

PUBLIC SERVICE ENTERPRISE GROUP INC  
Form 11-K  
June 29, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

OR

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

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
80 PARK PLAZA  
NEWARK, NEW JERSEY 07102

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
To the Trustee and Participants of Public Service Enterprise Group Incorporated  
Thrift and Tax-Deferred Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015 and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.  
Kingston, Pennsylvania  
June 29, 2017

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2016	2015
	(Thousands)	
<b>ASSETS</b>		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	\$1,620,780	\$1,512,654
Total Investments	1,620,780	1,512,654
Receivables:		
Participant Loans	16,945	16,465
Deposits and Contributions – Employees	1	4
Deposits and Contributions – Employer	1	3
Total Receivables	16,947	16,472
Total Assets	1,637,727	1,529,126
<b>LIABILITIES</b>		
Accounts Payable	1,851	880
Accrued Expenses	788	621
Total Liabilities	2,639	1,501
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$1,635,088</b>	<b>\$1,527,625</b>
See Notes to Financial Statements.		

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED  
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
YEAR ENDED DECEMBER 31, 2016

	(Thousands)
<b>ADDITIONS</b>	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	\$ 114,183
Interest on Participant Loans	530
<b>Total Net Investment Income</b>	<b>114,713</b>
<b>Deposits and Contributions</b>	
Employees	58,848
Employer	19,713
<b>Total Deposits and Contributions</b>	<b>78,561</b>
<b>Total Additions</b>	<b>193,274</b>
<b>DEDUCTIONS</b>	
Benefit Payments to Participants	89,274
Administrative Expenses	1,891
<b>Total Deductions</b>	<b>91,165</b>
<b>INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS</b>	<b>102,109</b>
Transfers from Employee Savings Plan-Net	5,354
<b>INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>107,463</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	
Beginning of Year	1,527,625
End of Year	\$ 1,635,088

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (“Plan”) is provided for general information purposes only. Participants should refer to the Summary Plan Description (“SPD”) for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated (“Company”) and its Participating Affiliates (each, an “Employer”). The Company’s Employee Benefits Committee (“Benefits Committee”) is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company’s Thrift and Pension Investment Committee (“TPIC”) is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon (“Trustee”), is responsible for the custody of the Plan’s assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Substantially all of the Plan’s assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust (“Master Trust”), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 8% of their annual eligible compensation each year as basic deposits, as defined in the Plan (“Basic Deposits”), subject to certain Internal Revenue Code (“IRC”) limitations. The Participant’s Employer contributes an amount equal to 50% of each Participant’s Basic Deposit as its matching contribution to the Plan (“Employer Contributions”). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts (“IRAs”).

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 42% of compensation (“Supplemental Deposits”), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, “Nondeferred Deposits”), or pre-income tax contributions (“Deferred Deposits”).

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of \$250 and in such total amounts which, when aggregated with such Participant’s Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year, subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund (“Company Stock Fund”), which has been designated as an Employee Stock Ownership Plan (“ESOP”) under section 4975(e) of the Code, the Schwab Personal Choice Retirement Account (“PCRA”), mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to, or transfers into the Frozen ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

#### Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled

## NOTES TO FINANCIAL STATEMENTS

upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

### Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2016, range from 3.25% to 8.25%, which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

### Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years (if the participant is retirement eligible), or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½. If a Participant's account balance is less than \$1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

### Vesting



All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Recently Issued Accounting Standards

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient. This three-part standard simplified employee benefit reporting with respect to fully benefit-responsive investment contracts and plan

## NOTES TO FINANCIAL STATEMENTS

investment disclosures, and provided for a measurement-date practical expedient. Part I and II were effective for fiscal years beginning after December 15, 2015, to be applied retrospectively, with early application permitted. Part III was effective for fiscal years beginning after December 15, 2015, to be applied prospectively, with early application permitted. Plan management elected to adopt Parts I and II early. Accordingly, presentation of the fair value of the benefit-responsive contracts and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by the Master Trust has been removed from the Plan's Statement of Net Assets Available for Benefits.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

#### Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by Company Stock Fund and Frozen ESOP Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

#### Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were \$1,182,760 and \$84,269 as of December 31, 2016 and 2015, respectively.

#### Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).



## NOTES TO FINANCIAL STATEMENTS

## Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

### 3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2016 and 2015, the Plan's interests in the assets of the Master Trust were approximately 52%. Master Trust investments consisted of:

	As of December 31,	
	2016	2015
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	\$81,965	\$39,148
Common Stock of Public Service Enterprise Group Incorporated*	229,124	215,512
Mutual Funds	1,627,825	1,499,429
Fixed Income Securities	193,336	197,073
Schwab PCRA (a)	98,627	89,298
Total Investments, at fair value	2,230,877	2,040,460
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	871,621	832,581
Net Accounts Receivable (Payable) (a)	(29,166 )	(22,444 )
Total Investments of Master Trust	\$3,073,332	\$2,850,597

(a) Includes interest and dividends and receivables and payables related to pending securities sales and purchases.

	For the Year Ended December 31, 2016 (Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds and Fixed Income Securities	\$ 153,083
Net Appreciation in Fair Value of Schwab PCRA (a)	6,412
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	28,588
Interest from Investment Contracts	19,163
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,655
Total Investment Income, Net	\$ 215,901

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

\*Permitted party-in-interest.

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## NOTES TO FINANCIAL STATEMENTS

The changes in net assets of the Master Trust for the year ended December 31, 2016 are summarized as follows:

	For the Year Ended December 31, 2016 (Thousands)	
Changes in net assets:		
Net appreciation of investments	\$	188,083
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,655	
Interest from Investment Contracts	19,163	
Net Investment Income	215,901	
Administrative Expenses	(3,669	)
Net Transfers	10,503	
Increase in Net Assets	222,735	
Net Assets		
Beginning of Year	2,850,597	
End of Year	\$	3,073,332

## Assets of the Stable Value Fund

The Stable Value Fund utilizes a “building block” approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2016, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95 %	\$ 104,536
Pacific Life Insurance (A)	Open-Ended	2.27 %	155,095
Prudential Ins Co. (A)	Open-Ended	2.27 %	148,925
Transamerica (A)	Open-Ended	2.26 %	154,522
RGA (A)	Open-Ended	1.97 %	152,116
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13 %	156,427
Total Investment Contracts			871,621
Investment in BlackRock Financial Mgmt Short-Term Investment		0.32 %	40,793
Total Stable Value Fund			\$ 912,414

(A) Managed by INVESCO Institutional, Inc.

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2015, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95 %	\$ 77,944
Pacific Life Insurance (A)	Open-Ended	2.27 %	200,975
Prudential Ins Co. (A)	Open-Ended	2.27 %	145,449
Transamerica (A)	Open-Ended	2.26 %	200,487
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13 %	207,726
Total Investment Contracts			832,581
Investment in BNY Mellon Short-Term Investment Fund		0.22 %	21,474
Total Stable Value Fund			\$ 854,055

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying “building block funds” are held by the Plan’s Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan’s prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan’s ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.92% and 1.90% for 2016 and 2015, respectively. The average yield based on interest rate credited to Participants was approximately 2.07% and 2.15% for 2016 and 2015, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund’s fair value and contract value, was higher by \$10,929,788 and \$16,175,431 as of December 31, 2016 and 2015, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company’s Common Stock.

Schwab PCRA

The Schwab PCRA is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA.





## NOTES TO FINANCIAL STATEMENTS

## 4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.

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.

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 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.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015, including the fair value measurements and the levels of inputs used in determining those fair values.

Description	Recurring Fair Value Measurements as of December 31, 2016			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	\$81,965	\$ 62,533	\$ 19,432	\$ —
Common Stock of Public Service Enterprise Group Incorporated	229,124	229,124	—	—
Mutual Funds:				
Vanguard Developed Markets	278,323	278,323	—	—
Vanguard Institutional Index Fund	612,780	612,780	—	—
Vanguard Mid Cap Fund	270,475	270,475	—	—
Vanguard Small Cap Fund	242,142	242,142	—	—
Vanguard Target Retirement Funds	214,481	214,481	—	—
Fidelity Intermediate Bond Fund	9,624	9,624	—	—
Fixed Income Securities	193,336	—	193,336	—
Schwab PCRA	98,627	97,799	828	—
Total Investment in Master Trust, at fair value	\$2,230,877	\$ 2,017,281	\$ 213,596	\$ —



## NOTES TO FINANCIAL STATEMENTS

Recurring Fair Value Measurements as of  
December 31, 2015

Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	\$39,148	\$ 39,148	\$	—\$
Common Stock of Public Service Enterprise Group Incorporated	215,512	215,512	—	—
Mutual Funds:				
Vanguard Developed Markets	269,974	269,974	—	—
Vanguard Institutional Index Fund	570,336			