

Report to the LIPA Finance and Audit Committee

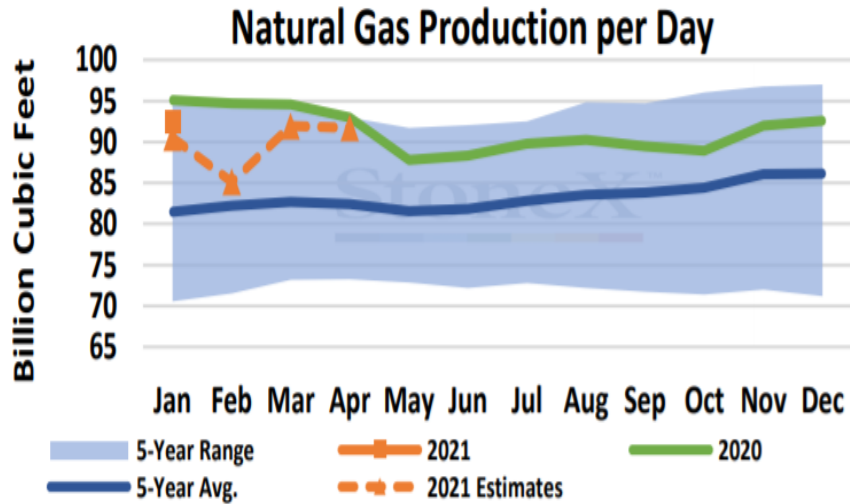
May 19, 2021

Power Supply Hedge Update

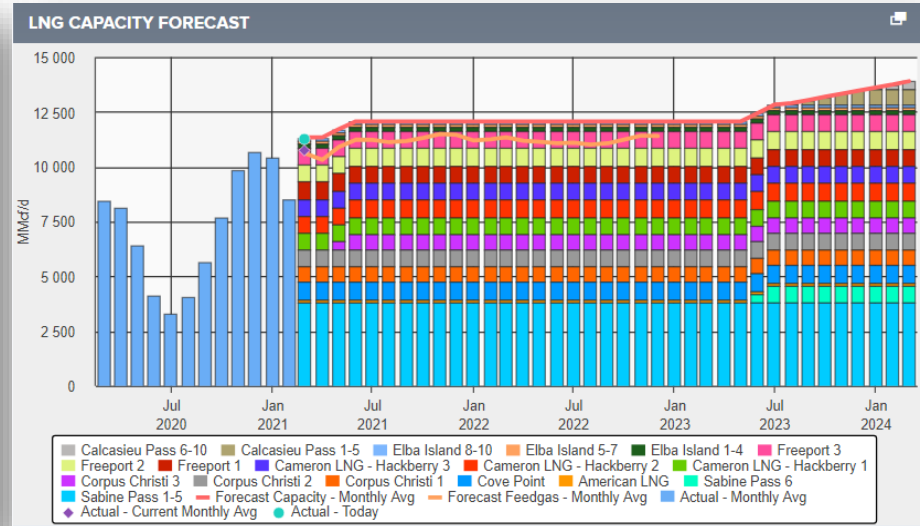
Agenda

- Recent Natural Gas Supply and Demand Fundamentals
- The Weather This Summer Will Be....
- Hedging Is Prudent–Volatility of Power Supply Charge vs. Market

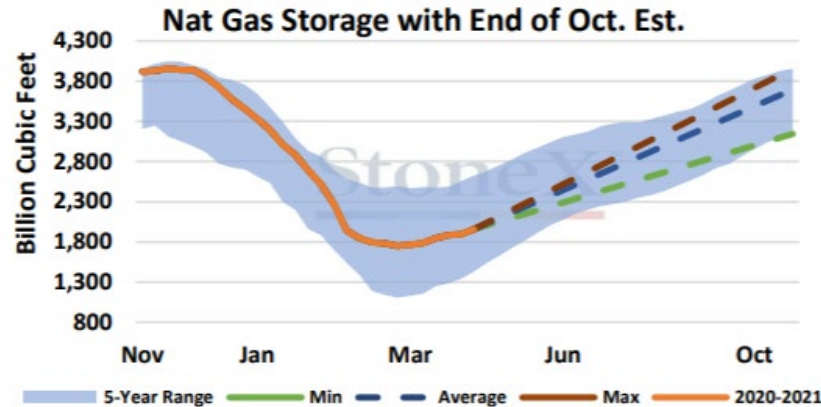
Natural Gas Supply Fundamentals...similar production to last year, increased exports and the race to fill storage over this summer for winter 2021/'22 usage



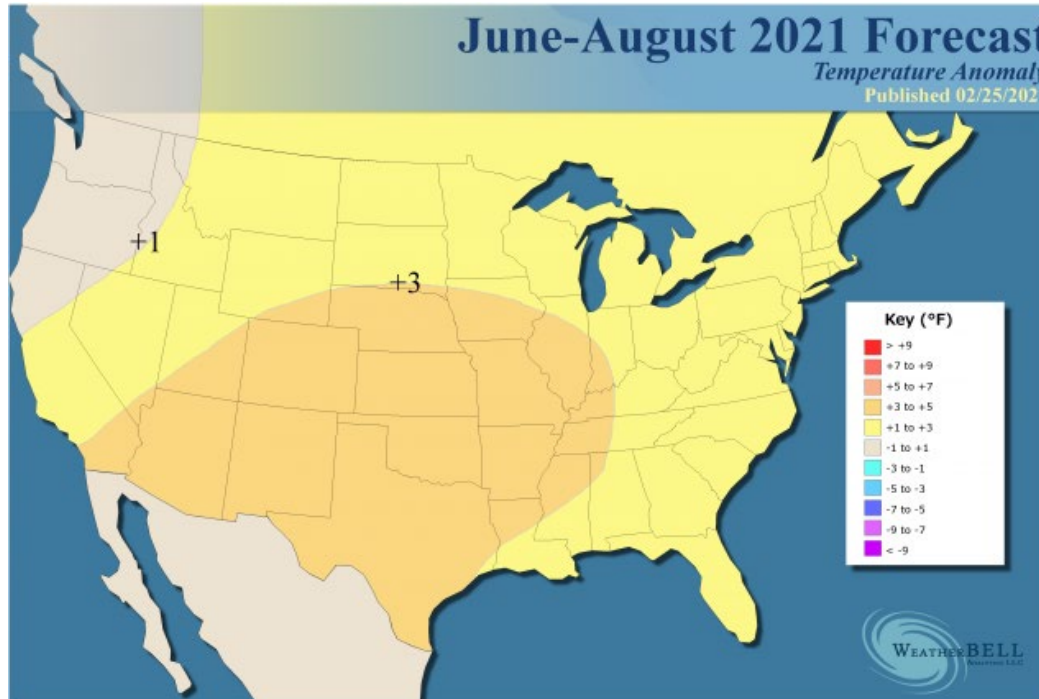
Source: StoneX Market Intelligence



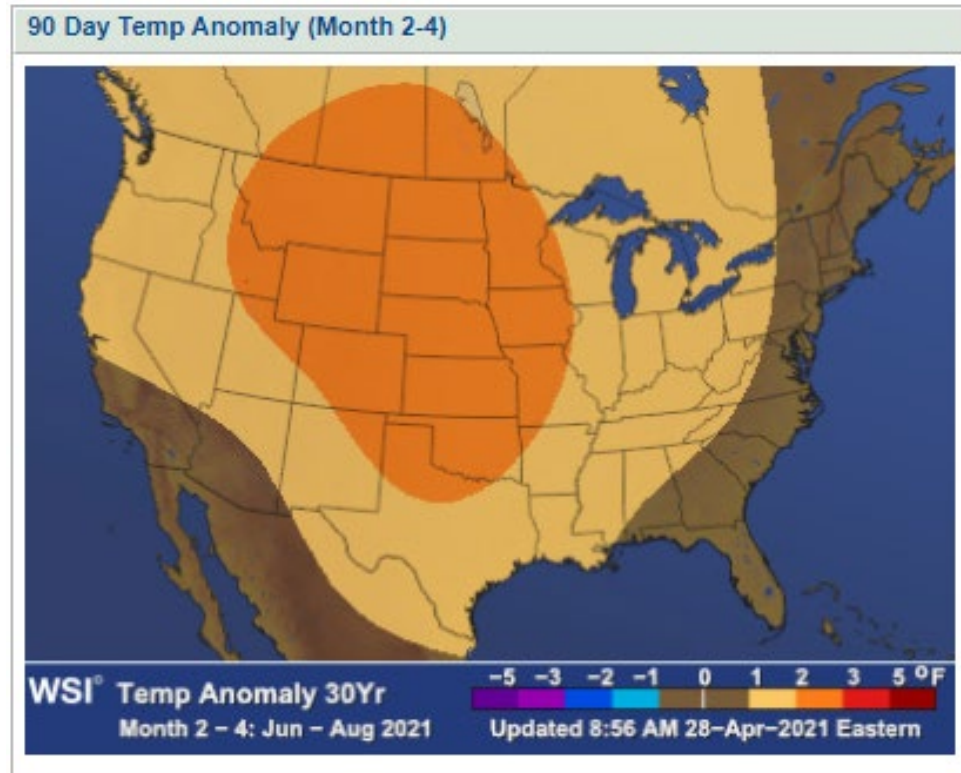
Source: Reuters Eikon



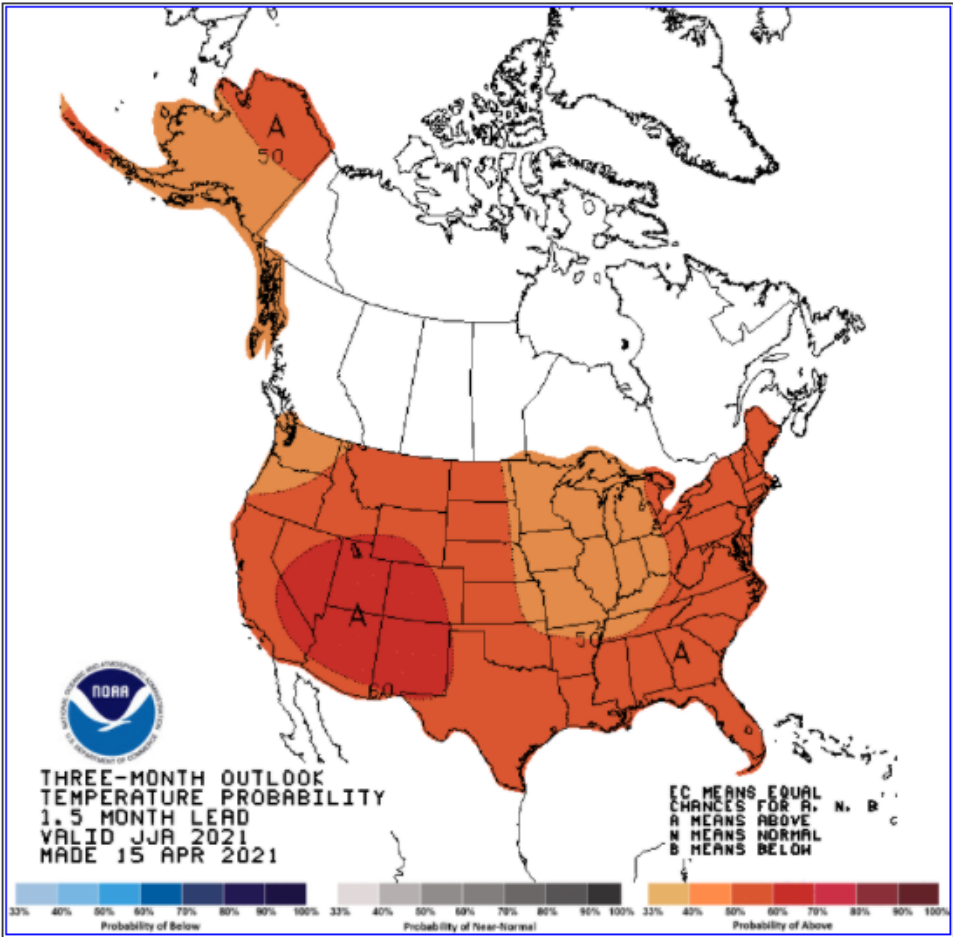
If It's A Warm Summer, Natural Gas Storage May Not Refill As Much As Desired Before the Winter of '21/'22.. leading to high winter gas and power prices



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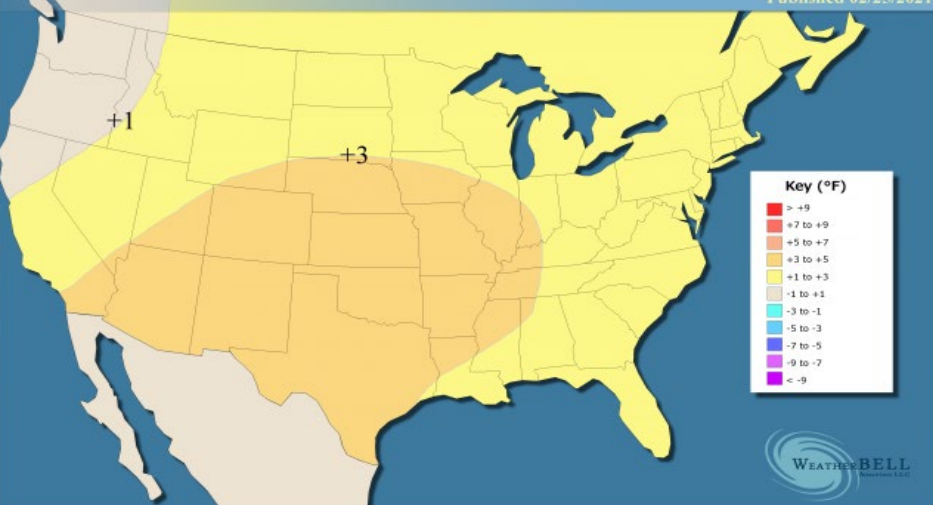
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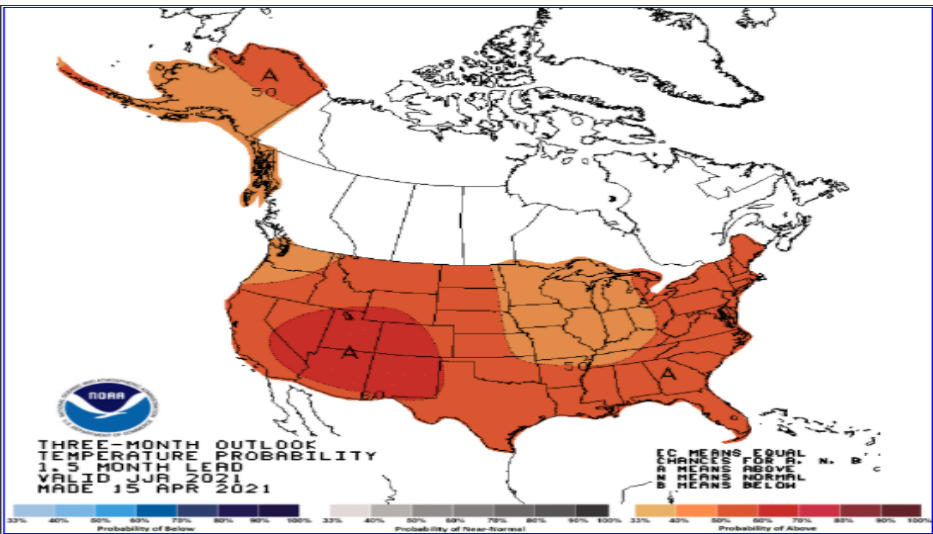
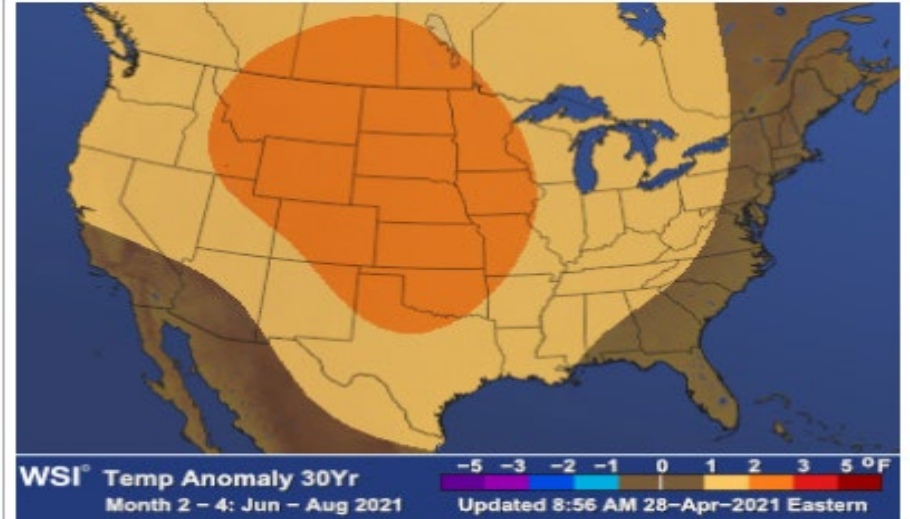
... Though Our Hedge Plans for Summer 2021 and Winter 2021/'22 Are In Place

June-August 2021 Forecast

Temperature Anomaly
Published 02/25/2021



90 Day Temp Anomaly (Month 2-4)



FARMERS' ALMANAC SINCE 1818

2021 SUMMER OUTLOOK

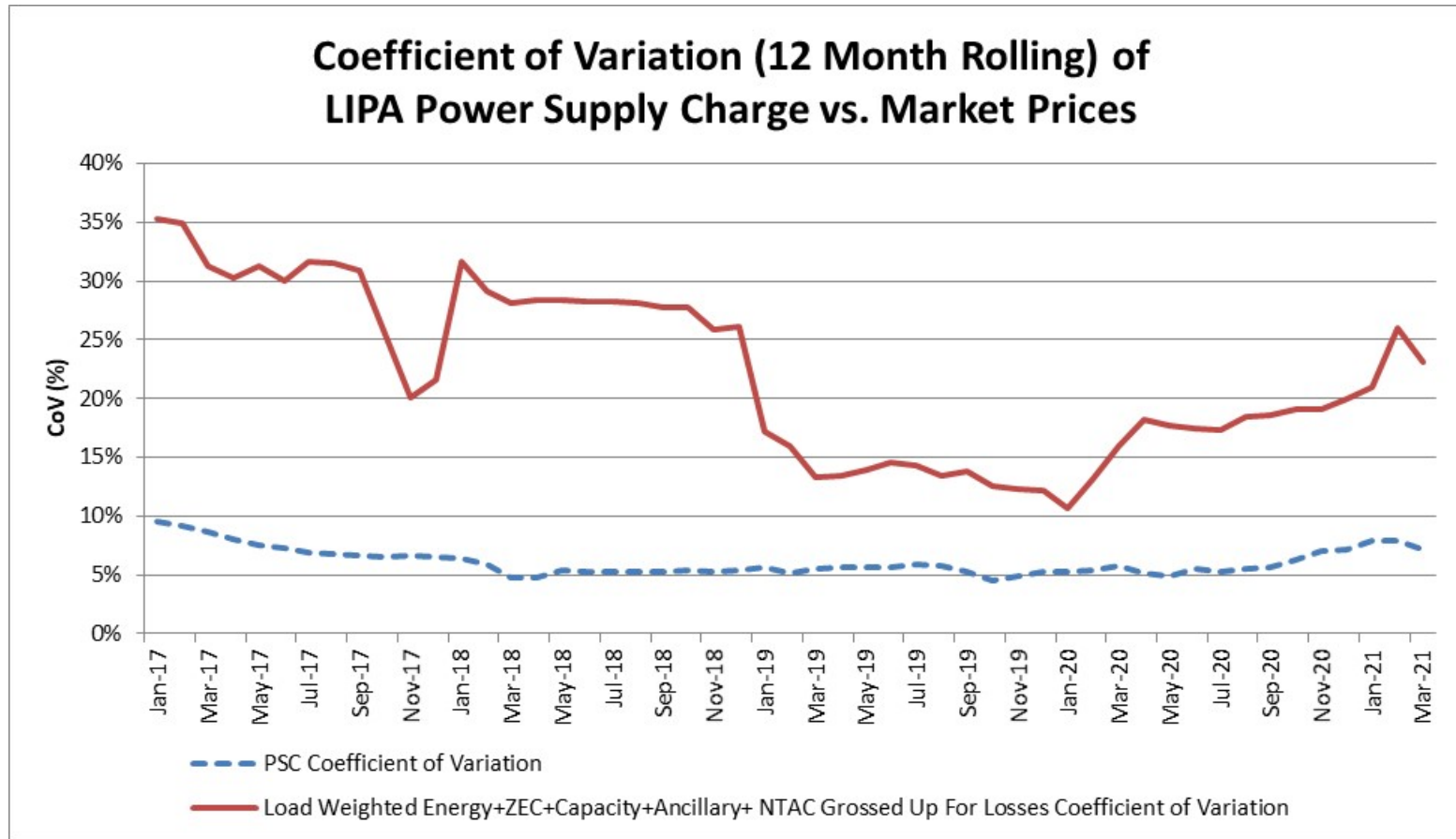
Thunder-filled, Stormy Summer Ahead

Warm, Dry
Hot, Dry
Searing Temperatures, Active Weather Zone
Oppressively Hot, Near Normal Precipitation
Muggy, Thundery
Sweltering, Thundery
Showery, Sizzling by Mid/Late Summer

SEVERE WEATHER ZONE

FarmersAlmanac.com
f t p i n

Hedging Is Prudent–Volatility of Power Supply Charge vs. Market



Our hedging activity has produced volatility levels substantially below wholesale spot market volatility results, especially during market events like February 2021.

PSC pre 1/1/2017 adjusted up by 2.5 cents/kwh associated with transfer of capacity costs