



July 31, 2012

In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of Extension of a
Solar Generation Investment Program and
Associated Cost Recovery Mechanism and
for Changes in the Tariff for Electric Service,
B.P.U.N.J. No. 15 Electric Pursuant to
N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1

BPU Docket No. _____

VIA ELECTRONIC MAIL & OVERNIGHT MAIL

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625

Dear Secretary Izzo:

Enclosed for filing please find an original and ten copies of Public Service Electric and Gas Company's Petition, testimony, supporting schedules and appendix in the above-referenced matter.

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman".

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF)
EXTENSION OF A SOLAR GENERATION)
INVESTMENT PROGRAM AND)
ASSOCIATED COST RECOVERY)
MECHANISM AND FOR CHANGES IN THE)
TARIFF FOR ELECTRIC SERVICE,)
B.P.U.N.J. NO. 15 ELECTRIC PURSUANT TO)
N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1)

P E T I T I O N
SOLAR 4 ALL EXTENSION

BPU Docket No. _____

Public Service Electric and Gas Company (“PSE&G,” the “Company”), a corporation of the State of New Jersey, having its principal offices at 80 Park Plaza, Newark, New Jersey, respectfully petitions the New Jersey Board of Public Utilities (“Board” or “BPU”), pursuant to N.J.S.A. 48:3-98.1, et seq., as follows:

EXECUTIVE SUMMARY OF THE PROPOSED EXTENSION PROGRAM

1. PSE&G is proposing to extend its Solar Generation Investment Program called the PSE&G Solar 4 All™ Program (“Original Program” or “Solar 4 All Program”), through the addition of four distinct segments. The new program, called the PSE&G Solar 4 All Extension Program (“Extension Program” or the “Program”), will expand the development of solar installations in the State of New Jersey initiated through the Original Program in a manner timed to coincide with the increase in New Jersey’s Renewable Portfolio Standards under recently enacted legislation. Under the Extension

Program, PSE&G will develop an additional 136 MW dc of solar photovoltaic systems (“Solar Systems”).¹

2. As stated by PSE&G’s Vice President of Customer Operations Joseph A.

Forline in his direct testimony submitted herewith as Attachment A:

PSE&G, with the support of the Administration, the Legislature, the Board, and the Division of Rate Counsel, has been and is currently an essential force in helping to support economic growth, create jobs and meet the State’s renewable energy goals through the development of Solar Systems. The Extension Program will allow PSE&G to continue in that critical role consistent with the solar energy directives set forth in New Jersey’s Energy Master Plan and the new Solar Energy Law. . . .

PSE&G is unique in that it combines substantial experience in the development of large scale grid-connected projects with the financial wherewithal to utilize available tax benefits and execute solar projects on a large scale. The Extension Program will have a positive effect on New Jersey’s economic growth and allow all customers the benefits of solar power. With the support of our customers, I believe we must forge ahead as other innovators have in the past, and accomplish this visionary Solar 4 All Extension Program work through the collaboration of PSE&G, the Board, the Division of Rate Counsel, solar developers and installers, and all stakeholders for the benefit of New Jersey.

3. It is estimated that the Extension Program’s capital investment will be approximately \$690 million over a five-year period. Over the first five years of the implementation/construction phase of the Extension Program, PSE&G expects to expend

¹ All references to MW capacity of Solar Systems in this Petition are in direct current or “dc.” The electricity

approximately \$39.4 million to operate and maintain (“O&M”) the systems placed in service. Therefore, the total five-year funding request is \$729.4 million. The O&M figure also includes insurance, costs associated with program administration, training, lease payments, and project management of the Extension Program. The Extension Program also includes replacement of capital equipment over the 20-year life of the Solar Systems, plus lease payments and O&M and cost of removal from 2018 through 2037.

4. Under the Extension Program, PSE&G will finance, own, and operate Solar Systems that will be installed on landfills, brownfields and other underutilized properties; warehouse roofs that cannot fully utilize their roof space under net-metering rules; and large parking lots. PSE&G will also facilitate a small pilot segment to demonstrate innovative solar technologies. The four Extension Program segments are discussed in more detail in the following sections of this Petition and in the direct testimony of Joseph A. Forline, which is attached to the Petition as Attachment A.

5. Similar to the Original Program, PSE&G proposes to recover all Extension Program costs through a new component (Solar Generation Investment Extension Program Component or “SGIEPC”) of the Regional Greenhouse Gas Initiative Recovery Charge (“RRC”), and proposes to earn a return on its net investment in the Program based on the Weighted Average Cost of Capital (“WACC”) that was approved in the Company’s most recent base rate case. The current pre-tax WACC is 11.8520% as

discussed in more detail in the testimony and attendant schedules of Stephen Swetz, attached to the Petition as Attachment B. In addition, a complete discussion of the cost recovery mechanism is provided in the following sections of this Petition and in the pre-filed testimony and schedules of Mr. Swetz.

6. The new Solar Generation Investment Extension Program component of the electric RRC will be \$0.000081 per kWh without Sales and Use Tax (“SUT”) or \$0.000087 per kWh including SUT. When combined with the other current electric RRC components the combined charge is \$0.001280 per kWh without SUT (\$0.001370 per kWh with SUT).

7. As a result of the proposed rate set forth in Attachment G, PSE&G’s class average residential electric customer using 780 kWh in each summer month and 7,360 kWh annually would experience an increase in their annual bill from \$1,336.60 to \$1,337.28 (an increase of \$0.68) or approximately 0.05% based on Delivery Rates and Basic Generation Service Fixed Pricing (“BGS-FP”) charges in effect July 1, 2012 and assuming that the customer receives BGS-FP service from PSE&G.

BACKGROUND, INCLUDING PASSAGE OF THE SOLAR LAW OF 2012

8. PSE&G is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (“BGS”), and distribution of gas and the provision of Basic Gas Supply Service (“BGSS”), for residential, commercial and industrial

purposes within the State of New Jersey. PSE&G provides service to approximately 2.2 million electric and 1.8 million gas customers in an area having a population of approximately six million persons and which extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton and south to Camden, New Jersey.

9. Petitioner is subject to regulation by the BPU for the purposes of setting its retail distribution rates and to assure safe, adequate and reliable electric distribution and natural gas distribution service, pursuant to N.J.S.A. 48:2-21 et seq.

10. On January 13, 2008, legislation was signed into law, which set forth the New Jersey Legislature's findings that energy efficiency, conservation, and renewable energy measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency, conservation, and renewables will provide significant benefits to the citizens of New Jersey. The Legislature also found and declared that public utility involvement and competition in the conservation, energy efficiency, and renewable energy industries are essential to maximize efficiencies ("January 2008 Legislation").

11. Pursuant to Section 13 of the January 2008 Legislation, an electric or gas public utility may, among other things, provide and invest in energy efficiency, conservation, and renewable energy programs on a regulated basis. See N.J.S.A. 48:3-98.1(a).² The January 2008 Legislation also states that electric and gas public utility

² Section 13 of the January 2008 Legislation has been codified at N.J.S.A. 48:3-98.1, et seq.

investment in energy efficiency, conservation, and renewable energy programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. See N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. Id.

12. An electric or gas public utility seeking cost recovery for any energy efficiency, conservation, or renewable energy program pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board. See N.J.S.A. 48:3-98.1(b). In determining the recovery of such program costs, the Board "...may take into account the potential for job creation from such programs, the effect on competition for such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace." Id.

13. Within 120 days after enactment of the January 2008 Legislation, the Board was required to issue an order that allows electric and/or gas public utilities to offer energy efficiency, conservation, and renewable energy programs on a regulated basis. On May 12, 2008, the Board issued such an Order pursuant to N.J.S.A. 48:3-98.1(c). See BPU Order Pursuant to N.J.S.A. 48:3-98.1 (c) ("120-Day Order"), BPU Docket No. EO08030164.

14. As set forth in the 120-Day Order, the Board has allowed electric public utilities and gas public utilities to offer energy efficiency, conservation, and renewable energy programs on a regulated basis provided that the utility files a petition and obtains Board approval for such programs and the mechanism for program cost recovery. See 120-Day Order, at p. 6. The Board also established that certain information be filed with the Petition. This requested information is set forth in the minimum filing requirements attached to the 120-Day Order as Appendix A (“Minimum Filing Requirements”).

15. The 120-Day Order also requires a utility, contemplating filing a petition for energy efficiency, conservation, and/or renewable energy programs and related cost recovery mechanism, to meet with BPU Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”) at least 30-days prior to filing its petition to discuss the nature of the program and program cost recovery mechanism to be proposed in the petition, as well as the Minimum Filing Requirements to be submitted along with the petition. See 120-Day Order, at p. 6.

16. On December 6, 2011, Governor Christie released New Jersey’s Energy Master Plan (“EMP”), the blueprint for future development of energy, and solar energy specifically, for the State. The EMP contains several recommendations on solar energy, designed to ensure the continued growth of the solar market in New Jersey in the most cost effective manner possible. In particular, the EMP emphasized that properties that cannot be developed for general commercial or residential purposes, such as brownfields

and landfills, or properties that can provide dual benefits from solar power, such as parking lots and warehouse roofs, are well-suited for the development of large grid-connected solar generation. The Extension Program will assist the State in meeting its land use and renewable policy objectives by directing solar investment toward sectors and geographic areas where there are additional societal benefits from such investment.

17. On July 23, 2012, Governor Christie signed Senate Bill 1925, enacted as P.L. 2012, c. 24 (the “Solar Energy Law of 2012” or “Solar Law”). The Governor has stated that the bill will strengthen and encourage the continued growth of New Jersey's solar industry, while protecting ratepayers from increased costs: “The bill I am signing today....will help us remain a national leader in the solar energy industry as we continue to promote innovative approaches to solar development, like developing landfills and other unusable lands and transforming them into sources of usable clean energy, all while holding down costs for families and businesses.”³

18. Particularly relevant to this filing, the new legislation provides for substantial increase in the renewable portfolio standard beginning Energy Year (“EY”) 2014, and provides that all Solar Systems owned or operated by an electric utility and approved by the Board pursuant to N.J.S.A. 48:3-98.1 shall be deemed “connected to the distribution system” for purposes of SREC generation.

³ Office of the Governor, “Governor Christie Builds on Record of Growing Renewable Energy Sources with Action to Strengthen Solar Market,” Trenton, July 23, 2012.

19. On February 28, 2012 PSE&G held a pre-filing meeting at the Board's offices in Trenton, New Jersey during which it set forth its intention to seek an extension of the original Solar 4 All Program. In subsequent meetings held on April 18, 2012 in Trenton and on July 12, 2012 at the Company's offices in Newark, PSE&G updated Board Staff and Rate Counsel regarding its plans to file for an extension of the Original Program.

20. Attached hereto, and incorporated herein by reference, is Appendix A, which identifies where in the instant filing all of the applicable Minimum Filing Requirements are set forth.

21. PSE&G hereby files the within petition seeking to extend the Original Program by expanding the development of solar installations in the State of New Jersey. PSE&G respectfully submits that the Extension Program is substantially similar to the Original Program, and that PSE&G has committed significant effort and resources to comply with the Board's Minimum Filing Requirements. PSE&G hereby requests that Board Staff find this filing to be administratively complete as expeditiously as possible in accordance with the 120-Day Order.

PSE&G SOLAR 4 ALL EXTENSION PROGRAM
PROGRAM SEGMENTS

22. PSE&G proposes that the Extension Program investments will be made in four segments, as described in detail below. PSE&G reserves the right to adjust the

segment capacities, if necessary, while remaining within the proposed 136 MW Program size.

23. If PSE&G is able to install the proposed 136 MW of Solar Systems at a total cost of less than \$690 million, PSE&G requests authority to install additional Solar Systems up to the proposed \$690 million construction cost level, with appropriate adjustments to other expenses.

COMMON CHARACTERISTICS OF ALL SEGMENTS

24. The four Program segments share several characteristics with respect to project development, project revenue, and project cost and other issues.

Project Development

- PSE&G will identify potential sites for each Program segment.
- PSE&G may retain the services of an engineering firm for site assessment, development of the scope of work, permitting, proposal review, and other services. The Company intends to hire solar industry firms, through a competitive process, to provide the engineering, permitting, procurement and construction services required to develop the projects. Alternatively, the Company may procure the equipment directly and hire solar industry firms through a competitive process to provide the engineering, permitting, and construction services.

- To the extent permitted by law, products manufactured in New Jersey and/or services provided by businesses located in New Jersey, may be given preference in the competitive selection process.
- Certain parts of construction and operation may be performed by PSE&G, and the costs incurred shall be considered incremental to the level in base rates for purposes of cost recovery.
- PSE&G will use its own work force to perform the interconnection work for Solar Systems located within PSE&G's electric service territory.
- All contracted work will be subject to the provisions of the New Jersey State Prevailing Wage Act, N.J.S.A. 34:11-56.25 et seq. or the equivalent of the prevailing wage for the county where the work is performed.
- PSE&G will perform all program administration and management for all segments.

Project Revenues

- By virtue of the terms of the Solar Law, Board approval of this Program, and the Board's regulations, the Solar Systems will be deemed to be connected to the distribution system, and will be eligible to generate Solar Renewable Energy Certificates ("SRECs").
- PSE&G will sell any SRECs that it receives from the Solar Systems in the SREC auction that the Board approved for the Original Program. All net revenues PSE&G receives from selling the SRECs (i.e., revenues less the cost of conducting the auction) will be credited to customers, offsetting the Extension Program's revenue requirements and reducing the overall rate impact.

- PSE&G will sell the energy and capacity generated by the Solar Systems in the applicable PJM markets. All net revenues received from the sales of energy and capacity in the PJM markets will also be applied to offset the Extension Program revenue requirements, further reducing the overall rate impact.
- The Solar System will also generate value for ratepayers through Investment Tax Credits (“ITCs”) to help offset program costs.

Project Costs and Dispute Resolution Mechanism

- PSE&G will make lease payments to the host sites as set forth in the Program Rules (see Forline testimony (Attachment A hereto), at Schedule JAF-S4AE-2).
- PSE&G proposes that any disputes related to the Program be resolved through the Board’s established customer complaint process. PSE&G addresses the dispute resolution process in the testimony of Mr. Forline.

SEGMENT A- LANDFILLS & BROWNFIELDS (90 MW)

Total Investment: Approximately \$474 million

25. PSE&G will invest in, own, and operate Solar Systems on properties that cannot be productively utilized because of past use or current site conditions. These sites include (a) sanitary landfill facilities, or portions of sanitary landfill facilities, for which performance is complete with respect to all activities associated with the design, installation, purchase, or construction of all measures, structures, or equipment required by the Department of Environmental Protection; (b) any former or current commercial or industrial sites that are currently vacant or underutilized and on which there has been, or

there is suspected to have been, a discharge of contaminant (“brownfields”); (c) areas that include large volumes of “non-indigenous material” or fill, as described in the Solar Law; and (d) underutilized sites owned by governmental entities such as unused lands surrounding state prisons (collectively “Non-Productive Sites”). Additional details regarding this segment are set forth in Mr. Forline’s testimony.

SEGMENT B - WAREHOUSE ROOFS (20 MW)

Total Investment: Approximately \$74 million

26. PSE&G will invest in, own, and operate Solar Systems on warehouse roofs on commercial and industrial facilities. The Company estimates that this 20 MW segment can be completed with approximately 6 to 10 transactions of 2 to 4 MW each. This segment of the Program is directed at owners of buildings with roofs of approximately 50,000 square feet (the threshold for a 500 kW system). PSE&G believes that there is an abundance of commercial and industrial warehouses in New Jersey that meet these criteria. Additional details regarding this segment are set forth in Mr. Forline’s testimony.

SEGMENT C - PARKING LOTS (25 MW)

Total Investment: Approximately \$133 million.

27. PSE&G will invest in, own, and operate Solar Systems on existing or proposed commercial, retail, industrial, municipal, professional, recreational, transit,

commuter, entertainment complex, multi-use, or mixed-use parking lots with a capacity of 350 or more vehicles. The area to be utilized for the Solar Systems will be paved or otherwise impervious. The Solar Systems will be mounted on canopies or other structures suitable for use in a parking lot environment. PSE&G will consider projects that can provide additional revenue sources, such as advertising or electric vehicle charging, to potentially reduce the overall cost of the Program to ratepayers. The minimum size parking lot (350 spaces) would allow for a solar system of between 500 kW and 750 kW depending on the parking lot design and the Solar System design. PSE&G estimates that the segment can be completed with approximately 5-15 projects of various sizes. Details regarding this segment are set forth in Mr. Forline's testimony.

**SEGMENT D - PILOTS AND DEMONSTRATIONS – 1 MW
Total Investment - Approximately \$9 million.**

28. PSE&G will invest in, own, and operate pilot or demonstration Solar Systems. PSE&G will solicit projects from both industry and academia. The primary focus will be pilot programs that integrate solar power with energy storage; however, other proposals that attempt to lower the overall cost of solar power and more fully integrate solar into the distribution grid, or otherwise show a dual benefit to solar power, will also be considered. PSE&G's primary objectives in this segment are to study the physical operation of the pilot technology and to gather data to better understand its impact on cost and overall effect on the distribution system. The Company estimates that

this 1 MW segment can be completed with approximately 5 to 10 pilots and demonstration projects of 100 to 200 kW each. Details regarding this segment are set forth in Mr. Forline's testimony.

**COMPARISON WITH OTHER PROGRAMS AND CONSISTENCY WITH
STATE ENERGY, ENVIRONMENTAL, AND ECONOMIC POLICIES**

29. The Extension Program is substantially similar to the Original Program. Like PSE&G's Original Program, the Extension Program focuses on grid-connected Solar Systems. The additional four segments, discussed above, simply extend and expand on the already approved Solar 4 All Program.

30. This proposal directly supports the State's renewable energy initiatives. The Program, when fully deployed, will result in 136 MW of additional solar generating capacity in New Jersey. The Extension Program will create significant environmental benefits by providing emission-free solar generation, thereby displacing electricity generated through the combustion of fossil fuels and supporting the greenhouse gas-reduction goals of the Global Warming Response Act ("GWRA"), N.J.S.A. 26:2C-37 et seq. and the New Jersey Department of Environmental Protection's ("NJDEP") GWRA Recommendation Report.

31. This Program will support the State's current model for fostering a solar energy industry in New Jersey. The State's model has been built around developing a market for SRECs. Under the proposed Program, PSE&G will be a large investor in solar energy projects that are developed using the SREC model. PSE&G will put its

patient capital to work to support continued increases in solar generation across the diverse program segments. Mr. Forline's testimony discusses in greater detail the ways in which the Program will complement the State's renewable energy policies.

32. The Program will also have a positive impact on New Jersey's economy and the solar industry in particular. The Program supports growth in the solar industry by providing capital to build solar capacity in difficult economic times and creating new, green jobs.

33. The Expansion Program works hand and glove with the recently enacted Solar Law to support State energy policy. As a result of that legislation, New Jersey's electric power suppliers' renewable portfolio standards ("RPS") requirements have been significantly increased, increasing the demand for SRECs. As explained in Mr. Forline's testimony, the Extension Program should help moderate any future run up in SREC prices, while insuring the existence of patient capital that will ensure the SREC demand created under the new policy is effectively satisfied.

COST RECOVERY PROPOSAL

34. PSE&G requests that the Board grant approval of recovery of all Extension Program costs. PSE&G proposes to recover all Program costs via a separate component of the electric RRC mechanism approved by the Board for the Original Program. The RRC will be reviewed and modified in an annual filing that PSE&G will make with the Board.

PSE&G's proposed cost recovery mechanism for the Program, including the estimated rate impacts on customers and proposed initial rates, is fully-described in the pre-filed testimony and schedules of Stephen Swetz (Attachment B).

35. PSE&G requests that it earn a return on its net investment in the Program based on a Weighted Average Cost of Capital ("WACC") of 8.21% per year. Mr. Swetz testifies to the proper return on the Company's investment in his pre-filed testimony. The derivation of the WACC is shown in Schedule SS-S4AE-2 to Mr. Swetz's testimony. For calculating revenue requirements, the corresponding pre-tax WACC of 11.8520% per year, or 0.9877% per month, is used.

36. Ms. Donna M. Powell testifies to the accounting treatment the Company will use for the Program. She also supports certain financial statements that are required under the Board's Minimum Filing Requirements. Ms. Powell's pre-filed testimony is attached hereto as Attachment C.

37. PSE&G also hereby files the following Attachments D through G. Attachment D is a draft Form of Notice of Filing. Concurrent with the filing of this Petition with the BPU, this Notice of Filing will be served on the County Executives and Clerks of all Municipalities within the Company's electric service territory. Contained in attachment E is the draft Form of Notice of Filing and of Public Hearings, which sets forth the requested changes to electric rates and will be placed in newspapers having a circulation within the Company's electric service territory upon receipt, scheduling and

publication of public hearing dates. One public hearing will be held in each geographic area within the Company's service territory, i.e., Northern, Central, and Southern. This Notice of Filing and Public Hearings will be served on the County Executives and Clerks of all Municipalities within the Company's electric service territory upon publication of public hearing dates. In addition, PSE&G is providing a residential rate impact summary, provided herewith as Attachment F. Proposed tariff sheets (clean and red-lined) are being provided as Attachment G. Two copies of the Petition and supporting attachments will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07102 and upon the Director, Division of Rate Counsel, 31 Clinton Street, Newark, New Jersey 07101. A copy will also be e-mailed to the persons identified on the service list provided with this filing.

38. PSE&G requests that the proposed rates to recover all of the Program costs be approved by the Board, along with the Program and cost recovery mechanism proposed in this filing. PSE&G also requests that the Board authorize the Company to implement the proposed rates contemporaneously with the Board's approval of this Petition. Once the proposed Solar Generation Investment Extension Program Component of the RRC has been approved it will operate much like the other components of the RRC, subject to deferred accounting and periodic true-up through filings with the Board.

REQUEST FOR REVIEW AND APPROVAL

39. PSE&G requests review and approval of this Petition pursuant to the time frame set forth in N.J.S.A. 48:3-98.1 et seq.

40. PSE&G respectfully requests that the BPU retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. Due to the substantial similarity between the Extension Program and the Original Program, PSE&G believes that evidentiary hearings are not required for the Board to approve this Program and the proposed cost recovery mechanism. PSE&G is confident that any issues other parties raise can be resolved through settlement or through written comments filed with the Board prior to its decision.

COMMUNICATIONS

Communications and correspondence related to the Petition should be sent as follows:

Matthew M. Weissman
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80 Park Plaza, T5
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Newark, New Jersey 07101
Phone: (973) 430-7052
Fax: (973) 430-5983
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Sheree Kelly
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sheree.kelly@pseg.com

CONCLUSION

For all the foregoing reasons, PSE&G respectfully requests that the Board retain jurisdiction of this matter and issue an Order approving this Petition, specifically finding that:

1. The Extension Program is in the public interest and PSE&G is authorized to implement and administer the Extension Program as a regulated utility service under the terms set forth in this Petition and accompanying Attachments;

2. The cost recovery mechanism proposed herein is just and reasonable, and PSE&G is authorized to recover all costs requested herein associated with the Program, which will be recovered through a separate component of the electric RRC, which will be updated annually; and

3. The proposed rates and charges, as set forth herein, are just and reasonable and PSE&G is authorized to implement the rates proposed herein.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By: _____

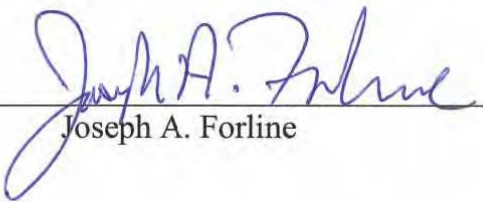
Matthew M. Weissman
General Regulatory Counsel – Rates

DATED: July 31, 2012
Newark, New Jersey

STATE OF NEW JERSEY)
:)
COUNTY OF ESSEX)

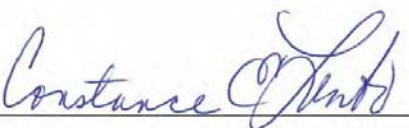
Joseph A. Forline, of full age, being duly sworn according to law, on his oath
deposes and says:

1. I am Vice President, Customer Operations, of Public Service Electric and Gas Company, the Petitioner in the foregoing Petition.
2. I have read the annexed Petition, and the matters and things contained therein are true to the best of my knowledge and belief.
3. Copies of the Petition have been delivered and emailed to the NJBPU, the Department of Law & Public Safety and the Division of Rate Counsel.



 Joseph A. Forline

Sworn and subscribed to)
before me this 31st day)
of July 2012)



CONSTANCE E. LEMBO
Notary Public of New Jersey
Commission Expires 10/18/2016

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
I. General Filing Requirements	
a. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of <u>N.J.A.C. 14:1-5.11</u> and <u>N.J.A.C. 14:1-5.12</u> .	Information and data pertaining to the specific program proposed, as set forth in the applicable sections of <u>N.J.A.C. 14:1-5.11</u> and <u>N.J.A.C. 14:1-5.12</u> , is included in the schedules to the Testimony of Stephen Swetz (Attachment B to the Petition) and Testimony of Donna M. Powell (Attachment C to the Petition). Other information required by these regulations will be provided in Attachments D, E, F and G
b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in <u>N.J.A.C. 14:1-5.12</u> . The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	Attachment B Schedule SS-S4AE-8 (Program Income Statement and Balance Sheet,) Attachment C (Testimony of Donna M. Powell–Journal Entries) Schedules DMP-S4AE-2 thru Schedule-S4A-6
c. The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under <u>N.J.S.A. 48:3-98.1</u> and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.	PSE&G provides such data in its Petition, Attachment A (Testimony of Joseph A. Forline), Attachment B (Testimony of Stephen Swetz) and their supporting schedules and work papers. PSE&G is providing copies of its Petition, supporting schedules and work papers in both hard copy and electronic format, where applicable.
d. The utility shall file testimony supporting its petition.	Please refer to the testimony filed in support of PSE&G's Petition Attachments A, B, and C
e. For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and a list of data it intends	This filing qualifies as a small scale program based upon the projected rate impacts; however, PSE&G is providing the information required in the applicable parts of Section V.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4ALL EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
<p>to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A “small scale” project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer’s bill or an additional annual total revenue requirement of less than \$5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.</p>	
<p>f. If the utility is filing for an increase in rates, charges etc., or for approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.</p>	<p>PSE&G will hold three (3) public hearings in its service territory; North, Central and Southern regions; a draft public notice will be provided as Attachment D to the Petition.</p>
II. Program Description	
<p>a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.</p>	<p>Petition, Attachment A (Testimony of Joseph A. Forline) pp,13-23, and Schedule JAF-S4AE-2 (Program Rules)</p>
<p>b. The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.</p>	<p>Petition, pp. 3, 9, 15, Attachment A (Testimony of Joseph A. Forline) p. 25</p>
<p>c. The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.</p>	<p>Petition, pp. 3, 9, 15, Attachment A (Testimony of Joseph A. Forline) p. 25</p>
<p>d. The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.</p>	<p>Petition, pp. 3, 9, 15, Attachment A (Testimony of Joseph A. Forline) p. 25</p>

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4ALL EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
<p>e. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, or, pending issuance of the final Energy Master Plan, the draft Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.</p>	<p>Petition, pp.8, Attachment A (Testimony of Joseph A. Forline), pp. 2, 6-8</p>
<p>f. The utility shall provide the features and benefits for each proposed program including the following:</p> <ul style="list-style-type: none"> i. the target market and customer eligibility if incentives are to be offered; ii. the program offering and customer incentives; iii. the quality control method including inspection; iv. program administration; and v. program delivery mechanisms. 	<p>Attachment A (Testimony of Joseph A. Forline), Schedule JAF-S4AE-2 (Program Rules)</p>
<p>g. The utility shall provide the criteria upon which it chose the program.</p>	
<p>h. The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other.</p>	<p>Petition p. 3, 11, Attachment B (Testimony of Stephen Swetz), and Schedules SS-S4AE-3 through SS-S4AE-3a, ; Workpaper WP_JAF-S4AE - 1.xl, Attachment A (Testimony of Joseph A. Forline) Schedule JAF-S4AE-2 (Program Rules)</p>
<p>i. The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.</p>	<p>Petition p. 11</p>

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
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j. In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and the ratepayer shall be provided.	Not applicable
k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.	Petition, p. 12; Attachment A (Testimony of Joseph A. Forline), pp. 25-26, and Schedule JAF-S4AE-3.
l. The utility shall describe the program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures.	Petition, pp. 2 and Attachment A (Testimony of Joseph A. Forline), pp. 6-8
m. Marketing – The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility’s customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers.	Attachment A (Testimony of Joseph A. Forline), Schedule S4AE-2 (Program Rules)

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4ALL EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
III. Additional Required Information	
<p>a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.</p>	<p>Petition, Attachment A (Testimony of Joseph A. Forline), Schedule JAF-S4AE2 (Program Rules),</p>
<p>b. The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.</p>	<p>Petition, Attachment A (Testimony of Joseph A. Forline) p. 24 -25, Schedule JAF-S4AE-2 (Program Rules)</p>
<p>c. The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed program and a quantitative estimate of such benefits for the program overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in</p>	<p>Petition p. 15, Attachment A (Testimony of Joseph A. Forline), p. 9, Schedule JAF-S4AE-2 (Program Rules)</p>

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.	
d. To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under-served markets. This should include an analysis of the services already provided in the market place, and the level of competition.	Attachment A (Testimony of (Joseph A. Forline) pp.8-9
e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.	Not applicable
f. The utility shall propose the method for treatment of Renewable Energy Certificates (“REC”) including solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).	Petition, Attachment A (Testimony of Joseph A. Forline), Attachment B (Testimony of Stephen Swetz)
g. The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).	Petition, Attachment A (Testimony of Joseph A. Forline), Schedule JAF-S4AE-2 (Program Rules), Attachment B (Testimony of Stephen Swetz)
h. The utility shall analyze the proposed quantity and expected prices for any REC, solar REC, air emission credits, offsets or allowances or other certificates to the extent possible.	Petition, Attachment A (Testimony of Joseph A. Forline), Schedule JAF-S4AE-2 (Program Rules), Attachment B (Testimony of Stephen Swetz)
IV. Cost Recovery Mechanism	
a. The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the	PSE&G provides appropriate financial data for the proposed program in Attachment B (Testimony and Schedules of Stephen Swetz), Attachment C (Testimony and Schedules

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
<p>beginning and end of each year of said three-year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years of said three year period.</p>	<p>of Donna M. Powell).</p>
<p>b. The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.</p>	<p>Attachment B (Swetz testimony), Schedules SS-S4AE-2 – SS-S4AE-4; and Attachment C (Testimony of Donna M. Powell).</p>
<p>c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.</p>	<p>Attachment B (Testimony and Schedules of Stephen Swetz).</p>
<p>d. The utility’s petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.</p>	<p>PSE&G’s Petition is verified as to its accuracy, and PSE&G will serve a copy of the filing on the Department of Public Advocate, Division of Rate Counsel; Attachment G (Tariff Sheets)</p>
<p>e. The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs upon each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed</p>	<p>Attachment B (Testimony and Schedules of Stephen Swetz); and Attachments F, and G to the Petition</p>

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
<p>program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.</p>	
<p>f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program with all supporting documentation.</p>	<p>Petition, Attachment A (Testimony of Joseph A. Forline), WP-JAF-S4AE-1, Schedule JAF-S4AE-2 (Program Rules), Schedules SS-S4AE-3 to SS-S4AE-3a</p>
<p>g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base and pro forma income calculations.</p>	<p>Attachment B (Testimony of Stephen Swetz), Schedules SS-S4AE-2 to SS-S4AE-8 and workpapers.</p>
<p>h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.</p>	<p>Attachment B (Testimony and Schedules of Stephen Swetz).</p>
<p>i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.</p>	<p>Attachment B (Testimony and Schedules of Stephen Swetz).</p>
<p>j. A utility seeking incentives or rate mechanism that decouples utility revenues from sales, shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations.</p>	<p>Not applicable.</p>

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4ALL EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
V. Cost/Benefit Analysis	
a. The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program, including, if appropriate, a comprehensive and detailed avoided cost savings study with supporting documentation. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.	Not applicable
b. The utility shall calculate a cost/benefit analysis utilizing the Total Resource Cost (“TRC”) test that assesses all program costs and benefits from a societal perspective. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.	Not applicable
c. The utility shall quantify all direct and indirect benefits as well as provide projected costs resulting from a proposed program that is subject to a cost/benefit test.	Not applicable.
d. Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.	Not applicable.
e. The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed program should be approved.	Not applicable.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
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f. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.	Not applicable.
g. The utility shall also quantify and deduct from the energy and capacity savings any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:3-98.1 benefits or incentives.	Not applicable.

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **JOSEPH A. FORLINE**
5 **VICE-PRESIDENT – CUSTOMER OPERATIONS**
6

7 My name is Joseph A. Forline and I am the Vice President of Customer
8 Operations at Public Service Electric and Gas Company (“PSE&G,” the “Company”).
9 My credentials are set forth in the attached Schedule JAF-S4AE-1.

10
11 **I. SCOPE OF TESTIMONY**

12 I am testifying in support of PSE&G’s proposed Solar 4 All™
13 Extension Program (“Extension Program” or the “Program”). PSE&G is seeking to
14 extend the Solar 4 All Program (“Original Program”) that the Board of Public Utilities
15 (“Board” or “BPU”) approved on August 3, 2009 in Docket No. EO09020125. The
16 Extension Program will continue the Original Program by adding 136 MW of solar
17 capacity to New Jersey’s renewable portfolio over five years. The Extension Program
18 will be comprised of four segments: (i) landfills, brownfields and other underutilized
19 properties, (ii) warehouse/commercial roofs that cannot fully utilize their roof space
20 under net-metering rules, (iii) large parking lots, and (iv) a small pilot segment to
21 demonstrate innovative solar technologies. My testimony includes an overview of the
22 Extension Program and a discussion of its contribution to the State’s renewable
23 energy, environmental and business development/employment goals, including those

1 embodied in the State’s Energy Master Plan (“EMP”) and recently-enacted
2 legislation. I then discuss the four Program segments in detail. My testimony also
3 includes an outline of PSE&G’s proposed dispute resolution process for customer
4 complaints that may arise during the Extension Program. Mr. Stephen Swetz has filed
5 testimony addressing revenue requirements and cost recovery issues. Ms. Donna M.
6 Powell has filed testimony in support of the accounting treatment for the Extension
7 Program costs and revenues. All of our testimonies are responsive to the Board’s
8 Minimum Filing Requirements.

9 The electronic version of this filing contains the Extension Program
10 assumptions, including investments, costs, number of expected participants, and
11 market sizing and impacts. This information is located in the electronic work paper
12 labeled WP-JAF-S4AE-1.xls.

13

14 **II. OVERVIEW OF THE PSE&G SOLAR 4 ALL EXTENSION PROGRAM**

15 PSE&G proposes to extend its successful Solar 4 All Program, through
16 which PSE&G invests in, owns and operates solar generating facilities, through the
17 addition of 136 MW dc of photovoltaic (“PV”) systems (“Solar Systems”).¹ The
18 Extension Program targets market segments that have been specifically identified in
19 the recently enacted solar legislation (P.L. 2012, c. 24, or the “Solar Law”), along

¹ All references to MW capacity of solar PV systems in this testimony are in direct current (“dc”). The electricity generated by a solar system passes through an inverter and is converted to alternating current (“ac”).

1 with other market segments that cannot fully benefit from net metering. The program
2 segments and segment sizes are as follows: Landfill/Brownfield Segment, 90 MW;
3 Warehouse Segment, 20 MW; Parking Lot Segment, 25 MW; and Pilot Segment, 1
4 MW, for a total of 136 MW. The expected construction schedule is designed to bring
5 the various solar projects into service over a five-year period, and it is estimated that
6 capital expenditures of up to \$690 million will be required to develop the full capacity
7 over that period.

8 The proposed solar capacity will expand New Jersey's solar
9 infrastructure and renewable resources, supporting the job market in the solar energy
10 sector and furthering the State's economic growth. Over the first five years of the
11 implementation/construction phase of the project, PSE&G expects to expend
12 approximately \$39 million for the purpose of operating and maintaining ("O&M") the
13 systems placed in service. Therefore, the total five-year funding request is \$729
14 million. The O&M figure also includes insurance, costs associated with program
15 administration, training, lease payments, and project management of the Extension
16 Program. The Extension Program also includes capital replacement over the 20-year
17 life of the Solar Systems, plus lease payments, O&M and cost of removal from 2018
18 through 2037.

19 The estimated costs of the Extension Program are based on PSE&G's
20 experience with the Original Program and conversations with Engineering,

1 Procurement and Construction (“EPC”) vendors. PSE&G has gained significant
2 experience in developing, installing and operating Solar Systems, with over 66 MW
3 of PV systems installed through June 2012 under the Original Program. PSE&G
4 already has an extensive portfolio of Solar Systems under management, including
5 projects on landfills and brownfields. Most recently, PSE&G completed a three
6 megawatt project at the New Jersey Meadowlands Commission’s Kearny landfill in
7 December 2011.

8 Similar to the Original Program, PSE&G will invest in, own and operate
9 the Solar Systems under the Extension Program. PSE&G will make lease payments
10 to host sites where PSE&G places its solar power facilities. PSE&G will flow back to
11 ratepayers all revenues it receives from the sale of energy, capacity, Solar Renewable
12 Energy Certificates (“SRECs”), and Investment Tax Credits (“ITCs”) to help offset
13 the Extension Program’s costs. Additionally, any revenue received from leasing
14 space on parking lot canopies will also flow back to ratepayers.

15 If PSE&G is able to install the proposed 136 MW of Solar Systems at a
16 total cost of less than \$690 million, PSE&G requests authority to install additional
17 Solar Systems up to the proposed \$690 million construction cost level, with
18 appropriate adjustments to other expenses.

19 PSE&G will identify potential sites, finance all projects and in some
20 cases use its own labor for installation of the projects. PSE&G may retain the

1 services of an engineering firm for site assessment, development of the scope of work,
2 permitting, proposal review, and other services. The Company intends to hire solar
3 industry firms, through a competitive process, to provide the engineering, permitting,
4 procurement and construction services required to develop the projects. Alternatively,
5 the Company may procure the equipment directly and hire solar industry firms
6 through a competitive process to provide the engineering, permitting, and construction
7 services. To the extent permitted by law, products manufactured in New Jersey
8 and/or services provided by businesses located in New Jersey, may be given
9 preference in the competitive selection process.

10 The Solar Systems will be installed in various locations, will be grid-
11 connected on the utility side of the billing meter to PSE&G's electric distribution
12 system, and will be eligible to generate SRECs.

13

14 **III. THE PROGRAM WILL SUPPORT THE STATE'S BUSINESS**
15 **DEVELOPMENT/EMPLOYMENT, RENEWABLE ENERGY, AND**
16 **ENVIRONMENTAL GOALS**

17

18 **A. Business Development Goals**

19 The Extension Program focuses on under-utilized facilities not generally
20 available for solar development. This includes transforming closed landfills,
21 brownfields, areas of historic fill, and under-utilized government sites into non-
22 polluting solar power generating sites. PSE&G will also transform large, open parking

1 lots into non-polluting solar power generating sites that may also provide alternative
2 revenue streams, such as advertising, to lower the overall cost of the Program.

3 The Extension Program will be economical relative to “market based
4 solar” due to PSE&G’s economies of scale, relatively low cost of capital for these
5 difficult projects, and the fact the all projects will be developed through a competitive
6 bid process. In addition, PSE&G lease payments to the municipalities, counties, and
7 other entities that host Extension Program projects will provide a new revenue stream
8 to help those entities manage their operating budgets.

9 **B. Renewable Energy**

10 On December 6, 2011, Governor Christie released New Jersey’s Energy
11 Master Plan, its strategic vision for the development of energy, and renewable energy
12 specifically, in the State over the next decade. The EMP contains several
13 recommendations targeted to the solar energy market, designed to ensure the
14 continued growth of that market in the most cost-effective manner possible.

15 Several of the EMP’s solar market recommendations were instituted
16 through the recently enacted Solar Law. As a result of this legislation, New Jersey’s
17 solar contribution to the RPS requirement has been significantly increased, increasing
18 the demand for SRECs. While this increase in SREC demand will counter the current
19 oversupply of SRECs in the marketplace, it does not address all of the longer term
20 issues facing the industry. In particular, the Extension Program will work hand and

1 glove with the Solar Law to moderate a future run up in SREC prices, while providing
2 patient capital that will ensure the MWs demanded actually get built and supporting
3 the solar industry and employment in New Jersey. Here is why:

4 There is still significant concern that, with the expiration of the Federal
5 Treasury 1603 Grant Program and currently low SREC values, the extremely high
6 solar build rates New Jersey has seen in the recent past will stall, eventually resulting
7 in job loss. The new Solar Law directly addresses that concern. In a recent analysis
8 of the impact of the new law, Bloomberg New Energy Finance is projecting that
9 because of the increase in the RPS, there is a 50% to 70% probability that the SREC
10 market will be undersupplied between Energy Years 2015 and 2018.² If this
11 projection becomes a reality, the SREC spot price might run up and once again
12 approach the SACP.

13 But as shown in the table below, the projects proposed by this Extension
14 Program are expected to begin producing significant SRECs in Energy Years 2015
15 through 2017, which matches the timeframe in which Bloomberg projects potential
16 shortfalls. The capacity provided by the Extension Program will not “overwhelm the
17 market.” In fact, at its maximum, the Extension Program will provide only 6% of the
18 RPS requirement. But what the Extension Program will provide is the foundation
19 during these critical years to ensure that there is a baseline of solar projects that

² Bloomberg New Energy Finance, US REC Markets – Analyst Reaction, June 28, 2012.

1 maintains jobs for the solar industry and contributes the SRECs needed to keep the
2 SREC price below the SACP. The solar industry in New Jersey is still in transition
3 and continues to require the predictability and stability provided by utility direct
4 investment.

Energy Year	Estimated RPS (GWh / Yr)	S4A Ext (GWh / Yr)	S4A Ext % of RPS
2013	641	0	0%
2014	1,686	12	1%
2015	2,034	34	2%
2016	2,305	86	4%
2017	2,538	150	6%
2018	2,733	159	6%
2019	2,836	158	6%
2020	2,942	158	5%

5
6

C. Societal Benefits

7 In the EMP and again in the Solar Law, the Christie Administration has
8 made clear that large, grid-connected projects developed without regard for
9 appropriate land use or energy policy concerns are not in the best interest of the State
10 of New Jersey. The Christie Administration does not support the use of ratepayer
11 subsidies to turn productive farmland into grid-supply solar facilities. Rather,
12 properties that cannot be developed for general commercial or residential purposes,
13 such as brownfields and landfills, or properties that can provide dual benefits from
14 solar power, such as parking lots and warehouse roofs, are well-suited for the
15 development of large grid-connected solar generation. The Extension Program will

1 The monthly detailed calculations of the Revenue Requirements through
2 September 2014 and the annual revenue requirements through 2037 are shown in
3 Schedules SS-S4AE-3. The monthly detailed calculations of the revenue
4 requirements through September 2014 and the annual revenue requirements through
5 2037 for each of the four segments are shown in Schedules SS-S4AE-3a through SS-
6 S4AE-3d. In addition, the capital spending summaries in total and for each of the
7 four Program segments are shown in Schedules SS-S4AE-3x and SS-S4AE-3ax
8 through SS-S4AE-3dx, respectively. The expected revenue requirement for the
9 Program is \$6,226,026 for the initial period,¹ as shown in Schedule SS-S4AE-4. The
10 peak revenue requirement in the first five subsequent annual periods is \$66,445,591
11 and occurs in the period October 1, 2017 through September 30, 2018 based upon the
12 Program assumptions.

13

14 Method for Recovery of Direct Cost

15 Consistent with the cost recovery methodology for the Solar 4 All
16 Program, approved in Docket No. EO09020125 on August 3, 2009, PSE&G will
17 recover the net revenue requirements associated with this Program via a new Solar
18 Generation Investment Extension Program Component (“SGIEPC”) of the electric
19 RGGI Recovery Charge (“RRC”). The SGIEPC will be added to the electric RRC in

¹ See the following section “Method for Recovery of Direct Costs” for description of “initial period”

**PSE&G Solar 4 All Extension
Revenue Requirements Calculation**

Schedule SS-S4AE-3c

Page 1 of 2

(\$000's)

Solar 4 All Extension: Segment C - Parking Facilities

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<u>Program</u>	<u>Gross Plant</u>	<u>Depreciation</u>	<u>Accumulated</u>	<u>Net Plant</u>	<u>Plant</u>			<u>Accumulated</u>	<u>Net</u>	<u>Return</u>
	<u>Investment</u>		<u>Expense</u>	<u>Depreciation</u>		<u>Tax</u>	<u>Book Deprec</u>	<u>Deferred</u>	<u>Deferred Tax</u>	<u>Investment</u>	<u>Requirement</u>
						<u>Depreciation</u>	<u>Tax Basis</u>	<u>Tax Exp</u>			
Jan-13	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-
Apr-13	75	-	-	-	-	-	-	-	-	-	-
May-13	200	-	-	-	-	-	-	-	-	-	-
Jun-13	75	-	-	-	-	-	-	-	-	-	-
Jul-13	450	-	-	-	-	-	-	-	-	-	-
Aug-13	1,623	-	-	-	-	-	-	-	-	-	-
Sep-13	75	-	-	-	-	-	-	-	-	-	-
Oct-13	3,593	-	-	-	-	-	-	-	-	-	-
Nov-13	4,468	-	-	-	-	-	-	-	-	-	-
Dec-13	325	-	-	-	-	-	-	-	-	-	-
Jan-14	85	-	-	-	-	-	-	-	-	-	-
Feb-14	8,794	-	-	-	-	-	-	-	-	-	-
Mar-14	2,680	-	-	-	-	-	-	-	-	-	-
Apr-14	335	-	-	-	-	-	-	-	-	-	-
May-14	4,776	-	-	-	-	-	-	-	-	-	-
Jun-14	2,930	-	-	-	-	-	-	-	-	-	-
Jul-14	3,180	27,975	134	134	27,841	781	114	272	272	27,569	136
Aug-14	85	28,060	134	268	27,792	784	114	273	546	27,246	271
Sep-14	5,526	33,585	161	429	33,156	1,015	137	359	905	32,252	294
	<u>Program Assumption</u>	<u>Program Assumption</u>	Refer to WP-SS-S4AE-2c (Park).xls "Bk Depr" Worksheets	<u>Prior Month + Col 3</u>	<u>Col 2 - Col 4</u>	Refer to WP-SS-S4AE-2c (Park).xls "Tax Depr" Worksheets	Refer to WP-SS-S4AE-2c (Park).xls "Tax Depr" Worksheets	(Col 6 - Col 7) * [Income Tax Rate]	<u>Prior + Col 8</u>	<u>Col 5 - Col 9</u>	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
2013	10,883	-	-	-	-	-	-	-	-	-	-
2014	44,716	48,436	1,051	1,051	47,385	8,110	893	2,948	2,948	44,437	1,833
2015	44,389	99,299	4,594	5,645	93,654	21,494	3,905	7,185	10,133	83,521	8,106
2016	32,999	134,892	7,366	13,010	121,882	27,384	6,261	8,629	18,762	103,120	12,139
2017	-	134,892	7,809	20,819	114,073	22,417	6,638	6,446	25,208	88,865	11,377
2018	-	134,892	7,809	28,628	106,264	15,349	6,638	3,558	28,766	77,498	9,859
2019	-	134,892	7,626	36,254	98,639	10,753	6,482	1,745	30,511	68,128	8,630
2020	-	134,892	6,988	43,241	91,651	5,984	5,940	18	30,529	61,122	7,659
2021	-	134,892	6,476	49,718	85,174	1,828	5,505	(1,502)	29,027	56,148	6,949
2022	-	134,892	6,390	56,108	78,785	103	5,431	(2,177)	26,850	51,934	6,405
2023	659	135,551	6,456	62,563	72,987	232	5,497	(2,151)	24,699	48,288	5,939
2024	3,215	138,766	6,843	69,406	69,359	953	5,885	(2,014)	22,685	46,675	5,628
2025	3,393	142,159	7,504	76,910	65,249	1,933	6,545	(1,884)	20,801	44,448	5,400
2026	2,673	144,832	8,111	85,021	59,811	2,413	7,152	(1,936)	18,865	40,946	5,060
2027	-	144,832	8,378	93,398	51,433	2,052	7,419	(2,193)	16,672	34,761	4,486
2028	-	144,832	8,312	101,710	43,121	1,411	7,353	(2,428)	14,245	28,877	3,771
2029	-	144,832	7,925	109,635	35,197	984	6,966	(2,444)	11,801	23,396	3,098
2030-2037	-	144,832	35,197	144,832	-	1,200	30,088	(11,801)	0	(0)	7,326
Total	142,927		144,832			124,598	124,598	0			113,666

PSE&G Solar 4 All Extension
Revenue Requirements Calculation

(\$000's)

Solar 4 All Extension: Segment C - Parking Facilities

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC		Tax Assoc. w/50% ITC	Revenue
	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortization	Tax Gross-up	Basis Reduction	Requirements
Jan-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-13	-	27	-	-	-	-	-	-	-	-	-	-	27
May-13	-	27	-	-	-	-	-	-	-	-	-	-	27
Jun-13	-	27	-	-	-	-	-	-	-	-	-	-	27
Jul-13	-	27	-	-	-	-	-	-	-	-	-	-	27
Aug-13	-	27	-	0	-	-	-	-	-	-	-	-	27
Sep-13	-	27	-	0	-	-	-	-	-	-	-	-	27
Oct-13	-	27	-	1	-	-	-	-	-	-	-	-	28
Nov-13	-	27	-	2	-	-	-	-	-	-	-	-	29
Dec-13	-	27	-	2	-	-	-	-	-	-	-	-	29
Jan-14	-	28	-	2	-	-	-	-	-	-	-	-	29
Feb-14	-	28	-	3	-	-	-	-	-	-	-	-	31
Mar-14	-	28	-	4	-	-	-	-	-	-	-	-	32
Apr-14	-	28	-	4	-	-	-	-	-	-	-	-	32
May-14	-	28	-	4	-	-	-	-	-	-	-	-	32
Jun-14	-	28	-	5	-	-	-	-	-	-	-	-	33
Jul-14	20	28	24	5	-	42	-	-	-	40	28	14	252
Aug-14	20	28	24	5	-	42	-	-	-	40	28	14	387
Sep-14	19	28	24	6	-	41	-	-	-	48	33	17	427
	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP-SS-S4AE-2c (Park).xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
2013	-	243	-	4	-	-	-	-	-	-	-	-	247
2014	103	335	147	62	-	195	-	326	-	315	218	109	2,586
2015	514	347	703	170	-	968	-	2,268	-	1,378	952	476	9,344
2016	934	359	1,286	268	-	1,735	-	4,370	-	2,210	1,526	763	13,275
2017	1,154	406	1,582	292	-	2,140	-	5,826	-	2,343	1,618	809	11,504
2018	1,183	420	1,622	301	-	2,254	121	5,797	-	2,343	1,618	809	9,870
2019	1,212	435	1,662	310	-	2,354	369	5,767	-	2,288	1,580	790	8,308
2020	1,243	450	1,704	319	-	2,427	627	5,737	-	2,096	1,448	724	6,751
2021	1,273	466	1,747	329	-	2,568	636	5,707	-	1,943	1,342	671	5,716
2022	1,305	482	1,790	338	-	2,757	646	5,677	-	1,917	1,324	662	5,052
2023	1,338	499	1,835	349	-	2,903	658	5,646	-	1,917	1,324	662	4,630
2024	1,371	517	1,881	359	-	3,031	672	5,617	-	1,917	1,324	662	4,700
2025	1,405	535	1,928	370	-	3,140	682	5,585	-	1,917	1,324	662	5,154
2026	1,440	554	1,976	381	-	3,314	695	5,554	-	1,917	1,324	662	5,379
2027	1,476	573	2,026	392	-	3,471	705	5,520	-	1,917	1,324	662	5,056
2028	1,512	593	2,076	404	-	3,174	719	5,485	-	1,917	1,324	662	4,712
2029	1,550	614	2,128	425	-	3,194	731	5,251	-	1,917	1,324	662	3,984
2030-2037	9,623	5,751	11,947	4,291	3,072	19,180	3,794	4,479	-	10,217	7,056	3,528	36,008
Total	28,636	13,581	38,041	9,363	3,072	58,805	11,055	84,610	0	40,468	27,948	13,974	142,278

**PSE&G Solar 4 All Extension
Capital Expenditures Summary**
(\$000's)

Schedule SS-S4AE-3cx

Solar 4 All Extension: Parking Facilities

	Program Assumption	Program Assumption	Col 1 + Col 2	Program Assumption	Program Assumption	[Prior Col 8 + (Col 2) / 2 - (Col 4) / 2] * Col 5	Program Assumption	Prior + Col 2 - Col 4 + Col 6 - Col 7	Col 1 + Col 4 + Col 7	Prior + Col 9
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
Monthly										
Jan-13	-	-	-	-	0.65%	-	-	-	-	-
Feb-13	-	-	-	-	0.65%	-	-	-	-	-
Mar-13	-	-	-	-	0.65%	-	-	-	-	-
Apr-13	-	75	75	-	0.65%	0	-	75	-	-
May-13	-	200	200	-	0.65%	1	-	276	-	-
Jun-13	-	75	75	-	0.65%	2	-	353	-	-
Jul-13	-	450	450	-	0.65%	4	-	807	-	-
Aug-13	-	1,623	1,623	-	0.65%	10	-	2,440	-	-
Sep-13	-	75	75	-	0.65%	16	-	2,531	-	-
Oct-13	-	3,593	3,593	-	0.65%	28	-	6,152	-	-
Nov-13	-	4,468	4,468	-	0.65%	54	-	10,674	-	-
Dec-13	-	325	325	-	0.65%	70	-	11,069	-	-
Jan-14	-	85	85	-	0.65%	72	-	11,225	-	-
Feb-14	-	8,794	8,794	-	0.65%	101	-	20,120	-	-
Mar-14	-	2,680	2,680	-	0.65%	139	-	22,939	-	-
Apr-14	-	335	335	-	0.65%	149	-	23,423	-	-
May-14	-	4,776	4,776	-	0.65%	167	-	28,365	-	-
Jun-14	-	2,930	2,930	-	0.65%	193	-	31,488	-	-
Jul-14	3,180	-	3,180	23,908	0.65%	126	887	6,819	27,975	27,975
Aug-14	85	-	85	-	0.65%	44	-	6,863	85	28,060
Sep-14	5,526	-	5,526	-	0.65%	44	-	6,907	5,526	33,585

	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
Annual										
2011	-	-	-	-	7.75%	-	-	-	-	-
2012	-	-	-	-	7.75%	-	-	-	-	-
2013	-	10,883	10,883	-	7.75%	186	-	11,069	-	-
2014	23,641	21,075	44,716	23,908	7.75%	1,183	887	8,532	48,436	48,436
2015	35,974	8,415	44,389	14,137	7.75%	445	752	2,503	50,863	99,299
2016	32,999	-	32,999	2,330	7.75%	91	264	0	35,594	134,892
2017	-	-	-	-	7.75%	0	-	0	-	134,892
2018	-	-	-	-	7.75%	0	-	0	-	134,892
2019	-	-	-	-	7.75%	0	-	0	-	134,892
2020	-	-	-	-	7.75%	0	-	0	-	134,892
2021	-	-	-	-	7.75%	0	-	0	-	134,892
2022	-	-	-	-	7.75%	0	-	0	-	134,892
2023	659	-	659	-	7.75%	0	-	0	659	135,551
2024	3,215	-	3,215	-	7.75%	0	-	0	3,215	138,766
2025	3,393	-	3,393	-	7.75%	0	-	0	3,393	142,159
2026	2,673	-	2,673	-	7.75%	0	-	0	2,673	144,832
2027	-	-	-	-	7.75%	0	-	0	-	144,832
2028	-	-	-	-	7.75%	0	-	0	-	144,832
2029	-	-	-	-	7.75%	0	-	0	-	144,832
Total	102,553	40,374	142,927	40,374		1,904	1,904		144,832	

**PSE&G Solar 4 All Extension
Revenue Requirements Calculation**

Schedule SS-S4AE-3d

Page 1 of 2

(\$000's)

Solar 4 All Extension: Segment D - Pilots and Demonstration

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<u>Program</u>	<u>Gross Plant</u>	<u>Depreciation</u>	<u>Accumulated</u>	<u>Net Plant</u>	<u>Plant</u>			<u>Accumulated</u>	<u>Net</u>	<u>Return</u>
	<u>Investment</u>		<u>Expense</u>	<u>Depreciation</u>		<u>Tax</u>	<u>Book Deprec</u>	<u>Deferred</u>	<u>Deferred Tax</u>	<u>Investment</u>	<u>Requirement</u>
						<u>Depreciation</u>	<u>Tax Basis</u>	<u>Tax Exp</u>			
Jan-13	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-
Apr-13	3	-	-	-	-	-	-	-	-	-	-
May-13	3	-	-	-	-	-	-	-	-	-	-
Jun-13	3	-	-	-	-	-	-	-	-	-	-
Jul-13	34	-	-	-	-	-	-	-	-	-	-
Aug-13	3	-	-	-	-	-	-	-	-	-	-
Sep-13	3	-	-	-	-	-	-	-	-	-	-
Oct-13	400	-	-	-	-	-	-	-	-	-	-
Nov-13	97	-	-	-	-	-	-	-	-	-	-
Dec-13	97	-	-	-	-	-	-	-	-	-	-
Jan-14	3	-	-	-	-	-	-	-	-	-	-
Feb-14	1,193	-	-	-	-	-	-	-	-	-	-
Mar-14	1,193	-	-	-	-	-	-	-	-	-	-
Apr-14	3	-	-	-	-	-	-	-	-	-	-
May-14	3	-	-	-	-	-	-	-	-	-	-
Jun-14	159	-	-	-	-	-	-	-	-	-	-
Jul-14	128	-	-	-	-	-	-	-	-	-	-
Aug-14	66	-	-	-	-	-	-	-	-	-	-
Sep-14	2,049	-	-	-	-	-	-	-	-	-	-
	<u>Program</u>	<u>Program</u>	Refer to WP-SS-	<u>Prior Month</u>	<u>Col 2</u>	Refer to WP-	Refer to WP-	(Col 6 -	<u>Prior</u>	<u>Col 5</u>	(Prior Col 6 +
	<u>Assumption</u>	<u>Assumption</u>	S4AE-2d	<u>+ Col 3</u>	<u>- Col 4</u>	SS-S4AE-2d	SS-S4AE-2d	Col 7) *	<u>+ Col 8</u>	<u>- Col 9</u>	* Monthly Pre
			(Pilot).xls			"Tax Depr"	"Tax Depr"	[Income			Tax WACC
			"Bk Depr"			Worksheets	Worksheets	Tax Rate]			
			Worksheets								
2013	642	-	-	-	-	-	-	-	-	-	-
2014	7,979	8,911	41	41	8,870	1,493	35	596	596	8,275	41
2015	-	8,911	489	530	8,382	2,390	416	807	1,402	6,979	904
2016	-	8,911	489	1,019	7,893	1,437	416	417	1,820	6,073	773
2017	-	8,911	489	1,507	7,404	864	416	183	2,003	5,401	680
2018	-	8,911	489	1,996	6,915	863	416	183	2,186	4,729	600
2019	-	8,911	484	2,480	6,431	439	411	11	2,197	4,234	531
2020	-	8,911	431	2,912	6,000	7	366	(147)	2,050	3,950	485
2021	-	8,911	431	3,343	5,569	6	366	(147)	1,903	3,666	451
2022	-	8,911	431	3,774	5,137	6	366	(147)	1,756	3,382	418
2023	19	8,930	433	4,207	4,723	10	368	(146)	1,609	3,114	385
2024	368	9,298	472	4,678	4,620	86	407	(131)	1,478	3,142	371
2025	-	9,298	509	5,187	4,111	127	444	(129)	1,349	2,763	350
2026	-	9,298	509	5,695	3,603	79	444	(149)	1,200	2,403	306
2027	-	9,298	509	6,204	3,094	51	444	(161)	1,039	2,055	264
2028	-	9,298	507	6,711	2,588	49	442	(160)	879	1,709	223
2029	-	9,298	468	7,179	2,120	27	403	(154)	725	1,395	184
2030-2037	-	9,298	2,120	9,298	-	27	1,802	(725)	(0)	0	407
Total	9,009		9,298			7,962	7,962	0			7,374

**PSE&G Solar 4 All Extension
Revenue Requirements Calculation**

(\$000's)

Solar 4 All Extension: Total Program

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC		Tax Assoc. w/50% ITC	Revenue
	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortization	Tax Gross-up	Basis Reduction	Requirements
Jan-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-13	-	1	-	-	-	-	-	-	-	-	-	-	1
May-13	-	1	-	-	-	-	-	-	-	-	-	-	1
Jun-13	-	1	-	-	-	-	-	-	-	-	-	-	1
Jul-13	-	1	-	-	-	-	-	-	-	-	-	-	1
Aug-13	-	1	-	-	-	-	-	-	-	-	-	-	1
Sep-13	-	1	-	-	-	-	-	-	-	-	-	-	1
Oct-13	-	1	-	0	-	-	-	-	-	-	-	-	1
Nov-13	-	1	-	0	-	-	-	-	-	-	-	-	1
Dec-13	-	1	-	0	-	-	-	-	-	-	-	-	1
Jan-14	-	1	-	0	-	-	-	-	-	-	-	-	1
Feb-14	-	1	-	0	-	-	-	-	-	-	-	-	1
Mar-14	-	1	-	1	-	-	-	-	-	-	-	-	2
Apr-14	-	1	-	1	-	-	-	-	-	-	-	-	2
May-14	-	1	-	1	-	-	-	-	-	-	-	-	2
Jun-14	-	1	-	1	-	-	-	-	-	-	-	-	2
Jul-14	-	1	-	1	-	-	-	-	-	-	-	-	2
Aug-14	-	1	-	1	-	-	-	-	-	-	-	-	2
Sep-14	-	1	-	1	-	-	-	-	-	-	-	-	2
	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP-SS-S4AE-2c (Pilot).xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
2013	-	10	-	0	-	-	-	-	-	-	-	-	10
2014	2	13	5	8	-	4	-	-	-	12	8	4	90
2015	44	14	60	18	-	80	-	-	-	147	101	51	1,251
2016	45	14	62	19	-	82	-	434	-	147	101	51	689
2017	46	16	63	19	-	85	-	232	-	147	101	51	799
2018	47	17	65	20	-	90	24	231	-	147	101	51	696
2019	48	17	66	20	-	94	25	230	-	145	100	50	624
2020	50	18	68	21	-	97	25	229	-	129	89	45	548
2021	51	19	70	22	-	102	25	227	-	129	89	45	514
2022	52	19	72	22	-	110	26	226	-	129	89	45	478
2023	53	20	73	23	-	116	26	225	-	129	89	45	447
2024	55	21	75	24	-	121	27	224	-	129	89	45	471
2025	56	21	77	24	-	125	27	223	-	129	89	45	488
2026	57	22	79	25	-	132	28	221	-	129	89	45	443
2027	59	23	81	26	-	138	28	220	-	129	89	45	401
2028	60	24	83	27	-	127	29	219	-	129	89	45	375
2029	63	25	85	28	-	127	29	217	-	129	89	45	305
2030-2037	375	230	412	283	157	785	123	40	-	636	439	220	2,179
Total	1,163	543	1,497	630	157	2,415	443	3,399	0	2,673	1,846	923	10,808

PSE&G Solar 4 All Extension
Capital Expenditures Summary
(\$000's)

Schedule SS-S4AE-3dx

Solar 4 All Extension: Pilots and Demonstrations

	Program Assumption	Program Assumption	Col 1 + Col 2	Program Assumption	Program Assumption	[Prior Col 8 + (Col 2) / 2 - (Col 4) / 2] * Col 5	Program Assumption	Prior + Col 2 - Col 4 + Col 6 - Col 7	Col 1 + Col 4 + Col 7	Prior + Col 9
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
Monthly										
Jan-13	-	-	-	-	0.65%	-	-	-	-	-
Feb-13	-	-	-	-	0.65%	-	-	-	-	-
Mar-13	-	-	-	-	0.65%	-	-	-	-	-
Apr-13	-	3	3	-	0.65%	0	-	3	-	-
May-13	-	3	3	-	0.65%	0	-	6	-	-
Jun-13	-	3	3	-	0.65%	0	-	9	-	-
Jul-13	-	34	34	-	0.65%	0	-	43	-	-
Aug-13	-	3	3	-	0.65%	0	-	47	-	-
Sep-13	-	3	3	-	0.65%	0	-	50	-	-
Oct-13	-	400	400	-	0.65%	2	-	451	-	-
Nov-13	-	97	97	-	0.65%	3	-	551	-	-
Dec-13	-	97	97	-	0.65%	4	-	652	-	-
Jan-14	-	3	3	-	0.65%	4	-	659	-	-
Feb-14	-	1,193	1,193	-	0.65%	8	-	1,860	-	-
Mar-14	-	1,193	1,193	-	0.65%	16	-	3,069	-	-
Apr-14	-	3	3	-	0.65%	20	-	3,092	-	-
May-14	-	3	3	-	0.65%	20	-	3,115	-	-
Jun-14	-	159	159	-	0.65%	21	-	3,295	-	-
Jul-14	-	128	128	-	0.65%	22	-	3,445	-	-
Aug-14	-	66	66	-	0.65%	22	-	3,533	-	-
Sep-14	-	2,049	2,049	-	0.65%	29	-	5,611	-	-
Annual										
2011	-	-	-	-	7.75%	-	-	-	-	-
2012	-	-	-	-	7.75%	-	-	-	-	-
2013	-	642	642	-	7.75%	10	-	652	-	-
2014	-	7,979	7,979	8,622	7.75%	280	289	-	8,911	8,911
2015	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2016	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2017	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2018	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2019	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2020	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2021	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2022	-	-	-	-	7.75%	(0)	-	(0)	-	8,911
2023	19	-	19	-	7.75%	(0)	-	(0)	19	8,930
2024	368	-	368	-	7.75%	(0)	-	(0)	368	9,298
2025	-	-	-	-	7.75%	(0)	-	(0)	-	9,298
2026	-	-	-	-	7.75%	(0)	-	(0)	-	9,298
2027	-	-	-	-	7.75%	(0)	-	(0)	-	9,298
2028	-	-	-	-	7.75%	(0)	-	(0)	-	9,298
2029	-	-	-	-	7.75%	(0)	-	(0)	-	9,298
Total	387	8,622	9,009	8,622		289	289		9,298	

PSE&G Solar 4 All Extension Proposed Rate Calculations

(\$'s Unless Specified)

Schedule SS-S4AE-4

SUT Rate 7%

<u>Line</u>	<u>Date(s)</u>		<u>Electric</u>	<u>Source/Description</u>
1	Jan-13 to Sep-14	Revenue Requirements	6,226,026	SS-S4AE-3, Col 24
2	Jan-13 to Sep-14	Forecasted kWh (000)	76,517,123	SS-S4AE-7, Row 9
3		Proposed Rate w/o SUT (\$/kWh)	0.000081	(Line 1 / (Line 2*1,000)) [Rnd 6]
4		Proposed Rate w/ SUT (\$/kWh)	0.000087	(Line 3 * (1 + SUT Rate)) [Rnd 6]
5		Existing Rate w/o SUT (\$/kWh)	0.000000	
6		Difference in Proposed and Existing Rate	0.000081	(Line 3 - Line 5)
7		Resultant SGIP Ext Revenue Increase	6,197,887	(Line 2 * Line 6 * 1,000)

**PSE&G Solar 4 All Extension
Solar 4 All Extension - Rate Impact Analysis**

Schedule SS-S4AE-5

7,360 Avg RS kWh / yr.
780 Avg RS kWh / Summer Month
530 Avg RS kWh / Winter Month

7% SUT Rate
76,517,123 kWh Sales (000) - Jan 13/Sep 14
43,004,050 kWh Sales (000) - Annual (Oct/Sep)
10,011,964 kWh Sales (000) - Oct 18 / Dec 18
43,064,908 kWh Sales (000) - Annual (Calendar)

0.001283 Current electric RRC (\$/kWh)

	(1)	(2)	(3)	(4) - (10) Class Average Rate w/SUT - \$/kWh ¹							(11) - (13) Typical RS RRC (\$)			(14) Change in RS Typical Annual Bill (\$s)	(15) Current RS Typical Annual Bill (\$s)	(16) % Change in RS Typical Annual Bill
				RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S	Summer Monthly Bill	Winter Monthly Bill	Annual Bill			
SGIPext Revenue Requirements	SGIPext Revenue	SGIPext w/o SUT (\$/kWh)	SGIPext w/ SUT (\$/kWh)	RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S	Summer Monthly Bill	Winter Monthly Bill	Annual Bill	Change in RS Typical Annual Bill (\$s)	Current RS Typical Annual Bill (\$s)	% Change in RS Typical Annual Bill
Current				0.181603	0.154694	0.172640	0.173779	0.146638	0.119022	0.110218	1.00	0.68	9.44		1,336.60	
2013	1,487,905	0.000081	0.000087	0.181690	0.154781	0.172727	0.173866	0.146725	0.119109	0.110305	1.07	0.73	10.12	0.68	1,337.28	0.051%
Jan14 - Sep14	4,738,121	0.000081	0.000087	0.181690	0.154781	0.172727	0.173866	0.146725	0.119109	0.110305	1.07	0.73	10.12	0.68	1,337.28	0.051%
Oct14-Sep15	19,073,595	0.000444	0.000475	0.182078	0.155169	0.173115	0.174254	0.147113	0.119497	0.110693	1.37	0.93	12.92	3.48	1,340.08	0.260%
Oct15-Sep16	38,873,504	0.000904	0.000967	0.182570	0.155661	0.173607	0.174746	0.147605	0.119989	0.111185	1.76	1.19	16.56	7.12	1,343.72	0.533%
Oct16-Sep17	61,843,385	0.001438	0.001539	0.183142	0.156233	0.174179	0.175318	0.148177	0.120561	0.111757	2.20	1.50	20.80	11.36	1,347.96	0.850%
Oct17-Sep18	66,445,591	0.001545	0.001653	0.183256	0.156347	0.174293	0.175432	0.148291	0.120675	0.111871	2.29	1.56	21.64	12.20	1,348.80	0.913%
Oct18-Dec19	69,330,878	0.001306	0.001397	0.183000	0.156091	0.174037	0.175176	0.148035	0.120419	0.111615	2.09	1.42	19.72	10.28	1,346.88	0.769%
2020	45,851,692	0.001065	0.001140	0.182743	0.155834	0.173780	0.174919	0.147778	0.120162	0.111358	1.89	1.28	17.80	8.36	1,344.96	0.625%
2021	39,421,269	0.000915	0.000979	0.182582	0.155673	0.173619	0.174758	0.147617	0.120001	0.111197	1.76	1.20	16.64	7.20	1,343.80	0.539%
2022	32,782,094	0.000761	0.000814	0.182417	0.155508	0.173454	0.174593	0.147452	0.119836	0.111032	1.64	1.11	15.44	6.00	1,342.60	0.449%
2023	29,789,355	0.000692	0.000740	0.182343	0.155434	0.173380	0.174519	0.147378	0.119762	0.110958	1.58	1.07	14.88	5.44	1,342.04	0.407%
2024	28,867,506	0.000670	0.000717	0.182320	0.155411	0.173357	0.174496	0.147355	0.119739	0.110935	1.56	1.06	14.72	5.28	1,341.88	0.395%
2025	30,262,159	0.000703	0.000752	0.182355	0.155446	0.173392	0.174531	0.147390	0.119774	0.110970	1.59	1.08	15.00	5.56	1,342.16	0.416%
2026	32,472,526	0.000754	0.000807	0.182410	0.155501	0.173447	0.174586	0.147445	0.119829	0.111025	1.63	1.11	15.40	5.96	1,342.56	0.446%
2027	32,662,496	0.000758	0.000811	0.182414	0.155505	0.173451	0.174590	0.147449	0.119833	0.111029	1.63	1.11	15.40	5.96	1,342.56	0.446%
2028	32,117,177	0.000746	0.000798	0.182401	0.155492	0.173438	0.174577	0.147436	0.119820	0.111016	1.62	1.10	15.28	5.84	1,342.44	0.437%
2029	29,649,396	0.000688	0.000736	0.182339	0.155430	0.173376	0.174515	0.147374	0.119758	0.110954	1.57	1.07	14.84	5.40	1,342.00	0.404%
2030	48,126,358	0.001118	0.001196	0.182799	0.155890	0.173836	0.174975	0.147834	0.120218	0.111414	1.93	1.31	18.20	8.76	1,345.36	0.655%
2031	45,112,071	0.001048	0.001121	0.182724	0.155815	0.173761	0.174900	0.147759	0.120143	0.111339	1.88	1.27	17.68	8.24	1,344.84	0.616%
2032	41,459,281	0.000963	0.001030	0.182633	0.155724	0.173670	0.174809	0.147668	0.120052	0.111248	1.80	1.23	17.04	7.60	1,344.20	0.589%
2033	43,125,947	0.001001	0.001071	0.182674	0.155765	0.173711	0.174850	0.147709	0.120093	0.111289	1.84	1.25	17.36	7.92	1,344.52	0.593%
2034	44,308,488	0.001029	0.001101	0.182704	0.155795	0.173741	0.174880	0.147739	0.120123	0.111319	1.86	1.26	17.52	8.08	1,344.68	0.605%
2035	43,946,597	0.001020	0.001091	0.182694	0.155785	0.173731	0.174870	0.147729	0.120113	0.111309	1.85	1.26	17.48	8.04	1,344.64	0.602%
2036	32,852,235	0.000763	0.000816	0.182419	0.155510	0.173456	0.174595	0.147454	0.119838	0.111034	1.64	1.11	15.44	6.00	1,342.60	0.449%
2037	12,668,304	0.000294	0.000315	0.181918	0.155009	0.172955	0.174094	0.146953	0.119337	0.110533	1.25	0.85	11.80	2.36	1,338.96	0.177%
Total	907,267,929															
				Current Class Avg Rate + Col 2 for Each Rate Class (Col 4 thru Col 13)												
											(Cur. eRRC + Col 3) * Avg RS kWh Mo Rnd 2	(Cur. eRRC + Col 3) * Avg RS kWh Mo	(4 * Col 14) + (8 * Col 15)	Col 16 - Current Col 16	Current Col 17 + Col 18	Col 17 / Current Col 18

	% Change from Current Class Average Rate w/SUT						
	RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S
2013	0.048%	0.056%	0.050%	0.050%	0.059%	0.073%	0.079%
Jan14 - Sep14	0.048%	0.056%	0.050%	0.050%	0.059%	0.073%	0.079%
Oct14-Sep15	0.262%	0.307%	0.275%	0.273%	0.324%	0.399%	0.431%
Oct15-Sep16	0.532%	0.625%	0.560%	0.556%	0.659%	0.812%	0.877%
Oct16-Sep17	0.847%	0.995%	0.891%	0.886%	1.050%	1.293%	1.396%
Oct17-Sep18	0.910%	1.069%	0.957%	0.951%	1.127%	1.389%	1.500%
Oct18-Dec19	0.769%	0.903%	0.809%	0.804%	0.953%	1.174%	1.267%
2020	0.628%	0.737%	0.660%	0.656%	0.777%	0.958%	1.034%
2021	0.539%	0.633%	0.567%	0.563%	0.668%	0.823%	0.888%
2022	0.448%	0.526%	0.472%	0.468%	0.555%	0.684%	0.739%
2023	0.407%	0.478%	0.429%	0.426%	0.505%	0.622%	0.671%
2024	0.395%	0.463%	0.415%	0.413%	0.489%	0.602%	0.651%
2025	0.414%	0.486%	0.436%	0.433%	0.513%	0.632%	0.682%
2026	0.444%	0.522%	0.467%	0.464%	0.550%	0.678%	0.732%
2027	0.447%	0.524%	0.470%	0.467%	0.553%	0.681%	0.736%
2028	0.439%	0.516%	0.462%	0.459%	0.544%	0.670%	0.724%
2029	0.405%	0.476%	0.426%	0.424%	0.502%	0.618%	0.668%
2030	0.659%	0.773%	0.693%	0.688%	0.816%	1.005%	1.085%
2031	0.617%	0.725%	0.649%	0.645%	0.764%	0.942%	1.017%
2032	0.567%	0.666%	0.597%	0.593%	0.702%	0.865%	0.935%
2033	0.590%	0.692%	0.620%	0.616%	0.730%	0.900%	0.972%
2034	0.606%	0.712%	0.638%	0.634%	0.751%	0.925%	0.999%
2035	0.601%	0.705%	0.632%	0.628%	0.744%	0.917%	0.990%
2036	0.449%	0.527%	0.473%	0.470%	0.556%	0.686%	0.740%
2037	0.173%	0.204%	0.182%	0.181%	0.215%	0.265%	0.286%

¹All customers assumed to have BGS Supply
²Initial rate period is from Jan-13 to Sep-14

PSE&G Solar 4 All Extension Program

Cumulative Rate Impact Analysis - Solar Pilot Recovery Charge (SPRC) and Electric RGGI Recovery Charge (RRC)

Rate Calculations

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(O)	(P)	(Q)	(R)
	Carbon Abatement		Economic Energy Efficiency		Demand Response		Solar 4 All		Solar Loan II		EEE Extension		Total Existing Electric RGGI Rate (w/o SUT)	SGIP Ext Rate ² (w/o SUT)	Total Proposed Electric RGGI Rate (w/o SUT)	SPRC ⁵	
	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)				Revenue Requirements	Rate (w/o SUT)
Current		\$0.000045		\$0.000434		\$0.000122		\$0.000432		\$0.000067		\$0.000099	\$0.001199		\$0.001199		\$0.000058
Oct12 - Sep13 ³	\$2,416,456	\$0.000068	\$21,642,287	\$0.000466	\$9,362,536	\$0.000246	\$33,562,097	\$0.001340	\$13,002,732	\$0.000415	\$7,724,075	\$0.000093	\$0.002628	0.000081	\$0.002709	\$7,344,115	\$0.000454
Oct13 - Sep14	\$2,192,277	\$0.000051	\$23,390,823	\$0.000544	\$4,295,486	\$0.000100	\$30,409,532	\$0.000707	\$14,251,110	\$0.000331	\$9,396,405	\$0.000219	\$0.001952	0.000081	\$0.002033	\$7,319,237	\$0.000170
Oct14 - Sep15	\$2,005,676	\$0.000047	\$19,260,545	\$0.000448	\$2,132,397	\$0.000050	\$25,259,323	\$0.000587	\$11,760,536	\$0.000273	\$10,746,659	\$0.000250	\$0.001655	0.000444	\$0.002099	\$6,467,759	\$0.000150
Oct15 - Sep16	\$2,283,403	\$0.000053	\$9,600,300	\$0.000223	\$2,773,187	\$0.000064	\$32,474,467	\$0.000755	\$14,238,966	\$0.000331	\$12,814,416	\$0.000298	\$0.001724	0.000904	\$0.002628	\$8,035,458	\$0.000187
Oct16 - Sep17	\$2,066,299	\$0.000048	\$2,956,277	\$0.000069	\$1,641,413	\$0.000038	\$27,564,702	\$0.000641	\$12,931,118	\$0.000301	\$12,621,750	\$0.000294	\$0.001391	0.001438	\$0.002829	\$7,209,054	\$0.000168

Rate Impact Analysis

Annual MWh Forecast = 43,004,050 SUT 7% 7.360 Avg RS kWh / yr.
780 Avg RS kWh / Summer Month
530 Avg RS kWh / Winter Month

0.001283 Current electric RRC (\$/kWh)

(1)	(2)	(3)	(4)	(5)-(11) Class Average Rate w/SUT - \$/kWh ¹							(12)-(14) Typical RS RRC (\$)			(15)	(16)	
SPRC w/ SUT (\$/kWh)	Electric RRC w/ SUT (\$/kWh)	Electric RRC + SPRC w/o SUT (\$/kWh)	Electric RRC + SPRC w/ SUT (\$/kWh)	RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S	Summer Monthly Bill	Winter Monthly Bill	Annual Bill	RS Typical Annual Bill (\$s)	% Change in RS Typical Annual Bill	
			Current less Electric RRC	0.180320	0.153411	0.171357	0.172496	0.145355	0.117739	0.108935					1,336.60	
Oct12 - Sep13	0.000486	0.002899	\$0.003163	\$0.003384	0.183704	0.156795	0.174741	0.175880	0.148739	0.121123	0.112319	2.64	1.80	24.96	1,361.56	1.867%
Oct13 - Sep14	0.000182	0.002175	\$0.002203	\$0.002357	0.182677	0.155768	0.173714	0.174853	0.147712	0.120096	0.111292	1.84	1.25	17.36	1,378.92	1.299%
Oct14 - Sep15	0.000161	0.002246	\$0.002249	\$0.002406	0.182726	0.155817	0.173763	0.174902	0.147761	0.120145	0.111341	1.88	1.28	17.76	1,396.68	1.329%
Oct15 - Sep16	0.000200	0.002812	\$0.002815	\$0.003012	0.183332	0.156423	0.174369	0.175508	0.148367	0.120751	0.111947	2.35	1.60	22.20	1,418.88	1.661%
Oct16 - Sep17	0.000180	0.003027	\$0.002997	\$0.003207	0.183527	0.156618	0.174564	0.175703	0.148562	0.120946	0.112142	2.50	1.70	23.60	1,442.48	1.766%
Current Class Avg Rate + Col 2 for Each Rate Class (Col 4 thru Col 11)											Col 1 * Sum Mo kWh Rnd 2 + Col 2 * Sum Mo kWh Rnd 2	Col 1 * Win Mo kWh Rnd 2 + Col 2 * Win Mo kWh Rnd 2	(4 * Col 12) + (8 * Col 13)	Current Col 15 + Col 14	Col 14 / Current Col 15	

	% Change from Current Class Average Rate w/SUT						
	RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S
Oct12 - Sep13	1.877%	2.206%	1.975%	1.962%	2.328%	2.874%	3.106%
Oct13 - Sep14	1.307%	1.538%	1.375%	1.366%	1.622%	2.002%	2.164%
Oct14 - Sep15	1.334%	1.568%	1.404%	1.395%	1.655%	2.044%	2.209%
Oct15 - Sep16	1.670%	1.963%	1.758%	1.746%	2.072%	2.558%	2.765%
Oct16 - Sep17	1.779%	2.090%	1.872%	1.859%	2.206%	2.724%	2.944%

¹ All customers assumed to have BGS Supply

² Initial Rate period is January 2013 to September 2014 for SGIP Ext

³ Oct12 - Sep13 RGGI / SPRC Subprogram revenue requirements reflect the amounts filed in the 2012 RGGI and 2012 SPRC cost recovery filings submitted on July 2, 2012 for rates effective October 1, 2012.

PSE&G Solar 4 All Extension
Under/(Over) Calculation

0.000081 Proposed SGIP Ext Rate \$/kWh
 40.850% Tax Rate

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	1	2	3	4	5	6	7	8
<u>RGGI S4AE Under/(Over) Calculation</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>
(1) SGIP Extension RGGI Revenue	298,588	268,770	279,984	258,493	262,374	305,737	349,432	355,496
Revenue Requirements (excluding (2) Incremental WACC)	-	-	-	163,523	163,523	163,523	164,087	164,482
(3) Monthly Under/(Over) Recovery	(298,588.4)	(268,769.7)	(279,983.9)	(94,970.3)	(98,851.5)	(142,214.4)	(185,345.0)	(191,013.9)
(4) Deferred Balance	(298,588)	(567,358)	(847,342)	(942,312)	(1,041,164)	(1,183,378)	(1,368,723)	(1,559,737)
(5) Monthly Interest Rate	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%
(6) After Tax Monthly Interest Expense/(Credit)	(23.69)	(68.70)	(112.24)	(141.98)	(157.36)	(176.48)	(202.47)	(232.33)
(7) Cumulative Interest	(23.69)	(92.39)	(204.62)	(346.61)	(503.96)	(680.45)	(882.92)	(1,115.25)
(8) Balance Added to Subsequent Year's Revenue Requirements							(1,369,606)	
(9) Net Sales - kWh (000)	3,686,277	3,318,144	3,456,592	3,191,270	3,239,187	3,774,531	4,313,972	4,388,835
(10) Incremental Interest From WACC Change								
(11) Cummulative Incremental Interest								
(12) Average Net of Tax Deferred Balance	(88,308)	(256,104)	(418,398)	(529,290)	(586,613)	(657,908)	(754,784)	(866,092)

PSE&G Solar 4 All Extension
Under/(Over) Calculation

0.000081 Proposed SGIP Ext Rate \$/kWh
 40.850% Tax Rate

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	9	10	11	12	13	14	15	16
<u>RGGI S4AE Under/(Over) Calculation</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>
(1) SGIP Extension RGGI Revenue	298,415	265,968	262,269	282,732	305,913	271,321	282,117	260,642
Revenue Requirements (excluding (2) Incremental WACC)	<u>164,482</u>	<u>165,797</u>	<u>168,947</u>	<u>169,543</u>	<u>175,363</u>	<u>178,370</u>	<u>207,578</u>	<u>521,064</u>
(3) Monthly Under/(Over) Recovery	(133,933.5)	(100,170.7)	(93,322.3)	(113,189.4)	(130,549.9)	(92,951.2)	(74,538.9)	260,422.1
(4) Deferred Balance	(1,693,671)	(1,793,841)	(1,887,164)	(2,000,353)	(2,130,903)	(2,223,854)	(2,298,393)	(2,037,971)
(5) Monthly Interest Rate	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%
(6) After Tax Monthly Interest Expense/(Credit)	(258.11)	(276.68)	(292.03)	(308.42)	(327.75)	(345.48)	(358.77)	(344.03)
(7) Cumulative Interest (8) Balance Added to Subsequent Year's Revenue Requirements	(1,373.36)	(1,650.04)	(1,942.07)	(2,250.49)	(2,578.24)	(2,923.72)	(3,282.50)	(3,626.52)
(9) Net Sales - kWh (000)	3,684,138	3,283,557	3,237,889	3,490,519	3,776,705	3,349,640	3,482,928	3,217,804
(10) Incremental Interest From WACC Change								
(11) Cummulative Incremental Interest								
(12) Average Net of Tax Deferred Balance	(962,195)	(1,031,432)	(1,840,502)	(1,943,758)	(2,065,628)	(2,177,378)	(2,261,124)	(2,168,182)

PSE&G Solar 4 All Extension
Under/(Over) Calculation

0.000081 Proposed SGIP Ext Rate \$/kWh
 40.850% Tax Rate

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	17	18	19	20	21	
<u>RGGI S4AE Under/(Over) Calculation</u>	<u>May-14</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Total</u>
(1) SGIP Extension RGGI Revenue	264,695	309,787	355,471	359,949	299,734	6,197,887 SGIP Ext Rate * Row 9
Revenue Requirements (excluding						
(2) Incremental WACC)	<u>687,602</u>	<u>667,731</u>	<u>220,786</u>	<u>1,020,000</u>	<u>1,059,627</u>	6,226,026 From SS-S4AE-3, Col 24
(3) Monthly Under/(Over) Recovery	422,906.7	357,943.5	(134,684.7)	660,050.8	759,893.3	28,138.6 Row 2 - Row 1
(4) Deferred Balance	(1,615,064)	(1,257,121)	(1,391,805)	(731,755)	28,139	Prev Row 4 + Row 3
(5) Monthly Interest Rate	0.02683%	0.02683%	0.02683%	0.02683%	0.02683%	Monthly Interest Rate
(6) After Tax Monthly Interest Expense/(Credit)	(289.81)	(227.86)	(210.15)	(168.47)	(55.82)	(Prev Row 4 + Row 4) / 2 * (1 - Tax Rate) * Row 5
(7) Cumulative Interest	(3,916.33)	(4,144.20)	(4,354.35)	(4,522.82)	(4,578.65)	Prev Row 7 + Row 6
(8) Balance Added to Subsequent Year's Revenue Requirements			(1,396,159.85)	(736,277.50)	23,559.98	Row 4 + Row 7 + Row 11
(9) Net Sales - kWh (000)	3,267,842	3,824,536	4,388,527	4,443,815	3,700,417	
(10) Incremental Interest From WACC Change						
(11) Cummulative Incremental Interest						Prev Row 11 + Row 10
(12) Average Net of Tax Deferred Balance	(1,826,518)	(1,436,093)	(1,324,463)	(1,061,780)	(351,808)	(Prev Row 4 + Row 4) / 2 * (1 - Tax Rate)

**PSE&G Solar 4 All Extension
Income Statement and Balance Sheet**

Solar 4 All Extension: Total Program

<u>Income Statement</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenue													
Energy	-	802	2,326	6,003	11,015	12,301	12,848	13,247	14,014	15,048	15,843	16,539	17,137
Capacity	-	-	-	-	237	508	1,623	3,411	3,459	3,515	3,579	3,656	3,713
Other Revenue--Solar	-	1,642	5,362	15,238	27,185	31,637	31,472	31,309	31,144	30,980	30,812	30,653	30,482
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Requirements	1,488	7,579	23,511	41,844	68,774	64,067	54,530	45,852	39,421	32,782	29,789	28,868	30,262
Total Operating Revenue	1,488	10,024	31,199	63,085	107,211	108,512	100,473	93,818	88,038	82,326	80,023	79,715	81,594
Operating Expenses													
Operation & Maintenance	150	636	2,030	4,059	6,701	7,279	7,465	7,655	7,849	8,049	8,254	8,464	8,680
Administrative	1,322	1,824	1,888	1,954	2,210	2,287	2,367	2,450	2,536	2,625	2,717	2,812	2,910
Rent	-	593	1,768	4,539	8,029	8,823	9,044	9,270	9,501	9,739	9,982	10,232	10,488
Insurance	16	201	632	1,301	1,796	1,899	1,956	2,015	2,075	2,137	2,201	2,267	2,335
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	1,488	3,253	6,318	11,853	18,736	20,289	20,831	21,389	21,962	22,550	23,154	23,775	24,413
Depreciation and Amortization													
Depreciation	-	2,920	10,747	22,736	38,525	41,323	40,687	39,199	36,974	34,032	33,825	34,936	37,586
Amortization of State Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Depreciation and Amortization	-	2,920	10,747	22,736	38,525	41,323	40,687	39,199	36,974	34,032	33,825	34,936	37,586
Operating Income	0	3,850	14,134	28,496	49,950	46,900	38,954	33,230	29,103	25,744	23,044	21,004	19,595
AFUDC	618	3,551	5,667	8,013	2,148	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest Expense	255	2,434	6,052	10,468	12,478	10,838	9,059	7,735	6,718	5,983	5,521	5,223	5,082
Income Before Income Taxes	362	4,967	13,749	26,041	39,620	36,063	29,896	25,494	22,385	19,761	17,522	15,781	14,513
ITC Adjustment	-	(876)	(3,224)	(6,821)	(8,718)	(8,718)	(8,527)	(8,081)	(7,413)	(7,066)	(7,066)	(7,066)	(7,066)
Income Tax Expense	(25)	1,221	4,726	9,846	17,380	16,512	13,954	12,065	10,658	9,516	8,601	7,890	7,372
Net Income	387	4,621	12,247	23,016	30,958	28,268	24,469	21,510	19,140	17,312	15,988	14,957	14,208
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Available to PSEG	387	4,621	12,247	23,016	30,958	28,268	24,469	21,510	19,140	17,312	15,988	14,957	14,208
<u>Balance Sheet</u>													
Assets													
Plant In-Service	-	100,238	271,877	498,621	709,159	709,159	709,159	709,159	709,159	709,159	712,381	720,267	738,879
Plant in CWIP	42,056	57,478	120,769	127,592	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Less: Accumulated Depreciation	-	2,920	13,667	36,404	74,929	116,252	156,939	196,138	233,111	267,143	300,968	335,904	373,490
Net Property, Plant & Equipment	42,056	154,796	378,978	589,809	634,230	592,907	552,221	513,021	476,048	442,016	411,413	384,362	365,389
Deferred Income Taxes:													
Deferred Tax Asset	-	239	(15,031)	(49,331)	(124,547)	(190,739)	(225,869)	(241,862)	(245,804)	(235,942)	(218,452)	(201,533)	(185,722)
State Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	42,056	155,035	363,946	540,478	509,683	402,168	326,352	271,159	230,244	206,074	192,960	182,829	179,667
Liabilities													
Unamortized State Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Deferred ITC	-	29,195	77,463	138,665	129,947	121,230	112,703	104,622	97,209	90,142	83,076	76,009	68,943
Regulatory Liability	-	239	(15,031)	(49,331)	(124,547)	(190,739)	(225,869)	(241,862)	(245,804)	(235,942)	(218,452)	(201,533)	(185,722)
Deferred Income Taxes:													
Plant Related	-	5,822	24,713	57,502	100,211	137,583	156,621	164,430	165,248	157,971	146,183	134,732	123,936
Capitalization:													
Debt	20,523	58,452	135,079	192,097	197,187	163,038	138,054	119,057	104,233	94,624	88,891	84,727	84,185
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Equity	21,533	61,327	141,723	201,545	206,884	171,056	144,843	124,912	109,359	99,278	93,263	88,894	88,325
Total Capitalization	42,056	119,779	276,802	393,642	404,071	334,094	282,897	243,969	213,591	193,902	182,154	173,621	172,510
Total Liabilities	42,056	155,035	363,946	540,478	509,683	402,168	326,352	271,159	230,244	206,074	192,960	182,829	179,667

**PSE&G Solar 4 All Extension
Income Statement and Balance Sheet**

Solar 4 All Extension: Total Program

<u>Income Statement</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>
Operating Revenue												
Energy	18,088	18,941	17,319	16,821	13,985	14,541	15,120	9,931	6,107	1,771	-	-
Capacity	3,779	3,837	3,914	3,975	4,075	4,189	4,317	4,147	3,583	2,080	601	-
Other Revenue--Solar	30,312	30,126	29,933	28,524	5,278	1,607	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Requirements	32,473	32,662	32,117	29,649	48,126	45,112	41,459	43,126	44,308	43,947	32,852	12,668
Total Operating Revenue	84,651	85,566	83,283	78,969	71,465	65,449	60,896	57,204	53,999	47,798	33,453	12,668
Operating Expenses												
Operation & Maintenance	8,901	9,127	9,360	9,302	7,288	7,475	7,667	7,864	7,463	6,400	3,345	-
Administrative	3,012	3,117	3,226	3,339	3,456	3,577	3,702	3,832	3,966	4,105	4,249	4,397
Rent	10,750	11,019	11,294	11,577	11,866	12,163	12,467	10,831	10,158	7,609	3,372	327
Insurance	2,405	2,478	2,552	2,638	2,765	2,848	2,933	3,021	3,112	3,208	3,337	3,437
Other	-	-	-	-	-	-	-	839	2,313	5,400	5,397	2,156
Total Operating Expenses	25,068	25,741	26,432	26,855	25,375	26,063	26,770	26,388	27,013	26,722	19,699	10,317
Depreciation and Amortization												
Depreciation	41,237	43,747	44,143	43,033	40,383	36,731	34,222	33,503	31,219	24,879	15,116	2,268
Amortization of State Rebate	-	-	-	-	-	-	-	-	-	-	-	-
Total Depreciation and Amortization	41,237	43,747	44,143	43,033	40,383	36,731	34,222	33,503	31,219	24,879	15,116	2,268
Operating Income	18,346	16,078	12,708	9,081	5,707	2,655	(95)	(2,687)	(4,232)	(3,803)	(1,362)	83
AFUDC	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interest Expense	4,980	4,626	3,998	3,307	2,679	2,130	1,656	1,221	808	439	157	21
Income Before Income Taxes	13,366	11,453	8,710	5,774	3,028	525	(1,751)	(3,908)	(5,040)	(4,243)	(1,518)	62
ITC Adjustment	(7,066)	(7,066)	(7,066)	(7,066)	(7,066)	(7,066)	(7,066)	(7,066)	(6,381)	(4,479)	(1,550)	-
Income Tax Expense	6,903	6,122	5,001	3,802	2,680	1,658	728	(153)	(755)	(818)	(304)	25
Net Income	13,529	12,398	10,775	9,038	7,414	5,934	4,587	3,311	2,097	1,055	336	37
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Available to PSEG	13,529	12,398	10,775	9,038	7,414	5,934	4,587	3,311	2,097	1,055	336	37
<u>Balance Sheet</u>												
Assets												
Plant In-Service	756,784	763,972	763,972	763,972	763,972	763,972	763,972	763,972	763,972	763,972	763,972	763,972
Plant in CWIP	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Less: Accumulated Depreciation	414,728	458,474	502,618	545,650	586,033	622,764	656,986	690,489	721,708	746,587	761,703	763,972
Net Property, Plant & Equipment	342,057	305,497	261,354	218,321	177,939	141,208	106,986	73,483	42,264	17,385	2,268	-
Deferred Income Taxes:												
Deferred Tax Asset	(170,535)	(154,028)	(135,143)	(114,998)	(95,252)	(76,578)	(58,637)	(40,904)	(24,246)	(10,567)	(1,471)	0
State Rebate	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	171,521	151,469	126,211	103,324	82,687	64,630	48,349	32,579	18,018	6,817	797	0
Liabilities												
Unamortized State Rebate	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Deferred ITC	61,876	54,810	47,743	40,677	33,611	26,544	19,478	12,411	6,030	1,550	-	-
Regulatory Liability	(170,535)	(154,028)	(135,143)	(114,998)	(95,252)	(76,578)	(58,637)	(40,904)	(24,246)	(10,567)	(1,471)	0
Deferred Income Taxes:												
Plant Related	113,510	102,302	89,689	76,329	63,207	50,717	38,662	26,730	15,573	6,567	870	0
Capitalization:												
Debt	81,335	72,412	60,474	49,442	39,587	31,206	23,837	16,759	10,083	4,522	682	(0)
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
Common Equity	85,335	75,973	63,448	51,873	41,534	32,740	25,009	17,583	10,578	4,745	716	(0)
Total Capitalization	166,670	148,385	123,922	101,315	81,122	63,946	48,847	34,342	20,661	9,267	1,398	(0)
Total Liabilities	171,521	151,469	126,211	103,324	82,687	64,630	48,349	32,579	18,018	6,817	797	0

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **DONNA M. POWELL**
5 **ASSISTANT CONTROLLER**
6

7 My name is Donna M. Powell and I am an Assistant Controller of
8 Public Service Enterprise Group, Inc. (“PSEG”) Services Corporation. My business
9 address is 80 Park Plaza, Newark, New Jersey. My professional background and
10 qualifications as a witness in this proceeding are included in Schedule DMP-S4AE-1
11 of this testimony.

12
13 **SCOPE OF TESTIMONY**

14 The purpose of my testimony is to describe the accounting for the
15 Public Service Electric and Gas Company’s (“PSE&G” or “Company”) Solar 4 All
16 Extension Program (“Program”). My testimony provides the accounting entries to
17 record expenditures and recovery associated with the program as described in the
18 testimony of Stephen Swetz (Attachment B).

19
20 **PROGRAM COSTS**

21 PSE&G is proposing to recover the revenue requirements associated
22 with the direct costs of the Program. Direct costs include all Program capital
23 expenditures and Operations and Maintenance Costs including the administrative

1 costs of running the Program. These costs would be offset by all the net benefits
2 derived from the Program including but not limited to the solar electrical output, the
3 net SREC revenue as well as the amortization of the applicable solar investment tax
4 credit (“ITC”) utilized by PSE&G. The following is a description of each cost
5 element and the associated accounting entries.

6 (1) The Program capital assets will include solar panels, inverters, metering and
7 communications equipment. The investment in the solar installations will be
8 recorded as Construction Work in Progress.

9	107 CWIP– Solar 4 All Extension	XXX	
10	131 Cash (payroll, outside services, M&S)		XXX

11 (2) If the construction period is longer than 60 days then the Company will also
12 accrue AFUDC in accordance with our capitalization policy.

13	107 CWIP – Solar 4 All Extension	XXX	
14	419 Allowance for Other Funds		XXX
15	432 Allowance for Borrowed Funds		XXX

16 (3) When construction is complete the solar assets will be transferred into plant in
17 service.

18	346 Miscellaneous Power Plant Equipment	XXX	
19	CWIP – Solar 4 All Extension		XXX

20 (4) The solar panels will be depreciated over twenty years or the life of the
21 agreement with the host site if it is less than twenty years. The metering assets

1 will be depreciated over 20 years and the inverters and the communication
2 assets will be depreciated over 5 years.

3	403 Depreciation Expense	XXX	
4	108 Accumulated Depreciation		XXX

5 (5) The company will record the investment tax credit received on the solar assets
6 and amortize the credit to the income statement on a straight line basis over the
7 book life of the equipment. The deferral:

8	236 Taxes Accrued	XXX	
9	410.1 Deferred Income Tax	XXX	
10	409.1 Income Taxes		XXX
11	255 Accumulated Deferred ITC		XXX

12 (6) The amortization over the book life:

13	255 Accumulated Deferred ITC	XXX	
14	411.4 Investment Tax Credit Adjustments		XXX

15 (7) The tax basis of the solar assets will be the original cost of the assets reduced
16 by 50% of the solar investment tax credit. The book-tax basis difference is
17 amortized to income on a straight line basis over the book life of the assets.
18 Since the book cost exceeds the tax basis a portion of the book depreciation is
19 not deductible. Therefore this flow through of the basis difference will increase
20 income tax expense.

21	409.1 Income Taxes	XXX	
22	236 Taxes Accrued		XXX

1 (8) The Company will incur operation and maintenance expenses associated with
2 the solar installations which will be recorded in the appropriate Other Power
3 Generation expense accounts.

4	549 Miscellaneous Operation Expense	XXX	
5	554 Miscellaneous Maintenance Expense	XXX	
6	131 Cash		XXX

7 **ACCOUNTING FOR THE SOLAR OUTPUT**

8 (9) The company will record the receipt of SRECs at their current market value
9 and credit the regulatory asset.

10	174 Misc Current and Accrued Assets – SRECS	XXX	
11	182 Regulatory Asset – Solar 4 All Extension		XXX

12 (10) The SRECs received from all of the solar installations will be sold in the SREC
13 Auction approved by the BPU. The net gain or loss from the SREC sales will
14 be charged to the regulatory asset.

15	131 Cash	XXX	
16	182 Regulatory Asset – Solar 4 All	XXX	XXX
17	174 Misc. Current & Accrued Assets – SRECS		XXX

18 (11) The output from the solar systems will be sold in the PJM market and the net
19 revenues will offset the revenue requirements of the Program.

20	131 Cash	XXX	
21	447 Sales for Resale – Solar 4 All Extension		XXX

1 **CALCULATION OF REVENUE REQUIREMENTS**

2 Each month a revenue requirement for this program will be determined
3 that will include the expenses and sales of energy and SRECs described above plus a
4 return on the net capital invested at PSE&G’s overall weighted average cost of capital
5 (“WACC”) authorized by the Board in the most recent base rate case, including
6 income tax effects.

7 *Revenue Requirements = (Pre-tax Cost of Capital * Net Investment)*
8 *+Amortization and/or Depreciation + Operation and Maintenance Costs –*
9 *Revenues from Solar Output – ITC Amortization w/ Tax Gross Up + Tax*
10 *Associated from ITC Basis Reduction*

11 The Net Investment in the formula is the capitalized cost of the solar
12 installations less the associated accumulated depreciation and accumulated deferred
13 income taxes. The investment tax credit amortization and the impact of flow through
14 depreciation are charged directly to tax expense and therefore must be grossed-up
15 when determining the revenue requirement.

16

17 **INCOME TAXES**

18 The Company will record deferred incomes taxes for all of the tax-book
19 timing differences that result from this program. The different lives and methods for

1 tax vs. book depreciation and entries to regulatory asset or liability accounts represent
2 timing differences.

3 (14) Record deferred income taxes on book timing differences.

4	410.1 Deferred Income taxes	XXX	
5	282 Accumulated Deferred Income Taxes		XXX

6 Or

7	411.1 Deferred Income taxes – Credit		XXX
8	282 Accumulated Deferred Income Taxes	XXX	

9

10 **OVER/UNDER COLLECTION**

11 Each month the actual revenue collected through the RGGI Clause will
12 be compared to that month’s revenue requirement. The difference will be deferred as
13 a regulatory asset or regulatory liability with an offsetting charge to expense.

14 (15) To record the monthly Solar 4 All Extension revenue.

15	142 Customer Accounts Receivable	XXX	
16	400 Operating Revenues		XXX

17 (16) For an under collection the entry will be:

18	182 Regulatory Assets – Solar 4 All Extension	XXX	
19	407.4 Regulatory Credits		XXX

20 For an over collection the entry will be:

21	407.3 Regulatory Debits	XXX	
22	254 Regulatory Liabilities – Solar 4 All Extension		XXX

1 Any over/under recovery of the actual revenue requirements compared
2 to revenues would be deferred. In calculating the monthly interest on net over and
3 under recoveries, the interest rate shall be based upon the Company's interest rate
4 obtained on its commercial paper and/or bank credit lines utilized in the preceding
5 month. If both commercial paper and bank credit lines have been utilized, the
6 weighted average of both sources of capital shall be used. In the event that neither
7 commercial paper nor bank credit lines were utilized in the preceding month, the last
8 calculated rate will be used:

9 For an under collection the entry will be:

10	(17)	182 Regulatory Assets – Solar 4 All Extension	XXX	
11		431 Interest Expense		XXX

12 For an over collection the entry will be:

13				
14		431 Interest Expense	XXX	
15		254 Regulatory Liabilities – Solar 4 All		XXX

16 At the end of the initial and each annual period, the corresponding
17 deferred balances would be included in the forecasted revenue requirements for the
18 next period for the RGGI clause.

1 **Historical Financial Information**

2 The following financial data, as required by the applicable sections of

3 N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12, are included with my testimony.

- 4 Schedule DMP-S4AE-2 - Balance Sheets – 2009 to 2011
- 5 Schedule DMP-S4AE-3 - Income Statements – 2009 to 2011
- 6 Schedule DMP-S4AE-4 - Balance Sheet – 5/2012
- 7 Schedule DMP-S4AE-5 - Revenue by Class of Business - 2011
- 8 Schedule DMP-S4AE-6 - Affiliate Payments - 2009 to 2011

9
10

This concludes my testimony at this time.

1 **QUALIFICATIONS**
2 **OF**
3 **DONNA M. POWELL**
4 **ASSISTANT CONTROLLER – PSE&G**
5

6 I hold a B.S in Accounting from Villanova University and I am a Certified
7 Public Accountant. I have been employed at PSEG Services since February 2012,
8 serving as Assistant Controller - PSE&G. As Assistant Controller - PSE&G, I am
9 responsible for the standards, procedures and processes across PSE&G to ensure timely,
10 accurate, and high quality financial information and reporting, including appropriate
11 financial controls and compliance. I manage all regulatory accounting requirements of
12 the New Jersey Board of Public Utilities (“Board”) and the Federal Energy Regulatory
13 Commission, including the maintenance of the regulatory books of account and the
14 preparation of required monthly, quarterly and annual filings with all regulatory agencies.

15 Prior to joining PSEG I had been employed by New Jersey American Water
16 Company from 2007 to 2012 as Vice-President of Finance where I was responsible for all
17 of the financial aspects of that Company, including business planning, regulatory strategy
18 and rate support, and all financial, statutory and management reporting. From 1998 to
19 2007, I worked in various financial capacities at Pepco Holdings, Inc (formerly Conectiv,
20 Inc. and Atlantic City Electric Company), including testifying before the Board in 1998
21 in support of Atlantic City Electric Company’s request for stranded cost recovery as a
22 result of deregulation. I also worked for nine years with Deloitte & Touche in various

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PAGE 2 OF 2

1 capacities from entry level auditor through Senior Manager, where, in that role, I worked
2 primarily in the utility sector and was designated a utility industry accounting and
3 auditing expert.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET
\$ (In Thousands)

		<u>Dec.31, 2009</u>	<u>Dec.31, 2010</u>	<u>Dec.31, 2011</u>
Assets and Other Debits				
Utility Plant				
Electric Utility Plant				
101	Electric Utility Plant in Service	\$ 7,942,358	\$ 8,746,925	\$ 9,525,197
103	Electric Experimental Plant Unclassified	-	-	-
105	Electric Utility Plant Held for Future Use	7,514	4,784	8,580
107	Electric Construction Work in Progress	105,763	236,016	554,112
	Total Electric Utility Plant	8,055,635	8,987,725	10,087,888
Gas Utility Plant				
101	Gas Utility Plant in Service	4,703,023	4,948,477	5,119,132
103	Gas Experimental Plant Unclassified	-	-	-
105	Gas Utility Plant Held for Future Use	-	-	-
107	Gas Construction Work in Progress	1,294	500	658
	Total Gas Utility Plant	4,704,317	4,948,977	5,119,790
Common Utility Plant				
101	Common Utility Plant in Service	192,988	183,203	191,079
107	Common Construction Work in Progress	923	3,650	10,168
	Total Common Utility Plant	193,911	186,853	201,247
	Total Utility Plant	12,953,863	14,123,555	15,408,926
Accumulated Provisions for Depreciation and Amortization of				
Electric Utility Plant				
108 & 111	Electric Utility Plant in Service	(2,540,824)	(2,610,510)	(2,736,354)
108.5	Electric Utility Plant Held for Future Use	-	-	-
	Total Electric Utility Plant	(2,540,824)	(2,610,510)	(2,736,354)
Gas Utility Plant				
108 & 111	Gas Utility Plant in Service	(1,872,848)	(1,911,391)	(1,961,991)
Common Utility Plant				
108 & 111	Common Utility Plant in Service	(56,767)	(47,731)	(61,555)
	Total Accumulated Provisions for Depreciation and Amortization of Utility Plant	(4,470,439)	(4,569,632)	(4,759,900)
	Net Utility Plant Excluding Nuclear Fuel	8,483,424	9,553,923	10,649,026
Nuclear Fuel				
120.1	120.1 In Process	-	-	-
120.2	120.2 Materials and Assemblies Stock	-	-	-
120.3	120.3 In Reactor	-	-	-
120.4	120.4 Spent	-	-	-
Accumulated Provisions for Amortization				
120.5	120.5 Nuclear Fuel	-	-	-
	Net Nuclear Fuel	-	-	-
	Net Utility Plant	8,483,424	9,553,923	10,649,026
Other Property and Investments				
121	Nonutility Property	2,857	2,857	2,857
122	Accumulated Provision for Depreciation & Amortization of Nonutility Property	(411)	(437)	(464)
123 & 123.1	Investments in Associated & Subsidiary Companies	55,414	55,037	55,143
124	Other Investments	196,867	223,874	273,300
125-8	Special Funds	51,159	54,050	57,136
175	Long-Term Portion of Derivative Assets	4,677	16,762	4,350
	Total Other Property and Investments	310,563	352,143	392,322

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		<u>Dec.31, 2009</u>	<u>Dec.31, 2010</u>	<u>Dec.31, 2011</u>
Current and Accrued Assets				
131	Cash	\$ 28,083	\$ 20,619	\$ 27,803
132-4	Special Deposits	1	9,598	9,488
135	Working Funds	-	-	-
136	Temporary Cash Investments	211,300	224,200	114,700
141-3	Notes and Accounts Receivable	877,717	897,986	762,424
144	Accumulated Provision for Uncollectible Accounts - Credit	(78,235)	(67,314)	(56,470)
145-6	Receivables from Associated Companies	149,360	452,306	233,752
151-5	Materials and Supplies (incl. 163)	70,598	89,359	93,993
158	Allowances	-	-	-
164	Gas Stored Underground - Current	-	-	-
165	Prepayments	86,374	116,450	116,845
171	Interest and Dividends Receivable	38,906	39,456	40,302
172	Rents Receivable	932	1,404	715
173	Accrued Utility Revenues	410,650	400,196	289,389
174	Miscellaneous Current and Accrued	1,483	4,058	6,786
175	Current Portion of Derivative Instrument Assets	1,378	333	-
	Total Current and Accrued Assets	1,798,547	2,188,651	1,639,727
Deferred Debits				
181	Unamortized Debt Expense	15,574	20,832	18,054
182	Unrec'd Plt and Reg Costs and Other Reg Assets	4,494,069	4,037,591	4,119,222
183	Preliminary Survey and Investigation Charges	1,027	971	2,232
184	Clearing Accounts	(1)	325	401
185	Temporary Facilities	-	-	-
186	Miscellaneous Deferred Debits	15,708	12,950	16,068
188	Research and Development Expenditures	-	-	-
189	Unamortized Loss on Reacquired Debt	106,331	102,137	95,915
190	Accumulated Deferred Income Taxes	468,063	342,728	340,446
	Total Deferred Debits	5,100,771	4,517,534	4,592,337
	Total Assets and Other Debits	<u>\$ 15,693,305</u>	<u>\$ 16,612,251</u>	<u>\$ 17,273,412</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		<u>Dec.31, 2009</u>	<u>Dec.31, 2010</u>	<u>Dec.31, 2011</u>
Liabilities and Other Credits				
Proprietary Capital				
201	Common Stock Issued	\$ 892,260	\$ 892,260	\$ 892,260
204	Preferred Stock Issued	79,523	-	-
207	Premium on Capital Stock	132	-	-
208	Donations from Stockholders	1,405,937	1,405,937	1,405,937
210	Gain on Resale or Cancellation of Reaquired Capital Stock	-	-	-
211	Miscellaneous Paid-In Capital	-	-	-
215	Appropriated Retained Earnings	-	-	-
216	Unappropriated Retained Earnings	1,915,567	2,122,984	2,343,453
216.1	Unappropriated Undistributed Subsidiary Earnings	3,587	3,211	3,316
219	Other Comprehensive Income	5,106	396	1,654
	Total Proprietary Capital	<u>4,302,112</u>	<u>4,424,788</u>	<u>4,646,621</u>
Long-Term Debt				
221	221 Bonds	3,577,626	4,291,626	4,277,626
223	223 Advances from Assoc. Co.	-	-	-
225	225 Unamortized Premium on Long-Term Debt	-	-	-
226	226 Unamortized Discount on Long-Term Debt	(7,019)	(7,850)	(7,166)
	Total Long-Term Debt	<u>3,570,607</u>	<u>4,283,776</u>	<u>4,270,460</u>
Other Non-Current Liabilities				
227-9	Other Non-current Liabilities	1,469,597	1,167,638	1,272,717
244	Long-Term Portion of Derivative Instrument Liabilities	-	-	-
230	Asset Retirement Obligation	211,294	216,108	225,866
	Total Other Non-Current Liabilities	<u>1,680,891</u>	<u>1,383,746</u>	<u>1,498,583</u>
Current and Accrued Liabilities				
231	Notes Payable	-	-	-
232	Accounts Payable	337,657	404,926	498,157
233-4	Payables to Associated Companies	634,687	499,007	483,717
235	Customer Deposits	77,118	94,120	96,295
236	Taxes Accrued	4,118	29,532	4,111
237	Interest Accrued	68,163	81,931	81,481
238	Dividends Declared	5	-	-
239	Matured Long-Term Debt	-	-	-
241	Tax Collections Payable	4,043	3,871	955
242	Miscellaneous Current and Accrued Liabilities	314,649	365,098	386,591
243	Obligations Under Capital leases	-	-	-
244	Current Portion of Derivative Instrument Liabilities	-	11,979	6,722
	Total Current and Accrued Liabilities	<u>1,440,440</u>	<u>1,490,464</u>	<u>1,558,030</u>
Deferred Credits				
252	Customer Advances for Construction	9,597	16,682	17,284
253	Other Deferred Credits	1,173,983	981,623	767,426
254	Other Regulatory Liabilities	381,079	465,254	354,821
255	Accumulated Deferred Investment Tax Credits	39,739	84,604	126,774
281-3	Accumulated Deferred Income Taxes	3,094,857	3,481,314	4,033,412
	Total Deferred Credits	<u>4,699,255</u>	<u>5,029,477</u>	<u>5,299,717</u>
	Total Liabilities and Other Credits	<u>\$ 15,693,305</u>	<u>\$ 16,612,251</u>	<u>\$ 17,273,412</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

INCOME ACCOUNT

	<u>Year 2009</u> (Thousands)		<u>Year 2010</u> (Thousands)		<u>Year 2011</u> (Thousands)
400 Electric Operating Revenues	4,839,735	\$	4,857,272	\$	4,580,434
Electric Operating Expenses:					
401 Operation Expense	3,944,128		3,885,874		3,446,739
402 Maintenance Expense	104,970		92,509		95,564
403 Depreciation Expense	151,054		162,097		183,068
404 Amortization of Limited Term Plant	3,572		4,533		5,056
407 Amortization of Property Losses	149,201		199,276		162,214
408.1 Taxes Other Than Income Taxes	111,837		116,156		113,741
409.1 Income Taxes - Federal	57,534		(100,782)		(65,243)
410.1 Provision for Deferred Income Taxes	147,401		340,084		394,288
411.1 Provision for Deferred Income Taxes - Cr	(96,093)		(178,365)		(195,583)
411.103 Accretion Expense-Electric	16		17		18
411.4 Investment Tax Credit Adjustments (Net)	<u>2,677</u>		<u>46,394</u>		<u>45,908</u>
Total Electric Utility Operating Expenses	<u>4,576,297</u>		<u>4,567,793</u>		<u>4,185,771</u>
Electric Utility Operating Income	*	\$	<u>263,438</u>	\$	<u>289,479</u>
			\$		<u>394,664</u>

* Electric Distribution only

	<u>Year 2009</u> (Thousands)		<u>Year 2010</u> (Thousands)		<u>Year 2011</u> (Thousands)
400 Gas Operating Revenues	2,764,661		2,463,974		2,207,607
Gas Operating Expenses:					
401 Operation Expense	2,330,361		2,014,266		1,682,785
402 Maintenance Expense	28,883		28,414		33,152
403 Depreciation Expense	89,126		94,342		100,869
404 Amortization of Limited Term Plant	2,764		3,681		4,108
407 Amortization of Property Losses	14,675		22,529		30,293
407.4 Amortization of Excess cost of removal	(13,200)		(13,200)		(11,293)
408.1 Taxes Other Than Income Taxes	61,109		59,477		59,252
409.1 Income Taxes - Federal	(37,887)		(155,490)		(112,335)
410.1 Provision for Deferred Income Taxes	126,392		243,288		283,509
411.1 Provision for Deferred Income Taxes - Cr	(19,380)		(23,703)		(80,116)
411.4 Investment Tax Credit Adjustments (Net)	<u>(1,311)</u>		<u>2,620</u>		<u>(3,138)</u>
Total Gas Utility Operating Expenses	2,581,532		2,276,224		1,987,087
Gas Utility Operating Income	*	\$	<u>183,129</u>	\$	<u>187,750</u>
			\$		<u>220,520</u>
Net Utility Operating Income	*	\$	<u>446,567</u>	\$	<u>477,229</u>
			\$		<u>615,183</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET
\$ (In Thousands)

May 31, 2012

Assets and Other Debits

Utility Plant

Electric Utility Plant

101	Electric Utility Plant in Service	\$	9,894,446
103	Electric Experimental Plant Unclassified		-
105	Electric Utility Plant Held for Future Use		6,297
107	Electric Construction Work in Progress		735,342
	Total Electric Utility Plant		<u>10,636,085</u>

Gas Utility Plant

101	Gas Utility Plant in Service		5,204,104
103	Gas Experimental Plant Unclassified		-
105	Gas Utility Plant Held for Future Use		4
107	Gas Construction Work in Progress		703
	Total Gas Utility Plant		<u>5,204,811</u>

Common Utility Plant

101	Common Utility Plant in Service		198,648
107	Common Construction Work in Progress		6,222
	Total Common Utility Plant		<u>204,871</u>

Total Utility Plant 16,045,767

Accumulated Provisions for Depreciation and Amortization of

Electric Utility Plant

108 & 111	Electric Utility Plant in Service		(2,762,701)
108.5	Electric Utility Plant Held for Future Use		-
	Total Electric Utility Plant		<u>(2,762,701)</u>

Gas Utility Plant

108 & 111	Gas Utility Plant in Service		(1,990,587)
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Common Utility Plant

108 & 111	Common Utility Plant in Service		(67,567)
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Total Accumulated Provisions for
Depreciation and Amortization
of Utility Plant (4,820,855)
Net Utility Plant Excluding Nuclear Fuel 11,224,912

Nuclear Fuel

120.1	120.1	In Process	-
120.2	120.2	Materials and Assemblies Stock	-
120.3	120.3	In Reactor	-
120.4	120.4	Spent	-

Accumulated Provisions for Amortization

120.5	120.5	Nuclear Fuel	-
		Net Nuclear Fuel	-
		Net Utility Plant	<u>11,224,912</u>

Other Property and Investments

121	Nonutility Property		2,857
122	Accumulated Provision for Depreciation & Amortization of Nonutility Property		(475)
123 & 123.1	Investments in Associated & Subsidiary Companies		55,199
124	Other Investments		301,348
125-8	Special Funds		59,744
175	Long-Term Portion of Derivative Assets		-
	Total Other Property and Investments		<u>418,672</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

May 31, 2012

Current and Accrued Assets		
131	Cash	\$ 22,212
132-4	Special Deposits	9,488
135	Working Funds	-
136	Temporary Cash Investments	56,400
141-3	Notes and Accounts Receivable	652,158
144	Accumulated Provision for Uncollectible Accounts - Credit	(57,981)
145-6	Receivables from Associated Companies	151,550
151-5	Materials and Supplies (incl. 163)	100,088
158	Allowances	-
164	Gas Stored Underground - Current	-
165	Prepayments	309,259
171	Interest and Dividends Receivable	50,023
172	Rents Receivable	2,819
173	Accrued Utility Revenues	228,509
174	Miscellaneous Current and Accrued	5,778
175	Current Portion of Derivative Instrument Assets	39,776
	Total Current and Accrued Assets	1,570,080
Deferred Debits		
181	Unamortized Debt Expense	20,834
182	Unrec'd Plt and Reg Costs and Other Reg Assets	3,929,309
183	Preliminary Survey and Investigation Charges	2,070
184	Clearing Accounts	415
185	Temporary Facilities	-
186	Miscellaneous Deferred Debits	23,023
188	Research and Development Expenditures	-
189	Unamortized Loss on Reacquired Debt	92,702
190	Accumulated Deferred Income Taxes	274,749
	Total Deferred Debits	4,343,101
	Total Assets and Other Debits	<u>\$ 17,556,766</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANYBALANCE SHEET

May 31, 2012

Liabilities and Other Credits		
Proprietary Capital		
201	Common Stock Issued	\$ 892,260
204	Preferred Stock Issued	-
207	Premium on Capital Stock	-
208	Donations from Stockholders	1,405,937
210	Gain on Resale or Cancellation of Reacquired Capital Stock	-
211	Miscellaneous Paid-In Capital	-
215	Appropriated Retained Earnings	-
216	Unappropriated Retained Earnings	2,594,152
216.1	Unappropriated Undistributed Subsidiary Earnings	3,349
219	Other Comprehensive Income	<u>1,621</u>
	Total Proprietary Capital	4,897,320
Long-Term Debt		
221	221 Bonds	4,727,626
223	223 Advances from Assoc. Co.	-
225	225 Unamortized Premium on Long-Term Debt	-
226	226 Unamortized Discount on Long-Term Debt	<u>(9,693)</u>
	Total Long-Term Debt	4,717,932
Other Non-Current Liabilities		
227-9	Other Non-current Liabilities	1,180,715
244	Long-Term Portion of Derivative Instrument Liabilities	-
230	Asset Retirement Obligation	<u>230,788</u>
	Total Other Non-Current Liabilities	1,411,503
Current and Accrued Liabilities		
231	Notes Payable	-
232	Accounts Payable	426,207
233-4	Payables to Associated Companies	305,220
235	Customer Deposits	98,590
236	Taxes Accrued	30,784
237	Interest Accrued	60,532
238	Dividends Declared	-
239	Matured Long-Term Debt	-
241	Tax Collections Payable	26,269
242	Miscellaneous Current and Accrued Liabilities	399,644
243	Obligations Under Capital leases	-
244	Current Portion of Derivative Instrument Liabilities	<u>798</u>
	Total Current and Accrued Liabilities	1,348,044
Deferred Credits		
252	Customer Advances for Construction	18,643
253	Other Deferred Credits	626,949
254	Other Regulatory Liabilities	315,693
255	Accumulated Deferred Investment Tax Credits	134,323
281-3	Accumulated Deferred Income Taxes	<u>4,086,361</u>
	Total Deferred Credits	5,181,968
	Total Liabilities and Other Credits	<u>\$ 17,556,766</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

ELECTRIC REVENUE BY CLASS OF BUSINESS
12 MONTHS ENDING DECEMBER 31, 2011

(Thousands)

Residential	\$2,189,395
Commercial	1,867,633
Industrial	215,646
Public Street & Highway Lighting	71,675
Interdepartmental Revenues	1,452
Sales for Resale	211,643
Forfeited Discounts	3,585
Miscellaneous Service Revenues	6,647
Rent from Electric Property	3,764 *
Other Electric Revenues	8,891 *
	<hr/>
Total Revenue from Electric Distribution Sales	4,580,332

*Excludes Transmission

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

GAS REVENUE BY CLASS OF BUSINESS
12 MONTHS ENDING DECEMBER 31, 2011

(Thousands)

Residential	\$1,442,816
Commercial	\$598,907
Industrial	\$69,431
Street & Yard Light Service	\$817
Cogeneration	\$46,363
Interdepartmental Revenues	\$608
Forfeited Discounts	\$1,006
Miscellaneous Service Revenues	\$42,625
Other Gas Revenues	<u>\$5,033</u>
Total Revenue from Gas Distribution Sales	\$2,207,607

Schedule DMP-S4AE - 6

Public Service Electric & Gas Company

Total Utility Payments or Accruals to Affiliates

(\$ THOUSANDS) Net Billing

	<u>2011</u>	<u>2010</u>	<u>2009</u>
PSEG Services	454,768	432,741	480,283
PSEG Power	2,216,002	2,723,573	3,149,893
PSEG Energy Holdings	176	(326)	496
PSEG Enterprise	(68,717)	(48,661)	(32,371)
Total Payments to Affiliates	<u>\$ 2,602,229</u>	<u>\$ 3,107,326</u>	<u>\$ 3,598,302</u>

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF EXTENSION OF A SOLAR GENERATION INVESTMENT PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM; AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO. 15 ELECTRIC, PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1

Notice of a Filing

Docket No. XXXXXXXXXX

TAKE NOTICE that, in July 2012 Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition and supporting documentation with the New Jersey Board of Public Utilities ("Board", "BPU"). The Company is seeking Board approval for an extension of its Solar Generation Investment Program to be referred to as Solar 4 All Extension Program ("Program") and an associated cost recovery mechanism.

Under the Program, PSE&G will invest approximately \$729.4 million in solar photovoltaic generation systems ("Solar Systems") over a five-year period. PSE&G will finance, own, and operate the Solar Systems. The Solar Systems will be installed in a variety of locations throughout PSE&G's electric service territory including: landfills, brownfields and other underutilized properties, warehouses roofs that can not fully utilize their roof space under net-metering rules, parking lots and facilitate a small pilot segment to demonstrate innovative solar technologies, for a total of 136 MW. This Program will be substantially similar to the existing Solar Generation Investment Program approved by the Board in August 2009.

PSE&G proposes to recover all Program costs through a separate component of the electric RGGI Recovery Charge ("RRC") entitled Solar Generation Investment Extension Program. The Solar Generation Investment Extension Program component will be applicable to all electric rate schedules. The component would be reviewed and modified in an annual filing. The Company is requesting that the carrying charge on its deferred balances for this Program be set based upon PSE&G's monthly weighted average cost of capital, together with the

income tax effects. The proposed RRC, if approved by the Board, is shown in Table #1.

Table #2 provides customers with the approximate net effect of the proposed increase in rates relating to this Program, if approved by the Board. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage. The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table #3.

Based on the filing, a typical residential electric customer using 780 kilowatthours per summer month and 7,360 kilowatthours on an annual basis would see an initial increase in the annual bill from \$1,336.60 to \$1,337.28 or \$0.68 or approximately 0.05%.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of the Company's filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons to any class or classes of customers of the Company. Therefore, the described charges may increase or decrease based upon the Board's decision.

Copies of the Company's Petition and its supporting documents can be reviewed at the Company's Customer Service Centers or at the Board of Public Utilities at 44 South Clinton Avenue, Ninth Floor, Trenton, New Jersey 08625-0350.

**Table # 1
RRC Charges**

	Solar Generation Investment Extension Program Component of the RRC		Total RRC	
	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)
RRC Electric - \$ per kWhr	\$0.000000	\$0.000087	\$0.001283	\$0.001370

**Table # 2
Impact By Electric Customer Class**

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR ELECTRIC SERVICE		
BGS-FP	Rate Class	% Increase
Residential	RS	0.05%
Residential Heating	RHS	0.06
Residential Load Management	RLM	0.05
General Lighting & Power	GLP	0.05
Large Power & Lighting - Secondary (Peak Load Share 0 – 749)	LPL-S	0.06
BGS-CIEP		
Large Power & Lighting – Primary	LPL-P	0.07
High Tension – Subtransmission	HTS-S	0.08

The percent increases noted above are based upon current Delivery Rates and the applicable Basic Generation Service (BGS) charges and assumes that customers receive commodity service from Public Service Electric and Gas Company.

**Table #3
Residential Electric Service**

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,800	170	\$31.93	\$31.94	\$0.01	0.03%
3,600	360	74.32	74.36	0.04	0.05
6,960	722	139.87	139.94	0.07	0.05
7,800	803	144.17	144.24	0.07	0.05
12,000	1,250	240.57	240.69	0.12	0.05

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect July 1, 2012 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the initial change for the Solar Generation Investment Extension Program component of the RGGI Recovery Charge.

**Matthew M. Weissman, Esq.
General Regulatory Counsel**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF EXTENSION OF A SOLAR GENERATION INVESTMENT PROGRAM AND ASSOCIATED COST RECOVERY MECHANISM; AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO. 15 ELECTRIC, PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1

Notice of a Filing And Notice of Public Hearings

Docket No. XXXXXXXXXX

TAKE NOTICE that, in July 2012 Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition and supporting documentation with the New Jersey Board of Public Utilities ("Board", "BPU"). The Company is seeking Board approval for an extension of its Solar Generation Investment Program to be referred to as Solar 4 All Extension Program ("Program") and an associated cost recovery mechanism.

Under the Program, PSE&G will invest approximately \$729.4 million in solar photovoltaic generation systems ("Solar Systems") over a five-year period. PSE&G will finance, own, and operate the Solar Systems. The Solar Systems will be installed in a variety of locations throughout PSE&G's electric service territory including: landfills, brownfields and other underutilized properties, warehouses roofs that can not fully utilize their roof space under net-metering rules, parking lots and facilitate a small pilot segment to demonstrate innovative solar technologies, for a total of 136 MW. This Program will be substantially similar to the existing Solar Generation Investment Program approved by the Board in August 2009.

PSE&G proposes to recover all Program costs through a separate component of the electric RGGI Recovery Charge ("RRC") entitled Solar Generation Investment Extension Program. The Solar Generation Investment Extension Program component will be applicable to all electric rate schedules. The component would be reviewed and modified in an annual filing. The Company is requesting that the carrying charge on its deferred balances for this Program be set based upon PSE&G's monthly weighted average cost of capital, together with the income tax effects. The proposed RRC, if approved by the Board, is shown in Table #1.

Table #2 provides customers with the approximate net effect of the proposed increase in rates relating to this Program, if approved by the Board. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage. The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table #3.

Based on the filing, a typical residential electric customer using 780 kilowatthours per summer month and 7,360 kilowatthours on an annual basis would see an initial increase in the annual bill from \$1,336.60 to \$1,337.28 or \$0.68 or approximately 0.05%.

Any rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of the Company's filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons to any class or classes of customers of the Company. Therefore, the described charges may increase or decrease based upon the Board's decision.

Copies of the Company's Petition and its supporting documents can be reviewed at the Company's Customer Service Centers or at the Board of Public Utilities at 44 South Clinton Avenue, Ninth Floor, Trenton, New Jersey 08625-0350.

The following dates, times and locations for public hearings have been scheduled on the Company's filing so that members of the public may present their views.

Date 1, 2012	Date 2, 2012	Date 3, 2012
Time 1	Time 2	Time 3
Location 1	Location 2	Location 3
Location 1 Overflow	Location 2 Overflow	Location 3 Overflow
Room 1	Room 2	Room 3
Room 1 Overflow	Room 2 Overflow	Room 3 Overflow
Address 1	Address 1	Address 1
City 1, New Jersey Zip 1	City 2, New Jersey Zip 2	City 3, New Jersey Zip 3

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings. Customers may file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, Ninth

Floor, P.O. Box 350, Trenton, New Jersey 08625-0350 ATTN: Secretary Kristi Izzo, whether or not they attend the public hearings.

**Table # 1
RRC Charges**

	Solar Generation Investment Extension Program Component of the RRC		Total RRC	
	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)
RRC Electric - \$ per kWhr	\$0.000000	\$0.000087	\$0.001283	\$0.001370

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Impact By Electric Customer Class**

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Residential Heating	RHS	0.06
Residential Load Management	RLM	0.05
General Lighting & Power	GLP	0.05
Large Power & Lighting - Secondary (Peak Load Share 0 – 749)	LPL-S	0.06
BGS-CIEP		
Large Power & Lighting – Primary	LPL-P	0.07
High Tension – Subtransmission	HTS-S	0.08

The percent increases noted above are based upon current Delivery Rates and the applicable Basic Generation Service (BGS) charges and assumes that customers receive commodity service from Public Service Electric and Gas Company.

**Table #3
Residential Electric Service**

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
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3,600	360	74.32	74.36	0.04	0.05
6,960	722	139.87	139.94	0.07	0.05
7,800	803	144.17	144.24	0.07	0.05
12,000	1,250	240.57	240.69	0.12	0.05

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect July 1, 2012 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the initial change for the Solar Generation Investment Extension Program component of the RGGI Recovery Charge.

Matthew M. Weissman, Esq.
General Regulatory Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed changes due to the new proposed Solar Generation Investment Extension Program (Solar 4 All Extension) component of the RGGI Recovery Charge (RRC) on typical residential electric bills, if approved by the Board, is illustrated below:

Residential Electric Service					
If Your Monthly Summer kWhr Use Is:	And Your Annual kWhr Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
170	1,600	\$312.12	\$312.24	\$0.12	0.04%
415	3,900	717.44	717.76	0.32	0.04
780	7,360	1,336.60	1,337.28	0.68	0.05
803	7,800	1,415.93	1,416.59	0.66	0.05
1,320	12,400	2,253.64	2,254.76	1.12	0.05

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect July 1, 2012 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes changes from the new proposed Solar Generation Investment Extension Program (Solar 4 All Extension) component of the RRC.

Residential Electric Service					
If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (3) Would Be:	And Your Proposed Monthly Summer Bill (4) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Percent Change Would Be:
1,600	170	\$31.93	\$31.94	\$0.01	0.03%
3,900	415	74.32	74.36	0.04	0.05
7,360	780	139.87	139.94	0.07	0.05
7,800	803	144.17	144.24	0.07	0.05
12,400	1,320	240.57	240.69	0.12	0.05

- (3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect July 1, 2012 and assumes that the customer receives BGS-FP service from Public Service.
- (4) Same as (3) except includes changes from the new proposed Solar Generation Investment Extension Program (Solar 4 All Extension) component of the RRC.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 65

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

Superseding

XXX Revised Sheet No. 65

RGGI RECOVERY CHARGE

**Charge
(per kilowatthour)**

Component:

Carbon Abatement Program	\$ 0.000045
Demand Response Working Group Modified Program	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000434
Demand Response Program	\$ 0.000122
Solar Generation Investment Program	\$ 0.000432
Solar Loan II Program.....	\$ 0.000067
Energy Efficiency Economic Extension Program.....	\$ 0.000099
<u>Solar Generation Investment Extension Program</u>	<u>\$ 0.000081</u>
Sub-total per kilowatthour	\$ <u>0.0011990.001280</u>

Charge including New Jersey Sales and Use Tax (SUT).....	\$ <u>0.0012830.001370</u>
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RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rates shall be reset each month.

Date of Issue:

Issued by ROSE M. CHERNICK, 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. 65

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

Superseding

XXX Revised Sheet No. 65

RGGI RECOVERY CHARGE

**Charge
(per kilowatthour)**

Component:

Carbon Abatement Program	\$ 0.000045
Demand Response Working Group Modified Program	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000434
Demand Response Program	\$ 0.000122
Solar Generation Investment Program	\$ 0.000432
Solar Loan II Program.....	\$ 0.000067
Energy Efficiency Economic Extension Program.....	\$ 0.000099
Solar Generation Investment Extension Program	\$ 0.000081
Sub-total per kilowatthour	\$ 0.001280

Charge including New Jersey Sales and Use Tax (SUT).....\$ 0.001370

RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rates shall be reset each month.

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