



Annual Report

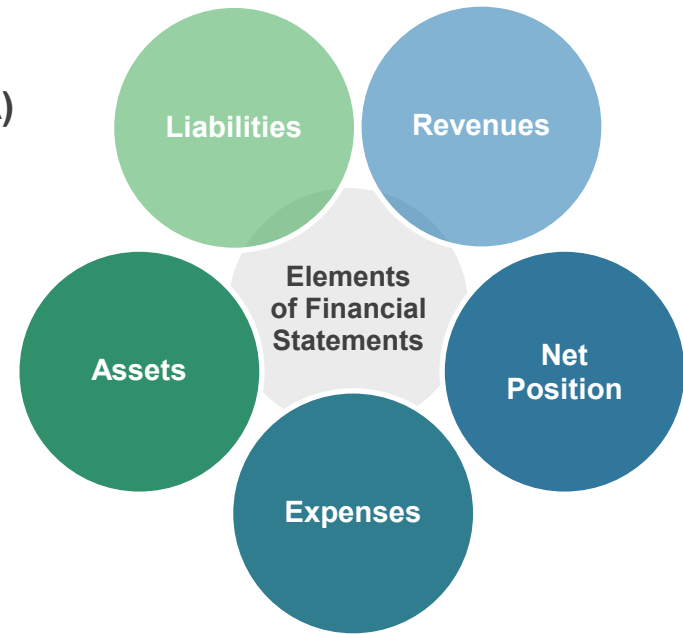
March 2023

ANNUAL PARIS FILING

- **Submission to the Public Authority Reporting Information System (PARIS):**
 - Statement of Net Assets (Position)
 - Statement of Revenue, Expenses, and Net Assets
 - Schedule of Debt
 - **Annual Report:**
 - Independent Auditors Report (KPMG unmodified opinion)
 - Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

FINANCIAL STATEMENTS

- **Independent Auditors' Report**
- **Unaudited Management's Discussion and Analysis (MD&A)**
- **Financial Statements**
 - Statements of Net Position (Balance Sheet)
 - Statements of Revenues, Expenses and Changes in Net Position (Income Statement)
 - Statements of Cash Flows
- **Notes to Financial Statements**
- **Independent Auditors' Report on internal control over financial reporting and on compliance and other matters**



SUMMARY FINANCIAL STATEMENTS

Summary Statements of Net Position:

	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflow of Resources		
Current assets	\$ 223,211	165,917
Noncurrent assets	4,032,258	3,946,865
Deferred outflow of resources	10,059	—
Total assets	<u>4,265,528</u>	<u>4,112,782</u>
Liabilities and Net Position		
Current liabilities	273,993	186,125
Noncurrent liabilities	<u>3,872,915</u>	<u>3,839,019</u>
Total liabilities	4,146,908	4,025,144
Net position-restricted	118,620	87,638
Total liabilities and net position	<u>\$ 4,265,528</u>	<u>4,112,782</u>

Summary Statements of Revenue,, Expenses and Changes in Net Position:

	<u>2022</u>	<u>2021</u>
Operating revenues, net	\$ 389,830	354,409
Operating expenses	219,003	237,942
Operating income	170,827	116,467
Interest charges and credits, net	(142,151)	(144,689)
Other income	2,306	39
Change in net position	30,982	(28,183)
Restricted net position – beginning of year	87,638	115,821
Restricted net position – end of year	<u>\$ 118,620</u>	<u>87,638</u>

Statement of Cash Flows:

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Operating revenues received	\$ 374,033	353,187
Servicing, administrative and other fees	(2,935)	(2,847)
Net cash provided by operating activities	<u>371,098</u>	<u>350,340</u>
Cash flows from investing activities:		
Interest income	2,306	39
Net cash provided by investing activities	<u>2,306</u>	<u>39</u>
Cash flows from financing activities:		
Interest paid	(173,395)	(187,969)
Redemption of long-term debt	(177,511)	(179,419)
Proceeds from the issuance of long-term debt	1,046,780	—
Early defeasance on UDSA long-term-debt	(702,279)	—
Payments to bond escrow agent to refinance LIPA bonds	(217,804)	—
Payments to LIPA System Resiliency Fund	(100,000)	—
Other interest costs	(331)	(130)
Debt issuance costs	(7,408)	—
Net cash used in financing activities	<u>(331,948)</u>	<u>(367,518)</u>
Net increase (decrease) in cash and cash equivalents	41,456	(17,139)
Restricted cash and cash equivalents, beginning of year	111,694	128,833
Restricted cash and cash equivalents, end of year	<u>\$ 153,150</u>	<u>111,694</u>

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

- **Operational Highlights**

- On May 18, 2022, LIPA's Board adopted additional Financing Orders (No. 6-9). On August 2, 2022, the UDSA's Board approved the issuance and on September 29, 2022, UDSA issued \$936 million Series 2022 Restructuring Bonds (including Green Bonds). The proceeds of Restructuring Bonds,
 - refunded \$852 million of LIPA and UDSA debt
 - funded \$100 million of LIPA resiliency investments
 - generated net present value debt service savings of \$42 million for LIPA's customers
- A total of \$5.4 billion of UDSA Restructuring Bonds have been issued resulting in \$2.6 billion in remaining statutory capacity. UDSA refinancings have saved LIPA customers \$534 million of net present value debt savings since 2013

- **Discuss 2022 and 2021 comparison year over year analysis**

- Higher cash balances due to additional reserve balances generated by Series 2022
- Higher noncurrent assets and liabilities due issuance of Series 2022; partially offset by refunding and scheduled debt maturities
- Higher revenue in 2022 due to an increase in restructuring charge rates. Financing Order No. 6 increased revenues by \$20 million. Financing Order No. 3 increased its rates to begin recovery of May 2023 debt service principal payments

- **Cash and Liquidity**

- \$153M in cash with \$64M in reserve balances

DEBT OUTSTANDING DECEMBER 31, 2022

	<u>Beginning balance</u>	<u>Additions</u>	<u>Maturities</u>	<u>Refundings</u>	<u>Ending balance</u>	<u>Years of Maturity</u>	<u>Interest Rate (%)</u>
Restructuring bonds:							
Series 2013T	\$ 114,641	—	41,981	—	72,660	2023	3.44
Series 2013TE	1,374,390	—	—	659,290	715,100	2023-2039	5.00
Series 2015	989,095	—	21,385	—	967,710	2023-2035	3.00-5.00
Series 2016A	636,770	—	—	—	636,770	2023-2033	5.00
Series 2016B	244,675	—	90,980	—	153,695	2023-2033	4.00-5.00
Series 2017	343,785	—	23,165	—	320,620	2023-2039	5.00
Series 2022T	—	53,585	—	—	53,585	2023-2037	4.42-4.95
Series 2022TE-1	—	787,290	—	—	787,290	2023-2037	5.00
Series 2022TE-2	—	94,780	—	—	94,780	2038-2050	5.00
Subtotal	3,703,356	935,655	177,511	659,290	3,802,210		
Less: current maturities	(177,511)				(264,660)		
Total long-term debt	\$ <u>3,525,845</u>				<u>3,537,550</u>		

Annual Debt Service Requirements

	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service Requirements</u>
2023		\$ 264,660	184,539	449,199
2024		217,265	172,810	390,075
2025		229,810	161,954	391,764
2026		231,165	150,786	381,951
2027		221,465	139,845	361,310
2028–2032		1,269,660	521,327	1,790,987
2033–2037		855,655	239,142	1,094,797
2038–2042		447,235	48,596	495,831
2043–2047		37,745	12,269	50,014
2048–2050		27,550	2,460	30,010
Total		\$ <u>3,802,210</u>	<u>1,633,728</u>	<u>5,435,938</u>