



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

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY TO )  
REVISE ITS WEATHER NORMALIZATION CHARGE )  
("WNC") AND FOR 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 )

DECISION AND ORDER  
APPROVING STIPULATION  
FOR FINAL RATES

DOCKET NO. GR11060395

**Mally Becker, Esq.**, Public Service Electric and Gas Company  
**Stefanie A. Brand**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

**BACKGROUND**

On June 30, 2011, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition ("Petition") with the New Jersey Board of Public Utilities ("Board"), requesting approval of PSE&G's proposed Weather Normalization Charge ("WNC") rate of a credit of \$.004713 per balancing term, including Sales and Use Tax ("SUT"), for the annual period of October 1, 2011, to September 30, 2012 ("2011-2012 Annual Period"). This WNC rate is applicable to rate schedules Residential Service Gas ("RSG"), General Service Gas ("GSG") and Large Volume Gas ("LVG"), as reflected in B.P.U.N.J. No. 15 Gas Tariff Sheets Nos. 45, 46 and 47 ("WNC Tariff")<sup>1</sup>.

At its September 21, 2011, agenda the Board approved a stipulation entered into by the Company, Board Staff and the Division of Rate Counsel, (collectively, the "Parties"), establishing a WNC rate credit of \$.004713 per balancing term, including SUT, for the 2011-2012 Annual Period. PSE&G's new WNC rate was set on a provisional basis to be effective for service rendered on and after October 1, 2011, for customers that receive commodity service from PSE&G from Rate Schedules RSG, GSG and LVG. The bill impact at that time for a

<sup>1</sup>The WNC tariff was approved by Board Order dated July 9, 2010, 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 as part of the settlement of the Company's base rate case.

typical PSE&G residential gas heating customers using 100 therms in a winter month and 660 therms annually, was a decrease in their annual bills from \$789.47 to \$787.77, or \$1.70, or approximately 0.22%, based upon then current delivery rates and BGSS-RSG charges in effect July 1, 2011, and assuming that the customer received commodity service from PSE&G.

The Parties had determined that while additional time was needed to review the Company's filing, they did agree that change in the Company's WNC rate on a provisional basis was reasonable at the time.

### **SETTLEMENT FOR FINAL WNC RATES<sup>2</sup>**

Following further review and discussions, the Parties entered into the attached Settlement for Final WNC Rates dated February 22, 2012 ("Settlement"). The key provisions of the Settlement are as follows:

- PSE&G's WNC rates and customers' bills will not change as a result of this Settlement.
- The Parties will petition the Board to issue an Order confirming as final the WNC rate for the 2011-2012 Annual Period set forth in the Company's June 30, 2011 filing, including a final credit of \$5.8 million for the 2011-2012 Winter Period for gas customers receiving service pursuant to Rate Schedules RSG, GSG and LVG.
- The Parties will petition the Board to approve as final the Company's WNC rate credit of \$.004713 per balancing therm including SUT.

### **DISCUSSION AND FINDING**

The Board, having carefully reviewed the record to date in this proceeding and the attached Settlement, **HEREBY FINDS** that subject to the terms and conditions set forth below, that the Settlement is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Settlement as its own as if fully set forth herein.

The Board **HEREBY ORDERS** that the existing WNC rate credit of \$.004713 including SUT per balancing therm remain in effect and shall be deemed the final WNC rate for the 2011-2012 Annual Period.

The Board **HEREBY APPROVES** the tariff sheets attached to the Settlement as conforming to the terms and conditions of this Order.

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<sup>2</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.


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

The effective date of the Order is March 22, 2012.


DATED: 3/12/2012


BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

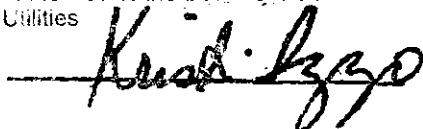
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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



I/M/O the Petition of Public Service Electric and Gas  
Company to Revise its Weather Normalization Charge ("WNC")  
And for 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  
BPU Docket No. GR11060395

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February 28, 2012

In the Matter of the Petition of  
Public Service Electric and Gas Company to  
Revise its Weather Normalization Charge and for 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

BPU Docket No. GR11060395

***VIA REGULAR & ELECTRONIC MAIL***

Kristi Izzo, Secretary  
Board of Public Utilities  
44 S Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

Public Service Electric and Gas Company (PSE&G) respectfully requests that the New Jersey Board of Public Utilities:

- Disregard the February 24, 2012 filing in the above-captioned matter; and,
- Accept for filing the attached amended PSE&G Gas Weather Normalization Charge (WNC) fully-executed Final Stipulation of Settlement (Final WNC Stipulation), which incorporates Tariff Sheet Nos. 45, 46 and 47 (WNC Tariff or WNC Tariff Sheets) and deletes an inadvertent reference to “provisional” rates.

Thank you for your attention to this matter.

Very truly yours,

*Original Signed by  
Mally Becker, Esq.*

C Attached Service List (E-Mail Only)

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF	)	
PUBLIC SERVICE ELECTRIC AND GAS	)	SETTLEMENT FOR
COMPANY TO REVISE ITS WEATHER	)	FINAL WNC
NORMALIZATION CHARGE (WNC) AND FOR	)	RATES
CHANGES IN THE TARIFF FOR GAS SERVICE)	)	BPU Dkt. No. GR11060395
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:

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**Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, Division of Rate Counsel;  
**Henry M. Ogden, Esq.** and **James W. Glassen**; Assistant Deputy Rate Counsels,  
Division of Rate Counsel

**Alex Moreau and David Wand**, Deputy Attorneys General, for the Staff of the  
New Jersey Board of Public Utilities (JEFFREY S. CHIESA, Attorney General of  
New Jersey)

On June 30, 2011, Public Service Electric and Gas Company (PSE&G or the Company) filed its Petition (Petition) with the Board of Public Utilities (Board or BPU), requesting approval for PSE&G's Weather Normalization Charge (WNC) for the Annual Period of October 1, 2011 to September 30, 2012 (2011-2012 Annual Period) applicable to Rate Schedules Residential Service (RSG), General Service (GSG) and Large Volume Gas (LVG), B.P.U.N.J. No. 15 Gas Tariff Sheet Nos. 45, 46, and 47 (WNC Tariff). As part of this Petition, PSE&G proposed a WNC rate of (\$.004713) including Sales and Use Tax (SUT) per

balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2011-2012 Winter Period. The proposed rate per Balancing Therm reflects the actual results for the 2010-2011 Winter Period and represents a total credit of \$5.8 million.

The WNC Tariff was approved by the Board on July 9, 2010, as part of the Stipulation of Settlement of PSE&G's 2009 base rate case. Decision and Order Adopting Initial Decision with Modifications for Gas Decision, *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 ("July 9, 2010 Order"). In accordance with the WNC Tariff, PSE&G will file a new proposed WNC by July 1 of each year, which will be applied in each winter period to the Rate Schedules cited above and will be based on the differences between actual and normal weather during the preceding winter period.

In calculating the proposed WNC, PSE&G represents that it has utilized calculations required by the July 9, 2010 Order and reflected in PSE&G's WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each October-to-May period (Winter Period), the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2010-2011 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.



In accordance with the WNC Tariff, PSE&G represents that it has trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC Tariff Sheets developed by PSE&G and included in the Petition reflect updated Degree Day Consumption Factors for the 2011-2012 Winter Period.

Following the filing of the Petition, Board Staff and the Division of Rate Counsel, the only parties to this proceeding, discussed certain matters at issue herein. As a result of those discussions, the Parties determined that additional time was needed to complete the review of proposed WNC rate and other aspects of the Company's filing. However the Parties also agreed that change in the Company's WNC rate, on a provisional basis, was reasonable at that time and entered into a Settlement. The Settlement was approved by the Board by Order dated September 22, 2011 and the provisional WNC Rate of (\$.004713) including Sales and Use Tax (SUT) per balancing term applicable to Rate Schedules RSG, GSG and LVG for the 2011-2012 Winter Period was implemented effective October 1, 2011. *See* Gas WNC Tariff Sheet Nos. 45, 46, and 47.

The Parties have further discussed this matter and **AGREE AS FOLLOWS:**

- 1) WHEREFORE, the Signatory Parties request that the Board issue an Order confirming as final the WNC rate for the 2011-2012 Annual Period as filed by PSE&G on June 30, 2011, including as final the credit of \$5.8

million for the 2011-2012 Winter Period to PSE&G gas customers who take service through Rate Schedules RSG, GSG and LVG.

- 2) The Parties stipulate and request that the BPU approve as final PSE&G's WNC rate of (\$.004713) including Sales and Use Tax (SUT) per balancing term applicable to Rate Schedules RSG, GSG and LVG for the 2011-2012 Winter Period. PSE&G's WNC rates and customers' bills will not change as a result of this settlement for final WNC rates.
- 3) The undersigned agree that this Settlement for final WNC rates reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved in its entirety by the Board, this Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.
- 4) The undersigned further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
- 5) The undersigned parties further HEREBY AGREE that this Settlement for the final WNC rate has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no

way binding upon them in any other proceeding, except to enforce the terms of this Settlement for the WNC rate.

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

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BY: Alex Moreau  
Alex Moreau  
Deputy Attorney General

Dated: February 27, 2012

Dated: February 27, 2012

DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND, DIRECTOR

By: Henry M. Ogden  
Henry M. Ogden  
Assistant Deputy Rate Counsel

Dated: February 27, 2012

**WEATHER NORMALIZATION CHARGE**

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

Weather Normalization Charge.....\$(0.004405)

Weather Normalization Charge including New Jersey Sales and Use Tax (SUT).....\$(0.004713)

**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 2011-2012 Winter Period are set forth in the table below:

	<b>Normal Degree Days</b>
Oct - 11	258.2
Nov - 11	523.3
Dec - 11	851.4
Jan - 12	989.8
Feb - 12	869.7
Mar - 12	698.5
Apr - 12	363.6
May - 12	132.5

**4. Winter Period**

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

Date of Issue: September 28, 2011

Effective: October 1, 2011

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G

80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated September 22, 2011  
in Docket No. GR11060395

**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 2011-2012 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating	Heating	Non-Heating	Heating	Non-Heating
Oct.-11	132,628	1,690	-	1,987	71,827	808	41	6,506
Nov.-11	194,031	4,647	36,290	4,216	71,827	1,170	1,083	6,506
Dec.-11	220,263	6,068	39,443	5,206	71,827	2,202	440	6,506
Jan.-12	232,819	6,291	48,914	5,630	72,198	2,211	441	6,765
Feb.-12	232,991	6,303	48,574	5,793	72,198	2,211	441	6,765
Mar.-12	234,677	6,335	42,206	6,091	72,198	2,211	126	6,765
Apr.-12	206,807	8,026	32,845	6,287	72,198	397	-	6,765
May-12	169,323	8,297	1,949	5,243	72,198	-	-	6,765

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	\$0.266903
Rate Schedule GSG	\$0.228645
Rate Schedule LVG	\$0.036287

**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 less Accumulated Depreciation Reserve) 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 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

Date of Issue: September 28, 2011

Effective: October 1, 2011

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&amp;G

80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated September 22, 2011  
in Docket No. GR11060395

**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 10.3% 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 (Solar Pilot Recovery Charge, RGGI Recovery Charge, Capital Adjustment Charge, etc) 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 59.20% 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.

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Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G

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