

Board Policy: **Debt and Credit Markets**  
Policy Type: **Operating Policies**  
Monitored by: **Finance and Audit Committee**  
Board Resolution: **#1319, approved September 21, 2016**

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### **Board Policy on Debt and Credit Markets**

It is the policy of the Board of Trustees of the Long Island Power Authority to serve the long term interests of the Authority's customers by adopting sound financial plans in each year. Sound financial plans ensure ready access to borrowing on reasonable terms, which is necessary for investments that maintain the reliability and resiliency of the Long Island electric system. Such plans contain prudent levels of borrowing and lower the long-term cost of providing electric service to our customers.

The Board will achieve these objectives by:

- a) Supporting bond ratings of at least A2/A from the several rating agencies within five years;
- b) Achieving fixed obligation coverage ratios of no less than 1.45x on Authority-issued debt and 1.25x on the combination of Authority- and UDSA-issued debt; and
- c) Generating sufficient cash flow from current revenues to maintain the issuance of new debt as a percentage of capital spending of 64% or lower.

At all times, the Authority will maintain cash on hand and available credit of at least 120 days of operating expenses.