



# LONG ISLAND POWER AUTHORITY

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**Presentation to the Finance and Audit  
Committee of the Board of Trustees –  
August 2018 Financial Report**

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Revenues</b>	<b>\$2,472,168</b>	<b>\$2,419,579</b>	<b>\$52,589</b>	<b>2.2%</b>	<b>\$3,521,694</b>
Power Supply Charge	1,287,150	1,283,135	(4,015)	-0.3%	1,876,980
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,185,018</b>	<b>\$1,136,444</b>	<b>\$48,574</b>	<b>4.3%</b>	<b>\$1,644,714</b>
PSEG Long Island Operating Expenses	\$377,115	\$383,068	\$5,953	1.6%	\$577,705
PSEG Long Island Managed Expenses	427,296	389,324	(37,972)	-9.8%	585,336
LIPA Managed Expenses	379,617	381,684	2,067	0.5%	572,308
<b>Total Expenses</b>	<b>\$1,184,028</b>	<b>\$1,154,076</b>	<b>(\$29,952)</b>	<b>-2.6%</b>	<b>\$1,735,349</b>
Other Income and Deductions	\$32,021	\$30,033	\$1,988	6.6%	\$47,433
Grant Income	31,581	22,715	8,866	39.0%	43,578
<b>Total Non-Operating Revenue</b>	<b>\$63,602</b>	<b>\$52,748</b>	<b>\$10,854</b>	<b>20.6%</b>	<b>\$91,011</b>
<b>Change in Net Position</b>	<b>\$64,592</b>	<b>\$35,116</b>	<b>\$29,476</b>	<b>83.9%</b>	<b>\$376</b>

Note: Variance - favorable/(unfavorable)

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>LIPA Expenses</b>					
LIPA Operating Expenses	\$50,931	\$51,822	\$891	1.7%	\$78,812
LIPA Depreciation and Amortization	74,736	74,534	(202)	-0.3%	111,801
LIPA Deferred Amortized Expenses	20,676	20,676	-	0.0%	31,015
Interest Expense, other Interest Costs and Interest Amortizations	233,274	234,652	1,378	0.6%	350,680
<b>Total Expenses</b>	<b>379,617</b>	<b>\$381,684</b>	<b>\$2,067</b>	<b>0.5%</b>	<b>\$572,308</b>
Other Income and Deductions	\$10,280	\$7,249	\$3,031	41.8%	\$13,874
Grant Income	31,581	22,715	8,866	39.0%	43,578
<b>Total Income</b>	<b>\$41,861</b>	<b>\$29,964</b>	<b>\$11,897</b>	<b>39.7%</b>	<b>\$57,452</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)

- Operating expenses are under budget by \$0.9M primarily due to timing of consulting expenditures
- Interest expense, other interest costs and amortizations are under budget by \$1.4M primarily due to lower than budgeted fees on the letter of credits
- Other income and deductions are favorable against budget by \$3.0M primarily due to higher than anticipated investment income received on UDSA accounts
- Grant Income is favorable against budget by \$8.9M due to the early receipt of the NYSEDA grant which is budgeted to be received in September 2018

## Liquidity Position

<i>(\$ in thousands)</i>	<b>August 31, 2018</b>	Days Cash	<b>July 31, 2018</b>	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash and cash equivalents	\$436,624		\$367,270	
OPEB account cash, cash equivalents & investments	208,373		205,520	
PSEG Long Island Working Capital requirements	305,443		254,644	
<b>Total operating liquidity</b>	<b>950,440</b>	<b>118 days</b>	<b>827,434</b>	<b>103 days</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	345,000		345,000	
General Revenue Commercial Paper	240,000		285,500	
<b>Total available credit</b>	<b>585,000</b>		<b>630,500</b>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$1,535,440</b>	<b>191 days</b>	<b>\$1,457,934</b>	<b>182 days</b>
<b>Restricted cash</b>				
FEMA - restricted	158,227		170,159	
UDSA	166,248		135,957	
<b>Total restricted cash</b>	<b>\$324,475</b>		<b>\$306,116</b>	

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

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b><u>PSEG Long Island Operating Expenses</u></b>					
Transmission & Distribution	\$126,005	\$124,776	(\$1,228)	-1.0%	\$181,832
Customer Services	88,054	85,717	(2,337)	-2.7%	128,420
Business Services	104,439	103,853	(585)	-0.6%	162,824
Power Markets	6,760	8,802	2,042	23.2%	14,373
Energy Efficiency & Renewable Energy	51,857	59,919	8,062	13.5%	90,256
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$377,115</b>	<b>\$383,068</b>	<b>\$5,953</b>	<b>1.6%</b>	<b>\$577,705</b>

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$1.2M due to higher labor spend related to tree trimming
- Customer Services are over budget by \$2.3M primarily due to higher marketing spend
- Business Services are over budget by \$0.6M due to higher information technology spend
- Power Markets is under budget by \$2.0M due to open vacancies and delay in projects
- Energy Efficiency & Renewable Energy expenses are under budget by \$8.1M primarily due to lower rebates than planned for commercial efficiency programs

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b><u>PSEG Long Island Managed Expenses</u></b>					
Uncollectible Accounts	\$9,205	\$16,399	\$7,193	43.9%	\$22,923
Storm Restoration	74,686	23,294	(51,392)	-220.6%	34,854
NYS Assessment	6,705	7,217	512	7.1%	10,510
Miscellaneous	(4,187)	(1,625)	2,562	157.7%	( 2,445 )
<b>Subtotal PSEG Long Island Managed Expenses</b>	<b>\$86,410</b>	<b>\$45,285</b>	<b>(\$41,125)</b>	<b>-90.8%</b>	<b>\$65,842</b>
Utility Depreciation	124,862	128,366	3,504	2.7%	\$197,087
PILOTs - Revenue-Based Taxes	23,101	22,820	(281)	-1.2%	33,127
PILOTs - Property-Based Taxes	192,923	192,853	(70)	0.0%	289,280
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$427,296</b>	<b>\$389,324</b>	<b>(\$37,972)</b>	<b>-9.8%</b>	<b>\$585,336</b>
<b>Other Income and Deductions</b>	<b>\$21,740</b>	<b>\$22,784</b>	<b>(\$1,045)</b>	<b>-4.6%</b>	<b>\$33,559</b>

Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is under budget by \$7.2M due to lower billed revenues as compared to budget. Write-offs were forecasted at 0.69% of billed revenue based on three-year historical data. Year-to-date write-offs are trending at 0.47%.
- Storm Restoration is over budget by \$51.4M due to a higher number of storms than planned. PSEG LI responded to twelve storms in 2018, six of which included mutual aid assistance. This is compared to eight storms experienced through August 2017, two of which included mutual aid assistance
- Miscellaneous expense is favorable against budget by \$2.6M due to an ARO revision resulting from pole top transformer retirements

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Total Revenue</b>	\$2,472,168	\$2,419,579	\$52,589	2.2%	\$3,521,694
<b>Power Supply Charge</b>	1,287,150	1,283,135	(4,015)	-0.3%	1,876,980
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,185,018</b>	<b>\$1,136,444</b>	<b>\$48,574</b>	<b>4.3%</b>	<b>\$1,644,714</b>
<b>Sales of Electricity (MWh)</b>					
Residential	6,472,002	6,337,747	134,255	2.1%	9,239,265
Commercial	6,434,854	6,511,923	(77,069)	-1.2%	9,625,647
Public Authorities/Street Lighting	367,907	356,233	11,674	3.3%	533,528
<b>Total Sales of Electricity (MWh)</b>	<b>13,274,763</b>	<b>13,205,904</b>	<b>68,860</b>	<b>0.5%</b>	<b>19,398,440</b>

Note: Variance - favorable/(unfavorable)

- Revenue, net of Power Supply Costs, is \$48.6M higher than budget due primarily to the storm component of the Delivery Service Adjustment (DSA)
- Sales of electricity were higher than budget by 69 GWh or 0.5%
  - Factors contributing to higher sales are:
    - a) Weather impact; Heating Degree Days (HDD) were higher than anticipated by approximately 81 days during the winter months and Cooling Degree Days (CDD) were higher than anticipated by approximately 128 days during the summer months positively impacting sales Lower than expected load growth; Partially offset by:
      - a) Larger penetration of LED lighting, energy efficient products and solar installations;
      - b) Lower than expected load growth

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Transmission and Distribution</b>					
Regulatory Driven	\$3,384	\$5,459	\$2,075	38.0%	\$8,130
Load Growth	85,186	88,236	3,050	3.5%	188,668
Reliability	113,302	132,042	18,740	14.2%	191,845
Economic, Salvage, Tools, Equipment & Other	16,621	23,991	7,371	30.7%	34,569
<b>Total Transmission and Distribution Projects</b>	<b>\$218,493</b>	<b>\$249,729</b>	<b>\$31,235</b>	<b>12.5%</b>	<b>\$423,212</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	15,635	22,125	6,491	29.3%	43,828
Customer Operations	13,045	15,484	2,439	15.7%	19,394
Other General Plant Projects	522	3,730	3,209	86.0%	9,196
Fleet	5,667	6,451	784	12.2%	8,901
Management Fee	16,989	20,422	3,433	16.8%	30,632
<b>Total Other Capital Expenditures</b>	<b>\$51,858</b>	<b>\$68,213</b>	<b>\$16,355</b>	<b>24.0%</b>	<b>\$111,952</b>
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$270,351</b>	<b>\$317,941</b>	<b>\$47,590</b>	<b>15.0%</b>	<b>\$535,164</b>
<b>FEMA</b>	102,170	133,020	<b>30,850</b>	23.2%	190,273
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$372,521</b>	<b>\$450,962</b>	<b>\$78,440</b>	<b>17.4%</b>	<b>\$725,437</b>
<b>Nine Mile Point 2</b>	<b>\$16,529</b>	<b>\$15,030</b>	<b>(\$1,499)</b>	<b>-10.0%</b>	<b>\$15,858</b>

Note: Variance - favorable/(unfavorable)

- Transmission and Distribution is under budget, by \$31.2M primarily due to timing of reliability projects and equipment purchases
- IT is under budget by \$6.5M due to timing of projects and Customer Operations is under budget by \$2.4M due to the timing of AMI work
- FEMA is under budget by \$30.8M due to weather delays, storm restoration activity and support of storm restoration activities in Puerto Rico



Description	Original	Total Project	Current	Current Estimated Completion Date
	Total Project Cost (\$M)	Actuals Through 08/31/18 (\$M)	Working Estimate (\$M)	
Shelter Island Replace Underground Failed Cable	\$29.5	\$18.6	\$26.0	Jun-18
Southampton to Canal: Transmission	\$56.2	\$1.2	\$23.1	Jun-19
Two Way Radio System Replacement	\$50.0	\$17.1	\$43.7	Dec-19
Berry St.: New substation	\$25.4	\$27.8	\$39.4	Jun-20
Hempstead: New substation	\$49.8	\$21.4	\$33.3	Oct-20
Ruland Rd to Plainview: Transmission	\$26.8	\$3.1	\$22.6	Jun-20
East Garden City to Valley Stream: Transmission	\$190.6	\$6.1	\$176.9	Dec-20
Kings Highway: New substation	\$35.5	\$16.8	\$70.9	Dec-19
Bridgehampton to Buell: Transmission	\$49.6	\$0.4	\$46.9	Jun-21
Riverhead to Canal: Transmission	\$191.5	\$0.1	\$105.3	Jun-21
Lindbergh (Nassau Hub): New substation	\$57.0	\$5.5	\$65.0	Jun-22
Substation Security Expansion Project	\$57.6	\$8.8	\$56.8	Dec-23
Syosset to Shore Rd.: Transmission	\$254.9	\$0.0	\$0.0	Jun-30 **
Sagtikos: New substation	\$64.5	\$0.0	\$60.2	Jun-25
Wainscott to Canal: Transmission	\$413.7	\$0.0	\$413.7	Jun-26
<b>Total</b>	<b>\$1,552.6</b>	<b>\$126.8</b>	<b>\$1,183.8</b>	

\*\* Project ISD is beyond 10 Years - will be re-estimated