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PSE&G Unveils 5-Year Proposal to Continue to Replace Aging Gas Infrastructure

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$320 million a year program to modernize 800 miles of cast iron and unprotected steel

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

(March 2, 2015 – Newark, N.J.) - Public Service Electric and Gas Company (PSE&G), New Jersey's largest utility, announced a proposal to invest $1.6 billion over the next 5 years to proactively modernize its gas systems – supporting a safe, clean, reliable gas system well into the future. The utility requested the funding, about $320 million per year, in a filing with the New Jersey Board of Public Utilities.

PSE&G's Gas System Modernization Program would include replacing an average of approximately 160 miles of cast iron and unprotected steel gas mains, and about 11,000 unprotected steel service lines to homes and businesses per year, over five years.

The mains and service lines would be replaced with strong, durable plastic piping, which is much less likely to have leaks and release methane gas. The new elevated pressure systems also enable the installation of excess flow valves that automatically shut off gas flow if a service line is damaged, and better support the use of high-efficiency appliances.

"While our cast iron and unprotected steel gas pipes represent less than 30 percent of our infrastructure, they account for 80 percent of distribution systems leaks each year, excluding third-party damages," said Ralph LaRossa, PSE&G president and COO. "The Gas System Modernization Program will provide our customers and the communities we serve with the environmental benefit of reduced greenhouse gas emissions, and a positive impact on employment and the New Jersey economy."

Pointing to lower gas bills, LaRossa said it makes sense to make these added investments now.

Since 2008, residential gas heating bills are down 44 percent because of the lower cost of natural gas supply. "We are in a time of unprecedented low interest rates and natural gas prices," LaRossa said. "The timing is right to make these infrastructure investments."

The Gas System Modernization Program would support more than 500 direct jobs to help boost New Jersey's economy. "A number of labor and business leaders have already expressed support for our proposal," said LaRossa. "They know that these are important investments for New Jersey."

The Gas System Modernization Program is a next step in a series of modernization programs, including PSE&G's ongoing Energy Strong work that is focused largely on building the resiliency into its systems required to withstand the kind of severe weather that has devastated our state over the past five years. Approved last year, the $1.22 billion Energy Strong program includes raising, relocating and protecting electrical switching and substations, and replacing 250 miles of low-pressure cast iron gas mains in or near flood areas.

"We operate and maintain more than 17,000 miles of gas distribution mains that transport natural gas to 1.87 million customers in the most densely populated parts of our state," LaRossa said. "We've been providing safe, reliable gas service to customers in New Jersey for more than 100 years, and believe strongly that now is the right time to modernize our infrastructure."

PSE&G
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.

Forward-Looking Statement
The statements contained in this communication about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://www.pseg.com [3]. These documents address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this communication. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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