

PUBLIC SERVICE ELECTRIC & GAS CO
Form 10-Q
November 01, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED September 30, 2011

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission	Registrants, State of Incorporation,	I.R.S. Employer
File Number 001-09120	Address, and Telephone Number PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED (A New Jersey Corporation) 80 Park Plaza, P.O. Box 1171 Newark, New Jersey 07101-1171 973 430-7000 http://www.pseg.com	Identification No. 22-2625848
001-34232	PSEG POWER LLC (A Delaware Limited Liability Company) 80 Park Plaza T25 Newark, New Jersey 07102-4194 973 430-7000 http://www.pseg.com	22-3663480

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001-00973

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
(A New Jersey Corporation)
80 Park Plaza, P.O. Box 570
Newark, New Jersey 07101-0570
973 430-7000
<http://www.pseg.com>

22-1212800

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

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

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

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

Indicate by check mark whether any of the registrants is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No x

As of October 14, 2011, Public Service Enterprise Group Incorporated had outstanding 505,904,850 shares of its sole class of Common Stock, without par value.

As of October 14, 2011, Public Service Electric and Gas Company had issued and outstanding 132,450,344 shares of Common Stock, without nominal or par value, all of which were privately held, beneficially and of record by Public Service Enterprise Group Incorporated.

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

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FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words will, anticipate, intend, estimate, believe, expect, plan, should, hypothetical, potential, 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 Item 1. Financial Statements Note 8. Commitments and Contingent Liabilities, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, and other factors discussed in filings we make with the United States Securities and Exchange Commission (SEC). These factors include, but are not limited to:

adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, transmission planning and cost allocation rules, including rules regarding how transmission is planned and who is permitted to build transmission in the future, and reliability standards,

any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators,

changes in federal and state environmental regulations that could increase our costs or limit our operations,

changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units,

actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site,

any inability to balance our energy obligations, available supply and trading risks,

any deterioration in our credit quality or the credit quality of our counterparties, including in our leveraged leases,

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

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

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

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delays in receipt of necessary permits and approvals for our construction and development activities,

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

adverse changes in the demand for or price of the capacity and energy that we sell into wholesale electricity markets,

increase in competition in energy markets in which we compete,

challenges associated with recruitment and /or retention of a qualified workforce,

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

changes in technology and customer usage patterns.

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

All of the forward-looking statements made in this report are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report only apply as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws.

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

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Millions

(Unaudited)

	For The Three Months		For The Nine Months	
	Ended September 30,		Ended September 30,	
	2011	2010	2011	2010
OPERATING REVENUES	\$ 2,620	\$ 3,114	\$ 8,443	\$ 9,048
OPERATING EXPENSES				
Energy Costs	1,167	1,261	3,740	4,021
Operation and Maintenance	603	591	1,829	1,862
Depreciation and Amortization	263	260	739	716
Taxes Other Than Income Taxes	31	31	102	101
Total Operating Expenses	2,064	2,143	6,410	6,700
OPERATING INCOME	556	971	2,033	2,348
Income from Equity Method Investments	1	4	8	12
Other Income	45	75	176	165
Other Deductions	(11)	(9)	(39)	(37)
Other-Than-Temporary Impairments	(8)	(3)	(13)	(9)
Interest Expense	(117)	(120)	(361)	(356)
INCOME FROM CONTINUING OPERATIONS BEFORE				
INCOME TAXES	466	918	1,804	2,123
Income Tax (Expense) Benefit	(201)	(371)	(757)	(856)
INCOME FROM CONTINUING OPERATIONS	265	547	1,047	1,267
Income (Loss) from Discontinued Operations, including Gain on Disposal, net of tax (expense) benefit of \$(15) and \$(11) for the three months and \$(51) and \$(10) for the nine months ended 2011 and 2010, respectively	29	20	96	15
NET INCOME	\$ 294	\$ 567	\$ 1,143	\$ 1,282
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (THOUSANDS):				
BASIC	505,909	505,945	505,959	506,001
DILUTED	506,999	506,968	506,963	507,068
EARNINGS PER SHARE				
BASIC				
INCOME FROM CONTINUING OPERATIONS	\$ 0.52	\$ 1.08	\$ 2.07	\$ 2.50

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NET INCOME	\$ 0.58	\$ 1.12	\$ 2.26	\$ 2.53
DILUTED INCOME FROM CONTINUING OPERATIONS	\$ 0.52	\$ 1.08	\$ 2.06	\$ 2.50
NET INCOME	\$ 0.58	\$ 1.12	\$ 2.25	\$ 2.53
DIVIDENDS PAID PER SHARE OF COMMON STOCK	\$ 0.3425	\$ 0.3425	\$ 1.0275	\$ 1.0275

See Notes to Condensed Consolidated Financial Statements.

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	September 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,242	\$ 280
Accounts Receivable, net of allowances of \$64 and \$68 in 2011 and 2010, respectively	1,164	1,387
Tax Receivable	377	689
Unbilled Revenues	251	400
Fuel	740	666
Materials and Supplies, net	365	359
Prepayments	416	204
Derivative Contracts	113	182
Assets of Discontinued Oper		