



LONG ISLAND POWER AUTHORITY

January 2019

Finance and Audit Committee of the Board of
Trustees

(\$ in thousands)	December Year to Date			
	Actual ¹	Budget ²	\$ Var.	% Var.
Revenues	\$3,576,274	\$3,521,694	\$54,580	1.5%
Power Supply Charge	1,885,600	1,876,980	(8,620)	-0.5%
Revenue Net of Power Supply Costs	\$1,690,674	\$1,644,714	\$45,960	2.8%
PSEG Long Island Operating Expenses	\$572,671	\$576,981	\$4,310	0.7%
PSEG Long Island Managed Expenses	623,106	585,336	(37,770)	-6.5%
LIPA Managed Expenses	576,877	572,308	(4,570)	-0.8%
Total Expenses	\$1,772,654	\$1,734,625	(\$38,030)	-2.2%
Other Income and Deductions	\$61,459	\$47,433	\$14,027	29.6%
Grant Income	43,238	43,578	(340)	-0.8%
Total Non-Operating Revenue	\$104,697	\$91,011	\$13,687	15.0%
Change in Net Position	\$22,717	\$1,100	\$21,617	1963.3%

Note: Variance - favorable/(unfavorable)

¹ Year-end results are draft, subject to change

² Reflects budget amendment carryover of \$724k

(\$ in thousands)	Year to Date			
	Actual	Budget	\$ Var.	% Var.
LIPA Expenses				
LIPA Operating Expenses	\$76,891	\$78,812	\$1,921	2.4%
LIPA Depreciation and Amortization	111,968	111,801	(167)	-0.1%
LIPA Deferred Amortized Expenses	31,015	31,015	-	0.0%
Interest Expense, Other Interest Costs and Interest Amortizations	357,003	350,680	(6,324)	-1.8%
Total Expenses	\$576,877	\$572,308	(\$4,570)	-0.8%
Other Income and Deductions	\$28,550	\$13,874	14,676	105.8%
Grant Income	43,238	43,578	(340)	-0.8%
Total Income	\$71,788	\$57,452	\$14,336	25.0%
LIPA Capital Expenditures	\$354	\$7,547	\$7,193	95.3%

- Operating expenses are under budget by \$1.9M primarily due to lower employee benefit costs and lower consulting expenditures due to delayed projects
- Interest expense, other interest costs and interest amortizations are over budget by \$6.3M due to the 2018 bond issuance costs being expensed and the unbudgeted non-cash accrued interest on the 2018 bond issuance
- Other income and deductions are favorable against budget by \$14.7M primarily due to higher than anticipated investment income
- Capital expenditures are under budget by \$7.2M due to the delayed start of the ERP system implementation

Liquidity Position

<i>(\$ in thousands)</i>	December 31, 2018	Days Cash	November 30, 2018	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	679,953		764,622	
OPEB account cash, cash equivalents & investments	271,879		199,397	
PSEG Long Island Working Capital requirements	198,611		221,470	
Total operating liquidity	1,150,443	143 days	1,185,489	148 days
Available credit				
General Revenue Notes - Revolving Credit Facility	345,000		345,000	
General Revenue Commercial Paper	570,500		570,500	
Total available credit	915,500		915,500	
Total cash, cash equivalents, investments & available credit	\$2,065,943	258 days	\$2,100,989	262 days
Restricted cash				
FEMA - restricted	103,820		131,811	
UDSA	124,597		263,324	
Total restricted cash	\$228,417		\$395,135	

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

(\$ in thousands)

	Actual	December Year to Date Budget	\$ Var.	% Var.
<u>PSEG Long Island Operating Expenses</u>				
Transmission & Distribution	\$192,522	\$181,832	(\$10,690)	-5.9%
Customer Services	130,398	128,420	(1,978)	-1.5%
Business Services	158,696	162,824	4,128	2.5%
Power Markets	10,422	14,373	3,951	27.5%
Energy Efficiency & Renewable Energy	80,633	90,256	9,623	10.7%
Utility 2.0 Budget Amendment	-	(724)	(724)	100.0%
Total PSEG Long Island Operating Expenses	\$572,671	\$576,981	\$4,310	0.7%

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$10.7M due to additional tree trimming and additional spending on reliability programs to improve the reliability metrics
- Customer Services expenses are over budget by \$2.0M primarily due to higher marketing spend
- Business Services expenses are under budget by \$4.1M due to lower labor costs and lower outside services spent
- Power Markets expenses are under budget by \$4.0M due to the deferral of projects
- Energy Efficiency & Renewable Energy expenses are under budget by \$9.6M primarily due to lower rebates for commercial efficiency programs while exceeding MWh energy savings goals

(\$ in thousands)

	December Year to Date			
	Actual	Budget	\$ Var.	% Var.
<u>PSEG Long Island Managed Expenses</u>				
Uncollectible Accounts	\$16,206	\$22,923	\$6,717	29.3%
Storm Restoration	90,463	34,854	(55,609)	-159.5%
NYS Assessment	9,860	10,510	649	6.2%
Miscellaneous	(5,133)	(2,445)	2,688	-109.9%
Subtotal PSEG Long Island Managed Expenses	\$111,397	\$65,842	(\$45,555)	-69.2%
Utility Depreciation	188,879	197,087	8,208	4.2%
PILOTs - Revenue-Based Taxes	35,568	33,127	(2,441)	-7.4%
PILOTs - Property-Based Taxes	287,262	289,280	2,018	0.7%
Total PSEG Long Island Managed Expenses	\$623,106	\$585,336	(\$37,770)	-6.5%
Other Income and Deductions	\$32,909	\$33,559	(\$650)	-1.9%

Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is under budget by \$6.7M due to an improvement in collections; write-offs were forecasted at 0.68% of billed revenue compared with the actual write-off rate of 0.51%
- Storm Restoration is over budget by \$55.6M due to a higher restoration costs as PSEG Long Island responded to nineteen storms in 2018, six of which included mutual aid assistance compared to thirteen storms experienced through December 2017, four of which included mutual aid assistance
- Miscellaneous expense are under budget by \$2.7M due to a pole top transformer ARO revision
- Utility Depreciation is under budget by \$8.2M due to lower capital spend
- PILOTs – Revenue – Based Taxes are over budget by \$2.4M due to higher than expected revenues
- PILOTs – Property – Based Taxes are under budget by \$2.0M due to lower billed taxes

(\$ in thousands)	December Year to Date			% Var.
	Actual	Budget	\$ Var.	
Total Revenue	\$3,576,274	\$3,521,694	\$54,580	1.5%
Power Supply Charge	1,885,600	1,876,980	(8,620)	-0.5%
Revenue Net of Power Supply Costs	\$1,690,674	\$1,644,714	\$45,960	2.8%
Sales of Electricity (MWh)				
Residential	9,538,865	9,239,265	299,599	3.2%
Commercial	9,515,232	9,625,647	(110,415)	-1.1%
Public Authorities/Street Lighting	556,139	533,528	22,611	4.2%
Total Sales of Electricity (MWh)	19,610,235	19,398,440	211,795	1.1%

Note: Variance - favorable/(unfavorable)

- Revenue, net of Power Supply Costs, is \$46.0M higher than budget due primarily to the storm component of the Delivery Service Adjustment (DSA)
- Sales of electricity were higher than budget by 212 GWh or 1.1%
 - Factors contributing to higher sales are:
 - a) Weather impact; Heating Degree Days (HDD) were higher than anticipated by approximately 183 days during the winter months and Cooling Degree Days (CDD) were higher than anticipated by approximately 183 days during the summer months positively impacting sales; partially offset by:
 - b) Larger penetration of LED lighting, energy efficient products and solar installation
 - c) Lower than expected load growth

(\$ in thousands)

	December Year to Date			
	Actual	Budget	\$ Var.	% Var.
Transmission and Distribution				
Regulatory Driven	\$7,421	\$8,130	\$709	8.7%
Load Growth	131,330	188,668	57,338	30.4%
Reliability	184,418	191,845	7,427	3.9%
Economic, Salvage, Tools, Equipment & Other	33,358	34,569	1,211	3.5%
Total Transmission and Distribution Projects	\$356,526	\$423,212	\$66,686	15.8%
Other PSEG Long Island Capital Expenditures				
Information Technology Projects	40,439	41,328	889	2.2%
Customer Operations	29,299	19,394	(9,905)	-51.1%
Other General Plant Projects	2,811	9,196	6,385	69.4%
Fleet	10,098	8,901	(1,197)	-13.5%
Management Fee	25,686	30,632	4,947	16.1%
Total Other Capital Expenditures	\$108,333	\$109,452	\$1,119	1.0%
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$464,859	\$532,664	\$67,805	12.7%
Budget Amendment Carryover		(56,120)		
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$464,859	\$476,544	\$11,685	2.5%
FEMA	151,384	190,273	38,889	20.4%
Total PSEG Long Island Capital Expenditures	\$616,243	\$666,817	\$50,573	7.6%
Nine Mile Point 2	\$17,956	\$15,858	(\$2,098)	-13.2%

- Transmission and Distribution is under budget by \$66.7M primarily due to delays of load growth projects and reliability projects caused by additional public outreach and delays in permitting
- IT is over budget by \$1.4M due to acceleration of mainframe and storage purchases, Customer Operations is over budget by \$9.9M due to the acceleration of AMI work, Other General Plant Projects are under budget by \$6.4M due to permit delays and deferral of work at multiple locations and Fleet is over budget by \$1.2M due to delays in vendor delivery and lower upfitting costs
- Management Fee is under budget by \$4.9M due to lower actual capital labor percentage versus budgeted
- FEMA is under budget by \$38.9M 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 12/31/18 (\$M)	Working Estimate (\$M)	
Shelter Island Replace Underground Failed Cable	\$29.5	\$18.7	\$26.0	Jun-18
Southampton to Canal: Transmission	\$56.2	\$7.0	\$29.8	Jun-19
Two Way Radio System Replacement	\$50.0	\$25.8	\$47.7	Dec-19
Berry St.: New substation	\$25.4	\$29.0	\$43.2	Jun-21
Hempstead: New substation	\$49.8	\$23.7	\$40.4	Oct-20
Ruland Rd to Plainview: Transmission	\$26.8	\$3.4	\$59.2	Jun-20
East Garden City to Valley Stream: Transmission	\$190.6	\$10.1	\$176.9	Dec-20
Kings Highway: New substation	\$35.5	\$21.7	\$64.4	Dec-20
Bridgehampton to Buell: Transmission	\$49.6	\$0.5	\$46.9	Jun-21
Riverhead to Canal: Transmission	\$191.5	\$0.2	\$105.3	Jun-21
Lindbergh (Nassau Hub): New substation	\$57.0	\$5.5	\$65.1	Jun-22
Substation Security Expansion Project	\$57.6	\$9.3	\$48.3	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
Total	\$1,552.6	\$155.1	\$1,227.1	

*The Current Working Estimate and Completion Dates will be updated ending June 30 and November 30.

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