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PSE&G READY TO PUT SHOVELS IN THE GROUND TO START MAKING OUR ELECTRIC AND GAS SYSTEMS "ENERGY STRONG"

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Utility to get started replacing gas mains

Work to upgrade 29 flood-prone substations will begin later this year

2,000 jobs expected to be created

(May 21, 2014 Newark, NJ) - Public Service Electric and Gas Company (PSE&G) announced today that it is ready to begin work to proactively protect and strengthen its electric and gas systems against severe weather conditions, now that the New Jersey Board of Public Utilities has approved a $1.22 billion settlement in the company's Energy Strong proposal.

Today's approval by the BPU means that we can begin to harden our systems against the kind of severe weather damage our infrastructure sustained in the past few storms, said Ralph Izzo, PSEG chairman and CEO. Our employees and contractors are ready to begin replacing vulnerable gas pipes, upgrading 29 substations and adding intelligence to our system to speed restoration when there are outages. We intend to work with regulators and other parties to consider other measures in our original proposal at a later date.

While none of these improvements will be in place for this years hurricane season, we are pleased to put shovels in the ground and get started on this critical work so we are better prepared for the next storm season, Izzo added.

On May 1, PSE&G reached agreement with the Board staff, Division of Rate Counsel, AARP, labor unions and other participants in the Energy Strong filing, which has been pending since February 2013. The utility had sought approval to invest $2.6 billion during five years to harden its electric and gas systems in the wake of storms like Hurricane Irene and Superstorm Sandy.

With today's BPU approval, PSE&G will make the following investments during the next few years:

- $620 million to protect, raise or relocate 29 switching and substations that were damaged by water in recent storms.
- $350 million to replace and modernize 250 miles of low-pressure cast iron gas mains in or near flood areas.
- $100 million to create redundancy in the system, reducing outages when damage occurs.
- $100 million to deploy smart grid technologies to better monitor system operations to increase our ability to more swiftly deploy repair teams.
- $50 million to protect five natural gas metering stations and a liquefied natural gas station affected by Sandy or located in flood zones.

PSE&G estimates that the work approved by the BPU will create more than 2,000 jobs, which will bolster the states economy. We

expect to hire more than 300 additional employees this year, about half of them in union positions, Izzo said. The infrastructure investments also are expected to put skilled contractors and laborers to work installing new gas mains, raising or relocating substation equipment and erecting water barriers. The PSE&G jobs will include relay technicians, substation mechanics, engineers, environmental analysts and project managers.

Gas pipe replacements to start immediately
By year end, the utility expects to replace about 88 miles of low-pressure, cast iron gas mains that sustained water damage in either Irene or Sandy. PSE&G representatives are reaching out to municipal officials in Bergen, Essex, Hudson, Mercer, Middlesex, Passaic and Somerset counties to discuss the timetable for the work and inform residents about the construction activity.

In addition to replacing the cast iron mains with ones made of plastic, PSE&G will upgrade older service lines with plastic piping that brings gas to individual homes and businesses. The utility will apply for road opening permits before work can begin in a particular municipality, and work with local officials to minimize traffic and other disruptions.

Substation hardening to begin later this year
PSE&G is expected to begin raising or fortifying substations later this year, once engineering plans are finalized. The work schedule will also depend on material availability and the issuance of local construction permits. The 29 substations slated for hardening are located in Bergen, Essex, Hudson, Mercer, Middlesex, Passaic, Somerset and Union counties.

Forward Looking Statement

Certain of the matters discussed in this report 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 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 filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K and available on our website: http://www.pseg.com [4]. 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 and enforcement 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,
- 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, and any inability to obtain sufficient coverage or recover proceeds of insurance with respect to such events,
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses,
- increases in competition in energy supply markets as well as competition for certain 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, such as distributed generation and micro grids, and greater reliance on these technologies and changes in customer behaviors, including energy efficiency,
net-metering and demand response.

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 [5]).

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