



State of New Jersey

BOARD OF PUBLIC UTILITIES
TWO GATEWAY CENTER
NEWARK NJ 07102

JEANNE M. FOX
President

DR. FRED S. GRYGIEL
Chief Economist
TEL (973) 648-3860
FAX (973) 648-4410

December 20, 2004

Mr. Lane Lanford, Executive Director
Central Records Division
Project No 29049, Room G-113
Public Utility Commission of Texas
1701 North Congress Avenue
Austin, Texas 78711

Dear Mr. Lanford,

Please be advised that the New Jersey Board of Public Utilities retained Saber Partners, LLC (Saber) to act as their Financial Advisor (FA) on the securitization petition of Public Service Electric and Gas Co. a regulated utility in New Jersey. The selection of Saber was based on a competitive bid process controlled by the Board's Request For Proposals (RFP) issued January 23, 2004. The other competing consultants included JP Morgan and Bear, Stearns & Co. Inc.

The evaluation criteria utilized by the Board's staff were set out in the RFP. The Saber proposal correctly emphasized the vital importance of the FA's independence in evaluating and developing the structuring, marketing and pricing process for the sale of the securities at the lowest possible cost to ratepayers. Further, Saber was able to point to successful engagements in Texas involving sizeable securitizations completed for major electric utilities in the state at much lower costs than comparable transactions.

The competitive bid process culminated in the Board's selection of a Financial Advisor based on an evaluation of each competitor's relevant utility experience combined with a prior record of successful securitizations that minimized costs to ratepayers and an assessment of the quality of the professional team assembled for the task. Based on its review of these factors, the Board chose Saber Partners.

Further information is available on the Board's web site and any follow-up questions can be directed to me.

Regards,

A handwritten signature in cursive script that reads "Fred S. Grygiel".

Dr. Fred S. Grygiel