



December 1, 2007

Hourly Pricing Option Available to Non-Residential Basic Generation Service Customers

Dear Customer:

On October 22, 2004, the New Jersey Board of Public Utilities (BPU) authorized PSE&G and the other New Jersey electric distribution companies to procure default electric supply (Basic Generation Service or "BGS") for customers who do not choose to obtain electric supply from an alternate electric supplier.

As part of this approval process, the BPU again authorized the imposition of a 0.5¢ per kilowatthour retail margin charge for customer accounts that remain on BGS and have a Peak Load Share of 750 kilowatts (kW) or greater. This retail margin charge is connected with the electric supply portion of your bill; customers who purchase their electric supply from an alternate electric supplier (also known as third-party supplier or TPS), do not pay this retail margin charge. The charge also applies only to customers with a peak load share of greater than 750 kW, and to customers that obtain their electric supply under the hourly-priced (BGS-CIEP) rate.

The BPU has also authorized all metered non-residential account customers to have an option to switch from BGS-Fixed Price (FP) service to BGS-CIEP service. BGS-CIEP is an hourly-priced rate, with prices changing each hour of the day and every day of the week, based upon market conditions.

How would choosing BGS-CIEP hourly pricing affect my account?

If you choose to enroll in CIEP hourly pricing, the energy portion of your electric bill (currently identified as the "Price to Compare") will no longer be charged at a fixed rate for a given time period (e.g. "On-Peak"). This rate will fluctuate hourly and will be based on the average market price for electric power charged in the PSE&G service territory (also called the PSE&G transmission zone) by the PJM Interconnection. If you choose to become a BGS-CIEP hourly priced customer of PSE&G, a retail margin of 0.5¢ per kilowatt-hour will also be added to the supply portion of your bill. This fee will not be charged if you select a Third Party Supplier (TPS) for electric power supply.

How do I enroll in CIEP hourly pricing?

If you choose to opt-in and become a BGS-CIEP eligible hourly-priced customer, you must notify PSE&G of your intention to do so no later than January 2, 2008 by using the enclosed form. By doing so, you will begin to receive electric supply on BGS-CIEP hourly pricing, effective June 1, 2008, and will remain on this default service until at least May 31, 2009.

Revised 11/26/2007

Choosing BGS-CIEP as your default option does not affect your ability to subsequently choose third-party supply. Your business will still have the option to switch to a TPS, and may do so as often as you wish. However, if you return to BGS, you will be billed at the BGS-CIEP hourly rate.

If you would like to exercise your option for the hourly priced BGS-CIEP default service to be effective June 1, 2008, you must fax the attached Authorization Form to the attention of Mr. Michael Farro at 973-379-7286 no later than January 2, 2008.

How do I enroll with a TPS?

PSE&G can provide your name and account number to third party suppliers who may be able to offer you electric supply alternatives that are economically preferable to BGS-FP or BGS-CIEP hourly pricing. PSE&G will only release your account information if you authorize us to do so by completing and returning the enclosed authorization form. If you contract with a TPS, you will be switched to that TPS on your next regularly scheduled meter reading date, provided PSE&G receives a valid electronic enrollment from your selected TPS at least twenty (20) days prior to the scheduled meter reading date.

Enclosed for your convenience is a list of licensed suppliers operating in PSE&G territory.

How do I return to BGS - Fixed Price?

If in past year you choose to opt-in and become a BGS-CIEP eligible hourly-priced customer, and now desire to return to BGS-FP, you must again notify PSE&G of your intention to do so no later than January 2, 2008 by using the enclosed form. By doing so, you will begin to receive electric supply on BGS-FP fixed pricing, if applicable, effective June 1, 2008,

For more information about these changes, please feel free to contact PSE&G's Large Customer Support hotline at 1-800-664-4761, option #2.



BGS-CIEP AUTHORIZATION FORM

(Must be returned to PSE&G by 1/02/2008)

I hereby authorize PSE&G to do the following (please check all that apply):

_____ Enroll my account(s) listed below in the BGS-CIEP hourly pricing option effective June 1, 2008

_____ Release my account number and contact information to third party suppliers

_____ If applicable, return the account(s) listed below currently enrolled in the BGS-CIEP hourly pricing option to BGS-FP service effective June 1, 2008.

Customer _____

Address _____

Municipality _____

Zip code _____

Account Number(s) _____ Rate/Meter # _____

Account Number(s) _____ Rate/Meter # _____

Account Number(s) _____ Rate/Meter # _____

Authorized
Contact Name _____

Authorized
Contact Phone _____

Authorized

Signature _____

Please fax the completed form to PSE&G at (973) 379-7286, Attn: Michael Farro