

Q1 | 2024



QUARTERLY

Unaudited **Financial Report**

For the Three-Month Period
Ended March 31, 2024

Long Island Power Authority
(A Component Unit of the State of New York)

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Long Island Power Authority

(A Component Unit of the State of New York)

The Long Island Power Authority (LIPA) is a component unit of the State of New York (State). LIPA became the retail supplier of electric service in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area) on May 28, 1998 by acquiring the transmission and distribution (T&D) system of the Long Island Lighting Company (LILCO) as a wholly owned subsidiary of LIPA. The acquisition included an undivided 18% interest in the Nine Mile Point Unit 2 (NMP2) generating facility located in upstate New York. LIPA provides electric delivery service in the Service Area, which includes approximately 1.2 million customers. The population of the Service Area is approximately 2.9 million.

LIPA was established as a corporate municipal instrumentality of the State, constituting a political subdivision, created by Chapter 517 of the Laws of 1986 (the LIPA Act). As such, it is a component unit of the State and is included in the State's annual financial statements.

LIPA is governed by a local Board of Trustees (Board) consisting of nine Trustees, five of whom are appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly. The Board supervises, regulates, and sets policy and rates for LIPA. In accordance with the LIPA Reform Act, codified as Chapter 173, Laws of New York (Reform Act) in 2013, LIPA is required to submit any proposed rate increase to the New York State Department of Public Service (DPS) for review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5%; however, LIPA's Board retains final rate-setting power.

The Reform Act also created the Securitization Law, which established LIPA's component unit, the Utility Debt Securitization Authority (UDSA). The Securitization Law's purpose is to provide the statutory authority for the issuance of restructuring bonds that allows UDSA to issue an initial par up to \$8.0 billion of securitized bonds (inclusive of bonds already issued) to refinance outstanding indebtedness for a net present value debt savings or to fund LIPA's T&D system resiliency investments. LIPA and UDSA retired an additional \$750 million of its outstanding indebtedness in 2023 bringing the total net present value debt service savings for LIPA's customers to \$579 million. UDSA is considered a blended component unit. The activities of UDSA operations are consolidated with the operations of LIPA for financial reporting purposes.

LIPA contracts for the majority of services necessary to deliver electric service in the Service Area. Since 2014, LIPA has contracted with PSEG Long Island LLC (PSEG Long Island), a wholly owned subsidiary of Public Service Enterprise Group (PSEG), for management services, and LIPA provides service to customers under the PSEG Long Island brand name. PSEG Long Island provides up to 19 senior managers to manage day-to-day T&D system operating functions as well as certain administrative support functions. ServCo, a subsidiary service company of PSEG Long Island, provides 14 senior managers at the director level or higher (and currently five of the 19 PSEG Long Island senior manager positions) and substantially all the operations services under the OSA. ServCo consists of approximately 2,600 employees, including the legacy LILCO and National Grid employees that transitioned employment to ServCo in 2014. The salary and benefit costs of ServCo employees are Pass-Through Expenditures paid by the Authority. Upon the termination of the OSA, PSEG Long Island will transfer all Membership Interests in ServCo to LIPA or, at LIPA's direction, its designee, at no cost.

PSEG Long Island acts as service provider for LIPA in performing many of its obligations and in return receives (a) a fixed management fee, and (b) a variable fee contingent on meeting certain performance metrics.

In April 2022, LIPA and PSEG Long Island began operating under a new, reformed contract, the Second Amended and Restated Operations Services Agreement (Second A&R OSA), which was approved by LIPA's Board on December 15, 2021, approved by the New York State Attorney General on January 6, 2022, and approved by the State Comptroller on April 1, 2022. The Second A&R OSA will expire on December 31, 2025.

LIPA also has a contract with PSEG Energy Resources and Trade LLC (PSEG ER&T), a PSEG affiliate, to provide services related to fuel and power supply management and certain commodity activities. LIPA separately maintains power purchase agreements with various third-party power generators.



Long Island Power Authority
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Overview of the Basic Financial Statements

LIPA is engaged in business-type activities and follows financial reporting for enterprise funds. LIPA's unaudited Basic Financial Statements consist of Statements of Net Position, the Statements of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows. These financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

LIPA publishes interim financial results on a quarterly basis with a fiscal year ending December 31. The interim basic financial statements and related Management's Discussion and Analysis do not include all the information and notes required under GAAP for annual basic financial statements. Therefore, the Management's Discussion and Analysis of LIPA's three-month period ended March 31, 2024, compared to 2023 should be read in conjunction with the annual audited basic financial statements, which may be found on LIPA's website at lipower.org.

LIPA's reporting entity is comprised of itself and (i) its operating subsidiary LILCO and (ii) the UDSA. All significant transactions between LIPA, LILCO, and UDSA have been eliminated.

Contacting the Long Island Power Authority

This financial report is designed to provide LIPA's bondholders, customers, and other interested parties with a general overview of LIPA's finances and to demonstrate its accountability for the funds it receives. If you have any questions about this report or need additional information, contact LIPA at 333 Earle Ovington Blvd., Suite 403, Uniondale, New York 11553, or visit LIPA's website at lipower.org.

Long Island Power Authority
(A Component Unit of the State of New York)

Statements of Net Position
March 31, 2024 and December 31, 2023
(Amounts in thousands)

	2024	2023
Assets and Deferred Outflows of Resources	(unaudited)	(audited)
Current assets:		
Cash and cash equivalents	\$ 402,168	437,431
Restricted cash – working capital requirements	184,932	207,693
Restricted cash – LIPA	250,000	250,000
Restricted cash – UDSA	191,023	114,951
Investments	858,335	891,992
Restricted investments – working capital requirements	132,884	133,007
Counterparty collateral – posted by LIPA	80,631	108,039
Accounts receivable (less allowance for uncollectible accounts of \$28,368 and \$30,746 at March 31, 2024 and December 31, 2023, respectively)	461,967	458,699
Other receivables	44,298	68,728
Fuel inventory	173,492	174,682
Material and supplies inventory	116,782	115,480
Commodity derivative instruments	560	—
Regulatory assets to be recovered within one year	220,494	151,030
Prepayments and other current assets	69,989	45,690
Total current assets	<u>3,187,555</u>	<u>3,157,422</u>
Noncurrent assets:		
Utility plant and property and equipment, net	10,614,545	10,590,245
Nuclear decommissioning trust fund (NDTF)	185,730	178,075
Other long-term receivables	140,289	140,976
Unrealized charges	3,051	4,147
Financial derivative instruments	28,662	23,685
Regulatory assets for future recovery	502,996	531,735
Acquisition adjustment (net of accumulated amortization)	293,295	321,138
Total noncurrent assets	<u>11,768,568</u>	<u>11,790,001</u>
Total assets	<u>14,956,123</u>	<u>14,947,423</u>
Deferred outflows of resources:		
Deferred defeasance costs on debt refunding	116,700	120,214
NMP2 ARO	14,629	14,791
OPEB expense	3,200	3,201
Pension expense	2,100	2,101
Accumulated decrease in fair value of commodity derivatives	2,489	25,016
Accumulated decrease in fair value of investments	371	—
Total deferred outflows of resources	<u>139,489</u>	<u>165,323</u>
Total assets and deferred outflows of resources	<u>\$ 15,095,612</u>	<u>15,112,746</u>

Long Island Power Authority
(A Component Unit of the State of New York)

Statements of Net Position
March 31, 2024 and December 31, 2023
(Amounts in thousands)

	2024	2023
	(unaudited)	(audited)
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Short-term debt	\$ 510,000	345,000
Current maturities of long-term debt	82,085	82,085
Current maturities of UDSA debt	204,790	204,790
Current portion of lease and SBITA liabilities	402,098	402,086
Accounts payable and accrued expenses	393,279	439,512
Regulatory liabilities payable in one year	14,133	17,745
Commodity derivative instruments	29,119	56,345
Accrued payments in lieu of taxes	3,190	11,343
Accrued interest	72,925	67,630
Customer deposits	35,186	34,929
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Total current liabilities	1,746,805	1,661,465
Noncurrent liabilities:		
Long-term debt, net	5,512,795	5,518,877
Long-term UDSA debt, net	3,761,795	3,773,546
Lease and SBITA liabilities	1,341,175	1,428,731
Borrowings	25,037	26,130
Operations Services Agreement – employee retirement benefits	620,750	615,890
Financial derivative instruments	32,484	43,166
Commodity derivative instruments	11,077	21,719
Regulatory liabilities for future payment	103,378	101,245
Asset retirement obligation	128,661	127,028
Long-term liabilities and unrealized credits	69,293	45,955
Claims and damages	216,631	208,788
	<hr/>	<hr/>
Total noncurrent liabilities	11,823,076	11,911,075
Total liabilities	<hr/>	<hr/>
	13,569,881	13,572,540
Deferred inflows of resources:		
Regulatory credits – grants	581,339	585,775
Lease revenue	4,517	3,031
OPEB expense	1,663	1,663
Pension expense	125	125
Deferred defeasance costs on debt refunding	20,785	21,908
Accumulated increase in fair value of financial derivatives	28,662	23,685
Accumulated increase in fair value of effective commodity derivatives	560	—
Accumulated increase in fair value of OPEB dedicated account	98,832	70,192
Accumulated increase in fair value of NDTF	11,165	6,406
	<hr/>	<hr/>
Total deferred inflows of resources	747,648	712,785
Net position:		
Net investment in capital assets	394,858	460,406
Restricted	311,309	316,159
Unrestricted	71,916	50,856
	<hr/>	<hr/>
Total net position	778,083	827,421
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and net position	\$ 15,095,612	15,112,746

Long Island Power Authority

(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position

Three-Month Period Ended March 31, 2024 and 2023

(Amounts in thousands) | (Unaudited)

	<u>2024</u>	<u>2023</u>
Operating revenues – electric sales, net of uncollectible accounts expense	\$ 857,186	729,114
Operating expenses:		
Operations – power supply charge	378,709	326,208
Operations – power supply charge – property taxes	47,751	26,394
Operations and maintenance	184,911	186,997
Storm restoration	25,760	2,301
General and administrative	12,081	11,288
Depreciation and amortization	117,598	106,021
Payments in lieu of taxes and assessments	88,310	87,634
Total operating expenses	<u>855,120</u>	<u>746,843</u>
Operating income (loss)	<u>2,066</u>	<u>(17,729)</u>
Nonoperating revenues and expenses:		
Other income, net:		
Investment income, net	17,631	13,887
Grant income	5,864	5,773
Other	3,009	1,187
Subtotal	<u>26,504</u>	<u>20,847</u>
Nuclear decommissioning trust fund income	2,896	674
Deferred grant income amortization	4,345	4,403
Carrying charges on regulatory assets	3,672	4,171
Subtotal	<u>10,913</u>	<u>9,248</u>
Total other income, net	<u>37,417</u>	<u>30,095</u>
Interest charges and (credits):		
Interest on debt	105,284	98,110
Other interest	2,822	4,204
Other interest amortizations	(19,285)	(17,017)
Total interest charges, net	<u>88,821</u>	<u>85,297</u>
Change in net position	(49,338)	(72,931)
Net position, beginning of year	<u>827,421</u>	<u>697,332</u>
Net position, end of period	<u>\$ 778,083</u>	<u>624,401</u>

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Statements of Cash Flows
 Three-Month Period Ended March 31, 2024 and 2023
 (Amounts in thousands) | (Unaudited)

	2024	2023
Cash flows from operating activities:		
Operating revenues received	\$ 945,147	1,053,275
Payments to suppliers and employees:		
Operations and maintenance	(206,949)	(221,694)
Operations – power supply charge	(405,401)	(416,789)
Operations – power supply charge – property tax related	(47,751)	(26,394)
Payments-in-lieu-of-taxes	(156,194)	(154,314)
Collateral on commodity derivative transactions, net	27,408	(171,114)
PSEG Long Island pension funding	(6,300)	(4,600)
Net cash provided by operating activities	<u>149,960</u>	<u>58,370</u>
Cash flows from investing activities:		
Earnings received on investment income	14,080	10,576
Sales and maturities of investment securities	75,049	10,889
Sale of restricted investment securities – working capital investments	123	—
Purchase of restricted investment securities – working capital investments	—	(1,512)
Purchase of investment securities – OPEB Account and NDTF	(9,000)	(9,000)
Net cash provided by investing activities	<u>80,252</u>	<u>10,953</u>
Cash flows from noncapital financing related activities:		
Grant proceeds	5,000	58,879
Proceeds from credit facility draws and commercial paper program	165,000	235,000
Redemption of credit facility draws and commercial paper program	—	(80,000)
Interest paid - LIPA	(1,250)	(1,250)
Net cash provided by noncapital financing related activities	<u>168,750</u>	<u>212,629</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(180,582)	(160,793)
Lease and SBITA payments	(101,658)	(108,256)
Proceeds from the issuance of long-term debt	—	349,955
Payments for debt issuance costs	—	(516)
Other interest costs	(2,520)	(5,634)
Interest paid – LIPA	(96,154)	(77,040)
Payments to bond escrow agent to refinance bonds	—	(286,005)
Net cash used in capital and related financing activities	<u>(380,914)</u>	<u>(288,289)</u>
Net increase (decrease) in cash and cash equivalents	18,048	(6,337)
Cash and cash equivalents at beginning of year	<u>1,010,075</u>	<u>883,834</u>
Cash and cash equivalents at end of period	\$ <u>1,028,123</u>	<u>877,497</u>

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Statements of Cash Flows
 Three-Month Period Ended March 31, 2024 and 2023
 (Amounts in thousands) | (Unaudited)

	<u>2024</u>	<u>2023</u>
Reconciliation to net cash provided by operating activities:		
Operating income (loss)	\$ 2,066	(17,729)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	117,598	106,021
Other post-employment benefits, non-cash expense	5,334	4,932
Nuclear fuel burned	2,147	2,800
Shoreham and VBA surcharges	10,935	9,632
Accretion of asset retirement obligation	68	64
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance for uncollectible accounts	22,013	252,564
Regulatory assets and liabilities	(59,392)	(155,752)
Fuel and material and supplies inventory	(112)	(19,048)
Accounts payable, accrued expenses, and other	49,303	(125,114)
Net cash provided by operating activities	<u>\$ 149,960</u>	<u>58,370</u>

Long Island Power Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Three-Month Period Ended March 31, 2024

Operational Updates

New York State Legislative Commission on the Future of LIPA

LIPA has outsourced day-to-day management of the electric grid to neighboring utilities since its purchase of the transmission and distribution system from LILCO in 1998. From 1998 through 2013, LIPA was the customer-facing brand, but KeySpan and later National Grid were the management service providers. Since 2014, PSEG Long Island has served as both the service provider and the customer-facing brand of the utility.

In 2022, the New York State Budget enacted a Legislative Commission on the Future of LIPA to investigate and report to the State Legislature on establishing a public power model for the management and operations of LIPA.

The Legislative Commission issued its draft report in April 2023, and the New York State Comptroller also published a 10-page report to the Commission. After additional hearings held in September 2023, on November 17, 2023, the Commission released its final report with recommendations detailing its action plan for implementing a directly-managed public power model. In January 2024, a bill seeking to implement the Commission's recommendations was introduced in the New York State Assembly.

While a decision by the Legislature and Governor is pending, LIPA is also preparing to rebid the management contract in 2024 as PSEG Long Island's contract expires at the end in 2025.

New York State Climate Leadership and Community Protection Act (Climate Act)

The Climate Act, signed in 2019, requires the State to, among other things, achieve a zero-carbon electric grid by 2040 and reduce economy-wide greenhouse gas emissions 85% by 2050. In June 2021, LIPA launched an Integrated Resource Plan (IRP) to develop a path for compliance with the Climate Act. In November 2023, LIPA released the IRP to study future supply and demand-side resources needed for electric power for Long Island and the Rockaways. Conducted every five years, the IRP charts a path towards a zero-carbon electric grid by 2040 while meeting electric customer needs reliably and affordably. The 2023 IRP specifically focuses on actions and decisions that need to occur between now and 2030 to provide reliable, cost-effective service to customers under a range of scenarios and considers factors such as customer usage trends, existing resources, policy and regulatory requirements, changing technology, risks, and opportunities.

The IRP identifies the key activities and investments that LIPA will need to undertake to meet State objectives and those set by its Board. Objectives include supporting and meeting Climate Act goals; retiring fossil-fueled generation; integrating substantial amounts of renewable energy resources; identifying the impacts of beneficial electrification; and increasing the availability of clean energy technologies in disadvantaged communities.

Power Plants Under Contract

LIPA contracts for approximately 3,700 megawatts (MW) of capacity and related energy from National Grid's legacy fossil-fueled generating plants located on Long Island in an Amended and Restated Power Supply Agreement (A&R PSA) that expires in April 2028. LIPA is reviewing certain of these power plants for retirement on or before the expiration of the A&R PSA, facilitated by the addition of new offshore wind and storage resources.

Impacting the peaking power plants under the A&R PSA are New York State Department of Environmental Conservation (DEC) regulations, which became effective in May 2023, that reduce the allowable level of nitrogen oxide (NOx) air emissions from these power plants. National Grid, as owner of certain plants, in consultation with LIPA, identified a strategy for compliance for units under contract to LIPA. As a result, LIPA and National Grid plan to retire three peaking

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Three-Month Period Ended March 31, 2024

units where retrofits are not cost-effective and the units are not needed for reliability purposes: one unit at Glenwood Landing (15 MW); one unit at West Babylon (52 MW); and one unit at Shoreham (19 MW). LIPA is required to provide National Grid with notice of a ramp-down one year prior to the effective date of such ramp-down. Official notice of the ramp-down was provided to National Grid in April 2024, with a ramp-down effective date of May 01, 2025, subject to timely approval from the New York Independent System Operator (NYISO). In the meantime, the units will operate in compliance with the regulations that are applicable between 2024 and 2025. After reviewing the most up-to-date forecasts for generation supply on Long Island, LIPA decided that two additional units that were candidates for retrofits (one at Glenwood Landing (55 MW) and one at Shoreham (53 MW)) continue to be necessary for reliability purposes. It is likely that a combination of planned transmission system upgrades and third-party capacity purchases will allow LIPA to avoid making the retrofits to these gas turbines and lead to the ramp-down of these two units in 2027. These two units will operate in compliance with the regulations that are applicable between 2024 and 2027. All remaining National Grid peaking units under contract to LIPA are in compliance with the DEC NOx regulations.

Under the A&R PSA, LIPA pays the property taxes and payments in lieu of taxes (PILOTs) on the PSA power plants either directly or as a reimbursement to National Grid. To improve affordability and fairness for customers, LIPA successfully sought reductions to such assessments and associated property tax bills in litigation that began in 2010. Between 2018 and 2022, LIPA negotiated settlements on certain plants that will reduce taxes to approximately half of their 2018 levels by 2027. The settlements included the (i) Town of Brookhaven and the Village of Port Jefferson for the Port Jefferson power plant (ii) the Huntington Town Board and the Northport-East Northport School District for the Northport power plant, and (iii) Nassau County, North Shore Central School District and Island Park Union Free School District for the E. F. Barrett and Glenwood Landing power plants.

In addition to the PSA, LIPA is party to several power purchase agreements with other third-party generators for approximately 1,800 megawatts of capacity and related products.

In March 2023, LIPA entered into a new four-year 55 MW capacity agreement with Calpine Energy Services for its Bethpage combined cycle power plant. The capacity contract was needed to support the incremental investment to repair the plant.

In November 2023, two 90 MW power purchase contracts for the Shoreham and Edgewood power plants, for a total of 180 MW, expired and were not extended. The plants continue to participate in the NYISO market as merchant generators.

LIPA is currently in negotiations with a developer to acquire up to three new utility-scale battery storage projects, totaling 179 MW of energy storage if all three projects reach contract execution. The three projects will help LIPA meet a portion of its load ratio share of the State's energy storage deployment goal established in the Climate Act, which is currently projected to be about 750 MW by 2030. The contract negotiations stem from an April 2021 Request for Proposals soliciting bids for the development of bulk energy storage projects to be located on Long Island under build-own-transfer contracts, with the projects reverting to LIPA after seven years of operation.

Certain Litigation Related to Payments in Lieu of Taxes

By statute, LIPA also makes PILOTs for real property it acquired from LILCO. Beginning in calendar year 2015, the Reform Act capped LIPA's PILOT payments to no more than 2% higher per parcel than the prior calendar year. LIPA has paid the PILOT amounts it is authorized to pay by law. Litigation with Suffolk County and its constituent towns over the amounts of LIPA's PILOTs for the tax years 2014/15 to 2020/21 resulted in a judgment against LIPA that is currently on appeal. Enforcement of the judgment is stayed pending the determination of LIPA's appeal. LIPA estimates the maximum potential exposure with penalties and interest to be approximately \$159 million through March 2024, plus a potential addition of up to \$32 million per year in the event of an adverse result on appeal.

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Management's Discussion and Analysis (Unaudited)

Three-Month Period Ended March 31, 2024

In July 2023, Suffolk County filed an additional lawsuit against LIPA and certain Suffolk County towns seeking to have LIPA pay to the County alleged shortfalls in property tax payments for the 2021/2022 tax year.

In January 2024, LIPA received a decision from the Suffolk County Supreme Court declaring that LIPA's properties located in five of Suffolk County's towns are exempt from taxation. This decision is subject to appeal.

As a regulated entity, LIPA obtained regulatory approval from its Board to defer the recovery of these costs, if necessary, from its customers until the conclusion of the appeal process. LIPA does not believe this litigation will have a material adverse impact on the business or the affairs of LIPA or its subsidiary, LILCO.

COVID-19

Due to the economic impact of the COVID-19 pandemic, the Board, in 2021, approved a modification to the Delivery Service Adjustment (DSA) electric rate mechanism to capture budget variances related to uncollectible expenses during periods affected by a government-ordered or Board-authorized moratorium on service disconnections and up to two years following the end of such moratorium. The moratorium on disconnections for nonpayment ended on May 1, 2022 and as such DSA modification ended on May 1, 2024.

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Management's Discussion and Analysis (Unaudited)
Three-Month Period Ended March 31, 2024

Financial Condition Overview

Three-month Period ended March 31, 2024 compared to 2023

Change in Net Position

Net position decreased \$49 million for the three-month period ended March 31, 2024, compared to the decrease for the three-month period ended March 31, 2023 of \$73 million.

Operating Revenues

Operating revenue increased \$128 million compared to the three-month period of 2023, primarily due to an increase in the Power Supply Charge and related fuel and purchased power expenses.

Operating Expenses

Power supply costs, including property taxes, increased \$74 million when compared to the same three-month period of 2023 primarily due to higher commodity hedging losses and purchased power resulting from lower natural gas prices.

Operations and maintenance expenses decreased \$2 million compared to the same three-month period in 2023 due to lower heat pump and LED lighting rebates in 2024.

Storm restoration expenses increased \$23 million when compared to the same three-month period of 2023 due to a higher level of storm activity. PSEG Long Island responded to five major storms through March 2024, two of which required mutual aid assistance, compared with two major storm events through March 2023, none of which required mutual aid assistance.

Depreciation and amortization increased by \$11 million when compared to the same three-month period of 2023 due to updated depreciation rates in 2024 resulting from a new depreciation study combined with higher utility plant balances.

Non-Operating Revenues and Expenses

Other income increased \$7 million compared to the same three-month period of 2023 primarily due to higher investment income earned as a result of higher interest rates.

Interest charges and (credits) increased \$3 million compared to the same three-month period of 2023, primarily due to higher interest expenses resulting from higher debt.

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Management's Discussion and Analysis (Unaudited)

Three-Month Period Ended March 31, 2024

Liquidity and Capital Resources

LIPA's policy is to, at all times, maintain cash on hand and available credit equivalent to at least 150 days of operating expenses. As of March 31, 2024 and December 31, 2023, LIPA's available sources of liquidity for operating purposes and capital program funding, as displayed below, exceeded the policy target.

<i>(amounts in thousands)</i>	<u>March 31, 2024</u>	<u>Days Cash</u>	<u>December 31, 2023</u>	<u>Days Cash</u>
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	\$ 575,838		\$ 685,690	
OPEB Account cash, cash equivalents, and investments	684,665		643,733	
PSEG Long Island working capital requirements	297,700		320,709	
Total operating liquidity	<u>1,558,203</u>	<u>170</u>	<u>1,650,132</u>	<u>182</u>
Available credit				
General Revenue Notes – Revolving Credit Facility	200,000		200,000	
General Revenue Notes – Commercial Paper	490,000		655,000	
Total available credit	<u>690,000</u>		<u>855,000</u>	
Total cash, cash equivalents, investments, and available credit	<u>\$ 2,248,203</u>	<u>245</u>	<u>\$ 2,505,132</u>	<u>276</u>
Restricted cash and cash equivalents				
Clean Energy Compliance Fund	20,116		19,991	
Extraordinary working capital	250,000		250,000	
UDSA	191,023		114,951	
Total restricted cash and cash equivalents	<u>\$ 461,139</u>		<u>384,942</u>	

Long Island Power Authority

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Management's Discussion and Analysis (Unaudited)

Three-Month Period Ended March 31, 2024

Consolidated Debt

LIPA's consolidated debt as of March 31, 2024 and December 31, 2023 is comprised of the following:

<i>(amounts in thousands)</i>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Long-term debt:		
General revenue bonds/notes	\$ 5,215,045	5,212,112
Unamortized premiums	379,835	388,850
Less: Current maturities	<u>(82,085)</u>	<u>(82,085)</u>
	<u>5,512,795</u>	<u>5,518,877</u>
UDSA restructuring bonds	3,656,345	3,656,345
Unamortized premiums	310,240	321,991
Less: Current maturities	<u>(204,790)</u>	<u>(204,790)</u>
	<u>3,761,795</u>	<u>3,773,546</u>
Total Long-term debt	<u>\$ 9,274,590</u>	<u>9,292,423</u>
Short-term debt:		
General Revenue Notes - Commercial Paper	<u>\$ 510,000</u>	<u>345,000</u>
Total Short-term debt	<u>\$ 510,000</u>	<u>345,000</u>

Long Island Power Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)
Three-Month Period Ended March 31, 2024

Regulatory Assets and Liabilities

The table below displays LIPA's costs to be recovered from or returned to, LIPA's customers in a future period (regulatory assets or liabilities). Regulatory assets increased \$41 million due primarily to the timing of recovery of increase to the power supply charge recoverable offset by decreases in unrealized commodity and financial derivative gains which are deferred until settled.

	March 31, 2024			December 31, 2023		
	Current	Noncurrent	Total	Current	Noncurrent	Total
OSA – employee retirement benefits	\$ 10,772	—	10,772	11,554	—	11,554
Shoreham property tax settlement	51,386	223,328	274,714	51,386	230,376	281,762
Property tax litigation	—	158,815	158,815	—	154,067	154,067
Delivery service adjustment	5,666	—	5,666	12,091	—	12,091
Employee benefit plan settlement	15,634	11,725	27,359	15,634	15,634	31,268
Power supply charge recoverable	80,766	30,497	111,263	3,354	31,964	35,318
Debt issuance costs	2,573	16,344	18,917	2,573	16,918	19,491
Revenue decoupling mechanism	20,982	19,258	40,240	15,192	22,833	38,025
Unfunded actuarially determined reserves	—	8,132	8,132	—	8,132	8,132
Southampton visual benefit assessment	1,211	3,032	4,243	1,211	3,246	4,457
Unrealized financial instrument losses	—	23,277	23,277	—	33,553	33,553
Unrealized commodity instrument losses	29,119	8,588	37,707	38,036	15,012	53,048
New York State assessment	2,385	—	2,385	—	—	—
Total regulatory assets	<u>220,494</u>	<u>502,996</u>	<u>723,490</u>	<u>151,031</u>	<u>531,735</u>	<u>682,766</u>
OSA – employee retirement benefits	—	37,579	37,579	—	33,841	33,841
Utility 2.0	13,606	—	13,606	15,198	—	15,198
Power supply charge refundable	—	20,116	20,116	—	19,992	19,992
Distributed energy resources	527	—	527	779	—	779
Delivery service adjustment	—	45,683	45,683	—	47,413	47,413
New York State assessment	—	—	—	1,768	—	1,768
Total regulatory liabilities	<u>14,133</u>	<u>103,378</u>	<u>117,511</u>	<u>17,745</u>	<u>101,245</u>	<u>118,991</u>

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