



December 2021 Financial Results

F&A Committee – February 2022

LIPA CONSOLIDATED RESULTS – DECEMBER 2021

<i>(\$ in thousands)</i>	Actual¹	Budget	\$ Var.	% Var.
Revenues	\$3,960,919	\$3,661,987	\$298,932	8.2%
Power Supply Charge	2,023,482	1,776,149	(247,333)	-13.9%
Revenue Net of Power Supply Charge	\$1,937,437	\$1,885,837	\$51,599	2.7%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses	546,483	556,976	10,494	1.9%
PSEG Long Island Managed Expenses	247,759	186,685	(61,074)	-32.7%
Utility Depreciation	288,129	290,151	2,022	0.7%
PILOTs	336,733	339,496	2,762	0.8%
LIPA Operating Expenses	79,801	90,475	10,675	11.8%
LIPA Depreciation and Amortization	137,770	137,489	(280)	-0.2%
Interest Expense	357,243	345,834	(11,409)	-3.3%
Total Expenses	\$1,993,918	\$1,947,107	(\$46,810)	-2.4%
Other Income and Deductions	81,186	44,562	36,624	82.2%
Grant Income	39,986	40,241	(255)	-0.6%
Total Non-Operating Revenue	\$121,172	\$84,803	\$36,369	42.9%
Change in Net Position	\$64,691	\$23,533	\$41,158	174.9%

Note: Variance - favorable/(unfavorable)

¹ Year-end results are unaudited, subject to change

LIPA MANAGED EXPENSES & INCOME – DECEMBER 2021

<i>(\$ in thousands)</i>	Actual¹	Budget	\$ Var.	% Var.
LIPA Expenses				
LIPA Operating Expenses	\$79,801	\$90,475	\$10,675	11.8%
LIPA Depreciation and Amortization	112,755	112,475	(280)	-0.2%
LIPA Deferred Amortized Expenses	25,014	25,014	-	0.0%
Interest Expense, other Interest Costs and Interest Amortizations	357,243	345,834	(11,409)	-3.3%
Total Expenses	\$574,814	\$573,799	(\$1,014)	-0.2%
Other Income and Deductions	59,992	22,943	37,050	161.5%
Grant Income	39,986	40,241	(255)	-0.6%
Total Income	\$99,978	\$63,184	\$36,794	58.2%
LIPA Capital	\$1,898	\$6,500	\$4,602	70.8%

Note: Variance - favorable/(unfavorable)

¹ Year-end results are unaudited, subject to change

- LIPA operating expense is under budget by \$10.7M primarily due to the lower allocation of the PSEG Long Island management fee between capital and O&M, management fee reversal of remaining accrued 2020 OSA Incentive Fee to PSEG Long Island, 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 (\$11.4M) primarily due to the basis swap termination payments combined with a non-cash unbudgeted amortization.
- Other income and deductions is over budget \$37.1M primarily due to the recognition of the non-cash gain recognized on the termination of the basis swaps coupled with favorable realized gains in the OPEB account of \$14.8M.

LIPA LIQUIDITY POSITION – DECEMBER 2021

<i>(\$ in thousands)</i>	December 31, 2021	Days Cash	November 30, 2021	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$ 785,271		\$ 762,055	
OPEB account cash, cash equivalents & investments	581,261		559,663	
PSEG Long Island Working Capital requirements	284,477		274,597	
Total operating liquidity	1,651,009	205	1,596,315	198
Available credit				
General Revenue Notes - Revolving Credit Facility	198,000		198,000	
General Revenue Commercial Paper	580,000		755,000	
Total available credit	778,000		953,000	
Total cash, cash equivalents, investments & available credit	\$ 2,429,009	301	\$ 2,549,315	316
Restricted cash				
FEMA - restricted	1,740		1,740	
UDSA	111,694		272,973	
Total restricted cash	\$ 113,434		\$ 274,713	

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

PSEG LONG ISLAND OPERATING EXPENSES – DECEMBER 2021

(\$ in thousands)

	<u>Actual¹</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>
PSEG Long Island Operating Expenses				
Transmission & Distribution	\$184,935	\$175,371	(\$9,563)	-5.5%
Customer Services	95,069	99,403	4,333	4.4%
Business Services	162,664	157,295	(5,369)	-3.4%
Power Markets	10,632	12,956	2,323	17.9%
Energy Efficiency & Renewable Energy	79,239	87,743	8,505	9.7%
Utility 2.0	13,944	24,208	10,264	42.4%
Total PSEG Long Island Operating Expenses	\$546,483	\$556,976	\$10,494	1.9%

Note: Variance - favorable/(unfavorable)

¹ Year-end results are unaudited, subject to change

- Total expenses are under budget by \$10.5M primarily due to:
 - T&D is over budget by (\$9.6M) primarily due to storm support which did not meet the reimbursable threshold combined with emergent cable repairs
 - Customer Service is under budget by \$4.3M due to vacancies and work shifted to capital projects to support the accelerated Utility 2.0 smart meter project
 - Business Services is over budget by (\$5.4M) due to increased IT spend related to Isaias remediation projects offset by shift of resources to Capital and Storm, less contractor spend than planned, and lower legal claims
 - Energy Efficiency is under budget by \$8.5M due to lower rebates paid; however, high rebate efficiency allowed YTD goals to be exceeded
 - Utility 2.0 is under budget by \$10.3M due to project delays impacting Rate Modernization and Energy Concierge and the discontinuance of LIPA-owned EV Make Ready

PSEG LONG ISLAND MANAGED EXPENSES – DECEMBER 2021

(\$ in thousands)

	<u>Actual¹</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>
PSEG Long Island Managed Expenses				
Uncollectible Accounts	\$30,130	\$30,362	\$232	0.8%
Storm Restoration	138,730	70,000	(68,730)	-98.2%
NYS Assessment	10,162	10,937	775	7.1%
Utility Depreciation	288,129	290,151	2,022	0.7%
Pension & OPEB Expense	66,219	72,610	6,391	8.8%
PILOTs - Revenue-Based Taxes	38,667	36,694	(1,973)	-5.4%
PILOTs - Property-Based Taxes	298,066	302,802	4,735	1.6%
PSEGLI Managed - Misc	2,517	2,775	258	9.3%
Total PSEG Long Island Managed Expenses	\$872,622	\$816,332	(\$56,290)	-6.9%
Other Income & Deductions	\$21,128	\$21,608	(\$480)	-2.2%

Note: Variance - favorable/(unfavorable)

¹ Year-end results are unaudited, subject to change

- Storm Restoration is over budget by (\$68.7M) primarily due to three significant storms, one of which was predicted to have hurricane strength winds, requiring significant on and off-island contractor resources

PSEG LONG ISLAND REVENUE – DECEMBER 2021

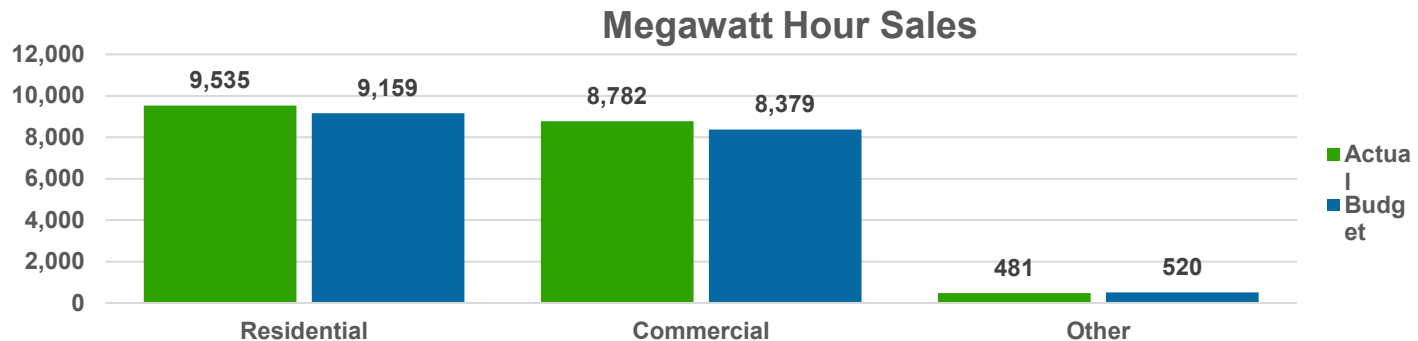
(\$ in thousands)

	<u>Actual¹</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$3,960,919	\$3,661,987	\$298,932	8.2%	\$3,661,987
Power Supply Charge	\$2,023,482	\$1,776,149	(\$247,333)	-13.9%	\$1,776,149
Revenue Net of Power Supply Costs	<u>\$1,937,437</u>	<u>\$1,885,837</u>	<u>\$51,599</u>	<u>2.7%</u>	<u>\$1,885,837</u>

Note: Variance - favorable/(unfavorable)

¹ Year-end results are unaudited, subject to change

- Revenue, net of PSCs, is \$51.6M higher than budget primarily driven by:
 - Delivery Service Adjustment (DSA) of \$75.6M due to higher Storm expenses of \$68.7M coupled with debt service of \$14.1M offset by a decrease in DSA Pensions/OPEBs of \$6.4M
 - Lower miscellaneous revenue of \$13.9M 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 \$11.4M relating to the deferral of Projected 2020 Utility 2.0 unutilized funds



- Sales of electricity are higher than budget by 740GWh or 4.1% primarily due to better-than-expected performance in the local economy

CAPITAL EXPENDITURES – DECEMBER 2021

(\$ in thousands)

Transmission and Distribution

	Actual ¹	Budget	\$ Var.	% Var.
Regulatory Driven	(\$2,644)	\$6,000	\$8,644	144.1%
Load Growth	180,545	214,349	33,805	15.8%
Reliability	208,837	191,811	(17,026)	-8.9%
Storm Hardening	63,559	50,817	(12,742)	-25.1%
Economic, Salvage, Tools, Equipment & Other	40,382	54,973	14,591	26.5%
Total Transmission and Distribution Projects	\$490,679	\$517,950	\$27,271	5.3%

Other PSEG Long Island Capital Expenditures

Information Technology Projects	58,246	40,593	(17,652)	-43.5%
Customer Operations	12,690	16,582	3,892	23.5%
Other General Plant Projects	4,159	11,517	7,358	63.9%
Fleet	612	967	355	36.7%
Utility 2.0	64,515	95,739	31,223	32.6%
Total Expenses	\$140,221	\$165,397	\$25,176	15.2%

Total PSEG Long Island Capital Expenditures (excl. FEMA)

FEMA	39,845	43,597	3,752	8.6%
Capital Storm Management Fee	1,948	4,468	2,520	56.4%
	33,500	31,007	(2,493)	-8.0%
Total PSEG Long Island Capital Expenditures	\$706,193	\$762,420	\$56,227	7.4%

Nine Mile Point 2

	\$4,992	\$6,910	\$1,918	27.8%
--	----------------	----------------	----------------	--------------

LIPA Capital

	\$1,898	\$6,500	\$4,602	70.8%
--	----------------	----------------	----------------	--------------

Note: Variance - favorable/(unfavorable)

¹ Year-end results are unaudited, subject to change

- T&D is under budget by \$27.3M 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 is over budget (\$17.7M) due to Isaias storm remediation projects
- Customer Operations is under budget by \$3.9M due to focus being shifted to Utility 2.0 smart meter project, sufficient Meter inventory levels, and reductions in program demands for Dusk to Dawn
- Other General Plant Projects is under budget by \$7.4M primarily due to lease improvement project delays as re-entry occupancy levels and facility usage are being reviewed
- Utility 2.0 is under budget by \$31.2M 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 \$3.8M due to a program material credit and the remaining final construction/ASUV commissioning for Inside Plant (IP) Repeaters shifted to Q1 2022
- LIPA Capital is under budget by \$4.6M primarily due to re-prioritization of IT capital work to 2022

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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 12/31/21 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Round Swamp Substation	\$20.5	2018	\$16.1	\$27.9	Jun-22
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$32.4	\$42.9	May-22
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$92.8	\$106.3	Dec-20***
Bridgehampton to Buell: Transmission	\$46.1	2017	\$3.5	\$45.5	Jun-25
Riverhead to Canal: Transmission	\$191.5	2017	\$67.0	\$82.5	Jun-21***
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$43.6	\$63.6	Jan-21***
Navy Road New Substation	\$33.5	2017	\$28.2	\$30.8	Dec-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.4	\$46.1	Jun-22
Arverne - New 33kV Circuit to Far Rockaway Substation	\$31.2	2020	\$6.3	\$25.4	Jun-22
East Garden City: Switchgear replacement	\$28.6	2020	\$1.7	\$49.0	Dec-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$6.6	\$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	\$15.8	\$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		\$316.6	\$1,089.9	

*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

OMS REMEDIATION – DECEMBER 2021

(\$ in thousands)

	2020					2021												TOTAL
	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	
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	\$2,271	\$3,284	\$40,665