



PSE&G TO BEGIN NEXT PHASE OF GAS SYSTEM REPLACEMENTS

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Utility gains NJ BPU approval for five-year program to improve reliability and safety for gas customers

\$1.875 billion program will continue momentum to modernize, create 3,200 jobs and spur economic growth

(May 22, 2018 – Newark, N.J.) – Public Service Electric & Gas Company (PSE&G) is moving forward with the next phase of its Gas System Modernization Program (GSMP II) following today's approval of a multi-party settlement by the New Jersey Board of Public Utilities (BPU). Through GSMP II, PSE&G will invest \$1.875 billion to continue the accelerated replacement of aging gas pipes, supporting a safe, clean and reliable gas system. The work, which will create some 3,200 jobs, entails replacing 875 miles of pipes and other gas infrastructure improvements through 2023.

"Providing quality service requires keeping an eye on the future. This acceleration enhances safety, helps protect the environment and saves customers money over the long run," said David Daly, PSE&G president and COO. "Our teams have already replaced hundreds of miles of aging gas infrastructure across the state, and with the approval of GSMP II, we can continue the momentum of our critical work to modernize our system, limit greenhouse gas emissions, maintain service reliability and create jobs and other economic benefits in New Jersey."

The infrastructure upgrades under GSMP II will:

- Replace 875 miles of aging cast iron and unprotected steel gas pipes with strong, durable plastic piping, which is much less likely to have leaks and release methane gas;
- 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;
- Reduce greenhouse gas emissions equal to taking 30,000 vehicles off the road; and,
- Keep customer bills low, with the average annual bill impact for a typical residential customer expected to be less than a 2 percent increase, or about \$17, per year during the five years.

Under GSMP, by December 2018, PSE&G will have completed the replacement of more than 450 miles of vintage, high-risk pipe. PSE&G plans to begin neighborhood work related to GSMP II in early 2019.

"This period of low natural gas prices also provides a perfect opportunity to upgrade our gas system with minimal cost impact on customers. Since 2009, residential gas heating bills are down about 50 percent," Daly noted. "We thank all of the parties involved for their thoughtful participation and review in this matter."

In 2017, the BPU approved new rules that support longer-term infrastructure programs of up to five years. This agreement culminates 10 months of formal discovery, review and discussions, including public hearings before the BPU.

PSE&G has just under 4,000 miles of cast-iron gas pipes, which is more than any other utility in the nation. At this new pace, the utility can replace its cast-iron and unprotected steel pipes with modern ones in 25 years. 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.

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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.



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