



2022 Projected Financial Results

F&A Committee – December 2022

LIPA CONSOLIDATED RESULTS – PROJECTED 2022

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$3,850,840	\$4,248,886	\$398,046	9.4%
Power Supply Charge	1,879,216	2,315,840	(436,623)	-18.9%
Revenue Net of Power Supply Charge	\$1,971,624	\$1,933,046	(\$38,578)	-2.0%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses	609,547	604,540	5,007	0.8%
PSEG Long Island Managed Expenses	182,088	140,096	41,992	30.0%
Utility Depreciation	289,157	285,517	3,640	1.3%
PILOTs	344,478	344,272	206	0.1%
LIPA Operating Expenses	91,874	89,487	2,387	2.7%
LIPA Depreciation and Amortization	138,199	138,199	-	0.0%
Interest Expense	348,388	341,757	6,632	1.9%
Total Expenses	\$2,003,732	\$1,943,868	\$59,864	3.1%
Other Income and Deductions	46,370	51,007	4,637	9.1%
Grant Income	40,924	40,412	(511)	-1.3%
Total Non-Operating Revenue	\$87,294	\$91,419	\$4,126	4.5%
Change in Net Position	\$55,185	\$80,598	\$25,412	31.5%
Coverage Ratio on Obligations	1.40x	1.43x	0.03x	

Note: Variance - favorable/(unfavorable)

The Projected Annual Forecast does not include the full potential cost of a recent transmission cable failure which could be a potential budget amendment once costs are finalized.

LIPA CONSOLIDATED RESULTS – PROJECTED 2022

- Revenue, net of Power Supply Costs, is **\$38.6 million** lower than budget due to:
 - The **\$54.9 million** impact of the Delivery Service Adjustment (DSA) driven by lower than budgeted costs related to Storms of **\$39.5 million**, Debt of **\$8.7 million**, deferral for Utility 2.0 project delays of **\$6.6 million**, Uncollectible Expense of **\$6.0 million**, and Pension and OPEBs of **\$0.7 million**.
 - The deferrals above were offset by higher miscellaneous revenues of **\$16.4 million** primarily driven by collection of unbudgeted late payments charges.
- Power Supply Costs is over budget by **(\$436.6) million** driven by higher purchased power and electricity production costs due to an increase in natural gas prices and an increase in volume of fuel oil burned partially offset by higher than planned gains from financial hedge settlements.
- PSEG Long Island Operating Expenses are under budget **\$5.0 million** due to Energy Efficiency of **\$13.1 million** driven by Commercial Efficiency Program savings, Customer Service of **\$2.7 million**, Utility 2.0 of **\$6.6 million** offset by T&D (**\$18.7) million** due to the telecommunication broker fee, vegetation management program, higher weather support and higher cable repairs.
- PSEG Long Island Managed Expenses is under budget by **\$42.0 million** due to:
 - Storm Restoration of **\$39.5 million** primarily due to fewer actual storms and related mutual aid assistance than budgeted.
 - Uncollectible Expense of **\$6.0 million** due to higher write-off factor assumed in the budget vs. actual uncollectible expense.
- Interest expense is under budget by **\$6.6 million** due to the impact of LIPA's financial derivatives offsetting higher interest rates.
- Other Income is favorable against budget by **\$4.6 million** due to gains realized on the OPEB dedicated account and higher interest rates partially offset by unrealized losses in the Rate Stabilization Fund.

CAPITAL EXPENDITURES – PROJECTED 2022

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Transmission and Distribution				
Load Growth	178,268	146,825	31,443	21.4%
Reliability	252,069	273,091	(21,022)	-7.7%
Storm Hardening	70,000	71,949	(1,949)	-2.7%
Economic, Salvage, Tools, Equipment & Other	60,229	58,212	2,017	3.5%
Total Transmission and Distribution Projects	560,566	550,077	\$10,489	1.9%
Other PSEG Long Island Capital Expenditures				
Information Technology Projects	81,701	51,421	30,280	58.9%
Customer Operations	10,683	8,645	2,039	23.6%
Other General Plant	3,072	2,309	763	33.0%
Fleet	15,974	7,754	8,220	106.0%
Utility 2.0	40,013	27,301	12,712	46.6%
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	\$97,430	\$17,271	17.7%
Total PSEG Long Island Capital Expenditures (excl. FEMA)	\$675,267	\$647,507	\$27,760	4.3%
FEMA Storm Hardening	2,690	6,658	(3,969)	-59.6%
FEMA Pre-Grant Approval	-	757	(757)	-100.0%
Capital Storm	4,755	(3,069)	7,824	-254.9%
Management Fee	28,496	31,953	3,457	10.8%
Total PSEG Long Island Capital Expenditures	\$711,208	\$683,806	\$27,402	4.0%
Nine Mile Point 2	\$27,267	\$27,486	(\$219)	-0.8%
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 **\$10.5 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 **\$30.3 million** due to schedule delays and reprioritization, as well as scope refinement and requirement/strategy modifications.
- Fleet is under budget by **\$8.2 million** due to continued supply chain delays.
- Utility 2.0 is under budget by **\$12.7 million** primarily due to ending the energy storage procurement for Grid Storage, T&D infrastructure not requiring as much reinforcement at new EV charging stations for EV Make Ready, the winding down of AMI Customer Experience, and delays with the DER Visibility project.
- FEMA is over budget by **\$4.7 million** due to shift in scope and additional circuits transferred from Power On program coupled with an increase in emergent engineering work.
- Capital Storm is under budget by **\$7.8 million** due to release of overestimated accrual from Storm Isaias.
- 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**.

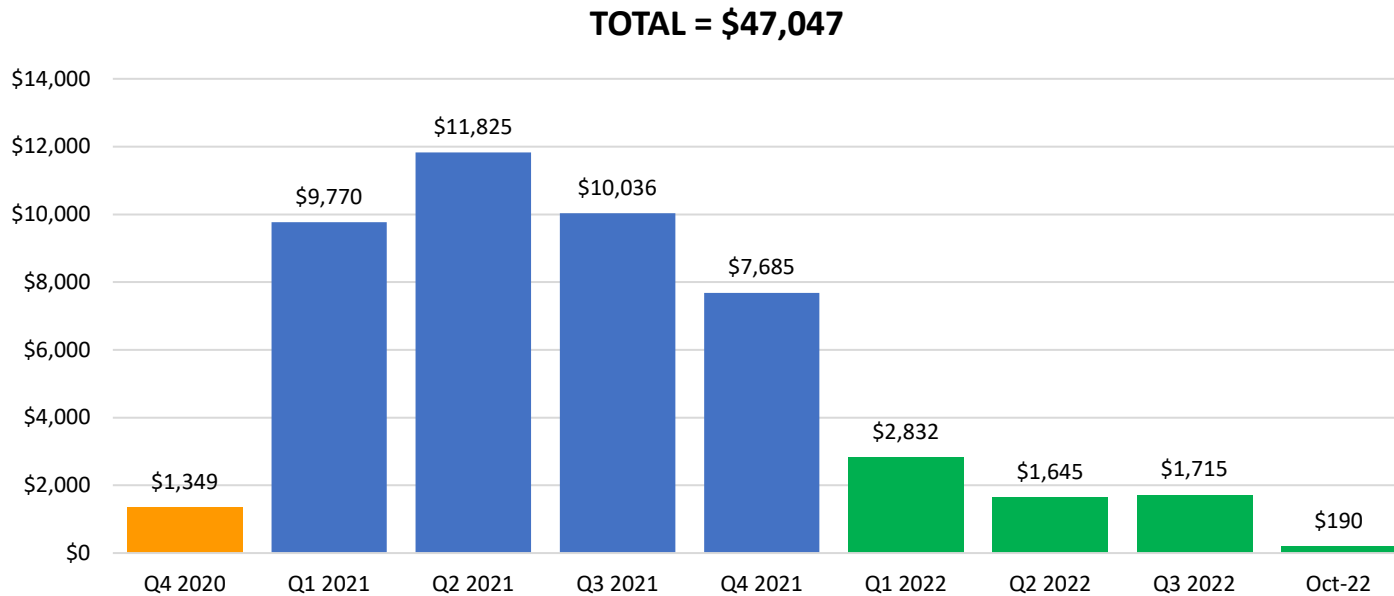
LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	November 30, 2022	Days Cash	October 31, 2022	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$ 742,828		\$ 817,281	
OPEB account cash, cash equivalents & investments	530,969		498,856	
PSEG Long Island Working Capital requirements	254,612		261,601	
Total operating liquidity	1,528,409	180	1,577,738	185
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	794,000		634,285	
Total available credit	994,000		834,285	
Total cash, cash equivalents, investments & available credit	\$ 2,522,409	296	\$ 2,412,023	283
Restricted cash				
Clean Energy Compliance Fund	19,526		19,507	
UDSA	297,008		257,296	
Total restricted cash	\$ 316,534		\$ 276,803	

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