



LONG ISLAND POWER AUTHORITY

CFO Report – November 2018

LIPA Consolidated Results

| (\$ in thousands) | November Year to Date | | | | Annual Budget |
|--|-----------------------|--------------------|-------------------|--------------|--------------------|
| | Actual | Budget | \$ Var. | % Var. | |
| Revenues | \$3,312,984 | \$3,264,570 | \$48,414 | 1.5% | \$3,521,694 |
| Power Supply Charge | 1,730,848 | 1,732,443 | 1,595 | 0.1% | 1,876,980 |
| Revenue Net of Power Supply Costs | \$1,582,136 | \$1,532,127 | \$50,009 | 3.3% | \$1,644,714 |
| PSEG Long Island Operating Expenses | \$521,554 | \$526,483 | \$4,929 | 0.9% | \$577,705 |
| PSEG Long Island Managed Expenses | 591,457 | 537,145 | (54,312) | -10.1% | 585,336 |
| LIPA Managed Expenses | 527,558 | 524,243 | (3,315) | -0.6% | 572,308 |
| Total Expenses | \$1,640,569 | \$1,587,871 | (\$52,698) | -3.3% | \$1,735,349 |
| Other Income and Deductions | \$45,443 | \$41,094 | \$4,349 | 10.6% | \$47,433 |
| Grant Income | 42,559 | 33,958 | 8,601 | 25.3% | 43,578 |
| Total Non-Operating Revenue | \$88,002 | \$75,052 | \$12,950 | 17.3% | \$91,011 |
| Change in Net Position | \$29,569 | \$19,308 | \$10,261 | 53.1% | \$376 |

Note: Variance - favorable/(unfavorable)

LIPA Liquidity Position

Liquidity Position

| <i>(\$ in thousands)</i> | November 30, 2018 | Days Cash | October 31, 2018 | Days Cash |
|---|--------------------------|-----------------|-------------------------|-----------------|
| Operating liquidity | | | | |
| Unrestricted cash and cash equivalents | \$764,622 | | \$1,007,631 | |
| OPEB account cash, cash equivalents & investments | 199,397 | | 196,678 | |
| PSEG Long Island Working Capital requirements | 221,470 | | 268,111 | |
| Total operating liquidity | 1,185,489 | 148 days | 1,472,420 | 184 days |
| Available credit | | | | |
| General Revenue Notes - Revolving Credit Facility | 345,000 | | 345,000 | |
| General Revenue Commercial Paper | 570,500 | | 305,500 | |
| Total available credit | 915,500 | | 650,500 | |
| Total cash, cash equivalents, investments & available credit | \$2,100,989 | 262 days | \$2,122,920 | 265 days |
| Restricted cash | | | | |
| FEMA - restricted | 131,811 | | 131,629 | |
| UDSA | 263,324 | | 236,289 | |
| Total restricted cash | \$395,135 | | \$367,918 | |

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

Capital Expenditures

(\$ in thousands)

| | November Year to Date | | | | Annual Budget |
|---|-----------------------|------------------|------------------|---------------|------------------|
| | Actual | Budget | \$ Var. | % Var. | |
| Transmission and Distribution | | | | | |
| Regulatory Driven | \$4,757 | \$7,467 | \$2,710 | 36.3% | \$8,130 |
| Load Growth | 110,884 | 157,954 | 47,069 | 29.8% | 188,668 |
| Reliability | 164,778 | 177,584 | 12,806 | 7.2% | 191,845 |
| Economic, Salvage, Tools, Equipment & Other | 27,740 | 31,860 | 4,121 | 12.9% | 34,569 |
| Total Transmission and Distribution Projects | \$308,159 | \$374,865 | \$66,705 | 17.8% | \$423,212 |
| Other PSEG Long Island Capital Expenditures | | | | | |
| Information Technology Projects | 27,523 | 34,830 | 7,306 | 21.0% | 43,828 |
| Customer Operations | 21,348 | 18,573 | (2,775) | -14.9% | 19,394 |
| Other General Plant Projects | 1,208 | 8,356 | 7,148 | 85.5% | 9,196 |
| Fleet | 6,416 | 8,321 | 1,905 | 22.9% | 8,901 |
| Management Fee | 23,461 | 28,080 | 4,618 | 16.4% | 30,632 |
| Total Other Capital Expenditures | \$79,956 | \$98,159 | \$18,203 | 18.5% | \$111,952 |
| Total PSEG Long Island Capital Expenditures Excluding FEMA | \$388,115 | \$473,024 | \$84,908 | 18.0% | \$535,164 |
| FEMA | 140,326 | 176,255 | 35,930 | 20.4% | 190,273 |
| Total PSEG Long Island Capital Expenditures | \$528,441 | \$649,279 | \$120,838 | 18.6% | \$725,437 |
| Nine Mile Point 2 | \$17,700 | \$15,675 | (\$2,024) | -12.9% | \$15,858 |

Note: Variance - favorable/(unfavorable)

LIPA 2019 Plan of Finance

Board Authorization for New Money and Potential Refunding

LIPA New Money Bonds to Finance 2019 Capital Expenditures

- \$540 million in New Money bonds to finance electric system infrastructure

2019 Capital Budget (\$ thousands)

| | |
|---|----------------|
| Capital Projects | 715,220 |
| Storm Hardening | 153,609 |
| Capital Budget | 868,829 |
| | |
| Funding from Operating Budget | 190,797 |
| FEMA Grant | 138,248 |
| Debt Issued to Fund Projects | 539,784 |
| Funding Sources | 868,829 |
| | |
| Percent of Capital Projects Funded from Debt | |
| Including FEMA Projects | 62% |
| Excluding FEMA Projects | 73% |

Refunding Outstanding Commercial Paper:

- \$235 million of Commercial Paper currently outstanding
- Current interest rate savings approximately 80 basis points
- Up to \$200 million eligible for refunding
- Potential annual savings of \$1.6 million
- Refinancing dependent on market conditions