



# **December 2022 Unaudited Financial Results**

---

F&A Committee – February 2023

# LIPA CONSOLIDATED RESULTS – DECEMBER 2022

<i>(\$ in thousands)</i>	<b>Actual<sup>(1)</sup></b>	<b>Budget</b>	<b>\$ Var.</b>	<b>% Var.</b>
<b>Revenues</b>	<b>\$4,315,178</b>	<b>\$3,850,840</b>	<b>\$464,338</b>	<b>12.1%</b>
Power Supply Charge	2,369,547	1,879,216	(490,330)	-26.1%
<b>Revenue Net of Power Supply Charge</b>	<b>\$1,945,631</b>	<b>\$1,971,624</b>	<b>(\$25,992)</b>	<b>-1.3%</b>
<b>PSEG Long Island Operating and Managed Expenses</b>				
PSEG Long Island Operating Expenses	608,660	609,547	887	0.1%
PSEG Long Island Managed Expenses	149,142	182,088	32,946	18.1%
Utility Depreciation	284,527	289,157	4,631	1.6%
PILOTS	344,380	344,478	98	0.0%
LIPA Operating Expenses	84,536	91,874	7,338	8.0%
LIPA Depreciation and Amortization	138,270	138,199	(71)	-0.1%
Interest Expense	343,079	348,388	5,309	1.5%
<b>Total Expenses</b>	<b>\$1,952,595</b>	<b>\$2,003,732</b>	<b>\$51,137</b>	<b>2.6%</b>
Other Income and Deductions	62,702	46,370	16,332	35.2%
Grant Income	40,461	40,924	(463)	-1.1%
<b>Total Non-Operating Revenue</b>	<b>\$103,163</b>	<b>\$87,294</b>	<b>\$15,869</b>	<b>18.2%</b>
<b>Change in Net Position</b>	<b>\$96,200</b>	<b>\$55,185</b>	<b>\$41,015</b>	<b>74.3%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

# LIPA MANAGED EXPENSES & INCOME – DECEMBER 2022

(\$ in thousands)

	<u>Actual<sup>(1)</sup></u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>LIPA Expenses</b>					
LIPA Operating Expenses	\$84,536	\$91,874	\$7,338	8.0%	\$91,874
LIPA Depreciation and Amortization	113,256	113,185	(71)	-0.1%	113,185
LIPA Deferred Amortized Expenses	25,014	25,014	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	343,079	348,388	5,309	1.5%	348,388
<b>Total Expenses</b>	<b>\$565,886</b>	<b>\$578,462</b>	<b>\$12,576</b>	<b>2.2%</b>	<b>\$578,462</b>
Other Income and Deductions	41,075	26,897	14,177	52.7%	26,897
Grant Income	40,461	40,924	(463)	-1.1%	40,924
<b>Total Income</b>	<b>\$81,536</b>	<b>\$67,821</b>	<b>\$13,715</b>	<b>20.2%</b>	<b>\$67,821</b>
<b>LIPA Capital</b>	<b>\$2,645</b>	<b>\$11,850</b>	<b>\$9,205</b>	<b>77.7%</b>	<b>\$11,850</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- LIPA operating expense is under budget by \$7.3M due to primarily to lower legal consulting services and litigation reserves combined with lower benefit costs
- Interest expense is under budget \$5.3M due to the favorable impact of financial derivatives offsetting higher interest rates
- Other income and deductions is favorable against budget by \$14.2M primarily due to gains realized on the OPEB dedicated account slightly offset by unrealized losses in the Rate Stabilization fund

# LIPA LIQUIDITY POSITION – DECEMBER 2022

<i>(\$ in thousands)</i>	December 31, 2022	Days Cash	November 30, 2022	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash and cash equivalents	\$ 813,773		\$ 742,828	
OPEB account cash, cash equivalents & investments	522,648		530,969	
PSEG Long Island Working Capital requirements	228,311		254,612	
<b>Total operating liquidity</b>	<u>1,564,732</u>	<u>184</u>	<u>1,528,409</u>	<u>180</u>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	869,000		794,000	
<b>Total available credit</b>	<u>1,069,000</u>		<u>994,000</u>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<u><b>\$ 2,633,732</b></u>	<u><b>309</b></u>	<u><b>\$ 2,522,409</b></u>	<u><b>296</b></u>
<b>Restricted cash</b>				
Clean Energy Compliance Fund	19,548		19,526	
UDSA	153,150		297,008	
<b>Total restricted cash</b>	<u><b>\$ 172,698</b></u>		<u><b>\$ 316,534</b></u>	

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

# PSEG LONG ISLAND OPERATING EXPENSES – DECEMBER 2022

(\$ in thousands)

	<u>Actual<sup>(1)</sup></u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>
<b>PSEG Long Island Operating Expenses</b>				
Transmission & Distribution	\$197,905	\$176,076	(\$21,829)	-12.4%
Construction & Operations Services	37,428	39,115	1,687	4.3%
Emergency Preparedness	9,058	9,156	98	1.1%
Customer Services	103,706	104,362	656	0.6%
Business Services	144,496	141,178	(3,318)	-2.4%
Power System Management	15,813	19,264	3,451	17.9%
Energy Efficiency & Renewable Energy	80,902	92,833	11,931	12.9%
Utility 2.0	19,352	27,563	8,211	29.8%
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$608,660</b>	<b>\$609,547</b>	<b>\$887</b>	<b>0.1%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- Total expenses are under budget by \$1.0M primarily due to:
  - T&D is over budget by (\$21.8M) due to emergent transmission and distribution cable failures/repairs, vegetation management program, higher training costs, telecommunication broker fees, and higher weather support
  - Business Services is over budget by (\$3.3M) due to increased IT spend in the 4th quarter offset by open vacancies, lower contractor spend and legal support costs
  - Power System Management is under budget by \$3.5M due to 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 \$11.9M primarily due to the Commercial Efficiency Program which has achieved energy savings 34% above goal while holding costs to 16% below budget
  - Utility 2.0 is under budget by \$8.2M primarily due to a scope refinement in Rate Modernization program, slow ramp up for EV Make Ready incentives, deferral of AMI Outage Management charges into 2023, and lower customer adoption for Super Savers

# PSEG LONG ISLAND MANAGED EXPENSES – DECEMBER 2022

(\$ in thousands)

	<u>Actual<sup>(1)</sup></u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>
<b>PSEG Long Island Managed Expenses</b>				
Uncollectible Accounts	\$36,020	\$28,760	(\$7,260)	-25.2%
Storm Restoration	32,520	76,276	43,757	57.4%
NYS Assessment	15,665	11,719	(3,947)	-33.7%
Utility Depreciation	284,527	289,157	4,631	1.6%
Pension & OPEB Expense	61,188	61,400	212	0.3%
PILOTs - Revenue-Based Taxes	43,939	40,549	(3,390)	-8.4%
PILOTs - Property-Based Taxes	300,441	303,929	3,488	1.1%
PSEGLI Managed - Misc	3,748	3,933	184	4.7%
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$778,048</b>	<b>\$815,723</b>	<b>\$37,675</b>	<b>4.6%</b>
<b>Other Income &amp; Deductions</b>				
	<b>\$21,498</b>	<b>\$19,387</b>	<b>\$2,111</b>	<b>10.9%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- Uncollectible expense is over budget by (\$7.3M) due to lower write-off factor assumed in the budget vs. actual bad debt expense combined with an adjustment to the uncollectible reserve which resumed the pre-pandemic methodology
- Storm Restoration is under budget by \$43.8M primarily due to fewer actual storms and related mutual aid assistance than budgeted. Budget included 18 storms of which 5 would need mutual aid assistance vs. an actual of 10 storms with only 1 requiring mutual aid assistance

# PSEG LONG ISLAND REVENUE – DECEMBER 2022

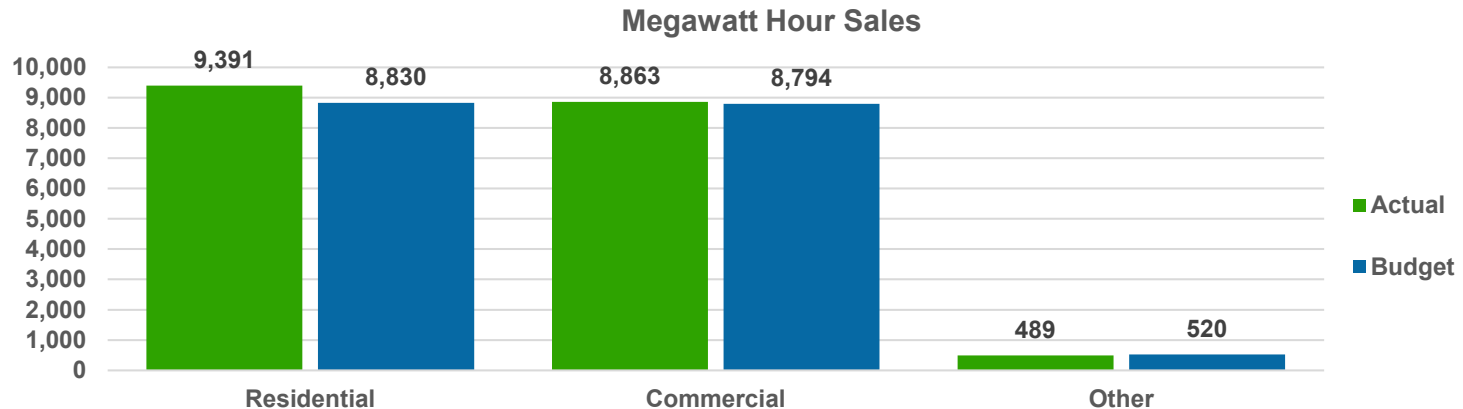
(\$ in thousands)

	<u>Actual<sup>(1)</sup></u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>
<b>Revenues</b>	<b>\$4,315,178</b>	<b>\$3,850,840</b>	<b>\$464,338</b>	<b>12.1%</b>
<b>Power Supply Charge</b>	<b>\$2,369,547</b>	<b>\$1,879,216</b>	<b>(\$490,330)</b>	<b>-26.1%</b>
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,945,631</b>	<b>\$1,971,624</b>	<b>(\$25,992)</b>	<b>-1.3%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- Revenue, net of PSCs, is (\$26.0M) lower than budget primarily driven by:
  - Delivery Service Adjustment (DSA) of (\$38.2M) primarily driven by lower Storm expenses of (\$43.7M) offset by higher Bad Debt of \$6.0 million
  - Offset by higher miscellaneous revenues of \$13.7M 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 – DECEMBER 2022

(\$ in thousands)

	Actual <sup>(1)</sup>	Budget	\$ Var.	% Var.
<b>Transmission and Distribution</b>				
Load Growth	147,145	144,689	(2,456)	-1.7%
Reliability	263,749	272,043	8,294	3.0%
Storm Hardening	71,039	70,000	(1,039)	-1.5%
Economic, Salvage, Tools, Equipment & Other	54,284	57,828	3,544	6.1%
<b>Total Transmission and Distribution Projects</b>	<b>\$536,171</b>	<b>\$544,561</b>	<b>\$8,390</b>	<b>1.5%</b>
<b>Other PSEG Long Island Capital Expenditures</b>				
Information Technology Projects	48,917	62,170	13,253	21.3%
Customer Operations	8,549	10,083	1,534	15.2%
Other General Plant Projects	1,421	3,072	1,651	53.7%
Fleet	9,498	10,468	970	9.3%
Utility 2.0	17,796	40,013	22,217	55.5%
<b>Total Expenses</b>	<b>\$86,181</b>	<b>\$125,806</b>	<b>\$39,625</b>	<b>31.5%</b>
<b>Total PSEG Long Island Capital Expenditures (excl. FEMA)</b>	<b>\$622,352</b>	<b>\$670,367</b>	<b>\$48,015</b>	<b>7.2%</b>
FEMA	5,476	2,690	(2,786)	-103.6%
FEMA Pre-Grant	97	-	(97)	0.0%
Capital Storm	(2,690)	4,755	7,445	156.6%
Management Fee	30,963	28,496	(2,466)	-8.7%
Pending Project Authorization Funds	-	4,900	4,900	100.0%
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$656,198</b>	<b>\$711,208</b>	<b>\$55,011</b>	<b>7.7%</b>
<b>Nine Mile Point 2</b>	<b>\$28,298</b>	<b>\$27,267</b>	<b>(\$1,031)</b>	<b>-3.8%</b>
<b>LIPA Capital</b>	<b>\$2,645</b>	<b>\$11,850</b>	<b>\$9,205</b>	<b>77.7%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

- T&D is under budget by \$8.4M primarily driven by project cost savings, construction and equipment delivery delays for East Garden City switchgear replacement, public works, substation transformers replacements, new 69kV cable to Flowerfield, coupled with transformer transfer from Newbridge to system spares. This is partially offset in load growth and storm hardening due to reactive work associated with customer requests, and higher contractor and material costs for the storm hardening program
- IT is under budget by \$13.2M primarily due to underrun related to cancelled projects, delayed projects or shifts to O&M funded initiatives
- Utility 2.0 is under budget by \$22.2M due to T&D infrastructure not requiring reinforcement at new EV charging stations for EV Make Ready coupled with delays in Customer Experience and pending energy storage procurement for Grid Storage
- FEMA is over budget (\$2.8M) due to construction for substation Inside Plant (IP) Repeaters and higher program management costs for additional circuits transferred from Power On
- LIPA capital is under budget \$9.2M due to a shift in priorities pushing IT related projects to 2023



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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 12/31/22 (\$M)	Current Working Estimate*	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$34.1	\$34.2	Jun-22***
Round Swamp Substation	\$20.5	2018	\$21.4	\$27.6	Jun-22***
Arverne - New 33kV Circuit to Far Rockaway Substation	\$31.2	2020	\$23.3	\$24.8	Oct-22***
Flowerfield - Terryville: Install new 69 kV cable to Flowerfield	\$52.5	2022	\$18.1	\$38.7	Jun-23
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$36.9	2020	\$7.4	\$35.3	Dec-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$11.2	\$34.5	Dec-23
Navy Road New Substation	\$33.5	2017	\$29.6	\$30.8	Oct-23
East Garden City: Switchgear replacement	\$49.0	2021	\$5.0	\$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	\$0.4	\$116.8	Jun-25
North Bellmore Install 33 MVA bank, switchgear, and feeders	\$28.8	2021	\$0.1	\$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	\$19.4	\$43.8	Dec-23
Bridgehampton to Buell: Transmission	\$46.1	2017	\$4.4	\$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
<b>Total</b>	<b>\$1,190.6</b>		<b>\$177.2</b>	<b>\$1,111.6</b>	

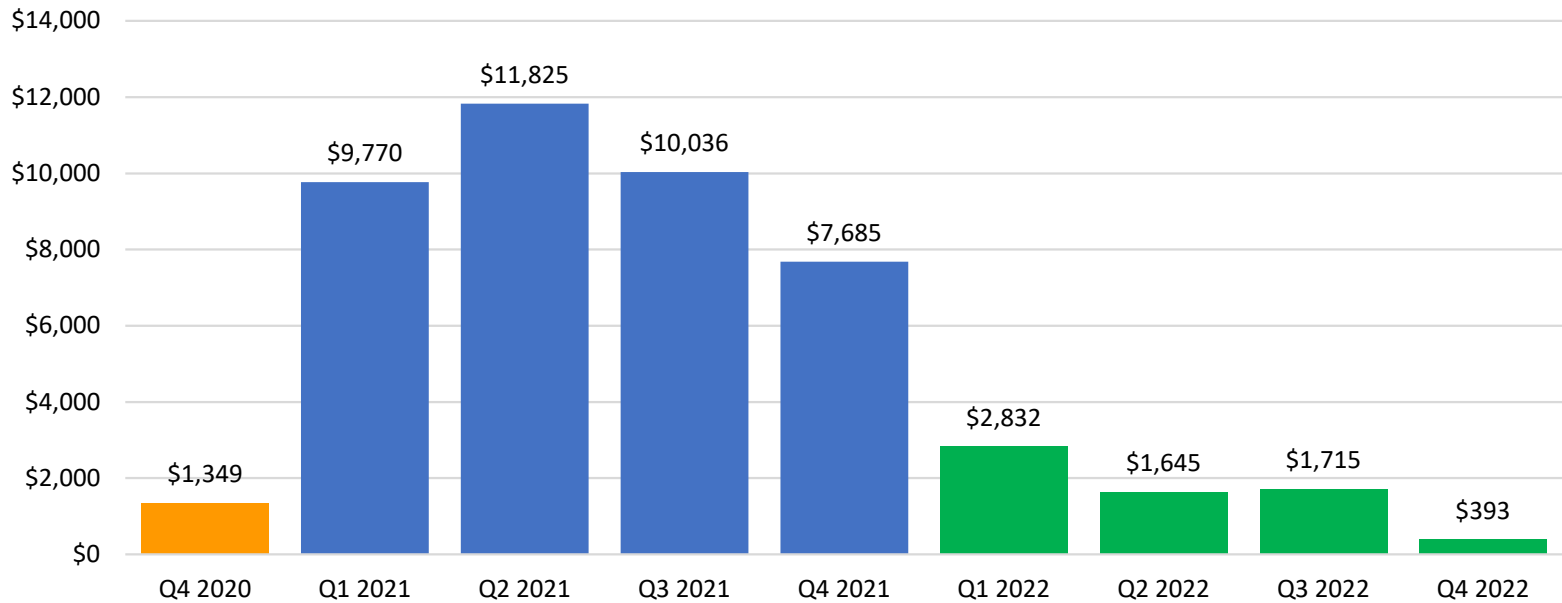
\*The Current Working Estimate and Completion Dates will be updated ending June 30 and November 30.

\*\* Revised estimate based on PSEG LI new estimating process.

\*\*\* Projects are completed and in-service

# OMS REMEDIATION – DECEMBER 2022

**TOTAL = \$47,250**



*(\$ in thousands)*

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	<b>TOTAL</b>
<b>TOTAL</b>	\$1,349	\$9,770	\$11,825	\$10,036	\$7,685	\$2,832	\$1,645	\$1,715	\$393	<b>\$47,250</b>