



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu

ENERGY

IN THE MATTER OF PUBLIC SERVICE)	DECISION AND ORDER
ELECTRIC AND GAS COMPANY'S 2016/2017)	APPROVING STIPULATION FOR
ANNUAL MARGIN ADJUSTMENT CHARGE)	FINAL MAC RATES
("MAC") FILING UNDER ITS PERIODIC)	
PRICING MECHANISM AND FOR CHANGES IN)	DOCKET NO. GR16060484
THE TARIFF FOR GAS SERVICE)	OAL DOCKET NO. PUC 17353-16

Parties of Record:

Matthew Weissman, 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

By Order of the Board of Public Utilities ("Board") dated January 9, 2002 in the gas base rate case of Public Service Electric and Gas Company ("PSE&G" or "the Company") in Docket No. GR01050328,¹ the Company was authorized to implement the Margin Adjustment Clause ("MAC") 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, toward 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 In re 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, BPU. No. GR01050328, Board Order dated January 9, 2002.

The Company filed the instant petition with the Board on June 1, 2016, representing that, based on actual results through April 2016, the Company's net MAC balance including cumulative interest at September 30, 2016 would be an approximate over-recovery of \$15.94 million. This translated to a change in the per therm credit rate from the then existing credit rate of \$0.007758 to a credit rate of \$0.006782 effective for service on and after October 1, 2016.² Based upon rates in effect as of June 1, 2016, the Company's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms annually would experience an increase in their annual bills of \$1.00 (0.11%) based on the Company's request.

After publication of notice in newspapers of general circulation in PSE&G's service territory, public hearings were scheduled and conducted in Hackensack, Mt. Holly, and New Brunswick on August 22, 23, and 24, 2016, respectively. Two members of the public expressed general concerns about high utility rates and opposition to shutting off service for lack of payment. No members of the public appeared and commented specifically on this filing.

By Order dated September 23, 2016 ("September 2016 Provisional Rates Order") in this docket, the Board approved Stipulation for Provisional Rates executed by the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties"). The September 2016 Provisional Rates Order authorized PSE&G to implement the proposed MAC rate on a provisional basis for services rendered on or after October 1, 2016.

On November 14, 2016, the Board transmitted the matter to the Office of Administrative Law as a contested case where it was subsequently assigned to Administrative Law Judge ("ALJ") Diana Sukovich.

STIPULATION

Subsequent to discovery and substantive discussions of the issues, on March 20, 2017 the Parties executed a Stipulation for Final MAC rates ("Stipulation"). The Stipulation provides for the following:³

1. Based on a review of actual data through September 30, 2016, the Parties request that the Board issue an Order confirming the current MAC credit rate of \$0.006774 per therm (including SUT) as final. This rate will continue to be reflected in Tariff Sheet No. 43 of the Company's Tariff for Gas Service, a copy of which is attached to the Stipulation as Attachment A.

² All rates quoted include New Jersey Sales and Use Tax ("SUT"). On November 14, 2016, the Board issued a Secretary's Letter under Docket No. ER16111054, for all New Jersey electric and gas utilities, pursuant to P.L. 2016, c. 57, that the SUT to be charged to customers for utility service had been changed from 7.0% to 6.875% effective January 1, 2017. As a result, the MAC rate including SUT was changed to a credit of \$0.006774 effective January 1, 2017.

³ Although summarized in this Order, the detailed terms of the stipulation control, subject to the findings and conclusions of this Order.

2. Actual results after September 30, 2016 are subject to review in the Company's next annual filing. Interest based on the seven (7) year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year on any net over or under-recovered MAC balance.⁴ As a result of the final MAC rate set forth in Attachment A, a typical residential gas heating customer using 165 therms in a winter month and 1,010 therms annually would receive no change from their current annual bill of \$861.02. This is based upon current Delivery Rates effective January 1, 2017 and assuming the customer is receiving Basic Gas Supply Service from the Company.

On April 4, 2017, ALJ Sukovich issued an Initial Decision approving the Stipulation finding that the Parties had voluntarily agreed to the terms of the Stipulation, the Stipulation fully disposes of all matters and is consistent with law.

DISCUSSION AND FINDING

Having reviewed the record in this matter, including ALJ Sukovich's Initial Decision and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. Therefore, the Board **FINDS** the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, including all attachments, as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein.

The Board **HEREBY APPROVES** as final the Company's MAC per therm credit rate of \$0.006774. Such rate shall remain in effect until changed by further Order. Any net over-recovered MAC balance at the end of the MAC period shall be subject to refund with interest. The Board **HEREBY ORDERS** PSE&G to file tariffs consistent with the Board's Order within five (5) days of service of this Order.

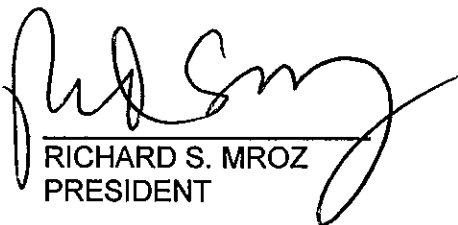
The Company's costs, including those related to the MAC, will remain subject to audit by the Board. This decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

⁴ Paragraph 12 of the Board's July 9, 2010 in Dkt. No. GR09050422 directs that "The Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance."

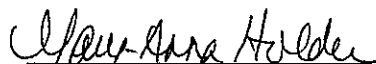
This Order shall be effective on May 1, 2017.

DATED: 4/21/17

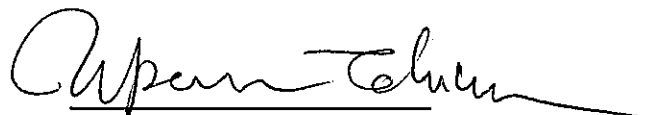
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

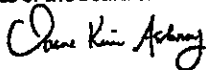

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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 2016/2017
ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS PERIODIC PRICING
MECHANISM AND FOR CHANGES IN THE TARIFF FOR GAS SERVICE
BPU DOCKET NO. GR16060484
OAL DOCKET NO. PUC 17353-16

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. 17353-16

AGENCY DKT. NO. GR 16060484

**IN THE MATTER OF THE PETITION OF
PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S
2016 ANNUAL MARGIN ADJUSTMENT CHARGE
FILING UNDER ITS PERIODIC PRICING MECHANISM
AND FOR CHANGES IN THE TARIFF FOR GAS SERVICE**

Martin C. Rothfelder, Esq., Associate General Regulatory Counsel, for
petitioner Public Service Electric and Gas Company

Sarah H. Steindel, Assistant Deputy Rate Counsel, for intervener the Division
of Rate Counsel (Stephanie A. Brand, Director, attorney)

Patricia A. Krogman, Deputy Attorney General, for the Staff of the Board of
Public Utilities (Christopher S. Porrino, Attorney General of New Jersey,
attorney)

Record Closed: March 21, 2017

Decided: April 4, 2017

BEFORE: **DIANA C. SUKOVICH**, ALJ t/a:

PROCEDURAL HISTORY

On June 1, 2016, Public Service Electric and Gas Company (petitioner) filed a petition with the Board of Public Utilities (Board) to implement a change in its Margin Adjustment Clause (MAC), to be effective October 1, 2016. Public hearings were held in Hackensack, Mount Holly, and New Brunswick, New Jersey, on August 22, 23, and 24, 2016, respectively. Two members of the public expressed general concerns about the level of utility rates and opposition to termination of service for non-payment. On September 23, 2016, the Board approved a Settlement (Settlement) for a provisional MAC agreed to by the parties, effective for services rendered on and after October 1, 2016. The Board transmitted the matter to the Office of Administrative Law on November 14, 2016, for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

Telephone conferences were conducted throughout the proceedings. The parties also conferred throughout the proceedings and reached a resolution of the matter. An executed Stipulation of Settlement (Stipulation) was filed on March 21, 2017, on which date the record was closed. Attached to the Stipulation (Attachment A) is Tariff Sheet No. 43 of petitioner's Tariff for Gas Service. Attached herewith are copies of the Stipulation and Attachment A.

NATURE OF THE CASE

Petitioner originally sought a change in the MAC for firm customers from \$0.007758 per therm, including the New Jersey Sales and Use Tax (SUT), to \$0.006782 per therm, including the SUT, a credit of \$0.006782 per therm, including the SUT. The Settlement provided for a rate of \$0.006782 per therm, including the SUT, and interest on any net over- or under-recovered MAC balance based on seven-year Treasuries plus sixty basis points, to be adjusted August 1 of each year. The Stipulation provides for the current MAC rate of \$0.006338 per therm, without the SUT, \$0.006774 per therm, including the SUT as of January 1, 2017, on which date a change in the SUT was

effective, as final. The agreed upon rate will continue to be reflected in Tariff Sheet No.42 of petitioner's Tariff for Gas Service, as reflected in Attachment A.

The pending question, generally, is whether the Stipulation should be approved. I am persuaded that it should be.

FINDINGS OF FACT

I have reviewed the record and the settlement terms, and I **FIND** that the parties have voluntarily agreed to the Stipulation, as evidenced by their signatures thereon, and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

CONCLUSIONS

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and it should be approved.

ORDERS

It is hereby **ORDERED** that the Stipulation and Attachment A thereto be and are hereby **APPROVED**; effective the effective date of this Decision, and these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 4, 2017
DATE

Diana C. Sukovich
DIANA C. SUKOVICH, ALJ t/a

Date Received at Agency: _____

Date Mailed to Parties: _____

DCS/rr

RECEIVED

STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW

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IN THE MATTER OF PUBLIC SERVICE)	STIPULATION OF SETTLEMENT FOR
ELECTRIC AND GAS COMPANY'S 2016/2017)	FINAL MARGIN
ANNUAL MARGIN ADJUSTMENT CHARGE)	ADJUSTMENT CHARGE
("MAC") FILING UNDER ITS PERIODIC)	OAL DKT NO. PUC 17353-16
PRICING MECHANISM AND FOR CHANGES)	BPU DKT NO. GR16060484
IN THE TARIFF FOR GAS SERVICE)	

APPEARANCES:

Martin C. Rothfelder, Esq., for the Petitioner, Public Service Electric and Gas Company

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

Alex Moreau, Patricia Krogman, and Emma Yao Xiao, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Christopher S. Porrino**, Attorney General of New Jersey)

On January 9, 2002, as a result of the Board's Order in Public Service Electric and Gas Company's ("Public Service", "PSE&G" or "the Company") gas base rate case under BPU Docket No. GR01050328, the Public Service Margin Adjustment Charge ("MAC") was implemented to credit the net revenues associated with the rate schedule Non-Firm Transportation Gas Service ("TSG-NF") to customers on Rate Schedules Residential Service Gas (RSG), General Service Gas ("GSG"), Large Volume Service Gas ("LVG"), Street Lighting Gas ("SLG"), and Firm Transportation Gas Service ("TSG-F").

On June 1, 2016, PSE&G filed a petition with the Board of Public Utilities ("Board") in the above-referenced matter, requesting a change in the MAC for firm customers from (\$0.007758) per therm, including New Jersey Sales and Use Tax ("SUT") to (\$0.006782)

per therm including SUT (i.e., to a credit of \$0.006782 per therm including SUT), to be implemented for service rendered on and after October 1, 2016.

In the Company's June 1, 2016 filing, Public Service represented that the current MAC balance, its over/(under) recovery, and the associated interest costs for the actual results and corresponding forecast, supported a change in the MAC to a rate of (\$0.006782) per therm including SUT. Based on rates in effect as of September 1, 2016, the impact of the implementation of this credit on a provisional basis for a typical residential gas heating customer receiving Basic Gas Supply Service from the Company and using 165 therms in a winter month and 1,010 therms annually was an increase in the customer's annual bill from \$882.99 to \$883.99, or \$1.00, or approximately 0.11%.¹

Notice setting forth the request in the Company's June 1, 2016 petition and of the date, time and place of the public hearings, 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 comment hearings were held at 4:00 pm and again at 5:30 pm in Hackensack, Mount Holly, and New Brunswick on August 22, 23, and 24, 2016, respectively. Two members of the public expressed general concerns about high utility rates and opposition to shutting off service for lack of payment. No members of the public appeared and commented specifically on this filing.

On or about September 1, 2016, the Parties entered into and filed at the Board of Public Utilities a "Settlement for Provisional Margin Adjustment Charge" ("Provisional

¹ On November 14, 2016, the Board Secretary issued a Letter under Docket No. ER16111054, for all New Jersey Electric and Gas Utilities, pursuant to P.L.2016, c57, stating that the Sales and Use Tax (SUT) to be charged to customers for utility service has been changed from 7% to 6.875% effective January 1, 2017. As a result, the MAC rate with SUT was changed to (\$0.006774) effective January 1, 2017.

Settlement”) with respect to the Company’s MAC for the 2016-2017 MAC year, which specified a MAC of (\$0.006782) including SUT per therm as reasonable. The Provisional Settlement provided for interest on any net over or under-recovered MAC balance based on the seven-year Treasuries plus sixty (60) basis points, which is to be adjusted August 1 of each year.² The Board issued an Order dated September 23, 2016 approving the Settlement for Provisional Margin Adjustment Charge and the provisional rates specified therein for service rendered on and after October 1, 2016.

On November 14, 2016 the Board transmitted the matter over to the Office of Administrative Law as a contested case where it was subsequently assigned to the Honorable Diana Sukovich, Administrative Law Judge (“ALJ”), t/a. ALJ Sukovich held telephonic prehearing conferences on January 6, 2017 and February 15, 2017.

The Staff of the New Jersey Board of Public Utilities (Board Staff), the New Jersey Division of Rate Counsel (Rate Counsel), and PSE&G, the only parties to this proceeding, (collectively, the Parties) have completed their review of the Petition and the responses to discovery, have discussed the matter, and hereby stipulate and agree as follows:

1. Based upon a review of actual data through September 30, 2016, the Parties request that the BPU issue an Order confirming the current MAC rate of (\$0.006338) per therm without SUT ((\$0.006774) per therm including SUT as of January 1, 2017) as final. This rate will continue to be reflected in Tariff Sheet No. 43 of the Company’s Tariff for Gas Service, a copy of which is attached as Attachment A. The Parties request the Company’s provisional MAC as stated above shall be deemed final upon the effective date of the Board’s written Order

² Paragraph 12 of the Board’s July 9, 2010 Order in BPU Docket No. GR09050422 directs that “[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance.”

approving this Settlement or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

2. Actual results after September 30, 2016 are subject to review in the Company's next annual filing. Interest based on the seven-year Treasuries plus sixty (60) basis points is to be adjusted August 1 of each year, on any net over or under-recovered MAC balance. As a result of the final MAC rate set forth in Attachment A, a typical residential gas heating customer using 165 therms in a winter month and 1,010 therms annually would receive no change from their current annual bill of \$861.02. This is based upon current Delivery Rates effective January 1, 2017 and assuming the customer is receiving Basic Gas Supply Service from the Company.

3. The undersigned agree that this Settlement 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 Settlement is not accepted and approved 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. More particularly, in the event this Settlement is not adopted in its entirety by the Board then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Settlement as though this Settlement had not been signed.

4. This Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or any of its specific provisions is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement.

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.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

STEFANIE A. BRAND
DIRECTOR,
DIVISION OF RATE COUNSEL

BY: Martin C. Rothfelder
Martin C. Rothfelder, Esq.
Associate General Regulatory Counsel

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

DATED: March 15, 2017

DATED: March 20, 2017

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: Patricia A. Krogman
Patricia A. Krogman
Deputy Attorney General

DATED: 3/15/17

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Sixth Revised Sheet No. 43

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

Superseding

Fifth Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge (\$0.006338)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....(\$0.006774)

Margin Adjustment Charge

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

Date of Issue: November 29, 2016

Effective: January 1, 2017

Issued by SCOTT S. JENNINGS, Vice President Finance – PSE&G

80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated November 14, 2016
in Docket No. ER16111054