



June Financial Results

F&A Committee

July 22, 2020

LIPA CONSOLIDATED RESULTS – JUNE 2020

(\$ in thousands)	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$1,588,537	\$1,642,801	(\$54,264)	-3.3%	\$3,676,860
Power Supply Charge	813,781	850,893	37,112	4.4%	1,845,571
Revenue Net of Power Supply Costs	\$774,756	\$791,908	(\$17,152)	-2.2%	\$1,831,289
PSEG Long Island Operating Expenses	\$295,535	\$308,212	\$12,677	4.1%	\$621,251
PSEG Long Island Managed Expenses	338,096	348,115	10,019	2.9%	713,161
LIPA Managed Expenses	285,408	294,136	8,728	3.0%	591,435
Total Expenses	\$919,039	\$950,463	\$31,424	3.3%	\$1,925,847
Other Income and Deductions	\$28,706	\$24,580	\$4,126	16.8%	\$57,129
Grant Income	20,214	20,181	33	0.2%	40,960
Total Non-Operating Revenue	\$48,920	\$44,761	\$4,159	9.3%	\$98,089
Change in Net Position	(\$95,363)	(\$113,794)	\$18,431	16.2%	\$3,531

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES AND INCOME – JUNE 2020

<i>(\$ in thousands)</i>	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
LIPA Expenses					
LIPA Operating Expenses	\$35,985	\$43,520	\$7,535	17.3%	\$89,761
LIPA Depreciation and Amortization	55,927	56,343	416	0.7%	112,687
LIPA Deferred Amortized Expenses	12,507	12,507	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	180,989	181,766	777	0.4%	363,973
Total Expenses	285,408	294,136	8,728	3.0%	\$591,435
Other Income and Deductions	\$15,493	\$12,096	\$3,397	28.1%	\$32,824
Grant Income	20,214	20,181	33	0.2%	40,960
Total Income	\$35,707	\$32,277	\$3,430	10.6%	\$73,784
LIPA Capital Expenditures	\$1,341	\$1,663	\$321	19.3%	\$6,650

Note: Variance - favorable/(unfavorable)

- Total expenses are under budget by \$8.7M primarily due to lower consulting expenses and an insurance reimbursement related to litigation costs
- Other income and deductions are favorable against budget by \$3.4M due to higher realized income than budgeted and receipt of a bank settlement totaling \$1.1M

LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	June 30, 2020 Days Cash	May 31, 2020 Days Cash
Operating liquidity		
Cash and cash equivalents	\$397,534	\$456,345
OPEB account cash, cash equivalents & investments	397,353	371,062
PSEG Long Island working capital requirements	232,735	280,860
Total operating liquidity	1,027,622 126 days	1,108,267 136 days
Available credit		
General Revenue Notes - Revolving Credit Facility	198,000	198,000
General Revenue Notes - Commercial Paper	330,000	345,000
Total available credit	528,000	543,000
Total cash, cash equivalents, investments & available credit	\$1,555,622 190 days	\$1,651,267 202 days
Restricted cash		
FEMA grant proceeds	1,739	1,739
UDSA	88,620	227,511
Total restricted cash	\$90,359	\$229,250

LIPA continues to exceed its required 120 days cash and available credit on hand

PSEG LONG ISLAND OPERATING EXPENSES – JUNE 2020

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<u>PSEG Long Island Operating Expenses</u>					
Transmission & Distribution	\$100,285	\$95,044	(\$5,241)	-5.5%	\$188,280
Customer Services	63,373	65,374	2,002	3.1%	130,497
Business Services	78,012	84,960	6,948	8.2%	172,317
Power Markets	5,951	6,984	1,032	14.8%	14,156
Energy Efficiency & Renewable Energy	44,963	46,265	1,302	2.8%	88,800
Utility 2.0	2,950	9,585	6,635	69.2%	27,200
Total PSEG Long Island Operating Expenses	\$295,535	\$308,212	\$12,677	4.1%	\$621,251

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$5.2M primarily due to storm restoration work, line academy training, COVID-19, other support and protection costs, work ahead of schedule for pole inspection/treatment and public works
- Customer Services expenses are under budget by \$2.0M due to timing of projects
- Business Services expenses are under budget by \$6.9M primarily due to a delay in projects, lower litigation claims and timing of IT managed service costs
- Utility 2.0 is under budget by \$6.6M due to delays related to COVID-19 impacting customer marketing communication, Energy Lab Program, outreach and load reducing initiatives

PSEG LONG ISLAND MANAGED EXPENSES – JUNE 2020

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<u>PSEG Long Island Managed Expenses</u>					
Uncollectible Accounts	\$11,923	\$9,420	(\$2,503)	-26.6%	\$20,835
Storm Restoration	18,925	30,117	11,192	37.2%	60,000
NYS Assessment	4,384	4,779	395	8.3%	10,318
Utility Depreciation	137,101	137,117	16	0.0%	285,066
PILOTs - Revenue-Based Taxes	15,164	15,819	655	4.1%	35,351
PILOTs - Property-Based Taxes	149,218	149,236	18	0.0%	298,472
Miscellaneous	1,381	1,628	246	15.1%	3,119
Total PSEG Long Island Managed Expenses	\$338,096	\$348,115	\$10,019	2.9%	\$713,161
Other Income and Deductions	\$13,213	\$13,352	(\$139)	-1.0%	\$25,215

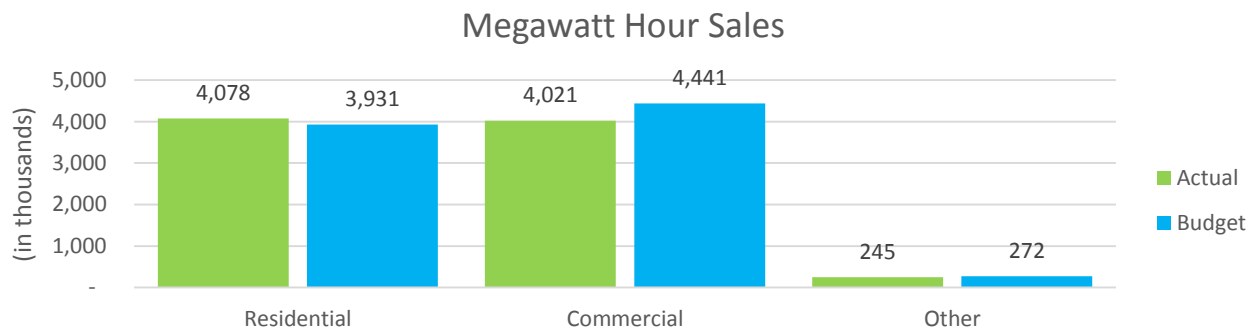
Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget \$2.5M due to an increase in the uncollectible reserve to 1.0% reflect the expected impact of COVID-19
- Storm Restoration is under budget by \$11.2M due to lower restoration costs as PSEG Long Island responded to six storms in 2020, with one mutual aid assistance in April. As a point of reference, through June 2019, PSEG Long Island responded to five storms, none of which included mutual aid assistance at the cost of \$7.8M

PSEG LONG ISLAND REVENUE VARIANCE – JUNE 2020

(\$ in thousands)	Year to Date			% Var.	Annual Budget
	Actual	Budget	\$ Var.		
Total Revenue	\$1,588,537	\$1,642,801	(\$54,264)	-3.3%	\$3,676,860
Power Supply Charge	813,781	850,893	37,112	4.4%	1,845,571
Revenue Net of Power Supply Costs	\$774,756	\$791,908	(\$17,152)	-2.2%	\$1,831,289

- Revenue, net of Power Supply Costs, is \$17.1M lower than budget primarily due to the Delivery Service Adjustment (DSA) resulting from lower budgeted storm expense of \$11.2M. In addition, miscellaneous revenues are under budget by \$5.4M primarily related to the suspension of late payment charges, reconnection charges, service initiation fees and non-access fees (to assist customers impacted by COVID-19).



- Sales of electricity were lower than budget by 300 GWh or -3.5% primarily due to COVID-19 impacts. Commercial customer sales declined while residential sales increased due to the stay-at-home order. Sales also declined from weather impacts experienced in winter months, higher penetration of LED lighting, energy efficient products and rooftop solar.

CAPITAL EXPENDITURES – JUNE 2020

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Transmission and Distribution					
Regulatory Driven	\$24,021	\$49,672	\$25,651	51.6%	\$101,435
Load Growth	96,291	123,640	27,349	22.1%	225,520
Reliability	87,766	81,140	(6,625)	-8.2%	163,186
Storm Hardening	17,135	12,819	(4,316)	-33.7%	37,000
Economic, Salvage, Tools, Equipment & Other	32,495	28,644	(3,851)	-13.4%	39,464
Total Transmission and Distribution Projects	\$257,708	\$295,915	\$38,207	12.9%	\$566,605
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	12,371	19,424	7,053	36.3%	42,883
Customer Operations	8,602	10,826	2,224	20.5%	22,181
Other General Plant Projects	1,404	2,063	659	31.9%	13,027
Fleet	981	0	(981)	n/a	8,875
Utility 2.0	35,489	36,594	1,106	3.0%	67,208
Total Other Capital Expenditures	\$58,848	\$68,907	\$10,059	14.6%	\$154,174
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$316,555	\$364,822	\$48,267	13.2%	\$720,779
FEMA	33,472	46,471	12,999	28.0%	58,665
Capital Storm Management Fee	1,466	2,967	1,501	50.6%	5,934
	16,316	15,145	(1,171)	-7.7%	30,290
Total PSEG Long Island Capital Expenditures	\$367,809	\$429,405	\$61,596	14.3%	\$815,668
Nine Mile Point 2	\$12,417	\$14,051	\$1,633	11.6%	\$15,760

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$38.2M primarily driven by schedule changes for regulatory driven projects and delays in construction due to operational matters for load growth projects (i.e. permitting, clearance, schedule shift), partially offset by construction ahead of schedule in reliability and storm hardening projects
- IT Projects are under budget by \$7.0M driven by delays in project implementation
- Customer Operations are under budget \$2.2M primary due to timing of meter purchases and Dusk to Dawn work, partially offset by higher Jones Beach Nature Center construction
- Utility 2.0 is under budget by \$1.1M due to efficiencies in labor for AMI installation
- FEMA is under budget by \$12.9M due to lower material costs combined with delays in schedule changes

PSEG LONG ISLAND MAJOR CAPITAL EXPENDITURES – OVER \$25M (TOTAL PROJECT COST) – JUNE 2020

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 06/30/20 (\$M)	Current Working Estimate (\$M)*	Current Projected Completion Date*
	Cost Estimate	Date of Cost Estimate			
Two Way Radio System Replacement	\$42.1	2017	\$38.3	\$47.7	Dec-20
Belmont New Substation	\$51.3	2017	\$19.8	\$36.1	Oct-20
Hempstead: New Substation	\$33.2	2017	\$34.1	\$35.1	Oct-20
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$4.8	\$59.4	Jun-22
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$63.4	\$161.4	Dec-20
Kings Highway: New Substation	\$54.0	2017	\$49.7	\$55.1	Dec-20
Bridgehampton to Buell: Transmission	\$46.1	2017	\$1.8	\$45.5	Jun-23
Riverhead to Canal: Transmission	\$191.5	2017	\$10.1	\$82.5	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$39.2	\$48.1	Jun-22
Navy Road New Substation	\$33.5	2017	\$18.2	\$31.7	Dec-22
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$1.5	\$50.8	Jun-23
Massapequa New Substation	\$22.7	2017	\$1.8	\$29.7	Jun-23
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$78.2	Dec-24
Substation Security Expansion Project	\$52.9	2017	\$13.4	\$48.3	Dec-23
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-26
Total	\$1,204.8		\$296.2	\$1,077.6	

*The Current Working Estimate and Completion Dates will be updated ending June 30 and November 30.