



P O W E R I N G   P R O G R E S S

A N N U A L   R E P O R T   2 0 2 1



## OUR VISION :



# To power a future where less energy and it's clean and delivered more reliably

**Public Service Enterprise Group (PSEG)**, a diversified energy holding company with approximately \$49 billion in assets at the end of 2021, is one of the nation's most reliable electric and gas transmission and distribution utilities, as well as one of the top 10 producers of carbon-free energy in the United States.



## Awards and Recognition



### 2021

- 
- Best Employers for Diversity 2021 – *Forbes*
  - Public Company Board of the Year – *National Association of Corporate Directors, NJ Chapter*
  - Best Companies for Multicultural Women 2021 – *Seramount*
  - Best Employers for Veterans 2021 – *Forbes*
  - Dow Jones Sustainability Index – North America, 14th consecutive year – *Dow Jones*
  - 2021 ReliabilityOne® Outstanding Reliability Performance in the Mid-Atlantic Metropolitan Service Area, 20th consecutive year – *PA Consulting*
  - 2021 Customer Champion – *Escalent*
  - Top 250 Best-Managed Companies of 2021 – *The Wall Street Journal*

### 2022

- America's Most Responsible Companies 2022 – *Newsweek*
- The JUST 100, America's Most JUST Companies – *JUST Capital and CNBC*
- Bloomberg Gender-Equality Index – *Bloomberg*



people use  
ner, safer  
bly than ever.



## Letter from the chairman

### T O U R S H A R E H O L D E R S

A fundamental rule of business is that organizations must evolve – continuously improving and even reinventing themselves – if they are to best serve their stakeholders over time. Even a 119-year-old company like PSEG, whose reputation has been built upon such durable values as safety and reliability, must adapt to the evolving needs of the world in which we operate.

This pursuit of progress has driven our success for more than a century. Today, unprecedented social and economic challenges, from climate change to the COVID-19 pandemic, have only served to accelerate the pace of that change.

PSEG is a different company in 2022 than we were a year ago. Earlier this month, our company completed its transition to becoming a predominately regulated electric and gas utility, centered on building and maintaining a clean energy-focused infrastructure, complemented by an essentially carbon-free generation fleet that offers investors a more stable, predictable growth profile than we have in the recent past.

Our evolution to this cleaner energy profile has been underway for some time.

Over the past decade, PSEG Power retired approximately 4,000 megawatts of fossil-fueled electric generation, culminating with the May 2021 retirement of Bridgeport Harbor Station Unit No. 3 in Connecticut, the last remaining coal plant in our power fleet. More recently, as part of our Strategic Alternatives process, we sold an additional 6,750 MW of fossil capacity, resulting in what now is a power portfolio that is among the top 10 producers of carbon-free energy in the U.S.







At the same time, we have accelerated our commitment to clean generation – including increased momentum toward investments in offshore wind generation and transmission, ongoing efforts to reduce the economic challenges facing the existing nuclear power fleet, and even exploring new investments in grid-connected storage and solar energy.

As a result of these actions, our utility business, PSE&G, is expected to contribute approximately 90% of our consolidated non-GAAP operating earnings in 2022 and beyond. Today, PSE&G is keenly focused on execution of our historic Clean Energy Future investment program, featuring our landmark \$1 billion energy efficiency program, as well as the installation of advanced metering infrastructure and electric vehicle charging infrastructure across its service territory.

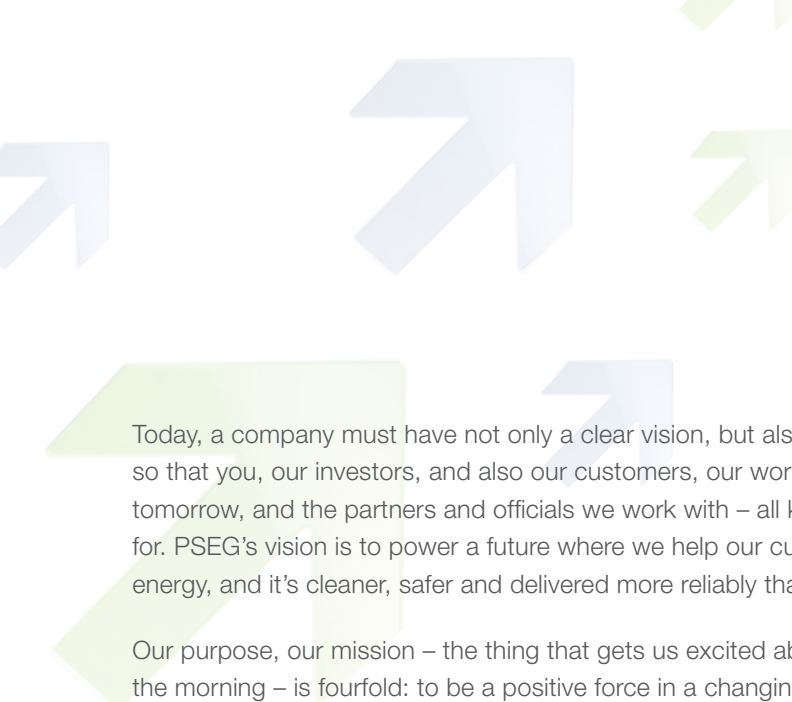
Moving forward, our utility efforts will turn toward extensions of our successful infrastructure modernization programs – Energy Strong and the Gas System Modernization Program – as well as new ventures such as our Infrastructure Advancement Program, with its focus on last-mile reliability to the home, as well as exploration of hydrogen as a potential grid decarbonization strategy.

As it has for more than a decade, the global challenges of climate change – including extreme weather where we operate – have been a motivating factor in the evolution of PSEG. Today, our vision for net-zero emissions by 2030 is leading the energy industry.

In November, I joined a small delegation of my fellow U.S. utility CEOs for COP26, the global climate conference in Glasgow, Scotland. As participants in the UN-sponsored Business Ambition for 1.5°C and the Race to Zero campaigns, I was able to share PSEG's ambitious goals with business and government leaders from around the world.

COP26 provided an opportunity for government and business to focus our efforts on solving these generational climate challenges while also strengthening economies and communities. At this pivotal moment in the climate change crisis, it is clear that the momentum toward growth-oriented solutions is building every day – most importantly, here at home.

PSEG's ongoing evolution touches all of our stakeholders – from our 12,500 employees, to the millions of homes and businesses we provide with safe, reliable and affordable energy, to the many diverse communities we serve across two states, and of course, to our shareholders. This transition, however, is meaningful beyond our portfolio of investments and the source of our earnings.



Today, a company must have not only a clear vision, but also a clear purpose, so that you, our investors, and also our customers, our workforce of today and tomorrow, and the partners and officials we work with – all know what we stand for. PSEG's vision is to power a future where we help our customers use less energy, and it's cleaner, safer and delivered more reliably than ever.

Our purpose, our mission – the thing that gets us excited about getting up in the morning – is fourfold: to be a positive force in a changing world by providing an infrastructure to access safe, affordable, reliable and cleaner energy; to work toward a carbon-free economy; to empower the lives of our customers, our communities, our workforce and other stakeholders; and to embrace diversity and inclusion, and promote equitable and ethical behavior.

Throughout 2022, this mission will serve as the driving force behind our efforts to remain a sustainable company, and to prioritize environmental stewardship, social responsibility and ethical corporate governance (ESG).

During the coming year, we also will continue on our diversity, equity and inclusion journey – both internally and externally – as we focus on underrepresented voices and recognize and appreciate the diverse points of view and experiences that all of our employees and our customers have to offer.

We firmly believe that this powerful combination of attributes presented here – a best-in-class utility, a nearly carbon-free generation fleet, an expanse of clean energy growth opportunities, and a commitment to the principles of ESG – provides a compelling investment proposition and road map to a more sustainable, cleaner energy future.

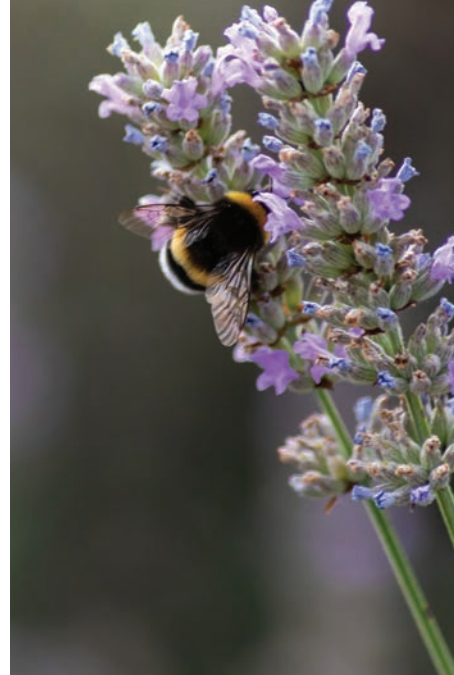
We thank you, our shareholders, for your loyalty and support. We will continue to work hard and deliver our best effort, every day, to maintain your confidence and trust.

Sincerely,



Ralph Izzo  
Chairman, President and Chief Executive Officer  
Public Service Enterprise Group

Feb. 24, 2022





# Business Update

## 2021 Performance

During 2021, PSEG once again made excellent progress toward its business objectives.

Overall, we achieved solid operating and financial results in 2021, which marked the 17th consecutive year that PSEG delivered results within or above our original non-GAAP operating earnings guidance.

PSE&G's growth met expectations, fueled by the investment of approximately \$2.7 billion of capital, targeted at improving the reliability and resiliency of our system.

PSEG Power continued its emphasis on safety, operational excellence and a transition toward cleaner energy sources, while preparing for the divestment of its PSEG Fossil business and assets.

Finally, our results benefited from continued control of operation and maintenance costs across the enterprise.

Our strong financial position has once again supported the growth in our dividend. In February 2022, we raised our indicative annual dividend rate to \$2.16 per share, from \$2.04 per share in 2021. This is the 115th consecutive year our company has provided a dividend and the 18th dividend increase in the last 19 years.

We are committed, as always, to delivering sustainable, long-term value to our customers, our communities, our employees and our shareholders by focusing on three fundamental objectives: **operational excellence, financial strength and disciplined investment.**

## Operational Excellence

Reliability is central to long-term excellence and financial strength in the energy industry. As New Jersey's largest electric and gas utility, PSE&G is consistently ranked as the most reliable electric utility in the region. In 2021, for the 20th consecutive year, PSE&G received the ReliabilityOne® Award for Outstanding Reliability Performance in the Mid-Atlantic Region from PA Consulting, an industry benchmarking group.

PSE&G is continuing to invest billions of dollars to upgrade and modernize our infrastructure to meet changing customer expectations and to address the impacts of extreme weather events caused by climate change. The company's transmission-hardening, Energy Strong and



Gas System Modernization Program (GSMP) programs are continuing to make an already reliable, resilient system even stronger – and were responsible for one of our most rewarding successes of 2021.

In September, Tropical Storm Ida brought considerable devastation to New Jersey. However, the impacts would have been much worse without our infrastructure modernization investments. Despite the historic nature of the storm, none of PSE&G's substations experienced flooding during Ida, compared to 29 stations that flooded during Superstorm Sandy or Hurricane Irene a decade earlier.

As part of our post-Sandy Energy Strong program, PSE&G raised, rebuilt or eliminated 26 substations. Nearly 3,000 pieces of highly specialized equipment also were installed or upgraded to reduce outages and enable faster restoration.

Those improvements kept the electricity connected throughout the storm, which helped minimize some of its flood impacts because customers' sump pumps were able to keep working. Also during Ida, new gas infrastructure installed as a result of GSMP helped eliminate water infiltration issues, while the safer, more durable plastic equipment helped maintain increased pressure in the system.

Reliability at PSEG also means ensuring that our power plants are operating at peak efficiency to provide power when and where it is needed, at the most affordable cost to the customer.

PSEG Long Island also experienced an outstanding year for reliability, with its customers seeing the lowest-ever average frequency of sustained and momentary interruptions. Ongoing storm-hardening of distribution circuits is also paying off, with storm-hardened sections seeing a 51% reduction in weather-related outages compared with the rest of the system.

## Financial Strength

Over time, PSEG has emphasized the importance of financial strength as a key differentiator in our business. In recent years, we have increasingly focused on investments in our regulated utility business, culminating with the sale of our PSEG Fossil business early in 2022. Beginning in 2022, we anticipate that regulated operations will be approximately 90% of our consolidated earnings mix, resulting in a stable, more predictable growth profile.

PSEG's improved business mix has also added greater financial flexibility. As a result, we have been able to establish a long-term, non-GAAP consolidated Operating Earnings growth rate expectation of 5% to 7% to 2025 and implement a \$500 million share repurchase program.

Financial strength helps keep us well-positioned to finance our current 2022-2026 capital program without the need to issue equity, while still having the opportunity for consistent and sustainable growth in our dividend.

The divestment of PSEG Fossil represents the finalization of our Strategic Alternatives process, which included the sale of PSEG Power's non-nuclear generating fleet. Having already retired our last remaining coal plant in May, PSEG Power also divested more than 6,750 MW of combined-cycle gas generation in New Jersey, Connecticut, New York and Maryland.

The result is the company as structured today: a primarily regulated electric and gas utility with a contracted energy business, complemented by carbon-free generation assets.

Also in 2021, we strengthened our carbon-free energy sources by securing Zero Emission Certificates for New Jersey's nuclear plants through 2025 with the approval of three additional years of support, while also ramping up our investment in offshore wind – becoming partners in Ocean Wind, the state's first offshore wind farm, proposing billions in offshore transmission investments, and hosting the future New Jersey Wind Port on land adjacent to our PSEG Nuclear stations.

Finally, our strong balance sheet continues to provide us with a competitive advantage. We maintain a solid financial profile capable of meeting our growth objectives and providing opportunities to extend our long history of paying dividends to shareholders.

## Disciplined Investment

As energy markets evolve, our investments evolve, as well.

PSE&G's investment of approximately \$2.7 billion in its transmission and distribution infrastructure in 2021 provided for approximately 10% growth in rate base to over \$24.5 billion. Of this amount, PSE&G's investment in transmission represents 46%, or \$11 billion, of the company's rate base at the end of 2021. These transmission investments increase reliability and resiliency of the entire grid.



In 2022, PSE&G intends to invest approximately \$2.9 billion to achieve our commitments to provide safe, clean and affordable energy. PSEG's five-year capital investment program ending Dec. 31, 2025, stands at a range of \$15 billion to \$17 billion, with regulated utility investments representing approximately 90% of our planned capital expenditures.

In 2021, PSE&G entered the execution phase for several components of our historic Clean Energy Future initiative, led by our landmark energy efficiency proposal. This three-year, \$1 billion program is the centerpiece of the Clean Energy Future investment programs, helping PSE&G customers reduce their energy consumption, shrink their carbon footprint and save on their utility bills, while also helping to create thousands of new green energy jobs.

Two other Clean Energy Future components – a four-year, \$707 million program to provide 2.3 million electric customers with smart meter technology, and an approximately \$166 million program to jump-start development of New Jersey's electric vehicle charging infrastructure, also are underway. Vehicle innovation and energy storage components remain pending before the New Jersey Board of Public Utilities.

Also pending with state regulators in New Jersey is our \$848 million Infrastructure Advancement Program, filed in November. And later in 2022, we expect to file proposals for extensions of our energy efficiency and GSMP investments.

## **A COMPANY WITH A PURPOSE**

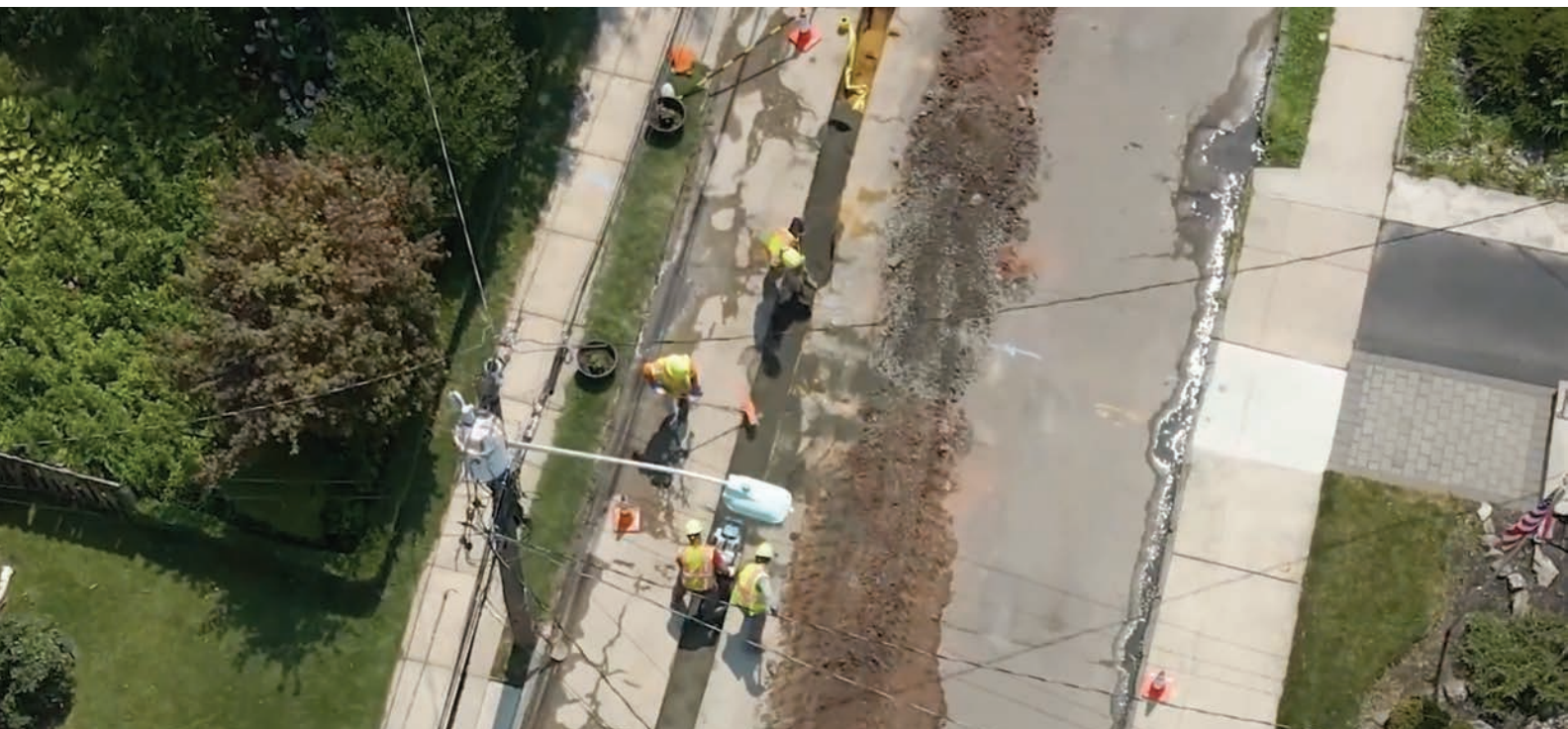
PSEG's Core Commitments – safety, integrity, continuous improvement, customer service, and diversity, equity & inclusion – will continue to guide our company.

### **Environmental Stewardship, Social Responsibility, Ethical Governance**

PSEG strives to put the principles of ESG and sustainability – environmental stewardship, social responsibility and ethical corporate governance – at the forefront of our mission.

While ESG investing is a relatively recent tool for helping corporations focus on sustainable business operations, its principles have been at the forefront of our strategy for many years. Throughout this time, our business strategy has considered not only how the effects of climate change might impact PSEG operations and its investors, but also how our business operations impact the communities we live in, and how we can help all of our stakeholders manage its risks and uncertainties.

In October, we published our first-ever combined Sustainability and Climate Report, which included updates on the company's achievements and goals for a wide range of topics including air emissions, energy efficiency, transportation and waste minimization.





PSEG has been named to the Dow Jones Sustainability Index for North America for 14 consecutive years, named to the JUST 100 as one of America's Most JUST Companies, and has been listed among America's Most Responsible Companies for 2022 by Newsweek, based in part on our commitment to disclosure and transparency.

## Diversity, Equity & Inclusion

As an energy sector leader, we recognize that reflecting, valuing and leveraging diversity is essential to attract, develop and retain people who can bring us better ideas and the best solutions and enable us to be a positive force in the communities we serve. That's why diversity, equity and inclusion are among PSEG's Core Commitments.

We believe that an environment of diversity, equity and inclusion fosters innovation, strengthens our workforce, and improves our ability to serve customers. We continue to foster a diverse, equitable and inclusive workplace by developing our leaders, driving change at the local level, leveraging data to inform decisions, bringing on new programs to highlight areas where we have opportunities, and regularly reviewing and changing our policies and practices.

In 2021, we published our first-ever PSEG Diversity, Equity and Inclusion Report, highlighting our Inclusion for All strategy, as well as our progress toward building a culture that respects and celebrates the diversity of our workforce; recruiting, developing and retaining diverse talent; and being a positive force for the many unique communities we serve.

We also launched a number of initiatives toward our ongoing goal of elevating PSEG's reputation as a DEI leader. Among them:

- An initiative that encourages employees to seek out colleagues at any level from whom they would like to receive a coaching experience or form a mentorship relationship;
- Development programs to help build psychological safety and trust in the workplace and empower employees to take reasonable risks by repositioning non-critical mistakes as learning opportunities;
- New opportunities to learn and grow throughout one's career, including programs specifically designed for recent college hires, first-line supervisors, and women leaders; and
- A Union DEI and Culture Council to support our continuous listening strategy and help address concerns from our field operations teams more quickly.



We are proud to have been recognized once again in 2021 among Forbes' Best Employers for Diversity and Best Employers for Veterans, and by Seramount among the Best Companies for Multicultural Women. We also established our first LGBTQ+ Inclusion Pledge, and met our goal of increasing purchases with diverse suppliers to 30% of total applicable spend, the seventh consecutive record year.

## Social Responsibility

PSEG has made social responsibility a priority and aims to be a good corporate citizen throughout our engagements with the community.

The PSEG Foundation is committed to helping build sustainable communities by empowering and investing in the communities we operate in and serve.

In an effort to continue to emphasize the importance of providing support, the PSEG Foundation has realigned its giving strategy under three new pillars: Environmental Sustainability, Equity & Economic Empowerment and Social Justice. These pillars represent the true essence of the PSEG Foundation's support in underserved communities.

In 2021, the PSEG Foundation awarded more than \$8 million to nonprofits aligned with these pillars, while PSEG provided more than \$4 million in corporate giving. The foundation's philanthropy included approximately 250 grants totaling \$700,000 for the Neighborhood Partners Program, which provides support to grassroots, community-based organizations in areas focused on addressing the inequities and inequalities in marginalized communities throughout PSEG's service and operating territory.

Also, in 2021, the PSEG Foundation announced \$1 million in grant funding to three historically black colleges and universities (HBCUs): Hampton University, Howard University and North Carolina A&T State University. Through these grants, the PSEG Foundation aims to diversify the science, technology, engineering and math (STEM) workforce by providing underrepresented students access to STEM education and generating a pipeline of competitive and capable talent for the future workforce.

Employee citizenship is reflected on and off the job, through dedicated service to and volunteerism in our communities. Despite the ongoing COVID-19 pandemic, approximately half of PSEG's workforce participated in volunteerism

activities in 2021, thanks in large part to innovative "virtual" opportunities that allow employees to support our communities in a safe and responsible manner. This is nearly double the participation rate in 2020.

## Our Mission

Our success for 119 years has been based on putting our energy to work for the greater benefit of the world we live in. Now more than ever, our mission must be: to be a positive force in a changing world by providing an infrastructure to access safe, affordable, reliable and cleaner energy; to work toward a carbon-free economy; to empower the lives of our customers, our communities, our workforce and other stakeholders; and to embrace diversity and inclusion, and promote equitable and ethical behavior.





## BOARD OF DIRECTORS

**RALPH IZZO** is the Chairman of the Board, President and Chief Executive Officer of PSEG.

**SHIRLEY ANN JACKSON** is PSEG's Lead Director and is President of Rensselaer Polytechnic Institute, a leading technological research university in Troy, N.Y.

**WILLIE A. DEESE** is the retired Executive Vice President of Merck & Co., Inc. and President, Merck Manufacturing Division, Kenilworth, N.J., which develops, manufactures and distributes pharmaceuticals.

**DAVID LILLEY** is the retired Chairman of the Board, President and Chief Executive Officer of Cytec Industries Inc., Woodland Park, N.J., a global specialty chemicals and materials company.

**BARRY H. OSTROWSKY** is the President and Chief Executive Officer of RWJBarnabas Health, West Orange, N.J., a comprehensive integrated health care delivery system of hospitals, programs and services.

**SCOTT G. STEPHENSON** is the Chairman of the Board, President and Chief Executive Officer of Verisk Analytics, Inc., Jersey City, N.J., a data analytics and risk assessment company.

**LAURA A. SUGG** is the retired President of the Australasia Division of ConocoPhillips Corporation, Houston, Texas, a leading worldwide oil and gas exploration and development company.

**JOHN P. SURMA** is the retired Chairman and Chief Executive Officer of United States Steel Corporation, Pittsburgh, Pa., a leading global integrated steel producer.

**SUSAN TOMASKY** is the retired President – AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses.

**ALFRED W. ZOLLAR** is Executive Advisor, Siris Capital Group, LLC and the retired General Manager – Tivoli Software Division of International Business Machines Corporation, Armonk, N.Y., a worldwide information technology and consulting company.

# Stockholder Information

## STOCK EXCHANGE LISTINGS

New York (PSEG Common Stock) Trading Symbol:  
**PEG**

## ANNUAL MEETING

Please note that the annual meeting of stockholders of Public Service Enterprise Group (PSEG) Incorporated will be held on **Tuesday, April 19, 2022, at 1 p.m. ET** via **virtual webcast**. Prior registration is required at: [register.proxypush.com/peg](https://register.proxypush.com/peg)

## STOCKHOLDER SERVICES

Please include your shareholder account number in any inquiry you may have about stock transfer, dividends, dividend reinvestment, direct deposit, missing or lost certificates, change of address requests, or for any other account specific request.

## STOCKHOLDER SERVICES ON THE INTERNET

Please visit the EQ Shareowner Services site: [www.shareowneronline.com](https://www.shareowneronline.com). The EQ Shareowner Online website offers online access and transaction processing to shareholders.

## HOW TO CONTACT SHAREOWNER SERVICES

Toll free: **800-242-0813**  
(weekdays, 8 a.m. – 8 p.m. ET)  
Web: [www.shareowneronline.com](https://www.shareowneronline.com)

## MAILING ADDRESS

EQ Shareowner Services  
P.O. Box 64874, St. Paul, MN 55164-0874

## SECURITY ANALYSTS AND INSTITUTIONAL INVESTORS

For information contact: Vice President – Investor Relations: **973-430-6565**

## TRANSFER AGENT

The transfer agent for the Common Stock is: Equiniti Trust Company, Shareowner Services  
PO Box 64874, St. Paul, MN 55164-0874

## ENTERPRISE DIRECT

PSEG offers Enterprise Direct, a stock purchase and dividend reinvestment plan. For more

information, including a plan prospectus and an enrollment form, call or send us an e-mail with your current mailing address.

## DIVIDENDS

Dividends on the common stock of PSEG, as declared by the Board of Directors, are generally payable on the last business day of March, June, September and December of each year.

## DIRECT DEPOSIT OF DIVIDENDS

Your quarterly common stock dividend payments can be deposited electronically to your personal checking or savings account. More information, including instructions and a downloadable form, is available on the EQ Shareowner Services website [www.shareowneronline.com](https://www.shareowneronline.com) or by contacting EQ Shareowner Services by phone. It's a free service.

## DEPOSIT OF CERTIFICATES

To eliminate the risk and cost of loss, shareholders can deposit their certificates with EQ Shareowner Services, or take advantage of DRS, a convenient service for holding and tracking your shares and still receive a paid dividend. For more information, contact EQ Shareowner Services on the web or by phone.

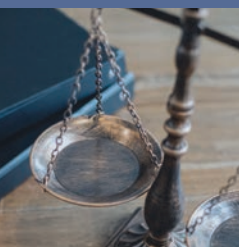
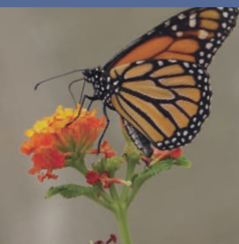
## GO GREEN WITH ELECTRONIC DELIVERY

Sign up to receive future proxy statements and related documents (Annual Report and Form 10-K) by electronic delivery. It will help PSEG fulfill its commitment to reduce our environmental impact. Log on to the appropriate site listed below, depending on the nature of your ownership:

- If you are a stockholder of record, please go to [www.proxyconsent.com/peg](https://www.proxyconsent.com/peg)
- For shares held in the ESPP, go to <https://enroll.icsdelivery.com/peg>
- For shares held in Employees Benefit Plans, go to [www.proxyconsent.com/peg](https://www.proxyconsent.com/peg)
- If your shares are held by a bank or broker, go to <https://enroll.icsdelivery.com/peg>

Forward-Looking Statements – The statements contained in this communication that are not purely historical, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission, and available on our website: <https://investor.pseg.com>. All of the forward-looking statements made in this communication are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this communication apply only as of the date hereof. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.





PUBLIC SERVICE ENTERPRISE GROUP INC.  
80 Park Plaza  
Newark, New Jersey 07102

[www.pseg.com](http://www.pseg.com)