



PSEG

Powering Progress

Public Service Enterprise Group 2021 Investor Conference

A sustainable, predictable growth platform

NYSE TICKER: PEG

September 27, 2021

Forward-Looking Statements

Certain of the matters discussed in this presentation 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. These factors include, but are not limited to:

- any inability to successfully develop, obtain regulatory approval for, or construct generation, transmission and distribution projects;
- lack of growth or slower growth in the number of customers or the failure of our Conservation Incentive Program to fully address a decline in customer demand;
- any equipment failures, accidents, severe weather events, acts of war or terrorism or other incidents, including pandemics such as the ongoing coronavirus pandemic, that may impact our ability to provide safe and reliable service to our customers;
- any inability to recover the carrying amount of our long-lived assets;
- any inability to maintain sufficient liquidity;
- the impact of cybersecurity attacks or intrusions;
- the impact of the ongoing coronavirus pandemic;
- the impact of our covenants in our debt instruments on our operations;
- adverse performance of our nuclear decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- risks associated with the timeline and ultimate outcome of our strategic alternatives relating to the completion of the sale of our fossil generating fleet;
- the failure to complete, or delays in completing, our proposed investment in the Ocean Wind offshore wind project, or following the completion of our initial investment in the project, the failure to realize the anticipated strategic and financial benefits of the project;
- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- market risks impacting the operation of our generating stations;
- changes in technology related to energy generation, distribution and consumption and changes in customer usage patterns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- any inability of PSEG Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities to maintain adequate transmission capacity for our power generation fleet;
- the impact of changes in state and federal legislation and regulations on our business, including PSEG's ability to recover costs and earn returns on authorized investments;
- PSEG's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- the absence of a long-term legislative or other solution for our New Jersey nuclear plants that sufficiently values them for their carbon-free, fuel diversity and resilience attributes, or the impact of the current or subsequent payments for such attributes being materially adversely modified through legal proceedings;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning and transmission returns;
- risks associated with our ownership and operation of nuclear facilities, including regulatory risks, such as compliance with the Atomic Energy Act and trade control, environmental and other regulations, as well as financial, environmental and health and safety risks;
- changes in federal and state environmental regulations and enforcement; and
- delays in receipt of, or an inability to receive, necessary licenses and permits.

All of the forward-looking statements made in this presentation 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, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this presentation apply only as of the date of this presentation. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this presentation 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.

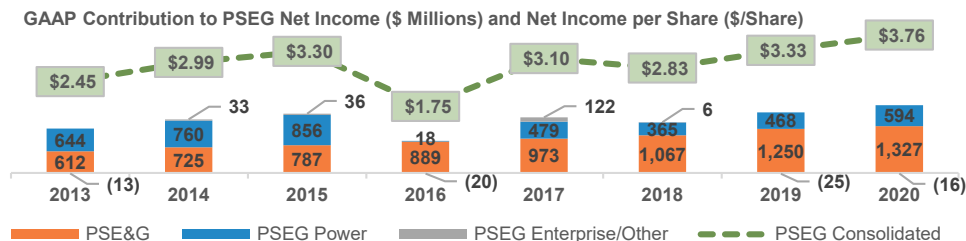
GAAP Disclaimer

PSEG presents Operating Earnings in addition to its Net Income/(Loss) reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings is a non-GAAP financial measure that differs from Net Income/(Loss). Non-GAAP Operating Earnings excludes the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. The last three slides in this presentation (Slides A, B and C) include a list of items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings with a reference to those slides included on each of the slides where the non-GAAP information appears.

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results.

The presentation of non-GAAP Operating Earnings is intended to complement, and should not be considered an alternative to, the presentation of Net Income/(Loss), which is an indicator of financial performance determined in accordance with GAAP. In addition, non-GAAP Operating Earnings as presented in this release may not be comparable to a similarly titled measure used by other companies.

Due to the forward looking nature of non-GAAP Operating Earnings guidance, PSEG is unable to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure. Management is unable to project certain reconciling items, in particular MTM and NDT gains (losses), for future periods due to market volatility. Guidance included herein is as of September 27, 2021.



From time to time, PSEG, PSEG&G and PSEG Power release important information via postings on their corporate Investor Relations website at <https://investor.pseg.com>. Investors and other interested parties are encouraged to visit the [Investor Relations website](https://investor.pseg.com) to review new postings. You can sign up for automatic email alerts regarding new postings on the [Investor Relations website](https://investor.pseg.com) at the bottom of the webpage.



WELCOME AND INTRODUCTIONS

PSEG Overview

Ralph Izzo

PSEG Chairman, President & Chief Executive Officer



PSEG Operations, Zero-Carbon, Infrastructure & Other

Ralph LaRossa

PSEG Chief Operating Officer

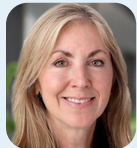


Public Service Electric & Gas

Kim Hanemann

PSE&G President & Chief Operating Officer

15 MINUTE BREAK: PSEG ESG PERSPECTIVES



Regulatory & Policy Update

Tammy Linde

PSEG EVP & General Counsel



PSEG Financial Review & Outlook

Dan Cregg

PSEG EVP & Chief Financial Officer

MANAGEMENT Q&A SESSION

CONFERENCE CONCLUSION

**PSEG's
Powering Progress
Vision:
A future in which
people use less energy,
that energy is cleaner
and delivered more
reliably than ever.**

PSEG: Powering Progress through Regulated Growth

**Ralph Izzo
Chairman, President
and CEO – PSEG**

- PSEG is predominantly regulated with contracted, zero-carbon infrastructure investments and a strong set of growth opportunities
- PSEG is an ESG leader in tackling climate change, DEI and governance with an accelerated Net-Zero 2030 Vision and top-tier ESG scores

PSEG: Predominantly regulated with contracted, zero-carbon infrastructure investments and a strong set of growth opportunities

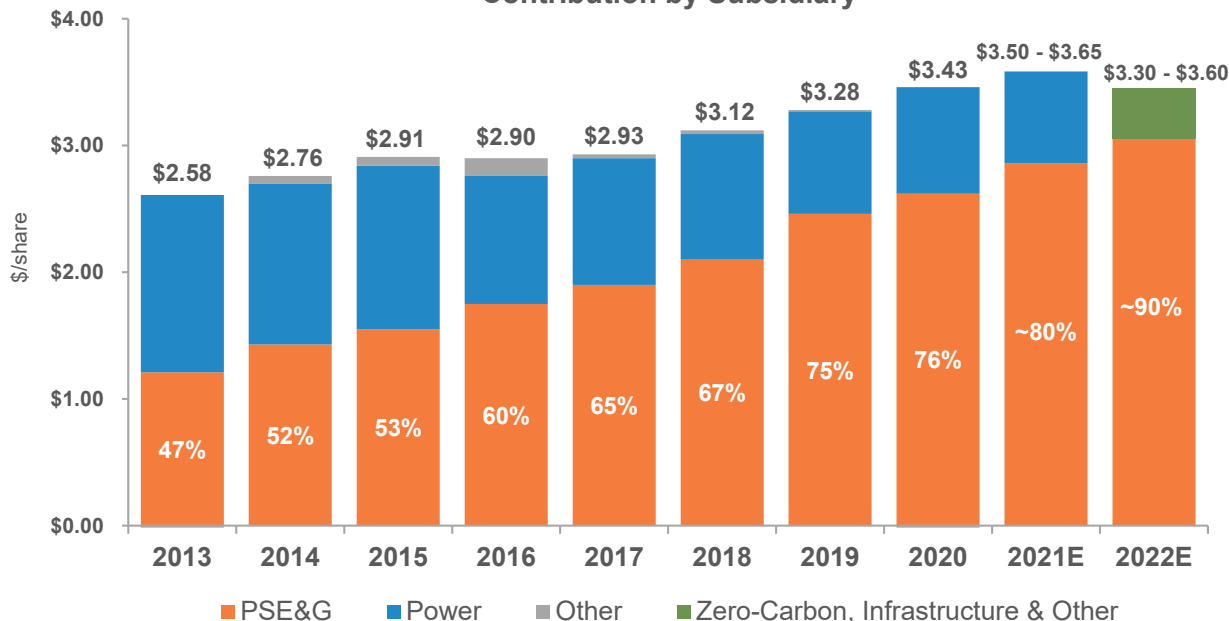
- **PSEG: 90% regulated business mix from stable, predictable operations of PSE&G, 10% Zero-Carbon Generation, Infrastructure and Other**
- **PSE&G: Robust capital program aligned with state clean energy goals, increased by \$1B to \$14B-\$16B through 2025, at our best-in-class utility**
  - ✓ Incremental investment to focus on 'last mile' distribution infrastructure; planned Infrastructure Advancement Program (IAP) filing
  - ✓ Effective cost control to maintain customer affordability
- **Future zero-carbon operations and infrastructure opportunities aligned with NJ energy policy**
- **Long runway of investment supported by regulatory & policy advocacy, paired with effective governance and strong ethics**
- **Growth platform of predictable earnings, dividends and capital spend visibility**
  - ✓ Establishing 2022 non-GAAP Operating Earnings Guidance of \$3.30 - \$3.60 per share
  - ✓ Multi-year earnings growth rate of 5% - 7% over the 2022 to 2025 period, starting with 2022 guidance midpoint
  - ✓ Raising indicative 2022 dividend by \$0.12 per share, 2022 indicative annual dividend of \$2.16* per share
  - ✓ \$500M of share repurchase to be implemented upon close of PSEG Fossil sale
  - ✓ Expanded financial flexibility lowers minimum threshold credit metrics to 13%-14% (from 17%-18%)
  - ✓ No new equity needed to execute 2021-2025 capital program, including Ocean Wind investment

PSEG is an ESG leader in tackling climate change, DEI and governance, with a Net-Zero 2030 Vision and top-tier ESG scores



PSEG's improved business mix drives a sustainable, predictable earnings platform built by steady capital allocation to PSE&G and the sale of our non-nuclear generation

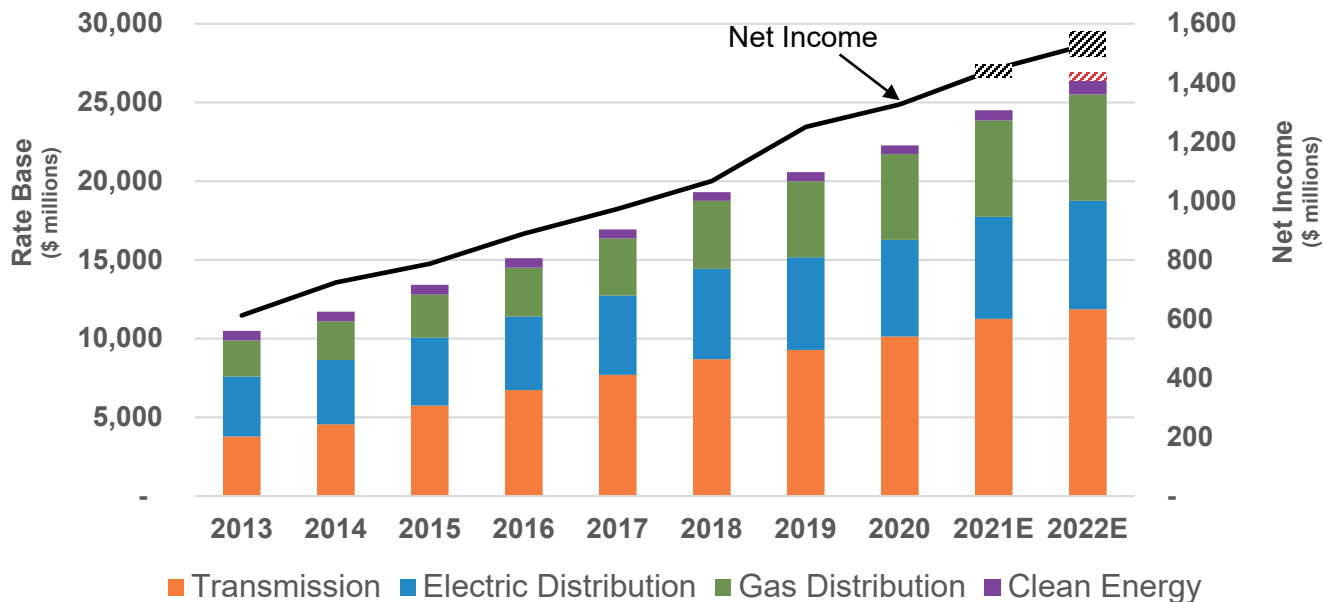
**PSEG non-GAAP Operating Earnings* per Share (EPS)
Contribution by Subsidiary**



*See slides A, B and C for items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings for PSEG, PSE&G, PSEG Power and PSEG Enterprise/Other. E=Estimate. Note: 2021 guidance range includes benefit of cessation of Fossil depreciation; 2021 & 2022 use midpoints of guidance range for business mix calculations.

PSE&G: Over the last decade, capital investments have more than doubled rate base and net income

PSE&G Rate Base and Net Income

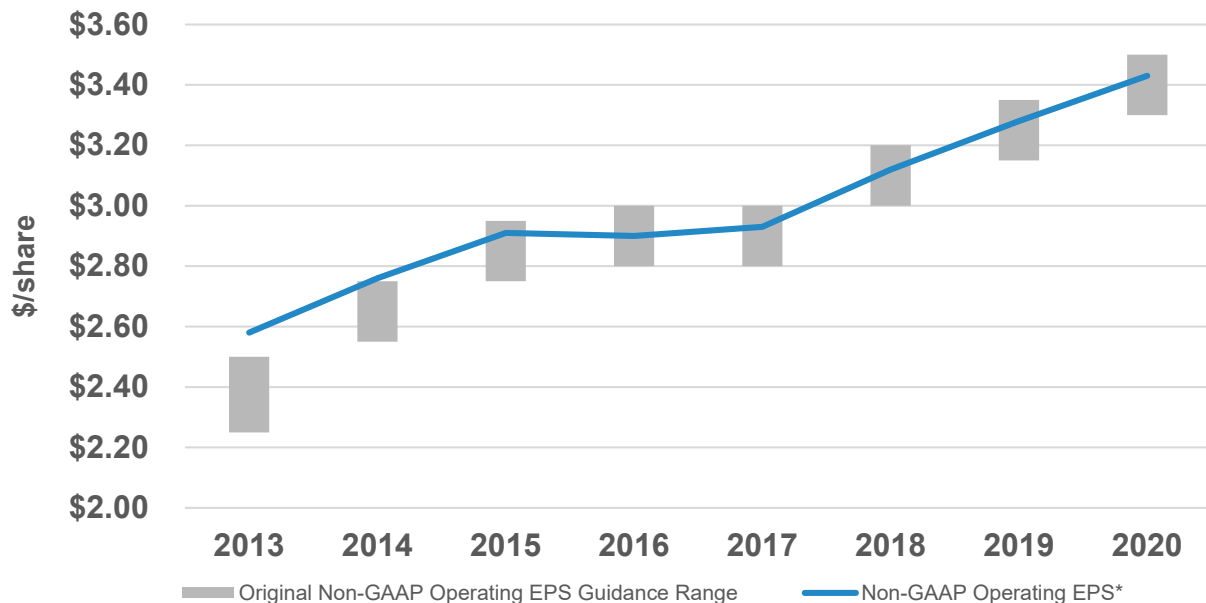


and delivered improved reliability, stronger customer satisfaction, more efficient operations and lower emissions

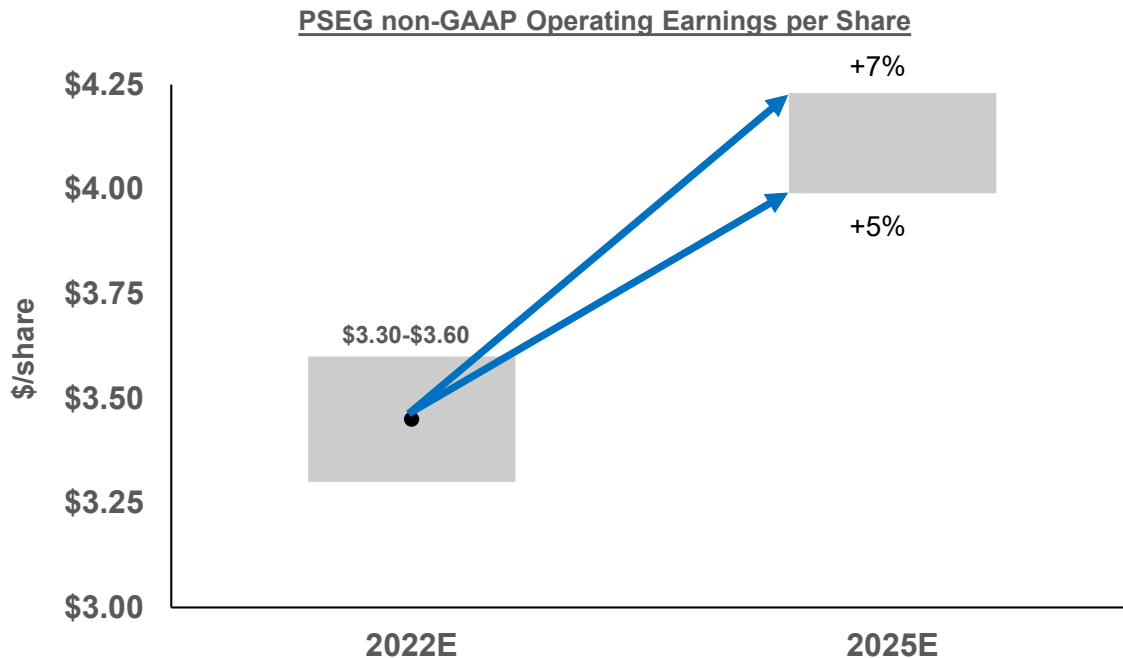
PSEG has reduced volatility, provided more certainty across our business and delivered strong results

2020	✓ Announced exploration of Strategic Alternatives for non-nuclear fleet ✓ PSE&G's \$1B Clean Energy Future - Energy Efficiency program approved with CIP ✓ Delivered on commitments to employees, customers, communities and shareholders during pandemic
Jan 2021	✓ PSE&G's CEF – \$707M Energy Cloud (AMI) and \$166M portion of EV program approved
Apr	✓ ZECs unanimously approved by BPU through May 2025 ✓ Completed acquisition of a 25% equity interest in Ocean Wind 1 from Ørsted North America
Jun	✓ PSE&G's CEF-EE with CIP began for electric margin ✓ PSEG eliminated all coal from its generation portfolio ✓ Closed sale of Solar Source portfolio
Jul	✓ PSE&G Transmission Formula Rate settlement agreed to and filed at FERC for approval
Aug	✓ Narrowed and raised 2021 non-GAAP Operating Earnings guidance ✓ Reached agreement to sell fossil generating fleet ✓ Qualified pension approaching fully funded ~97%
Sep	✓ 2022 Guidance; 2022-2025 long-term non-GAAP Operating EPS growth rate; Raised 2022 indicative annual dividend increase; Increased PSE&G capital spending for 2021-2025; Near-term IAP filing with job creation
Oct	❑ PSE&G's CEF-EE with CIP begins for gas margin ❑ Redemption of PSEG Power outstanding debt
Q4 2021 – Q1 2022	❑ Expected close of Fossil sale, commencement of share repurchase and higher dividend ❑ Seeking long-term nuclear solution ❑ Expect to narrow 2022E non-GAAP Operating Earnings guidance range
2022 – 2024	❑ Moving to more conservative pension asset allocation ❑ PSE&G extensions of existing investment programs, rate case resolution (late 2024)

PSEG has delivered strong results with a long track record of meeting or exceeding earnings guidance

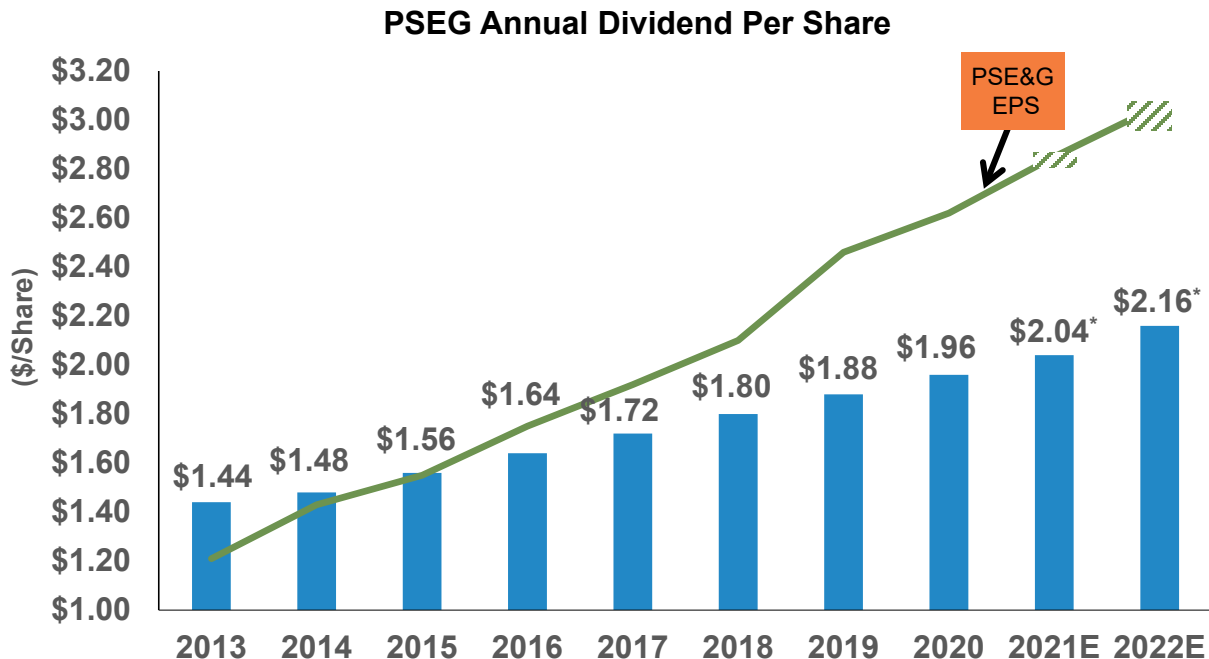


PSEG projects 5%-7% EPS CAGR to 2025, driven by PSE&G's investment program



EPS growth rate and improved business mix support raising the 2022 indicative annual dividend increase from \$0.08 to \$0.12 per share while preserving a sustainable payout ratio

Opportunity for consistent and sustainable dividend growth; dividend raised every year for a decade, now with a higher growth rate

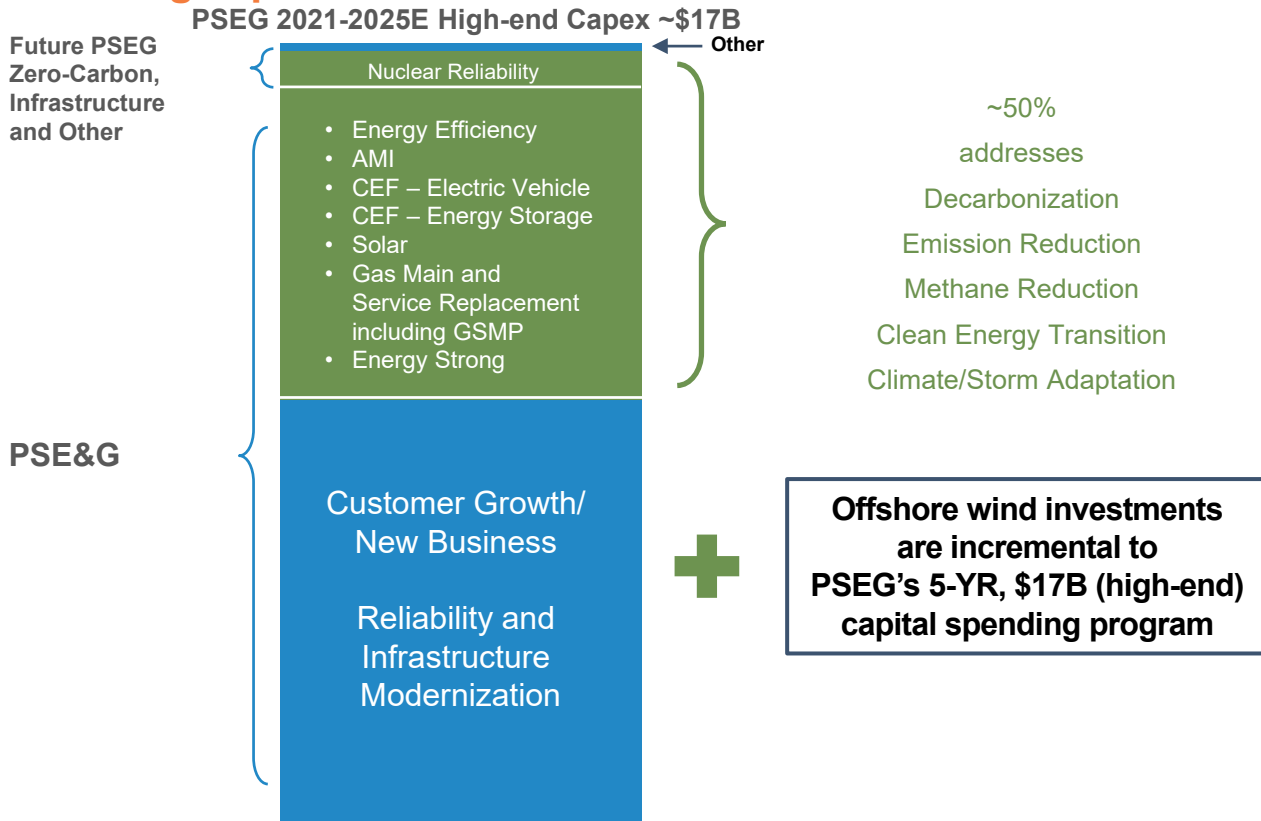


PSEG has paid a dividend to shareholders for 114 years and counting



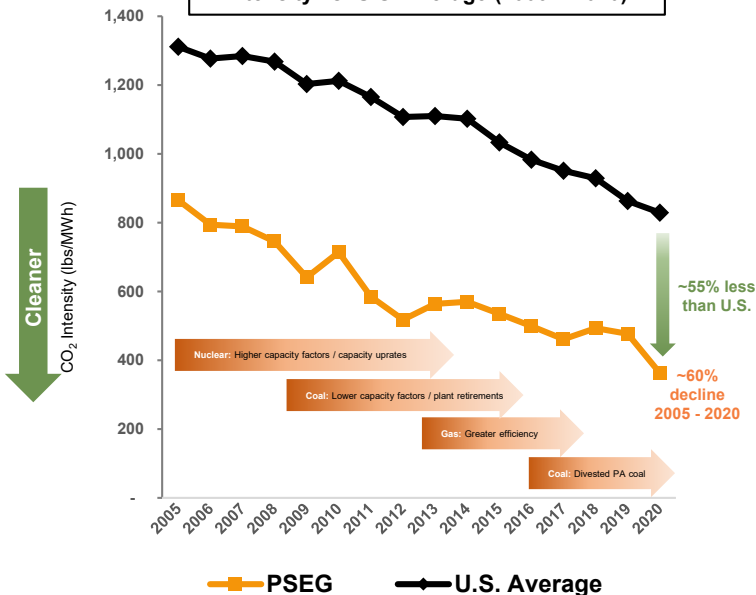
*Indicative annual 2021 and 2022 PSEG common dividend rates per share. E=Estimate.
Note: All future decisions and declarations regarding dividends on the common stock are subject to approval by the Board of Directors.

PSEG's investments align with NJ's clean energy goals, strengthening system reliability and resilience to meet customers' increasing expectations

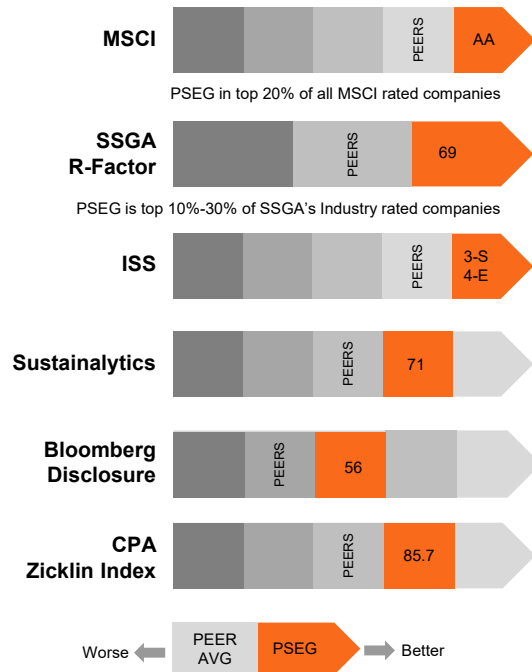


PSEG has outpaced the industry in reducing carbon emissions intensity, and is getting recognized for ESG performance

PSEG Generation Carbon Emission Intensity vs. U.S. Average (2005 – 2020)



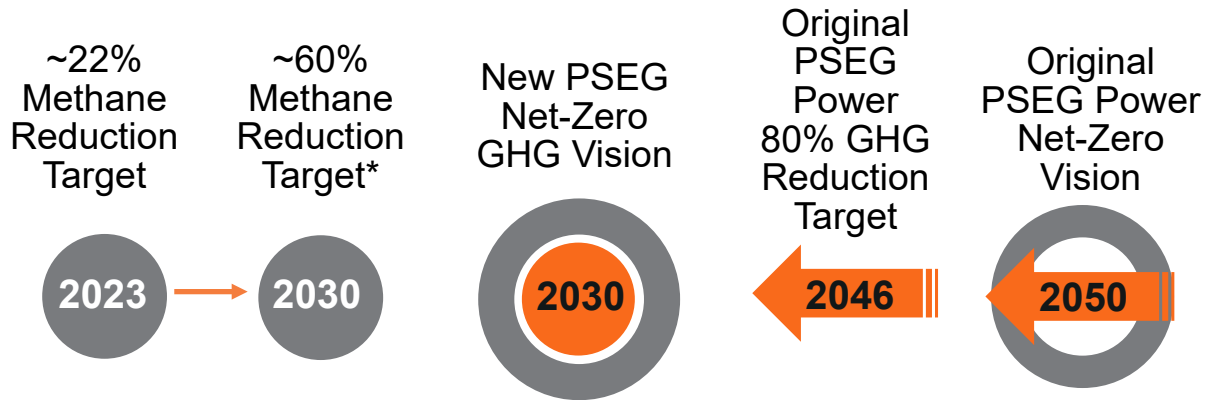
PSEG's ESG Vital Signs: Relative Scores



Source: For PSEG: MJ Bradley "U.S. Benchmarking Air Emissions" and PSEG; For USA: EIA actuals 2005-2020

Scores from best to worst: MSCI – AAA to CCC, ISS – 1 to 10, others – 100% to 0%; Scores as of June 30, 2021

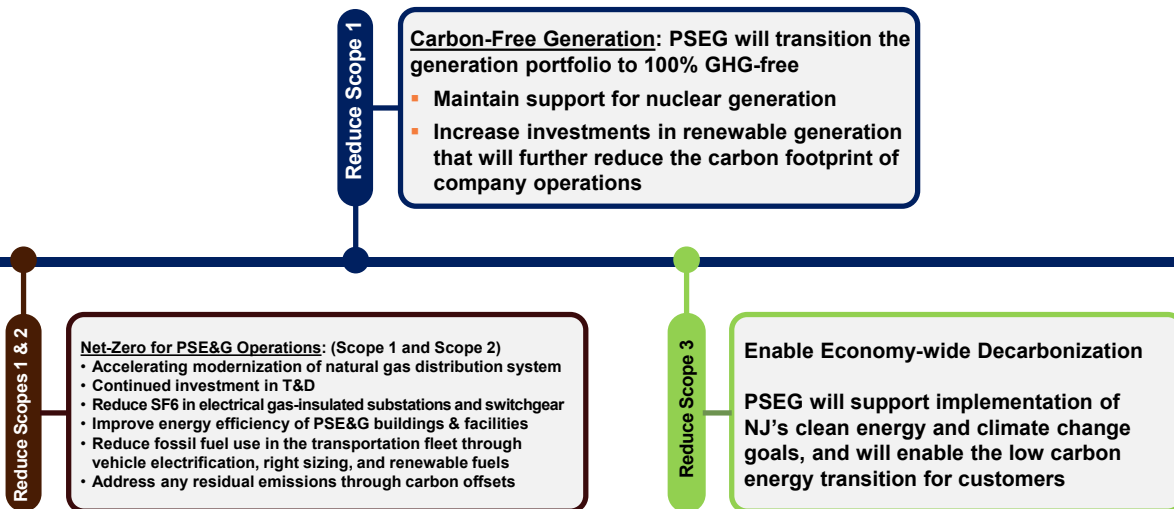
PSEG has accelerated its climate vision for net-zero emissions by 20 years to 2030



PSEG's Three-Pronged 2030 Climate Vision

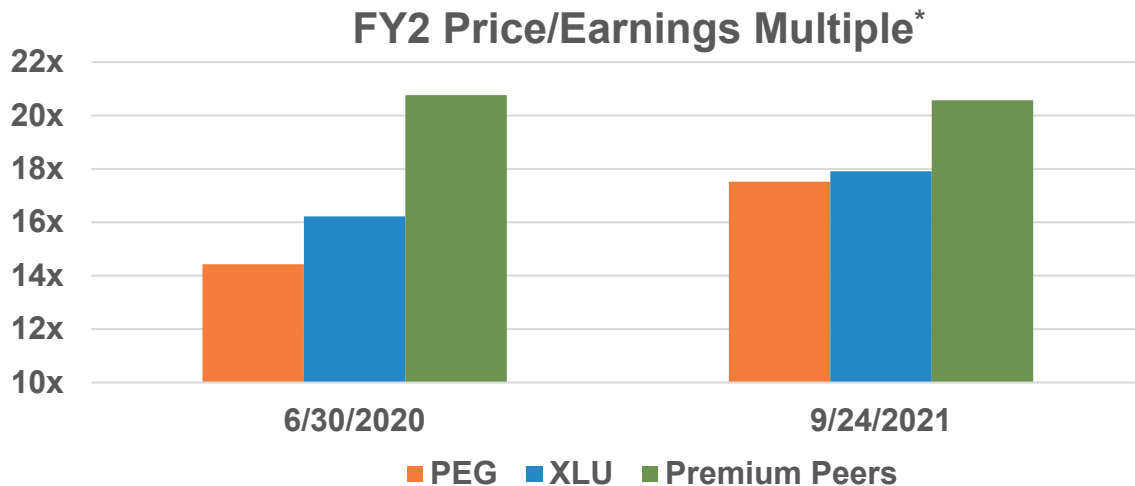
- Provide GHG-free generation
- Achieve net-zero operations for regulated electric and gas utility PSE&G and carbon-free generation (Scope 1 & 2 emissions)
- Enable economy-wide decarbonization

PSEG is transitioning to net-zero operations



- ✓ PSEG's net-zero 2030 vision challenges us to reduce emissions by an additional ~17% in the next decade
- ✓ PSEG's path to net-zero 2030 will include: ongoing modernization of our electricity and natural gas networks, fleet electrification, energy efficiency, renewable and zero-emitting technologies
- ✓ For remaining operational CO₂e emissions in 2030, we intend to utilize high-quality carbon offsets

PSEG's valuation has improved relative to peers since the Strategic Alternatives announcement



yet remains at a significant discount to premium peers with similar business mix, credit ratings, growth rates and ESG focus

What you will hear from PSEG's leadership team today:

- **PSEG: 90% regulated business mix from stable, predictable operations of PSE&G**
– Ralph LaRossa
- **PSE&G: Robust capital program aligned with state clean energy goals, increased by \$1B to \$14B-\$16B through 2025, at our best-in-class utility**
– Kim Hanemann
- **Future zero-carbon operations and infrastructure opportunities aligned with NJ energy policy**
– Ralph LaRossa
- **Long runway of investment supported by regulatory & policy advocacy paired with effective governance and strong ethics**
– Tammy Linde
- **Growth platform of predictable earnings, dividends and capital spend visibility**
– Dan Cregg

PSEG:

90% regulated
business mix from
stable, predictable
operations of
PSE&G

Ralph LaRossa
Chief Operating
Officer – PSEG

- **Future PSEG**
- **Stability of PSEG**
- **Reliable, Solid Operations**

Future PSEG

PSEG is predominantly a regulated utility, with other businesses that are largely contracted in the near-term, providing a high degree of predictability

PSE&G

Electric Transmission
Electric Distribution
Gas Distribution
Clean Energy
Investments

Future PSEG Zero-Carbon, Infrastructure and Other

Nuclear
BGSS
LI Utility Services
OSW

Stability of PSEG

STABLE BUSINESS MIX

- PSE&G represents ~90% of PSEG earnings through 2025
- PSE&G earnings cover >100% of PSEG dividend
- PSE&G represents ~85% of PSEG total assets post Fossil sale
- PSE&G represents >90% of PSEG capital spending
- ~90% of PSE&G capital spending recovery is contemporaneous or near-contemporaneous

STABLE REVENUE STREAM

- Transmission has no volume risk, FERC formula rate reflects annual true-up
- Electric CIP eliminated volume variability per customer (June 2021), with annual true-up
- Gas CIP eliminates volume variability per customer (October 2021), with annual true-up
- Zero-carbon gross margin stability through hedging, capacity, ZECs, and 20-year ORECs

PSEG: Reliable, Solid Operations

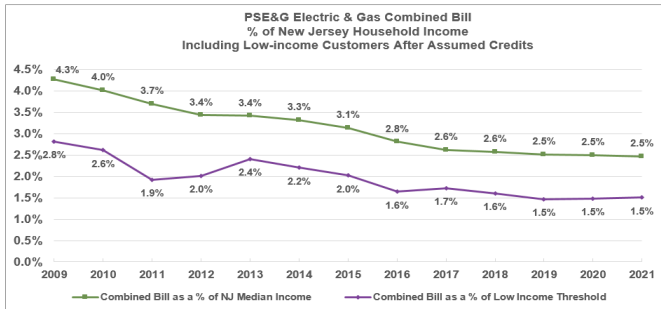
CONSISTENT, OUTSTANDING OPERATIONS

- Safety and reliability metrics regularly first quartile
- Stable PSE&G customer rates
- PSE&G achieving its highest ever customer satisfaction scores for electric and gas service
  - ❖ PSE&G has won the ReliabilityOne® Award 19 years in a row
  - ❖ PSE&G recognized as the most trusted gas & electric utility in the East Region
  - ❖ PSE&G named a recipient of a Stars of Energy Efficiency Award
- Executing PSE&G's \$14 billion-\$16 billion capital program on schedule and on budget
- PSE&G has delivered on 23 clause filings since 2009
- Customer benefit of transmission investment and Energy Strong hardening and adaptation proven in recent storms
- Nuclear Operations: For the first time in their history, our Salem and Hope Creek nuclear plants simultaneously attained the highest possible performance rating from the Institute of Nuclear Power Operations
- PSEG Inclusion for All DEI impact: ~40% of YTD hires are women and/or people of color





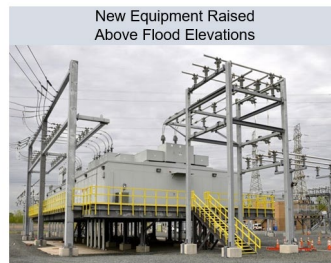
Typical residential combined electric and gas bill relative to median income has declined from over 4% to ~2.5% over the past decade



Low-income bill percentage has declined from ~2.5% to 1.5% due to various low-income support programs (LIHEAP, USF, Lifeline) over the same time frame



Energy Strong II: Continuing critical energy infrastructure program



PSE&G:

Robust capital program aligned with state clean energy goals, increased by \$1B to \$14B-\$16B through 2025, at our best-in-class utility

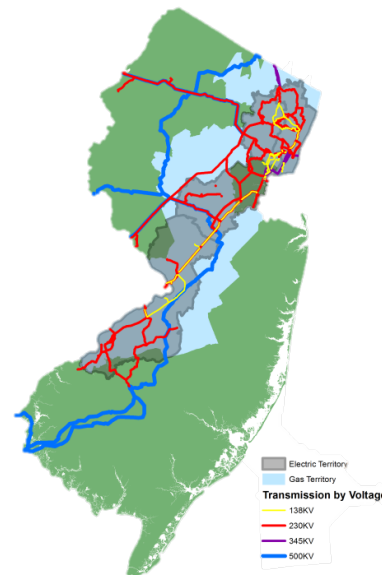
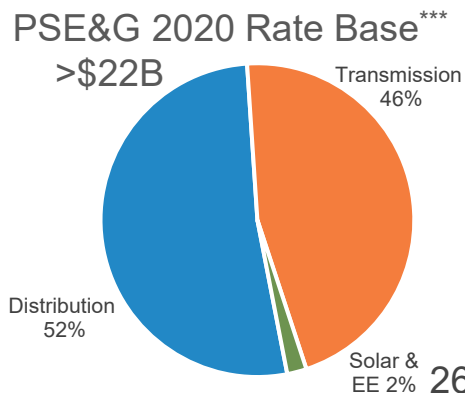
Kim Hanemann
President and
Chief Operating
Officer – PSE&G

- **Focus on Safety, Operations and Customer Satisfaction**
- **Robust and Growing Investment Profile Across all Areas**
  - **Transmission**
  - **Electric and Gas Distribution**
  - **Clean Energy Future and Technology**
- **Cost Control and Customer Impacts**

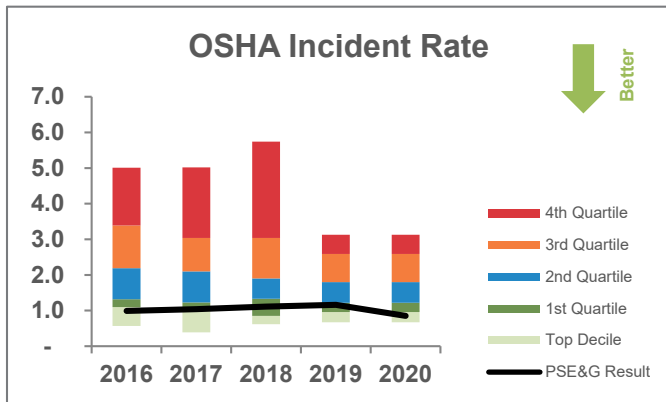
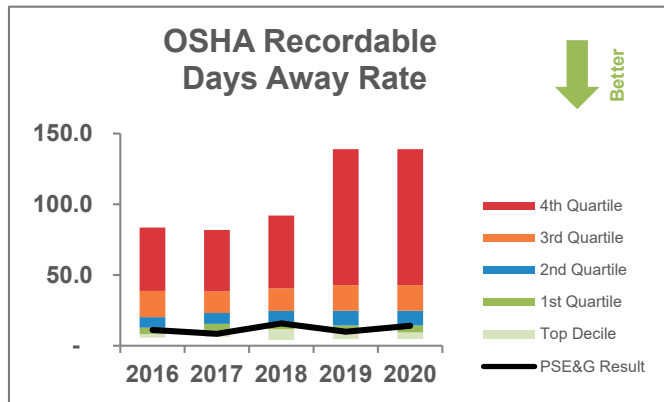
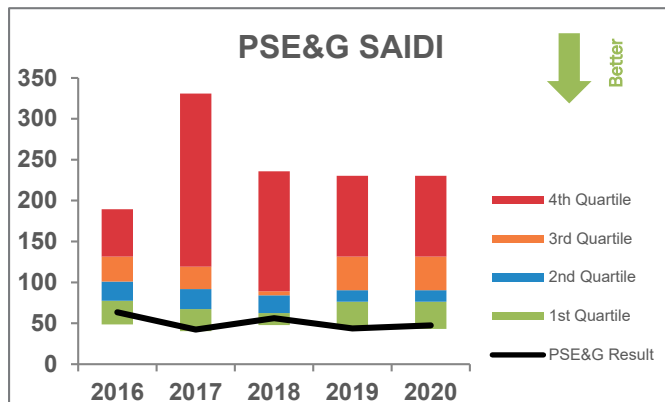
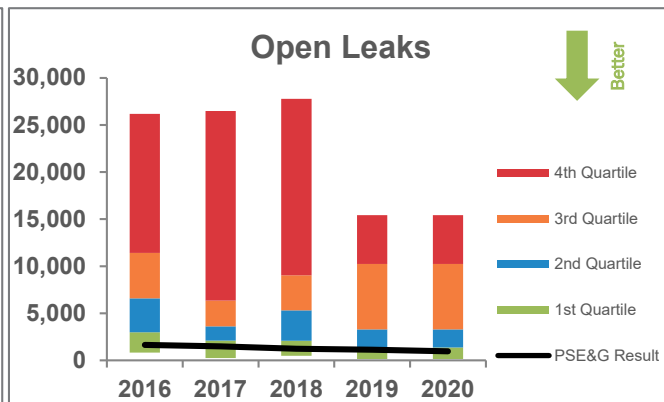
PSE&G – New Jersey’s largest:

- Electric and gas distribution utility
- Transmission business
- Investor in renewables and energy efficiency
- Appliance service provider

	Electric	Gas
Customers	2.3 Million	1.9 Million
5-Year Annual Customer Growth*	0.8%	0.6%
2020 Electric and Gas Sales	39,666 GWh	2,370M Therms**
Sales Mix (2020)		
Residential	35%	60%
Commercial	56%	36%
Industrial	9%	4%

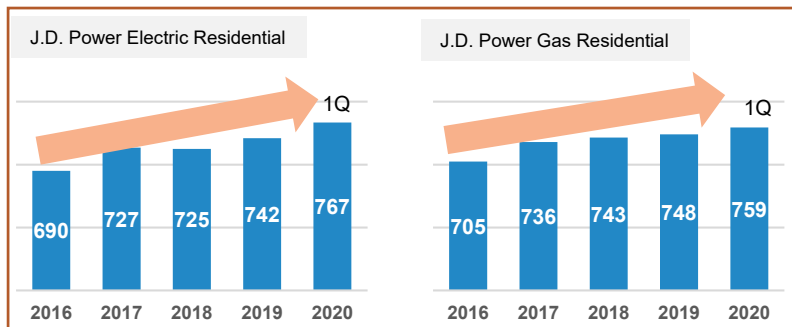


Continued focus on safety and reliability performance is demonstrated by sustained results

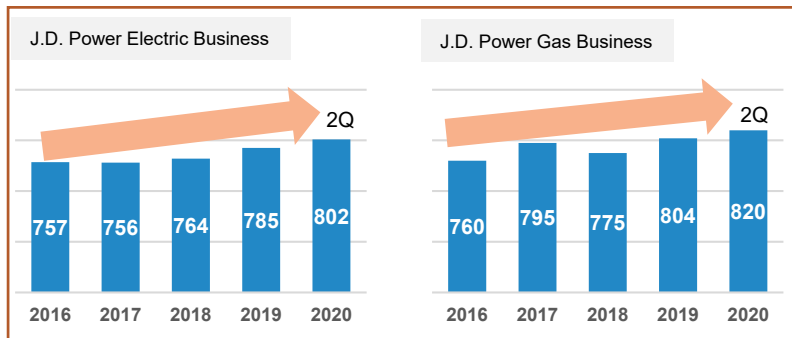


Customer Satisfaction

J.D. Power Residential Satisfaction



J.D. Power Business Satisfaction



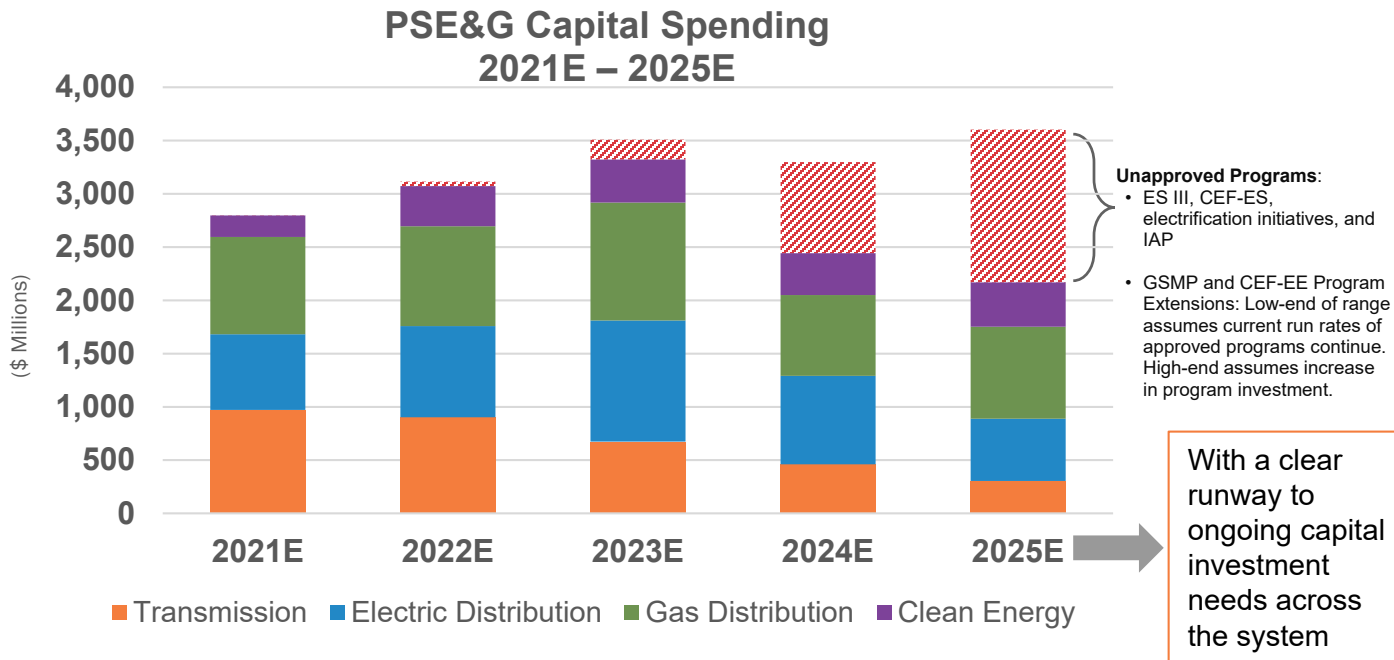
Key J.D. Power Satisfaction Takeaways

- Strong multi-year performance in all categories with continued improvement resulting in PSE&G's highest-ever scores in 2020

Notable Customer Awards:

- 2021 Cogent Most Trusted Utility Brands – Residential
- 2020 PA Consulting ReliabilityOne® Award for Outstanding Customer Engagement for exceptional outage and power restoration information efforts

PSE&G's 5-year capital program increased by \$1 billion to \$14B - \$16B with investments focused on reliability, resiliency, grid modernization and clean energy



Capital investment range increase driven by transmission and distribution reliability needs, including IAP proposal

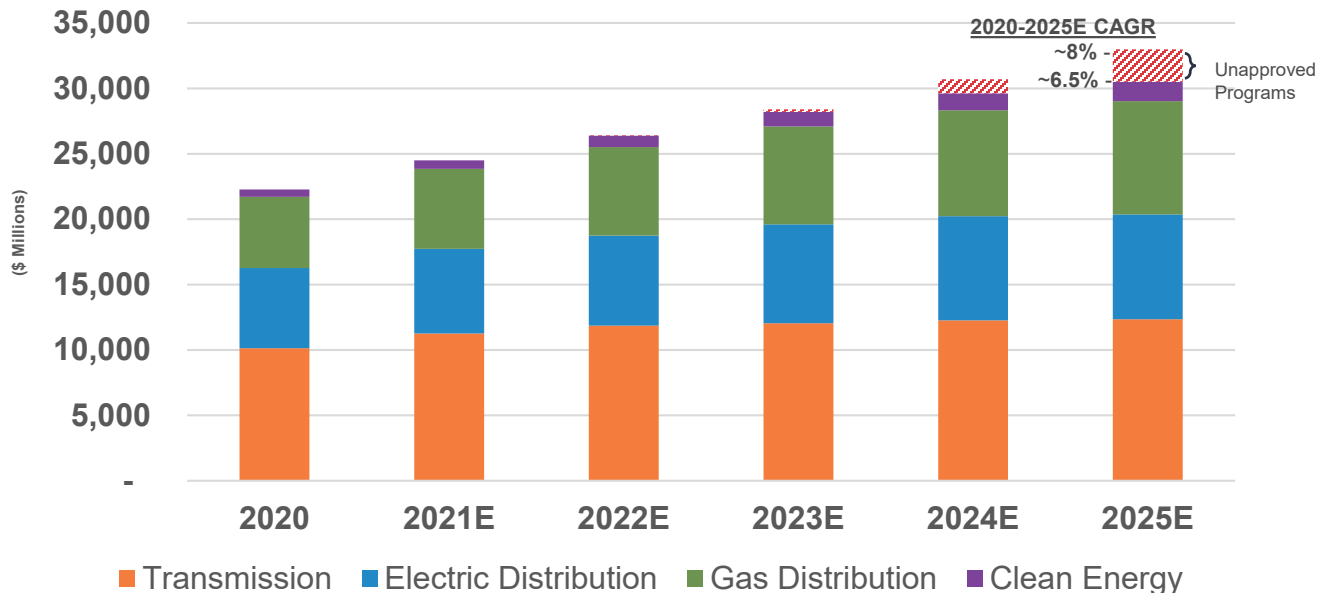


Includes AFUDC Debt. E=Estimate.

Note: Hashed portion of the chart represents unapproved programs including IAP planned filing in Q4 2021, Energy Strong extension, CEF-ES, Vehicle Innovation and Electrification and assumes a higher level of investment for the GSMP and CEF-EE program extensions. The current program run rates for GSMP and CEF-EE are expected to continue and are included in the lower end of the range.

Expanded investment program firms ~6.5%-8.0% compound annual rate base growth over this period

PSE&G Year-End Rate Base



E = Estimate; Chart excludes CWIP. Year-end 2020 CWIP balance was ~\$1.8B.

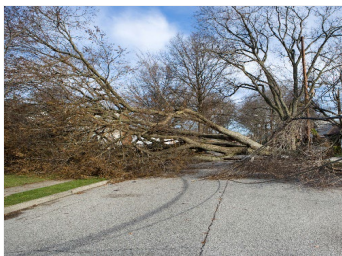
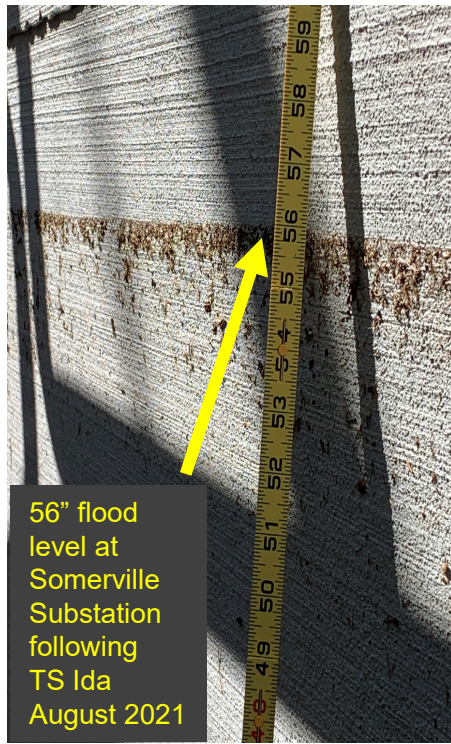
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Transmission: Investment program is focused on enhancing reliability and resiliency, and replacing aging infrastructure

- 69 kV conversion effort to improve reliability and address aging system transitioning from large end-of-life projects
- Load increases in certain areas, driven by electrification efforts, including electric vehicles
- Generation topology changes – retiring plants and interconnections / upgrades for OSW transmission and other renewables
- Considerable investment potential in PJM State Agreement Approach solicitation
- Settlement agreement pending before FERC; has three-year stay-out for settling parties



New Jersey is experiencing an increased frequency of extreme weather events, challenging existing infrastructure



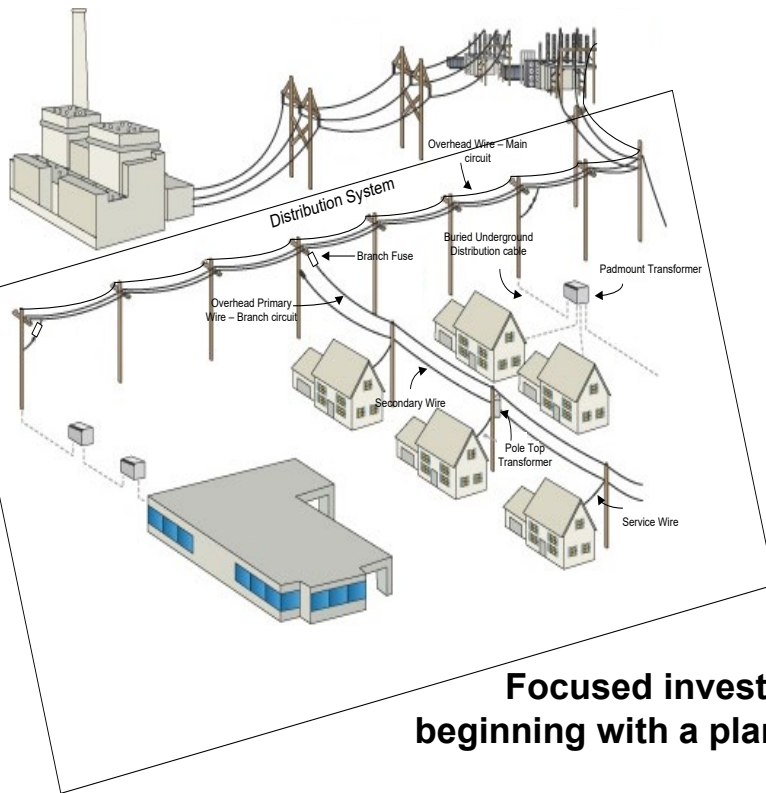
Electric Distribution – Energy Strong program to replace and rebuild substations in flood zones has brought tremendous benefit to customers

- Superstorm Sandy & Hurricane Irene caused flooding at 29 substations and switching stations, leading to outages for approximately 522,000 customers
- None of the Energy Strong-hardened stations were impacted by Tropical Storm Ida, which caused substantial flooding in New Jersey
- Transitioning reliability improvement program to the 'last mile', including upgrading 67 substations and switching stations for load growth and EV penetration over the next 5 years

Somerville Withstood 56" of Flooding during TS Ida, and Remained Operational



Electric Distribution – Last mile investment program will modernize the system and improve reliability for customers who are more dependent on the system than ever before



Last mile electric system modernization investments:

- **Targeted asset replacements** – Poles, overhead equipment, secondary lines, etc.
- **Storm hardening** – Rebuild lower performing circuits, install spacer cable, consider undergrounding
- **Underground network** – Rebuild manhole and conduit system and secondary cables in at risk areas
- **Capacitor upgrades** – Smart controllers to better manage circuit voltage

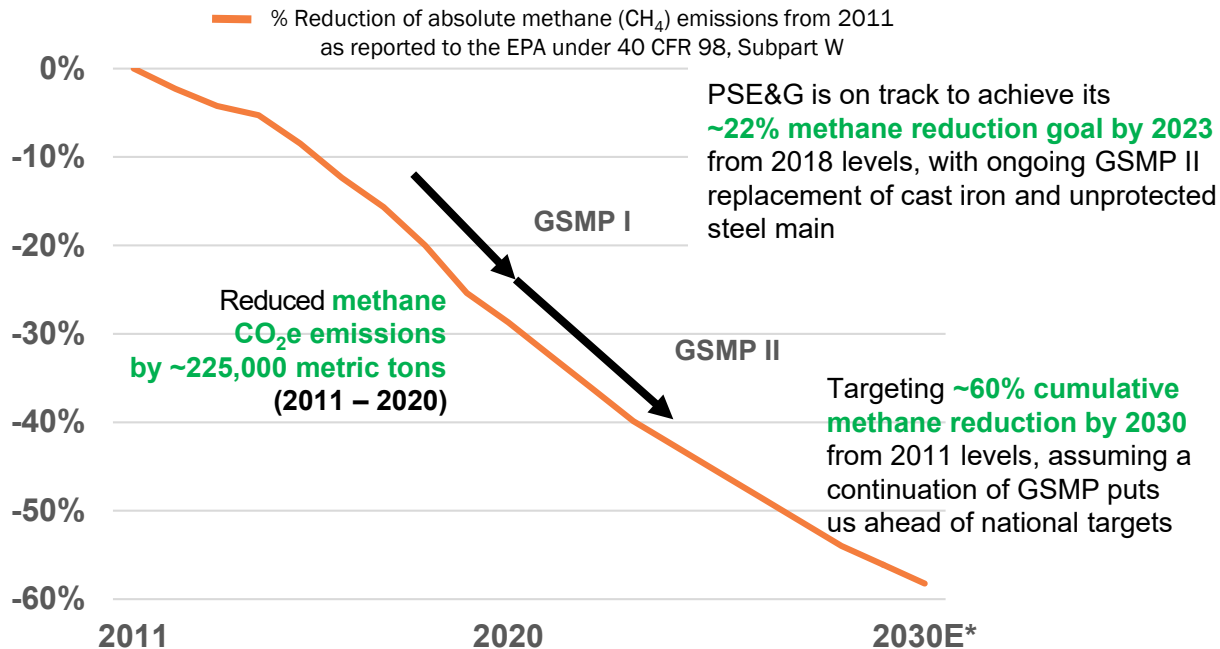
Focused investment program with long runway, beginning with a planned \$800-\$900 million IAP filing

Infrastructure Advancement Program – 4-year distribution investment program to improve reliability, reduce emissions and create jobs; to be filed with BPU and expected to start mid-2022

Investment	\$ millions	Components
Last Mile - Reliability	\$175 – \$225	Underground cable replacement, spacer cable, pole upgrades, open wire secondary, etc. to improve reliability
Last Mile - Make-ready investments for EV infrastructure and DER penetration	75 – 100	Investments in secondary line upgrades and capacitor bank upgrades to support the aggressive electrification of the transportation sector and the penetration of distributed energy resources (DERs) (customer-sited solar)
Inside Plant	250 – 300	Investment in a lifecycle program focused on modernization of 6 substations and aging 26kV oil-filled circuit breakers
PSE&G facility EV infrastructure	125 – 150	Install ~2,000 EV chargers and associated infrastructure at 65 PSE&G locations to support PSE&G's transition to an electric fleet
Gas Metering and Regulating stations	125 – 150	Investment in a lifecycle program focused on modernization of 7 Metering and Regulating (M&R) stations
Program Total	~\$800 - \$900	

With long runway to address last mile reliability and continue lifecycle replacement for major equipment as well as job creation

Gas Distribution – Investments to modernize the infrastructure and drive reduction in methane leaks



- GSMP II program will replace 875 miles of pipe over 2019-2023 for \$1.9 billion
- Energy Strong II provides modernization of M&R station aging infrastructure
- Program to install methane detectors aligned with AMI meter installation
- Pilot to explore usage of renewable natural gas

Clean Energy Future programs focus on reducing customers' energy consumption and creating clean energy jobs for under-employed and diverse New Jersey residents

Energy Efficiency (EE)	Energy Cloud (EC) "AMI"	Electric Vehicles (EV)	Energy Storage (ES)
\$1B Commitment 3 years Approved Sept 2020	\$707M* Investment 4 years Approved Jan 2021	\$166M Investment ~6 years Approved Jan 2021	\$109M Investment Filed amount, outcome pending
			
Programs for Residential and C&I customers including low-income, multi-family, small business and local government	"Smart meters," new software and product solutions to improve PSE&G processes and better manage the electric grid	Residential Smart Charging, Level 2 Mixed-Use Charging, Public DC Fast Charging Medium/Heavy-duty vehicle investments pending	Solar Smoothing, Distribution Deferral, Outage Management, Microgrids, Peak Reduction for Municipal Facilities



Three of the four largest CEF programs have been launched



PSEG

*CEF-EC/AMI Program is \$707M, additional rate base is ~\$600M given historical annual meter spend of ~\$30M.
 C&I=Commercial & Industrial customers; DC=direct current

PSE&G investments create New Jersey job growth and support diverse recruiting efforts

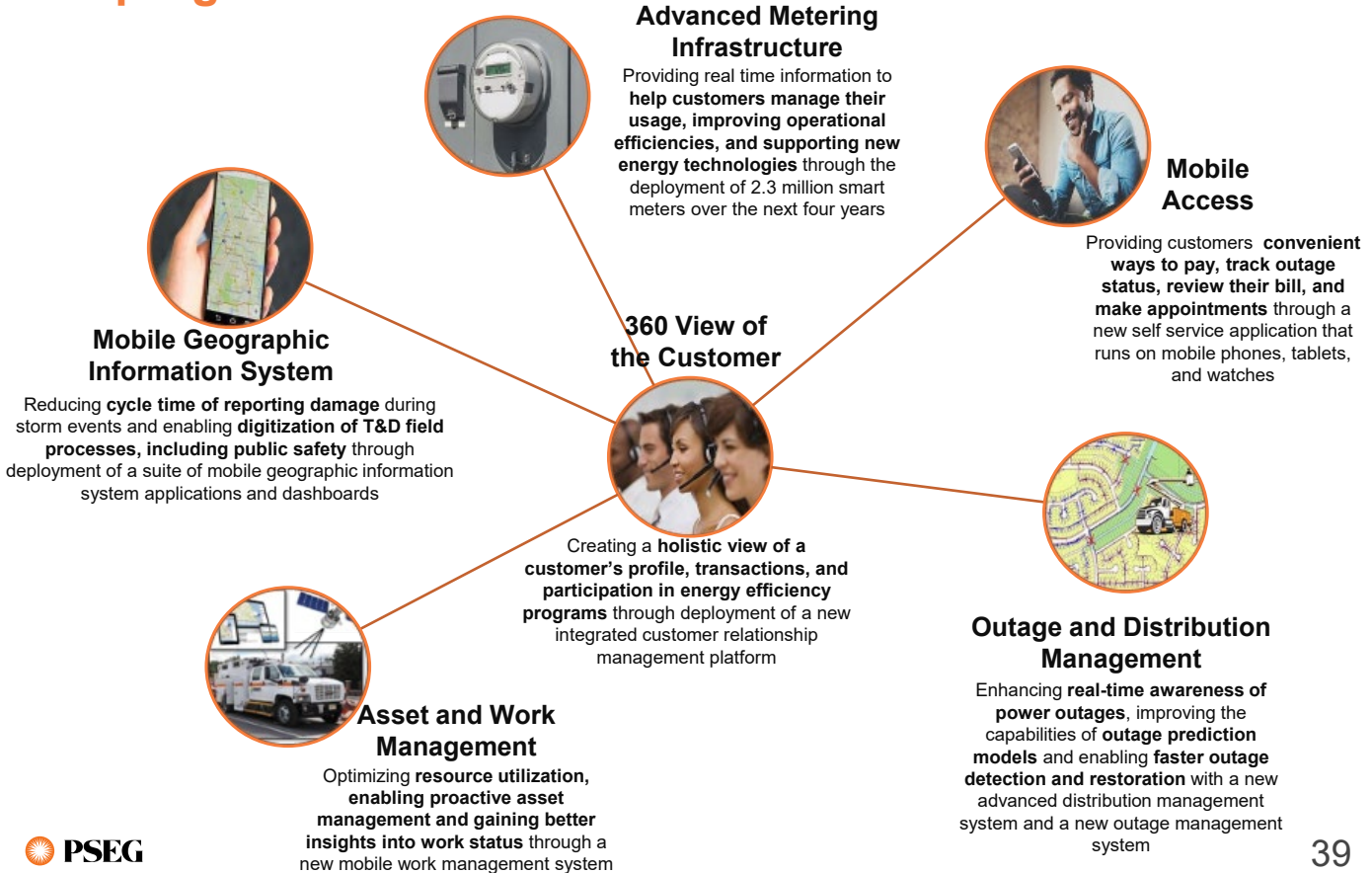
Infrastructure programs: Over 1,500 current direct jobs through GSMP II and ES II, and over 500 more through anticipated IAP filing

Clean Energy: Over 3,000 direct jobs planned, with a focus on unemployed, under-employed, low/middle-income New Jersey residents including through ongoing collaboration with newly created NJ Council on Green Economy and incremental from vendor diversity

Jobs	Training	Vendor Diversity
• Vendor targets for quantity and diversity of jobs • Collaborating with NJ Department of Labor (NJDOL) and community organizations to recruit candidates	• Continued collaboration with vendors on training needs and development of pipeline • Courses to provide necessary skills	• Diverse supplier mentorship pilot • Expanding organizations to assist in certification of Minority, Women, Veteran Business Enterprises • Supplier NJ spend and diversity targets for EE programs

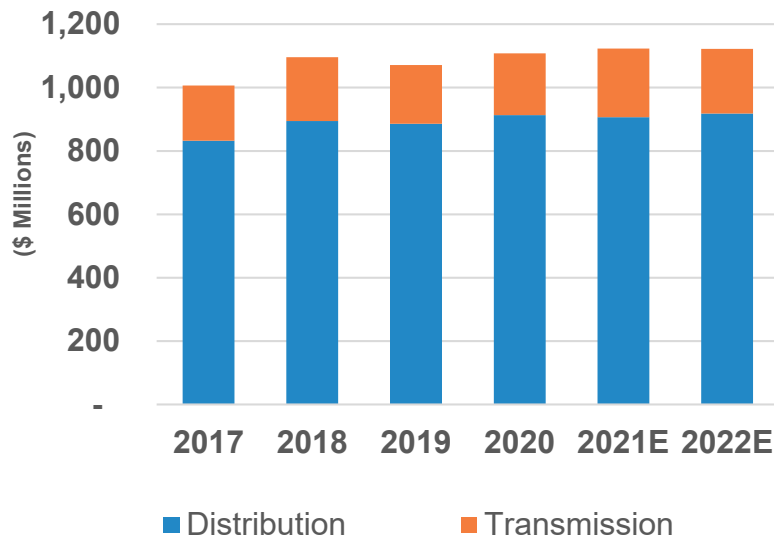
PSE&G implemented a steering committee with the NJDOL, community advocates and representatives from our strategic hiring / recruiting partners to drive program success

Investments in technology are making us more efficient and reliable, and giving customers greater access to information and programs



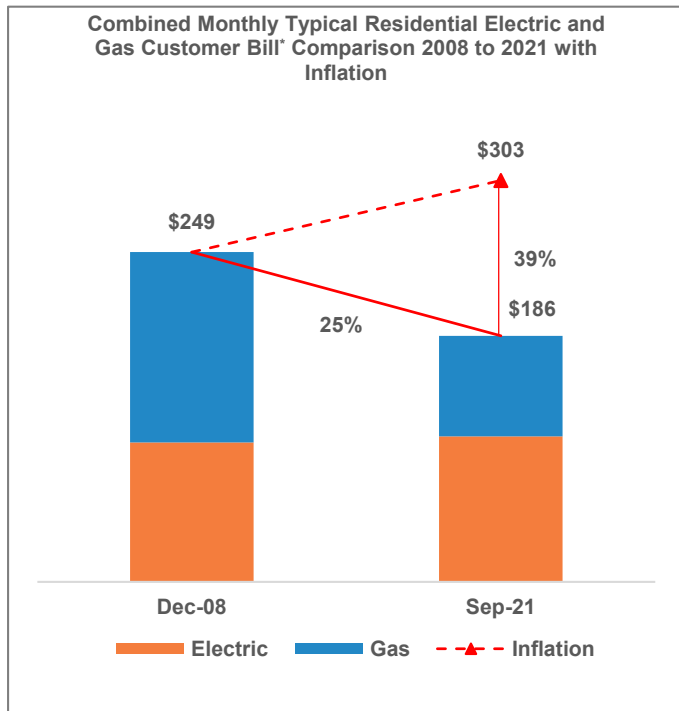
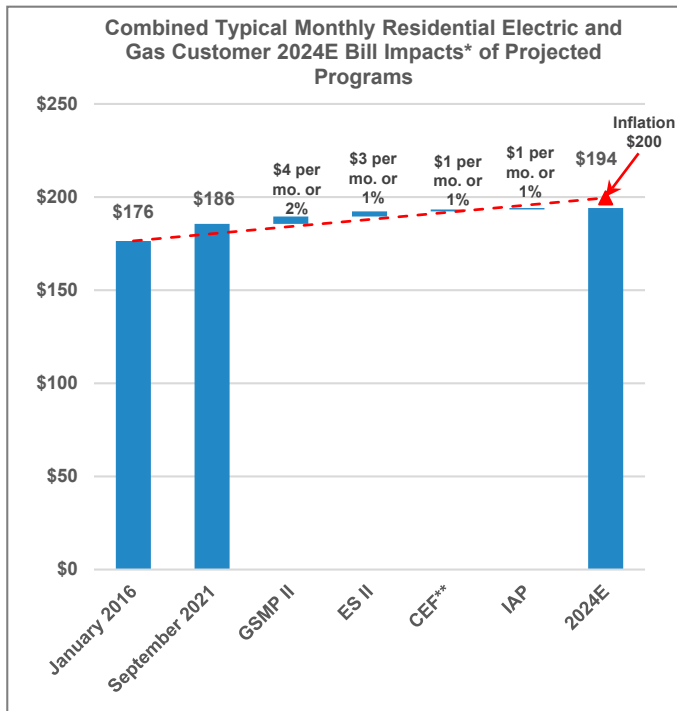
Successfully managing O&M costs, preserving customer affordability

PSE&G O&M Expense ⁽¹⁾
2017 – 2022E CAGR = 2.2%



- Demonstrated ability to control O&M, preserving earnings and returns in a low sales growth environment
- Distribution O&M has remained relatively flat over the period
- Utilizing best practices, continuous improvement initiatives, and technology to achieve cost savings

PSE&G: Typical residential electric and gas bills are down almost 25% from over a decade ago, or about 40% adjusted for inflation



Over the next four years, the impact of GSMP II, ES II, CEF-EE and planned IAP filing on customer bills is expected to increase ~2% per year, aligned with inflation

PSE&G:

Robust capital program aligned with state clean energy goals, increased by \$1B to \$14B-\$16B through 2025, at our best-in-class utility

Meeting takeaways

- **Focus on Safety, Operations and Customer Satisfaction – Continuously Improving Operational Performance**
- **Robust and Growing Investment Profile Across all Areas**
  - **Transmission, Electric and Gas Distribution and Clean Energy Future and Technology**
  - **Modernize Aging Infrastructure, Improve Resiliency, Meet Customers' Higher Expectations and Drive Emissions Reductions**
- **Cost Control and Customer Impacts**
  - **Controlled O&M**
  - **Low Historical Rates**
  - **Realizing Allowed Returns**
  - **Recovery Mechanisms Minimize Lag**
  - **Maximize Customer EE Savings via CIP**



PSEG Operations:

Future zero-carbon
operations and
infrastructure
opportunities aligned
with NJ energy policy

Ralph LaRossa
Chief Operating Officer
– PSEG

- **Fossil Sale Update**
- **Long-term Benefits of Nuclear**
- **Cost Control and
Gross Margin Stability**
- **OSW Opportunities**

Sale of PSEG Fossil fleet expected to close by year-end 2021 or early 2022

- Agreement to sell PSEG Power's 6,750 MW PSEG Fossil generating portfolio to ArcLight, consisting of 13 generating units located in NJ, CT, MD and NY
- The sale price for the PSEG Fossil portfolio is approximately \$1.9 billion
- Combined with the Solar Source sale, total proceeds from the Strategic Alternatives process will be approximately \$2.5 billion
- Filed for all required regulatory approvals
- Fossil sale accelerates overall decarbonization goals while:
  - ✓ Remaining PSEG generation will consist of carbon-free, significantly contracted investments in existing nuclear units (3,766 MW) and regional offshore wind
  - ✓ Reducing overall business risk and earnings volatility
  - ✓ Enhancing an already favorable ESG position

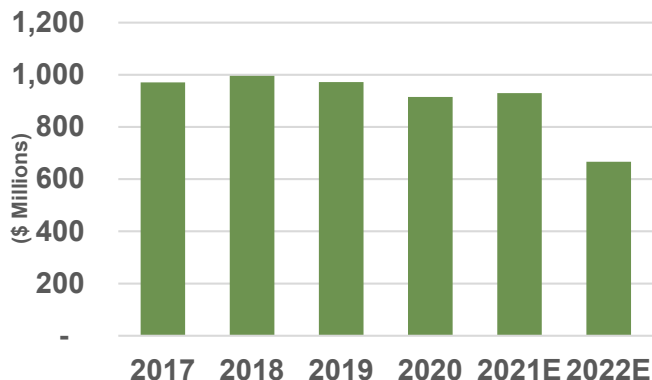
Benefits of a long-term solution recognizing the carbon-free attributes of nuclear generation

- ✓ Ensures workforce stability and ability to attract and retain nuclear talent
- ✓ Enhances nuclear fuel purchasing and efficient capital planning
- ✓ Major consideration for Nuclear Regulatory Commission license extension for NJ units beyond current 2036, 2040 and 2046 expiration dates
- ✓ Preserves tax base and stabilizes local southern NJ economy
- ✓ Salem/Hope Creek produce >90% of NJ's zero-carbon energy or ~40% energy used
- ✓ PSEG Nuclear produces 31 TWh of reliable, dispatchable baseload carbon-free power, with average capacity factor (2017 - 2020) above 90%
- ✓ PSEG nuclear generation avoids emission of about 15.5 million metric tons of CO₂ each year – equivalent to solar panels on over 3 million houses at a fraction of the cost

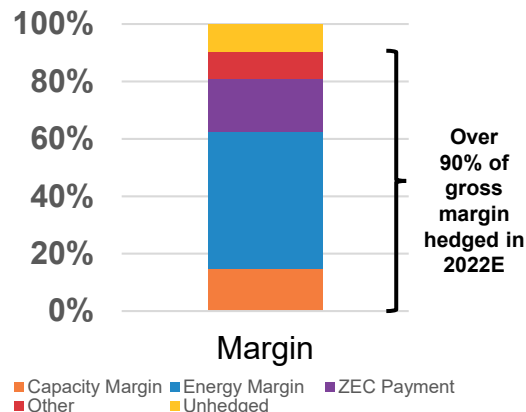


Cost control and stability of gross margin support results

Power O&M Expense ⁽¹⁾ 2017 – 2022E CAGR = (7.3%)



Zero-Carbon, Infrastructure & Other Gross Margin 2022E



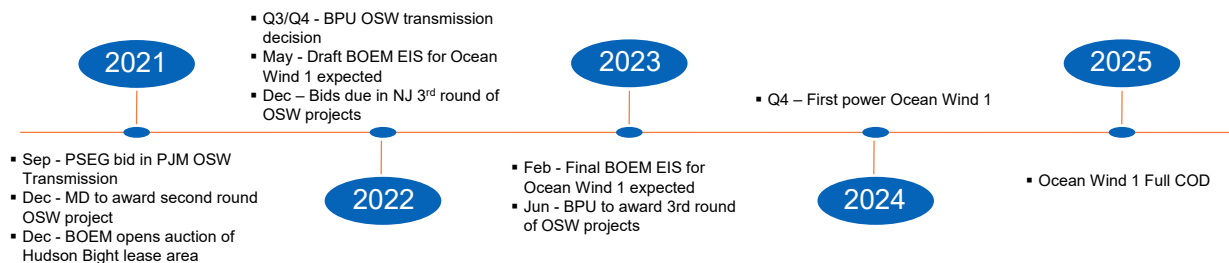
Financial Items to Consider for 2022

- PSEG Fossil and Solar Source **O&M** run rate was ~\$300 million/year and **Depreciation** run rate was ~\$205 million/year
- PSEG Power **Interest Expense** run rate was ~\$120 million/year and planned nuclear **capital spending** is < \$150 million/year
- Expected gross margin over \$1 billion for 2022E, with over 90% hedged with approximately \$156 million locked in via capacity auctions

Benefits of offshore wind development



- Offshore Wind Strategic Plan to develop 7,500 MW by 2035 is a key component of NJ's '100% clean energy by 2050' target
- Captures best regional renewable resource
- Supports economic growth engine for new supply chain, including the New Jersey Wind Port
- ORECs provide a stable, 20-year revenue stream
- Alignment with state energy goals

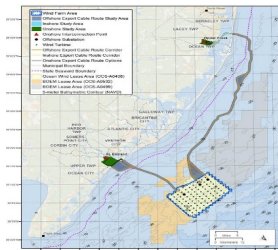


PSEG

BOEM=Bureau of Ocean Energy Management; EIS=Environmental Impact Statement; COD=Commercial Operation Date

PSEG current offshore wind opportunities

Ocean Wind Project



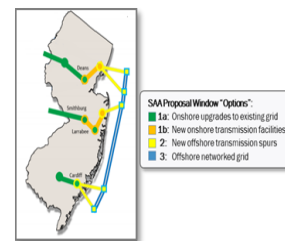
- Ocean Wind 1 is a 75/25 Joint Venture between Ørsted NA and PSEG
- Located 15 to 27 miles off the coast of southern NJ
- 1,100 MWs – enough to power 500,000 homes
- Points of interconnection: Oyster Creek 230kV substation and BL England 230kV substation
- First power expected by the end of 2024
- Potential for investment in Ocean Wind 2

GSOE/ Skipjack



- PSEG owns 50% of Garden State Offshore Energy (GSOE) with Ørsted NA, which in turn owns the leasehold rights to an offshore lease area off the coast of Delaware
- Previously, the offshore lease area was divided between GSOE and the Skipjack project
- PSEG has an option to buy into the combined Skipjack and Skipjack 2 projects if Ørsted wins a second round award in Maryland
- OREC award timing: Expected December 2021

Offshore Transmission



- In April 2021, the BPU and PJM opened a competitive solicitation for offshore wind transmission utilizing the PJM State Agreement Approach
- Bids submitted on September 17; decision announcement expected in Q3/Q4 2022, with winning projects likely in-service by 2029
- PSEG submitted several proposals in response to the solicitation, including multi-spur options and an offshore wind network proposal
- Considerable investment potential (> \$1 billion) if PSEG projects are selected

PSEG

Operations:

Future zero-carbon operations and infrastructure opportunities aligned with NJ energy policy

Meeting takeaways

- **Sale of Fossil Positions PSEG for Increasing Stability**
- **Nuclear is of Critical Importance to Clean Energy Goals**
- **Disciplined Approach to the Business Remains a Key Success Factor**
- **Multiple OSW Opportunities Exist for Deployment of Capital Across Generation and Transmission, with Stable Revenue Streams**



PSEG Regulatory & Policy Priorities:

Long runway of
investment supported
by regulatory & policy
advocacy paired with
effective governance
and strong ethics

Tammy Linde
EVP and
General Counsel

- **Resolution of Multiple Uncertainties**
- **State and Federal Policy Focus Supports Our Infrastructure and Clean Energy Investments**
- **Long-Term Solution for Nuclear**
- **Unwavering Focus on Governance and Ethics**

PSEG has resolved several uncertainties in the past year, leading to more stability and better visibility

Resolution	Impact
✓ Settlement for transmission ROE at 9.9% filed at FERC	➤ Has three-year stay-out for settling parties
✓ Settled Clean Energy Future filings	➤ Secured ~\$2B of utility capex to decarbonize NJ
✓ Granted CIP	➤ Enables utility to maximize promotion of energy efficiency
✓ Extension of deferral for certain COVID-19 costs through 2022	➤ Preserves financial flexibility
✓ Settled multiple and often concurrent regulatory clause mechanisms into rates	➤ Reduces regulatory lag/avoids rate shock
✓ Secured 3-year ZEC extension at \$10/MWh	➤ Provides revenue support to the NJ nuclear units through May 2025
✓ NJ Supreme Court declined to hear appeal of BPU's 2019 ZEC decision	➤ Closes state appeals process for initial ZEC decision

PSEG regulatory & policy focus supports our low carbon infrastructure platform

New Jersey Focus

- **PSE&G continuing investments in critical energy infrastructure to provide customer benefits; Energy Strong program improves resiliency and reliability against more frequent and severe weather events**
- **Comprehensive EE framework provides opportunity for continued investment in Clean Energy Future beyond current 3-year program**
  - ✓ Conservation Incentive Program is a win-win for customers and investors
  - ✓ Opportunity for customers to reduce energy usage and lower bills
  - ✓ Expands definition of “rate base” behind the meter
- **EV Infrastructure Investment and PSEG fleet conversion to enhance environmental profile**
- **Offshore Wind (generation/competitive transmission) furthers NJ’s clean energy goals**

Federal Focus

- **Transmission formula rate settlement and FERC’s proposed elimination of RTO incentive adder are pending**
- **Transmission planning and cost allocation, including integrating renewable resources into the grid, is an evolving policy at the FERC (PJM Transmission Owners seeking return of and on required transmission upgrades)**
- **Tax policy remains fluid, including recognition of carbon-free attributes for nuclear and offshore wind, providing potential policy support for these valuable resources**

PSEG is focused on advancing Powering Progress investments aligned with NJ's energy policy goals

Past Programs (2009-present)

- Transmission Expansion
- Energy Strong I
- GSMP I
- Solar4All® & Extension, S4AE II
- Solar Loan I, II, III
- Prior Stimulus, EE (2009, 2011)
- CIP 1 (2009), CIP 2 (2011)
- Energy Efficiency ('09/'15/'12/'17)
- Demand Response
- Carbon Abatement

Energy Policies

2021 Successor Solar Framework
2021 NJ Offshore Wind Plan
2021 PJM/BPU State Agreement Approach
2020 Energy Efficiency Framework
2020 Conservation Incentive Program
2020 Global Warming Response Act 80X50
2020 NJ Energy Master Plan
2018 Infrastructure Investment Program
2018 NJ Clean Energy Act
2018 Zero Emissions Certificates Law
2018 Offshore Wind Renewable Energy
Certificate Funding Mechanism

Ongoing & Opportunities

- IAP
- Last Mile Reliability
- CEF-EE, EV, EC/AMI
- GSMP II, III
- Energy Strong II, III/
Electric System Modernization
- Transmission Reliability &
Resiliency
- Fleet Electrification
- CEF-ES
- OSW Generation
- OSW Transmission
- Solar Extension
- Nuclear ZECs
- Long-Term Nuclear Solution

In the last year, PSE&G has received approval for ~\$2 billion of investments to help decarbonize New Jersey

PSEG is pursuing a long-term solution for our zero-carbon nuclear fleet

Potential federal solutions The Biden Administration's climate agenda recognizes the importance of preserving existing nuclear units in order to decarbonize the nation's power supply by 2035

- Nuclear production tax credit of \$15/MWh refundable credit, reduced by an amount tied to a reference price that accounts for market revenue and enhances revenue stability
- Grant program administered by the Department of Energy
- Clean Electricity Performance Program has an incentive and penalty structure to increase the proportion of clean energy at fixed percentage each year

Potential state solutions The Murphy Administration's climate agenda recognizes the importance of preserving nuclear as part of its goal to have 100% clean energy by 2050

- ZECs were recently extended by the BPU at the full \$10/MWh level through May 2025
- Amending New Jersey's 2018 ZEC Law may be another path to provide long-term support
- Fixed Resource Requirement options awaiting further clarity

Broad support in Washington and positive commentary during NJ ZEC process acknowledges need to develop long-term solution to preserve nuclear generation

Sound governance and unwavering ethics are the foundation of our high-performing culture

• Diverse Board of Directors

- ✓ Independent Lead Director – Dr. Shirley Ann Jackson
- ✓ 50% are gender and/or ethnically diverse
- ✓ 4 of 6 Board Committees are chaired by women or ethnically diverse director
- ✓ 4 new directors in last five years bring new perspectives
- ✓ Good mix of tenures and effective refreshment program

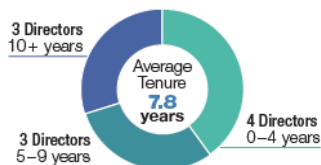
• Effective oversight of ESG matters

- ✓ Sustainability and Corporate Citizenship function reports to CEO
- ✓ Chief Diversity Officer reports to CEO
- ✓ Assignment of key topics to full board or specific committee (climate, cybersecurity, safety, human capital management)
- ✓ Regular reports and continuing education for directors on key topics relating to operations and ESG
- ✓ Expanded disclosure on political contributions including 501(c)(4) contributions

• Ethics: How PSEG does business is as important as our results

- ✓ PSEG's corporate culture is based upon strong ethical standards and effective compliance and controls, and demonstrated in the integrity of our business dealings and in the decisions made by our employees

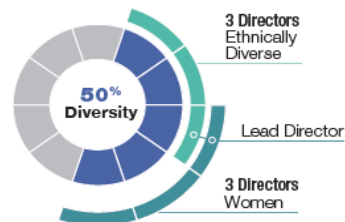
Board Tenure



Board Independence



Gender and Ethnic Diversity



PSEG Regulatory & Policy Priorities:

Long runway of investment supported by regulatory & policy advocacy paired with effective governance and strong ethics

Meeting takeaways

- **Stability Increased Through Resolution of Prior Uncertainties**
- **Capital Program Focused on Infrastructure and Clean Energy Investments has Strong Alignment with State Objectives and Federal Policy**
- **Broad and Growing Appreciation for Value of Nuclear Advances Efforts for Long-Term Financial Support**
- **Strong Ethics and Governance Underpins Everything We Do at PSEG**



PSEG Financial Review & Outlook:

Growth platform of predictable earnings, dividends and capital spend visibility

Dan Cregg
EVP and
Chief Financial Officer

- **Improving Business Mix**
- **Strong Cash Flow and Solid ‘BBB’ Credit Ratings, Providing Financial Strength and Flexibility**
- **Controlling O&M Including PSEG Power Transition**
- **More Predictable and Higher Earnings Growth Rate**
- **PSE&G Rate Base and Earnings Growth Drive PSEG’s Long-Term Outlook**
- **Raising Annual Dividend Rate of Increase**

Long-term focus on regulated utility growth, improving our business mix and enhancing our ESG profile

	Before Non-Nuclear Divestiture	After Non-Nuclear Divestiture
Business Mix	Growing Regulated Contribution	PSE&G ~90% and Zero-Carbon, Infrastructure and Other ~10%
Changing Generation Profile	6,750 MW of Fossil Generation with Merchant Exposure	25% Ownership in Ocean Wind 1 Project with Long-Term Revenue Stream
Valuing Nuclear Attributes	ZEC Award for NJ Units through May 2025	Seeking Long-term Nuclear Solution
PSE&G's 5-Year Capital Plan	\$13B to \$15B	\$14B to \$16B
Share Repurchase Authorization	None	\$500M, following Fossil sale closing
Non-GAAP Operating Earnings Guidance	Annual	Earnings CAGR to 2025 of 5% to 7%
Consistent, Sustainable Dividend Growth	Annual Dividend Increase of \$0.08 per share since 2015	Raising Annual Dividend Increase to \$0.12 per share, effective Q1 2022
Increased Financial Flexibility (Minimum FFO/ Debt)	17% to 18%	13% to 14%

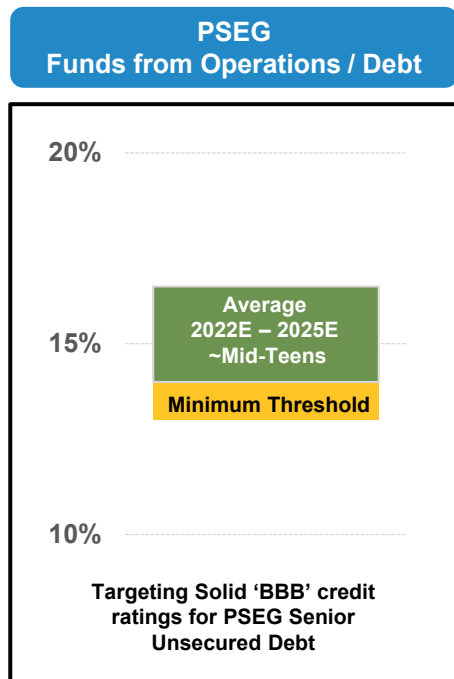
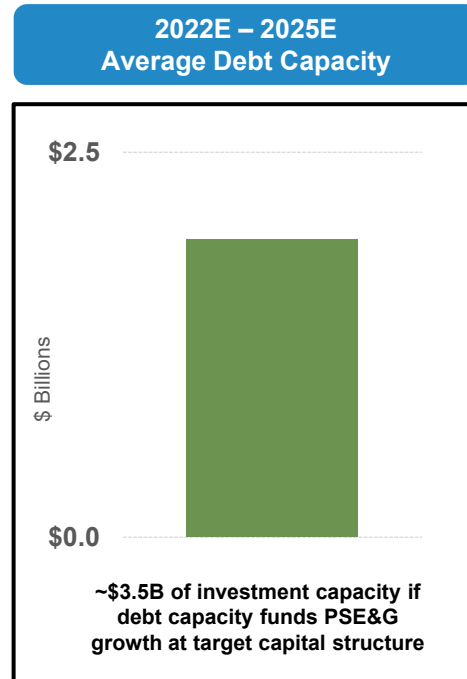
Sale of non-nuclear assets generated significant cash flow for debt reduction and share repurchases

Sources and Uses of Cash	
Net Solar Sale Proceeds	~\$0.4B
Net Fossil Sale Proceeds	~\$1.75B
Total After-Tax Proceeds	~\$2.15B
2023 and 2031 Power Senior Note Redemptions and Estimated Make-Whole Premium	(~\$1.6B)
Net Proceeds after Power Debt Redemption	~\$0.5B
Announced Share Repurchase, Post-closing	(\$0.5B)
Post-closing, Potential Power Re-levering	Sized based on FFO to Debt ~40%

Target PSEG's senior unsecured credit ratings at 'Solid' BBB

Issuer	Security	S&P	Moody's	Target PSEG Credit Metric
PSE&G	Senior Secured		Aa3	Regulatory Equity Ratio ~55%
		A		
	Outlook	Stable	Negative	
PSEG Power	Senior Unsecured		Baa1	FFO / Debt ~40%
		BBB		
	Outlook	Stable	Negative	
PSEG	Senior Unsecured		Baa1	FFO / Debt ~Mid-Teens
		BBB		
	Outlook	Stable	Negative	
	Minimum Threshold	BBB @ 13%	Baa2 @ 14%	

Enhanced business profile underpins solid credit ratings and significant debt capacity

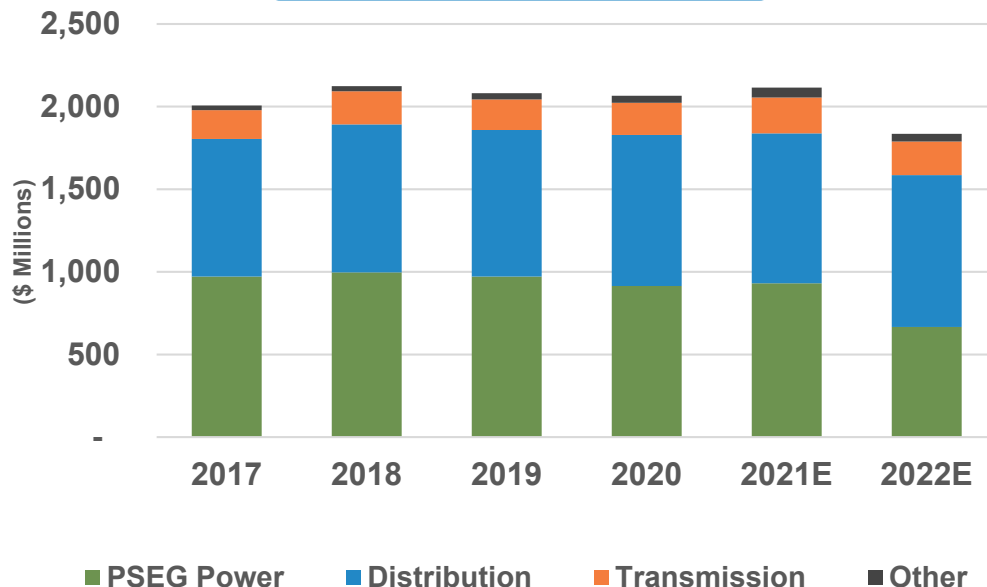


Financial flexibility utilized to fund planned investments, with significant debt capacity remaining for incremental opportunities

PSEG has controlled O&M with a focus on continuous improvements and controlling support costs related to non-nuclear divestiture

PSEG O&M Expense ⁽¹⁾

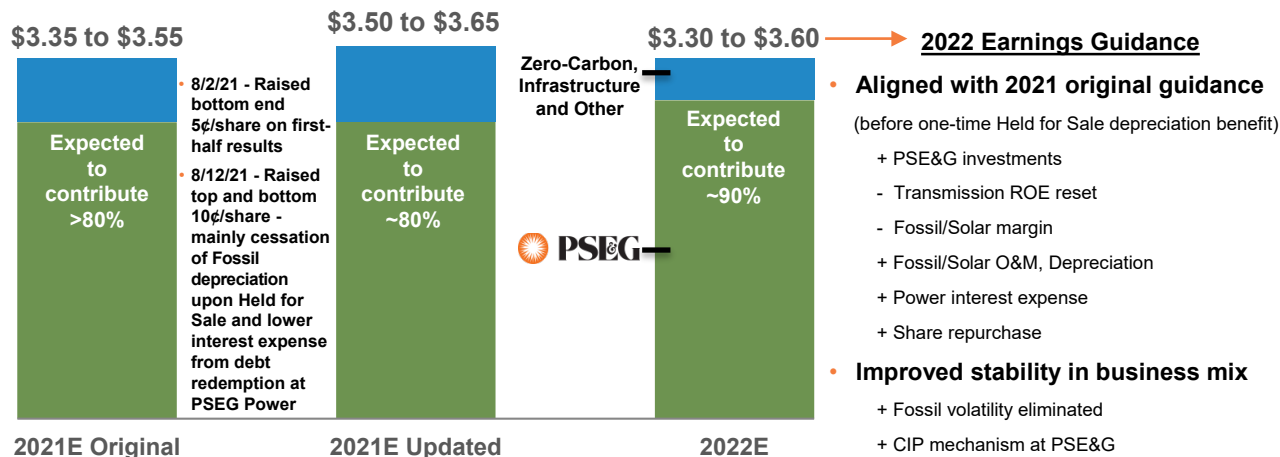
2017 – 2022E CAGR = (1.8%)



- All support costs related to PSEG Fossil to be fully eliminated with successful just transition placement of impacted employees

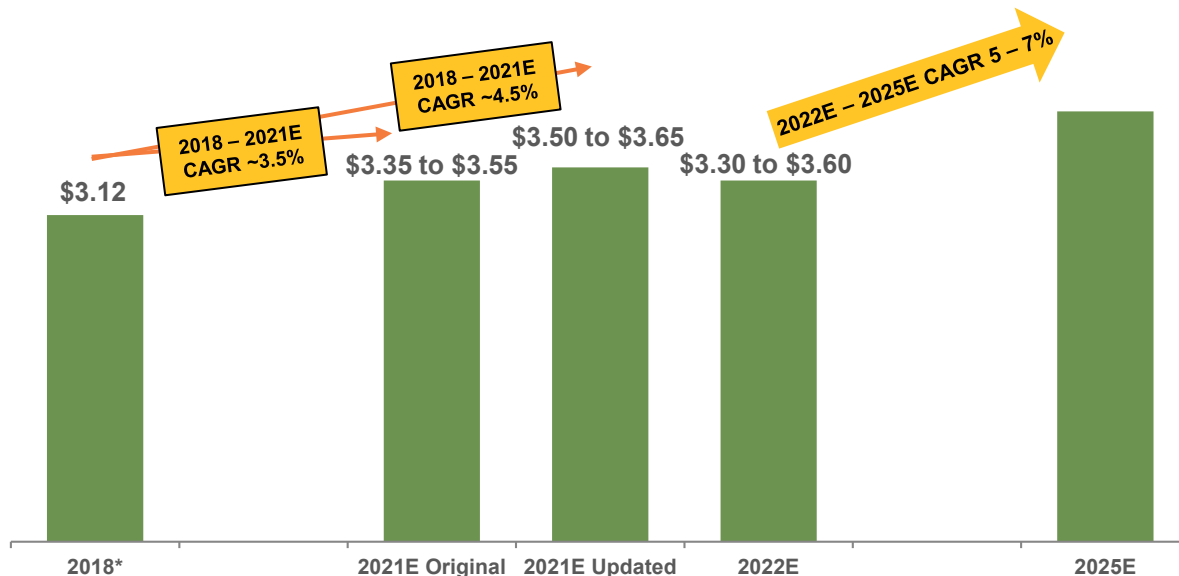
Strategic repositioning will deliver more predictable earnings

PSEG non-GAAP Operating Earnings per Share

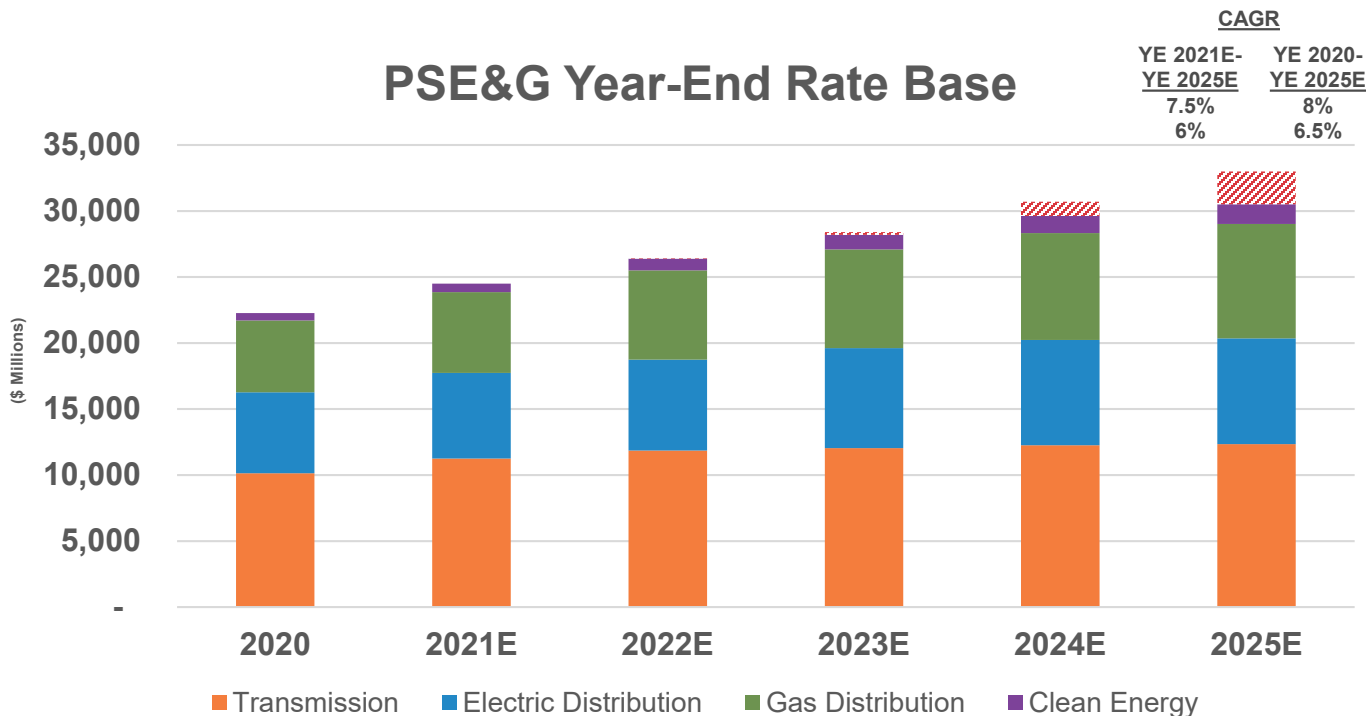


Strategic repositioning will deliver a higher earnings growth rate

PSEG non-GAAP Operating Earnings per Share



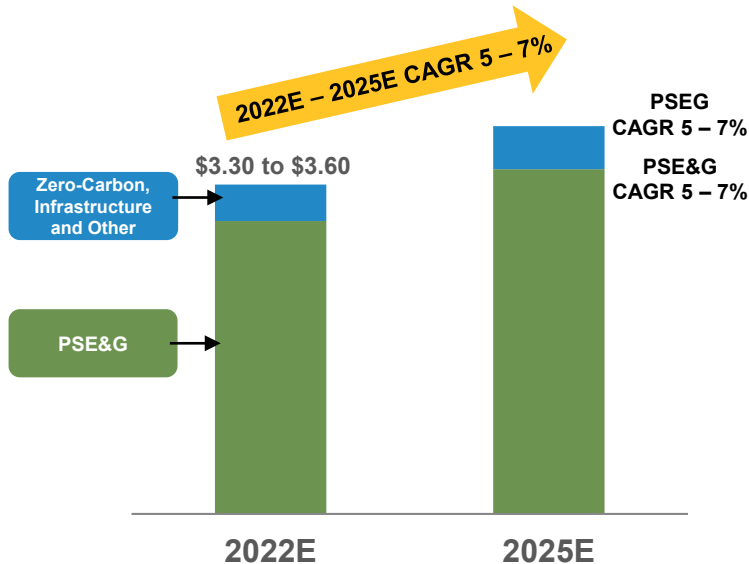
Expanded investment program firms compound annual rate base growth



Rate base CAGR of 6%-7.5% starting at YE 2021E supports earnings growth over the 2022-2025 guidance period

PSE&G earnings growth drives PSEG's long-term earnings growth rate

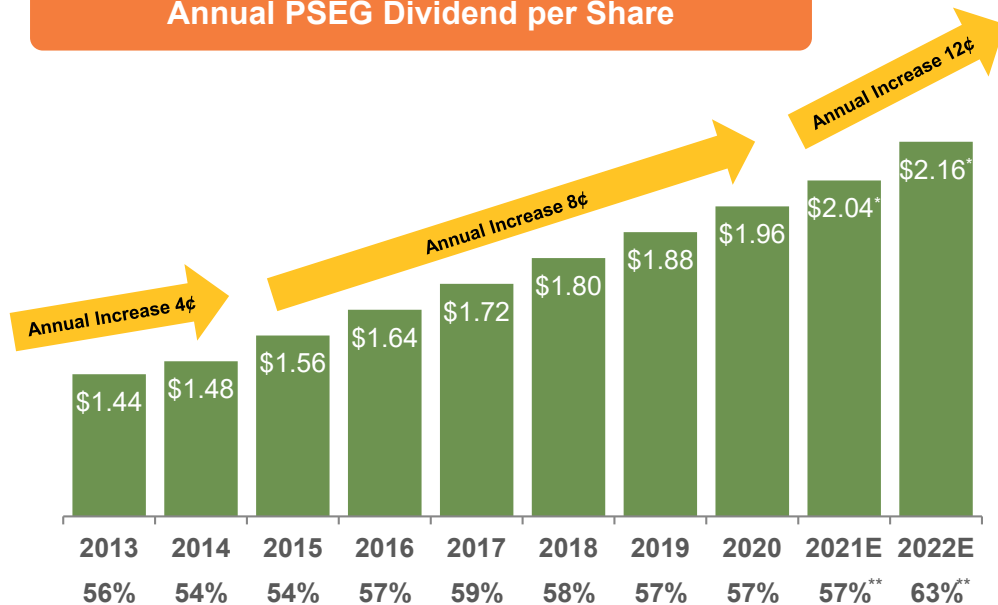
PSEG non-GAAP Operating Earnings per Share



- Earnings growth driven by robust utility capital program aligned with state Clean Energy goals, supportive recovery mechanisms and rate case, and cost control including well funded pension moving to more conservative allocation
- Financial flexibility to fund capital program without the need for incremental equity
- Upside/Variability from incremental capital deployment, including incremental PSE&G investments, offshore wind generation/transmission and potential return of capital, as well as long-term nuclear solution/PTCs, transmission RTO adder, and rate case outcome

Raising our indicative annual dividend increase from \$0.08 to \$0.12 per share, effective Q1 2022

Annual PSEG Dividend per Share



Opportunity for consistent and sustainable dividend growth - now with a higher growth rate

2021 Investor Conference Takeaways



- **PSEG: 90% regulated business mix from stable, predictable operations of PSE&G, 10% Zero-Carbon Generation, Infrastructure and Other**
- **PSE&G: Robust capital program aligned with state clean energy goals, increased by \$1B to \$14B-\$16B through 2025, at our best-in-class utility**
  - ✓ Incremental investment to focus on 'last mile' distribution infrastructure; planned IAP filing
  - ✓ Effective cost control to maintain customer affordability
- **Future zero-carbon operations and infrastructure opportunities aligned with NJ energy policy**
- **Long runway of investment supported by regulatory & policy advocacy paired with effective governance and strong ethics**
- **Growth platform of predictable earnings, dividends and capital spend visibility**
  - ✓ Establishing 2022 non-GAAP Operating Earnings Guidance of \$3.30 - \$3.60 per share
  - ✓ Multi-year earnings growth rate of 5% - 7% over the 2022 to 2025 period, starting with 2022 guidance midpoint
  - ✓ Raising indicative 2022 dividend by \$0.12 per share, 2022 indicative annual dividend of \$2.16 per share
  - ✓ \$500M of share repurchase to be implemented upon close of PSEG Fossil sale
  - ✓ Expanded financial flexibility lowers minimum threshold credit metrics to 13%-14% (from 17%-18%)
  - ✓ No new equity needed to execute 2021-2025 capital program, including Ocean Wind investment

PSEG is an ESG leader in tackling climate change, DEI and governance, with a Net-Zero 2030 Vision and top-tier ESG scores

Appendix

2022 Operating Earnings Guidance consistent with 2021, reflecting continued growth at PSE&G and transition to more predictable business mix

Non-GAAP Operating Earnings Guidance

Operating Earnings \$ millions (except EPS)	2022E ⁽¹⁾	2021E ⁽²⁾	Original 2021 Guidance
PSE&G	\$1,485 - \$1,575	\$1,420 - \$1,470	\$1,410 - \$1,470
Zero-Carbon, Infrastructure & Other	\$170 - \$230	n/a	n/a
PSEG Power	n/a	\$350 - \$425	\$280 - \$370
Parent /Other	n/a	(\$20)	(\$15)
PSEG Consolidated	\$1,655 - \$1,805	\$1,775 - \$1,850	\$1,700 - \$1,800
PSEG Operating EPS	\$3.30 - \$3.60	\$3.50 - \$3.65	\$3.35 - \$3.55
PSEG Operating EPS midpoint	\$3.45		\$3.45

(1) 2022E guidance – expect to narrow to a \$0.20/share range in February 2022

(2) 2021E guidance – low end was increased \$0.05 during Q2 release due to strong non-GAAP YTD results and overall range increased \$0.10/share after announcement of PSEG Fossil sale due to the cessation of depreciation of Fossil assets for the remainder of the year and lower interest expense due to the redemption of Power's debt

PSEG Sustainability & ESG Summary

Leadership

- **Clean Energy Future (CEF):** PSE&G received regulatory approvals to invest \$2 billion to decarbonize NJ economy
  - ✓ \$1B CEF-Energy Efficiency program
  - ✓ \$0.7B* for smart meters (Energy Cloud-AMI)
  - ✓ \$0.2B for EV charging infrastructure
- PSEG accelerates climate vision for Net-Zero emissions to 2030 from 2050 for PSE&G and Power generation for direct and indirect emissions from operations (Scopes 1 and 2)
  - ✓ PSEG Power is already at half the CO₂ intensity of PJM and U.S. averages
  - ✓ PSEG Power is now coal-free
  - ✓ PSEG Power has pledged not to build or acquire any new fossil-fueled power plants
  - ✓ PSE&G on track to achieve 2023 methane reduction goal of ~22% from 2018 levels
- PSEG completed acquisition of a 25% interest in Ocean Wind 1
- ~\$1B of Regulated Solar investments
- [Climate Report](#) follows TCFD
- [Sustainability Report](#) is SASB compliant
- [PSEG ESG Performance Report](#)

Policies & Goals

- PSEG is a vocal advocate for an economy-wide price on carbon emissions and preserving nuclear power plants for their zero-carbon attributes
- Committed to rigorous oversight of political contributions and transparency in disclosure
- Diversity, Equity & Inclusion Commitment
- Human Rights Policy
- PSEG's ESG goals and business strategy are aligned with many of the U.N.'s Sustainable Development Goals to set the world on a sustainable path by 2030



Recognition & Scores

- Member of S&P Sustainability Yearbook 2021
- Named to Dow Jones Sustainability Index – North America 13 years in a row
- Among 2021 America's Most Responsible Companies by Newsweek
- Named to the Forbes Lists of: Best Employers for Diversity 2021, Best Large Employers 2021, Best Employers for Veterans 2020
- PSEG ESG Vital Signs: Relative Scores**

MSCI



PSEG in top 20% of all MSCI rated companies

ISS



Bloomberg Disclosure



Sustainalytics



SSGA R-Factor



PSEG is top 10%-30% of SSGA's Industry rated companies

CPA-Zicklin Index



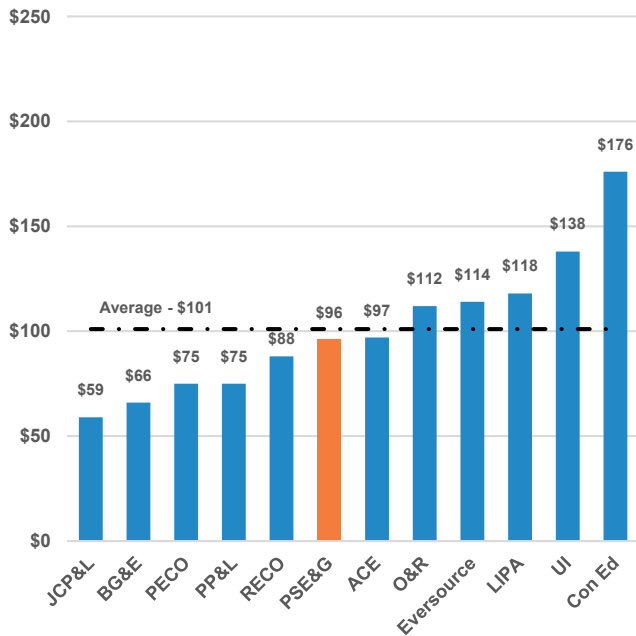
Worse ← PEER AVG PSEG → Better



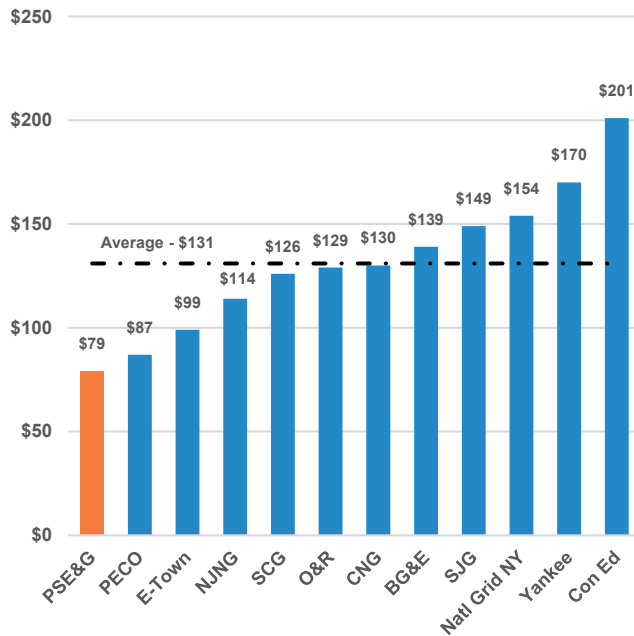
*CEF-EC/AMI approved program is \$707M, of which ~\$600M is incremental Capex over annual meter spend of ~\$30M. **Scores from best to worst: MSCI – AAA TO CCC, ISS - 1 TO 10, Others - 100% TO 0%; PSEG ESG Scores as of June 30, 2021. TCFD=Task Force on Climate-Related Financial Disclosures; SASB=Sustainability Accounting Standards Board; Scope 1 are direct emissions from power generation, vehicle fleets and methane, SF6 and refrigerant leaks; Scope 2 are indirect emissions from operations from purchased energy of electric and gas and line losses

PSE&G's residential customer bills are lowest amongst peers for Gas and lower than average for Electric service

Monthly Electric Bills



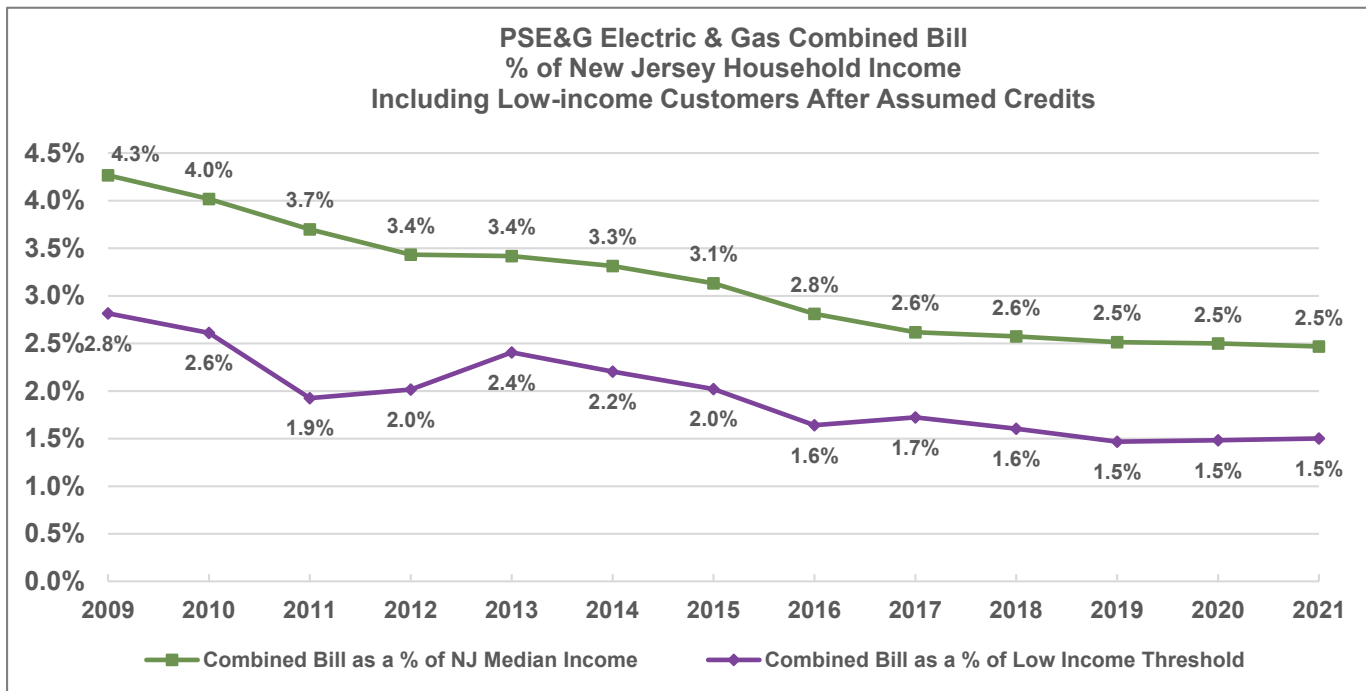
Monthly Gas Bills



PSEG

Based upon a calculation of monthly bills for an electric customer using 500 kilowatt-hours and a gas customer using 100 therms using rates as of June 1, 2021. Rates sourced from public company documents.

Typical residential combined electric and gas bill relative to median income has declined from over 4% to ~2.5% over the past decade



Low-income bill percentage has declined from ~2.5% to 1.5% due to various low-income support programs (LIHEAP, USF, Lifeline) over the same time frame

PSE&G investing \$1B of capital in energy efficiency, one of the largest efforts in the U.S.

PSE&G Investment: \$1 Billion, 3-Year Commitment	
delivering universal access to lower customer bills through a comprehensive suite of EE programs	
Other Benefits	
Conservation Incentive Program addresses lost revenues	3,200 direct clean energy jobs
8 million metric tons of CO ₂ avoided*	2.2 NJ cost test score**

PSE&G Energy Efficiency (EE) Offerings	
Residential Programs \$300M	Commercial & Industrial Programs \$700M
Efficient Products	Prescriptive
Existing Homes	Custom
Behavioral	Small Non-Res Efficiency
Multi-Family	Energy Management
Income Eligible	Engineered Solutions

Executive Bios



**Kim
Hanemann**

President &
Chief Operating Officer
Public Service
Electric & Gas

[LINK TO BIO](#)



**Ralph
LaRossa**

Chief Operating
Officer
Public Service
Enterprise Group

[LINK TO BIO](#)



**Ralph
Izzo**

Chairman,
President & CEO
Public Service
Enterprise Group

[LINK TO BIO](#)



**Tammy
Linde**

EVP & General
Counsel
Public Service
Enterprise Group

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**Dan
Cregg**

EVP & CFO
Public Service
Enterprise Group

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Glossary of Terms



AFUDC – Allowance for Funds Used During Construction
AMI – Automated Metering Infrastructure
BPU – New Jersey Board of Public Utilities
BGSS – Basic Gas Supply Service
CEF – Clean Energy Future
CEF-EE – Energy Efficiency
CEF-EV – Electric Vehicle
CEF-EC – Energy Cloud
CEF-ES – Energy Storage
CIP – Conservation Incentive Program
CWIP – Construction Work in Progress
DEI – Diversity, Equity and Inclusion
ES – Energy Strong
ESG – Environmental, Social and Governance
FERC – Federal Energy Regulatory Commission
GSMP – Gas System Modernization Program
IAP – Infrastructure Advancement Program
OREC – Offshore Wind Renewable Energy Certificate
OSA – Operating Service Agreement with the Long Island Power Authority (LIPA)
OSHA – Occupational Safety and Health Administration
OSW – Offshore Wind
PTC – Production Tax Credit
RTO – Regional Transmission Organization
ZEC – Zero Emission Certificates

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Reconciliation of Non-GAAP Operating Earnings

Public Service Enterprise Group Incorporated - Consolidated Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
	(\$ millions, Unaudited)							
Net Income	\$ 1,905	\$ 1,693	\$ 1,438	\$ 1,574	\$ 887	\$ 1,679	\$ 1,518	\$ 1,243
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax ^(a) (PSEG Power)	(231)	(255)	144	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on Mark-to-Market (MTM), pre-tax ^(b) (PSEG Power)	81	(285)	117	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	-	-	-	(172)	27	54
Plant Retirements and Dispositions, pre-tax (PSEG Power)	(122)	402	(51)	975	669	-	-	-
Oil Lower of Cost or Market (LOCOM) adjustment, pre-tax (PSEG Power)	2	-	-	-	-	-	-	-
Goodwill Impairment, pre-tax (PSEG Power)	-	16	-	-	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	58	8	77	147	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	106	37	(74)	(427)	(391)	150	104	(27)
Tax Reform	-	-	-	(745)	-	-	-	-
Operating Earnings (non-GAAP)	\$ 1,741	\$ 1,666	\$ 1,582	\$ 1,488	\$ 1,475	\$ 1,476	\$ 1,400	\$ 1,309
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508
	(\$ Per Share Impact - Diluted, Unaudited)							
Net Income	\$ 3.76	\$ 3.33	\$ 2.83	\$ 3.10	\$ 1.75	\$ 3.30	\$ 2.99	\$ 2.45
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a) (PSEG Power)	(0.46)	(0.50)	0.28	(0.26)	(0.01)	(0.05)	(0.27)	(0.17)
(Gain) Loss on MTM, pre-tax ^(b) (PSEG Power)	0.16	(0.56)	0.23	0.33	0.33	(0.31)	(0.22)	0.25
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	-	-	-	(0.34)	0.05	0.11
Plant Retirements and Dispositions, pre-tax (PSEG Power)	(0.24)	0.79	(0.10)	1.92	1.32	-	-	-
Oil LOCOM adjustment, pre-tax (PSEG Power)	-	-	-	-	-	-	-	-
Goodwill Impairment, pre-tax (PSEG Power)	-	0.03	-	-	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	0.11	0.02	0.15	0.29	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	0.21	0.08	(0.14)	(0.84)	(0.78)	0.31	0.21	(0.06)
Tax Reform	-	-	-	(1.47)	-	-	-	-
Operating Earnings (non-GAAP)	\$ 3.43	\$ 3.28	\$ 3.12	\$ 2.93	\$ 2.90	\$ 2.91	\$ 2.76	\$ 2.58

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).

(b) Includes the financial impact from positions with forward delivery months.

(c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for prior years, except for lease related activity which is calculated at a combined leveraged lease effective tax rate, and NDT related activity which is calculated at the statutory rate plus a 20% tax on income (loss) from qualified NDT funds.

Reconciliation of Non-GAAP Operating Earnings for PSE&G and PSEG Enterprise/Other

PSE&G Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
	(\$ millions, Unaudited)							
Net Income	\$ 1,327	\$ 1,250	\$ 1,067	\$ 973	\$ 889	\$ 787	\$ 725	\$ 612
Tax Reform	-	-	-	(10)	-	-	-	-
Operating Earnings (non-GAAP)	<u>\$ 1,327</u>	<u>\$ 1,250</u>	<u>\$ 1,067</u>	<u>\$ 963</u>	<u>\$ 889</u>	<u>\$ 787</u>	<u>\$ 725</u>	<u>\$ 612</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

PSEG Enterprise/Other - Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
	(\$ millions, Unaudited)							
Net Income (Loss)	\$ (16)	\$ (25)	\$ 6	\$ 122	\$ (20)	\$ 36	\$ 33	\$ (13)
Lease Related Activity, pre-tax	-	58	8	77	147	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(a)	-	(26)	(1)	(32)	(55)	-	-	-
Tax Reform	-	-	-	(147)	-	-	-	-
Operating Earnings (non-GAAP)	<u>\$ (16)</u>	<u>\$ 7</u>	<u>\$ 13</u>	<u>\$ 20</u>	<u>\$ 72</u>	<u>\$ 36</u>	<u>\$ 33</u>	<u>\$ (13)</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

(a) Income tax effect calculated at a combined leveraged lease effective tax rate.

Reconciliation of Non-GAAP Operating Earnings for PSEG Power

PSEG Power LLC - Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
	(\$ millions, Unaudited)							
Net Income	\$ 594	\$ 468	\$ 365	\$ 479	\$ 18	\$ 856	\$ 760	\$ 644
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a)	(231)	(255)	144	(133)	(5)	(24)	(138)	\$ (86)
(Gain) Loss on MTM, pre-tax ^(b)	81	(285)	117	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax	-	-	-	-	-	(172)	27	54
Plant Retirements and Dispositions, pre-tax	(122)	402	(51)	975	669	-	-	-
Oil LOCOM adjustment, pre-tax	2	-	-	-	-	-	-	-
Goodwill Impairment, pre-tax	-	16	-	-	-	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	106	63	(73)	(395)	(336)	150	104	(27)
Tax Reform	-	-	-	(588)	-	-	-	-
Operating Earnings (non-GAAP)	\$ 430	\$ 409	\$ 502	\$ 505	\$ 514	\$ 653	\$ 642	\$ 710
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	508	508	508	508

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).

(b) Includes the financial impact from positions with forward delivery months.

(c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for prior years, except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (loss) from qualified NDT funds.