



# April 2024 Financial Results

*Finance and Audit Committee Meeting*

June 2024

**Presented by:** Donna Mongiardo, LIPA's Acting Chief Financial Officer and Martin Shames, PSEG Long Island's Senior Director of Finance



# LIPA Consolidated Results – April 2024

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>Revenues</b>	<b>\$1,125,861</b>	<b>\$1,189,556</b>	<b>(\$63,695)</b>	<b>-5.4%</b>	<b>\$4,190,774</b>
Power Supply Charge	560,139	623,290	63,150	10.1%	2,019,085
<b>Revenue Net of Power Supply Charge</b>	<b>565,722</b>	<b>566,267</b>	<b>(545)</b>	<b>-0.1%</b>	<b>2,171,689</b>
<b>PSEG Long Island Operating and Managed Expenses</b>					
PSEG Long Island Operating Expenses <sup>(a)</sup>	216,725	222,362	5,637	2.5%	680,362
PSEG Long Island Managed Expenses	53,989	48,783	(5,206)	-10.7%	157,625
Utility Depreciation	110,797	124,684	13,887	11.1%	382,340
PILOTs	114,155	114,658	503	0.4%	350,944
LIPA Operating Expenses <sup>(a)</sup>	34,400	32,623	(1,777)	-5.4%	138,616
LIPA Depreciation and Amortization	46,257	46,143	(114)	-0.2%	138,429
Interest Expense	116,639	118,152	1,513	1.3%	363,361
<b>Total Expenses</b>	<b>\$692,963</b>	<b>\$707,405</b>	<b>\$14,442</b>	<b>2.0%</b>	<b>2,211,678</b>
Other Income and Deductions	33,631	25,042	8,589	34.3%	82,635
Grant Income	11,825	11,769	56	0.5%	40,412
<b>Total Non-Operating Revenue</b>	<b>\$45,456</b>	<b>\$36,811</b>	<b>\$8,645</b>	<b>23.5%</b>	<b>\$123,047</b>
<b>Change in Net Position</b>	<b>(\$81,785)</b>	<b>(\$104,327)</b>	<b>\$22,542</b>	<b>21.6%</b>	<b>83,059</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$2.4M from LIPA Operating Expense to PSEG Long Island Operating Expense

# LIPA Managed Expenses & Income – April 2024

- LIPA operating expense is over budget by (\$1.8M) 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 \$8.0M due to (i) gains on the Nuclear Decommissioning trust of \$2.0M and System Resiliency Fund of \$2.0M (ii) Damage claim settlement of \$1.5M and (iii) higher interest earned on the Rate Stabilization fund and UDSA accounts due to higher than budgeted rates.

(\$ 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 <sup>(a)</sup>	\$34,400	\$32,623	(\$1,777)	-5.4%	\$138,616
LIPA Depreciation and Amortization	37,919	37,805	(114)	-0.3%	113,415
LIPA Deferred Amortized Expenses	8,338	8,338	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	116,639	118,152	1,513	1.3%	363,361
<b>Total Expenses</b>	<b>\$197,296</b>	<b>\$196,918</b>	<b>(\$378)</b>	<b>-0.2%</b>	<b>\$640,406</b>
Other Income and Deductions	23,638	15,623	8,014	51.3%	57,688
Grant Income	11,825	11,769	56	0.5%	40,412
<b>Total Income</b>	<b>\$35,463</b>	<b>\$27,393</b>	<b>\$8,070</b>	<b>29.5%</b>	<b>\$98,100</b>
<b>LIPA Capital</b>	<b>\$520</b>	<b>\$833</b>	<b>\$313</b>	<b>37.6%</b>	<b>\$10,000</b>

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 – April 2024

<i>(\$ in thousands)</i>	April 30, 2024	Days Cash	March 31, 2024	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash, cash equivalents, and investments	\$ 571,778		\$ 576,031	
OPEB account cash, cash equivalents, and investments	663,527		684,665	
PSEG Long Island working capital requirements	270,385		297,700	
<b>Total operating liquidity</b>	<b>1,505,690</b>	<b>164</b>	<b>1,558,396</b>	<b>170</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	507,000		490,000	
<b>Total available credit</b>	<b>707,000</b>		<b>690,000</b>	
<b>Total cash, cash equivalents, investments, and available credit</b>	<b>\$ 2,212,690</b>	<b>241</b>	<b>\$ 2,248,396</b>	<b>245</b>
<b>Restricted cash</b>				
Clean Energy Compliance Fund	20,158		20,116	
UDSA	239,134		191,025	
Extraordinary working capital	250,000		250,000	
<b>Total restricted cash</b>	<b>\$ 509,292</b>		<b>\$ 461,141</b>	

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

# PSEG Long Island Operating Expenses – April 2024

**Total expenses are under budget by \$5.6M primarily due:**

- T&D is under budget \$2.4M due to resources directed to storm activity and lower headcount partially offset by higher transmission tree trim.
- Asset Management is under budget by \$1.5M due to the implementation of the ISO55000 delay due to late procurements, lower headcount as well as wood pole inspections and treatments.
- IT is under budget by \$2.7M due to the timing of consulting expenses budgeted in 2024.
- Business Services is over budget by (\$6.1M) due to an increase in legal claim reserves and outside legal counsel expenses.
- Energy Efficiency is under budget by \$3.4M due to favorable rebate costs which achieved energy savings 6% above goal.

(\$ in thousands)

## PSEG Long Island Operating Expenses

	Actual	Budget	\$ Var.	% Var.	FY Budget
Transmission & Distribution	\$65,328	\$67,776	\$2,448	3.6%	\$200,659
Asset Management & Reliability	2,862	4,400	1,539	35.0%	10,177
Construction & Operations Services	14,073	14,687	614	4.2%	40,268
Customer Services <sup>(a)</sup>	40,273	40,384	111	0.3%	122,523
Information Technology & Cybersecurity <sup>(a)</sup>	28,485	31,174	2,689	8.6%	99,213
Business Services	28,855	22,761	(6,094)	-26.8%	72,521
Power System Management	7,237	7,594	357	4.7%	23,092
Energy Efficiency & Renewable Energy	26,900	30,311	3,411	11.3%	97,153
Utility 2.0	2,713	3,275	562	17.2%	14,754
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$216,725</b>	<b>\$222,362</b>	<b>\$5,637</b>	<b>2.5%</b>	<b>\$680,362</b>

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 – April 2024

- Uncollectible expense is under budget by \$3.0M due to budgeted write-off assumption of 0.66% vs. actual of 0.46%.
- Storm Restoration is over budget by (\$7.6M) due to seven incurred storms, two of which used mutual aid assistance.
- Utility Depreciation is under budget by \$13.9M 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 (\$2.1M) due to discount rate updates in the actuarial models.
- Other income & deductions are favorable against budget by \$0.5M due to higher interest earned on the PSEGLI funding accounts resulting from higher than budgeted rates.

(\$ in thousands)

	<b>Actual</b>	<b>Budget</b>	<b>\$ Var.</b>	<b>% Var.</b>	<b>FY Budget</b>
<b>PSEG Long Island Managed Expenses</b>					
Uncollectible Accounts	\$5,154	\$8,198	\$3,044	37.1%	\$28,917
Storm Restoration	33,344	25,731	(7,613)	-29.6%	83,500
NYS Assessment	2,931	3,590	659	18.4%	11,840
Utility Depreciation	110,797	124,684	13,887	11.1%	382,340
Pension & OPEB Expense	12,089	9,977	(2,112)	-21.2%	29,961
PILOTs - Revenue-Based Taxes	12,006	12,536	530	4.2%	44,578
PILOTs - Property-Based Taxes	102,149	102,122	-	0.0%	306,366
PSEGLI Managed - Misc	470	1,287	817	63.5%	3,408
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$278,942</b>	<b>\$288,125</b>	<b>\$9,183</b>	<b>3.2%</b>	<b>\$890,910</b>
<b>Other Income &amp; Deductions</b>	<b>\$9,735</b>	<b>\$9,201</b>	<b>\$534</b>	<b>5.8%</b>	<b>\$24,291</b>

Note: Variance - favorable/(unfavorable)

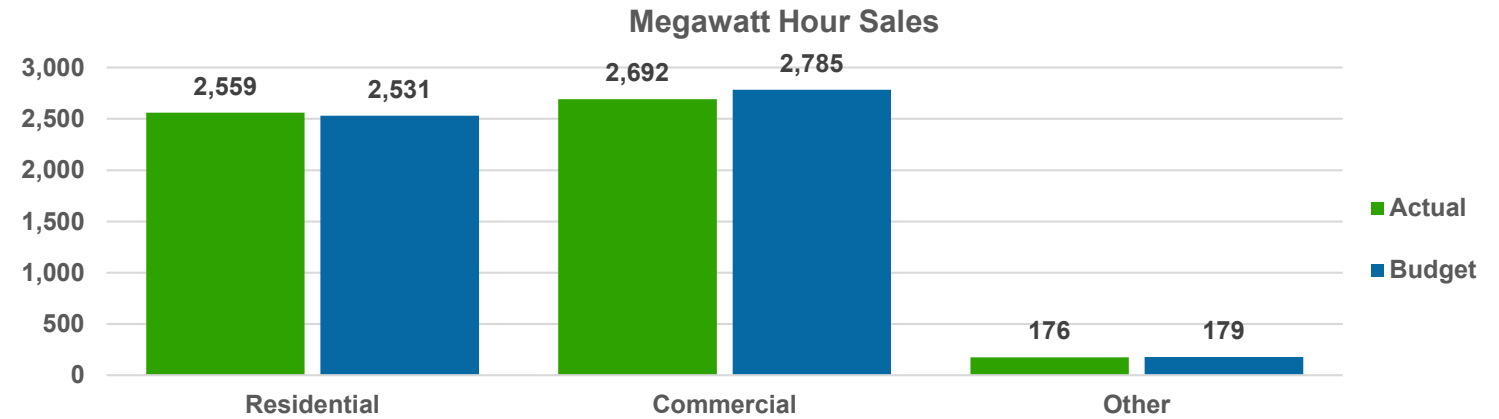
# PSEG Long Island Revenue – April 2024

- Revenue, net of PSCs, is \$0.5M lower than budget primarily driven by lower debt service of (\$6.3M) and lower bad debt write-offs of (\$3.0M) offset by higher storm expenses of \$7.6M and miscellaneous revenues of \$1.6M.
- Power Supply Charge is \$63M lower than budget primarily driven by lower natural gas prices than anticipated in the plan.
- Sales of electricity are lower than budget by 69 GWh or 1.3% due to milder weather during the January – April timeframe.

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Budget</u>
<b>Revenues</b>	\$1,125,861	\$1,189,556	(\$63,695)	-5.4%	\$4,190,774
<b>Power Supply Charge</b>	\$560,139	\$623,290	\$63,150	10.1%	\$2,019,085
<b>Revenue Net of Power Supply Costs</b>	<u>\$565,722</u>	<u>\$566,267</u>	<u>(\$545)</u>	<u>-0.1%</u>	<u>\$2,171,689</u>

Note: Variance - favorable/(unfavorable)





# Capital Expenditures – April 2024

- T&D is under budget by \$11.1M due to:
  - Change in scheduling and construction, material, and permitting delays of \$8.8M
  - Favorable bid pricing and cost savings of \$2.3M
- IT is under budget by \$2.3M due to work schedule change for System Separation (PowerPlan, Cognizant, M365 and Maestro).
- IT – Cyber is under budget \$3.6M due to schedule change in CyberArk for CNI and lower costs for Cybersecurity NIST-CFS.
- Offshore Wind is under budget by \$1.5M due to shift in schedule of preliminary engineering and design and property purchase.
- Utility 2.0 is under budget by \$1.2M primarily due to EV Make Ready Phase II rebates being lower than budgeted.
- Capital Storm is over budget (\$1.8M) due to higher storm activity.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
<b>Transmission and Distribution</b>					
Load Growth	43,085	48,579	5,494	11.3%	188,945
Reliability	102,130	101,924	(207)	-0.2%	307,744
Storm Hardening	23,096	24,052	956	4.0%	66,600
Economic, Salvage, Tools, Equip & Other	8,932	13,771	4,839	35.1%	42,079
<b>Total T&amp;D Projects</b>	<b>\$177,244</b>	<b>\$188,326</b>	<b>\$11,082</b>	<b>5.9%</b>	<b>\$605,368</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects <sup>(a)</sup>	21,594	23,878	2,284	9.6%	66,924
Information Technology - Cyber Security <sup>(a)</sup>	6,416	10,065	3,648	36.2%	13,476
Customer Operations	2,326	2,403	78	3.2%	8,195
Other General Plant	15,240	15,787	547	3.5%	31,738
Fleet <sup>(a)</sup>	3,127	3,719	592	15.9%	19,669
Offshore Wind Transmission	293	1,793	1,500	83.6%	22,870
Utility 2.0	417	1,618	1,201	74.2%	10,755
<b>Total T&amp;D and Other Projects</b>	<b>226,658</b>	<b>247,590</b>	<b>\$20,932</b>	<b>8.5%</b>	<b>778,993</b>
FEMA Storm Hardening	404	474	69	14.6%	5,140
Capital Storm	3,132	1,370	(1,761)	-128.5%	3,479
<b>Total PSEG Long Island Capital</b>	<b>\$230,194</b>	<b>\$249,434</b>	<b>\$19,240</b>	<b>7.7%</b>	<b>\$787,612</b>
Management Fee	11,180	10,388	(792)	-7.6%	31,163
Pending Project Authorization Funds	-	342	342	100.0%	46,661
Nine Mile Point 2	27,718	28,329	611	2.2%	29,926
LIPA Capital	520	833	313	37.6%	10,000
<b>Total Capital Expenditures</b>	<b>\$269,611</b>	<b>\$289,325</b>	<b>\$19,713</b>	<b>6.8%</b>	<b>\$905,361</b>

(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) – April 2024

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 4/30/24 (\$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	\$22	\$26	Jun-24
Belmont: Convert substation from 33 kV to 69 kV	\$131	2021	\$6	\$131	Jun-25
Bridgehampton to Buell: Transmission	\$46	2017	\$7	\$74	Jun-25
System Separation	\$21	2022	\$14	\$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
Substation Security Expansion Project	\$53	2017	\$29	\$152	Dec-33
<b>Total</b>	<b>\$1,233</b>		<b>\$90</b>	<b>\$1,387</b>	

# Questions?

**Donna Mongiardo**  
Acting Chief Financial Officer

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