



Plant Parameter Envelope for Early Site Permits

March 12, 2009





Our Path Has Been Much Like Others'...

- Provisions in the Energy Policy Act of 2005 supporting the development of new nuclear capacity in the United States looked attractive, but
 - In 2006, we were pursuing a merger with Exelon
 - In 2007, we were focused on re-establishing independent operation of Salem and Hope Creek
 - We chose not to aggressively pursue new nuclear because of the potential to distract management from the challenges facing our existing operations



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Our Path Has Been Much Like Others'...

- At the same time, as a company, we are concerned with our role in meeting the challenges of climate change:

"Climate change is the pre-eminent issue of our time. How we respond to climate change will define our company and our industry for decades to come."

-- Ralph Izzo, CEO
- For New Jersey, we think that nuclear will have to be part of the solution
 - Conservation and renewables in New Jersey Energy Master Plan not projected to meet energy requirements
 - Our geology does not support carbon sequestration
 - New Jersey already supplies more than 50% of its energy needs through nuclear (compared to 20% nationally)



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PSEG Corporate Overview



2009E Operating Earnings:	\$1,520M - \$1,650M
Operating Earnings (2008):	\$1,487M
Market Cap (2/19/09):	\$14.7B



Traditional T&D

Electric Customers: 2.1M
Gas Customers: 1.7M

6,300 Employees



Regional Wholesale Energy

Nuclear Capacity: 3,669 MW
Total Capacity: 13,487 MW

Nuclear – 1,400
Fossil – 1,100
ER&T – 100

Total – 2,600





Domestic/Int'l Energy

100 – Employees

Services Company – 1,250 Employees

Total – 10,250



Leveraged Leases



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PSEG Nuclear Development Timeline

- 2007: Completed feasibility study for building new nuclear
- 2008: Formed Nuclear Development organization
 - Conducted technology evaluations and peer discussions
 - Visited international nuclear construction sites
 - Initiated commercial discussions
 - Decided to pursue an Early Site Permit using PPE approach
 - Completed Alternative Site Evaluation, Permit Plan, and Meteorological Tower modifications



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Moving Forward in the Face of Uncertainty

- Why did PSEG elect to prepare an ESP application?
 - Engages local, public, political and environmental stakeholders early in the process
 - Allows issues to be resolved upfront
 - Starts the application process prior to reactor technology decision
 - Allows design certification processes to complete
 - Allows Reference COLs to progress through the licensing process
 - Cost and regulatory issues are clarified
 - “Banks” a desirable site for up to 20 years



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Challenges of the Salem / Hope Creek Site



- Total site = 734 acres
- Surrounded on two sides by the Delaware River
- Wetlands border site on other two sides
- Three operating units on site
- 1500 employees reporting to work each day
- One access road to site

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Goals for New Plant Footprint Layout



- Minimize impacts on operation of existing plants
- Minimize environmental impacts
- Optimize operation of new plant, post-construction
- Maintain highest levels of safety for existing operations and new plant

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Salem / Hope Creek Site

Plant Parameter Envelope

- What is a PPE?
 - Identifies bounding values for parameters that define the facility's interaction with the environment
 - Bounding values selected by comparing four LWR technologies

COL PPE ESP

Design Parameters Site Parameters

Rx Design Site Characteristics

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"Parameters" are from Reactor Vendors
"Characteristics" are site unique

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Preserving Options While Managing Risk

"For PSEG, preparing an Early Site Permit using a Plant Parameter Envelope allows us to make forward progress while working through the Federal and State processes and resolving the significant risks associated with nuclear construction."

-- Bill Levis
President
PSEG Power

We've been here before...this time we want to manage risks early.

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