



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

ENERGY

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| IN THE MATTER OF A PROCEEDING FOR
INFRASTRUCTURE INVESTMENT AND A
COST RECOVERY MECHANISM FOR ALL
GAS & ELECTRIC UTILITIES |)
)
)
) | ORDER DESIGNATING
COMMISSIONER

DOCKET NO. EO09010049 |
| IN THE MATTER OF INFRASTRUCTURE
INVESTMENT AND A COST RECOVERY
MECHANISM FOR PUBLIC SERVICE ELECTRIC
AND GAS COMPANY |)
)
)
) | DOCKET NO. EO09010050 |
| IN THE MATTER OF INFRASTRUCTURE
INVESTMENT AND A COST RECOVERY
MECHANISM FOR SOUTH JERSEY GAS COMPANY |)
)
) | DOCKET NO. GO09010051 |
| IN THE MATTER OF INFRASTRUCTURE
INVESTMENT AND A COST RECOVERY
MECHANISM FOR NEW JERSEY NATURAL
GAS COMPANY |)
)
)
) | DOCKET NO. GO09010052 |
| IN THE MATTER OF INFRASTRUCTURE
INVESTMENT AND A COST RECOVERY
MECHANISM FOR PIVOTAL UTILITY HOLDINGS, INC.
D/B/A ELIZABETHTOWN GAS COMPANY |)
)
)
) | DOCKET NO. GO09010053 |

(SERVICE LIST ATTACHED)

BY THE BOARD:

In response to Governor Corzine's call for New Jersey's gas and electric utilities to assist in promoting a broad economic recovery in the State by increasing planned investments in necessary and beneficial utility infrastructure, the Board has encouraged the State's utilities to formulate plans for enhanced investments in infrastructure. The filings described below represent the response from the gas and electric utilities thus far.

Public Service Electric and Gas Company

On January 21, 2009, Public Service Electric and Gas Company ("PSE&G" or the "Company") submitted a petition for approval to implement and administer a Capital Infrastructure Investment Program ("Infrastructure Program") and for approval of an associated cost recovery mechanism. According to the petition, the Infrastructure Program would accelerate electric and gas distribution system capital infrastructure investments that would help to improve the State's economy by stimulating the local economy and creating new employment opportunities while enhancing the provision of safe and reliable electric and gas service. PSE&G estimates total project expenditures over a two-year period to be \$698 million (\$ 406 million electric and \$292 million gas) including \$62 million in investments for energy efficiency-related projects. The Company estimates that the incremental projects will directly result in 985 additional jobs during the two-year construction period.

The Company proposes recovering the costs associated with the program through a Capital Adjustment Charge ("CAC"). As envisioned by the petition, the CAC will be set annually until rolled into the Company's base rates through a rate case to be initiated within 24 months of the date of the Board's Order approving this petition. The revenue requirement will include a Weighted Average Cost of Capital reflecting current marking conditions including a 10.3 percent ROE. The impact on the Company's typical gas and electric customer's annual bill would not exceed one percent.

South Jersey Gas Company

On January 20, 2009 South Jersey Gas Company ("SJG" or the "Company") submitted a petition for approval of a mechanism called a Capital Investment Recovery Tracker ("CIRT") to accelerate certain capital infrastructure projects. According to the petition, the projects in the CIRT program are incremental in nature and will create jobs in support of the Governor's Economic Stimulus Plan. The Company has identified incremental infrastructure projects totaling \$103 million for the 2009-2010 period. These projects were previously planned for future years. The Company estimates that the projects will directly create 150 to 200 jobs during the construction period.

The Company proposes implementing a CIRT rate of \$0.0094 per therm, including taxes, which would result in an additional \$3.8 million in revenue in 2009. The Company estimates that approval of the proposed 2009 CIRT rate would increase the bill of a typical residential heating customer by 0.57%. As proposed, the revenue requirement and resulting rate would be calculated using projected data. The revenue requirement calculation would include a return on and of investment using the capital costs and depreciation rates approved in the Company's most recent base rate case in Docket No. GR03080683. The CIRT revenue requirement and rate setting processes would be subject to review in a base rate case to be filed by SJG in 2010.

New Jersey Natural Gas Company

On January 20, 2009 New Jersey Natural Gas Company ("NJNG or the Company") submitted a petition for approval for an Accelerated Infrastructure Investment Program ("AIP") and for approval of rate and tariff changes associated with the AIP. According to the petition, the AIP would permit the Company to expedite certain capital infrastructure projects and make an annual adjustment to the Company's base rates to reflect the expenses associated with such work. The proposal would cover ordinary capital expenditures, primarily related to maintaining the reliability of NJNG's distribution and transmission system, over an approximate two-year period. Proposed expenditures, which are set forth on Exhibit 1 to the petition, are estimated to total over \$70 million over the two-year period. The Company estimates that the AIP projects will directly create 75-100 jobs during the construction period.

The Company proposes to recover its AIP project costs, including capital investment costs, depreciation expenses and incremental operation and maintenance expenses through an annual adjustment to the Company's base rates. NJNG would make an annual AIP cost recovery filing with the Board in June of each year with the rate adjustment to be effective coincident with the effective date of the Company's BGSS rates.

Elizabethtown Gas Company

On January 20, 2009, Pivotal Utility Holdings, Inc. d/b/a/ Elizabethtown Gas Company ("Elizabethtown or the Company") submitted a petition for approval 1) to include in its tariff a Utility Infrastructure Enhancement Cost Recovery Rider ("Cost Recovery Rider") and 2) establish an initial Cost Recovery Rider surcharge of \$0.0041 per therm, including taxes to be assessed to all of the Company's firm service classes. According to the petition, the proposed enhancement projects, all of which are outside of the scope of its projected normal capital expenditures, will significantly enhance the safety, reliability and integrity of the Company's distribution system. The Company estimates the total incremental capital investment over the two-year period the program would be in effect to be \$60.4 million. The Company estimates that the incremental projects will directly create approximately 70 additional jobs.

The Company estimates the proposed Cost Recovery Rider will result in a per therm surcharge of no more than \$0.0219 per therm during the course of the program. Annual revenue recoveries are estimated not to exceed \$8 million in any annual period. The impact of the initial proposed surcharge of \$0.0041 per therm on the typical residential heating customer would be an increase of 0.2%. The Company proposes to revise the Cost recovery Rider on April 1, 2010 and April 1, 2011 and would continue in effect until the Company's base rates are revised pursuant to its 2010 based rate case to be filed in the spring of 2009. The costs to be recovered under the Cost recovery Rider will include return on and return of incremental investments and carrying costs on over or under recovery balances. The Company's current approved cost of capital initially will be used to calculate its revenue requirement.

Atlantic City Electric Company, Rockland Electric Company, and Jersey Central Power & Light Company

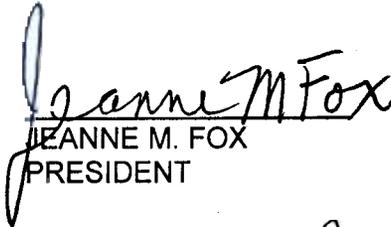
Each of these companies submitted a letter or proposal on January 20, 2009, but has not yet filed a formal petition with the Board. It is expected that petitions seeking authorization for infrastructure projects as described in those informal submissions will be filed shortly.

The Board has determined that the petitions described above, as well as the petitions which are expected to be filed conforming to the descriptions in the January 20, 2009 letters, should be retained by the Board for review and hearing, and, as authorized by N.J.S.A. 48:2-32, HEREBY DESIGNATES President Jeanne Fox or her designee as the presiding officer who is authorized to rule on all motions that arise during the proceedings and modify any schedules that may be set as necessary to secure just and expeditious determination of the issues.

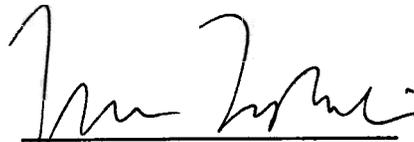
The Board HEREBY DIRECTS Staff to post this Order on the Board's website.

DATED: 1/29/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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

