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June 1, 2017

In the Matter of the Petition of  
Public Service Electric and Gas Company's  
2017 Annual Margin Adjustment Charge ("MAC")

BPU Docket No. \_\_\_\_\_

***VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL***

Irene Kim Asbury, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Dear Secretary Asbury:

Public Service Electric and Gas Company (PSE&G) submits its Petition, Testimony and Supporting Schedules in the above-referenced proceeding on the Board of Public Utilities E-Filing system.

Very truly yours,

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

C Attached Service List (electronic only)

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF PUBLIC SERVICE )  
ELECTRIC AND GAS COMPANY'S ) **PETITION**  
2017 ANNUAL MARGIN )  
ADJUSTMENT CHARGE (MAC) ) DOCKET NO. \_\_\_\_\_

Public Service Electric and Gas Company (Public Service, the Company or PSE&G), a public utility of the State of New Jersey, with its principal offices for the transaction of business at 80 Park Plaza Newark, New Jersey 07101, hereby Petitions the New Jersey Board of Public Utilities (Board) as follows:

Public Service, as a combination electric and gas utility, is engaged in the purchase, transmission, distribution and sale of natural gas for residential, commercial and industrial customers in New Jersey in addition to its electric operations.

**MARGIN ADJUSTMENT CHARGE (MAC)**

1. On January 9, 2002 as a result of the gas base rate case under BPU Docket No. GR01050328, the MAC was implemented to credit the net revenues associated with Non-Firm Transportation Gas Service (TSG-NF) rates to customers on Rate Schedules Residential Service (RSG), General Service (GSG), Large Volume Service (LVG), Street Lighting Service (SLG) and Firm Transportation Gas Service (TSG-F).

There are two limited situations when some or all of the revenue associated with certain specific TSG-NF customers flow to earnings in lieu of otherwise being included in the MAC and distributed to customers on RSG, GSG, LVG, SLG and TSG-F rate schedules. These are:

1. When gas applications formerly being served under Rate Schedule LVG switch to Rate Schedule TSG-NF after the effective date of a base rate case decision. The total TSG-NF revenues from these switching customers, other than that related to the commodity, Sales and Use Tax (SUT), Societal Benefits Charge (SBC) and Green Programs Recovery Charge (GPRC) flow to earnings in lieu of being included in the MAC until the effective date of new rates in the Company's next base rate case. These revenues will be used to recover costs associated with the infrastructure (service, mains, meters, etc.) already installed to provide firm service at Rate LVG, since TSG-NF revenues no longer flow to the Company once the customer switches to TSG-NF. The margin treatment for customers switching from TSG-NF to LVG is reciprocal for customers switching from LVG to TSG-NF.
2. When the Company retains a portion of the TSG-NF revenues for new TSG-NF customers whose service commences on or after the end of the test year established in a base rate case or for additional investment necessary to serve existing TSG-NF customers after the end of the base rate case test year. For

this purpose, new customers are defined as gas service to a separately metered new account for equipment that did not previously utilize gas delivery service from PSE&G. As described in the first situation above, TSG-NF net revenues are defined as total revenues, other than that related to the commodity, SUT, SBC and GPRC charges. The annual amount retained by the Company is equal to twenty-percent (20%) of the cost of the new facilities required to serve all such customers, less any direct customer contribution toward these costs, and is used to cover the costs associated with these new customers. As in the first situation, the cost recovery associated with these customers remains in force until the effective date of new rates in the Company's next base rate case.

In the most recent MAC proceeding of 2016, the MAC credit was set at (\$0.006782) per therm including SUT. This rate was amended to (\$0.006774) per therm including SUT effective January 1, 2017 due to a change in the SUT rate from 7% to 6.875%.

### **2017 ANNUAL MAC FILING**

This annual MAC filing petition is supported by the direct testimony of Stephen Swetz attached hereto as Attachment A in which he recommends the Company maintain the current MAC credit of (\$0.006774) per therm including SUT. Details supporting the MAC Balance can be found on Schedule SS-MAC-3.

In this 2017 Annual MAC filing, for the period ending April 30, 2017, the actual MAC balance is overcollected by \$6.55 million excluding interest as detailed on Schedule SS-MAC-3, column 10.

At the end of the period ending September 2017, the MAC balance is forecasted to be overcollected \$15.08 million excluding interest as detailed on Schedule SS-MAC-3, column 10. The MAC balance including interest is forecasted to be overcollected \$16.07 million as detailed on Schedule SS-MAC-3, column 14. The newly calculated rate of (\$0.006747) per therm including SUT, would result in a minor rate increase of \$0.000027 per therm from the current rate of (\$0.006774) per therm including SUT. Since the MAC is filed annually, the Company proposes to maintain the current rate of (\$0.006774) per therm including SUT and not implement this minor rate increase at this time. A clean Tariff Sheet for the current MAC is attached hereto as Attachment B.

As a result of the proposed MAC, PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms annually would experience no change in their annual bill of \$861.02, based upon current Delivery Rates and BGSS-RSG charges in effect on June 1, 2017 and assumes that the customer receives BGSS service from PSE&G.

**COMMUNICATIONS**

Communications and correspondence related to the Petition should be sent as

follows:

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**CONCLUSION**

**WHEREFORE**, Public Service hereby requests that the Board issue a written Order by October 1, 2016 approving the Company's MAC rate of (\$0.006774) including SUT per therm as reasonable and prudent at this time and, accordingly, modify the Tariff for Gas Service, B.P.U.N.J. No. 15 Gas, pursuant to N.J.S.A., 48:2-21 and 48:2-2.1.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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Matthew M. Weissman  
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DATED: June 1, 2017  
Newark, New Jersey

STATE OF NEW JERSEY )

SS:

COUNTY OF ESSEX )

Stephen Swetz of full age, being duly sworn according to law, on his oath  
deposes and says:

1. I am Stephen Swetz, Sr. Director - Corporate Rates and Revenue  
Requirements for PSEG Services Corporation.
2. I have read the annexed Petition and the matters contained therein, and they  
are true to the best of my knowledge and belief.

  

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Sworn to and subscribed to  
before me this 1st day of  
June 2017



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

7  
8                   My name is Stephen Swetz and I am the Sr. Director - Corporate  
9 Rates and Revenues Requirements for PSEG Services Corporation. My  
10 credentials are set forth in the attached Schedule SS-MAC-1.

11  
12                   **SCOPE OF TESTIMONY**

13                   The purpose of my testimony is to support Public Service Electric &  
14 Gas Company's (PSE&G, the Company) annual Margin Adjustment Charge  
15 (MAC) filing. The testimony and accompanying schedules support a Margin  
16 Adjustment Charge (MAC) credit of (\$0.006747) per therm including New Jersey  
17 Sales and Use Tax (SUT).

18  
19                   **MARGIN ADJUSTMENT CHARGE BACKGROUND**

20                   On January 9, 2002 as a result of the gas base rate case under Board  
21 of Public Utilities (BPU) Docket No. GR01050328, the MAC was implemented to  
22 credit the net revenues associated with Non-Firm Transportation Gas Service  
23 (TSG-NF) rates to customers on Rate Schedules Residential Service (RSG),

1 General Service (GSG), Large Volume Service (LVG), Street Lighting Service  
2 (SLG) and Firm Transportation Gas Service (TSG-F).

3 There are two limited situations when some or all of the revenue  
4 associated with certain specific TSG-NF customers flow to earnings in lieu of  
5 otherwise being included in the MAC and distributed to customers on RSG, GSG,  
6 LVG, SLG and TSG-F rate schedules. These are:

- 7 1. When gas applications formerly being served under Rate Schedule LVG  
8 switch to Rate Schedule TSG-NF after the effective date of a base rate case  
9 decision, the total TSG-NF revenues from these switching customers, other  
10 than that related to the commodity, SUT, Societal Benefits Charge (SBC)  
11 and Green Programs Recovery Charge (GPRC) flow to earnings in lieu of  
12 being included in the MAC until the effective date of new rates in the  
13 Company's next base rate case. These revenues will be used to recover  
14 costs associated with the infrastructure (service, mains, meters, etc.) already  
15 installed to provide firm service at Rate LVG, since TSG-NF revenues no  
16 longer flow to the Company once the customer switches to TSG-NF. The  
17 margin treatment for customers switching from TSG-NF to LVG is  
18 reciprocal for customers switching from LVG to TSG-NF.
- 19 2. When the Company retains a portion of the TSG-NF revenues for new  
20 TSG-NF customers whose service commences on or after the end of the test  
21 year established in a base rate case or for additional investment necessary to  
22 serve existing TSG-NF customers after the end of the base rate case test

1 year. For this purpose, new customers are defined as gas service to a  
2 separately metered new account for equipment that did not previously  
3 utilize gas delivery service from PSE&G. As described in the first situation  
4 above, TSG-NF net revenues are defined as total revenues, other than that  
5 related to the commodity, SUT, SBC and GPRC charges. The annual  
6 amount retained by the Company is equal to twenty-percent (20%) of the  
7 cost of the new facilities required to serve all such customers, less any  
8 direct customer contribution toward these costs, and is used to cover the  
9 costs associated with these new customers. As in the first situation, the cost  
10 recovery associated with these customers remains in force until the  
11 effective date of new rates in the Company's next base rate case.

12 In the most recent MAC proceeding of 2016, the MAC credit was set  
13 at (\$0.006782) per therm including SUT. This rate was amended to (\$0.006774)  
14 per therm including SUT effective January 1, 2017 due to a change in the SUT  
15 rate from 7% to 6.875%.

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17

**2017 ANNUAL MAC FILING**

18 In this 2017 Annual MAC filing, for the period ending April 30,  
19 2017, the actual MAC balance is overcollected by \$6.55 million excluding interest  
20 as detailed on Schedule SS-MAC-3, column 10.

21 At the end of the period ending September 2017, the MAC balance  
22 is forecasted to be overcollected \$15.08 million excluding interest as detailed on

1 Schedule SS-MAC-3, column 10. The MAC balance including interest is  
2 forecasted to be overcollected \$16.07 million as detailed on Schedule SS-MAC-3,  
3 column 14.

4

5 **CALCULATION OF THE MAC CREDIT**

6 The calculation of the MAC credit of (\$0.006747) per therm including SUT is  
7 shown in the following table:

|             |   |               |
|-------------|---|---------------|
| 1           | Forecasted Total Over/(Under) Recovery<br>Per Schedule SS-MAC-2 | \$16,074,979  |
| 2           | Forecasted Therms for October 1, 2016 to<br>September 30, 2017  | 2,546,418,753 |
| 3=(1/2)*-1  | Margin Adjustment Charge (Per Therm)                            | (\$0.006313)  |
| 4=3*1.06875 | Margin Adjustment Charge (Including Sales and<br>Use Tax)       | (\$0.006747)  |

8

9 **CONCLUSION**

10 The newly calculated rate of (\$0.006747) per therm including SUT from  
11 above, would result in a minor rate increase of \$0.000027 per therm from the  
12 current rate of (\$0.006774) per therm including SUT. Since the MAC is filed  
13 annually, the Company proposes to maintain the current rate of (\$0.006774) per  
14 therm including SUT and not implement this minor rate increase at this time.

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**CREDENTIALS**  
**OF**  
**STEPHEN SWETZ**  
**SR. DIRECTOR-CORPORATE RATES AND REVENUE REQUIREMENTS**

My name is Stephen Swetz and I am employed by PSEG Services Corporation. I am the Sr. Director - Corporate Rates and Revenue Requirements where my main responsibility is to contribute to the development and implementation of electric and gas rates for Public Service Electric and Gas Company (PSE&G, the Company).

**WORK EXPERIENCE**

I have over 25 years of experience in Rates, Financial Analysis and Operations for three Fortune 500 companies. Since 1991, I have worked in various positions within PSEG. I have spent most of my career contributing to the development and implementation of PSE&G electric and gas rates, revenue requirements, pricing and corporate planning with over 20 years of direct experience in Northeastern retail and wholesale electric and gas markets.

As Sr. Director of the Corporate Rates and Revenue Requirements department, I have submitted pre-filed direct cost recovery testimony as well as oral testimony to the New Jersey Board of Public Utilities and the New Jersey Office of Administrative Law for base rate cases, as well as a number of clauses including infrastructure investments, renewable energy, and energy efficiency programs. A list of my prior testimonies can be found on page 3 of this document. I have also contributed to

1 other filings including unbundling electric rates and Off-Tariff Rate Agreements. I have  
2 had a leadership role in various economic analyses, asset valuations, rate design, pricing  
3 efforts and cost of service studies.

4 I am an active member of the American Gas Association's Rate and  
5 Strategic Issues Committee, the Edison Electric Institute's Rates and Regulatory Affairs  
6 Committee and the New Jersey Utility Association (NJUA) Finance and Regulatory  
7 Committee.

8 **EDUCATIONAL BACKGROUND**

9 I hold a B.S. in Mechanical Engineering from Worcester Polytechnic  
10 Institute and an MBA from Fairleigh Dickinson University.



LIST OF PRIOR TESTIMONIES

| Company                               | Utility | Docket                  | Testimony    | Date   | Case / Topic  |
|---------------------------------------|---------|-------------------------|--------------|--------|---|
| Public Service Electric & Gas Company | E/G     | ER17030324 - GR17030325 | written      | Mar-17 | Energy Strong / Revenue Requirements & Rate Design - Sixth Roll-in                      |
| Public Service Electric & Gas Company | E/G     | EO14080897              | written      | Mar-17 | Energy Efficiency 2017 Program  |
| Public Service Electric & Gas Company | E       | ER17020136              | written      | Feb-17 | Societal Benefits Charge (SBC) / Cost Recovery  |
| Public Service Electric & Gas Company | E       | EO16080788              | written      | Aug-16 | Construction of Mason St Substation   |
| Public Service Electric & Gas Company | E       | ER16090918              | written      | Sep-16 | Energy Strong / Revenue Requirements & Rate Design - Fifth Roll-in                      |
| Public Service Electric & Gas Company | E       | ER16080785              | written      | Aug-16 | Non-Utility Generation Charge (NGC) / Cost Recovery                                     |
| Public Service Electric & Gas Company | G       | GR16070711              | written      | Jul-16 | Gas System Modernization Program (GSMP) - First Roll-In                                 |
| Public Service Electric & Gas Company | G       | GR16070617              | written      | Jul-16 | Weather Normalization Charge / Cost Recovery  |
| Public Service Electric & Gas Company | G       | GR16060484              | written      | Jun-16 | Margin Adjustment Charge (MAC) / Cost Recovery  |
| Public Service Electric & Gas Company | E       | EO16050412              | written      | May-16 | Solar 4 All Extension II (S4AllExt II) / Revenue Requirements & Rate Design             |
| Public Service Electric & Gas Company | E/G     | ER16030272 - GR16030273 | written      | Mar-16 | Energy Strong / Revenue Requirements & Rate Design - Fourth Roll-in                     |
| Public Service Electric & Gas Company | E/G     | GR15111294              | written      | Nov-16 | Remediation Adjustment Charge-RAC 23  |
| Public Service Electric & Gas Company | E       | ER15101180              | written      | Sep-15 | Energy Strong / Revenue Requirements & Rate Design - Third Roll-in                      |
| Public Service Electric & Gas Company | E/G     | ER15070757-GR15070758   | written      | Jul-15 | Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT,    |
| Public Service Electric & Gas Company | E       | ER15060754              | written      | Jul-15 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery                         |
| Public Service Electric & Gas Company | G       | GR15060748              | written      | Jul-15 | Weather Normalization Charge / Cost Recovery  |
| Public Service Electric & Gas Company | G       | GR15060646              | written      | Jun-15 | Margin Adjustment Charge (MAC) / Cost Recovery  |
| Public Service Electric & Gas Company | E/G     | ER15050558              | written      | May-15 | Societal Benefits Charge (SBC) / Cost Recovery  |
| Public Service Electric & Gas Company | E       | ER15050558              | written      | May-15 | Non-Utility Generation Charge (NGC) / Cost Recovery                                     |
| Public Service Electric & Gas Company | E/G     | ER15030389-GR15030390   | written      | Mar-15 | Energy Strong / Revenue Requirements & Rate Design - Second Roll-in                     |
| Public Service Electric & Gas Company | G       | GR15030272              | written      | Feb-15 | Gas System Modernization Program (GSMP)   |
| Public Service Electric & Gas Company | E/G     | GR14121411              | written      | Dec-14 | Remediation Adjustment Charge-RAC 22  |
| Public Service Electric & Gas Company | E/G     | ER14091074              | written      | Sep-14 | Energy Strong / Revenue Requirements & Rate Design - First Roll-in                      |
| Public Service Electric & Gas Company | E/G     | EO14080897              | written      | Aug-14 | EEE Ext II  |
| Public Service Electric & Gas Company | G       | ER14070656              | written      | Jul-14 | Weather Normalization Charge / Cost Recovery  |
| Public Service Electric & Gas Company | E/G     | ER14070651-GR14070652   | written      | Jul-14 | Green Programs Recovery Charge (GPRC)-Including CA, DR, EEE, EEE Ext, S4All, S4AEXT,    |
| Public Service Electric & Gas Company | E       | ER14070650              | written      | Jul-14 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery                         |
| Public Service Electric & Gas Company | G       | GR14050511              | written      | May-14 | Margin Adjustment Charge (MAC) / Cost Recovery  |
| Public Service Electric & Gas Company | E/G     | GR14040375              | written      | Apr-14 | Remediation Adjustment Charge-RAC 21  |
| Public Service Electric & Gas Company | E/G     | ER13070603-GR13070604   | written      | Jun-13 | Green Programs Recovery Charge (GPRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII /     |
| Public Service Electric & Gas Company | G       | GR13070615              | written      | Jun-13 | Weather Normalization Charge / Cost Recovery  |
| Public Service Electric & Gas Company | G       | GR13060445              | written      | May-13 | Margin Adjustment Charge (MAC) / Cost Recovery  |
| Public Service Electric & Gas Company | E/G     | EO13020155-GO13020156   | written/oral | Mar-13 | Energy Strong / Revenue Requirements & Rate Design - Program Approval                   |
| Public Service Electric & Gas Company | G       | GO12030188              | written/oral | Mar-13 | Appliance Service / Tariff Support  |
| Public Service Electric & Gas Company | E       | ER12070599              | written      | Jul-12 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery                         |
| Public Service Electric & Gas Company | E/G     | ER12070606-GR12070605   | written      | Jul-12 | RGGI Recovery Charges (RRC)-Including DR, EEE, EEE Ext, CA, S4All, SLII / Cost Recovery |
| Public Service Electric & Gas Company | E       | EO12080721              | written/oral | Jul-12 | Solar Loan III (SLIII) / Revenue Requirements & Rate Design - Program Approval          |
| Public Service Electric & Gas Company | E       | EO12080721              | written/oral | Jul-12 | Solar 4 All Extension(S4AllExt) / Revenue Requirements & Rate Design - Program          |
| Public Service Electric & Gas Company | G       | GR12060489              | written      | Jun-12 | Margin Adjustment Charge (MAC) / Cost Recovery  |
| Public Service Electric & Gas Company | G       | GR12060583              | written      | Jun-12 | Weather Normalization Charge / Cost Recovery  |
| Public Service Electric & Gas Company | E/G     | ER12030207              | written      | Mar-12 | Societal Benefits Charge (SBC) / Cost Recovery  |
| Public Service Electric & Gas Company | E       | ER12030207              | written      | Mar-12 | Non-Utility Generation Charge (NGC) / Cost Recovery                                     |
| Public Service Electric & Gas Company | G       | GR11060338              | written      | Jun-11 | Margin Adjustment Charge (MAC) / Revenue Requirements & Rate Design - Program           |
| Public Service Electric & Gas Company | G       | GR11060395              | written      | Jun-11 | Weather Normalization Charge / Revenue Requirements & Rate Design - Program             |
| Public Service Electric & Gas Company | E       | EO11010030              | written      | Jan-11 | Economic Energy Efficiency Extension (EEEExt) / Revenue Requirements & Rate Design      |
| Public Service Electric & Gas Company | E/G     | ER10100737              | written      | Oct-10 | RGGI Recovery Charges (RRC)-Including DR, EEE, CA, S4All, SLII / Cost Recovery          |
| Public Service Electric & Gas Company | E/G     | ER10080550              | written      | Aug-10 | Societal Benefits Charge (SBC) / Cost Recovery  |
| Public Service Electric & Gas Company | E       | ER10080550              | written      | Aug-10 | Non-Utility Generation Charge (NGC) / Cost Recovery                                     |
| Public Service Electric & Gas Company | E/G     | GR09050422              | written/oral | Mar-10 | Base Rate Proceeding / Cost of Service & Rate Design                                    |
| Public Service Electric & Gas Company | E       | ER10030220              | written      | Mar-10 | Solar Pilot Recovery Charge (SPRC-Solar Loan I) / Cost Recovery                         |
| Public Service Electric & Gas Company | E       | EO09030249              | written      | Mar-09 | Solar Loan II(SLII) / Revenue Requirements & Rate Design - Program Approval             |
| Public Service Electric & Gas Company | E/G     | EO09010056              | written      | Feb-09 | Economic Energy Efficiency(EEE) / Revenue Requirements & Rate Design - Program          |
| Public Service Electric & Gas Company | E       | EO09020125              | written      | Feb-09 | Solar 4 All (S4All) / Revenue Requirements & Rate Design - Program Approval             |
| Public Service Electric & Gas Company | E       | EO08080544              | written      | Aug-08 | Demand Response (DR) / Revenue Requirements & Rate Design - Program Approval            |
| Public Service Electric & Gas Company | E/G     | ER10100737              | written      | Jun-08 | Carbon Abatement (CA) / Revenue Requirements & Rate Design - Program Approval           |

**PSE&G - Margin Adjustment Clause  
 Clause Balances Over/(Under) and  
 Cummulative Interest Summary  
 Actuals Through April 2017**

|  | (1)<br>Column 10 from<br>Schedule<br>SS-MAC-3 | (2)<br>Column 13 from<br>Schedule<br>SS-MAC-3 | (3)<br>Col 1 + Col 2 + Col 3           |              |
|--|---|---|--|--------------|
|  | <u>MAC Balance<br/>Over/(Under)</u>           | <u>Cumulative Interest</u>                    | <u>Total Over/(Under)<br/>Recovery</u> |              |
| <u>Month</u>                                 |   |   |  |              |
| <b>A<br/>c<br/>t<br/>u<br/>a<br/>l<br/>s</b> | Sep-16  | \$11,459,037                                  | \$800,019                              | \$12,259,056 |
|  | Oct-16  | \$11,536,750                                  | \$818,511                              | \$12,355,261 |
|  | Nov-16  | \$11,014,925                                  | \$836,646                              | \$11,851,571 |
|  | Dec-16  | \$9,740,555                                   | \$853,337                              | \$10,593,892 |
|  | Jan-17  | \$8,536,486                                   | \$868,035                              | \$9,404,521  |
|  | Feb-17  | \$8,787,099                                   | \$881,966                              | \$9,669,065  |
|  | Mar-17  | \$6,527,842                                   | \$894,282                              | \$7,422,123  |
|  | Apr-17  | \$6,549,518                                   | \$904,798                              | \$7,454,317  |
|  | May-17  | \$8,240,344                                   | \$916,692                              | \$9,157,036  |
| <b>forecast</b>                              | Jun-17  | \$10,144,941                                  | \$931,477                              | \$11,076,418 |
|  | Jul-17  | \$12,390,844                                  | \$949,599                              | \$13,340,443 |
|  | Aug-17  | \$13,578,144                                  | \$970,483                              | \$14,548,627 |
|  | Sep-17  | \$15,081,449                                  | \$993,530                              | \$16,074,979 |

**PSE&G - Margin Adjustment Clause  
Balance Over/(Under) and Interest Calculation**

**MAC Balance**

(\$'s - Unless noted)

Actuals Through April 2017

|  | (1)                             | (2)                              | (3)                                    | (4)                                    | (5)       | (6)  | (7)                                  | (8)               | (9)                      | (10)                                     | (11)         | (12)   | (13)   | (14)                            |   |
|--|---------------------------------|----------------------------------|--|--|-----------|--|--------------------------------------|-------------------|--------------------------|--|--------------|--|--|---------------------------------|---|
|  |                                 |                                  |  |  |           | Col 1 - Col 2<br>- Col 3 - Col 4<br>- Col 5  |                                      |                   | Col 6 + Col 7<br>+ Col 8 | Prior Col 10<br>+ Col 9                  |              | (Prior<br>Col 10 + Col<br>10) / 2 *<br>(Col 11 / 12) | Prior Col 13<br>+ Col 12                       | Col 10 +<br>Col 13              |   |
|  |                                 |                                  |  |  |           | <u>Carrying<br/>Charge on<br/>New<br/>TSG-NF<br/>Customer<br/>Connection<br/>Investments</u> |                                      |                   |                          | <u>MAC<br/>Over/(Under)<br/>Recovery</u> |              | <u>Annual<br/>Interest<br/>Rate</u>                  | <u>Interest on<br/>Prospective<br/>Balance</u> | <u>Cummulative<br/>Interest</u> | <u>Total MAC +<br/>Accumulated<br/>Interest<br/>Over/(Under)<br/>Recovery</u> |
| <u>Month</u>                                 | <u>Total TSG-NF<br/>Revenue</u> | <u>Total TSG-NF<br/>Expenses</u> | <u>LVG to<br/>TSG-NF<br/>Migration</u> | <u>TSG-NF<br/>to LVG<br/>Migration</u> |           | <u>TSG-NF<br/>Net Margin<br/>Revenue</u>   | <u>Prior Period<br/>Billing Adj.</u> | <u>MAC Credit</u> |                          | <u>MAC Balance</u>                       |              |  |  |                                 |   |
| <b>Monthly Calculations</b>                  |                                 |                                  |  |  |           |  |                                      |                   |                          |  |              |  |  |                                 |   |
| <b>A<br/>c<br/>t<br/>u<br/>a<br/>l<br/>s</b> | Sep-16                          | \$1,684,555                      | \$538,649                              | \$20,896                               | \$70,283  | \$0  | \$1,054,726                          | \$86,149          | (\$528,756)              | \$612,120                                | \$11,459,037 | 1.93%  | \$17,938                                       | \$800,019                       | \$12,259,056  |
|  | Oct-16                          | \$1,737,286                      | \$843,529                              | \$6,701                                | \$50,317  | \$0  | \$836,738                            | \$77,205          | (\$836,231)              | \$77,713                                 | \$11,536,750 | 1.93%  | \$18,492                                       | \$818,511                       | \$12,355,261  |
|  | Nov-16                          | \$1,922,379                      | \$906,208                              | \$76,146                               | \$59,366  | \$0  | \$880,659                            | \$68,825          | (\$1,471,309)            | (\$521,826)                              | \$11,014,925 | 1.93%  | \$18,135                                       | \$836,646                       | \$11,851,571  |
|  | Dec-16                          | \$2,396,902                      | \$1,124,562                            | \$35,711                               | \$65,112  | \$0  | \$1,171,517                          | \$57,067          | (\$2,502,953)            | (\$1,274,370)                            | \$9,740,555  | 1.93%  | \$16,691                                       | \$853,337                       | \$10,593,892  |
|  | Jan-17                          | \$2,774,701                      | \$1,361,985                            | \$48,878                               | \$75,948  | \$0  | \$1,287,890                          | \$97,652          | (\$2,589,612)            | (\$1,204,069)                            | \$8,536,486  | 1.93%  | \$14,698                                       | \$868,035                       | \$9,404,521   |
| <b>Forecast</b>                              | Feb-17                          | \$3,070,749                      | \$590,476                              | \$47,862                               | \$91,940  | \$0  | \$2,340,471                          | \$96,295          | (\$2,186,152)            | \$250,613                                | \$8,787,099  | 1.93%  | \$13,931                                       | \$881,966                       | \$9,669,065   |
|  | Mar-17                          | \$1,418,655                      | \$1,035,569                            | \$95,742                               | \$90,092  | \$0  | \$197,253                            | \$101,420         | (\$2,557,931)            | (\$2,259,258)                            | \$6,527,842  | 1.93%  | \$12,316                                       | \$894,282                       | \$7,422,123   |
|  | Apr-17                          | \$2,361,886                      | \$1,041,531                            | \$118,295                              | \$121,619 | \$0  | \$1,080,441                          | \$106,772         | (\$1,165,536)            | \$21,677                                 | \$6,549,518  | 1.93%  | \$10,516                                       | \$904,798                       | \$7,454,317   |
|  | May-17                          | \$3,870,781                      | \$1,371,816                            | \$118,295                              | \$121,619 | \$0  | \$2,259,051                          | \$122,108         | (\$690,334)              | \$1,690,825                              | \$8,240,344  | 1.93%  | \$11,894                                       | \$916,692                       | \$9,157,036   |
|  | Jun-17                          | \$4,044,147                      | \$1,574,068                            | \$118,295                              | \$121,619 | \$0  | \$2,230,165                          | \$109,544         | (\$435,112)              | \$1,904,597                              | \$10,144,941 | 1.93%  | \$14,785                                       | \$931,477                       | \$11,076,418  |
|  | Jul-17                          | \$4,660,150                      | \$1,816,894                            | \$118,295                              | \$121,619 | \$0  | \$2,603,343                          | \$81,738          | (\$439,178)              | \$2,245,903                              | \$12,390,844 | 1.93%  | \$18,123                                       | \$949,599                       | \$13,340,443  |
|  | Aug-17                          | \$2,827,914                      | \$1,088,345                            | \$118,295                              | \$121,619 | \$0  | \$1,499,654                          | \$92,119          | (\$404,473)              | \$1,187,300                              | \$13,578,144 | 1.93%  | \$20,883                                       | \$970,483                       | \$14,548,627  |
| Sep-17                                       | \$3,377,313                     | \$1,297,575                      | \$118,295                              | \$121,619                              | \$0       | \$1,839,824  | \$86,149                             | (\$422,668)       | \$1,503,305              | \$15,081,449                             | 1.93%        | \$23,047   | \$993,530                                      | \$16,074,979                    |   |

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 43**

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

**Superseding**

**XXX Revised Sheet No. 43**

**MARGIN ADJUSTMENT CHARGE**

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

Margin Adjustment Charge ..... (\$0.006338)

Margin Adjustment Charge including New Jersey Sales and Use Tax (SUT).....(\$0.006774)

Margin Adjustment Charge

This mechanism is designed to insure return of certain net revenues to the customer classes denoted above. Actual net revenues will be subject to deferred accounting. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances.

Date of Issue:

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

Effective: