LONG ISLAND POWER AUTHORITY

MINUTES OF THE 319th MEETING

HELD ON DECEMBER 13, 2023

The Long Island Power Authority ("LIPA") was convened for the three hundred and nineteenth time at 10:11 a.m. at LIPA's Headquarters, Uniondale, NY, pursuant to legal notice given on December 8, 2023, and electronic notice posted on the LIPA's website.

The following LIPA Trustees were present in person:

Tracey Edwards, Chair
Valerie Anderson Campbell
Vanessa Baird-Streeter
Laureen Harris
Claudia Lovas
Dominick Macchia
Mili Makhijani
David Manning

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O'Connor, General Counsel & Board Secretary; Mujib Lodhi, Chief Operating Officer; Billy Raley, Senior Vice President of Transmission & Distribution; Barbara Ann Dillon, Director of Human Resources and Administration; Jen Hayen, Director of Communications; Sarah Mandli, Manager of Manager of Customer Experience; and Bill Robins, Digital Media Specialist. Participating via video conferencing were Cathy Widmark, Director of Audit Services; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG Long Island, in person, were David Lyons, Interim President and Chief Operating Officer; Vice President of Electric Operations; Lou DeBrino, Vice President of Customer Operations; Peggy Keane, Vice President of Construction and

Operations; Paul Napoli, Vice President of Power Markets; and Martin Shames, Finance Director.

Representing the Department of Public Service were Carrie Meek Gallagher, Director; and Nick Forst, Assistant Counsel.

Chair Edwards welcomed everyone to the 319th meeting of the Long Island Power Authority Board of Trustees.

Chair Edwards stated that the first item on the agenda was the adoption of the minutes from the November 15, 2023 Board of Trustees meeting.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1816. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE NOVEMBER 15, 2023 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on November 15, 2023 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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Chair Edwards stated that the next item on the agenda was the Chief Executive Officer's Report to be presented by Thomas Falcone.

Mr. Falcone presented the Chief Executive Officer's Report and took questions from the Trustees.

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Chair Edwards stated that the next item on the agenda was the Consideration of Approval of a Chief Financial Officer to be presented by Barbara Ann Dillon.

After requesting a motion on the matter, which was seconded, Ms. Dillon presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees (the "Board") is requested to approve a resolution appointing Dennis O. Anosike as Chief Financial Officer ("CFO") of the Long Island Power Authority and its wholly owned subsidiary, the Long Island Lighting Company d/b/a LIPA, (collectively "LIPA").

Background

LIPA retained two executive search firms, Korn Ferry and Stewart Energy Resources ("SER"), to assist its search for a new CFO.

Korn Ferry screened 85 candidates, both within and outside of the utility industry. LIPA staff, including LIPA's Chief Executive Officer and other officers, interviewed nine candidates. LIPA extended an offer to one candidate, who declined due to compensation. SER interviewed and assessed over 100 candidates and presented nine candidates for consideration. LIPA officers interviewed six candidates. Members of the Board of Trustees also interviewed Mr. Anosike.

Based on his expertise and experience, I recommend that Dennis O. Anosike be appointed to the position of CFO of LIPA. Mr. Anosike has prior experience as a CFO at two large public transit companies, Chicago Transit Authority and Washington Metropolitan Area Transit Authority. He has over 20 years of experience in financial leadership, treasury operations, regulatory and compliance support, technology systems integration, pension fund management, grants administration, enterprise risk management, and capital markets financing, including extensive experience in Board and stakeholder engagement in large complex organizations. He also has private sector experience as a capital asset management consultant and investment advisor.

Mr. Anosike holds an MPA and Juris Doctor from Louisiana State University and a Bachelor of Arts from Northwestern Oklahoma State University.

Recommendation

Based on the foregoing, I recommend approval of the above-requested action by the adoption of the Resolution attached hereto as Exhibit "A".

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1817. APPOINTMENT OF CHIEF FINANCIAL OFFICER

BE IT RESOLVED, that Dennis O. Anosike be, and hereby is, appointed Chief Financial Officer of the Long Island Power Authority and its wholly-owned subsidiary, Long Island Lighting Company d/b/a/ LIPA, effective on or about December 13, 2023, until the earlier of his resignation or removal; and

BE IT FURTHER RESOLVED, that the incumbent of the position of CFO shall be an officer of LIPA within the meaning of LIPA's enabling legislation (Chapter 517 of the Laws of 1986), as amended, including Section 1020-bb of the Public Authorities Law, and all other applicable laws.

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Chair Edwards stated that the next item on the agenda was the Briefing from the Department of Public Service to be presented by Carrie Gallagher and Nick Forst.

Ms. Gallagher and Mr. Forst presented the Briefing from the Department of Public Service and took questions from the Trustees.

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Chair Edwards stated that the next item on the agenda was the Consideration of Approval of LIPA's 2024 Budget and Performance Metrics and Amendment to the 2023 Budget to be presented by Thomas Falcone and Mujib Lodhi.

After requesting a motion on the matter, which was seconded, Mr. Falcone and Mr. Lodhi presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a Resolution: (i) approving the 2024 Performance Metrics; (ii) approving the proposed 2024 Operating and Capital Budgets (the "Budget"), which sets forth the revenue, grant, other income, and expenditure forecasts for the year ending December 31,

2024; and (iii) amending the 2023 Capital Budget as described below and specified in Exhibit "A".

2024 PSEG Long Island Performance Metrics

The Second Amended and Restated Operations Services Agreement ("OSA") includes performance standards (the "Performance Metrics") for the management services PSEG Long Island provides to LIPA. Twenty million dollars of Variable Compensation (in 2021 dollars as contractually adjusted for inflation) is at risk annually based on these performance standards. The Performance Metrics include quantifiable outcomes and project-based initiatives that are designed to be objectively verifiable and reasonably achievable levels of performance. The funds to achieve this performance are also budgeted, tying realistic plans and budgets to measurable outcomes each year.

The metrics are set independently by LIPA and the Department of Public Service ("DPS") pursuant to a months-long process specified in the OSA, whereby LIPA Staff proposes Performance Metrics that further the objectives specified in the Board's Policies (link) and the Board-approved Strategic Roadmap (link), PSEG Long Island reviews and provides comments to the proposals, LIPA submits a final proposal to the DPS, which reviews and recommends each such metric, including any separate PSEG Long Island comments to the metric (the "DPS Recommended Metrics"), and the Board considers each DPS Recommended Metric. The Board may then approve each DPS Recommended Metric or return the metric to DPS for additional review, modification, and recommendation. The Board may consider metrics individually.

For 2024, LIPA Staff proposed 61 Performance Metrics. In a letter dated November 10, 2023 (attached as Exhibit "B"), the DPS recommended 1) adoption of 24 of the 61 proposed metrics; 2) modifications solely to the "Standard Language" provision for 28 metrics principally to permit PSEG Long Island to improve and resubmit a metric deliverable twice (rather than once) post the Due Date; 3) adjustments to the target levels and/or certain deliverables for 8 metrics; 4) removal of one metric; and 5) reintroduction of one metric.

The 2024 Proposed Performance Metrics presented to the Board on November 15, 2023, as part of the 2024 Proposed Budget, incorporate the DPS recommendations. The proposed 2024 Performance Metrics for the Board's review and approval are provided in Exhibit "C."

The LIPA Board has requested that Staff provide a quarterly report to the Board on PSEG Long Island's progress on the 2024 Performance Metrics and an annual evaluation. Pursuant to the LIPA Reform Act and OSA, LIPA's independent annual evaluation of PSEG Long Island's performance is first submitted to the DPS for their review and recommendation before Variable Compensation is paid to PSEG Long Island.

Many of the proposed 2024 Performance Metrics contain "exclusion" language for specified events and situations, including for delays directed or requested by LIPA or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island. Exceptions typically include requests for extensions to due dates;

clarifications and changes to project scopes, requirements, or methodology in the best interest of the metric objective; and opportunities for PSEG Long Island to take corrective action and resubmit a deliverable. LIPA Staff grants exceptions and exclusions if, in our judgment, it is in the best interest of achieving the metric objective, as LIPA's primary emphasis is on delivering a favorable result for customers. Year to date in 2023, PSEG Long Island has requested 446 exceptions, of which LIPA staff have approved 288, declined 141, and 17 remain under review.

Any exceptions or exclusions provided to PSEG Long Island related to a metric are reported to the Board in the quarterly and annual reports. As provided for in Exhibit "A," the Board delegates to LIPA Staff the ability to administer the exception and exclusion process in furtherance of the Board's objectives.

2024 Operating and Capital Budgets

The proposed 2024 Budget totals $5.193 billion, including an Operating Budget of $4.288 billion and a Capital Budget of $905.4 million, including 2023 carry-over amounts of $50.3 million discussed below, (attached as Exhibit "D"). The proposed 2024 Operating Budget funds delivery and power supply costs, taxes, and debt service. The Capital Budget funds long-life infrastructure investments such as transmission, substations, poles, and wires. In addition, the Operating and Capital Budgets fund investments in various information technology projects, services, and commodities needed to support system operations.

The proposed 2024 Budget is consistent with the Board's Policy on Fiscal Sustainability (the "Financial Policy"), to provide clean, reliable, and affordable energy through strategies that prudently manage and safeguard LIPA's assets and result in the lowest long-term cost to customers.

The policy seeks to achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio from 90 percent to approximately 70 percent by 2030. This is accomplished by maintaining fixed obligation coverage ratios of no less than 1.40x on LIPA-issued debt and lease payments; and 1.20x on the combination of LIPA-issued debt, UDSA-issued debt, and lease payments. For 2024, the proposed budget recommends LIPA fund 68% of the $905.0 million Capital Budget from debt.

LIPA staff is proposing a PSEG Long Island Operating Budget to the Board for approval based on an assessment of the operational need. However, for certain initiatives, LIPA and PSEG Long Island continue to evaluate information supporting the proposals, the development of which is expected to continue through the first quarter of 2024. As a result, the 2024 LIPA Consolidated Operating Budget reflects approximately $16.1 million in pending project authorization reserve funding for PSEG Long Island initiatives held within LIPA's Operating Budget. LIPA Staff will release such funds from the reserve to PSEG Long Island's Operating Budget upon LIPA management's approval of pending information in support of the scope and cost of the initiatives. LIPA will inform the Board of the associated budget modifications during the year.

LIPA staff is proposing a PSEG Long Island Capital Budget to the Board for approval based on its assessment of project justification documents submitted by PSEG Long Island. However, for certain initiatives, LIPA and PSEG Long Island continue to evaluate information related to such projects, the development of which is expected to continue through the first quarter of 2024. As a result, the 2024 LIPA Consolidated Capital Budget reflects approximately $99.7 million in pending project authorization reserve funding for PSEG Long Island initiatives held within LIPA's Capital Budget.

LIPA Staff will release such funds from the reserve to PSEG Long Island's Capital Budget upon LIPA management's approval of final project justification documents, as prescribed in the OSA.

LIPA will inform the Board of the associated budget modification during the year.

Changes from the 2024 Proposed Budget

Staff recommends certain adjustments to the Proposed Budget presented to the Board on November 15, 2023. The 2024 Budget presented herein includes the following changes: (i) the carry-over of funds from the 2023 Capital Budget to the 2024 Capital Budget (as outlined below); (ii) the transfer of $7.3 million of funds initially reflected in a pending project authorization reserve to the PSEG Long Island 2024 Capital Budget, as LIPA staff subsequently approved the final project justification documents; and (iii) the transfer of $40.3 million of funds into the pending project authorization that were initially reflected as approved in the proposed PSEG Long Island 2024 Capital Budget. These funds related to property acquisition and fleet were mistakenly characterized as approved in the November 15, 2023 budget, while the project justification documents remain pending approval.

Amendment of the 2023 Capital Budgets

LIPA is recommending approval of an amendment to the PSEG Long Island Capital Budget to allow for the carry-over of Capital projects from 2023 to 2024 and to reflect the inclusion of "emergent" projects that occurred during the year in the 2023 Budget. The proposed amendment will result in an overall decrease to the 2023 PSEG Long Island Capital Budget by $50.3 million, which is comprised of a decrease of $58.9 million associated with the carryover of Capital projects offset by an increase of $8.6 million to reflect the addition of emergent project, which were reviewed by LIPA staff during the year. As a result, the amended 2023 Capital Budget will be $811.7 million.

Estimated Residential Customer Bills in 2024

The monthly electric bill for the average residential customer is projected to be $186.71 in 2024, which is $19.43 per month or 11.6% above the 2023 average of $167.28. The primary drivers of the projected increase are higher Power Supply Charges driven by higher commodity costs ($4.20) and the elimination of a one-time tax credit in 2023 ($2.98), a Revenue Decoupling Credit in 2023 that does not continue into 2024 ($6.15), an increase in Delivery Service Charges ($4.95), and increases in assessments paid to third-parties based

on sales ($1.15), as further detailed in Figure 32 of the 2024 Proposed Budget. The projected monthly electric bill compares to an average monthly electric bill of $194.36 in 2022 and a projected monthly electric bill in the 2023 budget of $176.86.

Annual Budget and Rate Updates

Under the New York Public Authorities Law as amended by the LIPA Reform Act (P.A.L. § 1020 et seq.), LIPA and PSEG Long Island are required to submit a proposed rate increase to the New York DPS for review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5% of the total annual revenues. The proposed budget and associated rate adjustments would increase LIPA's 2024 delivery revenues by less than this threshold, as reviewed and confirmed by DPS staff. The delivery rate adjustments will be effectuated through a pro-rata increase to all Service Classifications. The 2024 target for the Revenue Decoupling Mechanism is $1.993 billion. The individual rate components for each service class will be increased by the same percentage (subject to rounding) with the following proposed exceptions.

As a continuation of the adjustment made last year in response to requests from community solar providers, LIPA Staff proposes to reduce the service charge for the Large General Service with Multiple Rate Period (SC2-MRP) service class from $9.50 to $4.75 per day for primary voltage customers and from $7.00 to $3.50 per day for secondary voltage customers. The revenue shortfall due to the reduction in the service charge will be recovered by increasing the demand charges in the peak hours (Rate Period 2) and the intermediate hours (Rate Period 3) for the service classification.

This modification will be revenue-neutral to the 2-MRP service class as a whole.

LIPA also proposes to modify the rate design of Service Classification No. 2 - Large General and Industrial Service With Multiple Rate Periods ("2-MRP") by reducing the service charge to approximately half the current level, from $13.50 to $7.00 per day for secondary voltage customers.

The revenues forgone by the reduction in the service charge will be collected by increasing the demand charges for Rate Period 2 and Rate Period 3. This modification will be revenue-neutral to the 2-MRP class. The proposed modifications to service classifications SC2-MRP and 2-MRP will bring LIPA's rates for these classes of commercial customers into greater alignment with the other New York electric utilities and will ensure that demand-related costs are recovered through demand charges.

To simplify its rate structure, LIPA Staff also proposes to eliminate the separate meter charge from rate codes 188, 288, and 282 as these meter charges are no longer warranted with the deployment of Advanced Meter Infrastructure (AMI). The service charges will continue at the same level as the corresponding non-time-of-use service classifications. Revenues formerly collected through the meter charge will be reallocated to the energy ($ per kWh) rate in all rating periods and seasons for rate codes 188 and 288. The combined meter plus service charge for rate code 282 is currently less than the daily service charge for

the companion rate codes 281 (non-time-of-day demand-metered rates for commercial customers) and 294 (modern time-of-day demand-metered rates for commercial customers). Along with the elimination of the meter charge, the service charge for rate code 282 will be raised to be equal to the daily service charge for these companion rate codes, and the demand charges reduced by a corresponding amount to ensure revenue neutrality for the rate class as a whole.

Accounting Topics

Deferral of Mark-to-Market Valuation Changes on LIPA's Investments

A portion of LIPA's unrestricted funds, which primarily consist of the Operating Fund, Construction Fund, and Rate Stabilization Fund, are allocated to investments that are subject to non-cash mark-to-market valuation changes. Due to the short-term nature of these accounts such market changes historically had minimal impact on the income statement and the delivery service adjustment. The mark-to-market valuation changes for this portfolio are recorded to the income statement rather than being deferred on the balance sheet until the assets are sold or settled and the gain or loss is realized, as is LIPA's practice for other funds such as the OPEB Account and Nuclear Decommissioning Trust Fund. To ensure consistent accounting treatment of all investments, LIPA is requesting the Board approve the deferral of non-cash mark-to-market valuation adjustments for all investments in LIPA's portfolio, including these short-term investments.

Regulatory Accounting for the Litigation Related to Certain Payments in Lieu of Taxes By statute, LIPA makes payments in lieu of taxes (PILOTs) for real property acquired from LILCO.

Beginning in calendar year 2015, the Reform Act capped LIPA's PILOT payments to no more than 2% higher per parcel than the prior calendar year. LIPA has paid the PILOT amounts it is authorized to pay by law and sets its budgets and collects from customers in rates as such. The City of New York and Nassau County have implemented the PILOT provisions of the Reform Act. Litigation with Suffolk County and its constituent towns over the amounts of LIPA's PILOTs for the tax years 2014/15 to 2020/21 resulted in a judgment against LIPA that is currently on appeal. The judgment is stayed pending the outcome of the appeal. In December 2021, the Board approved the deferral of the estimated levy against the transmission and distribution properties for tax years 2014/15 through 2019/20, with interest and penalties in the amount of approximately $67 million. In July 2023, Suffolk County filed an additional lawsuit against LIPA and certain Suffolk County towns seeking to have LIPA pay to the County alleged shortfalls in property tax payments for the 2021/22 tax year. LIPA estimates the potential exposure with penalties and interest for these matters to be approximately $154 million through 2023, plus a potential addition of up to $34 million per year in the event of an adverse result on appeal.

As a regulated entity, LIPA is requesting the Board approve continuing the deferral accounting treatment for the additional lawsuit plus the annual increase in amounts pending on the existing lawsuit, plus accrued interest. Deferral accounting treatment would continue

until LIPA is required to submit payment for such judgment, at which time LIPA would also need to collect such charges in electric rates.

Low-Income Discount Program

Consistent with the Board's Policy on *Customer Value, Affordability, and Rate Design*, LIPA Staff participates in the State's Energy Affordability Policy Working Group. The Working Group continues to recognize that energy affordability remains a major concern for low-income customers in the aftermath of the COVID-19 pandemic. The State's goal is that no more than 6% of household income be spent on utilities, which has been further defined to be 3% for electricity and 3% for heating fuels (electricity, natural gas, oil, propane, etc.).

The 2024 proposed budget includes three items intended to provide greater support to LIPA's low income customers: (1) expanded participation in the low-income discount program from 40,000 to 50,000; (2) increased discounts to participating low-income customers in 2024 by 5 cents per day ($1.50 per month); and (3) use of LIPA's existing rate mechanisms to distribute its share of the $200 million appropriation in the State's budget for the fiscal year ending March 2024 to reduce the impact of bill forgiveness programs on electric customers by: (a) assigning approximately $0.8 million to further increase the low-income discounts for 2024 by an additional 5 cents per day; (b) allocating the remaining funds on an equal per-customer basis to the four Revenue Decoupling Mechanism (RDM) rate categories, which will reduce the amount of the RDM to be recovered in 2024; and (c) distributing the state funds to individual customer bills as a component of the RDM factor, which is applied to customer bills throughout the 12 months of 2024 in proportion to each customer's billed charges for Delivery Service. No tariff changes are required for the implementation of this proposal.

By using its existing rate mechanisms, LIPA can implement the proposal at no incremental cost to its customers and without the risk of complications stemming from a one-time modification to its billing system. The direction of a portion of the state budget funds to low-income discounts also satisfies concerns raised by some of LIPA's stakeholders that more of the total appropriation should be directed toward the customers that need it the most. The NYS Utility Intervention Unit and the Long Island Progressive Coalition expressly supported LIPA's proposal. None of the parties that provided comments in the Working Group recommendation opposed LIPA's approach for the Long Island electric customers.

The impact of the proposal has been reflected in the proposed rates for Delivery Service for 2024 that have been presented to the Board for consideration.

Allocation of Intra-Year Power Supply Capacity Costs

In December 2015, the Trustees approved a regulatory asset to allow for a greater share of the recovery of certain fixed generation capacity costs in the Power Supply Charge ("PSC") from customers during the summer months consistent with when the generation capacity is needed rather than recovering these fixed costs equally through the year. Staff believes this accurately reflects cost causation in electric rates. The December 2015 approval by the

Trustees specified that the schedule of deferrals and amortization of such costs in future years would be presented in future budgets.

There is no net impact on an annual basis from the reallocation of these costs within the year, with allocations that range by month from plus $36 million to minus $34 million, as shown in the table below:

Allocation of Intra-Year Power Supply Capacity Costs ($ millions)	
January	($34.026)
February	($33.170)
March	($14.412)
April	($2.166)
May	$1.272
June	$16.872
July	$19.782
August	$35.702
September	$26.226
October	$3.958
November	($8.130)
December	($11.908)
Total	$0.000

2024 Utility 2.0 Plan

The 2024 Proposed Budget includes $10.8 million (including the carryover) in Capital funding and $14.8 million in Operating funding for Utility 2.0 initiatives. The amounts budgeted for Utility 2.0 plan initiatives reflect programmatic and budgetary adjustments recommended by the DPS in its recommendation to the LIPA Board regarding the Utility 2.0 Plan (attached as Exhibit "H").

Initiatives funded by the Utility 2.0 portfolio include the residential energy storage incentive program, integrated energy data resource program, smart home electrical panels, and support for beneficial electrification such as electric vehicle make ready initiatives.

Pursuant to the DPS recommendation, PSEG Long Island tracks all Utility 2.0 project costs and reconciles these costs within the Utility 2.0 Program funding levels on an annual basis. Further, DPS recommends that budget variances be addressed exclusively as part of future Utility 2.0 filings. As a result, LIPA follows regulatory accounting treatment to properly align Utility 2.0 Program revenue recognition with the timing of expenses.

2024 Energy Efficiency Plan

The 2024 Proposed Budget includes $95.3 million in Operating Revenue for initiatives proposed in the PSEG Long Island's 2024 Energy Efficiency and Renewable Plan. The

proposed funding of the Energy Efficiency and Renewable Plan is consistent with the DPS recommendation (attached as Exhibit "H").

LIPA Information Technology

The Proposed Operating and Capital Budgets include $11.6 million for Information Technology ("IT") professional services and commodities that are expected to be procured off the contracts negotiated by the New York State Office of the General Services (NYS-OGS) and Federal Supply Schedules (General Service Administration, GSA).

IT professional services include management support and expert assistance outside the scope of service for LIPA's current IT consulting services contracts. These services would be billed on a fixed hourly labor rate or at a fixed cost, as applicable, on an as-needed basis to support various IT system implementation initiatives as well as operational and oversight support functions. Over the next five years, the professional services that are anticipated include system design and architecture to support LIPA IT infrastructure upgrades, data analytics, a data warehouse, advanced analytics, an enterprise document and record management system, intranet, website, time and attendance initiatives, system integration and implementation of enterprise resource planning system, case management, financial management, planning, and modeling, Human Resource management, cloud migration, cybersecurity planning, implementation and review, IT strategic planning, performance management, business process improvement initiatives, System Resiliency (DRP/BCP/IRP), Emergency Response Planning, quality assurance of various IT initiatives within LIPA, independent verification and validation review of designs, plans, systems and program implementation managed by PSEG Long Island, and oversight support.

Commodities to be procured include hardware, software licenses, software, applications, cloud services, cybersecurity and systems monitoring and management subscription services, system and data center hosting, telephony, telecom, audiovisual, video conferencing support, and services on an as-needed basis in the ordinary course of business and continued maintenance of the existing hardware and software.

Public Comment on the 2024 Performance Metrics and Budgets

LIPA held two public comment sessions regarding the 2024 Budget and Performance Metrics. Information about the two public comment sessions was noticed in the State Register in September 2023, available on LIPA's website, and distributed to interested stakeholders via LinkedIn and an email listserv maintained by LIPA (to which any member of the public can sign up on LIPA's website). LIPA's budget and electric rates for 2024 were covered in an article in Newsday on November 14, 2023.

The public comment sessions occurred on Monday, November 27, 2023. One session was held in Nassau County, which was also an evening virtual session, and the other session was held in Suffolk County. Comments were received from one speaker, Fred Harrison of Merrick, in which he proposed that the Board authorize additional spending to create a Climate Litigation Fund to be used to challenge fossil fuel promoters on the damage they are causing

to LIPA's customers, authorize additional spending to promote the conversion of fuel oil heating systems to electric heat pumps, and seek public input on the budget at the beginning of the annual process. LIPA Staff thanks Mr. Harrison for his involvement and comments and responds that (i) the LIPA Board was briefed on climate litigation but does not discuss potential litigation matters in open session, (ii) LIPA's budget includes $15.5 million in 2024 to promote the installation of heat pumps and in addition, the 2024 Proposed Metrics include a project (PS&CE-13) to address non-monetary barriers to customer adoption that inhibit heat pump adoption, and (iii) the budget and metric process originates from the initiatives outlined in Board policies and the strategic plan. Board policies and LIPA's strategic plans are available on LIPA's website and are discussed at LIPA Board meetings, and are available for the public to comment on throughout the year.

Mr. Harrison also requested three pieces of information at the hearing:

- **An accounting of all the costs related to the PSEG Operations Services Agreement. Mr. Harrison asked that this accounting include all the costs of the hybrid management model, not only the PSEG management fee.**
- **What additional resources have likely devoted to oversight and contract management?**
- **Ratepayers should be made privy to the opportunity costs involved in this intensive supervision. What other work advancing ratepayer interests could have been accomplished if personnel did not have this burden?**

Staff responds that the 2024 budget includes $82 million for PSEG Long Island's management fee, approximately $20 million for services provided by other PSEG affiliates, and $21 million for services provided by Energy Resources and Trading (ER&T).

LIPA staff cannot accurately estimate LIPA's spending on oversight of PSEG Long Island, as the time of its staff and costs are not tracked in this manner. The roles of management and oversight are intertwined. Part of management is defining what the organization will accomplish and seeing that it occurs and that is also part of the role of oversight when an organization manages through a contract.

We have not internally defined activities between oversight and management or created systems to track such costs related to such a definition. As noted above, LIPA staff has no reliable basis for estimating what other work advancing ratepayer interests could have been accomplished if personnel did not have an obligation to oversee PSEG Long Island. LIPA's budgeting and planning processes are designed to achieve the policies established by the Board with the resources available to it.

The Board also accepted public comments at its November 15, 2023 Board meeting on all agenda items, as is its normal practice, and LIPA accepted written comments via email. At the November 15th Board meeting, comments regarding the performance metrics and budget were received from one speaker, Fred Harrison of Merrick. Mr. Harrison's comments included (a) a suggestion to provide the public with more time to review the performance metric and budget documents prior to the November board meeting; (b) the importance of sourcing low-cost renewable energy especially given the cost volatility of fossil

fuels; (c) the need to continue to lower all costs; and (d) applauding LIPA's efforts to seek federal grants. To date, no written comments have been received.
DPS Recommendations

As authorized by the LIPA Reform Act, the DPS provided its Recommendation on the LIPA Tariff proposals (attached as Exhibit "G") on November 30, stating "The "Department recommends the adoption of the Authority's proposals in accordance with the discussion set forth herein." The discussion specifically notes that:

- **"changes to the Tariff include proposals to: 1) establish LIPA's annual rate update and modify the rate design of Service Classification No. 2 Large General and Industrial Service with Multiple Rate Periods (2-MRP), to align LIPA's Tariff with New York's other Investor-Owned Utilities (IOUs)".**
- **"LIPA is also proposing the elimination of separate meter charges from rate codes 188, 288, and 282, as these charges are no longer warranted with the deployment of Advanced Metering Infrastructure (AMI)."**
- **"Thus, LIPA's proposal to eliminate the daily meter charge, reduce the fixed daily service charge and increase the demand or energy rate to offset revenue shortfalls is appropriate. As such, Staff recommends adopting this tariff modification as proposed." (emphasis added).**

As discussed above, the Budget also reflects adjustments recommended by the DPS in its Utility 2.0 and Energy Efficiency Plan Recommendations (attached as Exhibit "H"). The DPS solicited public comments on PSEG Long Island's Utility 2.0 and Energy Efficiency Plan, which are provided to the Board for their consideration and publicly available on the DPS's website.

As discussed above, the DPS separately reviewed and recommended 61 Performance Metrics in a letter dated November 10, 2023 (attached as Exhibit "B").

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of a resolution in the form of the draft resolution attached hereto.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1818. APPROVAL OF THE 2024 PERFORMANCE METRICS AND OPERATING AND CAPITAL BUDGETS AND AMENDMENT OF THE 2023 CAPITAL BUDGET

WHEREAS, the Long Island Power Authority ("LIPA"), through its wholly-owned subsidiary, the Long Island Lighting Company d/b/a LIPA, owns the electric transmission

and distribution system serving the counties of Nassau and Suffolk and a small portion of the County of Queens known as the Rockaways; and

WHEREAS, the Second Amended and Restated Operations Services Agreement ("OSA") includes Performance Metrics for the management services PSEG Long Island provides to LIPA and the metrics are set independently by LIPA and DPS each year in the manner prescribed in the contract; and

WHEREAS, these Performance Metrics are designed to be objectively verifiable and reasonably achievable levels of performance, and the funds to achieve this performance are also budgeted, tying realistic plans and budgets to achievable, measurable outcomes each year; and

WHEREAS, for 2024, LIPA has proposed and DPS has recommended 61 performance metrics distributed across the management services provided to LIPA and its customers (the "2024 Performance Metrics"); and

WHEREAS, the Board of Trustees (the "Board") is required to approve annual budgets for LIPA's operations and for capital improvements; and

WHEREAS, the proposed 2024 Budget incorporates Operating and Capital Budgets for the operation and maintenance of the transmission and distribution system, power supply, customer services, business services, energy efficiency, and electrification programs that are predicated on improving storm response and restoration, customer satisfaction, reliability, and storm hardening, among other objectives; and

WHEREAS, the proposed Operating and Capital Budgets include $11.6 million for Information Technology ("IT") professional services and commodities that may be procured off the contracts negotiated by the New York State Office of the General Services ("NYS-OGS") and Federal Supply Schedules; and

WHEREAS, the resolution is being adopted in accordance with the requirements of section 1.150-2 of the applicable Treasury Regulations, as evidence of LIPA's intent to finance certain of its capital expenditures through the issuance of debt; and

WHEREAS, under the New York Public Authorities Law as amended by the LIPA Reform Act (P.A.L. § 1020 et seq.), LIPA and PSEG Long Island are required to submit a proposed rate increase to the New York State Department of Public Service for review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5% of total annual revenues; and

WHEREAS, the proposed Budget and associated rate adjustments would increase LIPA's 2024 revenues by less than this threshold, and the proposed Budget contains rate updates consistent with the LIPA's Purpose and Vision, Board Policies, and the LIPA Reform Act; and

WHEREAS, LIPA presented its proposed 2024 Operating and Capital Budgets to the Board of Trustees on November 15, 2023, held two public comment sessions on November 27, 2023 and accepted written public comments; and

WHEREAS, the memorandum accompanying this resolution includes a schedule of deferrals and amortization of certain generation capacity costs within the months of the year to affect the more accurate reflection of cost causation in electric rates within each month of the year; and

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the 2024 Performance Metrics, as provided for in Exhibit "C" in the accompanying memorandum, and hereby delegates to LIPA Staff, in its discretion, the ability to provide PSEG Long Island exceptions within and from the 2024 Performance Metrics in furtherance of the metric objectives and the Board's Policies; and

BE IT FURTHER RESOLVED, that the Board hereby requires LIPA Staff to report quarterly to the Board on the status of the 2024 Performance Metrics and any exceptions; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby approves the 2024 Operating and Capital Budgets and associated rate adjustments, which are attached hereto; and

BE IT FURTHER RESOLVED, that the Board hereby approves granting LIPA the authority to release funds from the Operating reserve into PSEG Long Island's Operating Budget upon LIPA management's receipt and approval of adequate supporting information; and

BE IT FURTHER RESOLVED, that the Board hereby approves granting LIPA the authority to release funds from the Capital reserve into PSEG Long Island's Capital Budget upon LIPA management's receipt and approval of project justification documents in the manner prescribed in the OSA; and

BE IT FURTHER RESOLVED, that the Board hereby approves amendment to LIPA's 2023 Capital Budget to defer capital projects to 2024 and address new emergent projects totaling approximately $50.3 million; and

BE IT FURTHER RESOLVED, that the Board hereby approves LIPA's financing of the requirements of the 2024 and 2025 Capital Budgets, as adjusted from time to time, through a combination of internally-generated funds and the issuance of LIPA tax-exempt or taxable debt and authorizes the Chief Executive Officer or his designers to evidence such intent by appropriate certifications; and

BE IT FURTHER RESOLVED, that the Board approves the proposed increases to the low-income discount in furtherance of the State's Energy Affordability Policy and the proposed distribution of LIPA's share of the $200 million State appropriation through the low-income

discount and the Revenue Decoupling Mechanism over the 12 months of 2024, and that the Chief Executive Officer or his designees may take all such actions authorized under the Tariff to implement this proposal; and

BE IT FURTHER RESOLVED, LIPA's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board ("GASB"); and LIPA is subject to existing GASB No. 62, which outlines regulatory accounting for entities or operations that are rate regulated, the Board hereby approves the establishment of a regulatory accounting treatment to allow for the continuing deferral of recovery of potential impacts of the Suffolk County Property Tax Litigation and the deferral of non-cash mark-to-market valuation adjustments for all investments in LIPA's portfolio; and

BE IT FURTHER RESOLVED, the Chief Executive Officer or his designee be, and hereby is, authorized to execute and effect agreements to engage IT professional services and commodities consistent with the accompanying memorandum; and

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Chief Executive Officer and his designees to carry out all actions deemed necessary or convenient to implement this resolution.

***

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of Tariff Changes to be presented by John Little.

After requesting a motion on the matter, which was seconded, Mr. Little presented the following action item and took questions from the Trustees.

Requested Action

The Trustees are requested to approve the following proposals to modify LIPA's Tariff for Electric Service:

1. **Small Generator Interconnection Procedures ("SGIP") Update: Modifying LIPA's interconnection procedures to apply Statewide Standard Interconnection Requirement changes adopted by the New York Public Service Commission ("Commission") in its April 2023 Order.**
2. **Dynamic Load Management ("DLM") Program: Modifying the DLM Tariff to increase program participation among residential customers who install behind-the-meter battery energy storage systems and provide zero payment for performance that is 25% or less than the contracted level.**

3. **Community Choice Aggregation ("CCA") Program: Aligning program practice with other CCA program practices in the state and implementing changes consistent with recent Commission policy and rules under Case 14-M-0224.**
4. **Low Income Program: Expanding the eligibility requirements for the low-income program discount and clarifying that the enrollment and renewal period for the low-income program is 14 months.**
5. **Zero Emissions Credit ("ZEC") Program Financial Backstop Cost Recovery: Clarifying that costs associated with New York State's Clean Energy Standard ("CES") ZEC financial backstop collection process will be recovered through the Power Supply Charge.**

SGIP Update: Background

On December 22, 2022, members of the statewide Interconnection Policy Working Group and Interconnection Technical Working Group ("IPWG/ITWG") petitioned the Commission to make minor amendments to the Standardized Interconnection Requirements (the "December 2022 Petition"). On April 21, 2023, the Commission issued an order adopting the modifications to the current version of the Statewide *New York State Standardized Interconnection Requirements and Application Process for New Distributed Generators and Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems* ("Statewide SIR") (the "April 2023 Order"). Although LIPA is not subject to Commission jurisdiction, adopting the modifications to the statewide SIR will ensure that the latest industry standards and practices are used in LIPA's SGIP. LIPA Staff believes the proposed changes to the SGIP are fair to customers and developers of DER and support the achievement of LIPA's vision for clean energy and power supply.

SGIP Update: Proposed Action

Consistent with the April 2023 Order, LIPA Staff proposes three substantive modifications to the SGIP. The proposed changes are as follows:

- **UL 1741 Supplement B ("UL 1741 SB"): The proposed changes add reference to UL 1741 SB. As stated on page 4 of the April 2023 Order, they are:**

  "…driven by recent updates to the IEEE 1547 standards for smart inverter functionality and the associated testing certification of those smart inverters through UL 1741. The amendments will ensure that all smart inverters installed in New York under the SIR process are tested and certified to the latest industry standards and practices."
- **Cost Estimates: The proposed changes add language that requires LIPA's service provider, PSEG Long Island, to provide the applicant an updated cost estimate within ten (10) Business Days from the completion of design work if the scope of work has changed from the Coordinated Electric System Interconnection Review ("CESIR") estimate. In addition, added language stipulates a process for removal from the interconnection queue if a timely deposit payment is not made or if the applicant does not complete a timely final acceptance.**

- **<u>Property Owner Definition</u>: LIPA Staff proposes changes to Appendix H, Property Owner Consent Form and Appendix H-1, Site Control Certification Form of the SGIP to clarify that when the landowner is different from the building owner, the lessee of the property may sign these forms so long as the lessee demonstrates to the Utility's satisfaction that the lease permits installation of the proposed facilities.**

LIPA Staff also proposes various minor changes to the SGIP to further conform the SGIP to the Statewide SIR, as shown in the attached redline.

<u>SGIP Update: Financial Impact</u>

This tariff proposal will not have a material financial impact on LIPA or its customers.

<u>SGIP Update: Stakeholder and DPS Comments</u>

Two public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments were received from the public on the SGIP Update proposal.

The Department of Public Service ("DPS") recommended adoption of the changes to the SGIP as proposed and agreed with LIPA Staff that LIPA's SGIP proposal (1) would not have a financial impact and (2) are aligned with the current revisions made to the SIR following the modifications adopted by the Commission on April 21, 2023.

<u>DLM Program: Background</u>

DLM programs provide the tools and technologies needed to control and manage energy usage in real-time. By temporarily reducing non-essential energy usage, they can reduce the burden on the electricity grid, prevent outages, and improve system reliability during peak demand periods.

DLM programs are a critical tool in Demand Response ("DR") programs as they may help reduce the burden on the electricity grid, improve energy efficiency and reduce greenhouse gas emissions, as they provide a financial incentive for program participants to lower their electricity consumption when the electric demand is peaking and requires the heavy use of fossil fuel generation.

Battery storage is becoming increasingly important in DR and DLM programs because it allows energy to be stored during times of low demand which can subsequently be used to balance the grid during times of high demand. This not only helps to reduce peak electricity demand, alleviate stress on the grid, and minimize the need to replace infrastructure, but it also enables utilities to more efficiently manage and balance the intermittent supply of renewable energy sources, which are less predictable and variable.

On April 21, 2023, the Commission issued an *Order Directing Dynamic Load Management Program*, instructing the utilities under its jurisdiction to set the performance factor to zero when the calculated results are less than or equal to twenty-five (25) percent.

DLM Program: Proposed Action

LIPA Staff proposes to modify the DLM Tariff to increase program participation among residential customers who install behind-the-meter battery energy storage systems. Third party Aggregators would enroll residential customers with behind-the-meter energy storage equipment and arrange for metering and communications protocols that enable the Aggregator to measure the performance of the individual residential energy storage systems during load reduction events and electronically report that performance to LIPA.

LIPA Staff also proposes to make a change to the measurement of the Performance Factor consistent with the Commission's Order *Directing Dynamic Load Management Program Changes* issued on April 21, 2023, in Case 14-E-0423 ("2023 DLM Order") that will set the performance factor to zero if the actual calculation of the performance is less than or equal to twenty-five (25) percent.

LIPA's DLM Program Overview

Section XIII of LIPA's Tariff titled "Dynamic Load Management" ("DLM Tariff") establishes three DLM programs that provide for direct load control, customer-initiated reductions in load when critical periods are identified in advance, and contingency load relief for unforeseen events. The Direct Load Control Program is not affected by the proposed tariff change and is mentioned for information only.

Direct Load Control Program ("DLCP")

The DLCP pays customers to install devices that allow LIPA to turn off or limit the use of selected end uses, such as air conditioners and pool pumps. The customer brings their own thermostat, meaning the customer finds a Control Device Provider that provides and installs the control device which is usually connected to the home's thermostat. Consistent with the Commission's Reforming the Energy Vision proceeding, the role of the utility is limited to: (1) identifying Control Device Providers that offer equipment that can communicate with the utility's control system; (2) choosing when and where to control customer's load; and (3) making payments to the customer for the ability to control their load. In practice, Control Device Providers are expected to actively promote the program and sign-up customers. The program is called upon in the summer months (June through September) when peak conditions are anticipated, but load can be controlled at any time capacity shortages occur. The payments are structured as a one-time upfront payment and annual recurring payments for continued participation beginning in the second year of participation, guaranteed for five years.

Commercial System Relief Program ("CSRP")

The CSRP creates the opportunity for market participants to identify and implement load relief measures that would be called upon in anticipation of peak system loads, thereby

reducing the need to expand or reinforce the transmission and distribution system. The program offers a number of features to both directly participating customers as well as customers participating through Aggregators, who assemble and coordinate a pool of customers that combine their resources to meet the performance standards of the program: (1) monthly reservation payments per kW for commitments to reduce load on 21 hours' notice; (2) performance payments for each kWh of energy curtailed during a called event lasting up to 4 hours; (3) bonus payments for each kWh of energy curtailed beyond the 4 hour limit of the performance payment; (4) locational premiums to the extent that specific areas of the distribution system that would benefit from this type of load relief are identified. There is also a voluntary option that allows customers to participate without commitment; these customers would not receive the reservation payment, only the performance payment based on actual performance.

<u>Distribution Load Relief Program ("DLRP")</u>
The DLCP enables market participants to identify and implement load relief measures that would be called upon to address reliability problems as they occur at specific locations along the transmission and distribution system. The program offers a number of features to both directly participating customers as well as customers who participate through Aggregators, who assemble and coordinate a pool of customers that combine their resources to meet the performance standards of the program: (1) monthly reservation payments per kW for commitments to reduce load on two hours' notice; (2) performance payments for each kWh of energy curtailed during a called event lasting up to 4 hours; (3) additional payments for each kWh of energy curtailed beyond the 4 hour limit of the performance payment (at the same rate as the first four hours); and (4) locational premiums in the future, to the extent that specific areas of the distribution system that would particularly benefit from this type of load relief are identified. There is also a voluntary option that allows customers to participate without commitment; these customers would not receive the reservation payment, only the performance payment based on actual performance.

Direct Metering

Direct metering of the energy storage system output will be used to verify the actual Load Relief provided (kW and kWh) by the customer's energy storage system during each hour of each designated Load Relief Period and Test Event at the Aggregator's option.

Data recorded via direct metering of the energy storage system during each designated Load Relief event will be captured and communicated by the authorized third-party Aggregator and used by LIPA to evaluate performance and compensation. Measurement and communications will be accomplished through API agreements between the vendor and the energy storage system's Aggregator/original equipment manufacturer ("OEM"). Secure data will be transmitted in real-time to the Aggregator directly from the energy storage system inverter. Inverter metering will be of utility specifications that will be provided in the DLM Program Guidelines and Operating Procedures.

Direct metering will be a substitute for the currently approved Customer Base Line ("CBL") approach that will continue to apply to customers without energy storage systems or the

appropriate measurement and communications capabilities. The CBL approach measures performance during load reduction events by comparing the customer's energy usage during the hours of the called event to the energy used during a recent 5- or 10-day period preceding the called event. The intent of the CBL method is to determine how much the customer's behavior changed during the called event. The calculated change in behavior (usage during the event minus usage on similar non-event days) is deemed to be the amount of load reduction the customer provided to the system. The CBL methodology is affected by any number of factors that may be occurring at the customer's location on the days preceding the load reduction event and is dependent on the selection of days that constitute the "typical" energy use of the customer. All these factors cause the results of the CBL methodology to be highly unpredictable.

Direct metering avoids all these issues and associated volatility in results as it relies upon an exact measurement of the performance of the energy storage system on exactly those hours of the called event.

Eligibility

Residential rate code customers and residential Time-of-Day ("TOD") rate code customers are eligible to participate through an approved Aggregator that will aggregate at least 50 kW of load relief. Both stand-alone energy storage systems and systems paired with eligible Net Energy Metering Technology will be eligible. Customers enrolled in the Direct Load Control (Smart Savers) program will not be eligible to participate in the new direct metering alternative.

Benefits

The proposed modifications to the existing Battery Energy Storage System Demand Response Program responds to the concerns of various stakeholders, including solar developers, regarding their perceived program barriers, including:

- **Uncertainty in compensation. Specifically, concerns that behavioral impacts are outside of the control of the Aggregator (measured at the meter, not inverter), thereby creating price uncertainty.**
- **The 10-day weather-adjusted CBL methodology is confusing to customers.**
- **Human resources needed at the Aggregator/OEM to operate the program.**
- **Direct metering prevents other customer load changes, including through onsite solar generation, from impacting the measurement and verification of the energy storage system.**
- **The Performance Factor calculation update will align LIPA's DLM practice with other utilities in the State, and the changes will have minimum impact LIPA's DLM program operations.**

DLM Program: Financial Impact

Solar installers have informed LIPA Staff that most customers want the battery to provide backup services in the event of a power outage. These are the customers targeted by the proposed tariff change since under the proposal, for all but a few hours a year, a customer's battery will be available as back-up, yet the customer can potentially receive the DLM payments authorized for their participation. The proposal won't change the expected compensation received by participants on average but will encourage greater participation by reducing the uncertainty regarding the calculated savings for each participant. The financial impact of those payments on LIPA's other customers is offset by the costs avoided by LIPA in obtaining additional power supplies and building additional grid capacity to meet the extremely high loads in the relatively few hours that are targeted by the demand response programs. LIPA Staff estimates the DLM payments to participants with energy storage to be $135 per year for a 5 kW storage system. The estimated avoided costs for 5 kW of demand reduction are approximately $400.

Residential customers with energy storage that are participating in LIPA's recently authorized TOD rates are also allowed to participate in the demand response programs as direct metered customers. Such customers have the opportunity to use their energy storage system to reduce their peak energy requirements from LIPA by storing less expensive off-peak energy or behind-the meter solar output and using it to meet their on-peak energy requirements. This approach to energy management by customers that can install behind-the-meter storage systems likewise reduces LIPA's obligation to provide energy in the most expensive peak hours of the year and benefits all customers by reducing expenditures on peaking resources and grid enhancements to meet peak load requirements. LIPA Staff estimates that a residential customer with a 5 kW storage system could reduce their electric bill by as much as $450 per year by storing their solar generation before 3 PM on weekdays and releasing the energy during the on-peak hours from 3-7 PM. Combining the TOD arbitrage bill savings and the $135 in annual DLM payments produces participant benefits of $585 per year and reduces costs by $400 in avoided transmission and distribution costs and market supply costs of $245 for a net benefit to other ratepayers of $60 per participant per year.

<u>DLM Program: Stakeholder and DPS Comments</u>

Two public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. Comments submitted jointly by the New York Solar Energy Industries Association ("NYSEIA") and Sunrun Inc. ("Sunrun") were received on the DLM Program proposal.

> **"NYSEIA and Sunrun are generally supportive of the proposed modifications; however, additional adjustments to the DLM tariffs are necessary to generate customer interest in acquiring battery storage in the first instance, and ultimately attracting customers to enroll in the programs."**

The additional adjustments and clarifications requested by NYSEIA and Sunrun are:

1. **That performance measure be clarified to include both load reduction and exports from the energy storage system, as measured at the device.**
    - **LIPA Staff Response: Staff understands the clarification request from NYSEIA and Sunrun. Upon approval of the DLM program proposal, qualifying participants will be able to either continue utilizing the existing CBL methodology or switch to the proposed direct metering methodology that simply calculates a participant's overall performance based only on exports from the customer's energy storage system. Direct metering method can't be used for measuring load reduction that traditionally relies on the CBL methodology. Measuring a single participant's program performance with a combination of two completely different methodologies, direct metering and CBL, complicates what is intended to be a simplification of the program and would require further examination of how the information available from the inverter and the revenue meter could be separately determined. To ensure clear understanding of all stakeholders, Staff makes several small clarifying edits to the originally proposed DLM tariff modification and recommends that the Board approve the tariff modification as amended while Staff continues its work with the solar industry and other stakeholders for further success of the DLM program.**
2. **Reporting of the real-time interval data from the inverter occur on a monthly or seasonal basis to verify performance for payment settlement purposes.**
    - **LIPA Staff Response: Staff understands the clarification the commenters are requesting and agrees to modify the Program Guidelines and Operational Procedures to indicate that data must be provided by the aggregator monthly.**
3. **Changing the DLM program payments into a simple $/kW pay-for-performance structure and simplifying the $/kW and $/kWh payment structures for the locational dispatch and load reduction beyond the four-hour event window by aligning it with the performance-based $/kW structure.**
    - **LIPA Staff Response: Separate payments for the offer to provide load reductions (reservation payments) and subsequently providing the reductions when called (performance payments) is the structure adopted statewide following a collaborative process among all stakeholders organized through the DPS. Staff recommends that the current structure be maintained and that the comments be shared with the DPS for future consideration.**
4. **Increasing the resulting $/kW pay-for-performance rate.**
    - **LIPA Staff Response: Payments for demand response need to reflect the cost savings that can be achieved by the utility. Staff understands that higher payments will induce greater participation, but the proposed payment rates need to reflect a balance between attracting more behind-the-meter energy storage onto the system and the benefits that our customers will receive. LIPA staff recommends that the current level of payments be maintained.**

The DPS recommended adoption of the modifications to the DLM tariff as proposed and recognizes that LIPA's proposal for Direct Metering offers a simpler and more accurate alternative for customers than the current CBL approach.

CCA Program: Background

On April 21, 2016, the Commission issued an Order Authorizing Framework for Community Choice Aggregation ("CCA") Opt-Out Program, known as the CCA Framework Order. On August 26, 2019, the DPS issued the CCA Guidance Document "to assist and inform CCA administrators, participating utilities, Energy Service Companies ("ESCOs"), Distributed Energy Resource ("DER") developers, and other stakeholders on the existing rules and regulations of New York State's CCA program."

Several municipalities within LIPA's service territory have expressed interest in exploring the adoption of CCA within their communities. In response to the interest in CCA, LIPA's Board of Trustees adopted a Tariff amendment that established a CCA program on Long Island effective June 1, 2020, in alignment with the requirements of the Commission's CCA Framework Order and the 2019 DPS Guidance Document.

On April 14, 2021, DPS Staff filed the CCA Whitepaper, which described the status of the State's CCA programs, detailing successes, and challenges, and recommending program improvements. Identified improvements include standardization of CCA program filing requirements, streamlining of the filing process, modification of existing requirements, and adoption of additional requirements.

On November 18, 2021, the Commission issued its Order Denying Rehearing, Providing Clarification and Confirming Tariff Modifications in Case 20-M-0082 which, in relevant part, directed the regulated utilities to modify their respective tariffs to remove fees associated with the release of customer data, except for cost-based fees associated with request for historical energy usage data in excess of 24 months.

On March 21, 2022, Section 74-b of the New York State Public Service Law ("PSL") became effective which established CCA programs in Long Island (the "Long Island CCA Statute"). Specifically, PSL § 74-b required, in relevant part, that by no later than January 1, 2022, the Commission, in consultation with the New York State Energy Research and Development Authority and the Authority, establish "by order, rules, and regulations a Long Island community choice aggregation program."

On January 19, 2023, the Commission adopted the CCA Whitepaper recommendations with modifications (the "CCA Modification Order"). The CCA Modification Order, in relevant part, directed DPS to update the 2019 DPS Guidance Document. DPS accordingly issued its Community Choice Aggregation Program Rules on March 20, 2023.

This proposal seeks to modify the Tariff to implement changes to LIPA's Long Island Choice Program consistent with similar changes made by other utilities in New York State and recent Public Service Commission orders and rules adopted under Case 14-M-0224.

CCA Program: Proposed Action

The proposed amendments to the CCA program and the associated tariff leaves will:

(1) discontinue customer data charges;

(2) remove reference to data security screens that are no longer necessary since the inception of new CCA Data Security Agreements;

(3) refine the types of data to be disclosed to a municipality or its designee; and

(4) reference the Department of Public Service's Community Choice Aggregation Program Rules issued March 20, 2023.

<u>CCA Program: Financial Impact</u>

There are no expected revenue impacts for LIPA, since the reductions in revenue from the variable component of the Power Supply Charge will be directly offset by the reduction of variable expenses of procuring power supply. Delivery revenues and revenues received based on fixed Power Supply expenses are collected from all customers that participate in the CCA. There are also no expected revenue impacts for discontinuing customer data charges.

CCA Program: Stakeholder and DPS Comments

Two public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. Peak Power LI believes the proposed changes align with the Commission regulations and the tariffs of New York's investor-owned utilities that support the development of a CCA market on Long Island. Peak Power LI looks forward to seeing these proposed changes take effect in early 2024 and thanks LIPA staff, LIPA senior management, and the DPS for recognizing the need for these changes.

The DPS Staff reviewed LIPA's proposal and determined that it largely brought the CCA program into alignment with the CCA program requirements instituted by the Commission. DPS highlights that LIPA's proposal outlines a dispute resolution process that differs from the rest of the IOUs. DPS recommends two things: (1) to align LIPA's tariff with changes made by other utilities in New York State that conform to recent Public Service Commission Orders and program rules adopted under Case 14-M-0224; and (2) to make changes to LIPA's proposed dispute resolution process.

The DPS recommends revising Leaf 297B, subsection 2.b, to further align LIPA's CCA program with the Commission's requirements. In Section 2.b entitled "Rules and Governance", Staff recommends that the tariff be revised so that "LIPA, municipalities participating in the CCA, and CCA administrators will follow the Public Service Commission's Community Choice Aggregation Orders (e.g., 14-M-0224) and Program Rules, as added and further amended from time to time," and recommend that LIPA remove specific reference to March 2023 as a date certain and instead reference the program rules to structure the Tariff provision to maintain consistency with the Department's rules on an ongoing basis to foster greater alignment with the Department's CCA program rules.

LIPA Staff Response: LIPA staff recommends that the Trustees accept the Department's recommendation to revise Leaf 297B, subsection 2.b, to further align LIPA's CCA program with the Commission's requirements. In response to this recommendation, LIPA staff proposes to modify subsection 2.b to read "LIPA, municipalities participating in the CCA, and CCA administrators will follow the Community Choice Aggregation Program Rules issued by the DPS."

On December 6, 2023, staff counsel issued an errata letter to supplement its November 30, 2023 recommendations concerning tariff provisions governing dispute resolution ("November Recommendation Letter"). In its November Recommendation Letter, the Department referenced a dispute resolution process that was not included in LIPA's original proposal. The November Recommendation Letter states that the Department recommends that LIPA adopt a dispute resolution process as part of these tariff modifications which should follow LIPA's dispute resolution process contained in its Uniform Business Practices for Electric Energy Service Companies.

LIPA Staff Response: In response to this recommendation, LIPA staff proposes the following dispute resolution process be included on Leaf 297B, subsection 2.d. This language mirrors the dispute resolution process for ESCOs under the Long Island Choice program, as recommended by DPS. LIPA staff's proposal is subject to the rulemaking process under SAPA section 2202 (4-a), which will include the issuance of a revised notice of proposed rulemaking to allow for public comment on the new dispute resolution language.

The proposed dispute resolution process for disputes between LIPA and the CCA Administrators and/or Energy Service Entities ("ESEs") is as follows:

(1) <u>Standard Process</u>. The parties shall use a method to send documents described in this paragraph that will verify the date of receipt. Any CCA Administrator, ESE or the Manager may initiate a formal dispute resolution process by providing written notice to the opposing party and New York State Department of Public Service Staff. Such notice shall include a statement that the CCA dispute resolution process is initiated, a description of the dispute, and a proposed resolution with supporting rationale. The Department of Public Service Staff may participate in the process at this or any later point to facilitate the parties' discussions and to assist the parties in reaching a mutually acceptable resolution.

- **a) No later than ten calendar days following receipt of the dispute description, if no mutually acceptable resolution is reached, the opposing party shall provide a written response containing an alternative proposal for resolution with supporting rationale and send a copy to Department of Public Service Staff.**
- **b) No later than ten days after receipt of the response, if no mutually acceptable resolution is reached, any party or Department of Public Service Staff may request that the parties schedule a meeting for further discussions. The parties shall meet no later than 15 calendar days following such request, upon advance notice to Department of Public Service Staff, unless the parties and Department of Public Service Staff agree upon another date.**

c) If no mutually acceptable resolution is reached within 40 calendar days after receipt of the written description of the dispute, any party may request an initial decision from the Department of Public Service. A party to the dispute may appeal the initial decision to the Authority's Chief Executive Officer.

d) If the parties reach a mutually acceptable resolution of the dispute, they shall provide to Department Staff a description of the general terms of the resolution.

(2) Expedited Process: In the event that an emergency situation arises to justify immediate resolution of a dispute, any party may file a formal dispute resolution request with the Secretary to the Public Service Commission asking for expedited resolution. An emergency situation includes, but is not limited to, a threat to public safety or system reliability or a significant financial risk to the parties or the public. The filing party shall provide a copy of the request to other involved parties and the Department Staff designated to receive information related to dispute resolution under this Section. The request shall describe in detail the emergency situation requiring expedited resolution, state in detail the facts of the dispute, and, to the extent known, set forth the positions of the parties.

Low Income Program: Background

In January 2015, the Commission initiated a proceeding to examine the low-income customer programs offered by the major electric and gas utilities in New York State with the purpose of standardizing such programs to reflect best practices. The Commission directed Staff of the Department of Public Service ("DPS Staff") to conduct an examination of the utility low-income programs to identify best practices, evaluate the effectiveness of the current program designs, and develop recommendations for improvements.

The Commission subsequently issued an order on May 16, 2016 directing the regulated major gas and electric utilities to make certain changes to their respective low-income programs.

Specifically, the May 2016 Order discussed utility best practices for energy affordability and adopted a policy that "an energy burden at or below 6% of a household income shall be the target level for all 2.3 million low-income households in New York". In response to the May 2016 Order, the regulated utilities implemented increases to their low-income customer discounts and have implemented tiered discounts with the goal of providing discounts that lower the energy burden on low-income customers towards 6% of household income.

On September 27, 2017, LIPA's Board of Trustees approved the first step in a plan to gradually implement low-income customer discounts consistent with the May 2016 Order, raising its discounts to $20 per month for residential customers whose homes are heated with electricity and $15 per month for those whose homes are heated by other means. LIPA indicated at the time that it intended to begin offering tiered discounts in 2018.

In the fourth quarter of 2017, LIPA also made operational improvements to its low-income program: (1) allowing four additional months from the enrollment expiration date for

customers to complete re-enrollment to prevent disruptions of the monthly receipt of discounts and to avoid unnecessary program enrollment changes; (2) enrolling low-income customers in a Balanced Billing Plan by default unless they choose to remain on standard billing; (3) protecting low-income customers from energy service companies ("ESCOs") in light of evidence that low-income customers generally paid more to ESCOs for energy than they would pay to a utility; and (4) increasing participation in the low-income program through enhanced outreach efforts.

On August 12, 2021, the Commission issued its Order Adopting Energy Affordability Policy ("EAP") Modifications and Directing Utility Filings ("August 2021 Order"), to adopt certain improvements to the statewide utility bill discount programs and directed DPS Staff to convene a stakeholder EAP Working Group to consider ways to improve the EAP.

The August 2021 Order directed certain investigations to inform the EAP Working Group, including whether a minimum bill amount should be established as part of a discount calculation methodology. Additionally, the Commission ordered utilities to expand low-income program eligibility to include the Federal Lifeline program. In response to the August 2021 Order, the Joint Utilities filed tariff amendments to add the Federal Lifeline and related programs to the list of qualifying public assistance programs for low-income program eligibility. On October 13, 2022, the Commission issued an Order authorizing these tariff amendments to become effective on a permanent basis ("October 2022 Order").

This proposal will conform the eligibility criteria for LIPA's low-income program as offered in National Grid's KeySpan Energy Delivery Long Island ("KEDLI")'s tariff and the August 2021 and October 2022 Orders.

<u>Low Income Program: Proposed Action</u>

LIPA Staff proposes to modify its Tariff to: (1) expand the eligibility requirements for the low-income program to include the Federal Lifeline Qualifying Programs and Child Health Plus; and (2) clarify that the enrollment and renewal period for the low-income program is 14 months (rather than 12 months).

LIPA's proposal is consistent with similar changes made by other utilities in New York State pursuant to the Commission's August 2021 Order and October 2022 Order. Customers that can show, or for whom LIPA can confirm, enrollment in at least one of the following programs would be eligible for the low-income program discount: Low-Income Home Energy Assistance Program ("LIHEAP"); Medicaid; Supplemental Nutrition Assistance Program ("SNAP"); Supplemental Security Income ("SSI"); Temporary Assistance for Needy Family Assistance ("FA"); Safety Net Assistance – Public Assistance; United States Veteran's Disability Pension or Veteran's Surviving Spouse Pension, Child Health Plus or Federal Lifeline Program.

<u>Low Income Program: Financial Impact</u>

The net financial impact of this proposal is estimated to be minimal, since most current participants are qualified by our existing eligible criteria. Extending eligibility cannot be

estimated at this time, as the participation rates among our customers in these newly eligible programs is not known.

Low Income Program: Stakeholder and DPS Comments

Two public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments were received from the public on the Low Income Program proposal.

DPS supported the adoption of the proposed modifications to the LMI program as proposed. It also recommended LIPA and its Service Provider continue to comply with low income discount objectives outlined in Case 14-M-0565 and continue to participate in the EAP Working Group to ensure that the target energy burden is set at or below six percent of household income for all low income households in LIPA's territory.

LIPA Staff Response: LIPA Staff and PSEG Long Island have been proactive in identifying the changes needed to keep LIPA's programs aligned with the State's objectives as they are developed and implemented with the advice of the EAP Working Group. LIPA and PSEG Long Island staff intend to continue participating in the Working Group in 2024, as we have done for the past several years.

<u>ZEC Program Financial Backstop Cost Recovery: Background</u>

On August 1, 2016, the Commission adopted an order establishing a Clean Energy Standard (the "CES Framework Order") as part of the State's strategy to achieve a 40% reduction of statewide greenhouse gas emissions by 2030. The CES Framework Order required that 50% of New York's electricity be generated from renewable resources by 2030. The Climate Leadership and Community Protection Act ("CLCPA") increased the 2030 renewable energy goal from 50% to 70%, effective January 1, 2020.

The CES Framework Order expected every Load Serving Entity ("LSE") in New York State, including LIPA, which is not subject to the Commission's jurisdiction, to "participate by satisfying their requisite share of responsibility." The CES Framework Order divided the CES into a Renewable Energy Standard ("RES") and a Zero-Emissions Credit ("ZEC") requirement. The New York State Energy Research and Development Authority ("NYSERDA") administers these programs by purchasing RECs and ZECs from qualifying generators during each compliance year.

On November 17, 2016, the Commission issued an order approving Administrative Cost Recovery, Standardized Agreements and Backstop Principles ("CES Administration Order") and adopted the concept of a financial backstop whereby NYSERDA would be able to collect CES program shortfalls from the Electric Distribution Companies ("EDCs") in New York State. LIPA, which is an EDC that is not subject to the Commission's jurisdiction, was expected to participate in the backstop mechanism to ensure a full and equitable implementation of the statewide policy.

On June 23, 2023, the Commission issued an order approving the financial backstop collection mechanism to ensure NYSERDA has sufficient funds to make timely payments to eligible generators and sustain the ZEC Program. The once-per-year mechanism allows NYSERDA to cure an existing ZEC deficit and certain forecasted shortfalls approved by the Commission. The backstop cost is to be recovered from all customers of the EDC over a period of no more than 12 months.

ZEC Program Financial Backstop Cost Recovery: Proposed Action

LIPA Staff proposes to modify its Tariff to clarify that costs associated with the LIPA's participation in CES program, including the financial backstop costs, will be recovered through the Power Supply Charge.

The financial Backstop Costs shall be amortized over a period of 12 months, and the amortized amount shall be included in each month's Costs included in the Power Supply Charge. This amount is allocated to LIPA as an Electric Distribution Company per the Commission Order on June 23, 2023, and therefore shall not be part of the Market Supply Charge.

The Tariff change proposed is consistent with the CES Administration Order issued by the Commission on November 17, 2016, under case 15-E-0302 and the financial backstop collection mechanism approved by the Commission Order in the same Case on June 23, 2023.

ZEC Program Financial Backstop Cost Recovery: Financial Impact

The financial impact associated with the tariff modification depends on the exact amount of backstop costs allocated to LIPA. The initial LIPA share of the costs is $4,523,048, or approximately $0.000248 per kWh of energy LIPA delivers. For a typical LIPA residential customer who consumes 715 kWh per month on average, the financial impact is about $0.18 a month for 12 months.

ZEC Program Financial Backstop Cost Recovery: Stakeholder and DPS Comments

Two public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments were received from the public on the Clean Energy Standard ZEC Program Financial Backstop Cost Recovery proposal.

DPS Staff reviewed LIPA's Tariff proposal and determined that it aligns with the requirements in the Commission's June 23, 2023 Order and recommended LIPA's proposal be adopted as proposed.

Public Comments

LIPA held two public comment sessions on the proposed tariff changes on November 27, 2023, and solicited written comments through December 7, 2023. Transcripts of the public

comment sessions and a compendium of written comments received are attached as exhibits, and the comments are summarized above, together with responses from LIPA Staff.

Recommendation

For the foregoing reasons, I recommend that the Trustees approve the modifications to the Tariff for Electric Service described herein and set forth in the accompanying resolutions.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were approved by the Trustees[1].

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1819. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO THE DYNAMIC LOAD MANAGEMENT PROGRAM

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has also adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 27, 2023, public hearings were held in Nassau and Suffolk County on November 27, 2023, in

[1] After comments and questions by the Trustees, the proposed tariff changes related to the Small Generator Interconnection Procedures ("SGIP") were removed from consideration pending clarification of an issue related to property owner consent.

person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2024; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

***

1820. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO THE COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has also adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 27, 2023, public hearings were held in Nassau and Suffolk County on November 27, 2023, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff (other than those related to the dispute resolution provisions which will be proposed in a separate rule making

under the SAPA) are hereby adopted and approved to be effective January 1, 2024; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

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1821. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO THE LOW INCOME PROGRAM

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 27, 2023, public hearings were held in Nassau and Suffolk County on November 27, 2023, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2024; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

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1822. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO ZEC PROGRAM FINANCIAL BACKSTOP COST RECOVERY

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has also adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 27, 2023, public hearings were held in Nassau and Suffolk County on November 27, 2023, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2024; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

***

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the 2024 Plan of Finance to be presented by Thomas Falcone.

After requesting a motion on the matter, which was seconded, Mr. Falcone presented the following action item and took questions from the Trustees.

Requested Action

The Trustees are requested to authorize: (i) the issuance of up to $635,000,000 additional aggregate principal amount of Electric System Revenue Bonds (the "Authorized Bonds") for the purposes described below; and (ii) to enter into interest rate or basis swaps ("Financial Contracts") in connection with the Authorized Bonds or existing bonds, and to terminate such Financial Contracts if necessary or advantageous.

Background on Plan of Finance

LIPA's 2024 Plan of Finance includes the following elements:

- **Issuance of the Authorized Bonds in a principal amount no greater than $635,000,000 for the purposes of funding the costs of system improvements and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs. The $635,000,000 will be sufficient to fund the current 2024 Budget estimate of $535,000,000 for these purposes, plus $100,000,000 for system improvement purposes. The additional $100,000,000 is being authorized in the event the Authority determines to utilize other available funds to retire Authority debt rather than to apply such funds for system improvement purposes.**
- **LIPA may issue up to $1,250,000,000 of Bonds for the purpose of generating annual debt service and/or present value savings by refunding LIPA Bonds or to refinance variable-rate debt of the Authority. No newly Authorized Bonds are needed as there is existing remaining authorization of approximately $1,250,000,000 for these same purposes.**
- **Funding amounts due for the termination of Financial Contracts entered into in connection with any Authorized Bonds or refunded bonds.**
- **Entering into Financial Contracts, including forward starting swaps, in connection with the Authorized Bonds or existing bonds, in an amount of up to $1,000,000,000, should doing so provide debt service savings or mitigate interest rate risk.**

Authorized Actions

The Authorized Bonds will be issued as either fixed-rate or variable-rate bonds or a combination thereof and sold on a negotiated basis either: (i) to one or more underwriters for resale to investors or (ii) directly to one or more investors or financial institutions. The Chief Executive Officer, the Chief Financial Officer, and the Vice President -- Controller are each authorized to sell all Bonds issued to one or more underwriters for resale to investors. In each case, the sale shall be at such price or prices as determined to be the most cost-effective and advantageous for LIPA. The new Authorized Bonds could be issued in conjunction with such previously authorized, but not yet issued, bonds or be sold separately.

Any underwriter, dealer, or swap counterparty will be one of the firms approved pursuant to LIPA's most recent procurement for underwriting, investment banking and swap counterparty services, which firms include BofA Securities, Barclays, Citigroup, Goldman Sachs & Co., J.P. Morgan, Loop Capital Markets, Morgan Stanley, RBC Capital Markets, Ramirez & Co. Inc., Siebert Williams Shank & Co. LLC, TD Securities and Wells Fargo Securities. The Trustees are requested to permit the Chief Executive Officer, Chief Financial Officer or Vice President -- Controller to designate, as necessary, the underwriters, remarketing agents, or swap counterparties, as applicable, assigned to each bond series from the approved list of firms.

The total newly authorized amount of Authorized Bonds will be $635,000,000, may be used to pay or reimburse the Authority for funding Costs of System Improvements and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs.

Financial Contracts

LIPA has determined that it may be appropriate to enter into one or more interest rate or basis swaps ("Financial Contracts") including forward starting swaps, relating to the Authorized Bonds or existing bonds of the Authority, should they provide debt service savings or mitigate interest rate risk for the Authorized Bonds or existing bonds of the Authority, as compared to merely issuing conventional fixed-rate or floating-rate bonds. Authorization to enter into such Financial Contracts with an aggregate notional amount of up to $1,000,000,000 is requested. The Authority may also extend the tenor of existing Financial Contracts. The material terms of the agreements relating to any such Financial Contracts are expected to be substantially similar to agreements previously entered into by the Authority and may include interest rate risk, basis risk, settlement risk, termination risk, counterparty risk, and certain continuing covenants. Any such Financial Contracts would be submitted to LIPA's Executive Risk Management Committee for approval, per the Board's Policy on Interest Rate Exchange Agreements.

To the extent that any LIPA Bonds associated with Financial Contracts are refunded, or to the extent that doing so would provide debt service savings, mitigate interest rate risk, or be otherwise in the interest of the Authority, LIPA may also seek to terminate such Financial Contracts, reallocated them to other bonds or notes of the Authority, or assign them to other counterparties.

Recommendation

Based upon the foregoing and the recommendation of the Finance and Audit Committee, I recommend that the Trustees adopt the resolutions attached hereto authorizing (i) the issuance of up to $635,000,000 additional aggregate principal of Electric System General Revenue Bonds for the purpose of funding Costs of System Improvements and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs, (ii) the execution and delivery of one or more new Financial Contracts and termination of new or existing Financial Contracts.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were approved by the Trustees.

1823. AUTHORIZATION RELATING TO THE ISSUANCE OF ELECTRIC SYSTEM GENERAL REVENUE BONDS FOR THE PURPOSES OF FUNDING COSTS OF SYSTEM IMPROVEMENTS AND CERTAIN OTHER COSTS, EXECUTION AND DELIVERY OF CERTAIN FINANCIAL CONTRACTS, AND ACTIONS NECESSARY TO CARRY OUT UDSA FINANCING ORDERS

WHEREAS, on May 13, 1998, Long Island Power Authority (the "Authority") adopted its Electric System General Revenue Bond Resolution (the "General Resolution"), which authorizes bonds, notes or other evidences of indebtedness of the Authority, such bonds to be designated as "Electric System General Revenue Bonds" (the "Bonds"), for, among other purposes, funding Costs of System Improvements (as defined in the General Resolution) and other lawful purposes of the Authority and refunding other bonds or notes of the Authority; and

WHEREAS, Article II of the General Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Bonds; and

WHEREAS, the Authority has various series of outstanding Bonds that may, depending on market conditions, advantageously be refunded; and

WHEREAS, the Authority wishes to authorize the issuance of one or more series of Bonds (the "Authorized Bonds") for the purpose of funding Costs of System Improvements (as defined in the General Resolution) and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs, which Authorized Bonds shall be in an aggregate principal amount not to exceed $635,000,000; and

WHEREAS, the Authority wishes to issue the Authorized Bonds as either a fixed rate or variable rate or a combination thereof; and

WHEREAS, in order to achieve such purposes there has been prepared and submitted to the Trustees a form of Thirty-Fourth Supplemental Resolution (the "Thirty-Fourth Supplemental General Resolution"); and

WHEREAS, the General Resolution permits the Authority to enter into Financial Contracts (as defined therein), which include interest rate caps or collars and forward rate, future rate and certain swap agreements with Qualified Counterparties (as defined therein); and

WHEREAS, the Authority has determined that the use of such swap agreements is appropriate in certain circumstances but recognizes that certain risks can arise in connection with their use and the Authority has adopted guidelines (the "Guidelines") for the use of such agreements in order to assure that such agreements are used for appropriate purposes and to assure that the risks potentially associated with such agreements are effectively managed and minimized; and

WHEREAS, under current market conditions the Authority has determined that it may achieve debt service savings or mitigate interest rate risk by entering into one or more such Financial Contracts in an aggregate notional amount of up to $1,000,000,000 relating to all or a portion of the Authorized Bonds or other outstanding Bonds of the Authority, or extending existing Financial Contracts, pursuant to which the Authority and the counterparties thereto would agree to make payments to one another based principally upon certain indices, formulae or methods to be specified therein; and

WHEREAS, to the extent that bonds or notes associated with the Financial Contracts authorized hereby, or other Financial Contracts of the Authority, are refunded or doing so would provide debt service savings, mitigate interest rate risk, or would otherwise be advantageous to the Authority, it is anticipated that such Financial Contracts will either be reallocated to other bonds or notes of the Authority, assigned to or assumed by other counterparties, or terminated, as determined by the Chief Executive Officer, Chief Financial Officer, or Vice President -- Controller; and

WHEREAS, the decision as to which specific strategy or strategies to be employed in connection with such new or existing Financial Contracts and the indices, formulae or methods to be used in calculating payments to be made to the Authority or the counterparties will be made by the Chief Executive Officer, Chief Financial Officer, or Vice President -- Controller, taking into account market conditions and the advice of the Authority's financial advisor, with the intention of lowering the effective rate of interest payable in connection with the Authority's indebtedness or mitigating risks associated with such indebtedness consistent with interest rate and other risk considerations; and

WHEREAS, the Authority may determine to request the Utility Debt Securitization Authority ("UDSA") to issue bonds to permit the Authority to refinance a portion of the Authority's debt and to finance system resiliency costs (as defined in Part B of Chapter 173, Laws of New York, as amended (the "LIPA Reform Act")) pursuant to the Restructuring Cost Financing Orders Nos. 8 and 9 previously approved by the Board (the "Financing Orders").

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. **The Thirty-Fourth Supplemental General Resolution, in the form presented to this meeting and made a part of this resolution as though set forth in full herein, is hereby**

approved and adopted. The Chief Executive Officer, Chief Financial Officer, Vice President -- Controller and Secretary (collectively, the "Authorized Officers") are each hereby authorized to deliver the Thirty-Fourth Supplemental General Resolution to The Bank of New York Mellon, as the Trustee for the Bonds, with such amendments, supplements, changes, insertions and omissions thereto as may be approved by such Authorized Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

2. **The Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller are each authorized to sell all Bonds issued on a negotiated basis either (i) to one or more of the firms approved pursuant to the Authority's most recent procurement for underwriting for resale to investors or (ii) by private placement to one or more investors or financial institutions. The Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller are each authorized to sell all Bonds to one or more underwriters for resale to investors. In each case, the sale shall be at such price or prices as determined to be the most cost effective and advantageous for the Authority.**

3. **Each of the Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller is hereby authorized with respect to each series of the Authorized Bonds, to execute and deliver (i) a Bond Purchase Agreement (a "Bond Purchase Agreement") in substantially the form of the bond purchase agreement executed by the Authority in connection with the issuance of the Authority's Electric System General Revenue Bonds, Series 2023, with such modifications thereto as the Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller, upon the advice of counsel to the Authority, approves, (ii) in connection with any private placement of the Authorized Bonds, a placement continuing covenant or other financing, loan or credit agreement (each a "Placement Agreement") with the purchaser(s) thereof in such form, upon advice of counsel to the Authority, as may be approved by the Chief Executive Officer, Chief Financial Officer, or Vice President -- Controller or (iii) in connection with a competitive sale, a Notice of Sale and other necessary documents in such form, upon advice of counsel to the Authority, as may be approved by the Chief Executive Officer, Chief Financial Officer, or Vice President -- Controller, which approval in each case shall be conclusively evidenced by the execution thereof by the Chief Executive Officer, Chief Financial Officer or Vice President -- Controller.**

4. **Each of the Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller is hereby authorized and directed to execute and deliver any and all documents, including but not limited to the execution and delivery of one or more official statements or other disclosure documents and instruments and to do and cause to be done any and all acts necessary or proper for carrying out each Bond Purchase Agreement, Placement Agreement or Notice of Sale, the issuance, sale and delivery of the Authorized Bonds and for implementing the terms of each Bond**

Purchase Agreement or Placement Agreement, and the transactions contemplated thereby, the Thirty-Fourth Supplemental General Resolution and this resolution.

5. **As and to the extent that Authorized Bonds are issued for the purpose of refunding bonds or notes of the Authority or UDSA, each of the Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller is hereby authorized to engage in a tender offer or exchange of outstanding bonds or notes of the Authority or UDSA, as the case may be, and to execute and deliver any and all documents necessary to accomplish the same, if determined to be cost effective and advantageous for the Authority.**

6. **As and to the extent that the Chief Executive Officer, Chief Financial Officer, or Vice President -- Controller determines that it would be advantageous in current market conditions to issue bond anticipation notes, such officer is hereby authorized to determine whether such bond anticipation notes shall be issued as "Bonds" or "Subordinated Indebtedness" (as defined in the General Resolution). In the event that bond anticipation notes are issued as Subordinated Indebtedness, the details thereof shall be incorporated in a Note Certificate executed by such officer and delivered to the trustees under the General Resolution and the Authority's Electric System General Subordinated Revenue Bond Resolution, along with a copy of this resolution. Such Note Certificate may include such amendments and modifications to the provisions of this resolution as such officer shall determine necessary and appropriate to effectuate such determinations and details. A copy of such Note Certificate also shall be filed with this resolution into the records of the Authority and, upon such filing, shall be deemed to be a part of this resolution as if set forth in full herein.**

7. **The Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller are, and each of them hereby is, authorized to enter into reimbursement or other agreements with banks or other financial institutions providing Credit Facilities (as defined in the General Resolution) in connection with the Authorized Bonds, which agreements shall be substantially similar to such agreements previously entered into by the Authority in relation to other Credit Facilities, with such changes and additions to and omissions from such prior agreements as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. Such agreements may be entered into with Barclays Bank PLC, Bank of Montreal, Citibank NA, Royal Bank of Canada, State Street Bank and Trust Company, TD Bank NA, US Bank, and/or Wells Fargo Bank, NA or any other bank or financial institution selected pursuant to an Authority procurement process.**

8. **The Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller are, and each of them hereby is, authorized to enter into Financial Contracts in an aggregate notional amount of up to $1,000,000,000 relating to the Authorized Bonds or other Bonds of the Authority, or to extend the tenor of existing Financial Contracts, with such Qualified Counterparties (as defined in the General Resolution) as such officers may select in accordance with the Guidelines, which agreements shall (i) commence on such date or dates as the Chief Executive Officer, Chief Financial Officer, or Vice President -- Controller specifies, (ii) have a term ending on or prior**

to the anticipated final maturity of the bonds to which they relate, as the Chief Executive Officer or Chief Financial Officer or Vice President -- Controller specifies, (iii) provide for payments to the Authority determined based upon such index, formula or method as may be approved by the Chief Executive Officer or Chief Financial Officer or Vice President -- Controller, and (iv) otherwise be in accordance with the Guidelines and substantially in the form of Financial Contracts entered into by the Authority in relation to other interest rate swap transactions, with such changes and additions to and omissions from such form as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. In connection with the authorizations herein set forth, the Authority has determined, after consideration of the risks inherent in the use of Financial Contracts, including those outlined in the memo submitted to the Trustees in connection with the financing authorized hereby and the advice of the Authority's financial advisor relating to the use of the proposed Financial Contracts, that (a) the use of such Financial Contracts will, in the judgment of the Authority, result in lowering the effective rate of interest payable in connection with the Authority's indebtedness, (b) the risks of the proposed Financial Contracts are both manageable and reasonable in relation to the potential benefits; and (c) the proposed Financial Contracts are necessary or convenient in the exercise of the power and functions of the Authority under the Act.

9. **The Chief Executive Officer, Chief Financial Officer or Vice President -- Controller are** each **authorized to allocate or reallocate new or existing Financial Contracts to such outstanding Authority bonds or notes, or to terminate such agreements, as such officer may determine appropriate so as to permit the Authority to obtain the benefit of such Financial Contracts or to the extent that doing so would provide debt service savings, mitigate interest rate risk, or would otherwise be advantageous to the Authority and, to the extent that such agreements are terminated, some or all of the costs of such termination may be funded with the proceeds of the refunding Bonds, as determined by such officer. Any such officer is also hereby authorized to arrange for the assignment and assumption of any existing interest rate agreement to another counterparty or the amendment or termination of any such agreement, to the extent officer determines any such assignment and assumption, amendment or termination to be advisable.**

10. **Each of the Chief Executive Officer, Chief Financial Officer or Vice President – Controller is hereby further authorized to prepare and execute necessary documents, agreements, and certificates and to take all such actions as are necessary or proper to carry out the transactions contemplated by the Financing Orders including, but not limited to, providing for the issuance by UDSA of its Restructuring Bonds (as defined in the LIPA Reform Act), refunding outstanding bonds of UDSA or the Authority, conducting tender offers for outstanding bonds of UDSA or the Authority, financing system resiliency costs (as defined in LIPA Reform Act). In addition preparing and executing the documents forms of which were previously approved by the Authority in connection with the adoption of the Financing Orders, each of the Chief Executive Officer, Chief Financial Officer or Vice President -- Controller is authorized to**

prepare and execute such other documents, including but not limited to disclosure documents, continuing disclosure agreements, tender documents, escrow agreements, and other necessary documents, each in substantially the forms as prior transactions, as are necessary or proper to carry out the transactions contemplated by the Financing Orders.

11. Each of the Chief Executive Officer, Chief Financial Officer, and Vice President -- Controller is hereby further authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out and implementing the terms of, and the transactions contemplated by this resolution and each of the documents authorized thereby and hereby.

12. This resolution shall take effect immediately.

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1824. THIRTY-FOURTH SUPPLEMENTAL ELECTRIC SYSTEM GENERAL REVENUE BOND RESOLUTION

BE IT RESOLVED by the Trustees of the Long Island Power Authority as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. Supplemental Resolution; Authority. This resolution ("Supplemental Resolution") is supplemental to, and is adopted in accordance with Articles II and VIII of, a resolution adopted by the Authority on May 13, 1998, entitled "Electric System General Revenue Bond Resolution," as heretofore supplemented ("General Resolution"), and is adopted pursuant to the provisions of the Act.

102. Definitions. 1. All terms which are defined in Section 101 of the General Resolution (including by cross-reference to Section 101 of the Resolution) shall have the same meanings for purposes of this Supplemental Resolution, unless otherwise defined herein.

2. In this Supplemental Resolution:

"Authorized Denominations" with respect to Bonds of a Series, shall have the meaning set forth in the applicable Certificate of Determination.

"Bonds" or "Bonds of a Series" and words of like import shall mean each or all a Series of Bonds issued pursuant hereto collectively, as the context may require.

"Bond Purchase Agreements" means the Bond Purchase Agreement(s) among or between the Authority and Purchaser or Purchasers for the sale of the Bonds and shall

include any placement, continuing covenant, financing, loan or credit agreement entered into in connection with the placement of Bonds with an investor or financial institution.

"Certificate of Determination" shall mean a certificate or certificates of an Authorized Representative of the Authority delivered pursuant to Section 204 of this Supplemental Resolution, setting forth certain terms and provisions of the Bonds of a Series, as such certificate(s) may be amended and supplemented.

"Code" means the Internal Revenue Code of 1986 (Title 26 of the United States Code), as amended.

"Commercial Paper Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Commercial Paper Mode" means the mode during which Bonds of a Series bear interest at a Commercial Paper Rate.

"Credit Facility Issuer" means the issuer of any Credit Facility.

"Daily Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Daily Rate Mode" means the mode during which Bonds of a Series bear interest at a Daily Rate.

"DTC" shall mean The Depository Trust Company, New York, New York, or its successors.

"Electronic Means" means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication.

"Fiduciary" or "Fiduciaries" means any Fiduciary (as defined in the General Resolution) and any Tender Agent, or any or all of them, as may be appropriate.

"Fixed Rate" means an interest rate fixed to the maturity date of the Bonds of a Series.

"Fixed Rate Mode" means the period during which Bonds of a Series bear interest at a Fixed Rate.

"Index Mode" means the mode during which Bonds of a Series bear interest at an Index Rate.

"Index Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Interest Period" for a Series of Bonds, shall have the meaning set forth in the applicable Certificate of Determination.

"Liquidity Facility" means any standby bond purchase agreement, letter of credit or similar obligation, arrangement or instrument issued or provided by a bank, insurance company or other financial institution which provides for payment of all or a portion of the

Purchase Price (including accrued interest) of the Bonds of any Series that may be obtained by the Authority pursuant to Section 601 hereof.

"Liquidity Facility Issuer" means the issuer of a Liquidity Facility.

"Mandatory Purchase Date" for any Series of Bonds, means any date specified as such in the applicable Certificate of Determination.

"Maturity Date" means, with respect to any Bond, the final date specified therefor in the Certificate of Determination, which shall not be later than thirty-five years after the date of issuance.

"Maximum Rate" means for Bonds of a Series, such rate as may be specified in the applicable Certificate of Determination; provided, however, that in no event shall the Maximum Rate exceed the maximum rate permitted by applicable law.

"Mode" means the Commercial Paper Mode, Daily Rate Mode, Index Mode, Term Rate Mode, the Weekly Rate Mode, the Fixed Rate Mode or any other method of determining the interest rate applicable to Bond of a Series permitted under the applicable Certificate of Determination.

"Mode Change Date" means, with respect to Bonds of a Series, the date one Mode terminates and another Mode begins.

"Purchase Date" for Bonds of a Series shall have the meaning set forth in the applicable Certificate of Determination.

"Purchase Fund" means a fund by that name that may be established by a Certificate of Determination pursuant to Section 403 hereof.

"Purchase Price" means the price at which Bonds subject to optional or mandatory tender for purchase are to be purchased as provided in the Certificate of Determination.

"Purchaser" or "Purchasers" means the underwriter(s) or purchaser(s) for the Bonds of a Series named in the Bond Purchase Agreement for the Bonds of such Series.

"Refunded Obligations" means such portion, if any, of the Authority's outstanding fixed or variable rate Bonds and Subordinated Bonds as shall be specified in a Certificate of Determination.

"Remarketing Agent" means the remarketing agent at the time serving as such for the Bonds of a Series (or portion thereof) pursuant to Section 503 hereof.

"Remarketing Agreement" means the remarketing agreement entered into by and between the Authority and the Remarketing Agent with respect to the Bonds of a Series (or portion thereof).

"Replacement Bonds" means the Bond certificates provided to the beneficial owners of the Bonds, or their nominees, pursuant to Section 203(a) hereof.

"Resolution" means the General Resolution, as amended and supplemented by the Supplemental Resolution.

"Securities Depository" shall mean DTC as the Securities Depository appointed pursuant to Section 203(a) hereof, or any substitute Securities Depository, or any successor to any of them.

"Tender Agent" means the Trustee as tender agent appointed for the Bonds pursuant to Section 504 hereof.

"Term Rate" with respect to Bonds of a Series (or portion thereof), has the meaning set forth in the applicable Certificate of Determination.

"Term Rate Mode" means the mode during which Bonds of a Series (or portion thereof) bear interest at a Term Rate.

"Weekly Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Weekly Rate Mode" means the mode during which Bonds of a Series bear interest at a Weekly Rate.

ARTICLE II

AUTHORIZATION OF BONDS

201. Principal Amount, Designation, Series and Trustee. (a) Pursuant to the provisions of the General Resolution, one or more separate Series of Bonds entitled to the benefit, protection and security of such provisions are hereby authorized in a not-to-exceed aggregate original principal amount described below and with the following designation: "Electric System General Revenue Bonds, Series 202_" and with such additional or different designations as may be set forth in the applicable Certificates of Determination. The aggregate principal amount of each Series of Bonds shall be determined by an Authorized Representative of the Authority, subject to the terms of Section 204 hereof. Each Series shall initially bear interest in accordance with the Interest Rate Mode specified in and as may be provided by the applicable Certificate of Determination.

(b) Bonds issued pursuant to this Supplemental Resolution shall be issued in a not-to- exceed aggregate original principal amount of $635,000,000 provided that, to the extent that any bond anticipation notes are issued pursuant to Section 204(b) of this Supplemental Resolution and are refunded with Bonds issued pursuant to this resolution, the principal amount of such bond anticipation notes shall be excluded for purposes of the limit on the aggregate original principal amount of Bonds that may be issued hereunder.

(c) The authorization in this Section 201 to issue additional Bonds is in addition to any previous authorization of Bonds pursuant to any prior Supplemental Resolution, which shall remain in full force and effect. Any Bonds issued pursuant to this Supplemental Resolution bonds may be issued in conjunction with any previously authorized, but not yet

issued, Bonds or be issued separately as may be provided in the applicable Certificate of Determination.

202. Purposes. (a) The purposes for which the Bonds of any Series are to be issued shall include such of the following as shall be specified in the applicable Certificate of Determination:

i. **to fund Costs of System Improvements, including, without limitation, reimbursement of moneys theretofore expended by the Authority or the Subsidiary for such costs or refinancing of notes or revolving credit agreement borrowings incurred to finance such costs;**

ii. **to pay or reimburse the Authority for amounts due under any Financial Contract entered into in connection with any bonds or notes of the Authority, including, without limitation, termination payments that may be payable under an interest rate swap or other Financial Contract entered into in connection with any Refunded Obligations; and**

iii. **to pay fees and expenses in conjunction with each of the foregoing and the issuance of the Bonds of a Series, including reimbursement of fees and expenses expended by the Authority in connection therewith.**

(b) The proceeds of each Series of Bonds shall be deposited and applied in accordance with the applicable Certificate of Determination.

203. Securities Depository.

(a) Securities Depository. The Bonds of each Series when initially issued shall be registered in the name of Cede & Co., as nominee of DTC, in the form of a single fully registered Bond for each maturity of the Bonds of each Series. DTC is hereby appointed initial Securities Depository for the Bonds, subject to the provisions of subsection (b) of this Section. So long as DTC or its nominee, as Securities Depository, is the registered owner of Bonds, individual purchases of beneficial ownership interests in such Bonds may be made only in book-entry form by or through DTC participants, and purchasers of such beneficial ownership interest in Bonds will not receive physical delivery of bond certificates representing the beneficial ownership interests purchased.

So long as DTC or its nominee, as Securities Depository, is the registered Owner of Bonds, payments of principal, the Purchase Price and the Redemption Price of and interest on such Bonds will be made by wire transfer to DTC or its nominee, or otherwise pursuant to DTC's rules and procedures as may be agreed upon by the Authority, the Trustee and DTC. Transfers of principal, the Redemption Price, and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of Bonds by DTC participants will be the responsibility of such participants, indirect participants and other nominees of such beneficial owners.

So long as DTC or its nominee, as Securities Depository, is the registered Owner of Bonds, the Authority shall send, or cause the Trustee to send, or take timely action to permit the Trustee to send, to DTC notice of redemption of such Bonds and any other notice required to be given to Owners of Bonds pursuant to the General Resolution, in the manner and at the times prescribed by the General Resolution, or otherwise pursuant to DTC's rules and procedures or as may be agreed upon by the Authority, the Trustee (if applicable) and DTC.

Neither the Authority nor any Fiduciary shall have any responsibility or obligation to the DTC participants, beneficial owners or other nominees of such beneficial owners for (1) sending transaction statements; (2) maintaining, supervising or reviewing, or the accuracy of, any records maintained by DTC or any DTC participant, indirect participant or other nominees of such beneficial owners; (3) payment or the timeliness of payment by DTC to any DTC participant, indirect participant or by any DTC participant, indirect participant or other nominees of beneficial owners to any beneficial owner, of any amount due in respect of the principal or the Redemption Price of or interest on Bonds; (4) delivery or timely delivery by DTC to any DTC participant or indirect participant, or by any DTC participant, indirect participant or other nominees of beneficial owners to any beneficial owners, of any notice (including notice of redemption) or other communication which is required or permitted under the terms of the General Resolution to be given to holders or Owners of Bonds; (5) the selection of the beneficial owners to receive payment in the event of any partial redemption of Bonds; or (6) any action taken by DTC or its nominee as the registered Owner of the Bonds.

Notwithstanding any other provisions of this Supplemental Resolution to the contrary, the Authority, the Trustee and each other Fiduciary shall be entitled to treat and consider the Person in whose name each Bond is registered in the books of registry as the absolute owner of such Bond for the purpose of payment of principal, the Purchase Price, the Redemption Price, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal and the Redemption Price of and interest on the Bonds only to or upon the order of the respective Owners, as shown on the books of registry as provided in this Supplemental Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal and the Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid.

Notwithstanding any other provisions of this Supplemental Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal, the Purchase Price and the Redemption Price of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, pursuant to DTC's rules and procedures.

Payments by the DTC participants to beneficial owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC participant and not of DTC, the Trustee or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time.

Provisions similar to those contained in this subsection (a) may be made by the Authority in connection with the appointment by the Authority of a substitute Securities Depository, or in the event of a successor to any Securities Depository.

Authorized Officers are hereby authorized to enter into such representations and agreements as they deem necessary and appropriate in furtherance of the provisions of this subsection (a).

(b) Replacement Bonds. The Authority shall issue Bond certificates (the "Replacement Bonds") directly to the beneficial owners of the Bonds, or their nominees, in the event that DTC determines to discontinue providing its services as Securities Depository with respect to such Bonds, at any time by giving notice to the Authority, and the Authority fails to appoint another qualified Securities Depository to replace DTC. In addition, the Authority shall issue Replacement Bonds directly to the beneficial owners of the Bonds, or their nominees, in the event the Authority discontinues use of DTC as Securities Depository at any time upon determination by the Authority, in its sole discretion and without the consent of any other Person, that beneficial owners of the Bonds shall be able to obtain certificated Bonds.

(c) Notices. In connection with any notice of redemption provided in accordance with Article VI of the General Resolution, notice of such redemption shall also be sent by the Trustee by first class mail, overnight delivery service or other secure overnight means, postage prepaid, to any Rating Agency; to the Securities Depository which are known to the Trustee to be holding Bonds, to any Liquidity Facility Issuer with respect to such Bonds, and to at least two (2) of the national Information Services that disseminate securities redemption notices, in each case not later than the mailing of notice required by the General Resolution.

204. Delegation of Authority. There is hereby delegated to each Authorized Representative of the Authority, subject to the limitations contained herein, the power with respect to the Bonds of each Series to determine and effectuate the following:

(a) **the principal amount of the Bonds of each Series to be issued, provided that the aggregate original principal amount of Bonds of all Series shall not exceed the limit set forth in Section 201(b) and provided further that the aggregate original principal amount of the portion of the Bonds authorized by this Supplemental Resolution issued to fund Costs of System Improvements shall not exceed $635,000,000;**

(b) **whether to issue Bonds as "bond anticipation notes" and the maturities, interest rates, tender and redemption provisions, if any, and other terms of such bond anticipation notes;**

(c) **the dated date or dates, maturity date or dates and principal amount of each maturity of the Bonds of such Series, the first and subsequent interest payment date or dates of the Bonds of such Series, and the date or dates from which the Bonds of such Series shall bear interest;**

(d) **the methods of determining the interest rate applicable to the Bonds of such Series which may include Commercial Paper Rates, Daily Rates, Index Rates, Term Rates, Fixed Rates, Weekly Rates or other methods of determining the interest rate applicable to such Bonds**

and the initial interest rate or rates of the Bonds of such Series, provided that the initial interest rate or rates applicable to the Bonds of a Series at the date of their issuance shall not exceed six percent (6%) per annum;

(e) **the amounts of the proceeds of the Bonds of each Series to be deposited and applied in accordance with Section 202 hereof;**

(f) **the redemption provisions, if any, of the Bonds;**

(g) **the tender provisions, if any, of the Bonds;**

(h) **the definitive form or forms of the Bonds and the definitive form or forms of the Trustee's certificate of authentication thereon;**

(i) **the specification, from time to time, of a new Maximum Rate, in accordance with the definition thereof;**

(j) **provisions that are deemed advisable by such Authorized Representative in connection with a change in the Mode applicable to the Bonds of a Series;**

(k) **obtaining any Credit Facility or Liquidity Facility related to the Bonds of a Series or any portion thereof, and complying with any commitment therefor including executing and delivering any related agreement with any Credit Facility Issuer or Liquidity Facility Issuer, to the extent that such Authorized Representative determines that to do so would be in the best interest of the Authority;**

(l) **whether the interest on the Bonds will be included in gross income for Federal income tax purposes; and**

(m) **any other provisions deemed advisable by such Authorized Representative, not in conflict with the provisions hereof or of the General Resolution.**

Such Authorized Representative shall execute one or more certificates evidencing determinations or other actions taken pursuant to the authority granted herein, an executed copy of which shall be delivered to the Trustee. Each such certificate shall be deemed a Certificate of Determination and shall be conclusive evidence of the action or determination of such officer as to the matters stated therein. The provisions of each Certificate of Determination shall be deemed to be incorporated in Article II hereof. No such Certificate of Determination, nor any amendment to this Supplemental Resolution, shall change or modify any of the rights or obligations of any Credit Facility Issuer or any Liquidity Facility Issuer without its written assent thereto.

205. Form of Bonds and Trustee's Authentication Certificate. Subject to the provisions of the General Resolution and this Supplemental Resolution, the form of the Bonds of each Series, form of assignment, and the Trustee's Certificate of Authentication shall be in substantially the form set forth in the applicable Certificate of Determination. Any portion of the text of any Bond of a Series may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Bond.

Bonds of any Series may be typewritten, printed, engraved, lithographed or otherwise reproduced and may incorporate such legends and other additional text as may be customary, including but not limited to any legend to reflect delivery of the Bonds of any Series to a Securities Depository.

206. Denominations; Medium, Method and Place of Payment of Principal and Interest; Dating. The Bonds of each Series shall be issued in the form of fully registered bonds in Authorized Denominations and shall be numbered, lettered and dated as prescribed in the applicable Certificate of Determination. The principal of and premium, if any, and interest on the Bonds of each Series shall be payable in lawful money of the United States of America as provided in the applicable Certificate of Determination.

Interest on Bonds of a Series shall be calculated as provided in the applicable Certificate of Determination. The interest rates for Bonds of a Series contained in the records of the Trustee shall be conclusive and binding, absent manifest error, upon the Authority, the Remarketing Agent, the Tender Agent, the Trustee, the Liquidity Facility Issuer, the Credit Facility Issuer and the Owners.

No Bond of a Series may bear interest at an interest rate higher than the Maximum Rate.

207. Determination of Interest Rate(s); Purchase Price. The interest rate applicable during any Rate Period (other than a Fixed Rate determined on or prior to the date of issuance of the related Bonds) shall be determined in accordance with the applicable Certificate of Determination. Except as otherwise provided in the applicable Certificate of Determination, any such rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Bonds of the Series at a price equal to the principal amount thereof on the date on which the interest rate on such Bonds is required to be determined in accordance with the applicable Certificate of Determination, taking into consideration the duration of the Interest Period, which shall be established by the Authority.

ARTICLE III

SALE OF EACH SERIES; CERTAIN FINDINGS; DETERMINATIONS AND AUTHORIZATIONS; AMENDMENTS TO GENERAL RESOLUTION

301. Sale of the Bonds. (a) The Bonds of each Series may be sold to the Purchasers therefor named in the respective Bond Purchase Agreement and approved by an Authorized Representative of the Authority, upon the terms and conditions set forth in the Bond Purchase Agreement at an aggregate purchase price (excluding accrued interest) of not less than ninety-five percent (95%) of the aggregate principal amount of such Bonds to be sold. The Purchaser or Purchasers of the Bonds of each Series shall be approved by the Chief Executive Officer and shall be one or more of the financial institutions approved by the Authority to act as underwriters of the Authority's bonds.

(b) The Authority hereby authorizes one or more Bond Purchase Agreements with respect to the Bonds, which in the case of any series of Bonds being sold to a purchaser for resale to the public, shall be in substantially the form of the bond purchase agreements executed by the Authority in connection with the issuance of the Authority's Electric System General Revenue Bonds, Series 2024 (the "Series 2024 Bonds"), with such modifications thereto as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, but subject to

subsection (a) above. In the case of a placement of Bonds with one or more investors or financial institutions, the Bond Purchase Agreement shall be in such form as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, but subject to subsection (a) above. Any Authorized Representative of the Authority is hereby authorized to execute and deliver such Bond Purchase Agreements, which execution and delivery shall be conclusive evidence of the approval of any such modifications. Any Bond Purchase Agreement or placement agreement may provide for the sale of the Bonds on a forward delivery basis.

(c) The Bonds of each Series may be sold to the Purchasers therefor pursuant to a competitive sale, upon the terms and conditions set forth in a Notice of Sale at an aggregate purchase price (excluding accrued interest) of not less than ninety-five percent (95%) of the aggregate principal amount of such Bonds to be sold.

302. Preliminary and Final Official Statements. The Authority hereby authorizes one or more preliminary and final official statements substantially in the form of the Official Statements, delivered with respect to the Series 2024 Bonds, with such modifications thereto as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, including, without limitation, modifications to reflect matters reflected in continuing disclosure filings made with the Municipal Securities Rulemaking Board subsequent to the date of such Official Statement. Any Authorized Representative of the Authority is hereby authorized to deliver such preliminary official statements to the Purchasers for delivery to prospective purchasers of the Bonds and to execute copies of such final official statement and deliver the same to the Purchasers or Remarketing Agents, as the case may be, in connection with the original issuance of the Bonds of any Series or the remarketing thereof, which execution and delivery shall be conclusive evidence of the approvals of such preliminary and final official statements. The Authority hereby authorizes the use of such preliminary and final official statements and the information contained therein in connection with the public offering and sale of the Bonds of each Series by the Purchasers.

303. Continuing Disclosure. The Authority hereby approves the Continuing Disclosure Certificate substantially in the form delivered in connection with the Series 2024 Bonds, and authorizes any Authorized Representative to execute and deliver the same, or any similar undertaking, whether in the form of an agreement with the Trustee or any other instrument, to provide secondary market disclosure in order to permit the Purchasers of the Bonds of any Series to comply with Rule 15c2-12 of the Securities and Exchange Commission, with such modifications as any Authorized Representative, upon the advice of counsel to the Authority, approves, which execution and delivery shall be conclusive evidence of the approval of such modifications. The Authority covenants with the Owners from time to time of the Bonds of each Series for which a Continuing Disclosure Certificate is delivered that it will, and hereby authorizes the appropriate officers and employees of the Authority to take all action necessary or appropriate to, comply with and carry out all of the provisions of such undertaking as amended from time to time. Notwithstanding any other provision of the Resolution, failure of the Authority to perform in accordance with such continuing disclosure undertaking shall not constitute a default or an Event of Default under the Resolution and shall not result in any acceleration of payment of the Bonds of any Series, and the rights and remedies provided by the Resolution upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but such undertaking may be enforced only as provided therein.

304. Remarketing Agreements and Tender Agency Agreements. The Authority hereby authorizes one or more Remarketing Agreements and Tender Agency Agreements with respect to the Bonds of any Series in substantially the form of the remarketing agreements and the tender agency agreements entered into by the Authority in connection with prior series of Bonds,

with such modifications and with such Remarketing Agents and such Tender Agents as any Authorized Representative, upon the advice of counsel to the Authority, approves. Any Authorized Representative of the Authority is hereby authorized to execute and deliver such Remarketing Agreements and such Tender Agency Agreements in connection with the original issuance of the Bonds of any Series or remarketing thereof, which execution and delivery shall be conclusive evidence of the approval of any such modifications.

305. Further Authority. All Authorized Representatives of the Authority are and each of them is hereby authorized and directed to execute and deliver any and all agreements, documents and instruments and to do and cause to be done any and all acts necessary or proper for carrying out this Supplemental Resolution and each agreement authorized hereby, the issuance, sale and delivery and remarketing of the Bonds of any Series and for implementing the terms of each such agreement and the transactions contemplated thereby and by this Supplemental Resolution.

306. Certain Findings and Determinations. The Authority hereby finds and determines:

(a) The General Resolution has not been amended, supplemented, or repealed since the adoption thereof except by the resolution of the Authority entitled "First Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 1998A" adopted May 13, 1998, by the resolution of the Authority entitled "Second Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 1998B" adopted October 20, 1998, by the resolution of the Authority entitled "Third Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2000A" adopted February 29, 2000, by the resolution of the Authority entitled "Fourth Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2001A" adopted March 1, 2001, by the resolution of the Authority entitled "Fifth Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2001B through 2001P" adopted May 1, 2001, by the resolution of the Authority entitled "Sixth Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2003A" adopted February 27, 2003, as amended March 27, 2003, by the resolution of the Authority entitled "Seventh Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted March 27, 2003, by the resolution of the Authority entitled "Eighth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted May 26, 2004, by the resolution of the Authority entitled "Ninth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted March 24, 2005, by the resolution of the Authority entitled "Tenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted April 27, 2006, by the resolution of the Authority entitled "Eleventh Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted October 18, 2006, by the resolution of the Authority entitled "Twelfth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted February 26, 2008, and by the resolution of the Authority entitled "Thirteenth Supplemental Resolution authorizing Additional Interest Rate Modes and Modifications to the Operational Provisions and Characteristics of Existing Interest Rate Modes of Outstanding Electric System General Revenue Bonds" adopted February 26, 2008 and by the resolution of the Authority entitled "Fourteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted October 23, 2008, by the resolution of the Authority entitled "Fifteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted April 23, 2009, by the resolution of the Authority entitled "Sixteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 17, 2009, and by the resolution of the Authority entitled "Seventeenth Supplemental

Resolution authorizing Electric System General Revenue Bonds" adopted September 27, 2010, by the resolution of the Authority entitled "Eighteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 15, 2011, by the resolutions of the Authority entitled "Nineteenth Supplemental Resolution authorizing Electric System General Revenue Bonds," "Twentieth Supplemental Resolution authorizing Electric System General Revenue Bonds" and "Twenty-First Supplemental Resolution authorizing Electric System General Revenue Bonds," each adopted December 13, 2012, by the resolutions of the Authority entitled "Twenty-Second Supplemental Resolution authorizing Electric System General Revenue Bonds" and "Twenty-Third Supplemental Resolution authorizing Electric System General Revenue Bonds," each adopted August 6, 2014, by the resolution of the Authority entitled "Twenty-Fourth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 16, 2015, by the resolution of the Authority entitled "Twenty-Fifth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted March 21, 2016, by the resolution of the Authority entitled "Twenty-Sixth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 19, 2016, by the resolution of the Authority entitled "Twenty-Seventh Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 19, 2017, by the resolution of the Authority entitled "Twenty-Eighth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 19, 2018, by the resolution of the Authority entitled "Twenty-Ninth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 18, 2019, as amended and restated May 20, 2020, by the Resolution of the Authority entitled "Thirtieth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted September 23, 2020, by the Resolution of the Authority entitled "Thirty-First Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 16, 2020, by the Resolution of the Authority entitled "Thirty-Second Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 16, 2021, by the Resolution of the Authority entitled "Thirty- Third Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 14, 2022, and by the certificates of determination delivered pursuant to all such resolutions. This Supplemental Resolution supplements the General Resolution, constitutes and is a "Supplemental Resolution" within the meaning of such quoted term as defined and used in the General Resolution, and is adopted under and pursuant to the General Resolution.

(b) The Bonds of each Series constitute and are "Bonds" within the meaning of the quoted word as defined and used in the General Resolution.

(c) The Trust Estate is not encumbered by any lien or charge thereon or pledge thereof which is prior to or of equal rank with the lien and charge thereon and pledge thereof created by the General Resolution.

(d) There does not exist an "Event of Default" within the meaning of such quoted term as defined in Section 1001 of the General Resolution, nor does there exist any condition which, after the giving of notice or the passage of time, or both, would constitute such an "Event of Default."

307. <u>Amendment to the General Resolution</u>. (a) <u>Amendment</u>. Pursuant to the resolution of the Board of Trustees of the Authority, dated July 22, 2020, the General Resolution shall be amended and restated as set forth in such resolution, subject to the consent or deemed consent of not less than a majority of the holders of Bonds and certain other conditions.

(b) Deemed Consents. Pursuant to Section 903 of the General Resolution, the original purchasers and Holders of the Bonds of each Series issued pursuant to this Supplemental Resolution, by their purchase and acceptance thereof, thereby (i) consent, and shall be deemed to have consented to, the amendments made by or pursuant to this Supplemental Resolution, and (ii) waive, and shall be deemed to have waived, any and all other formal notices, implementation or timing requirements that may otherwise be required under the Resolution, which consents shall be effective and binding unless and until revoked pursuant to and to the extent permitted by said Section 903 of the General Resolution.

ARTICLE IV

REDEMPTION AND PURCHASE OF BONDS

a) Optional and Sinking Fund Redemption. Bonds of a Series shall be subject to optional and mandatory redemption as and to the extent and at the times and subject to such conditions, if any, as shall be specified in the applicable Certificate of Determination.

b) Optional and Mandatory Purchase of Bonds. The Bonds of a Series shall be subject to optional and mandatory tender for purchase to the extent, at the times and subject to such conditions as shall be set forth in the applicable Certificate of Determination.

c) Purchase Fund. A Purchase Fund may be established in a Certificate of Determination in connection with the delivery to the Trustee of a Liquidity Facility, which fund, if established, shall be held by the Tender Agent and may have such separate accounts as shall be established in such Certificate of Determination. Such Purchase Fund and accounts therein may be established for the purpose of depositing moneys obtained from (i) the remarketing of Bonds of a Series which is subject to tender for purchase in accordance with the applicable Certificate of Determination, (ii) draws under a Liquidity Facility and (iii) the Authority. Such deposited moneys shall be used solely to pay the Purchase Price of Bonds of such Series or to reimburse a Liquidity Facility Issuer.

d) Remarketing of Bonds of a Series; Notices. The Remarketing Agent for Bonds of a Series shall offer for sale and use its best efforts to find purchasers for all Bonds of such Series required to be tendered for purchase. The applicable Certificate of Determination shall prescribe provisions relating to the notices which shall be furnished by the Remarketing Agent in connection with such remarketing and as to the application of the proceeds of such remarketing.

e) Source of Funds for Purchase of Bonds of a Series. (a) Except as may otherwise be provided in the applicable Certificate of Determination, the Purchase Price of the Bonds of a Series on any Purchase Date shall be payable solely from proceeds of remarketing of such Series or proceeds of a related Liquidity Facility (including moneys that are borrowed by the Authority pursuant to a Liquidity Facility), if any, and shall not be payable by the Authority from any other source.

(b) **As may be more particularly set forth in the applicable Certificate of Determination, on or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to Bonds of a Series, the Tender Agent shall purchase such Bonds from the Owners at the Purchase Price. Except as otherwise provided in a Certificate of Determination, funds for the payment of such Purchase Price shall be derived in the order of priority indicated:**

i. immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the Bonds; and

ii. immediately available funds transferred by the Liquidity Facility Issuer (or the Authority to the Tender Agent, if the Liquidity Facility permits the Authority to make draws thereon), including, without limitation, amounts available under the Liquidity Facility.

406. Delivery of Bonds. Except as otherwise required or permitted by the book-entry only system of the Securities Depository and in the applicable Certificate of Determination, the Bonds of a Series sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Bonds at the times and dates prescribed by the applicable Certificate of Determination. The Bonds of a Series purchased with moneys provided by the Authority shall be delivered at the direction of the Authority. The Bonds of a Series purchased with moneys drawn under a Liquidity Facility shall be delivered as provided in such Liquidity Facility.

407. Delivery and Payment for Purchased Bonds of a Series; Undelivered Bonds. Each Certificate of Determination shall provide for the payment of the Purchase Price of Purchased Bonds of the related Series and for the sources of such payment and shall also make provision for undelivered Bonds.

408. Credit Facility and Liquidity Facility. (a) At any time and subject to such limitations and other provisions as may be set forth in the applicable Certificate of Determination, the Authority may obtain or provide for the delivery to the Trustee of a Liquidity Facility and/or a Credit Facility with respect to the Bonds of any Series.

(b) The Liquidity Facility or Liquidity Facilities relating to the Bonds of any Series shall provide for draws thereon or borrowings thereunder, in the aggregate, in an amount at least equal to the amount required to pay the Purchase Price for the related Bonds of a Series. Except as may otherwise be provided in the applicable Certificate of Determination, the obligation of the Issuer to reimburse the Liquidity Facility Issuer or to pay the fees, charges and expenses of the Liquidity Facility Issuer under the Liquidity Facility shall constitute a Parity Reimbursement Obligation within the meaning of the Resolution and shall be secured by the pledge of and lien on the Trust Estate created by Section 501 of the Resolution.

ARTICLE V

COVENANTS

501. Tax Covenant. (a) Subject to subsection (e) of this Section, the Authority shall not take or omit to take any action which would cause interest on any Bonds authorized by this Supplemental Resolution to be included in the gross income of any Owner thereof for Federal income tax purposes by reason of subsection (b) of Section 103 of the Code. Without limiting the generality of the foregoing, no part of the proceeds of any Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in section 148 of the Code and to be subject to treatment under subsection (b)(2) of Section 103 of the Code as an obligation not described in subsection (a) of said section. The Authority shall make such payments to the United States as may be necessary to comply with the provisions of Section 148 of the Code.

b) There is hereby delegated to each Authorized Representative of the Authority the power to execute and deliver for and on behalf of the Authority one or more Arbitrage and Use of Proceeds Certificates with respect to the Bonds of each Series in furtherance of the covenant in subsection (a).

c) Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the covenants in subsection (a) above, the Owners of the Bonds, or the Trustee acting on their behalf, shall be entitled only to the right of specific performance of such covenant, and shall not be entitled to any of the other rights and remedies provided under Article X of the General Resolution.

d) Notwithstanding Section 1201 of the General Resolution, the Owners of the Bonds of any Series shall be entitled to the benefit of the covenants in subsection (a) above until the retirement of the Bonds of such Series, whether at maturity or earlier redemption or otherwise.

e) The preceding clauses of this Section 501 shall not apply to any Bonds authorized by this Supplemental Resolution the interest on which is included in gross income for Federal income tax purposes.

502. Trustee and Paying Agent. The Trustee, heretofore appointed pursuant to the General Resolution, is also appointed as Paying Agent for the Bonds.

503. Remarketing Agent. The Authority shall appoint and employ the services of a Remarketing Agent prior to any Purchase Date or Mode Change Date while the Bonds of any Series are in the Commercial Paper Mode, Daily Rate Mode, Weekly Rate Mode, Index Mode or Term Rate Mode. As and to the extent so provided in the related reimbursement agreement, no appointment of the Remarketing Agent for the Bonds of a Series shall be effective without the consent of the Credit Facility Issuer or the Liquidity Facility Issuer, as the case may be, for the Bonds of such Series. Such consent shall be deemed to have been given if such Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, unreasonably withholds its consent. The Authority shall have the right to remove the Remarketing Agent as provided in the Remarketing Agreement. To the extent so provided in the related reimbursement agreement, the Authority shall, upon a written direction of the Credit Facility Issuer or the Liquidity Facility Issuer for the Bonds of a Series, remove the Remarketing Agent for the Bonds of such Series if the Remarketing Agent fails to comply with its obligations under the Remarketing Agreement.

504. Tender Agent. The Authority shall appoint and employ the services of a Tender Agent prior to any Purchase Date or Mode Change Date while the Bonds of any Series are in the Daily Rate, Weekly Rate, the Term Rate Mode, the Index Rate Mode or the Commercial Paper Mode. The Authority shall have the right to remove the Tender Agent as provided in the Tender Agency Agreement.

ARTICLE VI

MISCELLANEOUS

601. Additional Right to Amend. This Supplemental Resolution may be amended without consent of the Owners of Bonds or of the Trustee and only with the consent of the Credit Facility Issuer and the Liquidity Facility Issuer for the Bonds of a Series affected by such amendment, at any time or from time to time, (i) for the purpose of making changes in the provisions hereof relating to the characteristics and operational provisions of the Modes of

any Series of Bonds or (ii) in order to provide for and accommodate Credit Facilities or Liquidity Facilities for Bonds of any Series. Each such amendment shall become effective on any Mandatory Purchase Date applicable to the Bonds of a Series affected by such amendment next following the filing of a copy thereof, certified by an Authorized Officer, with the Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Issuer and the Liquidity Facility Issuer with respect to the Bonds of such Series.

602. Notices. (a) Notices to Owners. All notices required to be given to Owners of Bonds of a Series under this Supplemental Resolution, unless otherwise expressly provided in this Supplemental Resolution, shall be given by first class mail, postage prepaid.

b) Notices to Rating Agencies. The Authority shall give prior written notice to the Rating Agencies of any of the following events:

(1) Any change of Trustee, Tender Agent or Remarketing Agent;

(2) Any material changes to the Resolution, the General Resolution or this Supplemental Resolution that affect the Bonds;

(3) Any changes to the Liquidity Facility, the Credit Facility, or any agreement with the Liquidity Facility Issuer, Credit Facility Issuer, Remarketing Agent or Tender Agent pertaining to the Bonds;

(4) Any expiration, termination or extension of any Liquidity Facility or Credit Facility or the obtaining of an alternate Liquidity Facility or alternate Credit Facility pertaining to the Bonds;

(5) Any change in the Mode applicable to the Bonds of any Series from any Mode which is supported by any Liquidity Facility or Credit Facility then in effect to a different Mode which is not supported by such Liquidity Facility or Credit Facility; and

(6) Any redemption, defeasance, mandatory tender or acceleration of all the Outstanding Bonds.

603. Effective Date. This Supplemental Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of a copy hereof certified by an Authorized Representative.

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Chair Edwards stated that the next item on the agenda was the Discussion of 2024 Board Agendas to be presented by Bobbi O'Connor.

Ms. O'Connor presented the Discussion of 2024 Board Agendas and took questions from the Trustees.

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Chair Edwards stated that the next item on the agenda was the Overview of Financial Results to be presented by Donna Mongiardo and Martin Shames of PSEGLI.

Ms. Mongiardo and Mr. Shames presented the Overview of Financial Results and then took questions from the Trustees.

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Chair Edwards stated that the next item on the agenda was the Discussion of Internal Audit Activities and Consideration of Approval of the 2024 Quarterly Rolling Internal Audit Plan, 2024 Internal Audit Budget, and Resource Requirements to be presented by Cathy Widmark.

After requesting a motion on the matter, which was seconded, Ms. Widmark presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to approve the 2024 Quarterly Rolling Internal Audit Plan (the "Plan"), 2024 Internal Audit Budget, and Resource Requirements.

Background

In accordance with the International Standards for the Professional Practice of Internal Auditing (the "Standards"), LIPA annually establishes an Internal Audit Plan. The Standards provide in relevant part that the chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals. Additionally, as set forth in the Standards, the chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the Board for review and approval.

Discussion

The 2024 LIPA Internal Audit Plan includes internal audits selected and prioritized based on the results of a risk assessment performed by the LIPA Internal Audit Department, with input from Enterprise Risk Management, and various stakeholders.

The annual goal is to define a plan that reflects adequate coverage across LIPA and PSEG Long Island's business units and risk areas, to align LIPA's strategic initiatives

and top enterprise risks, and to address the resources necessary to successfully complete the Plan with input from key stakeholders and LIPA senior management.

The Plan includes the following:

- **seven (7) audits of PSEG Long Island;**
- **one (1) audit review of key controls for LIPA; and**
- **six (6) audit assist projects (three (3) of LIPA and three (3) of PSEG Long Island).**

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of the Resolution in the form attached.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1825. RESOLUTION APPROVING THE 2024 QUARTERLY ROLLING INTERNAL AUDIT PLAN, 2024 INTERNAL AUDIT BUDGET, AND RESOURCE REQUIREMENTS

RESOLVED, that consistent with the attached memorandum, the Board Trustees of the Long Island Power Authority hereby approves the 2024 Quarterly Rolling Internal Audit Plan, 2024 Internal Audit Budget, and Resource Requirements.

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Chair Edwards stated that the next item on the agenda was the Time of Day Rate Transition Update to be presented by Sarah Mandli.

Ms. Mandli presented the Time of Day Rate Transition Update and took questions from the Trustees.

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Chair Edwards stated that the last item on the agenda was the PSEG Long Island Operating Report to be presented by David Lyons and PSEG Long Island staff.

Mr. Lyons and staff presented the PSEG Long Island Operating Report and took questions from the Trustees.

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Chair Edwards then announced that the next Board meeting is scheduled for Thursday, January 25, 2024.

Chair Edwards then asked for a motion to adjourn to Executive Session to discuss public safety matters and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:

1826. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing public safety matters.

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At approximately 1:09 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.

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