PUBLIC SERVICE ENTERPRISE GROUP INC
Form 10-Q
May 02, 2019

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED March 31, 2019
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

Commission File Number	Registrants, State of Incorporation, Address, and Telephone Number	I.R.S. Employer Identification No.
001-09120	PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED (A New Jersey Corporation) 80 Park Plaza Newark, New Jersey 07102 973 430-7000	22-2625848
001-00973	PUBLIC SERVICE ELECTRIC AND GAS COMPANY (A New Jersey Corporation) 80 Park Plaza Newark, New Jersey 07102 973 430-7000	22-1212800
001-34232	PSEG POWER LLC (A Delaware Limited Liability Company) 80 Park Plaza Newark, New Jersey 07102 973 430-7000	22-3663480

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ý 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 ý 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 x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o	Eme comp

Public Service Electric and Gas Company	Large accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller reporting company o	Eme comp
PSEG Power LLC	Large accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller reporting company o	Eme comp

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 ý

(Cover continued on next page)

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(Cover continued from previous page)
Securities registered pursuant to Section 12(b) of the Act:

Registrant	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
	First and Refunding Mortgage Bonds		
Public Service Electric and Gas Company	9 1/4% Series CC, due 2021	PEG21	New York Stock Exchange
	8%, due 2037	PEG37D	New York Stock Exchange
	5%, due 2037	PEG37J	New York Stock Exchange
PSEG Power LLC	8 5/8% Senior Notes, due 2031	PEG31	New York Stock Exchange

As of April 16, 2019, Public Service Enterprise Group Incorporated had outstanding 505,430,473 shares of its sole class of Common Stock, without par value.

As of April 16, 2019, Public Service Electric and Gas Company had issued and outstanding 132,450,344 shares of Common Stock, without nominal or par value, all of which were privately held, beneficially and of record by Public Service Enterprise Group Incorporated.

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

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FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this report about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- PSE&G's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations, and PSE&G's ability to recover costs and earn returns on authorized investments;
- the impact of any future rate proceedings;
- risks associated with our ownership and operation of nuclear facilities, including 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;
- the impact on our New Jersey nuclear plants if such plants are not selected to participate in future Zero Emission Certificate (ZEC) programs or if adverse changes are made to the capacity market construct;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;

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- any inability to successfully develop, obtain regulatory approval for, or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to recover the carrying amount of our long-lived assets and leveraged leases;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

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.

FILING FORMAT

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

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

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

	Three Months Ended March 31,	
	2019	2018
OPERATING REVENUES	$2,980	$2,818
OPERATING EXPENSES		
Energy Costs	1,124	952
Operation and Maintenance	756	754
Depreciation and Amortization	314	280
Total Operating Expenses	2,194	1,986
OPERATING INCOME	786	832
Income from Equity Method Investments	2	2
Net Gains (Losses) on Trust Investments	128	(22)
Other Income (Deductions)	33	32
Non-Operating Pension and OPEB Credits (Costs)	33	19
Interest Expense	(133)	(103)
INCOME BEFORE INCOME TAXES	849	760
Income Tax Benefit (Expense)	(149)	(202)
NET INCOME	$700	$558
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
BASIC	504	504
DILUTED	507	507
NET INCOME PER SHARE:		
BASIC	$1.39	$1.11
DILUTED	$1.38	$1.10

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2019	2018
NET INCOME	$700	$558
Other Comprehensive Income (Loss), net of tax		
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of $(13) and $9 for 2019 and 2018, respectively	21	(14)
Unrealized Gains (Losses) on Cash Flow Hedges, net of tax (expense) benefit of $1 and $0 for 2019 and 2018, respectively	(4)	—
Pension/Other Postretirement Benefit Costs (OPEB) adjustment, net of tax (expense) benefit of $(4) and $(3) for 2019 and 2018, respectively	—	8
Other Comprehensive Income (Loss), net of tax	17	(6)
COMPREHENSIVE INCOME	$717	$552

See Notes to Condensed Consolidated Financial Statements.

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

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 65	$ 177
Accounts Receivable, net of allowances of $72 in 2019 and $63 in 2018	1,454	1,435
Tax Receivable	149	242
Unbilled Revenues	188	240
Fuel	134	331
Materials and Supplies, net	584	571
Prepayments	112	94
Derivative Contracts	20	11
Regulatory Assets	294	389
Other	27	17
Total Current Assets	3,027	3,507
PROPERTY, PLANT AND EQUIPMENT	44,854	44,201
Less: Accumulated Depreciation and Amortization	(10,067)	(9,838)
Net Property, Plant and Equipment	34,787	34,363
NONCURRENT ASSETS		
Regulatory Assets	3,423	3,399
Operating Lease Right-of-Use Assets	253	—
Long-Term Investments	906	896
Nuclear Decommissioning Trust (NDT) Fund	2,049	1,878
Long-Term Receivable of Variable Interest Entity (VIE)	631	624
Rabbi Trust Fund	233	224
Goodwill	16	16
Other Intangibles	156	143
Derivative Contracts	4	1
Other	271	275
Total Noncurrent Assets	7,942	7,456
TOTAL ASSETS	$ 45,756	$ 45,326

See Notes to Condensed Consolidated Financial Statements.

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

	March 31, 2019	December 31, 2018
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES		
Long-Term Debt Due Within One Year	$ 900	$ 1,294
Commercial Paper and Loans	1,151	1,016
Accounts Payable	1,135	1,451
Derivative Contracts	13	11
Accrued Interest	158	110
Accrued Taxes	73	26
Clean Energy Program	85	143
Obligation to Return Cash Collateral	129	136
Regulatory Liabilities	320	311
Other	509	437
Total Current Liabilities	4,473	4,935
NONCURRENT LIABILITIES		
Deferred Income Taxes and Investment Tax Credits (ITC)	5,929	5,713
Regulatory Liabilities	3,148	3,221
Operating Leases	250	—
Asset Retirement Obligations	1,067	1,063
OPEB Costs	698	704
OPEB Costs of Servco	509	501
Accrued Pension Costs	778	791
Accrued Pension Costs of Servco	108	109
Environmental Costs	364	327
Derivative Contracts	7	4
Long-Term Accrued Taxes	189	181
Other	206	232
Total Noncurrent Liabilities	13,253	12,846
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 11)		
CAPITALIZATION		
LONG-TERM DEBT	13,216	13,168
STOCKHOLDERS' EQUITY		
Common Stock, no par, authorized 1,000 shares; issued, 2019 and 2018—534 shares	4,969	4,980
Treasury Stock, at cost, 2019 and 2018—30 shares	(839)	(808)
Retained Earnings	11,125	10,582
Accumulated Other Comprehensive Loss	(441)	(377)
Total Stockholders' Equity	14,814	14,377
Total Capitalization	28,030	27,545
TOTAL LIABILITIES AND CAPITALIZATION	$ 45,756	$ 45,326

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$700	$558
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	314	280
Amortization of Nuclear Fuel	47	50
Emission Allowances and Renewable Energy Credit (REC) Compliance Accrual	24	24
Provision for Deferred Income Taxes (Other than Leases) and ITC	102	76
Non-Cash Employee Benefit Plan (Credits) Costs	(3)	17
Leveraged Lease (Income) Loss, Adjusted for Rents Received and Deferred Taxes	(1)	4
Net Realized and Unrealized (Gains) Losses on Energy Contracts and Other Derivatives	(109)	(119)
Net Change in Regulatory Assets and Liabilities	69	(6)
Cost of Removal	(30)	(38)
Net (Gains) Losses and (Income) Expense from NDT Fund	(137)	12
Net Change in Certain Current Assets and Liabilities:		
Tax Receivable	77	6
Accrued Taxes	26	125
Margin Deposit	190	25
Other Current Assets and Liabilities	(67)	160
Employee Benefit Plan Funding and Related Payments	(14)	(36)
Other	30	2
Net Cash Provided By (Used In) Operating Activities	1,218	1,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(795)	(1,053)
Purchase of Emissions Allowances and RECs	(21)	(17)
Proceeds from Sales of Trust Investments	497	397
Purchases of Trust Investments	(507)	(407)
Other	10	7
Net Cash Provided By (Used In) Investing Activities	(816)	(1,073)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Commercial Paper and Loans	135	52
Redemption of Long-Term Debt	(350)	—
Cash Dividends Paid on Common Stock	(238)	(227)
Other	(52)	(73)
Net Cash Provided By (Used In) Financing Activities	(505)	(248)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(103)	(181)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	199	315
Cash, Cash Equivalents and Restricted Cash at End of Period	$96	$134

Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	$(76)	$(4)
Interest Paid, Net of Amounts Capitalized	$91	$73
Accrued Property, Plant and Equipment Expenditures	$456	$544

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		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shs.	Amount	Shs.	Amount			
Balance as of January 1, 2019	534	$4,980	(30)	$(808)	$10,582	$(377)	$14,377
Net Income	—	—	—	—	700	—	700
Cumulative Effect Adjustment to Reclassify Stranded Tax Effects Resulting from the Change in the Federal Corporate Income Tax Rate	—	—	—	—	81	(81)	—
Other Comprehensive Income (Loss), net of tax (expense) benefit of $(16)	—	—	—	—	—	17	17
Comprehensive Income							717
Cash Dividends at $0.47 per share on Common Stock	—	—	—	—	(238)	—	(238)
Other	—	(11)	—	(31)	—	—	(42)
Balance as of March 31, 2019	534	$4,969	(30)	$(839)	$11,125	$(441)	$14,814

	Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shs.	Amount	Shs.	Amount			
Balance as of January 1, 2018	534	$4,961	(29)	$(763)	$9,878	$(229)	$13,847
Net Income	—	—	—	—	558	—	558
Cumulative Effect Adjustment to Reclassify Unrealized Net Gains on Equity Investments	—	—	—	—	176	(176)	—
Other Comprehensive Income (Loss), net of tax (expense) benefit of $6	—	—	—	—	—	(6)	(6)
Comprehensive Income							552
Cash Dividends at $0.45 per share on Common Stock	—	—	—	—	(227)	—	(227)
Other	—	(15)	(1)	(53)	—	—	(68)
Balance as of March 31, 2018	534	$4,946	(30)	$(816)	$10,385	$(411)	$14,104

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2019	2018
OPERATING REVENUES	$2,032	$1,845
OPERATING EXPENSES		
Energy Costs	947	782
Operation and Maintenance	408	391
Depreciation and Amortization	212	190
Total Operating Expenses	1,567	1,363
OPERATING INCOME	465	482
Net Gains (Losses) on Trust Investments	1	—
Other Income (Deductions)	19	20
Non-Operating Pension and OPEB Credits (Costs)	30	15
Interest Expense	(87)	(81)
INCOME BEFORE INCOME TAXES	428	436
Income Tax Benefit (Expense)	(25)	(117)
NET INCOME	$403	$319

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

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

	Three Months Ended March 31,	
	2019	2018
NET INCOME	$403	$319
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of $0 for 2019 and 2018	1	(1)
COMPREHENSIVE INCOME	$404	$318

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)

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 15	$ 39
Accounts Receivable, net of allowances of $72 in 2019 and $63 in 2018	1,047	879
Tax Receivable	—	20
Accounts Receivable—Affiliated Companies	—	123
Unbilled Revenues	188	240
Materials and Supplies, net	201	196
Prepayments	23	10
Regulatory Assets	294	389
Other	19	11
Total Current Assets	1,787	1,907
PROPERTY, PLANT AND EQUIPMENT	32,114	31,633
Less: Accumulated Depreciation and Amortization	(6,360)	(6,277)
Net Property, Plant and Equipment	25,754	25,356
NONCURRENT ASSETS		
Regulatory Assets	3,423	3,399
Operating Lease Right-of-Use Assets	89	—
Long-Term Investments	275	270
Rabbi Trust Fund	46	45
Other	126	132
Total Noncurrent Assets	3,959	3,846
TOTAL ASSETS	$ 31,500	$ 31,109

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)

	March 31, 2019	December 31, 2018
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES		
Long-Term Debt Due Within One Year	$ 500	$ 500
Commercial Paper and Loans	364	272
Accounts Payable	528	713
Accounts Payable—Affiliated Companies	274	321
Accrued Interest	96	84
Clean Energy Program	85	143
Obligation to Return Cash Collateral	129	136
Regulatory Liabilities	320	311
Other	402	345
Total Current Liabilities	2,698	2,825
NONCURRENT LIABILITIES		
Deferred Income Taxes and ITC	3,913	3,830
Regulatory Liabilities	3,148	3,221
Operating Leases	79	—
Asset Retirement Obligations	302	302
OPEB Costs	479	486
Accrued Pension Costs	391	400
Environmental Costs	304	268
Long-Term Accrued Taxes	69	69
Other	127	124
Total Noncurrent Liabilities	8,812	8,700
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 11)		
CAPITALIZATION		
LONG-TERM DEBT	8,686	8,684
STOCKHOLDER'S EQUITY		
Common Stock; 150 shares authorized; issued and outstanding, 2019 and 2018—132 shares	892	892
Contributed Capital	1,095	1,095
Basis Adjustment	986	986
Retained Earnings	8,331	7,928
Accumulated Other Comprehensive Income (Loss)	—	(1)
Total Stockholder's Equity	11,304	10,900
Total Capitalization	19,990	19,584
TOTAL LIABILITIES AND CAPITALIZATION	$ 31,500	$ 31,109

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)

	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$403	$319
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	212	190
Provision for Deferred Income Taxes and ITC	(12)	40
Non-Cash Employee Benefit Plan (Credits) Costs	(9)	9
Cost of Removal	(30)	(38)
Net Change in Regulatory Assets and Liabilities	69	(6)
Net Change in Certain Current Assets and Liabilities:		
Accounts Receivable and Unbilled Revenues	(119)	24
Materials and Supplies	(5)	(2)
Prepayments	3	22
Accounts Payable	(108)	(12)
Accounts Receivable/Payable—Affiliated Companies, net	87	40
Other Current Assets and Liabilities	35	39
Employee Benefit Plan Funding and Related Payments	(10)	(33)
Other	4	(15)
Net Cash Provided By (Used In) Operating Activities	520	577
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(625)	(750)
Proceeds from Sales of Trust Investments	10	5
Purchases of Trust Investments	(9)	(5)
Solar Loan Investments	(5)	(9)
Other	2	2
Net Cash Provided By (Used In) Investing Activities	(627)	(757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Commercial Paper and Loans	92	—
Net Cash Provided By (Used In) Financing Activities	92	—
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	(15)	(180)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	61	244
Cash, Cash Equivalents and Restricted Cash at End of Period	$46	$64
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	$(94)	$—
Interest Paid, Net of Amounts Capitalized	$73	$65
Accrued Property, Plant and Equipment Expenditures	$273	$326

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 STOCKHOLDER'S EQUITY
Millions
(Unaudited)

	Common Stock	Contributed Capital	Basis Adjustment	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2019	$ 892	$ 1,095	$ 986	$ 7,928	$ (1)	$ 10,900
Net Income	—	—	—	403	—	403
Other Comprehensive Income (Loss), net of tax (expense) benefit of $0	—	—	—	—	1	1
Comprehensive Income						404
Balance as of March 31, 2019	$ 892	$ 1,095	$ 986	$ 8,331	$ —	$ 11,304

	Common Stock	Contributed Capital	Basis Adjustment	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2018	$ 892	$ 1,095	$ 986	$ 6,861	$ —	$ 9,834
Net Income	—	—	—	319	—	319
Other Comprehensive Income (Loss), net of tax (expense) benefit of $0	—	—	—	—	(1)	(1)
Comprehensive Income						318
Balance as of March 31, 2018	$ 892	$ 1,095	$ 986	$ 7,180	$ (1)	$ 10,152

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

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

	Three Months Ended March 31,	
	2019	2018
OPERATING REVENUES	$1,416	$1,403
OPERATING EXPENSES		
Energy Costs	786	746
Operation and Maintenance	235	246
Depreciation and Amortization	94	82
Total Operating Expenses	1,115	1,074
OPERATING INCOME	301	329
Income from Equity Method Investments	2	2
Net Gains (Losses) on Trust Investments	126	(22)
Other Income (Deductions)	13	11
Non-Operating Pension and OPEB Credits (Costs)	3	4
Interest Expense	(25)	(7)
INCOME BEFORE INCOME TAXES	420	317
Income Tax Benefit (Expense)	(124)	(83)
NET INCOME	$296	$234

See disclosures regarding PSEG Power LLC included in the Notes to Condensed Consolidated Financial Statements.

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PSEG POWER LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Millions
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
NET INCOME	$296	$234
Other Comprehensive Income (Loss), net of tax		
Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of $(11) and $8 for 2019 and 2018, respectively	16	(11)
Pension/OPEB adjustment, net of tax (expense) benefit of $(4) and $(3) for 2019 and 2018, respectively	—	6
Other Comprehensive Income (Loss), net of tax	16	(5)
COMPREHENSIVE INCOME	$312	$229

See disclosures regarding PSEG Power LLC included in the Notes to Condensed Consolidated Financial Statements.

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PSEG POWER LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
Millions
(Unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 28	$ 22
Accounts Receivable	355	477
Accounts Receivable—Affiliated Companies	284	274
Short-Term Loan to Affiliate	87	—
Fuel	134	331
Materials and Supplies, net	381	373
Derivative Contracts	19	11
Prepayments	17	14
Other	7	5
Total Current Assets	1,312	1,507
PROPERTY, PLANT AND EQUIPMENT	12,396	12,224
Less: Accumulated Depreciation and Amortization	(3,520)	(3,382)
Net Property, Plant and Equipment	8,876	8,842
NONCURRENT ASSETS		
Operating Lease Right-of-Use Assets	43	—
Long-Term Investments	86	86
NDT Fund	2,049	1,878
Rabbi Trust Fund	59	56
Goodwill	16	16
Other Intangibles	156	143
Derivative Contracts	4	1
Other	70	65
Total Noncurrent Assets	2,483	2,245
TOTAL ASSETS	$ 12,671	$ 12,594

See disclosures regarding PSEG Power LLC included in the Notes to Condensed Consolidated Financial Statements.

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PSEG POWER LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
Millions
(Unaudited)

	March 31, 2019	December 31, 2018
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Long-Term Debt Due Within One Year	$—	$ 44
Accounts Payable	472	498
Accounts Payable—Affiliated Companies	21	16
Short-Term Loan from Affiliate	—	193
Derivative Contracts	13	11
Accrued Interest	49	21
Other	83	59
Total Current Liabilities	638	842
NONCURRENT LIABILITIES		
Deferred Income Taxes and ITC	1,755	1,619
Operating Leases	39	—
Asset Retirement Obligations	762	758
OPEB Costs	176	176
Accrued Pension Costs	243	246
Derivative Contracts	1	4
Long-Term Accrued Taxes	82	76
Other	117	122
Total Noncurrent Liabilities	3,175	3,001
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 11)		
LONG-TERM DEBT	2,836	2,791
MEMBER'S EQUITY		
Contributed Capital	2,214	2,214
Basis Adjustment	(986)	(986)
Retained Earnings	5,166	5,051
Accumulated Other Comprehensive Loss	(372)	(319)
Total Member's Equity	6,022	5,960
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 12,671	$ 12,594

See disclosures regarding PSEG Power LLC included in the Notes to Condensed Consolidated Financial Statements.

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PSEG POWER LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Millions
(Unaudited)

	Three Months Ended March 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 296	$ 234
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	94	82
Amortization of Nuclear Fuel	47	50
Emission Allowances and REC Compliance Accrual	24	24
Provision for Deferred Income Taxes and ITC	121	33
Interest Accretion on Asset Retirement Obligation	10	10
Net Realized and Unrealized (Gains) Losses on Energy Contracts and Other Derivatives	(109)	(119)
Non-Cash Employee Benefit Plan (Credits) Costs	4	6
Net (Gains) Losses and (Income) Expense from NDT Fund	(137)	12
Net Change in Certain Current Assets and Liabilities:		
Fuel, Materials and Supplies	189	133
Margin Deposit	190	25
Accounts Receivable	34	93
Accounts Payable	(57)	(89)
Accounts Receivable/Payable—Affiliated Companies, net	(22)	25
Other Current Assets and Liabilities	37	30
Employee Benefit Plan Funding and Related Payments	(3)	(2)
Other	8	(5)
Net Cash Provided By (Used In) Operating Activities	726	542
CASH FLOWS FROM INVESTING ACTIVITIES		

Additions to Property, Plant and Equipment	(167)	(299)
Purchase of Emissions Allowances and RECs	(21)	(17)
Proceeds from Sales of Trust Investments	463	377
Purchases of Trust Investments	(475)	(389)
Short-Term Loan—Affiliated Company	(87)	—
Other	11	11
Net Cash Provided By (Used In) Investing Activities	(276)	(317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Dividend Paid	(250)	—
Short-Term Loan—Affiliated Company	(193)	(246)
Other	(1)	—
Net Cash Provided By (Used In) Financing Activities	(444)	(246)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	6	(21)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	22	32
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 28	$ 11
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid (Received)	$ 11	$ 2
Interest Paid, Net of Amounts Capitalized	$ 6	$ 2
Accrued Property, Plant and Equipment Expenditures	$ 183	$ 218

See disclosures regarding PSEG Power LLC included in the Notes to the Condensed Consolidated Financial Statements.

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PSEG POWER LLC
CONDENSED CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
Millions
(Unaudited)

	Contributed Capital	Basis Adjustment	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2019	$ 2,214	$ (986)	$ 5,051	$ (319)	$ 5,960
Net Income	—	—	296	—	296
Cumulative Effect Adjustment to Reclassify Stranded Tax Effects Resulting from the Change in the Federal Corporate Income Tax Rate	—	—	69	(69)	—
Other Comprehensive Income (Loss), net of tax (expense) benefit of $(15)	—	—	—	16	16
Comprehensive Income					312
Cash Dividends Paid	—	—	(250)	—	(250)
Balance as of March 31, 2019	$ 2,214	$ (986)	$ 5,166	$ (372)	$ 6,022

	Contributed Capital	Basis Adjustment	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2018	$ 2,214	$ (986)	$ 4,911	$ (172)	$ 5,967
Net Income	—	—	234	—	234
Cumulative Effect Adjustment to Reclassify Unrealized Net Gains on Equity Investments	—	—	175	(175)	—
Other Comprehensive Income (Loss), net of tax (expense) benefit of $5	—	—	—	(5)	(5)
Comprehensive Income					229
Balance as of March 31, 2018	$ 2,214	$ (986)	$ 5,320	$ (352)	$ 6,196

See disclosures regarding PSEG Power LLC included in the Notes to the Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Note 1. Organization, Basis of Presentation and Significant Accounting Policies

Organization

Public Service Enterprise Group Incorporated (PSEG) is a holding company with a diversified business mix within the energy industry. Its operations are primarily in the Northeastern and Mid-Atlantic United States and in other select markets. PSEG's principal direct wholly owned subsidiaries are:

- Public Service Electric and Gas Company (PSE&G)—which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. PSE&G is subject to regulation by the New Jersey Board of Public Utilities (BPU) and the Federal Energy Regulatory Commission (FERC). PSE&G also invests in regulated solar generation projects and energy efficiency and related programs in New Jersey, which are regulated by the BPU.
- PSEG Power LLC (Power)—which is a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses and fuel supply functions through competitive energy sales in well-developed energy markets primarily in the Northeast and Mid-Atlantic United States through its principal direct wholly owned subsidiaries. In addition, Power owns and operates solar generation in various states. Power's subsidiaries are subject to regulation by FERC, the Nuclear Regulatory Commission (NRC), the Environmental Protection Agency (EPA) and the states in which they operate.

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

Basis of Presentation

The 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 principles 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, 2018.

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, 2018.

Significant Accounting Policies

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Restricted cash consists primarily of deposits received related to various construction projects at PSE&G.

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, 2018) and ending periods shown in the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2019.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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	PSE&G	Power	Other (A)	Consolidated
	Millions			
As of December 31, 2018				
Cash and Cash Equivalents	$39	$ 22	$116	$ 177
Restricted Cash in Other Current Assets	8	—	—	8
Restricted Cash in Other Noncurrent Assets	14	—	—	14
Cash, Cash Equivalents and Restricted Cash	$61	$ 22	$116	$ 199
As of March 31, 2019				
Cash and Cash Equivalents	$15	$ 28	$22	$ 65
Restricted Cash in Other Current Assets	15	—	—	15
Restricted Cash in Other Noncurrent Assets	16	—	—	16
Cash, Cash Equivalents and Restricted Cash	$46	$ 28	$22	$ 96

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

Note 2. Recent Accounting Standards
New Standards Issued and Adopted
Leases—Accounting Standards Update (ASU) 2016-02, updated by ASUs 2018-01, 2018-10, 2018-11, 2018-20 and 2019-01
This accounting standard, and related updates, replace existing lease accounting guidance and require lessees to recognize leases with a term greater than 12 months on the balance sheet using a right-of-use asset approach. At lease commencement, a lessee will recognize a lease asset and corresponding lease obligation. A lessee will classify its leases as either finance leases or operating leases and a lessor will classify its leases as operating leases, direct financing leases, or as sales-type leases. The standard requires additional disclosure of key information. Existing guidance related to leveraged leases does not change.
PSEG adopted the optional transition method on January 1, 2019. There was no cumulative effect adjustment required to be recorded to Retained Earnings at adoption. The optional transition method requires disclosure under Accounting Standards Codification (ASC) 840—Leases, the previously existing lease guidance for prior periods.
PSEG elected various practical expedients allowed by the standard, including the package of three practical expedients related to not reassessing existing or expired contracts and initial direct costs; and excluding evaluation of land easements that exist or expired before adoption that were not previously accounted for as leases.
The impact of adoption on PSEG's Consolidated Balance Sheet was to record Operating Lease Right of Use Assets of $261 million and Operating Lease Liabilities of $282 million. As part of that impact, PSEG reclassified deferred rent incentives and deferred rent liabilities of approximately $21 million, which were previously classified as Other Noncurrent Liabilities, to Operating Lease Right-of-Use Assets in accordance with this standard. PSE&G's assets and liabilities each increased by $91 million and Power's assets and liabilities each increased by $46 million. PSEG's adoption of this standard did not have a material impact on the Consolidated Statements of Operations or Consolidated Statements of Cash Flows of PSEG, PSE&G and Power. See Note 7. Leases for additional information.
Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities—ASU 2017-12, updated by ASU 2018-16
This accounting standard's amendments more closely align hedge accounting with companies' risk management activities in the financial statements and ease the operational burden of applying hedge accounting.
PSEG adopted this standard on January 1, 2019. The standard requires using a modified retrospective method upon adoption. PSEG analyzed the impact of this standard on its consolidated financial statements and has determined that the standard could enable PSEG to enter into certain transactions that can be deemed hedges that previously would not

have qualified. Adoption of this standard did not have a material impact on PSEG's financial statements.

Premium Amortization on Purchased Callable Debt Securities—ASU 2017-08

This accounting standard was issued to shorten the amortization period for certain callable debt securities held at a premium. Specifically, the standard requires the premium to be amortized to the earliest call date.

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PSEG adopted this standard on January 1, 2019 on a modified retrospective basis through a cumulative effect adjustment directly to Retained Earnings as of the beginning of 2019. Adoption of this standard did not have a material impact on PSEG's financial statements.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income—ASU 2018-02

This accounting standard affects any entity that is required to apply the provisions of the ASC topic, "Income Statement-Reporting Comprehensive Income," and has items of Other Comprehensive Income for which the related tax effects are presented in Other Comprehensive Income as required by GAAP. Specifically, this standard allows entities to record a reclassification from Accumulated Other Comprehensive Income to Retained Earnings for stranded tax effects resulting from the recent decrease in the federal corporate income tax rate.

PSEG adopted this standard on January 1, 2019. The impact of adoption on PSEG's Consolidated Balance Sheet was to increase Retained Earnings and Accumulated Other Comprehensive Loss by approximately $81 million. Power's Retained Earnings and Accumulated Other Comprehensive Loss increased by approximately $69 million. The impact on PSE&G's Consolidated Balance Sheet was immaterial. PSEG's adoption of this standard did not have a material impact on the Consolidated Statements of Operations or Consolidated Statements of Cash Flows of PSEG, PSE&G and Power.

New Standards Issued But Not Yet Adopted

Measurement of Credit Losses on Financial Instruments—ASU 2016-13, updated by ASU 2018-19

This accounting standard provides a new model for recognizing credit losses on financial assets carried at amortized cost. The new model requires entities to use an estimate of expected credit losses that will be recognized as an impairment allowance rather than a direct write-down of the amortized cost basis. The estimate of expected credit losses is to be based on past events, current conditions and supportable forecasts over a reasonable period. For purchased financial assets with credit deterioration, a similar model is to be used; however, the initial allowance will be added to the purchase price rather than reported as an allowance. Credit losses on available-for-sale securities should be measured in a manner similar to current GAAP; however, this standard requires those credit losses to be presented as an allowance, rather than a write-down. This new standard also requires additional disclosures of credit quality indicators for each class of financial asset disaggregated by year of origination.

The standard is effective for annual and interim periods beginning after December 15, 2019; however, entities may adopt early beginning in the annual or interim periods after December 15, 2018. PSEG is currently analyzing the impact of this standard on its financial statements.

Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement—ASU 2018-13

This accounting standard modifies the disclosure requirements for fair value measurements. Certain current disclosure requirements relating to Level 3 fair value measurements, and transfers between Level 1 and Level 2 fair value measurements will be eliminated. The standard will also add certain other disclosure requirements for Level 3 fair value measurements.

The standard is effective for annual and interim periods beginning after December 15, 2019. Certain amendments in the standard should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments of the standard should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted. PSEG is currently analyzing the impact of this standard on its financial statements.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract—ASU 2018-15

This accounting standard aligns the capitalization requirements for implementation costs incurred in a hosting arrangement that is a service contract with capitalization requirements for implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. The standard follows the guidance in ASC 350—Intangibles—Goodwill and Other to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. The standard requires the amortization of capitalized costs to be presented in Operation and Maintenance (O&M) Expense. In addition, the standard also adds presentation requirements for these costs in the statements of cash flows and financial position.

The standard is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted, including adoption in any interim period. This standard should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. PSEG is currently analyzing the impact of this standard on its financial statements.

Targeted Improvements to Related Party Guidance for Variable Interest Entities (VIE)-ASU 2018-17

This accounting standard improves the VIE guidance in the area of decision-making fees. Consistent with how indirect interests held through related parties under common control are considered for determining whether a reporting entity must consolidate a VIE, indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests.

This standard is effective for annual and interim periods beginning after December 15, 2019. The standard is required to be applied retrospectively with a cumulative effect adjustment to Retained Earnings at the beginning of the earliest period presented. Early adoption is permitted. PSEG is currently analyzing the impact of this standard on its financial statements.

Simplifying the Test for Goodwill Impairment—ASU 2017-04

This accounting standard requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable.

An entity should apply this standard on a prospective basis and will be required to disclose the nature of and reason for the change in accounting principle upon transition. The new standard is effective for impairment tests for periods beginning January 1, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. PSEG does not expect adoption of this standard to have a material impact on its financial statements.

Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans—ASU 2018-14

This accounting standard modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans, including the elimination of certain current disclosure requirements. Certain other disclosure requirements related to interest crediting rates have been added and certain clarifications were made to other disclosure requirements.

The standard is effective for fiscal years ending after December 15, 2020 and early adoption is permitted. An entity should apply the amendments in this standard on a retrospective basis to all periods presented. PSEG is currently analyzing the impact of this standard on its financial statements.

Note 3. Revenues

Nature of Goods and Services

The following is a description of principal activities by reportable segment from which PSEG, PSE&G and Power generate their revenues.

PSE&G

Revenues from Contracts with Customers

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

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

Other Revenues from Contracts with Customers

Other revenues from contracts with customers, which are not a material source of PSE&G revenues, are generated primarily from appliance repair services and solar generation projects. The performance obligations under these contracts are satisfied and revenue is recognized as control of products is delivered or services are rendered. Payment for services rendered and products transferred are typically due within 30 days of month of delivery.

Revenues Unrelated to Contracts with Customers
Other PSE&G revenues unrelated to contracts with customers are derived from alternative revenue mechanisms recorded pursuant to regulatory accounting guidance. These revenues, which include weather normalization, green energy program true-ups and transmission formula rate true-ups, are not a material source of PSE&G revenues.
Power
Revenues from Contracts with Customers
Electricity and Related Products—Wholesale and retail load contracts are executed in the different Independent System Operator (ISO) regions for the bundled supply of energy, capacity, renewable energy credits (RECs) and ancillary services representing Power's performance obligations. Revenue for these contracts is recognized over time as the bundled service is provided to the customer. Transaction terms generally run from several months to three years.
Power also sells to the 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. Power 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.
Power enters into capacity sales and capacity purchases through the ISOs. The transactions are reported on a net basis dependent on 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, 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.
Gas Contracts—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. The performance obligation is primarily delivery of gas which is satisfied over time. Revenue is recognized as gas is delivered. Based upon the availability of natural gas, storage and pipeline capacity beyond PSE&G's daily needs, Power also sells gas and pipeline capacity to other counterparties under bilateral contracts. The performance obligation under these contracts is satisfied over time upon delivery of the gas or capacity, and revenue is recognized accordingly.
Other Revenues from Contracts with Customers
Power enters into bilateral contracts to sell solar power and solar RECs from its solar facilities. Contract terms range from 15 to 30 years. The performance obligations are generally solar power and RECs which are transferred to customers upon generation. Revenue is recognized upon generation of the solar power.
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
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 13. Financial Risk Management Activities for further discussion. Power is also a party to solar contracts that qualify as leases and are accounted for in accordance with lease accounting guidance.
Other
Revenues from Contracts with Customers
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.
Revenues Unrelated to Contracts with Customers
Energy Holdings generates lease revenues which are recorded pursuant to lease accounting guidance.

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Disaggregation of Revenues

	PSE&G	Power	Other	Eliminations	Consolidated
	Millions				
Three Months Ended March 31, 2019					
Revenues from Contracts with Customers					
Electric Distribution	$742	$—	$—	$ —	$ 742
Gas Distribution	931	—	—	(3)	928
Transmission	288	—	—	—	288
Electricity and Related Product Sales					
PJM					
Third Party Sales	—	515	—	—	515
Sales to Affiliates	—	126	—	(126)	—
New York ISO	—	41	—	—	41
ISO New England	—	21	—	—	21
Gas Sales					
Third Party Sales	—	47	—	—	47
Sales to Affiliates	—	479	—	(479)	—
Other Revenues from Contracts with Customers (A)	64	10	131	(1)	204
Total Revenues from Contracts with Customers	2,025	1,239	131	(609)	2,786
Revenues Unrelated to Contracts with Customers (B)	7	177	10	—	194
Total Operating Revenues	$2,032	$1,416	$ 141	$ (609)	$ 2,980

	PSE&G	Power	Other	Eliminations	Consolidated
	Millions				
Three Months Ended March 31, 2018					
Revenues from Contracts with Customers					
Electric Distribution	$690	$ —	$ —	$ —	$ 690
Gas Distribution	759	—	—	(3)	756
Transmission	312	—	—	—	312
Electricity and Related Product Sales					
PJM					
Third Party Sales	—	498	—	—	498
Sales to Affiliates	—	176	—	(176)	—
New York ISO	—	59	—	—	59
ISO New England	—	47	—	—	47
Gas Sales					
Third Party Sales	—	64	—	—	64
Sales to Affiliates	—	397	—	(397)	—
Other Revenues from Contracts with Customers (A)	72	10	137	(1)	218
Total Revenues from Contracts with Customers	1,833	1,251	137	(577)	2,644