

Comments by PSEG Energy Resources and Trade LLC  
March 13, 2014

Thanks again to you and your LAI team for your efforts in developing the draft Target 1 EIPC work products that were issued on February 21. Your hard work is greatly appreciated, and it is clear that your analysis will be invaluable to market participants, regulators, and other interested parties. We wanted to identify at least two clarifications that we think would assist the reader in better understanding our current state of play:

- Page 109 includes a bullet describing several PSEG Power pipeline contracts, inadvertently leaving the reader with the impression that they are generator contracts.
- Exhibit 4 goes on to list a number of Texas Eastern and Transco firm transportation agreements, once again potentially allowing the reader to conclude that the listed generation stations have firm pipeline transportation dedicated to serving them.

Now it seems that the trade press has picked up on this. For example, SNL Financial ran a recent article, which includes a paragraph describing PSEG in the section on PJM Contractual Trends:

<http://www.snl.com/InteractiveX/article.aspx?CDID=A-27014774-12845&KPLT=4>

In summary, the point I'm trying to make is that the PSEG-affiliated companies may have a number of firm transportation pipeline contracts, but none of them were undertaken with the goal of serving electric generation. Instead, each such contract is dedicated to serving residential, commercial, and industrial customers. As LAI puts the finishing touches on its draft report, I would appreciate revisions indicating that there are no generator contracts. I would also appreciate it if steps could be taken to correct the record with SNL and any other members of the press that may have picked up the story.