



July 31, 2012

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

BPU Docket No. _____

VIA ELECTRONIC MAIL & OVERNIGHT MAIL

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

Dear Secretary Izzo:

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

Very truly yours,

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

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

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

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

BPU Docket No. _____

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

EXECUTIVE SUMMARY OF THE PROPOSED EXTENSION PROGRAM

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

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

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

Forline in his direct testimony submitted herewith as Attachment A:

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

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

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

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

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

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

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

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

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

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

BACKGROUND, INCLUDING PASSAGE OF THE SOLAR LAW OF 2012

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PSE&G SOLAR 4 ALL EXTENSION PROGRAM
PROGRAM SEGMENTS

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

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

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

COMMON CHARACTERISTICS OF ALL SEGMENTS

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

Project Development

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

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

Project Revenues

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

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

Project Costs and Dispute Resolution Mechanism

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

SEGMENT A- LANDFILLS & BROWNFIELDS (90 MW)

Total Investment: Approximately \$474 million

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

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

SEGMENT B - WAREHOUSE ROOFS (20 MW)

Total Investment: Approximately \$74 million

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

SEGMENT C - PARKING LOTS (25 MW)

Total Investment: Approximately \$133 million.

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

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

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

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

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

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

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

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

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

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

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

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

COST RECOVERY PROPOSAL

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

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

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

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

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

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

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

REQUEST FOR REVIEW AND APPROVAL

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

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

COMMUNICATIONS

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

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CONCLUSION

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

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

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

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

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By: _____

Matthew M. Weissman
General Regulatory Counsel – Rates

DATED: July 31, 2012
Newark, New Jersey

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

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

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

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

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

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

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4AII EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
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.	of Donna M. Powell).
b. The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.	Attachment B (Swetz testimony), Schedules SS-S4AE-2 – SS-S4AE-4; and Attachment C (Testimony of Donna M. Powell).
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 B (Testimony and Schedules of Stephen Swetz).
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.	PSE&G’s Petition is verified as to its accuracy, and PSE&G will serve a copy of the filing on the Department of Public Advocate, Division of Rate Counsel; Attachment G (Tariff Sheets)
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	Attachment B (Testimony and Schedules of Stephen Swetz); and Attachments F, and G to the Petition

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

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

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR4ALL EXTENSION PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	
MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
f. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.	Not applicable.
g. The utility shall also quantify and deduct from the energy and capacity savings any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:3-98.1 benefits or incentives.	Not applicable.

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

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

10
11 **I. SCOPE OF TESTIMONY**

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

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

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

13

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

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

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

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

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

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

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

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

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

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

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

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

13

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

17

18 **A. Business Development Goals**

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

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

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

9 **B. Renewable Energy**

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

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

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

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

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

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

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

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

5
6

C. Societal Benefits

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

1 assist the State in meeting its land use and renewable policy objectives by directing
2 solar investment toward sectors and geographic areas where there are additional
3 societal benefits from such investment.

4 Landfills, brownfields, and under-utilized government facilities have not
5 been central targets for solar developers to date because such projects have higher
6 costs, greater complexity, longer development timelines, more complex permitting,
7 and greater environmental and financial risk than the types of projects typically
8 pursued. Government entities also cannot take advantage of the federal Investment
9 Tax Credit (“ITC”), making the economics of direct solar ownership by government
10 more challenging. PSE&G is a stable organization that can manage the relatively
11 long time frames, capital costs, and complexity of these projects. Various
12 governmental entities in New Jersey have many available sites that are not being put
13 to productive use. Table 11 of the Energy Master Plan shows that schools,
14 municipalities and government facilities, taken together, comprise just over ten
15 percent of the State’s installed solar capacity. Additionally, the government’s tighter
16 budgets will benefit from PSE&G lease payments. Lastly, governmental agencies
17 may lack the expertise to review and assess various solar offers, and have difficulty
18 navigating contracting rules; the Extension Program can simplify the process because
19 of its standardized program offer.

1 The Extension Program also targets warehouse roof space where the
2 property owner cannot fully take advantage of the benefit provided by net metering.
3 There are several instances where this situation may occur. In most cases, the tenant
4 pays the electric bill, so the landlord has no incentive to install solar. Also, the lease
5 terms for warehouse space are generally shorter than the term needed to justify a
6 power purchase agreement, and warehouses generally do not have enough load to
7 allow a large net metered project on the roof.

8 Parking lots represent another example of under-utilized space that can
9 benefit from the dual use that solar development provides. In addition to clean solar
10 energy and lease payments to the property owner, solar canopies can provide shade,
11 snow and rain cover for parked vehicles. PSE&G will also explore options to
12 generate additional revenue for ratepayers such as leasing canopy space for
13 advertising or electric vehicle charging stations.

14 **D. Employment and Economic Development**

15 Based on estimates developed by the Rutgers Edward J. Bloustein
16 School of Planning and Public Policy (“Bloustein School”) to support the EMP, the
17 Extension Program will require approximately 885 job-years of direct labor to
18 complete the projects.³ The jobs will be created in the manufacturing, engineering,
19 fabrication, installation, and other sectors of the economy. Specific job types include

³ Bloustein School of Public Policy, Analysis for the 2011 Draft New Jersey Energy Master Plan Update, April 12, 2011.

1 electrical engineers, electricians, industrial machinery mechanics, welders, metal
2 fabricators, electrical equipment assemblers, construction equipment operators,
3 installation helpers, laborers, and construction managers. Additionally, another 26
4 permanent jobs will be created to operate and maintain the solar systems.

5 Estimates vary, but there may be another 800 – 900 job-years of indirect
6 labor created by the Extension Program. In another study, the Bloustein School
7 analyzed the impact of a solar leasing program on the New Jersey economy.⁴ Using
8 this study as a general indicator and adjusting for the difference in scale, PSE&G
9 believes that the Extension Program may result in total additional worker income of
10 about \$94 million. Over its five-year life, the Extension Program may also provide
11 additional State tax revenue of \$7 million, local tax revenue of \$9 million, and would
12 add \$147 million to the State gross product.

13 For the Original Program, PSE&G held competitive solicitations and
14 hired 16 solar firms to build 24 solar farms, providing opportunities to New Jersey
15 workers and valuable experience for those firms. Leveraging the utility’s purchasing
16 power and engaging multiple contractors, vendors and suppliers through a
17 competitive procurement process has produced a very competitive cost structure,
18 which will apply to the Extension Program.

⁴ Bloustein School, Economic Impacts of Energy Infrastructure Investments, 2010.

1 **E. Environmental Benefits**

2 The Extension Program will create significant environmental benefits
3 by providing emission-free solar generation, thereby displacing electricity generated
4 through the combustion of fossil fuels and supporting the greenhouse gas-reduction
5 goals of the Global Warming Response Act (“GWRA”), N.J.S.A. 26:2C-37 et seq.
6 and the New Jersey Department of Environmental Protection’s (“NJDEP”) GWRA
7 Recommendation Report.

8 It is estimated that, once fully built out, each year PSE&G’s Extension
9 Program operates it will:

- 10 • generate enough power to supply approximately 21,500 homes;⁵
11 • remove the emissions equivalent of 19,700 cars from the road;⁶ and
12 • displace approximately 103,100 metric tons of CO₂ emissions.

13 In addition to the reduction of greenhouse gases, the Program will
14 reduce the levels of other air pollutants, including over 190 metric tons of NO_x
15 emissions and 440 metric tons of SO₂ emissions.⁷ Much of the NO_x reductions will
16 come during the May-September ozone season, as these systems will displace fossil
17 fueled power on hot, sunny summer days, specifically helping to reduce the formation

⁵ Based on New Jersey average residential use for all housing types.

⁶ USEPA Greenhouse Gas Equivalencies Calculator, <http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results>.

⁷ DEP Emissions Reduction Factors for electric programs, from New Jersey Clean Energy Program Protocols to Measure Resource Savings (p. 78), <http://www.njcleanenergy.com/files/file/Library/Protocols%20Final%2012-7-09.pdf>.

1 of smog in the State. Ozone reduction has been a specific concern of State
2 environmental officials since all of New Jersey is expected to be designated as a
3 moderate nonattainment area for the eight-hour ozone emission standard.
4 Additionally, the solar generating facilities will have positive impacts on water use
5 and water quality, and will have positive on-site land and off-site land impacts.⁸

6

7 **IV. DETAILED PROGRAM DESCRIPTION**

8 PSE&G proposes the following four segments for the Solar 4 All
9 Extension Program:

- 10 • Segment A – Landfills & Brownfields: 90 MW, with a capital investment of
11 approximately \$474 million.
- 12 • Segment B – Warehouse Roofs: 20 MW, with a capital investment of
13 approximately \$74 million.
- 14 • Segment C – Parking Lots: 25 MW, with a capital investment of approximately
15 \$133 million.
- 16 • Segment D – Pilots/Demos: 1 MW, with a capital investment of approximately
17 \$9 million.

⁸ See <http://www.powerscorecard.org/issues.cfm>.

1 PSE&G reserves the right to adjust the segment capacities when
2 necessary, while remaining within the proposed 136 MW total Extension Program
3 size.

4 **A. Common Segment Elements**

5 The four segments have certain common elements:

- 6 • PSE&G will own and operate the Solar Systems.
- 7 • PSE&G will finance the investments.
- 8 • PSE&G may retain the services of an engineering firm for site assessment,
9 development of the scope of work, permitting, proposal review, and other
10 services. The Company intends to hire solar industry firms, through a
11 competitive process, to provide the engineering, permitting, procurement and
12 construction services required to develop the projects. Alternatively, the
13 Company may procure the equipment directly and hire solar industry firms
14 through a competitive process to provide the engineering, permitting, and
15 construction services.
- 16 • Certain parts of construction and operation may be performed by PSE&G, and
17 the costs incurred shall be considered incremental to the level in base rates for
18 purposes of cost recovery.
- 19 • PSE&G plans to use its own workforce for interconnection work.

- 1 • For those projects that qualify as a “public work,” as defined by statute, the
2 service provider will adhere to all aspects of the New Jersey State Prevailing
3 Wage Act, N.J.S.A. 34:11-56.25 et seq., and will require the same of all
4 subcontractors.
- 5 • For those projects that do not qualify as public works, service providers will be
6 required to pay the equivalent of the prevailing wage for the county in which
7 the work is to be performed, unless the work is performed by union employees,
8 in which case the employees will be paid in accordance with the union
9 contract.
- 10 • The prevailing wage requirements will be a PSE&G contract requirement, and
11 will also be a requirement for all installations on third party-owned property.
- 12 • PSE&G will perform program administration and management and may, at its
13 discretion, contract out parts of this work.
- 14 • Quality assurance will be provided by PSE&G’s monitoring and supervision
15 during construction and over the 20-year operation and maintenance phase of
16 the project.
- 17 • PSE&G will leverage its existing monitoring systems for all projects in this
18 proposal, thus reducing Extension Program costs.
- 19 • Minimum project size will be 500 kW, except for the pilot/demo segment,
20 which will have no minimum project size. In addition, a municipality may

1 aggregate several sites to achieve the 500 kW minimum, although no
2 individual site may be less than 150 kW.

3 • The Solar Systems will be interconnected with PSE&G's distribution system at
4 distribution voltage on the utility's side of the meter – i.e., they will be grid-
5 connected and feed electricity into the distribution system.

6 • The Solar Systems will be metered to determine the aggregate kWh output and
7 the number of SRECs generated. PSE&G will register the Solar Systems with
8 the BPU and PJM Generation Attribute Tracking System (“GATS”) so the
9 projects are qualified to receive SRECs.

10 • The Solar Systems will generate value for ratepayers through the production of
11 energy, capacity, SRECs, accelerated tax depreciation, and ITCs to help offset
12 program costs. Additionally, if revenue is generated from leasing space on the
13 parking canopies in the Parking Lot segment, this value will be returned to
14 ratepayers.

15 • PSE&G will sell any SRECs it receives from the Solar Systems in the SREC
16 auction that the Board has previously approved for the current Solar 4 All
17 Program. The net revenues PSE&G receives from selling the SRECs (i.e.,
18 revenues less the cost of conducting the auction) will be credited to customers,
19 offsetting the Extension Program's revenue requirements and reducing the
20 overall rate impact.

- 1 • PSE&G will sell energy and capacity from the Solar Systems into the
2 appropriate PJM market and credit all revenues it receives to customers,
3 thereby offsetting the Extension Program’s revenue requirements and reducing
4 the overall rate impact.
- 5 • Federal ITC value will benefit customers by offsetting revenue requirements
6 over the life of the assets in accordance with federal income tax law. The ITC
7 benefit will sunset in 2016, and the program financial modeling assumes it will
8 not be extended. Extending the Original Program as proposed here will allow
9 this benefit to be garnered while it still exists.
- 10 • In consideration for the use of property or facilities not owned by PSE&G to
11 host Solar Systems, PSE&G will make lease payments to the host sites as set
12 forth in the Program Rules (Schedule JAF-S4AE-2).
- 13 • The Extension Program calls for recovery of all prudently incurred costs
14 through the Regional Greenhouse Gas Initiative Recovery Charge (“RRC”).
15 Recoverable costs include capital investment recovered over its book
16 depreciable life, return on the unrecovered investment balance at the
17 Company’s weighted average cost of capital, and O&M expenses (as described
18 above) net of revenue from SREC, energy and capacity sales, leased space on
19 parking lot canopies and tax benefits (as described above). A more detailed
20 description is provided in the testimony of Mr. Steven Swetz.

- 1 • PSE&G may allocate capacity among segments if appropriate site(s) cannot be
2 developed pursuant to the Program schedule. See the Program Rules.

3 **B. Segment A – Landfills/Brownfields (90 MW)**

4 Description

5 PSE&G will invest in, own, and operate Solar Systems on properties
6 that cannot be productively utilized because of past use or current site conditions.
7 These sites include (a) sanitary landfill facilities, or portions of sanitary landfill
8 facilities, for which performance is complete with respect to all activities associated
9 with the design, installation, purchase, or construction of all measures, structures, or
10 equipment required by the Department of Environmental Protection; (b) any former or
11 current commercial or industrial site that is currently vacant or underutilized and on
12 which there has been, or there is suspected to have been, a discharge of contaminant
13 (“brownfields”); (c) areas containing large volumes of non-indigenous materials,
14 where used to raise the topographic elevation of a site, which materials were
15 contaminated prior to emplacement but not related to the operations at the location of
16 emplacement, including, but not limited to: construction debris, dredge spoils,
17 incinerator residue, demolition debris, fly ash, and non-hazardous solid waste; and (d)
18 underutilized sites owned by governmental entities such as unused lands surrounding
19 state prisons (collectively “Non-Productive Sites”).

1 PSE&G is particularly well-suited to support New Jersey's EMP and
2 Solar Law development goals by developing solar power projects on the underutilized
3 properties described above and providing lease payments to the site owners, which
4 may be governmental entities. To date, Non-Productive Sites have not been targeted
5 for solar projects because those projects have higher costs, higher complexity, longer
6 development timelines, more complex permitting and engineering, and greater
7 environmental and financial risk than typical market-based projects. PSE&G is a stable
8 organization that can manage the relatively longer project time frames, capital costs,
9 and complexity of those projects, and has a track record of doing so. PSE&G will
10 evaluate each project on a case-by-case basis with respect to all potential risks.

11 Target Market and Eligibility

12 This segment of the Extension Program is directed toward properties
13 that cannot be developed for general commercial or residential purposes and may not
14 provide meaningful revenue to the towns and counties where they are situated. For
15 properties owned by governmental entities, lease payments from the Extension
16 Program can offset strained budgets.

17 PSE&G has demonstrated experience in developing solar projects on
18 several landfill and brownfield sites, and through the Extension Program will help to
19 further establish this practice for the marketplace. PSE&G will develop site selection
20 criteria and will work closely with the NJDEP in identifying and evaluating

1 prospective sites. PSE&G anticipates developing approximately 10 to 20 projects for
2 this 90 MW segment. The total capital investment will be approximately \$474
3 million.

4 **C. Segment B – Warehouses (20 MW)**

5 Description

6 PSE&G will invest in, own, and operate Solar Systems on warehouse
7 roofs. Many warehouse owners cannot participate in the net-metered solar sector for
8 several reasons: (i) in most cases, the tenant pays the electric bill, so the landlord has
9 no incentive to install a net-metered solar project; (ii) the lease terms for warehouse
10 space are shorter than the term generally needed for a power purchase agreement with
11 a solar developer; and (iii) warehouses have large roof areas but often do not generate
12 enough load to take advantage of net metering. The Company estimates that this 20
13 MW segment can be completed with approximately 6 to 10 projects of 2 to 4 MW
14 each. The estimated capital cost for this segment is \$74 million.

15 This sector is also one that PSE&G is particularly well-suited to target
16 in support New Jersey’s Energy Master Plan’s solar development goals. New Jersey
17 has close to 500 million square feet of “empty” leased warehouse roof space, much of
18 which is in PSE&G’s service territory.⁹ Converting all of that space into useful solar

⁹ Jones Lang LaSalle, Northern and Central New Jersey Industrial Market, Q1 2012.

1 systems would provide over 2,000 MW of capacity, the approximate size of two
2 nuclear power plants.

3 Target Market and Eligibility

4 This segment of the Program is directed to owners of buildings with
5 roofs of at least 50,000 square feet (the threshold for a 500 kW system). This includes
6 both commercial and industrial warehouse space. PSE&G believes that there is an
7 abundance of warehouses in its service territory that meet these criteria. In fact, a
8 single warehouse owner has indicated that it has over 20 MW of potential roof space
9 in PSE&G's territory.

10 **D. Segment C – Parking Lots (25 MW)**

11 Description

12 Consistent with a policy directive of the Solar Law of 2012, PSE&G
13 will invest in, own, and operate Solar Systems on existing or proposed commercial,
14 retail, industrial, municipal, professional, recreational, transit, commuter,
15 entertainment complex, multi-use, or mixed-use parking lots with a capacity to park
16 350 or more vehicles, where the area to be utilized for the Solar System is paved or
17 otherwise impervious. The minimum size parking lot (350 spaces) would allow for a
18 solar system of between 500 kW and 750 kW depending on the parking lot design and
19 the Solar System design.

1 This emerging sector is also one in which PSE&G is particularly well-
2 suited to support the New Jersey Energy Master Plan solar development goals. The
3 Solar Systems will be mounted on canopies or other structures suitable for use in a
4 parking lot environment. The Company estimates that the 25 MW segment can be
5 completed with approximately 5 to 15 projects of various sizes, given the expected
6 wide variability of sites. The estimated capital cost for this segment is \$133 million.

7 Target Market and Eligibility

8 Consistent with the recently enacted Solar Law, PSE&G will target
9 large parking lots with more than 350 spaces, as described above. While all
10 sufficiently large parking lots in PSE&G's are eligible, the Extension Program will
11 initially focus on retail facilities. The potential market is very large; a review of
12 typical shopping malls in New Jersey indicate a potential in the range of several MWs
13 per parking lot.

14 In addition, PSE&G will consider the feasibility of projects that can
15 provide additional revenue sources such as advertising or electric vehicle charging
16 (i.e., "dual benefits" as described in the EMP), potentially reducing the overall cost of
17 the Program.

1 **E. Segment D – Pilots and Demonstrations – 1 MW**

2 Description

3 PSE&G will invest in, own, and operate pilot or demonstration Solar
4 Systems. The Company will solicit projects from both industry and academia. The
5 primary focus will be on integrating solar power with energy storage, but other
6 proposals that attempt to lower the overall cost of solar power, more fully integrate
7 solar into the distribution grid, or otherwise show dual benefits will be considered.
8 PSE&G's primary objectives in this segment are to demonstrate the physical
9 operation of the technology and to gather data to understand its impact on cost and the
10 distribution system. The Company estimates that this 1 MW segment can be
11 completed with approximately 5 to 10 pilots and demonstration projects of 100 to 200
12 kW each. The estimated capital cost for this segment is \$9 million.

13 Target Market and Eligibility

14 This segment of the program is directed specifically to organizations
15 that have, or are developing, innovative approaches to combining solar power and
16 energy storage, lowering the overall cost of solar power, or integrating solar power
17 into the distribution grid. Proposals will be accepted from any organization.

1 **V. THE SOLAR 4 ALL EXTENSION PROGRAM ADDRESSES MARKET**
2 **BARRIERS**
3

4 There are several market barriers that the Extension Program will
5 mitigate:

- 6 • Because of higher cost, complexity and risk of developing solar power on
7 landfills and brownfields, developers generally avoid these properties. In fact,
8 there have only been a few sites of this type developed in New Jersey,
9 including some by PSE&G through its Solar 4 All Program. Therefore,
10 PSE&G has experience in developing solar projects on both landfills and
11 brownfields. The Extension Program will build on PSE&G's experience and
12 resources to help fully develop the practice and provide a model for others.
- 13 • Government entities cannot take advantage of the federal ITC through direct
14 ownership of solar systems. Without this tax advantage, the economics of
15 solar are far more challenging. Having the utility own and operate the system
16 and provide the government entity with a lease payment is a very efficient
17 business model for the customer, and a very effective approach to developing
18 solar capacity in New Jersey.
- 19 • Warehouses with expansive roof space generally cannot receive the full
20 benefits of net metering for the reasons set forth above. The Extension
21 Program will remove these barriers by removing the tenant from the

1 transaction, operating a grid connected system that fully optimizes the roof
2 space, and providing a lease payment to the warehouse owner.

3

4 **VI. RELATIONSHIP TO OTHER PROGRAMS**

5 Other than PSE&G's Original Program, the Extension Program is not
6 similar to any current program administered by the Board's OCE. In the Original and
7 the Extension Programs, Solar Systems are grid-connected, providing solar energy to
8 all New Jersey customers, not just to the host sites. The Extension Program takes this
9 concept one step further by focusing on sites that are currently underutilized and not
10 likely to provide beneficial use.

11

12 **VII. DISPUTE RESOLUTION PROCEDURES**

13 Customer complaints relating to the design, delivery, or administration
14 of the Program segments potentially could be received through two means: directly to
15 various PSE&G customer contact personnel and departments, or directly to the
16 NJBPU. In both instances the immediate issue would be referred to the appropriate
17 PSE&G management personnel to investigate and resolve.

18 PSE&G will attempt to resolve disputes with its customers informally in
19 the first instance. See Schedule JAF-S4AE-3 for the flow chart on how customer
20 complaints will be processed. Disputes that involve PSE&G's administration of the

1 Program that cannot be resolved informally will be resolved through the BPU's
2 existing process for customer complaints within the appropriate Division. Disputes
3 between PSE&G and its sub-contractors will be resolved in accordance with contract
4 provisions. Disputes under the program that involve monetary claims or civil
5 damages that cannot be decided by the NJBPU will be resolved in an appropriate
6 court of law.

7

8 **CONCLUSION**

9 PSE&G, with the support of the Administration, the Legislature, the
10 Board, and the Division of Rate Counsel, has been and is currently an essential force
11 in helping to support economic growth, create jobs and meet the State's renewable
12 energy goals through the development of Solar Systems. The Extension Program will
13 allow PSE&G to continue in that critical role consistent with the solar energy
14 directives set forth in New Jersey's Energy Master Plan and the new Solar Law.
15 PSE&G can take on more challenging sites, perform at a competitive cost, infuse
16 needed capital into the market, provide governments with a new source of revenue
17 through lease payments, and create a substantial quantity of jobs in difficult economic
18 times.

19 PSE&G is unique in that it combines substantial experience in the
20 development of large scale grid-connected projects with the financial wherewithal to

1 utilize available tax benefits and execute solar projects on a large scale. The
2 Extension Program will have a positive effect on New Jersey's economic growth and
3 allow all customers the benefits of solar power. With the support of our customers, I
4 believe we must forge ahead as other innovators have in the past, and accomplish this
5 visionary Solar 4 All Extension Program work through the collaboration of PSE&G,
6 the Board, the Division of Rate Counsel, solar developers and installers, and all
7 stakeholders for the benefit of New Jersey.

8 That concludes my testimony at this time.

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**QUALIFICATIONS
OF
JOSEPH A. FORLINE
VICE PRESIDENT – CUSTOMER OPERATIONS**

My name is Joseph A. Forline and I am employed by Public Service Electric and Gas Company (“PSE&G,” “Company”). I have been Vice President – Customer Operations for the Company since December 2006. Prior to that, I was Division Manager – Gas Operations. I am responsible for Utility Marketing and Market Strategy, Customer Contact, Customer Service Centers, Meter Reading and Advanced Metering, Billing and Revenue Operations, and Collections. I also have primary management and oversight responsibility for the design and implementation of PSE&G’s renewable energy, energy efficiency and demand response programs.

EDUCATIONAL BACKGROUND

I have a Bachelor of Science degree in Engineering from Rutgers University – College of Engineering, and a Masters of Business Administration degree from Rutgers University. I am also a graduate of the University of Michigan Executive Development Program and earned a Certified Energy Manager credential from the American Association of Energy Engineers in 2009.

1 **WORK EXPERIENCE**

2 I have worked for PSE&G for more than 27 years, and have a broad background in
3 electric and gas operations, customer operations, and the appliance service business.
4 Areas of expertise include gas distribution, gas engineering, electric street lighting,
5 metering operations, and damage prevention.

6

7 I am an active member of the customer service executive committees for the
8 American Gas Association, the Edison Electric Institute, and Customer Service Week.

9 I led the implementation of the SAP CCS Customer System for PSE&G in 2009,
10 which has been identified as the most comprehensive SAP implementation ever in
11 North America, and in 2010 was awarded the Customer Service Week Expanding
12 Excellence Award for Best CIS Implementation.

13

14 I am a member of the board of advisors for the Rutgers Camden School of Business,
15 the Board of Directors for the March of Dimes New Jersey Chapter, a board member
16 for the United Way of Burlington County and the Board of Trustees for the Cooper
17 Hospital Foundation in Camden. I have supported economic development on the
18 Camden waterfront as a Board member for the Coopers Ferry Development
19 Corporation and am a graduate of the Leadership New Jersey Program, class of 2006.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Solar 4 All™ Extension Program Rules for:

- **Segment A:** Landfills, brownfields, areas of historic fill, unused governmental properties
- **Segment B:** Warehouses where net metering is not a viable option
- **Segment C:** Parking Lots

General Requirements

1. Upon completion, Solar Systems site plan solar array layout must be interconnected to the utility electrical distribution system.
2. Each Solar System must be at least 500 KW (dc). However, a governmental entity may aggregate several sites to achieve the 500 kW minimum, providing no individual site is less than 150 kW.
3. The Solar System may be ground-mounted, a canopy system located in a parking lot with greater than 350 parking spaces, or located on a rooftop.
4. The Solar System must be capable of generating solar renewable energy certificates ("SRECs") as defined under NJ BPU regulations.
5. PSE&G will be responsible for identifying and selecting suitable sites for the Solar Systems.
6. PSE&G may retain the services of an engineering firm for site assessment, development of the scope of work, permitting, proposal review, and other services. PSE&G intends to hire solar industry firms ("Developers") through a competitive bid process to provide the engineering, permitting, procurement and construction services required to develop the projects. Alternatively, PSE&G may procure the equipment directly and hire Developers through a competitive bid process to provide the engineering, permitting, and construction services. PSE&G will perform the interconnection work for projects in PSE&G's territory and may perform portions of the other work. Developers shall prepare a proposal ("Proposal") as defined by the competitive bid process. To the extent permitted by law, products manufactured in NJ may be given preference in the evaluation process.

7. PSE&G may initiate site selection, site evaluation, bid processes, and contract negotiations prior to Board Approval. However, any contracts must be contingent upon Board Approval and contingent on PSE&G's determination that the contract is in compliance with conditions of Board Approval. PSE&G may seek recovery of reasonable and prudent costs incurred prior to Board Approval for these activities.

Site Identification

8. PSE&G will identify potential sites for each program segment by requesting Site Owners to submit an Expression of Interest. The request for Expression of Interest will be posted on the PSE&G website, and may be initiated prior to the approval of this Program. The Expression of Interest request may also be promoted through other means as determined by PSE&G.
9. PSE&G may retain real estate professionals to assist in identifying potential sites and property owners for each program segment. Other outreach and marketing efforts may be employed to identify potential sites.
10. Potential sites will be evaluated by a number of factors, which may include ease of permitting, ease of interconnection, site conditions, and other factors as determined by PSE&G. Outside Environmental and Engineering services may be retained in evaluating potential sites.

Proposal Requirements

11. For sites PSE&G has identified and selected for development, PSE&G will seek Proposals for the engineering, permitting and construction (and procurement if applicable) of the project. At a minimum, each Proposal shall contain:
 - A project description, site plan solar array layout, and total installed watts (dc).
 - The total installed cost of the Solar System as specified by the competitive bid process.
 - An annual energy output estimate in kWh for the first year using a methodology as may be appropriate and acceptable to PSE&G.
 - A project schedule.

PJM Interconnection Issues

12. PSE&G (a) will initiate the PJM Interconnection process, and (b) seek to identify the interconnection costs associated with viable sites as determined by PSE&G.

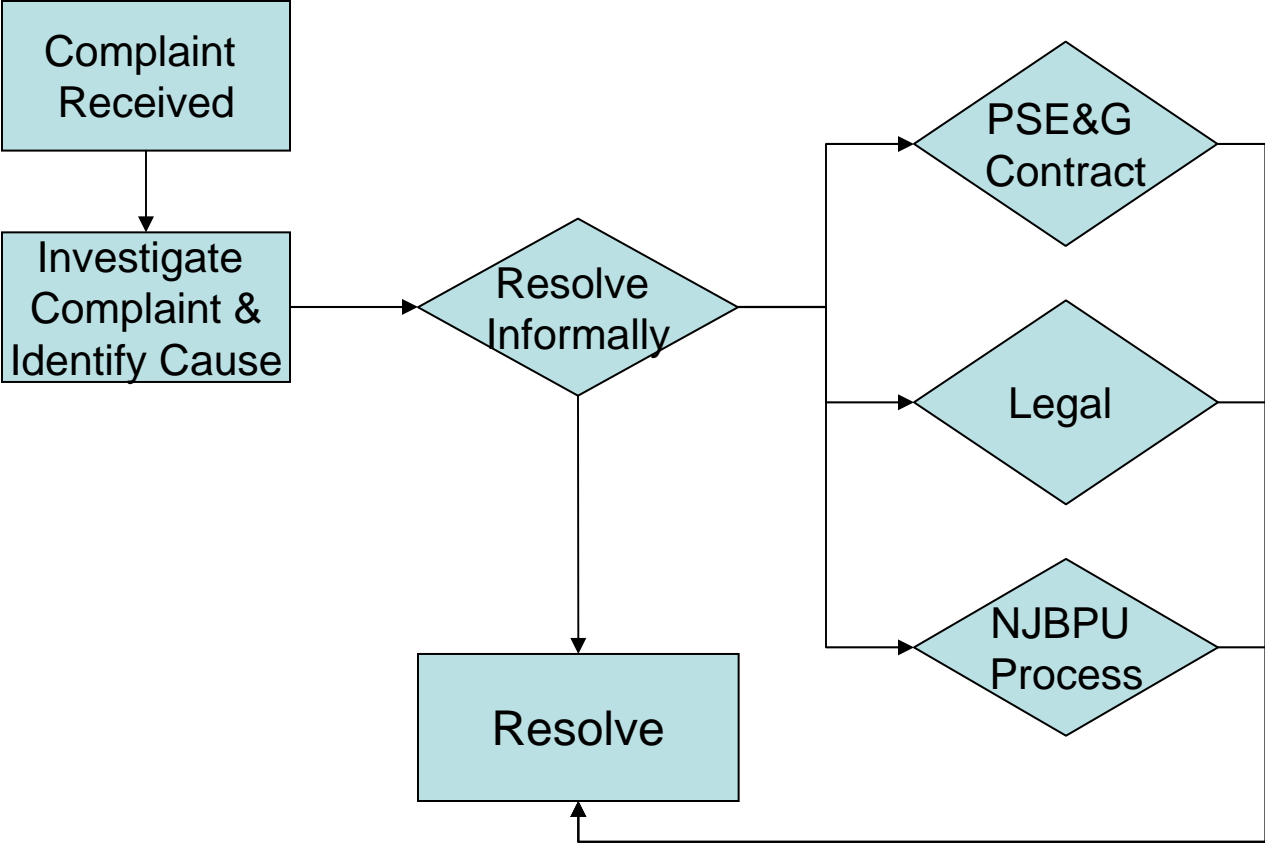
Contract between PSE&G and the Solar Developer

13. Upon the final acceptance of a Proposal, PSE&G will enter into a contract with the Developer to build the Solar System. The contract will contain typical terms and conditions including schedule and performance guaranties, liquidated damages, warranties, indemnifications, insurance, retainage or other credit enhancements, and a milestone payment schedule. The contract will be contingent on reaching agreement with the Site Owner.

Agreement with the Site Owner

14. PSE&G and site owner will enter into a suitable agreement (“Lease”) containing typical terms and conditions including rent payments, insurance, indemnifications, owner responsibility for pre-existing site conditions, and access. Option payments may be made, if needed, to secure the site during the pre-construction period. Payments to the site owner will commence with the construction of the Solar System. All leases between PSE&G and the site owner will run for 20 years, unless applicable law requires a shorter term.
15. The determination of the lease payment will follow the methodology established in the current Solar 4 All™ program and is based on an estimate of the forward locational marginal price discounted by 25%, escalated by a percentage annually for a term of 20 years. The lease payment will be set at a price per kwhr of projected output in the first year.
16. The site owner must accept responsibility for pre-existing site conditions including, but not limited to, environmental and subsurface conditions. PSE&G will not be responsible for pre-existing site conditions.
17. Site owners with electric load will receive electric service with no change in the existing billing arrangement, i.e., the rent payments shall be the site owner's sole compensation.

COMPLAINT PROCESS FLOW CHART



1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
4 **STEPHEN SWETZ**
5 **DIRECTOR – CORPORATE RATES AND REVENUE REQUIREMENTS**
6

7 My name is Stephen Swetz and I am the Director – Corporate Rates and
8 Revenue Requirements, PSEG Services Corporation. My qualifications are included
9 as Schedule SS-S4AE-1.

10
11 **SCOPE OF TESTIMONY**

12 The purpose of my testimony is to support the Company’s proposed
13 methodology for recovery of the costs related to the extension of PSE&G’s Solar
14 Generation Investment Program, called the Solar 4 All Extension Program
15 (“Extension Program” or the “Program”), including projected rate and bill impacts.
16 My testimony provides details of the proposed calculations and recovery mechanism.

17
18 **COST RECOVERY MECHANISM**

19 General

20 PSE&G is proposing to recover the revenue requirements associated
21 with the direct costs of the Program. Direct costs include all costs related to Program
22 capital expenditures, and Operations and Maintenance costs including the
23 administrative costs of running the Program. These costs would be offset by the net

1 benefits derived from the program, including, but not limited to, the solar electrical
2 output, the net Solar Renewable Energy Credit (“SREC”) revenue as well as the
3 amortization of the investment tax credit (“ITC”) utilized by the Company. PSE&G
4 will also seek to receive capacity payments from PJM for the Solar Systems. In
5 addition, if the Company can derive any additional revenue through advertising,
6 leasing space to electric vehicles, or any other means through the Parking Segment as
7 described in the testimony of Mr. Forline, all net proceeds will be credited to
8 ratepayers as a reduction to revenue requirements. PSE&G is proposing that the
9 Board authorize the recovery of the revenue requirements of the Program in
10 accordance with N.J.S.A. 48:3-98.1 et seq. The details of the costs proposed to be
11 recovered, as well as the mechanism for such recovery, are described in the following
12 sections of this testimony.

13

14 Calculation of the Revenue Requirements of Direct Costs

15 The Program investments are proposed to be treated either as separate
16 classes of utility plant, and depending on the type of investment, depreciated or
17 amortized as described in the corresponding section below. The revenue requirements
18 associated with the direct costs of the Program would be expressed as:

19
$$\text{Revenue Requirements} = (\text{Pre-Tax Cost of Capital} * \text{Net Investment}) +$$

20
$$\text{Amortization and/or Depreciation} + \text{Operation and Maintenance Costs} -$$

1 *Revenues from Solar Output – ITC Amortization w/ Tax Gross Up + Tax*
2 *Associated from ITC Basis Reduction*

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

4 Cost of Capital – This is PSE&G’s overall weighted average cost of capital
5 (“WACC”). PSE&G shall earn a return on its net investment in the Program
6 based upon the Company’s gas and/or electric authorized return on equity
7 (“ROE”) and capital structure including income tax effects. The overall cost of
8 capital utilized to set rates for the initial rate period of the Program will be based
9 on the Company’s most recent base rate case, BPU Docket No. GR09050422,
10 which is 8.21% (11.8520% on a pre-tax basis), based on a return on equity of
11 10.3% and current tax rates. Any changes to current tax rates would be reflected
12 in an adjustment to the Pre-Tax WACC. See Schedule SS-S4AE-2 for the
13 calculation of the current Pre-Tax WACC. In addition, any change in the WACC
14 authorized by the Board in a subsequent electric, gas, or combined base rate case
15 will be reflected in the appropriate corresponding subsequent monthly revenue
16 requirement calculations. Also, any change in the revenue requirement resulting
17 from the change in the WACC will not be included in the monthly interest
18 calculation for over and under recoveries until the date of the next scheduled
19 annual true-up but in any event, no later than January 1 of the subsequent year.

20

1 Net Investment – This is the Gross Plant-in-Service less associated
2 accumulated depreciation and/or amortization less Accumulated Deferred
3 Income Tax (“ADIT”). The assumptions supporting the capital expenditures
4 related to the Program are found in the direct testimony and work papers of
5 Joseph A. Forline.

6 Depreciation/Amortization – The depreciation or amortization of the Program
7 assets will vary depending on its asset class. The table below summarizes the
8 book recovery and associated base tax depreciation applied to the
9 corresponding asset classes. The base tax depreciation is calculated on the
10 total amount of the asset less any bonus depreciation and any applicable tax
11 credits.

Asset Class	Book Recovery	Base Tax Depreciation
Solar Panels, acquisition and installation costs	20 year dep.	5 year MACRS
Inverters	5 year dep.	
Communications Equipment		
Meters	20 year dep.	20 year MACRS

12 The amortization/depreciation would be based on a monthly vintaging
13 methodology instead of the mass property accounting typically used for utility
14 property.
15 property.

16 Operations and Maintenance Costs – Operations and Maintenance Costs will
17 include:

- 1 • PSE&G labor and other related on-going costs required to manage the
2 physical assets.
- 3 • Administrative costs related to the management of the Program.
- 4 • Rent/lease payments or bill credits made to non-PSE&G host
5 sites/facilities and the fair values of rents for use of electric
6 transmission sites/facilities.
- 7 • Insurance Expense

8 The assumptions supporting the estimated Operations and Maintenance costs
9 are described in the Direct Testimony and work papers of Mr. Forline.

10 Revenues from Solar Output

11 PSE&G will pursue generating revenues from solar output from the following
12 sources:

- 13 • Sales of energy in the applicable PJM wholesale markets
- 14 • Capacity payments from the PJM capacity market
- 15 • Sales of SRECs through an auction process

16

17 PSE&G will apply all net revenues it receives from the energy and capacity
18 sales in the PJM markets and the sale of SRECs to customers to offset the
19 Extension Program revenue requirements. As described above, any net
20 revenue received from any source other than the solar output, such as lease

1 payments or advertising revenue, shall be credited to ratepayers as a reduction
2 to revenue requirements For the purpose of forecasting revenue requirements,
3 an SREC market price of \$200 was assumed for the life of the Program. All
4 revenue assumptions are provided in Mr. Forline's workpaper (WP-JAF-
5 S4AE-1.xls).

6 Investment Tax Credit ("ITC")

7 As indicated in the Direct Testimony of Mr. Forline, utilities remain
8 eligible for the federal ITC for solar investments through 2016. The ITC is
9 scheduled to expire at the end of 2016, and the revenue requirement
10 calculations assume it will not be extended. For all investment through 2016,
11 the ITC is thirty percent of the solar investment. The Company will return all
12 of the ITC it utilizes to ratepayers in accordance with Federal income tax law.
13 The return of the ITC to ratepayers must be amortized over the book life of the
14 assets.

15 The ITC benefit is partially offset by the tax impact associated with the
16 tax basis reduction equal to fifty percent of the ITC. This tax basis reduction is
17 prescribed by Federal income tax law governing the ITC. The impact on
18 revenue requirements is generated by applying the book depreciation method
19 to the difference between the book basis and the tax basis multiplied by the tax
20 rate, and then multiplied by the revenue conversion factor.

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

13

14 Method for Recovery of Direct Cost

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

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

1 the Company's electric tariff and be applicable to all electric rate schedules on an
2 equal cents per kilowatt-hour. PSE&G is proposing to implement the SGIEPC of the
3 electric RRC simultaneously with Board approval of this Program based upon
4 forecasted expenditures and usage. Since Board approval is anticipated by the end of
5 2012 and to sync future cost recovery filings with the other electric RRC
6 subcomponents, the initial period for determining rates will be from January 1, 2013
7 through September 30, 2014. If Board approval is received prior to January 1, 2013,
8 rates will still go into effect January 1, 2013 as filed for the initial rate period. All
9 Program costs incurred prior to January 1, 2013 will be deferred. If Board approval is
10 received after January 1, 2013 but prior to September 30, 2014, the proposed initial
11 rate period charge will still be implemented for the remaining months of the initial
12 rate period. In that instance, all Program costs incurred prior to the rate-effective date
13 will be deferred until rates go into effect.

14 For all subsequent rate periods, this component will be included in
15 PSE&G's annual RRC Recovery filing that will be made no later than July 1st of each
16 year for the period of October 1st of the year through September 30th of the subsequent
17 year plus the projected over/under deferred balance as of September 30th for the
18 current year. The over/under deferred balance will include actual revenue
19 requirements through March of the current year. The charges proposed in the annual
20 filings made by July 1st of each year will go into effect provisionally or as final rates,

1 on October 1st of the current year, upon issuance of a Board Order authorizing these
2 provisional or final rates.

3 The calculation of the proposed SGIEPC of the electric RRC is shown
4 in Schedule SS-S4AE-5. The revenue requirements, for the initial and all subsequent
5 rate periods, are divided by the current forecasted kilowatt-hours sales to determine
6 the SGIEPC of the electric RRC without the New Jersey Sales and Use Tax (“SUT”)
7 applied. The forecasted kilowatt-hours sales used for this analysis are consistent with
8 those filed in the Company’s 2012 SBC/NGC filing. After the initial period, the
9 revenue recovery period over the next four years is scheduled as October of the
10 current year through September of the following year to be consistent with the other
11 RRC components. Starting in October 2018, the recovery period is assumed to go
12 through December 2019 and all subsequent recovery periods through 2037 are based
13 on a calendar year. The same level of sales used in the initial period is held constant
14 for the applicable months in all subsequent recovery periods for illustrative purposes
15 only (See Schedule SS-S4AE-5). The proposed SGIEPC of the electric RRC for each
16 period is then applied to all the existing class average rates and the percentage change
17 is calculated. In addition, the annual bill impacts for the typical RS customer are
18 calculated for each period through 2037. The expected increase from the electric
19 SGIEPC for the initial recovery period for a residential customer would be \$0.000087
20 per kWh (including SUT). The RS typical annual bill would increase \$0.68,

1 (0.051%), or about \$0.06 per month. The maximum impact to the RS typical annual
2 bill in the first five years of the program occurs in the period October 1, 2017 through
3 September 30, 2018. The expected maximum increase from the electric SGIEPC for
4 a residential customer would be \$0.001653 per kWh (including SUT), for a typical
5 annual residential bill impact of \$12.20 (0.913%), or about \$1.02 per month.

6 The cumulative rate impacts of this Program along with the Company's
7 Solar Loan I Program and its other approved RRC Programs through September 2017
8 can be found on Schedule SS-S4AE-6. The supporting detailed calculations can be
9 found in the electronic work paper WP-SS-S4AE-1.xls. The electronic version of this
10 filing contains the supporting detailed assumptions and calculations for Schedules SS-
11 S4AE-2 through SS-S4AE-8 in electronic work papers labeled WP-SS-S4AE-1.xls,
12 and WP-SS-S4AE-2a.xls through WP-SS-S4AE-2d.xls.

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

1 exceed PSE&G's overall rate of return as authorized by the Board as utilized in
2 calculating revenue requirements for the corresponding period. The calculation of
3 monthly interest shall be based on the net of tax average monthly balance, consistent
4 with the methodology set forth in Schedules SS-S4AE-7. Simple interest shall accrue
5 on any under and over recovered balances, and shall be included in the deferred
6 balances at the end of each reconciliation period. Near the end of the initial and each
7 subsequent recovery period, the corresponding deferred balances would be included
8 with forecasted revenue requirements for the succeeding period for purpose of setting
9 the revised SGIEPC.

10 The Board's Order pursuant to N.J.S.A. 48:3-98.1, Appendix A, Section
11 I(a), BPU Docket No. EO08030164, requires three years of a pro-forma Income
12 Statement and Balance Sheet showing the incremental impacts from the Program.
13 The Company has prepared the projected Income Statement and Balance Sheet for the
14 Solar 4 All Extension Program from 2013 to 2037. See Schedule SS-S4AE-8. The
15 supporting detailed calculations can be found in the electronic work papers WP-SS-
16 S4AE-1.xls.

17 This concludes my testimony.

Schedule Index

- Sched SS-S4AE – 1..... Qualifications of Stephen Swetz
- Sched SS-S4AE – 2..... Weighted Average Cost of Capital (WACC)
- Sched SS-S4AE – 3..... Total Program Revenue Requirements Summary
- Sched SS-S4AE – 3x.... Total Program Capital Spending Summary
- Sched SS-S4AE – 3a.... Landfills/Brownfields Segment Revenue Requirements Calculation
- Sched SS-S4AE – 3ax.. Landfills/Brownfields Segment Capital Spending Summary
- Sched SS-S4AE – 3b.... Warehouses Segment Revenue Requirements Calculation
- Sched SS-S4AE – 3bx.. Warehouses Segment Capital Spending Summary
- Sched SS-S4AE – 3c.... Parking Lots Segment Revenue Requirements Calculation
- Sched SS-S4AE – 3cx.. Parking Lots Segment Capital Spending Summary
- Sched SS-S4AE – 3d.... Pilots and Demonstrations Segment Revenue Requirements Calculation
- Sched SS-S4AE – 3dx.. Pilots and Demonstrations Segment Capital Spending Summary
- Sched SS-S4AE – 4..... Solar 4 All Extension Program – Proposed Rate Calculation
- Sched SS-S4AE – 5..... Solar 4 All Extension Program - Rate Impact Analysis
- Sched SS-S4AE – 6..... Cumulative Rate Impact Analysis - Solar Program Recovery Charge (SPRC) & Electric RGGI Recovery Charge (RRC)
- Sched SS-S4AE – 7..... Over / Under Balance Calculation
- Sched SS-S4AE – 8..... Solar 4 All Extension Program Income Statement and Balance Sheet

Electronic Work Paper Index

WP-SS-S4AE-1.xls Revenue Requirements Summary and Rate Analysis
Calculations

WP-SS-S4AE-2a.xls Detailed Revenue Requirements Calculations –
Landfills/Brownfields Segment

WP-SS-S4AE-2b.xls Detailed Revenue Requirements Calculations – Warehouses
Segment

WP-SS-S4AE-2c.xls Detailed Revenue Requirements Calculations – Parking Lots
Segment

WP-SS-S4AE-2d.xls Detailed Revenue Requirements Calculations – Pilots and
Demonstrations Segment

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

15 I am an active member of the American Gas Association's Rate and
16 Strategic Issues Committee and the Edison Electric Institute's Rates and Regulatory
17 Affairs Committee. I am also a member of the New Jersey Utility Association
18 (NJUA) Finance and Regulatory Committee.

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

Schedule SS-S4AE-3

Page 1 of 2

(\$000's)

Solar 4 All Extension: Total Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<u>Program</u>	<u>Gross Plant</u>	<u>Depreciation</u>	<u>Accumulated</u>	<u>Net Plant</u>	<u>Plant</u>			<u>Accumulated</u>	<u>Net</u>	<u>Return</u>
	<u>Investment</u>		<u>Expense</u>	<u>Depreciation</u>		<u>Tax</u>	<u>Book Deprec</u>	<u>Deferred</u>	<u>Deferred Tax</u>	<u>Investment</u>	<u>Requirement</u>
						<u>Depreciation</u>	<u>Tax Basis</u>	<u>Tax Exp</u>			
Jan-13	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-
Apr-13	725	-	-	-	-	-	-	-	-	-	-
May-13	628	-	-	-	-	-	-	-	-	-	-
Jun-13	413	-	-	-	-	-	-	-	-	-	-
Jul-13	3,363	-	-	-	-	-	-	-	-	-	-
Aug-13	4,218	-	-	-	-	-	-	-	-	-	-
Sep-13	713	-	-	-	-	-	-	-	-	-	-
Oct-13	7,607	-	-	-	-	-	-	-	-	-	-
Nov-13	18,810	-	-	-	-	-	-	-	-	-	-
Dec-13	4,961	-	-	-	-	-	-	-	-	-	-
Jan-14	734	-	-	-	-	-	-	-	-	-	-
Feb-14	18,299	-	-	-	-	-	-	-	-	-	-
Mar-14	12,206	3,347	17	17	3,330	55	15	17	17	3,313	16
Apr-14	4,589	37,570	192	210	37,360	687	163	214	231	37,130	200
May-14	15,222	37,637	193	402	37,235	689	164	214	445	36,790	365
Jun-14	5,476	37,705	193	595	37,110	690	164	215	660	36,450	362
Jul-14	8,911	66,048	328	924	65,124	1,482	279	491	1,151	63,973	496
Aug-14	497	66,200	329	1,253	64,947	1,487	280	493	1,644	63,303	629
Sep-14	11,287	71,793	356	1,609	70,185	1,721	302	579	2,224	67,961	648
	<u>Program Assumption</u>	<u>Program Assumption</u>	<u>Refer to each Segment "Bk Depr" Worksheets</u>	<u>Prior Month + Col 3</u>	<u>Col 2 - Col 4</u>	<u>Refer to each Segment "Tax Depr" Worksheets</u>	<u>Refer to each Segment "Tax Depr" Worksheets</u>	<u>(Col 6 - Col 7) * [Income Tax Rate]</u>	<u>Prior + Col 8</u>	<u>Col 5 - Col 9</u>	<u>(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC</u>
2013	41,438	-	-	-	-	-	-	-	-	-	-
2014	112,109	100,238	2,920	2,920	97,317	16,733	2,482	5,822	5,822	91,496	5,028
2015	229,263	271,877	10,747	13,667	258,209	55,381	9,135	18,891	24,713	233,496	18,472
2016	225,555	498,621	22,736	36,404	462,218	99,593	19,326	32,789	57,502	404,716	37,672
2017	80,798	709,159	38,525	74,929	634,230	138,719	34,167	42,710	100,211	534,019	61,678
2018	-	709,159	41,323	116,252	592,907	128,449	36,964	37,372	137,583	455,324	58,629
2019	-	709,159	40,687	156,939	552,221	83,027	36,423	19,038	156,621	395,600	50,426
2020	-	709,159	39,199	196,138	513,021	54,276	35,159	7,809	164,430	348,591	44,101
2021	-	709,159	36,974	233,111	476,048	35,268	33,267	817	165,248	310,800	39,076
2022	-	709,159	34,032	267,143	442,016	12,686	30,499	(7,276)	157,971	284,045	35,251
2023	3,222	712,381	33,825	300,968	411,413	1,434	30,292	(11,789)	146,183	265,230	32,550
2024	7,885	720,267	34,936	335,904	384,362	3,371	31,403	(11,451)	134,732	249,630	30,511
2025	18,613	738,879	37,586	373,490	365,389	7,624	34,052	(10,796)	123,936	241,453	29,102
2026	17,905	756,784	41,237	414,728	342,057	12,181	37,704	(10,426)	113,510	228,547	27,852
2027	7,187	763,972	43,747	458,474	305,497	12,778	40,213	(11,207)	102,302	203,195	25,585
2028	-	763,972	44,143	502,618	261,354	9,732	40,610	(12,614)	89,689	171,665	22,214
2029	-	763,972	43,033	545,650	218,321	6,797	39,499	(13,359)	76,329	141,992	18,587
2030-2037	-	763,972	218,321	763,972	-	11,130	197,983	(76,329)	0	(0)	50,988
Total	743,976		763,972			689,178	689,178	0			587,721

PSE&G Solar 4 All Extension
Revenue Requirements Calculation

(\$000's)

Solar 4 All Extension: Total Program

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC		Tax Assoc. w/50% ITC	Revenue
	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortization	Tax Gross-up	Basis Reduction	Requirements
Jan-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-13	17	147	-	-	-	-	-	-	-	-	-	-	164
May-13	17	147	-	-	-	-	-	-	-	-	-	-	164
Jun-13	17	147	-	-	-	-	-	-	-	-	-	-	164
Jul-13	17	147	-	1	-	-	-	-	-	-	-	-	164
Aug-13	17	147	-	1	-	-	-	-	-	-	-	-	164
Sep-13	17	147	-	1	-	-	-	-	-	-	-	-	164
Oct-13	17	147	-	2	-	-	-	-	-	-	-	-	166
Nov-13	17	147	-	5	-	-	-	-	-	-	-	-	169
Dec-13	17	147	-	6	-	-	-	-	-	-	-	-	170
Jan-14	17	152	-	6	-	-	-	-	-	-	-	-	175
Feb-14	17	152	-	9	-	-	-	-	-	-	-	-	178
Mar-14	17	152	-	12	-	-	-	-	-	5	4	2	208
Apr-14	55	152	49	12	-	62	-	-	-	58	40	20	521
May-14	59	152	49	16	-	68	-	-	-	58	40	20	688
Jun-14	57	152	49	17	-	83	-	-	-	58	40	20	668
Jul-14	77	152	73	18	-	126	-	666	-	99	68	34	221
Aug-14	77	152	73	18	-	125	-	-	-	99	68	34	1,020
Sep-14	75	152	73	20	-	122	-	-	-	107	74	37	1,060
	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to each Segments "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
2013	150	1,322	-	16	-	-	-	-	-	-	-	-	1,488
2014	636	1,824	593	201	-	802	-	1,642	-	876	605	303	7,579
2015	2,030	1,888	1,768	632	-	2,326	-	5,362	-	3,224	2,227	1,113	23,511
2016	4,059	1,954	4,539	1,301	-	6,003	-	15,238	-	6,821	4,711	2,355	41,844
2017	6,701	2,210	8,029	1,796	-	11,015	237	27,185	-	8,718	6,021	3,010	68,774
2018	7,279	2,287	8,823	1,899	-	12,301	508	31,637	-	8,718	6,021	3,010	64,067
2019	7,465	2,367	9,044	1,956	-	12,848	1,623	31,472	-	8,527	5,889	2,944	54,530
2020	7,655	2,450	9,270	2,015	-	13,247	3,411	31,309	-	8,081	5,581	2,790	45,852
2021	7,849	2,536	9,501	2,075	-	14,014	3,459	31,144	-	7,413	5,120	2,560	39,421
2022	8,049	2,625	9,739	2,137	-	15,048	3,515	30,980	-	7,066	4,880	2,440	32,782
2023	8,254	2,717	9,982	2,201	-	15,843	3,579	30,812	-	7,066	4,880	2,440	29,789
2024	8,464	2,812	10,232	2,267	-	16,539	3,656	30,653	-	7,066	4,880	2,440	28,868
2025	8,680	2,910	10,488	2,335	-	17,137	3,713	30,482	-	7,066	4,880	2,440	30,262
2026	8,901	3,012	10,750	2,405	-	18,088	3,779	30,312	-	7,066	4,880	2,440	32,473
2027	9,127	3,117	11,019	2,478	-	18,941	3,837	30,126	-	7,066	4,880	2,440	32,662
2028	9,360	3,226	11,294	2,552	-	17,319	3,914	29,933	-	7,066	4,880	2,440	32,117
2029	9,302	3,339	11,577	2,638	-	16,821	3,975	28,524	-	7,066	4,880	2,440	29,649
2030-2037	47,503	31,285	68,793	24,660	16,106	61,456	22,993	6,885	-	40,677	28,092	14,046	311,599
Total	161,463	73,881	205,440	55,565	16,106	269,747	62,196	423,696	0	149,586	103,307	51,653	907,268

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

Schedule SS-3ax

Solar 4 All Extension: Total Program

	Program Assumption	Program Assumption	Col 1 + Col 2	Program Assumption	Program Assumption	[Prior Col 8 + (Col 2) / 2 - (Col 4) / 2] * Col 5	Program Assumption	Prior + Col 2 - Col 4 + Col 6 - Col 7	Col 1 + Col 4 + Col 7	Prior + Col 9
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
Monthly										
Jan-13	-	-	-	-	0.65%	-	-	-	-	-
Feb-13	-	-	-	-	0.65%	-	-	-	-	-
Mar-13	-	-	-	-	0.65%	-	-	-	-	-
Apr-13	-	725	725	-	0.65%	2	-	728	-	-
May-13	-	628	628	-	0.65%	7	-	1,362	-	-
Jun-13	-	413	413	-	0.65%	10	-	1,785	-	-
Jul-13	-	3,363	3,363	-	0.65%	22	-	5,170	-	-
Aug-13	-	4,218	4,218	-	0.65%	47	-	9,436	-	-
Sep-13	-	713	713	-	0.65%	63	-	10,212	-	-
Oct-13	-	7,607	7,607	-	0.65%	91	-	17,909	-	-
Nov-13	-	18,810	18,810	-	0.65%	176	-	36,896	-	-
Dec-13	-	4,961	4,961	-	0.65%	254	-	42,111	-	-
Jan-14	-	734	734	-	0.65%	274	-	43,120	-	-
Feb-14	-	18,299	18,299	-	0.65%	338	-	61,757	-	-
Mar-14	3,347	8,858	12,206	-	0.65%	427	-	71,042	3,347	3,347
Apr-14	3,347	1,242	4,589	29,960	0.65%	366	915	41,775	34,223	37,570
May-14	68	15,155	15,222	-	0.65%	319	-	57,248	68	37,637
Jun-14	68	5,408	5,476	-	0.65%	387	-	63,043	68	37,705
Jul-14	3,548	5,363	8,911	23,908	0.65%	347	887	43,959	28,343	66,048
Aug-14	152	345	497	-	0.65%	285	-	44,589	152	66,200
Sep-14	5,593	5,693	11,287	-	0.65%	306	-	50,588	5,593	71,793
Annual										
2011	-	-	-	-	7.75%	-	-	-	-	-
2012	-	-	-	-	7.75%	-	-	-	-	-
2013	-	41,438	41,438	-	7.75%	673	-	42,111	-	-
2014	35,656	76,453	112,109	62,490	7.75%	4,168	2,092	58,151	100,238	100,238
2015	67,830	161,433	229,263	100,135	7.75%	7,923	3,674	123,697	171,639	271,877
2016	32,999	192,556	225,555	186,767	7.75%	11,583	6,979	134,091	226,745	498,621
2017	-	80,798	80,798	203,287	7.75%	3,605	7,251	7,956	210,538	709,159
2018	-	-	-	-	7.75%	639	-	8,595	-	709,159
2019	-	-	-	-	7.75%	666	-	9,261	-	709,159
2020	-	-	-	-	7.75%	718	-	9,979	-	709,159
2021	-	-	-	-	7.75%	773	-	10,752	-	709,159
2022	-	-	-	-	7.75%	833	-	11,585	-	709,159
2023	3,222	-	3,222	-	7.75%	898	-	12,483	3,222	712,381
2024	7,885	-	7,885	-	7.75%	967	-	13,451	7,885	720,267
2025	18,613	-	18,613	-	7.75%	1,042	-	14,493	18,613	738,879
2026	17,905	-	17,905	-	7.75%	1,123	-	15,616	17,905	756,784
2027	7,187	-	7,187	-	7.75%	1,210	-	16,826	7,187	763,972
2028	-	-	-	-	7.75%	1,304	-	18,130	-	763,972
2029	-	-	-	-	7.75%	1,405	-	19,535	-	763,972
Total	191,298	552,678	743,976	552,678		50,565	19,996		763,972	

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

Schedule SS-S4AE-3a

Page 1 of 2

(\$000's)

Solar 4 All Extension: Segment A - Landfills / Brownfields

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<u>Program</u>	<u>Gross Plant</u>	<u>Depreciation</u>	<u>Accumulated</u>	<u>Net Plant</u>	<u>Plant</u>			<u>Accumulated</u>	<u>Net</u>	<u>Return</u>
	<u>Investment</u>		<u>Expense</u>	<u>Depreciation</u>		<u>Tax</u>	<u>Book Deprec</u>	<u>Deferred</u>	<u>Deferred Tax</u>	<u>Investment</u>	<u>Requirement</u>
						<u>Depreciation</u>	<u>Tax Basis</u>	<u>Tax Exp</u>			
Jan-13	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-
Apr-13	582	-	-	-	-	-	-	-	-	-	-
May-13	270	-	-	-	-	-	-	-	-	-	-
Jun-13	270	-	-	-	-	-	-	-	-	-	-
Jul-13	2,513	-	-	-	-	-	-	-	-	-	-
Aug-13	433	-	-	-	-	-	-	-	-	-	-
Sep-13	270	-	-	-	-	-	-	-	-	-	-
Oct-13	270	-	-	-	-	-	-	-	-	-	-
Nov-13	1,445	-	-	-	-	-	-	-	-	-	-
Dec-13	895	-	-	-	-	-	-	-	-	-	-
Jan-14	279	-	-	-	-	-	-	-	-	-	-
Feb-14	1,685	-	-	-	-	-	-	-	-	-	-
Mar-14	4,985	-	-	-	-	-	-	-	-	-	-
Apr-14	904	-	-	-	-	-	-	-	-	-	-
May-14	10,376	-	-	-	-	-	-	-	-	-	-
Jun-14	2,318	-	-	-	-	-	-	-	-	-	-
Jul-14	5,235	-	-	-	-	-	-	-	-	-	-
Aug-14	279	-	-	-	-	-	-	-	-	-	-
Sep-14	3,645	-	-	-	-	-	-	-	-	-	-
	<u>Program</u>	<u>Program</u>	Refer to WP-SS- S4AE-2a (Land) "Bk Depr" Worksheets	<u>Prior Month</u> + Col 3	<u>Col 2</u> - Col 4	Refer to WP- SS-S4AE-2a (Land).xls "Tax Depr" Worksheets	Refer to WP- SS-S4AE-2a (Land).xls "Tax Depr" Worksheets	(Col 6 - Col 7) * [Income Tax Rate]	<u>Prior</u> + Col 8	<u>Col 5</u> - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
2013	6,947	-	-	-	-	-	-	-	-	-	-
2014	40,404	-	-	-	-	-	-	-	-	-	-
2015	153,017	88,920	1,958	1,958	86,962	14,789	1,664	5,361	5,361	81,601	3,419
2016	192,556	280,071	10,295	12,253	267,818	55,427	8,750	19,067	24,429	243,390	18,032
2017	80,798	490,609	25,641	37,893	452,715	106,198	23,215	33,899	58,327	394,388	43,843
2018	-	490,609	28,438	66,332	424,277	105,031	26,012	32,279	90,606	333,671	43,145
2019	-	490,609	28,438	94,770	395,839	66,658	26,012	16,604	107,210	288,629	36,878
2020	-	490,609	28,102	122,872	367,737	46,671	25,726	8,556	115,766	251,971	32,036
2021	-	490,609	26,612	149,484	341,125	33,351	24,460	3,632	119,398	221,727	28,071
2022	-	490,609	23,757	173,241	317,368	12,498	21,765	(3,786)	115,612	201,756	25,096
2023	287	490,896	23,257	196,497	294,398	661	21,265	(8,416)	107,196	187,202	23,050
2024	2,364	493,260	23,522	220,019	273,241	1,143	21,530	(8,328)	98,868	174,373	21,427
2025	11,626	504,886	24,921	244,940	259,946	3,711	22,929	(7,850)	91,018	168,929	20,344
2026	15,233	520,119	27,607	272,546	247,572	7,828	25,615	(7,266)	83,752	163,820	19,719
2027	7,187	527,306	29,849	302,395	224,911	9,424	27,857	(7,530)	76,222	148,689	18,519
2028	-	527,306	30,539	332,933	194,372	7,425	28,547	(8,628)	67,594	126,779	16,324
2029	-	527,306	30,274	363,207	164,099	5,181	28,282	(9,437)	58,157	105,942	13,791
2030-2037	-	527,306	164,099	527,306	-	9,301	151,669	(58,157)	0	(0)	40,050
Total	510,419		527,306			485,295	485,295	0			403,744

PSE&G Solar 4 All Extension
Revenue Requirements Calculation

(\$000's)

Solar 4 All Extension: Segment A - Landfills / Brownfields

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC		Tax Assoc. w/50% ITC	Revenue
	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortization	Tax Gross-up	Basis Reduction	Requirements
Jan-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-13	17	97	-	-	-	-	-	-	-	-	-	-	114
May-13	17	97	-	-	-	-	-	-	-	-	-	-	114
Jun-13	17	97	-	-	-	-	-	-	-	-	-	-	114
Jul-13	17	97	-	1	-	-	-	-	-	-	-	-	114
Aug-13	17	97	-	1	-	-	-	-	-	-	-	-	114
Sep-13	17	97	-	1	-	-	-	-	-	-	-	-	114
Oct-13	17	97	-	1	-	-	-	-	-	-	-	-	114
Nov-13	17	97	-	1	-	-	-	-	-	-	-	-	115
Dec-13	17	97	-	1	-	-	-	-	-	-	-	-	115
Jan-14	17	101	-	1	-	-	-	-	-	-	-	-	119
Feb-14	17	101	-	1	-	-	-	-	-	-	-	-	119
Mar-14	17	101	-	2	-	-	-	-	-	-	-	-	120
Apr-14	17	101	-	2	-	-	-	-	-	-	-	-	120
May-14	17	101	-	5	-	-	-	-	-	-	-	-	122
Jun-14	17	101	-	5	-	-	-	-	-	-	-	-	123
Jul-14	17	101	-	6	-	-	-	-	-	-	-	-	124
Aug-14	17	101	-	6	-	-	-	-	-	-	-	-	124
Sep-14	17	101	-	7	-	-	-	-	-	-	-	-	125
	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP-SS-S4AE-2a (Land).xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
2013	150	875	-	4	-	-	-	-	-	-	-	-	1,029
2014	206	1,207	-	59	-	-	-	-	-	-	-	-	1,472
2015	1,009	1,249	352	323	-	436	-	764	-	587	406	203	6,321
2016	2,182	1,293	1,955	858	-	2,550	-	6,109	-	3,088	2,133	1,066	21,800
2017	4,580	1,462	5,118	1,323	-	7,082	-	16,479	-	4,852	3,351	1,676	51,878
2018	5,105	1,514	5,839	1,413	-	8,158	121	20,983	-	4,852	3,351	1,676	49,663
2019	5,236	1,567	5,985	1,455	-	8,521	738	20,874	-	4,852	3,351	1,676	42,898
2020	5,371	1,621	6,134	1,499	-	8,786	2,257	20,765	-	4,752	3,282	1,641	36,563
2021	5,509	1,678	6,288	1,544	-	9,295	2,289	20,656	-	4,305	2,973	1,486	31,671
2022	5,651	1,737	6,445	1,590	-	9,981	2,326	20,548	-	3,984	2,751	1,376	26,060
2023	5,796	1,798	6,606	1,638	-	10,508	2,368	20,436	-	3,984	2,751	1,376	23,472
2024	5,945	1,861	6,771	1,687	-	10,969	2,419	20,330	-	3,984	2,751	1,376	22,133
2025	6,098	1,926	6,940	1,737	-	11,366	2,457	20,217	-	3,984	2,751	1,376	22,567
2026	6,254	1,993	7,114	1,789	-	11,997	2,501	20,104	-	3,984	2,751	1,376	24,515
2027	6,415	2,063	7,292	1,843	-	12,562	2,539	19,981	-	3,984	2,751	1,376	25,539
2028	6,580	2,135	7,474	1,898	-	11,487	2,590	19,853	-	3,984	2,751	1,376	25,661
2029	6,452	2,210	7,661	1,955	-	10,950	2,631	19,723	-	3,984	2,751	1,376	23,680
2030-2037	30,589	20,703	51,067	17,909	11,008	25,196	16,468	-	-	24,860	17,169	8,585	260,316
Total	109,128	48,892	139,041	40,524	11,008	159,844	41,704	267,823	0	84,021	58,027	29,013	697,238

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

Schedule SS-S4AE-3ax

Solar 4 All Extension: Landfills / Brownfields

	Program Assumption	Program Assumption	Col 1 + Col 2	Program Assumption	Program Assumption	[Prior Col 8 + (Col 2) / 2 - (Col 4) / 2] * Col 5	Program Assumption	Prior + Col 2 - Col 4 + Col 6 - Col 7	Col 1 + Col 4 + Col 7	Prior + Col 9
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
Monthly										
Jan-13	-	-	-	-	0.65%	-	-	-	-	-
Feb-13	-	-	-	-	0.65%	-	-	-	-	-
Mar-13	-	-	-	-	0.65%	-	-	-	-	-
Apr-13	-	582	582	-	0.65%	2	-	584	-	-
May-13	-	270	270	-	0.65%	5	-	858	-	-
Jun-13	-	270	270	-	0.65%	6	-	1,134	-	-
Jul-13	-	2,513	2,513	-	0.65%	15	-	3,663	-	-
Aug-13	-	433	433	-	0.65%	25	-	4,121	-	-
Sep-13	-	270	270	-	0.65%	27	-	4,418	-	-
Oct-13	-	270	270	-	0.65%	29	-	4,717	-	-
Nov-13	-	1,445	1,445	-	0.65%	35	-	6,198	-	-
Dec-13	-	895	895	-	0.65%	43	-	7,135	-	-
Jan-14	-	279	279	-	0.65%	47	-	7,461	-	-
Feb-14	-	1,685	1,685	-	0.65%	54	-	9,200	-	-
Mar-14	-	4,985	4,985	-	0.65%	76	-	14,261	-	-
Apr-14	-	904	904	-	0.65%	95	-	15,260	-	-
May-14	-	10,376	10,376	-	0.65%	132	-	25,768	-	-
Jun-14	-	2,318	2,318	-	0.65%	174	-	28,261	-	-
Jul-14	-	5,235	5,235	-	0.65%	199	-	33,695	-	-
Aug-14	-	279	279	-	0.65%	218	-	34,193	-	-
Sep-14	-	3,645	3,645	-	0.65%	233	-	38,070	-	-
Annual										
2011	-	-	-	-	7.75%	-	-	-	-	-
2012	-	-	-	-	7.75%	-	-	-	-	-
2013	-	6,947	6,947	-	7.75%	188	-	7,135	-	-
2014	-	40,404	40,404	-	7.75%	2,080	-	49,619	-	-
2015	-	153,017	153,017	85,998	7.75%	7,478	2,922	121,194	88,920	88,920
2016	-	192,556	192,556	184,437	7.75%	11,492	6,714	134,091	191,151	280,071
2017	-	80,798	80,798	203,287	7.75%	3,605	7,251	7,956	210,538	490,609
2018	-	-	-	-	7.75%	639	-	8,595	-	490,609
2019	-	-	-	-	7.75%	666	-	9,261	-	490,609
2020	-	-	-	-	7.75%	718	-	9,979	-	490,609
2021	-	-	-	-	7.75%	773	-	10,752	-	490,609
2022	-	-	-	-	7.75%	833	-	11,585	-	490,609
2023	287	-	287	-	7.75%	898	-	12,483	287	490,896
2024	2,364	-	2,364	-	7.75%	967	-	13,451	2,364	493,260
2025	11,626	-	11,626	-	7.75%	1,042	-	14,493	11,626	504,886
2026	15,233	-	15,233	-	7.75%	1,123	-	15,616	15,233	520,119
2027	7,187	-	7,187	-	7.75%	1,210	-	16,826	7,187	527,306
2028	-	-	-	-	7.75%	1,304	-	18,130	-	527,306
2029	-	-	-	-	7.75%	1,405	-	19,535	-	527,306
Total	36,697	473,722	510,419	473,722		47,456	16,887		527,306	

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

Schedule SS-S4AE-3b

(\$000's)

Page 1 of 2

Solar 4 All Extension: Segment B - Warehouses

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<u>Program Investment</u>	<u>Gross Plant</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>	<u>Plant</u>			<u>Accumulated Deferred Tax</u>	<u>Net Investment</u>	<u>Return Requirement</u>
						<u>Tax Depreciation</u>	<u>Book Deprec Tax Basis</u>	<u>Deferred Tax Exp</u>			
Jan-13	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-
Apr-13	65	-	-	-	-	-	-	-	-	-	-
May-13	155	-	-	-	-	-	-	-	-	-	-
Jun-13	65	-	-	-	-	-	-	-	-	-	-
Jul-13	365	-	-	-	-	-	-	-	-	-	-
Aug-13	2,159	-	-	-	-	-	-	-	-	-	-
Sep-13	365	-	-	-	-	-	-	-	-	-	-
Oct-13	3,345	-	-	-	-	-	-	-	-	-	-
Nov-13	12,800	-	-	-	-	-	-	-	-	-	-
Dec-13	3,645	-	-	-	-	-	-	-	-	-	-
Jan-14	368	-	-	-	-	-	-	-	-	-	-
Feb-14	6,627	-	-	-	-	-	-	-	-	-	-
Mar-14	3,347	3,347	17	17	3,330	55	15	17	17	3,313	16
Apr-14	3,347	37,570	192	210	37,360	687	163	214	231	37,130	200
May-14	68	37,637	193	402	37,235	689	164	214	445	36,790	365
Jun-14	68	37,705	193	595	37,110	690	164	215	660	36,450	362
Jul-14	368	38,073	194	790	37,283	701	165	219	879	36,404	360
Aug-14	68	38,140	195	984	37,156	703	166	220	1,098	36,058	358
Sep-14	68	38,208	195	1,179	37,029	706	166	221	1,319	35,710	354
	<u>Program Assumption</u>	<u>Program Assumption</u>	<u>Refer to WP-SS-S4AE-2b (WH) "Bk Depr" Worksheets</u>	<u>Prior Month + Col 3</u>	<u>Col 2 - Col 4</u>	<u>Refer to WP-SS-S4AE-2b (WH).xls "Tax Depr" Worksheets</u>	<u>Refer to WP-SS-S4AE-2b (WH).xls "Tax Depr" Worksheets</u>	<u>(Col 6 - Col 7) * [Income Tax Rate]</u>	<u>Prior + Col 8</u>	<u>Col 5 - Col 9</u>	<u>(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC</u>
2013	22,966	-	-	-	-	-	-	-	-	-	-
2014	19,010	42,891	1,829	1,829	41,062	7,131	1,555	2,278	2,278	38,784	3,154
2015	31,856	74,747	3,706	5,535	69,212	16,708	3,150	5,538	7,816	61,396	6,043
2016	-	74,747	4,587	10,122	64,625	15,344	3,899	4,676	12,492	52,133	6,728
2017	-	74,747	4,587	14,709	60,038	9,240	3,899	2,182	14,673	45,365	5,778
2018	-	74,747	4,587	19,296	55,451	7,207	3,899	1,351	16,025	39,426	5,025
2019	-	74,747	4,139	23,435	51,312	5,178	3,518	678	16,703	34,610	4,387
2020	-	74,747	3,678	27,113	47,634	1,615	3,126	(618)	16,085	31,549	3,921
2021	-	74,747	3,454	30,567	44,180	83	2,936	(1,165)	14,920	29,260	3,604
2022	-	74,747	3,454	34,021	40,726	80	2,936	(1,167)	13,753	26,973	3,332
2023	2,258	77,005	3,680	37,701	39,304	531	3,162	(1,075)	12,679	26,625	3,176
2024	1,938	78,943	4,099	41,801	37,142	1,190	3,581	(977)	11,701	25,441	3,085
2025	3,593	82,536	4,653	46,453	36,082	1,852	4,134	(933)	10,769	25,313	3,008
2026	-	82,536	5,012	51,465	31,071	1,861	4,494	(1,076)	9,693	21,377	2,767
2027	-	82,536	5,012	56,477	26,059	1,252	4,494	(1,324)	8,369	17,690	2,315
2028	-	82,536	4,786	61,263	21,273	846	4,268	(1,398)	6,971	14,301	1,896
2029	-	82,536	4,367	65,630	16,906	605	3,848	(1,325)	5,647	11,259	1,515
2030-2037	-	82,536	16,906	82,536	-	601	14,424	(5,647)	(0)	0	3,205
Total	81,621		82,536			71,324	71,324	0			62,938

PSE&G Solar 4 All Extension
Revenue Requirements Calculation

(\$000's)

Solar 4 All Extension: Segment B - Warehouses

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC		Tax Assoc. w/50% ITC	Revenue
	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortization	Tax Gross-up	Basis Reduction	Requirements
Jan-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Feb-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar-13	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr-13	-	22	-	-	-	-	-	-	-	-	-	-	22
May-13	-	22	-	-	-	-	-	-	-	-	-	-	22
Jun-13	-	22	-	-	-	-	-	-	-	-	-	-	22
Jul-13	-	22	-	-	-	-	-	-	-	-	-	-	22
Aug-13	-	22	-	0	-	-	-	-	-	-	-	-	22
Sep-13	-	22	-	0	-	-	-	-	-	-	-	-	22
Oct-13	-	22	-	1	-	-	-	-	-	-	-	-	22
Nov-13	-	22	-	3	-	-	-	-	-	-	-	-	25
Dec-13	-	22	-	4	-	-	-	-	-	-	-	-	25
Jan-14	-	22	-	4	-	-	-	-	-	-	-	-	26
Feb-14	-	22	-	5	-	-	-	-	-	-	-	-	27
Mar-14	-	22	-	6	-	-	-	-	-	5	4	2	55
Apr-14	38	22	49	6	-	62	-	-	-	58	40	20	368
May-14	42	22	49	6	-	68	-	-	-	58	40	20	531
Jun-14	40	22	49	6	-	83	-	-	-	58	40	20	510
Jul-14	40	22	49	6	-	84	-	666	-	58	40	20	(157)
Aug-14	40	22	49	6	-	83	-	-	-	58	40	20	508
Sep-14	38	22	49	6	-	81	-	-	-	59	40	20	506
	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP-SS-S4AE-2b (WH).xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
2013	-	194	-	8	-	-	-	-	-	-	-	-	202
2014	325	268	441	71	-	603	-	1,316	-	549	379	189	3,431
2015	462	278	653	121	-	842	-	2,330	-	1,112	768	384	6,595
2016	899	287	1,235	156	-	1,636	-	4,325	-	1,376	950	475	6,079
2017	921	325	1,266	161	-	1,708	237	4,649	-	1,376	950	475	4,593
2018	944	336	1,298	166	-	1,799	242	4,626	-	1,376	950	475	3,838
2019	967	348	1,330	171	-	1,878	492	4,602	-	1,242	857	429	2,700
2020	992	360	1,363	176	-	1,937	502	4,578	-	1,103	762	381	1,989
2021	1,016	373	1,397	181	-	2,049	509	4,554	-	1,036	716	358	1,520
2022	1,041	386	1,432	187	-	2,200	517	4,530	-	1,036	716	358	1,192
2023	1,067	399	1,468	192	-	2,316	526	4,505	-	1,036	716	358	1,241
2024	1,094	413	1,505	198	-	2,418	538	4,482	-	1,036	716	358	1,563
2025	1,121	428	1,542	204	-	2,506	546	4,457	-	1,036	716	358	2,053
2026	1,149	443	1,581	210	-	2,645	556	4,432	-	1,036	716	358	2,135
2027	1,177	458	1,620	216	-	2,769	564	4,405	-	1,036	716	358	1,667
2028	1,207	474	1,661	223	-	2,532	576	4,377	-	1,036	716	358	1,368
2029	1,237	491	1,702	230	-	2,549	585	3,333	-	1,036	716	358	1,681
2030-2037	6,917	4,601	5,367	2,177	1,869	16,295	2,607	2,365	-	4,964	3,428	1,714	13,097
Total	22,537	10,865	26,861	5,048	1,869	48,683	8,994	67,864	0	22,424	15,486	7,743	56,944

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

Schedule SS-S4AE-3bx

Solar 4 All Extension: Warehouses

	Program Assumption	Program Assumption	Col 1 + Col 2	Program Assumption	Program Assumption	[Prior Col 8 + (Col 2) / 2 - (Col 4) / 2] * Col 5	Program Assumption	Prior + Col 2 - Col 4 + Col 6 - Col 7	Col 1 + Col 4 + Col 7	Prior + Col 9
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
<u>Monthly</u>										
Jan-13	-	-	-	-	0.65%	-	-	-	-	-
Feb-13	-	-	-	-	0.65%	-	-	-	-	-
Mar-13	-	-	-	-	0.65%	-	-	-	-	-
Apr-13	-	65	65	-	0.65%	0	-	66	-	-
May-13	-	155	155	-	0.65%	1	-	222	-	-
Jun-13	-	65	65	-	0.65%	2	-	289	-	-
Jul-13	-	365	365	-	0.65%	3	-	657	-	-
Aug-13	-	2,159	2,159	-	0.65%	11	-	2,828	-	-
Sep-13	-	365	365	-	0.65%	19	-	3,212	-	-
Oct-13	-	3,345	3,345	-	0.65%	32	-	6,589	-	-
Nov-13	-	12,800	12,800	-	0.65%	84	-	19,473	-	-
Dec-13	-	3,645	3,645	-	0.65%	138	-	23,255	-	-
Jan-14	-	368	368	-	0.65%	151	-	23,774	-	-
Feb-14	-	6,627	6,627	-	0.65%	175	-	30,576	-	-
Mar-14	3,347	-	3,347	-	0.65%	197	-	30,773	3,347	3,347
Apr-14	3,347	-	3,347	29,960	0.65%	102	915	0	34,223	37,570
May-14	68	-	68	-	0.65%	0	-	0	68	37,637
Jun-14	68	-	68	-	0.65%	0	-	0	68	37,705
Jul-14	368	-	368	-	0.65%	0	-	0	368	38,073
Aug-14	68	-	68	-	0.65%	0	-	0	68	38,140
Sep-14	68	-	68	-	0.65%	0	-	0	68	38,208

	Plant In-Service Investment	CWIP Investment	Program Investment	CWIP Investment Transfers to In-service	AFUDC Rate	AFUDC	AFUDC in Transfers	CWIP Balance	Plant In Service Additions	Gross Plant
<u>Annual</u>										
2011	-	-	-	-	7.75%	-	-	-	-	-
2012	-	-	-	-	7.75%	-	-	-	-	-
2013	-	22,966	22,966	-	7.75%	289	-	23,255	-	-
2014	12,015	6,994	19,010	29,960	7.75%	626	915	0	42,891	42,891
2015	31,856	-	31,856	-	7.75%	0	0	0	31,856	74,747
2016	-	-	-	-	7.75%	0	-	0	-	74,747
2017	-	-	-	-	7.75%	0	-	0	-	74,747
2018	-	-	-	-	7.75%	0	-	0	-	74,747
2019	-	-	-	-	7.75%	0	-	0	-	74,747
2020	-	-	-	-	7.75%	0	-	0	-	74,747
2021	-	-	-	-	7.75%	0	-	0	-	74,747
2022	-	-	-	-	7.75%	0	-	0	-	74,747
2023	2,258	-	2,258	-	7.75%	0	-	0	2,258	77,005
2024	1,938	-	1,938	-	7.75%	0	-	0	1,938	78,943
2025	3,593	-	3,593	-	7.75%	0	-	0	3,593	82,536
2026	-	-	-	-	7.75%	0	-	0	-	82,536
2027	-	-	-	-	7.75%	0	-	0	-	82,536
2028	-	-	-	-	7.75%	0	-	0	-	82,536
2029	-	-	-	-	7.75%	0	-	0	-	82,536
Total	51,660	29,960	81,621	29,960		915	915		82,536	

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

Schedule SS-S4AE-3c

Page 1 of 2

(\$000's)

Solar 4 All Extension: Segment C - Parking Facilities

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

PSE&G Solar 4 All Extension
Revenue Requirements Calculation

(\$000's)

Solar 4 All Extension: Segment C - Parking Facilities

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

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

Schedule SS-S4AE-3cx

Solar 4 All Extension: Parking Facilities

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

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

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

Schedule SS-S4AE-3d

Page 1 of 2

(\$000's)

Solar 4 All Extension: Segment D - Pilots and Demonstration

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

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

(\$000's)

Solar 4 All Extension: Total Program

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

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

Schedule SS-S4AE-3dx

Solar 4 All Extension: Pilots and Demonstrations

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

PSE&G Solar 4 All Extension Proposed Rate Calculations

(\$'s Unless Specified)

Schedule SS-S4AE-4

SUT Rate 7%

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

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

Schedule SS-S4AE-5

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

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

0.001283 Current electric RRC (\$/kWh)

	(1)	(2)	(3)	(4) - (10)							(11) - (13)			(14)	(15)	(16)	
				Class Average Rate w/SUT - \$/kWh ¹							Typical RS RRC (\$)						
				RS	RHS	RLM	GLP	LPL-S	LPL-P	HTS-S	Summer Monthly Bill	Winter Monthly Bill	Annual Bill				Change in RS Typical Annual Bill (\$/s)
Current				0.181603	0.154694	0.172640	0.173779	0.146638	0.119022	0.110218	1.00	0.68	9.44				
2013	1,487,905	0.000081	0.000087	0.181690	0.154781	0.172727	0.173866	0.146725	0.119109	0.110305	1.07	0.73	10.12	0.68	1,337.28	0.051%	
Jan14 - Sep14	4,738,121	0.000081	0.000087	0.181690	0.154781	0.172727	0.173866	0.146725	0.119109	0.110305	1.07	0.73	10.12	0.68	1,337.28	0.051%	
Oct14-Sep15	19,073,595	0.000444	0.000475	0.182078	0.155169	0.173115	0.174254	0.147113	0.119497	0.110693	1.37	0.93	12.92	3.48	1,340.08	0.260%	
Oct15-Sep16	38,873,504	0.000904	0.000967	0.182570	0.155661	0.173607	0.174746	0.147605	0.119989	0.111185	1.76	1.19	16.56	7.12	1,343.72	0.533%	
Oct16-Sep17	61,843,385	0.001438	0.001539	0.183142	0.156233	0.174179	0.175318	0.148177	0.120561	0.111757	2.20	1.50	20.80	11.36	1,347.96	0.850%	
Oct17-Sep18	66,445,591	0.001545	0.001653	0.183256	0.156347	0.174293	0.175432	0.148291	0.120675	0.111871	2.29	1.56	21.64	12.20	1,348.80	0.913%	
Oct18-Dec19	69,330,878	0.001306	0.001397	0.183000	0.156091	0.174037	0.175176	0.148035	0.120419	0.111615	2.09	1.42	19.72	10.28	1,346.88	0.769%	
2020	45,851,692	0.001065	0.001140	0.182743	0.155834	0.173780	0.174919	0.147778	0.120162	0.111358	1.89	1.28	17.80	8.36	1,344.96	0.625%	
2021	39,421,269	0.000915	0.000979	0.182582	0.155673	0.173619	0.174758	0.147617	0.120001	0.111197	1.76	1.20	16.64	7.20	1,343.80	0.539%	
2022	32,782,094	0.000761	0.000814	0.182417	0.155508	0.173454	0.174593	0.147452	0.119836	0.111032	1.64	1.11	15.44	6.00	1,342.60	0.449%	
2023	29,789,355	0.000692	0.000740	0.182343	0.155434	0.173380	0.174519	0.147378	0.119762	0.110958	1.58	1.07	14.88	5.44	1,342.04	0.407%	
2024	28,867,506	0.000670	0.000717	0.182320	0.155411	0.173357	0.174496	0.147355	0.119739	0.110935	1.56	1.06	14.72	5.28	1,341.88	0.395%	
2025	30,262,159	0.000703	0.000752	0.182355	0.155446	0.173392	0.174531	0.147390	0.119774	0.110970	1.59	1.08	15.00	5.56	1,342.16	0.416%	
2026	32,472,526	0.000754	0.000807	0.182410	0.155501	0.173447	0.174586	0.147445	0.119829	0.111025	1.63	1.11	15.40	5.96	1,342.56	0.446%	
2027	32,662,496	0.000758	0.000811	0.182414	0.155505	0.173451	0.174590	0.147449	0.119833	0.111029	1.63	1.11	15.40	5.96	1,342.56	0.446%	
2028	32,117,177	0.000746	0.000798	0.182401	0.155492	0.173438	0.174577	0.147436	0.119820	0.111016	1.62	1.10	15.28	5.84	1,342.44	0.437%	
2029	29,649,396	0.000688	0.000736	0.182339	0.155430	0.173376	0.174515	0.147374	0.119758	0.110954	1.57	1.07	14.84	5.40	1,342.00	0.404%	
2030	48,126,358	0.001118	0.001196	0.182799	0.155890	0.173836	0.174975	0.147834	0.120218	0.111414	1.93	1.31	18.20	8.76	1,345.36	0.655%	
2031	45,112,071	0.001048	0.001121	0.182724	0.155815	0.173761	0.174900	0.147759	0.120143	0.111339	1.88	1.27	17.68	8.24	1,344.84	0.616%	
2032	41,459,281	0.000963	0.001030	0.182633	0.155724	0.173670	0.174809	0.147668	0.120052	0.111248	1.80	1.23	17.04	7.60	1,344.20	0.589%	
2033	43,125,947	0.001001	0.001071	0.182674	0.155765	0.173711	0.174850	0.147709	0.120093	0.111289	1.84	1.25	17.36	7.92	1,344.52	0.593%	
2034	44,308,488	0.001029	0.001101	0.182704	0.155795	0.173741	0.174880	0.147739	0.120123	0.111319	1.86	1.26	17.52	8.08	1,344.68	0.605%	
2035	43,946,597	0.001020	0.001091	0.182694	0.155785	0.173731	0.174870	0.147729	0.120113	0.111309	1.85	1.26	17.48	8.04	1,344.64	0.602%	
2036	32,852,235	0.000763	0.000816	0.182419	0.155510	0.173456	0.174595	0.147454	0.119838	0.111034	1.64	1.11	15.44	6.00	1,342.60	0.449%	
2037	12,668,304	0.000294	0.000315	0.181918	0.155009	0.172955	0.174094	0.146953	0.119337	0.110533	1.25	0.85	11.80	2.36	1,338.96	0.177%	
Total	907,267,929																
		From Schedule SS-SLIII-2 Col 2	Col 1 / [kWh Sales] (Rnd to 6 dec.)	Col 2 * (1 + SUT Rate) Rnd 6	Current Class Avg Rate + Col 2 for Each Rate Class (Col 4 thru Col 13)							(Cur. eRRC + Col 3) * Avg RS kWh Sum Mo Rnd 2	(Cur. eRRC + Col 3) * Avg RS kWh Win Mo	(4 * Col 14) + (8 * Col 15)	Col 16 - Current Col 16	Current Col 17 + Col 18	Col 17 / Current Col 18

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

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

PSE&G Solar 4 All Extension Program

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

Rate Calculations

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(O)	(P)	(Q)	(R)
	Carbon Abatement		Economic Energy Efficiency		Demand Response		Solar 4 All		Solar Loan II		EEE Extension		Total Existing Electric RGGI Rate (w/o SUT)	SGIP Ext Rate ² (w/o SUT)	Total Proposed Electric RGGI Rate (w/o SUT)	SPRC ⁵	
	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)	Revenue Requirements	Rate (w/o SUT)				Revenue Requirements	Rate (w/o SUT)
Current		\$0.00045		\$0.000434		\$0.000122		\$0.000432		\$0.000067		\$0.000099	\$0.001199		\$0.001199		\$0.000058
Oct12 - Sep13 ³	\$2,416,456	\$0.000068	\$21,642,287	\$0.000466	\$9,362,536	\$0.000246	\$33,562,097	\$0.001340	\$13,002,732	\$0.000415	\$7,724,075	\$0.000093	\$0.002628	0.000081	\$0.002709	\$7,344,115	\$0.000454
Oct13 - Sep14	\$2,192,277	\$0.000051	\$23,390,823	\$0.000544	\$4,295,486	\$0.000100	\$30,409,532	\$0.000707	\$14,251,110	\$0.000331	\$9,396,405	\$0.000219	\$0.001952	0.000081	\$0.002033	\$7,319,237	\$0.000170
Oct14 - Sep15	\$2,005,676	\$0.000047	\$19,260,545	\$0.000448	\$2,132,397	\$0.000050	\$25,259,323	\$0.000587	\$11,760,536	\$0.000273	\$10,746,659	\$0.000250	\$0.001655	0.000444	\$0.002099	\$6,467,759	\$0.000150
Oct15 - Sep16	\$2,283,403	\$0.000053	\$9,600,300	\$0.000223	\$2,773,187	\$0.000064	\$32,474,467	\$0.000755	\$14,238,966	\$0.000331	\$12,814,416	\$0.000298	\$0.001724	0.000904	\$0.002628	\$8,035,458	\$0.000187
Oct16 - Sep17	\$2,066,299	\$0.000048	\$2,956,277	\$0.000069	\$1,641,413	\$0.000038	\$27,564,702	\$0.000641	\$12,931,118	\$0.000301	\$12,621,750	\$0.000294	\$0.001391	0.001438	\$0.002829	\$7,209,054	\$0.000168

Rate Impact Analysis

Annual MWh Forecast =	43,004,050												7,360	Avg RS kWh / yr.			
SUT	7%												780	Avg RS kWh / Summer Month			
													530	Avg RS kWh / Winter Month			
													0.001283	Current electric RRC (\$/kWh)			

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

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

¹ All customers assumed to have BGS Supply

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

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

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

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

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

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

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

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

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

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

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

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

Solar 4 All Extension: Total Program

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

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

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

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

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

12
13 **SCOPE OF TESTIMONY**

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

19
20 **PROGRAM COSTS**

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

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

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

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

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

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

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

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

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

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

3	403 Depreciation Expense	XXX	
4	108 Accumulated Depreciation		XXX

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

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

12 (6) The amortization over the book life:

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

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

21	409.1 Income Taxes	XXX	
22	236 Taxes Accrued		XXX

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

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

7 **ACCOUNTING FOR THE SOLAR OUTPUT**

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

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

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

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

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

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

1 **CALCULATION OF REVENUE REQUIREMENTS**

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

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

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

16

17 **INCOME TAXES**

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

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

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

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

6 Or

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

9

10 **OVER/UNDER COLLECTION**

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

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

15	142 Customer Accounts Receivable	XXX	
16	400 Operating Revenues		XXX

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

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

20 For an over collection the entry will be:

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

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

9 For an under collection the entry will be:

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

12 For an over collection the entry will be:

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

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

1 **Historical Financial Information**

2 The following financial data, as required by the applicable sections of
3 N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12, are included with my testimony.

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

9
10 This concludes my testimony at this time.

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET
\$ (In Thousands)

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

INCOME ACCOUNT

	<u>Year 2009</u> (Thousands)		<u>Year 2010</u> (Thousands)		<u>Year 2011</u> (Thousands)
400 Electric Operating Revenues	4,839,735	\$	4,857,272	\$	4,580,434
Electric Operating Expenses:					
401 Operation Expense	3,944,128		3,885,874		3,446,739
402 Maintenance Expense	104,970		92,509		95,564
403 Depreciation Expense	151,054		162,097		183,068
404 Amortization of Limited Term Plant	3,572		4,533		5,056
407 Amortization of Property Losses	149,201		199,276		162,214
408.1 Taxes Other Than Income Taxes	111,837		116,156		113,741
409.1 Income Taxes - Federal	57,534		(100,782)		(65,243)
410.1 Provision for Deferred Income Taxes	147,401		340,084		394,288
411.1 Provision for Deferred Income Taxes - Cr	(96,093)		(178,365)		(195,583)
411.103 Accretion Expense-Electric	16		17		18
411.4 Investment Tax Credit Adjustments (Net)	<u>2,677</u>		<u>46,394</u>		<u>45,908</u>
Total Electric Utility Operating Expenses	<u>4,576,297</u>		<u>4,567,793</u>		<u>4,185,771</u>
Electric Utility Operating Income	\$ 263,438	\$	289,479	\$	394,664
* Electric Distribution only					
	<u>Year 2009</u> (Thousands)		<u>Year 2010</u> (Thousands)		<u>Year 2011</u> (Thousands)
400 Gas Operating Revenues	2,764,661		2,463,974		2,207,607
Gas Operating Expenses:					
401 Operation Expense	2,330,361		2,014,266		1,682,785
402 Maintenance Expense	28,883		28,414		33,152
403 Depreciation Expense	89,126		94,342		100,869
404 Amortization of Limited Term Plant	2,764		3,681		4,108
407 Amortization of Property Losses	14,675		22,529		30,293
407.4 Amortization of Excess cost of removal	(13,200)		(13,200)		(11,293)
408.1 Taxes Other Than Income Taxes	61,109		59,477		59,252
409.1 Income Taxes - Federal	(37,887)		(155,490)		(112,335)
410.1 Provision for Deferred Income Taxes	126,392		243,288		283,509
411.1 Provision for Deferred Income Taxes - Cr	(19,380)		(23,703)		(80,116)
411.4 Investment Tax Credit Adjustments (Net)	<u>(1,311)</u>		<u>2,620</u>		<u>(3,138)</u>
Total Gas Utility Operating Expenses	2,581,532		2,276,224		1,987,087
Gas Utility Operating Income	\$ 183,129	\$	187,750	\$	220,520
Net Utility Operating Income	\$ 446,567	\$	477,229	\$	615,183

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET
\$ (In Thousands)

May 31, 2012

Assets and Other Debits

Utility Plant

Electric Utility Plant

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

Gas Utility Plant

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

Common Utility Plant

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

Total Utility Plant 16,045,767

Accumulated Provisions for Depreciation and Amortization of

Electric Utility Plant

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

Gas Utility Plant

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

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

Nuclear Fuel

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

Accumulated Provisions for Amortization

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

Other Property and Investments

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

May 31, 2012

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BALANCE SHEET

May 31, 2012

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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

(Thousands)

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

*Excludes Transmission

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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

(Thousands)

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

Schedule DMP-S4AE - 6

Public Service Electric & Gas Company

Total Utility Payments or Accruals to Affiliates

(\$ THOUSANDS) Net Billing

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

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

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

Notice of a Filing

Docket No. XXXXXXXXXX

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

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

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

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

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

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

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

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

**Table # 1
RRC Charges**

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

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

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

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

**Table #3
Residential Electric Service**

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

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

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

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

Notice of a Filing And Notice of Public Hearings

Docket No. XXXXXXXXXX

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

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

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

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

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

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

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

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

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

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

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

**Table # 1
RRC Charges**

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

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

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

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

**Table #3
Residential Electric Service**

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

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

Matthew M. Weissman, Esq.
General Regulatory Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

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

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

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

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

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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 65

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

Superseding

XXX Revised Sheet No. 65

RGGI RECOVERY CHARGE

**Charge
(per kilowatthour)**

Component:

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

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

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

Date of Issue:

Issued by ROSE M. CHERNICK, Vice President Finance – PSE&G
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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Solar Generation Investment Extension Program	\$ <u>0.000081</u>
Sub-total per kilowatthour	\$ 0.001280

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

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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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