



# February 2023 Financial Results

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F&A Committee – March 2023

# LIPA CONSOLIDATED RESULTS – FEBRUARY 2023

<i>(\$ in thousands)</i>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>Revenues</b>	<b>\$497,768</b>	<b>\$633,781</b>	<b>(\$136,013)</b>	<b>-21.5%</b>	<b>\$4,146,706</b>
Power Supply Charge	208,567	350,187	141,620	40.4%	2,072,186
<b>Revenue Net of Power Supply Charge</b>	<b>\$289,201</b>	<b>\$283,594</b>	<b>\$5,607</b>	<b>2.0%</b>	<b>\$2,074,519</b>
<b>PSEG Long Island Operating and Managed Expenses</b>					
PSEG Long Island Operating Expenses	104,162	103,708	(455)	-0.4%	638,879
PSEG Long Island Managed Expenses	38,776	27,215	(11,561)	-42.5%	156,470
Utility Depreciation	47,439	47,746	307	0.6%	312,399
PILOTS	56,652	56,831	179	0.3%	345,506
LIPA Operating Expenses	14,228	13,933	(295)	-2.1%	104,163
LIPA Depreciation and Amortization	23,083	23,062	(22)	-0.1%	138,369
Interest Expense	55,605	55,971	366	0.7%	347,324
<b>Total Expenses</b>	<b>\$339,946</b>	<b>\$328,465</b>	<b>(\$11,481)</b>	<b>-3.5%</b>	<b>\$2,043,110</b>
Other Income and Deductions	9,479	5,016	4,464	89.0%	44,697
Grant Income	3,449	3,558	(109)	-3.1%	41,349
<b>Total Non-Operating Revenue</b>	<b>\$12,928</b>	<b>\$8,574</b>	<b>\$4,354</b>	<b>50.8%</b>	<b>\$86,046</b>
<b>Change in Net Position</b>	<b>(\$37,817)</b>	<b>(\$36,296)</b>	<b>(\$1,520)</b>	<b>-4.2%</b>	<b>\$117,455</b>

Note: Variance - favorable/(unfavorable)

# LIPA MANAGED EXPENSES & INCOME – FEBRUARY 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>LIPA Expenses</b>					
LIPA Operating Expenses	\$14,228	\$13,933	(\$295)	-2.1%	\$104,163
LIPA Depreciation and Amortization	18,914	18,893	(22)	-0.1%	113,355
LIPA Deferred Amortized Expenses	4,169	4,169	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	55,445	55,971	525	0.9%	347,324
<b>Total Expenses</b>	<b>\$92,757</b>	<b>\$92,965</b>	<b>\$208</b>	<b>0.2%</b>	<b>\$589,856</b>
Other Income and Deductions	5,502	1,570	3,932	250.5%	23,620
Grant Income	3,449	3,558	(109)	-3.1%	41,349
<b>Total Income</b>	<b>\$8,951</b>	<b>\$5,128</b>	<b>\$3,823</b>	<b>74.6%</b>	<b>\$64,969</b>
<b>LIPA Capital</b>	<b>\$436</b>	<b>\$500</b>	<b>\$64</b>	<b>12.9%</b>	<b>\$9,900</b>

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is over budget by (\$0.3M) due to primarily to timing of consulting expense.
- Interest expense is under budget \$0.5M due to the favorable interest rates on financial derivative instruments.
- Other income and deductions is favorable against budget by \$3.9M due to realized gains on the Rate Stabilization Fund and the OPEB Account.

# LIPA LIQUIDITY POSITION – FEBRUARY 2023

<i>(\$ in thousands)</i>	February 28, 2023	Days Cash	January 31, 2023	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash and cash equivalents	\$ 662,229		\$ 637,580	
OPEB account cash, cash equivalents & investments	538,263		553,369	
PSEG Long Island Working Capital requirements	328,174		310,687	
<b>Total operating liquidity</b>	<u>1,528,666</u>	<u>168</u>	<u>1,501,636</u>	<u>165</u>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	664,000		774,000	
<b>Total available credit</b>	<u>864,000</u>		<u>974,000</u>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<u><b>\$ 2,392,666</b></u>	<u><b>263</b></u>	<u><b>\$ 2,475,636</b></u>	<u><b>272</b></u>
<b>Restricted cash</b>				
Clean Energy Compliance Fund	19,605		19,577	
UDSA	214,597		185,369	
<b>Total restricted cash</b>	<u><b>\$ 234,202</b></u>		<u><b>\$ 204,946</b></u>	

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

# PSEG LONG ISLAND OPERATING EXPENSES – FEBRUARY 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>PSEG Long Island Operating Expenses</b>					
Transmission & Distribution	\$29,900	\$30,890	\$990	3.2%	\$188,072
Construction & Operations Services	6,229	7,479	1,250	16.7%	40,583
Emergency Preparedness	2,214	1,863	(352)	-18.9%	10,760
Customer Services	17,805	19,505	1,699	8.7%	121,248
Business Services	27,354	25,216	(2,138)	-8.5%	152,513
Power System Management	2,219	3,294	1,075	32.6%	20,926
Energy Efficiency & Renewable Energy	17,209	14,674	(2,535)	-17.3%	93,524
Utility 2.0	1,231	787	(444)	-56.4%	11,253
<b>Total PSEG Long Island Operating Expenses</b>	<b><u>\$104,162</u></b>	<b><u>\$103,708</u></b>	<b><u>(\$455)</u></b>	<b><u>-0.4%</u></b>	<b><u>\$638,879</u></b>

Note: Variance - favorable/(unfavorable)

- Total expenses are over budget by (\$0.5M) primarily due to:
  - T&D is under budget by \$1.0M primarily due to timing of expenses related to telecom and storm hardening offset by an expected increase in tree trimming.
  - Construction & Operations is under budget by \$1.2M due to program and consulting delays coupled with timing of National Grid invoices.
  - Customer Services is under budget by \$1.7M due to lower headcount.
  - Business Services is over budget by (\$2.1M) due to higher IT-related consulting expense related to managed services partially offset by timing of legal expenses.
  - Power System Management is under budget by \$1.1M primarily due lower headcount coupled with lower consulting and IT-related costs.
  - Energy Efficiency is over budget by (\$2.5M) primarily due to the higher rebates related to heat pumps.

# PSEG LONG ISLAND MANAGED EXPENSES – FEBRUARY 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>PSEG Long Island Managed Expenses</b>					
Uncollectible Accounts	\$29,135	\$4,582	(\$24,553)	-535.8%	\$28,580
Storm Restoration	1,404	14,679	13,275	90.4%	80,000
NYS Assessment	2,100	2,108	8	0.4%	12,356
Utility Depreciation	47,439	47,746	307	0.6%	312,399
Pension & OPEB Expense	5,860	5,734	(126)	-2.2%	34,657
PILOTs - Revenue-Based Taxes	5,861	6,040	179	3.0%	40,756
PILOTs - Property-Based Taxes	50,792	50,792	-	0.0%	304,750
PSEGLI Managed - Misc	277	333	56	16.8%	877
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$142,868</b>	<b>\$132,013</b>	<b>(\$10,855)</b>	<b>-8.2%</b>	<b>\$814,375</b>
<b>Other Income &amp; Deductions</b>					
	<b>\$3,245</b>	<b>\$3,425</b>	<b>(\$180)</b>	<b>-5.2%</b>	<b>\$20,946</b>

Note: Variance - favorable/(unfavorable)

- Uncollectible expense is over budget by (\$24.6M) due to customer credits provided under the customer bill forgiveness program.
- Storm Restoration is under budget by \$13.3M primarily due to fewer actual storms and none requiring mutual aid assistance.

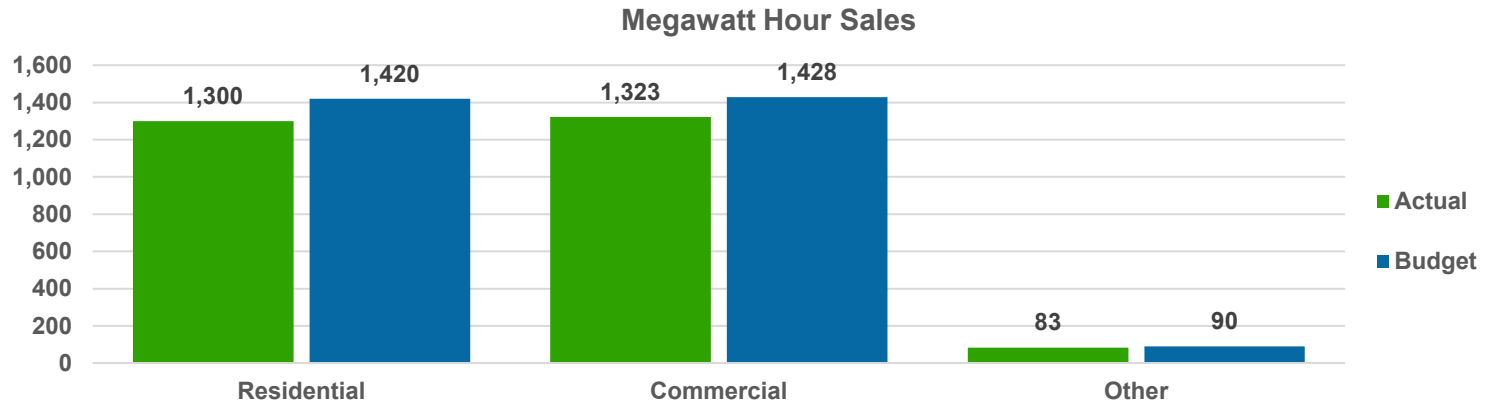
# PSEG LONG ISLAND REVENUE – FEBRUARY 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
<b>Revenues</b>	\$497,768	\$633,781	(\$136,013)	-21.5%	\$4,146,706
<b>Power Supply Charge</b>	\$208,567	\$350,187	\$141,620	40.4%	\$2,072,186
<b>Revenue Net of Power Supply Costs</b>	<u>\$289,201</u>	<u>\$283,594</u>	<u>\$5,607</u>	<u>2.0%</u>	<u>\$2,074,519</u>

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSC, is \$5.6M higher than budget primarily driven by:
  - Delivery Service Adjustment (DSA) of \$7.2M primarily driven by higher Bad Debt of \$24.6M due to the customer bill forgiveness program offset by lower Storm expenses of (\$13.3M) and Debt expenses of (\$4.2M).



- Sales of electricity are lower than budget by 232 GWh or 7.9% due to significantly milder weather in January and February.

# CAPITAL EXPENDITURES – FEBRUARY 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>Transmission and Distribution</b>					
Load Growth	24,098	40,381	16,283	40.3%	173,016
Reliability	39,170	43,998	4,828	11.0%	302,598
Storm Hardening	9,322	10,977	1,655	15.1%	83,000
Economic, Salvage, Tools, Equipment & Other	8,624	20,218	11,594	57.3%	70,356
<b>Total Transmission and Distribution Projects</b>	<b>\$81,214</b>	<b>\$115,573</b>	<b>\$34,359</b>	<b>29.7%</b>	<b>\$628,970</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	3,732	4,480	748	16.7%	67,713
Cybersecurity	1,120	961	(159)	-16.6%	12,711
Customer Operations	1,090	1,268	178	14.0%	10,336
Other General Plant Projects	106	683	577	84.5%	4,571
Fleet	1	-	(1)	0.0%	23,556
Utility 2.0	251	6,902	6,651	96.4%	17,838
<b>Total Expenses</b>	<b>\$6,301</b>	<b>\$14,294</b>	<b>\$7,993</b>	<b>55.9%</b>	<b>\$136,726</b>
<b>Total PSEG Long Island Capital Expenditures (excl. FEMA)</b>	<b>\$87,515</b>	<b>\$129,867</b>	<b>\$42,353</b>	<b>32.6%</b>	<b>\$765,696</b>
FEMA	657	-	(657)	0.0%	-
FEMA Pre-Grant	1,415	713	(703)	-98.6%	7,620
Capital Storm Management Fee	650	684	34	4.9%	29,529
Pending Project Authorization Funds	-	37	37	100.0%	42,843
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$95,779</b>	<b>\$136,223</b>	<b>\$40,443</b>	<b>29.7%</b>	<b>\$849,167</b>
<b>Nine Mile Point 2</b>	<b>\$1,099</b>	<b>\$993</b>	<b>(\$106)</b>	<b>-10.6%</b>	<b>\$5,960</b>
<b>LIPA Capital</b>	<b>\$436</b>	<b>\$500</b>	<b>\$64</b>	<b>12.9%</b>	<b>\$9,900</b>

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$34.4M primarily driven by construction and permitting delays, cost savings and realignment of the work plan with latest forecasts for:
  - Transmission partial underground near Route 111 underpass, Arverne - Install New 33kV Transmission Circuit to Rockaway Beach
  - Bridgehampton - Install 2 new feeders and conversion and reinforcement
  - Flowerfield to Terryville - New 69kV Underground Circuit
  - Glenwood substation structural modifications
- Utility 2.0 is under budget by \$6.7M due to a delay in contract negotiations for the Miller Place Grid Storage project. The project has now moved into the approval phase to be finalized by the end of March.
- FEMA is over budget by \$0.7M due to program management close out costs and final invoice processing for substation IP Repeaters.
- FEMA Pre-Grant is over budget by \$0.7M due to timing of engineering costs.



# PSEG LONG ISLAND MAJOR CAPITAL EXPENDITURES – OVER \$25M (TOTAL PROJECT COST) – FEBRUARY 2023

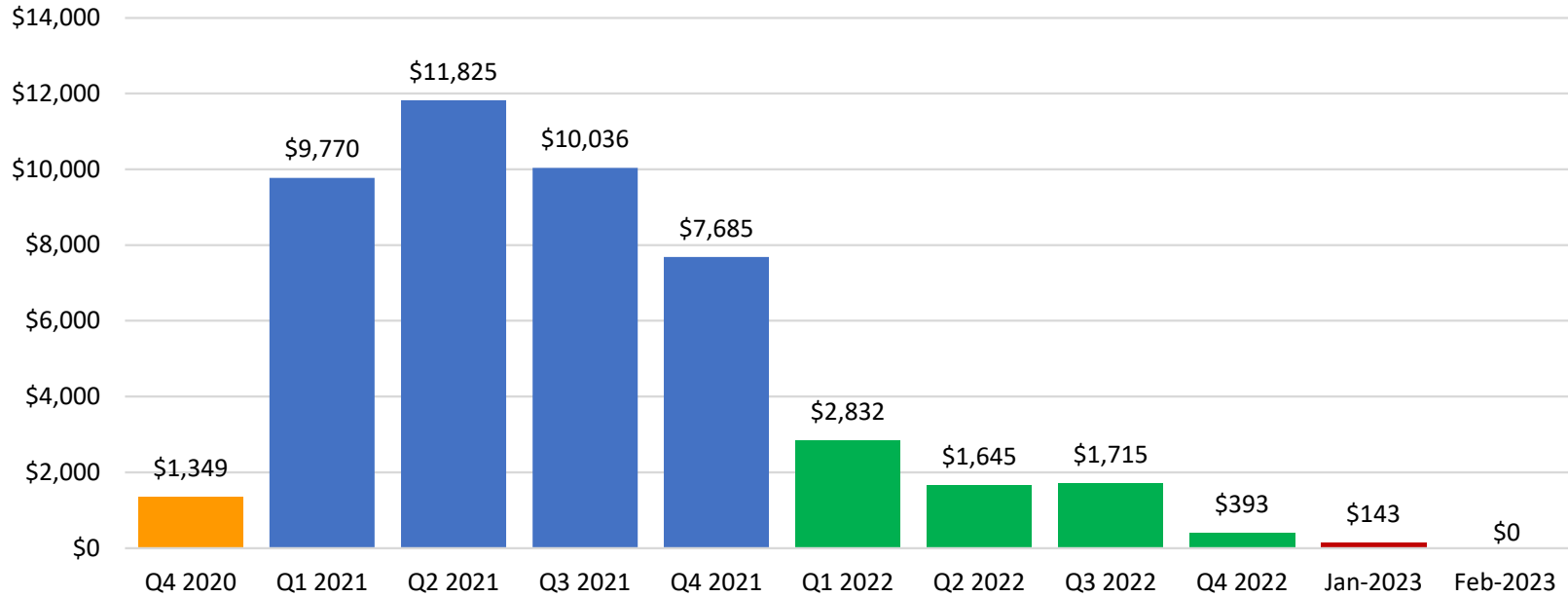
Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 12/31/22 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Flowerfield - Terryville: Install new 69 kV cable to Flowerfield	\$52.5	2022	\$22.4	\$38.7	Jun-23
Navy Road New Substation	\$33.5	2017	\$29.6	\$30.8	Oct-23
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$36.9	2020	\$7.5	\$35.3	Dec-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$14.6	\$28.9	Dec-23
Substation Security Expansion Project	\$52.9	2017	\$19.8	\$38.6	Dec-23
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	\$0.6	\$131.1	Jun-25
Bridgehampton to Buell: Transmission	\$46.1	2017	\$4.5	\$45.4	Jun-25
Rockville Centre Load Pocket	\$36.7	2022	\$0.0	\$36.7	Jun-27
North Bellport: Eastport 23kV conversion	\$26.4	2021	\$0.0	\$51.9	Dec-27
Southampton Install new 138kV cable to Deerfield	\$142.4	2021	\$0.3	\$142.4	Jun-28
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$114.1	Dec-28
Smithtown: Storm Hardening	\$34.1	2021	\$0.0	\$25.3	Jun-29
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$216.5	Jun-32
<b>Total</b>	<b>\$1,018.6</b>		<b>\$101.9</b>	<b>\$981.8</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.

# OMS MITIGATION – FEBRUARY 2023

**TOTAL = \$47,392**



*(\$ in thousands)*

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Jan-2023	Feb-2023	<b>TOTAL</b>
<b>TOTAL</b>	\$1,349	\$9,770	\$11,825	\$10,036	\$7,685	\$2,832	\$1,645	\$1,715	\$393	\$143	\$0	<b>\$47,392</b>