

NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY CUSTOMERS

Notice of Filing and Public Hearings for Basic Generation Service Charges (BGS)
Procured by PSE&G on behalf of its Basic Generation Service Customers
and

Notice of Proposed Recovery through its BGS Charges of
Costs Resulting from Statewide Auction for Basic Generation Service

TAKE NOTICE that, on July 1, 2013, Public Service Electric and Gas Company ("Public Service," "PSE&G," "the Company") filed a proposal (Annual Proposal for Basic Generation Service ("BGS") Requirements to be Procured Effective June 1, 2014) with the New Jersey Board of Public Utilities ("Board," "BPU") requesting that the Board approve the procurement of BGS through a statewide competitive auction process with new BGS charges to become effective June 1, 2014. BGS is the electric generation supply provided to all PSE&G customers who do not purchase their electricity from a third-party supplier.

The New Jersey Electric Distribution Companies ("EDCs"), such as PSE&G, are mandated to provide BGS in accordance with the requirements of the Electric Discount and Energy Competition Act ("the Act"). BGS is currently procured through a statewide competitive auction process in which all of the EDCs seek offers for BGS supply from electric generation suppliers. In this auction process, electric generation suppliers bid in a descending-clock auction on specified portions of the electric requirements for BGS customers for each of the EDCs. The Board has approved this type of auction for each year since 2001, and has found that this auction process meets the statutory requirements of the Act. The Company's Annual Proposal for BGS Requirements to be Procured Effective June 1, 2014 is available at: <http://www.bgs-auction.com/bgs.auction.regproc.asp>.

On September 19, 2013 beginning at 10:00 am, a hearing will be held at the Board's Trenton office on the BGS proposals. The Board is expected to rule on the EDCs' BGS proposal shortly thereafter. The Board's Agenda Meeting schedules can be found at www.bpu.state.nj.us.

The final price for BGS-FP supply resulting from the BGS-FP auction conducted in 2013 was \$0.09218 per kilowatt-hour for a 36-month supply period. For the BGS-CIEP auction conducted in 2013, the Generation Capacity Charge cleared at \$269.29 per MW-day.

The final auction clearing prices for the BGS supply procured in the 2014 BGS-FP and BGS-CIEP auctions may be higher than or lower than the prices obtained in the 2013 auctions. Auction prices are converted to customer charges, which may be higher than or lower than current charges, depending on the outcome of the auction,

consistent with market conditions. BGS rates also include applicable transmission charges set by the Federal Energy Regulatory Commission ("FERC"). BGS-FP and BGS-CIEP rates may change to reflect any increases or decreases in these FERC-approved transmission charges.

Under the EDCs' July 1, 2013 proposal, the criteria for BGS-CIEP eligibility would be set at a peak load share of 500 kW. Customer classes eligible to be served under the BGS-FP rate would include customers served under PSE&G's distribution Rate Schedules RS, RHS, RLM, WH, WHS, HS, BPL, BPL-POF, PSAL, GLP and LPL-Secondary with a peak load share of less than 500 kW. Customers served on Rate Schedules HS, GLP and LPL-Secondary may elect to be served at BGS-CIEP as their default supply option. Additionally, PSE&G customers served under distribution Rate Schedules LPL-Primary, HTS-Subtransmission, HTS-High Voltage, and those LPL-Secondary customers with a peak load share of 500 kW or greater are only eligible to be served under BGS-CIEP. These criteria for BGS-CIEP service are subject to change for this year's procurement at the discretion of the Board.

PLEASE TAKE NOTICE that the Board has scheduled the following date, time and location for a public hearing on the above filing so that members of the public may present their views. The hearing will continue until all public witnesses are heard.

September 17, 2013
1:30 PM
Middlesex County Administration Building
Freeholder's Meeting Room
1st Floor
J.F. Kennedy Square
New Brunswick, New Jersey 08901

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, no less than 48 hours prior to the above hearings. Customers may file written comments with the Secretary of the Board of Public Utilities by September 27, 2013, at 44 South Clinton Avenue, Ninth Floor, P.O. Box 350, Trenton, New Jersey 08625-0350 ATTN: Secretary Kristi Izzo, regardless of whether or not they attend the public hearing.

