

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

**In the Matter of the Petition of
Public Service Electric and Gas Company
for Approval of an Increase in Electric and Gas Rates
and for Changes in the Tariffs for Electric and Gas Service,
B.P.U.N.J. No. 14 Electric and B.P.U.N.J No. 14 Gas
Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1
and for Approval of a Gas Weather Normalization Clause;
a Pension Expense Tracker and for other Appropriate Relief**

BPU Docket No. _____

DIRECT TESTIMONY

OF

**DANIEL M. FURLONG
ASSISTANT CONTROLLER**

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

2 **DIRECT TESTIMONY**
3 **OF**
4 **DANIEL M. FURLONG**
5 **ASSISTANT CONTROLLER**
6

7 My name is Daniel M. Furlong and I am the Assistant Controller-
8 PSE&G of Public Service Enterprise Group, Inc. (PSEG) Services Corporation. I am
9 responsible for all accounting matters for Public Service Electric and Gas Company
10 (PSE&G, Public Service, the Company, Petitioner). My qualifications and experience
11 are set forth in Schedule DMF-1.

12
13 **PURPOSE OF TESTIMONY**

14 I have been asked to prepare a detailed Lead-Lag Study and to present
15 testimony in connection with the current PSE&G electric and gas distribution base rate
16 case. The Lead-Lag Study being presented in this case utilizes accounting information
17 from the twelve months ending December 31, 2008 (The most recent information
18 available when the Study commenced) to determine the leads and lags that are applied to
19 the test period income statement dollars for the twelve months ended December 31,
20 2009. I have completed the study, assisted by PSE&G personnel, under my direction
21 and my responsibility. During this proceeding, I will also be responsible for filing

1 updates to the test period to reflect additional actual data, consistent with the testimony
2 of Mr. Mark Kahrer.

3

4 **CASH WORKING CAPITAL REQUIREMENT ANALYSIS**

5 Working Capital is the average amount of capital over and above
6 investments in plant and other separately identified rate base items provided by investors
7 of PSE&G, to bridge the gap between the time expenditures that are required to provide
8 service and the time collections are received for that service.

9 This definition is different than the accounting definition of the term
10 "Working Capital" which is the net difference between current assets and current
11 liabilities.

12 The format I used in this Working Capital presentation consists of
13 material and supplies, prepayments and other. The "other" component represents the
14 Cash Working Capital addressed by the Lead-Lag Study and the Asset/Liability
15 Analysis. The materials and supplies and prepayments element of PSE&G's working
16 capital are included in Mr. Kahrer's testimony.

17 Attached is a set of Schedules, which summarize the results of the electric
18 and gas distribution Lead-Lag Study. Schedule DMF-2 is a summary of total Other
19 Cash Working Capital requirements using the electric and gas distribution test period for

1 the 12-months ended December 31, 2009. The amount required to cover cost of service
2 shown on line 1 is supported by Schedule DMF-3.

3 Schedule DMF-3, Average Daily Balance, represents the average daily
4 amount of electric and gas expenses that are required to cover cost of service (Total
5 Requirement/365). Schedule DMF-3, Net lead-Lag, represents the revenue recovery lag
6 as compared to the weighted lag of allowable costs to determine a net lag of (18.3 days)
7 for electric distribution operations and a net lag of (18.4 days) for gas distribution
8 operations. These results, multiplied by the average daily balance, produce the net Cash
9 Working Capital requirement for cost of service of \$272.972 million, for electric and
10 \$143.224 million for gas, as shown on Schedule DMF-3, and Schedule DMF-2.

11 Additional detail regarding the lag in the revenue recovery is shown on
12 Schedule DMF-4. On Schedule DMF-4, I have used the calendar year 2008, for the
13 measurement of the revenue lag at 46.07 days.

14 In calculating the lag for the residential, commercial/industrial, street
15 lighting, sale for resale, transportation revenue and appliance service revenue shown on
16 Schedule DMF-4, we first recognized the average period of service before a meter is
17 read. PSE&G generally reads its meters once a month on a cycle basis. Therefore, the
18 average time between meter reading dates is 30.4 days (365 divided by 12). To
19 determine the average period from the time service is rendered until the meter is read,
20 30.4 is divided by two. The answer then is 15.2 days.

1 Next, the time period from the average meter reading date to the time of
2 collection (collection lag) was calculated. This was determined by comparing the
3 average daily balance of accounts receivable to the average daily-billed sales for the
4 twelve month period ended December 31, 2008. This produced the average number of
5 days of revenue included in the average accounts receivable balance. The answer
6 produced 30.87 days, is the collection lag. Adding the service period of 15.2 days and
7 the collection lag of 30.87 days produces the 46.07 days revenue lag for residential,
8 commercial/industrial, street lighting, sales for resale, transportation revenue and
9 appliance service revenue accounts.

10 I would note that although bills are not calculated, prepared and sent out
11 until several days after the meters are read, they are recorded on the books as sales and
12 as accounts receivable as of the day of the meter reading. Therefore, the collection lag
13 explained in the preceding paragraph incorporates the lag from meter reading to billing.

14 The weighted lag for pensions and benefits is calculated on Schedule
15 DMF-5. The lags were based on an analysis of the various benefit plans and their
16 current contractual or actual payment requirements, and result in a weighted average lag
17 of (0.59 days) for electric and (1.86 days) for gas. A zero lag was used for Other Post
18 Retirement Benefits (OPEB) since the Cash Working Capital impact of the accrual and
19 recovery of this cost is reflected on Schedule DMF-8.

1 The lag in the payment of electric distribution supply costs, Schedule
2 DMF-6, is based on electric purchases during year 2008 pursuant to a contract with
3 third-party suppliers in order to supply the Basic Generation Service (BGS) to PSE&G
4 customers. The lag in payment of electric supply costs also includes an analysis for year
5 2008 of non-utility generation (NUG) contracts supply based on the Board of Public
6 Utilities (BPU, Board) approved contracts. The lag in the payment of gas distribution
7 supply costs, Schedule DMF-6, is based on natural gas purchases during year 2008 from
8 PSEG Power under the Requirements contract, as a result of Docket No. GM00080564.

9 The measured lag in payment of salaries and wages is 14.97 days as
10 shown on Schedule DMF-3. This is based on the weighted average lag for payroll paid
11 on both a weekly and bi-weekly basis for PSE&G employees.

12 Returning to Schedule DMF-3, the lag day calculation for uncollectible
13 accounts expense is based on a measurement of the average number of days each
14 accrued dollar is included in the reserve for doubtful accounts for electric and gas
15 customers. For example, in the twelve-month period ended December 31, 2008 the
16 accrual for electric uncollectible accounts was \$47.4 million. The average balance in the
17 reserve for the same period of time was \$19.8 million. Dividing the average balances by
18 the daily average accrual (total accrual divided by 365) results in the number of days
19 each accrual dollar is included in the reserve before being written off, or 152.99 days for
20 electric customers. Under the same scenario for gas customers, the accrual was \$41.5

1 million and the average balance in the reserve was \$27.9 million. This resulted in an
2 average days outstanding for gas of 246.31 days.

3 The lag for other operating and maintenance (O&M) expenses was also
4 calculated based on expense payments for 2008. The largest portion represents amounts
5 paid through accounts payable with the balance representing miscellaneous accruals and
6 cost distributions. Although this category accounts for a small portion of the revenue
7 requirement it requires a significant amount of time and expense to examine.

8 As such, we examined accounts payable invoices, not charged to other
9 expense categories, of \$25,000 and higher for the representative months of February,
10 May, August and November 2008. The sample analysis resulted in a weighted average
11 lag of 18.78 days for other O&M.

12 Depreciation expense reflects a zero lag because accumulated depreciation
13 is deducted from rate base when recorded, not when collected from customers.

14 The lag of 37 days for current Federal income taxes is based on the
15 statutory payment schedule in year 2008. For Federal income taxes, the payment
16 schedule calls for paying 100% of the total tax in four installments during the current
17 year. For State income tax purposes, PSE&G is required to pay 100% of its tax liability
18 by June 15 of the current year. This resulted in a prepayment of (77.11) days on average
19 for electric and a prepayment of (84.79) days on average for gas.

1 Deferred income taxes reflect a zero lag because they are deducted from
2 rate base when recorded, not when collected from customers. In Docket No.
3 ER85121163 (In the Matter of the Petition of Public Service Electric and Gas
4 Company to Increase Base Rates for Electric and Gas Tariffs), the Board adopted a
5 portion of the Administrative Law Judge's (ALJ) Initial Decision in which deferred
6 Federal income taxes were excluded from the Lead-Lag Study. The stated basis for
7 the exclusion was an erroneous conclusion drawn by the ALJ that no investor capital
8 was required for Federal taxes and therefore inclusion in the Study was inappropriate.
9 There should be no dispute that investor capital was expended when plant assets were
10 acquired. That invested capital and the provision of the federal tax code allowing for
11 more liberal tax depreciation compared to book depreciation give rise to deferred tax
12 expense that is used to reduce that investor-financed plant (rate base). The crux of
13 concern in the ALJ's conclusion adopted by the Board at that time is the fact that the
14 amount deducted from rate base for these items will not be collected from customers
15 for 46.07 days (equal to the revenue collection lag) after the recognition of these
16 expenses. It is my opinion that the inclusion of deferred taxes in PSE&G's Cash
17 Working Capital requirement with a zero lag is appropriate and warranted. I urge the
18 Board to reconsider this issue based upon the facts which I have presented in this
19 proceeding.

1 Schedule DMF-7 supports the weighted average calculation of the lags in
2 payment of the various taxes other than Federal and State income taxes. Schedule
3 DMF-7 reflects the payment lag associated with TEFA based on year 2008 tax payments
4 and results in a (47.5) lag. Schedule DMF-7 includes a real estate tax lag of (27.75)
5 days, payroll taxes lead of 17.99 days, New Jersey Energy Sales Tax lag of (61.72) days
6 for electric and (45.67) days for gas, New Jersey Corporate Business Tax lag of (77.11)
7 days for electric and (84.79) days for gas, New Jersey Sales and Use Tax lead of 34.81
8 days and other miscellaneous items for a composite of 84.3 days lead for electric and
9 213.8 day lead for gas.

10 The zero lag used for the return on invested capital is in recognition of the
11 fact that the return is earned when service is provided.

12 As I described in my earlier discussion of Schedule DMF-3, the weighted
13 lags for electric total cost of service are shorter than the lag in receipt of revenues by
14 18.3 days producing a Cash Working Capital requirement equal to \$272.97 million. The
15 weighted lags for gas total cost of service are shorter than the lag in receipt of revenues
16 by 18.4 days producing a Cash Working Capital requirement equal to \$143.22 million.

17 On Schedule DMF-2, the net sources of electric Cash Working Capital not
18 considered elsewhere amounting to \$124.27 million are subtracted from the \$272.97
19 million to derive a \$148.71 million other cash working capital total. The net sources of
20 gas Cash Working Capital not considered elsewhere amounting to \$25.99 million are

1 subtracted from the \$143.22 million to derive a \$117.23 million other cash working
2 capital total.

3 Schedule DMF-8 provides the details of the \$124.27 million electric and
4 \$25.99 million gas net source of cash working capital not considered elsewhere. The
5 listed assets are additional requirements for Working Capital and the liabilities are
6 sources. The amounts in these accounts were not considered when analyzing leads
7 and lags for operating expense, but have a direct relationship with the electric and gas
8 distribution rate base of PSE&G.

9 Significant amounts included in other assets are other accounts receivable,
10 special deposits, other post retirement benefits and the prepayment of New Jersey Energy
11 Sales Tax. Miscellaneous other accounts receivable includes billings for relocation
12 work, insurance claims, etc. Such expenditures are required to be made in the day-to-
13 day operation of the utility, but are not charged to utility operations and therefore, were
14 not included in the lead-lag measurements. These expenditures are eventually
15 reimbursed by the State or other agencies. However, there is a continuing Working
16 Capital investment required for such expenditures until reimbursement is received.

17 Post retirement benefits represent the asset/liability associated with the
18 expense recognition of SFAS 106 and the associated recovery of costs from customers.
19 Sales tax represents the amount of investor-supplied cash required to prepay the State of
20 New Jersey for its annual sales tax liability. Special deposits represent the Company

1 assets created as a result of the cumulative effect of annual pension funding in excess of
2 SFAS No. 87 (pension accounting) expense and the funding of non-qualified pension
3 costs.

4 The liability section of Schedule DMF-8 includes the recognition of
5 OPEB benefits, as previously discussed.

6 The majority of the accounts payable amount shown reflects the recording
7 of payables for contractors and other material and supply (M&S) inventories. Since the
8 other M&S balance is included as a separate component of Working Capital, it is
9 necessary to reduce Working Capital requirements by the amounts included in other
10 M&S inventory, which have not yet been paid. One of the larger amounts included in
11 miscellaneous current and accrued liabilities, is the vacation accrual. The lag in
12 disbursement of vacation payments was not considered when the salaries and wages lag
13 was measured.

14 The net excess of electric and gas distribution liabilities over assets,
15 shown on Schedule DMF-8, is a source of Working Capital. The \$(150.26) million is
16 shown on line 2 of Schedule DMF-2 and is used to reduce the amount of Other Cash
17 Working Capital. The net amount of \$265.94 million is the calculated electric and gas
18 distribution Cash Working Capital requirement of Public Service Electric and Gas
19 Company.

20 This concludes my testimony at this time.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**PROFESSIONAL QUALIFICATIONS
OF
DANIEL M. FURLONG
ASSISTANT CONTROLLER**

I graduated from Syracuse University in 1975 with a Bachelor of Science in Accounting (Magna Cum Laude).

Between 1975 and 1991 I was employed by Jersey Central Power & Light Company (JCP&L). I was employed in the Accounting Department of JCP&L from 1975 through 1983, and my responsibilities ranged from entry-level accountant to Manager Accounting Operations. In 1983, I was named Director Rates, a position I held until 1988 at which time I returned to Accounting as an Assistant Comptroller.

From 1991 to 1995, I was an Assistant Comptroller for GPU Nuclear Inc., where I was responsible for budgeting, cost control, financial analysis and rate support. From 1995 to 1997, I was an Assistant Comptroller for GPU Service Inc., responsible for business planning and taxes. In 1997, I returned to GPU Nuclear as Comptroller where I was responsible for accounting, budgeting, internal controls and financial planning and analysis.

In 2001, I assumed my current position as Public Service Enterprise Group, Inc. Assistant Controller – PSE&G in the PSEG Services Corporation. I am responsible for all accounting matters for PSE&G.

1 I have previously testified before the New Jersey Board of Public
2 Utilities in several proceedings while I was Director Rates for JCP&L. I was the
3 accounting and revenue requirements witness in three base rate proceedings. In
4 addition. I was a primary witness in several Levelized Energy Adjustment Clause
5 proceedings during the same time frame.

6 I testified as a rebuttal witness in *I/M/O the Petition of Public Service*
7 *Electric and Gas Company for Declaratory Ruling Clarifying the Cost Responsibility*
8 *for Nuclear Generation Asset Decommissioning Funds* (BPU Docket No.
9 EO02080610). I also testified in PSE&G's gas base rate case, *I/M/O the Petition of*
10 *Public Service Electric and Gas Company for Approval of an Increase in Gas Rates,*
11 *Depreciation Rates for Gas Property and for Changes in the Tariff for Gas Service*
12 (BPU Docket No. GR05100845).

13 I have testified in the last three RAC proceedings RAC 13/14 case,
14 *I/M/O the Motion of Public Service Electric and Gas Company to Modify its*
15 *Manufactured Gas Plant (MGP) Remediation Component Within its Electric Societal*
16 *Benefits Charge (SBC) and its Gas SBC, et al.,* (BPU Docket No. ER07020104), RAC
17 15, *I/M/O the Motion of Public Service Electric and Gas Company to Modify its*
18 *Manufactured Gas Plant (MGP) Remediation Component Within its Electric Societal*
19 *Benefits Charge (SBC) and its Gas SBC, et al.,* (BPU Docket No. ER07120970) and
20 RAC 16 , *I/M/O the Motion of Public Service Electric and Gas Company to Modify its*

1 *Manufactured Gas Plant (MGP) Remediation Component Within its Electric Societal*
2 *Benefits Charge (SBC) and its Gas SBC, et al.*, (BPU Docket No. ER08121041).

3 I submitted testimony in PSE&G's Carbon Abatement filing, *I/M/O the*
4 *Petition of Public Service Electric and Gas Company Offering a Carbon Abatement*
5 *Program, et al.*, (BPU Docket No. EO086060426) and *I/M/O the Petition of Public*
6 *Service Electric and Gas Company for Approval of a Solar Generation Investment*
7 *Program and an Associated Cost Recovery Mechanism*, (BPU Docket No.
8 EO09020125). Most recently I submitted testimony *I/M/O the Petition Of Public*
9 *Service Electric And Gas Company For Approval Of A Solar Loan II Program And*
10 *An Associated Cost Recovery Mechanism*, (BPU Docket No. EO09030249).

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**OTHER CASH WORKING CAPITAL
TWELVE MONTHS ENDING DECEMBER 31, 2009**

(THOUSANDS)

	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
(1) Amount Required to Recover Cost of Service	\$272,972	\$143,224	\$416,196
(2) Net Assets and Liabilities	<u>(124,267)</u>	<u>(25,994)</u>	<u>(150,261)</u>
(3) Total Other Cash Working Capital	<u>\$148,705</u>	<u>\$117,230</u>	<u>\$265,935</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
SUMMARY OF NET CASH WORKING CAPITAL
REQUIRED FOR COST OF SERVICE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2009
BASE RATE CASE
Thousands

	ELECTRIC			GAS		
	Test Year 2009 3 and 9 Amount	Lag Days	Thousands Dollar Days	Test Year 2009 3 and 9 Amount	Lag Days	Thousands Dollar Days
Total Revenue Requirement	<u>5,444,520</u>	<u>46.07</u>	<u>250,823,077</u>	<u>2,841,137</u>	<u>46.07</u>	<u>130,888,072</u>
Requirements:						
Electric Supply Costs	3,871,601	35.31	136,690,480	0	0	0
Gas Supply Costs	0	0.00	0	1,934,702	34.86	67,435,378
Salary and Wages	147,028	14.97	2,201,113	162,893	14.97	2,438,508
Pension and Benefits	131,725	(0.59)	(77,718)	85,132	(1.86)	(158,345)
Uncollectibles	56,046	152.99	8,574,478	33,132	246.31	8,160,743
Other O&M	431,241	18.78	8,097,335	217,143	18.78	4,077,946
Depreciation & Amortization	306,024	0	0	95,100	0	0
Income Taxes:						
Current Federal	131,766	37.00	4,875,342	(2,460)	37.00	(91,020)
Current State (CBT)	34,819	(77.11)	(2,684,893)	9,517	(84.79)	(806,946)
Deferred	(60,472)	0	0	69,145	0	0
Taxes Other than Income Tax	115,511	(54.42)	(6,286,103)	61,059	(40.05)	(2,445,582)
Return on Investment	<u>279,232</u>	<u>0</u>	<u>0</u>	<u>175,774</u>	<u>0</u>	<u>0</u>
Total Requirement	5,444,521	27.81	151,390,034	2,841,137	27.67	78,610,681
Average Daily Balance	14,916			7,784		
NET LEAD/LAG		<u>18.3</u>			<u>18.4</u>	
NET REQUIREMENT			\$272,972			\$143,224

Note: Test year amounts are based on three (3) months actual and nine (9) months plan.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

SUMMARY OF LAG TIME FROM SERVICE TO COLLECTION
TWELVE MONTHS ENDING DECEMBER 2009

(THOUSANDS)

	Total	Weighted	Thousand		Total	Weighted	Thousand
	<u>Revenues (1)</u>	<u>Lag Days</u>	<u>Dollar Days</u>		<u>Revenues (1)</u>	<u>Lag Days</u>	<u>Dollar Days</u>
<u>Electric</u>				<u>Gas</u>			
Residential	\$ 2,235,612	46.07	\$ 102,994,645	Residential	\$ 1,321,064	46.07	\$ 60,861,418
Commercial/Industrial	2,919,457	46.07	134,499,384	Commercial/Industrial	512,231	46.07	23,598,482
Street Lighting	80,222	46.07	3,695,828	Transportation Revenues	989,502	46.07	45,586,357
Sales For Resale	205,112	46.07	9,449,510	Appliance Service Revenues	35,394	46.07	1,630,602
Misc Other	11,384	46.07	524,461	Misc Other	5,727	46.07	263,843
Total	<u><u>\$5,451,787</u></u>	<u><u>46.07</u></u>	<u><u>\$251,163,828</u></u>	Total	<u><u>\$2,863,918</u></u>	<u><u>46.07</u></u>	<u><u>\$131,940,702</u></u>

Note (1): The revenues are three (3) months actual and nine (9) months plan. The revenues do not include a reclass of deferred item revenues as reflected on Schedule DMF-2.

**EXHIBIT P-6
SCHEDULE DMF-5**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**CALCULATION OF LAG TIME IN PAYMENT
FOR PENSIONS AND BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2009**

(Thousands)

<u>Electric</u>	<u>Amount</u>	<u>Weighted Lag Days</u>	<u>Thousand Dollar Days</u>	<u>Gas</u>	<u>Amount</u>	<u>Weighted Lag Days</u>	<u>Thousand Dollar Days</u>
Pensions	\$ 28,684	(13.50)	\$ (387,234)	Pensions	\$ 32,325	(13.50)	\$ (436,388)
OPEB (1)	72,968	0.0	0	OPEB (1)	26,039	0.0	0
Medical Insurance (2)	24,247	9.81	237,863	Medical Insurance (2)	20,178	9.81	197,946
Group Life Insurance	365	12.88	4,701	Group Life Insurance	413	12.88	5,319
Thrift & Savings Plan (3)	4,117	14.97	61,631	Thrift & Savings Plan (3)	4,648	14.97	69,581
Dental Plan	1,206	2.80	3,377	Dental Plan	1,375	2.80	3,850
LTD	138	10.11	1,395	LTD	154	10.11	1,557
Total	<u>\$ 131,725</u>	<u>(0.59)</u>	<u>\$ (78,266)</u>	Total	<u>\$ 85,132</u>	<u>(1.86)</u>	<u>\$ (158,134)</u>

Note: Test year amounts are based on three (3) months actual and nine (9) months plan

1. Included in the asset and liability analysis
2. Includes Wrk's Comp, Death Ben, and Other
3. Uses the payroll lag

**EXHIBIT P-6
SCHEDULE DMF-6**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**CALCULATION OF LAG TIME IN PAYMENT
FOR FUEL EXPENSE
TWELVE MONTHS ENDING DECEMBER 31, 2009**

THOUSANDS

	<u>Amount</u>	<u>Lag Days</u>	<u>Thousand Dollar Days</u>
<u>ELECTRIC</u>			
Purchase Power - BGS and NUG (1)	3,871,601	35.31	136,706,231
<u>GAS</u>			
Natural Gas Supply Cost	1,949,780	34.86	67,969,331

(1) NUG payments are made pursuant to PSE&G's PEP tariff and PURPA contracts

**EXHIBIT P-6
SCHEDULE DMF-7**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**CALCULATION OF LAG TIME IN PAYMENT OF
TAXES OTHER THAN FEDERAL INCOME TAXES
TWELVE MONTHS ENDING DECEMBER 31, 2009**

THOUSANDS

	Electric			Gas		
	Amount	Weighted Lag Days	Thousand Dollar Days	Amount	Weighted Lag Days	Thousand Dollar Days
Transitional Energy Facilities Assessment (TEFA)	100,963	(47.50)	(4,795,743)	46,217	(47.50)	(2,195,308)
Real Estate Tax	16,837	(27.75)	(467,227)	13,776	(27.75)	(382,284)
Payroll Taxes	23,358	17.99	420,210	19,111	17.99	343,807
New Jersey Energy Sales Tax	344,568	(61.72)	(21,266,737)	223,152	(45.67)	(10,191,352)
New Jersey Corporate Business Tax	36,239	(77.11)	(2,794,389)	9,858	(84.79)	(835,860)
New Jersey Sales and Use Tax	5,095	34.81	177,357	7,459	34.81	259,648
Other-Misc.	307	84.28	25,874	790	213.81	168,910
	<u>527,367</u>	<u>(54.42)</u>	<u>(28,700,654)</u>	<u>320,363</u>	<u>(40.06)</u>	<u>(12,832,439)</u>

**EXHIBIT P-6
SCHEDULE DMF-8**

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

**SUMMARY OF NET ASSETS AND LIABILITIES
REQUIRED FOR COST OF SERVICE
TWELVE MONTHS ENDING DECEMBER 2008**

(THOUSANDS)

<u>Assets</u>	<u>Electric</u>	<u>Gas</u>
Other Accounts Receivable	31,879	39,863
Other Post Retirement Benefits	270,368	221,210
Prepayments	146,079	55,672
Special Deposits	27,173	22,232
Miscellaneous Deferred Debits	8,116	136,126
Total Assets	<u>\$483,614</u>	<u>\$475,104</u>
<u>Liabilities</u>		
Other Post Retirement Benefits	499,621	408,781
Current & Accrued Liabilities	22,460	18,376
Taxes Payable	385	315
Miscellaneous Current and Accrued Liabilities	67,058	54,024
Other Deferred Credits	18,357	19,600
Total Liabilities	<u>\$607,882</u>	<u>\$501,097</u>
Net Assets/Liabilities	<u>(\$124,267)</u>	<u>(\$25,994)</u>