



2023 Projected Financial Results

December 2023

LIPA CONSOLIDATED RESULTS – PROJECTED 2023

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$4,146,706	\$3,750,754	(\$395,952)	-10.6%
Power Supply Charge	2,072,186	1,767,322	304,865	17.3%
Revenue Net of Power Supply Charge	2,074,519	1,983,433	(91,087)	-4.6%
PSEG Long Island Operating and Managed Expenses				
PSEG Long Island Operating Expenses	638,879	637,507	1,372	0.2%
PSEG Long Island Managed Expenses	156,470	114,024	42,446	37.2%
Utility Depreciation	312,399	309,627	2,771	0.9%
PILOTs	345,506	341,467	4,039	1.2%
LIPA Operating Expenses	104,163	103,768	395	0.4%
LIPA Depreciation and Amortization	138,369	138,558	(189)	-0.1%
Interest Expense	347,324	361,883	(14,559)	-4.0%
Total Expenses	2,043,110	2,006,834	36,276	1.8%
Other Income and Deductions	44,697	93,091	48,395	52.0%
Grant Income	41,349	47,314	5,965	12.6%
Total Non-Operating Revenue	86,046	140,405	54,360	38.7%
Change in Net Position	\$117,455	\$117,003	(\$452)	-0.4%
Coverage Ratio on Obligations	1.40x	1.40x		

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES & INCOME – PROJECTED 2023

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
LIPA Expenses				
LIPA Operating Expenses	\$104,163	\$103,768	\$395	0.4%
LIPA Depreciation and Amortization	113,355	113,544	(189)	-0.2%
LIPA Deferred Amortized Expenses	25,014	25,014	-	0.0%
Interest Expense, other Interest Costs and Interest Amortizations	347,324	361,177	(13,853)	-3.8%
Total Expenses	\$589,856	\$603,503	(\$13,646)	-2.3%
Other Income and Deductions	23,620	63,776	40,157	63.0%
Grant Income	41,349	47,314	5,965	12.6%
Total Income	\$64,969	\$111,090	\$46,122	41.5%
LIPA Capital	\$9,900	\$3,000	\$6,900	230.0%

Note: Variance - favorable/(unfavorable)

- LIPA operating expense is slightly under budget due 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 NYSERDA's Integrated Data Resource Platform (IEDR) of **\$1.1M** and higher benefits related to the pension and OPEB expenses of **\$2.3M** resulting from lower asset values in the NYS pension fund and OPEB trust.
- Interest expense is over budget **\$13.9M** due primarily to unbudgeted accrued interest expense related to the 2023ABC&D Refunding Bonds of **\$12.9M**, USDA bond issuance costs of **\$5.6M** offset by lower interest rate swap payments of **\$4.2M**.
- Other income and deductions is over budget by **\$40.2M** due to higher interest earnings coupled with higher balances in the Construction Fund, Operating Fund, and USDA Collection and Reserve Accounts.

LIPA LIQUIDITY POSITION – OCTOBER 2023

<i>(\$ in thousands)</i>	October 31, 2023	Days Cash	September 30, 2023	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$ 705,690		\$ 727,368	
OPEB account cash, cash equivalents & investments	566,644		580,183	
PSEG Long Island Working Capital requirements	282,184		287,759	
Total operating liquidity	1,554,518	171	1,595,310	176
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	666,500		511,500	
Total available credit	866,500		711,500	
Total cash, cash equivalents, investments & available credit	\$ 2,421,018	266	\$ 2,306,810	254
Restricted cash				
Clean Energy Compliance Fund	19,908		19,866	
UDSA	276,259		232,220	
Repayment of Series 2021 Notes	252,993		252,159	
Series 2023D Bond Proceeds restricted for refunded bonds	-		-	
Series 2023F Bond Proceeds restricted for refunded bonds	-		-	
Total restricted cash	\$ 549,160		\$ 504,245	

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

PSEG LONG ISLAND OPERATING EXPENSES – PROJECTED 2023

(\$ in thousands)	Approved Annual	Projected Annual	\$ Var.	% Var.
	Budget	Forecast		
PSEG Long Island Operating Expenses				
Transmission & Distribution	\$188,072	\$188,341	(\$269)	-0.1%
Construction & Operations Services	40,583	37,550	3,032	8.1%
Emergency Preparedness	10,760	11,636	(876)	-7.5%
Customer Services	121,248	120,118	1,130	0.9%
Business Services	152,513	162,170	(9,657)	-6.0%
Power System Management	20,926	16,923	4,004	23.7%
Energy Efficiency & Renewable Energy	93,524	94,565	(1,042)	-1.1%
Utility 2.0	11,253	6,204	5,049	81.4%
Total PSEG Long Island Operating Expenses	\$638,879	\$637,507	\$1,372	0.2%

Note: Variance - favorable/(unfavorable)

- Total expenses are under budget by **\$1.4M** primarily due to:
 - Construction & Operations is under budget by **\$3.0M** due to an increase in capital work, fuel savings, and a change in the frequency of light-duty vehicle preventative maintenance inspections
 - Emergency Preparedness is over budget by **\$0.9M** due to higher costs related to Business Continuity planning
 - Customer Service is under budget by **\$1.1M** due to open vacancies, lower marketing and consulting spend
 - Business Services is over budget by **\$9.7M** 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 **\$4.0M** due to open vacancies and lower consulting costs
 - Energy Efficiency is over budget by **\$1.0M** due to the higher rebates related to heat pumps
 - Utility 2.0 is under budget by **\$5.0M** 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 – PROJECTED 2023

<i>(\$ in thousands)</i>	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
PSEG Long Island Managed Expenses				
Uncollectible Accounts	\$28,580	\$49,048	(\$20,468)	-41.7%
Storm Restoration	80,000	17,421	62,579	359.2%
NYS Assessment	12,356	11,408	948	8.3%
Utility Depreciation	312,399	309,627	2,771	0.9%
Pension & OPEB Expense	34,657	35,441	(784)	-2.2%
PILOTs - Revenue-Based Taxes	40,756	39,597	1,159	2.9%
PILOTs - Property-Based Taxes	304,750	301,870	2,880	1.0%
PSEGLI Managed - Misc	877	705	171	24.3%
Total PSEG Long Island Managed Expenses	\$814,375	\$765,119	\$49,256	6.4%
Other Income & Deductions	\$24,620	\$17,854	\$6,766	37.9%

Note: Variance - favorable/(unfavorable)

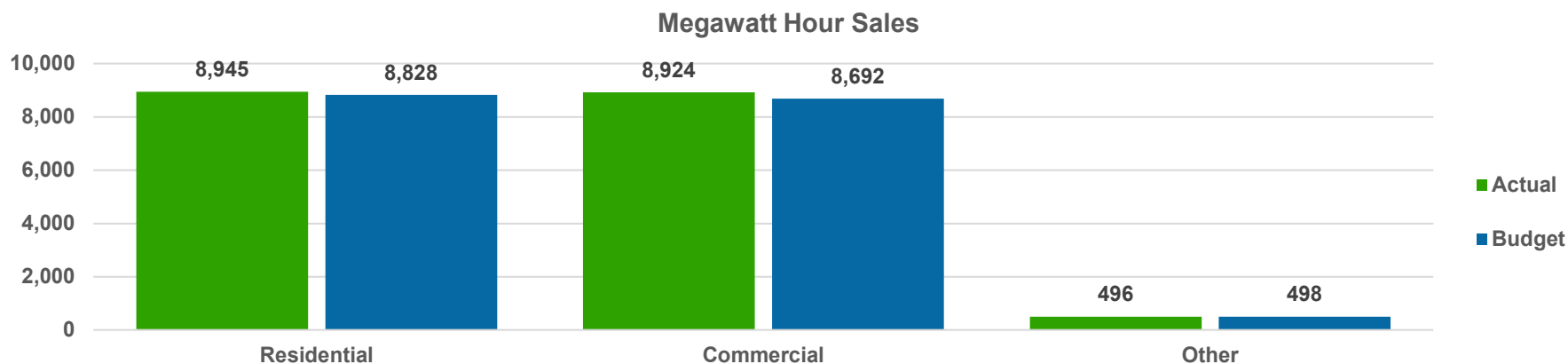
- Uncollectible Accounts is over budget by **\$20.5M** due to customer credits provided under the Energy Affordability Program (EAP) forgiveness program
- Storm Restoration is under budget by **\$62.6M** due to fewer actual storms, none of which required mutual aid assistance
- Other income & deductions are over budget by **\$6.8M** due to unbudgeted investment income

PSEG LONG ISLAND REVENUE – PROJECTED 2023

(\$ in thousands)	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Revenues	\$4,146,706	\$3,750,754	(\$395,952)	-10.6%
Power Supply Charge	\$2,072,186	\$ 1,767,322	\$304,865	17.3%
Revenue Net of Power Supply Costs	\$2,074,519	\$1,983,433	(\$91,087)	-4.6%

Note: Variance - favorable/(unfavorable)

- Revenue, net of Power Supply Costs, is **\$91.1M** lower than budget due to:
 - Delivery Service Adjustment (DSA) is lower than budget by **\$80.0M** driven by lower Storms of **\$62.6M** and lower Debt costs of **\$38.7M** offset by higher Bad Debt Expense of **\$20.5M** and higher Pension and OPEBs of **\$0.8M**.
 - Other drivers include deferral for Utility 2.0 project delays of **\$5.0M**, lower collection of late payment charges of **\$3.8M**, and lower Revenue Related PILOTS of **\$1.2M**.



- Sales of electricity are lower than budget by 347 GWh or 1.9% due to significantly milder weather during the winter of 2023 and cooler than normal weather for May through October.

CAPITAL EXPENDITURES – PROJECTED 2023

(\$ in thousands)

	Approved Annual Budget	Projected Annual Forecast	\$ Var.	% Var.
Transmission and Distribution				
Load Growth	173,016	154,572	18,445	11.9%
Reliability	302,598	315,711	(13,114)	-4.2%
Storm Hardening ^(a)	77,465	73,975	3,490	4.7%
Economic, Salvage, Tools, Equip & Other	70,356	58,442	11,914	20.4%
Total T&D Projects	623,435	602,699	20,735	3.4%
Other PSEG Long Island Capital Expenditures				
Information Technology Projects ^(a)	70,348	56,310	14,038	24.9%
Information Technology - Cyber Security	12,711	12,020	691	5.7%
Customer Operations	10,336	7,894	2,442	30.9%
Other General Plant	4,571	3,966	605	15.3%
Fleet	23,556	7,493	16,063	214.4%
Utility 2.0	17,838	4,195	13,644	325.3%
Total T&D and Other Projects	762,796	694,578	68,218	9.8%
FEMA Storm Hardening	-	1,216	(1,216)	-100.0%
FEMA Pre-Grant Approval	7,620	8,490	(870)	-10.2%
Capital Storm	3,479	2,744	735	26.8%
Total PSEG Long Island Capital	773,895	707,029	66,866	9.5%
Management Fee	29,529	31,228	1,698	5.4%
Pending Project Authorization Funds ^(a)	37,743	-	37,743	0.0%
Property Acquisition and Development	5,000	-	5,000	0.0%
Nine Mile Point 2	5,960	4,482	1,478	33.0%
LIPA Capital	9,900	3,000	6,900	230.0%
Total Capital Expenditures	\$862,027	\$745,738	\$116,289	15.6%

(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 **\$20.7M** due to
 - Large-scale project delays due to property availability, long lead items, permitting, clearances, and other project execution constraints. PSEG Long Island proposes **\$26M** to be carried forward into 2024 and 2025
 - Material savings and lower construction bids of **\$69.4M**
 - Offset by emergent transmission line failures, emergent reliability initiatives, and an increase in cost per unit for reactive work associated with distribution system improvements, new services, and customer requests of **\$75.4M**
- IT is under budget **\$14.0M** due to Enterprise Asset Management System placed on hold \$6.9M, Primavera Upgrade carried forward to 2024 \$0.7M, and CRM Alternative and Storage LCP - VNX Array overall lower costs \$2.7M
- Fleet is under budget by **\$16.1M** due to disruptions in the supply chain for heavy-duty vehicles
- Utility 2.0 is under budget by **\$13.6M** due to a switch of Grid Storage Miller Place project to a traditional T&D solution (bank & switchgear) and forecast re-alignment due to NYSERDA delays for IEDR Platform

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

Description	Original Total Project Cost (\$M)**		Total Project Actuals Through 10/31/23 (\$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	\$30.8	\$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	\$16.2	\$24.4	Jun-24
Brooklyn Ave (Massapequa) New Substation	\$22.7	2017	\$32.9	\$34.6	Dec-23
Substation Security Expansion Project	\$52.9	2017	\$25.8	\$38.9	Dec-24
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.7	\$47.5	Apr-26
Belmont: Convert substation from 33 kV to 69 kV	\$131.3	2021	\$2.8	\$116.6	Jun-25
Enterprise Asset Management System	\$48.3	2022	\$3.5	\$60.9	Dec-28
Bridgehampton to Buell: Transmission	\$46.1	2017	\$5.3	\$73.9	Jun-25
Rockville Centre Load Pocket	\$36.7	2022	\$0.0	\$36.7	Jun-28
North Bellport: Eastport 23kV conversion	\$26.4	2021	\$0.0	\$51.5	Dec-28
Southampton Install new 138kV cable to Deerfield	\$142.4	2021	\$1.9	\$97.7	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
Total	\$798.9		\$151.7	\$790.1	

*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