



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

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
AUTHORITY THROUGH DECEMBER 31, 2009: 1))
TO EXECUTE AND DELIVER PURSUANT TO)
N.J.S.A. 48:3-7 ONE OR MORE INDENTURES OR)
SUPPLEMENTAL INDENTURES AND/OR ONE OR)
MORE PLEDGES, UNIFORM COMMERCIAL CODE)
FINANCING STATEMENTS, AND RELATED)
AGREEMENTS AND INSTRUMENTS CREATING)
ONE OR MORE ENCUMBRANCES AND/OR LIENS)
ON THE PROPERTY AND/OR ASSETS OF)
PETITIONER AND PROVIDING FOR ASSET)
DISPOSITIONS AND/OR ISSUANCE OF ITS)
MORTGAGE BONDS, DEBENTURE BONDS,)
MTNS, NOTES AND/OR OTHER DEBT)
INSTRUMENTS AND/OR CERTIFICATES ONE OR)
MORE SERIES, EACH HAVING A MATURITY DATE)
OF NOT GREATER THAN 40 YEARS; 2) TO)
PURCHASE THROUGH TENDER OFFER, OPEN)
MARKET OR NEGOTIATED TRANSACTIONS,)
REDEEM AT A PREMIUM OR DEFEASE ANY OR)
ALL OF ITS OUTSTANDING LONG-TERM DEBT)
SECURITIES AND OUTSTANDING PREFERRED)
STOCK AT OR ABOVE PAR AS LONG AS THE)
ACQUISITION THEREOF IS ACCOMPLISHED ON A)
COST-SAVING BASIS; AND 3) TO ISSUE AND)
SELL PURSUANT TO N.J.S.A. 48:3-9, NEW LONG-)
TERM DEBT SECURITIES IN AGGREGATE)
PRINCIPAL AMOUNT A) OF NOT MORE THAN)
\$800,000,000, INCLUDING TO REFUND)
\$396,285,939 OF LONG-TERM DEBT MATURING)
IN 2007, 2008, OR 2009, AND B) AS NECESSARY)
TO COVER PRINCIPAL, PREMIUMS AND)
EXPENSES INCURRED TO REFINANCE)
OUTSTANDING LONG-TERM DEBT SECURITIES,)
AND OUTSTANDING PREFERRED STOCK)
ACQUIRED AS DESCRIBED IN (2) ABOVE.)

ENERGY

ORDER

DOCKET NO. EF07080621

(SERVICE LIST ATTACHED)

BY THE BOARD:

Public Service Electric and Gas Company ("Petitioner"), a public Utility of the State of New Jersey, by petition filed August 14, 2007, has requested authority through December 31, 2009: (1) to execute and deliver pursuant to N.J.S.A. 48:3-7 one or more indentures or supplemental indentures and/or more pledges, Uniform Commercial Code ("UCC") financing statements and related agreements and instruments, creating one or more encumbrances and/or liens on the property and/or assets of Petitioner and providing for Asset Dispositions and/or issuance of its First and Refunding Mortgage Bonds ("Mortgage Bonds"), Debenture Bonds, Medium-Term Notes ("MTNs"), Notes and/or other debt instruments and/or certificates in one or more series having a maturity of not greater than 40 years; (2) to purchase through tender offer, open market or negotiated transactions, redeem at a premium or defease any or all of its Outstanding Long-Term Debt Securities and Outstanding Preferred Stock at or above par as long as the acquisition is accomplished on a cost-saving basis; and 3) to issue and sell pursuant to N.J.S.A. 48:3-9, New Long-Term Debt Securities in aggregate principal amount a) of not more than \$800,000,000, including to refund \$396,285,939 of Long-Term Debt maturing in 2007, 2008, or 2009, and b) as necessary to cover principal, premiums and expenses incurred to refinance Outstanding Long-Term Debt Securities, and Outstanding Preferred Stock acquired as described in (2) above.

Petitioner has requested authority to issue and sell, in one or more series, at any time through December 31, 2009, not more than \$800,000,000 aggregate principal amount of its Mortgage Bonds ("New Bonds") and/or MTNs ("New MTNs") and/or Debenture Bonds ("New Debentures") and/or Notes ("New Notes") and/or other debt instruments or evidence of indebtedness, secured or unsecured and/or certificates issued in connection with an offering of Asset-Backed Securities, as below described (collectively, "New Long-Term Debt Securities"), in order to provide it with funds for construction purposes and for other corporate purposes in order to provide safe, adequate and proper service to its customers, including to refund its 6.25% Mortgage Bonds, Series WW due 2007; its 4.00% MTN Series C due 2008; its 8.16% MTN Series A due 2009 and its 8.10% MTN Series A due 2009; plus, with respect to the foregoing, related expenses of refunding and issuance at or before their respective maturity dates or to reimburse its Treasury for funds expended and, in connection therewith, to execute and deliver such related ancillary documents as may be necessary.

Petitioner has stated that such requested amount includes issuance for refunding of \$86,285,939 of Long-Term Debt Securities which has previously matured but which have not yet been refunded, for which authority has been granted by this Board through December 31, 2007. To the extent any or all of such amount heretofore authorized is issued and refunded by Petitioner by December 31, 2007, such amounts so issued will be deemed to be deducted from the authority conferred hereby for issuance of not more than \$800,000,000 of New Long-Term Debt Securities to refund \$396,285,939 of maturing Mortgage Bonds and MTNs.

Petitioner has requested authority through December 31, 2009, if savings may be achieved by such actions, to: (a) redeem at its option, all or any part of the outstanding principal balance of any of the remaining Outstanding Long-Term Debt Securities which are eligible to be redeemed at their previously approved redemption prices, including any premium, plus interest thereon to

the date of redemption; or (b) purchase in the open market or in negotiated transactions or to tender for and/or to defease any of the remaining Outstanding Long-Term Debt Securities during such period.

Additionally, Petitioner requests authority through December 31, 2009, to issue and sell, in one or more series, New Long-Term Debt Securities in aggregate principal amount not to exceed the aggregate principal amount of its remaining outstanding Long-Term Debt Securities, plus redemption market premium paid and expenses incurred for the Outstanding Long-Term Debt Securities redeemed or acquired in order to provide the funds for such acquisition or reimburse its treasury for funds expended therefore, and, in connection therewith, to execute and deliver such related ancillary documents as may be necessary.

Petitioner has requested that this Board grant the approval requested herein in the form of a "one order" approach, including under the one or more MTN Programs, multi-mode programs or other structured/negotiated transactions. Petitioner has proposed that it issue and/sell the New Long-Term Debt Securities on a competitive basis without further order of this Board if, pursuant to public invitations, at least two independent bids for the purchase of the New Long-Term Debt Securities are received, and Petitioner accepts the bid which produces the lowest annual cost of money and the price to Petitioner in such bid is no less than 97% of principal amount and no more than 102% of principal amount. Petitioner has further proposed that it issue and sell MTNs as described below, and New Long-Term Debt Securities pursuant to multi-mode programs and/or structured/negotiated transactions as described below, without further order of this Board.

Petitioner has stated that New MTNs would be issued in one or more series through one or more agents, dealers, underwriters, purchasers or managers with maturities of from one to thirty years and with various specified conditions including redemption provisions. Secured New MTNs will be secured with a global bond, which will be a series of New Mortgage Bonds or a global New Bond. New MTNs will be sold at 100% of principal amount or at a discount. Secured New MTNs will be issued pursuant to the Indenture of Trust dated as of July 1, 1993 between Petitioner and The Bank of New York, as successor to The Chase Manhattan Bank, as Trustee, providing for the issuance of New MTNs in one or more series from time to time without limit as may be supplemented by supplemental indentures thereto. Unsecured New MTNs will be issued pursuant to an indenture between Petitioner and a trustee to be selected by it, providing for the issuance of one or more series from time to time without limit as may be supplemented by supplemental indentures thereto.

The interest rate to be borne by the New MTNs would be set at a maximum coupon spread over the applicable reference U.S. Treasury securities provided in the market yield spread table set forth below, determined on the date of issuance based on the interest rate formula for the initial interest period:

Market Yield Spread Table

Range of Maturities	Maximum Coupon Spread Over U.S. Treasury Securities (Basis Points)
1 Yr. to less than 18 Mos.	105
18 Mos. to less than 2 Yrs.	115
2 Yrs. to less than 3 Yrs.	120
3 Yrs. to less than 4 Yrs.	125
4 Yrs. to less than 5 Yrs.	130
5 Yrs. to less than 7 Yrs.	135
7 Yrs. to less than 10 Yrs.	145
10 Yrs. to less than 15 Yrs.	150
15 Yrs. to less than 20 Yrs.	160
20 Yrs. to less than 35 Yrs.	175

In order to provide it with the opportunity to take advantage of tax-exempt financing, Petitioner has requested authority, as market opportunities arise, to issue and sell the New Long-Term Debt Securities to the New Jersey Economic Development Authority, or to other similar state, county or other financing authorities ("Authorities") in New Jersey or Pennsylvania to service and secure pollution control revenue obligations of such Authorities ("New Authority Securities") which would be sold through competitive bidding or pursuant to one more MTN Programs or multi-mode programs or structured/negotiated transactions in a manner do as to provide that the interest on such New Authority Securities would be exempt from federal income taxation. Such financings would require Petitioner to borrow funds from time to time from such Authorities in order to comply with the technical requirements of the applicable pollution control financing law and the Internal Revenue Code of 1986, as amended. Any such borrowings would be evidenced by an agreement to be entered into between Petitioner and the respective Authority utilizing the proceeds from the sale of the New Authority Securities in order to provide it with funds for construction purposes, to refund or redeem taxable Outstanding Long-Term Debt Securities or to refund and redeem previously issued Authority Securities serviced and secured by Outstanding Long-Term Debt Securities. Petitioner has stated that it will use its best efforts to secure any necessary governmental approvals and/or allocations of tax-exempt financing authority required to issue tax-exempt bonds.

In order to provide it with the opportunity to take advantage of financing techniques permitting it to advantageously manage its cost of capital and meet competitive conditions, Petitioner has requested authority, as appropriate market opportunities arise, to issue and/or sell New Long-Term Debt Securities, in one or more structured and/or negotiated transactions, including domestic and/or non-U.S. public sales, private placements, loans, swaps, puts, calls, multi-mode programs, secured receivables financing and other asset-backed securities transactions or other structure or means ("Structured Transactions"), engage in related asset dispositions and provide security, create encumbrances or guarantee or provide other credit support, related to Structured Transactions entered into by Petitioner or special purpose entities for the benefit of Petitioner. In connection therewith, Petitioner would utilize one or more agents, dealers, underwriters, purchasers, managers, and/or institutions selected by it. The exact type(s) and terms of Structured Transactions cannot be determined at this time, as they will be dependent

upon market and other conditions beyond Petitioner's control. Petitioner has stated that the cost to Petitioner for the instrument chosen would be the lowest obtainable which in the judgment of Petitioner would allow issue and/or sale of the New Long-Term Debt Securities in a financially advantageous manner. Each Structured Transaction would be effectuated through a negotiated transaction.

Tax-exempt New Long-Term Debt Securities will be sold without registration with the Securities and Exchange Commission ("SEC"). Taxable New Long-Term Debt Securities will be sold to the public pursuant to one or more registration statements filed with the SEC or in compliance with the SEC's rules for sales of securities without registration. Petitioner has requested that all New Long-Term Debt Securities be sold without further approval by this Board in accordance with the procedures proposed by it, as set forth herein. Petitioner has stated that the flexibility of such procedures afford to it the opportunity to take advantage of favorable market conditions.

The timing and transaction with respect to each issuance and/or sale of the New Long-Term Debt Securities, the price to be paid to Petitioner, the rate of interest, maturity, redemption provisions and prices and the type, terms and conditions of the New Long-Term Debt Securities have not yet been determined. Such determination will depend upon on the market conditions at the time of issuance and sale. Depending upon the then prevailing market conditions, such New Long-Term Debt Securities will have maturities of up to 40 years, may include conventional, floating rate, put, call, remarketed, swaps, options or other terms and conditions and consist of one or more of the types of securities, instruments or evidences of indebtedness and be issued and/or sold pursuant to one more of the transactions as set forth herein.

The New Bonds, including each global New Bond, if any, issued to service and secure MTNs, are to be issued under the First and Refunding Mortgage dated August 1, 1924, from Petitioner to US Bank National Association, as successor to Fidelity Union Trust Company, as supplemented and amended and as to be supplemented by a Supplemental Indenture for each series of the New Bonds to be dated the first day of the month of issuance and sale of the New Bonds. Said First and Refunding Mortgage is a first lien on substantially all the property and franchises of Petitioner, now owned or hereafter acquired. The terms and conditions for the Supplemental Indenture for each series will be determined prior to the issuance of each series. As described above, the MTNs are to be issued under the Indenture of Trust, dated as of July 1 1993 between Petitioner and The Bank of New York, or, necessary, a supplemental indenture thereto, or under a new indenture to be entered into between Petitioner and a trustee to be selected by it.

The New Debentures will be issued pursuant to one or more indentures and one or more supplemental indentures thereto to be entered into between the Petitioner and a trustee, and would be unsecured obligations of the Petitioner, unless, however, such New Debentures were secured obligations in connections with Asset-Backed Securities, as described below.

The New Notes will be issued pursuant to one or more loan agreements and would also be unsecured obligations of the Petitioner, unless, however, such New Notes were secured obligations in connection with Asset-Backed Securities, as described below.

New Long-Term Debt Securities consisting of asset-backed securities and/or debt instruments secured by cash, accounts, bills receivable and/or other unencumbered assets (collectively, "Asset-Backed Securities") would be issued pursuant to one or more indentures and/or agreements, and/or one or more supplemental indentures. Asset-Backed Securities would be issued directly or indirectly by Petitioner and/or by an entity, (e.g., a subsidiary, limited liability company, partnership, or trust) established, settled, or owned initially by Petitioner, or, alternatively, in the future, by a direct or indirect subsidiary of an entity controlled by Petitioner (each, a "Subsidiary"). Obligations of a Subsidiary may be guaranteed by Petitioner (each, a "Guarantee"). Asset-Backed Securities would be secured by assets of Petitioner, consisting of cash, accounts, bills receivable and/or other unencumbered assets not subject to the lien of the First and Refunding Mortgage of Petitioner (collectively, the "Assets"). An indenture, pledge and/or other agreement or instrument, including without limitation, one or more financing statements under the UCC, would create a lien on the Assets. Depending on the terms of an Asset-Backed Securities transaction, which will depend upon market conditions and cannot be determined at this time, the Assets may be pledged, transferred or sold, (each an "Asset Disposition") to a Subsidiary or other party.

In connection with the issuance of any New Long-Term Debt Security pursuant to a Structured Transaction, Petitioner may enter into related ancillary documents. Petitioner has requested that this Board grant approval requested herein in the form of a "one Order" approach.

Petitioner has stated that the purpose of the issuance of the New Long-Term Debt Securities is to fund the refunding of the 6.25% Mortgage Bonds, Series WW, 4.00% MTN Series C, 8.16% MTN Series A and 8.10% MTN Series A, at their respective maturity dates or to reimburse Petitioner's Treasury and to fund the refunding, redemption, defeasance or purchase of the remaining Outstanding Long-Term Debt Securities, and, including the payment of the required premiums and other expenses and to provide a portion of the permanent financing for Petitioner's physical plant and facilities needed to provide safe, adequate and proper service to its customers. Petitioner has further stated that the proceeds from the sale of New Long-Term Debt Securities will be added to the general funds of the Petitioner and will then be applied as follows: (i) to the payment, at or before maturity, of all or any portion of its indebtedness, if any, outstanding under its commercial paper program and other outstanding short-term promissory notes which were issued to refund, redeem, defease or purchase the Outstanding Long-Term Debt Securities and any required premiums and other expenses therefore and Long-Term Debt maturing in 2007, 2008 or 2009; (ii) to reimburse Petitioner's treasury for internally generated funds used for the refunding, redemption, defeasance or purchase of the Outstanding Long-Term Debt securities and any required premiums and other expenses therefore and Long-Term Debt maturing in 2007, 2008 or 2009; and (iii) to provide for the retirement of the Outstanding Long-Term Debt Securities at or before maturity and Long-Term Debt maturing in 2007, 2008 or 2009, and (iv) for construction purposes and for other general corporate purposes.

The Division of Rate Counsel has reviewed this matter and recommends that Board approval subject to specific provisions included below.

This Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the actions proposed to be taken by Petitioner as indicated above and finding that the transactions are to be made in accordance with law, are in the public interest, and approving the purposes thereof, HEREBY ORDERS that Petitioner be and is

HEREBY AUTHORIZED, from time to time through December 31, 2009: (1) to execute and deliver pursuant to N.J.S.A. 48:3-7 one or more indentures or supplemental indentures and/or one or more pledges, UCC financing statements and related agreements and instruments creating one or more encumbrances and/or liens on the property and/or assets of Petitioner and providing for Asset Dispositions and/or issuance of its New Mortgage Bonds, New Debenture Bonds, New MTNs, New Notes and/or other debt instruments and/or certificates in one or more series, having a maturity of not greater than 40 years; (2) to purchase through tender offer, open market or negotiated transactions, redeem at a premium or defease any or all of its Outstanding Long-Term Debt Securities and Outstanding Preferred Stock at or above par as long as the acquisitions thereof its accomplished on a cost-saving basis; and (3) to issue and sell pursuant to N.J.S.A. 48:3-9, New Long-Term Debt Securities in aggregate principal amount (a) of not more than \$800,000,000, including to refund \$396,285,939 of Long-Term Debt maturing in 2007, 2008 or 2009; and (b) as necessary to cover principal, premiums and expenses incurred to refinance Outstanding Long-Term Debt Securities and Outstanding Preferred Stock acquired as described in (2), above.

This Order is issued subject to the following provisions:

1. Petitioner will issue the New Long-Term Debt Securities and do the refinancing of its Outstanding Long-Term Debt Securities and Outstanding Preferred Stock in compliance with this Order.
2. With respect to each issue and sale of New Long-Term Debt Securities through competitive bidding, Petitioner shall provide this Board with the following material for informational purposes, as soon as it is available, and in no event later than one (1) business day prior to the time for the receipt of bids (which materials may be provided by mail or by electronic mail and confirmed by mail): (a) a statement with respect to the bidding for the New Long-Term Debt Securities which shall specify (i) the date and time for the receipt of bids for the New Long-Term Debt Securities, (ii) the principal amount of the New Long-Term Debt Securities, (iii) the series designation of the New Long-Term Securities, (iv) the minimum and maximum percentage of principal amount which may be specified in the bid as the purchase price for the New Long-Term Debt Securities, (v) the term of the New Long-Term Debt Securities, (vi) the terms and conditions upon which the New Long-Term Debt Securities may be redeemed, whether at the option of the Petitioner, pursuant to any sinking or improvement fund for the New Long-Term Debt Securities, or otherwise, and (vii) such other provisions as may be established by Petitioner with respect to the term and conditions of the New Long-Term Debt Securities and the bidding; and (b) an assessment of the then current financial markets applicable to the New Long-Term Debt Securities which shall include (i) data respect to recent sales of comparable bonds of other utilities, (ii) data with respect to current yield on certain outstanding Mortgage Bonds of Petitioner, (iii) interest rate spreads between United States Treasury Bonds and comparable utility bonds, (iv) the anticipated number of bidders for the New Long-Term Debt Securities, (v) the anticipated range of the yield of the New Long-Term Debt Securities based upon current market conditions, and (vi) such other information as Petitioner shall deem relevant to assess the expected sale for the New Long-Term Debt Securities and the reasonableness of the annual cost of money rate thereof.

3. If, pursuant to competitive bidding procedures, (a) at least two independent bids for the purchase of New Long-Term Debt Securities are received, (b) Petitioner accepts the bid which produces the lowest annual cost of money, and (c) the price to Petitioner in such bid is no less than 97% of principal amount and no more than 102% of principal amount, Petitioner may, without further Order of the Board, issue and sell the New Long-Term Debt Securities in accordance and with the terms and conditions contained in such accepted bid. If (x) only one bid is received for the New Long-Term Debt Securities, or (y) Petitioner proposes to accept the bid which does not produce the lowest annual cost of money, or (z) the accepted bid provides for a price to the Petitioner of less than 97% of principal amount or more than 102% of principal amount, the proposed issuance and sale of the New Long-Term Debt Securities shall not be consummated until further Order of the Board authorizing such issuance and sale has been entered.
4. Petitioner shall furnish this Board, in writing as soon as practicable after accepting the bid for the New Long-Term Debt Securities, the names of all principal bidders or group representatives together with the interest rate, the annual cost of money to Petitioner, the price to the public, the percentage yield and the price to Petitioner applicable to each bid.
5. Petitioner shall not issue MTNs at coupon rates in excess of the Market Yield Spread Table set forth above. In the event that Market conditions change, Petitioner may file an updated market yield spread table with the Board for approval. Any such updated market yield spread table submitted by Petitioner for approval of the Board shall be accompanied by Petitioner's statement of the basis or rationale.
6. Petitioner shall telephonically notify the Chief Economist prior to its issuance of MTNs, and shall furnish the following for informational purposes only: (a) principal amount or amounts of the MTNs proposed to be sold; (b) anticipated maturity ranges; (c) actual current yields of U.S. Treasury Securities; (d) range of estimated coupon spreads over U.S. Treasury Securities; (e) data, as available, with respect to recent sales of comparable MTNs of other utilities; and (f) such other information as Petitioner shall deem relevant to assess the reasonableness of the expected sale of the MTNs. Further, within seven business days after the issuance and sale of any MTNs, Petitioner will provide the Chief Economist with such information as was available at the time of sale upon which Petitioner based its decision to sell, such as market data with respect to utilities with similar credit ratings that have issued comparable securities.
7. As promptly as is practicable following the end of each month during which the MTNs are sold, Petitioner shall file with this Board a statement which shall set forth the MTN transactions concluded during such month including the names of the agents, underwriters, purchasers and their offers. Such statement shall also set forth (a) the principal amount, maturity date, redemption provisions, commissions and the interest rate spread over comparable U.S. Treasury Securities for any MTNs sold, and (b) the principal amount of the Petitioner's New Long-Term Debt Securities remaining authorized for issuance and sale in this Docket.

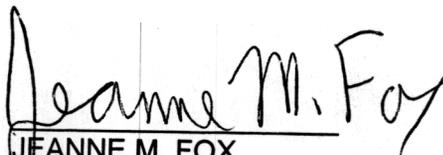
8. With respect to any series of New Long-Term Debt Securities to be issued pursuant to a multi-mode program and/or Structured Transaction, Petitioner shall furnish this Board, in writing at least one (1) business day prior to issuance, the following data (a) with respect to the New Long-Term Debt Securities: (i) the principal amount of the New Long-Term Debt Securities; (ii) the series designation of the New Long-Term Debt Securities, (iii) the anticipated maturity ranges, (iv) the identity of any governmental agency for whose benefit the New Long-Term Debt Securities will be issued, (v) the term of the New Long-Term Debt Securities, (vi) the terms and conditions upon which the New Long-Term Debt Securities may be redeemed, and (vii) such other provisions with respect to the New Long-Term Debt Securities as the Petitioner may deem to be material; and (b) with respect to the Structured Transaction: (i) the identity of any agent/dealer/underwriter/purchaser/manager and/or institution, and (ii) a description of the proposed program/transaction, including any security interest or Asset Disposition related thereto.
9. With respect to any series of New Long-Term Debt Securities issued to service and secure governmental agency securities or issued pursuant to a Structured Transaction, Petitioner shall furnish this Board, as promptly as practicable following the issuance of the New Long-Term Debt Securities the following: (a) a copy of all material agreements between the Petitioner and the governmental agency, (b) a copy of the agent/dealer/underwriter/purchaser/manager agreement, and (c) a copy of all material agreements related to the Structured Transaction.
10. Petitioner shall, as promptly as is practical following the end of each quarter during which the Structured Transaction securities are sold, file with this Board a statement which shall set forth the Structured Transaction concluded during such quarter. Such statement shall also set forth (a) the principal amount, maturity date, redemption provisions, commissions and the interest rate for any Structured Transaction securities sold; (b) the principal amount of Structured Transaction securities scheduled for maturity during the following quarter; and (c) a brief description of any Asset Disposition and/or any liens placed on any Assets of Petitioner in connection with a Structured Transaction.
11. Petitioner shall issue the New Long-Term Debt Securities solely for the purposes set forth in the Petition.
12. To the extent that Petitioner issues long-term debt heretofore authorized by the Board in Docket No. EF05110967 through December 31, 2007 to refund Long-Term Debt Securities which have previously matured but which have not yet been refunded, any such amounts shall be deemed to be deducted on a dollar for dollar basis from the authority conferred in this Order to refund maturing Mortgage Bonds and MTNs.
13. Petitioner shall furnish this Board with copies of (a) each Indenture and/or Supplemental Indenture; (b) any UCC financing statement or pledge; and (c) any material agreement related to Asset-Backed Securities and/or Asset Dispositions.
14. Petitioner shall furnish this Board with copies of all documents as executed and filed with other regulatory agencies relating to the New Long-Term Debt Securities.

15. Petitioner shall semiannually file with this Board, a statement setting forth: (a) the amount of New Long-Term Debt Securities issued; and (b) details with respect to the disbursement of proceeds.
16. Upon any transfer of ownership interest in the issuing entity by Petitioner to a subsidiary, Petitioner will, as promptly as is practicable, notify the Chief Economist in writing, by facsimile transmission or by hand delivery and notify this Board by mail of such action and include a statement setting forth the aggregate principal amount, the maturity (if other than a demand Note) and interest rate of the Note. Any such proposed transfer of ownership by Petitioner to a subsidiary of the Petitioner is subject to further Board review and approval.
17. The New Long-Term Debt Securities and Subordinated Debentures authorized herein shall not be redeemed at a premium prior to maturity without further Board approval unless accomplished on a cost saving basis.
18. This order shall not be construed as a certification that the securities authorized to be offered for sale will be represented by tangible or intangible assets of commensurate value or investment costs.
19. This Order shall not affect nor in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceeding with respect to rates, franchises, services, financing, capitalization, depreciation, or any other matters affecting the Petitioner.
20. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
21. With regard to refinancing where savings may be achieved, the Petitioner will, upon completion of the financing, provide to the Office of the Economist a detailed analysis or the savings realized from each such financing.
22. This Order shall not be construed as, in any way, indicating Board approval of any aspect of the Petitioner's solar proposal currently pending before the Board in a separate docket (Docket No. EO07040278).
23. This Order does not extend to the Petitioner the ability to guarantee Subsidiary obligations that may be used for unregulated operations of the Petitioner and which would not otherwise be guaranteed by the Petitioner with utility assets.

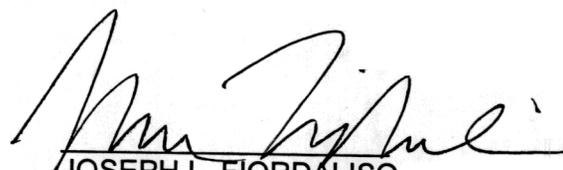
24. The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised by December 31, 2009.

DATED: 11/29/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

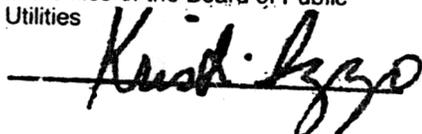

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
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



SERVICE LIST

In the Matter of the Petition of Public Service Electric and Gas Company for Authority to Issue and Sell pursuant to N.J.S.A. 48:3-9, New Long-Term Debt Securities in Aggregate Principal Amount of not more than \$800,000,000

Docket No. EF07080621

Mark Beyer
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Christine Juarez, Esq.
The Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Margaret Comes, DAG.
Dept of Law & Public Safety
Division of Law, Public Utility Section
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Diane Schulze, Esq.
The Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

James T. Foran, Esq.
General Corporate Counsel
Public Service Electric and Gas
Company
80 Park Plaza, T5B
P.O. Box 570
Newark, New Jersey 07101

Michael Tavani
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Robert Schultheis
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102