



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 2011/2012 ANNUAL MARGIN)
ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS)
PERIODIC PRICING MECHANISM 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. GR11060338

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

BY THE BOARD:

BACKGROUND

On January 9, 2002, as a result of the Board of Public Utilities' ("Board") Order in Public Service Electric and Gas Company's ("Public Service" or "the Company") gas base rate case in Docket No. GR01050328¹, the Margin Adjustment Clause ("MAC") was implemented to credit the net revenues associated with Transmission Service Gas Non-Firm ("TSG-NF") rates to customers on Rate Schedules Residential Service Gas ("RSG"), General Service Gas ("GSG"), Large Volume Service Gas ("LVG"), Firm Transportation Gas Service ("TSG-F") and Street Lighting Service ("SLG"). The purpose of the MAC is to properly allocate transportation/distribution costs to non-firm gas transportation customers having the ability to switch to alternative fuel sources (e.g. oil) in recognition that these customers should contribute, along with firm customers, towards the costs associated with maintaining the distribution system. The MAC is set to ensure margins from TSG-NF customers are credited to firm gas customers.

¹ I/M/O the Petition of Public Service Electric and Gas Company for Approval of an Increase in Gas Rates and for Changes in the Tariff for Gas Service B.P.U.N.J. No. 12, Gas Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, Dkt. No. GR01050328, Board Order dated January 9, 2002.

As a result of the Board's November 9, 2006 Order in Docket No. GR05100845², the Company's then current margin retention accounting treatment, where some of the revenue associated with certain specific TSG-NF customers is retained by the Company, in lieu of otherwise being included in the MAC, was continued. The calculation of the MAC, its over/(under) recovery and the associated interest costs for the actual results and corresponding forecast resulted in a MAC rate of \$(0.007855) per therm including Sales and Use Tax ("SUT").

Per the Board's Order in BPU Docket. No. GR09050422³ ("July 2010 Order"), the Parties stipulated that the new MAC Rate would be set at \$0.000000 per therm. The Parties also stipulated that the MAC under-recovered balance, along with its corresponding interest up to the date that new gas base rates became effective (July 9, 2010) would be amortized and recovered through the MAC mechanism over sixty (60) months. Interest on this portion of the MAC balance accrues at one-half the authorized MAC interest rate, based on two-year Treasuries plus sixty (60) basis points as of August 1.

In accordance with the July 2010 Order, on June 1, 2011, Public Service made a filing with the Board of Public Utilities ("Board") in the above-referenced matter, requesting no change in the MAC rate of \$0.000000 per therm including SUT to be implemented for service rendered on and after October 1, 2011.

The Company, Board Staff, and the Division of Rate Counsel, the only parties to the proceeding at this time (collectively, the "Parties") have determined that additional time is needed to complete a comprehensive review of the Company's proposed MAC rate filing. However, the Parties also agree that consistent with the MAC rate determination made in Public Service's recently concluded rate case, no change in the Company's MAC rate is reasonable and the rate should remain \$0.000000 per therm including SUT, subject to refund with interest on any net over-recovered balance, on a provisional basis.

STIPULATION⁴

The Parties executed a Stipulation for Provisional MAC rates ("Stipulation") dated September 2, 2011 that provided for the following:

The Company's MAC rate should remain \$0.000000 per therm including SUT on a provisional basis, subject to refund with interest on any net over or under recovered MAC balance, effective as of October 1, 2011, or as soon as possible upon the issuance of a Board Order approving this Stipulation.

² I/M/O the Petition of PSE&G for Approval of an Increase in Gas Rates, Depreciation Rates for Gas Property and for Changes in the Tariff for Gas Service, Dkt. No. GR05100845, Board Order dated November 9, 2006.

³ 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, Board Order dated July 9, 2010.

⁴ Although summarized in this Order, the detailed terms of the stipulation control, subject to the findings and conclusions of this Order.

- 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.

DISCUSSION AND FINDING

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 Margin Adjustment Clause rate shall provisionally remain \$0.000000 per therm effective for service rendered on and after October 1, 2011. Any net over-recovered MAC balance at the end of the MAC period shall be subject to refund with interest.

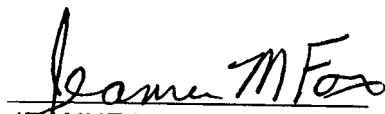
The Company is HEREBY DIRECTED to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days from the date of this Order.


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.

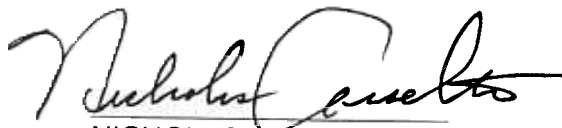
DATED: 9/22/11

BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT

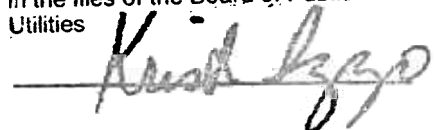

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

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

ATTEST: 
KRISTI IZZO
SECRETARY



IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S 2011/2012 ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS PERIODIC PRICING MECHANISM 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. GR11050338

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September 2, 2011

In the Matter of Public Service Electric and
Gas Company's 2011/2012 Annual
Margin Adjustment Charge (MAC) Filing
Under its Periodic Pricing Mechanism 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
OAL Docket No. PUC-
BPU Docket No. GR11060338

VIA REGULAR & ELECTRONIC MAIL

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

Dear Secretary Izzo:

Enclosed for filing please find a fully-executed Stipulation for Provisional MAC Rate in the above-referenced matter.

Very truly yours,

*Original Signed by
Alexander C. Stern, Esq.*

C Attached Service List (E-Mail Only)

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)	STIPULATION FOR
ELECTRIC AND GAS COMPANY'S 2011/2012)	PROVISIONAL MAC RATE
ANNUAL MARGIN ADJUSTMENT CHARGE)	
("MAC"))	BPU DOCKET NO. GR11060338
FILING UNDER ITS PERIODIC PRICING)	
MECHANISM AND FOR CHANGES IN THE TARIFF)	
FOR GAS SERVICE B.P.U.N.J. NO. 15 GAS)	
PURSUANT TO <i>N.J.S.A.</i> 48:2-21 AND <i>N.J.S.A.</i> 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, **James W. Glassen, Esq.**, and **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsels, for the New Jersey Division of Rate Counsel
(**Stefanie A. Brand, Director**)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

On June 1, 2011, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing with the Board of Public Utilities ("Board") in the above-referenced matter, requesting no change in the Margin Adjustment Charge (MAC) rate of \$0.000000/therm to be implemented for service rendered on and after October 1, 2011. The filing and the proposed implementation date for the MAC rate was in accordance with the Board's July 9, 2010 Order approving the Stipulation of Settlement in BPU Docket. No. GR09050422 whereby the Board approved a MAC Rate of \$0.000000/therm and directed that the Company make annual MAC filings commencing with the Company's next Basic Gas Supply Service ("BGSS") filing.

By way of background, on January 9, 2002, as a result of the Board's Order in Public Service's gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service ("TSG-NF") rates to customers on

Rate Schedules Residential Service Gas (“RSG”), General Service Gas (“GSG”), Large Volume Service Gas (“LVG”), Street Lighting Service (“SLG”), and Firm Transportation Gas Service (“TSG-F”). The purpose of the MAC is to properly allocate transportation/distribution costs to non-firm gas transportation customers having the ability to switch to alternative fuel sources (e.g. oil) in recognition that these customers should contribute, along with firm customers, towards the costs associated with maintaining the distribution system. The MAC is set to ensure margins from TSG-NF customers are credited to firm customers. PSE&G represents that the MAC balance, its over/(under) recovery and the associated interest costs for the actual results and corresponding forecast still requires a MAC Rate of \$0.000000/therm as authorized in the Board’s July 9, 2010 Order in BPU Docket No GR09050422 at paragraph 12.

Public Service, Board Staff, and the Division of Rate Counsel (Rate Counsel) (collectively, the “Parties”) have determined that additional time is needed to complete a comprehensive review of the Company’s proposed MAC rate. However, the Parties also agree that, no change in the Company’s MAC charge, on a provisional basis, is reasonable at this time and HEREBY AGREE as follows

The Company’s MAC rate effective as of October 1, 2011, or as soon as possible upon the issuance of a Board Order approving this Stipulation for Provisional MAC rate (“Stipulation”) should remain \$0.000000/therm on a provisional basis, subject to refund with interest on any net over or under-recovered MAC balance.

2. The Company will provide an updated tariff sheet within five (5) business days of effective date of the Board’s Order in this docket

3. The undersigned agree that this Stipulation contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any

¹ Paragraph 12 of the Board’s July 9, 2010 Order in BPU Docket No GR09050422 at paragraph 12 directs that “[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance.”.

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.

4. The Parties understand that this determination is on a provisional basis, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

5. 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.

6. The undersigned parties further HEREBY AGREE that this Stipulation 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.

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: _____
Kurt S. Lewandowski
Assistant Deputy Rate Counsel

DATED: 9-2-11

DATED: _____

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: Alex Moreau
Alex Moreau
Deputy Attorney General

DATED: 09/02/2011

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.

4. The Parties understand that this determination is on a provisional basis, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

5. 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.

6. The undersigned parties further HEREBY AGREE that this Stipulation 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.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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

DATED: 9-2-11

STEFANIE A. BRAND
DIRECTOR,
DIVISION OF RATE COUNSEL

BY: Kurt S. Lewandowski
Kurt S. Lewandowski
Assistant Deputy Rate Counsel

DATED: 9/2/11

JAMES W. GLASSER

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: Alex Moreau
Deputy Attorney General

DATED: _____