

PSEG Services Corporation  
Human Resources – Labor Relations  
80 Park Plaza, T10, Newark, N.J. 07102



February 18, 2015

Cornelius Wojceichowski  
Business Manager  
UA Local 855  
261 East Main Street  
Somerville, N.J. 08876-3008

Dear Mr. Wojceichowski,

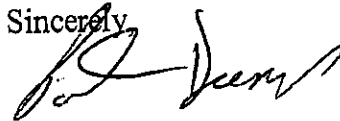
**PSE&G MAINTENANCE, REPAIR AND OPERATIONS MATERIALS (MRO)**

This letter summarizes the recent information that the Company presented to the Union regarding the Procurement process for MRO materials in the Utility. In order to reduce the costs of the warehouse operation in PSE&G, the Company is implementing the following changes:

- Certain MRO items that are currently purchased and housed in the storerooms will now be consigned. This material will be stored in the storeroom, but will not become the property of PSEG until it is dispensed. PSEG personnel will remain responsible for stocking and dispensing this inventory, but the vendor will periodically audit the consignment inventory.
- The vendor will deploy its own bar coding system for Company, employee and vendor use relating to the MRO material.
- PSEG personnel will continue to stock the consumable bins. The vendor will check these bins to determine when re-orders are needed.
- The Company will install vendor owned vending machines to stock and distribute certain consumable storeroom inventory through various locations on site. These vending machines will be inventoried and stocked by the vendor who supplied them. The Company will provide a list of the consumable inventory (such as gloves, flashlights, batteries, etc...) going in the machines to the Union.
- There will be no calibrated tools or equipment as part of the inventory stocked in the vending machines.
- The number of vending machines to be installed initially will be one per Gas district.

- If the Company decides to expand the number of vending machines it will discuss with the Union the number of additional machines to be added.
- It is expected that the staffing levels for classifications performing storekeeper work in the Gas storerooms will not decline as a result of the use of the vending machines.
- Upon the Union's request, the Company will provide quarterly updates on the MRO program.
- The Company will continue to stock and distribute the same inventory through the Material Center at sufficient quantities as determined by Procurement Management to provide for potential machine malfunctions and for deliveries or individual orders as required.

Sincerely,



Patrick Doonan  
Labor Relations Manager