



STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF AN) PREHEARING ORDER
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) DOCKET NO. GR09050422
GAS PURSUANT TO N.J.S.A. 48:2-21 AND) OAL DKT NO. PUCRL-07599-
N.J.S.A. 48:2-21.1 AND FOR APPROVAL OF A) 2009N
GAS WEATHER NORMALIZATION CLAUSE;)
A PENSION EXPENSE TRACKER AND FOR)
OTHER APPROPRIATE RELIEF)

APPEARANCES:

Gregory Eisenstark, Esq. and Tamara L. Linde, Esq. (PSEG Services Corporation), and Richard L. Roberts, Esq. (Steptoe & Johnson, LLP), on behalf of Public Service Electric and Gas Company

Ami Morita, Esq., Felicia Thomas-Friel, Esq., Diane Schulze, Esq., Sarah H. Steindel, Esq., Judith Appel, Esq., and James Glassen, Esq., on behalf of the Division of Rate Counsel (Stefanie A. Brand, Esq., Director)

Caroline Vachier, Alex Moreau, and Jessica L. Campbell, Deputy Attorneys General, on behalf of Staff of the New Jersey Board of Public Utilities (Paula T. Dow, Attorney General of New Jersey)

Ira G. Megdal, Esq., and Stacy A. Mitchell, Esq. on behalf of the Electric Customers Group (Cozen O'Connor)

Steven Goldenberg, Esq. (Fox Rothschild, LLP), and Paul Forshay, Esq. (Sutherland, Asbill, and Brennan LLP), on behalf of the New Jersey Large Energy Users Coalition

BY COMMISSIONER NICHOLAS ASSELTA:

By Order dated July 9, 2010, the New Jersey Board of Public Utilities ("Board") adopted with certain modifications an initial decision of Administrative Law Judge Walter M. Braswell that had approved a stipulation of settlement signed by PSE&G, Board Staff, the Division of Rate Counsel, and the New Jersey Large Energy Users Coalition ("NJLEUC"), meaning all of the parties except the Electric Customers Group ("ECG"). In that Order, the Board found that additional information was needed on issues raised by ECG and NJLEUC, and ordered that the matter be retained and the record reopened in this docket 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.

The Board also determined that the matter should be retained by the Board for review and hearing, and, as authorized by N.J.S.A. 48:2-32, designated me as the presiding commissioner who is authorized to rule on all motions that arise during the proceeding and modify any schedule that may be set as necessary to secure just and expeditious determination of the issues, subject to ratification by the full Board at some time prior to the conclusion of this matter.

After notice to the above, a prehearing conference was held on July 14, 2010 at 10 a.m. which was attended by representatives of PSE&G, ECG, NJLEUC, Rate Counsel and Board Staff. At the prehearing conference, the issues outlined in N.J.A.C. 1:1-13.2 were discussed, and all of the parties except ECG agreed to a proposed schedule, subject to my availability and approval. Subsequent to the prehearing conference, PSE&G and ECG entered into a stipulation which, if approved, will make the schedule on consent of all of the current parties.

After due consideration of the positions stated at the prehearing conference, and in recognition of the needs of the case and the Board, I HEREBY FIND the following:

1. NATURE OF THE PROCEEDING AND THE ISSUES TO BE RESOLVED

The issues to be considered in this contested case were stated in the Board's July 9, 2010 Order as follows:

- 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.

2. PARTIES

As listed above, the parties in this case remain those parties who have litigated this matter. In addition, other customers of PSE&G who may be directly affected by this proceeding, and who are not already represented by the current parties, may seek to intervene or participate by filing a motion by **August 13, 2010**.

No change in designated trial counsel shall be made without leave of the presiding commissioner if such change will interfere with the hearing dates.

3. NOTICES and SERVICE

PSE&G will supply a list of additional electric generation customers in its service area to the extent that they can be easily identified, so that this prehearing order can be provided to them by the company.

Additionally, I HEREBY DIRECT that this prehearing order be posted on the Board's website as soon as possible.

To expedite transmittal and reduce costs, all documents may be circulated by electronic mail to the parties on the e-service list with hard copies on request. Documents that must be filed with the Board must be provided in hard copy.

4. SCHEDULE

I HEREBY ADOPT the following schedule which, with approval of the stipulation, is agreed to by all parties:

Additional direct testimony filed by any parties
wishing to do so

August 13, 2010

Rebuttal testimony filed by any parties wishing to
do so

September 24, 2010

Discovery: on a rolling basis, subject to the following:

On the direct testimony:	requests by 9/3/10
	responses by 9/17/10

On the rebuttal testimony:	requests by 10/1/10
	responses by 10/15/10

Evidentiary Hearings:	October 25—27, 2010
Oral surrebuttal testimony permitted	
Time and location to be determined.	

Initial briefs	November 12, 2010
Reply briefs	November 24, 2010

5. STIPULATIONS

PSE&G and ECG have entered into a stipulation dated July 29, 2010, staying the application of the provisional increase in the TSG-NF rate, and maintaining the rates charged for gas transportation service at the two ECG facilities located in Bayonne and Elmwood Park at the rates in effect prior to the July 9, 2010 Order (service charge of \$471.88 and a distribution charge of 6.8968 cents per therm, both inclusive of sales and use tax) on a provisional basis and subject to refund or surcharge with interest at PSE&G's short term borrowing rate, pending a decision that makes the gas transportation rates for these two plants final. ECG has agreed to withdraw its petition for a partial stay dated June 24, 2010, and has also agreed to the procedural schedule as described above. A copy of the stipulation is attached.

No other parties have objected to that stipulation.

I HEREBY APPROVE the stipulation in its entirety finding it reasonable.

Additional stipulations among the parties are encouraged.

6. SETTLEMENT

Settlement conferences among the parties are encouraged.

7. ORDER OF PROOFS

PSE&G has the burden to show that rates at issue in this contested case do not violate N.J.S.A. 48:3-1 and 48:3-4.

8. EXHIBITS

Exhibits from the underlying rate case may be moved into this contested case after notice to the parties and an opportunity for response.

Parties are encouraged to agree on the exhibits to be included in the record of this proceeding to the fullest extent possible.

No exhibit will be marked for identification or introduced into evidence at the hearing unless copies are provided to the undersigned and to each party, unless otherwise agreed.

9. ESTIMATED NUMBER OF WITNESSES

To be determined after filing of testimony and rebuttal testimony.

10. MOTIONS

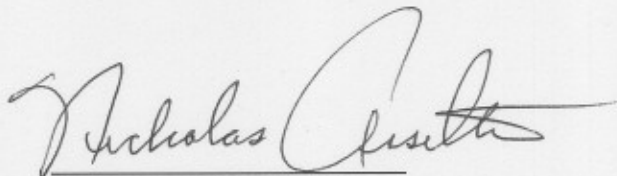
None pending at this time. Motions for intervention and participation will be addressed in accordance with N.J.A.C. 1:1-16.

I HEREBY ISSUE this prehearing Order.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: August 3, 2010

BY:


NICHOLAS ASSELTA
COMMISSIONER

Gregory Eisenstark
Associate General Regulatory Counsel

Law Department
80 Park Plaza, T5G, Newark, NJ 07102-4194
tel: 973.430.6281 fax: 973.430.5983
email: gregory.eisenstark@pseg.com



July 30, 2010

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

BPU Docket No. GR09050422
OAL Docket No. PUCRL 07559-2009N

VIA ELECTRONIC MAIL & REGULAR MAIL

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Dear Secretary Izzo:

Enclosed for filing please find an original and ten copies of a Stipulation in the above-referenced matter.

Thank you for consideration of this matter.

Respectfully submitted,

A handwritten signature in blue ink that reads "Gregory Eisenstark". The signature is fluid and cursive.

Gregory Eisenstark

Encl.

cc: Honorable Nicholas Asselta, Commissioner
Attached Service List (E-Mail only except as indicated)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
RATE CASE 2009
BPU DOCKET NO. GR09050422
OAL DOCKET NO. PUCRL 07559-2009N

BPU

Alice Bator, Bureau Chief
 Board of Public Utilities
 Competitive Services
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-2448
 FAX: (973) 648-7420
 alice.bator@bpu.state.nj.us

Mark Beyer*, Chief Economist
 Board of Public Utilities
 Office of the Economist
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-3414
 FAX: (973) 648-4410
 mark.beyer@bpu.state.nj.us

Althea Curry
 Board of Public Utilities
 Division of Energy
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-4046
 FAX: (973) 648-7420
 althea.curry@bpu.state.nj.us

Rene Demuynck*
 Board of Public Utilities
 44 South Clinton Ave. 7th Flr.
 P.O. Box 350
 Trenton, NJ 08625
 PHONE: (973) 648-4968
 FAX: (973) 648-7420
 rene.demuynck@bpu.state.nj.us

Jimarli Figueiredo
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07101
 PHONE: () - -
 FAX: () - -
 jimarli.figueiredo@bpu.state.nj.us

Julie Ford, Supervisor
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07101
 PHONE: (973) 693-5033
 FAX: (973) 648-2836
 julie.ford@bpu.state.nj.us

Jacqueline Galka, Bureau Chief
 Board of Public Utilities
 Rates and Revenues
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-2244
 FAX: (973) 648-7420
 jackie.galka@bpu.state.nj.us

Eric Hartsfield, Director
 Board of Public Utilities
 Division of Customer Assistance
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-2014
 FAX: (973) 468-8514
 eric.hartsfield@bpu.state.nj.us

Sheila Iannaccone*, Bureau Chief
 Board of Public Utilities
 Division of Energy
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-3705
 FAX: (973) 648-2467
 sheila.iannaccone@bpu.state.nj.us

Kristi Izzo, Secretary
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-3426
 FAX: (973) 638-2409
 kristi.izzo@bpu.state.nj.us

Mike Kammer
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07101
 PHONE: (973) 648-2023
 FAX: (973) 877-1167
 mike.kammer@bpu.state.nj.us

Son Lin Lai
 Board of Public Utilities
 Office of the Economist
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-3454
 FAX: (973) 648-4410
 son-lin.lai@bpu.state.nj.us

Richard Lambert
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07102
 PHONE: () - -
 FAX: () - -
 richard.lambert@bpu.state.nj.us

Eleana Lihan
 Board of Public Utilities
 Division of Energy
 44 So. Clinton Avenue, 7th Flr.
 P.O. Box 350
 Trenton, NJ 08625
 PHONE: (609) 777-3253
 FAX: (607) 777-3336
 eleana.lihan@bpu.state.nj.us

Jerome May, Director
 Board of Public Utilities
 Division of Energy
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-4950
 FAX: (973) 648-2467
 Jerome.may@bpu.state.nj.us

Jackie O'Grady
 Board of Public Utilities
 Office of the Economist
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-3451
 FAX: (973) 648-3451
 jackie.ogrady@bpu.state.nj.us

Suzanne Patnaude
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07101
 PHONE: (973) 648-3858
 FAX: (973) 648-2209
 suzanne.patnaude@bpu.state.nj.us

Stacy Peterson*
 Board of Public Utilities
 Division of Energy
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-2143
 FAX: (973) 648-2467
 Stacy.Peterson@bpu.state.nj.us

Henry Rich
 Board of Public Utilities
 Division of Energy (Rates)
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-4960
 FAX: (973) 648-7420
 henry.rich@bpu.state.nj.us

Scott Sumliner
 Board of Public Utilities
 Division of Energy
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-2603
 FAX: (973) 648-7420
 scott.sumliner@bpu.state.nj.us

Beverly Tyndell
 Board of Public Utilities
 Division of Energy
 Two Gateway Center
 Newark, NJ 07102
 PHONE: (973) 648-6963
 FAX: (973) 648-7420
 beverly.tyndell@bpu.state.nj.us

DAG

Jessica L. Campbell
 NJ Dept. of Law & Public Safety
 Division of Law
 124 Halsey Street, 5th Flr.
 PO Box 45029
 Newark, NJ 07101
 PHONE: (973) 648-4726
 FAX: (973) 648-3555
 Jessica.Campbell@dol.lps.state.nj.us

Jenique Jones*
 NJ Dept. of Law & Public Safety
 Division of Law
 124 Halsey Street, 5th Flr.
 PO Box 45029
 Newark, NJ 07101
 PHONE: (973) 648-7159
 FAX: (973) 648-3555
 jenique.jones@dol.lps.state.nj.us

Alex Moreau*, Deputy Attorney
 Dept. of Law & Public Safety
 Division of Law
 124 Halsey Street, 5th Fl.
 P. O. Box 45029
 Newark, NJ 07101
 PHONE: (973) 648-4866
 FAX: (973) 648-7156
 Alex.Moreau@dol.lps.state.nj.us

Babette Tenzer, DAG
 Division of Law
 Dept. of Law & Public Safety
 124 Halsey Street
 P.O. Box 45029
 Newark, NJ 07102
 PHONE: (973) 648-7811
 FAX: (973) 648-7156
 babette/temzer@dol.lps.state.nj.us

ADVOCATE

Judith Appel, Esq.
 Division of Rate Counsel
 31 Clinton St., 11th Floor
 P. O. Box 46005
 Newark, NJ 07101
 PHONE: (973) 648-2690
 FAX: (973) 624-1047
 jappel@rpa.state.nj.us

Stefanie A. Brand*(4), Director
 The Division of Rate Counsel
 31 Clinton Street, 11th Floor
 P.O. Box 46005
 Newark, NJ 07101
 PHONE: (973) 648-2690
 FAX: (973) 624-1047
 sbrand@rpa.state.nj.us

Paul Flanagan, Deputy Director
 Division of the Rate Counsel
 31 Clinton Street, 11th Floor
 P.O. Box 46005
 Newark, NJ 07101
 PHONE: (973) 648-2690
 FAX: (973) 642-1047
 pflanagan@rpa.state.nj.us

James Glassen
 Division of Rate Counsel
 31 Clinton Street, 11th Floor
 P.O. Box 46005
 Newark, NJ 07101
 PHONE: () - -
 FAX: () - -
 jglassen@rpa.state.nj.us

RATE CASE 2009

BPU DOCKET NO. GR09050422

OAL DOCKET NO. PUCRL 07559-2009N

Lisa Gukas
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
lgukas@rpa.state.nj.us

Kurt Lewandowski, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
klewando@rpa.state.nj.us

Ami Morita, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
amorita@rpa.state.nj.us

Maria Novas-Ruiz
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: () - -
FAX: () - -
mnovas-ruiz@rpa.state.nj.us

Henry Ogden
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
hogden@rpa.state.nj.us

Diane Schulze, Esq.
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: () - -
FAX: () - -
dschulze@rpa.state.nj.us

Sarah Steindel, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
ssteinde@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Managing Attorney - Gas
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
PHONE: (973) 648-2690
FAX: (973) 624-1047
fthomas@rpa.state.nj.us

ADVOCATE CONSULTANTS

Chuck Becker
McFadden Consulting Group, Inc.
636 South Monroe Way
Denver, CO 80209-3521
PHONE: () - -
FAX: () - -
chbecker@mcfaddenconsulting.com

Bruce Biewald*
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139
PHONE: () - -
FAX: () - -
bbiewald@synapse-energy.com

Dian Callaghan*
McFadden Consulting Group, Inc.
7843 E. 6th Place
Denver, CO 80230
PHONE: () - -
FAX: () - -
dpcallaghan@mcfaddenconsulting.com

Andrea Crane*
The Columbia Group, Inc.
PO Box 810
Georgetown, CT 06829
PHONE: (203) 438-8886
FAX: (203) 544-9940
ctcolumbia@aol.com

Robert Henkes*
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870
PHONE: (203) 698-1989
FAX: (203) 637-9712
rhenkes@optonline.net

Matthew I. Kahal*
Exter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044
PHONE: (410) 992-7500
FAX: (410) 992-3445
mkahal@exterassociates.com

Brian Kalcic*
Excell Consulting
225 S. Meramee Avenue
Suite 720T
St. Louis, MO 63105
PHONE: (314) 725-2511
FAX: (314) 725-2022
excel.consulting@sbcglobal.net

Richard W. Lelash*
Financial & Regulatory Consultant
18 Seventy Acre Road
W. Redding, CT 06896
PHONE: (203) 438-4659
FAX: (203) 431-9625
lelash@snet.net

Michael Majoros*
Snively King Majoros O'Connor & Bedell
111 14th Street NW, Suite 300
Washington, DC 20005
PHONE: (202) 371-9153
FAX: (202) 842-4966
mmajoros@snively-king.com

Michael J. McFadden*, President
McFadden Consulting Group, Inc.
636 South Monroe Way
Denver, CO 80209-3521
PHONE: (303) 733-0999
FAX: (303) 733-0909
mmcfadden@mcfaddenconsulting.com

Peter Middents
McFadden Consulting Group, Inc.
636 South Monroe Way
Denver, CO 80209-3521
PHONE: () - -
FAX: () - -
aemiddents@mcfaddenconsulting.com

David Nichols*
787 Willett Avenue
Riverside, RI 02915
PHONE: () - -
FAX: () - -
davidnichols@verizon.net

Donna Novak*
NovaRest Actuarial Consulting
156 W. Calle Guuja, Suite 201
Sahuarita, AZ 85629
PHONE: () - -
FAX: () - -
donna.novak@novarest.com

John Peters
McFadden Consulting Group, Inc.
636 South Monroe Way
Denver, CO 80209-3521
PHONE: () - -
FAX: () - -
jnpeters@mcfaddenconsulting.com

David E. Peterson*
Chesapeake Regulatory Consulting
10351 Southern Maryland Blvd.
Suite 202
Dunkirk, MD 20754-9500
PHONE: (410) 286-0503
FAX: (410) 286-0504
davep@chesapeake.net

Charles Salamone*
Cape Power Systems Consulting,
23 Westerly Drive
Bourne, MA 02532
PHONE: () - -
FAX: () - -
csalamone@capepowersystems.c

Mitchell I. Serota*, F.S.A.
Mitchell I. Serota & Assocs., Inc.
5215 Old Orchard Road, Suite 75
Skokie, IL 60077
PHONE: () - -
FAX: () - -
actuary@miserota.com

ELECTRIC COGENERATION

David F. Hughes
Morris Energy Group, LLC
36 Corbett Way
Eatonville, NJ 07724-2263
PHONE: () - -
FAX: () - -
dhughes@morrisenergy.com

Ira G. Megdal, Esq.
Cozen O'Connor
457 Haddonfield Rd.
Suite 300
Cherry Hill, NJ 08002
PHONE: (856) 910-5019
FAX: (856) 910-5075
IMEGDAL@COZEN.COM

NJLEUC

Paul F. Forshay, Esq.
Sutherland, Asbill & Brennan, L.L.
1275 Pennsylvania Avenue, NW
Washington, DC 20004
PHONE: (202) 383-0100
FAX: (202) 637-3593
paul.forshay@sutherland.com

Steven S. Goldenberg, Esq.
Fox Rothschild LLP
997 Lenox Drive
Building 3
Lawrenceville, NJ 08648-2311
PHONE: (609) 896-3600
FAX: (609) 896-1469
sgoldenberg@foxrothschild.com

PSE&G

Andrew Dembia
Public Service Electric & Gas Co
80 Park Plaza, T08C
Newark, NJ 07101
PHONE: (973) 430-6145
FAX: (973) 648-0838
andrew.dembia@pseg.com

Gregory Eisenstark
Public Service Electric & Gas Co
80 Park Plaza, T05
P.O. Box 570
Newark, NJ 07101
PHONE: (973) 430-6281
FAX: (973) 430-5983
gregory.eisenstark@pseg.com

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
RATE CASE 2009
BPU DOCKET NO. GR09050422
OAL DOCKET NO. PUCRL 07559-2009N

Connie E. Lembo
Public Service Electric & Gas Co
80 Park Plaza, T08C
Newark, NJ 07101
PHONE: (973) 430-6273
FAX: (973) 648-0838
constance.lembo@pseg.com

Tamara L. Linde
Public Service Electric & Gas Company
80 Park Plaza, T05
Newark, NJ 07101
PHONE: (973) 430-8058
FAX: (973) 430-5983
Tamara.linde@pseg.com

Richard L. Roberts
Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, DC 20036
PHONE: (202) 429-6756
FAX: (202) 429-3902
RRoberts@Steptoe.com

Frances I. Sundheim, Esq.
Public Service Electric & Gas Co.
80 Park Plaza, T08C
Newark, NJ 07101
PHONE: (973) 430-6928
FAX: (973) 648-0838
frances.sundheim@pseg.com

**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**

BPU DOCKET NO.: GR09050422

**OAL DOCKET NO.: PUCRL
07559-2009N**

STIPULATION

Background

WHEREAS, the Board of Public Utilities (“BPU” or “Board”) issued an oral decision on issues related to the gas portion of the above-captioned matter at its agenda meeting on June 18, 2010; and

WHEREAS, on June 24, 2010, prior to the issuance of the July 9, 2010 Order referred to herein, intervenor the Electric Customer Group (“ECG”) filed a petition for a partial stay of the BPU’s decision and for an accelerated procedural schedule; and

WHEREAS, on June 28, 2010, the New Jersey Large Energy Users Coalition (“NJLEUC”) filed an answer taking no position on ECG’s request for a stay and supporting ECG’s request for an accelerated procedural schedule; and

WHEREAS, on June 29, 2010 Public Service Electric and Gas Company (“PSE&G”) filed a reply brief and affidavit opposing ECG’s petition and request for a partial stay; and

WHEREAS, on July 9, 2010, the BPU issued its written order approving, *inter alia*, a Stipulation among certain of the parties and approving increased gas rates for service as of July 9, 2010. The July 9, 2010 order approved new rates for customers taking service under PSE&G's tariff schedule TSG-NF on a provisional basis subject to refund. In addition, the July 9, 2010 order also provided that there will be a supplemental proceeding ("Supplemental Proceeding") in this docket to address the following issues:

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;

and

WHEREAS, on July 13, 2010, ECG filed a reply brief in response to PSE&G's June 29, 2010 brief and affidavit; and

WHEREAS, two electric generation facilities owned by ECG's members, namely the Bayonne and Elmwood Park plants, take gas service under PSE&G's TSG-NF tariff; and

WHEREAS, the parties participated in a prehearing conference on July 14, 2010 to discuss procedural issues related to the Supplemental Proceeding; and

WHEREAS, the undersigned parties held further discussions concerning procedural issues related to the Supplemental Proceeding.

NOW, THEREFORE, the undersigned parties **AGREE AND STIPULATE AS FOLLOWS:**

1. ECG agrees to withdraw its Petition dated June 24, 2010.
2. Effective July 9, 2010, PSE&G does not object to maintaining the rates charged for gas transportation service at the two ECG facilities located in Bayonne and Elmwood Park at the TSG-NF rates that were in effect prior to the July 9, 2010 provisional increase, namely a service charge of \$471.88 per month (including sale and use tax), and a distribution charge of 6.8968 cents per therm (including sales and use tax), subject to BPU approval of this Stipulation without modification. The undersigned parties agree that the stipulated rates of \$471.88 per month and 6.8968 cents per therm will be provisional and subject to refund or surcharge with interest until a further order of the BPU that makes the gas transportation rates at the Bayonne and Elmwood Park plants final (i.e., no longer provisional). Simple interest on any such refund or surcharge will be calculated at PSE&G's short term borrowing rate, which is defined as PSE&G's interest rate obtained on its commercial paper and/or bank credit lines utilized in the preceding month. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. In the event that neither commercial paper nor bank credit lines were utilized in the preceding month, the last calculated rate will be used.
3. All other terms of rate schedule TSG-NF will continue to apply to the Bayonne and Elmwood Park plants.
4. ECG agrees to not object to the procedural schedule that is attached hereto as Exhibit A.

5. The undersigned parties hereby agree that this Stipulation has been made exclusively for the purpose of this proceeding and that this Stipulation, in total or by specific item, shall not be admissible in any other proceeding and is in no way binding upon the parties in any other proceeding, except to enforce the terms of the Stipulation.

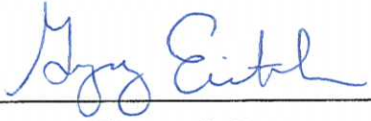
6. The undersigned parties agree that this Stipulation contains a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, or modified by the Board, each party that is adversely affected by the modification can either accept the modification or declare this Stipulation to be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

7. It is the intent of the undersigned parties that the provisions hereof be approved by the Board as being in the public interest. Unless it is approved by the Board, it shall not be binding upon the parties. The undersigned parties further agree that upon Board approval they consider the Stipulation to be binding on them for all purposes herein.

8. It is specifically understood and agreed that this Stipulation 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 principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The undersigned parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

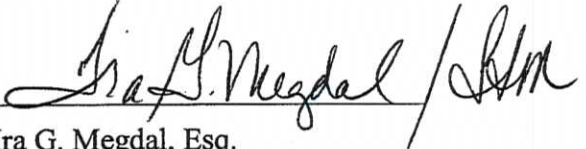
9. **WHEREFORE**, the undersigned parties respectfully submit this Stipulation to the Presiding Commissioner and Board of Public Utilities and request the BPU approve this Stipulation in its entirety.

Public Service Electric and Gas Company

BY: 
Gregory Eisenstark, Esq.

Dated: 7-29-2010

Electric Customer Group

BY: 
Ira G. Megdal, Esq.

Dated: 7.29.10

Schedule

BPU Issues Written Order	July 9, 2010
Prehearing Conference	July 14, 2010
Additional direct testimony filed - all parties that wish to do so	Aug. 13, 2010
Discovery: rolling; last requests on direct testimony 9/3/10 and last responses due 9/17/10; last requests on rebuttal testimony due 10/1/10 and last responses due 10/15/10	
Rebuttal testimony filed - all parties that wish to do so.	Sept. 24, 2010
Evidentiary hearings	Oct. 25 - 27, 2010
Oral surrebuttal testimony presented during evidentiary hearings	
Initial post-hearing briefs	Nov. 12, 2010
Reply briefs	Nov. 24, 2010