



July 2, 2012

In The Matter of the Petition of Public Service Electric  
And Gas Company for Approval of Changes in its  
Electric Solar Pilot Recovery Charge (SPRC)  
for its Solar Loan I Program; and for Changes  
in the Tariff for Electric Service,  
B.P.U.N.J. No. 15 Electric, Pursuant to  
N.J.S.A. 48:2-21 and 48:2-21.1  
BPU Docket No. \_\_\_\_\_

***VIA ELECTRONIC MAIL & OVERNIGHT MAIL DELIVERY***

Kristi Izzo, Secretary  
Board of Public Utilities  
44 South Clinton Avenue  
CN 350  
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

Enclosed please find an original and ten copies of Public Service Electric and Gas Company's (PSE&G, the Company) filing in the above-referenced matter.

This is the Company's second filing to implement a rate change for the Solar Pilot Recovery Charge (SPRC), the rate clause under which costs for the Solar Loan I Program are recovered. A draft Stipulation of Settlement of PSE&G's 2010 SPRC cost recovery filing, Docket No. ER10030220, is currently pending execution and Board approval. As set forth in the Petition and supporting testimony submitted herewith, assuming execution and approval of the Stipulation of Settlement in PSE&G's 2010 SPRC filing, implementation of the SPRC tariff sheets proposed herewith would increase electric rates by approximately \$17 million on an annual basis. The Company has proposed an October 1, 2012 effective date for the tariff changes.

A CD containing electronic workpapers is being provided to your office and those shown below.

Very truly yours,

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

Attachment

- C Jerome May (Hard Copy and CD)
- Michael Winka (Hard Copy and CD)
- Caroline Vachier (Hard Copy and CD)
- Stefanie Brand (Hard Copy and CD)

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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 CHANGES IN ITS ELECTRIC )  
SOLAR PILOT RECOVERY CHARGE (SPRC) )  
FOR ITS SOLAR LOAN I PROGRAM; AND FOR )  
CHANGES IN THE TARIFF FOR ELECTRIC )  
SERVICE, B.P.U.N.J. NO. 15 ELECTRIC, )  
PURSUANT TO N.J.S.A. 48:2-21 AND 2-21.1 )

**P E T I T I O N**

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

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

**I N T R O D U C T I O N**

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (BGS), and distribution of gas and the provision of Basic Gas Supply Service (BGSS), for residential, commercial and industrial purposes within the State of New Jersey. PSE&G provides service to approximately 2.1 million electric and 1.7 million gas customers in an area having a population of approximately 6 million persons, and which extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton and south to Camden, New Jersey.

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

3. On April 19, 2007, PSE&G filed a Petition with the Board seeking approval of an innovative solar energy initiative. Under this initiative, PSE&G proposed to implement a solar photovoltaic (PV) program (the “Program,” “SPRC” or “Solar Loan I”) across all customer classes within its electric service territory, with segments for residential, residential low-income, municipal/public entities, and commercial/industrial (C&I) and not-for-profit customers. The Company also proposed a comprehensive cost recovery mechanism.

4. By Order dated April 16, 2008, the Board issued an Order approving the Settlement and authorizing the Company to implement the Solar Loan I Program and associated cost recovery mechanism (“Order”). In regard to cost recovery, the Board’s Order and the Settlement state:

The parties agree that PSE&G will recover the net monthly revenue requirements associated with this Program through a new charge of the Company’s electric tariff called the SPRC. The SPRC will be a new charge in the Company’s electric tariff, applicable to all electric Rate Schedules on an equal cents per kilowatthour. The SPRC rates will not be implemented at this time. PSE&G will defer costs and net monthly revenue requirements it incurs for the Program to the SPRC for future recovery, consistent with the terms of this Settlement Agreement. Interest on the deferred SPRC balance (both on under- and over-recovered balances) will be calculated at the same rate and methodology as PSE&G currently uses for the electric Societal Benefits Charge.

The Order similarly specifies the revenue requirements methodology and other associated elements of the cost recovery mechanism. *See Order*, Paragraph 75.

5. The Board's Order also states:

The parties agree that the Cost of Capital for this Program is 11.11%, including a return on Common Equity of 9.75%, which is the most recent Return On Equity established by the Board for PSE&G electric in Docket No, ER02050303, and including income tax effects. The resulting monthly Cost of Capital used for calculating the Net Monthly Revenue Requirements is 0.92583%. Net Plant equals the original loan amounts booked less the accumulated amortization through the SPRC. The Amortization is equal to the sum of the amortizations of all of the outstanding loans for each month until the total amount is recovered (Net Plant equals zero). Any cash payments received by PSE&G from the Project Owner for early termination of a contract will be credited against the Net Plant for the specific project. [*Order*, Paragraph 76].

6. The Board also approved a mechanism under which PSE&G recovers certain administrative costs associated with the Program. Specifically, the Order provides that the Company "shall recover 50% of the administrative costs of the Solar Program through the SPRC." Administrative costs are defined as reasonable and incremental costs incurred by the Company to implement the Program. The maximum administrative cost recovery through the SPRC in any year is \$1.0 million." *Order*, Paragraph 77.

7. On March 26, 2010, PSE&G filed a Petition seeking an increase to the SPRC rate that would result in a net annual revenue increase on the Company's electric customers of \$2.5 million. For purposes of this annual rate filing, the Company utilized

a rate at \$0.000058 per kWh without sales and use tax (“SUT”), or \$0.000062 per kWh including SUT to calculate its revenue requirements.

8. PSE&G is filing this Petition to implement a revised rate for the SPRC effective October 1, 2012 to reflect actual revenue requirements through March 31, 2012 and forecasted revenue requirements from April 1, 2012 through September 30, 2013.

9. In support of this Petition, the Company is presenting the Direct Testimony of Joseph A. Forline, Vice President - Customer Operations at PSE&G. Mr. Forline’s Direct Testimony is attached hereto as Attachment A. Mr. Forline describes the status of the Solar Loan I Program and also discusses and quantifies the administrative costs the Company seeks to recover through the SPRC pursuant to the Order and Settlement.

10. PSE&G also presents the Direct Testimony of Stephen Swetz, the Director – Corporate Rates and Revenue Requirements, PSEG Services Corporation. Mr. Swetz’s testimony and schedules, attached hereto as Attachment B, develop the revenue requirements and proposed SPRC rate.

11. Based on the Company’s actual collections through March 31, 2012 and its projected collections through September 30, 2013, the SPRC is expected to be under collected by \$19,544,636, including interest. The rate proposed for the SPRC for the period October 1, 2012 through September 30, 2013 designed to recover approximately \$19.5 million. The resultant net annual revenue impact on the Company’s electric customers is a \$17.0 million increase. The Company is proposing to implement the SPRC rate on October 1, 2012. Thereafter, the Company would update the SPRC on an

annual basis effective October 1 of each year, contemporaneous with its annual updates to its Regional Greenhouse Gas Initiative Recovery Charge (“RRC”).

12. Attached to Mr. Swetz’s testimony are the following schedules in support of the Company’s request:

- Schedule SS-SLI-1 Qualifications
- Schedule SS-SLI-2 is a summary sheet setting forth the proposed rate calculations for the applicable period.
- Schedule SS-SLI-3 sets forth the electric revenue requirements summary.
- Schedule SS-SLI-3a sets forth the details of the electric revenue requirements.
- Schedule SS-SLI-4 sets forth the electric over/under recovered balance and associated interest rate calculations.

13. The draft Stipulation of Settlement in the 2010 SPRC cost recovery filing, Docket No. ER10030220, is still pending execution and Board approval. However, in anticipation of Board approval, the proposed rate in the 2010 SPRC cost recovery filing of \$0.000058 (without SUT) is forecasted to be effective on August 1, 2012. Public Service has proposed tariff sheets (redlined and “clean”) reflecting this change in the SPRC rate from \$0.000058 (without SUT) to \$0.000454 (without SUT) in Attachment C. The proposed rate is designed to recover the Program costs presented in this filing, which include carrying charges on PSE&G’s expenditures.

14. As a result of the proposed SPRC rate set forth in Attachment B, Public Service’s class average residential electric customers using 780 kWhrs in a summer month and 7,360 kWhrs annually would experience an increase in their annual bill from \$1,337.04 to \$1,340.20, or \$3.16, or approximately 0.24%. These figures are based

upon current Delivery Rates and Basic Generation Service Fixed Pricing (“BGS-FP”) charges in effect July 1, 2012 including the assumed SPRC effective August 1, 2012, and assume that the customer receives BGS-FP service from PSE&G. The residential customer bill impacts comparing the current and proposed delivery charges are contained within the draft Form of Notice of Filing and of Public Hearings set forth in Attachment D for the aforementioned class average customers as well as other typical customer usage patterns.

15. The proposed rate, as set forth in the tariff sheets in Attachment C, are just and reasonable and PSE&G should be authorized to implement the proposed rate as set forth herein, on October 1, 2012, upon issuance of a written BPU Order.

16. Contained herein as Attachment D is a draft Form of Notice of Filing and of Public Hearings. This Form of Notice sets forth the requested change to the electric rate and will be placed in newspapers having a circulation within the Company’s electric service territory upon receipt, scheduling and publication of public hearing dates. Public hearings will be held in each geographic area within the Company’s service territory, i.e. Northern, Central, and Southern. A Notice will be served on the County Executives and Clerks of all municipalities within the Company’s electric service territories upon receipt, scheduling and publication of public hearing dates.

17. Notice of this filing and two copies of the Petition will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101 and upon the Director, Division of Rate Counsel, 31 Clinton Street,

Newark, New Jersey 07101. Copies of the Petition and supporting testimony and attachments will also be sent to the persons identified on the service list provided with this filing.

18. Public Service requests that the Board issue an Order approving the proposed rate on or before October 1, 2012.

19. It is understood that any final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency 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 average percentage changes in final rate may increase or decrease based upon the Board's decision.

### **COMMUNICATIONS**

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

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**CONCLUSION AND REQUESTS FOR APPROVAL**

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

1. PSE&G is authorized to recover all costs requested herein associated with the Solar Loan I Program;

2. The proposed rate and charges set forth in the proposed Tariff for Electric Service, Public Service Electric and Gas Company, B.P.U.N.J. No. 15, Electric, referred to herein as Attachment C, are just and reasonable and PSE&G is authorized to implement the rate proposed herein on or about October 1, 2012.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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DATED: July 2, 2012  
Newark, New Jersey



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

6                   My name is Joseph A. Forline and I am a Vice President – Customer  
7                   Operations at Public Service Electric and Gas Company (“PSE&G,” “the Company”).  
8                   I have primary management and oversight responsibility over the design and  
9                   implementation planning of renewable energy, energy efficiency, and demand  
10                  response programs, including oversight over the implementation of these programs.  
11                  My qualifications are included as Schedule JAF-SLI-1 The purpose of this testimony  
12                  is to support the Company’s request for recovery of costs associated with the Solar  
13                  Loan I Program (“SLI”). The program is described in greater detail below.

14  
15   **SOLAR LOAN I PROGRAM**

16                   **Description**

17                   As approved by a Board Order dated April 16, 2008 in Docket No.  
18                   EO07040278, the Solar Loan I Program was originally designed as a 30 megawatt  
19                   (MW) distributed photovoltaic solar initiative in which customers or developers  
20                   install solar photovoltaic systems on customers’ premises “behind the meter,” using  
21                   PSE&G as an essential source of capital. The program consists of three segments:  
22                   Municipal/Non-Profit; Residential and Multi-family/Affordable Housing; and

1 Commercial & Industrial. Subsequent to PSE&G's Solar Loan II Program being  
2 approved by Board Order dated, November 10, 2009, 7.83 MW of Solar Loan I  
3 capacity was transferred to the Solar Loan II Program, and the current capacity of  
4 Solar Loan I is 22.17 MW. The Program is intended to reduce the overall cost of  
5 project development, installation, financing and maintenance, while providing the best  
6 solar energy value for all stakeholders.

7 Under Solar Loan I PSE&G provides loans to solar photovoltaic  
8 developers or customers for a portion of a project's cost. The borrower will repay the  
9 loan over a 15-year period by providing Solar Renewable Energy Certificates  
10 ("SRECs") (or an equivalent amount of cash) to PSE&G. For consumer loans the  
11 repayment period is ten years.

12 The SRECs, for purposes of this Program, have an established floor  
13 value of \$475 for the loan repayment period. The higher of the \$475 floor price or the  
14 Market Value at the time the SREC is transferred to PSE&G is applied toward loan  
15 repayment. For purposes of loan repayment, the SREC market value means the  
16 average monthly cumulative weighted price of SRECs as published on the New Jersey  
17 Clean Energy Program ("NJCEP") website bulletin board during the calendar month  
18 preceding the month the SREC payment is credited to the loan.

1           If loans are paid off early, PSE&G retains the right to purchase SRECs  
2 through a call option. The call option price is 75% of the then current Market Value  
3 of SRECs.

4           The interest rate for loans in the commercial and industrial (“C&I”)  
5 segment is 11.11%, and the interest rate for loans in the residential segment is 6.5%.

6           There is a cap of 25% on any single developer/customer of the total  
7 Program amount (i.e., 30 MW). In addition, there is a cap on any single  
8 developer/customer of 25% (of the total segment size) within any one segment.

9           For the first year of the Program there were hard caps of 9 MW (30%)  
10 for the Municipal/Not-for Profit segment, 9 MW (30%) for the Residential segment  
11 and the Multi-Family/Affordable Housing segment combined, and 12 MW (40%) for  
12 the C&I segment. Based on market conditions and the status of projects accepted into  
13 each segment, PSE&G removed these caps starting in the second year of the Program.

14

15   **Solar Loan I Program Status**

16           The Program website was activated on April 17, 2008 and the first  
17 applications were received on April 22, 2008.

1           Through March 31, 2012, \$82.8 million in Solar Loan I loans were  
2 issued, representing 169 closed loans covering 22.16 megawatts<sup>1</sup>. This includes  
3 \$79.5 million representing 44 closed loans covering 21.2 megawatts of non-residential  
4 projects, and \$3.3 million representing 124 closed loans covering 0.9 megawatts of  
5 residential projects. PSE&G had 1 pending application, representing approximately  
6 .05 MW.

7           Through March 31, 2012 forty six thousand five hundred eighty four  
8 (46,584) SRECs have been received by PSE&G under the Solar Loan I Program.

9           Upon the issuance of the final written Order approving the Solar Loan II  
10 Program on November 10, 2009, the Solar Loan I Program was closed and no new  
11 applications were being accepted into Solar Loan I. The Program waiting list  
12 remained active until April 17, 2010, after which any remaining capacity was  
13 transferred to the Solar Loan II Program.

14

15 **Solar Loan I Administrative Costs**

16           The Solar Loan I Program actual administrative costs from November  
17 2011 through March 2012 along with projections through December 2013 are shown  
18 on Schedule JAF-SLI-2. This Schedule details Solar Loan I Program and Solar Loan  
19 II Program Total Common Costs (column 1), Solar Loan I Program's allocated share

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<sup>1</sup> This quantity includes one large commercial loan that was funded in two phases and is reported as two separate loans.

1 of Common Costs (column 2), Solar Loan I Program Direct Administrative (O&M)  
2 Costs (column 3), Total Solar Loan I Administrative (O&M) Costs (column 4), and  
3 the SPRC Recoverable Program Administrative Costs (column 5), all on a monthly  
4 basis.

5           Certain administrative costs are common to both Solar I and Solar Loan  
6 II. Such costs are allocated to Solar Loan I Program and Solar Loan II Program in  
7 accordance with the formula established in the Solar Loan II Program Settlement.  
8 Based on Exhibit C in the Solar Loan II Board Order (Docket No.EO09030249),  
9 resources for program management of both Solar Loan I and Solar Loan II (Common  
10 Costs) will be allocated to Solar Loan I and Solar Loan II on a pro-rata basis based on  
11 the total program sizes of 30MW and 51MW. Currently the Solar Loan I Program  
12 receives 27% (22/81) of the total Common Costs after capacity reallocations from  
13 Solar Loan I to Solar Loan II. The total allocated Solar Loan I Common Costs from  
14 November 2011 through March 2012 were \$80,709. There were no Direct  
15 Administrative Costs incurred during this same period, therefore the Total Solar Loan  
16 I Administrative Costs for the period from November 2011 through March 2012 were  
17 \$80,709.

18           Schedule JAF-SLI-3 shows the Program administrative cost details  
19 allocated to the categories used by the BPU for the NJ Clean Energy Program  
20 (“NJCEP”). Administration and Program Development Expenditures includes the

1 costs to manage the program along with program tracking and reporting. Rebate  
2 Processing, Inspections and Other Quality Control Expenditures include the cost of  
3 PSE&G incremental employees and contractors engaged in the administration of the  
4 loan program, including program application processing, SREC processing and the  
5 cost of credit information through Experian, along with other costs associated with  
6 program administration. In addition to the standard NJCEP categories, the schedule  
7 also shows the application and administrative fees received from borrowers as a credit  
8 in a separate column. For the period from November 2011 through March 2012,  
9 Administration and Program Developments Expenditures were \$61,804; Rebate  
10 Processing, Inspections and Other QC Expenditures were \$19,061; there were no  
11 Evaluation and Related Research, Marketing and Sales, or Training Expenditures.  
12 Application and Administrative Fees were \$(156) due to a prior period accounting  
13 adjustment. The net total administration expenditures for the period was \$80,709.

14           In accord with the Board-approved Settlement for this Program, 50% of  
15 the approved annual total administrative cost for the Solar Loan I program is  
16 recoverable through the SPRC up to a maximum of \$1,000,000 per year. Schedule  
17 JAF-SLI-4 shows the annual maximum recoverable administrative costs from  
18 Attachment D of the Board order along with the actual and forecasted total annual  
19 administrative costs for the years 2008 – 2013. The actual recoverable administrative  
20 costs from November 2011 through March 2012 and projected costs through 2013 are

1 significantly below the allowed cap primarily due to cost sharing with the Solar Loan  
2 II program and the continued leveraging of utility infrastructure and personnel.  
3 Accordingly, the SPRC Recoverable Administrative (O&M) Costs shown in Schedule  
4 JAF-SLI-2 have been incorporated into the revenue requirements contained in  
5 Schedule SS-SLI-2a.

6

7 **Loans Closed by Segment**

8 Schedule JAF-SLI-5 shows the number of Solar Loan I loans closed by  
9 segment.

10

11 **Capacity of Solar Systems by Segment**

12 Schedule JAF-SLI-6 shows the capacity of solar systems supported by  
13 Solar Loan I loans by segment.

14

15 **Energy Generated**

16 Schedule JAF-SLI-7 shows the estimated kWh generated by solar  
17 systems supported by Solar Loan I by segment, through March 31, 2012.

18

19 **Loans Closed by Quarter**

20 Schedule JAF-SLI-8 shows the number of loans closed by quarter.

1 **Emission Reductions**

2 Schedule JAF-SLI-9 shows the estimated emissions reductions  
3 attributed to solar systems supported by Solar Loan I loans by segment.

4

5 **SREC's Received Through the Program**

6 Schedule JAF-SLI-10 shows the estimated SRECs received by PSE&G  
7 through the Solar Loan I Program.

8

9 **Issues & Discussion**

10 **Loan Defaults**

11 As of March 31, 2012 there have been no defaults by any borrower in  
12 the Solar Loan I Program.

13 PSE&G witness Stephen Swetz has incorporated the administrative  
14 costs (both actual and projected) into his testimony and exhibits, which are included  
15 as Attachment B to this filing.

16 This concludes my testimony at this time.

**SCHEDULE INDEX**

1	Schedule JAF -SLI-1	Qualifications of Joseph A. Forline
2	Schedule JAF -SLI-2	Administrative Costs
3	Schedule JAF -SLI-3	Administrative Costs by BPU Categories
4	Schedule JAF -SLI-4	Annual Administrative Cost Cap
5	Schedule JAF -SLI-5	Solar Loans Closed by Segment
6	Schedule JAF -SLI-6	Capacity of Solar Systems by Segment
7	Schedule JAF -SLI-7	Estimated kWh Generated by Segment
8	Schedule JAF -SLI-8	Number of Loans Closed by Quarter
9	Schedule JAF -SLI-9	Emission Reduction by Segment
10	Schedule JAF -SLI-10	SRECs by Segment



1 **WORK EXPERIENCE**

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

6

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

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

13

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

SOLAR LOAN I: RECOVERABLE ADMINISTRATIVE COST (O&M)							
		(1)	(2)	(3)	(4)	(5)	
Month	Yr	Solar Loan I and Solar Loan II Total Common Costs	Solar Loan I Allocation of Common Costs <sup>1</sup>	Solar Loan I Direct Administrative (O&M) Costs	Total Solar Loan I Administrative (O&M) Costs	SPRC Recoverable Administrative (O&M) Costs	
November	2011	52,997	14,623	-	14,623	7,312	Actual
December	2011	83,046	23,596	-	23,596	11,798	
January	2012	37,628	10,280	-	10,280	5,140	
February	2012	59,910	16,367	-	16,367	8,184	
March	2012	57,991	15,843	-	15,843	7,921	
<b>Total for Period</b>		<b>291,572</b>	<b>80,709</b>	<b>-</b>	<b>80,709</b>	<b>40,355</b>	
April	2012	84,168	22,974	-	22,974	11,487	Forecast
May	2012	84,168	22,974	-	22,974	11,487	
June	2012	84,168	22,974	-	22,974	11,487	
July	2012	84,168	22,974	-	22,974	11,487	
August	2012	84,168	22,974	-	22,974	11,487	
September	2012	84,168	22,974	-	22,974	11,487	
October	2012	84,168	22,974	-	22,974	11,487	
November	2012	84,168	22,974	-	22,974	11,487	
December	2012	84,168	22,974	-	22,974	11,487	
January	2013	110,065	30,045	-	30,045	15,023	
February	2013	110,065	30,045	-	30,045	15,023	
March	2013	110,065	30,045	-	30,045	15,023	
April	2013	110,065	30,045	-	30,045	15,023	
May	2013	110,065	30,045	-	30,045	15,023	
June	2013	110,065	30,045	-	30,045	15,023	
July	2013	110,065	30,045	-	30,045	15,023	
August	2013	110,065	30,045	-	30,045	15,023	
September	2013	110,065	30,045	-	30,045	15,023	
October	2013	110,065	30,045	-	30,045	15,023	
November	2013	110,065	30,045	-	30,045	15,023	
December	2013	110,065	30,045	-	30,045	15,023	

**Notes:**

= Col (1) \* Various Rates

= Col (2) + Col (3)

= Col (4) \* 0.5

<sup>1</sup> Based on Exhibit C in the Solar Loan II Board Order (Docket No.EO09030249), resources for program management of both Solar Loan I and Solar Loan II (Common Costs) will be allocated to Solar Loan I and Solar Loan II on a pro-rata basis based on the size of each program.

**SOLAR LOAN I: ADMINISTRATIVE COST (O&M) DETAIL BY BPU CATEGORY**

Month	Yr	Administration and Program Development Expenditures	Evaluation and Related Research Expenditures	Rebate Processing, Inspections and Other QC Expenditures	Marketing & Sales	Training Expenditures	Application and Administrative Fee	Total	
November	2011	11,340	-	3,439	-	-	(156)	14,623	Actual
December	2011	18,196	-	5,400	-	-	-	23,596	
January	2012	8,178	-	2,102	-	-	-	10,280	
February	2012	12,352	-	4,015	-	-	-	16,367	
March	2012	11,738	-	4,105	-	-	-	15,843	
<b>Total for Period</b>		<b>61,804</b>	<b>-</b>	<b>19,061</b>	<b>-</b>	<b>-</b>	<b>(156)</b>	<b>80,709</b>	
April	2012	12,759	-	10,215	-	-	-	22,974	Forecast
May	2012	12,759	-	10,215	-	-	-	22,974	
June	2012	12,759	-	10,215	-	-	-	22,974	
July	2012	12,759	-	10,215	-	-	-	22,974	
August	2012	12,759	-	10,215	-	-	-	22,974	
September	2012	12,759	-	10,215	-	-	-	22,974	
October	2012	12,759	-	10,215	-	-	-	22,974	
November	2012	12,759	-	10,215	-	-	-	22,974	
December	2012	12,759	-	10,215	-	-	-	22,974	
January	2013	22,045	-	8,000	-	-	-	30,045	
February	2013	22,045	-	8,000	-	-	-	30,045	
March	2013	22,045	-	8,000	-	-	-	30,045	
April	2013	22,045	-	8,000	-	-	-	30,045	
May	2013	22,045	-	8,000	-	-	-	30,045	
June	2013	22,045	-	8,000	-	-	-	30,045	
July	2013	22,045	-	8,000	-	-	-	30,045	
August	2013	22,045	-	8,000	-	-	-	30,045	
September	2013	22,045	-	8,000	-	-	-	30,045	
October	2013	22,045	-	8,000	-	-	-	30,045	
November	2013	22,045	-	8,000	-	-	-	30,045	
December	2013	22,045	-	8,000	-	-	-	30,045	

**SOLAR LOAN I  
ADMINISTRATIVE COSTS CAP**

(1,000.00)

Year	Total Approved Administrative Cost*	Maximum Recoverable Administrative Cost (50%)*	Requested SPRC Recovery
2008	1,830	915	\$ 425
2009	2,615	1,000 <sup>(1)</sup>	\$ 506
2010	1,493	747	\$ 259
2011	1,539	770	\$ 127
2012	1,586	793	\$ 125 <sup>(2)</sup>
2013	1,624	812	\$ 180 <sup>(3)</sup>
2014	1,674	837	
2015	1,726	863	
2016	1,779	890	
2017	1,834	917	
2018	967	484	
2019	998	499	
2020	1,029	515	
2021	1,062	531	
2022	1,096	548	
2023	1,131	566	

\* "Total Approved Administrative Cost" and "Maximum Recoverable Administrative Cost (50%)" from Attachment D in the Board Order approving Solar Loan I (Docket No. EO07040278)

- (1) Note: Per agreement with the parties to the stipulation the maximum administrative cost recovery through the SPRC in any year is \$1.0 million.
- (2) Actual through March 2012, Projected Administrative Costs (O&M) thereafter
- (3) Projected Administrative Costs (O&M)

**SOLAR LOAN I**  
**Number of Loans Closed by Segment**  
**through March 31, 2012**

<b>Segment</b>	<b>Loans</b>
Residential	124
Multi-Family/Affordable	-
Municipal/Not-for-Profit	7
Commercial/Industrial	38
<b>Total</b>	<b>169</b>

**Solar Loan I  
Capacity of Solar System for Loans Closed by Segment  
through March 31, 2012**

<b>Segment</b>	<b>kW Closed</b>
Residential	930
Multi-Family/Affordable	-
Municipal/Not-for-Profit	2,264
Commercial/Industrial	18,967
<b>Total</b>	<b>22,161</b>

# SCHEDULE JAF-SLI-7

## Solar Loan I Est. kWh Generated for Solar System for Closed Loans through March 31, 2012

<u>Segment</u>	<u>kWh</u>
Residential	1,997,652
Multi-Family/Affordable	-
Municipal/Not-for-Profit	5,380,525
Commercial/Industrial	40,338,544
	<u><u>47,716,721</u></u>

**Solar Loan I  
Number of Loans Closed by Quarter  
through March 31, 2012**

<b>2009</b>	<b>Closed Loans</b>
1st Qtr.	3
2nd Qtr.	5
3rd Qtr.	7
4th Qtr.	38
<b>Total 2009</b>	<b>53</b>
<b>2010</b>	
1st Qtr.	25
2nd Qtr.	23
3rd Qtr.	34
4th Qtr.	12
<b>Total 2010</b>	<b>94</b>
<b>2011</b>	
1st Qtr.	11
2nd Qtr.	4
3rd Qtr.	3
4th Qtr.	4
<b>Total 2011</b>	<b>22</b>
<b>2012</b>	
1st Qtr.	-
2nd Qtr.	-
3rd Qtr.	-
4th Qtr.	-
<b>Total 2012</b>	<b>-</b>
<b>Total Program</b>	<b>169</b>

## SCHEDULE JAF-SLI-9

### Solar Loan I Emission Reduction by Segment through March 31, 2012

Metric Tons

<b>Segment</b>	<b>CO2</b>	<b>SO2</b>	<b>Hg</b>
Residential	641	3	0.03
Multi-Family/Affordable	-	-	-
Municipal/Not-for-Profit	1,561	7	0.08
Commercial/Industrial	13,077	56	0.65
Total	15,279	65	0.76

## SCHEDULE JAF-SLI-10

### Solar Loan I SRECs by Segment through March 31, 2012

<u>Segment</u>	<u>SRECs</u>
Residential	1,827
Multi-Family/Affordable	-
Municipal/Not-for-Profit	4,763
Commercial/Industrial	39,994
<b>Total</b>	<b><u><u>46,584</u></u></b>

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**PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
DIRECT TESTIMONY  
OF  
STEPHEN SWETZ  
DIRECTOR – CORPORATE RATES AND REVENUE REQUIREMENTS**

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

**SCOPE OF TESTIMONY**

The purpose of my testimony is to support Public Service Electric and Gas Company’s (PSE&G, the Company) filing for recovery of the costs related to PSE&G’s Solar Loan I Program (“Solar Loan I” or “Program”). The period includes actual costs incurred from November 2011 through March 2012 and forecasted costs through September 2013. My testimony provides the detailed calculations and recovery mechanisms, including projected rate and bill impacts.

**COST RECOVERY MECHANISM**

General

PSE&G is filing to recover the revenue requirements associated with the direct costs of the Program. Direct costs include all costs related to: loans issued

1 under the Program, capital expenditures to support the management of the Program  
2 and 50 percent of the administrative costs of running the Program. These costs are be  
3 offset by the net benefits derived from the net proceeds from the sale of SRECs, cash  
4 payments in lieu of SRECs, as well as the SREC call option net benefit. Based on the  
5 Company's actual costs through March 31, 2012 and its projected costs through  
6 September 30, 2013, the Solar Pilot Recovery Charge ("SPRC") is expected to be  
7 under collected by approximately \$19.5 million, including interest. The rate proposed  
8 for the SPRC would be effective October 1, 2012 through September 30, 2013 and is  
9 designed to recover \$19.5 million over the twelve month period as shown on Schedule  
10 SS-SLI-2. PSE&G is proposing that the Board authorize the recovery of the revenue  
11 requirements of the Program in accordance with the Board's Order approving the  
12 Solar Loan I Program in Docket No. EO07040278. The details of the costs proposed  
13 to be recovered, as well as the mechanism for such recovery, are described in the  
14 following sections of this testimony.

15

16 Calculation of the Revenue Requirements of Direct Costs

17 The Program investments are to be treated as separate utility assets, and  
18 depending on the type of investment, either depreciated or amortized as described in  
19 the corresponding section below. Paragraph 75 of the Board Order approving the

1 Program established the following methodology for calculating the revenue  
2 requirements associated with the direct costs of the Program:

3 *Net Monthly Revenue Requirements = (Cost of Capital \* Net Plant) +*  
4 *Amortization + Recoverable Administrative Costs – Net Proceeds from the*  
5 *Sale of SRECs – Cash Payments Received in lieu of SRECs*

6 The revenue requirements formula for Solar Loan I was established at a broad level  
7 without a supporting schedule showing the detailed calculations. As a result, the  
8 Solar Loan I revenue requirement formula was modified to the more detailed  
9 calculation used in the 2010 SPRC cost recovery filing in Docket No. ER10030220,  
10 which is awaiting execution by the parties and Board approval. The modified revenue  
11 requirement formula is:

12 *Revenue Requirements = (Pre-Tax Cost of Capital \* Net Investment) – Net*  
13 *Loan Accrued Interest + Amortization and/or Depreciation + Operation and*  
14 *Maintenance (Recoverable Administrative) Costs – Net Proceeds from the Sale*  
15 *of SRECs – Cash Payments in lieu of SRECs*

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

17 Pre-Tax Cost of Capital – The weighted average cost of capital (WACC) for  
18 the Program was set at 7.8406%. For calculating Revenue Requirements, the  
19 corresponding Pre-Tax WACC of 11.11% per year or 0.92583% per month is  
20 used in accordance with paragraph 75 of the Order approving the Program.

1        Net Investment – The net investment for the Program comprised of the  
2 following:

- 3            • Total Loan Outstanding Balances
- 4            • SREC Inventory
- 5            • Capitalized Plant less its associated accumulated depreciation less its  
6            Accumulated Deferred Income Tax (ADIT)

7        The assumptions supporting the loans and associated amortization schedules,  
8        SREC Inventory and capitalized plant related to the Program are found in  
9        workpaper SS-SLI-3..

10       Net Loan Accrued Interest – This amount is subtracted from revenue  
11       requirements. It is defined as (*Loan Accrued Interest – Loan Interest Paid*). It  
12       accounts for timing differences from when loan interest is accrued and loan  
13       interest is paid. Over the life of each loan, the Loan Accrued Interest is equal  
14       to the Loan Interest Paid.

15       Depreciation/Amortization – This is composed of Loan Principal Paid /  
16       Amortized and Capitalized Plant Depreciation. The capitalized plant  
17       depreciation is based on a monthly vintaging methodology utilizing an  
18       expected life to determine the depreciable amount.

19       Operations and Maintenance (Recoverable Administrative) Costs – Operations  
20       and Maintenance Costs include labor and other on-going costs required to

1 manage and administer the Program. The assumptions supporting the  
2 estimated Operations and Maintenance costs are described in the direct  
3 testimony and workpapers of Joseph A. Forline. Only 50 percent of the  
4 administrative costs are included in the revenue requirements calculation.

5 Net Proceeds from the Sale of SRECs – The net SREC proceeds reduce  
6 revenue requirements and are defined as:

7 
$$(SREC\ Value\ Credited\ to\ Loans + Gain/(Loss)\ on\ Sale\ of\ SRECs$$
  
8 
$$+ SREC\ Call\ Option\ Net\ Benefit$$

9 Cash Payments in lieu of SRECs – This includes when the borrower chooses to  
10 repay the loan with cash and any required true up cash payments.

11 The total revenue requirements are based on actual costs incurred  
12 through March 31, 2012 and projected costs through September 30, 2013. One  
13 projected loan closing was included in June 2012 for an investment amount of  
14 \$16,936. This represents the last loan closing in the Solar Loan I Program. All loans,  
15 principal and interest, will be repaid by providing the Company with SRECs or cash.  
16 For the forecasted period, SREC prices for the months of April 2012 through  
17 September 2013 are assumed to be \$200. The summary monthly calculations of the  
18 actual revenue requirements through March 2012 and the forecasted revenue  
19 requirements from April 2012 through September 2013 are shown in Schedule SS-  
20 SLI-3. The detailed monthly calculations of the revenue requirements through

1 September 2013 are shown in Schedule SS-SLI-3a. Because 2008 revenue  
2 requirements only include operation and maintenance costs, they are not shown in the  
3 summary and detailed revenue requirements calculation worksheets in Schedules SS-  
4 SLI-3 and SS-SLI-3a, but are shown in the direct testimony of Joseph A. Forline on  
5 Schedule JAF-SLI-2. The calculation of the over/under recovered balance along with  
6 the associated interest rate calculations is shown in Schedule SS-SLI-4. As  
7 summarized on Schedule SS-SLI-2, the expected revenue requirement is \$19,544,636,  
8 including \$11,147 in cumulative interest, for the period of October 2012 through  
9 September 2013.

10

11 Method for Recovery of Direct Cost

12 PSE&G will recover the net Revenue Requirements associated with this  
13 Program through the SPRC based on paragraph 75 of the Order approving Solar Loan  
14 I. The SPRC was approved as the recovery mechanism for Solar Loan I revenue  
15 requirements in paragraph 39 of the Order and is applicable to all electric rate  
16 schedules on an equal cents per kilowatt-hour basis. The Company is requesting  
17 Board approval of an effective date of October 1, 2012. If Board approval is received  
18 prior to October 1, 2012, rates would still go into effect October 1, 2012 as filed. All  
19 Program costs incurred prior to October 1, 2012 will be deferred. If Board approval is  
20 received after October 1, the proposed initial rate period charge would still be

1 implemented at the time of approval. In that instance, all Program costs incurred prior  
2 to the rate-effective date will be deferred until rates go into effect. The SPRC rates  
3 will remain in effect until the Board approves a new SPRC rate in a subsequent  
4 proceeding.

5           The annual filing will include actual revenue requirements through  
6 March 31<sup>st</sup>, the projected over/under deferred balance as of September 30<sup>th</sup> for the  
7 current year along with the corresponding cumulative interest balance, plus the  
8 estimated revenue requirements for October 1 of the year of filing through September  
9 30 of the following year. For all subsequent rate periods, an annual filing will be  
10 made no later than July 1<sup>st</sup> of each year. The charges proposed in the annual filings  
11 made each year will go into effect provisionally or as final rates, on October 1<sup>st</sup> of that  
12 year, upon issuance of a Board Order authorizing these provisional or final rates.

13           The calculation of the proposed SPRC increase is shown in Schedule  
14 SS-SLI-2. The Revenue Requirements are divided by the current forecasted kilowatt-  
15 hours sales from October 2012 through September 2013 to determine the SPRC  
16 without the New Jersey Sales and Use Tax (SUT) applied. The draft Stipulation of  
17 Settlement in the 2010 SPRC cost recovery filing, Docket No. ER10030220, is still  
18 pending execution and Board approval. As part of that draft Stipulation of  
19 Settlement, the parties agreed to provide a credit to ratepayers of \$75,834 for  
20 application fees previously held by the Company and, in addition, provide a credit of

1 \$6,148 for costs incurred before the Solar Loan I Program was approved. Based on  
2 the anticipated execution and Board approval of the draft Stipulation of Settlement for  
3 the 2010 SPRC cost recovery filing, both credits were applied as a reduction to  
4 revenue requirements in August 2012, as shown in Schedule SS-SLI-4. In  
5 anticipation of this approval, the proposed rate in the 2010 SPRC cost recovery filing  
6 of \$0.000058 without SUT is forecasted to be effective on August 1, 2012. As a  
7 result, PSE&G is proposing to increase the SPRC from a rate of \$0.000058 per kWh  
8 to \$0.000454 per kWh, without SUT. The forecasted kilowatt-hours sales used for  
9 this analysis are consistent with those filed in the Company's March 2012 SBC/NGC  
10 filing. The rates proposed for the SPRC for the period October 1, 2012 through  
11 September 30, 2013 are designed to recover approximately \$19.5 million. As a result  
12 of the proposed new SPRC rate shown in Schedule SS-SLI-2, Public Service's class  
13 average residential electric customers using 780 kWhrs in a summer month and 7,360  
14 kWhrs annually would experience an increase in their annual bill from \$1,337.04 to  
15 \$1,340.20, or \$3.16, or approximately 0.2%. These figures are based upon current  
16 Delivery Rates and Basic Generation Service Fixed Pricing ("BGS-FP") charges in  
17 effect July 1, 2012, including the assumed SPRC effective August 1, 2012, and  
18 assume that the customer receives BGS-FP service from PSE&G.

19 The electronic version of this filing contains the supporting detailed  
20 assumptions and calculations for Schedules SS-SLI-2 through SS-SLI-4 in WP-SS-

1 SLI-1.xls. Additional supporting work papers will be provided electronically and are  
2 listed in the index below.

3 Under the Company's proposal, any over/under recovery of the actual  
4 revenue requirements compared to revenues would be deferred. Based on paragraph  
5 75 of the Order approving the Program, the interest rate for the deferred SPRC  
6 balance will be calculated at the same rate and methodology as PSE&G currently uses  
7 for the electric Societal Benefits Charge. The interest rate would be applicable as the  
8 carrying charge rate on any over/under recovered balance on a monthly basis.

9 The monthly carrying charge on the over/under recovery balance would  
10 be added to the month ending deferred balance to create the month ending deferred  
11 balance with carrying charge. The ending deferred balance with carrying charge  
12 becomes the beginning monthly balance for the subsequent month.

13 This concludes my testimony at this time.

**Schedule Index**

Schedule SS-SLI-1 ..... Qualifications

Schedule SS-SLI-2 ..... Proposed Rate Calculations

Schedule SS-SLI-3 ..... Revenue Requirements Calculation - Summary

Schedule SS-SLI-3a ..... Revenue Requirements Calculation – Detail

Schedule SS-SLI-4 ..... Over / Under Recovered Balance Calculation

**Electronic Work Paper Index**

WP-JAF-SLI-1.xls ..... Detailed O&M Schedules

WP-SS-SLI-1.xls ..... Actual and Forecasted Revenue Requirements and  
Rate Analysis Calculations

WP-SS-SLI-1a (Actuals).xls ..... Actual Revenue Requirements Calculation

WP-SS-SLI-2.xls ..... Aggregate Loan Amortization Schedules and  
Forecasted Revenue Requirement Inputs



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

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

# PSE&G Solar Loan I Program

## Proposed Rate Calculations

(\$'s Unless Specified)

Schedule SS-SLI-2

Actual results through 3/31/2012

SUT Rate 7%

<u>Line</u>	<u>Date(s)</u>		<u>Electric</u>	<u>Source/Description</u>
1	Oct-12 to Sep-13	Revenue Requirements	7,344,115	SUM ( Schedule SS-2 (Update), Col 20)
2	Sep-12	Under / (Over) Recovered Balance	12,189,373	Schedule SS-SL1-3, Line 4, Col 57
3	Sep-12	Cumulative Interest Exp / (Credit)	11,147	Schedule SS-SL1-3, Line 7, Col 57
4	Sep-13	Total Target Rate Revenue	19,544,636	Line 1 + Line 2 + Line 3
5	Oct-12 to Sep-13	Forecasted kWh (000)	43,004,050	
6		Proposed Rate w/o SUT (\$/kWh)	0.000454	(Line 4 / (Line 5*1,000)) [Rnd 6]
7		Proposed Rate w/ SUT (\$/kWh)	0.000486	(Line 6 * (1 + SUT Rate)) [Rnd 6]
8		Existing Rate w/o SUT (\$/kWh)	0.000058	
9		Difference in Proposed and Existing Rate	0.000396	(Line 6 - Line 8)
10		Resultant SPRC Revenue Increase	17,029,604	(Line 5 * Line 9 * 1,000)

**PSE&G Solar Loan I Program  
Electric Revenue Requirements Calculation - Summary**

Schedule SS-SLI-3

Actuals through March 2012

Annual Pre-Tax WACC 11.1081%  
Monthly Pre-Tax WACC 0.92567%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(17a)	(18)	(19)	(20)
	Total Loan Outstanding Balance	SREC Inventory	Total Net Loan Investment	Return Requirement On Net Loan Investments	Net Plant Investment	Return Requirement on Plant Investment	Loan Accrued Interest	Loan Interest Paid	Net Loan Accrued Interest	Loan Principal Paid / Amortized	Plant Depreciation	Depreciation / Amortization	O&M Expenses	SREC Value Credited to Loans	Gain / (Loss) on SREC Sales	SREC Disposition Expenses	SREC Call Option Net Benefit	SREC Floor Price Cost	Net Proceeds from the Sale of SRECs	Cash Payments to Loans	Revenue Requirements
<b>Monthly Calculations</b>																					
Nov-11	69,964,637	1,341,601	71,306,238	685,970	-	-	630,339	630,339	-	136,027	-	136,027	7,312	766,366	(2,625,460)	4,146	-	115,232	(1,978,473)	-	2,807,781
Dec-11	73,099,428	1,795,218	74,894,646	676,017	-	-	653,268	609,206	44,062	-	-	-	11,798	609,206	-	62,736	-	155,891	390,579	-	253,173
Jan-12	73,113,431	2,312,831	75,426,262	706,647	-	-	679,478	665,475	14,003	-	-	-	5,140	665,475	-	-	-	147,862	517,613	-	180,170
Feb-12	72,927,103	1,045,612	73,972,715	664,867	-	-	635,600	693,665	(58,065)	128,263	-	128,263	8,184	821,275	(1,065,707)	18,184	-	175,211	(437,828)	653	1,296,553
Mar-12	72,685,734	1,265,716	73,951,450	694,206	-	-	677,859	677,859	-	241,369	-	241,369	7,921	799,900	(208,223)	17,466	-	190,848	383,363	119,328	440,805
Apr-12	72,231,390	2,065,179	74,296,569	675,194	-	-	653,831	653,831	-	454,344	-	454,344	11,487	1,108,175	-	-	-	308,983	799,192	-	341,833
May-12	71,851,603	1,032,372	72,883,976	687,994	-	-	659,202	673,981	(14,779)	381,944	-	381,944	11,487	1,055,925	(1,171,924)	22,060	-	611,325	(749,384)	-	1,845,589
Jun-12	71,346,380	1,528,782	72,875,162	674,959	-	-	655,790	664,935	(9,145)	513,065	-	513,065	11,487	1,178,000	-	20,067	-	682,000	475,933	-	732,724
Jul-12	70,585,268	594,750	71,180,018	674,687	-	-	651,063	653,100	(2,037)	759,075	-	759,075	11,487	1,412,175	(437,582)	-	-	817,575	157,018	-	1,290,269
Aug-12	69,845,770	1,177,500	71,023,270	659,289	-	-	644,177	643,402	775	740,273	-	740,273	11,487	1,383,675	-	17,783	-	801,075	564,817	-	845,457
Sep-12	69,110,490	1,755,650	70,866,140	657,582	-	-	637,470	638,438	(968)	734,312	-	734,312	11,487	1,372,750	-	-	-	794,800	577,950	-	826,399
Oct-12	68,478,284	531,800	69,010,084	656,039	-	-	630,819	630,639	180	632,386	-	632,386	11,487	1,263,025	150	-	-	731,275	531,900	-	767,833
Nov-12	68,030,833	983,550	69,014,383	638,986	-	-	625,099	623,522	1,578	449,028	-	449,028	11,487	1,072,550	-	18,113	-	620,950	433,487	-	664,437
Dec-12	67,777,420	1,351,900	69,129,320	639,243	-	-	621,062	620,793	269	253,682	-	253,682	11,487	874,475	-	-	-	506,325	368,150	-	535,993
Jan-13	67,847,143	231,200	68,078,343	639,919	-	-	618,823	529,645	89,178	19,455	-	19,455	15,023	549,100	100	-	-	317,900	231,300	-	353,918
Feb-13	67,979,312	436,550	68,415,862	630,182	-	-	619,518	473,495	146,024	13,855	-	13,855	15,023	487,350	-	16,942	-	282,200	188,208	-	324,828
Mar-13	67,999,702	689,350	68,689,052	633,569	-	-	620,790	579,505	41,285	20,895	-	20,895	15,023	600,400	-	-	-	347,600	252,800	-	375,402
Apr-13	67,879,740	312,150	68,191,890	635,742	-	-	621,038	680,453	(59,415)	60,547	-	60,547	15,023	741,000	50	-	-	429,050	312,000	-	458,726
May-13	67,451,884	753,350	68,205,234	631,531	-	-	619,995	784,604	(164,609)	263,246	-	263,246	15,023	1,047,850	-	9,506	-	606,650	431,694	-	642,715
Jun-13	66,890,042	1,249,500	68,139,542	631,520	-	-	616,157	670,484	(54,327)	507,516	-	507,516	15,023	1,178,000	-	-	-	682,050	495,950	-	712,435
Jul-13	66,098,465	590,750	66,689,215	630,878	-	-	611,098	611,183	(85)	791,492	-	791,492	15,023	1,402,675	100	-	-	812,075	590,700	-	846,777
Aug-13	65,326,305	1,170,300	66,496,605	617,710	-	-	603,915	603,812	103	772,263	-	772,263	15,023	1,376,075	-	11,879	-	796,725	567,471	-	837,422
Sep-13	64,559,021	1,744,850	66,303,871	615,672	-	-	596,916	597,370	(454)	766,830	-	766,830	15,023	1,364,200	-	-	-	789,850	574,350	-	823,629
	From Sched SS-SL1-2a Col 11	From Sched SS-SL1-2a Col 15	Col 1 + Col 2	From Sched SS-SL1-2a Col 3 + Col 16	From Sched SS-SL1-2a Col 26	(Prior Col 5 + Col 5) / 2 * [Monthly Pre Tax WACC]	From Sched SS-SL1-2a Col 4	From Sched SS-SL1-2a Col 7	Col 7 - Col 8	From Sched SS-SL1-2a Col 8	From Sched SS-SL1-2a Col 20	Col 9 + Col 10	From Sched SS-SL1-2a Col 28	From Sched SS-SL1-2a Col 5	From Sched SS-SL1-2a Col 14	From Sched SS-SL1-2a Col 17	From Sched SS-SL1-2a Col 18	From Sched SS-SL1-2a Col 18a	Col 14 + Col 15 - Col 16 + Col 17 - Col 17a	From Sched SS-3 Col 6	Col 4 + Col 6 - Col 9 + Col 12 + Col 13 - Col 18 - Col 19
<b>Annual Summary</b>																					
2009	42,055,057	1,483,481	43,538,538	1,322,954	-	-	1,267,817	1,209,191	58,626	937,413	-	937,413	505,554	2,146,604	271,256	135,091	-	3,499	2,279,270	-	428,024
2010	62,387,945	2,636,299	65,024,244	5,825,922	-	-	5,558,552	5,617,178	(58,626)	3,820,753	-	3,820,753	258,525	9,411,252	1,499,493	203,401	-	-	10,707,344	26,680	(770,198)
2011	73,099,428	1,795,218	74,894,646	7,945,123	-	-	7,473,721	7,429,658	44,062	4,927,273	-	4,927,273	127,415	12,280,358	(3,344,977)	285,220	-	559,489	8,090,672	76,574	4,788,503
2012	67,777,420	1,351,900	69,129,320	8,029,695	-	-	7,771,450	7,839,641	(68,191)	5,287,740	-	5,287,740	124,630	13,007,400	(2,883,286)	113,673	-	6,388,228	3,622,212	119,981	9,768,062
2013	-	-	-	5,666,724	-	-	5,528,251	5,530,551	(2,300)	3,216,099	-	3,216,099	135,203	8,746,650	250	38,327	-	5,064,100	3,644,473	-	5,375,852
Total				28,790,416			27,599,791	27,626,220	(26,429)	18,189,279		18,189,279	1,151,326	45,592,263	(4,457,264)	775,712		12,015,317	28,343,971	223,235	19,590,244
Total Oct-11																					
Sep-12				7,600,992			7,405,231	7,405,505	(274)	4,551,195		4,551,195	169,664	11,956,700	400	56,440		6,922,650	4,978,010	-	7,344,115

<sup>11</sup> Revenue requirements for 2008 only include O&M Expenses of \$425,292.99 and are shown in the Under / Over Balance (Schedule SS-SL1-4); the total revenue requirement through December 2012 is \$19,991,156 (\$425,292.99 + \$19,563,863)

**PSE&G Solar Loan I Program  
Electric Revenue Requirements Calculation - Detail**

Actuals through March 2012

Annual Pre-Tax WACC 11.1081%  
Monthly Pre-Tax WACC 0.92567%

(1)	(2)	(3)	(3a)	(3b)	(4)	4a	4b	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Loan Amount Issued	Capitalized Plant	Return On Total Outstanding Loan Balance	Loan Interest Rate to WACC Differential Cost - Commercial	Loan Interest Rate to WACC Differential Cost - Residential	Loan Accrued Interest	Loan Accrued Commercial	Loan Accrued Interest - Residential	SREC Value Credited to Loans	Cash Payments to Loans	Loan Interest Paid	Loan Principal Paid / Amortized	Loan Accrued Interest Balance	Loan Principal Balance	Total Loan Outstanding Balance	Value of SREC Transferred to PSE&G	SREC Auction Sales	Gain / (Loss) on SREC Sales	
Nov-11	-	-	639,892	-	9,553	630,339	616,870	13,469	766,366	-	630,339	-	69,964,637	69,964,637	651,435	1,859,004	(2,625,460)	
Dec-11	3,090,729	-	663,222	-	9,954	653,268	639,233	14,035	609,206	-	609,206	-	44,062	73,055,366	73,099,428	453,617	-	
Jan-12	-	-	689,556	-	10,078	679,478	665,269	14,209	665,475	-	665,475	-	58,065	73,055,366	73,113,431	517,613	-	
Feb-12	-	-	644,990	-	9,389	635,600	622,361	13,239	821,275	653	693,665	128,263	-	72,927,103	72,927,103	646,341	847,852 (1,065,707)	
Mar-12	-	-	687,815	-	9,956	677,859	663,821	14,038	799,900	119,328	677,859	241,369	-	72,685,734	72,685,734	609,052	180,726 (208,223)	
Apr-12	-	-	663,393	-	9,562	653,831	640,349	13,482	1,108,175	-	653,831	454,344	-	72,231,390	72,231,390	799,464	-	
May-12	-	-	668,822	-	9,620	659,202	645,637	13,565	1,055,925	-	673,981	381,944	12,968	71,838,635	71,851,603	1,032,372	893,255 (1,171,924)	
Jun-12	16,936	-	665,381	-	9,592	655,790	642,266	13,524	1,178,000	-	664,935	513,065	3,874	71,342,506	71,346,380	496,410	-	
Jul-12	-	-	660,546	-	9,483	651,063	637,692	13,371	1,412,175	-	653,100	759,075	1,837	70,583,431	70,585,268	594,750	1,091,200 (437,582)	
Aug-12	-	-	653,500	-	9,323	644,177	631,032	13,145	1,383,675	-	643,402	740,273	2,612	69,843,158	69,845,770	582,750	-	
Sep-12	-	-	646,653	-	9,183	637,470	624,521	12,948	1,372,750	-	638,438	734,312	1,644	69,108,847	69,110,490	578,150	-	
Oct-12	-	-	639,846	-	9,027	630,819	618,091	12,728	1,263,025	-	630,639	632,386	1,824	68,476,461	68,478,284	531,800	1,755,800 150	
Nov-12	-	-	633,993	-	8,893	625,099	612,560	12,539	1,072,550	-	623,522	449,028	3,401	68,027,432	68,030,833	451,750	-	
Dec-12	-	-	629,850	-	8,788	621,062	608,670	12,391	874,475	-	620,793	253,682	3,670	67,773,750	67,777,420	368,350	-	
Jan-13	-	-	627,504	-	8,681	618,823	606,583	12,240	549,100	-	529,645	19,455	92,848	67,754,296	67,847,143	231,200	1,352,000 100	
Feb-13	-	-	628,149	-	8,631	619,518	607,349	12,170	487,350	-	473,495	13,855	238,871	67,740,440	67,979,312	205,350	-	
Mar-13	-	-	629,373	-	8,583	620,790	608,688	12,102	600,400	-	579,505	20,895	280,157	67,719,545	67,999,702	252,800	-	
Apr-13	-	-	629,562	-	8,524	621,038	609,020	12,018	741,000	-	680,453	60,547	220,742	67,658,998	67,879,740	312,150	689,400 50	
May-13	-	-	628,451	-	8,457	619,995	608,071	11,924	1,047,850	-	784,604	263,246	56,133	67,395,752	67,451,884	441,200	-	
Jun-13	-	-	624,490	-	8,333	616,157	604,408	11,749	1,178,000	-	670,484	507,516	1,806	66,888,236	66,890,042	496,150	-	
Jul-13	-	-	619,288	-	8,190	611,098	599,551	11,548	1,402,675	-	611,183	791,492	1,721	66,096,744	66,098,465	590,750	1,249,600 100	
Aug-13	-	-	611,960	-	8,044	603,915	592,573	11,343	1,376,075	-	603,812	772,263	1,824	65,324,481	65,326,305	579,550	-	
Sep-13	-	-	604,811	-	7,895	596,916	585,785	11,131	1,364,200	-	597,370	766,830	1,370	64,557,651	64,559,021	574,550	-	
	Program Assumption	Program Assumption	Col 3a + Col 3b + Col 4	WP-SS-SL1-2.xls 'LoansC' wksht Col 32	WP-SS-SL1-2.xls 'LoansR' wksht Col 32	WP-SS-SL1-2.xls 'Loans' wksht Col 11	WP-SS-SL1-2.xls 'LoansC' wksht Col 11	WP-SS-SL1-2.xls 'LoansR' wksht Col 11	WP-SS-SL1-2.xls 'Loans' wksht Col 13	WP-SS-SL1-2.xls 'Loans' wksht Col 14	WP-SS-SL1-2.xls 'Loans' wksht Col 16	WP-SS-SL1-2.xls 'Loans' wksht Col 17	WP-SS-SL1-2.xls 'Loans' wksht Col 18	WP-SS-SL1-2.xls 'Loans' wksht Col 19	Col 9 + Col 10	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 23	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 25	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 26
<b>Annual Summary</b>																		
2009	42,933,844	-	1,272,374			1,267,817			2,146,604	-	1,209,191	937,413	58,626	41,996,431	42,055,057	2,143,104	930,880	271,256
2010	24,212,268	-	5,633,081			5,558,552			9,411,252	26,680	5,617,178	3,820,753	-	62,387,945	62,387,945	9,412,632	9,759,306	1,499,493
2011	15,594,694	-	7,594,846			7,473,721			12,280,358	76,574	7,429,658	4,927,273	44,062	73,055,366	73,099,428	11,724,979	9,221,084	(3,344,977)
2012	16,936	-	7,884,344			7,771,450			13,007,400	119,981	7,839,641	5,287,740	3,670	67,773,750	67,777,420	7,208,803	4,768,834	(2,883,286)
2013	-	-	5,603,587			5,528,251			8,746,650	-	5,530,551	3,216,099	-	-	-	3,683,700	3,291,000	250
<b>Total</b>	<b>82,757,741</b>	<b>-</b>	<b>27,988,233</b>			<b>27,599,791</b>			<b>45,592,263</b>	<b>223,235</b>	<b>27,626,220</b>	<b>18,189,279</b>				<b>34,173,218</b>	<b>27,971,104</b>	<b>(4,457,264)</b>
<b>Total Oct-12 - Sep-13</b>	<b>-</b>	<b>-</b>	<b>7,507,276</b>			<b>7,405,231</b>			<b>11,956,700</b>	<b>-</b>	<b>7,405,505</b>	<b>4,551,195</b>				<b>5,035,600</b>	<b>5,046,800</b>	<b>400</b>

**PSE&G Solar Loan I Program  
Electric Revenue Requirements Calculation - Detail**

Schedule SS-SLI-3a

Page 2 of 2

Actuals through March 2012

Annual Pre-Tax WACC 11.1081%  
Monthly Pre-Tax WACC 0.92567%

	(15)	(16)	(17)	(18)	(18a)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
	SREC Inventory	Return on SREC Inventory	SREC Disposition Expenses	SREC Call Option Net Benefit	SREC Floor Price Cost	Gross Plant	Plant Depreciation	Accumulated Depreciation	Net Plant	Tax Depreciation	Deferred Income Tax	Accumulated Deferred Income Tax	Net Plant Investment	Return Requirement on Plant Investment	O&M Expenses <sup>1</sup>	Revenue Requirements <sup>1</sup>	Alternative Revenue Calculation <sup>1</sup>
Nov-11	1,341,601	46,079	4,146	-	115,232	-	-	-	-	-	-	-	-	-	7,312	2,807,781	2,807,781
Dec-11	1,795,218	12,794	62,736	-	155,891	-	-	-	-	-	-	-	-	-	11,798	253,173	253,173
Jan-12	2,312,831	17,091	-	-	147,862	-	-	-	-	-	-	-	-	-	5,140	180,170	180,170
Feb-12	1,045,612	19,878	18,184	-	175,211	-	-	-	-	-	-	-	-	-	8,184	1,296,553	1,296,553
Mar-12	1,265,716	6,391	17,466	-	190,848	-	-	-	-	-	-	-	-	-	7,921	440,805	440,805
Apr-12	2,065,179	11,801	-	-	308,983	-	-	-	-	-	-	-	-	-	11,487	337,536	337,536
May-12	1,032,372	19,172	22,060	-	611,325	-	-	-	-	-	-	-	-	-	11,487	1,845,589	1,845,589
Jun-12	1,528,782	9,578	20,067	-	682,000	-	-	-	-	-	-	-	-	-	11,487	732,724	732,724
Jul-12	594,750	14,141	-	-	817,575	-	-	-	-	-	-	-	-	-	11,487	1,290,269	1,290,269
Aug-12	1,177,500	5,789	17,783	-	801,075	-	-	-	-	-	-	-	-	-	11,487	845,457	845,457
Sep-12	1,755,650	10,928	-	-	794,800	-	-	-	-	-	-	-	-	-	11,487	826,399	826,399
Oct-12	531,800	16,194	-	-	731,275	-	-	-	-	-	-	-	-	-	11,487	767,833	767,833
Nov-12	983,550	4,994	18,113	-	620,950	-	-	-	-	-	-	-	-	-	11,487	664,437	664,437
Dec-12	1,351,900	9,393	-	-	506,325	-	-	-	-	-	-	-	-	-	11,487	535,993	535,993
Jan-13	231,200	12,415	-	-	317,900	-	-	-	-	-	-	-	-	-	15,023	353,918	353,918
Feb-13	436,550	2,033	16,942	-	282,200	-	-	-	-	-	-	-	-	-	15,023	324,828	324,828
Mar-13	689,350	4,196	-	-	347,600	-	-	-	-	-	-	-	-	-	15,023	375,402	375,402
Apr-13	312,150	6,180	-	-	429,050	-	-	-	-	-	-	-	-	-	15,023	458,726	458,726
May-13	753,350	3,080	9,506	-	606,650	-	-	-	-	-	-	-	-	-	15,023	642,715	642,715
Jun-13	1,249,500	7,030	-	-	682,050	-	-	-	-	-	-	-	-	-	15,023	712,435	712,435
Jul-13	590,750	11,590	-	-	812,075	-	-	-	-	-	-	-	-	-	15,023	846,777	846,777
Aug-13	1,170,300	5,751	11,879	-	796,725	-	-	-	-	-	-	-	-	-	15,023	837,422	837,422
Sep-13	1,744,850	10,861	-	-	789,850	-	-	-	-	-	-	-	-	-	15,023	823,629	823,629
	Prior Col 15 + Col 12 - Col 13 - Col 14	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 28	WP-SS-SL1-2.xls 'SREC Inv.' wksht Col 29	Included in Col 14	WP-SS-SL1-2.xls 'Loans' wksht Col 36	Prior Month Col 19 + Col 2	1/120 of Each Prior 120 Months of Col 2 (10 year amortization)	Prior Col 21 + Col 20	Col 19 - Col 21	See WP-SS-1.xls 'AmortE' wksht	(Col 23 - Col 20) * Income Tax Rate	Prior Col 25 + Col 24	Col 22 - Col 25	(Prior Col 26 + Col 26) / 2 * Monthly Pre Tax WACC	Program Assumption	Col 3 - Col 4 - Col 5 - Col 6 + Col 7 + Col 8 - Col 14 + Col 16 + Col 17 - Col 18 + Col 18a + Col 20 + Col 27 + Col 28	3a + 3b - 14 + 16 + 17 - 18 + 18a + 20 + 27 + 28
<b>Annual Summary</b>																	
2009	1,483,481	50,579	135,091	-	3,499	-	-	-	-	-	-	-	-	-	505,554	428,024	428,024
2010	2,636,299	192,841	203,401	-	-	-	-	-	-	-	-	-	-	-	258,525	(770,198)	(770,198)
2011	1,795,218	350,277	285,220	-	559,489	-	-	-	-	-	-	-	-	-	127,415	4,788,503	4,788,503
2012	1,351,900	145,350	113,673	-	6,388,228	-	-	-	-	-	-	-	-	-	124,630	9,763,766	9,763,766
2013	-	63,136	38,327	-	5,064,100	-	-	-	-	-	-	-	-	-	135,203	5,375,852	5,375,852
Total		802,184	775,712	-	12,015,317	-	-	-	-	-	-	-	-	-	1,151,326	19,585,947	19,585,947
<b>Total Oct-12 - Sep-13</b>		93,716	56,440	-	6,922,650	-	-	-	-	-	-	-	-	-	169,664	7,344,115	7,344,115

<sup>1</sup> Revenue requirements for 2008 only include O&M Expenses of \$425,292.99 and are shown in the Under / Over Balance (Schedule SS-SL1-4); the total revenue requirement through December 2012 is \$19,991,156 (\$425,292.99 + \$19,563,863)

**PSE&G Solar Loan I Program**  
**(Over)/Under Recovered Balance Calculation**

Existing SL I Rate w/o SUT \$/kWh<sup>1</sup>

	(47)	(48)	(49)	(50)	(51)
<b><u>SLI Under/(Over) Calculation</u></b>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>
(1) Solar Loan I SPRC Revenue	\$0	\$0	\$0	\$0	\$0
(2) Revenue Requirements	<u>\$2,807,781</u>	<u>\$253,173</u>	<u>\$180,170</u>	<u>\$1,296,553</u>	<u>\$440,805</u>
(3) Monthly Under/(Over) Recovery	\$2,807,781	\$253,173	\$180,170	\$1,296,553	\$440,805
(4) Deferred Balance	\$4,618,449	\$4,871,623	\$5,051,793	\$6,348,347	\$6,789,151
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%
(6) After Tax Monthly Interest Expense/(Credit)	\$1,547	\$2,283	\$2,387	\$2,743	\$3,161
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue	\$22,418	\$24,701	\$27,088	\$29,831	\$32,991
(8) Requirements	\$4,640,867	\$4,896,324	\$5,078,881	\$6,378,177	\$6,822,142
(9) Net Sales - kWh (000)					
(10) SPRC Settlement: Application Fee Credit					
(11) SPRC Settlement: Prior to Filing Expenses Credit					

<sup>1</sup> The 2010 SPRC cost recovery filing settlement is forecasted to be effective August 1, 2012

**PSE&G Solar Loan I Program**  
**(Over)/Under Recovered Balance Calculation**

Existing SL I Rate w/o SUT \$/kWh<sup>1</sup>

	(52)	(53)	(54)	(55)	(56)
	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
<b><u>SLI Under/(Over) Calculation</u></b>					
(1) Solar Loan I SPRC Revenue	\$0	\$0	\$0	\$0	\$251,122
(2) Revenue Requirements	<u>\$341,833</u>	<u>\$1,845,589</u>	<u>\$732,724</u>	<u>\$1,290,269</u>	<u>\$845,457</u>
(3) Monthly Under/(Over) Recovery	\$341,833	\$1,845,589	\$732,724	\$1,290,269	\$594,335
(4) Deferred Balance	\$7,130,984	\$8,976,573	\$9,709,297	\$10,999,566	\$11,573,907
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%
(6) After Tax Monthly Interest Expense/(Credit)	\$3,349	\$3,875	\$4,495	\$4,982	\$5,431
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue	\$36,340	\$40,215	\$44,710	\$49,692	\$5,431
(8) Requirements	\$7,167,324	\$9,016,788	\$9,754,007	\$11,049,258	\$11,579,337
(9) Net Sales - kWh (000)			3,710,064	4,286,375	4,329,695
(10) SPRC Settlement: Application Fee Credit				\$75,834	
(11) SPRC Settlement: Prior to Filing Expenses Credit				\$6,148	

<sup>1</sup> The 2010 SPRC cost recovery filing settlement is forecasted to be effective August 1, 2012

**PSE&G Solar Loan I Program**  
**(Over)/Under Recovered Balance Calculation**

Proposed SL I Rate w/o SUT \$/kWh

	(57)	(58)	(59)	(60)	(61)
	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>
<b><u>SLI Under/(Over) Calculation</u></b>					
(1) Solar Loan I SPRC Revenue	\$210,932	\$1,493,670	\$1,449,823	\$1,574,309	\$1,673,570
(2) Revenue Requirements	<u>\$826,399</u>	<u>\$767,833</u>	<u>\$664,437</u>	<u>\$535,993</u>	<u>\$353,918</u>
(3) Monthly Under/(Over) Recovery	\$615,467	(\$725,837)	(\$785,386)	(\$1,038,316)	(\$1,319,651)
(4) Deferred Balance	\$12,189,373	\$11,463,536	\$10,678,150	\$9,639,835	\$8,320,184
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%
(6) After Tax Monthly Interest Expense/(Credit)	\$5,717	\$5,690	\$5,327	\$4,888	\$4,321
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue	\$11,147	\$16,838	\$22,164	\$27,052	\$31,373
(8) Requirements	\$12,200,521	\$11,480,374	\$10,700,315	\$9,666,887	\$8,351,557
(9) Net Sales - kWh (000)	3,636,767	3,290,022	3,193,443	3,467,641	3,686,277
(10) SPRC Settlement: Application Fee Credit					
(11) SPRC Settlement: Prior to Filing Expenses Credit					

<sup>1</sup> The 2010 SPRC cost recovery filing settlement is forecasted to be effective August 1, 2012

**PSE&G Solar Loan I Program**  
**(Over)/Under Recovered Balance Calculation**

Proposed SL I Rate w/o SUT \$/kWh

	(62)	(63)	(64)	(65)	(66)
	Feb-13	Mar-13	Apr-13	May-13	Jun-13
<b><u>SLI Under/(Over) Calculation</u></b>					
(1) Solar Loan I SPRC Revenue	\$1,506,437	\$1,569,293	\$1,448,837	\$1,470,591	\$1,713,637
(2) Revenue Requirements	<u>\$324,828</u>	<u>\$375,402</u>	<u>\$458,726</u>	<u>\$642,715</u>	<u>\$712,435</u>
(3) Monthly Under/(Over) Recovery	(\$1,181,609)	(\$1,193,891)	(\$990,111)	(\$827,876)	(\$1,001,201)
(4) Deferred Balance	\$7,138,574	\$5,944,683	\$4,954,573	\$4,126,697	\$3,125,495
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	0.0817%	0.0817%
(6) After Tax Monthly Interest Expense/(Credit)	\$3,719	\$3,147	\$2,622	\$2,185	\$1,745
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue	\$35,092	\$38,240	\$40,862	\$43,046	\$44,791
(8) Requirements	\$7,173,667	\$5,982,923	\$4,995,434	\$4,169,743	\$3,170,286
(9) Net Sales - kWh (000)	3,318,144	3,456,592	3,191,270	3,239,187	3,774,531
(10) SPRC Settlement: Application Fee Credit					
(11) SPRC Settlement: Prior to Filing Expenses Credit					

<sup>1</sup> The 2010 SPRC cost recovery filing settlement is forecasted to be effective August 1, 2012

**PSE&G Solar Loan I Program**  
**(Over)/Under Recovered Balance Calculation**

Proposed SL I Rate w/o SUT \$/kWh

	(67)	(68)	(69)	
	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	
	<b><u>SLI Under/(Over) Calculation</u></b>			
(1) Solar Loan I SPRC Revenue	\$1,958,543	\$1,992,531	\$1,672,599	SL I Rate * Line 9
(2) Revenue Requirements	<u>\$846,777</u>	<u>\$837,422</u>	<u>\$823,629</u>	From SS-2 (Update), Col 20
(3) Monthly Under/(Over) Recovery	(\$1,111,766)	(\$1,155,109)	(\$848,970)	Line 2 - Line 1
(4) Deferred Balance	\$2,013,729	\$858,620	\$9,650	Prev Line 4 + Line 3 + Line 10 + Line 11
(5) Monthly Interest Rate	0.0817%	0.0817%	0.0817%	Annual Interest Rate / 12
(6) After Tax Monthly Interest Expense/(Credit)	\$1,236	\$691	\$209	(Prev Line 4 + Line 4) / 2 * (1 - Tax Rate) * Line 5
(7) Cumulative Interest Balance Added to Subsequent Year's Revenue	\$46,027	\$46,718	\$46,927	Prev Line 7 + Line 6
(8) Requirements	\$2,059,756	\$905,338	\$56,577	Line 4 + Line 7
(9) Net Sales - kWh (000)	4,313,972	4,388,835	3,684,138	
(10) SPRC Settlement: Application Fee Credit				
(11) SPRC Settlement: Prior to Filing Expenses Credit				

<sup>1</sup> The 2010 SPRC cost recovery filing settlement is forecasted to be effective August 1, 2012

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 64**

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

**Superseding**

**XXX Revised Sheet No. 64**

**SOLAR PILOT RECOVERY CHARGE**

**Charge  
(per kilowatthour)**

**SOLAR PILOT RECOVERY CHARGE:**

Charge .....\$ 0.000454

Charge including New Jersey Sales and Use Tax (SUT).....\$ 0.000486

**SOLAR PILOT RECOVERY CHARGE**

This charge is designed to recover the revenue requirements associated with the Public Service Solar Pilot Program per the Board Order in Docket No. EO07040278 less the net proceeds from the sale of associated Solar Renewable Energy Certificates (SRECs) or cash received in lieu of SRECs. The net recovery by the Company is subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. This interest rate shall change each August 1.

Date of Issue:

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

Effective:

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

**XXX Revised Sheet No. 64**

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

**Superseding**

**XXX Revised Sheet No. 64**

**SOLAR PILOT RECOVERY CHARGE**

**Charge  
(per kilowatthour)**

**SOLAR PILOT RECOVERY CHARGE:**

Charge .....	\$ <u>0.0000580.000454</u>
Charge including New Jersey Sales and Use Tax (SUT).....	\$ <u>0.0000620.000486</u>

**SOLAR PILOT RECOVERY CHARGE**

This charge is designed to recover the revenue requirements associated with the Public Service Solar Pilot Program per the Board Order in Docket No. EO07040278 less the net proceeds from the sale of associated Solar Renewable Energy Certificates (SRECs) or cash received in lieu of SRECs. The net recovery by the Company is subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. This interest rate shall change each August 1.

Date of Issue:

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

Effective:

# 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 CHANGES IN ITS ELECTRIC SOLAR PILOT RECOVERY CHARGE (SPRC) FOR ITS SOLAR LOAN I PROGRAM; AND FOR CHANGES IN THE TARIFF FOR ELECTRIC SERVICE, B.P.U.N.J. NO. 15 ELECTRIC, PURSUANT TO N.J.S.A. 48:2-21 AND 2-21.1

### Notice of a Filing And Notice of Public Hearings

#### Docket No.

**TAKE NOTICE** that, in July 2012, Public Service Electric and Gas Company ("Public Service", "PSE&G", "the Company") filed a Petition with the New Jersey Board of Public Utilities ("Board", "BPU") requesting an increase in the cost recovery mechanism for the Solar Loan I Program ("Program"). As directed in the original Board Order EO07040278 dated April 16, 2008, PSE&G implemented the Program and associated cost recovery mechanism. As part of this filing, PSE&G has included an annual update on the status of the Program. As proposed in the Company's filing, the resultant revenue increase on the Company's electric customers is \$17.0 million on an annual basis.

PSE&G proposes to recover Program costs through the Solar Pilot Recovery Charge ("SPRC"). The SPRC is applicable to all electric rate schedules. The proposed SPRC, if approved by the Board, is shown in Table #1.

The approximate effect of the proposed increase on typical electric residential monthly bills, if approved by the Board, is illustrated in Table # 2.

Based on the filing, a typical residential electric customer using 780 kilowatthours per summer month and 7,360 kilowatthours on an annual basis would see an increase in the annual bill from \$1,337.04 to \$1,340.20, or \$3.16 or approximately 0.24%.

The Board has the statutory authority pursuant to N.J.S.A. 48:2-21, to establish the Solar Pilot Recovery Charge to levels it finds just and reasonable. Therefore, the Board may establish the Solar Pilot Recovery Charge at a level other than that proposed by Public Service. Therefore, the above 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 and at the Board of Public Utilities at 44 South Clinton Avenue, Ninth Floor, Trenton, New Jersey 08625-0350.

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

Date 1, 2012	Date 2, 2012	Date 3, 2012
Time 1	Time 2	Time 3
Location 1	Location 2	Location 3
Location 1 Overflow	Location 2 Overflow	Location 3 Overflow
Room 1	Room 2	Room 3
Room 1 Overflow	Room 2 Overflow	Room 3 Overflow
Address 1	Address 2	Address 3
City 1, N.J. Zip 1	City 2, N.J. Zip 2	City 3, N.J. Zip 3

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, 48 hours prior to the above hearings. Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue,

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

**Table # 1**  
**Solar Pilot Recovery Charge**

	Solar Pilot Recovery Charge	
	Present \$/kWhr (Incl. SUT)	Proposed \$/kWhr (Incl. SUT)
Electric - \$ per kWhr	\$0.000062	\$0.000486

**Table #2**  
**Residential Electric Service**

If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Monthly Summer Bill Increase Would Be:	And Your Monthly Percent Increase Would Be:
1,600	170	\$31.94	\$32.01	\$0.07	0.22%
3,900	415	74.35	74.52	0.17	0.23
7,360	780	139.92	140.25	0.33	0.24
7,800	803	144.22	144.56	0.34	0.24
12,400	1,320	240.65	241.21	0.56	0.23

- (1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect July 1, 2012, including the anticipated approved August 1<sup>st</sup> SPRC, and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes the change for the Solar Pilot Recovery Charge.

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

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**