

**NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY GAS CUSTOMERS**  
**IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF GAS BASE RATE ADJUSTMENTS**  
**PURSUANT TO ITS GAS SYSTEM MODERNIZATION PROGRAM (JULY 2018 GSMP RATE FILING)**

**Notice of Filing and Notice of Public Hearings | Docket No. GR18070831**

**TAKE NOTICE** that, on July 30, 2018, Public Service Electric and Gas Company (Public Service, PSE&G, the Company) filed a Petition and supporting documentation with the New Jersey Board of Public Utilities (Board, BPU) seeking Board approval for gas base rate changes to provide for cost recovery associated with the Company's Gas System Modernization Program (GSMP or the Program).

On November 16, 2015, the Board issued an Order (November 2015 Order) approving the Program in Docket No. GR15030272. The November 2015 Order provided approval to invest up to \$650 million to be recovered through base rate adjustments in order to replace PSE&G's utilization pressure cast iron (UPCI) mains, unprotected steel mains and associated services. The Program also includes uprating of the UPCI segments to higher pressure including the installation of excess flow valves and the elimination of district regulators. These infrastructure investments will address high-risk areas and accelerate repairs and replacement efforts. The Company now seeks recovery of costs incurred as part of this Program.

These investments are anticipated to be made over a three-year period beginning on January 1, 2016, with investments beyond those approved to be considered for recovery through a future base rate case.

Under the Company's proposal, PSE&G seeks Board approval to recover in base rates an estimated annual revenue increase. The requested increase is associated with approximately \$26.4 million in Program investments through September 30, 2018.

For illustrative purposes the estimated base rates effective January 1, 2019, including New Jersey Sales and Use Tax (SUT) for Residential Rate Schedules RSG is shown in Table #1.

Table #2 provides customers with the approximate impact of the proposed increase in rates relating to the Gas System Modernization Program, if approved by the Board. The annual percentage increase applicable to specific customers will vary according to the applicable rate schedule and the level of the customer's usage.

Under the Company's proposal, a residential gas heating customer using 100 therms per month during the winter months and 610 therms on an annual basis would see an initial increase in the annual bill from \$558.56 to \$567.42, or \$8.86 or approximately 1.59%. Also, a typical residential gas heating customer using 165 therms per month during the winter months and 1,010 therms on an annual basis would see an initial increase in the annual bill from \$879.16 to \$893.82, or \$14.66 or approximately 1.67%. The approximate effect of the proposed gas base rate change on typical gas residential monthly bills, if approved by the Board, is illustrated in Table #3.

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

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

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

**October 24, 2018**  
**4:30 and 5:30 PM**  
 Middlesex County  
 Administration Building  
 Freeholders Meeting Room  
 1<sup>st</sup> Floor Meeting Room  
 75 Bayard Street  
 New Brunswick, NJ 08901

**October 30, 2018**  
**4:30 and 5:30 PM**  
 Bergen County  
 Administration Building  
 Freeholders Public Meeting Room  
 Room 540  
 1 Bergen County Plaza  
 Hackensack, NJ 07601

**November 1, 2018**  
**4:30 and 5:30 PM**  
 Burlington County  
 Administration Building  
 Board of Chosen  
 Freeholders Board Room  
 1<sup>st</sup> Floor  
 49 Rancocas Road  
 Mt. Holly, NJ 08060

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 to the Board's Secretary at 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch.

Customers may also file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 ATTN: Secretary Aida Camacho-Welch whether or not they attend the public hearings. To review PSE&G's rate filing, visit <http://www.pseg.com/pseandgfilings>.

**Table #1 – BASE RATES For Residential RSG Customers Rates if Effective January 1, 2019**

Rate Schedule			Base Rates	
			Charges In Effect July 3, 2018 Including SUT	Estimated Charges Including SUT
RSG	Service Charge	per month	\$5.82	\$5.82
	Distribution Charge	\$/Therm	0.320241	0.334824
	Off-Peak Use	\$/Therm	0.160120	0.167412
	Basic Gas Supply Service-RSG (BGSS-RSG) (Rate shown excludes BGSS-RSG Bill Credit for Nov-Mar usage)	\$/Therm	0.368938	0.368793

**Table #2 – Proposed Percentage Change in Revenue by Customer Class For Gas Service For Rates if Effective January 1, 2019**

	Rate Class	Percent Change
Residential Service	RSG	1.64
General Service	GSG	1.23
Large Volume Service	LVG	0.87
Street Lighting Service	SLG	2.02
Firm Transportation Gas Service	TSG-F	0.77
Non-Firm Transportation Gas Service	TSG-NF	0.40
Cogeneration Interruptible Service	CIG	0.51
Overall		1.30

The percent increases noted above are based upon July 3, 2018, Delivery Rates, the applicable Basic Gas Supply Service (BGSS) charges, and assumes that customers receive commodity service from Public Service Electric and Gas Company.

**Table #3 – Residential Gas Service For Rates if Effective January 1, 2019**

If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Monthly Winter Bill Change Would Be:	And Your Monthly Percent Change Would Be:
180	25	\$26.06	\$26.42	\$0.36	1.38%
360	50	46.30	47.02	0.72	1.56
610	100	88.48	89.93	1.45	1.64
1,010	165	142.23	144.62	2.39	1.68
1,224	200	171.18	174.06	2.88	1.68
1,836	300	253.84	258.18	4.34	1.71

(1) Based upon Delivery Rates and Basic Gas Supply Service (BGSS-RSG) charges in effect July 3, 2018, and assumes that the customer receives commodity service from Public Service. Does not include any BGSS-RSG Bill Credits.

(2) Same as (1) except includes change for GSMP Base Rate Adjustments.



PUBLIC SERVICE ELECTRIC AND GAS COMPANY

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