

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 325th MEETING

HELD ON SEPTEMBER 25, 2024

The Long Island Power Authority (“LIPA”) was convened for the three hundred and twenty-fifth time at 10:08 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on September 20, 2024, and electronic notice posted on the LIPA’s website.

The following LIPA Trustees were present in person:

**Tracey Edwards, Chair
Valerie Anderson Campbell, Vice Chair
Vanessa Baird-Streeter
Drew Biondo
Dominick Macchia
Mili Makhijani**

Representing LIPA, in person, were John Rhodes, Acting Chief Executive Officer; Bobbi O’Connor, General Counsel and Board Secretary; Donna Mongiardo, Chief Financial Officer; Brian Rudowski, Acting Chief Information Officer; Billy Raley, Senior Vice President of Transmission and Distribution; Gary Stephenson, Senior Vice President of Power Supply; Ken Kane, Senior Vice President of Investment Planning; William Wai, Director of Rates; Cathy Widmark, Director of Audit Services; Jen Hayen, Director of Communications; Jessica Bretana, Senior Manager of Performance Management; and Bill Robins, Senior Digital Specialist. Participating via video conferencing was Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG Long Island, in person, were David Lyons; Interim President and Chief Operating Officer; Peggy Keane, Vice President of Construction and Operations; Jessica Tighe, Director of Customer Contact & Billing; Michael Voltz, Director of Energy

Efficiency and Renewables; Martin Shames, Finance Director; Joanna Weissman, Manager of Climate Change and Resilience.

Representing the Department of Public Service were Carrie Meek Gallagher, Director; and Nick Forst, Deputy Director.

Chair Edwards welcomed everyone to the 325th meeting of the Long Island Power Authority Board of Trustees and asked Trustee Biondo to lead the Pledge of Allegiance. After the Pledge of Allegiance, Chair Edwards opened the Board meeting to public comments.

After hearing all public comments, Chair Edwards stated that the first item on the agenda was the adoption of the minutes from the June 26, 2024 Board of Trustees meeting.

Upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1855. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 26, 2024 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on June 26, 2024 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Chair Edwards stated that the next item on the agenda was the Chief Executive Officer's Report to be presented by LIPA's Acting Chief Executive Officer, John Rhodes.

Mr. Rhodes presented the Chief Executive Officer's Report and took questions from the Trustees.

Chair Edwards stated that the next item on the agenda was the PSEG Long Island Operating Report to be presented by David Lyons and PSEG Long Island staff.

Mr. Lyons and staff presented the PSEG Long Island Operating Report and took questions from the Trustees.

Chair Edwards stated that the next item on the agenda is the Overview of Financial Results to be presented by Donna Mongiardo and Martin Shames.

Ms. Mongiardo and Mr. Shames presented the Overview of Financial Results and then took questions from the Trustees.

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Annual Review and Amendments to the Board Policy on Fiscal Sustainability to be presented by Donna Mongiardo.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution finding that LIPA has complied with the Board Policy on Fiscal Sustainability (the “Policy”), approving the annual report for the Policy, and approving certain amendments to the Policy, which resolution is attached as Exhibit “A.”

Background

In September 2016, the Board adopted the Policy, previously known as the Board Policy on Debt and Access to the Credit Markets, with the purpose of serving the long-term interests of LIPA’s customers by adopting sound financial plans each year. Sound financial plans ensure ready access to borrowing on reasonable terms necessary to fund the infrastructure investments that maintain the reliability and resiliency of the Long Island electric system. Such financial plans contemplate prudent levels of borrowing that will accommodate efficient access to the capital markets and thereby minimize the long-term cost of providing electric service to LIPA’s customer-owners. The last annual report to the Board was presented in May 2023.

Compliance with the Policy

LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the Policy for the period since the last annual review. The Policy provides that “LIPA’s vision for fiscal sustainability is to meet the Board’s policy goals to provide clean,

reliable, and affordable energy through strategies that prudently manage and safeguard LIPA's assets and result in the lowest long-term cost to customers. To achieve our vision for fiscal sustainability, LIPA will:

“Decrease LIPA’s leverage and cost of capital by:”

- **“Achieving AA-category credit ratings via reducing LIPA’s debt-to-assets ratio from 92 percent to 70 percent or less by 2030.”**
 - In 2024, LIPA was upgraded by Fitch Ratings (Fitch) to A+. Moody’s and S&P Global reaffirmed their ratings at A2 and A, respectively.
 - LIPA’s debt-to-asset ratio has decreased from over 110% as of the end of 2015 to 85% as of the end of 2023. LIPA included its methodology of calculation in the audited financial statements to ensure consistency and accuracy. By limiting new borrowing while paying down existing debt and fixed obligations (i.e., leases), to-asset ratio of 70 percent or less by 2030.

- **“maximizing grants and low-cost funding sources; minimizing costs through securitization of debt and tax-exempt financing.”**
 - LIPA’s 2021 application to FEMA, totaling \$426 million, seeking a Section 406 Mitigation grant under the Tropical Storm Isaias disaster to continue storm hardening primary sections of the T&D system was approved by FEMA in July 2024.
 - Also, under FEMA Section 404 Mitigation grant opportunities resulting from Tropical Storm Isaias, LIPA was awarded a grant to fund a \$3.5 million project to harden three transmission crossings. Subsequently, LIPA amended the request seeking an additional \$35 million to harden 14 additional crossings. This application is waiting FEMA final review.
 - FEMA has also obligated approximately \$6.6 million related to COVID-19 reimbursements. LIPA awaits the final timing of such funding.
 - Under FEMA Section 404 Mitigation grant opportunities resulting from COVID-19, LIPA was awarded two \$5 million grants to replace defective poles in low-to-moderate income communities within LIPA’s service territory.
 - LIPA submitted to the Department of Energy (“DOE”) three grant proposals totaling \$122.5 million to support T&D investments to enhance interconnection capacity for Distributed Energy Resources, enhance LIPA’s underground cable program and modernize certain substations located in disadvantaged communities. LIPA submitted grant applications in April 2024 and awaits final decision in late 2024.
 - In 2023, the Utility Debt Securitization Authority (“UDSA”), LIPA’s component unit, issued \$698 million in securitization bonds to refund LIPA and UDSA outstanding indebtedness generating net present value savings of \$45 million. UDSA also issued \$136 million in Green Bonds to support LIPA’s resiliency investments. Since 2013, UDSA refinancings have saved LIPA customers \$579 million of net present value debt savings. A total of \$6.3 billion of UDSA Restructuring Bonds have been issued with \$1.7 billion in remaining statutory capacity.

- **“pre-funding long-term liabilities on an actuarially sound basis including (1) pension costs, (2) Other Post-Employment Benefits (“OPEBs”); and (3) the Nuclear Decommissioning Trust Fund.”**

- During 2023, based on an actuarial services estimate, LIPA funded \$18 million to the PSEG Long Island pension plan trust account. As of December 31, 2023, the PSEG Long Island pension plan trust account had assets valued at \$433 million compared to a benefit obligation of \$535 million.
 - LIPA funded \$36 million to the LIPA OPEB account in 2023. LIPA’s OPEB account, to prefund the OPEB benefits of PSEG Long Island employees, had assets valued at \$644 million compared to a benefit obligation of \$514 million. The funding levels have been reviewed by an actuarial services firm within the last two years.
 - The LIPA OPEB Trust for LIPA employees had assets valued at \$29 million compared to benefit obligations of \$28 million.
 - The NMP2 Nuclear Decommissioning Trust Funds (“NDTF”) had assets valued at \$178 million compared to a liability of \$123 million. LIPA funded \$0.3 million to the NDTF in 2023. The NDTF funding levels have been reviewed by an actuarial services firm within the last two years.
- “maintaining fixed-obligation coverage ratios of no less than 1.40x on LIPA-issued debt and lease payments, and 1.20x on the combination of LIPA-issued debt, UDSA-issued debt, and lease payments.”
 - For the period ended December 31, 2023, LIPA achieved coverage ratios of 1.41x for LIPA-issued debt and lease payments and 1.24x for LIPA and UDSA-issued debt and lease payments.
 - The 2024 Budget is set to meet a 1.40x fixed-obligation coverage ratio.
- “minimizing LIPA’s need for coverage while maintaining fiscal sustainability by budgeting reasonable amounts and using reconciliation mechanisms for hard-to-predict cost categories (e.g. storms).”
 - LIPA’s Revenue Decoupling Mechanism (“RDM”) ensures that only LIPA’s Board-approved budgeted revenues for delivery service are collected from customers in each customer class by comparing actual revenues with authorized revenues. The RDM credits (or collects) any differences to (or from) customers in the following year. LIPA’s residential and commercial customers 2024 rates included approximately \$0.50 million and \$27 million, respectively, for 2023 differences.
 - LIPA’s Delivery Service Adjustment (“DSA”) provides cost recovery or refunding of overcollection for certain items that vary due to external factors, including debt service, storm restoration expenditures, non-storm emergency costs, bad debt expense, and PSEG Long Island pension and OPEBs. LIPA’s 2024 rates included approximately \$12 million for the 2023 under recovery.
- “Maintain cash on hand and available credit sufficient to fund business operations in emergencies, as measured by month-end balances of at least: (i) \$100 million in the Operating Fund and \$150 million in the Rate Stabilization Fund, and (ii) 150 days of operating expenses.”
 - Cash on hand at the end of each month exceeded the target of \$100 million in the Operating Fund and \$150 million in the Rate Stabilization Fund. As of December 31, 2023, the Operating and Rate Stabilization funds totaled \$156 million and \$165 million, respectively.

- During 2023, cash on hand and available credit exceeded the target of at least 150 days available for operating expenses. As of December 31, 2023, 276 days of operating expenses were available in cash and credit.
- “Develop budgets and financial plans that maximize customer value and aggressively manage costs.”
 - LIPA’s 2024 Budget sets rates and charges to provide clean, reliable, and affordable energy through strategies that prudently manage and safeguard LIPA’s assets and result in the lowest long-term cost to customers. LIPA’s 2024 Budget was approved in December 2023.
 - The 2024 Budget reflects nearly \$1.25 billion of ongoing cost savings that equals 30 percent of electric bills, or about \$55 per month for a typical residential customer. These savings include:

	(in \$millions)
LIPA Reform Act 2% Tax Cap	\$416
Discontinued Investments in Combined Cycle Plants	\$355
Refinancing Existing Debt and Debt Service Savings	\$142
LIPA Reductions to PSEG Long Island 2024 O&M Budget Request	\$75
Power Plant Property Tax Savings	\$66
Renegotiating Expiring Power Purchase Agreements	\$64
Reduction to Wholesale Market and Off-Island Transmission Costs	\$57
Smart Meter Savings	\$23
Investing in Cost-Effective Energy Efficiency	\$23
Operating Savings, Cost Avoidance, and Productivity	\$17
Power Supply Pension and Retirement Savings	\$8
Commodity Hedging (Based on Current Prices)	\$5
Total (in \$ millions)	\$1,251.0

- “Provide operating managers with financial reporting that drives sound business decisions and the best use of limited resources.”
 - LIPA’s financial reporting managers provide analysis of budgeted costs versus actual spending to LIPA’s operating departments to aid in their analysis of PSEG Long Island’s resource management. Significant variations are identified and investigated timely.
 - Pursuant to the Strategic Roadmap (link) approved by the Board in March 2023, LIPA will continue to enhance budgeting and reporting by seeking to strengthen Capital Project Estimating processes and approval; enhancing both LIPA and PSEG

Long Island’s financial analysis and fiscal management capabilities; and establishing integrated operational and financial performance reporting framework, among other items.

- **“Provide LIPA’s customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA’s financial performance and plans.”**
 - LIPA’s 2024 Budget (link) was approved by LIPA’s Board on December 13, 2023, made available on LIPA’s website.
 - LIPA’s annual audited Financial Statements (link) were approved by LIPA’s Board on March 27, 2024, and made available on LIPA’s website and the Electronic Municipal Market Access (“EMMA”) platform for bondholders.
 - LIPA undertakes substantial reporting obligations to make available its plans and evaluate its performance relative to plan, including the Strategic Plan (link), Work Plans (link), and Performance Metrics (link), among other items.
 - LIPA maintains Fact Sheets and videos on topics of significant interest to the public (e.g. Time of Day Rates (link), the clean energy transition (link)) to explain the topics in plain English.
 - LIPA’s Transparency Plan (link) summarizes other initiatives to make its operations and decisions transparent to customers, investors, and stakeholders.

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. One such enterprise risk is related to liquidity. Specifically, the risk identified is, “Insufficient rates/untimely rate relief leads to inadequate system investments which compromises LIPA's ability to achieve strategic priorities.”

This risk is rated as a medium-level risk and is mitigated by LIPA’s ability to access capital markets, borrow from rate stabilization funds, a revolving line of credit, and/or in the commercial paper market. In July 2024, Fitch upgraded LIPA’s credit rating to an A+ and LIPA has also maintained a strong rating with both S&P and Moody’s helping LIPA to further mitigate this risk by providing confidence in LIPA’s ability to access capital markets.

Based on the credit ratings and ability to access capital markets, we believe this risk is being adequately managed. LIPA’s liquidity remains strong, well above the 150-day minimum required by the Policy as noted above.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and recommends a minor amendment to adjust for the inclusion in the fixed obligation coverage ratio to include payments related to Subscription-based Information Technology Arrangements (“SBITA”). During 2023, LIPA implemented Governmental Accounting Standards Board (“GASB”) Statement No. 96, and similar to GASB Statement No. 87, Leases, SBITA payments are considered a form of debt and therefore, will be included in the budget as fixed obligation costs.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of a resolution in the form attached hereto.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1856. RESOLUTION APPROVING THE ANNUAL REPORT AND AMENDMENTS ON THE BOARD OF TRUSTEES ON THE BOARD POLICY ON FISCAL SUSTAINABILITY

WHEREAS, the Board Policy on Fiscal Sustainability (the “Policy”), previously known as the Debt and Access to the Credit Markets, was originally approved by the Board of Trustees by Resolution No. 1319, dated September 21, 2016; and

WHEREAS, the last annual report to the Board was presented in May 2023; and

WHEREAS, the Finance and Audit Committee of the Board has recommended approval of the annual report and amendments to the policy; and

WHEREAS, Board has conducted an annual review of the Policy and affirms that the Policy has been complied with and finds that the amendments proposed are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that LIPA has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Board hereby adopts the amendments to the Policy as reflected in Exhibit “B.”

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Annual Review of the Board Policy on Customer Value, Affordability, and Rate Design to be presented by Donna Mongiardo.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the Board) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution approving the annual report on the Board Policy on Customer Value, Affordability, and Rate Design (the “Policy”) for the period since the last annual review and

finding that LIPA has complied with the Policy, which resolution is attached hereto as Exhibit “A”.

Background

By Resolution No. 1318, dated September 21, 2016, the Board adopted the Policy. The purpose of the Policy is to set reasonable objectives for LIPA’s electric rates and rate design and to review LIPA’s electric rates relative to other similar regional utilities each year. The Board conducts an annual review of the Policy and considers as part of its review whether LIPA has remained in compliance with the Policy and whether any updates or revisions should be made to the Policy. The Policy was last reviewed and amended by the Board in May 2023.

Compliance with the Policy

LIPA Staff has determined, for the reasons set forth below, that LIPA has remained in compliance with the objectives of the Policy for the period since the last annual review. The Policy provides that: “LIPA’s vision for customer value and affordability is to maintain competitive electric rates compared to other regional utilities while transitioning to a zero-carbon electric grid, achieving industry-leading reliability, resiliency, and customer experience, and meeting the energy needs of low-income customers. Our vision for rate design is to provide customers with fair electric rates that are as simple as possible and that include opportunities for customers to save money.”

“To achieve our vision for customer value, LIPA will”:

- “Prioritize investments for our customers to balance cost and service quality, as demonstrated in the Strategic Roadmaps and Budgets reviewed and approved by the Board.”
 - The Strategic Plan ([link](#)) approved by the Board in March 2023 identified key initiatives that will advance the Board’s policy objectives for clean, reliable, affordable, customer-first energy over the next five years.
 - The 2024 Work Plan ([link](#)) and Performance Metrics ([link](#)) identified actions and needed to achieve the Board’s objectives.
 - The 2024 Budget ([link](#)) identified \$1,251 million in projected savings from actions taken to operate lean, balance cost, and service to achieve the most out of every dollar.

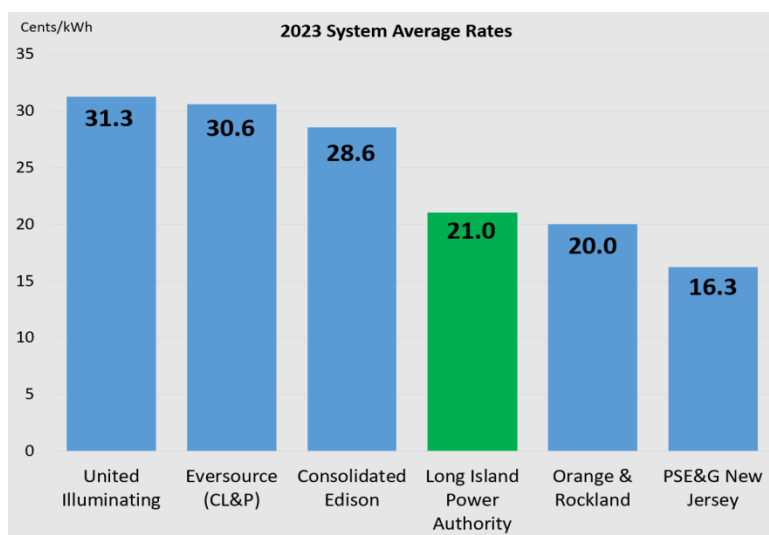
Operating Lean	\$ Millions
LIPA Reform Act 2% Tax Cap	\$416
Discontinued investments in combined cycle plants	\$355
Refinancing existing debt & debt service savings	\$142
LIPA Reductions to PSEG Long Island 2024 O&M Budget Request	\$75
Power plant property tax savings	\$66
Renegotiating expiring power purchase agreements	\$64
Reduction to wholesale market and off-island transmission costs	\$57
Smart Meter savings	\$23
Investing in cost-effective energy efficiency	\$23
Operating savings, cost avoidance & productivity	\$17
Power supply pension and retirement savings	\$8
Commodity Hedging (based on current prices)	\$5
TOTAL	\$1,251 MILLION

- **“Communicate the benefits and cost drivers of any rate increases to customers.”**
 - **The 2024 Budget ([link](#)) includes description of initiatives and cost drivers that provide maximum readability and understanding by the public. The budget proposal was summarized at LIPA’s public Board Meeting in November 2023, covered by the local media and was available for discussion at public comment hearings in both Nassau and Suffolk counties as required by the LIPA Act. Fact sheets were also provided on the LIPA website that communicated rate opportunities related to:**
 - **Residential Time of Day Rates.**
 - **COVID-19 Bill Credit (arrear forgiveness) Program.**
 - **Customer Benefit Contribution Charge.**
 - **Long Island Choice and Community Choice Aggregation.**
 - **Fact Sheets were also provided on topics of general interest including efforts to achieve LIPA’s goals for clean energy and manage costs.**
 - **All LIPA Fact Sheets can be found on the LIPA website at this [link](#).**
- **“Maximize the value to customers of our not-for-profit public power business model by using our tax-exempt cost of capital and eligibility for federal and state grants to reduce costs for customers.”**
 - **Since 2011, LIPA has been awarded approximately \$2.4 billion in Federal grants that reduced the financial impact of storms on customers and funded extensive capital improvements that increased the resiliency of LIPA’s electric grid. In addition, LIPA is waiting for the selection of its recent Department of Energy grants of approximately \$123 million and approval of its \$58 million FEMA grant.**
 - **Customers continue to benefit from LIPA’s status as a public power authority with access to tax-exempt debt, exemption from Federal and State income taxes, and no requirement to earn profits or pay dividends to any shareholders. LIPA estimates that ongoing annual benefits are over \$500 million a year compared to investor-owned utilities regulated by the New York Public Service Commission (as shown in table below).**

	IOU		PSC		LIPA	LIPA
Rate Base Summary	Capital	Rate	Allowed	IOU	Interest	LIPA
2024 Approved Budget	Structure	Base	Rate	Cost	Expense	Annual
Shareholder Equity	48.0%	\$4,795 M	8.80%	\$422 M	\$174 M	\$248 M
<u>Income Taxes at 26.1%</u>			<u>3.11%</u>	<u>\$149 M</u>	<u>\$0 M</u>	<u>\$149 M</u>
Shareholder Profit (pre-tax)	48.0%	\$4,795 M	11.91%	\$571 M	\$174 M	\$397 M
Long Term Debt	50.9%	\$5,085 M	5.75%	\$292 M	\$186 M	\$106 M
<u>Customer Deposits</u>	<u>1.1%</u>	<u>\$109 M</u>	<u>2.45%</u>	<u>\$3 M</u>	<u>\$3 M</u>	<u>\$0 M</u>
Total Interest Expense	52.0%	\$5,194 M	5.68%	\$295 M	\$189 M	\$106 M
Total Cost of Capital	100.0%	\$9,989 M	8.67%	\$866 M	\$363 M	\$503 M

To achieve our vision for affordability, LIPA will:

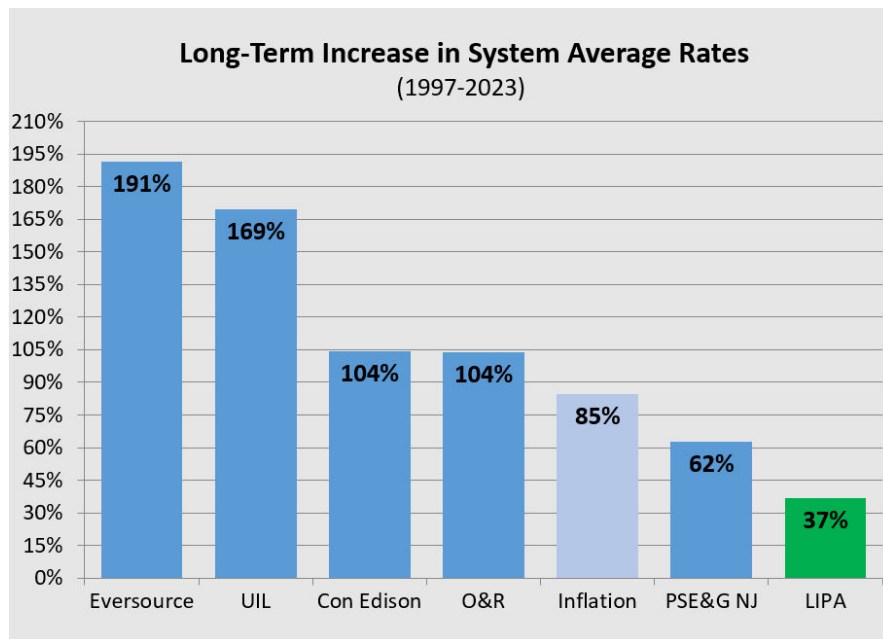
- “Maintain competitive electric rates, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals of our service territory.”
 - In December 2023, the Board of Trustees adopted LIPA’s 2024 Budget, implementing an annual budget and rate update at the lowest level consistent with sound fiscal and operating practices, and within the statutory threshold provided in the Public Authorities Law.
 - The Board’s policy recognizes significant regional differences by benchmarking LIPA against five utilities surrounding its service territory rather than utilities in other regions. LIPA’s system’s average electric rates of the regional utilities range from 16.3 to 31.3 cents per kWh as shown in the following figure:



**Regional differences: The New York City metro area has above-average labor, land, tax, and commodity costs and highly seasonal weather (i.e., electricity is used for cooling in the summer while other fuels are used for heating in the winter) causing the per kilowatt-hour electric rates to be above the national average which was 12.7 cents per kilowatt-hour in 2023 according to the U.S. Energy Information Agency. State-by-state averages include (i) Connecticut;*

23.9 cents (ii) Massachusetts; 22.9 cents (iii) New York; 18.4 cents; Vermont; 17.6 cents (iv) New Jersey; 15.4 cents and, (v) Pennsylvania; 12.5 cents. Within New York, there is a significant difference in prevailing power prices as the upstate grid is primarily fueled by lower-cost hydro and nuclear power while downstate is primarily more costly fossil-fuel fired generation. The Board’s policy recognizes these significant regional differences by benchmarking five utilities that surround the LIPA service territory rather than utilities in other regions.

- If LIPA’s payments in lieu of taxes (PILOTS) comprise 16% of its bills and are considerably higher than the national average of 6% of the bill. A lower PILOTS of 6% would have reduced LIPA’s 2023 system average rate to 19.2 cents rather than 21 cents.
- LIPA’s system average rates have been competitive on a long-term basis, having risen slower than most other regional utilities during LIPA’s stewardship of the Long Island grid (see chart below). LIPA’s rates increased 37% since LIPA took over the Long Island grid, compared to a range of 104% to 191% for the other utilities, as shown in the following figure. The consumer price index, a standard measure of inflation, increased 85% during this period.



- “Offer programs to low-income and disadvantaged customers to maintain electric bills that are a reasonable percentage of household income.”
 - In its 2024 budget, LIPA provided an additional 9% in monthly bill discounts for low-income customers.
 - LIPA provided arrears forgiveness relief to low-income customers consistent with the Statewide Energy Affordability Program (“EAP”).

- Between 2022 and 2023, LIPA’s Forgiveness Program provided its low-income customers approximately \$10 million of bill credits from State funds, and an additional \$56.2 million of bill credits funded by LIPA.
- LIPA expanded the eligibility qualifications for its low-income discount program and extended the validity of program enrollment from 12 to 14 months.
- LIPA automated the enrollment of customers in the low-income rate discount program who have received a HEAP and/or SNAP award from Social Services.
- LIPA continues its participation in DPS’s Energy Affordability Policy Working Group.
- In early 2024, LIPA started bill credits to low- and moderate-income customers who participate in the Solar Communities program.
- Compared with 2022, LIPA tripled its heat pump rebates for low-income customers to \$15.4 million in 2023, resulting in a fivefold increase in the number of installations.

To achieve our vision for rate design, LIPA will:

- “Design electric rates that: are as simple and easy to understand as possible; provide customers with opportunities to save money; equitably allocate costs across and within customer classes; and encourage conservation, the efficient use of energy resources, and the transition to a carbon-free economy.”
- “Employ innovative electric rate design based on industry trends and research, stakeholder feedback in statewide proceedings, LIPA-run collaboratives, and comments from the public.”
 - LIPA developed and implemented modern Time of Day (“TOD”) rates for residential customers that offer customers more opportunities to manage their bills and encourage customers to reduce their use of energy during high cost, high carbon hours.
 - As a precursor to the larger modern TOD, LIPA provided a voluntary pilot program beginning in 2022, called the Experimental Voluntary Time of Use (“VTOU”) Rates. Approximately 14,515 customers on average participated.
 - Since January 1, 2024, modern TOD rates have become the standard rate for residential service. Any new residential customers are automatically enrolled in TOD and must “opt-out” if want the flat rate.
 - Existing LIPA residential customers are being transitioned to the TOD rate through 2024 and 2025.
 - The TOD rate bill protection feature offers residential customers a risk-free opportunity by providing most customers with a one-year guarantee that if bills are higher than what would have been under their prior rates, the difference will be refunded.
 - LIPA implemented modern VTOU rates for medium-sized commercial customers (with peak demand between 7 kW and 145 kW) that offer a 4-hour peak period (3pm – 7pm) on weekdays excluding holidays that gives larger customers more opportunities to manage their electric bills, saving them money and helping to reduce LIPA’s peak load.
 - LIPA lowered the daily charge to the largest commercial customers and increased demand charges, to provide stronger pricing signal regarding the cost of peak load.

- LIPA improved the Community Choice Aggregation (“CCA”) program, bringing it up to Statewide standards consistent with the investor-owned utilities (“IOUs”).
- LIPA modified its Dynamic Load Management (“DLM”) program to encourage participation among residential customers with behind-the-meter battery storage system, enabling them to earn savings for lowering overall system costs.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and proposes no changes at this time.

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. LIPA’s ERM program has identified two such risks related to the adequacy of rates and their related rate designs (tariffs). The risks are:

- *Insufficient rates/untimely rate relief may lead to inadequate system investments which compromises LIPA’s ability to achieve strategic priorities;*
- *Existing rate design may not reflect changing customer usage pattern/ expectations or provide pricing signals (i.e., TOD, location, and demand) resulting in customer cross subsidies or economic inefficiencies (i.e., less optimal use of the grid). The utility could fail to achieve customer acceptance of new rate design.*

These risks are both rated as medium-level risks. LIPA mitigates the risk of insufficient rates through an extensive analysis of its cost structure each year and through the identification of new specific performance metrics in the Reformed Operating Service Agreement to monitor electric system performance relative to budgets on an ongoing basis. LIPA utilizes a decoupling mechanism, which helps to stabilize revenues with changing weather and economic patterns, and a delivery service adjustment to recover or refund to customers variances in unpredictable costs, such as storm costs. LIPA also maintains a Power Supply Hedging Program designed to reduce portions of fuel and purchased power price volatility.

Regarding the risk related to rate design, LIPA recently developed a TOD program and implemented it for a portion of its residential customers in 2024. The remaining residential customers are expected to migrate to the TOD rates in 2025. The program allows for customers to opt-out and provides most participants with a one-year guarantee that bills will not increase compared to their prior rate; with the difference refunded. Implementation of the TOD rate structure poses risks such as project execution and implementation, and the potential for negative customer reaction. To help mitigate these issues, extensive system testing is being conducted to timely resolve any vulnerabilities, and extensive customer outreach has been facilitated to educate and respond to concerns.

Based on the mitigation actions in place, staff believe both risks are being adequately managed.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form attached hereto.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1857. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON CUSTOMER VALUE, AFFORDABILITY, AND RATE DESIGN

WHEREAS, the Customer Value, Affordability, and Rate Design Policy (the Policy) was originally approved by the Board in September 2016; and

WHEREAS, the Policy was last reviewed and amended by the Board in May 2023; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that LIPA has complied with the Policy for the period since the last annual review and approves the annual report to the Board.

Chair Edwards stated that the next item on the agenda is the Discussion of Internal Audit to be presented by Cathy Widmark.

Ms. Widmark presented the Discussion of Internal Audit and then took questions from the Trustees.

Chair Edwards stated that the next item on the agenda is the LIPA Quarterly Report on PSEG Long Island 2024 Metric Performance as of June 30 to be presented by Jessica Bretana.

Ms. Bretana presented the LIPA Quarterly Report on PSEG Long Island 2024 Metric Performance as of June 30 and then took questions from the Trustees.

Chair Edwards stated that the next item on the agenda is the Discussion of Climate Resiliency Plan to be presented by Billy Raley and Joanna Weissman.

Mr. Raley and Ms. Weissman presented the Discussion of Climate Resiliency Plan and then took questions from the Trustees.

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Brookhaven National Lab Hydro Agreement with the New York State Power Authority to be presented by Gary Stephenson.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution authorizing the Acting Chief Executive Officer or his designee to execute a contract for the sale of firm hydroelectric power and energy for resale to Brookhaven National Laboratory (“BNL”) (the “Sale for Resale Agreement” or “Agreement”) with the New York Power Authority (“NYPA”) for a 7-year term with a potential 7-year extension.

Background

NYPA provides firm power supply to BNL using a mix of low-cost state-owned hydroelectric power and market purchases. To facilitate the sale of hydroelectric power, NYPA, LIPA, and BNL executed two related long-term agreements: a Sale for Resale Agreement between LIPA and NYPA that allows NYPA to provide 15 MW of firm, unallocated hydroelectric power from its facilities to LIPA for resale to BNL on a cost pass-through basis; and a negotiated, SC-13 agreement between LIPA and BNL, which provides the resale of power purchased by LIPA from NYPA to BNL. The current Sale for Resale Agreement and SC-13 agreement both went into effect in 2011 and are set to expire on February 28, 2025. The SC-13 agreement is a tariff-based agreement to be executed by PSEG Long Island.

In a continuing effort to facilitate the supply of low-cost energy to support BNL’s continued operations and employment of hundreds of Long Islanders, BNL, LIPA and NYPA have agreed to extend the arrangement with a renewed long-term Sale for Resale Agreement between NYPA and LIPA and the associated SC-13 agreement between LIPA and BNL, allowing for NYPA to provide BNL with the hydroelectric power sourced from its St. Lawrence facility.

LIPA will play the same role under the renewed contract as it currently does, acting as the facilitator to bring NYPA’s Firm Hydroelectric Power to BNL. The transactions underlined by the Sale for Resale Agreement and the SC-13 agreement have no financial impact to LIPA, as NYPA will reimburse LIPA for all costs incurred to fulfill its responsibilities.

Discussion

The proposed Sale for Resale Agreement sets forth the specific terms and conditions related to NYPA's sale of power to LIPA and LIPA's resale of that power to BNL at cost. LIPA would pass through to BNL the costs incurred for purchasing the power, without any mark-up. Through the Agreement, the Parties renew the existing contract based on substantially similar terms and conditions. The Sale for Resale Agreement shall be valid for a period of seven (7) years from March 1, 2025 through February 29, 2032, but may be extended for up to an additional seven (7) years by mutual agreement of the parties.

Under the Agreement, NYPA would retain full responsibility for all charges assessed by the New York Independent System Operator ("NYISO") with respect to BNL's power needs and LIPA would continue to collect its transmission service charges from NYPA or BNL, as applicable.

The Sale for Resale Agreement has been approved by the NYPA Board of Trustees and the Governor (as required by statute). Concurrently, PSEG Long Island, on behalf of LIPA, and BNL negotiated the associated SC-13 agreement that will be executed by the parties upon the effective date of the NYPA/LIPA contract.

The negotiated rates contemplated under the anticipated SC-13 agreement would consist of the contract price included in the Sale for Resale Agreement with NYPA, plus applicable tariff charges, including a charge equivalent to the wholesale transmission rate for the delivery of power, if and to the extent not otherwise recovered from NYPA.

Recommendation

Based on the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1858. AUTHORIZATION TO EXECUTE AN AGREEMENT WITH THE NEW YORK POWER AUTHORITY FOR THE SALE OF FIRM HYDROELECTRIC POWER AND ENERGY FOR RESALE TO THE BROOKHAVEN NATIONAL LABORATORY

WHEREAS, the Long Island Power Authority ("LIPA") has the statutory authority to enter arrangements to purchase power from New York Power Authority ("NYPA") at negotiated prices provided that the power is not hydroelectric power produced by NYPA that is designated as preference power; and

WHEREAS, as part of that authority, LIPA has worked with NYPA to offer low-cost power to certain entities in LIPA's service territory for economic development purposes, including Brookhaven National Laboratory ("BNL"), in support of which LIPA provides wholesale transmission service to NYPA; and

WHEREAS, in an effort to continue to facilitate the long-term supply of low-cost power to BNL, NYPA and LIPA have negotiated a proposed Contract for the Sale of Firm Hydroelectric Power

and Energy for Resale to BNL (“Sale for Resale Agreement”) for a 7-year term which can be extended for an additional 7-year term by mutual agreement of the parties with no financial impact to LIPA; and

WHEREAS, the Sale for Resale Agreement provides that NYPA shall sell 15 MW of unallocated, firm hydropower from its St. Lawrence facility and arrange for delivery to LIPA, and LIPA shall purchase such hydroelectric power at the rates and charges set forth in the Sale for Resale Agreement for exclusive resale to BNL at cost.

NOW, THEREFORE, BE IT RESOLVED, that the Acting Chief Executive Officer or his designee be and hereby is authorized to execute and effect a Sale for Resale Agreement and other related agreements and arrangements, and to perform such further acts and deeds as may be necessary, convenient and appropriate, in the judgment of the President and Chief Executive Officer or his designee, to implement LIPA’s purchase of 15 MW of unallocated, firm hydroelectric power from NYPA for exclusive resale to BNL, to be in effect for 7 years, with the ability to extend for an additional 7 years.

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of a Memorandum of Understanding with NYSERDA to Fund a Portion of Phase 2 of the Integrated Energy Data Resource (“IEDR”) Program to be presented by Brian Rudowski.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is being requested to authorize the Acting Chief Executive Officer or his designee to execute a memorandum of understanding (“MOU”) with the New York State Energy Research and Development Authority (“NYSERDA”) for funding the Phase 2 of the statewide Integrated Energy Data Resource program.

Background

On February 11, 2021, the New York State Public Service Commission (“PSC”) adopted an order (“IEDR Order”) establishing the Integrated Energy Data Resource (“IEDR”). IEDR is intended to enable the compilation of integrated energy customer data and energy system data from across New York State to enable effective and efficient deployment of clean energy solutions to help transform the State’s electricity system into one that is cleaner, more resilient, and more affordable. According to the Order, access to useful energy data “will attract investment, enable analytics, help identify operational efficiencies, promote innovation, and encourage new business models, which will in-turn create value for customers and the State’s energy system.”

IEDR will be implemented in two phases and in compliance with the PSC’s new policies for a uniform and comprehensive statewide Data Access Framework to govern the means and

methods for accessing and protecting all types of energy-related information. IEDR will prioritize uses that materially improve or accelerate investment, operational, or regulatory decisions related to Distributed Energy Resources (“DER”), energy efficiency, environmental justice, or electrification strategies for transportation and buildings, thereby facilitating faster fulfillment of one or more of New York State’s Renewed Energy Visions (“REV”) and Climate Leadership and Community Protection Act (“CLCPA”) objectives.

On January 19, 2024, the PSC issued an *Order Approving Integrated Energy Data Resource Phase 2 Budgets* for Phase 2 Implementation of the IEDR for both NYSEERDA and each of the Joint Utilities, and addressed the associated cost recovery from ratepayers.

Phase 1 of the program focused on essential activities related to data collection, integration, and initial platform establishment to be overseen by NYSEERDA as the Program Manager and the state’s major gas and electric utilities. Given the anticipated statewide benefits of the IEDR program, the Commission requested that the New York Power Authority (“NYPA”) and LIPA share in a portion of the Phase 1 development costs based on their respective portions of total electricity load for 2019.

In Phase 2 of the IEDR program, which is expected to last between 30 and 36 months, the IEDR’s capabilities will be expanded with the addition of approximately 40 use cases, building on the successful implementation and operation of Phase 1.

Participation in the IEDR program allows LIPA to align the various energy-related data activities under its control with the statewide IEDR to maximize benefits of the resource to Long Island ratepayers and New York State in general. NYSEERDA anticipates that its costs for Phase 2 will total \$36,386,193.00.

The Board’s policy on Resource Planning and Renewable Energy provides for meeting the State’s clean energy goals in part by LIPA procuring cost-effective renewable resources and Renewable Energy Credits (“RECs”) and acting in coordination with other State energy authorities. Accordingly, LIPA seeks to participate and contribute to the cost of IEDR by entering an MOU with NYSEERDA for funding the Phase 2 of the program.

Discussion

Recognizing that cooperation and coordination of development of useful energy data collection and analysis tools with NYSEERDA will further LIPA’s and NYSEERDA’s mutual goal of efficiently and effectively achieving the State’s clean and affordable energy goals, LIPA Staff proposes that LIPA enter into an MOU with NYSEERDA to fund LIPA’s share of NYSEERDA’s budget for Phase 2 of the IEDR implementation. The total cost to LIPA, as calculated by NYSEERDA, which represents 13.6% of the total 2022 New York electric load, will be no more than \$4,948,522.25 based on LIPA’s load share of the actual Phase 2 expenses.

Recommendation

Based on the foregoing, I recommend approval of the above requested action.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1859. AUTHORIZATION TO EXECUTE A MEMORANDUM OF UNDERSTANDING (“MOU”) WITH NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (“NYSERDA”) FOR FUNDING PHASE 2 OF IMPLEMENTATION OF THE INTEGRATED ENERGY DATA RESOURCE (“IEDR”) PROGRAM

WHEREAS, the New York State Public Service Commission (“Commission”) has established Integrated Energy Data Resource by Order dated February 11, 2021; and

WHEREAS, cooperation and coordination of development of useful energy data collection and analysis tools with NYSERDA will further LIPA’s and NYSERDA’s mutual goal of achieving the State’s clean and affordable energy goals; and

WHEREAS, LIPA and NYSERDA are in the process of negotiating an MOU regarding funding LIPA’s share of NYSERDA’s budget for Phase 2 of the IEDR implementation; and

WHEREAS, the total cost of Phase 2 contribution by LIPA is calculated to be no more than \$4,948,522.25.

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby is authorized to execute and effect an MOU with NYSERDA consistent with the terms of the accompanying memorandum, and to perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Acting Chief Executive Officer or his designee, to implement LIPA’s participation in the development of IEDR and to contribute to LIPA’s share of NYSERDA’s budget for the development of Phase 2 of IEDR.

Chair Edwards stated that the next item on the agenda was the Consideration of the Selection of a Firm to Provide Hazard Mitigation Support Consulting Services to be presented by Ken Kane.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Lone Island Power Authority (“LIPA”) is being requested to approve a resolution authorizing the Acting Chief Executive Officer or his designee, to engage a firm to provide Hazard Mitigation Support Consulting Services to LIPA for a period of 5 years.

Background

Over the past several years LIPA has incurred substantial storm costs as result of Tropical Storm Isaias, Hurricane Ida and Winter Storm Elliot for which it is entitled to and has collected up to 90% reimbursement from the Federal Emergency Management Agency’s (“FEMA”) Public Assistance (“PA”) Program. Due to the considerable financial reimbursement at stake, it would be of significant benefit to LIPA to engage an experienced consultant to strategically manage claims development and administration to maximize eligibility of incurred costs for which LIPA is entitled to reimbursement. Other public authorities and municipalities entitled to FEMA reimbursement have similarly sought such professional assistance. LIPA currently has a contract for these services that is scheduled to expire at the end of 2024. Separately, LIPA has such professional services that are limited to activities that were the result of Hurricane Sandy.

On May 22, 2024, LIPA issued a request for proposals (“RFP”) for these services pursuant to the Disaster Recovery Purchasing Program of the U.S. General Services Administration (“GSA”), which is eligible for use by State and local governments and allows for a streamlined competition to procure products and services for recovery activities resulting from a major disaster declared by the President. The RFP was distributed to six widely known firms, advertised in the New York State Contract Reporter (“NYSCR”) and posted to LIPA’s website.

On or about July 18, 2024, LIPA received responses from three firms. LIPA Staff formed a selection committee to review the responses. The selection committee performed a technical evaluation by scoring each proposal, while LIPA’s procurement staff evaluated the cost and the Minority and Women-Owned Business Enterprises and Service-Disabled Veteran-Owned Business criteria. Since the technical scores for the top two vendors were less than 15 points apart the technical team conducted interviews of the three vendors to further learn about the proposals.

After the interview process, the vendor with the highest overall score is Ernst & Young (“E&Y”). E&Y has years of experience serving public sector clients and utilities in providing Hazard Mitigation Support Consulting Services. They are familiar with local disaster recovery activities unique to New York, requirements imposed by FEMA and the law and regulations governing the receipt and disbursement of disaster funds. The proposed hourly rates are the same rates used for LIPA’s current contract with E&Y for similar type services and represent a discount off their rates on the GSA contract.

Recommendation

Based on the foregoing, I recommend the approval of the above requested action by adoption of a resolution in the form of the draft resolution.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1860. RESOLUTION AUTHORIZING THE ENGAGEMENT OF A FIRM TO PROVIDE HAZARD MITIGATION SUPPORTCONSULTING SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached Memorandum, the Acting Chief Executive Officer or his designee be, and hereby is, authorized to engage Ernst & Young to provide Hazard Mitigation Support Consulting Services to the Long Island Power Authority and its subsidiary the Long Island Lighting Company d/b/a LIPA (collectively, “LIPA” or the “Authority”) with a contract for a period of five years.

Chair Edwards stated that the final item on the agenda was the Consideration of Authorization to Execute Amendment to the LIPA Lease Agreement for Executive Office Space at the Uniondale Offices to be presented by Bobbi O’Connor.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve and adopt a resolution authorizing the Acting Chief Executive Officer or his designee to execute an amendment to the lease agreement with 333 Earle Ovington Boulevard Spe LLC to maintain the LIPA’s executive office space at the current location in Uniondale, through February 2036.

Background

In anticipation of the April 30, 2025 expiration of LIPA’s executive office space lease in Uniondale, New York, in February 2024, LIPA engaged Jones Lang LaSalle Brokerage, Inc. (JLL) at no cost to LIPA, to locate and assist in negotiating lease(s) for new office space, or assist in negotiating renewal or extension of existing lease(s), on behalf of LIPA and to advise and represent LIPA in connection with assessing, planning and implementing its future options related to executive office space. LIPA determined that it would be beneficial, financially and otherwise, to start the process of analyzing its existing and future space needs early in order to avail itself of the best lease option over the long term, with the primary goals of reducing overall rental costs, consolidating operations onto one floor and improving organizational efficiency.

Accordingly, JLL was asked to look for approximately 40-45,000 square feet of space in buildings comparable in quality to LIPA’s current building, in either Nassau or Suffolk County, to be available no later than May 2025 for at least a ten-year term. Based on these requirements, JLL presented LIPA with multiple options for comparable office space at locations spanning from Uniondale in Nassau County to Melville in Suffolk County. LIPA Staff has reviewed and carefully considered each of these locations and based on LIPA’s goals and needs, narrowed its search to two preferred locations in Nassau (Uniondale and Jericho). For these two locations, JLL solicited and obtained competitive proposals from each owner, allowing LIPA to compare each option on an equal basis in order to determine which location would best suit LIPA’s goals and needs.

Based on that review, LIPA has determined that the proposal from RXR Realty to remain at the Omni Building for an additional 11 years and 5 months and consolidate its operations onto the fourth floor constitutes the overall lowest cost and best option for LIPA in the long term. In this regard, staying in the Omni Building provides for, among other things: an overall reduction in total rental cost, coupled with a substantial construction allowance and rental concession package; the ability to avoid moving costs; the ability to make LIPA's space more efficient and productive; and continuity for LIPA's workforce.

Recommendation

Based on the foregoing, I recommend that the Trustees adopt a resolution in the form attached hereto.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1861. RESOLUTION AUTHORIZING THE EXECUTION OF AN AMENDMENT TO LIPA'S LEASE AGREEMENT FOR EXECUTIVE OFFICE SPACE AT THE UNIONDALE OFFICES

BE IT RESOLVED, that the Acting Chief Executive Officer and his designee be and hereby are authorized to execute and effect the amendment to the LIPA lease agreement for executive office space at the Uniondale offices, consistent with the terms of the accompanying memorandum, and to perform such further acts and deeds as may be necessary, convenient, or appropriate, in the judgment of the Acting Chief Executive Officer or his designee, to implement the terms of such agreement.

Chair Edwards then announced that the next Board meeting is scheduled for Wednesday, November 13, 2024.

Chair Edwards then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 12:46 p.m.
