



March 2023 Financial Results

F&A Committee – May 2023

LIPA CONSOLIDATED RESULTS – MARCH 2023

<i>(\$ in thousands)</i>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Revenues	\$759,085	\$925,909	(\$166,824)	-18.0%	\$4,146,706
Power Supply Charge	352,602	506,027	153,425	30.3%	2,072,186
Revenue Net of Power Supply Charge	\$406,483	\$419,882	(\$13,399)	-3.2%	\$2,074,519
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	165,586	158,819	(6,767)	-4.3%	638,879
PSEG Long Island Managed Expenses	44,470	44,019	(451)	-1.0%	156,470
Utility Depreciation	71,393	72,357	964	1.3%	312,399
PILOTs	84,593	85,022	428	0.5%	345,506
LIPA Operating Expenses	23,539	23,318	(221)	-0.9%	104,163
LIPA Depreciation and Amortization	34,627	34,592	(35)	-0.1%	138,369
Interest Expense	85,297	83,778	(1,519)	-1.8%	347,324
Total Expenses	\$509,507	\$501,905	(\$7,602)	-1.5%	\$2,043,110
Other Income and Deductions	19,918	10,073	9,846	97.7%	44,697
Grant Income	10,176	10,337	(161)	-1.6%	41,349
Total Non-Operating Revenue	\$30,095	\$20,410	\$9,685	47.5%	\$86,046
Change in Net Position	(\$72,929)	(\$61,613)	(\$11,316)	-18.4%	\$117,455

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – MARCH 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Expenses					
LIPA Operating Expenses	\$23,539	\$23,318	(\$221)	-0.9%	\$104,163
LIPA Depreciation and Amortization	28,374	28,339	(35)	-0.1%	113,355
LIPA Deferred Amortized Expenses	6,254	6,254	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	85,297	83,778	(1,519)	-1.8%	347,324
Total Expenses	\$143,464	\$141,689	(\$1,775)	-1.3%	\$589,856
Other Income and Deductions	12,190	4,906	7,285	148.5%	23,620
Grant Income	10,176	10,337	(161)	-1.6%	41,349
Total Income	\$22,367	\$15,243	\$7,124	46.7%	\$64,969
LIPA Capital	\$530	\$1,000	\$470	47.0%	\$9,900

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is over budget by (\$0.2M) primarily due to higher IT consulting expense.
- Interest expense is over budget (\$1.5M) due to the increase in interest rates this year.
- Other income and deductions is favorable against budget by \$7.3M due to realized gains on the Rate Stabilization fund coupled with overall higher rates and balances in the Construction Fund, Operating Fund and UDSA funds.

LIPA LIQUIDITY POSITION – MARCH 2023

<i>(\$ in thousands)</i>	March 31, 2023	Days Cash	February 28, 2023	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$ 356,698		\$ 662,229	
OPEB account cash, cash equivalents & investments	561,560		538,263	
PSEG Long Island Working Capital requirements	253,037		328,174	
Total operating liquidity	1,171,295	129	1,528,666	168
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	714,000		664,000	
Total available credit	914,000		864,000	
Total cash, cash equivalents, investments & available credit	\$ 2,085,295	229	\$ 2,392,666	263
Restricted cash				
Clean Energy Compliance Fund	19,637		19,577	
UDSA	255,080		185,369	
Repayment of Series 2021 Notes	251,250		-	
Bond Proceeds for refunded bonds	63,228		-	
Total restricted cash	\$ 589,195		\$ 204,946	

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

PSEG LONG ISLAND OPERATING EXPENSES – MARCH 2023

(\$ 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	\$48,058	\$47,234	(\$823)	-1.7%	\$188,072
Construction & Operations Services	9,305	11,270	1,966	17.4%	40,583
Emergency Preparedness	3,428	2,836	(592)	-20.9%	10,760
Customer Services	28,890	30,210	1,320	4.4%	121,248
Business Services	42,731	38,102	(4,629)	-12.1%	152,513
Power System Management	4,455	5,072	618	12.2%	20,926
Energy Efficiency & Renewable Energy	27,393	22,517	(4,876)	-21.7%	93,524
Utility 2.0	1,326	1,577	251	15.9%	11,253
Total PSEG Long Island Operating Expenses	\$165,586	\$158,819	(\$6,767)	-4.3%	\$638,879

Note: Variance - favorable/(unfavorable)

- Total expenses are over budget by (\$6.8M) primarily due to:
 - T&D is over budget by (\$0.8M) primarily due to cable repair partially offset by delay in storm hardening and telecom reimbursement
 - Construction & Operations is under budget by \$2.0M due to lower snow removal cost and reduction in fleet inventory resulting in less demand for vehicle maintenance
 - Customer Services is under budget by \$1.3M due to lower headcount
 - Business Services is over budget by (\$4.6M) primarily due to higher IT consulting expense related to managed services
 - Energy Efficiency is over budget by (\$4.9M) primarily due to the higher rebates related to heat pumps

PSEG LONG ISLAND MANAGED EXPENSES – MARCH 2023

(\$ 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	\$29,971	\$6,568	(\$23,402)	-356.3%	\$28,580
Storm Restoration	2,301	25,464	23,163	91.0%	80,000
NYS Assessment	3,041	2,988	(53)	-1.8%	12,356
Utility Depreciation	71,393	72,357	964	1.3%	312,399
Pension & OPEB Expense	8,868	8,612	(256)	-3.0%	34,657
PILOTs - Revenue-Based Taxes	8,406	8,834	428	4.8%	40,756
PILOTs - Property-Based Taxes	76,188	76,188	-	0.0%	304,750
PSEGLI Managed - Misc	290	387	97	25.0%	877
Total PSEG Long Island Managed Expenses	\$200,457	\$201,398	\$941	0.5%	\$814,375
Other Income & Deductions	\$7,514	\$5,135	\$2,379	46.3%	\$20,946

Note: Variance - favorable/(unfavorable)

- Uncollectible expense is over budget by (\$23.4M) due to customer credits provided under the Energy Assistance Program (EAP) forgiveness.
- Storm Restoration is under budget by \$23.2M primarily due to fewer actual storms, none of which required mutual aid assistance.

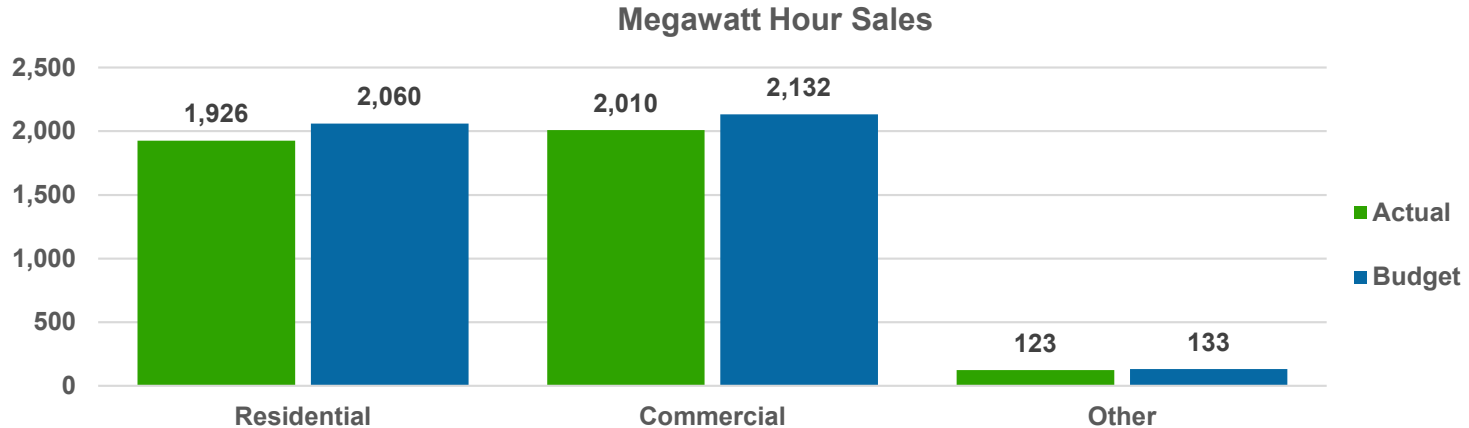
PSEG LONG ISLAND REVENUE – MARCH 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$759,085	\$925,909	(\$166,824)	-18.0%	\$4,146,706
Power Supply Charge	\$352,602	\$506,027	\$153,425	30.3%	\$2,072,186
Revenue Net of Power Supply Costs	\$406,483	\$419,882	(\$13,399)	-3.2%	\$2,074,519

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is (\$13.4M) lower than budget primarily driven by:
 - Delivery Service Adjustment (DSA) of (\$10.3M) primarily driven by higher Bad Debt of \$23.4M due to Energy Assistance Program (EAP) forgiveness offset by lower Storm expenses of (\$23.2M) and Debt costs of (\$10.8M).
 - Lower Merchant Function Charge (\$1.5M) and lower collection of late payments (\$1.0M)



- Sales of electricity are lower than budget by 266 GWh or 6.2% due to significantly milder weather in the first quarter of 2023.

CAPITAL EXPENDITURES – MARCH 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Transmission and Distribution					
Load Growth	41,424	57,350	15,926	27.8%	173,016
Reliability	58,714	65,329	6,615	10.1%	302,598
Storm Hardening ^(a)	15,469	18,001	2,532	14.1%	77,465
Economic, Salvage, Tools, Equipment & Projects	19,673	26,841	7,168	26.7%	70,356
Total Transmission and Distribution	\$135,281	\$167,522	\$32,240	19.2%	\$623,435
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	5,560	9,376	3,816	40.7%	67,713
Cybersecurity	1,500	2,505	1,005	40.1%	12,711
Customer Operations	1,843	1,941	98	5.1%	10,336
Other General Plant Projects	253	998	744	74.6%	4,571
Fleet	336	-	(336)	0.0%	23,556
Utility 2.0	580	7,667	7,087	92.4%	17,838
Total PSEG Long Island Capital Excl. FEMA	\$10,072	\$22,486	\$12,414	55.2%	\$136,726
FEMA	886	-	(886)	0.0%	-
FEMA Pre-Grant	3,329	1,956	(1,373)	-70.2%	7,620
Capital Storm	650	1,253	603	48.1%	3,479
Total PSEG Long Island Capital	\$150,219	\$193,217	\$42,998	22.3%	\$771,260
Management Fee	8,371	7,382	(988)	-13.4%	29,529
Pending Project Authorization Funds ^(a)	-	15,346	15,346	100.0%	40,378
Total Capital Expenditures	\$158,589	\$215,946	\$57,356	26.6%	\$841,167
Nine Mile Point 2	\$1,252	\$1,490	\$238	16.0%	\$5,960
LIPA Capital	\$530	\$1,000	\$470	47.0%	\$9,900

(a) Pending Project Authorization Funds has released \$2.5M for T&D Storm Hardening

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$32.2M primarily driven by construction and permitting delays, cost savings, and schedule timing variance for: Arverne - Install New 33kV Transmission Circuit to Rockaway Beach, Bridgehampton Install 2 new feeders, System Spares, Minor Extensions & Changes, Transmission partial underground near Route 111 underpass, Flowerfield to Terryville - New 69kV Underground Circuit, Glenwood Substation structural modifications and Storm Hardening.
- IT is under budget \$3.8M due to vendor selection delay for Storage LCP - VNX Array and delayed project start impacted the milestone payments on System Segregation.
- Cybersecurity is under budget \$1.0M due to shift in schedule impacting milestone payments on CyberArk for CNI.
- Utility 2.0 is under budget by \$7.1M due to a cancelation of the Grid Storage Miller Place project as a traditional T&D solution will be pursued (bank & switchgear).
- FEMA is over budget by (\$0.9M) due to program management close out costs and final invoice processing for substation IP Repeaters.
- FEMA Pre-Grant is over budget by (\$1.4M) due to timing of engineering costs.

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

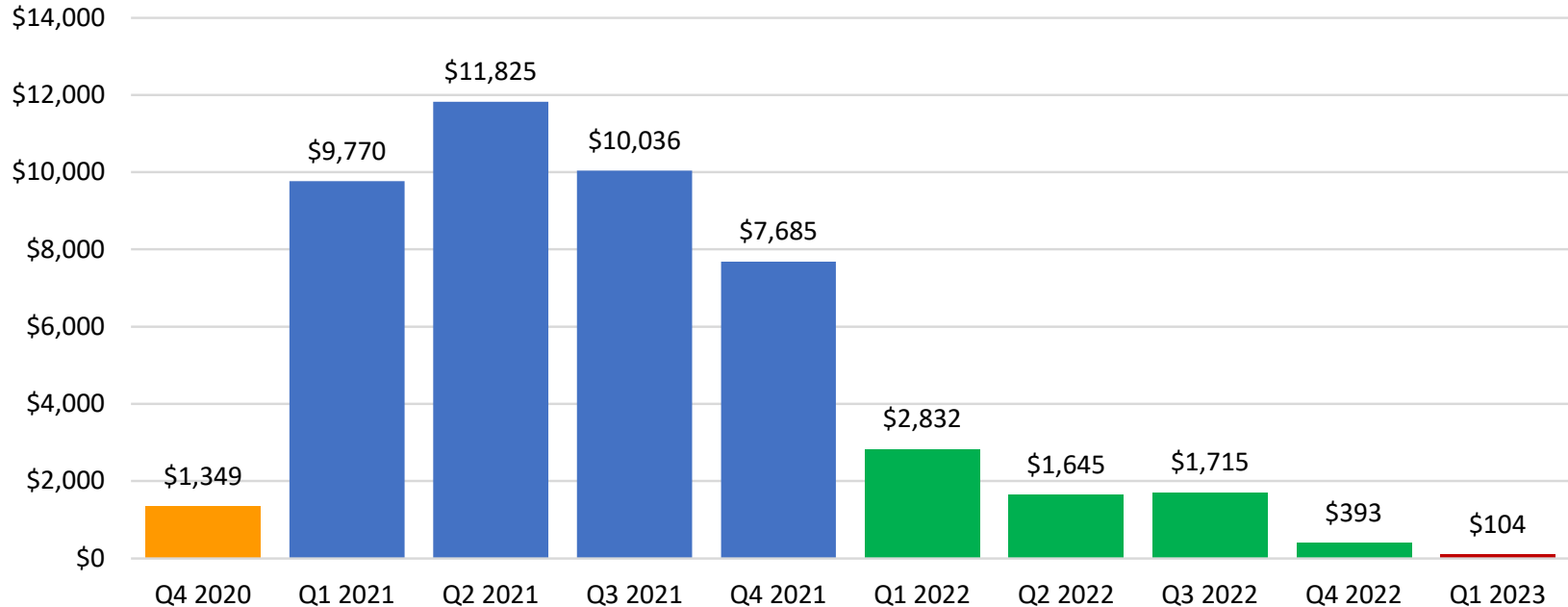
Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 3/31/23 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Flowerfield - Terryville: Install new 69 kV cable to Flowerfield	\$52.5	2022	\$22.4	\$38.7	Jun-23
Navy Road New Substation	\$33.5	2017	\$29.7	\$30.8	Oct-23
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$36.9	2020	\$7.6	\$35.3	Dec-23
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$20.1	\$28.9	Dec-23
Substation Security Expansion Project	\$52.9	2017	\$20.4	\$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
Total	\$1,018.6		\$108.2	\$981.8	

*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 EXPENSE – MARCH 2023

TOTAL = \$47,354



(\$ in thousands)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	TOTAL
TOTAL	\$1,349	\$9,770	\$11,825	\$10,036	\$7,685	\$2,832	\$1,645	\$1,715	\$393	\$104	\$47,354