

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY ELECTRIC CUSTOMERS
IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF THE CONSTRUCTION
OF THE MASON SUBSTATION DAMAGED DURING SUPERSTORM SANDY
Notice of Filing And Notice of Public Hearings | BPU Docket No.: EO16080788

TAKE NOTICE that, on August 11, 2016 Public Service Electric and Gas Company (Public Service, PSE&G, the Company) filed a Petition and supporting documentation with the New Jersey Board of Public Utilities (Board, BPU). PSE&G is seeking various Board approvals in connection with the Petitioner's proposed re-construction and resiliency enhancement of the Mason and Building 9 substations located in Kearny, New Jersey (Mason Substation or Substation). The Substation serves as a flow-through facility for power transmitted by PSE&G throughout Northern New Jersey, and also provides electricity supply to critical rail transportation facilities owned and operated by New Jersey Transit (NJ Transit). The Substation, which is currently owned by NJ Transit, is critical to the reliability of rail transportation service in Northern New Jersey, including Hudson River crossings to New York City. PSE&G seeks Board approval to make prudently incurred capital expenditures in connection with the design, construction and operation of the new Substation. PSE&G currently estimates that the base capital expenditures will be approximately \$226 million. PSE&G estimates that a risk and contingency allowance of \$42 million should be assumed for purposes of estimating possible project costs. The reconstructed station is anticipated to go into service no sooner than January 2021.

With Board approval of the Company's request, each electric base rate charge is proposed to be adjusted. For illustrative purposes, the estimated range of base rates including New Jersey Sales and Use Tax (SUT) for Residential Rate Schedule RS effective upon the final roll-in is shown in Table #1. Table #2 provides customers with the approximate effect of the estimated range of changes in base rates relating to the construction of the Substation, if approved by the Board, effective upon the final roll-in. The annual percentage increase applicable to specific customers will vary according to the final approved capital expenditures as well as the applicable rate schedule and the level of the customer's usage.

Under the Company's proposal, a residential electric customer using 750 kilowatt-hours per month during the summer months and 7,200 kilowatt-hours on an annual basis would see an estimated cumulative increase in the annual bill from \$1,286.16 to \$1,294.24, or \$8.08 or approximately 0.63% for \$226 million of capital expenditures. A residential electric customer using 750 kilowatt-hours per month during the summer months and 7,200 kilowatt-hours on an annual basis would see an estimated cumulative increase in the annual bill from \$1,286.16 to \$1,295.76, or \$9.60 or approximately 0.75% for \$268 million of capital expenditures. The approximate effect of the proposed electric base rate change on typical electric residential monthly bills, if approved by the Board at each level of capital expenditures, is illustrated in Tables #3 and #4.

Tables #5 and #6 provide customers with the estimated cumulative rate impacts of the construction at each level of capital expenditures to typical and class average customers for Residential, Commercial, and Industrial classes, respectively. The percentage increase applicable to specific customers will vary according to the final approved capital expenditures as well as the applicable rate schedule and the level of the customer's usage. It is anticipated that the Company will make a series of three filings to request the Board's approval to implement revenue requests based upon actual prudently incurred costs as the Substation is brought into service. The Board's decision may increase or decrease the percentages shown.

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

Copies of the Company's filing are available for review by the public at the Company's Customer Service Centers, online at the PSEG website at <http://www.pseg.com/pseandgfilings> and at the Board of Public Utilities at 44 South Clinton Avenue, Seventh Floor, Trenton, New Jersey 08625-0350.

The following dates, times and locations for public hearings have been scheduled on the Company's filing so that members of the public may present their views. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

January 10, 2017 4:30 and 5:30 PM Burlington County Administration Building Board of Chosen Freeholders Board Room 1 st Floor 49 Rancocas Road Mt. Holly, NJ 08060	January 12, 2017 4:30 and 5:30 PM Middlesex County Administration Building Freeholders Meeting Room 1 st Floor Meeting Room 75 Bayard Street New Brunswick, NJ 08901	January 13, 2017 4:30 and 5:30 PM Bergen County Administration Building Learning Center Meeting Room Room 460 1 Bergen County Plaza Hackensack, NJ 07601
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In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters, listening devices or mobility assistance, no less than 48 hours prior to the above hearings to the Board's Secretary at the following address.

Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, Third Floor, Suite 314, P.O. Box 350, Trenton, New Jersey 08625-0350
 ATTN: Secretary Irene Kim Asbury whether or not they attend the public hearings. To review PSE&G's rate filing, visit <http://www.pseg.com/pseandgfilings>.

Table #1 – ESTIMATED BASE RATES
for Residential RS Customers Rates Effective Upon Final Roll-in

Rate Schedule			Base Rates		
			Charges in Effect June 1, 2016 including SUT	Estimated Charges Including SUT at \$226 Million Of Capital Expenditures	Estimated Charges Including SUT at \$268 Million Of Capital Expenditures
RS	Service Charge	per month	\$2.43	\$2.43	\$2.43
	Distribution 0-600, June-September	\$/kWh	0.038529	0.041224	0.041727
	Distribution 0-600, October-May	\$/kWh	0.035678	0.035678	0.035678
	Distribution over 600, June-September	\$/kWh	0.042617	0.045312	0.045815
	Distribution over 600, October-May	\$/kWh	0.035678	0.035678	0.035678

Table #2 – Estimated Percentage Change in Revenue by Customer Class
For Electric Service For Rates Effective Upon Final Roll-in

Rate Class	Percent Change at \$226 Million Of Capital Expenditures	Percent Change at \$268 Million Of Capital Expenditures
Residential	0.63	0.75
Residential Heating	0.63	0.75
Residential Load Management	0.52	0.61
Water Heating	1.12	1.33
Water Heating Storage	0.19	0.23
Building Heating	0.81	0.97
General Lighting & Power	0.56	0.66
Large Power & Lighting – Sec	0.40	0.47
Large Power & Lighting – Primary	0.30	0.35
High Tension – Subtr	0.19	0.22
High Tension – HV	0.17	0.20
Body Politic Lighting	2.05	2.43
Body Politic Lighting – POF	0.73	0.86
Private Street & Area Lighting	2.02	2.40
Overall	0.53	0.63

The percent increases noted above are based upon August 1, 2016 Delivery Rates, the applicable Basic Generation Service (BGS) charges, and assumes that customers receive commodity service from Public Service Electric and Gas Company.

Table #3 – Residential Electric Service for Rates Effective Upon Final Roll-in
\$226 Million of Capital Expenditures

If Your Annual Kilowatt-hour Use Is:	And Your Monthly Summer Kilowatt-hour Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,920	200	\$37.69	\$38.22	\$0.53	1.41%
4,320	450	81.73	82.94	1.21	1.48
7,200	750	136.68	138.70	2.02	1.48
7,800	803	146.76	148.92	2.16	1.47
13,160	1,360	252.64	256.30	3.66	1.45

(1) Based upon Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect August 1, 2016 and assumes that the customer receives BGS-RSCP service from Public Service Electric and Gas Company.

(2) Same as (1) except includes change for the construction of the Mason Substation.

Table #4 – Residential Electric Service for Rates Effective Upon Final Roll-in
\$268 Million of Capital Expenditures

If Your Annual Kilowatt-hour Use Is:	And Your Monthly Summer Kilowatt-hour Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,920	200	\$37.69	\$38.33	\$0.64	1.70%
4,320	450	81.73	83.17	1.44	1.76
7,200	750	136.68	139.08	2.40	1.76
7,800	803	146.76	149.33	2.57	1.75
13,160	1,360	252.64	256.99	4.35	1.72

(1) Based upon Delivery Rates and Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) charges in effect August 1, 2016 and assumes that the customer receives BGS-RSCP service from Public Service Electric and Gas Company.

(2) Same as (1) except includes change for the construction of the Mason Substation.

Table #5 – Projected Cumulative Percent Change From Annual Bills Effective Upon Final Roll-in
\$226 Million of Capital Expenditures

Rate Class	Current Bill as of June 1, 2016	Estimated Bill Upon Final Roll-in	Estimated Increase (\$)	Estimated % Increase
RS	\$1,286.16	\$1,294.24	\$8.08	0.63%
RHS	1,898.76	1,910.56	11.80	0.62
RLM	3,305.65	3,322.01	16.36	0.49
GLP	5,076.52	5,104.88	28.36	0.56
LPL-S	182,261.24	182,985.04	723.80	0.40
LPL-P	492,751.88	494,228.24	1,476.36	0.30
HTS-S	2,431,063.44	2,435,578.32	4,514.88	0.19

The percent increases noted above are based upon Delivery Rates in effect August 1, 2016 and the applicable Basic Generation Service (BGS) charges and assumes that customers receive commodity service from Public Service Electric and Gas Company. It is anticipated that the Company will make an annual filing each year of the Program to request the Board's approval to implement that Program Year's revenue request. The Board's decision may increase or decrease the percentages shown above.

Table #6 – Projected Cumulative Percent Change From Annual Bills Effective Upon Final Roll-in
\$268 Million of Capital Expenditures

Rate Class	Current Bill as of June 1, 2016	Estimated Bill Upon Final Roll-in	Estimated Increase (\$)	Estimated % Increase
RS	\$1,286.16	\$1,295.76	\$9.60	0.75%
RHS	1,898.76	1,912.76	14.00	0.74
RLM	3,305.65	3,325.12	19.47	0.59
GLP	5,076.52	5,110.24	33.72	0.66
LPL-S	182,261.24	183,120.08	858.84	0.47
LPL-P	492,751.88	494,503.80	1,751.92	0.36
HTS-S	2,431,063.44	2,436,416.12	5,352.68	0.22

The percent increases noted above are based upon Delivery Rates in effect August 1, 2016 and the applicable Basic Generation Service (BGS) charges and assumes that customers receive commodity service from Public Service Electric and Gas Company. It is anticipated that the Company will make an annual filing each year of the Program to request the Board's approval to implement that Program Year's revenue request. The Board's decision may increase or decrease the percentages shown above.