



LONG ISLAND POWER AUTHORITY

CFO Report – September 2018

LIPA Consolidated Results

(\$ in thousands)	September Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$2,832,943	\$2,773,466	\$59,477	2.1%	\$3,521,694
Power Supply Charge	1,467,521	1,456,054	(11,467)	-0.8%	1,876,980
Revenue Net of Power Supply Costs	\$1,365,422	\$1,317,412	\$48,010	3.6%	\$1,644,714
PSEG Long Island Operating Expenses	\$427,255	\$430,298	\$3,043	0.7%	\$577,705
PSEG Long Island Managed Expenses	475,665	437,675	(37,990)	-8.7%	585,336
LIPA Managed Expenses	429,180	429,693	514	0.1%	572,308
Total Expenses	\$1,332,100	\$1,297,666	(\$34,433)	-2.7%	\$1,735,349
Other Income and Deductions	\$36,623	\$33,438	\$3,184	9.5%	\$47,433
Grant Income	32,285	23,527	8,758	37.2%	43,578
Total Non-Operating Revenue	\$68,908	\$56,965	\$11,942	21.0%	\$91,011
Change in Net Position	\$102,230	\$76,711	\$25,519	33.3%	\$376

Note: Variance - favorable/(unfavorable)

Liquidity Position

<i>(\$ in thousands)</i>	September 30, 2018	Days Cash	August 31, 2018	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	\$404,857		\$436,624	
OPEB account cash, cash equivalents & investments	208,189		208,373	
PSEG Long Island Working Capital requirements	298,193		305,443	
Total operating liquidity	911,239	114 days	950,440	118 days
Available credit				
General Revenue Notes - Revolving Credit Facility	345,000		345,000	
General Revenue Commercial Paper	240,000		240,000	
Total available credit	585,000		585,000	
Total cash, cash equivalents, investments & available credit	\$1,496,239	187 days	\$1,535,440	191 days
Restricted cash				
FEMA - restricted	150,646		158,227	
UDSA	197,114		166,248	
Total restricted cash	\$347,760		\$324,475	

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

Capital Expenditures

(\$ in thousands)

	September Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Transmission and Distribution					
Regulatory Driven	\$3,593	\$6,141	\$2,548	41.5%	\$8,130
Load Growth	94,205	102,335	8,130	7.9%	188,668
Reliability	127,898	146,567	18,669	12.7%	191,845
Economic, Salvage, Tools, Equipment & Other	20,550	26,594	6,044	22.7%	34,569
Total Transmission and Distribution Projects	\$246,246	\$281,637	\$35,391	12.6%	\$423,212
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	17,602	26,423	8,821	33.4%	43,828
Customer Operations	15,362	16,921	1,559	9.2%	19,394
Other General Plant Projects	595	4,915	4,319	87.9%	9,196
Fleet	5,821	7,161	1,340	18.7%	8,901
Management Fee	19,131	22,974	3,843	16.7%	30,632
Total Other Capital Expenditures	\$58,512	\$78,394	\$19,882	25.4%	\$111,952
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$304,757	\$360,031	\$55,273	15.4%	\$535,164
FEMA	116,689	148,225	31,536	21.3%	190,273
Total PSEG Long Island Capital Expenditures	\$421,446	\$508,256	\$86,810	17.1%	\$725,437
Nine Mile Point 2	\$17,165	\$15,309	(\$1,856)	-12.1%	\$15,858
LIPA Capital Expenditures	\$0	\$0	\$0	0.0%	\$7,547

Note: Variance - favorable/(unfavorable)

Financing Activity – 2018 New Money Bonds

- LIPA sold \$430 million Series 2018 5.0% coupon bonds
- Bonds were well received with \$1.96 billion in orders (4.5x oversubscribed)
- LIPA achieved the lowest spread to MMD ever ranging from 41 bps to 43 bps on the long dated bonds
- True interest costs are 3.95%
- Orders from 64 different accounts

LIPA Historical 10 and 20 Year Spreads to MMD

	Series 2016B	Series 2017	Series 2018
Rating	A3 (Stable) /A- (Stable) /A- (Stable)	A3 (Stable) /A- (Positive) /A- (Stable)	A3 (Positive) /A- (Positive) /A- (Stable)
Pricing Date	10/13/2016	11/30/2017	10/16/2018
10-year Maturity Spread to MMD	53 bps	41 bps	35 bps
20-year Maturity Spread to MMD	63 bps	44 bps	41 bps