Consumers using more energy efficient appliances and lighting

Flat or declining electric sales due to PV solar and energy efficiency

Rapidly declining cost of clean energy and battery storage

Nation-wide push for clean energy mandates and goals
PEAK LOAD FORECAST CONTINUES TO DECLINE
CONTINUED INCREASE IN SOUTH FORK ELECTRIC DEMAND

- Actual projected load forecast for South Fork for 2019 is 3 megawatts higher than forecasted in 2015

- Load reduction programs, temporary generators, and transmission improvements are adequate to meet the 2019 need

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast in 2015 South Fork RFP</th>
<th>2019 Forecast (w/o Demand Response)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>321</td>
<td>324</td>
</tr>
<tr>
<td>2030</td>
<td>420</td>
<td>420</td>
</tr>
</tbody>
</table>
Four developers submitted 18 offshore wind bids to NYSERDA

- Awards expected Spring 2019
- Bids are located at nyserda.ny.gov/OSW-2018-Solicitation
Northport Plant Energy Production Down 78% Since 1999 (Plant Capacity Factor)

- 1999: 54%
- 2017: 12%

78% Reduction in Energy Production

Northport Plant Taxes Are Up 43% Since 1999

- 1999: $57,583,291
- 2017: $82,150,000

43% Increase in Taxes

- Plant Valuation x Property Tax Rate = PLANT TAXES ($82 million)

- PLANT VALUATION = Replacement Cost if New – Depreciation – Other Adjustments
• LIPA settlement offer to Town of Huntington was 50% reduction in taxes phased-in gradually over the remaining term of the National Grid Power Supply Agreement expiring in April 30, 2028
  • Same as the Port Jefferson Settlement Agreement concluded in December 2018
• Mediation was unsuccessful; trial to conclude in April 2019

*LIPA estimated combined cycle replacement cost $2.376 billion, simple-cycle $1.158 billion

CEO Report