	79,850	115,643	8,190
Nov-09	1,077,388	252,654	135,835	4,612	(9,899)	45,745	106,433	3,711	(7,834)	3,259	5,235	490	764,927	79,850	111,779	8,190
Dec-09	1,203,734	254,479	184,915	4,615	(9,637)	45,745	130,597	3,711	(18,750)	3,259	2,238	490	904,708	79,850	120,900	8,190

[5] While the coefficient is called the "base" coefficient, it really does not measure base use per day. Rather it is the intercept term in a simple regression. As a result, it can be negative reflecting the intercept of a regression that is outside of the relevant range.

The billed, unbilled, excess billed, and underbilled days and heating degree days are derived from the meter reading schedule and daily weather data. The measure used is the Average Route Days (ARD). The ARD are defined as the number of days across all routes for a given period divided by 21, the total number of routes. This concept is illustrated in Figure 3, a slightly different version of the December 2008 billing-month, shown below.

Figure 3

PSE&G December 2008 Billing-Month



Each square represents an ARD.[6] The total yellow blocks in each row represent the number of days in that particular route during the December billing-month. The sum of all the yellow blocks, 677, divided by 21 represent the average number of days in the December billing-month, i.e., the average number of days across the 21 routes or 32.24.

The number of excess billed days, JAN B> DEC , is:

$$1.5 \text{ (January } 1^{st} \text{ and half of January } 2^{nd}) \ / \ 21 = 0.07 \qquad [13]$$

HDD for each period are a weighted sum of the daily HDD where the weight is the ARD associated with that day. For example, from the diagram it can be seen that on December 21st, the sales to 8 routes, routes 14-21, will be in the

[6] Well, not exactly. Remember that it is assumed that the meters are read at noon. As a result the last yellow block to the right of each row counts as a half day. On the other hand, the last blue block on the right of each row also counts as a half day in the December billing-month so, the math works for the billing-month but, the half needs to be taken into account when discussing portions of the unbilled and billed periods. For a clearer discussion, however, the half days will be, for the most part, ignored.

December billing-month while sales to the first thirteen routes will be in the January billing-month. As a result , 8/21 or 38 percent of the HDD on December 20th will be assigned to the December billing month and 62 percent will be assigned to the January billing month.

HDD for underbilled and excess billed periods are assigned in a similar manner.

From Table 2 below that shows the normal monthly billed an unbilled HDD and days by type, it can be seen that underbilled days and HDD occur rarely while excess billed days are quite common.

Table 2

Billed and Unbilled Days and Weather 2008-2009

Billing Month	Heating Degree Days				Days			
	Billed	Unbilled	Excess Billed	Under Billed	Billed	Unbilled	Excess Billed	Under Billed
Jan-08	795.06	322.08	0.59	-	31.67	12.76	0.02	0.00
Feb-08	786.44	283.76	5.90	-	30.19	11.83	0.29	0.00
Mar-08	643.82	187.74	2.62	-	30.67	12.10	0.21	0.00
Apr-08	360.41	73.05	0.20	-	30.14	11.83	0.10	0.00
May-08	108.21	13.78	0.05	-	29.90	13.05	0.21	0.00
Jun-08	15.47	0.14	-	-	30.33	12.60	0.10	0.00
Jul-08	0.14	-	-	-	30.71	12.81	0.02	0.00
Aug-08	0.01	0.03	-	-	29.57	14.29	0.07	0.00
Sep-08	1.87	7.02	0.04	-	30.71	13.52	0.02	0.00
Oct-08	60.34	87.80	-	-	29.38	15.12	0.00	0.00
Nov-08	255.88	213.78	1.65	-	29.76	15.43	0.10	0.00
Dec-08	578.34	338.40	1.75	0.17	32.24	14.19	0.07	0.02
Jan-09	797.36	361.02	1.75	-	31.86	13.33	0.07	0.00
Feb-09	786.19	277.80	7.41	-	30.14	11.48	0.36	0.00
Mar-09	634.56	188.08	1.17	-	30.00	12.21	0.10	0.00
Apr-09	361.92	73.58	0.46	-	30.52	11.79	0.19	0.00
May-09	108.91	13.36	0.05	-	30.14	12.67	0.21	0.00
Jun-09	15.07	0.12	-	-	30.33	12.21	0.10	0.00
Jul-09	0.12	-	-	-	30.86	12.38	0.12	0.00
Aug-09	0.01	0.03	-	-	29.38	13.90	0.02	0.00
Sep-09	1.97	6.92	0.04	-	30.52	13.38	0.02	0.00
Oct-09	61.71	86.34	-	-	29.62	14.74	0.00	0.00
Nov-09	261.34	207.03	1.65	-	29.95	14.88	0.10	0.00
Dec-09	582.57	329.38	3.90	-	32.14	13.81	0.17	0.00

On a monthly basis, the necessary coefficient, weather, and day data are transmitted to PSE&G accounting services each month. They are used to calculate the actual current month unbilled sales, UnbilledTherms, using:

UnbilledTherms = UnbilledDays x BASECoef + UnbilledHDD x HDDCoef [14]

Where:

UnbilledDays = the number of route days in the unbilled period as defined by [9],

Unbilled HDD = the number of HDD in the unbilled period as defined by [9],

BASECoef = the Base coefficient,

HDDCoef = the HDD coefficient.

The results of this calculation, with the previous month's unbilled results, are used to calculate calendar-month sales.

Unbilled, and as a consequence, calendar-month revenue is calculated by pricing the unbilled therms at the projected tariff rates. Adding the net unbilled revenue to the billing-month revenues results in the estimate of calendar-month revenue.

B. Summary Tables

Delivered Gas Sales As Billed
2017-2027
(MDth)

Class	Rate	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	RSG	Heating	130,512	147,879	146,246	147,875	151,624	150,066	152,275	154,763	157,422	159,943	162,525
		Non-Heating	8,860	9,314	4,016	3,342	4,025	4,040	4,088	4,115	4,128	4,123	4,118
	Total		139,371	157,193	150,262	151,217	155,649	154,106	156,363	158,878	161,550	164,066	166,643
Commercial	GSG	Heating	22,541	25,864	24,501	24,517	22,930	23,463	23,839	23,606	23,339	23,055	22,741
		Non-Heating	3,939	4,315	4,077	4,080	4,082	4,077	4,077	4,076	4,078	4,076	4,075
		Total	26,480	30,179	28,577	28,597	27,012	27,540	27,916	27,682	27,418	27,131	26,817
	LVG		61,091	70,527	68,443	68,682	62,254	66,937	67,420	67,448	67,576	67,578	67,589
	TSG	Firm	941	1,193	1,060	966	963	918	844	744	603	461	322
		Non-Firm	10,062	14,028	14,595	9,972	9,969	9,923	9,847	9,735	9,564	9,386	9,213
		Total	11,003	15,221	15,655	10,939	10,932	10,841	10,691	10,480	10,167	9,846	9,536
	CIG		3,595	5,471	4,746	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853
	CSG		16,341	21,300	8,119	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
	Total		118,510	142,697	125,540	115,346	107,325	112,446	113,155	112,738	112,289	111,684	111,069
Industrial	GSG	Heating	871	1,019	940	935	937	934	935	935	936	936	936
		Non-Heating	153	169	160	160	160	160	160	160	160	160	160
		Total	1,025	1,188	1,100	1,095	1,097	1,094	1,095	1,094	1,096	1,096	1,096
	LVG		7,043	8,383	8,339	8,153	7,869	7,978	7,987	7,935	7,898	7,848	7,804
	TSG	Firm	1,511	1,528	1,444	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408
		Non-Firm	17,374	6,115	6,373	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828
		Total	18,886	7,643	7,816	7,235	7,235	7,235	7,235	7,235	7,235	7,235	7,235
	CIG		564	1,020	695	611	611	611	611	611	611	611	611
	CSG		83,737	106,647	122,752	81,353	81,353	81,353	81,353	81,353	81,353	81,353	81,353
	Contract		8,822	-	-	-	-	-	-	-	-	-	-
	Total		120,075	124,880	140,702	98,447	98,165	98,271	98,282	98,228	98,193	98,143	98,099
Lighting	SLG		66	76	62	62	62	62	62	62	62	62	62
Total			378,023	424,847	416,566	365,072	361,201	364,885	367,861	369,906	372,094	373,955	375,873

Supplied Gas Sales As Billed
2017-2027
(MDth)

Class	Rate	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	RSG	Heating	124,075	141,470	141,490	143,331	146,962	145,453	147,595	150,009	152,587	155,033	157,537
		Non-Heating	8,362	8,844	3,814	3,176	3,827	3,841	3,887	3,913	3,925	3,921	3,916
	Total		132,437	150,315	145,305	146,507	150,788	149,294	151,482	153,921	156,512	158,953	161,453
Commercial	GSG	Heating	17,387	19,929	19,320	19,287	18,040	18,463	18,767	18,590	18,388	18,171	17,932
		Non-Heating	2,965	3,158	3,044	3,057	3,058	3,054	3,054	3,054	3,055	3,054	3,053
		Total	20,352	23,087	22,364	22,344	21,098	21,518	21,821	21,644	21,444	21,225	20,985
	LVG		24,578	26,300	27,067	25,582	23,192	24,937	25,136	25,166	25,230	25,243	25,260
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	942	807	840	991	991	991	991	991	991	991	991
		Total	942	807	840	991	991	991	991	991	991	991	991
	CIG		3,595	5,471	4,746	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853
	CSG		-	-	-	-	-	-	-	-	-	-	-
	Total		49,467	55,664	55,017	50,769	47,134	49,298	49,801	49,653	49,517	49,312	49,088
Industrial	GSG	Heating	689	799	774	768	770	768	769	768	769	769	769
		Non-Heating	113	127	126	130	130	130	130	130	130	130	130
		Total	802	927	901	898	900	897	898	897	898	899	899
	LVG		1,864	2,108	2,426	2,255	2,171	2,203	2,211	2,197	2,185	2,169	2,154
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	108	109	67	17	17	17	17	17	17	17	17
		Total	108	109	67	17	17	17	17	17	17	17	17
	CIG		564	1,020	695	760	760	760	760	760	760	760	760
	CSG		-	-	-	-	-	-	-	-	-	-	-
	Contract		1,301	-	-	-	-	-	-	-	-	-	-
	Total		4,638	4,164	4,089	3,930	3,847	3,877	3,886	3,871	3,860	3,844	3,830
Lighting	SLG		26	26	24	24	24	24	24	24	24	24	24
Total			186,568	210,170	204,435	201,230	201,794	202,493	205,193	207,470	209,914	212,134	214,395

Supplied Share of Delivered Gas Sales As Billed
2017-2027
(percent)

Class	Rate	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	RSG	Heating	95%	96%	97%	97%	97%	97%	97%	97%	97%	97%	97%
		Non-Heating	94%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Total		95%	96%	97%	97%	97%	97%	97%	97%	97%	97%	97%
Commercial	GSG	Heating	77%	77%	79%	79%	79%	79%	79%	79%	79%	79%	79%
		Non-Heating	75%	73%	75%	75%	75%	75%	75%	75%	75%	75%	75%
		Total	77%	76%	78%	78%	78%	78%	78%	78%	78%	78%	78%
	LVG		40%	37%	40%	37%	37%	37%	37%	37%	37%	37%	37%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	9%	6%	6%	10%	10%	10%	10%	10%	10%	11%	11%
		Total	9%	5%	5%	9%	9%	9%	9%	9%	10%	10%	10%
	CIG		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		42%	39%	44%	44%	44%	44%	44%	44%	44%	44%	44%
Industrial	GSG	Heating	79%	78%	82%	82%	82%	82%	82%	82%	82%	82%	82%
		Non-Heating	74%	75%	79%	81%	81%	81%	81%	81%	81%	81%	81%
		Total	78%	78%	82%	82%	82%	82%	82%	82%	82%	82%	82%
	LVG		26%	25%	29%	28%	28%	28%	28%	28%	28%	28%	28%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	1%	2%	1%	0%	0%	0%	0%	0%	0%	0%	0%
		Total	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
	CIG		100%	100%	100%	124%	124%	124%	124%	124%	124%	124%	124%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Contract		15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		4%	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%
Lighting	SLG		39%	35%	39%	39%	39%	39%	39%	39%	39%	39%	39%
Total			49%	49%	49%	55%	56%	55%	56%	56%	56%	57%	57%

Delivered Gas Sales Calendar-Year
2017-2027
(MDth)

Class	Rate	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	RSG	Heating	131,801	144,199	146,339	149,551	150,954	149,974	152,120	155,610	157,233	159,738	162,218
		Non-Heating	8,866	9,044	4,065	2,986	4,072	4,039	4,085	4,130	4,122	4,115	4,109
	Total		140,667	153,243	150,404	152,537	155,026	154,013	156,205	159,740	161,355	163,853	166,327
Commercial	GSG	Heating	22,771	25,196	24,676	24,762	22,762	23,465	23,812	23,706	23,276	22,994	22,667
		Non-Heating	4,040	4,256	4,086	4,099	4,072	4,073	4,069	4,087	4,071	4,069	4,066
		Total	26,811	29,453	28,762	28,861	26,834	27,538	27,881	27,793	27,347	27,062	26,732
	LVG		61,513	68,128	67,729	69,318	61,751	67,095	67,312	67,682	67,442	67,443	67,418
	TSG	Firm	951	1,197	924	966	963	918	844	744	603	461	322
		Non-Firm	9,668	10,972	12,155	9,972	9,969	9,923	9,847	9,735	9,564	9,386	9,213
		Total	10,618	12,169	13,079	10,939	10,932	10,841	10,691	10,480	10,167	9,846	9,536
	CIG		3,408	3,568	3,373	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853
	CSG		8,734	18,502	6,131	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
	Total		111,084	131,819	119,074	116,246	106,645	112,601	113,012	113,083	112,084	111,479	110,814
Industrial	GSG	Heating	875	993	943	945	934	933	933	938	933	933	933
		Non-Heating	155	166	161	161	160	160	160	160	160	160	159
		Total	1,030	1,159	1,104	1,106	1,093	1,092	1,092	1,099	1,093	1,093	1,093
	LVG		7,093	8,258	8,373	8,227	7,834	7,976	7,977	7,953	7,881	7,831	7,783
	TSG	Firm	1,574	1,453	1,499	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408
		Non-Firm	15,878	5,486	6,373	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828
		Total	17,451	6,939	7,872	7,235	7,235	7,235	7,235	7,235	7,235	7,235	7,235
	CIG		557	657	594	611	611	611	611	611	611	611	611
	CSG		72,331	86,007	99,401	81,353	81,353	81,353	81,353	81,353	81,353	81,353	81,353
	Contract		6,389	-	-	-	-	-	-	-	-	-	-
	Total		104,851	103,020	117,344	98,532	98,127	98,268	98,269	98,251	98,173	98,123	98,075
Lighting	SLG		66	72	62	62	62	62	62	62	62	62	62
Total			356,668	388,153	386,884	367,377	359,860	364,944	367,548	371,136	371,674	373,517	375,278

Supplied Gas Sales Calendar-Year
2017-2027
(MDth)

Class	Rate	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	RSG	Heating	125,315	137,603	141,644	144,967	146,311	145,363	147,444	150,831	152,404	154,833	157,240
		Non-Heating	8,365	8,561	3,859	2,837	3,871	3,840	3,884	3,927	3,919	3,913	3,907
	Total		133,680	146,164	145,502	147,804	150,182	149,203	151,329	154,758	156,323	158,747	161,147
Commercial	GSG	Heating	17,569	19,242	19,479	19,493	17,906	18,465	18,745	18,670	18,337	18,122	17,872
		Non-Heating	2,976	3,083	3,053	3,071	3,051	3,051	3,048	3,062	3,050	3,048	3,046
		Total	20,545	22,325	22,531	22,564	20,957	21,516	21,793	21,732	21,387	21,170	20,918
	LVG		24,708	25,405	26,878	25,928	22,995	24,998	25,094	25,258	25,178	25,190	25,193
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	892	699	803	991	991	991	991	991	991	991	991
		Total	892	699	803	991	991	991	991	991	991	991	991
	CIG		3,408	3,568	3,373	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853
	CSG		-	-	-	-	-	-	-	-	-	-	-
	Total		49,553	51,997	53,586	51,335	46,795	49,358	49,731	49,834	49,408	49,204	48,954
Industrial	GSG	Heating	692	785	778	776	767	766	766	771	767	767	767
		Non-Heating	115	124	127	131	129	129	129	130	129	129	129
		Total	806	909	905	906	897	896	896	901	896	896	896
	LVG		1,877	2,082	2,428	2,323	2,158	2,202	2,207	2,203	2,178	2,162	2,147
	TSG	Firm	-	-	-	-	-	-	-	-	-	-	-
		Non-Firm	59	82	67	17	17	17	17	17	17	17	17
		Total	59	82	67	17	17	17	17	17	17	17	17
	CIG		557	657	594	760	760	760	760	760	760	760	760
	CSG		-	-	-	-	-	-	-	-	-	-	-
	Contract		805	-	-	-	-	-	-	-	-	-	-
	Total		4,104	3,731	3,994	4,006	3,832	3,875	3,880	3,881	3,851	3,835	3,820
Lighting	SLG		26	26	24	24	24	24	24	24	24	24	24
Total			187,362	201,918	203,107	203,169	200,834	202,460	204,963	208,498	209,607	211,810	213,944

Supplied Share of Delivered Gas Sales Calendar Year 2017-2027 (percent)

Class	Rate	Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Residential	RSG	Heating	95%	95%	97%	97%	97%	97%	97%	97%	97%	97%	97%
		Non-Heating	94%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
	Total		95%	95%	97%	97%	97%	97%	97%	97%	97%	97%	97%
Commercial	GSG	Heating	77%	76%	79%	79%	79%	79%	79%	79%	79%	79%	79%
		Non-Heating	74%	72%	75%	75%	75%	75%	75%	75%	75%	75%	75%
		Total	77%	76%	78%	78%	78%	78%	78%	78%	78%	78%	78%
	LVG		40%	37%	40%	37%	37%	37%	37%	37%	37%	37%	37%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	9%	6%	7%	10%	10%	10%	10%	10%	10%	11%	11%
		Total	8%	6%	6%	9%	9%	9%	9%	9%	10%	10%	10%
	CIG		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		45%	39%	45%	44%	44%	44%	44%	44%	44%	44%	44%
Industrial	GSG	Heating	79%	79%	83%	82%	82%	82%	82%	82%	82%	82%	82%
		Non-Heating	74%	75%	79%	81%	81%	81%	81%	81%	81%	81%	81%
		Total	78%	78%	82%	82%	82%	82%	82%	82%	82%	82%	82%
	LVG		26%	25%	29%	28%	28%	28%	28%	28%	28%	28%	28%
	TSG	Firm	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Non-Firm	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
		Total	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
	CIG		100%	100%	100%	124%	124%	124%	124%	124%	124%	124%	124%
	CSG		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Contract		13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total		4%	4%	3%	4%	4%	4%	4%	4%	4%	4%	4%
Lighting	SLG		39%	37%	39%	39%	39%	39%	39%	39%	39%	39%	39%
Total			53%	52%	52%	55%	56%	55%	56%	56%	56%	57%	57%

ATTACHMENT 2

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
DONNA M. POWELL
ASSISTANT CONTROLLER - PSE&G

Q. Please state your name and address for the record.

A. My name is Donna M. Powell. My business address is 80 Park Plaza, Newark, New Jersey, 07102.

Q. In what capacity are you employed?

A. I am employed by PSEG Services Corporation (PSEG Services), a subsidiary of Public Service Enterprise Group Incorporated (PSEG or Enterprise), as Assistant Controller-PSE&G. I am responsible for all accounting matters for Public Service Electric and Gas (PSE&G or the Company).

Q. Please describe your employment experience and educational background.

A. I hold a B.S in Accounting from Villanova University and I am a Certified Public Accountant. I have been employed by PSEG Services since February 2012, serving as Assistant Controller-PSE&G. In my role as Assistant Controller – PSE&G, I am responsible for all accounting matters for PSE&G and I direct the utility accounting functions including regulatory compliance thereon. I have previously testified on behalf of PSE&G to the BPU.

Prior to joining PSEG, I was employed by New Jersey American Water Company from 2007 to 2012 as Vice-President of Finance where I was

responsible for all of the financial aspects of that company, including business planning, regulatory strategy and rate support, and all financial, statutory and management reporting. From 1998 to 2007, I worked in various financial capacities at Pepco Holdings, Inc. (formerly Conectiv, Inc. and Atlantic City Electric Company), including testifying before the New Jersey Board of Public Utilities in 1998 in support of Atlantic City Electric Company's request for stranded cost recovery as a result of deregulation. I also worked for nine years with Deloitte & Touche in various capacities from entry level auditor through Senior Manager, where, in that role, I worked primarily in the utility sector and was designated a utility industry accounting and auditing expert.

Q. Please describe the purpose of your testimony.

A. The purpose of this testimony is to describe the Weather Normalization Charge (WNC) to be implemented by PSE&G for the Annual Period (October 1, 2021 to September 30, 2022) and related refunds to customers taking service on the Company's Residential Service (RSG), General Service (GSG) and Large Volume Service (LVG) rate schedules during the Winter Period of October 1, 2021 through May 31, 2022. As part of this discussion, I will define certain

adjustments to the WNC calculation made in accordance with 2 approved Board Orders specific to the 2020-2021 WNC period:

1. On September 23, 2020, the Board approved a provisional rate at $0.005722 without Sales and Use Tax ("SUT") ($0.006101 including SUT), per balancing therm for the 2020-2021 Winter Period, effective October 1, 2020 as a result of revenue margin deficiency for the 2019-2020 Winter Period. The provisional rate was set based on forecasted results which would have allowed the Company to fully recover those deficiency revenues.

2. In November 2020, the Company filed an update to the Board with actual results through September 2020 which determined that the Company would not be eligible to recover any revenue margin deficiency from the 2019-2020 Winter Period. On November 18, 2020, the Board approved a final WNC Stipulation in Docket No. GR20060470. This Board Order set a final WNC rate of $0.000000 per balancing therm, with and without SUT, for the 2020-2021 Winter Period. In addition, this Order stated that no balance from the 2019-2020 Winter Period margin deficiency will be carried over for recovery in the 2021-2022 Winter Period, and the total over-collection from October through November 2020 as a result of the final settlement, with interest calculated at the rate

applied to under/over balances of PSE&G's Green Program Recovery Charge, will be reflected in the WNC balance used to calculate the WNC refund rate for the 2021-2022 Winter Period in accordance with the terms of the Company's WNC Tariff.

Q. Please describe the schedules you are sponsoring for this proceeding.

A. I am sponsoring the following Schedules:

- Schedule DMP-WNC-1: 2020-2021 Winter Period Weather Normalization Calculation.
- Schedules DMP-WNC-2a and DMP-WNC-2b: Weather Normalization Earnings Test and Supporting Schedule of Adjusted Gas Jurisdictional Net Income for the 2020-2021 Annual Period
- Schedule DMP-WNC-3: Refund Schedule Summary for the
  - 2019-2020 WNC over collection during the 2020-2021 Winter Period;
  - WNC Over-collection schedule for the provisional tariff rates in effect for October and November 2020; and
  - Interest due on the over-collection from the October and November 2020 rates in effect.
- Schedule DMP-WNC-4: Summary Schedule of WNC Calculation for the Annual Period October 1, 2020 to September 30, 2021

Q. Please describe the Weather Normalization Charge.

A. The Company's WNC is a rate mechanism that, in general, mitigates the financial effect of variations from the normal weather on which base rates are set, on both the Company and its customers receiving service under the RSG, GSG, and LVG rate schedules. Variances in actual degree days from normal for each day are measured and accumulated over the calendar-month for each month in the Winter Period. These monthly variances are adjusted for a degree day dead band which is ½% of the normal calendar-month degree days. The resulting cumulative degree day variance, along with the trued-up degree day consumption factors, determines, along with any prior WNC balances, the adjustment to customers' bills in the following Winter Period. This adjustment is either a surcharge to collect a revenue deficiency as a result of warmer than normal weather or a credit to customers to refund the excess revenues collected as a result of colder than normal weather.

In accordance with B.P.U.N.J. No. 16 Gas Tariff Sheets Nos. 45, 46, 47 (WNC Tariff), the Company has updated the number of base customers and therms per degree day by rate class, and calculated the margin revenue used in determining the (excess)/deficient margin revenues for the 2020-2021 Winter Period.

Q. How is the 2019-2020 WNC deficiency calculated?

A. In accordance with the WNC Tariff, the Company has calculated the level by which margin revenues differed from what would have resulted if normal weather occurred for the 2020-2021 Winter Period. The normalized degree day variance produced a margin revenue deficit of $31,244,886 during the 2020-2021 Winter Period. This calculation is set forth on Schedule DMP-WNC-1.

There are three (3) steps to this process as shown in Schedule DMP-WNC-1. These are:

- Step 1: Determination of the degree day variance after the ½% dead band adjustment.
- Step 2: Determination of the normalized volumes by rate class, by multiplying the (excess)/deficient degree day variance by the trued-up consumption factors to determine the (excess)/deficient volumes.
- Step 3: Calculation of the Margin Revenue Deferral prior to application of the earnings test, by multiplying the (excess)/deficient volumes by the Margin Revenue Factor for each of the rate classes.

Q. Are there any adjustments necessary for the calculation of the 2020-2021 WNC Period Margin Revenue Deficit?

A. Yes, PSE&G has made four (4) adjustments to the margin revenue deficit in order to calculate the 2020-2021 WNC deferral and refund request. The Company has:

1. Applied the WNC Tariff Earnings Test to the calculated margin revenue deficiency as a result of the warmer than normal 2020-2021 Winter Period;
2. Included the remaining 2019-2020 WNC refund balance that was not fully refunded to customers over the 2020-2021 Winter Period due to lower usage from higher than normal temperatures;
3. Included amounts collected from customers as a result of a provisional WNC rate in effect for October and November 2020, that should now be refunded over the 2021-2022 Winter Period; and
4. Included interest due on amounts collected from customers as describe in item 3 above due to the provisional WNC rate in effect during October and November 2020.

Q. Please explain the earnings test requirement.

A. As set forth in the WNC Tariff, the WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Company to earn in excess of its allowed rate of return on common equity of 9.60% for the Annual Period. For purposes of this tariff, the Company's rate of return on common equity is calculated by dividing the gas portion of the Company's regulated jurisdictional net income for the Annual Period by the gas portion of the Company's average 13-month common equity balance for the Annual Period.

Q. How is common equity calculated for the earnings test?

A. As set forth in the WNC tariff, the 13 month average common equity balance shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service, excluding plant held for future use and excluding plant for which the Company receives recovery from clause mechanisms that provide for a return on investment outside of base rates, less Accumulated Depreciation Reserve) less Accumulated Deferred Income Taxes plus working capital associated with Materials and Supplies Inventory and Prepayments at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 54% (the equity percentage of the Company's capital structure). See Schedule

DMP-WNC-2a for the calculation based on actual results from October 1, 2020 through April 30, 2021 and a forecast from May 1, 2021 through September 30, 2021.

Q. How is the regulated jurisdictional net income calculated?

A. The gas portion of the Company's jurisdictional net income is calculated by subtracting the net income derived from the WNC, and the gas portion of the Green Programs Recovery Charge, which provides for a return on investment outside of base rates, from total regulatory net income of the gas portion of the Company. Net income for this calculation is the Company's regulatory operating income less interest expense, consistent with the calculation of regulatory net income in the earnings test utilized in the Company's Gas System Modernization II (GSMPII) Program. See Schedule DMP-WNC-2b for the calculation based on actual results from October 1, 2020 through April 30, 2021 and a forecast from May 1, 2021 through September 30, 2021

Q. What are the results of the earnings test?

A. As calculated in accordance with the tariff as described above, the Company does not project any recovery of the 2020 – 2021 Winter Period revenue deficiency due to the application of the earnings test as illustrated in Schedule DMP-WNC2a.

Q. What are the primary drivers of the earnings test results?

A. The primary drivers causing the earnings test limitations are a significant increase in pension income since the Company's last test year as well as the calculation of rate base for the earnings test that excludes working capital and understates the Company's Gas Distribution common equity.

Q. How is pension income affecting the earnings test?

A. The primary driver of the increase in pension income since 2017-2018 is market gains on the pension asset. It's important to note that the Company does not have access to the cash generated from the pension income to offset other operating expenses. If pension income were set to zero or at the level in the last rate case, the earnings test limitations would not apply and the company would be entitled to recover the full deficiency in the 2021-2022 Winter Period.

Q. Is the calculation of rate base used to determine common equity consistent with how rate base would be calculated in a base rate case?

A. No. The calculation of the common equity balance for this earnings test excludes certain rate base components that would be included in a rate case. Most notably, cash working capital, which requires an extensive separate study that is prepared as part of a base rate proceeding, is not included. Including cash

working capital would increase rate base, increasing the common equity balance, and thus lowering the ROE for this earnings test.

Q. Are there any other adjustments necessary for the calculation of the 2020-2021 WNC deferral and recovery request?

A. Yes, as discussed above, PSE&G has made three other adjustments to the 2020-2021 Winter Period margin revenue deficiency in order to calculate the amount to be refunded to ratepayers over the 2021-2022 Winter Period.

Q. Please describe these additional adjustments required to calculate the total 2020-2021 WNC.

A. Adjustment 1: In Docket No. GR20060470 dated September 23, 2020, the Board approved a carryover refund from the 2019-2020 Winter Period calculated as of May 31, 2020 in the amount of $197,799, to be refunded to customers of $197,799 over the 2020-2021 Winter Period. As of September 30, 2020 that amount had increased to $215,043 due to billing adjustments as a result of true ups to estimated bills issued during the 2020-2021 Winter Period. Please refer to Schedule DMP-WNC-3, item 1, for a schedule of the monthly adjustments to that refund for June through September 2020, resulting in the balance of $215,043.

Adjustment 2: Also in Docket No. GR20060470 dated September 23, 2020, the Board approved a provisional WNC rate at $0.005722 without Sales and Use Tax

("SUT") ($0.006101 including SUT), per balancing therm for the 2020-2021 Winter Period, effective October 1, 2020. This rate was in effect for the months of October 2020 and November 2020. As previously stated, on November 18, 2020, the Board approved a final WNC Stipulation in Docket No. GR20060470 which set a final WNC rate of $0.000000 per balancing therm, with and without SUT, for the 2020-2021 Winter Period, and the total over-collection from October through November 2020 will be reflected in the WNC balance used to calculate the WNC refund rate for the 2021-2022 Winter Period in accordance with the terms of the Company's WNC Tariff. As of May 31, 2021, the Company has collected $1,616,622 of WNC revenues to be refunded to customers as a result of the tariff in effect for the months of October and November 2020. Please refer to Schedule DMP-WNC-3, item 2, for a schedule of the monthly collections resulting in the refund amount as of May 31, 2021 totaling $1,616,622.

Adjustment 3: Docket No. GR20060470 ordered that the total over-collection as described in Adjustment 2 above, from October through November 2020 as a result of the final settlement, will be refunded with interest to be calculated at the rate applied to under/over balances of PSE&G's Green Program Recovery Charge (GPRC). The interest on the over collection is to be reflected in the WNC balance used to calculate the WNC refund rate for the 2021-2022 Winter Period in accordance with the terms of the Company's WNC Tariff. The interest

due on the over collection of $1,616,622 totals $4,068 by applying the same interest rates used for the Company's GPRC. Please refer to Schedule DMP-WNC-3, item 3, for a schedule of the monthly interest calculation and rates totaling $4,068 as of May 31, 2021.

Q. Please summarize the results of your calculations and adjustments.

A. Based on the Board-approved method for calculating the WNC refund, the Company respectfully requests approval to refund $1,835,733 over the 2021-2022 Winter Period. Please see DMP-WNC-4 for a summary schedule of the total refund. The specific rate impacts and calculations relative to the 2021-2022 Winter Period collection will be discussed in the testimony of Stephen Swetz.

Q. Does this conclude your testimony in this matter?

A. Yes.

PSE&G
Weather Normalization
2020-2021 Winter Period

Step 1: Determine the degree day variance from the dead band.

	Normal Degree Days	0.50% Dead Band	Dead Band Low End	Dead Band High End	Actual Degree Days	Normalization Amount (1)
October	238	1	237	239	213	23
November	526	3	523	529	398	125
December	829	4	825	833	828	-
January	1,004	5	999	1,009	952	48
February	838	4	834	842	891	(48)
March	693	3	690	697	603	87
April	355	2	353	357	321	32
May	125	1	124	126	123	2

Step 2: Determine the normalized volumes by rate class.

	Therms Per Degree Day (2)			Normalization Volumes (3)		
	RSG	GSG	LVG	RSG	GSG	LVG
October	154,701	21,492	95,837	3,609,174	501,408	2,235,877
November	251,517	40,215	95,837	31,512,565	5,038,537	12,007,418
December	251,161	56,391	95,837	-	-	-
January	294,974	72,063	96,429	14,126,305	3,451,097	4,617,985
February	288,011	57,868	96,429	(13,841,809)	(2,781,136)	(4,634,378)
March	286,391	61,166	96,429	24,898,834	5,317,772	8,383,537
April	276,613	63,509	96,429	8,835,019	2,028,477	3,079,942
May	198,742	12,321	96,429	365,685	22,671	177,429

Step 3: Calculate the margin revenue to be deferred.

	Margin Revenue Deferral (4)			
Margin Revenue Factor:				
December 2020- May 2021	**0.38112**	**0.29935**	**0.04243**	
October 2020 - November 2020	**0.37053**	**0.29366**	**0.04215**	**Total**
October	$ 1,337,300	$ 147,244	$ 94,242	$ 1,578,786
November	$ 11,676,288	$ 1,479,622	$ 506,113	$ 13,662,022
December	$ -	$ -	$ -	$ -
January	$ 5,383,831	$ 1,033,072	$ 195,927	$ 6,612,831
February	$ (5,275,404)	$ (832,522)	$ (196,623)	$ (6,304,549)
March	$ 9,489,468	$ 1,591,854	$ 355,688	$ 11,437,010
April	$ 3,367,211	$ 607,217	$ 130,673	$ 4,105,101
May	$ 139,370	$ 6,786	$ 7,528	$ 153,685
Winter Period Total	$ 26,118,065	$ 4,033,273	$ 1,093,548	$ 31,244,886

Step 3: Calculate the margin revenue to be deferred.

Recovery of any amount that would cause the company to earn in excess of the allowed ROE (9.6%) is prohibited.

(1) Amount above or below the Dead Band
(2) Consumption factors to be true-up at the end of the Winter Period for actual # of customers.
(3) Normalization degree days x Therms Per Degree Day
(4) Normalization Volumes x Margin Revenue Factor

PSE&G
Weather Normalization
Earnings Test
Annual Period October 1, 2020 to September 30, 2021

		Gas Plant In Service*	Accumulated Depreciation	Accumulated Deferred Taxes	Materials & Supplies	Prepayments	Net Plant in Service
September-20	Actuals	$ 9,326,238	$ (2,494,281)	$ (1,691,249)	$ 41,494	$ 46,641	$ 5,228,843
October-20	Actuals	$ 9,393,874	$ (2,505,355)	$ (1,690,621)	$ 41,432	$ 43,224	$ 5,282,554
November-20	Actuals	$ 9,453,509	$ (2,513,842)	$ (1,689,986)	$ 41,405	$ 33,114	$ 5,324,200
December-20	Actuals	$ 9,515,088	$ (2,518,784)	$ (1,689,417)	$ 41,412	$ 894	$ 5,349,193
January-21	Actuals	$ 9,567,869	$ (2,529,915)	$ (1,688,664)	$ 41,417	$ (7,345)	$ 5,383,362
February-21	Actuals	$ 9,599,953	$ (2,538,541)	$ (1,687,848)	$ 41,562	$ (16,326)	$ 5,398,800
March-21	Actuals	$ 9,663,873	$ (2,542,087)	$ (1,687,100)	$ 41,581	$ 3,257	$ 5,479,524
April-21	Actuals	$ 9,725,099	$ (2,543,122)	$ (1,686,517)	$ 41,557	$ 2,402	$ 5,539,419
May-21	Forecasted	$ 9,789,378	$ (2,550,506)	$ (1,686,318)	$ 41,336	$ 60,850	$ 5,654,739
June-21	Forecasted	$ 9,952,633	$ (2,630,420)	$ (1,685,978)	$ 41,213	$ 59,271	$ 5,736,719
July-21	Forecasted	$ 10,012,502	$ (2,639,297)	$ (1,685,471)	$ 41,193	$ 60,341	$ 5,789,268
August-21	Forecasted	$ 10,093,516	$ (2,647,036)	$ (1,685,320)	$ 41,253	$ 49,330	$ 5,851,743
September-21	Forecasted	$ 10,153,163	$ (2,656,077)	$ (1,684,832)	$ 41,303	$ 50,087	$ 5,903,643
13 Month Average		$ 9,711,284	$ (2,562,251)	$ (1,687,640)	$ 41,397	$ 29,672	$ 5,532,462

Equity Ratio		54.00%
Average Equity	$	2,987,529
Allowed ROE		9.6%
Allowed Net Income	$	286,803
Forecasted Net Income	$	308,864
Maximum Recoverable through WNC - after tax	$	-
Maximum Recoverable through WNC - pre-tax	$	- (a)
WNC Revenue Deficiency	$	31,245 (b)
Allowed for recovery - Lower of (a) or (b)	$	-

**** Excludes $96K of Plant Held for Future Use***

PSE&G

Adjusted Gas Jurisdictional Net Income

Annual Period October 1, 2020 to September 30, 2021

	Gas Net Income	Less: GPRC NI	Adjusted Net Income	
Oct-20	(1,696,811)	234,629	(1,931,440)	Actual
Nov-20	31,857,522	233,493	31,624,028	Actual
Dec-20	67,360,428	415,781	66,944,647	Actual
Jan-21	79,496,042	106,512	79,389,530	Actual
Feb-21	70,838,642	384,187	70,454,455	Actual
Mar-21	58,283,861	(178,374)	58,462,236	Actual
Apr-21	9,702,777	830,490	8,872,287	Actual
May-21	(322,943)	325,562	(648,506)	Forecasted
Jun-21	13,459,365	290,862	13,168,503	Forecasted
Jul-21	(12,838,994)	292,598	(13,131,592)	Forecasted
Aug-21	(14,484,222)	293,086	(14,777,308)	Forecasted
Sep-21	10,730,555	293,133	10,437,422	Forecasted
	312,386,221	3,521,959	308,864,262	

PSE&G

Refund Schedule for Prior Years' Winter Period Overcollections

For the Winter Period effective October 1, 2020 to May 31, 2021

1.

Prior WNC Periods Total WNC Balance to be refunded to customers as of May 31, 2020	**(a)**	$ (197,799)	*Per Docket No. GR20060470 approved 11/18/2020 Final Rates*
Amounts refunded to/(collected from) customers per month:			
Jun-20		$ 518	
Jul-20		$ (6,502)	
Aug-20		$ (6,695)	
Sep-20		$ (4,565)	
Additional net overcollection from June 2020 to Sept 2020	**(b)**	$ (17,244)	
Total Carryforward of WNC to be refunded to customers from Prior (2019-2020) WNC Period	**(a) + (b) = (c)**	**$ (215,043)**	

2.

Current WNC Period Overcollection due to new rates effective in Oct & Nov 2020			
Oct-20		$ (165,541)	*See Note 1 below*
Nov-20		$ (623,162)	*See Note 2 below*
Dec-20		$ (562,246)	*See Note 3 below*
Jan-21		$ (7,408)	*See Note 4 below*
Feb-21		$ (3,372)	*See Note 4 below*
Mar-21		$ (3,891)	*See Note 4 below*
Apr-21		$ (1,359)	*See Note 4 below*
May-21		$ (112)	*See Note 4 below*
Overcollection from Oct 2020 to May 2021 due to WNC rate implemented provisionally for Oct/Nov 2020	**(d)**	**$ (1,616,622)**	

3.

Interest on Overcollection from Oct 2020 to May 2021 per Board Order (at GPRC Rates):				*Per Docket No. GR20060470 approved 11/18/2020 Final Rates*
	Rate			
Oct-20	0.001783	$	(148)	
Nov-20	0.001783	$	(851)	
Dec-20	0.001783	$	(1,908)	
Jan-21	0.000233	$	(316)	
Feb-21	0.00015	$	(205)	
Mar-21	0.00015	$	(206)	
Apr-21	0.000158	$	(218)	
May-21	0.000158	$	(218)	
Total Interest for the period Oct 1, 2020 through May 31, 2021	**(e)**	**$**	**(4,068)**	

4.

Summary of all Overcollections & Interest Due to Customers:			
Total Carryforward of WNC to be refunded to customers from Prior (2019-2020) WNC Period	$	(215,043)	(c) above
Overcollection from Oct 2020 to May 2021 due to WNC rate implemented provisionally for Oct/Nov 2020	$	(1,616,622)	(d) above
Total Interest for the period Oct 1, 2020 through May 31, 2021	$	(4,068)	(e) above
Total due Customers as of May 31, 2021	**$**	**(1,835,733)**	

Note 1 Oct billed revenue for WNC
Note 2 Nov billed revenue for WNC
Note 3 Amount represents billings in Dec for November usage
Note 4 Amount represents billing adjustments for estimated bills to actuals retroactive to Oct & Nov usage

PSE&G
Weather Normalization Summary Schedule
Annual Period October 1, 2020 to September 30, 2021

			Schedule Reference
2020-2021 Winter Period Total WNC Revenue Shortfall	$ -	*(a)*	**DMP-WNC-2a**
Remaining balance carried over from the 2019-2020 WNC, to be refunded during 2021-2022 Winter Period	($215,043)	*(b)*	**DMP-WNC-3**
Collections from the provisional Oct & Nov 2020 Rate to be refunded during the 2021-2022 Winter Period	($1,616,622)	*(b)*	**DMP-WNC-3**
Interest to be credited and refunded to customers from the provisional Oct & Nov 2020 Rate, to be refunded during the 2021-2022 Winter Period	($4,068)		**DMP-WNC-3**
. Total WNC Balance to be refunded to customers	$ (1,835,733)	*(c)*	***(a) + (b)***

ATTACHMENT 3

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DIRECT TESTIMONY
OF
STEPHEN SWETZ
SENIOR DIRECTOR - CORPORATE RATES AND REVENUES REQUIREMENTS

Q. Please state your name and business address.

A. My name is Stephen Swetz. My business address is 80 Park Plaza, T-8, Newark, New Jersey 07102.

Q. By whom are you employed and in what capacity?

A. I am the Senior Director - Corporate Rates and Revenues Requirements, PSEG Services Corporation. My credentials are set forth in the attached Schedule SS-WNC-1.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss Public Service Electric and Gas Company's (PSE&G, the Company) derivation of the Weather Normalization Charge (WNC) to be applied during the Winter Period of October 1, 2021 through May 31, 2022 to the Company's Residential Service (RSG), General Service (GSG) and Large Volume Service (LVG) rate schedules.

Q. Does your testimony include any schedules?

A. Yes. My testimony includes Schedule SS-WNC-1, which contains my qualifications, and Schedule SS-WNC-2, which was prepared under my direct supervision. Schedule SS-WNC-2 details the calculation of the 3% WNC rate cap limit on the RSG total per therm rate of balancing therms over an 8 month period.

Q. Please describe the WNC mechanism.

A. As set forth in the Testimony of PSE&G Witness Stephen A. Wreschnig, the Company's WNC is a rate mechanism that, in general, mitigates the financial effect of variations from the normal weather on which rates are set on both the Company and its customers in RSG, GSG and LVG Rate Schedules. Variances in actual degree days from normal for each day are accumulated for each month of the Winter Period (October through May). These variances are adjusted for a degree day dead band, which is 1/2% of the normal calendar month degree days. The resulting cumulative degree day variance, along with the trued-up Degree Day Consumption Factors and Margin Revenue Factors, determine the Margin Revenue Deferral. This Margin Revenue Deferral is either a charge to collect a revenue deficiency as a result of warmer than normal weather or a credit to customers to refund the excess revenues collected as a result of colder than normal weather.

Q. What is the result of the WNC mechanism for the 2020-2021 Winter Period?

A. As shown in Donna M. Powell's Testimony, Schedule DMP-WNC-1, the Margin Revenue calculation indicates a margin (excess)/deficit for the 2020-2021 Winter Period of $31,244,886. Pursuant to the WNC tariff, this deficit is subject to an earnings test. As a result of the application of the WNC Earnings Test, the Company is not proposing to collect any of this deficit in the the 2021-2022 Winter Period. See the testimony of Donna Powell at Attachment 2.

Q. Are there any other calculations necessary for the determination of the 2020-2021 WNC recovery request?

A. Yes. As shown in Donna M. Powell's Testimony, Schedule DMP-WNC-3, the margin deficit from this 2020-2021 Winter Period is offset by a remaining over-collection from the 2019-2020 Winter Period of ($1,835,733). This is comprised of a carryover excess of ($215,043) as of September 30, 2020 and amounts refunded or collected from customers over two months of the 2020-2021 Winter Period of ($1,620,690) inclusive of interest. The total WNC balance to be refunded after these adjustments is ($1,835,733) as shown in Schedule DMP-WNC-3.

Q. What is the net WNC balance to be refunded to customers over the 2021-2022 Winter Period?

A. As shown in Schedule DMP-WNC-4, the net WNC amount to be refunded to customers is ($1,835,733). This amount reflects the 2020-2021 Winter Period deferral of $0 less the remaining over-collected balance from the 2019-2020 Winter Period and two months of the 2020-2021 Winter Period of ($1,835,733).

Q. Are there any other limitations on setting the WNC?

A. As stated in Section II of the Company's proposed WNC Tariff Sheet 47 (Attachment 4), the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including BGSS - RSG charges and 73.33% of the Balancing Charge.

Q. How is the 3% WNC rate cap limit calculated?

A. As shown in Schedule SS-WNC-2, the total per therm rate after applying the effective annualized balancing charge equates to $0.767404 (with SUT) per therm. The 3% rate cap limit results in a rate cap limit of $37,740,454 and WNC rate of $0.023022 per therm with SUT ($0.021592 per therm without SUT). Since the 3% rate cap limit is greater than the total proposed WNC balance of ($1,835,733), there is no 3% cap application as the resulting rate of ($0.001120) per therm with SUT (($0.001050) per therm without SUT) is a rate lower than the 3% WNC rate cap.

Q. Please show the WNC calculation.

A. The WNC calculation is shown below:

	Forecasted Balancing Therms	Schedule SAW-WNC-4
1	Refund Request for 2021-2022 Winter Period (Schedule DMP-WNC-4)	($1,835,733)
2	Forecasted Balancing Therms	1,747,890,625
3=1/2	Weather Normalization Charge (per Balancing Therm)	($0.001050)
4=3*1.06625	Weather Normalization Charge (Including Sales and Use Tax (SUT)	($0.001120)

Q. What is PSE&G's proposal to implement the WNC for the 2021-2022 annual period?

A. As a result of these calculations, PSE&G proposes a WNC of ($0.001120) with SUT per balancing therm (($0.001050) per therm without SUT) per balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2021-2022 Winter period. As the remaining over/under balance approaches zero, PSE&G proposes to roll any remaining over or under recovery balance from the upcoming 2021-2022 Winter Period into the Company's initial Gas CIP filing for rates scheduled to be in effect on October 1, 2022.

Q. Does this conclude your testimony?

A. Yes.

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

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

WORK EXPERIENCE

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

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

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

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

EDUCATIONAL BACKGROUND

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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
Public Service Electric & Gas Company	G	GR21060882	written	Jun-21	Margin Adjustment Charge (MAC) / Cost Recovery
Public Service Electric & Gas Company	E	ER21050859	written	May-21	Community Solar Cost Recovery
Public Service Electric & Gas Company	G	GR20120771	written	Dec-20	Gas System Modernization Program II (GSMPII) - Forth Roll-In
Public Service Electric & Gas Company	E/G	GR20120763	written	Dec-20	Remediation Adjustment Charge-RAC 28
Public Service Electric & Gas Company	E	ER20120736	written	Nov-20	The Second Energy Strong Program (Energy Strong II)
Public Service Electric & Gas Company	E/G	ER20100685 & GR20100686	written	Oct-20	Tax Adjustment Clauses (TACs)
Public Service Electric & Gas Company	E	ER20100658	written	Oct-20	Non-Utility Generation Charge (NGC) / Cost Recovery
Public Service Electric & Gas Company	E/G	ER20060467 & GR20060468	written	Jun-20	Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, EE17, S4All, S4AEXT, S4AEXT II, SLII, SLIII / Cost Recovery
Public Service Electric & Gas Company	G	GR20060464	written	Jun-20	Gas System Modernization Program II (GSMPII) - Third Roll-In
Public Service Electric & Gas Company	E	ER20060454	written	Jun-20	Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery
Public Service Electric & Gas Company	G	GR20060470	written	Jun-20	Weather Normalization Charge / Cost Recovery
Public Service Electric & Gas Company	G	GR20060384	written	Jun-20	Margin Adjustment Charge (MAC) / Cost Recovery
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	Gas System Modernization Program II (GSMPII) - Second Roll-In
Public Service Electric & Gas Company	E/G	ER19091302 & GR19091303	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	ER19040530	written	Apr-19	Madison 4kV Substation Project (Madison & Marshall)
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	E	EO18101115	written	Oct-18	Clean Energy Future - Energy Cloud Program (EC)
Public Service Electric & Gas Company	E	EO18101111	written	Oct-18	Clean Energy Future-Electric Vehicle And Energy Storage Programs (EVES)
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/G	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

LIST OF PRIOR TESTIMONIES

Company	Utility	Docket	Testimony	Date	Case / Topic
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
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 (EEEext) / 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

Schedule SS-WNC-2

Weather Normailzation Clause
2021-2022 WNC Rate Cap Calculation (8 month balancing)

Residential Service (RSG)		**Service Chg with SUT**	**Per Therm Charges as of 6/01/21 with SUT**
Service Charge		$8.62	
Distribution Charge			$0.417722
Societal Benefits Charge (SBC)			$0.054908
Green Programs Recovery Charge (GPRC)			$0.007382
Margin Adjustment Charge (MAC)			-$0.006951
Tax Adjustment Credit (TAC)			-$0.088458
Captial Adjustment Charge (CAC)			
Service Charge		$0.00	
Distribution Charge			$0.000000
Margin Adjustment Charge (MAC)			$0.000000
BGSS-RSG			$0.319937
	Subtotal	$8.62	$0.704540
(1) Effective Annualize Balancing Charge			$0.062864
Total per therm rate			$0.767404
Weather Normalization Charge Cap %			3.00%
Weather Normalization Charge Cap with SUT			$0.023022
Weather Normalization Charge Cap without SUT			$0.021592
Total Forecasted Balancing Therms Per 2021 Schedule SAW-WNC-4			1,747,890,625
Amount allowed to recover in 2021-2022 Winter Period based on 3% WNC Rate Cap and Forecasted Balancing Therms			$37,740,454

(1) **Balancing Charge Ratio From 2021 SAW-WNC-5**	**Balancing Charge w SUT**	**Effective Annualized Balancing Charge**
73.33%	$0.085723	$0.062864

PUBLIC SERVICE ELECTRIC AND GAS COMPANY | **XXX Revised Sheet No. 45**
Superseding
B.P.U.N.J. No. 16 GAS | **XXX Revised Sheet No. 45**

WEATHER NORMALIZATION CHARGE

CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG
(Per Balancing Therm)

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, ~~2020~~2021 through May 31, ~~2021~~2022	($0.001050)~~0.000000~~	($0.001120)~~0.000000~~
June 1, ~~2021~~2022 through September 30, ~~2021~~2022	$0.000000	$0.000000

Weather Normalization Charge

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)
- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

2. Actual Calendar Month Degree Days
- the accumulation of the actual Degree Days for each day of a calendar month.

3. Normal Calendar Month Degree Days
- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the ~~2020~~2021- ~~2021~~2022 Winter Period are set forth in the table below:

	Normal Degree Days
Oct - ~~20~~21	235.50 ~~237.73~~
Nov - ~~20~~21	516.42 ~~526.11~~
Dec - ~~20~~21	818.04 ~~829.32~~
Jan - ~~21~~22	992.26 ~~1,004.41~~
Feb - ~~21~~22	833.48 ~~838.29~~
Mar - ~~21~~22	693.11 ~~693.37~~
Apr - ~~21~~22	356.57 ~~354.96~~
May - ~~21~~22	128.06 ~~125.01~~

4. Winter Period
- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 46**
Superseding
B.P.U.N.J. No. 16 GAS **XXX Revised Sheet No. 46**

WEATHER NORMALIZATION CHARGE
(Continued)

5. Degree Day Dead Band

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

6. Degree Day Consumption Factors

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the ~~2020~~2021-~~2021~~2022 Winter Period are set forth below and presented as therms per degree day:

	RSG-Residential		Commercial			Industrial		
Month			GSG		LVG	GSG		LVG
	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating	
Oct.-~~20~~21	133,337 ~~157,174~~	(2,565) ~~(2,282)~~	- ~~20,172~~	878 ~~874~~	90,689 ~~88,054~~	440 ~~446~~	-	7,116 ~~7,783~~
Nov.-~~20~~21	222,287 ~~248,711~~	2,959 ~~3,549~~	38,241 ~~36,363~~	2,569 ~~2,550~~	90,689 ~~88,054~~	1,167 ~~1,166~~	140 ~~136~~	7,116 ~~7,783~~
Dec.-~~20~~21	246,925 ~~247,054~~	4,020 ~~4,468~~	50,426 ~~50,391~~	3,654 ~~3,626~~	90,689 ~~88,054~~	2,186 ~~2,178~~	202 ~~196~~	7,116 ~~7,783~~
Jan.-~~21~~22	286,636 ~~288,954~~	4,356 ~~4,382~~	56,485 ~~65,414~~	3,840 ~~3,831~~	90,864 ~~88,805~~	2,588 ~~2,589~~	230 ~~229~~	7,233 ~~7,624~~
Feb.-~~21~~22	282,495 ~~283,804~~	3,981 ~~4,006~~	51,991 ~~51,917~~	3,968 ~~3,959~~	90,864 ~~88,805~~	1,758	235 ~~234~~	7,233 ~~7,624~~
Mar.-~~21~~22	281,861 ~~277,989~~	4,025 ~~4,072~~	54,157 ~~54,744~~	3,985 ~~3,974~~	90,864 ~~88,805~~	2,213	237 ~~235~~	7,233 ~~7,624~~
Apr.-~~21~~22	272,046 ~~275,716~~	4,430 ~~4,461~~	57,958 ~~57,510~~	4,044 ~~4,027~~	90,864 ~~88,805~~	1,741 ~~1,739~~	235 ~~233~~	7,233 ~~7,624~~
May-~~21~~22	196,181 ~~195,966~~	3,402 ~~3,417~~	- ~~7,264~~	4,003 ~~3,961~~	90,864 ~~88,805~~	967 ~~960~~	143 ~~136~~	7,233 ~~7,624~~

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

7. Margin Revenue Factor

- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	$0.391767
Rate Schedule GSG	$0.304859
Rate Schedule LVG	$0.043213

8. Annual Period

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

9. Average 13 Month Common Equity Balance

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service, excluding plant held for future use and excluding plant for which the Company receives recovery from clause mechanisms that provide for a return on investment outside of base rates, less Accumulated Depreciation Reserve) less Accumulated Deferred Income Taxes plus working capital associated with Materials and Supplies Inventory and Prepayments at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 54% (the equity percentage of the Company's capital structure).

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 47**
Superseding
B.P.U.N.J. No. 16 GAS **XXX Revised Sheet No. 47**

WEATHER NORMALIZATION CHARGE
(Continued)

II. DETERMINATION OF THE WEATHER NORMALIZATION RATE

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 9.6% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms, currently the Green Programs Recovery Charge, that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and 73.33~~2~~% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 45**
Superseding
B.P.U.N.J. No. 16 GAS **XXX Revised Sheet No. 45**

WEATHER NORMALIZATION CHARGE

CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG
(Per Balancing Therm)

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2021 through May 31, 2022	($0.001050)	($0.001120)
June 1, 2022 through September 30, 2022	$0.000000	$0.000000

Weather Normalization Charge

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. Degree Days (DD)
- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

2. Actual Calendar Month Degree Days
- the accumulation of the actual Degree Days for each day of a calendar month.

3. Normal Calendar Month Degree Days
- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2021-2022 Winter Period are set forth in the table below:

	Normal Degree Days
Oct - 21	235.50
Nov - 21	516.42
Dec - 21	818.04
Jan - 22	992.26
Feb - 22	833.48
Mar - 22	693.11
Apr - 22	356.57
May - 22	128.06

4. Winter Period
- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

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WEATHER NORMALIZATION CHARGE (Continued)

5. Degree Day Dead Band
- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

6. Degree Day Consumption Factors
- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2021-2022 Winter Period are set forth below and presented as therms per degree day:

	RSG-Residential		Commercial			Industrial		
Month			GSG		LVG	GSG		LVG
	Heating	Non-Heating	Heating	Non-Heating		Heating	Non-Heating	
Oct.-21	133,337	(2,565)	-	878	90,689	440	-	7,116
Nov.-21	222,287	2,959	38,241	2,569	90,689	1,167	140	7,116
Dec.-21	246,925	4,020	50,426	3,654	90,689	2,186	202	7,116
Jan.-22	286,636	4,356	56,485	3,840	90,864	2,588	230	7,233
Feb.-22	282,495	3,981	51,991	3,968	90,864	1,758	235	7,233
Mar.-22	281,861	4,025	54,157	3,985	90,864	2,213	237	7,233
Apr.-22	272,046	4,430	57,958	4,044	90,864	1,741	235	7,233
May-22	196,181	3,402	-	4,003	90,864	967	143	7,233

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

7. Margin Revenue Factor
- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	$0.391767
Rate Schedule GSG	$0.304859
Rate Schedule LVG	$0.043213

8. Annual Period
- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

9. Average 13 Month Common Equity Balance
- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service, excluding plant held for future use and excluding plant for which the Company receives recovery from clause mechanisms that provide for a return on investment outside of base rates, less Accumulated Depreciation Reserve) less Accumulated Deferred Income Taxes plus working capital associated with Materials and Supplies Inventory and Prepayments at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 54% (the equity percentage of the Company's capital structure).

PUBLIC SERVICE ELECTRIC AND GAS COMPANY **XXX Revised Sheet No. 47**
Superseding
B.P.U.N.J. No. 16 GAS **XXX Revised Sheet No. 47**

WEATHER NORMALIZATION CHARGE
(Continued)

II. DETERMINATION OF THE WEATHER NORMALIZATION RATE

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 9.6% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms, currently the Green Programs Recovery Charge, that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and 73.33% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed changes in the Weather Normalization Charge (WNC) 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	$230.48	$230.38	($0.10)	(0.04)%
50	340	357.80	357.60	(0.20)	(0.06)
100	610	568.00	567.56	(0.44)	(0.08)
159	1,000	869.99	869.19	(0.80)	(0.09)
172	1,040	895.42	894.64	(0.78)	(0.09)
200	1,210	1,024.66	1,023.74	(0.92)	(0.09)
300	1,816	1,486.12	1,484.76	(1.36)	(0.09)

(1) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2021 (with WNC set at the rate that was in effect for the 2020-2021 Annual Period) and assumes that the customer receives commodity service from Public Service.
(2) Same as (1) except includes the proposed Weather Normalization Charge proposed to be in effect for the 2021-2022 Annual Period.

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	$27.77	$27.75	($0.02)	(0.07)%
340	50	46.95	46.91	(0.04)	(0.09)
610	100	86.18	86.09	(0.09)	(0.10)
1,040	172	142.06	141.90	(0.16)	(0.11)
1,210	200	163.76	163.57	(0.19)	(0.12)
1,816	300	241.32	241.04	(0.28)	(0.12)

(3) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect June 1, 2021 (with WNC set at the rate that was in effect for the 2020-2021 Annual Period) and assumes that the customer receives commodity service from Public Service.
(4) Same as (3) except includes proposed Weather Normalization Charge proposed to be in effect for the 2021-2022 Annual Period.