



# AUGUST FINANCIAL RESULTS

F&A Committee  
September 23, 2020

# LIPA CONSOLIDATED RESULTS – AUGUST 2020

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Revenues</b>	<b>\$2,486,563</b>	<b>\$2,519,226</b>	<b>(\$32,664)</b>	<b>-1.3%</b>	<b>\$3,676,860</b>
DSA Revenue	320,728	-	320,728	n/a	-
	2,807,291	2,519,226	288,064	11.4%	3,676,860
Power Supply Charge	1,239,397	1,255,587	16,190	1.3%	1,845,571
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,567,894</b>	<b>\$1,263,639</b>	<b>\$304,255</b>	<b>24.1%</b>	<b>\$1,831,289</b>
PSEG Long Island Operating Expenses	\$398,649	\$412,232	\$13,583	3.3%	\$621,251
PSEG Long Island Managed Expenses	797,697	471,754	(325,943)	-69.1%	713,161
LIPA Managed Expenses	382,329	391,463	9,133	2.3%	591,435
<b>Total Expenses</b>	<b>\$1,578,675</b>	<b>\$1,275,449</b>	<b>(\$303,227)</b>	<b>-23.8%</b>	<b>\$1,925,847</b>
Other Income and Deductions	\$33,323	\$31,713	\$1,611	5.1%	\$57,129
Grant Income	26,438	22,913	3,525	15.4%	40,960
<b>Total Non-Operating Revenue</b>	<b>\$59,761</b>	<b>\$54,626</b>	<b>\$5,136</b>	<b>9.4%</b>	<b>\$98,089</b>
<b>Change in Net Position</b>	<b>\$48,980</b>	<b>\$42,816</b>	<b>\$6,165</b>	<b>14.4%</b>	<b>\$3,531</b>

# LIPA MANAGED EXPENSES AND INCOME – AUGUST 2020

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>LIPA Expenses</b>					
LIPA Operating Expenses	\$49,144	\$58,097	\$8,953	15.4%	\$89,761
LIPA Depreciation and Amortization	74,580	75,124	544	0.7%	112,687
LIPA Deferred Amortized Expenses	16,676	16,676	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	241,929	241,566	(364)	-0.2%	363,973
<b>Total Expenses</b>	<b>382,329</b>	<b>391,463</b>	<b>9,133</b>	<b>2.3%</b>	<b>\$591,435</b>
Other Income and Deductions	\$16,681	\$15,283	\$1,398	9.1%	\$32,824
Grant Income	26,438	22,913	3,525	15.4%	40,960
<b>Total Income</b>	<b>\$43,119</b>	<b>\$38,196</b>	<b>\$4,923</b>	<b>12.9%</b>	<b>\$73,784</b>
<b>LIPA Capital Expenditures</b>	<b>\$1,958</b>	<b>\$1,663</b>	<b>(\$295)</b>	<b>-17.8%</b>	<b>\$6,650</b>

Note: Variance - favorable/(unfavorable)

- Total expenses are under budget by \$9.1M primarily due to lower consulting expenses and an insurance reimbursement related to litigation costs
- Other income and deductions are favorable against budget by \$5.0M primarily due the filing of a FEMA grant application related to Winter Storm Stella.

# LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	<b>August 31, 2020</b> Days Cash	<b>July 31, 2020</b> Days Cash
<b>Operating liquidity</b>		
Cash and cash equivalents	\$993,861	\$413,617
OPEB account cash, cash equivalents & investments	429,099	412,926
PSEG Long Island working capital requirements	263,861	224,808
<b>Total operating liquidity</b>	<b>1,686,821</b> 206 days	<b>1,051,351</b> 129 days
<b>Available credit</b>		
General Revenue Notes - Revolving Credit Facility	198,000	198,000
General Revenue Notes - Commercial Paper	300,000	300,000
<b>Total available credit</b>	<b>498,000</b>	<b>498,000</b>
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$2,184,821</b> 267 days	<b>\$1,549,351</b> 190 days
<b>Restricted cash</b>		
FEMA grant proceeds	1,739	1,739
UDSA	148,534	116,247
<b>Total restricted cash</b>	<b>\$150,273</b>	<b>\$117,986</b>

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

# PSEG LONG ISLAND OPERATING EXPENSES – AUGUST 2020

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b><u>PSEG Long Island Operating Expenses</u></b>					
Transmission & Distribution	\$144,669	\$127,206	(\$17,463)	-13.7%	\$188,280
Customer Services	83,379	87,150	3,771	4.3%	130,497
Business Services	100,715	113,406	12,690	11.2%	172,317
Power Markets	7,630	9,372	1,742	18.6%	14,156
Energy Efficiency & Renewable Energy	58,289	61,014	2,725	4.5%	88,800
Utility 2.0	3,968	14,084	10,117	71.8%	27,200
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$398,649</b>	<b>\$412,232</b>	<b>\$13,583</b>	<b>3.3%</b>	<b>\$621,251</b>

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$17.5M primarily due to storm preparation cost for Hurricane Laura partially offset by a shift of resources to storm restoration support for Tropical Storm Isaias
- Customer Services expenses are under budget by \$3.8M due to timing of projects
- Business Services expenses are under budget by \$12.7M primarily due to delay in projects, lower litigation claims and timing of IT managed service costs
- Power Markets expenses are under budget by \$1.7M primarily due to delays in several IT projects
- Energy Efficiency & Renewable Energy expenses are under budget by \$2.7M due to lower rebates resulting from impact of COVID-19 on commercial customers
- Utility 2.0 is under budget by \$10.1M due to delays related to COVID-19 impacting customer marketing communication, Energy Lab Program, outreach and load reducing initiatives

\*Note: The Utility 2.0 annual budget has been reduced by \$10M to reflect a refund to customers. The YTD plan does not reflect this adjustment.

# PSEG LONG ISLAND MANAGED EXPENSES – AUGUST 2020

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b><u>PSEG Long Island Managed Expenses</u></b>					
Uncollectible Accounts	\$18,537	\$13,732	(\$4,804)	-35.0%	\$20,835
Storm Restoration	360,849	40,120	(320,729)	-799.4%	60,000
NYS Assessment	6,847	7,078	230	3.3%	10,318
Utility Depreciation	186,629	185,463	(1,166)	-0.6%	285,066
PILOTs - Revenue-Based Taxes	24,422	24,261	(161)	-0.7%	35,351
PILOTs - Property-Based Taxes	198,621	198,981	360	0.2%	298,472
Miscellaneous	1,792	2,118	327	15.4%	3,119
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$797,697</b>	<b>\$471,754</b>	<b>(\$325,943)</b>	<b>-69.1%</b>	<b>\$713,161</b>
<b>Other Income and Deductions</b>	<b>\$16,643</b>	<b>\$17,310</b>	<b>(\$667)</b>	<b>-3.9%</b>	<b>\$25,215</b>

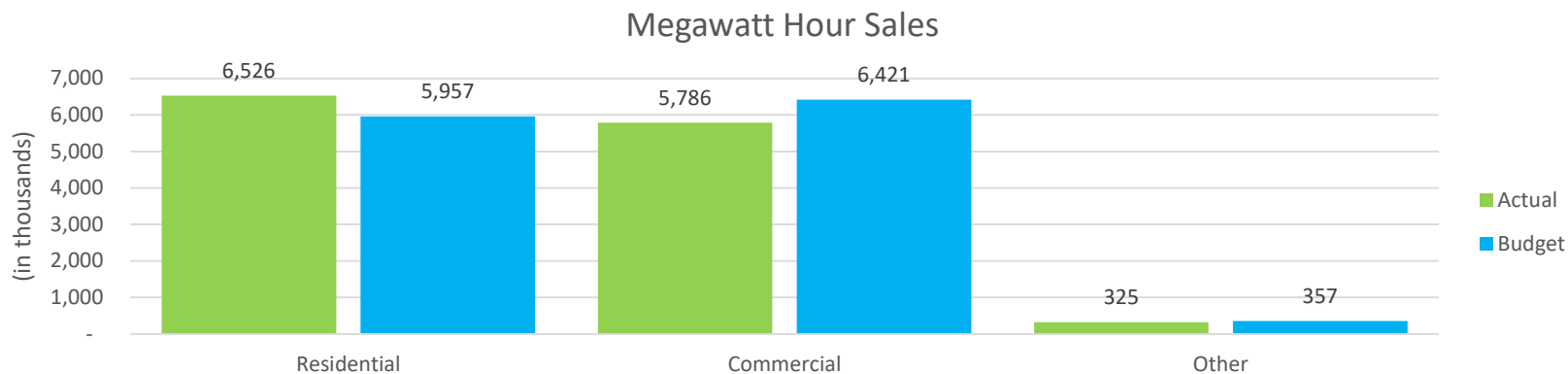
Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget \$4.8M due to an increase in the uncollectible reserve to reflect the potential impact of COVID-19
- Storm Restoration is over budget by \$320.7M due to Tropical Storm Isaias currently estimated at \$313.5M. New York State declared this event a State of Emergency. This event was among the most damaging storms to impact the Long Island electric grid. LIPA will be seeking FEMA reimbursement related to Tropical Storm Isaias when FEMA makes such declaration.

# PSEG LONG ISLAND REVENUE VARIANCE – AUGUST 2020

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Total Revenue</b>	\$2,807,292	\$2,519,226	\$288,065	11.4%	\$3,676,860
<b>Power Supply Charge</b>	1,239,397	1,255,587	16,190	1.3%	1,845,571
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,567,894</b>	<b>\$1,263,639</b>	<b>\$304,255</b>	<b>24.1%</b>	<b>\$1,831,289</b>

- Revenue, net of Power Supply Costs, is \$304.2M higher than budget primarily due to Delivery Service Adjustment (DSA) resulting from storm expense of \$320.7M. When Tropical Storm Isaias is declared a FEMA event, the DSA will be adjusted for any expected federal reimbursements.
- This was partially offset by (i) a deferral of \$10M of Utility 2.0 funding due to project delays (ii) lower miscellaneous revenues of \$8.9M 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 97GWh or -0.8% primarily due to COVID-19 impacts. Commercial customer sales declined while residential sales increased due to the stay-at-home order.

# CAPITAL EXPENDITURES – AUGUST 2020

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Transmission and Distribution</b>					
Regulatory Driven	\$33,311	\$66,691	\$33,379	50.1%	\$101,435
Load Growth	131,338	156,247	24,909	15.9%	225,520
Reliability	109,807	106,553	(3,254)	-3.1%	163,186
Storm Hardening	26,523	20,722	(5,801)	-28.0%	37,000
Economic, Salvage, Tools, Equipment & Other	38,340	32,274	(6,067)	-18.8%	39,464
<b>Total Transmission and Distribution Projects</b>	<b>\$339,320</b>	<b>\$382,487</b>	<b>\$43,167</b>	<b>11.3%</b>	<b>\$566,605</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	18,289	26,846	8,556	31.9%	42,883
Customer Operations	13,673	14,613	940	6.4%	22,181
Other General Plant Projects	1,712	5,594	3,882	69.4%	13,027
Fleet	1,720	0	(1,720)	n/a	8,875
Utility 2.0	44,404	47,411	3,007	6.3%	67,208
<b>Total Other Capital Expenditures</b>	<b>\$79,798</b>	<b>\$94,464</b>	<b>\$14,666</b>	<b>15.5%</b>	<b>\$154,174</b>
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$419,118</b>	<b>\$476,952</b>	<b>\$57,833</b>	<b>12.1%</b>	<b>\$720,779</b>
<b>FEMA</b>	37,828	50,837	13,010	25.6%	58,665
<b>Capital Storm Management Fee</b>	2,612	3,956	1,344	34.0%	5,934
	21,754	20,193	(1,561)	-7.7%	30,290
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$481,311</b>	<b>\$551,938</b>	<b>\$70,627</b>	<b>12.8%</b>	<b>\$815,668</b>
<b>Nine Mile Point 2</b>	<b>\$12,729</b>	<b>\$14,425</b>	<b>\$1,696</b>	<b>11.8%</b>	<b>\$15,760</b>

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$43.2M 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, storm hardening projects, and timing of LIRR reimbursement for work in economic, salvage, tool, equipment & other. T&D capital plan was further exacerbated by Tropical Storm Isaias.
- IT Projects are under budget by \$8.6M driven by delays in project implementation
- Other General Plant is under budget by \$3.9M due to interior rehab projects deferred due to COVID-19 and finalization of re-occupancy plans
- Utility 2.0 is under budget by \$3.0M primarily due to delays in the Rate Modernization and Energy Concierge program
- FEMA is under budget by \$13.0M due to delays in IP Repeater construction and lower material costs



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

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 08/31/20 (\$M)	Current Working Estimate (\$M)	Current Estimated Completion Date
	Cost Estimate	Date of Cost Estimate			
Two Way Radio System Replacement	\$42.1	2017	\$38.4	\$47.7	Dec-20
Belmont New Substation	\$51.3	2017	\$20.1	\$36.1	Oct-20
Hempstead: New Substation	\$33.2	2017	\$34.5	\$35.1	Oct-20
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$5.2	\$59.4	Jun-22
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$72.7	\$161.4	Dec-20
Kings Highway: New Substation	\$54.0	2017	\$50.7	\$55.1	Dec-20
Bridgehampton to Buell: Transmission	\$46.1	2017	\$1.9	\$45.5	Jun-23
Riverhead to Canal: Transmission	\$191.5	2017	\$26.4	\$82.5	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$39.8	\$48.1	Jun-22
Navy Road New Substation	\$33.5	2017	\$20.4	\$31.7	Dec-22
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$1.5	\$50.8	Jun-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$1.9	\$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	\$13.5	\$48.3	Dec-23
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-26
<b>Total</b>	<b>\$1,204.8</b>		<b>\$327.1</b>	<b>\$1,077.6</b>	