



# December 2020 Financial Results

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F&A Committee – February 2021

# LIPA CONSOLIDATED RESULTS – DECEMBER 2020

(\$ in thousands)	December Year to Date			
	Actual <sup>1</sup>	Budget <sup>2</sup>	\$Var.	%Var.
<b>Revenues</b>	<b>\$3,930,572</b>	<b>\$3,666,860</b>	<b>\$263,712</b>	<b>7.2%</b>
Power Supply Charge	1,813,110	1,845,571	32,461	1.8%
<b>Revenue Net of Power Supply Charge</b>	<b>\$2,117,462</b>	<b>\$1,821,289</b>	<b>\$296,173</b>	<b>16.3%</b>
<b>PSEG Long Island Operating &amp; Managed Expenses</b>				
PSEG Long Island Operating Expenses	591,899	611,251	19,352	3.2%
PSEG Long Island Managed Expenses	431,995	94,272	(337,723)	-358.2%
Utility Depreciation	284,322	285,066	744	0.3%
PILOTS	332,925	333,823	898	0.3%
LIPA Operating Expenses	80,031	87,956	7,925	9.0%
LIPA Depreciation and Amortization	136,655	137,701	1,046	0.8%
Interest Expense	358,934	364,461	5,528	1.5%
<b>Total Expenses</b>	<b>\$2,216,761</b>	<b>\$1,914,531</b>	<b>(\$302,230)</b>	<b>- 15.8%</b>
Other Income and Deductions	73,248	57,617	15,630	27.1%
Grant Income	44,871	39,156	5,715	14.6%
<b>Total Non-Operating Revenue</b>	<b>\$118,119</b>	<b>\$96,773</b>	<b>\$21,346</b>	<b>22.1%</b>
<b>Change in Net Position</b>	<b>\$18,820</b>	<b>\$3,531</b>	<b>\$15,289</b>	<b>433.0%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

<sup>2</sup> Reflects approved budget amendment of \$10.0M related to U2.0

# LIPA MANAGED EXPENSES & INCOME – DECEMBER 2020

(\$ in thousands)	December Year to Date			
	Actual <sup>1</sup>	Budget	\$ Var.	% Var.
<b>LIPA Expenses</b>				
LIPA Operating Expenses	\$80,031	\$87,956	\$7,925	9.0%
LIPA Depreciation and Amortization	111,641	112,687	1,046	0.9%
LIPA Deferred Amortized Expenses	25,014	25,014	-	0.0%
Interest Expense, other Interest Costs and Interest Amortizations	358,934	364,461	5,528	1.5%
<b>Total Expenses</b>	<b>\$575,620</b>	<b>\$590,119</b>	<b>\$14,499</b>	<b>2.5%</b>
Other Income and Deductions	50,257	31,914	18,343	57.5%
Grant Income	44,871	39,156	5,715	14.6%
<b>Total Income</b>	<b>\$95,128</b>	<b>\$71,070</b>	<b>\$24,058</b>	<b>33.9%</b>
<b>LIPA Capital</b>	<b>\$4,646</b>	<b>\$6,650</b>	<b>\$2,004</b>	<b>30.1%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- Total expenses are under budget by \$14.5M primarily due to lower consulting expenses totaling \$8M and lower interest costs of \$6M due primarily to lower interest rates and lower bond issuance costs
- Other income and deductions are favorable against budget by \$24.1M primarily due to \$20M in realized OPEB investment income and grant income recognized for 2017 Winter Storm Stella

# LIPA LIQUIDITY POSITION – DECEMBER 2020

## Liquidity Position

<i>(\$ in thousands)</i>	<b>December 31, 2020</b> Days Cash	<b>November 30, 2020</b> Days Cash
<b>Operating liquidity</b>		
Unrestricted cash and cash equivalents	727,408	780,341
OPEB account cash, cash equivalents & investments	475,365	458,133
PSEG Long Island Working Capital requirements	207,277	166,120
<b>Total operating liquidity</b>	<b>1,410,050</b> 173 days	<b>1,404,594</b> 172 days
<b>Available credit</b>		
General Revenue Notes - Revolving Credit Facility	198,000	198,000
General Revenue Commercial Paper	585,000	765,000
<b>Total available credit</b>	<b>783,000</b>	<b>963,000</b>
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$2,193,050</b> 268 days	<b>\$2,367,594</b> 290 days
<b>Restricted cash</b>		
FEMA - restricted	1,739	1,739
UDSA	128,834	262,124
<b>Total restricted cash</b>	<b>\$130,573</b>	<b>\$263,863</b>

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

# PSEG LONG ISLAND OPERATING EXPENSES – DECEMBER 2020

(\$ in thousands)

	December Year to Date			
	Actual <sup>1</sup>	Budget <sup>2</sup>	\$ Var.	% Var.
<b>PSEG Long Island Operating Expenses</b>				
Transmission & Distribution	\$203,033	\$188,280	(\$14,753)	-7.8%
Customer Services	124,156	130,497	\$6,341	4.9%
Business Services	161,523	172,317	\$10,794	6.3%
Power Markets	11,756	14,156	\$2,400	17.0%
Energy Efficiency & Renewable Energy	83,262	88,800	\$5,538	6.2%
Utility 2.0	8,168	17,200	\$9,031	52.5%
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$591,899</b>	<b>\$611,251</b>	<b>\$19,352</b>	<b>3.2%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

<sup>2</sup> Reflects approved budget amendment of \$10.0M related to U2.0

- Total expenses are under budget by \$19.4M primarily due to:
  - A shift of resources to storm restoration support for Tropical Storm Isaias (\$14.8M) offset by Transmission & Distribution Storm preparation cost for Hurricane Laura
  - Delay in projects, lower litigation claims, and timing of IT managed service costs between Business Services \$10.8M and Customer Service \$6.3M
  - Lower rebates resulting from COVID-19 commercial impact \$5.5M in Energy Efficiency
  - Delays related to COVID-19 impacting customer marketing communication, Energy Lab Program, outreach and load reducing initiatives \$9.0M in Utility 2.0

# PSEG LONG ISLAND MANAGED EXPENSES – DECEMBER 2020

*(\$ in thousands)*

	December Year to Date			
	Actual <sup>1</sup>	Budget	\$ Var.	% Var.
<b>PSEG Long Island Managed Expenses</b>				
Uncollectible Accounts	\$29,164	\$20,835	(\$8,329)	-40.0%
Storm Restoration	389,330	60,000	(\$329,330)	-548.9%
NYS Assessment	10,022	10,318	\$296	2.9%
Utility Depreciation	284,322	285,066	\$744	0.3%
PILOTs - Revenue-Based Taxes	37,391	35,351	(\$2,039)	-5.8%
PILOTs - Property-Based Taxes	295,534	298,472	\$2,937	1.0%
PSEGLI Managed - Misc	3,479	3,119	(\$360)	-11.5%
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$1,049,242</b>	<b>\$713,161</b>	<b>(\$336,081)</b>	<b>-47.1%</b>
<b>Other Income &amp; Deductions</b>	<b>\$22,991</b>	<b>\$25,703</b>	<b>(\$2,712)</b>	<b>-10.6%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- Uncollectible Accounts is over budget (\$8.3M) due to increased uncollectible reserves to reflect impacts of COVID-19
- Storm Restoration is over budget by (\$329.3M) primarily due to Tropical Storm Isaias

# PSEG LONG ISLAND REVENUE – DECEMBER 2020

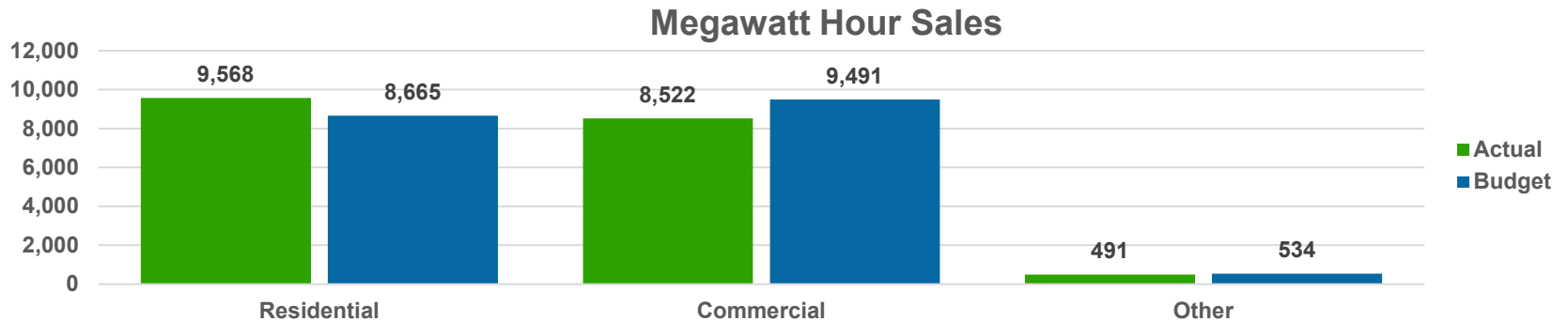
(\$ in thousands)

	December Year to Date			
	Actual <sup>1</sup>	Budget	\$ Var.	% Var.
<b>Revenues</b>	<b>\$3,930,572</b>	<b>\$3,666,860</b>	<b>\$263,712</b>	<b>7.2%</b>
<b>Power Supply Charge</b>	<b>\$1,813,110</b>	<b>\$1,845,571</b>	<b>\$32,461</b>	<b>1.8%</b>
<b>Revenue Net of Power Supply Costs</b>	<b>\$2,117,462</b>	<b>\$1,821,289</b>	<b>\$296,173</b>	<b>16.3%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- Revenue, net of PSC, is \$296.2M higher than budget due to Delivery Service Adjustment (DSA) resulting from Tropical Storm Isaias restoration costs; partially offset by lower miscellaneous revenue and deferral of U2.0.



- Sales of electricity were lower than budget by 101GWh or -0.6% primarily due to COVID-19 impacts. Commercial customer sales declined while residential sales increased due to the stay-at-home order

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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 12/31/20 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Two Way Radio System Replacement	\$42.1	2017	\$41.0	\$47.7	Dec-20***
Belmont New Substation	\$51.3	2017	\$22.0	\$36.1	Dec-20***
Hempstead: New Substation	\$33.2	2017	\$35.1	\$35.3	Dec-20***
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$15.2	\$53.0	Dec-21
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$95.7	\$106.3	Dec-20***
Kings Highway: New Substation	\$54.0	2017	\$50.9	\$55.1	Jul-20***
Bridgehampton to Buell: Transmission	\$46.1	2017	\$2.8	\$45.5	Jun-25
Riverhead to Canal: Transmission	\$191.5	2017	\$48.7	\$82.5	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$42.9	\$48.1	Jan-21
Navy Road New Substation	\$33.5	2017	\$22.4	\$31.7	Dec-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$1.9	\$50.8	Jun-22
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$2.9	\$33.0	Jun-23
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$78.2	Dec-24
Substation Security Expansion Project	\$52.9	2017	\$14.1	\$48.3	Dec-24
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-26
<b>Total</b>	<b>\$1,204.8</b>		<b>\$395.6</b>	<b>\$1,019.6</b>	

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

\*\* Revised estimate based on PSEG LI new estimating process.

\*\*\* Projects are completed and in-service



# CAPITAL EXPENDITURES – DECEMBER 2020

(\$ in thousands)

	December Year to Date			
	Actual <sup>1</sup>	Budget <sup>2</sup>	\$ Var.	% Var.
<b>Transmission and Distribution</b>				
Regulatory Driven	\$56,408	\$101,435	\$45,026	44.4%
Load Growth	215,648	225,520	9,872	4.4%
Reliability	170,361	163,186	(7,175)	-4.4%
Storm Hardening	54,097	37,000	(17,097)	-46.2%
Economic, Salvage, Tools, Equipment & Other	50,692	39,464	(11,228)	-28.5%
<b>Total Transmission and Distribution Projects</b>	<b>\$547,207</b>	<b>\$566,605</b>	<b>\$19,398</b>	<b>3.4%</b>
<b>Other PSEG Long Island Capital Expenditures</b>				
Information Technology Projects	31,353	42,883	11,530	26.9%
Customer Operations	25,225	22,181	(3,045)	-13.7%
Other General Plant Projects	3,793	13,027	9,234	70.9%
Fleet	8,708	8,875	167	1.9%
Utility 2.0 <sup>2</sup>	70,674	76,537	5,863	7.7%
<b>Total Expenses</b>	<b>\$139,753</b>	<b>\$163,502</b>	<b>\$23,749</b>	<b>14.5%</b>
<b>Budget Amendment Carryover<sup>2</sup></b>	<b>\$0</b>	<b>(\$27,668)</b>		
<b>Total PSEG Long Island Capital Expenditures (excl. FEMA)</b>	<b>\$686,960</b>	<b>\$702,439</b>	<b>\$15,478</b>	<b>2.2%</b>
FEMA	44,842	58,665	13,823	23.6%
Capital Storm	21,503	5,934	(15,569)	-262.4%
Management Fee	30,042	30,290	248	0.8%
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$783,347</b>	<b>\$797,327</b>	<b>\$13,980</b>	<b>1.8%</b>
<b>Nine Mile Point 2</b>	<b>\$14,066</b>	<b>\$15,760</b>	<b>\$1,694</b>	<b>10.8%</b>
<b>LIPA Capital</b>	<b>\$4,646</b>	<b>\$6,650</b>	<b>\$2,004</b>	<b>30.1%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

<sup>2</sup> Reflects approved budget amendment; 2020 Carry over of \$27.6M is comprised of T&D of \$11.4M, IT \$13.5M, and Facilities \$2.7M

- T&D under budget \$19.4M primarily driven by cost savings and re-estimation for Regulatory Driven projects offset by increased scopes for Storm Hardening and telephone pole transfers
- IT under budget due to delays in project implementation \$11.5M
- Other General Plant under budget due to interior rehab projects deferred due to COVID-19 and finalization of re-occupancy plans \$9.2M
- FEMA under budget due to delays for IP Repeater construction and lower material costs \$13.8M
- Capital Storm over budget due to capitalization of Tropical Storm Isaias (\$15.6M)

# FINANCIAL GOVERNANCE

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## **Prompt Payment Report:**

- Monitors policies around LIPA's payment practices; monitored by finance monthly; reported to NYS PARIS annually
  - No changes to report to the Policy

## **Interest Rate Exchange Agreements:**

- Monitors interest rate derivative agreements; reported quarterly
  - No changes to report to the Policy