AGENDA ITEMS

COMMUNITY NEWS

NATURAL GAS PRICES

LEGISLATIVE COMMISSION

FINANCIAL UPDATES
FOR DISCUSSION

- Quarterly Report on PSEG Long Island 2022 Metrics
- Quarterly Report on Isaias Task Force and Management Recommendations
- Low and Moderate-Income Customer Arrears Forgiveness Program
- Board Policies on Employee Relations, CEO Evaluation, Fiscal Sustainability, and Economic Development and Community Engagement
- Emergency Response Plan Updates

FOR APPROVAL

- Firms to Provide Legal Services
- Treasury Management System Vendor
- Letter of Credit Facilities and Bank Direct Placements
- Department of Public Service Management Audit Contract
- Amendments to LIPA’s FOIL Regulations
- Tariff Amendments
- Recommendations to Improve Work Management
- Establishment of a 457(f) Plan
- Extension of Contracts Related to the Y-49 Cable and Establishment of a Regulatory Asset for Amortization of Certain Y-49 Repairs
NORTH SHORE RAIL TRAIL

• 10-mile path from Port Jefferson to Wading River is now home to a trail for walking, running, and biking using LIPA’s right of way
• LIPA took part in the opening of the North Shore Rail Trail on a site formerly occupied by a 19th century railroad line
• LIPA gained ownership of land after the rail line was abandoned in the 1930s
• The project dates to the 1970s, but inactivity and funding complications delayed it becoming a reality for decades

Photo Credit: Denise Byrne
Photo Credit: Suffolk Times
UNITED WAY GRANT

- LIPA recently awarded United Way of Long Island with a grant worth $200,000 in support of the organization's Net Zero Energy Challenge campaign

- United Way's headquarters in Deer Park will include rooftop solar, air-source heat pumps, and electric vehicle charging

- United Way expects $60,000+ in reduced energy bills to be reinvested back into their core mission for Long Island

- United Way runs programs in their facility for disadvantaged young adults and veterans providing skills training in clean energy jobs of the future
NORTH SHORE SCHOOL DISTRICT SETTLEMENT

- LIPA has reached a settlement with the North Shore School District related to the closure of the Glenwood Landing Power Plant and recent settlement with Nassau County.

- LIPA will make three payments totaling $3.25 million to the school district, including a $2 million payment on August 1.

- Extra funding creates a glide path for school district to adjust to more sustainable taxes.

The deal was announced at the Board of Education’s annual reorganization meeting held on July 1. The settlement presents the district approximately $2 million to be paid on August 1, with the following payments of roughly $675,000 and $950,000 coming later in the year.

Board President Diane Ladnier explained that while of course the board wishes that they could have gotten more money for the district, she believes that this was the best chance they had in recognition of the financial loss the district will have for the next few years.

"In every negotiation everyone would like to do better, and I’m sure LIPA feels the same way about us," Ladnier said. "But the fact that we no longer have a physical plant certainly reduced our leverage in the matter, and at the end of the day we do as a board feel this is the best deal that we could get."

Chris Zullo, the district’s new superintendent, echoed that statement, asserting that by closing the deal the district can get back to helping their students. He claimed that while the deal will not make the district financially whole, it will allow them to build up some savings to help defray rising costs in the future.

"LIPA will be providing us extra funding to create a glide path so we can adjust to any changes in taxation in the future," Zullo asserted in an interview after the meeting. "So, you know going forward, we are just going to have to continue to look carefully at our budget and be mindful of our spending and costs."

The deal does come with the caveat that should any new person or group open a new suit against LIPA in the next month that the deal is off, effectively forcing the district back to square one. And if any suits are brought to LIPA after the initial payment has been made to the district, they no longer have to pay the remaining funds, but it will not retrospectively take back the first $2 million.

"With the payment of $2 million, however, the district is getting ready to weather the financial storms ahead. They have already been promised a $2 million dollar grant by outgoing State Senator James Gaughran, and are continuing to work with elected leaders at the local, county and state levels to try and reduce the upcoming economic fallout, which could raise taxes in the district by between $400 and $2,000, based on property value, over the next five years.

"We have been and continue to be working with all of our elected representatives on this issue," Ladnier said. "We are in constant communication with them and we very much appreciate the sacrifices we have had. And we know that our elected officials, from all sides of the aisle, are sympathetic to our plight and recognize the sacrifices that this community has made to provide energy to all of Long Island, and we look forward to continuing to work with them."

With the new school year roughly a month and a half away, the district has begun its preparations under its new superintendent. Zullo explained that he and the new assistant superintendent for business, James Prepa, are working to determine the district’s new tax levy, which will be announced on Aug. 16.

He also plans to try and make as much headway as possible in developing the curriculum and follow up on the district’s goals to increase and improve student engagement. He and the new assistant superintendent for curriculum and instruction, Carol Ann Smith, will be reviewing surveys and conversations with students, as well as feedback from teachers and the learning condition, about the best ways to continue to improve the experience of the district’s young scholars.

Despite the financial storms ahead, newest Board of Education trustee Lisa Culham is confident of Zullo’s ability to lead the district forward during these trying times.

"I’ve known Dr. Z since he was still Mt. 2, and he was principal of JLI’s Cliff Elementary School, and he has always done a fantastic job," Culham said.
Power Plant Tax Settlements Will Save $554 Million Through 2028*

Without Settlements

With Approved Settlements

$554 million in customer savings

Northport Power Station

CEO Report – July 2022
NATURAL GAS PRICES
NATURAL GAS PRICING

Annual Average Henry Hub Natural Gas Spot Price $/MMBTU

Sources: NYMEX and U.S. Energy Information Administration

* Average data shown January 2022- March 2022
** Projection for the remainder of 2022

CEO Report – July 2022

Long Island Power Authority
MITIGATING COMMODITY PRICES FOR CUSTOMER

- LIPA’s Board Policy for Power Supply Hedging requires LIPA to maintain a commodity hedging program to reduce the volatility of commodity costs experienced by customers in their monthly electric bills.
- LIPA’s hedge program realized gains for January to June 2022: **$113 million**
- At current prices, the hedge program will save customers **$202 million** for July to December 2022.
LEGISLATIVE COMMISSION
The 2022 New York State budget enacted a Legislative Commission on the Future of LIPA to investigate and report to the legislature on the establishment of a public power model of management for LIPA’s assets.

Six members of the Commission have been announced so far, with two more to come. There will also be an Advisory Committee to the Commission, but that has not yet been appointed.

The first hearing will be held in September with a draft report published in December 2022.
LIPA and USDA issued annual disclosure reports for bondholders on June 30, 2022. The annual disclosure reports are another step in preparing for bond offerings previously approved by the Board.
### FINANCING UPDATE

<table>
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<tr>
<th>Bond (Ratings)</th>
<th>LIPA Series 2022A/B (A2/A/A)</th>
<th>LIPA Series 2022C/D (A2/A/A)</th>
<th>USDA Series 2022A (Aaa/AAA)</th>
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<tr>
<td>Amount</td>
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| Timing         | Credit Ratings expected week of August 1  
                   Bond pricing expected week of August 15 | Bond market portion in August  
                   Bank-backed portion in early October | Pricing expected in mid-September |
| Notes          | • Funds LIPA’s Capital Budget  
                   • Potential for a portion as Green Bonds | • Refinances existing bonds  
                   • Floating rate notes, variable-rate bonds with Letters of Credit, and directly-placed bank loans  
                   • Bank-backed bonds awarded through RFP with lower cost than the average of existing variable-rate debt | • Refinances existing bonds at lower cost and funds storm hardening (approx. $100 million)  
                   • Size will depend on market conditions at the time of pricing and results of a tender offer to existing bond holders  
                   • First of several USDA bond sales to refinance up to $3.5 billion of debt and fund storm hardening over the next several years |

All numbers are estimates and rounded.
Discussion

Questions?