



# September 2024 Financial Results

*Finance and Audit Committee*

**Presented by:** Donna Mongiardo, LIPA Chief Financial Officer  
and Martin Shames, PSEG Long Island Senior Director

November 13, 2024



# LIPA Consolidated Results – September 2024

(\$ in thousands)

|  | Actual             | Budget             | \$ Var.           | % Var.       | FY Budget          |
|--|--------------------|--------------------|-------------------|--------------|--------------------|
| <b>Revenues</b>  | <b>\$3,258,884</b> | <b>\$3,333,625</b> | <b>(\$74,741)</b> | <b>-2.2%</b> | <b>\$4,190,774</b> |
| Power Supply Charge                                    | 1,529,083          | 1,580,823          | 51,741            | 3.3%         | 2,019,085          |
| <b>Revenue Net of Power Supply Charge</b>              | <b>1,729,801</b>   | <b>1,752,801</b>   | <b>(23,000)</b>   | <b>-1.3%</b> | <b>2,171,689</b>   |
| <b>PSEG Long Island Operating and Managed Expenses</b> |                    |                    |                   |              |                    |
| PSEG Long Island Operating Expenses <sup>(a)</sup>     | 490,356            | 500,578            | 10,222            | 2.0%         | 686,217            |
| PSEG Long Island Managed Expenses                      | 96,089             | 121,744            | 25,655            | 21.1%        | 157,625            |
| Utility Depreciation                                   | 253,851            | 284,522            | 30,671            | 10.8%        | 382,340            |
| PILOTs   | 261,543            | 265,407            | 3,865             | 1.5%         | 350,944            |
| LIPA Operating Expenses <sup>(a)</sup>                 | 69,536             | 78,302             | 8,765             | 11.2%        | 132,760            |
| LIPA Depreciation and Amortization                     | 104,110            | 103,822            | (288)             | -0.3%        | 138,429            |
| Interest Expense                                       | 275,286            | 272,049            | (3,236)           | -1.2%        | 363,361            |
| <b>Total Expenses</b>                                  | <b>\$1,550,771</b> | <b>\$1,626,425</b> | <b>\$75,654</b>   | <b>4.7%</b>  | <b>2,211,678</b>   |
| Other Income and Deductions                            | 73,391             | 61,472             | 11,919            | 19.4%        | 82,635             |
| Grant Income   | 30,234             | 30,283             | (50)              | -0.2%        | 40,412             |
| <b>Total Non-Operating Revenue</b>                     | <b>\$103,624</b>   | <b>\$91,756</b>    | <b>\$11,869</b>   | <b>12.9%</b> | <b>\$123,047</b>   |
| <b>Change in Net Position</b>                          | <b>\$282,655</b>   | <b>\$218,132</b>   | <b>\$64,522</b>   | <b>29.6%</b> | <b>83,059</b>      |

Note: Variance - favorable/(unfavorable)

(a) LIPA transferred \$8.2M (\$5.0M for T&D, \$2.7M for Customer Service and \$0.5M for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in LIPA-Approved FY Budget.

# LIPA Managed Expenses & Income – September 2024

- LIPA operating expense is under budget by \$8.8M due to lower 2023 PSEGLI Incentive Compensation incurred of \$6.8M. The balance is related to the timing of certain Clean Energy initiatives offset by slightly higher hiring and succession planning costs.
- Interest Expense is over budget by (\$3.2M) due to an increase in the average outstanding amounts of short-term borrowing compared to the budget assumption.
- Other income and deductions are favorable against budget by \$10.2M 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>                            | \$69,536         | \$78,302         | \$8,765         | 11.2%        | \$132,760        |
| LIPA Depreciation and Amortization                                | 85,349           | 85,061           | (288)           | -0.3%        | 113,415          |
| LIPA Deferred Amortized Expenses                                  | 18,761           | 18,761           | -               | 0.0%         | 25,014           |
| Interest Expense, other Interest Costs and Interest Amortizations | 275,286          | 272,049          | (3,236)         | -1.2%        | 363,361          |
| <b>Total Expenses</b>   | <b>\$448,932</b> | <b>\$454,173</b> | <b>\$5,241</b>  | <b>1.2%</b>  | <b>\$634,550</b> |
| Other Income and Deductions                                       | 52,441           | 42,266           | 10,175          | 24.1%        | 57,688           |
| Grant Income  | 30,234           | 30,283           | (50)            | -0.2%        | 40,412           |
| <b>Total Income</b>   | <b>\$82,675</b>  | <b>\$72,550</b>  | <b>\$10,125</b> | <b>14.0%</b> | <b>\$98,100</b>  |
| <b>LIPA Capital</b>   | <b>\$1,155</b>   | <b>\$1,667</b>   | <b>\$512</b>    | <b>30.7%</b> | <b>\$10,000</b>  |

Note: Variance - favorable/(unfavorable)

(a) LIPA transferred \$8.2M (\$5.0M for T&D, \$2.7M for Customer Service and \$0.5M for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in LIPA-Approved FY Budget.

# LIPA Liquidity Position – September 2024

| <i>(\$ in thousands)</i>   | <b>September 30, 2024</b> |                      | <b>August 31, 2024</b> |                      |
|--|---------------------------|----------------------|------------------------|----------------------|
|  |                           | <b>Days<br/>Cash</b> |                        | <b>Days<br/>Cash</b> |
| <b>Operating liquidity</b>   |                           |                      |                        |                      |
| Unrestricted cash, cash equivalents, and investments                   | \$ 647,490                |                      | \$ 806,828             |                      |
| OPEB Account cash, cash equivalents, and investments                   | 748,572                   |                      | 734,273                |                      |
| PSEG Long Island working capital requirements                          | 297,177                   |                      | 289,202                |                      |
| <b>Total operating liquidity</b>                                       | <b>1,693,239</b>          | <b>185</b>           | <b>1,830,303</b>       | <b>200</b>           |
| <b>Available credit</b>  |                           |                      |                        |                      |
| General Revenue Notes - Revolving Credit Facility                      | 200,000                   |                      | 200,000                |                      |
| General Revenue Notes - Commercial Paper                               | 665,000                   |                      | 533,000                |                      |
| <b>Total available credit</b>  | <b>865,000</b>            |                      | <b>733,000</b>         |                      |
| <b>Total cash, cash equivalents, investments, and available credit</b> | <b>\$ 2,558,239</b>       | <b>279</b>           | <b>\$ 2,563,303</b>    | <b>280</b>           |
| <b>Restricted cash and cash equivalents</b>                            |                           |                      |                        |                      |
| Clean Energy Compliance Fund   | 20,419                    |                      | 20,363                 |                      |
| Repayment of Series 2021 Notes   | 250,000                   |                      | 250,000                |                      |
| UDSA   | 220,909                   |                      | 170,759                |                      |
| Bond Proceeds for refunded bonds                                       | -                         |                      | 286,722                |                      |
| <b>Total restricted cash</b>   | <b>\$ 491,328</b>         |                      | <b>\$ 727,844</b>      |                      |

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

# PSEG Long Island Operating Expenses – September 2024

Total expenses are under budget by \$10.2M primarily due:

- T&D is over budget by (\$5.1M) due to Stray Voltage and higher Corrective Maintenance primarily due to Distribution and Transmission Cable Repairs.
- 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 \$2.9M 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 \$2.5M due to lower vendor spend related to Customer Technology and lower Marketing spend.
- IT is under budget by \$4.2M due to slower than expected hiring and timing of non-labor expense vs. budget.
- Business Services is over budget by (\$6.8M) due to an increase in legal claim reserves and outside legal counsel expenses coupled with increased fringe costs.
- Energy Efficiency is under budget by \$6.2M due to lower rebate costs.

(\$ in thousands)

## PSEG Long Island Operating Expenses

|   | Actual           | Budget           | \$ Var.         | % Var.      | FY Budget        |
|---|------------------|------------------|-----------------|-------------|------------------|
| Transmission & Distribution <sup>(a)</sup>            | \$156,286        | \$151,160        | (\$5,127)       | -3.4%       | \$205,659        |
| Asset Management & Reliability                        | 5,872            | 8,201            | 2,329           | 28.4%       | 10,178           |
| Construction & Operations Services                    | 27,824           | 30,697           | 2,872           | 9.4%        | 40,268           |
| Customer Services <sup>(a)</sup>                      | 87,092           | 89,557           | 2,465           | 2.8%        | 122,932          |
| Information Technology & Cybersecurity <sup>(a)</sup> | 66,802           | 71,038           | 4,236           | 6.0%        | 99,660           |
| Business Services                                     | 60,015           | 53,213           | (6,802)         | -12.8%      | 72,521           |
| Power System Management                               | 15,340           | 17,299           | 1,959           | 11.3%       | 23,092           |
| Energy Efficiency & Renewable Energy                  | 65,235           | 71,385           | 6,150           | 8.6%        | 97,153           |
| Utility 2.0   | 5,889            | 8,029            | 2,140           | 26.6%       | 14,754           |
| <b>Total PSEG Long Island Operating Expenses</b>      | <b>\$490,356</b> | <b>\$500,578</b> | <b>\$10,222</b> | <b>2.0%</b> | <b>\$686,217</b> |

Note: Variance - favorable/(unfavorable)

(a) LIPA transferred \$8.2M (\$5.0M for T&D, \$2.7M for Customer Service and \$0.5M for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in LIPA-Approved FY Budget.

# PSEG Long Island Managed Expenses – September 2024

- Uncollectible expense is under budget by \$7.7M due to budgeted write-off assumption of 0.66% vs. actual of 0.44%.
- Storm Restoration is under budget by \$20.7M. Twelve storms were incurred, three of which used mutual aid assistance.
- Utility Depreciation is under budget by \$30.7M 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 (\$5.2M) due to discount rate updates in the actuarial models.
- Other income & deductions are favorable against budget by \$1.7M due to higher interest earned on the PSEGLI funding accounts resulting from higher than budgeted 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                         | \$14,219         | \$21,954         | \$7,735         | 35.2%         | \$28,917         |
| Storm Restoration                              | 44,674           | 65,331           | 20,657          | 31.6%         | 83,500           |
| NYS Assessment                                 | 7,606            | 9,374            | 1,767           | 18.9%         | 11,840           |
| Utility Depreciation                           | 253,851          | 284,522          | 30,671          | 10.8%         | 382,340          |
| Pension & OPEB Expense                         | 27,657           | 22,475           | (5,182)         | -23.1%        | 29,961           |
| PILOTs - Revenue-Based Taxes                   | 34,441           | 35,633           | 1,192           | 3.3%          | 44,578           |
| PILOTs - Property-Based Taxes                  | 227,102          | 229,775          | 2,673           | 1.2%          | 306,366          |
| PSEGLI Managed - Misc                          | 1,932            | 2,611            | 678             | 26.0%         | 3,408            |
| <b>Total PSEG Long Island Managed Expenses</b> | <b>\$611,483</b> | <b>\$671,673</b> | <b>\$60,191</b> | <b>9.0%</b>   | <b>\$890,910</b> |
| <b>Other Income &amp; Deductions</b>           | <b>\$20,950</b>  | <b>\$19,206</b>  | <b>\$1,744</b>  | <b>9.1%</b>   | <b>\$24,947</b>  |

Note: Variance - favorable/(unfavorable)

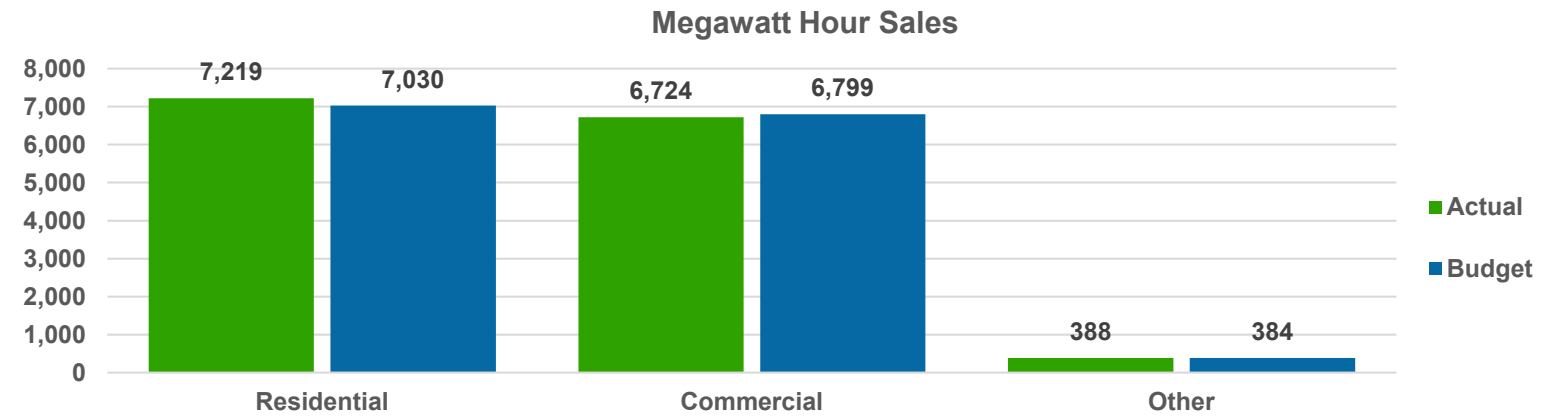
# PSEG Long Island Revenue – September 2024

- Revenue, net of PSCs, is \$23.0M lower than budget primarily due to DSA Storm Deferral.
- Power Supply Charge is \$51.7M lower than budget driven by lower energy prices.
- Residential Sales of electricity are higher than budget due to higher employment, wages and salaries.

(\$ in thousands)

|  | <u>Actual</u>      | <u>Budget</u>      | <u>\$ Var.</u>    | <u>% Var.</u> | <u>Budget</u>      |
|--|--------------------|--------------------|-------------------|---------------|--------------------|
| <b>Revenues</b>                          | \$3,258,884        | \$3,333,625        | (\$74,741)        | -2.2%         | \$4,190,774        |
| <b>Power Supply Charge</b>               | \$1,529,083        | \$1,580,823        | \$51,741          | 3.3%          | \$2,019,085        |
| <b>Revenue Net of Power Supply Costs</b> | <u>\$1,729,801</u> | <u>\$1,752,801</u> | <u>(\$23,000)</u> | <u>-1.3%</u>  | <u>\$2,171,689</u> |

Note: Variance - favorable/(unfavorable)



# Capital Expenditures – September 2024

- T&D is under budget by \$27.1M primarily due to:
  - Change in scheduling and construction, material, and permitting delays of \$30.8M
  - Favorable bid pricing and cost savings \$13.8M
  - Partially offset by Emergent Projects of \$17.5M
- IT is under budget by \$10.9M due to work schedule change for System Separation (SAP, Cognizant and M365) and Energy Management System Upgrade.
- IT – Cyber is under budget \$5.4M due to schedule change in CyberArk for CNI and lower costs for Cybersecurity NIST-CFS.
- Offshore Wind is over budget by (\$6.8M) due to real estate closing process for Public Policy Transmission Needs (PPTNs) property acquisition.
- Utility 2.0 is under budget by \$3.7M primarily due to reduced Utility Side infrastructure modifications in the EV Make Ready project.
- Capital Storm is over budget (\$3.7M) 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                             | 112,726          | 135,286          | 22,560          | 16.7%       | 188,945          |
| Reliability                             | 240,904          | 229,725          | (11,179)        | -4.9%       | 307,744          |
| Storm Hardening                         | 55,304           | 61,585           | 6,281           | 10.2%       | 66,600           |
| Economic, Salvage, Tools, Equip & Other | 15,974           | 25,374           | 9,400           | 37.0%       | 42,079           |
| <b>Total T&amp;D Projects</b>           | <b>\$424,908</b> | <b>\$451,971</b> | <b>\$27,062</b> | <b>6.0%</b> | <b>\$605,368</b> |

## Other PSEG Long Island Capital Expenditures

|  |                  |                  |                 |             |                  |
|--|------------------|------------------|-----------------|-------------|------------------|
| Information Technology Projects <sup>(a)</sup>         | 46,142           | 57,084           | 10,942          | 19.2%       | 71,279           |
| Information Technology - Cyber Security <sup>(a)</sup> | 10,972           | 16,330           | 5,358           | 32.8%       | 17,117           |
| Customer Operations                                    | 5,396            | 5,531            | 135             | 2.4%        | 8,195            |
| Other General Plant <sup>(a)</sup>                     | 15,828           | 20,948           | 5,120           | 24.4%       | 31,738           |
| Fleet  | 3,113            | 4,414            | 1,301           | 29.5%       | 19,669           |
| Offshore Wind Transmission                             | 13,185           | 6,420            | (6,765)         | -105.4%     | 22,870           |
| Utility 2.0  | 1,340            | 5,050            | 3,710           | 73.5%       | 10,755           |
| <b>Total T&amp;D and Other Projects</b>                | <b>\$520,884</b> | <b>\$567,747</b> | <b>\$46,863</b> | <b>8.3%</b> | <b>\$786,990</b> |

|                                       |                  |                  |                 |             |                  |
|---------------------------------------|------------------|------------------|-----------------|-------------|------------------|
| FEMA Storm Hardening                  | 955              | 2,695            | 1,740           | 64.6%       | 5,140            |
| Capital Storm                         | 6,661            | 2,940            | (3,720)         | -126.5%     | 3,479            |
| <b>Total PSEG Long Island Capital</b> | <b>\$528,499</b> | <b>\$573,383</b> | <b>\$44,883</b> | <b>7.8%</b> | <b>\$795,609</b> |

|                                     |                  |                  |                 |             |                  |
|-------------------------------------|------------------|------------------|-----------------|-------------|------------------|
| Management Fee                      | 26,045           | 23,372           | (2,673)         | -11.4%      | 31,163           |
| Pending Project Authorization Funds | -                | 8,125            | 8,125           | 100.0%      | 38,664           |
| Nine Mile Point 2                   | 28,548           | 29,639           | 1,091           | 3.7%        | 29,926           |
| LIPA Capital                        | 1,155            | 1,667            | 512             | 30.7%       | 10,000           |
| <b>Total Capital Expenditures</b>   | <b>\$584,248</b> | <b>\$636,186</b> | <b>\$51,938</b> | <b>8.2%</b> | <b>\$905,362</b> |

Note: Variance - favorable/(unfavorable)

(a) PSEG Long Island Pending Project Authorizations are budgeted resources held outside the PSEG Long Island Budget pending additional project information. In 2024, LIPA released \$20.4 million for IT projects, \$9.0 million for Cyber projects and \$31.7 million for Other General Plant.



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

| Description  | Original Total Project Cost (\$M) |                       | Total Project Actuals Through 9/30/24 (\$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                  | \$23  | \$29                           | Jun-24*                           |
| Belmont: Convert substation from 33 kV to 69 kV                | \$131                             | 2021                  | \$24  | \$59                           | Jun-25                            |
| Bridgehampton to Buell: Transmission                           | \$46                              | 2017                  | \$8   | \$65                           | Dec-25                            |
| System Separation  | \$21                              | 2022                  | \$22  | \$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                  | \$1   | \$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>\$121</b>                                | <b>\$1,362</b>                 |                                   |

Note: \* Projects are complete and In Service

# Questions?

**Donna Mongiardo**  
CFO

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