



May 2023 Financial Results

F&A Committee – June 2023

LIPA CONSOLIDATED RESULTS – MAY 2023

(\$ in thousands)	Actual	Budget	\$ Var.	% Var.	FY Budget
Revenues	\$1,280,640	\$1,473,238	(\$192,598)	-13.1%	\$4,146,706
Power Supply Charge	627,975	792,026	164,051	20.7%	2,072,186
Revenue Net of Power Supply Charge	\$652,665	\$681,212	(\$28,547)	-4.2%	2,074,520
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	277,528	266,868	(10,660)	-4.0%	638,879
PSEG Long Island Managed Expenses	56,396	62,098	5,702	9.2%	156,470
Utility Depreciation	121,364	123,842	2,478	2.0%	312,399
PILOTs	140,093	141,026	933	0.7%	345,506
LIPA Operating Expenses	38,677	38,263	(414)	-1.1%	104,163
LIPA Depreciation and Amortization	57,722	57,654	(68)	-0.1%	138,369
Interest Expense	142,043	139,859	(2,183)	-1.6%	347,324
Total Expenses	\$833,822	\$829,610	(\$4,212)	-0.5%	\$2,043,110
Other Income and Deductions	33,202	16,788	16,414	97.8%	44,697
Grant Income	14,568	13,895	672	4.8%	41,349
Total Non-Operating Revenue	\$47,770	\$30,683	\$17,087	55.7%	\$86,046
Change in Net Position	(\$133,386)	(\$117,714)	(\$15,673)	-13.3%	117,455

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – MAY 2023

(\$ in thousands)	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Expenses					
LIPA Operating Expenses	\$38,677	\$38,263	(\$414)	-1.1%	\$104,163
LIPA Depreciation and Amortization	47,299	47,231	(68)	-0.1%	113,355
LIPA Deferred Amortized Expenses	10,423	10,423	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	142,043	139,859	(2,183)	-1.6%	347,324
Total Expenses	\$238,441	\$235,776	(\$2,665)	-1.1%	\$589,856
Other Income and Deductions	18,796	6,690	12,106	180.9%	23,620
Grant Income	14,568	13,895	672	4.8%	41,349
Total Income	\$33,363	\$20,585	\$12,778	62.1%	\$64,969
LIPA Capital	\$839	\$1,300	\$461	35.4%	\$9,900

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is over budget by (\$0.4M) due to the Integrated Energy Data Resource (IEDR) MOU, plus higher than budgeted OPEB expense resulting from the YE actuarial report, partially offset by lower outside legal and management audit costs.
- Interest expense is over budget (\$2.2M) due to unbudgeted accrued interest expense of (\$3.2M) related to the 2023AB&C Refunding Bonds. The unbudgeted expense is partially offset by the favorable variance related to certain financial swaps due to a higher LIBOR rate than budgeted.
- Other income and deductions is favorable against budget by \$12.1M due to realized gains on the Rate Stabilization Fund coupled with overall higher rates and balances in the Construction Fund, Operating Fund, and UDSA Collection and Reserve Accounts.

LIPA LIQUIDITY POSITION – MAY 2023

<i>(\$ in thousands)</i>	May 31, 2023	Days Cash	April 30, 2023	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$ 281,694		\$ 371,312	
OPEB account cash, cash equivalents & investments	560,850		567,129	
PSEG Long Island working capital requirements	325,934		276,764	
Total operating liquidity	1,168,478	129	1,215,205	134
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	639,597		704,597	
Total available credit	839,597		904,597	
Total cash, cash equivalents, investments & available credit	\$ 2,008,075	221	\$ 2,119,802	233
Restricted cash				
Clean Energy Compliance Fund	19,708		19,671	
UDSA	319,540		285,190	
Repayment of 2021 Notes	251,250		251,250	
Total restricted cash	\$ 590,498		\$ 556,111	

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

PSEG LONG ISLAND OPERATING EXPENSES – MAY 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	\$80,183	\$78,872	(\$1,311)	-1.7%	\$188,072
Construction & Operations Services	15,642	18,292	2,650	14.5%	40,583
Emergency Preparedness	5,364	4,557	(808)	-17.7%	10,760
Customer Services	49,417	50,437	1,020	2.0%	121,248
Business Services	69,413	63,892	(5,522)	-8.6%	152,513
Power System Management	7,085	8,561	1,476	17.2%	20,926
Energy Efficiency & Renewable Energy	48,548	37,846	(10,702)	-28.3%	93,524
Utility 2.0	1,876	4,412	2,536	57.5%	11,253
Total PSEG Long Island Operating Expenses	\$277,528	\$266,868	(\$10,660)	-4.0%	\$638,879

Note: Variance - favorable/(unfavorable)

- Total expenses are over budget by (\$10.7M) primarily due to:
 - T&D is over budget by (\$1.3M) primarily due to the focus on the Distribution Tree Trim schedule, and timing of Pole Inspections, offset by a shift in the schedule in the Pole Inventory Project.
 - Construction & Operations is under budget by \$2.7M due to lower snow removal costs and lower vehicle maintenance costs due to decreased fleet inventory.
 - Business Services is over budget by (\$5.5M) primarily due to higher (i) legal claims, (ii) IT consulting expenses related to managed services, (iii) CIS Upgrade program, and (iv) contractor support for open vacancies.
 - Power System Management is under budget by \$1.5M primarily due to lower consulting costs.
 - Energy Efficiency is over budget by (\$10.7M) primarily due to the higher rebates related to heat pumps and lighting.
 - Utility 2.0 is under budget by \$2.5M due to EV Make Ready delays in the loan origination contractor fees while lease agreements and customer installations are being established.

PSEG LONG ISLAND MANAGED EXPENSES – MAY 2023

(\$ in thousands)

	May 2023 Year to Date				FY Budget
	Actual	Budget	\$ Var.	% Var.	
PSEG Long Island Managed Expenses					
Uncollectible Accounts	\$35,469	\$10,281	(\$25,188)	-245.0%	\$28,580
Storm Restoration	1,360	32,348	30,988	95.8%	80,000
NYS Assessment	4,358	4,575	217	4.7%	12,356
Utility Depreciation	121,364	123,842	2,478	2.0%	312,399
Pension & OPEB Expense	14,697	14,400	(297)	-2.1%	34,657
PILOTs - Revenue-Based Taxes	13,113	14,046	933	6.6%	40,756
PILOTs - Property-Based Taxes	126,979	126,979	-	0.0%	304,750
PSEGLI Managed - Misc	512	495	(17)	-3.5%	877
Total PSEG Long Island Managed Expenses	\$317,852	\$326,965	\$9,113	2.8%	\$814,375
Other Income & Deductions	\$14,081	\$10,044	\$4,037	40.2%	\$20,946

Note: Variance - favorable/(unfavorable)

- Uncollectible expense is over budget by (\$25.2M) due to customer credits provided under the Energy Affordability Program (EAP) forgiveness.
- Storm Restoration is under budget by \$31.0M primarily due to fewer actual storms, none of which required mutual aid assistance.
- Other income & deductions is over budget by \$4.0M due to unbudgeted investment income related to Clearwater.

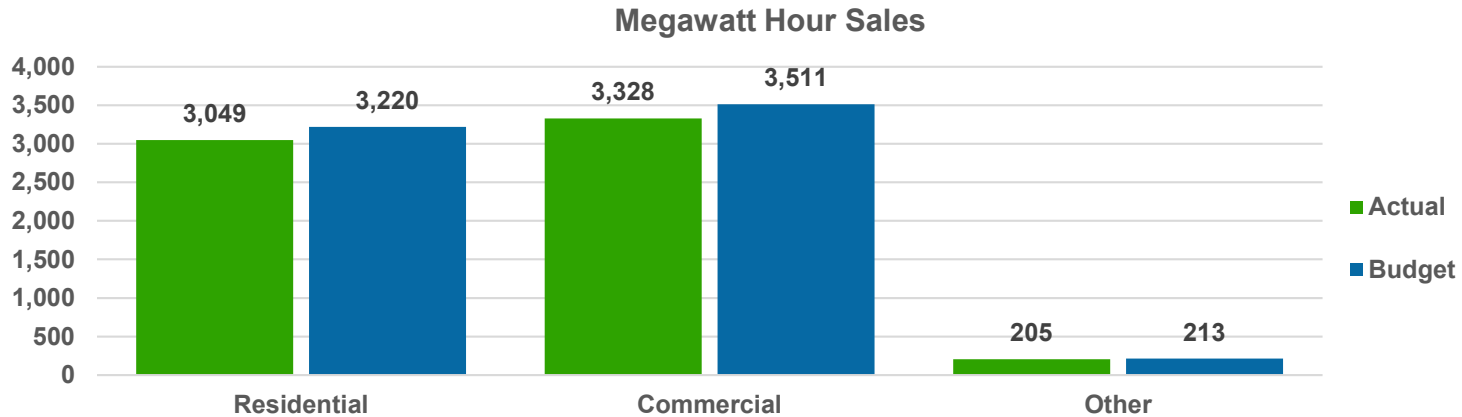
PSEG LONG ISLAND REVENUE – MAY 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$1,280,640	\$1,473,238	(\$192,598)	-13.1%	\$4,146,706
Power Supply Charge	\$627,975	\$792,026	\$164,051	20.7%	\$2,072,186
Revenue Net of Power Supply Costs	<u>\$652,665</u>	<u>\$681,212</u>	<u>(\$28,547)</u>	<u>-4.2%</u>	<u>\$2,074,519</u>

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is (\$28.5M) lower than budget primarily driven by:
 - Delivery Service Adjustment (DSA) of (\$20.9M) primarily driven by lower Storm expenses of (\$31.0M) and DSA Debt of (\$15.4M) offset by higher Bad Debt of \$25.2M due to Energy Assistance Program (EAP) forgiveness.
 - (\$2.5M) Regulatory deferral of Utility 2.0, lower collection of late payments (\$2.3M) and lower Merchant Function Charge of (\$1.9M)



- Sales of electricity are lower than budget by 361 GWh or 5.2% due to significantly milder weather during the winter of 2023.
- Weather normalized system sales are close to the pre-pandemic level, there is a shift to higher residential use and lower commercial.

CAPITAL EXPENDITURES – MAY 2023

(\$ in thousands)	Actual	Budget	\$ Var.	% Var.	FY Budget
Transmission and Distribution					
Load Growth	69,394	92,172	22,778	24.7%	173,016
Reliability	111,670	110,128	(1,542)	-1.4%	302,598
Storm Hardening ^(a)	29,653	30,158	505	1.7%	77,465
Economic, Salvage, Tools, Equip & Other	32,112	37,678	5,566	14.8%	70,356
Total Transmission and Distribution Projects	\$242,829	\$270,136	\$27,307	10.1%	\$623,435
Other PSEG Long Island Capital Expenditures					
Information Technology Projects ^(a)	12,944	23,340	10,396	44.5%	68,038
Cybersecurity	3,475	4,492	1,017	22.6%	12,711
Customer Operations	3,131	3,424	293	8.6%	10,336
Other General Plant Projects	648	2,050	1,402	68.4%	4,571
Fleet	230	1,779	1,549	87.1%	23,556
Utility 2.0	999	9,849	8,850	89.9%	17,838
Total PSEG Long Island Capital Excl. FEMA	\$21,426	\$44,935	\$23,509	52.3%	\$137,051
FEMA	1,003	-	(1,003)	0.0%	-
FEMA Pre-Grant	6,090	4,443	(1,647)	-37.1%	7,620
Capital Storm	1,410	1,381	(28)	-2.1%	3,479
Total PSEG Long Island Capital	\$272,758	\$320,895	\$48,137	15.0%	\$771,585
Management Fee	13,950	12,304	(1,647)	-13.4%	29,529
Pending Project Authorization Funds ^(a)	-	17,024	17,024	100.0%	40,053
Total Capital Expenditures	\$286,708	\$350,223	\$63,514	18.1%	\$841,167
Nine Mile Point 2	\$1,646	\$2,484	\$838	33.7%	\$5,960
LIPA Capital	\$839	\$1,300	\$461	35.4%	\$9,900

(a) Pending Project Authorization Funds has released \$2.5M for T&D Storm Hardening and \$325K in IT

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$27.3M primarily driven by cost savings, construction and permitting delays, and schedule timing variance for: Arverne - Install New 33kV Transmission Circuit to Rockaway Beach, Rockaway Beach - Install new 33/13kV bank & switchgear, Transmission partial underground near Route 111 underpass, Bridgehampton - Install 2 new feeders and conversion and reinforcement, & Flowerfield - Terryville New 69kV Underground Circuit. This is partially offset by increased emergent work for transmission line failure.
- IT is under budget \$10.4M primarily due to vendor selection delay for Storage LCP - VNX Array and delayed project start impacting the milestone payments on System Segregation and shift in schedule of other projects to the second half of the year.
- Cybersecurity is under budget \$1.0M due to shift in schedule impacting milestone payments on SailPoint Access Control and Cybersecurity.
- Fleet is under budget by \$1.5M due to disruptions in the supply chain for heavy duty vehicles.
- Utility 2.0 is under budget by \$8.9M 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 (\$1.0M) due higher program management costs to complete closeout related activities.
- FEMA Pre-Grant is over budget by (\$1.6M) due to timing of engineering costs.

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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 5/31/23 (\$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	\$27.2	\$38.1	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	\$7.9	\$28.5	Jun-24
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$24.9	\$34.6	Dec-23
Substation Security Expansion Project	\$52.9	2017	\$21.1	\$38.6	Dec-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.5	\$45.9	Jun-25
Belmont: Convert substation from 33 kV to 69 kV	\$131.3	2021	\$1.2	\$131.1	Jun-25
Bridgehampton to Buell: Transmission	\$46.1	2017	\$4.7	\$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	\$51.5	Dec-28
Southampton Install new 138kV cable to Deerfield	\$142.4	2021	\$0.7	\$142.4	Jun-28
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$113.9	Dec-28
Smithtown: Storm Hardening	\$34.1	2021	\$0.0	\$25.3	Jun-31
Total	\$750.6		\$119.8	\$762.8	

*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.

CAPITAL EXPENDITURES – MAJOR PROJECTS COMPLETE FIRST HALF 2023

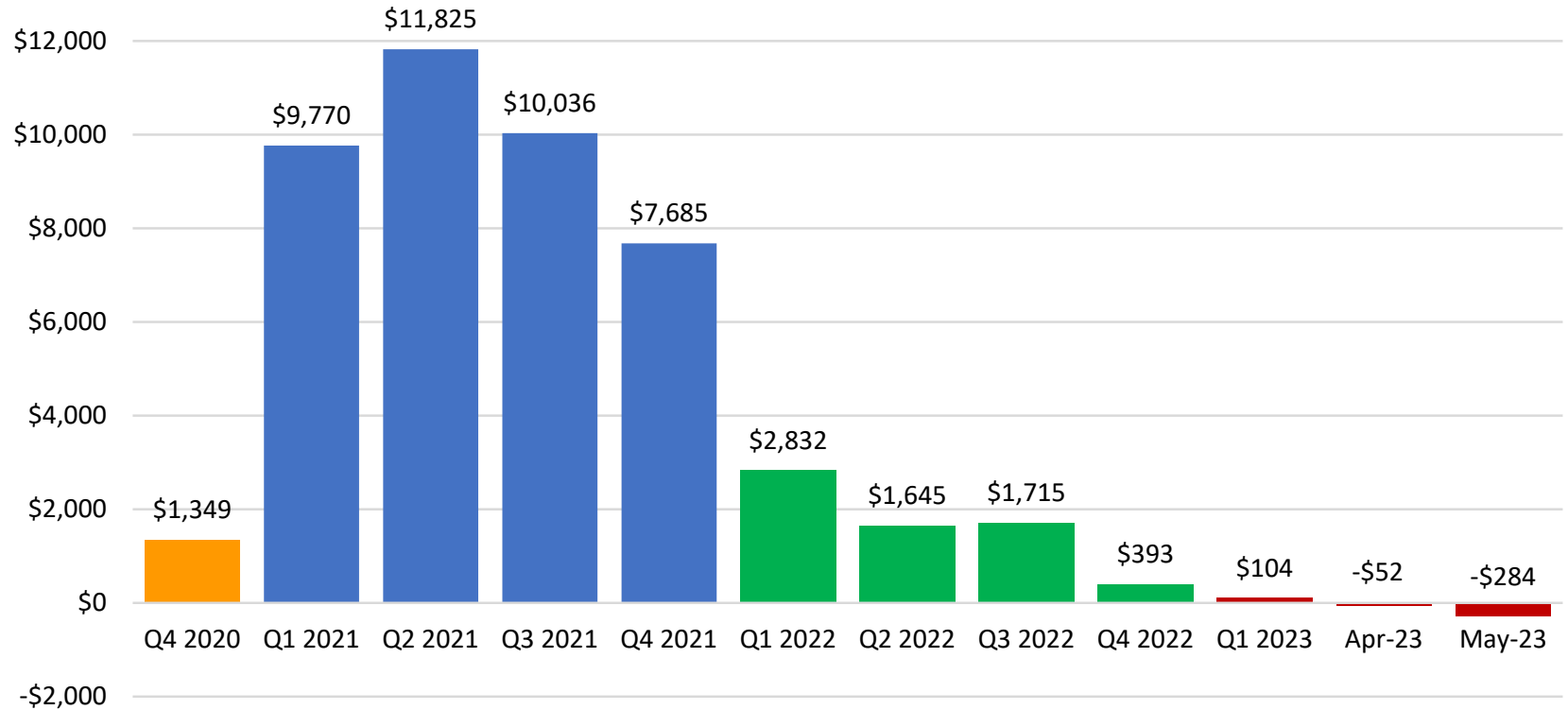
- Transmission System Installations / Upgrades
 - Flowerfield-Terryville New 69kV transmission line
 - Valley Stream-Barrett 138-292 Cable Repair
- Substation Installations / Upgrades
 - East End Conversion
 - Glenwood
 - Brooklyn Avenue
 - Bay Park
 - Northport BK #4
 - Rockaway Beach

CAPITAL EXPENDITURES – EMERGENT/PROPOSED PROJECTS FOR 2023

Investment Name	2023 Budget Impact	Project Driver
EF Barrett - Valley Stream (138-292) Transmission Line Failure	13,125,244	This emergent project is due to transmission line failure.
Miller Place Install 3rd 138/13KV 33MVA distribution bank and feeders	441,973	This capital project is recommended to mitigate the current 105% STE overload, and contingency criteria violation of 7 transfers at Miller Place.
Northport-Elwood (138-681) Transmission Line Failure #3	4,328,859	This project covers the required replacement of failed 138kV High Pressure Fluid Filled (HPFF) cable that runs between Elwood & Northport Substations.
Underground Transmission Cable Upgrades	2,666,000	This program objective is to increase reliability by reinforcing the cable clamping system in the splice vaults to prevent separation of the Corrugated Aluminum Sheath (CAS) from the Copper splice enclosure.
Syosset New UG 13.2 kV Feeder & OH Reconductoring	437,770	The primary driver is load studies. This project will add a new feeder exited from the 5K Syosset substation due to a contingency overloads on feeder 5K-009.
Install Transmission 3V0 (Pinelawn 7T) Bank#1	150,096	This project is being proposed to meet the deliverables stated under 2023 metric TD-29 ("T&D System Enhancements").
Total	\$21,149,942	

OMS REMEDIATION COST – MAY 2023

TOTAL = \$47,018



(\$ in thousands)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Apr-23	May-23	TOTAL
TOTAL	\$1,349	\$9,770	\$11,825	\$10,036	\$7,685	\$2,832	\$1,645	\$1,715	\$393	\$104	-\$52	-\$284	\$47,018