

PUBLIC SERVICE ELECTRIC & GAS CO
Form 10-Q
May 06, 2010

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, 2010

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 http://www.pseg.com	22-2625848
001-34232	PSEG POWER LLC (A Delaware Limited Liability Company) 80 Park Plaza T25 Newark, New Jersey 07102-4194 973 430-7000 http://www.pseg.com	22-3663480
001-00973	PUBLIC SERVICE ELECTRIC AND GAS COMPANY (A New Jersey Corporation) 80 Park Plaza, P.O. Box 570 Newark, New Jersey 07101-0570	22-1212800

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973 430-7000
<http://www.pseg.com>

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 x 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).

Public Service Enterprise Group Incorporated	Yes x	No "
PSEG Power LLC	Yes "	No "
Public Service Electric and Gas Company	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.

Public Service Enterprise Group Incorporated	Large accelerated filer x	Accelerated filer "	Non-accelerated filer "	Smaller reporting company "
PSEG Power LLC	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "
Public Service Electric and Gas Company	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	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 x

As of April 15, 2010, Public Service Enterprise Group Incorporated had outstanding 505,952,194 shares of its sole class of Common Stock, without par value.

As of April 15, 2010, 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.

PSEG Power LLC and Public Service Electric and Gas Company 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 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, hypothetical, potential, forecast, variations of such words and similar expressions are 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 Item 1. Financial Statements Note 7. Commitments and Contingent Liabilities, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, and other factors discussed in filings we make with the United States Securities and Exchange Commission (SEC). These factors include, but are not limited to:

adverse changes in energy industry law, policies and regulation, including market structures and rules and reliability standards,

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 that could increase our costs or limit operations of our generating units,

changes in nuclear regulation and/or developments in the nuclear power industry generally 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 balance our energy obligations, available supply and trading risks,

any deterioration in our credit quality,

availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs,

any inability to realize anticipated tax benefits or retain tax credits,

changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,

delays or unforeseen cost escalations in our construction and development activities,

increase in competition in energy markets in which we compete,

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adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in discount rates and funding requirements, and

changes in technology and increased customer conservation.

Additional information concerning these factors is set forth in Part II under Item 1A. Risk Factors.

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 only apply 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.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Millions

(Unaudited)

	For The Three Months Ended March 31,	
	2010	2009
OPERATING REVENUES	\$ 3,680	\$ 3,920
OPERATING EXPENSES		
Energy Costs	1,768	2,068
Operation and Maintenance	704	674
Depreciation and Amortization	232	207
Taxes Other Than Income Taxes	42	44
Total Operating Expenses	2,746	2,993
OPERATING INCOME	934	927
Income from Equity Method Investments	3	10
Other Income	43	71
Other Deductions	(16)	(54)
Other-Than-Temporary Impairments	(1)	(61)
Interest Expense	(116)	(145)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	847	748
Income Tax Expense	(356)	(304)
NET INCOME	\$ 491	\$ 444
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (THOUSANDS):		
BASIC	505,950	505,986
DILUTED	507,147	506,548
EARNINGS PER SHARE:		
BASIC	\$ 0.97	\$ 0.88
DILUTED	\$ 0.97	\$ 0.88
DIVIDENDS PAID PER SHARE OF COMMON STOCK	\$ 0.3425	\$ 0.3325

See Notes to Condensed Consolidated Financial Statements.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**CONDENSED CONSOLIDATED BALANCE SHEETS**

Millions

(Unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 312	\$ 350
Accounts Receivable, net of allowances of \$76 and \$79 in 2010 and 2009, respectively	1,492	1,229
Unbilled Revenues	286	411
Fuel	497	806
Materials and Supplies, net	365	361
Prepayments	100	161
Restricted Cash of Variable Interest Entities (VIEs)	3	0
Derivative Contracts	309	243
Other	105	85
Total Current Assets	3,469	3,646
PROPERTY, PLANT AND EQUIPMENT	22,455	22,069
Less: Accumulated Depreciation and Amortization	(6,772)	(6,629)
Net Property, Plant and Equipment	15,683	15,440
NONCURRENT ASSETS		
Regulatory Assets	4,347	4,402
Regulatory Assets of VIEs	1,313	1,367
Long-Term Investments	1,964	2,032
Nuclear Decommissioning Trust (NDT) Funds	1,252	1,199
Other Special Funds	151	149
Goodwill	16	16
Other Intangibles	133	123
Derivative Contracts	214	123
Restricted Cash of VIEs	19	17
Other	214	216
Total Noncurrent Assets	9,623	9,644
TOTAL ASSETS	\$ 28,775	\$ 28,730

See Notes to Condensed Consolidated Financial Statements.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

Millions

(Unaudited)

	March 31, 2010	December 31, 2009
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES		
Long-Term Debt Due Within One Year	\$ 67	\$ 323
Securitization Debt of VIEs Due Within One Year	200	198
Commercial Paper and Loans	0	530
Accounts Payable	1,002	1,081
Derivative Contracts	169	201
Accrued Interest	149	102
Accrued Taxes	502	90
Clean Energy Program	178	166
Obligation to Return Cash Collateral	102	95
Other	431	428
Total Current Liabilities	2,800	3,214
NONCURRENT LIABILITIES		
Deferred Income Taxes and Investment Tax Credits (ITC)	4,416	4,139
Regulatory Liabilities	410	397
Regulatory Liabilities of VIEs	8	7
Asset Retirement Obligations	447	439
Other Postretirement Benefit (OPEB) Costs	1,091	1,095
Accrued Pension Costs	856	1,094
Clean Energy Program	349	400
Environmental Costs	699	704
Derivative Contracts	65	40
Long-Term Accrued Taxes	377	