

Agenda Item: 2C

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.qov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)	DECISION AND ORDER
SERVICE ELECTRIC AND GAS COMPANY FOR)	APPROVING STIPULATION
APPROVAL OF ELECTRIC RATE)	
ADJUSTMENTS PURSUANT TO THE ENERGY)	
STRONG II PROGRAM)	DOCKET NO. ER23050273

Parties of Record:

Danielle Lopez, Esq., Public Service Electric and Gas Company **Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 1, 2023, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking cost recovery of certain electric infrastructure investments within its Energy Strong II Program ("Energy Strong II" or "Program") ("May 2023 Petition"). By this Order, the Board considers a stipulation of settlement ("Stipulation") executed by PSE&G, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the Company's requests related to the May 2023 Petition.

BACKGROUND

By Order dated September 11, 2019, the Board approved a stipulation authorizing PSE&G to implement Energy Strong II pursuant to N.J.A.C. 14:3-2A.1 et seq., wherein the Company would invest up to \$842 million within the Program through December 31, 2023. As noted in the Energy Strong II Order, \$691.5 million of investment would be eligible for accelerated recovery and \$150.5 million of investment would be considered Stipulated Base expenditure to be recoverable within the Company's next base rate case. The Energy Strong II projects were aimed at improving the reliability and resilience of the Company's electric and gas systems, including raising and rebuilding substations, deploying advanced technology, and modernizing critical gas

¹ In re the Matter of the Petition of Public Service Electric and Gas Company for Approval of the Second Energy Strong Program (Energy Strong II), BPU Docket Nos. EO18060629 and GO18060630, Order dated September 11, 2019 ("Energy Strong II Order").

² See Energy Strong II Order at Page 7, Paragraph 34.

Agenda Date: 10/25/23 Agenda Item: 2C

equipment.

The Energy Strong II subprograms and stipulated expenditure amounts are summarized below:3

ES II Subprogram	Total Spending
Electric Station Flood Mitigation	\$389 million
Contingency Reconfiguration	\$145 million
Grid Modernization – Communications System	\$72 million
Grid Modernization - ADMS	\$35 million
Electric Stipulated Base	\$100 million
Gas M&R Station Upgrades	\$50.5 million
Gas Stipulated Base	\$50.5 million
Total	\$842 million

Pursuant to the stipulation approved by the Energy Strong II Order, the rate adjustment schedule was to consist of two (2) annual filings followed by four (4) semi-annual filings.⁴ However,

In February 2021, PSE&G notified the Parties that the Constable Hook substation project ("Constable Hook") a part of the Electric Station Flood Mitigation subprogram, would not be completed within the Program's timeframe. As such, PSE&G requested to modify the Energy Strong II stipulation to remove Constable Hook from the Program and replace it with flood mitigation work on the Company's Front Street substation.

MAY 2023 PETITION

The May 2023 Petition is PSE&G's fourth petition seeking cost recovery of electric Energy Strong II infrastructure investments placed in-service through July 31, 2023. In the May 2023 Petition, PSE&G estimated the annualized increase in revenue requirement for electric infrastructure investments to be approximately \$14.7 million (associated with a total gross plant of approximately \$127.5 million). PSE&G did not request recovery of costs incurred for gas infrastructure investments as the Program cap for these investments had been reached.⁵ The May 2023 Petition was based upon actual expenditures from February 1, 2023 through March 31, 2023, and forecasted expenditures from April 1, 2023 through July 31, 2023.

On August 21, 2023, the Company updated the May 2023 Petition to include actual Program expenditures through July 31, 2023 ("August 2023 Update"). In the August 2023 Update, the Company adjusted its proposed revenue requirement for electric infrastructure investments to

³ By letter dated July 27, 2021, PSE&G provided notice that it had transferred \$7.7 million of funding from the Grid Modernization – Communications System subprogram to the Grid Modernization – ADMS subprogram, which is not reflected in the table above.

⁴ <u>See</u> Energy Strong II Order at Pages 8-9, Paragraph 40. The Company did not file for its first semi-annual rate adjustment, which was originally anticipated to be filed by May 1, 2022.

⁵ <u>See</u> Energy Strong II Order at Page 4, Paragraph 21. As noted therein, the maximum subprogram investment level for accelerated recovery within the Gas M&R Station Upgrades subprogram was \$50.5 million.

Agenda Item: 2C

approximately \$9.0 million (associated with a total gross plant of approximately \$78.4 million).

Following publication of notice, virtual public hearings were held on September 28, 2023 at 4:30 p.m. and 5:30 p.m.⁶ No members of the public participated in the public hearings or submitted written comments to the Board.

STIPULATION

Upon review of the May 2023 Petition, the August 2023 Update, and discovery, the Parties executed the Stipulation, which provides for the following:⁷

- 1. The Company will implement rates to recover an electric revenue requirement of \$9.023 million as shown in Schedule SS-ESII-2E (Update), attached to the Stipulation as Attachment 1.
- 2. PSE&G may implement the proposed rates, attached as Attachment 2 of the Stipulation, which are associated with the increase in the revenue requirements referenced in Paragraph 1 of the Stipulation pursuant to the rate design methodology reflected in Schedules SS-ESII-5 (Update).
- 3. The impact of the proposed rates on a typical residential electric customer using 740 kilowatt-hours (kWh) in a summer month, and 577 kWh in an average month (6,920 kWh annually), would be an increase in the average monthly bill from \$118.39 to \$118.71, or \$0.32, or approximately 0.27% [based upon Delivery Rates and Basic Generation Service- Residential and Small Commercial Pricing ("BGS-RSCP") charges in effect September 1, 2023 and assuming that the customer receives BGS-RSCP service from PSE&G].
- 4. Pursuant to the terms of the Energy Strong II Order, PSE&G may implement the rates in Attachment 2 of the Stipulation effective no earlier than November 1, 2023. The rate adjustments established in the Stipulation shall be provisional and subject to refund contingent upon the Board finding that PSE&G imprudently incurred capital expenditures under Energy Strong II. Such prudency review shall take place in a future base rate case. The Company's next base rate case is expected to be filed no later than January 1, 2024, in accordance with the Board's Order in the Next Phase of the Company's Gas System Modernization Program.⁸ Nothing in the Stipulation will preclude any Party from raising any objection in the base rate case prudency review that could have been raised in a prior Infrastructure Investment Program rate filing. The Parties agree that the provisional rates recovered through the Energy Strong II cost recovery mechanism are contingent upon the Company meeting its \$100 million electric base spend requirement by December 31, 2023.

⁶ The hearings were held virtually due to the ongoing COVID-19 pandemic.

⁷ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

⁸ In re the Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II"), Docket No. GR17070776, Order dated May 22, 2018, at ¶40.

Agenda Item: 2C

DISCUSSION AND FINDINGS

After a review of the record in this matter, including the May 2023 Petition, the August 2023 Update, and the Stipulation, the Board <u>HEREBY FINDS</u> the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board <u>HEREBY ADOPTS</u> the Stipulation in its entirety, and <u>HEREBY INCORPORATES</u> its terms and conditions as though fully set forth herein.

The Board <u>HEREBY APPROVES</u> the rate adjustments reflected in the Stipulation on a provisional basis, subject to refund and review for prudence in a future base rate case, effective for service rendered on and after November 1, 2023. As a result of the Stipulation, a typical residential electric customer using approximately 740 kWh in a summer month and 6,920 kWh annually would be an increase in the average monthly bill of \$0.32, or approximately 0.27% (based upon Delivery Rates and BGS-RSCP charges in effect September 1, 2023).

The Company is <u>HEREBY DIRECTED</u> to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to November 1, 2023.

The Company's costs, including those related to the Program, remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

Agenda Date: 10/25/23 Agenda Item: 2C

This Order shall be effective on October 25, 2023.

DATED: October 25, 2023

BOARD OF PUBLIC UTILITIES

BY:

CHRISTINE GUHL-SADOVY

PRESIDENT

COMMISSIONER

DR. ZENOWEHRISTODOULOU

COMMISSIONER

COMMISSIONER

ATTEST:

SHERRI L. GOLDEN

SECRETARY

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

Agenda Item: 2C

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF ELECTRIC RATE ADJUSTMENTS PURSUANT TO THE ENERGY STRONG II PROGRAM

DOCKET NO. ER23050273

SERVICE LIST

Public Service Electric and Gas Company

PSEG Services Corporation 80 Park Plaza, T10 Newark, NJ 07102-4194

Danielle Lopez, Esq. danielle.lopez@pseg.com

Michele Falcao michele.falcao@pseg.com

Caitlyn White caitlyn.white@pseg.com

Bernard Smalls bernard.smalls@pseg.com

New Jersey Division of Rate Counsel

140 East Front Street, 4th Floor Trenton, NJ 08625-0003

Brian Lipman, Esq., Director blipman@rpa.nj.gov

T. David Wand, Esq., Managing Attorney dwand@rpa.nj.gov

Bethany Rocque-Romaine, Esq. bromaine@rpa.nj.gov

Robert Glover, Esq. rglover@rpa.nj.gov

Rate Counsel Consultants

Andrea Crane
The Columbia Group
2805 East Oakland Park Boulevard #401
Ft. Lauderdale, FL, 33306
ctcolumbia@aol.com

Patricio Silva Synapse Energy Economics 485 Massachusetts Avenue, Suite 2 Cambridge, MA 02139 psilva@synapse-energy.com

Board of Public Utilities

44 South Clinton Avenue, 1st Floor Trenton, NJ 08625-0350

Sherri L. Golden, Board Secretary board.secretary@bpu.nj.gov

Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov

Office of the General Counsel

Carol Artale, Deputy General Counsel carol.artale@bpu.nj.gov

Heather Weisband, Senior Counsel heather.weisband@bpu.nj.gov

Division of Water & Energy

Mike Kammer, Director mike.kammer@bpu.nj.gov

Malike Cummings, Deputy Director malike.cummings@bpu.nj.gov

Scott Sumliner scott.sumliner@bpu.nj.gov

New Jersey Division of Law

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

Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov

Matko Ilic, DAG matko.ilic@law.njoag.gov

Terel Klein, DAG terel.klein@law.njoag.gov Law Department PSEG Services Corporation

80 Park Plaza - T10, Newark, New Jersey 07102-4194

tel: 973-430-6479 fax: 973-430-5983 email: danielle.lopez@pseg.com



October 12, 2023

In the Matter of the Petition of Public Service Electric and Gas Company for Approval of Electric Rate Adjustments Pursuant to the Energy Strong II Program

BPU Docket No. ER23050273

VIA ELECTRONIC MAIL

Sherri Golden, Secretary Board of Public Utilities 44 South Clinton Avenue, 1st Floor P.O. Box 350 Trenton, New Jersey 08625-0350

Dear Secretary Golden:

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.

Very truly yours,

Samill for

cc: Attached service list

I/M/O the Petition of PSE&G for Approval of the Energy Strong II Program BPU Docket No. ER23050273

SERVICE LIST

Sherri Golden, Secretary Board of Public Utilities 44 South Clinton Avenue, 1st Floor P.O. Box 350 Trenton, NJ 08625 board.secretary@bpu.nj.gov

Stacy Peterson
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625
Stacy.Peterson@bpu.nj.gov

Malike Cummings
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625
Mike.Kammer@bpu.nj.gov

Scott Sumliner
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625
Scott.Sumliner@bpu.nj.gov

David Brown
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625
David.Brown@bpu.nj.gov

Matko Ilic, DAG
Department of Law & Public Safety
Division of Law
R.J. Hughes Justice Complex
25 Market Street, P.O. Box 112
Trenton, NJ 08625
Matko.Ilic@law.njoag.gov

Robert Brabston, Esq. Board of Public Utilities 44 South Clinton Avenue P.O. Box 350 Trenton, NJ 08625 Robert.Brabston@bpu.nj.gov

Benjamin Witherell, Ph.D. Board of Public Utilities 44 South. Clinton Avenue P.O. Box 350 Trenton, NJ 08625 Benjamin.Witherell@bpu.nj.gov

Heather Weisband, Esq. Board of Public Utilities 44 South Clinton Avenue, 9th Floor P.O. Box 350 Trenton, NJ 08625 Heather.Weisband@bpu.nj.gov

Jacqueline O'Grady Board of Public Utilities 44 South Clinton Avenue, 9th Floor P.O. Box 350 Trenton, NJ 08625 Jackie.Ogrady@bpu.nj.gov

Joe Costa
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625
Joe.Costa@bpu.nj.gov

Brian O. Lipman, Director Division of Rate Counsel 140 East Front Street, 4th Fl. Trenton, NJ 08625 blipman@rpa.nj.gov Michael Beck, Esq.
Board of Public Utilities
44 South. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
Michael.Beck@bpu.nj.gov

Mike Kammer Board of Public Utilities 44 South Clinton Avenue, 9th Floor P.O. Box 350 Trenton, NJ 08625 Mike.Kammer@bpu.nj.gov

Son Lin Lai Board of Public Utilities 44 South Clinton Avenue, 9th Floor P.O. Box 350 Trenton, NJ 08625 Son-Lin.Lai@bpu.nj.gov

Ryan Moran
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625
Ryan.Moran@bpu.nj.gov

Pamela Owen, DAG
Department of Law & Public Safety
Division of Law
R.J. Hughes Justice Complex
25 Market Street, P.O. Box 112
Trenton, NJ 08625
Pamela.Owen@law.njoag.gov

T. David Wand, Esq.
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625
dwand@rpa.nj.gov

Bethany Rocque-Romaine, Esq. Division of Rate Counsel 140 East Front Street, 4th Fl. Trenton, NJ 08625 bromaine@rpa.nj.gov

Andrea Crane
The Columbia Group, Inc.
2805 East Oakland Park
Boulevard, #401
Fort Lauderdale, FL 33306
ctcolumbia@aol.com

Danielle Lopez, Esq.
PSEG Services Corporation
80 Park Plaza, T10
P.O. Box 570
Newark, NJ 07102
danielle.lopez@pseg.com

Caitlyn White Public Service Electric & Gas 80 Park Plaza, T10G P.O. Box 570 Newark, NJ 07102-4194 Caitlyn.White@pseg.com Robert Glover, Esq. Division of Rate Counsel 140 East Front Street, 4th Fl. Trenton, NJ 08625 rglover@rpa.nj.gov

Patricio Silva Synapse Energy Economics, Inc. 485 Massachusetts Ave., Suite 2 Cambridge, MA 02139 psilva@synapse-energy.com

Michele Falcao Public Service Electric & Gas 80 Park Plaza, T10 P.O. Box 570 Newark, NJ 07102-4194 michele.falcao@pseg.com Debora Layugan
Division of Rate Counsel
140 East Front Street, 4th Fl.
Trenton, NJ 08625
dlayugan@rpa.nj.gov

Joseph Accardo, Jr., Esq. Public Service Electric & Gas 80 Park Plaza, T10 P.O. Box 570 Newark, NJ 07102-4194 joseph.accardojr@pseg.com

Bernard Smalls PSEG Services Corporation 80 Park Plaza, T10 PO Box 570 Newark, NJ 07102 bernard.smalls@pseg.com

STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF ELECTRIC AND GAS RATE ADJUSTMENTS PURSUANT TO THE ENERGY STRONG II PROGRAM

BPU DOCKET NO. ER23050273

STIPULATION AND AGREEMENT

APPEARANCES:

Danielle Lopez, Esq., Associate Counsel-Regulatory, for Public Service Electric and Gas Company

T. David Wand, **Esq.**, Managing Attorney - Electric, **Bethany Rocque-Romaine**, **Esq.**, Assistant Deputy Rate Counsel and **Robert M. Glover**, **Esq.**, Assistant Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel (**Brian O. Lipman**, **Esq.**, **Director**, **Division of Rate Counsel**)

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

BACKGROUND

On June 8, 2018, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU"), pursuant to subchapter *N.J.A.C.* 14:3-2A.1 *et seq.* ("IIP Rules"), seeking approval of the next phase of its Energy Strong program, Energy Strong II ("ES II" or "Program"), which consisted of infrastructure investments to enhance safety, system reliability, and resiliency through both electric and gas subprograms.

Following discovery, the filing of testimony, evidentiary hearings, and settlement conferences, the parties executed a stipulation of settlement resolving the ES II matter on August 23, 2019. The stipulation, approved by the Board on September 11, 2019, provided the ES II Program would include an investment level of up to \$691.5 million recovered through the stipulated cost

recovery mechanism.¹ The ES II Order also approved an additional investment of \$150.5 million on certain capital projects during the Program term that would not be recovered through the ESII cost recovery mechanism, but would be considered stipulated base expenditures to be recovered in the Company's next base rate case. The Company's costs related to the ES II Program remain subject to a prudency review, and audit by the Board. In total, the Company was authorized to spend a maximum of \$842 million to complete the Program, with \$691.5 million recoverable through the ES II cost recovery mechanism, and \$150.5 million through stipulated base. The Company was also authorized to request cost recovery through six (6) rate adjustment filings consisting of two (2) annual filings followed by four (4) semi-annual filings. The ES II Order also outlined the Minimum Filing Requirements for the ES II cost recovery petitions and provided for the recovery of ES II approved costs through the ES II cost recovery mechanism.

Under the stipulation approved by the ES II Order, the maximum subprogram investment levels for specific ES II subprogram investment levels would include the following amounts:²

Electric ES II Program	\$ million
Electric Station Flood Mitigation	\$389
Contingency Reconfiguration	\$145
Grid Modernization, Communication System	\$72
Grid Modernization, ADMS	<u>\$35</u>
Electric ES II Total	\$641
Gas ES II Program	
M&R Station Upgrades	<u>\$50.5</u>
Gas ES II Total	\$50.5
TOTAL ES II Program	\$691.5

_

¹ In re the Petition of Public Service Electric and Gas Company for Approval of the Second Energy Strong Program (Energy Strong II), BPU Docket Nos. EO18060629 and GO18060630, Order dated September 11, 2019 ("ES II Order").

² On July 27, 2021, PSE&G provided notice that it had transferred \$7.7 million of funding from the Grid Modernization – Communications System subprogram to the Grid Modernization – ADMS subprogram, which is not reflected in the table above.

In February 2021, PSE&G notified the Parties that the Constable Hook substation project within the Electric Station Flood Mitigation subprogram would not be completed within the timeframe of the Program. Subsequently, PSE&G requested to modify the Energy Strong II stipulation by removing the Constable Hook substation project, and replacing it with flood mitigation work on the Company's Front Street substation. This change in the Flood Mitigation subprogram was agreed to by the parties and approved by the Board in its May 4, 2022 Order.³

ENERGY STRONG II MAY 2023 PETITION

On May 1, 2023, PSE&G filed a petition with the Board seeking approval to recover the revenue requirements associated with certain capitalized ES II electric investments through July 31, 2023 ("May 2023 Petition"). Consistent with the ES II Order, PSE&G's May 2023 Petition sought authority to recover an annualized increase of \$14.663 million from its electric customers associated with ES II electric program investment costs. The annualized increase in the electric revenue requirements was based upon actual expenditures through March 31, 2023, and projected expenditures through July 31, 2023.

On August 21, 2023, the Company updated the May 2023 Petition to reflect actual data through July 31, 2023 ("August 2023 Update"). As a result, the Company's electric revenue requirement decreased from \$14.663 million to \$9.023 million.

Notice of the Company's May 2023 Petition, including the date, time and telephonic dial-in details for the public hearings, were placed in newspapers having a circulation within the Company's service territory, and were also served on the Clerks of the municipalities, the Clerks of the Board of County Commissioners, and the County Executives within the Company's service territory. In

3

³ In re the Petition of Public Service Electric and Gas Company for Approval of Electric and Gas Rate Adjustments Pursuant to the Second Energy Strong Program, BPU Docket Nos. ER21111209 and GR21111210; In re the Petition of Public Service Electric and Gas Company for Approval of the Second Energy Strong Program (Energy Strong II), BPU Docket Nos. EO18060629 and GO18060630, Order dated May 4, 2022.

accordance with that notice, due to the COVID-19 pandemic, two (2) virtual public hearings were held at 4:30 p.m. and 5:30 p.m. on September 28, 2023. No members of the public attended the public hearings, and no written comments were received by the Board.

Upon review of the May 2023 Petition and discovery responses, Board Staff, the New Jersey Division of Rate Counsel ("Rate Counsel"), and PSE&G, the only parties to this proceeding (collectively, "Parties"), HEREBY STIPULATE AND AGREE AS FOLLOWS:

- 1. The Company will implement rates to recover an electric revenue requirement of \$9.023 million as shown in Schedule SS-ESII-2E (Update), attached hereto as Attachment 1.
- 2. PSE&G may implement the proposed rates, attached hereto as Attachment 2, which are associated with the increase in the revenue requirements referenced above pursuant to the rate design methodology reflected in Schedules SS-ESII-5 (Update).
- 3. The impact of the proposed rates on a typical residential electric customer using 740 kilowatt-hours (kWh) in a summer month, and 577 kWh in an average month (6,920 kWh annually), would be an increase in the average monthly bill from \$118.39 to \$118.71, or \$0.32, or approximately 0.27%. (based upon Delivery Rates and BGS-RSCP charges in effect September 1, 2023 and assuming that the customer receives BGS-RSCP service from PSE&G).
- 4. Pursuant to the terms of the ES II Order, PSE&G may implement the rates in Attachment 2 effective no earlier than November 1, 2023. The rate adjustments established herein shall be provisional and subject to refund contingent upon the Board finding that PSE&G imprudently incurred capital expenditures under ES II. Such prudency review shall take place in a future base rate case. The Company's next base rate case is expected to be filed no later than January 1, 2024, in accordance with the Board's Order in the Next Phase of the Company's Gas System Modernization

Program.⁴ Nothing herein will preclude any Party from raising any objection in the base rate case prudency review that could have been raised in a prior IIP rate filing. The Parties agree that the provisional rates recovered through the ES II cost recovery mechanism are contingent upon the Company meeting its \$100 million electric base spend requirement by December 31, 2023.

- 5. This 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), then 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.
- 6. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.
- 7. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, PSE&G, Board Staff, and Rate Counsel 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

5

⁴ In re the Petition of Public Service Electric and Gas Company for Approval of the Next Phase of the Gas System Modernization Program and Associated Cost Recovery Mechanism ("GSMP II"), Docket No. GR17070776, Order dated May 22, 2018, at ¶40.

is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

The Parties further acknowledge that a Board Order approving this Stipulation will 8. 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.

WHEREFORE, the Parties hereto respectfully submit this Stipulation to the Board and recommend that the Board issue an Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY:

Danielle Lopez, Esq.

Associate Counsel, Regulatory

DATED: October 12, 2023

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

Deputy Attorney General

DATED: October 12, 2023

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

BY: T. David Wand
T. David Wand, Esq.

Deputy Rate Counsel

DATED: October 12, 2023

Attachment 1

PSE&G Energy Strong II Electric Filing Rate Adustment #4

in (\$000)

Rate Effective Date	11/1/2023
Plant In Service as of Date	7/31/2023
Rate Base Balance as of Date	10/31/2023

RATE BASE CALCULATION

	Total	Notes
1 Gross Plant	\$78,351	= In 16
2 Accumulated Depreciation	\$3,028	= In 19
3 Net Plant	\$81,379	= ln 1 + ln 2
4 Accumulated Deferred Taxes	-\$1,625	= See "Dep-" Wkps Row 774
5 Rate Base	\$79,755	= ln 3 + ln 4
6 Rate of Return - After Tax (Schedule WACC)	6.48%	See Schedule SS-ESII-3
7 Return Requirement (After Tax)	\$5,170	= In 5 * In 6
8 Depreciation Exp, net	\$1,323	= In 25
9 Tax Adjustment	-\$23	= See "Roll-ins Detail" Wkps In 35
10 Revenue Factor	1.3947	See Schedule SS-ESII-4
11 Roll-in Revenue Requirement	\$9.023	= (ln 7 + ln 8 + ln 9) * ln 10

SUPPORT

Gross Plant

16 Total Gross Plant	\$78,351 = ln 12 + ln 13 + ln 14 + ln 15
15 AFUDC on CWIP Transferred Into Service - Equity	\$1,700 = See "Dep-" Wkps Row 755
14 AFUDC on CWIP Transferred Into Service - Debt	\$602 = See "Dep-" Wkps Row 754
13 CWIP Transferred into Service	\$49,307 = See "Dep-" Wkps Row 753
12 Plant in-service	\$26,741 = See "Dep-" Wkps Row 752

Accumulated Depreciation

17 Accumulated Depreciation	-\$901 = See "Dep-" Wkps Row 761
18 Cost of Removal	\$3,929 = See "Dep-" Wkps Row 756
19 Net Accumulated Depreciation	\$3.028 = ln 17 + ln 18

Depreciation Expense (Net of Tax)

20 Depreciable Plant (xAFUDC-E)	\$76,651 = ln 12 + ln 13 + ln 14
21 AFUDC-E	\$1,700 = In 15
22 Depreciation Rate	2.35% = ln 23 / (ln 20 + ln 21)
23 Depreciation Expense	\$1,840 = See "Dep-" Wkps Row 756
24 Tax @ 28.11%	\$517 = In 20 * In 22 * Tax Rate
25 Depreciation Expense (Net of Tax)	\$1,323 = In 23 - In 24

Electric Tariff Rates

		Current Total Distribution Charges		Proposed Total Distribution Charges		IIP Ch	stment 4 Update narges	Total ESII IIP Charges		
		Charge w/out SUT	Charge w/ SUT	Charge w/out SUT	Charge w/ SUT	Charge w/out SUT	Charge w/ SUT	Charge w/out SUT	Charge w/ SUT	
Rate Schedules		Onarge wroat oor	Onarge W/ OOT	Onlarge Wroat GOT	Onarge W/ OOT	<u>501</u>	Onarge w/ OOT	Onlarge Wroat GOT	Ollarge W/ OOT	
RS	Service Charge	\$4.64	\$4.95	\$4.64	\$4.95	\$0.00	\$0.00	\$0.00	\$0.00	
	Distribution 0-600 Sum	\$0.044501	\$0.047449	\$0.045704	\$0.048732	\$0.001203		\$0.007484	\$0.007980	
	Distribution 0-600 Win	\$0.033344	\$0.035553	\$0.033344	\$0.035553	\$0.00000		\$0.00000	\$0.00000	
	Distribution over 600 Sum	\$0.048322	\$0.051523	\$0.049525	\$0.052806	\$0.001203	\$0.001283	\$0.007484	\$0.007980	
	Distribution over 600 Win	\$0.033344	\$0.035553	\$0.033344	\$0.035553	\$0.00000	\$0.00000	\$0.000000	\$0.000000	
RHS	Service Charge	\$4.64	\$4.95	\$4.64	\$4.95	\$0.00	\$0.00	\$0.00	\$0.00	
	Distribution 0-600 Sum	\$0.052144	\$0.055599	\$0.052835	\$0.056335	\$0.000691	\$0.000736	\$0.004222	\$0.004501	
	Distribution 0-600 Win	\$0.034396	\$0.036675	\$0.034719	\$0.037019	\$0.000323	\$0.000344	\$0.001935	\$0.002063	
	Distribution over 600 Sum	\$0.057044	\$0.060823	\$0.057735	\$0.061560	\$0.000691	\$0.000737	\$0.004222	\$0.004502	
	Distribution over 600 Win	\$0.016796	\$0.017909	\$0.017119	\$0.018253	\$0.000323	\$0.000344	\$0.001935	\$0.002063	
	Common Use	\$0.057044	\$0.060823	\$0.057735	\$0.061560	\$0.000691	\$0.000737	\$0.004222	\$0.004502	
RLM	Service Charge	\$13.07	\$13.94	\$13.07	\$13.94	\$0.00	\$0.00	\$0.00	\$0.00	
	Distrib. kWhr Summer On	\$0.075686	\$0.080700	\$0.076937	\$0.082034	\$0.001251	\$0.001334	\$0.006391	\$0.006814	
	Distrib. kWhr Summer Off	\$0.015800	\$0.016847	\$0.016062	\$0.017126	\$0.000262	\$0.000279	\$0.001335	\$0.001423	
	Distrib. kWhr Winter On	\$0.015800	\$0.016847	\$0.016062	\$0.017126	\$0.000262	\$0.000279	\$0.001335	\$0.001423	
	Distrib. kWhr Winter Off	\$0.015800	\$0.016847	\$0.016062	\$0.017126	\$0.000262	\$0.000279	\$0.001335	\$0.001423	
WH	Distribution	\$0.049130	\$0.052385	\$0.049482	\$0.052760	\$0.000352	\$0.000375	\$0.002084	\$0.002222	
WHS	Service Charge	\$0.62		\$0.63	\$0.67	\$0.01	·	\$0.04	\$0.04	
	Distribution	\$0.001925	\$0.002053	\$0.001925	\$0.002053	\$0.000000	\$0.00000	\$0.000310	\$0.000331	
HS	Service Charge	\$3.71	\$3.96	\$3.75	\$4.00	\$0.04	\$0.04	\$0.24	\$0.26	
	Distribution June-September	\$0.097723	\$0.104197	\$0.098011	\$0.104504	\$0.000288	·	\$0.001730	\$0.001844	
	Distribution October-May	\$0.029268	\$0.031207	\$0.029426	\$0.031375	\$0.000158	\$0.000168	\$0.000631	\$0.000672	
GLP	Service Charge	\$4.73		\$4.78	\$5.10	\$0.05		\$0.31	\$0.33	
	Service Charge-unmetered	\$2.18		\$2.20	\$2.35	\$0.02		\$0.13	\$0.14	
	Service Charge-Night Use	\$347.77	\$370.81	\$347.77	\$370.81	\$0.00		\$0.00	\$0.00	
	Distrib. KW Annual	\$3.7541	\$4.0028	\$3.7660	\$4.0155	\$0.0119		\$0.0729	\$0.0777	
	Distrib. KW Summer	\$9.4141	\$10.0378	\$9.4441	\$10.0698	\$0.0300		\$0.1830	\$0.1952	
	Distribution kWhr, June-September	\$0.003069	\$0.003272	\$0.003079	\$0.003283	\$0.000010	·	\$0.000060	\$0.000064	
	Distribution kWhr, October-May	\$0.007833	\$0.008352	\$0.007858	\$0.008379	\$0.000025		\$0.000152	\$0.000162	
	Distribution kWhr, Night use, June-September		•	\$0.007858	\$0.008379	\$0.000025		\$0.000152	\$0.000162	
	Distribution kWhr, Night use, October-May	\$0.007833	\$0.008352	\$0.007858	\$0.008379	\$0.000025	\$0.000027	\$0.000152	\$0.000162	

Electric Tariff Rates

				Proposed Total Distribution		ESII Rate Adjustment 4 Update			
		Current Total Distribution Charges		Charges		IIP Charges		Total ESII IIP Charges	
						Charge w/out			
		Charge w/out SUT	Charge w/ SUT	Charge w/out SUT	Charge w/ SUT	<u>SUT</u>	Charge w/ SUT	Charge w/out SUT	Charge w/ SUT
Rate Schedules									
LPL-Secondary	Service Charge	\$347.77	\$370.81	\$347.77	\$370.81	\$0.00	\$0.00	\$0.00	\$0.00
	Distrib. KW Annual	\$3.6070	\$3.8460	\$3.6224	\$3.8624	\$0.0154	\$0.0164	\$0.0944	\$0.1007
	Distrib. KW Summer	\$8.5812	\$9.1497	\$8.6179	\$9.1888	\$0.0367	\$0.0391	\$0.2245	\$0.2393
	Distribution kWhr	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.000000
LPL-Primary	Service Charge	\$347.77	\$370.81	\$347.77	\$370.81	\$0.00	\$0.00	\$0.00	\$0.00
	Service Charge-Alternate	\$21.35	\$22.76	\$21.58	\$23.01	\$0.23	\$0.25	\$1.38	\$1.47
	Distrib. KW Annual	\$1.6785	\$1.7897	\$1.6885	\$1.8004	\$0.0100	\$0.0107	\$0.0443	\$0.0473
	Distrib. KW Summer	\$9.3175	\$9.9348	\$9.3731	\$9.9941	\$0.0556	\$0.0593	\$0.2457	\$0.2620
	Distribution kWhr	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.000000
Subtransmission	Service Charge	\$1,911.39	\$2,038.02	\$1,911.39	\$2,038.02	\$0.00	\$0.00	\$0.00	\$0.00
	Distrib. KW Annual	\$1.1274	\$1.2021	\$1.1442	\$1.2200	\$0.0168	\$0.0179	\$0.0720	\$0.0768
	Distrib. KW Summer	\$4.0754	\$4.3454	\$4.1361	\$4.4101	\$0.0607	\$0.0647	\$0.2603	\$0.2775
	Distribution kWhr	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.00000	\$0.00000	\$0.000000	\$0.000000
HTS-HV	Service Charge	\$1,720.25	\$1,834.22	\$1,720.25	\$1,834.22	\$0.00	\$0.00	\$0.00	\$0.00
	Distrib. KW Annual	\$0.6298	\$0.6715	\$0.6322	\$0.6741	\$0.0024	\$0.0026	\$0.0156	\$0.0167
	Distribution kWhr	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.00000	\$0.000000	\$0.000000	\$0.000000
BPL	Distribution Sum	\$0.006866	\$0.007321	\$0.006894	\$0.007351	\$0.000028	\$0.000030	\$0.000159	\$0.000170
	Distribution Winter	\$0.006866	\$0.007321	\$0.006894	\$0.007351	\$0.000028	\$0.000030	\$0.000159	\$0.000170
BPL-POF	Distribution Sum	\$0.006867	\$0.007322	\$0.006931	\$0.007390	\$0.000064	\$0.000068	\$0.000203	\$0.000216
	Distribution Winter	\$0.006867	\$0.007322	\$0.006931	\$0.007390	\$0.000064	\$0.000068	\$0.000203	\$0.000216
PSAL	Distribution Sum	\$0.007329	\$0.007815	\$0.007355	\$0.007842	\$0.000026	\$0.000027	\$0.000171	\$0.000182
	Distribution Winter	\$0.007329	\$0.007815	\$0.007355	\$0.007842	\$0.000026	\$0.000027	\$0.000171	\$0.000182