



# LONG ISLAND POWER AUTHORITY

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**July 2019**  
**Finance and Audit Committee**

(\$ in thousands)	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Revenues</b>	<b>\$1,525,509</b>	<b>\$1,568,128</b>	<b>(\$42,619)</b>	<b>-2.7%</b>	<b>\$3,525,631</b>
Power Supply Charge	792,190	828,342	36,152	4.4%	1,793,456
<b>Revenue Net of Power Supply Costs</b>	<b>\$733,319</b>	<b>\$739,786</b>	<b>(\$6,467)</b>	<b>-0.9%</b>	<b>\$1,732,175</b>
PSEG Long Island Operating Expenses	\$287,989	\$296,639	\$8,650	2.9%	\$594,519
PSEG Long Island Managed Expenses	310,953	312,781	1,828	0.6%	640,386
LIPA Managed Expenses	286,187	290,399	4,212	1.5%	581,422
<b>Total Expenses</b>	<b>\$885,129</b>	<b>\$899,819</b>	<b>\$14,690</b>	<b>1.6%</b>	<b>\$1,816,327</b>
Other Income and Deductions	\$34,609	\$20,241	\$14,368	71.0%	\$43,850
Grant Income	17,582	17,508	74	0.4%	35,878
<b>Total Non-Operating Revenue</b>	<b>\$52,191</b>	<b>\$37,749</b>	<b>\$14,442</b>	<b>38.3%</b>	<b>\$79,728</b>
<b>Change in Net Position</b>	<b>(\$99,619)</b>	<b>(\$122,284)</b>	<b>\$22,665</b>	<b>18.5%</b>	<b>(\$4,424)</b>

Note: Variance - favorable/(unfavorable)

(\$ in thousands)

	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>LIPA Expenses</b>					
LIPA Operating Expenses	\$37,113	\$42,348	\$5,235	12.4%	\$85,419
LIPA Depreciation and Amortization	55,869	56,343	474	0.8%	112,687
LIPA Deferred Amortized Expenses	12,507	12,472	(35)	-0.3%	25,015
Interest Expense, other Interest Costs and Interest Amortizations	180,698	179,236	(1,462)	-0.8%	358,301
<b>Total Expenses</b>	<b>\$286,187</b>	<b>\$290,399</b>	<b>\$4,212</b>	<b>1.5%</b>	<b>\$581,422</b>
Other Income and Deductions	\$20,457	\$6,573	\$13,884	211.2%	\$17,996
Grant Income	17,582	17,508	74	0.4%	35,878
<b>Total Income</b>	<b>\$38,039</b>	<b>\$24,081</b>	<b>\$13,958</b>	<b>58.0%</b>	<b>\$53,874</b>
<b>LIPA Capital Expenditures</b>	<b>\$384</b>	<b>\$2,850</b>	<b>\$2,466</b>	<b>86.5%</b>	<b>\$5,700</b>

Note: Variance - favorable/(unfavorable)

- LIPA expenses are under budget by \$4.2M primarily due to lower consulting expenditures resulting from delayed timing of projects
- Other income and deductions are favorable against budget by \$13.9M primarily due to:
  - i. A \$5M realized gain on the sale of investments in the Nine Mile Decommissioning Fund
  - ii. higher interest rates on investments; and
  - iii. higher than budgeted investment balances
- Capital expenditures are under budget by \$2.5M due to the delayed start of the ERP system implementation

<i>(\$ in thousands)</i>	<b>June 30, 2019</b> Days Cash	<b>May 31, 2019</b> Days Cash
<b>Operating liquidity</b>		
Cash and cash equivalents	\$379,520	\$398,821
OPEB account cash, cash equivalents & investments	307,946	293,993
PSEG Long Island working capital requirements	292,035	313,577
<b>Total operating liquidity</b>	<b>979,501</b> 123 days	<b>1,006,391</b> 126 days
<b>Available credit</b>		
General Revenue Notes - Revolving Credit Facility	198,000	198,000
General Revenue Notes - Commercial Paper	383,700	453,700
<b>Total available credit</b>	<b>581,700</b>	<b>651,700</b>
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$1,561,201</b> 196 days	<b>\$1,658,091</b> 208 days
<b>Restricted cash</b>		
FEMA grant proceeds	44,380	60,313
UDSA	101,024	245,809
<b>Total restricted cash</b>	<b>\$145,404</b>	<b>\$306,122</b>

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

(\$ in thousands)

	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b><u>PSEG Long Island Operating Expenses</u></b>					
Transmission & Distribution	\$98,285	\$89,745	(\$8,540)	-9.5%	\$177,615
Customer Services	62,047	62,908	861	1.4%	126,620
Business Services	79,379	83,843	4,465	5.3%	170,975
Power Markets	5,463	7,270	1,807	24.9%	14,156
Energy Efficiency & Renewable Energy	41,489	44,693	3,204	7.2%	88,794
Utility 2.0	1,327	8,179	6,852	83.8%	16,359
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$287,989</b>	<b>\$296,639</b>	<b>\$8,650</b>	<b>2.9%</b>	<b>\$594,519</b>

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$8.5M primarily due to work related to reliability, safety and related training initiatives, and work ahead of schedule for both pole inspection/treatment and tree trimming
- Customer Services expenses are under budget by \$0.9M primarily due to timing of marketing spend
- Business Services expenses are under budget by \$4.5M due to lower labor costs and lower outside services spend
- Power Markets expenses are under budget by \$1.8M due to delays in filling vacancies and a delay in projects
- Energy Efficiency & Renewable Energy expenses are under budget by \$3.2M primarily due to increased activity in lower cost rebate programs
- Utility 2.0 is under budget by \$6.9M due to timing

(\$ in thousands)

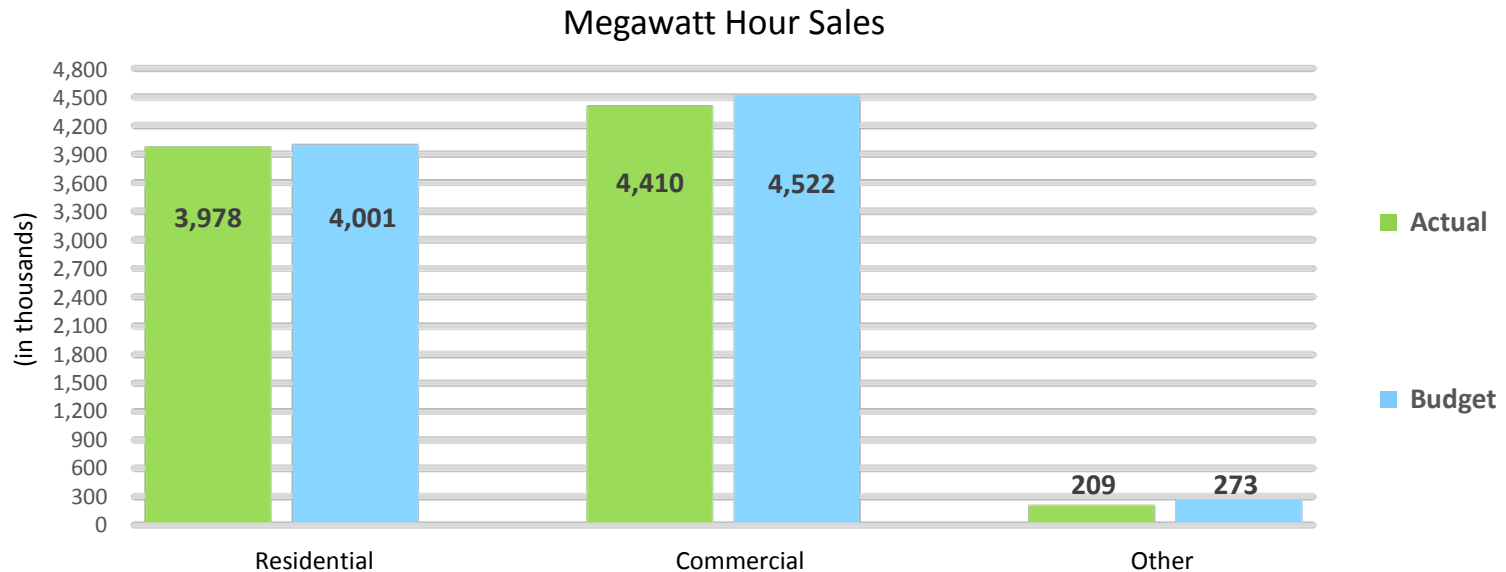
	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b><u>PSEG Long Island Managed Expenses</u></b>					
Uncollectible Accounts	\$9,195	\$8,794	(\$401)	-4.6%	\$19,867
Storm Restoration	28,967	27,390	(1,577)	-5.8%	\$54,854
NYS Assessment	4,260	4,200	(60)	-1.4%	\$9,453
Miscellaneous	944	1,510	566	37.5%	\$2,912
<b>Subtotal PSEG Long Island Managed Expenses</b>	<b>\$43,366</b>	<b>\$41,894</b>	<b>(\$1,472)</b>	<b>-3.5%</b>	<b>\$87,086</b>
Utility Depreciation	107,428	109,203	1,775	1.6%	\$226,118
PILOTs - Revenue-Based Taxes	14,688	15,253	565	3.7%	\$34,321
PILOTs - Property-Based Taxes	145,471	146,431	960	0.7%	\$292,861
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$310,953</b>	<b>\$312,781</b>	<b>\$1,828</b>	<b>0.6%</b>	<b>\$640,386</b>
<b>Other Income and Deductions</b>	<b>\$14,152</b>	<b>\$13,668</b>	<b>\$484</b>	<b>3.5%</b>	<b>\$25,854</b>

Note: Variance - favorable/(unfavorable)

- Storm Restoration is over budget by \$1.6M due to higher restoration costs as PSEG Long Island responded to six storms in 2019, one of which required mutual aid assistance that occurred on June 30th. As a point of reference, through June 2018, PSEG Long Island responded to ten storms, six of which included mutual aid assistance at the cost of \$63.0M

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	Actual	Budget	\$ Var.	% Var.	
<b>Total Revenue</b>	\$1,525,509	\$1,568,128	(\$42,619)	-2.7%	\$3,525,631
<b>Power Supply Charge</b>	792,190	828,342	36,152	4.4%	1,793,456
<b>Revenue Net of Power Supply Costs</b>	<b>\$733,319</b>	<b>\$739,786</b>	<b>(\$6,467)</b>	<b>-0.9%</b>	<b>\$1,732,175</b>

- Revenue, net of Power Supply Costs, is \$6.5M lower than budget primarily due to the Delivery Service Adjustment (DSA) resulting from higher than budgeted investment earnings of \$5.1M



- Sales of electricity were lower than budget by 199 GWh or -2.3% due to 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)

	June Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Transmission and Distribution</b>					
Regulatory Driven	\$3,676	\$5,327	\$1,651	31.0%	\$25,489
Load Growth	68,271	115,681	47,410	41.0%	262,030
Reliability	83,238	86,917	3,678	4.2%	190,518
Economic, Salvage, Tools, Equipment & Other	22,811	22,651	(160)	-0.7%	41,963
<b>Total Transmission and Distribution Projects</b>	<b>\$177,996</b>	<b>\$230,575</b>	<b>\$52,579</b>	<b>22.8%</b>	<b>\$519,999</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	15,290	23,412	8,122	34.7%	35,236
Customer Operations	7,688	8,438	750	8.9%	18,297
Other General Plant Projects	752	5,792	5,040	87.0%	8,944
Fleet	(224)	645	869	134.7%	5,495
Utility 2.0	27,872	33,642	5,770	17.2%	69,661
<b>Total Other Capital Expenditures</b>	<b>\$51,378</b>	<b>\$71,930</b>	<b>\$20,552</b>	<b>28.6%</b>	<b>\$137,633</b>
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$229,374</b>	<b>\$302,505</b>	<b>\$73,131</b>	<b>24.2%</b>	<b>\$657,632</b>
<b>FEMA</b>	64,117	80,751	16,634	20.6%	153,609
<b>Capital Storm</b>	723	1,747	1,024	58.6%	3,501
<b>Management Fee</b>	15,909	14,463	(1,446)	-10.0%	28,926
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$310,122</b>	<b>\$399,466</b>	<b>\$89,344</b>	<b>22.4%</b>	<b>\$843,668</b>
<b>Nine Mile Point 2</b>	<b>\$3,239</b>	<b>\$1,261</b>	<b>(\$1,978)</b>	<b>-156.9%</b>	<b>\$19,461</b>

Note: Variance - favorable/(unfavorable)

- Transmission and Distribution is under budget by \$52.6M due to changes in scope of work and other operational matters (i.e. permitting, clearance) for certain load growth projects
- IT Projects are under budget by \$8.1M driven by delays in project implementation
- Other General Plant projects are under budget by \$5.0M due to a delay in facility projects at certain National Grid leased facilities. National Grid is undertaking a property review; PSEG Long Island has put a hold on planned projects under these leases
- Utility 2.0 is under budget by \$5.8M due to timing
- FEMA is under budget by \$16.6M due to delays resulting from permitting issues and lower construction costs



Description	Original Total Project Cost		Total Project Actuals Through 6/30/19 (\$M)	Current Working Estimate (\$M)	Current Projected Completion Date
	Cost Estimate	Date of Cost Estimate			
Malverne Upgrade Substation & Distribution Feeder	\$18.1	2017	\$20.1	\$21.6	Dec-19
Southampton to Canal: Transmission	\$29.5	2018	\$19.3	\$22.3	May-19
Two Way Radio System Replacement	\$42.1	2017	\$29.2	\$47.7	Mar-20
Belmont New Substation	\$51.3	2017	\$2.5	\$50.8	Jul-20
Berry St.: New Substation	\$36.2	2017	\$29.4	\$43.2	Jun-21
Hempstead: New Substation	\$33.2	2017	\$23.9	\$36.4	Oct-20
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$3.7	\$54.3	Dec-20
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$13.8	\$183.9	Dec-20
Kings Highway: New Substation	\$54.0	2017	\$35.7	\$69.0	Dec-20
Bridgehampton to Buell: Transmission	\$46.1	2017	\$0.6	\$46.2	Jun-21
Riverhead to Canal: Transmission	\$191.5	2017	\$0.4	\$105.3	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$8.7	\$64.6	Jun-22
Navy Road New Substation	\$33.5	2017	\$8.0	\$38.6	Jan-23
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$1.4	\$51.8	Jun-22
Massapequa New Substation	\$22.7	2017	\$0.2	\$29.7	Jun-22
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$84.0	May-23
Substation Security Expansion Project	\$52.9	2017	\$9.5	\$57.4	Dec-23
<b>Total</b>	<b>\$1,020.6</b>		<b>\$206.6</b>	<b>\$1,006.8</b>	