FitchRatings

RATING ACTION COMMENTARY

Fitch Rates LIPA Electric System Rev Notes 'A'; Outlook Stable

Thu 07 Jan, 2021 - 2:11 PM ET

Fitch Ratings - New York - 07 Jan 2021: Fitch Ratings has assigned an 'A' rating to the following Long Island Power Authority (LIPA or the authority) bonds:

--Approximately $250 million electric system general revenue notes series 2021.

Proceeds from the series 2021 notes will be used to fund a portion of the approximately $300 million in costs related to Tropical Storm Isaias, other storms, and other emergencies affecting the service area, as well as to pay issuance costs. The notes will be sold with a fixed interest rate through final maturity, anticipated in 2025.

In addition, Fitch has affirmed the following LIPA ratings at 'A':

--Issuer Default Rating (IDR);

--Approximately $3.7 billion senior-lien electric system revenue and refunding bonds.

The Rating Outlook on all ratings is Stable.

ANALYTICAL CONCLUSION

The ratings reflect LIPA's improved leverage ratio and Fitch's expectation that the deleveraging trend that began in 2015 will continue through 2024. While leverage, as measured by net adjusted debt-to-adjusted funds available for debt service (FADS), may weaken slightly in 2020 and 2021 as a result of challenges related to the ongoing coronavirus pandemic and Tropical Storm Isaias that hit Long Island in August 2020, ratios are expected to trend toward 8.0x in Fitch's scenario analysis and benefit from LIPA's revenue-decoupling mechanism (RDM) and Federal Emergency Management Agency (FEMA) reimbursement for storm costs.

While the series 2021 proceeds will provide interim funding of storm costs, the RDM is expected to provide for the ultimate recovery of budgeted revenues, albeit on a deferred basis, and FEMA reimbursements are expected for 75% of Isaias costs. Timing delays could push LIPA's leverage toward 9.0x in 2020; however, ratios are still expected to stabilize at around 8.0x in 2022 and 2023 as energy sales stabilize, FEMA reimbursements are collected, operating cash flow improves, and debt balances remain nearly unchanged.

LIPA's very strong service area, more disciplined approach to rate setting and authorized RDM should sustain its very strong revenue defensibility and overall performance even through the periods of stress, further supporting its financial profile and the final rating. LIPA's operating cost burden remains comparatively high within the sector. However, ongoing efforts to moderate costs and operating risk have been reasonably successful in recent years, and are factored in the rating.

The poor response of PSEG Long Island (PSEGLI), LIPA's system operator, to Tropical Storm Isaias has resulted in litigation and driven LIPA to consider alternate options for managing its assets, but is not expected to have a meaningful effect on LIPA's rating at this time. The net financial impact of the storm will be limited by FEMA reimbursements and other offsetting responses, and the most material restructuring response, a sale of LIPA's assets to a private entity, appears to be uneconomic. LIPA's final report and recommendation to its Board of Trustees is expected in March 2021 and will be evaluated at that time.

CREDIT PROFILE

LIPA owns one of the largest municipal electric distribution systems in the U.S., serving about three million people located throughout New York's Nassau and Suffolk counties and the Rockaway section of New York City. LIPA has provided electric service throughout the area since May 28, 1998, when it acquired the investor-owned utility, the Long Island Lighting Company (LILCO), as its wholly owned subsidiary. Since the acquisition, the LILCO subsidiary does business under the acronym LIPA.

LIPA's business model is unique. The authority owns the electric transmission and distribution system located throughout its service territory. However, O&M of the system and significant responsibilities for power supply are contracted for with external service providers. Currently, system services are provided by PSEGLI (a subsidiary of Public Service Enterprise Group [PSEG]), pursuant to an amended and restated operating services agreement (OSA) that took effect Jan. 1, 2014 and extends to Dec. 31, 2025. Modifications in 2013 greatly expanded the responsibilities of PSEGLI and were adopted largely in response to the LIPA Reform Act, which sought to restructure LIPA's operations following criticism from customers, local politicians and the governor's office that LIPA's response and timeliness in restoring power following Superstorm Sandy was inadequate.

PSEGLI's poor response to Tropical Storm Isaias has once again led to consideration of alternative options to the current arrangement, including termination of the OSA and the assumption of management responsibilities by LIPA itself. The storm response was hampered by failures in PSEGLI's communications and outage management systems, as well as allegations of broad mismanagement. Both the LIPA board of trustees and the New York Department of Public Service (DPS) support the current analysis of management options.

Historically the majority of LIPA's power supply was purchased pursuant to a power supply agreement (PSA) with National Grid plc (BBB/Stable). The current contract commenced in May 2013 and replaced an earlier contract that was executed concurrently with the formation of LIPA in 1998. The PSA provides LIPA with access to approximately 3,700MW of legacy on-island generating capacity currently owned by National Grid. The current PSA extends to May 2028.

The remainder of LIPA's energy supply needs is met through a portfolio of purchased power agreements and its ownership in the Nine Mile Point 2 (NMP2) nuclear facility. Power supply and fuel management services are provided by PSEG Energy Resources & Trade LLC, a PSEG affiliate.

Coronavirus Impact

Material credit impacts from the coronavirus pandemic, and related public health orders and economic shocks, are limited to date. LIPA's retail electric sales are estimated to decline approximately 4.1% in 2020 from 2019 levels, and 3.6% below budget. Uncollectible accounts are a manageable $9.1 million above budget. While LIPA's performance through most recently available data has indicated that the impact is manageable, Fitch's ratings are forward-looking in nature, and Fitch will monitor developments related to the severity and duration of the virus outbreak, and incorporate revised expectations for future performance and assessment of key rating drivers.

Revenue Defensibility: 'aa'

Very Strong and Mature Service Area.

LIPA's revenue defensibility assessment reflects the revenue stability provided by its primary role as a transmission and distribution utility and exceptionally strong service area profile. The assessment also factors in LIPA's legal ability to determine rates and its affordable cost of electric service.

Operating Risk: 'bbb'

Above Average Operating Costs.

Operating risk is assessed as midrange given LIPA's relatively high operating cost burden of 15.8 cents per kilowatt hour (kwh) in 2019, which reflects legacy acquisition costs, challenges related to serving LIPA's island geography and high payments in lieu of taxes (PILOTs).

Financial Profile: 'a'

Improved Cash Flow Supports Lower Leverage.

Lower leverage of 8.8x and higher coverage of full obligations of 1.2x in 2019 reflected a series of base rate increases and the resulting improvement in FADS, together with increasing cash on hand. While leverage may increase slightly in 2020 and 2021, it is expected to stabilize at around 8x in 2022 and 2023, which is supportive of the financial profile assessment and final rating.

ASYMMETRIC ADDITIONAL RISK CONSIDERATIONS

There are no asymmetric additional risk considerations factored in the rating.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to a positive rating action/upgrade:

--A sustained reduction in leverage, approximating 7.0x;

--A sustained reduction in operating cost burden to below 15 cents/kWh, which improves the authority's operating risk assessment to 'a'.

Factors that could, individually or collectively, lead to a negative rating action/downgrade:

--Failure to sustain leverage below 9.0x;

--Failure to implement planned rate increases;

--Increased political pressures that weaken performance and introduces asymmetric risk;

--Higher than anticipated capital expenditures and related borrowings.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit [https://www.fitchratings.com/site/re/10111579].

SECURITY

The series 2021 notes are senior-lien obligations of LIPA secured by the net revenues of the electric system, after payment of operating and maintenance expenses.

REVENUE DEFENSIBILITY

LIPA's utility operations exhibit very strong revenue source characteristics, anchored by the authority's electric services. While LIPA allows customers to purchase energy from third-party providers, the authority's existing tariff structure provides that alternate energy service providers would be required to pay LIPA the full value of unavoidable power supply charges that would otherwise be recovered from nonparticipating customers, offsetting much of the related credit risk. According to LIPA, less than 2,500 customers are supplied by alternate suppliers.

Very Strong and Mature Service Area

LIPA provides transmission and distribution service throughout a built-out territory that exhibits exceptionally strong demographics and very stable demand characteristics. The territory includes most of Nassau (A/Stable) and Suffolk (BBB+/Negative) counties in Long Island, and a small portion of Queens, NY. As of YE 2019, the authority served approximately 1.1 million customers and a population of approximately three million. Both Nassau and Suffolk counties benefit from a broad and diverse economy, a well-educated workforce, and close proximity to New York City. Median household income ratios in both Nassau ($111,240) and Suffolk ($96,675) counties remain well above the national average and among the highest in the nation, while unemployment throughout the counties is below state and national averages.

Energy sales at LIPA declined 1% per year on average over the past five years, reflecting efficiency gains, weather patterns and modest customer growth that is somewhat constrained by the mature and well-developed nature of large portions of the service area, despite the service area's strong demographics profile.

LIPA's customer base is well diversified, exhibits no customer concentration and is heavily weighted toward residential users, which account for approximately 56% of revenues. Commercial users account for approximately 44% of revenue. LIPA does not serve any large energy-intensive customers, more typical of the industrial service class. LIPA's 10 largest customers typically account for approximately 6% of retail revenues, with the largest user (the Long Island Rail Road) representing less than 2% of electric sales and revenues.

LIPA's considerable residential customer base has supported 2020 energy sales despite the economic impact of the coronavirus pandemic, state-imposed closures on nonessential businesses, limitations on gatherings and mandated social distancing. While 2020 commercial sales are estimated to be 13% lower versus projections, residential sales are estimated to rise nearly 8%.

Legal Ability to Set Rates

LIPA's rate flexibility is assessed as very strong despite retail rates that ranked among the highest in the nation, and a history of pressure to moderate rate increases from ratepayers and local constituents alike. Fitch's assessment focuses on LIPA's legal ability to determine rates, which, while influenced by recent reforms, has not been undermined. It also factors in the authority's improving rate competitiveness and affordability, as measured by average annual electric costs to income levels.

LIPA's rates for electric service are legally determined by the authority's board of trustees and are not subject to the approval of the New York Public Service Commission (NYPSC) or any other regulatory authority. However, following passage of the LIPA Reform Act in July 2013, a new office within the DPS, which is the staff arm of the NYPSC, was established to make recommendations with regard to LIPA's rates, operations and programs. The act further required that the DPS review for recommendations included in LIPA's mandated three-year rate plan for 2016-2018, and all future delivery rate increases exceeding 2.5%.

The DPS concluded its initial review of LIPA's three-year rate plan in September 2015, and LIPA's board approved the rate plan in December 2015. Overall, Fitch viewed the DPS's recommendations as constructive. Although the recommendations reduced LIPA's original three-year revenue request by 26.4%, the DPS positively endorsed several rate adjustment mechanisms to offset variability in some of LIPA's largest expense items, including debt service, storm damage, energy efficiency, PILOTs, and fuel and purchased power costs.

The authority has not proposed a rate increase of more than 2.5% since the initial rate plan concluded, and does not expect to do so through 2022, obviating the need for DPS review. To the extent that increases exceeding 2.5% are necessary to support credit quality, and the DPS review process and LIPA board approvals constrain revenue over time, Fitch's assessment of rate flexibility could be lowered.

LIPA's rate flexibility is further supported by the regional competitiveness of its retail rates and the very high affordability of electric service. While LIPA's residential rates of roughly 20 cents/kWh remain 13% above the New York state average, comparisons against neighboring systems, including Consolidated Edison Company of New York and United Illuminating, are more favorable. Moreover, despite the absolute level of rates, the affordability of LIPA electric service remains very high. The retail cost of electricity for LIPA's residential customers represents less than 2% of median household income, lower than the national average.

LIPA's revenue defensibility assessment is further supported by its electric rate structure, which includes recovery mechanisms for more than 80% of its revenue requirements and an RDM that will annually adjust for the difference in actual revenues versus DPS recommended revenues. Electric rates incorporate a base delivery service charge, as well as a series of charges and riders designed to automatically recover fuel and purchased power expenditures, required PILOT payments, and costs related to energy efficiency and renewable resources. Most of the recovery mechanisms are adjusted at least annually, including the authority's power supply charge, which is adjusted monthly. LIPA's largest adjustment factor remains the power supply charge, which recovers 50% of total revenue. Together, these mechanisms should stabilize margins even during periods of higher demand and cost volatility.

OPERATING RISK

LIPA's operating cost burden is assessed as midrange, reflecting operating costs that are well above the national average and have consistently exceeded 15 cents/kWh over the last five years. LIPA's comparatively high cost burden reflects, among other factors, the high cost structure and debt burden of the original acquisition, the inherent challenges of serving the island geography and PILOT payment requirements that are more than double the average of the Fitch-rated portfolio. The burden is expected to grow in 2020 reflecting storm restoration costs that will exceed budget by almost $277 million (with Isaias costs at $298 million), and lower energy sales, but should remain consistent with the assessment.

LIPA relies heavily on purchased resources to meet its energy demand and capacity requirements. Declining wholesale market prices and expanded access to regional energy markets moderated the cost of LIPA's energy supply in recent years by allowing the authority to displace more expensive generation from its PSA resources in favor of more economic energy purchases from independent power producers and short-term purchases in the regional electricity markets.

Most of LIPA's available capacity remains rooted in its legacy PSA with National Grid. Although available capacity under the agreement has declined slightly in recent years as a result of unit retirements, the agreement still provides important access to 3,700MW of on-island gas/oil-fired resources; approximately 64% of the authority's total capacity requirements. Power is supplied under the PSA at rates and charges approved by the Federal Energy Regulatory Commission.

However, the addition of several new system interconnections over the last decade significantly increased LIPA's access to a broad range of off-island resources and improved LIPA's power supply diversity. The interconnections, which include several underwater cables, now provide in aggregate more than 2,125MW of import capacity that is partially owned or contracted and capable of supplying up to 40% of LIPA's peak energy requirements. Purchases pursuant to the PSA steadily declined to 19% of requirements in 2019 from 51% in 2005, whereas purchases from other suppliers, including short-term purchases, now account for 63% of requirements.

Current requirements for PILOT payments by LIPA remain another meaningful contributor to the authority's cost burden. PILOT payments and assessment totaled 9.6% of total revenue in 2019, well above the 4.8% average for the Fitch-rated portfolio. Including property taxes, aggregate payments were even higher totaling 15.7% of revenue in 2019.

Recent efforts to address the burden, including provisions of the LIPA Reform Act that limit annual increases to no more than 2% and a settlement to reduce payments related to the Port Jefferson Power Station, should moderate payments. Even more meaningful reductions hinge on the approval of recent settlements with Nassau County and the town of Huntington. A favorable outcome on these initiatives could lower total property tax payments to $138 million in 2027 from $214 million in 2019.

Operating Cost Flexibility

LIPA's operating cost flexibility is assessed as neutral. As noted above, the authority worked to diversify its power supply mix, adding roughly 1,850MW of purchased capacity from independent generating units located on Long Island and elsewhere. LIPA's current portfolio of contracts includes roughly 30 individual agreements with expiration dates and capacity ranging between 2020 and 2042 and between 2MW and 685MW, respectively. Natural gas is the predominant fuel source for the vast majority of the contracted capacity, supplemented by smaller amounts of nuclear, solar, hydro, oil-fired and refuse capacity. Additional contracts for renewable energy, particularly offshore wind, are expected to diversify resources going forward.

LIPA's minority 18% ownership interest in the (NMP2) nuclear generating station (224MW share) facility located in Oswego, NY, and operated by Constellation Energy Nuclear Group, LLC, accounts for roughly 4% of LIPA's capacity and 10% of its energy supply, broadening the authority's fuel mix and operating cost flexibility even further.

The authority's available capacity remained comfortably above peak demand (5,269MW in 2019) in recent years, due to moderate summer temperatures and energy-efficiency initiatives. Reserve margins ranged between 9% and 17% since 2015.

Capital Planning and Management

LIPA's capex needs are assessed as moderate, evidenced by a low average age of plant (10 years) and the robust capex program that the authority has undertaken in recent years, which is expected to continue. Since 2015, capex averaged 147% of depreciation.

Recent resource planning by PSEGLI suggests that peak demand will decline by 750MW, or 14% by 2030, primarily due to the greater adoption of energy efficiency and rooftop solar. These plans not only confirm that there is no need for additional baseload capacity through the foreseeable future, but also provides an opportunity to retire existing capacity and continue the transformation of LIPA's resource portfolio. LIPA recently announced its intention to retire 400MW-600MW of steam capacity as early as 2022, and 64MW of combustion turbine and peaking facilities by the end of 2021.

LIPA plans to begin another integrated resource plan (IRP) in 2021 to consider future projects to meet the service area need and goals outlined in New York State's Climate Leadership and Community Protection Act (CLCPA). Given LIPA's commitment to the CLCPA, resource planning is expected to involve the integration of over 3,000MWs of offshore wind energy by 2035 and the addition of 175MW-200MW of energy storage by 2025.

Despite limited generation needs, LIPA's five-year capex budget of approximately $3.5 billion remains elevated. The increased investment in the electric system reflects LIPA's remaining initiatives related to strengthening system resiliency, reliability and storm hardening, as well as major projects related to smart meter installation and reliability. LIPA expects to debt finance roughly 70% of the planned capex over the next three years, which exceeds its target of 64%. The higher debt funding is designed to minimize the rate impact to customers still struggling due to coronavirus pandemic. FEMA grants and cash from operations will provide the remainder of funding.

FINANCIAL PROFILE

LIPA's financial profile assessment reflects the authority's improving leverage ratio, cash flow and coverage metrics. Cash flow and coverage metrics improved steadily since 2015 as improving FADS, driven by rate increases and improved cost recovery, outpaced slightly higher debt service. The improvement in LIPA's FADS, despite lower operating income, reflects the effect of certain noncash charges and funds received to offset certain debt obligations, as well as higher revenue requirements approved as part of LIPA's 2016 rate plan and subsequent rate increases. Overall, FADS grew to $1.41 billion in 2019 from $1.31 billion in 2015. Coverage of LIPA's full obligations, which conservatively incorporates the authority's sizable PILOT payments and a portion of purchased power expense as a fixed obligation, improved to 1.23x in 2019 from 1.12x in 2015.

Leverage, as measured by the ratio of net adjusted debt-to-adjusted FADS, also steadily improved to 8.8x at YE 2019 from over 9.8x in 2015, due to the authority's improved cash flow and its accumulation of cash reserves. Fitch calculates LIPA's net adjusted debt burden for 2019 at roughly $11.8 billion, which is relatively unchanged from YE 2017. The calculation incorporates LIPA's long- and short-term borrowings ($10.8 billion; including Utility Debt Securitization Authority [UDSA] borrowings), capitalized purchased power obligations pursuant to Fitch's criteria ($2.2 billion), and modest net pension obligations ($3.2 million), offset by cash and investments that are unrestricted and/or available for debt service ($1.1 billion) and debt service reserve funds ($109 million).

LIPA's liquidity profile also improved, supporting a neutral assessment. Total liquidity, including borrowing capacity under its revolving credit agreement and CP program, improved to 307 days in 2019 from 203 days in 2015. LIPA intends to maintain solid liquidity levels of at least $250 million in cash and available credit of at least 120 days of operating expenses.

Fitch Analytical Stress Test (FAST) - Base and Stress Cases

Overall performance through Fitch's FAST scenario analysis is expected to remain relatively stable and consistent with the authority's financial profile assessment despite the impact of the pandemic and Tropical Storm Isaias. Fitch's base case has been updated to consider the impact of the pandemic, including lower energy sales, as well as LIPA's rate actions, recovery clauses, RDM collections and FEMA reimbursements.

The base scenario also reflects assumptions consistent with LIPA's 2020 and 2021 budgets, including annual base rate increases of 2.5% and annual capital expenditures ranging between $771 million and $648 million. Fitch's base case considers estimates of a 4.1% decline in energy sales in 2020, followed by a modest increase of 0.2% in 2021, and declines of 0.6%, 1.9% and 1.3% in the three years thereafter. The base case further assumes the full payment of Isaias expenses in 2020 and 2021, with partial recovery collected from FEMA in 2022 and 2023.

The results of the scenario analysis indicate that, including revenue related to storm delivery service adjustments, as well lower energy sales and the delayed timing related to FEMA reimbursements, the authority's leverage ratio could rise modestly in 2020 before trending lower toward 8.2x in 2022. Higher than normal capital expenditures, together with required funding for storm costs, is expected to increase borrowings over the near term. However, debt levels should decline thereafter as capex requirements decline and scheduled debt and capital lease principal payments are made. Coverage of full obligations is expected to remain relatively stable at 1.2x over the scenario and cash balances remain neutral to the rating.

The results of Fitch's stress scenario are less of a consideration in the analysis as the base case scenario incorporates continued economic weakness related to the coronavirus and the impact of storm costs. Moreover, LIPA's regulatory-approved RDM allows for tariff changes to recover lost revenues attributable to changes in demand.

Finally, Fitch's assessment recognizes that LIPA's leverage ratio is modestly overstated given the terms of the unique UDSA-issued debt, which provides for mandated debt service coverage and related revenue collection that are lower than the authority's remaining indebtedness.

Debt Profile

LIPA's debt profile remained relatively unchanged and is neutral in Fitch's assessment. Total debt obligations stabilized in recent years and totaled $10.8 billion at YE 2019, including the authority's electric system revenue bonds, capitalized lease obligations and securitized restructuring bonds issued by the UDSA (a special-purpose corporate municipal instrumentality of the State of New York).

Part of the LIPA Reform Act created the UDSA and authorized the issuance of restructuring bonds to retire a portion of the authority's outstanding debt, lowering debt costs. The securitization law permits the UDSA to create and collect separate irrevocable and non-bypassable restructuring charges from LIPA's distribution customers that are sufficient to meet its restructuring bond obligations. Moreover, the legislation provides that restructuring charges must be adjusted at least annually to ensure that aggregate collections are sufficient to meet scheduled restructuring bond payments. The restructuring charges are not subject to the lien of LIPA's master or subordinate general resolution supporting its electric system revenue bonds.

The UDSA-issued restructuring bonds (AAAsf) benefit from the strength and stability of the underlying legislatively approved restructuring charges and defined property rights in the restructuring property, which, together with the characteristics of LIPA's service area, provide bondholders with enhanced protections and repayment expectations that lowered financing costs. Although Fitch recognizes the benefits of the separately secured restructuring bonds, which are not direct obligations of the authority, the required restructuring charges remain an obligation and burden of current ratepayers, limiting the benefits attributable to the initiative in Fitch's view.

LIPA issued $4.5 billion in securitized restructuring bonds pursuant the initial securitization law and subsequent amendments. All of the proceeds were used to repay or defease outstanding LIPA debt of matching maturity dates, as required. LIPA estimates that the restructuring debt resulted in present value savings of $492 million and lowered revenue requirements by a like amount, which Fitch views favorably. LIPA completed all legislatively approved securitizations.

In aggregate, approximately 9% of LIPA's debt was variable rate, and the remainder was fixed rate, including the securitization bonds at YE 2019. Overall, interest rate and liquidity risk is limited as a portion of the authority's variable-rate debt that is hedged through a floating- to fixed-interest rate swaps, and exposure to failed remarketings or mandatory redemptions is mitigated by the terms of the floating-rate note agreements. LIPA maintains an aggregate $1.2 billion of short-term borrowing arrangements and commercial paper programs, with expiration dates that are comfortably staggered through 2022.

ASYMMETRIC ADDITIONAL RISK CONSIDERATIONS

Management and Governance

Fitch views LIPA's governance and management as neutral at this time. LIPA's governing board was reduced to nine members from 15, effective Jan. 1, 2014. Five members of the board are appointed by the governor, two by the state Senate majority leader and two by the state assembly speaker. The chairperson is appointed by the governor. Each trustee serves for a four-year term. The law stipulates that all board members have relevant utility, corporate board or financial experience. However, despite maintaining an independent, albeit appointed, governing board, Fitch remains concerned with the influence legislators and local consumer groups can exert on governance, as exhibited in the passage of the LIPA Reform Act.

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Long Island Power Authority (NY)	LT IDR	A Rating Outlook Stable	Affirmed	A Rating Outlook Stable
• Long Island Power Authority (NY) /Electric System Revenues/1 LT	LT	A Rating Outlook Stable	Affirmed	A Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Public Sector, Revenue-Supported Entities Rating Criteria (pub. 27 Mar 2020) (including rating assumption sensitivity)

U.S. Public Power Rating Criteria (pub. 30 Mar 2020) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Public Power - Fitch Analytical Stress Test Model, v1.1.3 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Long Island Power Authority (NY)	EU Endorsed, UK Endorsed

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