



# LONG ISLAND POWER AUTHORITY

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**CFO Report – June 2018**

## LIPA Consolidated Results

(\$ in thousands)	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Revenues</b>	<b>\$1,608,021</b>	<b>\$1,581,910</b>	<b>\$26,111</b>	<b>1.7%</b>	<b>\$3,521,694</b>
Power Supply Charge	836,573	864,701	28,128	3.3%	1,876,980
<b>Revenue Net of Power Supply Costs</b>	<b>\$771,448</b>	<b>\$717,209</b>	<b>\$54,239</b>	<b>7.6%</b>	<b>\$1,644,714</b>
PSEG Long Island Operating Expenses	\$278,598	\$284,674	\$6,076	2.1%	\$577,705
PSEG Long Island Managed Expenses	325,432	286,774	(38,658)	-13.5%	585,336
LIPA Managed Expenses	284,444	283,510	(934)	-0.3%	565,133
<b>Total Expenses</b>	<b>\$888,474</b>	<b>\$854,958</b>	<b>(33,516)</b>	<b>-3.9%</b>	<b>\$1,728,174</b>
Other Income and Deductions	\$23,125	\$19,073	\$4,052	21.2%	\$40,258
Grant Income	21,573	12,539	9,034	72.0%	43,578
<b>Total Non-Operating Revenue</b>	<b>\$44,698</b>	<b>\$31,612</b>	<b>\$13,086</b>	<b>41.4%</b>	<b>\$83,836</b>
<b>Change in Net Position</b>	<b>(\$72,328)</b>	<b>(\$106,137)</b>	<b>\$33,809</b>	<b>31.9%</b>	<b>\$376</b>

Note: Variance - favorable/(unfavorable)

## Liquidity Position

<i>(\$ in thousands)</i>	<b>June 30, 2018</b>	Days Cash	<b>May 31, 2018</b>	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash and cash equivalents	\$345,236		\$415,889	
OPEB account cash, cash equivalents & investments	201,473		201,459	
PSEG Long Island Working Capital requirements	219,611		260,385	
<b>Total operating liquidity</b>	<b>766,320</b>	<b>96 days</b>	<b>877,733</b>	<b>109 days</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	352,500		65,000	
General Revenue Commercial Paper	345,000		632,500	
<b>Total available credit</b>	<b>697,500</b>		<b>697,500</b>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$1,463,820</b>	<b>183 days</b>	<b>\$1,575,233</b>	<b>196 days</b>
<b>Restricted cash</b>				
FEMA - restricted	184,895		189,383	
UDSA	112,485		253,548	
<b>Total restricted cash</b>	<b>\$297,380</b>		<b>\$442,931</b>	

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

# Capital Expenditures

(\$ in thousands)

	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Transmission and Distribution</b>					
Regulatory Driven	\$2,298	\$3,857	\$1,560	40.4%	\$8,130
Load Growth	70,033	69,837	(197)	-0.3%	188,668
Reliability	84,613	102,796	18,182	17.7%	191,845
Economic, Salvage, Tools, Equipment & Other	10,377	20,384	10,007	49.1%	34,569
<b>Total Transmission and Distribution Projects</b>	<b>\$167,322</b>	<b>\$196,874</b>	<b>\$29,552</b>	<b>15.0%</b>	<b>\$423,212</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	11,578	14,922	3,344	22.4%	43,828
Customer Operations	9,586	12,730	3,144	24.7%	19,394
Other General Plant Projects	435	1,278	843	66.0%	9,196
Fleet	3,834	5,126	1,292	25.2%	8,901
Management Fee	12,785	15,316	2,531	16.5%	30,632
<b>Total Other Capital Expenditures</b>	<b>\$38,218</b>	<b>\$49,373</b>	<b>\$11,154</b>	<b>22.6%</b>	<b>111,952</b>
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$205,540</b>	<b>\$246,246</b>	<b>\$40,706</b>	<b>16.5%</b>	<b>\$535,164</b>
<b>FEMA</b>	<b>69,632</b>	<b>99,127</b>	<b>29,495</b>	<b>29.8%</b>	<b>190,273</b>
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$275,172</b>	<b>\$345,373</b>	<b>\$70,201</b>	<b>20.3%</b>	<b>\$725,437</b>
<b>Nine Mile Point 2</b>	<b>\$16,008</b>	<b>\$14,664</b>	<b>(\$1,344)</b>	<b>-9.2%</b>	<b>\$15,858</b>
<b>LIPA Capital Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$7,547</b>

Note: Variance - favorable/(unfavorable)

# Positive Finance Observations from NorthStar Management Audit

## 2013 NorthStar Management Audit

- All Finance related recommendations were addressed

## 2017 NorthStar Management Audit

- LIPA's exceptional financial leadership has resulted in many noteworthy accomplishments.
- LIPA's Board of Trustees approved a financial policy that guides LIPA's management of debt by using fixed obligation coverage and establishing sound financial planning metrics.
- LIPA's financial and debt management policies are appropriate and consider system requirements and rate effects. LIPA's debt planning process gives appropriate consideration to the impact of debt on customer rates. Implementation of the Public Power Model and Three Year Rate Plan entails the explicit determination of the impact of financing decisions on revenue requirements.
- LIPA has complied with all debt issuance requirements and has complete and thorough documentation related to the review and approval process
- UDSA financing has enabled LIPA to greatly reduce its cost of debt; LIPA realized \$491 million savings from UDSA.
- LIPA has appropriately taken actions in addition to the UDSA refinancing to reduce its cost of debt.
- LIPA proactively manages its relations with major credit rating agencies.
- LIPA's interest rate swap policies and procedures are appropriate.