



CFO Report

September 25, 2019

LIPA CREDIT RATINGS AT ALL TIME HIGH

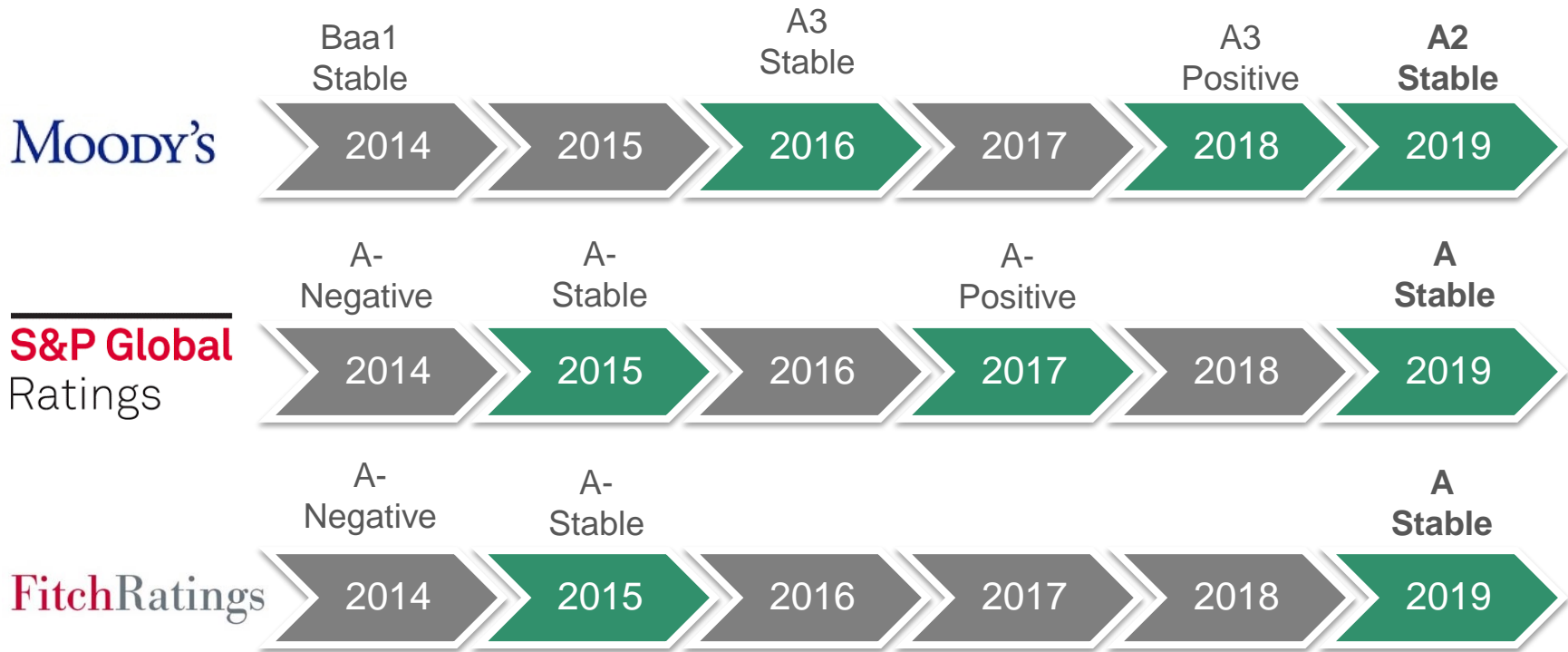


“The turnaround of the Long Island Power Authority entered a new chapter last week with three rating upgrades.”

Bond Buyer, September 9, 2019

Credit Rating Changes Since LIPA Reform Act

Moody's, S&P, and Fitch Upgrade LIPA to A2/A/A



2015 Rate Case set goal to achieve “mid single-A (A2/A/A) credit ratings within 5 years,” which has now been achieved

Benefits of Higher Credit Ratings

Increased credit ratings provide financial benefit to customers

- **Lower borrowing costs**
 - Lower interest rates on LIPA's debt
 - Lower fees on LIPA's letters of credit
- **Lower cash collateral postings**
 - \$20 million higher unsecured credit available from electric and commodity market counterparties for energy trading
 - Results in higher available cash on hand; lower borrowing needs
- **LIPA bonds sold in September 2019 at interest rate spreads 0.5% to 0.7% lower than five years ago**

LIPA Consolidated Results – August 2019

(\$ in thousands)	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$2,428,610	\$2,438,660	(\$10,050)	-0.4%	\$3,525,631
Power Supply Charge	1,210,700	1,236,073	25,373	2.1%	1,793,456
Revenue Net of Power Supply Costs	\$1,217,910	\$1,202,587	\$15,323	1.3%	\$1,732,175
PSEG Long Island Operating Expenses	\$378,602	\$396,267	\$17,665	4.5%	\$594,519
PSEG Long Island Managed Expenses	445,884	426,333	(19,551)	-4.6%	640,386
LIPA Managed Expenses	379,404	387,238	7,834	2.0%	581,422
Total Expenses	\$1,203,890	\$1,209,838	\$5,948	0.5%	\$1,816,327
Other Income and Deductions	\$50,576	\$26,456	\$24,120	91.2%	\$43,850
Grant Income	19,576	19,277	299	1.6%	35,878
Total Non-Operating Revenue	\$70,152	\$45,733	\$24,419	53.4%	\$79,728
Change in Net Position	\$84,172	\$38,482	\$45,690	118.7%	(\$4,424)

Note: Variance - favorable/(unfavorable)

LIPA Liquidity Position – August 2019

<i>(\$ in thousands)</i>	August 31, 2019 Days Cash	July 31, 2019 Days Cash
Operating liquidity		
Cash and cash equivalents	\$373,148	\$398,910
OPEB account cash, cash equivalents & investments	307,413	309,194
PSEG Long Island working capital requirements	307,925	280,233
Total operating liquidity	988,486 124 days	988,337 124 days
Available credit		
General Revenue Notes - Revolving Credit Facility	198,000	198,000
General Revenue Notes - Commercial Paper	433,700	383,700
Total available credit	631,700	581,700
Total cash, cash equivalents, investments & available credit	\$1,620,186 203 days	\$1,570,037 197 days
Restricted cash		
FEMA grant proceeds	29,376	40,104
UDSA	153,914	125,922
Total restricted cash	\$183,290	\$166,026

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

Capital Expenditures – August 2019

(\$ in thousands)

	August Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Transmission and Distribution					
Regulatory Driven	\$4,796	\$7,235	\$2,439	33.7%	\$25,489
Load Growth	90,871	156,049	65,178	41.8%	262,030
Reliability	109,956	122,073	12,117	9.9%	190,518
Economic, Salvage, Tools, Equipment & Other	29,628	27,498	(2,129)	-7.7%	41,963
Total Transmission and Distribution Projects	\$235,251	\$312,856	\$77,605	24.8%	\$519,999
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	19,055	27,827	8,773	31.5%	35,236
Customer Operations	10,676	11,158	482	4.3%	18,297
Other General Plant Projects	1,175	7,068	5,893	83.4%	8,944
Fleet	(50)	645	695	107.7%	5,495
Utility 2.0	39,500	45,785	6,285	13.7%	69,661
Total Other Capital Expenditures	\$70,356	\$92,483	\$22,128	23.9%	\$137,633
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$305,606	\$405,339	\$99,733	24.6%	\$657,632
FEMA	82,431	107,264	24,833	23.2%	153,609
Capital Storm	811	2,402	1,591	66.2%	3,501
Management Fee	22,765	19,284	(3,481)	-18.1%	28,926
Total PSEG Long Island Capital Expenditures	\$411,614	\$534,289	\$122,675	23.0%	\$843,668
Nine Mile Point 2	\$4,112	\$10,752	\$6,639	61.8%	\$19,461

Note: Variance - favorable/(unfavorable)

KEY TAKEAWAYS

01 LIPA secured three upgrades which benefits our customers through lower interests costs

02 LIPA maintains solid footing to meet or exceed our financial targets