



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 NEW)
JERSEY NATURAL GAS COMPANY FOR)
AUTHORIZATION THROUGH JULY 31, 2010;)
TO ISSUE AND SELL MEDIUM-TERM NOTES)
WITH AN AGGREGATE PRINCIPAL AMOUNT)
OF NOT MORE THAN \$125,000,000)

ENERGY

AMENDMENT TO THE ORDER
DOCKET NO. GF07050343

(SERVICE LIST ATTACHED)

BY THE BOARD:

On August 22, 2007, New Jersey Natural Gas Company ("Petitioner" or "NJNG"), a public utility of the State of New Jersey, was granted Board approval to (a) issue and sell pursuant to N.J.S.A. 48:3-9 Medium-Term Notes ("MTNs") with a maturity of not more than forty (40) years in an aggregate principal amount of not more than \$125,000,000; (b) make, execute and deliver pursuant to N.J.S.A. 48:3-9 a trust indenture, trust indentures or supplements thereto providing for the issuance of such MTNs; (c) make, execute and deliver pursuant to N.J.S.A. 48:3-7 a thirty-second (32nd) supplemental indenture ("Thirty-Second Supplemental Indenture") and additional supplemental indentures providing for the issuance of MTNs in the form of a first mortgage bond or bonds with a maturity or maturities of not more than forty (40) years and, together with any MTNs issued in accordance with (a) above, in aggregate principal amount of not more than \$125,000,000; (d) make execute and deliver pursuant to N.J.S.A. 48:3-7 such other supplemental indentures, and to issue such first mortgage bonds thereunder as shall be necessary to complete the transactions contemplated in this petition; (e) enter into interest rate risk management transactions; and (f) make, execute and deliver purchase agreements and related agreements and instruments with financial institutions (including procuring credit enhancement instruments) in connection therewith as shall be necessary to complete the transactions contemplated in this Petition without further order of the Board.

Petitioner stated that the proposed transactions would allow Petitioner to reduce its short-term debt balance and to fund spending for utility construction and other corporate needs.

The approval granted by the Board on August 22, 2007 limited the interest rate of the MTNs to the following Market Yield Spread Table below.

| <u>Range of Maturities</u> | <u>Maximum Coupon Spread (Basis Points)</u> |
|--------------------------------|---|
| 1 year to less than 18 months | 60 |
| 18 months to less than 2 years | 70 |
| 2 years to less than 3 years | 75 |
| 3 years to less than 4 years | 80 |
| 4 years to less than 5 years | 85 |
| 5 years to less than 7 years | 90 |
| 7 years to less than 10 years | 95 |
| 10 years to less than 15 years | 100 |
| 15 years to less than 20 years | 110 |
| 20 years to 30+ years | 120 |

The Board Order stated that if market conditions change materially, the Petitioner would deliver an updated yield spread schedule to the Board.

In letters to the Board dated November 29, 2007, January 24, 2008 and again in February 26, 2008 that as a result of market concerns related to the sub-prime mortgage crisis, credit spreads on Medium-Term Notes have widened significantly from historical lows upon which the approved Market Yield Spread Table was based in May 2007. The Petitioner further stated that as a result, NJNG would no longer be able to issue the Board approved debt at interest rates within the Market Yield Spread Table approved in Docket GF07050343 on August 22, 2007. Petitioner therefore requests that the Board approve the Revised Market Yield Spread Table, included below, to allow NJNG to proceed with the authorized issuance of Medium-Term Notes.

REVISED MARKET YIELD SPREAD TABLE

| <u>Range of Maturities</u> | <u>Maximum Coupon Spread (Basis Points)</u> |
|--------------------------------|---|
| 1 year to less than 18 months | 140 |
| 18 months to less than 2 years | 145 |
| 2 years to less than 3 years | 150 |
| 3 years to less than 4 years | 155 |
| 4 years to less than 5 years | 160 |
| 5 years to less than 7 years | 165 |
| 7 years to less than 10 years | 175 |
| 10 years to less than 15 years | 200 |
| 15 years to less than 20 years | 210 |
| 20 years to 30+ years | 220 |

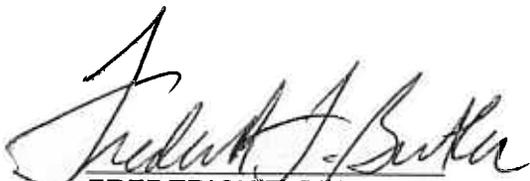
The Division of Rate Counsel ("Rate Counsel") has reviewed this request and, by letter dated March 6, 2008 is not opposed to its approval. Rate Counsel submits that the Board should consider truncating the time period during which NJNG can issue securities, in order to reflect the possibility that credit markets may loosen before July 31, 2010 and the larger credit spreads sought by NJNG may no longer be reasonable. The Board acknowledges Rate Counsel's position and will take the proposal into consideration in future matters.

The Board, after review of the request to amend the Order signed August 22, 2007 in this docket by the inclusion of the Revised Market Yield Spread Table FINDS that the proposed action is in accordance with the law, is in the public interest and approving the purposes thereof, HEREBY AMENDS the Order of Approval in this Docket dated August 22, 2007 to include the Revised Market Yield Spread Table and HEREBY AUTHORIZES the Petitioner to issue the MTN's through July 31, 2010 in accordance with the Revised Market Yield Spread Table included herein.

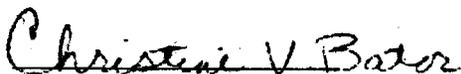
DATED: 3/19/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

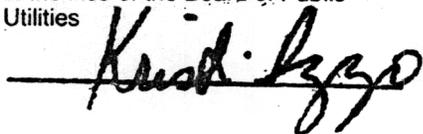

CHRISTINE V. BATOR
COMMISSIONER


NICHOLAS ASSELTA
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 New Jersey Natural Gas Company for Authorization through July 31, 2010; to issue and sell Medium-Term Notes with an Aggregate Principal Amount of not more than \$125,000,000

**Docket No. GF07050343
Amendment to the Order**

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

Kurt Lewandowski, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Richard Reich
NJR Services Corporation
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

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

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

Mark R. Sperduto
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

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

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