



July 27, 2009

***VIA ELECTRONIC & REGULAR MAIL***

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

RE: I/M/O the Petition of Public Service Electric and Gas Company  
For Approval of a Solar Generation Investment Program and an  
Associated Cost Recovery Mechanism  
BPU Docket No.: EO09020125

Dear Secretary Izzo:

Enclosed for filing is an original and ten (10) copies of an executed Settlement Agreement in the above-referenced matter. All parties have either signed the Settlement Agreement, stated that they will execute it, or have indicated that they will submit a “no objection” letter. One party, Resource Energy Systems, L.L.C., has not yet provided its executed signature page, although it has indicated that it will do so; I will file this signature page separately once I have received it. In addition, I am enclosing copies of the “no objection” letters that PSE&G has received.

Respectfully submitted,

*Sent by*  
*Gregory Eisenstark, Esq.*

c: Attached Service list

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
SOLAR 4 ALL  
BPU DOCKET NO. EO9020125**

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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 A ) **SETTLEMENT AGREEMENT**  
SOLAR GENERATION INVESTMENT )  
PROGRAM AND AN ASSOCIATED COST ) BPU Docket No. EO09020125  
RECOVERY MECHANISM )

APPEARANCES:

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**Robert J. Shaughnessy, Jr.**, Deputy Attorney General, for the New Jersey Housing and Mortgage Finance Agency (**Anne Milgram**, Attorney General of New Jersey)

**Susan LeGros, Esq.**, for the Intervenor The Solar Alliance

**Tracey Thayer, Esq.** for the Intervenor New Jersey Natural Gas Company

**Basem Ramadan, Esq.**, for Intervenors Petra Solar, Inc. and the New Jersey Solar Industry Manufacturers Association.

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**Richard Plutzer, Esq.**, for the Intervenor Resource Energy Systems, L.L.C.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

It is hereby AGREED, as of the 27<sup>th</sup> day of July 2009, by and between Public Service Electric and Gas Company ("PSE&G", "Public Service" or the "Company"), the Staff of the Board of Public Utilities ("Board Staff"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the NJ Housing and Mortgage Finance Agency ("NJHMFA")<sup>1</sup> the Solar Alliance ("Solar Alliance"), the Mid-Atlantic Solar Energy Industries Association ("MSEIA"), Petra Solar, Inc. ("Petra"), and the New Jersey Solar Industry Manufacturers Association ("NJSIMA") (hereinafter referred to as the "Parties") to execute this Settlement Agreement ("Settlement") for Public Service's Solar Generation Investment Program and Associated Cost Recovery Mechanism, also known as the Solar 4 All Program ("Solar 4 All" or "Program").

The Parties do hereby join in recommending that the Board of Public Utilities ("Board" or "BPU") issue a Final Decision and Order approving this Settlement, including the attached proposed sheets of PSE&G's Tariff for Electric Service, as set forth herein.

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<sup>1</sup> NJHMFA will seek authority of its Board to enter into this Stipulation of Settlement on July 27, 2009, 2009. If such authorization is granted, then in accordance with N.J.S.A. 55:14K-4 (o), no action taken at such meeting by NJHMFA shall have force and effect until ten (10) days, Saturdays, Sundays and public holidays excepted, after such copy of the minutes shall have been so delivered to the Governor, unless during such ten (10) day period the Governor shall approve the same in which case such action shall become effective upon approval.

### **BACKGROUND**

1. Pursuant to *N.J.S.A. 48:3-98.1 et seq.*, on November 24, 2008, Public Service held the required Regional Greenhouse Gas Initiative (RGGI) pre-filing meeting with Board Staff and Rate Counsel to discuss the nature of the Solar 4 All Program and describe the Program cost recovery mechanism to be proposed by the Company. Public Service indicated that its anticipated filing would seek Board approval of a utility-owned solar photovoltaic generation program as authorized by the New Jersey Legislature in *N.J.S.A. 48:3-98.1 et seq.*, called the PSE&G Solar 4 All Program, with four segments. The Company also explained that cost recovery would be through a new component of the RGGI Recovery Charge (“RRC”).

2. On February 10, 2009, Public Service filed its Petition with the Board requesting approval of the Solar 4 All Program and associated rate recovery mechanism pursuant to *N.J.S.A. 48:3-98.1 et seq.* More specifically, PSE&G proposed to invest approximately \$773 million in solar photovoltaic generation systems (“Solar Systems”). 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. The Solar Systems will be grid-connected to PSE&G’s distribution system. In total, PSE&G proposed to install approximately 120 MW d.c.<sup>2</sup> of Solar Systems under the Program.

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<sup>2</sup> All references to MW capacity of Solar Systems in this Settlement are in direct current or “dc.” The electricity generated by a Solar System passes through an inverter and is converted to alternating current or “ac.”

3. PSE&G's Petition proposed four segments:
  - a. Centralized Solar (35 MW total; 25 MW on PSE&G-owned sites and 10 MW on third-party owned brownfields and grayfields, with an emphasis on sites located in Urban Enterprise Zones ("UEZs");
  - b. Neighborhood Solar (40 MW of small solar units installed on approximately 200,000 utility and lighting poles);
  - c. Local Government Solar (43 MW of solar systems installed on properties owned by units of local government (municipalities and counties), including public schools; and
  - d. New Jersey Housing & Mortgage Finance Agency (HMFA)/Affordable Housing Solar (2 MW of solar systems installed on the common areas of HMFA-financed affordable housing communities).
  
4. PSE&G proposed to recover all Program costs through the RRC. PSE&G proposed to earn a return on its net investment in the Program based on a Weighted Average Cost of Capital ("WACC") of 8.2582% annually. Including tax effects, the proposed weighted pre-tax cost was 11.97%.
  
5. For all of the proposed segments, the Company proposed to partially offset the Program's revenue requirements with the following items:
  - a. the value of the federal investment tax credit in accord with the federal tax laws;
  - b. net revenues received by selling energy and capacity in the PJM markets; and
  - c. the net revenues realized from monetizing the value of SRECs received through their sale in the auction that PSE&G is using for the PSE&G Solar Loan Program.

6. On March 11, 2009, PSE&G supplemented its Petition with a cost-benefit analysis.

7. On March 12, 2009, PSE&G received a Notice from Board Staff finding the Company's filing was not administratively complete and requesting additional information. On April 7, 2009, PSE&G responded to Staff's March 12 Notice by providing the requested information.

8. On May 6, 2009, Board Staff issued a determination that the Company's filing, as supplemented, was deemed administratively complete. Therefore, the Board's 180-day review period commenced on April 9, 2009.

9. By an Order dated May 15, 2009, the Board determined to retain this matter for review, and Commissioner Fiordaliso was designated as the presiding hearing officer. Thereafter, by Order dated June 3, 2009, a procedural schedule was established.

10. On February 24, 2009, Resource Energy Systems, L.L.C. ("Resource Energy") filed a motion to intervene in this matter. On March 4, 2009, the New Jersey Large Energy Users Coalition ("NJLEUC") filed a motion to intervene in the proceeding. On March 6, 2009, New Jersey Natural Gas Company ("NJNG") filed a motion to intervene. On March 12, 2009, the Solar Alliance, Petra and NJSIMA filed motions to intervene. NextEra Energy Resources, L.L.C. ("NextEra") filed a motion to intervene on March 16, 2009, and MSEIA filed a motion to intervene on March 16, 2009.

11. By letter dated April 3 2009, PSE&G responded that it did not oppose any of the

above-referenced motions to intervene, subject to the condition that associations or groups seeking intervenor status submit current lists of members. By Order dated May 15, 2009, the Board granted intervenor status to Resource Energy, NJLEUC, NJNG, Solar Alliance, Petra, NJSIMA, NextEra, and MSEIA, subject to the conditions that Solar Alliance, NJLEUC, and MSEIA provide, within ten (10) days of the date of the Order, updated membership lists to the Board and PSE&G, including the identification by NJLEUC of those of its members who are PSE&G customers.

12. On May 5, 2009, NJHMFA filed a motion to intervene. The Company did not oppose this motion. By Order dated May 9, 2009, the Board granted NJHMFA intervenor status. Thus, the Parties to this proceeding included the Company, Board Staff, Rate Counsel, Resource Energy, NJLEUC, NJNG, Solar Alliance, Petra, NJSIMA, NextEra, MSEIA, and NJHMFA.

13. Board Staff and Rate Counsel propounded written discovery requests, which the Company provided responses to.

14. Notice setting forth the particulars of the Company's filing, including the date, time and place of the public hearings, was placed in newspapers having a circulation within the Company's service territory and was served on the county executives and clerks of all municipalities within the Company's service territory.

15. Six public hearings were held on the following dates at three locations in Public Service's service territory: two hearings on June 22, 2009, in Newark, New Jersey;

two hearings on June 23, 2009, in New Brunswick, New Jersey; and two hearings on June 25, 2009, in Mount Holly, New Jersey. A total of 10 members of the public appeared at the six public hearings.

16. Settlement conferences commenced on April 1, 2009 and continued on an approximate bi-weekly basis through the date of this Settlement. Advanced notice of each such conference was provided to all parties, and parties were able to participate in the settlement conferences either in person or by telephone.

17. Following said settlement conferences, Board Staff, Rate Counsel, NJHMFA, Petra, NJSIMA, the Solar Alliance, MSEIA and Public Service agreed to submit this Settlement, the terms of which are set forth below. Specifically, the Parties hereby **STIPULATE AND AGREE** to the following:

### **STIPULATED MATTERS**

#### **Program Size and Segments**

18. The Parties agree that the Solar 4 All Program shall consist of two segments: Segment 1 – Centralized Solar (40 MW) and Segment 2 – Pole-Attached Solar (40 MW), for a total of 80 MW. The Parties further agree that the total PSE&G investment in Solar 4 All will be approximately \$514.6 million.

19. Segment 1 will be comprised of three sub-segments:

- a. **Segment 1a** – 25 MW of Solar Systems installed on PSE&G-owned sites. The Company has currently identified the following five sites: (1) Linden SNG (Linden); (2) Central Gas Plant (Edison); (3) Cox’s Corner Switching Station (Evesham); (4) Brunswick Avenue (Trenton); and (5) Yardville Area Substation (Hamilton). PSE&G may elect to use other sites in place of or in addition to these sites, depending on permitting, site suitability, or other similar factors. PSE&G will use a competitive solicitation to hire one or more engineering, procurement, and/or construction (“EPC”) contractors for the development of these systems. PSE&G may elect to use its own workforce to install systems on these sites or may contract the work out to qualified contractors. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.
- b. **Segment 1b** – 10 MW of Solar Systems installed on third-party owned sites. Solar developers will propose sites/projects to PSE&G in this subsegment, subject to the requirements and time limitations set forth in the Program Rules (attached hereto as Exhibit A). Thereafter, PSE&G will contract with developers for the development of these systems and with the host sites for the use of the sites. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.
- c. **Segment 1c** – 5 MW of Solar Systems installed on sites in UEZs, including in any municipality that contains a UEZ. PSE&G will utilize a competitive procurement process to hire one or more contractors for the development of these systems. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.

20. All Solar Systems installed in Segment 1 will be 500 kW or larger.

21. In Segment 2, PSE&G will install small, distributed Solar Systems (each approximately 200 watts d.c.) on approximately 200,000 utility and street light poles in PSE&G's service territory. A demonstration pilot involving the installation of pole-mounted solar units on decorative poles in Branch Brook Park will be included in Segment 2 as part of the 200,000 Solar Systems. PSE&G will use a competitive solicitation process to procure the pole-mounted solar units. PSE&G may elect to use its own workforce to install systems on these sites or may contract the work out to qualified contractors. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.

22. For all Program segments, PSE&G will be responsible for all interconnection work, using its own workforce and/or qualified contractors.

23. The Parties agree that the planned installation schedule and investment schedule by energy year, as shown on the attached Exhibit B, is reasonable. The Parties further agree that the segment and energy year capacity amounts set forth in Exhibit B are targets rather than absolute figures. Therefore, PSE&G shall have the ability to vary the installed capacities in each segment (or within each of the subsegments of Segment 1) and in each annual period (i.e., energy year) by plus or minus 20% of the amount set forth for each segment (or subsegment) and energy year, as needed to accommodate interconnections,

permitting, procurement of supplies, or similar requirements, so long as the total Program size of 80 MW is not exceeded. PSE&G shall report the actual installed capacities in each segment and energy year as part of reporting requirements for the Program.

24. In addition, PSE&G shall have the right to request Board approval to reallocate capacity between and among Sub-segments 1a, 1b, 1c, and 2, as needed to accommodate interconnections, permitting, the availability of appropriate sites for installations in particular Segments, or similar requirements. PSE&G shall seek Board approval of such reallocation of capacity, and shall specify the reason and factual basis for the capacity reallocation. The Parties agree and recommend that the Board should consider any such requests on an expedited basis so as not to delay the program implementation.

25. In addition, the Parties recognize that the timing of the installation of solar systems is subject to numerous siting, permitting, and construction issues beyond PSE&G's control. Accordingly, any capacity not used in an annual period shall roll forward to the next annual period and shall not expire. PSE&G anticipates completing all installations under the Program by the end of 2013.

26. As suggested by Board Staff, the Parties agree that Segment 4 of the Petition, HMFA Affordable Housing Solar (2 MW of solar systems installed on the common areas of NJHMFA-financed multi-family housing projects), shall not be part of the Solar 4 All Program. Therefore, the Parties agree to recommend to the Board that: (a) PSE&G's Solar

Loan II Program, which is pending before the Board in Docket No. EO09030249, include a segment where loans will be available for not less than 2 MW of solar systems installed on the common areas of NJHMFA-financed multi-family housing projects, upon terms and conditions to be determined; or (b) that the Board allocate additional funding from the Solar Alternative Compliance Payments or other available funds to NJHMFA's 2009 Solar Funding Pilot to extend that program through 2010. The Parties to this Settlement that are also parties to the Solar Loan II Program agree not to oppose a motion by NJHMFA to intervene in the Solar Loan II Petition on the basis of prejudice, and NJHMFA shall endeavor to file its motion to intervene as soon as is practicable.

### **General Program Provisions**

27. The Parties agree that PSE&G shall own the Solar Systems installed under the Program. The Parties further agree that all Solar Systems installed under the Program shall be grid-connected to PSE&G's distribution system and shall receive Solar Renewable Energy Certificates ("SRECs").

28. PSE&G will sell any SRECs it receives from the Solar Systems in the SREC Auction that the Board has already approved for the PSE&G Solar Loan Program in Docket No. EO07040278. PSE&G will apply all of the net revenues it receives from selling the

SRECs against Program revenue requirements. For the purpose of this Paragraph, “net revenues” means value realized from the sale of Program SRECs less all transaction costs.

29. PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource. PSE&G will apply the net revenues it receives from the sales in the PJM markets as an offset to the Program revenue requirements.

30. Any federal investment tax credit (“ITC”) value that PSE&G receives from its investment in the Solar Systems in the Program, as well as any applicable tax depreciation, will benefit customers by offsetting revenue requirements over the life of the assets in accord with the Federal Income Tax Law.

31. There will be no SREC trigger mechanism.

32. At the end of the initial term of the site rental agreement (for Sub-segments 1b and 1c) or at the end of twenty years (for Sub-segment 1a), PSE&G will evaluate the condition of the Solar Systems. For Solar Systems on PSE&G-owned sites, PSE&G will leave the system in place as long as it is functional and does not require excessive maintenance. For functional Solar Systems on third-party owned sites, PSE&G will confer with the site owner concerning reaching an appropriate agreement to allow the Solar System to remain in place.

33. The Parties agree that the Program Rules, as set forth in Exhibit A, are reasonable. PSE&G shall have the right to amend the Program Rules as required for commercial reasons, after ten days advanced notice to the Board and the Parties, unless Board Staff notifies PSE&G in writing within that same ten day period that it objects to the amendment. In such event, the Board Staff shall have the right to seek Board review of the amendment and the Parties agree and recommend that the Board should consider such matter on an expedited basis so as not to delay the program implementation.

#### **Cost Recovery**

34. PSE&G will recover the net revenue requirements associated with the Solar 4 All Program via a new Solar Generation Investment Program component of the Company's electric RRC ("SGIP"). The SGIP will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the Solar 4 All Program. The initial SGIP will be based on estimated Program revenue requirements from August 1, 2009 or date of the written BPU Order to December 31, 2010. Thereafter, the SGIP will be changed nominally on an annual basis, incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.

35. The Parties stipulate that the revenue requirements recovered through the SGIP will be calculated to include a return on investment and a return of investment over the

lives of the capital assets. The Program investments will be treated as appropriate separate classes of utility plant, and depending on the type of investment, depreciated or amortized as described below. The revenue requirements associated with the direct costs of the Program are expressed as:

$$\text{Revenue Requirements} = (\text{Pre-Tax Cost of Capital} * \text{Net Investment}) + \text{Amortization and/or Depreciation} + \text{Operation and Maintenance Costs} - \text{Revenues from Solar Output} - \text{ITC Amortization w/ Tax Gross Up} + \text{Tax Associated from ITC Basis Reduction}$$

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

Pre-Tax Cost of Capital – The weighted average cost of capital (WACC) for the Program. For the initial rate period, the Parties stipulate that the WACC used will be 7.9591%, (11.3092% on a pre-tax basis), based on a return on equity of 10.0%.

Net Investment – This is the Program investments less their associated accumulated depreciation and / or amortization less their Accumulated Deferred Income Tax (ADIT).

Depreciation/Amortization – The depreciation or amortization of the Program assets will vary depending on its asset class. The table below summarizes the book recovery and associated tax depreciation applied to the corresponding asset classes.

Asset Class	Book Recovery	Tax Depreciation
Solar Panels, acquisition and installation costs (Segments 1a, 1b, and 2)	20 year dep.	5 year MACRS
Solar Panels, acquisition and installation costs (Segment 1c)	15 year dep.	
Inverters Communications Equipment	5 year dep.	
Meters (Segments 1a, 1b, and 2)	20 year dep.	20 year MACRS
Meters (Segment 1c)	15 year dep.	

The amortization/depreciation will be based on a monthly vintaging methodology instead of the mass property accounting typically used for utility property.

Operations and Maintenance Costs – Operations and Maintenance Costs would include:

- PSE&G labor and other related on-going costs required to manage the physical assets.
- Administrative costs related to the management of the Program.
- Rent payments or bill credits made to non-PSE&G host sites / facilities and the fair values of rents for use of electric transmission sites / facilities.
- Insurance Expense
- Cost of removal at the end of the assets' economic or useful lives

Revenues from Solar Output – The net revenues PSE&G receives from PJM for sales of energy and/or capacity value from the Solar Systems, as well as the net revenues from the sale of Program SRECs.

Investment Tax Credit (ITC) - The Company will return all of the ITC it utilizes to ratepayers in accordance with Federal Income Tax Law, including any changes in the

Federal Income Tax Law. The return of the ITC to ratepayers must be amortized over the book life of the assets. The ITC benefit is partially offset by the tax impact associated with the tax basis reduction equal to fifty percent of the ITC. This tax basis reduction is prescribed by Federal Income Tax Law governing the ITC. This impact is generated by applying the book depreciation method to the difference between the book basis and the tax basis times the tax rate, and then multiplied by the revenue conversion factor.

36. The revenue requirements include reasonable and prudent associated costs regarding administrative, sales, training, evaluation and IT capital. The Parties further stipulate that this initial calculation will use a WACC of 7.9591%, (11.3092% on a pre-tax basis) based on a return on equity of 10.0%. The Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations, effective as of the date of the Board's base rate case order authorizing a change in the WACC. The Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Parties stipulate that after the initial revenue requirements period, the SGIP will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement for the purpose of setting the initial SGIP for the period ending December 31, 2010 is set forth in Exhibit C attached hereto and made a part of this Stipulation.

37. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board as identified in Paragraph 36 above. The interest amount charged to the SGIP balance will be computed using the following methodology set forth in Exhibit D attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Exhibit D. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred SGIP balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing.

38. The Parties agree that PSE&G has the right request Board approval to roll the net, unrecovered Program investment balance into base rates at the time of a future electric base rate case filing.

39. The Parties agree that PSE&G shall be allowed to recover through the SGIP \$52,400 in costs incurred to date for the PJM interconnection application fee and external

contractor costs related to permitting. This amount has been incorporated into the revenue requirements for the initial rate period. *See* Exhibit C.

40. The Parties request that the Board set the effective date of the initial SGIP as August 1, 2009.

41. The SGIP will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under recovered balance to be recovered from or returned to ratepayers over the following year. Any Board ordered cost recovery adjustments resulting from the review of the actual costs will be made to the over/under deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. The Parties stipulate that the Company will file an annual petition (Annual Filing) to adjust its SGIP, commencing for the 2011 annual period on a calendar basis, with copies provided to the Parties no later than September 1, 2010 and annually thereafter for the implementation of the proposed revised SGIP, on January 1 of the subsequent year. Each Annual Filing will contain a reconciliation of PSE&G's actual SGIP recoveries (which were based on PSE&G's projected SGIP costs) and actual revenue requirements for the prior period, and a forecast of revenue requirements for the remainder of the current period and for the upcoming 12-month period that shall be based upon the Company's most current authorized ROE and capital structure. The Annual Filing also will present actual costs incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudence. The Annual Filing will also provide information

set forth in the Minimum Filing Requirements (MFRs) attached hereto as Exhibit E and made a part of this Stipulation. The Annual Filing will be subject to review by the Parties with opportunity for discovery and filed comments prior to the issuance of a Board Order establishing the Company's revised SGIP. The issuance of a written Board Order will be preceded by adequate Public Notice and Public Hearings if required by law.

42. The Parties agree that the proposed rates, as set forth in the tariff sheets in Exhibit F, attached hereto are just and reasonable and PSE&G is authorized to implement the proposed rates on August 1, 2009 or on the date of the written BPU Order approving this Stipulation, whichever is later.

43. A typical residential electric customer using 722 kilowatthours per summer month and 6,960 kilowatthours on an annual basis and on BGS-FP service with PSE&G would see an initial increase in the annual bill from \$1,277.64 to \$1,278.92 or \$1.28 or approximately 0.10%. *See* Exhibit G for residential customer bill impacts. As currently projected, the maximum rate impacts for the same typical residential electric customers from the SGIP would occur in 2028. The expected maximum increase from the SGIP for a typical residential customer in 2028 would be \$0.000587 per kWh (including sales and used tax (SUT)), for a typical annual residential bill impact of \$4.08 (0.321%) or about \$0.34 per month.

44. The Company will provide monthly reports ("Monthly Activity Reports") to the Board Staff's Office of Clean Energy (OCE) on Solar 4 All Program activity

commencing in November 2009 through the end of the Program's installation time frame. The Company will include data in these reports consistent with the data reported from the BPU's Clean Energy Program with respect to renewable energy. The Company will submit its Monthly Activity Reports in a format that can be electronically uploaded to the Clean Energy Program's reporting system. The Company will submit each Monthly Activity Report within thirty (30) days after the end of the calendar month covered by the report.

45. On February 17, 2009, the federal American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5) was signed into law by President Barack Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company gets federal funds or credits directly related to any of the Solar 4 All segments through the ARRA, the Company agrees to utilize that money to offset the Program's costs. If funding or credits from the ARRA or any subsequent state or federal action becomes available to the Company through the State of New Jersey, a County or Municipality for project reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the any of the Solar 4 All segments will be used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

46. With respect to cost recovery granted by the Board for renewable energy programs pursuant to N.J.S.A. 48:3-98.1, NJLEUC has proposed three alternative provisions for large commercial and industrial ("C&I") customers: an opt-out provision, to allow a large C&I customer to opt out of a utility-sponsored renewable energy program based on the

customer's investments or plans to invest in renewable energy measures of its own; a surcharge phase-out provision, to establish usage-based tiers with the surcharge amount decreasing as consumption increases; and a hard cap provision, to place an annual cap on charges payable by large C&I customers for the utility-sponsored renewable energy program.

Board Staff hereby states its support for the establishment of a separate, generic Board proceeding to address the NJLEUC proposals. This statement of support for a generic proceeding does not represent the expression of a position by any party to this Settlement with respect to the merits of any of the NJLEUC proposals. Aside from this statement of support by Board Staff, the Parties reserve all of their rights in any subsequent proceeding to take any position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of a proceeding. The Company and Rate Counsel take no position regarding this issue.

47. The Parties hereby state their support for the establishment of a separate, generic Board proceeding to address the issue of whether utility-owned solar generating facilities should be eligible to receive SRECs ("SREC Generic Proceeding"). The SREC Generic Proceeding would be initiated upon the filing of a petition by MSEIA or some other party. The Parties recommend that, once the aforesaid petition is filed, the Board conduct the SREC Generic Proceeding expeditiously. Aside from this statement of support by the Parties, the Parties reserve all of their rights in any subsequent proceeding to take any

position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of the proceeding. The Parties further agree that the SREC Generic Proceeding will not apply to the Solar 4 All Program. For the purpose of clarity and avoidance of doubt, all Solar Systems that PSE&G owns under the Solar 4 All Program shall be eligible to receive SRECs for the full period of qualification life of the Solar Systems.

48. The Parties agree that PSE&G will attempt to resolve any disputes that arise under the Program on an informal basis. Any disputes that cannot be resolved informally shall be resolved in the appropriate legal forum.

49. This Settlement represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Settlement is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Settlement as though this Settlement had not been signed.

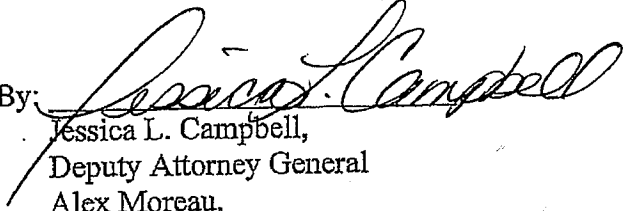
50. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Settlement to be binding on them for all purposes herein.

51. It is specifically understood and agreed that this Settlement represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Parties further agree that this Settlement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement.


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Attorney for the Staff of the New Jersey  
Board of Public Utilities

PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY

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Executive Director

Attorney for the NJ Housing & Mortgage Finance Agency  
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Deputy Attorney General

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By: \_\_\_\_\_  
Scott A. Weiner, Esq.  
General Counsel

NEW JERSEY SOLAR INDUSTRY  
MANUFACTURERS ASSOCIATION

THE SOLAR ALLIANCE

By: \_\_\_\_\_

By: \_\_\_\_\_

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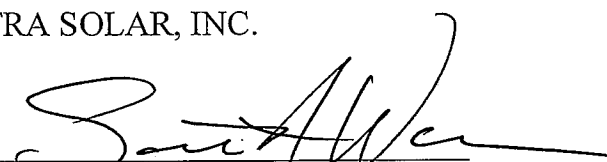
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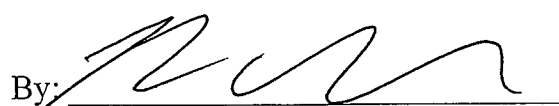
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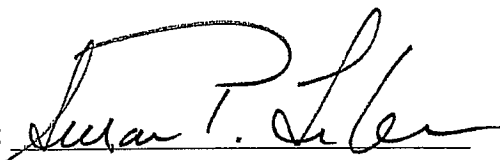
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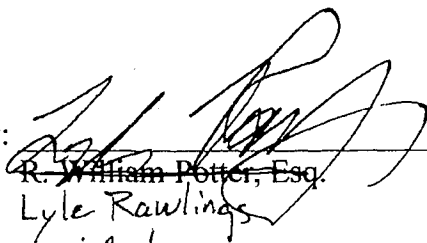
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NEW JERSEY SOLAR INDUSTRY  
MANUFACTURERS ASSOCIATION

THE SOLAR ALLIANCE

By: \_\_\_\_\_

By: \_\_\_\_\_

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**Solar 4 All Program Rules**  
**For**  
**Segment 1b - (Third Party Property)**  
**and**  
**Segment 1c - (UEZ)**

General Requirements

1. Each solar electric generating system (each a "Solar System," collectively, the "Solar Systems") to be proposed under the Solar 4 All Program ("Program") must be geographically located within the PSE&G electric service territory.
2. Upon completion, the Solar System must be interconnected to the PSE&G electrical distribution system.
3. Each Solar System must be at least 500 KW (dc). The Solar System may be ground-mounted 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. Solar developers ("Developers") will develop Solar Systems, negotiate with third party property owners to host the Solar System (unless the Developer also owns the property on which the Solar System would be sited), and prepare a comprehensive proposal ("Proposal") consistent with the BPU order approving the Program and these Program Rules. PSE&G will evaluate each Proposal using the "Selection Criteria" described below.

Proposal

At a minimum, each Proposal shall contain:

6. A comprehensive project description, total installed watts (dc) and firm cost of the project. The project description should identify the manufacturer of each material piece of equipment to be used in the Solar System and any applicable manufacturer's warranties.
7. The total installed cost of the Solar System must include all costs associated with labor (union labor must be utilized or prevailing wages must be paid),

purchasing equipment and supplies, construction, and leasing the land or rooftop from the site owner. These costs include but are not limited to:

- a. lease payments,
- b. site preparation,
- c. permits and governmental approvals,
- d. environmental remediation (if any),
- e. engineering,
- f. procurement of all equipment and materials (including the equipment necessary to interconnect the Solar System, i.e., transformers, meters, switchgear),
- g. cost of inspections, and
- h. any other cost associated with the construction, testing and commissioning of the Solar System.

NOTE: The Proposal, however, should not include the labor cost associated with the physical interconnection of the Solar System to the utility system (which work will be performed by PSE&G personnel or subcontractors).

8. A list of all governmental approvals required to build, install and commission the Solar System, including construction, zoning, site use, environmental and Developer's plan for obtaining such approvals.

9. If the Developer and the site owner are different entities, a memorandum of understanding ("MOU") between Developer and site owner confirming that the site owner agrees to host the Solar System and supports the proposed project for consideration in the PSE&G Solar 4 All Program. The MOU must provide that the site owner or Developer accepts 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. If the Developer and the site owner are the same entity, Developer/site owner's responsibility for pre-existing conditions will be reflected in the contract and lease with PSE&G. The MOU must also include the lease payment the site owner will accept if the Proposal is accepted by PSE&G. NOTE: The lease payment must reflect the fair value for the site.

10. An annual energy output estimate in kWh for the first year of the project using the PVWATT model. Developers must include the input parameters used in PVWATT to obtain the output estimate. PSE&G may establish standards for the PVWATT inputs. In addition to using the PVWATT model, Developers may also provide production calculations using an alternative methodology provided all input assumptions are provided.

11. A master project schedule indicating major project milestones including engineering, permitting, equipment orders and deliveries, major construction activities, final installation of panels and racking systems, and final electrical work, final inspection of equipment, installation of solar output meter, BPU inspection, and acceptance testing

and turnover to PSE&G. The schedule will identify the critical path at the start of the project.

12. If the Solar System will be located on a rooftop, the Proposal must include confirmation from a licensed engineer that (i) the roof structure can accommodate the Solar System load and (ii) the remaining life of the roof exceeds the useful life of the Solar System.

#### Selection Criteria

13. PSE&G will periodically invite Developers to submit Proposals under an “open season” format. PSE&G will post advanced notice of each of the open seasons on its web page ([www.pseg.com](http://www.pseg.com)) and via other methods. The initial open season will be for a 60-day period; subsequent open seasons may be for longer or shorter durations, at PSE&G’s discretion. Proposals will be evaluated on a number of criteria including experience of the Developer, quality of the proposed technology, expected output/capacity factor of the Solar System, credit, price, ability to execute the Proposal in a timely manner, compliance with Program Rules, cost and feasibility of interconnection, and acceptance of PSE&G’s contract terms and conditions.

14. As Proposals are accepted, PSE&G will revise and post the remaining available capacity for each segment on its website.

15. Once PSE&G accepts a Proposal, the Developer and PSE&G will sign a contract pursuant to which the Developer will build an “all-in” Solar System, i.e., do all things necessary to develop, engineer, procure equipment, permit, construct, and test the Solar System.

#### PJM Interconnection Issues

16. After receipt and preliminary acceptance of a Proposal, PSE&G (a) will initiate the PJM Interconnection process and (b) seek to identify the interconnection costs associated with viable Proposals as determined by PSE&G.

17. PSE&G reserves the right to reject a Proposal if the cost of interconnection is excessive or if the Solar System cannot be timely interconnected for reasons beyond PSE&G’s control.

#### Contract between PSE&G and the Solar Developer

18. 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.

#### Agreement with the Site Owner

19. Upon the selection of the Proposal, 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. The Lease will become effective upon the signing of the construction contract between PSE&G and the Developer. Payments to the site owner will commence with the construction of the Solar System. Except as noted below in Segment 1c, the lease payment shall be the fair value of the site.

20. 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.

#### Rules Specific to Segment 1(b) - Third-Party Sites

21. Projects on third-party owned sites will be eligible for this segment.

22. All leases between PSE&G and the site owner will run for 20 years, unless applicable law requires a shorter term.

23. If, within the first six months after BPU approval of the Solar 4 All Program, Developers have not proposed at least 2 MW of qualifying projects for Segment 1b in the open season format discussed in Paragraph 13 herein above, PSE&G may hire one or more solar developers selected from an RFP process to develop projects for Segment 1b, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. In the second annual period of the Program, if, within six months of the start of said annual period, solar developers have not proposed at least 3 additional MW of qualifying projects for Segment 1b, PSE&G may hire one or more solar developers selected from an RFP process to develop projects for Segment 1b, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Finally, in the third annual period of the Program, if, within six months of the start of that annual period, solar developers have not proposed at least 5 additional MW of qualifying projects for Segment 1b, PSE&G may hire one or more solar developers selected from an RFP process to develop projects for Segment 1b, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Should PSE&G implement the RFP process set forth in this Paragraph 23, it will only do so for the amount of capacity in Segment 1(b) that is not filled using the open season process described in Paragraph 13 herein above.

Rules Specific to Segment 1(c) - UEZ Sites

24. Lease agreements with the site owner shall have a term of 20 years, unless applicable law requires a shorter term.

25. For Solar Systems installed on sites owned by public entities, lease payments will be equal to the output of the Solar System multiplied by the monthly Locational Marginal Price at the PSEG node of PJM.

26. PSE&G will conduct a separate open season to receive Proposals for Segment 1(c). Given the small size of Segment 1(c), PSE&G will rank order Proposals received and afford higher weight to earlier-received Proposals in Segment 1(c). In addition to the general Selection Criteria, Segment 1c shall include the criteria that the Solar System provide educational benefits and general benefits to public entities located in UEZs.

# PSE&G Solar 4 All

Exhibit B

PSE&G (80MW)	MW by Energy Years								Program Total
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Plan Totals	2014-2015	-	
<b>MW Segment 1</b>									
Centralized Solar	4.5	20.6	14.9	-	-	40.0	-	-	40.0
Seg 1a - PSE&E Sites	-	15.0	10.0	-	-	25.0	-	-	25.0
Seg 1b - 3rd Party Sites	2.0	3.1	4.9	-	-	10.0	-	-	10.0
Seg 1c - UEZ Sites	2.5	2.5	-	-	-	5.0	-	-	5.0
<b>Segment 2</b>									
Pole Attached Solar	7.6	10.4	13.3	8.7	-	40.0	-	-	40.0
<b>Total MWs</b>	12.1	31.0	28.2	8.7	-	80.0	-	-	80.0

PSE&G (80MW)	Investment \$MM by Energy Years								Program Total
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Plan Totals	2014-2015	-	
<b>Energy Year Investment \$ Segment 1</b>									
Centralized Solar	\$ 29.5	\$ 131.8	\$ 94.8	\$ -	\$ -	\$ 256.1	\$ -	\$ -	\$ 256.1
Seg 1a - PSE&E Sites	\$ -	\$ 95.4	\$ 63.6	\$ -	\$ -	\$ 159.0	\$ -	\$ -	\$ 159.0
Seg 1b - 3rd Party Sites	\$ 12.8	\$ 19.7	\$ 31.2	\$ -	\$ -	\$ 63.6	\$ -	\$ -	\$ 63.6
Seg 1c - UEZ Sites	\$ 16.8	\$ 16.7	\$ -	\$ -	\$ -	\$ 33.5	\$ -	\$ -	\$ 33.5
<b>Segment 2</b>									
Pole Attached Solar	\$ 49.3	\$ 67.2	\$ 85.7	\$ 56.2	\$ -	\$ 258.4	\$ -	\$ -	\$ 258.4
<b>Proposal Total \$MM</b>	\$ 78.8	\$ 199.0	\$ 180.5	\$ 56.2	\$ -	\$ 514.6	\$ -	\$ -	\$ 514.6



**PSE&G Solar 4 All Program--Settlement**  
**Revenue Requirements Calculation**  
 Centralized Segment (Segments 1a & 1b)

Refer to WP\_SS 2a.xls "Sched-IS and BS" Worksheet Row 124  
 Col 2 - Col 4  
 Prior Month "Bk Depr" + Col 3  
 WP\_SS 2a.xls "Sched-IS and BS" Worksheet Row 124  
 Col 5 - Col 9  
 Prior Col 6 + Col 6/2 \* Monthly Pre Tax-WACC  
 (Prior Col 6 + Col 6/2 \* Monthly Pre Tax-WACC)  
 WP\_SS 2a.xls "Sale Rebate and ITC" Worksheet Row 791  
 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

Refer to WP\_SS 2a.xls "Sched-IS and BS" Worksheet Row 124  
 Col 2 - Col 4  
 Prior Month "Bk Depr" + Col 3  
 WP\_SS 2a.xls "Sched-IS and BS" Worksheet Row 124  
 Col 5 - Col 9  
 Prior Col 6 + Col 6/2 \* Monthly Pre Tax-WACC  
 (Prior Col 6 + Col 6/2 \* Monthly Pre Tax-WACC)  
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 Col 2 - Col 4  
 Prior Month "Bk Depr" + Col 3  
 WP\_SS 2a.xls "Sched-IS and BS" Worksheet Row 124  
 Col 5 - Col 9  
 Prior Col 6 + Col 6/2 \* Monthly Pre Tax-WACC  
 (Prior Col 6 + Col 6/2 \* Monthly Pre Tax-WACC)  
 WP\_SS 2a.xls "Sale Rebate and ITC" Worksheet Row 791  
 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

Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Depreciation	Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	CO&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortization	Tax Cross-up	Tax Asses w/6% ITC Basis Reduction	Revenue Requirements
2009	6,323	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(4,091)
2010	127,466	127,466	12,825	127,658	113,104	3,175	10,990	(3,226)	(3,226)	34,183	70,576	8,347	2,448	269	218	633	-	6,711	745	16,696	-	3,348	2,335	1,459	(4,182)
2011	86,244	216,035	9,424	11,359	204,676	50,140	8,010	17,308	(1,071)	52,359	105,452	12,201	2,271	234	193	561	-	4,745	675	19,224	-	3,791	2,643	1,339	(2,285)
2012	6,605	222,664	13,056	37,340	185,324	31,627	10,998	8,434	(3,301)	49,058	96,243	11,402	2,271	243	199	578	-	5,350	592	19,558	-	3,784	2,659	1,337	(3,188)
2013	-	222,664	13,056	50,396	172,268	22,525	11,098	4,695	(1,071)	50,540	121,728	14,754	2,055	211	177	514	-	3,631	30	21,393	-	3,844	2,681	1,366	554
2014	6,749	229,413	13,002	63,398	166,015	19,086	11,052	2,890	(1,071)	53,430	112,565	12,992	2,107	219	182	529	-	3,672	391	20,635	-	3,838	2,676	1,360	(721)
2015	4,687	234,100	12,891	76,290	157,810	8,351	10,958	(3,301)	(3,301)	49,058	96,243	11,402	2,271	234	193	561	-	4,745	675	19,224	-	3,814	2,659	1,348	(1,622)
2016	339	234,439	12,847	101,965	132,473	1,688	10,930	(3,787)	(3,787)	45,261	87,183	10,370	2,271	243	199	578	-	5,350	592	19,558	-	3,784	2,659	1,337	(2,285)
2017	-	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2018	6,323	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2019	4,386	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2020	316	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2021	-	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2022	-	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2023	-	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2024	-	234,439	12,847	114,832	119,606	1,200	1,200	10,990	(3,988)	41,263	76,363	8,860	2,329	231	205	895	-	5,951	10	17,922	-	3,784	2,659	1,337	(3,188)
2025	5,979	251,454	12,692	171,468	66,977	1,313	11,126	(4,031)	(4,031)	22,963	43,994	5,465	2,638	288	238	690	-	7,224	805	15,009	-	3,197	2,229	1,097	(5,338)
2026	4,162	255,616	12,613	203,784	51,822	3,097	11,040	(3,263)	(3,263)	15,826	35,986	4,285	2,773	309	248	711	-	7,403	822	13,569	-	3,197	2,229	1,097	(4,843)
2027	301	255,917	12,591	216,375	39,542	2,800	11,008	(3,372)	(3,372)	12,454	27,088	3,666	2,843	375	260	754	-	7,775	864	11,711	-	3,197	2,229	1,097	7,242
2028	-	255,917	12,591	228,956	26,961	1,746	11,007	(3,805)	(3,805)	8,649	18,312	2,564	2,915	388	268	777	-	7,675	888	10,987	-	3,197	2,229	1,097	6,602
2009-2028	255,902		228,956		197,213	8,649			8,649		177,301		42,603	6,889	3,763	10,936	-	102,810	10,385	277,468	-	63,260	44,114	22,195	(5,453)

PSE&G Solar 4 All Program--Settlement  
Revenue Requirements Calculation  
(5000's)

Neighborhood Segment (Segment 2)

Year	(1) Program Investment	(2) Gross Plant	(3) Depreciation Expenses	(4) Accumulated Depreciation	(5) Net Plant	(6) Tax Depreciation	(7) Plant Book Depreciation	(8) Deferred Tax Exp	(9) Accumulated Deferred Tax	(10) Net Investment	(11) Return Requirement	(12) O&M	(13) Administrative	(14) Rent	(15) Insurance	(16) Other	(17) Energy	(18) Capacity	(19) SRECs	(20) Other	(21) Amortization	(22) Tax Grossup	(23) Tax Assoc. w/50% ITC Basis Reduction	(24) Revenue Requirements
2009	6,741	6,741	4,077	75	6,666	399	64	113	113	6,553	5,425	253	135	0	0	0	2	-	-	-	20	14	14	513
2010	83,248	89,990	4,152	75	85,838	18,739	3,466	6,283	6,396	12,453	6,032	1,553	710	186	656	0	1,415	-	-	-	1,170	86	436	413
2011	77,973	87,953	4,546	75	83,407	18,739	3,466	6,283	12,679	12,453	11,963	1,553	271	186	656	0	2,149	-	-	-	2,676	1,866	987	7,136
2012	90,470	258,432	48,833	230,599	209,766	59,655	13,330	15,458	33,464	185,639	16,653	1,942	268	814	2,341	0	3,547	-	-	-	4,454	3,106	1,640	9,848
2013	923	259,356	18,833	48,109	210,523	46,359	16,013	12,467	45,931	184,393	20,279	2,180	299	1,171	2,899	0	4,224	-	-	-	5,352	3,732	1,971	9,194
2014	11,995	271,341	18,533	66,642	192,808	31,166	16,008	6,227	52,158	140,255	17,147	2,240	224	1,165	2,896	0	4,157	-	-	-	6,352	3,720	1,956	6,049
2015	11,292	292,633	18,591	85,643	185,698	22,632	15,896	2,768	54,926	130,772	15,362	2,302	231	1,160	3,076	0	4,088	-	-	-	5,335	3,720	1,945	5,207
2016	13,188	295,821	18,480	104,234	176,398	17,089	15,803	529	55,454	122,944	14,277	2,365	240	1,154	3,168	0	4,737	-	-	-	4,941	3,446	1,789	5,209
2017	13,188	295,821	18,480	122,714	173,107	11,780	15,814	(1,698)	53,756	119,351	13,646	2,430	248	1,148	3,263	0	5,432	-	-	-	4,610	3,215	1,652	4,800
2018	879	286,700	18,427	141,141	154,660	7,360	16,058	(3,574)	50,182	104,498	12,645	2,497	257	1,142	3,391	0	6,124	-	-	-	4,610	3,215	1,652	4,800
2019	879	286,700	18,427	159,666	137,134	4,945	16,051	(4,567)	45,615	91,519	11,069	2,896	286	1,137	3,462	0	6,412	-	-	-	4,610	3,215	1,652	4,800
2020	11,425	308,126	18,352	177,919	130,207	6,161	16,223	(4,146)	47,475	84,745	9,789	2,708	285	1,124	3,672	0	7,083	-	-	-	4,610	3,215	1,652	4,800
2021	10,478	318,845	18,275	196,571	118,274	8,728	16,346	(3,091)	37,932	74,782	8,484	2,784	295	1,120	3,783	0	7,872	-	-	-	4,610	3,215	1,652	4,800
2022	12,500	331,511	18,173	214,338	111,178	8,978	16,504	(3,091)	34,843	62,352	8,484	2,784	295	1,120	3,783	0	8,058	-	-	-	4,610	3,215	1,652	4,800
2023	847	332,358	18,085	232,403	98,108	7,563	16,445	(3,649)	31,193	67,914	8,484	2,661	305	1,114	3,896	0	8,058	-	-	-	4,610	3,215	1,652	4,800
2024	11,023	343,362	18,006	250,460	81,869	5,223	16,444	(4,651)	26,542	55,326	6,926	2,039	315	1,108	4,013	0	8,268	-	-	-	4,610	3,215	1,652	4,800
2025	10,416	353,797	17,964	268,523	74,859	6,164	16,391	(4,202)	22,340	52,518	6,164	3,020	327	1,103	4,133	0	8,474	-	-	-	4,610	3,215	1,652	4,800
2026	12,200	365,997	17,865	286,487	67,311	7,606	16,321	(3,581)	18,760	48,551	5,674	3,104	362	1,097	4,257	0	8,684	-	-	-	4,610	3,215	1,652	4,800
2027	12,200	365,997	17,865	304,372	61,625	8,667	16,243	(3,113)	15,647	46,978	5,319	3,189	375	1,092	4,385	0	8,900	-	-	-	4,610	3,215	1,652	4,800
2028	-	365,997	17,846	322,218	43,779	7,311	16,204	(3,653)	11,994	31,785	4,384	3,277	388	1,086	4,517	0	9,161	-	-	-	4,610	3,215	1,652	4,800
3006-2028	365,997		322,218		313,041		283,846	11,994		206,916		48,096	5,663	19,052	62,721	-	116,442	-	-	-	75,982	52,985	26,797	131,846

**PSE&G Solar 4 All Program--Settlement  
Revenue Requirements Calculation  
(3005)**  
**UEZ Solar (Segment 1c)**

Year	(1) Program Investment	(2) Program Gross Plant	(3) Program Wp SS 2c-3s "BK Degr" Worksheet	(4) Prior Month + Col 3 + Col 4	(5) Net Plant	(6) Tax Depreciation	(7) Plant Book Deprec. Tax Basis	(8) Deferred Tax Exp	(9) Accumulated Deferred Tax	(10) Net Investment	(11) Return Requirement * Monthly Pre Tax WACC	(12) GMM	(13) Program Assumption Administrative	(14) Program Assumption Rent	(15) Program Assumption Insurance	(16) Program Assumption Other	(17) Program Assumption Environ	(18) Program Assumption Capacity	(19) Program Assumption SREGE	(20) Program Assumption Other	(21) Amortization and ITC Worksheet Row 791	(22) ITC Tax Gross-up	(23) Tax Assoc. w/9% ITC Basis Reduction	(24) Revenue Requirements
2009	16,917	16,765	858	15,937	15,937	2,780	2,780	1,253	1,253	14,684	1,708	1	86	168	78	621	188	621	1,587	621	254	177	90	1,587
2010	16,633	33,506	2,157	16,481	16,481	3,762	3,762	1,654	3,408	13,077	2,594	105	743	487	58	2,531	487	2,531	2,531	633	442	224	2,264	
2011	-	33,506	2,565	5,660	27,846	6,643	6,643	3,081	6,562	22,285	2,758	128	766	535	72	3,275	535	3,275	3,275	760	530	268	1,833	
2012	-	33,506	2,565	8,124	25,382	4,196	4,196	1,833	8,420	18,962	2,337	131	753	528	74	3,159	528	3,159	3,159	760	530	268	1,669	
2014	-	33,506	2,565	10,689	22,817	3,236	2,180	434	6,853	15,964	1,972	135	679	518	78	3,050	518	3,050	3,050	760	530	268	1,355	
2015	1,132	34,638	2,548	13,237	21,401	2,302	2,168	56	6,909	14,491	1,732	138	700	509	79	2,942	509	2,942	2,942	757	528	287	1,236	
2016	1,135	35,773	2,528	15,765	20,009	1,064	2,149	(446)	6,464	13,545	1,595	141	106	590	81	2,841	590	2,841	2,841	753	525	284	596	
2017	-	35,773	2,522	18,287	17,487	467	2,144	(689)	5,775	11,712	1,427	145	110	677	83	2,741	677	2,741	2,741	751	524	284	534	
2018	-	35,773	2,522	20,808	14,965	288	2,144	(759)	5,017	9,948	1,224	149	114	783	86	2,648	783	2,648	2,648	753	524	284	534	
2019	-	35,773	2,522	23,330	12,443	231	2,144	(768)	4,251	7,472	1,072	152	122	834	86	2,556	834	2,556	2,556	753	524	284	534	
2020	1,050	36,823	2,511	25,311	9,952	533	2,173	(632)	2,620	6,832	813	160	126	957	84	2,468	957	2,468	2,468	711	486	248	358	
2021	1,054	37,877	2,489	28,335	7,053	533	2,173	(688)	2,201	4,651	649	164	131	881	97	2,388	881	2,388	2,388	650	453	224	428	
2022	-	37,877	2,489	30,824	4,564	321	2,179	(688)	1,438	3,125	450	168	135	1,005	100	2,218	1,005	2,218	2,218	630	439	216	379	
2023	-	37,877	2,489	33,313	2,075	249	2,179	(783)	1,438	1,429	257	188	140	1,030	100	2,141	1,030	2,141	2,141	630	439	216	168	
2024	-	37,877	1,658	35,902	416	161	1,452	(930)	115	301	87	126	145	745	70	1,491	1,030	1,491	1,491	421	294	144	2,682	
2025	-	37,877	1,658	37,677	416	9	384	(190)	15	15	7	38	41	222	18	2,736	222	2,736	2,736	109	76	36	2,687	
2026	-	37,877	-	37,677	(6)	9	-	4	(11)	11	1	-	-	-	-	-	-	-	-	5	3	-	(7)	
2027	-	37,877	-	37,677	(6)	9	-	4	(7)	7	1	-	-	-	-	-	-	-	-	-	5	3	-	(7)
2028	-	37,877	-	37,677	(6)	9	-	4	(7)	7	1	-	-	-	-	-	-	-	-	-	5	3	-	(7)
2009-2028	37,873	37,877	37,877	37,877	32,463	32,463	32,511	(7)	20,943	11,488	1,294	2,250	5,736	11,488	5,383	40,100	11,488	40,100	40,100	10,723	7,478	3,742	18,933	

**PSE&G Solar/AIL Program**  
**Electric SGIP Under/(Over) Calculation**

0.000177 SGIP RGGI Rate \$/kWh  
 41.064% Tax Rate  
 0.71% Annual Interest Rate

	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
(1) SGIP RGGI Revenue	799.9	659.3	617.5	609.2	641.6	651.4	602.9	638.2	576.4	610.4	703.6	823.3	799.9	659.3	617.5	609.2	641.6	11,261
(2) Revenue Requirements	140.1	87.7	181.8	210.1	249.1	302.1	487.1	600.1	85.9	1,047.8	1,258.9	(754.8)	1,378.5	1,620.0	(1,117.1)	2,526.8	2,929.9	11,234
(3) Monthly Under/(Over) Recovery	(659.9)	(671.6)	(435.6)	(399.1)	(392.5)	(349.3)	(115.6)	(38.1)	(490.5)	437.4	555.3	(1,578.1)	578.6	960.7	(1,734.6)	1,917.6	2,288.3	Row 2 - Row 1
(4) Deferred Balance	(659.9)	(1,231.5)	(1,667.3)	(2,066.3)	(2,455.9)	(2,808.2)	(2,924.0)	(2,962.0)	(3,452.6)	(3,015.2)	(2,459.9)	(4,038.0)	(3,459.4)	(2,495.7)	(4,233.3)	(2,315.6)	(27.4)	Prev Row 4 + Row 3
(5) Monthly Interest Rate	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	Annual Interest Rate / 12
(6) After Tax Monthly Interest Expense/(Credit)	(0.1)	(0.3)	(0.5)	(0.7)	(0.8)	(0.9)	(1.0)	(1.0)	(1.1)	(1.1)	(1.0)	(1.1)	(1.3)	(1.0)	(1.2)	(1.1)	(0.4)	(Prev Row 4 + Row 4) / 2
(7) Cumulative Interest	(0.1)	(0.4)	(0.9)	(1.6)	(2.4)	(3.3)	(4.3)	(5.3)	(6.5)	(7.6)	(8.5)	(9.7)	(11.0)	(12.0)	(13.2)	(14.3)	(14.7)	Prev Row 7 + Row 6
(8) Balance Added to Subsequent Year's Revenue Requirements																	(42.1)	Row 4 + Row 7
(9) Net Sales - kWh (000)	4,519,262	3,724,843	3,485,791	3,441,818	3,625,024	3,650,189	3,406,264	3,605,715	3,256,644	3,448,380	3,975,124	4,851,506	4,519,262	3,724,843	3,485,791	3,441,818	3,625,024	63,623,261

**Minimum Filing Requirements**

1. A monthly revenue requirement calculation based on program expenditures, showing the actual monthly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation.
2. For the review period, actual revenues, by month and by rate class recorded under the programs.
3. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period.
4. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate.
5. The interest expense to be charged or credited to ratepayers each month.
6. A schedule showing budgeted versus actual program costs and revenues.
7. The monthly journal entries relating to capital and regulatory assets and O&M expenses for the 12 month review period.
8. Supporting details for all administrative costs included in the revenue requirement.
9. Information supporting the carrying cost used for the unamortized costs.
10. Number of solar systems installed, including a breakdown by Segment.
11. Total capacity of solar systems install, including a breakdown by Segment.
12. Estimated kWhs generated by the solar systems, including a breakdown by Segment.
13. Scheduled installations by quarter.
14. Emissions reductions from the Program, including a breakdown by Segment.
15. Number of SRECs received under the Program, including a breakdown by Segment
16. Net revenues received from sales of SRECs for the 12-month review period.
17. Net revenues received from sales of energy or capacity from the Solar Systems in the PJM markets for the 12-month review period.
18. A narrative description of issues and problems that have arisen regarding the Program, if any, along with an action plan to address them.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXX Revised Sheet No. 64C

B.P.U.N.J. No. 14 ELECTRIC

Superseding  
XXX Sheet No. 64C

**RGGI RECOVERY CHARGE**

**Charge  
(cents per kilowatthour)**

**Component:**

Carbon Abatement Program .....	0.0020
Demand Response Working Group Modified Program .....	0.0049
Solar Generation Investment Program .....	0.0177
Sub-total per kilowatthour .....	0.0246

Charge including New Jersey Sales and Use Tax (SUT).....0.0263

**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 FRANCES I. SUNDHEIM, Vice President and Corporate Rate Counsel  
80 Park Plaza, Newark, New Jersey 07102  
Filed pursuant to Order of Board of Public Utilities dated  
in Docket No.

Effective:

## TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed change in the electric RGGI Recovery Charge, 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	1,800	\$350.40	\$350.76	\$0.36	0.10%
360	3,600	671.60	672.24	0.64	0.10
722	6,960	1,277.64	1,278.92	1.28	0.10
803	7,800	1,431.87	1,433.33	1.46	0.10
1,250	12,000	2,205.64	2,207.96	2.32	0.11

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the change for the Solar Generation Investment Program component of the RGGI Recovery Charge.

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:
1,800	170	\$32.74	\$32.77	\$0.03	0.09%
3,600	360	66.62	66.68	0.06	0.09
6,960	722	132.81	132.95	0.14	0.11
7,800	803	148.36	148.51	0.15	0.10
12,000	1,250	234.17	234.41	0.24	0.10

- (3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.
- (4) Same as (3) except includes the change for the Solar Generation Investment Program component of the RGGI Recovery Charge.



July 13, 2009

*Via Electronic-Mail and Federal Express*

Gregory Eisenstark, Esq.  
Assistant General Corporate Rate Counsel  
PSEG Services Corporation  
80 Park Plaza, T5G  
Newark, NJ 07102

Re: **IN THE MATTER OF THE PETITION OF  
PUBLIC SERVICE ELECTRIC AND GAS  
COMPANY FOR APPROVAL OF A SOLAR  
ENERGY PROGRAM AND AN ASSOCIATED  
COST RECOVERY MECHANISM**

**BPU Docket No. EO070402780**

Dear Mr. Eisenstark:

New Jersey Natural Gas (NJNG) was granted intervenor status in the above captioned matter pursuant to an order of the New Jersey Board of Public Utilities. Please be advised that through this letter, I am writing to inform you that NJNG is neither supporting nor opposing the Settlement Agreement for this proceeding.

If you have any questions, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink that reads 'Tracey Thayer'.

Tracey Thayer, Esq.  
Director, Regulatory Affairs Counsel

Enclosures

C: Service List (electronically only)



Florio Perrucci Steinhardt & Fader, L.L.C.

Attorneys at Law

Partners in our Clients' Success

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Edward F. Brennan  
[ebrennan@florioperrucci.com](mailto:ebrennan@florioperrucci.com)

July 24, 2009

Our File No.: 52153.0001

*VIA Electronic Mail and Federal Express*

Kristi Izzo, Secretary  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07101

**Re: IN THE MATTER OF PETITION OF  
PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
FOR APPROVAL OF A SOLAR GENERATION INVESTMENT PROGRAM  
AND AN ASSOCIATED COST RECOVERY MECHANISM**

**BPU Docket #EO09020125**

Dear Ms. Izzo:

This office represents NextEra Energy Resources, L.L.C., ("NextEra") relative to NextEra's interest in the above captioned petition. NextEra was granted intervenor status for the above petition pursuant to an order from the New Jersey Board of Public Utilities dated May 15, 2009. Please be advised that through this letter, I am writing to inform you that NextEra does not oppose the Settlement Agreement for this proceeding.

Should you have any questions with regard to this matter, please do not hesitate to contact me.

Very truly yours,

**FLORIO PERRUCCI STEINHARDT & FADER, L.L.C.**



**BY: EDWARD F. BRENNAN**

EFB/jsc

cc: Service List (via electronic mail only)