



2021 Projected Financial Results

F&A Committee – December 2021

LIPA CONSOLIDATED RESULTS – PROJECTED 2021

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$3,661,987	\$3,991,001	\$329,015	8.2%
Power Supply Charge	1,776,149	2,043,172	(267,023)	-13.1%
Revenue Net of Power Supply Charge	\$1,885,837	\$1,947,830	\$61,992	3.2%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses ^(a)	556,976	547,352	9,624	1.8%
PSEG Long Island Managed Expenses	186,685	255,017	(68,332)	-26.8%
Utility Depreciation	290,151	290,179	(28)	0.0%
PILOTs	339,496	337,020	2,476	0.7%
LIPA Operating Expenses	90,475	84,470	6,006	7.1%
LIPA Depreciation and Amortization	137,489	137,489	-	0.0%
Interest Expense	345,834	357,442	(11,607)	-3.2%
Total Expenses	\$1,947,107	\$2,008,968	(\$61,861)	-3.1%
Other Income and Deductions ^(b)	44,562	67,180	22,619	33.7%
Grant Income	40,241	39,643	(598)	-1.5%
Total Non-Operating Revenue	\$84,803	\$106,824	\$22,021	20.6%
Change in Net Position	\$23,533	\$45,686	\$22,152	48.5%
Coverage Ratio on Obligations	1.34x	1.35x	0.01x	

Note: Variance - favorable/(unfavorable)

(a) PSEG Long Island 2021 Approved Operating Expenses have been increased by \$6.0 million from \$551.0 million to \$557.0 million due to a budget amendment for Enhanced Vegetation Management Program 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.

LIPA CONSOLIDATED RESULTS – PROJECTED 2021

- Revenue, net of Power Supply Costs, is **\$62.0 million** higher than budget due to:
 - The Storm Delivery Service Adjustment (DSA) exceeding budget by **\$73.6 million** and Debt DSA of **\$14.4 million** partially offset by the favorable budget variance for Pension & OPEB DSA totaling **\$6.0 million**.
 - The DSA was offset by (i) lower revenues of **\$11.8 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) **\$11.0 million** deferral for Utility 2.0 project delays.
- Power Supply Costs are over budget by **\$267 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 Operating Expenses are under budget **\$9.6 million** primarily driven by Utility 2.0 related to project delays impacting Rate Modernization and Energy Concierge and the discontinuance of LIPA owned EV Make Ready.
- PSEG Long Island Managed Expenses are over budget by **\$68.3 million** due to:
 - Storm Restoration being over budget by **\$73.6 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 **\$0.9 million** due to increased arrears balances reflecting impacts of COVID-19.
- Interest expense is over budget by **\$11.6 million** due to the basis swap termination payments combined with a non-cash unbudgeted amortization.
- Other Income is favorable against budget by **\$22.6 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	(\$2,683)	\$8,683	-323.6%
Load Growth	214,349	182,449	31,900	17.5%
Reliability	196,212	217,491	(21,279)	-9.8%
Storm Hardening	50,817	65,787	(14,969)	-22.8%
Economic, Salvage, Tools, Equipment & Other ^(a)	54,973	42,030	12,942	30.8%
Total Transmission and Distribution Projects	\$522,351	\$505,074	\$17,277	3.4%
Other PSEG Long Island Capital Expenditures				
Information Technology Projects	49,647	58,029	(8,382)	-14.4%
Customer Operations	17,282	13,572	3,710	27.3%
Other General Plant Projects	11,517	5,117	6,400	125.1%
Fleet	9,719	293	9,426	3211.6%
Utility 2.0	95,739	70,875	24,864	35.1%
Total Expenses	\$183,904	\$147,886	\$36,017	24.4%
Budget Amendment Carryover^(b)	(\$22,907)	\$0	(\$22,907)	0.0%
Total PSEG Long Island Capital Expenditures (excl. FEMA)	\$683,348	\$652,960	\$30,387	4.7%
FEMA	43,597	40,023	3,573	8.9%
Capital Storm	4,468	2,217	2,251	101.5%
Management Fee	31,007	33,502	2,495	7.4%
Total PSEG Long Island Capital Expenditures	\$762,420	\$728,703	\$33,717	4.6%
Nine Mile Point 2	\$6,910	\$4,925	\$1,985	40.3%
LIPA Capital	\$6,500	\$1,851	\$4,649	251.1%

Note: Variance - favorable/(unfavorable)

(a) Economic, Salvage, Tools, Equipment & other includes a 2021 budget amendment for \$27.1 million related to the purchase of Garden City property

(b) The 2021 Budget Amendment Carryover of \$22.9 million is comprised of T&D of \$4.4 million, IT \$9.1 million, Fleet \$8.7 million, and Customer Service 0.7 million

CAPITAL EXPENDITURES – PROJECTED 2021

- Transmission & Distribution is under budget by **\$17.3 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 **\$8.4 million** due to Isaias storm remediation projects.
- Other General Plant Projects is under budget by **\$6.4 million** primarily due to lease improvement project delays as re-entry occupancy levels and facility usage are being reviewed.
- Fleet is under budget by **\$9.4 million** due to supply chain delays.
- Utility 2.0 is under budget by **\$24.9 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 over 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 **\$2.3 million** primarily due to lower percentage of storm cost related to capital work.
- 2021 Carry over of **\$22.9 million** is comprised of **T&D of \$4.4 million, IT \$9.1 million, Fleet \$8.7 million, and Customer Service 0.7 million.**

LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	November 30, 2021	Days Cash	October 31, 2021	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 762,055		\$ 805,648	
OPEB Account cash, cash equivalents, and investments	559,663		567,963	
PSEG Long Island working capital requirements	274,597		281,663	
Total operating liquidity	1,596,315	198	1,655,274	205
Available credit				
General revenue notes – Revolving Credit Facility	198,000		198,000	
General revenue notes – Commercial Paper	755,000		755,000	
Total available credit	953,000		953,000	
Total cash, cash equivalents, investments, and available credit	\$ 2,549,315	316	\$ 2,608,274	323
Restricted cash, cash equivalents and investments				
FEMA Grant Proceeds	1,740		1,740	
UDSA	272,973		242,497	
Total restricted cash, cash and cash equivalents, and investments	\$ 274,713		\$ 244,237	

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

OMS

(\$ in thousands)

	AUG	SEPT	2020 OCT	NOV	DEC	JAN	FEB	MAR	APR	2021 MAY	JUN	JUL	AUG	SEPT	OCT	TOTAL
TOTAL	\$0	\$0	\$631	\$0	\$717	\$1,195	\$3,788	\$4,787	\$4,282	\$4,525	\$3,018	\$3,557	\$3,504	\$2,975	\$2,130	\$35,110