



February 2024 Financial Results

Finance and Audit Committee Meeting

March 27, 2024

Presented by: Donna Mongiardo, Vice-President Controller

The Power is Yours™



LIPA Consolidated Results – February 2024

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Revenues	\$584,871	\$644,390	(\$59,519)	-9.2%	\$4,190,774
Power Supply Charge	287,082	347,583	60,501	17.4%	2,019,085
Revenue Net of Power Supply Charge	297,789	296,807	982	0.3%	2,171,689
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	99,845	112,560	12,716	11.3%	678,004
PSEG Long Island Managed Expenses	33,933	26,141	(7,792)	-29.8%	157,625
Utility Depreciation	54,913	61,834	6,921	11.2%	382,340
PILOTs	57,481	57,891	410	0.7%	350,944
LIPA Operating Expenses	15,175	15,754	579	3.7%	140,974
LIPA Depreciation and Amortization	23,122	23,072	(51)	-0.2%	138,429
Interest Expense	56,621	58,934	2,313	3.9%	363,361
Total Expenses	\$341,089	\$356,185	\$15,097	4.2%	\$2,211,678
Other Income and Deductions	15,759	10,814	4,945	45.7%	82,635
Grant Income	3,412	3,385	28	0.8%	40,412
Total Non-Operating Revenue	\$19,171	\$14,199	\$4,973	35.0%	\$123,047
Change in Net Position	(\$24,128)	(\$45,180)	\$21,052	46.6%	83,059

Note: Variance - favorable/(unfavorable)

LIPA Managed Expenses & Income – February 2024

- LIPA operating expense is under budget by \$0.6M due to lower PSEG Long Island Management Fee allocated to O&M.
- Interest expense is favorable against budget by \$2.3M mainly due to unbudgeted UDSA amortizations on (i) deferred gain on refunding and (ii) premium related to the 2023 transaction completed in December.
- Other income and deductions are favorable against budget by \$4.5M due to (i) gains on the Nuclear Decommissioning trust of \$2.0M and System Resiliency Fund of \$1.1M and (ii) higher interest earned on the Rate Stabilization fund and UDSA accounts due to higher than budgeted rates.

(\$ in thousands)

LIPA Expenses

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Operating Expenses ^(a)	\$15,175	\$15,754	\$579	3.7%	\$138,902
LIPA Depreciation and Amortization	18,953	18,903	(51)	-0.3%	113,415
LIPA Deferred Amortized Expenses	4,169	4,169	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	56,621	58,934	2,313	3.9%	363,361
Total Expenses	\$94,918	\$97,759	\$2,842	2.9%	\$640,692
Other Income and Deductions	11,097	6,646	4,450	67.0%	57,688
Grant Income	3,412	3,385	28	0.8%	40,412
Total Income	\$14,509	\$10,031	\$4,478	44.6%	\$98,100
LIPA Capital	\$312	\$417	\$105	25.2%	\$10,000

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$2.0M for Customer Service O&M and \$0.1M in IT O&M

LIPA Liquidity Position – February 2024

<i>(\$ in thousands)</i>	February 29, 2024	Days Cash	January 31, 2024	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 642,906		\$ 591,433	
OPEB account cash, cash equivalents, and investments	660,101		643,859	
PSEG Long Island working capital requirements	335,248		360,999	
Total operating liquidity	1,638,255	179	1,596,291	174
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	490,000		555,000	
Total available credit	690,000		755,000	
Total cash, cash equivalents, investments, and available credit	\$ 2,328,255	254	\$ 2,351,291	256
Restricted cash				
Clean Energy Compliance Fund	20,074		20,034	
UDSA	160,443		144,603	
Extraordinary working capital	250,000		250,000	
Total restricted cash and cash equivalents	\$ 430,517		\$ 414,637	

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

PSEG Long Island Operating Expenses – February 2024

Total expenses are under budget by \$12.7M primarily due to timing:

- Labor is under budget primarily due to delaying hiring resulting in certain staffing vacancies.
- Non-labor is under budget due to:
 - Lower corrective maintenance, weather support and timing of storm hardening and pole inventory in T&D
 - IT and Customer Service are related to timing of incurred services
 - Energy Efficiency rebates are modestly lower than planned and the Home Energy Management program start date was pushed to March

(\$ 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	\$30,800	\$34,045	\$3,245	9.5%	\$202,515
Asset Management & Reliability	1,092	1,764	672	38.1%	10,189
Construction & Operations Services	6,751	7,574	822	10.9%	40,479
Customer Services ^(a)	18,246	20,242	1,997	9.9%	122,768
Information Technology & Cybersecurity ^(a)	12,629	17,334	4,706	27.1%	97,703
Business Services	12,854	11,539	(1,315)	-11.4%	72,914
Power System Management	3,661	3,621	(41)	-1.1%	22,682
Energy Efficiency & Renewable Energy	12,364	14,552	2,189	15.0%	96,071
Utility 2.0	1,448	1,889	441	23.4%	14,754
Total PSEG Long Island Operating Expenses	\$99,845	\$112,560	\$12,716	11.3%	\$680,076

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$2.0M for Customer Service O&M and \$0.1M in IT O&M

PSEG Long Island Managed Expenses – February 2024

- Uncollectible expense is under budget by \$1.5M due to a lower write off rate for February YTD of ~0.50% vs. the budgeted rate of 0.66%.
- Storm Restoration is over budget by (\$9.0M) due to incurring four storms, two of which used mutual aid assistance.
- Utility Depreciation is under budget by \$6.9M due to timing of depreciation on certain IT projects which have been delayed, are on hold, or deliverable in-service dates are later than forecasted resulting in lower depreciation.
- Other income & deductions are over budget by \$0.5M due to interest earned on the PSEGLI funding accounts due to higher-than-planned interest rates.

(\$ in thousands)

PSEG Long Island Managed Expenses

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Uncollectible Accounts	\$2,991	\$4,465	\$1,474	33.0%	\$28,917
Storm Restoration	22,883	13,917	(8,967)	-64.4%	83,500
NYS Assessment	1,637	2,008	371	18.5%	11,840
Utility Depreciation	54,913	61,834	6,921	11.2%	382,340
Pension & OPEB Expense	6,069	4,993	(1,076)	-21.5%	29,961
PILOTs - Revenue-Based Taxes	6,420	6,830	410	6.0%	44,578
PILOTs - Property-Based Taxes	51,061	51,061	-	0.0%	306,366
PSEGLI Managed - Misc	352	758	406	53.5%	3,408
Total PSEG Long Island Managed Expenses	\$146,326	\$145,866	(\$461)	-0.3%	\$890,910
Other Income & Deductions	\$4,535	\$4,060	\$475	11.7%	\$24,291

Note: Variance - favorable/(unfavorable)

PSEG Long Island Revenue – February 2024

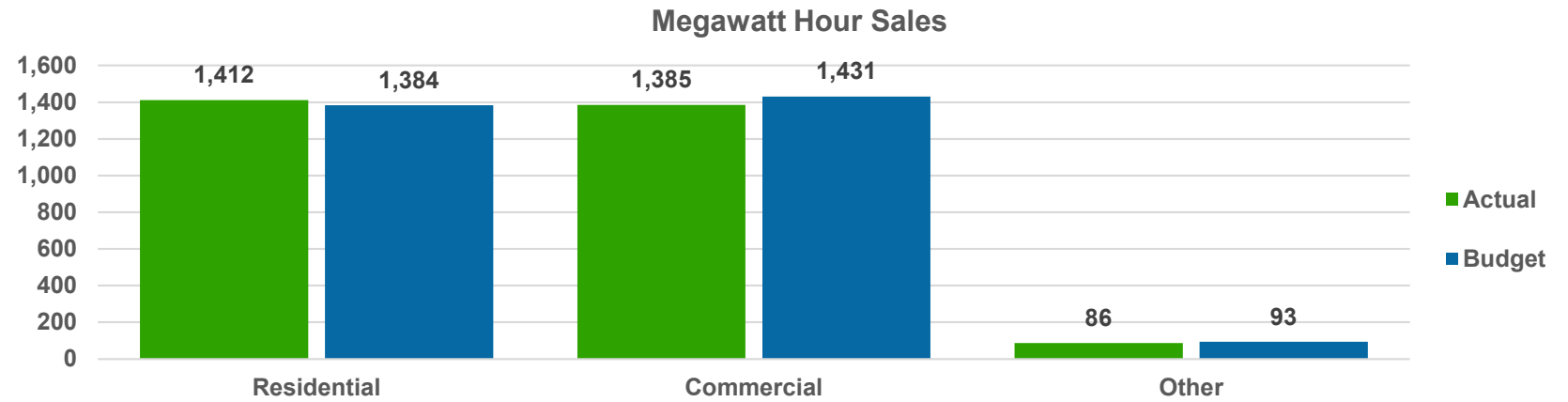
- Revenue, net of PSCs, is \$1.0M higher than budget primarily driven by higher storm expenses of \$9.0M offset by lower debt service of (\$4.2M), lower bad debt write-offs of (\$1.5M), regulatory deferral of Utility 2.0 (\$1.0M) and other item / miscellaneous revenues (\$2.4M).

(\$ in thousands)

	Feb 2024 Year to Date				Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$584,871	\$644,390	(\$59,519)	-9.2%	\$4,190,774
Power Supply Charge	\$287,082	\$347,583	\$60,501	17.4%	\$2,019,085
Revenue Net of Power Supply Costs	<u>\$297,789</u>	<u>\$296,807</u>	<u>\$982</u>	<u>0.3%</u>	<u>\$2,171,689</u>

Note: Variance - favorable/(unfavorable)

- Sales of electricity are lower than budget by 25 GWh or 0.8% due to milder weather during January and February.



Capital Expenditures – February 2024

- T&D is under budget by \$1.2M due to weather/storm related delays.
- IT is under budget \$4.7M due to timing of work for System Separation and Energy Management System Upgrade.
- IT – Cyber is under budget \$1.1M due to shift in schedule for CyberArk for Critical Network Infrastructure and Cybersecurity NIST-CSF Tier 3 Implementation.
- Capital Storm is over budget (\$1.5M) due to true up of 2023 activity and higher than expected storm activity.
- Nine Mile Point 2 is under budget \$20.7M due to a timing variance.

(\$ in thousands)	Actual	Budget	\$ Var.	% Var.	FY Budget
Transmission and Distribution					
Load Growth	21,460	30,755	9,295	30.2%	188,945
Reliability	41,412	36,949	(4,463)	-12.1%	307,744
Storm Hardening	12,316	8,401	(3,915)	-46.6%	66,600
Economic, Salvage, Tools, Equip & Other	5,546	5,831	284	4.9%	42,079
Total T&D Projects	\$80,734	\$81,935	\$1,201	1.5%	\$605,368
Other PSEG Long Island Capital Expenditures					
Information Technology Projects ^(a)	7,182	11,896	4,713	39.6%	64,214
Information Technology - Cyber Security ^(a)	2,699	3,820	1,121	29.3%	12,254
Customer Operations	963	1,055	92	8.7%	8,195
Other General Plant	15,192	15,426	234	1.5%	31,738
Fleet ^(a)	2,638	2,924	286	9.8%	19,669
Offshore Wind Transmission	72	691	618	89.5%	22,870
Utility 2.0	283	186	(97)	-52.3%	10,755
Total T&D and Other Projects	109,764	\$117,933	\$8,169	6.9%	775,062
FEMA Storm Hardening	184	228	45	19.5%	5,140
Capital Storm	2,164	684	(1,480)	-216.5%	3,479
Total PSEG Long Island Capital	\$112,112	\$118,845	\$6,733	5.7%	\$783,681
Management Fee	6,144	5,194	(950)	-18.3%	31,163
Pending Project Authorization Funds	-	9,306	9,306	100.0%	50,592
Nine Mile Point 2	1,457	22,178	20,721	93.4%	29,926
LIPA Capital	312	417	105	25.2%	10,000
Total Capital Expenditures	\$120,024	\$155,940	\$35,916	23.0%	\$905,361

(a) Pending Project Authorization Funds has released \$13.3M for IT, \$4.1M for IT-Cyber and \$31.7M in Facilities

Note: Variance - favorable/(unfavorable)

PSEG Long Island Major Capital Expenditures – Over \$25M (Total Project Cost) – February 2024

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 2/29/24 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$36.9	2020	\$20.1	\$26.4	Jun-24
Substation Security Expansion Project	\$52.9	2017	\$27.8	\$37.5	Dec-24
Belmont: Convert substation from 33 kV to 69 kV	\$131.3	2021	\$4.3	\$131.2	Jun-25
Bridgehampton to Buell: Transmission	\$46.1	2017	\$6.1	\$73.7	Jun-25
System Separation	\$21.2	2022	\$7.5	\$48.0	Dec-25
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$2.8	\$47.8	Apr-26
West Hempstead (3R) Install four 69/13kV 33MVA	\$30.0	2023	\$0.0	\$41.8	Dec-27
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.4	\$113.2	Dec-27
Southampton Install new 138kV cable to Deerfield	\$142.4	2021	\$2.8	\$78.8	Jun-27
Rockville Centre Load Pocket	\$36.7	2022	\$0.0	\$36.7	Jun-28
Elmont (3G) Substation Rebuild and Feeder Conversions	\$53.9	2023	\$0.0	\$53.9	Jun-28
North Bellport: Eastport 23kV conversion	\$26.4	2021	\$0.0	\$51.5	Dec-28
Enterprise Asset Management System	\$48.3	2022	\$5.5	\$60.9	Dec-28
Newbridge Convert 138kV Ckt EGC-Ruland 138-467/567 to 345kV	\$36.8	2023	\$0.0	\$36.7	May-29
Syosset Replace UG section of 138-676 circuit to Greenlawn	\$116.8	2023	\$0.0	\$116.6	Nov-29
Transmission Operations Alternate Control Room Facility	\$68.9	2023	\$0.0	\$68.3	Dec-29
Syosset Install PAR on terminal of proposed new 138kV Ckt	\$37.8	2023	\$0.0	\$37.8	Dec-29
Northport Install new 138kV Phase Angle Regulator	\$37.6	2023	\$0.0	\$37.6	Dec-29
Barrett OSW (Liotta) Interconnect to New Barrett 138/345kV Sub	\$87.7	2023	\$0.0	\$87.7	May-30
Arverne - New Wavecrest Substation and C&R	\$85.8	2023	\$0.0	\$85.8	Jun-30
Total	\$1,232.6		\$77.5	\$1,271.9	

*The Current Working Estimate and Completion Dates will be updated ending June 30 and November 30

Questions?

Donna Mongiardo
Vice-President Controller

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