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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, 2024**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM            TO**

<b>Commission File Number</b>	<b>Name of Registrant, Address, and Telephone Number</b>	<b>State or other jurisdiction of Incorporation or Organization</b>	<b>I.R.S. Employer Identification Number</b>
<b>001-09120</b>	<b>Public Service Enterprise Group Incorporated 80 Park Plaza New Newark, Jersey 07102 973 430-7000</b>	<b>New Jersey</b>	<b>22-2625848</b>
<b>001-00973</b>	<b>Public Service Electric and Gas Company 80 Park Plaza New Newark, Jersey 07102 973 430-7000</b>	<b>New Jersey</b>	<b>22-1212800</b>

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of Each Class</b>	<b>Trading Symbol(s)</b>	<b>Name of Each Exchange On Which Registered</b>
<b>Public Service Enterprise Group Incorporated</b>		
Common Stock without par value	PEG	New York Stock Exchange
<b>Public Service Electric and Gas Company</b>		
8.00% First and Refunding Mortgage Bonds, due 2037	PEG37D	New York Stock Exchange
5.00% First and Refunding Mortgage Bonds, due 2037	PEG37J	New York Stock Exchange

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 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 such files). Yes ☒ No ☐

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

Public Service Enterprise Group Incorporated	Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	Emerging growth company	<input type="checkbox"/>
Public Service Electric and Gas Company	Large accelerated filer	<input type="checkbox"/> Accelerated filer	Non-accelerated filer	<input checked="" type="checkbox"/> Smaller reporting company	Emerging growth company	<input type="checkbox"/>

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If any of the registrants is an emerging growth company, indicate by check mark if such registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 16, 2024, Public Service Enterprise Group Incorporated had outstanding 498,080,467 shares of its sole class of Common Stock, without par value.

As of April 16, 2024, 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 is a wholly owned subsidiary of Public Service Enterprise Group Incorporated and meets the conditions set forth in General Instruction H(1) of Form 10-Q. Public Service Electric and Gas Company 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 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 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. These factors include, but are not limited to:

- any inability to successfully develop, obtain regulatory approval for, or construct transmission and distribution, and our nuclear generation projects;
- the physical, financial and transition risks related to climate change, including risks relating to potentially increased legislative and regulatory burdens, changing customer preferences and lawsuits;
- any equipment failures, accidents, critical operating technology or business system failures, natural disasters, severe weather events, acts of war, terrorism or other acts of violence, sabotage, physical attacks or security breaches, cyberattacks or other incidents that may impact our ability to provide safe and reliable service to our customers;
- any inability to recover the carrying amount of our long-lived assets;
- disruptions or cost increases in our supply chain, including labor shortages;
- any inability to maintain sufficient liquidity or access sufficient capital on commercially reasonable terms;
- the impact of cybersecurity attacks or intrusions or other disruptions to our information technology, operational or other systems;
- a material shift away from natural gas toward increased electrification and a reduction in the use of natural gas;
- failure to attract and retain a qualified workforce;
- increases in the costs of equipment, materials, fuel, services and labor;
- the impact of our covenants in our debt instruments and credit agreements on our business;
- adverse performance of our defined benefit plan trust funds and Nuclear Decommissioning Trust Fund and increases in funding requirements and pension costs;

- any inability to extend certain significant contracts on terms acceptable to us;
- development, adoption and use of Artificial Intelligence by us and our third-party vendors;
- fluctuations in, or third-party default risk in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate nuclear fuel supply;
- changes in technology related to energy generation, distribution and consumption and changes in customer usage patterns;
- third-party credit risk relating to our sale of nuclear generation output and purchase of nuclear fuel;
- any inability to meet our commitments under forward sale obligations and Regional Transmission Organization rules;
- the impact of changes in state and federal legislation and regulations on our business, including PSE&G's ability to recover costs and earn returns on authorized investments;



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- PSE&G's proposed investment projects or programs may not be fully approved by regulators and its capital investment may be lower than planned;
- our ability to receive sufficient financial support for our New Jersey nuclear plants from the markets, production tax credit and/or zero emission certificates program;
- adverse changes in and non-compliance with energy industry laws, policies, regulations and standards, including market structures and transmission planning and transmission returns;
- risks associated with our ownership and operation of nuclear facilities, including increased nuclear fuel storage costs, regulatory risks, such as compliance with the Atomic Energy Act and trade control, environmental and other regulations, as well as operational, financial, environmental and health and safety risks;
- changes in federal and state environmental laws and regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits and siting approvals; and
- changes in tax laws and regulations.

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, 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 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 in light of new information or future events, 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.

From time to time, PSEG and PSE&G release important information via postings on their corporate Investor Relations website at <https://investor.pseg.com>. Investors and other interested parties are encouraged to visit the Investor Relations website to review new postings. You can sign up for automatic email alerts regarding new postings at the bottom of the webpage at <https://investor.pseg.com> or by navigating to the Email Alerts webpage at <https://investor.pseg.com/resources/email-alerts/default.aspx>. The information on <https://investor.pseg.com> and <https://investor.pseg.com/resources/email-alerts/default.aspx> is not incorporated herein and is not part of this Form 10-Q.

## **FILING FORMAT**

This combined Quarterly Report on Form 10-Q is separately filed by Public Service Enterprise Group Incorporated (PSEG) and Public Service Electric and Gas Company (PSE&G). Information relating to any individual company is filed by such company on its own behalf. PSE&G is only responsible for information about itself and its subsidiaries.

Discussions throughout the document refer to PSEG and its direct operating subsidiaries. Depending on the context of each section, references to “we,” “us,” and “our” relate to PSEG or to the specific company or companies being discussed.

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**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
Millions, except per share data  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
OPERATING REVENUES	\$ 2,760	\$ 3,755
OPERATING EXPENSES		
Energy Costs	997	1,082
Operation and Maintenance	783	743
Depreciation and Amortization	295	282
Total Operating Expenses	2,075	2,107
OPERATING INCOME	685	1,648
Income from Equity Method Investments	—	1
Net Gains (Losses) on Trust Investments	95	46
Net Other Income (Deductions)	35	42
Net Non-Operating Pension and Other Postretirement Benefit (OPEB) Credits (Costs)	19	28
Interest Expense	(205)	(180)
INCOME BEFORE INCOME TAXES	629	1,585
Income Tax Expense	(97)	(298)
NET INCOME	\$ 532	\$ 1,287
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
BASIC	499	497
DILUTED	500	500
NET INCOME PER SHARE:		
BASIC	\$ 1.07	\$ 2.59
DILUTED	\$ 1.06	\$ 2.58

See Notes to Condensed Consolidated Financial Statements.



**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Millions**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
NET INCOME	\$ 532	\$ 1,287
Other Comprehensive Income (Loss), net of tax		
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$6 and \$(17) for 2024 and 2023, respectively	(10)	26
Unrealized Gains (Losses) on Cash Flow Hedges, net of tax (expense) benefit of \$(7) and \$1 for 2024 and 2023, respectively	18	(1)
Pension/OPEB adjustment, net of tax (expense) benefit of \$(1) and \$(2) for 2024 and 2023, respectively	2	3
Other Comprehensive Income (Loss), net of tax	10	28
COMPREHENSIVE INCOME	<u>\$ 542</u>	<u>\$ 1,315</u>

See Notes to Condensed Consolidated Financial Statements.

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**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**Millions**  
**(Unaudited)**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,186	\$ 54
Accounts Receivable, net of allowance of \$269 in 2024 and \$279 in 2023	1,523	1,482
Tax Receivable	5	10
Unbilled Revenues, net of allowance of \$4 in 2024 and 2023	214	244
Fuel	96	264
Materials and Supplies, net	825	759
Prepayments	119	144
Derivative Contracts	74	112
Regulatory Assets	167	273
Other	73	31
Total Current Assets	4,282	3,373
PROPERTY, PLANT AND EQUIPMENT	49,295	48,603
Less: Accumulated Depreciation and Amortization	(10,801)	(10,572)
Net Property, Plant and Equipment	38,494	38,031
<b>NONCURRENT ASSETS</b>		
Regulatory Assets	5,374	5,157
Operating Lease Right-of-Use Assets	175	179
Long-Term Investments	271	295
Nuclear Decommissioning Trust (NDT) Fund	2,628	2,524
Long-Term Receivable of Variable Interest Entity (VIE)	637	632
Rabbi Trust Fund	173	179
Derivative Contracts	2	29
Other	352	342
Total Noncurrent Assets	9,612	9,337
<b>TOTAL ASSETS</b>	<b>\$ 52,388</b>	<b>\$ 50,741</b>

See Notes to Condensed Consolidated Financial Statements.



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

**Millions**  
**(Unaudited)**



	March 31, 2024	December 31, 2023
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES</b>		
Long-Term Debt Due Within One Year	\$ 2,500	\$ 1,500
Commercial Paper and Loans	525	949
Accounts Payable	980	1,214
Derivative Contracts	43	86
Accrued Interest	193	170
Accrued Taxes	37	8
Clean Energy Program	86	145
Obligation to Return Cash Collateral	93	89
Regulatory Liabilities	362	349
Other	569	547
Total Current Liabilities	5,388	5,057
<b>NONCURRENT LIABILITIES</b>		
Deferred Income Taxes and Investment Tax Credits (ITC)	6,802	6,671
Regulatory Liabilities	2,043	2,075
Operating Leases	168	173
Asset Retirement Obligations	1,480	1,468
OPEB Costs	335	349
OPEB Costs of Servco	520	514
Accrued Pension Costs	602	606
Accrued Pension Costs of Servco	100	102
Environmental Costs	217	213
Derivative Contracts	16	6
Long-Term Accrued Taxes	37	45
Other	198	201
Total Noncurrent Liabilities	12,518	12,423
<b>COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)</b>		
<b>CAPITALIZATION</b>		
LONG-TERM DEBT	18,764	17,784
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, no par, authorized 1,000 shares; issued, 2024 and 2023—534 shares	5,003	5,018
Treasury Stock, at cost, 2024 and 2023—35 and 36 shares, respectively	(1,366)	(1,379)
Retained Earnings	12,250	12,017
Accumulated Other Comprehensive Loss	(169)	(179)
Total Stockholders' Equity	15,718	15,477
Total Capitalization	34,482	33,261
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<b>\$ 52,388</b>	<b>\$ 50,741</b>

See Notes to Condensed Consolidated Financial Statements.

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**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Millions**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 532	\$ 1,287
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	295	282
Amortization of Nuclear Fuel	51	48
Provision for Deferred Income Taxes and ITC	40	213
Non-Cash Employee Benefit Plan (Credits) Costs	18	9
Net Realized and Unrealized (Gains) Losses on Energy Contracts and Other Derivatives	258	(771)
Cost of Removal	(45)	(41)
Energy Efficiency Programs Regulatory Investment Expenditures	(118)	(87)
Amortization of Energy Efficiency Programs Regulatory Investment Expenditures	27	17
Net Change in Other Regulatory Assets and Liabilities	(47)	5
Net (Gains) Losses and (Income) Expense from NDT Fund	(109)	(58)
Net Change in Certain Current Assets and Liabilities:		
Tax Receivable	5	70
Accrued Taxes	11	85
Cash Collateral	(168)	794
Obligation to Return Cash Collateral	4	(186)
Other Current Assets and Liabilities	(97)	169
Employee Benefit Plan Funding and Related Payments	(19)	(12)
Other	23	13
Net Cash Provided By (Used In) Operating Activities	661	1,837
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, Plant and Equipment	(797)	(739)
Proceeds from Sales of Trust Investments	369	402
Purchases of Trust Investments	(380)	(415)
Proceeds from Sales of Long-Lived Assets	—	20
Other	23	18
Net Cash Provided By (Used In) Investing Activities	(785)	(714)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Commercial Paper and Loans	(425)	(200)
Payment of Short-Term Loans	—	(750)
Issuance of Long-Term Debt	2,250	900
Payment of Long-Term Debt	(250)	—
Cash Dividends Paid on Common Stock	(299)	(284)
Other	(27)	(46)
Net Cash Provided By (Used In) Financing Activities	1,249	(380)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	1,125	743

See Notes to Condensed Consolidated Financial Statements.

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**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Millions**  
**(Unaudited)**

	Common Stock		Treasury Stock			Accumulated Other Comprehensive Income (Loss)		
	Shs.	Amount	Shs.	Amount	Retained Earnings			Total
<b>Balance as of December 31, 2023</b>	534	\$ 5,018	(36)	\$(1,379)	\$ 12,017	\$	(179)	\$15,477
Net Income	—	—	—	—	532		—	532
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$(2)	—	—	—	—	—		10	10
Comprehensive Income								542
Cash Dividends at \$0.60 per share on Common Stock	—	—	—	—	(299)		—	(299)
Other	—	(15)	1	13	—		—	(2)
<b>Balance as of March 31, 2024</b>	<u>534</u>	<u>\$ 5,003</u>	<u>(35)</u>	<u>\$(1,366)</u>	<u>\$ 12,250</u>	<u>\$</u>	<u>(169)</u>	<u>\$15,718</u>
<b>Balance as of December 31, 2022</b>	534	\$ 5,065	(37)	\$(1,377)	\$ 10,591	\$	(550)	\$13,729
Net Income	—	—	—	—	1,287		—	1,287
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$(18)	—	—	—	—	—		28	28
Comprehensive Income								1,315
Cash Dividends at \$0.57 per share on Common Stock	—	—	—	—	(284)		—	(284)
Other	—	(20)	—	(14)	—		—	(34)
<b>Balance as of March 31, 2023</b>	<u>534</u>	<u>\$ 5,045</u>	<u>(37)</u>	<u>\$(1,391)</u>	<u>\$ 11,594</u>	<u>\$</u>	<u>(522)</u>	<u>\$14,726</u>

See Notes to Condensed Consolidated Financial Statements.



**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Millions**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
OPERATING REVENUES	\$ 2,333	\$ 2,293
OPERATING EXPENSES		
Energy Costs	928	984
Operation and Maintenance	465	460
Depreciation and Amortization	257	244
Total Operating Expenses	1,650	1,688
OPERATING INCOME	683	605
Net Other Income (Deductions)	16	21
Net Non-Operating Pension and OPEB Credits (Costs)	19	28
Interest Expense	(138)	(113)
INCOME BEFORE INCOME TAXES	580	541
Income Tax Expense	(92)	(54)
NET INCOME	\$ 488	\$ 487

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

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Millions**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
NET INCOME	\$ 488	\$ 487
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$0 for 2024 and 2023	—	1
COMPREHENSIVE INCOME	<u>\$ 488</u>	<u>\$ 488</u>

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 BALANCE SHEETS**  
**Millions**  
**(Unaudited)**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 50	\$ 30
Accounts Receivable, net of allowance of \$269 in 2024 and \$279 in 2023	1,188	1,076
Unbilled Revenues, net of allowance of \$4 in 2024 and 2023	214	244
Materials and Supplies, net	579	519
Prepayments	51	57
Regulatory Assets	167	273
Other	25	31
Total Current Assets	2,274	2,230
<b>PROPERTY, PLANT AND EQUIPMENT</b>	44,349	43,753
Less: Accumulated Depreciation and Amortization	(8,851)	(8,711)
Net Property, Plant and Equipment	35,498	35,042
<b>NONCURRENT ASSETS</b>		
Regulatory Assets	5,374	5,157
Operating Lease Right-of-Use Assets	99	99
Long-Term Investments	112	117
Rabbi Trust Fund	31	32
Long-Term Accrued Taxes	1	—
Other	203	196
Total Noncurrent Assets	5,820	5,601
<b>TOTAL ASSETS</b>	<b>\$ 43,592</b>	<b>\$ 42,873</b>

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 BALANCE SHEETS  
Millions  
(Unaudited)**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES</b>		
Long-Term Debt Due Within One Year	\$ 500	\$ 750
Commercial Paper and Loans	25	425
Accounts Payable	619	780
Accounts Payable—Affiliated Companies	505	504
Accrued Interest	128	139
Clean Energy Program	86	145
Obligation to Return Cash Collateral	93	89
Regulatory Liabilities	362	349
Other	457	434
Total Current Liabilities	<u>2,775</u>	<u>3,615</u>
<b>NONCURRENT LIABILITIES</b>		
Deferred Income Taxes and ITC	5,955	5,813
Regulatory Liabilities	2,043	2,075
Operating Leases	88	89
Asset Retirement Obligations	401	401
OPEB Costs	197	210
Accrued Pension Costs	392	396
Environmental Costs	147	151
Long-Term Accrued Taxes	—	2
Other	155	160
Total Noncurrent Liabilities	<u>9,378</u>	<u>9,297</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)</b>		
<b>CAPITALIZATION</b>		
LONG-TERM DEBT	<u>13,903</u>	<u>12,913</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common Stock; 150 shares authorized; issued and outstanding, 2024 and 2023—132 shares	892	892
Contributed Capital	2,156	2,156
Retained Earnings	14,492	14,004
Accumulated Other Comprehensive Loss	(4)	(4)
Total Stockholder's Equity	<u>17,536</u>	<u>17,048</u>
Total Capitalization	<u>31,439</u>	<u>29,961</u>
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<u><u>\$ 43,592</u></u>	<u><u>\$ 42,873</u></u>

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 CASH FLOWS**  
**Millions**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 488	\$ 487
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	257	244
Provision for Deferred Income Taxes and ITC	53	27
Non-Cash Employee Benefit Plan (Credits) Costs	11	3
Cost of Removal	(45)	(41)
Energy Efficiency Programs Regulatory Investment Expenditures	(118)	(87)
Amortization of Energy Efficiency Programs Regulatory Investment Expenditures	27	17
Net Change in Other Regulatory Assets and Liabilities	(47)	5
Net Change in Certain Current Assets and Liabilities:		
Accounts Receivable and Unbilled Revenues	(83)	37
Materials and Supplies	(60)	(45)
Prepayments	6	(10)
Accounts Payable	(87)	(83)
Accounts Receivable/Payable—Affiliated Companies, net	30	8
Obligation to Return Cash Collateral	4	(186)
Other Current Assets and Liabilities	6	31
Employee Benefit Plan Funding and Related Payments	(14)	(7)
Other	(20)	(22)
Net Cash Provided By (Used In) Operating Activities	408	378
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, Plant and Equipment	(739)	(676)
Proceeds from Sales of Trust Investments	1	1
Purchases of Trust Investments	(1)	(1)
Other	6	3
Net Cash Provided By (Used In) Investing Activities	(733)	(673)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Commercial Paper and Loans	(400)	—
Issuance of Long-Term Debt	1,000	900
Redemption of Long-Term Debt	(250)	—
Other	(12)	(8)
Net Cash Provided By (Used In) Financing Activities	338	892
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	13	597
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	75	266
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 88	\$ 863
<b>Supplemental Disclosure of Cash Flow Information:</b>		



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

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY**  
Millions  
(Unaudited)

	<b>Common Stock</b>	<b>Contributed Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total</b>
<b>Balance as of December 31, 2023</b>	\$ 892	\$ 2,156	\$ 14,004	\$ (4)	\$17,048
Net Income	—	—	488	—	488
Comprehensive Income					488
<b>Balance as of March 31, 2024</b>	<u>\$ 892</u>	<u>\$ 2,156</u>	<u>\$ 14,492</u>	<u>\$ (4)</u>	<u>\$17,536</u>
<b>Balance as of December 31, 2022</b>	\$ 892	\$ 2,156	\$ 12,639	\$ (5)	\$15,682
Net Income	—	—	487	—	487
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$0	—	—	—	1	1
Comprehensive Income					488
<b>Balance as of March 31, 2023</b>	<u>\$ 892</u>	<u>\$ 2,156</u>	<u>\$ 13,126</u>	<u>\$ (4)</u>	<u>\$16,170</u>

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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## Note 1. Organization, Basis of Presentation and Significant Accounting Policies

### Organization

Public Service Enterprise Group Incorporated (PSEG) is a public utility holding company that, acting through its wholly owned subsidiaries, is a predominantly regulated electric and gas utility and a nuclear generation business. PSEG's principal operating subsidiaries are:

- **Public Service Electric and Gas Company (PSE&G)**—which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. PSE&G is subject to regulation by the New Jersey Board of Public Utilities (BPU), the Federal Energy Regulatory Commission (FERC) and other federal and New Jersey state regulators. PSE&G also invests in regulated solar generation projects and energy efficiency (EE) and related programs in New Jersey, which are regulated by the BPU.
- **PSEG Power LLC (PSEG Power)**—which is an energy supply company that integrates the operations of its merchant nuclear generating assets with its fuel supply functions through competitive energy sales via its principal direct wholly owned subsidiaries. PSEG Power's subsidiaries are subject to regulation by FERC, the Nuclear Regulatory Commission (NRC), and other federal regulators and state regulators in the states in which they operate.

PSEG's other direct wholly owned subsidiaries are: PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA) electric transmission and distribution (T&D) system under an Operations Services Agreement (OSA); PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily holds legacy lease investments and competitively bid, FERC regulated transmission; and PSEG Services Corporation (Services), which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

### Basis of Presentation

The respective financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) applicable to Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting guidance generally accepted in the United States (GAAP) have been condensed or omitted pursuant to such rules and regulations. These Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements (Notes) should be read in conjunction with, and update and supplement matters discussed in, the Annual Report on Form 10-K for the year ended December 31, 2023.

The unaudited condensed consolidated financial information furnished herein reflects all adjustments which are, in the opinion of management, necessary to fairly state the results for the interim periods presented. All such adjustments are of a normal recurring nature. All significant intercompany accounts and transactions are eliminated in consolidation. The year-end Condensed Consolidated Balance Sheets were derived from the audited Consolidated

Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2023.

## **Significant Accounting Policies**

### **Cash, Cash Equivalents and Restricted Cash**

The following provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts for the beginning (December 31, 2023) and ending periods shown in the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2024.

Restricted cash consists primarily of deposits received related to various construction projects at PSE&G.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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	PSE&G	PSEG Power & Other (A)	Consolidated
	Millions		
<b>As of December 31, 2023</b>			
Cash and Cash Equivalents	\$ 30	\$ 24	\$ 54
Restricted Cash in Other Current Assets	23	—	23
Restricted Cash in Other Noncurrent Assets	22	—	22
<b>Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ 75</b>	<b>\$ 24</b>	<b>\$ 99</b>
<b>As of March 31, 2024</b>			
Cash and Cash Equivalents	\$ 50	\$ 1,136	\$ 1,186
Restricted Cash in Other Current Assets	16	—	16
Restricted Cash in Other Noncurrent Assets	22	—	22
<b>Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ 88</b>	<b>\$ 1,136</b>	<b>\$ 1,224</b>

(A) Includes amounts applicable to PSEG Power, Energy Holdings, Services and PSEG (parent company).

## Note 2. Revenues

### Nature of Goods and Services

The following is a description of principal activities by which PSEG and its subsidiaries generate their revenues.

#### PSE&G

#### Revenues from Contracts with Customers

**Electric and Gas Distribution and Transmission Revenues**—PSE&G sells gas and electricity to customers under default commodity supply tariffs. PSE&G's regulated electric and gas default commodity supply and distribution services are separate tariffs which are satisfied as the product(s) and/or service(s) are delivered to the customer. The electric and gas commodity and delivery tariffs are recurring contracts in effect until modified through the regulatory approval process as appropriate. Revenue is recognized over time as the service is rendered to the customer. Included in PSE&G's regulated revenues are unbilled electric and gas revenues which represent the estimated amount customers will be billed for services rendered from the most recent meter reading to the end of the respective accounting period.

PSE&G's transmission revenues are earned under a separate tariff using a FERC-approved annual formula rate mechanism. The performance obligation of transmission service is satisfied and revenue is recognized as it is provided to the customer. The formula rate mechanism provides for an annual filing of an estimated revenue requirement with rates effective January 1 of each year and a true-up to that estimate based on actual revenue requirements. The true-up mechanism is an alternative revenue which is outside the scope of revenue from contracts with customers.

#### **Other Revenues from Contracts with Customers**

Other revenues from contracts with customers, which are not a material source of PSE&G revenues, are generated primarily from appliance repair services and solar generation projects. The performance obligations under these contracts are satisfied and revenue is recognized as control of products is delivered or services are rendered.

#### **Revenues Unrelated to Contracts with Customers**

Other PSE&G revenues unrelated to contracts with customers are derived from alternative revenue mechanisms recorded pursuant to regulatory accounting guidance. These revenues, which include the Conservation Incentive Program (CIP), green energy program true-ups and transmission formula rate true-ups, are not a material source of PSE&G revenues.

#### **PSEG Power & Other**

##### **Revenues from Contracts with Customers**

**Electricity and Related Products**—PSEG Power owns generation solely within PJM Interconnection, L.L.C. (PJM), which facilitates the dispatch of energy and energy-related products. PSEG Power primarily sells to the PJM Independent System Operator (ISO) energy and ancillary services which are separately transacted in the day-ahead or real-time energy markets. The energy and ancillary services performance obligations are typically satisfied over time as delivered and revenue is recognized accordingly. Also, revenue for wholesale load contracts is recognized over time as the bundled service is provided to the

## **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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customer. PSEG generally reports electricity sales and purchases conducted with PJM net on an hourly basis in either Operating Revenues or Energy Costs in its Condensed Consolidated Statements of Operations. The classification depends on the net hourly activity.

PSEG Power enters into capacity sales and capacity purchases through PJM. The transactions are reported on a net basis dependent on PSEG Power's monthly net sale or purchase position through PJM. The performance obligations with PJM are satisfied over time upon delivery of the capacity and revenue is recognized accordingly. In addition to capacity sold through PJM, PSEG Power sells capacity through bilateral contracts and the related revenue is reported on a gross basis and recognized over time upon delivery of the capacity.

PSEG Power's Salem 1, Salem 2 and Hope Creek nuclear plants have been awarded zero emission certificates (ZECs) by the BPU through May 2025. These nuclear plants are expected to receive ZEC revenue from the electric distribution companies (EDCs) in New Jersey. PSEG Power recognizes revenue when the units generate electricity, which is when the performance obligation is satisfied. These revenues are included in PJM Sales in the following tables. The number of ZECs purchased by each EDC from a selected nuclear power plant is expected to be reduced by the number of ZECs equal in value to the dollar amount of production tax credits (PTCs) received by the same plants.

**Gas Contracts**—PSEG Power sells wholesale natural gas, primarily through an index based full-requirements Basic Gas Supply Service (BGSS) contract with PSE&G to meet the gas supply requirements of PSE&G's customers. The BGSS contract remains in effect unless terminated by either party with a two-year notice. Based upon the availability of natural gas, storage and pipeline capacity beyond PSE&G's daily needs, PSEG Power also sells gas and pipeline capacity to other counterparties under bilateral contracts. The performance obligation is primarily the delivery of gas which is satisfied over time. Revenue is recognized as gas is delivered or pipeline capacity is released.

**PSEG LI Contract**—PSEG LI has a contract with LIPA which generates revenues. PSEG LI's subsidiary, Long Island Electric Utility Servco, LLC (Servco) records costs which are recovered from LIPA and records the recovery of those costs as revenues when Servco is a principal in the transaction.

### **Other Revenues from Contracts with Customers**

PSEG Power has entered into long-term contracts with LIPA for energy management and fuel procurement services. Revenue is recognized over time as services are rendered.

### **Revenues Unrelated to Contracts with Customers**

PSEG Power's revenues unrelated to contracts with customers include electric, gas and certain energy-related transactions accounted for in accordance with Derivatives and Hedging accounting guidance. See Note 11. Financial Risk Management Activities for further discussion.

Energy Holdings generates lease revenues which are recorded pursuant to lease accounting guidance.





# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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## Disaggregation of Revenues

	PSEG Power & PSE&G Other (A)				Eliminations	Consolidated		
	Millions							
Three Months Ended March 31, 2024								
Revenues from Contracts with Customers								
Electric Distribution	\$	781	\$	—	\$	—	\$	781
Gas Distribution		922		—		—		922
Transmission		436		—		—		436
Electricity and Related Product Sales								
PJM								
Third-Party Sales		—		227		—		227
Sales to Affiliates		—		30		(30)		—
ISO-New England (NE)		—		3		—		3
Gas Sales								
Third-Party Sales		—		76		—		76
Sales to Affiliates		—		414		(414)		—
Other Revenues from Contracts with Customers (B)		84		174		(1)		257
Total Revenues from Contracts with Customers		2,223		924		(445)		2,702
Revenues Unrelated to Contracts with Customers (C)		110		(52)		—		58
Total Operating Revenues		\$2,333		\$ 872		\$ (445)		\$ 2,760

	PSEG Power & PSE&G Other (A)				Eliminations	Consolidated		
	Millions							
Three Months Ended March 31, 2023								
Revenues from Contracts with Customers								
Electric Distribution	\$	730	\$	—	\$	—	\$	730
Gas Distribution		959		—		(1)		958
Transmission		425		—		—		425
Electricity and Related Product Sales								
PJM								
Third-Party Sales		—		276		—		276
Sales to Affiliates		—		31		(31)		—
ISO-NE		—		3		—		3
Gas Sales								
Third-Party Sales		—		86		—		86
Sales to Affiliates		—		533		(533)		—
Other Revenues from Contracts with Customers (B)		78		153		—		231
Total Revenues from Contracts with Customers		2,192		1,082		(565)		2,709
Revenues Unrelated to Contracts with Customers (C)		101		945		—		1,046
Total Operating Revenues		\$2,293		\$ 2,027		\$ (565)		\$ 3,755

(A) Includes revenues applicable to PSEG Power, PSEG LI and Energy Holdings.

(B) Includes primarily revenues from appliance repair services and the sale of solar renewable energy credits (SRECs) at auction at PSE&G. PSEG Power & Other includes PSEG LI's OSA with LIPA and PSEG Power's energy management fee with LIPA.

(C) Includes primarily alternative revenues at PSE&G principally from the CIP program and derivative contracts and lease contracts at PSEG Power & Other.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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#### Contract Balances

##### PSE&G

PSE&G did not have any material contract balances (rights to consideration for services already provided or obligations to provide services in the future for consideration already received) as of March 31, 2024 and December 31, 2023. Substantially all of PSE&G's accounts receivable and unbilled revenues result from contracts with customers that are priced at tariff rates. Allowances represented approximately 16% and 18% of accounts receivable (including unbilled revenues) as of March 31, 2024 and December 31, 2023, respectively.

##### Accounts Receivable—Allowance for Credit Losses

PSE&G's accounts receivable, including unbilled revenues, is primarily comprised of utility customer receivables for the provision of electric and gas service and appliance services, and are reported on the balance sheet as gross outstanding amounts adjusted for an allowance for credit losses. The allowance for credit losses reflects PSE&G's best estimate of losses on the account balances. The allowance is based on PSE&G's projection of accounts receivable aging, historical experience, economic factors and other currently available evidence, including the estimated impact of the COVID-19 pandemic on the outstanding balances as of March 31, 2024. PSE&G's electric bad debt expense is recoverable through its Societal Benefits Clause (SBC) mechanism. As of March 31, 2024, PSE&G had a deferred balance of \$152 million from electric bad debts recorded as a Regulatory Asset. In addition, as of March 31, 2024, PSE&G had deferred incremental gas bad debt expense of \$68 million as a Regulatory Asset for future regulatory recovery due to the impact of the coronavirus pandemic. See Note 4. Rate Filings for additional information.

The following provides a reconciliation of PSE&G's allowance for credit losses for the three months ended March 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
	Millions	
<b>Balance as of Beginning of Year</b>	\$ 283	\$ 339
Utility Customer and Other Accounts		
Provision	26	9
Write-offs, net of Recoveries of \$7 million in 2024 and 2023	(36)	(29)
<b>Balance as of End of Period</b>	<b>\$ 273</b>	<b>\$ 319</b>

##### PSEG Power & Other

PSEG Power generally collects consideration upon satisfaction of performance obligations, and therefore, PSEG Power had no material contract balances as of March 31, 2024 and December 31, 2023.

PSEG Power's accounts receivable include amounts resulting from contracts with customers and other contracts which are out of scope of accounting guidance for revenues from contracts with customers. The majority of these accounts receivable are subject to master netting agreements. As a result, accounts receivable resulting from contracts with customers and receivables unrelated to contracts with customers are netted within Accounts Receivable and Accounts Payable on the Condensed Consolidated Balance Sheets.

PSEG Power's accounts receivable consist mainly of revenues from energy and ancillary services sold directly to ISOs and other counterparties. In the wholesale energy markets in which PSEG Power operates, payment for services rendered and products transferred are typically due within 30 days of delivery. As such, there is little credit risk associated with these receivables. PSEG Power did not record an allowance for credit losses for these receivables as of March 31, 2024 or December 31, 2023. PSEG Power monitors the status of its counterparties on an ongoing basis to assess whether there are any anticipated credit losses.

PSEG LI did not have any material contract balances as of March 31, 2024 and December 31, 2023.

#### **Remaining Performance Obligations under Fixed Consideration Contracts**

PSEG primarily records revenues as allowed by the guidance, which states that if an entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, the entity may recognize revenue in the amount to which the entity has a right to invoice. PSEG has future performance obligations under contracts with fixed consideration as follows:

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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#### **Capacity Revenues from the PJM Annual Base Residual and Incremental Auctions—**

The Base Residual Auction is generally conducted annually three years in advance of the operating period. The 2023/2024 auction was held in June 2022. In February 2023, the results of the 2024/2025 auction held in December 2022 were released. PSEG Power expects to realize the following average capacity prices resulting from the base and incremental auctions, including unit specific bilateral contracts for previously cleared capacity obligations.

<b>Delivery Year</b>	<b>\$ per Megawatt (MW)-Day</b>	<b>MW Cleared</b>
June 2023 to May 2024	\$50	3,700
June 2024 to May 2025	\$65	3,700

Capacity transactions with the PJM Regional Transmission Organization are reported on a net basis dependent on PSEG Power's monthly net sale or purchase position.

**Amended OSA**—In April 2022, PSEG LI entered into an amended OSA with LIPA. The OSA remains a 12-year services contract ending in 2025 with annual fixed and variable components. The fixed fee for the provision of services thereunder in 2024 is approximately \$44 million and is updated each year based on the change in the Consumer Price Index.

### **Note 3. Variable Interest Entity (VIE)**

#### **VIE for which PSEG LI is the Primary Beneficiary**

PSEG LI consolidates Servco, a marginally capitalized VIE, which was created for the purpose of operating LIPA's T&D system in Long Island, New York as well as providing administrative support functions to LIPA. PSEG LI is the primary beneficiary of Servco because it directs the operations of Servco, the activity that most significantly impacts Servco's economic performance and it has the obligation to absorb losses of Servco that could potentially be significant to Servco. Such losses would be immaterial to PSEG.

Pursuant to the OSA, Servco's operating costs are paid entirely by LIPA, and therefore, PSEG LI's risk is limited related to the activities of Servco. PSEG LI has no current obligation to provide direct financial support to Servco. In addition to payment of Servco's operating costs as provided for in the OSA, PSEG LI receives an annual contract management fee. PSEG LI's annual contract management fee, in certain situations, could be partially offset by Servco's annual storm costs that are denied reimbursement by the Federal Emergency Management Agency, limited contingent liabilities and penalties for failing to meet certain performance metrics.

For transactions in which Servco acts as principal and controls the services provided to LIPA, such as transactions with its employees for labor and labor-related activities, including pension and OPEB-related transactions, Servco records revenues and the related pass-through expenditures separately in Operating Revenues and Operation and Maintenance (O&M) Expense, respectively. Servco recorded \$150 million and \$128 million for the three months ended March 31, 2024 and 2023, respectively, of O&M Expense, the full reimbursement of which was reflected in Operating Revenues. For transactions in which

Servco acts as an agent for LIPA, it records revenues and the related expenses on a net basis, resulting in no impact on PSEG's Condensed Consolidated Statement of Operations.

## Note 4. Rate Filings

This Note should be read in conjunction with Note 6. Regulatory Assets and Liabilities to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2023.

In addition to items previously reported in the Annual Report on Form 10-K, significant regulatory orders received and currently pending rate filings with the BPU are as follows:

**BGSS**—In April 2024, the BPU gave final approval to PSE&G's BGSS rate of 40 cents per therm.

**CIP**—In February 2024, PSE&G filed its annual electric CIP petition seeking BPU approval to recover estimated deficient electric revenues of approximately \$99 million based on the 12-month period ending May 31, 2024 with new rates proposed to be effective June 1, 2024. This matter is pending.

In April 2024, the BPU gave final approval to provisional gas CIP rates which were effective October 1, 2023.

**COVID-19 Deferral**—As of March 31, 2024, PSE&G has deferred approximately \$131 million as a Regulatory Asset for its net incremental costs, including \$68 million for incremental gas bad debt expense associated with customer accounts

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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receivable. PSE&G expects its COVID-19 Regulatory Asset balance is probable of recovery under the BPU orders. PSE&G's COVID-19 recovery filing is pending.

**Energy Strong II**—In April 2024, the BPU approved an annualized increase in electric revenue requirement of \$12 million, with rates to be effective May 1, 2024. The approved electric revenue increase represents the return of and on actual Energy Strong II investments placed in service through December 31, 2023.

**Green Program Recovery Charges (GPRC)**—In February 2024, PSE&G updated its 2023 GPRC cost recovery petition requesting BPU approval for recovery of increases of \$49 million and \$15 million in annual electric and gas revenues, respectively. This matter is pending.

**Infrastructure Advancement Program (IAP)**—In February 2024, PSE&G filed an updated IAP cost recovery petition seeking BPU approval to recover in electric base rates an annual revenue increase of \$5 million effective May 1, 2024. This increase represents the return of and on investment for IAP electric investments in service through January 31, 2024. This matter is pending.

**SBC**—In March 2024, the BPU approved annual increases in electric and gas SBC revenues of \$27 million and \$32 million, respectively, pursuant to PSE&G's 2023 SBC filing to recover electric and gas costs incurred under its EE & Renewable Energy and Social Programs. This order deferred the review and recovery of incremental electric bad debt expense as a result of COVID-19 collection moratoriums pending resolution of the COVID-19 proceeding described above.

**Tax Adjustment Credit (TAC)**—In February 2024, the BPU approved PSE&G's 2023 TAC filing to increase annual electric and gas revenues by approximately \$61 million and \$40 million, respectively, with new rates effective March 1, 2024.

## Note 5. Leases

PSEG and its subsidiaries are both a lessor and a lessee in operating leases. As of March 31, 2024, PSEG and its subsidiaries were lessors for leases classified as operating leases or leveraged leases. See Note 6. Financing Receivables. There was no significant change in amounts reported in Note 7. Leases in the Annual Report on Form 10-K for the year ended December 31, 2023 for operating leases in which PSEG and its subsidiaries are lessees.

PSEG and its subsidiaries, as lessors, have lease agreements with lease and non-lease components, which are primarily related to generating facilities and real estate assets. Rental income from these leases is included in Operating Revenues.

A wholly owned subsidiary of PSEG Power is the lessor in an operating lease for certain parcels of land with terms through 2050, plus five optional renewal periods of ten years.

Energy Holdings is the lessor in leveraged leases. See Note 6. Financing Receivables.

Energy Holdings is the lessor in an operating lease for a domestic energy generation facility with a remaining term through 2036. As of March 31, 2024, Energy Holdings' property subject to the lease had a total carrying value of \$10 million.

The following is the operating lease income for the three months ended March 31, 2024 and 2023:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	Millions	
Fixed Lease Income	\$ 3	\$ 6
<b>Total Operating Lease Income</b>	<b>\$ 3</b>	<b>\$ 6</b>

## Note 6. Financing Receivables

### PSE&G

PSE&G's Solar Loan Programs are designed to help finance the installation of solar power systems throughout its electric service area. Interest income on the loans is recorded on an accrual basis. The loans are paid back with SRECs generated from the related installed solar electric system. PSE&G uses collection experience as a credit quality indicator for its Solar Loan Programs and conducts a comprehensive credit review for all prospective borrowers. As of March 31, 2024, none of the solar loans were impaired; however, in the event a loan becomes impaired, the basis of the solar loan would be recovered through a regulatory recovery mechanism. Therefore, no current credit losses have been recorded for Solar Loan Programs I, II and III. A



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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substantial portion of these loan amounts are noncurrent and reported in Long-Term Investments on PSEG's and PSE&G's Condensed Consolidated Balance Sheets. The following table reflects the outstanding loans by class of customer, none of which would be considered "non-performing."

<b>Outstanding Loans by Class of Customers</b>	<b>As of</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	Millions	
Commercial/Industrial	\$ 56	\$ 60
Residential	3	3
<b>Total</b>	<b>59</b>	<b>63</b>
Current Portion (included in Accounts Receivable)	(21)	(23)
<b>Noncurrent Portion (included in Long-Term Investments)</b>	<b>\$ 38</b>	<b>\$ 40</b>

The solar loans originated under three Solar Loan Programs are comprised as follows:

<b>Programs</b>	<b>Balance as of March 31, 2024</b>	<b>Funding Provided</b>	<b>Residential Loan Term</b>	<b>Non- Residential Loan Term</b>
	Millions			
Solar Loan I	\$ 4	prior to 2013	10 years	15 years
Solar Loan II	28	prior to 2015	10 years	15 years
Solar Loan III	27	prior to 2022	10 years	10 years
<b>Total</b>	<b>\$ 59</b>			

The average life of loans paid in full is eight years, which is lower than the loan terms of 10 to 15 years due to the generation of SRECs being greater than expected and/or cash payments made to the loan. Payments on all outstanding loans were current as of March 31, 2024 and have an average remaining life of approximately three years. There are no remaining residential loans outstanding under the Solar Loan I program.

### **Energy Holdings**

Energy Holdings, through its indirect subsidiaries, has investments in assets subject primarily to leveraged lease accounting. A leveraged lease is typically comprised of an investment by an equity investor and debt provided by a third-party debt investor. The debt is recourse only

to the assets subject to lease and is not included on PSEG's Condensed Consolidated Balance Sheets. As an equity investor, Energy Holdings' equity investments in the leases are comprised of the total expected lease receivables over the lease terms, reduced for any income not yet earned on the leases. This amount is included in Long-Term Investments on PSEG's Condensed Consolidated Balance Sheets. The more rapid depreciation of the leased property for tax purposes creates tax cash flow that will be repaid to the taxing authority in later periods. As such, the liability for such taxes due is recorded in Deferred Income Taxes on PSEG's Condensed Consolidated Balance Sheets.

Leveraged leases outstanding as of March 31, 2024 commenced in or prior to 2000. The following table shows Energy Holdings' gross and net lease investments as of March 31, 2024 and December 31, 2023.

	<b>As of</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	Millions	
Lease Receivables (net of Non-Recourse Debt)	\$ 200	\$ 223
Unearned and Deferred Income	(58)	(62)
Gross Investments in Leases	142	161
Deferred Tax Liabilities	(34)	(36)
<b>Net Investments in Leases</b>	<b>\$ 108</b>	<b>\$ 125</b>

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The corresponding receivables associated with the lease portfolio are reflected as follows, net of non-recourse debt. The ratings in the table represent the ratings of the entities providing payment assurance to Energy Holdings.

<b>Counterparties' Standard &amp; Poor's (S&amp;P) Credit Rating as of March 31, 2024</b>	<b>Lease Receivables, Net of Non-Recourse Debt</b>
	<b>As of March 31, 2024</b>
	Millions
AA	\$ 7
A-	39
BBB+ to BBB	154
<b>Total</b>	<b>\$ 200</b>

PSEG recorded no credit losses for the leveraged leases existing on March 31, 2024. Upon the occurrence of certain defaults, indirect subsidiaries of Energy Holdings would exercise their rights and seek recovery of their investments, potentially including stepping into the lease directly to protect their investments. While these actions could ultimately protect or mitigate the loss of value, they could require the use of significant capital and trigger certain material tax obligations which could, for certain leases, wholly or partially be mitigated by tax indemnification claims against the counterparty. A bankruptcy of a lessee would likely delay and potentially limit any efforts on the part of the lessors to assert their rights upon default and could delay the monetization of claims.

## **Note 7. Trust Investments**

### **Nuclear Decommissioning Trust (NDT) Fund**

PSEG Power maintains an external master NDT to fund its share of decommissioning costs for its five nuclear facilities upon their respective termination of operation. The trust contains two separate funds: a qualified fund and a non-qualified fund. Section 468A of the Internal Revenue Code limits the amount of money that can be contributed into a qualified fund. The funds are managed by third-party investment managers who operate under investment guidelines developed by PSEG Power.

The following tables show the fair values and gross unrealized gains and losses for the securities held in the NDT Fund.

	As of March 31, 2024			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	Millions			
Equity Securities				
Domestic	\$ 514	\$ 362	\$ (2)	\$ 874
International	418	137	(14)	541
Total Equity Securities	932	499	(16)	1,415
Available-for-Sale Debt Securities				
Government	771	1	(82)	690
Corporate	555	4	(37)	522
Total Available-for-Sale Debt Securities	1,326	5	(119)	1,212
<b>Total NDT Fund Investments (A)</b>	<b>\$ 2,258</b>	<b>\$ 504</b>	<b>\$ (135)</b>	<b>\$ 2,627</b>

(A) The NDT Fund Investments table excludes cash and foreign currency of \$1 million as of March 31, 2024, which is part of the NDT Fund.

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	As of December 31, 2023			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	Millions			
Equity Securities				
Domestic	\$ 482	\$ 300	\$ (2)	\$ 780
International	423	118	(11)	530
Total Equity Securities	905	418	(13)	1,310
Available-for-Sale Debt Securities				
Government	759	4	(72)	691
Corporate	555	6	(39)	522
Total Available-for-Sale Debt Securities	1,314	10	(111)	1,213
<b>Total NDT Fund Investments (A)</b>	<b>\$ 2,219</b>	<b>\$ 428</b>	<b>\$ (124)</b>	<b>\$ 2,523</b>

(A) The NDT Fund Investments table excludes cash and foreign currency of \$1 million as of December 31, 2023, which is part of the NDT Fund.

Net unrealized gains (losses) on debt securities of \$(67) million (after-tax) were included in Accumulated Other Comprehensive Loss on PSEG's Condensed Consolidated Balance Sheet as of March 31, 2024. The portion of net unrealized gains (losses) recognized in the first three months of 2024 related to equity securities still held as of March 31, 2024 was \$92 million.

The amounts in the preceding tables do not include receivables and payables for NDT Fund transactions which have not settled at the end of each period. Such amounts are included in Accounts Receivable and Accounts Payable on the Condensed Consolidated Balance Sheets as shown in the following table.

	As of March 31, 2024	As of December 31, 2023
	Millions	
Accounts Receivable	\$ 23	\$ 19
Accounts Payable	\$ 17	\$ 6



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The following table shows the value of securities in the NDT Fund that have been in an unrealized loss position for less than and greater than 12 months.

	As of March 31, 2024				As of December 31, 2023			
	Less Than 12 Months		Greater Than 12 Months		Less Than 12 Months		Greater Than 12 Months	
	Gross		Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Millions								
Equity Securities (A)								
Domestic	\$ 22	\$ (1)	\$ 5	\$ (1)	\$ 44	\$ (1)	\$ 4	\$ —
International	61	(8)	18	(6)	35	(4)	28	(8)
Total Equity Securities	83	(9)	23	(7)	79	(5)	32	(8)
Available-for-Sale Debt Securities								
Government (B)	153	(2)	429	(80)	90	(1)	432	(71)
Corporate (C)	48	—	300	(37)	19	—	329	(39)
Total Available-for-Sale Debt Securities	201	(2)	729	(117)	109	(1)	761	(110)
<b>NDT Trust Investments</b>	<b>\$284</b>	<b>\$ (11)</b>	<b>\$752</b>	<b>\$ (124)</b>	<b>\$188</b>	<b>\$ (6)</b>	<b>\$793</b>	<b>\$ (118)</b>

- (A) Equity Securities—Investments in marketable equity securities within the NDT Fund are primarily in common stocks within a broad range of industries and sectors. Unrealized gains and losses on these securities are recorded in Net Income.
- (B) Debt Securities (Government)—Unrealized gains and losses on these securities are recorded in Accumulated Other Comprehensive Income (Loss). The unrealized losses on PSEG Power's NDT investments in U.S. Treasury obligations and Federal Agency mortgage-backed securities were caused by interest rate changes. PSEG Power also has investments in municipal bonds. It is not expected that these securities will settle for less than their amortized cost. PSEG Power does not intend to sell these securities nor will it be more-likely-than-not required to sell before recovery of their

amortized cost. PSEG Power did not recognize credit losses for U.S. Treasury obligations and Federal Agency mortgage-backed securities because these investments are guaranteed by the U.S. government or an agency of the U.S. government. PSEG Power did not recognize credit losses for municipal bonds because they are primarily investment grade securities.

- (C) Debt Securities (Corporate)—Unrealized gains and losses on these securities are recorded in Accumulated Other Comprehensive Income (Loss). Unrealized losses were due to market declines. It is not expected that these securities would settle for less than their amortized cost. PSEG Power does not intend to sell these securities nor will it be more-likely-than-not required to sell before recovery of their amortized cost. PSEG Power did not recognize credit losses for corporate bonds because they are primarily investment grade securities.



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The proceeds from the sales of and the net gains on securities in the NDT Fund were:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
	Millions	
<b>Proceeds from NDT Fund Sales (A)</b>	<b>\$ 360</b>	<b>\$ 396</b>
Net Realized Gains (Losses) on NDT Fund		
Gross Realized Gains	\$ 31	\$ 21
Gross Realized Losses	(14)	(27)
<b>Net Realized Gains (Losses) on NDT Fund (B)</b>	<b>17</b>	<b>(6)</b>
Net Unrealized Gains (Losses) on Equity Securities	78	51
<b>Net Gains (Losses) on NDT Fund Investments</b>	<b>\$ 95</b>	<b>\$ 45</b>

(A) Includes activity in accounts related to the liquidation of funds being transitioned within the trust.

(B) The cost of these securities was determined on the basis of specific identification.

The NDT Fund debt securities held as of March 31, 2024 had the following maturities:

<b>Time Frame</b>	<b>Fair Value</b>
	Millions
Less than one year	\$ 18
1 - 5 years	335
6 - 10 years	204
11 - 15 years	64
16 - 20 years	95
Over 20 years	496
<b>Total NDT Available-for-Sale Debt Securities</b>	<b>\$ 1,212</b>

PSEG Power periodically assesses individual debt securities whose fair value is less than amortized cost to determine whether the investments are impaired. For these securities, management considers its intent to sell or requirement to sell a security prior to expected recovery. In those cases where a sale is expected, any impairment would be recorded through earnings. For fixed income securities where there is no intent to sell or likely requirement to sell, management evaluates whether credit loss is a component of the impairment. If so, that portion is recorded through earnings while the noncredit loss component is recorded through Accumulated Other Comprehensive Income (Loss). Any

subsequent recoveries of the noncredit loss component of the impairment would be recorded through Accumulated Other Comprehensive Income (Loss). Any subsequent recoveries of the credit loss component would be recognized through earnings. The assessment of fair market value compared to cost is applied on a weighted average basis taking into account various purchase dates and initial cost of the securities.

**Rabbi Trust**

PSEG maintains certain unfunded nonqualified benefit plans to provide supplemental retirement and deferred compensation benefits to certain key employees. Certain assets related to these plans have been set aside in a grantor trust commonly known as a “Rabbi Trust.”

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The following tables show the fair values, gross unrealized gains and losses and amortized cost basis for the securities held in the Rabbi Trust.

	<b>As of March 31, 2024</b>			
	<b>Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
	Millions			
Domestic Equity Securities	\$ 9	\$ 9	\$ —	\$ 18
Available-for-Sale Debt Securities				
Government	108	—	(21)	87
Corporate	78	—	(10)	68
Total Available-for-Sale Debt Securities	186	—	(31)	155
<b>Total Rabbi Trust Investments</b>	<b>\$ 195</b>	<b>\$ 9</b>	<b>\$ (31)</b>	<b>\$ 173</b>

	<b>As of December 31, 2023</b>			
	<b>Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
	Millions			
Domestic Equity Securities	\$ 10	\$ 8	\$ —	\$ 18
Available-for-Sale Debt Securities				
Government	110	—	(19)	91
Corporate	80	—	(10)	70
Total Available-for-Sale Debt Securities	190	—	(29)	161
<b>Total Rabbi Trust Investments</b>	<b>\$ 200</b>	<b>\$ 8</b>	<b>\$ (29)</b>	<b>\$ 179</b>

Net unrealized gains (losses) on debt securities of \$(23) million (after-tax) were included in Accumulated Other Comprehensive Loss on PSEG's Condensed Consolidated Balance Sheet as of March 31, 2024. The portion of net unrealized gains (losses) recognized during the first three months of 2024 related to equity securities still held as of March 31, 2024 was less than \$1 million.

The amounts in the preceding tables do not include receivables and payables for Rabbi Trust Fund transactions which have not settled at the end of each period. Such amounts are

included in Accounts Receivable and Accounts Payable on the Condensed Consolidated Balance Sheets as shown in the following table.

	As of March 31, 2024		As of December 31, 2023	
	<hr/> Millions			
Accounts Receivable	\$	1	\$	1
Accounts Payable	\$	—	\$	—

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The following table shows the value of securities in the Rabbi Trust Fund that have been in an unrealized loss position for less than 12 months and greater than 12 months.

	As of March 31, 2024				As of December 31, 2023			
	Less Than 12 Months		Greater Than 12 Months		Less Than 12 Months		Greater Than 12 Months	
	Gross		Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Millions								
Available-for-Sale Debt Securities								
Government (A)	\$ 6	\$ —	\$ 80	\$ (21)	\$ 3	\$ —	\$ 83	\$ (19)
Corporate (B)	5	—	57	(10)	3	—	60	(10)
Total Available-for-Sale Debt Securities	11	—	137	(31)	6	—	143	(29)
<b>Rabbi Trust Investments</b>	<b>\$ 11</b>	<b>\$ —</b>	<b>\$137</b>	<b>\$ (31)</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$143</b>	<b>\$ (29)</b>

- (A) Debt Securities (Government)—Unrealized gains and losses on these securities are recorded in Accumulated Other Comprehensive Income (Loss). The unrealized losses on PSEG's Rabbi Trust investments in U.S. Treasury obligations and Federal Agency mortgage-backed securities were caused by interest rate changes. PSEG also has investments in municipal bonds. It is not expected that these securities will settle for less than their amortized cost. PSEG does not intend to sell these securities nor will it be more-likely-than-not required to sell before recovery of their amortized cost. PSEG did not recognize credit losses for U.S. Treasury obligations and Federal Agency mortgage-backed securities because these investments are guaranteed by the U.S. government or an agency of the U.S. government. PSEG did not recognize credit losses for municipal bonds because they are primarily investment grade securities.
- (B) Debt Securities (Corporate)—Unrealized gains and losses on these securities are recorded in Accumulated Other Comprehensive Income (Loss). Unrealized losses were due to market declines. It is not expected that these securities would settle for less than their amortized cost. PSEG does not intend to sell these securities nor will it be more-likely-than-not required to sell before recovery of their amortized cost.

PSEG did not recognize credit losses for corporate bonds because they are primarily investment grade.

The proceeds from the sales of and the net gains on securities in the Rabbi Trust Fund were:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	Millions	
<b>Proceeds from Rabbi Trust Sales</b>	<b>\$ 9</b>	<b>\$ 6</b>
Net Realized Gains (Losses) on Rabbi Trust:		
Gross Realized Gains	\$ 1	\$ 1
Gross Realized Losses	(1)	(1)
<b>Net Realized Gains (Losses) on Rabbi Trust (A)</b>	<b>—</b>	<b>—</b>
Net Unrealized Gains (Losses) on Equity Securities	—	1
<b>Net Gains (Losses) on Rabbi Trust Investments</b>	<b>\$ —</b>	<b>\$ 1</b>

(A) The cost of these securities was determined on the basis of specific identification.

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The Rabbi Trust debt securities held as of March 31, 2024 had the following maturities:

<u>Time Frame</u>	<u>Fair Value</u>
	Millions
Less than one year	\$ 7
1 - 5 years	26
6 - 10 years	17
11 - 15 years	9
16 - 20 years	18
Over 20 years	78
<b>Total Rabbi Trust Available-for-Sale Debt Securities</b>	<b>\$ 155</b>

PSEG periodically assesses individual debt securities whose fair value is less than amortized cost to determine whether the investments are considered to be impaired. For these securities, management considers its intent to sell or requirement to sell a security prior to expected recovery. In those cases where a sale is expected, any impairment would be recorded through earnings. For fixed income securities where there is no intent to sell or likely requirement to sell, management evaluates whether credit loss is a component of the impairment. If so, that portion is recorded through earnings while the noncredit loss component is recorded through Accumulated Other Comprehensive Income (Loss). Any subsequent recoveries of the noncredit loss component of the impairment would be recorded through Accumulated Other Comprehensive Income (Loss). Any subsequent recoveries of the credit loss component would be recognized through earnings. The assessment of fair market value compared to cost is applied on a weighted average basis taking into account various purchase dates and initial cost of the securities.

The fair value of the Rabbi Trust related to PSE&G and PSEG Power & Other is detailed as follows:

	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
	Millions	
PSE&G	\$ 31	\$ 32
PSEG Power & Other	142	147
<b>Total Rabbi Trust Investments</b>	<b>\$ 173</b>	<b>\$ 179</b>

## **Note 8. Pension and Other Postretirement Benefits (OPEB)**

PSEG sponsors and Services administers qualified and nonqualified pension plans and OPEB plans covering PSEG's and its participating affiliates' current and former employees who meet certain eligibility criteria.

PSEG and PSE&G are required to record the under or over funded positions of their defined benefit pension and OPEB plans on their respective balance sheets. Such funding positions are required to be measured as of the date of their respective year-end Consolidated Balance Sheets.

The following table provides the components of net periodic benefit costs (credits) relating to all qualified and nonqualified pension and OPEB plans on an aggregate basis for PSEG, excluding Servco. Amounts shown do not reflect the impacts of capitalization, co-owner allocations and the 2023 BPU accounting order. Only the service cost component is eligible for capitalization, when applicable.



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	<b>Pension Benefits</b>		<b>OPEB</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	Millions			
<b>Components of Net Periodic Benefit (Credits) Costs</b>				
Service Cost (included in O&M Expense)	\$ 23	\$ 22	\$ 1	\$ 1
<b>Non-Service Components of Pension and OPEB (Credits) Costs</b>				
Interest Cost	56	69	9	10
Expected Return on Plan Assets	(80)	(95)	(9)	(8)
Amortization of Net				
Prior Service Credit	—	—	—	(13)
Actuarial Loss (Gain)	18	24	—	(1)
<b>Non-Service Components of Pension and OPEB (Credits) Costs</b>	<b>(6)</b>	<b>(2)</b>	<b>—</b>	<b>(12)</b>
<b>Total Net Benefit (Credits) Costs</b>	<b>\$ 17</b>	<b>\$ 20</b>	<b>\$ 1</b>	<b>\$ (11)</b>

Pension and OPEB (credits) costs for PSE&G and PSEG Power & Other are detailed as follows:

	<b>Pension Benefits</b>		<b>OPEB</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	Millions			
PSE&G	\$ 11	\$ 13	\$ —	\$ (10)
PSEG Power & Other	6	7	1	(1)
<b>Total Net Benefit (Credits) Costs</b>	<b>\$ 17</b>	<b>\$ 20</b>	<b>\$ 1</b>	<b>\$ (11)</b>

PSEG plans to contribute \$5 million to its OPEB plan and does not plan to contribute to its pension plan in 2024.

## **Servco Pension and OPEB**

Servco sponsors a qualified pension plan and OPEB plan covering its employees who meet certain eligibility criteria. Under the OSA, employee benefit costs for these plans are funded by LIPA. See Note 3. Variable Interest Entity. These obligations, as well as the offsetting long-term receivable, are separately presented on the Condensed Consolidated Balance Sheet of PSEG.

Servco amounts are not included in any of the preceding pension and OPEB cost disclosures. Pension and OPEB costs of Servco are accounted for according to the OSA. Servco recognizes expenses for contributions to its pension plan trusts and for OPEB payments made to retirees. Operating Revenues are recognized for the reimbursement of these costs. Servco's pension-related revenues and costs were \$6 million and \$5 million for the three months ended March 31, 2024 and 2023, respectively. The OPEB-related revenues earned and costs incurred were \$3 million for each of the three months ended March 31, 2024 and 2023.

Servco plans to contribute \$25 million into its pension plan in 2024.

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## **Note 9. Commitments and Contingent Liabilities**

### **Guaranteed Obligations**

PSEG Power's activities primarily involve the purchase and sale of energy and related products under transportation, physical, financial and forward contracts at fixed and variable prices. These transactions are with numerous counterparties and brokers that may require cash, letters of credit or guarantees as a form of collateral.

PSEG Power has unconditionally guaranteed payments to counterparties on behalf of its subsidiaries in commodity-related transactions in order to

- support current exposure, interest and other costs on sums due and payable in the ordinary course of business, and
- obtain credit.

PSEG Power is subject to

- counterparty collateral calls related to commodity contracts of its subsidiaries, and
- certain creditworthiness standards as guarantor under performance guarantees of its subsidiaries.

Under these agreements, guarantees cover lines of credit between entities and are often reciprocal in nature. The exposure between counterparties can move in either direction.

In order for PSEG Power to incur a liability for the face value of the outstanding guarantees,

- its subsidiaries would have to fully utilize the credit granted to them by every counterparty to whom PSEG Power has provided a guarantee, and
- the net position of the related contracts would have to be "out-of-the-money" (if the contracts are terminated, PSEG Power would owe money to the counterparties).

PSEG Power believes the probability of this result is unlikely. For this reason, PSEG Power believes that the current exposure at any point in time is a more meaningful representation of the potential liability under these guarantees. Current exposure consists of the net of accounts receivable and accounts payable and the forward value on open positions, less any collateral posted.

Changes in commodity prices can have a material impact on collateral requirements under such contracts, which are posted and received primarily in the form of cash and letters of credit. PSEG Power also routinely enters into futures and options transactions for electricity and natural gas as part of its operations. These futures contracts usually require a cash margin deposit with brokers, which can change based on market movement and in accordance with exchange rules.

In addition to the guarantees discussed above, PSEG Power has also provided payment guarantees to third parties and regulatory authorities on behalf of its affiliated companies. These guarantees support various other non-commodity related obligations.



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The following table shows the face value of PSEG Power's outstanding guarantees, current exposure and margin positions as of March 31, 2024 and December 31, 2023.

	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
	Millions	
Face Value of Outstanding Guarantees	\$ 1,351	\$ 1,381
Exposure under Current Guarantees	\$ 66	\$ 118
Letters of Credit Margin Posted	\$ 10	\$ 10
Letters of Credit Margin Received	\$ 39	\$ 91
Cash Deposited and Received		
Counterparty Cash Collateral Deposited	\$ —	\$ —
Counterparty Cash Collateral Received	\$ (1)	\$ (2)
Net Broker Balance Deposited (Received)	\$ 282	\$ 115
Additional Amounts Posted		
Other Letters of Credit	\$ 159	\$ 180

As part of determining credit exposure, PSEG Power nets receivables and payables with the corresponding net fair values of energy contracts. See Note 11. Financial Risk Management Activities for further discussion. In accordance with PSEG's accounting policy, where it is applicable, cash (received)/deposited is allocated against derivative asset and liability positions with the same counterparty on the face of the Condensed Consolidated Balance Sheet. The remaining balances of net cash (received)/deposited after allocation are generally included in Accounts Payable and Receivable, respectively.

In addition to amounts for outstanding guarantees, current exposure and margin positions, PSEG and PSEG Power have posted letters of credit to support PSEG Power's various other non-energy contractual and environmental obligations. See the preceding table.

### **Environmental Matters**

#### **Passaic River**

##### **Lower Passaic River Study Area**

The U.S. Environmental Protection Agency (EPA) has determined that a 17-mile stretch of the Passaic River (Lower Passaic River Study Area (LPRSA)) in New Jersey is a "Superfund" site under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). PSE&G and certain of its predecessors conducted operations at properties in this area, including at one site that was transferred to PSEG Power.

The EPA has announced two separate cleanup plans for the Lower 8.3 miles and Upper 9 miles of the LPRSA. The EPA's plan for the Lower 8.3 miles involves dredging and capping

sediments at an estimated cost of \$2.3 billion, and its plan for the Upper 9 miles involves dredging and capping sediments at an estimated cost of \$550 million. Additional cleanup work may be required depending on the results of these initial phases of work.

Occidental Chemical Corporation (Occidental) has voluntarily commenced design of the cleanup plan for the Lower 8.3 miles, and has received an EPA Unilateral Administrative Order directing it to design the cleanup plan for the Upper 9 miles. It has filed two lawsuits against PSE&G and others to attempt to recover costs associated with this work and to obtain a declaratory judgement of parties' shares of any future costs. PSEG cannot predict the outcome of the litigation.

The EPA has announced a proposed settlement with 82 parties who have agreed to pay \$150 million to resolve their LPRSA CERCLA liability, in whole or in part. It is uncertain whether the settlement will be finalized as currently proposed. PSE&G and PSEG Power are not included in the proposed settlement, but the EPA sent PSE&G, Occidental, and several other Potentially Responsible Parties (PRPs) a letter in March 2022 inviting them to submit to the EPA individually or jointly an offer to fund or participate in the next stages of the remediation. PSEG submitted a good faith offer to the EPA in June 2022 on behalf of PSE&G and PSEG Power. PSEG understands that the EPA is evaluating its offer.

As of March 31, 2024, PSEG has approximately \$66 million accrued for this matter. PSE&G has an Environmental Costs Liability of \$53 million and a corresponding Regulatory Asset based on its continued ability to recover such costs in its rates. PSEG Power has an Environmental Costs Liability of \$13 million.

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The outcome of this matter is uncertain, and until (i) a final remedy for the entire LPRSA is selected and an agreement is reached by the PRPs to fund it, (ii) PSE&G's and PSEG Power's respective shares of the costs are determined, and (iii) PSE&G's ability to recover the costs in its rates is determined, it is not possible to predict this matter's ultimate impact on PSEG's financial statements. It is possible that PSE&G and PSEG Power will record additional costs beyond what they have accrued, and that such costs could be material, but PSEG cannot at the current time estimate the amount or range of any additional costs.

#### **Newark Bay Study Area**

The EPA has established the Newark Bay Study Area, which is an extension of the LPRSA and includes Newark Bay and portions of surrounding waterways. The EPA has notified PSEG and 21 other PRPs of their potential liability. PSE&G and PSEG Power are unable to estimate their respective portions of any loss or possible range of loss related to this matter. In December 2018, PSEG Power completed the sale of the site of the Hudson electric generating station. PSEG Power contractually transferred all land rights and structures on the Hudson site to a third-party purchaser, along with the assumption of the environmental liabilities for the site.

#### **Natural Resource Damage Claims**

New Jersey and certain federal regulators have alleged that PSE&G, PSEG Power and 56 other PRPs may be liable for natural resource damages within the LPRSA. In particular, PSE&G, PSEG Power and other PRPs received notice from federal regulators of the regulators' intent to move forward with a series of studies assessing potential damages to natural resources at the Diamond Alkali Superfund Site, which includes the LPRSA and the Newark Bay Study Area. PSE&G and PSEG Power are unable to estimate their respective portions of any possible loss or range of loss related to this matter.

#### **Hackensack River**

In 2022, the EPA announced it had designated approximately 23 river miles of the Lower Hackensack River as a federal Superfund site. PSE&G and certain of its predecessors conducted operations at properties in this area, including at the Hudson, Bergen and Kearny generating stations that were transferred to PSEG Power. PSEG Power subsequently contractually transferred all land rights and structures on the Hudson generating station site to a third-party purchaser, along with the assumption of the environmental liabilities for that site. In 2024, the EPA identified PSE&G and four other parties as PRPs for the site and requested that they voluntarily perform a technical study of a portion of the river designated as "Operable Unit 2." The EPA estimates that the technical study will cost \$55 million to complete and PSE&G and PSEG Power have offered to participate in the technical study, subject to negotiation of further details. PSE&G and PSEG Power do not believe participation in the technical study will have a material impact on their results of operations and financial condition based upon EPA's estimate of the study costs; however, future costs related to this matter could be material.

#### **Manufactured Gas Plant (MGP) Remediation Program**

PSE&G is working with the New Jersey Department of Environmental Protection (NJDEP) to assess, investigate and remediate environmental conditions at its former MGP sites. To date,

38 sites requiring some level of remedial action have been identified. Based on its current studies, PSE&G has determined that the estimated cost to remediate all MGP sites to completion could range between \$204 million and \$223 million on an undiscounted basis, including its \$53 million share for the Passaic River as discussed above. Since no amount within the range is considered to be most likely, PSE&G has recorded a liability of \$204 million as of March 31, 2024. Of this amount, \$61 million was recorded in Other Current Liabilities and \$143 million was reflected as Environmental Costs in Noncurrent Liabilities. PSE&G has recorded a \$204 million Regulatory Asset with respect to these costs. PSE&G periodically updates its studies taking into account any new regulations or new information which could impact future remediation costs and adjusts its recorded liability accordingly. PSE&G completed sampling in the Passaic River in 2020 to delineate coal tar from certain MGP sites that abut the Passaic River Superfund site. PSEG cannot determine at this time the magnitude of any impact on the Passaic River Superfund remedy.

#### **Legacy Environmental Obligations at Former Fossil Generating Sites**

PSEG Power has retained ownership of certain liabilities excluded from the 2022 sale of its fossil generation portfolio. These liabilities primarily relate to obligations under the New Jersey Industrial Site Recovery Act (ISRA) and the Connecticut Transfer Act (CTA) to investigate and remediate PSEG Power's two formerly owned generating station sites in Connecticut, and six formerly owned generating station sites in New Jersey. In addition, PSEG Power still owns two former generating station sites in New Jersey that triggered ISRA in 2015.

PSEG Power is in the process of fulfilling its obligations under the New Jersey ISRA and the CTA to investigate these sites. It will require multiple years and comprehensive environmental sampling to understand the extent of and to carry out the required remediation. At this stage in the remediation process, the full remediation costs are not estimable, but given the number and operating history of the facilities in the portfolio, the full remediation costs will likely be material in the aggregate. The costs



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could potentially include costs for, among other things, excavating soil, implementation of institutional controls, and the construction, operation and maintenance of engineering controls.

#### **Clean Water Act (CWA) Section 316(b) Rule**

The EPA's CWA Section 316(b) rule establishes requirements for the design and operation of cooling water intake structures at existing power plants and industrial facilities with a design flow of more than two million gallons of water per day.

In June 2016, the NJDEP issued a final New Jersey Pollutant Discharge Elimination System permit for Salem. In July 2016, the Delaware Riverkeeper Network (Riverkeeper) filed an administrative hearing request challenging certain conditions of the permit, including the NJDEP's application of the 316(b) rule. If the Riverkeeper's challenge is successful, PSEG Power may be required to incur additional costs to comply with the CWA. Potential cooling water and/or service water system modification costs could be material and could adversely impact the economic competitiveness of this facility.

#### **Basic Generation Service (BGS), BGSS and ZECs**

Each year, PSE&G obtains its electric supply requirements through annual New Jersey BGS auctions for two categories of customers that choose not to purchase electric supply from third-party suppliers. The first category is residential and smaller commercial and industrial customers (BGS-Residential Small Commercial Pricing (RSCP)). The second category is larger customers that exceed a BPU-established load (kW) threshold (BGS-Commercial and Industrial Energy Pricing (CIEP)). Pursuant to applicable BPU rules, PSE&G enters into the Supplier Master Agreements with the winners of these RSCP and CIEP BGS auctions to purchase BGS for PSE&G's load requirements. The winners of the RSCP and CIEP auctions are responsible for fulfilling all the requirements of a PJM load-serving entity including the provision of capacity, energy, ancillary services and any other services required by PJM. BGS suppliers assume all volume risk and customer migration risk and must satisfy New Jersey's renewable portfolio standards.

The BGS-CIEP auction is for a one-year supply period from June 1 to May 31 with the BGS-CIEP auction price measured in dollars per MW-day for capacity. The final price for the BGS-CIEP auction year commencing June 1, 2024 is \$378.21 per MW-day, replacing the BGS-CIEP auction year price ending May 31, 2024 of \$330.72 per MW-day. Energy for BGS-CIEP is priced at hourly PJM locational marginal prices for the contract period.

PSE&G contracts for its anticipated BGS-RSCP load on a three-year rolling basis, whereby each year one-third of the load is procured for a three-year period. The contract prices in dollars per MWh for the BGS-RSCP supply, as well as the approximate load, are as follows:

	Auction Year			
	2021	2022	2023	2024
36-Month Terms Ending	May 2024	May 2025	May 2026	May 2027 (A)
Load (MW)	2,900	2,800	2,800	2,900
\$ per MWh	\$64.80	\$76.30	\$93.11	\$80.88

(A) Prices set in the 2024 BGS auction will become effective on June 1, 2024 when the 2021 BGS auction agreements expire.

PSE&G has a full-requirements contract with PSEG Power to meet the gas supply requirements of PSE&G's gas customers. PSEG Power has entered into hedges for a portion of these anticipated BGSS obligations, as permitted by the BPU. The BPU permits PSE&G to recover the cost of gas hedging up to 115 billion cubic feet or 80% of its residential gas supply annual requirements through the BGSS tariff. Current plans call for PSEG Power to hedge on behalf of PSE&G approximately 70 billion cubic feet or 50% of its residential gas supply annual requirements. For additional information, see Note 18. Related-Party Transactions.

Pursuant to a process established by the BPU, New Jersey EDCs, including PSE&G, are required to purchase ZECs from eligible nuclear plants selected by the BPU. In April 2019, PSEG Power's Salem 1, Salem 2 and Hope Creek nuclear plants were selected to receive ZEC revenue for approximately three years, through May 2022. In April 2021, PSEG Power's Salem 1, Salem 2 and Hope Creek nuclear plants were awarded ZECs for the three-year eligibility period starting June 2022. PSE&G has implemented a tariff to collect a non-bypassable distribution charge in the amount of \$0.004 per KWh from its retail distribution customers to be used to purchase the ZECs from these plants. PSE&G will purchase the ZECs on a monthly basis with payment to be made annually following completion of each energy year.

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#### Minimum Fuel Purchase Requirements

PSEG Power's nuclear fuel strategy is to maintain certain levels of uranium and to make periodic purchases to support such levels. As such, the commitments referred to in the following table may include estimated quantities to be purchased that deviate from contractual nominal quantities. PSEG Power's minimum nuclear fuel commitments cover approximately 100% of its estimated uranium, enrichment and fabrication requirements through 2026 and a significant portion through 2027 at Salem, Hope Creek and Peach Bottom.

PSEG Power has various multi-year contracts for natural gas and firm transportation and storage capacity for natural gas that are primarily used to meet its obligations to PSE&G.

As of March 31, 2024, the total minimum purchase requirements included in these commitments were as follows:

<u>Fuel Type</u>	<u>PSEG Power's Share of Commitments through 2028</u>
	Millions
Nuclear Fuel	
Uranium	\$ 373
Enrichment	\$ 341
Fabrication	\$ 183
Natural Gas	\$ 1,214

#### Pending FERC Matters

FERC has been conducting a non-public investigation of the Roseland-Pleasant Valley transmission project. In November 2021, FERC staff presented PSE&G with its non-public preliminary findings, alleging that PSE&G violated a FERC regulation. PSE&G disagrees with FERC staff's allegations and believes it has factual and legal defenses that refute these allegations. PSE&G has the opportunity to respond to these preliminary findings. The matter is pending and the investigation is ongoing. PSE&G is unable to predict the outcome or estimate the range of possible loss related to this matter; however, depending on the success of PSE&G's factual and legal arguments, the potential financial and other penalties that PSE&G may incur could be material to PSEG's and PSE&G's results of operations and financial condition.

#### BPU Audit of PSE&G

In 2020, the BPU ordered the commencement of a comprehensive affiliate and management audit of PSE&G. It has been more than ten years since the BPU last conducted a management and affiliate audit of this kind of PSE&G, which is initiated periodically as required by New Jersey statutes/regulations. Phase 1 of the audit reviews affiliate relations

and cost allocation between PSE&G and its affiliates, including an analysis of the relationship between PSE&G and PSEG Energy Resources & Trade, LLC, a wholly owned subsidiary of PSEG Power over the past ten years, and between PSE&G and PSEG LI. Phase 2 is a comprehensive management audit, which addresses, among other things, executive management, corporate governance, system operations, human resources, cyber security, compliance with customer protection requirements and customer safety. The audit officially began in late May 2021. The BPU Audit Staff submitted the final audit report to the BPU in June 2023. The BPU is currently considering public comments on the audit report and has not yet determined which audit recommendations it will require PSE&G to implement. It is not possible at this time to predict the outcome of this matter.

## **Litigation**

### **Sewaren 7 Construction**

In June 2018, a complaint was filed in federal court in Newark, New Jersey against PSEG Fossil LLC, which at the time was a wholly owned subsidiary of PSEG Power, regarding an ongoing dispute with Durr Mechanical Construction, Inc. (Durr), a contractor on the Sewaren 7 project. Among other things, Durr seeks damages of \$93 million and alleges that PSEG Power withheld money owed to Durr and that PSEG Power's intentional conduct led to the inability of Durr to obtain prospective contracts. PSEG Power intends to vigorously defend against these allegations. In January 2021, the court partially granted PSEG Power's motion to dismiss certain claims, reducing the amount claimed to \$68 million. In December 2018, Durr filed for Chapter 11 bankruptcy in the federal court in the Southern District of New York (SDNY). The SDNY bankruptcy court has allowed the New Jersey litigation to proceed. PSEG Power has accrued an amount related to outstanding invoices which does not reflect an assessment of claims and potential counterclaims in this matter. Due to its preliminary nature, PSEG Power cannot predict the outcome of this matter.

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#### **Other Litigation and Legal Proceedings**

PSEG and its subsidiaries are party to various lawsuits in the ordinary course of business. In view of the inherent difficulty in predicting the outcome of such matters, PSEG and PSE&G generally cannot predict the eventual outcome of the pending matters, the timing of the ultimate resolution of these matters, or the eventual loss, fines or penalties related to each pending matter.

In accordance with applicable accounting guidance, a liability is accrued when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. PSEG will continue to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established.

Based on current knowledge, management does not believe that loss contingencies arising from pending matters, other than the matters described herein, could have a material adverse effect on PSEG's or PSE&G's consolidated financial position or liquidity. However, in light of the inherent uncertainties involved in these matters, some of which are beyond PSEG's control, and the large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to PSEG's or PSE&G's results of operations or liquidity for any particular reporting period.

### **Note 10. Debt and Credit Facilities**

#### **Long-Term Debt Financing Transactions**

The following long-term debt transactions occurred in the three months ended March 31, 2024:

##### **PSEG**

- issued \$750 million of 5.20% Senior Notes due April 2029, and
- issued \$500 million of 5.45% Senior Notes due April 2034.

##### **PSE&G**

- issued \$450 million of 5.20% Secured Medium-Term Notes, Series Q, due March 2034,
- issued \$550 million of 5.45% Secured Medium-Term Notes, Series Q, due March 2054, and
- retired \$250 million of 3.75% Secured Medium-Term Notes, Series I, at maturity.

#### **Short-Term Liquidity**

PSEG meets its short-term liquidity requirements, as well as those of PSEG Power, primarily through the issuance of commercial paper and, from time to time, short-term loans. PSE&G maintains its own separate commercial paper program to meet its short-term liquidity requirements. Each commercial paper program is fully back-stopped by its own separate credit facility.

The commitments under the \$4.0 billion credit facilities are provided by a diverse bank group. As of March 31, 2024, the total available credit capacity was \$3.8 billion. In March 2024, PSEG, PSEG Power, and PSE&G executed a one year extension to their existing \$3.75 billion revolving credit facilities, extending the maturity through March 2028.

As of March 31, 2024, no single institution represented more than 10% of the total commitments in the credit facilities.

As of March 31, 2024, PSEG's liquidity position, including credit facilities and access to external financing, was expected to be sufficient to meet its projected stressed requirements over a 12-month planning horizon.

Each of the credit facilities is restricted as to availability and use to the specific companies as listed in the following table; however, if necessary, the PSEG facilities can also be used to support its subsidiaries' liquidity needs.

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The total committed credit facilities and available liquidity as of March 31, 2024 were as follows:

Company/ Facility	As of March 31, 2024			Expiration Date	Primary Purpose
	Total Facility	Usage (B)	Available Liquidity		
Millions					
PSEG					
Revolving Credit Facility (A)	\$ 1,500	\$ 2	\$ 1,498	Mar 2028	Commercial Paper Support/ Funding/Letters of Credit
Total PSEG	\$1,500	\$ 2	\$ 1,498		
PSE&G					
Revolving Credit Facility	\$ 1,000	\$ 45	\$ 955	Mar 2028	Commercial Paper Support/ Funding/Letters of Credit
Total PSE&G	\$1,000	\$ 45	\$ 955		
PSEG Power					
Revolving Credit Facility (A)	\$ 1,250	\$ 39	\$ 1,211	Mar 2028	Funding/Letters of Credit
Letter of Credit Facility	75	45	30	Apr 2026	Letters of Credit
Letter of Credit Facility	200	83	117	Sept 2024	Letters of Credit
Total PSEG Power	\$1,525	\$ 167	\$ 1,358		
Total (C)	\$4,025	\$ 214	\$ 3,811		

- (A) Master Credit Facility with sub-limits of \$1.5 billion for PSEG and \$1.25 billion for PSEG Power; sub-limits can be adjusted pursuant to the terms of the Master Credit Facility agreement. The PSEG sub-limit includes a sustainability linked pricing based mechanism with potential increases or decreases, which are not expected to be material, depending on performance relative to targeted methane emission reductions.
- (B) The primary use of PSEG's and PSE&G's credit facilities is to support their respective Commercial Paper Programs, under which as of March 31, 2024, PSEG had no

outstanding commercial paper and PSE&G had \$25 million outstanding at a weighted average interest rate of 5.45%.

(C) Amounts do not include uncommitted credit facilities or 364-day term loans.

PSEG Power has an uncommitted credit facility for \$100 million, which can be utilized for letters of credit. A subsidiary of PSEG Power has an uncommitted credit facility for \$150 million, which can be utilized for cash collateral postings. As of March 31, 2024, there were no outstanding balances under these facilities.

### **Short-Term Loans**

In April 2023, PSEG entered into a new 364-day variable rate term loan agreement for \$750 million. In August 2023, PSEG repaid \$250 million of the \$750 million 364-day variable rate term loan and the remaining \$500 million matured in April 2024.

## **Note 11. Financial Risk Management Activities**

Derivative accounting guidance requires that a derivative instrument be recognized as either an asset or a liability at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation provided that the derivative instrument meets specific, restrictive criteria, both at the time of designation and on an ongoing basis. These alternative permissible treatments include normal purchases and normal sales (NPNS), cash flow hedge and fair value hedge accounting. PSEG uses interest rate swaps and other derivatives, which are designated and qualifying as cash flow or fair value hedges. PSEG Power enters into additional contracts that are derivatives, but are not designated as either cash flow hedges or fair value hedges. These transactions are economic hedges and are recorded at fair market value with changes recognized in earnings.

### **Commodity Prices**

Within PSEG and its affiliate companies, PSEG Power has the most exposure to commodity price risk primarily relating to changes in the market price of electricity, natural gas and other commodities. Fluctuations in market prices result from changes in supply and demand, fuel costs, market conditions, weather, state and federal regulatory policies, environmental policies, transmission availability and other factors. PSEG Power uses a variety of derivative and non-derivative instruments, such as financial options, futures, swaps, fuel purchases and forward purchases and sales of electricity, to manage the exposure to fluctuations in commodity prices and optimize the value of PSEG Power's expected generation. PSEG Power also uses



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derivatives to hedge a portion of its anticipated BGSS obligations with PSE&G. For additional information see Note 9. Commitments and Contingent Liabilities. Additionally, prospective changes in the fair market value of these derivative contracts are recorded in earnings.

#### **Interest Rates**

PSEG, PSE&G and PSEG Power are subject to the risk of fluctuating interest rates in the normal course of business. Exposure to this risk is managed by targeting a balanced debt maturity profile which limits refinancing in any given period or interest rate environment. PSEG, PSE&G and PSEG Power may use a mix of fixed and floating rate debt, interest rate swaps and interest rate lock agreements.

#### **Cash Flow Hedges**

PSEG uses interest rate swaps and other derivatives, which are designated and effective as cash flow hedges, to manage its exposure to the variability of cash flows, primarily related to variable-rate debt instruments.

As of March 31, 2024, PSEG had interest rate hedges outstanding totaling \$1.75 billion which were executed to convert PSEG Power's \$1.25 billion variable rate term loan due March 2025 and PSEG's \$500 million variable rate term loan due April 2024 into fixed rate loans. The fair value of these hedges was \$9 million and \$5 million as of March 31, 2024 and December 31, 2023, respectively.

In the first quarter of 2024, PSEG unwound interest rate treasury locks totaling \$1 billion in connection with the \$1.25 billion long-term debt issuances at PSEG that occurred in March 2024. See Note 10. Debt and Credit Facilities for additional information. The settlement payment of \$4 million received for these treasury locks was recorded in Accumulated Other Comprehensive Income (Loss) and will be amortized into earnings to match the term and timing of the hedged debt.

The Accumulated Other Comprehensive Income (Loss) (after tax) related to outstanding and terminated interest rate derivatives designated as cash flow hedges was \$21 million and \$3 million as of March 31, 2024 and December 31, 2023, respectively. The after-tax unrealized gains on these hedges expected to be reclassified to earnings during the next 12 months is \$8 million.

#### **Fair Values of Derivative Instruments**

The following are the fair values of derivative instruments on the Condensed Consolidated Balance Sheets. The following tables also include disclosures for offsetting derivative assets and liabilities which are subject to a master netting or similar agreement. In general, the terms of the agreements provide that in the event of an early termination the counterparties have the right to offset amounts owed or owing under that and any other agreement with the same counterparty. Accordingly, and in accordance with PSEG's accounting policy, these positions are offset on the Condensed Consolidated Balance Sheets of PSEG. For additional information see Note 12. Fair Value Measurements.

Substantially all derivative instruments are contracts subject to master netting agreements. Contracts not subject to master netting or similar agreements are immaterial and did not

have any collateral posted or received as of March 31, 2024 and December 31, 2023. The following tabular disclosure does not include the offsetting of trade receivables and payables.

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Balance Sheet Location	As of March 31, 2024				
	PSEG	PSEG Power			Consolidated
	Cash Flow Hedges	Not Designated			
	Interest Rate Derivatives	Energy-Related Contracts	Netting (A)	Total PSEG Power	Total Derivatives
Millions					
<b>Derivative Contracts</b>					
Current Assets	\$ 9	\$ 697	\$ (632)	\$ 65	\$ 74
Noncurrent Assets	—	444	(442)	2	2
<b>Total Mark-to-Market Derivative Assets</b>	<b>\$ 9</b>	<b>\$ 1,141</b>	<b>\$ (1,074)</b>	<b>\$ 67</b>	<b>\$ 76</b>
<b>Derivative Contracts</b>					
Current Liabilities	\$ —	\$ (790)	\$ 747	\$ (43)	\$ (43)
Noncurrent Liabilities	—	(541)	525	(16)	(16)
<b>Total Mark-to-Market Derivative (Liabilities)</b>	<b>\$ —</b>	<b>\$ (1,331)</b>	<b>\$ 1,272</b>	<b>\$ (59)</b>	<b>\$ (59)</b>
<b>Total Net Mark-to-Market Derivative Assets (Liabilities)</b>	<b>\$ 9</b>	<b>\$ (190)</b>	<b>\$ 198</b>	<b>\$ 8</b>	<b>\$ 17</b>

Balance Sheet Location	As of December 31, 2023				
	PSEG	PSEG Power			Consolidated
	Cash Flow Hedges	Not Designated			
	Interest Rate Derivatives	Energy-Related Contracts	Netting (A)	Total PSEG Power	Total Derivatives
	Millions				
Derivative Contracts					
Current Assets	\$ 6	\$ 912	\$ (806)	\$ 106	\$ 112
Noncurrent Assets	—	440	(411)	29	29
Total Mark-to-Market Derivative Assets	\$ 6	\$ 1,352	\$(1,217)	\$ 135	\$ 141
Derivative Contracts					
Current Liabilities	\$ (16)	\$ (890)	\$ 820	\$ (70)	\$ (86)
Noncurrent Liabilities	(1)	(424)	419	(5)	(6)
Total Mark-to-Market Derivative (Liabilities)	\$ (17)	\$ (1,314)	\$ 1,239	\$ (75)	\$ (92)
Total Net Mark-to-Market Derivative Assets (Liabilities)	\$ (11)	\$ 38	\$ 22	\$ 60	\$ 49

- (A) Represents the netting of fair value balances with the same counterparty (where the right of offset exists) and the application of cash collateral. All cash collateral (received) posted that has been allocated to derivative positions, where the right of offset exists, has been offset on the Condensed Consolidated Balance Sheets. As of March 31, 2024 and December 31, 2023, PSEG Power had net cash collateral (receipts) payments to counterparties of \$281 million and \$113 million, respectively. Of these net cash collateral (receipts) payments, \$198 million and \$22 million as of March 31, 2024 and December 31, 2023, respectively, were netted against the corresponding net derivative contract positions. Of the \$198 million as of March 31, 2024, \$115 million was netted against current liabilities and \$83 million against noncurrent liabilities. Of the \$22 million as of December 31, 2023, \$(1) million was netted against current assets, \$15 million against current liabilities and \$8 million against noncurrent liabilities.

Certain of PSEG Power's derivative instruments contain provisions that require PSEG Power to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PSEG Power's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These

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credit risk-related contingent features stipulate that if PSEG Power were to be downgraded to a below investment grade rating by S&P or Moody's, it would be required to provide additional collateral. A below investment grade credit rating for PSEG Power would represent a two level downgrade from its current Moody's and S&P ratings. This incremental collateral requirement can offset collateral requirements related to other derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master agreements. PSEG Power also enters into commodity transactions on the New York Mercantile Exchange (NYMEX) and Intercontinental Exchange (ICE). The NYMEX and ICE clearing houses act as counterparties to each trade. Transactions on the NYMEX and ICE must adhere to comprehensive collateral and margin requirements.

The aggregate fair value of all derivative instruments with credit risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the NYMEX and ICE that are fully collateralized) was \$86 million as of March 31, 2024 and \$77 million as of December 31, 2023. As of March 31, 2024 and December 31, 2023, PSEG Power had the contractual right of offset of \$42 million and \$3 million, respectively, related to derivative instruments that are assets with the same counterparty under master agreements and net of margin posted. If PSEG Power had been downgraded to a below investment grade rating, it would have had additional collateral obligations of \$44 million and \$74 million as of March 31, 2024 and December 31, 2023, respectively, related to its derivatives, net of the contractual right of offset under master agreements and the application of collateral.

The following shows the effect on the Condensed Consolidated Statements of Operations and on Accumulated Other Comprehensive Loss (AOCL) of derivative instruments designated as cash flow hedges for the three months ended March 31, 2024 and 2023:

	Amount of Pre-Tax Gain (Loss) Recognized in AOCL on Derivatives		Location of Pre-Tax Gain (Loss) Reclassified from AOCL into Income	Amount of Pre-Tax Gain (Loss) Reclassified from AOCL into Income	
	Three Months Ended			Three Months Ended	
	March 31,			March 31,	
	2024	2023		2024	2023
Derivatives in Cash Flow Hedging Relationships	Millions			Millions	
<b>PSEG</b>					
Interest Rate Derivatives	\$ 28	\$ (3)	Interest Expense	\$ 3	\$ (1)
<b>Total PSEG</b>	<b>\$ 28</b>	<b>\$ (3)</b>		<b>\$ 3</b>	<b>\$ (1)</b>

The effect of interest rate cash flow hedges is recorded in Interest Expense in PSEG's Condensed Consolidated Statement of Operations. For each of the three months ended March 31, 2024 and 2023, the amount of gain (loss) on interest rate hedges reclassified from Accumulated Other Comprehensive Loss into income was \$2 million and \$(1) million after-tax, respectively.

The following reconciles the Accumulated Other Comprehensive Income (Loss) for derivative activity included in AOCL of PSEG on a pre-tax and after-tax basis.

<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Pre-Tax      After-Tax</b>	
	Millions	
<b>Balance as of December 31, 2022</b>	<b>\$ (4)</b>	<b>\$ (3)</b>
Gain Recognized in AOCL	13	9
Less: Gain Reclassified into Income	(5)	(3)
<b>Balance as of December 31, 2023</b>	<b>\$ 4</b>	<b>\$ 3</b>
Gain Recognized in AOCL	28	20
Less: Gain Reclassified into Income	(3)	(2)
<b>Balance as of March 31, 2024</b>	<b>\$ 29</b>	<b>\$ 21</b>

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The following shows the effect on the Condensed Consolidated Statements of Operations of derivative instruments not designated as hedging instruments or as NPNS for the three months ended March 31, 2024 and 2023, respectively. PSEG Power's derivative contracts reflected in this table include contracts to hedge the purchase and sale of electricity and natural gas, and the purchase of fuel.

Derivatives Not Designated as Hedges	Location of Pre-Tax Gain (Loss) Recognized in Income on Derivatives	Pre-Tax Gain (Loss) Recognized in Income on Derivatives	
		Three Months Ended	
		March 31, 2024	2023
		Millions	
Energy-Related Contracts	Operating Revenues	\$ (148)	\$ 902
Energy-Related Contracts	Energy Costs	1	1
Total		\$ (147)	\$ 903

The following table summarizes the net notional volume purchases/(sales) of open derivative transactions by commodity as of March 31, 2024 and December 31, 2023.

Type	Notional	As of March 31, 2024	As of December 31, 2023
		Millions	
Natural Gas	Dekatherm (Dth)	86	66
Electricity	MWh	(62)	(60)
Financial Transmission Rights (FTRs)	MWh	16	19
Interest Rate Derivatives	U.S. Dollars	1,750	2,000

### Credit Risk

Credit risk relates to the risk of loss that PSEG Power would incur as a result of non-performance by counterparties pursuant to the terms of their contractual obligations. PSEG

has established credit policies that it believes significantly minimize credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit rating), collateral requirements under certain circumstances and the use of standardized agreements, which allow for the netting of positive and negative exposures associated with a single counterparty. In the event of non-performance or non-payment by a major counterparty, there may be a material adverse impact on PSEG's financial condition, results of operations or net cash flows.

As of March 31, 2024, nearly 100% of the net credit exposure for PSEG Power's wholesale operations was with investment grade counterparties. There were two counterparties with credit exposure greater than 10% of the total. These credit exposures were with PSE&G and one non-affiliated counterparty. The PSE&G credit exposure is eliminated in consolidation. See Note 18. Related-Party Transactions for additional information.

PSE&G's supplier master agreements are approved by the BPU and govern the terms of its electric supply procurement contracts. These agreements define a supplier's performance assurance requirements and allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's credit ratings from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day the procurement transaction is executed, compared to the forward price curve for energy on the valuation day. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post a parental guarantee or other security instrument such as a letter of credit or cash, as collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. As of March 31, 2024, PSEG held parental guarantees, letters of credit and cash as security. PSE&G's BGS suppliers' credit exposure is calculated each business day. As of March 31, 2024, PSE&G had \$15 million in unsecured mark-to-market credit exposure with its suppliers.

PSE&G is permitted to recover its costs of procuring energy through the BPU-approved BGS tariffs. PSE&G's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates.



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## Note 12. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting guidance for fair value measurement emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and establishes a fair value hierarchy that distinguishes between assumptions based on market data obtained from independent sources and those based on an entity's own assumptions. The hierarchy prioritizes the inputs to fair value measurement into three levels:

Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that PSEG and PSE&G have the ability to access. These consist primarily of listed equity securities and money market mutual funds, as well as natural gas futures contracts executed on NYMEX.

Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals. These consist primarily of non-exchange traded derivatives such as forward contracts or options and most fixed income securities.

Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions. In some valuations, the inputs used may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These consist primarily of certain electric load contracts.

Certain derivative transactions may transfer from Level 2 to Level 3 if inputs become unobservable and internal modeling techniques are employed to determine fair value. Conversely, measurements may transfer from Level 3 to Level 2 if the inputs become observable.

The following tables present information about PSEG's and PSE&G's respective assets and (liabilities) measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023, including the fair value measurements and the levels of inputs used in determining those fair values. Amounts shown for PSEG include the amounts shown for PSE&G.

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Recurring Fair Value Measurements as of March 31, 2024						
Description	Total	Netting (E)	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Millions						
<b>PSEG</b>						
<b>Assets:</b>						
Cash Equivalents (A)	\$ 1,065	\$ —	\$ 1,065	\$ —	\$ —	—
Derivative Contracts:						
Energy-Related Contracts (B)	\$ 67	\$(1,074)	\$ 2	\$ 1,139	\$ —	—
Interest Rate Derivatives (C)	\$ 9	\$ —	\$ —	\$ 9	\$ —	—
NDT Fund (D)						
Equity Securities	\$ 1,415	\$ —	\$ 1,415	\$ —	\$ —	—
Debt Securities— U.S. Treasury	\$ 303	\$ —	\$ —	\$ 303	\$ —	—
Debt Securities— Govt Other	\$ 387	\$ —	\$ —	\$ 387	\$ —	—
Debt Securities— Corporate	\$ 522	\$ —	\$ —	\$ 522	\$ —	—
Rabbi Trust (D)						
Equity Securities	\$ 18	\$ —	\$ 18	\$ —	\$ —	—
Debt Securities— U.S. Treasury	\$ 57	\$ —	\$ —	\$ 57	\$ —	—
Debt Securities— Govt Other	\$ 30	\$ —	\$ —	\$ 30	\$ —	—
Debt Securities— Corporate	\$ 68	\$ —	\$ —	\$ 68	\$ —	—
<b>Liabilities:</b>						
Derivative Contracts:						
Energy-Related Contracts (B)	\$ (59)	\$ 1,272	\$ (2)	\$ (1,329)	\$ —	—
<b>PSE&amp;G</b>						
<b>Assets:</b>						
Rabbi Trust (D)						
Equity Securities	\$ 3	\$ —	\$ 3	\$ —	\$ —	—
Debt Securities— U.S. Treasury	\$ 10	\$ —	\$ —	\$ 10	\$ —	—
Debt Securities— Govt Other	\$ 5	\$ —	\$ —	\$ 5	\$ —	—
Debt Securities— Corporate	\$ 13	\$ —	\$ —	\$ 13	\$ —	—



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Recurring Fair Value Measurements as of December 31, 2023					
Description	Total	Netting (E)	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Millions					
<b>PSEG</b>					
<b>Assets:</b>					
Cash Equivalents (A)	\$ 20	\$ —	\$ 20	\$ —	\$ —
Derivative Contracts:					
Energy-Related Contracts (B)	\$ 135	\$(1,217)	\$ 13	\$ 1,339	\$ —
Interest Rate Derivatives (C)	\$ 6	\$ —	\$ —	\$ 6	\$ —
NDT Fund (D)					
Equity Securities	\$ 1,310	\$ —	\$ 1,310	\$ —	\$ —
Debt Securities— U.S. Treasury	\$ 293	\$ —	\$ —	\$ 293	\$ —
Debt Securities— Govt Other	\$ 398	\$ —	\$ —	\$ 398	\$ —
Debt Securities— Corporate	\$ 522	\$ —	\$ —	\$ 522	\$ —
Rabbi Trust (D)					
Equity Securities	\$ 18	\$ —	\$ 18	\$ —	\$ —
Debt Securities— U.S. Treasury	\$ 59	\$ —	\$ —	\$ 59	\$ —
Debt Securities— Govt Other	\$ 32	\$ —	\$ —	\$ 32	\$ —
Debt Securities— Corporate	\$ 70	\$ —	\$ —	\$ 70	\$ —
<b>Liabilities:</b>					
Derivative Contracts:					
Energy-Related Contracts (B)	\$ (75)	\$ 1,239	\$ (1)	\$ (1,311)	\$ (2)
Interest Rate Derivatives (C)	\$ (17)	\$ —	\$ —	\$ (17)	\$ —
<b>PSE&amp;G</b>					
<b>Assets:</b>					
Cash Equivalents (A)	\$ 20	\$ —	\$ 20	\$ —	\$ —
Rabbi Trust (D)					
Equity Securities	\$ 3	\$ —	\$ 3	\$ —	\$ —
Debt Securities— U.S. Treasury	\$ 11	\$ —	\$ —	\$ 11	\$ —
Debt Securities— Govt Other	\$ 6	\$ —	\$ —	\$ 6	\$ —

- (A) Represents money market mutual funds.
- (B) Level 1—These contracts represent natural gas futures contracts executed on NYMEX, and are being valued solely on settled pricing inputs which come directly from the exchange.  
  
Level 2—Fair values for energy-related contracts are obtained primarily using a market-based approach. Most derivative contracts (forward purchase or sale contracts and swaps) are valued using settled prices from similar assets and liabilities from an exchange, such as NYMEX, ICE and Nodal Exchange, or auction prices. Prices used in the valuation process are also corroborated independently by management to determine that values are based on actual transaction data or, in the absence of transactions, bid and offers for the day. Examples may include certain exchange and non-exchange traded capacity and electricity contracts and natural gas physical or swap contracts based on market prices, basis adjustments and other premiums where adjustments and premiums are not considered significant to the overall inputs.  
  
Level 3—Unobservable inputs are used for the valuation of certain contracts. See “Additional Information Regarding Level 3 Measurements” for more information on the utilization of unobservable inputs.
- (C) Interest rate derivatives are valued using quoted prices on commonly quoted intervals, which are interpolated for periods different than the quoted intervals, as inputs to a market valuation model. Market inputs can generally be verified and model selection does not involve significant management judgement.
- (D) The fair value measurement table excludes cash and foreign currency of \$1 million in the NDT Fund as of March 31, 2024 and December 31, 2023. The NDT Fund maintains investments in various equity and fixed income securities. The Rabbi Trust maintains investments in a Russell 3000 index fund and various fixed income securities.

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These securities are generally valued with prices that are either exchange provided (equity securities) or market transactions for comparable securities and/or broker quotes (fixed income securities).

Level 1—Investments in marketable equity securities within the NDT Fund are primarily investments in common stocks across a broad range of industries and sectors. Most equity securities are priced utilizing the principal market close price or, in some cases, midpoint, bid or ask price. Certain other equity securities in the NDT and Rabbi Trust Funds consist primarily of investments in money market funds which seek a high level of current income as is consistent with the preservation of capital and the maintenance of liquidity. To pursue its goals, the funds normally invest in diversified portfolios of high quality, short-term, dollar-denominated debt securities and government securities. The funds' net asset value is priced and published daily. The Rabbi Trust's Russell 3000 index fund is valued based on quoted prices in an active market and can be redeemed daily without restriction.

Level 2—NDT and Rabbi Trust fixed income securities include investment grade corporate bonds, collateralized mortgage obligations, asset-backed securities and certain government and U.S. Treasury obligations or Federal Agency asset-backed securities and municipal bonds with a wide range of maturities. Since many fixed income securities do not trade on a daily basis, they are priced using an evaluated pricing methodology that varies by asset class and reflects observable market information such as the most recent exchange price or quoted bid for similar securities. Market-based standard inputs typically include benchmark yields, reported trades, broker/dealer quotes and issuer spreads. Certain short-term investments are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

- (E) Represents the netting of fair value balances with the same counterparty (where the right of offset exists) and the application of collateral. See Note 11. Financial Risk Management Activities for additional detail.

### **Additional Information Regarding Level 3 Measurements**

For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations for contracts with tenors that extend into periods with no observable pricing. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 because the model inputs generally are not observable. PSEG considers credit and non-performance risk in the valuation of derivative contracts categorized in Levels 2 and 3, including both historical and current market data, in its assessment of credit and non-performance risk by counterparty. The impacts of credit and non-performance risk were not material to the financial statements.



As of March 31, 2024, PSEG carried \$3.9 billion of net assets that are measured at fair value on a recurring basis.

As of March 31, 2023, PSEG carried \$3.7 billion of net assets that are measured at fair value on a recurring basis, of which \$6 million of net liabilities were measured using unobservable inputs and classified as Level 3 within the fair value hierarchy and are considered immaterial.

There were no transfers to or from Level 3 during the three months ended March 31, 2024 and 2023, respectively.

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### Fair Value of Debt

The estimated fair values, carrying amounts and methods used to determine the fair value of long-term debt as of March 31, 2024 and December 31, 2023 are included in the following table and accompanying notes.

	As of March 31, 2024		As of December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Millions			
<b>Long-Term Debt:</b>				
PSEG (A)	\$ 5,611	\$ 5,448	\$ 4,371	\$ 4,240
PSE&G (A)	14,403	12,983	13,663	12,460
PSEG Power (B)	1,250	1,250	1,250	1,250
<b>Total Long-Term Debt</b>	<b>\$ 21,264</b>	<b>\$ 19,681</b>	<b>\$ 19,284</b>	<b>\$ 17,950</b>

- (A) Given that these bonds do not trade actively, the fair value amounts of taxable debt securities (primarily Level 2 measurements) are generally determined by a valuation model using market-based measurements that are processed through a rules-based pricing methodology. The fair value amounts above do not represent the price at which the outstanding debt may be called for redemption by each issuer under their respective debt agreements.
- (B) Private term loan with book value approximating fair value (Level 2 measurement).

## Note 13. Net Other Income (Deductions)

	PSE&G	PSEG Power & Other (A)	Consolidated
	Millions		
Three Months Ended March 31, 2024			
NDT Fund Interest and Dividends	\$ —	\$ 17	\$ 17
Allowance for Funds Used During Construction	11	—	11
Solar Loan Interest	2	—	2
Other Interest	2	5	7
Other	1	(3)	(2)
Total Net Other Income (Deductions)	<u>\$ 16</u>	<u>\$ 19</u>	<u>\$ 35</u>
Three Months Ended March 31, 2023			
NDT Fund Interest and Dividends	\$ —	\$ 15	\$ 15
Allowance for Funds Used During Construction	15	—	15
Solar Loan Interest	2	—	2
Other Interest	2	8	10
Other	2	(2)	—
Total Net Other Income (Deductions)	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 42</u>

(A) PSEG Power & Other consists of activity at PSEG Power, Energy Holdings, PSEG LI, Services, PSEG (parent company) and intercompany eliminations.

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### Note 14. Income Taxes

A reconciliation of reported income tax expense for PSEG with the amount computed by multiplying pre-tax income by the statutory federal income tax rate of 21% is as follows:

PSEG	Three Months Ended	
	March 31,	
	2024	2023
	Millions	
Pre-Tax Income	\$ 629	\$ 1,585
Tax Computed at Statutory Rate @ 21%	\$ 132	\$ 333
Increase (Decrease) Attributable to Flow-Through of Certain Tax Adjustments:		
State Income Taxes (net of federal income tax)	40	108
Uncertain Tax Positions	1	(6)
Leasing Activities	—	(17)
GPRC-Clean Energy Future (CEF)-EE	(15)	(16)
Estimated Annual Effective Tax Rate Interim Period Adjustment	(17)	(23)
TAC	(43)	(75)
Other	(1)	(6)
Subtotal	(35)	(35)
<b>Total Income Tax Expense</b>	<b>\$ 97</b>	<b>\$ 298</b>
Effective Income Tax Rate	15.4 %	18.8 %

A reconciliation of reported income tax expense for PSE&G with the amount computed by multiplying pre-tax income by the statutory federal income tax rate of 21% is as follows:

**PSE&G****Three Months Ended  
March 31,  
2024      2023**

Millions

Pre-Tax Income	\$ 580	\$ 541
Tax Computed at Statutory Rate @ 21%	\$ 122	\$ 114
Increase (Decrease) Attributable to Flow-Through of Certain Tax Adjustments:		
State Income Taxes (net of federal income tax)	41	38
GPRC-CEF-EE	(15)	(16)
TAC	(43)	(75)
Other	(13)	(7)
Subtotal	(30)	(60)
<b>Total Income Tax Expense</b>	<b>\$ 92</b>	<b>\$ 54</b>
Effective Income Tax Rate	15.9 %	10.0 %

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PSEG's and PSE&G's total income tax expense (benefit) for interim periods is determined using an estimated annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, PSEG and PSE&G update the respective estimated annual effective tax rates, and if the estimated tax rate changes, PSEG and PSE&G make cumulative adjustments.

In August 2022, the Inflation Reduction Act (IRA) was signed into law. The IRA enacted a new 15% corporate alternative minimum tax (CAMT), effective in 2023, and made certain changes to existing energy tax credit laws. For 2023 and the first quarter of 2024, PSEG and PSE&G recorded their best estimates of the impact of the CAMT. Certain changes to the energy tax credit laws include: a new PTC for existing nuclear generation facilities, effective 2024 through 2032, a new technology neutral energy tax credit, which includes new nuclear units and increases to nuclear generation capacity, effective 2025, and the transferability of the energy tax credits, effective 2023. The PTC for a given nuclear facility can be increased by five times if prevailing wage rules are met and is designed to phase down as the facility's gross receipts increase. The PTC rate and phase down amount are subject to the Internal Revenue Service's determination of annual inflation.

Despite the issuance of various Notices that provide interim guidance related to the CAMT, the rules related to the PTC for existing nuclear generation facilities and the CAMT remain unclear and are in need of further guidance; therefore, their impact on PSEG's and PSE&G's financial statements is subject to continued evaluation.

The enactment of additional federal or state tax legislation and clarification of previously enacted tax laws could impact PSEG's and PSE&G's financial statements.

As of March 31, 2024, PSEG had a \$27 million state net operating loss (NOL) and PSE&G had a \$73 million New Jersey Corporate Business Tax NOL that are both expected to be fully realized in the future.

## Note 15. Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated Other Comprehensive Income (Loss)	Three Months Ended March 31, 2024			
	Cash Flow Hedges	Pension and OPEB Plans	Available-for-Sale Securities	Total
	Millions			
Balance as of December 31, 2023	\$ 3	\$ (102)	\$ (80)	\$ (179)
Other Comprehensive Income (Loss) before Reclassifications	20	—	(12)	8
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	(2)	2	2	2
Net Current Period Other Comprehensive Income (Loss)	18	2	(10)	10
<b>Balance as of March 31, 2024</b>	<b>\$ 21</b>	<b>\$ (100)</b>	<b>\$ (90)</b>	<b>\$ (169)</b>
Accumulated Other Comprehensive Income (Loss)	Three Months Ended March 31, 2023			
	Cash Flow Hedges	Pension and OPEB Plans	Available-for-Sale Securities	Total
	Millions			
Balance as of December 31, 2022	\$ (3)	\$ (426)	\$ (121)	\$ (550)
Other Comprehensive Income (Loss) before Reclassifications	(2)	—	20	18
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	1	3	6	10
Net Current Period Other Comprehensive Income (Loss)	(1)	3	26	28
<b>Balance as of March 31, 2023</b>	<b>\$ (4)</b>	<b>\$ (423)</b>	<b>\$ (95)</b>	<b>\$ (522)</b>

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Description of Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)		Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) to Statement of Operations		
		Three Months Ended March 31, 2024		
		Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
		Millions		
Location of Pre-Tax Amount In Statement of Operations				
<b>Cash Flow Hedges</b>				
Interest Rate Derivatives	Interest Expense	\$ 3	\$ (1)	\$ 2
<b>Total Cash Flow Hedges</b>		3	(1)	2
<b>Pension and OPEB Plans</b>				
Amortization of Net Actuarial Loss	Net Non-Operating Pension and OPEB Credits (Costs)	(3)	1	(2)
<b>Total Pension and OPEB Plans</b>		(3)	1	(2)
<b>Available-for-Sale Debt Securities</b>				
Realized Gains (Losses)	Net Gains (Losses) on Trust Investments	(4)	2	(2)
<b>Total Available-for-Sale Debt Securities</b>		(4)	2	(2)
<b>Total</b>		<b>\$ (4)</b>	<b>\$ 2</b>	<b>\$ (2)</b>



		Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) to Statement of Operations		
		Three Months Ended March 31, 2023		
Description of Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Location of Pre-Tax Amount In Statement of Operations	Pre-Tax Amount	Tax (Expense) Benefit	After- Tax Amount
		Millions		
Cash Flow Hedges				
Interest Rate Derivatives	Interest Expense	\$ (1)	\$ —	\$ (1)
Total Cash Flow Hedges		(1)	—	(1)
Pension and OPEB Plans				
Amortization of Prior Service (Cost) Credit	Net Non-Operating Pension and OPEB Credits (Costs)	2	—	2
Amortization of Net Actuarial Loss	Net Non-Operating Pension and OPEB Credits (Costs)	(7)	2	(5)
Total Pension and OPEB Plans		(5)	2	(3)
Available-for-Sale Debt Securities				
Realized Gains (Losses)	Net Gains (Losses) on Trust Investments	(10)	4	(6)
Total Available-for-Sale Debt Securities		(10)	4	(6)
Total		\$ (16)	\$ 6	\$ (10)

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### Note 16. Earnings Per Share (EPS) and Dividends

#### EPS

Basic EPS is calculated by dividing Net Income by the weighted average number of shares of common stock outstanding. Diluted EPS is calculated by dividing Net Income by the weighted average number of shares of common stock outstanding, plus dilutive potential shares related to PSEG's stock based compensation. The following table shows the effect of these dilutive potential shares on the weighted average number of shares outstanding used in calculating diluted EPS:

	Three Months Ended March 31,			
	2024		2023	
	Basic	Diluted	Basic	Diluted
<b>EPS Numerator</b> (Millions):				
<b>Net Income</b>	<u>\$ 532</u>	<u>\$ 532</u>	<u>\$1,287</u>	<u>\$ 1,287</u>
<b>EPS Denominator</b> (Millions):				
Weighted Average Common Shares Outstanding	499	499	497	497
Effect of Stock Based Compensation Awards	—	1	—	3
<b>Total Shares</b>	<u>499</u>	<u>500</u>	<u>497</u>	<u>500</u>
<b>EPS</b>				
<b>Net Income</b>	<u>\$ 1.07</u>	<u>\$ 1.06</u>	<u>\$ 2.59</u>	<u>\$ 2.58</u>

#### Dividends

	Three Months Ended	
	March 31,	
	2024	2023
<b>Dividend Payments on Common Stock</b>		
Per Share	\$ 0.60	\$ 0.57
In Millions	\$ 299	\$ 284

On April 16, 2024, PSEG's Board of Directors approved a \$0.60 per share common stock dividend for the second quarter of 2024.

### Note 17. Financial Information by Business Segment

**PSE&G**

PSE&G earns revenues from its tariffs, under which it provides electric transmission and electric and gas distribution services to residential, commercial and industrial customers in New Jersey. The rates charged for electric transmission are regulated by FERC while the rates charged for electric and gas distribution are regulated by the BPU. Revenues are also earned from several other activities such as investments in EE equipment on customers' premises, solar investments, the appliance service business and other miscellaneous services.

### **PSEG Power & Other**

This reportable segment is comprised primarily of PSEG Power which earns revenues primarily by bidding energy, capacity and ancillary services into the markets for these products and by selling energy, capacity and ancillary services on a wholesale basis under contract to power marketers and to load-serving entities. PSEG Power also enters into bilateral contracts for energy, capacity, FTRs, gas, emission allowances and other energy-related contracts to optimize the value of its portfolio of generating assets and its electric and gas supply obligations. In addition, PSEG Power's Salem 1, Salem 2 and Hope Creek nuclear plants receive ZEC revenue from the EDCs in New Jersey including PSE&G.

This reportable segment also includes amounts applicable to PSEG LI, which generates revenues under its contract with LIPA, primarily for the recovery of costs when Servco is a principal in the transaction (see Note 3. Variable Interest Entity for additional information) as well as fixed and variable fee components under the contract, and Energy Holdings which holds an

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immaterial portfolio of remaining lease investments. Other also includes amounts applicable to PSEG (parent company) and Services.

	PSE&G	PSEG Power & Other	Eliminations (A)	Consolidated Total
	Millions			
<b>Three Months Ended March 31, 2024</b>				
Operating Revenues	\$ 2,333	\$ 872	\$ (445)	\$ 2,760
Net Income (B)	488	44	—	532
Gross Additions to Long-Lived Assets	739	58	—	797
<b>Three Months Ended March 31, 2023</b>				
Operating Revenues	\$ 2,293	\$ 2,027	\$ (565)	\$ 3,755
Net Income (B)	487	800	—	1,287
Gross Additions to Long-Lived Assets	676	63	—	739
<b>As of March 31, 2024</b>				
Total Assets	\$43,592	\$ 9,335	\$ (539)	\$ 52,388
Investments in Equity Method Subsidiaries	\$ —	\$ 17	\$ —	\$ 17
<b>As of December 31, 2023</b>				
Total Assets	\$42,873	\$ 8,407	\$ (539)	\$ 50,741
Investments in Equity Method Subsidiaries	\$ —	\$ 17	\$ —	\$ 17

- (A) Intercompany eliminations primarily relate to intercompany transactions between PSE&G and PSEG Power. For a further discussion of the intercompany transactions between PSE&G and PSEG Power, see Note 18. Related-Party Transactions.
- (B) Includes net after-tax gains (losses) of \$(186) million and \$555 million for the three months ended March 31, 2024 and 2023, respectively, at PSEG Power related to the impacts of non-trading commodity mark-to-market activity, which consist of the financial impact from positions with future delivery dates.



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### Note 18. Related-Party Transactions

The following discussion relates to intercompany transactions, which are eliminated during the PSEG consolidation process in accordance with GAAP.

#### PSE&G

The financial statements for PSE&G include transactions with related parties presented as follows:

<b>Related-Party Transactions</b>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	Millions	
Billings from Affiliates:		
Net Billings from PSEG Power (A)	\$ 444	\$ 561
Administrative Billings from Services (B)	117	102
<b>Total Billings from Affiliates</b>	<b>\$ 561</b>	<b>\$ 663</b>

<b>Related-Party Transactions</b>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
	Millions	
Payable to PSEG Power (A)	\$ 245	\$ 264
Payable to Services (B)	89	121
Payable to PSEG (C)	171	119
<b>Accounts Payable—Affiliated Companies</b>	<b>\$ 505</b>	<b>\$ 504</b>
<b>Working Capital Advances to Services (D)</b>	<b>\$ 33</b>	<b>\$ 33</b>
<b>Long-Term Accrued Taxes Receivable (Payable)</b>	<b>\$ 1</b>	<b>\$ (2)</b>

- (A) PSE&G has entered into a requirements contract with PSEG Power under which PSEG Power provides the gas supply services needed to meet PSE&G's BGSS and other contractual requirements. In addition, PSEG Power sells ZECs to PSE&G from its nuclear units under the ZEC program as approved by the BPU. The rates in the BGSS contract and for the ZEC sales are prescribed by the BPU. BGSS sales are billed and settled on a monthly basis. ZEC sales are billed on a monthly basis and settled annually following completion of each energy year. In addition, PSEG Power and PSE&G provide certain technical services for each other generally at cost in compliance with FERC and BPU affiliate rules.

- (B) Services provides and bills administrative services to PSE&G at cost. In addition, PSE&G has other payables to Services, including amounts related to certain common costs, which Services pays on behalf of PSE&G.
- (C) PSEG files a consolidated federal income tax return with its affiliated companies. A tax allocation agreement exists between PSEG and each of its affiliated companies. The general operation of these agreements is that the subsidiary company will compute its taxable income on a separate return basis. If the result is a net tax liability, such amount shall be paid to PSEG. If there are NOLs and/or tax credits, the subsidiary shall receive payment for the tax savings from PSEG to the extent that PSEG is able to utilize those benefits. In addition, PSEG pays all payroll taxes and receives reimbursement from its affiliated companies for their respective portions.
- (D) PSE&G has advanced working capital to Services. The amount is included in Other Noncurrent Assets on PSE&G's Condensed Consolidated Balance Sheets.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)**

This combined MD&A is separately filed by Public Service Enterprise Group Incorporated (PSEG) and Public Service Electric and Gas Company (PSE&G). Information contained herein relating to any individual company is filed by such company on its own behalf.

PSEG's business consists of two reportable segments, PSE&G and PSEG Power LLC (PSEG Power) & Other, primarily comprised of our principal direct wholly owned subsidiaries, which are:

- **PSE&G**—which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. PSE&G is subject to regulation by the New Jersey Board of Public Utilities (BPU), the Federal Energy Regulatory Commission (FERC), and other federal and New Jersey state regulators. PSE&G also invests in regulated solar generation projects and energy efficiency (EE) and related programs in New Jersey, which are regulated by the BPU, and
- **PSEG Power**—which is an energy supply company that integrates the operations of its merchant nuclear generating assets with its fuel supply functions through competitive energy sales via its principal direct wholly owned subsidiaries. PSEG Power's subsidiaries are subject to regulation by FERC, the Nuclear Regulatory Commission (NRC) and other federal regulators and state regulators in the states in which they operate.

The PSEG Power & Other reportable segment also includes amounts related to the parent company as well as PSEG's other direct wholly owned subsidiaries, which are: PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA) transmission and distribution (T&D) system under an Operations Services Agreement (OSA); PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily holds legacy lease investments and competitively bid, FERC regulated transmission; and PSEG Services Corporation (Services), which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

Our business discussion in Item 1. Business of our 2023 Annual Report on 10-K (Form 10-K) provides a review of the regions and markets where we operate and compete, as well as our strategy for conducting our businesses within these markets, focusing on operational excellence, financial strength and making disciplined investments. Our risk factor discussion in Item 1A. Risk Factors of Form 10-K provides information about factors that could have a material adverse impact on our businesses. The following supplements that discussion and the discussion included in the Executive Overview of 2023 and Future Outlook provided in Item 7 in our Form 10-K by describing significant events and business developments that have occurred during 2024 and changes to the key factors that we expect may drive our future performance. The following discussion refers to the Condensed Consolidated Financial Statements (Statements) and the Related Notes to Condensed Consolidated Financial Statements (Notes). This discussion should be read in conjunction with such Statements, Notes and the Form 10-K.

### **EXECUTIVE OVERVIEW OF 2024 AND FUTURE OUTLOOK**



We are a public utility holding company that, acting through our wholly owned subsidiaries, is a predominantly regulated electric and gas utility and a nuclear generation business. Our business plan focuses on achieving growth by allocating capital primarily toward regulated investments in an effort to continue to improve the sustainability and predictability of our business. We are focused on investing to modernize our energy infrastructure, improve reliability and resilience, increase EE and deliver cleaner energy to meet customer expectations and be well aligned with public policy objectives. In furtherance of these goals, our investments in PSE&G have adjusted our business mix to reflect a higher percentage of earnings contribution by PSE&G. In addition, the passage of the Inflation Reduction Act of 2022 (IRA) established a production tax credit (PTC) for existing nuclear facilities from 2024 through 2032. The PTC is expected to provide downside price protection for our nuclear generation fleet as the tax credit value is directly linked to a nuclear facility's gross receipts.

For the years 2024-2028, our regulated capital investment program is estimated to be in a range of \$18 billion to \$21 billion. We expect these capital investments to result in a compound annual growth rate in our regulated rate base in a range of 6% to 7.5% from year-end 2023 to year-end 2028. The regulated capital investments represent the majority of PSEG's total capital investment program of \$19 billion to \$22.5 billion. The low end of the range includes an extension of our Gas System Modernization Program (GSMP) and Clean Energy Future (CEF)-EE program at their current average annual investment levels plus inflation, as these programs are expected to continue beyond their currently approved timeframes. The upper end of our capital investment range includes incremental investments, particularly for an expansion of our current EE programs as well as other clean energy and infrastructure investments.

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### **PSE&G**

At PSE&G, our focus is on investing capital in T&D infrastructure and clean energy programs to enhance the reliability and resiliency of our T&D system, meet customer expectations and support public policy objectives.

During 2023, the BPU approved a \$280 million nine-month extension of our CEF-EE program through June 2024 and a two-year extension of our current GSMP program to replace at least 400 miles of cast iron and unprotected steel mains and services in our gas system. The GSMP program extension provides for main replacement through December 2025 plus trailing services replacement and paving costs into 2026 and totals approximately \$900 million of investment. Of the \$900 million, \$750 million is recovered through three periodic rate updates with the balance recovered through a future distribution base rate case.

Our broader GSMP III, which also included projects to introduce renewable natural gas and hydrogen blending into our existing distribution system is being held in abeyance, with negotiations to be reinitiated by January 2025 with the intent of beginning the work in January 2026. A remaining component of our CEF-Electric Vehicle (EV) program related to medium- and heavy-duty charging infrastructure has been the subject of a stakeholder process that the BPU began in 2021 and we expect that this effort will result in PSE&G submitting a filing targeting infrastructure investments for the medium-and heavy-duty EV market after the BPU finalizes its program and filing requirements. In September 2022, the BPU released a draft Storage Incentive Program proposal and is currently undertaking a stakeholder process to determine the details of the program. In the meantime, our CEF-Energy Storage (ES) program is being held in abeyance.

In November 2023, we filed for a second extension of our CEF-EE program, which would cover a commitment period of six months from July 2024 through December 2024 for approximately \$300 million. In December 2023, we filed for our CEF-EE II program, which proposed a \$3.1 billion investment for a second program cycle covering commitments from January 2025 through June 2027, with investments being made over a six-year period. This EE filing is a significant increase from our prior filings, driven by an increase in the savings targets required under the BPU Energy Efficiency Framework and higher costs to achieve those targeted savings. The filing also includes demand response programs and building decarbonization programs. The CEF-EE extension filing is expected to be resolved in the first half of 2024 and the EE II filing is expected to be resolved in the second half of 2024.

Pursuant to our GSMP II and Energy Strong II programs, we filed a distribution base rate case as required by the BPU in December 2023. Among other things, the distribution base rate case is seeking to recover capital expenditures associated with the portion of our infrastructure investment programs that are not already in rates, as well as the Advanced Metering Infrastructure and EV programs, other investments that are not recovered through periodic rate roll-ins, and several other cost and return factors. The filing proposes an overall revenue increase of 9% with a 12% increase for the combined typical residential electric and gas customer. We expect to conclude the distribution base rate case later in 2024.

### **PSEG Power**

At PSEG Power, we seek to produce low-cost electricity by efficiently operating our nuclear generation assets, mitigate earnings volatility through the PTC mechanism and hedging, and support public policies that preserve these existing carbon-free base load nuclear generating plants. During the first three months of 2024, our nuclear units generated approximately 8.2 terawatt hours and operated at a capacity factor of 96.8%. As of March 31, 2024, PSEG

Power has hedged approximately 90% to 95% of its expected generation output for 2024. Beginning in 2024, our hedging strategy has incorporated an estimated range of risk reduction impacts from the PTCs with potential incremental changes upon final U.S. Treasury guidance.

### **Climate Strategy and Sustainability Efforts**

For more than a century, our purpose has been to provide safe access to an around-the-clock supply of reliable, affordable energy. Today, our vision is to power a future where people use less energy, and it is cleaner, safer and delivered more reliably than ever. We have established a net zero greenhouse gas (GHG) emissions by 2030 goal that includes direct GHG emissions (Scope 1) and indirect GHG emissions from operations (Scope 2) across our business operations, assuming advances in technology, public policy and customer behavior.

PSE&G has undertaken a number of initiatives that support the reduction of GHG emissions and the implementation of EE initiatives. PSE&G's approved CEF-EE, CEF-Energy Cloud and CEF-EV programs and the proposed CEF-ES and CEF-EE II programs are intended to support New Jersey's Energy Master Plan (EMP) and recent Gubernatorial Executive Orders through programs designed to help customers use energy more efficiently, reduce GHG emissions, support the expansion of the EV infrastructure in New Jersey, install energy storage capacity to supplement solar generation and enhance grid resiliency, install smart meters and supporting infrastructure to allow for the integration of other clean energy technologies and to more efficiently respond to weather and other outage events.

In addition, PSE&G is committed to the safe and reliable delivery of natural gas to approximately 1.9 million customers throughout New Jersey and we are equally committed to reducing GHG emissions associated with such operations. The GSMP is designed to significantly reduce natural gas leaks in our distribution system, which would reduce the release of methane, a potent GHG, into the air. Through GSMP II, from 2018 through 2023 we reduced reported methane emissions by

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approximately 27% system wide and assuming continuation of GSMP, we expect to achieve an overall reduction in methane emissions of at least 60% over the 2011 baseline through 2030 period. We also continue to assess physical risks of climate change and adapt our capital investment program to improve the reliability and resiliency of our system in an environment of increasing frequency and severity of weather events.

We also continue to focus on providing cleaner energy for our customers by working to preserve the economic viability of our nuclear units, which provide over 85% of the carbon-free energy in New Jersey. These efforts include reducing market risk by advocating for state and federal policies, such as the PTC established by the IRA, and capacity market reform at PJM Interconnection, L.L.C. (PJM) that recognize the value of our nuclear fleet's carbon-free generation and its contribution to grid reliability.

### **Competitively Bid, FERC Regulated Transmission Projects**

PSEG continues to evaluate investment opportunities in regulated transmission beyond PSE&G. In December 2023, PJM awarded a subsidiary of Energy Holdings an approximately \$424 million project to address increasing load and reliability issues in Maryland and northern Virginia as part of its 2022 Window 3 competitive solicitation. The project has an expected in-service date of 2027.

In April 2024, PSE&G submitted bids to the BPU for what the BPU has termed the Pre-Build Infrastructure (PBI) project, which is a combination of onshore and near-shore underwater infrastructure. The BPU is expected to announce the winner(s) of the PBI solicitation in the second half of 2024.

We also continue to evaluate regulated transmission opportunities to support offshore wind development in the New Jersey area. In April 2023, the BPU issued an order requesting that PJM conduct a second public policy transmission solicitation process utilizing the State Agreement Approach (SAA2) for transmission projects to support New Jersey's expanded offshore wind goal. This solicitation is expected to open in July 2024.

PJM has also announced its intent to open the 2024 Regional Transmission Expansion Plan (RTEP) Window 1 solicitation in July 2024, which is expected to include the impacts of higher load growth forecasts.

PSEG will evaluate the SAA2 and 2024 RTEP Window 1 solicitations when more information becomes available and may decide to submit bids in one or both opportunities.

### **Financial Results**

The results for PSEG, PSE&G and PSEG Power & Other for the three months ended March 31, 2024 and 2023 are presented as follows:

	Three Months Ended March 31,	
	2024	2023
	Millions	
PSE&G	\$ 488	\$ 487
PSEG Power & Other (A)	44	800
<b>PSEG Net Income</b>	<b>\$ 532</b>	<b>\$ 1,287</b>
<b>PSEG Net Income Per Share (Diluted)</b>	<b>\$ 1.06</b>	<b>\$ 2.58</b>

(A) Other includes after-tax activities at the parent company, PSEG LI, and Energy Holdings as well as intercompany eliminations.

PSEG Power's results above include the Nuclear Decommissioning Trust (NDT) Fund activity and the impacts of non-trading commodity mark-to-market (MTM) activity, which consist of the financial impact from positions with future delivery dates.

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The variances in our Net Income attributable to changes related to the NDT Fund and MTM are shown in the following table:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
	Millions, after tax	
NDT Fund Income (Expense) (A) (B)	\$ 57	\$ 25
Non-Trading MTM Gains (Losses) (C)	\$ (186)	\$ 555

- (A) NDT Fund Income (Expense) includes gains and losses on NDT securities which are recorded in Net Gains (Losses) on Trust Investments. See Item 1. Note 7. Trust Investments for additional information. NDT Fund Income (Expense) also includes interest and dividend income and other costs related to the NDT Fund recorded in Net Other Income (Deductions), interest accretion expense on PSEG Power's nuclear Asset Retirement Obligation (ARO) recorded in Operation and Maintenance (O&M) Expense and the depreciation related to the ARO asset recorded in Depreciation and Amortization (D&A) Expense.
- (B) Net of tax (expense) benefit of \$(38) million and \$(17) million for the three months ended March 31, 2024 and 2023, respectively.
- (C) Net of tax (expense) benefit of \$72 million and \$(217) million for the three months ended March 31, 2024 and 2023, respectively.

Our Net Income for the three months ended March 31, 2024 decreased as compared to the comparable period in 2023 driven primarily by changes in the MTM and NDT Fund as shown in the table above.

### **Regulatory, Legislative and Other Developments**

We closely monitor and engage with stakeholders on significant regulatory and legislative developments.

#### **Transmission Rate Proceedings and Return on Equity (ROE)**

Under current FERC rules, PSE&G continues to earn a 50 basis point adder to its base ROE for its membership in PJM as a transmission owner. In April 2021, FERC proposed eliminating this ROE adder for Regional Transmission Owner participation. FERC has not acted on the proposal. If the adder was eliminated, it would reduce PSE&G's annual Net Income and annual cash inflows by approximately \$40 million.

#### **New Jersey Stakeholder Proceedings**

In February 2023, the governor of New Jersey issued executive orders (EOs) that establish or accelerate previously established 2050 targets for clean-sourced energy, building decarbonization, and EV adoption goals, with new target dates of 2030 or 2035, as applicable. The EOs direct the BPU and other state agencies to collaborate with stakeholders to develop plans to reach the targets and the BPU has convened a stakeholder proceeding to develop a plan for gas distribution utilities to reach the target of 50% natural gas emissions reductions over 2006 levels by 2030. The BPU will begin proceedings to update the State's EMP via public input hearings scheduled for May and June, 2024. We are unable to predict

the outcomes of this proceeding, but it could have a material impact on our business, results of operations and cash flows.

### **Environmental Regulation**

We are subject to liability under environmental laws for the costs and penalties of remediating contamination of property now or formerly owned by us and of property contaminated by hazardous substances that we generated. In particular, the historic operations of PSEG companies and the operations of numerous other companies along the Passaic and Hackensack Rivers are alleged by federal and state agencies to have discharged substantial contamination into the Passaic River/Newark Bay Complex in violation of various statutes. In addition, PSEG Power has retained ownership of certain liabilities excluded from the sale of its fossil generation portfolio, primarily related to obligations under New Jersey and Connecticut state law to investigate and remediate the sites. We are also currently involved in a number of proceedings relating to sites where other hazardous substances may have been discharged and may be subject to additional proceedings in the future, and the costs and penalties of any such remediation efforts could be material.

For further information regarding the matters described above, as well as other matters that may impact our financial condition and results of operations, see Item 1. Note 9. Commitments and Contingent Liabilities.

### **Nuclear**

In April 2021, PSEG Power's Salem 1, Salem 2 and Hope Creek nuclear plants were awarded zero emission certificates (ZECs) for the three-year eligibility period starting June 2022 at the same approximate \$10 per megawatt hour (MWh) received during the prior ZEC period through May 2022. Pursuant to a process established by the BPU, ZECs are purchased from selected

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nuclear plants and recovered through a non-bypassable distribution charge in the amount of \$0.004 per kilowatt-hour used (which is equivalent to approximately \$10 per MWh generated in payments to selected nuclear plants (ZEC payment)). As previously noted, in August 2022, the IRA was signed into law expanding incentives promoting carbon-free generation. The enacted legislation established a PTC for electricity generated using existing nuclear energy, which began January 1, 2024 and continues through 2032. The expected PTC rate is up to \$15/MWh subject to adjustment based upon a facility's gross receipts. The PTC rate and the gross receipts threshold are subject to annual inflation adjustments. The establishment of the PTC impacted PSEG Power's decision not to apply for the next ZEC three-year eligibility period starting June 2025. We continue to analyze the impact of the IRA on our nuclear units, and will analyze any future guidance from the U.S. Treasury to assess any impact of PTCs on expected ZEC payments and/or any future ZEC application periods.

### **Interest Rate Matters**

Federal Reserve policy to reduce inflation has resulted in a higher interest rate environment which may persist as the Federal Reserve continues to assess the economic outlook. If it persists, higher interest rates on borrowings will contribute to higher interest expense on variable-rate debt and long-term rates on future financing plans. As of March 31, 2024, PSEG had entered into floating-to-fixed interest rate swaps totaling \$1.75 billion in order to reduce the volatility in interest expense related to a \$1.25 billion variable rate term loan at PSEG Power due March 2025 and PSEG's \$500 million variable rate term loan due April 2024. PSE&G's interest rate risk is moderated due to annual transmission rate filings and distribution recoveries through base rate filings and clause-based investment programs.

### **Tax Legislation**

Future federal and state tax legislation and clarification of enacted legislation could have a material impact on our effective tax rate and cash tax position.

In April 2023, the U.S. Treasury issued Revenue Procedure 2023-15 that provides a safe harbor method of accounting to determine the annual repair tax deduction for gas T&D property. The impact, if any, that this may have on PSEG and PSE&G's financial statements has not yet been determined.

The IRA enacted a new 15% corporate alternative minimum tax (CAMT), a PTC for existing nuclear generation facilities and allows energy tax credits to be transferable. The U.S. Treasury has issued several Notices pertaining to the CAMT and proposed regulations pertaining to the prevailing wage requirements and transferability rules of energy tax credits. Many aspects of the IRA remain unclear and in need of further guidance; therefore, we continue to analyze the impact the IRA will have on PSEG's and PSE&G's results of operations, financial condition and cash flows, which could be material.

### **Future Outlook**

Our future success will depend on our ability to continue to maintain strong operational and financial performance, address regulatory and legislative developments that impact our business and respond to the issues and challenges described below. In order to do this, we will continue to:

- seek approval of and execute on our utility capital investment program to modernize our infrastructure, improve the reliability and resilience of the service we provide to our customers, and align our sustainability and climate goals with New Jersey's energy policy,



- seek a fair return for our T&D investments through our transmission formula rate, existing rate incentives, distribution infrastructure and clean energy investment programs and periodic distribution base rate case proceedings,
- focus on controlling costs while maintaining safety, reliability and customer satisfaction and complying with applicable standards and requirements,
- manage the risks and opportunities in federal and state clean energy policies,
- advocate for appropriate regulatory guidance on the federal nuclear PTC to ensure long-term support for New Jersey's largest carbon-free generation resource, and adapt our hedging program accordingly,
- engage constructively with our multiple stakeholders, including regulators, government officials, customers, employees, investors, suppliers and the communities in which we do business, and
- deliver on our human capital management strategy to attract, develop and retain a diverse, high-performing workforce.

In addition to the risks described elsewhere in this Form 10-Q for 2024 and beyond, the key issues and challenges we expect our business to confront include:

- regulatory and political uncertainty, both with regard to transmission planning and rates policy, the role of distribution utilities and decarbonization impacts, future energy policy, tax regulations, design of energy and capacity markets, and environmental regulation, as well as with respect to the outcome of any legal, regulatory or other proceedings,

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- performance of the financial markets, including the impact on our pension and interest rates on our future financing plans,
- continuing to manage costs and maintain affordable customer rates in an inflationary environment, which could impact customer collections and future regulatory proceedings,
- the increasing frequency, sophistication and magnitude of cybersecurity attacks against us and our respective vendors and business partners who may have our sensitive information and/or access to our environment, and the increasing frequency and magnitude of physical attacks on electric and gas infrastructure,
- future changes in federal and state tax laws or any other associated tax guidance, and
- the impact of changes in demand, natural gas and electricity prices, and expanded efforts to decarbonize several sectors of the economy.

We continually assess a broad range of strategic options to maximize long-term shareholder value and address the interests of our multiple stakeholders. We consider a wide variety of factors when determining how and when to efficiently deploy capital, including the performance and prospects of our businesses; returns and the sustainability and predictability of future earnings streams; the views of investors, regulators, public policy initiatives, rating agencies, customers and employees; our existing indebtedness and restrictions it imposes; and tax considerations, among other things. Strategic options available to us include:

- investments in PSE&G, including T&D facilities to enhance reliability, resiliency and modernize the system to meet the growing needs and increasingly higher expectations of customers, and clean energy investments such as CEF-EE, CEF-EV, CEF-ES and solar,
- continued operation of our nuclear generation facilities that are expected to be supported through the PTC through 2032 and can enable certain investments to increase the capacity of the units as well as potential license extensions, and offtake contracts with potential customers such as data centers and hydrogen producers, and others seeking reliable, around-the-clock carbon-free power,
- investments in competitive, regulated transmission investments through PJM processes and BPU solicitations that provide revenue predictability and reasonable risk-adjusted returns, and
- acquisitions, dispositions, development and other transactions involving our common stock, assets or businesses that could provide value to customers and shareholders.

There can be no assurance, however, that we will successfully develop and execute any of the strategic options noted above, or any additional options we may consider in the future. The execution of any such strategic plan may not have the expected benefits or may have unexpected adverse consequences.

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### RESULTS OF OPERATIONS

#### PSEG

Our results of operations are comprised of the results of operations of our reportable segments, PSE&G and PSEG Power & Other, excluding charges related to intercompany transactions, which are eliminated in consolidation. For additional information on intercompany transactions, see Item 1. Note 18. Related-Party Transactions.

	Three Months Ended		Increase/ (Decrease)	
	March 31,		2024 vs. 2023	
	2024	2023		
	Millions		Millions	%
Operating Revenues	\$ 2,760	\$ 3,755	\$ (995)	(26)
Energy Costs	997	1,082	(85)	(8)
Operation and Maintenance (A)	783	743	40	5
Depreciation and Amortization	295	282	13	5
Income from Equity Method Investments	—	1	(1)	N/A
Net Gains (Losses) on Trust Investments	95	46	49	N/A
Net Other Income (Deductions)	35	42	(7)	(17)
Net Non-Operating Pension and OPEB Credits (Costs)	19	28	(9)	(32)
Interest Expense	205	180	25	14
Income Tax Expense (Benefit)	97	298	(201)	(67)

The following discussions for PSE&G and PSEG Power & Other provide a detailed explanation of their respective variances.

#### PSE&G

	Three Months Ended		Increase/ (Decrease)	
	March 31,		2024 vs. 2023	
	2024	2023		
	Millions		Millions	%
Operating Revenues	\$ 2,333	\$ 2,293	\$ 40	2
Energy Costs	928	984	(56)	(6)
Operation and Maintenance (A)	465	460	5	1
Depreciation and Amortization	257	244	13	5
Net Other Income (Deductions)	16	21	(5)	(24)
Net Non-Operating Pension and OPEB Credits (Costs)	19	28	(9)	(32)
Interest Expense	138	113	25	22
Income Tax Expense (Benefit)	92	54	38	70

(A) Includes amortization of EE programs regulatory investment expenditures of \$27 million and \$17 million for the three months ended March 31, 2024 and 2023, respectively.

### Three Months Ended March 31, 2024 as Compared to Three Months Ended March 31, 2023

**Operating Revenues** increased \$40 million due to changes in delivery, commodity, clause and other operating revenues.

**Delivery Revenues** increased \$44 million due primarily to

- Transmission revenues were \$33 million higher due primarily to an increase in revenue requirements attributable to higher rate base investment.
- Electric and gas distribution revenues increased \$11 million due primarily to a \$48 million increase from higher volumes and a \$6 million increase in Green Program Recovery Charge (GPRC) collections. These increases were partially offset by a \$37 million reduction from Conservation Incentive Program decoupling and a \$7 million increase

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in the flowback to customers of excess deferred tax liabilities and tax repair-related accumulated deferred income tax benefits resulting from rate reductions, which is offset in Income Tax Expense.

**Commodity Revenues** decreased \$73 million as a result of lower Gas and Electric revenues. The changes in Commodity revenues for both gas and electric are entirely offset by the changes in Energy Costs. PSE&G earns no margin on the provision of basic gas supply service (BGSS) and BGS (basic generation service) to retail customers.

- Gas commodity revenues decreased \$95 million due primarily to a decrease of \$122 million from lower BGSS prices, partially offset by \$27 million from higher BGSS sales volumes.
- Electric commodity revenues increased \$22 million due to \$15 million from higher sales volumes and \$7 million from higher BGS prices.

**Clause Revenues** increased \$54 million due primarily to a \$66 million net increase in Tax Adjustment Credit (TAC) and GPRC deferrals, partially offset by lower Societal Benefits Clause (SBC) revenues of \$12 million. The changes in TAC and GPRC deferral amounts and SBC revenues are entirely offset by changes in the amortization of Regulatory Assets and Regulatory Liabilities and related costs in O&M, D&A, Interest and Income Tax Expenses. PSE&G does not earn margin on TAC and GPRC deferrals or on SBC revenue.

**Other Operating Revenues** increased \$15 million due primarily from Renewable Energy Credit (REC) programs. The changes in revenues from REC programs are entirely offset by changes to Energy Costs.

### **Operating Expenses**

**Energy Costs** decreased \$56 million. This is entirely offset by changes in Commodity Revenues and Other Operating Revenues.

**Depreciation and Amortization** increased \$13 million due primarily to increases in depreciation due to higher plant placed in service, partially offset by a decrease in the amortization of Regulatory Assets.

**Net Non-Operating Pension and OPEB Credits** decreased \$9 million due primarily to an \$11 million decrease in the amortization of net prior service credits and a \$1 million increase in the amortization of the net actuarial loss, partially offset by a \$2 million increase in the expected return on plan assets and a \$1 million decrease in interest cost.

**Interest Expense** increased \$25 million due primarily to March and August 2023 debt issuances.

**Income Tax Expense** increased \$38 million due primarily to higher pre-tax income and a decrease in the flowback of excess deferred income tax benefits.

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### PSEG Power & Other

	Three Months Ended		Increase/ (Decrease)	
	March 31,		2024 vs. 2023	
	2024	2023	2024 vs. 2023	
	Millions		Millions	%
Operating Revenues	\$ 872	\$ 2,027	\$ (1,155)	(57)
Energy Costs	514	663	(149)	(22)
Operation and Maintenance	318	283	35	12
Depreciation and Amortization	38	38	—	—
Income from Equity Method Investments	—	1	(1)	N/A
Net Gains (Losses) on Trust Investments	95	46	49	N/A
Net Other Income (Deductions)	20	22	(2)	(9)
Interest Expense	68	68	—	—
Income Tax Expense (Benefit)	5	244	(239)	(98)

### Three Months Ended March 31, 2024 as Compared to Three Months Ended March 31, 2023

**Operating Revenues** decreased \$1,155 million due primarily to changes in generation and gas supply and other operating revenues.

**Generation Revenues** decreased \$1,060 million due primarily to

- a net decrease of \$1,057 million due to MTM losses in 2024 as compared to MTM gains in 2023. Of this amount, there was a \$680 million decrease due to changes in forward prices in 2024 as compared to 2023 coupled with a \$377 million decrease due to positions reclassified to realized upon settlement,
- a net decrease of \$22 million due primarily to electricity sold under the BGS contracts, which ended in May 2023, and lower volumes sold under other load contracts, and
- a net decrease of \$12 million in capacity revenue due primarily to lower capacity prices, partially offset by decreases in capacity expenses due to lower load volumes served,
- partially offset by a net increase of \$14 million due primarily to higher average realized prices and volumes sold in 2024.

**Gas Supply Revenues** decreased \$114 million due primarily to

- a net decrease of \$151 million in sales under the BGSS contract due primarily to \$198 million from lower prices, partially offset by \$47 million from higher sales volumes,
- partially offset by a net increase of \$27 million due primarily to lower MTM losses, primarily due to positions reclassified to realized upon settlement, and

- a net increase of \$10 million related to sales to third parties due primarily to \$12 million from higher sales volumes, partially offset by \$2 million from lower sales prices.

### **Operating Expenses**

**Energy Costs** represent the cost of generation, which includes fuel costs for generation as well as purchased energy in the market, and gas purchases to meet PSEG Power's obligation under its BGSS contract with PSE&G. Energy Costs decreased \$149 million due to

**Gas costs** decreased \$151 million due mainly to

- a net decrease of \$158 million related to sales under the BGSS contract, of which \$200 million was due to the lower average cost of gas, partially offset by \$42 million due to higher send out volumes,
- partially offset by a net increase of \$8 million related to sales to third parties due primarily to higher volumes sold.

**Generation costs** were essentially flat as compared to the prior year.

**Operation and Maintenance** increased \$35 million due primarily to a refueling outage in 2024 at our 100%-owned Hope

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Creek nuclear plant as compared to an outage at our 57%-owned Salem 2 nuclear plant in 2023, and higher Long Island Electric Utility Servco, LLC's (Servco) operating costs paid by LIPA. See Note 3. Variable Interest Entity for additional information on Servco and LIPA.

**Net Gains (Losses) on Trust Investments** increased \$49 million due primarily to \$26 million of net unrealized gains, and \$17 million of net realized gains on equity securities in 2024 as compared to \$6 million of net realized losses in 2023 on fixed income securities in the NDT Fund.

**Income Tax Expense** decreased \$239 million due primarily to lower pre-tax income in 2024.

## **LIQUIDITY AND CAPITAL RESOURCES**

The following discussion of our liquidity and capital resources is on a consolidated basis, noting the uses and contributions, where material, of our two direct major operating subsidiaries.

### **Operating Cash Flows**

We continue to expect our operating cash flows combined with cash on hand and financing activities to be sufficient to fund planned capital expenditures and shareholder dividends.

For the three months ended March 31, 2024, our operating cash flow decreased \$1,176 million, as compared to the same period in 2023. The net decrease was primarily due to an outflow of \$168 million in net cash collateral postings in 2024 as compared to a \$794 million inflow in 2023 at PSEG Power and lower tax refunds, partially offset by a net change at PSE&G, as discussed below.

#### **PSE&G**

PSE&G's operating cash flow increased \$30 million from \$378 million to \$408 million for the three months ended March 31, 2024, as compared to the same period in 2023. The increase was due primarily to higher cash collateral postings returned to BGS suppliers in 2023, partially offset by an increase in net accounts receivable and unbilled revenues and a net increase in regulatory deferrals.

### **Short-Term Liquidity**

PSEG meets its short-term liquidity requirements, as well as those of PSEG Power, primarily through the issuance of commercial paper and, from time to time, short-term loans. PSE&G maintains its own separate commercial paper program to meet its short-term liquidity requirements. Each commercial paper program is fully back-stopped by its own separate credit facility.

Each of our credit facilities is restricted as to availability and use to the specific companies as listed below; however, if necessary, the PSEG facilities can also be used to support our subsidiaries' liquidity needs.

In March 2024, PSEG, PSEG Power, and PSE&G executed a one year extension to their existing \$3.75 billion revolving credit facilities, extending the maturity through March 2028.

Our total committed credit facilities and available liquidity as of March 31, 2024 were as follows:



Company/ Facility	As of March 31, 2024		
	Total Facility	Usage	Available Liquidity
	Millions		
PSEG	\$ 1,500	\$ 2	\$ 1,498
PSE&G	1,000	45	955
PSEG Power	1,525	167	1,358
<b>Total</b>	<b>\$ 4,025</b>	<b>\$ 214</b>	<b>\$ 3,811</b>

PSEG Power has an uncommitted credit facility for \$100 million, which can be utilized for letters of credit. A subsidiary of PSEG Power has an uncommitted credit facility for \$150 million, which can be utilized for cash collateral postings. As of March 31, 2024, there were no outstanding balances under these facilities.

We continually monitor our liquidity and seek to add capacity as needed to meet our liquidity requirements, including to satisfy any additional collateral requirements. As of March 31, 2024, our liquidity position, including our credit facilities and access to external financing, was expected to be sufficient to meet our projected stressed requirements over our 12-month planning horizon. PSEG analyzes its liquidity requirements using stress scenarios that consider different events, including changes in commodity prices and the potential impact of PSEG Power losing its investment grade credit rating from S&P or Moody's,

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which would represent a two level downgrade from its current Moody's and S&P ratings. In the event of a deterioration of PSEG Power's credit rating, certain of PSEG Power's agreements allow the counterparty to demand further performance assurance. The potential additional collateral that we would be required to post under these agreements if PSEG Power were to lose its investment grade credit rating was approximately \$690 million and \$751 million as of March 31, 2024 and December 31, 2023, respectively.

For additional information, see Item 1. Note 10. Debt and Credit Facilities.

### **Long-Term Debt Financing**

During the next twelve months,

- PSEG has \$750 million of 2.88% Senior Notes maturing in June 2024,
- PSE&G has \$250 million of 3.15% Secured Medium-Term Notes, Series J, due August 2024,
- PSE&G has \$250 million of 3.05% Secured Medium-Term Notes, Series J, due November 2024, and
- PSEG Power has a \$1.25 billion term loan due March 2025.

PSEG, PSEG Power, Energy Holdings, PSEG LI and Services participate in a corporate money pool, an aggregation of daily cash balances designed to efficiently manage their respective short-term liquidity needs, which are accounted for as intercompany loans. Servco does not participate in the corporate money pool. Servco's short-term liquidity needs are met through an account funded and owned by LIPA.

For additional information see Item 1. Note 10. Debt and Credit Facilities.

### **Common Stock Dividends**

On April 16, 2024, PSEG's Board of Directors approved a \$0.60 per share common stock dividend for the second quarter of 2024. This reflects an indicative annual dividend rate of \$2.40 per share. We expect to continue to pay cash dividends on our common stock; however, the declaration and payment of future dividends to holders of our common stock will be at the discretion of the Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, alternate investment opportunities, legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant. For additional information related to cash dividends on our common stock, see Item 1. Note 16. Earnings Per Share (EPS) and Dividends.

### **Credit Ratings**

If the rating agencies lower or withdraw our credit ratings, such revisions may adversely affect the market price of our securities and serve to materially increase our cost of capital and limit access to capital. Credit Ratings shown are for securities that we typically issue. Outlooks are shown for the credit ratings at each entity and can be Stable, Negative, or Positive. There is no assurance that the ratings will continue for any given period of time or that they will not be revised by the rating agencies, if in their respective judgments, circumstances warrant. Each rating given by an agency should be evaluated independently of the other agencies' ratings. The ratings should not be construed as an indication to buy, hold or sell any security.

	<b>Moody's (A)</b>	<b>S&amp;P (B)</b>
<b>PSEG</b>		
Outlook	<b>Stable</b>	<b>Stable</b>
Senior Notes	Baa2	BBB
Commercial Paper	P2	A2
<b>PSE&amp;G</b>		
Outlook	<b>Stable</b>	<b>Stable</b>
Mortgage Bonds	A1	A
Commercial Paper	P2	A2
<b>PSEG Power</b>		
Outlook	<b>Positive</b>	<b>Stable</b>
Issuer Rating	Baa2	BBB

- (A) Moody's ratings range from Aaa (highest) to C (lowest) for long-term securities and P1 (highest) to NP (lowest) for short-term securities.
- (B) S&P ratings range from AAA (highest) to D (lowest) for long-term securities and A1 (highest) to D (lowest) for short-term securities.

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### **CAPITAL REQUIREMENTS**

We expect that all of our capital requirements over the next three years will come from a combination of internally generated funds and external debt financing. There were no material changes to our projected capital expenditures as compared to amounts disclosed in our 2023 Form 10-K.

#### **PSE&G**

During the three months ended March 31, 2024, PSE&G made capital expenditures of \$739 million, primarily for T&D system reliability and advanced electric metering. In addition, PSE&G had cost of removal, net of salvage, of \$45 million associated with capital replacements, and expenditures for EE programs of approximately \$118 million, which are included in operating cash flows.

#### **PSEG Power & Other**

During the three months ended March 31, 2024, PSEG Power & Other made capital expenditures of \$49 million, excluding \$9 million for nuclear fuel, primarily related to various nuclear projects at PSEG Power and various information technology projects at Services.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The risk inherent in our market-risk sensitive instruments and positions is the potential loss arising from adverse changes in commodity prices, equity security prices and interest rates as discussed in the Notes to Consolidated Financial Statements. It is our policy to use derivatives to manage risk consistent with business plans and prudent practices. We have a Risk Management Committee comprised of executive officers who utilize a risk oversight function to ensure compliance with our corporate policies and risk management practices.

Additionally, we are exposed to counterparty credit losses in the event of non-performance or non-payment. We have a credit management process, which is used to assess, monitor and mitigate counterparty exposure. In the event of non-performance or non-payment by a major counterparty, there may be a material adverse impact on our financial condition, results of operations or net cash flows.

#### **Commodity Contracts**

The availability and price of energy-related commodities are subject to fluctuations from factors such as weather, environmental policies, changes in supply and demand, state and federal regulatory policies, market rules and other events. To reduce price risk caused by market fluctuations, we enter into supply contracts and derivative contracts, including forwards, futures, swaps, treasury locks, and options with approved counterparties. These contracts, in conjunction with physical sales and other services, help reduce risk and optimize the value of owned electric generation capacity.

#### **Value-at-Risk (VaR) Models**

VaR represents the potential losses, under normal market conditions, for instruments or portfolios due to changes in market factors, for a specified time period and confidence level. We estimate VaR across our commodity businesses.

MTM VaR consists of MTM derivatives that are economic hedges. The calculation does not include market risks associated with activities that are subject to accrual accounting, primarily our generating facilities and some load-serving activities.

The VaR models used are variance/covariance models adjusted for the change of positions with 95% and 99.5% confidence levels and a one-day holding period for the MTM activities. The models assume no new positions throughout the holding periods; however, we actively manage our portfolio.

From January through March 2024, MTM VaR varied between a low of \$30 million and a high of \$152 million at the 95% confidence level. The range of VaR was wider for the three months ended March 31, 2024 as compared with the year ended December 31, 2023.

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	MTM VaR	
	Three Months Ended March 31, 2024	Year Ended December 31, 2023
	Millions	
<b>95% Confidence Level, Loss could exceed VaR one day in 20 days</b>		
Period End	\$ 38	\$ 48
Average for the Period	\$ 50	\$ 56
High	\$ 152	\$ 127
Low	\$ 30	\$ 24
<b>99.5% Confidence Level, Loss could exceed VaR one day in 200 days</b>		
Period End	\$ 60	\$ 75
Average for the Period	\$ 79	\$ 87
High	\$ 238	\$ 198
Low	\$ 47	\$ 38

See Item 1. Note 11. Financial Risk Management Activities for a discussion of credit risk.

## ITEM 4. CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

#### PSEG and PSE&G

We have established and maintain disclosure controls and procedures as defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to provide reasonable assurance that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported and is accumulated and communicated to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of each respective company, as appropriate, by others within the entities to allow timely decisions regarding required disclosure. We have established a disclosure committee which includes several key management employees and which reports directly to the CFO and CEO of each of PSEG and PSE&G. The committee monitors and evaluates the effectiveness of these disclosure controls and procedures. The CFO and CEO of each of PSEG and PSE&G have evaluated the effectiveness of the disclosure controls and procedures and, based on this evaluation, have concluded that disclosure controls and procedures at each respective company were effective at a reasonable assurance level as of the end of the period covered by the report.

### Internal Controls

#### PSEG and PSE&G

There have been no changes in internal control over financial reporting that occurred during the first quarter of 2024 that have materially affected, or are reasonably likely to materially affect, each registrant's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are party to various lawsuits and environmental and regulatory matters, including in the ordinary course of business. For information regarding material legal proceedings, including updates to information reported in Item 3 of Part I of the Form 10-K, see Part I, Item 1. Note 9. Commitments and Contingent Liabilities in this Quarterly Report on Form 10-Q.

### **ITEM 1A. RISK FACTORS**

The discussion of our business and operations in this Quarterly Report on Form 10-Q should be read together with the risk factors contained in Part I, Item 1A of our Form 10-K which describes various risks and uncertainties that could have a material adverse impact on our business, prospects, financial position, results of operations or cash flows and could cause results to differ materially from those expressed elsewhere in this report.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

From time to time, PSEG may repurchase shares to satisfy obligations under equity compensation awards and repurchase shares to satisfy purchases by employees under the Employee Stock Purchase Plan (ESPP). In March 2024, we entered into a share repurchase plan that complies with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, solely with respect to the repurchase of shares to satisfy obligations under equity compensation awards that are expected to be issued in 2024 and the repurchase of shares to satisfy purchases by employees under the ESPP during 2024. There were no common share repurchases in the open market during the first quarter of 2024.

## **ITEM 5. OTHER INFORMATION**

Certain information is provided below for new matters that have arisen subsequent to the filing of the Form 10-K.

### **Director and Officer Rule 10b5-1 and non-Rule 10b5-1 Trading Plans**

During the three months ended March 31, 2024, none of the Company's directors or officers adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

### **Federal Regulation**

#### **Regulation of Wholesale Sales—Generation/Market Issues/Market Power**

**December 31, 2023 Form 10-K page 10.** In March 2024, FERC issued a notice of proposed rulemaking proposing to eliminate compensation for reactive power in circumstances when the generator is operating within the normal power factor range specified in its interconnection agreement. PSEG Power receives reactive power compensation for its nuclear units. Therefore, we plan to actively participate in this rulemaking proceeding but cannot predict the outcome.

#### **Capacity Market Issues**

**December 31, 2023 Form 10-K page 10.** In October 2023, PJM submitted two related filings at FERC proposing reforms to its capacity market design. However, in February 2024, FERC issued an order rejecting PJM's second package of reforms, including PJM's proposed changes to its supply-side market power mitigation rules. Several parties have sought rehearing of FERC's rejection order. In February 2024, PJM submitted a request asking FERC to delay the commencement of the base residual auction for the 2025/26 Delivery Year to mid-July 2024, which FERC granted.

In March 2024, the U.S. Court of Appeals for the Third Circuit (Third Circuit Court) issued a decision vacating an order in which FERC accepted PJM's proposal to revise its planning parameters for one capacity market zone and to apply those revised planning parameters to the capacity auction for the 2024/2025 delivery that had already begun. The Third Circuit Court found that FERC's order constituted retroactive ratemaking and vacated FERC's decision. Before the Third Circuit Court remanded the matter back to FERC, PJM submitted a petition asking FERC to issue an order confirming the original results (those not reflecting revised planning parameters) of the auction for the 2024/2025 Delivery Year and to authorize PJM to rerun the third incremental auction. We cannot predict whether FERC will grant PJM's petition.



## **Nuclear Regulatory Commission (NRC)**

**December 31, 2023 Form 10-K page 11.** In March 2024, PSEG notified the NRC of our intent to seek a second license renewal for our Salem and Hope Creek units. This second license renewal would extend the operating licenses through 2056 and 2060 for Salem Units 1 and 2, respectively, and 2066 for Hope Creek.

## **Environmental Matters**

### **Hazardous Substance Liability**

**December 31, 2023 Form 10-K page 15.** In April 2024, the EPA released a final regulation designating perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS), along with their salts and structural isomers, as hazardous substances under the federal Superfund law. We are unable to predict the impact of this regulation at this point on PSEG, but it could have a material impact on our business, results of operations and cash flows due to the retroactive, strict, and joint and several nature of liability under the federal Superfund law.

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## **ITEM 6. EXHIBITS**

A listing of exhibits being filed with this document is as follows:

**a. PSEG:**

<a href="#">Exhibit 10:</a>	<a href="#">2021 Equity Compensation Plan for Outside Directors - Restricted Stock Unit Award Agreement</a>
<a href="#">Exhibit 31:</a>	<a href="#">Certification by Ralph LaRossa Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act</a>
<a href="#">Exhibit 31.1:</a>	<a href="#">Certification by Daniel J. Cregg Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act</a>
<a href="#">Exhibit 32:</a>	<a href="#">Certification by Ralph LaRossa Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code</a>
<a href="#">Exhibit 32.1:</a>	<a href="#">Certification by Daniel J. Cregg Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code</a>
	Inline XBRL Instance Document - The Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within
Exhibit 101.INS:	the Inline XBRL document.
Exhibit 101.SCH:	Inline XBRL Taxonomy Extension Schema
Exhibit 101.CAL:	Inline XBRL Taxonomy Extension Calculation Linkbase
Exhibit 101.LAB:	Inline XBRL Taxonomy Extension Labels Linkbase
Exhibit 101.PRE:	Inline XBRL Taxonomy Extension Presentation Linkbase
Exhibit 101.DEF:	Inline XBRL Taxonomy Extension Definition Document
	Cover Page Interactive Data File (formatted as Inline XBRL and contained
Exhibit 104:	in Exhibit 101)

**b. PSE&G:**

<a href="#">Exhibit 4a(16):</a>	<a href="#">Supplemental Indenture dated February 1, 2024</a>
<a href="#">Exhibit 10:</a>	<a href="#">2021 Equity Compensation Plan for Outside Directors - Restricted Stock Unit Award Agreement</a>
<a href="#">Exhibit 31.2:</a>	<a href="#">Certification by Ralph LaRossa Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act</a>
<a href="#">Exhibit 31.3:</a>	<a href="#">Certification by Daniel J. Cregg Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act</a>
<a href="#">Exhibit 32.2:</a>	<a href="#">Certification by Ralph LaRossa Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code</a>
<a href="#">Exhibit 32.3:</a>	<a href="#">Certification by Daniel J. Cregg Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code</a>
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Exhibit 101.PRE:	Inline XBRL Taxonomy Extension Presentation Linkbase
Exhibit 101.DEF:	Inline XBRL Taxonomy Extension Definition Document
	Cover Page Interactive Data File (formatted as Inline XBRL and contained
Exhibit 104:	in Exhibit 101)



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## SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED**

(Registrant)

By: /s/ ROSE M. CHERNICK

**Rose M. Chernick**  
**Vice President and Controller**  
**(Principal Accounting Officer)**

Date: April 30, 2024

## SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**

(Registrant)

By: /s/ ROSE M. CHERNICK

**Rose M. Chernick**  
**Vice President and Controller**  
**(Principal Accounting Officer)**

Date: April 30, 2024