

By Order dated July 9, 2010 in Docket No. GR09050422² as part of the Company's gas base rate case ("July 2010 Order"), the Board approved a stipulated MAC Rate set at \$0.000000 per therm. The stipulation also provided 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 would accrue at one-half the authorized MAC interest rate. The Company was directed to make annual MAC filings contemporaneous with its annual basic gas supply service filings. This rate of \$0.000000 including Sales and Use Tax ("SUT") per therm was continued in Docket Nos. GR11060338 and GR12060489, respectively.

On May 31, 2013, Public Service filed a petition with the Board representing 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 rate to a credit of \$0.004287 per therm without sales and use tax ("SUT") (a credit of \$0.004587 including SUT). Accordingly, the Company requested that a change in the current MAC to firm customers from \$0.000000 per therm to a credit of \$0.004587 per therm (including SUT), be implemented for service rendered on and after October 1, 2013.

By Order dated October 16, 2013, the Board approved a Stipulation agreed to by the Company, the Division of Rate Counsel and Board Staff ("the Parties"), for a provisional MAC rate of a credit of \$0.004587 per therm including SUT to be effective November 1, 2013.

Following review of discovery, the Parties reached an agreement on March 6, 2014 as to the final MAC rate for the period at issue.

STIPULATION³

The Stipulation provides that, based upon a review of actual data through November 30, 2013 and the corresponding forecast for December 2013 through September 2014, the parties agree the Company's MAC rate should continue as a per-therm credit (including SUT) of \$0.004587, subject to interest on any net over or under-recovered MAC balance. Actual results after November 30, 2013 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

The Parties further agree that the MAC credit of \$0.004587 including SUT per therm shall be deemed final upon the effective date of the Board's written Order approving this Stipulation or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

² In re 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, July 9, 2010.

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

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

DISCUSSION AND FINDING

After review of the petition and supporting information, the Board **HEREBY FINDS** that 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 MAC per therm rate of a credit of \$0.004587, including SUT, is **HEREBY DEEMED** to be the final rate which 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.

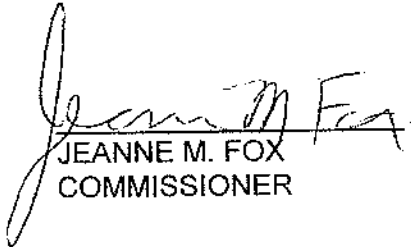
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

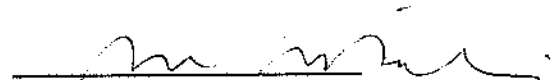
This Order shall be effective on March 29, 2014.

DATED: 3/19/2014

BOARD OF PUBLIC UTILITIES
BY:

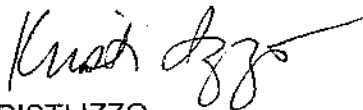

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

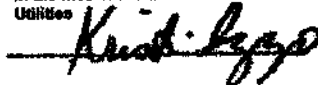

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
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 2013/2014
ANNUAL MARGIN ADJUSTMENT CHARGE ("MAC") FILING UNDER ITS PERIODIC PRICING
MECHANISM - DOCKET NO. GR13060445

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March 6, 2014

Via Overnight Mail

In the Matter of Public Service Electric and
Gas Company's 2013/2014 Annual Margin Adjustment
Charge ("MAC") Filing Under its Periodic Pricing Mechanism
and for Changes in the Tariff for Gas Service

BPU Docket No. GR13060445

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

Dear Secretary Izzo:

Enclosed for filing by Public Service Electric and Gas Company ("Company"), please find an original and ten copies of the Company's Settlement for Final MAC Rate in the captioned matter.

Very truly yours,

A handwritten signature in cursive script that reads "Alexander C. Stern".

Attach.

C Service List (Electronic)

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S 2013/2014) SETTLEMENT FOR
ANNUAL MARGIN ADJUSTMENT CHARGE) FINAL MARGIN
("MAC") FILING UNDER ITS PERIODIC) ADJUSTMENT CHARGE
PRICING MECHANISM)
) BPU DOCKET NO. GR13060445

APPEARANCES:

Alexander C. Stern, Esq., for the Petitioner, Public Service Electric and Gas Company

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

Alex Moreau and T. David Wand, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**John J. Hoffman**, Acting Attorney General of New Jersey)

On May 31, 2013, 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 a change in the Margin Adjustment Charge (MAC) to firm customers from \$0.000000 per therm to a rate of (\$0.004587) per therm, including sales and use tax ("SUT"), to be implemented for service rendered on and after October 1, 2013.

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 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 Service (“SLG”), and Firm Transportation Gas Service (“TSG-F”). The current MAC is in accordance with the Board’s October 16, 2013 Order approving the Stipulation for Provisional Margin Adjustment Charge in BPU Docket No. GR13060445 whereby the Board approved a MAC rate of (\$0.004587) (i.e., a credit of \$0.004587 per therm) per therm including SUT effective November 1, 2013.

In the Company’s May 31, 2013 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 (\$0.004287) without SUT per therm (a rate of (\$0.004587) including SUT per therm). Based on rates in effect as of August 1, 2013, the impact of the implementation of this rate on a provisional basis for a typical residential gas heating customer receiving Basic Gas Supply Service from the Company and using 160 therms in a winter month and 1,050 therms annually was a decrease in the customer’s annual bill from \$1,107.06 to \$1,102.26 or \$4.80 or 0.43%. On December 23, 2013, the Company updated schedules SS-MAC-3 and SS-MAC-4 to include actual results from July 2013 through November 30, 2013 in response to RCR-10. The updates continued to support maintaining a MAC rate of (\$0.004587) per therm including SUT.

The Company acknowledges that a forecasted MAC is dependent upon the margins received from TSG-NF customers whose usage tends to be extremely volatile and could be adversely impacted by unforeseeable factors, such as economic uncertainty and storm damage. As this matter is filed on an annual basis with the next filing anticipated in June 2014, the Company believes that given this uncertainty, it is prudent to continue the current rate of (\$0.004587) per therm including SUT. The existing tariff sheet, reflecting the Board's October 16, 2013 provisional approval of the MAC rate proposed in the Company's filing, is attached hereto as Attachment A to this Settlement.

Discovery questions have been propounded and the Company has responded thereto. Following review of discovery, representatives of the Company, Rate Counsel and Board Staff ("the Parties") have discussed this matter further and HEREBY AGREE as follows:

1. Based upon a review of actual data through November 30, 2013 and corresponding forecast for December 1, 2013 through September 2014, the parties agree the Company's MAC should continue to reflect a rate of (\$0.004587) including SUT per therm subject to interest on any net over or under-recovered MAC balance. Actual results after November 30, 2013 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.¹

2. The Parties agree that the aforementioned MAC rate of (\$0.004587) including SUT per term shall be deemed final upon the effective date of the Board's written Order 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.

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. 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 or specific item is in no way binding upon them in any other proceeding, except to

¹ 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."

enforce the terms of this Settlement.

PUBLIC SERVICE ELECTRIC AND
GAS COMPANY

STEFANIE A BRAND
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DIVISION OF RATE COUNSEL

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

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

DATED: February 12, 2014

DATED: March 6, 2014

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

BY: T. David Wand
T. David Wand
Deputy Attorney General

DATED 3/5/14

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Second Revised Sheet No. 43

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

Superseding

First Revised Sheet No. 43

MARGIN ADJUSTMENT CHARGE

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

Margin Adjustment Charge (\$0.004287)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT)..... (\$0.004587)

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: October 29, 2013

Effective: November 1, 2013

Issued by DANIEL J. CREGG, Vice President Finance – PSE&G

80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated October 16, 2013

in Docket No. GR13060445