



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

ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S 2007/2008 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. 48:2-21.1)
DECISION AND ORDER APPROVING STIPULATION FOR FINAL BGSS RATES AND ADOPTING INITIAL DECISION OF ALJ APPROVING SETTLEMENT)
BPU DOCKET NO. GR07060357)
OAL DOCKET NO. PUC-0746607N)

(SERVICE LIST ATTACHED)

BY THE BOARD:

In accordance with a generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304, Public Service Electric and Gas Company ("Public Service" or "Company"), filed a Petition with the Board on June 1, 2007 seeking to increase its BGSS-RSG rate from 98.0852 cents per therm (including 7% Sales and Use Tax) ("SUT") to 101.0008 cents per therm (including 7% SUT) or approximately a 2% increase effective October 1, 2007. The Company's filing reflected no change in its Balancing Charge.

Public hearings in this matter were held in Hackensack, New Brunswick and Mt. Holly on September 17, 2007, September 19, 2007, and September 20, 2007 respectively. The public hearings were preceded by notices in newspapers of general circulation throughout the Company's gas service territory.

On January 9, 2008, the Company, Board Staff and the Department of the Public Advocate, Division of Rate Counsel, the only parties to this proceeding (collectively "the Parties") entered into a Stipulation for Final BGSS Rates in which the parties agreed to maintain the BGSS-RSG rate at its existing level of 98.0852 cents per therm (including 7% SUT) On January 14, 2008 ALJ Braswell issued an Initial Decision approving the Stipulation filed by the Parties.

DISCUSSION AND FINDINGS

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation of the Parties. The Board FINDS that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest, and in accordance with the law.

Accordingly, the Board HEREBY ADOPTS the Stipulation as its own, as if fully set forth herein. The Board HEREBY APPROVES, on a final basis, a BGSS-RSG rate of 98.0852 cents per them (including 7% SUT). Any net over-recovery at the end of the BGSS period shall be subject to refund with interest.

The Company is HEREBY DIRECTED to file tariff sheets that conform to the terms and conditions of this Order within ten (10) days from the effective date of this Order.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

DATED:

3/4/08

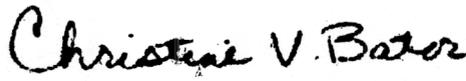
BOARD OF PUBLIC UTILITIES

BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

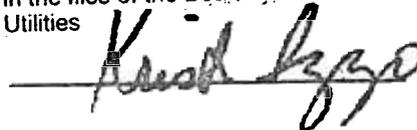

JOSEPH L. FIORDALISO
COMMISSIONER


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



IN THE MATTER OF PUBLIC SERVICE ELECTRIC & GAS COMPANY'S
2007/2008 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. 48:2-21.1
BPU DOCKET NO. GR07060357

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 07466-07

AGENCY DKT. NO. GR07060357

IN THE MATTER OF PUBLIC SERVICE ELECTRIC
AND GAS COMPANY'S 2007/2008 ANNUAL BGSS
COMMODITY CHARGE FILING FOR ITS
RESIDENTIAL GAS CUSTOMERS UNDER ITS
PERIODIC PRICING MECHANISM AND FOR
CHANGES IN THE TARIFF FOR GAS SERVICE
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

Gregory Eisenstark, Esq., appearing on behalf of petitioner (Public Service
Electric and Gas Company)

Judith Appel, Rate Counsel appearing on behalf of Division of Rate Counsel

Geoffrey Gersten, Deputy Attorney General, for respondent (Anne Milgram,
Acting Attorney General of New Jersey, Attorney)

Record Closed: January 10, 2008

Decided: January 14, 2008

BEFORE WALTER M. BRASWELL, AL.

On July 16, 2007, this matter was transmitted to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F 1 to- 13. The matter was scheduled for a prehearing conference on August 16,

2007 at which time public hearings were for scheduled for September 17, 19 & 20 2007 and evidentiary hearings were scheduled for January 9 and 10, 2008. On January 8, 2008 petitioner's attorney advised that the parties reached a tentative settlement and requested that the January 9, 2008 hearing be adjourned. Petitioner's attorney also requested that the January 10th hearing date remain as a control date. On January 9, 2008 petitioner's attorney advised that the settlement is fully executed and will be forthcoming. The Stipulation of Settlement was received by the OAL on January 10, 2008 which is attached hereto and made part hereof.

have reviewed the record and terms of the Stipulation of Settlement and **FIND:**

- 1 The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives
- 2 The settlement fully disposes of all issues in controversy and is consistent with law.

I **CONCLUDE** that the agreement meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and are hereby concluded.

hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

1-14-08
DATE

Walter M. Braswell
WALTER M. BRASWELL, ALJ

Date Received at Agency:

1-17-08

JAN 17 2008
DATE

Mailed to Parties:
James Sanders
DIRECTOR AND
CHIEF ADMINISTRATIVE LAW JUDGE
OFFICE OF ADMINISTRATIVE LAW

ljb

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S) SETTLEMENT FOR FINAL
2007/2008 ANNUAL BGSS COMMODITY) BGSS RATES
CHARGE FILING FOR ITS RESIDENTIAL)
GAS CUSTOMERS UNDER ITS PERIODIC) BPU DOCKET NO. GR07060357
PRICING MECHANISM AND FOR CHANGES) OAL DOCKET NO. PUC -07466-
IN THE TARIFF FOR GAS SERVICE) 07N
B.P.U.N.J. NO. 14 PURSUANT TO)
N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1)

APPEARANCES:

Gregory Eisenstark, Esq., for the Petitioner, Public Service Electric and Gas Company

Judith Appel, Esq., Assistant Deputy Public Advocate, and Kurt Lewandowski, Esq., Assistant Deputy Public Advocate, Department of the Public Advocate, Division of Rate Counsel (Ronald K. Chen, Public Advocate, Stefanie A. Brand, Director)

Geoffrey Gersten and Alex Moreau, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Anne Milgram, Attorney General of New Jersey)

On June 1, 2007, Public Service Electric and Gas Company (Public Service, the Company) filed a motion in the above-referenced matter, requesting an increase in its annual revenues from its Basic Gas Supply Service (BGSS) Commodity Charge (BGSS-RSG) of approximately \$38.8 million (excluding losses and Sales and Use Tax, or "SUT") or approximately a 2% increase. The requested increase was from 98.0852 cents per therm (inclusive of SUT) to 101.0008 cents per therm (inclusive of

SUT). The impact of this change for a residential heating customer using 606 therms on an annual basis would be an increase in the customer's annual bill from \$909.34 to \$927.02 or \$17.68, or approximately 2%.

Notice setting forth the Company's June , 2007 request for an increase in its BGSS Commodity Charge, including the date, time, and place of the public hearings, was placed in newspapers having a circulation within the Company's gas service territory and was served on the county executives and clerks of all municipalities within the Company's gas service territory.

Public hearings were scheduled and conducted in Hackensack, New Brunswick and Mt. Holly on September 7, 19 & 20, 2007, respectively.

Representatives of Public Service, Board Staff and the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) (the Parties), the only Parties to these proceedings, have engaged in settlement conferences and, as the result of negotiations, the Parties HEREBY AGREE as follows

Considering the reduction in the current NYMEX forward gas prices since the June , 2007 filing, the requested increase in the BGSS-RSG Commodity Charge is not necessary at this time.

2. The Company's BGSS default Commodity Service, Tariff rate, BGSS-RSG of 98.0852 cents per therm (including SUT) will remain in effect at this time.

The Parties agree that the aforementioned BGSS-RSG rate shall be deemed final upon the effective date of the Board's written Order approving this Settlement.

3. The Parties agree that, for this proceeding, they take no issue with the Company's method of allocating gas costs and associated credits between its residential and C&I customers through September 30, 2007 and recommend that it should be approved. They also agree that the allocation method beginning on October 1, 2007 will be subject to review for appropriateness in future annual BGSS proceedings. The Parties reserve their rights to challenge this allocation methodology in future proceedings. The Company will file, when available, actual gas cost and revenue recovery data for the 2007-2008 BGSS annual period in the same format used in the Company's initial 2007-2008 BGSS filing.

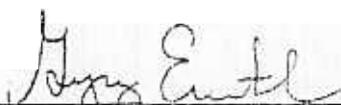
4. The undersigned agree that this Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved by the Board, this Settlement shall be null and void, and the Parties shall be placed in the same position that they were in immediately prior to its execution.

5. The undersigned Parties further hereby agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Settlement. In particular, further changes to the Company's gas

hedging program may be considered subsequent to an ongoing audit related to hedging issues. Rate Counsel reserves its rights to examine the results of the hedging audit report when it is accepted by the Board.

Public Service Electric and Gas Company

RONALD K. CHEN
PUBLIC ADVOCATE OF
NEW JERSEY
STEFANIE A. BRAND,
DIRECTOR
DIVISION OF RATE COUNSEL

BY: 
Gregory Eisenstark, Esq.

BY: _____
Judith Appel, ADPA

DATED: 1-9-2008

DATED: _____

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: _____
Alex Moreau
Deputy Attorney General

DATED:

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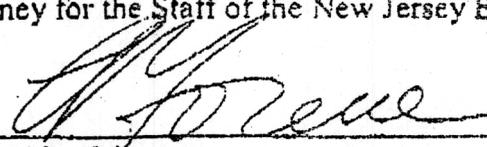
BY: _____
Gregory Eisenstark, Esq.

BY: _____
Judith Appel, ADPA

DATED: _____

DATED: _____

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: 
Alex Moreau
Deputy Attorney General

DATED: 01/09/08

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Public Service Electric and Gas Company

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PUBLIC ADVOCATE OF
NEW JERSEY
STEFANIE A. BRAND,
DIRECTOR
DIVISION OF RATE COUNSEL

BY: _____
Gregory Eisenstark, Esq.

BY: *Judith Appel*
Judith Appel, ADPA

DATED: _____

DATED: 1/9/08

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: _____
Alex Moreau
Deputy Attorney General

DATED: _____

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January 9, 2008

In the Matter of Public Service Electric and
Gas Company's 2007/2008 Annual BGSS Commodity
Charge Filing for its Residential Gas Customers
Under its Periodic Pricing Mechanism and for
Changes in the Tariff for Gas Service
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

BPU Docket No. GR07060357
OAL Docket No. PUC 07466-07N

VIA HAND DELIVERY

Honorable Walter Braswell
Office of Administrative Law
33 Washington Street
Newark, New Jersey 07102-3011

Dear Judge Braswell:

Enclosed for filing please find an original and two copies of a fully-executed Settlement for Final BGSS Rates in the above-referenced matter. The Settlement has been executed by all parties to this matter and fully resolves this matter.

Accordingly, we request that Your Honor issue an Initial Decision – Settlement and return the matter to the Board of Public Utilities for final disposition.

Thank you for your consideration in this request.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory Eisenstark", written in a cursive style.

C Attached Service List

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY
BGSS COMMODITY CHARGE 2007/2008
BPU DOCKET NO. GR-07060357
OAL DOCKET NO. PUC 07466-07**

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STATE OF NEW JERSEY
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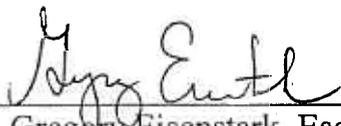
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hedging program may be considered subsequent to an ongoing audit related to hedging issues. Rate Counsel reserves its rights to examine the results of the hedging audit report when it is accepted by the Board.

Public Service Electric and Gas Company

RONALD K. CHEN
PUBLIC ADVOCATE OF
NEW JERSEY
STEFANIE A. BRAND,
DIRECTOR
DIVISION OF RATE COUNSEL

BY: 

Gregory Eisenstark, Esq.

BY: _____
Judith Appel, ADPA

DATED: 1-9-2008

DATED: _____

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: _____
Alex Moreau
Deputy Attorney General

DATED: _____

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Public Service Electric and Gas Company

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DIVISION OF RATE COUNSEL

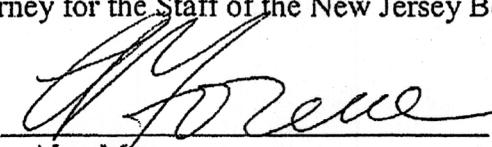
BY: _____
Gregory Eisenstark, Esq.

BY: _____
Judith Appel, ADPA

DATED: _____

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ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

BY: 
Alex Moreau
Deputy Attorney General

DATED: 01/09/08

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Public Service Electric and Gas Company

RONALD K. CHEN
PUBLIC ADVOCATE OF
NEW JERSEY
STEFANIE A. BRAND,
DIRECTOR
DIVISION OF RATE COUNSEL

BY: _____
Gregory Eisenstark, Esq.

BY: *Judith Appel*
Judith Appel, ADPA

DATED: _____

DATED: *1/9/08*

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
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BY: _____
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DATED: _____