



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st 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'S 2022)
ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC"))
)
) DECISION AND ORDER
) APPROVING STIPULATION
)
) BPU DOCKET NO. GR22060367

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Aaron I. Karp, Esq., on behalf of Public Service Electric and Gas Company

BY THE BOARD:

On June 1, 2022, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval to modify its Margin Adjustment Charge ("MAC") rate ("2022 MAC Petition"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by PSE&G, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, "Parties") intended to satisfy the Company's request.

BACKGROUND

By Order dated January 9, 2002, the Board authorized PSE&G to implement the MAC to credit net revenues associated with Transmission Service Gas Non-Firm ("TSG-NF") rates to customers on rate schedules Residential Service Gas, General Service Gas, Large Volume Service Gas, Firm Transportation Gas Service, and Street Lighting Service.¹ The MAC's purpose is to properly allocate transportation and distribution costs to non-firm gas transportation customers who can switch to alternative fuel sources (e.g. oil), recognizing that these customers contribute, along with firm customers, to the costs of maintaining the distribution system. PSE&G sets its MAC 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 Docket No. GR01050328, Order dated January 9, 2002.

2022 MAC PETITION

PSE&G filed the 2022 MAC Petition seeking approval of a decrease in its current MAC credit from (\$0.006207) per therm to (\$0.006372) per therm.² PSE&G claimed that, for the period ending April 30, 2022, the actual MAC balance was over-collected by approximately \$10.53 million, excluding interest. For the period ending September 2022, PSE&G forecasted the MAC balance would be over-collected by approximately \$15.43 million, excluding interest.

The Company filed discovery responses on September 9, 2022, wherein the Company updated its schedules to include actual data through July 31, 2022 (“Update”).

During the course of the proceeding, PSE&G discovered an error in its calculations which was corrected through discovery. The Company revised its TSG-NF Expense actuals for the months of October 2021 through April 2022 and corrected the MAC period for the months of April 2021 through September 2021.

The corrected MAC balance would result in a rate increase of approximately \$0.4 million as opposed to the Company’s forecasted \$0.4 million rate decrease. Despite the increase, the Company proposed maintaining its current MAC credit rate of \$0.006207 per therm.

The Board did not hold public hearings in this matter because the Company’s rates did not change. In addition, the Board did not receive written comments related to the 2022 MAC Petition.

STIPULATION

Based upon a review of the 2022 MAC Petition, the Update, and the Company’s discovery responses, the Parties executed the Stipulation, which provides the following:³

1. The Company will maintain the current MAC rate of (\$0.006207) per therm. The MAC rate is subject to interest on any net over- or under-recovered MAC balance. Interest based upon the seven (7)-year Treasuries plus 60 basis points is to be adjusted August 1 of each year on any net over- or under-recovered MAC balance. A tariff sheet reflecting the stipulated MAC rate of (\$0.006207) per therm is attached to the Stipulation as Attachment A.
2. The Parties further agree that the actual MAC data through July 2022 is approved and actual results for August 1, 2022 forward will be reviewed in the Company’s next MAC filing to be made by June 1, 2023.
3. As a result of maintaining the current MAC rate, PSE&G’s typical residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis, would see no change in the annual bill of \$839.38. Moreover, under the Company’s proposal, a typical residential gas heating customer using 172 therms per month during the winter months, and 1,040 therms on an annual basis, would see no change in the annual bill of \$1,358.02.

² All rates quoted herein include Sales and Use Tax.

³ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

DISCUSSION AND FINDINGS

The Board reviewed the record in this matter, including the 2022 MAC Petition, Update, the corrections, and the Stipulation. As such, the Board **HEREBY FINDS** that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as fully set forth herein.

The Board **HEREBY APPROVES** the MAC rate set forth in the Stipulation for service rendered on or after January 1, 2023. Any net over-recovered MAC balance at the end of the MAC period shall be subject to refund with interest.

A typical residential customer would see no bill impact following the Stipulation's execution.

The Board **HEREBY DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to January 1, 2023.

The Company's costs, including those related to the MAC; remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions deemed appropriate as a result of any such audit.

The effective date of this Order is December 28, 2022.

DATED: December 21, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



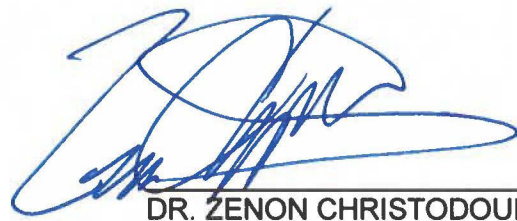
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING 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 THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S 2022
ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC")

DOCKET NO. GR22060367

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen D. Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Office of General Counsel</u></p> <p>Michael Beck, General Counsel michael.beck@bpu.nj.gov</p> <p>Carol Artale, Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Senior Counsel heather.weisband@bpu.nj.gov</p> <p><u>Division of Water & Energy</u></p> <p>Paul Lupo, Bureau Chief paul.lupo@bpu.nj.gov</p> <p>Ryan Moran ryan.moran@bpu.nj.gov</p> <p>Andrew Tuzzo andrew.tuzzo@bpu.nj.gov</p> <p><u>New Jersey Division of Law</u> NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p>	<p><u>Public Service Electric and Gas Company</u> 80 Park Plaza, Newark, New Jersey 07102</p> <p>Aaron I. Karp, Esq. aaron.karp@pseg.com</p> <p>Bernard Smalls bernard.smalls@pseg.com</p> <p>Michele Falcao michele.falcao@pseg.com</p> <p>Caitlyn White caitlyn.white@pseg.com</p> <p><u>New Jersey Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli, Esq., Managing Attorney mcaroselli@rpa.nj.gov</p> <p>Sarah Steindel, Esq. ssteinde@rpa.nj.gov</p> <p>Megan Lupo, Esq. mlupo@rpa.nj.gov</p> <p>Robert Henkes Henkes Consulting 7 Sunset Road Old Greenwich, CT 06870 rhenkes@optonline.net</p>
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Aaron I. Karp
Associate Counsel - Regulatory

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PSEG Services Corporation
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December 8, 2022

In the Matter of the Petition of
Public Service Electric and Gas Company's
2022 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. GR22060367

VIA ELECTRONIC MAIL

Carmen Diaz, Acting Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Diaz:

Attached is the fully executed Stipulation in the above-reference matter resolving all aspects of this matter. All the parties have signed the Stipulation: Public Service Electric and Gas Company, the Staff of the New Jersey Board of Public Utilities, and the New Jersey Division of Rate Counsel.

Consistent with the Order issued by the New Jersey Board of Public Utilities ("BPU or 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 filing is being electronically filed with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

If you have any questions, please do not hesitate to contact me. Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "Aaron I. Karp".

Attachment

cc: Attached Service List (electronic only)

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)
AND GAS COMPANY’S 2022 ANNUAL MARGIN) BPU DOCKET NO. GR22060367
ADJUSTMENT CHARGE (MAC))

STIPULATION AND AGREEMENT

APPEARANCES:

Matthew M. Weissman, Esq., Managing Counsel - State Regulatory, and **Aaron I. Karp**, Esq., Associate Counsel - Regulatory, for the Petitioner, Public Service Electric and Gas Company

Sarah H. Steindel, Esq., Assistant Deputy Rate Counsel, **Megan Lupo**, Esq., Assistant Deputy Rate Counsel, and **Maura Caroselli**, Esq., Manager of Gas & Clean Energy, for the New Jersey Division of Rate Counsel (**Brian O. Lipman**, Esq., Director)

Matko Ilic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

On January 9, 2002, as a result of the New Jersey Board of Public Utilities’ (“Board” or “BPU”) Order in Public Service Electric and Gas Company’s (“PSE&G” or “Company”) gas base rate case, the Margin Adjustment Charge (“MAC”) was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service rates to certain customers on Rate Schedules Residential Service, General Service, Large Volume Service, Street Lighting Service and Firm Transportation Gas Service.¹

By Board Order dated November 17, 2021, the current MAC rate of (\$0.006207) per therm (including Sales and Use Tax (“SUT”)) was established and made effective December 1, 2021.² On

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 Docket No. GR01050328, Order dated January 9, 2002.

² In the Matter of the Petition of Public Service Electric and Gas Company’s 2021 Annual Margin Adjustment Charge (“MAC”), BPU Docket No. GR21060882, Order dated November 17, 2021.

June 1, 2022, PSE&G filed a petition and supporting documentation with the Board requesting authorization to lower the Company's current MAC rate from (\$0.006207) per therm (including SUT) to (\$0.006372) per therm (including SUT) ("June 2022 Petition"). The June 2022 Petition included actual results through April 2022, and projected results through September 2022, and overall projected a decrease of \$430,590 (including SUT). As the June 2022 Petition requested a rate decrease, the Company did not notice public hearings at that time.

In response to discovery, PSE&G updated the projected data in the June 2022 Petition with actual data through July 2022, and that updated data supported a MAC rate of (\$0.006049) per therm (including SUT), which reflects an increase of \$412,322 (including SUT).³ However, since this newly calculated credit would result in a rate increase that was not publicly noticed by the Company, the Company proposed to maintain the current MAC rate of (\$0.006207) per therm (including SUT).

Upon review of the June 2022 Petition with actual data through April 2022, and the updates provided in discovery that include actual data through July 2022, Board Staff, the New Jersey Division of Rate Counsel, and PSE&G (collectively, "Parties") agree that the current MAC rate is reasonable at this time and stipulate and agree as follows:

1. The Company will maintain the current MAC rate of (\$0.006207) per therm (including SUT). The MAC rate is subject to interest on any net over- or under-recovered MAC balance. Interest based upon the seven (7)-year Treasuries plus 60 basis points is to be adjusted August 1 of each year on any net over- or under-recovered MAC balance.⁴ A tariff sheet reflecting

³ Also in response to discovery, the Company corrected inadvertent errors included in the schedules attached to the June 2022 Petition and in the prior annual MAC filing dated June 1, 2021. See PSE&G response to discovery request RCR-A_0005- Supplemental, submitted September 9, 2022, and PSE&G response to discovery request S-PSEG-REV-0010, submitted October 5, 2022.

⁴ 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."

the stipulated MAC rate of (\$0.006207) per therm (including SUT) is attached hereto as Attachment A.

2. The Parties further agree that the actual MAC data through July 2022 is approved and actual results for August 1, 2022 forward will be reviewed in the Company's next MAC filing to be made by June 1, 2023.

3. As a result of maintaining the current MAC rate, PSE&G's typical residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis, would see no change in the annual bill of \$839.38. Moreover, under the Company's proposal, a typical residential gas heating customer using 172 therms per month during the winter months, and 1,040 therms on an annual basis, would see no change in the annual bill of \$1,358.02.⁵

4. This stipulation of settlement ("Stipulation") represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that this Stipulation is not adopted in its entirety by the Board in any applicable Order(s), any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

5. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

6. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as

⁵ The calculations in this paragraph are based on current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect December 1, 2022.

expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

7. The Parties 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

MATTHEW J. PLATKIN,
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public
Utilities

BY: Aaron I. Karp
Aaron I. Karp
Associate Counsel - Regulatory

BY: Matko Ilic
Matko Ilic
Deputy Attorney General

DATED: December 6, 2022

DATED: December 7, 2022

NEW JERSEY DIVISION OF RATE
COUNSEL,
BRIAN O. LIPMAN, DIRECTOR

BY: Megan Lupo
Megan Lupo
Assistant Deputy Rate Counsel

DATED: December 7, 2022

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 43

B.P.U.N.J. No. 16 GAS

Superseding

XXX Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge (\$0.005821)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....(\$0.006207)

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:

Effective:

Issued by SCOTT S. JENNINGS, SVP - Corporate Planning, Strategy and Utility Finance – PSE&G

80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated

in Docket No.