



November 10, 2008

Dear Municipal Official:

You recently received a copy of a letter sent by six interest groups opposed to our plans to build an electricity transmission line from Susquehanna in Pennsylvania to Roseland in New Jersey.

We are concerned because this issue is vitally important to the region's economic health and the reliability of its electricity supply, and the letter contained important factual errors. In addition, in our view it reflected a lack of understanding as to why this project is so important. Thanks for letting us offer a very different perspective.

First, understand that the existing line along this right-of-way was built in the 1920s and simply cannot sustain the region's growth any longer. Without upgrades, we risk brownouts and blackouts as early as 2012.

This is not our judgment at PSE&G – it is the hard conclusion of experts at PJM, the organization mandated by the Federal Energy Regulatory Commission to manage the regional electricity market and ensure that the system is planning to maintain reliability. After its exhaustive study concluded that this line simply cannot handle the expected growth in demand, PJM ordered that this line should be built to ensure reliability. The only question is who will build it.

Second, the letter states repeatedly that New Jersey ratepayers will have to cover the \$650 million project costs. That's simply untrue. Under PJM rules, the costs of lines like this one are shared among ratepayers in the entire PJM region, which includes 51 million people in 13 states stretching as far west as Illinois and as far south as the Carolinas. New Jersey would pay 14 percent of the costs.

The letter also claims that this money would be better spent on renewable energies and conservation. Certainly, we are big believers in those efforts. PSE&G is seeking approval to invest \$46 million in efficiency efforts, and will propose an even larger program shortly. Early this year, PSE&G launched a \$100 million solar energy loan program. And last month, PSEG Renewable Generation won a bid to build a \$1 billion wind farm off the coast of Atlantic City.

It is fair to say that PSEG has done more than any other entity in New Jersey to promote both renewable energy and conservation. And we will do much more.

But that won't be enough -- not by a long shot. PJM ordered this line built after taking a sober look at the facts on energy supply and demand. To suggest that conservation and renewable energy can solve this problem before 2012 is unrealistic. To gamble the reliability of the region's electric supply on that hope is simply reckless.

Finally, the letter states that PSE&G went behind your back and initiated formal proceedings with the BPU to win approval of the line. Again, not true. We recently decided that we will indeed apply to the BPU for approval of this line next month. But we would not make any significant move like that without first notifying you and other local officials, which we did before going to the BPU.

We understand that some local officials are concerned about the move to the BPU. But with 15 towns along the route, and the inevitable delays that result from such a scattered decision-making process, we felt it made more sense to hear all the arguments in one forum, where the facts can lead the way.

Your input in that process will be welcomed. And we remain committed to staying in close touch, to addressing every concern we can, and to searching for a way to make sure that everyone comes out of this process as a winner.

We have scheduled four more workshops on this issue during December, and we will continue to be open and transparent. When we do file an application with the BPU, we will post it on our Web site.

Thanks again for your time. Should you have any question or concerns, our team leaders always will make themselves available to meet with you. Please contact George Sous at 973 365-6999 if you would like to schedule such a discussion.

Sincerely,

A handwritten signature in black ink, consisting of the letters 'RAR' followed by a long horizontal flourish.

C:  
Governor Jon S. Corzine  
NJBPU President Jeanne Fox  
NJDEP Commissioner Lisa Jackson  
Adam Zellner, Policy Director  
Kenny Esser, Policy Advisor, Office of the Governor  
Senator Robert Menendez  
Senator Frank R. Lautenberg  
Congressman Rodney Frelinghuysen  
Congressman Scott Garrett  
Senator Leonard Lance  
Assemblyman Michael J. Doherty  
Assemblywoman Marcia A. Karrow

Senator Steven V. Oroho  
Assemblyman Gary R. Chiusano  
Assemblywoman Alison Littell McHose  
Senator Anthony R. Bucco  
Assemblyman Michael Patrick Carroll  
Assemblyman Richard A. Merkt  
Senator Joseph Pennacchio  
Assemblyman Alex DeCroce  
Assemblyman Jay Webber  
Senator Richard J. Codey  
Assemblywoman Mila M. Jasey  
Assemblyman John F. McKeon  
Senator Robert B. Smith  
Dena Mottola Jaborska, Executive Director, Environment New Jersey  
Donna Griff, Group Coordinator, Byram CARES  
David Pringle, Campaign Director, New Jersey Environmental Federation  
Julia Somers, Executive Director, New Jersey Highlands Coalition  
Jeff Tittel, Director, New Jersey Sierra Club  
David Slaperud and Tom Hill, Stop the Lines