



# UDSA Board of Trustees

---

Discussion of Management Audit

August 20, 2018

# 2018 Management Audit Overview



1,000 Information Requests



222 Interviews



5,000 Supporting Documents



9.5 Gigabytes of Data



18 Months



14 Areas of Management and Operations Examined

# 2018 Management Audit Executive Summary

---

- **PSEG Long Island has made significant investments in customer service, which are showing results.**
- **LIPA’s “exceptional financial leadership” has resulted in many noteworthy accomplishments, including \$491 million of savings for customers.**
- **Effective oversight is critical when contracting virtually all operations and maintenance.**
- **LIPA has to drive performance improvement while staying within the scope and provisions of the Amended and Restated Operating Services Agreement (A&R OSA).**
- **The LIPA Board has improved the LIPA Reform Act of 2013 (LRA), but faces challenges common to most boards of public power agencies.**

*\* Findings from the NorthStar Consulting Group Management and Operations Audit of LIPA and PSEG Long Island*

# Specific Findings Relevant to the UDSA

- **LIPA generated over \$186 million of savings for customers from refinancing \$1.5 billion of LIPA and Utility Debt Securitization Authority bonds during 2016. During 2017 UDSA bonds provided another \$45 million. Total savings for all the UDSA bonds total \$491 million.**
- **UDSA financing has enabled LIPA to greatly reduce its cost of debt.**
- **LIPA has appropriately taken actions in addition to the UDSA refinancing to reduce its cost of debt.**
- **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's exceptional financial leadership has resulted in many noteworthy accomplishments.**

*\* Findings from the NorthStar Consulting Group Management and Operations Audit of LIPA and PSEG Long Island*

For more information on the 2018 Management Audit visit:  
<https://www.lipower.org/wp-content/uploads/2018/07/Combined-DPS-Management-Audit.pdf>

