

Energy Prices
Yesterday
Today
Tomorrow

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Vice President – Business Analysis

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OIL \$75/Barrel



Natural Gas \$14/MM BTU



Nigeria

HURRICANE
KATRINA

OPEC



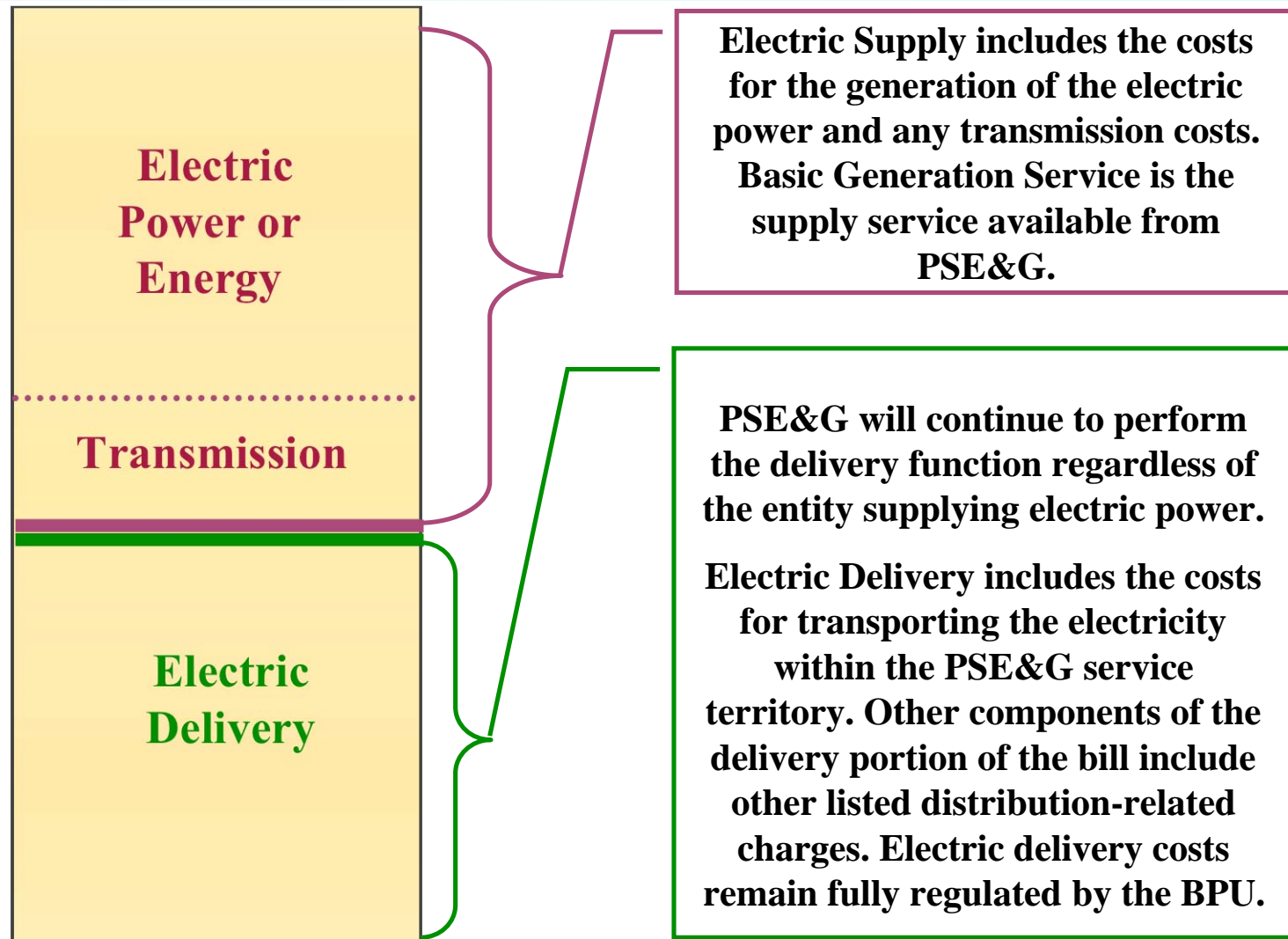
Hurricane Rita

Refineries

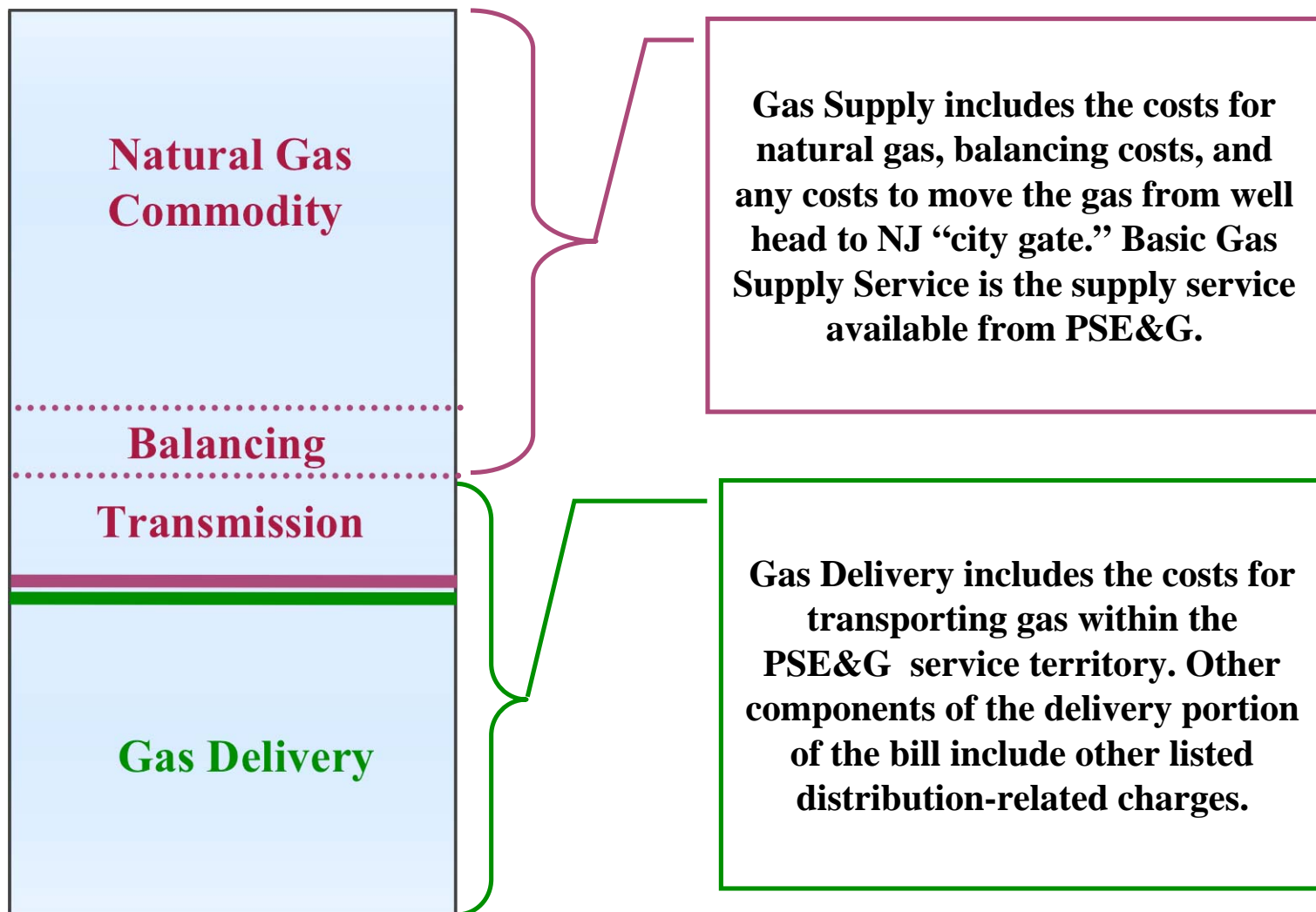
Gasoline
\$3.50/gallon



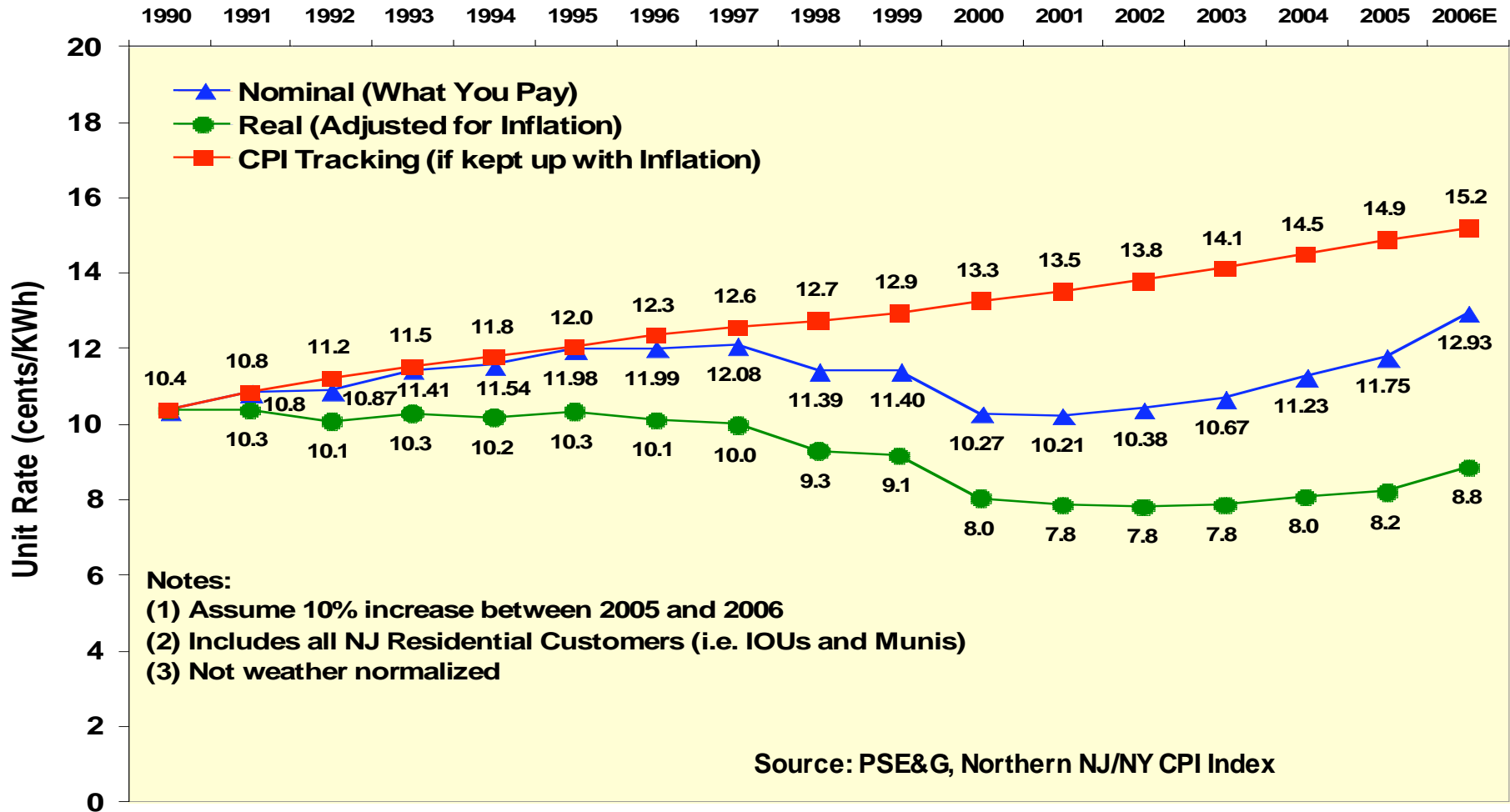
Electric Power Supply and Delivery Charges



Gas Supply and Delivery Charges

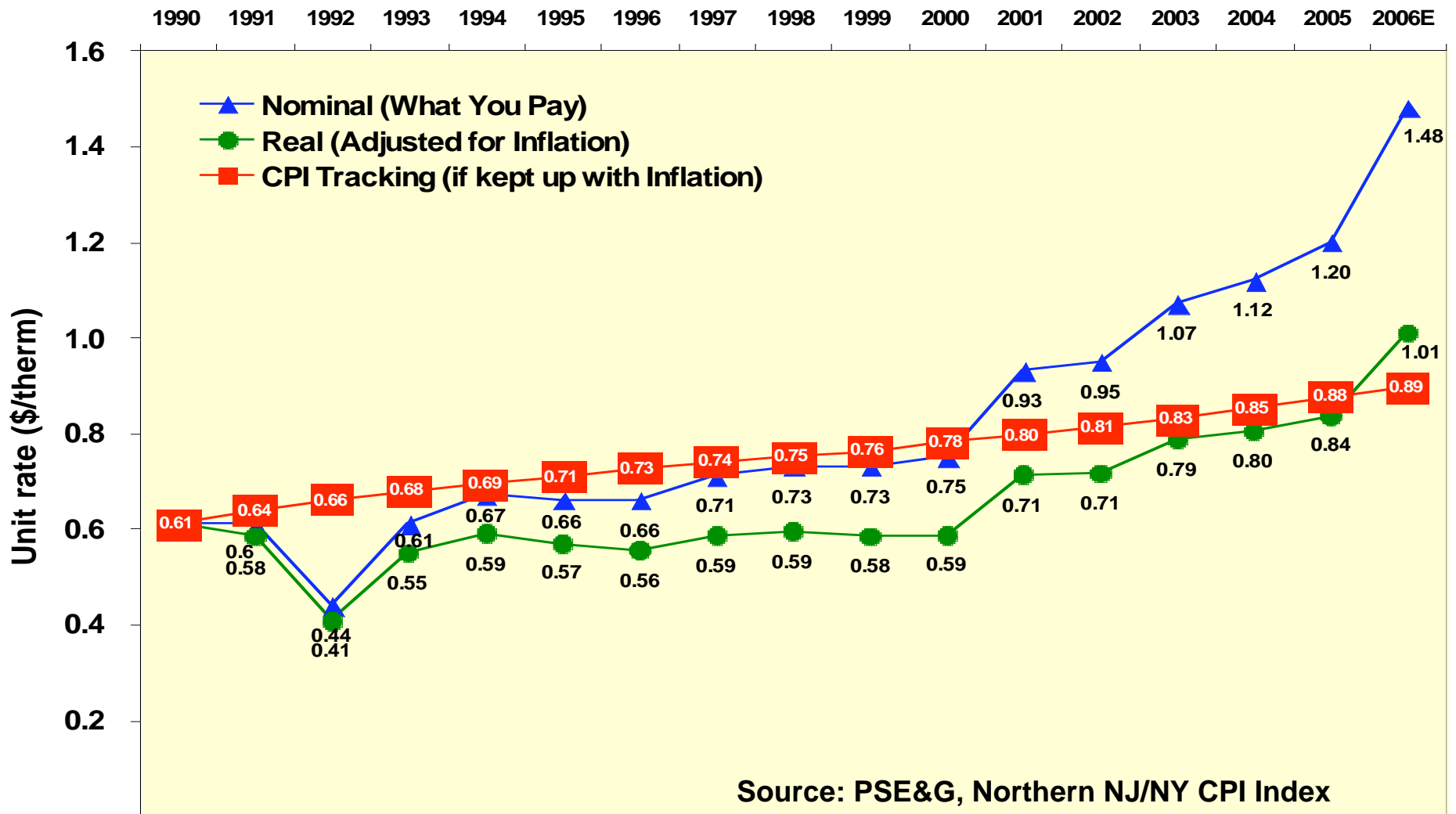


New Jersey Average Residential Electricity Rates 1990 – 2006E



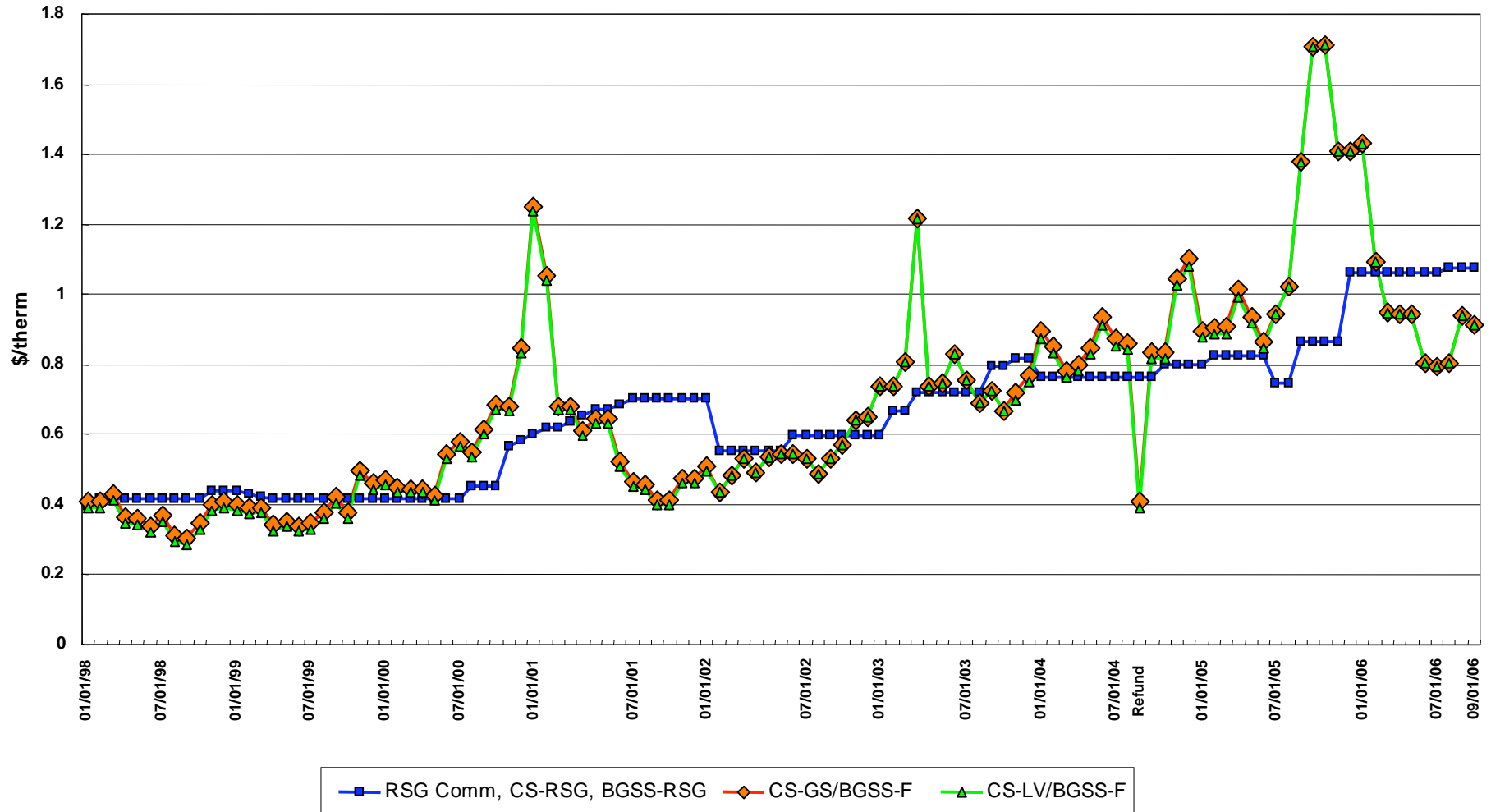
Adjusted for inflation, New Jersey's 2006 average residential price is expected to be about 1.5 cents/KWh below 1990's rate.

PSE&G BGSS Residential Gas Commodity Rates 1990 - 2006E

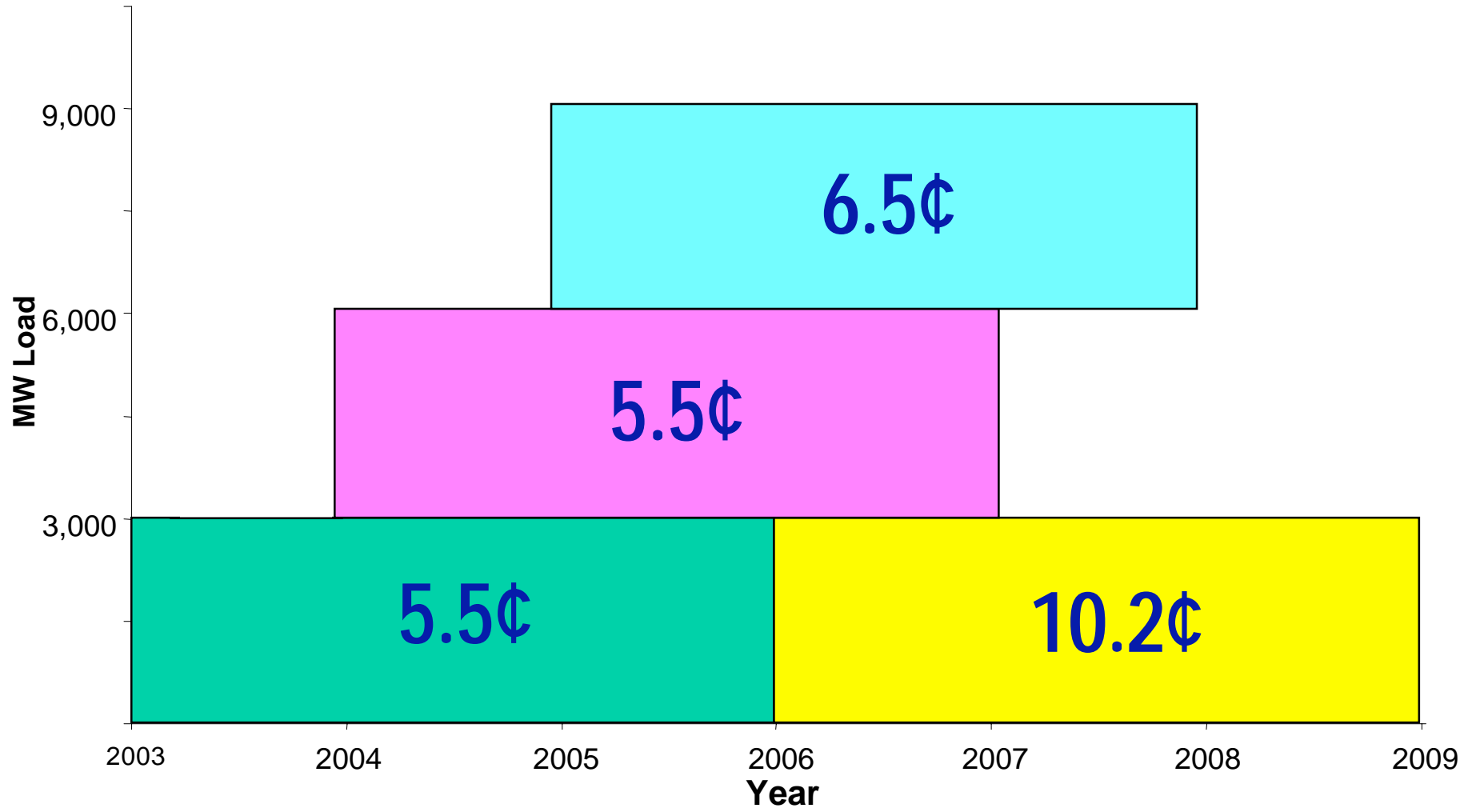


Adjusted for inflation, PSE&G's 2006 BGSS residential price is 40 cents/therm above 1990's price.

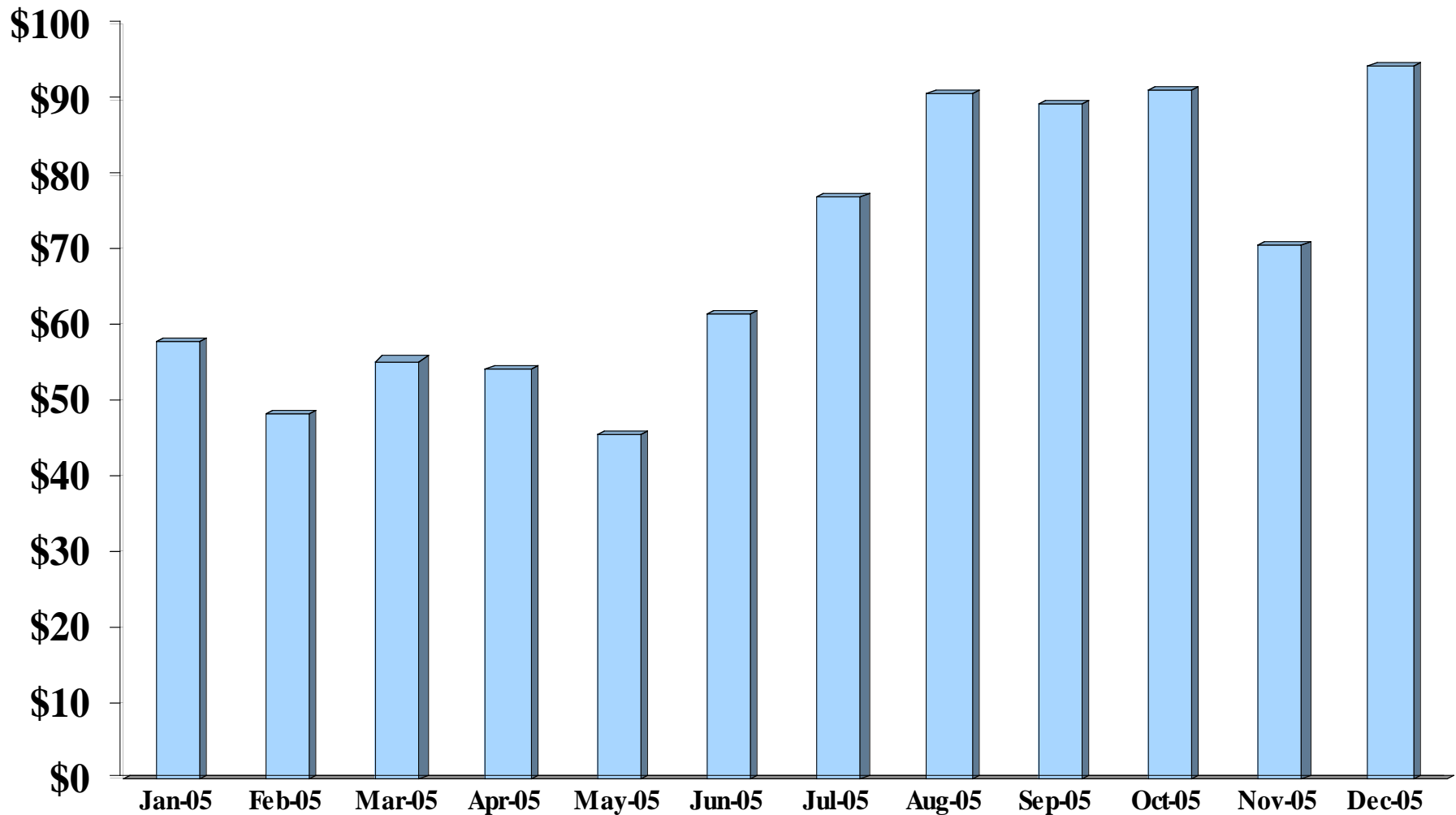
Firm Gas Commodity Prices 1998-Present



NJ BGS Auction Structure Residential, Small C&I Customers



Average Monthly Spot Energy Market Prices 2005 (Large Customers)

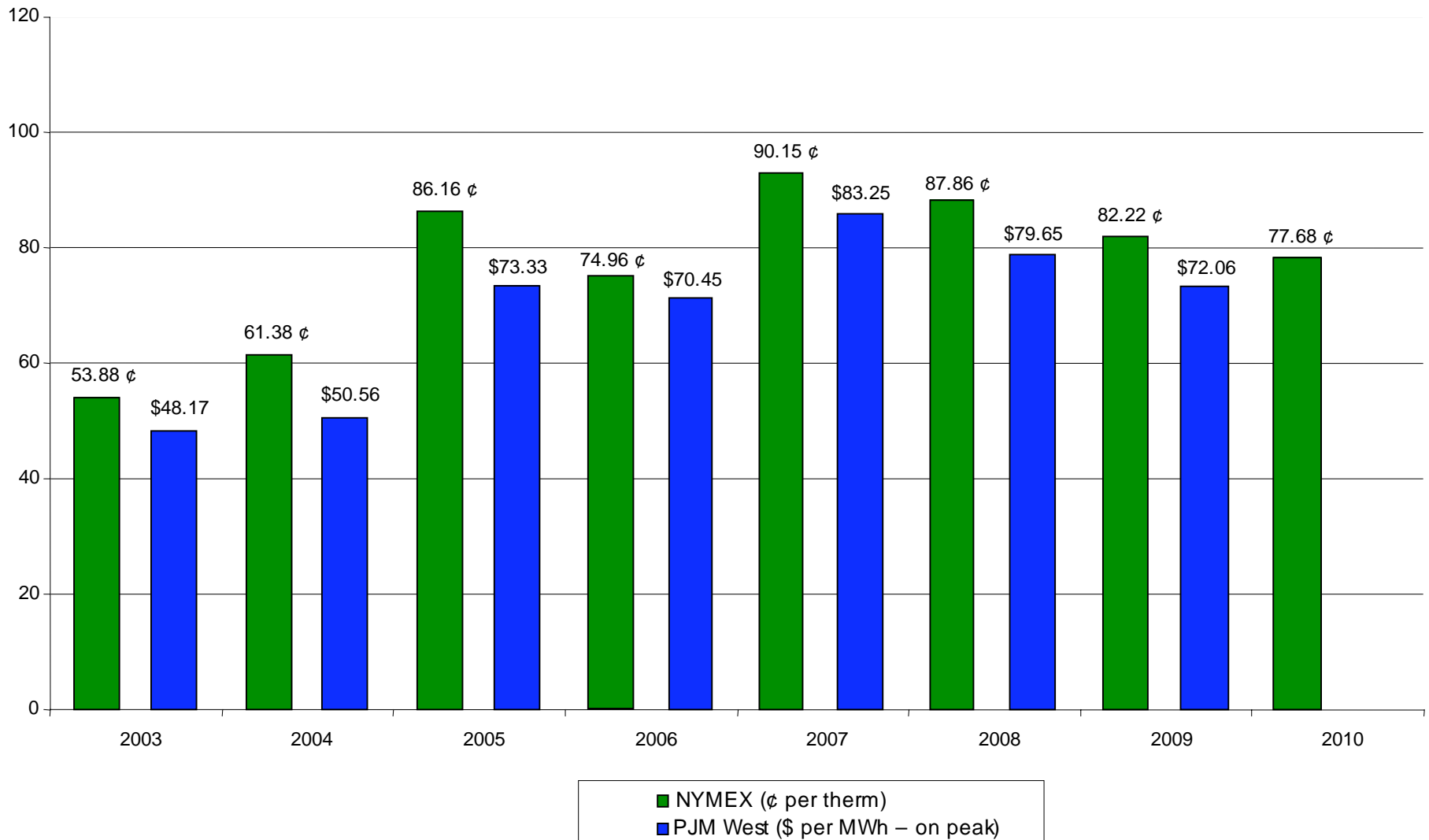


Where are electric and gas prices going ?

- No one knows for sure ...
- Futures markets are the basis for how experts value electric and gas prices.
- Prices in futures markets are greatly affected by the current price and interest rates.
- PSE&G's electric and gas commodity rates for residential (BGS-FP and BGSS) are affected by these markets.

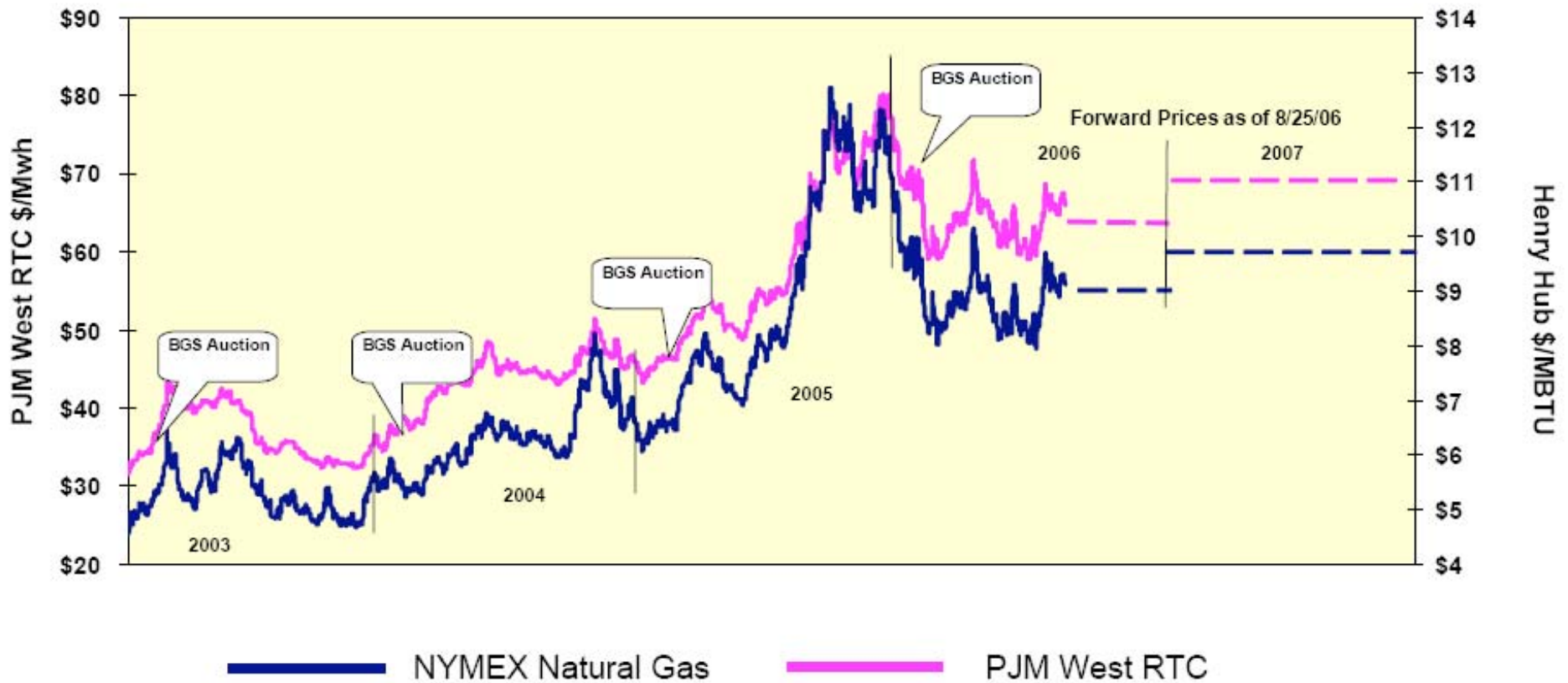


Gas and Electric Futures Prices 12 Month Strip (September 2006)



PJM Pricing Environment

Electricity and Natural Gas Forward Price Movements 2003 - 2007



Thank You