



Agenda Date: 11/30/16  
Agenda Item: 2A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY ) ORDER  
PURSUANT TO N.J.S.A. 48:3-9 AND N.J.A.C. 14:1-5.9, )  
FOR AUTHORITY TO ISSUE AND SELL SHORT-TERM )  
OBLIGATIONS NOT EXCEEDING \$1.0 BILLION )  
AGGREGATE PRINCIPAL AMOUNT AT ANY ONE )  
TIME OUTSTANDING THROUGH JANUARY 2, 2019 ) DOCKET NO. EF16070679

**Parties of Record:**

**Shawn P. Leyden, Esq., Vice President and Deputy General Counsel, Public Service Electric and Gas Company**  
**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**

**BY THE BOARD:**

Public Service Electric and Gas Company ("Petitioner"), a public utility of the State of New Jersey, by petition filed July 21, 2016 ("Petition"), has requested authority, pursuant N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, to issue and sell (a) short-term obligations consisting of borrowings from banks, trust companies, insurance companies or other lenders and (b) promissory notes ("commercial paper") (together, "Short-term Obligations") not to exceed \$1.0 billion in aggregate principal amount at any one time outstanding, through January 2, 2019.

The request in the instant proceeding is virtually identical to the request in Docket No. EF14080899. In that docket, by Order dated November 21, 2014, this Board authorized Petitioner to issue Short-term Obligations, not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, through January 3, 2017.

Petitioner states that permanent financing and refinancing for its continuing facilities improvement programs are provided through the issuance of long-term debt and by internally generated cash and equity contributions. However, in addition, Petitioner needs to fund its utility obligations and corporate transactions, including working capital, purchases of energy and natural gas, payment of State income and other taxes, temporary funding of long-term debt including maturities and obligations and to manage timing differences which may occur between its cash receipts, including collections from customers, and its cash outflows, including Basic Generation Service ("BGS") contract payments. In order to employ internally generated cash efficiently and to provide the flexibility necessary to effectively manage cash flows and meet continued cash needs, Petitioner maintains that it needs to continue to issue Short-term Obligations.

According to the Petition, the requested authority will provide Petitioner with the flexibility it requires to meet continued cash needs and manage cash flows during 2017 and 2018. To the extent that any Short-term Obligation is a renewal or extension of a short-term obligation previously issued, such renewal or extension could be payable later than twelve months after the date of the original instrument. Petitioner requests that, within the limitation of \$1.0 billion aggregate principal amount at any one time outstanding, such Short-term Obligations may be issued, extended or renewed from time to time through January 2, 2019 without further application to or approval of the Board.

Petitioner asserts that the interest or discount rate applicable to the Short-term Obligations will be the best rate obtainable by Petitioner for the type of transaction involved. In the case of borrowings from banks and trust companies, such rate, in each instance, will normally be referenced to the prime commercial lending rate, the federal funds rate or the London Interbank Offered Rate ("LIBOR"), as the case may be. In the case of commercial paper, the rate will normally be the market rate or discount rate for commercial paper of comparable quality and maturity.

Petitioner represents that the proceeds from the issuance of Short-term Obligations will be added to its general funds, and will be used for utility purposes, including for working capital, interim financing of State income and other tax obligations, purchases of energy and natural gas, temporary funding of long-term debt maturity and obligations, and payment of other current utility transactions.

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated October 28, 2016, does not object to Board approval subject to the provisions below.

**DISCUSSION AND FINDINGS:**

The Board, after its investigation, **FINDS** that:

1. The purposes of the Short-term Obligations are necessary and proper; and
2. The Petitioner's financing is appropriate at this time.

Therefore, after investigation, having considered the record and exhibits submitted in these proceedings, being satisfied with the action proposed to be taken by Petitioner as indicated above, and finding that the transaction is to be made in accordance with law, is in the public interest, and approving the purposes thereof, the Board **HEREBY ORDERS** that Petitioner be and it is **HEREBY AUTHORIZED** to issue and sell Short-term Obligations not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, all as described above.

This Order is issued subject to the following provisions:

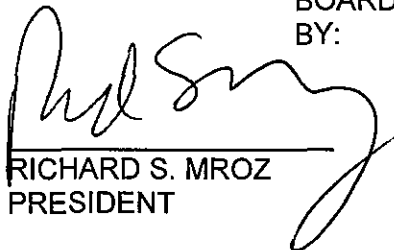
1. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. This Order shall not affect or in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.

3. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised by January 2, 2019.
4. Petitioner should be obligated to conduct its short-term borrowing at lowest reasonable cost, in accordance with its commitment in Paragraph 5 of its Petition.
5. Short-term issuance authority should be used to fund utility operations and investments only, not to fund unregulated affiliates. In addition, Petitioner should conduct short-term borrowing on a stand-alone basis and not in conjunction with its parent or affiliates.
6. The Board's approval of the Petition should not constitute pre-approval of any cost recovery from customers or rate setting.
7. The Board's approval of the Petition should not constitute pre-approval of any capital structure targets, financing plans or capital spending plans.
8. Petitioner retains the affirmative obligation to use a prudent mix of capital to finance its utility operations and investments to provide service at lowest reasonable cost.
9. Rate Counsel reserves all rights to take appropriate positions in future Board proceedings involving Petitioner.

This Order shall become effective on December 10, 2016.

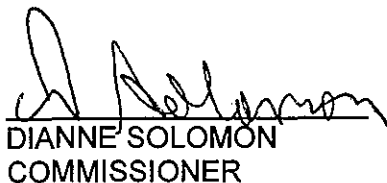
DATED: 11/30/16

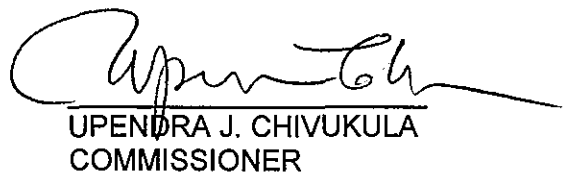
BOARD OF PUBLIC UTILITIES  
BY:

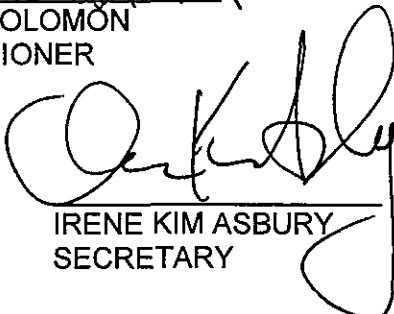
  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

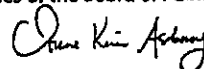
  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
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 THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
PURSUANT TO N.J.S.A. 48:3-9 AND N.J.A.C. 14:1-5.9, FOR AUTHORITY TO ISSUE AND  
SELL SHORT-TERM OBLIGATIONS NOT EXCEEDING \$1.0 BILLION AGGREGATE  
PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING THROUGH JANUARY 2, 2019  
DOCKET NO. EF16070679

SERVICE LIST

Shawn P. Leyden, Esq.  
VP and Deputy General Counsel  
PSE&G Company  
80 Park Plaza, T5B  
Newark, NJ 07102-4194  
[Shawn.leyden@pseg.com](mailto:Shawn.leyden@pseg.com)

Matthew I. Kahal  
Economic Consultant  
1108 Pheasant Xing  
Charlottesville, VA 22901

Donald S. Leibowitz, Esq.  
Asst. General Corp. Counsel  
PSE&G Company  
80 Park Plaza, T5B  
Newark, NJ 07102-4194  
[Donald.leibowitz@pseg.com](mailto:Donald.leibowitz@pseg.com)

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Ami Morita, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[amorita@rpa.state.nj.us](mailto:amorita@rpa.state.nj.us)

Diane Schulze, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[dschulze@rpa.state.nj.us](mailto:dschulze@rpa.state.nj.us)

Irene Kim Asbury, Esq.  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[irene.asbury@bpu.nj.gov](mailto:irene.asbury@bpu.nj.gov)

Thomas Walker, Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Thomas.walker@bpu.nj.gov](mailto:Thomas.walker@bpu.nj.gov)

Stacy Peterson, Deputy Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Stacy.peterson@bpu.nj.gov](mailto:Stacy.peterson@bpu.nj.gov)

Mark Beyer  
Chief Economist  
Office of the Economist  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Mark.beyer@bpu.nj.gov](mailto:Mark.beyer@bpu.nj.gov)

Christine Lin  
Office of the Economist  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Christine.lin@bpu.nj.gov](mailto:Christine.lin@bpu.nj.gov)

Lisa Gurkas  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[Lgurkas@rpa.state.nj.us](mailto:Lgurkas@rpa.state.nj.us)

Megan Lupo, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Megan.lupo@bpu.nj.gov](mailto:Megan.lupo@bpu.nj.gov)

James W. Glassen, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[jglassen@rpa.state.nj.us](mailto:jglassen@rpa.state.nj.us)

Caroline Vachier, Esq.  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Caroline.vachier@dol.lps.state.nj.us](mailto:Caroline.vachier@dol.lps.state.nj.us)

Geoffrey Gersten, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Geoffrey.gersten@dol.lps.state.nj.us](mailto:Geoffrey.gersten@dol.lps.state.nj.us)

Renee Greenberg, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Renee.greenberg@dol.lps.state.nj.us](mailto:Renee.greenberg@dol.lps.state.nj.us)