

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

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Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Revenue Requirements
(Thousands of Dollars)

	Approved 2015	Projected 2016	Projected 2017	Projected 2018	Ref.
Projected Revenues at Current Rates	\$ 3,599,685	\$ 3,685,460	\$ 3,699,573	\$ 3,704,276	A-2
Projected Cumulative Delivery Revenue Adjustments		\$ 72,748	\$ 147,001	\$ 221,257	
Adjusted Revenues	\$ 3,599,685	\$ 3,758,208	\$ 3,846,574	\$ 3,925,532	
Annual Delivery Rate Adjustment as % of Revenues		2.0%	2.0%	2.0%	
Fuel and Purchased Power Costs	\$ 1,604,422	\$ 1,681,830	\$ 1,701,494	\$ 1,714,252	A-3
Projected Revenues Net of Fuel Costs	\$ 1,995,263	\$ 2,076,378	\$ 2,145,080	\$ 2,211,280	
PSEG Long Island Operating and Managed Expenses (Excluding OPEBS and Pensions)	\$ 1,039,909	\$ 1,068,683	\$ 1,086,225	\$ 1,089,979	A-4
PSEG Long Island Retiree Benefits Expense	-	73,303	73,070	74,293	
PSEG Long Island Operating and Managed Expenses	\$ 1,039,909	\$ 1,141,985	\$ 1,159,295	\$ 1,164,272	
PILOTs - Revenue-Based Taxes	36,991	37,538	37,354	37,230	A-7
PILOTs - Property-Based Taxes	297,906	304,015	310,250	316,613	A-7
LIPA Operating Expenses & Deferred Expenses	\$ 65,430	\$ 133,400	\$ 134,823	\$ 136,952	
Total Operating Expenses & Deferred Expenses	\$ 1,440,235	\$ 1,616,939	\$ 1,641,723	\$ 1,655,067	A-4
Less Non-Cash Items	\$ (21,675)	\$ (140,823)	\$ (142,585)	\$ (146,052)	
LIPA Deferred Expenses	(4,500)	(49,598)	(49,598)	(49,598)	A-5
PSEG Pensions/OPEBS	-	(73,303)	(73,070)	(74,293)	
Suffolk Property Tax Settlement	(16,802)	(17,526)	(19,496)	(21,714)	A-2 & A-8
Visual Benefits Assessment	(373)	(396)	(420)	(446)	A-2
Plus Cash Expenditures	\$ 45,484	\$ 52,679	\$ 47,003	\$ 45,770	
Contribution to Pension Trust ^(a)	-	17,199	16,695	18,522	
9 Mile Decommissioning	1,100	1,131	1,131	1,131	
Rate Case Expense	5,434	-	-	-	A-4.1 & A-5
Swap Payments, LOC Fees and Remarketing Fees	38,950	34,349	29,177	26,117	A-10
Other Income and Deductions	\$ (31,632)	\$ (37,622)	\$ (43,940)	\$ (47,537)	A-8
Grant Income ^(b)	\$ (76,015)	\$ (38,363)	\$ (38,363)	\$ (38,363)	A-9
Total Adjustments to Operating Expenses	\$ (83,838)	\$ (164,129)	\$ (177,885)	\$ (186,182)	
Debt Service	\$ 660,061	\$ 623,569	\$ 681,242	\$ 742,395	
LIPA Debt	416,578	297,426	248,005	235,924	A-11
UDSA Debt	104,572	204,748	270,340	301,698	A-11
Fixed Obligation Coverage Requirement	138,911	121,395	162,897	204,773	A-11
Revenue Requirements Net of Fuel	\$ 2,016,459	\$ 2,076,378	\$ 2,145,080	\$ 2,211,280	
Total Revenue Requirements	\$ 3,620,880	\$ 3,758,208	\$ 3,846,574	\$ 3,925,532	

Note (a): Portion funded from customer charges

Note (b): Cash portion of grant income

Statements of Revenues and Expenses
(Thousands of Dollars)

	Approved 2015	Projected 2016	Change from Prior Year \$	Projected 2017	Change from Prior Year \$	Projected 2018	Change from Prior Year \$	Ref.
Revenues	\$ 3,599,685	\$ 3,758,208	\$ 158,523	\$ 3,846,575	\$ 88,366	\$ 3,925,532	\$ 78,958	A-2
Fuel and Purchased Power Costs	1,604,422	1,681,830	77,408	1,701,494	19,664	1,714,252	12,758	A-3
Revenue Net of Fuel Costs	\$ 1,995,263	\$ 2,076,378	\$ 81,115	\$ 2,145,080	\$ 68,702	\$ 2,211,280	\$ 66,200	
PSEG Long Island Operating and Managed Expenses								
PSEG Long Island Operating Expenses	\$ 455,465	\$ 553,575	\$ 98,110	\$ 575,091	\$ 21,516	\$ 581,351	\$ 6,260	A-4
PSEG Long Island Managed Expenses	584,444	588,411	3,967	584,204	(4,206)	582,922	(1,283)	A-4
Utility Depreciation	109,470	138,462	28,992	150,455	11,993	162,803	12,348	A-6
PILOTs - Revenue-Based Taxes	36,991	37,538	547	37,354	(184)	37,230	(125)	A-7
PILOTs - Property-Based Taxes	297,906	304,015	6,109	310,250	6,235	316,613	6,363	A-7
LIPA Expenses								
LIPA Operating Expenses	\$ 65,430	\$ 133,400	\$ 67,970	\$ 134,823	\$ 1,423	\$ 136,952	\$ 2,128	A-4
LIPA Depreciation and Amortization	112,888	112,239	(649)	112,157	(83)	112,305	149	A-6
Interest Expense	365,316	345,399	(19,917)	346,103	704	359,833	13,730	A-10
Total Expenses	\$ 2,027,909	\$ 2,213,039	\$ 185,129	\$ 2,250,437	\$ 37,398	\$ 2,290,008	\$ 39,571	
Other Income and Deductions	31,632	37,622	5,990	43,940	6,318	47,537	3,597	A-8
Grant Income	76,015	40,570	(35,445)	45,099	4,529	49,572	4,472	A-9
Excess of Revenues Over Expenses	\$ 75,000	\$ (58,468)	\$ (133,468)	\$ (16,317)	\$ 42,151	\$ 18,381	\$ 34,698	

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Sales and Revenues

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Sales of Electricity (MWh)							
Sales Before E&R	20,571,877	21,071,726	499,849	21,373,703	301,977	21,642,116	268,413
Reductions for E&R	494,757	818,871	324,114	1,143,747	324,876	1,437,853	294,106
Total Sales of Electricity (MWh)	20,077,120	20,252,855	175,735	20,229,956	(22,899)	20,204,263	(25,693)
Revenues (\$ in thousands)							
Delivery Charge	\$ 1,849,803	\$ 1,858,919	\$ 9,116	\$ 1,856,812	\$ (2,107)	\$ 1,853,781	\$ (3,031)
Power Supply Charge	1,604,422	1,681,743	77,321	1,701,472	19,730	1,714,299	12,827
Energy Efficiency and Renewable Energy	49,290	52,875	3,585	55,016	2,141	57,177	2,161
New York State Assessment	24,665	21,953	(2,712)	15,787	(6,166)	7,936	(7,851)
Suffolk Property Tax Settlement	42,462	43,498	1,036	44,318	820	45,274	956
Suffolk Property Tax Settlement - Amortization	(16,802)	(17,526)	(724)	(19,496)	(1,970)	(21,714)	(2,217)
Suffolk Property Tax Settlement - Interest Income	(25,660)	(25,972)	(312)	(24,822)	1,150	(23,560)	1,261
Visual Benefits Assessment (VBA)	948	948	-	948	-	948	-
VBA - Amortization	(373)	(396)	(23)	(420)	(24)	(446)	(26)
VBA - Interest Income	(575)	(552)	23	(527)	24	(502)	26
Revenue Related PILOTS	36,991	37,538	547	37,354	(184)	37,230	(125)
Sales for Resale	1,676	1,207	(468)	1,207	-	1,207	-
Wheeling Revenues	4,035	3,947	(89)	3,940	(7)	3,932	(8)
Pole Attachment Fees	3,943	3,634	(309)	3,628	(6)	3,620	(8)
Late Payment and Dishonored Check Charges	18,992	15,665	(3,327)	16,387	722	17,136	749
Miscellaneous Revenues	5,868	7,808	1,940	7,844	36	7,894	50
NYS Assessment on Miscellaneous Revenues	-	172	172	126	(46)	64	(62)
Subtotal Total Revenues	\$ 3,599,685	\$ 3,685,460	\$ 85,775	\$ 3,699,573	\$ 14,113	\$ 3,704,276	\$ 4,702
Projected Revenue from Rate Adjustment	-	72,748	72,748	147,001	74,253	221,257	74,255
Total Revenues	\$ 3,599,685	\$ 3,758,208	\$ 158,523	\$ 3,846,575	\$ 88,366	\$ 3,925,532	\$ 78,958

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Fuel and Purchased Power Costs
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Fuel Oil	\$ 61,605	\$ 51,452	(10,153)	\$ 49,941	(1,511)	\$ 32,057	(17,884)
Natural Gas	297,256	302,277	5,021	313,835	11,558	332,209	18,375
Purchased Power	635,382	696,053	60,671	693,524	(2,528)	716,395	22,871
Regional Greenhouse Gas Initiative	21,122	20,219	(902)	15,770	(4,450)	14,757	(1,013)
Renewable Power	36,416	36,917	501	37,027	109	37,598	572
Wheeling Charges	28,875	29,141	267	29,444	303	29,669	225
Capacity Charges	425,747	427,715	1,968	425,166	(2,549)	403,692	(21,474)
Nine Mile Nuclear Fuel	15,471	14,816	(655)	17,035	2,219	15,968	(1,067)
Y-49 Cable Operating Costs	25,506	25,181	(325)	22,275	(2,907)	21,987	(288)
Fuel Hedging Program Costs	11,273	13,568	2,295	14,010	442	12,091	(1,919)
ESCO Bill Credit Adjustment Payments	18,254	24,879	6,625	31,400	6,521	39,028	7,628
Transco	9,274	21,037	11,763	33,153	12,116	39,536	6,383
Power Supply Management Services	13,941	14,176	235	14,416	240	14,661	246
Fuel Management Services	4,300	4,399	99	4,500	101	4,604	104
Total Fuel and Purchased Power Costs	\$ 1,604,422	\$ 1,681,830	\$ 77,408	\$ 1,701,494	\$ 19,664	\$ 1,714,252	\$ 12,758

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Operating and Deferred Expenses
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$	<i>Ref</i>
PSEG Long Island Operating Expenses	\$ 455,465	\$ 553,575	98,110	\$ 575,091	21,516	\$ 581,351	6,260	A-4.1
PSEG Long Island Managed Expenses								
National Grid Power Supply Agreement	\$ 458,461	\$ 465,642	\$ 7,181	\$ 467,072	\$ 1,430	\$ 471,105	\$ 4,033	A-4.2
Nine Mile Point 2 O&M	28,431	\$ 27,989	(442)	28,004	15	29,857	1,853	A-4.3
Uncollectible Accounts	21,726	\$ 19,037	(2,689)	18,372	(665)	17,656	(716)	(a)
Storm Restoration	48,597	\$ 48,169	(428)	49,077	908	50,199	1,122	(a)
NYS Assessment	21,463	\$ 22,125	662	15,913	(6,212)	8,000	(7,913)	A-2
Accretion of Asset Retirement Obligation	4,611	\$ 5,272	660	5,583	312	5,914	330	(a)
Miscellaneous	1,154	\$ 176	(978)	183	7	191	8	(a)
Total PSEG Long Island Managed Expenses	\$ 584,444	\$ 588,411	3,967	\$ 584,204	(4,206)	\$ 582,922	(1,283)	
Total PSEG Long Island Operating and Managed Expenses	\$ 1,039,909	\$ 1,141,985	102,077	\$ 1,159,295	17,310	\$ 1,164,272	4,977	
LIPA Operating Expenses								
Management Fee (including incentive)	\$ 45,402	\$ 73,383	\$ 27,981	\$ 75,034	\$ 1,651	\$ 76,722	\$ 1,688	A-5
Capitalized Management Fee	(10,000)	(16,406)	(6,406)	(16,776)	(369)	(17,153)	(378)	A-5
LIPA Operating Costs	25,528	26,825	1,297	26,967	141	27,784	818	A-5
LIPA Operating Expenses	\$ 60,930	\$ 83,802	\$ 22,872	\$ 85,225	\$ 1,423	\$ 87,353	\$ 2,128	
LIPA Deferred Expenses	4,500	49,598	45,098	49,598	-	49,598	-	A-5
LIPA Operating Expenses & Deferred Expenses	\$ 65,430	\$ 133,400	\$ 67,970	\$ 134,823	\$ 1,423	\$ 136,952	\$ 2,128	
Total Operating Expenses & Deferred Expenses	\$ 1,105,338	\$ 1,275,385	\$ 170,047	\$ 1,294,118	\$ 18,733	\$ 1,301,224	\$ 7,106	

Note: (a) Not detailed on a separate schedule

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

PSEG Long Island Operating Expenses
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Transmission & Distribution	\$ 136,525	\$ 191,268	\$ 54,743	\$ 194,802	\$ 3,534	\$ 186,418	\$ (8,384)
Customer Services	95,746	124,067	28,321	126,680	2,614	130,987	4,307
Shared Services	116,784	138,900	22,116	152,303	13,403	161,161	8,858
National Grid Transition Services Agreement	16,309	-	(16,309)	-	-	-	-
Power Markets	12,239	13,494	1,254	13,366	(128)	12,720	(645)
Energy Efficiency & Renewable Turnover	83,887 (1,591)	87,480 (1,634)	3,593 (43)	89,614 (1,674)	2,134 (40)	91,778 (1,715)	2,164 (40)
Subtotal	\$ 459,899	\$ 553,575	\$ 93,676	\$ 575,091	\$ 21,516	\$ 581,351	\$ 6,260
Rate Case Cost ^(a)	(4,434)	-	4,434	-	-	-	-
Total PSEG Long Island Operating Expenses	\$ 455,465	\$ 553,575	\$ 98,110	\$ 575,091	\$ 21,516	\$ 581,351	\$ 6,260

GAAP Pensions/OPEBS Expense ^(b)

Transmission & Distribution	\$ 19,954	\$ 24,414	\$ 4,460	\$ 24,374	\$ (40)	\$ 24,778	\$ 405
Customer Operations	18,246	25,482	7,236	25,439	(42)	25,862	422
Storm Costs	7,394	10,292	2,898	10,275	(17)	10,446	171
Shared Services	6,647	9,182	2,534	9,055	(126)	9,216	160
Energy Efficiency and Renewables	1,575	2,487	911	2,483	(4)	2,524	41
Power Markets	1,180	1,446	267	1,444	(2)	1,468	24
Deferred 2014/2015 Pension & OPEB	(54,996)	-	54,996	-	-	-	-
Grand Total Pensions/OPEBS	\$ -	\$ 73,303	\$ 73,303	\$ 73,070	\$ (233)	\$ 74,293	\$ 1,223
Contribution to Pension Trust O&M/Storms ^(c)	-	17,199	17,199	16,695	(504)	18,522	1,827
Net GAAP Pensions/OPEBS	\$ -	\$ 56,104	\$ 56,104	\$ 56,375	\$ 271	\$ 55,771	\$ (604)

Note: (a) LIPA will defer these costs and amortize them over the period of the rate case

(b) GAAP cost of retirement benefits included in operating expenses above

(c) Contribution to Pension Trust is the cost of retirement benefits recovered in revenues in the current period to meet ERISA funding requirements which is significantly less than the GAAP accounting cost

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

National Grid Power Supply Agreement
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Power Supply Agreement							
Operation and Maintenance Expenses	\$ 265,732	\$ 264,685	\$ (1,048)	\$ 265,556	\$ 871	\$ 268,688	\$ 3,132
Property Taxes	192,729	200,958	8,229	209,516	8,558	218,417	8,901
Property Tax Settlement ^(a)	-	-	-	(8,000)	(8,000)	(16,000)	(8,000)
Total Power Supply Agreement	\$ 458,461	\$ 465,642	\$ 7,181	\$ 467,072	\$ 1,430	\$ 471,105	\$ 4,033

Note (a) : Assumes savings from ongoing property tax litigation

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Nine Mile Point Unit 2 Expenses
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Refueling Outage Amortization	\$ 4,499	\$ 3,927	\$ (572)	\$ 3,736	\$ (191)	\$ 4,819	\$ 1,083
Non-Outage Operating Expenses	23,933	24,062	129	24,268	206	25,037	770
Total Nine Mile Point 2 O&M Expenses	\$ 28,431	\$ 27,989	\$ (4,731)	\$ 28,004	\$ (4,716)	\$ 29,857	\$ (2,863)

Long Island Power Authority and Subsidiaries
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LIPA Operating & Deferred Expenses
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year \$</i>	Projected 2017	<i>Change from Prior Year \$</i>	Projected 2018	<i>Change from Prior Year \$</i>
PSEG Long Island Management Fee	\$ 45,402	\$ 73,383	\$ 27,981	\$ 75,034	\$ 1,651	\$ 76,722	\$ 1,688
Capitalized Fee	(10,000)	(16,406)	(6,406)	(16,776)	(369)	(17,153)	(378)
LIPA OPERATING EXPENSES							
Employee Salaries & Benefits Expenses	\$ 10,128	\$ 10,735	\$ 607	\$ 11,104	\$ 369	\$ 11,482	\$ 378
Insurance	2,397	2,482	85	2,541	59	2,599	58
Office Rent	1,685	1,687	3	1,687	-	1,687	-
Miscellaneous	1,421	2,049	628	1,926	(124)	1,948	23
Total Labor, General and Administrative	\$ 15,631	\$ 16,954	\$ 1,323	\$ 17,258	\$ 304	\$ 17,717	\$ 459
Engineering	\$ 1,700	\$ 1,441	\$ (259)	\$ 1,162	\$ (279)	\$ 1,312	\$ 149
Legal	4,250	3,850	(400)	3,878	28	4,004	125
Financial Advisor/Cash Management	1,560	1,270	(290)	1,280	11	1,291	10
Deferred Rate Case Expenses	(1,000)	-	1,000	-	-	-	-
Accounting and Audit Services	1,702	1,748	46	1,798	51	1,847	49
Information Technology	840	863	23	888	25	912	24
Risk Management-Fuel & Insurance	439	442	3	442	-	442	-
Superstorm Sandy Grant Administration	1,500	500	(1,000)	500	-	500	-
428 Program Grant Administration	2,000	1,500	(500)	1,500	-	1,500	-
Grant Admin. Reimbursement	(3,500)	(1,800)	1,700	(1,800)	-	(1,800)	-
Insurance Claim Administration	1,300	500	(800)	500	-	-	(500)
Insurance Claim Admin. Reimbursement	(1,300)	(500)	800	(500)	-	-	500
Miscellaneous	406	58	(348)	60	2	61	2
Total Professional Services	\$ 9,897	\$ 9,871	\$ (25)	\$ 9,709	\$ (162)	\$ 10,068	\$ 359
LIPA Operating Expenses	\$ 60,930	\$ 83,802	\$ 22,872	\$ 85,225	\$ 1,423	\$ 87,353	\$ 2,128
Deferred Expenses							
Deferred Transition Cost	\$ 4,500	\$ 15,580	\$ 11,080	\$ 15,580	\$ -	\$ 15,580	\$ -
2014/2015 Pension/OPEB Deferral	-	10,573	10,573	10,573	-	10,573	-
Rate Case Deferral	-	1,811	1,811	1,811	-	1,811	-
Ngrid Pension/OPEB Settlement	-	21,634	21,634	21,634	-	21,634	-
Total Deferred Expenses	\$ 4,500	\$ 49,598	\$ 45,098	\$ 49,598	\$ -	\$ 49,598	\$ -
Total LIPA Cash Operating and Deferred Expenses	\$ 65,430	\$ 133,400	\$ 67,970	\$ 134,823	\$ 1,423	\$ 136,952	\$ 2,128

Depreciation and Amortization
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
PSEG Long Island Managed Utility Depreciation	\$ 109,470	\$ 136,010	\$ 26,540	\$ 142,970	\$ 6,961	\$ 150,349	\$ 7,378
Depreciation Expense Related to FEMA Capital Projects	-	2,452	2,452	7,485	5,032	12,454	4,969
Total PSEG Long Island Managed Utility Depreciation	\$ 109,470	\$ 138,462	\$ 28,992	\$ 150,455	\$ 11,993	\$ 162,803	\$ 12,348
LIPA Depreciation and Amortization							
Amortization of Acquisition Adjustment	\$ 111,375	\$ 111,375	\$ -	\$ 111,375	\$ -	\$ 111,375	\$ -
Depreciation - LIPA	1,513	864	(649)	782	(83)	930	149
Total LIPA Depreciation and Amortization	\$ 112,888	\$ 112,239	(649)	\$ 112,157	(83)	\$ 112,305	149
Total Depreciation and Amortization	\$ 222,358	\$ 250,701	\$ 28,343	\$ 262,612	\$ 11,910	\$ 275,108	\$ 12,496

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Taxes, Payments in-lieu-of Taxes, and Assessments							
(Thousands of Dollars)							
	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
PILOTs - Revenue-Based Taxes	\$ 36,991	\$ 37,538	\$ 547	\$ 37,354	\$ (184)	\$ 37,230	\$ (125)
PILOTs - Property-Based Taxes							
Long Island and New York City	\$ 280,709	\$ 286,337	\$ 5,627	\$ 292,077	\$ 5,740	\$ 297,932	\$ 5,855
Nine Mile PILOTs	5,674	5,844	170	6,020	175	6,200	181
Merchant Power Plants	11,522	11,834	311	12,153	320	12,481	328
Total PILOTs - Property-Based Taxes	\$ 297,906	\$ 304,015	\$ 6,109	\$ 310,250	\$ 6,235	\$ 316,613	\$ 6,363
Property Taxes on National Grid Power Plants (PSA)^(a)	\$ 192,729	\$ 200,958	\$ 8,229	\$ 209,516	\$ 8,558	\$ 218,417	\$ 8,901
Property Tax Settlement ^(b)	-	-	-	(8,000)	(8,000)	(16,000)	(8,000)
Net Property Taxes	\$ 192,729	\$ 200,958	\$ 8,229	\$ 201,516	\$ 558	\$ 202,417	\$ 901
Other Taxes and Assessments							
NYS Temporary Energy and Utility Conservation Assessment	\$ 21,295	\$ 13,817	\$ (7,478)	\$ 7,629	\$ (6,188)	\$ -	\$ (7,629)
NYS Administrative Cost Assessment	-	8,000	8,000	8,000	-	8,000	-
NYS Office of Real Property Services	168	176	8	183	8	191	8
Total Other Taxes and Assessments	\$ 21,463	\$ 21,993	\$ 530	\$ 15,812	\$ (6,180)	\$ 8,191	\$ (7,622)
Total PILOTs, State and Local Taxes and Assessments	\$ 549,089	\$ 564,504	\$ 15,415	\$ 564,933	\$ 429	\$ 564,450	\$ (483)

Notes: (a) PSA property taxes are not subject to the 2% property tax cap on transmission and distribution property
(b) Assumes savings from ongoing property tax litigation

Other Income and Deductions
(Thousands of Dollars)

	Approved 2015	Projected 2016	Change from Prior Year \$	Projected 2017	Change from Prior Year \$	Projected 2018	Change from Prior Year \$
Short-Term Investment Income	\$ 619	\$ 6,000	\$ 5,381	\$ 10,688	\$ 4,688	\$ 13,125	\$ 2,438
Amortization of Shoreham Property Tax Settlement	25,660	25,972	312	24,822	(1,150)	23,560	(1,261)
Interest From Visual Benefits Assessment	-	552	552	527	(24)	502	(26)
Income on Nuclear Decommissioning Trust Fund	3,500	3,004	(496)	3,803	798	4,252	450
Earnings on OPEB Fund	-	1,103	1,103	3,127	2,024	5,193	2,066
Miscellaneous Income and Deductions	1,853	991	(862)	975	(17)	905	(70)
Total Other Income and Deductions	\$ 31,632	\$ 37,622	\$ 5,990	\$ 43,940	\$ 6,318	\$ 47,537	\$ 3,597

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Grant Income
(Thousands of Dollars)

	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Build America Bonds Subsidy - U.S. Treasury	\$ 3,763	\$ 3,763	\$ -	\$ 3,763	\$ -	\$ 3,763	\$ -
Smart Grid Corridor Project - ARRA	1,602	-	(1,602)	-	-	-	-
Efficiency & Renewables - RGGI Funding	34,600	34,600	-	34,600	-	34,600	-
Community Development Block Grant	36,000	-	(36,000)	-	-	-	-
Offshore Wind Study - Congressional Grant	50	-	(50)	-	-	-	-
Total Grant Income	\$ 76,015	\$ 38,363	\$ (37,652)	\$ 38,363	-	\$ 38,363	\$ -
Deferred Credit of FEMA Grant	-	2,207	-	6,736	4,529	11,209	4,472
Total Grant Income & Deferred Credit	\$ 76,015	\$ 40,570	\$ (35,445)	\$ 45,099	4,529	\$ 49,572	4,472

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Interest Expense (Thousands of Dollars)							
	Approved 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Accrued Interest Expense on Debt Securities	\$ 337,375	\$ 327,851	\$ (9,524)	\$ 345,830	\$ 17,979	\$ 360,197	\$ 14,366
Amortization of Premium	(23,921)	(35,166)	(11,245)	(46,385)	(11,219)	(42,411)	3,974
Net Interest Expense on Debt Securities	\$ 313,454	\$ 292,685	\$ (20,769)	\$ 299,446	\$ 6,761	\$ 317,786	\$ 18,340
Other Interest Expense							
Amortization of Deferred Debt Issue Costs	4,000	4,082	82	4,602	521	4,451	(152)
Amortization of Deferred Losses on Refundings	19,857	23,320	3,463	21,915	(1,405)	20,784	(1,131)
Interest Rate Swap Payments	28,026	24,012	(4,014)	18,847	(5,165)	15,788	(3,060)
Letter of Credit and Remarketing Fees	9,721	8,944	(777)	8,921	(23)	8,901	(20)
Interest on Customer Security Deposits	703	892	189	909	17	928	19
Bond Administration Costs and Bank Fees	500	500	-	500	-	500	-
Total Other Interest Expense	\$ 62,807	\$ 61,750	\$ (1,057)	\$ 55,695	\$ 56,752	\$ 51,351	\$ (5,401)
Subtotal - Interest Expense	\$ 376,262	\$ 354,435	\$ (21,827)	\$ 355,141	\$ 706	\$ 369,137	\$ 13,996
Less: Capitalized Interest	10,946	9,036	(1,910)	9,038	2	9,304	266
Total Interest Expense ^(a)	\$ 365,316	\$ 345,399	\$ (19,917)	\$ 346,103	\$ 704	\$ 359,833	\$ 13,730

Note: (a) Forecast using reasonable planning assumptions; dependent upon prevailing market conditions

Long Island Power Authority and Subsidiaries
2016-2018 Proposed Operating and Capital Budgets

		Debt Service Requirements ^(a)						
		(Thousands of Dollars)						
		Approved	Projected	<i>Change from</i>	Projected	<i>Change from</i>	Projected	<i>Change from</i>
		2015	2016	<i>Prior Year</i>	2017	<i>Prior Year</i>	2018	<i>Prior Year</i>
				\$		\$		\$
UDSA Debt Service on Existing Debt	A	104,572	144,786	40,214	95,618	(49,169)	128,465	32,847
LIPA Debt Service on Existing Debt	B	416,578	425,270	8,692	434,197	8,927	427,795	(6,402)
LIPA Debt Service on New Capital		-	3,696	3,696	17,896	14,201	35,312	17,416
Total Debt Service		521,150	573,752	52,602	547,711	(26,041)	591,572	43,861
Total Coverage Requirements	C	138,911	147,557	15,583	223,284	75,727	295,410	72,126
Subtotal Debt Service plus Coverage without Securitization Legislation		\$ 660,061	\$ 721,309	\$ 68,185	\$ 770,995	\$ 49,686	\$ 886,982	\$ 115,987
Impacts of Securitization Legislation								
UDSA Debt Service	D	\$ -	\$ 59,962	49,705	\$ 174,722	114,761	\$ 173,234	(1,489)
LIPA Debt Service	E	-	(131,540)	(112,532)	(204,089)	(72,549)	(227,183)	(23,095)
Reduced Coverage on Debt Service	F	\$ -	\$ (26,162)	(22,532)	\$ (60,387)	(34,226)	\$ (90,637)	(30,250)
Net Debt Service Requirements								
UDSA Debt Service	A+D=G	\$ 104,572	\$ 204,748	\$ 100,176	\$ 270,340	\$ 65,592	\$ 301,698	\$ 31,359
LIPA Debt Service	B+E=H	416,578	297,426	(119,152)	248,005	(49,421)	235,924	(12,081)
Coverage Requirements	C+F=I	138,911	121,395	(17,516)	162,897	41,502	204,773	41,876
Total Debt Service plus Coverage	J	\$ 660,061	\$ 623,569	(36,492)	\$ 681,242	57,673	\$ 742,395	61,154
Savings from Securitization Legislation								
Debt Service Requirements	D+E=K	\$ -	\$ 71,578	\$ 62,827	\$ 29,366	\$ (33,460)	\$ 53,950	\$ 24,583
Coverage Requirements	L	-	26,162	22,532	60,387	37,855	90,637	30,250
Total Savings to Customers		\$ -	\$ 97,740	85,359	\$ 89,754	4,395	\$ 144,587	54,833
LIPA Capital Lease Obligation	M	\$ 310,882	\$ 312,944	2,062	\$ 302,529	(10,414)	\$ 277,338	(25,191)
Minimum Coverage Ratio on LIPA Fixed Obligations	=1+I/(H+I+M)	1.19 x	1.20 x		1.30 x		1.40 x	
Minimum Coverage Ratio on LIPA + UDSA Fixed Obligations	=1+I/(M+G+H)	1.17 x	1.15 x		1.20 x		1.25 x	

Note: (a) Assumes passage of bill proposed in Governor's Budget to permit refinancing additional LIPA bonds with lower cost UDSA bonds; dependent upon market conditions

Capital and Deferred Expenditures
(Thousands of Dollars)

	Approved 2015	Projected 2016	\$ Chg. From Approved 2015	Projected 2017	\$ Chg. From Proposed 2016	Projected 2018	\$ Chg. From Proposed 2017
Transmission and Distribution							
Regulatory Driven	\$ 36,024	\$ 33,127	\$ (2,897)	\$ 36,927	\$ 3,800	\$ 33,258	\$ (3,669)
Load Growth	130,185	132,871	2,686	126,514	(6,357)	100,614	(25,900)
Reliability	149,042	192,416	43,374	164,381	(28,035)	178,758	14,377
Economic/Salvage	1,264	(471)	(1,735)	(490)	(19)	(509)	(19)
Tools, Equipment & Other	3,949	2,910	(1,039)	9,265	6,355	15,275	6,010
FEMA Related Projects ^(a)	140,129	287,565	147,436	283,965	(3,600)	5,484	(278,481)
N-1-1 Reliability Projects	-	-	-	-	-	54,561	54,561
Total Transmission and Distribution Projects	\$ 460,593	\$ 648,418	\$ 187,825	\$ 620,561	\$ (27,857)	\$ 387,441	\$ (233,121)
Other PSEG Long Island Capital Expenditures							
Information Technology Projects	\$ 77,410	\$ 22,559	\$ (54,851)	\$ 22,686	\$ 127	\$ 22,183	\$ (503)
Utility 2.0 - Deferred Expenses	15,300	-	(15,300)	-	-	-	-
Utility 2.0 - AMI ^(b)	3,938	-	(3,938)	-	-	-	-
Customer Operations	11,463	20,144	8,681	20,596	452	21,007	411
Other General Plant Projects	8,457	4,841	(3,616)	5,006	164	5,162	157
Total Other PSEG Long Island Capital Expenditures	\$ 116,568	\$ 47,545	\$ (69,023)	\$ 48,288	\$ 743	\$ 48,352	\$ 64
LIPA Capital and Deferred Expenditures							
Nine Mile Point 2	\$ 33,056	\$ 10,363	\$ (22,694)	\$ 29,045	\$ 18,682	\$ 10,663	\$ (18,381)
LIPA - Accounting System	5,431	-	(5,431)	-	-	-	-
Deferred Rate Case Expenses - PSEG Long Island	4,434	-	(4,434)	-	-	-	-
Deferred Rate Case Expenses - LIPA	1,000	-	(1,000)	-	-	-	-
Total LIPA Capital Expenditures & Deferrals	\$ 43,921	\$ 10,363	\$ (33,559)	\$ 29,045	\$ 18,682	\$ 10,663	\$ (18,381)
Allowance For Funds Used During Construction	\$ 10,946	\$ 9,036	\$ (1,910)	\$ 9,038	\$ 2	\$ 9,304	\$ 266
Capitalized Management Fee	\$ 10,000	\$ 16,406	\$ (15,955)	\$ 16,776	\$ (16,959)	\$ 17,153	\$ (18,026)
Total Capital Expenditures & Deferrals	\$ 642,028	\$ 731,768	\$ 89,740	\$ 723,707	\$ (8,061)	\$ 472,913	\$ (250,794)
FEMA Contribution	\$ (126,116)	\$ (258,809)	\$ (132,692)	\$ (255,568)	\$ 3,240	\$ (4,936)	\$ 250,633
Net Capital Expenditures & Deferrals	\$ 515,912	\$ 472,959	\$ (42,953)	\$ 468,139	\$ (4,821)	\$ 467,978	\$ (161)
Deduct Allowance For Funds Used During Construction	\$ 10,946	\$ 9,036		\$ 9,038		\$ 9,304	
Funding Available from Coverage	\$ 138,911	\$ 121,395	\$ (17,516)	\$ 162,897	\$ 41,501	\$ 204,773	\$ 41,876
Contribution to OPEB Fund from Revenue Requirements	\$ (2,000)	\$ (49,821)	\$ (47,821)	\$ (49,689)	\$ 133	\$ (52,143)	\$ (2,455)
Deduct Net Funding of Capital Expenditures	\$ 136,911	\$ 71,574	\$ (65,337)	\$ 113,208	\$ 41,634	\$ 152,629	\$ 39,421
Funding Required from New Debt	\$ 368,055	\$ 392,350	\$ 24,295	\$ 345,893	\$ (46,457)	\$ 306,044	\$ (39,849)

n/m=Not meaningful

Notes: (a) Amounts not available to be reallocated within the approved budgets.

(b) Utility 2.0 AMI is a projection but not part of the approved budget; will require subsequent Board action upon recommendation by the Department of Public Service.

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Projected Borrowing Requirements and Facility Renewals
(Thousands of Dollars)

	Projected 2015	Projected 2016	<i>Change from Prior Year</i> \$	Projected 2017	<i>Change from Prior Year</i> \$	Projected 2018	<i>Change from Prior Year</i> \$
Total Capital Expenditures & Deferrals	\$ 642,028	\$ 731,768	\$ 89,740	\$ 723,707	\$ (8,061)	\$ 472,913	\$ (250,794)
FEMA Contribution	(126,116)	(258,809)	(132,692)	(255,568)	3,240	(4,936)	250,633
Deduct Allowance for AFUDC	(10,946)	(9,036)	1,910	(9,038)	(2)	(9,304)	(266)
Net Capital Expenditures & Deferrals	\$ 504,966	\$ 463,923	(41,043)	\$ 459,101	(4,823)	\$ 458,674	(427)
Projected Funding Available from Coverage	\$ (138,911)	\$ (121,395)	\$ 17,516	\$ (162,897)	\$ (41,501)	\$ (204,773)	\$ (41,876)
Contribution to OPEB Account from Coverage	2,000	49,821	47,821	49,689	(133)	52,143	2,455
Proceeds from 2014 Borrowings	(256,500)	-	256,500	-	-	-	-
Projected Borrowing Requirements for Capital Expenditures	\$ 111,555	\$ 392,350	280,795	\$ 345,893	(46,457)	\$ 306,044	(39,849)
Projected Cost of Issuance on Borrowing Requirements	558	1,962	1,404	1,729	(232)	1,530	(199)
Projected Borrowing Requirements with Cost of Issuance	112,113	394,311	282,198	347,622	(46,689)	307,575	(40,048)
Series 2012C - Variable Rate Demand Bonds	\$ 175,000	\$ -	\$ (175,000)	\$ -	\$ -	\$ 175,000	\$ 175,000
Series 2015 - Floating Rate Notes	200,000	-	(200,000)	-	-	-	-
Series 1-3 - Variable Rate Demand Bonds	150,000	-	(150,000)	-	-	-	-
Series 2014C - Floating Rate Notes	-	-	-	-	-	150,000	150,000
Bonds Subject to Mandatory Refinancing	\$ 525,000	\$ -	\$ (525,000)	\$ -	\$ -	\$ 325,000	\$ 325,000
General Revenue Notes, Series 2015	\$ 325,000	\$ -	\$ (325,000)	\$ -	\$ -	\$ 325,000	\$ 325,000
Revolving Credit Agreement, Series 2012	-	375,000	-	-	-	-	-
Subordinate Lien Commercial Paper, Series 2014	-	-	-	300,000	-	-	-
Revolving Bank Facilities and Commercial Paper Subject to Renewal ^(a)	\$ 325,000	\$ 375,000	\$ 50,000	\$ 300,000	\$ (75,000)	\$ 325,000	\$ 25,000
Total Capital Expenditures, Mandatory Refinancings, and Facility Renewals	\$ 962,113	\$ 769,311	\$ (192,802)	\$ 647,622	\$ (121,689)	\$ 957,575	\$ 309,952
Series 2006A-F	\$ -	\$ 1,525,120	\$ 1,525,120	\$ -	\$ (1,525,120)	\$ -	\$ -
Series 2008A-B	-	715,885	715,885	-	(715,885)	-	-
Series 2009A	-	291,860	291,860	-	(291,860)	-	-
Potential Refinancing Opportunities	\$ -	\$ 2,532,865	\$ 2,532,865	\$ -	\$ (2,532,865)	\$ -	\$ -
Total Borrowings, Facility Renewals, and Refinancing Opportunities	\$ 962,113	\$ 3,302,176	\$ 2,340,063	\$ 647,622	\$ (2,654,554)	\$ 957,575	\$ 309,952

Notes:

(a) These facilities provide the Authority with access to working capital; amounts represent the capacity of the facilities and are not necessarily drawn or borrowed

Long Island Power Authority and Subsidiaries
2016-2018 Projected Operating and Capital Budgets

Statements of Sources and Uses of Funds - Four Years
(Thousands of Dollars)

	Approved 2015	Projected 2016	Projected 2017	Projected 2018
FUNDS PROVIDED FROM :				
Excess Of Revenues Over Expenses	\$ 75,000	\$ (58,468)	\$ (16,317)	\$ 18,381
Plus (Minus) Non-Cash Items:				
FASB Non-Cash Accrual of Retirement Benefits		73,303	73,070	74,293
LIPA Deferred Expenses	4,500	49,598	49,598	49,598
Amortization of Suffolk Property Tax Settlement and VBA	16,802	17,526	19,496	21,714
Depreciation and Amortization	222,358	250,701	262,612	275,108
Interest Expense	365,316	345,399	346,103	359,833
Sources of Funds Available for Debt Service	\$ 683,976	\$ 678,059	\$ 734,561	\$ 798,928
Proceeds of Bonds and Notes	115,000	400,000	340,000	280,000
FEMA Reimbursement for Storm Hardening Capital	126,116	258,809	255,569	4,936
Total Sources of Funds	\$ 925,092	\$ 1,336,867	\$ 1,330,130	\$ 1,083,863
FUNDS USED FOR :				
Funding for NMP2 Plant Decommissioning	1,100	1,131	1,131	1,131
Amortization of Rent Credit	169	169	169	169
Bank and Bond Administration Fees	38,950	34,349	29,177	26,117
Interest on Customer Deposits and Overpayments	703	892	909	928
Deductions from Funds Available for Debt Service	\$ 40,922	\$ 36,541	\$ 31,386	\$ 28,345
LIPA Debt Service Payments	416,578	297,426	248,005	235,924
UDSA Debt Service Payments	104,572	204,748	270,340	301,698
Capital Expenditures (net of nuclear fuel)	515,912	472,959	468,139	467,978
OPEB Account Deposit (a)	2,000	51,821	51,689	52,143
Subtotal Uses of Funds	\$ 1,079,984	\$ 1,063,495	\$ 1,069,559	\$ 1,033,945
Change in cash position due to Operating, Financing and Investing Activities	(154,892)	273,372	260,571	49,918
Total Uses of Funds	\$ 925,092	\$ 1,336,867	\$ 1,330,130	\$ 1,083,863
Sources of Funds Available for Debt Service	\$ 683,976	\$ 678,059	\$ 734,561	\$ 798,928
Deductions from Funds Available for Debt Service	(40,922)	(36,541)	(31,386)	(28,345)
Net Funds Available for Total Debt Service	\$ 643,054	\$ 641,518	\$ 703,175	\$ 770,583
Net Funds Available for Debt Service	\$ 643,054	\$ 641,518	\$ 703,175	\$ 770,583
UDSA Debt Service Requirements	(104,572)	(204,748)	(270,340)	(301,698)
Net Funds Available for LIPA Debt Service	\$ 538,482	\$ 436,770	\$ 432,835	\$ 468,884

Note (a) - excludes deposits included in capital loadings