



**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/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF PUBLIC SERVICE )	DECISION AND ORDER
ELECTRIC AND GAS COMPANY'S 2017/2018 )	APPROVING STIPULATION
ANNUAL MARGIN ADJUSTMENT CHARGE )	
("MAC") FILING UNDER ITS PERIODIC )	
PRICING MECHANISM AND FOR CHANGES IN )	
THE TARIFF FOR GAS SERVICE )	DOCKET NO. GR17060593

**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:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers a Stipulation ("Stipulation") executed by Public Service Electric and Gas Company ("PSE&G" or "Company"), 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 above docket matter.

**BACKGROUND**

By Order of the 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,<sup>1</sup> 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,

<sup>1</sup> 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 (January 9, 2002).

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.

The Company filed the instant petition with the Board on June 1, 2017, representing that, based on actual results through April 2017; the Company's net MAC balance including cumulative interest at September 30, 2017 would be over collected \$16.07 million. This translated to a change in the per therm MAC credit rate from the then existing credit rate of \$0.006338 (excluding Sales and Use Tax ("SUT")) to a credit rate of \$0.006313 excluding SUT. However, since the MAC is filed annually, PSE&G proposed to maintain the current credit rate of \$0.006338<sup>2</sup> per therm and not implement the minor rate increase at this time.

### **STIPULATION**

Subsequent to discovery and discussions of the issues, on February 6, 2018 the Parties executed the Stipulation. The Stipulation provides for the following:<sup>3</sup>

1. The Company's MAC rate currently in effect remain unchanged to reflect a credit rate of \$0.006758 including SUT per therm subject to interest on any net over or under-recovered MAC balance. 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.<sup>4</sup>

### **DISCUSSION AND FINDING**

Having reviewed the record in this matter, including 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 Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** 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 \$0.006758, inclusive of SUT. 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.

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<sup>2</sup> At the time of the filing, the SUT rate was 6.875%. Effective January 1, 2018, the SUT rate was reduced to 6.625%. Accordingly, the MAC rate (including SUT) after January 1, 2018 is a credit rate of \$0.006758.

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

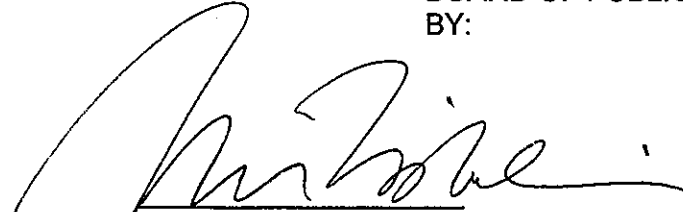
<sup>4</sup> Paragraph 12 of the Board's July 9, 2010 Order in BPU Docket No. GR09050422 directs that "[t]he Prospective MAC Balance will accrue two (2) way interests in the same manner as the existing MAC balance."

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.

This Order shall be effective on March 10, 2018.

DATED: 2/28/18

BOARD OF PUBLIC UTILITIES  
BY:



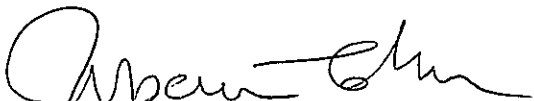
JOSEPH L. FIORDALISO  
PRESIDENT



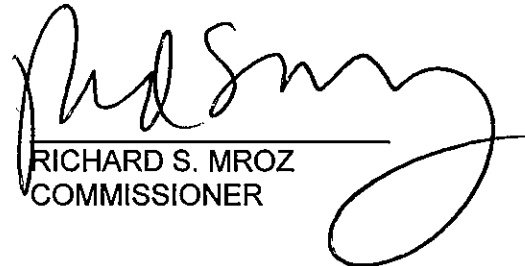
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DIANNE SOLOMON  
COMMISSIONER




UPENDRA J. CHIVUKULA  
COMMISSIONER



RICHARD S. MROZ  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
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 2017/2018  
ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS PERIODIC  
PRICING MECHANISM AND FOR CHANGES IN THE TARIFF FOR GAS SERVICE  
BPU DOCKET NO. GR17060593**

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February 6, 2018

In the Matter of the Petition 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. GR17060593

*VIA OVERNIGHT MAIL*

Office of the Secretary  
Attn: Aida Camacho  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Ms. Camacho:

Attached please find the fully executed Stipulation (of which 10 copies are enclosed) in the above-referenced matter. The following 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.

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

Very truly yours,

A handwritten signature in cursive script that reads "Matthew Weissman".

C Attached Service List (electronic only)

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE ) STIPULATION OF  
ELECTRIC AND GAS COMPANY'S 2016/2017 ) SETTLEMENT FOR  
ANNUAL MARGIN ADJUSTMENT CHARGE ) MARGIN  
("MAC") FILING UNDER ITS PERIODIC ) ADJUSTMENT CHARGE  
PRICING MECHANISM AND FOR CHANGES )  
IN THE TARIFF FOR GAS SERVICE ) BPU DOCKET NO. GR17060593

**APPEARANCES:**

**Matthew M. Weissman, 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 (**Gurbir S. Grewal**, Attorney General of New Jersey)

On June 1, 2017, Public Service Electric and Gas Company ("Public Service" or "the Company") made a filing with the New Jersey Board of Public Utilities ("Board" or "BPU") in the above-referenced matter, requesting the Margin Adjustment Charge ("MAC") rate for firm customers remain unchanged at (\$0.006338) per therm, excluding New Jersey Sales and Use Tax ("SUT").

The MAC was implemented 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, 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”). The current MAC is in accordance with the Board’s Secretary’s letter dated September 26, 2017 in Docket No. ER17090984, which required the State’s electric and natural gas utilities to adjust their billing systems to reflect the Sales and Use Tax (“SUT”) reduction that took effect on January 1, 2018.

In the Company’s June 1, 2017 filing, Public Service represented that the current MAC balance supported a newly calculated rate of (\$0.006313) per therm excluding SUT that would result in a minor rate increase. Since the MAC is filed annually, the Company proposed maintaining the current rate of (\$0.006338) per therm excluding SUT, and not implementing a minor rate increase at this time.

The filing was subsequently updated with actual data through September 2017 and supported a credit of (\$0.005872) per therm excluding SUT. However, since this newly calculated credit would result in an increase that was not publically noticed by the Company, the Company proposes maintaining the current MAC credit of (\$0.006338) excluding SUT or (\$0.006758) reflecting the SUT rate of 6.625% as of January 1, 2018.

The Parties agree that the current MAC credit is reasonable at this time and  
HEREBY AGREE as follows:

1. The Company's MAC rate currently in effect remain unchanged to reflect a rate of (\$0.006758) including SUT per therm subject to interest on any net over or under-recovered MAC balance. 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.<sup>1</sup>

2. 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.

3. 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.

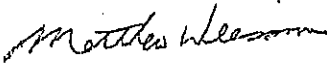
4. The undersigned parties further HEREBY AGREE that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total

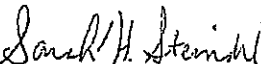
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<sup>1</sup> Paragraph 12 of the Board's July 9, 2010 Order in BPU Docket No. GR09050422 directs that "[t]he Prospective MAC Balance will accrue two-way interest in the same manner as the existing MAC balance."

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

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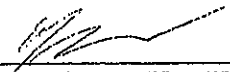
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DATED: February 1, 2018

DATED: Feb. 5, 2018

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Attorney for the Staff of the Board of Public Utilities

BY:   
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Deputy Attorney General

DATED: 2/5/18