

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

November 28, 2005

In Reply Refer To:

PSEG Energy Resources and
Trade, LLC
PSEG Fossil, LLC

Docket Nos. ER05-644-000
ER05-644-001
ER05-644-002

Fulbright & Jaworski LLP
Attn: William A. Williams
Attorney for the PSEG Power Companies
801 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Mr. Williams:

1. On September 23, 2005, pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2004), PSEG Energy Resources & Trade, L.L.C. and PSEG Fossil, L.L.C. (together, "PSEG") filed an Offer of Settlement to reflect the settlement in principle reached with Commission's Trial Staff ("Trial Staff") in the proceeding referenced above. On October, 13, 2005, Trial Staff submitted comments supporting the Offer of Settlement. No other comments were received. All parties to this proceeding either support or do not oppose the Offer of Settlement. On October 31, 2005, the Settlement Judge certified the Offer of Settlement to the Commission as uncontested.

2. On February 14, 2005, PSEG filed a tariff for Cost of Service Recovery Rates for five of PSEG Fossil's generating units located within the PJM Interconnection, LLC ("PJM") control area in New Jersey. PJM states that the Sewaren Station, Units Nos. 1, 2, 3, 4 and Hudson Station Unit No. 1 are necessary for grid reliability through September 1, 2008. By order issued on April 25, 2005, the Commission accepted and suspended the proposal for a nominal period, subject to refund and conditions, to be

effective on February 25, 2005 and established a hearing to determine whether the proposed rates were just and reasonable. The hearing was held in abeyance, so that parties could conduct negotiations under settlement judge procedures.¹

3. The Offer of Settlement is in the public interest and is hereby approved. In addition to terminating Docket No. ER05-644-000, this order terminates as moot Docket No. ER05-644-001, a request for rehearing of the Commission's order in this proceeding dated March 22, 2005, and a related compliance filing by PSEG dated May 25, 2005 in Docket No. ER05-644-002. However, the tariff designations do not comply with Designation of Electric Rate Schedule Sheets, Order No. 614, FERC Stats. & Regs., Regulations Preambles July 1996 – December 2000 ¶ 31,096 (2000). PSEG is directed to file rate schedule sheets in conformance with Order No. 614 within 30 days of this order approving the settlement. A new subdocket in Docket No. ER05-644 will be assigned to the filing.

4. The Commission's approval of the Offer of Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e (2000).

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties

¹ *PSEG Energy Resources & Trade, L.L.C. and PSEG Fossil, L.L.C.*, 111 FERC ¶ 61,121 (2005).