



2022 Projected Financial Results

F&A Committee – November 2022

LIPA CONSOLIDATED RESULTS – PROJECTED 2022

(\$ in thousands)

	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$3,850,840	\$4,250,114	\$399,274	9.4%
Power Supply Charge	1,879,216	2,312,061	(432,844)	-18.7%
Revenue Net of Power Supply Charge	\$1,971,624	\$1,938,054	(\$33,570)	-1.7%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses	609,547	603,480	6,067	1.0%
PSEG Long Island Managed Expenses	182,088	140,453	41,635	29.6%
Utility Depreciation	289,157	284,046	5,111	1.8%
PILOTs	344,478	343,519	959	0.3%
LIPA Operating Expenses	91,874	86,835	5,039	5.8%
LIPA Depreciation and Amortization	138,199	138,199	-	0.0%
Interest Expense	348,388	341,943	6,445	1.9%
Total Expenses	\$2,003,732	\$1,938,477	\$65,255	3.4%
Other Income and Deductions	46,370	48,850	2,480	5.1%
Grant Income	40,924	40,491	(433)	-1.1%
Total Non-Operating Revenue	\$87,294	\$89,341	\$2,047	2.3%
Change in Net Position	\$55,185	\$88,918	\$33,733	37.9%
Coverage Ratio on Obligations	1.40x	1.44x	0.04x	

Note: Variance - favorable/(unfavorable)

LIPA CONSOLIDATED RESULTS – PROJECTED 2022

- Revenue, net of Power Supply Costs, is **\$33.6 million** lower than budget due to:
 - The **\$54.2 million** impact of the Delivery Service Adjustment (DSA) driven by lower than budgeted costs related to Storms of **\$40.0 million**, Debt of **\$8.7 million**, Bad Debt of **\$4.4 million**, and Pension and OPEBs of **\$1.1 million** combined with the **\$2.1 million** deferral for Utility 2.0 project delays.
 - The deferrals above were offset by (i) higher miscellaneous revenues of **\$16.9 million** primarily driven by the collection of late payments, (ii) favorable budget variance of **\$2.9 million** for NYSA and **\$2.9 million** for Revenue Related PILOTS.
- Power Supply Costs are over budget by **(\$432.8) million** driven by higher production costs and higher RGGI-related costs. Production costs are higher due to an increase in natural gas prices and an increase in the volume of fuel oil burned offset by higher-than-planned gains from financial hedge settlements. RGGI costs are higher due to an increase in CO2 emissions related to generating units running more than anticipated.
- PSEG Long Island Operating Expenses are under budget **\$6.1 million** due to Energy Efficiency **\$14.6 million** driven by Commercial Efficiency Program savings, Customer Service **\$2.1 million**, Utility 2.0 **\$2.2 million** offset by T&D **(\$14.5) million** due to telecommunication broker fees, vegetation management program, higher weather support, and higher training costs.
- PSEG Long Island Managed Expenses are under budget by **\$41.6 million** due to:
 - Storm Restoration of **\$40.0 million** primarily due to fewer actual storms and related mutual aid assistance than budgeted.
 - Uncollectible Accounts of **\$4.4 million** due to higher write-off factor assumed in the budget vs. actual bad debt expense.
- Interest expense is under budget by **\$6.4 million** due to the impact of LIPA's financial derivatives offsetting higher interest rates.
- Other Income is favorable against budget by **\$2.5 million** due to gains realized on the OPEB dedicated account partially offset by unrealized losses in the Rate Stabilization Fund.

CAPITAL EXPENDITURES – PROJECTED 2022

(\$ in thousands)

	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Transmission and Distribution				
Load Growth	178,268	145,694	32,574	22.4%
Reliability	252,069	275,367	(23,298)	-8.5%
Storm Hardening	70,000	71,949	(1,949)	-2.7%
Economic, Salvage, Tools, Equipment & Other	60,229	55,432	4,797	8.7%
Total Transmission and Distribution Projects	560,566	548,442	\$12,124	2.2%
Other PSEG Long Island Capital Expenditures				
Information Technology Projects	81,701	53,841	27,860	51.7%
Customer Operations	10,683	8,851	1,833	20.7%
Other General Plant	3,072	2,336	736	31.5%
Fleet	15,974	9,475	6,500	68.6%
Utility 2.0	40,013	27,441	12,573	45.8%
Budget Amendment for emergent projects ¹	38,792	-	38,792	- %
Budget Amendment to carry over projects ¹	(75,535)	-	(75,535)	- %
Total Expenses	\$114,701	\$101,943	\$12,758	12.5%
Total PSEG Long Island Capital Expenditures (excl. FEMA)	\$675,267	\$650,385	\$24,882	3.8%
FEMA Storm Hardening	2,690	6,038	(3,349)	-55.5%
FEMA Pre-Grant Approval	-	1,826	(1,826)	-100.0%
Capital Storm	4,755	1,986	2,770	139.5%
Management Fee	28,496	31,607	3,111	9.8%
Total PSEG Long Island Capital Expenditures	\$711,208	\$691,842	\$19,366	2.8%
Nine Mile Point 2	\$27,267	\$28,153	(\$886)	-3.1%
LIPA Capital	\$11,850	\$6,500	\$5,350	82.3%

Note: Variance - favorable/(unfavorable)

¹ The Approved 2022 Capital budget has been reduced due to budget amendments related to (i) carry over to 2023 of \$75.5 million offset by (ii) 2022 emergent projects of \$38.8 million

CAPITAL EXPENDITURES – PROJECTED 2022

- Transmission & Distribution is under budget by **\$12.1 million** primarily driven by delays in some large-scale specific projects which will be carrying over scope and funding into future budget years. These delays are attributed to supply chain issues, permitting, clearances, and other vendor related items. This underrun is partially offset by emergent Transmission Line Failures, the timing of reimbursement for an accelerated Public Works project, and reactive work associated with distribution system improvements, services, branch lines and customer requests.
- IT Projects are under budget by **\$27.9 million** due to schedule delays and reprioritization, as well as scope refinement and requirement/strategy modifications.
- Fleet is under budget by **\$6.5 million** due to continued supply chain delays.
- Utility 2.0 is under budget by **\$12.6 million** primarily due to lower than anticipated demand for infrastructure reinforcement at new EV charging stations for the EV Make Ready program, project schedule change due to procurement delays for the DER visibility program, and a reduction in scope to the Rate Modernization Program.
- FEMA is over budget by **\$5.2 million** due to the timing of construction for substation Inside Plant (IP) Repeaters and higher program management costs for additional circuits transferred from Power On, as well as planning and preliminary design/engineering for Project Hazard Mitigation Plans for submission to FEMA for potential new grants.
- The Approved 2022 Capital budget has been reduced due to budget amendments related to (i) carry over to 2023 of **\$75.5 million** offset by (ii) 2022 emergent projects of **\$38.8 million**.

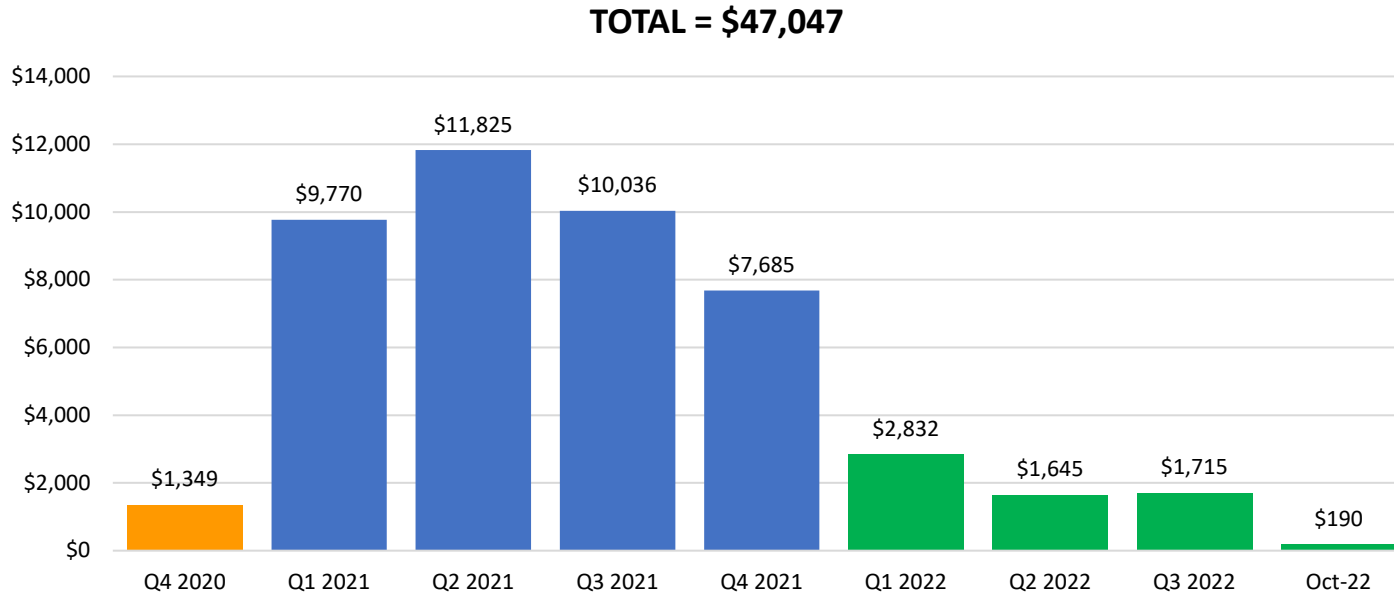
LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	September 30, 2022	Days Cash	August 31, 2022	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$ 778,082		\$ 788,179	
OPEB account cash, cash equivalents & investments	479,697		511,771	
PSEG Long Island Working Capital requirements	248,352		282,160	
Total operating liquidity	<u>1,506,131</u>	<u>177</u>	<u>1,582,110</u>	<u>186</u>
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	613,000		712,550	
Total available credit	<u>813,000</u>		<u>912,550</u>	
Total cash, cash equivalents, investments & available credit	<u>\$ 2,319,131</u>	<u>272</u>	<u>\$ 2,494,660</u>	<u>293</u>
Restricted cash				
Clean Energy Compliance Fund	19,490		19,478	
UDSA	215,342		152,547	
Total restricted cash	<u>\$ 234,832</u>		<u>\$ 172,025</u>	

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

OUTAGE MANAGEMENT SYSTEM REMEDIATION COST

(\$ in thousands)



	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Oct-22	TOTAL
TOTAL	\$1,349	\$9,770	\$11,825	\$10,036	\$7,685	\$2,832	\$1,645	\$1,715	\$190	\$47,047