

New Jersey Gas and Electric Utilities Lead the Way in Cleaning up Emissions from Trucks and Cars — A Win for Shareholders and the Environment

New Jersey has made great strides to reduce air pollution from stationary emission sources like manufacturing plants and fossil fuel-fired electric generating plants. Still, because of the State's heavy concentration of motor vehicle traffic, similar strides have not been made in controlling emissions from the transportation sector —especially cars and trucks. Gasoline- and diesel-powered cars and trucks have been an intractable source of pollution in New Jersey for three primary reasons.

1. Two of the country's most heavily traveled interstate highways run through New Jersey – I-95, the only direct route between points south and New England; and east-west I-80 connecting Pennsylvania and New York. Millions of miles are traveled every year on New Jersey roads as diesel-powered trucks and buses and gasoline-fueled light-duty trucks and cars transport goods, services and commuters through, to or from points all over the State.
2. New Jerseyans rely heavily on their cars for daily local, intrastate and interstate travel. Commuter bus and rail services are not ubiquitous, so many people drive out of convenience or necessity.
3. New Jersey is the most densely populated state in the U.S. That density, reliance on cars and volume of intra- and inter-state trucks cause traffic congestion and more air pollution. Aging bridges, highways and commuter rail lines and the stalled Gateway Project (Amtrak's proposed expansion and renovation of the Northeast Corridor rail connection between N.J. and N.Y.) could exacerbate this already difficult problem.

The solutions to these infrastructure demands are very expensive and will take a long time to achieve. Cleaner cars and trucks are closer at hand and being made more viable through the alternate fuel programs offered and proposed by three NJUSA sponsors.

New Jersey Natural Gas Leads the Way with Compressed Natural Gas Fueling Stations

New Jersey Natural Gas (NJNG) has been building, owning and operating compressed natural gas (CNG) fueling stations at key locations in its service territory since BPU approved its plans in June 2012. Through its *NGV Advantage Program*, NJNG provides the opportunity for companies and local governments that rely on fleets of light-, medium- and heavy-duty vehicles, like garbage collection trucks, to utilize CNG – a more efficient and cleaner fuel to power their operations. For private and public fleet operators, converting to CNG helps the environment while simultaneously helping their bottom lines.

For NJNG, the CNG fueling business makes environmental and economic sense. The *NGV Advantage Program* is part of its parent company's business strategy to align itself with the clean energy goals of state government while also adding shareholder value. However, energy efficiency and renewable energy mandates can cause gas distribution companies to lose revenues as customers reduce their usage. As New Jersey's developable land grows scarce, traditional opportunities to increase sales from new natural gas customers diminishes.

NJNG's customer base can and has grown through



CNG Fueling Station

CNG sales to fleet operators. As a regulated utility, NJNG must receive BPU approval to construct, own and operate CNG fueling stations. NJNG has succeeded in obtaining BPU's approval for the three CNG fueling stations already in operation and, in its most recent filings, is seeking approval for more. BPU's approval includes an allowed return on the investment in the CNG fueling stations, so NJR shareholders are clear beneficiaries of the *NGV Advantage Program*. NJNG has demonstrated clearly that participating in clean energy strategies is good for the environment and good for business.

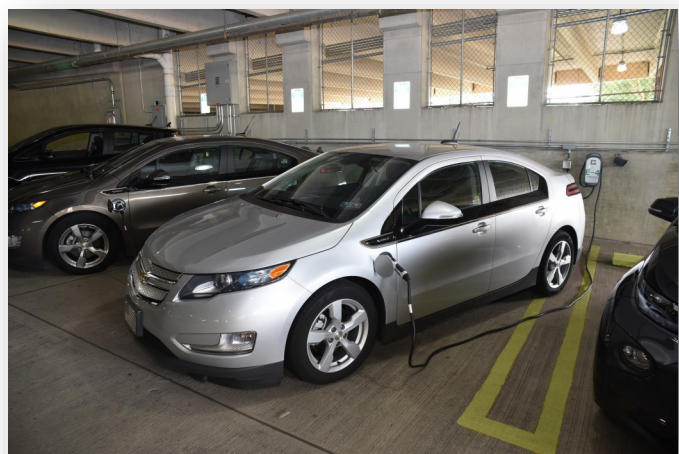
Atlantic City Electric and PSE&G Seek to Offer Electric Vehicle Charging Stations

Sixteen states, including New Jersey, have or will adopt California's Air Resources Board (CARB) tough vehicle emission standards. For 40 years, CARB has gone beyond USEPA's passenger vehicle emission standards to address the state's intractable air pollution problem.

The CARB Standards are difficult, if not impossible, to achieve without wider adoption of electric vehicles (EVs). The problem is, EVs until recently have lagged in consumer popularity compared to gas powered cars. Consumers have been concerned that EVs have less horsepower, higher prices and importantly, have not been able to travel far without needing to recharge the electric battery. Hybrid electric vehicles, which rely on gasoline, have been popular in CARB states, and more automakers are adding electric-only vehicles to their line-ups as EV batteries have improved and consumers grow more concerned about climate change.

A continuing EV impediment is the absence of sufficient charging stations. Gas stations are easy to find, EV charging stations are not. Public Service Electric & Gas (PSE&G) and Atlantic City Electric (ACE) seek to change that and have separately filed for BPU approval to install EV charging stations in their service areas.

Like NJNG, PSE&G and ACE also face the prospect of lost revenues as more consumers adopt energy efficiency to reduce their energy usage and bills. Obtaining new customers via development is a challenge as well, especially in densely populated northern New Jersey. The good news is, that as consumers become more confident in EVs and their prices become more competitive, with BPU approval, PSE&G and ACE would be poised to remove the remaining obstacle by installing convenient charging locations. Each utility can be well-positioned to advance EVs for the benefit of New Jersey's environment, EV owners and their parent companies' shareholders.



EV Charging Station