

On The Grid

A Publication of Delivery Projects & Construction

July 2011

In This Issue

- 2 Scorecard Metrics
What We Measure & Why?
- 2 DPC - YTD
2011 Financial Status
- 3 Project Scrapbook
- 4 Food, Fun & Friends
DP&C Annual Barbecue
- 6 The Vault
- 6 Getting to Know...
Stan Solowski
- 7 DP&C History
- 8 Employee Engagement
- 8 Questions, Queries & Quandaries



WELCOME BACK DP&C Newsletter Returns

With this new column in our revived DP&C monthly publication, I'd like to begin by applauding our success this year. The pride that I feel is only outweighed by the gratitude to everyone who has worked with commitment and professionalism to meet our goals. DP&C has been growing so rapidly that during our rush to expand, I don't want us to ever forget the talented and dedicated people who make each project work and make us run.

Thanks solely to the remarkable teamwork and commitment of the entire DP&C group we had some significant accomplishments this year. The results of your hard work enabled us to complete many of our projects ahead of schedule. Once projects are energized, they are then considered "Transmission Plant In Service". Exceeding our target dates heavily impacted Transmission Plant In Service which is highlighted in detail on the left column of this page. I hope you take a moment to review this detail and take pride in the results of all the hours you have contributed. Our YTD 13-month average Transmission Plant and CWIP Placed In-service is ahead of FERC Plan by \$49 million and the Corp Model plan by \$29 million – Positive Earnings impact (true up). We also surpassed our year-to-date revenue projections, added more than 23 MAST and 45 contractors, completed a FERC filing on three large 230kV conversions—NCRP, Burlington-Camden and Mickleton-Gloucester, were approved for more than \$1 billion in reimbursements and will begin an innovative vegetation management plan this July. We couldn't have achieved these successes without the experience, knowledge and dedication of DP&C's people.



In-Service Dates

Transmission Plant and CWIP Placed In-service is ahead of FERC Plan by \$ 49 million and Corporate Model plan by \$29 million

The following are some of the projects that were completed ahead of schedule:

Transmission

- Deptford Reinforcement
- Bayway 132-3
- Waldwick 345-2
- Breaker and a half
- Pipe-Cable and OH Reconductoring
- J 3410
- F 1332

Continued page 8

As Delivery Projects and Construction, we build for others. Yet, we also need to build for ourselves. In the next year we will focus on building and connecting with each other –through breakfast meetings, events, improving our onboarding with new people, and with this publication. We want to hear your ideas and questions. We have enormous diversity in this group based on work background from linemen to engineers to financial analysts. Each of our projects requires all those skills. Yet a lot of the time we're not sure what the other guy does. And to make things more challenging, we're scattered among many locations. Helping our group understand all of its parts is one of our goals.

On a final note, allow me to reflect. I came to PSE&G straight out of college; I grew up with this company. This June, I celebrated 25 years here. My deepest thanks to those who grew with me, to those who helped me grow and taught me the business. Our work is an essential part of our lives and I know what working with a good company means. I sincerely look forward to the opportunity of making this a good company for you.

Until the next time,

Kim

Kim Hanemann, Vice President - DP&C



Scorecard Metrics

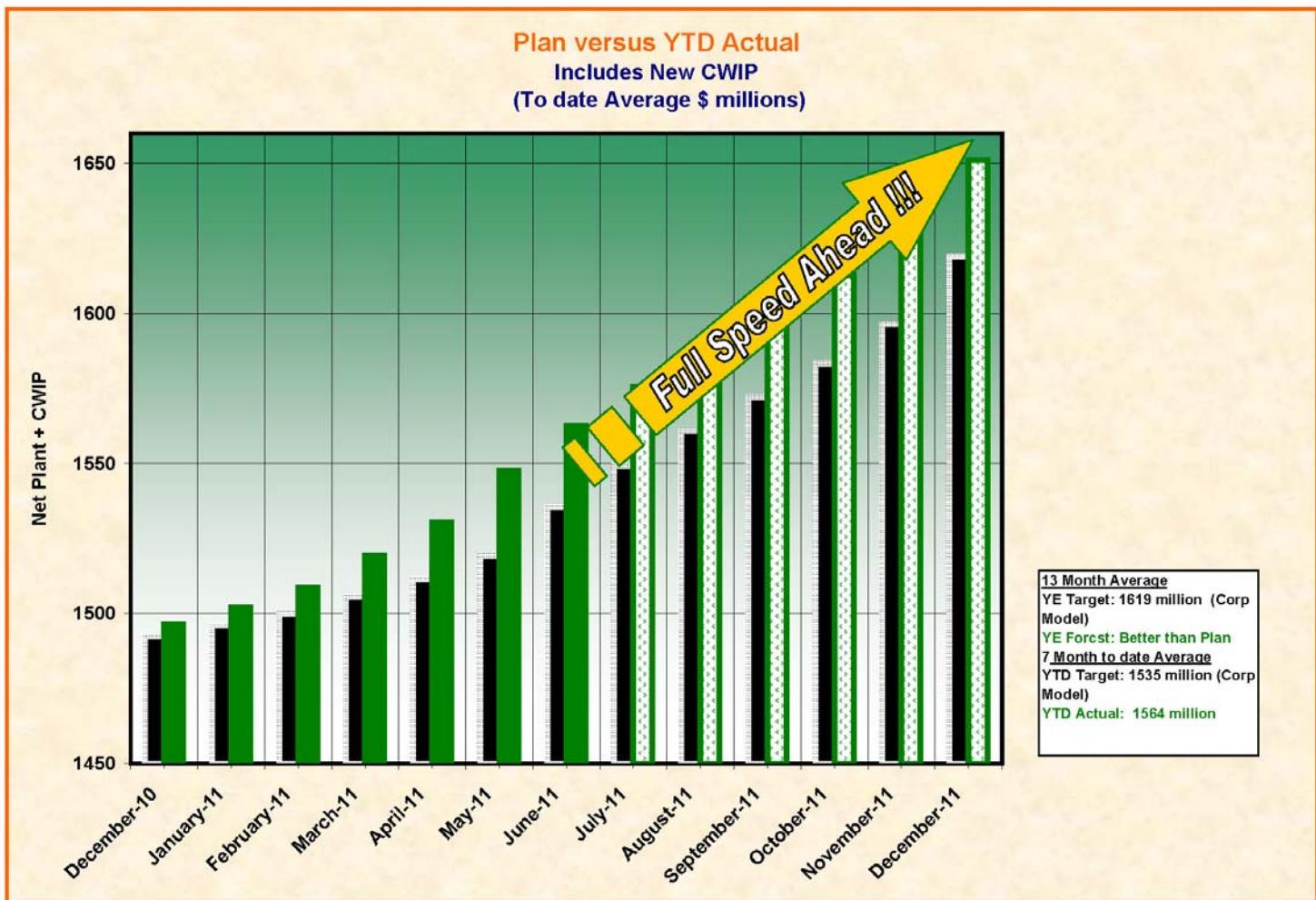
What We Measure & Why

The balanced scorecard took prominence in the business world when an article written by Robert Kaplan and David Norton appeared in the 1992 edition of the Harvard Business Review. The scorecard is designed to track the successful, or not-so-successful, attainment of specific goals within targeted financial or non-financial areas of an organization. It can also be used to measure one corporation against another. The difficulty arises in determining what will be meaningful to track...which measurements will assist in developing the growth strategy of a company.

"It was tough to develop the scorecard – painful. But, it's worth the effort, it does work," according to DP&C's Director of Environmental Projects and Permitting, Bruce Preston. "Scorecards are the way to drive a company – takes it out of the realm of the individual manager and allows everyone to see that they are working towards a common goal. It's not just about maximizing compensation it's about moving the company forward."

The DP&C Balanced Scorecard metrics demonstrate our growth and success and give us targets to strive for. Our metrics are reflected in the larger PSE&G Balanced Scorecard. What happens within our group affects the company, and in turn, our customers.

In the next few issues, we'll take a look at some of the how, what and why's of DP&C's scorecard metrics.



Project Scrapbook

60,784 Man-hours later...



At any one time, Director of Construction, Jeff Hila's group is managing and building dozens of large and small projects throughout the state. Each effort requires tight coordination among licensing and permitting, design and engineering, a division's operations group, local government and police and, as in the project pictured immediately above, the management of CSX Railway. This new 69kV line, energized in Q4 2010, was installed between the Bennetts Lane and Mount Rose substations...a project that took 60,784 man-hours to complete.

The four crews and eight buckets along Evesham Road in Lawnside (Top Right) are installing a new 69kV line to reinforce the Lawnside and Maple Shade substations. This reinforcement project began in Q4 of 2010 and is slated for completion in Q4 2011.

Employee Recognition Celebration



Ray Alvarez



Rahim Huland El, Casey Muir, & Deb Csontos



Danita Fox

Kim Hanemann



Jason Kalwa &
Tania Cabrera-Muller



Jennifer Reed,
David Grossmueller
& Emily Goldman

Some Friendly Competition



Volleyball



Jim Anderson

Vic Visconti & Mark Yamany

Brittany Hocking &
Chris Schirm

Saif Alrasheid

The Winners!!!

Yankees Tickets

Michelle Zic-Tummino & Thelma Anderson



Egg Toss

Kim Hanemann & Shawn Weeks



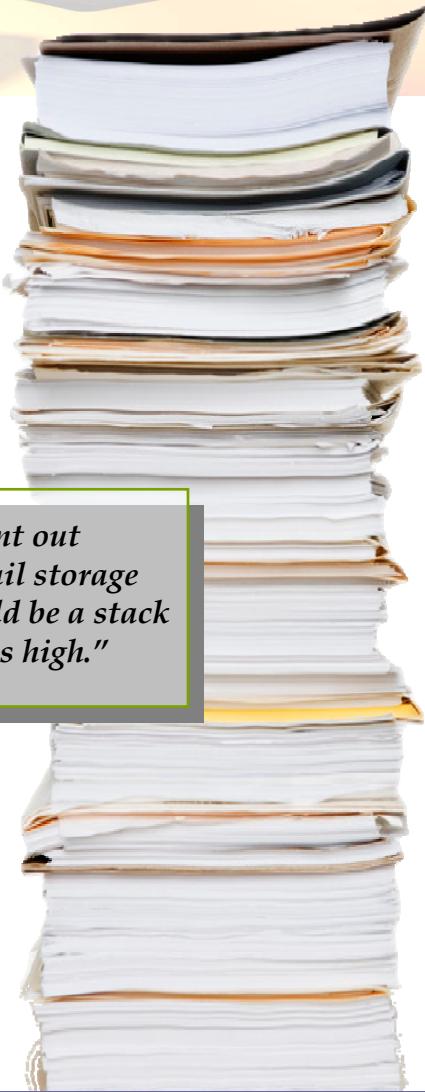
Yes... the egg was real!!!!

The Vault: PST Folder Lockdown Begins

Those *whoosh and click* sounds you heard on June 30, 2011 were the electronic lockdown of tens of thousands of Personal Folders, aka PSTs, currently being stored in individual email accounts throughout the Enterprise. In a webcast held on June 21, Patricia Komar, Principal - IT Strategies and Architecture, discussed The Vault – the electronic storage initiative set to be phased in during the next several years. Though sympathetic to the pain of breaking our beloved PST habit, Pat was firm. She explained:

"If we were to print out everything on email storage right now, it would be a stack of papers 100 miles high. Email storage – just because you can't see it doesn't mean that it doesn't cost money. Email storage is the fastest rising administrative cost for us. This volume has to be managed – storage has to be paid for, personnel used to back it up. Create a new, green environment for yourself - sort through old Personal Sub-Folders and move the ones you want to keep to the appropriate place in the Vault. Otherwise, in June 2012 all Personal Folders will be automatically deleted."

"If we were to print out everything on email storage right now, it would be a stack of papers 100 miles high."



Getting to Know...



Stan Solowski
Director, Transmission Projects

What you should know: Stan is Jersey born and bred in Perth Amboy and still lives in Middlesex County with his wife of 40 years, Joyce. Together they have two children, Becky and Stan. In his spare time, ("Spare time? I have no spare time!"), he likes to make wine, camp, travel and do a bit of gardening. He also enjoys his family, especially his 29-month-old grandson and a new granddaughter born in early July. A graduate of Stevens Institute of Technology, he started at PSE&G in May 1971 and married in June. He's been with DP&C since the group's beginning in 2007.

Notable Quote: This is the most exciting time of my career. Many of us dreamed of this, but we could not afford this type of expansion. Our work – the work of DP&C – is making it better for customers, as well as shareholders. We're the major growth engine of the company. We're forward leaning and that's what drives this company. People had really doubts that we could do this – but this year we caught the curve.

"Hey! Where's that work you promised me?!"

Congratulations

DP&C

Our History

In 2003, a massive brownout left most of the Northeast, and parts of Canada, without power for days. The brownout, the largest in North American history, placed a spotlight on the nation's aging and inadequate transmission grid. Since the transmission lines of the grid ran between all the states, no one state wanted to invest their own monies to upgrade the system.

In an effort to avert another massive system failure, the Federal government approved an incentive program to encourage utilities to invest in creating a reliable transmission distribution system. PJM played a key role in identifying projects to upgrade portions of the grid. PSEG then agreed to accept construction responsibility to build. In 2007, Delivery Projects & Construction (DP&C) was created to meet the challenges of this Transmission Expansion Program. And, by 2008, the plan was set into motion. An aggressive schedule forced the DP&C group to hit the ground running and they have been too busy to look back.

Originally under the banner of Asset Management and the leadership of Kim Hanemann, DP&C flourished. In January, 2011, the group hit two major milestones – Delivery Projects and Construction became its own entity and its leader, Kim Hanemann, was named Vice President, DP&C.

The future looks bright. Over the next few years, the accomplished members of DP&C will manage and build over 600 projects. They continue to make significant contributions toward PSE&G's goals – providing reliable energy to its customers and improving the integrity of the nation's grid.



Delivery Projects & Construction

PSEG Vision

Being a recognized leader for:
People providing
Safe, reliable
Economic and
Green energy

Certifications

Noreen Merainer has successfully completed the Project Management Professional (PMP) class and has added the important PMP credential to her resume. She joins **Ray Alvarez, Juan Ananos, Gino Leonardis, Ray Tripodi, Boris Troya and Andy Tummino**, who became PMPs earlier this year.



Anniversaries January – July 2011

40 Years

*Richard Hoarle
Stan Solowski*

35 Years

Riccardo D Orazio

30 Years

*Debora Csontos
David Koury
James C. Letters
Stephen Peterson*

25 Years

*Tim Erway
Kim Hanemann
Brian Hartel
Terry Jasento
Guy Voght*

20 Years

*Grigory Kravets
Thomas B. Moran*

10 Years

*Robert Caruso
Marissa Gephart
Shane P. Greening
Gaetano Marretta
William Melvin
Timothy O Hanlon
Barry See
Jason Sperry*

On The Grid

A Publication of
Delivery Projects & Construction,
PSEG

Published monthly for the employees of
Delivery Projects & Construction, PSEG.
744 Broad Street
Newark, NJ 07102
4000 Hadley Road
South Plainfield, NJ 07080-1192

DESIGN, LAYOUT AND PRODUCTION:
Irene Belinsky
Leslie Greenberg
Karyn Mueller
Irene Jarosewich

CONTRIBUTORS:
Kim Hanemann
Stan Solowski
Jeff Hila
Bruce Preston
Karen Johnson
Irene Belinsky
Leslie Greenberg
Karyn Mueller
Irene Jarosewich

PHOTOGRAPHY:
Karyn Mueller
Irene Jarosewich

Forward-Looking Statement

The statements contained in this communication about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects 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 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). 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 today 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.



In-Service Dates *Continued*

- Q 2217
- OH Reconductoring
- Buckingham Pleasant Valley
- Grid Modernization
- Runnemede (high side) & other 69kV
- Susquehanna-Roseland including Cedar Grove Cap bank
- Transmission Life-Cycle Replacements
- Breakers
- Disconnects
- Relying
- Transformers

Distribution

- Phase one of the Newark 4th Circuit Interlace



Questions,
Queries, &
Quandaries

Each month, this space will
be dedicated to answering
your questions.

Submitting a question is easy.
Simply contact us and ask away!

Contact:

Irene.Belinsky@pseg.com
973-430-6256

Wanted Roving Reporters, Photographers and Contributors

Interested in contributing your skills or
story ideas to *On the Grid*?

Contact: Irene.Belinsky@pseg.com
973-430-6256

Employee Engagement

DP&C has its own Employee Engagement Committees headed by Len Pannucci at 744 Broad Street and Danita Fox down in Hadley Road along with a group of volunteers. Senior Leadership at PSEG has made **Employee Engagement** one of our prime initiatives for 2011. "An 'engaged employee' is one who is fully involved in, and enthusiastic about, his or her work, and thus will act in a way that furthers their organization's interests."

Ensuring employees' full participation in the business has never been more important than it is today.

Tom Frey, HR Client Relations of PSEG recently stated:

- "In response to challenging economic times, during 2010, companies globally reduced labor costs through hiring and salary freezes, reduced bonuses and layoffs.
- Over 44% of companies took four or more cost cutting actions that affected employees.
- Employers recognize that cost cutting efforts of this type have had adverse impacts on employee engagement.
- 65% of companies are more concerned about the retention of employees now than they were before the economic crisis hit.
- Despite the challenges of engaging employees during difficult times, **employees remain the foundation of our business and the driver of our results.**

We look forward to Len and Danita bringing us more Employee Engagement updates each month.

Upcoming Events

JULY

- July 21 Jeff Hila's Employee Recognition BBQ
- July 28 MAST All-Hands Mtg. Crowne Plaza, Edison

AUGUST

- August 19 Q2 Review with Ralph LaRossa
- TBD Contractor Semi-Annual Plan Review