



2020 Projected Financial Results

Finance and Audit Committee
December 16, 2020

LIPA CONSOLIDATED PROJECTED RESULTS 2020

(\$ in thousands)

	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$3,666,860	\$ 3,597,616	(\$69,244)	-1.9%
DSA Revenue	-	268,677	268,677	n/a
Total Revenues	3,666,860	3,866,293	199,432	5.4%
Power Supply Charge	1,845,571	1,804,611	40,960	2.2%
Revenue Net of Power Supply Charge	1,821,289	2,061,682	240,393	13.2%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses	611,251	600,535	10,715	1.8%
PSEG Long Island Managed Expenses	94,272	378,825	(284,553)	-301.8%
Utility Depreciation	285,066	282,506	2,560	0.9%
PILOTs	333,823	332,383	1,440	0.4%
LIPA Operating Expenses	87,956	80,757	7,199	8.2%
LIPA Depreciation and Amortization	137,701	136,892	810	0.6%
Interest Expense	364,461	361,288	3,174	0.9%
Total Expenses	1,914,531	2,173,185	(258,654)	-13.5%
Other Income and Deductions	57,617	52,720	(4,897)	-8.5%
Grant Income	39,156	44,721	5,565	14.2%
Total Non-Operating Revenue	96,773	97,441	668	0.7%
Change in Net Position	\$3,531	(\$14,063)	(\$17,594)	-498.2%
Coverage Ratio on LIPA Obligations	1.35x	1.31x	-.04x	

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 **\$240.4M** higher than budget due to:
 - The **Storm Delivery Service Adjustment (DSA)** exceeding budget by approximately **\$268.6M** primarily related to Tropical Storm Isaias (Isaias), of which approximately **\$224M** will be claimed for FEMA reimbursement and
 - Offset by (i) \$15.0M deferral for Utility 2.0 project delays (ii) \$4.5M under budget from Debt DSA (iii) lower revenues of \$11.7M 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 \$0.9 million.
- PSEG Long Island Managed Expenses are over budget by **\$284.5M** due to:
 - **Storm Restoration over budget by \$276.5M** due to Isaias estimated at \$298.4M. Isaias was declared a FEMA event on October 2, 2020 and LIPA will be seeking FEMA reimbursement. Also, through October 2020 PSEG Long Island responded to seventeen storm events, four which required mutual aid assistance.

LIPA CONSOLIDATED PROJECTED RESULTS 2020

- **Uncollectible Accounts** is over budget **\$9.1M** due to an increase in the uncollectible reserve to reflect impacts of **COVID-19**.
- Utility Depreciation is under budget by **\$2.6M** due to fully depreciated Information Technology assets and delays in the completion of IT and T&D assets lowering depreciation \$13.4M.
 - Offset by **Accelerated Depreciation of Conventional Meters by \$8.8M** due to earlier Smart Meter deployment and **\$1.9M capitalization of FEMA projects** ahead of schedule.
- LIPA Operating Expenses are under budget by \$7.2 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 \$5.5 million primarily due to the anticipated FEMA reimbursements for Winter Storm Stella of \$3.3 million.

PROJECTED CAPITAL EXPENDITURE RESULTS 2020

(\$ in thousands)

	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Transmission and Distribution				
Regulatory Driven	\$101,435	\$59,566	\$41,869	41.3%
Load Growth	225,520	217,860	7,661	3.4%
Reliability	163,186	171,215	(8,029)	-4.9%
Storm Hardening	37,000	61,568	(24,568)	-66.4%
Economic, Salvage, Tools, Equipment & Other	39,464	41,216	(1,752)	-4.4%
Total Transmission and Distribution Projects	\$566,605	\$551,425	\$15,180	2.7%
Other PSEG Long Island Capital Expenditures				
Information Technology	42,883	28,769	14,114	32.9%
Customer Operations	22,181	25,016	(2,835)	-12.8%
Other General Plant	13,027	7,624	5,403	41.5%
Fleet	8,875	8,777	98	1.1%
Utility 2.0 (Includes carry over)	76,537	72,487	4,050	5.3%
Budget Amendment to carry over projects	(27,668)	0	(27,668)	100.0%
Total Other Capital Expenditures	\$135,834	\$142,673	(\$6,839)	-5.0%
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$702,439	\$694,098	\$8,341	1.2%
FEMA Storm Hardening	58,665	46,256	12,409	21.2%
Storm Capitalization	5,934	21,509	(15,575)	-262.5%
Total PSEG Long Island Capital	\$767,038	\$761,862	\$5,175	0.7%
Nine Mile Point 2	\$15,760	\$14,066	\$1,694	10.8%
LIPA Capital Expenditures	\$6,650	\$3,651	\$2,999	45.1%

Note: Variance - favorable/(unfavorable)

PROJECTED CAPITAL EXPENDITURE RESULTS 2020

- T&D is under budget by **\$15.2M** 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 **\$14.1M** due to delays in project implementation as a result of Isaias.
- Customer Services expenses are over budget by **\$2.8M** related to early completion of the Jones Beach Energy and Nature Center.

PROJECTED CAPITAL EXPENDITURE RESULTS 2020

- Other General Plant is under budget by **\$5.4M** due to interior rehab projects deferred due to COVID-19 and finalization of re-occupancy plans.
- Utility 2.0 is under budget by **\$4.0M** primarily due to delays in the Rate Modernization and Energy Concierge program.
- FEMA is under budget by **\$12.4M** due to delays in IP Repeater construction and lower material costs.
- Capital Storm is over budget by **\$15.6M** 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

(\$ in thousands)

	November 30, 2020	Days Cash	October 31, 2020	Days Cash
Operating liquidity				
Cash and cash equivalents	\$780,341		\$848,335	
OPEB account cash, cash equivalents & investments	458,133		422,381	
PSEG Long Island working capital requirements	166,120		252,432	
Total operating liquidity	1,404,594	172 days	1,523,148	186 days
Available credit				
General Revenue Notes - Revolving Credit Facility	198,000		198,000	
General Revenue Notes - Commercial Paper	715,000		660,000	
Total available credit	913,000		858,000	
Total cash, cash equivalents, investments & available credit	\$2,317,594	284 days	\$2,381,148	291 days
Restricted cash				
FEMA grant proceeds	1,739		1,739	
UDSA	262,124		230,716	
Total restricted cash	\$263,863		\$232,455	

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