



Chris Christie
Governor

Kim Guadagno
Lt. Governor

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

Kristi Izzo
Secretary of the Board
Tel. # (973) 648-3426

NOTICE¹

The New Jersey Board of Public Utilities ("Board") hereby gives notice of an open comment period on the proposed stipulation in the following matter:

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF AN INCREASE IN ELECTRIC AND GAS RATES AND FOR CHANGES IN THE TARIFFS FOR ELECTRIC AND GAS SERVICE, B.P.U.N.J. NO. 14 ELECTRIC AND B.P.U.N.J. NO. 14 GAS PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1 AND FOR APPROVAL OF A GAS WEATHER NORMALIZATION CLAUSE; A PENSION EXPENSE TRACKER AND FOR OTHER APPROPRIATE RELIEF)
(Supplemental Proceeding)

Docket No. GR09050422

The Board is soliciting input on the proposed stipulation, and invites comments from the public. A copy of the proposed stipulation is attached to this notice.

Comments should be emailed, in Microsoft Word Format, by no later than Wednesday, December 15, 2010 to: rule.comments@bpu.state.nj.us – please include the phrase "Supplemental Proceeding – Docket No. GR09050422" in the subject line. Comments can also be sent to my attention at: Board of Public Utilities, Two Gateway Center, Suite 801, Newark, NJ 07102, postmarked no later than December 13, 2010 – please indicate your correspondence is regarding "Supplemental Proceeding – Docket No. GR09050422".

A handwritten signature in cursive script that reads "Kristi Izzo".

Kristi Izzo
Secretary of the Board

Dated: December 9, 2010

¹ Not a Paid Legal Advertisement

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF AN)
INCREASE IN ELECTRIC AND GAS RATES))
AND FOR CHANGES IN THE TARIFFS FOR))
ELECTRIC AND GAS SERVICE, B.P.U.N.J.)
NO. 14 ELECTRIC AND B.P.U.N.J NO. 14)
GAS PURSUANT TO N.J.S.A. 48:2-21 AND)
N.J.S.A. 48:2-21.1 AND FOR APPROVAL)
OF A GAS WEATHER NORMALIZATION)
CLAUSE; A PENSION EXPENSE TRACKER)
AND FOR OTHER APPROPRIATE RELIEF)
(Supplemental Proceeding))

**STIPULATION
OF
SETTLEMENT**

BPU DKT. NO. GR09050422

APPEARANCES:

Tamara Linde, Esq., Vice President Regulatory, **Gregory Eisenstark, Esq.**, Associate General Regulatory Counsel, **Richard L. Roberts, Esq.**, Steptoe and Johnson, LLP, Counsel for the Petitioner, Public Service Electric and Gas Company

Stefanie A. Brand, Esq., Director and **Sarah H. Steindel**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel.

Caroline Vachier, Deputy Attorney General, and **Alex Moreau**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

Ira Megdal, Esq., and **Stacy Mitchell, Esq.** Cozen O'Connor, Counsel for the Electric Customer Group

Steven Goldenberg, Esq., Fox Rothschild, LLP and **Paul Forshay, Esq.**, Sutherland Asbill & Brennan LLP, Counsel for the New Jersey Large Energy Users Coalition

James Laskey, Esq., Norris, McLaughlin and Marcus, P.A., Counsel for the Independent Energy Producers of New Jersey

Catherine E. Tamasik, Esq., DeCotiis, Fitzpatrick & Cole, LLP, Counsel for
NAEA Ocean Peaking Power

**TO THE HONORABLE COMMISSIONERS OF THE BOARD OF
PUBLIC UTILITIES:**

BACKGROUND

On May 29, 2009, Public Service Electric and Gas Company (“PSE&G” or the “Company”) filed with the New Jersey Board of Public Utilities (“Board” or “BPU”) a Petition and supporting testimonies and exhibits requesting an increase in its electric distribution base rates of approximately \$133.72 million, over current electric distribution base rates; as well as an increase in its gas distribution base rates of approximately \$96.92 million, over current gas distribution base rates.

Motions for Intervention were filed by the New Jersey Large Energy Users Coalition (“NJLEUC,” whose members are Novartis Pharmaceuticals Corporation, Merck & Co., Inc., Anheuser-Busch, Inc., Princeton University, and BJ's Wholesale Club, Inc. (“NJLEUC Members”)) and the Electric Customer Group, namely Bayonne Plant Holding, LLC (“Bayonne”) , Camden Plant Holding, LLC (“Camden”) , Newark Bay Cogeneration Partnership, LP (“Newark Bay”) and Elmwood Park Power, LLC (“Elmwood Park”) (collectively referred to herein as “ECG” or “MEG”). In the ALJ’s Pre-Hearing Order, NJLEUC’s intervention was subject to the condition that NJLEUC submit a list identifying NJLEUC’s members who are current distribution customers of PSE&G who are actively

participating in this proceeding. On January 5, 2010, NJLEUC furnished its membership list in compliance with the ALJ's Intervention Order. On October 29, 2009, ALJ Braswell, receiving no opposition from any party, issued an order granting ECG's Motion to Intervene.

Direct and rebuttal testimony was filed by the Company, Rate Counsel, and ECG. Rate Counsel and ECG filed their Direct Testimonies and supporting schedules on November 19, 2009. NJLEUC did not file Direct Testimony. On December 30, 2009, the Company filed its Rebuttal testimonies and supporting schedules. Supplemental pension testimony was filed by Rate Counsel on January 25, 2010. On January 29, 2010, the Company filed its updated Direct Testimonies and supporting schedules based upon its 12 & 0 update for revenue requirements (12 & 0). On February 5, 2010, the Company filed its billing determinants based upon the 12 & 0 update. The Company's electric and gas Cost of Service Studies and Rate Design, based upon the 12 & 0 data was filed on February 12, 2010. The Company also filed revised Direct Testimony and supplemental Direct Testimony of certain witnesses on February 23, 2010 and March 1, 2010.

Evidentiary hearings were conducted on February, 1, 2, 18, 19, 24 and March 2 through March 4, 2010. Initial Briefs were filed on March 19, 2010 and Reply Briefs were filed on April 5, 2010.

Numerous settlement conferences among the parties were conducted. As a result of those settlement conferences, PSE&G, Board Staff, Rate Counsel and NJLEUC

executed a Stipulation of Settlement that was filed with the Board on May 27, 2010 (“May Stipulation”). The Board subsequently issued two Orders approving the May Stipulation: an Order dated June 7, 2010 approving the electric rates portion; and an Order dated July 9, 2010 approving the gas rates portion (“July Order”).

The July Order approved the gas base rates set forth in the May Stipulation, but directed that the rates for tariff schedule TSG-NF be implemented as interim and subject to refund. The July Order also indicated that the Board would initiate a generic, stakeholder proceeding in a new docket to examine certain gas-related issues (“Generic Proceeding”).

The July Order states:

. . . the Board agrees that a proceeding open to all interested stakeholders is appropriate for exploration of issues of statewide impact relating to the provision of discounted gas utility distribution rates and contracts based upon a customer’s ability to by-pass the utility’s gas distribution system and the applicability of the Societal Benefit Charge to such instances of bypass potential that may inform rulemaking. The Board believes that this proceeding should include, among other issues, a review of “evergreen” provisions, as well as discounted gas utility distribution rates and contracts, and the applicability of SBC, RGGI, and CAC charges prospectively to customers with an ability to by-pass the utility’s gas distribution system. Accordingly, the Board **HEREBY OPENS** a stakeholder proceeding and **DIRECTS** Board Staff to open a new docket and notify all affected parties and to post notice of this proceeding on the Board’s website. In addition, pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Fiordaliso as the presiding officer who is authorized to rule on all motions that arise during the pendency of this generic proceeding, as well as establish and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

[July Order at p. 23].

The July Order also initiated a supplemental proceeding in this docket to examine certain issues raised by ECG and NJLEUC (“Supplemental Proceeding”). As to this Supplemental Proceeding, the July Order states:

The Board **CONCURS** with Rate Counsel that the issues raised by NJLEUC and MEG regarding PSEG Power require further information in order to be adequately addressed by this Board. Accordingly, the Board **HEREBY ORDERS** that the record in this matter be supplemented to address the following issues:

- a. Whether the continued receipt of interruptible gas transportation service pursuant to a non-tariff rate schedule by PSEG Power beyond July 31, 2002 was justified and in the public interest;
- b. Whether the SBC and RGGI charges should apply to PSEG Power, retroactively and prospectively;
- c. Whether the rate applicable to PSEG Power is discriminatory to MEG and other electric generation customers; and
- d. Whether the TSG-NF rate service should be applicable to PSEG Power, MEG and other electric generation customers.

Pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Asselta as the presiding officer who is authorized to rule on all motions that arise during the pendency of the proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

[July Order at pp. 22-23].

The four issues set forth in the July Order are referred to hereinafter as the “Supplemental Issues.”

The parties participated in two prehearing conferences and thereafter concurred on a proposed procedural matter for the Supplemental Proceeding. PSE&G and ECG also entered into a stipulation on July 29, 2010 regarding the interim gas distribution rates for Elmwood Park and Bayonne (“July 29 Stipulation”).

Commissioner Asselta thereafter issued two orders dated August 3, 2010. One was a prehearing order, which established a procedural schedule and set a deadline for the filing of motions to intervene. The second order approved the July 29 Stipulation.

The following entities filed motions to intervene: Independent Energy Producers of New Jersey (“IEPNJ”), Sempra Energy Trading, LLC (“SET”), Monitoring Analytics, LLC, and NAEA Ocean Peaking Power, LLC (“OPP”). On August 23, 2010, PSE&G filed replies opposing the intervention of OPP and SET. By Order dated September 15, 2010, Commissioner Asselta ruled on the motions, granting IEPNJ intervenor status; granting SET and Monitoring Analytics, LLC participant status; and denying OPP’s motion.

On August 13, 2010, PSE&G filed the supplemental direct testimony of David Wohlfarth, Frederick Lark, Anthony Fuhrman, and Dr. John Morris. ECG filed the supplemental direct testimony of Dennis Clarke.

On August 18, 2010, PSE&G filed a motion to have the rates, terms and conditions regarding gas transportation at the Camden and Newark Bay plants deemed public. By Order dated August 30, 2010, Commissioner Asselta granted this motion.

PSE&G and ECG thereafter engaged in written discovery. On September 7, 2010 ECG filed a motion seeking to serve subpoenas on PSEG Power, LLC. On September 14, 2010 PSE&G filed a reply opposing this motion. By Order dated September 15, 2010, Commissioner Asselta denied the motion.

On September 21, 2010, OPP filed a motion for reconsideration of Commissioner Asselta's September 15, 2010 Order. On September 28, 2010 PSE&G filed a reply opposing the motion for reconsideration. In an Order dated October 18, 2010, Commissioner Asselta granted OPP intervenor status.

On September 24, 2010, PSE&G filed the rebuttal testimony of Dr. John Morris. ECG filed the rebuttal testimony of John Reed. After receiving an extension of time, IEPNJ filed the rebuttal testimony of Robert Chilton on October 1, 2010. PSE&G and ECG served and responded to written discovery on the rebuttal testimony.

The parties have engaged in settlement negotiations and, as a result of such discussions, the undersigned parties ("Undersigned Parties") **HEREBY AGREE AND STIPULATE AS FOLLOWS:**

1. There will be no retroactive adjustments to rates and no refunds with respect to the rates charged by PSE&G for any gas transportation service that is within the scope of the Supplemental Issues.

2. Effective the first day of the month immediately following the Effective Date as defined herein below, the total rate for the transportation of natural gas on the

PSE&G system to Bayonne and Elmwood Park will be established at 42.5 cents per dekatherm (4.25 cents per therm) and all other provisions of Rate Schedule TSG-NF, with the exception of those regarding natural gas delivery service rates and the SBC, RGGI and CAC charges, shall be applicable to Bayonne and at Elmwood Park.

3. The contract rates currently charged to Camden and to Newark Bay will remain in effect in accordance with the contract terms; provided, however, that upon expiration of the initial terms of such contracts, the rates to be paid by Camden and Newark Bay shall become a total rate of 42.5 cents per dekatherm (4.25 cents per therm), and all other provisions of Rate Schedule TSG-NF, with the exception of those regarding natural gas delivery service rates, and the SBC, RGGI and CAC charges, shall be applicable to Camden and Newark Bay. The foregoing provisions are without prejudice to the right of any party to argue any position, and the Board's authority to make a determination, on whether the contracts applicable to Camden and Newark Bay may be extended beyond their initial terms in accordance with "evergreen" provisions contained in those contracts.

4. The rate provisions applicable to Bayonne and Elmwood Park, and the rate provisions applicable to Camden and Newark Bay after the expiration of the initial terms of the Camden and Newark Bay contracts, as set forth in Paragraphs 2, and 3 above, shall remain in effect until three years from the Effective Date, at which time such rate provisions, in the absence of any further Board Order, shall terminate.

5. To the extent Bayonne, Elmwood Park, Camden and Newark Bay provide to PSE&G appropriate documentation to demonstrate that they are exempt from New Jersey sales and use taxes, PSE&G shall not charge such entities for New Jersey sales and use taxes. Board Staff takes no position on whether these entities are legally exempt from said taxes, however.

6. Camden and Newark Bay shall have the option, to be effective the first day of the month immediately following the Effective Date, and continuing thereafter, to terminate their existing gas transportation agreements with PSE&G.

7. PSE&G will continue to charge PSEG Power a total rate of 42.5 cents per Dth (4.25 cents per therm) for gas transportation service to each of its generation facilities taking such service.¹ This rate will not be altered by PSE&G for any reason, until after completion of the anticipated BPU Generic Proceeding to establish rules governing discounting of agreements, and a subsequent filing implementing such rule to the transportation rates charged to PSEG Power's electric generation facilities; provided, however, that if the Generic Proceeding is not completed twenty-four months following the Effective Date, PSE&G may, thereafter, file with the BPU to seek a change in rates charged to PSEG Power.

¹ The rate of 42.5 cents per Dth for PSEG Power was established in I/M/O Public Service Electric and Gas Company's 2006/2007 Annual BGSS Commodity Charge Filing for Its Residential Gas Customers Under Its Periodic Pricing Mechanism and for Changes in the Gas Tariff Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:21.1, BPU Docket No. GR06050409, OAL Docket No. PUC 11528-2006N, Order dated July 12, 2007, and said rate was not to be revised for at least three years.

8. Nothing in this Stipulation of Settlement shall affect the right of PSEG Power or ECG to bypass PSE&G's natural gas distribution system.

9. Each of the NJLEUC Members shall receive from PSE&G a credit equal to 30 cents per dekatherm (3 cents per therm) towards the payment of its charges for gas distribution service provided by PSE&G; provided, however, that the total amount of the credit to all NJLEUC Members, in aggregate, shall not exceed \$765,000. This credit shall commence on the first day of the month immediately following the Effective Date, and shall terminate on the sooner of (i) the date on which the total amount of the credit to all NJLEUC Members, in aggregate, reaches \$765,000, or (ii) one year after the date on which the credit commenced. The amount of the credits provided by PSE&G to the NJLEUC Members as set forth in this Paragraph 9 shall be funded from MEG's payments at the 42.5 cent per dekatherm rates set forth in Paragraphs 2-4 above.

10. The TSG-NF tariff rate approved by the BPU on a provisional basis in its July 9, 2010 order shall be deemed final, with no refunds or credits due. The TSG-NF rate currently applicable to Bayonne and Elmwood Park as a result of the stay entered in conjunction with the July 29 Stipulation shall remain in effect until the Effective Date, after which it shall be deemed final, with no refunds or credits due.

11. PSE&G will provide on a confidential basis each year to Monitoring Analytics, LLC, or a successor entity responsible for monitoring the PJM market, the rates PSE&G charges for gas transportation for all generating plants that sell wholesale

power into PJM to which PSE&G provides gas transportation service. Such information will be masked to protect customer confidentiality unless the customer consents to release of their name or the BPU otherwise finds that the information is not confidential.

12. This Stipulation of Settlement includes for approval an Option Agreement (in the form attached hereto) for ECG to purchase the lateral gas line that delivers gas to Camden at fair market value, utilizing an appraiser to be mutually agreed upon by appraisers for ECG and PSE&G, and subject to the following: (1) BPU determination that the purchase price reflects fair market value and approval of the sale and purchase in a written order that is acceptable to ECG and PSE&G; (2) an indemnity clause obligating ECG acceptable to ECG and PSE&G; (3) that the purchased pipe is to be owned and operated from the moment of exercise of the option by an interstate pipeline subject to all requirements regarding safety and integrity of such pipes; and (4) that the purchase price is to be reduced, but not to an amount less one dollar (\$1.00), by the amount of the capital contribution towards the lateral already made by Camden.

13. The Parties recognize that discounted gas distribution rates to gas-fired electric generators may, under certain circumstances, affect wholesale power prices and, therefore, affect retail electric rates for New Jersey ratepayers. As noticed by the BPU on October 25, 2010, Docket Nos. GR10100761 & ER10100762, the “Generic Proceeding” will address the question of whether discounted utility gas distribution rates or other discounted charges should be available for customers who can show a

demonstrated ability to by-pass the utility's gas distribution system. The Parties recommend that the Generic Proceeding include consideration of whether discounted utility gas distribution rates or charges should be available for customers who can demonstrate that such discounted rates or charges will result in a benefit to New Jersey electric ratepayers. By recommending that this issue be considered by the Board in the Generic Proceeding, no Party commits to any particular position on this issue for purposes of that proceeding.

14. Except as specifically provided herein, this Stipulation does not affect any existing agreement between PSE&G and any electric generation customer of PSE&G.

15. The Parties agree that the issue of whether the SBC, the RGGI, and/or the CAC should be applicable to wholesale electric generators taking gas delivery service from a local distribution company should be resolved as part of the Generic Proceeding, and recommend that such issue be resolved promptly in order to facilitate the negotiation of expiring and future contracts.

16. The Undersigned Parties recognize that the Supplemental Issues include issues of policy that are expected to be addressed, on a prospective basis, in the Generic Proceeding. The Undersigned Parties have reached this Stipulation in recognition of the need to address issues relating to rates previously in effect and the rates to be in effect unless and until they are changed as a result of the pending Generic Proceeding and related proceedings before the Board. The parties agree that this Stipulation of Settlement

provides a reasonable resolution of the issues remaining to be determined in this docket, in light of the pendency of the Generic Proceeding. By entering into this Stipulation of Settlement no Undersigned Party admits that any rate charged, and which is in issue in the supplemental proceeding, was unjust, unreasonable, discriminatory, or preferential. PSE&G and ECG have agreed to release one another as to all claims which ECG or MEG raised or could have raised in the FERC Docket No. EL10-79 or BPU Docket No. GR09050422. Except as specifically provided in this Stipulation of Settlement, nothing herein shall affect the rights of any Party to advance any argument in the Generic Proceeding regarding the determination of gas transportation rates to be charged prospectively to any generation facility, or any other issue within the scope of the Generic Proceeding.

17. Neither this Stipulation of Settlement, nor any act performed or document executed pursuant to or in furtherance of this Stipulation of Settlement: (i) is or may be used as an admission of, or evidence of, the validity of any claim of wrongdoing; (ii) is or may be used as an admission of, or evidence of, any wrongful act or omission of any of the Undersigned Parties in any civil, criminal, regulatory, or administrative proceeding in any court, administrative agency, regulatory authority, or other tribunal.

18. This Stipulation of Settlement shall be a public document filed with the BPU for approval. The Stipulation of Settlement shall not become effective unless it is approved by the BPU in its entirety without any change or condition deemed

unacceptable to any Undersigned Party (“Effective Date”). If the BPU does not issue an order approving the Stipulation of Settlement on or before January 1, 2011, PSE&G and ECG reserve the right to withdraw from the Stipulation of Settlement and shall retain all rights of litigating parties.

19. The Undersigned Parties recommend that this Stipulation of Settlement be considered by the Board at a regularly scheduled Agenda Meeting. The Undersigned Parties further agree that the new gas distribution rates resulting from this Stipulation of Settlement should be effective upon the date specified in Paragraph 2 hereof.

20. The Undersigned Parties hereby agree that this Stipulation of Settlement has been made exclusively for the purpose of this proceeding and that this Stipulation of Settlement, in total or by specific item, is in no way binding upon them in any other proceeding, except as specifically provided herein, or to enforce the terms of the Stipulation of Settlement.

21. The Undersigned Parties agree that this Stipulation of Settlement contains 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 of Settlement is not accepted and approved in its entirety by the Board, or modified by the Board, each Undersigned Party that is adversely affected by the modification can either accept the modification or declare this Stipulation of Settlement to

be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

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

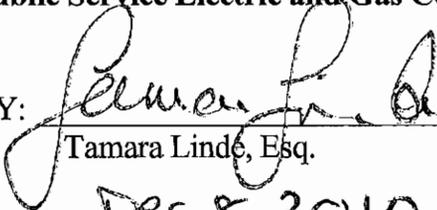
23. It is specifically understood and agreed that this Stipulation of Settlement represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Undersigned Parties shall not be deemed to have approved, agreed to, or consented to any rate or term of service for gas-transportation service or any other Board-regulated utility service provided by PSE&G to any customer or class of customers, principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item, or ratemaking principle or methodology connected to any contested issue in the Generic Proceeding, a currently pending Board proceeding, or future Board proceeding. The Undersigned Parties further agree that this Stipulation of Settlement is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation of Settlement.

24. **WHEREFORE**, the Undersigned Parties respectfully submit this Stipulation of Settlement to the Board of Public Utilities and request that the Board issue an Order approving this Stipulation of Settlement in its entirety in accordance with the terms contained herein.

Public Service Electric and Gas Company

New Jersey Division of Rate Counsel

BY:



Tamara Lindé, Esq.

BY:

Stefanie A. Brand, Director

Dated:

Dec 8, 2010

Dated:

24. **WHEREFORE**, the Undersigned Parties respectfully submit this Stipulation of Settlement to the Board of Public Utilities and request that the Board issue an Order approving this Stipulation of Settlement in its entirety in accordance with the terms contained herein.

Public Service Electric and Gas Company

New Jersey Division of Rate Counsel

BY: _____
Tamara Linde, Esq.

BY: Stefanie A. Brand
Stefanie A. Brand, Director

Dated: _____

Dated: 12/8/10

PAULA T. DOW, ATTORNEY GENERAL **New Jersey Large Energy Users Coalition**
OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: 
Alex Moreau, DAG

BY: _____
Paul Forshay, Esq.

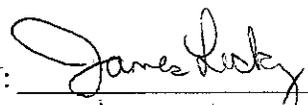
Dated: 12/08/10

Dated: _____

Electric Customer Group, including
Bayonne Plant Holding, LLC,
Camden Plant Holding, LLC,
Newark Bay Cogeneration Partnership, LP
and Elmwood Park Power, LLC

Independent Energy Producers of
New Jersey

BY: _____

BY: 
James Lasky, Esq.

Dated: _____

Dated: 12/08/10

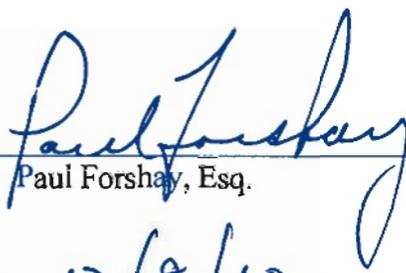
NAEA Ocean Peaking Power, LLC

BY: _____
Catherine E. Tamasik, Esq.

Dated: _____

PAULA T. DOW, ATTORNEY GENERAL **New Jersey Large Energy Users Coalition**
OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: _____
 Alex Moreau, DAG

BY: 
 Paul Forshay, Esq.

Dated: _____

Dated: 12/8/10

Electric Customer Group, including
Bayonne Plant Holding, LLC,
Camden Plant Holding, LLC,
Newark Bay Cogeneration Partnership, LP
and Elmwood Park Power, LLC

Independent Energy Producers of
New Jersey

BY: _____

BY: _____

Dated: _____

Dated: _____

NAEA Ocean Peaking Power, LLC

BY: _____
 Catherine E. Tamasik, Esq.

Dated: _____

PAULA T. DOW, ATTORNEY GENERAL **New Jersey Large Energy Users Coalition**
OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: _____
 Alex Moreau, DAG

BY: _____
 Paul Forshay, Esq.

Dated: _____

Dated: _____

Electric Customer Group, including
Bayonne Plant Holding, LLC,
Camden Plant Holding, LLC,
Newark Bay Cogeneration Partnership, LP
and Elmwood Park Power, LLC

Independent Energy Producers of
New Jersey

BY:  _____
 Stacey Mitchell, Esq.

BY: _____

Dated: 12.8.2010

Dated: _____

NAEA Ocean Peaking Power, LLC

BY: _____
 Catherine E. Tamasik, Esq.

Dated: _____

PAULA T. DOW, ATTORNEY GENERAL **New Jersey Large Energy Users Coalition**
OF NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

BY: _____
 Alex Moreau, DAG

BY: _____
 Paul Forshay, Esq.

Dated: _____

Dated: _____

Electric Customer Group, including
Bayonne Plant Holding, LLC,
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Newark Bay Cogeneration Partnership, LP
and Elmwood Park Power, LLC

Independent Energy Producers of
New Jersey

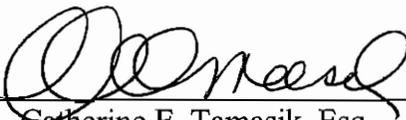
BY: _____

BY: _____

Dated: _____

Dated: _____

NAEA Ocean Peaking Power, LLC

BY:  _____
 Catherine E. Tamasik, Esq.

Dated: 12/8/10

ATTACHMENT

Camden Gas Lateral Option Agreement

GAS LATERAL OPTION AGREEMENT

THIS GAS LATERAL OPTION AGREEMENT (this "Agreement") is entered into this _____ day of _____, 2010 ("Effective Date"), by and among Public Service Electric and Gas Company ("PSE&G"), having an office at 80 Park Plaza, Newark, NJ 07102 and Camden Plant Holding, LLC ("Camden"), a _____ limited liability company having an office at 36 Corbett Way, Eatontown, NJ 07724.

RECITALS

1. PSE&G is the owner of a 16-inch gas pipeline approximately 9,000 linear feet long, including all necessary fittings and appurtenances, that provides gas service to the Property. The pipeline, regulator station and appurtenances are as shown on Public Service Electric and Gas Company as-built drawings No. CTR-5493 dated August 24, 1992, true and complete copies of which have been delivered to Camden (such pipeline, together with the aforesaid fittings, appurtenances, regulator station and all easements, licenses and other agreements, including, without limitation, the Occupancy Agreements (as hereinafter defined) necessary for the full use and enjoyment thereof, collectively referred to hereafter as the "Lateral").

2. The Lateral crosses the property of third parties identified on Exhibit B, pursuant to the licenses, permits and/or easements more specifically identified on Exhibit B (such licenses, permits and/or easements, collectively, the "Occupancy Agreements").

3. Camden receives gas service through the Lateral at 570 Chelton Avenue, Camden, New Jersey designated as Lot 1, Block 506 on the Official Tax Map of the City of Camden (the "Property").

4. PSE&G wishes to grant to Camden an option to purchase the Lateral in accordance with the following terms and conditions.

FOR A GOOD AND VALUABLE CONSIDERATION AND INTENDING TO BE LEGALLY BOUND, THE PARTIES HERETO AGREE AS FOLLOWS:

1. THE LATERAL

The Lateral is identified in paragraph 1 of the Recitals hereto.

2. THE OPTION

2.1. Grant. PSE&G grants to Camden or its nominee reasonably satisfactory to PSE&G (it being understood that an entity wholly-owned by Camden shall be reasonably satisfactory to PSE&G) an exclusive and irrevocable option to purchase the Lateral (the "Option") upon and subject to the following terms and conditions.

2.2. Option Price. PSE&G has been paid the sum of one and 00/100 dollars (\$1) for the grant of this Option ("Option Price"), receipt of which is hereby

- 2.3. Exercise of Option. Camden shall provide PSE&G with written notice exercising the Option (the "Option Notice"). The Option Notice must be received by PSE&G on or before the three (3) year anniversary of the Effective Date or the Option shall be void and of no further force and effect.

3. PURCHASE PRICE

The purchase price will be Fair Market Value ("FMV") offset by the amount Camden paid to PSE&G as a contribution in aid of construction when PSE&G installed the Lateral (the "Purchase Price"). The FMV will be determined by each of Camden and PSE&G designating an appraiser that will choose a third party independent designated appraiser. Camden shall designate its appraiser in the Option Notice and PSE&G shall designate its appraiser not more than twenty (20) days following receipt of the Option Notice. Each appraiser shall have reasonable experience in the appraisal and valuation of property substantially similar to the Lateral. The Lateral shall be valued as of the date of the option exercise. Each party shall pay one-half (1/2) the reasonable cost of the appraisal with reasonable promptness following receipt of the appraisal. The appraiser selected shall be directed to render his opinion of value within sixty (60) days of appointment. Camden and PSE&G shall each cooperate with the selected appraiser in a commercially reasonable manner and supply such information as each may possess in order to allow the appraiser to render such opinion.

4. BPU REVIEW

A condition precedent to the rights and obligations of the parties to this Agreement is an Order of the New Jersey Board of Public Utilities ("BPU") approving this Agreement and the Purchase Price. Once the appraisal referenced in Paragraph 3 is completed, without public notice, it will be submitted to the BPU and PSE&G shall diligently proceed to obtain the BPU approval at PSE&G's sole cost and expense. On issuance of an order by the BPU so authorizing, the sale may be consummated. The date on which the BPU shall give its unconditional approval of this Agreement and the Purchase Price shall be the "Approval Date".

5. TRANSFER OF TITLE TO LATERAL

Prior to, and as a condition to, acquiring title to the Lateral, Camden shall enter into an agreement with an interstate natural gas pipeline company (the "Pipeline") subject to regulation by the Federal Energy Regulatory Commission ("FERC"). That agreement shall provide that simultaneously with Camden's acquisition of title to the Lateral, title to the Lateral shall be transferred to the Pipeline. The Pipeline will agree to own and operate the Lateral, subject to all legal requirements relative to safety and integrity of the Lateral. Prior to closing, the Pipeline shall also enter into an agreement with PSE&G, reasonably satisfactory to PSE&G, that shall provide that the Pipeline will accept ownership of the Lateral subject to the terms and conditions of this Agreement and shall be bound by the terms hereof applicable to ownership and operation of the Lateral and

shall specifically provide that the Pipeline will agree directly with PSE&G to indemnify and hold PSE&G harmless with respect to the Lateral in the same manner that is contemplated with respect to Camden hereunder. The Pipeline shall not, however, be responsible for the payment obligations or representations and warranties of Camden hereunder.

6. CONSUMMATION

- 6.1. Transfer Documents. At Closing, PSE&G shall grant and convey to Camden good and marketable title to the Lateral by delivering a bill of sale in form and substance acceptable to Camden. If requested by Camden and/or any title insurance company that may be providing title insurance to Camden with regard to the Occupancy Agreements, PSE&G will also deliver a deed or deeds, or assignment or assignments, in form and substance acceptable to Camden and in proper form for recording, conveying all or any part of the interests constituting the Lateral that may properly be conveyed by deed or assignment.
- 6.2. Assumption Agreements. As a condition precedent to Closing, PSE&G, Camden and, to the extent necessary, each owner of property subject to the Occupancy Agreements listed on Exhibit B, shall execute and exchange, an Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit C or as required by the property owners. To the extent deemed necessary or desirable by Camden in order to facilitate the ultimate transfer of the Lateral to the Pipeline, the Pipeline shall be a party to any or all of such Assignment and Assumption Agreements or may enter into the same instead of Camden. Camden shall be solely responsible for any costs or consideration required to obtain the approval of the Assignment and Assumption Agreement from the real property owners on Exhibit B or any occupancy fees associated therewith that may be payable with respect to periods subsequent to the Closing.
- 6.3. Risk of Loss. Notwithstanding any laws or doctrines to the contrary, all risk of loss shall remain with PSE&G until Closing. In the event the Lateral is destroyed or damaged in any material respect prior to Closing by causes other than the acts or omissions of Camden, its agents or anyone acting at the direction of or on behalf of Camden, Camden shall have the right, at its option, to terminate this Agreement by written notice to PSE&G, and thereafter the parties shall have no further liability to each other under the terms of this Agreement. PSE&G shall however continue to maintain, repair, insure and operate the Lateral during the term of this Option Agreement in the same manner as during the immediately preceding period of time.
- 6.4. Condemnation. In the event of the taking of all or any part of the Lateral by eminent domain proceedings, or the commencement of such proceedings prior to Closing, Camden shall have the right, at its option, to terminate this Agreement by written notice to PSE&G within sixty (60) days from Camden first having notice of such proceedings, in which case the parties shall have no further liability to each other under the terms of this Agreement. If Camden does not so

- 6.5. Contingency. Prior to or at Closing of the purchase/sale of the Lateral, PSE&G shall obtain, at its sole cost and expense, any necessary release(s) of lien of mortgage(s), which shall be in proper form for recording.
- 6.6. Closing. Closing of the purchase/sale of the Lateral ("Closing") shall take place at the offices of PSE&G or at such other location as the parties hereto shall mutually agree, on a date and at a time on which the parties shall mutually agree, but in no event shall the date of Closing be later than ninety (90) days following the Approval Date (as defined in Section 4) unless extended by mutual agreement of the parties.
- 6.7. Fees. Camden shall be responsible for any and all recording fees, title search costs and/or insurance premiums, transfer taxes, if any, and reasonable incidental expenses incurred in the transfer of title to the Lateral; however, each party shall be obligated to pay for their own attorneys' fees. Amounts payable as occupancy or other similar periodic payments under the Occupancy Agreements shall be adjusted as of the date of Closing.

7. REPRESENTATIONS AND WARRANTIES.

The Parties hereby make the following representations and warranties:

- 7.1. PSE&G represents that at Closing, it will own and have the power and, all authorization to sell, transfer and convey all right, title and interest in and to the Lateral.
- 7.2. PSE&G represents that at Closing the Occupancy Agreements listed in Exhibit B will be in full force and effect.
- 7.3. The person signing this Agreement on behalf of each respective party has full authority to bind such party to all of the terms and conditions of this Agreement.
- 7.4. At Closing, no one other than PSE&G and Camden will be in possession of any portion of the Lateral.
- 7.5. PSE&G does not know of any suit, action, arbitration, or legal, administrative or other proceeding pending or threatened against the Lateral or any portion thereof or pending or threatened against PSE&G which could affect PSE&G's title to the Lateral or any portion thereof, or the ability of PSE&G to validly transfer its interest therein, except for as set forth in the Occupancy Agreements.

- 7.6. PSE&G has no knowledge of:
- (A) Any existing, pending or contemplated special assessment or lien upon the Lateral or any portion thereof;
 - (B) Any uncured notices which have been served upon PSE&G by any governmental agency notifying PSE&G of any violations of law, ordinance, rule or regulation which would affect the Lateral or any portion thereof; or
 - (C) Any actual or impending mechanic's lien(s) against the Lateral or any portion thereof.
- 7.7. Other than the Occupancy Agreements, PSE&G has no knowledge of any lease, license, option, right of first refusal or other agreement which affects the Lateral or any portion thereof. PSE&G has provided Camden with copies of all contracts, permits and other agreements within PSE&G's possession affecting the Lateral and is aware of no other contracts, permits or other agreements affecting the Lateral.
- 7.8. To the best of PSE&G's knowledge neither the grant nor the exercise of the Option will constitute a breach or default under any agreement to which PSE&G is bound and/or to which the Lateral is subject except for the Occupancy Agreements.
- 7.9. PSE&G hereby represents and warrants to Camden that PSE&G has no actual knowledge of any non-compliance with Environmental Law (as defined in Section 8.2) by PSE&G in connection with the ownership or operation of the Lateral.
- 7.10. Neither party has dealt with any broker or finder in connection with this Agreement or the transactions contemplated hereby. Each party agrees to indemnify and hold harmless the other party from and against the claims of any broker or finder other than a broker or finder with whom the indemnified party has dealt.

Should either party become aware that any of the above representations or warranties cease to be true at any time prior to Closing, such party shall immediately so advise the other party in writing. Each of the above representations and warranties shall be deemed to have been repeated as of Closing and shall survive Closing. If either party shall suffer any loss or liability or incur any cost as a result of a representation or warranty made by the other party not being true, the other party shall indemnify the party suffering such loss or liability against such loss, liability and costs, including legal expenses and court costs, which indemnification obligation shall survive Closing.

8. AS-IS

- 8.1. EXCEPT AS REPRESENTED IN ARTICLE 7 HEREOF, THE LATERAL IS BEING TRANSFERRED TO CAMDEN IN AN "AS IS" AND "WHERE IS"

8.2. As used in this Agreement:

- (A) “Environmental Condition” means any condition involving Regulated Substances with respect to surface or subsurface soil, ambient air, surface waters, groundwaters, leachate, run-off, stream or other sediments or similar environmental medium, which condition has caused, or may cause, injury or damage or requires investigation or remedial or corrective action or compliance with permit requirements, standards, rules, regulations, ordinances or other Environmental Law, as required, interpreted or applied by governmental entities.
- (B) “Environmental Law” means any laws, ordinances, statutes, codes, rules, regulations, orders, directives, guidance, permits or licenses addressing environmental, health or safety issues or requirements of or by federal, state, local or other political subdivision exercising jurisdiction over the Facilities or real property interests or surrounding areas, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq. (“CERCLA”); the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq. (“RCRA”); the Hazardous Material Transportation Act, 49 U.S.C. 1801 et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., (“TSCA”); the Clean Air Act, 42 U.S.C. 7401 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. 300f et seq.; the Occupational Safety and Health Act, 29 U.S.C. 651 et seq. (“OSHA”); the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.; the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. (“ISRA”); the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq.; the Air Pollution Control Act, N.J.S.A. 26:2C-19.1 et seq.; the New Jersey Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq.; the Brownfield and Contaminated Site Remediation Act, N.J.S.A. 58:10B-1 et seq.; and the Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et

seq., all as presently in effect and as the same may hereafter be amended from time to time and any regulation pursuant thereto as well as any obligations, duties or requirements arising under common law.

- (C) “Regulated Substance” means any hazardous substance, toxic substance, dangerous substance, pesticide, pollutant, contaminant, chemical, gasoline, petroleum or petroleum products, asbestos, PCBs, radioactive material (including by-product, source, and/or special nuclear material), radon, urea-formaldehyde, flammable material, explosive, solid waste, municipal waste, industrial waste and hazardous waste or words of similar import that are defined as such or are subject to regulation under any applicable Environmental Law.

9. PSE&G'S COVENANTS.

PSE&G hereby covenants that, from and after the date hereof until Closing, PSE&G shall:

- 9.1. not make or suffer to be made and shall use best efforts to cause any current owner of the Lateral not to make or suffer to be made any leases, contracts, options or agreements whatsoever affecting the Lateral unless made expressly subject to the terms of this Agreement, nor shall PSE&G cause or permit and shall use best efforts to cause any current owner of the Lateral not to cause or permit any lien, encumbrance, mortgage, deed of trust, right, restriction or easement to be placed upon or created with respect to the Lateral, except pursuant to this Agreement;
- 9.2. not cause or permit and shall use best efforts to cause any current owner of the Lateral not to cause or permit any default beyond the applicable cure period under any mortgage or deed of trust covering the Lateral, or the late payment of any real estate taxes affecting the Lateral, or cause or permit and shall use best efforts to cause any current owner of the Lateral not to cause or permit the foreclosure of any other lien affecting the Lateral.

10. INDEMNIFICATION

- 10.1. Camden and its successors or assigns, agree to assume all risks of and liability for and to indemnify, protect and hold harmless and hereby releases PSE&G, its successors and assigns and each of its officers, agent, servants, employees, contractors and subcontractors from and against any and all liability, losses, injuries, deaths, claims, demands, actions, suits, judgments, damages, including damage or injury to real or personal property, including threatened or actual environmental harm, costs, expenses (including reasonable attorneys' fees), civil penalties, and fines which, in any way, arise out of, or are based on, related to, or connected with the ownership, operation or maintenance of the Lateral or the real property interests associated therewith and that arise by reason of events occurring on or after the date of Closing. Camden hereby releases, indemnifies, and holds harmless PSE&G from any and all liability and potential liability under the

10.2. PSE&G and its successors or assigns, agree to assume all risks of and liability for and to indemnify, protect and hold harmless and hereby releases Camden, its successors and assigns and each of its officers, agent, servants, employees, contractors and subcontractors from and against any and all liability, losses, injuries, deaths, claims, demands, actions, suits, judgments, damages, including damage or injury to real or personal property, (including reasonable attorneys' fees), civil penalties, and fines which, in any way, arise out of, or are based on, related to, or connected with the ownership, operation or maintenance of the Lateral or the real property interests associated therewith and that arise by reason of events occurring prior to the date of Closing. This indemnification excludes any and all liability and potential liability, losses, injuries, deaths, claims, demands, actions, suits, judgments, damages, including damage or injury to real or personal property, caused by any threatened or actual environmental harm, or deriving from any violation or alleged violation of Environmental Laws as defined in Article 8. As a part of fulfilling its obligation hereunder, PSE&G hereby agrees that its obligations to defend and indemnify Camden shall apply to, but not be limited to, actions and other claims brought by PSE&G's own employees, agents, contractors, or subcontractors. This provision shall survive Closing.

11. RIGHT TO INSPECT PROPERTY AND AUTHORIZATIONS; CLOSING CONDITIONS.

11.1. Camden and the Pipeline may, upon the consent of the owners of the real property affected by the Occupancy Agreements, if necessary, for a period of sixty (60) days from the effective date of the option enter upon the area adjacent to the Lateral one or more times prior to Closing for the purpose of making, at its sole cost and expense, such reasonable inspections, surveys and investigations as Camden or the Pipeline deems appropriate, including, without limitation, appraisals, title inspections, surveys, Phase I environmental site assessment if any related to the Lateral. Camden and the Pipeline shall, upon completion of such inspections, surveys or investigations, and at its sole cost and expense, restore the area to its condition as existed prior to any such inspections, surveys and inspections and shall reimburse and indemnify PSE&G for, from and against any and all loses, damages, injuries or expenses caused or resulting from such inspections, surveys or investigations. PSE&G shall cooperate with Camden and/or the Pipeline in order to obtain any necessary consents of the owners of the real property affected by the Occupancy Agreements.

- 11.2. Should Camden reasonably determine, based on any of its inspections, surveys or investigations of the Lateral, that the environmental or other conditions on or affecting the Lateral, including any conditions of or exceptions to title, are unacceptable to Camden, Camden shall so notify PSE&G within sixty (60) days of such inspections, surveys or investigations in accordance with the notice provisions of this Agreement, and PSE&G shall have the right, but not the obligation to remove prior to Closing the unacceptable conditions that are the subject of Camden's notice. In the event PSE&G is unwilling or unable to remove any such unacceptable conditions prior to Closing, Camden shall have the right at its option to terminate this Agreement by written notice to PSE&G, and thereafter the parties shall have no further liability to each other under the terms of this Agreement.
- 11.3. At Closing, all representations and warranties made by PSE&G herein shall be true and correct in all material respects and PSE&G shall deliver to Camden and to any title insurance company engaged by Camden evidence that PSE&G has received all necessary authorization to sell, transfer and convey all right, title and interest in and to the Lateral including, without limitation, such consents as may be necessary under the Occupancy Agreements.
- 11.4. Notwithstanding any provision of this Agreement to the contrary, prior to closing Camden shall not seek or apply for any permit, approval, or authorization relating to the Lateral without first obtaining PSE&G's written consent which consent shall be provided at the sole option and in the sole discretion of PSE&G.

12. DEFAULTS.

Should PSE&G or Camden violate or fail to fulfill and perform any of the other terms and conditions of this Agreement required to be performed; each party shall have all remedies available to it at law or in equity, including without limitation the right to compel specific performance of PSE&G's or Camden's obligations hereunder.

13. GENERAL PROVISIONS

- 13.1. Assurances. Each party to this Agreement shall execute all such certificates and other documents and shall do all such filing, recording, publishing, and other acts as the party deem appropriate to comply with the requirements this Agreement.
- 13.2. Notifications. Any notice, demand, consent, election, offer, approval, request, or other communication (collectively, a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by overnight express mail, or by certified or registered mail, postage prepaid, return receipt requested. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those

- 13.3. Complete Agreement. This Agreement constitutes the final, complete and exclusive statement of the agreement among the parties regarding the subject matter hereof. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. No party hereto has relied upon any oral or written representation in entering into this Agreement except for as may be specifically set forth herein. The express terms of this Agreement control and supersede any course of performance or usage of trade inconsistent with any of the terms hereof.
- 13.4. Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of New Jersey.
- 13.5. Section Titles. The headings herein are inserted as a matter of convenience only, and do not define or limit the scope of this Agreement or the intent of the provisions hereof.
- 13.6. Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.
- 13.7. Dispute Resolution All disputes arising from or related to this Agreement or the subject matter thereof or to any ancillary agreements executed coincident herewith (whether such dispute sounds in tort [including fraud] or contract) shall be resolved by binding Arbitration. Each party acknowledges that this waiver is knowingly, intentionally, and voluntarily made, and that each party has had an opportunity to consult with independent counsel of the party's choosing concerning this waiver prior to electing to waive the right to jury trial. *In any* dispute arising between the parties, the prevailing party shall be entitled, in addition to such other relief as may be granted, to a reasonable sum for attorneys' fees and litigation costs (including expert costs).
- 13.8. Terms. Common nouns and pronouns shall be deemed to refer to the to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.
- 13.9. Counterparts. This Agreement may be executed simultaneously in two or more counterparts each of which shall be deemed an original, and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. This Agreement shall not become effective until it has been executed by a duly authorized representative of each party.
- 13.10. Assignment. No party shall have the right to assign this Agreement without the express written consent of the other parties.

13.11. Amendments. This Agreement may not be modified other than by a writing signed by the party against whom enforcement of the modification is sought.

IN WITNESS WHEREOF, the parties have caused this Gas Lateral Option Agreement to be executed, as of the date set forth below.

Dated: _____ PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By: _____

Dated: _____ CAMDEN PLANT HOLDING, LLC.

By: _____

EXHIBIT A

Intentionally Deleted

EXHIBIT B

Occupancy Agreements

1. Easement from Camden CoGen LLP to PSE&G dated April 1, 1993
2. Occupancy Permit issued by NJ Transit dated December 1992.
3. An Easement Agreement between Conrail and PSE&G dated December 3, 1992 for the installation of a portion of the pipeline.
4. Second Easement Agreement between Conrail and PSE&G dated December 3, 1992 for the installation of a portion of the pipeline.
5. License Agreement for Bridge Attachment between Conrail and PSE&G dated November 1, 1993.
6. Revocable Riparian License from the State of New Jersey to PSE&G dated March 19, 1993 which grants PSE&G to right to install the pipeline within the limits of the Newton Creek.

EXHIBIT C
Assignment and Assumption Form

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made as of this ____ day of _____, 2010, by and between **PUBLIC SERVICE ELECTRIC AND GAS COMPANY** (“PSE&G”), having its principal offices at 80 Park Plaza, Newark, New Jersey 07102 (“Assignor”) and **CAMDEN PLANT HOLDING, LLC**, a ____ limited liability company residing or doing business at 36 Corbett Way, Eatontown, NJ 07724 (“Assignee”).

WHEREAS, the Assignor entered into a certain Easement dated _____ by Assignor, and _____ for the property known and designated as _____ on the Official Tax Map of the Township of _____ (the “Property Interest”); and

WHEREAS, Assignor desires to assign the Property Interest and all obligations thereunder to Assignee and Assignee agrees to accept all the rights and obligations of Assignee under the under the terms and conditions of this Agreement; and

WHEREAS, _____ consents to the assignment pursuant to the terms of this Agreement; and

NOW, THEREFORE, the Parties, in consideration of the premises and covenants contained herein and other good and valuable consideration, the legal sufficiency of which is hereby acknowledged by the Parties, and intending to be legally bound, do hereby agree as follows:

1. Effective as of the Closing Date, Assignor hereby assigns, transfers and conveys to the Assignee all of the Assignor’s right, title and interest in and to the Property Interest.
2. Effective as of the Closing Date, Assignee hereby accepts assignment of Assignor’s right, title and interest in the Property Interest and hereby assumes and promises to honor and perform without exception or reservation, all of the responsibilities, liabilities and obligations of Assignor under the Property Interest accruing after the effective date, including without limitation, any guarantee of same.
3. _____, as owner of the property on which the Property Interest is located, hereby consents to the Assignment to Assignee.

4. This Assignment shall be governed by, and construed in accordance with the laws of the State of New Jersey, and any claims arising out of this Agreement shall be litigated in New Jersey.
5. The provisions of this Assignment shall be binding upon the successors and assigns of the parties hereto.
6. This Assignment shall not be modified or amended except by a written agreement signed by the party to be charged therewith.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be made as of the date first above written.

ATTEST:

**PUBLIC SERVICE ELECTRIC AND GAS
COMPANY**

Name:
Title:

By: _____
Name:
Title:

ATTEST:

CAMDEN PLANT HOLDING, LLC

Name:
Title:

By: _____
Name:
Title:

Add property owner signatures and acknowledgements, to extent necessary