

PSE&G Proposes Five-Year Program to Continue Natural Gas Infrastructure Upgrades

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Program would replace 1,250 miles of aging gas mains

Proposal is second phase of modernization program approved in 2015

Low gas supply prices make this an ideal time to upgrade system

(July 27, 2017 – Newark, N.J.) – Public Service Electric and Gas Company (PSE&G), New Jersey’s largest utility, today unveiled a proposal for the second phase of its natural gas infrastructure modernization program. If approved by the New Jersey Board of Public Utilities (BPU), the program will enable PSE&G to continue to accelerate the replacement of its aging cast-iron and unprotected steel gas pipes – installing 1,250 miles of new gas mains over a five-year period. The proposed cost is about \$540 million a year, or \$2.7 billion in total.

“Through the success of our current modernization program, we’ve demonstrated we can manage a larger-scale, longer-duration program safely and cost-effectively,” said Ralph LaRossa, PSE&G president and COO. “Today’s proposal would give us the ability to replace more aging gas pipes at an accelerated pace, ensuring we can continue to provide customers with safe, reliable natural gas service now, and for many years to come. The filing is also in line with the BPU’s proposed rules on supporting longer-term infrastructure programs.”

PSE&G has just under 4,000 miles of cast-iron gas pipes, which is more than any other utility in the nation. At the pace proposed today, the utility can replace in 20 years its cast-iron and unprotected steel pipes with new, modern plastic pipes.

Pipes installed before 1960 are the most leak-prone. They make up 25 percent of PSE&G’s network, yet account for 65 percent of leaks, excluding third-party damages. The five-year pipe replacement program would reduce greenhouse gas emissions equal to taking 43,000 vehicles off the road.

Today’s proposal is a continuation of work the utility is performing under its Gas System Modernization Program that is replacing 510 miles of gas mains over three years. Since January 2016, PSE&G has replaced 286 miles of pipes. PSE&G employees and contractors have performed the work safely, on schedule and on budget.

Benefits of the work include improved safety and reliability of gas service, reduction in methane emissions and creation of jobs. Since 2009, PSE&G’s residential customers’ gas heating bills are down 50 percent because of the lower cost of natural gas.

“We can get this work done now without a big pinch in customers’ pockets,” LaRossa said.

The upgrades will take place across PSE&G’s service territory in 11 counties, concentrating on urban areas established in the early 1900s, where much of the utility’s cast-iron and unprotected steel gas pipes are located. PSE&G works with municipalities to determine when replacements will be done.

The New Jersey BPU has proposed new rules that would permit utilities to seek approval for infrastructure programs for up to five years. The BPU announced the rules on June 30, two months after a public hearing at which about two dozen contractors, suppliers, labor officials and industry groups voiced support for longer-term utility infrastructure programs.

“Longer-term replacement programs like this one enable us to hire and train a stable workforce, knowing we will have sustained work for them,” said J. Fletcher Creamer Jr., Chief Executive Officer of J. Fletcher Creamer & Son. “The filing also supports the key components of the recent BPU rule proposal that would allow for up to five years of infrastructure investments – greater efficiency in project planning, construction schedules, more jobs and greater system resiliency and reliability.”

In addition to ensuring the continued safety and reliability of the gas system, the proposed program would create almost 3,000 full time jobs per year for the duration of the program.

“New Jersey’s economic health is uniquely tied to the health of its infrastructure,” said Raymond M. Pocino, Vice President – Laborers’ International Union of North America (LIUNA) and Eastern Regional Manager. “Because of this, the modernization of PSE&G’s aging gas infrastructure will be a long-term, positive investment that will increase the state’s job growth and yield both economic and environmental benefits for years to come.”

Enhanced safety is an important benefit of the work. When lines are replaced, gas meters located inside the home or business are moved outside. This allows PSE&G and other first-responders to shut off gas more quickly in the event of an emergency, facilitates routine safety inspections and provides easier access for meter readings. Also, excess flow valves are installed in the individual lines that run from the mains to customers. These valves automatically shut off gas when a service line is damaged.

The upgraded lines will operate on elevated pressure to support the expanded use of high-efficiency appliances, improving customer satisfaction, and reducing customer's energy bills and emissions through improved efficiency.

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