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PSE&G FILES RATES FOR ENERGY STRONG PROGRAM

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Customer bills expected to remain steady while making necessary improvements to reduce outages

(March 20, 2013 – Newark, NJ) – Public Service Electric and Gas Company (PSE&G) today said the typical residential customer who receives both electric and gas from the utility is projected to pay about $12 less per year in 2018 than today if the utility gets approval for every project in its "Energy Strong" program to upgrade its electric and gas distribution systems. The bill impact assumes that natural gas costs remain low and PSE&G supply costs are at current levels.

On Feb. 20, PSE&G proposed investing $3.9 billion during the next 10 years to proactively protect and strengthen its electric and gas systems in the face of increasingly severe weather. Energy Strong would create about 5,800 jobs for electricians, mechanics, laborers, operating engineers and others, and countless opportunities for New Jersey businesses. The utility has asked for initial funding approval of $2.6 billion during the first five years. Because some of the improvements will take more time to implement, the utility may seek approval to spend an additional $1.3 billion in the latter five years to complete the program.

"An energy infrastructure that is better able to withstand storms like Sandy and other natural disasters can help save NJ businesses hundreds of millions of dollars in lost revenue and protect our families from the impact of extended power outages," said Ralph Izzo, PSEG chairman and CEO. "The good news is that our customers will get the benefit of a more resilient electric and gas system while we create thousands of jobs for the state's economy."

In a filing today with the New Jersey Board of Public Utilities, the utility detailed the proposed impacts on customers if the first part of the $3.9 billion investment is approved.

Residential and business bills to remain stable

A typical PSE&G residential combined electric and gas customer is projected to see their annual bill drop about $12, or $1 per month in 2018. Bills will fluctuate slightly between now and then. In 2014, the average customer's bill will be about 70 cents a month higher than 2013 and about $1.50 a month higher in 2015. Bills will then begin to drop. In 2016 the average bill will be about $4.70 a month lower than 2013 and $2.90 a month lower in 2017 compared to 2013. The above bill impacts assume current PSE&G supply costs.

The utility estimates that in 2018, a typical annual residential electric bill will be approximately 3 percent lower than it was in 2008 and a typical gas bill will be approximately 33 percent lower -- even with the proposed additional spending – and still well below the rate of inflation.

Business customers also are projected to see lower overall bills in 2018 compared to current bills. For example, an industrial electric customer using 85 million kilowatt-hours per year, with a usage pattern similar to a class average primary voltage customer*, is projected to pay approximately $1 million less in 2018 than today even if every project in Energy Strong was approved by the BPU. This bill also assumes current PSE&G supply costs.

The stability of bills is due to a number of factors. First, the price of natural gas has dropped nearly 40 percent in the past four years, lowering the cost of heat and electricity. Second, some charges currently included in customer bills will expire in 2014, 2016 and 2017. Two of those charges are related to the deregulation of the New Jersey energy market. The Transitional Energy Facility Assessment will expire in January 2014 and the Securitization Transition Charge expires in 2016. A third charge, the Non-Utility Generation Charge, will approach zero in January 2017.

PSE&G is seeking BPU approval to begin the Energy Strong program on July 1, with initial rates effective Jan. 1, 2014.

"How many more destructive storms can New Jersey endure before we take action to create a more resilient utility system?" Izzo said. "We cannot afford to delay. We look forward to productive discussions with our regulators to prioritize what needs to be done and when."

PSE&G's "Energy Strong" program would make improvements to its distribution system to reduce the number and duration of power outages caused by severe storms. The improvements include:

• protecting more than 40 utility installations from storm surges,

• strengthening distribution lines,

• making the electric grid smarter and thereby easier to restore customers, and

• modernizing the gas distribution system.

Energy Strong has support from a diverse group of business, labor and municipal leaders.

For more information about Energy Strong, visit www.pseg.com/energystrong [2].

*A primary voltage customer maintains their own transformer and uses 4,000 or 13,000 volts.

Forward Looking Statement

Certain of the matters discussed in this report constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management’s beliefs as well as assumptions made by and information currently available to management. When used herein, the words “anticipate,” “intend,”

“estimate,” “believe,” “expect,” “plan,” “should,” “hypothetical,” “potential,” “forecast,” “project,” variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in Item 1A. Risk Factors, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A), Item 8. Financial Statements and Supplementary Data —Note 13. Commitments and Contingent Liabilities, and other factors discussed in filings we make with the United States Securities and Exchange Commission (SEC).

These factors include, but are not limited to:

• adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets,

• adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, transmission planning and cost allocation rules, including rules regarding how transmission is planned and who is permitted to build transmission in the future, and reliability standards,

• any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators,

• changes in federal and state environmental regulations that could increase our costs or limit our operations,

• changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units,

• actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site,

• any inability to balance our energy obligations, available supply and risks,

• any deterioration in our credit quality or the credit quality of our counterparties, including in our leveraged leases,

• availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs,

• changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,

• delays in receipt of necessary permits and approvals for our construction and development activities,

• delays or unforeseen cost escalations in our construction and development activities,

• any inability to achieve, or continue to sustain, our expected levels of operating performance,

• any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers,

• increase in competition in energy supply markets as well as competition for certain rate-based transmission projects,

• any inability to realize anticipated tax benefits or retain tax credits,

• challenges associated with recruitment and/or retention of a qualified workforce,

• adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements, and

• changes in technology and customer usage patterns.

All of the forward-looking statements made in this report are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E

of the Securities Exchange Act of 1934, as amended.

Public Service Electric and Gas Company (PSE&G) is New Jersey's oldest and largest regulated gas and electric delivery utility, serving nearly three-quarters of the state's population. PSE&G is the winner of the ReliabilityOne Award for superior electric system reliability. PSE&G is a subsidiary of Public Service Enterprise Group Incorporated (PSEG) (NYSE:PEG), a diversified energy company (www.pseg.com [3]).

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