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October 15, 2021

**Via eTariff**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**RE: Public Service Electric and Gas Company  
Docket No. ER09-1257-000  
Informational Filing of 2022 Formula Rate Annual Update**

Dear Secretary Bose:

Pursuant to the Formula Rate Implementation Protocols (“Protocols”) of Public Service Electric and Gas Company (“PSE&G”), contained in Attachment H-10B of the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“OATT”), PSE&G submits its Formula Rate Annual Update (“Annual Update”) for 2022. This 2022 Annual Update sets forth PSE&G’s annual transmission revenue requirement, calculated in accordance with its Formula Rate for network transmission service under the PJM OATT for the period commencing January 1, 2022 through December 31, 2022. The 2022 Annual Update also includes a True-up Adjustment for the 2020 Rate Year (January 1, 2020 through December 31, 2020).

On July 14, 2021, PSE&G executed an agreement with the New Jersey Board of Public Utilities and New Jersey Division of Rate Counsel that modifies PSE&G’s Formula Rate template and Protocols contained in Attachment H-10A and Attachment H-10B of the PJM OATT (the “Settlement”). Once fully implemented, the Settlement will save the typical electric residential customer about 3% on their bill, or approximately \$3 per month. The agreement resets the base return on equity for PSE&G’s transmission formula rate at 9.9%, reduced from 11.18%. Combined with other elements of the Settlement, PSE&G’s transmission revenue requirement would be lowered by approximately \$140 million per year.

FERC approved the Settlement without modification on October 1, 2021 with an effective date of August 1, 2021.<sup>1</sup> PJM, on PSE&G’s behalf, filed a compliance filing with tariff records in eTariff

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<sup>1</sup> *Public Service Electric and Gas Company*, 177 FERC ¶ 61,004 (2021) (“October 1 Order”).

format on October 11, 2021 consistent with the directive in the October 1 Order.<sup>2</sup> The tariff sheets contained in the October 11<sup>th</sup> compliance filing are substantively identical to the ones contained in the FERC-approved Settlement. This compliance filing is currently pending before the Commission. Given the timing of FERC's order approving the Settlement, and in light of PSE&G's October 15, 2021 deadline to submit the subject filing pursuant to the Protocols, the impact and terms of the Settlement have not been included in this Annual Update. PSE&G is working diligently to prepare Revised 2022 and 2021 Annual Updates reflecting the terms of the Settlement, and expects to submit both documents as soon as possible and well in advance of PSE&G's annual customer meeting to discuss the 2021 Formula Rate Annual Update Filing for 2022 Rate Year scheduled for Monday, November 15, 2021.<sup>3</sup>

In accordance with the Protocols, this submission is provided to the Federal Energy Regulatory Commission for informational purposes only and requires no action by the Commission. As required by the Protocols, PSE&G is also providing a copy of this filing to PJM for posting on the PJM website. Exhibit 1 of this filing includes a copy of PSE&G's 2022 Annual Update. Consistent with the Commission Staff's Guidance on Formula Rate Updates, PSE&G is submitting the formula rate template and additional exhibits in Microsoft Excel format.

In addition to PSE&G's 2022 Annual Update formula rate template, PSE&G also submits Workpaper 1, which contains additional supporting information pursuant to Commission Staff's Guidance on Formula Rate Updates. Thank you for your attention to this matter and please advise the undersigned of any questions.

Respectfully submitted,

Public Service Electric and Gas Company

/s/ Kyle Hall Henne

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Attachments

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<sup>2</sup> See Public Service Electric and Gas Company, *Compliance Filing*, Docket No. ER22-81-000 (filed October 11, 2021).

<sup>3</sup> A notice of the customer meeting is available here: <https://www.pjm.com/-/media/markets-ops/trans-service/jan-to-dec/2022/pseg/pseg-customer-meeting-notice.ashx>. For reference, the Revised 2021 Annual Update will recalculate the revenue requirement for the 2021 Rate Year, and will reflect the impact of the Settlement.