



# August 2023 Financial Results

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F&A Committee – September 2023

# LIPA CONSOLIDATED RESULTS – AUGUST 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>\$2,571,919</b>	<b>\$2,887,577</b>	<b>(\$315,657)</b>	<b>-10.9%</b>	<b>\$4,146,706</b>
Power Supply Charge	1,187,825	1,441,017	253,192	17.6%	2,072,186
<b>Revenue Net of Power Supply Charge</b>	<b>\$1,384,094</b>	<b>\$1,446,560</b>	<b>(\$62,466)</b>	<b>-4.3%</b>	<b>2,074,520</b>
<b>PSEG Long Island Operating and Managed Expenses</b>					
PSEG Long Island Operating Expenses	429,826	427,876	(1,950)	-0.5%	638,879
PSEG Long Island Managed Expenses	80,531	109,958	29,427	26.8%	156,470
Utility Depreciation	206,449	203,196	(3,253)	-1.6%	312,399
PILOTs	228,432	231,637	3,205	1.4%	345,506
LIPA Operating Expenses	59,476	61,943	2,467	4.0%	104,163
LIPA Depreciation and Amortization	92,380	92,246	(134)	-0.1%	138,369
Interest Expense	233,241	229,838	(3,404)	-1.5%	347,324
<b>Total Expenses</b>	<b>\$1,330,335</b>	<b>\$1,356,695</b>	<b>\$26,359</b>	<b>1.9%</b>	<b>\$2,043,110</b>
Other Income and Deductions	59,359	27,018	32,341	119.7%	44,697
Grant Income	24,860	24,233	627	2.6%	41,349
<b>Total Non-Operating Revenue</b>	<b>\$84,219</b>	<b>\$51,251</b>	<b>\$32,968</b>	<b>64.3%</b>	<b>\$86,046</b>
<b>Change in Net Position</b>	<b>\$137,978</b>	<b>\$141,117</b>	<b>(\$3,138)</b>	<b>-2.2%</b>	<b>117,455</b>

Note: Variance - favorable/(unfavorable)

# LIPA MANAGED EXPENSES & INCOME – AUGUST 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	\$59,476	\$61,943	\$2,467	4.0%	\$104,163
LIPA Depreciation and Amortization	75,704	75,570	(134)	-0.2%	113,355
LIPA Deferred Amortized Expenses	16,676	16,676	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	233,241	229,838	(3,404)	-1.5%	347,324
<b>Total Expenses</b>	<b>\$385,097</b>	<b>\$384,027</b>	<b>(\$1,070)</b>	<b>-0.3%</b>	<b>\$589,856</b>
Other Income and Deductions	38,317	12,197	26,120	214.1%	23,620
Grant Income	24,860	24,233	627	2.6%	41,349
<b>Total Income</b>	<b>\$63,177</b>	<b>\$36,430</b>	<b>\$26,747</b>	<b>73.4%</b>	<b>\$64,969</b>
<b>LIPA Capital</b>	<b>\$1,204</b>	<b>\$1,500</b>	<b>\$296</b>	<b>19.8%</b>	<b>\$9,900</b>

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is under budget by \$2.5M due primarily to (i) lower 2022 variable compensation paid to PSEGLI of \$3.7M and (ii) lower litigation expense of \$2.6M. These decreases were offset by higher grant administration expenses related to NYSEERDA's Integrated Data Resource Platform (IEDR) of (\$1.1M) and higher benefits related to pension and OPEB expenses of (\$2.3M).
- Interest expense is over budget (\$3.4M) due to unbudgeted accrued interest expense of (\$6.7M) 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 are favorable against budget by \$26.1M due to higher interest rates coupled with higher balances in the Construction Fund, Operating Fund, and USDA Collection and Reserve Accounts.

# LIPA LIQUIDITY POSITION – AUGUST 2023

<i>(\$ in thousands)</i>	<b>August 31, 2023</b>	<b>Days Cash</b>	<b>July 31, 2023</b>	<b>Days Cash</b>
<b>Operating liquidity</b>				
Unrestricted cash and cash equivalents	\$ 527,234		\$ 127,572	
OPEB account cash, cash equivalents & investments	592,229		605,282	
PSEG Long Island working capital requirements	285,147		285,231	
<b>Total operating liquidity</b>	<b>1,404,610</b>	<b>155</b>	<b>1,018,085</b>	<b>112</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	511,500		434,833	
<b>Total available credit</b>	<b>711,500</b>		<b>634,833</b>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$ 2,116,110</b>	<b>233</b>	<b>\$ 1,652,918</b>	<b>182</b>
<b>Restricted cash</b>				
Clean Energy Compliance Fund	19,825		19,783	
UDSA	192,042		152,042	
Repayment of 2021 Notes	251,359		250,422	
<b>Total restricted cash</b>	<b>\$ 463,226</b>		<b>\$ 422,247</b>	

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

# PSEG LONG ISLAND OPERATING EXPENSES – AUGUST 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	\$126,016	\$127,689	\$1,673	1.3%	\$188,072
Construction & Operations Services	23,956	27,786	3,831	13.8%	40,583
Emergency Preparedness	8,101	7,194	(907)	-12.6%	10,760
Customer Services	80,377	81,382	1,004	1.2%	121,248
Business Services	107,702	101,973	(5,729)	-5.6%	152,513
Power System Management	11,063	14,039	2,976	21.2%	20,926
Energy Efficiency & Renewable Energy	69,874	61,603	(8,271)	-13.4%	93,524
Utility 2.0	2,737	6,210	3,473	55.9%	11,253
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$429,826</b>	<b>\$427,876</b>	<b>(\$1,950)</b>	<b>-0.5%</b>	<b>\$638,879</b>

Note: Variance - favorable/(unfavorable)

- Total expenses are over budget by (\$2.0M) primarily due to:
  - T&D is under budget by \$1.7M due to delay in pole inventory project, and shift of resources to capital work, partially offset by a focus on Distribution and Transmission tree trim schedule
  - Construction & Operations is under budget by \$3.8M primarily due to lower vehicle maintenance costs from decreased fleet inventory and less outside services
  - Business Services is over budget by (\$5.7M) 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 \$3.0M primarily due to lower consulting costs
  - Energy Efficiency is over budget by (\$8.3M) primarily due to the higher rebates related to heat pumps and lighting
  - Utility 2.0 is under budget by \$3.5M 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 – AUGUST 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	\$42,035	\$19,110	(\$22,925)	-120.0%	\$28,580
Storm Restoration	6,439	58,447	52,008	89.0%	80,000
NYS Assessment	8,048	8,647	599	6.9%	12,356
Utility Depreciation	206,449	203,196	(3,253)	-1.6%	312,399
Pension & OPEB Expense	23,325	23,096	(228)	-1.0%	34,657
PILOTs - Revenue-Based Taxes	26,078	28,470	2,392	8.4%	40,756
PILOTs - Property-Based Taxes	202,354	203,167	800	0.4%	304,750
PSEGLI Managed - Misc	684	658	(27)	-4.1%	877
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$515,412</b>	<b>\$544,791</b>	<b>\$29,379</b>	<b>5.4%</b>	<b>\$814,375</b>
<b>Other Income &amp; Deductions</b>	<b>\$20,554</b>	<b>\$14,734</b>	<b>\$5,820</b>	<b>39.5%</b>	<b>\$20,946</b>

Note: Variance - favorable/(unfavorable)

- Uncollectible expense is over budget by (\$22.9M) due to customer credits provided under the Energy Affordability Program (EAP) forgiveness program.
- Storm Restoration is under budget by \$52.0M primarily due to fewer actual storms, none of which required mutual aid assistance.
- Other income & deductions are over budget by \$5.8M due to unbudgeted investment income.

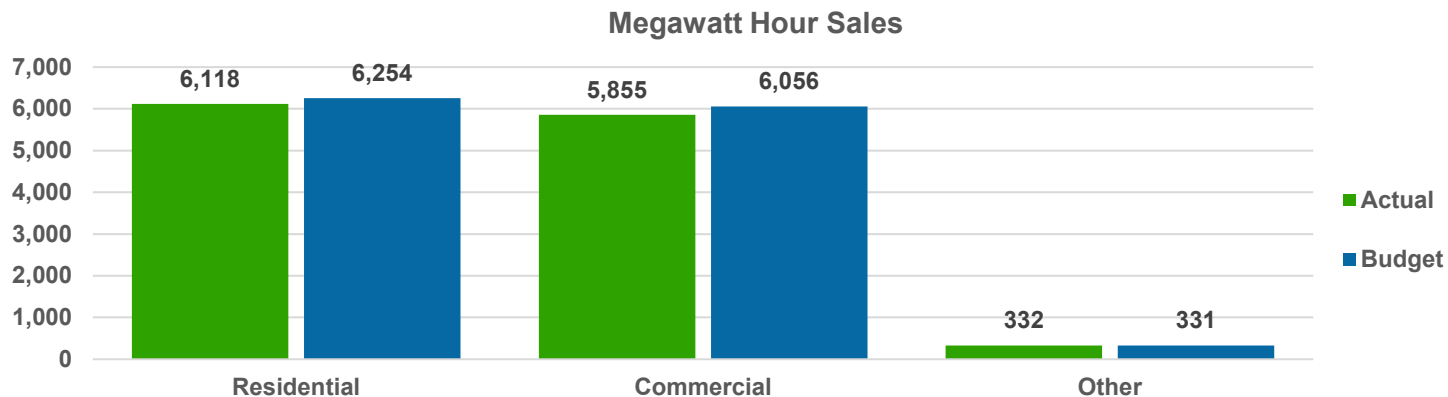
# PSEG LONG ISLAND REVENUE – AUGUST 2023

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
<b>Revenues</b>	<b>\$2,571,919</b>	<b>\$2,887,577</b>	<b>(\$315,657)</b>	<b>-10.9%</b>	<b>\$4,146,706</b>
<b>Power Supply Charge</b>	<b>\$1,187,825</b>	<b>\$1,441,017</b>	<b>\$253,192</b>	<b>17.6%</b>	<b>\$2,072,186</b>
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,384,094</b>	<b>\$1,446,560</b>	<b>(\$62,466)</b>	<b>-4.3%</b>	<b>\$2,074,519</b>

Note: Variance - favorable/(unfavorable)

- Revenue, net of PSCs, is (\$62.5M) lower than budget primarily driven by:
  - Delivery Service Adjustment (DSA) of (\$49.4M) primarily driven by lower Storm expenses of (\$52.0M) and DSA Debt of (\$20.5M) offset by higher Bad Debt of \$22.9M due to Energy Affordability Program (EAP) forgiveness.
  - (\$3.5M) Regulatory deferral of Utility 2.0, lower collection of late payments (\$4.0M) and lower Merchant Function Charge of (\$2.7M)



- Sales of electricity are lower than budget by 336 GWh or 2.7% due to significantly milder weather during the winter of 2023 and cooler than normal weather for May through August.

# CAPITAL EXPENDITURES – AUGUST 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	104,419	123,389	18,970	15.4%	173,016
Reliability	190,266	188,397	(1,868)	-1.0%	302,598
Storm Hardening <sup>(a)</sup>	51,280	50,805	(475)	-0.9%	77,465
Economic, Salvage, Tools, Equip &	52,265	52,022	(244)	-0.5%	70,356
<b>Total Transmission and Distribution Projects</b>	<b>\$398,067</b>	<b>\$414,612</b>	<b>\$16,545</b>	<b>4.0%</b>	<b>\$623,435</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects <sup>(a)</sup>	28,902	45,936	17,033	37.1%	70,348
Cybersecurity	6,418	9,245	2,828	30.6%	12,711
Customer Operations	4,938	6,157	1,219	19.8%	10,336
Other General Plant Projects	1,300	3,534	2,234	63.2%	4,571
Fleet	486	2,826	2,340	82.8%	23,556
Utility 2.0	1,502	12,550	11,048	88.0%	17,838
<b>Total PSEG Long Island Capital Excl. FEMA</b>	<b>\$43,545</b>	<b>\$80,248</b>	<b>\$36,702</b>	<b>45.7%</b>	<b>\$139,361</b>
FEMA	1,120	-	(1,120)	0.0%	-
FEMA Pre-Grant	7,918	7,445	(473)	-6.4%	7,620
Capital Storm	1,541	2,664	1,123	42.1%	3,479
<b>Total PSEG Long Island Capital</b>	<b>\$452,192</b>	<b>\$504,969</b>	<b>\$52,777</b>	<b>10.5%</b>	<b>\$773,895</b>
Management Fee	20,379	19,686	(693)	-3.5%	29,529
Pending Project Authorization Funds <sup>(a)</sup>	-	22,061	22,061	100.0%	37,743
<b>Total Capital Expenditures</b>	<b>\$472,572</b>	<b>\$546,716</b>	<b>\$74,144</b>	<b>13.6%</b>	<b>\$841,167</b>
<b>Nine Mile Point 2</b>	<b>\$3,063</b>	<b>\$3,974</b>	<b>\$910</b>	<b>22.9%</b>	<b>\$5,960</b>
<b>LIPA Capital</b>	<b>\$1,204</b>	<b>\$1,500</b>	<b>\$296</b>	<b>19.8%</b>	<b>\$9,900</b>

(a) Pending Project Authorization Funds has released \$2.5M for T&D Storm Hardening and \$2.6M in IT

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$16.5M primarily driven by cost savings, construction and permitting delays for: Arverne - new 33kV Transmission Circuit to Rockaway Beach, Rockaway Beach – new 33/13kV bank & switchgear, Suffolkaire - new 13kV feeder and conversion & reinforcement, and Bridgehampton - two new feeders and conversion and reinforcement. The net underrun is partially offset by overrun due to an upward revision of the estimate and reactive work from customer requests for: Brooklyn Avenue - New Substation, distribution facilities and residential underground development to serve new business.
- IT is under budget \$17.0M primarily due to a shift in the schedule to the second half of the year for System Segregation and other projects, a decision to pause the Enterprise Asset Management System and a shift in the schedule of other projects to 2024.
- Cybersecurity is under budget \$2.8M due to the vendor procurement delay for Cybersecurity NIST-CSF Tier 3 Implementation.
- Other General and Plant is under budget \$2.2M due to a delayed commencement of two major projects as a result of permit issuance.
- Fleet is under budget by \$2.3M due to disruptions in the supply chain for heavy-duty vehicles.
- Utility 2.0 is under budget by \$11.0M due to a switch of Grid Storage Miller Place project to a traditional T&D solution (bank & switchgear).



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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 8/31/23 (\$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	\$30.7	\$38.1	Jun-23***
Navy Road New Substation	\$33.5	2017	\$29.8	\$30.8	Oct-23
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$36.9	2020	\$12.4	\$27.3	Jun-24
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$31.8	\$34.6	Dec-23
Substation Security Expansion Project	\$52.9	2017	\$25.4	\$38.6	Dec-24
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.6	\$47.7	Apr-26
Belmont: Convert substation from 33 kV to 69 kV	\$131.3	2021	\$2.2	\$116.7	Dec-25
Bridgethampton to Buell: Transmission	\$46.1	2017	\$5.1	\$73.7	Jun-26
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	\$1.3	\$96.7	Jun-28
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$113.2	Dec-27
Smithtown: Storm Hardening	\$34.1	2021	\$0.0	\$25.3	Jun-31
<b>Total</b>	<b>\$750.6</b>		<b>\$141.1</b>	<b>\$730.9</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 complete and In Service