

Dear Stakeholder,

The Long Island Power Authority is a community-owned, locally controlled, not-for-profit utility. We contract with PSEG Long Island, a subsidiary of the 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 and reliability for our 1.1 million customers.

LIPA's 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 2019:

- Obtaining ratings upgrades from all three credit rating agencies to achieve the highest credit ratings in LIPA's history;
- Negotiating a settlement agreement with Nassau County to resolve tax litigation for the E.F. Barrett and Glenwood Landing power plants to reduce payments by 50 percent over the remaining term of the Power Supply Agreement;
- Commencing studies to identify the least cost approaches to interconnecting up to 9,000 megawatts (MW) of offshore wind to the electric grid in Long Island and New York City;
- Maintaining electric rate adjustments below 2.5 percent, with delivery increases nearly entirely offset with other cost reductions for 2020;
- Reviewing and approving a new \$200 million Storm Hardening Program Phase II, with an additional 240 circuit miles to be hardened over four years;
- Establishing a new 30,000 heat pump by 2025 target and associated programs;
- Overseeing PSEG Long Island's design and implementation of New York's first behind-the-meter energy storage incentives and the expansion of LIPA's dynamic load management programs to extend eligibility to customers with rooftop solar;
- Overseeing and contributing to PSEG Long Island's 2019 Utility 2.0 filing, which includes pilot programs sought by LIPA, such as on-bill financing for energy efficiency and beneficial electrification, prepaid billing options, electric school buses, and fuel-source switching for heat pumps;
- Overseeing and contributing to PSEG Long Island's 2019 Energy Efficiency filing, including an \$8 million increase in the annual budget for heat pump incentives;
- Collaborating with New York State agencies and stakeholders on new nitrogen oxide emission limits for combustion turbines that protect the environment, while maintaining system reliability and facilitating compliance at a reasonable cost to customers;

- Improving the process for reporting funds expended for capital assets financed by LIPA with tax-exempt debt, thereby improving the pace of the drawdown of funds and reducing cash flow borrowing needs, which minimizes customer rates;
- Overseeing PSEG Long Island's receipt of State regulatory approval of the Western Nassau Transmission Project that reflected an agreement with affected communities;
- Overseeing PSEG Long Island programs and operations related to FEMA grant compliance, billing and collections, tariffs and rates, employee benefit programs, emergency communication policies and procedures to confirm their effectiveness;
- Developing an information technology asset management program to ensure accurate and efficient inventory management of LIPA systems throughout the asset life cycle. This program aligns with best practices to manage and protect our systems;
- Establishing a new multi-year process between LIPA and PSEG Long Island to identify strategic initiatives, like project prioritization and policy advocacy, that will advance LIPA's mission, vision, and Board Policies; and
- Implementing improvements to LIPA's employee assistance programs to maintain a healthy and productive workforce.

For additional information regarding LIPA's 2019 operations, projects, and accomplishments, please see the following documents, which are all located on LIPA's [website](#):

- [Board Policy Reports](#);
- [2019 Work Plan](#);
- [2019 Performance Measurement Report](#);
- [2020 Budget](#); and
- [Financial Statements](#) for the periods ended December 31, 2019 and 2018.

Sincerely,

/s/ Thomas Falcone