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February 13, 2004

Mr. Hubert J. Miller, Regional Administrator
United States Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406-1415

Subject: NRC Letter dated January 28, 2004; Work Environment
for Raising and Addressing Safety Concerns at the Salem
and Hope Creek Generating Stations

Dear Mr. Miller:

I am writing to provide you my personal assurance that Public Service Enterprise Group Incorporated ("PSEG") is aggressively addressing the issues raised in your January 28, 2004 letter. PSEG will provide a comprehensive response as contemplated by your letter within 30 days, as you requested.

I am involved in overseeing our response and am available to speak to you at any time. I have Chartered an Assessment Team which includes former senior industry executives and regulators, with extensive management, regulatory and operating experience. The Assessment Team will comprehensively assess our work environment and provide recommendations. We will integrate those recommendations with the efforts we presently have underway, which you noted in your letter are already leading to some change under new management. We must sustain that progress, and to do so requires that we have an appropriate environment for raising and addressing concerns.

The Assessment Team will keep me informed of its activities, findings and recommendations. The Team will formally report its conclusions to Frank Cassidy, President of PSEG Power and Roy Anderson, Chief Nuclear Officer, who will be responsible for overall implementation. I will provide close oversight of this effort and continue to report on it to the Nuclear Committee of our Board of Directors.

After we submit our formal written response, Frank, Roy and Chris Bakken, Senior Vice President of Nuclear Operations, will meet with Region I to describe our work plan and management's efforts to improve the work environment. At

the meeting, we will be prepared to answer any questions about the Assessment Team and the actions it and we are taking. I expect this meeting will assure you that we have a common perspective on the issues and that our actions will address them. If you do not get that assurance, we should meet immediately.

To help emphasize the importance of our nuclear plants, in late October 2003, you and I met with approximately 150 of our most senior leaders at PSEG corporate and PSEG Nuclear. For additional emphasis of the importance to PSEG of our nuclear people and assets, the meeting was held at the Salem and Hope Creek nuclear facilities. It was good of you to come to our site for this meeting, and I know our consistent message was effective in conveying the importance of safe nuclear operations.

We recognize that an essential component of assuring safe operation is a safety conscious work environment. It is also important that we provide the capital needed to maintain and improve the material condition of our plants. Management must provide the funds and the work force must see expenditure of those funds in a manner consistent with having safety as the highest priority. In this regard, Frank Cassidy met with you in December 2003 and described to you our substantial and ongoing plan for maintenance and capital improvement at the site. As Frank indicated, in our current plan, we have authorized approximately \$750 million in capital expenditures at Hope Creek and Salem over the next five years. In addition to the importance of safety in operating our nuclear plants, they, in turn, are the most important assets in our generation fleet. PSEG is committed to investing in our plants to assure long-term safe operation, to meet our regulatory obligations and to provide for our business success.

I will call to follow up with you in the next several days. Frank and I will periodically provide you updates of our progress. In the interim, or at any time as we go forward, if you have any questions or need to talk about any matters, please call me directly.

Sincerely,

A handwritten signature in black ink, appearing to be "Frank Cassidy", written over a horizontal line.