Long Island Power Authority

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)
Quarterly Unaudited Financial Report
For the nine-month period ended September 30, 2022

2022
3RD QTR FINANCIALS

Page

Table of Contents

Introduction

The Long Island Power Authority (LIPA or Authority) is a component unit of New York State (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 (T&D) system of the Long Island Lighting Company (LILCO). LILCO is a wholly owned subsidiary of LIPA. As part of the LILCO acquisition, LIPA also acquired an undivided 18% interest in the Nine Mile Point Unit 2 (NMP2) generating facility, located in upstate New York. 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.

LIPA was established as a corporate municipal instrumentality of the State, constituting a political subdivision of the State, created by Chapter 517 of the Laws of 1986 (the LIPA Act). As such, it is a component unit of the State and is included in the State's annual financial statements.

LIPA is also subject to the LIPA Reform Act, codified as Chapter 173, Laws of New York (Reform Act), which created the Securitization Law and established the Utility Debt Securitization Authority (UDSA). The Securitization Law provided for the UDSA to issue restructuring bonds to allow LIPA to retire a portion of its outstanding indebtedness, providing debt service savings to LIPA's customers on a net present value basis. In 2021, LIPA sought a change to permit the UDSA to issue additional securitized bonds for refinancing LIPA and UDSA debt and for funding T&D system resiliency investments. The legislation authorizing the change was signed into law on August 2, 2021. With these legislative changes, the UDSA may issue up to $8.0 billion of securitized bonds, inclusive of the bonds already issued.

On May 18, 2022, LIPA's Board adopted additional financing orders No. 6, No. 7, No. 8, and No. 9. On August 2, 2022, the UDSA's Board of Trustees approved the issuance of Series 2022 bonds in an amount not to exceed $1.3 billion pursuant to financing order No. 6.

The restructuring bonds are repaid by an irrevocable, nonbypassable restructuring charge on all LIPA's customers. The UDSA has a governing body separate from that of LIPA and has no commercial operations. The UDSA is included as a blended component unit of LIPA.

LIPA has operating agreements with service providers to provide the majority of services necessary to serve LIPA's customers and has power purchase agreements to meet most of its power supply needs.

Beginning January 1, 2014, PSEG Long Island LLC (PSEG Long Island), a wholly owned subsidiary of Public Service Enterprise Group (PSEG), fully dedicated to LIPA's operations, provided services for the T&D system under the Amended and Restated Operations Services Agreement (A&R OSA).

During 2021, LIPA sought organizational and contractual changes through a reformed contract as a result of the Tropical Storm Isaias investigation. Tropical Storm Isaias occurred on August 4, 2020, causing approximately $300 million of damage to LIPA's T&D system and interrupting service to more than half of LIPA's customers.

A reformed contract, the Second A&R OSA, was approved by LIPA's Board on December 15, 2021, approved by the New York State Attorney General on January 6, 2022, and approved by the State Comptroller on April 1, 2022.

To provide stronger protections for Service Area customers, the Second A&R OSA:

- increases the amount of PSEG Long Island's annual compensation at risk from $10 million to $40 million;
- subjects PSEG Long Island to up to 110 detailed Performance Metrics set annually by the Board with a recommendation by the New York State Department of Public Service (DPS) to ensure PSEG Long Island meets the Board's strategic direction for service to customers and industry best practices;
- includes both new and strengthened termination rights and automatic compensation reductions (i.e. default and gating Performance Metrics) for failures to meet minimum emergency response, customer satisfaction, cybersecurity, and reliability standards;
- provides a new DPS investigative process to reduce compensation for failures to provide safe, adequate, and reliable service to customers;
- requires PSEG Long Island to implement plans to fix known operational issues identified by Authority staff or the DPS, with oversight by the Board;
- strengthens PSEG Long Island's dedicated management team with new positions for Chief Information Officer, Chief Information Security Officer, Vice President for Business Services, Director of Human Resources, and Director of Emergency Response;
- ensures that all Long Island employees report to managers dedicated to Long Island operations and links the compensation for all PSEG Long Island employees to Service Area performance;
- includes a Duty of Candor with a termination right for failure to timely and accurately disclose significant operational issues that impair PSEG Long Island's ability to provide reliable service, emergency response, cybersecurity, financial impairment, noncompliance with laws, or circumstances that may endanger public health, safety, and welfare;
- has new standards requiring greater long-term planning, transparency, and accountability for delivering projects and services on time and within budget;
- requires PSEG Long Island to demonstrate cost savings or improved service for hiring or retaining PSEG affiliates to perform services for LIPA;
- requires the separation of all LIPA information technology systems from those of PSEG affiliates pursuant to a plan approved by the Board on September 28, 2022;
- provides the Authority with new rights to independently test and validate the performance of mission-critical information technology systems, such as those that failed during Tropical Storm Isaias; and
- eliminates PSEG Long Island's eight-year term extension option; instead, the second A&R OSA will expire on December 31, 2025, subject to extension upon mutual agreement.

LIPA also has a contract with PSEG Energy Resources and Trade LLC (PSEG ER&T) to provide for services related to fuel and power supply management and certain commodity activities.

Overview of the Consolidated Financial Statements

LIPA is engaged in business type activities and follows financial reporting for enterprise funds. LIPA's basic unaudited consolidated financial statements include three financial statements: the Consolidated Statements of Net Position, the Consolidated Statements of Revenues, Expenses and Changes in Net Position, and the Consolidated Statements of Cash Flows. These financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). LIPA publishes interim financial results on a quarterly basis with a fiscal year ending December 31. The interim consolidated financial statements and related Management's Discussion and Analysis do not include all the information and notes required under GAAP for annual consolidated financial statements. Therefore, the Management's Discussion and Analysis of LIPA's nine-month period ended September 30, 2022 compared to 2021 should be read in conjunction with the annual audited consolidated financial statements, which may be found on LIPA's website at www.lipower.org.

LIPA's reporting entity is comprised of itself and (i) its operating subsidiary LILCO and (ii) the UDSA. All significant transactions between LIPA, LILCO, and UDSA have been eliminated.

Contacting the Long Island Power Authority

This financial report is designed to provide LIPA's bondholders, customers, and other interested parties with a general overview of LIPA's finances and to demonstrate its accountability for the funds it receives. If you have any questions about this report or need additional information, contact LIPA at 333 Earle Ovington Blvd., Suite 403, Uniondale, New York 11553, or visit LIPA's website at www.lipower.org.

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Net Position

September 30, 2022 and December 31, 2021

(Amounts in thousands)

Assets and Deferred Outflows of Resources		**2022 (unaudited)**	**2021 (audited)**
Current assets:			
Cash and cash equivalents	$	559,604	258,903
Restricted cash – working capital requirements		200,858	156,163
Restricted cash – UDSA		215,342	111,694
Investments		698,175	1,107,629
Restricted investments – working capital requirements		66,985	128,314
Accounts receivable (less allowance for doubtful accounts of $52,205 and $62,184 at September 30, 2022 and December 31, 2021, respectively)		897,384	611,991
Other receivables		65,875	60,378
Fuel inventory		137,930	127,595
Material and supplies inventory		84,662	71,561
Commodity derivative instruments		214,214	73,309
Regulatory assets to be recovered within one year		204,917	214,831
Prepayments and other current assets		77,540	66,216
Total current assets		3,423,486	2,988,584
Noncurrent assets:			
Restricted cash and cash equivalents		—	1,740
Utility plant and property and equipment, net		10,456,303	10,414,617
Nuclear decommissioning trust fund		146,382	184,236
Other long-term receivables		196,527	197,190
Unrealized charges		4,693	4,026
Financial derivative instruments		26,599	354
Commodity derivative instruments		91,311	63,014
Regulatory assets for future recovery		1,115,413	1,221,364
Acquisition adjustment (net of accumulated amortization)		460,356	543,887
Total noncurrent assets		12,497,584	12,630,428
Deferred outflows of resources:			
Deferred defeasance costs on debt refunding, net		141,584	164,200
OPEB expense		81	81
Pension expense		1,929	3,045
Accumulated decrease in fair value of financial derivatives		—	6,649
Accumulated decrease in fair value of NMP2 Trust and OPEB Account		38,547	—
Total deferred outflows of resources		182,141	173,975
Total assets and deferred outflows of resources	$	16,103,211	15,792,987

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Net Position

September 30, 2022 and December 31, 2021

(Amounts in thousands)

Liabilities, Deferred Inflows of Resources and Net Position		**2022 (unaudited)**	**2021 (audited)**
Current liabilities:			
Short-term debt	$	387,000	422,000
Current maturities of long-term debt		329,090	69,735
Current maturities of UDSA debt		220,600	177,511
Current portion of lease obligations		351,985	348,638
Counterparty collateral – held by LIPA		222,743	109,035
Accounts payable and accrued expenses		470,006	431,939
Regulatory liabilities payable in one year		428,331	203,635
Accrued payments in lieu of taxes		14,330	11,485
Accrued interest		61,222	57,079
Customer deposits		33,562	30,391
Total current liabilities		2,518,869	1,861,448
Noncurrent liabilities:			
Long-term debt, net		5,009,338	5,301,796
Long-term UDSA debt, net		4,018,710	3,839,019
Lease obligations		1,858,808	2,121,921
Borrowings		31,538	34,739
Operations Services Agreement – employee retirement benefits		822,436	813,362
Financial derivative instruments		79,314	137,554
Asset retirement obligation		103,319	90,746
Long-term liabilities and unrealized credits		39,608	41,125
Claims and damages		181,446	155,459
Total noncurrent liabilities		12,144,517	12,535,721
Deferred inflows of resources:			
Regulatory credits – grants		613,184	626,460
Lease revenue		4,190	9,258
OPEB expense		4,227	5,369
Pension expense		2,868	2,900
Accumulated increase in fair value of financial derivatives		26,599	—
Accumulated increase in fair value of NMP2 Trust and OPEB Account		—	149,452
Total deferred inflows of resources		651,068	793,439
Net position:			
Net investment in capital assets		248,532	349,036
Restricted		192,528	127,439
Unrestricted		347,697	125,904
Total net position		788,757	602,379
Total liabilities, deferred inflows of resources, and net position	$	16,103,211	15,792,987

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

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

Nine-month period ended September 30, 2022 and 2021

(Amounts in thousands)

(unaudited)

		2022	2021
Operating revenues – electric sales (net of uncollectible expense)	$	3,391,637	3,164,551
Operating expenses:			
Operations – power supply charge		1,708,045	1,414,954
Operations – power supply charge – property taxes		156,115	169,680
Operations and maintenance		515,275	512,163
Storm restoration		17,439	130,207
General and administrative		27,523	28,058
Depreciation and amortization		315,545	302,361
Payments in lieu of taxes and assessments		273,790	261,959
Total operating expenses		3,013,732	2,819,382
Operating income		377,905	345,169
Nonoperating revenues and expenses:			
Other income, net:			
Investment income, net		22,407	16,019
Grant income		30,597	28,372
Carrying charges on regulatory assets		13,358	14,676
Other		7	24,178
Total other income, net		66,369	83,245
Interest charges and (credits):			
Interest on debt		277,468	274,483
Other interest		23,349	33,365
Other interest amortizations		(42,921)	(37,104)
Total interest charges and (credits), net		257,896	270,744
Change in net position		186,378	157,670
Net position, beginning of year		602,379	537,688
Net position, end of period	$	788,757	695,358

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Cash Flows

Nine-month period ended September 30, 2022 and 2021

(Amounts in thousands)

(unaudited)

		2022	2021
Cash flows from operating activities:			
Operating revenues received	$	3,850,539	3,010,203
Paid to suppliers and employees:			
Operations and maintenance		(470,349)	(548,342)
Operations – power supply charge		(1,955,594)	(1,189,514)
Operations – power supply charge – property tax related		(156,115)	(169,680)
Payments-in-lieu-of-taxes		(416,041)	(412,128)
Collateral on commodity derivative transactions, net		113,708	249,799
PSEG Long Island pension funding		(30,000)	(37,400)
Net cash provided by operating activities		936,148	902,938
Cash flows from investing activities:			
Earnings received on investments		6,257	3,645
Sale of investment securities		300,745	85,470
Sale of restricted investment securities – working capital investments		61,328	—
Purchase of restricted investment securities – working capital investments		—	(646)
Purchase of investment securities – OPEB Account		(27,000)	(33,000)
Net cash provided by investing activities		341,330	55,469
Cash flows from noncapital financing related activities:			
Grant proceeds		16,651	23,502
Proceeds from credit facility draws and commercial paper program		885,000	925,000
Redemption of credit facility draws and commercial paper program		(920,000)	(997,500)
Proceeds from the issuance of long-term debt		—	254,187
Interest paid – LIPA		(2,500)	(1,250)
Net cash (used in) provided by noncapital related activities		(20,849)	203,939
Cash flows from capital and related financing activities:			
Capital expenditures		(492,602)	(559,850)
Lease payments		(287,841)	(287,837)
Proceeds from the issuance of long-term debt		1,458,197	450,794
Payment to bond escrow agent to refinance bonds		(368,333)	—
Tender payment of early retirement on bonds - UDSA		(702,279)	—
Proceeds from termination of financial instruments		8,257	—
Debt issuance costs		(9,105)	(2,384)
Other interest costs		(23,840)	(29,734)
Interest paid – LIPA		(156,239)	(149,321)
Redemption of long-term debt – LIPA		(56,765)	(65,640)
Interest paid – UDSA		(91,034)	(94,951)
Redemption of long-term debt – UDSA		(87,741)	(88,743)
Net cash used in capital and related financing activities		(809,325)	(827,666)
Net increase in cash and cash equivalents		447,304	334,680
Cash and cash equivalents at beginning of year		528,500	475,136
Cash and cash equivalents at end of period	$	975,804	809,816

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Cash Flows

Nine-month period ended September 30, 2022 and 2021

(Amounts in thousands)

(unaudited)

		2022	2021
Reconciliation to net cash provided by operating activities:			
Operating income	$	377,905	345,169
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization		315,545	321,124
Other post – employment benefit non – cash expense		31,700	34,661
Nuclear fuel burned		7,677	7,134
Shoreham and VBA surcharges		40,969	40,301
Accretion of asset retirement obligation		3,593	2,808
Changes in operating assets and liabilities:			
Accounts receivable, net		(290,220)	(258,414)
Regulatory assets and liabilities		300,831	185,280
Fuel and material and supplies inventory		(23,436)	(10,130)
Accounts payable, accrued expenses, and other		171,584	235,005
Net cash provided by operating activities	$	936,148	902,938

Operational Highlights

Financing Activities

On August 30, 2022, LIPA issued approximately $380 million of General Revenue Bonds, Series 2022, plus premium of $31 million, to fund capital improvements and refinance debt producing a net present value savings of $17 million.

In addition on September 29, 2022, UDSA issued approximately $54 million Series 2022 Taxable Restructuring Bonds, $787 million of Series 2022 Tax-Exempt Restructuring Bonds and $95 million of Tax-Exempt Green Bonds. The proceeds from these Restructuring Bonds, plus $91 million of premium received, refunded certain debt of LIPA and UDSA and funded LIPA resiliency investments. The 2022 UDSA restructuring bonds generated total net present value debt service savings of $42 million for LIPA's customers.

UDSA financings have saved LIPA customers $534 million in net present value debt service savings since 2013. A total of $5.3 billion UDSA Restructuring Bonds have been issued resulting in approximately $2.7 billion in statutory capacity remaining.

New York State Legislative Commission on Future of LIPA

The State's 2022 budget enacted a Legislative Commission on the Future of LIPA (the Commission) to investigate and report to the State Legislature on the establishment of the public power model for management of the operations of LIPA, whereby Authority management would directly operate the utility. The Commission will report to the State Legislature on the specific actions, legislation, and timeline necessary to restructure LIPA to bring T&D System operations under Authority management. A final report is expected to be issued by April 2023.

LIPA will continue to monitor developments relating to this Commission.

Integrated Resource Planning and Repowering Studies

LIPA and PSEG Long Island are currently in the process of developing LIPA's 2023 Integrated Resource Plan (IRP), with a report expected in early 2023. The IRP examines potential strategies within LIPA's control to respond to evolving developments in both electricity supply and demand. Given recent changes in law and policy initiatives (e.g., the Climate Leadership and Community Protection Act (CLCPA), as well as the need to plan for the expiration of major contracts, the IRP will provide options that may ultimately result in substantially altering the profile of LIPA's current resource portfolio.

The CLCPA calls for 70% electric generation from renewable energy sources statewide by 2030, and a 100% zero-emissions electric system by 2040. Transitioning to a zero-emissions electric system means both adding new clean sources of energy and retiring older, fossil-fueled power plants. The CLCPA mandates target amounts of clean energy additions for specific technologies. In addition, the Governor has announced more aggressive targets, which have not been formally adopted to date. It is expected that LIPA's shares of these targets would be 1,125 MW of offshore wind (through bundled products or renewable attributes) by 2035, 1,310 MW of distributed solar by 2030, and 750 MW of energy storage by 2030. The IRP will build on these minimum targets and suggest additional flexible resources to complement the intermittency of the wind and solar additions.

A primary objective of the IRP is to provide guidance as to the order, amount, and timing of fossil power plant retirements. In August 2021, National Grid submitted amended compliance plans to New York State Department of Environmental Conservation (DEC) stating its plans to postpone the retirement of five LILCO-era combustion turbines, totaling 195 MW, until May 1, 2025 so the units will continue to remain available to support near-term system reliability, as contemplated by the DEC regulations.

Certain Litigation Related to Payments in Lieu of Taxes

Under the Amended and Restated Power Supply Agreement (A&R PSA) with National Grid, LIPA contracts for approximately 3,700 megawatts of capacity (and related energy) from National Grid's legacy fossil generating plants located on Long Island. Under this agreement, which expires in 2028, LIPA is responsible for the property taxes on these generating plants. LIPA has sought reductions to such assessments and associated property tax bills over the past decade.

In 2018, LIPA negotiated a settlement with the Town of Brookhaven and the Village of Port Jefferson on the Port Jefferson power plant for the taxes to decrease to approximately half of their current levels by 2027. In September 2020, LIPA reached an agreement with the Huntington Town Board and the Northport-East Northport School District for similar reductions on assessments of the Northport power plant.

In April 2022, LIPA reached an agreement with Nassau County to settle the E. F. Barrett and Glenwood Landing power plant property tax cases on similar terms. In July 2022, LIPA reached an agreement with the North Shore Central School District, whereby the school district withdrew its appeal of the court decision upholding LIPA's right to file tax challenges for the Glenwood Landing power plant, in exchange for three payments totaling $3.25 million. In October 2022, LIPA entered into a similar settlement with the Island Park Union Free School District, whereby the school district will withdraw its appeal of the court decision upholding LIPA's right to file tax challenges for the E.F. Barrett power plant, in exchange for five payments totaling up to $9 million.

By statute, in addition to the property taxes on National Grid power plants, LIPA is required to make payments in lieu of taxes (PILOTs) for real property it acquired from LILCO. Beginning in calendar year 2015, the LIPA Reform Act capped LIPA's PILOT payments to no more than 2% higher than the prior calendar year.

In 2017, LIPA received notices from Suffolk County claiming to enforce liens against certain LIPA properties for alleged unpaid real estate taxes. LIPA has paid the PILOT amounts it is authorized to pay by law. Furthermore, Suffolk County lacks legal authority to enforce a tax lien on LIPA's property. LIPA filed a legal action to negate any attempt by Suffolk County to enforce the alleged tax liens. LIPA also filed suit against the ten Suffolk County towns to ensure that they comply with the annual 2% limit on growth in such taxes.

On April 1, 2021, the Supreme Court, Suffolk County issued a Decision and Order that found: (1) LIPA's T&D properties are not exempt from real-property taxation for tax years 2014/15 through 2019/20 by reason of LIPA's failure to timely challenge its assessment as non-exempt, taxable properties by the Town Assessors during those tax years; and (2) compelling LIPA to pay to Suffolk County alleged unpaid real property taxes levied against the T&D properties for tax years 2014/15 through 2019/20. A judgment was entered on October 8, 2021. By stipulation, the judgment includes the 2020/21 tax year. LIPA filed a notice of appeal from the judgment on October 14, 2021, and the appeal was filed on December 17, 2021. Enforcement of the judgment is stayed pending the determination of LIPA's appeal. LIPA estimated the potential exposure with penalties and interest to be approximately $90 million plus a potential addition of up to $22 million per year in the event of an adverse result on appeal. As a regulated entity, LIPA obtained regulatory approval from its Board to defer the recovery of these costs from its customers until the conclusion of the appeal process. LIPA does not believe this litigation will have a material adverse impact on the business or the affairs of LIPA or its subsidiary, LILCO.

COVID-19

In response to the COVID-19 pandemic, LIPA's tariff for electric service was temporarily modified suspending normal collections activity. As a result of the economic impact of the pandemic and delay of service terminations, LIPA is experiencing increased customer arrears balances. LIPA increased its allowance for expected write-offs and furthermore, effective in 2021, the Board approved modification of LIPA's Delivery Service Adjustment (DSA) to capture budget variances related to uncollectible expense during periods affected by a government-ordered or Board-authorized moratorium on service disconnections for up to two years following the end of such moratorium.

In April 2022, New York State's budget included $250 million to eliminate pandemic-related utility arrears accumulated through May 1, 2022 for eligible low-income households. The state program provided $9.8 million towards an estimated $20.7 million of arrears forgiveness distributed by LIPA to eligible customers on or before August 5, 2022. Eligible low-income customers may continue to enroll in the program through December 31, 2022 and receive arrears forgiveness. Amounts in excess of state funds are charged against LIPA's reserve for uncollectible expense, and will be collected through LIPA's DSA as noted above.

Sales variances stemming from the change in customer's usage patterns in the wake of COVID-19 are captured in LIPA's Revenue Decoupling Mechanism (RDM), which allows for the recovery or refund of differences in actual revenues for delivery service compared to the approved budget. See the regulatory assets and liabilities table for balances resulting from the RDM.

In addition, the Federal Emergency Management Agency (FEMA) declared that federal emergency funds will be available for certain incremental costs during the recovery efforts related to the COVID-19 pandemic. LIPA has been approved for such public assistance; however, as of September 30, 2022, LIPA's Unaudited Quarterly Consolidated Financial Report does not include amounts for expected FEMA because LIPA's grant application has not been approved.

LIPA will continue to monitor developments relating to the COVID-19 pandemic; however, LIPA cannot predict the extent to which COVID-19 may have an effect on its liquidity, financial condition, and results of operations.

Management's Discussion and Analysis (Unaudited)

Financial Condition Overview

Nine-Month Period ended September 30, 2022 compared to 2021

Change in net position

Net position increased $186 million for the nine-month period ended September 30, 2022, compared to the increase for the nine-month period ended September 30, 2021 of $158 million.

Operating revenues

Operating revenue increased $227 million compared to the nine-month period of 2021, primarily due to (i) an increase in the Power Supply Charge and (ii) an increase to the base delivery revenue, partially offset by a decrease in the Delivery Service Adjustment.

Operating expenses

The Power Supply Charge, including property taxes, increased $280 million when compared to the same nine-month period of 2021 primarily due to (i) higher commodity costs and (ii) increased costs associated with on-island generation related to unscheduled outages of certain transmission cables. These increases were partially offset by higher realized gains from commodity hedge activities.

Operations and maintenance expense increased $3 million compared to the same nine-month period of 2021 due to higher costs associated with (i) additional tree trimming (ii) storm hardening and (iii) costs related to the repair of transmission cable failures.

Storm restoration expense decreased $113 million when compared to the same nine-month period of 2021 due to a lower level of storm activity. PSEG Long Island responded to seven major storms through September 2022, one of which required mutual aid assistance, compared with eight major storm events through September 2021, four of which required mutual aid assistance.

General and administrative expense decreased $1 million when compared to the same nine-month period of 2021 due to lower professional services fees resulting from the timing of projects.

Payments in lieu of taxes increased $12 million due to higher taxes on T&D properties combined with increased revenue taxes and assessments which are derived from increased revenues.

Non-operating revenues and expenses

Other income decreased $17 million compared to the same nine-month period of 2021 primarily due to the one-time recognition in 2021 of non-cash gains related to three basis swap terminations.

Liquidity and Capital Resources

LIPA's policy is to, at all times, maintain cash on hand and available credit equivalent to at least 150 days of operating expenses. As of September 30, 2022 and December 31, 2021, LIPA's available sources of liquidity for operating purposes and capital program funding, as displayed below, exceeded the policy target.

amounts in thousands		**September 30, 2022**	Days Cash		**December 31, 2021**	Days Cash
Operating liquidity						
Unrestricted cash, cash equivalents, and investments	$	778,082		$	785,271	
OPEB Account cash, cash equivalents, and investments		479,697			581,261	
PSEG Long Island working capital requirements		248,352			276,391	
Total operating liquidity		1,506,131	**177**		1,642,923	**205**
Available credit						
General Revenue Notes – Revolving Credit Facility		200,000			198,000	
General Revenue Notes – Commercial Paper		613,000			580,000	
Total available credit		813,000			778,000	
Total cash, cash equivalents, investments and available credit	**$**	**2,319,131**	**272**	**$**	**2,420,923**	**300**
Restricted cash, cash equivalents and investments						
Clean Energy Compliance Fund		19,490			8,086	
FEMA Grant Proceeds		—			1,740	
UDSA		215,342			111,694	
Total restricted cash, cash and cash equivalents, and investments	**$**	**234,832**		**$**	**121,520**	

Consolidated Debt

LIPA's consolidated debt as of September 30, 2022 and December 31, 2021 is comprised of the following:

(amounts in thousands)		**September 30, 2022**	**December 31, 2021**
Long-term debt:			
General revenue bonds/notes	$	4,967,466	4,996,159
Unamortized premiums		370,962	375,372
Less: Current maturities		(329,090)	(69,735)
		5,009,338	5,301,796
UDSA restructuring bonds		3,891,980	3,703,356
Unamortized premiums		347,330	313,174
Less: Current maturities		(220,600)	(177,511)
		4,018,710	3,839,019
Total Long-term debt	$	9,028,048	9,140,816
Short-term debt:			
General Revenue Notes – Commercial Paper	$	385,000	420,000
General Revenue Notes – Revolving Credit Facility		2,000	2,000
Total Short-term debt	$	387,000	422,000

(Amounts in thousands, unless otherwise stated)

Regulatory Assets and Liabilities

The table below displays LIPA's costs to be recovered from, or returned to, LIPA's customers in a future period (regulatory assets or liabilities). Regulatory assets decreased $116 million due primarily to the timing of recovery of (i) delivery service adjustment (ii) employee retirement benefits and (iii) unrealized financial derivative losses; offset by increases in the power supply charge. Regulatory liabilities to be paid within one-year increased $225 million due primarily to (i) unrealized commodity derivative gains of $169 million and (ii) amounts payable to customers resulting from budgeted sales variances under the Revenue Decoupling Mechanism.

		2022	2021
Regulatory assets to be recovered within one year:			
OSA – employee retirement benefits	$	54,006	54,006
Shoreham property tax settlement		49,237	49,237
Delivery service adjustment		13,418	76,838
Employee benefit plan settlement		15,634	15,634
Power supply charge recoverable		64,849	13,476
Debt issuance costs		3,209	3,209
Southampton visual benefit assessment		1,049	1,049
New York State assessment		3,515	1,382
	$	204,917	214,831
Regulatory assets for future recovery:			
OSA – employee retirement benefits		198,536	242,697
Shoreham property tax settlement		265,078	291,835
Delivery service adjustment		315,872	358,208
Unrealized financial derivative losses		67,670	117,689
Property tax litigation		116,883	90,134
Employee benefit plan settlement		35,176	46,901
Power supply charge recoverable		77,159	36,708
Revenue decoupling mechanism		3,669	3,669
Debt issuance costs		22,595	19,930
Unfunded actuarially determined reserves		8,132	8,132
Southampton visual benefit assessment		4,643	5,461
	$	1,115,413	1,221,364
Regulatory liabilities payable within one year:			
Unrealized commodity derivative gains		305,525	136,323
Power supply charge refundable		27,166	8,085
Revenue decoupling mechanism		68,679	26,047
Utility 2.0		15,252	26,955
Distributed energy resources		2,606	2,441
Delivery service adjustment		9,103	3,784
	$	428,331	203,635
Regulatory credits:			
Grants		613,184	626,460
	$	613,184	626,460


LIPA
Long Island Power Authority