



LONG ISLAND POWER AUTHORITY

December 2019
Finance and Audit Committee

LIPA CONSOLIDATED RESULTS – NOVEMBER 2019

(\$ in thousands)	November Year to Date				Annual ¹
	Actual	Budget ¹	\$ Var.	% Var.	Budget
Revenues	\$3,292,075	\$3,274,542	\$17,533	0.5%	\$3,525,631
Power Supply Charge	1,648,293	1,658,151	9,858	0.6%	1,793,456
Revenue Net of Power Supply Costs	\$1,643,782	\$1,616,391	\$27,391	1.7%	\$1,732,175
PSEG Long Island Operating Expenses	\$522,080	\$531,920	\$9,840	1.8%	\$581,919
PSEG Long Island Managed Expenses	620,139	586,030	(34,109)	-5.8%	640,386
LIPA Managed Expenses	527,168	533,264	6,096	1.1%	581,422
Total Expenses	\$1,669,387	\$1,651,214	(\$18,173)	-1.1%	\$1,803,727
Other Income and Deductions	\$63,702	\$35,762	\$27,940	78.1%	\$43,850
Grant Income	28,710	28,529	181	0.6%	35,878
Total Non-Operating Revenue	\$92,412	\$64,291	\$28,121	43.7%	\$79,728
Change in Net Position	\$66,807	\$29,468	\$37,339	126.7%	\$8,176

Note: Variance - favorable/(unfavorable)

¹ Reflects proposed budget amendment carryover of \$12.6M related to Utility 2.0

LIPA MANAGED EXPENSES AND INCOME – NOVEMBER 2019

<i>(\$ in thousands)</i>	November Year to Date				Annual
	Actual	Budget	\$ Var.	% Var.	Budget
LIPA Expenses					
LIPA Operating Expenses	\$68,468	\$78,068	\$9,600	12.3%	\$85,419
LIPA Depreciation and Amortization	102,449	103,296	847	0.8%	112,687
LIPA Deferred Amortized Expenses	22,930	22,924	(6)	0.0%	25,015
Interest Expense, Other Interest Costs and Interest Amortizations	333,321	328,976	(4,345)	-1.3%	358,301
Total Expenses	\$527,168	533,264	\$6,096	1.1%	\$581,422
Other Income and Deductions	\$42,449	\$11,925	\$30,524	256.0%	\$17,996
Grant Income	28,710	28,529	181	0.6%	35,878
Total Income	\$71,159	\$40,454	\$30,705	75.9%	\$53,874
LIPA Capital Expenditures	\$1,253	\$5,225	\$3,972	76.0%	\$5,700

Note: Variance - favorable/(unfavorable)

- LIPA expenses are under budget by \$6.1M primarily due to lower consulting expenses resulting from project timing delays
- Other income and deductions are favorable against budget by \$30.7M primarily due to:
 - Realized gains totaling \$15M on the sale of investments in the Nine Mile Decommissioning Fund
 - Higher interest rates on investments and higher than budgeted investment balances
- Capital expenditures are under budget by \$4.0M due to the delayed start of the ERP system implementation

LIPA LIQUIDITY POSITION – NOVEMBER 2019

(\$ in thousands)

	November 30, 2019	Days Cash	October 31, 2019	Days Cash
Operating liquidity				
Cash and cash equivalents	\$828,375		\$885,842	
OPEB account cash, cash equivalents & investments	322,388		315,900	
PSEG Long Island working capital requirements	336,181		330,371	
Total operating liquidity	1,486,944	186 days	1,532,113	192 days
Available credit				
General Revenue Notes - Revolving Credit Facility	198,000		198,000	
General Revenue Notes - Commercial Paper	545,000		550,000	
Total available credit	743,000		748,000	
Total cash, cash equivalents, investments & available credit	\$2,229,944	280 days	\$2,280,113	286 days
Restricted cash				
FEMA grant proceeds	11,124		15,715	
UDSA	246,326		224,365	
Total restricted cash	\$257,450		\$240,080	

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

PSEG LONG ISLAND OPERATING EXPENSES – NOVEMBER 2019

(\$ in thousands)

	November Year to Date				Annual ¹
	Actual	Budget ¹	\$ Var.	% Var.	Budget
PSEG Long Island Operating Expenses					
Transmission & Distribution	\$169,429	\$163,983	(\$5,446)	-3.3%	\$177,615
Customer Services	113,112	115,742	2,630	2.3%	126,620
Business Services	145,726	154,925	9,199	5.9%	170,975
Power Markets	11,077	12,841	1,764	13.7%	14,156
Energy Efficiency & Renewable Energy	78,759	82,033	3,274	4.0%	88,794
Utility 2.0	3,976	2,396	(1,580)	-65.9%	3,759
Total PSEG Long Island Operating Expenses	\$522,080	\$531,920	\$9,840	1.8%	\$581,919

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$5.4M primarily due to work related to reliability, safety and training initiatives
- Customer Services expenses are under budget by \$2.6M primarily due to savings from Utility 2.0
- Business Services expenses are under budget by \$9.2M due to a delay in projects, lower outside services costs and open vacancies
- 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 \$3.3M primarily due to increased activity in lower cost rebate programs

¹Reflects budget amendment carryover of \$12.6M related to Utility 2.0 (timing and delays of IT functionalities for Smart Meters projects and procurement delays for Energy Efficiency programs)

PSEG LONG ISLAND MANAGED EXPENSES – NOVEMBER 2019

(\$ in thousands)

	November Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<u>PSEG Long Island Managed Expenses</u>					
Uncollectible Accounts	\$16,105	\$18,430	\$2,325	12.6%	\$19,867
Storm Restoration	86,068	49,756	(36,312)	-73.0%	\$54,854
NYS Assessment	9,256	8,780	(476)	-5.4%	\$9,453
Utility Depreciation	206,345	206,091	(254)	-0.1%	\$226,118
PILOTs - Revenue-Based Taxes	32,200	31,844	(356)	-1.1%	\$34,321
PILOTs - Property-Based Taxes	268,051	268,456	405	0.2%	\$292,861
Miscellaneous	2,114	2,674	560	20.9%	\$2,912
Total PSEG Long Island Managed Expenses	\$620,139	\$586,030	(\$34,109)	-5.8%	\$640,386
Other Income and Deductions	\$21,253	\$23,837	(\$2,584)	-10.8%	\$25,854

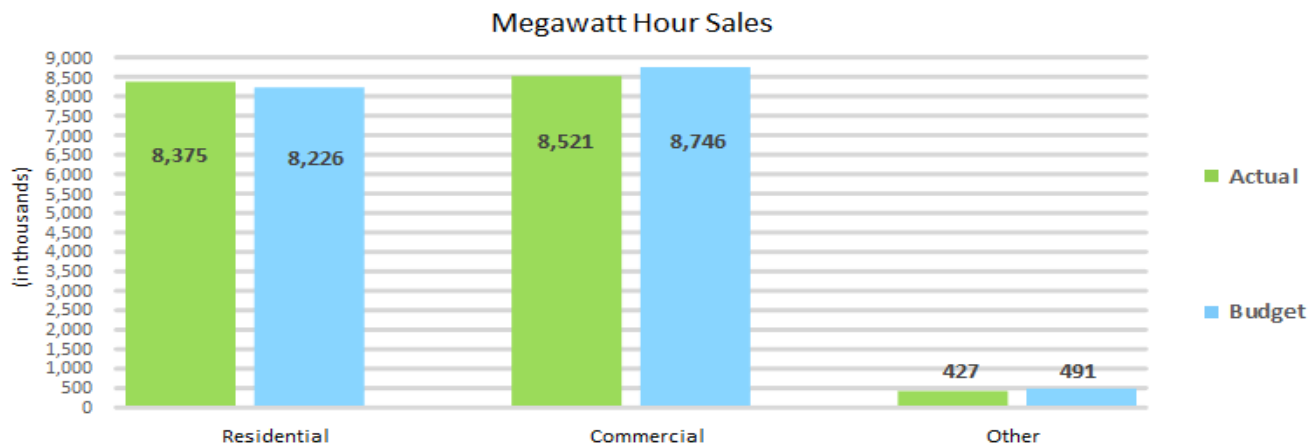
Note: Variance - favorable/(unfavorable)

- Storm Restoration is over budget by \$36.3M due to higher restoration costs as PSEG Long Island responded to twelve storms in 2019, five of which included mutual aid assistance. As a point of reference, through November 2018, PSEG Long Island responded to eighteen storms, six of which included mutual aid assistance at the cost of \$88.8M

PSEG LONG ISLAND REVENUE VARIANCE – NOVEMBER 2019

(\$ in thousands)	November Year to Date			% Var.	Annual Budget
	Actual	Budget	\$ Var.		
Total Revenue	\$3,292,075	\$3,274,542	\$17,533	0.5%	\$3,525,631
Power Supply Charge	1,648,293	1,658,151	9,858	0.6%	1,793,456
Revenue Net of Power Supply Costs	\$1,643,782	\$1,616,391	\$27,391	1.7%	\$1,732,175

- Revenue, net of Power Supply Costs, is \$27.4M higher than budget primarily due to the (1) Delivery Service Adjustment (DSA) resulting from (i) higher than budgeted storm expense of \$36.3M, partially offset by (ii) higher than budgeted investment earnings of \$8.6M and (2) lower miscellaneous revenue



- Sales of electricity were lower than budget by 140 GWh or -0.8% 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

CAPITAL EXPENDITURES – NOVEMBER 2019

(\$ in thousands)

	November Year to Date				Annual ¹
	Actual	Budget ¹	\$ Var.	% Var.	Budget
Transmission and Distribution					
Regulatory Driven	\$6,724	\$22,335	\$15,611	69.9%	\$25,489
Load Growth	143,692	233,679	89,987	38.5%	262,030
Reliability	167,906	172,983	5,077	2.9%	190,518
Economic, Salvage, Tools, Equipment & Other	43,157	37,899	(5,259)	-13.9%	41,963
Total Transmission and Distribution Projects	\$361,480	\$466,896	\$105,417	22.6%	\$519,999
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	28,290	33,475	5,185	15.5%	35,236
Customer Operations	14,178	16,062	1,884	11.7%	18,297
Other General Plant Projects	2,317	8,585	6,268	73.0%	8,944
Fleet	1,910	2,485	575	23.2%	5,495
Utility 2.0	55,205	63,910	8,706	13.6%	69,661
Total Other Capital Expenditures	\$101,900	\$124,517	\$22,618	18.2%	\$137,633
Budget Amendment Carryover¹		(\$56,900)			(\$56,900)
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$463,379	\$534,514	\$71,134	13.3%	\$600,732
FEMA	106,229	144,144	37,914	26.3%	153,609
Capital Storm	3,437	3,174	(264)	-8.3%	3,501
Management Fee	28,563	26,516	(2,048)	-7.7%	28,926
Total PSEG Long Island Capital Expenditures	\$601,609	\$708,347	\$106,737	15.1%	\$786,768
Nine Mile Point 2	\$21,276	\$19,081	(\$2,195)	-11.5%	\$19,461

Note: Variance - favorable/(unfavorable)

- T&D is under budget \$105.4M due to load growth and reliability project delays resulting from public outreach and delays in permitting/clearance
- IT Projects are under budget \$5.2M driven by delays in project implementation
- Other General Plant projects are under budget \$6.3M due to a postponement in facility projects at certain leased facilities due to National Grid property review;
- Utility 2.0 is under budget \$8.7M due to IT project delays partially offset by AMI deployment being ahead of schedule
- FEMA is under budget \$37.9M due to lower contracted construction costs and delays resulting from permitting issues

¹Reflected proposed budget amendment carryover for T&D \$44.3M, IT \$4.7M, Other General Plant Projects \$3.3M and U2.0 \$9.1M offset by \$4.5M for accelerated AMI Smart Meter replacement, resulting in a net change of \$56.9M

PSEG LONG ISLAND MAJOR CAPITAL EXPENDITURES – OVER \$25M (TOTAL PROJECT COST) – NOVEMBER 2019

Description	Original Total Project Cost		Total Project Actuals Through 11/30/19 (\$M)	Current Working Estimate (\$M)	Current Projected Completion Date
	Cost Estimate	Date of Cost Estimate			
Malverne Upgrade Substation & Distribution Feeder	\$18.1	2017	\$22.3	\$24.3	Dec-19
Southampton to Canal: Transmission	\$29.5	2018	\$19.3	\$29.8	May-19
Two Way Radio System Replacement	\$42.1	2017	\$32.9	\$47.7	Mar-20
Belmont New Substation	\$51.3	2017	\$9.1	\$44.4	Jul-20
Berry St.: New Substation	\$36.2	2017	\$29.6	\$43.2	Jun-21
Hempstead: New Substation	\$33.2	2017	\$29.1	\$36.7	Oct-20
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$4.0	\$54.3	Jun-22
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$16.8	\$161.4	Dec-20
Kings Highway: New Substation	\$54.0	2017	\$42.0	\$55.1	Dec-20
Bridgehampton to Buell: Transmission	\$46.1	2017	\$0.9	\$59.6	Jun-23
Riverhead to Canal: Transmission	\$191.5	2017	\$3.7	\$105.3	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$16.0	\$63.6	Jun-22
Navy Road New Substation	\$33.5	2017	\$9.3	\$31.7	Dec-22
Fire Island Pines New Circuit to Ocean Beach	\$51.1	2017	\$1.5	\$50.8	Jun-23
Massapequa New Substation	\$22.7	2017	\$0.6	\$29.7	Jun-23
Transmission Operations Control Room Facility Replacement	\$84.0	2018	\$0.0	\$84.0	May-23
Substation Security Expansion Project	\$52.9	2017	\$9.8	\$57.4	Dec-23
Total	\$1,020.6		\$246.8	\$979.0	

PLAN OF FINANCE UPDATE

- On December 6th, LIPA executed a forward interest rate swap to lock in low current interest rate levels for the future refunding (9/1/2022) of our \$250 million Series 2012 General Revenue Bonds. LIPA secured an interest rate of 1.857% that will generate a net present value savings equal to approximately \$83 million as the Series 2012A coupon rate is 5%.
- LIPA called for redemption \$14 million of its taxable 2014B Bonds with cash on hand. This redemption is an efficient use of cash as the bonds pay 3.407%.