



January 24, 2011

In the Matter of the Petition of
Public Service Electric and Gas Company
for an Extension of Three Sub-Program Components of its
Energy Efficiency Economic Stimulus Program in its
Service Territory on a Regulated Basis and Associated Cost Recovery
and for Changes in the Tariff for Electric Service, B.P.U.N.J. NO.15 Electric,
and the Tariff for Gas Service, B.P.U.N.J. NO.15 Gas,
Pursuant to N.J.S.A. 48:2-21, 48:2-21.1, and N.J.S.A. 48:3-98.1
(Multi-Family, Hospitals and Municipal/Non-Profit Direct Install)

BPU Docket No. _____

VIA ELECTRONIC, HAND-DELIVERY & REGULAR MAIL

Kristi Izzo, Secretary
Office of the Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Dear Secretary Izzo:

Enclosed for filing are an original and ten copies of the Petition and accompanying Attachments of Public Service Electric and Gas Company (PSE&G, the Company, Petitioner) in the above-entitled matter (hereinafter "EEE Extension"). The Company is also providing BPU Staff and the attached Service List with an electronic copy of the filing. PSE&G respectfully requests that the Board expeditiously convene a Procedural Scheduling Conference the week of February 14, 2011 to be conducted by a member of the Counsel's Office and that a schedule be established that will enable the Board to render and issue a Final Order on this matter in the shortest practical timeframe so as to avoid any operational "stop and start" as well as any impacts on workforce, sub-contractors, the ordering of energy efficiency equipment and customers.

Public Service also respectfully requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law ("OAL"). PSE&G believes evidentiary hearings will not be necessary for the Board to approve the EEE Extension. Pursuant to the Board's July 16, 2009 Order in Docket No. EO09010058, the Company is implementing its EEE Program. This filing is intended to extend three highly successful EEE sub-programs which are fully subscribed with long customer waiting lists. The objective of this filing is simply to add funding to three sub-programs already in the marketplace in order to address more customers.

The Company will work diligently with all parties in this proceeding in as timely and equitable a manner as is possible to achieve a mutually agreeable resolution.

A CD containing the electronic workpapers (WP_S1.xls and WP_REB-1.xls) is being provided to your office and those individuals shown below.

Respectfully submitted,

*Original Signed by
Alexander C. Stern*

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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 AN EXTENSION OF THREE SUBPROGRAM)
COMPONENTS OF ITS ENERGY EFFICIENCY)
ECONOMIC STIMULUS PROGRAM IN ITS)
SERVICE TERRITORY ON A REGULATED BASIS)
AND ASSOCIATED COST RECOVERY AND FOR)
CHANGES IN THE TARIFF FOR ELECTRIC)
SERVICE, B.P.U.N.J. NO.15 ELECTRIC, AND THE)
TARIFF FOR GAS SERVICE, B.P.U.N.J. NO.15)
GAS PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1,)
AND N.J.S.A. 48:3-98.1)
(Multi-Family, Hospitals and Municipal/Non-Profit)
Direct Install))

PETITION

BPU Docket No. _____

Public Service Electric and Gas Company (PSE&G, the Company, 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, 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 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 2.1 million electric and 1.7 million gas customers in an area having a population in excess of 5.5 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. Pursuant to N.J.S.A. 48:3-98.1 et seq. (also known as the “Regional Greenhouse Gas Initiative” or “RGGI” legislation), on January 21, 2009, PSE&G filed a Petition with the Board seeking approval of the Energy Efficiency Economic Stimulus Program (EEE Program), which comprises eight energy efficiency sub-programs.¹ PSE&G filed the Petition in response to Governor Corzine’s request in late 2008 that the State’s electric and gas utilities invest, in aggregate, \$500 million in energy efficiency programs to help spur the State’s economy.

4. On June 30, 2009, the signatory parties executed a Stipulation that called for some modifications to the Company’s proposal. By Order dated July 16, 2009, the Board approved the Stipulation and authorized the Company to implement the EEE Program and begin cost recovery through the EEE component of the RGGI Recovery Charges (“RRC”), with rates effective as of August 1, 2009.

5. The Board-approved Stipulation authorized the Company to implement the following EEE sub-programs:

- a. Residential Whole House Efficiency Sub-Program
- b. Residential Multi-Family Housing Sub-Program
- c. Small Business Direct Install Sub-Program

¹ *In The Matter Of The Petition Of Public Service Electric And Gas Company Offering An Energy Efficiency Economic Stimulus Program In Its Service Territory On A Regulated Basis And Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO09010058.*

- d. Municipal/Local/State Government Direct Install Sub-Program
 - e. Hospital Efficiency Sub-Program
 - f. Data Center Efficiency Sub-Program
 - g. Building Commissioning/O&M Sub-Program
 - h. Technology Demonstration Sub-Program
6. In regard to cost recovery, the Board-approved Stipulation provided:

20. PSE&G will recover the net revenue requirements associated with this EEE Program via two new EEE Stimulus Components (EEESC) of the Company's electric and gas RGGI Recovery Charges (RRC). The electric EEESC will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the electric EEE Program. The gas EEESC will be applicable to all gas rate schedules on an equal cents per therm basis for recovery of costs associated with the gas EEE Program. The initial EEESCs will be based on estimated EEE Program revenue requirements from July 1, 2009 or date of the written BPU Order to December 31, 2010. Thereafter, the electric and gas EEESCs will be changed nominally on an annual basis incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.

* * *

22. The Parties stipulate that the revenue requirements recovered through the electric and gas EEESCs will be calculated to include a return on investment and a return of investment through amortization of the associated regulatory asset over 60 months. Although the five-year amortization does not match the life of the measures installed and the associated benefits, the parties agreed to this shorter recovery period to accelerate recovery of the Company's investment. The revenue requirements include reasonable and prudent associated costs regarding administrative, sales, training, evaluation and IT capital. The Parties further stipulate that this initial calculation will use the overall cost of capital utilized to set rates in the Company's most recent gas base rate case, BPU Docket No. GR05100845, which was 7.9591%, (11.3092% on a pre-tax basis) based on a return on equity of 10.0. The parties agree that any change in the

WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations. The parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Parties stipulate that after the initial revenue requirements period, the electric and gas EEESCs will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement for the purpose of setting the initial EEESCs for the period ending December 31, 2010 is set forth in Attachment 2 attached hereto and made a part of this Stipulation.

23. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's pre-tax WACC as identified in Paragraph 20 above. The interest amount charged to the EEESC balances will be computed using the following methodology set forth in Attachment 3 attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Attachment 3. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred electric and gas EEESC balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing. This interest calculation in this paragraph is subject to the condition set forth in paragraph 21. (Pages 16 – 18)

7. The Company is successfully implementing the EEE Program and is filing this Petition to extend three central EEE sub-programs (Multi-Family, Municipal and Hospital, hereinafter collectively referred to as “EEE Extension”) which are fully subscribed with a backlog of customer applications. The objective of this filing is simply to add funding and extend the time frame for three sub-programs already in the marketplace in order to address more customers.

8. As with the Company’s original EEE Program filing, this Petition is being filed pursuant to the RGGI Legislation. N.J.S.A. 26:2C-45 sets forth the New Jersey Legislature’s findings that energy efficiency and conservation measures must be essential elements of the State’s energy future and that greater reliance on energy efficiency and conservation 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 and energy efficiency industries are essential to maximize efficiencies.

9. Pursuant to N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Further, an electric and gas public utility investment in energy efficiency and conservation programs is eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms. 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.*

10. On May 12, 2008, the Board issued an Order pursuant to N.J.S.A. 48:3-98.1(c) that allows electric public utilities and gas public utilities to offer energy efficiency and conservation 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.² 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 RGGI Order as Appendix A ("RGGI Minimum Filing Requirements").

11. The RGGI Minimum Filing Requirements set forth specific information that a utility must submit along with its petition. The RGGI Order also requires a utility 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 RGGI Minimum Filing Requirements to be submitted along with the petition. See RGGI Order at 6.

12. On November 5, 2010 a 30-Day RGGI Pre-Filing Meeting was conducted in connection with this matter in accordance with the RGGI Order.

13. Once a petition has been filed with the Board, Board Staff shall have 30 days, commencing on the date the petition was filed, to determine whether the petition is

² See *I/M/O Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, And Offering Class I Renewable Energy Programs In Their Respective Service Territories On A Regulated Basis Pursuant to N.J.S.A. 48:3-98.1 ("RGGI Order")*, BPU Docket No. EO08030164.

administratively complete and advise the utility in writing that the petition is administratively complete or that the petition is not administratively complete and set forth the deficiencies and the items required to remedy the deficiencies. *Id.* at 6.

PSE&G EEE EXTENSION PROGRAMS DESCRIPTION

14. In an effort to continue to stimulate the economy by lowering consumers' energy bills, continue job creation, address climate change and to continue to assist the State in achieving its aggressive energy reduction goals, PSE&G proposes to extend the Hospital Efficiency, Residential Multi-Family Housing and Municipal/Local/Government Direct Install Sub-Programs of its EEE Program. These three sub-programs have proven highly successful and there remains significant customer interest in taking advantage of the offerings. Extension of these subprograms will ensure that PSE&G is able to address customers that it presently cannot process because the sub-programs have exhausted their approved funding.

15. PSE&G is proposing to extend these three sub-program offerings under the same process, terms and conditions as currently approved by the Board, while seeking approval of additional expenditures of approximately \$105.2 million over a 24-month period. As with all of the sub-programs in PSE&G's original EEE Program, these sub-programs were selected from a menu that was developed through a collaborative effort among the State's electric and gas utilities, under the facilitation of the New Jersey Institute of Technology's Center for Architecture and Building Science Research. The

sub-programs were identified while taking into consideration various factors such as potential for job creation, energy savings, and whether it would be complementary to the New Jersey Clean Energy Program (NJCEP) and other utility energy efficiency programs. Having had the benefit of implementing the entire PSE&G EEE Program, the following is a summary of the three PSE&G EEE Extension sub-programs that have not only accomplished the objectives of the State in stimulating the economy, stimulating job creation, aiding in addressing climate change and meeting its energy reduction goals, but also have engendered continued customer interest. If extended, these sub-programs would continue to aid the State while meeting the continuing customer interest:

PSE&G PROPOSED EEE EXTENSION PROGRAM INVESTMENTS

16. PSE&G EEE Extension Investments targeted for recovery as a separately tracked EEE Extension component of the RRC are as follows:

Time Period: 2011-2013. Funding commitments over 24 months with EEE Extension investments to run through April 2014 and administrative costs over the life of the EEE Extension (assuming Board approval of the EEE Extension in early 2011).

	(\$Millions)
A. Residential Segment	
Residential Multi-Family Housing Sub-Program	\$20.0
B. Industrial and Commercial Segment	
Municipal/Local/State Government Direct Install Sub-Program	\$25.0
Hospital Efficiency Sub-Program	\$50.0
C. Administration, Program Management, Quality Assurance/ Quality Control Evaluation	\$10.2
Total Energy Efficiency Expenditures	\$105.2

RESIDENTIAL SEGMENT

17. **Residential Multi-Family Housing Sub-Program.** This sub-program was developed in cooperation with the State of New Jersey Housing and Mortgage Finance Agency (“NJHMFA”) to address the unique needs of NJHMFA affordable housing multifamily projects and arose out of a discussion between Board Staff, Rate Counsel, NJHMFA and the Company. PSE&G will continue to target multi-family housing with five or more units. Although some of the buildings could be classified as commercial, the program directly benefits the residential occupant.

18. PSE&G will continue working with NJHMFA and also will continue to address non-NJHMFA projects.

19. The details of this sub-program are as follows:

- a. Customers will receive an investment grade audit of their building(s) at no cost. The cost of an up-front investment grade energy audit is seen as an impediment to sector participation.
- b. There will not be a funding cap imposed per customer in order to encourage a whole building approach.
- c. All cost-effective measures that have a simple customer payback of 15 years or less will be considered for retrofit or replacement opportunities. For NJHMFA financed projects, the energy efficiency upgrade plan will be reviewed and approved by PSE&G and NJHMFA. In these instances, NJHMFA will provide timely review and comments of plans and documents signed between the contractor and the project.
- d. PSE&G will buy-down costs by seven years, but not to less than two years. Remaining costs will be provided by PSE&G at 0% interest and repaid through on-bill financing.
- e. The customer will have ten years to repay their contribution to the project. This will serve to guarantee immediate energy savings and utility bill relief to these

most-in-need projects. NJHMFA-financed affordable housing projects are likely to be in operation for at least ten more years. Should the property be sold, the remaining balance shall be payable upon transfer of the property.

- f. For NJHMFA's projects, PSE&G's 0% financing will be subordinate to NJHMFA's permanent mortgage(s). The form of documents perfecting PSE&G's lien have been reviewed and approved by NJHMFA. The affordable housing multifamily sector will continue to benefit from this sub-program due to its high energy usage, the selected development's general lack of available capital for infrastructure improvements, and the need to preserve the affordability of these buildings and the housing they provide.

20. The full cost of energy efficiency upgrades (including engineering, cost of construction and system commissioning) will be covered through a combination of PSE&G's buy-down/grant and 0% on-bill financing.

21. The three steps of the process are presently as follows:

- Step One: Execution of Contract: Investment Grade Audit ("IGA") is complete and results and estimated buy-down amount are reviewed with customer. The customer then must commit to install the agreed upon Energy Conservation Measures ("ECMs"), select the contractor(s), and sign a contract with the contractor(s) to install the ECMs. At this point both the customer and the contractor(s) have a quantified financial commitment to the project. One-third (33%) of the agreed-upon financial commitment will be paid to the customer to begin the project.
- Step Two: Job 50% Complete: One half of the ECMs have been installed, verified in the field by the PSE&G program operations manager through visual inspection. One-third (33%) of the agreed-upon financial commitment will be paid to the customer.
- Step Three: Balance on Final Inspection: All ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications). Post-commission, a third-party inspector (hired by PSE&G) will inspect the completed project. If the project passes the final inspection, the remaining one-third (33%) of project costs will be paid to the customer. Project is now complete and customer repayments begin.

In the event the customer fails to complete Step Three or fails the final inspection, the Step three progress payments will not be paid and the customer will have six months to complete the project and/or pass the final inspection. If the customer fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable.

22. Paragraph 21 describes the three-step process for payment of the full cost of the energy efficiency upgrades that presently exists. However, PSE&G would like to propose a minor modification to the process for the EEE Extension based on experiences and lessons learned with the existing EEE Program. The Company has found that the timing of the three equal 33% progress payments generally does not coincide with the timing by which customer's need to pay contractors. Because both the Hospital and Multifamily sub-programs are targeted at sectors that traditionally have constraints on cash flow, PSE&G has found that these customers have difficulty paying contractors on a timely basis and contractors are unwilling to extend any credit to these sectors. As a solution, PSE&G proposes that the Step One payment be 30% and that Step Two be a series of payments timed to better match the projects cash flow. The cash flow needs will be monitored and verified by the PSE&G program operations manager. In total, the Step Two payments would equal 50% of the total project financial commitment. Step Three would be as described in paragraph 21 except it would now represent a final payment of 20% of the total project financial commitment. In PSE&G's experience, 20% is still a generally accepted amount to withhold on improvement projects such as this, which is significant enough to ensure that both the customer and contractor have sufficient

incentive to see the project through to completion. In summary, PSE&G proposes to change the payment pattern to Step One – 30%, Step Two – 50% and Step Three 20%.

23. Under the original EEE Program, PSE&G performed 18 investment grade audits (“IGAs”). However, 34 more applications remain in queue, including 25 NJHMFA projects. The Company continues to receive applications.

INDUSTRIAL AND COMMERCIAL SEGMENT

A. Municipal/Local/State Government Direct Install Sub-Program.

24. The Municipal/Local/State Government Direct Install Sub-Program was designed and implemented with the ability to address both small buildings with annual peak demand use at or below 200 kW and, on a case-by-case basis projects for customers with annual peak demand in excess of 200 kW.

25. Customers with annual peak demand in excess of 200 kW will remain eligible for an investment grade audit if the complexity of the facility requires that level of analysis. Customers who participate in this option will repay 20% of the costs over a period of two years through their PSE&G bill. Customers will also continue to have the option to cover the cost for the balance of the project without the PSE&G on-bill repayment, in which case the customer contribution to project cost will be deducted from the total cost of the project to determine PSE&G’s payment to the customer.

26. Municipal, local and State government entities are subject to the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. A customer claiming not-for-profit tax

exempt status must meet the criteria set forth by Section 501(c)(3) or Section 501(c)(19) of the Internal Revenue Code.

27. PSE&G proposes to continue to target Government buildings, Schools and Non-Profits.

28. The sub-programs success may be largely traced to direct installation of a prescribed list of measures, mostly energy efficient lighting solutions. The Company has successfully undertaken 170 installations to date, with 28 committed applicants in the pipeline and several hundred waiting for an audit.

29. In addition to the sub-program being fully subscribed with a backlog of customer applications, the sub-program continues to employ a network of over 25 independent subcontractors.

B. Hospital Efficiency Sub-Program.

30. PSE&G will buy-down the project costs by seven years, but not less than two years. Remaining costs will be provided by PSE&G at 0% interest and may be repaid through the PSE&G utility bill over a period of three years.

31. The scope of the energy efficiency upgrades are proposed to remain as described in paragraph 20 above and the three steps of the implementation process are proposed in paragraph 21 or, if acceptable to the Board, as modified by paragraph 22, above.

32. The proposal is to add funding to a sub-program already in the marketplace and address more customers. The sub-program has been extremely successful. Nineteen hospitals are funded in the sub-program and are in various steps of construction and installation of measures; 24 more applications are pending.

COST RECOVERY

A. NO CHANGE PROPOSED TO COST RECOVERY

33. PSE&G is requesting, for purposes of this EEE Extension, that the Board grant approval of recovery of the revenue requirements associated with all EEE Extension costs. Cost recovery would be made and tracked via an EEE Extension Program Component (“EEEextC”) of the Company’s electric and gas RGGI Recovery Charges (RRC) and would be filed annually. Attachment 2 contains the revenue requirement methodology, cost recovery mechanism and bill impact analysis:

- Supporting spreadsheets (Attachment 2, Schedules SS-1 to SS-8)
- Workpapers WP_SS-1.xls (contained in electronic CD filed along with Petition)

34. The EEE Extension will earn a return on its net investment based upon the Company’s most current gas and/or electric authorized return on equity (ROE) and capital structure including income tax effects. The overall cost of capital utilized to set rates for the initial rate period of the EEE Extension will be based on the Company’s most recent base rate case, BPU Docket No. GR09050422, which is 8.21% (11.8520% on a pre-tax basis), based on a ROE of 10.3% and current tax rates. Any changes to current tax rates would be reflected in an adjustment to the Pre-Tax weighted average cost of capital (“WACC”). See

Attachment 2, Schedule SS-2 for the calculation of the current Pre-Tax WACC. In addition, any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations. Also, any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. Any over/under recovery of the actual revenue requirements compared to revenues would be deferred. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month.

B. NO CHANGE PROPOSED TO RATE MECHANISM FOR COST RECOVERY

35. As with the existing EEE Program, the electric EEEextC will be applicable to all electric rate schedules on an equal dollars per kilowatt-hour basis for recovery of costs associated with the electric EEE Extension. The gas EEEextC will be applicable to all gas rate schedules on an equal dollars per therm basis for recovery of costs associated with the gas EEE Extension. The initial EEEextCs will be based on estimated EEE Extension revenue requirements from June, 2011 or the date of the written BPU order to December 31, 2012. Thereafter, the electric and gas EEEextCs will be changed nominally on an annual basis incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.

36. PSE&G has submitted proposed tariff sheets as Attachment 4 (redlined and accepted), effective on June 1, 2011 or earlier upon issuance of a written BPU order, designed to recover the EEE Extension costs, which includes carrying charges on PSE&G's expenditures.

37. PSE&G requests that the rates to be charged to recover all of the EEE Extension costs be approved by the Board along with the EEE Extension and cost recovery mechanism proposed in this Petition. PSE&G also requests that the Board authorize the Company to implement the herein proposed rates on June 1, 2011 or earlier upon issuance of a written BPU order.

38. PSE&G requests a Procedural Scheduling Conference be convened and conducted by a member of the BPU Counsel's Office no later than the week of February 14, 2011 and a schedule be established that will enable the Board to issue a final order on this matter in the shortest practical time frame.

REQUEST FOR EXPEDITED REVIEW AND APPROVAL

39. PSE&G's filing is being submitted pursuant to the RGGI Legislation and the Board's RGGI Order. Although both the RGGI Legislation and the Board's RGGI Order allot the BPU 180 days to review and approve of any filing submitted thereunder, a six-month review and approval period in the absence of interim measures will not only cause delay in the time for PSE&G to commence energy efficiency investments, but could further increase the costs associated with this request. The intention of this filing is

simply to extend the life of these three subprograms which are already in the marketplace so that the Company may address more customers. The Company's proposal does not present any new sub-programs or features. Should PSE&G be forced to cease existing program activities for these sub-programs for an extended period of time pending Board review and approval of the additional funding request herein and then have to re-start those same activities, this would likely increase the sub-program costs. PSE&G intends for there to be a seamless extension of the sub-programs so as to avoid any operational "stop and start" as well as any impacts on customers, workforce, sub-contractors, and the ordering of energy efficiency equipment. This being the case, expedited regulatory review and approval would be appropriate for this filing.

40. In order to expedite the 180-day administrative review period, PSE&G respectfully requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. PSE&G believes evidentiary hearings are not necessary or even required for the Board to approve this EEE Extension and related authorizations. The Company will work in good faith with all parties to arrive at a mutually acceptable resolution of any issues that may arise in this proceeding. As stated by the Board in the RGGI Order, "The Board encourages all interested parties to work toward a settlement for the Board's consideration before expiration of the 180 day period." See RGGI Order at p. 5. Depending on whether Rate Counsel or any other intervening party raise any issues, PSE&G is confident that these potential issues can be resolved through settlement or through written comments to the Board for decision.

41. PSE&G requests that the Board's 180-day review period commence from the filing date of this Petition. Furthermore, the Company requests that the BPU approve this filing as expeditiously as possible so as to allow the Company the necessary time to seamlessly continue to implement the existing energy efficiency sub-programs addressed in this EEE Extension filing.

SUPPORTING TESTIMONY

42. In support of this Petition, the Company is presenting the Direct Testimony of Robin Elaine Bryant, Manager, Market Strategy and Planning in the Renewables and Energy Solutions Group at PSE&G. Ms. Bryant's Direct Testimony is attached hereto as Attachment 1. Ms. Bryant describes the status of the EEE Extension, including successes and lessons-learned. Ms. Bryant's testimony and schedules also discuss and quantify the administrative costs the Company seeks to recover through the RRC for the EEE Extension pursuant to their respective Orders and Settlements.

43. PSE&G is also presenting the Direct Testimony of Stephen Swetz, Manager, Rates and Regulation for PSE&G. Mr. Swetz's testimony and schedules, attached hereto as Attachment 2, develop the revenue requirements for the EEE Extension and the proposed RRC rates.

44. The proposed rate for the EEEextC of the electric RRC is \$0.000133 per kWh (including SUT) and the proposed EEEextC for the gas RRC is \$0.001009 per therm (including SUT). The cumulative proposed changes for the electric RRC rate

would be an increase from \$0.000719 per kWh (including SUT) to \$0.000852 per kWh (including SUT). The cumulative proposed changes for the gas RRC would be an increase from \$0.003339 per therm (including SUT) to \$0.004348 per therm (including SUT). The proposed changes to the electric and gas RRC are described in Mr. Swetz's testimony and schedules (see Attachment 2).

45. As a result of the proposed rates set forth in Attachment 4, PSE&G's class average residential electric customers using 780 kWh in a summer month and 7,360 kWh annually would experience an increase in their annual bill from \$1,384.88 to \$1,385.84, or \$0.96, or approximately 0.07% (based on Delivery Rates and Basic Generation Service Fixed Pricing [BGS-FP] charges in effect January 1, 2011 and assuming that the customer receives BGS-FP service from PSE&G). PSE&G's class average residential gas heating customers using 160 therms in a winter month and 1,050 therms annually would experience an increase in their annual bill from \$1,221.08 to \$1,222.16, or \$1.08, or approximately 0.09% (based on current Delivery Rates and Basic Gas Supply Service [BGSS-RSG] charges in effect January 1, 2011 and assuming that the customer receives BGSS service from PSE&G). The residential customer bill impacts comparing the current and proposed delivery charges are contained within the draft Form of Notice of Filing and of Public Hearings and Typical Residential Bill Impacts set forth in Attachments 3 and 5 for the aforementioned class average customers, as well as for other typical customer usage patterns.

46. The proposed EEEextCs, as set forth in the tariff sheets in Attachment 4, are just and reasonable and PSE&G should be authorized to implement the proposed rates as set forth herein, on June 1, 2011 or earlier upon issuance of a written BPU order.

47. Contained herein in Attachment 3 is a draft Form of Notice of Filing and of Public Hearings. This Form of Notice sets forth the requested changes to the electric and gas rates and will be placed in newspapers having a circulation within the Company's electric and gas 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 of this filing will be served on the County Executives and Clerks of all municipalities within the Company's electric and gas service territories. A subsequent Notice will be served on the County Executives and Clerks of all municipalities within the Company's electric and gas service territories upon receipt, scheduling and publication of public hearing dates.

48. 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, 31 Clinton Street, Newark, New Jersey 07101. 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.

49. Also filed herewith is Appendix A, which provides details of where in the filing the Company has addressed the minimum filing requirements or reporting requirements for the EEE Extension.

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. The EEE Extension is in the public interest and that PSE&G is authorized to continue to implement and administer these regulated utility services under the terms set forth in this Petition and accompanying Attachments;

2. PSE&G is authorized to recover all costs requested herein associated with the EEE Extension, which will be recovered and tracked through an EEEextC of the Company's electric and gas RRC and will be filed annually.

3. PSE&G is authorized to utilize the revenue requirements methodology as approved by the Board in the original EEE Program filing and continued in this filing;

4. The return on its net investment for this EEE Extension be set based upon PSE&G's monthly weighted average cost of capital, together with the income tax effects; and

5. The proposed rates and charges, as set forth herein, are just and reasonable and PSE&G is authorized to implement the rates proposed herein on June 1, 2011 or earlier upon issuance of a written BPU order.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

*Original Signed by
Alexander C. Stern, Esq.*

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DATED: January 24, 2011
Newark, New Jersey

APPENDIX A

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MINIMUM 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> .	Attachment 3 (Notice of Filing) Attachment 4 (Proposed Tariffs) Attachment 6A (Balance Sheet 2007 – 2009) Attachment 6B (Income Statement) Attachment 6C (Balance Sheet November 2010) Attachment 6D (Revenue by Class of Business) Attachment 6E (Utility Payments or Accruals to Affiliates)
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 2 Schedule SS-8E Attachment 2 Schedule SS-8G Attachment 6F (Accounting Entries)
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.	Attachment 1 Schedule REB 1-C thru Schedule REB-1J WP_REB-1 Attachment 2 Schedule SS-3E thru Schedule SS-7G
d. The utility shall file testimony supporting its petition.	Attachment 1 and 2
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 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	Attachment 1 Schedule REB-1C (Budgets and Repayments) Attachment 1 Schedule REB-1D (Budget Categories)

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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
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.	
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.	Attachment 3 (Draft Form of Filing and of Public Hearing)
II. Program Description	
a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.	Attachment 1 at pages 15-19, 35-37, 50-53 (Sub-Program Descriptions)
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.	Attachment 1 at pages 31-32, 47, 58 Schedule REB-11 (NJCEP Program Comparison)
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.	Attachment 1 at pages 32, 48, 58
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.	Attachment 1 at pages 32, 48, 59
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.	Attachment 1 at pages 3-5

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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
f. The utility shall provide the features and benefits for each proposed program including the following: <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. 	Attachment 1 <ul style="list-style-type: none"> i. pages 19, 37, 53 (Target Market & Eligibility) ii. pages 22, 40, 54 (Sub-Program Offerings and Customer iii. Incentives pages 28, 44, 56 (Quality Assurance Provisions) iv. page 5 (Program Administration) v. pages 26, 42, 55 (Delivery Mechanisms)
g. The utility shall provide the criteria upon which it chose the program.	Attachment 1 at pages 7-9 (Criteria Used to Select Program)
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.	Attachment 1 at pages 12-15, 30, 45, 56 Schedule REB-1D
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.	Attachment 1 at pages 26-28, 42-44, 55 (Delivery Mechanisms)
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.	Attachment 1 at pages 29, 45, 56 (Contracts) Schedule REB-1A (Contracts)
k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.	Attachment 1 at page 11 (Complaint Resolution) Schedule REB-1H (Complaint Process)
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.	Attachment 1 at pages 30, 46, 57 (Goals, Energy Savings) Schedule REB-1E (Participants) Schedule REB-1F (Energy Savings) Schedule REB-1G (Emissions Savings)

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MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
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 1 at pages 24-26, 41, 55 (Marketing)
III. Additional Required Information	
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.	Attachment 1 at pages 30, 46, 57 (Marketplace Impacts)
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.	Attachment 1 at pages 20, 38, 53 (Market Barriers)

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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
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 kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.	Attachment 1 at pages 30, 46, 57 (Goals, Energy Savings and Environmental Benefits)
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 1 at pages 32-34, 48-50, 60 (Document Similar Programs)
e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.	Attachment 1 at page 12 (Smart Growth Benefits/Impacts)
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).	NOT APPLICABLE
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).	Attachment 1 at page 12 (Credits, Offsets, Allowances, & Certificates)
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.	NOT APPLICABLE

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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
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 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.	Attachment 2 Schedule SS-8E (Electric Income Statement and Balance Sheet) Schedule SS-8G (Gas Income Statement and Balance Sheet)
b. 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.	Attachment 6F (Accounting Entries)
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.	Attachment 2 (Cost Recovery Mechanism)
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.	Petition

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APPENDIX A TO BOARD ORDER: IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR AN EXTENSION OF THREE SUB-PROGRAM COMPONENTS OF ITS ENERGY EFFICIENCY ECONOMIC STIMULUS PROGRAM IN ITS SERVICE TERRITORY ON A REGULATED BASIS AND ASSOCIATED COST RECOVERY AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO.15 ELECTRIC, AND THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO.15 GAS, PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1, AND N.J.S.A. 48:3-98.1 (MULTI-FAMILY, HOSPITALS AND MUNICIPAL/NON-PROFIT DIRECT INSTALL)	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
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 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.	Attachment 2: Schedule SS-5E (Electric RGGI Recovery Charge (RRC) – Rate Impact Analysis) Schedule SS-5G (Gas RGGI Recovery Charge (RRC) – Rate Impact Analysis) Schedule SS-8E (Electric Income Statement and Balance Sheet) Schedule SS-8G (Gas Income Statement and Balance Sheet) Attachment 5 (Bill Impact Summary)
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.	Attachments 2 Schedule SS-8E (Electric Income Statement and Balance Sheet) Schedule SS-8G (Gas Income Statement and Balance Sheet)
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.	Attachments 2 Schedule SS-3E (Electric Revenue Requirements Calculation) Schedule SS-3G (Gas Revenue Requirements Calculation)
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.	Attachment 2 Schedule SS-2 (Weighted Average Cost of Capital (WACC)) Attachment 2 page 2

APPENDIX A

**APPENDIX A TO BOARD ORDER:
IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR AN EXTENSION OF THREE SUB-PROGRAM COMPONENTS OF ITS ENERGY EFFICIENCY ECONOMIC STIMULUS PROGRAM IN ITS SERVICE TERRITORY ON A REGULATED BASIS AND ASSOCIATED COST RECOVERY AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO.15 ELECTRIC, AND THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO.15 GAS, PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1, AND N.J.S.A. 48:3-98.1 (MULTI-FAMILY, HOSPITALS AND MUNICIPAL/NON-PROFIT DIRECT INSTALL)**

MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
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.	Attachment 2 page 2 (Cost of Capital) Attachment 2 page 7 (Method for Recovery of Direct Cost)
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.	NOT APPLICABLE

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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)
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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)
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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)
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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)

APPENDIX A

**APPENDIX A TO BOARD ORDER:
IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR AN EXTENSION OF THREE SUB-PROGRAM COMPONENTS OF ITS ENERGY EFFICIENCY ECONOMIC STIMULUS PROGRAM IN ITS SERVICE TERRITORY ON A REGULATED BASIS AND ASSOCIATED COST RECOVERY AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO.15 ELECTRIC, AND THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO.15 GAS, PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1, AND N.J.S.A. 48:3-98.1 (MULTI-FAMILY, HOSPITALS AND MUNICIPAL/NON-PROFIT DIRECT INSTALL)**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER <u>N.J.S.A. 48:3-98.1</u>	LOCATION IN FILING
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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)
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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)
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.	Schedule REB-1J (Cost Benefit Analysis) (Additional documentation to be provided by CEEEP)

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **STEPHEN SWETZ**
5 **MANAGER – RATES AND REGULATION**
6

7 My name is Stephen Swetz and I am the Manager – Rates and
8 Regulation for Public Service Electric and Gas Company (PSE&G, the Company).
9 My credentials are set forth in the attached Schedule SS-1.

10
11 **SCOPE OF TESTIMONY**

12 The purpose of this testimony is to support the Company’s proposed
13 methodology for recovery of the costs related to PSE&G’s Energy Efficiency
14 Economic Extension Program (EEE Extension), including projected bill impacts. My
15 testimony provides details of the proposed calculations and recovery mechanisms.

16
17 **COST RECOVERY MECHANISM**

18 General

19 PSE&G is proposing to recover the revenue requirements associated
20 with the Direct Costs of the EEE Program. Direct Costs include the EEE Extension
21 Investments, and the Administrative Costs of running the EEE Extension, including
22 labor and other costs.

1 PSE&G is proposing that the Board of Public Utilities (Board, BPU)
2 authorize the recovery of the revenue requirements in accordance with the Regional
3 Greenhouse Gas Initiative (RGGI) legislation, N.J.S.A. 48:3-98.1 et seq.

4 The details of the costs proposed to be recovered, as well as the
5 mechanism for such recovery, are detailed in the following sections of this testimony.

6

7 Calculation of the Revenue Requirements

8 In the same manner as the approved EEE Stimulus Program, the EEE
9 Extension Investments are proposed to be treated as a regulatory asset, and amortized
10 over five years as described below. The revenue requirements associated with the
11 Direct Costs of the EEE Extension would be expressed as:

$$12 \quad \text{Revenue Requirements} = (\text{Cost of Capital} * \text{Net Investment}) + \text{Amortization} \\ 13 \quad \quad \quad + \text{Administrative Costs} - \text{Program Investment Repayments}$$

14 The details of each of the above terms are described as follows:

15 Cost of Capital – This is PSE&G’s overall weighted average cost of capital
16 (WACC). PSE&G shall earn a return on its net investment in the EEE Extension
17 based upon the Company’s most current gas and/or electric authorized return on
18 equity (ROE) and capital structure including income tax effects. The overall cost
19 of capital utilized to set rates for the initial rate period of the EEE Extension will
20 be based on the Company’s most recent base rate case, BPU Docket No.

1 GR09050422, which is 8.21% (11.8520% on a pre-tax basis), based on a return
2 on equity of 10.3% and current tax rates. Any changes to current tax rates would
3 be reflected in an adjustment to the Pre-Tax WACC. See Schedule SS-2 for the
4 calculation of the current Pre-Tax WACC. In addition, any change in the WACC
5 authorized by the Board in a subsequent base rate case will be reflected in the
6 subsequent monthly revenue requirement calculations. Also, any change in the
7 revenue requirement resulting from the change in the WACC will not be included
8 in the monthly interest calculation for over and under recoveries until the date of
9 the next scheduled annual true-up but in any event, no later than January 1 of the
10 subsequent year.

11 Net Investment – This is the net balance of:

- 12 1) The regulatory asset account equal to the EEE Extension Investments
13 less the associated accumulated amortization.
- 14 2) Accumulated Deferred Income Tax (ADIT)

15 Amortization – The Amortization is composed of the amortization of the
16 regulatory asset. The EEE Extension Investments would be amortized over
17 five years, which was approved in the current EEE Program. The amortization
18 would be based on a monthly vintaging methodology instead of the mass
19 property accounting typically used for utility property.

1 Administrative Costs – Administrative Costs would include any PSE&G labor
2 and other related on-going costs required to run the EEE Extension. An annual
3 summary of the Administrative Costs can be found in Attachment 1C, Page 1
4 for electric and Page 2 for gas from the EEE Extension Petition. The monthly
5 detail and assumptions supporting the Administrative Costs can be found in
6 electronic workpaper WP_REB-1.xls, on each corresponding sub-program
7 worksheet.

8 EEE Extension Investment Repayments – These repayments from participants
9 will be credited back to customers as an offset to revenue requirements. An
10 annual summary of the EEE Extension Investment Repayments can be found
11 in Attachment 1C, Page 1 for electric and Page 2 for gas from the EEE
12 Extension Petition. The monthly detail and assumptions supporting the EEE
13 Extension Investment Repayments can be found in electronic workpaper
14 WP_REB-1.xls on each corresponding sub-program worksheet.

15 The monthly detailed calculations of the electric and gas revenue
16 requirements for the initial period (June 2011 through December 2012) along with an
17 annual summary for the entire EEE Extension based upon the projected Direct Costs
18 for electric and gas, are shown in Schedules SS-3E & SS-3G, respectively. The
19 remaining monthly calculations that support the annual summary for the third year
20 and beyond are available in the electronic workpapers (WP_SS-1.xls, worksheets

1 “RevReqE” & “RevReqG”). Below is a detailed description of the monthly revenue
2 requirements calculations set forth in Schedules SS-3E & SS-3G.

3 EEE Extension Investment (Column 1) is an input into the revenue
4 requirements calculation. An annual summary of the EEE Extension Investments can
5 be found in Attachment 1C, Page 1 for electric and Page 2 for gas from the EEE
6 Extension Petition. For detailed assumptions regarding the EEE Extension
7 Investments, see electronic workpaper WP_REB-1.xls, and each corresponding sub-
8 program assumption worksheet. Gross Plant (Column 3) is the cumulative sum of
9 EEE Extension Investments (Column 1). EEE Extension Investment Amortization
10 (Column 4) is the amortization of the Program Investments from Column 1. Since the
11 amortization of these investments is to be made over five years, the amortization is
12 equal to $1/60^{\text{th}}$ of each prior 60 months of EEE Extension Investments from Column
13 1. The Accumulated Amortization (Column 6) is the cumulative sum of the EEE
14 Extension Investment Amortization (Column 4). Net Plant (Column 7) is the Gross
15 Plant (Column 3) less the Accumulated Amortization (Column 6). The details for the
16 calculation of Tax Depreciation (Column 8) and Deferred Income Tax (Column 9)
17 related to the EEE Extension Investments are included in the electronic workpapers
18 (WP_SS-1.xls, worksheets “AmortE” and “AmortG”). ADIT (Column 10) is the
19 cumulative total of Deferred Tax (Column 9). The month ending Net Investment
20 (Column 11) is equal to the Net Plant (Column 7) less the ADIT (Column 10). The

1 monthly Return Requirement (Column 12) is the average Net Investment (prior month
2 Net Investment plus current month ending Net Investment from Column 11 divided
3 by 2) multiplied by the Monthly Pre-Tax WACC from Schedule SS-2. The Monthly
4 Revenue Requirement (Column 16) is calculated as the EEE Extension Investment
5 Amortization (Column 4) plus the Return Requirement (Column 12) less the EEE
6 Extension Investment Repayments (Column 13) plus the Administration Costs
7 (Column 14).

8 The expected electric revenue requirements for the EEE Extension are
9 \$1,736,575 in 2011 and peak in 2013 at \$12,829,353 based upon current EEE
10 Extension assumptions. The expected gas revenue requirements for the Program are
11 \$714,163 for 2011 and peak in 2013 at \$6,687,022 based upon current EEE Extension
12 assumptions. The electric and gas revenue requirements for the initial rate period of
13 June 2011 to December 2012 are \$8,726,005 and \$4,027,423 respectively (See
14 Schedule SS-4).

15 The Board's Order in *I/M/O the Matter of Electric Public Utilities and*
16 *Gas Public Utilities Offering Energy Efficiency and Conservation Programs,*
17 *investing in Class I Renewable Energy Resources, and Offering Class I Renewable*
18 *Energy Programs in Their Respective Service Territories on a Regulated Basis*
19 *Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08030164 (Order dated May 12,*
20 *2008), at Appendix A, I(a), requires three years of a pro-forma Income Statement and*

1 Balance Sheet showing the incremental impacts from the EEE Extension. The
2 Income Statement and Balance Sheet for the electric and gas EEE Extension for all
3 years is contained in Schedules SS-8E and SS-8G, respectively. Note that the
4 amortization of the regulatory asset associated with the EEE Extension Investment
5 described above is considered "Customer Assistance Expense" for Accounting
6 Purposes and is included in the Operations & Maintenance Expense line on the
7 Income Statements.

8

9 Method for Cost Recovery

10 Consistent with the cost recovery methodology for the approved EEE
11 Stimulus Program, PSE&G will recover the net revenue requirements associated with
12 this EEE Extension via two new EEE Extension Program components (EEEextC) of
13 the Company's electric and gas RGGI Recovery Charges (RRC). The electric
14 EEEextC will be applicable to all electric rate schedules on an equal dollar per
15 kilowatt-hour basis for recovery of costs associated with the electric EEE Extension.
16 The gas EEEextC will be applicable to all gas rate schedules on an equal dollar per
17 therm basis for recovery of costs associated with the gas EEE Extension. The initial
18 EEEext components will be based on estimated EEE Extension revenue requirements
19 from June 1, 2011 to December 31, 2012. The electric and gas EEEextCs, as
20 proposed as part of this testimony are intended to be effective June 1, 2011 or earlier

1 upon issuance of a Board order. Thereafter, the electric and gas EEEextCs will be
2 changed nominally on an annual basis incorporating a true-up for actuals and an
3 estimate of the revenue requirements for the upcoming year. The calculation of the
4 proposed electric and gas EEEextCs are shown in Schedules SS-5E & SS-5G,
5 respectively. The Revenue Requirements (Column 1) for each period, initial and all
6 subsequent annual periods, are divided by the forecasted sales, kilowatt-hours for
7 electric and therms for gas, to determine the electric EEEextC and gas EEEextC
8 (Column 2) without the New Jersey Energy Sales and Use Tax (SUT) applied. The
9 forecasted kilowatt-hours and therm sales used for this analysis are consistent with the
10 Company's 2010 Societal Benefits Charge (SBC) filing. This same level of sales is
11 held constant for illustrative purposes only, for all subsequent annual periods.

12 Under the Company's proposal, any over/under recovery of the actual
13 revenue requirements compared to revenues would be deferred. In calculating the
14 monthly interest on net over and under recoveries, the interest rate shall be based
15 upon the Company's interest rate obtained on its commercial paper and/or bank credit
16 lines utilized in the preceding month. If both commercial paper and bank credit lines
17 have been utilized, the weighted average of both sources of capital shall be used. In
18 the event that neither commercial paper nor bank credit lines were utilized in the
19 preceding month, the last calculated rate will be used. The interest rate shall not
20 exceed PSE&G's overall rate of return as authorized by the Board as utilized in

1 calculating revenue requirements for the corresponding period. The interest amount
2 charged to the EEEextC electric and gas deferred balances will be computed using the
3 methodology set forth in Schedule SS-7E and SS-7G, respectively. The calculation of
4 monthly interest shall be based on the net of tax average monthly balance, consistent
5 with the methodology set forth in Schedules SS-7E and SS-7G. Simple interest shall
6 accrue on any under and over recovered balances, and shall be included in the
7 deferred balances at the end of each reconciliation period. Near the end of the initial
8 and each subsequent recovery period, the corresponding electric and gas deferred
9 balances would be included with forecasted revenue requirements for the succeeding
10 period for purpose of setting the revised electric and gas EEEextCs.

11

12 Projected Bill Impacts

13 An estimate of rate and bill impacts of the electric EEEextC and gas
14 EEEextC has been prepared as Schedules SS-5E and SS-5G, respectively. The
15 calculations of electric EEEextC and gas EEEextC without SUT were previously
16 described in the Method of Direct Cost Recovery section above. The electric
17 EEEextC and gas EEEextC with SUT (Column 3) are determined by multiplying each
18 EEEextC without SUT (Column 2) by one plus the current SUT rate (7%). This Rate
19 Impact Analysis uses current rates for calculating the percentage change for all major

1 rate classes. The current rates for all of these rate classes are the first row of Schedule
2 SS-5E and SS-5G.

3 The expected increase from the electric EEEextC for the initial recovery
4 period for a residential customer would be \$0.000133 per kWh (including SUT). The
5 typical annual residential electric bill would increase \$0.96 (0.069%) or about \$0.08
6 per month. The expected increase from the gas EEEextC for the first initial recovery
7 period for a residential customer would be \$0.001009 per therm (including SUT).
8 The typical annual residential gas bill would increase \$1.08 (0.088%) or about \$0.09
9 per month.

10 As currently projected, the maximum rate impacts for residential
11 customers from the electric and gas EEEextCs would occur in 2013. The expected
12 maximum increase from the electric EEEextC for a residential customer would be
13 \$0.000314 per kWh (including SUT), for a typical annual residential bill impact of
14 \$2.36 (0.170%) or about \$0.20 per month. The maximum rate impact from the gas
15 EEEextC for residential customers would be \$0.002433 per therm (including SUT),
16 for a total typical annual residential bill impact of \$2.56 (0.210%) or about \$0.21 per
17 month.

18 Included is Schedules SS-6E, which shows the cumulative rate impact
19 analysis of the Solar Program Recovery Charge and Electric RGGI Recovery Charge.

- 1 Schedule SS-6G shows the cumulative rate impact of the Gas RGGI Recovery
- 2 Charge.

SCHEDULE INDEX

Schedule SS -1Qualifications

Schedule SS-2Weighted Average Cost of Capital (WACC)

Schedule SS-3E.....Electric Revenue Requirements Calculation

Schedule SS-3GGas Revenue Requirements Calculation

Schedule SS-4Proposed Rate Calculation

Schedule SS-5E.....Electric RGGI Recovery Charge (RRC) -Rate Impact Analysis

Schedule SS-5GGas RGGI Recovery Charge (RRC) - Rate Impact Analysis

Schedule SS-6E.....Cumulative Rate Impact Analysis – Solar Program Recovery Charge (SPRC) and Electric RGGI Recovery Charge (RRC)

Schedule SS-6GCumulative Rate Impact Analysis – Gas RGGI Recovery Charge (RRC)

Schedule SS-7E.....Electric Over / Under Balance Calculation

Schedule SS-7GGas Over / Under Balance Calculation

Schedule SS-8E.....Electric Income Statement and Balance Sheet

Schedule SS-8GGas Income Statement and Balance Sheet

ELECTRONIC WORKPAPER INDEX

WP_SS-1.xls

WP_REB-1.xls

1 **QUALIFICATIONS**
2 **OF**
3 **STEPHEN SWETZ**
4 **MANAGER – RATES AND REGULATION**
5

6 My name is Stephen Swetz and I am the Manager – Rates and
7 Regulations for Public Service Electric and Gas Company (PSE&G, the Company).
8

9 EDUCATIONAL BACKGROUND

10 I graduated from Worcester Polytechnic Institute with a Bachelor of
11 Science degree in Mechanical Engineering. I also earned the degree of Master of
12 Business Administration from Fairleigh Dickinson University.
13

14 WORK EXPERIENCE

15 I have over 20 years experience in Rates, Analysis, and Operations for
16 three Fortune 500 companies. Since 1991, I have worked in various positions at
17 PSE&G and affiliates of PSE&G. I have held positions in Rates & Regulation,
18 Pricing, Corporate Planning & Finance with over fourteen years of direct experience
19 in northeastern retail and wholesale electric and gas markets. I am presently the
20 Manager – Rates and Regulation and contribute to the development and
21 implementation of the Company's electric and gas rates. I have submitted pre-filed
22 direct cost recovery testimony for the Company's 2009 electric and gas base rate case

**ATTACHMENT 2
SCHEDULE SS-1
PAGE 2 OF 2**

1 to the New Jersey Board of Public Utilities as well as oral testimony to the New
2 Jersey Office of Administrative Law. In addition, I have submitted pre-filed direct
3 cost recovery testimony on behalf of the Company for the Carbon Abatement,
4 Economic Energy Efficiency (EEE), Demand Response, Solar 4 All, and Solar Loan I
5 & II Programs as well as the electric and gas Societal Benefits Charge (SBC) rates
6 and its electric Non-utility Generation Charge (NGC) rate to the New Jersey Board of
7 Public Utilities. I have also contributed to other filings that the Company has made to
8 the New Jersey Board of Public Utilities; including the Capital Economic Stimulus
9 Infrastructure Investment Program and Economic Energy Efficiency Stimulus
10 Program, as well as unbundling electric rates and Off Tariff Rate Agreements. I have
11 led various economic analyses, asset valuations, rate design and pricing efforts and
12 have participated in electric and gas marginal cost studies.

13 I am an active participant of the American Gas Association's Rate and
14 Strategic Issues Committee and Edison Electric Institute's Rates and Regulatory
15 Affairs Committee.

**PSE&G Economic Energy Efficiency Extension Program
Weighted Average Cost of Capital (WACC)**

WACC rate starting July 2010.

	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>	<u>Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Cost</u>	<u>Discount Rate</u>
Other Capital	48.8000%	6.0172%	2.9364%	1.0000	2.9364%	
Customer Deposits	0.0000%	0.0000%	0.0000%	1.0000	0.0000%	
Sub-total	48.8000%		2.9364%		2.9364%	1.7369%
Preferred Stock	0.0000%	0.0000%	0.0000%	1.6906	0.0000%	0.0000%
Common Equity	51.2000%	10.3000%	5.2736%	1.6906	8.9156%	5.2736%
Total	100.0000%		8.2100%		11.8520000%	7.0105%
Monthly WACC			0.68417%		0.98767000%	

Reflects a tax rate of 40.850%

**PSE&G Economic Energy Efficiency Extension Program
Electric Revenue Requirements Calculation**

Monthly WACC effective 07/01/2010	0.987670%
Inc. tax rate effective 07/01/2010	40.850%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Program Investment	Capitalized IT Costs ¹	Gross Plant	Program Investment Amortization	IT Cost Amortization ¹	Accumulated Amortization	Net Plant	Tax Depreciation	Deferred Income Tax	Accumulated Deferred Income Tax	Net Investment	Return Requirement	Program Investment Repayments	Administrative costs	Lost Distribution Margin Revenue ²	Revenue Requirements
Monthly Calculations																
Jan-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jul-11	-	-	-	-	-	-	-	-	-	-	-	-	-	221,585	-	221,585
Aug-11	158,620	-	158,620	2,644	-	2,644	155,976	158,620	63,716	63,716	92,260	456	-	221,585	-	221,585
Sep-11	453,344	-	611,964	10,199	-	12,843	599,121	453,344	181,025	244,741	354,380	2,206	-	221,585	-	233,990
Oct-11	983,732	-	1,595,697	26,595	-	39,438	1,556,259	983,732	390,991	635,732	920,527	6,296	-	221,585	-	254,476
Nov-11	956,540	-	2,552,237	42,537	-	81,975	2,470,262	956,540	373,370	1,009,102	1,461,160	11,762	(2,688)	221,585	-	273,195
Dec-11	1,878,047	-	4,430,284	73,838	-	155,813	4,274,471	1,878,047	737,019	1,746,121	2,528,349	19,702	(8,065)	221,585	-	307,060
Jan-12	1,629,361	-	6,059,646	100,994	-	256,807	5,802,838	1,629,361	624,338	2,370,459	3,432,379	29,436	(13,442)	206,587	-	323,576
Feb-12	1,940,709	-	8,000,354	133,339	-	390,147	7,610,207	1,940,709	738,310	3,108,770	4,501,438	39,180	(18,818)	206,587	-	360,289
Mar-12	2,327,585	-	10,327,939	172,132	-	562,279	9,765,660	2,327,585	880,502	3,989,272	5,776,388	50,755	(24,356)	206,587	-	405,119
Apr-12	2,058,439	-	12,386,378	206,440	-	768,719	11,617,659	2,058,439	756,542	4,745,814	6,871,845	62,461	(32,663)	206,587	-	442,826
May-12	2,150,398	-	14,536,775	242,280	-	1,010,998	13,525,777	2,150,398	779,466	5,525,280	8,000,497	73,445	(40,970)	206,587	-	481,342
Jun-12	3,465,478	-	18,002,253	300,038	-	1,311,036	16,691,217	3,465,478	1,293,082	6,818,362	9,872,855	88,265	(49,277)	206,587	-	545,613
Jul-12	2,691,492	-	20,693,745	344,896	-	1,655,932	19,037,814	2,691,492	958,585	7,776,947	11,260,867	104,366	(57,583)	206,587	-	598,266
Aug-12	2,679,140	-	23,372,885	389,548	-	2,045,480	21,327,406	2,679,140	935,298	8,712,245	12,615,161	117,908	(65,890)	206,587	-	648,154
Sep-12	3,641,771	-	27,014,656	450,244	-	2,495,724	24,518,932	3,641,771	1,303,739	10,015,984	14,502,949	133,919	(74,908)	206,587	-	715,842
Oct-12	2,707,771	-	29,722,427	495,374	-	2,991,098	26,731,330	2,707,771	903,764	10,919,748	15,811,581	149,704	(84,638)	206,587	-	767,027
Nov-12	2,627,559	-	32,349,987	539,166	-	3,530,264	28,819,723	2,627,559	853,109	11,772,857	17,046,866	162,267	(94,367)	206,587	-	813,654
Dec-12	4,057,143	-	36,407,130	606,786	-	4,137,050	32,270,080	4,057,143	1,409,471	13,182,328	19,087,753	178,445	(104,096)	206,587	-	887,722
	Program Assumption	Program Assumption	Prior Month + (Col 1 + Col 2)	1/60 of each Prior 60 Months from Col 1 (5 year amortization)	1/60 of Each Prior 60 Months of Col 2 (5 year amortization)	Prior Month + (Col 4 + Col 5)	Col 3 - Col 6	See WP_SS-1.xls 'AmortE' wksht	-(Col 4 + Col 5 - Col 8) * Income Tax Rate	Prior Month + Col 9	Col 7 - Col 10	(Prior Col 11 + Col 11) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	See WP_SS-1.xls 'InputE' wksht	Col 4 + Col 5 + Col 12 + Col 13 + Col 14 + Col 15
Annual Summary																
2011	4,430,284	-	4,430,284	155,813	-	155,813	4,274,471	4,430,284	1,746,121	1,746,121	2,528,349	40,420	(10,753)	1,551,094	-	1,736,575
2012	31,976,846	-	36,407,130	3,981,236	-	4,137,050	32,270,080	31,976,846	11,436,207	13,182,328	19,087,753	1,190,151	(661,007)	2,479,050	-	6,989,430
2013	26,051,841	-	62,458,971	10,732,439	-	14,869,489	47,589,482	26,051,841	6,257,975	19,440,303	28,149,178	3,049,631	(3,129,289)	2,176,571	-	12,829,353
2014	1,841,030	-	64,300,000	12,816,029	-	27,685,517	36,614,483	1,841,030	(4,483,287)	14,957,016	21,657,467	2,996,543	(4,830,668)	760,954	-	11,742,857
2015	-	-	64,300,000	12,860,000	-	40,545,518	23,754,483	-	(5,253,310)	9,703,706	14,050,777	2,116,078	(3,830,203)	-	-	11,145,875
2016	-	-	64,300,000	12,704,187	-	53,249,704	11,050,296	-	(5,189,660)	4,514,046	6,536,250	1,215,785	(2,276,229)	-	-	11,643,742
2017	-	-	64,300,000	8,878,764	-	62,128,468	2,171,532	-	(3,626,975)	887,071	1,284,461	424,944	(441,479)	-	-	8,862,229
2018	-	-	64,300,000	2,127,561	-	64,256,029	43,972	-	(869,109)	17,962	26,009	47,682	(259,548)	-	-	1,915,695
2019	-	-	64,300,000	43,972	-	64,300,000	-	-	(17,962)	(0)	0	292	(259,548)	-	-	(215,285)
2020	-	-	64,300,000	-	-	64,300,000	-	-	-	(0)	0	0	(259,548)	-	-	(259,548)
2021	-	-	64,300,000	-	-	64,300,000	-	-	-	(0)	0	0	(259,548)	-	-	(259,548)
2022	-	-	64,300,000	-	-	64,300,000	-	-	-	(0)	0	0	(248,169)	-	-	(248,169)
2023	-	-	64,300,000	-	-	64,300,000	-	-	-	(0)	0	0	(87,528)	-	-	(87,528)
Total	64,300,000	-	64,300,000	64,300,000	-	64,300,000	64,300,000	64,300,000	(0)	11,081,527	(16,553,519)	6,967,669	-	65,795,678	-	65,795,678

¹ No Capitalized IT Costs are being requested in this filing
² No Lost Distribution Margin Revenues are being requested

**PSE&G Economic Energy Efficiency Extension Program
Gas Revenue Requirements Calculation**

Attachment 2
Schedule SS - 3G

Monthly WACC effective 07/01/2010	0.987670%
Inc. Tax rate effective 07/01/2010	40.850%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Program Investment	Capitalized IT Costs ¹	Gross Plant	Program Investment Amortization	IT Cost Amortization ¹	Accumulated Amortization	Net Plant	Tax Depreciation	Deferred Income Tax	Accumulated Deferred Income Tax	Net Investment	Return Requirement	Program Investment Repayments	Administrative costs	Lost Distribution Margin Revenue ²	Revenue Requirements
Monthly Calculations																
Jan-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jun-11	-	-	-	-	-	-	-	-	-	-	-	-	-	91,919	-	91,919
Jul-11	-	-	-	-	-	-	-	-	-	-	-	-	-	91,919	-	91,919
Aug-11	98,880	-	98,880	1,648	-	1,648	97,232	98,880	39,719	39,719	57,513	284	-	91,919	-	93,851
Sep-11	150,751	-	249,631	4,161	-	5,809	243,822	150,751	59,882	99,601	144,221	996	-	91,919	-	97,076
Oct-11	306,858	-	556,488	9,275	-	15,083	541,405	306,858	121,563	221,164	320,241	2,294	-	91,919	-	103,488
Nov-11	292,850	-	849,338	14,156	-	29,239	820,099	292,850	113,846	335,010	485,089	3,977	(299)	91,919	-	109,753
Dec-11	830,510	-	1,679,848	27,997	-	57,236	1,622,611	830,510	327,826	662,837	959,775	7,135	(896)	91,919	-	126,156
Jan-12	759,614	-	2,439,461	40,658	-	97,894	2,341,567	759,614	293,694	956,530	1,385,037	11,579	(1,494)	88,236	-	138,979
Feb-12	787,362	-	3,226,824	53,780	-	151,674	3,075,149	787,362	299,668	1,256,198	1,818,951	15,822	(2,091)	88,236	-	155,748
Mar-12	986,662	-	4,213,486	70,225	-	221,899	3,991,587	986,662	374,365	1,630,563	2,361,024	20,642	(2,706)	88,236	-	176,396
Apr-12	910,956	-	5,124,442	85,407	-	307,307	4,817,135	910,956	337,237	1,967,800	2,849,336	25,731	(3,629)	88,236	-	195,744
May-12	1,028,940	-	6,153,382	102,556	-	409,863	5,743,519	1,028,940	378,428	2,346,227	3,397,291	30,848	(4,552)	88,236	-	217,088
Jun-12	1,706,405	-	7,859,787	130,996	-	540,859	7,318,927	1,706,405	643,554	2,989,782	4,329,146	38,156	(5,475)	88,236	-	251,913
Jul-12	1,352,418	-	9,212,205	153,537	-	694,396	8,517,808	1,352,418	489,743	3,479,525	5,038,284	46,260	(6,398)	88,236	-	281,634
Aug-12	1,413,188	-	10,625,392	177,090	-	871,486	9,753,906	1,413,188	504,946	3,984,471	5,769,436	53,372	(7,321)	88,236	-	311,377
Sep-12	1,930,778	-	12,556,171	209,270	-	1,080,756	11,475,415	1,930,778	703,236	4,687,707	6,787,708	62,012	(9,149)	88,236	-	350,367
Oct-12	1,449,627	-	14,005,798	233,430	-	1,314,186	12,691,612	1,449,627	496,816	5,184,524	7,507,089	70,593	(11,883)	88,236	-	380,376
Nov-12	1,326,631	-	15,332,428	255,540	-	1,569,726	13,762,702	1,326,631	437,540	5,622,064	8,140,638	77,274	(14,616)	88,236	-	406,434
Dec-12	2,104,529	-	17,436,958	290,616	-	1,860,342	15,576,616	2,104,529	740,984	6,363,048	9,213,568	85,701	(17,349)	88,236	-	447,203
	Program Assumption	Program Assumption	Prior Month + (Col 1 + Col 2)	1/60 of each Prior 60 Months from Col 1 (5 year amortization)	1/60 of Each Prior 60 Months of Col 2 (5 year amortization)	Prior Month + (Col 4 + Col 5)	Col 3 - Col 6	See WP_SS-1.xls 'Amort' g wsht	-(Col 4 + Col 5 - Col 8) * Income Tax Rate	Prior Month + Col 9	Col 7 - Col 10	(Prior Col 11 + Col 11) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	See WP_SS-1.xls 'Input' g wsht	Col 4 + Col 5 + Col 12 + Col 13 + Col 14
Annual Summary																
2011	1,679,848	-	1,679,848	57,236	-	57,236	1,622,611	1,679,848	662,837	662,837	959,775	14,686	(1,195)	643,435	-	714,163
2012	15,757,110	-	17,436,958	1,803,106	-	1,860,342	15,576,616	15,757,110	5,700,211	6,363,048	9,213,568	537,990	(86,664)	1,058,829	-	3,313,260
2013	12,314,633	-	29,751,591	5,128,718	-	6,989,060	22,762,530	12,314,633	2,935,446	9,298,494	13,464,037	1,465,315	(1,006,510)	1,099,498	-	6,687,022
2014	948,409	-	30,700,000	6,117,348	-	13,106,408	17,593,592	948,409	(2,111,511)	7,186,982	10,406,609	1,437,757	(2,038,539)	460,034	-	5,976,600
2015	-	-	30,700,000	6,140,000	-	19,246,408	11,453,592	-	(2,508,190)	4,678,792	6,774,799	1,018,174	(2,000,883)	-	-	5,157,291
2016	-	-	30,700,000	6,082,764	-	25,329,172	5,370,828	-	(2,484,809)	2,193,983	3,176,845	588,200	(1,369,231)	-	-	5,301,733
2017	-	-	30,700,000	4,336,894	-	29,666,067	1,033,934	-	(1,771,621)	422,362	611,572	205,302	(424,056)	-	-	4,118,140
2018	-	-	30,700,000	1,011,282	-	30,677,348	22,652	-	(413,109)	9,253	13,399	23,296	(330,334)	-	-	704,243
2019	-	-	30,700,000	22,652	-	30,700,000	-	-	(9,253)	0	(0)	150	(330,334)	-	-	(307,532)
2020	-	-	30,700,000	-	-	30,700,000	-	-	0	(0)	(0)	(0)	(330,334)	-	-	(330,334)
2021	-	-	30,700,000	-	-	30,700,000	-	-	0	(0)	(0)	(0)	(330,334)	-	-	(330,334)
2022	-	-	30,700,000	-	-	30,700,000	-	-	0	(0)	(0)	(0)	(315,851)	-	-	(315,851)
2023	-	-	30,700,000	-	-	30,700,000	-	-	0	(0)	(0)	(0)	(111,399)	-	-	(111,399)
Total	30,700,000	-	30,700,000	-	-	30,700,000	-	30,700,000	(0)	-	-	5,290,869	(8,675,664)	3,261,796	-	30,577,001

¹ No Capitalized IT Costs are being requested in this filing
² No Lost Distribution Margin Revenues are being requested

PSE&G Economic Energy Efficiency Extension Program Proposed Rate Calculations

(\$'s Unless Specified)

SUT Rate 7%

<u>Line</u>		<u>Electric</u>	<u>Gas</u>	<u>Source/Description</u>
1	2012 Revenue Requirements (June 11 - Dec 12)	8,726,005	4,027,423	SS-EEE-3E/G, Col 16
2	June 2011 - Dec 2012 Forecasted kWh / Therms (000)	70,583,548	4,269,371	
3	Proposed Rate w/o SUT (\$/kWh or \$/Therm)	0.000124	0.000943	(Line 1 / (Line 2*1,000)) [Rnd 6]
4	Proposed Rate w/ SUT (\$/kWh or \$/Therm)	0.000133	0.001009	(Line 3 * (1 + SUT Rate)) [Rnd 6]
5	Existing Rate w/o SUT (\$/kWh or \$/Therm)	-	-	
6	Difference in Proposed and Existing Rate	0.000124	0.000943	(Line 3 - Line 5)
7	Resultant EEE Revenue Increase	8,752,360	4,026,017	(Line 2 * Line 6 * 1,000)

**PSE&G Economic Energy Efficiency Extension Program
Electric RGGI Recovery Charge (RRC) - Rate Impact Analysis**

7% SUT Rate
43,722,166 kWh Sales (000) - Annual
26,861,382 kWh Sales (000) - June to Dec.

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

0.000719 Current electric RRC (\$/kWh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)						
			Class Average Rate w/SUT - \$/kWh ¹							Typical RS RRC (\$)											
Electric EEExt Revenue Requirements	Electric EEExtC w/o SUT (\$/kWh)	Electric EEExtC 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)	RS Tycal Annual Bill (\$'s)	% Change in RS Typical Annual Bill						
Current			0.188163	0.164470	0.176243	0.182704	0.157361	0.113499	0.104795	0.56	0.38	5.28		1,384.88							
2011 ²	1,736,575	0.000124	0.000133	0.188296	0.164603	0.176376	0.182837	0.157494	0.113632	0.104928	0.66	0.45	6.24	0.96	1,385.84	0.069%					
2012 ²	6,989,430	0.000124	0.000133	0.188296	0.164603	0.176376	0.182837	0.157494	0.113632	0.104928	0.66	0.45	6.24	0.96	1,385.84	0.069%					
2013	12,829,353	0.000293	0.000314	0.188477	0.164784	0.176557	0.183018	0.157675	0.113813	0.105109	0.81	0.55	7.64	2.36	1,387.24	0.170%					
2014	11,742,857	0.000269	0.000288	0.188451	0.164758	0.176531	0.182992	0.157649	0.113787	0.105083	0.79	0.53	7.40	2.12	1,387.00	0.153%					
2015	11,145,875	0.000255	0.000273	0.188436	0.164743	0.176516	0.182977	0.157634	0.113772	0.105068	0.77	0.53	7.32	2.04	1,386.92	0.147%					
2016	11,643,742	0.000266	0.000285	0.188448	0.164755	0.176528	0.182989	0.157646	0.113784	0.105080	0.78	0.53	7.36	2.08	1,386.96	0.150%					
2017	8,862,229	0.000203	0.000217	0.188380	0.164687	0.176460	0.182921	0.157578	0.113716	0.105012	0.73	0.50	6.92	1.64	1,386.52	0.118%					
2018	1,915,695	0.000044	0.000047	0.188210	0.164517	0.176290	0.182751	0.157408	0.113546	0.104842	0.60	0.41	5.68	0.40	1,385.28	0.029%					
2019	(215,285)	(0.000005)	(0.000005)	0.188158	0.164465	0.176238	0.182699	0.157356	0.113494	0.104790	0.56	0.38	5.28	-	1,384.88	0.000%					
2020	(259,548)	(0.000006)	(0.000006)	0.188157	0.164464	0.176237	0.182698	0.157355	0.113493	0.104789	0.56	0.38	5.28	-	1,384.88	0.000%					
2021	(259,548)	(0.000006)	(0.000006)	0.188157	0.164464	0.176237	0.182698	0.157355	0.113493	0.104789	0.56	0.38	5.28	-	1,384.88	0.000%					
2022	(248,169)	(0.000006)	(0.000006)	0.188157	0.164464	0.176237	0.182698	0.157355	0.113493	0.104789	0.56	0.38	5.28	-	1,384.88	0.000%					
2023	(87,528)	(0.000002)	(0.000002)	0.188161	0.164468	0.176241	0.182702	0.157359	0.113497	0.104793	0.56	0.38	5.28	-	1,384.88	0.000%					
From Schedule SS - 3E Col 16			Current Class Avg Rate + Col 3 for Each Rate Class (Col 4 thru Col 11)							(Cur. eRRC + Col 3) * Avg RS kWh Sum Mo Rnd 2			Col 13 - Current 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
2011	0.071%	0.081%	0.075%	0.073%	0.085%	0.117%	0.127%
2012	0.071%	0.081%	0.075%	0.073%	0.085%	0.117%	0.127%
2013	0.167%	0.191%	0.178%	0.172%	0.200%	0.277%	0.300%
2014	0.153%	0.175%	0.163%	0.158%	0.183%	0.254%	0.275%
2015	0.145%	0.166%	0.155%	0.149%	0.173%	0.241%	0.261%
2016	0.151%	0.173%	0.162%	0.156%	0.181%	0.251%	0.272%
2017	0.115%	0.132%	0.123%	0.119%	0.138%	0.191%	0.207%
2018	0.025%	0.029%	0.027%	0.026%	0.030%	0.041%	0.045%
2019	-0.003%	-0.003%	-0.003%	-0.003%	-0.003%	-0.004%	-0.005%
2020	-0.003%	-0.004%	-0.003%	-0.003%	-0.004%	-0.005%	-0.006%
2021	-0.003%	-0.004%	-0.003%	-0.003%	-0.004%	-0.005%	-0.006%
2022	-0.003%	-0.004%	-0.003%	-0.003%	-0.004%	-0.005%	-0.006%
2023	-0.001%	-0.001%	-0.001%	-0.001%	-0.001%	-0.002%	-0.002%

¹All customers assumed to have BGS Supply
²Initial Rate period is June 2011 to December 2012

**PSE&G Economic Energy Efficiency Extension Program
Gas RGGI Recovery Charge (RRC) - Rate Impact Analysis**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)																																																																																																									
			Class Average Rate w/SUT - \$/therm ¹						Typical RSG RRC (\$)				Change in																																																																																																											
			RSG	GSG	LVG	TSG-F	TSG-NF	CIG	Dec-Mar Monthly Bill	Nov & Apr Monthly Bill	May-Oct Monthly Bill	Annual Bill	RSG Typical Annual Bill (\$'s)	RSG Typical Annual Bill (\$'s)	% Change in RSG Typical Annual Bill																																																																																																									
Gas EEEextC Revenue Requirements	Gas EEEextC w/o SUT (\$/therm)	Gas EEEextC w/ SUT (\$/therm)																																																																																																																						
Current			1.162933	1.172507	1.008795	0.884689	0.792087	0.669298	0.53	0.35	0.11	3.48		1,221.08																																																																																																										
2011 ²	714,163	0.000943	0.001009	1.163942	1.173516	1.009804	0.885698	0.793096	0.670307	0.70	0.46	0.14	4.56	1.08	1,222.16	0.088%																																																																																																								
2012 ²	3,313,260	0.000943	0.001009	1.163942	1.173516	1.009804	0.885698	0.793096	0.670307	0.70	0.46	0.14	4.56	1.08	1,222.16	0.088%																																																																																																								
2013	6,687,022	0.002274	0.002433	1.165366	1.174940	1.011228	0.887122	0.794520	0.671731	0.92	0.61	0.19	6.04	2.56	1,223.64	0.210%																																																																																																								
2014	5,976,600	0.002033	0.002175	1.165108	1.174682	1.010970	0.886864	0.794262	0.671473	0.88	0.58	0.18	5.76	2.28	1,223.36	0.187%																																																																																																								
2015	5,157,291	0.001754	0.001877	1.164810	1.174384	1.010672	0.886566	0.793964	0.671175	0.83	0.55	0.17	5.44	1.96	1,223.04	0.161%																																																																																																								
2016	5,301,733	0.001803	0.001929	1.164862	1.174436	1.010724	0.886618	0.794016	0.671227	0.84	0.56	0.17	5.50	2.02	1,223.10	0.165%																																																																																																								
2017	4,118,140	0.001401	0.001499	1.164432	1.174006	1.010294	0.886188	0.793586	0.670797	0.77	0.51	0.16	5.06	1.58	1,222.66	0.129%																																																																																																								
2018	704,243	0.000240	0.000257	1.163190	1.172764	1.009052	0.884946	0.792344	0.669555	0.58	0.38	0.12	3.80	0.32	1,221.40	0.026%																																																																																																								
2019	(307,532)	(0.000105)	(0.000112)	1.162821	1.172395	1.008683	0.884577	0.791975	0.669186	0.52	0.34	0.11	3.42	(0.06)	1,221.02	-0.005%																																																																																																								
2020	(330,334)	(0.000112)	(0.000120)	1.162813	1.172387	1.008675	0.884569	0.791967	0.669178	0.52	0.34	0.11	3.42	(0.06)	1,221.02	-0.005%																																																																																																								
2021	(330,334)	(0.000112)	(0.000120)	1.162813	1.172387	1.008675	0.884569	0.791967	0.669178	0.52	0.34	0.11	3.42	(0.06)	1,221.02	-0.005%																																																																																																								
2022	(315,851)	(0.000107)	(0.000114)	1.162819	1.172393	1.008681	0.884575	0.791973	0.669184	0.52	0.34	0.11	3.42	(0.06)	1,221.02	-0.005%																																																																																																								
2023	(111,399)	(0.000038)	(0.000041)	1.162892	1.172466	1.008754	0.884648	0.792046	0.669257	0.53	0.35	0.11	3.48	-	1,221.08	0.000%																																																																																																								
From Attachment 7D Col 16									Col 1 / Therm Sales			Col 2 * (1 + SUT Rate) Rnd 6			Current Class Avg Rate + Col 3 for Each Rate Class (Col 4 thru Col 10)																																																																																																									
									(Cur. gRRC + Col 3) * Dec-Mar Monthly Therms Rnd 2			(Cur. gRRC + Col 3) * Nov & Apr Monthly Therms Rnd 2			(Cur. gRRC + Col 3) * (2 * Col 11) + (6 * Col 12) [See Note 2 for 2020]																																																																																																									
<table border="1"> <thead> <tr> <th colspan="7">% Change from Current Class Average Rate w/SUT</th> </tr> <tr> <th></th> <th>RSG</th> <th>GSG</th> <th>LVG</th> <th>TSG-F</th> <th>TSG-NF</th> <th>CIG</th> </tr> </thead> <tbody> <tr><td>2011</td><td>0.087%</td><td>0.086%</td><td>0.100%</td><td>0.114%</td><td>0.127%</td><td>0.151%</td></tr> <tr><td>2012</td><td>0.087%</td><td>0.086%</td><td>0.100%</td><td>0.114%</td><td>0.127%</td><td>0.151%</td></tr> <tr><td>2013</td><td>0.209%</td><td>0.208%</td><td>0.241%</td><td>0.275%</td><td>0.307%</td><td>0.364%</td></tr> <tr><td>2014</td><td>0.187%</td><td>0.185%</td><td>0.216%</td><td>0.246%</td><td>0.275%</td><td>0.325%</td></tr> <tr><td>2015</td><td>0.161%</td><td>0.160%</td><td>0.186%</td><td>0.212%</td><td>0.237%</td><td>0.280%</td></tr> <tr><td>2016</td><td>0.166%</td><td>0.165%</td><td>0.191%</td><td>0.218%</td><td>0.244%</td><td>0.288%</td></tr> <tr><td>2017</td><td>0.129%</td><td>0.128%</td><td>0.149%</td><td>0.169%</td><td>0.189%</td><td>0.224%</td></tr> <tr><td>2018</td><td>0.022%</td><td>0.022%</td><td>0.025%</td><td>0.029%</td><td>0.032%</td><td>0.038%</td></tr> <tr><td>2019</td><td>-0.010%</td><td>-0.010%</td><td>-0.011%</td><td>-0.013%</td><td>-0.014%</td><td>-0.017%</td></tr> <tr><td>2020</td><td>-0.010%</td><td>-0.010%</td><td>-0.012%</td><td>-0.014%</td><td>-0.015%</td><td>-0.018%</td></tr> <tr><td>2021</td><td>-0.010%</td><td>-0.010%</td><td>-0.012%</td><td>-0.014%</td><td>-0.015%</td><td>-0.018%</td></tr> <tr><td>2022</td><td>-0.010%</td><td>-0.010%</td><td>-0.011%</td><td>-0.013%</td><td>-0.014%</td><td>-0.017%</td></tr> <tr><td>2023</td><td>-0.004%</td><td>-0.003%</td><td>-0.004%</td><td>-0.005%</td><td>-0.005%</td><td>-0.006%</td></tr> </tbody> </table>																% Change from Current Class Average Rate w/SUT								RSG	GSG	LVG	TSG-F	TSG-NF	CIG	2011	0.087%	0.086%	0.100%	0.114%	0.127%	0.151%	2012	0.087%	0.086%	0.100%	0.114%	0.127%	0.151%	2013	0.209%	0.208%	0.241%	0.275%	0.307%	0.364%	2014	0.187%	0.185%	0.216%	0.246%	0.275%	0.325%	2015	0.161%	0.160%	0.186%	0.212%	0.237%	0.280%	2016	0.166%	0.165%	0.191%	0.218%	0.244%	0.288%	2017	0.129%	0.128%	0.149%	0.169%	0.189%	0.224%	2018	0.022%	0.022%	0.025%	0.029%	0.032%	0.038%	2019	-0.010%	-0.010%	-0.011%	-0.013%	-0.014%	-0.017%	2020	-0.010%	-0.010%	-0.012%	-0.014%	-0.015%	-0.018%	2021	-0.010%	-0.010%	-0.012%	-0.014%	-0.015%	-0.018%	2022	-0.010%	-0.010%	-0.011%	-0.013%	-0.014%	-0.017%	2023	-0.004%	-0.003%	-0.004%	-0.005%	-0.005%	-0.006%
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2022	-0.010%	-0.010%	-0.011%	-0.013%	-0.014%	-0.017%																																																																																																																		
2023	-0.004%	-0.003%	-0.004%	-0.005%	-0.005%	-0.006%																																																																																																																		

¹All customers assumed to have BGSS Supply
²Initial Rate period is June 2011 to December 2012

**PSE&G Economic Energy Efficiency Extension Program
Cumulative Rate Impact Analysis - Electric RGGI Recovery Charge (RRC)**

Rate Calculations

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
	Carbon Abatement		Economic Energy Efficiency		Demand Response		Solar 4 All		Solar Loan II		Total Existing Electric RGGI Rate (w/o SUT)	EEExtC Rate (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)			Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)
2010		\$0.000039		\$0.000350		\$0.000067		\$0.000177		\$0.000039	\$0.000672		\$0.000672		\$0.000000
2011 ³	\$1,988,398	\$0.000045	\$18,972,599	\$0.000434	\$5,328,986	\$0.000122	\$18,898,594	\$0.000432	\$2,945,097	\$0.000067	\$0.001100	0.000124	\$0.001224	\$1,700,000	\$0.000039
2012 ⁴	\$2,112,074	\$0.000048	\$20,731,781	\$0.000474	\$10,196,743	\$0.000233	\$15,301,259	\$0.000350	\$4,669,827	\$0.000107	\$0.001212	0.000124	\$0.001336	\$1,700,000	\$0.000039
2013	\$2,173,828	\$0.000050	\$22,084,053	\$0.000505	\$10,904,934	\$0.000249	\$13,024,004	\$0.000298	\$3,590,510	\$0.000082	\$0.001184	0.000293	\$0.001477	\$1,700,000	\$0.000039
2014	\$2,150,085	\$0.000049	\$23,578,999	\$0.000539	\$5,892,497	\$0.000135	\$8,776,393	\$0.000201	\$3,394,959	\$0.000078	\$0.001002	0.000269	\$0.001271	\$1,700,000	\$0.000039
2015	\$2,112,182	\$0.000048	\$15,466,836	\$0.000354	\$4,268,812	\$0.000098	\$6,564,297	\$0.000150	\$3,181,836	\$0.000073	\$0.000723	0.000255	\$0.000978	\$1,700,000	\$0.000039

Rate Impact Analysis

2011 MWh Forecast = 43,722,166
SUT 7%

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

0.000719 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 (\$)	% Change in RS Typical Annual Bill			
		Current less Electric RRC		0.187444	0.163751	0.175524	0.181985	0.156642	0.112780	0.104076								
2011 ²	0.000042	0.00131	\$0.001263	\$0.001351	0.188795	0.165102	0.176875	0.183336	0.157993	0.114131	0.105427	1.05	0.71	9.88	1,394.76	0.713%		
2012 ²	0.000042	0.00143	\$0.001375	\$0.001471	0.188915	0.165222	0.176995	0.183456	0.158113	0.114251	0.105547	1.15	0.78	10.84	1,405.60	0.783%		
2013	0.000042	0.00158	\$0.001516	\$0.001622	0.189066	0.165373	0.177146	0.183607	0.158264	0.114402	0.105698	1.26	0.86	11.92	1,417.52	0.861%		
2014	0.000042	0.00136	\$0.001310	\$0.001402	0.188846	0.165153	0.176926	0.183387	0.158044	0.114182	0.105478	1.09	0.74	10.28	1,427.80	0.742%		
2015	0.000042	0.001046	\$0.001017	\$0.001088	0.188532	0.164839	0.176612	0.183073	0.157730	0.113868	0.105164	0.85	0.57	7.96	1,435.76	0.575%		
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 / Current Col 15	
(Col O * (1 + SUT Rate)) / Rnd 6		(Col M * (1 + SUT Rate)) / Rnd 6		(Col 1 + Col 2) / Rnd 6		(Col 3 * (1 + SUT Rate)) / Rnd 6												
% Change from Current Class Average Rate w/SUT																		
2011	0.721%	0.825%	0.770%	0.742%	0.862%	1.198%	1.298%											
2012	0.785%	0.898%	0.838%	0.808%	0.939%	1.304%	1.413%											
2013	0.865%	0.991%	0.924%	0.891%	1.035%	1.438%	1.558%											
2014	0.748%	0.856%	0.799%	0.770%	0.895%	1.243%	1.347%											
2015	0.580%	0.664%	0.620%	0.598%	0.695%	0.965%	1.045%											

¹ All customers assumed to have BGS Supply
² Initial Rate period is June 2011 to December 2012 for EEExt
³ 2011 RGGI Subprogram revenue requirements reflect the amounts filed in the 2010 RGGI cost recovery filing on October 1, 2010.
⁴ 2012-2015 revenue requirements are from the forecast approved in the Board Order approving each subprogram
⁵ Since a 2012 - 2015 forecast for SPRC has never been approved by the Board, an estimated annual revenue requirement amount was used for the cumulative rate impact analysis

**PSE&G Economic Energy Efficiency Extension Program
Cumulative Rate Impact Analysis - Gas RGGI Recovery Charge (RRC)**

Rate Calculations

	(A)		(B)		(C)		(D)		(E)	(F)	(G)
	Carbon Abatement		Economic Energy Efficiency		Total Existing Electric RGGI Rate		EEEExtC Rate		Proposed Electric RGGI Rate		
	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Rate (w/o SUT)	Rate (w/o SUT)	Rate (w/o SUT)	Rate (w/o SUT)	Rate (w/o SUT)	Rate (w/o SUT)	
2010		\$0.000731		\$0.002390	\$0.003121				\$0.003121	\$0.003121	
2011 ³	\$2,612,400	\$0.000889	\$7,915,712	\$0.002692	\$0.003581		0.000943		\$0.004524	\$0.004524	
2012 ⁴	\$4,044,898	\$0.001376	\$9,096,623	\$0.003094	\$0.004470		0.000943		\$0.005413	\$0.005413	
2013	\$4,136,065	\$0.001407	\$8,850,898	\$0.003010	\$0.004417		0.002274		\$0.006691	\$0.006691	
2014	\$4,159,906	\$0.001415	\$10,097,718	\$0.003435	\$0.004850		0.002033		\$0.006883	\$0.006883	
2015	\$4,132,718	\$0.001406	\$6,530,771	\$0.002221	\$0.003627		0.001754		\$0.005381	\$0.005381	

Rate Impact Analysis

2011 MWh Forecast = 2,940,036
SUT 7%

1.050 Typical RSG Therms / yr.
0.003339 Current gas RRC (\$/kWh)
160 106 33 Monthly Therms
4 2 6 # of Months/year

(1)	(2)-(7) Class Average Rate w/SUT - \$/therm ¹						(8)-(11) Typical RS RRC (\$)				(12) RS Typical Annual Bill (\$'s)	(13) % Change in RS Typical Annual Bill	
	Gas RRC (w/ SUT)	RSG	GSG	LVG	TSG-F	TSG-NF	CIG	Dec-Mar Monthly Bill	Nov & Apr Monthly Bill	May-Oct Monthly Bill			Annual Bill
Current less Electric RRC	1.159594	1.169168	1.005456	0.881350	0.788748	0.665959					-	1,221.08	
2011 ²	\$0.004841	1.164435	1.174009	1.010297	0.886191	0.793589	0.670800	0.77	0.51	0.16	5.06	1,226.14	0.414%
2012 ²	\$0.005792	1.165386	1.174960	1.011248	0.887142	0.794540	0.671751	0.93	0.61	0.19	6.08	1,232.22	0.498%
2013	\$0.007159	1.166753	1.176327	1.012615	0.888509	0.795907	0.673118	1.15	0.76	0.24	7.56	1,239.78	0.619%
2014	\$0.007365	1.166959	1.176533	1.012821	0.888715	0.796113	0.673324	1.18	0.78	0.24	7.72	1,247.50	0.632%
2015	\$0.005758	1.165352	1.174926	1.011214	0.887108	0.794506	0.671717	0.92	0.61	0.19	6.04	1,253.54	0.495%
(Col G * (1 + SUT Rate)) / [Rnd 6]	Current Class Avg Rate + Col 2 for Each Rate Class (Col 4 thru Col 11)						Col 1 * Dec-Mar Monthly Therms Rnd 2	Col 1 * Nov & Apr Monthly Therms Rnd 2	Col 1 * May-Oct Monthly Therms Rnd 2	(4 * Col 8) + (2 * Col 9) + (6 * Col 10)	Current Col 12 + Col 13	Col 11 / Current Col 12	

	% Change from Current Class Average Rate w/SUT					
	RSG	GSG	LVG	TSG-F	TSG-NF	CIG
2011	0.417%	0.414%	0.481%	0.549%	0.614%	0.727%
2012	0.499%	0.495%	0.576%	0.657%	0.734%	0.870%
2013	0.617%	0.612%	0.712%	0.812%	0.908%	1.075%
2014	0.635%	0.630%	0.733%	0.836%	0.934%	1.106%
2015	0.497%	0.492%	0.573%	0.653%	0.730%	0.865%

¹All customers assumed to have BGSS Supply

²Initial Rate period is June 2011 to December 2012 for EEEExt

³2011 RGGI Subprogram revenue requirements reflect the amounts filed in the 2010 RGGI cost recovery filing on October 1, 2010.

⁴2012-2015 revenue requirements are from the forecast approved in the Board Order approving each subprogram

**PSE&G Economic Energy Efficiency Extension Program
Electric Over/(Under) Calculation**

Tax Rate effective 07/01/10 40.850%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<u>Over / (Under) Recovery Beginning Balance</u>	<u>Electric Revenues</u>	<u>Revenue Requirement Excluding WACC Cost</u>	<u>Over / (Under) Recovery</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Over / (Under) Average Monthly Balance</u>	<u>Interest Rate (Annualized)</u>	<u>Interest On Over / (Under) Average Monthly Balance</u>	<u>Interest Roll-In</u>	<u>Cumulative Interest</u>
Monthly Calculations										
Jan-11			-							
Feb-11			-							
Mar-11			-							
Apr-11			-							
May-11			-							
Jun-11	-	481,792	221,585	260,207	260,207	130,103	0.33%	21		21
Jul-11	260,207	580,992	221,585	359,407	619,614	439,910	0.33%	72		93
Aug-11	619,614	570,699	224,684	346,015	965,629	792,621	0.33%	129		222
Sep-11	965,629	467,321	233,990	233,331	1,198,960	1,082,294	0.33%	176		398
Oct-11	1,198,960	411,650	254,476	157,174	1,356,134	1,277,547	0.33%	208		606
Nov-11	1,356,134	396,717	273,195	123,521	1,479,655	1,417,895	0.33%	231		836
Dec-11	1,479,655	421,641	307,060	114,581	1,594,236	1,536,946	0.33%	250		1,086
Jan-12	1,594,236	460,659	323,576	137,083	1,731,319	1,662,778	0.33%	270		1,357
Feb-12	1,731,319	412,532	360,289	52,243	1,783,563	1,757,441	0.33%	286		1,642
Mar-12	1,783,563	422,350	405,119	17,231	1,800,794	1,792,178	0.33%	292		1,934
Apr-12	1,800,794	392,197	442,826	(50,628)	1,750,166	1,775,480	0.33%	289		2,223
May-12	1,750,166	402,998	481,342	(78,344)	1,671,822	1,710,994	0.33%	278		2,501
Jun-12	1,671,822	481,792	545,613	(63,822)	1,608,000	1,639,911	0.33%	267		2,768
Jul-12	1,608,000	580,992	598,266	(17,274)	1,590,726	1,599,363	0.33%	260		3,028
Aug-12	1,590,726	570,699	648,154	(77,454)	1,513,272	1,551,999	0.33%	252		3,280
Sep-12	1,513,272	467,321	715,842	(248,521)	1,264,751	1,389,011	0.33%	226		3,506
Oct-12	1,264,751	411,650	767,027	(355,377)	909,374	1,087,062	0.33%	177		3,683
Nov-12	909,374	396,717	813,654	(416,937)	492,437	700,905	0.33%	114		3,797
Dec-12	492,437	421,641	887,722	(466,081)	26,355	259,396	0.33%	42		3,839
	(Prior Col 5) + (Col 9)	2011 Forecasted kWh * Proposed Rate	See Revenue Requirements Schedule for Details	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2	PSE&G CP/STD Wght Avg Rate from Previous Month	(Col 6 * (Col 7) / 12)*net of tax rate		Prior Month + Col 8 - Col 9
Annual Summary										
2011		3,330,811	1,736,575	1,594,236				1,086		
2012		5,421,549	6,989,430	(1,567,881)				2,753		

**PSE&G Economic Energy Efficiency Extension Program
Electric Over/(Under) Calculation**

Tax Rate effective 07/01/10 40.850%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<u>Over / (Under) Recovery Beginning Balance</u>	<u>Gas Revenues</u>	<u>Revenue Requirement Excluding WACC Cost</u>	<u>Over / (Under) Recovery</u>	<u>Over / (Under) Recovery Ending Balance</u>	<u>Over / (Under) Average Monthly Balance</u>	<u>Interest Rate (Annualized)</u>	<u>Interest On Over / (Under) Average Monthly Balance</u>	<u>Interest Roll-In</u>	<u>Cumulative Interest</u>
Monthly Calculations									
Jan-11		-							
Feb-11		-							
Mar-11		-							
Apr-11		-							
May-11		-							
Jun-11	-	97,343	91,919	5,424	5,424	2,712	0.33%	0	0
Jul-11	5,424	105,722	91,919	13,803	19,227	12,326	0.33%	2	2
Aug-11	19,227	107,936	93,851	14,084	33,311	26,269	0.33%	4	7
Sep-11	33,311	107,952	97,076	10,876	44,188	38,750	0.33%	6	13
Oct-11	44,188	168,705	103,488	65,217	109,405	76,796	0.33%	12	26
Nov-11	109,405	269,926	109,753	160,173	269,578	189,491	0.33%	31	56
Dec-11	269,578	395,978	126,156	269,822	539,400	404,489	0.33%	66	122
Jan-12	539,400	466,328	138,979	327,348	866,748	703,074	0.33%	114	236
Feb-12	866,748	400,696	155,748	244,948	1,111,697	989,222	0.33%	161	397
Mar-12	1,111,697	332,026	176,396	155,630	1,267,326	1,189,511	0.33%	193	591
Apr-12	1,267,326	196,539	195,744	795	1,268,121	1,267,724	0.33%	206	797
May-12	1,268,121	123,303	217,088	(93,785)	1,174,336	1,221,228	0.33%	199	996
Jun-12	1,174,336	97,343	251,913	(154,569)	1,019,766	1,097,051	0.33%	178	1,174
Jul-12	1,019,766	105,722	281,634	(175,912)	843,854	931,810	0.33%	152	1,326
Aug-12	843,854	107,936	311,377	(203,441)	640,413	742,134	0.33%	121	1,446
Sep-12	640,413	107,952	350,367	(242,415)	397,998	519,206	0.33%	84	1,531
Oct-12	397,998	168,705	380,376	(211,671)	186,327	292,163	0.33%	48	1,578
Nov-12	186,327	269,926	406,434	(136,508)	49,820	118,073	0.33%	19	1,598
Dec-12	49,820	395,978	447,203	(51,225)	(1,406)	24,207	0.33%	4	1,602
(Prior Col 5) + (Col 9)	2011 Forecasted Therms * Proposed Rate	See Revenue Requirements Schedule for Details	Col 2 - Col 3	Col 1 + Col 4	(Col 1 + Col 5) / 2	PSE&G CP/STD Wght Avg Rate from Previous Month	(Col 6 * (Col 7) / 12)*net of tax rate	Prior Month + Col 8 - Col 9	
Annual Summary									
2011	1,253,563	714,163	539,400	1,020,532	750,832		122		
2012	2,772,454	3,313,260	(540,806)	8,825,001	9,095,404		1,479		

**PSE-G Economic Energy Efficiency Extension Program
Electric Income Statement and Balance Sheet**

10.3% ROE, 5 Year Amortization

Electric Program

<u>1</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
55 <u>Income Statement</u>									
56 Operating Revenues	1,736,575	6,989,430	12,829,353	11,742,857	11,145,875	11,643,742	8,862,229	1,915,695	(215,285)
57 Operating Expenses									
58 Operations & Maintenance ¹	1,706,908	6,460,286	12,909,010	13,576,982	12,860,000	12,704,187	8,878,764	2,127,561	43,971
59 Depreciation & Amortization	-	-	-	-	-	-	-	-	-
60 Total Operating Expenses	<u>1,706,908</u>	<u>6,460,286</u>	<u>12,909,010</u>	<u>13,576,982</u>	<u>12,860,000</u>	<u>12,704,187</u>	<u>8,878,764</u>	<u>2,127,561</u>	<u>43,971</u>
61 Operating Income	29,667	529,144	(79,658)	(1,834,125)	(1,714,125)	(1,060,445)	(16,535)	(211,866)	(259,257)
62 Other Income	10,753	661,007	3,129,289	4,830,668	3,830,203	2,276,229	441,479	259,548	259,548
63 Interest Expense	(10,014)	(294,865)	(755,559)	(742,406)	(524,267)	(301,216)	(105,282)	(11,814)	(72)
64 Income Before Income Taxes	30,406	895,286	2,294,072	2,254,137	1,591,810	914,569	319,663	35,869	219
65 Income Tax Expense	(12,421)	(365,724)	(937,129)	(920,815)	(650,255)	(373,601)	(130,582)	(14,652)	(90)
66 Net Income	17,985	529,562	1,356,944	1,333,322	941,556	540,967	189,080	21,216	130
67 Preferred Dividends	-	-	-	-	-	-	-	-	-
68 Earnings Available to PSEG	<u>17,985</u>	<u>529,562</u>	<u>1,356,944</u>	<u>1,333,322</u>	<u>941,556</u>	<u>540,967</u>	<u>189,080</u>	<u>21,216</u>	<u>130</u>
69									
	¹ The amortization of the regulatory asset associated with the Program Investment is considered "Customer Assistance Expense" for Accounting Purposes and is included in Operations & Maintenance Expense								
70									
71 Incentive / (Penalty) Include in Revenues above	-	-	-	-	-	-	-	-	-
72 <u>Balance Sheet</u>									
73 <u>Assets</u>									
74 Property, Plant & Equipment	-	-	-	-	-	-	-	-	-
75 Less: Accumulated Depreciation & Amortization	-	-	-	-	-	-	-	-	-
76 Net Property, Plant & Equipment									
77 Regulatory Asset	4,430,284	36,407,130	62,458,970	64,300,000	64,300,000	64,300,000	64,300,000	64,300,000	64,300,000
78 Less: Accumulated Amortization	(155,813)	(4,137,050)	(14,869,489)	(27,685,517)	(40,545,517)	(53,249,704)	(62,128,468)	(64,256,028)	(64,300,000)
79 Net Regulatory Asset	<u>4,274,471</u>	<u>32,270,080</u>	<u>47,589,481</u>	<u>36,614,483</u>	<u>23,754,483</u>	<u>11,050,296</u>	<u>2,171,532</u>	<u>43,971</u>	<u>-</u>
80 Total Assets	<u>4,274,471</u>	<u>32,270,080</u>	<u>47,589,481</u>	<u>36,614,483</u>	<u>23,754,483</u>	<u>11,050,296</u>	<u>2,171,532</u>	<u>43,971</u>	<u>-</u>
81 <u>Liabilities & Capitalization</u>									
82 <u>Liabilities</u>									
83 Deferred Income Taxes	1,746,121	13,182,328	19,440,303	14,957,016	9,703,706	4,514,046	887,071	17,962	(0)
84 <u>Capitalization</u>									
85 Debt	1,233,835	9,314,823	13,736,799	10,568,844	6,856,779	3,189,690	626,817	12,692	0
86 Preferred Stock	-	-	-	-	-	-	-	-	-
87 Common Equity	1,294,515	9,772,929	14,412,379	11,088,623	7,193,998	3,346,560	657,644	13,317	0
88 Total Capitalization	<u>2,528,349</u>	<u>19,087,753</u>	<u>28,149,178</u>	<u>21,657,467</u>	<u>14,050,777</u>	<u>6,536,250</u>	<u>1,284,461</u>	<u>26,009</u>	<u>0</u>
89 Total Liabilities & Capitalization	<u>4,274,471</u>	<u>32,270,080</u>	<u>47,589,481</u>	<u>36,614,483</u>	<u>23,754,483</u>	<u>11,050,296</u>	<u>2,171,532</u>	<u>43,971</u>	<u>-</u>

**PSE-G Economic Energy Efficiency Extension Program
Electric Income Statement and Balance Sheet**

10.3% ROE, 5 Year Amortization

Electric Program

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Income Statement</u>				
Operating Revenues	(259,548)	(259,548)	(248,169)	(87,528)
Operating Expenses				
Operations & Maintenance ¹	-	-	-	-
Depreciation & Amortization	-	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income	(259,548)	(259,548)	(248,169)	(87,528)
Other Income	259,548	259,548	248,169	87,528
Interest Expense	(0)	(0)	(0)	(0)
Income Before Income Taxes	0	0	0	0
Income Tax Expense	(0)	(0)	(0)	(0)
Net Income	0	0	0	0
Preferred Dividends	-	-	-	-
Earnings Available to PSEG	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

¹The amortization of the regulatory asset associated with the Program Investment is considered "Customer Assistance Expense" for Accounting Purposes and is included in Operations & Maintenance Expense

Incentive / (Penalty) Include in Revenues above

	-	-	-	-
<u>Balance Sheet</u>				
<u>Assets</u>				
Property, Plant & Equipment	-	-	-	-
Less: Accumulated Depreciation & Amortization	-	-	-	-
Net Property, Plant & Equipment				
Regulatory Asset	64,300,000	64,300,000	64,300,000	64,300,000
Less: Accumulated Amortization	(64,300,000)	(64,300,000)	(64,300,000)	(64,300,000)
Net Regulatory Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities & Capitalization</u>				
<u>Liabilities</u>				
Deferred Income Taxes	(0)	(0)	(0)	-
<u>Capitalization</u>				
Debt	0	0	0	-
Preferred Stock	-	-	-	-
Common Equity	0	0	0	-
Total Capitalization	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
Total Liabilities & Capitalization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PSE-G Economic Energy Efficiency Extension Program
Gas Income Statement and Balance Sheet**

10.3% ROE, 5 Year Amortization

Gas Program

<u>1</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
55	<u>Income Statement</u>									
56	Operating Revenues	714,163	3,313,260	6,687,022	5,976,600	5,157,291	5,301,733	4,118,140	704,243	(307,532)
57	Operating Expenses									
58	Operations & Maintenance ¹	700,671	2,861,934	6,228,217	6,577,382	6,140,000	6,082,764	4,336,894	1,011,282	22,652
59	Depreciation & Amortization	-	-	-	-	-	-	-	-	-
60	Total Operating Expenses	<u>700,671</u>	<u>2,861,934</u>	<u>6,228,217</u>	<u>6,577,382</u>	<u>6,140,000</u>	<u>6,082,764</u>	<u>4,336,894</u>	<u>1,011,282</u>	<u>22,652</u>
61	Operating Income	13,491	451,326	458,805	(600,782)	(982,709)	(781,031)	(218,755)	(307,038)	(330,184)
62	Other Income	1,195	86,664	1,006,510	2,038,539	2,000,883	1,369,231	424,056	330,334	330,334
63	Interest Expense	(3,639)	(133,289)	(363,038)	(356,210)	(252,257)	(145,729)	(50,864)	(5,772)	(37)
64	Income Before Income Taxes	11,048	404,701	1,102,277	1,081,546	765,917	442,471	154,437	17,524	113
65	Income Tax Expense	(4,513)	(165,320)	(450,280)	(441,812)	(312,877)	(180,749)	(63,088)	(7,159)	(46)
66	Net Income	6,535	239,380	651,997	639,735	453,040	261,721	91,350	10,366	67
67	Preferred Dividends	-	-	-	-	-	-	-	-	-
68	Earnings Available to PSEG	<u>6,535</u>	<u>239,380</u>	<u>651,997</u>	<u>639,735</u>	<u>453,040</u>	<u>261,721</u>	<u>91,350</u>	<u>10,366</u>	<u>67</u>
69										

¹The amortization of the regulatory asset associated with the Program Investment is considered "Customer Assistance Expense" for Accounting

Purposes and is included in Operations & Maintenance Expense

71 Incentive / (Penalty) Include in Revenues above

Balance Sheet

	<u>Assets</u>									
74	Property, Plant & Equipment	-	-	-	-	-	-	-	-	-
75	Less: Accumulated Depreciation & Amortization	-	-	-	-	-	-	-	-	-
76	Net Property, Plant & Equipment	-	-	-	-	-	-	-	-	-
77	Regulatory Asset	1,679,848	17,436,958	29,751,591	30,700,000	30,700,000	30,700,000	30,700,000	30,700,000	30,700,000
78	Less: Accumulated Amortization	(57,236)	(1,860,342)	(6,989,060)	(13,106,408)	(19,246,408)	(25,329,172)	(29,666,066)	(30,677,348)	(30,700,000)
79	Net Regulatory Asset	<u>1,622,611</u>	<u>15,576,616</u>	<u>22,762,530</u>	<u>17,593,591</u>	<u>11,453,592</u>	<u>5,370,828</u>	<u>1,033,934</u>	<u>22,652</u>	<u>-</u>
80	Total Assets	<u>1,622,611</u>	<u>15,576,616</u>	<u>22,762,530</u>	<u>17,593,591</u>	<u>11,453,592</u>	<u>5,370,828</u>	<u>1,033,934</u>	<u>22,652</u>	<u>-</u>
81										
	<u>Liabilities & Capitalization</u>									
82	<u>Liabilities</u>									
83	Deferred Income Taxes	662,837	6,363,048	9,298,494	7,186,982	4,678,792	2,193,983	422,362	9,253	(0)
84	<u>Capitalization</u>	-	-	-	-	-	-	-	-	-
85	Debt	468,370	4,496,221	6,570,450	5,078,425	3,306,102	1,550,300	298,447	6,539	0
86	Preferred Stock	-	-	-	-	-	-	-	-	-
87	Common Equity	491,405	4,717,347	6,893,587	5,328,184	3,468,697	1,626,545	313,125	6,860	0
88	Total Capitalization	<u>959,775</u>	<u>9,213,568</u>	<u>13,464,037</u>	<u>10,406,609</u>	<u>6,774,799</u>	<u>3,176,845</u>	<u>611,572</u>	<u>13,399</u>	<u>0</u>
89	Total Liabilities & Capitalization	<u>1,622,611</u>	<u>15,576,616</u>	<u>22,762,530</u>	<u>17,593,591</u>	<u>11,453,592</u>	<u>5,370,828</u>	<u>1,033,934</u>	<u>22,652</u>	<u>-</u>

**PSE-G Economic Energy Efficiency Extension Program
Gas Income Statement and Balance Sheet**

10.3% ROE, 5 Year Amortization

Gas Program

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Income Statement</u>				
Operating Revenues	(330,334)	(330,334)	(315,851)	(111,399)
Operating Expenses				
Operations & Maintenance ¹	-	-	-	-
Depreciation & Amortization	-	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income	(330,334)	(330,334)	(315,851)	(111,399)
Other Income	330,334	330,334	315,851	111,399
Interest Expense	(0)	(0)	(0)	(0)
Income Before Income Taxes	0	0	0	(0)
Income Tax Expense	(0)	(0)	(0)	0
Net Income	0	0	0	(0)
Preferred Dividends	-	-	-	-
Earnings Available to PSEG	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>

¹The amortization of the regulatory asset associated with the Program Investment is considered "Customer Assistance Expense" for Accounting Purposes and is included in Operations & Maintenance Expense

Incentive / (Penalty) Include in Revenues above

Balance Sheet

<u>Assets</u>				
Property, Plant & Equipment	-	-	-	-
Less: Accumulated Depreciation & Amortization	-	-	-	-
Net Property, Plant & Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Regulatory Asset	30,700,000	30,700,000	30,700,000	30,700,000
Less: Accumulated Amortization	(30,700,000)	(30,700,000)	(30,700,000)	(30,700,000)
Net Regulatory Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities & Capitalization</u>				
<u>Liabilities</u>				
Deferred Income Taxes	(0)	(0)	(0)	(0)
<u>Capitalization</u>				
Debt	0	0	0	0
Preferred Stock	-	-	-	-
Common Equity	0	0	0	0
Total Capitalization	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities & Capitalization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTICE TO PUBLIC SERVICE ELECTRIC
AND GAS COMPANY CUSTOMERS**

**IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS
COMPANY FOR AN EXTENSION OF THREE SUBPROGRAM COMPONENTS OF
ITS ENERGY EFFICIENCY ECONOMIC STIMULUS PROGRAM IN ITS SERVICE
TERRITORY ON A REGULATED BASIS AND ASSOCIATED COST RECOVERY
AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO.15
ELECTRIC, AND THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO.15 GAS,
PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1, AND N.J.S.A. 48:3-98.1
(Multi-Family, Hospitals and Municipal/Non-Profit Direct Install)**

Notice of Filing

Docket No. xxxxxxxxxx

TAKE NOTICE that, Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition with the New Jersey Board of Public Utilities ("Board", "BPU") in January 2011 seeking Board approval to implement and administer a PSE&G Energy Efficiency Economic Extension Program ("Program") and approval of an associated cost recovery mechanism. Approval of this filing would initially increase rates to be paid by the Company's electric customers by \$8.8 million over a 19 month period and would initially increase rates to be paid by the Company's gas customers by \$4.0 million over a 19 month period.

PSE&G seeks Board approval to implement an Energy Efficiency Economic Extension Program to extend the Hospitals, Multifamily and Municipal/Non-Profit Direct Install subprograms of its Energy Efficiency Economic program. Extension of these subprograms will ensure that PSE&G is able to address customers that it presently cannot process because the sub-programs have exhausted their approved funding. PSE&G is proposing to extend these three sub-program offerings under the same process, terms and conditions as currently approved by the Board while seeking approval of additional expenditures of approximately \$105.2 million.

PSE&G proposes to recover all Program costs through a new separate component of the electric and gas RGGI Recovery Charge ("RRC") entitled Energy Efficiency Economic Extension Program. The Energy Efficiency Economic Extension Program component will be applicable to all electric and gas rate schedules. The component would be reviewed and modified in an annual filing. The Company is requesting that any over/under recovery of actual revenue requirements compared to revenues would be deferred. In calculating the monthly interest on net over and under recoveries, the interest rate would be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. The proposed RRC, if approved by the Board, is shown in Table #1.

Table #2 and #3 provides customers with the approximate net effect of the proposed increase in rates relating to the Energy Efficiency Economic Extension 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 and gas residential monthly bills, if approved by the Board, is illustrated in Table # 4 and 5.

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 \$1,384.88 to \$1,385.84, or \$0.96 or approximately 0.07%.

Under the Company's proposal, a residential heating customer using 100 therms per month during the winter months and 660 therms on an annual basis would see an initial increase in the annual bill from \$793.29 to \$793.95, or \$0.66 or approximately 0.08%. Moreover, under the Company's proposal, a typical residential gas heating customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see an initial increase in the annual bill from \$1,221.08 to \$1,222.16, or \$1.08 or approximately 0.09%.

The Board has the statutory authority pursuant to N.J.S.A. 48:2-21, to establish the RGGI Recovery Charges to levels it finds just and reasonable. Therefore, the Board may establish the RGGI Recovery Charges at a level other than that proposed by Public Service. Therefore, the described charges may increase or decrease based upon the Board's decision.

Copies of the Company's filing are available for review at the Company's Customer Service Centers and at the Board of Public Utilities at Two Gateway Center, Suite 801, Newark, New Jersey 07102.

**Table # 1
RRC Charges**

	Energy Efficiency Economic 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	\$0.000133	\$0.000719	\$0.000852
RRC Gas - \$ per Therm	\$0.000000	\$0.001009	\$0.003339	\$0.004348

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

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR ELECTRIC SERVICE		
	Rate Class	% Increase
Residential	RS	0.07%
Residential Heating	RHS	0.08
Residential Load Management	RLM	0.08
General Lighting & Power	GLP	0.07
Large Power & Lighting - Secondary	LPL-S	0.08
Large Power & Lighting – Primary	LPL-P	0.12
High Tension – Subtransmission	HTS-S	0.13

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
Impact By Gas Customer Class**

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR GAS SERVICE		
	Rate Class	% Increase
Residential Service	RSG	0.09%
General Service	GSG	0.09
Large Volume Service	LVG	0.10
Firm Transportation Gas Service	TSG-F	0.11
Non-Firm Transportation Gas Service	TSG-NF	0.13
Cogeneration Interruptible Service	CIG	0.15

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

**Table #4
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:
1,600	170	\$33.14	\$33.16	\$0.02	0.06%
3,900	415	77.36	77.41	0.05	0.06
7,360	780	145.74	145.84	0.10	0.07
7,800	803	150.22	150.32	0.10	0.07
12,400	1,320	250.73	250.90	0.17	0.07

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2011 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the Energy Efficiency Economic Extension Program component of the RGGI Recovery Charge.

**Table #5
Residential Gas Service**

If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Monthly Winter Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
212	25	\$33.17	\$33.20	\$0.03	0.09%
424	50	60.50	60.55	0.05	0.08
660	100	117.73	117.83	0.10	0.08
1,050	160	184.91	185.08	0.17	0.09
1,312	200	229.72	229.92	0.20	0.09
1,972	300	341.60	341.90	0.30	0.09

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect January 1, 2011 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes the Energy Efficiency Economic Extension Program component of the RGGI Recovery Charge.

Alexander C. Stern, Esq.
Assistant 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 AN EXTENSION OF THREE SUBPROGRAM COMPONENTS OF
ITS ENERGY EFFICIENCY ECONOMIC STIMULUS PROGRAM IN ITS SERVICE
TERRITORY ON A REGULATED BASIS AND ASSOCIATED COST RECOVERY
AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO.15
ELECTRIC, AND THE TARIFF FOR GAS SERVICE, B.P.U.N.J. NO.15 GAS,
PURSUANT TO N.J.S.A. 48:2-21, 48:2-21.1, AND N.J.S.A. 48:3-98.1
(Multi-Family, Hospitals and Municipal/Non-Profit Direct Install)**

Notice of Filing And Notice of Public Hearings

Docket No. xxxxxxxxxx

TAKE NOTICE that, Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition with the New Jersey Board of Public Utilities ("Board", "BPU") in January 2011 seeking Board approval to implement and administer a PSE&G Energy Efficiency Economic Extension Program ("Program") and approval of an associated cost recovery mechanism. Approval of this filing would initially increase rates to be paid by the Company's electric customers by \$8.8 million over a 19 month period and would initially increase rates to be paid by the Company's gas customers by \$4.0 million over a 19 month period.

PSE&G seeks Board approval to implement an Energy Efficiency Economic Extension Program to extend the Hospitals, Multifamily and Municipal/Non-Profit Direct Install subprograms of its Energy Efficiency Economic program. Extension of these subprograms will ensure that PSE&G is able to address customers that it presently cannot process because the sub-programs have exhausted their approved funding. PSE&G is proposing to extend these three sub-program offerings under the same process, terms and conditions as currently approved by the Board while seeking approval of additional expenditures of approximately \$105.2 million.

PSE&G proposes to recover all Program costs through a new separate component of the electric and gas RGGI Recovery Charge ("RRC") entitled Energy Efficiency Economic Extension Program. The Energy Efficiency Economic Extension Program component will be applicable to all electric and gas rate schedules. The component would be reviewed and modified in an annual filing. The Company is requesting that any over/under recovery of actual revenue requirements compared to revenues would be deferred. In calculating the monthly interest on net over and under recoveries, the interest rate would be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. The proposed RRC, if approved by the Board, is shown in Table #1.

Table #2 and #3 provides customers with the approximate net effect of the proposed increase in rates relating to the Energy Efficiency Economic Extension 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 and gas residential monthly bills, if approved by the Board, is illustrated in Table # 4 and # 5.

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 \$1,384.88 to \$1,385.84, or \$0.96 or approximately 0.07%.

Under the Company's proposal, a residential heating customer using 100 therms per month during the winter months and 660 therms on an annual basis would see an initial increase in the annual bill from \$793.29 to \$793.95, or \$0.66 or approximately 0.08%. Moreover, under the Company's proposal, a typical residential gas heating customer using 160 therms per month during the winter months and 1,050 therms on an annual basis would see an initial increase in the annual bill from \$1,221.08 to \$1,222.16, or \$1.08 or approximately 0.09%.

The Board has the statutory authority pursuant to N.J.S.A. 48:2-21, to establish the RGGI Recovery Charges to levels it finds just and reasonable. Therefore, the Board may establish the RGGI Recovery Charges at a level other than that proposed by Public Service. Therefore, the described charges may increase or decrease based upon the Board's decision.

Copies of the Company's filing are available for review at the Company's Customer Service Centers

and at the Board of Public Utilities at Two Gateway Center, Suite 801, Newark, New Jersey 07102.

filing so that members of the public may present their views.

The following dates, times and locations for public hearings have been scheduled on the Company's

Date 1, 2011	Date 2, 2011	Date 3, 2011
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 2	Address 3
City 1, N.J. Zip 1	City 2, N.J. Zip 2	City 3, N.J. Zip 3

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters, listening devices or mobility assistance, no less than 48 hours prior to the above hearings to the Board's Secretary at the following address. Customers may file written comments with the

Secretary of the Board of Public Utilities at Two Gateway Center, Suite 801, Newark, New Jersey 07102 ATTN: Secretary Kristi Izzo whether or not they attend the public hearings.

**Table # 1
RRC Charges**

	Energy Efficiency Economic 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	\$0.000133	\$0.000719	\$0.000852
RRC Gas - \$ per Therm	\$0.000000	\$0.001009	\$0.003339	\$0.004348

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

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR ELECTRIC SERVICE		
	Rate Class	% Increase
Residential	RS	0.07%
Residential Heating	RHS	0.08
Residential Load Management	RLM	0.08
General Lighting & Power	GLP	0.07
Large Power & Lighting - Secondary	LPL-S	0.08
Large Power & Lighting – Primary	LPL-P	0.12
High Tension – Subtransmission	HTS-S	0.13

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
Impact By Gas Customer Class

PROPOSED PERCENTAGE INCREASES BY CUSTOMER CLASS FOR GAS SERVICE		
	Rate Class	% Increase
Residential Service	RSG	0.09%
General Service	GSG	0.09
Large Volume Service	LVG	0.10
Firm Transportation Gas Service	TSG-F	0.11
Non-Firm Transportation Gas Service	TSG-NF	0.13
Cogeneration Interruptible Service	CIG	0.15

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

Table #4
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:
1,600	170	\$33.14	\$33.16	\$0.02	0.06%
3,900	415	77.36	77.41	0.05	0.06
7,360	780	145.74	145.84	0.10	0.07
7,800	803	150.22	150.32	0.10	0.07
12,400	1,320	250.73	250.90	0.17	0.07

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2011 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the Energy Efficiency Economic Extension Program component of the RGGI Recovery Charge.

Table #5
Residential Gas Service

If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Monthly Winter Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
212	25	\$33.17	\$33.20	\$0.03	0.09%
424	50	60.50	60.55	0.05	0.08
660	100	117.73	117.83	0.10	0.08
1,050	160	184.91	185.08	0.17	0.09
1,312	200	229.72	229.92	0.20	0.09
1,972	300	341.60	341.90	0.30	0.09

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect January 1, 2011 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes the Energy Efficiency Economic Extension Program component of the RGGI Recovery Charge.

Alexander C. Stern, Esq.
Assistant General Regulatory Counsel

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

XXX Revised Sheet No. 65
Superseding
XXX Sheet No. 65

RGGI RECOVERY CHARGE

Charge
(per kilowatthour)

Component:

Carbon Abatement Program.....	\$ 0.000039
Demand Response Working Group Modified Program.....	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000350
Demand Response Program.....	\$ 0.000067
Solar Generation Investment Program.....	\$ 0.000177
Solar Loan II Program.....	\$ 0.000039
<u>Energy Efficiency Economic Extension Program.....</u>	<u>\$ 0.000124</u>
Sub-total per kilowatthour.....	\$ <u>0.0007960.000672</u>
Charge including New Jersey Sales and Use Tax (SUT)	\$ <u>0.0008520.000719</u>

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

XXX Revised Sheet No. 44
Superseding
XXX Sheet No. 44

RGGI RECOVERY CHARGE

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

Component:

Carbon Abatement Program.....	\$0.000731
Energy Efficiency Economic Stimulus Program	0.002390
<u>Energy Efficiency Economic Extension Program</u>	<u>0.000943</u>
RGGI Recovery Charge	\$0.0040640.003121
RGGI Recovery Charge including New Jersey Sales and Use Tax (SUT)	\$0.0043480.003339

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. 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 rate shall be reset each month.

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Effective:

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

XXX Revised Sheet No. 65
Superseding
XXX Sheet No. 65

RGGI RECOVERY CHARGE

Charge
(per kilowatthour)

Component:

Carbon Abatement Program.....	\$ 0.000039
Demand Response Working Group Modified Program.....	\$ 0.000000
Energy Efficiency Economic Stimulus Program.....	\$ 0.000350
Demand Response Program.....	\$ 0.000067
Solar Generation Investment Program.....	\$ 0.000177
Solar Loan II Program.....	\$ 0.000039
Energy Efficiency Economic Extension Program.....	\$ <u>0.000124</u>
Sub-total per kilowatthour.....	\$ 0.000796
Charge including New Jersey Sales and Use Tax (SUT)	\$ 0.000852

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

XXX Revised Sheet No. 44
Superseding
XXX Sheet No. 44

RGGI RECOVERY CHARGE

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

Component:

Carbon Abatement Program.....	\$0.000731
Energy Efficiency Economic Stimulus Program	0.002390
Energy Efficiency Economic Extension Program	<u>0.000943</u>
RGGI Recovery Charge	\$0.004064
RGGI Recovery Charge including New Jersey Sales and Use Tax (SUT)	<u>\$0.004348</u>

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. 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 rate shall be reset each month.

Date of Issue:

Issued by 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:

**PROPOSED ENERGY EFFICIENCY ECONOMIC
EXTENSION PROGRAM
TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS**

The effect of the proposed new electric Energy Efficiency Economic Extension Program 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	\$321.92	\$322.16	\$0.24	0.07%
415	3,900	742.48	743.00	0.52	0.07
780	7,360	1,384.88	1,385.84	0.96	0.07
803	7,800	1,467.00	1,468.04	1.04	0.07
1,320	12,400	2,336.28	2,337.92	1.64	0.07

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2011 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the addition of the Energy Efficiency Economic Extension Program 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	\$33.14	\$33.16	\$0.02	0.06%
3,900	415	77.36	77.41	0.05	0.06
7,360	780	145.74	145.84	0.10	0.07
7,800	803	150.22	150.32	0.10	0.07
12,400	1,320	250.73	250.90	0.17	0.07

- (3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect January 1, 2011 and assumes that the customer receives BGS-FP service from Public Service.
- (4) Same as (3) except includes the addition of the Energy Efficiency Economic Extension Program component of the RRC.

**PROPOSED ENERGY EFFICIENCY ECONOMIC
EXTENSION PROGRAM
TYPICAL RESIDENTIAL GAS BILL IMPACTS**

The effect of the proposed new gas Energy Efficiency Economic Extension Program component of RGGI Recovery Charge (RRC) on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm 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:
25	212	\$297.09	\$297.31	\$0.22	0.07%
50	424	523.98	524.38	0.40	0.08
100	660	793.29	793.95	0.66	0.08
159	1,000	1,170.70	1,171.73	1.03	0.09
160	1,050	1,221.08	1,222.16	1.08	0.09
200	1,312	1,508.57	1,509.89	1.32	0.09
300	1,972	2,231.68	2,233.64	1.96	0.09

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect on January 1, 2011 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes the addition of the Energy Efficiency Economic Extension Program component of the RRC.

Residential Gas Service					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (3) Would Be:	And Your Proposed Monthly Winter Bill (4) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Percent Change Would Be:
212	25	\$33.17	\$33.20	\$0.03	0.09%
424	50	60.50	60.55	0.05	0.08
660	100	117.73	117.83	0.10	0.08
1,050	160	184.91	185.08	0.17	0.09
1,312	200	229.72	229.92	0.20	0.09
1,972	300	341.60	341.90	0.30	0.09

- (3) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect on January 1, 2011 and assumes that the customer receives commodity service from Public Service.
- (4) Same as (3) except includes the addition of the Energy Efficiency Economic Extension Program component of the RRC.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		<u>Dec.31, 2009</u>	<u>Dec.31, 2008</u>	<u>Dec.31, 2007</u>
Assets and Other Debits				
Utility Plant				
Electric Utility Plant				
101	Electric Utility Plant in Service	\$ 7,942,358	\$ 7,483,415	\$ 7,085,555
103	Electric Experimental Plant Unclassified	-	-	-
105	Electric Utility Plant Held for Future Use	7,514	8,474	8,165
107	Electric Construction Work in Progress	105,763	88,205	24,684
	Total Electric Utility Plant	8,055,635	7,580,094	7,118,404
Gas Utility Plant				
101	Gas Utility Plant in Service	4,703,023	4,525,896	4,322,406
103	Gas Experimental Plant Unclassified	-	-	-
105	Gas Utility Plant Held for Future Use	-	-	-
107	Gas Construction Work in Progress	1,294	6,141	1,601
	Total Gas Utility Plant	4,704,317	4,532,037	4,324,007
Common Utility Plant				
101	Common Utility Plant in Service	192,988	85,076	82,327
107	Common Construction Work in Progress	923	81,539	27,521
	Total Common Utility Plant	193,911	166,615	109,848
	Total Utility Plant	12,953,863	12,278,746	11,552,259
Accumulated Provisions for Depreciation and Amortization of				
Electric Utility Plant				
108 & 111	Electric Utility Plant in Service	(2,540,824)	(2,509,962)	(2,374,881)
108.5	Electric Utility Plant Held for Future Use	-	-	-
	Total Electric Utility Plant	(2,540,824)	(2,509,962)	(2,374,881)
Gas Utility Plant				
108 & 111	Gas Utility Plant in Service	(1,872,848)	(1,853,355)	(1,788,393)
Common Utility Plant				
108 & 111	Common Utility Plant in Service	(56,767)	(51,454)	(54,808)
	Total Accumulated Provisions for Depreciation and Amortization of Utility Plant	(4,470,439)	(4,414,771)	(4,218,082)
	Net Utility Plant Excluding Nuclear Fuel	8,483,424	7,863,975	7,334,177
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	7,863,975	7,334,177
Other Property and Investments				
121	Nonutility Property	2,857	2,857	2,857
122	Accumulated Provision for Depreciation & Amortization of Nonutility Property	(411)	(384)	(357)
123 & 123.1	Investments in Associated & Subsidiary Companies	55,414	56,572	56,726
124	Other Investments	196,867	150,867	145,984
125-8	Special Funds	51,159	46,187	57,103
175	Long-Term Portion of Derivative Assets	4,677	1,036	-
	Total Other Property and Investments	310,563	257,135	262,313

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		<u>Dec.31, 2009</u>	<u>Dec.31, 2008</u>	<u>Dec.31, 2007</u>
Current and Accrued Assets				
131	Cash	28,083	47,284	29,475
132.4	Special Deposits	1	194	178
135	Working Funds	-	-	-
136	Temporary Cash Investments	211,300	40,300	-
141-3	Notes and Accounts Receivable	877,717	972,497	1,039,546
144	Accumulated Provision for Uncollectible Accounts - Credit	(78,235)	(65,390)	(44,985)
145-6	Receivables from Associated Companies	149,360	112,569	85,410
151-5	Materials and Supplies (incl. 163)	70,598	60,932	53,277
158	Allowances	-	-	-
164	Gas Stored Underground - Current	-	-	-
165	Prepayments	86,374	44,621	57,170
171	Interest and Dividends Receivable	38,906	34,262	4,561
172	Rents Receivable	932	2,019	529
173	Accrued Utility Revenues	410,650	454,286	353,031
174	Miscellaneous Current and Accrued	1,483	-	-
175	Current Portion of Derivative Instrument Assets	1,378	556	842
	Total Current and Accrued Assets	1,798,547	1,704,130	1,579,034
Deferred Debits				
181	Unamortized Debt Expense	15,574	16,511	21,930
182	Unrec'd Plt and Reg Costs and Other Reg Assets	4,494,069	4,897,986	3,577,221
183	Preliminary Survey and Investigation Charges	1,027	383	76
184	Clearing Accounts	(1)	-	-
185	Temporary Facilities	-	-	-
186	Miscellaneous Deferred Debits	15,708	17,983	20,707
188	Research and Development Expenditures	-	-	-
189	Unamortized Loss on Reacquired Debt	106,331	112,096	79,689
190	Accumulated Deferred Income Taxes	468,063	494,714	477,592
	Total Deferred Debits	5,100,771	5,539,673	4,177,215
	Total Assets and Other Debits	<u>\$ 15,693,305</u>	<u>\$ 15,364,913</u>	<u>\$ 13,352,739</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

		<u>Dec.31, 2009</u>	<u>Dec.31, 2008</u>	<u>Dec.31, 2007</u>
Liabilities and Other Credits				
Proprietary Capital				
201	Common Stock Issued	\$ 892,260	\$ 892,260	\$ 892,260
204	Preferred Stock Issued	79,523	79,523	79,523
207	Premium on Capital Stock	132	132	132
208	Donations from Stockholders	1,405,937	1,155,937	1,155,937
210	Gain on Resale or Cancellation of Reacquired Capital Stock	-	-	-
211	Miscellaneous Paid-In Capital	-	-	-
215	Appropriated Retained Earnings	-	-	-
216	Unappropriated Retained Earnings	1,915,567	1,594,916	1,239,624
216.1	Unappropriated Undistributed Subsidiary Earnings	3,587	4,296	-
219	Other Comprehensive Income	5,106	1,942	2,499
	Total Proprietary Capital	<u>4,302,112</u>	<u>3,729,006</u>	<u>3,369,975</u>
Long-Term Debt				
221	221 Bonds	3,577,626	3,530,726	3,357,231
223	223 Advances from Assoc. Co.	-	-	-
225	225 Unamortized Premium on Long-Term Debt	-	-	2,805
226	226 Unamortized Discount on Long-Term Debt	(7,019)	(7,020)	(7,519)
	Total Long-Term Debt	<u>3,570,607</u>	<u>3,523,706</u>	<u>3,352,517</u>
Other Non-Current Liabilities				
227-9	Other Non-current Liabilities	1,469,597	1,472,423	920,685
244	Long-Term Portion of Derivative Instrumen Liabilities	-	52,996	35,245
230	Asset Retirement Obligation	211,294	240,556	231,269
	Total Other Non-Current Liabilities	<u>1,680,891</u>	<u>1,765,975</u>	<u>1,187,199</u>
Current and Accrued Liabilities				
231	Notes Payable	-	19,478	64,858
232	Accounts Payable	337,657	335,905	131,479
233-4	Payables to Associated Companies	634,687	868,292	615,594
235	Customer Deposits	77,118	84,179	71,830
236	Taxes Accrued	4,118	2,934	29,349
237	Interest Accrued	68,163	66,077	68,294
238	Dividends Declared	5	5	-
239	Matured Long-Term Debt	-	-	-
241	Tax Collections Payable	4,043	605	1,018
242	Miscellaneous Current and Accrued Liabilities	314,649	299,863	483,986
243	Obligations Under Capital leases	-	-	-
244	Current Portion of Derivative Instrument Liabilities	-	12,566	53,447
	Long-Term Portion of Derivative Instrument Liabilities	-	-	(35,245)
	Total Current and Accrued Liabilities	<u>1,440,440</u>	<u>1,689,904</u>	<u>1,484,610</u>
Deferred Credits				
252	Customer Advances for Construction	9,597	9,697	10,086
253	Other Deferred Credits	1,173,983	1,334,392	656,451
254	Other Regulatory Liabilities	381,079	329,413	391,213
255	Accumulated Deferred Investment Tax Credits	39,739	38,957	41,427
281-3	Accumulated Deferred Income Taxes	3,094,857	2,943,863	2,859,261
	Total Deferred Credits	<u>4,699,255</u>	<u>4,656,322</u>	<u>3,958,438</u>
	Total Liabilities and Other Credits	<u>\$ 15,693,305</u>	<u>\$ 15,364,913</u>	<u>\$ 13,352,739</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

INCOME ACCOUNT

	<u>Year 2009 *</u>		<u>Year 2008 *</u>		<u>Year 2007 *</u>
			(\$000)		
400 Electric Operating Revenues	4,839,735	\$	5,446,903	\$	5,005,403
Electric Operating Expenses:					
401 Operation Expense	3,944,128		4,531,567		4,059,607
402 Maintenance Expense	104,970		99,518		105,329
403 Depreciation Expense	151,054		148,545		143,904
404 Amortization of Limited Term Plant	3,572		1,279		4,320
407 Amortization of Property Losses	149,201		144,223		153,999
408.1 Taxes Other Than Income Taxes	111,837		114,760		116,129
409.1 Income Taxes - Federal	57,534		127,673		170,170
410.1 Provision for Deferred Income Taxes	147,401		89,454		94,993
411.1 Provision for Deferred Income Taxes - Credit	(96,093)		(96,748)		(147,055)
411.103 Accretion Expense-Electric	16		2		2
411.4 Investment Tax Credit Adjustments (Net)	2,677		(954)		(1,026)
Total Electric Utility Operating Expenses	<u>4,576,297</u>		<u>5,159,319</u>		<u>4,700,372</u>
Electric Utility Operating Income	<u>\$ 263,438</u>	\$	<u>287,584</u>	\$	<u>305,031</u>

* Electric Distribution only

	<u>Year 2009</u>		<u>Year 2008</u>		<u>Year 2007</u>
			(\$000)		
400 Gas Operating Revenues	2,764,661	\$	3,144,537	\$	3,027,323
Gas Operating Expenses:					
401 Operation Expense	2,330,361		2,699,272		2,566,508
402 Maintenance Expense	28,883		27,094		29,865
403 Depreciation Expense	89,126		89,313		87,289
404 Amortization of Limited Term Plant	2,764		399		2,777
407 Amortization of Property Losses	14,675		11,682		17,897
407.4 Amortization of Excess cost of removal	(13,200)		(13,200)		(13,200)
408.1 Taxes Other Than Income Taxes	61,109		58,715		60,025
409.1 Income Taxes - Federal	(37,887)		(22,903)		47,307
410.1 Provision for Deferred Income Taxes	126,392		134,028		56,675
411.1 Provision for Deferred Income Taxes - Cr	(19,380)		(27,647)		(23,418)
411.4 Investment Tax Credit Adjustments (Net)	(1,311)		(911)		(1,348)
Total Gas Utility Operating Expenses	<u>2,581,532</u>		<u>2,955,842</u>		<u>2,830,377</u>
Gas Utility Operating Income	<u>\$ 183,129</u>	\$	<u>188,695</u>	\$	<u>196,946</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
BALANCE SHEET

November 30, 2010
(\$THOUSANDS)

Assets and Other Debits

Utility Plant

Electric Utility Plant

101	Electric Utility Plant in Service	\$	8,632,563
103	Electric Experimental Plant Unclassified		0
105	Electric Utility Plant Held for Future Use		5,358
107	Electric Construction Work in Progress		254,353
	Total Electric Utility Plant		<u>8,892,274</u>

Gas Utility Plant

101	Gas Utility Plant in Service		4,972,072
103	Gas Experimental Plant Unclassified		0
105	Gas Utility Plant Held for Future Use		0
107	Gas Construction Work in Progress		2,090
	Total Gas Utility Plant		<u>4,974,162</u>

Common Utility Plant

101	Common Utility Plant in Service		138,368
107	Common Construction Work in Progress		10,720
	Total Common Utility Plant		<u>149,088</u>

Total Utility Plant 14,015,524

Accumulated Provisions for Depreciation and Amortization

Electric Utility Plant

108 & 111	Electric Utility Plant in Service		(2,599,656)
108.5	Electric Utility Plant Held for Future Use		0
	Total Electric Utility Plant		<u>(2,599,656)</u>

Gas Utility Plant

108 & 111	Gas Utility Plant in Service		(1,947,243)
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Common Utility Plant

108 & 111	Common Utility Plant in Service		<u>(50,674)</u>
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Total Accumulated Provisions for Depreciation and Amortization of
Utility Plant (4,597,573)

Net Utility Plant Excluding Nuclear Fuel 9,417,951

Nuclear Fuel

120.1	In Process		0
120.2	Materials and Assemblies Stock		0
120.3	In Reactor		0
120.4	Spent		0

Accumulated Provisions for Amortization

120.5	Nuclear Fuel		0
	Net Nuclear Fuel		<u>0</u>

Net Utility Plant 9,417,951

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

November 30, 2010
(THOUSANDS)

Assets and Other Debits (Continued)

Other Property and Investments

121	Nonutility Property	2,857
	Accumulated Provision for Depreciation/Amortization of Nonutility Property	(435)
123-123.1	Investments in Associated/Subsidiary Companies	55,032
124	Other Investments	213,652
125-128	Special Funds	54,322
	Long-Term Portion of Derivative Instrument Assets	39,490
	Total Other Property and Investments	<u>364,918</u>

Current and Accrued Assets

131	Cash	25,324
132-134	Special Deposits	9,456
135	Working Funds	0
136	Temporary Cash Investments	171,700
141-143	Notes and Accounts Receivable	739,368
144	Accumulated Provision for Uncollectible Accounts - Credit	(55,424)
145-146	Receivables from Associated Companies	312,726
151-155	Materials and Supplies (incl. 163)	88,595
158	Allowances	0
164	Gas Stored Underground - Current	0
165	Prepayments	129,730
171	Interest and Dividends Receivable	39,196
172	Rents Receivable	405
173	Accrued Utility Revenues	314,621
174	Miscellaneous Current and Accrued	3,122
175	Derivative Instrument Assets	40,952
	(Less) Long-Term Debt Portion of Derivative Instrument Assets	(39,490)
	Total Current and Accrued Assets	<u>1,780,281</u>

Deferred Debits

181	Unamortized Debt Expense	21,029
182	Unrec'd Plt and Reg Costs and Other Reg Assets	4,199,862
183	Preliminary Survey and Investigation Charges	1,422
184	Clearing Accounts	325
185	Temporary Facilities	0
186	Miscellaneous Deferred Debits	13,966
188	Research and Development Expenditures	0
189	Unamortized Loss on Reacquired Debt	102,776
190	Accumulated Deferred Income Taxes	371,392
	Total Deferred Debits	<u>4,710,772</u>

Total Assets and Other Debits \$16,273,922

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

November 30, 2010
(THOUSANDS)

Liabilities and Other Credits

Proprietary Capital

201	Common Stock Issued	\$	(892,260)
204	Preferred Stock Issued		0
207	Premium on Capital Stock		0
208	Donations from Stockholders		(1,405,937)
210	Gain on Resale or Cancellation of Reacquired Capital Stock		0
211	Miscellaneous Paid-In Capital		0
215	Appropriated Retained Earnings		0
216	Unappropriated Retained Earnings		(2,084,696)
219	Other Comprehensive Income		(474)
	Total Proprietary Capital		<u>(4,383,367)</u>

Long-Term Debt

221	Bonds		(4,291,626)
223	Advances from Assoc. Co.		0
225	Unamortized Premium on Long-Term Debt		0
226	Unamortized Discount on Long-Term Debt		7,917
	Total Long-Term Debt		<u>(4,283,709)</u>

Other Non-Current Liabilities

227-229	Other Non-current Liabilities		(1,233,215)
	Long-Term Portion of Derivative Instrument Liabilities		0
230	Asset Retirement Obligation		(215,401)
	Total Other Non-Current Liabilities		<u>(1,448,616)</u>

Current and Accrued Liabilities

231	Notes Payable		0
232	Accounts Payable		(400,406)
233-234	Payables to Associated Companies		(385,586)
235	Customer Deposits		(93,379)
236	Taxes Accrued		(17,754)
237	Interest Accrued		(76,895)
238	Dividends Declared		0
239	Matured Long-Term Debt		0
241	Tax Collections Payable		(981)
242	Miscellaneous Current and Accrued Liabilities		(333,356)
243	Obligations Under Capital leases		0
244	Derivative Instrument Liabilities		0
	(Less) Long-Term Portion of Derivative Instrument Liabilities		0
	Total Current and Accrued Liabilities		<u>(1,308,357)</u>

Deferred Credits

252	Customer Advances for Construction		(16,673)
253	Other Deferred Credits		(1,061,239)
254	Other Regulatory Liabilities		(483,712)
255	Accumulated Deferred Investment Tax Credits		(59,054)
281-283	Accumulated Deferred Income Taxes		(3,229,195)
	Total Deferred Credits		<u>(4,849,873)</u>

Total Liabilities and Other Credits \$ (16,273,922)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**ELECTRIC REVENUE BY CLASS OF BUSINESS
12 MONTHS ENDING DECEMBER 31, 2009**

(Thousands)

Residential	\$2,115,607
Commercial	2,362,359
Industrial	267,271
Public Street & Highway Lighting	77,354
Interdepartmental Revenues	1,525
Sales for Resale	177,926
Forfeited Discounts	4,569
Miscellaneous Service Revenues	2,120
Rent from Electric Property	3,666
Other Electric Revenues	<u>7,208</u>
Total Revenue from Electric Distribution Sales	5,019,606

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**GAS REVENUE BY CLASS OF BUSINESS
12 MONTHS ENDING DECEMBER 31, 2009**

(Thousands)

Residential	\$1,945,774
Commercial	\$630,376
Industrial	\$73,815
Street & Yard Light Service	\$809
Cogeneration	\$68,971
Interdepartmental Revenues	\$624
Forfeited Discounts	\$1,774
Miscellaneous Service Revenues	\$38,135
Other Gas Revenues	<u>\$4,383</u>
Total Revenue from Gas Distribution Sales	\$2,764,662

Public Service Electric & Gas Company
 Total Utility Payments or Accruals to Affiliates
 (\$ THOUSANDS) Net Billing

	2009		2008		2007
PSEG Services	480,283	\$	544,564	\$	477,726
PSEG Power	3,149,893	\$	3,752,880	\$	3,344,032
PSEG Energy Holdings	496	\$	(574)	\$	(342)
PSEG Enterprise	(32,371)	\$	(40,578)	\$	(51,746)
Total Payments to Affiliates	<u>\$ 3,598,302</u>	<u>\$</u>	<u>4,256,292</u>	<u>\$</u>	<u>3,769,670</u>

**PSE&G EEE Extension Stimulus Program
Accounting Entries**

<u>Entry</u>	<u>Acct.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
R1		To record capitalized IT per PSE&G capitalization policy.		
	303	Capitalized IT	XXX	
	131	Cash		XXX
R2		To amortize IT costs over appropriate book life.		
	404	Amortization Expense	XXX	
	111	Accumulated Amortization		XXX
R3		To defer direct program expenditures.		
	182	Program Investment Regulatory Asset	XXX	
	131	Cash		XXX
R4		To amortize direct program expenditures over 10 years.		
	908	Customer Assistance Expenses	XXX	
	182	Program Investment Regulatory Asset		XXX
R5		To record incremental admin. costs.		
	908	Customer Assistance Expenses	XXX	
	131	Cash		XXX
R6		To record expenditure reimbursements or repayments		
	131	Cash	XXX	
	908	Customer Assistance Expenses		XXX
R7		To record the monthly Economic Energy Efficiency Stimulus Component (EEESC) revenues.		
	142	Customer Accounts Receivable	XXX	
	400	Operating Revenues		XXX
R8		To record any over/ under recovery.		
	182	Regulatory Asset - EEESC	XXX	
	908	Customer Assistance Expenses	XXX	XXX
	254	Regulatory Liabilities		XXX
R9		To record cost of capital on any over/ under recovered balance.		
	182	Regulatory Asset - EEESC	XXX	
	419	Other Income	XXX	XXX
	431	Interest Expense	XXX	XXX
	254	Regulatory Liabilities		XXX

ATTACHMENT 6G

VERIFICATION

STATE OF NEW JERSEY)
 :
COUNTY OF ESSEX)

I, the undersigned, being duly sworn, depose and say that the information contained in Attachment 6A through 6F, to the best of my knowledge, information and belief, is true, correct, accurate and complete.

*Original Signed by
Daniel M. Furlong*

Daniel M. Furlong
Assistant Controller – PSE&G

Sworn and subscribed to)
before me this 11th day)
of January 2011)

*Original Signed by
Constance E. Lembo*
