



2021 Projected Financial Results

F&A Committee – November 2021

LIPA CONSOLIDATED RESULTS – PROJECTED 2021

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$3,661,987	\$3,982,854	\$320,868	8.1%
Power Supply Charge	1,776,149	2,027,427	(251,278)	-12.4%
Revenue Net of Power Supply Charge	\$1,885,837	\$1,955,427	\$69,589	3.6%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses ^(a)	555,876	552,735	3,141	0.6%
PSEG Long Island Managed Expenses	186,685	258,255	(71,571)	-27.7%
Utility Depreciation	290,151	290,179	(27)	0.0%
PILOTS	339,496	336,353	3,143	0.9%
LIPA Operating Expenses	90,475	89,308	1,168	1.3%
LIPA Depreciation and Amortization	137,489	137,489	-	0.0%
Interest Expense	345,834	357,845	(12,011)	-3.4%
Total Expenses	\$1,946,007	\$2,022,165	(\$76,158)	-3.8%
Other Income and Deductions ^(b)	44,562	68,170	23,608	34.6%
Grant Income	40,241	39,551	(690)	-1.7%
Total Non-Operating Revenue	\$84,803	\$107,721	\$22,918	21.3%
Change in Net Position	\$24,633	\$40,983	\$16,350	39.9%
Coverage Ratio on Obligations	1.34x	1.35x	0.01x	

Note: Variance - favorable/(unfavorable)

(a) PSEG Long Island 2021 Approved Operating and Managed Expenses have been increased by \$4.9 million from \$551.0 million to \$559.9 million due to a budget amendment for Enhanced Vegetation Management and a new Low-to-Moderate Income Heat Pump Program.

(b) Other Income and Deductions has been increased by \$0.5 million from \$44.1 million to \$44.6 million due to a budget amendment for a new Low-to-Moderate Income Heat Pump Program, which is being funded by a settlement.

LIPA CONSOLIDATED RESULTS – PROJECTED 2021

- Revenue, net of Power Supply Costs, is **\$69.6 million** higher than budget due to:
 - The Storm Delivery Service Adjustment (DSA) exceeding budget by **\$76.5 million** and Debt DSA of **\$17.1 million** partially offset by the favorable budget variance for Pension & OPEB DSA totaling **\$5.8 million**.
 - The DSA was offset by (i) lower revenues of **\$11.7 million** 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 (ii) **\$8.9 million** deferral for Utility 2.0 project delays.
- Power Supply Costs is over budget by **\$251 million** due to higher natural gas prices and increased costs associated with on-island generation due to unscheduled outages of certain transmission cables. The higher commodity costs were partially offset by increased gains from financial hedges.
- PSEG Long Island Managed Expenses are over budget by **\$71.6 million** due to:
 - Storm Restoration is over budget by **\$76.5 million** primarily due to three storms, one of which was predicted to have hurricane strength winds, requiring significant on and off-island contractor resources.
 - Uncollectible Accounts is over budget **\$1.2 million** due to increased arrears balances reflecting impacts of COVID-19.
- Interest expense is over budget by **\$12.0 million** due to the basis swap termination payments combined with a non-cash unbudgeted amortization.
- Other Income is favorable against budget by **\$23.6 million** due to the recognition of the non-cash gain recognized on the termination of the basis swaps coupled with favorable mark-to-market adjustments.

CAPITAL EXPENDITURES – PROJECTED 2021

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Transmission and Distribution				
Regulatory Driven	\$6,000	(\$2,698)	\$8,698	-322.4%
Load Growth	214,349	183,980	30,369	16.5%
Reliability	196,212	223,766	(27,554)	-12.3%
Storm Hardening	70,000	84,401	(14,401)	-17.1%
Economic, Salvage, Tools, Equipment & Other ¹	54,958	49,881	5,077	10.2%
Total Transmission and Distribution Projects	\$541,520	\$539,330	\$2,189	0.4%
Other PSEG Long Island Capital Expenditures				
Information Technology Projects	49,647	63,814	(14,167)	-22.2%
Customer Operations	17,282	14,352	2,930	20.4%
Other General Plant Projects	11,517	5,024	6,493	129.2%
Fleet	9,719	517	9,202	1778.6%
Utility 2.0	95,739	74,897	20,841	27.8%
Total Expenses	\$183,904	\$158,606	\$25,298	16.0%
Total PSEG Long Island Capital Expenditures (excl. FEMA)	\$725,423	\$697,936	\$27,487	3.9%
FEMA	24,414	20,804	3,611	17.4%
Capital Storm	4,468	2,223	2,245	101.0%
Management Fee	31,007	31,007	-	0.0%
Total PSEG Long Island Capital Expenditures	\$785,313	\$751,970	\$33,343	4.4%
Nine Mile Point 2	\$6,910	\$4,184	\$2,727	65.2%
LIPA Capital	\$6,500	\$6,500	\$ -	0.0%

Note: Variance - favorable/(unfavorable)

CAPITAL EXPENDITURES – PROJECTED 2021

- Transmission & Distribution is under budget by **\$2.2 million** 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 and reactive Reliability projects.
- IT Projects are over budget by **\$14.2 million** due to Isaias storm remediation projects.
- Other General Plant Projects is under budget by **\$6.5 million** primarily due to lease improvement project delays as re-entry occupancy levels and facility usage are being reviewed.
- Fleet is under budget by **\$9.2 million** due to supply chain delays.
- Utility 2.0 is under budget by **\$20.8 million** due to labor productivity savings in the Advanced Metering Infrastructure (AMI) Deployment program as well as delays in several other projects to 2022.
- FEMA is under budget by **\$3.6 million** due to a program material credit and lower material cost, offset by completion of Inside Plant (IP) Repeater construction and commission of final ASUVs (Recloser Switches).
- Capital Storm is under budget by **\$2.2 million** primarily due to lower percentage of storm cost related to capital work.

LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	October 31, 2021	Days Cash	September 30, 2021	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 805,648		\$ 861,475	
OPEB Account cash, cash equivalents, and investments	567,963		548,162	
PSEG Long Island working capital requirements	281,663		243,289	
Total operating liquidity	1,655,274	205	1,652,926	205
Available credit				
General revenue notes – Revolving Credit Facility	198,000		198,000	
General revenue notes – Commercial Paper	755,000		657,500	
Total available credit	953,000		855,500	
Total cash, cash equivalents, investments, and available credit	\$ 2,608,274	323	\$ 2,508,426	311
Restricted cash, cash equivalents and investments				
FEMA Grant Proceeds	1,740		1,740	
UDSA	242,497		206,649	
Total restricted cash, cash and cash equivalents, and investments	\$ 244,237		\$ 208,389	

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