



March 2024 Financial Results

Finance and Audit Committee Meeting

May 22, 2024

Presented by: Donna Mongiardo, Vice President, Controller LIPA
and Martin Shames, Senior Director of Finance PSEG LI



LIPA Consolidated Results – March 2024

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
Revenues	\$861,679	\$932,561	(\$70,882)	-7.6%	\$4,190,774
Power Supply Charge	426,460	493,328	66,869	13.6%	2,019,085
Revenue Net of Power Supply Charge	435,219	439,233	(4,014)	-0.9%	2,171,689
PSEG Long Island Operating and Managed Expenses					
PSEG Long Island Operating Expenses	162,162	166,866	4,704	2.8%	678,004
PSEG Long Island Managed Expenses	42,171	40,643	(1,528)	-3.8%	157,625
Utility Depreciation	82,909	93,237	10,328	11.1%	382,340
PILOTs	85,894	86,482	588	0.7%	350,944
LIPA Operating Expenses	25,239	24,378	(862)	-3.5%	140,974
LIPA Depreciation and Amortization	34,688	34,607	(81)	-0.2%	138,429
Interest Expense	88,821	88,768	(53)	-0.1%	363,361
Total Expenses	\$521,884	\$534,980	\$13,096	2.4%	\$2,211,678
Other Income and Deductions	27,208	18,893	8,316	44.0%	82,635
Grant Income	10,119	10,077	42	0.4%	40,412
Total Non-Operating Revenue	\$37,327	\$28,970	\$8,357	28.8%	\$123,047
Change in Net Position	(\$49,338)	(\$66,777)	\$17,439	26.1%	83,059

Note: Variance - favorable/(unfavorable)

LIPA Managed Expenses & Income – March 2024

- LIPA operating expense is over budget by (\$0.9M) due to higher general and administrative costs related to (i) hiring and succession planning, and (ii) Electric Vehicles and Heat Pumps consulting costs.
- Other income and deductions are favorable against budget by \$6.7M due to (i) higher interest earned on cash and investment accounts due to higher rates than budgeted and (ii) receipt of a damage claim settlement of \$1.5M.

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
LIPA Expenses					
LIPA Operating Expenses ^(a)	\$25,239	\$24,378	(\$862)	-3.5%	\$138,902
LIPA Depreciation and Amortization	28,435	28,354	(81)	-0.3%	113,415
LIPA Deferred Amortized Expenses	6,254	6,254	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	88,821	88,768	(53)	-0.1%	363,361
Total Expenses	\$148,749	\$147,753	(\$996)	-0.7%	\$640,692
Other Income and Deductions	19,375	12,642	6,732	53.3%	57,688
Grant Income	10,119	10,077	42	0.4%	40,412
Total Income	\$29,493	\$22,720	\$6,774	29.8%	\$98,100
LIPA Capital	\$516	\$833	\$318	38.1%	\$10,000

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$2.3M for Customer Service O&M and \$0.1M in IT O&M

LIPA Liquidity Position – March 2024

<i>(\$ in thousands)</i>	March 31, 2024	Days Cash	February 29, 2024	Days Cash
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 576,031		\$ 642,906	
OPEB account cash, cash equivalents, and investments	684,665		660,101	
PSEG Long Island working capital requirements	297,700		335,248	
Total operating liquidity	1,558,396	170	1,638,255	179
Available credit				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	490,000		490,000	
Total available credit	690,000		690,000	
Total cash, cash equivalents, investments, and available credit	\$ 2,248,396	245	\$ 2,328,255	254
Restricted cash				
Clean Energy Compliance Fund	20,116		20,074	
UDSA	191,025		160,443	
Extraordinary working capital	250,000		250,000	
Total restricted cash and cash equivalents	\$ 461,141		\$ 430,517	

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

PSEG Long Island Operating Expenses – March 2024

Total expenses are under budget by \$4.7M primarily due to timing:

- Transmission & Distribution is under budget by \$1.5M due to resources directed for higher storm activity and lower headcount partially offset by higher transmission tree trim.
- Asset Management & Reliability is under budget by \$1.1M due to the timing in implementation of the ISO55000 standard and wood pole inspections and treatments.
- Information Technology & Cybersecurity is under budget by \$3.8M due to the timing of vendor expenses.
- Business Services is over budget by (\$6.3M) due to an increase in legal claim reserves, higher outside legal counsel expenses, and increased fringe costs.
- Energy Efficiency is under budget by \$3.4M due to residential programs which have achieved energy savings 4% above goal while costs are 15% below budget.

(\$ 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	\$49,186	\$50,735	\$1,549	3.1%	\$202,515
Asset Management & Reliability	2,143	3,272	1,129	34.5%	10,189
Construction & Operations Services	11,025	11,180	155	1.4%	40,479
Customer Services ^(a)	29,542	30,309	767	2.5%	122,768
Information Technology & Cybersecurity ^(a)	19,803	23,604	3,801	16.1%	97,703
Business Services	23,333	16,973	(6,360)	-37.5%	72,914
Power System Management	5,754	5,414	(340)	-6.3%	22,682
Energy Efficiency & Renewable Energy	19,418	22,794	3,377	14.8%	96,071
Utility 2.0	1,958	2,584	626	24.2%	14,754
Total PSEG Long Island Operating Expenses	\$162,162	\$166,866	\$4,704	2.8%	\$680,076

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$2.3M for Customer Service O&M and \$0.1M in IT O&M

PSEG Long Island Managed Expenses – March 2024

- Uncollectible expense is under budget by \$1.9M due to a lower write-off rate for March YTD of 0.52% vs. the budgeted rate of 0.66%.
- Storm Restoration is over budget by (\$2.8M) due to five storms incurred, two of which used mutual aid assistance compared with the budget of three storms with no mutual aid assistance.
- Utility Depreciation is under budget by \$10.3M due to the early retirement in 2023 of salesforce software plus the timing of depreciation on certain other IT projects due to deferred in-service dates.
- Pension & OPEB expense is over budget by (\$1.6M) due to discount rate updates in actuarial models.
- Other income & deductions are over plan by \$1.6M due to interest earned on the PSEGLI funding accounts due to higher-than-planned interest rates.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
PSEG Long Island Managed Expenses					
Uncollectible Accounts	\$4,493	\$6,347	\$1,853	29.2%	\$28,917
Storm Restoration	25,760	22,930	(2,830)	-12.3%	83,500
NYS Assessment	2,417	2,861	444	15.5%	11,840
Utility Depreciation	82,909	93,237	10,328	11.1%	382,340
Pension & OPEB Expense	9,090	7,483	(1,607)	-21.5%	29,961
PILOTs - Revenue-Based Taxes	9,289	9,890	602	6.1%	44,578
PILOTs - Property-Based Taxes	76,605	76,592	-	0.0%	306,366
PSEGLI Managed - Misc	411	1,023	612	59.8%	3,408
Total PSEG Long Island Managed Expenses	\$210,973	\$220,361	\$9,388	4.3%	\$890,910
Other Income & Deductions	\$7,639	\$6,087	\$1,552	25.5%	\$24,291

Note: Variance - favorable/(unfavorable)

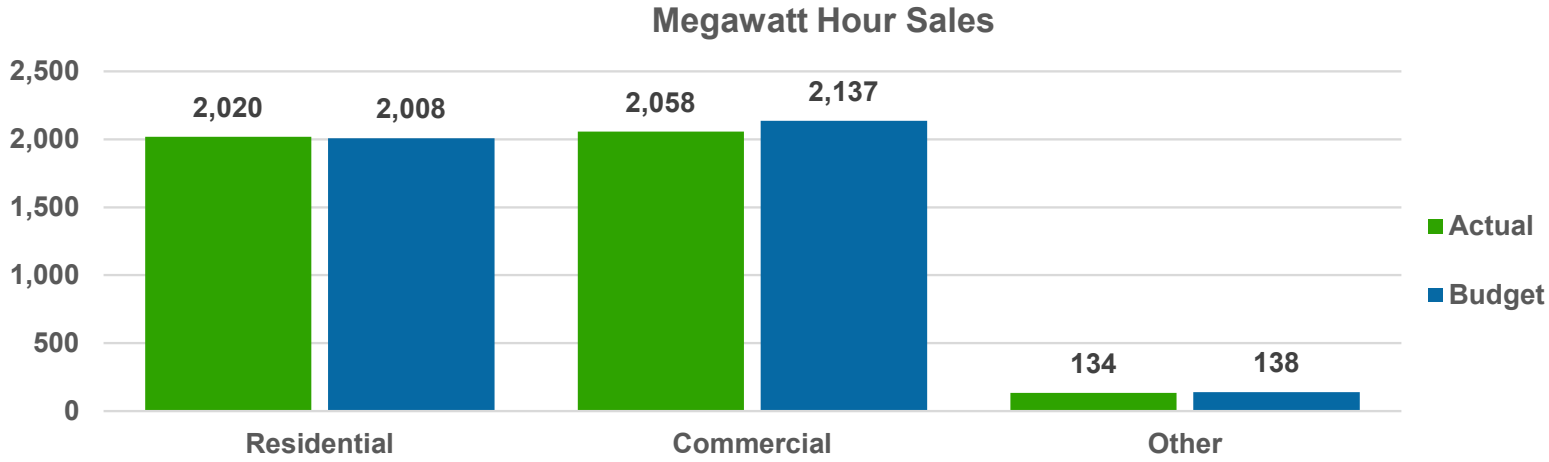
PSEG Long Island Revenue – March 2024

- Revenue Net of PSCs are \$4.0M lower than budget driven by lower debt service of (\$4.8M) and lower bad debt write-offs of (\$1.8M) offset by higher storm expenses of \$2.8M.
- Sales of electricity are lower than budget by 71 GWh or 1.7% due to milder weather during the first quarter of 2024.

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
Revenues	\$861,679	\$932,561	(\$70,882)	-7.6%	\$4,190,774
Power Supply Charge	\$426,460	\$493,328	\$66,869	13.6%	\$2,019,085
Revenue Net of Power Supply Costs	<u>\$435,219</u>	<u>\$439,233</u>	<u>(\$4,014)</u>	<u>-0.9%</u>	<u>\$2,171,689</u>

Note: Variance - favorable/(unfavorable)



Capital Expenditures – March 2024

- T&D is under budget by \$8.0M primarily due to:
 - Change in scheduling and construction, material, and permitting delays of \$12.9M
 - Favorable bid pricing and cost savings of \$3.2M
 - Partially offset by overrun due to emergent work of (\$8.9M)
- IT is under budget \$5.6M due to the timing of work for System Separation and the Energy Management System Upgrade.
- IT – Cyber is under budget \$2.1M due to a shift in work.
- 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 \$4.5M due to timing of vendor expenses.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
Transmission and Distribution					
Load Growth	31,783	38,533	6,750	17.5%	188,945
Reliability	70,696	69,885	(811)	-1.2%	307,744
Storm Hardening	17,689	17,811	123	0.7%	66,600
Economic, Salvage, Tools, Equip & Other	6,418	8,395	1,977	23.5%	42,079
Total T&D Projects	\$126,585	\$134,624	\$8,039	6.0%	\$605,368
Other PSEG Long Island Capital Expenditures					
Information Technology Projects ^(a)	12,424	18,020	5,596	31.1%	66,924
Information Technology - Cyber Security ^(a)	4,573	6,698	2,126	31.7%	13,476
Customer Operations	1,805	1,730	(76)	-4.4%	8,195
Other General Plant	15,171	15,593	422	2.7%	31,738
Fleet ^(a)	2,966	3,199	233	7.3%	19,669
Offshore Wind Transmission	191	1,274	1,082	85.0%	22,870
Utility 2.0	365	1,392	1,028	73.8%	10,755
Total T&D and Other Projects	164,080	182,531	\$18,450	10.1%	778,993
Capital Storm					
FEMA Storm Hardening	305	271	(34)	-12.5%	5,140
Capital Storm	2,671	1,253	(1,418)	-113.2%	3,479
Total PSEG Long Island Capital	\$167,057	\$184,055	\$16,998	9.2%	\$787,612
Other Capital Expenditures					
Management Fee	8,087	7,791	(296)	-3.8%	31,163
Pending Project Authorization Funds	-	150	150	100.0%	46,661
Nine Mile Point 2	23,635	28,149	4,514	16.0%	29,926
LIPA Capital	516	833	318	38.1%	10,000
Total Capital Expenditures	\$199,294	\$220,978	\$21,685	9.8%	\$905,361

(a) Pending Project Authorization Funds has released \$16.0M for IT, \$5.3M for IT-Cyber & \$31.7M in Facilities

Note: Variance - favorable/(unfavorable)

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

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 3/31/24 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$37	2020	\$21	\$26	Jun-24
Substation Security Expansion Project	\$53	2017	\$29	\$38	Dec-24
Belmont: Convert substation from 33 kV to 69 kV	\$131	2021	\$5	\$131	Jun-25
Bridgehampton to Buell: Transmission	\$46	2017	\$6	\$74	Jun-25
System Separation	\$21	2022	\$9	\$48	Dec-25
Fire Island Pines New Circuit to Ocean Beach	\$51	2017	\$3	\$48	Apr-26
West Hempstead (3R) Install four 69/13kV 33MVA	\$30	2023	\$0	\$42	Dec-27
Transmission Operations Control Room Facility Replacement	\$84	2018	\$0	\$113	Dec-27
Southampton Install new 138kV cable to Deerfield	\$142	2021	\$3	\$79	Jun-27
Rockville Centre Load Pocket	\$37	2022	\$0	\$37	Jun-28
Elmont (3G) Substation Rebuild and Feeder Conversions	\$54	2023	\$0	\$54	Jun-28
North Bellport: Eastport 23kV conversion	\$26	2021	\$0	\$52	Dec-28
Enterprise Asset Management System	\$48	2022	\$6	\$61	Dec-28
Newbridge Convert 138kV Ckt EGC-Ruland 138-467/567 to 345kV	\$37	2023	\$0	\$37	May-29
Syosset Replace UG section of 138-676 circuit to Greenlawn	\$117	2023	\$0	\$117	Nov-29
Transmission Operations Alternate Control Room Facility	\$69	2023	\$0	\$68	Dec-29
Syosset Install PAR on terminal of proposed new 138kV Ckt	\$38	2023	\$0	\$38	Dec-29
Northport Install new 138kV Phase Angle Regulator	\$38	2023	\$0	\$38	Dec-29
Barrett OSW (Liotta) Interconnect to New Barrett 138/345kV Sub	\$88	2023	\$0	\$88	May-30
Arverne - New Wavecrest Substation and C&R	\$86	2023	\$0	\$86	Jun-30
Total	\$1,233		\$82	\$1,272	

*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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