

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF ITS)
CLEAN ENERGY FUTURE-ENERGY EFFICIENCY,)
CLEAN ENERGY FUTURE-ELECTRIC VEHICLE)
AND ENERGY STORAGE, AND CLEAN ENERGY)
FUTURE-ENERGY CLOUD PROGRAMS)
ON A REGULATED BASIS)

PETITION

BPU Docket No. _____

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I. INTRODUCTION

Public Service Electric and Gas Company (“PSE&G” or the “Company”), 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. 48:2-21, N.J.S.A. 48:2-21.1, N.J.S.A. 48:3-98.1, N.J.A.C. 14:3-2A, and any other statute or regulation the Board deems applicable, as follows:

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service (“BGS”), and the distribution of gas and the provision of Basic Gas Supply Service (“BGSS”), for residential, commercial, and industrial purposes within New Jersey. PSE&G provides service to approximately 2.2 million electric and 1.8 million gas customers in an area having a population of approximately six million people, which extends from the Hudson River opposite New York City, southwest to the Delaware River at Trenton and south to Camden, New Jersey.

2. PSE&G 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. Through this Petition and the accompanying schedules and testimonies, PSE&G seeks BPU approval for the following three programs, all of which form the basis for a clean and resilient energy future:

- i. The Clean Energy Future – Energy Efficiency Program (“CEF-EE Program”), which will significantly expand PSE&G’s energy efficiency deployment in its service territory beyond current levels, in order for the State to meet its clean energy objectives;
- ii. The Clean Energy Future – Electric Vehicle and Energy Storage Program (“CEF-EVES Program”), which will jumpstart the electric vehicle industry and energy storage technology in New Jersey, in order for the State to meet its clean transportation and clean energy objectives; and
- iii. The Clean Energy Future – Energy Cloud Program (“CEF-EC Program”), the foundation of which is the deployment of advanced metering infrastructure (“AMI”) throughout the Company’s electric service territory, which will be the technological platform that strengthens and modernizes the electric grid and the PSE&G customer experience.

4. These three programs in the aggregate will form a Clean Energy Future for New Jersey that furthers the State’s goals by, among other benefits: (a) lowering energy consumption and customer bills; (b) reducing greenhouse gas emissions; (c) creating “green jobs;” (d) launching the electric vehicle industry and energy storage technology in New Jersey; (e) making the electric grid more reliable, resilient, and safe; and (f) enabling a number of customer, community, and company smart energy capabilities. Taken together, these programs will allow New Jersey to take the first steps toward becoming a leader in the development of a Clean Energy Future.

II. THE CEF – EE PROGRAM

A. CEF-EE Background

5. Pursuant to Section 13 of P.L. 2007, c. 340 (the “RGGI Law”), codified in part as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may, among other things, provide and

invest in energy efficiency and conservation programs in its service territory on a regulated basis. An electric or gas public utility's investment in energy efficiency and conservation programs is eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms. N.J.S.A. 48:3-98.1(b). In addition, the Clean Energy Law, which Governor Murphy signed into law on May 23, 2018, requires each utility to implement energy efficiency measures to reduce electricity usage by 2% and natural gas usage by 0.75%, and requires that a utility shall include in an annual petition for cost recovery the revenue impact of sales losses resulting from the implementation of those measures.¹

6. PSE&G has made several energy efficiency filings pursuant to Section 13 of the RGGI Law, including:

- i. On June 23, 2008, PSE&G filed a petition with the Board seeking approval of its Carbon Abatement Program, which the BPU approved by Order dated December 16, 2008;²
- ii. On January 21, 2009, PSE&G filed a petition with the Board seeking approval of its Energy Efficiency Economic Stimulus Program (“EEE Program”), which the BPU approved by Order dated July 16, 2009;³
- iii. On January 24, 2011, PSE&G filed a petition with the Board seeking approval to extend three of the EEE subprograms (*i.e.*, Multifamily Housing, Government/Municipal/Non-Profit Direct Install, and Hospital Efficiency), which the BPU approved on July 14, 2011;⁴

¹ P.L. 2018, c. 17, § 3(a) and (e)(1).

² *In the Matter of the Petition of Public Service Electric and Gas Company Offering a Carbon Abatement Program in its Service Territory on a Regulated Basis and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1*, BPU Docket No. EO08060426, Order (Dec. 16, 2008).

³ *In the Matter of the Petition of Public Service Electric and Gas Company Offering an Energy Efficiency Economic Stimulus Program in its Service Territory on a Regulated Basis and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1*, BPU Docket No. EO09010058, Decision (July 16, 2009).

⁴ *In the Matter of the Petition of Public Service Electric and Gas Company for an Extension of Three Sub-Components of its Energy Efficiency Economic Stimulus Program in its Service Territory on a Regulated Basis and Associated Cost Recovery and for Changes in the Tariff for Electric Service, B.P.U.N.J. No. 15 Electric and the Tariff for Gas Service, B.P.U.N.J. No. 15 Gas, Pursuant to N.J.S.A. 48:2-21, 48:2-21.1, and 48:3-98.1*, BPU Docket No. EO11010030, Decision and Order (July 14, 2011).

- iv. On August 8, 2014, PSE&G filed a petition with the Board seeking a further extension of the three EEE subprograms with certain modifications, which the BPU approved on April 15, 2015;⁵ and
- v. On March 3, 2017, PSE&G filed a petition with the Board seeking a further extension of the three EEE subprograms with certain modifications, along with a request for two new subprograms (*i.e.*, smart thermostats and a data analytics pilot). The Board approved this filing on August 23, 2017.⁶

7. As with the Company's Carbon Abatement Program, as well as the original EEE Program filing and its three extensions, the CEF-EE Program is being filed pursuant to Section 13 of the RGGI Law. The RGGI Law sets forth the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the state's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to New Jersey citizens. The Legislature has also found and declared that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. *See* N.J.S.A. 26:2C-45.

B. CEF-EE Procedural Matters

8. Pursuant to the legislative authority set forth in the RGGI Law, on May 8, 2008, the Board issued an Order (the "May 2008 Order") that allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis, provided that the utility files a petition and obtains BPU approval for such programs and the associated mechanism for

⁵ *In the Matter of the Petition of Public Service Electric and Gas Company to Continue its Energy Efficiency Economic Extension Program on a Regulated Basis ("EEE Extension II")*, BPU Docket No. EO14080897, Order Adopting Stipulation (Apr. 15, 2015).

⁶ *In the Matter of the Petition of Public Service Gas and Electric Company for Approval of its Energy Efficiency 2017 Program and Recovery of Associated Costs ("17 EE Program")*, BPU Docket No. EO17030196, Order Adopting Stipulation (Aug. 23, 2017).

program cost recovery.⁷ In the May 2008 Order, the Board also established minimum filing requirements (“MFRs”) that require the submission of certain information with the petition, as revised by the Board’s October 20, 2017 Order in BPU Docket No. QO17091004. In this case, please see Appendix A for the location of all CEF-EE MFRs attached to this Petition.

9. The May 2008 Order also requires a utility to meet with BPU Staff and Rate Counsel at least 30 days prior to filing its energy efficiency petition to discuss: (a) the nature of the energy efficiency program; (b) the program cost recovery mechanism to be proposed in the petition; and (c) the MFRs to be submitted along with the petition. *See* May 2008 Order, at p. 6.

10. On May 3, 2018, a 30-day pre-filing meeting was conducted with BPU Staff and Rate Counsel in connection with this matter and in accordance with the May 2008 Order. For informational purposes, the proposed CEF-EVES Program was also discussed at that meeting.

11. Under the RGGI Law, once a petition has been filed with the Board, Board Staff shall have 30 days, commencing on the date the petition was filed, to determine whether the petition is administratively complete and to so advise the utility in writing. If BPU Staff determines that the petition is not administratively complete, it shall set forth the deficiencies and the items required to remedy the deficiencies. *See* May 2008 Order, at p. 6. PSE&G respectfully requests that BPU Staff conduct its administrative completeness assessment of the CEF-EE portion of this Petition at this time.

12. PSE&G’s CEF-EE filing is being submitted pursuant to Section 13 of the RGGI Law and the Board’s May 2008 Order (as modified by the October 20, 2017 Order), which allot the BPU 180 days from the date of an energy efficiency filing to review and approve any such

⁷ Decision, *I/M/O Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, And Offering Class I Renewable Energy Programs In Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1*, BPU Docket No. EO08030164, Order Pursuant to N.J.S.A. 48:3-98.1(c) (May 8, 2008).

filing submitted thereunder once the Board determines that the filing has met the MFRs. *See* N.J.S.A. 48:3-98.1(b); May 2008 Order, at p. 6.

13. Consistent with prior reviews of PSE&G's energy efficiency and renewable energy offerings, as well as reviews of similar N.J.S.A. 48:3-98.1 offerings by other electric and gas utilities, the Company also requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law once Board Staff determines that the CEF-EE Program is in compliance with the MFRs. PSE&G looks forward to the opportunity to work with all parties to arrive at a mutually acceptable resolution of any issues that may arise in this proceeding. As stated in the May 2008 Order, "[t]he Board encourages all interested parties to work toward a settlement for the Board's consideration before expiration of the 180 day period." *See* May 2008 Order, at p. 5.

C. CEF-EE Program Description

14. The CEF-EE Program consists of 22 subprograms, including seven residential subprograms, seven commercial and industrial ("C&I") subprograms, and eight pilot subprograms. The various pilot subprograms consist of PSE&G implementing and managing select, highly advanced approaches to energy efficiency that after the pilot phase may support future energy efficiency programs in New Jersey. Customers in PSE&G's electric and/or gas service territory who meet the criteria for the respective CEF-EE subprogram offerings will be eligible to participate in them. The CEF-EE Program has an emphasis on the following hardest to reach sectors: low income, multi-family, small business, and local government.

15. The proposed residential subprograms will work together to significantly upgrade efficiency in homes throughout PSE&G's service territory. All sub-segments are addressed,

from new construction and refurbishments; to promoting and incentivizing new equipment and providing easily accessible channels for such purposes; to direct installation and other support for multi-family and low income customers. Where needed, additional customer support is provided through on-bill repayment and other incentives. To change the culture of energy use and efficiency in its territory, PSE&G will sponsor programs in schools and through education and behavioral programs.

16. A detailed description of the 22 subprograms is set forth in the Direct Testimony of Karen Reif, Vice President, Renewables and Energy Solutions (Attachment 1 to this Petition), and Schedule KR-CEF-EE-2. A summary of the CEF-EE subprograms is as follows:

Subprogram	Description
Residential Efficient Products	Rebates and on-bill repayment for HVAC, smart thermostats, appliances, lighting, and other equipment
Residential Existing Homes	Rebates and on-bill repayment for energy audit, direct install of efficient equipment, and broader weatherization / appliance replacement services
Residential Behavioral	Data analytics, home energy reports, and online energy audits
Residential K-12 Education	Curriculum to teach energy efficiency and a take-home kit with efficient products
Residential New Construction	Rebates to builders and owners for new construction meeting energy efficiency standards
Residential Multi-Family	Energy audit and direct install of efficient equipment at no charge to tenants
Residential Income Eligible	Energy audit, direct install of efficient equipment, and broader weatherization / appliance replacement services at no charge
C&I Prescriptive	Rebates and on-bill repayment for HVAC, lighting, motors & drives, refrigeration, water heaters, air compressors, and food service equipment
C&I Custom	Custom incentives for large energy efficiency projects, including on-bill repayment
C&I Small Non-Residential Efficiency	Rebates & on-bill repayment for direct-installed EE measures to small non-residential customers of lighting, controls, refrigeration, heating and air conditioning upgrades, and similar measures

Subprogram	Description
C&I New Construction	Rebates to builders and owners for new construction meeting energy efficiency standards
C&I Energy Management	Retro-commissioning and Strategic Energy Management: optimizing existing systems with little to no equipment upgrades
C&I Engineered Solutions	Whole-building engineered energy saving solutions to hospitals, school districts, universities, municipalities, apartment buildings and other non-profit and public entities
C&I Streetlight	Replacement of HPS with LED luminaires and smart cities pilot
Emerging Technologies & Approaches	Funding and support to identify, demonstrate, and deploy the next generation of energy efficiency technologies
Energy Efficiency as a Service Pilot	Monthly service contracts, incentives, and extensive guidance on energy efficient building equipment and software
Smart Homes Pilot	Automated and personalized savings measures using an ecosystem of energy efficient devices and technologies working in coordination
Non-Wires Alternative Pilot	Defer or replace the need for electric infrastructure upgrades through the extensive deployment of energy efficiency and demand response resources
Non-Pipes Solution Pilot	Defer or replace the need for gas infrastructure upgrades through the extensive deployment of energy efficiency and demand response resources
Volt Var Pilot	Smart-grid technology to automate control of the electric power distribution grid to reduce energy consumption, peak demand, and system losses, and enable more solar
Business Energy Reports Pilot	Data analytics, home energy reports and online energy audits for businesses
Building Operator Certification Pilot	Training program for building operations staff responsible for energy-using equipment

17. PSE&G engaged Gabel Associates to complete a cost-benefit analysis and analyze the cost effectiveness of the CEF-EE Program using all five cost-benefit analysis tests required by the MFRs, where applicable. This analysis demonstrates that the CEF-EE Program is valuable and should be approved by the Board. Overall, the CEF-EE Program is cost effective with a Societal Cost Test (“SCT”) result of 3.7, with all subprograms resulting in benefits that exceed costs. The SCT provides the most comprehensive approach to determining cost

effectiveness and should be the primary measure used to determine the cost effectiveness of the CEF-EE Program. As explained further by Ms. Reif, the SCT quantifies a broader range of societal impact factors such as environmental and economic benefits. In addition, the CEF-EE Program results in a TRC test result of 1.0, although this should not be the ultimate governing test by which to measure the costs and benefits of the CEF-EE Program. The Clean Energy Law emphasizes the importance of measuring cost benefit by reference to environmental and economic benefits (*see* N.J.S.A. 48:3-87(g)-(h)), as does the Offshore Wind Economic Development Act of 2010 (*see* N.J.S.A. 48:3-87.1(a)(10)). The results of the cost-benefit analysis are reflected in Attachment 1, Schedule KR-CEF-EE-2, Appendix E.

18. A cost-benefit analysis was not conducted for the pilot subprograms in accordance with MFR Section I.e. Pursuant to MFR Section I.e., compliance with Part V of the MFRs was not feasible for these subprograms. The pilot subprograms represent novel ideas and are consistent with the types of programs that historically were excluded from the requirement to perform a cost-benefit analysis. These programs are designed to test new technologies and processes of attaining energy savings, and therefore the quantifiable savings of the pilot subprograms cannot be ascertained. Section 3.3 of Schedule KR-CEF-EE-2 further demonstrates why a cost-benefit analysis was not feasible for the pilot programs. Accordingly, to the extent necessary, in accordance with MFR Section I.e., PSE&G seeks a waiver of compliance with Part V of the MFRs for the pilot subprograms.

D. CEF-EE Program Benefits

19. The CEF-EE Program supports the State's objectives, including those reflected in the New Jersey Energy Master Plan ("NJEMP"), the Clean Energy Law, and the New Jersey Global Warming Response Act ("NJGWRA"), by: (a) reducing energy consumption, thereby

lowering participating customers' utility bills; (b) producing environmental benefits; and (c) creating "green jobs" and bolstering New Jersey's clean energy economy.

20. With respect to reducing energy consumption and lowering customers' bills: in total, the proposed CEF-EE Program is expected to reduce energy consumption by approximately 40.6 billion kWh and 675 million therms, resulting in a net reduction in participating customers' energy bills by \$5.7 billion over the life of energy efficiency measures. Once fully implemented, the CEF-EE Program will produce electric savings as a percentage of retail sales in PSE&G's service territory of approximately 1.8% per year, and 6.6% cumulatively by 2025. Gas savings as a percentage of retail sales in PSE&G's service territory will reach 0.8% annually, resulting in a cumulative total reduction of 2.0% by 2025. This more than triples New Jersey's statewide current electric energy efficiency savings of 0.44% and gas energy efficiency savings of 0.26% in 2016.⁸

21. The NJEMP recognizes and supports utility efforts in energy efficiency:

We continue to recognize the value of the EDCs in delivering EE and conservation programs. The EDCs already have access to the potential consumers of these resources through the monthly billing statements, call centers, field offices, and field activities. Billing statements as well as online tools can highlight conservation and EE programs when customers are paying closest attention to the cost of energy in their homes or places of business. With the appropriate education and training, EDC employees can convert routine customer interactions into effective outreach for these programsThe LDCs and EDCs have experience developing and implementing EE programs for their customers.⁹

⁸ New Jersey's 2016 net incremental electricity savings as reported in the 2017 State Energy Efficiency Scorecard report issued by the American Council for an Energy-Efficient Economy: <http://aceee.org/sites/default/files/publications/researchreports/u1710.pdf>.

⁹ 2011 New Jersey Energy Master Plan (Dec. 6, 2011), at p. 119.

22. With respect to environmental benefits: the CEF-EE Program is expected to reduce carbon dioxide emissions by 24 million tons; sulfur dioxide emissions by 43,000 tons; and nitrogen oxide emissions by 18,000 tons over the life of the measures installed. The emissions savings are the equivalent of removing up to 320,000 cars from New Jersey roads per year. The CEF-EE Program environmental benefits also include:

- helping New Jersey meet its clean energy goals in a manner consistent with the Clean Energy Law’s usage reduction requirements; and
- putting New Jersey back on the path to meeting the mandates of the NJGWRA, which requires by 2020 a level of greenhouse gas emissions (“GHG”) equal to the 1990 level of GHGs, and further reduction to 80 percent below 2006 levels by 2050.¹⁰

23. With respect to creating “green jobs:” the CEF-EE Program is expected to increase employment through the creation of approximately 30,000 direct, indirect, and induced job-years.¹¹ As reflected in Attachment 1, Schedule KR-CEF-EE-2, PSE&G expects the creation of 7.91 direct job-years for every \$1 million spent in energy efficiency in the state.

24. The CEF-EE Program will result in a meaningful reduction in customers’ electric and gas usage. Because PSE&G’s revenues are based on sales volumes (like most New Jersey utilities’ revenues), the CEF-EE Program will cause a meaningful reduction in the Company’s revenues.

25. The recovery of lost revenues due to programs like the CEF-EE is standard practice across the country. New Jersey policy has repeatedly supported the recovery of lost revenues caused by energy efficiency programs. Specifically, the RGGI Law states:

¹⁰ New Jersey Global Warming Response Act, *N.J.S.A. 26:2c-37 et seq.*

¹¹ The value of job-years is based on the Rutgers report “Analysis for the 2011 Draft New Jersey Energy Master Plan Update” using the factor 7.91 direct jobs per one million dollars in program spend. (https://nj.gov/emp/docs/pdf/emp_creeep_report20110412.pdf) and the National Renewable Energy Laboratory Jobs and Economic Development Impact Model (<https://www.nrel.gov/analysis/jedi/>).

“[I]nvestment in energy efficiency and conservation programs or Class I renewable energy resources may be eligible for rate treatment approved by the [BPU], including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas.”¹² The Clean Energy Law recognizes that a utility must include as part of its cost recovery “the revenue impact of sales losses resulting from implementation of energy efficiency [programs]”, which the Board shall determine.¹³ The Board has approved decoupling mechanisms for two New Jersey gas utilities.¹⁴

26. The mechanics of lost revenue recovery can be accomplished in more than one manner. The Company designed a decoupling mechanism, called the Green Enabling Mechanism (“GEM”), which would address the issue of lost revenues consistent with the RGGI Law and the Clean Energy Law. PSE&G proposed the GEM in the base rate case it filed on January 12, 2018 (“2018 Rate Case”),¹⁵ and is reintroducing it here for consideration. The Company’s decoupling proposal is discussed further in the testimonies of PSE&G witnesses Daniel Hansen, Ms. Reif, Jorge Cardenas, and Stephen Swetz. In the event that the Company’s decoupling proposal is not approved, PSE&G would be open to discussing with the parties another form of decoupling or an annual lost revenue adjustment mechanism.

¹² See *N.J.S.A.* 48:3-98.1(b).

¹³ P.L. 2018, C. 17, *supra*, at §3(e)(1).

¹⁴ See, e.g., *In the Matter of the Petition of South Jersey Gas Company for Authority to Implement a Conservation and Usage Adjustment and In the Matter of the Petition of New Jersey Natural Gas Company for Authority to Implement a Conservation and Usage Adjustment*, BPU Dkt. Nos. GR05121019 (South Jersey Gas) and GR05121020 (New Jersey Natural Gas), Decision and Order Approving Stipulation (Jan. 21, 2010).

¹⁵ *In the Matter of the Petition of Public Service Electric and Gas Company for Approval of an Increase in Electric and Gas Rates and for Changes in Tariffs for Electric and Gas Service*, B.P.U.N.J. No. 16 Electric and B.P.U.N.J. No. 16 Gas, and *for Changes in Depreciation Rates, Pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, and for Other Appropriate Relief*, BPU Dkt. Nos. ER18010029 and GR18010030; OAL Dkt. No. PUC 01151-2018N.

27. Furthermore, the establishment of PSE&G as the exclusive provider of regulated energy efficiency programs that are offered in the Company's service territory is a prerequisite to implementing the CEF-EE Program and satisfying the mandatory usage reduction targets imposed on utilities in the Clean Energy Law. Utilities should not on one hand be required to meet these reduction targets, with penalties if they do not achieve them, and on the other hand be faced with competition in satisfying them from other regulated programs. Amongst other factors, PSE&G's established customer relationships and expertise make it well positioned to implement a program the size and scope of the CEF-EE Program.

E. CEF-EE Program Expenditures

28. PSE&G proposes to commit up to \$2.5 billion in CEF-EE Program investment, and proposes a \$283 million expense budget over the six-year term of the program. The projected CEF-EE Program investment and expense budgets, by subprogram where applicable, are reflected in Schedule KR-CEF-EE-2, Appendix B and Schedule KR-CEF-EE-3.

29. The overall CEF-EE Program budget includes all identified costs necessary to deliver the CEF-EE Program including customer incentives, information technology ("IT"), administration, marketing, training, program management, inspections, evaluations, and quality assurance/quality control efforts.

30. PSE&G proposes to commit the aforementioned investment over a period of approximately six years towards the delivery of the 22 subprograms contained in the CEF-EE Program. The six-year period will commence upon Board approval of the CEF-EE Program. Investments related to committed CEF-EE Program participants may occur beyond the approximate six-year period as a result of long project lead and construction times for certain

subprograms. The CEF-EE Program also anticipates expenses related to repayments and program evaluation to extend beyond the six-year period. The proposed extended period for the CEF-EE Program is necessary to provide continuity in the program to facilitate a continuous flow of benefits to participating customers and the state, without the hard starts and stops of shorter term programs. It will allow the Company to efficiently utilize experienced contractors who are already working on existing energy efficiency programs and provide greater certainty and stability for contractors to invest in the labor and resources necessary to support the CEF-EE Program. Furthermore, a long-term energy efficiency program is necessary to comply with the ongoing energy usage reduction targets set forth in the Clean Energy Law.

31. PSE&G proposes the flexibility to transfer funds between CEF-EE subprograms and across program years to respond to market conditions and participant demands to optimize energy savings and program resources. The Company proposes to provide reports to Board Staff and Rate Counsel regarding the CEF-EE Program consistent with the agreed upon way it currently reports on its energy efficiency programs.

F. CEF-EE Cost Recovery

32. The Company requests for purposes of the CEF-EE Program that the Board grant approval of recovery of the revenue requirements associated with all CEF-EE Program costs. Cost recovery would be made and tracked via a new CEF-EE Program component (“CEF-EEC”) of the Company’s electric and gas Green Programs Recovery Charge (“GPRC”), which would be filed annually after the proposed initial period. The testimony of Mr. Swetz (Attachment 2 to this Petition) contains the revenue requirement methodology, cost recovery mechanism, and bill impact analysis associated with the CEF-EE Program.

33. PSE&G proposes to earn a return on its net investment in the CEF-EE Program based upon an authorized return on equity (“ROE”) and capital structure including income tax effects. The Company proposes to utilize the latest cost of capital authorized by the Board in a base rate case proceeding. Since the CEF-EE Program is anticipated to commence after Board approval of the Company’s pending 2018 Rate Case, PSE&G is utilizing for forecasting purposes the weighted average cost of capital (“WACC”) submitted in that base rate case. *See* Attachment 2, Schedule SS-CEF-EE-1 for the calculation of the current Pre-Tax WACC utilized in the revenue requirement calculation. Any change in the WACC authorized by the Board in the pending or any subsequent electric, gas or combined base rate case would be reflected in the subsequent monthly revenue requirement calculations. Any changes to current tax rates would also be reflected in an adjustment to the After-Tax WACC. To the extent there are impacts associated with the resolution of the 2018 Rate Case, PSE&G will update the schedules and related information contained in this Petition and supporting testimony.

34. As set forth in more detail in Mr. Swetz’s testimony, the depreciation or amortization of the CEF-EE Program assets will vary depending on the type of asset. The table below summarizes the proposed book recovery and associated tax depreciation and tax treatment applied to the corresponding CEF-EE Program asset classes. PSE&G proposes a 15-year amortization period to align with the weighted average useful life of the measures being installed, with the exception of IT capital expenditures and assets associated with the Street Lighting subprogram. This amortization timeframe also has the benefit of reducing the annual rate impact of the subprograms on ratepayers.

Asset Class	Book Recovery	Tax Amortization / Depreciation	Tax Treatment
Residential and C&I Investment	15 years amort.	100% expense	Flow-Thru
HPS Regulatory Assets	5 years amort.	N/A	Normalization
LED Installation	22 years dep.	7yr MACRS	Proration
Smart Controller	10 years dep.	5yr MACRS	Proration
Smart Cities	7 years dep.	5yr MACRS	Proration
IT Software Investment	5 years amort.	3 yrs. SL	Flow-Thru

35. The expected increase from the electric CEF-EEC for the initial recovery period would be \$0.000514 per kWh without New Jersey Sales and Use Tax (“SUT”) (\$0.000548 per kWh with SUT), with an expected maximum increase occurring in the period from October 1, 2029 through September 30, 2030 with a rate of \$0.005626 per kWh without SUT (\$0.005999 per kWh with SUT).

36. PSE&G’s typical residential electric customer using 750 kWh in a summer month and 7,200 kWh annually would experience an initial increase in their annual bill of \$4.00, from \$1,233.72 to \$1,237.72, or approximately 0.32% (based upon Delivery Rates and BGS-RSCP charges in effect September 8, 2018, and assuming the customer receives BGS-RSCP service from PSE&G). The expected maximum increase of \$43.20, or approximately 3.50%, is projected to occur in the period from October 2029 to September 2030, based on rates in effect September 8, 2018.

37. The expected increase from the gas CEF-EEC for the initial recovery period would be \$0.000403 per therm without SUT (\$0.000430 per therm with SUT) with an expected

maximum increase occurring in the period from October 1, 2031 through September 30, 2032, with a rate of \$0.018665 per therm without SUT (\$0.019902 per therm with SUT).

38. PSE&G's typical residential gas heating customers using 165 therms in a winter month and 1,010 therms annually would experience an initial increase in their annual bill of \$0.42 from \$879.22 to \$879.64, or approximately 0.05% (based upon current Delivery Rates and BGSS-RSG charges in effect September 8, 2018, and assuming the customer receives BGSS service from PSE&G and not including any BGSS-RSG Bill Credits). The expected maximum increase of \$20.04, or approximately 2.28%, will occur in the period from October 2031 to September 2032, based on rates in effect September 8, 2018.

39. PSE&G has submitted proposed tariff sheets as Attachment 8 (redlined and clean), effective upon issuance of a BPU order, designed to recover the CEF-EE Program costs, which includes carrying charges on the Company's expenditures.

40. The residential customer bill impacts comparing the current and proposed delivery charges are stated in the Typical Residential Bill Impacts and draft CEF-EE Form of Notice of Filing and of Public Hearings set forth in Attachments 9 and 12, respectively.

41. In calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized, the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines was utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board in PSE&G's pre-tax WACC. The interest amount charged to the CEF-EE Program balances will be computed using the methodology described in Attachment 2, and is the same as the Board-

approved methodology that was specified in the Board's August 23, 2017 Order authorizing the Company's Energy Efficiency 2017 Program.

42. The eligibility and performance rules for the PJM capacity market ("Reliability Pricing Model" or "RPM") continue to evolve and may change over the life of this filing. Given current performance rules and the performance risk to customers, the Company has not assumed any capacity revenues with respect to the CEF-EE Program. To the extent that CEF-EE subprogram measures are eligible to bid, represent an acceptable performance risk to customers, and are cost-effective when considering the costs for measurement and verification ("M&V"), PSE&G will bid these measures in the RPM auctions. All auction proceeds net of M&V and other administrative costs will be credited to ratepayers.

43. The electric CEF-EEC will be applicable to all electric rate schedules on an equal dollar per kilowatt-hour basis for recovery of costs associated with the electric allocation of the CEF-EE Program. The gas CEF-EEC will be applicable to all gas rate schedules on an equal dollar per therm basis for recovery of costs associated with the gas allocation of the CEF-EE Program. The initial CEF-EECs will be based on estimated CEF-EE Program revenue requirements from April 1, 2019 through September 30, 2020. Thereafter, the CEF-EE electric and gas components of the GPRC will be changed as part of the BPU's annual review of the GPRC, incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.

44. PSE&G requests that the rates to be charged to recover all of the CEF-EE Program costs be approved by the Board along with the CEF-EE Program cost recovery mechanism and GEM proposed herein. PSE&G also requests that the Board authorize the Company to implement the rates proposed herein, upon issuance of a written BPU order.

III. THE CEF – EVES PROGRAM

A. CEF-EVES Program Background

45. The CEF-EVES Program will help establish New Jersey as a national leader in clean energy, advanced technology development, and environmental excellence. The CEF-EVES Program is supported by the testimonies of Ms. Reif (electric vehicles or “EV”) and Mr. Cardenas (energy storage or “ES”).

46. Recent legislative and executive action in New Jersey has demonstrated a general State policy in support of electric vehicles and energy storage projects. The State recently codified its energy goals in the Clean Energy Law, which reflects an objective of achieving 600 MW of energy storage by 2021 and 2,000 MW by 2030.¹⁶ The Clean Energy Law further directs that the Board conduct an analysis that, *inter alia*, considers “whether implementation of renewable electric energy storage systems would promote the use of electric vehicles in the State[.]”¹⁷ In addition, Governor Murphy’s Executive Order No. 28 calls for the development of a revised NJEMP by June 1, 2019 to provide a blueprint for the conversion of New Jersey’s energy production profile to 100% clean energy sources by January 1, 2050. The new NJEMP must also explore methods “to incentivize the use of clean, efficient energy and electric technology alternatives in New Jersey’s transportation sector and at New Jersey’s ports.”

47. New Jersey also is a partner in California’s zero-emission vehicle program (“ZEV Program”), which stipulates that large volume automobile manufacturers achieve a certain percentage of new vehicle sales from zero emission vehicles.

¹⁶ P.L. 2018, c. 17, § 1(d).

¹⁷ *Id.* at § 1(a)(2).

48. It is reasonable and prudent for the Company to advance investment in regulated programs that will help New Jersey achieve its energy storage and electric vehicle goals. The CEF-EVES Program will provide significant benefits, including environmentally beneficial economic development and job growth in the state consistent with New Jersey's goals. Accordingly, in accordance with N.J.S.A. 48:2-21 and 48:2.21.1, PSE&G requests that the Board approve on an expedited basis the CEF-EVES Program through a new Technology Innovation Charge ("TIC") component of its electric tariff outlined below.

B. Electric Vehicle Overview

49. PSE&G proposes to commit up to \$261 million of investment over a period of approximately six years and projects approximately \$103 million in expenses for the four EV subprograms described below, to commence upon Board approval. A breakdown of the types of costs reflected in the investment and expense categories are discussed further by Ms. Reif in Attachment 1 to this Petition. The proposed six-year commitment period will provide funding and stability that will be important to jumpstart the EV market in New Jersey.

50. A summary of the four EV subprograms is as follows, with more detailed descriptions contained in Ms. Reif's testimony:

Subprogram	Description	Benefits	Target Number of Charging Stations	Investment Costs (millions)*
Residential Smart Charging	Incentives towards Level 2 networked EV Chargers at residences	Environmental improvement	37,000	\$93
Level 2 Mixed-Use Charging	Deployment of electrical infrastructure and incentives for Level 2 chargers	Job creation Mitigation of EV market barriers	2,200	\$39
Public DC Fast Charging	Deployment of electrical infrastructure and incentives towards or ownership of DC Fast Chargers	Increased knowledge of the electric distribution system and energy usage	450	\$62
Vehicle Innovation	Incentives for electric school buses and charging equipment; Open solicitation for customized electrification projects	Advancement of state energy and environmental goals	60	\$45
Cross-Subprogram Investment	Investment that is common to all subprograms and includes investment in IT, and education and outreach.			\$22
Total Investment				\$261

51. As reflected in the testimony of Ms. Reif, compared to other states in the ZEV Program, New Jersey lags in both EV penetration per capita and EV charging infrastructure density. The EV subprograms will help to combat these trends by accelerating the development of EV charging infrastructure in New Jersey.

52. The EV subprograms will support the widespread adoption of EVs in all sectors of the economy, including multi-family and low-income customers, as well as customers residing in communities most impacted by air pollutants and GHGs. The subprograms will utilize multiple approaches to engage customers and encourage customer participation. These approaches include collaboration with advocacy and community groups, online advertising, e-mail marketing, and direct mailings, amongst other methods.

53. The EV subprograms will have wide-reaching customer and societal benefits, while putting New Jersey on track to become a frontrunner in transportation electrification.

These benefits include:

- **Environmental benefits** – EVs offer tremendous promise to help improve the environment by reducing GHGs and other air pollutants. The ChargeEVC¹⁸ roadmap, released in September 2017, estimated that every electrically-fueled mile driven in New Jersey is at least 70% cleaner than an average mile that is fueled by gasoline.¹⁹ Accordingly, the increased EV adoption resulting from PSE&G’s four EV subprograms would remove approximately 16 million net tons of CO₂ through 2035;
- **Job creation** - The EV subprograms will support the clean energy economy and create approximately 3,900 direct, indirect and induced job-years;²⁰
- **Supporting schools, including in low income areas** – by providing grants to public school districts to cover the cost of purchasing electric school buses, thereby freeing up resources that can be devoted to educating students;
- **Mitigation of EV market barriers** – The EV subprograms will address critical barriers in the EV market such as lack of consumer awareness, higher upfront cost

¹⁸ ChargeEVC is a not-for-profit trade and research organization that brings together various groups, including PSE&G, which are impacted by EV penetration, leading to a coalition of diverse interests that strives to help guide sustainable EV growth.

¹⁹ ChargeEVC, [A Roadmap for Vehicle Electrification in New Jersey: Market Development Strategy and High Impact Initiatives 5](http://www.chargevc.org/documents/chargevc-roadmap/) (Sept. 13, 2017) (“2017 ChargeEVC Roadmap”), available at <http://www.chargevc.org/documents/chargevc-roadmap/>. ChargeEVC’s estimate is based on the current electricity supply mix in NJ, and average gasoline vehicle efficiencies.

²⁰ The value of job-years is based on the Rutgers report “Analysis for the 2011 Draft New Jersey Energy Master Plan Update” using the factor 7.91 direct jobs per one million dollars in program spend. (https://nj.gov/emp/docs/pdf/emp_creeep_report20110412.pdf) and the National Renewable Energy Laboratory Jobs and Economic Development Impact Model (<https://www.nrel.gov/analysis/jedi/>).

of electric vehicles, gaps in public charging coverage, and range anxiety (*i.e.*, fear of running out of charge);

- **Increased knowledge** – Collectively, the four EV subprograms will facilitate the implementation of approximately 40,000 chargers with two-way communication “smart chargers,” which will transmit data to a platform that is accessible to PSE&G. This technology investment will provide data to help optimize electric distribution system planning and operation, and support improvements to rate design to better align rates with cost causation; and
- **Advancement of New Jersey’s clean energy goals** – as reflected in the NJGWRA’s GHG reduction targets, New Jersey’s participation in the ZEV program, and Executive Order No. 28.

54. PSE&G requests the flexibility to transfer funds between EV subprograms and across years to respond to market conditions and participant demands to further maximize energy savings and EV subprogram resources.

55. The EV subprograms will be subject to evaluation and reporting requirements as described in Ms. Reif’s testimony.

C. Energy Storage Overview

56. PSE&G proposes to commit up to \$109 million of investment in five energy storage subprograms over a period of approximately six years, and projects approximately \$70 million in expenses. A breakdown of the types of costs reflected in the investment and expense categories are discussed further by Mr. Cardenas in Attachment 4 to this Petition. ES subprogram investments will occur over the course of a six-year period subject to the ultimate

authorized budget for investment and expenses. The implementation schedule for the energy storage systems (“ESSs”) is discussed further in Mr. Cardenas’s testimony.

57. A summary of the five ES subprograms is below, with more detailed descriptions contained in Mr. Cardenas’s testimony:

Use	Description	Customer Benefit	# of Installations	Storage MW	Program Cost (\$ millions)
1. Solar Smoothing	ESS used to smooth short-term changes in voltage due to intermittent generation	Relieves rapid power fluctuations on distribution circuits, extends life of impacted infrastructure, and mitigates voltage disturbances at customer locations	5	10	\$13.1
2. Distribution Deferral	ESSs that resolve forecasted overloads on the system	Utilizes non-wires alternatives to defer or eliminate the need for traditional utility upgrades	7	13	\$38.6
3. Outage Management	Deploy fleet of mobile ESSs for contingency resources during substation construction	ESSs to help reduce the cost of substation construction by reducing the need for mobile transformers	6	6	\$20.0
4. Microgrids for Critical Facilities*	Provide capital to support the development of microgrids	Enables critical facilities to operate independent of the electric grid during extended grid outages	1 to 4	2	\$25.7
5. Peak Reduction for Public Sector Facilities	ESSs sited at public sector facilities and deployed to reduce peak demand	ESSs to help resolve potential overloads, address power quality issues at host sites, and reduce bills for public sector customers	4	4	\$11.9
Total			23 to 26	35	\$109.4

*Program Cost includes funding for 2 MW of storage and 4 MW of solar, or additional generation, to supplement storage

58. The ES subprograms are designed to incorporate utility-scale energy storage into the Company’s distribution system to optimize electricity costs for PSE&G’s customers, support grid operations, and facilitate the integration of renewables on the PSE&G grid.

59. Overall, the ES subprograms will install 35 MW of energy storage capacity across the PSE&G distribution system over six years. Zero carbon and low carbon generation resources are vital to maintaining a clean energy future, and energy storage is expected to be an important

resource that New Jersey and its utilities can use to support clean energy goals. While the 35 MW of pilot energy storage deployments proposed by the ES subprograms is only 6% of the 2020 State goal and less than 2% of the 2030 State goal, they represent an important start to achieving the energy storage targets set forth in the Clean Energy Law.

60. The ES subprograms are also expected to help create clean energy jobs in New Jersey. PSE&G estimates that the ES subprograms will create approximately 1,930 direct, indirect and induced job-years. Beyond that, they are expected to create an ecosystem around which the maturing national energy storage market can grow.

61. PSE&G requests the flexibility to transfer funds between ES subprograms and across subprogram years to respond to market conditions and participant demands.

62. The Company will undertake certain evaluation and reporting obligations concerning the ES subprograms. These assumed evaluation and reporting requirements are described in Mr. Cardenas's direct testimony.

D. CEF-EVES Cost Recovery

63. PSE&G proposes to implement a cost recovery mechanism, described more fully below and in Mr. Swetz's testimony, to enable it to timely recover the costs associated with the CEF-EVES Program. The Company's proposed cost recovery mechanism is a fair and efficient means of enabling PSE&G to timely recover the considerable investments that are required by the CEF-EVES Program.

64. PSE&G is proposing rate treatment for the CEF-EVES Program that is consistent with the rate treatment applied to the Company's green programs via its GPRC, with modifications as described herein. The Company requests that the Board grant approval of recovery of the revenue requirements associated with all CEF-EVES Program costs. These costs

would be partially offset by the revenues derived from the CEF-EVES Program, including, but not limited to, EV charging revenue associated with Company-owned chargers, and any PJM revenues derived from the ES subprograms or from the assets installed in the CEF-EVES Program, such as through the PJM frequency regulation market. In addition, if the Company can derive any additional revenue in the future from these programs, all net proceeds will be credited to ratepayers as a reduction to revenue requirements.

65. The CEF-EVES Program is proposed to be recovered as separate components of the TIC, a new charge to the Company's Tariff for Electric Service. The two TIC components are the CEF-EV component ("CEF-EVC") and the CEF-ES component ("CEF-ESC"). The TIC would be filed annually after the proposed initial period. Mr. Swetz's testimony (Attachment 2 to this Petition) contains the revenue requirement methodology, cost recovery mechanism, and bill impact analysis associated with the CEF-EVC and CEF-ESC.

66. With respect to the CEF-EVES Program, PSE&G proposes to earn a return on its net investment based upon an authorized ROE and capital structure including income tax effects. The Company is proposing to utilize the latest cost of capital authorized by the Board in a base rate case proceeding. Since the CEF-EVES Program is anticipated to commence after Board approval of the Company's 2018 Rate Case, the Company is utilizing for forecasting purposes the WACC submitted in the 2018 Rate Case. See Schedule SS-CEF-TIC-1 for the calculation of the current After-Tax WACC utilized in the revenue requirement calculation. Any change in the WACC authorized by the Board in the pending or any subsequent electric, gas or combined base rate case would be reflected in the subsequent monthly revenue requirement calculations. Any changes to current tax rates would also be reflected in an adjustment to the After-Tax WACC.

67. As set forth in more detail in Mr. Swetz’s testimony, the depreciation or amortization of the EV subprogram assets will vary depending on asset class. The table below summarizes the proposed book recovery and associated tax depreciation applied to the corresponding EV asset classes. The tax depreciation is calculated on the total tax cost of the asset.

Asset Class	Book Recovery	Base Tax Depreciation
Utility Plant Investment	40 years dep.	20 years MACRS
Chargers Utility Owned	10 years dep.	20 years MACRS
Battery Storage	15 years dep.	7 years MACRS
Chargers Regulatory Asset (Non-Loan)	10 years dep.	One Month
Chargers Regulatory Asset (Loan)	10 years dep.	Loan
IT Software Investment	4 years dep.	3 yrs. (Straight Line)

68. The depreciation or amortization of the ES subprogram assets will vary depending on asset class. The table below summarizes the proposed book recovery and associated tax depreciation applied to the corresponding ES asset classes. The tax depreciation is calculated on the total tax cost of the asset, less 50% of the investment tax credit for assets associated with solar systems.

Asset Class	Book Recovery	Tax Depreciation
Batteries	15 year dep.	7 year MACRS
Solar Panels, acquisition and installation costs	20 year dep.	5 year MACRS
Inverters	10 year dep.	
Communications Equipment		
Meters/Interconnection	20 year dep.	20 year MACRS

69. The expected increase from the CEF-EVC of the TIC for the initial recovery period for a residential customer would be \$0.000152 per kWh without SUT (\$0.000162 per kWh including SUT) with an expected maximum increase to the RS typical annual bill occurring

in the period October 1, 2024 through September 30, 2025 with a rate of \$0.001009 per kWh without SUT (\$0.001076 per kWh including SUT).

70. The expected increase from the CEF-ESC of the TIC for the initial recovery period for a residential customer would be \$0.000011 per kWh without SUT (\$0.000012 per kWh including SUT) with an expected maximum increase to the RS typical annual bill occurring in the period October 1, 2025 through September 30, 2026 with a rate of \$0.000386 per kWh without SUT (\$0.000412 per kWh including SUT).

71. With respect to rate impacts associated with the EV subprograms, PSE&G's typical residential customer using 750 kWh in a summer month and 7,200 kWh annually would experience an initial increase in their annual bill from \$1,233.72 to \$1,234.92 or \$1.20, or approximately 0.10%, or an average of about \$0.10 per month (based upon Delivery Rates and BGS-RSCP charges in effect September 8, 2018, assuming the customer receives BGS-RSCP service from PSE&G), with the expected maximum increase in the period from October 1, 2024 through September 30, 2025 of approximately \$7.72 (0.63%), or about \$0.64 per month from rates in effect September 8, 2018.

72. With respect to rate impacts associated with the ES subprograms, PSE&G's typical electric residential customer using 750 kWh in a summer month and 7,200 kWh annually would experience an initial increase in their annual bill from \$1,233.72 to \$1,233.84 or \$0.12, or approximately 0.01%, or an average of about \$0.01 per month (based upon Delivery Rates and BGS-RSCP charges in effect September 8, 2018, assuming that the customer receives BGS-RSCP service from PSE&G), with the expected maximum increase in the period from October 1, 2025 through September 30, 2026 of approximately \$3.00 (0.24%), or about \$0.25 per month from rates in effect September 8, 2018.

73. With respect to the combined rate impacts from the CEF-EVES components of the TIC: PSE&G's typical residential customer using 750 kWh in a summer month and 7,200 kWh annually would experience an initial increase in their annual bill from \$1,233.72 to \$1,234.96 or \$1.24, or approximately 0.10%, or an average of about \$0.12 per month (based upon Delivery Rates and BGS-RSCP charges in effect September 8, 2018, assuming that the customer receives BGS-RSCP service from PSE&G), with the expected maximum increase in the period from October 1, 2025 through September 30, 2026 of approximately \$10.60 (0.86%), or about \$0.88 per month from rates in effect September 8, 2018.

74. PSE&G has submitted proposed tariff sheets as Attachment 8 (redlined and clean), effective upon issuance of a written BPU order, designed to recover the CEF-EVES Program costs, which includes carrying charges on the Company's expenditures.

75. The residential customer bill impacts comparing the current and proposed delivery charges are stated in the CEF-EVES Typical Residential Bill Impacts and draft Form of Notice of Filing and of Public Hearings set forth in Attachments 10 and 13, respectively.

76. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized, the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board as utilized in calculating revenue requirements for the corresponding period. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Attachment 2, Schedules SS-CEF-EV-4 for

the EV subprograms and Schedule SS-CEF-ES-4 for the ES subprograms. Simple interest shall accrue on any under and over recovered balances, and shall be included in the deferred balances at the end of each reconciliation period. Near the end of the initial and each subsequent recovery period, the corresponding deferred balances would be included with forecasted revenue requirements for the succeeding period for purpose of setting the revised CEF-EVC and CEF-ESC.

77. Both the CEF-EVC and CEF-ESC are proposed to be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis in the same manner as currently utilized for all electric components of the GPRC. The initial CEF-EVC and CEF-ESC will be based on estimated CEF-EVES Program revenue requirements from April 1, 2019 through September 30, 2020. Thereafter, the CEF-EVC and CEF-ESC of the TIC will be changed as part of an annual cost recovery review as currently conducted for the GPRC. The annual filing will incorporate a true-up for actuals and an estimate of the revenue requirements for the upcoming year.

78. PSE&G requests that the rates to be charged to recover all of the CEF-EVES Program costs be approved by the Board along with the cost recovery mechanism proposed in this Petition. PSE&G also requests that the Board authorize the Company to implement the rates proposed herein, upon issuance of a written BPU order.

79. PSE&G further requests that the Board retain this filing for review on an expedited basis to help achieve the objectives of the proposed CEF-EVES Program as soon as possible. To that end, the Company respectfully requests that the proposed CEF-EVES Program, which was discussed at the 30-day meeting for the CEF-EE Program, be reviewed on the same schedule as that Program.

IV. THE CEF-EC PROGRAM

A. Background

80. PSE&G submits the CEF-EC Program pursuant to the Board's rules on Infrastructure Investment Programs ("IIPs"), *N.J.A.C.* 14:3-2A. Consistent with the IIP regulations, the CEF-EC Program proposes infrastructure investments to enhance the safety, reliability, and resiliency of the electric grid through the deployment of AMI throughout PSE&G's electric service territory.²¹ As set forth in more detail below and in the Direct Testimony of Gregory C. Dunlap, this is the appropriate time for PSE&G to install advanced electric meters because:

- AMI enhances storm restoration efforts at a time when the northeastern area of the country faces increasingly more challenging weather events;
- AMI offers significant value through customer benefits and operational savings, which will be realized more quickly given PSE&G's accelerated five-year deployment plan;
- New Jersey is considerably behind almost the entire country with respect to AMI;
- PSE&G is expecting to replace nearly one third of its electric meter population in the near future (~700,000 meters) given their length of service; and
- The price of an AMI meter is now comparable to the price of an automated meter reading ("AMR") device.

81. PSE&G anticipates the CEF-EC Program will be deployed over a five-year period (2019-2024), subject to Board approval. The CEF-EC Program proposes estimated investment of approximately \$721 million and operations and maintenance ("O&M") costs of \$73 million, from 2019 to 2024. Appendix B attached to this Petition sets forth the location in this filing of all minimum filing requirements per the Board's IIP regulations.

²¹ PSE&G at this time is not seeking to install AMI in its gas service territory.

82. PSE&G also submits the CEF-EC Program in accordance with Recommendation #12 of Board Staff’s investigative report regarding the performance of the state’s electric distribution companies (“EDCs”) during the March 2018 Nor’easters (the “Investigative Report”). Recommendation #12 of the Investigative Report requires PSE&G and the two other EDCs currently without AMI to “submit a plan and cost benefit analysis for the implementation of AMI. The EDCs’ plans should focus on the use and benefits of AMI for the purpose of reducing customer outages and outage durations during a major storm event.”²² A cost-benefit analysis and the uses and benefits of AMI for the purpose of reducing outages (as well as other CEF-EC Program benefits) are set forth below and in Mr. Dunlap’s testimony.

B. Use Case Overview

83. The CEF-EC Program in total will consist of 70 applications or “use cases.” This filing seeks BPU approval of the initial phase of the CEF-EC Program, referred to in this filing as “Release 1,” that features 22 of the 70 use cases. These 22 use cases focus on customer engagement, network operations and planning, and new utility products and services. Release 1 will establish the foundation for the CEF-EC Program, including the platform that is comprised of advanced electric meters as well as communications and back-office systems.

84. The table below summarizes the 22 use cases that are part of Release 1:

Use Case #	Use Case Name	Use Case Overview and Value
1	Enhanced Customer Engagement and Communications	A set of customer-benefiting functions and analytic applications that provide visualizations and information to customers, through bi-directional communications channels, including mobile and web portals
2	Rate Analyzer and Comparator	The ability to analyze customers’ usage profile and provide rate options that would fit that profile and meet customer needs for green outcomes, reduced bills, etc.

²² See *Order Accepting Staff’s Report Requiring Utilities to Implement Recommendations*, BPU Docket No. EO18030255, (July 25, 2018), at p. 13.

3	Usage and Bill Alerts, Saving Tips, Interactive Bill Presentment	Alerts that would be set by the customer and PSE&G to warn or notify customers of usage outside normal parameters, tips within their current rates to reduce bills, etc.
4	Interactive Energy Demand and Bill Management	Customer analytics capabilities that allow the customer to interrogate their energy and billing profile with the aim of the customer becoming informed and engaged, and then be able to leverage the use cases above to make required changes
5	Customer Segmentation and Behavioral Analysis	Provides the ability to develop highly targeted customer segmentation models based on more granular usage data
6	Customer Power Quality	Allows PSE&G to obtain voltage, load, and alert data directly from the meter to analyze customer power quality issues
7	Customer Energy Efficiency Programs	Data that gives the customer the ability to make more educated energy efficiency-related decisions, and change energy consumption habits
8	Customer Service and Call Center Performance	Enables the use of broader range of information to increase call center personnel knowledge, improve service, improve customer satisfaction, and lower customer costs
9	Customer DER/PV/EV	Services and systems that will use data to help assist customers with distributed energy resources or “DER” (<i>i.e.</i> , solar, EV, energy storage) installations, and the management of any power quality issues that occur as a result of variable DER load
10	Customer Device Safety	Enhances customer safety by using data -- such as alerts and voltage data -- to detect safety issues relating to customer meters and power connections, and provide safety alerts to customers and PSE&G (<i>e.g.</i> , Hot Sockets)
11	Sensor, Network, and Data Operations	Back office processes and systems that manage the initial infrastructure deployment and the ongoing and updated meter operations business function
12	Automated Move in/Move out	Automation of service related to customer requested move-in and move-outs
13	Remote Disconnect/Reconnect	Automation of service related to the reconnecting and disconnecting of customers
14	Next Generation Meter-to-Cash	Enables PSE&G to optimize and re-invent its meter-to-cash processes and drive out inefficiencies, increase service, and reduce costs
15	Network Connectivity Analysis	Advanced meters can extend the network model and enable a high level of accuracy of connections and phasing, which in turn results in better planning and operations performance
16	Outage Detection and Analysis	Uses outage data from operations systems and advanced meters to identify and verify possible outage locations, as well as identify network sections and specific customers (and numbers) that are without power
17	Outage Response Notification/Estimated Time of Restoration (ETR)	Uses outage data to calculate and communicate reasonable, more accurate, and acceptable outage status and ETR to customers

18	Voltage Monitoring and Analysis	Using data and other network data sources, voltage readings are captured, visualized, and system-wide analysis is run to determine locations where voltage violations exist both above and below nominal voltage
19	Asset Load/Phase Management, Balancing and Power Analysis	Provides information that helps determine areas of overloading of assets on the electric system, plan the response to major events, execute asset balancing, and customer load curtailment
20	Load Profiling and Forecasting	Enhances load profiles and forecasts by using data in combination with network, customer billing, or other data to perform more detailed usage analysis
21	Distribution Losses	Distribution losses can be identified and remedied by comparing the end-point meter usage data with usage data at the distribution entry point (substation)
22	Revenue Protection and Assurance	This use case will leverage advanced meter consumption, as well as voltage and alert data, to detect energy theft and meter tampering

85. In accordance with IIP project requirements, the CEF-EC Program through these use cases promotes the safety, reliability, and resiliency of the electric grid, and consists of non-revenue producing infrastructure. *N.J.A.C. 14:3-2A.2(a)(1)-(2)*. The IIP rules consider “[e]lectric distribution automation investments, including, but not limited to...voltage and reactive power control [and] communications networks” to be projects eligible for IIP treatment. *N.J.A.C. 14:3-2A.2(b)(4)*. The CEF-EC Program establishes the communication network that enables the electric distribution automation described in the use cases. Moreover, Use Case #18 gives PSE&G the opportunity to determine with better efficiency where voltage violations exist, both above and below nominal voltage. Thus, the CEF-EC Program is within scope of the IIP rules.

C. CEF-EC Program Benefits and Costs

86. The CEF-EC Program is cost effective. During the deployment and benefit realization period of nearly 20 years (*i.e.*, 2019-2037, subject to BPU approval), the CEF-EC Program will deliver an estimated \$1.73 billion of customer and operational benefits, versus \$794 million of costs, for total net benefits of \$937 million. Qualitative benefits are not included

in this calculation, but are instead discussed in the EC Business Case. *See* Schedule GD-CEF-EC-2.

87. The customer benefits will be realized via: (a) increased participation in existing Time of Use rate; (b) improved storm response (including up to an estimated 2% improvement in reliability metrics, specifically System Average Interruption Duration Index or “SAIDI”); (c) reduction in use from inactive accounts; (d) reduction in write-offs; (e) avoided energy theft; and (f) recovered line loss due to slow meters.

88. With respect to operational benefits, the remote data and connection capabilities provided by the CEF-EC Program will eliminate the need for nearly all manual meter reads, as well as certain call center and field collection responsibilities.²³ These capabilities will also increase the data accuracy of meter reads from 91% to at least 99%, thereby reducing the amount of estimated reads, increasing bill accuracy, and lowering customer complaints. AMI will also help the Company improve in the customer service metrics agreed upon in PSE&G’s 2009/2010 base rate case; for example, meter reads on cycle, customer rebills, and BPU complaints.

89. Savings will also be achieved due to reduced workloads and truck rolls; more specifically, remote and instantaneous disconnect and reconnect activities, avoided customer power quality visits and investigation, and outage management improvement. These benefits will free up field personnel, thereby improving PSE&G’s performance in another customer service metric agreed upon in its 2009/10 base rate case, *i.e.*, customer service appointments met.

90. The CEF-EC Program will also result in environmental benefits, helping to put New Jersey back on track to satisfy the NJGWRA’s GHG reduction standards. This phase alone

²³ PSE&G’s intention is to offer employment elsewhere in the Company for any permanent employee that is displaced because of AMI.

of the CEF-EC Program will result in the reduction of carbon dioxide emissions by 2,761 tons through fewer truck rolls.

D. Electric AMI Deployment

91. PSE&G will install approximately 2.2 million advanced (or “smart”) meters throughout its electric service territory over the course of a five-year period, beginning in 2019. PSE&G’s entire customer base will receive an advanced electric meter (*i.e.*, residential, commercial, and industrial customers). PSE&G proposes that residential customers seeking to opt-out of an advanced meter pay a \$20.00 monthly fee for meter reading services. Residential customers seeking to replace an installed AMI meter with a non-AMI meter will be assessed a one-time fee of \$45.00. Commercial and industrial customers will not be permitted to opt out of an AMI meter.

92. As set forth in more detail in Mr. Dunlap’s testimony, the Company has created a communications strategy to keep customers informed at each step of the AMI implementation, *i.e.*, the pre-deployment, deployment, and post-deployment stages. The communications strategy addresses objectives, key messages, audiences, communication channels, and supporting materials. (*See* Schedule GD-CEF-EC-3).

93. With respect to Recommendation #12 of the Investigative Report, the CEF-EC Program -- and its AMI enabling capabilities -- will allow PSE&G greater visibility of its distribution system. PSE&G system operators will have the ability to “see” the status of the network down to the customer meter level, including which customers are still without power during an outage. This increased level of visibility will allow PSE&G to make more informed restoration decisions, which will lead to better resiliency and customer service, and fewer truck rolls.

94. CEF-EC Program restoration improvements will include faster identification of “nested outages” (*i.e.*, secondary outages that are not identified or fixed during initial restoration activities). Quicker identification can reduce outage periods, as well as shorten the tail end of major storm event restoration activities. Without the CEF-EC Program, PSE&G is dependent on customers calling to report an outage, adding significant delay in restoration and customer frustration.

95. The CEF-EC Program can also assist with the ETR communications-related concerns Board Staff identified in the Investigative Report. More specifically, Recommendation #15 calls for PSE&G to provide an ETR for each of its four operating divisions within 24 hours after a weather event or other major event has exited its service territory.²⁴ Use Case #17 incorporates analytics and automation to improve PSE&G’s ETR calculations and communications.

96. PSE&G respectfully submits that now is the time for the Company -- the state’s largest electric utility -- to install electric AMI. New Jersey has fallen behind nearly the entire nation with respect to AMI and the customer and operational benefits it provides. According to a December 2017 report from the Federal Energy Regulatory Commission, the number of advanced meters in the United States grew ten-fold from 2007 to 2015.²⁵ Yet, at the end of 2016, New Jersey had less than 50,000 advanced meters deployed, and ranked 47th out of 50 states in terms of advanced meter penetration.²⁶ Only three states other than New Jersey -- West Virginia, New York, and Rhode Island -- had less than 1% advanced meter penetration and New

²⁴ See the July 25, 2018 Order, *supra*, at p. 14.

²⁵ <https://www.ferc.gov/legal/staff-reports/2017/DR-AM-Report2017.pdf> (at p. 4)

²⁶ <https://www.eia.gov/electricity/data/eia861/>

York, with its Reforming the Energy Vision initiative,²⁷ will have widespread AMI adoption in short order. A review of 2016 U.S. Energy Information Administration data reveals that the number of AMI meters deployed nationwide had increased to more than 70 million,²⁸ which accounted for approximately 47% of utility customers. However, in September 2018, no PSE&G residential customer has an advanced meter.²⁹

97. It is also the appropriate time for PSE&G to install AMI given that approximately 700,000 of its electric meters (almost one-third of the Company's entire electric meter population) will soon be replaced given the length of time that they have been in service. The cost of an AMI meter is now comparable to that of an AMR meter (PSE&G's current replacement meter), and analog (mechanical) meters are no longer being manufactured. Replacement of aged, analog meters with non-AMI meters would add stranded costs -- as AMI is the present and future of metering technology -- and merely replace one meter with limited functionality with another. Furthermore, the timing for electric AMI deployment coincides with full deployment of AMR in PSE&G's gas service territory, meaning customers who receive electric and gas service from the Company would benefit from automated meter reading for both services.

98. PSE&G is aware of the moratorium on EDCs filing for "pre-approval" of AMI that the Board outlined in its August 23, 2017 Order authorizing RECO to proceed with its AMI

²⁷ <https://static1.squarespace.com/static/576aad8437e5810820465107/t/5aec725baa4a99171e5890d4/1525445212467/REV-fm-fs-1-v8.pdf>

²⁸ <https://www.eia.gov/tools/faqs/faq.php?id=108&t=3>

²⁹ PSE&G is aware of the Rockland Electric Company ("RECO") AMI initiative to install approximately 72,000 advanced meters throughout its electric service territory. Even considering the RECO AMI Program, New Jersey remains well behind the vast majority of the nation with respect to AMI.

program.³⁰ However, as the BPU and Board Staff implicitly recognized as part of the Investigative Report, AMI is a key component to improving resiliency and customer satisfaction. Without AMI, customers face longer restoration times and increased frustration. Moreover, AMI -- with the near real-time usage data it provides to customers in the literal palms of their hands -- can reduce energy consumption and lower customers' utility bills, consistent with the policies underlying the Clean Energy Law, enacted by the Legislature well after the AMI moratorium was announced. AMI also benefits the environment by reducing the vehicle emissions caused by unnecessary truck rolls. Thus, AMI deployment is a matter of sound public policy and in the best interests of New Jersey. This is perhaps why -- in the colloquy surrounding the Investigative Report at the BPU's July 25, 2018 agenda meeting -- Commissioner Chivukula appropriately questioned Staff as to whether it should assess the moratorium's continued viability.³¹ At a minimum, PSE&G's deployment of AMI across its vast and diverse service territory can provide the BPU with additional information -- beyond that provided by RECO's program -- about AMI deployment in the state, including in its most populated and urban areas, as well as the benefits AMI can provide to low income customers. PSE&G submits that the moratorium should be lifted.

E. CEF-EC Program Cost Recovery

99. PSE&G is proposing a cost recovery mechanism for the CEF-EC Program that is consistent with the BPU's IIP regulations, as addressed in detail in Mr. Swetz's testimony.

100. The cost recovery method will involve the potential of semi-annual base rate adjustment filings, consistent with the IIP regulations and the same approach used for PSE&G's

³⁰ See Decision and Order, *In the Matter of the Petition of Rockland Electric Company for Approval of an Advanced Metering Program; and for Other Relief*, BPU Docket No. EO16060524, p. 24 (August 23, 2017 Order).

³¹ Transcript, July 25, 2018 Board Agenda Meeting, BPU Docket No. EO18030255, Item 6A, page 33, lines 9-15.

Energy Strong (electric) and GSMP II programs. The proposed schedule for these potential filings is shown in the chart below:

Potential EC Rate Roll-in Schedule				
Roll-in #	Rates Effective	Initial Filing	Investment as of	True-up Filing
1	6/1/20	12/31/19	2/29/20	3/15/20
2	12/1/20	6/30/20	8/31/20	9/15/20
3	6/1/21	12/31/20	2/28/21	3/15/21
4	12/1/21	6/30/21	8/31/21	9/15/21
5	6/1/22	12/31/21	2/28/22	3/15/22
6	12/1/22	6/30/22	8/31/22	9/15/22
7	6/1/23	12/31/22	2/28/23	3/15/23
8	12/1/23	6/30/23	8/31/23	9/15/23
Final	1/31/24	7/31/24	3/31/24	4/15/24

101. Since the IIP rules limit each base rate adjustment request to a minimum investment level of 10 percent, PSE&G projects that its filings for such increases will be less often than the potential semi-annual filings and that the first base rate adjustment filing in the CEF-EC Program will be in December 2020.

102. Consistent with GSMP, GSMP II, Energy Strong, and the Company's Energy II Strong filing, PSE&G proposes that the costs to be included in rates will include: depreciation/amortization expense providing for the recovery of the invested capital over its useful book life; return on the net investment, where net investment is the capital expenditures less accumulated depreciation/amortization, less associated accumulated deferred income taxes; and the impact of any tax adjustments applicable to the CEF-EC Program. The return on net investment will be based upon a WACC. The Company proposes a WACC for the CEF-EC Program based upon the most recent WACC for base rates approved by the Board. Since the 2018 Rate Case is still pending and PSE&G anticipates approval of that matter before the first CEF-EC Program

rate adjustment filing, the WACC utilized for forecasting purposes is the WACC proposed in the 2018 Rate Case. PSE&G proposes that any change in the WACC authorized by the Board in the pending or any subsequent base rate case be reflected in the subsequent revenue requirement calculations.

103. BPU Staff and Rate Counsel will have an opportunity to review each rate adjustment filing to ensure that the revenue requirements and proposed rates are being calculated in accordance with the BPU Order approving the CEF-EC Program and the IIP rules. The changes to base rates made through these rate adjustment filings would be subject to refund based upon a Board finding that PSE&G imprudently incurred capital expenditures in its implementation of the CEF-EC. The actual prudence of the Company's expenditures in CEF-EC Program will be reviewed as part of PSE&G's subsequent base rate case(s) following the rate adjustments. This is identical to the approach under the Energy Strong, GSMP, and GSMP II programs, and the Board's IIP regulation at *N.J.A.C. 14:3-2A.6(e)*. The Company proposes that it will file its subsequent base rate case no later than five years after the commencement of the CEF-EC Program.

104. In addition to limiting the base rate adjustment requests to a minimum investment level of 10 percent of the total program investment, PSE&G is also proposing to limit the amount of investment to be included in the rate base adjustments by an earnings test. Consistent with the IIP regulations, if the Company exceeds the allowed ROE from its last base rate case by 50 basis points or more for the most recent 12-month period, the pending base rate adjustment shall not be allowed for the applicable filing period. Details regarding application of the earnings test are set forth in Mr. Swetz's testimony.

105. Based upon the forecasted rates shown in Schedule SS-CEF-EC-3, the typical annual bill impacts for a residential customer as well as rate class average customers compared to rates as of September 8, 2018 are set forth in Schedule Attachment 11.³² Based on the estimated roll-in revenue requirements provided in Schedule SS-CEF-EC-2, the initial annual impact of the proposed rates for the first roll-in period to the typical residential electric customer who uses 750 kilowatt-hours in a summer month and 7,200 kilowatt-hours annually is an increase of \$5.52 or approximately 0.45%. The maximum cumulative impact (impact from the CEF-EC Program) on the typical residential electric customer is an average annual increase of approximately 3.29% or about a \$3.38 increase in their average monthly bill.

106. PSE&G seeks approval to defer as a regulatory asset the stranded costs associated with the removal of analog meters that have not fully depreciated. The net book value of PSE&G's electric meters as of June 30, 2018 is \$219 million. That amount will continue to decline over the next several years as the meters are depreciated, with the remaining investment stranded when those meters are replaced by AMI meters. The Company will seek to recover these stranded costs over a fixed, five-year period following PSE&G's next base rate case. The Direct Testimony of Donna M. Powell provides more detail regarding this proposal.

107. Deployment of the CEF-EC Program requires approximately \$73 million in O&M expenses over the five-year advanced meter deployment period. These costs are part of the overall Energy Cloud project and the Company is seeking recovery of these amounts. To better match recovery of investment and costs, PSE&G seeks approval to defer the project O&M costs as a regulatory asset and recover those costs over a five-year period following the Company's next base rate case. The Company also requests authority to accrue a carrying-cost on the

³²The bill impacts assume that customers receive commodity service from PSE&G under the applicable BGS rate.

deferred O&M balance, and approval to depreciate AMI meters over 20 years. More detail surrounding these proposals is set forth in Ms. Powell’s testimony.

V. SUPPORTING TESTIMONY AND PUBLIC NOTICES

108. Below is a table listing the supporting testimony for this Petition and other attachments:

Appendix Letter or Attachment No.	Document Description
A	Location of MFRs – CEF-EE Program
B	Location of MFRs – CEF-EC Program
1	Testimony of Karen Reif in support of the CEF-EE Program and the EV subprograms
2	Testimony of Stephen Swetz describing revenue requirement methodologies, cost recovery mechanisms, and bill impact analysis for the CEF-EE, CEF-EVES, and CEF-EC Programs
3	Testimony of Daniel Hansen in support of the GEM proposal
4	Testimony of Jorge L. Cardenas in support of the ES subprograms
5	Testimony of Gregory C. Dunlap in support of the CEF-EC Program
6	Testimony of Donna M. Powell describing cost recovery associated with the CEF-EC Program
7	Accounting Schedules
8	Clean and Redlined Tariff Sheets – GPRC, GEM, and TIC
9	Typical Residential Customer Bill Impacts – CEF-EE Program
10	Typical Residential Customer Bill Impacts – CEF-EVES Program
11	Typical Residential Customer Bill Impacts – CEF-EC Program

12	Form of Notice of Filing and of Public Hearings – CEF-EE Program
13	Form of Notice of Filing and of Public Hearings – CEF-EVES Program
14	Form of Notice of Filing and of Public Hearings – CEF-EC Program

109. The Forms of Notice set forth the requested changes to electric and gas rates, where applicable, and will be placed in newspapers having a circulation within the Company's service territory upon receipt, scheduling, and publication of public hearing dates. Public hearings for the CEF-EE, CEF-EVES, and CEF-EC Programs, respectively, will be held in each geographic area within the Company's service territory, *i.e.*, Northern, Central, and Southern. The Forms of Notice will be served on the County Executives and Clerks of all municipalities within the Company's electric and gas service territories upon receipt, scheduling, and publication of public hearing dates.

110. 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, 140 East Front Street, 4th Floor, Trenton, New Jersey 08625. The Petition and supporting testimony and attachments will also be e-mailed to the persons identified on the service list provided with this filing.

VI. COMMUNICATIONS

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

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VII. 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 the CEF-EE, CEF-EVES, and CEF-EC Programs (collectively, the “CEF Programs”), specifically finding that:

1. The CEF Programs are in the public interest;
2. The CEF Programs, as described herein, are reasonable and prudent;

3. PSE&G is authorized to implement and administer the CEF Programs under the terms set forth in this Petition and accompanying Attachments;

4. The cost recovery proposals and mechanisms for the CEF Programs set forth in this Petition will provide for implementation of just and reasonable rates, and are approved;

5. PSE&G may recover all prudently-incurred costs associated with the CEF Programs, on a full and timely basis, under the cost recovery mechanisms set forth herein; and

6. PSE&G is authorized to implement the GEM, as described herein, or an alternative form of decoupling or an annual lost revenue adjustment mechanism.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



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DATED: September 26, 2018
Newark, New Jersey

VERIFICATION

STATE OF NEW JERSEY)
 :
COUNTY OF ESSEX)

Karen Reif, of full age, being duly sworn according to law, on her oath deposes and says:

- 1. I am Vice President, Renewables and Energy Solutions of Public Service Electric and Gas Company, the petitioner in the foregoing Petition.
- 2. I have read the annexed Petition, and the matters and things contained therein are true to the best of my knowledge and belief with respect to the CEF-EE Program and electric vehicles subprograms.
- 3. Copies of the Petition have been provided to the NJBPU, the Department of Law & Public Safety, and the Division of Rate Counsel.

Karen Reif

Karen Reif

Sworn and subscribed to)
before me this 26th day)
of September, 2018)

Michele D. Falcao



