LIPA

2025

PROPOSED ANNUAL **BUDGET** REPORT

PROTECTING OUR **ISLAND**

Celebrating **25+ years** of dedicated service to Long Island and the Rockaways


At LIPA, the Power is **Yours**.™
Proudly serving Long Island and the Rockaways for over 25 years.

At LIPA, our commitment is to serve you with dedication and integrity. We provide the essential resources our customers need to excel. We take pride in delivering **clean**, **reliable**, and **affordable** energy, empowering our communities today and for the future.

Together, we're not just preparing for storms; we're tackling our Island's energy challenges for generations to come.

With a team of innovators, visionaries, and doers, we are driving progress and embracing the solutions needed for positive change.

Because on Long Island and the Rockaways, the power is **yours**.™

LIPA

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Photo Credit: Ørsted

Visit to the South Fork Wind Farm in October 2024

ABOUT LIPA

The Long Island Power Authority (LIPA) is the third largest public power utility in the United States, serving 1.2 million customers across Long Island and the Rockaway Peninsula. Our purpose is to deliver clean, reliable, and affordable energy to our community.

LIPA owns the electrical transmission and distribution system serving our community; however, we contract for most of the management services and power supply used to operate the electric grid. Since 2014, LIPA has contracted with PSEG Long Island for management services, and LIPA provides service to customers under the PSEG Long Island brand name. LIPA contracts with National Grid for 3,500 megawatts of generating capacity and additionally contracts with other providers for 2,300 megawatts of on-Island generation and 990 megawatts of transmission intertie capacity to facilitate purchases from electric markets in New England and the mid-Atlantic states.

The LIPA Board of Trustees approves contracts with vendors; sets policy, strategy, and performance metrics for PSEG Long Island's service to our customers; finances the infrastructure investments necessary for a reliable electric grid; and leads Long Island's transition to a clean energy future.

Jones Beach Energy & Nature Center | Wantagh, New York

PURPOSE

LIPA's purpose is to serve our customers and community by providing clean, reliable, and affordable energy to Long Island and the Rockaways. As a not-for-profit utility, LIPA is a value-driven organization that puts our customers first in every action and decision.

VISION

LIPA's vision is to be our customers' trusted energy partner.

To achieve our vision, LIPA will:

- Actively engage with our customers and the communities we serve.
- Respond to our customers' needs and exceed their expectations.
- Be a recognized innovator in our industry to better serve our customers.
- Be known as a steward of our environment and community.

VALUES

Service: Our work is service. Everything we do is for the benefit of our customers.
Collaboration: Operate as one LIPA team. Everyone is included.
Excellence: One plan with relentless implementation. Clear performance goals.

LIPA

FAST FACTS

Customers

Residential Customers: 1,028,432
Commercial Customers: 138,545

Energy Requirements

19,884,053 megawatt-hours

Generating Capacity

~5,800 megawatts

Transmission System

Miles overhead: 1,000
Miles underground: 500

Distribution System

Miles overhead: 9,000
Miles underground: 5,000
Transformers: 189,000

Substations

Transmission: 30
Distribution: 152

2024 Peak Demand

4,985 megawatts

Historic Peak Demand

5,915 megawatts (2011)

2025 Proposed Budget

Operating: $4.4 Billion
Capital: $928 Million

OUR **ELECTRIC** GRID

LIPA's service territory spans Nassau and Suffolk Counties on Long Island and the Rockaway Peninsula in Queens County, serving over three million people. Jutting out off the coast, Long Island is at the tail end of New York State's electric grid. Long Island's electric resources consist of seven major interconnection cables to regional energy markets, dozens of fossil-fueled power plants, one offshore wind farm, five solar farms, and two battery energy storage systems. There are additional power supply and transmission projects under development that will interconnect into the LIPA grid, including the Sunrise Wind farm and two new interties from the Propel New York project.

Transmission Cable

ISO-NE (108 Million MWh)
(Independent System Operator New England)

Port Jefferson Power Station (498 MW)
Port Jefferson, New York

Northport to Norwalk Cable
300 MW

Cross Sound Cable
330 MW

NYISO (142 Million MWh)
(New York Independent System Operator)
Y49/Y50 Cable (900 MW net)

Kings Park Solar Farm (4 MW)
Kings Park, New York

Northport Power Station (1,564 MW)
Fort Salonga, New York

E.F. Barrett Power Station (670 MW)
Island Park, New York

Neptune Cable
660 MW

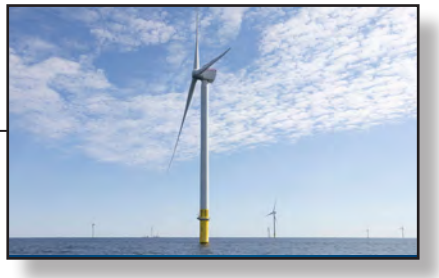
PJM (787 Million MWh)
(Pennsylvania, New Jersey, Maryland)

Calverton Solar Energy Center (22.9 MW)
Calverton, New York

Montauk Energy Storage Center (5 MW)
Montauk, New York

Shoreham Solar Commons (25 MW)
Brookhaven, New York

South Fork Wind Farm (132 MW)
35 miles off Montauk, New York



East Hampton Energy Storage Center (5 MW)
East Hampton, New York

Long Island Solar Farm (32 MW)
Upton, New York

** Map isn't representative of LIPA's entire energy portfolio.*

BOARD OF **TRUSTEES**

LIPA is governed by a local Board of Trustees. The Board supervises, regulates, and sets policy for the utility. The Board consists of nine Trustees: five appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly.

The Trustees serve for staggered four-year terms. All Trustees reside on Long Island or in the Rockaways and have relevant utility, corporate board, or financial experience. Trustees are not compensated for their service.

Tracey Edwards
Chair

Valerie Anderson Campbell
Vice Chair

Vanessa Baird-Streeter
Trustee

Drew Biondo
Trustee

Dominick Macchia
Trustee

Mili Makhijani
Trustee

David Manning
Trustee

Claudia Lovas
Trustee

Women in Energy Event & Panel Discussion | October 2024

Chairwoman Edwards provides opening remarks at a C3E Women in Clean Energy and Women in Communications and Energy New York event.


AGENDA
WICE
C3E
9:00 - 9:45 a.m.
9:45 - 10:15 a.m.
10:15 a.m. - 10:30 a.m.
10:30 a.m. - 12:00 p.m.
MODERATOR
Carrie Gallagher
Sylvia Louie
Director of Business Development,
New York Power Authority

STRATEGIC **DIRECTION**

The LIPA Board provides strategic direction through a set of governance policies. The Board's policies define LIPA's purpose and vision and set expectations for the strategic outcomes that management will deliver in the areas of reliability, customer experience, clean energy, affordability, information technology, and fiscal sustainability. The Board reviews each of its policies annually, and LIPA management reports to the Board on outcomes for each policy. Figure 1 summarizes the key policy objectives set by the Board.

For a complete list of the LIPA Board of Trustees' key policy objectives, visit **lipower.org/strategic-direction**.

North Shore Rail Trail | Wading River, New York

Figure 1: **Key Policy Objectives**

TRANSMISSION & DISTRIBUTION OPERATIONS

- Top 10% reliability among peer utilities
- Improve circuit conditions that cause repeated customer outages
- Invest in system resiliency to reduce the number and duration of outages and assure timely and accurate communications to customers regarding restoration times from severe weather
- Independently verify that emergency restoration plans are complete and tested

CUSTOMER EXPERIENCE

- Deliver top 25% customer satisfaction in J.D. Power studies
- Continual improvement in ease of customer interaction, as measured by customer surveys
- Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.
- Effectively target communications across customer segments and socioeconomic groups, with particular attention to low-income and disadvantaged communities

INFORMATION TECHNOLOGY & CYBERSECURITY

- Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems (measured against industry-standard frameworks)
- Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor
- Conduct quarterly internal vulnerability assessments, annual third-party vulnerability assessments, and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities

CLEAN ENERGY & POWER SUPPLY

- Achieve a zero-carbon electric grid by 2040
- Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions through energy efficiency and beneficial electrification
- Improve equity for disadvantaged communities
- Plan for a power supply portfolio that meets or exceeds industry standards for reliability

CUSTOMER VALUE, AFFORDABILITY, & RATE DESIGN

- Prioritize investments for customers to balance cost and service quality
- Communicate the benefits and cost drivers of any rate increases to customers
- 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
- Offer programs to low-income and disadvantaged customers to maintain electric bills that are a reasonable percentage of household income

FISCAL SUSTAINABILITY

- Achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio from 92% to 70% or less by 2030
- Maximize grants and low-cost funding sources
- Develop budgets and financial plans that maximize customer value and aggressively manage costs
- Provide customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

EXECUTIVE MANAGEMENT

LEADING WITH EXPERIENCE

The LIPA management team is proud to serve our customers. Our leadership brings extensive utility experience to the organization in all core business functions, including transmission and distribution operations, power supply, customer experience, information technology, finance, legal, strategy, performance management, communications, and external affairs.

Visit **lipower.org/leadership** for more information on each member of LIPA's management team.

John Rhodes
Acting Chief Executive Officer

Bobbi O'Connor
General Counsel; Secretary to the Board of Trustees

Donna Mongiardo, CPA
Chief Financial Officer

Werner Schweiger
Acting Chief Operating Officer

Brian Rudowski
Acting Chief Information Officer

Kenneth Kane, CPA
Senior Vice President, Investment Planning

Billy Raley
Senior Vice President, Transmission & Distribution

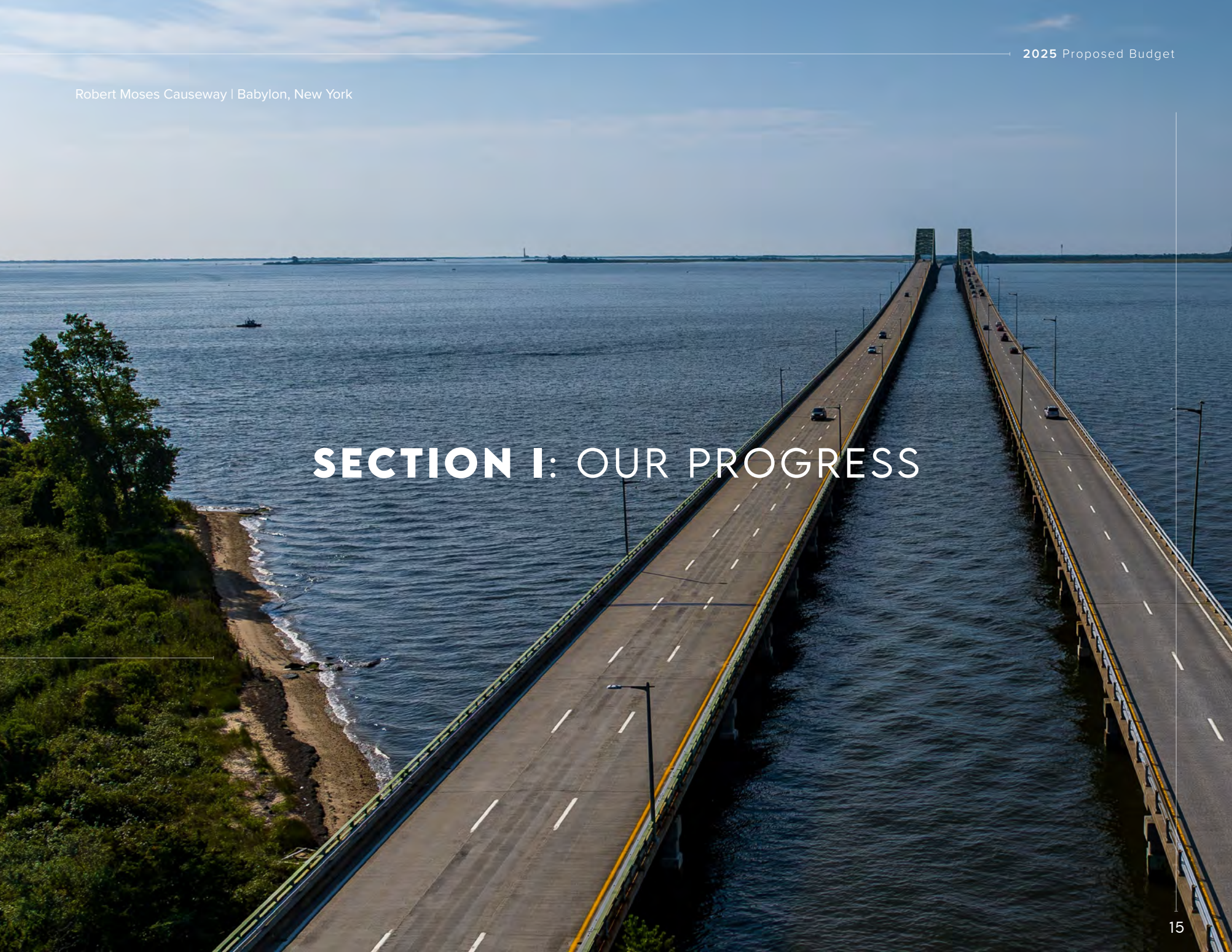
Gary Stephenson
Senior Vice President, Power Supply

Barbara Ann Dillon, Esq., PHR
Vice President, Human Resources and Administration

Tom Locascio
Vice President, Corporate Affairs and Chief of Staff

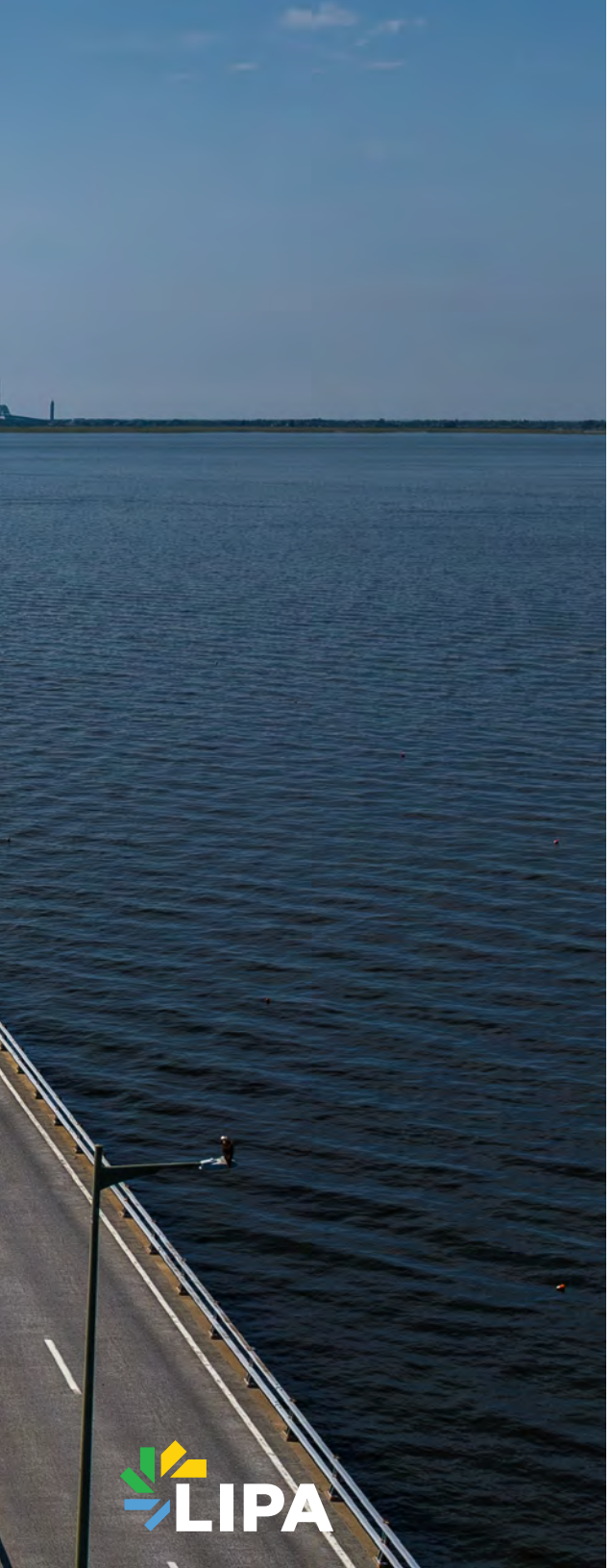
Jennifer Hayen
Director of Communications


HOFSTRA UNIVERSITY
Frank G. Zarb School of Business
John Rhodes
Peter Rose



Robert Moses Causeway | Babylon, New York

SECTION I: OUR PROGRESS



SECTION **CONTENTS**

CEO LETTER

Every year, our team creates a budget that focuses on resources and works on the investments and activities that are the highest priority. It lays the foundation for our financial planning and is vital in achieving our mission to provide clean, reliable, and affordable energy to our customers.

LIPA's annual budget starts with our priorities, which flow from the strategic initiatives and policy goals set by our Board of Trustees and from our duty as a public authority to deliver the highest value to our customers. It builds on accurate estimates, well-supported and transparent assumptions, and a concrete assessment of the work to be done and how best to do it. It serves as a roadmap to guide our actions for the coming year (and sets us up for the years ahead) and ultimately ensures that the projects and initiatives we need and our customers want are adequately funded.

When I joined the organization in March 2024, we set very specific goals that needed to be achieved at LIPA. Looking ahead to the next year, I want to highlight two things.

Management Contract

LIPA operates under a unique business model within the electric utility sector. While we own the electrical transmission and distribution system serving our community, we contract for most of the management services and power supply used to operate it. As I write this, our current management contract with PSEG Long Island is set to expire on December 31, 2025. LIPA has already evaluated responses from our Services Operations Request for Proposals and is undergoing contract negotiations with the finalists. In March 2025, our Board is set to approve a new management contract.

Our Mission: Clean, Reliable, Affordable

Day in and day out, our focus remains steady – provide our 1.2 million customers on Long Island and the Rockaways with clean, reliable, and affordable electric service. To achieve these goals, we need to work towards several key initiatives, including:

- Operating a highly reliable electric grid. Our performance is within the top 10 percent of peer electric utilities, equivalent to fewer than one power outage per year per customer or 99.99 percent reliability.
- Delivering outstanding customer satisfaction among the top 25 percent of electric utilities, as measured by a third party.
- Achieving the goals of New York's Climate Act, including 70 percent renewable energy by 2030 and a carbon-free electric grid by 2040.
- Providing electric service at the lowest possible cost, with rates comparable to or below our neighboring utilities.

This budget provides a transparent look at our business operations and our efforts to continuously improve the value we provide to our customers. This budget message includes information on many topics, including updates on LIPA's financial performance, storm preparedness, progress on our new Time-of-Day rate initiative, clean energy projects coming onto the grid, and our continued investments in resilience and reliability.

LIPA has a clear mission and a highly professional and dedicated team. We look forward to working with our partners to provide even more value to our customers.

Sincerely,

John Rhodes
Acting Chief Executive Officer

NEW YORK STATE CLIMATE ACT

New York's ambitious clean energy targets are outlined in the New York State Climate Leadership and Community Protection Act (Climate Act), enacted in 2019. This landmark legislation stands out as one of the most progressive in the nation, aiming to facilitate a just transition to a clean energy economy. The Climate Act is designed to tackle climate change to protect our environment, grow economic opportunities, improve the quality of life for all New Yorkers, and ensure equity and inclusion.

The Climate Act establishes a comprehensive set of time-bound goals, including stringent targets for reducing greenhouse gas emissions from electricity generation, increasing the adoption of zero-emission vehicles, reducing fossil fuel use in building heating systems, and setting resource-specific mandates for distributed solar, renewable energy, energy storage, and offshore wind. These objectives are pivotal to New York's strategy for sustainable development and environmental stewardship.

Climate Act targets include:

2025	2030	2035	2040	2050
6,000 MW of distributed solar	70% renewable energy, 6,000 MW of energy storage	9,000 MW of offshore wind	100% zero-emission electricity	85% reduction in greenhouse gas emissions

In October 2024, Governor Hochul announced that 6 gigawatts of distributed solar have been installed across New York, marking the early achievement of the state's Climate Act statutory goal a year ahead of schedule. The solar power generation, which benefits homes, business owners, and off-takers of community solar projects, is enough to power more than a million homes, underscoring New York's leadership in growing one of the strongest distributed solar markets in the nation.

For more details, please visit **climate.ny.gov**.

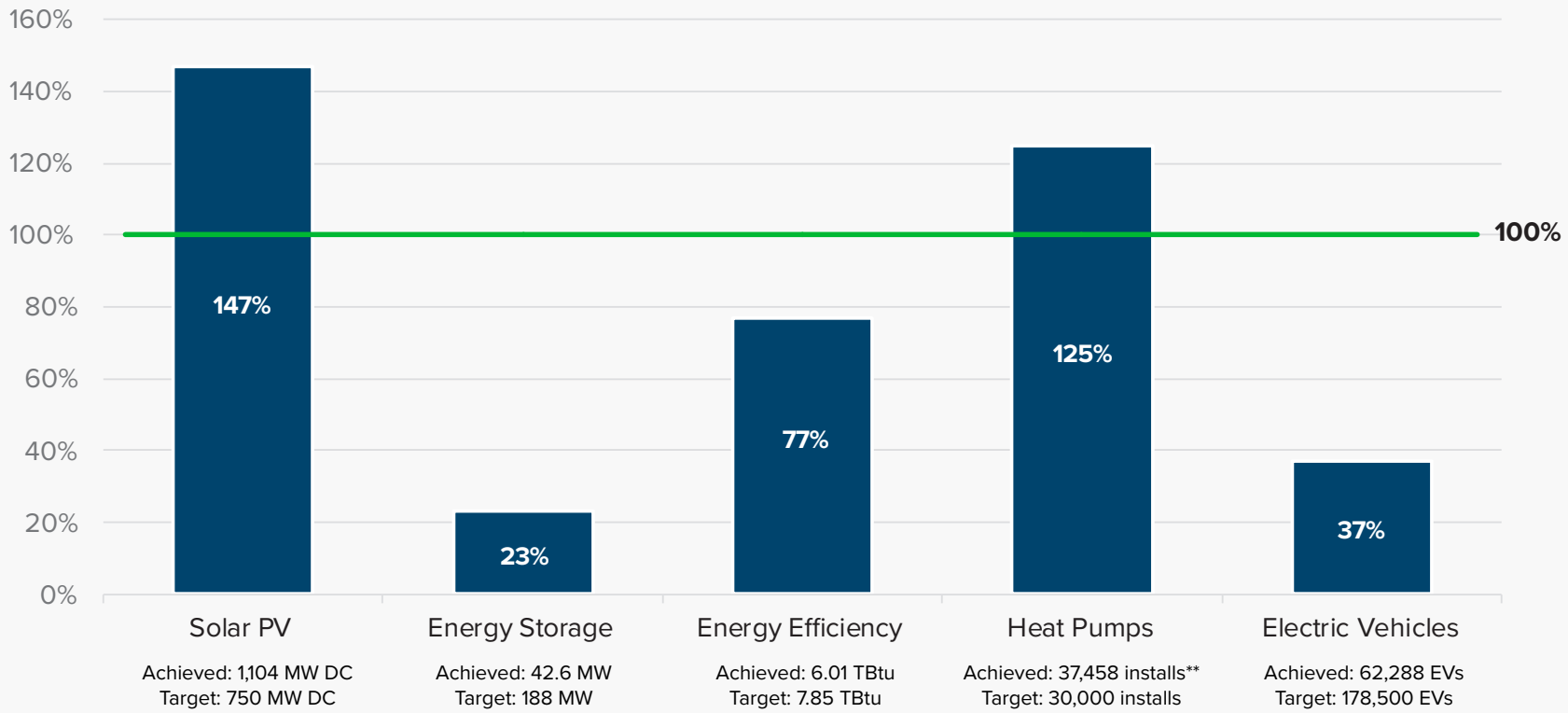
Calverton Solar Energy Center | Calverton, New York

CLEAN

CLEAN ENERGY PROGRESS

LIPA has initiatives underway that directly contribute to the state's clean energy goals in such areas as solar, storage, offshore wind, energy efficiency, electric vehicles (EVs), and building decarbonization, as described in the sections below. Figure 2 shows progress towards Long Island's portion of the state's Climate Act goals.

Figure 2: **Progress Towards Long Island's Portion of New York State's 2025 Clean Energy Goals***



* As of Q3 2024

** This target refers to individual heat pump installations and may include heat pumps used for other purposes. LIPA has since recalibrated its focus to whole-home heat pump installations to align with the state's goals for electrified or electrification-ready homes by 2030.

Demonstrated in Figure 3 are other clean energy projects under development that will be added to the Long Island and Rockaways electric grid by the early 2030s:

- **1,419 MW of customer-owned solar and local solar farms**
- **2,056+ MW of offshore wind**
- **754 MW of battery storage**

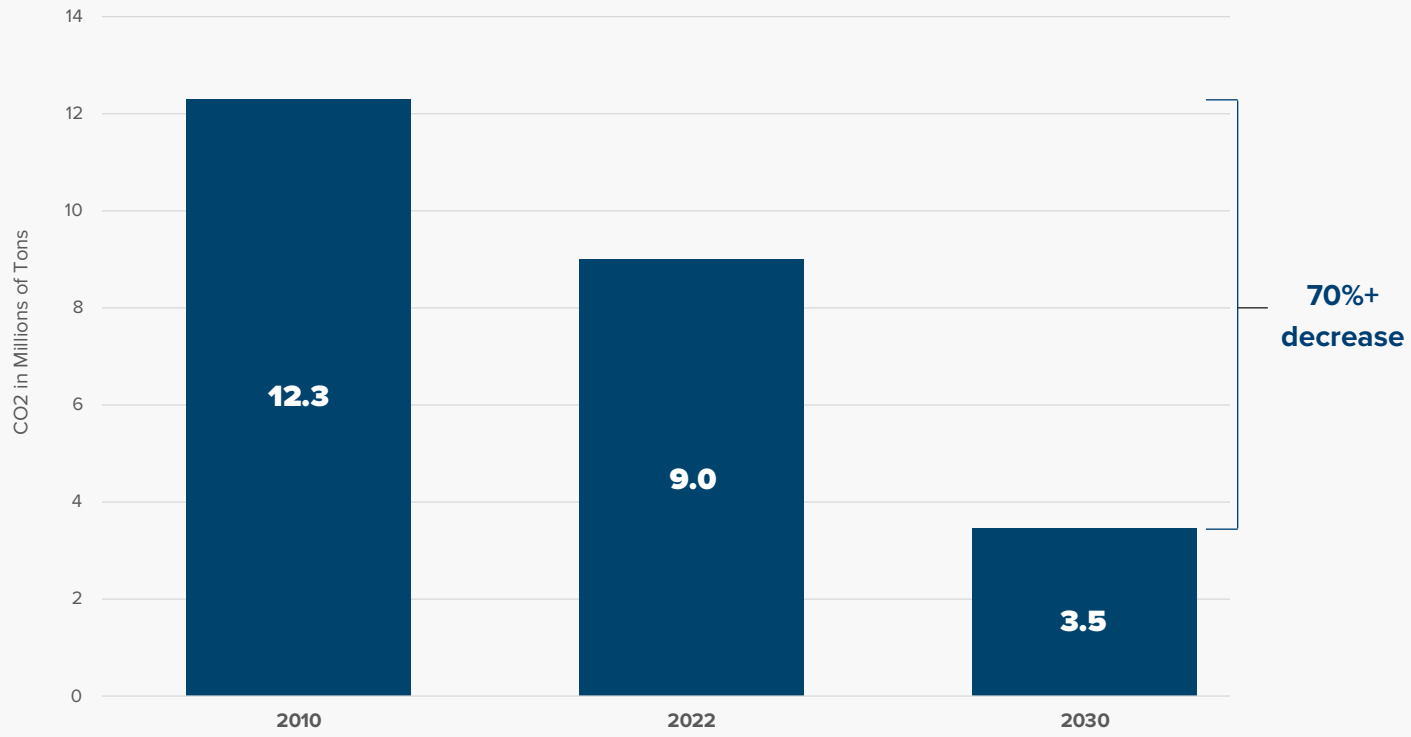
Figure 3: **Long Island Clean Energy Projects in Service by the Early 2030s**

Solar (1,419 MW)	**Size** (MW_{AC})	**In-Service** (Est./Act.)
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Solar Feed-in Tariffs I-III	89	2021-2022
LI Solar Calverton	23	2021
Behind-the-Meter	1,200	2030
Solar Communities (FIT V)	15	2025
Offshore Wind (2,056+ MW)	**Size** (MW_{AC})	**In-Service** (Est./Act.)
South Fork Wind Farm	132	2024
Sunrise Wind	924	2026
Future Offshore Wind Additions	1,000+	2030s
Energy Storage (754 MW)	**Size** (MW_{AC})	**In-Service** (Est./Act.)
East Hampton & Montauk Storage	10	2018 & 2019
2023 RFP Awards (Pending)	179	2028
Future Storage Additions	565	2030
TOTAL	**4,229+** (MW_{AC})	

Assuming these clean energy projects reach commercial operation, Long Island's clean energy will total about 4,229+ MW, which is sufficient to reduce LIPA's carbon footprint by over 70% by 2030, as shown in Figure 4.

These emissions reductions will enable LIPA to further advance the goals of the Climate Act to achieve economy-wide carbon neutrality – a balance between how much carbon we emit and how much can be absorbed from the atmosphere.

Figure 4: **Carbon Emissions Footprint for LIPA's Power Supply from 2010 to 2030**



OFFSHORE WIND

SOUTH FORK WIND

In March 2024, New York State Governor Kathy Hochul, United States Secretary of the Interior Deb Haaland, and other elected officials announced the completion of the landmark South Fork Wind project. With all 12 offshore wind turbines constructed, the wind farm has been successfully delivering power to Long Island and the Rockaways.

The project's completion marked a historic milestone as New York became home to America's first utility-scale offshore wind farm. The South Fork Wind project is the result of a LIPA-led initiative to meet the growing energy needs of Long Island's South Fork.
South Fork Wind was one of 21 projects proposed in response to a 2015 LIPA Request for Proposals. In January 2017, the LIPA Board of Trustees approved a power purchase agreement to buy energy from the project, the first offshore wind farm to be contracted in federal waters. The project was developed jointly by Ørsted and Eversource.[1]

South Fork Wind was initially proposed as a 90-megawatt project, but in November 2018, LIPA agreed to purchase an additional 40 MW of clean energy from the project – more power available from the improving turbine technology.

After years in the making, the final project approval was granted by the U.S. Department of the Interior's Bureau of Ocean Energy Management in January 2022. Other significant milestones include:

- **Groundbreaking** – February 2022
- **Onshore cable installation** – May 2023
- **First monopile foundation** – June 2023
- **Offshore wind substation installation** – July 2023
- **Onshore substation completion** – August 2023
- **First turbine installation** – November 2023
- **Commercial Operation** – January 2024

The South Fork Wind Farm consists of 12 wind turbine generators, each with a blade length of 318 feet and a rotor diameter of over 656 feet – about the length of two football fields. Located 35 miles east of Montauk Point, South Fork Wind delivers power to the local substation in the Town of East Hampton through undersea and underground transmission cables from the offshore wind farm.

[1] *In October 2024, Skyborn, a German-based Global Infrastructure Partners portfolio company, acquired the remaining 50% stake relented by Eversource.*

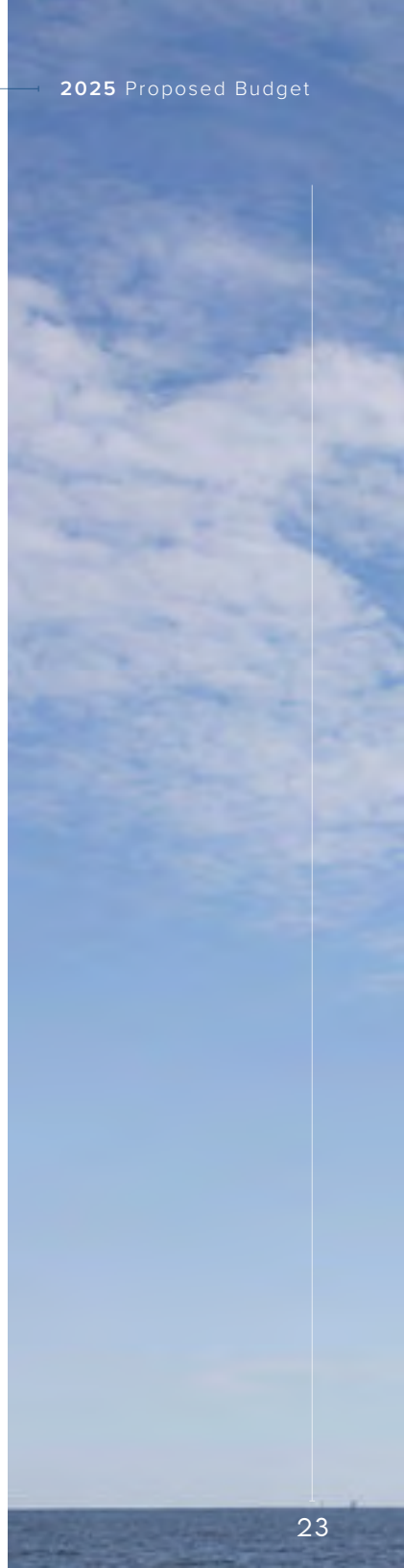


Photo Credit: Ørsted

South Fork Wind Farm | 35 miles off the coast of Montauk, New York

The approximately 132 MW wind farm will generate enough renewable energy to power approximately 70,000 homes at full capacity. It will eliminate up to 6 million tons of carbon emissions over the life of the project, the equivalent of taking 60,000 cars off the road for the next twenty years.

Hundreds of U.S. workers and various Northeast ports supported South Fork Wind's construction, helping to set up the foundations of a new domestic supply chain that's creating local union jobs across the Northeast and beyond.

South Fork Wind's turbines were staged and assembled by local union workers at State Pier in New London, Connecticut. Local union workers at Ørsted and Eversource's fabrication hub at ProvPort in Rhode Island completed the project's advanced foundation components. Its crew vessels and crew change helicopter are based in Quonset Point, Rhode Island. South Fork Wind includes the first U.S.-built offshore wind substation, built by more than 350 U.S. workers across multiple states, with New York union workers supporting its installation offshore.

"When I broke ground on the South Fork project, I made a promise to build a cleaner, greener future for all New Yorkers. I'm keeping to that promise and South Fork Wind is now delivering clean energy to tens of thousands of homes and businesses on Long Island."

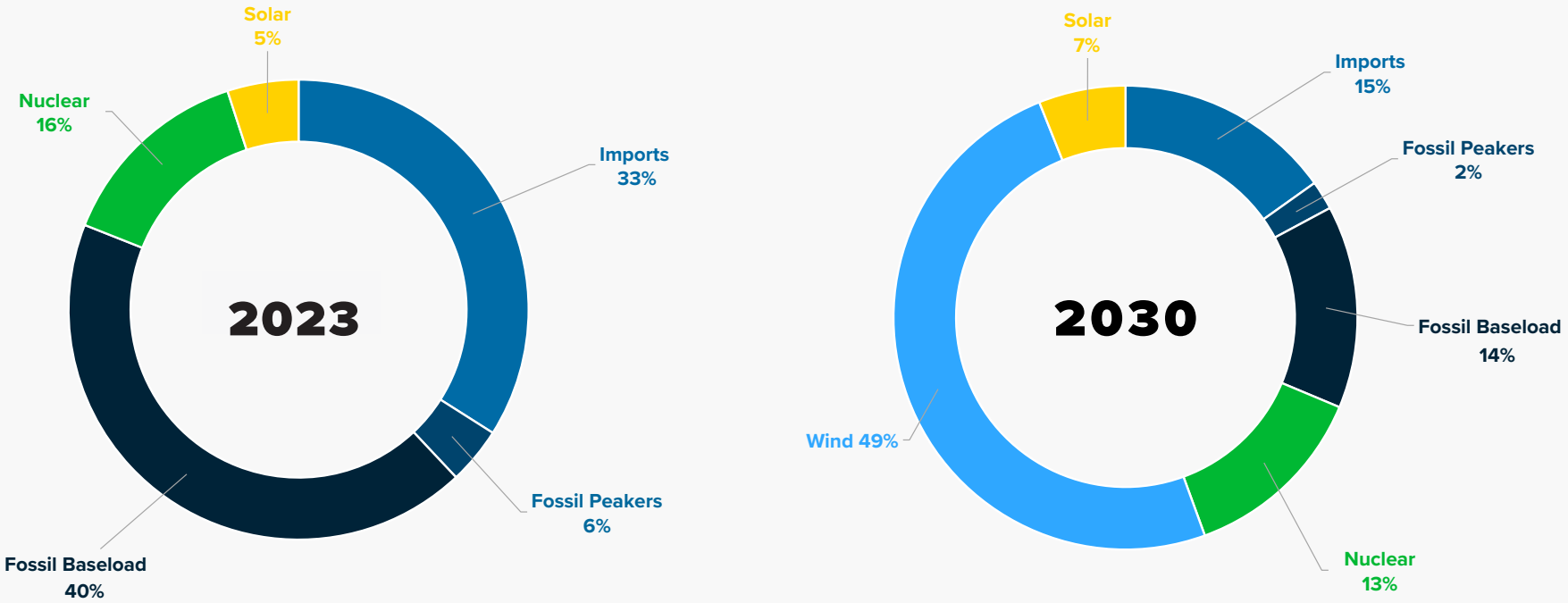
- New York State Governor Kathy Hochul

New York State Governor Kathy Hochul and U.S. Secretary for the Interior Deb Haaland celebrate the completion of the South Fork Wind Farm.

Offshore wind will be Long Island's largest source of clean energy

The Climate Act sets a goal of 9,000 MW of offshore wind energy by 2035, enough to power 6 million homes, and contracting and development activities are currently on track to meet this goal. Figure 5 shows that offshore wind is poised to become the most significant energy source for Long Island and the Rockaways by 2030.

Figure 5: **Sources of Long Island Electricity Production in 2023 Compared to 2030**



SUNRISE WIND

In July 2024, the country's largest offshore wind farm project began construction. Sunrise Wind will provide 924 MW – enough to power over 600,000 New York homes once complete in 2026.

Sunrise Wind has already completed all major federal and state permitting milestones and received approval of its Construction and Operations Plan from the U.S. Department of the Interior's Bureau of Ocean Energy Management.

Located approximately 30 miles off of Montauk, adjacent to the existing South Fork Wind Farm, Sunrise Wind will connect to LIPA's transmission and distribution system at its Holbrook Substation. The underground cable will land at Smith Point County Park and run north along William Floyd Parkway. The route has been approved by the New York Public Service Commission, ensuring minimal impact on the environment and surrounding communities.

EMPIRE WIND 1

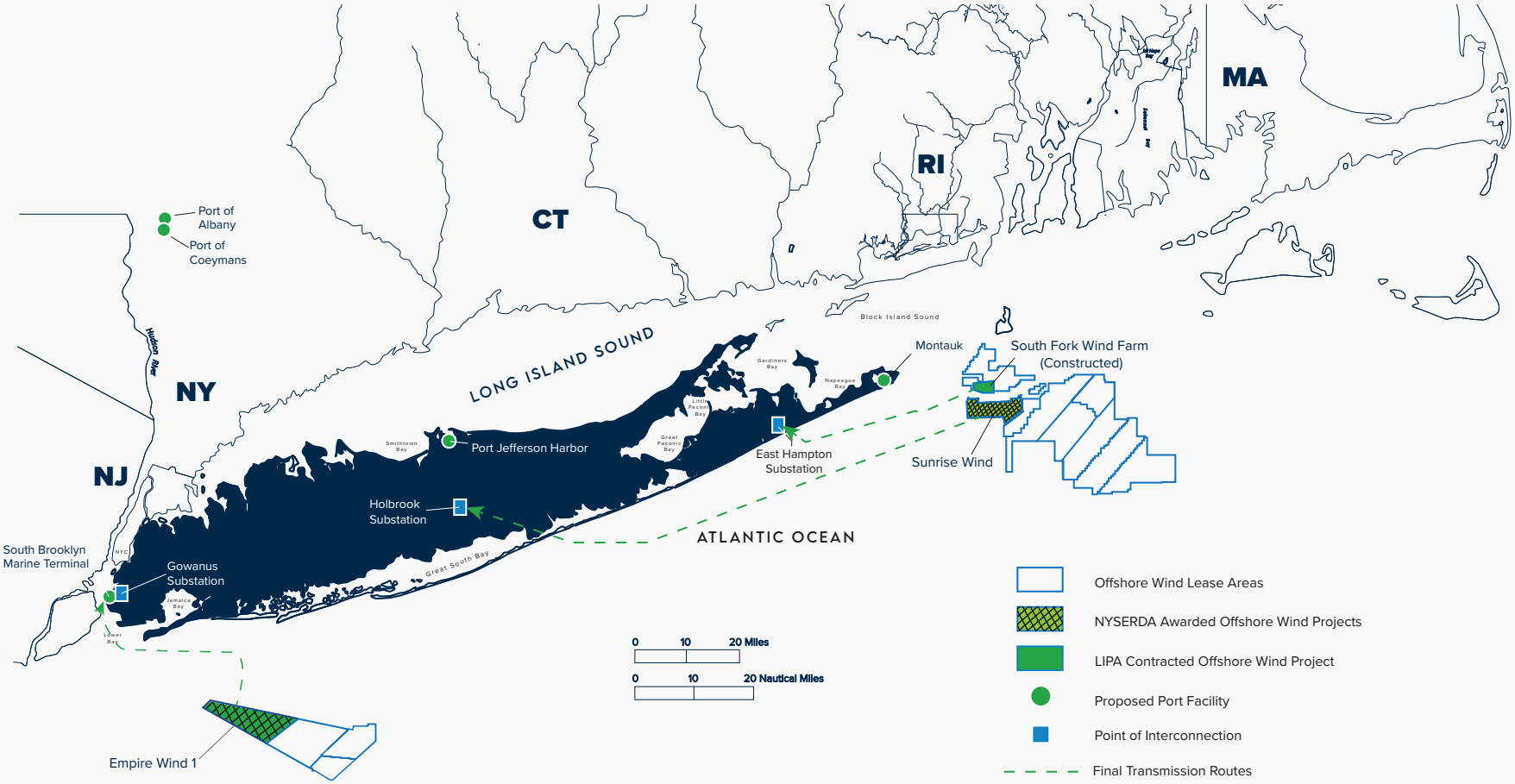
In addition to Sunrise Wind, Empire Wind 1 is also in active development and began construction at its South Brooklyn Marine Terminal in June 2024. The Empire Wind 1 offshore wind project, developed by Norwegian energy company Equinor, is projected to produce 810 MW of renewable wind energy and power 1 million New York homes.

At its closest point, the project is located 14 miles off of Jones Beach State Park and will connect at the Gowanus Substation in Brooklyn. Between onshore construction and its new staging site and future operations and maintenance center at the South Brooklyn Marine Terminal in Sunset Park, Brooklyn, the project is anticipated to create over 1,000 jobs annually in the region.

Completed prefab components for Sunrise Wind at the Port of Coeymans, New York

Photo Credit: NYSERDA

Figure 6: **Long Island Offshore Wind Interconnection Map**



THE ELECTRIC GRID WILL POWER NEW YORK'S LOW-CARBON ENERGY FUTURE

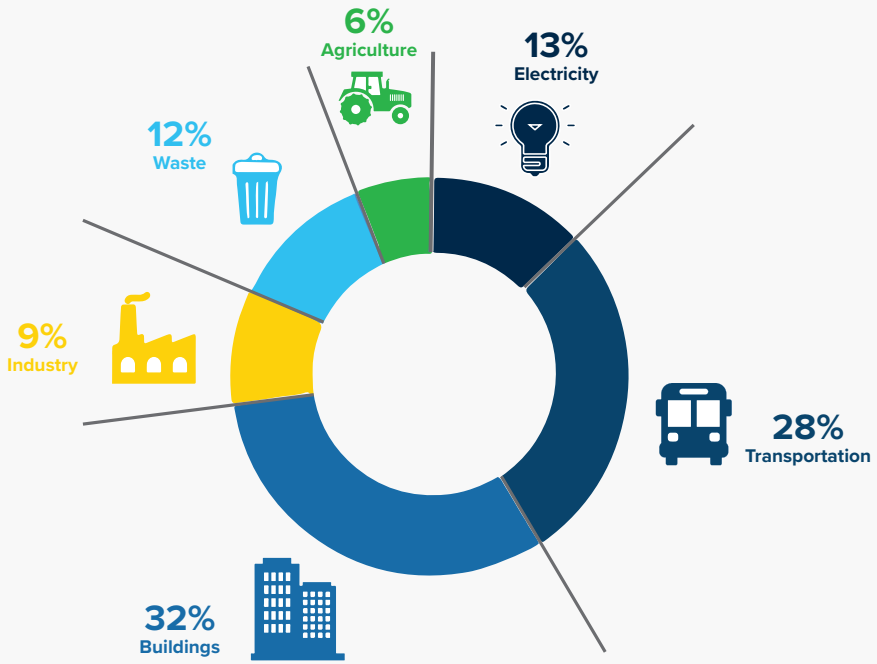
Electric vehicles and heat pumps are critical elements of the state's policy to achieve an 85% reduction in economy-wide greenhouse gas emissions by 2050. Most of New York's carbon emissions come from transportation and the heating of residential and commercial buildings. New York aims to achieve a zero-carbon electric grid by 2040 and then use that grid to power the future for transportation and heating.

New York is preparing for the growth in adoption of electric vehicles, and studies show that one to two million New York homes will need to be electrified with heat pumps by 2030, including new single-family, low-rise residential buildings, and 10-20% of commercial space heating, to meet Climate Act objectives.

DID YOU KNOW?

LIPA participated in New York State's Get There Green initiative for the first time this year. This program encourages full-time employees at New York State agencies and authorities to use sustainable modes of transportation for the month of September as part of a collective effort to lead by example in New York State's clean energy transition.

Figure 7: **New York State Carbon Emission Sources**[2]



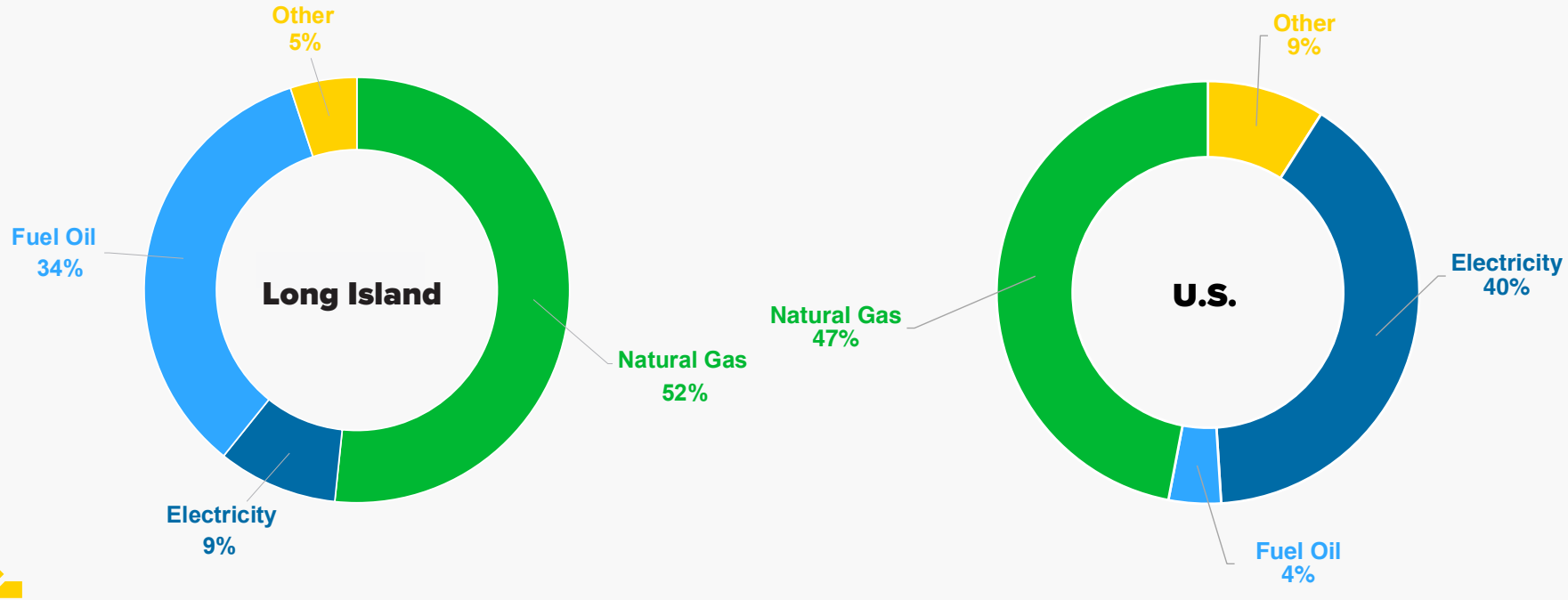
[2] *New York State Department of Environmental Conservation 2023 Statewide GHG Emission Report*

BUILDING DECARBONIZATION

LIPA is particularly focused on the electrification of heat because Long Island and the Rockaways are an ideal market for heat pumps – 34% of homes heat with oil, as shown in Figure 8. That's about ten times the national average, and these homes could potentially save a lot of money by switching to a heat pump.

Meanwhile, 40% of homes nationally are heated with electricity. With LIPA rebates and new federal tax credits, LIPA estimates that between 330,000 and 360,000 Long Island and Rockaways households could save money by installing a cold climate heat pump. This presents an extraordinary opportunity to help customers save money and accelerate New York's decarbonization. These savings opportunities are primarily available when customers replace existing air conditioning or heating equipment or for new construction.

Figure 8: **Long Island Homes Heat with Oil at Ten Times the National Average**



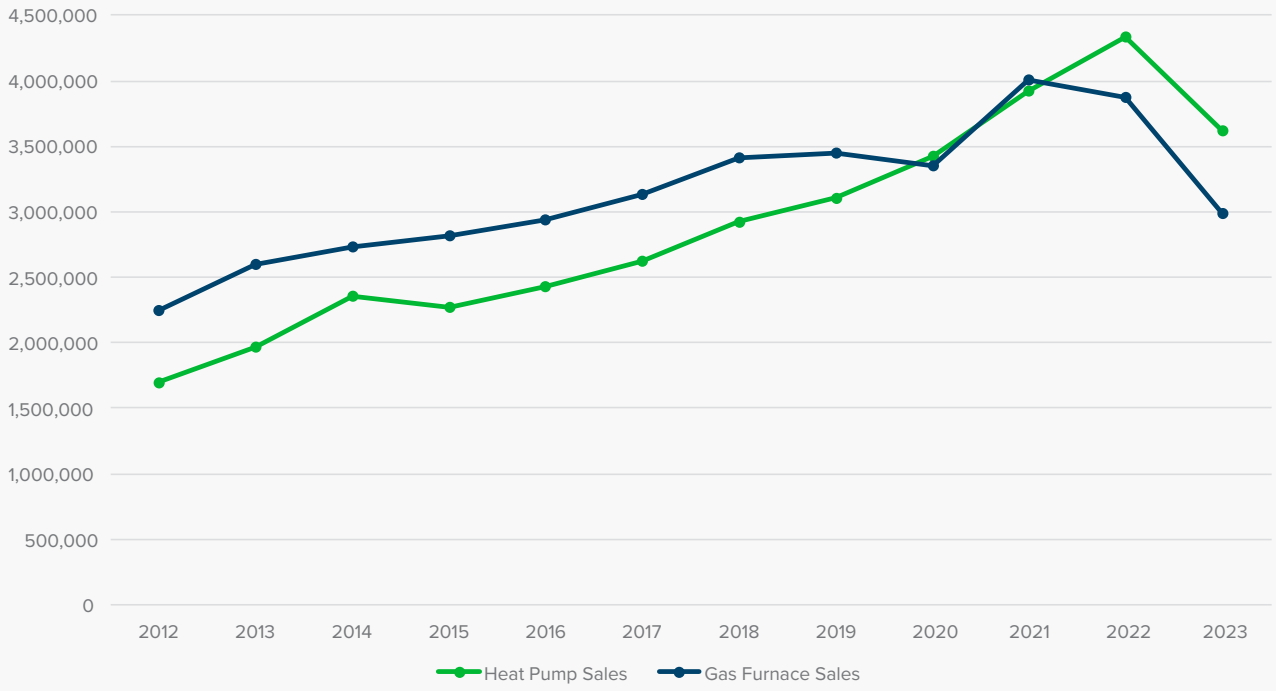
ELECTRIC HEAT PUMPS

In 2022, more than 36,000 workers were employed in efficient HVAC and clean heating and cooling in New York. And this sector is poised for significant growth. Heat pumps have outsold gas furnaces for two consecutive years, and New York State has seen a 23% increase in installations from 2021 to 2023.[3]

For a typical Long Island single-family home that heats with fuel oil and needs to replace an aging central air conditioning unit, a cold climate heat pump could reduce heating costs by approximately $2,300 per year and reduce carbon emissions by 46%. Additional incentives are available for low-income households, making the switch to heat pumps even more financially appealing.

With LIPA rebates, administered by PSEG Long Island, along with federal tax credits, the upfront savings from the heat pump are approximately $4,700, and the annual savings are $931. For a more detailed assessment of your home, see PSEG Long Island's heating comparison calculator at **psegliny.com**.

Figure 9: **Heat Pumps Outselling Gas Furnaces**



[3] *Source: New York State Energy Research and Development Authority*

ELECTRIC VEHICLES

Reducing greenhouse gas emissions, such as carbon dioxide and methane, is essential to combatting climate change and creating cleaner, healthier communities. Electric vehicles and heat pumps are key pillars of the state's policy to achieve an 85% reduction in economy-wide greenhouse gas emissions by 2050.

More than half of New York's greenhouse gas emissions come from the heating of residential and commercial buildings and transportation, while other leading emissions sources include power generation, waste, industry, and agriculture. New York aims to achieve a zero-carbon electric grid by 2040 to fuel the electrified future of transportation and heating.

New York is phasing out the sale of most internal combustion engine cars by 2035. Long Island and the Rockaways have 60,000[4] battery electric and plug-in hybrid electric vehicles registered on Long Island, representing 28% of currently registered electric vehicles in New York state compared to approximately 13% of the state's electric load. With new federal tax credits, limited maintenance requirements, and low fuel costs, lifetime ownership costs of electric vehicles are on par with internal combustion engine vehicles, while the price of batteries, a significant component of electric vehicles, will continue to decline with improved technology and the maturity of the supply chain. LIPA anticipates that electric vehicle adoption will increase significantly and is planning for and supporting that transition by its customers.

LIPA has a variety of programs and activities to support electric vehicles, including:

- Offering customers saving opportunities through Time-of-Day rates, which provide discounted rates to encourage nighttime charging for additional savings for electric vehicle customers.
- Electric vehicle hosting capacity maps to assist developers in finding suitable locations for fast charging.
- Incentives and rebates for developers to install Level 2[5] and fast chargers.

LIPA has an estimated $230 million plan to build the infrastructure for more than 14,435 chargers across Long Island and the Rockaways by 2031 to support nearly 290,000 expected electric vehicles in the region. LIPA's electric vehicle incentives include rebates for Level 2 chargers and fast chargers, with higher support for chargers in disadvantaged communities. LIPA continues to study the electric vehicle charging market and enhance programs to support transportation electrification.

Figure 10: **Publicly Available Electric Vehicle Chargers in LIPA's Service Territory**

PORT TYPE	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
	ACTUAL	ACTUAL	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	
LEVEL 2	0	81	231	293	789	752	1,433	2,018	2,639	3,105	2,311	**13,652**
DC FAST CHARGER	48	100	10	54	89	92	82	82	82	82	62	**783**
TOTAL	48	181	241	347	878	844	1,515	2,100	2,721	3,187	2,373	**14,435**

[4] *Source: EValuateNY – Atlas Public Policy*
[5] *Level 2 chargers, widely used in homes, workplaces, and public spaces, employ alternating current (AC) with a 208-240V, delivering 7 kW to 22 kW of power. This charging method provides a moderate charging speed suitable for various EV models.*

BATTERY STORAGE

Energy storage is essential to delivering reliable and affordable power as we increasingly switch to renewable energy sources and electrify our buildings and transportation systems. Integrating storage in the electric grid, especially in areas with high energy demand, will allow clean energy to be available when and where it is most needed.

As New York continues to invest and build a cleaner grid, energy storage will allow us to use existing resources more efficiently and phase out power plants with the highest emissions. This transition will help New York meet its greenhouse gas emission reduction goals, improve public health, and mitigate the future impacts of climate change.

Types of Storage

Residential Storage
Primarily used for home resilience to deliver backup power, these systems can also shift energy consumption to off-peak hours and integrate home solar for a low-cost, clean energy supply. Residential storage systems may be eligible for Inflation Reduction Act tax credits.

Commercial (Retail) Storage
Businesses can install storage systems onsite or separate from building loads, like a community solar project. These systems can be paired with solar, provide backup power, and earn compensation from utilities for delivering grid benefits.

Grid-Scale (Bulk) Storage
These grid-connected storage projects (usually greater than a few MW of storage capacity) enable increased integration of renewable energy sources while ensuring a resilient and reliable power supply when and where it's needed most.

Montauk Energy Storage Center | Montauk, New York

TIME-OF-DAY RATES

LIPA is now the first utility in New York State to adopt a standard, time-based rate structure for residential customers. The new Time-of-Day (TOD) rate became the standard residential rate in January 2024 and provides customers the opportunity to save money and promotes the efficient use of the electric system, thereby reducing costs to all customers and carbon emissions.

With the new TOD rates, customers will pay different rates for electricity based on when they use it. Electric rates will be higher on weekdays from 3 p.m. to 7 p.m. (“peak” hours) but lower all other hours and on weekends and holidays.

This rate structure also allows customers to choose an optional flat rate or a super off-peak TOD rate. Most customers will transition to this new TOD rate in 2025.

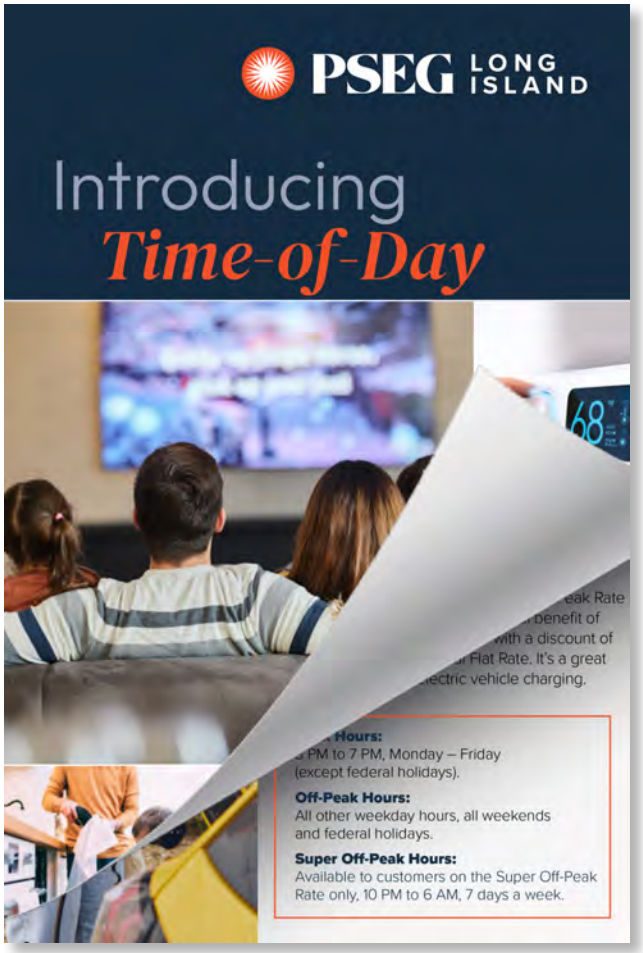
Most customers (more than 80 percent) will pay the same or less on the new TOD rates without changing how or when they use electricity. That’s because most customers already use most of their energy off-peak. Customers who make small changes in their daily routines can save even more.

Notably, customers with electric vehicles can save approximately $274 per year by charging at night with the off-peak rate instead of during peak hours. TOD rates are also favorable for customers who use heat pumps, where energy consumption is higher overnight. Developing and implementing these new electric rates are crucial to managing the sales growth and peak demand from the electrification of transportation and heating.

This new rate encourages further decarbonization, as power generated during peak demand hours emits up to 50% more carbon than electric generation outside those hours. The generating units that run during peak hours are significantly less efficient.

LIPA is also offering eligible customers a Bill Protection Guarantee for the first year on the TOD rate. LIPA will automatically credit the difference if a customer’s electric bill on the TOD rate is higher than it would have been on the flat rate after 12 months.

For more information or to opt into the TOD rate, visit **psegliny.com**.



RELIABILITY INVESTMENTS

Above all, customers prioritize and deserve reliable and resilient electric service, and the LIPA Board has established ambitious goals to meet these needs.

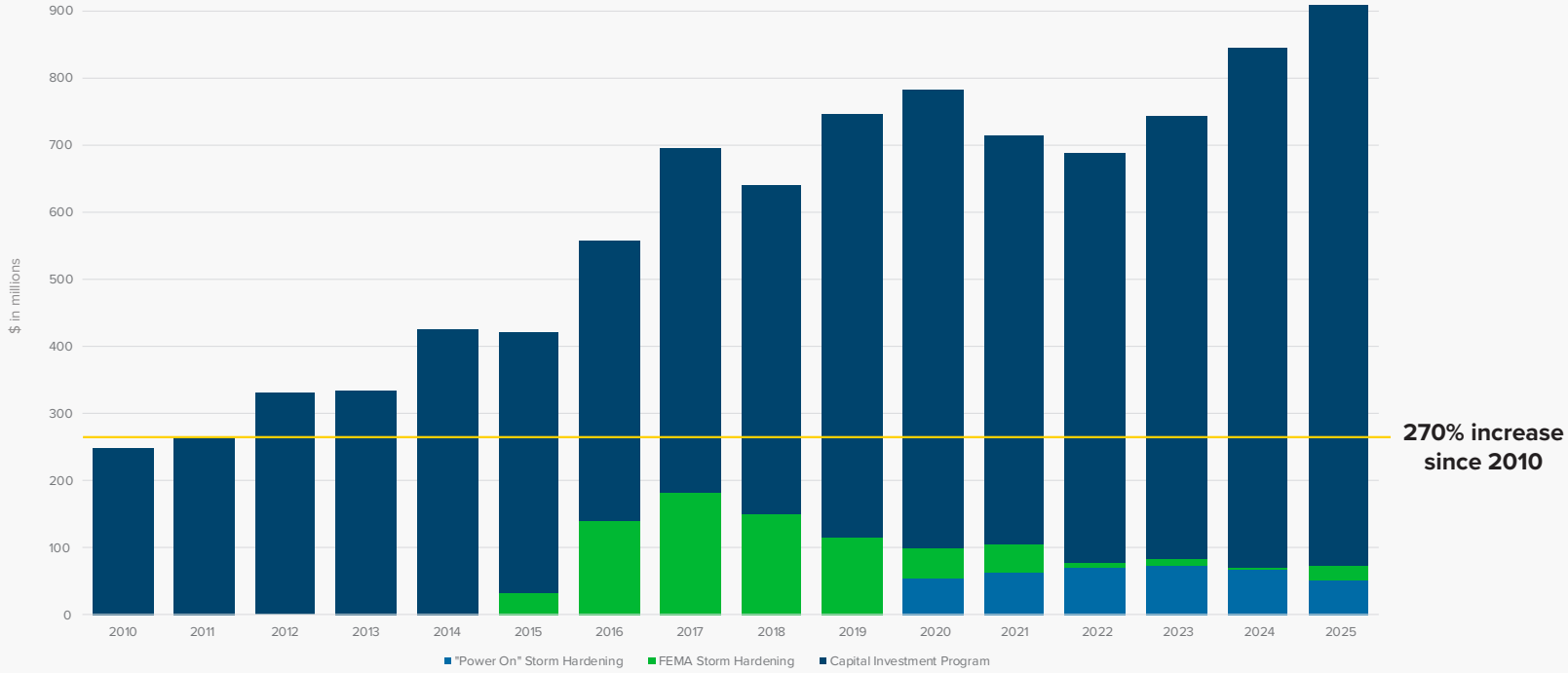
Reliability is the electric grid's capacity to deliver consistent and dependable power, even during frequent, low-impact events. The Board aims to achieve top 10% reliability among its peers while enhancing circuit conditions to ensure that no customer experiences significantly worse reliability than the average.

Resilience is the grid's ability to endure and recover from infrequent, high-impact events. The Board's resiliency goal focuses on countering the effects of climate change through multi-year initiatives designed to decrease both the frequency and duration of outages following major storms.

Since 2010, LIPA has committed a record $9.4 billion – more than triple the investment rate from a decade ago, as illustrated in Figure 11. This unprecedented investment is driving improvements in reliability, boosting resilience, and integrating cutting-edge system designs and technologies to deliver exceptional value to customers.

RELIABLE

Figure 11: **Capital Investments in the Long Island and Rockaways Electric Grid**



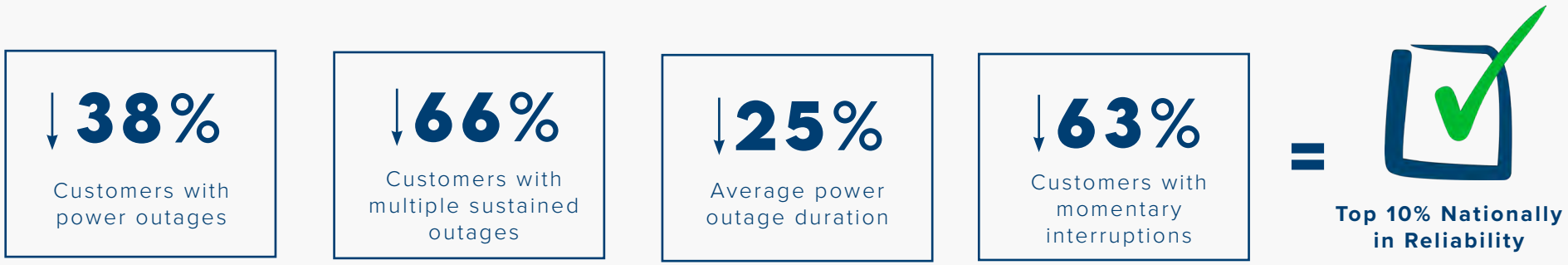
RELIABILITY ACHIEVEMENTS

LIPA's investment in reliability has led to significantly improved outcomes, including a 38% reduction in customers experiencing power outages, as shown in Figure 12.

Over 900 smart switches have been installed to the LIPA system, limiting the amount of customers impacted during a fault in the system, enabling field operators to isolate the interruption and safely charge or discharge lines.

Reliability Investments = Real Results

Figure 12: **System Reliability Results**



PROTECTING OUR ISLAND

LIPA and its service provider, PSEG Long Island, are committed to providing safe and reliable power within its service territory. Increasingly, however, extreme weather events such as storms and floods are threatening the electrical system. Long Island has already experienced challenges with customer service disruptions and electrical asset damage due to extreme weather events. Climate change increases certain chronic stressors of the system and is likely to increase both the frequency and severity of these events, further stressing the system.

In the last decade, the electric transmission and distribution system has been updated to better prepare for significant weather impacts. Following Superstorm Sandy in 2012, almost 1,400 miles of mainline distribution have been hardened to withstand stronger sustained winds and hurricane conditions. LIPA has also elevated equipment in several substations and installed protective floodwalls at three substations to protect utility assets against future flood risk.

As climate change continues to increase the frequency and severity of environmental hazard events, LIPA and PSEG Long Island are committed to investing in Long Island's electric system to withstand current and projected climate impacts. This past year, PSEG Long Island completed a Climate Vulnerability Study, the findings of which guided the Climate Vulnerability Plan outlining necessary steps to protect against severe weather and climate change. Furthermore, LIPA is making multi-year investments in system resiliency, such as vegetation management and distribution hardening.

LIPA's current five-year resiliency plan is expected to reduce customer outage minutes from a major storm by approximately 18% by 2025, as shown in Figure 13.

This plan includes:

- Hardening the worst-performing distribution circuits.
- Increasing hazard tree removal.
- Limiting the number of customers affected behind each smart switch to less than 500.
- Hardening transmission supply to every substation in a load pocket.[6]

Figure 13: **Storm Resiliency Plan (2021-2025)**

Program	2021	2022	2023	2024	2025	
	Units Completed	Units Completed	Units Completed	Units Planned	Units Planned	% System
Power On! Mainline Distribution Circuit Hardening	111.01	80.41 miles	51.76 miles	53 miles	37 miles	46.01%
Hazardous Tree and Large Limb Removal Program	7,115 trees	14,060 trees	11,000 trees	14,000 trees and large limbs	2,000 trees and large limbs	96.35%
New Trim-to-Sky Distribution Tree Trim Program	10 miles	215 miles	207 miles	198 miles	233 miles	98.38%
Deploying Smart Switches on Circuits	154 switches	149 switches	156 switches	150 switches	75 switches	100%
Decrease in Incidents/Mile on Hardened Portions of System Compared to Non-Hardened						**48.0%**

[6] *A load pocket is an area with high energy demand that is supplied by electric generation either within or outside the region.*


Please
KEEP OFF
THE
DUNES

AMERICAN PUBLIC POWER ASSOCIATION AWARD

Each year, the American Public Power Association (APPA) recognizes excellence in electric utility operations and leadership with numerous awards and honors in public power. At its 2024 National Conference, LIPA was awarded the E.F. Scattergood System Achievement. This utility services award recognizes a community-owned utility that has enhanced the prestige of public power through outstanding service to customers. APPA is a not-for-profit organization, representing community-owned utilities that power 2,000 towns and cities nationwide.

To learn more visit, **publicpower.org**.

FEDERAL EMERGENCY MANAGEMENT AGENCY GRANTS

As a state authority, LIPA has access to federal grants for storm recovery and programs that fund eligible long-term mitigation projects that reduce the impact of disasters in the future. As provided under the Stafford Act, LIPA is eligible for two types of grants from the Federal Emergency Management Agency (FEMA). These include:

Public Assistance Grants: Provides supplemental grants to state, tribal, territorial, and local governments, and certain types of private non-profits so communities can quickly respond to and recover from major disasters or emergencies.

Hazard Mitigation Grants: Provides funding for eligible long-term solutions that reduce the impact of disasters in the future. Mitigation planning and actions break the cycle of disaster damage, reconstruction, and repeated damage.

LIPA continues to actively seek grant opportunities to alleviate the costs associated with storm recovery and climate resiliency for our customers. These grants are not available to for-profit utilities.

LIPA has received multiple grants from FEMA, including Public Assistance grants for recovery costs and Hazard Mitigation grants for system hardening. Following Superstorm Sandy (2012) and Tropical Storm Isaias (2020), LIPA received public assistance grants to reimburse costs associated with recovery efforts, and it successfully sought a hazard mitigation grant after Superstorm Sandy.

After Tropical Storm Isaias in 2020, LIPA filed for another Hazard Mitigation grant. In 2024, LIPA was awarded approximately $425 million to continue its successful storm-hardening program. LIPA is also awaiting approval of an additional $37.5 million Hazard Mitigation grant for Tropical Storm Isaias.

FEMA also awarded LIPA $10 million in mitigation grants to replace utility poles in disadvantaged communities across its service territory. These and other pending grants are reducing the costs that would otherwise be paid by customers, totaling $2.4 billion, as shown in Figure 14.

Billy Raley, LIPA's Senior Vice President of Transmission & Distribution, accepts the E.F. Scattergood System Achievement Award at the APPA National Conference in June 2024.

Figure 14: **Summary of FEMA Grants for Storm Recovery Costs and Hardening Programs**

$ in millions

	LIPA Storm Costs	Federal Grants Awarded or Pending
Tropical Storm Irene (2011)	$170	$170
Superstorm Sandy (2012) **Sandy Mitigation – 428**	$656 --	$700 $730
Winter Storm Nemo	$17	$11
Winter Storm Stella (2017)	$14	$4
Tropical Storm Isaias (2020) **Isaias Mitigation – 406** **Isaias Mitigation – 406**	$309 -- --	$277 $425 $38*
COVID-19 Pandemic **COVID-19 Mitigation (2020-2022) – 404**	$26 --	$6 $10*
Tropical Storm Ida (2021)	$9	$7
Winter Storm Elliott (2022)	$4	$2*
Total	**$1,205**	**$2,380**

*Applied for - LIPA waiting for FEMA decision

CLIMATE CHANGE

Across the globe, extreme weather events are becoming more frequent and severe. According to the National Oceanic and Atmospheric Administration (NOAA), 2024 is poised to be another record-setting year for weather and climate disasters in the U.S., with costs running into billions of dollars for repairing affected communities and the tragic loss of human life. Notable events this year include wildfires, extreme rainfall events, devastating Hurricanes, record flooding, near-record warm ocean temperatures in the Atlantic, and a series of tornadoes across the central U.S. These occurrences illustrate the significant challenges that a changing climate poses to the resilience of our electric grid.

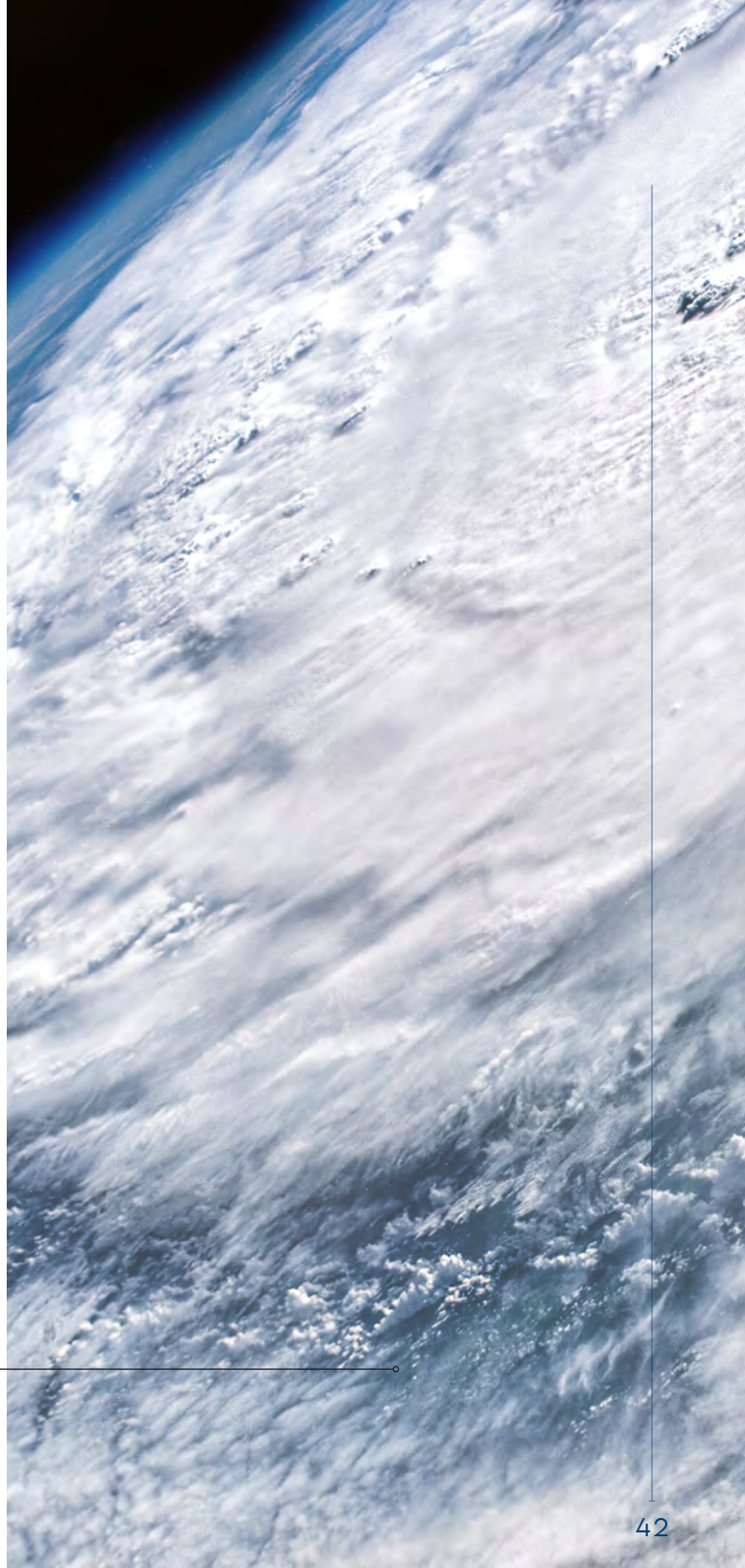
Year after year, we're witnessing record-setting temperatures, with July 2024 being the hottest month on record, according to NOAA's 175-year climate record. Global ocean temperatures also reached their second-highest levels ever recorded. This persistent heat underscores the growing urgency to address climate change. The rise in global temperatures is accompanied by significant impacts on weather patterns, sea levels, and ecosystems.

Home to over three million residents, Long Island is a peninsula in the Northeast, encompassing 1,600 miles of shoreline. Its geographical location makes it particularly vulnerable to the impacts of climate change, including rising sea levels, increased storm intensity, and coastal erosion

In response to these challenges, LIPA and PSEG Long Island are actively involved in collaborative efforts through the New York Independent System Operator, the New York State Reliability Council, and the Electric Power Research Institute. These partnerships focus on integrating climate science into energy planning and enhancing best practices to build a more resilient and adaptable electric grid.

LIPA is also proactively implementing a range of strategies informed by the latest climate science, including:

- Implementation of a five-year storm hardening and resiliency plan.
- Incorporating temperature rise into load forecasting.
- Designing the electric grid for higher peak temperatures and Category 3 hurricane winds.
- Elevating flood-prone substations.
- Providing incentives for customer-owned energy storage systems.



Satellite image of Hurricane Milton forming over the Gulf of Mexico prior to making landfall on the Florida peninsula | September 2024

LIPA

CLIMATE CHANGE VULNERABILITY STUDY AND RESILIENCE PLAN

Human-caused climate change is contributing to more severe weather here in New York and around the globe. Understanding the latest climate science and forecasts is critical to creating a more adaptable and resilient electric grid. With the completion of a Climate Change Vulnerability Study, we analyzed infrastructure and operational vulnerabilities predicted in the years ahead with climate hazards, including extreme heat, cold temperatures, extreme precipitation, coastal and inland flooding, high wind, and ice.

Subsequently, on behalf of LIPA, PSEG Long Island has developed a Climate Change Resilience Plan to identify actionable and cost-effective investment options that address the impacts of climate change on the electric system. The investments described in this plan are based on the latest, most relevant climate science reviewed for the Climate Change Vulnerability Study.

For more information, visit, **psegliny.com**.

Raised substation | Long Beach, New York

PROPEL NEW YORK

With the influx of new clean energy from offshore wind, state policymakers recognize that our region's transmission backbone must be expanded for offshore wind and other clean energy. In 2020, LIPA and Con Edison conducted technical studies to assess the need for system expansion and, based on the results of the study, recommended to the New York State Public Service Commission (PSC) that additional transmission capacity would be needed to enable offshore wind to be transmitted from Long Island to the rest of the state.

In 2021, the PSC declared a Public Policy Transmission Need and directed the New York Independent System Operator (NYISO) to procure the necessary transmission capability, with costs shared by electric customers statewide.

In June 2023, the NYISO selected the New York Power Authority and New York Transco through a competitive process to strengthen parts of the electric transmission network on Long Island, in New York City, and across Westchester County.

The transmission system is the network of lines and substations that carry electricity long distances from where it is generated to the local distribution systems that supply our homes and businesses. These improvements will enhance reliability and resiliency and help deliver more clean energy, including offshore wind, into the statewide electric grid.

Project features will include:

- Two new high-voltage interties connecting Long Island to New York City and Westchester County.
- Corresponding increases in transfer capability between Long Island and the rest of the state for import and export of energy.
- Capacity to handle the full output of 3,000+ MW of offshore wind interconnected to Long Island without curtailment.
- Improved system operational flexibility.

For more information visit, **propelnyenergy.com**

PROPEL NY ENERGY

A Transmission Solution to Propel New York State's Renewable Energy Future

Figure 15: **Propel New York Project Map**

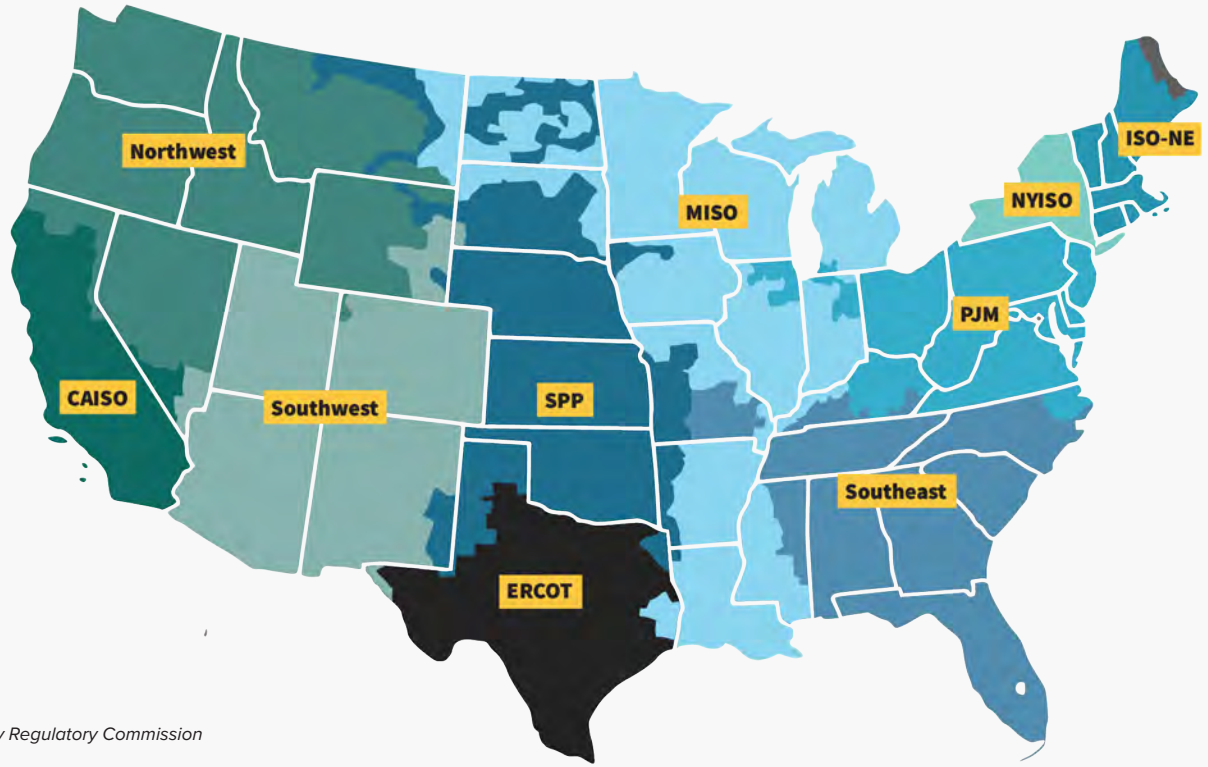
AFFORDABLE

NEW INITIATIVE | POWER SUPPLY PRE-PAY TRANSACTION

LIPA recently executed a power purchase agreement (PPA) with the Southeast Energy Authority (SEA), a not-for-profit governmental public corporation based in Alabama. Starting in 2025, LIPA can purchase power in the PJM market representing a small portion (approximately 4%) of its retail customers' annual energy requirements at a significant discount – approximately $5 per MWh.

Annual savings to LIPA customers are expected to be approximately $4.5 million, for a **total initial savings of approximately $32 million over the term**.

Figure 16: **Electric Power Markets**[5]



[5] *Source: Federal Energy Regulatory Commission*

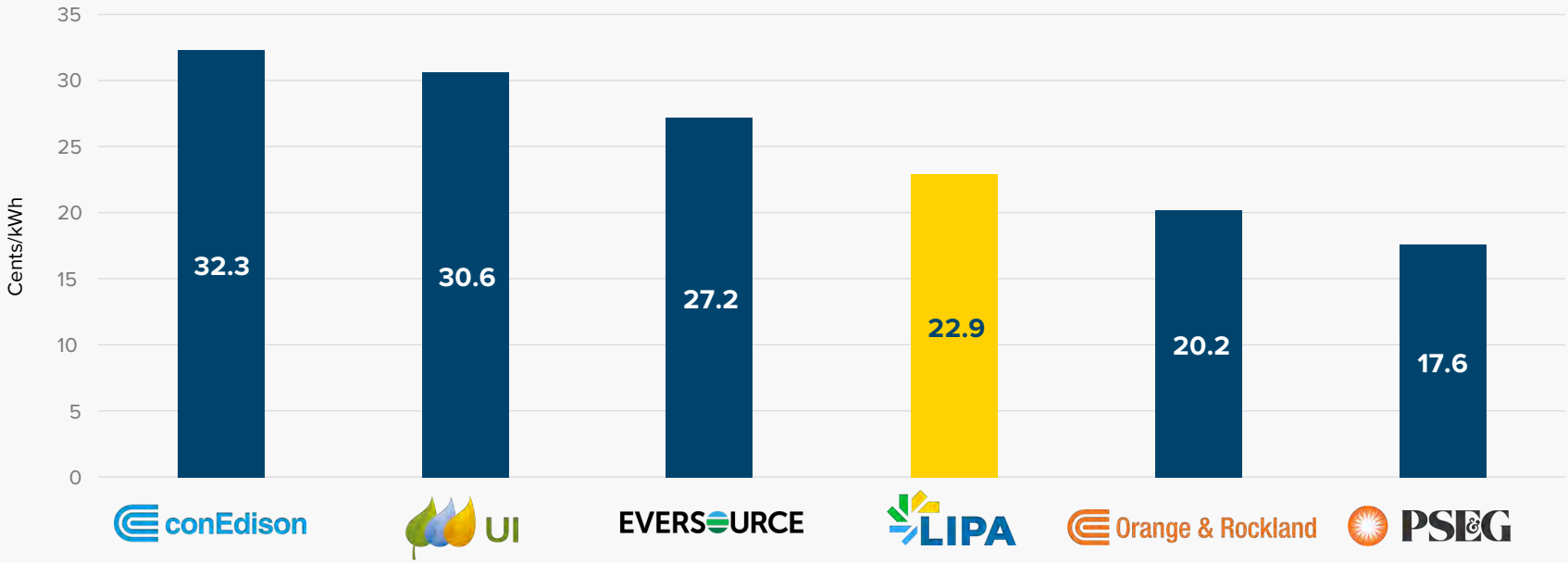
Transmssion tower on Long Island

REGIONALLY COMPARABLE RATES

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. And our goal 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.

LIPA's system's average electric rate was 22.9 cents in 2024, which is 29% below the highest-priced regional utility. The system's average electric rates of the regional utilities range from 17.6 to 32.3 cents per kWh, as shown in Figure 17.

Figure 17: **2024 System Average Rates**[6]

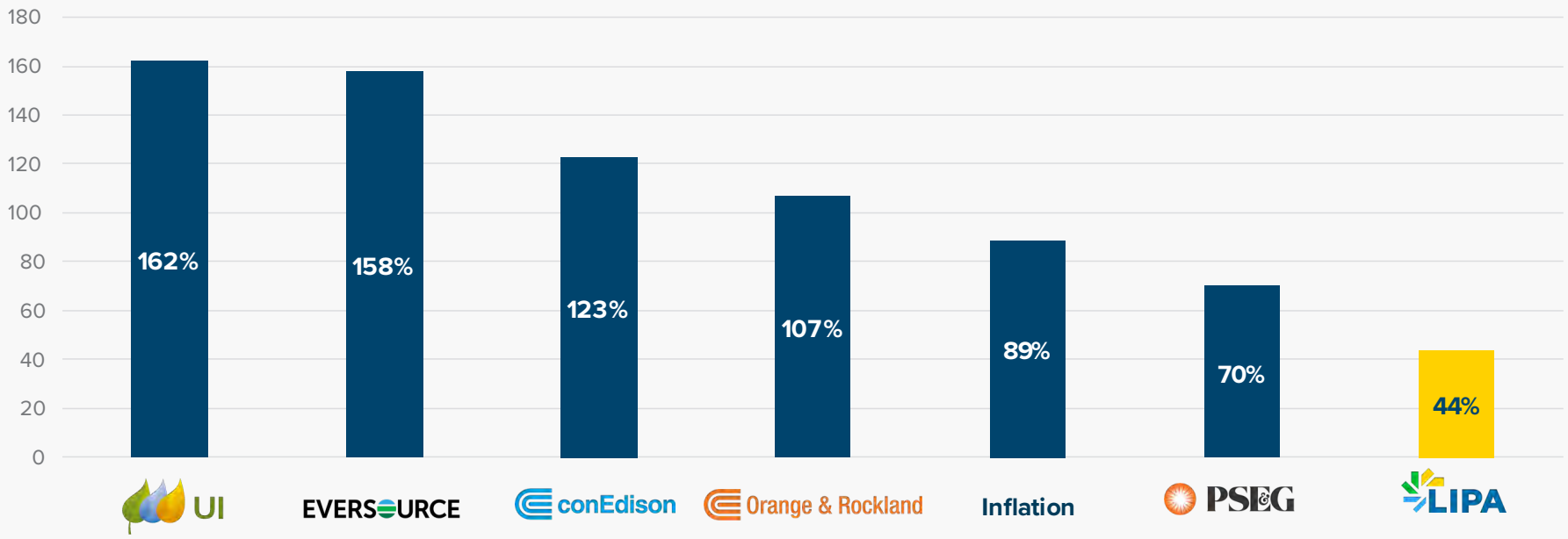


[6] *Due to significant regional differences, LIPA's policy is to benchmark against the five utilities surrounding its service territory rather than utilities in other regions. The New York metropolitan area has above-average labor, land, tax, and commodity costs and highly seasonal weather (i.e., electricity 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 of 12.7 cents per kilowatt-hour in 2023, according to the U.S. Energy Information Agency.*

RATE INCREASES REMAIN LOWEST IN REGION

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 Long Island, as shown in Figure 18. LIPA's rates increased 44% since LIPA took over the Long Island grid, compared to a range of 70% to 162% for the other utilities. The consumer price index, a standard measure of inflation, increased 89% during this period.

Figure 18: **Long-Term Increase in System Average Rates (1997-2024)**[7]



[7] *Regional utility rates include the latest available information as of mid-2024.*

ASSISTANCE FOR VULNERABLE CUSTOMERS

LIPA offers electricity bill discounts to low- and moderate-income customers with the goal that energy bills should be no greater than 6% of household income. We routinely assess and update our energy affordability discounts. In January 2024, LIPA's low-income customers received an additional $4 million of funding (9%) through a 3.8% increase in the annual discount, which will continue in 2025. LIPA's Board also approved the expanded eligibility for the low-income program to align program qualifications with the other utilities across the state through Energy Affordability Programs. LIPA has set a goal for expanding participation from just under 40,000 participants to 50,000 participants by the end of 2025.

LIPA also offers enhanced heat pump incentives up to $11,000 for low-income households. New federal tax incentives up to $8,000 for low-income households installing heat pumps complement these enhanced rebates. LIPA also provides enhanced support for low-income households to improve the energy efficiency of their homes. Households can receive personalized energy audits and free or discounted energy-efficient appliances.

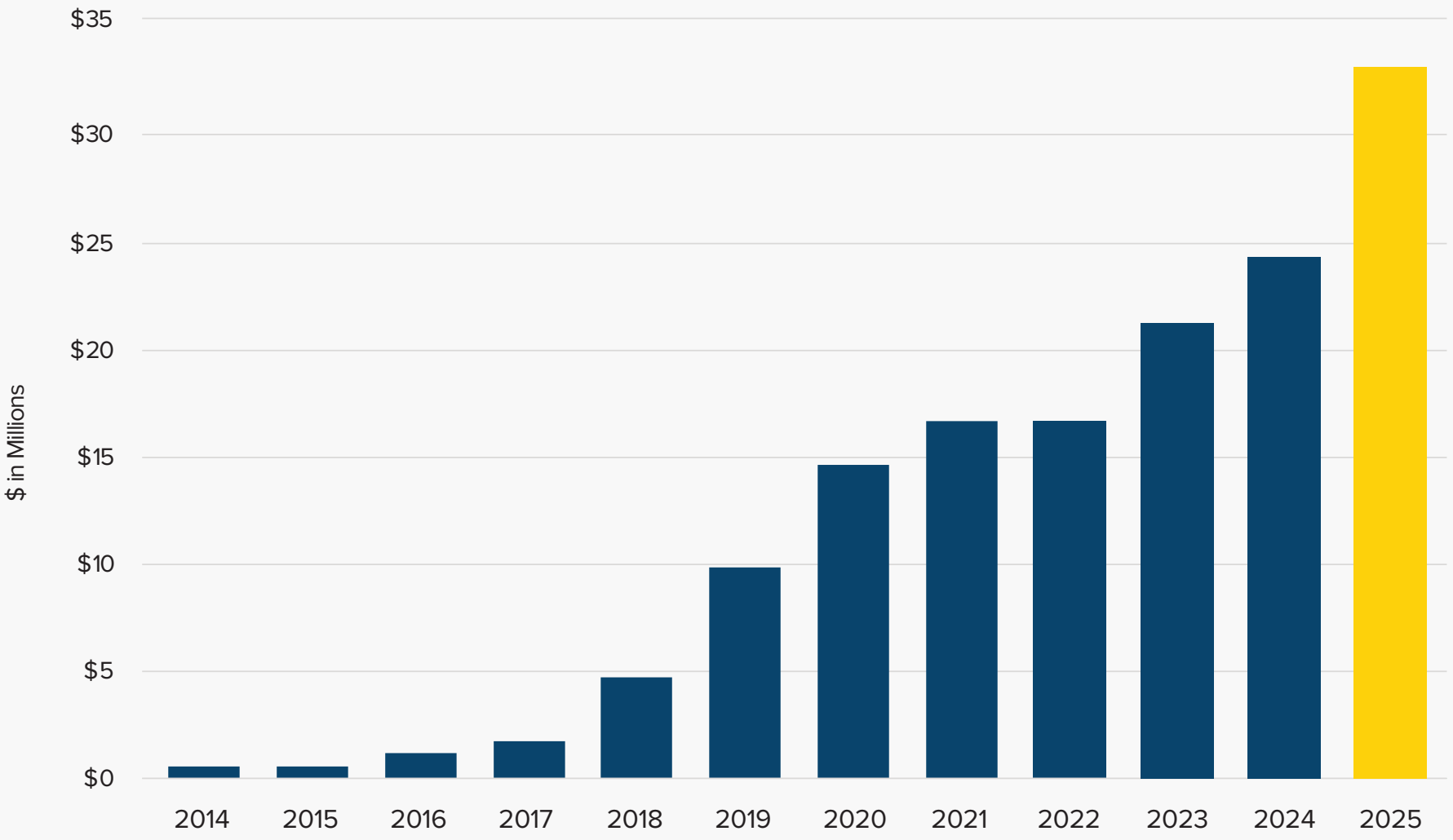
LIPA's proposed 2025 Budget includes $5.95 million to support weatherization projects for low-income households. These projects will lower heating and cooling bills and provide extra comfort by eliminating leaks and drafts. In addition to this support, low-income households are eligible to participate in the Residential Energy Affordability Partnership program, which will offer an expanded menu of weatherization measures for low-income households in 2025.

For more information on the 2025 Proposed Budget, see Section III.

Additional initiatives include:

- Expanding the eligibility qualifications for the low-income rate discount program and extending the validity of program enrollment from 12 months to 14 months.
- Automating the enrollment of customers in the low-income rate discount program who have received a Home Energy Assistance Program and/or Supplemental Nutrition Assistance Program awards.
- Continuing participation in the Department of Public Service's Energy Affordability Policy Working Group.
- Allowing bill credits for low-income customers participating in the Solar Communities program.
- Increasing the whole-home heat pump rebate budget for low-income customers by 70% with an additional $3.73 million, bringing LIPA's 2025 budget for whole-home heat pumps for low-income customers to just over $9 million.

Figure 19: **Funding for Low-Income Customer Discounts**

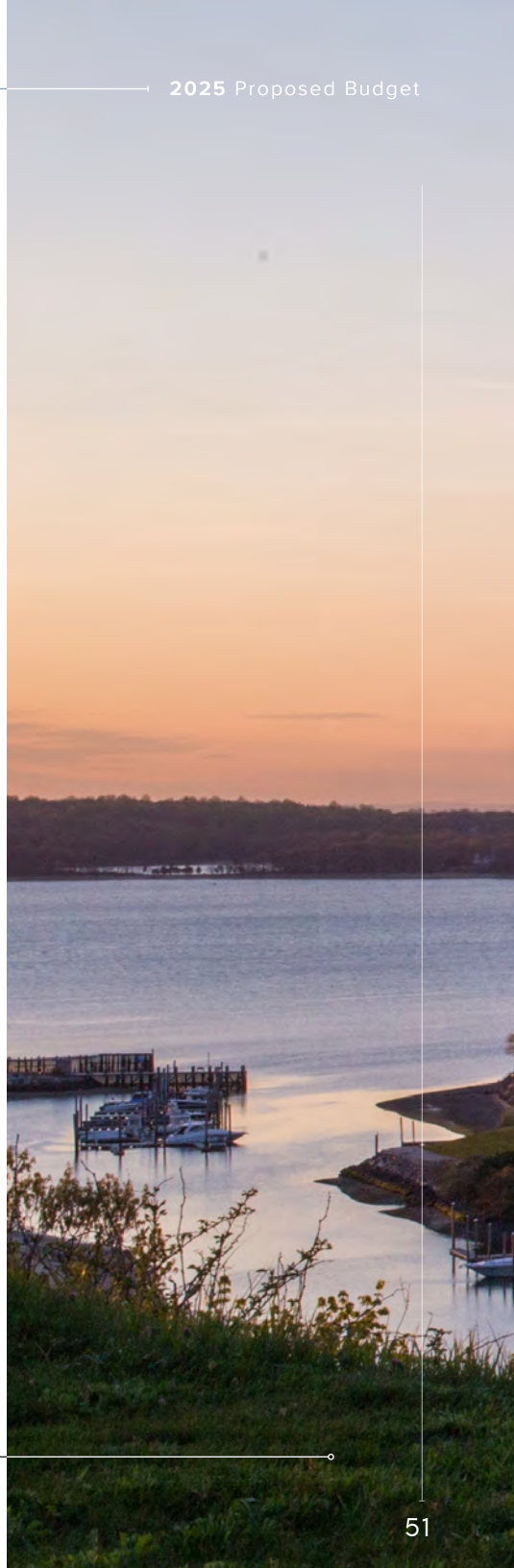


COMMUNITY

As a public authority, LIPA's purpose is to serve our customers and community. Under the direction of our Board, we put our customers first in all our actions, including by supporting community events, educational programs, and selected grants that further our mission to provide clean, reliable, and affordable energy for Long Island and the Rockaways.

Highlights of LIPA's community-based initiatives in this section include:

- Long Island Clean Energy Hub
- Ascend Long Island
- New York's Clean Transportation Prizes Initiative
- Jones Beach Energy & Nature Center



A scenic overlook in Asharoken, Long Island

LONG ISLAND CLEAN ENERGY HUB

LIPA is committing up to $2 million over the next two years to support the Long Island Clean Energy Hub. This Hub is operated by the Cornell Cooperative Extension of Nassau County in collaboration with Molloy University, Hofstra University, United Way of Long Island, Renewable Energy Long Island, and the Cornell Cooperative Extension of Suffolk County.

The Long Island Clean Energy Hub represents a strategic partnership, funded in part by LIPA in collaboration with NYSERDA, with the goal of advancing clean energy education, accessibility, and economic development across Long Island. Managed by staff at the Cornell Cooperative Extension of Suffolk and Nassau County, the Hub is composed of a coalition of experienced, community-based organizations that provide critical resources and guidance to residents, small businesses, and affordable housing owners. These partners bring expertise in clean energy, energy efficiency, workforce development, home weatherization, health, housing, and other vital areas.

The Long Island Clean Energy Hub empowers communities to navigate and benefit from the clean energy economy, reducing energy costs, and fostering more sustainable practices. Key support from staff at the Hub includes:

- **Educating on the Clean Energy Economy**: Simplifies the concept of a clean energy economy, helping communities understand its relevance and potential benefits, particularly as New York State transitions to a more sustainable future.
- **Workforce and Economic Development**: Connects Long Islanders with job training and employment opportunities in the clean energy sector, supporting economic growth and workforce readiness for emerging clean energy industries.
- **Energy Efficiency Guidance**: Advises on the importance of home energy assessments, helping individuals and businesses identify ways to reduce energy use and costs. Staff also assist with applications for free energy assessments, ensuring that economic limitations don't prevent access to energy-saving opportunities.
- **Access to Incentives and Rebates**: Residents and business owners can learn about various incentives available for clean energy upgrades such as heat pumps, and building weatherization measures. Additionally, the Hub helps customers learn about making the transition to EV ownership.
- **Support for Clean Energy Upgrades**: Facilitates clean energy improvements in homes and businesses, promoting safer, energy-efficient environments by connecting consumers with qualified contractors.

LIPA's support of the Long Island Clean Energy Hub underscores its commitment to building resilient, sustainable communities by leveraging local expertise and fostering connections. Through these collaborative efforts, the Hub brings essential clean energy resources directly to Long Islanders and ensures that all residents have the tools to participate in New York's clean energy transition.

To learn more about the Long Island Clean Energy Hub, visit **lismartenergychoices.org**.

ASCEND LONG ISLAND PROGRAM

LIPA is a proud supporter of Ascend Long Island, a respected initiative that builds the capacity of diverse local businesses to access large corporate supply chains. Now in its sixth year, Ascend provides crucial training in management, marketing, finance, and networking, preparing minority-owned businesses to compete for contracts with major organizations such as JPMorgan Chase, Northwell Health, National Grid, and others.

Through Ascend, more than 60 Long Island businesses have gained key skills, with some achieving significant growth and Minority and Women-Owned Business Enterprise certification, enhancing their ability to secure larger contracts. Additionally, smaller businesses benefit from “Ascend Prep,” a foundational track offering essential skills for future growth.

LIPA’s support of Ascend aligns with its commitment to diversity and inclusion, helping to grow a resilient, diverse economy. As Long Island transitions toward clean energy, this partnership is also preparing minority-owned businesses to support the region’s clean energy goals, ensuring that historically underserved communities share in the economic benefits of the green energy transition. This collaboration is a strategic investment in Long Island’s inclusive and sustainable future.

COMMUNITY INVESTMENTS

NEW YORK'S CLEAN TRANSPORTATION PRIZES INITIATIVE

Underserved communities are most at risk for the effects of climate change. Awarded in 2022, the New York State Energy Research and Development Authority (NYSERDA) administered a Clean Transportation Prizes Initiative, giving more than $85 million toward community-level projects that innovate clean transportation solutions across the state. With a $7 million contribution to the initiative, LIPA ensured that communities on Long Island and in the Rockaways would benefit. Circuit Transit, Inc., a leading provider of electric vehicle mobility solutions, was one of ten winners of the Prizes announced in November 2022 in the Electric Mobility Challenge category.

This exciting initiative directly benefits disadvantaged communities and the varied solutions will help New Yorkers reach destinations more easily, more affordably, and in better health. They directly serve the state's nation-leading goal to reduce greenhouse gas emissions by 85% by 2050 – with a focus on improving mobility options, job opportunities, and air quality in the historically disadvantaged communities where the projects will be located.

Circuit's 'Rockaway Rides' and 'BrentwoodGo' programs are now providing convenient and affordable connections aimed at closing the last-mile gap and reducing carbon emissions from the transportation sector.

BENEFITS OF E-MOBILITY

E-mobility, or electromobility, refers to the use of electrified vehicles for transportation purposes. Public transit agencies, businesses, municipalities, and community-based organizations across New York State can help advance e-mobility in their communities and service territories. E-mobility can promote a variety of environmental, health, and economic benefits, including:

- Improved air quality and public health from reduced tailpipe emissions.
- Reduced road congestion by increasing the use of shared mobility and micro-mobility options.
- Expanded access to affordable transportation options like e-bikes and e-scooters.
- Fewer greenhouse gas emissions in communities and from fleet and transit operations.
- Lower operation and maintenance costs than gas-powered vehicles.
- Increased connectivity between public transit stops and the first and last leg of commuter trips.

Circuit uses battery-electric vehicles and operates in collaboration with community partners, bringing affordable transportation services to communities that need them the most. It offers an eco-friendly, on-demand option, similar to Lyft and Uber, that creates local jobs and enhances our local communities.

Since December 2023, Circuit has provided Rockaways residents with over 5,000 rides. And, in September 2024, Circuit launched its program in Brentwood at no cost, before transitioning to a flat fare of $2.50.

For more information, visit **ridecircuit.com/service**.

Gary Stephenson, LIPA's Senior Vice President of Power Supply, and the LIPA team celebrates the launch of Circuit's new on-demand electric transportation service for the Brentwood community in October 2024.

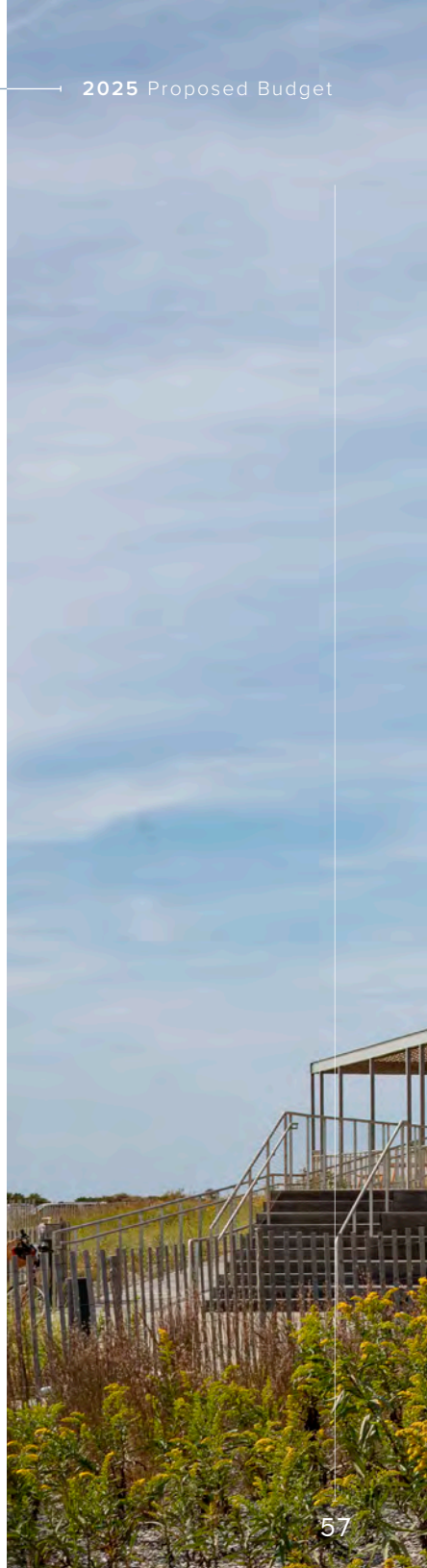
JONES BEACH ENERGY & NATURE CENTER

In September 2020, LIPA, together with New York State Parks, Recreation and Historic Preservation, opened a new Energy and Nature Center at Jones Beach State Park. The center serves a unique role in engaging the public around one of LIPA's most important priorities – transitioning to a clean, low-carbon energy future for Long Island and the Rockaways.

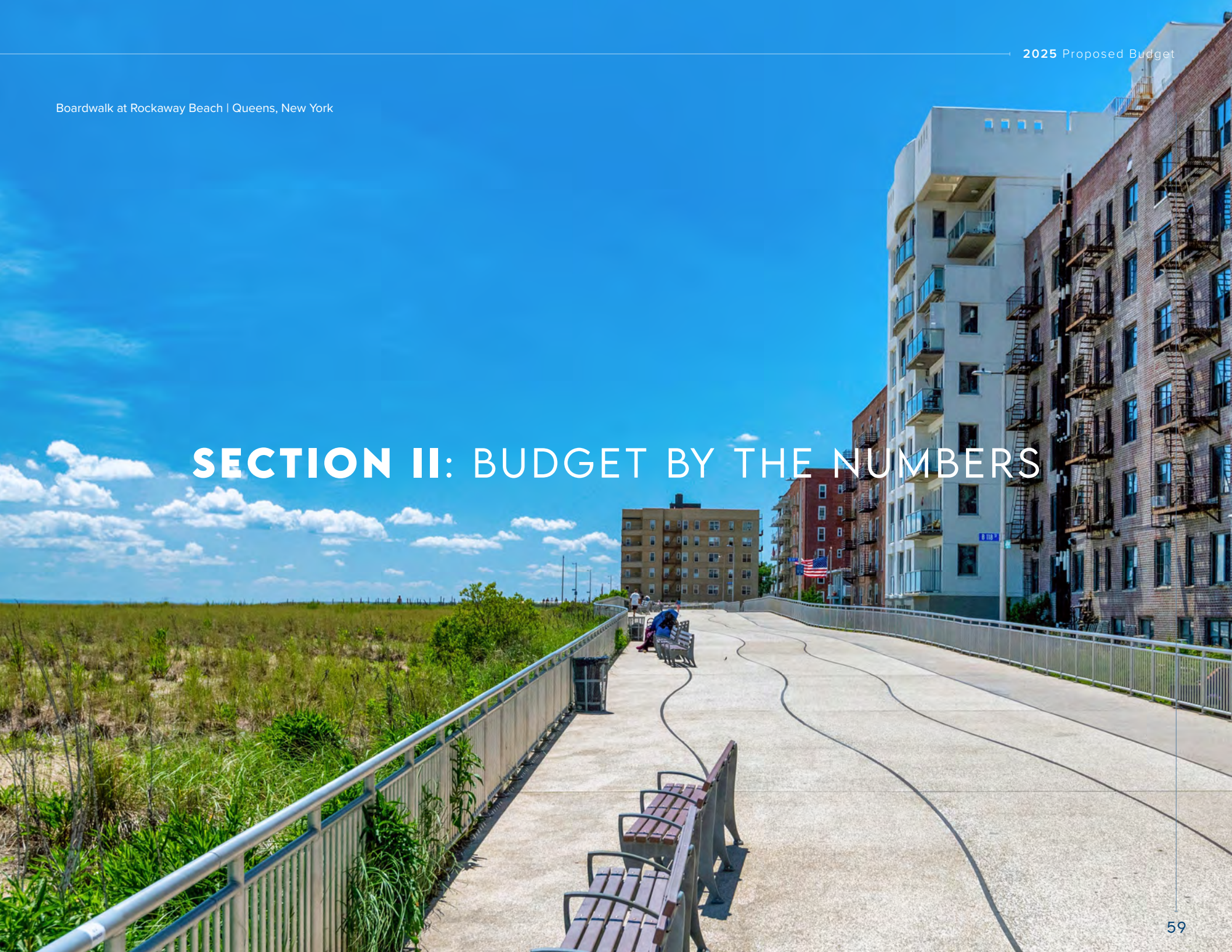
Located on the beachfront of one of Long Island's iconic barrier islands and one of the most visited state parks, the 12,000-square-foot complex is a net-zero energy building. Through a variety of hands-on and accessible indoor and outdoor exhibits, educational programming, and public events, the center showcases ways to be a conscientious steward of our environment and a smart energy consumer – creating a more resilient and sustainable future.

The facility is made possible through a partnership between LIPA, New York State Parks, Recreation and Historic Preservation, and a consortium of public and private partners.

For more information, visit **jonesbeachenc.org**.



Jones Beach Energy & Nature Center | Wantagh, New York



Boardwalk at Rockaway Beach | Queens, New York

SECTION II: BUDGET BY THE NUMBERS

SECTION **CONTENTS**

HOW BUDGETS ARE DEVELOPED

The development of LIPA's budget starts with our Board of Trustees, who define our purpose and vision and set expectations for the strategic outcomes that management is expected to deliver in the areas of reliability, customer experience, clean energy, affordability, information technology, and fiscal sustainability. The process also sets financial targets to ensure that the budget will achieve the Board's key financial metrics policy and a Fixed-Obligation Coverage Ratio of at least 1.40x.

The Board's strategic outcomes are incorporated into **5-Year Strategic Roadmaps**, which prioritize our efforts and resources toward initiatives that will most significantly benefit our customers. Each year, those initiatives are translated into granular work plans, performance metrics, and budgets for the Board's review and approval.

Our annual planning and budgeting process draws from extensive and rigorous reviews to define performance metrics and make tradeoffs of cost and business benefits, yielding the right-sized solutions that demonstrate stewardship of customer resources.

The proposed 2025 Budget reflects months of effort by LIPA and PSEG Long Island staff, starting with initial budget and performance metric proposals reviews and resulting in detailed line-item and project-level reviews. Wherever possible, staff works to identify cost savings and seeks external grant funding to help fund various initiatives to reduce the impact on customers.

The process results in a budget and performance metric proposal to the LIPA Board in November, with an independent recommendation by the Department of Public Service for the Board's consideration in December, following public hearings. Throughout this entire process, LIPA serves as our customers' representatives. As a not-for-profit public power utility, we put our customers first in our actions and decisions.

2025 PROPOSED BUDGET

The 2025 Budget consists of an **Operating Budget of $4.43 billion** and a **Capital Budget of $928 million**.

The Operating Budget, shown in Figure 20, funds the delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service (and related coverage). The Capital Budget, shown in Figure 21, funds long-life infrastructure investments such as transmission lines, substations, poles, wires, and storm hardening as well as information technology, vehicle fleet, and other assets.

Figure 20: **Proposed 2025 Operating Budget**

2025 Proposed Operating Budget ($ thousands)	
Operating Revenues	4,336,664
Grant & Other Income	89,735
Total Revenue & Income	**4,426,399**
Power Supply Costs	1,905,359
Delivery Costs	940,925
PILOTs, Taxes & Fees	513,982
Interest Payments	428,299
Debt Reduction	637,834
Operating Budget	**4,426,399**
Fixed Obligation Coverage	
LIPA Debt Plus Leases	**1.40x**
LIPA & UDSA Plus Leases	**1.26x**

Figure 21: **Proposed 2025 Capital Budget**

2025 Proposed Capital Budget ($ thousands)	
Capital Projects	841,800
Storm Hardening	85,934
Capital Budget	**927,734**
Funding from Operating Budget	304,835
FEMA Grants	29,881
Debt Issued to Fund Projects	593,018
Funding Sources	**927,734**
Percent of Capital Projects Funded from Debt	**64%**

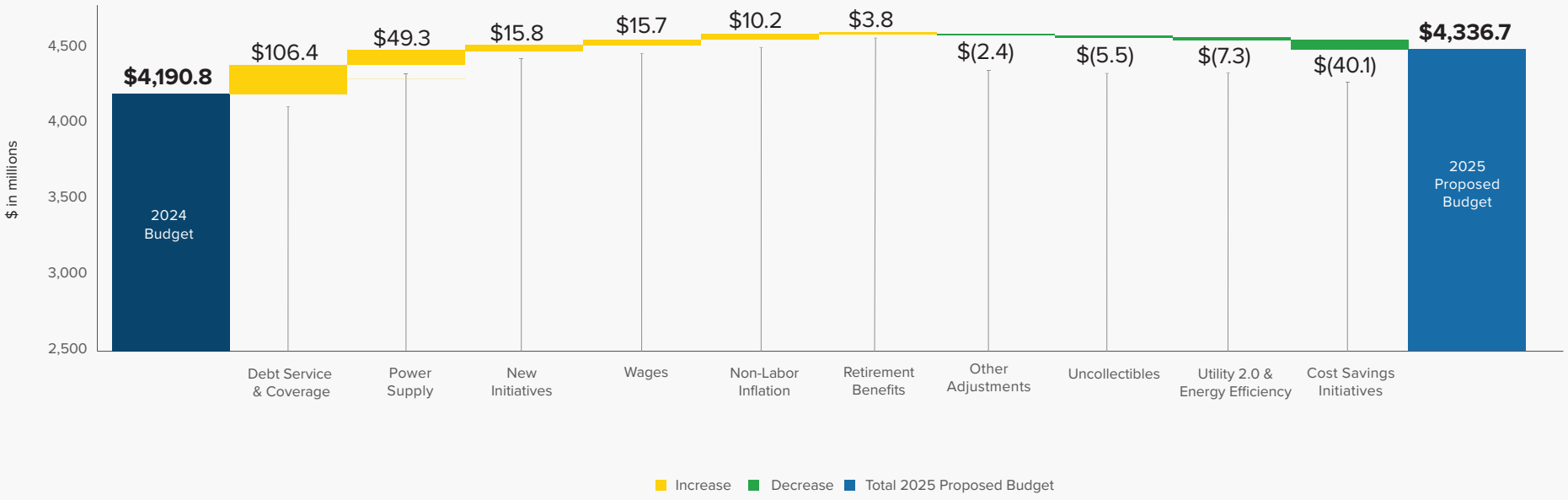
WHAT IS AN OPERATING BUDGET?

LIPA's Operating Budget funds delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service.

Operating Budget Changes

Despite increases in labor costs and overall inflation, productivity and other cost savings initiatives provided offsets to allow LIPA to remain relatively flat in operating costs while ensuring sufficient funding to maintain and operate the electric system in a manner that meets LIPA's Board of Trustee policy objectives. However, due to increased debt service requirements and power supply costs, total operating revenue will increase to $4.3 billion, an increase of $146 million (3.5%) compared to 2024.

Figure 22: **2025 Proposed Operating Budget as Compared to 2024 Budget**



CHANGES IN OTHER MAJOR CATEGORIES OF THE OPERATING BUDGET

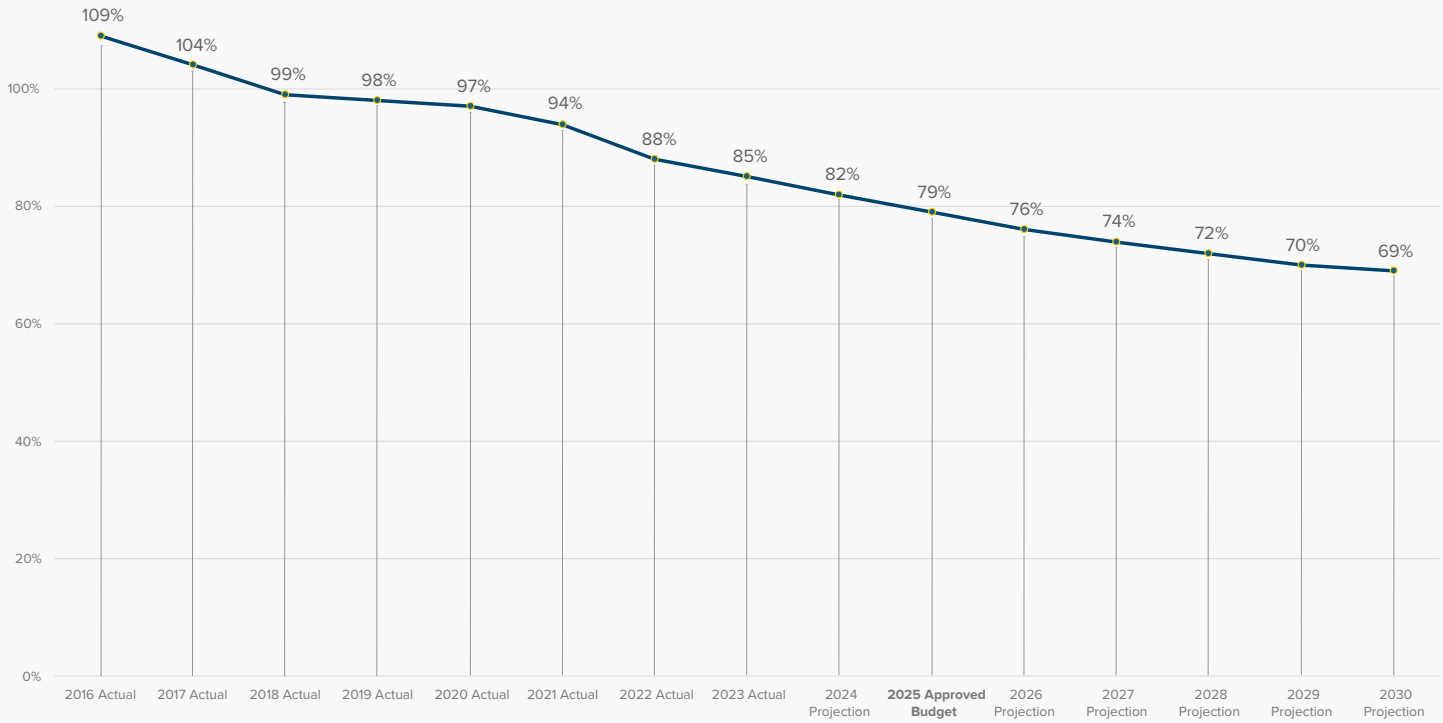
Debt Service Requirements and Coverage	Debt service payments and related coverage (i.e., the cash contribution to capital projects in lieu of issuing debt) are budgeted to increase by $106 million (12%) in 2025. This is comprised of an increase in debt service payments of $73 million, a corresponding increase in associated fixed-obligation coverage (i.e., cash contributions to capital projects) of $23 million, and higher interest costs of $4 million. Also contributing to the increase is lower estimated investment earnings of $7 million.
Non-Labor Inflation	Based on projected inflation, non-labor expenses are budgeted to increase by $10.2 million (3.1%) in 2025.
Retirement Benefits	Retirement benefits for PSEG Long Island employees (including pensions and post-employment benefits) are budgeted to increase by $3.8 million. Amounts are calculated on an actuarial basis (updated annually) and can be volatile due to market conditions. As such, these costs are subject to reconciliation under LIPA's Delivery Service Adjustment.
Wages	Wages are projected to increase by $15.7 million (3.5%) in 2025.
New Initiatives	New initiatives are budgeted at $15.8 million for 2025, including investments to improve management and the reliability of the electric grid, cybersecurity initiatives, continued support for the transition to Time-of-Day rates, and planning for new information technology systems. To learn more about these initiatives, see LIPA's report on 2025 Performance Metrics.
Storm Budget	LIPA's storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms. For 2025, the storm budget of $84 million remains unchanged. As shown in Figure 25, storm costs can vary significantly from year to year, depending upon the severity of weather events.
Utility 2.0 & Energy Efficiency	Utility 2.0 and Energy Efficiency funding supports programs designed to promote energy efficiency, clean energy, and beneficial electrification. The budgets are based on an annual filing made by PSEG Long Island with LIPA and the Department of Public Service in July of each year. The Utility 2.0 and Energy Efficiency budget will decrease by $2 million, or 2%, in 2025. However, more funding is being allocated to residential programs. An additional $5 million collected in the 2024 Budget related to certain New York State Energy Research and Development Authority programs will be deferred for use in 2025, resulting in a decrease to the 2025 Budget.
Uncollectibles	Lower projected Uncollectible expenses by $6 million (19%) in 2025.
Cost Savings Initiatives	PSEG Long Island will maintain its operating expenses at $686 million in 2025 through productivity and other cost-saving initiatives.

IMPROVING LIPA'S CREDIT RATINGS

In 2013, LIPA had the lowest credit ratings among large public power utilities and was paying higher interest rates and bank credit costs than other utilities.

In 2015, the LIPA Board adopted a policy on ***Fiscal Sustainability*** – a financial plan to reduce LIPA's leverage and financing costs to industry levels. The Board's plan will reduce LIPA's debt-to-assets ratio from 110% in 2016 to 70% by 2030. By comparison, LIPA's debt-to-assets ratio was over 230% upon the acquisition of the Long Island Lighting Company in 1998, primarily because of the legacy of the Shoreham Nuclear Power Plant. A 70% debt ratio, along with other credit strengths, should allow LIPA to achieve the AA-category credit ratings typical for large public power utilities.

Figure 23: **LIPA's Improved Debt-to-Asset Ratio**



This plan has proven successful, allowing LIPA to achieve five credit rating upgrades, the latest from Fitch Ratings in July 2024. Fitch upgraded LIPA to an A+ rating with a stable outlook, noting LIPA's improved leverage ratio, which has decreased over the past five years and is expected to decline further in future years. **This improvement is supported by strategic budgeting and higher fixed-obligation coverage**. Standard and Poor's and Moody's also affirmed LIPA's bonds at A and A2 with stable outlooks, respectively.

Additionally, in 2024, LIPA offered two new bonds exceeding $1 billion (Series 2024A and Series 2024B) to support system improvements, storm hardening, and debt refinancing efforts. These included:

Series 2024A: ~$717 million in electric system general revenue bonds.
- Refunded certain Series 2014A Bonds for present value debt service savings of $62M.
- Funded $400M of system improvements.

Series 2024B: ~$288 million electric system general revenue bonds (fixed rate mandatory tender bonds).

Figure 24: **LIPA Continues to Receive Credit Rating Upgrades**

	2013 Ratings (Outlook)	2024 Ratings (Outlook)
S&P Global	**A-** (Negative)	**A** (Stable)
FitchRatings	**A-** (Negative)	**A+** (Stable)
Moody's	**Baa1** (Negative)	**A2** (Stable)

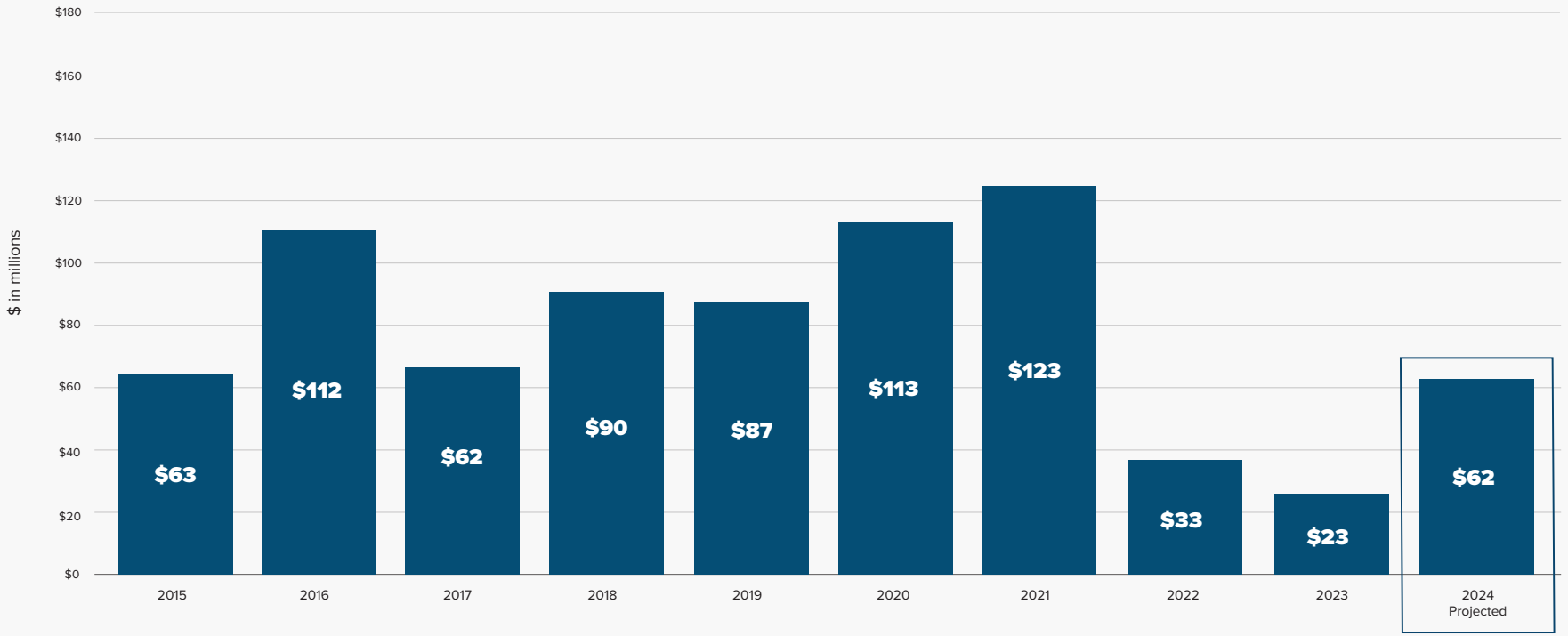
REDUCING COSTS THROUGH THE UTILITY DEBT SECURITIZATION AUTHORITY

In 2021, LIPA was successful in obtaining a bill in the New York State Legislature authorizing the issuance of additional Utility Debt Securitization Authority (UDSA) securitized bonds to refinance certain bonds and to fund investments in transmission and distribution system resiliency. UDSA bonds have triple-A credit ratings and provide a lower cost of funding than issuing LIPA bonds for the same purpose. With these legislative changes, UDSA may issue an initial par amount of up to $8.0 billion of securitized bonds (inclusive of the bonds already issued).

Since 2013, UDSA has successfully refinanced approximately $6.2 billion of LIPA and UDSA bonds, achieving $579 million in net present value debt service savings. UDSA also funded $241 million of storm-hardening investments through the sale of "green bonds." UDSA has approximately $1.7 billion in statutory capacity remaining for the additional issuance of UDSA bonds to achieve further savings for our customers.

For more information, visit **lipower.org/finance/udsa**.

Figure 25: **LIPA Storm Costs (in $ millions)***



** Excludes storm costs that were reimbursed by FEMA grants.*

WHAT IS A CAPITAL BUDGET?

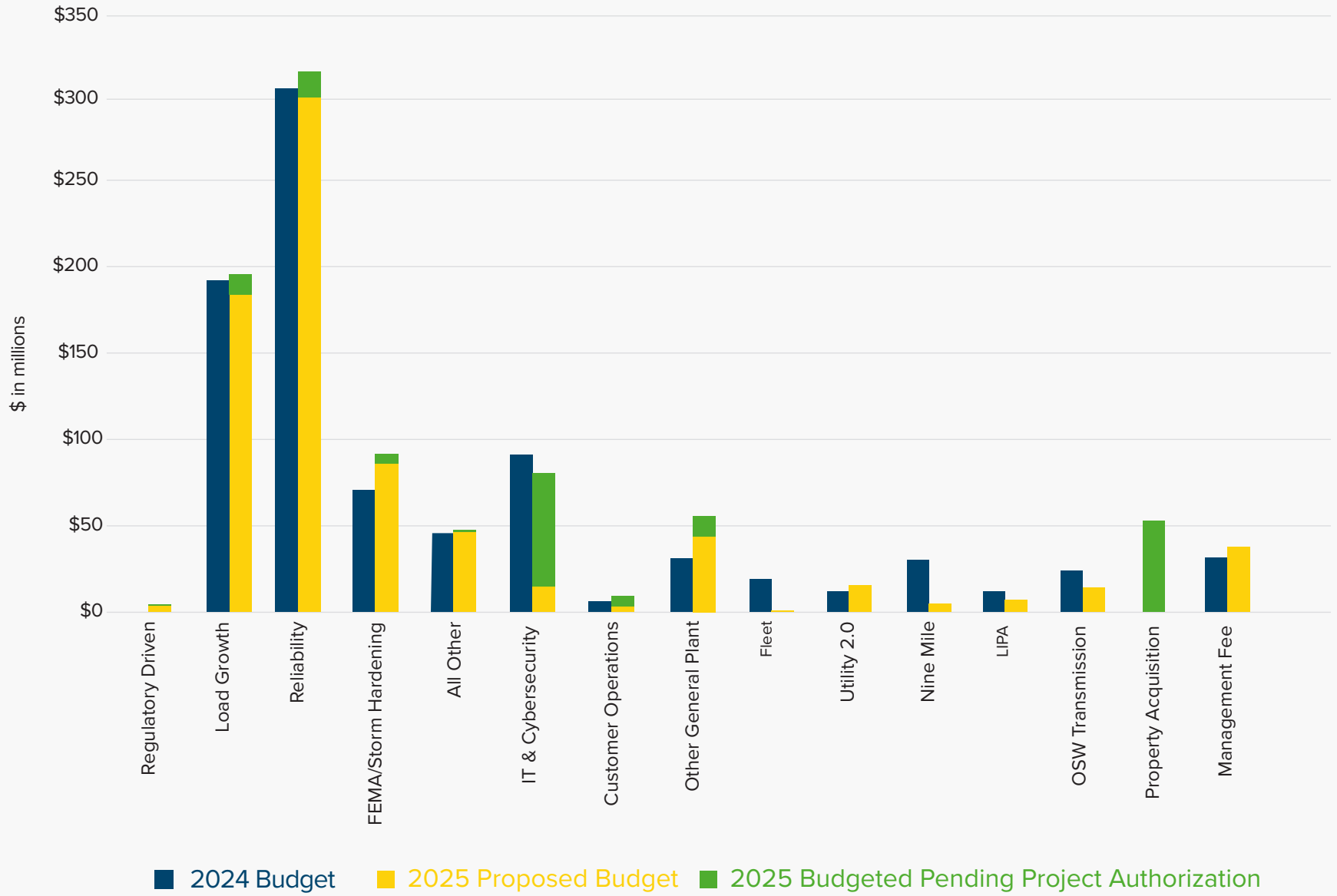
LIPA's Capital Budget funds long-life infrastructure investments such as transmission lines, substations, poles, wires, and storm hardening, as well as information technology, fleet, and other assets. LIPA's Board Policy on Fiscal Sustainability ensures budgeting a 1.40 fixed-obligation coverage ratio that will generate sufficient cash flow from revenues to achieve a 70% debt-to-asset ratio by 2030. As a result, a portion of LIPA's capital spending is funded with revenue generated from coverage, while the balance is financed primarily with tax-exempt general revenue bonds.

Capital Budget Changes

As shown in Figure 26, the proposed 2025 Capital Budget is $928 million, an increase of $22 million (2.5%) compared to the 2024 Budget of $905 million.

The proposed 2025 Capital Budget continues significant investments in the electric grid to enhance reliability, resiliency, and information technology systems. Significant items for 2025 include the addition of transmission projects for offshore wind and funds to develop a new operations yard. The budget includes $174 million for pending project authorizations, which are budgeted resources held outside of the PSEG Long Island Capital Budget, pending additional project information. These primarily relate to transmission and distribution system initiatives ($33 million), information technology projects ($58 million), cybersecurity ($3 million), and customer service projects ($6 million), as detailed in Section III.

Figure 26: **2025 Proposed Capital Budget as Compared to 2024**



WHAT MAKES UP YOUR ELECTRIC BILL?

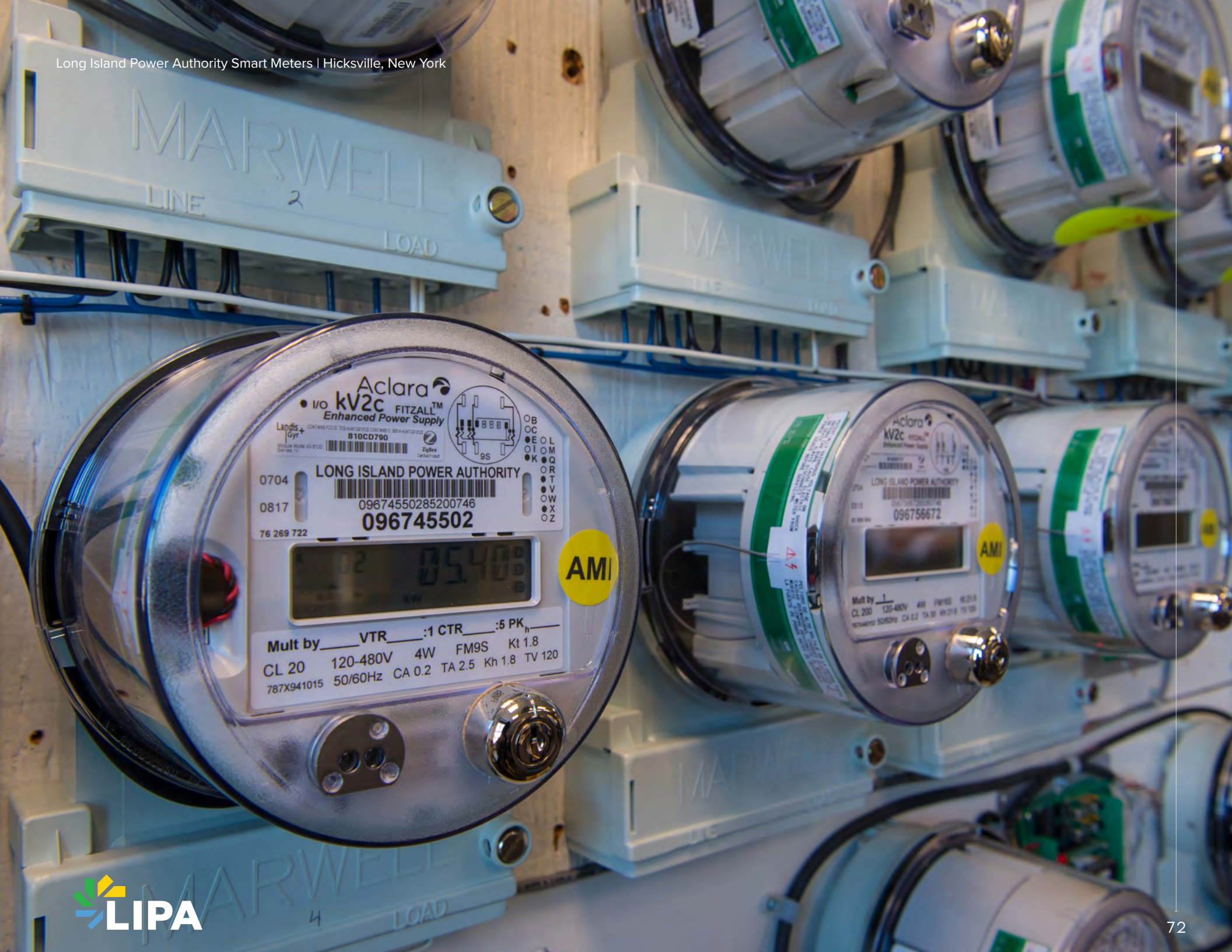
The Residential Bill consists of multiple charges that recover various costs. Charges are based on:

- usage (kWh or days) times price ($/kWh, $/day); or
- percent of other charges (e.g., revenue and sales taxes).

The Board approves rates for Delivery Service and all other rates are based on Board-approved formulas that recover specific costs. Bills depend on actual usage and electricity costs while the budget uses forecasts.

Figure 27: **Components of a Residential Bill**

Charge	Costs Recovered	Billing Factor
Delivery Service	PSEG Long Island O&M plus LIPA O&M plus T&D property taxes plus debt service minus other income	kWh and number of days
Power Supply	Power supply capacity, commodity, and renewables	kWh
Merchant Function Charge (MFC)	Other costs related to the power supply (bad debt, collections expenses, procurement and, working capital)	kWh
Distributed Energy Resources (DER)	Energy Efficiency and Utility 2.0 program expenses	kWh
Delivery Service Adjustment (DSA)	Variances in debt service, storm expense, pensions and OPEBs, and bad debt	Percent of Delivery Revenues
Revenue Decoupling Mechanism (RDM)	Variances in revenues	Percent of Delivery Revenues
New York State Assessment (NYSA)	Department of Public Service and other government assessments	Percent of Delivery Revenues
Suffolk Property Tax Adjustment (SPTS)	Settlement Costs from Suffolk County customers	Percent of above charges
Revenue-Based PILOTS	Revenue taxes are assessed by state and local municipalities.	Percent of above charges
Sales Tax	Collected on behalf of New York State and three Counties.	Percent of above charges



Long Island Power Authority Smart Meters | Hicksville, New York

PROJECTED ELECTRIC BILLS FOR 2024

Projected 2024 typical residential bills are estimated at $0.27 higher per month (0.1%) than budgeted in 2024, primarily due to increased customer usage due to the weather. The 2024 Budget projected that an average residential customer would use 715 kilowatt-hours (kWh) of electricity per month in 2024. However, the actual average usage was 734 kWh due to a warmer-than-normal summer. LIPA budgeted $186.71 and expects 2024 typical residential bills to be $186.98.

PROJECTED ELECTRIC BILLS FOR 2025

In 2025, operating revenues will increase by 3.5% compared to the 2024 Approved Budget. The typical residential customer bill in 2025 is projected to be $7.27 (3.9%) higher than budgeted in 2024, as shown in Figure 28. Approximately $1.89 (1.1%) is due to an estimated increase in average electricity use per typical residential customer.

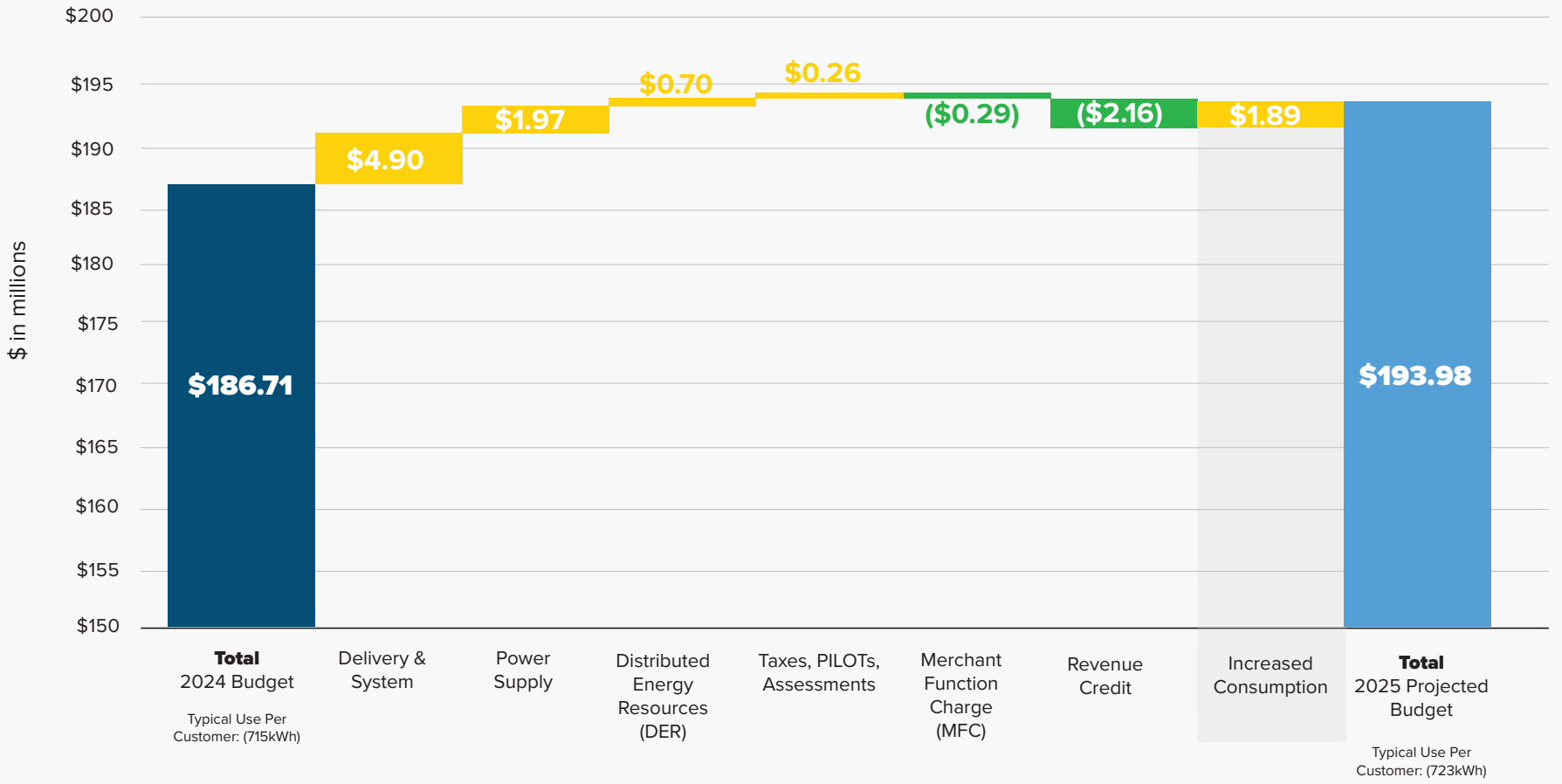
The 2025 Budget projects that a typical residential customer will use 723 kilowatt-hours (kWh) of electricity per month in 2025 compared to 715 kWh in 2024 due to improved economic assumptions and beneficial electrification, including the adoption of electric vehicles and heat pumps. Assuming no increased usage by a typical residential customer, the projected bill is estimated to increase by $5.38 or 2.80%.

Delivery & System

Higher debt service requirements and related coverage are driving a significant portion of the projected increase. These funds are used to support capital investments. The debt service requirements related to capital improvement financings and the related coverage obligations are increasing by approximately $106 million in 2025.

Annually, LIPA issues general revenue bonds to finance a portion of its system improvements. The revenue generated by these bonds is supplemented with operating revenue, from its fixed-obligation coverage factor. Utilizing coverage to support capital investments in long-term system improvements affirms LIPA's commitment to reduce its debt-to-asset ratio and ensure its financial plans include prudent levels of borrowing.

Figure 28: **Projected Change in the Typical Residential Customer Bill in 2025**



POWER SUPPLY COSTS

LIPA is projecting higher power supply costs in the 2025 Budget which is contributing $1.97 to the monthly bill impact. LIPA purchases electricity, natural gas, and fuel oil to meet customer needs. LIPA budgets for power supply costs at prevailing market prices, which are reconciled to actual costs through a Power Supply Charge that changes each month and appears as a separate line item on customer bills, ensuring our customers only pay for the actual power supply costs.

The largest factors contributing to the $49 million increase in power supply costs in 2025 are (i) a $86 million increase to secure Regional Greenhouse Gas Initiative allowances driven by an approximate 80% increase in market price; (ii) a $17 million increase in purchases of zero-emission credits; and (iii) a $9 million increase related to renewable energy. These increases are partially offset by (i) a $24 million decrease in pass-through property taxes on power plants due to continuing benefits of tax settlements (see discussion on Power Plant Tax Settlements) and (ii) a $33 million reduction in purchased power and commodity cost including an estimated savings of approximately $4 million for LIPA's first prepaid energy transaction.

In October 2024, LIPA executed a prepaid power purchase agreement with the Southeast Energy Authority that will allow LIPA to purchase 100 MWh of market-based energy at a fixed discount to daily market prices in 2025. Annual savings will be passed directly to LIPA customers through lower power supply charges.

Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort among eleven eastern states to reduce carbon dioxide emissions from power plants. The participating states include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The RGGI program was developed to allow for a mechanism to invest in energy efficiency and clean energy projects.

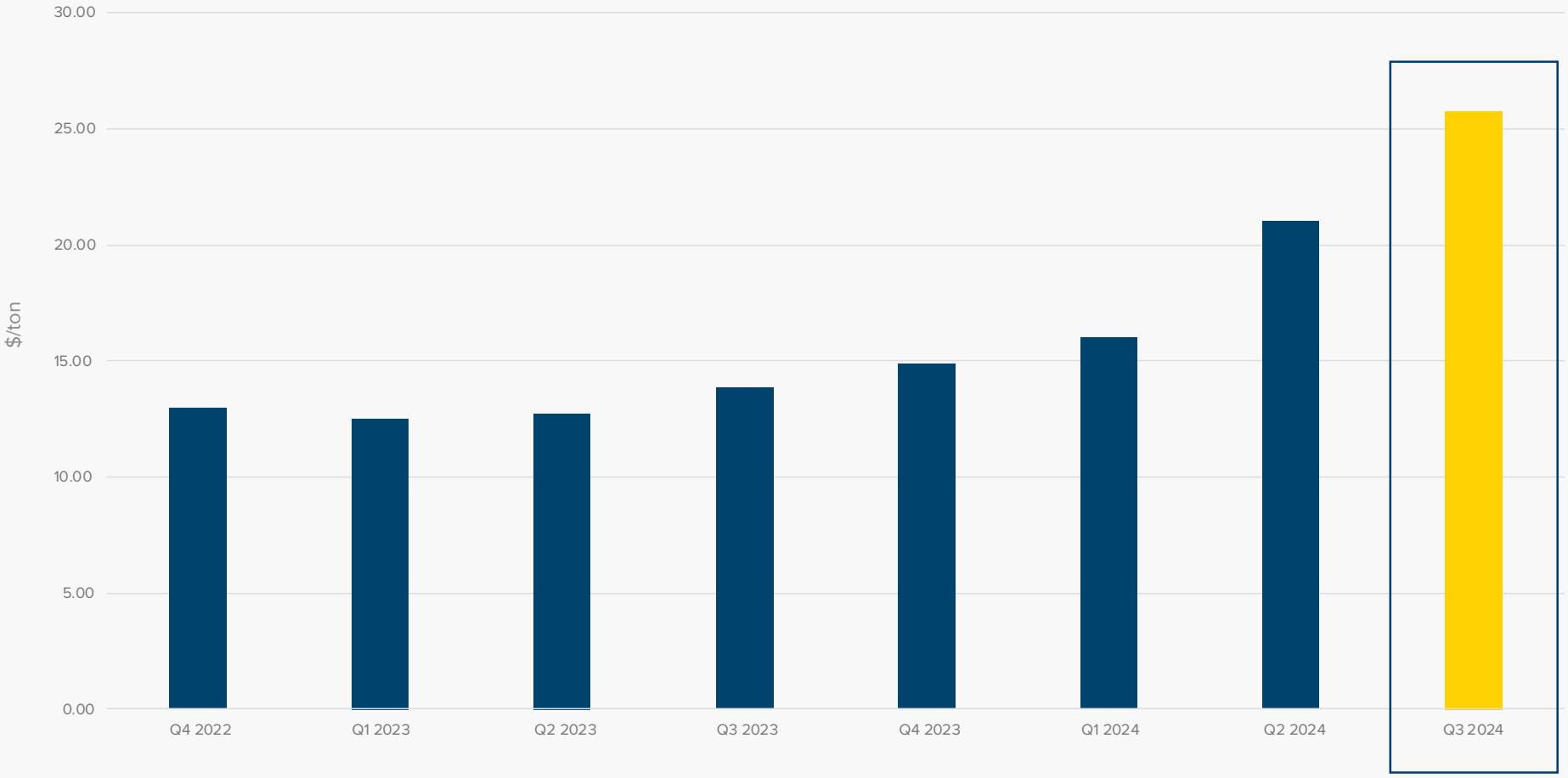
Within the RGGI states, fossil-fueled electric power generators with a capacity of 25 megawatts[8] or greater (regulated sources) are required to hold allowances equal to their carbon emissions over a three-year control period. Although LIPA does not own any emitting generation, it is under contract with such regulated sources through purchase power agreements (PPAs). LIPA pays such RGGI costs to its PPA counterparties.

RGGI auctions stand as a crucial mechanism for curbing carbon emissions and charging power plants for their climate pollution. Within the applicable RGGI states, allowances are distributed at quarterly auctions, where they can be purchased by power plants and other entities. Some states hold a limited number of allowances in set-aside accounts to sell at a fixed price or otherwise distribute outside of the auction process. In 2024, RGGI costs increased to historically high levels due to supply reductions. Higher allowance pricing in the RGGI market provides an incentive for the power sector to reduce carbon emissions from fossil fuel facilities.

The 2025 Power Supply Budget is forecasted to continue at the 2024 market values and is estimated to increase by $86 million.

[8] *Source: Regional Greenhouse Gas Initiative, www.rggi.org.*

Figure 29: **Regional Greenhouse Gas Initiative Clearing Price ($/ton)**



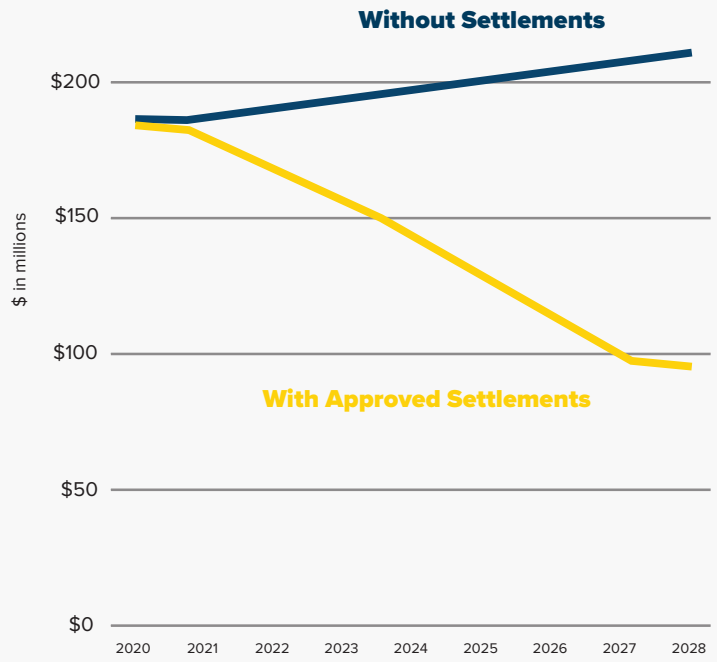
Power Plant Tax Settlements Will Save Customers $554 Million Through 2028

Taxes are LIPA's second-largest expense at $672 million or approximately 15% of customer bills. While property taxes fund valuable public services, including schools, public safety, and transportation, the taxes paid on older power plants are disproportionately high due to overassessments that have raised the costs of power for Long Island electric customers for nearly three decades.

To improve affordability and fairness for our customers, LIPA focused on lowering the tax bills on the four highest-taxed properties: vintage, fossil-fueled power plants located in Northport, Port Jefferson, Island Park, and Glenwood Landing. Between 2018 and 2022, LIPA finalized four settlements related to these power plants, closing the chapter on a decades-old issue and saving customers $554 million through 2028, as shown in Figure 30.

The fair compromises assist local communities in adjusting to a more sustainable tax base over several years, guarantee continued tax payments to the host school districts through 2027, and protect local taxpayers from hundreds of millions of dollars of refund liability for past tax overassessments.

Figure 30: **$554 Million in Power Plant Tax Savings Through 2028***



* Cumulative annual property tax savings for customers

Northport Power Station | Fort Salonga, New York

Distributed Energy Resource

LIPA's Distributed Energy Resource charge will increase by $0.70 for a typical residential customer in 2025 as more funding for energy efficiency programs is targeted at residential customers.

Revenue Credits

LIPA's Revenue Decoupling Mechanism and Delivery Service Adjustments will provide credits to customers in 2025 of $2.16 per month from higher-than-budgeted sales and higher earnings related to certain investments in 2024. The annual reconciliation compares budgeted sales for each customer class and budgeted debt service, net of investment income, to actual experience. If residential sales exceed the budget or if the cost of debt service, net of investment income, is favorable and under budget, as they were in 2024, the excess revenue is credited back to customers in the following year.

KEEPING COSTS LOW FOR CUSTOMERS

The LIPA Board has tasked staff with managing costs to minimize the burden on customers. Operating lean means balancing cost and service to get the most out of every dollar.

The $1.3 billion of savings from operating lean for the 2025 Budget, which equals 30% of electric bills – the equivalent of about $56 per month for a typical residential customer, as shown in Figure 31. These are the cumulative effects of many decisions and initiatives since 2014.

While we are seeing an increase in 2025 proposed electric bills, LIPA continues to maintain competitive electric rates within its region for its typical residential customers. Furthermore, as a public power utility, LIPA does not profit from any of its operations.

Figure 31: **Saving Customers Over a Billion Dollars in 2025 from Operating Lean**

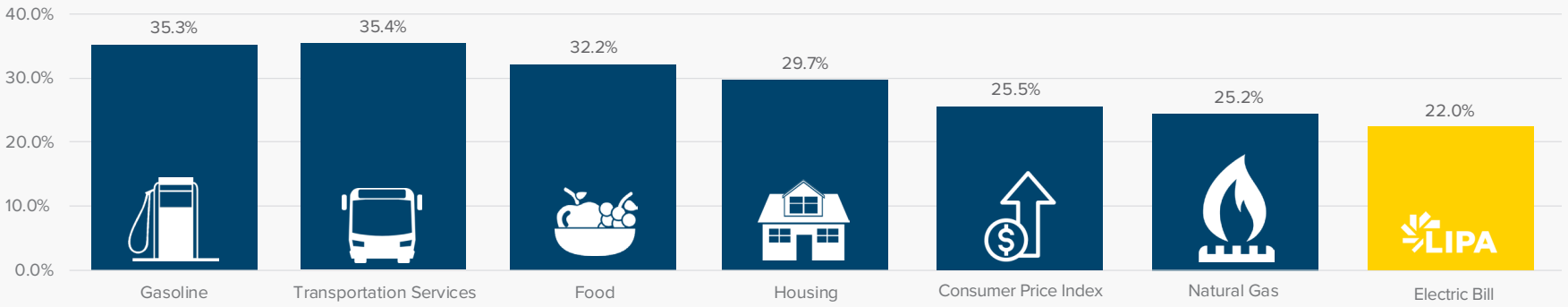
	(in $millions)
LIPA Reform Act 2% Tax Cap	$503
Discontinued Investments in Combined Cycle Plants	$355
Power Plant Property Tax Savings	$89
Renegotiating Expiring Power Purchase Agreements	$75
Reduction to Wholesale Market and Off-Island Transmission	$58
Operating Savings, Cost Avoidance, and Productivity	$57
Refinancing Existing Debt and Debt Service Savings	$49
Investing in Cost-Effective Energy Efficiency	$35
Smart Meter Savings	$24
Power Supply Pension and Retirement Savings	$8
Total (in $ millions)	**$1,253**

ELECTRIC BILLS OVER TIME

LIPA Electricity Prices Remain Below the Rate of Inflation

As the price of goods and services throughout the country have increased, so have utility bills. Despite these challenges, LIPA remains committed to providing customers with electricity at the lowest possible cost. Electric bill increases remain below the rate of inflation, as shown in Figure 32.

Figure 32: **Rising Costs of Goods and Services Since 2018**



View of a neighborhood in Nassau County

CONCLUSION

PROUDLY SERVING LONG ISLAND AND THE ROCKAWAYS

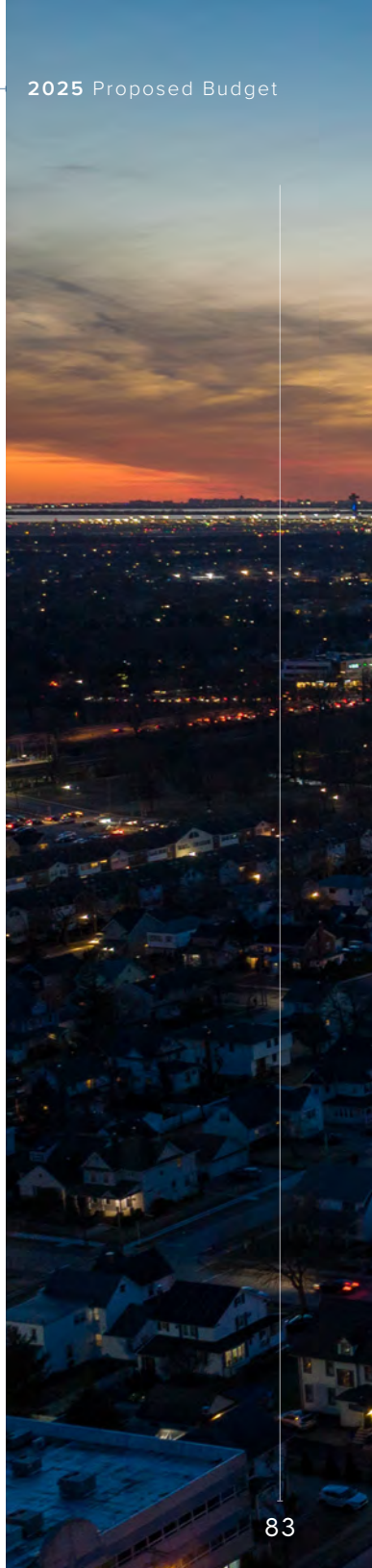
For over 25 years, LIPA has been proud to serve our local communities on Long Island and in the Rockaways. We are dedicated to being the utility our customers deserve. Year after year, we are making continuous improvements in all areas of our business. This work has tangible results, as demonstrated in this report.

It is a privilege and an honor to serve as your Acting Chief Executive Officer. However, all our work wouldn't be possible without the dedicated support of our workforce. Thank you to the LIPA and PSEG Long Island staff for your service. Looking ahead to 2025, I am excited about all that we will accomplish together on behalf of our customers.

Sincerely,

John Rhodes

John Rhodes
Acting Chief Executive Officer



Aerial photo of Nassau County at sunset

SECTION III: 2025 PROPOSED BUDGET

Reeves Beach | Riverhead, New York

LIPA

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Revenue Requirements

LIPA's annual revenue requirements are budgeted to increase 3.5% from $4.19 billion in 2024 to $4.34 billion in 2025. This increase is primarily driven by higher debt service costs and higher power supply costs offset by slightly lower operating expenses.

LIPA's revenue requirements are calculated in accordance with the practices of large public power utilities in the United States (the Public Power Model) and reflect the recovery of operating expenses in the current year plus debt and other fixed obligations, including fiscally sound levels of fixed obligation coverage.

LIPA's methodology for calculating revenue requirements and fixed obligation coverage excludes certain non-cash expenses such as depreciation and amortization (the costs of which are generally recovered in revenues through debt service payments).

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Revenue Requirements

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Operating and Managed Expenses								
PSEG Long Island Operating Expenses		$ 638,050	$ 686,217	$ 679,580	$ 686,000	$ (217)	$ 714,132	$ 28,132
PSEG Long Island Managed Expenses		118,255	157,625	130,683	156,242	(1,383)	155,977	(265)
PILOTs - Property-Based Taxes		302,465	306,366	301,862	304,941	(1,425)	309,204	4,262
PILOTs - Revenue-Based Taxes		39,123	44,578	44,110	45,965	1,387	48,430	2,464
LIPA Operating Expenses		93,104	112,400	105,778	108,265	(4,135)	114,795	6,530
LIPA Managed Expenses		1,481	20,360	12,500	19,000	(1,360)	20,000	1,000
Total Operating and Managed Expenses		**1,192,478**	**1,327,547**	**1,274,513**	**1,320,414**	**(7,133)**	**1,362,538**	**42,124**
Cash Adjustments								
Other Interest Costs		12,820	10,252	12,026	13,733	3,481	13,742	9
Suffolk Property Tax Settlement (Principal Only)		(25,673)	(37,922)	(37,595)	(41,201)	(3,279)	(44,665)	(3,464)
Visual Benefits Assessment (Principal Only)		(1,041)	(1,067)	(1,091)	(1,113)	(45)	(1,150)	(37)
PSEG Long Island OPEB Expenses	(a)	(19,514)	-	-	-	-	-	-
Total Cash Adjustments		**(33,409)**	**(28,738)**	**(26,660)**	**(28,581)**	**157**	**(32,074)**	**(3,493)**
Other Income								
Other Income and Deductions		98,677	74,691	86,028	67,403	(7,288)	62,717	(4,686)
Grant Income		24,137	22,945	22,942	22,333	(613)	17,333	(5,000)
Total Other Income		**122,815**	**97,637**	**108,970**	**89,735**	**(7,901)**	**80,050**	**(9,686)**
Debt Service								
UDSA Debt Service		449,199	383,075	383,971	392,662	9,586	376,818	(15,843)
LIPA Debt Service		234,857	305,364	309,382	368,637	63,273	427,451	58,814
Coverage		268,137	282,078	315,645	304,835	22,757	323,355	18,519
Total Debt Service		**952,193**	**970,517**	**1,008,999**	**1,066,134**	**95,617**	**1,127,624**	**61,490**
Power Supply Charge		**1,759,470**	**2,019,085**	**1,937,754**	**2,068,435**	**49,350**	**2,103,197**	**34,762**
Total Revenue Requirements		**$ 3,747,918**	**$ 4,190,774**	**$ 4,085,636**	**$ 4,336,664**	**$ 145,890**	**$ 4,481,235**	**$ 144,571**

Notes:
(a) In 2024, Other Post Employment Benefits (OPEBs) was phased into revenue requirements at 100%.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Consolidated Statement of Revenues, Expenses, and Change in Net Position

LIPA's projection of Revenues and Expenses use the accrual basis of accounting, which results in a Change in Net Position of $173.9 million in 2025 and $208.7 million in 2026. Further information on the components of Revenues and Expenses are included on supplemental pages herein.

The $90.9 million year-over-year reduction in the Change in Net Position stems from higher revenue requirements driven by an increase in debt service as compared to non-cash depreciation and amortization expenses remaining essential flat.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Consolidated Statements of Revenues, Expenses, and Changes in Net Position

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Revenues	**$ 3,747,918**	**$ 4,190,774**	**$ 4,085,636**	**$ 4,336,666**	**$ 145,892**	**$ 4,481,235**	**$ 144,569**
Power Supply Charge	1,759,470	2,019,085	1,937,754	2,068,435	49,350	2,103,197	34,762
Revenue Net of Power Supply Charge	**1,988,448**	**2,171,689**	**2,147,882**	**2,268,231**	**96,543**	**2,378,039**	**109,807**
PSEG Long Island Operating & Managed Expenses							
PSEG Long Island Operating Expenses	638,050	686,217	679,580	686,000	(217)	714,132	28,132
PSEG Long Island Managed Expenses	118,255	157,625	130,683	156,242	(1,383)	155,977	(265)
Utility Depreciation	309,433	382,340	340,605	374,821	(7,519)	432,426	57,605
PILOTs - Revenue-Based Taxes LIPA	39,123	44,578	44,110	45,965	1,387	48,430	2,464
PILOTs - Property-Based Taxes	302,465	306,366	301,862	304,941	(1,425)	309,204	4,262
LIPA Operating Expenses	93,104	112,400	105,778	108,265	(4,135)	114,795	6,530
LIPA Managed Expenses	1,481	20,360	12,500	19,000	(1,360)	20,000	1,000
LIPA Depreciation and Amortization	138,620	138,429	138,670	138,669	240	100,669	(38,000)
Interest Expense	363,393	363,361	362,375	374,203	10,842	377,628	3,425
Total Expenses	**2,003,925**	**2,211,678**	**2,116,163**	**2,208,107**	**(3,571)**	**2,273,262**	**65,155**
Other Income and Deductions	**103,791**	**82,635**	**94,776**	**74,104**	**(8,531)**	**69,217**	**(4,887)**
Grant Income	**41,773**	**40,412**	**40,325**	**39,719**	**(694)**	**34,713**	**(5,006)**
Change in Net Position	**$ 130,090**	**$ 83,059**	**$ 166,820**	**$ 173,947**	**$ 90,888**	**$ 208,706**	**$ 34,759**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Sales and Revenue

Revenues are derived primarily from retail sales of electricity to residential and commercial customers. Also included are revenues from electric sales to public authorities and street lighting. In accordance with LIPA's Tariff for Electric Service (the Tariff), LIPA's Delivery Charge recovers the costs associated with maintaining and improving the transmission and distribution system and serving customers. LIPA recovers costs associated with purchasing and producing electric energy (fuel and purchased power) through the Power Supply Charge. LIPA also has various surcharges and non-electric service charges, such as those to recover costs associated with its distributed energy programs, assessments, revenue-related PILOTs, fees for pole attachments, late payment charges to customers whose bills are in arrears, and other miscellaneous service fees.

PSEG Long Island's proposed sales forecast for 2025 projects an overall 1.2% increase from the approved 2024 Budget, reflecting a 1.1% increase in residential sales and a 1.3% increase in the commercial sales. The changes are due in part to growth expected in employment and gross metro product. The 2025 Revenue Decoupling Mechanism (RDM) has resulted in a refund to customers totaling $0.9 million due to higher residential sales driven by warmer than expected weather offset by lower commercial sales based on economic factors. The Delivery Service Adjustment (DSA) is projected to refund approximately $12.0 million due to lower uncollectible costs.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Sales and Revenues

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Sales of Electricity (MWh)								
Residential Sales		8,878,605	8,845,598	9,031,958	8,946,679	101,080	8,859,487	(87,191)
Commercial Sales		8,625,359	8,897,503	8,814,582	9,012,686	115,182	9,146,149	133,463
Other Sales to Public Authorities/Street Lighting		503,188	513,958	517,378	513,628	(330)	513,373	(255)
Total Sales of Electricity (MWh)		**18,007,152**	**18,257,059**	**18,363,919**	**18,472,992**	**215,933**	**18,519,010**	**46,017**
Revenues by Sector								
Residential		$ 2,006,711	$ 2,223,489	$ 2,229,842	$ 2,304,301	$ 80,812	$ 2,392,712	$ 88,411
Commercial		1,686,982	1,941,388	1,840,785	1,960,184	18,796	2,038,313	78,129
Other Public Authorities/Street Lighting		62,395	71,343	66,427	72,570	1,227	73,218	648
Other Regulatory Amortizations and Deferrals		(45,231)	(81,782)	(88,416)	(34,458)	47,324	(56,558)	(22,101)
Miscellaneous Revenues		37,061	36,335	36,998	34,069	(2,266)	33,551	(518)
Total Revenues		**$ 3,747,918**	**$ 4,190,774**	**$ 4,085,636**	**$ 4,336,666**	**$ 145,892**	**$ 4,481,235**	**$ 144,569**
Revenue by Component								
Delivery Charge (RDM Target)	(a)	$ 1,836,593	$ 1,966,799	$ 1,971,203	$ 2,064,025	$ 97,226	$ 2,154,255	$ 90,230
Merchant Function Charge (RDM Target)	(a) (b)	23,880	25,802	25,781	23,131	(2,671)	25,672	2,541
Customer Benefit Contribution (RDM Target)	(a) (c)	-	-	-	2,644	2,644	3,657	1,013
Power Supply Charge	(d)	1,800,410	2,019,085	1,916,446	2,068,435	49,350	2,103,197	34,762
Energy Efficiency and Distributed Energy (DER)		67,125	77,463	78,965	79,833	2,370	95,059	15,226
New York State Assessment		11,160	11,840	9,887	12,237	396	12,497	260
Suffolk Property Tax Settlement		41,155	51,386	51,058	52,495	1,109	53,628	1,133
Visual Benefits Assessment (VBA)		1,217	1,211	1,235	1,223	12	1,226	3
Revenue Related PILOTS		39,123	44,578	44,110	45,965	1,387	48,430	2,464
RDM Collection/(Refund)		(63,053)	25,949	26,272	(889)	(26,838)	6,622	7,511
DSA Collection/(Refund)		(1,522)	12,107	12,097	(12,044)	(24,151)	-	12,044
Other Regulatory Amortizations and Deferrals	(e)	(45,231)	(81,782)	(88,416)	(34,458)	47,324	(56,558)	(22,101)
Miscellaneous Revenues		37,061	36,335	36,998	34,069	(2,266)	33,551	(518)
Total Revenue Requirements		**$ 3,747,918**	**$ 4,190,774**	**$ 4,085,636**	**$ 4,336,666**	**$ 145,892**	**$ 4,481,235**	**$ 144,569**

Notes:
(a) These three items comprise the Revenue Decoupling Mechanism (RDM) target totaling $2.090 billion in 2025.
(b) The Merchant Function Charge (RDM Target) was applicable to customers receiving supply from LIPA beginning in 2023.
(c) Customer Benefit Contribution (RDM Target) recovers funds that support public benefit programs from customers who install Distributed Generation.
(d) Due to the timing of collection and accounting deferrals, the actual and projected power supply charge will not match the totals on the Power Supply Charge page.
(e) Other Regulatory Amortizations and Deferrals reverses current year deferrals that are incorporated in items listed above.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Power Supply Charge

Power Supply Charges are budgeted at $2.1 billion for 2025, an increase of $49.3 million as compared to the approved Budget for 2024. The increase is mainly attributable to higher projected prices for Regional Greenhouse Gas Initiative (RGGI) allowances. The increase in RGGI costs is partially offset by lower Purchased Power and Pass-through Property Taxes.

Power supply charge projections are prepared utilizing a generation economic dispatch model that considers, among other variables, the availability and efficiency of generating resources, energy and fuel prices, and environmental regulatory requirements.

In addition to the costs for gas and oil consumed in the generation of electricity, Power Supply Charges include the cost of emission allowances, charges under LIPA's bilateral contracts with on-Island generators, transmission usage charges for third-party owned transmission facilities, energy and capacity purchases from the New York, New England and PJM independent system operators (ISOs), electric power wheeling, Zero Emission Nuclear Production Credit program, Zero Emissions Credits, services received under the power supply and fuel management agreements, fuel hedging program costs, economy energy purchases, energy from renewable resource as well as LIPA's 18% share of the Nine Mile Point 2 nuclear generating station, the National Grid Power Supply Agreement (PSA), and certain PILOTs.

Description	2025 vs 2024 Budget Net Change	Cause
Capacity	($2.5)	Decrease is due to lower market capacity purchases which are partially offset by the increase in the PSA capacity costs.
Purchased Power	($33.0)	Decrease is associated with lower ISO energy purchase costs.
Commodity (Gas & Oil)	$3.6	Increase due to higher on-island generation.
Renewables	$9.1	Higher costs due to an increase in generation from renewable resources.
Nine Mile Point 2 Nuclear	($6.0)	Decrease reflects additional ZEC revenue related to LIPA's 18% ownership share of Nine Mile Point 2.
Regional Greenhouse Gas Initiative (RGGI)	$86.5	Higher costs due to an increase in projected RGGI pricing.
Zero Emission Credit (ZEC)	$16.8	Higher costs due to an increase in the projected ZEC price for the compliance year that begins April 1, 2025.
Other & Transmission	($1.0)	Decrease is due to various miscellaneous items.
Pass-through Property Taxes	($23.9)	Decrease reflects the impact of the property tax settlements.
Total	**$49.3**	

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Power Supply Charge

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Capacity							
Capacity Charges	$ 391,484	$ 365,496	$ 368,619	$ 352,672	$ (12,825)	$ 348,111	$ (4,560)
National Grid Capacity (PSA)	232,092	263,461	263,232	273,789	10,328	282,862	9,073
Total Capacity	**623,576**	**628,957**	**631,851**	**626,461**	**(2,497)**	**630,974**	**4,513**
Purchased Power							
Purchased Power	389,591	571,364	487,845	538,353	(33,011)	614,169	75,815
Total Purchased Power	**389,591**	**571,364**	**487,845**	**538,353**	**(33,011)**	**614,169**	**75,815**
Commodity							
Natural Gas	298,707	225,250	272,426	247,685	22,435	196,259	(51,426)
Fuel Oil	35,039	55,358	29,918	36,477	(18,881)	22,101	(14,376)
Total Commodity	**333,746**	**280,608**	**302,344**	**284,162**	**3,554**	**218,360**	**(65,802)**
Renewables							
Renewable Power	83,107	161,882	143,592	170,978	9,096	240,903	69,925
Total Renewables	**83,107**	**161,882**	**143,592**	**170,978**	**9,096**	**240,903**	**69,925**
Other							
Transmission	53,607	44,369	25,807	42,435	(1,934)	44,677	2,241
Nine Mile Nuclear Fuel	24,370	343	7,606	(5,658)	(6,002)	3,513	9,172
Regional Greenhouse Gas Initiative (RGGI)	55,621	48,336	81,718	134,810	86,474	119,910	(14,901)
Zero Emissions Credits	63,050	71,228	68,870	88,046	16,818	55,740	(32,306)
Fuel and Power Supply Management Services	21,413	21,460	21,937	22,159	699	20,927	(1,231)
Other	3,428	3,519	3,555	3,613	94	3,667	54
Total Other	**221,489**	**189,254**	**209,493**	**285,405**	**96,151**	**248,434**	**(36,971)**
Pass Through Property Taxes							
National Grid (PSA)	95,283	174,211	149,406	149,944	(24,267)	137,607	(12,338)
Fast Track Units	7,537	7,922	7,883	8,195	274	7,666	(529)
Nine Mile	5,141	4,886	5,339	4,936	50	5,084	148
Total Pass Through Property Taxes	**107,961**	**187,018**	**162,629**	**163,076**	**(23,943)**	**150,357**	**(12,719)**
Total Power Supply Charge	**$ 1,759,470**	**$ 2,019,085**	**$ 1,937,754**	**$ 2,068,435**	**$ 49,350**	**$ 2,103,197**	**$ 34,762**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Operating Expenses

Total Operating Expenses are budgeted at $969.5 million in 2025 and projected at $1.0 billion in 2026.

Operating Expenses are costs associated with operating and maintaining LIPA's transmission and distribution system and consists of four major categories:

(i) **PSEG Long Island Operating Expenses** (expenses that PSEG Long Island must remain within 102% of budget to earn variable compensation) including costs related to: Transmission and Distribution, Customer Services, Business Services, Information Technology & Cybersecurity, Energy Efficiency Programs, Construction and Operations Services, Power System Management, and Asset Management & Reliability as detailed on Section III Page 29.

(ii) **PSEG Long Island Managed Expenses** (expenses which PSEG Long Island manages but are substantially outside of its control) including costs related to New York State assessments, uncollectible accounts, pensions and Other Post Employment Benefits (OPEB) costs, and storm preparation and restoration. The budget for storm preparation and restoration costs is $83.5 million for 2025 to align with inflation adjusted five-year average of storm expenses.

(iii) **LIPA's Operating Expenses** including the PSEG Long Island management fee and costs related to LIPA staff and outside professional services, as detailed on Section III Page 31.

(iv) **LIPA's Managed Expenses** including a corporate reserve for risk and contingency, clean energy initiatives, and pending PSEG Long Island project authorizations.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Operating Expenses

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
PSEG Long Island Operating Expenses	**$ 638,050**	**$ 686,217**	**$ 679,580**	**$ 686,000**	**$ (217)**	**$ 714,132**	**$ 28,132**
PSEG Long Island Managed Expenses							
Uncollectible Accounts	49,086	28,917	18,934	23,412	(5,504)	24,292	880
Storm Restoration	23,033	83,500	62,026	83,500	-	83,500	-
NYS Assessment	11,241	11,840	9,887	12,237	396	12,497	260
Accretion of Asset Retirement Obligation	263	281	280	298	17	318	20
Pension (PSEG Long Island O&M Related Expense)	15,420	14,368	16,841	11,377	(2,991)	8,883	(2,494)
OPEB (PSEG Long Island O&M Related Expense)	19,064	15,593	20,035	22,252	6,660	23,312	1,060
Miscellaneous	150	3,126	2,679	3,166	40	3,175	9
Total PSEG Long Island Managed Expenses	**118,255**	**157,625**	**130,683**	**156,242**	**(1,383)**	**155,977**	**(265)**
Total PSEG Long Island Operating & Managed Expenses	**756,305**	**843,843**	**810,264**	**842,242**	**(1,601)**	**870,110**	**27,868**
LIPA Expenses							
Management Fee (incl. Variable Compensation)	76,686	82,329	80,760	83,310	982	90,187	6,877
Capitalized Management Fee	(32,401)	(31,163)	(34,028)	(35,102)	(3,939)	(38,000)	(2,898)
LIPA Operating Expenses	48,820	61,235	59,046	60,057	(1,177)	62,608	2,551
LIPA Managed Expenses	1,481	20,360	12,500	19,000	(1,360)	20,000	1,000
LIPA Operating & Managed Expenses	**94,585**	**132,760**	**118,278**	**127,265**	**(5,495)**	**134,795**	**7,530**
Total PSEG Long Island & LIPA Operating Expenses	**$ 850,891**	**$ 976,603**	**$ 928,541**	**$ 969,507**	**$ (7,096)**	**$ 1,004,905**	**$ 35,398**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Depreciation and Amortization Expenses

Depreciation and Amortization expense is budgeted at $513.5 million in 2025 and projected at $533.1 million in 2026.

PSEG Long Island Managed Utility Depreciation consists of depreciation of transmission and distribution plant, information technology, and FEMA storm hardened assets. The budgeted Utility Depreciation for 2025 reflects a decrease of $7.5 million primarily driven by delays in new capital spend that would add to the depreciable asset base deferred to future years.

LIPA Depreciation and Amortization consists primarily of the amortization of the Acquisition Adjustment at $111.4 million annually. The Acquisition Adjustment is an intangible asset resulting from the merger with the Long Island Lighting Company in 1998. The Acquisition Adjustment ends October 2026. Also included is the amortization of certain regulatory assets related to pension and OPEB expenses for the former National Grid and current PSEG Long Island employees that directly served LIPA's customers. These retirement benefit expenses are a contractual obligation of LIPA and are being amortized to align to the remaining life of the contract, December 31, 2025. See LIPA's audited financial statements for more information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Depreciation and Amortization Expenses

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
PSEG Long Island Managed Utility Depreciation		$ 289,839	$ 362,932	$ 321,290	$ 355,503	$ (7,429)	$ 413,115	$ 57,612
Depreciation Expense Related to FEMA Capital Projects		19,595	19,408	19,315	19,318	(90)	19,311	(6)
Total PSEG Long Island Managed Utility Depreciation		**309,433**	**382,340**	**340,605**	**374,821**	**(7,519)**	**432,426**	**57,605**
LIPA Depreciation and Amortization								
Amortization of Acquisition Adjustment		111,375	111,375	111,375	111,375	-	98,389	(12,985)
Amortization of OPEB & Pension Deferrals	(a)	25,014	25,014	25,014	25,014	-	-	(25,014)
Depreciation - LIPA		2,231	2,040	2,281	2,280	240	2,280	-
Total LIPA Depreciation and Amortization		**138,620**	**138,429**	**138,670**	**138,669**	**240**	**100,669**	**(38,000)**
Total Depreciation and Amortization Expenses		**$ 448,053**	**$ 520,770**	**$ 479,275**	**$ 513,490**	**$ (7,280)**	**$ 533,095**	**$ 19,606**

(a) Amortization of OPEB & Pension Deferrals has been completed in 2025.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Taxes, Payments-in-Lieu of Taxes and Assessments

Payments-In-Lieu of Taxes (PILOTs) and Assessments are budgeted at $671.8 million in 2025 and projected at $671.7 million in 2026 or approximately 15% of customer bills.

Revenue-based PILOTs are calculated using gross revenues received from the sale of electricity and other sources of revenue and are subject to true up to actual cost through a PILOT payments recovery rider.

Property based PILOTs are associated with T&D property owned by LILCO in 1998 that are now subject to PILOTs under LIPA ownership.

LIPA also incurs property-based taxes and PILOTs associated with generating assets owned or under contract to LIPA. These costs, as with all power supply costs, are reconciled to actual costs. Taxes related to generating units under contract to LIPA that are paid directly by LIPA, through the National Grid PSA were budgeted at $174.2 million in 2024. The 2025 and 2026 projected taxes are $149.9 million and $137.6 million, respectively. These projected taxes include the impact of the property tax settlements concluded by LIPA with the Village of Port Jefferson, the Town of Brookhaven, the Town of Huntington, the Northport - East Northport school district, Nassau County, and the Island Park school district.

The property-based PILOTs related to the Fast Track Units are budgeted at $8.2 million in 2025.

As LIPA owns 18% of the Nine Mile Point 2 nuclear power plant, it is also responsible for paying a share of the property taxes. LIPA's share of these taxes are budgeted at approximately $4.9 million in 2025.

The New York State Assessment recovers costs related to Department of Public Service oversight of LIPA and PSEG Long Island's operations. This cost is $12.2 million in 2025.

LIPA collects sales taxes on behalf of local municipalities. Those taxes are estimated at $145.4 million in 2025 and $151.0 million in 2026.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Taxes, Payments-in-Lieu of Taxes and Assessments

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
PILOTs - Revenue-Based Taxes		$ 39,123	$ 44,578	$ 44,110	$ 45,965	$ 1,387	$ 48,430	$ 2,464
PILOTs - Property-Based Taxes		302,465	306,366	301,862	304,941	(1,425)	309,204	4,262
Property Taxes in Power Supply Charge								
National Grid (PSA) Property Taxes		95,283	174,211	149,406	149,944	(24,267)	137,607	(12,338)
Fast Track Units		7,537	7,922	7,883	8,195	274	7,666	(529)
Nine Mile PILOTs		5,141	4,886	5,339	4,936	100	5,084	148
Total Property Taxes in Power Supply Charge		**107,961**	**187,018**	**162,629**	**163,076**	**(23,943)**	**150,357**	**(12,719)**
Other Taxes and Assessments								
New York State Assessment		11,241	11,840	9,887	12,237	396	12,497	260
New York State Office of Real Property Services		229	229	217	225	(4)	225	-
Total Other Taxes and Assessments		**11,470**	**12,069**	**10,105**	**12,461**	**392**	**12,722**	**260**
Total Taxes and Assessments Before Sales Taxes		**461,018**	**550,032**	**518,705**	**526,444**	**(23,588)**	**520,712**	**(5,732)**
Sales Taxes	(a)	125,908	146,702	133,633	145,356	(1,345)	150,960	5,603
Total PILOTs, Sales, State and Local Taxes and Assessments		**$ 586,926**	**$ 696,733**	**$ 652,338**	**$ 671,800**	**$ (24,933)**	**$ 671,672**	**$ (129)**

Notes:
(a) Sales tax revenue is collected by LIPA in accordance with local municipal law. Sales taxes are recorded as liabilities by LIPA as they are collected on behalf of and transferred to local government jurisdictions.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Other Income and Deductions

Other Income and Deductions are budgeted at $74.1 million in 2025 and projected at $69.2 million in 2026.

Other Income and Deductions consists of income and interest generated from LIPA's short-term investments, including the Rate Stabilization Fund and the Construction Fund, realized earnings on the Nine Mile Point 2 Nuclear Decommissioning Trust Fund, realized earnings on the OPEB Account, carrying charges accrued on deferred balances related to the Suffolk Property Tax Settlement, and miscellaneous sources of revenues and expenses.

Projected interest rates on short-term investments are updated to prevailing interest rates annually as part of the budget process and differences between projected and actual interest rates are reconciled annually through the Delivery Service Adjustment.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Other Income and Deductions

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Short-Term Investment Income	$ 45,729	$ 36,243	$ 40,783	$ 27,747	$ (8,495)	$ 26,915	$ (832)
Interest Income from:							
Suffolk Property Tax Settlement	15,482	13,464	13,464	11,293	(2,170)	8,962	(2,331)
Visual Benefits Assessment	176	144	143	110	(34)	76	(34)
OPEB Account	17,317	13,074	14,832	13,248	174	12,850	(397)
PSEG Long Island Funding Accounts	11,582	9,355	12,842	13,389	4,033	12,447	(942)
Miscellaneous Income and Deductions - LIPA	3,968	427	2,375	400	(27)	388	(12)
Miscellaneous Income and Deductions - PSEG Long Island	4,424	1,984	1,589	1,215	(769)	1,077	(137)
Subtotal Other Income and Deductions	**98,677**	**74,691**	**86,028**	**67,403**	**(7,288)**	**62,717**	**(4,686)**
Nuclear Decommissioning Trust Fund	5,114	7,944	8,748	6,701	(1,243)	6,500	(201)
Total Other Income and Deductions	**$ 103,791**	**$ 82,635**	**$ 94,776**	**$ 74,104**	**$ (8,531)**	**$ 69,217**	**$ (4,887)**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Grant Income

Grant Income consists of a grant of $20.0 million from NYSERDA from Regional Greenhouse Gas Initiative (RGGI) funds to support energy efficiency and electrification programs and subsidy payments totaling $2.3 million from the United States Treasury equal to approximately 29% of the interest on LIPA's debt issued as Build America Bonds.

LIPA pays for RGGI allowances as part of its Power Supply Charge. This RGGI grant represents the return of a portion of those funds to support programs on Long Island.

In February 2014, LIPA signed a Letter of Undertaking with FEMA that provides for $730.0 million of grant funding for storm hardening measures. To better reflect the nature of this grant it is being amortized to Grant Income in an amount equal to the depreciation expense incurred as a result of the storm hardening program. This amortization is estimated at $17.4 million in 2025 and $17.4 million in 2026.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Grant Income

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Build America Bonds Subsidy - U.S. Treasury	$ 3,102	$ 2,945	$ 2,942	$ 2,333	$ (613)	$ 2,333	$ -
Efficiency & DER - RGGI Funding	20,000	20,000	20,000	20,000	-	15,000	(5,000)
Other Grant Income	1,035	-	-	-	-	-	-
Subtotal Grant Income	**24,137**	**22,945**	**22,942**	**22,333**	**(613)**	**17,333**	**(5,000)**
Amortization of Deferred FEMA Grant	17,635	17,467	17,383	17,386	(81)	17,380	(6)
Total Grant Income	**$ 41,773**	**$ 40,412**	**$ 40,325**	**$ 39,719**	**$ (694)**	**$ 34,713**	**$ (5,006)**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Interest Expense

Interest expense is budgeted at $374.2 million for 2025 and projected at $377.6 million in 2026. The budget is based on forecasted levels of outstanding debt, interest rates, associated fees, and the amortization of previously deferred debt related charges and credits. Actual interest rates on projected bond issues and variable rate debt are updated to prevailing interest rates each year as part of the annual budget process. Differences between projected and actual debt service payments are reconciled annually through the Delivery Service Adjustment ensuring customers pay only actual costs.

Interest expense reflects the accrual of interest on outstanding debt in the calendar year. It can differ from interest payments made to bondholders with respect to timing, but the actual amounts will be the same over the life of the bonds.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Interest Expense

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Accrued Interest Expense on Debt Securities	$ 409,612	$ 414,652	$ 422,567	$ 428,299	$ 13,648	$ 434,834	$ 6,535
Amortization of Premium	(79,697)	(79,202)	(82,866)	(81,163)	(1,961)	(79,759)	1,404
Interest Expense on Debt Securities (Accrued)	**329,915**	**335,450**	**339,701**	**347,136**	**11,686**	**355,075**	**7,939**
Other Interest Expense							
Amortization of Deferred Debt Issuance Costs	2,765	2,573	2,226	2,038	(534)	1,931	(108)
Amortization of Deferred Defeasance Costs	14,403	15,886	9,188	7,459	(8,427)	8,243	784
Other Interest Amortizations	(5,896)	(5,957)	(5,957)	(6,018)	(62)	(6,081)	(63)
Bond Issuance Costs	9,386	5,157	5,191	9,855	4,698	4,719	(5,136)
Other Interest Amortizations (Accrued)	**20,658**	**17,660**	**10,648**	**13,334**	**(4,325)**	**8,812**	**(4,523)**
Interest Rate Swap Payments	4,939	3,022	3,830	6,423	3,401	6,368	(54)
Letter of Credit and Remarketing Fees	6,316	5,296	6,289	5,364	68	5,399	34
Interest on Customer Security Deposits	700	657	792	803	146	803	-
Bond Administration Costs and Bank Fees	864	1,276	1,115	1,143	(133)	1,172	29
Other Interest Costs (Cash)	**12,820**	**10,252**	**12,026**	**13,733**	**3,481**	**13,742**	**9**
Total Interest Expense	**$ 363,393**	**$ 363,361**	**$ 362,375**	**$ 374,203**	**$ 10,842**	**$ 377,628**	**$ 3,425**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Debt Service Requirements

Debt service consists of principal and interest payments due to bondholders. Debt service payments are reported separately for LIPA debt and UDSA debt. LIPA has issued debt through the UDSA to provide net present value savings to customers.

Consistent with the Public Power Model, LIPA recovers “fixed obligation coverage.” Fixed obligation coverage is the portion of LIPA’s capital program funded by cash flow in each year rather than by new borrowings. Fixed obligation coverage is a ratio based on LIPA’s annual debt service payments plus the imputed payments associated with lease obligations such as power supply contracts and office and vehicle leases and subscription-based information technology arrangement (SBITA) payments.

The 2025 budget supports the LIPA’s Board Policy on Fiscal Sustainability, including:

(i) **Improving Bond Ratings**: LIPA’s bond rating is A2 (stable), A (stable) and A+ (stable) (Moody’s, S&P, and Fitch, respectively). LIPA’s target is to achieve AA-category ratings by 2030 by reducing LIPA’s debt-to-asset ratio to 70% or less. Fitch Ratings upgraded LIPA’s bond rating to A+ in July 2024, citing the Authority’s "very strong service area" and a long-term policy to gradually reduce debt.

(ii) **1.40x Fixed Obligation Coverage Target**: LIPA targets a Fixed Obligation Coverage Ratio of no less than 1.40x.

(iii) **150 Day Liquidity Target**: LIPA targets minimum cash-on-hand and available credit of 150 days operating expenses.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Debt Service Requirements

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
LIPA Debt Service							
LIPA Debt Service on Fixed Rate Debt	$ 188,821	$ 259,318	$ 257,529	$ 317,642	$ 58,323	$ 374,022	$ 56,380
LIPA Debt Service on Variable Rate Debt	46,036	46,046	51,853	50,995	4,949	53,429	2,434
Total LIPA Debt Service	**234,857**	**305,364**	**309,382**	**368,637**	**63,273**	**427,451**	**58,814**
UDSA Debt Service	**449,199**	**383,075**	**383,971**	**392,662**	**9,586**	**376,818**	**(15,843)**
LIPA Lease Obligations	**415,001**	**399,831**	**406,629**	**393,451**	**(6,379)**	**380,936**	**(12,515)**
Coverage - LIPA Obligations							
LIPA Debt Service	234,857	305,364	309,382	368,637	63,273	427,451	58,814
LIPA Lease Obligations	415,001	399,831	406,629	393,451	(6,379)	380,936	(12,515)
Coverage	268,137	282,078	315,645	304,835	22,757	323,355	18,519
LIPA Obligations and Coverage	**$ 917,995**	**$ 987,273**	**$ 1,031,656**	**$ 1,066,923**	**$ 79,650**	**$ 1,131,741**	**$ 64,818**
Projected Coverage Ratio on LIPA Obligations	*1.41 x*	*1.40 x*	*1.44 x*	*1.40 x*		*1.40 x*	
Board Policy Target Coverage Ratio on LIPA Obligations	*1.40 x*	*1.40 x*	*1.40 x*	*1.40 x*		*1.40 x*	
Coverage - LIPA and UDSA Obligations							
LIPA and UDSA Obligations	1,099,057	1,088,270	1,099,982	1,154,750	66,480	1,185,205	30,455
Coverage	268,137	282,078	315,645	304,835	22,757	323,355	18,519
LIPA and UDSA Obligations and Coverage	**$ 1,367,194**	**$ 1,370,349**	**$ 1,415,628**	**$ 1,459,585**	**$ 89,236**	**$ 1,508,559**	**$ 48,975**
Projected Coverage Ratio on LIPA & UDSA Obligations	*1.24 x*	*1.26 x*	*1.29 x*	*1.26 x*		*1.27 x*	
Board Policy Target Coverage Ratio on LIPA & UDSA Obligations	*1.20 x*	*1.20 x*	*1.20 x*	*1.20 x*		*1.20 x*	

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Capital Expenditures

Capital Expenditures are budgeted at $927.7 million in 2025 and are projected at $1.0 billion in 2026.

Transmission and Distribution projects are prioritized using a Value and Risk Evaluation protocol. The projects in the plan will support system reliability and resiliency as well as meet system load and regulatory requirements. The continuation of the Storm Hardening Distribution Circuit Program as well as several reliability improvement programs such as the Multiple Customer Outage Program and the Branchline Re-closer Program will address customers with poor service reliability and improve the overall performance of the system. Also included are investments for property acquisition and other future growth.

Information Technology (IT) projects include investments in operational areas and replacement of end of life technologies. In 2025, planned IT Capital Expenditures represent investments in new functionality and application upgrades in Customer Information and Billing, Transmission and Distribution, and System Separation. IT System Separation is an initiative to separate certain IT systems and applications that are currently PSEG systems.

Nine Mile Point 2 Capital Expenditures relates to LIPA's share of capital expenses for the NMP2 nuclear generating station.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Capital Expenditures

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Transmission and Distribution								
Regulatory Driven		$ -	$ -	$ 77	$ 4,095	$ 4,095	$ 5,299	$ 1,204
Load Growth		153,484	188,945	167,571	180,287	(8,658)	167,516	(12,772)
Reliability		321,047	307,744	327,983	300,466	(7,278)	391,593	91,128
Storm Hardening		73,899	66,600	68,607	52,732	(13,868)	9,739	(42,994)
Economic, Salvage, Tools, Equipment & Other		59,070	42,079	60,445	42,242	163	103,324	61,082
Total Transmission and Distribution Projects		**607,500**	**605,368**	**624,682**	**579,822**	**(25,545)**	**677,470**	**97,648**
Other PSEG Long Island Capital Expenditures								
Information Technology		52,952	71,279	78,683	18,318	(52,962)	25,423	7,105
Information Technology - Cyber Security		9,430	17,117	14,258	500	(16,617)	-	(500)
Customer Operations		8,541	8,195	8,286	3,244	(4,950)	9,326	6,081
Other General Plant		4,420	31,738	17,386	43,574	11,836	27,479	(16,095)
Fleet		6,864	19,669	7,752	1,283	(18,386)	43,867	42,584
Utility 2.0		3,331	10,755	3,427	13,237	2,483	15,486	2,249
Total T&D and Other Projects		**693,037**	**764,120**	**754,474**	**659,978**	**(104,142)**	**799,051**	**139,073**
Offshore Wind Transmission		-	22,870	16,373	11,889	(10,981)	31,076	19,187
FEMA Storm Hardening		9,564	5,140	2,188	33,202	28,062	116,471	83,270
Storm Capitalization		2,807	3,479	7,397	3,340	(139)	3,340	-
Total PSEG Long Island Capital Budget		**705,408**	**795,609**	**780,431**	**708,409**	**(87,200)**	**949,939**	**241,530**
Nine Mile Point 2		4,254	29,926	28,791	4,268	(25,658)	31,204	26,936
LIPA - Other		1,821	10,000	2,073	6,000	(4,000)	5,000	(1,000)
PSEG Long Island Pending Project Authorizations	(a)	-	38,663	-	173,955	135,291	-	(173,955)
Capitalized Management Fee		32,401	31,163	34,028	35,102	3,939	38,000	2,898
Total Capital Expenditures		**$ 743,884**	**$ 905,361**	**$ 845,323**	**$ 927,734**	**$ 22,373**	**$ 1,024,143**	**$ 96,409**

Notes:
(a) PSEG Long Island Pending Project Authorizations are budgeted resources held outside the PSEG Long Island Budget pending additional project information. In 2024, LIPA released $20.4 million for IT projects, $9.0 million for Cyber projects and $31.7 million for Other General Plant.

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Capital Expenditures

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Funding for Capital Expenditures							
FEMA Contribution (90% of Project Costs)		$ 4,626	$ 1,969	$ 29,881	$ 25,256	$ 104,824	$ 74,943
Coverage from Operating Revenue							
Total Coverage		282,078	315,645	304,835	22,757	323,355	18,519
Funding Required from Debt		618,656	527,709	593,018	(25,638)	595,964	2,947
Total Funding for Capital Expenditures		**$ 905,361**	**$ 845,323**	**$ 927,734**	**$ 22,373**	**$ 1,024,143**	**$ 96,409**
Percent of Capital Funded from Debt:							
Projected Percent of Capital Funded from Debt		68%	62%	64%		58%	

MAJOR PROJECTS
(Projects with a total cost greater than $25 million)

Description	Justification	In Service Date	Cash Flow ($millions) Total Project Cost Estimate (a)	Project to Date through 12/31/24	2025	2026	2027 and Beyond
Belmont: Convert substation from 33 kV to 69 kV	Support continued expansion of the Belmont Arena complex.	2025	$ 51.4	$ 38.7	$ 12.8	$ -	$ -
Bridgehampton - Buell: Install a new 69kV underground cable	Load growth in the South Fork.	2025	63.1	10.2	42.6	0.1	-
System Separation: Identify intermingled systems and appropriate LI data and separate same from PSEG-NJ	Required in post-Tropical Storm Isaias second amended and restated OSA reformed contract. Requires implementation of newly dedicated systems and infrastructure, transfer of LI data, and establishment of technical support roles on LI to manage the systems following separation.	2025	75.5	33.9	11.9 (b)	-	-
North Bellmore: Install 33MVA bank, switchgear and feeders	Increase load growth at North Bellmore substation.	2026	26.1	3.9	7.2	9.4	-
Southampton: Install new 138kV cable to Deerfield	Increase in projected South Fork load requirements.	2026	68.5	4.3	5.9	57.8	0.4
Transmission Operations Control Room Facility Replacement: Replace the existing Transmission Operations control room	Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2027	124.4	4.2	14.1	73.0	26.9
West Hempstead: Install four 69/13kV 33MVA Transformers	Increase reliability at West Hempstead substation by replacing the current degraded assets.	2027	37.1	0.3	1.0	11.0	24.8
Rockville Centre Load Pocket: Install new 33KV underground line between Valley Stream and Ocean Avenue	Improve storm resiliency and blue-sky performance of Rockville Centre load pocket.	2028	36.7	-	-	0.7	35.9
Elmont: Substation Rebuild and Feeder Conversions	Support increase load growth in Elmont.	2028	71.0	-	0.5	25.5	44.9
North Bellport: Eastport 23kV conversion	Improve storm resiliency and blue-sky performance of North Bellport - Eastport 23KV load pocket.	2028	50.5	-	-	1.0	49.5
Lindbergh: Substation Expansion	Support increase load growth at Lindbergh substation.	2028	60.0	-	-	10.0	50.0
Stewart Avenue – Uniondale Hub: Install reactors on circuits 138-462/463	Part of NYISO PPTN. Upgrade Stewart Avenue – Uniondale Hub substation to support offshore wind transmission.	2028	33.5	9.0	1.7	3.5	19.4
EAM/Maximo Implementation: Implement a full-fledged EAMS	Required in post-Tropical Storm Isaias second amended and restated OSA reformed contract. Includes capabilities in work mgmt, maintenance mgmt and inventory mgmt including a full-featured asset database that can accommodate all utility operational assets, comprehensive asset health monitoring, and predictive maintenance capabilities.	2029	80.4	4.4	-	5.0	71.0
Fire Island Pines: Install new 23 kV circuit to Ocean Beach	Increase reliability to Fire Island.	2029	47.1	3.1	1.1	6.6	36.2
Arverne: New Wavecrest substation and conversion and reinforcement	Support increased load growth in Arverne.	2030	80.8	-	0.0	0.7	80.0
Syosset: Replace UG section of 138-676 circuit to Greenlawn	Part of NYISO PPTN. Project would replace the underground portion of an existing LIPA 138kV line, offering higher capacity.	2029	115.0	2.9	0.7	3.8	105.9
Newbridge: Convert 138kV Ckt SAUH-Ruland 138-467/567 to 345kV	Part of NYISO PPTN. Project would convert existing LIPA 138kV lines to 345kV, offering higher capacity.	2030	45.0	0.4	1.4	3.7	38.7
Northport: Install new 138kV Phase Angle Regulator	Part of NYISO PPTN. Project would install a second 138kV PAR at Northport.	2030	46.7	1.1	2.3	1.8	40.5
Barrett: Expand 138kV Substation and Interconnect New Lines	Part of NYISO PPTN. Project would expand the interconnection facilities for Oceanside offshore wind with additional rungs and create terminals for two new 138kV circuits from the developer.	2030	87.7	-	-	3.0	84.8
Fire Island Pines: Substation relocation	Improve reliability at Fire Island by building a new substation protected from erosion by a sea wall.	2030	40.3	-	0.4	0.6	39.3
Garden City Park: Convert substation from 33/4kV to 69/13kV	Support continued expansion of the Garden City Park area.	2030	35.0	-	-	0.2	34.8
Total Major Projects (c)			**$ 1,275.8**	**$ 116.4**	**$ 103.7**	**$ 217.4**	**$ 783.1**

Notes:
(a) Total project cost estimate may exceed the sum of project to date expenditures and future year budgets in instances where full risk and contingency is not utilized.
(b) System Separation excludes PSEG Long Island Pending Project Authorization and carry over funds that are held outside the PSEG Long Island budget pending additional information.
(c) Amounts may include funding associated risk & contingency (R&C).

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PSEG Long Island Operating Expenses

PSEG Long Island Operating Expenses are related to the following major areas: Transmission and Distribution, Customer Services, Business Services, Information Technology & Cybersecurity, Energy Efficiency Programs, Construction and Operations Services, Power System Management and Asset Management & Reliability. Total operating expenses are budgeted at $686.0 million in 2025, excluding $10.0 million held in LIPA's Budget and are projected at $714.1 million in 2026.

The PSEG Long Island 2025 operating budget, including the Utility 2.0 Program is flat to 2024. Productivity savings of $38.5 million are offsetting inflationary and new initiative increases.

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($ in thousands)

PSEG Long Island Operating Expenses

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
PSEG Long Island Operating Expenses								
Transmission & Distribution		$ 191,352	$ 205,659	$ 211,518	$ 199,153	$ (6,506)	$ 205,781	$ 6,628
Business Services		80,663	72,521	82,111	70,283	(2,238)	72,672	2,389
Customer Services		120,940	122,932	120,155	126,014	3,081	130,298	4,285
Energy Efficiency & DER		94,788	97,153	90,910	95,903	(1,250)	98,896	2,993
Asset Management		7,318	10,177	8,211	9,501	(676)	9,816	315
Construction & Operations Services		35,104	40,268	39,091	47,607	7,339	49,138	1,531
Power System Management		16,756	23,092	21,236	23,406	314	24,209	803
IT & Cybersecurity		86,204	99,660	96,513	100,423	763	103,666	3,243
Utility 2.0 Costs		4,926	14,754	9,836	13,710	(1,044)	19,656	5,946
Total PSEG Long Island Operating Expenses	(a) (b)	**$ 638,050**	**$ 686,217**	**$ 679,580**	**$ 686,000**	**$ (217)**	**$ 714,132**	**$ 28,132**

Notes:
(a) PSEG Long Island Operating expenses for 2025 may shift between the various lines of business based on potential organizational structure modifications.
(b) In 2024, LIPA transferred $8.2 million ($5.0 million for T&D, $2.7 million for Customer Service and $0.5 million for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in the LIPA-Approved Budget.

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LIPA Operating & Managed Expenses

LIPA Operating & Managed Expenses are budgeted at $127.3 million in 2025 and are projected at $134.8 million in 2026. The 2025 budget represents a decrease of $5.5 million as compared to the Approved Budget for 2024.

LIPA Operating Expenses include the PSEG Long Island Management Fee, costs related to LIPA staff, and outside professional services.

LIPA's Managed Expenses including a corporate reserve for risk and contingency, clean energy initiatives, and amounts held pending for PSEG Long Island project authorizations.

LIPA has requested regulatory accounting from its Board to defer the $5.0 million collected in the 2024 Budget related to certain New York Research Development Authority programs but not expended during 2024; as a result, LIPA has lowered its 2025 Budget to fund $2.0 million committed for the Clean Energy Hub.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

LIPA Operating & Managed Expenses

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
LIPA Operating Expenses								
PSEG Long Island Management Fee		$ 76,686	$ 82,329	$ 80,760	$ 83,310	$ 982	$ 90,187	$ 6,877
Capitalized Management Fee		(32,401)	(31,163)	(34,028)	(35,102)	(3,939)	(38,000)	(2,898)
Total PSEG Long Island Management Fee		**44,284**	**51,166**	**46,732**	**48,208**	**(2,958)**	**52,187**	**3,979**
Employee Salaries & Benefits		15,828	19,777	21,326	23,562	3,785	24,268	707
Pension & OPEBs		2,245	2,764	2,360	2,888	124	3,768	880
Insurance & Claims Reserve		1,321	3,176	2,755	3,156	(20)	3,250	95
Office Rent		1,668	1,656	1,727	1,681	25	1,731	50
Engineering		1,575	1,250	1,176	1,020	(230)	1,051	31
Legal		3,362	4,995	4,944	4,700	(295)	4,841	141
Financial Services and Cash Management		1,425	1,428	1,607	1,428	-	1,471	43
Accounting Services		1,614	2,608	2,067	2,236	(373)	2,289	53
Information Technology		11,047	9,855	10,794	9,758	(97)	10,051	293
DPS Management Audit		1,129	425	551	-	(425)	-	-
Outside Services & Consulting Support		6,214	10,973	7,993	7,460	(3,514)	7,653	194
Other		1,391	2,328	1,747	2,171	(157)	2,236	65
Total LIPA Operating Expense		**48,820**	**61,235**	**59,046**	**60,057**	**(1,177)**	**62,608**	**2,551**
LIPA Managed Expenses								
Clean Energy Initiatives		1,481	7,000	7,000	2,000	(5,000)	5,000	3,000
PSEG Long Island Pending Project Authorizations	(a) (b)	-	7,860	-	10,000	2,140	10,000	-
Corporate Reserve for Risk & Contingencies	(c)	-	5,500	5,500	7,000	1,500	5,000	(2,000)
Total LIPA Managed Expense		**1,481**	**20,360**	**12,500**	**19,000**	**(1,360)**	**20,000**	**1,000**
Total LIPA Operating & Managed Expenses		**$ 94,585**	**$ 132,760**	**$ 118,278**	**$ 127,265**	**(5,495)**	**$ 134,795**	**7,530**

Notes:
(a) In 2024, LIPA transferred $8.2 million ($5.0 million for T&D, $2.7 million for Customer Service and $0.5 million for IT) to PSEG Long Island Operating Expense that was originally designated "Pending Project Authorization" in the LIPA-Approved Budget.
(b) The 2025 PSEG Long Island pending project authorization includes $10.0 million associated with system separation and customer service initiatives.
(c) LIPA reclassed $1.5M of Corporate Reserve to LIPA Operating Expenses to be used on certain Energy Efficiency projects conducted by LIPA in 2024 but unbudgeted in its Operating Budget.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Utility Debt Securitization Authority

The UDSA was created by Part B of Chapter 173, Laws of New York, 2013 (the "Securitization Law"), allowing for the retirement of certain outstanding indebtedness of LIPA through the issuance of securitized restructuring bonds (Restructuring Bonds) by the UDSA. UDSA (rated triple-A) provides a lower cost of financing than issuing LIPA bonds. The Restructuring Bonds are to be repaid by an irrevocable, nonbypassable restructuring charge on all LIPA customer bills.

The Securitization Law permitted issuance of UDSA Restructuring Bonds in an amount not to exceed $4.5 billion. LIPA's Board adopted Financing Order No. 1 through Financing Order No. 5 reaching the statutory capacity. Each financing order authorized Restructuring Bonds secured by a separate restructuring charge created pursuant to that financing.

On August 2, 2021, changes to the Securitization Law were authorized to permit the issuance of additional securitized bonds for refinancing LIPA and UDSA bonds and to fund LIPA transmission and distribution system resiliency investments. With these legislative changes, the UDSA may issue an initial par amount of up to $8.0 billion of securitized bonds (inclusive of the bonds already issued). On May 18, 2022, LIPA's Board adopted Financing Order No. 6 through Financing Order No. 9 effective through December 31, 2025, to enable use of the expanded statutory authority.

A total of $6.3 billion of UDSA Restructuring Bonds have been issued through December 2023. The remaining statutory capacity is approximately $1.7 billion.

Since 2013, UDSA Restructuring Bonds have generated total net present value debt service savings of $579 million for LIPA's customers.

UDSA is considered a blended component unit of LIPA as the results of operations are blended with LIPA for financial reporting purposes.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Utility Debt Securitization Authority

Description	2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Revenues	**$ 395,354**	**$ 378,366**	**$ 382,747**	**$ 383,941**	**$ 5,575**	**$ 392,551**	**$ 8,610**
Operating Expenses							
Uncollectible Accounts	4,440	2,781	1,911	1,929	(851)	1,973	43
General and Administrative Expense							
Ongoing Servicer Fee	2,743	2,125	2,165	2,123	(2)	2,123	-
Administration Fees	600	600	600	600	-	600	-
Bond Administration Fees	368	507	465	475	(32)	487	12
Directors and Officers Insurance	345	347	326	343	-	360	17
Accounting, Legal & Misc. Fees	354	194	270	250	55	262	12
Total General and Administrative Expense	**4,411**	**3,773**	**3,826**	**3,791**	**17**	**3,832**	**41**
Amortization of Restructuring Property	**297,527**	**238,348**	**251,361**	**262,034**	**23,686**	**263,819**	**1,785**
Interest Expense	184,298	170,858	178,771	168,230	(2,628)	157,029	(11,201)
Amortization of Premium	(42,952)	(40,727)	(48,373)	(42,984)	(2,257)	(38,250)	4,734
Amortization of Deferred Debt Issuance Costs	5,419	2,149	1,849	1,732	(416)	1,272	(460)
Total Interest Expense	**146,765**	**132,279**	**132,247**	**126,978**	**(5,301)**	**120,052**	**(6,927)**
Reserve Fund Earnings	**10,745**	**7,036**	**9,487**	**5,020**	**(2,016)**	**4,769**	**(251)**
Change in Net Position	**$ (47,044)**	**$ 8,221**	**$ 2,890**	**$ (5,772)**	**$ (13,992)**	**$ 7,644**	**$ 13,416**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Projected Borrowing Requirements and Bank Facilities

LIPA will fund $897.9 million of infrastructure investments in 2025 with projected debt issuances of $602.9 million, or approximately 64% debt financing. The balance of capital expenditures will be pay-as-you-go funded from fixed obligation coverage. LIPA expects to generate fixed obligation coverage from operations of $304.8 million and $323.4 million in 2025 and 2026, respectively.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Projected Borrowing Requirements and Bank Facilities

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
Total Capital Expenditures		$ 743,884	$ 905,361	$ 845,323	$ 927,734	$ 22,373	$ 1,024,143	$ 96,409
FEMA Contribution		(8,607)	(4,626)	(1,969)	(29,881)	(25,256)	(104,824)	(74,943)
Net Capital Expenditures		**735,277**	**900,735**	**843,354**	**897,853**	**(2,883)**	**919,319**	**21,466**
Net Coverage Funding of Capital Expenditures		(268,137)	(282,078)	(315,645)	(304,835)	(22,757)	(323,355)	(18,519)
Carryover Bond Proceeds		-	(190,324)	-	-	190,324	-	-
Projected Borrowing Requirements		467,140	428,333	527,709	593,018	164,684	595,964	2,947
Projected Cost of Issuance on Borrowing Requirements		9,386	5,157	5,191	9,855	4,698	4,719	(5,136)
Projected Borrowing Requirements with Cost of Issuance	(a)	**476,526**	**433,490**	**532,900**	**602,873**	**169,382**	**600,683**	**(2,190)**
Series 2015 GR-1A/B		-	-	-	200,000	200,000	-	(200,000)
Series 2015 GR-2A/B		-	-	-	150,000	150,000	-	(150,000)
Series 2015 GR-3A/B		100,000	-	-	-	-	100,000	100,000
Series 2015 GR-4A/B		-	200,000	200,000	-	(200,000)	-	-
Series 2015 GR-5A/B		-	-	-	100,000	100,000	-	(100,000)
Series 2015 GR-6A/B		-	250,000	250,000	-	(250,000)	-	-
Series 2022C - Floating Rate Notes		-	-	-	150,000	150,000	-	(150,000)
Series 2023A-2		-	-	-	-	-	43,845	43,845
Series 2023B		-	-	-	-	-	145,880	145,880
Series 2023C		-	-	-	-	-	63,000	63,000
Bonds Subject to Mandatory Refinancing & Bank Facilities		**$ 100,000**	**$ 450,000**	**$ 450,000**	**$ 600,000**	**$ 150,000**	**$ 352,725**	**$ (247,275)**

Notes:
(a) The Projected Borrowing amount is a calculated value. Actual borrowing level may differ due to premium and other considerations.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

Capital Structure

LIPA expects to fund its capital investments utilizing a combination of grants, short and long-term debt financing, and pay as-you-go funding from revenue (i.e. fixed obligation coverage).

After funding $3.5 billion in infrastructure investments from 2023 through 2026, total projected debt outstanding for LIPA and UDSA will rise approximately $254.8 million.

Lease Obligations will decrease by $1.1 billion, from $1.8 billion in 2023 to $775.2 million in 2026. Lease Obligations and subscription-based information technology arrangement (SBITA) reflect the net present value of lease contracts that are considered financing arrangements under Governmental Accounting Standards Board standards.

Combined debt and lease balances will decrease by $802.8 million, from $11.0 billion at the end of 2023 to $10.2 billion at the end of 2026.

LIPA's Debt to Capital Ratio is projected to decrease from 88.7% in 2023 to 84.3% in 2026. The Debt to Asset Ratio is projected to decline from 84.8% in 2023 to 75.6% in 2026. Both ratios are expected to continue to decline over time to achieve the Board’s policy target of a 70.0% Debt to Asset Ratio by 2030.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

Capital Structure

Description		2023 Actual	2024 Approved	2024 Projected	2025 Proposed	2025 Change from Prior Year	2026 Projected	2026 Change from Prior Year
UDSA Long Term Debt Outstanding		$ 3,656,345	$ 3,451,555	$ 3,451,555	$ 3,227,590	$ (223,965)	$ 3,004,580	$ (223,010)
LIPA Long Term Debt Outstanding		5,212,111	5,140,612	4,444,668	5,086,389	(54,223)	5,448,195	361,806
LIPA Short Term Debt Outstanding		345,000	300,000	345,000	356,251	56,251	414,767	58,517
Total LIPA Debt Outstanding		**5,557,111**	**5,440,612**	**4,789,668**	**5,442,640**	**2,028**	**5,862,962**	**420,322**
LIPA Long Term Debt To Be Issued	(a)	-	433,490	532,900	602,873	169,382	600,683	(2,190)
Projected UDSA Debt		3,656,345	3,451,555	3,451,555	3,227,590	(223,965)	3,004,580	(223,010)
Projected LIPA Debt		5,557,111	5,874,102	5,322,568	6,045,512	171,410	6,463,645	418,133
Total Projected Debt		**9,213,456**	**9,325,657**	**8,774,123**	**9,273,102**	**(52,555)**	**9,468,225**	**195,123**
Lease Obligations	(b)	1,832,755	1,442,559	1,472,250	1,128,868	(313,692)	775,158	(353,710)
Total Debt and Lease Obligations		**11,046,211**	**10,768,216**	**10,246,373**	**10,401,970**	**(366,246)**	**10,243,383**	**(158,587)**
Excess of Revenues Over Expenses		**130,090**	**83,059**	**166,820**	**173,947**	**90,888**	**208,706**	**34,759**
Net Position Before Deferred Grants		827,421	906,973	994,241	1,168,188	261,216	1,376,895	208,706
Deferred Grants	(c)	585,775	573,374	571,526	552,208	(21,166)	532,897	(19,311)
Net Position		**$ 1,413,196**	**$ 1,480,347**	**$ 1,565,767**	**$ 1,720,396**	**$ 240,050**	**$ 1,909,792**	**$ 189,395**
Debt to Capital Ratio	(d)	**88.7%**	**87.9%**	**86.7%**	**85.8%**	**-2.1%**	**84.3%**	**-2.0%**
Debt to Asset Ratio	(e)	**84.8%**	**85.6%**	**81.2%**	**78.5%**	**-7.1%**	**75.6%**	**-3.0%**

Notes:
(a) Long-term debt to be issued reflects projected borrowing requirements to fund Capital Expenditures excluding carry over proceeds from the prior year, bond premium, and bond refinancing.
(b) Lease obligations includes subscription-based information technology arrangement (SBITA).
(c) Deferred Grants are funds received from FEMA for a $730.0 million storm hardening program. LIPA has deferred recognition of the grant income to align the grant receipts with the associated depreciation expense of the assets funded through the grant.
(d) Debt to Capital Ratio is calculated by taking (i) debt and leases and dividing by (ii) debt, leases, and Net Position.
(e) Debt to Asset Ratio is calculated by taking (i) debt and leases and dividing by (ii) utility plant assets and working capital.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Various	Install cascade facility ratings software	Aug-25	$ 1,055	$ 485	$ 496	$ -
Northport	Install concrete mattresses cables	Jun-26	1,069	519	550	-
Shore Rd Substation	Install 138kV 80MVAR reactor	Dec-26	8,475	81	3,049	5,299
Total Regulatory Driven Projects			**$ 10,599**	**$ 1,085**	**$ 4,095**	**$ 5,299**
Locust Grove	T-Mobile load addition upgrades	Nov-24	2,523	2,285	238	-
Elwood	Conversion and reinforcement	Dec-24	11,884	11,764	120	-
Woodmere	Conversion & reinforcement feeder extension	Dec-24	2,842	2,749	93	-
Bridgehampton	Install new 3rd bank and switchgear	Mar-25	13,465	12,728	649	-
Hither Hills	Upgrade substation 9HH from 23kV to 33kV	May-25	20,664	14,229	5,964	-
Arverne	New feeder, Edgemere development C&R phase 2	Jun-25	4,639	1,539	2,724	-
Belmont	Convert substation from 33kV to 69kV	Jun-25	51,448	38,672	10,863	-
Arverne	East development new feeder C&R phase 1	Jun-25	3,093	627	1,850	-
Syosset	New UG 13.2 kV feeder & OH reconductoring	Aug-25	8,459	874	6,869	28
Tech Park	New feeder 7S-8H3	Dec-25	12,132	664	10,406	27
Miller Place	Install 3rd 138/13kV 33MVA distribution bank and feeders	Dec-25	19,653	7,941	10,404	472
Bridgehampton	Install new 69kV circuit to Buell substation	Dec-25	63,072	10,196	39,107	87
East Hampton Village	4kV to 13kV conversion	Dec-25	18,254	3,895	12,174	1,383
Ocean Beach	Conversion and reinforcement	Dec-25	8,416	4,453	3,381	31
North Bellmore	Install 33MVA bank, switchgear and feeders	Jun-26	26,143	3,864	7,168	9,445
Southampton	Install new 138kV cable to Deerfield	Dec-26	68,484	4,348	5,939	57,802
Port Jefferson	Install new 13kV distribution feeder	Dec-26	13,314	289	589	12,352
Locust Grove	New feeder	Jun-27	2,300	-	-	1,150
Moriches	Install series reactor on 69kV circuit to south manor	Jun-27	2,099	-	181	365
Deerfield	Reconfigure 69kV double circuit to Canal substation	Jun-27	2,976	866	160	316
East Hampton Village	4kV to 13kV conversion circuits 9L-782 & 9E-991	Jun-28	13,079	-	555	4,231
Arverne	East development, new feeder C&R phase 2	Jun-28	6,734	385	175	1,191
New South Road	Expand 69/13kV substation & distribution cables	Jun-28	20,820	6,485	332	475
Lindbergh	Substation expansion	Jun-28	60,000	-	-	10,000
Wildwood	Replace 14 MVA bank with a 33 MVA bank and add switchgear	Jun-29	17,735	-	-	3,000
Quogue Substation	2-33 MVA 69kV banks, switchgear and C&R	Jun-29	24,847	-	-	876
Peconic	Upgrade existing distribution transformers from 14 MVA to 33 MVA	Jun-29	13,397	-	-	1,139
Arverne	New Wavecrest substation and conversion and reinforcement	Jun-30	80,775	-	39	691
Various	Residential/commercial underground development (RUD/CIPUD)	Program	-	-	17,390	17,390
Various	Distribution facilities to serve new business	Blanket	-	-	42,917	45,063
Total Load Growth Projects			**$ 593,247**	**$ 128,853**	**$ 180,287**	**$ 167,516**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Uniondale	Stewart Avenue - Uniondale hub switchgear replacement	Dec-24	$ 19,187	$ 18,934	$ 253	$ -
Far Rockaway	Cap banks installation	Dec-24	2,393	2,339	53	-
Reynolds Channel	Reconductor 33-315 submarine cable	Jun-26	6,583	386	706	5,490
Fire Island Pines & Bayport	Replace exposed land cable of 23-748	Jun-26	14,450	-	500	10,100
Huntington village	Substation supply hardening - Huntington Village	Jun-27	6,981	-	358	2,918
West Hempstead	Install four 69/13kV 33MVA transformers and associated work	Dec-27	37,120	254	1,027	11,030
Various	Substation control house replacements	Dec-27	3,819	86	880	1,227
Various	Distribution automation cellular network upgrade	Dec-27	500	-	-	250
Rocky Point	Two-way radio coverage improvement	Dec-27	1,800	-	-	900
Various	Telecom site on wheels (SOW)	Dec-27	2,375	-	-	2,240
Elmont	Substation rebuild and feeder conversions	Jun-28	70,969	-	524	25,504
Rockville Centre	Load pocket	Jun-28	36,681	-	-	745
North Bellport	23kV conversion to Eastport	Dec-28	50,540	-	-	992
Bayport	Load pocket	Dec-28	21,055	-	-	1,193
Fire Island Pines	Install new 23 kV circuit to Ocean Beach substation	Apr-29	47,070	3,104	1,106	6,625
Garden City Park	Conversion from 33/4kV to 69/13kV	Jun-30	35,005	-	-	225
Various	Branch line reclosers	Program	-	-	-	17,515
Various	System spares	Program	-	-	17,401	12,650
Various	Underground distribution cable replacement	Program	-	-	19,420	20,420
Various	Distribution circuit improvement program (CIP)	Program	-	-	16,800	17,640
Various	Residential underground cables upgrade	Program	-	-	16,608	17,608
Various	Transmission wood pole replacement on the LIRR right-of-way	Program	-	-	14,500	-
Various	Substation transformers replacements	Program	-	-	14,713	21,439
Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	-	-	11,621	-
Various	Distribution switchgear replacements	Program	-	-	6,600	7,350
Various	Transformer major component replacements	Program	-	-	5,250	1,750
Various	Public works	Program	-	-	5,930	8,950
Various	Transmission breaker replacement program	Program	-	-	4,400	4,400
Various	Remote terminal unit (RTU) replacement/upgrade program	Program	-	-	4,000	3,500
Various	Transmission protection and controls upgrade program	Program	-	-	3,750	3,400
Various	Upgrade supervisory controllers for capacitor banks	Program	-	-	3,550	4,550
Various	ACRV - automatic circuit recloser viper install/convert	Program	-	-	-	-
Various	Distribution voltage remediation program	Program	-	-	3,000	3,000
Various	Transformer monitoring	Program	-	-	2,400	4,300
Various	Replace 13 trailer mounted cap banks with fixed banks	Program	-	-	2,100	2,878
Various	Upgrade corrosion protection system for pipe type cable	Program	-	-	2,125	1,700
Various	Transmission pipe type cable pump house upgrade / replacement	Program	-	-	1,060	1,060
Various	Pipe type cable terminal pressure monitoring upgrade program	Program	-	-	-	905

Long Island Power Authori h
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Various	Telecom radio tower & subscriber battery program	Program	-	-	835	-
Various	Distribution breaker replacements	Program	-	-	930	832
Various	Protection lease line upgrade program	Program	-	-	800	400
Various	Cap and pin insulator replacements	Program	-	-	800	800
Various	Substation lightning & grounding upgrades	Program	-	-	790	790
Various	Two-way radio substation local control	Program	-	-	710	-
Various	Distribution automation repeater site alarm monitoring system	Program	-	-	650	240
Various	Pipe type cable low pressure trip	Program	-	-	683	1,366
Various	Mechanical relay replacements	Program	-	-	650	800
Various	Underground transmission cable upgrades	Program	-	-	500	20,000
Various	Annunciator replacement	Program	-	-	500	458
Various	Transmission cables cathodic replacements	Program	-	-	480	374
Various	Substation battery relocation	Program	-	-	1,020	1,402
Various	Distribution automation repeater network and site upgrades	Program	-	-	400	400
Various	Distribution automation repeater antenna & cable replacement program	Program	-	-	330	368
Various	Network protectors electromechanical relay replacement	Program	-	-	320	320
Various	Substation control power transformer replacements	Program	-	-	300	300
Various	Distribution pole mounted switches and RTU replacements	Program	-	-	300	300
Various	Substation battery replacement program	Program	-	-	240	162
Various	Transformer load tap changer replacement program	Program	-	-	-	690
Various	Distribution system improvements - services, branch lines & customer requests	Blanket	-	-	44,300	44,300
Various	Distribution transformers - add/replace	Blanket	-	-	21,588	22,668
Various	Distribution pole replacements	Blanket	-	-	14,054	14,757
Various	Replacement of non-restorable distribution wood pole rejects	Blanket	-	-	12,540	12,916
Various	Accidents	Blanket	-	-	11,550	12,128
Various	Distribution multiple customer outages (MCO)	Blanket	-	-	8,101	8,506
Various	Substation equipment failures	Blanket	-	-	8,000	8,000
Various	Transmission & distribution wood pole reinforcement	Blanket	-	-	5,002	5,221
Various	Transmission system failures	Blanket	-	-	1,654	1,736
Various	Transmission pole replacements	Blanket	-	-	1,654	1,736
Various	Climate driven distribution pole replacements	Blanket	-	-	-	1,194
Various	Climate driven distribution pad mount switchgear program	Blanket	-	-	-	625
Various	Two way radio system operations center dispatch communications equipment	Blanket	-	-	150	175
Various	Climate driven transmission pole replacements	Blanket	-	-	-	3,175
Total Reliability Projects			**$ 356,527**	**$ 25,104**	**$ 300,466**	**$ 391,593**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Ocean Beach	Raise select equipment	Dec-26	10,081	-	881	9,136
Fire Island Pines	Substation relocation	Dec-30	40,256	-	352	603
Various	Storm Hardening Program (Power On)	Program	-	-	51,500	-
Total Storm Hardening Projects			**50,337**	**-**	**52,732**	**9,739**
South Shore Mall	Network protector transformer replacement	Mar-25	1,715	487	1,157	-
Glenwood	Landing substation structural modifications	Mar-25	21,430	18,691	2,738	-
Various	Vacuum excavation project - additional vehicles	Jun-26	850	-	-	850
Various	Transmission operations control room facility replacement (PTCC)	Mar-27	124,376	4,218	14,090	72,979
Various	Radio device management system	Dec-28	3,804	-	-	2,092
System wide	Wireless communications roadmap implementation	Dec-30	16,600	-	-	3,300
Various	LIRR program	Program	-	-	5,002	9,081
Various	Substation security upgrades program	Program	-	-	5,000	-
Various	Substation distribution circuit relay upgrade	Program	-	-	775	757
Various	Minor capital substation improvements	Program	-	-	1,000	1,000
Various	Transfer distribution facilities to new telephone poles	Blanket	-	-	10,780	10,564
Various	Capital tools	Blanket	-	-	2,200	3,200
Various	Salvage	Blanket	-	-	(500)	(500)
Total Economic, Salvage, Tools, Equipment & Other			**168,775**	**23,397**	**42,242**	**103,324**
Grand Total Transmission & Distribution			**$ 1,179,486**	**$ 178,439**	**$ 579,822**	**$ 677,470**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Information Technology

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
OMS CAD System Enhancements Program	2024	$ 2,111	$ 1,450	$ -	$ -
CG Concentrator Replacement	2025	6,676	3,164	-	-
DER to DSCADA Communications Upgrade	2025	2,894	369	-	-
OMS CAD Oracle Database Upgrade LCP	2025	511	1,042	-	-
OMS-CAD Environments Management Enhancements	2025	1,122	983	-	-
GE PowerOn Reliance Upgrade	2025	1,575	6,354	-	-
Cyber Security Tools for Energy Management System (EMS)	2025	9,350	4,888	-	-
E2E Storm Restoration - Resource Allocation and Tracking	2025	3,479	-	-	-
Case Management System Physical Security	2025	715	253	-	-
Access Control Replacement Project	2025	4,244	2,268	-	-
ADMS Network Model and Roadmap - 2025	2025	2,000	-	-	-
ESRI Utility Network Migration	2027	11,250	-	-	5,250
EAM/Maximo Implementation	2029	80,357	4,357	-	5,000
Total Transmission & Distribution		**126,285**	**25,129**	**-**	**10,250**
Community Distribution Generation Billing Automation (CDG)	2024	3,294	2,794	-	-
AMI & MDM Enhancements - 2024	2024	4,934	4,904	30	-
Kubra Enhancement 2024	2025	436	251	185	-
Move In-Move Out (MIMO) Process Improvement Project	2025	1,267	917	-	-
Multi Factor Authentication	2025	850	-	-	-
GRC Tool Deployment	2025	2,910	525	-	-
Kubra Enhancement 2025	2025	900	-	-	-
PEP+ Replacement Including NACHA Bank Account Validation	2025	800	-	-	-
Customer Accounting System (CAS) Enhancements 2025	2025	500	-	-	-
Replace Sonic ESB with Mulesoft	2025	6,150	5,150	1,000	-
Business intelligence & Analytics 2025	2025	1,800	-	430	-
CCaaS 2025 Continuous Improvement	2025	1,500	-	1,500	-
CCaas Copilot and CXOne Expert Implementation	2025	1,100	-	550	-
Time of Day (TOD) Default Rate - 2025	2025	3,100	-	-	-
AMI & MDM Enhancements - 2025	2025	600	-	600	-
Standard Data Platform 2025	2025	2,100	-	-	-
2026 - Annual Customer Rate - Tariff Change	2026	500	-	350	150
Customer Insights and Home Energy Management	2026	1,137	907	-	-
Annual Customer Rate - Tariff Change (Rate change product Enhancement) 2026	2026	500	-	-	500
Business analytics future	2026	11,200	-	-	1,600
Total Customer Service		**45,578**	**15,448**	**4,645**	**2,250**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Information Technology

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
System Separation (IT-7)	2025	75,493	33,917	11,905	-
Team Center Replacement	2025	519	415	-	-
VOIP Phones LCP	2025	200	-	200	-
Verizon TLS Routers LCP - 2025	2025	1,200	-	-	-
JMUX HW Equipment LCP-2025	2025	857	407	150	150
Switch/Router LCP 2025	2025	300	-	300	-
InfoBlox LCP	2025	2,000	-	-	-
F5 LCP	2025	1,100	-	-	-
Windows 11 upgrade	2025	750	125	-	-
Laptop LCP 2025	2025	3,060	-	-	-
MDT LCP 2025	2025	2,160	-	-	-
Workstation LCP 2025	2025	360	-	-	-
Mainframe LCP 2025	2025	368	-	368	-
Ransomware: File Integrity Management Tool	2025	850	-	250	-
Ransomware: Enterprise Offline Backup	2025	3,000	-	500	-
Laptop LCP 2026	2026	1,130	-	-	1,130
Mainframe LCP 2026	2026	368	-	-	368
Oracle 19c Upgrade	2026	1,000	-	-	325
Storage LCP SAN Switch Replacement	2026	3,500	-	-	3,500
Switch/Router LCP 2026	2026	2,700	-	-	2,700
Windows Server 2016 Upgrade	2026	1,000	-	-	1,000
JMUX Replacement	2027	7,000	750	-	2,000
Ransomware: Network Segmentation	2027	1,600	-	-	1,000
Total Information Technology		**111,265**	**35,614**	**13,673**	**12,923**
IT Risk and Contingency	2025	20,000	-	-	-
Total LIPA Reserve for Risk and Contingency		**20,000**	**-**	**-**	**-**
Grand Total Information Technology Projects		**$ 303,128**	**$ 76,191**	**$ 18,318**	**$ 25,423**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Information Technology - Cyber Security

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Cybersecurity Continuous Improvement for CNI	2024	$ 2,506	$ 2,456	$ -	$ -
Cybersecurity Continuous Improvement	2024	3,415	2,993	-	-
Cybersecurity NIST-CSF Tier 3 implementation	2025	10,202	9,902	-	-
CyberArk for CNI	2025	7,233	4,968	-	-
Ransomware: SOC 24/7 Availability	2025	400	-	-	-
Sailpoint Access Control	2025	4,871	2,721	500	-
NIST CSF 2024 Assessment Response	2025	3,000	-	-	-
CCI for CNI 2025 P1: Enterprise SailPoint Expansion into OT	2025	1,500	-	-	-
Grand Total Information Technology - Cyber Security Projects		**$ 33,127**	**$ 23,040**	**$ 500**	**$ -**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Utility 2.0

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025	Projected 2026
Electric Vehicle (EV) Program	2026	$ 2,945	$ 823	$ 2,010	$ 113
Electric Vehicle (EV) Make-Ready Phase II	2026	14,199	1,546	6,361	6,292
Fleet Make Ready Program	2026	4,489	539	1,470	2,480
IEDR Platform	2026	5,378	381	3,396	1,601
New Program Funding		-	-	-	5,000
Total Utility 2.0 Projects		**$ 27,012**	**$ 3,289**	**$ 13,237**	**$ 15,486**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
All Other

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
	Purchase Electric Meters	Blanket	$ -	$ -	$ 2,890	$ 2,841
	Meter Services Capital Labor	Blanket	-	-	-	5,550
	Tools/Equipment - Meter Services	Blanket	-	-	-	550
	Solar Battery Backup Kit	Blanket	-	-	354	385
	AMI Network Capacity Project	Program	-	-	-	-
Total Customer Service Projects			**-**	**-**	**3,244**	**9,326**
	Facilities Leasehold Improvements	Blanket	-	-	-	2,186
	New Operation Yard	Dec-26	82,930	16,651	43,574	22,705
	Property Strategy - Riverhead ACQ & DEV	Aug-28	89,988	-	-	2,588
Total Other General Plant Projects			**172,918**	**16,651**	**43,574**	**27,479**
	Fleet	Program	-	-	1,283	43,867
Total Fleet Projects			**-**	**-**	**1,283**	**43,867**
Total T&D and Other Projects			**$ 1,715,671**	**$ 297,610**	**$ 659,978**	**$ 799,051**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
All Other

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/24 (a)	Proposed 2025 (b)	Projected 2026
Shoreham	Construction of 50MW battery energy storage system	Dec-25	2,308	434	1,874	-
Valley Stream	Upgrade relays at 138kV substation (Q#1289-upgrade)	Mar-27	1,226	20	116	694
Newbridge	Replace 138kV breaker 1460 (Q#1289-upgrade)	Jun-27	9,962	59	430	2,342
Ruland	Install reactors on 138-561/562 circuits to Newbridge (Q#1289-upgrade)	Jun-27	8,075	92	807	3,000
Valley Stream	Install reactor on circuit 138-262 (Q#1289-upgrade)	Jun-27	15,719	80	1,003	5,909
Lake Success	Upgrade relays at 138kV substation (Q#1289-upgrade)	Jun-27	6,113	17	323	1,506
Stewart Avenue - Uniondale Hub	Upgrade 138kV Relays (Q#1289-UPGRADE)	Dec-27	1,606	16	115	334
Stewart Avenue - Uniondale Hub	Install reactors on circuits 138-462/463 (Q#1289-upgrade)	May-28	33,543	8,957	1,705	3,483
Barrett	Upgrade relays at 138kV substation (Q#1289-upgrade)	Jun-28	2,232	19	165	70
Holbrook	Replace 138kV switch 1322 with a breaker (Q#1289-upgrade)	Jun-28	5,895	45	462	954
Northport	Replace 138kV breakers PPTN (Q#1289-NUF)	May-29	11,214	21	320	350
Pilgrim	Replace 138kV breakers PPTN (Q#1289-NUF)	May-29	4,389	20	121	200
Syosset	Replace UG section of 138-676 circuit to Greenlawn (Q#1289-upgrade)	Dec-29	114,959	2,944	667	3,757
Newbridge	Convert 138kV Ckt SAUH-Ruland 138-467/567 to 345kV (Q#1289-upgrade)	May-30	45,029	446	1,440	3,678
Barrett	Interconnect to New Barrett 138/345kV sub (Q1289-NUF)	May-30	87,726	-	-	2,967
Northport	Install new 138kV phase angle regulator (Q#1289-upgrade)	May-30	46,739	1,141	2,341	1,832
Offshore Wind Transmission			**396,736**	**14,311**	**11,889**	**31,076**
FEMA Grant: Storm Hardening			**-**	**-**	**33,202**	**116,471**
Storm Capitalization			**-**	**-**	**3,340**	**3,340**
Total PSEG Long Island Capital Budget			**$ -**	**$ -**	**$ 708,409**	**$ 949,939**

Notes:
a) Project to date expenditures includes projects that began prior to 2024.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets
($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Pending Authorization

Location	Investment Description	2025 Pending Authorization
Various	Branch line reclosers	17,515
Various	Transmission wood pole replacement on the LIRR right-of-way	500
Various	ACRV - automatic circuit recloser viper install/convert	2,092
Various	Capital tools	1,000
Various	T&D R&C	11,552
Total Transmission & Distribution		**32,659**
	GE PowerOn Reliance Upgrade	2,996
	E2E Storm Restoration - Resource Allocation and Tracking	2,894
	OMS-CAD Environments Management Enhancements	139
	Cyber Security Tools for Energy Management System (EMS)	1,788
	Case Management System Physical Security	462
	Access Control Replacement Project	1,976
	ADMS Network Model and Roadmap - 2025	2,000
	ESRI Utility Network Migration	500
	Kubra Enhancement 2025	900
	PEP+ Replacement Including NACHA Bank Account Validation	800
	CCaas Copilot and CXOne Expert Implementation	550
	Time of Day (TOD) Default Rate - 2025	2,200
	Standard Data Platform 2025	2,000
	Windows 11 upgrade	375
	Laptop LCP 2025	3,060
	MDT LCP 2025	2,160
	Workstation LCP 2025	360
	InfoBlox LCP	2,000
	F5 LCP	1,100
	Verizon TLS Routers LCP - 2025	1,200
	JMUX Replacement	2,000
	Ransomware: File Integrity Management Tool	600
	Ransomware: Enterprise Offline Backup	2,500
	Ransomware: Network Segmentation	1,600
	IT R&C	20,000
Total Information Technology		**58,260**

($ in thousands)

2025 Proposed and 2026 Projected Capital Expenditures
Pending Authorization

Location	Investment Description	2025 Pending Authorization
	CyberArk for CNI	1,183
	Sailpoint Access Control	1,500
	Ransomware: SOC 24/7 Availability	400
IT - Cybersecurity		**3,083**
	Meter Services Capital Labor	5,260
	Tools/Equipment - Meter Services	500
	AMI Network Capacity Project	158
Total Customer Service		**5,918**
	Facilities Leasehold Improvements	2,231
	Property Strategy - Riverhead ACQ & DEV	12,650
Total Other General Plant		**14,881**
Various	FEMA Grant: Storm Hardening	8,042
Total FEMA		**8,042**
Various	Property Acquisition	51,112
Total Property Acquisition		**51,112**
Total Pending Project Authorization		**$ 173,955**

Long Island Power Authority
2025 Proposed and 2026 Projected Budgets

LIPA's Relationship with New York State Government

LIPA is a component unit 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 system of the Long Island Lighting Company as a wholly owned subsidiary. 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. In order to assist LIPA in providing electric service to its customers, LIPA entered into operating agreements to provide operating personnel and a significant portion of the power supply resources necessary to provide electric service.

Under LIPA's business model, essentially all costs of operating and maintaining LIPA's T&D system incurred by PSEG Long Island are paid for by LIPA.

Budget Process

Under the terms of the LIPA Reform Act and the Second Amended and Restated Operations Services Agreement, the LIPA Consolidated Budget and Financial Plan are jointly developed by LIPA and its Service Provider, PSEG Long Island.

The LIPA Consolidated Budget outlines projected spending by major expense and revenue category. The budget reflects the operating and capital costs required to provide electric service in the Service Area.

Budget Development Schedule:

- May through October:
  - LIPA and PSEG Long Island develop projections of current year spending and preliminary budget forecasts for the upcoming year and financial plan.
- July through August:
  - PSEG Long Island submits an Operating Budget request to LIPA, including base Budget inflation and productivity projections as well as new programmatic funding requests.
  - PSEG Long Island provides LIPA with preliminary Capital project spending projections.
- August and September
  - LIPA conducts a review and analysis of PSEG Long Island budget submission. LIPA provides PSEG Long Island with feedback and budget recommendations.
  - LIPA produces budget schedules for other Operating Expenses, Debt Service, and Investment Income.
  - LIPA provides PSEG Long Island its portion of the Consolidated Budget.
- October
  - PSEG Long Island produces a LIPA Consolidated Budget.
  - The LIPA Consolidated Budget is reviewed by senior level staff from both LIPA and PSEG Long Island.
  - The LIPA Consolidated Budget is approved by LIPA's CEO.
- November:
  - The Board of Trustees is briefed on the budget during regular board meeting.
  - Public Hearings are held in November to solicit comments from the public.
- December: The Board of Trustees votes on the adoption of the LIPA Consolidated Budget.

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