



June 2021 Financial Results

F&A Committee – August 2021

LIPA CONSOLIDATED RESULTS – JUNE 2021

<i>(\$ in thousands)</i>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Revenues	\$1,725,423	\$1,623,068	\$102,356	6.3%	\$3,661,987
Power Supply Charge	914,173	813,904	(100,269)	-12.3%	1,776,149
Revenue Net of Power Supply Charge	\$811,250	\$809,163	\$2,086	0.3%	\$1,885,837
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	267,669	274,157	6,488	2.4%	550,976
PSEG Long Island Managed Expenses	91,625	90,645	(980)	-1.1%	186,685
Utility Depreciation	142,183	140,015	(2,168)	-1.5%	290,151
PILOTs	165,057	167,483	2,425	1.4%	339,496
LIPA Operating Expenses	39,028	44,298	5,271	11.9%	92,275
LIPA Depreciation and Amortization	68,834	68,745	(89)	-0.1%	137,489
Interest Expense	181,663	170,049	(11,613)	-6.8%	345,834
Total Expenses	\$956,058	\$955,392	(\$666)	-0.1%	\$1,942,907
Other Income and Deductions	45,440	17,732	27,708	156.3%	44,062
Grant Income	19,538	20,699	(1,161)	-5.6%	42,041
Total Non-Operating Revenue	\$64,978	\$38,430	\$26,547	69.1%	\$86,103
Change in Net Position	(\$79,831)	(\$107,798)	\$27,967	25.9%	\$29,033

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – JUNE 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Expenses					
LIPA Operating Expenses	\$39,028	\$44,298	\$5,271	11.9%	\$92,275
LIPA Depreciation and Amortization	56,327	56,238	(89)	-0.2%	112,475
LIPA Deferred Amortized Expenses	12,507	12,507	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	181,663	170,049	(11,613)	-6.8%	345,834
Total Expenses	\$289,524	\$283,092	(\$6,432)	-2.3%	\$575,599
Other Income and Deductions	34,118	6,573	27,545	419.1%	22,443
Grant Income	19,538	20,699	(1,161)	-5.6%	42,041
Total Income	\$53,656	\$27,271	\$26,385	96.7%	\$64,484
LIPA Capital	\$528	\$1,083	\$555	51.2%	\$6,500

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is under budget by \$5.3M primarily due to the higher allocation of the PSEG Long Island management fee to capital projects thereby resulting in lower operational expense allocation. Also contributing to the increase was the PSEG Long Island reimbursement to LIPA for incurred legal costs in accordance with the A&R OSA.
- Interest expense is over budget (\$11.6M) primarily due to the basis swap termination payments combined with a non-cash unbudgeted amortization.
- Other income and deductions is over budget \$27.5M primarily due to the recognition of the non-cash gain recognized on the termination of the basis swaps coupled with favorable market to market adjustments.

LIPA LIQUIDITY POSITION – JUNE 2021

<i>(\$ in thousands)</i>	June 30, 2021	Days Cash	May 31, 2021	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 564,055		\$ 543,654	
OPEB Account cash, cash equivalents, and investments	541,800		526,421	
PSEG Long Island working capital requirements	231,551		283,110	
Total operating liquidity	1,337,406	166	1,353,185	168
Available credit				
General revenue notes – Revolving Credit Facility	198,000		198,000	
General revenue notes – Commercial Paper	420,000		425,000	
Total available credit	618,000		623,000	
Total cash, cash equivalents, investments, and available credit	\$ 1,955,406	242	\$ 1,976,185	245
Restricted cash, cash equivalents and investments				
FEMA Grant Proceeds	1,740		1,739	
UDSA	112,159		271,846	
Total restricted cash, cash and cash equivalents, and investments	\$ 113,899		\$ 273,585	

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

PSEG LONG ISLAND OPERATING EXPENSES – JUNE 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
PSEG Long Island Operating Expenses					
Transmission & Distribution	\$90,120	\$86,879	(\$3,241)	-3.7%	\$169,871
Customer Services	47,454	48,595	1,141	2.3%	99,403
Business Services	79,293	78,437	(857)	-1.1%	157,295
Power Markets	5,001	6,459	1,458	22.6%	12,956
Energy Efficiency & Renewable Energy	41,058	45,097	4,039	9.0%	87,243
Utility 2.0	4,743	8,690	3,947	45.4%	24,208
Total PSEG Long Island Operating Expenses	\$267,669	\$274,157	\$6,488	2.4%	\$550,976

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 \$6.5M primarily due to:
 - T&D is over budget by (\$3.2M) due to Veg Management - Storm Hardening and Customer Work, accelerated Pole Inspections and Weather Support
 - Customer Service is under budget by \$1.1M due to vacancies and work shifted to capital projects to support the accelerated smart meter project
 - Power Markets is under budget \$1.5M 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 \$4.0M due to rebates paid; however, high rebate efficiency allowed YTD goals to be exceeded
 - Utility 2.0 is under budget by \$3.9M due to project delays as a result of COVID-19 impacting Rate Modernization, Energy Concierge and Customer Experience and hiring delays in AMI Data Analytics

PSEG LONG ISLAND MANAGED EXPENSES – JUNE 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
PSEG Long Island Managed Expenses					
Uncollectible Accounts	\$26,160	\$13,023	(\$13,137)	-100.9%	\$30,362
Storm Restoration	25,729	35,069	9,341	26.6%	70,000
NYS Assessment	4,465	4,837	371	7.7%	10,937
Utility Depreciation	142,183	140,015	(2,168)	-1.5%	290,151
Pension & OPEB Expense	33,758	36,259	2,500	6.9%	72,610
PILOTs - Revenue-Based Taxes	16,471	16,104	(368)	-2.3%	36,694
PILOTs - Property-Based Taxes	148,586	151,379	2,793	1.8%	302,802
PSEGLI Managed - Misc	1,513	1,457	(56)	-3.8%	2,775
Total PSEG Long Island Managed Expenses	\$398,865	\$398,142	(\$723)	-0.2%	\$816,332
Other Income & Deductions	\$11,294	\$11,153	\$141	1.3%	\$21,608

Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget (\$13.1M) due to increased uncollectible reserves to reflect impacts of COVID-19
- Storm Restoration is under budget by \$9.3M due to lower restoration costs as PSEG Long Island responded to three storms in 2021. As a point of reference, through June 2020 PSEG Long Island responded to six storms.

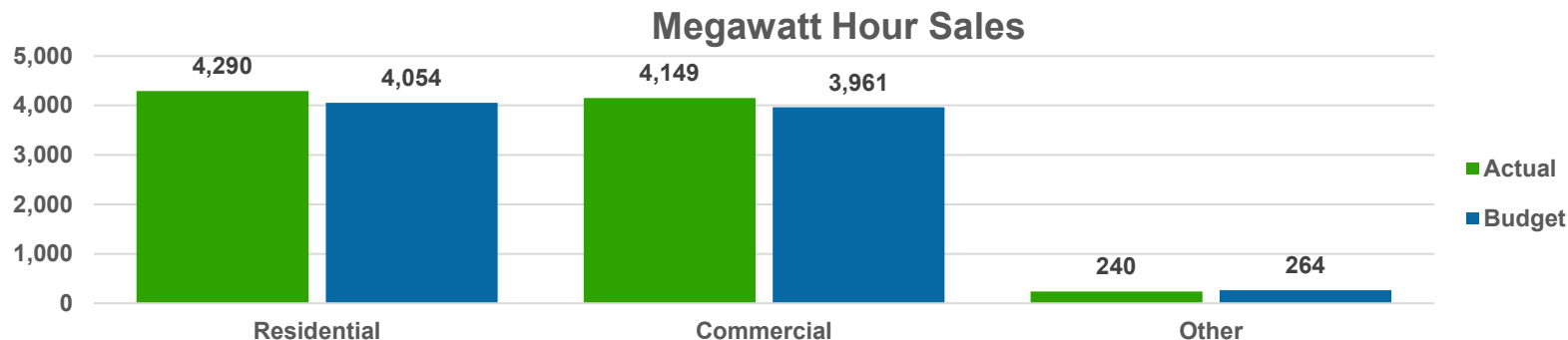
PSEG LONG ISLAND REVENUE – JUNE 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$1,725,423	\$1,623,068	\$102,356	6.3%	\$3,661,987
Power Supply Charge	\$914,173	\$813,904	(\$100,269)	-12.3%	\$1,776,149
Revenue Net of Power Supply Costs	<u>\$811,250</u>	<u>\$809,163</u>	<u>\$2,086</u>	<u>0.3%</u>	<u>\$1,885,837</u>

Note: Variance - favorable/(unfavorable)

- Revenue, net of Power Supply Charges, is \$2.1M higher than budget primarily driven by:
 - Delivery Service Adjustment (DSA) of \$9.6M is due to higher bad debt expense of \$13.1M, resulting from increased arrears, combined with debt service impact of \$8.3M. These increases were offset by lower than budgeted Storm expense of \$9.3M and Pensions/OPEB expense of \$2.5M.
 - Lower miscellaneous revenue \$5.4M due to the suspension of late payment charges, reconnection charges, service initiation fees and non-access fees (to assist customers impacted by COVID-19) and \$2.1M of other items.



- Sales of electricity are higher than budget by 401GWh or 4.8% primarily due to positive COVID-19 impacts and reopening of businesses in territory.

CAPITAL EXPENDITURES – JUNE 2021

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
Transmission and Distribution					
Regulatory Driven	\$914	\$4,996	\$4,082	81.7%	\$6,000
Load Growth	99,494	108,649	9,156	8.4%	214,349
Reliability	99,011	102,235	3,224	3.2%	196,212
Storm Hardening	46,124	39,648	(6,476)	-16.3%	70,000
Economic, Salvage, Tools, Equipment & Other	6,623	16,896	10,273	60.8%	27,867
Total Transmission and Distribution Projects	\$252,165	\$272,424	\$20,259	7.4%	\$514,429
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	27,344	17,647	(9,696)	-54.9%	49,647
Customer Operations	6,156	8,615	2,460	28.6%	17,282
Other General Plant Projects	2,072	2,591	519	20.0%	11,517
Fleet	10	-	(10)	0.0%	9,719
Utility 2.0	41,991	44,079	2,087	4.7%	95,739
Total Expenses	\$77,572	\$72,932	(\$4,640)	-6.4%	\$183,904
Total PSEG Long Island Capital Expenditures (excl. FEMA)	\$329,737	\$345,356	\$15,619	4.5%	\$698,332
FEMA	12,478	15,397	2,919	19.0%	24,414
Capital Storm Management Fee	3,544	2,234	(1,310)	-58.6%	4,468
	17,425	15,504	(1,921)	-12.4%	31,007
Total PSEG Long Island Capital Expenditures	\$363,184	\$378,491	\$15,307	4.0%	\$758,222
Nine Mile Point 2	\$935	\$3,445	\$2,510	72.8%	\$6,910
LIPA Capital	\$528	\$1,083	\$555	51.2%	\$6,500

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$20.3M due to timing of scheduled work, lower construction bids than estimated, and LIRR reimbursement paid in 2021, partially offset by increased scope for Storm Hardening
- IT is over budget (\$9.7M) due to Isaias storm remediation projects
- Customer Operations is under budget by \$2.5M 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 \$2.1M primarily due to the Grid Storage RFP bids came in higher than planned, COVID-19 project delays and Conservation Voltage Reduction project deferment
- FEMA is under budget \$2.9M due to delays with IP Repeater Construction which is still on schedule to be completed by the end of 2021

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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 6/30/21 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Two Way Radio System Replacement	\$42.1	2017	\$42.9	\$47.7	Dec-20***
Belmont New Substation	\$51.3	2017	\$23.7	\$36.1	Dec-20***
Hempstead: New Substation	\$33.2	2017	\$35.3	\$35.3	Dec-20***
Round Swamp Substation	\$20.5	2018	\$7.8	\$29.2	Jun-22
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$23.3	\$53.0	Dec-21
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$96.6	\$106.3	Dec-20***
Kings Highway: New Substation	\$54.0	2017	\$51.1	\$55.1	Jul-20***
Bridgehampton to Buell: Transmission	\$46.1	2017	\$3.1	\$45.5	Jun-25
Riverhead to Canal: Transmission	\$191.5	2017	\$63.3	\$82.5	Jun-21***
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$43.5	\$48.1	Jan-21***
Navy Road New Substation	\$33.5	2017	\$25.1	\$31.7	Dec-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.3	\$50.8	Jun-22
Far Rockaway 33-309 Reconductoring	\$31.2	2020	\$1.0	\$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	\$5.6	\$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	\$14.9	\$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	\$142.4	2021	\$0.0	\$142.4	Jun-27
Total	\$1,427.5		\$439.5	\$1,251.0	

*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

PSEG LONG ISLAND EXPENDITURES FOR IT REPAIRS

PSEG LONG ISLAND EXPENDITURES (O&M + CAPITAL)

AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
\$998	\$142,289	\$699,099	\$153,313	\$913,032	\$1,178,198	\$3,171,300	\$3,447,246	\$2,328,068	\$2,253,036	\$698,264	\$14,984,843

- Per Trustee Cohen's request, PSEG Long Island has included expenditures for outage management system repairs over the last year
- PSEG Long Island is currently operating CGI OMS v5.5. An upgrade to OMS v6.7 will be complete later this year