



February 2022 Financial Results

F&A Committee – March 2022

LIPA CONSOLIDATED RESULTS – FEBRUARY 2022

<i>(\$ in thousands)</i>	Actual	Budget	\$ Var.	% Var.	FY Budget
Revenues	\$622,529	\$559,976	\$62,554	11.2%	\$3,850,840
Power Supply Charge	358,227	290,147	(68,079)	-23.5%	1,879,216
Revenue Net of Power Supply Charge	\$264,303	\$269,828	(\$5,526)	-2.0%	\$1,971,624
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	84,495	95,275	10,780	11.3%	609,547
PSEG Long Island Managed Expenses	22,823	31,024	8,201	26.4%	182,088
Utility Depreciation	41,773	45,392	3,620	8.0%	289,157
PILOTs	56,892	56,553	(339)	-0.6%	344,478
LIPA Operating Expenses	13,390	12,290	(1,101)	-9.0%	91,874
LIPA Depreciation and Amortization	22,996	23,033	37	0.2%	138,199
Interest Expense	56,445	56,762	317	0.6%	348,388
Total Expenses	\$298,815	\$320,329	\$21,514	6.7%	\$2,003,732
Other Income and Deductions	1,417	4,662	(3,246)	-69.6%	46,370
Grant Income	3,317	3,487	(170)	-4.9%	40,924
Total Non-Operating Revenue	\$4,734	\$8,150	(\$3,416)	-41.9%	\$87,294
Change in Net Position	(\$29,778)	(\$42,351)	\$12,573	29.7%	\$55,186

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – FEBRUARY 2022

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Expenses					
LIPA Operating Expenses	\$13,390	\$12,290	(\$1,101)	-9.0%	\$91,874
LIPA Depreciation and Amortization	18,827	18,864	37	0.2%	113,185
LIPA Deferred Amortized Expenses	4,169	4,169	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	56,445	56,762	317	0.6%	348,388
Total Expenses	\$92,832	\$92,084	(\$747)	-0.8%	\$578,462
Other Income and Deductions	(1,869)	1,245	(3,114)	-250.1%	26,897
Grant Income	3,317	3,487	(170)	-4.9%	40,924
Total Income	\$1,448	\$4,733	(\$3,284)	-69.4%	\$67,821
LIPA Capital	\$178	\$1,083	\$905	83.6%	\$6,500

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is over budget by (\$1.1M) due to the allocation of the PSEG Long Island management fee between capital and O&M
- Interest expense is under budget \$317K primarily due to lower interest expense on variable rate debt
- Other income and deductions is under budget (\$3.1M) primarily due to unrealized losses in the Rate Stabilization fund and Operating Fund.

LIPA LIQUIDITY POSITION – FEBRUARY 2022

<i>(\$ in thousands)</i>	February 28, 2022	Days Cash	January 31, 2022	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 790,274		\$ 769,787	
OPEB Account cash, cash equivalents, and investments	547,884		558,247	
PSEG Long Island working capital requirements	329,559		320,184	
Total operating liquidity	1,667,717	196	1,648,218	194

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

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Available credit				
General Revenue Notes – Revolving Credit Facility	198,000		198,000	
General Revenue Notes – Commercial Paper	400,000		490,000	
Total available credit	598,000		688,000	
Total cash, cash equivalents, investments and available credit	\$ 2,265,717	266	\$ 2,336,218	274

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Restricted cash				
Clean Energy Compliance Fund	10,931		9,508	
FEMA Grant Proceeds	1,740		1,740	
UDSA	162,931		139,900	
Total restricted cash and cash equivalents	\$ 175,602		\$ 151,148	

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

PSEG LONG ISLAND OPERATING EXPENSES – FEBRUARY 2022

(\$ 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	\$27,364	\$28,035	\$671	2.4%	\$176,076
Construction & Operations Services	5,662	6,008	346	5.8%	39,115
Emergency Preparedness	1,160	1,466	306	20.9%	9,156
Customer Services	14,967	17,084	2,118	12.4%	104,362
Business Services	19,005	22,395	3,390	15.1%	141,178
Power Markets	2,615	3,185	570	17.9%	19,264
Energy Efficiency & Renewable Energy	11,036	13,530	2,494	18.4%	92,833
Utility 2.0	2,686	3,572	887	24.8%	27,563
Total PSEG Long Island Operating Expenses	\$84,495	\$95,275	\$10,780	11.3%	\$609,547

Note: Variance - favorable/(unfavorable)

- Total expenses are under budget by \$10.8M primarily due to:
 - T&D is under budget by \$0.7M primarily due to lower labor and timing of new hires, offset by higher weather support
 - Customer Service is under budget by \$2.1M primarily due to open vacancies and contract delays
 - Business Services is under budget by \$3.4M primarily due to open vacancies in IT and project delays, less contractor spend than planned, and lower legal support costs
 - Energy Efficiency is under budget by \$2.5M primarily due to the Commercial Efficiency Program which has achieved energy savings 15% above goal while holding costs to 18% below Budget
 - Utility 2.0 is under budget by \$0.9M primarily due to lower cost in Super Savers program, open vacancies and delay in marketing spend

PSEG LONG ISLAND MANAGED EXPENSES – FEBRUARY 2022

(\$ 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	\$5,377	\$4,382	(\$995)	-22.7%	\$28,760
Storm Restoration	5,105	13,983	8,877	63.5%	76,276
NYS Assessment	1,555	1,697	142	8.4%	11,719
Utility Depreciation	41,773	45,392	3,620	8.0%	289,157
Pension & OPEB Expense	9,877	10,137	260	2.6%	61,400
PILOTs - Revenue-Based Taxes	6,237	5,898	(339)	-5.8%	40,549
PILOTs - Property-Based Taxes	50,655	50,655	0	0.0%	303,929
PSEGLI Managed - Misc	909	826	(83)	-10.0%	3,933
Total PSEG Long Island Managed Expenses	\$121,488	\$132,969	\$11,481	8.6%	\$815,723
Other Income & Deductions	\$3,284	\$3,403	(\$118)	-3.5%	\$19,387

Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget by \$1.0M due to increase in residential arrears balance
- Storm Restoration is under budget by \$8.9M primarily due to less actual storms than budgeted (three actual storms vs. four budgeted storms)
- Utility Depreciation is under budget by \$3.6M primarily due to timing of IT project close-outs resulting in lower depreciation than forecasted

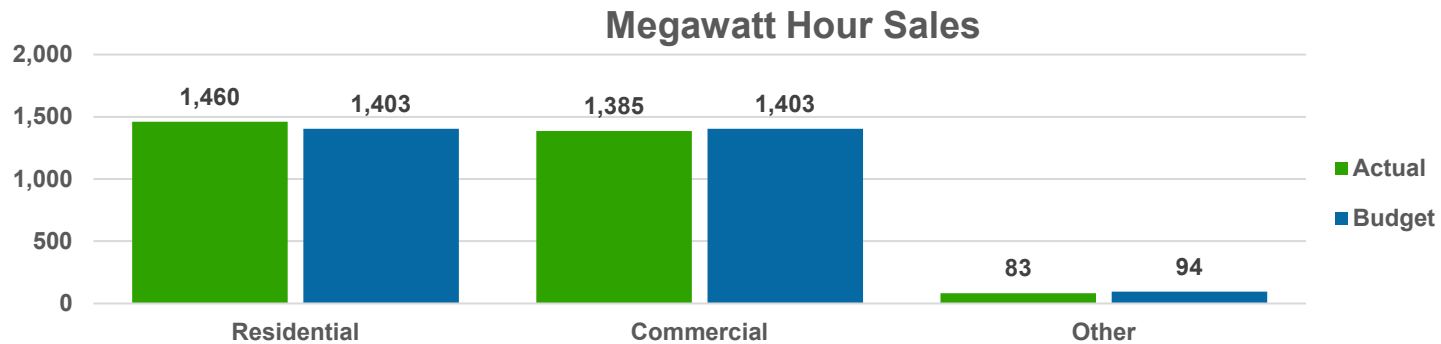
PSEG LONG ISLAND REVENUE – FEBRUARY 2022

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$622,529	\$559,976	\$62,554	11.2%	\$3,850,840
Power Supply Charge	\$358,227	\$290,147	(\$68,079)	-23.5%	\$1,879,216
Revenue Net of Power Supply Costs	\$264,303	\$269,828	(\$5,526)	-2.0%	\$1,971,624

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is (\$5.6M) lower than budget primarily driven by:
 - Power Supply Cost Deferral of (\$68.1M)
 - Delivery Service Adjustment (DSA) of (\$7.7M) primarily driven by lower Storm expenses of (\$8.7M) partially offset by higher Bad Debt expense of \$1.0M resulting from increases in arrears and Debt Service of \$0.5M



- Sales of electricity are higher than budget by 27 GWh or 0.9% due to weather impact, however this does not affect the variance in revenues net of power supply due to the RDM adjustment to revenues

CAPITAL EXPENDITURES – FEBRUARY 2022

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Transmission and Distribution					
Regulatory Driven	(\$1)	\$0	\$1	0.0%	\$6,000
Load Growth	30,984	29,955	(1,029)	-3.4%	214,349
Reliability	32,351	41,693	9,343	22.4%	196,212
Storm Hardening	9,918	10,082	163	1.6%	70,000
Economic, Salvage, Tools, Equipment & Other	2,598	7,447	4,849	65.1%	54,958
Total Transmission and Distribution Projects	\$75,849	\$89,177	\$13,327	14.9%	\$541,520
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	4,648	7,902	3,254	41.2%	49,647
Customer Operations	1,275	1,578	303	19.2%	17,282
Other General Plant Projects	198	28	(170)	-607.2%	11,517
Fleet	2,461	207	(2,253)	-1087.6%	9,719
Utility 2.0	2,371	2,949	578	19.6%	95,739
Total Expenses	\$10,952	\$12,664	\$1,712	13.5%	\$183,904
Total PSEG Long Island Capital Expenditures (excl. FEMA)	\$86,802	\$101,841	\$15,039	14.8%	\$725,423
FEMA	2,250	441	(1,809)	-409.8%	24,414
Capital Storm	(96)	793	889	112.2%	4,468
Management Fee	5,351	4,749	(602)	-12.7%	31,007
Total PSEG Long Island Capital Expenditures	\$94,306	\$107,824	\$13,518	12.5%	\$785,313
Nine Mile Point 2	\$19,024	\$20,983	\$1,959	9.3%	\$6,910
LIPA Capital	\$88	\$1,083	\$995	91.9%	\$6,500

- T&D is under budget by \$13.3M driven by construction and equipment delivery delays for Substation Replacement Program, East Garden City Switchgear Replacement, and Glenwood Substation Structural Modification, partially offset by load growth construction acceleration for Ocean Beach New 4kV Circuit.
- IT is under budget \$3.3M due to timing of scheduled work and open vacancies.
- Fleet is over budget (\$2.3M) due to earlier delivery of medium and heavy-duty chassis due to ECM (Electronic Control Module) chips becoming available sooner than expected.
- Utility 2.0 is under budget by \$0.6M due to pending EV Make Ready utility side construction costs.
- FEMA is over budget (\$1.8M) due to timing of construction for substation Inside Plant (IP) Repeaters, higher program management costs for complete Circuit Completion Packages for additional circuits transferred from Power On.

Note: Variance - favorable/(unfavorable)

PSEG LONG ISLAND MAJOR CAPITAL EXPENDITURES – OVER \$25M (TOTAL PROJECT COST) – FEBRUARY 2022

Description	Original Total Project Cost (\$M)**		Total Project	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate	Actuals Through 2/28/22 (\$M)		
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$33.3	\$42.9	May-22
Round Swamp Substation	\$20.5	2018	\$17.5	\$27.9	Jun-22
Arverne - New 33kV Circuit to Far Rockaway Substation	\$31.2	2020	\$12.2	\$25.4	Jun-22
Flowerfield - Terryville: Install new 69 kV cable to Flowerfield	\$52.5	2022	\$1.9	\$52.5	Jun-23
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$36.9	2020	\$6.2	\$34.4	Jun-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$7.0	\$33.0	Jun-23
Navy Road New Substation	\$33.5	2017	\$28.5	\$30.8	Dec-23
East Garden City: Switchgear replacement	\$49.0	2021	\$2.1	\$49.0	Jun-24
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.4	\$46.1	Jun-24
Belmont: Convert substation from 33 kV to 69 kV	\$131.3	2021	\$0.0	\$131.3	Jun-24
North Bellmore Install 33 MVA bank, switchgear, and feeders	\$28.8	2021	\$0.0	\$28.8	Jun-24
Smithtown: Storm Hardening	\$34.1	2021	\$0.0	\$34.1	Dec-24
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$78.2	Dec-24
Substation Security Expansion Project	\$52.9	2017	\$16.0	\$48.3	Dec-24
Bridgethampston to Buell: Transmission	\$46.1	2017	\$3.6	\$45.5	Jun-25
Elwood: Install new distribution bank and switchgear	\$32.3	2021	\$0.0	\$32.3	Jun-25
North Bellport: Eastport 23kV conversion	\$26.4	2021	\$0.0	\$26.4	May-26
Southampton Install new 138kV cable to Deerfield	\$142.4	2021	\$0.1	\$142.4	Jun-27
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-31
Total	\$1,190.6		\$130.9	\$1,177.4	

*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.

OMS – FEBRUARY 2022

(\$ in thousands)

	2020			2021												2022		TOTAL
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	
TOTAL	\$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	\$462	\$1,013	\$42,140

2022 PLAN OF FINANCE UPDATE – UDSA FINANCING ORDERS

- **2021 Legislation**
 - On August 2, 2021, changes to the UDSA legislation were authorized and signed into law to permit the issuance of additional securitized bonds for refinancing, and to fund LIPA transmission and distribution system resiliency investments. UDSA may issue up to \$8.0 billion of securitized bonds (inclusive of the bonds already issued).
- **Public Hearing Process and DPS Consultation**
 - UDSA Financing Orders are subject to public hearing and comment prior to adoption by LIPA Board.
 - Public Hearing notice to be filed today – March 30, 2022.
 - Hearing to be held 15 days after notice – April 14, 2022.
 - Public comment period (30 days) until May 15, 2022.
 - Financing Orders to be presented to LIPA Board of Trustees – May 18, 2022.