



August 2022 Financial Results

F&A Committee – September 2022

LIPA CONSOLIDATED RESULTS – AUGUST 2022

| <i>(\$ in thousands)</i> | <u>Actual</u> | <u>Budget</u> | <u>\$ Var.</u> | <u>% Var.</u> | <u>FY Budget</u> |
|--|--------------------|--------------------|-------------------|---------------|--------------------|
| Revenues | \$2,980,214 | \$2,660,135 | \$320,079 | 12.0% | \$3,850,840 |
| Power Supply Charge | 1,634,047 | 1,290,840 | (343,207) | -26.6% | 1,879,216 |
| Revenue Net of Power Supply Charge | \$1,346,167 | \$1,369,295 | (\$23,129) | -1.7% | \$1,971,624 |
| PSEG Long Island Operating and Managed Expenses | | | | | |
| PSEG Long Island Operating Expenses | 383,623 | 400,112 | 16,489 | 4.1% | 609,547 |
| PSEG Long Island Managed Expenses | 87,627 | 124,423 | 36,796 | 29.6% | 182,088 |
| Utility Depreciation | 188,102 | 187,709 | (393) | -0.2% | 289,157 |
| PILOTs | 230,843 | 230,750 | (93) | 0.0% | 344,478 |
| LIPA Operating Expenses | 50,867 | 55,345 | 4,478 | 8.1% | 91,874 |
| LIPA Depreciation and Amortization | 92,146 | 92,133 | (13) | 0.0% | 138,199 |
| Interest Expense | 228,515 | 231,770 | 3,255 | 1.4% | 348,388 |
| Total Expenses | \$1,261,723 | \$1,322,242 | \$60,518 | 4.6% | \$2,003,732 |
| Other Income and Deductions | 30,271 | 23,808 | 6,463 | 27.1% | 46,370 |
| Grant Income | 23,571 | 23,949 | (378) | -1.6% | 40,924 |
| Total Non-Operating Revenue | \$53,841 | \$47,757 | \$6,084 | 12.7% | \$87,294 |
| Change in Net Position | \$138,285 | \$94,811 | \$43,474 | 45.9% | \$55,185 |

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – AUGUST 2022

(\$ in thousands)

| | <u>Actual</u> | <u>Budget</u> | <u>\$ Var.</u> | <u>% Var.</u> | <u>FY Budget</u> |
|--|------------------|------------------|----------------|---------------|------------------|
| LIPA Expenses | | | | | |
| LIPA Operating Expenses | \$50,867 | \$55,345 | \$4,478 | 8.1% | \$91,874 |
| LIPA Depreciation and Amortization | 75,470 | 75,457 | (13) | 0.1% | 113,185 |
| LIPA Deferred Amortized Expenses | 16,676 | 16,676 | - | 0.0% | 25,014 |
| Interest Expense, other Interest Costs and Interest Amortizations | 228,515 | 231,770 | 3,255 | 1.4% | 348,388 |
| Total Expenses | \$371,528 | \$379,248 | \$7,720 | 2.0% | \$578,462 |
| Other Income and Deductions | 15,317 | 10,572 | 4,745 | 44.9% | 26,897 |
| Grant Income | 23,571 | 23,949 | (378) | -1.6% | 40,924 |
| Total Income | \$38,888 | \$34,521 | \$4,367 | 12.6% | \$67,821 |
| LIPA Capital | \$1,916 | \$1,975 | \$59 | 3.0% | \$11,850 |

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is under budget by \$4.5M due to lower consulting services, reduction of legal reserves coupled with the allocation of the management fee between operating and capital.
- Interest expense is under budget \$3.3M due to timing of bond issuance costs.
- Other income and deductions is favorable against budget by \$4.7M primarily due to gains realized on the OPEB dedicated account and the NMP2 Trust account partially offset by unrealized losses in the Rate Stabilization Fund.

LIPA LIQUIDITY POSITION – AUGUST 2022

| <i>(\$ in thousands)</i> | August 31, 2022 | Days Cash | July 31, 2022 | Days Cash |
|---|---------------------|--------------|---------------------|--------------|
| Operating liquidity | | | | |
| Unrestricted cash and cash equivalents | \$ 788,179 | | \$ 522,483 | |
| OPEB account cash, cash equivalents & investments | 511,771 | | 530,060 | |
| PSEG Long Island Working Capital requirements | 282,160 | | 286,733 | |
| Total operating liquidity | 1,582,110 | 186 | 1,339,276 | 157 |
| Available credit | | | | |
| General Revenue Notes - Revolving Credit Facility | 200,000 | | 200,000 | |
| General Revenue Commercial Paper | 712,550 | | 587,550 | |
| Total available credit | 912,550 | | 787,550 | |
| Total cash, cash equivalents, investments & available credit | \$ 2,494,660 | 293 | \$ 2,126,826 | 250 |
| Restricted cash | | | | |
| Clean Energy Compliance Fund | 19,478 | | 18,050 | |
| UDSA | 152,547 | | 117,473 | |
| Total restricted cash | \$ 172,025 | | \$ 135,523 | |

LIPA continues to exceed its required 150 days cash and available credit on hand

PSEG LONG ISLAND OPERATING EXPENSES – AUGUST 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 | \$127,115 | \$117,310 | (\$9,805) | -8.4% | \$176,076 |
| Construction & Operations Services | 24,700 | 25,610 | 910 | 3.6% | 39,115 |
| Emergency Preparedness | 5,710 | 6,149 | 439 | 7.1% | 9,156 |
| Customer Services | 65,759 | 69,445 | 3,686 | 5.3% | 104,362 |
| Business Services | 90,225 | 93,503 | 3,278 | 3.5% | 141,178 |
| Power System Management | 10,637 | 12,850 | 2,213 | 17.2% | 19,264 |
| Energy Efficiency & Renewable Energy | 45,586 | 58,293 | 12,707 | 21.8% | 92,833 |
| Utility 2.0 | 13,890 | 16,951 | 3,061 | 18.1% | 27,563 |
| Total PSEG Long Island Operating Expenses | \$383,623 | \$400,112 | \$16,489 | 4.1% | \$609,547 |

Note: Variance - favorable/(unfavorable)

Total expenses are under budget by \$16.5M primarily due to:

- T&D is over budget by (\$9.8M) due to telecommunication broker fees, vegetation management program, higher weather support and higher training costs
- Customer Service is under budget by \$3.7M due to open vacancies and contract delays
- Business Services is under budget by \$3.3M due to open vacancies in Strategic Planning & Analytics, coupled with lower contractor spend and legal support costs
- Power System Management is under budget by \$2.2M due lower consulting expenses for the Energy Storage RFP, delays in work related to the Climate Change study and lower labor costs
- Energy Efficiency is under budget by \$12.7M primarily due to the Commercial Efficiency Program which has achieved energy savings 21% above goal while holding costs to 35% below budget
- Utility 2.0 is under budget by \$3.1M primarily due to delays in Rate Modernization program, slow ramp-up for EV Make Ready incentives and lower customer adoption for Super Savers

PSEG LONG ISLAND MANAGED EXPENSES – AUGUST 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 | \$16,264 | \$19,074 | \$2,810 | 14.7% | \$28,760 |
| Storm Restoration | 17,579 | 53,825 | 36,246 | 67.3% | 76,276 |
| NYS Assessment | 10,548 | 8,100 | (2,448) | -30.2% | 11,719 |
| Utility Depreciation | 188,102 | 187,709 | (393) | -0.2% | 289,157 |
| Pension & OPEB Expense | 39,984 | 40,756 | 772 | 1.9% | 61,400 |
| PILOTs - Revenue-Based Taxes | 29,297 | 28,130 | (1,166) | -4.1% | 40,549 |
| PILOTs - Property-Based Taxes | 201,546 | 202,619 | 1,073 | 0.5% | 303,929 |
| PSEGLI Managed - Misc | 3,253 | 2,667 | (585) | -21.9% | 3,933 |
| Total PSEG Long Island Managed Expenses | \$506,572 | \$542,882 | \$36,310 | 6.7% | \$815,723 |
| Other Income & Deductions | \$14,842 | \$13,179 | \$1,663 | 12.6% | \$19,387 |

Note: Variance - favorable/(unfavorable)

- Uncollectible expense is under budget by \$2.8M due to higher write-off factor assumed in the budget vs. actual bad debt expense.
- Storm Restoration is under budget by \$36.2M primarily due to fewer actual storms and related mutual aid assistance than budgeted. Budget included 12 storms of which 4 would need mutual aid assistance vs. an actual of 7 storms with only 1 requiring mutual aid assistance.

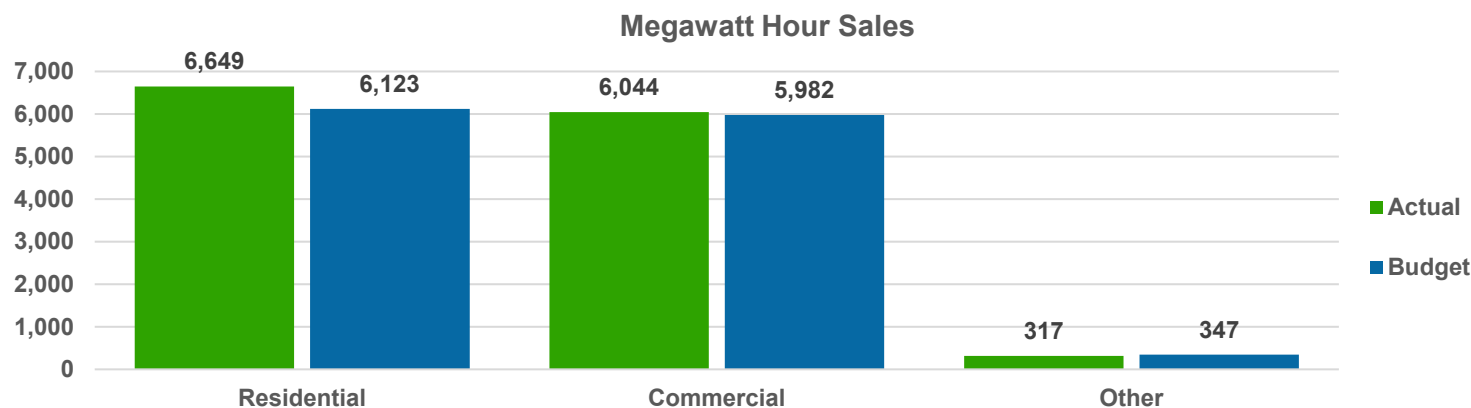
PSEG LONG ISLAND REVENUE – AUGUST 2022

(\$ in thousands)

| | <u>Actual</u> | <u>Budget</u> | <u>\$ Var.</u> | <u>% Var.</u> | <u>Budget</u> |
|--|--------------------|--------------------|-------------------|---------------|--------------------|
| Revenues | \$2,980,214 | \$2,660,135 | \$320,079 | 12.0% | \$3,850,840 |
| Power Supply Charge | \$1,634,047 | \$1,290,840 | (\$343,207) | -26.6% | \$1,879,216 |
| Revenue Net of Power Supply Costs | <u>\$1,346,167</u> | <u>\$1,369,295</u> | <u>(\$23,129)</u> | <u>-1.7%</u> | <u>\$1,971,624</u> |

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is (\$23.1M) lower than budget primarily driven by:
 - Delivery Service Adjustment (DSA) of (\$37.0M) primarily driven by lower Storm expenses of (\$36.2M)
 - Offset by higher miscellaneous revenues of \$10.3M due to higher than budgeted collection of late payment charges



- Sales of electricity are higher than budget by 558 GWh or 4.5% due to higher sales in residential sector and warmer weather.

CAPITAL EXPENDITURES – AUGUST 2022

(\$ in thousands)

| | <u>Actual</u> | <u>Budget</u> | <u>\$ Var.</u> | <u>% Var.</u> | <u>FY Budget</u> |
|---|------------------|------------------|-----------------|---------------|------------------|
| Transmission and Distribution | | | | | |
| Load Growth | 102,650 | 114,380 | 11,730 | 10.3% | 178,268 |
| Reliability | 183,752 | 170,482 | (13,270) | -7.8% | 252,069 |
| Storm Hardening | 44,705 | 51,750 | 7,045 | 13.6% | 70,000 |
| Economic, Salvage, Tools, Equipment & Other | 21,955 | 39,016 | 17,061 | 43.7% | 60,229 |
| Total Transmission and Distribution Projects | \$353,060 | \$375,628 | \$22,568 | 6.0% | \$560,566 |
| Other PSEG Long Island Capital Expenditures | | | | | |
| Information Technology Projects | 24,629 | 45,968 | 21,339 | 46.4% | 76,801 |
| Customer Operations | 5,313 | 7,394 | 2,081 | 28.1% | 10,683 |
| Other General Plant Projects | 771 | 1,298 | 527 | 40.6% | 3,072 |
| Fleet | 3,734 | 8,896 | 5,162 | 58.0% | 15,974 |
| Utility 2.0 | 12,716 | 24,786 | 12,070 | 48.7% | 40,013 |
| Total Expenses | \$47,163 | \$88,342 | \$41,179 | 46.6% | \$146,544 |
| Total PSEG Long Island Capital Expenditures (excl. FEMA) | \$400,223 | \$463,969 | \$63,747 | 13.7% | \$707,110 |
| FEMA | 5,532 | 1,801 | (3,732) | -207.2% | 2,690 |
| Capital Storm | 1,606 | 3,170 | 1,564 | 49.3% | 4,755 |
| Management Fee | 21,704 | 18,998 | (2,706) | -14.2% | 28,496 |
| Pending Project Authorization Funds | - | 2,744 | 2,744 | 100.0% | 4,900 |
| Total PSEG Long Island Capital Expenditures | \$429,065 | \$490,682 | \$61,617 | 12.6% | \$747,951 |
| Nine Mile Point 2 | \$25,225 | \$25,695 | \$469 | 1.8% | \$27,267 |
| LIPA Capital | \$1,916 | \$1,975 | \$59 | 3.0% | \$11,850 |

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$22.6M driven by construction delays, cost savings, and acceleration of construction and materials from 2022 to 2021 for Brooklyn Avenue New Substation, Old Bethpage New 69/13kV Substation, Brightwaters New Transformer & Switchgear, New 69kV Cable to Flowerfield and scheduling for Storm Hardening offset by the reliability category due to Public Works, Transmission Line Failure, and reactive work associated with distribution system improvements, services, branch lines and customer requests.
- IT is under budget \$21.3M due to open vacancies and timing of scheduled work with potential carry over to 2023 due to supply chain delays.
- Fleet is under budget \$5.2M due to continued supply chain issues.
- Utility 2.0 is under budget by \$12.1M due to pending energy storage procurement for Grid Storage and T&D infrastructure not requiring reinforcement at new EV charging stations for EV Make Ready coupled with delays with Customer Experience and DER Visibility.
- FEMA is over budget (\$3.7M) due to timing of construction for substation Inside Plant (IP) Repeaters and higher program management costs for additional circuits transferred from Power On.

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

| Description | Original Total Project Cost (\$M)** | | Total Project Actuals Through 8/31/22 (\$M) | Current Working Estimate* (\$M) | Current Estimated Completion Date* |
|--|-------------------------------------|-----------------------|---|---------------------------------|------------------------------------|
| | Cost Estimate | Date of Cost Estimate | | | |
| Ruland Rd to Plainview: Transmission | \$46.8 | 2017 | \$33.8 | \$34.2 | Jun-22*** |
| Round Swamp Substation | \$20.5 | 2018 | \$20.5 | \$27.6 | Jun-22*** |
| Arverne - New 33kV Circuit to Far Rockaway Substation | \$31.2 | 2020 | \$19.5 | \$24.8 | Oct-22 |
| Flowerfield - Terryville: Install new 69 kV cable to Flowerfield | \$52.5 | 2022 | \$3.4 | \$38.7 | Jun-23 |
| Rockaway Beach - New 33kV Circuit to Arverne Substation | \$36.9 | 2020 | \$7.0 | \$35.3 | Dec-23 |
| Brooklyn Ave (Massapequa) New Substation | \$22.7 | 2017 | \$8.0 | \$34.5 | Dec-23 |
| Navy Road New Substation | \$33.5 | 2017 | \$29.8 | \$30.8 | Oct-23 |
| East Garden City: Switchgear replacement | \$49.0 | 2021 | \$3.6 | \$19.7 | Jun-24 |
| Fire Island Pines New Circuit to Ocean Beach | \$51.1 | 2017 | \$2.4 | \$46.1 | Jun-25 |
| Belmont: Convert substation from 33 kV to 69 kV | \$131.3 | 2021 | \$0.1 | \$116.8 | Jun-25 |
| North Bellmore Install 33 MVA bank, switchgear, and feeders | \$28.8 | 2021 | \$0.0 | \$26.4 | Jun-25 |
| Smithtown: Storm Hardening | \$34.1 | 2021 | \$0.0 | \$25.9 | Dec-29 |
| Transmission Operations Control Room Facility Replacement | \$84.0 | 2018 | \$0.0 | \$114.1 | Dec-28 |
| Substation Security Expansion Project | \$52.9 | 2017 | \$17.7 | \$43.8 | Dec-23 |
| Bridgehampton to Buell: Transmission | \$46.1 | 2017 | \$4.1 | \$47.8 | Jun-26 |
| Elwood: Install new distribution bank and switchgear | \$32.3 | 2021 | \$0.0 | \$32.0 | Jun-37 |
| North Bellport: Eastport 23kV conversion | \$26.4 | 2021 | \$0.0 | \$57.2 | Dec-27 |
| Southampton Install new 138kV cable to Deerfield | \$142.4 | 2021 | \$0.2 | \$139.4 | Jun-28 |
| Syosset to Shore Rd.: Transmission | \$268.0 | 2019 | \$0.2 | \$216.5 | Jun-32 |
| Total | \$1,190.6 | | \$150.3 | \$1,111.6 | |

*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

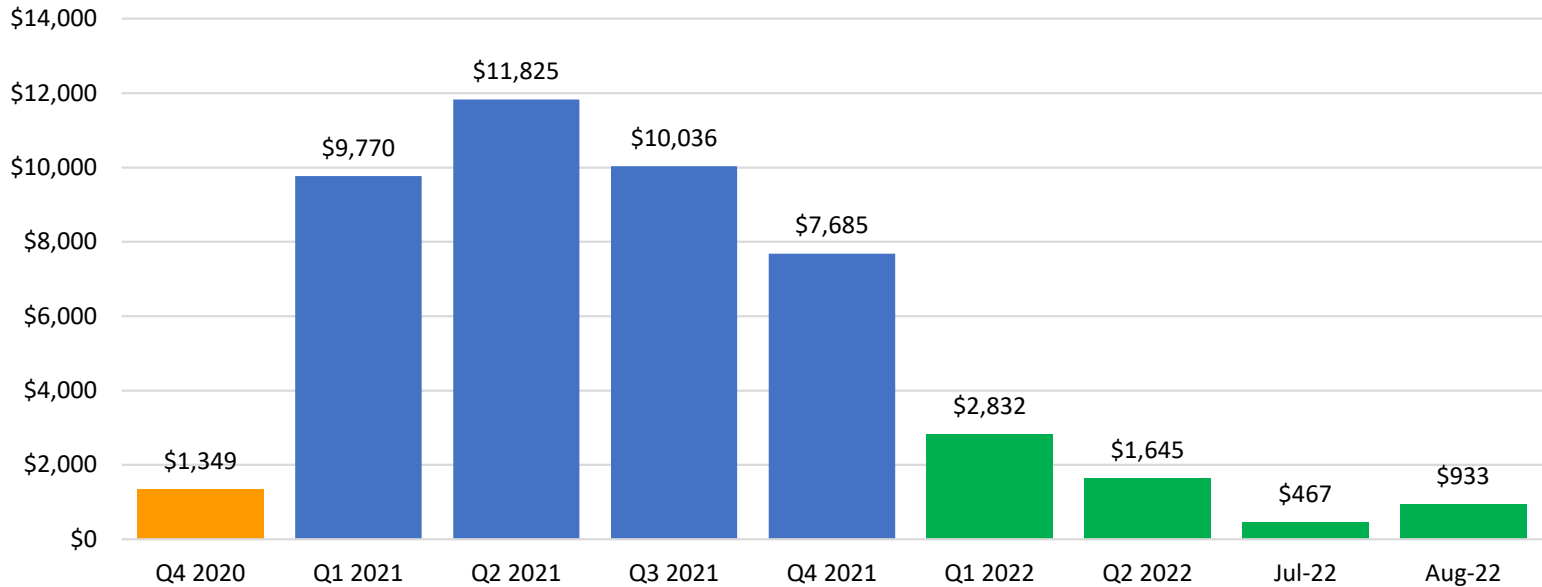
PSEG LONG ISLAND CAPITAL PORTFOLIO SUMMARY (FROM 7+5 UPDATE)

- The 2022 IT portfolio includes 82 projects
 - Original Budget \$76.8M
 - Current Forecast \$53.8M
 - Net Change \$23.0M
- IT Portfolio changes are due to the following
 - New Project / Project Cost Increased \$9.2M
 - Project Cost Decreased \$5.8M
 - Projects Cancelled \$5.0M
 - Partial Project Costs Moved from 2022 to 2023 \$21.5M
 - *Project started later than originally planned* \$9.7M
 - *Re-evaluated / different strategy* \$9.5M
 - *Supply chain delays* \$2.3M

* values are from the 7+5 updated forecast

OUTAGE MANAGEMENT SYSTEM – AUGUST 2022

TOTAL = \$46,542



(\$ in thousands)

| | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Jul-22 | Aug-22 | TOTAL |
|--------------|---------|---------|----------|----------|---------|---------|---------|--------|--------|-----------------|
| TOTAL | \$1,349 | \$9,770 | \$11,825 | \$10,036 | \$7,685 | \$2,832 | \$1,645 | \$467 | \$933 | \$46,542 |