Agenda Date: 07/29/09
Agenda Item: 2M

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

DIVISION OF ENERGY AND
OFFICE OF CLEAN ENERGY

IN THE MATTER OF PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR GENERATION INVESTMENT PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM)	ORDER APPROVING STIPULATION DOCKET NO. EO09020125

(SERVICE LIST AND STIPULATION ATTACHED)

BY THE BOARD:

N.J.S.A. 48:3-98.1.a (2) allows public utilities to invest in Class I renewable energy resources or programs on a regulated basis, and N.J.S.A. 48:3-98.1.b allows them to file petitions with the New Jersey Board of Public Utilities ("Board") for approval of cost recovery for these investments. In determining the recovery of program costs, the Board may take into account the potential for job creation from such programs, the effect on competition from such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace. Unless the Board issues a written order within 180 days after the filing of the petition approving, modifying or denying the requested recovery, the recovery requested by the utility will be effective on the 181st day after the filing without further order by the Board and may include:

> "all reasonable and prudent costs incurred in developing and implementing energy efficiency, conservation, or Class I renewable energy programs approved by the Board pursuant to this section. These costs shall include a full return on invested capital and foregone electric and gas distribution fixed cost contributions associated with the implementation of the energy efficiency, conservation, or Class I renewable energy programs until those cost contributions are reflected in base rates following a base rate case if such costs were reasonably and prudently incurred."

On November 24, 2008, Public Service Electric and Gas Company ("PSE&G" or "Company") held a pre-filing meeting with Board Staff ("Staff") and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") to discuss a utility-owned solar photovoltaic generation program and proposed cost recovery mechanism to be submitted for Board approval.

On February 10, 2009, PSE&G filed a solar program petition, *I/M/O Petition of Public Electric Service and Gas Company Petition for Approval of a Solar Generation Investment Program and Associated Cost Recovery Mechanism*; Docket No. EO09020125 ("Solar 4 All Program" or "Program") requesting that the Board: (i) retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law; and (ii) approve the Solar 4 All Program and the proposed cost recovery mechanism.

The Program as filed proposed to invest $773 million in a 120 MW utility-owned solar generation program with four distinct segments. The first segment, called "Centralized Solar," was divided into two sub-segments proposing: a) installation of approximately 25 MW of new solar capacity on PSE&G owned property, and b) installation of 10 MW on brownfields/grayfields and/or sites owned by nonprofit entities, with emphasis in Urban Enterprise Zones ("UEZs"). The second segment, called "Neighborhood Solar," proposed the installation of 40 MW of solar capacity on pole-mounted solar systems located in PSE&G's electric service territory. The third segment, called "Local Government Solar," proposed the installation of 43 MW of solar capacity on local government-owned sites (municipalities and counties), including public schools. The fourth segment, called "Affordable Housing Solar," proposed the installation of 2 MW of new solar capacity on the common areas of the New Jersey Housing and Mortgage Finance Agency ("NJFHMA") -financed affordable housing communities.

In the petition, PSE&G also proposed recovering all Program costs through the Regional Greenhouse Gas Initiative Recovery Charge ("RRC") earning a return on its net investment in the Program based on a Weighted Average Cost of Capital ("WACC") of 8.2582% annually. The solar facilities would be grid-connected to PSE&G's distribution system, and, to the extent possible, their energy and capacity products would be sold into the PJM markets with the Program's revenue requirements offset by the following items: (i) the value of the federal investment tax credit in accord with the federal tax laws; (ii) net revenues received by selling energy and capacity in the PJM markets; and (iii) net revenues realized from monetizing the value of SRECs received through their sale in the auction that PSE&G is using for the previously approved PSE&G Solar Loan Program[1].

On March 11, 2009, PSE&G supplemented its petition with a cost-benefit analysis. By letter dated March 12, 2009, Staff notified the Company that the filing was deemed administratively incomplete and that additional information was needed. PSE&G responded to Staff's March 12 notice by providing the requested information. By letter dated May 6, 2009, Staff issued a determination that the Company's filing, as supplemented, was deemed administratively complete and that the Board's 180-day review period commenced on April 9, 2009, the date PSE&G's deficiency remediation was received by the Board.

By Order dated May 15, 2009 ("May Order") the Board retained these matters for review and hearing as authorized by N.J.S.A. 52:14F-8, and as authorized by N.J.S.A. 48:2-32, designated Commissioner Fiordaliso as presiding officer in these proceedings. The May Order granted the motions to intervene of Petra Solar Inc ("Petra Solar"), NextEra Energy Resources ("NextEra"), Mid-Atlantic Solar Energy Industries Association ("MSEIA"), New Jersey Solar Industry

[1] *In the Matter of the Petition of Public Service Electric and Gas Company for Approval of a Solar Energy Program and Associated Cost Recovery Mechanism.* Docket No. DOCKET No. EO07040278, November 7, 2008.

Manufacturers Association ("NJSIMA"), Solar Alliance ("SA"), New Jersey Natural Gas Company ("NJNG"), Resource Energy Systems, L.L.C. ("Resource Energy") and New Jersey Large Energy Users Coalition ("NJLEUC"). By Order dated June 8, 2009, Commissioner Fiordaliso granted the motion to intervene of NJHMFA.

The Company published notice in newspapers in general circulation in its service territory describing the filing, including the date, time and place of the public hearings, and served the notice on the county executives and clerks of all municipalities within the Company's service territory. Six public hearings were held on the following dates at three locations in PSE&G's service territory: two hearings on June 22, 2009, in Newark, New Jersey; two hearings on June 23, 2009, in New Brunswick, New Jersey; and two hearings on June 25, 2009, in Mount Holly, New Jersey. A total of 10 members of the public appeared at the six public hearings.

The parties met in April to informally discuss the Program. Settlement conferences commenced on May 28, 2009 and continued on an approximate bi-weekly basis until July 16, 2009 with notice to the parties. Between April and July 2009, PSE&G responded to the data requests propounded by the parties during settlement discussions and through the discovery process. On July 27, 2009, PSE&G, Staff, Rate Counsel, Petra Solar, SA, NJSIMA, NJHMFA, Resource Energy and MSEIA ("Parties") entered into a stipulation ("Stipulation") agreeing on the relevant issues of the Program. NJNG, NextEra and NJLEUC sent letters expressing no opposition to the Stipulation on July 13, 2009, July 24, 2009 and July 27, 2009 respectively.

PROPOSED STIPULATION

The Stipulation includes seven (7) exhibits pertaining to: (a) program rules, (b) planned installations and investments by reporting year; (c) revenue requirements schedule; (d) interest calculation schedule; (e) minimum filing requirements; (f) tariff sheet; and (g) residential bill impact chart. All exhibits annexed to or filed with the Stipulation are considered to be part of the Stipulation with key provisions described below.[2]

Program Size and Segmentation

1. Program Size and Investment. The total size of the Program will be 80MW and the total PSE&G investment will be approximately $514.6 million.

2. Segments. The Program will consist of two segments: Segment 1 called "Centralized Solar" (40 MW) and Segment 2 called "Neighborhood Solar" (40 MW). Segment 1 will be comprised of three sub-segments: (i) Segment 1a (25 MW) for solar systems installed on PSE&G-owned sites; (ii) Segment 1b (10 MW) for solar systems installed on third-party owned sites; and (iii) Segment 1c (5 MW) for solar systems installed on sites in UEZs, including publicly-owned sites. In Segment 2 PSE&G will install small distributed solar systems on approximately 200,000 utility and street light poles in PSE&G's service territory. A demonstration pilot involving the installation of pole-mounted solar units on decorative poles in Branch Brook Park will be included in Segment 2.

[2]Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

3. Solar System Size. In Segment 1 solar systems will be 500 kW or larger. In Segment 2 PSE&G will install pole-mounted solar units of approximately 200 watts dc[3] each.

4. Installation Schedule. The table below shows the total Program size and segments' sizes as well as the scheduled targets for reporting year capacity comparing the Program as filed and the Program as settled.

PROGRAM SEGMENT	PROGRAM SIZE (MW)												TOTAL PROGRAM	
	2009-2010		2010-2011		2011-2012		2012-2013		2013-2014		2014-2015			
	FILE	STP	FILE	STP	FILE	STP	FILE	STP	FILE	STP	FILE	STP	FILE	STP
S1 - Centralized Solar	4	4.5	10.3	20.6	10.3	14.9	10.3	-	-		-		35	40
S1.a - PSE&G Sites		-		15		10		-						25
S1.b - 3rd Party Sites		2		3.1		4.9		-						10
S1.c - UEZ Sites		2.5		2.5		-		-						5
S2 - Neighborhood Solar	3.5	7.6	9.6	10.4	9.9	13.3	9.9	8.7	6.3		0.5		40	40
S3 - Local Government Solar	7.2	-	8.0	-	8.0	-	8.0		8.0		4.0		43	-
S4 - Affordable Housing Solar	0.06	-	0.77	-	0.77	-	0.39		-		-		2	-
TOTAL - YEAR	14.8	12.1	28.7	31	29	28.2	28.6	8.7	14.3		4.5		120	80

5. Flexibility Provisions: The Stipulation contains three flexibility provisions concerning changes to the installation schedule:

   a. *Reallocation within Each Segment.* PSE&G will have the ability to vary the installed capacities within each segment or subsegments and in each annual period (i.e., reporting year) by 20% of the amount set forth for each segment and reporting year, as needed to accommodate interconnections, permitting, procurement of supplies, or similar requirements so long as the total Program size of 80 MW is not exceeded.

   b. *Reallocation between Segments.* PSE&G will have the right to reallocate capacity among segment or subsegments as needed to accommodate interconnections, permitting, availability of appropriate sites or similar requirements, and subject to Board approval of the reallocation on an expedited basis. PSE&G request to the Board will specify the reasons and factual basis for the capacity reallocation.

   c. *Reporting Year Rollover.* Any capacity not used in a reporting year shall roll forward to the next reporting year.

Cost Recovery

6. PSE&G will recover the net revenue requirements associated with the Program via a new solar generation investment component of the Company's electric RRC ("SGIP"). The SGIP will be applicable to all electric rate schedules on equal cents per kilowatt-hour ("KWh") basis.

7. The revenue requirements to be recovered through the SGIP will be calculated according to the following formula:

[3] All reference to MW capacity of the solar systems are in direct current or "dc." The electricity generated by a solar system passes through an inverter and is converted to alternating current or "ac."

*Revenue Requirements = (Pre-Tax Cost of Capital * Net Investment) + Amortization and/or Depreciation + Operation and Maintenance Costs – Revenues from Solar Output – Investment Tax Credit ("ITC") Amortization w/ Tax Gross Up + Tax Associated from ITC Basis Reduction*

8. The details of each element of the revenue requirements' formula are as follows:

   a. *Pre-Tax Cost of Capital* – For the initial rate period the Weighted Average Cost of Capital (WACC) will be 7.9591%, (11.3092% on a pre-tax basis), based on a return on equity of 10.0%.

   b. *Net Investment* – This is the Program investments less their associated accumulated depreciation and/or amortization less their accumulated deferred income tax.

      i. Depreciation/Amortization – The depreciation or amortization of the Program assets will vary depending on its asset class. The table below summarizes the book recovery and associated tax depreciation applied to the corresponding asset classes.

<table>
<tr><th>Asset Class</th><th>Book Recovery</th><th>Tax depreciation</th></tr>
<tr><td>Solar Panels, acquisition and installation costs (Segments 1a, 1b, and 2)</td><td>20 year dep.</td><td rowspan="4">5 year MACRS</td></tr>
<tr><td>Solar Panels, acquisition and installation costs (Segment 1c)</td><td>15 year dep.</td></tr>
<tr><td>Inverters</td><td rowspan="2">5 year dep.</td></tr>
<tr><td>Communications Equipment</td></tr>
<tr><td>Meters (Segments 1a, 1b, and 2)</td><td>20 year dep.</td><td rowspan="2">20 year MACRS</td></tr>
<tr><td>Meters (Segment 1c)</td><td>15 year dep.</td></tr>
</table>

      ii. The amortization/depreciation will be based on a monthly vintaging methodology instead of the mass property accounting typically used for utility property.

   c. *Operations and Maintenance Costs* – Operations and Maintenance Costs would include: PSE&G labor and other related on-going costs required to manage the physical assets, administrative costs related to the management of the Program, rent payments or bill credits made to non-PSE&G host sites/facilities and the fair values of rents for use of gas and electric transmission sites/facilities, insurance expenses, and cost of removal at the end of the assets' economic or useful lives.

   d. *Revenues from Solar Output* – The net revenues PSE&G receives from PJM for sales of energy and/or capacity value from the solar systems, as well as the net revenues from the sale of Program SRECs.

   e. *ITC* - The Company will return all of the ITC it utilizes to ratepayers in accordance with Federal Income Tax Law, including any changes in the Federal Income Tax Law.

9. The initial SGIP will be based on estimated Program revenue requirements from August 1, 2009 or the date of this Order up to December 31, 2010. The Company will file an annual petition ("Annual Filing") to adjust its SGIP commencing with the 2011 annual period on a

calendar basis, with copies provided to the Parties no later than September 1, 2010 and annually thereafter for the implementation of the proposed revised SGIP, on January 1 of the subsequent year. Each Annual Filing will contain a reconciliation of PSE&G's projected SGIP costs and recoveries and actual revenue requirements for the prior period, and a forecast of revenue requirements for the remainder of the current period and for the upcoming 12-month period that shall be based upon the Company's most current authorized ROE and capital structure. The Annual Filing also will present actual costs incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudence.

10. Monthly interest on net over and under recoveries will be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. The interest rate shall not exceed PSE&G's overall rate of return as authorized by the Board.

11. A typical residential electric customer using 722KWh per summer month and 6,960 KWh on an annual basis and on BGS-FP service with PSE&G would see an initial increase in the annual bill from $1,277.64 to $1,278.92 or $1.28 or approximately 0.10%. As currently projected, the maximum rate impacts for the same typical residential electric customers from the SGIP would occur in 2028. The expected maximum increase from the SGIP for a typical residential customer in 2028 would be $0.000587 per kWh, for a typical annual residential bill impact of $4.08 (0.321%) or about $0.34 per month.

12. PSE&G will offset the revenue requirements with any federal funds or credits that the Company obtains pursuant to the American Recovery and Reinvestment Act ("ARRA") directly related to the Solar 4 All Program.

Program Rules

13. <u>Solicitations</u>. In Segment 1a PSE&G will use a competitive solicitation to hire one or more contractors for the development of the solar systems. Thereafter PSE&G may elect to use its own workforce to install the systems on these sites or may contract the work out to qualified contractors. In Segments 1b and 1c solar developers will propose sites/projects to PSE&G subject to the time limitations set forth in the program rules. Thereafter, PSE&G will contract with developers for the development of these systems as set forth in the program rules. In Segment 2 PSE&G will use a competitive solicitation process to procure the pole-mounted solar units. Thereafter PSE&G may elect to use its own workforce to install systems on these sites or may contract the work out to qualified contractors. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.

14. <u>Specific Solicitation Rules for Segments 1b and 1c.</u> Solar developers will prepare comprehensive proposals ("Proposals") containing the minimum data required in Exhibit A. PSE&G will periodically invite developers to submit Proposals under an open season format. PSE&G will post advanced notice of each of the open seasons on its web page and via other methods. The initial open season will be for a 60-day period and subsequent open seasons may be for longer or shorter durations, at PSE&G's discretion.

    The Proposals will be evaluated on a number of criteria including experience of the solar developer, quality of the proposed technology, expected output/capacity factor of the solar system, credit, price, ability to execute the Proposal in a timely manner, compliance with program rules of Exhibit A, cost feasibility of interconnection, and acceptance of PSE&G's contract terms and conditions. Given the small size of Segment 1c, however, PSE&G will rank order Proposals received and afford higher weight to earlier-received Proposals.

As Proposals are accepted, PSE&G will revise and post the remaining available capacity for each segment on its website. Upon the final acceptance of a Proposal, PSE&G will enter into a contract with the solar developer to build the solar system and into a suitable agreement ("Lease") with the site owner.

Miscellaneous

15. Duration: The Program's installation time frame is anticipated to end by the end of 2013.

16. Ownership. PSE&G will own the solar systems installed under the Program.

17. Interconnection. All solar systems installed under the Program will be grid-connected to PSE&G's distribution system. The Company will be responsible for all interconnection work, using its own workforce and/or qualified contractors.

18. PJM Sales. PSE&G will sell the energy generated by the Program's solar systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for these solar systems if these systems qualify for capacity payments and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource.

19. SRECs Trigger. PSE&G's filing proposed a mechanism (the "SREC trigger") that could limit the number of SRECs sold under the Program depending on the state of the SREC market during each year. There will be no SREC trigger.

20. Evaluation of Solar Systems. At the end of the initial term of the site rental (for subsegments 1b and 1c) or at the end of 20 years for subsegment 1a, PSE&G will evaluate the condition of the solar systems. For solar systems on PSE&G-owned sites, PSE&G will leave the systems in place as long as they are functional and do not require excessive maintenance. For solar systems on third-party owned sites, PSE&G will attempt to reach an appropriate agreement with the site owner to allow the solar system to remain in place.

21. Reporting Requirements. The Company will provide monthly reports to the Board Staff's Office of Clean Energy ("OCE") on Program activity commencing in November 2009 through the end of the Program's installation time frame including data consistent with renewable energy reports for the NJ Clean Energy Program.

22. Recommendations on Separate Proceedings. In light of MSEIA's and NJLEUC's positions during settlement discussions, the Stipulation provides statements of support for the commencement of separate proceedings:

    a. Staff supports the commencement of a generic proceeding to address NJLEUC's proposals with respect to cost recovery from large commercial and industrial ("C&I") customers in proceedings granted by the Board under N.J.S.A. 48:3-98.1. Particularly, NJLEUC has proposed three alternatives: (i) to allow a large C&I customers to opt out of utility-sponsored renewable energy programs based on customer's investments or plans to invest in renewable energy measures of their own; (ii) to establish usage-based tiers with the surcharge amount decreasing as consumption increases; and (iii) to place an annual cap on charges payable by large C&I customers for utility-sponsored renewable energy programs. The recommendation to support a generic proceeding addressing NJLEUC's proposals by Staff does not represent the expression of a position by any party to the Stipulation with respect to the merits of NJLEUC's proposals. Furthermore the Parties have reserved their rights to take any positions they deem appropriate in any future proceeding.

b. The Parties support the commencement of a generic proceeding to review the policy issue of whether utility-owned solar generating facilities should be eligible to receive SRECs. This generic proceeding would be started upon the filing of a petition by MSEIA or some other party. Once the petition is filed, the Parties recommend that the Board conduct the generic proceeding expeditiously and that any Board decision arising out of this generic proceeding apply prospectively only and not to the Solar 4 All Program. Therefore, all the solar systems that PSE&G owns under the Program should be eligible to receive SRECs for their full qualification life. Furthermore the Parties have reserved their rights to take any positions they deem appropriate in any future proceeding.

23. Solar Development and NJHMFA. To accommodate the elimination of Segment 4 of the Program, the Parties recommend either (i) amending the Solar Loan II Program to include a segment where loans would be available for not less than 2 MW of solar systems installed on the common areas of NJHMFA-financed multi-family housing projects; or (ii) allocating additional funding to NJHMFA's 2009 Solar Funding Pilot to extend that program through year 2010. The parties to the Stipulation who are also parties to the Solar Loan II program will not oppose a motion to intervene by NJHMFA in that proceeding on the basis of prejudice.

DISCUSSION AND FINDINGS

Pursuant to N.J.S.A. 48:3-98.1.b, in determining the recovery by electric public utilities of program costs, the Board may take into account the potential for job creation from such programs, the effect on competition from such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace. In balancing the elements listed in the statute, the Board is guided by the solar Renewable Portfolio Standards ("RPS") requirements, the greenhouse gas reduction requirements of the Global Warming Response Act ("GWRA"), N.J.S.A. 26:2C-37 et seq, the New Jersey Energy Master Plan ("EMP") issued in October 2008,[4] which is the State's roadmap towards a responsible energy future, and the Board's policies for solar articulated in what is known as the "Solar Transition Order", *I/M/O Renewable Energy Portfolio Standards, Alternative Compliance Payments and Solar Alternative Compliance Payments – Order Regarding Solar Electric Generation*, Docket No. EO06100744, December 6, 2007.

The Board has repeatedly acknowledged the benefits that solar electric generation offers.[5] Solar electric generation contributes to the diversity of New Jersey's supply of electricity and

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[4]The EMP is available at http://www.nj.gov/emp/docs.

[5]See, e.g. the "Solar Transition Rules" proposal published in the New Jersey Register on June 16, 2008 at 40 N.J.R. 3586(a); the Solar Transition Order, supra; Renewable Portfolio Standards, N.J.A.C. 14:8-2 et seq.; Energy Competition Standards – Proposed Recodification with Amendments published in the New Jersey Register on October 17, 2005 at 37 N.J.R. 3911.

supports progress toward the greenhouse gas ("GHG") emissions reduction goals of the GWRA. In addition, solar electric generation can help to protect the reliability of New Jersey's electricity supply by providing local supplies of reactive power at or near times of peak demand when it is needed the most. Because of all the benefits of solar electric generation the RPS rules under N.J.A.C. 14:8-2.3 have established steadily increasing requirements for solar electric generation through May 31, 2021. The EMP also acknowledges the importance of solar electric generation, and recommends changing the solar RPS so that the State's progress in improving energy efficiency does not reduce the amount of solar electric generation that will be required by 2021[6].

The reporting year that ended on May 31, 2009 saw insufficient solar electric generation to satisfy the solar RPS for that year. The Board estimates that about 40 MW of additional solar electric generation capacity would have been needed to achieve the solar RPS for that reporting year. Because of the shortfall, compliance with the solar RPS is being achieved partially through payments of the Solar Alternative Compliance Payment ("SACP") to the extent that SRECs are not available. The Board strongly prefers that compliance with the solar RPS be achieved fully through solar electric generation, without any SACP payments, to maximize the benefits that solar electric generation provides to New Jersey.

The Board has taken actions to spur solar development and reduce or eliminate the shortfall. For example, the Board has promulgated rules to reduce support for solar electric generation based on rebates, and to put greater emphasis on more sustainable market-based incentives[7]. To this end, the Board's Order dated August 7, 2008 *I/M/O Renewable Energy Portfolio Standards: Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and for Conservation Program; and for Electric Distribution Company Submittals of Filings in Connection with Solar Financing*, Docket No. EO06100744 ("August 7 Order") established SREC-based solar financing programs ("SREC-based Programs") to provide market-based financial support to solar developers. In the August 7 Order, the Board found that a market-based approach of delivering incentives for solar electric generation will serve the State policies expressed in the N.J.S.A. 48:3-50. Specifically, the Board found that such a transition will help to deliver cost-effective incentives necessary to increase solar electric generating capacity in the State. A market-based SREC financing system requires an environment that supports investor confidence, particularly with regard to SREC prices. Under the Board's market-based incentive approach, financiers and investors can look at the expected cash flow from the SRECs generated by the project together with energy prices and tax credits when determining creditworthiness. The SREC-based Programs of Atlantic City Electric Company, Jersey Central Power & Light and Rockland Electric Company are structured to provide SREC price certainty for investors in solar systems under 500kW by allowing them to enter into long-term SREC purchase and sale contracts at a fixed price. PSE&G's proposed Solar Loan II Program (Docket No. EO09030249), if approved, would provide loans for solar systems, with a long-term fixed price at which PSE&G would value SRECs toward repayment of the loans.

Despite these efforts, the Board nonetheless believes that, absent action now, there is a significant risk that a shortfall in satisfying the solar RPS will continue, especially considering that the solar RPS increases each reporting year under N.J.A.C. 14:8-2.3, and also considering the effect of the current worldwide economic and credit crises. The Board therefore believes that additional action is needed to mitigate the SREC shortfall over the next few years. The Solar 4

[6]EMP at 69.

[7]See, the Solar Transition Rules cited in footnote 5.

All Program can help, as PSE&G develops a limited amount of solar electric generation capacity over a defined period.

In reducing the total size of the Program from the proposed 120MW to 80MW and designing the Program for implementation over a limited and defined time, the Parties took into account existing solar capacity, solar capacity under development or expected to be developed under other solar programs, and the currently projected SREC shortfall. Therefore, the Board **FINDS** that the reduction of the total Program size, the limited timeframe of the program, and the elimination of the SREC trigger are likely to minimize any potential negative effects of the Program on the market for SRECs. The Board further **FINDS** that 80MW of additional solar capacity will bring important environmental benefits to New Jersey, and will support compliance with GHG emissions reduction and RPS requirements. Particularly, the Solar 4 All Program is expected to help alleviate the currently projected SREC shortfall.

The Program will focus on areas such as brownfields, grayfields, urban enterprise zones, and light poles, which have significant untapped potential for the development of solar electric generation. In addition, the focus of Segment 1 on projects of more than 500kW will complement the Board's ongoing efforts to support the financing of solar electric generation, which have focused on projects of less than 500 kW. The Board therefore **FINDS** that the Solar for All Program complements the Board's other solar programs. With regard to the elimination of segment 4 of the Program as filed, the Board is mindful of the Parties' support for either (i) amending the Solar Loan II Program to include a Segment for not less than 2 MW of solar systems installed on the common areas of NJHMFA-financed multi-family housing projects; or (ii) allocating additional funding to NJHMFA's 2009 Solar Funding Pilot to extend that program through year 2010.

The Board is also mindful of NJLEUC's call for the establishment of a separate generic Board proceeding to consider the various cost recovery proposals suggested for large C&I customers. Although the Board is not directing at this time that such a proceeding be convened, should NJLEUC file a petition with the Board to initiate such a proceeding, the Board believes that it could be valuable to review the options that NJLEUC has suggested for large C&I customers and possibly additional options as well.

N.J.S.A. 48:3-98.1.a (2) permits an electric or gas public utility to invest in Class 1 renewable energy resources or offer Class 1 renewable energy programs on a regulated basis. However, the statute does not specifically address whether utility-owned solar systems can enter the SREC market. During settlement discussions MSEIA raised this issue, which was later reflected in the Stipulation as a statement of support by the Parties for a generic proceeding to review the policy issue of whether utility-owned solar generating facilities should be eligible to receive SRECs. Because the number of players in the SREC market may have an impact on the SREC price and eventually on the capacity of SREC-based Programs to achieve their stabilizing goal, the inclusion of utility-owned solar systems in the SREC market poses several policy questions in light of the State's renewable energy goals, ratepayers' interests, market competition and market barriers to solar development, among other factors. The Board therefore believes that it could be valuable to review the issue of whether utility-owned solar generating facilities should be eligible to receive SRECs within a generic proceeding, should such a proceeding be initiated by MSEIA or another party. The conclusions of such a generic proceeding, if initiated, shall only apply prospectively, and shall not affect the Board's decisions expressed in this Order with regard to eligibility of the PSE&G owned solar systems under the Program to receive SRECs.

The Board has previously acknowledged the extent of the worldwide economic crisis and the need to take action now to support employment in New Jersey, as has Governor Corzine since announcing his economic stimulus plan in October 2008. Following its commitment to job creation, the Board approved in April 2009 the plans of five electric and gas utilities, including PSE&G, to accelerate $956 million in planned infrastructure investments. *In Re Petition Of Public Service Electric & Gas Company for Approval of a Capital Economic Stimulus Infrastructure Investment Program and an Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and 48:21.1*, Docket No. EO09010050, April 28, 2009. Since then, while economic signals have been mixed, the nationwide employment situation continues to deteriorate. The Board **FINDS** that the Solar 4 All Program, if properly executed, will likely create several hundred direct and indirect jobs. The number of new jobs connected to the Program has been estimated by PSE&G based on several studies including a report from the University of California at Berkeley[8], according to which each installed MW of solar photovoltaic generation results in approximately 20 manufacturing and 13 installation/maintenance jobs. Following these metrics the 80 MW of the Program are likely to create approximately 2,600 jobs in New Jersey.

The Board has considered the costs to ratepayers for the Program. A typical residential electric customer using 722KWh per summer month and 6,960 KWh on an annual basis and on BGS-FP service with PSE&G would see an initial increase in the annual bill from $1,277.64 to $1,278.92 or $1.28 or approximately 0.10%. As currently projected, the maximum rate impacts for the same typical residential electric customers from the SGIP would occur in 2028. The expected maximum increase from the SGIP for a typical residential customer in 2028 would be $0.000587 per kWh, for a typical annual residential bill impact of $4.08 (0.321%) or about $0.34 per month. The Board is persuaded that the environmental, social and economic benefits that the Program will bring to New Jersey residents outweigh the costs of the Program.

In summary, the Board **FINDS** that the Program, if properly implemented, will create green-collar jobs and comply with the State's environmental goals in the short term, as well as enhance the State's competitiveness and economic prospects in the long term through green technology development and innovation. Because of the limited size and duration of the Program the Board further **FINDS** that approving the Program will not impact market competition.

In consideration of the record and all of the above discussion, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with law, and **HEREBY APPROVES** the Stipulation including all its exhibits in the entirety, incorporating the terms and conditions as though fully stated herein.

The Board **HEREBY RATIFIES** all provisional rulings by Commissioner Fiordaliso for the reasons stated in his Orders.

The Board **HEREBY SETS** the effective date of the initial SGIP as the later of August 1, 2009 or the date of this Order. The Company is **HEREBY DIRECTED** to file tariff sheets consistent with this Order within five (5) business days.

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[8] Kammen, D. M., Kapadia, K. and Fripp, M. (2004) Putting Renewables to Work: How Many Jobs Can the Clean Energy Industry Generate? A Report of the Renewable and Appropriate Energy Laboratory, University of California, Berkeley.

The Company's rates will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

DATED: 8/3/09

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ATTEST:

Kristi Izzo
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

Kristi Izzo

SOLAR 4 ALL
BPU DOCKET NO. EO09020125

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July 27, 2009

VIA ELECTRONIC & REGULAR MAIL

Kristi Izzo, Secretary
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RE: I/M/O the Petition of Public Service Electric and Gas Company For Approval of a Solar Generation Investment Program and an Associated Cost Recovery Mechanism
BPU Docket No.: EO09020125

Dear Secretary Izzo:

Enclosed for filing is an original and ten (10) copies of an executed Settlement Agreement in the above-referenced matter. All parties have either signed the Settlement Agreement, stated that they will execute it, or have indicated that they will submit a "no objection" letter. One party, Resource Energy Systems, L.L.C., has not yet provided its executed signature page, although it has indicated that it will do so; I will file this signature page separately once I have received it. In addition, I am enclosing copies of the "no objection" letters that PSE&G has received.

Respectfully submitted,

Sent by
Gregory Eisenstark, Esq.

c: Attached Service list

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PSEG Services Corporation

July 27, 2009

VIA ELECTRONIC & REGULAR MAIL

Kristi Izzo, Secretary
Office of the Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

RE: I/M/O the Petition of Public Service Electric and Gas Company For Approval of a Solar Generation Investment Program and an Associated Cost Recovery Mechanism
BPU Docket No.: EO09020125

Dear Secretary Izzo:

Enclosed for filing is an original and ten (10) copies of an executed Settlement Agreement in the above-referenced matter. All parties have either signed the Settlement Agreement, stated that they will execute it, or have indicated that they will submit a "no objection" letter. One party, Resource Energy Systems, L.L.C., has not yet provided its executed signature page, although it has indicated that it will do so; I will file this signature page separately once I have received it. In addition, I am enclosing copies of the "no objection" letters that PSE&G has received.

Respectfully submitted,

Sent by
Gregory Eisenstark, Esq.

c: Attached Service list

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
SOLAR 4 ALL
BPU DOCKET NO. EO09020125

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR GENERATION INVESTMENT PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM	))))))	**SETTLEMENT AGREEMENT** BPU Docket No. EO09020125

APPEARANCES:

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Jessica L. Campbell, Kerri Kirschbaum, and Alex Moreau, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Anne Milgram**, Attorney General of New Jersey)

Robert J. Shaughnessy, Jr., Deputy Attorney General, for the New Jersey Housing and Mortgage Finance Agency (**Anne Milgram**, Attorney General of New Jersey)

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R. William Potter, Esq., (Potter & Dickson) for the Intervenor Mid-Atlantic Solar Energy Industries Association

Louis Cappelli, Jr., Esq. (Florio Perrucci Steinhardt & Fader, LLC), for the Intervenor NextEra Energy Resources, L.L.C.

Richard Plutzer, Esq., for the Intervenor Resource Energy Systems, L.L.C.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

It is hereby AGREED, as of the 27th day of July 2009, by and between Public Service Electric and Gas Company ("PSE&G", "Public Service" or the "Company"), the Staff of the Board of Public Utilities ("Board Staff"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the NJ Housing and Mortgage Finance Agency ("NJHMFA")[1] the Solar Alliance ("Solar Alliance"), the Mid-Atlantic Solar Energy Industries Association ("MSEIA"), Petra Solar, Inc. ("Petra"), and the New Jersey Solar Industry Manufacturers Association ("NJSIMA") (hereinafter referred to as the "Parties") to execute this Settlement Agreement ("Settlement") for Public Service's Solar Generation Investment Program and Associated Cost Recovery Mechanism, also known as the Solar 4 All Program ("Solar 4 All" or "Program").

The Parties do hereby join in recommending that the Board of Public Utilities ("Board" or "BPU") issue a Final Decision and Order approving this Settlement, including the attached proposed sheets of PSE&G's Tariff for Electric Service, as set forth herein.

[1] NJHMFA will seek authority of its Board to enter into this Stipulation of Settlement on July 27, 2009, 2009. If such authorization is granted, then in accordance with N.J.S.A. 55:14K-4 (o), no action taken at such meeting by NJHMFA shall have force and effect until ten (10) days, Saturdays, Sundays and public holidays excepted, after such copy of the minutes shall have been so delivered to the Governor, unless during such ten (10) day period the Governor shall approve the same in which case such action shall become effective upon approval.

BACKGROUND

1. Pursuant to *N.J.S.A.* 48:3-98.1 *et seq.*, on November 24, 2008, Public Service held the required Regional Greenhouse Gas Initiative (RGGI) pre-filing meeting with Board Staff and Rate Counsel to discuss the nature of the Solar 4 All Program and describe the Program cost recovery mechanism to be proposed by the Company. Public Service indicated that its anticipated filing would seek Board approval of a utility-owned solar photovoltaic generation program as authorized by the New Jersey Legislature in *N.J.S.A.* 48:3-98.1 *et seq.*, called the PSE&G Solar 4 All Program, with four segments. The Company also explained that cost recovery would be through a new component of the RGGI Recovery Charge ("RRC").

2. On February 10, 2009, Public Service filed its Petition with the Board requesting approval of the Solar 4 All Program and associated rate recovery mechanism pursuant to *N.J.S.A.* 48:3-98.1 *et seq.* More specifically, PSE&G proposed to invest approximately $773 million in solar photovoltaic generation systems ("Solar Systems"). PSE&G will finance, own, and operate the Solar Systems. The Solar Systems will be installed in a variety of locations throughout PSE&G's electric service territory. The Solar Systems will be grid-connected to PSE&G's distribution system. In total, PSE&G proposed to install approximately 120 MW d.c.[2] of Solar Systems under the Program.

[2] All references to MW capacity of Solar Systems in this Settlement are in direct current or "dc." The electricity generated by a Solar System passes through an inverter and is converted to alternating current or "ac."

3. PSE&G's Petition proposed four segments:

a. Centralized Solar (35 MW total; 25 MW on PSE&G-owned sites and 10 MW on third-party owned brownfields and grayfields, with an emphasis on sites located in Urban Enterprise Zones ("UEZs");

b. Neighborhood Solar (40 MW of small solar units installed on approximately 200,000 utility and lighting poles);

c. Local Government Solar (43 MW of solar systems installed on properties owned by units of local government (municipalities and counties), including public schools; and

d. New Jersey Housing & Mortgage Finance Agency (HMFA)/Affordable Housing Solar (2 MW of solar systems installed on the common areas of HMFA-financed affordable housing communities).

4. PSE&G proposed to recover all Program costs through the RRC. PSE&G proposed to earn a return on its net investment in the Program based on a Weighted Average Cost of Capital ("WACC") of 8.2582% annually. Including tax effects, the proposed weighted pre-tax cost was 11.97%.

5. For all of the proposed segments, the Company proposed to partially offset the Program's revenue requirements with the following items:

a. the value of the federal investment tax credit in accord with the federal tax laws;

b. net revenues received by selling energy and capacity in the PJM markets; and

c. the net revenues realized from monetizing the value of SRECs received through their sale in the auction that PSE&G is using for the PSE&G Solar Loan Program.

6. On March 11, 2009, PSE&G supplemented its Petition with a cost-benefit analysis.

7. On March 12, 2009, PSE&G received a Notice from Board Staff finding the Company's filing was not administratively complete and requesting additional information. On April 7, 2009, PSE&G responded to Staff's March 12 Notice by providing the requested information.

8. On May 6, 2009, Board Staff issued a determination that the Company's filing, as supplemented, was deemed administratively complete. Therefore, the Board's 180-day review period commenced on April 9, 2009.

9. By an Order dated May 15, 2009, the Board determined to retain this matter for review, and Commissioner Fiordaliso was designated as the presiding hearing officer. Thereafter, by Order dated June 3, 2009, a procedural schedule was established.

10. On February 24, 2009, Resource Energy Systems, L.L.C. ("Resource Energy") filed a motion to intervene in this matter. On March 4, 2009, the New Jersey Large Energy Users Coalition ("NJLEUC") filed a motion to intervene in the proceeding. On March 6, 2009, New Jersey Natural Gas Company ("NJNG") filed a motion to intervene. On March 12, 2009, the Solar Alliance, Petra and NJSIMA filed motions to intervene. NextEra Energy Resources, L.L.C. ("NextEra") filed a motion to intervene on March 16, 2009, and MSEIA filed a motion to intervene on March 16, 2009.

11. By letter dated April 3 2009, PSE&G responded that it did not oppose any of the

above-referenced motions to intervene, subject to the condition that associations or groups seeking intervenor status submit current lists of members. By Order dated May 15, 2009, the Board granted intervenor status to Resource Energy, NJLEUC, NJNG, Solar Alliance, Petra, NJSIMA, NextEra, and MSEIA, subject to the conditions that Solar Alliance, NJLEUC, and MSEIA provide, within ten (10) days of the date of the Order, updated membership lists to the Board and PSE&G, including the identification by NJLEUC of those of its members who are PSE&G customers.

12. On May 5, 2009, NJHMFA filed a motion to intervene. The Company did not oppose this motion. By Order dated May 9, 2009, the Board granted NJHMFA intervenor status. Thus, the Parties to this proceeding included the Company, Board Staff, Rate Counsel, Resource Energy, NJLEUC, NJNG, Solar Alliance, Petra, NJSIMA, NextEra, MSEIA, and NJHMFA.

13. Board Staff and Rate Counsel propounded written discovery requests, which the Company provided responses to.

14. Notice setting forth the particulars of the Company's filing, including the date, time and place of the public hearings, was placed in newspapers having a circulation within the Company's service territory and was served on the county executives and clerks of all municipalities within the Company's service territory.

15. Six public hearings were held on the following dates at three locations in Public Service's service territory: two hearings on June 22, 2009, in Newark, New Jersey;

two hearings on June 23, 2009, in New Brunswick, New Jersey; and two hearings on June 25, 2009, in Mount Holly, New Jersey. A total of 10 members of the public appeared at the six public hearings.

16. Settlement conferences commenced on April 1, 2009 and continued on an approximate bi-weekly basis through the date of this Settlement. Advanced notice of each such conference was provided to all parties, and parties were able to participate in the settlement conferences either in person or by telephone.

17. Following said settlement conferences, Board Staff, Rate Counsel, NJHMFA, Petra, NJSIMA, the Solar Alliance, MSEIA and Public Service agreed to submit this Settlement, the terms of which are set forth below. Specifically, the Parties hereby **STIPULATE AND AGREE** to the following:

STIPULATED MATTERS

Program Size and Segments

18. The Parties agree that the Solar 4 All Program shall consist of two segments: Segment 1 – Centralized Solar (40 MW) and Segment 2 – Pole-Attached Solar (40 MW), for a total of 80 MW. The Parties further agree that the total PSE&G investment in Solar 4 All will be approximately $514.6 million.

19. Segment 1 will be comprised of three sub-segments:

a. **Segment 1a** – 25 MW of Solar Systems installed on PSE&G-owned sites. The Company has currently identified the following five sites: (1) Linden SNG (Linden); (2) Central Gas Plant (Edison); (3) Cox's Corner Switching Station (Evesham); (4) Brunswick Avenue (Trenton); and (5) Yardville Area Substation (Hamilton). PSE&G may elect to use other sites in place of or in addition to these sites, depending on permitting, site suitability, or other similar factors. PSE&G will use a competitive solicitation to hire one or more engineering, procurement, and/or construction ("EPC") contractors for the development of these systems. PSE&G may elect to use its own workforce to install systems on these sites or may contract the work out to qualified contractors. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.
b. **Segment 1b** – 10 MW of Solar Systems installed on third-party owned sites. Solar developers will propose sites/projects to PSE&G in this subsegment, subject to the requirements and time limitations set forth in the Program Rules (attached hereto as Exhibit A). Thereafter, PSE&G will contract with developers for the development of these systems and with the host sites for the use of the sites. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.
c. **Segment 1c** – 5 MW of Solar Systems installed on sites in UEZs, including in any municipality that contains a UEZ. PSE&G will utilize a competitive procurement process to hire one or more contractors for the development of these systems. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.

20. All Solar Systems installed in Segment 1 will be 500 kW or larger.

21. In Segment 2, PSE&G will install small, distributed Solar Systems (each approximately 200 watts d.c.) on approximately 200,000 utility and street light poles in PSE&G's service territory. A demonstration pilot involving the installation of pole-mounted solar units on decorative poles in Branch Brook Park will be included in Segment 2 as part of the 200,000 Solar Systems. PSE&G will use a competitive solicitation process to procure the pole-mounted solar units. PSE&G may elect to use its own workforce to install systems on these sites or may contract the work out to qualified contractors. All contracted installation work will be subject to the provisions of the New Jersey Prevailing wage laws, or the equivalent of the prevailing wage for the county where the work is performed.

22. For all Program segments, PSE&G will be responsible for all interconnection work, using its own workforce and/or qualified contractors.

23. The Parties agree that the planned installation schedule and investment schedule by energy year, as shown on the attached Exhibit B, is reasonable. The Parties further agree that the segment and energy year capacity amounts set forth in Exhibit B are targets rather than absolute figures. Therefore, PSE&G shall have the ability to vary the installed capacities in each segment (or within each of the subsegments of Segment 1) and in each annual period (i.e., energy year) by plus or minus 20% of the amount set forth for each segment (or subsegment) and energy year, as needed to accommodate interconnections,

permitting, procurement of supplies, or similar requirements, so long as the total Program size of 80 MW is not exceeded. PSE&G shall report the actual installed capacities in each segment and energy year as part of reporting requirements for the Program.

24. In addition, PSE&G shall have the right to request Board approval to reallocate capacity between and among Sub-segments 1a, 1b, 1c, and 2, as needed to accommodate interconnections, permitting, the availability of appropriate sites for installations in particular Segments, or similar requirements. PSE&G shall seek Board approval of such reallocation of capacity, and shall specify the reason and factual basis for the capacity reallocation. The Parties agree and recommend that the Board should consider any such requests on an expedited basis so as not to delay the program implementation.

25. In addition, the Parties recognize that the timing of the installation of solar systems is subject to numerous siting, permitting, and construction issues beyond PSE&G's control. Accordingly, any capacity not used in an annual period shall roll forward to the next annual period and shall not expire. PSE&G anticipates completing all installations under the Program by the end of 2013.

26. As suggested by Board Staff, the Parties agree that Segment 4 of the Petition, HMFA Affordable Housing Solar (2 MW of solar systems installed on the common areas of NJHMFA-financed multi-family housing projects), shall not be part of the Solar 4 All Program. Therefore, the Parties agree to recommend to the Board that: (a) PSE&G's Solar

Loan II Program, which is pending before the Board in Docket No. EO09030249, include a segment where loans will be available for not less than 2 MW of solar systems installed on the common areas of NJHMFA-financed multi-family housing projects, upon terms and conditions to be determined; or (b) that the Board allocate additional funding from the Solar Alternative Compliance Payments or other available funds to NJHMFA's 2009 Solar Funding Pilot to extend that program through 2010. The Parties to this Settlement that are also parties to the Solar Loan II Program agree not to oppose a motion by NJHMFA to intervene in the Solar Loan II Petition on the basis of prejudice, and NJHMFA shall endeavor to file its motion to intervene as soon as is practicable.

<u>General Program Provisions</u>

27. The Parties agree that PSE&G shall own the Solar Systems installed under the Program. The Parties further agree that all Solar Systems installed under the Program shall be grid-connected to PSE&G's distribution system and shall receive Solar Renewable Energy Certificates ("SRECs").

28. PSE&G will sell any SRECs it receives from the Solar Systems in the SREC Auction that the Board has already approved for the PSE&G Solar Loan Program in Docket No. EO07040278. PSE&G will apply all of the net revenues it receives from selling the

SRECs against Program revenue requirements. For the purpose of this Paragraph, "net revenues" means value realized from the sale of Program SRECs less all transaction costs.

29. PSE&G will sell the energy generated by the Solar Systems in the applicable PJM markets. PSE&G will also seek to receive capacity payments from PJM for the Solar Systems, and will do so if these systems qualify for capacity payments, and if the benefits of receiving such capacity revenues exceeds the cost of PJM interconnection and qualification as a capacity resource. PSE&G will apply the net revenues it receives from the sales in the PJM markets as an offset to the Program revenue requirements.

30. Any federal investment tax credit ("ITC") value that PSE&G receives from its investment in the Solar Systems in the Program, as well as any applicable tax depreciation, will benefit customers by offsetting revenue requirements over the life of the assets in accord with the Federal Income Tax Law.

31. There will be no SREC trigger mechanism.

32. At the end of the initial term of the site rental agreement (for Sub-segments 1b and 1c) or at the end of twenty years (for Sub-segment 1a), PSE&G will evaluate the condition of the Solar Systems. For Solar Systems on PSE&G-owned sites, PSE&G will leave the system in place as long as it is functional and does not require excessive maintenance. For functional Solar Systems on third-party owned sites, PSE&G will confer with the site owner concerning reaching an appropriate agreement to allow the Solar System to remain in place.

33. The Parties agree that the Program Rules, as set forth in Exhibit A, are reasonable. PSE&G shall have the right to amend the Program Rules as required for commercial reasons, after ten days advanced notice to the Board and the Parties, unless Board Staff notifies PSE&G in writing within that same ten day period that it objects to the amendment. In such event, the Board Staff shall have the right to seek Board review of the amendment and the Parties agree and recommend that the Board should consider such matter on an expedited basis so as not to delay the program implementation.

Cost Recovery

34. PSE&G will recover the net revenue requirements associated with the Solar 4 All Program via a new Solar Generation Investment Program component of the Company's electric RRC ("SGIP"). The SGIP will be applicable to all electric rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the Solar 4 All Program. The initial SGIP will be based on estimated Program revenue requirements from August 1, 2009 or date of the written BPU Order to December 31, 2010. Thereafter, the SGIP will be changed nominally on an annual basis, incorporating a true-up for actuals and an estimate of the revenue requirements for the upcoming year.

35. The Parties stipulate that the revenue requirements recovered through the SGIP will be calculated to include a return on investment and a return of investment over the

lives of the capital assets. The Program investments will be treated as appropriate separate classes of utility plant, and depending on the type of investment, depreciated or amortized as described below. The revenue requirements associated with the direct costs of the Program are expressed as:

> *Revenue Requirements = (Pre-Tax Cost of Capital * Net Investment) + Amortization and/or Depreciation + Operation and Maintenance Costs – Revenues from Solar Output – ITC Amortization w/ Tax Gross Up + Tax Associated from ITC Basis Reduction*

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

> <u>Pre-Tax Cost of Capital</u> – The weighted average cost of capital (WACC) for the Program. For the initial rate period, the Parties stipulate that the WACC used will be 7.9591%, (11.3092% on a pre-tax basis), based on a return on equity of 10.0%.
>
> <u>Net Investment</u> – This is the Program investments less their associated accumulated depreciation and / or amortization less their Accumulated Deferred Income Tax (ADIT).
>
> <u>Depreciation/Amortization</u> – The depreciation or amortization of the Program assets will vary depending on its asset class. The table below summarizes the book recovery and associated tax depreciation applied to the corresponding asset classes.

Asset Class	Book Recovery	Tax Depreciation
Solar Panels, acquisition and installation costs (Segments 1a, 1b, and 2)	20 year dep.	5 year MACRS
Solar Panels, acquisition and installation costs (Segment 1c)	15 year dep.	
Inverters	5 year dep.	
Communications Equipment		
Meters (Segments 1a, 1b, and 2)	20 year dep.	20 year MACRS
Meters (Segment 1c)	15 year dep.	

The amortization/depreciation will be based on a monthly vintaging methodology instead of the mass property accounting typically used for utility property.

Operations and Maintenance Costs – Operations and Maintenance Costs would include:

- PSE&G labor and other related on-going costs required to manage the physical assets.
- Administrative costs related to the management of the Program.
- Rent payments or bill credits made to non-PSE&G host sites / facilities and the fair values of rents for use of electric transmission sites / facilities.
- Insurance Expense
- Cost of removal at the end of the assets' economic or useful lives

Revenues from Solar Output – The net revenues PSE&G receives from PJM for sales of energy and/or capacity value from the Solar Systems, as well as the net revenues from the sale of Program SRECs.

Investment Tax Credit (ITC) - The Company will return all of the ITC it utilizes to ratepayers in accordance with Federal Income Tax Law, including any changes in the

Federal Income Tax Law. The return of the ITC to ratepayers must be amortized over the book life of the assets. The ITC benefit is partially offset by the tax impact associated with the tax basis reduction equal to fifty percent of the ITC. This tax basis reduction is prescribed by Federal Income Tax Law governing the ITC. This impact is generated by applying the book depreciation method to the difference between the book basis and the tax basis times the tax rate, and then multiplied by the revenue conversion factor.

36. The revenue requirements include reasonable and prudent associated costs regarding administrative, sales, training, evaluation and IT capital. The Parties further stipulate that this initial calculation will use a WACC of 7.9591%, (11.3092% on a pre-tax basis) based on a return on equity of 10.0%. The Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations, effective as of the date of the Board's base rate case order authorizing a change in the WACC. The Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the date of the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The Parties stipulate that after the initial revenue requirements period, the SGIP will be calculated utilizing projected cost data subject to annual adjustments. The calculation of the revenue requirement for the purpose of setting the initial SGIP for the period ending December 31, 2010 is set forth in Exhibit C attached hereto and made a part of this Stipulation.

37. 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 identified in Paragraph 36 above. The interest amount charged to the SGIP balance will be computed using the following methodology set forth in Exhibit D attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax average monthly balance, consistent with the methodology set forth in Exhibit D. Simple interest shall accrue on any under and over recovered balance, and shall be included in the deferred SGIP balance at the end of each reconciliation period. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing.

38. The Parties agree that PSE&G has the right request Board approval to roll the net, unrecovered Program investment balance into base rates at the time of a future electric base rate case filing.

39. The Parties agree that PSE&G shall be allowed to recover through the SGIP $52,400 in costs incurred to date for the PJM interconnection application fee and external

contractor costs related to permitting. This amount has been incorporated into the revenue requirements for the initial rate period. *See* Exhibit C.

40. The Parties request that the Board set the effective date of the initial SGIP as August 1, 2009.

41. The SGIP will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under recovered balance to be recovered from or returned to ratepayers over the following year. Any Board ordered cost recovery adjustments resulting from the review of the actual costs will be made to the over/under deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. The Parties stipulate that the Company will file an annual petition (Annual Filing) to adjust its SGIP, commencing for the 2011 annual period on a calendar basis, with copies provided to the Parties no later than September 1, 2010 and annually thereafter for the implementation of the proposed revised SGIP, on January 1 of the subsequent year. Each Annual Filing will contain a reconciliation of PSE&G's actual SGIP recoveries (which were based on PSE&G's projected SGIP costs) and actual revenue requirements for the prior period, and a forecast of revenue requirements for the remainder of the current period and for the upcoming 12-month period that shall be based upon the Company's most current authorized ROE and capital structure. The Annual Filing also will present actual costs incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudence. The Annual Filing will also provide information

set forth in the Minimum Filing Requirements (MFRs) attached hereto as Exhibit E and made a part of this Stipulation. The Annual Filing will be subject to review by the Parties with opportunity for discovery and filed comments prior to the issuance of a Board Order establishing the Company's revised SGIP. The issuance of a written Board Order will be preceded by adequate Public Notice and Public Hearings if required by law.

42. The Parties agree that the proposed rates, as set forth in the tariff sheets in Exhibit F, attached hereto are just and reasonable and PSE&G is authorized to implement the proposed rates on August 1, 2009 or on the date of the written BPU Order approving this Stipulation, whichever is later.

43. A typical residential electric customer using 722 kilowatthours per summer month and 6,960 kilowatthours on an annual basis and on BGS-FP service with PSE&G would see an initial increase in the annual bill from $1,277.64 to $1,278.92 or $1.28 or approximately 0.10%. *See* Exhibit G for residential customer bill impacts. As currently projected, the maximum rate impacts for the same typical residential electric customers from the SGIP would occur in 2028. The expected maximum increase from the SGIP for a typical residential customer in 2028 would be $0.000587 per kWh (including sales and used tax (SUT)), for a typical annual residential bill impact of $4.08 (0.321%) or about $0.34 per month.

44. The Company will provide monthly reports ("Monthly Activity Reports") to the Board Staff's Office of Clean Energy (OCE) on Solar 4 All Program activity

commencing in November 2009 through the end of the Program's installation time frame. The Company will include data in these reports consistent with the data reported from the BPU's Clean Energy Program with respect to renewable energy. The Company will submit its Monthly Activity Reports in a format that can be electronically uploaded to the Clean Energy Program's reporting system. The Company will submit each Monthly Activity Report within thirty (30) days after the end of the calendar month covered by the report.

45. On February 17, 2009, the federal American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5) was signed into law by President Barack Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company gets federal funds or credits directly related to any of the Solar 4 All segments through the ARRA, the Company agrees to utilize that money to offset the Program's costs. If funding or credits from the ARRA or any subsequent state or federal action becomes available to the Company through the State of New Jersey, a County or Municipality for project reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the any of the Solar 4 All segments will be used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

46. With respect to cost recovery granted by the Board for renewable energy programs pursuant to N.J.S.A. 48:3-98.1, NJLEUC has proposed three alternative provisions for large commercial and industrial ("C&I") customers: an opt-out provision, to allow a large C&I customer to opt out of a utility-sponsored renewable energy program based on the

customer's investments or plans to invest in renewable energy measures of its own; a surcharge phase-out provision, to establish usage-based tiers with the surcharge amount decreasing as consumption increases; and a hard cap provision, to place an annual cap on charges payable by large C&I customers for the utility-sponsored renewable energy program.

Board Staff hereby states its support for the establishment of a separate, generic Board proceeding to address the NJLEUC proposals. This statement of support for a generic proceeding does not represent the expression of a position by any party to this Settlement with respect to the merits of any of the NJLEUC proposals. Aside from this statement of support by Board Staff, the Parties reserve all of their rights in any subsequent proceeding to take any position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of a proceeding. The Company and Rate Counsel take no position regarding this issue.

47. The Parties hereby state their support for the establishment of a separate, generic Board proceeding to address the issue of whether utility-owned solar generating facilities should be eligible to receive SRECs ("SREC Generic Proceeding"). The SREC Generic Proceeding would be initiated upon the filing of a petition by MSEIA or some other party. The Parties recommend that, once the aforesaid petition is filed, the Board conduct the SREC Generic Proceeding expeditiously. Aside from this statement of support by the Parties, the Parties reserve all of their rights in any subsequent proceeding to take any

position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of the proceeding. The Parties further agree that the SREC Generic Proceeding will not apply to the Solar 4 All Program. For the purpose of clarity and avoidance of doubt, all Solar Systems that PSE&G owns under the Solar 4 All Program shall be eligible to receive SRECs for the full period of qualification life of the Solar Systems.

48. The Parties agree that PSE&G will attempt to resolve any disputes that arise under the Program on an informal basis. Any disputes that cannot be resolved informally shall be resolved in the appropriate legal forum.

49. This Settlement represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Settlement is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Settlement as though this Settlement had not been signed.

50. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Settlement to be binding on them for all purposes herein.

51. It is specifically understood and agreed that this Settlement represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Parties further agree that this Settlement is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY

Solar 4 All Program Rules For Segment 1b - (Third Party Property) and Segment 1c - (UEZ)

General Requirements

1. Each solar electric generating system (each a "Solar System," collectively, the "Solar Systems") to be proposed under the Solar 4 All Program ("Program") must be geographically located within the PSE&G electric service territory.

2. Upon completion, the Solar System must be interconnected to the PSE&G electrical distribution system.

3. Each Solar System must be at least 500 KW (dc). The Solar System may be ground-mounted or located on a rooftop.

4. The Solar System must be capable of generating solar renewable energy certificates ("SRECs") as defined under NJ BPU regulations.

5. Solar developers ("Developers") will develop Solar Systems, negotiate with third party property owners to host the Solar System (unless the Developer also owns the property on which the Solar System would be sited), and prepare a comprehensive proposal ("Proposal") consistent with the BPU order approving the Program and these Program Rules. PSE&G will evaluate each Proposal using the "Selection Criteria" described below.

Proposal

At a minimum, each Proposal shall contain:

6. A comprehensive project description, total installed watts (dc) and firm cost of the project. The project description should identify the manufacturer of each material piece of equipment to be used in the Solar System and any applicable manufacturer's warranties.

7. The total installed cost of the Solar System must include <u>all</u> costs associated with labor (union labor must be utilized or prevailing wages must be paid),

purchasing equipment and supplies, construction, and leasing the land or rooftop from the site owner. These costs include but not are not limited to:

a. lease payments,
b. site preparation,
c. permits and governmental approvals,
d. environmental remediation (if any),
e. engineering,
f. procurement of all equipment and materials (including the equipment necessary to interconnect the Solar System, i.e., transformers, meters, switchgear),
g. cost of inspections, and
h. any other cost associated with the construction, testing and commissioning of the Solar System.

NOTE: The Proposal, however, should not include the labor cost associated with the physical interconnection of the Solar System to the utility system (which work will be performed by PSE&G personnel or subcontractors).

8. A list of all governmental approvals required to build, install and commission the Solar System, including construction, zoning, site use, environmental and Developer's plan for obtaining such approvals.

9. If the Developer and the site owner are different entities, a memorandum of understanding ("MOU") between Developer and site owner confirming that the site owner agrees to host the Solar System and supports the proposed project for consideration in the PSE&G Solar 4 All Program. The MOU must provide that the site owner or Developer accepts responsibility for pre-existing site conditions including but not limited to environmental and subsurface conditions. PSE&G will not be responsible for pre-existing site conditions. If the Developer and the site owner are the same entity, Developer/site owner's responsibility for pre-existing conditions will be reflected in the contract and lease with PSE&G. The MOU must also include the lease payment the site owner will accept if the Proposal is accepted by PSE&G. NOTE: The lease payment must reflect the fair value for the site.

10. An annual energy output estimate in kWh for the first year of the project using the PVWATT model. Developers must include the input parameters used in PVWATT to obtain the output estimate. PSE&G may establish standards for the PVWATT inputs. In addition to using the PVWATT model, Developers may also provide production calculations using an alternative methodology provided all input assumptions are provided.

11. A master project schedule indicating major project milestones including engineering, permitting, equipment orders and deliveries, major construction activities, final installation of panels and racking systems, and final electrical work, final inspection of equipment, installation of solar output meter, BPU inspection, and acceptance testing

and turnover to PSE&G. The schedule will identify the critical path at the start of the project.

12. If the Solar System will be located on a rooftop, the Proposal must include confirmation from a licensed engineer that (i) the roof structure can accommodate the Solar System load and (ii) the remaining life of the roof exceeds the useful life of the Solar System.

Selection Criteria

13. PSE&G will periodically invite Developers to submit Proposals under an "open season" format. PSE&G will post advanced notice of each of the open seasons on its web page (www.pseg.com) and via other methods. The initial open season will be for a 60-day period; subsequent open seasons may be for longer or shorter durations, at PSE&G's discretion. Proposals will be evaluated on a number of criteria including experience of the Developer, quality of the proposed technology, expected output/capacity factor of the Solar System, credit, price, ability to execute the Proposal in a timely manner, compliance with Program Rules, cost and feasibility of interconnection, and acceptance of PSE&G's contract terms and conditions.

14. As Proposals are accepted, PSE&G will revise and post the remaining available capacity for each segment on its website.

15. Once PSE&G accepts a Proposal, the Developer and PSE&G will sign a contract pursuant to which the Developer will build an "all-in" Solar System, i.e., do all things necessary to develop, engineer, procure equipment, permit, construct, and test the Solar System.

PJM Interconnection Issues

16. After receipt and preliminary acceptance of a Proposal, PSE&G (a) will initiate the PJM Interconnection process and (b) seek to identify the interconnection costs associated with viable Proposals as determined by PSE&G.

17. PSE&G reserves the right to reject a Proposal if the cost of interconnection is excessive or if the Solar System cannot be timely interconnected for reasons beyond PSE&G's control.

Contract between PSE&G and the Solar Developer

18. Upon the final acceptance of a Proposal, PSE&G will enter into a contract with the Developer to build the Solar System. The contract will contain typical terms and conditions including schedule and performance guaranties, liquidated damages,

warranties, indemnifications, insurance, retainage or other credit enhancements, and a milestone payment schedule.

Agreement with the Site Owner

19. Upon the selection of the Proposal, PSE&G and site owner will enter into a suitable agreement ("Lease") containing typical terms and conditions including rent payments, insurance, indemnifications, owner responsibility for pre-existing site conditions, and access. The Lease will become effective upon the signing of the construction contract between PSE&G and the Developer. Payments to the site owner will commence with the construction of the Solar System. Except as noted below in Segment 1c, the lease payment shall be the fair value of the site.

20. Site owners with electric load will receive electric service with no change in the existing billing arrangement, i.e., the rent payments shall be the site owner's sole compensation.

Rules Specific to Segment 1(b) - Third-Party Sites

21. Projects on third-party owned sites will be eligible for this segment.

22. All leases between PSE&G and the site owner will run for 20 years, unless applicable law requires a shorter term.

23. If, within the first six months after BPU approval of the Solar 4 All Program, Developers have not proposed at least 2 MW of qualifying projects for Segment 1b in the open season format discussed in Paragraph 13 herein above, PSE&G may hire one or more solar developers selected from an RFP process to develop projects for Segment 1b, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. In the second annual period of the Program, if, within six months of the start of said annual period, solar developers have not proposed at least 3 additional MW of qualifying projects for Segment 1b, PSE&G may hire one or more solar developers selected from an RFP process to develop projects for Segment 1b, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Finally, in the third annual period of the Program, if, within six months of the start of that annual period, solar developers have not proposed at least 5 additional MW of qualifying projects for Segment 1b, PSE&G may hire one or more solar developers selected from an RFP process to develop projects for Segment 1b, but will also still allow developers to bring projects for consideration, subject to remaining segment capacity availability. Should PSE&G implement the RFP process set forth in this Paragraph 23, it will only do so for the amount of capacity in Segment 1(b) that is not filled using the open season process described in Paragraph 13 herein above.

Rules Specific to Segment 1(c) - UEZ Sites

24. Lease agreements with the site owner shall have a term of 20 years, unless applicable law requires a shorter term.

25. For Solar Systems installed on sites owned by public entities, lease payments will be equal to the output of the Solar System multiplied by the monthly Locational Marginal Price at the PSEG node of PJM.

26. PSE&G will conduct a separate open season to receive Proposals for Segment 1(c). Given the small size of Segment 1(c), PSE&G will rank order Proposals received and afford higher weight to earlier-received Proposals in Segment 1(c). In addition to the general Selection Criteria, Segment 1c shall include the criteria that the Solar System provide educational benefits and general benefits to public entities located in UEZs.

Exhibit B

PSE&G Solar 4 All

PSE&G (80MW)	MW by Energy Years							
MW	**2009-2010**	**2010-2011**	**2011-2012**	**2012-2013**	**2013-2014**	**Plan Totals**	**2014-2015**	**Program Total**
Segment 1 Centalized Solar	4.5	20.6	14.9	-	-	**40.0**	-	**40.0**
Seg 1a - PSE&E Sites	-	15.0	10.0	-	-	***25.0***	-	**25.0**
Seg 1b - 3rd Party Sites	2.0	3.1	4.9	-	-	***10.0***	-	**10.0**
Seg 1c - UEZ Sites	2.5	2.5	-	-	-	***5.0***		**5.0**
Segment 2 Pole Attached Solar	7.6	10.4	13.3	8.7	-	***40.0***	-	**40.0**
Total MWs	**12.1**	**31.0**	**28.2**	**8.7**	-	**80.0**	-	**80.0**

PSE&G (80MW)	Investment $MM by Energy Years							
Energy Year Investment $	**2009-2010**	**2010-2011**	**2011-2012**	**2012-2013**	**2013-2014**	**Plan Totals**	**2014-2015**	**Program Total**
Segment 1 Centalized Solar	$ 29.5	$ 131.8	$ 94.8	$ -	$ -	***$ 256.1***	$ -	**$ 256.1**
Seg 1a - PSE&E Sites	$ -	$ 95.4	$ 63.6	$ -	$ -	***$ 159.0***	$ -	**$ 159.0**
Seg 1b - 3rd Party Sites	$ 12.8	$ 19.7	$ 31.2		$ -	***$ 63.6***	$ -	**$ 63.6**
Seg 1c - UEZ Sites	$ 16.8	$ 16.7		$ -	$ -	***$ 33.5***	$ -	**$ 33.5**
Segment 2 Pole Attached Solar	$ 49.3	$ 67.2	$ 85.7	$ 56.2	$ -	***$ 258.4***	$ -	**$ 258.4**
Proposal Total $MM	**$ 78.8**	**$ 199.0**	**$ 180.5**	**$ 56.2**	**$ -**	**$ 514.6**	$ -	**$ 514.6**

PSE&G Solar 4 All Program--Settlement
Revenue Requirements Calculation
($000's)

	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2a.xls to WP_SS 2d.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
						Plant					
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement
2009	6,897	6,741	75	75	6,666	339	64	113	113	6,553	79
2010	227,761	234,595	6,870	6,945	227,650	33,673	5,840	11,435	11,548	216,102	9,516
2011	182,850	417,503	20,997	27,942	389,561	94,330	17,847	31,422	42,970	346,591	30,265
2012	97,075	514,603	31,172	59,113	455,489	108,025	26,496	33,495	76,465	379,024	40,890
2013	-	514,603	34,460	93,573	421,029	82,183	29,291	21,730	98,195	322,834	39,539
2014	923	515,526	34,454	128,028	387,499	56,927	29,286	11,356	109,551	277,947	33,873
2015	19,865	535,392	34,251	162,278	373,113	43,020	29,113	5,714	115,265	257,848	30,085
2016	17,115	552,506	34,011	196,289	356,217	26,504	28,909	(988)	114,277	241,940	28,073
2017	13,527	566,033	33,850	230,139	335,894	15,140	28,985	(5,688)	108,589	227,306	26,474
2018	-	566,033	33,796	263,935	302,099	9,346	29,132	(8,129)	100,460	201,639	24,238
2019	879	566,912	33,794	297,729	269,183	6,377	29,135	(9,350)	91,110	178,074	21,426
2020	18,798	585,710	33,689	331,418	254,293	8,165	29,338	(8,699)	82,411	171,881	19,672
2021	16,229	601,939	33,489	364,907	237,032	11,672	29,695	(7,404)	75,007	162,025	18,770
2022	12,924	614,863	33,333	398,240	216,623	12,438	29,806	(7,135)	67,871	148,752	17,543
2023	-	614,863	33,276	431,515	183,348	9,729	29,749	(8,225)	59,646	123,702	15,389
2024	847	615,710	33,275	464,790	150,920	6,685	29,748	(9,475)	50,171	100,749	12,648
2025	17,003	632,713	32,374	497,164	135,549	7,954	28,951	(8,626)	41,544	94,004	10,879
2026	14,577	647,290	30,993	528,157	119,133	10,751	27,725	(6,974)	34,570	84,562	9,967
2027	12,501	659,791	30,467	558,624	101,167	11,476	27,251	(6,481)	28,090	73,077	8,886
2028	-	659,791	30,427	589,051	70,740	9,067	27,211	(7,454)	20,635	50,104	6,949
2009-2028	659,773		589,051			563,799	513,572	20,635			405,160

	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls to WP_SS 2d.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC			
Year	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	253	491	-	10	-	12	-	-	-	20	14	8	869
2010	1,613	1,604	207	658	-	1,598	-	5,883	-	1,969	1,373	719	10,365
2011	3,053	1,657	756	1,762	-	5,299	-	28,929	-	6,081	4,240	2,196	16,137
2012	4,009	1,713	1,514	2,893	-	7,797	-	47,044	-	9,019	6,289	3,261	15,301
2013	4,316	1,551	1,870	3,472	-	8,441	-	50,447	-	9,957	6,943	3,605	13,024
2014	4,430	1,114	1,860	3,576	-	8,306	30	48,900	-	9,956	6,943	3,604	8,776
2015	4,547	1,150	1,851	3,683	-	8,169	391	47,172	-	9,930	6,924	3,583	6,564
2016	4,667	573	1,932	3,794	-	9,465	644	45,549	-	9,878	6,889	3,557	4,182
2017	4,790	593	2,018	3,908	-	10,854	675	43,942	-	9,483	6,613	3,392	3,458
2018	4,917	613	2,105	4,025	-	12,236	692	42,446	-	9,146	6,378	3,252	2,047
2019	5,047	635	2,191	4,146	-	13,611	710	40,966	-	9,139	6,373	3,249	(312)
2020	5,180	657	2,276	4,270	-	14,977	729	39,541	-	8,638	6,023	3,034	(1,131)
2021	5,317	680	2,300	4,398	-	15,349	745	38,161	-	7,724	5,386	2,646	234
2022	5,457	704	2,325	4,530	-	15,731	764	36,835	-	7,286	5,081	2,459	654
2023	5,602	728	2,350	4,666	-	16,122	783	35,549	-	7,286	5,081	2,459	(352)
2024	5,750	754	2,377	4,806	-	16,522	805	34,310	-	7,286	5,081	2,459	(1,937)
2025	5,851	780	2,093	4,915	2,657	16,622	822	28,807	-	7,078	4,935	2,387	3,672
2026	5,916	766	1,572	5,008	2,736	16,494	843	13,736	-	6,766	4,718	2,279	16,681
2027	6,033	750	1,352	5,139	-	16,675	864	3,509	-	6,661	4,645	2,243	22,515
2028	6,193	777	1,354	5,294	-	16,461	888	-	-	6,661	4,645	2,243	24,581
2009-2028	92,938	18,289	34,303	74,951	5,393	230,739	10,385	631,726		149,966	104,576	52,634	145,328

PSE&G Solar 4 All Program--Settlement

Revenue Requirements Calculation
($000's)
Centralized Segment (Segments 1a & 1b)

	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2a.xls "Sched--IS and BS" Worksheet Row 116	Refer to WP_SS 2a.xls "Sched--IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2a.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
						Plant						Expenses					Revenue from Sale of				ITC			
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	104	-	-	-	-	-	-	-	-	-	-	-	270	-	-	-	-	-	-	-	-	-	-	270
2010	127,696	127,810	1,935	1,935	125,875	11,134	1,645	3,899	3,899	121,976	2,983	336	614	19	66	-	476	-	911	-	565	394	202	3,812
2011	88,244	216,035	9,424	11,359	204,676	50,140	8,010	17,308	21,207	183,469	15,699	1,393	635	113	339	-	2,692	-	14,455	-	2,772	1,933	986	6,736
2012	6,605	222,664	12,925	24,284	198,380	50,427	10,986	16,204	37,411	160,970	19,478	1,938	658	165	480	-	3,715	-	23,262	-	3,805	2,653	1,352	3,561
2013	-	222,664	13,056	37,340	185,324	31,627	11,098	8,434	45,845	139,479	16,933	2,005	499	172	499	-	3,691	-	22,152	-	3,844	2,681	1,366	2,162
2014	-	222,664	13,056	50,396	172,268	22,525	11,098	4,695	50,540	121,728	14,754	2,055	211	177	514	-	3,631	30	21,393	-	3,844	2,681	1,366	554
2015	6,749	229,413	13,002	63,398	166,015	18,086	11,052	2,890	53,430	112,585	12,992	2,107	219	182	529	-	3,572	391	20,635	-	3,838	2,676	1,360	(721)
2016	4,687	234,100	12,891	76,290	157,810	8,351	10,958	(1,071)	52,359	105,452	12,201	2,161	227	188	545	-	4,138	644	19,927	-	3,814	2,659	1,348	(1,622)
2017	339	234,439	12,849	89,138	145,300	2,893	10,928	(3,301)	49,058	96,243	11,402	2,215	234	193	561	-	4,745	675	19,224	-	3,791	2,643	1,339	(2,285)
2018	-	234,439	12,847	101,985	132,453	1,688	10,930	(3,797)	45,261	87,193	10,370	2,271	243	199	578	-	5,350	692	18,568	-	3,784	2,639	1,337	(3,189)
2019	-	234,439	12,847	114,832	119,606	1,200	10,930	(3,998)	41,263	78,343	9,360	2,329	251	205	595	-	5,951	710	17,922	-	3,784	2,639	1,337	(4,081)
2020	6,323	240,761	12,825	127,658	113,104	1,575	10,960	(3,856)	37,407	75,696	8,510	2,387	260	211	613	-	6,548	729	17,297	-	3,696	2,577	1,301	(4,739)
2021	4,396	245,157	12,740	140,398	104,759	3,230	11,078	(3,224)	34,183	70,576	8,187	2,448	269	218	632	-	6,711	745	16,696	-	3,348	2,335	1,159	(4,182)
2022	318	245,475	12,701	153,099	92,376	2,959	11,127	(3,356)	30,827	61,549	7,470	2,510	278	224	651	-	6,878	764	16,113	-	3,197	2,229	1,097	(4,248)
2023	-	245,475	12,699	165,799	79,676	1,845	11,126	(3,813)	27,014	52,662	6,455	2,573	288	231	670	-	7,048	783	15,552	-	3,197	2,229	1,097	(4,795)
2024	-	245,475	12,699	178,498	66,977	1,313	11,126	(4,031)	22,983	43,994	5,465	2,638	298	238	690	-	7,224	805	15,009	-	3,197	2,229	1,097	(5,336)
2025	5,979	251,454	12,682	191,180	60,274	1,629	11,108	(3,894)	19,089	41,185	4,628	2,705	309	245	711	-	7,403	822	13,569	-	3,197	2,229	1,097	(4,843)
2026	4,162	255,616	12,613	203,794	51,822	3,097	11,040	(3,263)	15,826	35,996	4,285	2,773	362	252	732	-	7,587	843	4,612	-	3,197	2,229	1,097	3,649
2027	301	255,917	12,582	216,375	39,542	2,800	11,008	(3,372)	12,454	27,088	3,566	2,843	375	260	754	-	7,775	864	171	-	3,197	2,229	1,097	7,242
2028	-	255,917	12,581	228,956	26,961	1,746	11,007	(3,805)	8,649	18,312	2,564	2,915	388	268	777	-	7,675	888	-	-	3,197	2,229	1,097	6,602
2009-2028	255,902		228,956			218,265	197,213	8,649			177,301	42,603	6,889	3,763	10,936	-	102,810	10,385	277,468		63,260	44,114	22,135	(5,453)

PSE&G Solar 4 All Program--Settlement
Revenue Requirements Calculation
($000's)

Neighborhood Segment (Segment 2)

	Program Assumption	Program Assumption	Refer to WP_SS 2b.xls "Bk Depr" Worksheets	Prior Month + Col 3	Col 2 - Col 4	Refer to WP_SS 2b.xls "Sched–IS and BS" Worksheet Row 116	Refer to WP_SS 2b.xls "Sched–IS and BS" Worksheet Row 124	(Col 6 - Col 7) * [Income Tax Rate]	Prior + Col 8	Col 5 - Col 9	(Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
						Plant					
Year	Program Investment	Gross Plant	Depreciation Expense	Accumulated Depreciation	Net Plant	Tax Depreciation	Book Deprec Tax Basis	Deferred Tax Exp	Accumulated Deferred Tax	Net Investment	Return Requirement
2009	6,741	6,741	75	75	6,666	339	64	113	113	6,553	79
2010	83,248	89,990	4,077	4,152	85,838	18,759	3,466	6,283	6,396	79,442	5,425
2011	77,973	167,963	9,436	13,588	154,375	36,278	8,020	11,609	18,005	136,369	11,962
2012	90,470	258,432	15,682	29,270	229,163	50,955	13,330	15,458	33,464	195,699	18,653
2013	-	258,432	18,839	48,109	210,323	46,359	16,013	12,467	45,931	164,393	20,279
2014	923	259,356	18,833	66,942	192,414	31,166	16,008	6,227	52,158	140,255	17,147
2015	11,985	271,341	18,701	85,643	185,698	22,632	15,896	2,768	54,926	130,772	15,362
2016	11,292	282,633	18,591	104,234	178,398	17,089	15,803	529	55,454	122,944	14,277
2017	13,188	295,821	18,480	122,714	173,107	11,780	15,914	(1,698)	53,756	119,351	13,645
2018	-	295,821	18,427	141,141	154,680	7,360	16,058	(3,574)	50,182	104,498	12,645
2019	879	296,700	18,426	159,566	137,134	4,945	16,061	(4,567)	45,615	91,519	11,039
2020	11,425	308,126	18,352	177,919	130,207	6,161	16,223	(4,134)	41,482	88,725	10,259
2021	10,779	318,905	18,255	196,173	122,732	7,809	16,444	(3,548)	37,934	84,798	9,769
2022	12,606	331,511	18,143	214,316	117,195	8,976	16,501	(3,091)	34,843	82,352	9,424
2023	-	331,511	18,087	232,403	99,108	7,563	16,445	(3,649)	31,193	67,914	8,484
2024	847	332,358	18,086	250,490	81,869	5,123	16,444	(4,651)	26,542	55,326	6,926
2025	11,023	343,382	18,034	268,523	74,859	6,164	16,391	(4,202)	22,340	52,518	6,164
2026	10,416	353,797	17,964	286,487	67,311	7,606	16,321	(3,581)	18,760	48,551	5,674
2027	12,200	365,997	17,885	304,372	61,625	8,667	16,243	(3,113)	15,647	45,978	5,319
2028	-	365,997	17,846	322,218	43,779	7,311	16,204	(3,653)	11,994	31,785	4,384
2009-2028	365,997		322,218			313,041	283,848	11,994			206,916

	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Program Assumption	Refer to WP_SS 2b.xls "State Rebate and ITC" Worksheet Row 791	Col 21 * [Tax Rate] * [Rev. Conv. Fac.]	(Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.]	Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	Expenses					Revenue from Sale of				ITC			
Year	O&M	Administrative	Rent	Insurance	Other	Energy	Capacity	SRECs	Other	Amortiztion	Tax Gross-up	Tax Assoc. w/50% ITC Basis Reduction	Revenue Requirements
2009	253	135	-	10	-	12	-	-	-	20	14	8	513
2010	1,236	270	-	568	-	933	-	4,151	-	1,150	802	426	4,967
2011	1,555	279	186	1,365	-	2,149	-	11,943	-	2,676	1,866	987	7,136
2012	1,942	289	814	2,341	-	3,547	-	20,408	-	4,454	3,106	1,640	9,848
2013	2,180	299	1,171	2,899	-	4,224	-	25,135	-	5,352	3,732	1,971	9,194
2014	2,240	224	1,165	2,986	-	4,157	-	24,457	-	5,352	3,732	1,970	6,867
2015	2,302	231	1,160	3,076	-	4,088	-	23,595	-	5,335	3,720	1,956	6,049
2016	2,365	240	1,154	3,168	-	4,737	-	22,780	-	5,312	3,704	1,945	5,207
2017	2,430	248	1,148	3,263	-	5,432	-	21,977	-	4,941	3,446	1,789	5,209
2018	2,497	257	1,142	3,361	-	6,124	-	21,230	-	4,610	3,215	1,652	4,801
2019	2,566	266	1,137	3,462	-	6,812	-	20,489	-	4,604	3,210	1,649	3,429
2020	2,636	275	1,131	3,566	-	7,495	-	19,778	-	4,231	2,950	1,485	3,250
2021	2,709	285	1,125	3,672	-	7,681	-	19,085	-	3,726	2,598	1,263	3,987
2022	2,784	295	1,120	3,783	-	7,872	-	18,424	-	3,460	2,413	1,145	4,523
2023	2,861	305	1,114	3,896	-	8,068	-	17,779	-	3,460	2,413	1,145	4,172
2024	2,939	315	1,108	4,013	-	8,268	-	17,161	-	3,460	2,413	1,145	3,232
2025	3,020	327	1,103	4,133	-	8,474	-	13,747	-	3,460	2,413	1,145	5,833
2026	3,104	362	1,097	4,257	-	8,684	-	8,682	-	3,460	2,413	1,145	10,365
2027	3,189	375	1,092	4,385	-	8,900	-	3,338	-	3,460	2,413	1,145	15,280
2028	3,277	388	1,086	4,517	-	8,786	-	-	-	3,460	2,413	1,145	17,986
2009-2028	48,086	5,663	19,052	62,721	-	116,442	-	314,158		75,982	52,985	26,757	131,848

PSE&G Solar 4 All Program--Settlement
Revenue Requirements Calculation
($000's)

UEZ Solar (Segment 1c)

Year	(1) Program Assumption Program Investment	(2) Program Assumption Gross Plant	(3) Refer to WP_SS 2c.xls "Bk Depr" Worksheets Depreciation Expense	(4) Prior Month + Col 3 Accumulated Depreciation	(5) Col 2 - Col 4 Net Plant	(6) Refer to WP_SS 2c.xls "Sched--IS and BS" Worksheet Row 116 Plant: Tax Depreciation	(7) Refer to WP_SS 2c.xls "Sched--IS and BS" Worksheet Row 124 Plant: Book Deprec Tax Basis	(8) (Col 6 - Col 7) * [Income Tax Rate] Plant: Deferred Tax Exp	(9) Prior + Col 8 Accumulated Deferred Tax	(10) Col 5 - Col 9 Net Investment	(11) (Prior Col 6 + Col 6) / 2 * Monthly Pre Tax WACC Return Requirement
2009	52	-	-	-	-	-	-	-	-	-	-
2010	16,817	16,795	858	858	15,937	3,780	729	1,253	1,253	14,684	1,108
2011	16,633	33,506	2,137	2,995	30,511	7,912	1,817	2,504	3,758	26,753	2,604
2012	-	33,506	2,565	5,560	27,946	6,643	2,180	1,833	5,591	22,355	2,758
2013	-	33,506	2,565	8,124	25,382	4,196	2,180	828	6,420	18,962	2,327
2014	-	33,506	2,565	10,689	22,817	3,236	2,180	434	6,853	15,964	1,972
2015	1,132	34,638	2,548	13,237	21,401	2,302	2,166	56	6,909	14,491	1,732
2016	1,135	35,773	2,528	15,765	20,009	1,064	2,149	(446)	8,464	13,545	1,595
2017	-	35,773	2,522	18,287	17,487	467	2,144	(689)	5,775	11,712	1,427
2018	-	35,773	2,522	20,808	14,965	298	2,144	(758)	5,017	9,948	1,224
2019	-	35,773	2,522	23,330	12,443	231	2,144	(786)	4,231	8,212	1,027
2020	1,050	36,823	2,511	25,841	10,982	429	2,155	(709)	3,522	7,460	902
2021	1,054	37,877	2,494	28,335	9,542	633	2,173	(632)	2,890	6,652	813
2022	-	37,877	2,489	30,824	7,053	503	2,179	(688)	2,201	4,851	649
2023	-	37,877	2,489	33,313	4,564	321	2,179	(763)	1,438	3,125	450
2024	-	37,877	2,489	35,802	2,075	249	2,179	(793)	645	1,429	257
2025	-	37,877	1,658	37,461	416	161	1,452	(530)	115	301	87
2026	-	37,677	416	37,877	(0)	47	364	(130)	(15)	15	7
2027	-	37,877	-	37,877	(0)	9	-	4	(11)	11	1
2028	-	37,877	-	37,877	(0)	9	-	4	(7)	7	1
2009-2028	37,873		37,877			32,493	32,511	(7)			20,943

Year	(12) Program Assumption Expenses: O&M	(13) Program Assumption Expenses: Administrative	(14) Program Assumption Expenses: Rent	(15) Program Assumption Expenses: Insurance	(16) Program Assumption Expenses: Other	(17) Program Assumption Revenue from Sale of: Energy	(18) Program Assumption Revenue from Sale of: Capacity	(19) Program Assumption Revenue from Sale of: SRECs	(20) Program Assumption Revenue from Sale of: Other	(21) Refer to WP_SS 2c.xls "State Rebate and ITC" Worksheet Row 791 ITC: Amortiztion	(22) Col 21 * [Tax Rate] * [Rev. Conv. Fac.] ITC: Tax Gross-up	(23) (Col 3 - Col 7) * [Tax Rate] * [Rev. Conv. Fac.] Tax Assoc. w/50% ITC Basis Reduction	(24) Col 3 + Col 11 + Col 12 + Col 13 + Col 14 + Col 15 + Col 16 - Col 17 - Col 18 - Col 19 - Col 20 - Col 21 - Col 22 + Col 23 Revenue Requirements
2009	-	86	-	-	-	-	-	-	-	-	-	-	86
2010	41	720	188	23	-	188	-	821	-	254	177	90	1,587
2011	105	743	457	58	-	457	-	2,531	-	633	442	224	2,264
2012	128	766	535	72	-	535	-	3,375	-	760	530	268	1,893
2013	131	753	526	74	-	526	-	3,159	-	760	530	268	1,669
2014	135	679	518	76	-	518	-	3,050	-	760	530	268	1,355
2015	138	700	509	79	-	509	-	2,942	-	757	528	267	1,236
2016	141	106	590	81	-	590	-	2,841	-	753	525	264	596
2017	145	110	677	83	-	677	-	2,741	-	751	524	264	534
2018	149	114	763	86	-	763	-	2,648	-	751	524	264	435
2019	152	118	849	89	-	849	-	2,555	-	751	524	264	340
2020	156	122	934	91	-	934	-	2,468	-	711	496	248	358
2021	160	126	957	94	-	957	-	2,380	-	650	453	224	428
2022	164	131	981	97	-	981	-	2,298	-	630	439	216	379
2023	168	135	1,005	100	-	1,005	-	2,218	-	630	439	216	272
2024	172	140	1,030	103	-	1,030	-	2,141	-	630	439	216	168
2025	126	145	745	70	2,657	745	-	1,491	-	421	294	144	2,682
2026	39	41	222	18	2,736	222	-	442	-	109	76	36	2,667
2027	-	-	-	-	-	-	-	-	-	5	3	-	(7)
2028	-	-	-	-	-	-	-	-	-	5	3	-	(7)
2009-2028	2,250	5,736	11,488	1,294	5,393	11,488	-	40,100		10,723	7,478	3,742	18,933

Exhibit D

PSE&G Solar4All Program
Electric SGIP Under/(Over) Calculation

0.000177 SGIP RGGI Rate $/kWh
41.084% Tax Rate
0.71% Annual Interest Rate

	RGGI SGIP Under/(Over) Calculation ($000)	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
(1)	SGIP RGGI Revenue	799.9	659.3	617.5	609.2	641.6	651.4	602.9	638.2	576.4
(2)	Revenue Requirements	140.1	87.7	181.8	210.1	249.1	302.1	487.1	600.1	85.9
(3)	Monthly Under/(Over) Recovery	(659.9)	(571.6)	(435.8)	(399.1)	(392.5)	(349.3)	(115.8)	(38.1)	(490.5)
(4)	Deferred Balance	(659.9)	(1,231.5)	(1,667.3)	(2,066.3)	(2,458.9)	(2,808.2)	(2,924.0)	(2,962.0)	(3,452.6)
(5)	Monthly Interest Rate	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%
(6)	After Tax Monthly Interest Expense/(Credit)	(0.1)	(0.3)	(0.5)	(0.7)	(0.8)	(0.9)	(1.0)	(1.0)	(1.1)
(7)	Cumulative Interest	(0.1)	(0.4)	(0.9)	(1.6)	(2.4)	(3.3)	(4.3)	(5.3)	(6.5)
(8)	Balance Added to Subsequent Year's Revenue Requirements									
(9)	Net Sales - kWh (000)	4,519,262	3,724,843	3,488,791	3,441,818	3,625,024	3,680,199	3,406,264	3,605,715	3,256,644

	RGGI SGIP Under/(Over) Calculation ($000)	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total	
(1)	SGIP RGGI Revenue	610.4	703.6	823.3	799.9	659.3	617.5	609.2	641.6	11,261	SGIP Rate * Row 9
(2)	Revenue Requirements	1,047.8	1,258.9	(754.8)	1,378.5	1,620.0	(1,117.1)	2,526.8	2,929.9	11,234	From SS-2, Col 24
(3)	Monthly Under/(Over) Recovery	437.4	555.3	(1,578.1)	578.6	960.7	(1,734.6)	1,917.6	2,288.3		Row 2 - Row 1
(4)	Deferred Balance	(3,015.2)	(2,459.9)	(4,038.0)	(3,459.4)	(2,498.7)	(4,233.3)	(2,315.6)	(27.4)		Prev Row 4 + Row 3
(5)	Monthly Interest Rate	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%	0.05917%		Annual Interest Rate / 12
(6)	After Tax Monthly Interest Expense/(Credit)	(1.1)	(1.0)	(1.1)	(1.3)	(1.0)	(1.2)	(1.1)	(0.4)		(Prev Row 4 + Row 4) / 2 * (1 - Tax Rate) * Row 5
(7)	Cumulative Interest	(7.6)	(8.5)	(9.7)	(11.0)	(12.0)	(13.2)	(14.3)	(14.7)		Prev Row 7 + Row 6
(8)	Balance Added to Subsequent Year's Revenue Requirements								(42.1)		Row 4 + Row 7
(9)	Net Sales - kWh (000)	3,448,360	3,975,124	4,651,506	4,519,262	3,724,843	3,488,791	3,441,818	3,625,024	63,623,291	

Minimum Filing Requirements

1. A monthly revenue requirement calculation based on program expenditures, showing the actual monthly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation.
2. For the review period, actual revenues, by month and by rate class recorded under the programs.
3. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period.
4. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate.
5. The interest expense to be charged or credited to ratepayers each month.
6. A schedule showing budgeted versus actual program costs and revenues.
7. The monthly journal entries relating to capital and regulatory assets and O&M expenses for the 12 month review period.
8. Supporting details for all administrative costs included in the revenue requirement.
9. Information supporting the carrying cost used for the unamortized costs.
10. Number of solar systems installed, including a breakdown by Segment.
11. Total capacity of solar systems install, including a breakdown by Segment.
12. Estimated kWhs generated by the solar systems, including a breakdown by Segment.
13. Scheduled installations by quarter.
14. Emissions reductions from the Program, including a breakdown by Segment.
15. Number of SRECs received under the Program, including a breakdown by Segment
16. Net revenues received from sales of SRECs for the 12-month review period.
17. Net revenues received from sales of energy or capacity from the Solar Systems in the PJM markets for the 12-month review period.
18. A narrative description of issues and problems that have arisen regarding the Program, if any, along with an action plan to address them.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 14 ELECTRIC

XXX Revised Sheet No. 64C
Superseding
XXX Sheet No. 64C

RGGI RECOVERY CHARGE

	Charge (cents per kilowatthour)
Component:	
Carbon Abatement Program	0.0020
Demand Response Working Group Modified Program	0.0049
Solar Generation Investment Program	0.0177
Sub-total per kilowatthour	0.0246
Charge including New Jersey Sales and Use Tax (SUT)	0.0263

RGGI RECOVERY CHARGE

This charge is designed to recover the revenue requirements associated with the PSE&G Regional Greenhouse Gas Initiative (RGGI) programs. The charge will be reset nominally on an annual basis. For the Demand Response Working Group Modified Program, interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances. For all other programs, interest at the weighted average of the interest rates on PSE&G's commercial paper and bank credit lines utilized in the prior month will be accrued monthly on any under- or over- recovered balances. The interest rates shall be reset each month.

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed change in the electric RGGI Recovery Charge, if approved by the Board, is illustrated below:

Residential Electric Service					
If Your Monthly Summer kWhr Use Is:	And Your Annual kWhr Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Annual Bill Change Would Be:	And Your Percent Change Would Be:
170	1,800	$350.40	$350.76	$0.36	0.10%
360	3,600	671.60	672.24	0.64	0.10
722	6,960	1,277.64	1,278.92	1.28	0.10
803	7,800	1,431.87	1,433.33	1.46	0.10
1,250	12,000	2,205.64	2,207.96	2.32	0.11

(1) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.

(2) Same as (1) except includes the change for the Solar Generation Investment Program component of the RGGI Recovery Charge.

Residential Electric Service					
If Your Annual kWhr Use Is:	And Your Monthly Summer kWhr Use Is:	Then Your Present Monthly Summer Bill (3) Would Be:	And Your Proposed Monthly Summer Bill (4) Would Be:	Your Monthly Summer Bill Change Would Be:	And Your Percent Change Would Be:
1,800	170	$32.74	$32.77	$0.03	0.09%
3,600	360	66.62	66.68	0.06	0.09
6,960	722	132.81	132.95	0.14	0.11
7,800	803	148.36	148.51	0.15	0.10
12,000	1,250	234.17	234.41	0.24	0.10

(3) Based upon current Delivery Rates and Basic Generation Service Fixed Pricing (BGS-FP) charges in effect June 1, 2009 and assumes that the customer receives BGS-FP service from Public Service.

(4) Same as (3) except includes the change for the Solar Generation Investment Program component of the RGGI Recovery Charge.

New Jersey
Natural Gas

July 13, 2009

Via Electronic-Mail and Federal Express

Gregory Eisenstark, Esq.
Assistant General Corporate Rate Counsel
PSEG Services Corporation
80 Park Plaza, T5G
Newark, NJ 07102

Re: **IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR ENERGY PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM**

BPU Docket No. EO070402780

Dear Mr. Eisenstark:

New Jersey Natural Gas (NJNG) was granted intervenor status in the above captioned matter pursuant to an order of the New Jersey Board of Public Utilities. Please be advised that through this letter, I am writing to inform you that NJNG is neither supporting nor opposing the Settlement Agreement for this proceeding.

If you have any questions, please do not hesitate to contact me.

Regards,

Tracey Thayer

Tracey Thayer, Esq.
Director, Regulatory Affairs Counsel

Enclosures

C: Service List (electronically only)

Florio Perrucci Steinhardt & Fader, L.L.C.
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Partners in our Clients' Success

108 Euclid Street Woodbury, NJ 08096 Phone 856-853-5530 Fax 856-853-5531

Edward F. Brennan
ebrennan@florioperrucci.com

July 24, 2009

Our File No.: 52153.0001

VIA Electronic Mail and Federal Express
Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07101

Re: IN THE MATTER OF PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF A SOLAR GENERATION INVESTMENT PROGRAM AND AN ASSOCIATED COST RECOVERY MECHANISM

BPU Docket #EO09020125

Dear Ms. Izzo:

This office represents NextEra Energy Resources, L.L.C., ("NextEra") relative to NextEra's interest in the above captioned petition. NextEra was granted intervenor status for the above petition pursuant to an order from the New Jersey Board of Public Utilities dated May 15, 2009. Please be advised that through this letter, I am writing to inform you that NextEra does not oppose the Settlement Agreement for this proceeding.

Should you have any questions with regard to this matter, please do not hesitate to contact me.

Very truly yours,

FLORIO PERRUCCI STEINHARDT & FADER, L.L.C.

BY: EDWARD F. BRENNAN

EFB/jsc

cc: Service List (via electronic mail only)