



LONG ISLAND POWER AUTHORITY

June 2020
Finance and Audit Committee

LIPA CONSOLIDATED RESULTS – MAY 2020

(\$ in thousands)	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Revenues	\$1,225,441	\$1,284,451	(\$59,010)	-4.6%	\$3,676,860
Power Supply Charge	637,723	686,834	49,111	7.2%	1,845,571
Revenue Net of Power Supply Costs	\$587,718	\$597,617	(\$9,899)	-1.7%	\$1,831,289
PSEG Long Island Operating Expenses	\$249,638	\$255,347	\$5,709	2.2%	\$621,251
PSEG Long Island Managed Expenses	281,916	288,330	6,414	2.2%	713,161
LIPA Managed Expenses	238,469	245,323	6,854	2.8%	591,435
Total Expenses	\$770,023	\$789,000	\$18,977	2.4%	\$1,925,847
Other Income and Deductions	\$23,567	\$20,902	\$2,665	12.7%	\$57,129
Grant Income	12,655	12,646	9	0.1%	40,960
Total Non-Operating Revenue	\$36,222	\$33,548	\$2,674	8.0%	\$98,089
Change in Net Position	(\$146,083)	(\$157,835)	\$11,752	7.4%	\$3,531

Note: Variance - favorable/(unfavorable)

LIPA MANAGED EXPENSES AND INCOME – MAY 2020

<i>(\$ in thousands)</i>	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
LIPA Expenses					
LIPA Operating Expenses	\$29,554	\$36,194	\$6,640	18.3%	\$89,761
LIPA Depreciation and Amortization	46,600	46,952	352	0.7%	112,687
LIPA Deferred Amortized Expenses	10,423	10,423	-	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	151,892	151,754	(138)	-0.1%	363,973
Total Expenses	238,469	245,323	6,854	2.8%	\$591,435
Other Income and Deductions	\$12,077	\$10,397	\$1,680	16.2%	\$32,824
Grant Income	12,655	12,646	9	0.1%	40,960
Total Income	\$24,732	\$23,043	\$1,689	7.3%	\$73,784
LIPA Capital Expenditures	\$1,243	\$1,663	\$419	25.2%	\$6,650

Note: Variance - favorable/(unfavorable)

- Total expenses are under budget by \$6.9M primarily due to lower consulting expenses and an insurance reimbursement related to litigation costs
- Other income and deductions are favorable against budget by \$1.7M due to higher realized income than budgeted

LIPA LIQUIDITY POSITION

<i>(\$ in thousands)</i>	May 31, 2020 Days Cash	April 30, 2020 Days Cash
Operating liquidity		
Cash and cash equivalents	\$456,345	\$962,817
OPEB account cash, cash equivalents & investments	371,062	359,009
PSEG Long Island working capital requirements	280,860	220,562
Total operating liquidity	1,108,267 136 days	1,542,388 189 days
Available credit		
General Revenue Notes - Revolving Credit Facility	198,000	-
General Revenue Notes - Commercial Paper	345,000	250,000
Total available credit	543,000	250,000
Total cash, cash equivalents, investments & available credit	\$1,651,267 202 days	\$1,792,388 219 days
Restricted cash		
FEMA grant proceeds	1,739	1,738
UDSA	227,511	206,029
Total restricted cash	\$229,250	\$207,767

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

PSEG LONG ISLAND OPERATING EXPENSES – MAY 2020

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<u>PSEG Long Island Operating Expenses</u>					
Transmission & Distribution	\$84,370	\$78,381	(\$5,989)	-7.6%	\$188,280
Customer Services	54,049	54,655	606	1.1%	130,497
Business Services	65,386	70,221	4,836	6.9%	172,317
Power Markets	5,000	5,535	534	9.6%	14,156
Energy Efficiency & Renewable Energy	38,160	38,617	456	1.2%	88,800
Utility 2.0	2,673	7,938	5,265	66.3%	27,200
Total PSEG Long Island Operating Expenses	\$249,638	\$255,347	\$5,709	2.2%	\$621,251

Note: Variance - favorable/(unfavorable)

- Transmission & Distribution expenses are over budget by \$5.9M primarily due to storm restoration work, line academy training, COVID-19, other support and protection costs, and work ahead of schedule for pole inspection/treatment
- Business Services expenses are under budget by \$4.8M primarily due to a delay in projects, lower litigation claim payments/reserves and timing of IT managed service costs, partially offset by work related to COVID-19
- Utility 2.0 is under budget by \$5.3M due to delays related to COVID-19 impacting customer marketing communication, Energy Lab Program, outreach and load reducing initiatives

PSEG LONG ISLAND MANAGED EXPENSES – MAY 2020

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
<u>PSEG Long Island Managed Expenses</u>					
Uncollectible Accounts	\$11,458	\$7,776	(\$3,682)	-47.3%	\$20,835
Storm Restoration	17,551	25,053	7,502	29.9%	60,000
NYS Assessment	3,380	3,800	420	11.0%	10,318
Utility Depreciation	111,696	113,575	1,879	1.7%	285,066
PILOTs - Revenue-Based Taxes	12,293	12,378	85	0.7%	35,351
PILOTs - Property-Based Taxes	124,356	124,363	7	0.0%	298,472
Miscellaneous	1,181	1,384	203	14.7%	3,119
Total PSEG Long Island Managed Expenses	\$281,916	\$288,330	\$6,414	2.2%	\$713,161
Other Income and Deductions	\$11,490	\$11,368	\$123	1.1%	\$25,215

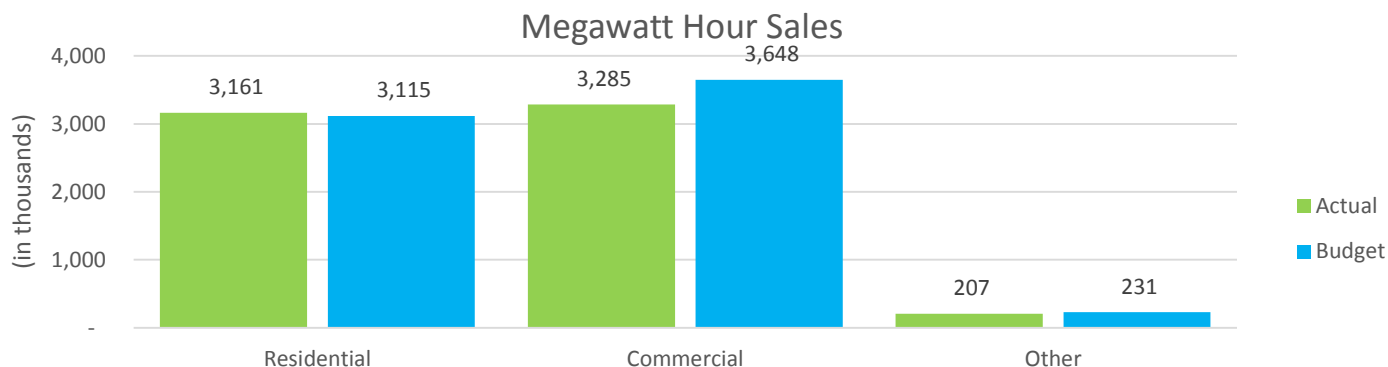
Note: Variance - favorable/(unfavorable)

- Uncollectible Accounts is over budget \$3.7M due to an increase in the uncollectible factor to reflect the COVID-19 impact
- Storm Restoration is under budget by \$7.5M due to lower restoration costs as PSEG Long Island responded to five storms in 2020, with one mutual aid assistance in April. As a point of reference, through May 2019, PSEG Long Island responded to five storms, none of which included mutual aid assistance at the cost of \$7.8M
- Utility Depreciation is under budget by \$1.8M due to delay in project close-outs resulting from long-term projects

PSEG LONG ISLAND REVENUE VARIANCE – MAY 2020

(\$ in thousands)	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Total Revenue	\$1,225,441	\$1,284,451	(\$59,010)	-4.6%	\$3,676,860
Power Supply Charge	637,723	686,834	49,111	7.2%	1,845,571
Revenue Net of Power Supply Costs	\$587,718	\$597,617	(\$9,899)	-1.7%	\$1,831,289

- Revenue, net of Power Supply Costs, is \$9.9M lower than budget primarily due to the Delivery Service Adjustment (DSA) resulting from lower budgeted storm expense of \$7.5M. In addition, miscellaneous revenues are under budget by \$3.9M resulting from the suspension of late payment charges, reconnection charges, service initiation fees and non-access fees (to assist customers impacted by COVID-19).



- Sales of electricity were lower than budget by 340 GWh or -4.9% primarily due to COVID-19 impacts. Commercial customer sales declined while residential sales increased due to the stay-at-home order. Sales also declined from weather impacts, higher penetration of LED lighting, energy efficient products and rooftop solar.

CAPITAL EXPENDITURES – MAY 2020

(\$ in thousands)

	Year to Date				Annual Budget
	Actual	Budget	\$ Var.	% Var.	
Transmission and Distribution					
Regulatory Driven	\$17,110	\$41,237	\$24,126	58.5%	\$101,435
Load Growth	81,095	105,932	24,838	23.4%	225,520
Reliability	73,133	68,115	(5,018)	-7.4%	163,186
Storm Hardening	9,613	9,365	(248)	-2.6%	37,000
Economic, Salvage, Tools, Equipment & Other	28,167	26,852	(1,315)	-4.9%	39,464
Total Transmission and Distribution Projects	\$209,119	\$251,502	\$42,383	16.9%	\$566,605
Other PSEG Long Island Capital Expenditures					
Information Technology Projects	10,481	15,256	4,776	31.3%	42,883
Customer Operations	7,578	8,935	1,357	15.2%	22,181
Other General Plant Projects	1,301	1,168	(133)	-11.4%	13,027
Fleet	76	0	(76)	n/a	8,875
Utility 2.0	29,755	30,755	1,000	3.3%	67,208
Total Other Capital Expenditures	\$49,190	\$56,114	\$6,923	12.3%	\$154,174
Total PSEG Long Island Capital Expenditures Excluding FEMA	\$258,309	\$307,616	\$49,307	16.0%	\$720,779
FEMA	31,972	44,138	12,166	27.6%	58,665
Capital Storm Management Fee	968	2,473	1,504	60.8%	5,934
	14,037	12,621	(1,416)	-11.2%	30,290
Total PSEG Long Island Capital Expenditures	\$305,286	\$366,847	\$61,560	16.8%	\$815,668
Nine Mile Point 2	\$12,158	\$13,687	\$1,529	11.2%	\$15,760

Note: Variance - favorable/(unfavorable)

- T&D is under budget by \$42.3M driven by (i) schedule changes for regulatory driven projects and (ii) delays in construction due to operational matters for load growth projects (i.e. permitting, clearance, schedule shift)
- IT Projects are under budget by \$4.8M driven by delays in project implementation
- Utility 2.0 is under budget by \$1.0M due to efficiencies in labor for AMI installation
- FEMA is under budget by \$12.1M due to delays resulting from construction schedule changes and lower material costs

PSEG LONG ISLAND MAJOR CAPITAL EXPENDITURES – OVER \$25M – MAY 2020

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 05/31/20 (\$M)	Current Working Estimate (\$M)	Current Projected Completion Date
	Cost Estimate	Date of Cost Estimate			
Two Way Radio System Replacement	\$42.1	2017	\$37.9	\$47.7	Dec-20
Belmont New Substation	\$51.3	2017	\$18.5	\$44.4	Oct-20
Hempstead: New Substation	\$33.2	2017	\$33.4	\$36.7	Oct-20
Ruland Rd to Plainview: Transmission	\$46.8	2017	\$4.6	\$54.3	Jun-22
East Garden City to Valley Stream: Transmission	\$176.6	2017	\$56.5	\$161.4	Dec-20
Kings Highway: New Substation	\$54.0	2017	\$49.7	\$55.1	Dec-20
Bridgehampton to Buell: Transmission	\$46.1	2017	\$1.6	\$59.6	Jun-23
Riverhead to Canal: Transmission	\$191.5	2017	\$8.4	\$105.3	Jun-21
Lindbergh (Nassau Hub): New Substation	\$51.0	2017	\$38.0	\$63.6	Jun-22
Navy Road New Substation	\$33.5	2017	\$17.3	\$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	\$1.8	\$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	\$13.2	\$57.4	Dec-23
Syosset to Shore Rd.: Transmission	\$268.0	2019	\$0.2	\$268.0	Dec-26
Total	\$1,204.8		\$282.8	\$1,149.7	