



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

IN THE MATTER OF THE PROVISION OF)	DECISION AND ORDER
BASICE GNERATION SERVICE FOR YEAR)	APPROVING THE PASS-
TWO OF THE POST TRANSITION PERIOD)	THROUGH OF FERC
)	AUTHORIZED CHANGES IN
IN THE MATTER OF THE PROVISION OF)	FIRM TRANSMISSION
BASIC GENERATION SERVICE FOR THE)	SERVICE RELATED
PERIOD BEGINNING JUNE 1, 2006)	CHARGES – PSE&G
)	NOVEMBER 14 FILING
IN THE MATTER OF THE PROVISION OF)	
BASIC GENERATION SERVICE FOR THE)	
PERIOD BEGINNING JUNE 1, 2007)	
)	
IN THE MATTER OF THE PROVISION OF)	DOCKET NOS. EO03050392,
BASIC GENERATION SERVICE FOR THE)	EO05040317, EO06020119, AND
PERIOD BEGINNING JUNE 1, 2008)	ER07060379

(SERVICE LIST ATTACHED)

BY THE BOARD:

On November 14, 2008, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges.

The Company's proposed tariff changes reflect increases to the Basic Generation Service ("BGS") Fixed Price ("BGS-FP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM Open Access Transmission Tariff ("OATT") made in response to a revised formula rate filing by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER08-383-000; a revised formula rate filing by Virginia Electric and Power Company ("VEPCo") in FERC Docket Nos. ER08-92-000 through ER-08-92-005; and the approval of a formula rate filing made by PSE&G in connection with FERC Docket No. ER08-1233. PSE&G requested that the changes become effective on January 1, 2009.

PSE&G is also requesting that the BGS suppliers be compensated for this increase, subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"). Any difference between the payments to BGS suppliers and charges to customers would flow through the BGS Reconciliation Charges.

The Company stated that this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-FP and BGS-CIEP SMAs, which mandate that BGS-FP and BGS-CIEP suppliers be notified of rate increases for firm transmission service, and that the EDCs file for and obtain Board approval of an increase in retail rates commensurate with the FERC-implemented rate increase.

The specific Schedule 12 charges, referred to as Transmission Enhancement Charges ("TECs"), were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" (as defined in the PJM OATT) that are requested by PJM for reliability or economic purposes. The costs of TECs are recovered by PJM according to an assigned cost responsibility through an additional transmission charge assessed in the affected transmission zones.

On February 28, 2008, FERC approved the PATH filings and accepted the tariffs for filing. On April 16, 2008, the state's four electric distribution companies (Atlantic City Electric Company, Jersey Central Power & Light Company, PSE&G, and Rockland Electric Company) (collectively "EDCs"), filed a joint petition with the Board requesting recovery of the allocated PATH firm transmission service related charges. On April 29, 2008, FERC approved the VEPCo Filings and accepted for filing, effective January 1, 2008, VEPCo's revised tariff sheets to the PJM OATT. On June 16, 2008, the EDCs filed a joint petition requesting recovery of the allocated VEPCo firm transmission service related charges. By Board Order dated September 15, 2008, the EDCs received approval from the Board to begin allocating TECs related to the VEPCo and PATH projects.¹ Pursuant to FERC's Order, PATH and VEPCo submitted their formula rate update compliance filings with FERC on September 2, 2008 and September 12, 2008, respectively.

On September 30, 2008, the FERC approved PSE&G's filing to substitute a formula rate for its stated rates for Network Integration Transmission Services ("NITS") and Point-to-Point transmission service. The PSE&G formula rate also incorporates a number of transmission enhancement projects that are included in the OATT Schedule 12. FERC accepted the formula rate proposed by PSE&G, effective October 1, 2008. On October 15, 2008, PSE&G filed its updated formula rate with the FERC.

Based on the allocation of the additional VEPCo and PATH transmissions costs, as well as the new PSE&G transmission costs among the service classes in accordance with PSE&G's tariff, a residential customer will see a \$0.000049 per kWh increase in the BGS rate (including Sales and Use Tax).

¹ In the Matter of the Provision of Basic Generation Service for Year Two of the Post-Transition Period AND In the Matter of the Provision of Basic Generation Service for Year Three of the Post Transition Period AND In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 AND In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket Nos. E003050394, EO04040288, EO05040317, and EO06020119, Order dated September 12, 2008.

DISCUSSION AND FINDINGS

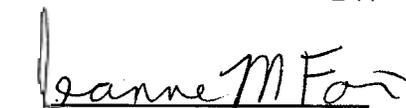
In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the NITS charge, and other charges associated with the FERC-approved Open Access Transmission Tariff is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by the FERC. The SMAs also authorize the EDCs to increase the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further required that the EDCs review and verify the requested FERC authorized increases.

After review of the verifications and supporting documentation, the Board **HEREBY APPROVES** the increase to the BGS-FP and BGS-CIEP rates requested by PSE&G for its increased transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after January 1, 2009. PSE&G is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

Further, the Board **HEREBY DIRECTS** PSE&G to file tariffs and rates consistent with the Board's findings within five (5) business days of this Board Order.

DATED: 12/18/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

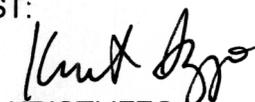

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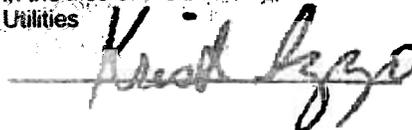

NICHOLAS ASSELTA
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ELIZABETH RANDALL
COMMISSIONER

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



IMO the Provision of Basic Generation Service for Year Two of the Post Transition Period AND IMO the Provision of Basic Generation Service for the Period Beginning June 1, 2006 AND IMO the Provision of Basic Generation Service for the Period Beginning June 1, 2007 AND IMO the Provision of Basic Generation Service for the Period Beginning June 1, 2008
BPU Docket Nos. EO03050394, EO05040317, EO06020119, AND ER07060379

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