

PUBLIC SERVICE ELECTRIC & GAS CO  
 Form 10-Q  
 May 04, 2015

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UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 FORM 10-Q  
 (Mark One)  
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
 SECURITIES EXCHANGE ACT OF 1934  
 FOR THE QUARTERLY PERIOD ENDED March 31, 2015  
 OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
 SECURITIES EXCHANGE ACT OF 1934  
 FOR THE TRANSITION PERIOD FROM TO

Commission File Number	Registrants, State of Incorporation, Address, and Telephone Number	I.R.S. Employer Identification No.
001-09120	PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED (A New Jersey Corporation) 80 Park Plaza, P.O. Box 1171 Newark, New Jersey 07101-1171 973 430-7000 <a href="http://www.pseg.com">http://www.pseg.com</a>	22-2625848
001-00973	PUBLIC SERVICE ELECTRIC AND GAS COMPANY (A New Jersey Corporation) 80 Park Plaza, P.O. Box 570 Newark, New Jersey 07101-0570 973 430-7000 <a href="http://www.pseg.com">http://www.pseg.com</a>	22-1212800
001-34232	PSEG POWER LLC (A Delaware Limited Liability Company) 80 Park Plaza Newark, New Jersey 07102-4194 973 430-7000 <a href="http://www.pseg.com">http://www.pseg.com</a>	22-3663480

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes  No

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Public Service Enterprise Group Incorporated  Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Public Service Electric and Gas Company  Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

PSEG Power LLC  Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
Indicate by check mark whether any of the registrants is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 21, 2015, Public Service Enterprise Group Incorporated had outstanding 505,862,575 shares of its sole class of Common Stock, without par value.

As of April 21, 2015, Public Service Electric and Gas Company had issued and outstanding 132,450,344 shares of Common Stock, without nominal or par value, all of which were privately held, beneficially and of record by Public Service Enterprise Group Incorporated.

Public Service Electric and Gas Company and PSEG Power LLC are wholly owned subsidiaries of Public Service Enterprise Group Incorporated and meet the conditions set forth in General Instruction H(1) (a) and (b) of Form 10-Q. Each is filing its Quarterly Report on Form 10-Q with the reduced disclosure format authorized by General Instruction H.

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FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this report about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "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. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K and available on our website: <http://www.pseg.com>. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets,
- adverse changes in energy industry law, policies and regulations, including market structures and transmission planning,
- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators,
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations,
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units,
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site,
- any inability to manage our energy obligations, available supply and risks,
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry,
- any deterioration in our credit quality or the credit quality of our counterparties,
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs,
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,
- delays in receipt of necessary permits and approvals for our construction and development activities,
- delays or unforeseen cost escalations in our construction and development activities,
- any inability to achieve, or continue to sustain, our expected levels of operating performance,
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events,
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses,
- increases in competition in energy supply markets as well as for transmission projects,
- any inability to realize anticipated tax benefits or retain tax credits,
- challenges associated with recruitment and/or retention of a qualified workforce,
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements,
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies, and
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response.

All of the forward-looking statements made in this report 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 or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

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Table of ContentsPUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Millions, except per share data

(Unaudited)

	Three Months Ended March 31,		
	2015	2014	
OPERATING REVENUES	\$3,135	\$3,223	
OPERATING EXPENSES			
Energy Costs	1,094	1,356	
Operation and Maintenance	663	856	
Depreciation and Amortization	330	306	
Total Operating Expenses	2,087	2,518	
OPERATING INCOME	1,048	705	
Income from Equity Method Investments	3	4	
Other Income	48	48	
Other Deductions	(12	) (12	)
Other-Than-Temporary Impairments	(5	) (2	)
Interest Expense	(98	) (97	)
INCOME BEFORE INCOME TAXES	984	646	
Income Tax Expense	(398	) (260	)
NET INCOME	\$586	\$386	
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
BASIC	506	506	
DILUTED	508	508	
NET INCOME PER SHARE:			
BASIC	\$1.16	\$0.76	
DILUTED	\$1.15	\$0.76	
DIVIDENDS PAID PER SHARE OF COMMON STOCK	\$0.39	\$0.37	

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsPUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Millions

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
NET INCOME	\$586	\$386
Other Comprehensive Income (Loss), net of tax		
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$(13) and \$(3) for 2015 and 2014, respectively	14	2
Unrealized Gains (Losses) on Cash Flow Hedges, net of tax (expense) benefit of \$7 and \$(2) for 2015 and 2014, respectively	(9)	) 2
Pension/Other Postretirement Benefit Costs (OPEB) adjustment, net of tax (expense) benefit of \$(6) and \$(2) for 2015 and 2014, respectively	8	4
Other Comprehensive Income (Loss), net of tax	13	8
COMPREHENSIVE INCOME	\$599	\$394

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsPUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS

Millions

(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$1,008	\$402
Accounts Receivable, net of allowances of \$58 and \$52 in 2015 and 2014, respectively	1,437	1,254
Tax Receivable	31	211
Unbilled Revenues	252	284
Fuel	266	538
Materials and Supplies, net	483	484
Prepayments	80	108
Derivative Contracts	87	240
Deferred Income Taxes	—	11
Regulatory Assets	258	323
Regulatory Assets of Variable Interest Entities (VIEs)	187	249
Other	70	15
Total Current Assets	4,159	4,119
PROPERTY, PLANT AND EQUIPMENT		
Less: Accumulated Depreciation and Amortization	(8,827	) (8,607
Net Property, Plant and Equipment	23,978	23,589
NONCURRENT ASSETS		
Regulatory Assets	3,164	3,192
Long-Term Investments	1,287	1,307
Nuclear Decommissioning Trust (NDT) Fund	1,821	1,780
Long-Term Receivable of VIE	592	580
Other Special Funds	235	212
Goodwill	16	16
Other Intangibles	87	84
Derivative Contracts	108	77
Restricted Cash of VIEs	25	24
Other	355	353
Total Noncurrent Assets	7,690	7,625
TOTAL ASSETS	\$35,827	\$35,333

See Notes to Condensed Consolidated Financial Statements.



Table of ContentsPUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS

Millions

(Unaudited)

	March 31, 2015	December 31, 2014
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES</b>		
Long-Term Debt Due Within One Year	\$793	\$624
Securitization Debt of VIEs Due Within One Year	201	259
Accounts Payable	1,006	1,178
Derivative Contracts	94	132
Accrued Interest	119	95
Accrued Taxes	343	21
Deferred Income Taxes	87	173
Clean Energy Program	86	142
Obligation to Return Cash Collateral	130	121
Regulatory Liabilities	162	186
Other	601	547
Total Current Liabilities	3,622	3,478
<b>NONCURRENT LIABILITIES</b>		
Deferred Income Taxes and Investment Tax Credits (ITC)	7,436	7,303
Regulatory Liabilities	272	258
Regulatory Liabilities of VIEs	46	39
Asset Retirement Obligations	754	743
Other Postretirement Benefit (OPEB) Costs	1,257	1,277
OPEB Costs of Servco	462	452
Accrued Pension Costs	408	440
Accrued Pension Costs of Servco	128	126
Environmental Costs	427	417
Derivative Contracts	25	33
Long-Term Accrued Taxes	215	208
Other	127	112
Total Noncurrent Liabilities	11,557	11,408
<b>COMMITMENTS AND CONTINGENT LIABILITIES (See Note 8)</b>		
<b>CAPITALIZATION</b>		
<b>LONG-TERM DEBT</b>		
Total Long-Term Debt	8,090	8,261
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, no par, authorized 1,000,000,000 shares; issued, 2015 and 2014—533,556,660 shares	4,873	4,876
Treasury Stock, at cost, 2015— 27,743,445 shares; 2014— 27,720,068 shares	(662)	(635)
Retained Earnings	8,616	8,227
Accumulated Other Comprehensive Loss	(270)	(283)
Total Common Stockholders' Equity	12,557	12,185
Noncontrolling Interest	1	1

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Total Stockholders' Equity	12,558	12,186
Total Capitalization	20,648	20,447
TOTAL LIABILITIES AND CAPITALIZATION	\$35,827	\$35,333

See Notes to Condensed Consolidated Financial Statements.

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Table of ContentsPUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$586	\$386
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	330	306
Amortization of Nuclear Fuel	55	54
Provision for Deferred Income Taxes (Other than Leases) and ITC	63	(39)
Non-Cash Employee Benefit Plan Costs	41	11
Leveraged Lease Income, Adjusted for Rents Received and Deferred Taxes	4	(22)
Net Realized and Unrealized (Gains) Losses on Energy Contracts and Other Derivatives	37	224
Change in Accrued Storm Costs	7	(1)
Net Change in Other Regulatory Assets and Liabilities	(29)	) 177
Cost of Removal	(26)	) (25)
Net Realized (Gains) Losses and (Income) Expense from NDT Fund	(12)	) (23)
Net Change in Certain Current Assets and Liabilities:		
Tax Receivable	180	(2)
Accrued Taxes	322	273
Margin Deposit	14	(261)
Other Current Assets and Liabilities	109	70
Employee Benefit Plan Funding and Related Payments	(47)	) (32)
Other	45	20
Net Cash Provided By (Used In) Operating Activities	1,679	1,116
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, Plant and Equipment	(747)	) (609)
Proceeds from Sales of Available-for-Sale Securities	609	257
Investments in Available-for-Sale Securities	(638)	) (269)
Other	(3)	) (8)
Net Cash Provided By (Used In) Investing Activities	(779)	) (629)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Commercial Paper and Loans	—	(60)
Redemption of Securitization Debt	(58)	) (54)
Cash Dividends Paid on Common Stock	(197)	) (187)
Other	(39)	) (24)
Net Cash Provided By (Used In) Financing Activities	(294)	) (325)
Net Increase (Decrease) in Cash and Cash Equivalents	606	162
Cash and Cash Equivalents at Beginning of Period	402	493
Cash and Cash Equivalents at End of Period	\$1,008	\$655
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	\$(175)	) \$15

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Interest Paid, Net of Amounts Capitalized	\$74	\$79
Accrued Property, Plant and Equipment Expenditures	\$276	\$247

See Notes to Condensed Consolidated Financial Statements.

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Table of ContentsPUBLIC SERVICE ELECTRIC AND GAS COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Millions

(Unaudited)

	Three Months Ended March 31,		
	2015	2014	
OPERATING REVENUES	\$2,002	\$2,145	
OPERATING EXPENSES			
Energy Costs	892	1,045	
Operation and Maintenance	412	462	
Depreciation and Amortization	247	227	
Total Operating Expenses	1,551	1,734	
OPERATING INCOME	451	411	
Other Income	18	14	
Other Deductions	(1	) —	
Interest Expense	(69	) (68	)
INCOME BEFORE INCOME TAXES	399	357	
Income Tax Expense	(157	) (143	)
EARNINGS AVAILABLE TO PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED	\$242	\$214	

See disclosures regarding Public Service Electric and Gas Company included in the Notes to Condensed Consolidated Financial Statements.

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Millions  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
NET INCOME	\$242	\$214
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$0 and \$0 for 2015 and 2014, respectively	—	—
COMPREHENSIVE INCOME	\$242	\$214

See disclosures regarding Public Service Electric and Gas Company included in the Notes to Condensed Consolidated Financial Statements.

Table of ContentsPUBLIC SERVICE ELECTRIC AND GAS COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS

Millions

(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$336	\$310
Accounts Receivable, net of allowances of \$58 and \$52 in 2015 and 2014, respectively	1,038	864
Accounts Receivable-Affiliated Companies	9	274
Unbilled Revenues	252	284
Materials and Supplies	142	133
Prepayments	5	42
Regulatory Assets	258	323
Regulatory Assets of VIEs	187	249
Derivative Contracts	—	18
Deferred Income Taxes	—	24
Other	15	7
Total Current Assets	2,242	2,528
PROPERTY, PLANT AND EQUIPMENT	21,610	21,103
Less: Accumulated Depreciation and Amortization	(5,263	) (5,183
Net Property, Plant and Equipment	16,347	15,920
NONCURRENT ASSETS		
Regulatory Assets	3,164	3,192
Long-Term Investments	353	348
Other Special Funds	55	53
Derivative Contracts	7	8
Restricted Cash of VIEs	25	24
Other	152	150
Total Noncurrent Assets	3,756	3,775
TOTAL ASSETS	\$22,345	\$22,223

See disclosures regarding Public Service Electric and Gas Company included in the Notes to Condensed Consolidated Financial Statements.

Table of ContentsPUBLIC SERVICE ELECTRIC AND GAS COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS

Millions

(Unaudited)

	March 31, 2015	December 31, 2014
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES</b>		
Long-Term Debt Due Within One Year	\$471	\$300
Securitization Debt of VIEs Due Within One Year	201	259
Accounts Payable	524	574
Accounts Payable—Affiliated Companies	338	379
Accrued Interest	75	68
Clean Energy Program	86	142
Deferred Income Taxes	96	165
Obligation to Return Cash Collateral	130	121
Regulatory Liabilities	162	186
Other	461	381
Total Current Liabilities	2,544	2,575
<b>NONCURRENT LIABILITIES</b>		
Deferred Income Taxes and ITC	4,652	4,575
Other Postretirement Benefit (OPEB) Costs	943	967
Accrued Pension Costs	155	173
Regulatory Liabilities	272	258
Regulatory Liabilities of VIEs	46	39
Environmental Costs	375	364
Asset Retirement Obligations	295	290
Long-Term Accrued Taxes	122	116
Other	71	67
Total Noncurrent Liabilities	6,931	6,849
<b>COMMITMENTS AND CONTINGENT LIABILITIES (See Note 8)</b>		
<b>CAPITALIZATION</b>		
<b>LONG-TERM DEBT</b>		
Total Long-Term Debt	5,841	6,012
<b>STOCKHOLDER'S EQUITY</b>		
Common Stock; 150,000,000 shares authorized; issued and outstanding, 2015 and 2014—132,450,344 shares	892	892
Contributed Capital	695	695
Basis Adjustment	986	986
Retained Earnings	4,454	4,212
Accumulated Other Comprehensive Income	2	2
Total Stockholder's Equity	7,029	6,787
Total Capitalization	12,870	12,799
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<b>\$22,345</b>	<b>\$22,223</b>



See disclosures regarding Public Service Electric and Gas Company included in the Notes to Condensed Consolidated Financial Statements.

Table of ContentsPUBLIC SERVICE ELECTRIC AND GAS COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions

(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$242	\$214
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	247	227
Provision for Deferred Income Taxes and ITC	29	31
Non-Cash Employee Benefit Plan Costs	24	6
Cost of Removal	(26)	(25)
Change in Accrued Storm Costs	7	(1)
Net Change in Other Regulatory Assets and Liabilities	(29)	177
Net Change in Certain Current Assets and Liabilities:		
Accounts Receivable and Unbilled Revenues	(142)	(264)
Materials and Supplies	(9)	(11)
Prepayments	37	18
Accounts Payable	16	14
Accounts Receivable/Payable—Affiliated Companies, net	253	120
Other Current Assets and Liabilities	77	112
Employee Benefit Plan Funding and Related Payments	(37)	(29)
Other	(12)	(10)
Net Cash Provided By (Used In) Operating Activities	677	579
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, Plant and Equipment	(599)	(481)
Proceeds from Sales of Available-for-Sale Securities	4	5
Investments in Available-for-Sale Securities	(5)	(3)
Solar Loan Investments	(2)	(2)
Other	9	—
Net Cash Provided By (Used In) Investing Activities	(593)	(481)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Short-Term Debt	—	(60)
Redemption of Securitization Debt	(58)	(54)
Contributed Capital	—	175
Net Cash Provided By (Used In) Financing Activities	(58)	61
Net Increase (Decrease) In Cash and Cash Equivalents	26	159
Cash and Cash Equivalents at Beginning of Period	310	18
Cash and Cash Equivalents at End of Period	\$336	\$177
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	\$(180)	\$(37)
Interest Paid, Net of Amounts Capitalized	\$58	\$62
Accrued Property, Plant and Equipment Expenditures	\$226	\$185

See disclosures regarding Public Service Electric and Gas Company included in the Notes to Condensed Consolidated Financial Statements.

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PSEG POWER LLC  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
Millions  
(Unaudited)

Three Months Ended  
March 31,