



On July 1, 2014, the Company petitioned the Board for approval to refund \$44.696 million to PSE&G gas customers through the WNC over the 2014-2015 Winter Period. According to the petition, this amount was derived as follows:

2013-2014 Winter Period Total WNC Revenue Excess	- \$(41,809,311)
Over-collected 2012-2013 WNC Balance	- ( 2,886,634)
Total	-\$ ( 44,695,945)

The Company is proposing a WNC after-tax rate of a credit of \$0.033965 per balancing therm applicable to Residential Service Gas ("RSG"), General Service Gas ("GSG") and Large Volume Gas ("LVG") customers. If approved by the Board, a typical residential heating customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see a decrease in the annual bill from \$1,081.02 to \$1,049.68 or \$31.34 or approximately 2.90% based upon delivery and commodity rates in effect on July 1, 2014, with the WNC set to the 2013-2014 WNC Winter Period rate, assuming that the customer receives commodity service from PSE&G.

Following a review by and subsequent discussions among representatives of the Company, Board Staff and the Division of Rate Counsel, (collectively, "the Parties"), it was determined that additional time is needed to complete a comprehensive review of PSE&G's proposed WNC rate and other aspects of the Company's filing. On September 3, 2014, the Parties executed a Stipulation for Provisional WNC Rates ("Stipulation"), agreeing that a provisional change at this time in PSE&G's WNC rate is reasonable and in the public interest.

#### **STIPULATION FOR PROVISIONAL WNC RATES<sup>4</sup>**

The Parties stipulate and agree as follows:

- 1) The Board should provisionally approve PSE&G's WNC rate of a credit of \$0.031743 (a credit of \$0.033965 including SUT) per balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2014-2015 Winter Period.
- 2) Upon Board approval of the above rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised provisional WNC charges presented in Paragraph 1 above applicable to gas customers to be effective on October 1, 2014.
- 3) The Parties understand that these changes are on a provisional basis, subject to true-up of the earnings for the Annual Period, and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

#### **DISCUSSION AND FINDING**

The Board, having carefully reviewed the record to date in this proceeding and the attached Stipulation, **HEREBY FINDS** that subject to the terms and conditions set forth below, that the 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.

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<sup>4</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

The Board **HEREBY APPROVES** on a provisional basis the Company's implementation of an after-tax per therm WNC rate of a credit \$0.033965 per balancing therm, applicable to Rate Schedules RSG, GSG and LVG for the 2014-2015 Winter Period to be effective for service rendered on the later of October 1, 2014 and the date of service of this Order.


The Board **HEREBY DIRECTS** that this matter be transmitted to the Office of Administrative Law for review and evidentiary hearings, if necessary.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days from the service of this Order.

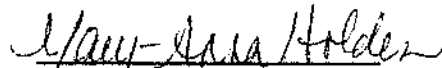
The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 9/30/14

BOARD OF PUBLIC UTILITIES  
BY:

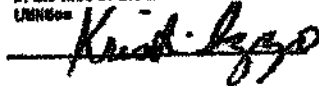
  
DIANNE SOLOMON  
PRESIDENT

  
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 THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
TO REVISE ITS WEATHER NORMALIZATION CHARGE FOR THE 2014-2015 ANNUAL  
PERIOD - DOCKET NO. GR14070656

SERVICE LIST

Jerome May, Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[jerome.may@bpu.state.nj.us](mailto:jerome.may@bpu.state.nj.us)

Robert Schultheis, Chief  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[robert.schultheis@bpu.state.nj.us](mailto:robert.schultheis@bpu.state.nj.us)

Megan Lupo, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[megan.lupo@bpu.state.nj.us](mailto:megan.lupo@bpu.state.nj.us)

Christine Juarez, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, New Jersey 08625-0003  
[cjuarez@rpa.state.nj.us](mailto:cjuarez@rpa.state.nj.us)

Felicia Thomas-Friel, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, New Jersey 08625-0003  
[fthomas@rpa.state.nj.us](mailto:fthomas@rpa.state.nj.us)

Matthew Weissman, Esq.  
Gen. Reg. Counsel  
PSE&G Services Corp.  
80 Park Plaza, T-5G  
Newark, New Jersey 07102  
[matthew.weissman@pseg.com](mailto:matthew.weissman@pseg.com)

Scott Sumliner  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[scott.sumliner@bpu.state.nj.us](mailto:scott.sumliner@bpu.state.nj.us)

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, New Jersey 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Sarah Steindel, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, New Jersey 08625-0003  
[ssteinde@rpa.state.nj.us](mailto:ssteinde@rpa.state.nj.us)

Alex Moreau, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, New Jersey 07101-45029  
[alex.moreau@lps.state.nj.us](mailto:alex.moreau@lps.state.nj.us)

T. David Wand, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, New Jersey 07101-45029  
[david.wand@lps.state.nj.us](mailto:david.wand@lps.state.nj.us)

Babette Tenzer, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, New Jersey 07101-45029  
[babette.tenzer@lps.state.nj.us](mailto:babette.tenzer@lps.state.nj.us)

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF )  
PUBLIC SERVICE ELECTRIC AND GAS ) STIPULATION FOR  
COMPANY TO REVISE ITS WEATHER ) PROVISIONAL WNC RATES  
NORMALIZATION CHARGE (WNC) ) BPU Dkt. No. ER14070656

APPEARANCES:

**Matthew M. Weissman**, General Regulatory Counsel - Rates, for the Petitioner, Public Service Electric and Gas Company

**Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, Division of Rate Counsel; **Sarah H. Steindel, Esq.** and **Christine M. Juarez**, Assistant Deputy Rate Counsels, Division of Rate Counsel

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

On July 1, 2014, Public Service Electric and Gas Company (PSE&G or the Company) filed its Petition with the Board of Public Utilities (Board or BPU), requesting approval to return \$44,695,945 in over-recovered revenue through the Weather Normalization Charge (WNC) to customers receiving gas service under Rate Schedules Residential Service Gas (RSG), General Service Gas (GSG) and Large Volume Gas (LVG) during the Winter Period of October 1, 2014 to May 31, 2015. See B.P.U.N.J. No. 15 Gas Tariff Sheet Nos. 45, 46, and 47 (WNC Tariff). As part of this Petition, PSE&G proposed a WNC rate for the 2014-2015 Winter Period of (\$0.031743) ((\$0.033965) including Sales and Use Tax (SUT)) per balancing therm (i.e. a credit of 0.031743 per therm without SUT and \$0.033965 per therm including SUT) applicable to Rate Schedules RSG, GSG and LVG. The proposed rate per Balancing Therm

reflects the actual results for the 2013-2014 Winter Period to be refunded to customers during the 2014-2015 Winter Period, with incorporation of the one adjustment described below, and represents a total amount to be returned of \$44,695,945.

The WNC Tariff was first approved by the Board on July 9, 2010, as part of the Stipulation of Settlement of PSE&G's 2009 base rate case. Decision and Order Adopting Initial Decision with Modifications for Gas Decision, *I/M/O 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 2010 Order). The BPU approved the permanent 2013-2014 PSE&G WNC rate and Tariff on April 24, 2014. Decision and Order, *I/M/O the Petition of PSE&G to Revise Its Weather Normalization Charge*, Dkt. No. GR13070615 (April 24, 2014) (the 2013-2014 WNC Order).

In calculating the proposed WNC, PSE&G represents that it has utilized calculations required by the July 2010 Order and reflected in PSE&G's WNC Tariff. Specifically, PSE&G is required to calculate, at the end of each October-to-May period (Winter Period), the level by which margin revenues differed from what would have resulted if normal weather had occurred. The base level of normal degree days for the 2013-2014 Winter Period is defined in PSE&G's WNC Tariff. As approved by the Board, any excess or deficiency is to be credited or recovered in the following year during the Winter Period through the WNC.

In accordance with the WNC Tariff, PSE&G represents that it has trued-up the Degree Day Consumption Factors utilized in the determination of the proposed WNC at the end of the Winter Period. In addition, the revised WNC Tariff Sheets developed by PSE&G and

included in the Petition reflect updated Degree Day Consumption Factors for the 2014-2015 Winter Period.

These calculations establish a margin revenue excess of \$41,809,311 resulting solely from the 2013-2014 Winter Period. Only this component of the total deficiency originated from the recent 2013-2014 Winter Period. In calculating the 2014-2015 WNC refund request, PSE&G represents that it has made one adjustment to the margin revenue deficiency in accordance with the WNC Tariff. Specifically, the Company has included an over collection of the remaining 2012-2013 carryover WNC balance, which totals \$2,886,634 and increases the amount to be refunded in the 2014-2015 Winter Period.

Following the filing of the Petition, PSE&G, Board Staff, and the Division of Rate Counsel ("Parties"), the only parties to this proceeding, discussed certain matters at issue herein. As a result of those discussions, the Parties have determined that additional time is needed to complete the review of the proposed WNC rate and other aspects of the Company's filing. However, the Parties also agree that change in the Company's proposed WNC rate for the 2014-2015 Winter Period, on a provisional basis, is reasonable at this time.

**NOW THEREFORE, THE PARTIES STIPULATE AND AGREE AS FOLLOWS:**

- 1) The Parties stipulate and request that the BPU provisionally approve PSE&G's WNC rate of (\$0.031743) without SUT ((\$0.033965) including SUT) per balancing therm applicable to Rate Schedules RSG, GSG and LVG for the 2014-2015 Winter Period. As a result of the stipulated provisional WNC rate, PSE&G's typical residential gas heating customers using 160 therms per month during the winter months and 1,050 therms on an annual basis

would see a decrease in the annual bill from \$1,081.02 to \$1,049.68 or \$31.34 or approximately 2.90%, based upon Delivery Rates and BGSS-RSG charges in effect on July 1, 2014, when compared to the 2013-2014 WNC Winter Period Rate, assuming that the customer receives gas commodity service from PSE&G.

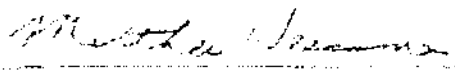
- 2) The Parties further agree that upon Board approval of the above rate, the Company is authorized to issue revised Gas WNC Tariff Sheet Nos. 45, 46, and 47 to reflect the revised provisional WNC charges delineated in Paragraph 1 above applicable to gas customers to be effective on October 1, 2014. Copies of the proposed Tariff Sheets are attached hereto as Exhibit A.
- 3) The Parties understand that these changes are on a provisional basis, subject to true-up of the earnings for the Annual Period, and subject to an opportunity for a full review of all issues in this matter at the Office of Administrative Law (OAL), if necessary, and final approval by the Board.
- 4) The Parties agree that this Settlement for provisional WNC rates reflects mutually balancing interests and contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved in its entirety 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.
- 5) The Parties further agree that a Board Order approving this Settlement will become effective upon the service of said Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

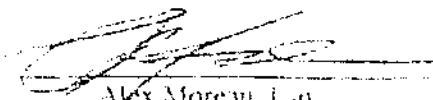


10. The Parties further agree that this attachment for the provisional WNC rate has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement for the provisional WNC rate.

PUBLIC SERVICE ELECTRIC AND GAS  
COMPANY

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

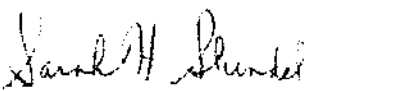
BY:   
Matthew M. Weissman  
General Regulatory Counsel - Rates

BY:   
Alex Moreau, Esq.  
Deputy Attorney General

DATED: September 3, 2014

DATED: September 3, 2014

NEW JERSEY DIVISION OF RATE COUNSELL  
STEFANIE A. BRAND, DIRECTOR

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

DATED: September 3, 2014

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 45

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

Superseding  
XXX Revised Sheet No. 45

**WEATHER NORMALIZATION CHARGE**

**CHARGE APPLICABLE TO  
RATE SCHEDULES RSG, GSG, LVG  
(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2013 through May 31, 2014	\$0.000000	\$0.000000
June 1, 2014 through September 30, 2014	\$0.000000	\$0.000000

**Weather Normalization Charge**

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

**I. DEFINITION OF TERMS AS USED HEREIN**

**1. Degree Days (DD)**

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

**2. Actual Calendar Month Degree Days**

- the accumulation of the actual Degree Days for each day of a calendar month.

**3. Normal Calendar Month Degree Days**

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2013-2014 Winter Period are set forth in the table below:

	<b>Normal Degree Days</b>
Oct - 134	852.3
Nov - 134	774.4
Dec - 134	841.0
Jan - 145	792.4
Feb - 145	672.8
Mar - 145	541.3
Apr - 145	353.6
May - 145	128.1

**4. Winter Period**

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

Date of Issue:

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  
in Docket No.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 46

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

Superseding  
XXX Revised Sheet No. 46

**WEATHER NORMALIZATION CHARGE**  
(Continued)

**5. Degree Day Dead Band**

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

**6. Degree Day Consumption Factors**

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2013-2014 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
Nov-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
Dec-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
Jan-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
Feb-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
Mar-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
Apr-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001
May-14	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001	0.0001 0.0001

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

**7. Margin Revenue Factor**

- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	\$0.282087
Rate Schedule GSG	\$0.237618
Rate Schedule LVG	\$0.037773

**8. Annual Period**

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

**9. Average 13 Month Common Equity Balance**

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service less Accumulated Depreciation Reserve) at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

Date of Issue:

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  
in Docket No.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 47

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

Superseding

XXX Revised Sheet No. 47

**WEATHER NORMALIZATION CHARGE**  
(Continued)

**II. DETERMINATION OF THE WEATHER NORMALIZATION RATE**

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms (Green Programs Recovery Charge, Capital Adjustment Charge, etc) that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and ~~2.5765~~ 2.1% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

**III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE**

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

Date of Issue:

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  
in Docket No.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 45

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

Superseding  
XXX Revised Sheet No. 45

**WEATHER NORMALIZATION CHARGE**

**CHARGE APPLICABLE TO  
RATE SCHEDULES RSG, GSG, LVG  
(Per Balancing Therm)**

	Weather Normalization Charge	Weather Normalization Charge including SUT
October 1, 2014 through May 31, 2015	(\$0.031743)	(\$0.033965)
June 1, 2015 through September 30, 2015	\$0.000000	\$0.000000

**Weather Normalization Charge**

This charge shall be applicable to the rate schedules listed above. The weather normalization charge applied in each Winter Period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization charge shall be determined as follows:

**I. DEFINITION OF TERMS AS USED HEREIN**

**1. Degree Days (DD)**

- the difference between 65°F and the mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.

**2. Actual Calendar Month Degree Days**

- the accumulation of the actual Degree Days for each day of a calendar month.

**3. Normal Calendar Month Degree Days**

- the level of calendar month degree days to which this clause applies.

The normal calendar month Degree Days used in this clause will be the twenty-year average of the National Oceanic and Atmospheric Administration (NOAA) First Order Weather Observation Station at the Newark airport and will be updated annually in the Weather Normalization Clause (WNC) proceeding. The base level of normal degree days for the defined winter period months for the 2014-2015 Winter Period are set forth in the table below:

	Normal Degree Days
Oct - 14	249.1
Nov - 14	529.1
Dec - 14	841.0
Jan - 15	995.9
Feb - 15	832.3
Mar - 15	680.8
Apr - 15	354.8
May - 15	132.8

**4. Winter Period**

- shall be the eight consecutive calendar months from October of one calendar year through May of the following calendar year.

Date of Issue:

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  
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Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
B.P.U.N.J. No. 15 GAS

XXX Revised Sheet No. 46  
Superseding  
XXX Revised Sheet No. 46

**WEATHER NORMALIZATION CHARGE**  
(Continued)

**5. Degree Day Dead Band**

- shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.

**6. Degree Day Consumption Factors**

- the use per degree day component of the gas sales equations by month used in forecasting firm gas sales for the applicable rate schedules. These factors will be updated annually in the WNC proceeding. Degree day Consumption Factors for the 2014-2015 Winter Period are set forth below and presented as therms per degree day:

Month	RSG-Residential		Commercial			Industrial		
	Heating	Non-Heating	GSG		LVG	GSG		LVG
			Heating	Non-Heating		Heating	Non-Heating	
Oct.-14	102,688	1,247	19,318	1,641	75,496	631	114	7,162
Nov.-14	181,768	6,736	43,951	3,793	75,496	1,084	1,051	7,162
Dec.-14	214,680	8,366	40,170	4,787	75,496	1,427	265	7,162
Jan.-15	234,992	8,971	47,597	5,042	76,001	2,126	239	7,211
Feb.-15	227,566	8,523	52,910	5,248	76,001	1,705	735	7,211
Mar.-15	224,263	8,624	44,525	5,476	76,001	2,261	476	7,211
Apr.-15	197,505	9,421	33,772	5,569	76,001	1,165	419	7,211
May-15	149,806	8,179	19,803	4,902	76,001	615	-	7,211

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by rate schedule. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by rate schedule.

**7. Margin Revenue Factor**

- the weighted average of the Distribution Charges as quoted in the individual rate schedules to which this clause applies net of applicable taxes. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges of each rate schedule to which this clause applies by each rate schedule's percentage of total consumption of all the rate schedules to which this clause applies for the winter period and summing this result for all the rate schedules to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect.

Margin Revenue Factors:

Rate Schedule RSG	\$0.282087
Rate Schedule GSG	\$0.237618
Rate Schedule LVG	\$0.037773

**8. Annual Period**

- shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

**9. Average 13 Month Common Equity Balance**

- shall be calculated by adding the Net Gas Utility Plant in Service (Gas Plant in Service less Accumulated Depreciation Reserve) at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13), and multiplying by 40.88% (ratio of equity component of the Company's capital structure to net plant in service from most recent base rate case).

Date of Issue:

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  
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Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 47

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

Superseding  
XXX Revised Sheet No. 47

**WEATHER NORMALIZATION CHARGE  
(Continued)**

**II. DETERMINATION OF THE WEATHER NORMALIZATION RATE**

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred. This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

The WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Gas Utility to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Gas Utility's rate of return on common equity shall be calculated by dividing the Gas Utility's regulated jurisdictional net income for the Annual Period by the Gas Utility's average 13 month common equity balance for such Annual Period. The Gas Utility's regulated jurisdictional net income shall be calculated by subtracting from total net income of the Gas Utility net income derived from clause mechanisms (Green Programs Recovery Charge, Capital Adjustment Charge, etc) that provide for a return on investment outside of base rates.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable balancing therm sales from the rate schedules subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Charge. However, the Weather Normalization Charge will at no time exceed three (3%) percent of the then applicable RSG total per therm rate, including RSG-BGSS charges and 65.31% of the Balancing Charge. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Charge, so calculated, will be in effect for the immediately following Annual Period.

**III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE**

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Charge shall be accumulated for each month of the Winter Period when this charge is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

The annual filing for the adjustment to the weather normalization charge will be filed by July 1 of each year.

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