

CFO Report to the Board of Trustees

May 23, 2018



- Conducted conference calls with all three rating agencies to provide 2017 LIPA & PSEG operations and financial updates

- 2018 J.P. Morgan Public Finance Transportation & Utility Investor Conference
 - ✓ One-on-one meetings with investors

- Municipal Forum of New York

LIPA Consolidated Results – April 2018

(\$ in thousands)	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$1,018,044	\$999,498	\$18,546	1.9%	\$3,521,694
Power Supply Charge	539,934	571,070	31,136	5.5%	1,876,980
Revenue Net of Power Supply Costs	\$478,110	\$428,428	\$49,682	11.6%	\$1,644,714
PSEG Long Island Operating Expenses	\$178,742	\$185,182	\$6,440	3.5%	\$577,705
PSEG Long Island Managed Expenses	234,994	189,640	(45,354)	-23.9%	585,336
LIPA Managed Expenses	190,192	188,893	(1,299)	-0.7%	565,133
Total Expenses	\$603,928	\$563,715	(\$40,213)	-7.1%	\$1,728,174
Other Income and Deductions	\$14,543	\$12,886	\$1,657	12.9%	\$40,258
Grant Income	11,413	11,165	248	2.1%	43,578
Total Non-Operating Revenue	\$25,956	\$24,051	\$1,905	7.9%	\$83,837
Change in Net Position	(\$99,862)	(\$111,236)	\$11,374	10.2%	\$376

Note: Variance - favorable/(unfavorable)



Capital Expenditures – April 2018

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Transmission and Distribution					
Regulatory Driven	\$1,607	\$2,240	\$633	28.3%	\$8,130
Load Growth	39,944	46,989	7,045	15.0%	188,668
Reliability	52,229	70,303	18,074	25.7%	191,845
Economic, Salvage, Tools, Equipment & Other	4,886	10,767	5,882	54.6%	34,569
Total Transmission and Distribution Projects	\$98,666	\$130,300	\$31,634	24.3%	\$423,212
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	5,954	8,645	2,691	31.1%	43,828
Customer Operations	5,948	9,545	3,597	37.7%	19,394
Other General Plant Projects	253	222	(30)	-13.6%	9,196
Fleet	2,090	2,236	146	6.5%	8,901
Management Fee	8,764	10,211	1,446	14.2%	30,632
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$121,674	\$161,159	\$39,484	24.5%	\$535,164
FEMA	42,388	61,516	19,128	31.1%	190,273
Total PSEG Long Island Capital Expenditures	\$164,062	\$222,674	\$58,612	26.3%	\$725,437
Note: Variance - favorable/(unfavorable)					
LIPA Capital Expenditures	\$0	\$0	\$0	n/a	\$7,547

LIPA Liquidity Position

<i>(\$ in thousands)</i>	April 30, 2018		March 31, 2018	
Operating liquidity				
Unrestricted cash and cash equivalents	\$450,809		\$419,617	
OPEB account cash, cash equivalents & investments	199,358		199,024	
PSEG Long Island Working Capital requirements	271,810		269,074	
Total operating liquidity	921,977	115 days	887,715	111 days
Available credit				
General Revenue Notes - Revolving Credit Facility	65,000		65,000	
General Revenue Commercial Paper	632,500		632,500	
Total available credit	697,500		697,500	
Total cash, cash equivalents, investments & available credit	\$1,619,477	202 days	\$1,585,215	198 days
Restricted cash				
FEMA - restricted	207,097		213,702	
UDSA	224,103		195,694	
Total restricted cash	\$431,200		\$409,396	

LIPA continues to exceed its required 120 days cash and available credit on hand

❖ **Completed re-issuance of General Revenue (GR) Notes with new bank Letters of Credit:**

- GR- 4 and 5 replaced the subordinate lien CP programs
- Eliminated the requirement that no bond have a maturity of less than 271 days, to reduce cost
- Streamlined bank covenants and obtained favorable prices, saving customers approximately \$2.0 million per year

Type	Capacity (Mils)	Broker-Dealer	Provider	Expiration	Status
Revolver	\$350	TD	Various	2019	Existing
GR-1	200	Goldman	TD	2021	Existing
GR-2	100	Wells Fargo	State Street	2022	New LOC
GR-3	100	Wells Fargo	US Bank	2020	Existing
GR-4	200	RBC	RBC	2021	New LOC
GR-5	100	Citi	Citi	2021	New LOC
GR-6	100	Barclays	Barclays	2022	New broker-dealer & LOC