



# April 2021 Financial Results

---

F&A Committee – May 2021

# LIPA CONSOLIDATED RESULTS – APRIL 2021

<i>(\$ in thousands)</i>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>Revenues</b>	<b>\$1,077,332</b>	<b>\$994,688</b>	<b>\$82,643</b>	<b>8.3%</b>	<b>\$3,661,987</b>
Power Supply Charge	585,727	517,888	(67,839)	-13.1%	1,776,149
<b>Revenue Net of Power Supply Charge</b>	<b>\$491,605</b>	<b>\$476,801</b>	<b>\$14,804</b>	<b>3.1%</b>	<b>\$1,885,837</b>
<b>PSEG Long Island Operating and Managed Expenses</b>					
PSEG Long Island Operating Expenses	172,162	181,322	9,160	5.1%	550,976
PSEG Long Island Managed Expenses	69,806	59,963	(9,843)	-16.4%	186,685
Utility Depreciation	92,630	92,161	(469)	-0.5%	290,151
PILOTs	111,852	110,812	(1,040)	-0.9%	339,496
LIPA Operating Expenses	27,674	29,487	1,813	6.1%	92,275
LIPA Depreciation and Amortization	45,875	45,830	(45)	-0.1%	137,489
Interest Expense	126,400	113,614	(12,786)	-11.3%	345,834
<b>Total Expenses</b>	<b>\$646,400</b>	<b>\$633,189</b>	<b>(\$13,210)</b>	<b>-2.1%</b>	<b>\$1,942,907</b>
Other Income and Deductions	33,636	11,895	21,741	182.8%	44,062
Grant Income	11,080	11,935	(856)	-7.2%	42,041
<b>Total Non-Operating Revenue</b>	<b>\$44,716</b>	<b>\$23,830</b>	<b>\$20,886</b>	<b>87.6%</b>	<b>\$86,103</b>
<b>Change in Net Position</b>	<b>(\$110,079)</b>	<b>(\$132,559)</b>	<b>\$22,480</b>	<b>-17.0%</b>	<b>\$29,033</b>

Note: Variance - favorable/(unfavorable)

# LIPA MANAGED EXPENSES & INCOME – APRIL 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>LIPA Expenses</b>					
LIPA Operating Expenses	\$27,674	\$29,487	\$1,813	6.1%	\$92,275
LIPA Depreciation and Amortization	37,537	37,492	(45)	-0.1%	112,475
LIPA Deferred Amortized Expenses	8,338	8,338	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	126,400	113,614	(12,786)	-11.3%	345,834
<b>Total Expenses</b>	<b>\$199,949</b>	<b>\$188,931</b>	<b>(\$11,018)</b>	<b>-5.8%</b>	<b>\$575,599</b>
Other Income and Deductions	25,639	4,367	21,272	487.1%	22,443
Grant Income	11,080	11,935	(856)	-7.2%	42,041
<b>Total Income</b>	<b>\$36,718</b>	<b>\$16,302</b>	<b>\$20,416</b>	<b>125.2%</b>	<b>\$64,484</b>
<b>LIPA Capital</b>	<b>\$850</b>	<b>\$1,083</b>	<b>\$233</b>	<b>21.5%</b>	<b>\$6,500</b>

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is under budget by \$1.8M due to timing on consulting expenses compared to budget trend
- Interest expense is over budget (\$12.8M) due to the elimination of the upfront premium amortization resulting from the basis swap terminations
- Other income and deductions are over budget \$21.3M due to the recognition of a non-cash gain recognized on the termination of the basis swaps

# LIPA LIQUIDITY POSITION – APRIL 2021

<i>(\$ in thousands)</i>	April 30, 2021	Days Cash	March 31, 2021	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash, cash equivalents, and investments	\$622,692		\$647,819	
OPEB Account cash, cash equivalents, and investments	520,421		504,008	
PSEG Long Island working capital requirements	248,937		261,812	
<b>Total operating liquidity</b>	<b>1,392,050</b>	<b>173</b>	<b>1,413,639</b>	<b>175</b>
<b>Available credit</b>				
General revenue notes – Revolving Credit Facility	198,000		198,000	
General revenue notes – Commercial Paper	476,000		420,000	
<b>Total available credit</b>	<b>674,000</b>		<b>618,000</b>	
<b>Total cash, cash equivalents, investments, and available credit</b>	<b>\$2,066,050</b>	<b>256</b>	<b>\$2,031,639</b>	<b>252</b>
<b>Restricted cash, cash equivalents and investments</b>				
FEMA Grant Proceeds	1,739		1,739	
UDSA	245,958		217,023	
<b>Total restricted cash, cash and cash equivalents, and investments</b>	<b>\$247,697</b>		<b>\$218,762</b>	

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

# PSEG LONG ISLAND OPERATING EXPENSES – APRIL 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>PSEG Long Island Operating Expenses</b>					
Transmission & Distribution	\$56,285	\$56,543	\$258	0.5%	\$169,871
Customer Services	30,657	32,595	1,938	5.9%	99,403
Business Services	51,082	52,032	950	1.8%	157,295
Power Markets	3,336	4,282	946	22.1%	12,956
Energy Efficiency & Renewable Energy	27,706	30,317	2,611	8.6%	87,243
Utility 2.0	3,096	5,553	2,456	44.2%	24,208
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$172,162</b>	<b>\$181,322</b>	<b>\$9,160</b>	<b>5.1%</b>	<b>\$550,976</b>

Note: Variance - favorable/(unfavorable)

FY Budget for Customer Services and Business Services expenses include \$11,452 of Utility 2.0 Savings

- Total expenses are under budget by \$9.2M primarily due to:
  - Customer Service is under budget by \$1.9M due to vacancies and work shifted to capital projects to support accelerated smart meter project
  - Business Services is under budget by \$1.0M due to lower FTEs and claims offset by higher contractor expense related to storm remediation
  - Power Markets is under budget \$1.0M due to delay in issuing the RFP for consulting services for the IRP coupled with partial refund of a deposit for the NNC cable study
  - Energy Efficiency is under budget by \$2.6M due to rebates paid; however, high rebate efficiency allowed YTD goals to be exceeded
  - Utility 2.0 is under budget by \$2.5M due to project delays as a result of COVID-19 impacting Rate Modernization, Next Gen and Energy Concierge

# PSEG LONG ISLAND MANAGED EXPENSES – APRIL 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>PSEG Long Island Managed Expenses</b>					
Uncollectible Accounts	\$17,321	\$8,558	(\$8,764)	-102.4%	\$30,362
Storm Restoration	26,282	23,324	(2,958)	-12.7%	70,000
NYS Assessment	2,700	2,960	260	8.8%	10,937
Utility Depreciation	92,630	92,161	(469)	-0.5%	290,151
Pension & OPEB Expense	22,457	24,093	1,635	6.8%	72,610
PILOTs - Revenue-Based Taxes	10,918	9,893	(1,026)	-10.4%	36,694
PILOTs - Property-Based Taxes	100,934	100,919	(15)	0.0%	302,802
PSEGLI Managed - Misc	1,046	1,029	(17)	-1.7%	2,775
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$274,289</b>	<b>\$262,936</b>	<b>(\$11,352)</b>	<b>-4.3%</b>	<b>\$816,332</b>
<b>Other Income &amp; Deductions</b>	<b>\$7,980</b>	<b>\$7,524</b>	<b>\$456</b>	<b>6.1%</b>	<b>\$21,608</b>

Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget (\$8.8M) due to increased uncollectible reserves to reflect impacts of COVID-19
- Storm Restoration is over budget by (\$3.0M) due to restoration costs related to two storms, one of which required mutual aid assistance

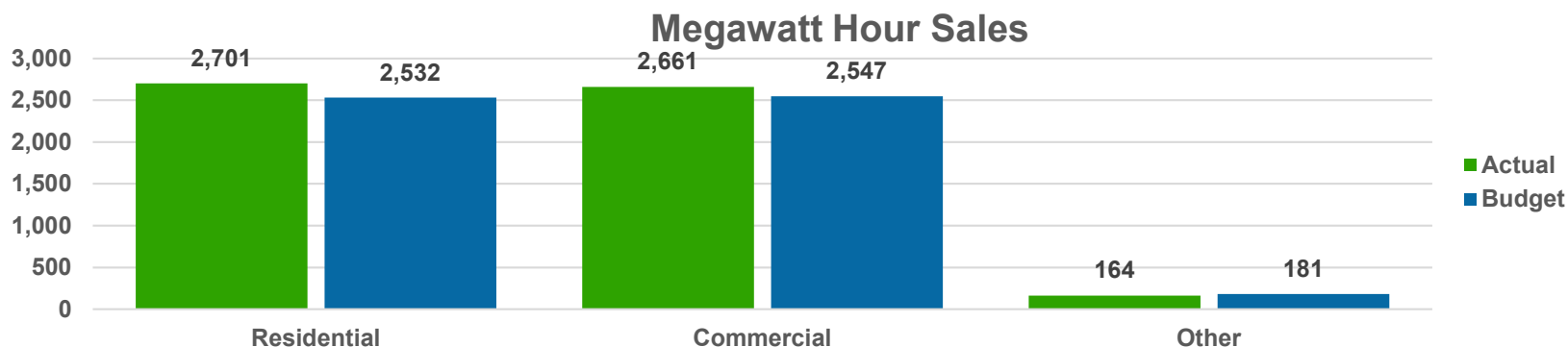
# PSEG LONG ISLAND REVENUE – APRIL 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
<b>Revenues</b>	<b>\$1,077,332</b>	<b>\$994,688</b>	<b>\$82,643</b>	<b>8.3%</b>	<b>\$3,661,987</b>
<b>Power Supply Charge</b>	<b>\$585,727</b>	<b>\$517,888</b>	<b>(\$67,839)</b>	<b>-13.1%</b>	<b>\$1,776,149</b>
<b>Revenue Net of Power Supply Costs</b>	<b>\$491,605</b>	<b>\$476,801</b>	<b>\$14,804</b>	<b>3.1%</b>	<b>\$1,885,837</b>

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is \$14.8M higher than budget primarily driven by:
  - Delivery Service Adjustment (DSA) of \$18.1M due to higher bad debt expense of \$8.8M resulting from increased arrears coupled with \$8.0M related to the debt service portion of the DSA as a result of the swap termination payments.



- Sales of electricity are higher than budget by 265GWh or 5.1% primarily due to positive COVID-19 impacts and reopening of businesses in territory.

# CAPITAL EXPENDITURES – APRIL 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>Transmission and Distribution</b>					
Regulatory Driven	\$720	\$3,276	\$2,557	78.0%	\$6,000
Load Growth	66,490	79,454	12,963	16.3%	214,349
Reliability	61,051	70,974	9,924	14.0%	196,212
Storm Hardening	30,176	26,457	(3,719)	-14.1%	70,000
Economic, Salvage, Tools, Equipment & Other	2,823	13,836	11,014	79.6%	27,867
<b>Total Transmission and Distribution Projects</b>	<b>\$161,259</b>	<b>\$193,997</b>	<b>\$32,738</b>	<b>16.9%</b>	<b>\$514,429</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	17,660	9,048	(8,611)	-95.2%	49,647
Customer Operations	3,561	5,727	2,166	37.8%	17,282
Other General Plant Projects	1,214	1,840	625	34.0%	11,517
Fleet	10	-	(10)	0.0%	9,719
Utility 2.0	24,956	30,660	5,704	18.6%	95,739
<b>Total Expenses</b>	<b>\$47,401</b>	<b>\$47,276</b>	<b>(\$125)</b>	<b>-0.3%</b>	<b>\$183,904</b>
<b>Total PSEG Long Island Capital Expenditures (excl. FEMA)</b>	<b>\$208,661</b>	<b>\$241,273</b>	<b>\$32,612</b>	<b>13.5%</b>	<b>\$698,332</b>
FEMA	8,569	11,270	2,701	24.0%	24,414
Capital Storm Management Fee	3,708	1,489	(2,219)	-149.0%	4,468
	10,970	10,336	(634)	-6.1%	31,007
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$231,908</b>	<b>\$264,368</b>	<b>\$32,460</b>	<b>12.3%</b>	<b>\$758,222</b>
<b>Nine Mile Point 2</b>	<b>\$707</b>	<b>\$2,296</b>	<b>\$1,589</b>	<b>69.2%</b>	<b>\$6,910</b>
<b>LIPA Capital</b>	<b>\$850</b>	<b>\$1,083</b>	<b>\$233</b>	<b>21.5%</b>	<b>\$6,500</b>

- T&D is under budget by \$32.7M primarily driven by budgeted work for 2021 being completed in 2020 coupled with the delay of LIRR reimbursements partially offset by increased scope for Storm Hardening
- IT is over budget (\$8.6M) due to Isaias storm remediation projects
- Customer Operations is under budget by \$2.2M due to focus being shifted to Smart Meter projects and reductions in program demands for Dusk till Dawn.
- Utility 2.0 is under budget by \$5.7M primarily due to the Grid Storage RFP bids came in higher than planned coupled with Rate Modernization delays.
- FEMA is under budget \$2.7M due to delays with IP Repeater Construction which is still on task to be completed by the end of 2021

Note: Variance - favorable/(unfavorable)



# PSEG LONG ISLAND MAJOR CAPITAL EXPENDITURES – OVER \$25M (TOTAL PROJECT COST) – APRIL 2021

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 4/30/21 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Two Way Radio System Replacement	\$42.1	2017	\$41.2	\$47.7	Dec-20***
Belmont New Substation	\$51.3	2017	\$22.9	\$36.1	Dec-20***
Hempstead: New Substation	\$33.2	2017	\$35.3	\$35.3	Dec-20***
Round Swamp Substation	\$20.5	2018	\$6.2	\$29.2	Jun-22
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$18.0	\$53.0	Dec-21
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$96.4	\$106.3	Dec-20***
Kings Highway: New Substation	\$54.0	2017	\$51.0	\$55.1	Jul-20***
Bridgehampton to Buell: Transmission	\$46.1	2017	\$3.0	\$45.5	Jun-25
Riverhead to Canal: Transmission	\$191.5	2017	\$61.0	\$82.5	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$43.4	\$48.1	Jan-21***
Navy Road New Substation	\$33.5	2017	\$24.3	\$31.7	Dec-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.2	\$50.8	Jun-22
Far Rockaway 33-309 Reconductoring	\$31.2	2020	\$0.8	\$31.2	Jun-22
East Garden City: Switchgear replacement	\$28.6	2020	\$0.0	\$28.6	Dec-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$5.3	\$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	\$14.5	\$48.3	Dec-24
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-26
Southampton Install new 138kV cable to Deerfield	\$115.8	2020	\$0.0	\$115.8	Jun-27
<b>Total</b>	<b>\$1,400.9</b>		<b>\$425.6</b>	<b>\$1,224.4</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

# BASIS OF SWAP TERMINATION UPDATE – APRIL 2021

- LIPA entered into 3 basis swaps in 2004 which had upfront premiums as follows:

<u>Derivative</u>	<u>Effective date</u>	<u>Upfront cash payment</u>	<u>Termination fee</u>	<u>Non-cash Gain Recognized</u>
Basis swap-A	7/1/2004	\$ 17,500	2,913	\$ 8,404
Basis swap-B	7/1/2004	8,750	1,350	4,284
Basis swap-C	7/1/2004	8,750	1,426	4,208
		<u>\$ 35,000</u>	<u>5,689</u>	<u>\$ 16,896</u>

- Due to current market conditions, termination cost totaling \$5.7 million was at a historical low cost
- Terminating swaps eliminated future cash flow risk and interest rate volatility
- LIPA paid approximately \$5.7 million in termination payments, however the total cash flows since 2004, discounted at 4%, provided a total economic benefit to LIPA of approximately \$30 million
- LIPA had unamortized balances of the upfront premium resulting in a non-cash book gain of approximately \$16.9 million at termination