PUBLIC SERVICE ENTERPRISE GROUP INC
Form 11-K
June 27, 2003

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

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the year ended December 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

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

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

MAILING ADDRESS: P.O. Box 1171

NEWARK, NEW JERSEY 07101-1171

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

N/A

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INDEPENDENT AUDITORS' REPORT

Employee Benefits Committee of
Public Service Enterprise Group Incorporated:

We have audited the accompanying statements of net assets available for benefits of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (Plan) as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Parsippany, New Jersey
June 13, 2003

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of Dec
	2002
ASSETS	
Investments, at fair value-	
Plan interest in Master Employee Benefit Plan Trust	$647,126,221
Receivables:	
Deposits and Contributions - employee	1,387,863
Deposits and Contributions - employer	452,689
Receivables from investments sold	242,460
Interest and dividends	1,694
	649,210,927
LIABILITIES	
Payable for investments purchased	40,989
Accrued expenses	752,654
	793,643
NET ASSETS AVAILABLE FOR BENEFITS	$648,417,284

See notes to financial statements.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2002

ADDITIONS:	
Net Investment loss	
Plan Interest in Master Employee Benefit Plan Trust	$(56,981,954)
Deposits and Contributions	
Employee	38,424,702
Employer	13,160,761
Total Deposits and Contributions	51,585,463
Transfer from the Wisvest 401(k) Plan	4,223,854
Transfer from Employee Savings Plan--net	1,455,462
	5,679,316
Total Additions	282,825
DEDUCTIONS	
Benefit Payments to participants	23,802,641
Administrative expenses	1,045,505
Total Deductions	24,848,146
DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS	(24,565,321)
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	672,982,605
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	$648,417,284

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2002 and 2001 and
for the year ended December 31, 2002

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated (Company) Thrift and Tax-Deferred Savings Plan (Plan) is provided for general information purposes only. Participants (any person who has an interest in the Trust Fund) should refer to the Plan Document for more complete information.

The Plan is a defined contribution plan covering substantially all non-bargaining unit employees of the Company, and its Participating affiliates, who are eligible on the date of hire. The Company's Employee Benefits Committee is the named fiduciary of the Plan and controls and manages its operation and administration. Deutsche Bank Trust Company Americas (Trustee) serves as the trustee of the Plan. Hewitt Associates is the recordkeeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The majority of the Plan's investment assets are held in a trust account by the Trustee and consist of an undivided interest in an investment account of the Master Employee Benefit Trust (Master Trust), a master trust established by the Company and the Trustee.

During 2002, through a subsidiary, the Company acquired Wisvest Connecticut LLC. As a result of this transaction, the savings plan of the acquired company was merged with and into the Plan and the PSEG Employee Savings Plan (Savings Plan), effective December 31, 2002, and Participant account balances of $4,223,854 were transferred into the Plan as of December 31, 2002.

The Plan was amended effective January 1, 2002. Effective with that date, catch-up contributions of an additional $1,000 in pre-income tax deposits for employees age 50 or older in 2002 were permitted, maximum permitted employee contribution increased from 25% to 50%, acceptance of after-tax rollovers and rollovers from financial institutions were permitted, Internal Revenue Service (IRS) minimum distribution requirements were adopted for post age 70 1/2 distributions, the suspension period for making deposits to the Plan after a hardship withdrawal was decreased from one year to six months and the Enterprise Stock Fund was converted to an Employee Stock Ownership Plan (ESOP) with the result that Participants were permitted to have dividends on Company stock held in that Fund made in cash.

Contributions

A Participant's Employer begins matching contributions when that Participant has completed a Year of Service, as defined in the Plan, with his/her employer.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Each year, Participants may contribute from 1% to 8 % of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code (IRC) limitations. The Company contributes 50% as its matching contribution to the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Prior to March 1, 2002, employer contributions in excess of 6% and up to 8% of compensation were made in shares of the Company's Common Stock, and were not available for transfer to any other investment fund or withdrawal from the Plan prior to the Participant's termination of employment.

Effective March 1, 2002, employer contributions are made in cash and invested according to the Participant's then current investment election and all shares of Company Stock held in a Participant's account are eligible for transfer to any other investment fund. In addition, a Participant may elect to make supplemental deposits to such Funds in increments of 1% of compensation up to an additional 42% (17% prior to January 1, 2002) of compensation (Supplemental

Deposits), subject to certain limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions (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 and subject to the limitations of the IRC. Prior to January 1, 2002, the maximum permitted annual employee contribution was limited to 25%.

Participant Accounts

Individual accounts are maintained for each Plan Participant. Each Participant's account is credited with the Participant's contributions, the Company's matching contributions, and Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on Participant earnings or account balances, as defined. The benefit to which a Participant is entitled under the Plan is the accrued vested balance of his/her individual account as of any date.

Employee Stock Ownership Plan Fund (ESOP Fund) Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company's Common Stock held for their account in the ESOP Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Participant Loans

Participants may borrow from their fund accounts up to a maximum of $50,000 reduced by the highest outstanding loan balance during the past twelve months, whichever is less. The loans are secured by the balance in the Participant's account and bear interest at rates commensurate with local prevailing rates. Principal and interest is paid ratably through payroll deductions. During 2002, the rate of interest on loans granted to Participants was 4.75%. During 2001, the rate of interest on loans ranged from 6.0% to 9.5%.

No amounts