



LONG ISLAND POWER AUTHORITY

May 2019

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

(\$ in thousands)	March Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$720,468	\$763,857	(\$43,389)	-5.7%	\$3,525,631
Power Supply Charge	389,422	413,098	23,676	5.7%	1,793,456
Revenue Net of Power Supply Costs	\$331,046	\$350,759	(\$19,713)	-5.6%	\$1,732,175
PSEG Long Island Operating Expenses	\$143,411	\$145,450	\$2,039	1.4%	\$594,519
PSEG Long Island Managed Expenses	148,153	158,362	10,209	6.4%	640,386
LIPA Managed Expenses	142,938	144,776	1,838	1.3%	581,422
Total Expenses	\$434,502	\$448,588	\$14,085	3.1%	\$1,816,327
Other Income and Deductions	\$15,575	\$10,687	\$4,888	45.7%	\$43,850
Grant Income	8,362	8,695	(333)	-3.8%	35,878
Total Non-Operating Revenue	\$23,937	\$19,382	\$4,555	23.5%	\$79,728
Change in Net Position	(\$79,519)	(\$78,447)	(\$1,072)	-1.4%	(\$4,424)

Note: Variance - favorable/(unfavorable)

(\$ in thousands)

	March Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
LIPA Expenses					
LIPA Operating Expenses	\$18,379	\$20,373	\$1,994	9.8%	\$85,419
LIPA Depreciation and Amortization	27,935	28,172	237	0.8%	112,687
LIPA Deferred Amortized Expenses	6,253	6,235	(18)	-0.3%	25,015
Interest Expense, other Interest Costs and Interest Amortizations	90,371	89,996	(375)	-0.4%	358,301
Total Expenses	142,938	144,776	1,838	1.3%	\$581,422
Other Income and Deductions	\$8,102	\$3,361	\$4,741	141.1%	\$17,996
Grant Income	8,362	8,695	(333)	-3.8%	35,878
Total Income	\$16,464	\$12,056	\$4,408	36.6%	\$53,874
LIPA Capital Expenditures	\$56	\$1,425	\$1,369	96.1%	\$5,700

Note: Variance - favorable/(unfavorable)

- Operating expenses are under budget by \$2M primarily due to lower consulting expenditures due to timing of projects
- Other income and deductions are favorable against budget by \$4.7M due to higher interest rates on investments and higher than budgeted investment balances
- Capital expenditures are under budget by \$1.4M due to the delayed start of the ERP system implementation

<i>(\$ in thousands)</i>	March 31, 2019	Days Cash	February 28, 2019	Days Cash
Operating liquidity				
Cash and cash equivalents	\$572,580		\$615,621	
OPEB account cash, cash equivalents & investments	297,653		293,372	
PSEG Long Island working capital requirements	220,907		245,712	
Total operating liquidity	1,091,140	137 days	1,154,705	145 days
Available credit				
General Revenue Notes - Revolving Credit Facility	198,000		345,000	
General Revenue Notes - Commercial Paper	420,500		445,500	
Total available credit	618,500		790,500	
Total cash, cash equivalents, investments & available credit	\$1,709,640	214 days	\$1,945,205	244 days
Restricted cash				
FEMA grant proceeds	79,926		83,356	
UDSA	197,380		171,515	
Total restricted cash	\$277,306		\$254,871	

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

(\$ in thousands)

	March Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
PSEG Long Island Operating Expenses					
Transmission & Distribution	\$48,325	\$42,364	(\$5,961)	-14.1%	\$177,615
Customer Services	30,816	31,627	811	2.6%	126,620
Business Services	39,410	41,586	2,176	5.2%	170,975
Power Markets	2,776	3,908	1,132	29.0%	14,156
Energy Efficiency & Renewable Energy	21,483	21,874	392	1.8%	88,794
Utility 2.0	600	4,082	3,482	85.3%	16,359
Total PSEG Long Island Operating Expenses	\$143,411	\$145,450	\$2,039	1.4%	\$594,519

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$6.0M primarily due to increased safety related training initiatives, pole inspection/treatment work ahead of schedule, tree trimming and higher labor in minor restorations and reliability
- Customer Services expenses are under budget by \$0.8M primarily due to timing of marketing spend
- Business Services expenses are under budget by \$2.2M due to lower labor costs and lower outside services spend
- Power Markets expenses are under budget by \$1.1M due to timing and delays in projects
- Energy Efficiency & Renewable Energy expenses are under budget by \$0.4M primarily due to increased activity in lower cost rebate program
- Utility 2.0 is under budget by \$3.5M due to timing

(\$ in thousands)

	March Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<u>PSEG Long Island Managed Expenses</u>					
Uncollectible Accounts	\$4,406	\$4,282	(\$124)	-2.9%	\$19,867
Storm Restoration	7,454	16,699	9,244	55.4%	\$54,854
NYS Assessment	1,960	2,046	86	4.2%	\$9,453
Miscellaneous	865	829	(36)	-4.3%	\$2,912
Subtotal PSEG Long Island Managed Expenses	\$14,685	\$23,856	\$9,171	38.4%	\$87,086
Utility Depreciation	53,096	53,806	710	1.3%	\$226,118
PILOTs - Revenue-Based Taxes	7,631	7,485	(146)	-2.0%	\$34,321
PILOTs - Property-Based Taxes	72,741	73,215	474	0.6%	\$292,861
Total PSEG Long Island Managed Expenses	\$148,153	\$158,362	\$10,209	6.4%	\$640,386
Other Income and Deductions	\$7,473	\$7,326	\$147	2.0%	\$25,854

- Storm Restoration is under budget by \$9.2M 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 March 2018 PSEG Long Island responded to six storms, five of which included mutual aid assistance at the cost of \$61.9M

(\$ in thousands)	March Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Total Revenue	\$720,468	\$763,857	(\$43,389)	-5.7%	\$3,525,631
Power Supply Charge	389,422	413,098	23,676	5.7%	1,793,456
Revenue Net of Power Supply Costs	\$331,046	\$350,759	(\$19,713)	-5.6%	\$1,732,175
Sales of Electricity (MWh)					
Residential	2,005,607	2,021,840	(16,233)	-0.8%	8,888,795
Commercial	2,204,801	2,258,485	(53,684)	-2.4%	9,463,652
Public Authorities/Street Lighting	88,043	145,735	(57,692)	-39.6%	537,992
Total Sales of Electricity (MWh)	4,298,451	4,426,060	(127,608)	-2.9%	18,890,438

Note: Variance - favorable/(unfavorable)

- Revenue, net of Power Supply Costs, is \$19.7M lower than budget due primarily to the Delivery Service Adjustment (DSA) resulting from lower storm expense of \$9.2M and higher than budgeted investment earnings of \$2.7M with the remaining variance due to timing of debt service payments
- Sales of electricity were lower than budget by 128 GWh or -2.9%
 - 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)

	March Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Transmission and Distribution					
Regulatory Driven	\$1,658	\$2,125	\$467	22.0%	\$25,489
Load Growth	34,921	50,705	15,784	31.1%	262,030
Reliability	35,480	36,195	714	2.0%	190,518
Economic, Salvage, Tools, Equipment & Other	11,778	11,085	(694)	-6.3%	41,963
Total Transmission and Distribution Projects	\$83,837	\$100,110	\$16,272	16.3%	\$519,999
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	6,941	12,531	5,590	44.6%	35,236
Customer Operations	3,149	4,101	952	23.2%	18,297
Other General Plant Projects	231	2,405	2,174	90.4%	8,944
Fleet	(119)	645	764	118.5%	5,495
Utility 2.0	12,801	15,511	2,710	17.5%	69,661
Total Other Capital Expenditures	\$23,002	\$35,193	\$12,191	34.6%	\$137,633
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$106,839	\$135,302	\$28,463	21.0%	\$657,632
FEMA	31,257	38,987	7,730	19.8%	153,609
Capital Storm	0	1,078	1,078	100.0%	3,501
Management Fee	7,341	7,232	(110)	-1.5%	28,926
Total PSEG Long Island Capital Expenditures	\$145,437	\$182,599	\$37,162	20.4%	\$843,668
Nine Mile Point 2	\$2,620	\$606	(\$2,014)	-332.6%	\$19,461

Note: Variance - favorable/(unfavorable)

- Transmission and Distribution is under budget by \$16.3M primarily in load growth due to changes in scope of work and other operational matters (i.e. permitting, clearance) for certain projects
- IT Projects are under budget by \$5.6M primarily driven by delays in project implementation
- Other General Plant projects are under budget by \$2.2M 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 \$2.7M due to timing
- FEMA is under budget by \$7.7M primarily due to project delays resulting from permitting issues and lower construction costs

Description	Original	Total Project	Current	Current Estimated Completion Date
	Total Project Cost (\$M)	Actuals Through 3/31/19 (\$M)	Working Estimate (\$M)	
Malverne Upgrade Substation & Distribution Feeder	\$22.1	\$18.8	\$25.0	Dec-19
Southampton to Canal: Transmission	\$56.2	\$17.2	\$29.8	Jun-19
Two Way Radio System Replacement	\$50.0	\$27.0	\$47.7	Dec-19
Belmont New Substation	\$63.2	\$1.8	\$61.0	Jul-20
Berry St.: New substation	\$25.4	\$29.3	\$43.2	Jun-21
Hempstead: New substation	\$49.8	\$23.3	\$40.4	Oct-20
Ruland Rd to Plainview: Transmission	\$26.8	\$3.6	\$59.2	Jun-20
East Garden City to Valley Stream: Transmission	\$190.6	\$11.8	\$176.9	Dec-20
Kings Highway: New substation	\$35.5	\$28.1	\$64.4	Dec-20
Bridgehampton to Buell: Transmission	\$49.6	\$0.6	\$46.9	Jun-21
Riverhead to Canal: Transmission	\$191.5	\$0.2	\$105.3	Jun-21
Lindbergh (Nassau Hub): New substation	\$57.0	\$7.2	\$65.1	Jun-22
Navy Road New Substation	\$17.8	\$7.3	\$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	\$9.4	\$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	\$186.9	\$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



PSEG Long Island Major Capital Expenditures Over \$25M (Total Project Cost) – March 2019