

Public Service Electric and Gas Company  
ATTACHMENT H-10A

Formula Rate -- Appendix A  
Shaded cells are input cells

Notes FERC Form 1 Page # or Instruction

For the 12 months  
ended 12/31/2009

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>				
1	Transmission Wages Expense	(Note O)	Attachment 5	18,069,897
2	Total Wages Expense	(Note O)	Attachment 5	166,261,177
3	Less A&G Wages Expense	(Note O)	Attachment 5	11,240,804
4	Total Wages Less A&G Wages Expense		(Line 2 - Line 3)	155,020,373
5	<b>Wages &amp; Salary Allocator</b>		(Line 1 / Line 4)	<b>11.6565%</b>
<b>Plant Allocation Factors</b>				
6	Electric Plant in Service	(Note B)	Attachment 5	7,727,404,329
7	Common Plant in Service - Electric		(Line 22)	104,585,616
8	Total Plant in Service		(Line 6 + 7)	7,831,989,945
9	Accumulated Depreciation (Total Electric Plant)	(Note B & J)	Attachment 5	2,540,437,470
10	Accumulated Intangible Amortization - Electric	(Note B)	Attachment 5	1,157,667
11	Accumulated Common Plant Depreciation & Amortization - Electric	(Note B & J)	Attachment 5	25,249,858
12	Accumulated Common Amortization - Electric	(Note B)	Attachment 5	0
13	Total Accumulated Depreciation		(Line 9 + Line 10 + Line 11 + Line 12)	2,566,844,995
14	Net Plant		(Line 8 - Line 13)	5,265,144,951
15	Transmission Gross Plant		(Line 31)	1,826,911,698
16	<b>Gross Plant Allocator</b>		(Line 15 / Line 8)	<b>23.3263%</b>
17	Transmission Net Plant		(Line 43)	1,104,534,480
18	<b>Net Plant Allocator</b>		(Line 17 / Line 14)	<b>20.9782%</b>

**Plant Calculations**

<b>Plant In Service</b>				
19	Transmission Plant In Service	(Note B)	Attachment 5	1,776,495,860
20	General	(Note B)	Attachment 5	250,295,609
21	Intangible - Electric	(Note B)	Attachment 5	1,127,548
22	Common Plant - Electric	(Note B)	Attachment 5	104,585,616
23	Total General, Intangible & Common Plant		(Line 20 + Line 21 + Line 22)	356,008,773
24	Less: General Plant Account 397 -- Communications	(Note B)	Attachment 5	41,257,018
25	Less: Common Plant Account 397 -- Communications	(Note B)	Attachment 5	11,745,593
26	General and Intangible Excluding Acct. 397		(Line 23 - Line 24 - Line 25)	303,006,162
27	Wage & Salary Allocator		(Line 5)	11.6565%
28	General and Intangible Plant Allocated to Transmission		(Line 26 * Line 27)	35,319,810
29	Account No. 397 Directly Assigned to Transmission	(Note B)	Attachment 5	15,096,028
30	Total General and Intangible Functionalized to Transmission		(Line 28 + Line 29)	50,415,838
31	<b>Total Plant In Rate Base</b>		(Line 19 + Line 30)	<b>1,826,911,698</b>
<b>Accumulated Depreciation</b>				
32	Transmission Accumulated Depreciation	(Note B & J)	Attachment 5	705,437,184
33	Accumulated General Depreciation	(Note B & J)	Attachment 5	106,200,415
34	Accumulated Common Plant Depreciation - Electric	(Note B & J)	Attachment 5	25,249,858
35	Less: Amount of General Depreciation Associated with Acct. 397	(Note B & J)	Attachment 5	29,354,503
36	Balance of Accumulated General Depreciation		(Line 33 + Line 34 - Line 35)	102,095,770
37	Accumulated Intangible Amortization - Electric	(Note B)	(Line 10)	1,157,667
38	Accumulated General and Intangible Depreciation Ex. Acct. 397		(Line 36 + 37)	103,253,437
39	Wage & Salary Allocator		(Line 5)	11.6565%
40	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission		(Line 38 * Line 39)	12,035,702
41	Accumulated General Depreciation Associated with Acct. 397 Directly Assigned to Transmission	(Note B & J)	Attachment 5	4,904,332
42	<b>Total Accumulated Depreciation</b>		(Lines 32 + 40 + 41)	<b>722,377,218</b>
43	<b>Total Net Property, Plant &amp; Equipment</b>		(Line 31 - Line 42)	<b>1,104,534,480</b>

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**Adjustment To Rate Base**

44	Accumulated Deferred Income Taxes ADIT net of FASB 106 and 109	(Note Q)	Attachment 1	-155,145,871
45	CWIP for Incentive Transmission Projects CWIP Balances for Current Rate Year	(Note B & H)	Attachment 6	26,667,413
46	Plant Held for Future Use	(Note C & Q)	Attachment 5	4,585,252
47	Prepayments	(Note A & Q)	Attachment 5	336,624
48	Materials and Supplies Undistributed Stores Expense	(Note Q)	Attachment 5	0
49	Wage & Salary Allocator		(Line 5)	11,6565%
50	Total Undistributed Stores Expense Allocated to Transmission		(Line 48 * Line 49)	0
51	Transmission Materials & Supplies	(Note N & Q)	Attachment 5	2,522,608
52	Total Materials & Supplies Allocated to Transmission		(Line 50 + Line 51)	2,522,608
53	Cash Working Capital Operation & Maintenance Expense		(Line 80)	76,602,821
54	1/8th Rule		1/8	12.5%
55	Total Cash Working Capital Allocated to Transmission		(Line 53 * Line 54)	9,575,353
56	Network Credits Outstanding Network Credits	(Note N & Q)	Attachment 5	0
57	<b>Total Adjustment to Rate Base</b>		(Lines 44 + 45 + 46 + 47 + 52 + 55 - 56)	<b>-111,458,622</b>
58	<b>Rate Base</b>		(Line 43 + Line 57)	<b>993,075,858</b>

**Operations & Maintenance Expense**

59	Transmission O&M	(Note O)	Attachment 5	47,620,426
60	Plus Transmission Lease Payments	(Note O)	Attachment 5	0
61	<b>Transmission O&amp;M</b>		(Lines 59 + 60)	<b>47,620,426</b>
62	Allocated Administrative & General Expenses Total A&G	(Note O)	Attachment 5	247,240,109
63	Plus: Fixed PBOP expense	(Note J)	Attachment 5	77,745,482
64	Less: Actual PBOP expense	(Note O)	Attachment 5	72,712,570
65	Less Property Insurance Account 924	(Note O)	Attachment 5	1,170,000
66	Less Regulatory Commission Exp Account 928	(Note E & O)	Attachment 5	12,964,949
67	Less General Advertising Exp Account 930.1	(Note O)	Attachment 5	3,290,308
68	Less EPRI Dues	(Note D & O)	Attachment 5	0
69	<b>Administrative &amp; General Expenses</b>		Sum (Lines 62 to 63) - Sum (Lines 64 to 68)	234,847,764
70	Wage & Salary Allocator		(Line 5)	11,6565%
71	<b>Administrative &amp; General Expenses Allocated to Transmission</b>		(Line 69 * Line 70)	<b>27,374,950</b>
72	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G & O)	Attachment 5	1,362,000
73	General Advertising Exp Account 930.1	(Note K & O)	Attachment 5	0
74	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 72 + Line 73)	1,362,000
75	Property Insurance Account 924		(Line 65)	1,170,000
76	General Advertising Exp Account 930.1	(Note F & O)	Attachment 5	0
77	Total Accounts 928 and 930.1 - General		(Line 75 + Line 76)	1,170,000
78	Net Plant Allocator		(Line 18)	20.9782%
79	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 77 * Line 78)	<b>245,445</b>
80	<b>Total Transmission O&amp;M</b>		(Lines 61 + 71 + 74 + 79)	<b>76,602,821</b>

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For the 12 months  
 ended 12/31/2009

**Depreciation & Amortization Expense**

81	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	40,891,394
82	General Depreciation Expense Including Amortization of Limited Term Plant	(Note J & O)	Attachment 5	26,820,134
83	Less: Amount of General Depreciation Expense Associated with Acct. 397	(Note J & O)	Attachment 5	4,762,776
84	Balance of General Depreciation Expense		(Line 82 - Line 83)	22,057,357
85	Intangible Amortization	(Note A & O)	Attachment 5	3,807,442
86	Total		(Line 84 + Line 85)	25,864,800
87	Wage & Salary Allocator		(Line 5)	11.6565%
88	General Depreciation & Intangible Amortization Allocated to Transmission		(Line 86 * Line 87)	3,014,922
89	General Depreciation Expense for Acct. 397 Directly Assigned to Transmission	(Note J & O)	Attachment 5	1,509,747
90	<b>General Depreciation and Intangible Amortization Functionalized to Transmission</b>		(Line 88 + Line 89)	<b>4,524,669</b>
91	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Lines 81 + 90)</b>	<b>45,416,063</b>

**Taxes Other than Income Taxes**

92	Taxes Other than Income Taxes	(Note O)	Attachment 2	9,304,061
93	<b>Total Taxes Other than Income Taxes</b>		(Line 92)	<b>9,304,061</b>

**Return \ Capitalization Calculations**

94	Long Term Interest		p117.62.c through 67.c	181,143,275
95	Preferred Dividends	enter positive	p118.29.d	3,987,874
<b>Common Stock</b>				
96	Proprietary Capital		Attachment 5	3,281,616,977
97	Less Accumulated Other Comprehensive Income Account 219	(Note P)	Attachment 5	1,675,720
98	Less Preferred Stock	(Note P)	(Line 106)	79,523,400
99	Less Account 216.1	(Note P)	Attachment 5	3,194,626
100	<b>Common Stock</b>		(Line 96 - 97 - 98 - 99)	<b>3,197,223,231</b>
<b>Capitalization</b>				
101	Long Term Debt	(Note P)	Attachment 5	3,234,090,357
102	Less Loss on Reacquired Debt	(Note P)	Attachment 5	82,189,275
103	Plus Gain on Reacquired Debt	(Note P)	Attachment 5	0
104	Less ADIT associated with Gain or Loss	(Note P)	Attachment 5	30,711,625
105	Total Long Term Debt		(Line 101 - 102 + 103 - 104)	3,121,189,457
106	Preferred Stock	(Note P)	Attachment 5	79,523,400
107	Common Stock		(Line 100)	3,197,223,231
108	<b>Total Capitalization</b>		(Sum Lines 105 to 107)	<b>6,397,936,088</b>
109	Debt %	Total Long Term Debt	(Line 105 / Line 108)	48.78%
110	Preferred %	Preferred Stock	(Line 106 / Line 108)	1.24%
111	Common %	Common Stock	(Line 107 / Line 108)	49.97%
112	Debt Cost	Total Long Term Debt	(Line 94 / Line 105)	0.0580
113	Preferred Cost	Preferred Stock	(Line 95 / Line 106)	0.0501
114	Common Cost	Common Stock	(Note J) Fixed	0.1168
115	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 109 * Line 112)	0.0283
116	Weighted Cost of Preferred	Preferred Stock	(Line 110 * Line 113)	0.0006
117	Weighted Cost of Common	Common Stock	(Line 111 * Line 114)	0.0584
118	<b>Rate of Return on Rate Base ( ROR )</b>		(Sum Lines 115 to 117)	<b>0.0873</b>
119	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 58 * Line 118)</b>	<b>86,699,714</b>

## Public Service Electric and Gas Company

## ATTACHMENT H-10A

Formula Rate -- Appendix A

Notes

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## Composite Income Taxes

Income Tax Rates			
120	FIT=Federal Income Tax Rate	(Note I)	35.00%
121	SIT=State Income Tax Rate or Composite		9.00%
122	p	(percent of federal income tax deductible for state purposes)	0.00%
123	T	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$	40.85%
124	T / (1-T)		69.06%
ITC Adjustment			
125	Amortized Investment Tax Credit	enter negative	(Note O)
126	1/(1-T)		Attachment 5
127	Net Plant Allocation Factor		1 / (1 - Line 123)
128	ITC Adjustment Allocated to Transmission		(Line 18)
			(Line 125 * Line 126 * Line 127)
			-478,793
129	Income Tax Component =	$(T/1-T) * \text{Investment Return} * (1-(WCLTD/ROR)) =$	[Line 124 * Line 119 * (1- (Line 115 / Line 118))]
			40,458,412
130	Total Income Taxes		(Line 128 + Line 129)
			39,979,619

## Revenue Requirement

Summary			
131	Net Property, Plant & Equipment		(Line 43)
132	Total Adjustment to Rate Base		(Line 57)
133	Rate Base		(Line 58)
			1,104,534,480
			-111,458,622
			993,075,858
134	Total Transmission O&M		(Line 80)
135	Total Transmission Depreciation & Amortization		(Line 91)
136	Taxes Other than Income		(Line 93)
137	Investment Return		(Line 119)
138	Income Taxes		(Line 130)
			76,602,821
			45,416,063
			9,304,061
			86,699,714
			39,979,619
139	Gross Revenue Requirement		(Sum Lines 134 to 138)
			258,002,278
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
140	Transmission Plant In Service		(Line 19)
141	Excluded Transmission Facilities	(Note B & M)	Attachment 5
142	Included Transmission Facilities		(Line 140 - Line 141)
143	Inclusion Ratio		(Line 142 / Line 140)
144	Gross Revenue Requirement		(Line 139)
145	Adjusted Gross Revenue Requirement		(Line 143 * Line 144)
			1,776,495,860
			0
			1,776,495,860
			100.00%
			258,002,278
			258,002,278
Revenue Credits & Interest on Network Credits			
146	Revenue Credits	(Note O)	Attachment 3
147	Interest on Network Credits	(Note N & O)	Attachment 5
			30,280,307
			0
148	Net Revenue Requirement		(Line 145 - Line 146 + Line 147)
			227,721,971
Net Plant Carrying Charge			
149	Gross Revenue Requirement		(Line 144)
150	Net Transmission Plant		(Line 19 - Line 32)
151	Net Plant Carrying Charge		(Line 149 / Line 150)
152	Net Plant Carrying Charge without Depreciation		(Line 149 - Line 81) / Line 150
153	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 149 - Line 81 - Line 119 - Line 130) / Line 150
			258,002,278
			1,071,058,676
			24.0885%
			20.2707%
			8.4432%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE			
154	Gross Revenue Requirement Less Return and Taxes		(Line 144 - Line 137 - Line 138)
155	Increased Return and Taxes		Attachment 4
156	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 154 + Line 155)
157	Net Transmission Plant		(Line 19 - Line 32)
158	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 156 / Line 157)
159	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 156 - Line 81) / Line 157
			131,322,945
			135,069,309
			266,392,254
			1,071,058,676
			24.8719%
			21.0540%
Net Revenue Requirement			
160	True-up amount		(Line 148)
161	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects not paid by other PJM transmission zones		Attachment 6
162	Facility Credits under Section 30.9 of the PJM OATT		Attachment 7
163	Net Zonal Revenue Requirement		Attachment 5
164			(Line 160 + 161 + 162 + 163)
			227,721,971
			0
			261,119
			0
			227,983,090
Network Zonal Service Rate			
165	1 CP Peak	(Note L)	Attachment 5
166	Rate (\$/MW-Year)		(Line 164 / 165)
			10,654.0
			21,399
167	Network Service Rate (\$/MW/Year)		(Line 166)
			21,399

Shaded cells are input cells

## Notes

- A Electric portion only
- B Calculated using 13-month average balances.
- C Includes Transmission portion only. At each annual informational filing, Company will identify for each parcel of land an intended use within a 15 year period.
- D Includes all EPRI Annual Membership Dues.
- E Includes all Regulatory Commission Expenses.
- F Includes Safety related advertising included in Account 930.1.
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- H CWIP can only be included if authorized by the Commission.
- I The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p =$  the percentage of federal income tax deductible for state income taxes.
- J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC.  
PBOP expense is fixed until changed as the result of a filing at FERC.  
Depreciation rates shown in Attachment 8 are fixed until changed as the result of a filing at FERC.  
If book depreciation rates are different than the Attachment 8 rates, PSE&G will provide workpapers at the annual update to reconcile formula depreciation expense and depreciation accruals to FERC Form 1 amounts.
- K Education and outreach expenses relating to transmission, for example siting or billing.
- L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A.  
Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 147.
- O Expenses reflect full year plan.
- P The projected capital structure shall reflect the capital structure from the FERC Form 1 data. For all other formula rate calculations, the projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form 1 data available.  
Calculated using the average of the prior year and current year balances.
- Q Calculated using beginning and year end projected balances.

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2009**

	Only Transmission Related	Plant Related	Labor Related	Total ADIT	
ADIT-282	0	(699,578,000)	(1,487,000)		From Acct. 282 total, below
ADIT-283	(1,781,000)	(108,112,000)	(8,553,000)		From Acct. 283 total, below
ADIT-190	1,617,000	52,106,000	6,489,000		From Acct. 190 total, below
Subtotal	(164,000)	(755,584,000)	(3,551,000)		
Wages & Salary Allocator			11.6565%		
Net Plant Allocator		20.9782%			
End of Year ADIT	(164,000)	(158,508,187)	(413,921)	(159,086,108)	Sum Cols. C, D, E; Enter as negative Appendix A, line 42.
End of Previous Year ADIT (from Sheet 1A-ADIT (3))	(164,000)	(150,627,713)	(413,921)	(151,205,634)	
Average Beginning and End of Year ADIT	(164,000)	(154,567,950)	(413,921)	(155,145,871)	
End of Year ADIT				(159,086,108)	
End of Previous Year ADIT (Attachment 1A)				(151,205,634)	
Average Beginning and End of Year ADIT				(155,145,871)	

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 108  
(35,815,000) < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

ADIT-190	A	B Total	C Gas, Prod Or Other Related	D Only Transmission Related	E Plant Related	F Labor Related	G Justification
Public Utility Realty Tax (PURT)	1,617,000			1,617,000			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Additional Maintenance Expense	1,348,000		1,348,000				Book estimate accrued expenses, generation related tax
Newark Center Renovations	11,000					11,000	Amort of Renovations of Newark Plaza - General Property
New Jersey Corporate Business Tax(NJCBT)	46,529,000				46,529,000		New Jersey Corporate Income Tax Plant Related- Contra Account of 283 NJCBT
NJCBT - Step Up Basis	168,544,000		168,544,000				New Jersey Corporate Income Tax for Utility - Gets return on but no return of prior book vs tax timing difference
ADIT - Real Estate Taxes	1,816,000				1,816,000		Book estimate accrued and expensed, tax deduction when paid - related to plant
Gross Receipts & Franchise Tax(GRAFT)	757,000		757,000				Retail related
Market Transition Charge Revenue	18,185,000		18,185,000				Stranded cost recovery - generation related
Mine Closing Costs	1,358,000		1,358,000				Book estimate accrued and expensed, tax deduction when paid - Generation relate
FIN 47	137,000		137,000				Asset Retirement Obligation - Legal liability for environmental removal cost
Vacation Pay	3,689,000					3,689,000	Vacation pay earned and expensed for books, tax deduction when paid - employees in all function
OPEB	169,783,000					169,783,000	FASB 106 - Post Retirement Obligation, labor related
Deferred Dividend Equivalents	2,150,000					2,150,000	Book accrual of dividends on employee stock options affecting all function
Deferred Compensation	817,000					817,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Interest/AFDC Debt	3,761,000				3,761,000		Capitalized Interest - Book vs Tax relates to all plant in all function
ADIT - Unallowable PIP Accru	(504,000)					(504,000)	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Legal Fees	637,000		637,000				Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Rev of 1985-1993 Settle Int Exp	(3,093,000)		(3,093,000)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation relate
ADIT - Interest on Dismantling & Decommissioning	(1,941,000)		(1,941,000)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation relate
ADIT - SETI Dissolution	61,000		61,000				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Retail relate
Bankruptcies \$ Acct	(186,000)		(186,000)				Book estimate accrued and expensed, tax deduction when paid - Generation Relate
Repair Allowance Deferec	(15,909,000)		(15,909,000)				Deferred recovery of lost repair allowance deductions-Retail Relate
Fin Def_Energy competition Act CT	(7,333,000)		(7,333,000)				Restructuring Costs - Generation relatec
Def Tax Meter Equipment	(1,578,000)		(1,578,000)				Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meter
Unrealized LG Rabbi Trust	83,000					83,000	Book estimate accrued and expensed, tax deduction when paid for Executive Compensator
Reserve for SECA	(1,053,000)		(1,053,000)				Related to LSE SECA obligations - retail
Estimated Severance Pay Accruals	243,000					243,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
Federal Taxes Deferred	20,538,000				20,538,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatio
Federal Taxes Current	17,660,000				17,660,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatio
Fed Taxes Req Requirement	15,336,000				15,336,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulatio
Subtotal - p234	443,463,000		159,934,000	1,617,000	52,106,000	176,272,000	
Less FASB 109 Above if not separately removed	53,534,000				53,534,000		
Less FASB 106 Above if not separately removed	169,783,000					169,783,000	
Total	220,146,000		159,934,000	1,617,000	52,106,000	6,489,000	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column E
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded



Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2009

A	B	C	D	E	F	G
	Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	
<b>ADIT-283</b>						
Fin 48	(3,174,000)	(3,174,000)				Uncertain Tax Positions - Assets/(Liabilities) not in rates
Securitization Regulatory Asset	904,540,000	904,540,000				Generation Related (Securitization of Stranded Costs)
Securitization - Federal	(1,292,308,000)	(1,292,308,000)				Generation Related (Securitization of Stranded Costs)
Securitization - State	(365,173,000)	(365,173,000)				Generation Related (Securitization of Stranded Costs)
Amortization of Hope Creek License Costs	(649,000)	(649,000)				Book vs Tax Difference - Generation Related
Environmental Cleanup Costs	23,658,000	23,658,000				Book estimate accrued and expensed, tax deduction when paid - Manufactured Gas Plant
Company-Owned Life Insurance (COLI)	(3,744,000)	(3,744,000)				Related to Uncertain Tax Position (FIN 48) which will be reclassified and not in rates
New Jersey Corporation Business Tax	(72,297,000)			(72,297,000)		New Jersey Corporate Income Tax - Plant Related- Contra Account of 190 NJCBT
Obsolete Material Write Off	5,752,000	5,752,000				Book accrued write-off, tax deduction when actually disposed of - Generation Related
Fuel Cost Adjustment	(28,833,000)	(28,833,000)				Book deferral of Underrecovered Fuel Costs - Retail Related
Accelerated Activity Plan	(15,717,000)	(15,717,000)				Demand Side management and Associated Programs - Retail Related
Take-or-Pay Costs	914,000	914,000				Gas Supply Contracts
Other Contract Cancellations	(7,905,000)	(7,905,000)				Generation Related (Non-Utility Asset/Liability)
Other Computer Software	(3,504,000)				(3,504,000)	Accelerated Amortization of Computer Software - General Plant
Loss on Recquired Debt	(35,815,000)			(35,815,000)		Tax deduction when reacquired, booked amortizes to expense
Additional Pension Deduction	(51,671,000)	(51,671,000)				Associated with Pension Liability not in rates
Amortization of Peach Bottom HWC	(690,000)	(690,000)				Generation Related (Non-Utility Asset/Liability)
Radioactive Waste Storage Costs	(1,093,000)	(1,093,000)				Generation Related (Non-Utility Asset/Liability)
Severance Pay Costs	(4,908,000)				(4,908,000)	Book estimate accrued and expensed, tax deduction when paid related to all employee
Repair Allowance-Revenue Amortization	(3,447,000)	(3,447,000)				Retail Related - Electric Distribution
Public Utility Realty Tax Assessment (PURPA)	(1,781,000)		(1,781,000)			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Federal Excise Tax Fuel Refunds	(137,000)				(137,000)	Vehicle Fuel Tax - General
Decommissioning and Decontamination Costs	12,199,000	12,199,000				Payments to DOE - Generation Related
Emission Allowance Sales	2,868,000	2,868,000				Sales of Emission Allowances - Generation Related
Interest Expense Adjustment	(2,002,000)	(2,002,000)				Generation Related (Non-Utility Asset/Liability)
Capitalization of Study Costs	(2,010,000)	(2,010,000)				Generation Related (Non-Utility Asset/Liability)
Budget Billing - Audit Settlement	-					Old Unbilled Revenue Issue - Retail Related
Lightnet Agreement - Audit Settlement	124,000	124,000				Fiber Optics - Electric Distribution - Retail Related
Mescalero Radioactive Waste Storage Costs	158,000	158,000				Generation Related (Non-Utility Asset/Liability)
Sale of Call Option	750,000	750,000				Book amortization expensed, tax deduction when occurred - Retail Related - distribution property
Vacation Pay Adjustment	(4,000)				(4,000)	Book estimate accrued and expensed, tax deduction when paid relating to all employee
Purchase Power - Audit Settlement	724,000	724,000				Purchased Power Settlements - Generation Related
Crude Oil Refunds	1,570,000	1,570,000				Generation Related (Non-Utility Asset/Liability)
Peach Bottom Interim Fuel Storage	(852,000)	(852,000)				Interim Nuclear Fuel Storage Costs - Generation Related
New Network Metering Equipment	(202,000)	(202,000)				New Upgraded Meter Equipments - Retail Related - Distribution Meters
Accounting for Income Taxes (FAS109) - Federal	(40,216,000)			(40,216,000)		FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulator
Accounting for Income Taxes (FAS109) - State	(3,530,000)					FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulator
Accounting for Income Taxes (FAS109) - Regulatory Requirement	(202,051,000)			(202,051,000)		FASB 109 - gross-up
<b>Subtotal - p277</b>	<b>(1,190,456,000)</b>	<b>(826,213,000)</b>	<b>(1,781,000)</b>	<b>(353,909,000)</b>	<b>(8,553,000)</b>	
Less FASB 109 Above if not separately removed	(245,797,000)			(245,797,000)		
Less FASB 106 Above if not separately removed	-					
<b>Total</b>	<b>(944,659,000)</b>	<b>(826,213,000)</b>	<b>(1,781,000)</b>	<b>(108,112,000)</b>	<b>(8,553,000)</b>	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2008**

	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>Total ADIT</i>	
ADIT-282	0	(652,350,000)	(1,487,000)		From Acct. 282 total, below
ADIT-283	(1,781,000)	(110,143,000)	(8,553,000)		From Acct. 283 total, below
ADIT-190	1,617,000	44,474,000	6,489,000		From Acct. 190 total, below
Subtotal	(164,000)	(718,019,000)	(3,551,000)		11.6565%
Wages & Salary Allocator					
Net Plant Allocator		20.9782%			
End of Year ADIT	(164,000)	(150,627,713)	(413,921)	<b>(151,205,634)</b>	Sum Cols. C, D, E; Enter as negative Appendix A, line 42.

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 108  
(37,846,000) < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

<i>A</i>	<i>B Total</i>	<i>C Gas, Prod Or Other Related</i>	<i>D Only Transmission Related</i>	<i>E Plant Related</i>	<i>F Labor Related</i>	<i>G Justification</i>
ADIT-190						
Public Utility Realty Tax (PURTA)	1,617,000		1,617,000			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Additional Maintenance Expense	1,348,125	1,348,125				Book estimate accrued expenses, generation related tax
Newark Center Renovations	11,000				11,000	Amort of Renovations of Newark Plaza - General Property
New Jersey Corporate Business Tax(NJCBT)	38,897,000			38,897,000		New Jersey Corporate Income Tax Plant Related- Contra Account of 283 NJCBT
NJCBT - Step Up Basis	168,544,000	168,544,000				New Jersey Corporate Income Tax for Utility - Gets return on but no return of prior book vs tax timing difference
ADIT - Real Estate Taxes	1,816,000			1,816,000		Book estimate accrued and expensed, tax deduction when paid related to plant
Gross Receipts & Franchise Tax(GRAFT)	757,000	757,000				Retail related
Market Transition Charge Revenue	18,185,386	18,185,386				Stranded cost recovery - generation related
Mine Closing Costs	1,358,000	1,358,000				Book estimate accrued and expensed, tax deduction when paid - Generation related
FIN 47	137,000	137,000				Asset Retirement Obligation - Legal liability for environmental removal costs
Vacation Pay	3,689,000	-			3,689,000	Vacation pay earned and expensed for books, tax deduction when paid - employees in all function
OPFB	169,783,000				169,783,000	FASB 106 - Post Retirement Obligation, labor related
Deferred Dividend Equivalents	2,150,000				2,150,000	Book accrual of dividends on employee stock options affecting all functions
Deferred Compensation	817,000				817,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Interest/AFDC Debt	3,761,000			3,761,000		Capitalized Interest - Book vs Tax relates to all plant in all functions
ADIT - Unallowable PIP Accrua	(504,000)				(504,000)	Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Legal Fees	637,144	637,144				Book estimate accrued and expensed, tax deduction when paid - employees in all function
ADIT - Rev of 1985-1993 Settle Int Exp	(3,093,000)	(3,093,000)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation related
ADIT - Interest on Dismantling & Decommissioning	(1,941,000)	(1,941,000)				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation related
ADIT - SETI Dissolution	61,000	61,000				Book estimate accrued and expensed, tax deduction when paid / audit settlement - Retail related
Bankruptcies \$ Acct	(186,000)	(186,000)				Book estimate accrued and expensed, tax deduction when paid - Generation Related
Repair Allowance Deferral	(15,909,000)	(15,909,000)				Deferred recovery of lost repair allowance deductions-Retail Related
Fin Def. Energy competition Act CT	(7,333,000)	(7,333,000)				Restructuring Costs - Generation related
Def Tax Meter Equipment	(1,578,000)	(1,578,000)				Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meter
Unrealized L/G Rabbi Trust	83,000				83,000	Book estimate accrued and expensed, tax deduction when paid for Executive Compensator
Reserve for SECA	(1,053,000)	(1,053,000)				Related to LSE SECA obligations - retail
Estimated Severance Pay Accruals	243,000				243,000	Book estimate accrued and expensed, tax deduction when paid - employees in all function
Federal Taxes Deferred	20,538,000			20,538,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulation
Federal Taxes Current	17,660,000			17,660,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulation
Fed Taxes Reg Requirement	15,336,000			15,336,000		FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulation
<b>Subtotal - p234</b>	<b>435,831,655</b>	<b>159,934,655</b>	<b>1,617,000</b>	<b>98,008,000</b>	<b>176,272,000</b>	
<b>Less FASB 109 Above if not separately removed</b>	<b>53,534,000</b>			<b>53,534,000</b>		
<b>Less FASB 106 Above if not separately removed</b>	<b>169,783,000</b>				<b>169,783,000</b>	
<b>Total</b>	<b>212,514,655</b>	<b>159,934,655</b>	<b>1,617,000</b>	<b>44,474,000</b>	<b>6,489,000</b>	

**Instructions for Account 190:**

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded



**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2008**

A	B	C	D	E	F	G
	<i>Total</i>	<i>Gas, Prod or Other Related</i>	<i>Only Transmission Related</i>	<i>Plant</i>	<i>Labor</i>	
Fin 48	(3,174,000)	(3,174,000)				Uncertain Tax Positions - Assets/(Liabilities) not in rates
Securitization Regulatory Asset	770,719,000	770,719,000				Generation Related (Securitization of Stranded Costs)
Securitization - Federal	(1,292,308,000)	(1,292,308,000)				Generation Related (Securitization of Stranded Costs)
Securitization - State	(365,173,000)	(365,173,000)				Generation Related (Securitization of Stranded Costs)
Amortization of Hope Creek License Costs	(649,000)	(649,000)				Book vs Tax Difference - Generation Related
Environmental Cleanup Costs	23,658,000	23,658,000				Book estimate accrued and expensed, tax deduction when paid - Manufactured Gas Plant
Company-Owned Life Insurance (COLI)	(3,744,000)	(3,744,000)				Related to Uncertain Tax Position (FIN 48) which will be reclassified and not in rates
New Jersey Corporation Business Tax	(72,297,000)			(72,297,000)		New Jersey Corporate Income Tax - Plant Related- Contra Account of 190 NJCBT
Obsolete Material Write Off	5,752,000	5,752,000	-	-	-	Book accrued write-off, tax deduction when actually disposed of - Generation Related
Fuel Cost Adjustment	(28,833,000)	(28,833,000)				Book deferral of Underrecovered Fuel Costs - Retail Related
Accelerated Activity Plan	(15,717,000)	(15,717,000)				Demand Side management and Associated Programs - Retail Related
Take-or-Pay Costs	914,000	914,000				Gas Supply Contracts
Other Contract Cancellations	(7,905,000)	(7,905,000)				Generation Related (Non-Utility Asset/Liability)
Other Computer Software	(3,504,000)				(3,504,000)	Accelerated Amortization of Computer Software - General Plan
Loss on Recquired Debt	(37,846,000)			(37,846,000)		Tax deduction when reacquired, booked amortizes to expense
Additional Pension Deduction	(51,671,000)	(51,671,000)				Associated with Pension Liability not in rates
Amortization of Peach Bottom HWC	(690,000)	(690,000)				Generation Related (Non-Utility Asset/Liability)
Radioactive Waste Storage Costs	(1,093,000)	(1,093,000)				Generation Related (Non-Utility Asset/Liability)
Severance Pay Costs	(4,908,000)				(4,908,000)	Book estimate accrued and expensed, tax deduction when paid related to all employee
Repair Allowance-Reverse Amortization	(3,447,000)	(3,447,000)				Retail Related - Electric Distribution
Public Utility Realty Tax Assessment (PURPA)	(1,781,000)		(1,781,000)			Property Taxes for Transmission Switching Stations owned in Pennsylvania
Federal Excise Tax Fuel Refunds	(137,000)				(137,000)	Vehicle Fuel Tax - Genera
Decommissioning and Decontamination Costs	12,199,000	12,199,000				Payments to DOE - Generation Related
Emission Allowance Sales	2,868,000	2,868,000				Sales of Emission Allowances - Generation Related
Interest Expense Adjustment	(2,002,000)	(2,002,000)				Generation Related (Non-Utility Asset/Liability)
Capitalization of Study Costs	(2,010,000)	(2,010,000)				Generation Related (Non-Utility Asset/Liability)
Budget Billing - Audit Settlement	-	0				Old Unbilled Revenue Issue - Retail Related
Lightnet Agreement - Audit Settlement	124,000	124,000				Fiber Optics - Electric Distribution - Retail Related
Mescalero Radioactive Waste Storage Costs	158,000	158,000				Generation Related (Non-Utility Asset/Liability)
Sale of Call Option	750,000	750,000				Book amortization expensed, tax deduction when occurred. - Retail Related - distribution proper
Vacation Pay Adjustment	(4,000)				(4,000)	Book estimate accrued and expensed, tax deduction when paid relating to all employee
Purchase Power - Audit Settlement	724,000	724,000				Purchased Power Settlements - Generation Related
Crude Oil Refunds	1,570,000	1,570,000				Generation Related (Non-Utility Asset/Liability)
Loss of Union County Utility Authority	-	0				Generation Related (Non-Utility Asset/Liability)
Peach Bottom Interim Fuel Storage	(852,000)	(852,000)				Interim Nuclear Fuel Storage Costs - Generation Related
New Network Metering Equipment	(202,000)	(202,000)				New Upgraded Meter Equipments - Retail Related - Distribution Meters
Accounting for Income Taxes (FAS109) - Federal	(40,216,000)			(40,216,000)		FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation
Accounting for Income Taxes (FAS109) - State	(3,530,000)	-		(3,530,000)		FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation
Accounting for Income Taxes (FAS109) - Regulatory Requirement	(202,051,000)	-		(202,051,000)		FASB 109 - gross-up
<b>Subtotal - p277</b>	<b>(1,326,308,000)</b>	<b>(960,034,000)</b>	<b>(1,781,000)</b>	<b>(355,940,000)</b>	<b>(8,553,000)</b>	
<b>Less FASB 109 Above if not separately removed</b>	<b>(245,797,000)</b>			<b>(245,797,000)</b>		
<b>Less FASB 106 Above if not separately removed</b>	<b>-</b>					
<b>Total</b>	<b>(1,080,511,000)</b>	<b>(960,034,000)</b>	<b>(1,781,000)</b>	<b>(110,143,000)</b>	<b>(8,553,000)</b>	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 2 - Taxes Other Than Income Worksheet - December 31, 2009**

<b>Other Taxes</b>	<b>Page 263 Col (i)</b>	<b>Allocator</b>	<b>Allocated Amount</b>
<b>Plant Related</b>			
1 Real Estate	18,720,000		
2 <b>Total Plant Related</b>	18,720,000	N/A	7,860,000
<b>Labor Related</b>			
<b>Wages &amp; Salary Allocator</b>			
3 FICA	11,080,448		
4 Federal Unemployment Tax	250,175		
5 New Jersey Unemployment Tax	534,254		
6 New Jersey Workforce Development	523,623		
7			
8 <b>Total Labor Related</b>	12,388,500	11.6565%	1,444,061
<b>Other Included</b>			
<b>Net Plant Allocator</b>			
9			
10			
11			
12			
13 <b>Total Other Included</b>	0	20.9782%	0
14 <b>Total Included (Lines 8 + 14 + 19)</b>	<b>31,108,500</b>		<b>9,304,061</b>
<b>Currently Excluded</b>			
15 Corporate Business Tax			
16 TEFA	\$ 97,030,465		
17 Use & Sales Tax	-		
18 Local Franchise Tax	-		
19 PA Corporate Income Tax	-		
20 Municipal Utility	-		
21 Public Utility Fund	-		
22 <b>Subtotal, Excluded</b>	97,030,465		
23 <b>Total, Included and Excluded (Line 20 + Line 28)</b>	128,138,965		
24 <b>Total Other Taxes from p114.14.g - Plan</b>	128,138,965		
25 Difference (Line 29 - Line 30)	-		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail they shall not be included. Real Estate taxes are directly assigned to Transmission.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Net Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 3 - Revenue Credit Workpaper - December 31, 2009**

<b>Accounts 450 &amp; 451</b>			
1	Late Payment Penalties Allocated to Transmission		0
<b>Account 454 - Rent from Electric Property</b>			
2	Rent from Electric Property - Transmission Related (Note 2)		516,000
<b>Account 456 - Other Electric Revenues</b>			
3	Transmission for Others		0
4	Schedule 1A		4,999,000
5	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner)		0
6	Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner		2,000,000
7	Professional Services (Note 2)		100,000
8	Revenues from Directly Assigned Transmission Facility Charges (Note 1)		22,064,000
9	Rent or Attachment Fees associated with Transmission Facilities (Note 2)		3,500,000
			<u>0</u>
10	Gross Revenue Credits	(Sum Lines 1-9)	<u><b>33,179,000</b></u>
11	Less line 18	- line 18	<u>(2,898,693)</u>
12	Total Revenue Credits	line 10 + line 11	<u><b>30,280,307</b></u>
13	Revenues associated with lines 2, 7, and 9 (Note 2)		4,116,000
14	Income Taxes associated with revenues in line 13		1,681,386
15	One half margin (line 13 - line 14)/2		1,217,307
16	All expenses (other than income taxes) associated with revenues in line 13 that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.		-
17	Line 15 plus line 16		1,217,307
18	Line 13 less line 17		2,898,693

Note 1 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.

Note 2 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). PSE&G will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 13-18, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 4 - Calculation of 100 Basis Point Increase in ROE - December 31, 2009**

A	Return and Taxes with 100 Basis Point increase in ROE	Line 27 + Line 42 from below	135,069,309
	100 Basis Point increase in ROE and Income Taxes		
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

		Appendix A Line or Source Reference	
1	<b>Rate Base</b>	(Line 43 + Line 57)	993,075,858
2	<b>Long Term Interest</b>	p117.62.c through 67.c	181,143,275
3	<b>Preferred Dividends</b>	enter positive p118.29.d	3,987,874
	<b>Common Stock</b>		
4	Proprietary Capital	Attachment 5	3,281,616,977
5	Less Accumulated Other Comprehensive Income Account 219	p112.15.c	1,675,720
6	Less Preferred Stock	(Line 106)	79,523,400
7	Less Account 216.1	Attachment 5	3,194,626
8	<u>Common Stock</u>	<u>(Line 96 - 97 - 98 - 99)</u>	<u>3,197,223,231</u>
	<b>Capitalization</b>		
9	Long Term Debt	Attachment 5	3,234,090,357
10	Less Loss on Reacquired Debt	Attachment 5	82,189,275
11	Plus Gain on Reacquired Debt	Attachment 5	0
12	Less ADIT associated with Gain or Loss	Attachment 5	30,711,625
13	<u>Total Long Term Debt</u>	<u>(Line 101 - 102 + 103 - 104)</u>	<u>3,121,189,457</u>
14	Preferred Stock	Attachment 5	79,523,400
15	<u>Common Stock</u>	<u>(Line 100)</u>	<u>3,197,223,231</u>
16	<u>Total Capitalization</u>	<u>(Sum Lines 105 to 107)</u>	<u>6,397,936,088</u>
17	Debt %	Total Long Term Debt (Line 105 / Line 108)	48.8%
18	Preferred %	Preferred Stock (Line 106 / Line 108)	1.2%
19	Common %	Common Stock (Line 107 / Line 108)	50.0%
20	Debt Cost	Total Long Term Debt (Line 94 / Line 105)	0.0580
21	Preferred Cost	Preferred Stock (Line 95 / Line 106)	0.0501
22	Common Cost	Common Stock (Line 114 + 100 basis points)	0.1268
23	Weighted Cost of Debt	Total Long Term Debt (WCLTD) (Line 109 * Line 112)	0.0283
24	Weighted Cost of Preferred	Preferred Stock (Line 110 * Line 113)	0.0006
25	Weighted Cost of Common	Common Stock (Line 111 * Line 114)	0.0634
26	<b>Rate of Return on Rate Base ( ROR )</b>	<b>(Sum Lines 115 to 117)</b>	<b>0.0923</b>
27	<b>Investment Return = Rate Base * Rate of Return</b>	<b>(Line 58 * Line 118)</b>	<b>91,662,385</b>

**Composite Income Taxes**

<b>Income Tax Rates</b>			
28	FIT=Federal Income Tax Rate		35.00%
29	SIT=State Income Tax Rate or Composite		9.00%
30	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.00%
31	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.85%
35	CIT = T / (1-T)		69.06%
36	1 / (1-T)		169.06%
<b>ITC Adjustment</b>			
37	Amortized Investment Tax Credit	enter negative Attachment 5	-1,350,000
38	1/(1-T)	1 / (1 - Line 123)	169%
39	Net Plant Allocation Factor	(Line 18)	20.9782%
40	<u>ITC Adjustment Allocated to Transmission</u>	<u>(Line 125 * Line 126 * Line 127)</u>	<u>-478,793</u>
41	<b>Income Tax Component =</b>	$CIT=(T/(1-T) * Investment Return * (1-(WCLTD/R)) =$	43,885,717
42	<b>Total Income Taxes</b>		<b>43,406,924</b>

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 5 - Cost Support - December 31, 2009**

Electric / Non-electric Cost Support			Previous Year	Current Year - 2009 Projected												Average	Non-electric Portion		
Line #s	Descriptions	Notes	Page #s & Instructions	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Form 1 Dec			
<b>Plant Allocation Factors</b>																			
6	Electric Plant in Service	(Note B)	p207.104g	7,462,661.924	7,482,852.284	7,512,049.895	7,543,579.506	7,567,653.118	7,667,294.729	7,817,280.246	7,839,991.857	7,862,703.468	7,887,109.079	7,911,353.691	7,937,176.302	7,964,550.174	7,727,404.329		
7	Common Plant in Service - Electric	(Note B & J)	p356	51,350.829	105,880.138	106,404.790	106,929.443	107,477.096	108,088.003	108,698.910	109,309.817	109,920.724	110,471.131	111,082.038	111,692.945	112,307.152	110,485.616		
9	Accumulated Depreciation (Total Electric Plant)	(Note B & J)	p219.29c	2,490,680.277	2,497,750.417	2,505,403.143	2,513,757.867	2,522,275.637	2,530,847.711	2,538,907.401	2,547,488.549	2,557,337.059	2,567,157.200	2,576,194.009	2,585,586.264	2,595,979.411	2,592,979.470	2,540,437.470	
10	Accumulated Intangible Amortization	(Note B)	p200.27c	969.670	1,007.003	1,032.336	1,063.669	1,095.002	1,126.334	1,157.667	1,189.000	1,220.333	1,251.666	1,283.000	1,314.332	1,345.664	1,157.667		
11	Accumulated Common Plant Depreciation - Electric	(Note B & J)	p356	24,416.026	24,486.057	24,577.405	24,672.191	24,793.716	24,983.051	25,176.942	25,375.391	25,578.396	25,725.021	25,936.703	26,152.941	26,374.311	26,249.858		
12	Accumulated Common Amortization - Electric	(Note B)	p356	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Plant In Service</b>																			
19	Transmission Plant in Service	(Note B)	p207.58.g	1,648,326.552	1,650,641.219	1,661,295.886	1,674,276.552	1,679,801.219	1,760,893.886	1,843,905.552	1,848,068.219	1,852,230.886	1,858,087.552	1,863,783.219	1,871,059.886	1,882,069.552	1,776,495.860		
20	General	(Note B)	p207.59.g	244,937.388	245,300.114	246,342.092	247,268.070	248,426.049	249,688.027	250,327.911	251,369.899	252,417.367	253,453.845	254,495.823	255,538.801	254,991.038	250,295.608		
21	Intangible - Electric	(Note B)	p205.5-g	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548	1,127.548		
22	Common Plant in Service - Electric	(Note B)	p356	51,350.829	105,880.138	106,404.790	106,929.443	107,477.096	108,088.003	108,698.910	109,309.817	109,920.724	110,471.131	111,082.038	111,692.945	112,307.152	104,585.616		
24	General Plant Account 397 -- Communications	(Note B)	p207.94g	51,065.710	49,431.043	47,796.377	46,161.710	44,527.043	42,892.377	41,257.710	39,623.043	37,988.377	36,353.710	34,719.043	33,084.377	31,443.710	41,257.018		
25	Common Plant Account 397 -- Communications	(Note B)	p356	13,184.551	12,944.724	12,704.898	12,465.072	12,225.246	11,985.419	11,745.593	11,505.767	11,265.941	11,026.114	10,786.288	10,546.462	10,306.636	11,745.593		
29	Account No. 397 Directly Assigned to Transmission	(Note B)	Company Records	15,078.720	15,081.720	15,084.720	15,087.720	15,090.720	15,093.720	15,096.720	15,099.720	15,102.720	15,105.720	15,108.720	15,108.720	15,096.028	15,096.028		
<b>Accumulated Depreciation</b>																			
32	Transmission Accumulated Depreciation	(Note B & J)	p219.25.c	695,435.615	697,120.839	698,038.360	699,618.843	701,323.375	703,043.093	704,294.833	705,806.899	708,627.291	711,208.395	713,098.891	715,310.941	717,754.070	705,437.184		
33	Accumulated General Depreciation	(Note B & J)	p219.28.b	115,876.999	113,726.028	112,249.019	110,774.720	109,303.132	107,834.254	106,183.823	104,718.198	103,252.262	101,927.077	100,469.583	99,011.773	96,275.508	106,200.415		
34	Accumulated Common Plant Depreciation - Electric	(Note B & J)	p356	24,416.026	24,486.057	24,577.405	24,672.191	24,793.716	24,983.051	25,176.942	25,375.391	25,578.396	25,725.021	25,936.703	26,152.941	26,374.311	25,249.858		
35	Amount of General Depreciation Associated with Acct. 397	(Note B & J)	Company Records	39,306.975	37,697.759	36,075.035	34,438.804	32,789.065	31,125.818	29,449.064	27,758.802	26,055.032	24,337.755	22,606.971	20,862.653	19,104.803	29,354.503		
41	Acc. Deprec. Acct. 397 Directly Assigned to Transmission	(Note B & J)	Company Records	4,149.704	4,275.385	4,401.091	4,526.822	4,652.578	4,778.359	4,904.165	5,029.996	5,155.852	5,281.733	5,407.639	5,533.545	5,659.451	4,904.332		

Wages & Salary			End of Year	
Line #s	Descriptions	Notes	Page #s & Instructions	
2	Total Wage Expense	(Note O)	p354.28b	166,261,177
3	Total A&G Wages Expense	(Note O)	p354.27b	11,240,804
1	Transmission Wages	(Note O)	p354.21b	18,069,897

Transmission / Non-transmission Cost Support			Beginning Year Balance	End of Year Balance	Average	
Line #s	Descriptions	Notes	Page #s & Instructions			
46	Plant Held for Future Use (Including Land)	(Note C & Q)	p214.47.d	8,164,831	8,164,831	8,164,831
	Transmission Only			4,585,252	4,585,252	4,585,252

Prepayments			Previous Year	Electric Beginning Year Balance	Electric End of Year Balance	Average Balance	Wage & Salary Allocator	To Line 47	
Line #s	Descriptions	Notes	Page #s & Instructions						
47	Prepayments	(Note A & Q)	p111.57c	3,853,194	2,887,874	2,887,874	2,887,874	11.656%	336,624

Materials and Supplies			Beginning Year Balance	End of Year Balance	Average	
Line #s	Descriptions	Notes	Page #s & Instructions			
48	Undistributed Stores Exp	(Note Q)	p227.16.b.c	0	0	0
51	Transmission Materials & Supplies	(Note N & Q)	p227.8.b.c	2,522,608	2,522,608	2,522,608

Outstanding Network Credits Cost Support			Beginning Year Balance	End of Year Balance	Average	
Line #s	Descriptions	Notes	Page #s & Instructions			
56	Outstanding Network Credits	(Note N & Q)	From PJM	0	0	0

O&M Expenses			End of Year	
Line #s	Descriptions	Notes	Page #s & Instructions	
59	Transmission O&M	(Note O)	p.321.112.b	47,620,426
60	Transmission Lease Payments	(Note O)	p321.96.b	0

Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 5 - Cost Support - December 31, 2009

**Property Insurance Expenses**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
65	Property Insurance Account 924	(Note O)	p323.185b	1,170,000

**Adjustments to A & G Expense**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
62	Total A&G Expenses	(Note O)	p323.197b	247,240,109
63	Fixed PBOP expense	(Note J)	Company Records	77,745,482
64	Actual PBOP expense	(Note O)	Company Records	72,712,570

**Regulatory Expense Related to Transmission Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Transmission Related
<b>Allocated General &amp; Common Expenses</b>					
66	Regulatory Commission Exp Account 928	(Note E & O)	p323.189b	12,964,949	0
<b>Directly Assigned A&amp;G</b>					
72	Regulatory Commission Exp Account 928	(Note G & O)	p351.46h	1,362,000	1,362,000

**General & Common Expenses**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	EPRI Dues
68	Less EPRI Dues	(Note D & O)	p352-353	1,200,000	0

**Safety Related Advertising Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Education & Outreach	Non-safety Related
<b>Directly Assigned A&amp;G</b>						
73	General Advertising Exp Account 930.1	(Note K & O)	p323.191b	3,290,308	0	3,290,308

**Education and Out Reach Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Safety	Other
<b>Directly Assigned A&amp;G</b>						
76	General Advertising Exp Account 930.1	(Note F & O)	p323.191b	3,290,308	0	3,290,308

**Depreciation Expense**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
<b>Depreciation Expense</b>				
81	Depreciation-Transmission	(Note J & O)	p336.7.f	40,891,394
82	Depreciation-General & Common	(Note J & O)	p336.10&11.f	26,820,134
83	Depreciation-General Expense Associated with Acct. 397	(Note J & O)	Company Records	4,762,776
85	Depreciation-Intangible	(Note A & O)	p336.1.f	3,807,442
89	Transmission Depreciation Expense for Acct. 397	(Note J & O)	Company Records	1,509,747

**Direct Assignment of Transmission Real Estate Taxes**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year	Transmission Related	Non-Transmission
92	Real Estate Taxes - Directly Assigned to Transmission	(Note O)	p263.3b	18,720,000	7,860,000	10,860,000

PSE&G's real estate taxes detail is in an access database which contains a list of the towns PSE&G pays taxes to, which are billed on a quarterly basis for various parcels of property by major classification. Every parcel is associated with a Lot & Block number. These Lot & Blocks are identified to a particular type of property and are labeled. This is the breakout of transmission real estate taxes from the

**Return \ Capitalization**

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 5 - Cost Support - December 31, 2009**

Line #s	Descriptions	Notes	Page #'s & Instructions	2008 End of Year	2009 End of Year	Average
96	Proprietary Capital	(Note P)	p112.16.c.d	3,193,259,770	3,369,975,183	3,281,616,977
97	Accumulated Other Comprehensive Income Account 219	(Note P)	p112.15.c.d	852,423	2,499,017	1,675,720
99	Account 216.1	(Note P)	p119.53.c&d	2,671,508	3,717,744	3,194,626
101	Long Term Debt	(Note P)	p112.18.c.d thru 23.c.d	3,115,663,586	3,352,517,129	3,234,090,357
102	Loss on Reacquired Debt	(Note P)	p111.81.c.d	84,689,077	79,689,473	82,189,275
103	Gain on Reacquired Debt	(Note P)	p113.61.c.d	0	0	0
104	ADIT associated with Gain or Loss on Reacquired Debt	(Note P)	p277.3.k (footnote)	31,282,957	30,140,293	30,711,625
106	Preferred Stock	(Note P)	p112.3.c.d	79,523,400	79,523,400	79,523,400

**MultiState Workpaper**

Line #s	Descriptions	Notes	Page #'s & Instructions	State 1	State 2	State 3
121	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)		NJ	9.00%	

**Amortized Investment Tax Credit**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
125	Amortized Investment Tax Credit	(Note O)	p266.8.f	1,350,000

**Excluded Transmission Facilities**

Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Form 1 Dec	Average
141	Excluded Transmission Facilities	(Note B & M)		0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Interest on Outstanding Network Credits Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
147	Interest on Network Credits	(Note N & O)		0

**Facility Credits under Section 30.9 of the PJM OATT**

Line #s	Descriptions	Notes	Page #'s & Instructions	End of Year
163	Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT			0

**PJM Load Cost Support**

Line #s	Descriptions	Notes	Page #'s & Instructions	1 CP Peak
165	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	Enter 10,654.00

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 6 - True-up Adjustment for Network Integration Transmission Service - December 31, 2009**

The True-Up Adjustment component of the Formula Rate for each Rate Year beginning with 2010 shall be determined as follows:

- (i) Beginning with 2009, no later than June 15 of each year PSE&G shall recalculate an adjusted Annual Transmission Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.<sup>2</sup>
- (ii) PSE&G shall determine the difference between the recalculated Annual Transmission Revenue Requirement as determined in paragraph (i) above, and ATRR based on projected costs for the previous calendar year (True-Up Adjustment Before Interest).
- (iii) The True-Up Adjustment shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by  $(1+i)^{24}$  months

Where:  $i =$  Sum of (the monthly rates for the 10 months ending October 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 21 months.

Summary of Formula Rate Process including True-Up Adjustment

Month	Year	Action
July	2008	TO populates the formula with Year 2008 estimated data
October	2008	TO populates the formula with Year 2009 estimated data
June	2009	TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest
October	2009	TO calculates the Interest to include in the 2008 True-Up Adjustment
October	2009	TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment
June	2010	TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest
October	2010	TO calculates the Interest to include in the 2009 True-Up Adjustment
October	2010	TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment
June	(Year)	TO populates the formula with (Year - 1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest
October	(Year)	TO calculates the Interest to include in the (Year-1) True-Up Adjustment
October	(Year)	TO populates the formula with (Year + 1) estimated data and (Year-1) True-Up Adjustment

<sup>1</sup> - No True-Up Adjustment will be included in the Annual Transmission Revenue Requirement for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007.

<sup>2</sup> - To the extent possible each input to the Formula Rate used to calculate the actual Annual Transmission Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form 1 by the application of clearly identified and supported information. If the reconciliator is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

Calendar Year Complete for Each Calendar Year beginning in 2009

A	ATRR based on actual costs included for the previous calendar year but excludes the true-up adjustment.	
B	ATRR based on projected costs included for the previous calendar year but excludes the true-up adjustment.	
C	Difference (A-B)	
D	Future Value Factor $(1+i)^{24}$	1.00000
E	True-up Adjustment (C*D)	0

-Note: for the first rate year, divide this reconciliation amount by 12 and multiply by the number of months and fractional months the rate was in effect.

Where:  
 $i =$  average interest rate as calculated below

Interest on Amount of Refunds or Surcharges		Interest 35.19a for	
Month	Yr	Month	
January	Year 1		0.00000%
February	Year 1		0.00000%
March	Year 1		0.00000%
April	Year 1		0.00000%
May	Year 1		0.00000%
June	Year 1		0.00000%
July	Year 1		0.00000%
August	Year 1		0.00000%
September	Year 1		0.00000%
October	Year 1		0.00000%
November	Year 1		0.00000%
December	Year 1		0.00000%
January	Year 2		0.00000%
February	Year 2		0.00000%
March	Year 2		0.00000%
April	Year 2		0.00000%
May	Year 2		0.00000%
June	Year 2		0.00000%
July	Year 2		0.00000%
August	Year 2		0.00000%
September	Year 2		0.00000%
Average Interest Rate			0.00000%

**Public Service Electric and Gas Company  
ATTACHMENT H-10A  
Attachment 6A - Project Specific Estimate and Reconciliation Worksheet - December 31, 2009**

Estimated Additions									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Other Projects PIS (Monthly additions)	Metuchen Transformer B0161 (monthly additions)	Branchburg - Sommerville (B0169)(monthly additions)	Branchburg - Flagtown - Bridgewater (B0170) (monthly additions)	Roseland Transformers B0274(monthly additions)	New Freedom Loop Disconnects - B0498 (monthly additions)	Susquehanna Roseland >= 500KV (monthly additions)	Susquehanna Roseland < 500KV (monthly additions)		
(in service)	(in service)	(in service)	(in service)	(in service)	(in service)	CWIP		CWIP	
Dec			6,636,048		24,400,700		10,887,621		
Jan	3,494,250			125,000			2,450,400		
Feb	2,239,250	1,190,000		125,000	8,393,000		2,210,400	4,000,000	
Mar	2,802,650	1,190,000					2,200,400		
Apr	6,823,250						1,400,400		
May	27,079,000	23,320,000	21,705,650		10,286,600		1,532,900		
Jun	84,310,250						1,401,900		
Jul	5,461,250						1,050,500		
Aug	5,461,250						5,473,500		
Sep	7,155,250						990,500		
Oct	6,984,250						2,180,500		
Nov	6,758,250			1,814,000			2,145,500		
Dec	12,303,250						2,269,000		
<b>Total</b>	<b>170,882,150</b>	<b>25,700,000</b>	<b>21,705,650</b>	<b>6,636,048</b>	<b>22,637,200</b>	<b>32,793,700</b>	<b>-</b>	<b>36,193,521</b>	<b>4,000,000</b>

(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	
Other Projects PIS (monthly balances)	Metuchen Transformer B0161 (monthly balances)	Branchburg - Sommerville (B0169)(monthly balances)	Branchburg - Flagtown - Bridgewater (B0170) (monthly balances)	Roseland Transformers B0274(monthly balances)	New Freedom Loop Disconnects - B0498 (monthly balances)	Susquehanna Roseland >= 500KV (monthly balances)	Susquehanna Roseland < 500KV (monthly balances)		
(in service)	(in service)	(in service)	(in service)	(in service)	(in service)	(in service)	CWIP	CWIP	
Dec			6,636,048		24,400,700		10,887,621		
Jan	3,494,250			125,000			2,450,400		
Feb	2,239,250	1,190,000		125,000	8,393,000		2,210,400	4,000,000	
Mar	2,802,650	1,190,000					2,200,400		
Apr	6,823,250						1,400,400		
May	27,079,000	23,320,000	21,705,650		10,286,600		1,532,900		
Jun	84,310,250						1,401,900		
Jul	5,461,250						1,050,500		
Aug	5,461,250						5,473,500		
Sep	7,155,250						990,500		
Oct	6,984,250						2,180,500		
Nov	6,758,250			1,814,000			2,145,500		
Dec	12,303,250						2,269,000		
<b>Total</b>	<b>1,098,299,500</b>	<b>211,550,000</b>	<b>173,645,200</b>	<b>86,268,624</b>	<b>191,661,800</b>	<b>409,532,100</b>	<b>-</b>	<b>302,676,371</b>	<b>44,000,000</b>
<b>Average 13 Month Balance</b>	<b>84,484,577</b>	<b>16,273,077</b>	<b>13,357,323</b>	<b>6,636,048</b>	<b>14,743,215</b>	<b>31,502,469</b>	<b>-</b>		
<b>Average 13 Month in service</b>	<b>6.43</b>	<b>8.23</b>	<b>8.00</b>	<b>13.00</b>	<b>8.47</b>	<b>12.49</b>	<b>-</b>	<b>8.36</b>	<b>11.00</b>
<b>Average CWIP to Appendix A, line 45</b>								<b>23,282,798</b>	<b>3,384,615</b>

Estimated Transmission Enhancement Charges											
Total Projects	Branchburg (B0130)	Kittany (B0134)	Essex Aldene (B0145)	New Freedom Trans.(B0411)	New Freedom Loop (B0498)	Metuchen Transformer (B0161)	Branchburg-Flagtown-Sommerville (B0169)	Branchburg Flagtown - Bridgewater (B0170)	Roseland Transformer (B0274)	Susquehanna Roseland (B0489) >= 500KV CWIP	Susquehanna Roseland (B0489) < 500KV CWIP
54,662,463	4,450,447	1,909,445	18,990,123	4,892,616	7,118,051	3,718,406	3,052,154	1,495,901	3,368,831	4,947,559	719,226



**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 7 - Transmission Enhancement Charges Worksheet (TEC) - December 31, 2009**

New Plant Carrying Charge			
<b>Fixed Charge Rate (FCR) if not a CIAC</b>			
Formula Line			
A	152	Net Plant Carrying Charge without Depreciation	20.2707%
B	159	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	21.0540%
C		Line B less Line A	0.7833%
<b>FCR if a CIAC</b>			
D	153	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	8.4432%

The FCR resulting from Formula in a given year is used for that year only.  
Therefore actual revenues collected in a year do not change based on cost data for subsequent years

Details	Branchburg (B0130)			Kittany (B0134)			Essex Aldene (B0145)			New Freedom Trans.(B0411)			New Freedom Loop (B0498)			Metuchen Transformer (B0161)			Branchburg-Flagtown-Somerville (B0169)					
	Invest Yr	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue		
"Yes" if a project under PJM OATT Schedule 12, otherwise "No"		Yes	42.00		Yes	42.00		Yes	42.00		Yes	42.00		Yes	42.00		Yes	42.00		Yes	42.00		Yes	42.00
Useful life of the project		42.00			42.00			42.00		42.00		42.00		42.00		42.00		42.00		42.00		42.00		42.00
"Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, otherwise "No"		No			No			No		No		No		No		No		No		No		No		No
Input the allowed increase in ROE		0			0			0		0		0		0		0		0		0		0		0
From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13		0			0			0		0		0		0		0		0		0		0		0
Line 14 plus (line 5 times line 15)/100		20.2707%			20.2707%			20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%
Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year		20.2707%			20.2707%			20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%		20.2707%
Line 17 divided by line 12		20.560,000			8,740,000			86,922,294		22,150,000		32,793,700		25,700,000		21,705,650		21,705,650		21,705,650		21,705,650		21,705,650
Months in service for depreciation expense from Year placed in Service (0 if CWIP)		489,524			208,095			2,069,578		527,381		790,802		611,905		516,801		611,905		516,801		516,801		516,801
		13.00			13.00			13.00		13.00		12.49		8.23		8.00		8.23		8.00		8.00		8.00
		2006			2007			2007		2007		2008		2009		2009		2009		2009		2009		2009
W 11.68 % ROE	2006	20,560,000	40,794	376,617																				
W Increased ROE	2006	20,560,000	40,794	376,617																				
W 11.68 % ROE	2007	20,519,206	489,524	4,846,570	8,740,000	138,730	1,280,792	86,922,294	1,379,719	12,737,916	22,150,000	87,897	811,486											
W Increased ROE	2007	20,519,206	489,524	4,846,570	8,740,000	138,730	1,280,792	86,922,294	1,379,719	12,737,916	22,150,000	87,897	811,486											
W 11.68 % ROE	2008	20,029,683	489,524	4,742,624	8,601,270	208,095	2,034,488	85,542,575	2,069,578	20,233,679	22,062,103	527,381	5,212,045	19,400,000	91,270	842,626								
W Increased ROE	2008	20,029,683	489,524	4,742,624	8,601,270	208,095	2,034,488	85,542,575	2,069,578	20,233,679	22,062,103	527,381	5,212,045	19,400,000	91,270	842,626								
W 11.68 % ROE	2009	19,540,159	489,524	4,450,447	8,393,175	208,095	1,909,449	83,472,997	2,069,578	18,990,123	21,534,722	527,381	4,892,616	32,702,430	750,059	7,118,051	25,700,000	419,742	3,718,406	21,705,650	344,534	3,052,154		
W Increased ROE	2009	19,540,159	489,524	4,450,447	8,393,175	208,095	1,909,449	83,472,997	2,069,578	18,990,123	21,534,722	527,381	4,892,616	32,702,430	750,059	7,118,051	25,700,000	419,742	3,718,406	21,705,650	344,534	3,052,154		

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 7 - Transmission Enhancement Charges Worksheet (TEC) - December 31, 2009**

1	New Plant Carrying Charge			
2	<b>Fixed Charge Rate (FCR) if not a CIAC</b>			
	Formula Line			
3	A	152	Net Plant Carrying Charge without Depreciation	20.2707%
4	B	159	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	21.0540%
5	C		Line B less Line A	0.7833%
6	<b>FCR if a CIAC</b>			
7	D	153	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	8.4432%

**The FCR resulting from Formula in a giv**  
**Therefore actual revenues collected in a**

Details		Branchburg Flagtown - Bridgewater (B0170)	Roseland Transformer (B0274)	Susquehanna Roseland (B0489) >= 500KV CWIP	Susquehanna Roseland (B0489) < 500KV CWIP												
10	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Yes	Yes	Yes	Yes												
11	Schedule 12 Life	42.00	42.00	42.00	42.00												
12	Useful life of the project "Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, otherwise "No"	No	No	No	No												
13	Input the allowed increase in ROE	0	0	125	125												
14	From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13	20.2707%	20.2707%	20.2707%	20.2707%												
15	11.68% ROE																
16	Line 14 plus (line 5 times line 15)/100	20.2707%	20.2707%	21.2498%	21.2498%												
17	Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year	6,636,048	22,637,200	36,193,521	4,000,000												
18	Line 17 divided by line 12	158,001	538,961	861,750	95,238												
19	Months in service for depreciation expense from Year placed in Service (0 if CWIP)	13.00	8.47	8.36	11.00												
20		2008	2009	2012	2012												
21		Invest Yr	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Ending	Depreciation	Revenue	Total	Incentive Charged	Revenue Credit
22	W 11.68 % ROE	2006													\$ 376,617		\$ 376,617
23	W Increased ROE	2006													\$ 376,617	\$ 376,617	\$ 376,617
24	W 11.68 % ROE	2007													\$ 19,676,763	\$ 19,676,763	\$ 19,676,763
25	W Increased ROE	2007													\$ 19,676,763	\$ 19,676,763	\$ 19,676,763
26	W 11.68 % ROE	2008	6,276,048	37,357	344,893			9,540,621	-	939,738	-	-	-	-	\$ 34,350,093	\$ 34,350,093	\$ 34,350,093
27	W Increased ROE	2008	6,276,048	37,357	344,893			9,540,621	-	939,738	-	-	-	-	\$ 34,350,093	\$ 34,350,093	\$ 34,350,093
28	W 11.68 % ROE	2009	6,598,691	158,001	1,495,601	22,637,200	380,281	3,368,831	36,193,521	-	4,719,582	4,000,000	-	686,085	\$ 54,401,344	\$ 54,401,344	\$ 54,401,344
29	W Increased ROE	2009	6,598,691	158,001	1,495,601	22,637,200	380,281	3,368,831	36,193,521	-	4,947,559	4,000,000	-	719,226	\$ 54,662,463	\$ 54,662,463	\$ 54,662,463

**Public Service Electric and Gas Company**  
**ATTACHMENT H-10A**  
**Attachment 8 - Depreciation Rates**

<u>Plant Type</u>	<u>PSE&amp;G</u>
<b>Transmission</b>	2.40
<b>Distribution</b>	
High Voltage Distribution	2.49
Meters	2.49
Line Transformers	2.49
All Other Distribution	2.49
<b>General &amp; Common</b>	
Structures and Improvements	1.40
Office Furniture	5.00
Office Equipment	25.00
Computer Equipment	14.29
Personal Computers	33.33
Store Equipment	14.29
Tools, Shop, Garage and Other Tangible Equipment	14.29
Laboratory Equipment	20.00
Communications Equipment	10.00
Miscellaneous Equipment	14.29

<b>Public Service Electric and Gas Company</b>			
<b>Projected Costs of Plant in Forecasted Rate Base and In-Service Dates</b>			
<b>12 Months Ended December 31, 2009</b>			
<b>Required Transmission Enhancements</b>			
<b>Upgrade ID</b>	<b>RTEP Baseline Project Description</b>	<b>Estimated/Actual Project Cost (thru 2009) *</b>	<b>Anticipated / Actual In-Service Date *</b>
b0130	Replace all derated Branchburg 500/230 kv transformers	\$ 20,560,000	Jan-06
b0134	Reconductor Kittatinny - Newtown 230 kV with 1590 ACSS	\$ 8,740,000	Aug-07
b0145	Build new Essex - Aldene 230 kV cable connected through phase angle regulator at Essex	\$ 86,922,294	Aug-07
b0411	Install 4th 500/230 kV transformer at New Freedom	\$ 22,150,000	Feb-07
b0498	Loop the 5021 circuit into New Freedom 500 kV substation	\$ 32,793,700	Feb-09
b0489	Build new 500 kV transmission facilities from Pennsylvania - New Jersey border at Bushkill to Roseland ( <b>500kV and above</b> elements of the project)	\$ 36,193,521	Jun-12
b0489	Build new 500 kV transmission facilities from Pennsylvania - New Jersey border at Bushkill to Roseland ( <b>Below 500 kV</b> elements of the project)	\$ 4,000,000	Jun-12
b0161	Install 230-138kV transformer at Metuchen substation	\$ 25,700,000	May-09
b0169	Build a new 230 kV section from Branchburg - Flagtown and move the Flagtown - Somerville 230 kV circuit to the new section	\$ 21,705,650	May-09
b0170	Reconductor the Flagtown-Somerville-Bridgewater 230 kV circuit with 1590 ACSS	\$ 6,636,048	Nov-08
b0274	Replace both 230/138 kV transformers at Roseland	\$ 22,637,200	May-09
<b>* May vary from original PJM Data due to updated information.</b>			