



September 2021 Financial Results

F&A Committee – October 2021

LIPA CONSOLIDATED RESULTS – SEPTEMBER 2021

<i>(\$ in thousands)</i>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Revenues	\$3,189,512	\$2,919,236	\$270,276	9.3%	\$3,661,987
Power Supply Charge	1,584,634	1,391,592	(193,042)	-13.9%	1,776,149
Revenue Net of Power Supply Charge	\$1,604,878	\$1,527,645	\$77,234	5.1%	\$1,885,837
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	407,829	415,356	7,527	1.8%	550,976
PSEG Long Island Managed Expenses	215,403	141,831	(73,572)	-51.9%	186,685
Utility Depreciation	217,830	214,217	(3,612)	-1.7%	290,151
PILOTs	253,960	256,379	2,419	0.9%	339,496
LIPA Operating Expenses	61,393	67,425	6,032	8.9%	92,275
LIPA Depreciation and Amortization	103,294	103,117	(177)	-0.2%	137,489
Interest Expense	270,744	258,691	(12,053)	-4.7%	345,834
Total Expenses	\$1,530,453	\$1,457,017	(\$73,436)	-5.0%	\$1,942,907
Other Income and Deductions	54,872	26,596	28,276	106.3%	44,062
Grant Income	32,962	31,356	1,606	5.1%	42,041
Total Non-Operating Revenue	\$87,835	\$57,952	\$29,883	51.6%	\$86,103
Change in Net Position	\$162,260	\$128,580	\$33,680	26.2%	\$29,033

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – SEPTEMBER 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Expenses					
LIPA Operating Expenses	\$61,393	\$67,425	\$6,032	8.9%	\$92,275
LIPA Depreciation and Amortization	84,533	84,356	(177)	-0.2%	112,475
LIPA Deferred Amortized Expenses	18,761	18,761	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	270,744	258,691	(12,053)	-4.7%	345,834
Total Expenses	\$435,431	\$429,234	(\$6,197)	-1.4%	\$575,599
Other Income and Deductions	38,662	10,196	28,466	279.2%	22,443
Grant Income	32,962	31,356	1,606	5.1%	42,041
Total Income	\$71,625	\$41,552	\$30,073	72.4%	\$64,484
LIPA Capital	\$1,184	\$4,875	\$3,691	75.7%	\$6,500

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is under budget by \$6.0M primarily due to the lower allocation of the PSEG Long Island management fee between capital and O&M, lower consulting spend and the PSEG Long Island reimbursement to LIPA for incurred legal costs in accordance with the A&R OSA.
- Interest expense is over budget (\$12.1M) primarily due to the basis swap termination payments combined with a non-cash unbudgeted amortization.
- Other income and deductions is over budget \$28.5M 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 – SEPTEMBER 2021

<i>(\$ in thousands)</i>	September 30, 2021	Days Cash	August 31, 2021	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 861,475		\$ 444,129	
OPEB Account cash, cash equivalents, and investments	548,162		556,048	
PSEG Long Island working capital requirements	243,289		238,097	
Total operating liquidity	1,652,926	205	1,238,274	154
Available credit				
General revenue notes – Revolving Credit Facility	198,000		198,000	
General revenue notes – Commercial Paper	657,500		595,000	
Total available credit	855,500		793,000	
Total cash, cash equivalents, investments, and available credit	\$ 2,508,426	311	\$ 2,031,274	252
Restricted cash, cash equivalents and investments				
FEMA Grant Proceeds	1,740		1,740	
UDSA	206,649		168,902	
Total restricted cash, cash and cash equivalents, and investments	\$ 208,389		\$ 170,642	

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

PSEG LONG ISLAND OPERATING EXPENSES – SEPTEMBER 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	\$141,677	\$130,907	(\$10,770)	-8.2%	\$169,871
Customer Services	71,585	74,225	2,640	3.6%	99,403
Business Services	118,393	117,985	(408)	-0.3%	157,295
Power Markets	8,017	9,699	1,682	17.3%	12,956
Energy Efficiency & Renewable Energy	59,119	66,737	7,618	11.4%	87,243
Utility 2.0	9,037	15,802	6,765	42.8%	24,208
Total PSEG Long Island Operating Expenses	\$407,829	\$415,356	\$7,527	1.8%	\$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 \$7.5M primarily due to:
 - T&D is over budget by (\$10.8M) due primarily to storm support, which did not meet the reimbursable storm threshold and the Storm Hardening Project
 - Customer Service is under budget by \$2.6M due to vacancies and work shifted to capital projects to support the accelerated smart meter project
 - Power Markets is under budget \$1.7M due to the delay in consulting services for the IRP coupled with lower than projected outside services cost
 - Energy Efficiency is under budget by \$7.6M due to lower rebates paid; however, high rebate efficiency allowed YTD goals to be exceeded
 - Utility 2.0 is under budget by \$6.8M due to project delays related to Rate Modernization and Energy Concierge, and discontinuance of LIPA owned EV Make Ready

PSEG LONG ISLAND MANAGED EXPENSES – SEPTEMBER 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	\$24,961	\$23,907	(\$1,054)	-4.4%	\$30,362
Storm Restoration	130,207	52,583	(77,624)	-147.6%	70,000
NYS Assessment	7,998	8,725	727	8.3%	10,937
Utility Depreciation	217,830	214,217	(3,612)	-1.7%	290,151
Pension & OPEB Expense	50,047	54,506	4,459	8.2%	72,610
PILOTs - Revenue-Based Taxes	30,232	29,311	(921)	-3.1%	36,694
PILOTs - Property-Based Taxes	223,729	227,068	3,339	1.5%	302,802
PSEGLI Managed - Misc	2,190	2,110	(80)	-3.8%	2,775
Total PSEG Long Island Managed Expenses	\$687,193	\$612,427	(\$74,766)	-12.2%	\$816,332
Other Income & Deductions	\$16,146	\$16,391	(\$246)	-1.5%	\$21,608

Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget (\$1.1M) due to increased uncollectible reserves to reflect impacts of COVID-19
- Storm Restoration is over budget by (\$77.6M) primarily due to three storms

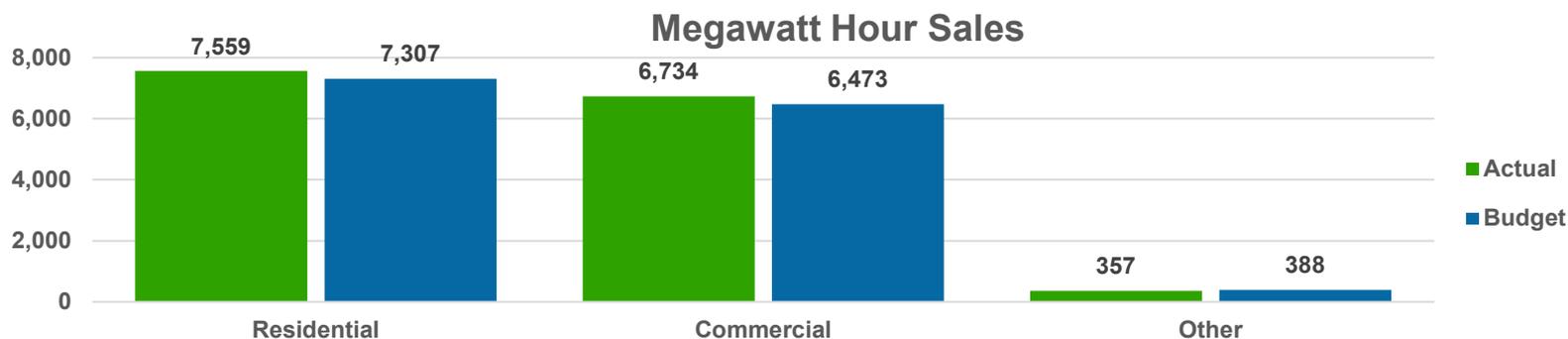
PSEG LONG ISLAND REVENUE – SEPTEMBER 2021

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$3,189,512	\$2,919,236	\$270,276	9.3%	\$3,661,987
Power Supply Charge	\$1,584,634	\$1,391,592	(\$193,042)	-13.9%	\$1,776,149
Revenue Net of Power Supply Costs	<u>\$1,604,878</u>	<u>\$1,527,645</u>	<u>\$77,234</u>	<u>5.1%</u>	<u>\$1,885,837</u>

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is \$77.2M higher than budget primarily driven by:
 - Delivery Service Adjustment (DSA) of \$87.7M driven by (i) higher than budgeted storm expenses of \$77.6M, (ii) higher than budgeted debt service of \$13.5M, offset by (iii) lower than budgeted Pensions/OPEBs of (\$4.5M)
 - Lower miscellaneous revenue of (\$10.5M) due to the suspension of late payment charges, reconnection charges, service initiation fees and non-access fees (to assist customers impacted by COVID-19)



- Sales of electricity are higher than budget by 481GWh or 3.4% primarily due to better-than-expected performance in the local economy

CAPITAL EXPENDITURES – SEPTEMBER 2021

(\$ in thousands)

Transmission and Distribution

	Actual	Budget	\$ Var.	% Var.	FY Budget
Regulatory Driven	\$1,095	\$5,995	\$4,900	81.7%	\$6,000
Load Growth	134,562	147,108	12,546	8.5%	214,349
Reliability	152,005	147,433	(4,573)	-3.1%	196,212
Storm Hardening	65,181	57,325	(7,856)	-13.7%	70,000
Economic, Salvage, Tools, Equipment & Other ¹	36,989	47,617	10,629	22.3%	54,958
Total Transmission and Distribution Projects	\$389,833	\$405,478	\$15,646	3.9%	\$541,520

Other PSEG Long Island Capital Expenditures

Information Technology Projects	39,045	33,700	(5,345)	-15.9%	49,647
Customer Operations	10,652	12,946	2,293	17.7%	17,282
Other General Plant Projects	2,873	7,246	4,372	60.3%	11,517
Fleet	121	-	(121)	0.0%	9,719
Utility 2.0	55,739	64,202	8,463	13.2%	95,739
Total Expenses	\$108,430	\$118,092	\$9,663	8.2%	\$183,904

Total PSEG Long Island Capital Expenditures (excl. FEMA)

FEMA	15,513	17,092	1,579	9.2%	24,414
Capital Storm Management Fee	1,087	3,351	2,264	67.6%	4,468
	25,424	23,256	(2,169)	-9.3%	31,007
Total PSEG Long Island Capital Expenditures	\$540,287	\$567,269	\$26,983	4.8%	\$785,313

Nine Mile Point 2

	\$1,765	\$5,167	\$3,403	65.9%	\$6,910
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LIPA Capital

	\$1,184	\$4,875	\$3,691	75.7%	\$6,500
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- T&D is under budget by \$15.6M primarily driven by timing of scheduled work, lower construction bids than estimated and timing of reimbursements paid in 2021, partially offset by increased scope for Storm Hardening
- IT is over budget (\$5.3M) due to Isaias storm remediation projects
- Customer Operations is under budget by \$2.3M due to focus being shifted to Smart Meter projects, sufficient Meter inventory levels and reductions in program demands for Dusk to Dawn
- Other General Plant Projects is under budget by \$4.4M primarily due to tenant improvement project delays as re-entry occupancy levels and facility usage are being reviewed
- Utility 2.0 is under budget by \$8.5M primarily due to delays in Grid Storage RFP bid, project delays and CVR deferral
- FEMA is under budget \$1.6M due to the delay in IP Repeater construction for the final two sites and ASUV commissioning which is projected to be completed by Q1 2022

Note: Variance - favorable/(unfavorable)

(1) The 2021 annual budget has been revised to include LIPA's amendment resolution of \$27.1M for the purchase of Garden City Property

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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 9/30/21 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Round Swamp Substation	\$20.5	2018	\$10.4	\$27.9	Jun-22
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$30.6	\$42.9	Dec-21
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$96.7	\$106.3	Dec-20***
Bridgehampton to Buell: Transmission	\$46.1	2017	\$3.3	\$45.5	Jun-25
Riverhead to Canal: Transmission	\$191.5	2017	\$64.4	\$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	\$26.3	\$30.8	Dec-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.3	\$53.1	Jun-22
Far Rockaway 33-309 Reconductoring	\$31.2	2020	\$0.6	\$31.2	Jun-22
East Garden City: Switchgear replacement	\$28.6	2020	\$0.1	\$49.0	Dec-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$6.1	\$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	\$15.5	\$48.3	Dec-24
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-31
Southampton Install new 138kV cable to Deerfield	\$142.4	2021	\$0.0	\$142.4	Jun-27
Total	\$1,246.9		\$299.4	\$1,087.2	

*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

OUTAGE MANAGEMENT SYSTEM REMEDIATION COST – SEPTEMBER 2021

(\$ in thousands)

	2020					2021									TOTAL
	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
TOTAL	\$0	\$0	\$631	\$0	\$717	\$1,195	\$3,788	\$4,787	\$4,282	\$4,525	\$3,018	\$3,557	\$3,504	\$2,975	\$32,980