



# 2020 Projected Financial Results

Finance and Audit Committee  
*November 18, 2020*

# LIPA CONSOLIDATED PROJECTED RESULTS 2020

(\$ in thousands)

	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
<b>Revenues</b>	<b>\$3,666,860</b>	<b>\$3,646,859</b>	<b>(\$20,001)</b>	<b>-0.5%</b>
Power Supply Charge	1,845,571	1,801,268	44,303	2.4%
<b>Revenue Net of Power Supply Charge</b>	<b>1,821,289</b>	<b>1,845,591</b>	<b>24,302</b>	<b>1.3%</b>
<b>PSEG Long Island Operating and Managed Expenses</b>				
PSEG Long Island Operating Expenses	611,251	606,825	4,426	0.7%
PSEG Long Island Managed Expenses	94,272	382,682	(288,410)	-305.9%
Utility Depreciation	285,066	278,020	7,046	2.5%
PILOTS	333,823	332,992	831	0.2%
LIPA Operating Expenses	87,956	81,376	6,580	7.5%
LIPA Depreciation and Amortization	137,701	136,892	809	0.6%
Interest Expense	364,461	362,682	1,779	0.5%
<b>Total Expenses</b>	<b>1,914,530</b>	<b>2,181,469</b>	<b>(266,939)</b>	<b>-13.9%</b>
Other Income and Deductions	57,617	54,334	(3,283)	-5.7%
Grant Income	39,155	273,328	234,173	598.1%
<b>Total Non-Operating Revenue</b>	<b>96,772</b>	<b>327,662</b>	<b>230,890</b>	<b>238.6%</b>
<b>Change in Net Position</b>	<b>3,531</b>	<b>(8,216)</b>	<b>(\$11,747)</b>	<b>-332.7%</b>
<b>Coverage Ratio on LIPA obligations</b>	<b>1.35x</b>	<b>1.32x</b>	<b>(-.03x)</b>	

Note: Variance - favorable/(unfavorable)

PSEG Long Island 2020 Approved Operating and Managed Expenses, as well as, Approved Revenues have been reduced by \$10 million due to the projected underrun of the 2020 Utility 2.0 program that was identified as a refund to customers in the July 2020 Utility 2.0 filing.

# LIPA CONSOLIDATED PROJECTED RESULTS 2020

- Revenue, net of Power Supply Costs, is **\$24.3M** higher than budget due to:
  - The **Storm Delivery Service Adjustment (DSA)** exceeding budget by approximately **\$54.1M, net of expected FEMA reimbursement.**
  - Offset by (i) \$13.6M deferral for Utility 2.0 project delays (ii) \$4.5M under budget from Debt DSA (iii) lower revenues of \$9.4M related to the suspension of: late payment charges, reconnection charges, service initiation fees and non-access fees (to assist customers impacted by COVID-19), and (iv) NYSA, Revenue PILOTS & T&D Property Tax refund of \$1.9 million.
- PSEG Long Island Managed Expenses are over budget by **\$288.4M** due to:
  - **Storm Restoration over budget by \$281.8M** due to Tropical Storm Isaias (Isaias) estimated at \$299.2M. Isaias was declared a FEMA event on October 2, 2020 and LIPA will be seeking FEMA reimbursement. Also, through September 2020 PSEG Long Island responded to sixteen storm events, four which required mutual aid assistance.
  - **Uncollectible Accounts is over budget \$7.7M** due to an increase in the uncollectible reserve to reflect impacts of COVID-19.

# LIPA CONSOLIDATED PROJECTED RESULTS 2020

- Utility Depreciation is under budget by **\$7M** due to fully depreciated Information Technology assets and delays in the completion of new IT assets lowering depreciation \$16M.
  - Offset by **Accelerated Depreciation of Conventional Meters by \$8.8M** due to earlier Smart Meter deployment.
- LIPA Operating Expenses are under budget by **\$6.5 million** due to a litigation insurance reimbursement, lower consulting expense, and lower legal expenses as result of delays stemming from COVID-19.
- Grant Income is favorable by **\$234 million** due to FEMA application for Isaias totaling \$224.4 million plus the anticipated FEMA reimbursements for Winter Storm Stella \$3.3 million and COVID-19 costs of \$4.2 million.

# PROJECTED CAPITAL EXPENDITURE RESULTS 2020

(\$ in thousands)	2020			
	Approved	Projected	\$ Var.	\$Var.
<b>Transmission and Distribution</b>				
Regulatory Driven	\$101,435	\$61,269	\$40,166	39.6%
Load Growth	\$225,520	\$219,949	\$5,571	2.5%
Reliability	\$163,186	\$171,272	(\$8,086)	-5.0%
Storm Hardening	\$37,000	\$61,568	(\$24,568)	-66.4%
Economic, Salvage, Tools, Equipment & Other	\$39,464	\$41,193	(\$1,729)	-4.4%
<b>Total Transmission and Distribution Projects</b>	<b>\$566,605</b>	<b>\$555,250</b>	<b>\$11,355</b>	<b>2.0%</b>
<b>Other PSEG Long Island Capital Expenditures</b>				
Information Technology	\$42,883	\$29,310	\$13,573	31.7%
Customer Operations	\$22,181	\$25,188	(\$3,007)	-13.6%
Other General Plant	\$13,027	\$7,087	\$5,940	45.6%
Fleet	\$8,875	\$8,875	\$0	0.0%
Utility 2.0 (Includes carry over)	\$76,537	\$73,056	\$3,481	4.5%
Budget Amendment to carry over projects	(\$27,668)	\$0	(\$27,668)	100.0%
<b>Total Other Capital Expenditures</b>	<b>\$135,835</b>	<b>\$143,515</b>	<b>(\$7,680)</b>	<b>-5.7%</b>
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$702,440</b>	<b>\$698,765</b>	<b>\$3,675</b>	<b>0.5%</b>
FEMA Storm Hardening	\$58,665	\$48,822	\$9,843	16.8%
Storm Capitalization	\$5,934	\$23,388	(\$17,454)	-294.1%
<b>Total PSEG Long Island Capital</b>	<b>\$767,038</b>	<b>\$770,975</b>	<b>(\$3,937)</b>	<b>-0.5%</b>
<b>Nine Mile Point 2</b>	<b>\$15,760</b>	<b>\$16,288</b>	<b>(\$528)</b>	<b>-3.3%</b>
<b>LIPA Capital Expenditures</b>	<b>\$6,650</b>	<b>\$3,651</b>	<b>\$2,999</b>	<b>45.1%</b>

# PROJECTED CAPITAL EXPENDITURE RESULTS 2020

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- T&D is under budget by **\$11.4M** primarily driven by; cost savings and re-estimation for Regulatory Driven projects, construction accelerated from 2020 to 2019 and lower contractor and equipment costs for Load Growth projects, partially offset by; accelerated construction and scope changes for Reliability, increased scope for Storm Hardening and increased scope for telephone pole transfers for Economic, Salvage, Tool, Equipment & Other.
- IT Projects are under budget by **\$13.6M** due to delays in project implementation as a result of Tropical Storm Isaias.
- Customer Services expenses are over budget by **\$3.0M** related to early completion of the Jones Beach Energy and Nature Center.

# PROJECTED CAPITAL EXPENDITURE RESULTS 2020

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- Other General Plant is under budget by **\$5.9M** 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 **\$9.8M** due to delays in IP Repeater construction and lower material costs.
- Capital Storm is over budget by **\$17.5M** primarily due to capitalization of Tropical Storm Isaias.

*Note: 2020 Carry over of \$27.6M is comprised of T&D of \$11.4M, IT \$13.5M, and Facilities \$2.7M*

# LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	<b>October 31, 2020</b> Days Cash	<b>September 30, 2020</b> Days Cash
<b>Operating liquidity</b>		
Cash and cash equivalents	\$848,335	\$843,362
OPEB account cash, cash equivalents & investments	422,381	420,482
PSEG Long Island working capital requirements	252,432	247,586
<b>Total operating liquidity</b>	<b>1,523,148</b> 186 days	<b>1,511,430</b> 185 days
<b>Available credit</b>		
General Revenue Notes - Revolving Credit Facility	198,000	198,000
General Revenue Notes - Commercial Paper	660,000	595,000
<b>Total available credit</b>	<b>858,000</b>	<b>793,000</b>
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$2,381,148</b> 291 days	<b>\$2,304,430</b> 282 days
<b>Restricted cash</b>		
FEMA grant proceeds	1,739	1,739
UDSA	230,716	189,849
<b>Total restricted cash</b>	<b>\$232,455</b>	<b>\$191,588</b>

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