

**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 September 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
Public Service Enterprise Group Incorporated		
Common Stock without par value	PEG	New York Stock Exchange
Public Service Electric and Gas Company		
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	<input type="checkbox"/> Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/> Emerging growth company	
Public Service Electric and Gas Company	Large accelerated filer	<input type="checkbox"/> Accelerated filer	<input type="checkbox"/> Non-accelerated filer	<input checked="" type="checkbox"/> Smaller reporting company	<input type="checkbox"/> Emerging growth company	

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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 October 17, 2023, Public Service Enterprise Group Incorporated had outstanding 498,314,302 shares of its sole class of Common Stock, without par value.

As of October 17, 2023, 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, 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;
- inflation, including increases in the costs of equipment, materials, fuel 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;
- 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 and purchase of nuclear fuel;
- any inability to meet our commitments under forward sale obligations and Regional Transmission Organization rules;
- reliance on transmission facilities to maintain adequate transmission capacity for our nuclear generation fleet;
- 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;
- PSE&G's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;

- our ability to advocate for and our receipt of appropriate regulatory guidance to ensure long-term support for our nuclear fleet;
- 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 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.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
OPERATING REVENUES	\$ 2,456	\$ 2,272	\$ 8,632	\$ 6,661
OPERATING EXPENSES				
Energy Costs	831	1,012	2,517	3,022
Operation and Maintenance	792	765	2,279	2,310
Depreciation and Amortization	282	270	843	822
Losses on Asset Dispositions and Impairments	—	52	—	90
Total Operating Expenses	<u>1,905</u>	<u>2,099</u>	<u>5,639</u>	<u>6,244</u>
OPERATING INCOME	551	173	2,993	417
Income from Equity Method Investments	—	5	1	16
Net Gains (Losses) on Trust Investments	(40)	(97)	63	(352)
Other Income (Deductions)	41	43	132	86
Net Non-Operating Pension and Other Postretirement Benefit (OPEB) Credits (Costs)	(302)	94	(245)	282
Interest Expense	<u>(185)</u>	<u>(163)</u>	<u>(550)</u>	<u>(450)</u>
INCOME (LOSS) BEFORE INCOME TAXES	65	55	2,394	(1)
Income Tax Benefit (Expense)	74	59	(377)	244
NET INCOME	<u>\$ 139</u>	<u>\$ 114</u>	<u>\$ 2,017</u>	<u>\$ 243</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	<u>498</u>	<u>497</u>	<u>497</u>	<u>498</u>
DILUTED	<u>500</u>	<u>500</u>	<u>500</u>	<u>501</u>
NET INCOME PER SHARE:				
BASIC	<u>\$ 0.28</u>	<u>\$ 0.23</u>	<u>\$ 4.06</u>	<u>\$ 0.49</u>
DILUTED	<u>\$ 0.27</u>	<u>\$ 0.22</u>	<u>\$ 4.03</u>	<u>\$ 0.48</u>

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
NET INCOME	\$ 139	\$ 114	\$ 2,017	\$ 243
Other Comprehensive Income (Loss), net of tax				
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$19, \$24, \$8 and \$93 for the three and nine months ended 2023 and 2022, respectively	(31)	(39)	(13)	(146)
Unrealized Gains (Losses) on Cash Flow Hedges, net of tax (expense) benefit of \$(4), \$0, \$(8) and \$(1) for the three and nine months ended 2023 and 2022, respectively	11	1	21	2
Pension/OPEB adjustment, net of tax (expense) benefit of \$(126), \$0, \$(129) and \$0 for the three and nine months ended 2023 and 2022, respectively	322	—	329	1
Other Comprehensive Income (Loss), net of tax	302	(38)	337	(143)
COMPREHENSIVE INCOME	<u><u>\$ 441</u></u>	<u><u>\$ 76</u></u>	<u><u>\$ 2,354</u></u>	<u><u>\$ 100</u></u>

See Notes to Condensed Consolidated Financial Statements.

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

**Millions
(Unaudited)**

	September 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 57	\$ 465
Accounts Receivable, net of allowance of \$ 279 in 2023 and \$ 323 in 2022	1,417	1,944
Tax Receivable	8	79
Unbilled Revenues, net of allowance of \$ 4 in 2023 and \$ 16 in 2022	165	322
Fuel	284	420
Materials and Supplies, net	686	540
Prepayments	297	93
Derivative Contracts	70	18
Regulatory Assets	257	369
Assets Held for Sale	—	20
Other	42	33
Total Current Assets	3,283	4,303
PROPERTY, PLANT AND EQUIPMENT	47,990	45,924
Less: Accumulated Depreciation and Amortization	(10,536)	(9,982)
Net Property, Plant and Equipment	37,454	35,942
NONCURRENT ASSETS		
Regulatory Assets	4,911	4,404
Operating Lease Right-of-Use Assets	178	176
Long-Term Investments	298	624
Nuclear Decommissioning Trust (NDT) Fund	2,316	2,230
Long-Term Tax Receivable	—	5
Long-Term Receivable of Variable Interest Entity (VIE)	563	551
Rabbi Trust Fund	167	183
Intangibles	23	14
Derivative Contracts	36	15
Other	323	271
Total Noncurrent Assets	8,815	8,473
TOTAL ASSETS	\$ 49,552	\$ 48,718

See Notes to Condensed Consolidated Financial Statements.

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

**Millions
(Unaudited)**

	September 30, 2023	December 31, 2022
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES		
Long-Term Debt Due Within One Year	\$ 2,000	\$ 1,575
Commercial Paper and Loans	695	2,200
Accounts Payable	1,120	1,271
Derivative Contracts	60	124
Accrued Interest	162	134
Accrued Taxes	12	12
Clean Energy Program	186	145
Obligation to Return Cash Collateral	93	290
Regulatory Liabilities	385	384
Other	477	545
Total Current Liabilities	5,190	6,680
NONCURRENT LIABILITIES		
Deferred Income Taxes and Investment Tax Credits (ITC)	6,478	5,725
Regulatory Liabilities	2,124	2,240
Operating Leases	173	169
Asset Retirement Obligations	1,531	1,499
OPEB Costs	395	410
OPEB Costs of Servco	472	455
Accrued Pension Costs	428	705
Accrued Pension Costs of Servco	76	82
Environmental Costs	220	231
Derivative Contracts	5	33
Long-Term Accrued Taxes	55	66
Other	200	199
Total Noncurrent Liabilities	12,157	11,814
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 10)		
CAPITALIZATION		
LONG-TERM DEBT	17,039	16,495
STOCKHOLDERS' EQUITY		
Common Stock, no par, authorized 1,000 shares; issued, 2023 and 2022—534 shares	5,008	5,065
Treasury Stock, at cost, 2023 and 2022—36 and 37 shares, respectively	(1,384)	(1,377)
Retained Earnings	11,755	10,591
Accumulated Other Comprehensive Loss	(213)	(550)
Total Stockholders' Equity	15,166	13,729
Total Capitalization	32,205	30,224
TOTAL LIABILITIES AND CAPITALIZATION	\$ 49,552	\$ 48,718

See Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
	September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 2,017	\$ 243
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	843	822
Amortization of Nuclear Fuel	144	141
Losses on Asset Dispositions and Impairments	—	90
Emission Allowances and Renewable Energy Credit (REC) Compliance Accrual	4	50
Provision for Deferred Income Taxes and ITC	293	(460)
Non-Cash Employee Benefit Plan (Credits) Costs	357	(179)
Net Realized and Unrealized (Gains) Losses on Energy Contracts and Other Derivatives	(1,041)	1,249
Cost of Removal	(121)	(94)
Net Change in Regulatory Assets and Liabilities	(245)	(199)
Net (Gains) Losses and (Income) Expense from NDT Fund	(107)	303
Net Change in Certain Current Assets and Liabilities:		
Tax Receivable	71	1
Accrued Taxes	—	(98)
Prepayments	(204)	(90)
Cash Collateral	1,175	(1,317)
Obligation to Return Cash Collateral	(197)	253
Other Current Assets and Liabilities	137	25
Employee Benefit Plan Funding and Related Payments	(31)	(25)
Other	1	(14)
Net Cash Provided By (Used In) Operating Activities	<u>3,096</u>	<u>701</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(2,360)	(2,088)
Proceeds from Sales of Trust Investments	998	1,281
Purchases of Trust Investments	(1,025)	(1,309)
Proceeds from Sales of Equity Method Investments	291	—
Proceeds from Sales of Long-Lived Assets	20	1,914
Other	46	(97)
Net Cash Provided By (Used In) Investing Activities	<u>(2,030)</u>	<u>(299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Commercial Paper and Loans	(5)	(784)
Proceeds from Short-Term Loans	750	2,000
Payment of Short-Term Loans	(2,250)	(2,500)
Issuance of Long-Term Debt	1,800	1,750
Payment of Long-Term Debt	(825)	—
Payments for Share Repurchase Program	—	(500)
Cash Dividends Paid on Common Stock	(853)	(810)
Other	(94)	(3)
Net Cash Provided By (Used In) Financing Activities	<u>(1,477)</u>	<u>(847)</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(411)	(445)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	511	863
Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 100</u>	<u>\$ 418</u>
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	\$ 97	\$ 352
Interest Paid, Net of Amounts Capitalized	\$ 501	\$ 416
Accrued Property, Plant and Equipment Expenditures	\$ 425	\$ 367

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)				Total
	Shs.	Amount	Shs.	Amount	Retained Earnings	\$	\$		
						(515)	\$ 15,053		
Balance as of June 30, 2023	534	\$ 5,054	(37)	\$ (1,386)	\$ 11,900	\$	\$ (515)	\$ 15,053	
Net Income	—	—	—	—	139		—	139	
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$(111)	—	—	—	—	—		302	302	
Comprehensive Income								441	
Cash Dividends at \$0.57 per share on Common Stock	—	—	—	—	(284)		—	(284)	
Other	—	(46)	1	2	—		—	(44)	
Balance as of September 30, 2023	534	\$ 5,008	(36)	\$ (1,384)	\$ 11,755	\$	\$ (213)	\$ 15,166	
Balance as of June 30, 2022	534	\$ 5,038	(37)	\$ (1,382)	\$ 10,227	\$	\$ (455)	\$ 13,428	
Net Income	—	—	—	—	114		—	114	
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$24	—	—	—	—	—		(38)	(38)	
Comprehensive Income								76	
Cash Dividends at \$0.54 per share on Common Stock	—	—	—	—	(269)		—	(269)	
Other	—	14	—	2	—		—	16	
Balance as of September 30, 2022	534	\$ 5,052	(37)	\$ (1,380)	\$ 10,072	\$	\$ (493)	\$ 13,251	
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income (Loss)				Total
	Shs.	Amount	Shs.	Amount	Retained Earnings	\$	\$		
						(550)	\$ 13,729		
Balance as of December 31, 2022	534	\$ 5,065	(37)	\$ (1,377)	\$ 10,591	\$	\$ (550)	\$ 13,729	
Net Income	—	—	—	—	2,017		—	2,017	
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$(129)	—	—	—	—	—		337	337	
Comprehensive Income								2,354	
Cash Dividends at \$1.71 per share on Common Stock	—	—	—	—	(853)		—	(853)	
Other	—	(57)	1	(7)	—		—	(64)	
Balance as of September 30, 2023	534	\$ 5,008	(36)	\$ (1,384)	\$ 11,755	\$	\$ (213)	\$ 15,166	
Balance as of December 31, 2021	534	\$ 5,045	(30)	\$ (896)	\$ 10,639	\$	\$ (350)	\$ 14,438	
Net Income	—	—	—	—	243		—	243	
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$92	—	—	—	—	—		(143)	(143)	
Comprehensive Income								100	
Cash Dividends at \$1.62 per share on Common Stock	—	—	—	—	(810)		—	(810)	
Payments for Share Repurchase Program	—	—	(7)	(500)	—		—	(500)	
Other	—	7	—	16	—		—	23	
Balance as of September 30, 2022	534	\$ 5,052	(37)	\$ (1,380)	\$ 10,072	\$	\$ (493)	\$ 13,251	

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
OPERATING REVENUES	\$ 1,999	\$ 1,953	\$ 5,954	\$ 5,905
OPERATING EXPENSES				
Energy Costs	765	791	2,300	2,389
Operation and Maintenance	459	452	1,348	1,349
Depreciation and Amortization	244	229	728	697
Gain on Asset Dispositions	—	(1)	—	(1)
Total Operating Expenses	<u>1,468</u>	<u>1,471</u>	<u>4,376</u>	<u>4,434</u>
OPERATING INCOME	531	482	1,578	1,471
Net Gains (Losses) on Trust Investments	—	—	—	(2)
Other Income (Deductions)	21	25	65	66
Net Non-Operating Pension and OPEB Credits (Costs)	30	70	86	211
Interest Expense	(128)	(109)	(364)	(319)
INCOME BEFORE INCOME TAXES	454	468	1,365	1,427
Income Tax Expense	(53)	(69)	(141)	(214)
NET INCOME	<u>\$ 401</u>	<u>\$ 399</u>	<u>\$ 1,224</u>	<u>\$ 1,213</u>

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)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
NET INCOME	\$ 401	\$ 399	\$ 1,224	\$ 1,213
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$0, \$0, \$0 and \$2 for the three and nine months ended 2023 and 2022, respectively	(1)	(2)	—	(6)
COMPREHENSIVE INCOME	<u><u>\$ 400</u></u>	<u><u>\$ 397</u></u>	<u><u>\$ 1,224</u></u>	<u><u>\$ 1,207</u></u>

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 BALANCE SHEETS
Millions
(Unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 26	\$ 220
Accounts Receivable, net of allowance of \$ 279 in 2023 and \$ 323 in 2022	1,052	1,075
Accounts Receivable—Affiliated Companies	20	—
Unbilled Revenues, net of allowance of \$ 4 in 2023 and \$ 16 in 2022	165	322
Materials and Supplies, net	438	307
Prepayments	161	7
Regulatory Assets	257	369
Other	41	32
Total Current Assets	2,160	2,332
PROPERTY, PLANT AND EQUIPMENT		
Less: Accumulated Depreciation and Amortization	(8,563)	(8,215)
Net Property, Plant and Equipment	34,370	32,830
NONCURRENT ASSETS		
Regulatory Assets	4,911	4,404
Operating Lease Right-of-Use Assets	96	86
Long-Term Investments	124	143
Rabbi Trust Fund	30	32
Other	176	133
Total Noncurrent Assets	5,337	4,798
TOTAL ASSETS	\$ 41,867	\$ 39,960

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)**

	September 30, 2023	December 31, 2022
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES		
Long-Term Debt Due Within One Year	\$ 500	\$ 825
Commercial Paper and Loans	100	—
Accounts Payable	721	703
Accounts Payable—Affiliated Companies	169	485
Accrued Interest	123	113
Clean Energy Program	186	145
Obligation to Return Cash Collateral	93	290
Regulatory Liabilities	385	384
Other	376	416
Total Current Liabilities	2,653	3,361
NONCURRENT LIABILITIES		
Deferred Income Taxes and ITC	5,808	5,348
Regulatory Liabilities	2,124	2,240
Operating Leases	86	77
Asset Retirement Obligations	377	384
OPEB Costs	242	255
Accrued Pension Costs	253	397
Environmental Costs	163	173
Long-Term Accrued Taxes	9	9
Other	161	163
Total Noncurrent Liabilities	9,223	9,046
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 10)		
CAPITALIZATION		
LONG-TERM DEBT	13,160	11,871
STOCKHOLDER'S EQUITY		
Common Stock; 150 shares authorized; issued and outstanding, 2023 and 2022— 132 shares	892	892
Contributed Capital	1,170	1,170
Basis Adjustment	986	986
Retained Earnings	13,788	12,639
Accumulated Other Comprehensive Income (Loss)	(5)	(5)
Total Stockholder's Equity	16,831	15,682
Total Capitalization	29,991	27,553
TOTAL LIABILITIES AND CAPITALIZATION	\$ 41,867	\$ 39,960

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)

	Nine Months Ended	
	September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 1,224	\$ 1,213
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	728	697
Provision for Deferred Income Taxes and ITC	129	114
Non-Cash Employee Benefit Plan (Credits) Costs	6	(135)
Cost of Removal	(121)	(94)
Net Change in Regulatory Assets and Liabilities	(245)	(199)
Net Change in Certain Current Assets and Liabilities:		
Accounts Receivable and Unbilled Revenues	177	127
Materials and Supplies	(130)	(42)
Prepayments	(154)	(93)
Accounts Payable	(20)	27
Accounts Receivable/Payable—Affiliated Companies, net	(334)	(241)
Obligation to Return Cash Collateral	(197)	253
Other Current Assets and Liabilities	(42)	6
Employee Benefit Plan Funding and Related Payments	(17)	(12)
Other	(52)	(35)
Net Cash Provided By (Used In) Operating Activities	<u>952</u>	<u>1,586</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(2,149)	(1,871)
Proceeds from Sales of Trust Investments	4	11
Purchases of Trust Investments	(3)	(10)
Solar Loan Investments	14	19
Other	2	5
Net Cash Provided By (Used In) Investing Activities	<u>(2,132)</u>	<u>(1,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Commercial Paper and Loans	100	—
Issuance of Long-Term Debt	1,800	500
Redemption of Long-Term Debt	(825)	—
Cash Dividend Paid	(75)	(225)
Other	(17)	(5)
Net Cash Provided By (Used In) Financing Activities	<u>983</u>	<u>270</u>
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	(197)	10
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	266	339
Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 69</u>	<u>\$ 349</u>
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	\$ 111	\$ 141
Interest Paid, Net of Amounts Capitalized	\$ 339	\$ 303
Accrued Property, Plant and Equipment Expenditures	\$ 369	\$ 301

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)

	Common Stock	Contributed Capital	Basis Adjustment	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of June 30, 2023	\$ 892	\$ 1,170	\$ 986	\$ 13,462	\$ (4)	\$ 16,506
Net Income	—	—	—	401	—	401
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$0	—	—	—	—	(1)	(1)
Comprehensive Income	—	—	—	—	—	400
Cash Dividend Paid	—	—	—	(75)	—	(75)
Balance as of September 30, 2023	\$ 892	\$ 1,170	\$ 986	\$ 13,788	\$ (5)	\$ 16,831
Balance as of June 30, 2022	\$ 892	\$ 1,170	\$ 986	\$ 12,338	\$ (3)	\$ 15,383
Net Income	—	—	—	399	—	399
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$0	—	—	—	—	(2)	(2)
Comprehensive Income	—	—	—	—	—	397
Cash Dividend Paid	—	—	—	(225)	—	(225)
Balance as of September 30, 2022	\$ 892	\$ 1,170	\$ 986	\$ 12,512	\$ (5)	\$ 15,555

	Common Stock	Contributed Capital	Basis Adjustment	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of December 31, 2022	\$ 892	\$ 1,170	\$ 986	\$ 12,639	\$ (5)	\$ 15,682
Net Income	—	—	—	1,224	—	1,224
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$0	—	—	—	—	—	—
Comprehensive Income	—	—	—	—	—	1,224
Cash Dividend Paid	—	—	—	(75)	—	(75)
Balance as of September 30, 2023	\$ 892	\$ 1,170	\$ 986	\$ 13,788	\$ (5)	\$ 16,831
Balance as of December 31, 2021	\$ 892	\$ 1,170	\$ 986	\$ 11,524	\$ 1	\$ 14,573
Net Income	—	—	—	1,213	—	1,213
Other Comprehensive Income (Loss), net of tax (expense) benefit of \$2	—	—	—	—	(6)	(6)
Comprehensive Income	—	—	—	—	—	1,207
Cash Dividend Paid	—	—	—	(225)	—	(225)
Balance as of September 30, 2022	\$ 892	\$ 1,170	\$ 986	\$ 12,512	\$ (5)	\$ 15,555

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 (PSEG)**—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. PSEG 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. PSEG 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 Energy Holdings L.L.C. (Energy Holdings), which primarily holds lease investments; 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); 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, 2022.

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, 2022.

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, 2022) and ending periods shown in the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023. Restricted cash consists primarily of deposits received related to various construction projects at PSEG.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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	PSEG Power & Other (A)	Consolidated
Millions		
As of December 31, 2022		
Cash and Cash Equivalents	\$ 220	\$ 245
Restricted Cash in Other Current Assets	27	—
Restricted Cash in Other Noncurrent Assets	19	—
Cash, Cash Equivalents and Restricted Cash	\$ 266	\$ 245
	\$ 511	\$ 511
As of September 30, 2023		
Cash and Cash Equivalents	\$ 26	\$ 31
Restricted Cash in Other Current Assets	23	—
Restricted Cash in Other Noncurrent Assets	20	—
Cash, Cash Equivalents and Restricted Cash	\$ 69	\$ 31
	\$ 100	\$ 100

(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.

PSEG

Revenues from Contracts with Customers

Electric and Gas Distribution and Transmission Revenues—PSEG sells gas and electricity to customers under default commodity supply tariffs. PSEG'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 PSEG'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.

PSEG'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 PSEG 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 PSEG 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 PSEG 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. Prior to the sale of the fossil generation assets in 2022, PSEG Power also had significant sales in the New York Independent System Operator (NYISO) and the New England Independent System Operator (ISO-NE) regions.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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PSEG Power primarily sells to the Independent System Operators (ISOs) 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. Historically, wholesale load contracts have been executed in the different ISO regions for the bundled supply of energy, capacity, renewable energy credits (RECs) and ancillary services representing PSEG Power's performance obligations. Revenue for these contracts is recognized over time as the bundled service is provided to the customer. PSEG generally reports electricity sales and purchases conducted with those individual ISOs 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 the ISOs. The transactions are reported on a net basis dependent on PSEG Power's monthly net sale or purchase position through the individual ISOs. The performance obligations with the ISOs are satisfied over time upon delivery of the capacity and revenue is recognized accordingly. In addition to capacity sold through the ISOs, 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.

In December 2022, PJM called its first ISO-wide Maximum Generation Emergency Action, which triggered a Performance Assessment Interval (PAI) event. During the PAI, PSEG Power's Salem 2 nuclear plant incurred penalties due to an unplanned outage during the second day of the event. Our remaining nuclear plants earned bonus payments during the entire event. Additional revenue has been recorded in 2023 upon clarification from the ISO on expected bonus payments and receipts to date. The estimated impact of Salem 2's penalties and bonuses earned by the other units was not material to PSEG's financial results in 2022 or 2023.

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. See Note 3. Early Plant Retirements/Asset Dispositions and Impairments for additional information.

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 12. 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
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Disaggregation of Revenues

	PSEG Power & Other (A)	Eliminations	Consolidated
Millions			
Three Months Ended September 30, 2023			
Revenues from Contracts with Customers			
Electric Distribution	\$ 1,281	\$ —	\$ 1,281
Gas Distribution	147	—	147
Transmission	422	—	422
Electricity and Related Product Sales			
PJM			
Third-Party Sales	—	216	216
Sales to Affiliates	—	32	(32)
ISO-NE	—	3	3
Gas Sales			
Third-Party Sales	—	44	44
Sales to Affiliates	—	55	(55)
Other Revenues from Contracts with Customers (B)	90	163	(2)
Total Revenues from Contracts with Customers	1,940	513	(89)
Revenues Unrelated to Contracts with Customers (C)	59	33	—
Total Operating Revenues	\$ 1,999	\$ 546	\$ (89)
	\$ 2,456		

	PSEG Power & Other (A)	Eliminations	Consolidated
Millions			
Nine Months Ended September 30, 2023			
Revenues from Contracts with Customers			
Electric Distribution	\$ 2,795	\$ —	\$ 2,795
Gas Distribution	1,380	—	1,380
Transmission	1,251	—	1,251
Electricity and Related Product Sales			
PJM			
Third-Party Sales	—	703	703
Sales to Affiliates	—	90	(90)
ISO-NE	—	9	9
Gas Sales			
Third-Party Sales	—	156	156
Sales to Affiliates	—	703	(703)
Other Revenues from Contracts with Customers (B)	262	469	(4)
Total Revenues from Contracts with Customers	5,688	2,130	(797)
Revenues Unrelated to Contracts with Customers (C)	266	1,345	—
Total Operating Revenues	\$ 5,954	\$ 3,475	\$ (797)
	\$ 8,632		

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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	PSEG Power & PSEG & G	Other (A)	Eliminations	Consolidated
Millions				
Three Months Ended September 30, 2022				
Revenues from Contracts with Customers				
Electric Distribution	\$ 1,282	\$ —	\$ —	\$ 1,282
Gas Distribution	160	—	—	160
Transmission	400	—	—	400
Electricity and Related Product Sales				
PJM				
Third-Party Sales	—	633	—	633
Sales to Affiliates	—	34	(34)	—
ISO-NE	—	4	—	4
Gas Sales				
Third-Party Sales	—	144	—	144
Sales to Affiliates	—	77	(77)	—
Other Revenues from Contracts with Customers (B)	<u>94</u>	<u>160</u>	<u>(3)</u>	<u>251</u>
Total Revenues from Contracts with Customers	<u>1,936</u>	<u>1,052</u>	<u>(114)</u>	<u>2,874</u>
Revenues Unrelated to Contracts with Customers (C)	<u>17</u>	<u>(619)</u>	<u>—</u>	<u>(602)</u>
Total Operating Revenues	<u>\$ 1,953</u>	<u>\$ 433</u>	<u>\$ (114)</u>	<u>\$ 2,272</u>

	PSEG Power & PSEG & G	Other (A)	Eliminations	Consolidated
Millions				
Nine Months Ended September 30, 2022				
Revenues from Contracts with Customers				
Electric Distribution	\$ 2,838	\$ —	\$ —	\$ 2,838
Gas Distribution	1,524	—	(1)	1,523
Transmission	1,188	—	—	1,188
Electricity and Related Product Sales				
PJM				
Third-Party Sales	—	1,690	—	1,690
Sales to Affiliates	—	125	(125)	—
NYISO	—	88	—	88
ISO-NE	—	93	—	93
Gas Sales				
Third-Party Sales	—	357	—	357
Sales to Affiliates	—	805	(805)	—
Other Revenues from Contracts with Customers (B)	<u>273</u>	<u>456</u>	<u>(4)</u>	<u>725</u>
Total Revenues from Contracts with Customers	<u>5,823</u>	<u>3,614</u>	<u>(935)</u>	<u>8,502</u>
Revenues Unrelated to Contracts with Customers (C)	<u>82</u>	<u>(1,923)</u>	<u>—</u>	<u>(1,841)</u>
Total Operating Revenues	<u>\$ 5,905</u>	<u>\$ 1,691</u>	<u>\$ (935)</u>	<u>\$ 6,661</u>

- (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
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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 September 30, 2023 and December 31, 2022. 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 19% and 20% of accounts receivable (including unbilled revenues) as of September 30, 2023 and December 31, 2022, 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 September 30, 2023. PSE&G's electric bad debt expense is recoverable through its Societal Benefits Clause (SBC) mechanism. As of September 30, 2023, PSE&G had a deferred balance of \$141 million from electric bad debts recorded as a Regulatory Asset. In addition, as of September 30, 2023, 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 5. Rate Filings for additional information.

The following provides a reconciliation of PSE&G's allowance for credit losses for the three months and nine months ended September 30, 2023 and 2022:

Three Months Ended September 30, 2023		
	Millions	
Balance as of June 30, 2023	\$ 294	
Utility Customer and Other Accounts		
Provision	38	
Write-offs, net of Recoveries of \$ 7 million	(49)	
Balance as of September 30, 2023	\$ 283	
Nine Months Ended September 30, 2023		
	Millions	
Balance as of January 1, 2023	\$ 339	
Utility Customer and Other Accounts		
Provision	62	
Write-offs, net of Recoveries of \$ 20 million	(118)	
Balance as of September 30, 2023	\$ 283	

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Three Months Ended September 30, 2022		
	Millions	
Balance as of June 30, 2022	\$ 335	
Utility Customer and Other Accounts		
Provision	24	
Write-offs, net of Recoveries of \$ 12 million	(35)	
Balance as of September 30, 2022	\$ 324	
Nine Months Ended September 30, 2022		
	Millions	
Balance as of January 1, 2022	\$ 337	
Utility Customer and Other Accounts		
Provision	63	
Write-offs, net of Recoveries of \$ 34 million	(76)	
Balance as of September 30, 2022	\$ 324	

PSEG Power & Other

PSEG Power generally collects consideration upon satisfaction of performance obligations, and therefore, PSEG Power had no material contract balances as of September 30, 2023 and December 31, 2022.

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, wholesale load contracts and capacity sales which are executed in the different ISO regions, 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 September 30, 2023 or December 31, 2022. 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 September 30, 2023 and December 31, 2022.

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:

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.

Delivery Year	\$ per MW-Day	MW Cleared
June 2023 to May 2024	\$50	3,700
June 2024 to May 2025	\$55	3,500

Capacity transactions with the PJM Regional Transmission Organization are reported on a net basis dependent on PSEG

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Power's monthly net sale or purchase position.

Bilateral capacity contracts—Capacity obligations pursuant to contract terms through 2029 are anticipated to result in revenues totaling \$ 23 million.

Amended OSA—PSEG LI entered into an amended OSA with LIPA effective April 2022. 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 2023 is approximately \$42 million and is updated each year based on the change in the Consumer Price Index.

Note 3. Early Plant Retirements/Asset Dispositions and Impairments

Nuclear

In April 2019, PSEG Power's Salem 1, Salem 2 and Hope Creek nuclear plants were awarded ZECs by the BPU. Pursuant to a process established by the BPU, ZECs are purchased from selected nuclear plants and recovered through a non-bypassable distribution charge in the amount of \$0.004 per kilowatt-hour (KWh) used (which is equivalent to approximately \$10 per megawatt hour (MWh) generated in payments to selected nuclear plants (ZEC payment)). Each nuclear plant received ZEC revenue for approximately three years, through May 2022. That first eligibility period related to the award of ZECs from the April 2019 BPU Order has concluded.

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 at the same approximate \$10 per MWh received during the prior ZEC period through May 2022 referenced above. As a result, each nuclear plant is receiving ZEC revenue for an additional three years starting June 2022. The terms and conditions of this April 2021 ZEC award are the same as the ZEC period through May 2022. In May 2021, the New Jersey Division of Rate Counsel filed an appeal with the New Jersey Appellate Division of the BPU's April 2021 decision. PSEG cannot predict the outcome of this matter.

The award of ZECs attaches certain obligations, including an obligation to repay the ZECs in the event that a plant ceases operations during the period that it was awarded ZECs, subject to certain exceptions specified in the ZEC legislation. PSEG Power has and will continue to recognize revenue monthly as the nuclear plants generate electricity and satisfy their performance obligations. Further, the ZEC payment may be adjusted by the BPU at any time to offset environmental or fuel diversity payments that a selected nuclear plant may receive from another source.

In August 2022, the Inflation Reduction Act (IRA) was signed into law expanding incentives promoting carbon-free generation. The enacted legislation established the Production Tax Credit (PTC) for electricity generation using nuclear energy set to begin in 2024 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 cap are subject to annual inflation adjustments. PSEG Power is continuing to analyze the impact of the IRA on its nuclear units, including additional future guidance from the U.S. Treasury and the impact of PTCs on expected ZEC payments.

PSEG Power may take all necessary steps to cease to operate all of these plants and will incur associated costs and accounting charges in the event that the financial condition of the plants is materially adversely impacted in the future. This decision may be based upon market conditions, including energy and capacity revenues, insufficient government financial support, or, in the case of the Salem nuclear plants, decisions by the Environmental Protection Agency and state environmental regulators regarding the implementation of Section 316(b) of the Clean Water Act (CWA) and related state regulations, or other factors. The associated costs and accounting charges may include, among other things, one-time impairment charges or accelerated Depreciation and Amortization Expense on the remaining carrying value of the plants, potential penalties associated with the early termination of capacity obligations and fuel contracts, accelerated asset retirement costs, severance costs, environmental remediation costs and, in certain circumstances potential additional funding of the Nuclear Decommissioning Trust Fund, which would result in a material adverse impact on PSEG's results of operations.

Non-Nuclear

In May 2023, PSEG sold its 25% equity interest in Ocean Wind JV HoldCo, LLC. The sale proceeds approximated PSEG's carrying value of the investment; therefore, no material gain or loss was recognized upon disposition.

In July 2023, PSEG Power completed the sale of its 50% ownership interest in Kalaeloa. The sale proceeds approximated PSEG Power's carrying value of the investment; therefore, no material gain or loss was recognized upon disposition.

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In September 2022, Energy Holdings recorded a \$ 53 million pre-tax impairment related to one of its domestic energy generating facilities. In March 2023, Energy Holdings completed the sale of this domestic energy generating facility and recorded an immaterial pre-tax gain.

In February 2022, PSEG completed the sale of its fossil generating portfolio. As defined in each agreement, adjustments were required as a result of purchase price and working capital adjustments, including an adjustment for positive or negative cash flow of the fossil generating assets based on actual performance starting after December 31, 2021 through the respective closing dates. As a result, in 2022 PSEG Power recorded a pre-tax impairment of approximately \$43 million.

PSEG Power has retained ownership of certain assets and liabilities excluded from the transactions primarily related to obligations under certain environmental regulations, including possible remediation obligations under the New Jersey Industrial Site Recovery Act (ISRA) and the Connecticut Transfer Act (CTA). The amounts for any such environmental remediation are not currently estimable, but will likely be material.

Note 4. 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 contractual management fee, in certain situations, could be partially offset by Servco's annual storm costs not approved 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 \$140 million and \$137 million for the three months ended September 30, 2023 and 2022, respectively, and \$397 million and \$389 million for the nine months ended September 30, 2023 and 2022, respectively, of O&M costs, 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 5. Rate Filings

This Note should be read in conjunction with Note 7. Regulatory Assets and Liabilities to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2022.

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 or FERC are as follows:

BGSS—In January and February 2023, PSE&G filed with the BPU two self-implementing BGSS rate reductions of 15 cents and 3 cents per therm, effective February 1, 2023 and March 1, 2023, respectively. These reductions resulted in a new BGSS rate of approximately 47 cents per therm effective March 1, 2023. In April 2023, the BPU gave final approval to PSE&G's BGSS rate of 47 cents per therm.

In September 2023, the BPU approved on a provisional basis PSE&G's June 2023 request to decrease its BGSS rate to approximately 40 cents per therm, effective October 1, 2023.

The BGSS rate has decreased a total of 25 cents from approximately 65 cents per therm as of January 1, 2023 to 40 cents per therm as of October 1, 2023.

CIP—In February 2023, the BPU gave final approval for PSE&G to recover approximately \$ 52 million of deficient electric revenues that resulted from the 12-month period ended May 31, 2022, with approximately \$18 million approved for recovery

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for the first year starting on the effective date of June 15, 2022 and the remaining \$ 34 million to be recovered starting in June 2023.

In April 2023, the BPU gave final approval for PSE&G to recover approximately \$ 53 million of deficient gas revenues that resulted from the 12-month period ended September 30, 2022, over one year effective October 1, 2022.

In May 2023, the BPU provisionally approved PSE&G's updated annual electric CIP petition to recover approximately \$ 72 million of deficient electric revenues over two years that resulted from the 12-month period ended May 31, 2023, with new rates effective June 1, 2023.

In September 2023, the BPU provisionally approved PSE&G's gas CIP petition to recover \$ 110 million of deficient gas revenues comprised of approximately \$99 million for the most recent gas CIP annual period ended September 30, 2023, and an additional \$ 11 million carryover underrecovery from the prior CIP period. The revenue deficiency is the result of lower revenues as compared to a baseline established in PSE&G's most recent distribution base rate proceeding. New rates are effective October 1, 2023 and PSE&G expects to recover the full \$110 million deficiency over a 12-month period.

COVID-19 Deferral—In May and June 2023, the BPU issued two Orders to all public utilities in New Jersey that stipulated a filing deadline for recovery of COVID-19 Regulatory Asset balances, and set forth certain filing requirements primarily related to recovery proposals to be included by each utility in their COVID-19 filings.

In July 2023, PSE&G filed a petition with the BPU in compliance with those Orders requesting recovery of its incremental costs associated with the COVID-19 pandemic. This matter is pending.

As of September 30, 2023, 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 receivable. PSE&G expects its COVID-19 Regulatory Asset balance is probable of recovery under the BPU orders.

Energy Strong II—In April 2023, the BPU approved PSE&G's updated filing for annual electric and gas revenue increases of \$ 16 million and \$4 million, respectively, effective May 1, 2023. These increases represent the return on and of Energy Strong II investments placed in service through January 2023.

In October 2023, the BPU approved PSE&G's updated filing for an annual increase in electric revenues of approximately \$ 9 million associated with capitalized electric investment costs of the Energy Strong II program, with new rates effective November 1, 2023. This increase represents the return on and of actual investments through July 31, 2023.

Gas System Modernization Program II (GSMP II)—In May 2023, the BPU approved PSE&G's updated GSMP II cost recovery filing to recover an annual gas revenue increase of approximately \$11 million effective June 1, 2023. This increase represents the return on and of GSMP II investments placed in service through February 2023.

Green Program Recovery Charges (GPRC)—In May 2023, the BPU approved PSE&G's 2022 updated GPRC filing for annual electric and gas revenue increases of \$87 million and \$5 million, respectively, with new rates effective June 1, 2023.

Additionally in May 2023, the BPU approved PSE&G's petition to increase its Clean Energy Future-EE sub program investment (a component of GPRC) by \$280 million and approved a nine-month extension to make investments.

In June 2023, PSE&G filed its 2023 GPRC cost recovery petition requesting BPU approval for recovery of increases of \$ 38 million and \$20 million in annual electric and gas revenues, respectively. This matter is pending.

Pension—In February 2023, the BPU approved an accounting order authorizing PSE&G to modify its method for calculating the amortization of the net actuarial gain or loss component of pension expense for ratemaking purposes. This methodology change for ratemaking purposes is effective for the calendar year ending December 31, 2023 and forward. As of September 30, 2023, PSE&G has deferred \$43 million as a Regulatory Asset under this methodology.

Remediation Adjustment Charge (RAC)—In January 2023, PSE&G filed its RAC 30 petition with the BPU seeking recovery of approximately \$ 44 million of net Manufactured Gas Plant (MGP) expenditures incurred from August 1, 2021 through July 31, 2022. This matter is pending.

SBC—In January 2023, PSE&G filed a petition to increase its annual electric and gas rates by approximately \$ 52 million and \$32 million, respectively, in order to recover electric and gas costs incurred or expected to be incurred through February 2024 under its EE and Renewable Energy and Social Programs. The increase to electric rates includes the impact of increased bad debt expense as a result of the negative economic impact of the coronavirus pandemic and the resulting impact of moratoriums on collections. This matter is pending.

Tax Adjustment Credit (TAC)—In July 2023, the BPU approved PSE&G's updated 2022 TAC filing to increase annual electric revenues by approximately \$17 million and decrease annual gas revenues by approximately \$ 42 million, with new rates effective August 1, 2023.

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In September 2023, PSE&G submitted its annual 2023 TAC filing, seeking approval to increase annual electric and gas revenues by approximately \$ 61 million and \$44 million, respectively.

Transmission Formula Rates—In June 2023, PSE&G filed with FERC its 2022 true-up adjustment pertaining to its transmission formula rates in effect for calendar year 2022, as established by its 2022 annual forecast filing. The June 2023 true-up filing resulted in an approximate \$21 million decrease in the 2022 annual revenue requirement from the revenue requirement numbers contained in the forecast filing. PSE&G had previously recognized the majority of the lower revenue requirement in its 2022 Consolidated Statement of Operations.

In October 2023, PSE&G filed its Annual Transmission Formula Rate Update with FERC, which will result in a \$ 58 million increase in annual transmission revenue effective January 1, 2024, subject to true-up.

ZEC Program—In January 2023, the BPU approved PSE&G's petition to set the ZEC refund component of the tariff rate to zero effective February 1, 2023 as overcollections for the ZEC Energy Year ended May 31, 2022 totaling \$1.3 million, including interest, were refunded to customers in 2022 through January 2023.

In August 2023, the BPU approved the final ZEC price of \$ 9.88 per MWh for the energy year ended May 31, 2023. As a result, PSE&G purchased approximately \$165 million in ZECs including interest, from the eligible nuclear plants selected by the BPU with the final payment made in August 2023. As total customer collections equaled the required ZEC payments, there were no overcollected revenues from customers for the Energy Year ended May 31, 2023.

Note 6. Leases

PSEG and its subsidiaries are both a lessor and a lessee in operating leases. As of September 30, 2023, PSEG and its subsidiaries were lessors for leases classified as operating leases or leveraged leases. See Note 7. Financing Receivables. There was no significant change in amounts reported in Note 8. Leases in the Annual Report on Form 10-K for the year ended December 31, 2022 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 7. Financing Receivables.

Energy Holdings is the lessor in an operating lease for a domestic energy generation facility with remaining terms through 2036, and in real estate assets with remaining terms through 2049. As of September 30, 2023, Energy Holdings' property subject to these leases had a total carrying value of \$30 million.

In September 2022, Energy Holdings recorded a \$53 million pre-tax impairment related to one of its domestic energy generating facilities. In March 2023, Energy Holdings completed the sale of this domestic energy generating facility and recorded an immaterial pre-tax gain.

The following is the operating lease income for the three months and nine months ended September 30, 2023 and 2022:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
Fixed Lease Income	\$ 7	\$ 8	\$ 19	\$ 24
Total Operating Lease Income	\$ 7	\$ 8	\$ 19	\$ 24

Note 7. 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

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Programs and conducts a comprehensive credit review for all prospective borrowers. As of September 30, 2023, none of the solar loans were impaired; however, in the event of a loan default, 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 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."

Outstanding Loans by Class of Customers	As of		
	September 30,		December 31,
	2023	2022	
Millions			
Commercial/Industrial	\$ 66	\$ 85	
Residential	3	4	
Total	69	89	
Current Portion (included in Accounts Receivable)	(24)	(27)	
Noncurrent Portion (included in Long-Term Investments)	\$ 45	\$ 62	

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

Programs	Balance as of		Residential Loan Term	Non-Residential Loan Term
	September 30, 2023	Funding Provided		
Millions				
Solar Loan I	\$ 5	prior to 2013	10 years	15 years
Solar Loan II	33	prior to 2015	10 years	15 years
Solar Loan III	31	largely funded as of September 30, 2023	10 years	10 years
Total	\$ 69			

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 September 30, 2023 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 September 30, 2023 commenced in or prior to 2000. The following table shows Energy Holdings' gross and net lease investments as of September 30, 2023 and December 31, 2022.

	As of		
	September 30,		December 31,
	2023	2022	
Millions			
Lease Receivables (net of Non-Recourse Debt)	\$ 223	\$ 249	
Unearned and Deferred Income	(65)	(74)	
Gross Investments in Leases	158	175	
Deferred Tax Liabilities	(35)	(39)	
Net Investments in Leases	\$ 123	\$ 136	

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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.

Counterparties' Standard & Poor's (S&P) Credit Rating as of September 30, 2023		Lease Receivables, Net of Non-Recourse Debt	
		As of September 30, 2023	
		Millions	
AA		\$ 7	
A-		43	
BBB+ to BBB		173	
Total		\$ 223	

PSEG recorded no credit losses for the leveraged leases existing on September 30, 2023. 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 8. 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 September 30, 2023					
	Cost	Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
		Millions	Millions	Millions	Millions	
Equity Securities						
Domestic	\$ 472	\$ 280	\$ (8)	\$ 744		
International	372	80	(23)	429		
Total Equity Securities	844	360	(31)	1,173		
Available-for-Sale Debt Securities						
Government	760	—	(117)	643		
Corporate	559	—	(61)	498		
Total Available-for-Sale Debt Securities	1,319	—	(178)	1,141		
Total NDT Fund Investments (A)	\$ 2,163	\$ 360	\$ (209)	\$ 2,314		

(A) The NDT Fund Investments table excludes cash and foreign currency of \$ 2 million as of September 30, 2023, which is part of the NDT Fund.

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	As of December 31, 2022			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	Millions			
Equity Securities				
Domestic	\$ 476	\$ 232	\$ (12)	\$ 696
International	336	68	(28)	376
Total Equity Securities	812	300	(40)	1,072
Available-for-Sale Debt Securities				
Government	721	—	(94)	627
Corporate	597	1	(69)	529
Total Available-for-Sale Debt Securities	1,318	1	(163)	1,156
Total NDT Fund Investments (A)	\$ 2,130	\$ 301	\$ (203)	\$ 2,228

(A) The NDT Fund Investments table excludes cash and foreign currency of \$ 2 million as of December 31, 2022, which is part of the NDT Fund.

Net unrealized gains (losses) on debt securities of \$(104) million (after-tax) were included in Accumulated Other Comprehensive Loss on PSEG's Condensed Consolidated Balance Sheet as of September 30, 2023. The portion of net unrealized gains (losses) recognized in the third quarter and first nine months of 2023 related to equity securities still held as of September 30, 2023 was \$(34) million and \$79 million, respectively.

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	As of	
	September 30, 2023	December 31, 2022	
	Millions		
Accounts Receivable	\$ 18	\$ 14	
Accounts Payable	\$ 12	\$ 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 September 30, 2023						As of December 31, 2022					
	Less Than 12 Months			Greater Than 12 Months			Less Than 12 Months			Greater Than 12 Months		
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	Millions											
Equity Securities (A)												
Domestic	\$ 96	\$ (6)	\$ 4	\$ (2)	\$ 90	\$ (10)	\$ 9	\$ (2)				
International	87	(8)	44	(15)	88	(12)	38	(16)				
Total Equity Securities	183	(14)	48	(17)	178	(22)	47	(18)				
Available-for-Sale Debt Securities												
Government (B)	213	(12)	426	(105)	301	(27)	292	(67)				
Corporate (C)	139	(5)	338	(56)	221	(21)	249	(48)				
Total Available-for-Sale Debt Securities	352	(17)	764	(161)	522	(48)	541	(115)				
NDT Trust Investments	\$ 535	\$ (31)	\$ 812	\$ (178)	\$ 700	\$ (70)	\$ 588	\$ (133)				

- (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 (losses) on securities in the NDT Fund were:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
Proceeds from NDT Fund Sales (A)	\$ 268	\$ 404	\$ 972	\$ 1,218
Net Realized Gains (Losses) on NDT Fund				
Gross Realized Gains	\$ 19	\$ 13	\$ 65	\$ 63
Gross Realized Losses	(16)	(38)	(71)	(103)
Net Realized Gains (Losses) on NDT Fund (B)	3	(25)	(6)	(40)
Net Unrealized Gains (Losses) on Equity Securities	(42)	(70)	69	(301)
Net Gains (Losses) on NDT Fund Investments	\$ (39)	\$ (95)	\$ 63	\$ (341)

(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 September 30, 2023 had the following maturities:

Time Frame	Fair Value
	Millions
Less than one year	\$ 18
1 - 5 years	293
6 - 10 years	212
11 - 15 years	61
16 - 20 years	94
Over 20 years	463
Total NDT Available-for-Sale Debt Securities	\$ 1,141

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."

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

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As of September 30, 2023					
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
Millions					
Domestic Equity Securities	\$ 11	\$ 6	\$ —	\$ 17	
Available-for-Sale Debt Securities					
Government	109	—	(25)	84	
Corporate	82	—	(16)	66	
Total Available-for-Sale Debt Securities	191	—	(41)	150	
Total Rabbi Trust Investments	\$ 202	\$ 6	\$ (41)	\$ 167	

As of December 31, 2022					
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
Millions					
Domestic Equity Securities	\$ 14	\$ 6	\$ —	\$ 20	
Available-for-Sale Debt Securities					
Government	110	—	(21)	89	
Corporate	89	—	(15)	74	
Total Available-for-Sale Debt Securities	199	—	(36)	163	
Total Rabbi Trust Investments	\$ 213	\$ 6	\$ (36)	\$ 183	

Net unrealized gains (losses) on debt securities of \$(30) million (after-tax) were included in Accumulated Other Comprehensive Loss on PSEG's Condensed Consolidated Balance Sheet as of September 30, 2023. The portion of net unrealized gains (losses) recognized during the third quarter and first nine months of 2023 related to equity securities still held as of September 30, 2023 was \$(2) million and \$1 million, respectively.

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 September 30, 2023	As of December 31, 2022
	Millions	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 September 30, 2023				As of December 31, 2022			
	Less Than 12 Months		Greater Than 12 Months		Less Than 12 Months		Greater Than 12 Months	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	Millions							
Available-for-Sale Debt Securities								
Government (A)	\$ 6	\$ —	\$ 78	\$ (25)	\$ 32	\$ (5)	\$ 57	\$ (16)
Corporate (B)	9	(1)	57	(15)	35	(5)	39	(10)
Total Available-for-Sale Debt Securities	15	(1)	135	(40)	67	(10)	96	(26)
Rabbi Trust Investments	\$ 15	\$ (1)	\$ 135	\$ (40)	\$ 67	\$ (10)	\$ 96	\$ (26)

- (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 losses on securities in the Rabbi Trust Fund were:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
Proceeds from Rabbi Trust Sales	\$ 9	\$ 15	\$ 26	\$ 63
Net Realized Gains (Losses) on Rabbi Trust:				
Gross Realized Gains	\$ 1	\$ —	\$ 5	\$ 3
Gross Realized Losses	(1)	(1)	(6)	(7)
Net Realized Gains (Losses) on Rabbi Trust (A)	—	(1)	(1)	(4)
Net Unrealized Gains (Losses) on Equity Securities	(1)	(1)	1	(7)
Net Gains (Losses) on Rabbi Trust Investments	\$ (1)	\$ (2)	\$ —	\$ (11)

- (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 September 30, 2023 had the following maturities:

Time Frame	Fair Value	
	Millions	
Less than one year	\$	8
1 - 5 years		26
6 - 10 years		16
11 - 15 years		9
16 - 20 years		17
Over 20 years		74
Total Rabbi Trust Available-for-Sale Debt Securities	\$	150

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:

	As of		As of	
	September 30, 2023		December 31, 2022	
	Millions			
PSE&G	\$	30	\$	32
PSEG Power & Other		137		151
Total Rabbi Trust Investments	\$	167	\$	183

Note 9. 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. Net periodic pension benefit costs are reduced in 2023 as a result of an accounting order from the BPU authorizing PSE&G to modify its method for calculating the amortization of the net actuarial gain or loss component of pension expense for rate making purposes. See Note 5. Rate Filings. 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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	Pension Benefits		OPEB		Pension Benefits		OPEB	
	Three Months Ended		Three Months Ended		Nine Months Ended		Nine Months Ended	
	September 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	2023	2022	2023	2022	2023	2022	2023	2022
Millions								
Components of Net Periodic Benefit (Credits) Costs								
Service Cost (included in O&M Expense)	\$ 23	\$ 35	\$ 1	\$ 2	\$ 68	\$ 106	\$ 3	\$ 5
Non-Service Components of Pension and OPEB (Credits) Costs								
Interest Cost	62	42	10	6	200	125	31	19
Expected Return on Plan Assets	(87)	(120)	(8)	(11)	(278)	(362)	(25)	(32)
Amortization of Net								
Prior Service Credit	—	—	(13)	(32)	—	—	(39)	(96)
Actuarial Loss (Gain)	19	15	(1)	4	67	45	(2)	11
Settlement Charge Resulting from Pension Lift-Out	332	—	—	—	332	—	—	—
Non-Service Components of Pension and OPEB (Credits) Costs								
	326	(63)	(12)	(33)	321	(192)	(35)	(98)
Total Benefit (Credits) Costs	<u>\$ 349</u>	<u>\$ (28)</u>	<u>\$ (11)</u>	<u>\$ (31)</u>	<u>\$ 389</u>	<u>\$ (86)</u>	<u>\$ (32)</u>	<u>\$ (93)</u>

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

	Pension Benefits		OPEB		Pension Benefits		OPEB	
	Three Months Ended		Three Months Ended		Nine Months Ended		Nine Months Ended	
	September 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	2023	2022	2023	2022	2023	2022	2023	2022
Millions								
PSE&G	\$ 10	\$ (18)	\$ (11)	\$ (27)	\$ 37	\$ (53)	\$ (31)	\$ (82)
PSEG Power & Other	339	(10)	—	(4)	352	(33)	(1)	(11)
Total Benefit (Credits) Costs	<u>\$ 349</u>	<u>\$ (28)</u>	<u>\$ (11)</u>	<u>\$ (31)</u>	<u>\$ 389</u>	<u>\$ (86)</u>	<u>\$ (32)</u>	<u>\$ (93)</u>

PSEG does not plan to contribute to its pension and OPEB plans in 2023.

In July 2023, PSEG and Fiduciary Counselors Inc., as independent fiduciary of the Pension Plan of Public Service Enterprise Group Incorporated and Pension Plan of Public Service Enterprise Group Incorporated II (together, the Plans), entered into a commitment agreement (for a "lift-out") with The Prudential Insurance Company of America (the Insurer) under which the Plans agreed to purchase a nonparticipating single premium group annuity contract that has transferred to the Insurer approximately \$1 billion of the Plans' defined benefit pension obligations and associated Plan assets related to certain pension benefits. The contract covers approximately 2,000 retirees from PSEG Power & Other, excluding Services (Participants). To the extent provided in the contract, the Insurer has made an irrevocable commitment, and will be solely responsible, to pay benefits of each Participant that are due on and after December 31, 2023. The transaction will result in no changes to the amount of benefits payable to Participants.

PSEG completed the transaction in August 2023. As a result of the transaction, PSEG recognized a one-time settlement charge of \$ 332 million (\$239 million, net of tax) in the third quarter of 2023 related to the immediate recognition of unamortized net actuarial loss associated with the portion of the pension involved in the transaction.

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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 4. 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. As of September 30, 2023, Servco completed its entire 2023 annual planned contribution to its pension plan. Servco's pension-related revenues and costs were \$9 million and \$15 million for the three months ended September 30, 2023 and 2022, respectively, and \$18 million and \$30 million for the nine months ended September 30, 2023 and 2022, respectively. The OPEB-related revenues earned and costs incurred were \$3 million and \$2 million for the three months ended September 30, 2023 and 2022, respectively, and \$ 9 million and \$7 million for the nine months ended September 30, 2023 and 2022, respectively.

Note 10. 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, cash-related instruments 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.

The following table shows the face value of PSEG Power's outstanding guarantees, current exposure and margin positions as of September 30, 2023 and December 31, 2022.

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	As of	As of
	September 30, 2023	December 31, 2022
Millions		
Face Value of Outstanding Guarantees	\$ 1,435	\$ 1,601
Exposure under Current Guarantees	\$ 77	\$ 198
Letters of Credit Margin Posted	\$ 7	\$ 87
Letters of Credit Margin Received	\$ 57	\$ 38
Cash Deposited and Received		
Counterparty Cash Collateral Deposited	\$ —	\$ —
Counterparty Cash Collateral Received	\$ (1)	\$ (1)
Net Broker Balance Deposited (Received)	\$ 347	\$ 1,522
Additional Amounts Posted		
Other Letters of Credit	\$ 180	\$ 156

As part of determining credit exposure, PSEG Power nets receivables and payables with the corresponding net fair values of energy contracts. See Note 12. 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. One lawsuit is currently paused, and the other is currently proceeding. PSEG cannot predict the outcome of the litigation.

The EPA has announced a proposed settlement with 85 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.

Two PRPs, Tierra Solutions, Inc. (Tierra) and Maxus Energy Corporation (Maxus), have filed for Chapter 11 bankruptcy. The trust representing the creditors in this proceeding has reached a settlement with Tierra's and Maxus' current and former parent entities, among others. PSE&G and PSEG Power do not anticipate any impact on their respective Passaic River reserves from this development.

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As of September 30, 2023, 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 assessment of the continued ability to recover such costs in its rates. PSEG Power has an Environmental Liability of \$13 million.

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 the lower 18.75 miles of the Hackensack River 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. The ultimate impact of this action on PSE&G and PSEG Power is currently unknown, but could be material.

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 \$205 million and \$224 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 \$205 million as of September 30, 2023. Of this amount, \$45 million was recorded in Other Current Liabilities and \$160 million was reflected as Environmental Costs in Noncurrent Liabilities. PSE&G has recorded a \$205 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 ISRA and the 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 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. The full remediation costs at each of the ten sites are not estimable, but will likely be material.

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

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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. The NJDEP granted the hearing request and may schedule a hearing after considering dispositive motions.

Jersey City, New Jersey Subsurface Feeder Cable Matter

In October 2016, a discharge of dielectric fluid from subsurface feeder cables located in the Hudson River near Jersey City, New Jersey, was identified and reported to the NJDEP. The feeder cables are located within a subsurface easement granted to PSEG by the property owners, Newport Associates Development Company (NADC) and Newport Associates Phase I Developer Limited Partnership. The feeder cables are subject to agreements between PSEG and Consolidated Edison Company of New York, Inc. (Con Edison) and are jointly owned by PSEG and Con Edison. The impacted cable was repaired in September 2017. A federal response was initially led by the U.S. Coast Guard. The U.S. Coast Guard transitioned control of the federal response to the EPA, and the EPA ended the federal response to the matter in 2018. The investigation of small amounts of residual dielectric fluid believed to be contained with the marina sediment is ongoing as part of the NJDEP site remediation program. In August 2020, PSEG finalized a settlement with the federal government regarding the reimbursement of costs associated with the federal response to this matter and payment of civil penalties of an immaterial amount.

A lawsuit in federal court is pending to determine ultimate responsibility for the costs to address the leak among PSEG, Con Edison and NADC. In addition, Con Edison filed counter claims against PSEG and NADC, including seeking injunctive relief and damages. Based on the information currently available and depending on the outcome of the federal court action, PSEG's portion of the costs to address the leak may be material; however, PSEG anticipates that it will recover its costs, other than civil penalties, through regulatory proceedings.

Basic Generation Service (BGS), BGSS and ZECs

Each year, PSEG 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, PSEG enters into the Supplier Master Agreements with the winners of these RSCP and CIEP BGS auctions to purchase BGS for PSEG'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, 2023 is \$330.72 per MW-day, replacing the BGS-CIEP auction year price ending May 31, 2023 of \$276.26 per MW-day. Energy for BGS-CIEP is priced at hourly PJM locational marginal prices for the contract period.

PSEG 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			
	2020	2021	2022	2023
36-Month Terms Ending	May 2023	May 2024	May 2025	May 2026
Load (MW)	2,800	2,900	2,800	2,800
\$ per MWh	\$102.16	\$64.80	\$76.30	\$93.11

(A) Prices set in the 2023 BGS auction became effective on June 1, 2023 when the 2020 BGS auction agreements expired.

PSEG has a full-requirements contract with PSEG Power to meet the gas supply requirements of PSEG's gas customers. PSEG Power has entered into hedges for a portion of these anticipated BGSS obligations, as permitted by the BPU. The BPU

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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 19. 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. The legislation also requires nuclear plants to reapply for any subsequent three-year periods and allows the BPU to adjust prospective ZEC payments.

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 September 30, 2023, the total minimum purchase requirements included in these commitments were as follows:

Fuel Type	PSEG Power's Share of Commitments through 2027	
	Millions	
Nuclear Fuel		
Uranium	\$	410
Enrichment	\$	331
Fabrication	\$	185
Natural Gas	\$	1,069

Pending FERC Matter

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 report is currently pending a public comment period. It is not possible at this time to predict the outcome of this matter.

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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.

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 11. Debt and Credit Facilities

Long-Term Debt Financing Transactions

The following long-term debt transactions occurred in the nine months ended September 30, 2023:

PSE&G

- issued \$500 million of 4.65% Secured Medium-Term Notes (Green Bond), Series P, due March 2033,
- issued \$400 million of 5.13% Secured Medium-Term Notes (Green Bond), Series P, due March 2053,
- issued \$500 million of 5.20% Secured Medium-Term Notes, Series P, due August 2033,
- issued \$400 million of 5.45% Secured Medium-Term Notes, Series P, due August 2053,
- retired \$500 million of 2.38% Secured Medium-Term Notes, Series I, at maturity, and
- retired \$325 million of 3.25% Secured Medium-Term Notes, Series M, at maturity.

In October 2023, PSEG issued \$600 million of 5.88% Senior Notes, due October 2028 and \$ 400 million of 6.13% Senior Notes, due October 2033.

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 facilities.

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The commitments under the \$4.2 billion credit facilities are provided by a diverse bank group. As of September 30, 2023, the total available credit capacity was \$3.7 billion.

As of September 30, 2023, no single institution represented more than 10% of the total commitments in the credit facilities.

As of September 30, 2023, 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.

The total committed credit facilities and available liquidity as of September 30, 2023 were as follows:

Company/Facility	As of September 30, 2023			Expiration Date	Primary Purpose
	Total Facility	Usage (B)	Available Liquidity		
Millions					
PSEG					
Revolving Credit Facility (A)	\$ 1,500	\$ 97	\$ 1,403	Mar 2027	Commercial Paper Support/Funding/Letters of Credit
Total PSEG	\$ 1,500	\$ 97	\$ 1,403		
PSE&G					
Revolving Credit Facility	\$ 1,000	\$ 120	\$ 880	Mar 2027	Commercial Paper Support/Funding/Letters of Credit
Total PSE&G	\$ 1,000	\$ 120	\$ 880		
PSEG Power					
Revolving Credit Facility (A)	\$ 1,250	\$ 39	\$ 1,211	Mar 2027	Funding/Letters of Credit
Letter of Credit Facility	100	—	100	Apr 2025	Letters of Credit
Letter of Credit Facility	200	79	121	Sept 2024	Letters of Credit
Letter of Credit Facility	100	66	34	Apr 2024	Letters of Credit
Total PSEG Power	\$ 1,650	\$ 184	\$ 1,466		
Total (C)	\$ 4,150	\$ 401	\$ 3,749		

- (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 September 30, 2023, PSEG had \$95 million outstanding at a weighted average interest rate of 5.46% and PSE&G had \$ 100 million outstanding at a weighted average interest rate of 5.49%.
- (C) Amounts do not include uncommitted credit facilities or 364-day term loans.

A subsidiary of PSEG Power has an uncommitted credit facility for \$ 150 million, which can be drawn to fund its cash collateral postings. As of September 30, 2023, there were no amounts outstanding under this facility.

Short-Term Loans

In January 2023, PSEG repaid \$750 million of the \$1.5 billion 364-day variable rate term loan that was issued in April 2022 and in April 2023 the remaining \$750 million matured. In April 2023, PSEG entered into a new 364-day variable rate term loan agreement for \$ 750 million. In May 2023, PSEG's \$500 million 364-day variable rate term loan matured. In August 2023, PSEG repaid \$250 million of the \$750 million 364-day variable rate term loan that was issued in April 2023.

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Note 12. 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 and PSE&G have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements and fuel agreements. 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. PSEG Power is exposed 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 derivatives to hedge a portion of its anticipated BGSS obligations with PSE&G. For additional information see Note 10. Commitments and Contingent Liabilities. 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 September 30, 2023, PSEG had interest rate hedges outstanding totaling \$ 900 million which were executed to convert a portion of PSEG Power's \$1.25 billion variable rate term loan due March 2025, into a fixed rate loan. The fair value of these hedges was \$ 14 million and \$1 million as of September 30, 2023 and December 31, 2022, respectively.

In the third quarter of 2023, PSEG entered into interest rate treasury locks totaling \$ 800 million to fix the interest rate for a portion of an anticipated \$1 billion long-term debt issuance that occurred in October 2023. As of September 30, 2023, these treasury locks had a fair value of \$14 million. See Note 11. Debt and Credit Facilities for additional information. The settlement payment 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 \$18 million and \$(3) million as of September 30, 2023 and December 31, 2022, 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 13. 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 September 30, 2023 and December 31, 2022. The following tabular disclosure does not include the offsetting of trade receivables and payables.

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Balance Sheet Location	As of September 30, 2023					
	PSEG		PSEG Power		Consolidated	
	Cash Flow Hedges	Not Designated	Interest Rate Swaps	Energy-Related Contracts	Netting (A)	Total PSEG Power
Millions						
Derivative Contracts						
Current Assets	\$ 25	\$ 739	\$ (694)	\$ 45	\$ 70	
Noncurrent Assets	3	482	(449)	33		36
Total Mark-to-Market Derivative Assets	\$ 28	\$ 1,221	\$ (1,143)	\$ 78	\$ 106	
Derivative Contracts						
Current Liabilities	\$ —	\$ (906)	\$ 846	\$ (60)	\$ (60)	
Noncurrent Liabilities	—	(545)	540	(5)		(5)
Total Mark-to-Market Derivative (Liabilities)	\$ —	\$ (1,451)	\$ 1,386	\$ (65)	\$ (65)	
Total Net Mark-to-Market Derivative Assets (Liabilities)	\$ 28	\$ (230)	\$ 243	\$ 13	\$ 41	

Balance Sheet Location	As of December 31, 2022					
	PSEG		PSEG Power		Consolidated	
	Cash Flow Hedges	Not Designated	Interest Rate Swaps	Energy-Related Contracts	Netting (A)	Total PSEG Power
Millions						
Derivative Contracts						
Current Assets	\$ 4	\$ 1,721	\$ (1,707)	\$ 14	\$ 18	
Noncurrent Assets	—	629	(614)	15		15
Total Mark-to-Market Derivative Assets	\$ 4	\$ 2,350	\$ (2,321)	\$ 29	\$ 33	
Derivative Contracts						
Current Liabilities	\$ —	\$ (2,447)	\$ 2,323	\$ (124)	\$ (124)	
Noncurrent Liabilities	(3)	(1,139)	1,109	(30)		(33)
Total Mark-to-Market Derivative (Liabilities)	\$ (3)	\$ (3,586)	\$ 3,432	\$ (154)	\$ (157)	
Total Net Mark-to-Market Derivative Assets (Liabilities)	\$ 1	\$ (1,236)	\$ 1,111	\$ (125)	\$ (124)	

(A) Represents the netting of fair value balances with the same counterparty (where the right of offset exists) and the application of 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 September 30, 2023 and December 31, 2022, PSEG Power had net cash collateral (receipts) payments to counterparties of \$346 million and \$1,521 million, respectively. Of these net cash collateral (receipts) payments, \$243 million and \$1,111 million as of September 30, 2023 and December 31, 2022, respectively, were netted against the corresponding net derivative contract positions. Of the \$243 million as of September 30, 2023, \$152 million was netted against current liabilities and \$91 million against noncurrent liabilities. Of the \$1,111 million as of December 31, 2022, \$616 million was netted against current liabilities and \$495 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 \$74 million as of September 30, 2023 and \$ 190 million as of December 31, 2022. As of September 30, 2023 and December 31, 2022, PSEG Power had the contractual right of offset of \$12 million and \$41 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 \$62 million and \$149 million as of September 30, 2023 and December 31, 2022, 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 and nine months ended September 30, 2023 and 2022:

	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			
	September 30, 2023	2022	September 30, 2023	2022	Millions	
PSEG						
Interest Rate Swaps	\$ 18	\$ —	Interest Expense	\$ 3	\$ (1)	
Total PSEG	\$ 18	\$ —		\$ 3	\$ (1)	

	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	
	Nine Months Ended		Nine Months Ended			
	September 30, 2023	2022	September 30, 2023	2022	Millions	
PSEG						
Interest Rate Swaps	\$ 32	\$ —	Interest Expense	\$ 3	\$ (3)	
Total PSEG	\$ 32	\$ —		\$ 3	\$ (3)	

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 and nine months ended September 30, 2023, the amount of gain (loss) on interest rate hedges reclassified from Accumulated Other Comprehensive Loss into income was \$2 million after-tax. For the three months and nine months ended September 30, 2022, the amount of gain (loss) on interest rate hedges reclassified from Accumulated Other Comprehensive Loss into income was \$(1) million and \$(2) 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.

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Accumulated Other Comprehensive Income (Loss)	Pre-Tax	After-Tax
	Millions	
Balance as of December 31, 2021	\$ (9)	\$ (6)
Loss Recognized in AOCL	—	—
Less: Loss Reclassified into Income	5	3
Balance as of December 31, 2022	\$ (4)	\$ (3)
Gain Recognized in AOCL	32	23
Less: Gain Reclassified into Income	(3)	(2)
Balance as of September 30, 2023	\$ 25	\$ 18

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 and nine months ended September 30, 2023 and 2022, 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 September 30, 2023		Nine Months Ended September 30, 2022	
		Millions	Millions	Millions	Millions
Energy-Related Contracts	Operating Revenues	\$ 3	\$ (696)	\$ 1,244	\$ (2,094)
Energy-Related Contracts	Energy Costs	—	2	—	1
Total		\$ 3	\$ (694)	\$ 1,244	\$ (2,093)

The following table summarizes the net notional volume purchases/(sales) of open derivative transactions by commodity as of September 30, 2023 and December 31, 2022.

Type	Notional	As of	
		September 30, 2023	December 31, 2022
		Millions	
Natural Gas	Dekatherm (Dth)	59	49
Electricity	MWh	(60)	(60)
Financial Transmission Rights (FTRs)	MWh	23	24
Interest Rate Swaps	U.S. Dollars	1,700	1,050

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 September 30, 2023, 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 PSEG and one non-affiliated counterparty. The PSEG credit exposure is eliminated in consolidation. See Note 19. Related-Party Transactions for additional information.

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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 September 30, 2023, 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 September 30, 2023, PSE&G had no 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.

Note 13. 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 September 30, 2023 and December 31, 2022, 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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Description	Recurring Fair Value Measurements as of September 30, 2023							
			Quoted Market Prices for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	Total	Netting (E)						
Millions								
PSEG								
Assets:								
Cash Equivalents (A)	\$ 10	\$ —	\$ 10	\$ —	\$ 1,214	\$ —	\$ —	\$ —
Derivative Contracts:								
Energy-Related Contracts (B)	\$ 78	\$ (1,143)	\$ 7	\$ —	\$ 264	\$ —	\$ —	\$ —
Interest Rate Swaps (C)	\$ 28	\$ —	\$ —	\$ —	\$ 379	\$ —	\$ —	\$ —
NDT Fund (D)								
Equity Securities	\$ 1,173	\$ —	\$ 1,173	\$ —	\$ —	\$ —	\$ —	\$ —
Debt Securities—U.S. Treasury	\$ 264	\$ —	\$ —	\$ —	\$ 379	\$ —	\$ —	\$ —
Debt Securities—Govt Other	\$ 379	\$ —	\$ —	\$ —	\$ 498	\$ —	\$ —	\$ —
Debt Securities—Corporate	\$ 498	\$ —	\$ —	\$ —	\$ 66	\$ —	\$ —	\$ —
Rabbi Trust (D)								
Equity Securities	\$ 17	\$ —	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ —
Debt Securities—U.S. Treasury	\$ 54	\$ —	\$ —	\$ —	\$ 30	\$ —	\$ —	\$ —
Debt Securities—Govt Other	\$ 30	\$ —	\$ —	\$ —	\$ 66	\$ —	\$ —	\$ —
Debt Securities—Corporate	\$ 66	\$ —	\$ —	\$ —	\$ (1,447)	\$ (4)	\$ —	\$ —
Liabilities:								
Derivative Contracts:								
Energy-Related Contracts (B)	\$ (65)	\$ 1,386	\$ —	\$ (1,447)	\$ (4)	\$ —	\$ —	\$ —
PSE&G								
Assets:								
Cash Equivalents (A)	\$ 10	\$ —	\$ 10	\$ —	\$ —	\$ —	\$ —	\$ —
Rabbi Trust (D)								
Equity Securities	\$ 3	\$ —	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —
Debt Securities—U.S. Treasury	\$ 10	\$ —	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ —
Debt Securities—Govt Other	\$ 5	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ —	\$ —
Debt Securities—Corporate	\$ 12	\$ —	\$ —	\$ —	\$ 12	\$ —	\$ —	\$ —

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Description	Recurring Fair Value Measurements as of December 31, 2022												
	Total	Netting (E)	Quoted Market Prices for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)						
Millions													
PSEG													
Assets:													
Cash Equivalents (A)	\$ 385	\$ —	\$ 385	\$ —	\$ 2,307	\$ 4	\$ —						
Derivative Contracts:													
Energy-Related Contracts (B)	\$ 29	\$ (2,321)	\$ 42	\$ 2,307	\$ 1	\$ —	\$ —						
Interest Rate Swaps (C)	\$ 4	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ —						
NDT Fund (D)													
Equity Securities	\$ 1,072	\$ —	\$ 1,072	\$ —	\$ —	\$ —	\$ —						
Debt Securities—U.S. Treasury	\$ 288	\$ —	\$ —	\$ 288	\$ —	\$ —	\$ —						
Debt Securities—Govt Other	\$ 339	\$ —	\$ —	\$ 339	\$ —	\$ —	\$ —						
Debt Securities—Corporate	\$ 529	\$ —	\$ —	\$ 529	\$ —	\$ —	\$ —						
Rabbi Trust (D)													
Equity Securities	\$ 20	\$ —	\$ 20	\$ —	\$ —	\$ —	\$ —						
Debt Securities—U.S. Treasury	\$ 57	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ —						
Debt Securities—Govt Other	\$ 32	\$ —	\$ —	\$ 32	\$ —	\$ —	\$ —						
Debt Securities—Corporate	\$ 74	\$ —	\$ —	\$ 74	\$ —	\$ —	\$ —						
Liabilities:													
Derivative Contracts:													
Energy-Related Contracts (B)	\$ (154)	\$ 3,432	\$ (3)	\$ (3,537)	\$ (46)	\$ —	\$ —						
Interest Rate Swaps (C)	\$ (3)	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ —						
PSEG													
Assets:													
Cash Equivalents (A)	\$ 165	\$ —	\$ 165	\$ —	\$ —	\$ —	\$ —						
Rabbi Trust (D)													
Equity Securities	\$ 3	\$ —	\$ 3	\$ —	\$ —	\$ —	\$ —						
Debt Securities—U.S. Treasury	\$ 10	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ —						
Debt Securities—Govt Other	\$ 6	\$ —	\$ —	\$ 6	\$ —	\$ —	\$ —						
Debt Securities—Corporate	\$ 13	\$ —	\$ —	\$ 13	\$ —	\$ —	\$ —						

- (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” below for more information on the utilization of unobservable inputs.
- (C) Interest rate swaps 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 \$ 2 million in the NDT Fund as of each of September 30, 2023 and December 31, 2022. 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

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securities. 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 12. 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 September 30, 2023, PSEG carried \$2.5 billion of net assets that are measured at fair value on a recurring basis, of which \$ 4 million of net liabilities were measured using unobservable inputs and classified as Level 3 within the fair value hierarchy and are considered immaterial.

As of September 30, 2022, PSEG carried \$2.5 billion of net assets that are measured at fair value on a recurring basis, of which \$ 12 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 nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and December 31, 2022 are included in the following table and accompanying notes.

	As of		As of	
	September 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Millions				
Long-Term Debt:				
PSEG (A)	\$ 4,129	\$ 3,800	\$ 4,124	\$ 3,808
PSEG&G (A)	13,660	11,564	12,696	11,106
PSEG Power (B)	1,250	1,250	1,250	1,250
Total Long-Term Debt	\$ 19,039	\$ 16,614	\$ 18,070	\$ 16,164

- (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).

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Note 14. Other Income (Deductions)

	PSEG Power & PSEG G	Other (A)	Consolidated
	Millions		
Three Months Ended September 30, 2023			
NDT Fund Interest and Dividends	\$ —	\$ 16	\$ 16
Allowance for Funds Used During Construction	15	—	15
Solar Loan Interest	2	—	2
Other Interest	3	6	9
Other	1	(2)	(1)
Total Other Income (Deductions)	\$ 21	\$ 20	\$ 41
Nine Months Ended September 30, 2023			
NDT Fund Interest and Dividends	\$ —	\$ 50	\$ 50
Allowance for Funds Used During Construction	45	—	45
Solar Loan Interest	6	—	6
Other Interest	10	22	32
Other	4	(5)	(1)
Total Other Income (Deductions)	\$ 65	\$ 67	\$ 132
Three Months Ended September 30, 2022			
NDT Fund Interest and Dividends	\$ —	\$ 17	\$ 17
Allowance for Funds Used During Construction	17	—	17
Solar Loan Interest	2	—	2
Other Interest	3	2	5
Other	3	(1)	2
Total Other Income (Deductions)	\$ 25	\$ 18	\$ 43
Nine Months Ended September 30, 2022			
NDT Fund Interest and Dividends	\$ —	\$ 47	\$ 47
Allowance for Funds Used During Construction	47	—	47
Solar Loan Interest	8	—	8
Purchases of Tax Losses under New Jersey Technology Tax Benefit Transfer Program	—	(27)	(27)
Other Interest	5	4	9
Other	6	(4)	2
Total Other Income (Deductions)	\$ 66	\$ 20	\$ 86

(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 15. 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		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
Pre-Tax Income (Loss)	\$ 65	\$ 55	\$ 2,394	\$ (1)
Tax Computed at Statutory Rate @ 21%	\$ 14	\$ 12	\$ 503	\$ —
Increase (Decrease) Attributable to Flow-Through of Certain Tax Adjustments:				
State Income Taxes (net of federal income tax)	(1)	7	157	(16)
NDT Fund	(3)	(10)	11	(34)
Uncertain Tax Positions	1	(5)	(6)	(6)
Leasing Activities	—	—	(17)	—
GPRC-Clean Energy Future (CEF)-EE	(13)	(11)	(36)	(25)
Tax Credits	(2)	(2)	(7)	(6)
Estimated Annual Effective Tax Rate Interim Period Adjustment	9	(7)	(7)	(14)
TAC	(62)	(44)	(188)	(150)
Bad Debt Flow-Through	(2)	(2)	(9)	(2)
Other	(15)	3	(24)	9
Subtotal	(88)	(71)	(126)	(244)
Total Income Tax Expense (Benefit)	\$ (74)	\$ (59)	\$ 377	\$ (244)
Effective Income Tax Rate	N/A	N/A	15.7 %	N/A

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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		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
Pre-Tax Income	\$ 454	\$ 468	\$ 1,365	\$ 1,427
Tax Computed at Statutory Rate @ 21%	\$ 95	\$ 98	\$ 287	\$ 300
Increase (Decrease) Attributable to Flow-Through of Certain Tax Adjustments:				
State Income Taxes (net of federal income tax)	33	32	100	99
Uncertain Tax Positions	—	—	(5)	—
Tax Credits	(2)	(2)	(7)	(6)
GPRC-CEF-EE	(13)	(11)	(36)	(25)
TAC	(62)	(44)	(188)	(150)
Bad Debt Flow-Through	(2)	(2)	(9)	(2)
Other	4	(2)	(1)	(2)
Subtotal	(42)	(29)	(146)	(86)
Total Income Tax Expense (Benefit)	\$ 53	\$ 69	\$ 141	\$ 214
Effective Income Tax Rate	11.7 %	14.7 %	10.3 %	15.0 %

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.

A prolonged economic recovery can result in the enactment of additional federal and state tax legislation. Enactment of additional legislation and clarification of prior enacted tax laws could impact PSEG's and PSE&G's financial statements.

In August 2022, the IRA was signed into law. The IRA made certain changes to existing energy tax credit laws and enacted a new 15% corporate alternative minimum tax (CAMT), effective in 2023. Changes to the energy tax credit laws include: increases to the PTC rate, a new PTC for electricity generation using nuclear energy, expanded technologies that are eligible for energy tax credits, and the transferability of the energy tax credits. See Note 3. Early Plant Retirements/Asset Dispositions and Impairments for additional information on the nuclear PTC.

Since the enactment of the IRA, the U.S. Treasury issued proposed regulations and various Notices that provide interim guidance on several provisions of the IRA, including the CAMT. The Notices state that the U.S. Treasury anticipates issuing additional guidance including proposed and final regulations. Many aspects of the IRA remain unclear and in need of further guidance; therefore, the impact the IRA will have on PSEG's and PSE&G's financial statements is subject to continued evaluation.

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 transmission and distribution property. The impact, if any, this may have on PSEG and PSE&G's financial statements has not yet been determined.

As of September 30, 2023, PSEG had a \$ 51 million state net operating loss (NOL) and PSE&G had a \$ 58 million New Jersey Corporate Business Tax NOL that are both expected to be fully realized in the future.

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Note 16. Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated Other Comprehensive Income (Loss)	Three Months Ended September 30, 2023				
	Cash Flow Hedges	Pension and OPEB Plans	Available-for-Sale Securities	Total	
Millions					
Balance as of June 30, 2023	\$ 7	\$ (419)	\$ (103)	\$ (515)	
Other Comprehensive Income (Loss) before Reclassifications	13	82	(36)	59	
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	(2)	240	5	243	
Net Current Period Other Comprehensive Income (Loss)	11	322	(31)	302	
Balance as of September 30, 2023	\$ 18	\$ (97)	\$ (134)	\$ (213)	
Three Months Ended September 30, 2022					
Accumulated Other Comprehensive Income (Loss)	Cash Flow Hedges	Pension and OPEB Plans	Available-for-Sale Securities	Total	
Millions					
Balance as of June 30, 2022	\$ (5)	\$ (354)	\$ (96)	\$ (455)	
Other Comprehensive Income (Loss) before Reclassifications	—	—	(48)	(48)	
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	1	—	9	10	
Net Current Period Other Comprehensive Income (Loss)	1	—	(39)	(38)	
Balance as of September 30, 2022	\$ (4)	\$ (354)	\$ (135)	\$ (493)	
Nine Months Ended September 30, 2023					
Accumulated Other Comprehensive Income (Loss)	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	23	82	(28)	77	
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	(2)	247	15	260	
Net Current Period Other Comprehensive Income (Loss)	21	329	(13)	337	
Balance as of September 30, 2023	\$ 18	\$ (97)	\$ (134)	\$ (213)	
Nine Months Ended September 30, 2022					
Accumulated Other Comprehensive Income (Loss)	Cash Flow Hedges	Pension and OPEB Plans	Available-for-Sale Securities	Total	
Millions					
Balance as of December 31, 2021	\$ (6)	\$ (355)	\$ 11	\$ (350)	
Other Comprehensive Income (Loss) before Reclassifications	—	—	(166)	(166)	
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	2	1	20	23	
Net Current Period Other Comprehensive Income (Loss)	2	1	(146)	(143)	
Balance as of September 30, 2022	\$ (4)	\$ (354)	\$ (135)	\$ (493)	

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Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) to Income Statement							
Description of Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Location of Pre-Tax Amount In Statement of Operations	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023			
		Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Millions							
Cash Flow Hedges							
Interest Rate Swaps	Interest Expense	\$ 3	\$ (1)	\$ 2	\$ 3	\$ (1)	\$ 2
Total Cash Flow Hedges		<u>3</u>	<u>(1)</u>	<u>2</u>	<u>3</u>	<u>(1)</u>	<u>2</u>
Pension and OPEB Plans							
Amortization of Prior Service (Cost) Credit	Non-Operating Pension and OPEB Credits (Costs)	2	(1)	1	6	(2)	4
Amortization of Actuarial Loss	Non-Operating Pension and OPEB Credits (Costs)	(3)	1	(2)	(17)	5	(12)
Pension Settlement Charge	Non-Operating Pension and OPEB Credits (Costs)	<u>(332)</u>	<u>93</u>	<u>(239)</u>	<u>(332)</u>	<u>93</u>	<u>(239)</u>
Total Pension and OPEB Plans		<u>(333)</u>	<u>93</u>	<u>(240)</u>	<u>(343)</u>	<u>96</u>	<u>(247)</u>
Available-for-Sale Debt Securities							
Realized Gains (Losses)	Net Gains (Losses) on Trust Investments	(8)	3	(5)	(25)	10	(15)
Total Available-for-Sale Debt Securities		<u>(8)</u>	<u>3</u>	<u>(5)</u>	<u>(25)</u>	<u>10</u>	<u>(15)</u>
Total		<u>\$ (338)</u>	<u>\$ 95</u>	<u>\$ (243)</u>	<u>\$ (365)</u>	<u>\$ 105</u>	<u>\$ (260)</u>

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Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) to Income Statement								
Description of Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Location of Pre-Tax Amount In Statement of Operations	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022			
		Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	
Millions								
Cash Flow Hedges								
Interest Rate Swaps	Interest Expense	\$ (1)	\$ —	\$ (1)	\$ (3)	\$ 1	\$ (2)	
Total Cash Flow Hedges		<u>(1)</u>	<u>—</u>	<u>(1)</u>	<u>(3)</u>	<u>1</u>	<u>(2)</u>	
Pension and OPEB Plans								
Amortization of Prior Service (Cost) Credit	Non-Operating Pension and OPEB Credits (Costs)	5	(1)	4	15	(4)	11	
Amortization of Actuarial Loss	Non-Operating Pension and OPEB Credits (Costs)	(5)	1	(4)	(16)	4	(12)	
Total Pension and OPEB Plans		<u>—</u>	<u>—</u>	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(1)</u>	
Available-for-Sale Debt Securities								
		Net Gains (Losses) on Trust Investments						
Realized Gains (Losses)	Investments	(14)	5	(9)	(32)	12	(20)	
Total Available-for-Sale Debt Securities		<u>(14)</u>	<u>5</u>	<u>(9)</u>	<u>(32)</u>	<u>12</u>	<u>(20)</u>	
Total		<u><u>\$ (15)</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ (10)</u></u>	<u><u>\$ (36)</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ (23)</u></u>	

Note 17. 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 September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
EPS Numerator (Millions):								
Net Income	<u><u>\$ 139</u></u>	<u><u>\$ 139</u></u>	<u><u>\$ 114</u></u>	<u><u>\$ 114</u></u>	<u><u>\$ 2,017</u></u>	<u><u>\$ 2,017</u></u>	<u><u>\$ 243</u></u>	<u><u>\$ 243</u></u>
EPS Denominator (Millions):								
Weighted Average Common Shares Outstanding	498	498	497	497	497	497	498	498
Effect of Stock Based Compensation Awards	—	2	—	3	—	3	—	3
Total Shares	<u><u>498</u></u>	<u><u>500</u></u>	<u><u>497</u></u>	<u><u>500</u></u>	<u><u>497</u></u>	<u><u>500</u></u>	<u><u>498</u></u>	<u><u>501</u></u>
EPS								
Net Income	<u><u>\$ 0.28</u></u>	<u><u>\$ 0.27</u></u>	<u><u>\$ 0.23</u></u>	<u><u>\$ 0.22</u></u>	<u><u>\$ 4.06</u></u>	<u><u>\$ 4.03</u></u>	<u><u>\$ 0.49</u></u>	<u><u>\$ 0.48</u></u>

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Dividends

Dividend Payments on Common Stock	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Per Share	\$ 0.57	\$ 0.54	\$ 1.71	\$ 1.62
In Millions	\$ 284	\$ 269	\$ 853	\$ 810

Note 18. Financial Information by Business Segment

Basis of Organization

PSEG's and PSE&G's operating segments were determined by management in accordance with GAAP. These segments were determined based on how the Chief Operating Decision Maker (CODM) (the Chief Executive Officer (CEO) for PSEG and PSE&G), measures performance based on segment Net Income and how resources are allocated to each business.

Following completion of the sale of the PSEG Power Fossil portfolio in February 2022 and as a result of the transition to a new CEO, our designated CODM, effective September 1, 2022, various changes were made to the content and manner in which the new CEO reviews financial information for purposes of assessing business performance and allocating resources. Based on management's analysis, PSE&G and PSEG Power were determined to remain operating segments of PSEG. However, PSEG has revised its reportable segments for the year ended December 31, 2022 to PSE&G and PSEG Power & Other. PSE&G continues to be PSEG's principal reportable segment. The PSEG Power & Other reportable segment includes amounts related to the PSEG Power operating segment as well as amounts applicable to Energy Holdings, PSEG LI, PSEG (parent company) and Services, which do not meet the definition of operating segments individually or in the aggregate and are immaterial to PSEG's consolidated assets and results. All prior period comparative information has been restated to reflect the change in segment presentation.

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 4. Variable Interest Entity for additional information) as well as fixed and variable fee components under the contract, and Energy Holdings which holds an immaterial portfolio of remaining lease investments. Other also includes amounts applicable to PSEG (parent company) and Services.

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	PSEG G	PSEG Power & Other	Eliminations (A)	Consolidated Total	
	Millions				
Three Months Ended September 30, 2023					
Operating Revenues	\$ 1,999	\$ 546	\$ (89)	\$ 2,456	
Net Income (B)	401	(262)	—	139	
Gross Additions to Long-Lived Assets	813	103	—	916	
Nine Months Ended September 30, 2023					
Operating Revenues	\$ 5,954	\$ 3,475	\$ (797)	\$ 8,632	
Net Income (B)	1,224	793	—	2,017	
Gross Additions to Long-Lived Assets	2,149	211	—	2,360	
Three Months Ended September 30, 2022					
Operating Revenues	\$ 1,953	\$ 433	\$ (114)	\$ 2,272	
Net Income (Loss) (B)	399	(285)	—	114	
Gross Additions to Long-Lived Assets	700	97	—	797	
Nine Months Ended September 30, 2022					
Operating Revenues	\$ 5,905	\$ 1,691	\$ (935)	\$ 6,661	
Net Income (Loss) (B)	1,213	(970)	—	243	
Gross Additions to Long-Lived Assets	1,871	217	—	2,088	
As of September 30, 2023					
Total Assets	\$ 41,867	\$ 7,916	\$ (231)	\$ 49,552	
Investments in Equity Method Subsidiaries	\$ —	\$ 15	—	\$ 15	
As of December 31, 2022					
Total Assets	\$ 39,960	\$ 9,285	\$ (527)	\$ 48,718	
Investments in Equity Method Subsidiaries	\$ —	\$ 306	—	\$ 306	

- (A) Intercompany eliminations primarily relate to intercompany transactions between PSEG G and PSEG Power. For a further discussion of the intercompany transactions between PSEG G and PSEG Power, see Note 19. Related-Party Transactions.
- (B) Includes net after-tax gains (losses) of \$(17) million and \$(214) million for the three months and \$ 750 million and \$(896) million for the nine months ended September 30, 2023 and 2022, 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. Includes a \$239 million after-tax pension charge due to the remeasurement of the qualified pension plans as a result of the pension settlement transaction for the three and nine months ended September 30, 2023. See Note 9. Pension and Other Postretirement Benefits (OPEB) .

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Note 19. 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:

Related-Party Transactions	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
Billings from Affiliates:				
Net Billings from PSEG Power (A)	\$ 86	\$ 111	\$ 761	\$ 923
Administrative Billings from Services (B)	93	115	313	327
Total Billings from Affiliates	\$ 179	\$ 226	\$ 1,074	\$ 1,250
As of				
Related-Party Transactions		September 30, 2023	December 31, 2022	
Millions				
Receivable from PSEG (C)	\$ 20	\$ —		
Accounts Receivable—Affiliated Companies	\$ 20	\$ —		
Payable to PSEG Power (A)	\$ 106	\$ 313		
Payable to Services (B)	63	98		
Payable to PSEG (C)	—	74		
Accounts Payable—Affiliated Companies	\$ 169	\$ 485		
Working Capital Advances to Services (D)	\$ 33	\$ 33		
Long-Term Accrued Taxes Payable	\$ 9	\$ 9		

- (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. Since June 1, 2022, PSEG Power had no contracts to supply energy, capacity and ancillary services to PSE&G through the BGS auction process. 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 BGS and BGSS contracts and for the ZEC sales are prescribed by the BPU. BGS and 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 stand-alone 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 Energy Holdings L.L.C. (Energy Holdings), which primarily holds lease investments; 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); 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 2022 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 2022 and Future Outlook provided in Item 7 in our Form 10-K by describing significant events and business developments that have occurred during 2023 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 2023 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 (IRA) established a Production Tax Credit (PTC) for existing nuclear facilities from 2024 through 2032 which is expected to provide downside price protection for our nuclear generation fleet.

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. For the years 2023-2027, PSE&G's capital investment program is estimated to be in a range of \$15.5 billion to \$18 billion, resulting in an expected compound annual growth in rate base of 6% to 7.5% from year-end 2022 to year-end 2027. This represents the majority of PSEG's total capital investment program of \$16.3 billion to \$18.9 billion. The low end of PSE&G's 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 an extension of our Energy Strong program, which otherwise concludes in 2024, as well as the remaining portion of our CEF proposal (portion of Electric Vehicle (EV) and Energy Storage (ES) programs) and a potentially higher amount of investments for gas replacement work and CEF-EE beyond current levels. In May 2023, the BPU approved a \$280 million nine-month extension of our CEF-EE program through June 2024. In October 2023, the

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BPU approved 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 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 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 reinitiated by January 2025 with the intent of beginning the work in January 2026. A remaining component of our CEF-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 in 2024. 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-ES program is being held in abeyance. Pursuant to our GSMP II and Energy Strong II programs, we are required to file a distribution base rate case no later than December 31, 2023. Among other things, the rate case will recover capital expenditures associated with these programs that are not already in rates, as well as the Advanced Metering Infrastructure (AMI) and EV programs, other investments that are not recovered through periodic rate roll-ins, and several other cost and return factors. We expect to conclude the case in the second half of 2024.

PSEG Power

At PSEG Power, we seek to produce low-cost electricity by efficiently operating our nuclear generation assets, mitigate volatility by contracting in advance for a significant portion of their output and support public policies that preserve these existing nuclear generating plants. During the first nine months of 2023, our nuclear units generated 24.3 terawatt hours and operated at a capacity factor of 95.8%.

More than 90% of PSEG Power's expected gross margin in 2023 relates to hedged energy margin, known capacity revenues, Zero Emission Certificate (ZEC) revenues and, certain gas operations and ancillary service payments such as reactive power, which limits our exposure to uncontracted market prices.

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. Scope 1 emissions include power generation, fuel combustion at PSEG facilities, methane leaks, vehicle fleet emissions, sulfur hexafluoride emissions, and refrigerant leaks. Scope 2 emissions include purchased electric and steam energy for our PSEG facilities and emissions associated with line losses. Consistent with our commitment to the United Nations-backed Race to Zero campaign, we have submitted proposed targets encompassing Scopes 1, 2 and 3 emissions to the Science-Based Targets initiative (SBTi). Our submission is now under review as part of SBTi's validation process.

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 program are intended to support New Jersey's Energy Master Plan (EMP) through programs designed to help customers use energy more efficiently, support the expansion of the EV infrastructure in the State, 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 first phase of our GSMP replaced approximately 450 miles of cast-iron and unprotected steel gas main infrastructure, and the second phase of this program replaced an additional 1,090 miles of gas pipes and was completed in the first quarter of 2023. As mentioned above, the BPU approved a two-year extension of GSMP in October 2023. 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 methane leaks by approximately 22% system wide and assuming continuation of GSMP, we expect to achieve an overall reduction in methane emissions of at least 60% over the 2011 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, notably through our investments in our Energy Strong program and Infrastructure Advancement Program and our investments in transmission infrastructure upgrades. These investments have shown benefits in recent severe weather events, including Tropical Storm Ida in 2021, which brought significant flooding to our service territory but did not result in the loss of any of our electric distribution substations.

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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 IRA discussed below, that recognize the value of our nuclear fleet's carbon-free generation and its contribution to grid reliability.

Offshore Wind

In May 2023, PSEG sold to Ørsted North America Inc. (Ørsted) its 25% equity interest in Ocean Wind JV HoldCo, LLC. The sale proceeds approximated PSEG's carrying value of the investment; therefore, no material gain or loss was recognized upon disposition.

Additionally, PSEG and Ørsted each owns 50% of Garden State Offshore Energy LLC (GSOE) which holds rights to an offshore wind lease area just south of New Jersey. PSEG is evaluating its options for the potential sale of its interest in GSOE.

In April 2023, the BPU issued an order requesting that PJM conduct a second public policy transmission solicitation process utilizing the State Agreement Approach for transmission projects to support New Jersey's expanded offshore wind goal. This goal, announced in a September 2022 executive order issued by Governor Murphy, is to develop an additional 3.5 gigawatts (GWs) of offshore wind generation, to bring New Jersey's overall goal to 11 GWs. The solicitation will seek to procure both onshore and offshore transmission solutions. PJM stated that the solicitation process is tentatively expected to commence in 2024.

Competitively Bid, FERC Regulated Transmission Projects

PJM is currently evaluating proposed transmission solutions to address increasing load and reliability issues in the Maryland and northern Virginia area as part of its 2022 Window 3 competitive solicitation. In October 2023, PJM's Transmission Expansion Advisory Committee (TEAC) recommended that a PSEG proposed solution be included in the projects to be approved by PJM's Board. PJM's Board is expected to make its awards in December 2023. Our proposal is a \$447 million investment with an expected in-service date of 2027. There is no assurance that the PJM Board will approve the TEAC's recommendation and award the project solution to PSEG.

Financial Results

The results for PSEG, PSE&G and PSEG Power & Other for the three months and nine months ended September 30, 2023 and 2022 are presented as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions				
PSE&G	\$ 401	\$ 399	\$ 1,224	\$ 1,213
PSEG Power & Other (A)	(262)	(285)	793	(970)
PSEG Net Income	\$ 139	\$ 114	\$ 2,017	\$ 243
PSEG Net Income Per Share (Diluted)	\$ 0.27	\$ 0.22	\$ 4.03	\$ 0.48

(A) Other includes after-tax activities at the parent company, PSEG LI, and Energy Holdings as well as intercompany eliminations. Includes a \$239 million after-tax pension charge due to the settlement of a portion of the qualified pension plans for the three and nine months ended September 30, 2023. See Item 1. Note 9. Pension and Other Postretirement Benefits (OPEB).

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.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Millions, after tax				
NDT Fund Income (Expense) (A) (B)	\$ (27)	\$ (61)	\$ 33	\$ (224)
Non-Trading MTM Gains (Losses) (C)	\$ (17)	\$ (214)	\$ 750	\$ (896)

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- (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 8. 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 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 \$15 million and \$37 million for the three months and \$(25) million and \$131 million for the nine months ended September 30, 2023 and 2022, respectively.
- (C) Net of tax (expense) benefit of \$8 million and \$83 million for the three months and \$(293) million and \$350 million for the nine months ended September 30, 2023 and 2022, respectively.

Our Net Income for the three months and nine months ended September 30, 2023 increased as compared to the comparable periods in 2022 driven primarily by

- changes in the MTM and NDT Fund as shown in the table above, and
- higher earnings due to continued investments in T&D clause programs at PSE&G,
- partially offset by a pension settlement charge in 2023 See Item 1. Note 9. Pension and Other Postretirement Benefits (OPEB), and
- lower pension and other postretirement benefit (OPEB) credits in 2023.

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 (RTO) 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 \$30 million to \$40 million.

New Jersey Stakeholder Proceedings

In February 2023, New Jersey Governor Murphy issued executive orders (EOs) that establish or accelerate previously established 2050 targets for clean-sourced energy, building electrification, and EV adoption goals, with new target dates of 2030 or 2035, as applicable. The EO direct the BPU and other state agencies to collaborate with stakeholders to develop plans to reach the targets and convene 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. 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 10. Commitments and Contingent Liabilities.

Nuclear

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 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 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 the PTC for electricity generation using existing nuclear energy set to begin in 2024 through 2032. The expected PTC rate is up

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to \$15/MWh subject to adjustment based upon a facility's gross receipts. The PTC rate and the gross receipts cap are subject to annual inflation adjustments. We are continuing to analyze the impact of the IRA on our nuclear units, including future guidance from the U.S. Treasury and the impact of PTCs on expected ZEC payments. See Item 1. Note 3. Early Plant Retirements/Asset Dispositions and Impairments for additional information.

Current Inflationary Environment

The current inflationary environment has prompted the Federal Reserve to tighten monetary policy resulting in higher interest rates, which have impacted financial markets, reducing the value of fixed income investments and created uncertainty about the future economic outlook weakening equity markets. These factors resulted in negative returns on our pension assets during 2022, which resulted in materially higher pension costs in 2023 and are expected to have impacts on future years. The higher interest rates translated into a higher discount rate for our pension obligations, which lowered our pension liability and positively affected our funded ratio, which remains strong.

In February 2023, PSE&G received an accounting order from the BPU authorizing PSE&G to modify its method for calculating the amortization of the net actuarial gain or loss component of pension expense for ratemaking purposes. This order mitigates some of the volatility in earnings and customer rates related to our pension trust performance, and is effective for calendar year 2023 and forward. As a result of this order, PSEG's 2023 pension expense, net of amounts capitalized, was reduced by \$59 million, resulting in a pension credit of \$16 million.

On July 31, 2023, PSEG entered into a commitment agreement with The Prudential Insurance Company of America (the Insurer) under which certain PSEG pension plans agreed to purchase a group annuity contract that will transfer to the Insurer approximately \$1 billion of the Plans' defined benefit pension obligations and associated Plan assets related to certain pension benefits covering approximately 2,000 retirees from PSEG Power & Other. In August 2023, assets were transferred to the Insurer and the transaction was closed, which reduces future volatility due to lowering our pension liability. See Item 1. Note 9. Pension and Other Postretirement Benefits (OPEB) for additional information.

Further, higher interest rates on borrowings will contribute to higher interest expense on variable rate debt and impact long-term rates on future financing plans. As of September 30, 2023, PSEG had entered into floating-to-fixed interest rate swaps totaling \$900 million in order to reduce the volatility in interest expense related to a portion of a \$1.25 billion variable rate term loan at PSEG Power due March 2025.

Inflation will also result in upward pressure on operating costs and capital spending.

Tax Legislation

Future federal and state tax legislation and clarification of existing 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 transmission and distribution property. The impact, if any, 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), effective in 2023, a PTC for existing nuclear generation facilities and allows energy tax credits to be transferable. The U.S. Treasury has issued proposed regulations and several Notices pertaining to the CAMT and the prevailing wage 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 to capitalize on or otherwise address regulatory and legislative developments that impact our business and to 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, which is an integral part of our long-term strategy,

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- successfully manage our obligations and re-contract our open nuclear energy generation positions in response to changes in prices and demand,
- 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 and in our Form 10-K, for 2023 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, design of energy and capacity markets, and environmental regulation, as well as with respect to the outcome of any legal, regulatory or other proceedings,
- the current inflationary environment and associated volatility in the financial markets, including the impact on our pension fund performance and interest rates on our future financing plans, and impacts on operating and capital investment costs,
- continuing to 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,
- 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 19. Related-Party Transactions.

	Three Months Ended		Increase/ (Decrease)		Nine Months Ended		Increase/ (Decrease)			
	September 30,		2023 vs. 2022		September 30,		2023 vs. 2022			
	2023	2022	Millions	Millions	%	2023	2022	Millions	Millions	%
Operating Revenues	\$ 2,456	\$ 2,272	\$ 184	\$ 8	8	\$ 8,632	\$ 6,661	\$ 1,971	\$ 30	30
Energy Costs	831	1,012	(181)	(18)	(18)	2,517	3,022	(505)	(17)	(17)
Operation and Maintenance	792	765	27	4	4	2,279	2,310	(31)	(1)	(1)
Depreciation and Amortization	282	270	12	4	4	843	822	21	3	3
(Gains) Losses on Asset Dispositions and Impairments	—	52	(52)	N/A	—	90	(90)	N/A	N/A	N/A
Income from Equity Method Investments	—	5	(5)	N/A	—	1	16	(15)	(94)	(94)
Net Gains (Losses) on Trust Investments	(40)	(97)	57	(59)	(59)	63	(352)	415	N/A	N/A
Other Income (Deductions)	41	43	(2)	(5)	(5)	132	86	46	53	53
Net Non-Operating Pension and OPEB Credits (Costs)	(302)	94	(396)	N/A	—	(245)	282	(527)	N/A	N/A
Interest Expense	185	163	22	13	13	550	450	100	22	22
Income Tax Expense (Benefit)	(74)	(59)	(15)	25	25	377	(244)	621	N/A	N/A

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)		Nine Months Ended		Increase/ (Decrease)			
	September 30,		2023 vs. 2022		September 30,		2023 vs. 2022			
	2023	2022	Millions	Millions	%	2023	2022	Millions	Millions	%
Operating Revenues	\$ 1,999	\$ 1,953	\$ 46	\$ 2	2	\$ 5,954	\$ 5,905	\$ 49	\$ 1	1
Energy Costs	765	791	(26)	(3)	(3)	2,300	2,389	(89)	(4)	(4)
Operation and Maintenance	459	452	7	2	2	1,348	1,349	(1)	—	—
Depreciation and Amortization	244	229	15	7	7	728	697	31	4	4
Gain on Asset Dispositions	—	1	(1)	N/A	—	—	1	(1)	N/A	N/A
Net Gains (Losses) on Trust Investments	—	—	—	N/A	—	—	(2)	2	N/A	N/A
Other Income (Deductions)	21	25	(4)	(16)	(16)	65	66	(1)	(2)	(2)
Net Non-Operating Pension and OPEB Credits (Costs)	30	70	(40)	(57)	(57)	86	211	(125)	(59)	(59)
Interest Expense	128	109	19	17	17	364	319	45	14	14
Income Tax Expense (Benefit)	53	69	(16)	(23)	(23)	141	214	(73)	(34)	(34)

Three Months Ended September 30, 2023 as Compared to Three Months Ended September 30, 2022

Operating Revenues increased \$46 million due to changes in delivery, commodity, clause and other operating revenues.

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Delivery Revenues increased \$64 million due primarily to

- Transmission revenues were \$37 million higher due primarily to an increase in revenue requirements attributable to higher rate base investment.
- Electric and gas distribution revenues increased \$27 million due primarily to increases of \$13 million from Conservation Incentive Program (CIP) decoupling, \$12 million from GSMP II and Energy Strong II collections, \$5 million in higher Green Program Recovery Charge (GPRC) collections and \$4 million due to a reduction 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. These increases were partially offset by lower sales volumes of \$7 million.

Commodity Revenues decreased \$35 million as a result of lower Electric and Gas revenues. The changes in Commodity revenues for both electric and gas are entirely offset by the changes in Energy Costs. PSE&G earns no margin on the provision of basic generation service (BGS) and basic gas supply service (BGSS) to retail customers.

- Electric commodity revenues decreased \$22 million due primarily to \$37 million from lower sales volumes, partially offset by \$15 million in higher BGS prices.
- Gas commodity revenues decreased \$13 million due primarily to lower BGSS sales volumes.

Clause Revenues increased \$2 million due primarily to higher Societal Benefit Clause (SBC) revenues of \$4 million, partially offset by a \$2 million net decrease in Tax Adjustment Credit (TAC) and GPRC deferrals. The changes in SBC revenues and TAC and GPRC deferral amounts 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 or GPRC deferrals or on SBC revenue.

Other Operating Revenues increased \$15 million due primarily to a net increase 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 \$26 million. This is primarily offset by changes in Commodity Revenues and Other Operating Revenues.

Operation and Maintenance increased \$7 million due primarily to \$13 million for higher clause and renewable expenditures, \$12 million in higher Distribution and Transmission expenditures and an increase of \$4 million for voluntary severance costs, partially offset by a \$22 million reduction in Service Company costs and other operations.

Depreciation and Amortization increased \$15 million due primarily to increases in depreciation due to higher plant placed in service and software amortization.

Other Income decreased \$4 million due to reductions in interest income and the allowance for funds used during construction.

Non-Operating Pension and OPEB Credits decreased \$40 million due primarily to a \$21 million increase in interest cost, a \$15 million decrease in the expected return on plan assets and a \$16 million decrease in the amortization of net prior service credits, partially offset by a \$12 million decrease in the amortization of the net actuarial loss.

Interest Expense increased \$19 million due primarily to March and August 2023 and December 2022 debt issuances.

Income Tax Expense decreased \$16 million due primarily to increased tax benefits in the third quarter 2023 from the flowback of excess deferred income tax benefits, offset by the Internal Revenue Code Section 162(m) limitation on executive deferred compensation in excess of \$1 million.

Nine Months Ended September 30, 2023 as Compared to Nine Months Ended September 30, 2022

Operating Revenues increased \$49 million due to changes in delivery, commodity, clause and other operating revenues.

Delivery Revenues increased \$175 million due primarily to

- Transmission revenues were \$93 million higher due primarily to an increase in revenue requirements attributable to higher rate base investment.
- Electric and gas distribution revenues increased \$82 million due primarily to increases of \$81 million from CIP decoupling, \$42 million due to a reduction 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, and \$46 million in GSMP II and Energy Strong II collections. These increases were partially offset by lower sales volumes of \$87 million.

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Commodity Revenues decreased \$110 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 BGSS and BGS to retail customers.

- Gas commodity revenues decreased \$65 million due primarily to \$89 million from lower BGSS sales volumes, partially offset by an increase of \$24 million from higher BGSS prices.
- Electric commodity revenues decreased \$45 million due to \$52 million from lower sales volumes, partially offset by \$7 million from higher BGS prices.

Clause Revenues decreased \$50 million due primarily to a \$39 million net decrease in TAC and GPRC deferrals and lower 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 \$34 million due primarily from REC programs and appliance services. The changes in revenues from REC programs are entirely offset by changes to Energy Costs.

Operating Expenses

Energy Costs decreased \$89 million. This is primarily offset by changes in Commodity Revenues and Other Operating Revenues.

Depreciation and Amortization increased \$31 million due primarily to increases in depreciation due to higher plant placed in service and software amortization, partially offset by a decrease in the amortization of Regulatory Assets.

Non-Operating Pension and OPEB Credits decreased \$125 million due primarily to a \$64 million increase in interest cost, a \$49 million decrease in the expected return on plan assets and a \$47 million decrease in the amortization of net prior service credits, partially offset by a \$35 million decrease in the amortization of the net actuarial loss.

Interest Expense increased \$45 million due primarily to March and August 2023 and March and December 2022 debt issuances.

Income Tax Expense decreased \$73 million due primarily to lower pre-tax income, increased tax benefits from CEF program investments and the flowback of excess deferred income tax benefits in 2023.

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PSEG Power & Other

	Three Months Ended		Increase/ (Decrease)		Nine Months Ended		Increase/ (Decrease)	
	September 30,		2023 vs. 2022		September 30,		2023 vs. 2022	
	2023	2022	Millions	%	2023	2022	Millions	%
Operating Revenues	\$ 546	\$ 433	\$ 113	26	\$ 3,475	\$ 1,691	\$ 1,784	N/A
Energy Costs	155	335	(180)	(54)	1,014	1,568	(554)	(35)
Operation and Maintenance	333	313	20	6	931	961	(30)	(3)
Depreciation and Amortization	38	41	(3)	(7)	115	125	(10)	(8)
(Gains) Losses on Asset Dispositions and Impairments	—	53	(53)	N/A	—	91	(91)	N/A
Income from Equity Method Investments	—	5	(5)	N/A	1	16	(15)	(94)
Net Gains (Losses) on Trust Investments	(40)	(97)	57	(59)	63	(350)	413	N/A
Other Income (Deductions)	22	19	3	16	71	21	50	N/A
Net Non-Operating Pension and OPEB Credits (Costs)	(332)	24	(356)	N/A	(331)	71	(402)	N/A
Interest Expense	59	55	4	7	190	132	58	44
Income Tax Expense (Benefit)	(127)	(128)	1	(1)	236	(458)	694	N/A

Three Months Ended September 30, 2023 as Compared to Three Months Ended September 30, 2022

Operating Revenues increased \$113 million due primarily to changes in generation and gas supply and other operating revenues.

Generation Revenues increased \$270 million due primarily to

- a net increase of \$267 million due to lower MTM losses in 2023 as compared to 2022. Of this amount, there was a \$544 million increase due to changes in forward prices in 2023 as compared to 2022, partially offset by a \$277 million decrease due to positions reclassified to realized upon settlement, and
- a net increase of \$66 million due primarily to higher average realized prices and volumes sold in 2023 in the PJM region,
- partially offset by a net decrease of \$49 million due primarily to electricity sold under the BGS contracts, which ended in May 2023, and lower volumes of other load contracts, and
- a net decrease of \$10 million in capacity revenue due primarily to lower capacity prices in the PJM region, partially offset by decreases in capacity expenses due to lower load volumes served.

Gas Supply Revenues decreased \$157 million due primarily to

- a net decrease of \$133 million related to sales to third parties, due primarily to \$165 million from lower sales prices, partially offset by \$32 million from higher sales volumes, and
- a net decrease of \$31 million in sales under the BGSS contract due primarily to \$42 million from lower prices, partially offset by \$11 million due to higher sales volumes,
- partially offset by a net increase in MTM gains of \$6 million due to changes in forward 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 \$180 million primarily due to

Gas costs decreased \$160 million due mainly to

- a net decrease of \$127 million related to sales to third parties, due primarily to \$158 million from the lower average cost of gas, partially offset by \$31 million due to higher volumes sold, and

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- a net decrease of \$33 million related primarily to sales under the BGSS contract, of which \$43 million was due to the lower average cost of gas, partially offset by \$10 million due to higher send out volumes.

Generation costs decreased \$20 million due primarily to a net decrease in energy purchases due primarily to lower REC requirements caused by decreases in load served in the PJM region.

Operation and Maintenance increased \$20 million due primarily to lower Service Company billings to PSE&G, partially offset by the refueling outage at our Hope Creek nuclear plant in 2022.

Losses on Asset Dispositions and Impairments reflects a \$53 million impairment loss related to one of Energy Holdings' domestic energy generating facilities in September 2022. See Item 1. Note 3. Early Plant Retirements/Asset Dispositions and Impairments.

Income from Equity Method Investments decreased \$5 million due primarily to the sale of our ownership interest in Kalaeloa completed in July 2023.

Net Gains (Losses) on Trust Investments increased \$57 million due primarily to NDT investments with a \$28 million decrease of net unrealized losses on equity securities and \$3 million of net realized gains in 2023 as compared to \$25 million in net realized losses in 2022.

Non-Operating Pension and OPEB (Costs) increased \$356 million due to the pension lift-out settlement charge in August 2023, a decrease in the expected return on plan assets, a decrease in the amortization of the net prior service credit, and an increase in interest cost, partially offset by lower co-owner charges and a decrease in the amortization of the net actuarial loss.

Nine Months Ended September 30, 2023 as Compared to Nine Months Ended September 30, 2022

Operating Revenues increased \$1,784 million due primarily to changes in generation and gas supply and other operating revenues.

Generation Revenues increased \$2,142 million due primarily to

- a net increase of \$2,321 million due to MTM gains in 2023 as compared to MTM losses in 2022. Of this amount, there was a \$1,915 million increase due to changes in forward prices in 2023 as compared to 2022 coupled with a \$406 million increase due to positions reclassified to realized upon settlement, and
- a net increase of \$30 million due primarily to higher average realized prices and volumes sold in 2023 in the PJM region, partially offset by volumes sold in the New England and New York regions in 2022 related to the fossil generating plants sold in February 2022,
- partially offset by a net decrease of \$163 million due primarily to electricity sold under the BGS contracts, which ended in May 2023, and lower volumes of other load contracts, and
- a net decrease of \$49 million in capacity revenue due primarily to the sale of the fossil generating plants coupled with lower capacity prices in the PJM region, partially offset by decreases in capacity expenses due to lower load volumes served.

Gas Supply Revenues decreased \$364 million due primarily to

- a net decrease of \$255 million related to sales to third parties, due primarily to \$287 million from lower sales prices, partially offset by \$32 million from higher sales volumes,
- a net decrease of \$75 million in sales under the BGSS contract due primarily to \$103 million from lower sales volumes, partially offset by \$28 million due to higher prices, and
- a net decrease of \$34 million due primarily to positions reclassified to realized upon settlement.

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 \$554 million due to

Gas costs decreased \$308 million due mainly to

- a net decrease of \$243 million related to sales to third parties, due primarily to \$265 million from the lower average cost of gas, partially offset by \$22 million due to higher volumes sold, and
- a net decrease of \$65 million related primarily to sales under the BGSS contract, of which \$89 million was due to lower send out volumes, partially offset by \$24 million due to the higher average cost of gas.

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Generation costs decreased \$246 million due primarily to

- a net decrease of \$188 million in fuel and emission costs due primarily to the sale of the fossil generating plants, and
- a net decrease of \$51 million in energy purchases due primarily to lower REC requirements caused by decreases in load served in the PJM region.

Operation and Maintenance decreased \$30 million due primarily to the sale of the fossil generating plants in February 2022 and a refueling outage at our Hope Creek nuclear plant in 2022, partially offset by lower Service Company billings to PSE&G.

Losses on Asset Dispositions and Impairments reflects impairment losses of \$53 million related to one of Energy Holdings' domestic energy generating facilities in 2022 and \$38 million related to the sale of the fossil generating plants in February 2022. See Item 1. Note 3. Early Plant Retirements/Asset Dispositions and Impairments.

Income from Equity Method Investments decreased \$15 million due primarily to the sale of our ownership interest in Kalaeloa completed in July 2023.

Net Gains (Losses) on Trust Investments increased \$413 million due primarily to NDT investments with \$69 million of net unrealized gains on equity securities in 2023 as compared to \$301 million of net unrealized losses in 2022 and a decrease of \$34 million in net realized losses in 2023.

Other Income increased \$50 million due primarily to purchases of net operating loss tax benefits under the New Jersey Technology Tax Benefit Transfer Program in 2022 and higher interest income in 2023.

Non-Operating Pension and OPEB (Costs) increased \$402 million due to the pension lift-out settlement charge in August 2023, a decrease in the expected return on plan assets, an increase in interest cost, a decrease in the amortization of the net prior service credit and an increase in the amortization of the net actuarial loss, partially offset by lower co-owner charges.

Interest Expense increased \$58 million due primarily to the replacement of maturing debt at the parent company at higher rates, the issuance of a PSEG Power term loan in March 2022, as well as higher rates on PSEG Power and parent company variable rate term loans.

Income Tax Expense (Benefit) increased \$694 million due primarily to higher pre-tax income in 2023.

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 nine months ended September 30, 2023, our operating cash flow increased \$2,395 million, as compared to the same period in 2022. The net increase was primarily due to an inflow of \$1,175 million in net cash collateral postings in 2023 as compared to a \$1,317 million outflow in 2022 at PSEG Power and lower tax payments in 2023, partially offset by a net change at PSE&G, as discussed below.

PSE&G

PSE&G's operating cash flow decreased \$634 million from \$1,586 million to \$952 million for the nine months ended September 30, 2023, as compared to the same period in 2022. The decrease was due primarily to lower cash collateral postings received from BGS suppliers, increases in materials and supplies to primarily support our electric AMI program, an increase in vendor and electric energy payments, and a net increase in regulatory deferrals. This was partially offset by a decrease in net accounts receivable due to improved collections following the delays from COVID-19 moratoriums.

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 facilities.

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.

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In January 2023, PSEG repaid \$750 million of the \$1.5 billion 364-day variable rate term loan that was issued in April 2022 and in April 2023 the remaining \$750 million matured. In April 2023, PSEG entered into a new 364-day variable rate term loan agreement for \$750 million. In May 2023, PSEG's \$500 million 364-day variable rate term loan matured. In August 2023, PSEG repaid \$250 million of the \$750 million 364-day variable rate term loan that was issued in April 2023. These term loans are not included in the credit facility amounts presented in the following table.

Our total committed credit facilities and available liquidity as of September 30, 2023 were as follows:

Company/Facility	As of September 30, 2023					
	Total Facility		Usage		Available Liquidity	
	Millions					
PSEG	\$ 1,500	\$ 97	\$ 1,403			
PSE&G	1,000	120	880			
PSEG Power	1,650	184	1,466			
Total	\$ 4,150	\$ 401	\$ 3,749			

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 September 30, 2023, 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, 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 \$750 million and \$878 million as of September 30, 2023 and December 31, 2022, respectively.

For additional information, see Item 1. Note 11. Debt and Credit Facilities.

Long-Term Debt Financing

During the next twelve months,

- PSEG has \$750 million of 0.84% Senior Notes maturing in November 2023,
- PSEG has \$750 million of 2.88% Senior Notes maturing in June 2024,
- PSE&G has \$250 million of 3.75% Medium-Term Notes, Series I, due March 2024, and
- PSE&G has \$250 million of 3.15% Medium-Term Notes, Series J, due August 2024.

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. Long Island Electric Utility Servco, LLC (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 11. Debt and Credit Facilities.

Common Stock Dividends

On July 17, 2023, PSEG's Board of Directors approved a \$0.57 per share common stock dividend for the third quarter of 2023. This reflects an indicative annual dividend rate of \$2.28 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 17. 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. In October 2023, Moody's revised the rating outlook for PSEG Power from stable to positive; the issuer rating remains unchanged. There

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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.

	Moody's (A)	S&P (B)
PSEG		
Outlook	Stable	Stable
Senior Notes	Baa2	BBB
Commercial Paper	P2	A2
PSE&G		
Outlook	Stable	Stable
Mortgage Bonds	A1	A
Commercial Paper	P2	A2
PSEG Power		
Outlook	Positive	Stable
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.

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 2022 Form 10-K.

PSE&G

During the nine months ended September 30, 2023, PSE&G made capital expenditures of \$2,149 million, primarily for T&D system reliability and advanced electric metering. This excludes cost of removal, net of salvage, of \$121 million associated with capital replacements, and expenditures for EE programs of approximately \$335 million, which are included in operating cash flows.

PSEG Power & Other

During the nine months ended September 30, 2023, PSEG Power & Other made capital expenditures of \$93 million, excluding \$118 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 the Condensed 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.

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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 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 MTM VaR 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 July through September 2023, MTM VaR varied between a low of \$30 million and a high of \$55 million at the 95% confidence level. The range of VaR was narrower for the three months ended September 30, 2023 as compared with the year ended December 31, 2022.

	MTM VaR				
	Three Months Ended September 30, 2023		Year Ended December 31, 2022		
	Millions				
95% Confidence Level, Loss could exceed VaR one day in 20 days					
Period End	\$	30	\$	122	
Average for the Period	\$	42	\$	152	
High	\$	55	\$	365	
Low	\$	30	\$	70	
99.5% Confidence Level, Loss could exceed VaR one day in 200 days					
Period End	\$	47	\$	191	
Average for the Period	\$	65	\$	239	
High	\$	86	\$	572	
Low	\$	47	\$	110	

See Item 1. Note 12. 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 third quarter of 2023 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 10. 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.

The following is an addition to the Risk Factor that appeared in our 2022 Form 10-K entitled "We are subject to numerous federal, state and local environmental laws and regulations that may significantly limit or affect our businesses, adversely impact our business plans or expose us to significant environmental fines and liabilities."

The Environmental Protection Agency and certain other regulators are investigating the potential public health risks associated with lead-covered cables in the fixed-line telecommunications industry. In the electric utility industry, lead-covered electric cables have historically been used to protect conducting wires from exposure to the elements. PSE&G's electric utility system has a small percentage of lead-covered cables. The vast majority is within a vault and conduit system not directly exposed to the public or the ground and some are directly buried or strung in the air between poles. PSE&G is unable to predict the impact on it, if any, resulting from potential developments to legal or public policy doctrines regarding lead-covered cables.

ITEM 5. OTHER INFORMATION

Certain information is provided below for new matters that have arisen subsequent to the filing of the Form 10-K and the first and second quarter 2023 Form 10-Qs.

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

During the three months ended September 30, 2023, 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

Transmission Planning Proceedings

December 31, 2022 Form 10-K page 10 and June 30, 2023 Form 10-Q page 74. In July 2023, FERC issued a Final Rule that will require RTOs to implement rules to speed up the processing of interconnection queue requests to facilitate the integration of renewable resources. This Rule may also result in penalties being imposed on generators, RTOs and transmission owners that fail to meet certain process deadlines. This Rule is on rehearing and may be challenged in court.

Capacity Market Issues

In December 2022, PJM called its first ISO-wide Maximum Generation Emergency Action, which triggered a Performance Assessment Interval (PAI) event. During the PAI, PSEG Power's Salem 2 nuclear plant incurred penalties due to an unplanned outage during the second day of the event. Our remaining nuclear plants earned bonus payments during the entire event. The estimated impact of Salem 2's penalties and bonuses earned by the other units was not material to PSEG's financial results in 2022 or 2023. Many generators filed complaints at PJM seeking to reduce or eliminate their obligations to pay non-performance penalties. FERC set these complaints for settlement. A settlement was ultimately reached that, if accepted by FERC, would result in a 31.7% penalty reduction, which in turn would result in a commensurate reduction in bonus payments for performing resources. This reduction would not be material to PSEG. If FERC rejects the settlement, the complaints would be litigated. We

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are unable to predict the outcome of these proceedings.

December 31, 2022 Form 10-K page 11, March 31, 2023 Form 10-Q page 66 and June 30, 2023 Form 10-Q page 74. In October 2023, PJM filed at FERC for approval proposed reforms to its capacity market design, including (i) enhanced risk modeling to better account for winter risk; (ii) changes to supply-side market power mitigation rules; and (iii) more stringent capacity qualification and performance requirements. These proposed reforms, if approved by FERC, may impact PSEG's nuclear business.

Compliance—Reliability Standards

December 31, 2022 Form 10-K page 11, March 31, 2023 Form 10-Q page 66 and June 30, 2023 Form 10-Q page 74. FERC and NERC have completed a joint inquiry into the operation of the Bulk Power System (BPS) during Winter Storm Elliott that struck in late 2022 and will release a report containing recommendations from this inquiry by the end of the year. These recommendations for extreme cold weather events include: (i) creation of additional reliability standards to strengthen generator operations; (ii) legislation or regulations to ensure the reliability of natural gas infrastructure; (iii) identification of high risk generating units and conducting cold weather verifications of these units; and (iv) improving short-term load forecasts for extreme cold weather events.

State Regulation

Energy Efficiency, Triennial Review

March 31, 2023 Form 10-Q page 66 and June 30, 2023 Form 10-Q page 74. In May and July 2023, the BPU issued two Energy Efficiency Framework Orders for the second energy efficiency program cycle to be implemented by electric and natural gas distribution companies pursuant to the New Jersey Clean Energy Act of 2018. In September, the BPU extended the October 2023 date for utility program submissions to December 2023.

New Jersey Solar Initiatives

December 31, 2022 Form 10-K page 13 and March 31, 2023 Form 10-Q page 67. In August 2023, the BPU established a permanent Community Solar Energy Program (CSEP) including eligibility requirements, registration processes, the implementation of consolidated billing for the benefit of project developers and participants, and allowing for the electric and natural gas utilities to recover costs related to implementing and administering the CSEP program. The program does not include the opportunity for electric and gas utilities to develop or operate CSEP projects.

ITEM 6. EXHIBITS

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

a. PSEG:

[Exhibit 31:](#)

[Certification by Ralph LaRossa Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act](#)

[Exhibit 31.1:](#)

[Certification by Daniel J. Clegg Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act](#)

[Exhibit 32:](#)

[Certification by Ralph LaRossa Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code](#)

[Exhibit 32.1:](#)

[Certification by Daniel J. Clegg Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code](#)

Exhibit 101.INS:

Inline XBRL Instance Document - The Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within 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

Exhibit 104:

Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

b. PSE&G:

[Exhibit 31.2:](#)

[Certification by Ralph LaRossa Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act](#)

[Exhibit 31.3:](#)

[Certification by Daniel J. Clegg Pursuant to Rules 13a-14 and 15d-14 of the 1934 Act](#)

[Exhibit 32.2:](#)

[Certification by Ralph LaRossa Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code](#)

[Exhibit 32.3:](#)

[Certification by Daniel J. Clegg Pursuant to Section 1350 of Chapter 63 of Title 18 of the U.S. Code](#)

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Inline XBRL Taxonomy Extension Labels Linkbase

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Inline XBRL Taxonomy Extension Presentation Linkbase

Exhibit 101.DEF:

Inline XBRL Taxonomy Extension Definition Document

Exhibit 104:

Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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: October 31, 2023

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: October 31, 2023

**Certification Pursuant to Rules 13a-14 and 15d-14
of the 1934 Securities Exchange Act**

I, Ralph LaRossa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Enterprise Group Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

/s/ Ralph LaRossa

Ralph LaRossa

Public Service Enterprise Group Incorporated

Chief Executive Officer

**Certification Pursuant to Rules 13a-14 and 15d-14
of the 1934 Securities Exchange Act**

I, Daniel J. Clegg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Enterprise Group Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

/s/ Daniel J. Clegg

Daniel J. Clegg

Public Service Enterprise Group Incorporated

Chief Financial Officer

**Certification Pursuant to Rules 13a-14 and 15d-14
of the 1934 Securities Exchange Act**

I, Ralph LaRossa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Electric and Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

/s/ Ralph LaRossa

Ralph LaRossa

Public Service Electric and Gas Company
Chief Executive Officer

**Certification Pursuant to Rules 13a-14 and 15d-14
of the 1934 Securities Exchange Act**

I, Daniel J. Cregg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Electric and Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

/s/ Daniel J. Cregg

Daniel J. Cregg

Public Service Electric and Gas Company
Chief Financial Officer

**Certification Pursuant to Section 1350 of Chapter 63 of Title 18
of the United States Code**

I, Ralph LaRossa, Chief Executive Officer of Public Service Enterprise Group Incorporated, to the best of my knowledge, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Quarterly Report of Public Service Enterprise Group Incorporated on Form 10-Q for the quarter ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Public Service Enterprise Group Incorporated.

/s/ Ralph LaRossa

Ralph LaRossa

Public Service Enterprise Group Incorporated

Chief Executive Officer

October 31, 2023

**Certification Pursuant to Section 1350 of Chapter 63 of Title 18
of the United States Code**

I, Daniel J. Clegg, Chief Financial Officer of Public Service Enterprise Group Incorporated, to the best of my knowledge, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Quarterly Report of Public Service Enterprise Group Incorporated on Form 10-Q for the quarter ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Public Service Enterprise Group Incorporated.

/s/ Daniel J. Clegg

Daniel J. Clegg

Public Service Enterprise Group Incorporated

Chief Financial Officer

October 31, 2023

**Certification Pursuant to Section 1350 of Chapter 63 of Title 18
of the United States Code**

I, Ralph LaRossa, Chief Executive Officer of Public Service Electric and Gas Company, to the best of my knowledge, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Quarterly Report of Public Service Electric and Gas Company on Form 10-Q for the quarter ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Public Service Electric and Gas Company.

/s/ Ralph LaRossa

Ralph LaRossa

Public Service Electric and Gas Company
Chief Executive Officer
October 31, 2023

**Certification Pursuant to Section 1350 of Chapter 63 of Title 18
of the United States Code**

I, Daniel J. Clegg, Chief Financial Officer of Public Service Electric and Gas Company, to the best of my knowledge, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Quarterly Report of Public Service Electric and Gas Company on Form 10-Q for the quarter ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Public Service Electric and Gas Company.

/s/ Daniel J. Clegg

Daniel J. Clegg

Public Service Electric and Gas Company
Chief Financial Officer
October 31, 2023