



LONG ISLAND POWER AUTHORITY

March 2019

**Finance and Audit Committee of the Board
of Trustees**

(\$ in thousands)	February Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$478,253	\$507,665	(\$29,412)	-5.8%	\$3,525,631
Power Supply Charge	254,047	274,335	20,288	7.4%	1,793,456
Revenue Net of Power Supply Costs	\$224,206	\$233,330	(\$9,124)	-3.9%	\$1,732,175
PSEG Long Island Operating Expenses	\$91,902	\$95,949	\$4,047	4.2%	\$594,519
PSEG Long Island Managed Expenses	100,335	104,453	4,118	3.9%	640,386
LIPA Managed Expenses	95,587	96,280	692	0.7%	581,422
Total Expenses	\$287,824	\$296,682	\$8,857	3.0%	\$1,816,327
Other Income and Deductions	\$8,784	\$6,610	\$2,174	32.9%	\$43,850
Grant Income	1,513	1,427	86	6.0%	35,878
Total Non-Operating Revenue	\$10,297	\$8,037	\$2,260	28.1%	\$79,728
Change in Net Position	(\$53,321)	(\$55,315)	\$1,994	3.6%	(\$4,424)

Note: Variance - favorable/(unfavorable)

(\$ in thousands)	February Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
LIPA Expenses					
LIPA Operating Expenses	\$12,798	\$13,362	\$564	4.2%	\$85,419
LIPA Depreciation and Amortization	18,623	18,781	158	0.8%	112,687
LIPA Deferred Amortized Expenses	4,169	4,157	(12)	-0.3%	25,015
Interest Expense, other Interest Costs and Interest Amortizations	59,997	59,980	(18)	0.0%	358,301
Total Expenses	95,587	96,280	692	0.7%	\$581,422
Other Income and Deductions	\$4,374	\$2,291	\$2,083	90.9%	\$17,996
Grant Income	1,513	1,427	86	6.0%	35,878
Total Income	\$5,886	\$3,718	\$2,169	58.3%	\$53,874
LIPA Capital Expenditures	\$56	\$950	\$894	94.1%	\$5,700

Note: Variance - favorable/(unfavorable)

- Other income and deductions are favorable against budget by \$2.1M due to higher interest rates and higher than budgeted investment balances
- Capital expenditures are under budget by \$0.9M due to the delayed start of the ERP system implementation

Liquidity Position

<i>(\$ in thousands)</i>	February 28, 2019	Days Cash	January 31, 2019	Days Cash
Operating liquidity				
Unrestricted cash and cash equivalents	615,621		691,669	
OPEB account cash, cash equivalents & investments	293,372		287,747	
PSEG Long Island Working Capital requirements	245,712		194,778	
Total operating liquidity	1,154,705	145 days	1,174,194	147 days
Available credit				
General Revenue Notes - Revolving Credit Facility	345,000		345,000	
General Revenue Commercial Paper	445,500		445,500	
Total available credit	790,500		790,500	
Total cash, cash equivalents, investments & available credit	\$1,945,205	244 days	\$1,964,694	246 days
Restricted cash				
FEMA - restricted	83,356		104,081	
UDSA	171,515		150,055	
Total restricted cash	\$254,871		\$254,136	

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

(\$ in thousands)

	Actual	February Year to Date			Annual Budget
		Budget	\$ Var.	% Var.	
<u>PSEG Long Island Operating Expenses</u>					
Transmission & Distribution	\$30,766	\$27,257	(\$3,509)	-12.9%	\$177,615
Customer Services	21,335	21,060	(275)	-1.3%	126,620
Business Services	24,274	27,647	3,373	12.2%	170,975
Power Markets	1,862	2,785	924	33.2%	14,156
Energy Efficiency & Renewable Energy	13,227	14,472	1,246	8.6%	88,794
Utility 2.0	439	2,722	2,283	83.9%	16,359
Total PSEG Long Island Operating Expenses	\$91,902	\$95,949	\$4,047	4.2%	\$594,519

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$3.5M primarily due to tree trimming expense
- Customer Services expenses are over budget by \$0.3M primarily due to higher marketing spend
- Business Services expenses are under budget by \$3.4M due to lower labor costs and lower outside services spend
- Power Markets expenses are under budget by \$0.9M due to timing and delays in projects
- Energy Efficiency & Renewable Energy expenses are under budget by \$1.2M primarily due to increased activity in lower cost rebate measures than planned in the commercial efficiency program
- Utility 2.0 is under budget by \$2.3M due to timing

(\$ in thousands)

	February Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
PSEG Long Island Managed Expenses					
Uncollectible Accounts	\$3,190	\$2,847	(\$343)	-12.1%	\$19,867
Storm Restoration	5,864	10,120	4,256	42.1%	\$54,854
NYS Assessment	1,325	1,359	34	2.5%	\$9,453
Miscellaneous	636	605	(31)	-5.1%	\$2,912
Subtotal PSEG Long Island Managed Expenses	\$11,014	\$14,930	\$3,916	26.2%	\$87,086
Utility Depreciation	35,539	35,692	153	0.4%	\$226,118
PILOTs - Revenue-Based Taxes	5,288	5,021	(267)	-5.3%	\$34,321
PILOTs - Property-Based Taxes	48,494	48,810	316	0.6%	\$292,861
Total PSEG Long Island Managed Expenses	\$100,335	\$104,453	\$4,118	3.9%	\$640,386
Other Income and Deductions	\$4,410	\$4,319	\$91	2.1%	\$25,854

Note: Variance - favorable/(unfavorable)

- Storm Restoration is under budget by \$4.3M due to lower restoration costs as PSEG Long Island responded to four storms in 2019, none of which included mutual aid assistance. As a point of reference, through February 2018 PSEG Long Island responded to two storms, one of which included mutual aid assistance

<i>(\$ in thousands)</i>	February Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Total Revenue	\$478,253	\$507,665	(\$29,412)	-5.8%	\$3,525,631
Power Supply Charge	254,047	274,335	20,288	7.4%	1,793,456
Revenue Net of Power Supply Costs	\$224,206	\$233,330	(\$9,124)	-3.9%	\$1,732,175
Sales of Electricity (MWh)					
Residential	1,366,023	1,376,740	(10,716)	-0.8%	8,888,795
Commercial	1,464,617	1,475,989	(11,372)	-0.8%	9,463,652
Public Authorities/Street Lighting	55,769	98,173	(42,404)	-43.2%	537,992
Total Sales of Electricity (MWh)	2,886,409	2,950,901	(64,492)	-2.2%	18,890,438

Note: Variance - favorable/(unfavorable)

- Revenue, net of Power Supply Costs, is \$9.1M lower than budget due primarily to the Delivery Service Adjustment (DSA) resulting from lower storm expense of \$4M and higher than budgeted investment earning of \$2M with the remaining variance due to timing of debt service payments
- Sales of electricity were lower than budget by 64 GWh or -2.2%
 - Factors contributing to lower sales are higher penetration of LED lighting, energy efficient products, rooftop solar and lower than expected load growth, partially offset by the impact of weather

(\$ in thousands)

	Actual	February Year to Date Budget	\$ Var.	% Var.	Annual Budget
Transmission and Distribution					
Regulatory Driven	\$1,279	\$1,066	(\$213)	-20.0%	\$25,489
Load Growth	22,645	34,704	12,059	34.7%	262,030
Reliability	23,014	22,052	(962)	-4.4%	190,518
Economic, Salvage, Tools, Equipment & Other	6,170	6,998	828	11.8%	41,963
Total Transmission and Distribution Projects	\$53,108	\$64,819	\$11,711	18.1%	\$519,999
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	5,007	8,404	3,398	40.4%	35,236
Customer Operations	1,742	2,168	426	19.7%	18,297
Other General Plant Projects	200	1,306	1,105	84.7%	8,944
Fleet	(124)	0	124	n/a	5,495
Utility 2.0	5,388	9,480	4,092	43.2%	69,661
Total Other Capital Expenditures	\$12,213	\$21,358	\$9,145	42.8%	\$137,633
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$65,320	\$86,177	\$20,857	24.2%	\$657,632
FEMA	24,370	26,134	1,764	6.8%	153,609
Capital Storm	0	649	649	100.0%	3,501
Management Fee	4,820	4,821	1	0.0%	28,926
Total PSEG Long Island Capital Expenditures	\$94,510	\$117,782	\$23,271	19.8%	\$843,668
Nine Mile Point 2	\$2,427	\$393	(\$2,034)	-517.5%	\$19,461

Note: Variance - favorable/(unfavorable)

- Transmission and Distribution is under budget by \$11.7M primarily in load growth due to delay of projects
- IT Projects are under budget by \$3.4M primarily driven by delays in project implementation
- Other General Plant projects are under budget by \$1.1M due to a delay in facility projects at certain National Grid leased facilities. National Grid is undertaking a property review; and therefore, PSEG Long Island has put a hold on its planned projects under these leases
- Utility 2.0 is under budget by \$4.1M due to timing
- FEMA is under budget by \$1.8M due to an unplanned refund in purchased capital material

Description	Original	Total Project	Current	Current Estimated Completion Date
	Total Project Cost (\$M)	Actuals Through 2/28/19 (\$M)	Working Estimate (\$M)	
Malverne Upgrade Substation & Distribution Feeder	\$22.1	\$18.4	\$25.0	Dec-19
Southampton to Canal: Transmission	\$56.2	\$13.7	\$29.8	Jun-19
Two Way Radio System Replacement	\$50.0	\$26.3	\$47.7	Dec-19
Belmont New Substation	\$63.2	\$1.5	\$61.0	Jul-20
Berry St.: New substation	\$25.4	\$29.2	\$43.2	Jun-21
Hempstead: New substation	\$49.8	\$23.2	\$40.4	Oct-20
Ruland Rd to Plainview: Transmission	\$26.8	\$3.5	\$59.2	Jun-20
East Garden City to Valley Stream: Transmission	\$190.6	\$11.4	\$176.9	Dec-20
Kings Highway: New substation	\$35.5	\$25.4	\$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	\$6.6	\$65.1	Jun-22
Navy Road New Substation	\$17.8	\$7.0	\$40.2	Jun-22
Fire Island Pines New Circuit to Ocean Beach	\$24.4	\$1.2	\$51.1	Jun-22
Massapequa New Substation	\$23.8	\$0.2	\$29.8	Jun-22
Transmission Operations Control Room Facility Replacement	\$84.0	\$0.0	\$84.0	May-23
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	\$1,758.4	\$177.8	\$1,492.2	

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

** Project in service date is beyond 10 Years - will be re-estimated