New Jersey Board of Public Utilities

NEWS RELEASE

For Immediate Release:
June 18, 2012

Contact:
Greg Reinert
609-777-3305

Christie Administration Takes Action to Improve Grid Reliability

- NJ Board of Public Utilities Approves PSE&G North Central Reliability Project -

TRENTON, NJ – Today, the Christie Administration took action to improve reliability of the electric grid in the northern portion of the state when the New Jersey Board of Public Utilities ("Board") approved the Public Service Electric & Gas ("PSE&G") North Central Reliability Project. The project, an upgrade of existing transmission lines and substations following an existing right-of-way through 15 municipalities, is necessary to remedy reliability issues that could occur during 2014.

PSE&G is responsible for the delivery of safe, adequate and proper electrical service to approximately 2.1 million electric customers in New Jersey. The operational control of PSE&G's electric transmissions lies with the grid operator PJM Interconnection, L.L.C., a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of thirteen states and the District of Columbia. In order to ensure grid reliability, PJM conducts a system-wide analysis, known as the Regional Transmission Expansion Planning Process ("RTEP"), to determine the forecasted ability of the regional transmission grid to meet reliability standards as set forth by the North American Electric Reliability Corporation ("NERC").

As a result of this analysis, PJM required PSE&G to address reliability criteria violations that were forecasted to begin as early as June 2014. Violation issues include voltage drop violations at multiple substations which could degrade the operation and integrity of appliances and machinery running on the system, or in the worst case scenario, lead to a system wide collapse. To alleviate these potential issues, PSE&G, in conjunction with PJM, designed the North Central Reliability Project and on May 26, 2011, filed a petition with the Board to approve the project and begin construction.

"We have all been affected by interruptions with our electrical service through weather or system related causes. The North Central Reliability Project deals with serious potential voltage variations that can damage residential, commercial and industrial appliances, devices and equipment," said NJ

Board of Public Utilities President Bob Hanna. "This project will address these foreseen voltage issues, strengthening the integrity of our electric grid and protecting ratepayer property."

Prior to the Board's approval, three public hearings were held on Sept. 7, 2011, in West Orange, Sept. 8, 2011, in Chatham Township and Sept. 22, 2011, in Edison. The public hearings allowed for New Jersey ratepayers to offer verbal and written comments for the Board's consideration during its review and analysis prior to rendering a final decision. Site visits were also conducted by Board staff on Sept. 14, 2011.

The North Central Reliability Project also will have positive economic impact as it will create an estimated 1,641 in-state jobs, including 1,100 construction jobs, totaling approximately $137.6 million in compensation. The project will also generate approximately $5.3 million in local tax revenues and $6.4 million in licensing and permit fees. The estimated total cost currently stands between $340 million to $390 million dollars.

The North Central Reliability Project is a transmission system upgrade consisting of the upgrading of four 138kV transmission lines to three 230 kV transmission lines and several interconnected switching and substations. The Project follows an existing transmission right-of-way for the entire length and will pass through fifteen municipalities.

The following chart documents the affected sub-stations and their expected voltage drops without the project.

Substation	% Voltage Drop in 2014	% Voltage Drop in 2015
Roseland 138 kV	5.76%	11.55%
Fanwood 138 kV	5%	11.86%
New Dover 138 kV	5%	5.98%
Aldene 138 kV	4.96%	9.92%
Laurel Avenue 138 kV	5.69 %	11.43%
Marion Drive 138 kV	5.61%	11.27%
West Orange 138 kV	5.61%	11.25%
Springfield Rd 138 kV	5.17 %	10.34%
West Caldwell	5.03%	NA

- end -