



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)
AND GAS COMPANY'S 2013/2014 ANNUAL BGSS)
COMMODITY CHARGE FILING FOR ITS)
RESIDENTIAL GAS CUSTOMERS UNDER ITS)
PERIODIC PRICING MECHANISM AND FOR)
CHANGES IN THE TARIFF FOR GAS SERVICE)

DECISION AND ORDER
APPROVING STIPULATION FOR
PROVISIONAL BGSS-RSG
RATES

BPU DOCKET NO. GR13060447

Parties of Record:

Alexander C. Stern, Esq., for the Petitioner, Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

Per the generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs") submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing by June 1, for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1, with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

In accordance with the January BGSS Order, Public Service Electric and Gas Company ("Company") filed a petition with the Board on May 31, 2013 seeking to maintain its BGSS default Commodity Charge for Residential Service ("BGSS-RSG") rate at \$0.543979 per therm including Sales and Use Tax ("SUT"). According to the Company, it is anticipated that any upward pressure on prices during the 2013-2014 BGSS year will be tempered by a combination of tepid US economic growth, and the availability of increased production of shale-sourced gas.

The Company projects an over-recovered balance of \$78.025 million for the current BGSS year ending September, 2013, and an over-recovered balance of \$6.026 million at September 30, 2014.

After public notice, public hearings were scheduled and conducted in Hackensack, New Brunswick, and Mt. Holly, on August 19, 20 and 22, 2013, respectively. Two members of the public appeared in New Brunswick and commented generally about the high cost of utility service resulting from inclusion in utility bills of clean energy programs under the societal benefits charge.

The Company, Rate Counsel and Board Staff (collectively, the "Parties") have determined that additional time is needed to complete a review of the Company's filing, and until that review has been completed the current after-tax BGSS-RSG rate of \$0.543979 per therm should be maintained.

STIPULATION¹

The Parties executed a Stipulation for Provisional BGSS-RSG rates ("Stipulation") dated September 9, 2013 that provides for the following:

- The Company's after-tax BGSS-RSG rate shall be provisionally maintained at \$0.543979 per therm.
- The Parties recommend to the Board that this matter be transmitted to the Office of Administrative Law ("OAL") for an opportunity for full review of all issues, including the provisional rate approved by the Board.

DISCUSSION AND FINDINGS

The Board **HEREBY FINDS** that, subject to the terms and conditions set forth below, the attached Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY ORDERS** that the Company's Basic Gas Supply Service default Commodity Charge for Residential Service per therm after-tax rate shall be provisionally maintained at \$0.543979. Any net over-recovered BGSS-RSG balance at the end of the BGSS period shall be subject to refund with interest.


The Board **HEREBY DIRECTS** that this matter be transmitted to the OAL for a full review of the filing.

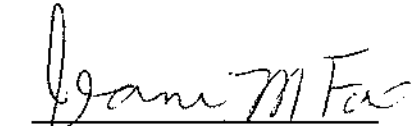
¹ Although summarized in this Order, should there be any conflict between this summary and this Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

DATED: 9/18/13

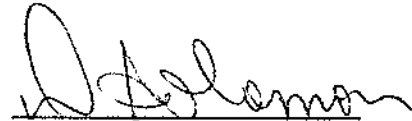
BOARD OF PUBLIC UTILITIES
BY:



ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

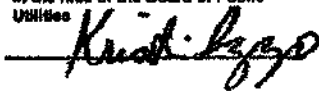

JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

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



IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S
2013/2014 ANNUAL BGSS COMMODITY CHARGE FILING FOR ITS
RESIDENTIAL GAS CUSTOMERS UNDER ITS PERIODIC PRICING MECHANISM
AND FOR CHANGES IN THE TARIFF FOR GAS SERVICES
BPU DOCKET NO. GR13060447

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September 9, 2013

Via Overnight Mail

In the Matter of Public Service Electric and
Gas Company's 2013/2014 Annual BGSS Commodity
Charge Filing for its Residential Gas Customers
Under its Periodic Pricing Mechanism

BPU Docket No. GR13060447

Kristi Izzo, Secretary
Board of Public Utilities
44 S Clinton Avenue, 9th Floor
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Dear Secretary Izzo:

Enclosed for filing by Public Service Electric and Gas Company ("Company"), please find an original and ten copies of the Company's Stipulation for Provisional BGSS Rates in the captioned matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Alexander C. Stern".

Attach.

C Service List (Letter Only - Electronic)

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BGSS COMMODITY CHARGE 2013/2014
BPU DOCKET NO. GR-13060447
OAL DOCKET NO. PUC-

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S)
2013/2014 ANNUAL BGSS COMMODITY) STIPULATION FOR
CHARGE FILING FOR ITS RESIDENTIAL) PROVISIONAL BGSS RATES
GAS CUSTOMERS UNDER ITS PERIODIC)
PRICING MECHANISM AND FOR) BPU DOCKET NO. GR13060447
CHANGES IN THE TARIFF FOR GAS)
SERVICE B.P.U.N.J. NO. 15 GAS PURSUANT)
TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1)

APPEARANCES:

Alexander C. Stern, Esq., for the Petitioner, Public Service Electric and Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, and **Christine M. Juarez, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)

Alex Moreau and T. David Wand, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey)

On May 31, 2013, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing in the above-referenced matter, requesting no change in its Annual Basic Gas Supply Service default Commodity Charge for Residential Service ("BGSS-RSG") due primarily to anticipation that the relatively reasonable price levels currently prevailing in the natural gas market will continue for the 2013-2014 BGSS year (October 1, 2013 through September 30, 2014).

Residential annual bills comparing the current BGSS-RSG Commodity charge with the as-requested provisional BGSS-RSG Commodity charge reflect the impact of the change for the class average residential heating customer using 100

therms per winter month and 660 therms annually to be 0.0%. The BGSS-RSG Commodity charge would remain \$0.543979 per therm including losses and SUT.

Notice setting forth the Company's May 31, 2013 request for the BGSS Commodity charge to remain at the current rate, including the date, time and place of the public hearing, was placed in newspapers having a circulation within the Company's gas service territory and was served on the county executives and clerks of all municipalities within the Company's gas service territory.

Public hearings were scheduled and conducted in Hackensack, New Brunswick and Mount Holly on August 19, 20, and 22, 2013, respectively. No members of the public appeared and commented on the filing in Hackensack or Mount Holly. Two members of the public appeared in New Brunswick and commented generally about the high cost of utility service resulting from inclusion in utility bills of clean energy programs under the societal benefits charge.

Public Service, Board Staff, and the Division of Rate Counsel (Rate Counsel) (collectively, the "Parties") have determined that additional time is needed to complete the review of the Company's proposed BGSS-RSG Commodity charge. However, the Parties also agree that action with respect to the Company's BGSS-RSG Commodity charge for the 2013-2014 BGSS year, on a provisional basis, is reasonable at this time and HEREBY AGREE as follows:

1. The Company's BGSS Commodity Service, Tariff rate BGSS-RSG, shall provisionally remain \$0.543979 per therm (including losses and SUT). This BGSS-RSG Commodity charge is on a provisional basis, subject to refund with interest

on any net over-recovered BGSS-RSG balance. There will be an opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board. The residential customer impact of this action is as follows: MONTHLY – a residential customer using 100 therms per month during the winter months and 660 therms on an annual basis would see no change in the monthly winter bill of \$106.85. ANNUAL – a residential customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see no change in the annual bill of \$1,107.06. The agreed-upon provisional rate would result in no change in revenues during the 2013-2014 BGSS year. The Company requests that the provisional rate become effective as of October 1, 2013, or as soon as possible upon the issuance of a Board Order approving this Stipulation.

2. In addition, the Board, in its generic Order in Docket No. GX01050304 dated January 6, 2003, granted approval to increase the BGSS-RSG Commodity charge to be effective December 1 of this year and/or February 1 of next year, on a self-implementing basis, with each such increase being subject to a maximum rate increase of 5% of the average rate based on a typical 100 therms per month average (1,200 therms annual usage) residential customer's total bill. Such rate increases shall be preconditioned upon written notice by Public Service to the BPU Staff and to Rate Counsel no later than November 1, 2013 and/or January 1, 2014 of its intention to apply a December 1 or a February 1 self-implementing rate increase respectively, and of the approximate amount of the increases based upon then-current market data. Public

Service is permitted to decrease its BGSS-RSG Commodity charge at any time, upon five days notice to the Board and Rate Counsel.

3. The Company will provide an updated tariff sheet within five (5) business days of the effective date of the Board's Order in this docket reflecting the provisional action maintaining the current rate of \$0.543979 per therm (including losses and SUT) for the BGSS-RSG Commodity charge agreed to by the parties in this Stipulation. A proposed tariff sheet is attached hereto as Exhibit C to this Stipulation. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-PSCHART-1) attached hereto as Exhibit A; and 2) a monthly report of unitized credits to the BGSS (ISG, Cogeneration, TSG-F, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds) and the associated dollar amounts (attached hereto as Exhibit B). The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month.

4. The undersigned Parties recommend to the Board that this matter be transmitted to the Office of Administrative Law for an opportunity for full review of all issues, including the provisional rate approved by the Board.

5. The undersigned agree that this Stipulation for a Provisional BGSS-RSG Commodity charge contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular

aspect of this Stipulation is not accepted and approved by the Board, this Stipulation shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

6. The undersigned further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

7. The undersigned parties further HEREBY AGREE that this Stipulation for a Provisional BGSS-RSG Commodity charge has been made exclusively for the purpose of this proceeding and that this Stipulation, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation for a Provisional BGSS-RSG Commodity charge.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

STEFANIE A. BRAND
DIRECTOR,
DIVISION OF RATE COUNSEL

BY: Alexander C. Stern
Alexander C. Stern, Esq.
Assistant General Regulatory Counsel

BY: Sarah H. Steindel
Sarah H. Steindel
Assistant Deputy Rate Counsel

DATED: September 9, 2013

DATED: 9/9/2013

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: T. David Ward
T. David Ward
Deputy Attorney General

DATED: 9/9/13

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BGSS NYMEX Update Report
as of July 5, 2013

Month	BGSS	NYMEX	Incr/ (Decr)	% Chg	Sales forecast (dths)	Receipts (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-12	\$3,023	\$3,023	\$0,000		5,989	8,046	4,711	3,335	\$0
Nov-12	\$3,471	\$3,471	\$0,000		16,589	13,438	6,510	6,928	\$0
Dec-12	\$3,696	\$3,696	\$0,000		18,744	9,792	6,727	3,065	\$0
Jan-13	\$3,354	\$3,354	\$0,000		23,051	13,725	6,727	6,998	\$0
Feb-13	\$3,226	\$3,226	\$0,000		21,787	14,569	6,076	8,493	\$0
Mar-13	\$3,427	\$3,427	\$0,000		18,917	11,597	6,727	4,870	\$0
Apr-13	\$3,976	\$3,976	\$0,000		8,778	13,746	4,556	9,190	\$0
May-13	\$4,152	\$4,152	\$0,000		4,270	11,274	4,708	6,565	\$0
Jun-13	\$4,192	\$4,148	(\$0,044)		3,521	9,778	4,556	5,222	(\$230)
Jul-13	\$4,239	\$3,707	(\$0,532)		3,255	8,321	4,708	3,613	(\$1,922)
Aug-13	\$4,259	\$3,617	(\$0,642)		2,727	8,044	4,708	3,336	(\$2,142)
Sep-13	\$4,256	\$3,518	(\$0,638)		2,920	8,197	4,556	3,641	(\$2,323)
Avg Total \$	\$3,773	\$3,618	(\$0,155)	-4.1%	130,547	130,527	65,271	65,256	(\$6,616)
Oct-13	\$4,268	\$3,634	(\$0,634)		6,279	8,581	4,708	3,873	(\$2,455)
Nov-13	\$4,336	\$3,706	(\$0,630)		12,793	11,495	5,358	6,137	(\$3,866)
Dec-13	\$4,499	\$3,869	(\$0,630)		20,149	13,307	5,537	7,770	(\$4,895)
Jan-14	\$4,581	\$3,946	(\$0,635)		24,935	13,346	5,537	7,809	(\$4,959)
Feb-14	\$4,551	\$3,948	(\$0,603)		21,267	9,305	5,001	4,304	(\$2,595)
Mar-14	\$4,476	\$3,913	(\$0,563)		17,539	13,873	5,537	8,337	(\$4,694)
Apr-14	\$4,227	\$3,832	(\$0,395)		9,913	10,293	2,009	8,283	(\$3,272)
May-14	\$4,220	\$3,848	(\$0,372)		3,993	11,060	2,076	8,984	(\$3,342)
Jun-14	\$4,252	\$3,881	(\$0,371)		3,397	9,723	2,009	7,714	(\$2,862)
Jul-14	\$4,284	\$3,918	(\$0,366)		3,377	9,798	2,076	7,722	(\$2,826)
Aug-14	\$4,304	\$3,935	(\$0,369)		2,605	9,863	2,076	7,787	(\$2,873)
Sep-14	\$4,304	\$3,938	(\$0,366)		2,880	9,811	2,009	7,802	(\$2,856)
Avg Total \$	\$4,359	\$3,864	(\$0,495)	-11.3%	129,125	130,456	43,934	86,522	(\$11,496)

Footnotes:

- a: Nymex rate used for annual BGSS periodic rate filing
- b: Nymex rate as of date of the report
- c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d: Sales forecast (includes fuel requirement)
- f: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- g: 'Unhedged' volume consists of receipts volume forecast less 'hedged' volume
- h: Not necessarily representative of a change in underover-recovery value

Public Service Electric and Gas Company**Unitized Credits to BGSS-RSG****June 2013**

<u>Contribution Category</u>	<u>Credits</u> <u>(\$ 000)</u>	<u>BGSS-RSG</u> <u>Share of the</u> <u>Volumes</u> <u>(MDth)</u>	<u>Unitized</u> <u>Credits</u> <u>(\$/Dth)</u>
Interruptible Service Gas (ISG)	\$529	102	\$5.179
Cogeneration	\$1,346	2,506	\$0.537
Transportation Service Gas-Firm (TSG-F)	\$130	125	\$1.041
Off-System Sales	\$1,009	2,587	\$0.390
Capacity Release	\$295	4,231	\$0.070
Gas to Electric	\$3,089	7,267	\$0.425
Supplier Refunds	\$23	n/a	n/a

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 54

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

Superseding

XXX Revised Sheet No. 54

**BGSS-RSG
BASIC GAS SUPPLY SERVICE-RSG
COMMODITY CHARGES APPLICABLE TO RATE SCHEDULE RSG
(Per Therm)**

Estimated Non-Gulf Coast Cost of Gas	\$ 0.120697
Capital Adjustment Charge (See Tariff Sheet Nos. 48 to 49).....	<u>(0.000066)</u>
Adjusted Non-Gulf Coast Cost of Gas	0.120631
Estimated Gulf Coast Cost of Gas	0.449342
Adjustment to Gulf Coast Cost of Gas	0.000000
Prior period (over) or under recovery.....	<u>(0.064110)</u>
Adjusted Cost of Gas	0.505863
 Commodity Charge after application of losses: (Loss Factor = 0.5%).....	 \$ 0.508392
 Commodity Charge including New Jersey Sales and Use Tax (SUT)	 \$ <u>0.543979</u>

The above Commodity Charge will be established on a level annualized basis immediately prior to the winter season of each year for the succeeding twelve-month period. The estimated average Non-Gulf and Gulf Coast Cost of Gas will be adjusted for any under- or over-recovery together with applicable interest thereon which may have occurred during the operation of the Company's previously approved Commodity Charge filing. Further, the Company will be permitted a limited self-implementing increase to the Commodity Charge on December 1 and February 1 of each year. These limited self-implementing increases, if applied, are to be in accordance with a Board of Public Utilities approved methodology. Commodity Charge decreases would be permitted at any time if applicable.

The difference between actual costs and Public Service's recovery of these costs shall be determined monthly. If actual costs exceed the recovery of these costs, an underrecovery or a negative balance will result. If the recovery of these costs exceeds actual costs, an overrecovery or a positive balance will result. Interest shall be applied monthly to the average monthly cumulative deferred balance, positive or negative, from the beginning to the end of the annual period. Monthly interest on negative deferred balances (underrecoveries) shall be netted against monthly interest on positive deferred balances (overrecoveries) for the annual period. A cumulative net positive interest balance at the end of the annual period is owed to customers and shall be returned to customers in the next annual period. A cumulative net negative interest balance shall be zeroed out at the end of the annual period. The sum of the calculated monthly interests shall be added to the overrecovery balance or subtracted from the underrecovery balance at the end of the annual period. The positive interest balance shall be rolled into the beginning under- or over-recovery balance of the subsequent annual period.

Date of Issue:

Issued by DANIEL J. CREGG, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Orders of Board of Public Utilities dated
in Docket Nos.

Effective: