

Utility Rate Case Decisions Affect Shareholders *continued*

None of those cases have been decided yet, but once they are decided, we will update you with the results.

Given the importance of these rate cases in relation to the utilities' ability to fulfill their priorities, weighing in on these cases is high on NJUSA's "to-do" list. This year, NJUSA has testified/submitted comments in three of the four rate cases. Why do we support these requests for new rates? First, financially strong utilities are better able to attract and retain investors, and financial strength is compromised if a company is unable to recover their justifiable costs to deliver service. Second, our members, as utility shareholders, expect a reasonable return on their investments—so, it is in our members'

interest that we advocate for a fair rate of return when new rates are decided. Third, every one of our members is a New Jersey resident who relies on the ability of their utilities to have the financial wherewithal to provide safe and reliable service long into the future.

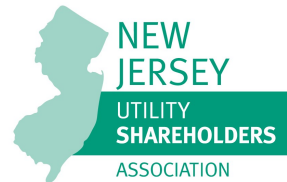
The specifics of each utility's case varies, but often, decisions made in one case will set a precedent for how a similar issue will be decided in cases that follow. NJUSA brings your voice into the decision-making process on these issues. We speak on your behalf when the issues to be decided can affect the value of your utility shares—because for our members, that's NJUSA's job #1.

Know What's Below—Call Before You Dig *continued*

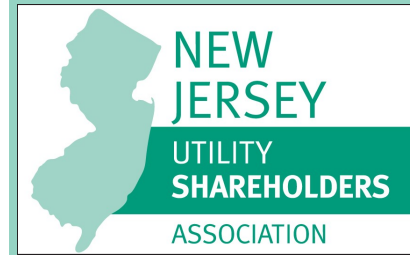
marked areas. No matter the type of project—installing a mailbox, building a fence, planting trees or shrubbery, building a patio or deck, or excavating to create a new garden—every homeowner or their contractor must call 811

several days prior to digging to have the property properly marked. Your safety and your neighbors' depend on it. **Always call 811 before you dig and know what's below!**

TO LEARN MORE ABOUT NJUSA, CONTACT US DIRECTLY:



117 N. Church Street, Moorestown, NJ 08057



NJUSA members outside PSEG's Salem and Hope Creek Nuclear Generating Stations in Lower Alloways Creek Township.



NJUSA Insight

NJUSA Visits Salem and Hope Creek Nuclear Generating Stations

On July 25, NJUSA members got a behind-the-scenes look at the nation's second-largest nuclear generating facility. Two dozen members traveled via six shuttle locations across the state to the facility in rural Salem County to learn about the environment and energy security benefits of this carbon-free form of energy.

The three electric power units that comprise the Salem and Hope Creek generating stations supply approximately 40 percent of New Jersey's electricity and more than 90 percent of the state's carbon-free electricity generation.

Members first visited PSEG'S Energy and Environmental Resource Center, where they walked through a hands-on

learning center with interactive exhibits about New Jersey's diverse energy mix, the environmental challenges of electricity production and other energy-related topics. Attendees then listened to an educational and informational presentation by Michael Tuosto, general manager of public affairs for PSEG, and Theresa Widger, stakeholder outreach specialist at PSEG, on the past challenges and current opportunities of nuclear energy.

During the presentation, members learned how the nuclear reactors work using fission, the differences between a pressurized water reactor and a boiling water reactor – both of which can be found at Salem and Hope Creek – and the success PSEG has

had restoring portions of the Delaware Estuary through its Estuary Enhancement Program. After the presentation, members enjoyed a boxed lunch and had the opportunity to ask additional questions about nuclear energy and PSEG's work.

Members then boarded a bus for a 10-minute ride to the Salem and Hope Creek Nuclear Generating Stations in

“This trip was so educational, informative and fun! We’ve never been to a nuclear plant before and it was an excellent experience.”

–Susan & Jack Casale

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A MESSAGE FROM THE PRESIDENT

Dear Members,

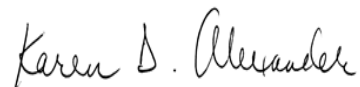
Sometimes, the fast pace of everyday life causes us to lose sight of how we got to where we are. I was reminded of this when a member recently asked: “How is NJUSA able to hold lunches and outings like the nuclear plant tour?” I shared NJUSA’s “creation story,” one that bears repeating from time to time, so that everyone knows.

In 2014, representatives from American Water, Pepco Holdings Inc., New Jersey Resources and Public Service Enterprise Group – the respective parent companies of New Jersey American Water, Atlantic City Electric, New Jersey Natural Gas and PSE&G – agreed to create an association for utility shareholders. A consultant (me) was hired to set it up and each company invited their shareholders residing in New Jersey to join the newly-created New Jersey Utility Shareholders Association (NJUSA).

The companies thought the voice of utility shareholders should be included in the public policymaking process, especially when those decisions could affect the value of shareholder investments and the attractiveness of the companies as a place to invest. Knowing that many of their individual investors were probably retirees and might have limited resources, the companies agreed to underwrite NJUSA and agreed that, even though they would support it financially, they would allow the organization to function independently. The companies participate in NJUSA as Associate Members but are not eligible to sit on NJUSA’s Board of Directors, which consists only of Shareholder Members.

NJUSA is able to operate financially due to the important foresight and support of the parent companies of Atlantic City Electric (now Exelon Corporation), New Jersey American Water, New Jersey Natural Gas and PSE&G. Your continued support and recruitment of other shareholders combined with our sponsors’ commitment make it possible for your voice to be heard!

Thank you and warm regards, always,



Karen D. Alexander
President



Utility News Briefs

- New Jersey Resources has appointed **Stephen Westhoven** President and Chief Operating Officer, effective October 1.
- **Rick Thigpen** has been promoted to Senior Vice President—Corporate Citizenship for PSEG.
- American Water has named **Deborah Degillio** Senior Vice President of its Eastern Division and President of New Jersey American Water.
- **Gary Stockbridge** has been named Region President of Atlantic City Electric. Stockbridge replaces Vince Maione, who retired in March. Stockbridge is also Region President for Delmarva Power in Delaware and Maryland.
- **PSE&G** has been recognized by the U.S. Department of Homeland Security as the first public utility to meet security anti-terrorism standards, under the **U.S. Safety Act**.



Stephen Westhoven



Rick Thigpen



Deborah Degillio



Gary Stockbridge

Know What’s Below—Call Before You Dig



**Know what’s below.
Call before you dig.**

Every hour, more than six hits to buried utilities occur because someone decided to dig without first calling 811. Across New Jersey, utility services that everyone depends on, such as electric, gas, water, sewer, cable TV, high-speed Internet, and landline telephone are buried underground. Striking one of these lines can result in electrocution, gas explosions, water or sewer line flooding with personal injury, inconvenient outages for entire neighborhoods and potentially major repair costs to you, your utility company and your neighbors.

Across the U.S., anyone digging underground, even in their own yard, is legally required to call 811 at least three full business days before starting work. A New Jersey One Call representative will collect location information and notify the affected utility companies of your plan to dig. Each utility must then send a representative to mark the approximate location of their underground facilities with paint, flags or both. Once your site has been marked, it is safe to begin digging outside of the

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NJUSA Visits Salem and Hope Creek Nuclear Generating Stations *continued*

Lower Alloways Creek Township. Inside the facility members visited a simulator built to replicate the Salem control room. In the simulator, members observed how plant operations are monitored, the strict Federal and State regulations that must be followed, the extensive training and safety procedures that are in place, and the procedures that must be followed to protect the health and safety of the public. After the visit to the training simulator, members rode to the base of the Hope Creek cooling tower for a close-up look at the 512-foot structure. The PSEG Nuclear fleet consists of three generating stations, Salem Units 1 and 2 and Hope Creek. The Salem stations are pressurized water reactors, where water, under high pressure, is converted into steam by a steam generator. Hope Creek is a boiling water reactor that uses boiling water to create steam. All three units use

steam to drive the turbines and generators that produce electricity.

“I didn’t know anything about nuclear before this trip. The tour was amazing and seeing the cooling tower up close was incredible.”

—Shirley Rennon

NJUSA’s trip to the Salem and Hope Creek Nuclear Generating Stations follows Gov. Phil Murphy’s signing of legislation that directs the Board of Public Utilities to establish a zero emission certificate program for the state’s nuclear power plants and protects the viability of nuclear energy in New Jersey. NJUSA actively supported the passage of the legislation through testimony and outreach to members to urge their support. The new law will establish a process which will allow nuclear plant owners to apply for financial assistance to continue to have reliable and clean in-state electricity generation.



Michael Tuosto, General Manager of Public Affairs for PSEG, answers questions from NJUSA members.



NJUSA members watch within a simulation of the Salem control room as the safety and operational procedures of PSEG’s nuclear operations are explained.

Utility Rate Case Decisions Affect Shareholders as well as Ratepayers

New Jersey’s investor-owned utilities have a long list of priorities. Maintaining and growing shareholder value is on the list. However, meeting that goal is usually only possible if the demands of other priorities are met.

essential to a utility’s ability to fulfill these priorities is the need to receive timely and full recovery of their justifiable costs to deliver service and a fair return on their investments which are shareholders’ dollars.

Job number one is to provide safe and reliable utility service — the good will of customers, communities and regulators depends on it. In so doing, utilities must also maintain a safe and healthy work environment—a critical component of successful operations, also a high priority. Protecting the environment and natural resources that are affected by utility operations is yet another high priority. Underlying and

Utility rate cases, the timeframe in which they are decided, and what the decision provides in terms of both recovering historical costs and anticipating near-term future costs in new rates are key to a utility’s ability to execute well on its many priorities. Thus far in 2018, all of NJUSA’s four utility associate member companies have filed for new rates from the Board of Public Utilities (BPU). None of those cases have

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