

Dear Stakeholder,

LIPA is a community-owned, locally controlled, not-for-profit utility. We contract with PSEG Long Island, a subsidiary of Public Service Enterprise Group (PSEG), to operate our electric system under a 12-year contract. By maintaining a public power business model, we combine local control, public ownership and a low-cost structure with the customer service and industry experience of a recognized private utility. LIPA and PSEG Long Island continue to improve service quality for our 1.1 million customers.

The Long Island Power Authority's 2016 accomplishments furthered our mission to enable clean, reliable, and affordable electric service for our customers on Long Island and the Rockaways.

The following highlights are LIPA's most significant projects of 2016:

- Reached an agreement with PSEG Long Island for Revised Tier 1 metrics for interconnection cycle time, advanced metering infrastructure, long-term estimates, and billing exception cycle time as initial performance improvement goals were achieved.
- Established a 5-year budget forecast for the delivery and power supply costs, grants, sales, and capital spending as part of annual budget process in November 2016.
- Developed first 3-Year Work Plan for LIPA staff.
- Adopted a 2016 budget that provided the resources necessary to achieve performance metrics for customer service and satisfaction, electric reliability, safety, and other key areas of electric utility operations.
- Initiated FIT III (commercial rooftop solar) and FIT IV (fuel cells in load pockets) in furtherance of the State's Clean Energy Standard.
- Adopted several Board Policies including policy and strategy for reducing taxes and maintaining affordable electric rates.
- Modified LIPA employee performance evaluations to more closely tie evaluations to achievement of goals.
- Approved power purchase agreements for up to 28.9 megawatts of utility-scale solar projects in furtherance of the State's Clean Energy Standard.

For additional information regarding LIPA's 2016 operations, projects, and accomplishments, please see the following documents, which are all located on LIPA's [website](#):

- [2016 Performance Measurements Report](#);
- [2017 Budget](#); and
- [Financial Statements for the periods ended December 31, 2016 and 2015](#).

Sincerely,

/s/ Thomas Falcone