



# LONG ISLAND POWER AUTHORITY

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CFO Report – March 2020

# LIPA CONSOLIDATED RESULTS – FEBRUARY 2020

(\$ in thousands)	February Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Revenues</b>	<b>\$491,381</b>	<b>\$535,564</b>	<b>(\$44,183)</b>	<b>-8.2%</b>	<b>\$3,676,860</b>
Power Supply Charge	251,823	288,670	36,847	12.8%	1,845,571
<b>Revenue Net of Power Supply Costs</b>	<b>\$239,558</b>	<b>\$246,894</b>	<b>(\$7,335)</b>	<b>-3.0%</b>	<b>\$1,831,289</b>
PSEG Long Island Operating Expenses	\$95,616	\$101,119	\$5,503	5.4%	\$621,251
PSEG Long Island Managed Expenses	108,582	115,337	6,732	5.8%	713,161
LIPA Managed Expenses	95,593	97,957	2,365	2.4%	591,435
<b>Total Expenses</b>	<b>\$299,791</b>	<b>\$314,413</b>	<b>\$14,622</b>	<b>4.7%</b>	<b>\$1,925,847</b>
Other Income and Deductions	9,178	8,241	937	11.4%	\$57,129
Grant Income	2,533	2,532	1	0.0%	40,960
<b>Total Non-Operating Revenue</b>	<b>\$11,711</b>	<b>\$10,773</b>	<b>\$938</b>	<b>8.7%</b>	<b>\$98,089</b>
<b>Change in Net Position</b>	<b>(\$48,522)</b>	<b>(\$56,746)</b>	<b>\$8,224</b>	<b>14.5%</b>	<b>\$3,531</b>

Note: Variance - favorable/(unfavorable)

# LIPA LIQUIDITY POSITION – FEBRUARY 2020

(\$ in thousands)

	February 29, 2020	Days Cash	January 31, 2020	Days Cash
<b>Operating liquidity</b>				
Cash and cash equivalents	\$582,544		\$638,374	
OPEB account cash, cash equivalents & investments	368,830		385,779	
PSEG Long Island working capital requirements	305,584		220,738	
<b>Total operating liquidity</b>	<b>1,256,958</b>	<b>154 days</b>	<b>1,244,891</b>	<b>152 days</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	198,000		198,000	
General Revenue Notes - Commercial Paper	415,000		415,000	
<b>Total available credit</b>	<b>613,000</b>		<b>613,000</b>	
<b>Total cash, cash equivalents, investments &amp; available credit</b>	<b>\$1,869,958</b>	<b>229 days</b>	<b>\$1,857,891</b>	<b>227 days</b>
<b>Restricted cash</b>				
FEMA grant proceeds	1,736		1,734	
UDSA	155,652		131,918	
<b>Total restricted cash</b>	<b>\$157,388</b>		<b>\$133,652</b>	

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

# CAPITAL EXPENDITURES – FEBRUARY 2020

(\$ in thousands)

	February Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<b>Transmission and Distribution</b>					
Regulatory Driven	\$5,972	\$16,448	\$10,476	63.7%	\$101,435
Load Growth	32,452	44,496	12,044	27.1%	225,520
Reliability	30,265	29,328	(937)	-3.2%	200,186
Economic, Salvage, Tools, Equipment & Other	8,080	11,146	3,066	27.5%	39,464
<b>Total Transmission and Distribution Projects</b>	<b>\$77,776</b>	<b>\$102,634</b>	<b>\$24,858</b>	<b>24.2%</b>	<b>\$566,605</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects	3,603	4,660	1,057	22.7%	42,883
Customer Operations	1,092	3,277	2,185	66.7%	22,181
Other General Plant Projects	750	466	(284)	-61.1%	13,027
Fleet	100	-	(100)	n/a	8,875
Utility 2.0	5,711	12,791	7,080	55.4%	67,208
<b>Total Other Capital Expenditures</b>	<b>\$11,256</b>	<b>\$21,193</b>	<b>\$9,937</b>	<b>46.9%</b>	<b>\$154,174</b>
<b>Total PSEG Long Island Capital Expenditures Excluding FEMA</b>	<b>\$89,032</b>	<b>\$123,828</b>	<b>\$34,796</b>	<b>28.1%</b>	<b>\$720,779</b>
<b>FEMA</b>	22,340	25,735	3,395	13.2%	58,665
<b>Capital Storm</b>	-	989	989	100.0%	5,934
<b>Management Fee</b>	5,342	5,048	(294)	-5.8%	30,290
<b>Total PSEG Long Island Capital Expenditures</b>	<b>\$116,714</b>	<b>\$155,600</b>	<b>\$38,885</b>	<b>25.0%</b>	<b>\$815,668</b>
<b>Nine Mile Point 2</b>	<b>\$6,674</b>	<b>\$7,455</b>	<b>\$781</b>	<b>10.5%</b>	<b>\$15,760</b>

Note: Variance - favorable/(unfavorable)

- T&D is under budget \$24.9M due to lower spending on (i) load growth projects resulting from delays in operational matters (i.e. permitting, clearance) and (ii) regulatory driven projects due to the timing of material purchases
- Customer Operations are under budget \$2.2M primary due to the timing of meter purchases
- IT Projects are under budget \$1.0M driven by delays in project implementation
- Utility 2.0 is under budget by \$7.1M due to delays in the AMI deployment resulting from procurement delays
- FEMA is under budget \$3.4M due to delays resulting from construction schedule change and lower contracted construction costs

# 2020 Plan of Finance Update

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- Staff continues to pursue opportunities to take advantage of current market conditions, including
  - Interest rate or forward starting swaps to lock in historically low rates

**March 27, 2020**

**TO:** The Board of Trustees

**FROM:** Thomas Falcone

**SUBJECT:** Informational Item -- Request for Proposals (“RFP”) Relating to the Selection of Underwriters and/or Swap Counterparties

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**Background**

LIPA engages the services of underwriters, dealers, and swap counterparties on a regular basis and maintains a pool of qualified firms for its financings.

On December 17, 2019, 23 firms responded to an RFP to create an underwriting pool, of which four were New York State Minority Business Enterprise (MBE), one was a New York State Woman Business Enterprise (“WBE”) and four were New York State Service-Disabled Veteran Owned Businesses.

The RFP indicated that qualified underwriters would be divided into a minimum of three pools: senior managers for LIPA, senior managers for the Utility Debt Securitization Authority (“UDSA”) and co-managers. Proposers could also submit proposals for remarketing agent and/or broker dealer for variable-rate debt, notes, and commercial paper and to serve as swap counterparties for interest rate derivatives.

Each of the proposals were evaluated by a selection committee comprised of LIPA staff and LIPA’s financial advisor, PFM. The proposals were first reviewed for compliance with the terms of the RFP and then evaluated against the criteria set forth in the RFP.

Based on the written submissions and an assessment of LIPA’s needs, the selection committee concluded that the pools of investment banks set forth below possess the skills and experience necessary to fulfill LIPA’s needs. In particular, the firms selected as senior managing underwriters offer LIPA broad-based experience with large public power clients, demonstrate a superior understanding of LIPA’s financings, and present high quality ideas related thereto.

As the compensation for the underwriters and co-managers are negotiated on a deal-by-deal basis and approved at that time by the State Comptroller, cost was not part of the RFP evaluation process to establish the pool of qualified firms.

As a component of each transaction, the Board approves the specific underwriters, and dealers at that time. As such, this selection and the creation of a qualified pool is an informational item for the Board but does not require approval at this time.

**Senior Managing Underwriters -- LIPA:**

Barclays Capital Inc.  
Citigroup Global Markets Inc.  
Goldman Sachs & Co.  
J.P. Morgan Securities, LLC  
UBS Financial Services, Inc.  
BofA Securities, Inc.  
Morgan Stanley & Co. LLC  
Ramirez & Co., Inc. - MBE  
RBC Capital Markets, LLC  
Siebert Williams Shank & Co, LLC - MBE  
Wells Fargo Bank NA  
Loop Capital Markets LLC - MBE  
TD Securities (USA) LLC

**Senior Managing Underwriters -- UDSA:**

Barclays Capital Inc.  
Citigroup Global Markets Inc.  
Goldman Sachs & Co.  
J.P. Morgan Securities, LLC  
UBS Financial Services, Inc.  
BofA Securities, Inc.  
Morgan Stanley & Co. LLC  
RBC Capital Markets, LLC  
Wells Fargo Bank NA  
Loop Capital Markets LLC - MBE  
TD Securities (USA) LLC

**Co-Managing Underwriters:**

Barclays Capital Inc.  
Citigroup Global Markets Inc.  
Goldman Sachs & Co.  
J.P. Morgan Securities, LLC  
UBS Financial Services, Inc.  
BofA Securities, Inc.  
Morgan Stanley & Co. LLC  
Ramirez & Co., Inc. - MBE  
RBC Capital Markets, LLC  
Siebert Williams Shank & Co, LLC - MBE  
Wells Fargo Bank NA  
Loop Capital Markets LLC - MBE  
TD Securities (USA) LLC  
Drexel Hamilton LLC -SDVOB  
Raymond James & Associates Inc

**Remarketing Agent/Broker Dealer**

Barclays Capital Inc.  
Citigroup Global Markets Inc.  
Goldman Sachs & Co.  
J.P. Morgan Securities, LLC  
Loop Capital Markets LLC - MBE  
Morgan Stanley & Co. LLC  
Ramirez & Co., Inc. - MBE  
RBC Capital Markets, LLC  
BofA securities, Inc.  
TD Securities (USA) LLC  
Wells Fargo Bank NA  
Stern Brothers & Co.

**Swap Counterparties:**

Barclays Capital Inc.  
Citigroup Global Markets Inc.  
Goldman Sachs & Co.  
Morgan Stanley & Co. LLC  
RBC Capital Markets, LLC  
TD Securities (USA) LLC  
Wells Fargo Bank NA  
BofA Securities, Inc.