AGENDA ITEMS

02 PRIVATIZATION ANALYSIS

03 OFFSHORE WIND TRANSMISSION UPDATE

04 COMMUNITY ENGAGEMENT

05 DISCUSSION
FOR DISCUSSION
• CEO Report
• Quarterly Report on PSEG Long Island 2023 Performance Metrics and Board Recommendations
• LIPA’s Final Report on Outage Management System Remediation
• Update on 5-Year Storm Hardening Program (2021 to 2025)
• Quarterly Update on Call Center Get Well Plan
• Board Policy Working Group Discussion

FOR APPROVAL
• Annual Report and Amendments to the Board Policy on Audit Relationships**
• Resolution Confirming the Security for Interest Rate Swaps**
• Selection of Firms to Provide Rate Consulting Services**
• Selection of Firms to Provide Human Resources Consulting Services**
• Annual Report on the Board Policy on T&D Operations

**Consent agenda (certain items discussed in committee)
PRIVATIZATION ANALYSIS
FACT SHEET: PRIVATIZATION COSTS CUSTOMERS MONEY

• LIPA updated its fact sheet and analysis comparing the benefits its public power business model versus privatization to include the recent Lazard report (link).

• Over the years both LIPA and the State of New York have analyzed selling LIPA to private investors: 2005, 2011, twice in 2013 (link/link), and 2021.

• In each instance, privatization was rejected due to the higher cost for electric customers.

• The rationale to remain a public power utility is familiar, straightforward, and echoed in the decisions of other large public power utilities that have explored privatization in recent years and decided to remain public: Public ownership reduces customer bills.
Among the key findings:

- Net present value (NPV) cost to customers from a sale of LIPA to private investors would be between -$10 billion and -$14.2 billion over 20 years.

- As a public power utility, LIPA has access to federal grants and tax-exempt bonds unavailable to private utilities and is also exempt from corporate income, sales, and certain property taxes. **These benefits significantly reduce customers’ bills.**

- Privatization would raise customer bills by $45 per month by year 7 after a sale, and it would get worse over time.

- There is no evidence to suggest that privately owned utilities outperform or are more efficient than public power utilities. **As natural monopolies, electric grids, whether public or private, are governmental in nature.**
# LIPA’s Valuation and Net Present Value of a Sale to Customers

($ in Millions)

<table>
<thead>
<tr>
<th><strong>LIPA Valuation</strong></th>
<th>13.0x</th>
<th>16.8x</th>
<th>22.0x</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings Multiple</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025 Average Rate Base</td>
<td>12,543</td>
<td>14,397</td>
<td>16,934</td>
</tr>
<tr>
<td>Equity Share of Capital</td>
<td>1.14x</td>
<td>1.31x</td>
<td>1.54x</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>488</td>
<td>488</td>
<td>488</td>
</tr>
<tr>
<td>Equity Value</td>
<td>6,342</td>
<td>8,196</td>
<td>10,733</td>
</tr>
<tr>
<td>Debt Share of Capital</td>
<td>52.0%</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implied Market/Book Value</td>
<td>-10,093</td>
<td>-10,093</td>
<td>-10,093</td>
</tr>
<tr>
<td>LIPA Debt Repayment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sale Proceeds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-Year Net Present Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss as a % of Sale Price</td>
<td>-114%</td>
<td>-86%</td>
<td>-59%</td>
</tr>
</tbody>
</table>
REVENUE FROM CUSTOMERS FOR A PUBLIC POWER AND PRIVATE UTILITY

Hypothetical Annual Revenue Paid by Customers
Reflecting a Delivery-Only Rate Freeze Funded from a Public Benefits Trust
# PRIVATIZATION RAISES CUSTOMER BILLS

## Impact of Privatization on Monthly Delivery-Only Charges for the Typical Residential Customer

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost/ (Savings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2026</td>
<td>$0.98</td>
</tr>
<tr>
<td>2027</td>
<td>$(2.81)</td>
</tr>
<tr>
<td>2028</td>
<td>$(7.82)</td>
</tr>
<tr>
<td>2029</td>
<td>$(8.24)</td>
</tr>
<tr>
<td>2030</td>
<td>$(9.11)</td>
</tr>
<tr>
<td>2031</td>
<td>$30.01</td>
</tr>
<tr>
<td>2032</td>
<td>$45.02</td>
</tr>
<tr>
<td>2033</td>
<td>$47.17</td>
</tr>
</tbody>
</table>
In a sale, the buyer would be buying a T&D delivery system, without power plants.

It is most helpful to compare LIPA’s charges for delivery service to those of other New York City metropolitan area utilities. These utilities have the most similar costs (e.g., land, labor, taxes, weather patterns, etc.) – a privately-owned LIPA would face the same conditions.

LIPA’s residential delivery rates are competitive for the metropolitan region.

### NEW YORK CITY METROPOLITAN AREA DELIVERY RATES

<table>
<thead>
<tr>
<th>UTILITY</th>
<th>CENTS PER kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Edison</td>
<td>17.3</td>
</tr>
<tr>
<td>United Illuminating</td>
<td>16.3</td>
</tr>
<tr>
<td>Connecticut Light &amp; Power</td>
<td>13.6</td>
</tr>
<tr>
<td>Orange and Rockland</td>
<td>12.6</td>
</tr>
<tr>
<td>Central Hudson</td>
<td>11.6</td>
</tr>
<tr>
<td><strong>LIPA</strong></td>
<td><strong>11.0</strong></td>
</tr>
<tr>
<td>PSEG (NJ) *</td>
<td>8.7</td>
</tr>
</tbody>
</table>

*The property tax system imposes lower taxes on New Jersey utilities than those in New York and Connecticut, which provides lowers delivery charges. NREL data for PSEG (NJ) has been adjusted to include an estimated 4.3 cents for transmission rates to be comparable to the New York and Connecticut utilities, which included both transmission and distribution service in their delivery charges.

Source: National Renewable Energy Laboratory, 2021
OFFSHORE WIND TRANSMISSION UPDATE
On June 20, 2023 the New York Independent System Operator (NYISO) selected Propel New York, by New York Power Authority and New York Transco LLC, for a $3.3 billion transmission project that will enable the export of up to 3,000 MW of offshore wind generation from the Long Island to the rest of New York.

The need for this project was first identified in studies conducted in 2020 by LIPA/Con Edison and the New York State Energy Research and Development Authority (NYSERDA)/Department of Public Service (DPS) on how best to connect 9,000 megawatts (MW) of offshore wind to the Long Island and New York City electric grids.

Decisions by the New York State Public Service Commission (PSC) in 2021 and 2022 confirmed the need for Long Island’s transmission system upgrades to move offshore wind-generated electricity onshore and to the rest of the state and should be paid for by statewide cost allocation on a “load-ratio share” basis.

As a result of the PSC ruling, LIPA will pay about 12.5% of costs for the Propel New York project.

The project is expected to be in service by May 2030.
# NEW YORK OFFSHORE WIND PROJECTS

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Owner</th>
<th>Size (MW)</th>
<th>Contract Off-Taker</th>
<th>Interconnect Utility</th>
<th>In-Service Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Fork Wind</td>
<td>Joint Venture: Ørsted and Eversource</td>
<td>130 MW</td>
<td>LIPA</td>
<td>LIPA</td>
<td>2023</td>
</tr>
<tr>
<td>Empire Wind 1</td>
<td>Equinor Wind US LLC</td>
<td>816 MW</td>
<td>NYSERDA</td>
<td>ConEd</td>
<td>2024-25</td>
</tr>
<tr>
<td>Sunrise Wind</td>
<td>Joint Venture: Ørsted and Eversource</td>
<td>880 MW</td>
<td>NYSERDA</td>
<td>LIPA</td>
<td>2024-25</td>
</tr>
<tr>
<td>Empire Wind 2</td>
<td>Equinor Wind US LLC</td>
<td>1,260 MW</td>
<td>NYSERDA</td>
<td>LIPA</td>
<td>2026-27</td>
</tr>
<tr>
<td>Beacon Wind</td>
<td>Equinor Wind US LLC</td>
<td>1,230 MW</td>
<td>NYSERDA</td>
<td>ConEd</td>
<td>2028</td>
</tr>
</tbody>
</table>
The Propel New York project consists of **three underground 345 kV transmission cables** connecting to substations in the Bronx and Westchester, along with upgrades and new underground cables that will strengthen the LIPA system.

When not needed to export wind energy, the cables can also be used to **import clean energy from upstate** – helping enable our transition to a carbon-free grid.
COMMUNITY ENGAGEMENT
ISLAND HARVEST GRANT

- LIPA has pledged to provide Island Harvest Food Bank with a grant worth $40,000 to support a solar installation at their Melville facility.

- Island Harvest is one of Long Island’s leading hunger-relief organizations, supporting approximately 300,000 individuals each year through their various programs to end hunger and reduce food waste.

- Once installed, the solar array will help Island Harvest reduce their carbon footprint, better control their electricity, and reduce costs.

- LIPA’s support for this project is consistent with the Board’s Policy on Purpose and Vision, specifically to “actively engage with our customers and the communities we serve.”
At the American Public Power Association (APPA) National Conference in Seattle, LIPA was awarded the Sue Kelly Community Service Award, which “recognizes ‘good neighbor’ activities that demonstrate the commitment of the utility and its employees to the community.”

Among the activities cited by the APPA were:

- Providing Suffolk County with LIPA-owned land for the North Shore Rail Trail
- Grant to United Way of Long Island to transition to a net zero building
- Launching the LIPA Scholarship to help students in underserved communities pursue a career in the electric utility or clean energy sectors
- Sponsoring the Jones Beach Energy and Nature Center
Discussion

Questions?