



# LONG ISLAND POWER AUTHORITY

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CFO Report – February 2020

# LIPA CONSOLIDATED RESULTS – DECEMBER 2019

(\$ in thousands)	December Year to Date			
	Actual <sup>1</sup>	Budget <sup>2</sup>	\$ Var.	% Var.
<b>Revenues</b>	<b>\$3,533,964</b>	<b>\$3,513,000</b>	<b>\$20,964</b>	<b>0.6%</b>
Power Supply Charge	1,799,907	1,793,456	(6,451)	-0.4%
<b>Revenue Net of Power Supply Costs</b>	<b>\$1,734,057</b>	<b>\$1,719,544</b>	<b>\$14,514</b>	<b>0.8%</b>
PSEG Long Island Operating Expenses	\$581,242	\$581,889	\$647	0.1%
PSEG Long Island Managed Expenses	665,180	640,386	(24,793)	-3.9%
LIPA Managed Expenses	572,735	581,422	8,687	1.5%
<b>Total Expenses</b>	<b>\$1,819,157</b>	<b>\$1,803,697</b>	<b>(\$15,460)</b>	<b>-0.9%</b>
Other Income and Deductions	\$72,667	\$43,850	\$28,817	65.7%
Grant Income	35,916	35,878	39	0.1%
<b>Total Non-Operating Revenue</b>	<b>\$108,583</b>	<b>\$79,728</b>	<b>\$28,856</b>	<b>36.2%</b>
<b>Change in Net Position</b>	<b>\$23,483</b>	<b>(\$4,425)</b>	<b>\$27,908</b>	<b>630.7%</b>

Note: Variance - favorable/(unfavorable)

<sup>1</sup> Year-end results are unaudited, subject to change

<sup>2</sup> Reflects approved budget amendment of \$12.6M related to U2.0

# LIPA LIQUIDITY POSITION – DECEMBER 2019

(\$ in thousands)

	December 31, 2019	Days Cash	November 30, 2019	Days Cash
<b>Operating liquidity</b>				
Cash and cash equivalents	\$742,945		\$828,375	
OPEB account cash, cash equivalents & investments	386,262		322,388	
PSEG Long Island working capital requirements	248,499		336,181	
<b>Total operating liquidity</b>	<b>1,377,706</b>	<b>173 days</b>	<b>1,486,944</b>	<b>186 days</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	198,000		198,000	
General Revenue Notes - Commercial Paper	510,000		545,000	
<b>Total available credit</b>	<b>708,000</b>		<b>743,000</b>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$2,085,706</b>	<b>262 days</b>	<b>\$2,229,944</b>	<b>280 days</b>
<b>Restricted cash</b>				
FEMA grant proceeds	1,732		11,124	
UDSA	109,049		246,326	
<b>Total restricted cash</b>	<b>\$110,781</b>		<b>\$257,450</b>	

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

# CAPITAL EXPENDITURES – DECEMBER 2019

(\$ in thousands)

	December Year to Date			
	Actual <sup>1</sup>	Budget <sup>2</sup>	\$ Var.	% Var.
<b>Transmission and Distribution</b>				
Regulatory Driven	\$29,739	\$25,489	(\$4,250)	-16.7%
Load Growth	174,527	262,030	87,503	33.4%
Reliability	190,232	190,518	285	0.1%
Economic, Salvage, Tools, Equipment & Other	52,184	41,963	(10,221)	-24.4%
<b>Total Transmission and Distribution Projects</b>	<b>\$446,682</b>	<b>\$519,999</b>	<b>\$73,317</b>	<b>14.1%</b>
<b>Other PSEG Long Island Capital Expenditures</b>				
Information Technology Projects	34,569	35,236	667	1.9%
Customer Operations	17,709	18,297	588	3.2%
Other General Plant Projects	4,639	8,944	4,305	48.1%
Fleet	6,413	5,495	(918)	-16.7%
Utility 2.0 <sup>1</sup>	59,548	65,061	5,513	8.5%
<b>Total Other Capital Expenditures</b>	<b>\$122,879</b>	<b>\$133,033</b>	<b>\$10,155</b>	<b>7.6%</b>
<b>Budget Amendment Carryover<sup>1</sup></b>		<b>(\$52,300)</b>		
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$569,561</b>	<b>\$600,733</b>	<b>\$31,172</b>	<b>5.2%</b>
<b>FEMA</b>	116,363	153,609	37,246	24.2%
<b>Capital Storm</b>	4,109	3,501	(608)	-17.4%
<b>Management Fee</b>	31,509	28,926	(2,583)	-8.9%
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$721,541</b>	<b>\$786,769</b>	<b>\$65,228</b>	<b>8.3%</b>
<b>Nine Mile Point 2</b>	<b>\$23,254</b>	<b>\$19,461</b>	<b>(\$3,793)</b>	<b>-19.5%</b>

<sup>1</sup> Year-end results are unaudited, subject to change

<sup>2</sup> Reflects approved budget amendment

Note: Variance - favorable/(unfavorable)

# UPDATE ON 2020 PLAN OF FINANCE

- In 2019, LIPA issued an RFP to replace expiring Letters of Credit (LOC) and an expiring total return swap
- LIPA staff along with its financial advisor reviewed 8 responses offering bank products and 11 responses with capital market ideas

## **Recommendation:**

- Accept bids from 4 banks that provide for LOC tenor extension, fee reduction and upsizing
- Accept a 3-year extension and fee reduction on an expiring \$200 million total return swap

## **Benefits/Savings:**

- Current LOC program costs on average 51 bps per facility with expirations over 3 years
- Recommended program costs on average 43 bps per facility with expirations over 5 years
- Approximate savings of \$1 million per year
- Increases average tenor thereby mitigating renewal risk
- Increases total capacity by \$200 million

# PLAN OF FINANCE 2020

- Minimized renewal risk by spreading out expiration dates and taking advantage of recent credit rating upgrades to achieve historically attractive costs

