



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
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 ELECTRIC )	DECISION AND ORDER
AND GAS COMPANY'S 2013/2014 ANNUAL BGSS )	APPROVING STIPULATION FOR
COMMODITY CHARGE FILING FOR ITS )	FINAL BGSS-RSG RATES
RESIDENTIAL GAS CUSTOMERS UNDER ITS )	
PERIODIC PRICING MECHANISM AND FOR )	
CHANGES IN THE TARIFF FOR GAS SERVICE )	
B.P.U.N.J. NO. 15 GAS PURSUANT TO <u>N.J.S.A.</u> 48:2- )	BPU Docket No. GR13060447
21 AND <u>N.J.S.A.</u> 48:2-21.1 )	OAL Docket No. PUC 17630-2013N

**Parties of Record:**

**Alexander C. Stern, Esq.**, Public Service Electric and Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

**BACKGROUND**

Per the generic Order of the Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs") submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing by June 1, for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1, with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

In accordance with the January BGSS Order, Public Service Electric and Gas Company ("Company") filed a petition with the Board on May 31, 2013 seeking to maintain its BGSS default Commodity Charge for Residential Service ("BGSS-RSG") rate at \$0.543979 per therm including losses and Sales and Use Tax ("SUT"). According to the Company, it was anticipated

that any upward pressure on prices during the 2013-2014 BGSS year would be tempered by a combination of tepid US economic growth, and the availability of increased supply of shale-sourced gas. Given these factors, while the Company projected an over-recovered balance of \$78.025 million for the BGSS year ending September 30, 2013, the Company anticipated that the over-recovered balance would be reduced to \$6.026 million at September 30, 2014.

In addition, the Company and PSEG Energy Resources & Trade LLC ("ER&T") proposed to execute an amendment to the Requirements Contract to provide that the term of the Requirements Contract be extended for an additional term of five (5) years to March 31, 2019, continuing on a year-to-year basis thereafter with a two-year termination notice pending any further regulatory action.

After public notice, public hearings were scheduled and conducted in Hackensack, New Brunswick, and Mt. Holly, on August 19, 20 and 22, 2013, respectively. Two members of the public appeared in New Brunswick and commented generally about the high cost of utility service resulting from inclusion in utility bills of the costs of clean energy programs through the societal benefits charge.

The Company, Board Staff, and Rate Counsel (collectively, "the Parties") determined that additional time was needed to complete the review of the Company's proposed BGSS-RSG Commodity charge. However, the Parties also agreed that action with respect to the Company's BGSS-RSG Commodity charge for the 2013-2014 BGSS year, on a provisional basis was reasonable, and agreed to provisionally maintain the BGSS-RSG Commodity rate at \$0.543979 per therm (including losses and SUT) for service rendered on and after October 1, 2013. The stipulation providing for these provisional rates was approved by the Board in an Order dated September 18, 2013.

Consistent with the January BGSS 2003 Order, on October 23, 2013 the Company notified the Board that it would be providing a two-month bill credit of 35 cents per therm (including SUT) for its BGSS-RSG customers to be effective November 1 through December 31, 2013.

On December 6, 2013, the Board transmitted the matter to the Office of Administrative Law as a contested case where it was subsequently assigned to the Honorable Gail M. Cookson, Administrative Law Judge.

On January 10, 2014, the Company filed revised tariff sheets reflecting the required elimination of the Capital Investment Program ("CIP I") Capital Adjustment Charges ("CAC") rates in Docket Nos. ER11090540 and GR11090541. As a result of the filing, the BGSS-RSG Commodity Charge was set at \$0.544051 per therm (including SUT) effective February 1, 2014.<sup>1</sup>

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<sup>1</sup>In accordance with the December 19, 2012 Order in Docket Nos. ER11090540 and GR11090541 at paragraph 6, the Company submitted a November 5, 2013 compliance filing notifying the Board that the gas CACs would be reset to zero effective February 1, 2014. As stated in the November 5, 2013 compliance filing, the net impact to the typical residential customer's annual bill was an overall reduction of \$9.42 or approximately 0.85%.

On January 24, 2014, the Company notified the Board that as a result of natural gas prices having continued to remain low coupled with weather driven volatility, it would be issuing a one-month bill credit of 25 cents per therm (including SUT) for its BGSS-RSG customers to be effective February 1 through February 28, 2014.

### **STIPULATION FOR FINAL BGSS-RSG COMMODITY CHARGE RATES<sup>2</sup>**

Subsequent to discovery and substantive discussions of the issues, in March 2014 the Parties executed a Stipulation for Final BGSS-RSG rates ("Stipulation") that provides for the following:

- The Parties agree that the Company's BGSS Commodity Service, Tariff rate BGSS-RSG, of \$0.544051 per therm (including losses and SUT) reflecting both the October 1, 2013 BGSS provisional rate and the February 1, 2014 elimination of the CIP I CAC rates should remain in effect at this time. The Parties agree that the aforementioned BGSS-RSG Commodity charge 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.
- The residential customer impact of this action is as follows: MONTHLY – a residential customer using 100 therms per month during the winter months and 660 therms on an annual basis would see no change in the monthly winter bill of \$105.25. ANNUAL – a residential customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see no change in the annual bill of \$1,085.06.<sup>3</sup>
- Contained in this Stipulation is the Company's Amended Revised Tariff Sheet No. 54 for the BGSS-RSG Commodity Charge effective February 1, 2014 which reflects the Board's September 18, 2013 provisional approval of the BGSS-RSG Commodity Charge, with the elimination of the CIP I CAC rates and the Company's February Bill Credit. The Tariff sheet also reflects the BGSS-RSG Commodity Charge effective March 1, 2014 of \$0.544051 per therm (including losses and SUT).
- The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-PSCHART-1); and 2) a monthly report

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<sup>2</sup>Although described at some length in this Order, should there be any conflict between this summary and the Settlement, the terms of Settlement control, subject to the findings and conclusion in this Order.

<sup>3</sup>Customer bill impacts do not include bill credits. In particular, as a result of the February bill credit noticed to the Board by the Company on January 24, 2014, the Company's BGSS-RSG Commodity Charge was reduced from \$0.544051 per therm (including SUT) to \$0.294051 per therm (including SUT) for service rendered during the period of February 1 through February 28, 2014. As reflected in the notice, the credit will be removed effective March 1, 2014 and, absent a further bill credit, the Board authorized BGSS-RSG commodity charge of \$0.544051 per therm (including SUT) will remain in effect for the balance of the period.

of unitized credits to the BGSS (ISG, Cogeneration, TSG-F, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds) and the associated dollar amounts. The chart is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The Chart is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

- The Parties agree that an extension of the terms specified in the existing Gas Requirements Contract managed by ER&T is appropriate.
- In order to promote certainty with respect to BGSS procurement, the Company agrees to execute an amendment to provide that the term of the Requirements Contract with ER&T is extended for an additional term of five (5) years to March 31, 2019, and will continue on a year-to-year basis thereafter, subject to termination upon two years' notice pending any further regulatory action. The Company will file a copy of the executed amendment with the Board no more than thirty (30) days after the date of a written Board Order approving this Stipulation.
- The Parties understand that the Company is planning to engage the services of Planalytics Inc. on a one one-year trial basis during the current BGSS period to provide an additional tool in support of the Company's hedging program, and that the Company will include the \$150,000 fee for services in gas costs for the current BGSS period. The Parties will evaluate the actual benefits of the services provided by Planalytics in the Company's next BGSS filing, and may recommend prospective adjustments of costs for Planalytics at that time.

On March 7, 2014, Administrative Law Judge Gail M. Cookson issued an Initial Decision approving the Stipulation finding that the Parties had voluntarily agreed to the terms of the Stipulation and that the Stipulation fully disposes of all matters and is consistent with law.

### **DISCUSSION AND FINDINGS**

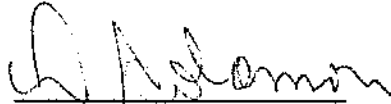
Having reviewed the Stipulation and the Initial Decision, and being persuaded that the Parties have thoroughly reviewed the BGSS costs for the period at issue, as well as the terms and conditions of the extension of the Requirements Contract with ER&T and of the retention of Planalytics for a one year period, the Board **HEREBY FINDS** that the attached Initial Decision and Stipulation are reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY ORDERS** that the existing after-tax per therm BGSS-RSG commodity rate of \$0.544051 per therm remain in effect until further Order of the Board, and shall be deemed the final BGSS-RSG commodity rate for the period covered by the filing. Any net over-recovered BGSS balance at the end of the BGSS period shall be subject to refund with interest.

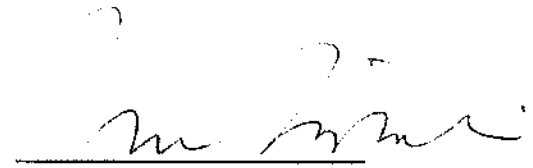
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

DATED: 3/19/2014

BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

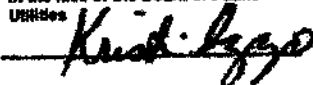
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
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 BGSS COMMODITY CHARGE FILING FOR ITS  
RESIDENTIAL GAS CUSTOMERS UNDER ITS PERIODIC PRICING MECHANISM  
AND FOR CHANGES IN THE TARIFF FOR GAS SERVICES  
PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1  
BPU Docket No. GR13060447 and OAL Docket No. PUC 17630-2013N

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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION SETTLEMENT**

OAL DKT. NO. PUC 17630-13

AGENCY DKT. NO. GR13060447

**I/M/O PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY'S 2013/2014 ANNUAL  
BGSS COMMODITY CHARGE FILING  
FOR ITS RESIDENTIAL GAS CUSTOMERS  
UNDER ITS PERIODIC PRICING MECHANISM.**

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**Alexander C. Stern, Esq.**, for petitioner Public Service Electric & Gas Company  
(PSE&G Services Corp., attorneys)

**Alex Moreau**, Deputy Attorney General, for the Staff of the Board of Public Utilities  
(John J. Hoffman, Acting Attorney General of New Jersey, attorney)

**Sarah Steindel**, Assistant Deputy Rate Counsel, for Division of Rate Counsel  
(Stefanie A. Brand, Director, attorney)

Record Closed: March 6, 2014

Decided: March 7, 2014

**BEFORE GAIL M. COOKSON, ALJ:**

This matter was filed by Public Service Electric and Gas Company (PSE&G) on June 4, 2013, seeking approval from the Board of Public Utilities (BPU) to keep its then-current BGSS Commodity rate in effect for an additional annual period. After public hearings and a stipulated provisional order establishing the requested rates effective October 1, 2013, the file was transmitted to the Office of Administrative Law (OAL), on or

about December 6, 2013, for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to -13. The case was assigned to the undersigned on January 8, 2014.

A prehearing conference was convened telephonically on February 14, 2014. At that time, the parties reported progress on settlement because of the no-increase position in the petition. Accordingly, plenary hearing dates were not scheduled and the matter was monitored regularly as to the settlement progress.

On March 6, 2014, I received electronically a Stipulation fully-executed by all parties to this matter with a request that I enter an Initial Decision Settlement and transmit same to the Board. The agreement more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of the petition.

I have reviewed the record and terms of the Stipulations and **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

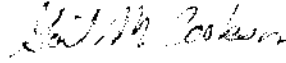
I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.

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 (45) 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.



March 7, 2014

DATE

GAIL M. COOKSON, ALJ

Date Received at Agency:

\_\_\_\_\_

Date Mailed to Parties:

\_\_\_\_\_

id

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March 6, 2014

*Via Overnight Mail*

In the Matter of Public Service Electric and  
Gas Company's 2013/2014 Annual BGSS Commodity  
Charge Filing for its Residential Gas Customers  
Under its Periodic Pricing Mechanism  
BPU Docket No. GR13060447  
OAL Docket No. PUC17630-13

Honorable Gail Cookson, ALJ  
Office of Administrative Law  
33 Washington Street  
Newark, New Jersey 07102

Dear Judge Cookson:

Enclosed for filing please find Public Service Electric and Gas Company's fully-executed Stipulation for Final BGSS Rates.

Respectfully submitted,

A handwritten signature in blue ink that reads "Alexander C. Stern".

Attach.

C Service List (Electronic)

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**BGSS COMMODITY CHARGE 2013/2014**  
**BPU DOCKET NO. GR-13060447**  
**OAL DOCKET NO. PUC 17630-2013 N**

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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 ANNUAL BGSS COMMODITY ) STIPULATION FOR  
CHARGE FILING FOR ITS RESIDENTIAL ) FINAL BGSS RATES  
GAS CUSTOMERS UNDER ITS PERIODIC )  
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CHANGES IN THE TARIFF FOR GAS )  
SERVICE B.P.U.N.J. NO. 15 GAS PURSUANT ) OAL DOCKET NO.  
TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1 ) PUC-17630-2013N

**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.**, Assistant Deputy Rate Counsel, and **Christine M. Juarez, Esq.**, Assistant Deputy Rate Counsel, 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 in the above-referenced matter, requesting no change in its Annual Basic Gas Supply Service default Commodity Charge for Residential Service ("BGSS-RSG") due primarily to anticipation that the relatively reasonable price levels currently prevailing in the natural gas market will continue for the 2013-2014 BGSS year (October 1, 2013 through September 30, 2014). The Petition further proposed to extend the term of the Company's Gas Requirements Contract with PSEG Energy Resources & Trade, LLC for an

additional five (5) years, and continuing thereafter on a year-to-year basis, subject to termination upon two year's notice pending any further regulatory action.

Residential annual bills comparing the current BGSS-RSG Commodity charge with the as-requested provisional BGSS-RSG Commodity charge reflect the impact of the change for the class average residential heating customer using 100 therms per winter month and 660 therms annually to be 0.0%. The BGSS-RSG Commodity charge would remain \$0.543979 per therm, including losses and Sales and Use Tax ("SUT").

Notice setting forth the Company's May 31, 2013 request for the BGSS Commodity charge to remain at the current rate, including the date, time and place of the public hearing, 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 hearings were scheduled and conducted in Hackensack, New Brunswick and Mount Holly on August 19, 20, and 22, 2013, respectively. No members of the public appeared at the public hearings in Hackensack or Mount Holly. Two (2) members of the public appeared in New Brunswick and commented generally about the high cost of utility service resulting from inclusion in utility bills of clean energy programs under the societal benefits charge.

Public Service, Board of Public Utilities ("Board") Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties") determined

that additional time was needed to complete the review of the Company's proposed BGSS-RSG Commodity charge. However, the Parties also agreed that action with respect to the Company's BGSS-RSG Commodity charge for the 2013-2014 BGSS year, on a provisional basis, was reasonable and therefore agreed to implement the BGSS-RSG Commodity charge filed as of October 1, 2013, or as soon as possible upon the issuance of a Board Order approving the Stipulation for Provisional BGSS-RSG Commodity Charge ("Stipulation"). The Stipulation was approved at the Board agenda meeting on September 18, 2013 and the BGSS charge of \$0.543979 per therm (including losses and SUT) remained effective for service rendered on and after October 1, 2013.

Consistent with the Board's January 6, 2003 Order Approving BGSS Price Structure ("Price Structure Order") at page 4, under Docket No. GX01050304 and paragraph 9 of the BGSS Pricing Proposal appended as Attachment A to and approved in the Price Structure Order, on October 23, 2013 the Company notified the Board that it would be providing a two-month bill credit of \$0.35 per therm (including New Jersey SUT) for its BGSS-RSG customers to be effective November 1 through December 31, 2013.

On January 10, 2014 the Company filed revised tariff sheets reflecting the required elimination of the CIP 1 Capital Adjustment Charges ("CAC") rates in Docket Nos. ER11090540 and GR11090541. As a result of the

filing, the BGSS-RSG Commodity Charge was set at \$0.544051 per therm (including SUT) effective February 1, 2014.<sup>1</sup>

On January 24, 2014 the Company notified the Board that as a result of natural gas prices having continued to remain low coupled with weather driven volatility, it would be issuing a one-month bill credit of 25 cents per therm (including New Jersey SUT) for its BGSS-RSG customers to be effective February 1 through February 28, 2014. On February 20, 2014, the Company notified the Board that it would be able to continue the 25 cents per therm (including New Jersey SUT) bill credit for its BGSS-RSG customers for the period March 1 to March 31, 2014.

On December 6, 2013 the Board transmitted the matter over to the Office of Administrative Law as a contested case where it was subsequently assigned to the Honorable Gail M Cookson, Administrative Law Judge (“ALJ”). ALJ Cookson scheduled a telephonic prehearing conference on February 14, 2014.

Prior to the telephonic prehearing conference, the Parties met to discuss the matter on January 30, 2014, continued discussions thereafter, and now HEREBY AGREE as follows:

1. The Company’s BGSS Commodity Service, Tariff rate BGSS-RSG, of \$0.544051 per therm (including losses and SUT) reflecting both

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<sup>1</sup> In accordance with the December 19, 2012 Order in Docket Nos. ER11090540 and GR11090541 at paragraph 6, the Company submitted a November 5, 2013 compliance filing notifying the Board that the gas CACs would be reset to zero effective February 1, 2014. As stated in the November 5, 2013 compliance filing, the net impact to the typical residential customer’s annual bill was an overall reduction of \$9.42 or approximately 0.85%.

the October 1, 2013 BGSS provisional rate and the February 1, 2014 elimination of the CIP 1 CAC rates will remain in effect at this time. The Parties agree that the aforementioned BGSS-RSG Commodity charge 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.

2. The residential customer impact of this action is as follows: MONTHLY – a residential customer using 100 therms per month during the winter months and 660 therms on an annual basis would see no change in the monthly winter bill of \$105.25. ANNUAL – a residential customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see no change in the annual bill of \$1,085.06.<sup>2</sup>

3. Attached as Exhibit C to this Stipulation is the Company's Twelfth Revised Tariff Sheet No. 54 for the BGSS RSG Commodity Charge effective March 1, 2014, which reflects the Board's September 18, 2013 provisional approval of the BGSS-RSG Commodity Charge, with the elimination of the CIP 1 CAC rates and the Company's March Bill Credit. The Tariff sheet

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<sup>2</sup> Customer bill impacts do not include bill credits. In particular, as a result of the February and March bill credits noticed to the Board by the Company on January 24, 2014 and February 20, 2014, respectively, the Company's BGSS-RSG Commodity Charge was reduced from \$0.544051 per therm (including SUT) to \$0.294051 per therm (including SUT) for service rendered during the period of February 1 through March 31, 2014. As reflected in the February 20, 2014 notice, the credit will be removed effective April 1, 2014 and, absent a further bill credit, the Board authorized BGSS-RSG commodity charge of \$0.544051 per therm (including SUT) will remain in effect for the balance of the period.



also reflects the BGSS RSG Commodity Charge effective April 1, 2014 of \$0.544051 per therm (including losses and SUT).

4. The Company agrees to continue to provide the Parties in this proceeding, on a monthly basis, the following updated information via electronic mail: 1) the BGSS NYMEX Update Report (also known as S-PSCHART-1 and attached hereto as Exhibit A); and 2) a monthly report of unitized credits to the BGSS (ISG, Cogeneration, TSG-F, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds) and the associated dollar amounts (attached hereto as Exhibit B). The chart reflected on Exhibit A is to be completed using information from the first Friday of each month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on or about the 15th of the following month.

5. PSE&G's natural gas supply function is currently managed by PSEG Energy Resources & Trade LLC ("ER&T") through a Requirements Contract. In an Order finalizing PSE&G's 2005/2006 BGSS proceeding dated March 15, 2007 in Docket No. GR05050470, in order to promote certainty, the Board directed that the Requirements Contract be extended for an additional term of five years to March 31, 2012 and continue on a yearly basis thereafter, with a one (1) -year termination notice pending any further regulatory action. The undersigned Parties agree that an extension in the Requirements Contract, with no other changes to contract terms and conditions, is appropriate. Consistent with the Board's March 15, 2007 Order, in order to promote certainty with respect to

BGSS procurement, PSE&G agrees to execute an amendment to the Requirements Contract with ER&T to provide that the term of the Requirements Contract is extended for an additional term of five (5) years to March 31, 2019 and continued on a yearly basis thereafter, subject to termination upon two (2) years' notice pending any further regulatory action. The Company will file a copy of the executed amendment with the Board no more than thirty (30) days after the date of a written Board Order approving this Stipulation.

6. The Company has had several discussions with Planalytics, Inc. ("Planalytics"), a firm which provides analytical support to companies' hedging activities. The Parties understand that the Company is planning to engage the services of Planalytics for a one (1) -year trial basis during the current BGSS period. Planalytics' analyses will be used by the Company to provide an additional tool supporting the Company's residential hedging program. As a result, the Company will include the \$150,000.00 fee for services it will incur from Planalytics during the BGSS period in gas costs for the current BGSS period. The parties will evaluate the actual benefits of the services provided by Planalytics in the Company's next BGSS filing, and may recommend prospective adjustments of costs for Planalytics at that time.

7. The undersigned agree that this Stipulation for a Final BGSS-RSG Commodity charge 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 Stipulation is not accepted and approved by the Board, this

Stipulation shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

8. 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.

9. The undersigned parties further **HEREBY AGREE** that this Stipulation for a Final BGSS-RSG Commodity charge has been made exclusively for the purpose of this proceeding and that this Stipulation, in total or specific item, is not binding upon them in any other proceeding, except to enforce the terms of this Stipulation for a Final BGSS-RSG Commodity charge.

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

STEFANIE A. BRAND  
DIRECTOR,  
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 25, 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

EXHIBIT A

**S-PSCHART-1 -- RESTATED FOR PURCHASES NOT SENDOUT**  
**BGSS NYMEX Update Report**  
**as of July 5, 2013**

Month	<b>BGSS</b>	<b>NYMEX</b>	<b>Incr/ (Decr)</b>	<b>% Chg</b>	<b>Sales forecast (dths)</b>	<b>Receipts (dths)</b>	<b>Hedged volume (dths)</b>	<b>Unhedged volume (dths)</b>	<b>Change in value unhedged</b>
Oct-12	\$3.023	\$3.023	\$0.000		5,989	8,046	4,711	3,335	\$0
Nov-12	\$3.471	\$3.471	\$0.000		16,589	13,438	6,510	6,928	\$0
Dec-12	\$3.696	\$3.696	\$0.000		18,744	9,792	6,727	3,065	\$0
Jan-13	\$3.354	\$3.354	\$0.000		23,051	13,725	6,727	6,998	\$0
Feb-13	\$3.226	\$3.226	\$0.000		21,787	14,569	6,076	8,493	\$0
Mar-13	\$3.427	\$3.427	\$0.000		18,917	11,597	6,727	4,870	\$0
Apr-13	\$3.976	\$3.976	\$0.000		8,778	13,746	4,556	9,190	\$0
May-13	\$4.152	\$4.152	\$0.000		4,270	11,274	4,708	6,565	\$0
Jun-13	\$4.192	\$4.148	(\$0.044)		3,521	9,778	4,556	5,222	(\$230)
Jul-13	\$4.239	\$3.707	(\$0.532)		3,255	8,321	4,708	3,613	(\$1,922)
Aug-13	\$4.259	\$3.617	(\$0.642)		2,727	8,044	4,708	3,336	(\$2,142)
Sep-13	\$4.256	\$3.618	(\$0.638)		2,920	8,197	4,556	3,641	(\$2,323)
<b>Avg Total \$</b>	<b>\$3.773</b>	<b>\$3.618</b>	<b>(\$0.155)</b>	<b>-4.1%</b>	<b>130,547</b>	<b>130,527</b>	<b>65,271</b>	<b>65,256</b>	<b>(\$6,616)</b>
Oct-13	\$4.268	\$3.634	(\$0.634)		6,279	8,581	4,708	3,873	(\$2,455)
Nov-13	\$4.336	\$3.706	(\$0.630)		12,793	11,495	5,358	6,137	(\$3,866)
Dec-13	\$4.499	\$3.869	(\$0.630)		20,149	13,307	5,537	7,770	(\$4,895)
Jan-14	\$4.581	\$3.946	(\$0.635)		24,935	13,346	5,537	7,809	(\$4,959)
Feb-14	\$4.551	\$3.948	(\$0.603)		21,267	9,305	5,001	4,304	(\$2,595)
Mar-14	\$4.476	\$3.913	(\$0.563)		17,539	13,873	5,537	8,337	(\$4,694)
Apr-14	\$4.227	\$3.832	(\$0.395)		9,913	10,293	2,009	8,283	(\$3,272)
May-14	\$4.220	\$3.848	(\$0.372)		3,993	11,060	2,076	8,984	(\$3,342)
Jun-14	\$4.252	\$3.881	(\$0.371)		3,397	9,723	2,009	7,714	(\$2,862)
Jul-14	\$4.284	\$3.918	(\$0.366)		3,377	9,798	2,076	7,722	(\$2,826)
Aug-14	\$4.304	\$3.935	(\$0.369)		2,605	9,863	2,076	7,787	(\$2,873)
Sep-14	\$4.304	\$3.938	(\$0.366)		2,880	9,811	2,009	7,802	(\$2,856)
<b>Avg Total \$</b>	<b>\$4.359</b>	<b>\$3.864</b>	<b>(\$0.495)</b>	<b>-11.3%</b>	<b>129,125</b>	<b>130,456</b>	<b>43,934</b>	<b>86,522</b>	<b>(\$41,496)</b>

Footnotes:

- a : Nymex rate used for annual BGSS periodic rate filing
- b : Nymex rate as of date of the report
- c : Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d : Sales forecast (includes fuel requirement)
- f : 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- g : 'Unhedged' volume consists of receipts volume forecast less 'hedged' volume
- h : Not necessarily representative of a change in under/over-recovery value

**Public Service Electric and Gas Company****Unitized Credits to BGSS-RSG****June 2013**

<b><u>Contribution Category</u></b>	<b><u>Credits</u></b> <b><u>(\$ 000)</u></b>	<b><u>BGSS-RSG</u></b> <b><u>Share of the</u></b> <b><u>Volumes</u></b> <b><u>(MDth)</u></b>	<b><u>Unitized</u></b> <b><u>Credits</u></b> <b><u>(\$/Dth)</u></b>
Interruptible Service Gas (ISG)	\$529	102	\$5.179
Cogeneration	\$1,346	2,506	\$0.537
Transportation Service Gas-Firm (TSG-F)	\$130	125	\$1.041
Off-System Sales	\$1,009	2,587	\$0.390
Capacity Release	\$295	4,231	\$0.070
Gas to Electric	\$3,089	7,267	\$0.425
Supplier Refunds	\$23	n/a	n/a

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Twelfth Revised Sheet No. 54

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

Superseding

Amended Eleventh Revised Sheet No. 54

## BGSS-RSG

## BASIC GAS SUPPLY SERVICE-RSG

## COMMODITY CHARGES APPLICABLE TO RATE SCHEDULE RSG

(Per Therm)

	Effective March 1, 2014 through March 31, 2014	Effective On and After April 1, 2014
Estimated Non-Gulf Coast Cost of Gas .....	\$ 0.120697	\$ 0.120697
Capital Adjustment Charge (See Tariff Sheet Nos. 48 to 49) .....	<u>0.000000</u>	<u>0.000000</u>
Adjusted Non-Gulf Coast Cost of Gas .....	0.120697	0.120697
Estimated Gulf Coast Cost of Gas .....	0.449342	0.449342
Adjustment to Gulf Coast Cost of Gas .....	0.000000	0.000000
Prior period (over) or under recovery .....	<u>(0.064110)</u>	<u>(0.064110)</u>
Adjusted Cost of Gas .....	0.505929	0.505929
Commodity Charge after application of losses: (Loss Factor = 0.5%) .....	\$ 0.508459	\$ 0.508459
Commodity Charge including New Jersey Sales and Use Tax (SUT) .....	\$ 0.544051	\$ 0.544051
Temporary Adjustment including SUT – For March 1, 2014 through March 31, 2014 Usage .....	<u>(0.250000)</u>	<u>0.000000</u>
Adjusted Commodity Charge including SUT .....	<u>\$ 0.294051</u>	<u>\$ 0.544051</u>

The above Commodity Charge will be established on a level annualized basis immediately prior to the winter season of each year for the succeeding twelve-month period. The estimated average Non-Gulf and Gulf Coast Cost of Gas will be adjusted for any under- or over-recovery together with applicable interest thereon which may have occurred during the operation of the Company's previously approved Commodity Charge filing. Further, the Company will be permitted a limited self-implementing increase to the Commodity Charge on December 1 and February 1 of each year. These limited self-implementing increases, if applied, are to be in accordance with a Board of Public Utilities approved methodology. Commodity Charge decreases would be permitted at any time if applicable.

The difference between actual costs and Public Service's recovery of these costs shall be determined monthly. If actual costs exceed the recovery of these costs, an underrecovery or a negative balance will result. If the recovery of these costs exceeds actual costs, an overrecovery or a positive balance will result. Interest shall be applied monthly to the average monthly cumulative deferred balance, positive or negative, from the beginning to the end of the annual period. Monthly interest on negative deferred balances (underrecoveries) shall be netted against monthly interest on positive deferred balances (overrecoveries) for the annual period. A cumulative net positive interest balance at the end of the annual period is owed to customers and shall be returned to customers in the next annual period. A cumulative net negative interest balance shall be zeroed out at the end of the annual period. The sum of the calculated monthly interests shall be added to the overrecovery balance or subtracted from the underrecovery balance at the end of the annual period. The positive interest balance shall be rolled into the beginning under- or over-recovery balance of the subsequent annual period.

Date of Issue: February 20, 2014

Effective: March 1, 2014

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

80 Park Plaza, Newark, New Jersey 07102

Filed pursuant to Order of Board of Public Utilities dated September 18, 2013

in Docket No. GR13060447