

Long Island Power Authority Adopted 2001 Budgets Operating and Capital

THE POWER OF Change

George E. Pataki
Governor

Richard M. Kessel
Chairman

**LONG ISLAND POWER AUTHORITY
ADOPTED OPERATING AND CAPITAL BUDGETS
YEAR ENDING DECEMBER 31, 2001**

EXECUTIVE SUMMARY

The revenue and operating and capital expenditure forecasts contained herein represent the Long Island Power Authority's (LIPA) adopted budgets for the year ending December 31, 2001. They are based on actual sales results for the current year (2000), normalized for the effects of weather, forecasts of electric load additions and the expected impact of the Long Island Choice and demand side management/energy conservation programs. Revenues for 2001 also reflect the accounting deferral of credits being applied to electric usage charges in accordance with the Shoreham property tax settlement reached early in 2000. Expenditure forecasts incorporate continuation of current operation and maintenance programs as well as initiatives planned for 2001 to address system growth and safety, and improve system reliability. Highlights of the sales and revenue forecasts and proposed expenditure plans include:

Electric sales are forecasted at 18,430,084 MWH, an increase of 914,206 MWH, or 5.2% over 2000's original budget and 2.7% over the mid-year projected normalized level for 2000. Sales in the Commercial and Industrial market are expected to grow by 4% versus the 2000 mid-year forecast, while Residential sales will increase by 1.3%.

Revenues are budgeted at \$2.508 billion, an increase of \$382.8 million over the 2000 budget level, and are primarily based on retail sales of electricity to the Residential and Commercial and Industrial markets. Also included are sales to Public Authorities and revenues from electric sales for Street Lighting as well as revenues associated with: reimbursement from KeySpan for the cost of providing postage-paid remittance envelopes to our customers and revenues from other sources, such as pole attachments and late payment charges. An additional component of revenues in 2001 relates to the accounting deferral of credits applied to customers' electric usage charges in accordance with the Shoreham property tax settlement. These credits are being deferred in the budget year for subsequent recovery consistent with the terms of the settlement. Also included in projected 2001 revenues is the recovery of higher prior years' fuel and purchased power costs, including carrying charges, as is required under our tariff. These costs had been deferred in accordance with the provisions of the tariff. Management efforts are presently underway to mitigate the near-term effects of this national problem on our cost of fuel and to put in place a longer-term approach to better protect LIPA's customers from the volatility of the global energy market.

Finally, revenues reflect \$10.6 million of discounts provided to qualified customers under the Power-for-Jobs program. LIPA receives a gross receipts tax credit from New York State for such discounts, which is reflected in the budget as an offset to Revenue Tax expense.

Fuel and Purchased Power costs are budgeted at \$927.2 million, an increase of \$246.4 million over the 2000 budget level, and are based on forecasted natural gas, fuel oil and nuclear fuel prices and the cost of purchased power. These costs were adjusted in accordance with the provisions of LIPA's tariff, which requires that the effect of higher fuel and purchased power prices forecasted for the budget year be deferred and recovered from customers in the following year. The amount deferred for 2001 is \$244.8 million, which reflects the continuation of the significant increases in the cost of fuel and purchased power experienced in 2000. The fuel and purchased power budget also reflects the expensing on our books of prior years' deferrals, including accrued carrying charges, to match the recovery of these costs, which is budgeted as revenues.

Operation and Maintenance expenses are budgeted at \$670.5 million, an increase of \$13.5 million versus 2000. O&M expenses are comprised primarily of costs associated with the transmission and distribution system management and power generation agreements with KeySpan Energy Corp. In addition to the costs associated with operating LIPA's T&D system and providing generated and purchased power, these agreements provide for management fees and various performance incentives related to system reliability, customer service and worker safety. Other major costs include those related to: outside engineering and other consulting services utilized by LIPA; retail programs and product development; the Clean Energy Program and the operation and maintenance activities associated with the Nine Mile Point Two nuclear power plant.

General and Administrative expenses are budgeted at \$16.3 million, an increase \$1.7 million over 2000, and are comprised primarily of salaries, benefits and other employee-related costs. Also included are expenses related to: the cost of insurance to protect against severe financial losses from damage to the transmission and distribution system and the cost to restore electric service in the event of a storm or other extreme weather event; LIPA's share of premiums to provide insurance against losses suffered as a result of damage to the cross sound cable shared with a unit of Northeast Utilities; and office rent, communications, the cost of public liability damage claims and other general and administrative activities.

Depreciation and Amortization is budgeted at \$211.7 million, a decrease of \$1.8 million versus the budgeted 2000 level, and is comprised of the amortization of the Acquisition Adjustment and the depreciation of the T&D system assets.

Revenue Taxes are budgeted at \$87.8 million, an increase of \$6.4 million over the 2000 expense level, and are based on gross revenues received from the sale of electricity and charges levied on other sources of revenues, including the recovery of fuel and purchased power costs deferred in prior years. The expense included in the budget is net of tax credits associated with sales made under the Power-for-Jobs program.

Payments in-lieu-of Taxes, or PILOTS, are budgeted at \$144.3 million, a decrease of \$9.2 million versus the 2000 budgeted level, and reflect forecasts of real property-based taxes presently incurred by LIPA from various jurisdictions, including New York State, Nassau and Suffolk Counties, towns, villages, school districts and special purpose districts. The budget also reflects the provisions of the Shoreham property tax settlement.

Other Income and Deductions are budgeted at \$63.9 million, an increase of \$44.9 million over the budgeted 2000 level. This category consists of earnings on LIPA's short-term cash investments as well as carrying charges accrued on deferred balances related to the Shoreham property tax settlement and fuel and purchased power costs deferred in accordance with LIPA's tariff. Also included is LIPA's share of budgeted revenues related to the sales of emissions credits expected during 2001. This item was treated as an offset to costs incurred under the Power supply Agreement with KeySpan Energy in previous budgets.

Interest Expense is budgeted at \$365.1 million, an increase of \$23.7 million over the 2000 budget, and is based on forecasted levels of outstanding debt and related fees as well as the amortization of deferred charges associated with the early redemption of prior indebtedness. The average level of debt outstanding during 2001 is forecasted at \$6.994 billion, carrying an effective interest rate of 5.003%. This compares with a budgeted debt level of \$6.655 billion at an effective interest rate of 4.886% for 2000.

Excess of Revenues Over Expenditures of \$148.5 million is the result of the items discussed above. The increase of \$147 million versus the 2000 level reflects the large amount of accounting deferrals and other non-cash items included in the 2001 budget.

Cash Flow from Operations is budgeted at \$246 million, and reflects cash generated from LIPA's budgeted operating results as well as the budgeted provision for recovery of fuel and purchased power costs deferred in prior years. Excluding this recovery, cash flow from ongoing operations is forecasted at \$31.9 million.

Capital expenditures, comprised of construction and removal projects, are budgeted at \$ 241.9 million. This represents an increase of \$35.3 million, or 17.1% over the level approved for 2000. Transmission and distribution system projects, which include the construction of new supply transmission interconnects and major substation and transmission system upgrades, total \$243 million, before cost-sharing offsets of \$14.6 million. These investments underscore LIPA's commitment to provide safe and reliable electric service, and to expand and upgrade the electric T&D system to serve new customers, particularly on the eastern end of Long Island, where additional investments are needed to meet the energy needs of that region's growing population. Capital expenditures, including the cost of capitalized nuclear fuel, related to LIPA's 18% share of the upstate Nine Mile Point Two nuclear power plant are budgeted at \$7.3 million, a decrease of \$4.8 million from the 2000 level. The remainder of the capital budget includes provisions for LIPA leasehold improvements, furniture and computer and other equipment and capitalized interest.

These operating and capital budgets support LIPA's commitment to the provision of safe, reliable and affordable electric service to the residents and businesses of Long Island. They continue the 20 percent across-the-board rate reduction that we expect will remain in force for at least another three years. As we begin another year as Long Island's electric company, we look forward to providing our customers with service quality second to none and to continuing our lead role in the many exciting and rapid changes now taking place in our industry.

**Long Island Power Authority
Adopted Budgets
Consolidated
Year Ending December 31, 2001**

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Long Island Power Authority
Budgeted Statements of Revenues and Expenses
Consolidated
(Thousands of Dollars)

	12 Months Ended December 31			<u>Reference</u>
	2001	2000	Variation	
Revenues ⁽¹⁾	2,507,786	2,124,940	382,846	A-3
Expenses				
Fuel and Purchased Power Costs ⁽²⁾	927,237	680,846	246,391	A-5
Operations and Maintenance Expenses ⁽³⁾	670,532	656,996	13,536	A-6
General and Administrative Expenses ⁽⁴⁾	16,341	14,644	1,697	A-7
Depreciation and Amortization ⁽⁵⁾	211,740	213,540	(1,800)	A-8
Revenue Taxes ⁽⁶⁾	87,832	81,440	6,392	A-9
Payments in Lieu of Taxes (PILOTS) ⁽⁷⁾	144,335	153,524	(9,189)	A-9
Total Operating Expenses	2,058,017	1,800,990	257,027	
Operating Income	449,769	323,950	125,819	
Other Income and Deductions ⁽⁸⁾	63,887	18,960	44,927	A-10
Interest Expense ⁽⁹⁾	365,135	341,397	23,738	A-13
Excess of Revenues Over Expenses	148,521	1,513	147,008	

Notes: (1) Based on a forecast of 18.430 million megawatt hours, which reflects an assumed growth rate of 5.2% versus budgeted 2000 and 2.7% versus actual 2000 experience, normalized for the effects of weather. It also factors in the continuation of an average 20% overall rate reduction.

(2) Based on forecasted fuel prices, adjusted according to the provisions of the tariff.

(3) Reflects terms and conditions of contracts with KeySpan and other costs relating to operating and maintaining the electric T&D system.

(4) Employee salaries and benefits, insurance and other internal expenses of LIPA.

(5) Includes depreciation of T&D plant and equipment and the reserve provision for LIPA's share of the forecasted decommissioning cost of the Nine Mile Point 2 nuclear power plant. Also included is the amortization of the Acquisition Adjustment.

(6) State and local taxes assessed on revenues associated with the retail sale of electricity and other operating revenues.

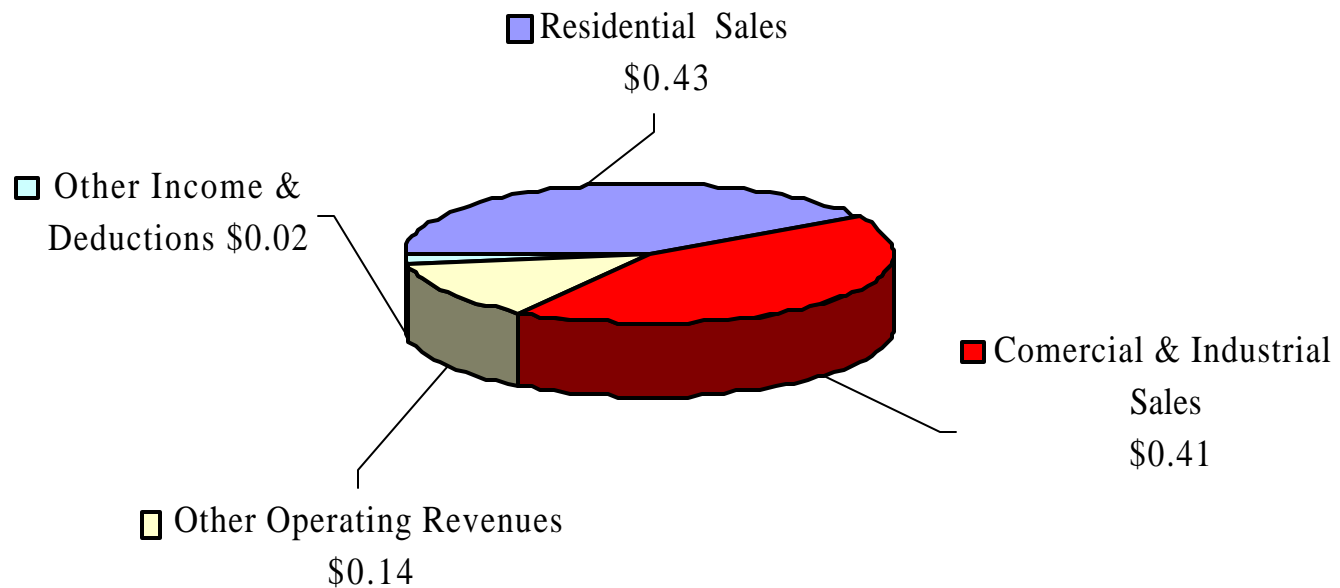
Included is a surcharge assessed on sales made within the localities serviced by the Metropolitan Transportation Authority.

(7) Payments made to New York State, the counties, towns and villages and other taxing districts in-lieu-of property taxes.

(8) Interest on short-term investments and carrying charge accruals on deferred cost balances.

(9) Interest expense associated with outstanding debt securities.

**LONG ISLAND POWER AUTHORITY
SOURCE OF 2001 BUDGETED REVENUE DOLLAR**

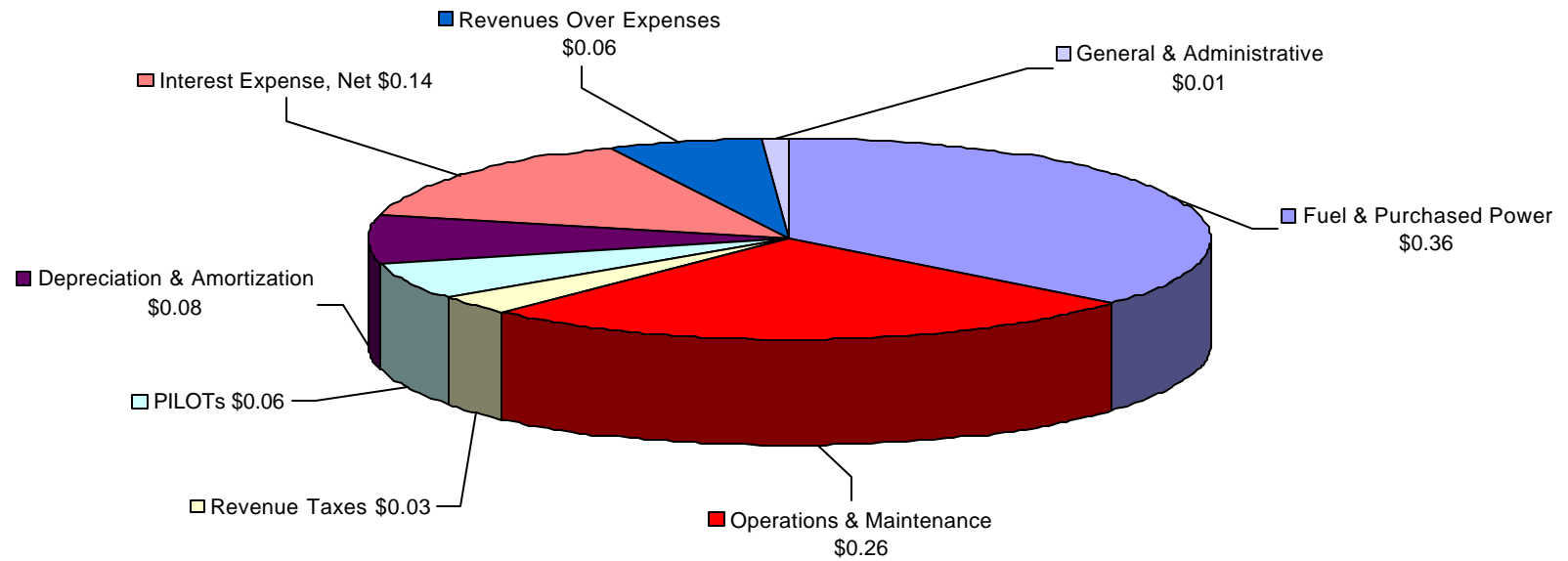


Long Island Power Authority Budgeted Sales and Revenues Consolidated

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
<u>Sales of Electricity (MWh)*</u>			
Residential Sales	8,321,765	7,992,162	329,603
Commercial & Industrial Sales	9,679,117	9,099,683	579,434
Other Sales to Public Authorities/Street Lighting	429,202	424,033	5,169
Total Sales of Electricity	18,430,084	17,515,878	914,206
<u>Revenues (\$ thousands)</u>			
Residential Sales	1,098,222	1,065,362	32,860
Commercial & Industrial Sales	1,061,144	1,003,811	57,333
Other Sales to Public Authorities/Street Lighting	38,838	38,750	88
Sales for Resale	-	1,437	(1,437)
Deferred Shoreham Property Tax Settlement Credits	80,000	-	80,000
Deferred Fuel and Purchased Power Cost Recovery	214,026	-	214,026
Postage-Paid Remittance Envelope Reimbursement	1,982	1,800	182
Miscellaneous Revenues	13,574	13,780	(206)
Total Revenues	2,507,786	2,124,940	382,846

* Megawatt hours, or 1,000 kilowatt hours (KWh). A kilowatt hour is the unit of measure for retail sales of electricity.
The average monthly bill for a residential customer will range from 560 KWh to 730 KWh, depending upon season.

LONG ISLAND POWER AUTHORITY USE OF 2001 BUDGETED REVENUE DOLLAR



Long Island Power Authority
Budgeted Fuel and Purchased Power Costs
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Total Fuel and Purchased Power (excl.Nine Mile)	920,819	634,514	286,305
Nine Mile Nuclear Fuel (incl. Disposal and Decomm. Costs)	8,624	7,892	732
Wheeling Charges	7,328	7,687	(359)
Y-49 and Y-50 Cable Operating Costs	19,586	25,628	(6,042)
ESCO Settlements	5,663	-	5,663
Ancillary Service Revenues-Net	(12,000)	-	(12,000)
Energy Management Agreement	7,957	7,625	332
Deferred Fuel and Purchased Power Expense	(244,766)	(2,500)	(242,266)
Deferred Fuel and Purchased Power Cost Recovery	214,026	-	214,026
Total Fuel and Purchased Power Costs	927,237	680,846	246,391

Long Island Power Authority
Budgeted Operations and Maintenance Expenses
Consolidated
(Thousands of Dollars)

	Budget			Ref.
	<u>2001</u>	<u>2000</u>	<u>Variation</u>	
KeySpan Management Services Agreement	260,599	261,534	(935)	A-6.1
KeySpan Power Supply Agreement	298,692	292,495	6,197	A-6.1
Consulting	15,586	12,051	3,535	A-6.2
Assessments	2,176	2,432	(256)	A-6.3
Nine Mile Point 2 O&M	27,320	27,048	272	A-6.4
Research & Development	5,869	5,979	(110)	A-6.5
Clean Energy Program	31,987	29,876	2,111	A-6.6
Storm Damage Reserve	9,000	9,000	-	(1)
Uncollectible Accounts	13,330	13,334	(4)	(1)
Long Island Choice Program	350	355	(5)	(1)
Customer Service	287	305	(17)	(1)
Economic Development	357	287	70	(1)
Retail Programs and Product Development	2,443	-	2,443	(1)
Postage-Paid Remittance Envelopes	1,982	1,800	182	(1)
Fuel Storage Rentals	53	-	53	(1)
Miscellaneous	500	500	-	(1)
Total Operations and Maintenance Expenses	670,532	656,996	13,536	

(1) Not detailed on separate schedule

Long Island Power Authority
Budgeted O&M and Generation Expenses Incurred Under
Management and Power Agreements with KeySpan Energy Corporation
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Management Services Agreement			
T&D System Operating Costs	273,847	267,753	6,094
Management Fee	10,000	10,000	0
Synergy Savings	(28,748)	(21,719)	(7,029)
Non-Cost Performance Incentives	5,500	5,500	0
Total Management Services Agreement	260,599	261,534	(935)
Power Supply Agreement			
Operation and Maintenance Expenses	298,203	293,359	4,844
Synergy Savings	(3,511)	(4,864)	1,353
Non-Cost Performance Incentives	4,000	4,000	0
Total Power Supply Agreement	298,692	292,495	6,197
Energy Management Agreement*			
Operating Expenses	2,340	2,250	90
Management Fees	1,500	1,500	0
Synergy Savings	(2,883)	(3,125)	242
Non-Cost Performance Incentives	7,000	7,000	0
Total Energy Management Agreement	7,957	7,625	332
Total Contracts with KeySpan	567,248	561,654	5,594

* Expenses incurred under the Energy Management Agreement are included as Fuel and Purchased Power Expenses. See schedule A-5.

Long Island Power Authority
Budgeted Consulting Expenses
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Accounting and Audit Services	1,600	1,275	325
Legal	3,635	3,495	140
Communications	372	86	286
Information Technology	100	280	(180)
Engineering	7,944	4,986	2,958
Risk Management	125	104	21
Financial Advisor/Investments	1,325	1,170	155
Human Resources	60	120	(60)
Strategic Planning	20	120	(100)
Storm Review Panel	150	150	-
Miscellaneous	255	265	(10)
Total Consulting Expenses	15,586	12,051	3,535

Note: Excludes consulting expenses included under the MSA budget. Consulting expenses related to the Clean Energy Program have been budgeted under the program.

Long Island Power Authority
Budgeted Assessments
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
NYS Administrative Cost Assessment	1,675	2,040	(365)
Transmission Providers Committee	300	200	100
New York Power Pool	5	75	(70)
ESEERCO	10	31	(21)
New England Power Pool	10	10	-
New York State Reliability Council	110	71	39
Northeast Power Coordinating Council	5	5	-
Penn NJ Maryland (PJM) ISO	11	-	11
PSC Article VII & X Studies	50	-	50
Total Assessments	2,176	2,432	(256)

Long Island Power Authority
Budgeted Nine Mile Point 2 O&M Expenses
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Refueling Outage Amortization	3,360	2,131	1,229
Non-Refueling Outage Expense	20,804	21,816	(1,012)
Materials and Supplies Carrying Costs	1,016	988	28
Insurance	98	327	(229)
Management, Analytical and Technical Services	497	702	(205)
Other Expenses	1,545	1,084	461
Total Nine Mile Point 2 O&M Expenses	27,320	27,048	272

Note: Budget assumes continuation of present ownership and operator of the Nine Mile Point 2 nuclear power plant. If the plant is sold, LIPA could incur a cash outlay of approximately \$6 million for inventory and transition costs related to the sale.

Long Island Power Authority
Budgeted Research & Development Expenses
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Transmission and Distribution System Projects	2,751	2,751	-
Clean Energy/Energy Efficiency Projects	4,210	4,595	(385)
Customer Service/Appliance Utilization	2,120	2,120	-
Base KeySpan Labor Included in MSA Budget	998	1,108	(110)
Total Research and Development Budget	10,079	10,574	(495)
Less: R&D Projects Included in Clean Energy Program	(4,210)	(4,595)	385
Total Research & Development Expenses	5,869	5,979	(110)

Long Island Power Authority
Budgeted Clean Energy Program Expenses
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Conservation	20,233	16,865	3,368
Low Income Conservation	3,178	3,020	158
Research & Development	4,210	4,595	(385)
Design, Promotion and Administration	1,518	2,908	(1,390)
Base KeySpan Labor Included in MSA Budget	2,848	2,488	360
Total Clean Energy Program Expenses	31,987	29,876	2,111

Long Island Power Authority
Budgeted General and Administrative Expenses
Consolidated
(Thousands of Dollars)

	Budget		
	2001	2000	Variation
Employee Salaries and Benefits	7,754	6,543	1,211
Other Employee Expenses	1,331	450	881
Office Rent	1,168	731	437
Telephone	217	192	25
Office Supplies, Printing, Postage & Mail	283	338	(55)
Meetings, Conferences and Seminars	385	344	41
Equipment Leases	117	59	58
Dues/Memberships/Subscriptions	181	197	(16)
Repairs & Maintenance	7	42	(35)
Insurance	519	540	(21)
Injuries and Damages Reserve	780	720	60
T&D Insurance	1,557	2,238	(681)
NUSCO Cable Insurance	799	477	322
Communications	537	821	(284)
Board and Other Public Meetings	81	108	(27)
Community Relations	226	290	(64)
Sponsorships/Special Events	36	-	36
Donations	125	125	-
Investor Relations/Bond Trustee Expense	45	40	5
Miscellaneous	193	389	(196)
Total Administrative and General Expenses	16,341	14,644	1,697

Long Island Power Authority
Budgeted Depreciation and Amortization
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Amortization of Acquisition Adjustment	113,000	117,300	(4,300)
Depreciation Expense-Plant-in-Service	94,500	92,000	2,500
Depreciation Expense-Decommissioning Fund-Nine Mile Point 2	4,240	4,240	-
Total Depreciation and Amortization	211,740	213,540	(1,800)

Long Island Power Authority
Budgeted Taxes and Payments in-lieu-of Taxes
Consolidated
(Thousands of Dollars)

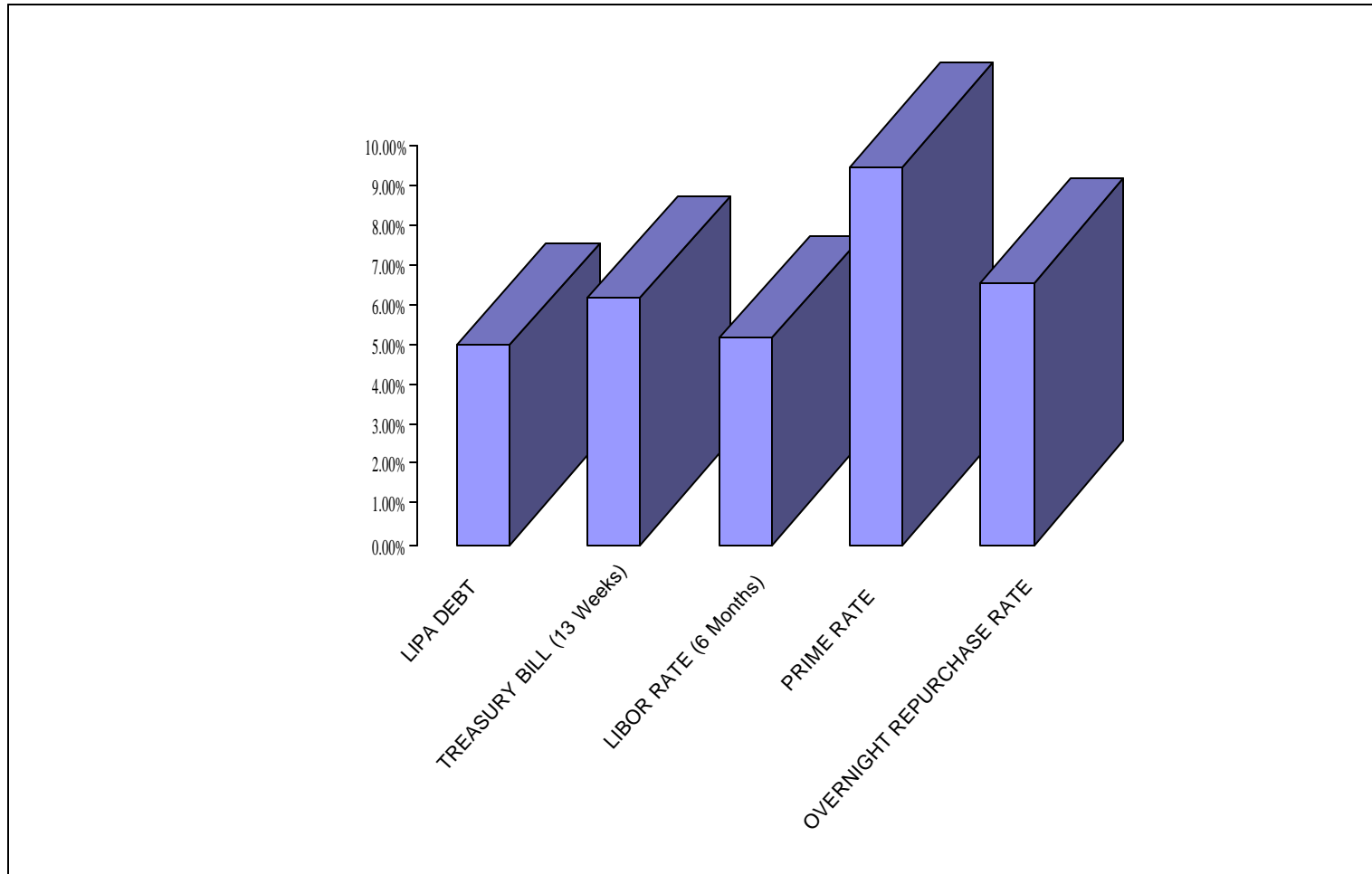
	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Revenue Taxes	87,832	81,440	6,392
Payments in-lieu-of Taxes (PILOTS)			
Long Island and New York City	128,800	129,500	(700)
Nine Mile PILOTS	5,994	6,303	(309)
Shoreham PILOTS	9,541	17,721	(8,180)
Total PILOTS	144,335	153,524	(9,189)

Long Island Power Authority
Budgeted Other Income and Deductions
Consolidated
(Thousands of Dollars)

	Budget		
	<u>2001</u>	<u>2000</u>	<u>Variation</u>
Short-Term Investment Income	25,438	18,960	6,478
Carrying Charges on Deferred Shoreham Property Tax Settlement Rebates	10,064	-	10,064
Carrying Charges on Deferred Shoreham Property Tax Settlement Credits	10,544	-	10,544
Carrying Charges on Deferred Fuel and Purchased Power Expense	14,599	-	14,599
Carrying Charges on Deferred Debt Issuance Costs	562	-	562
Sales of Emission Credits ⁽¹⁾	2,680	-	2,680
Total Other Income and Deductions	63,887	18,960	44,927

Notes: (1) Treated as reduction to KeySpan PSA expense in 2000 budget. Budget expense offset for that year was \$8 million.

**LONG ISLAND POWER AUTHORITY
COMPARATIVE INTEREST RATES
(AS OF 10/30/2000)**



Long Island Power Authority
Estimated Average Cost of Debt
Year ending December 31, 2001
(Thousands of Dollars)

<u>Series</u>	<u>Type</u>	<u>Maturity</u>	<u>Average Principal Outstanding</u>	<u>Effective Interest Rate</u>	<u>2001 Interest Expense</u>
<u>Senior Debt</u>					
1998 A	Serial Bonds	2001-2016	1,181,981	5.193%	61,378
1998 A	Term Bonds	2018-2029	1,850,575	5.319%	98,433
1998 A	Capital Appreciation Bonds	2003-2028	167,668 *	4.978%	8,347
1998 B	Serial Bonds	2001-2016	1,124,200	4.756%	53,470
1998 B	Term Bonds	2018	57,145	4.750%	2,714
2000 A	Capital Appreciation Bonds	2003-2028	341,942 *	5.582%	19,089
2001 A			250,000	6.500% **	16,250
2001 B			<u>72,917</u>	<u>6.500%</u> **	<u>4,740</u>
Total Senior Debt			<u>5,046,428</u>	<u>5.240%</u>	<u>264,421</u>
<u>Subordinate Debt</u>					
Series 1-6	Variable Rate	2033	1,500,000	4.400%	66,000
Series 7A&7B	Variable Rate	2025	250,000	4.208% ***	10,520
Series 8	Mandatory Purchase	2001-2008	<u>197,825</u>	<u>4.551%</u>	<u>9,004</u>
Total Subordinated Debt			<u>1,947,825</u>	<u>4.391%</u>	<u>85,524</u>
Total Average Debt			<u>6,994,253</u>	<u>5.003%</u>	<u>349,945</u>

* Represents accreted value of original proceeds of \$145.793 million and \$325.165 million on Series 1998A and Series 2000A, respectively. Effective interest rate based on accreted value.

** Estimated rate.

*** The Authority has entered into interest rate swap agreements in connection with the Series 7A & 7B Bonds pursuant to which the Authority makes a fixed rate payment based on a rate of 4.208%.

Long Island Power Authority
Budgeted Interest Expense
Consolidated
(Thousands of Dollars)

LIPA Interest Expense from Page A-12

Other Interest Expense

NYSERDA
Debentures
Amortization of Deferred Debt Issue Costs (Premiums)
Amortization of Deferred Losses on Debt Redemptions
Letters of Credit Fees
Interest on Customer Security Deposits
Bond Administration Costs and Bank Fees
Remarketing Fee
Promissory Note due from KeySpan
Total Other Interest Expense

Capitalized Interest

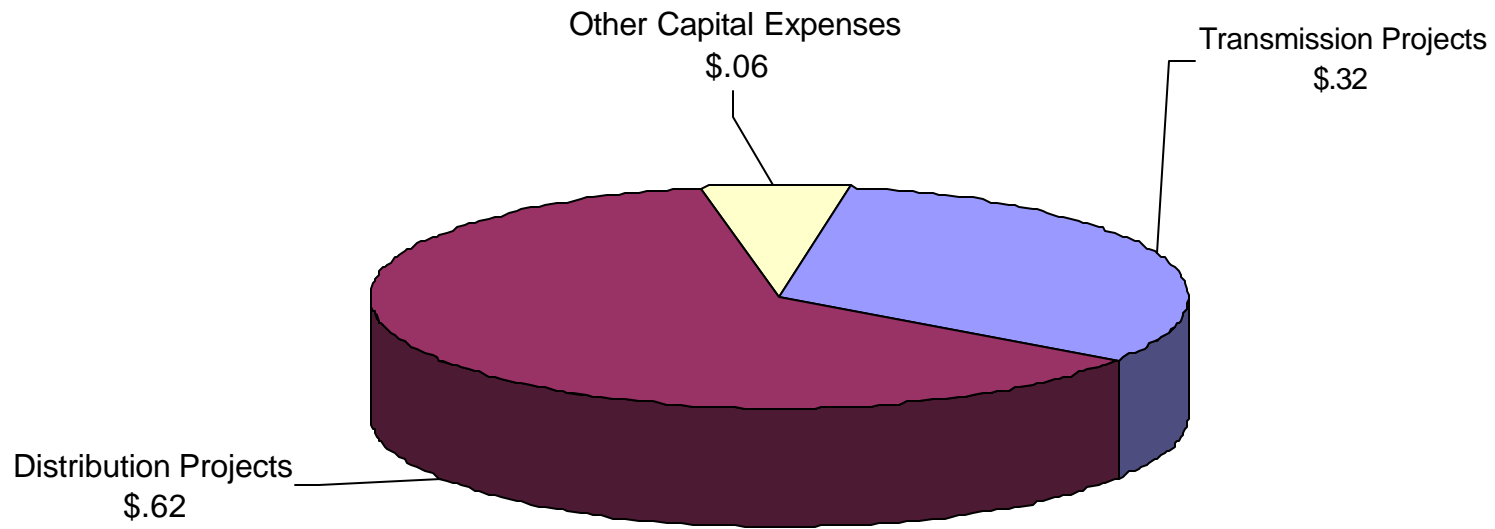
Total Interest Expense

Budget		
<u>2001</u>	<u>2000</u>	<u>Variation</u>
349,945	325,129	24,816
20,661	20,661	-
22,140	22,140	-
(1,624)	(927)	(697)
9,067	9,105	(38)
10,260	9,000	1,260
630	630	-
1,192	1,200	(8)
1,265	1,260	5
(42,801)	(42,801)	-
20,790	20,268	522
5,600	4,000	1,600
365,135	341,397	23,738

Long Island Power Authority
Budgeted Cash Flow from Operations
Consolidated
Year Ending December 31, 2001
(Thousands of Dollars)

Excess of Revenues Over Expenses	<u>148,521</u>
Add Back (Deduct) Non-Cash Items:	
Deferred Shoreham Property Tax Settlement Credits	(80,000)
Deferred Fuel and Purchased Power Expense	(244,766)
Deferred Fuel and Purchased Power Cost Recovery	214,026
Nine Mile Point 2 Refueling Outage Amortization	3,360
Prepaid Insurance Premiums-Net of Amortization	(404)
Depreciation and Amortization	211,740
Carrying Charges on Deferred Shoreham Property Tax Settlement Rebates	(10,064)
Carrying Charges on Deferred Shoreham Property Tax Settlement Credits	(10,544)
Carrying Charges on Deferred Fuel and Purchased Power Expense	(14,599)
Carrying Charges on Deferred Debt Issuance Costs	(562)
Amortization of Deferred Debt Issue Costs (Premiums)	(1,624)
Amortization of Deferred Losses on Debt Redemptions	9,067
Interest on Capital Appreciation Bonds	27,436
Capitalized Interest	(5,600)
Total Non-Cash Items	<u>97,466</u>
Excess of Revenues Over Expenses-Cash Basis	245,987

**LONG ISLAND POWER AUTHORITY
USE OF BUDGETED CAPITAL DOLLAR
YEAR ENDING DECEMBER 31, 2001**



Note: Transmission and Distribution Project expenditures are net of cost-sharing and other contributions.

Long Island Power Authority
Budgeted Capital Expenditures
Consolidated
(Thousands of Dollars)

	Budget		
	2001	2000	Variation
Transmission Projects			
Transmission Interconnection (Major Capital)	31,897	-	31,897
Western Suffolk Substations and Lines (Major Capital)	10,100	3,584	6,516
Eastern Suffolk Northfork Substation and Lines (Major Capital)	2,451	726	1,725
Riverhead-Southampton line (Major Capital)	-	64,543	(64,543)
Other Transmission (Routine Capital)	32,708	17,230	15,478
Other Transmission (Major Capital)	14,299	5,357	8,942
Total Transmission Projects	91,455	91,440	15
Distribution Projects			
Substations (Major Capital)	39,107	14,084	25,023
Substations (Routine Capital)	967	812	155
Electric Lines-New Customer Load (Routine Capital)	32,033	22,210	9,823
Electric Lines-Other (Routine Capital)	54,336	40,936	13,400
Purchase and Install Meters/Transformers (Routine Capital)	19,019	17,021	1,998
Public Works	2,436	2,463	(27)
Other Distribution (Routine Capital)	2,691	1,266	1,425
Total Distribution Projects	150,589	98,792	51,797
Additional Public Works Projects (beyond MSA)	1,000	1,000	-
Total Transmission and Distribution Projects	243,044	191,232	51,812
Cost-Sharing and Other Contributions	(14,550)	(1,000)	(13,550)
Capitalized Interest	5,600	4,000	1,600
Nine Mile Point Two Plant Additions/Replacements/Capitalized Nuclear Fuel	7,301	12,146	(4,845)
LIPA Leasehold Improvements /Furniture and Equipment	500	200	300
Total Capital Expenditures	241,895	206,578	35,317