



# August 2024 Financial Results

*Finance and Audit Committee*

September 25, 2024

**Presented by:** Donna Mongiardo, CFO LIPA  
and Martin Shames, Senior Director of Finance PSEG LI



# LIPA Consolidated Results – August 2024

<i>(\$ in thousands)</i>	<b>Actual</b>	<b>Budget</b>	<b>\$ Var.</b>	<b>% Var.</b>	<b>FY Budget</b>
<b>Revenues</b>	<b>\$2,848,462</b>	<b>\$2,921,074</b>	<b>(\$72,612)</b>	<b>-2.5%</b>	<b>\$4,190,774</b>
Power Supply Charge	1,351,908	1,404,820	52,912	3.8%	2,019,085
<b>Revenue Net of Power Supply Charge</b>	<b>1,496,554</b>	<b>1,516,254</b>	<b>(19,700)</b>	<b>-1.3%</b>	<b>2,171,689</b>
<b>PSEG Long Island Operating and Managed Expenses</b>					
PSEG Long Island Operating Expenses	429,336	445,427	16,091	3.6%	685,770
PSEG Long Island Managed Expenses	90,601	109,246	18,645	17.1%	157,625
Utility Depreciation	225,571	252,114	26,544	10.5%	382,340
PILOTs	231,554	235,428	3,875	1.6%	350,944
LIPA Operating Expenses	60,582	68,545	7,963	11.6%	133,207
LIPA Depreciation and Amortization	92,541	92,286	(255)	-0.3%	138,429
Interest Expense	241,830	241,511	(319)	-0.1%	363,361
<b>Total Expenses</b>	<b>\$1,372,014</b>	<b>\$1,444,558</b>	<b>\$72,544</b>	<b>5.0%</b>	<b>2,211,678</b>
Other Income and Deductions	63,289	52,885	10,404	19.7%	82,635
Grant Income	23,552	23,574	(21)	-0.1%	40,412
<b>Total Non-Operating Revenue</b>	<b>\$86,841</b>	<b>\$76,458</b>	<b>\$10,383</b>	<b>13.6%</b>	<b>\$123,047</b>
<b>Change in Net Position</b>	<b>\$211,381</b>	<b>\$148,155</b>	<b>\$63,226</b>	<b>42.7%</b>	<b>83,059</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$7.8M from LIPA Operating Expense to PSEG Long Island Operating Expense

# LIPA Managed Expenses & Income – August 2024

- LIPA operating expense is under budget by \$8.0M due to lower 2023 PSEGLI Incentive Compensation incurred of \$6.8M. The balance is related to the timing of certain Clean Energy initiatives (payment pending) offset by slightly higher hiring and succession planning costs.
- Other income and deductions are favorable against budget by \$8.9M due to (i) gains on the Nuclear Decommissioning Trust of \$2.0M and System Resiliency Fund of \$2.6M (ii) a 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)

## LIPA Expenses

	Actual	Budget	\$ Var.	% Var.	FY Budget
LIPA Operating Expenses <sup>(a)</sup>	\$60,582	\$68,545	\$7,963	11.6%	\$133,207
LIPA Depreciation and Amortization	75,865	75,610	(255)	-0.3%	113,415
LIPA Deferred Amortized Expenses	16,676	16,676	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	241,830	241,511	(319)	-0.1%	363,361
<b>Total Expenses</b>	<b>\$394,953</b>	<b>\$402,343</b>	<b>\$7,389</b>	<b>1.8%</b>	<b>\$634,997</b>
Other Income and Deductions	44,533	35,604	8,929	25.1%	57,688
Grant Income	23,552	23,574	(21)	-0.1%	40,412
<b>Total Income</b>	<b>\$68,086</b>	<b>\$59,177</b>	<b>\$8,908</b>	<b>15.1%</b>	<b>\$98,100</b>
<b>LIPA Capital</b>	<b>\$1,076</b>	<b>\$1,667</b>	<b>\$591</b>	<b>35.4%</b>	<b>\$10,000</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$5.0M for T&D, \$2.7M for Customer Service O&M and \$0.1M in IT O&M

# LIPA Liquidity Position – August 2024

<i>(\$ in thousands)</i>	August 31, 2024	Days Cash	July 31, 2024	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash, cash equivalents, and investments	\$ 806,828		\$ 402,455	
OPEB Account cash, cash equivalents, and investments	734,273		720,689	
PSEG Long Island working capital requirements	289,202		299,697	
<b>Total operating liquidity</b>	<b>1,830,303</b>	<b>200</b>	<b>1,422,841</b>	<b>155</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	533,000		450,000	
<b>Total available credit</b>	<b>733,000</b>		<b>650,000</b>	
<b>Total cash, cash equivalents, investments, and available credit</b>	<b>\$ 2,563,303</b>	<b>280</b>	<b>\$ 2,072,841</b>	<b>226</b>
<b>Restricted cash and cash equivalents</b>				
Clean Energy Compliance Fund	20,363		20,302	
Repayment of Series 2021 Notes	250,000		250,000	
UDSA	170,759		131,874	
Bond Proceeds for refunded bonds	286,722		-	
<b>Total restricted cash</b>	<b>\$ 727,844</b>		<b>\$ 402,176</b>	

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

# PSEG Long Island Operating Expenses – August 2024

Total expenses are under budget by \$16.1M primarily due:

- Asset Management is under budget by \$2.3M due implementation delay of ISO55000 driven by late procurements coupled with lower headcount.
- Construction & Ops is under budget by \$3.1M due to real estate tax credit, lower maintenance from National Grid, and lower Outside Services, partially offset by the Fire Island Shoreline Restoration.
- Customer Service is under budget by \$2.2M due to lower vendor spend related to Customer Technology and lower Marketing spend.
- IT is under budget by \$4.9M due to slower than expected hiring and timing of non-labor expense vs. budget.
- Business Services is over budget by (\$6.2M) due to an increase in legal claim reserves and outside legal counsel expenses coupled with increased fringe costs.
- Energy Efficiency is under budget by \$7.0M due to lower rebate costs while meeting all goals.

(\$ in thousands)

## PSEG Long Island Operating Expenses

	Actual	Budget	\$ Var.	% Var.	FY Budget
Transmission & Distribution <sup>(a)</sup>	\$135,213	\$135,040	(\$173)	-0.1%	\$205,659
Asset Management & Reliability	5,223	7,525	2,302	30.6%	10,178
Construction & Operations Services	24,525	27,595	3,071	11.1%	40,268
Customer Services <sup>(a)</sup>	77,728	79,905	2,178	2.7%	122,932
Information Technology & Cybersecurity <sup>(a)</sup>	58,370	63,300	4,930	7.8%	99,213
Business Services	53,391	47,197	(6,194)	-13.1%	72,521
Power System Management	13,543	15,366	1,822	11.9%	23,092
Energy Efficiency & Renewable Energy	55,639	62,642	7,003	11.2%	97,153
Utility 2.0	5,703	6,856	1,153	16.8%	14,754
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$429,336</b>	<b>\$445,427</b>	<b>\$16,091</b>	<b>3.6%</b>	<b>\$685,770</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$5.0M for T&D, \$2.7M for Customer Service O&M and \$0.1M in IT O&M

# PSEG Long Island Managed Expenses – August 2024

- Uncollectible expense is under budget by \$5.7M due to budgeted write-off assumption of 0.66% vs. actual of 0.46%.
- Storm Restoration is under budget by \$15.0M. Twelve storms were incurred, three of which used mutual aid assistance.
- Utility Depreciation is under budget by \$26.5M due to the early retirement in 2023 of Salesforce software plus the timing of depreciation on certain other IT projects which have deferred in-service dates.
- Pension & OPEB expense is over budget by (\$4.5M) due to discount rate updates in the actuarial models.
- Other income & deductions are favorable against budget by \$1.5M due to higher interest earned on the PSEGLI funding accounts resulting from higher than budgeted rates.

(\$ in thousands)

## PSEG Long Island Managed Expenses

	Actual	Budget	\$ Var.	% Var.	FY Budget
Uncollectible Accounts	\$12,942	\$18,641	\$5,700	30.6%	\$28,917
Storm Restoration	44,963	60,003	15,040	25.1%	83,500
NYS Assessment	6,773	8,281	1,509	18.2%	11,840
Utility Depreciation	225,571	252,114	26,544	10.5%	382,340
Pension & OPEB Expense	24,469	19,976	(4,493)	-22.5%	29,961
PILOTs - Revenue-Based Taxes	29,671	31,184	1,513	4.9%	44,578
PILOTs - Property-Based Taxes	201,882	204,244	2,362	1.2%	306,366
PSEGLI Managed - Misc	1,455	2,345	890	38.0%	3,408
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$547,725</b>	<b>\$596,788</b>	<b>\$49,064</b>	<b>8.2%</b>	<b>\$890,910</b>
<b>Other Income &amp; Deductions</b>	<b>\$18,756</b>	<b>\$17,281</b>	<b>\$1,475</b>	<b>8.5%</b>	<b>\$24,947</b>

Note: Variance - favorable/(unfavorable)

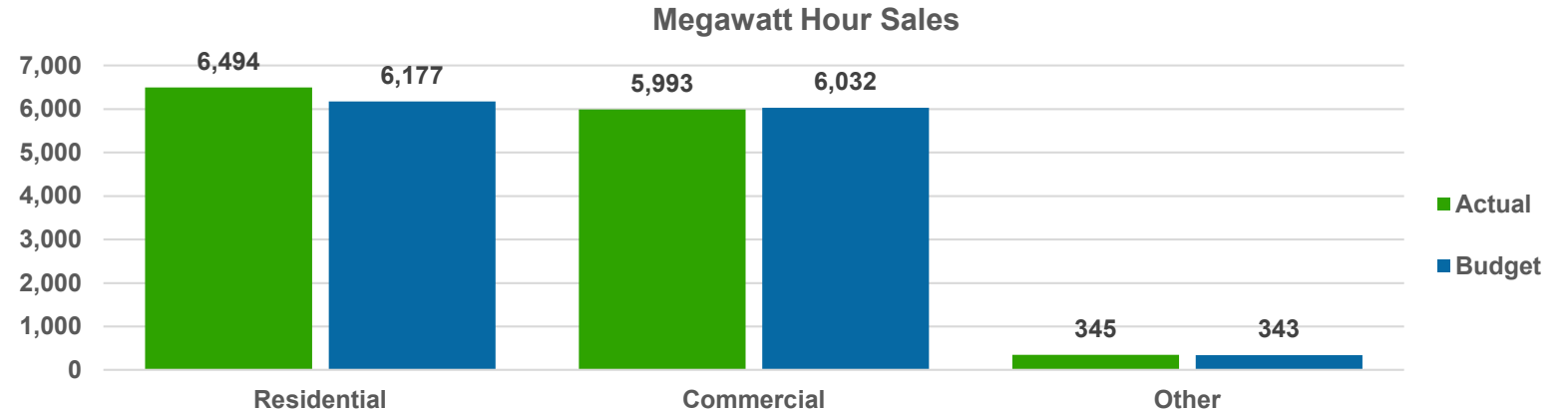
# PSEG Long Island Revenue – August 2024

- Revenue, net of PSCs, is \$19.7M lower than budget primarily due to DSA Storm Deferral.
- Power Supply Charge is \$52.9M lower than budget driven by energy imports primarily attributable to Y49 and Y50, lower fuel oil costs due to a milder than normal winter and lower renewables due to a delay in South Fork Wind.
- Residential Sales of electricity are higher than budget due to hotter than normal weather in June and July.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	Budget
<b>Revenues</b>	\$2,848,462	\$2,921,074	(\$72,612)	-2.5%	\$4,190,774
<b>Power Supply Charge</b>	\$1,351,908	\$1,404,820	\$52,912	3.8%	\$2,019,085
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,496,554</b>	<b>\$1,516,254</b>	<b>(\$19,700)</b>	<b>-1.3%</b>	<b>\$2,171,689</b>

Note: Variance - favorable/(unfavorable)



# Capital Expenditures – August 2024

- T&D is under budget by \$27.8M primarily due to:
  - Change in scheduling and construction, material, and permitting delays of \$36.1M
  - Favorable bid pricing and cost savings \$8.1M
  - Partially offset by Emergent Projects of \$14.6M
- IT is under budget by \$9.8M due to work schedule change for System Separation (SAP, Cognizant and M365) and Energy Management System Upgrade.
- IT – Cyber is under budget \$5.3M due to schedule change in CyberArk for CNI and lower costs for Cybersecurity NIST-CFS.
- Offshore Wind is under budget by \$4.0M due to real estate closing process for Public Policy Transmission Needs (PPTNs) property acquisition and schedule shift to 2025 for Design and Engineering.
- Utility 2.0 is under budget by \$2.6M primarily due to reduced need for Utility Side infrastructure modifications in the EV Make Ready project as well as delays with the EV Phase In Rate project.
- Capital Storm is over budget (\$2.6M) due to true-up of 2023 costs and higher 2024 storm activity.

(\$ in thousands)

## Transmission and Distribution

	Actual	Budget	\$ Var.	% Var.	FY Budget
Load Growth	88,936	114,472	25,536	22.3%	188,945
Reliability	215,932	206,423	(9,509)	-4.6%	307,744
Storm Hardening	50,168	54,142	3,974	7.3%	66,600
Economic, Salvage, Tools, Equip & Other	14,571	22,376	7,805	34.9%	42,079
<b>Total T&amp;D Projects</b>	<b>\$369,607</b>	<b>\$397,413</b>	<b>\$27,806</b>	<b>7.0%</b>	<b>\$605,368</b>

## Other PSEG Long Island Capital Expenditures

Information Technology Projects <sup>(a)</sup>	42,025	51,814	9,788	18.9%	69,363
Information Technology - Cyber Security <sup>(a)</sup>	10,477	15,752	5,275	33.5%	17,117
Customer Operations	4,733	5,026	293	5.8%	8,195
Other General Plant <sup>(a)</sup>	15,757	18,118	2,361	13.0%	31,738
Fleet	3,171	4,414	1,243	28.2%	19,669
Offshore Wind Transmission	1,852	5,833	3,981	68.3%	22,870
Utility 2.0	1,083	3,725	2,642	70.9%	10,755
<b>Total T&amp;D and Other Projects</b>	<b>448,705</b>	<b>502,094</b>	<b>\$53,389</b>	<b>10.6%</b>	<b>785,074</b>
FEMA Storm Hardening	840	2,484	1,644	66.2%	5,140
Capital Storm	5,279	2,664	(2,615)	-98.2%	3,479
<b>Total PSEG Long Island Capital</b>	<b>\$454,824</b>	<b>\$507,242</b>	<b>\$52,418</b>	<b>10.3%</b>	<b>\$793,693</b>

Management Fee	23,584	20,775	(2,809)	-13.5%	31,163
Pending Project Authorization Funds	-	5,703	5,703	100.0%	40,580
Nine Mile Point 2	28,376	29,488	1,113	3.8%	29,926
LIPA Capital	1,076	1,667	591	35.4%	10,000
<b>Total Capital Expenditures</b>	<b>\$507,860</b>	<b>\$564,875</b>	<b>\$57,014</b>	<b>10.1%</b>	<b>\$905,361</b>

(a) Pending Project Authorization Funds has released \$18.5M for IT, \$9.0M for IT-Cyber & \$31.7M in Other General Plant.

Note: Variance - favorable/(unfavorable)



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

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 8/31/24 (\$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	\$23	\$29	Jun-24*
Belmont: Convert substation from 33 kV to 69 kV	\$131	2021	\$12	\$59	Jun-25
Bridgehampton to Buell: Transmission	\$46	2017	\$8	\$65	Dec-25
System Separation	\$21	2022	\$20	\$70	Dec-25
North Bellport: Eastport 23kV conversion	\$26	2021	\$0	\$52	May-26
Southampton Install new 138kV cable to Deerfield	\$142	2021	\$4	\$79	Dec-26
West Hempstead (3R) Install four 69/13kV 33MVA	\$30	2023	\$0	\$42	Aug-28
Transmission Operations Control Room Facility Replacement	\$84	2018	\$1	\$113	Dec-27
Arverne - New Wavecrest Substation and C&R	\$86	2023	\$0	\$86	Jun-30
Rockville Centre Load Pocket	\$37	2022	\$0	\$36	Jun-28
Elmont (3G) Substation Rebuild and Feeder Conversions	\$54	2023	\$0	\$44	Jun-28
Enterprise Asset Management System	\$48	2022	\$6	\$61	Dec-28
Fire Island Pines New Circuit to Ocean Beach	\$51	2017	\$3	\$47	Apr-29
Newbridge Convert 138kV Ckt EGC-Ruland 138-467/567 to 345kV	\$37	2023	\$0	\$46	Apr-30
Syosset Replace UG section of 138-676 circuit to Greenlawn	\$117	2023	\$0	\$134	Dec-29
Transmission Operations Alternate Control Room Facility	\$69	2023	\$0	\$68	Dec-29
Northport Install new 138kV Phase Angle Regulator	\$38	2023	\$0	\$48	May-29
Barrett OSW (Liotta) Interconnect to New Barrett 138/345kV Sub	\$88	2023	\$0	\$88	May-30
Syosset Install PAR on terminal of proposed new 138kV Ckt	\$38	2023	\$0	\$44	Jun-30
Substation Security Expansion Project	\$53	2017	\$30	\$152	Dec-33
<b>Total</b>	<b>\$1,233</b>		<b>\$106</b>	<b>\$1,362</b>	

Note: \* Projects are complete and In Service

# Questions?

**Donna Mongiardo**  
CFO

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