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July 1, 2016

RECEIVED



In The Matter of the Petition of  
Public Service Electric And Gas Company  
for Approval of Changes in its  
Electric Solar Pilot Recovery Charge (“SPRC”)  
for its Solar Loan I Program

JUL 01 2016  
BOARD OF PUBLIC UTILITIES  
MAIL ROOM

BPU Docket No. ER16070616

**VIA ELECTRONIC MAIL & OVERNIGHT MAIL DELIVERY**

Irene Kim Asbury, Secretary  
Board of Public Utilities  
44 South Clinton Avenue  
CN 350  
Trenton, New Jersey 08625-0350

Dear Secretary Asbury:

Enclosed please find an original and ten copies of Public Service Electric and Gas Company’s (PSE&G, the Company) filing in the above-referenced matter.

CMS

LEGAL  
B. Agce  
DAG  
RPA  
M. Beyer  
S. Peterson  
J. May  
P. FLANAGAN  
S. Hunter  
ENERGY

Attachment

C Service List (E-Mail Only)

Very truly yours,

Alexander C. Stern

## SPRC 2016

BPU Docket No. \_\_\_\_\_

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BOARD OF PUBLIC UTILITIES  
MAIL ROOM

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY FOR ) **PETITION**  
APPROVAL OF CHANGES IN ITS ELECTRIC )  
SOLAR PILOT RECOVERY CHARGE (SPRC) ) BPU Docket No. \_\_\_\_\_  
FOR ITS SOLAR LOAN I PROGRAM )

Public Service Electric and Gas Company (“PSE&G,” “the Company,” “Public Service,” “Petitioner”), 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:

**INTRODUCTION**

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of 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 in excess of 6 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.

2. Petitioner is subject to regulation by the Board 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.*

3. On April 19, 2007, PSE&G filed a Petition with the Board seeking approval of an innovative solar energy initiative. Under this initiative, PSE&G proposed to implement a solar photovoltaic (PV) program (the Program or Solar Loan I) across all customer classes within its electric service territory, with segments for residential, residential low-income, municipal/public entities, and commercial/industrial (C&I) and not-for-profit customers. The Company also proposed a comprehensive cost recovery mechanism.

4. On March 19, 2008, the parties to the Solar Loan I matter executed a Settlement (Settlement). The Settlement fully resolved the issues in the Solar Loan I proceeding.

5. By Order dated April 16, 2008, the Board issued an Order approving the Settlement and authorizing the Company to implement the Solar Loan I Program and associated cost recovery mechanism (Order). In regard to cost recovery, the Board's Order and the Settlement state:

The parties agree that PSE&G will recover the net monthly revenue requirements associated with this Program through a new charge of the Company's electric tariff called the SPRC. The SPRC will be a new charge in the Company's electric tariff, applicable to all electric Rate Schedules on an equal cents per kilowatthour. The SPRC rates will not be implemented at this time. PSE&G will defer costs and net monthly revenue requirements it incurs for the Program to the SPRC for future recovery, consistent with the terms of this Settlement Agreement. Interest on the deferred SPRC balance (both on under- and over-recovered balances) will be calculated at the same rate and methodology as PSE&G currently uses for the electric Societal Benefits Charge.

The Order similarly specifies the revenue requirements methodology and other associated elements of the cost recovery mechanism. *See* Order, Paragraph 75.

6. The Board's Order also states:

The parties agree that the Cost of Capital for this Program is 11.11%, including a return on Common Equity of 9.75%, which is the most recent Return On Equity established by the Board for PSE&G electric in Docket No, ER02050303, and including income tax effects. The resulting monthly Cost of Capital used for calculating the Net Monthly Revenue Requirements is 0.92583%. Net Plant equals the original loan amounts booked less the accumulated amortization through the SPRC. The Amortization is equal to the sum of the amortizations of all of the outstanding loans for each month until the total amount is recovered (Net Plant equals zero). Any cash payments received by PSE&G from the Project Owner for early termination of a contract will be credited against the Net Plant for the specific project. [Order, Paragraph 76].

7. The Board also approved a mechanism under which PSE&G recovers certain administrative costs associated with the Program. Specifically, the Order provides that the Company "shall recover 50% of the administrative costs of the Solar Program through the SPRC, based on the annual grand total amounts set forth in Attachment D. Administrative costs are defined as reasonable and incremental costs incurred by the Company to implement the Program. The maximum administrative cost recovery through the SPRC in any year is \$1.0 million." Order, Paragraph 77.

8. PSE&G has successfully implemented the Program and is now filing this Petition, which is similar to petitions the Company has annually filed in recent years related to the Solar Loan I Program, to implement the cost recovery provisions of the Order and Settlement and revise rates for the SPRC.

9. In support of this Petition, the Company is presenting the Direct Testimony of M. Courtney McCormick, the Vice President of Renewables and Energy Solutions at Public Service Electric and Gas Company. Ms. McCormick's Direct Testimony is attached hereto as Attachment A. Ms. McCormick describes the status of the Solar Loan I Program. Ms. McCormick's testimony and schedules also discuss and quantify the administrative costs the Company seeks to recover through the SPRC pursuant to the Order and Settlement.

10. PSE&G also presents the Direct Testimony of Stephen Swetz, Senior Director - Corporate Rates and Revenue Requirements. Mr. Swetz's testimony and schedules, attached hereto as Attachment B, develop the revenue requirements and proposed SPRC rates.

11. Based on the Company's actual collections through March 31, 2016, and its projected collections through September 30, 2017, the total SPRC revenue to be collected from ratepayers for the period October 2016 through September 2017 is forecasted to be \$2,778,765. The \$2.8 million revenue to be collected from ratepayers is comprised of a forecasted over-collected balance through September 2016 of \$2,654,129, including interest, and a forecasted revenue requirement from October 2016 through September 2017 of \$5,432,894. Dividing the \$2.8 million target revenue by the Company's kilowatt-hour (kWh) sales forecast for October 2016 through September 2017 results in a proposed rate of \$0.000068/kWh without Sales and Use Tax (SUT) for the period October 1, 2016 through September 30, 2017. Since the SPRC rate is currently set at \$0.000040/kWh without SUT, the proposed rate will result in a net annual revenue increase to the Company's electric

customers of \$1.2 million. The Company is proposing to implement the proposed SPRC rate on or before October 1, 2016.

12. Attached to Mr. Swetz's testimony are the following schedules in support of the Company's request:

- Schedule SS-SLI-1 is Mr. Swetz's Credentials.
- Schedule SS-SLI-2 is a summary sheet setting forth the proposed rate calculations for the applicable period.
- Schedule SS-SLI-3 sets forth the electric revenue requirements summary.
- Schedule SS-SLI-3a sets forth the details of the electric revenue requirements.
- Schedule SS-SLI-4 sets forth the electric (over) / under recovered balance and associated interest rate calculations.

13. Public Service has proposed tariff sheets (redlined and "clean"), effective October 1, 2016 reflecting the SPRC rate in the Electric Tariff (*see* Attachment C). The proposed change in the SPRC is an increase from \$0.000040/kWh (\$0.000043/kWh including SUT) to \$0.000068/kWh without SUT (\$0.000073/kWh including SUT). The proposed rates are designed to recover the Program costs, which includes carrying charges on PSE&G's expenditures.

14. As a result of the proposed SPRC rate set forth in Attachment B, Public Service's typical residential electric customers using 750 kWh in a summer month and 7,200 kWh annually would experience an increase in their annual bill from \$1,286.16 to \$1,286.40, an increase of \$0.24 or approximately 0.02%. This is based upon current Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in



effect June 1, 2016, and assumes that the customer receives BGS-RSCP service from PSE&G. The residential customer bill impacts comparing the current and proposed delivery charges are contained in Attachment D for the aforementioned typical customers as well as other typical customer usage patterns.

15. The proposed rates, as set forth in the tariff sheets in Attachment C, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on October 1, 2016, upon issuance of a written BPU Order.

16. Contained herein in Attachment E is a draft Form of Notice of Filing and of Public Hearings. This Form of Notice sets forth the requested changes to the electric rates and will be placed in newspapers having a circulation within the Company's electric service territories upon receipt, scheduling and publication of public hearing dates. Public hearings will be held in each geographic area within the Company's service territory, i.e. Northern, Central, and Southern. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's electric service territories upon receipt, scheduling and publication of public hearing dates.

17. Notice of this filing and two copies of the Petition will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101 and upon the Director, Division of Rate Counsel, 140 East Front Street, 4<sup>th</sup> Floor, Trenton, New Jersey 08625. Copies of the Petition and supporting testimony and attachments will also be sent to the persons identified on the service list provided with this filing.

18. Public Service requests that the Board issue an Order approving the proposed rates on or before October 1, 2016.

19. It is understood that any final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency 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 average percentage changes in final rates may increase or decrease based upon the Board's decision.

### COMMUNICATIONS

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

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**CONCLUSION AND REQUESTS FOR APPROVAL**

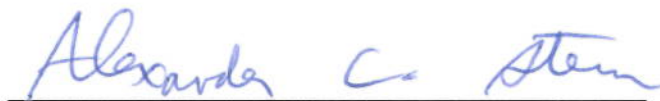
For all the foregoing reasons, PSE&G respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue an Order approving this Petition, specifically finding that:

1. PSE&G is authorized to recover all costs requested herein associated with the Solar Loan I Program;

2. The proposed rates and charges set forth in the proposed Tariff for Electric Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 15, Electric, referred to herein as Attachment C, are just and reasonable and PSE&G is authorized to implement the rates proposed herein on or about October 1, 2016.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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DATED: July 1, 2016  
Newark, New Jersey

STATE OF NEW JERSEY    )  
  :  
COUNTY OF ESSEX        )

M. Courtney McCormick, of full age, being duly sworn according to law, on his oath deposes and says:

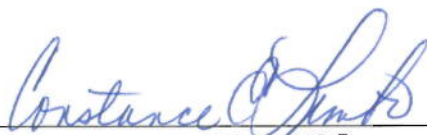
1. I am the Vice President of Renewables and Energy Solutions in the Renewables and Energy Solutions Group of Public Service Electric and Gas Company, the Petitioner in the foregoing Petition.

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 overnight mailed and emailed to the NJBPU, the Department of Law & Public Safety and the Division of Rate Counsel.

  
\_\_\_\_\_  
M. Courtney McCormick

Sworn and subscribed to    )  
before me this 30<sup>th</sup> day    )  
of June 2016                    )

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