



August 1, 2006

Elizabeth A. Moler
Executive Vice President
Exelon Corporation
101 Constitution Ave., NW
Suite 400 East
Washington, DC 20001

R. Edwin Selover
Senior Vice President and General Counsel
Public Service Enterprises Group, Inc.
80 Park Plaza
Newark, NJ 07102

Re: In the Matter of the Joint Petition of Public Service Electric and Gas Company and Exelon Corporation for approval of a Change in Control of Public Service Electric and Gas Company and Related Authorization – BPU Docket No. EM05020106

Dear Ms. Moler and Mr. Selover:

I have reviewed your letter of July 24. The MMU prepared the July Report at the request of the New Jersey BPU, following exactly the same methods which we had used in all prior reports and using the tests which are specified in the Department of Justice Merger Guidelines.

As I stated in the initial MMU Report and in testimony provided in the New Jersey proceeding, behavioral mitigation can also have a role in ensuring that the market power impacts of the proposed merger are appropriately mitigated. Effective behavioral mitigation can include agreements to offer energy and capacity at marginal cost. The behavioral mitigation measures you have listed in your letter are among the type of behavioral mitigation measures that could help resolve the market power impacts of the proposed merger.

The appropriate behavioral mitigation measures are ultimately a policy decision. As the BPU is the final decision maker in the New Jersey proceeding, the BPU needs to make that decision. As I have indicated in both written and oral testimony, it is not the role of the MMU to make that policy decision or to endorse prospectively any specific behavioral mitigation measures.



Please contact me at 610-666-4536 or via email at bowrij@pjm.com with any questions or concerns.

Sincerely,

Joseph E. Bowring
Market Monitor