



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
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, 2015) DOCKET NO. EF12070654

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
M. Courtney McCormick, Esq., for the Petitioner

BY THE BOARD:

Public Service Electric and Gas Company ("Petitioner"), a public utility of the State of New Jersey, by petition filed July 12, 2012 ("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 its short-term obligations consisting of borrowings (including letters of credit) from banks, trust companies, insurance companies or other lenders and of promissory notes (commercial paper) (together, "Short-term Obligations") not exceeding \$1.0 billion in aggregate principal amount at any one time outstanding, through January 2, 2015.

The request in the instant proceeding is virtually identical to the request in Docket No. EF10090648. In that docket, by Order dated November 10, 2010, 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 2, 2013.

Petitioner states that permanent financing and refinancing for its continuing improvement programs are provided through the issuance of long-term debt and by internally generated cash. 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 and managing mismatches which may occur between its cash receipts, including collections from customers, and its cash outflows, including Basic Generation Service 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 2013 and 2014.

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, 2015 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.

Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated September 20, 2012, is not opposed to Board approval subject to the provisions below.

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, 2015.


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, the Company 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 cost recovery from customers or the setting of rates.
8. PSE&G 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 PSE&G.

This Order shall be effective on October 15, 2012

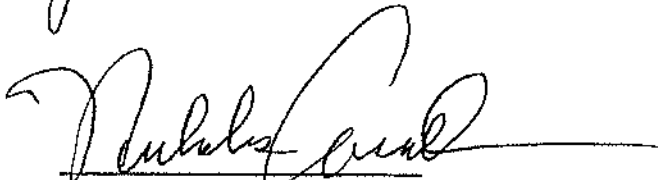
DATED: 10/4/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

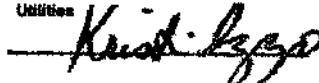

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
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 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, 2015**

DOCKET NO. EF12070654

Mark Beyer, Chief
Economist
Board of Public Utilities
44 South Clinton Ave
9th Floor
P.O. Box 350
Trenton, NJ 08625

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

Caroline Vachier, DAG.
Dept of Law & Public Safety
Division of Law,
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Robert Wojciak
Office of the Economist
Board of Public Utilities
44 South Clinton Ave
9th Floor
P.O. Box 350
Trenton, NJ 08625

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

Jennifer Hsia, DAG
Dept of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Jerome May, Director
Division of Energy
Board of Public Utilities
44 South Clinton Ave
9th Floor
P.O. Box 350
Trenton, NJ 08625

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

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

Alice Bator
Division of Energy
Board of Public Utilities
44 South Clinton Ave
9th Floor
P.O. Box 350
Trenton, NJ 08625

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

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

Robert Schulteis
Division of Energy
Board of Public Utilities
44 South Clinton Ave
9th Floor
P.O. Box 350
Trenton, NJ 08625

Matthew I. Kahal
c/o Exeter Associates, Inc.
1480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044

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