Consideration of the 2026 Proposed Budget

December 17, 2025

The Power is Yours ™

Discussion Topics

- 2026 Proposed Budget
- Public Comment Sessions
- 2026 PSEG Long Island Proposed Metrics

2026 Proposed Budget

Board Objectives for Standards and Service to Customers

- The LIPA Board provides strategic direction through a set of governance policies that define our purpose and vision, as well as strategic outcomes in all areas of utility operations.
- The budget process starts with these objectives set by the Board, as reflected in LIPA's policies.

Key Policy Objectives

For a full list of the key policy objectives, visit: lipower.org/strategic-direction.

Changes and Updates from **Preliminary Budget**

The 2026 Budget includes the following changes from the proposed version presented at the November 12, 2025 Board of Trustees meeting:

(i) Recommended approval of an amendment to the PSEG Long Island Capital Budget for the carry-over of Capital projects from 2025 to 2026. The proposed amendment will result in a decrease to the 2025 PSEG Long Island Capital Budget by $143.6 million, offset by an increase of $143.6 million in 2026 budget.

(ii) Pending Project Authorizations was $220 million in proposed budget and has been updated to $179 million.

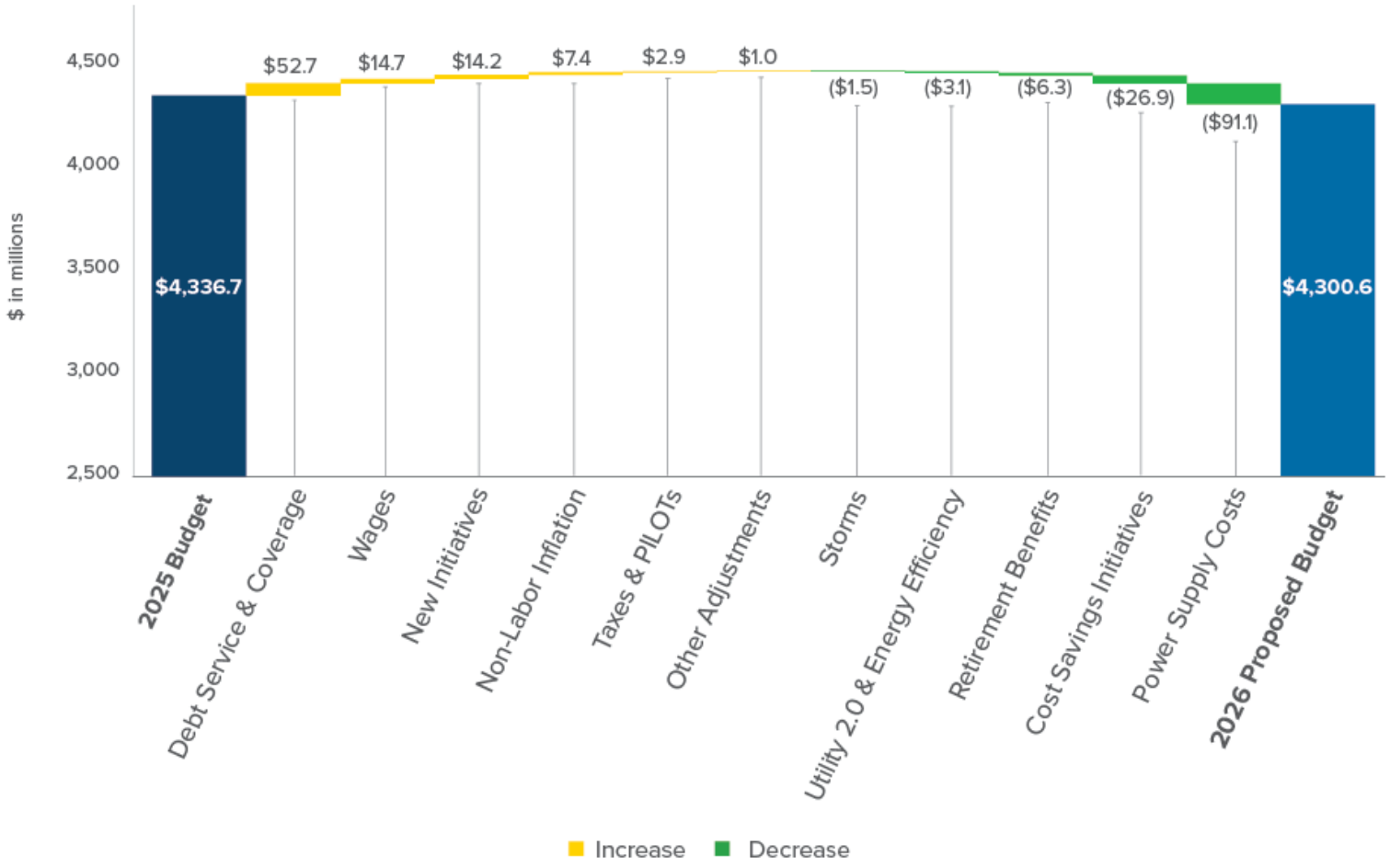
(iii) A slight decrease to Utility Depreciation in 2026 which has no impact on revenue requirements.

(iv) The 2025 Approved Budget included $2.0 million to fund certain clean energy initiatives. Due to changes in the timing of these efforts, LIPA has not fully expended such funds during 2025. The Board of Trustees' is being requested to approve the deferral of the unused funds for application to future years.

Proposed 2026 **Operating Revenue Budget**

- Despite increases in labor costs and overall inflation, LIPA and PSEG Long Island have managed to maintain operating costs flat in 2026, while ensuring sufficient funding to maintain and operate the electric system in a manner that meets policy objectives set by the Board.
- Total operating revenue is expected to decrease by $36.0 million (0.8%), resulting in a total 2026 budgeted revenue of $4.30 billion, compared to $4.34 billion in 2025.

Proposed 2026 Operating Revenue Budget as Compared to 2025



2026 Power Supply Costs

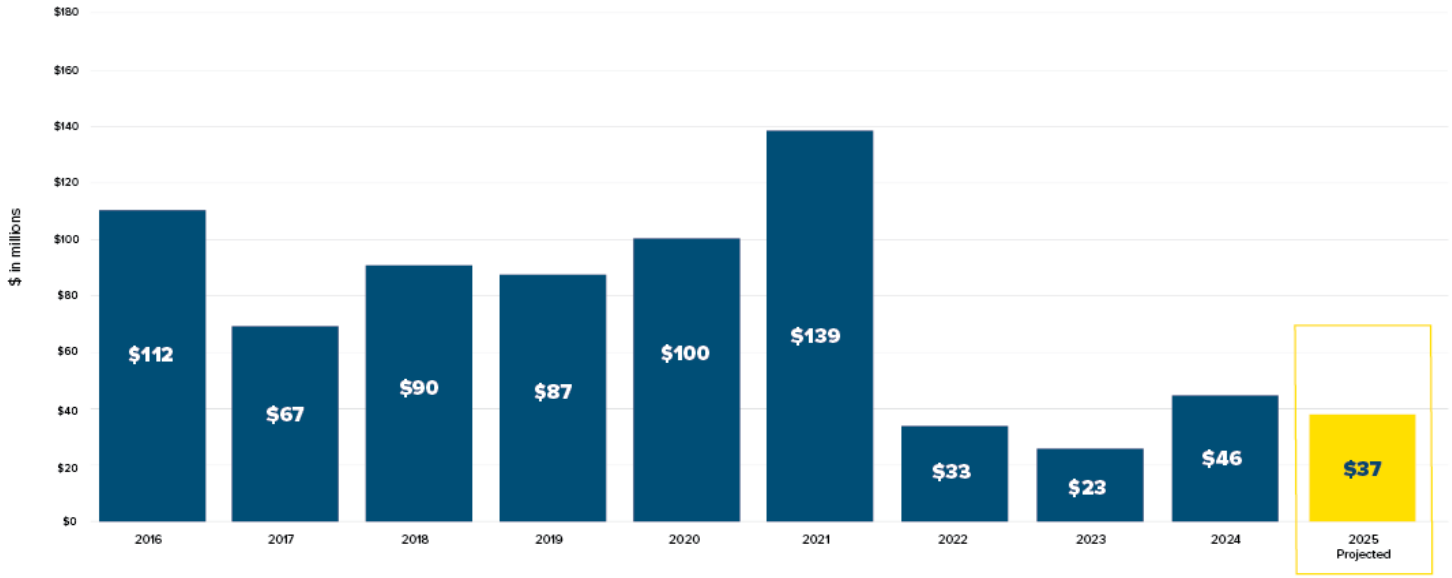
LIPA is projecting lower power supply costs next year, contributing $8.64 (-4.3%) to the monthly bill impact. Factors contributing to the $219 million decrease in power supply costs include:

- $148 million decrease in commodity costs due to less on-island generation
- $29 million decrease in Regional Greenhouse Gas Initiative allowances driven by market prices
- $21 million in Zero Emission Credits net of the impacts to the nuclear production tax credit related to LIPA's 18% ownership in Nine Mile Point 2 nuclear facility
- $22 million decrease in fees and transition costs related to services under the new Power and Fuel Management Services Agreement
- $10 million decrease in pass-through property taxes on power plants due to continuing benefits of tax settlements
- Partially offset by a $11 million increase in capacity, purchased power, and renewables (net of the settlement concerning the costs and responsibilities for a specific transmission project within the Regional Transmission Expansion Plan)

Planning for **Extreme Weather Events**

- LIPA's storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms.
- The proposed 2026 storm budget of $82 million is $1.5 million below the 2025 budget level to align with new standards under the extended contract with PSEG Long Island. The storm budget is based on inflation-adjusted historical average.

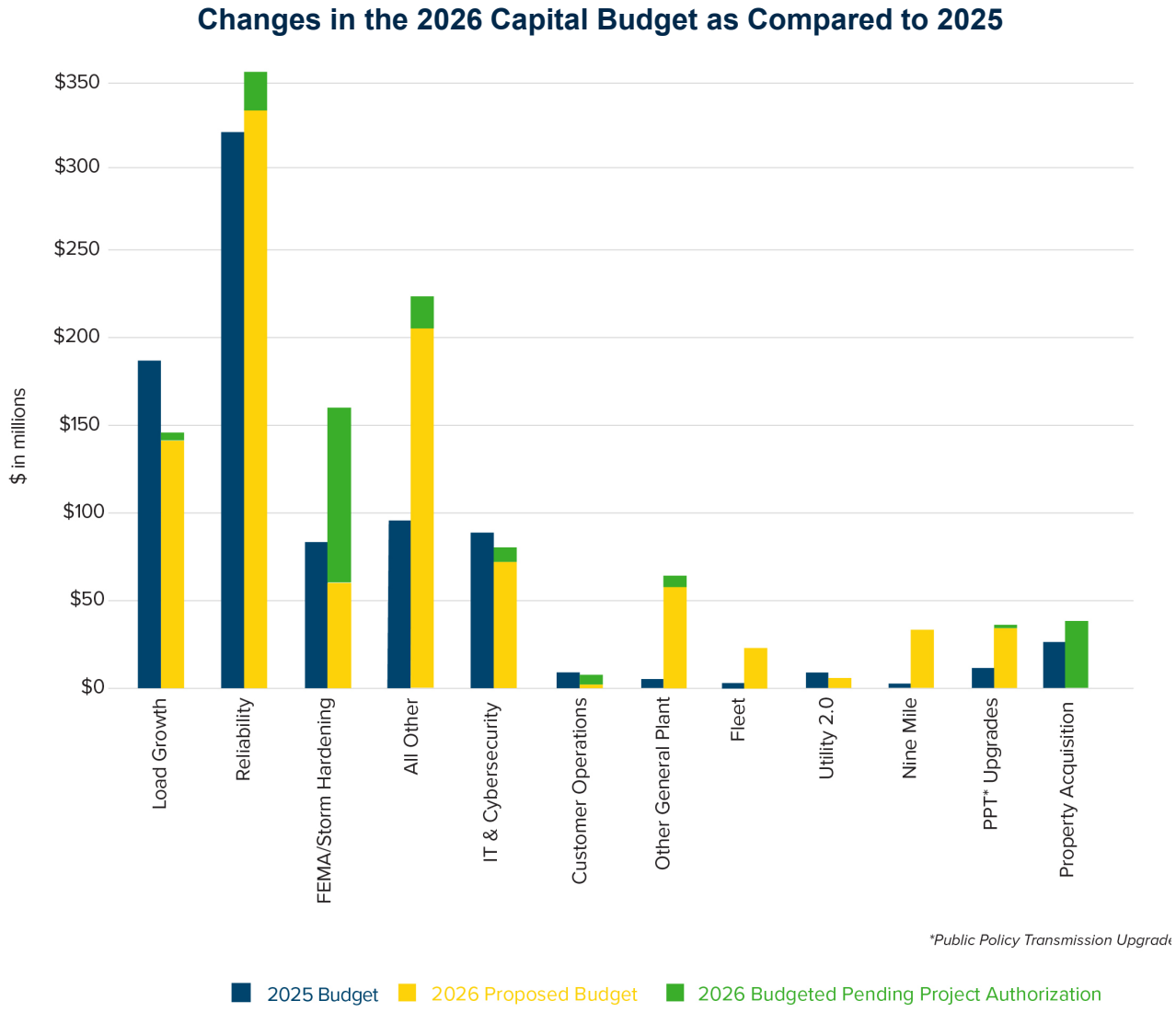
LIPA Storm Costs (in $ millions)



***Note**: Storm costs normalized for Tropical Storm Isaias*

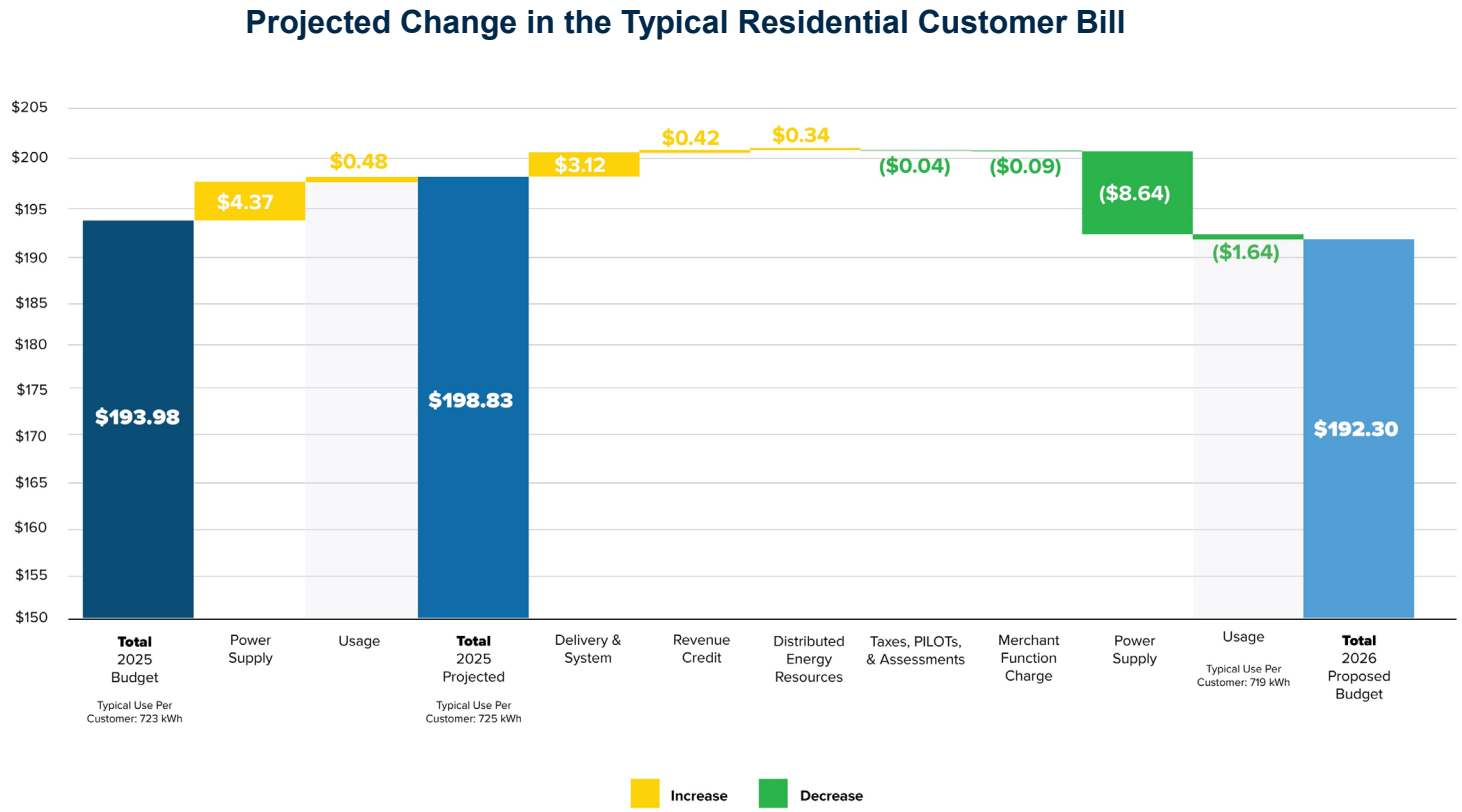
Proposed 2026 **Capital Budget**

- The proposed 2026 capital budget is $1.2 billion, an increase of $318 million (36.9%).
- Increase driven by $143.6 million in carry over funds from 2025, and the required refueling costs related to LIPA's 18% ownership of Nine Mile Point 2 nuclear generating power plant.
- The 2026 capital budget will continue to allow for significant investments in the electric grid, including transmission upgrade projects, a new operations yard, a facility operations replacement, pole replacement programs, grid automation projects, and load growth support projects.



Projected Change in Typical **Residential Customer Bill in 2026**

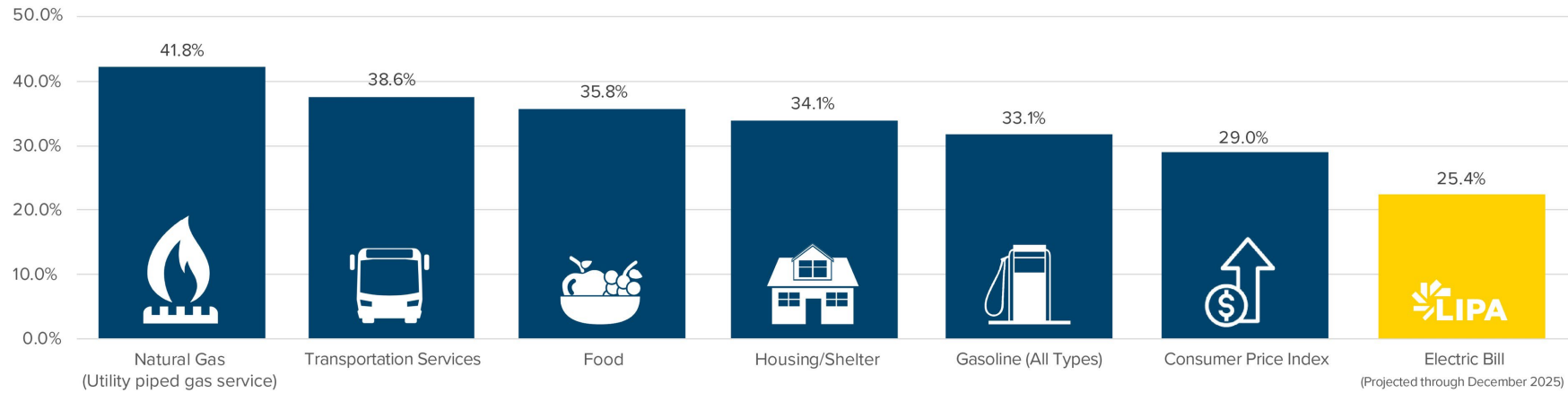
- Typical residential bills are projected at **$6.53 (-3.3%)** lower in 2026 than projected in 2025 due to:
- An estimated decrease in average electricity use per residential customer of approximately $1.64.
- The 2026 budget projects that the average residential customer will use 719 kWh of electricity per month in 2026, compared to projected usage of 725 kWh in 2025 (723 kWh budgeted).



Electricity Prices Remain **Below Inflation**

- As the price of goods and services throughout the country has increased, so have utility bills.
- LIPA's average residential customer bills continue to remain stable and below the rate of inflation, even as neighboring states experience significant increases driven by wholesale market volatility, grid investment surges, and clean energy surcharges.

Rising Costs of Goods and Services Since 2018



Minimizing Costs to Customers

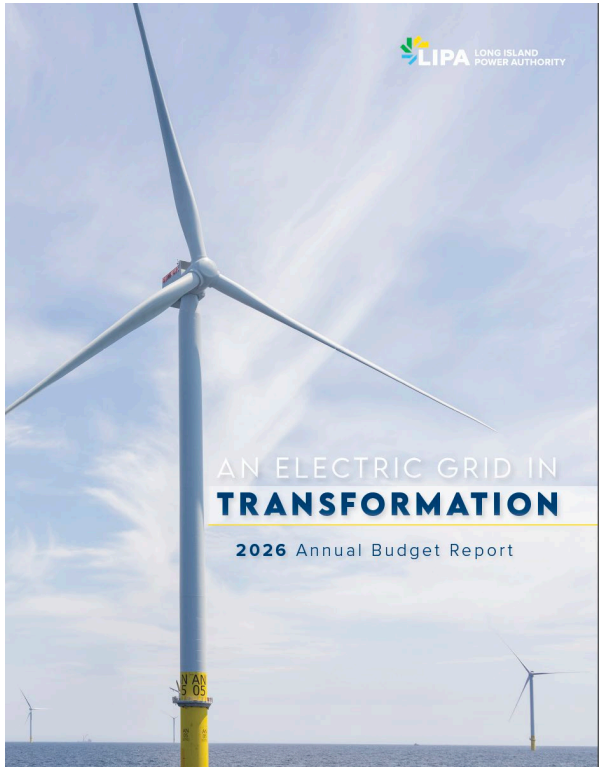
- The LIPA Board of Trustees has tasked staff with managing costs to minimize the burden on customers.
- The **$1.4 billion** in cumulative cost savings in 2026 equates to 33% of electric bills, or about $64 per month for a typical residential customer.
- These savings are the result of more than a decade of strategic cost-control decisions and initiatives.

Saving Customers Over a Billion Dollars in 2026 from Operating Lean

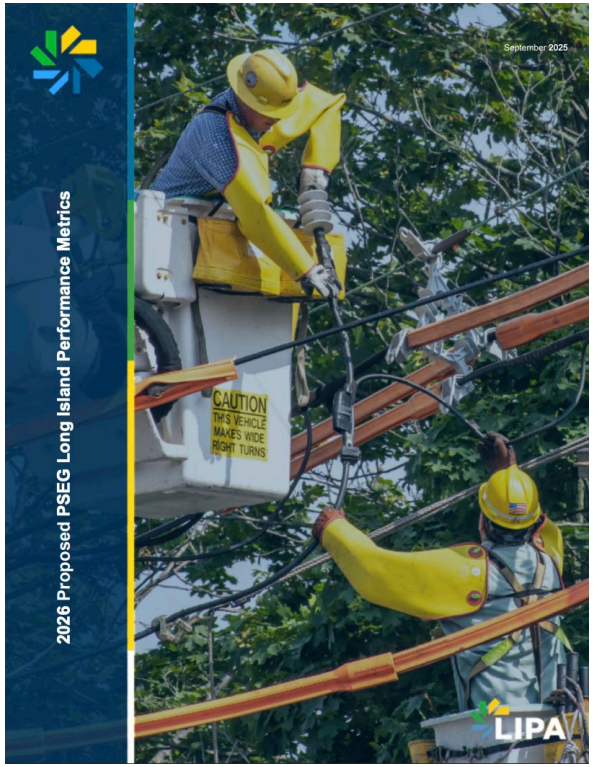
Budget Savings Mechanism	*(in $ millions)*
LIPA Reform Act 2% Tax Cap	$599
Discontinued Investments in Combined-Cycle Plants	$348
Power Plant Property Tax Savings	$104
Renegotiating Expiring Power Purchase Agreements	$92
Operating Savings, Cost Avoidance, and Productivity	$86
Reduction to Wholesale Market and Off-Island Transmission	$59
Investing in Cost-Effective Energy Efficiency	$51
Commodity Hedging (Based on current prices)	$37
Refinancing Existing Debt and Debt Service Savings	$31
Smart Meter Savings	$25
Power Supply Pension and Retirement Savings	$8
Total (in $ millions)	**$1,440**

2026 Budget and Performance Standards

- The 2026 Budget and Performance Standards are available on our website, lipower.org.



2026 Budget Report



2026 Metrics

Public Comment Sessions

Public Comments and Participation

How can the public participate in LIPA's budget and planning processes?

- LIPA held three public comment sessions regarding the 2025 Budget and Performance Metrics on Tuesday, November 18, and Monday, November 24. The public also had the ability to submit written comments.

- One session was held in the Rockaways (11/18), one was held in the morning in Suffolk County (11/24), and one in the evening in Nassau County (11/24), which also provided a virtual option.

- Information about the three public comment sessions was made available on LIPA's website and distributed to interested stakeholders via LinkedIn and an email list maintained by LIPA.

- Two members of the public spoke at the Nassau County session.

2026 Proposed Metrics

Accountability for Performance

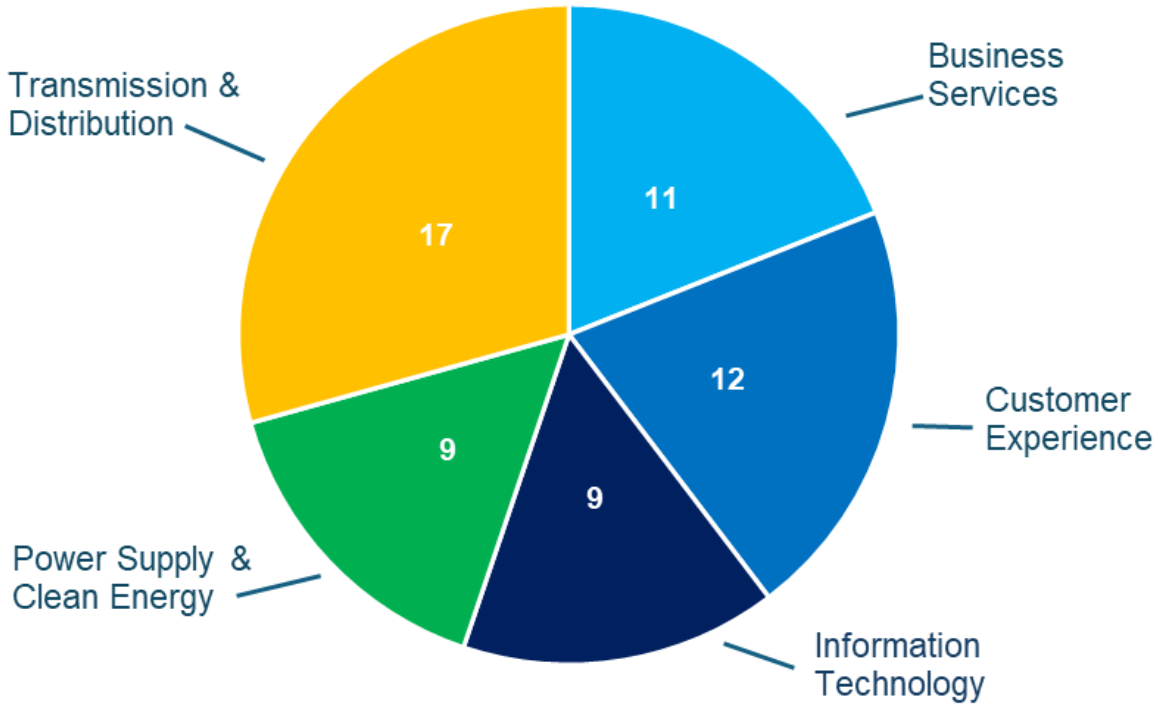
- For 2026, LIPA has proposed **58 Performance Metrics**, which the Department of Public Service independently reviewed and recommended to the LIPA Board.
- The metrics are distributed across all the management services provided to LIPA and its customers.
- ~ $23 million of variable compensation is at risk based on these 2026 Performance Metrics.

2026 Performance Standards – Summary

The 2026 Performance Metrics proposal includes **58 metrics (16 new)** and includes:

- Core utility metrics
- Metrics to address Management Audit Recommendations
- Metrics to set expectations for providing clean, affordable, reliable energy to our customers

2026 Performance Metrics by Scope



New or Reintroduced Performance Metrics for 2026

Metric Title	Metric #	Board Policy
Non-Utility Billing Collections	BS-53	Fiscal Sustainability
Competitive Transactions	BS-54	Procurement
Procurement Savings	BS-55	Procurement
Self-Service Containment Enhancements	CS-37	Customer Experience
Outage Information Satisfaction & Cause Code	CS-40	Customer Experience
System Cost Effectiveness	IT-11	Information Technology and Cyber Security
System Reliability	IT-12	Information Technology and Cyber Security
IT Service Management	IT-13	Information Technology and Cyber Security
Solar Interconnection	PS&CE-18	Resource Planning and Clean Energy
Building Weatherization	PS&CE-19	Resource Planning and Clean Energy
Demand Response	PS&CE-20	Resource Planning and Clean Energy
Large Loads Performance Requirements	PS&CE-21	Resource Planning and Clean Energy
Safety – OSHA Recordable Incidence Rate	T&D-14	Safety
Safety – Motor Vehicle Accident (MVA) Rate	T&D-16	Safety
Improve Underground (UG) Reliability Performance	T&D-57	Transmission & Distribution Operations
Distribution System Automation and Advanced Operations	T&D-58	Transmission & Distribution Operations

2026 Performance Metrics – Selected Highlights

Focus Area	Selected Performance Metrics	Customer Benefit
Reliability & Resiliency	Top Decile Reliability: achieve reliability metrics within the top 10% of peer utilities.	Industry-leading reliability for customers
	Emergency Preparations and Response: continue our investment in the 5-year resiliency programs.	Measure and improve the overall outage management and response effectiveness during storms.
	Transmission Control Center Replacement: develop a modern grid control room and a modern backup facility.	Provide more resilient grid operations and integrate high penetration of renewables.
Customer Experience	Achieve a Time-of-Day (TOD) participation rate of 85% after the transition of all eligible customers to the TOD rate.	More dynamic and lower cost electric grid, lower carbon emission, and customer bill savings opportunities.
	Customer Satisfaction: improve J.D. Power Residential and Business customer satisfaction towards the first quartile.	Improvements to customer experience as measured by customers.
	Reduce Call Center Wait Times: improve customer wait time so that 77% of calls are answered within 30 seconds.	Greatly reduced customer wait time when calling.
Clean Energy	Collaborate with industry stakeholders to understand opportunities and challenges in advancing our Demand Energy Resources (DER) portfolio.	Enhancing grid stability and reducing greenhouse gas emissions and the carbon footprint.
	Transportation Strategic Initiatives to develop a large-scale residential active managed charging pilot that addresses barriers to customer transportation electrification.	Improved customer experience, reduced carbon footprint, and lower customer energy bills.
	Beneficial Electrification: achieve targets from the Utility 2.0 filing, including alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification.	Meet LIPA's share of the state's energy efficiency and electrification goals.

2026 Performance Metrics – Selected Highlights

Focus Area	Selected Performance Metrics	Customer Benefit
Information Technology	IT system reliability and reduction of operating and maintenance costs associated with PSEG Long Island platforms.	To meet the technology service management needs of the PSEG Long Island company and ensure reliable systems in a cost-effective manner.
Safety	Minimize injuries and the motor vehicle accident rate by operating the electric grid safely.	Minimize workplace and customer injuries from the operation of the electric grid.
Affordability	Low to Moderate-Income (LMI) Bill Discounts: increase customer enrollment in the discounted rate for LMI customers.	Improve affordability for customers with the greatest need.
	Disadvantaged Communities Spend %: ensure that we achieve our statewide goal of at least 35% of the rebate, incentive and direct services spending, benefits customers who meet the criteria of being in a designated disadvantaged community.	Equitable implementation of New York's ambitious Climate Leadership and Community Protection Act.
Cost Effective Operations	Improve Budgets and Monitoring: improve budget development and monitoring to ensure efficient service delivery.	Minimize the cost to provide high-quality service to customers.
	Storm Crewing Efficiency and Prudency: ensure that staffing levels for each storm are within established guidelines to achieve safe, efficient, and cost-effective storm restoration for our customers.	Manage the cost for our customers and efficiently manage storm restoration.
	Procurement Improvements: drive cost savings and ensure vendors deliver high-quality, cost-effective solutions to LIPA through competitive sourcing, cost reduction tracking, and the use of best-in-class procurement and negotiation strategies.	Managing the procurement spend and processes to reduce costs for our customers.

Questions?

FOR CONSIDERATION
December 17, 2025

TO: The Board of Trustees

FROM: Carrie Meek Gallagher

SUBJECT: Approval of the LIPA's 2026 Budget and Amendment of the 2025 Budget

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a Resolution: (i) approving the proposed 2026 Operating and Capital Budgets (the "Budget") which sets forth the revenue, grant, other income, and expenditure forecasts for the year ending December 31, 2026; and (ii) amending the 2025 Capital Budget as described below and specified in **Exhibit "A."**

2026 Operating and Capital Budgets

The proposed 2026 Budget totals $5.57 billion, including an Operating Budget of $4.39 billion and a Capital Budget of $1.18 billion, including 2025 carry-over amounts of $143.6 million discussed below, (attached as **Exhibit "B"**). The proposed 2025 Operating Budget funds the 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 2026 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 via reducing LIPA's debt-to-assets ratio to 70 percent or less by 2030. This is accomplished by maintaining fixed-obligation coverage ratios of no less than 1.40x on LIPA-issued debt and lease and subscription-based information technology arrangement ("SBITA") payments; and 1.20x on the combination of LIPA-issued debt, UDSA-issued debt.

LIPA is proposing a PSEG Long Island Capital Budget to the Board for approval based on its assessment of the detailed project descriptions. However, for certain initiatives, LIPA and PSEG Long Island continue to evaluate data, and as a result, the 2026 LIPA Capital Budget reflects approximately $179.4 million in pending project authorization reserve funding for PSEG Long Island initiatives held within LIPA's approved Capital Budget. LIPA will release such funds to PSEG Long Island's Capital Budget upon LIPA management's approval of final project justification documents, as prescribed in the Operating Service Agreement ("OSA"), and LIPA will inform the

Board of any associated budget modifications during the year.

Changes from the 2026 Proposed Budget

The 2026 Budget presented herein includes the following changes from the Proposed Budget presented on November 12, 2025: (i) carry-over of funds from the 2025 Capital Budget to the 2026 Capital Budget of $143.6 million (as outlined below); and (ii) a slight decrease to Utility Depreciation in 2026, which has no impact on revenue requirements.

Amendment of the 2024 Capital Budgets

LIPA is recommending approval of an amendment to the PSEG Long Island Capital Budget for the carry-over of Capital projects from 2025 to 2026. The proposed amendment will result in a decrease to the 2025 PSEG Long Island Capital Budget by $143.6 million, offset by an increase of $143.6 million in 2026.

Annual Budget and Rate Update

Under the New York Public Authorities Law ("P.A.L.") 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 Department of Public Service ("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 2026 delivery revenues by less than this threshold. The delivery rate adjustments will be effectuated through a pro-rata increase to all Service Classifications. The 2026 target for the Revenue Decoupling Mechanism is $2.148 billion. The individual rate components for each service class will be increased by the same percentage (subject to rounding) with the following proposed exceptions.

The monthly electric bill for the average residential customer is projected to be $192.30 in 2026, which is $6.53 per month or 3.3% below the projected average bill in 2025 of $198.83. Approximately $1.64 is due to an estimated decrease in average electricity use per typical residential customer, an $8.64 reduction in Power Supply Charges, and slight reductions in Sales Tax and Merchant Function Charge (MFC). Offsetting this decrease is an increase of $3.88 driven by increases in Delivery & Systems, Delivery Service Adjustments (DSA), and Distributed Energy Resources (DER).

A copy of the redlines reflecting the annual rate adjustments is provided for as **Exhibit "C"**. DPS has recommended that "the annual rate adjustments are appropriate to support the 2026 budget set forth by LIPA." A copy of the DPS recommendation related to the rate adjustments is provided for as **Exhibit "D"**.

Other Rate Updates

To simplify rate choices for its commercial customers, LIPA plans to eliminate its legacy commercial time-of-use ("TOU") rate codes 282 and 288 effective January 1, 2026. These rate codes have not been available to new and transferring customers for over 22 months. DPS supports LIPA's plan to eliminate the two legacy TOU rates. In addition, to stay consistent with the practices among other utilities in the state, following the adoption of the new rate design by the New York Public Service Commission, LIPA proposes to introduce its new standby service rates and update the existing rate for its buyback service, effective January 1st, 2026.

As the migration of its residential customers to the Time of Day ("TOD") rates comes near its completion on January 7, 2026, LIPA's residential TOD program implementation has been a continued successful story and well-received by our customers. The overall program participation rate is expected to be over 95%.

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. LIPA Staff proposes to continue LIPA's support to low-income customers with $31 million rate relief in 2026. Effective January 1, 2026, qualified customers in LIPA service territory will be able to enroll in the Energy Affordability Guarantee Pilot ("the Pilot") program made possible by joint efforts from DPS, LIPA, and PSEG Long Island. The Pilot would provide the guarantee in the form of monthly tailored bill assistance (*i.e.*, a bill credit) to enrolled customers to "ensure that these households pay no more than [6%] of their income towards electricity costs."[1]

To alleviate impacts to LIPA's low-income customers due to the United States federal government shut down and uncertainty over the status of many federally funded programs, LIPA staff plans on proposing to pause customer disenrollments in LIPA's Household Assistance Rate ("HAR") program through November 30, 2026, and extend the documentation of eligibility lookback period from 12 months to 18 months.

2026 Utility 2.0 Plan

The 2026 Proposed Budget includes $10.2 million in Capital funding and $13.7 million in Operating funding for Utility 2.0 initiatives. These amounts are consistent with the Utility 2.0 Plan that was reviewed and supported by DPS in its recommendation to the LIPA Board (attached as **Exhibit "E"**). Initiatives funded by the Utility 2.0 portfolio include the development of 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.

[1] Case 14-M-0565 – Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers, Order Approving Energy Affordability Guarantee Pilot (Aug. 15, 2024) ("August 2024 Order")

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.

2026 Energy Efficiency Plan

The 2026 Proposed Budget includes $88.2 million in Operating Revenue for initiatives proposed in the PSEG Long Island's 2026 Energy Efficiency and Renewable Plan. The proposed funding of the Energy Efficiency and Renewable Plan is consistent with the DPS recommendation (attached as **Exhibit "E"**).

LIPA Information Technology

The Proposed Operating and Capital Budgets include $14.0 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"). Where appropriate and in accordance with LIPA's procurement guidelines, LIPA may utilize multi-year NYS-OGS and GSA centralized contracts that extend beyond a single fiscal year, provided such contracts offer demonstrable value, continuity of service, and cost-effectiveness over their full term.

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 programs implementation managed by PSEG Long Island, and Oversight Support. To ensure continuity of these multi-year initiatives, LIPA may make use of multi-year OGS or GSA contracts whose term aligns with the anticipated project durations, enabling stable pricing, reduced administrative burden, and to support long-range IT planning and investment efficiency.

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.

Regulatory Accounting Topics

Regulatory Deferral of Clean Energy Initiative-Related Program Funding

The 2025 Approved Budget included $2.0 million to fund certain NYSERDA-administered clean energy initiatives. Due to changes in the timing of these specific efforts, LIPA has not fully expended such funds during 2025. As a rate-regulated entity under Governmental Accounting Standards, LIPA follows GASB Statement No. 62 , Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, and as such, LIPA staff is seeking the Board of Trustees' approval to defer the unused funds for application to future years when costs are incurred.

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 $29.1 million to minus $37.2 million, as shown in the table below.

Allocation of Intra-Year Power Supply Capacity Costs ($ in millions)	
January	($32.675)
February	($37.226)
March	($11.336)
April	($2.218)
May	$7.379
June	$14.872
July	$25.293
August	$29.121
September	$19.428

October	$3.307
November	($5.102)
December	($10.843)
Total	**$0.000**

2026 PSEG Long Island Performance Metrics

The Second Amended and Restated Operations Services Agreement ("OSA") includes performance standards (the "Performance Metrics") for all the management services PSEG Long Island provides to LIPA. Approximately $23 million of Variable Compensation (as contractually adjusted for inflation) is at risk annually based on these performance standards. The Performance Metrics 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.

For 2026, LIPA Staff proposed 58 Performance Metrics. In a letter dated October 31, 2025 (attached as **Exhibit "F"**), the DPS recommended the adoption of all 58 metrics as proposed by LIPA, without modification.

The 2026 Proposed Performance Metrics presented to the Board on November 12, 2025, as part of the 2026 Proposed Budget incorporate the DPS recommendations. The proposed 2026 Performance Metrics for the Board's review and approval are provided in **Exhibit "G."**

The LIPA Board has requested that Staff provide bi-annual report to the Board on PSEG Long Island's progress on the 2026 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 2026 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.

A summary of 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.

Public Comment on the 2026 Budgets

LIPA held three public comment sessions regarding the 2026 Proposed Budget, (i) an evening session in the Rockaways, Queens County on November 18, 2025, (ii) a morning session in Suffolk County on November 24, 2025, and (iii) an evening session, in Nassau County on November 24, 2025. The public session transcripts are provided in **Exhibit "H."**

During those public sessions, comments were received from two speakers, Fred Harrison of Merrick and Daniel Karpen of Huntington.

Mr. Harrison questioned LIPA's projection of reduced utility bills in 2026 when costs were rising. He felt that the forecasts were off in 2022, 2023, and 2024, and LIPA customers had an 11.6% rate increase. Mr. Harrison expressed doubt that customer bills in 2026 would decrease as natural gas prices were expected to increase by 16% in 2026 compared to 2025 due to US LNG exports. He further suggested LIPA publish a range of monthly charges rather than a single charge.

LIPA Staff Response:

LIPA Staff appreciates all public comments on the 2026 Proposed Budget. LIPA's budget and metric process originates from the initiatives outlined in Board policies that define the objectives to be achieved. Board policies and LIPA's strategic plans are available on LIPA's website and are also discussed at LIPA Board meetings, which are available for the public to comment on throughout the year. As shown in the materials presented to the Board, LIPA's projection of a decrease in the average residential bill is largely attributable to the reduction in power supply costs, which was further explained in detail in the presentation to the Board. See page 8 in Section 3 of the Budget for itemized details explaining the decrease.

LIPA utilizes the best available information during its budget process, and actual results may differ from estimates. However, LIPA's power supply charge was actually lower than the amounts projected in the budget for both 2023 and 2024. In addition to address volatility in the power supply charge, LIPA resets the charge monthly, in accordance with LIPA's electric tariff ensuring our customers are only charged actual costs. LIPA explains budget vs. actual budget variance at its Financial and Committee meetings, which are open to the public.

Regarding Mr. Harrison's comment about showing the forecast as a range as opposed to a single expectation, LIPA Staff finds that presenting an average monthly bill is consistent with the standard utility practice rather than the suggested "range."

LIPA staff also thanks Mr. Karpen for his comments. Mr. Karpen's list of recommendations are unrelated to the budget proposal.

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.

Attachments

Exhibit "A"	Resolution
Exhibit "B"	Proposed 2026 Operating and Capital Budgets
Exhibit "C"	Tariff Redline Reflecting Rate Adjustments
Exhibit "D"	DPS Recommendation Letter on 2026 Rate Adjustments
Exhibit "E"	DPS Utility 2.0 and Energy Efficiency Plan Recommendations
Exhibit "F"	DPS Metrics Recommendation Letter
Exhibit "G"	2026 Performance Metrics
Exhibit "H"	Transcript of Public Comments

Exhibit "A"

APPROVAL OF THE 2026 PERFORMANCE METRICS AND OPERATING AND CAPITAL BUDGETS AND AMENDMENT OF THE 2026 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 standards for all 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, the Board of Trustees (the "Board") is required to approve annual budgets for LIPA's operations and for capital improvements; and

WHEREAS, the proposed 2026 Budget incorporates Operating and Capital Budgets for the operation and maintenance of the transmission and distribution system, customer services, business services and energy efficiency and renewable energy programs which are predicated on improving storm response and restoration, customer satisfaction, reliability and storm hardening; and

WHEREAS, the proposed Operating and Capital Budgets include $14.0 million for Information Technology ("IT") professional services and commodities that may be procured off contracts negotiated by the New York State Office of the General Services ("NYS-OGS") and Federal Supply Schedules General Service Administration ("GSA"), which contracts may extend beyond a single fiscal year, provided they offer demonstrable value, continuity of service, or cost-effectiveness over their full term; 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 2026 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 2026 Operating and Capital Budgets to the Board of Trustees on November 12, 2025 and held three public comment sessions on November 18 and 24, 2025 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;

NOW, THEREFORE, BE IT RESOLVED, that LIPA's financial statements are prepared in accordance with GASB No. 62, which outlines regulatory accounting for entities or operations which are rate regulated, the Board hereby approves the establishment of regulatory accounting treatment to defer 2025 revenue to meet certain Clean Energy expenses in future periods; and

BE IT FURTHER RESOLVED, that the Board hereby approves the 2026 Performance Metrics, as provided for in **Exhibit "G"** 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 2026 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 bi-annually to the Board on the status of the 2026 Performance Metrics; and

BE IT FURTHER RESOLVED , that consistent with the accompanying memorandum, the Board of Trustees hereby approves the 2026 Operating and Capital Budgets and associated rate adjustments, which are attached hereto as **Exhibit "C"**; and

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

BE IT FURTHER RESOLVED, that the Board hereby approves amendment to LIPA's 2025 Capital Budget to defer capital projects to 2026 of approximately $143.6 million; and

BE IT FURTHER RESOLVED, that the Board hereby approves LIPA's financing of the requirements of the 2026 and 2027 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 designees to evidence such intent by appropriate certifications; and

BE IT FURTHER RESOLVED, the Chief Executive Officer or 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 or designees to carry out all actions deemed necessary or convenient to implement this resolution.

Dated: December 17, 2025

LIPA LONG ISLAND POWER AUTHORITY

At LIPA, the Power is **Yours**™

Proudly serving Long Island and the Rockaways for over 25 years

AN ELECTRIC GRID IN **TRANSFORMATION**

2026 Annual Budget Report

Aerial photo of the south shore of Long Island

LIPA LONG ISLAND POWER AUTHORITY

PROUDLY SERVING LONG ISLAND AND THE ROCKAWAYS

Since 1998, LIPA has proudly provided Long Island and the Rockaways with the reliable, affordable, and clean power our customers deserve.

CONTENTS

PSEG Long Island crews performing hardening work as part of LIPA's capital improvement plans.

LIPA LONG ISLAND POWER AUTHORITY

CEO **MESSAGE**

Photo Courtesy of Bob Giglione, Long Island Press

I am pleased to present the Long Island Power Authority's 2026 Annual Budget Report: An Electric Grid Under Transformation. This proposed budget continues LIPA's commitment to affordability, accountability, and partnership by holding overall spending relatively flat compared to 2025. At a time when customers across Long Island and the Rockaways are facing rising costs in many areas of their lives, LIPA is doing its part to manage expenses carefully while maintaining safe, reliable, and responsive service.

The proposed 2026 budget is the first developed under LIPA's recently extended contract with PSEG Long Island and reflects the many favorable impacts of the agreement. This extended contract strengthens accountability and oversight, enhances cost controls, and reduces management fees, generating an estimated $17 million in savings over the life of the extension. It also preserves rigorous performance metrics, ties compensation directly to results, and introduces new transparency measures. These provisions create a stronger partnership between LIPA and PSEG Long Island, ensuring customers benefit from ongoing disciplined financial management and improved utility performance.

Looking ahead, 2026 will be a year in which LIPA refocuses on long-term strategic planning. We will begin to set a clear path for LIPA, from now through 2030 and beyond, defining the priorities and investments needed to prepare the grid to meet the challenges of ensuring adequate resources for Long Island and the Rockaways in a way that balances reliability, affordability, and sustainability.

This budget reflects our progress in building a culture of accountability while fostering a partnership that sets a strong foundation for the years ahead. By maintaining spending at current levels and strengthening oversight, customers will continue to benefit from stable electric rates – with no increase to bills in 2026 – even as LIPA continues to invest in reliability and clean energy.

By holding the line on spending today, we create the stability necessary to plan for the future, ensuring that LIPA can continue to provide reliable, affordable, and clean energy to the communities we serve.

Carrie Meek Gallagher

Carrie Meek Gallagher
Chief Executive Officer

ABOUT **LIPA**

The Long Island Power Authority (LIPA) is the third-largest public power utility in the United States, serving over three million residents and businesses across Long Island and the Rockaway Peninsula in Queens County (a borough of New York City).

LIPA owns the region's electrical transmission and distribution system and relies on contracts for most of the services and power supply needed to operate the electric grid, including:

Transmission & Distribution System Operation: Since 2014, LIPA has contracted with PSEG Long Island for transmission and distribution management services. This includes managing day-to-day operations and maintenance, emergency response, customer service, billing and collection, and meter reading. With an extension to the current Operations Services Agreement, this partnership will continue through 2030.

Power Supply Operation: LIPA also maintains long-standing agreements with National Grid for 3,500 megawatts (MW) of generating capacity and works with additional providers for 2,300 megawatts of on-island generation and 990 megawatts of transmission intertie capacity, enabling access to energy markets in New England and the Mid-Atlantic. Additionally, LIPA owns an 18% interest in the Nine Mile Point 2 nuclear facility, located on the Lake Ontario shoreline east of Oswego, New York.

Power Supply and Fuel Management: Beginning in 2026, LIPA will partner with The Energy Authority (TEA) for fuel management and power supply management services. TEA will handle day-to-day purchases and sales of power and power plant fuels, as well as manage LIPA's hedging program to mitigate volatility in commodity costs.

Purpose

LIPA's purpose is to serve our customers and community by providing reliable, affordable, and clean energy to Long Island and the Rockaways. As a not-for-profit utility, LIPA is a value-driven organization that puts our customers first in every action and decision.

Vision

LIPA's vision is to be our customers' trusted energy partner.

To achieve our vision, LIPA will:

- Actively engage with our customers and the communities we serve.
- Respond to our customers' needs and exceed their expectations.
- Be a recognized innovator in our industry to better serve our customers.
- Be known as a steward of our environment and community.

Values

Service: Our work is service. Everything we do is for the benefit of our customers.
Collaboration: Operate as one LIPA team. Everyone is included.
Excellence: One plan with relentless implementation. Clear performance goals.

In June 2025, the Northport power plant broke its all-time output production record.

LIPA LONG ISLAND POWER AUTHORITY

FAST **FACTS**

Customers
Residential customers: 1,032,529
Commercial customers: 140,727

Energy Requirements
19,884,053 megawatt-hours

2025 Peak Demand
5,616 megawatts

Historic Peak Demand
5,915 megawatts (2011)

Distribution System
Miles overhead: 9,041
Miles underground: 5,143
Transformers: 193,631

Substations
Transmission: 29
Distribution: 157

Transmission System
Miles overhead: 1,007
Miles underground: 412

2026 Proposed Budget
Operating: $4.4 billion
Capital: $1.2 billion

OUR **ELECTRIC GRID**

LIPA serves more than three million people across Nassau and Suffolk Counties on Long Island and the Rockaway Peninsula in Queens County, a part of New York City. Positioned at the far edge of New York State's electric grid, Long Island depends on a complex mix of resources to keep the lights on.

Today, the system is powered by a portfolio of seven major interconnection cables to regional energy markets, over a dozen on-island power plants that provide fast-start capability during periods of peak demand, one offshore wind farm, five solar farms, and two battery energy storage systems. In addition, nearly 100,000 customers are contributing to this diversified energy mix with rooftop solar installations totaling over 1,100 MW of power.[1]

Looking ahead, the integration of additional energy projects, including the Sunrise Wind and two new transmission interties as part of the Propel NY Energy initiative, will further strengthen the grid.

ISO-NE (108 Million MWh)
(Independent System Operator New England)
Northport to Norwalk Cable
300 MW

Cross Sound Cable
330 MW

Y49/Y50 NYISO Cables
(New York Independent System Operator)
(600+ MW net)

Northport Power Station (1,564 MW)
Fort Salonga, New York

Port Jefferson Power Station (498 MW)
Port Jefferson, New York

Calverton Solar Energy Center (22.9 MW)
Calverton, New York

Shoreham Solar Commons (25 MW)
Brookhaven, New York

Montauk Energy Storage Center (5 MW)
Montauk, New York

Kings Park Solar Farm (4 MW)
Kings Park, New York

East Hampton Energy Storage Center (5 MW)
East Hampton, New York

South Fork Wind (132 MW)
35 miles off Montauk, New York

E.F. Barrett Power Station (670 MW)
Island Park, New York

901/903 Cables
(300 MW net)

Neptune Cable
660 MW

Long Island Solar Farm (32 MW)
Upton, New York

PJM Interconnection (787 Million MWh)
(Pennsylvania, New Jersey, Maryland)

Transmission Cable to Regional Markets

** Map is a small representation of LIPA's energy portfolio*

[1] *Latest data available as of Q2 2025.*

LIPA LONG ISLAND POWER AUTHORITY

BOARD OF **TRUSTEES**

LIPA is governed by a local Board of Trustees (Board) that supervises, regulates, and sets policy for the utility. The Board consists of nine Trustees: five appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly.

The trustees serve for staggered four-year terms. All trustees reside on Long Island or in the Rockaways and have relevant utility, corporate board, or financial experience. Trustees are not compensated for their service.

Tracey Edwards
Chair

Valerie Anderson Campbell
Vice Chair

Vanessa Baird-Streeter
Trustee

Anthony La Pinta
Trustee

Claudia Lovas
Trustee

Dominick Macchia
Trustee

Mili Makhijani
Trustee

David Manning
Trustee

Mary Ellen Mendelsohn
Trustee

LIPA LONG ISLAND POWER AUTHORITY

Tracey Edwards, Chair of the LIPA Board, provides remarks at the Uniondale Hub substation renaming ceremony in March 2025.

STRATEGIC **DIRECTION** & KEY **POLICY OBJECTIVES**

The LIPA Board of Trustees provide strategic direction through a set of governance policies. The Board's policies define LIPA's purpose and vision and set expectations for the strategic outcomes that management will deliver in the areas of reliability, affordability, customer experience, clean energy, information technology, and fiscal sustainability. The Board reviews its policies annually and LIPA management reports on outcomes for each policy to the Board. Figure 1 summarizes the key objectives set by the Board.

Figure 1: Key Policy Objectives

TRANSMISSION & DISTRIBUTION OPERATIONS

- Top 10% reliability among peer utilities
- Improve circuit conditions that cause repeated customer outages
- Invest in system resiliency to reduce the number and duration of outages and assure timely and accurate communications to customers regarding restoration times from severe weather
- Independently verify that emergency restoration plans are complete and tested

CUSTOMER EXPERIENCE

- Deliver top 25% customer satisfaction in J.D. Power studies
- Continual improvement in ease of customer interaction, as measured by customer surveys
- Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.
- Effectively target communications across customer segments and socioeconomic groups, with particular attention to low-income and disadvantaged communities

INFORMATION TECHNOLOGY & CYBERSECURITY

- Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems (measured against industry-standard frameworks)
- Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor
- Conduct quarterly internal vulnerability assessments, annual third-party vulnerability assessments, and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities

CLEAN ENERGY & POWER SUPPLY

- Achieve a zero-carbon electric grid by 2040
- Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions across the service territory through energy efficiency and beneficial electrification
- Improve equity for disadvantaged communities
- Plan for a power supply portfolio that meets or exceeds industry standards for reliability

CUSTOMER VALUE, AFFORDABILITY, & RATE DESIGN

- Prioritize investments for customers to balance cost and service quality
- Communicate the benefits and cost drivers of any rate increases to customers
- Maintain competitive electric rates, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals
- Offer programs to low-income and disadvantaged customers to maintain electric bills that are a reasonable percentage of household income

FISCAL SUSTAINABILITY

- Achieve AA-category credit ratings by reducing LIPA's debt-to-asset ratio to 70% or less by 2030
- Maximize grants and low-cost funding sources
- Develop budgets and financial plans that maximize customer value and aggressively manage costs
- Provide customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

For a complete list of the LIPA Board of Trustees' key policy objectives, visit ***lipower.org/strategic-direction***.

LIPA LONG ISLAND POWER AUTHORITY

EXECUTIVE MANAGEMENT

Leading with Experience

The LIPA management team is proud to serve our customers. Our leadership brings extensive utility experience to the organization in all core business functions, including transmission and distribution operations, power supply, customer experience, information technology, finance, legal, strategy, performance management, communications, and external affairs.

Visit ***lipower.org/leadership*** for more information on each member of LIPA's management team.

Carrie Meek Gallagher
Chief Executive Officer

Bobbi O'Connor
General Counsel and Board Secretary

Greg Flay
Chief Information Officer

Donna Mongiardo, CPA
Chief Financial Officer

Werner Schweiger
Acting Chief Operating Officer

Kenneth Kane, CPA
Senior Vice President,
Investment Planning

Gary Stephenson
Senior Vice President, Power Supply

Barbara Ann Dillon, Esq., PHR
Senior Advisor, Human Resources
and Administration

Tom Locascio
Vice President, Corporate Affairs
and Chief of Staff

Robyn Fellrath
Special Assistant to the CEO

Jen Hayen
Director of Communications

LIPA LONG ISLAND POWER AUTHORITY

Carrie Meek Gallagher provides remarks at a Women in Energy & Communications event in October 2025.

Far Rockaway, Queens County

LIPA LONG ISLAND POWER AUTHORITY

SECTION I

OPERATIONAL HIGHLIGHTS

OPERATIONAL PERFORMANCE OUTLOOK

Together with our partners, we are working to deliver reliable, affordable, and clean power to our customers while modernizing one of the most dynamic and geographically-isolated electric systems in New York State. The proposed 2026 budget reflects the needs of a changing electric grid – maintaining operational excellence today, while investing in the grid needed for tomorrow.

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AFFORDABILITY IN A **HIGH-COST** REGION

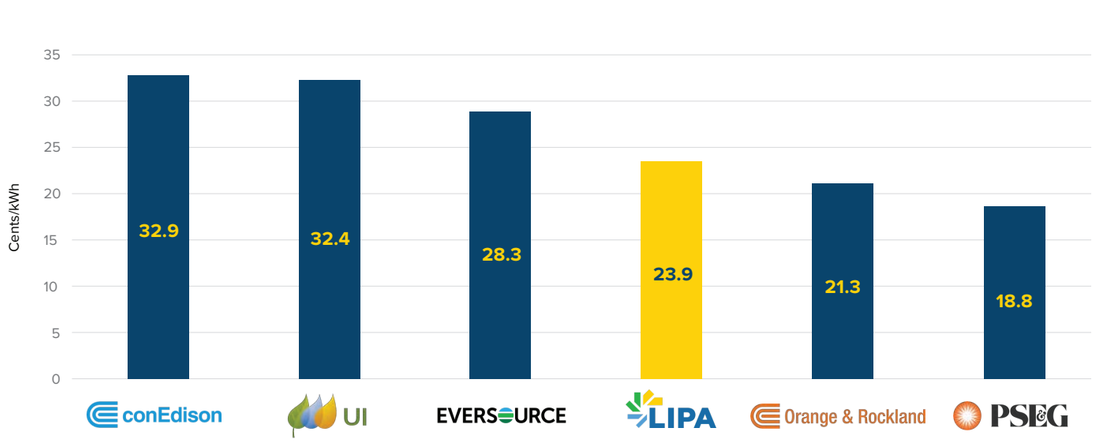
Electric bills in the Northeast and Mid-Atlantic have risen by nearly 22% since 2022, outpacing general inflation by seven percentage points.[2] With diligent planning, LIPA has managed to keep increases below inflation and maintain competitive electric rates, compared to other regional utilities, as shown on Figure 2. For 2026, total operating spending will remain relatively flat.

Properly managing costs has minimized the burden on our customers. Long Island's average residential bills remain stable, even as neighboring states experience significant increases driven by wholesale market volatility, grid investment surges driven by large-load growth, and clean energy surcharges.

Efficient operations, competitive power supply management with prepay transactions, access to certain federal and state grant programs, and low-cost financing through the Utility Debt Securitization Authority (UDSA) continue to save LIPA customers hundreds of millions annually.

This fiscally disciplined approach, paired with strong governance and cost controls included in agreements with various service providers, including PSEG Long Island, will continue to shield customers from the regional affordability challenges consistently plaguing other utilities.

Figure 2: 2025 System Average Rates*



** Regional utility rates include the latest available information as of mid-2025.*

Assistance for Vulnerable Customers

LIPA offers electricity bill discounts to low- and moderate-income customers, aiming to keep energy bills below 6% of household income. Our energy affordability discounts provide an estimated $31 million in annual savings to eligible participating customers, which equates to approximately 30% in reductions for those customers, and aligns with statewide Energy Affordability Programs.

LIPA has set a goal for PSEG Long Island to expand participation in the low- to moderate-income discount program to approximately 50,000 participants by the end of 2026. Additional financial assistance includes enhanced heat pump incentives of up to $11,000 for low-income households, which may be paired with Inflation Reduction Act rebates (administered by the New York State Energy Research and Development Authority) of up to $8,000 for energy-efficient installations.[3] LIPA also provides enhanced support for low-income households to improve the energy efficiency of their homes, and households that participate can receive personalized energy audits.

The proposed 2026 budget includes $7.5 million for weatherization projects for low- to moderate-income households, helping to reduce heating and cooling bills and improve comfort by eliminating leaks and drafts.

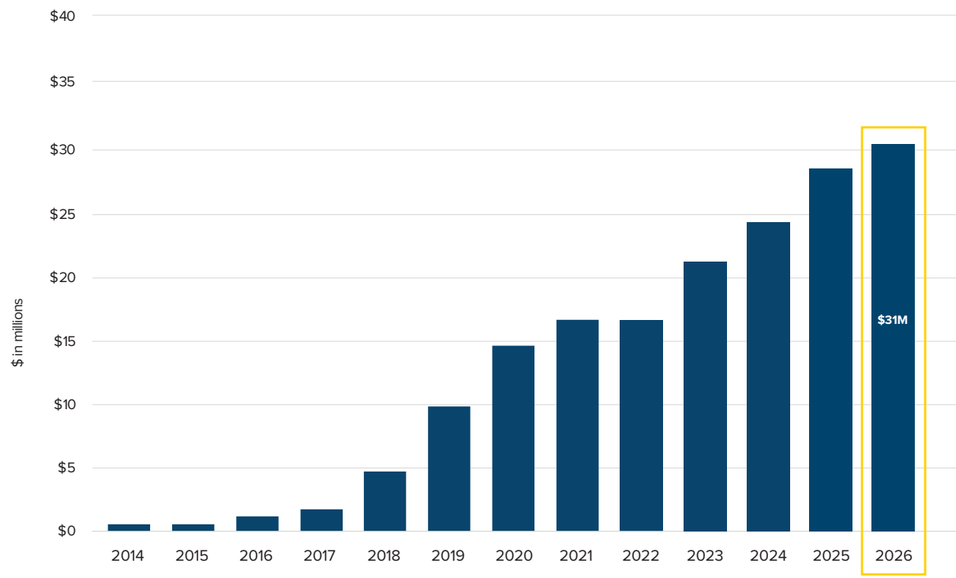
LIPA has also budgeted approximately $2.5 million to support New York State Homes and Community Renewal, which administers a Weatherization Assistance Program (WAP) across the state. In addition to this support, low-income households are eligible to participate in the PSEG Long Island Residential Energy Affordability Partnership (REAP) program, which will offer an expanded menu of weatherization measures for low-income households in 2026.

Together, these initiatives make homes more efficient, affordable, and safe for low-income households.

Additional initiatives include:

- Expanding the eligibility qualifications for the low-income rate discount program and extending the validity of program enrollment from 12 months to 14 months.
- Automating the enrollment of customers in the low-income rate discount program who have received a Home Energy Assistance Program and/or Supplemental Nutrition Assistance Program award.
- Continuing participation in the Department of Public Service's Energy Affordability Policy Working Group.
- Allowing bill credits for low-income customers participating in the Solar Communities program.
- Increasing the whole-home heat pump rebate budget for low-income customers by 25% (an additional $2.3 million), bringing LIPA's 2026 proposed budget for whole-home heat pump rebates for low-income customers to just over $11 million.

Figure 3: Funding for Low-Income Customer Discounts



[2] *Source: Energy Information Agency*

[3] *The New York State Energy Research and Development Authority (NYSERDA) administers Home Electrification Appliance Rebate (HEAR) funding through the Inflation Reduction Act. Income-eligible New Yorkers now have expanded access through the EmPower+ program to make their homes more comfortable and energy efficient. For more information, visit: **www.nyserda.ny.gov**.*

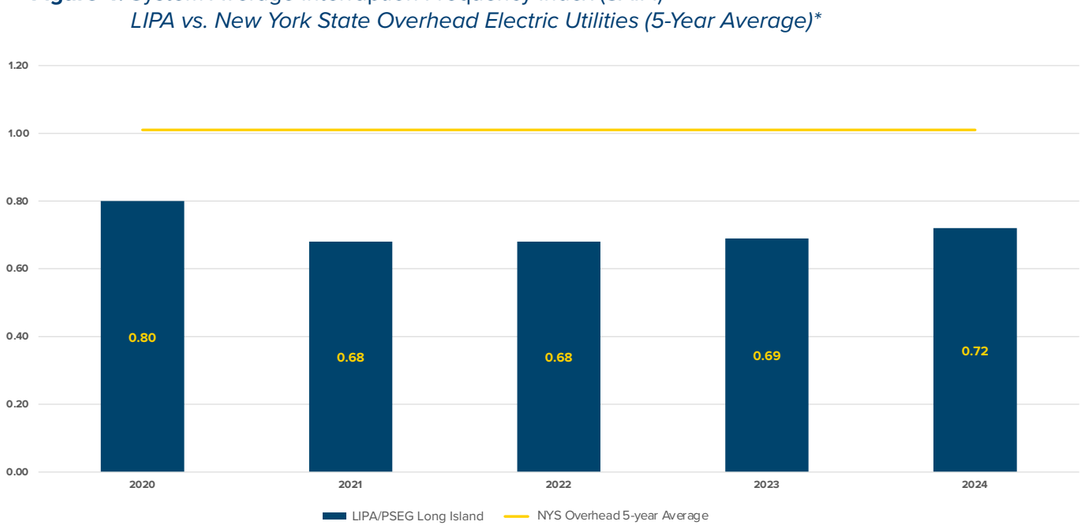
BEST-IN-CLASS **RELIABILITY**

In 2025, LIPA's electric grid delivered exceptional reliability performance, with customers experiencing fewer than one outage per year on average – equivalent to 99.99% service availability. This performance ranks among the best in the nation for similarly-sized utilities and outperforms all New York State overhead electric utilities for the past five years.

This demonstrates the value of our record investments in storm hardening, vegetation management, technology modernization, and more – totaling $9.4 billion over the past decade.

As weather events grow more intense and electricity demand evolves with the electrification of transportation and heating, plus the evolution of data centers, maintaining reliability will require new solutions. Through investments in grid automation, storm preparedness, and advanced analytics, LIPA and PSEG Long Island are ensuring that the system remains resilient and responsive, even as operating conditions are starting to shift.

Figure 4: System Average Interruption Frequency Index (SAIFI)[4]
*LIPA vs. New York State Overhead Electric Utilities (5-Year Average)**



** Excludes Con Edison, which is primarily an underground transmission system.*

[4] *2020 – 2024 Reports:* ***New York State Department of Public Service Electric Reliability Performance Reports***

PSEG Long Island crews performing storm hardening work.

Photo courtesy of PSEG Long Island

RECORD INVESTMENTS

LIPA continues to invest over $1 billion annually to strengthen and transform the electric grid. These investments are targeted towards:

System Resilience: Analyzing climate hazards and associated operational vulnerabilities, elevating substations in flood-prone areas, undergrounding lines, and hardening critical circuits against extreme weather.

Clean Energy Integration: Connecting offshore wind, solar, and battery storage projects that will deliver thousands of megawatts of carbon-free power by the early 2030s.

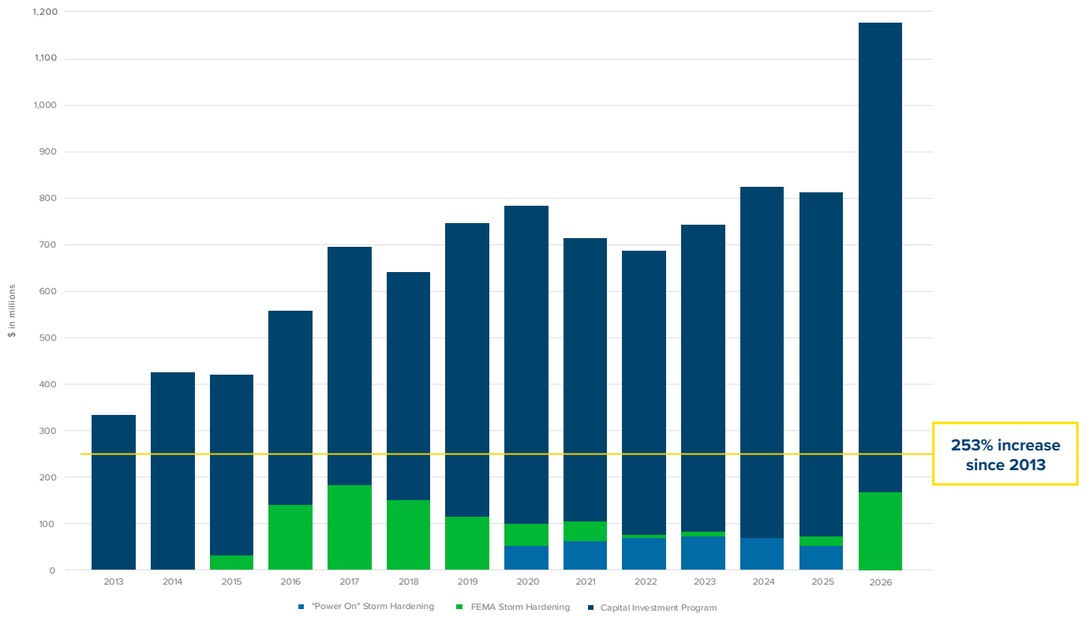
Transmission Backbone: Upgrading the transmission backbone to increase grid flexibility with projects like Propel NY Energy, which will add two new high-voltage interties connecting Long Island to New York City and Westchester County.

Customer Technology and Experience: Modernizing metering, billing, and outage communications to enhance convenience and transparency.

Time-of-Day Rates: Transitioning to a standard Time-of-Day electricity rate to reduce costly investments in the grid, better manage demand, integrate renewable energy, and enhance reliability. LIPA is the first utility in the state to transition customers to Time-of-Day rates and holds a 96% customer participation rate.

Together, these investments enable the clean energy transition while maintaining affordability – proving that strategic capital deployment can improve both sustainability and customer value.

Figure 5: Capital Investments in the Long Island and Rockaways Electric Grid Are Up 210%



VALUE OF **PUBLIC POWER**

A resilient grid means fewer outages, faster recovery, and increased safety during extreme weather events. Federal grants play a vital role in strengthening LIPA's system and reducing costs for customers.

As a state authority, LIPA is eligible for federal funding from the Federal Emergency Management Agency (FEMA). These grants support both storm recovery and long-term mitigation projects that reduce the impact of future disasters. LIPA will continue to actively seek grant opportunities, as available, to alleviate the costs associated with storm recovery and climate resiliency for our customers. These grants are not available to for-profit utilities.

LIPA has been awarded $1.0 billion in FEMA grants for system hardening and storm recovery following events like Superstorm Sandy (2012) and Tropical Storm Isaias (2020), as shown in Figure 6.

Figure 6: Summary of FEMA Grants for Storm Recovery Costs and Hardening Programs

FEMA Declared Events since 2011	**LIPA Restoration Costs: ~$1.2B**	**Total Federal Funding: $1.0B**
FEMA Declared Events Mitigation Awards	**Scope of Work**	**Federal Grants Awarded** ($ in millions)
Superstorm Sandy	Storm hardened 338 overhead circuits	$772*
Tropical Storm Isaias	Storm harden 166 overhead circuits over three years beginning in 2025	$423**
COVID-19 Pandemic	Replace 770 defective poles in low-moderate income designated areas in Suffolk and Queens/Nassau - work to conclude in 2026	$10

** While $722M was awarded, LIPA has received approximately $690M to date.*

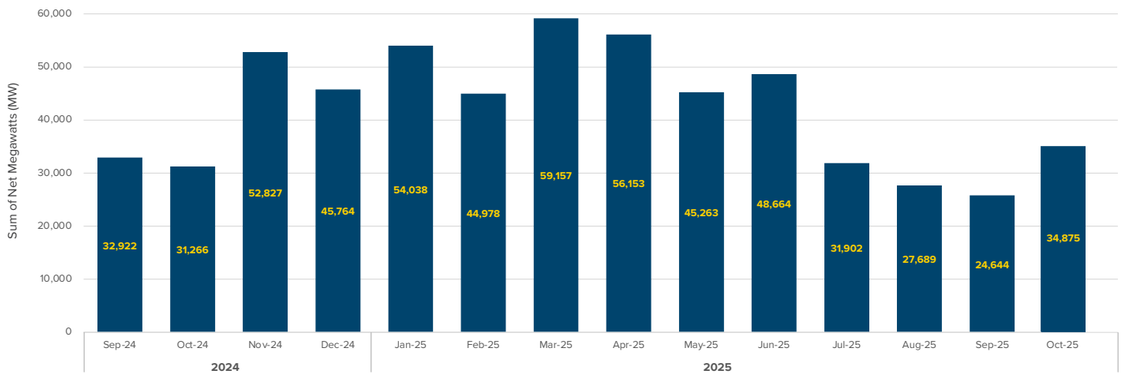
*** While $423M was awarded, LIPA has not yet received mitigation funds to date.*

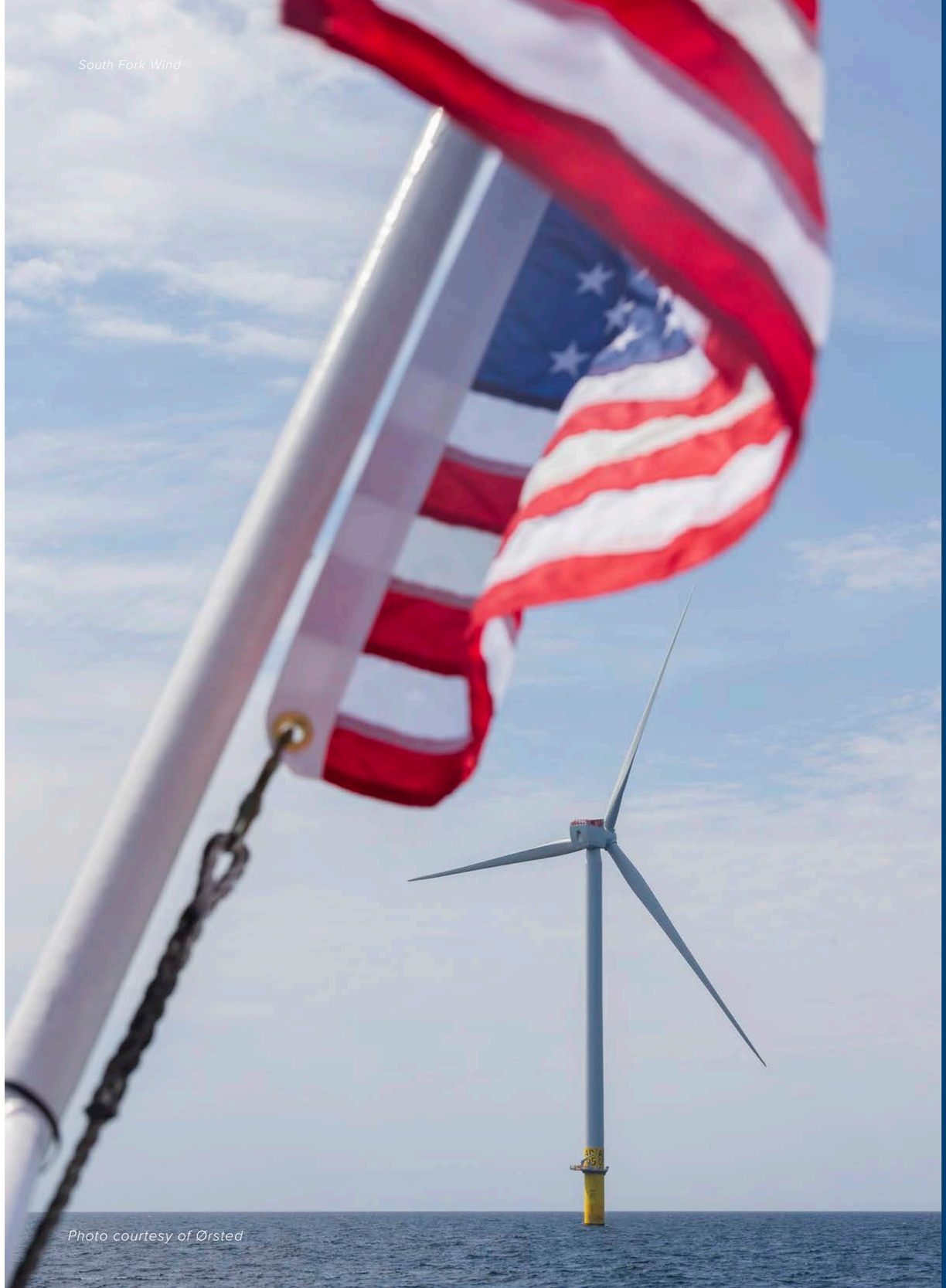
LEADING THE WAY: OFFSHORE WIND

Offshore wind is central to Long Island's clean energy transformation – providing locally sourced, renewable electricity that adds depth to our power supply portfolio. In its first year of operation, South Fork Wind (132 MW) has proven that offshore wind is a reliable energy source, producing close-to-forecasted volumes. As America's first commercial-scale offshore wind farm, it represents exactly the kind of new infrastructure needed to help meet growing demand and strengthen grid reliability.

In addition to providing reliable electricity, South Fork Wind demonstrates the economic vitality of clean energy with thousands of jobs created, new business for local companies, and supply chain growth. Looking ahead, LIPA will integrate Sunrise Wind (924 MW) into its transmission and distribution system, when the project is complete in 2027.

Figure 7: South Fork Wind Production





A GRID UNDER **TRANSFORMATION**

Long Island's grid is changing more rapidly than at any time in its history. Power now flows from the South Fork Wind farm, rooftop solar, and batteries – and it's having a positive impact on reliability.

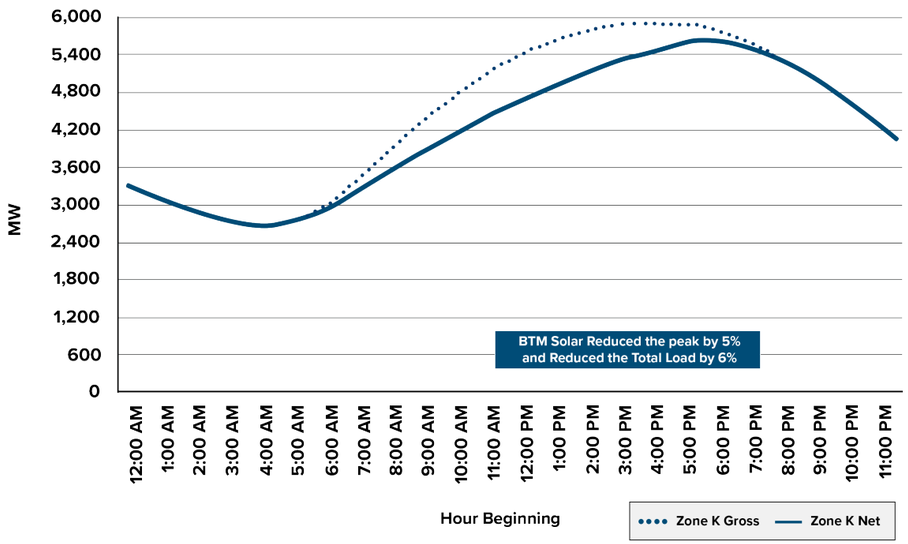
On June 24, 2025, Long Island reached its highest peak in over a decade during a heat dome with 5,616 MW. Distributed, behind-the-meter (BTM) solar reduced the peak by 5% (283 MW) and the total load by 6%, as shown in Figure 8.

In the near term, LIPA will continue to rely on both imports and local generation – including some fossil-fueled resources – to ensure reliability and meet rising electricity demand. We're also managing aging power plants responsibly and making strategic investments to strengthen reliability and preserve adequate reserve margins.

We will continue to see historical peak demand patterns shift as more customers electrify their homes and transportation, especially as Long Island has been an early adopter of electric vehicles and heat pumps. As New York State continues to adjust to the strong anti-renewable headwinds coming out of the federal government, power supply flexibility is ever more important and demonstrates that an 'all of the above' approach is necessary to continue providing reliable and affordable power for Long Island and the Rockaways.

LIPA's strategic and forward-looking planning ensures that this transformation only strengthens the grid, not hinders it. Through disciplined financial management, data-driven reliability investments, and careful cost control, LIPA has proven that affordability, reliability, and renewable energy progress can coexist, even in one of the nation's most mature electric systems.

Figure 8: June 24, 2025 NYISO Zone K Load Shape



** BTM solar data source is "estimated actuals"*

LIPA LONG ISLAND POWER AUTHORITY

View of a rooftop solar installation

Paradise Point, Peconic Bay

LIPA LONG ISLAND POWER AUTHORITY

SECTION II

BUDGET BY THE NUMBERS

TABLE OF CONTENTS

OUR FINANCIAL **ROLE**

LIPA owns the electrical transmission and distribution system serving our community, but contracts for most of the management services and power supply used to operate the electric grid. Since 2014, LIPA has contracted with PSEG Long Island for transmission and distribution management services.

Earlier this year, LIPA's Board of Trustees approved an amendment extending this partnership for an additional five years beginning on January 1, 2026. The extension strengthens affordability for ratepayers and enhances accountability.

The 2026 budget proposal reflects the benefits of the new agreement, including reduced costs with an estimated $17 million savings in management fees over the existing contract and tightened budget controls, as PSEG Long Island has committed to an essentially flat budget in 2026.

Other improvements include increases in PSEG Long Island's liability cap for certain events, enhancements to LIPA's oversight of storm preparedness and technical standards, and rigorous performance metrics. Together, these provisions ensure that customers benefit from stronger performance while saving customers money.

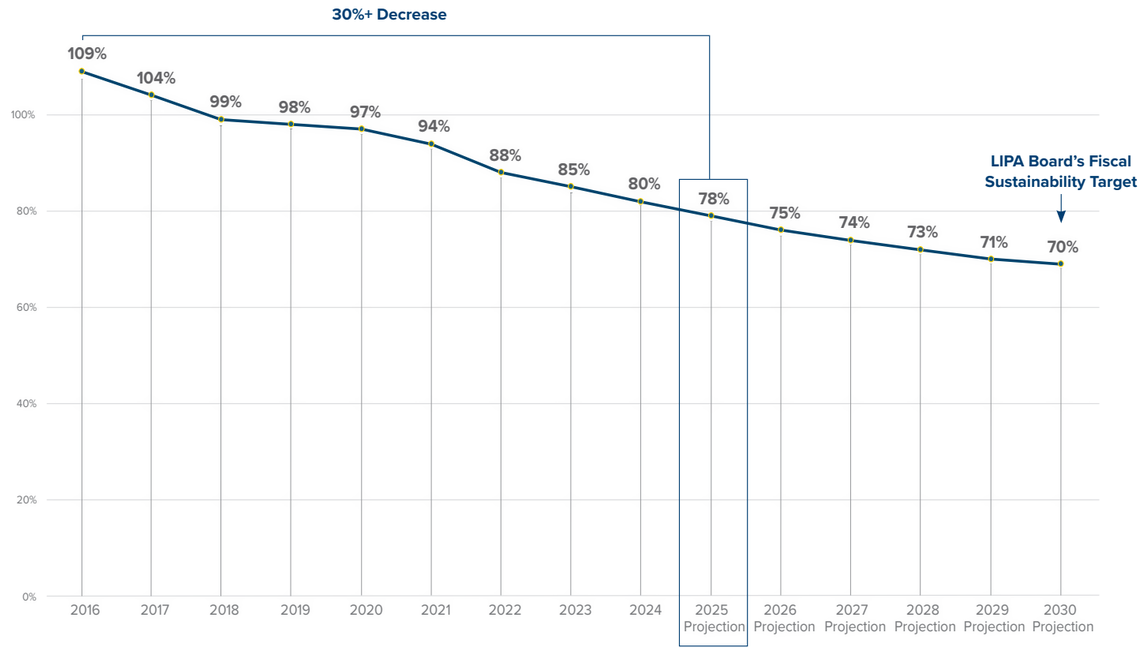
Fiscal Sustainability

Following the acquisition of the Long Island Lighting Company in 1998, LIPA's debt-to-asset ratio exceeded 230%, largely due to the legacy costs of the Shoreham Nuclear Power Plant.

In 2015, the LIPA Board of Trustees adopted a Fiscal Sustainability Policy – a long-term financial plan to reduce leverage and financing costs to industry levels. The policy established coverage ratios of at least 1.40x for LIPA-issued debt and lease payments and 1.20x when including UDSA-issued debt. It also set a goal of achieving AA-category credit ratings by lowering the debt-to-asset ratio to 70% or less by 2030.

As shown in Figure 9, LIPA is on track to meet this target, with a projected debt-to-asset ratio of 78% in 2025. Achieving a 70% debt ratio, coupled with other credit strengths, should position the Authority for AA-category credit ratings, comparable to other large public power utilities.

Figure 9: LIPA's Improved Debt-to-Asset Ratio



Improving LIPA's Credit Ratings

LIPA's budgeting process for recovery of debt service coupled with a fixed obligation ratio has proven effective, leading to five credit rating upgrades and stable outlooks from Moody's Investors Service (Moody's), Standard and Poor's Global Ratings (S&P), and Fitch Ratings (Fitch).

In July 2024, Fitch upgraded LIPA to an "A+" rating with a stable outlook, from its previous "A" rating. These upgrades reflect LIPA's improved leverage ratio, sustained deleveraging trend, and strengthen its service area. Strategic budgeting and higher fixed-obligation coverage will continue to support improvements in LIPA's key financial metrics.

Currently, LIPA holds credit ratings of A2 (Stable) from Moody's, A (Stable) from S&P, and A+ (Stable) from Fitch.

Figure 10: LIPA Continues to Maintain Positive Credit Ratings

	2013 Ratings (Outlook)	2025 Ratings (Outlook)
S&P Global	**A-** (Negative)	**A** (Stable)
FitchRatings	**A-** (Negative)	**A+** (Stable)
Moody's	**Baa1** (Negative)	**A2** (Stable)

In 2025, LIPA offered three new bonds totaling approximately $875 million (Series 2025A, Series 2025B, and Series 2025C) to support system improvements, storm hardening, and debt refinancing efforts.

These include:

Series 2025A: ~$425 million in electric system general revenue bonds (fixed rate bonds).
- Refunded certain Series 2015B Bonds for a net present value debt service savings of $5.4 million.
- Funded ~$151 million of system improvements.

Series 2025B: $300 million electric system general revenue bonds (fixed rate mandatory tender bonds) – funded ~$299 million of system improvements.

Series 2025C: ~$151 million electric system general revenue bonds (variable rate bonds retired 2022C variable rate bonds).

Reducing Costs Through the Utility Debt Securitization Authority

In 2021, the New York State Legislature authorized the issuance of additional Utility Debt Securitization Authority (UDSA) securitized bonds to refinance certain bonds and fund investments in transmission and distribution system resiliency.

UDSA bonds have triple-A credit ratings and provide a lower cost of funding than issuing LIPA bonds for the same purpose. With these legislative changes, UDSA may issue an initial par amount of up to $8.0 billion of securitized bonds (inclusive of the bonds already issued).

Since 2013, UDSA has successfully refinanced approximately $6.2 billion of LIPA and UDSA bonds, achieving $579 million in net present value debt service savings. UDSA also funded $241 million of storm hardening investments through the sale of "green bonds." UDSA has approximately $1.7 billion in statutory capacity remaining for the additional issuance of UDSA bonds to achieve further savings for our customers.

In December 2025, UDSA intends to issue additional bonds to refinance its callable Series 2015 Bonds, subject to market conditions, and finance up to approximately $150 million in system resiliency costs associated with LIPA's transmission and distribution system. Any such savings achieved through UDSA will be passed onto customers through lower-cost financing, as forecasted in the budgeting process.

For more information, visit ***lipower.org/finance/udsa***.

LIPA LONG ISLAND POWER AUTHORITY

HOW ARE **BUDGETS DEVELOPED?**

The development of LIPA's budget starts with our Board of Trustees, who define our purpose and vision and set expectations for the strategic outcomes that management is expected to deliver in the areas of reliability, affordability, customer experience, clean energy, information technology, and fiscal sustainability. The process also sets financial targets to ensure that the budget will achieve the Board's key financial metrics policy and a fixed-obligation coverage ratio of at least 1.40x.

The Board's strategic outcomes are incorporated into ***5-Year Strategic Roadmaps***, which prioritize our efforts and resources toward initiatives that will most significantly benefit our customers. Each year, those initiatives are translated into granular work plans, performance metrics, and budgets for the Board's review and approval.

Our annual planning and budgeting process draws from extensive and rigorous reviews to define performance metrics and make tradeoffs of cost and business benefits, yielding the right-sized solutions that demonstrate stewardship of customer resources.

The proposed 2026 budget reflects months of effort by LIPA and PSEG Long Island staff, starting with initial budget and performance metric proposal reviews and resulting in detailed line item and project-level reviews. Wherever possible, staff work to identify cost savings and seek external grant funding to help fund various initiatives to reduce the impact on customers.

The process results in a budget and performance metric proposal to the Board in November, with an independent recommendation by the Department of Public Service. This then goes to the Board for consideration in December, following public hearings across the service territory.

Throughout this entire process, LIPA serves as our customers' representative. As a not-for-profit public power utility, we put our customers first in our actions and decisions.

Budgetary Risks

Budgeting processes inherently carry risks related to the ability to accurately forecast revenues and expenditures. These risks are intrinsic to the nature of budgeting, which relies on subjective estimates and uncertain future conditions. LIPA's budget assumptions are based on historical trends, forecasting known contract terms, projecting inflationary trends, and anticipating shifts in consumer behaviors and industry trends (i.e., data centers).

To mitigate these risks, LIPA uses several cost recovery mechanisms that significantly reduce financial volatility. These mechanisms address variations in both revenues and expenses, and include:

Revenue Decoupling Mechanism (RDM): Resets annually to collect or refund to customers any revenue variances.

Power Supply Cost Recovery Mechanism: Resets monthly to reflect actual power supply costs.

Delivery Service Adjustment (DSA): Resets annually to collect or refund budget differences related to (i) Debt, (ii) Pension & Other Post-Employment Benefits (OPEBs), and (iii) Storm costs.

In addition, to earn incentive compensation, PSEG Long Island's operating costs cannot exceed 102% of its operating budget, promoting strong cost control.

LIPA also maintains robust internal budget controls to ensure adherence to its annual financial plan by continuously monitoring spending, comparing results against targets, and taking corrective action when necessary.

ENTERPRISE **RISK MANAGEMENT**

To manage risks across the organization, LIPA's Enterprise Risk Management department works with each business unit to identify, assess, mitigate, and monitor various risks. Risk management activities are overseen by the Enterprise Risk Management Committee, and significant risks are reported and reviewed by the Finance and Audit Committee of the Board.

LIPA also maintains a Power Supply Risk Management Committee to oversee its derivatives program, which is designed to mitigate exposure to fluctuations in commodity prices and interest rates. LIPA does not use derivative instruments for trading or speculative purposes.

PROPOSED **2026 BUDGET**

The proposed 2026 budget consists of an operating budget of $4.4 billion and a capital budget of $1.2 billion. The operating budget, shown in Figure 11, funds the delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service (and related coverage).

Figure 11: Proposed 2026 Operating Budget

2026 Proposed Operating Budget
($ thousands)

Operating Revenues	$ 4,300,637
Grant & Other Income	87,006
Total Revenue & Income	**$ 4,387,643**
Power Supply Costs	$ 1,825,273
Delivery Costs	942,061
PILOTs, Taxes & Fees	509,361
Interest Payments	426,222
Debt Reduction	684,726
Operating Budget	**$ 4,387,643**
Fixed Obligation Coverage	
LIPA Debt Plus Leases	**1.40x**
LIPA & UDSA Plus Leases	**1.27x**

The capital budget, shown in Figure 12, funds long-life infrastructure investments such as storm hardening, information technology, fleet, and other asset-related improvements for transmission lines, substations, poles, and wires.

Figure 12: Proposed 2026 Capital Budget

2026 Proposed Capital Budget
($ thousands)

Capital Projects	$ 988,282
Nine Mile Point 2	34,565
FEMA & PSEG Long Island Storm Hardening	157,347
Capital Budget	**$ 1,180,194**
Funding from Operating Budget	$ 325,419
FEMA Grants	137,708
Debt Issued to Fund Projects	717,067
Funding Sources	**$ 1,180,194**
Percent of Capital Projects Funded from Debt	**61%**

Jones Beach Energy & Nature Center

LIPA LONG ISLAND POWER AUTHORITY

2026 PROPOSED OPERATING BUDGET

What is an Operating Budget?

LIPA's operating budget funds the operation and maintenance components of delivery costs, debt service requirements, taxes, and transmission and distribution programs, including vegetation management, asset maintenance, system reliability initiatives, and power supply costs. It also supports clean energy programs, customer service operations, information technology and cybersecurity, power asset management, and business support functions, including finance, legal, and human resources.

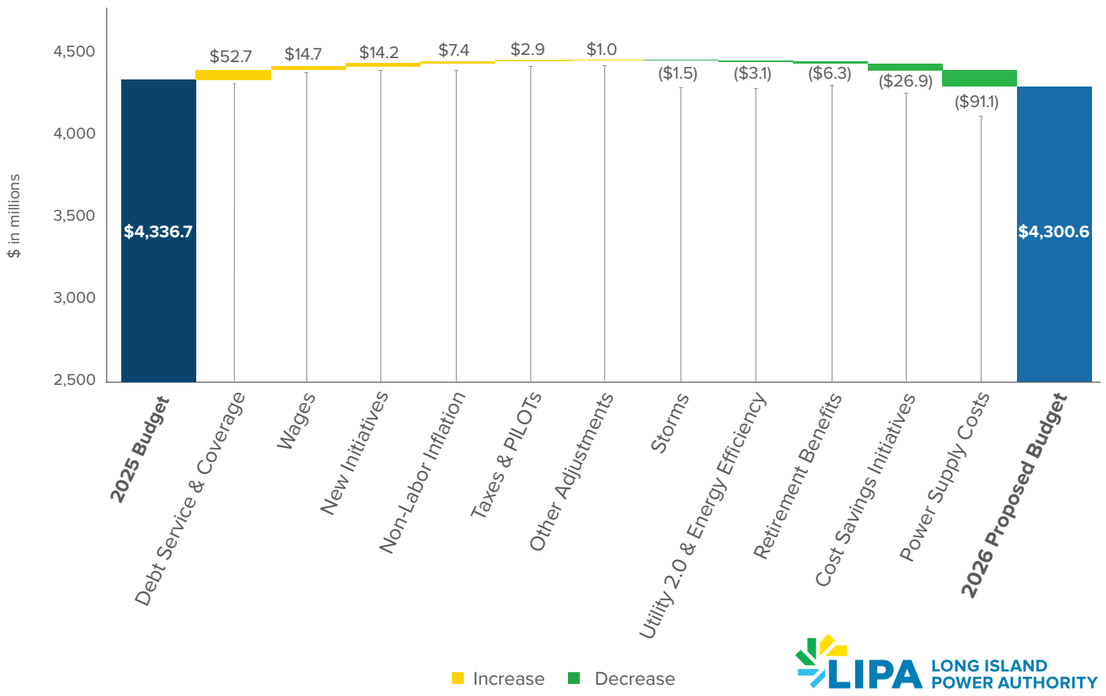
Operating Budget Changes

Despite increases in labor costs and overall inflation, LIPA and PSEG Long Island have managed to maintain relatively flat operating costs in 2026, while ensuring sufficient funding to maintain and operate the electric system in a manner that meets policy objectives set by the Board.

LIPA's debt service requirements are also impacting delivery rates, which include 1.40x coverage of its fixed obligations, a key component to improving LIPA's leverage ratios and meeting the goals under the LIPA Board policy on Fiscal Sustainability. LIPA's consistency in ensuring affordability while decreasing its leverage ratio has been evidenced by its numerous credit upgrades since 2016.

Total operating revenue is expected to decrease by $36.0 million (0.8%), resulting in a total 2026 budgeted revenue of $4.30 billion, compared to $4.34 billion in 2025.

Figure 13: Proposed 2026 Operating Budget as Compared to 2025



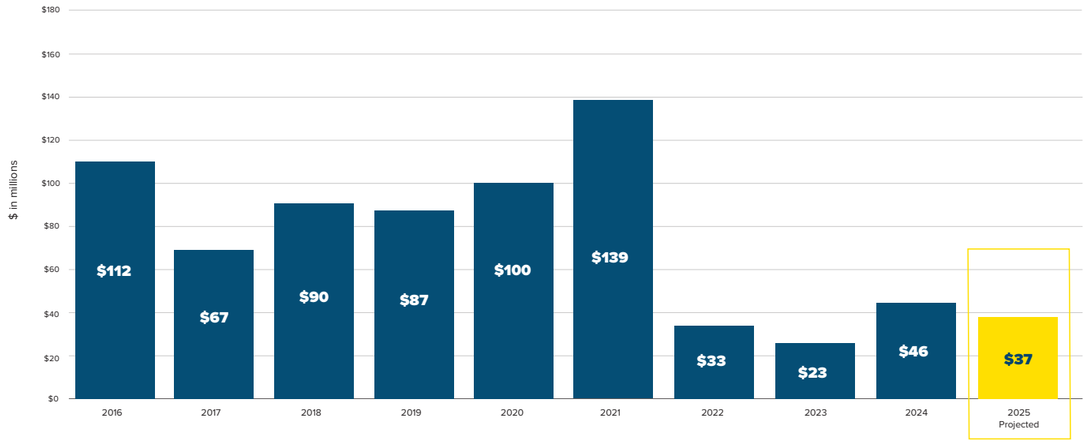
Changes in Major Categories of the 2026 Proposed Operating Budget

New Initiatives	New Initiatives are budgeted at $14.2 million for 2026, including planning for new information technology systems, business continuity plans, continued support for the transition to Time-of-Day rates, and additional procurement services.
Wages	Wages are projected to increase by $14.7 million (3.0%) in 2026.
Non-Labor Inflation	Based on projected inflation, non-labor expenses are budgeted to increase by $7.4 million (2.7%) in 2026.
Retirement Benefits	Employee retirement benefits (including pensions and post-employment benefits) are budgeted to decrease by $6.3 million. Amounts are calculated on an actuarial basis (updated annually) and can be volatile due to market conditions. As such, these costs are subject to reconciliation under LIPA's Delivery Service Adjustment.
Debt Service Requirements and Coverage	Debt service payments and related coverage (i.e., the cash contribution to capital projects in lieu of issuing debt) are budgeted to increase by $52.7 million (4.6%) in 2026. This is comprised of an increase in debt service payments, including other interest costs of $29.7 million, a corresponding increase in associated fixed-obligation coverage of $20.6 million, and lower estimated investment earnings of $2.4 million.
Storm Budget	LIPA's storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms. For 2026, the storm budget of $82.0 million is $1.5 million below the 2025 budget level to align with new standards under the extended contract with PSEG Long Island. As shown in Figure 14, storm costs can vary significantly from year to year, depending upon the severity of weather events.
Utility 2.0 & Energy Efficiency	Utility 2.0 and Energy Efficiency funding supports programs designed to promote energy efficiency, clean energy, and beneficial electrification. The budgets are based on an annual filing made by PSEG Long Island with LIPA and the Department of Public Service each year in July. The Utility 2.0 and Energy Efficiency budget will decrease by $7.7 million (7.6%) in 2026 with more funding shifted to residential programs. Offsetting that decrease is an additional $4.6 million for LIPA's ongoing clean energy initiatives. • Approximately $2.0 million collected in the 2025 budget related to certain New York State Energy Research and Development Authority programs will be deferred for use in 2026.
Cost Savings Initiatives	PSEG Long Island will maintain its operating expenses at $698 million in 2026 through productivity and other cost-saving initiatives.

PSEG Long Island crews performing storm restoration work in Suffolk County.

Photo courtesy of PSEG Long Island

Figure 14: LIPA Storm Costs (in $ millions)



***Note**: Storm costs normalized for Tropical Storm Isaias*

2026 PROPOSED CAPITAL BUDGET

What is a Capital Budget?

LIPA's capital budget funds long-life infrastructure investments such as transmission lines, substations, poles, wires, and storm hardening, as well as information technology, fleet, and other assets. LIPA's Fiscal Sustainability Policy ensures budgeting a 1.40x fixed-obligation coverage ratio that will generate sufficient cash flow from revenues to achieve a 70% debt-to-asset ratio by 2030. As a result, a portion of LIPA's capital spending is funded with revenue generated from coverage, while the balance is financed primarily with tax-exempt general revenue bonds.

Capital Budget Changes

As shown in Figure 15, the proposed 2026 capital budget is $1.2 billion, an increase of $317.9 million (36.9%) driven by ($143.6) million in carry over funds from 2025, and the required increase of refueling costs related to LIPA's 18% ownership of the Nine Mile Point 2 nuclear power facility.

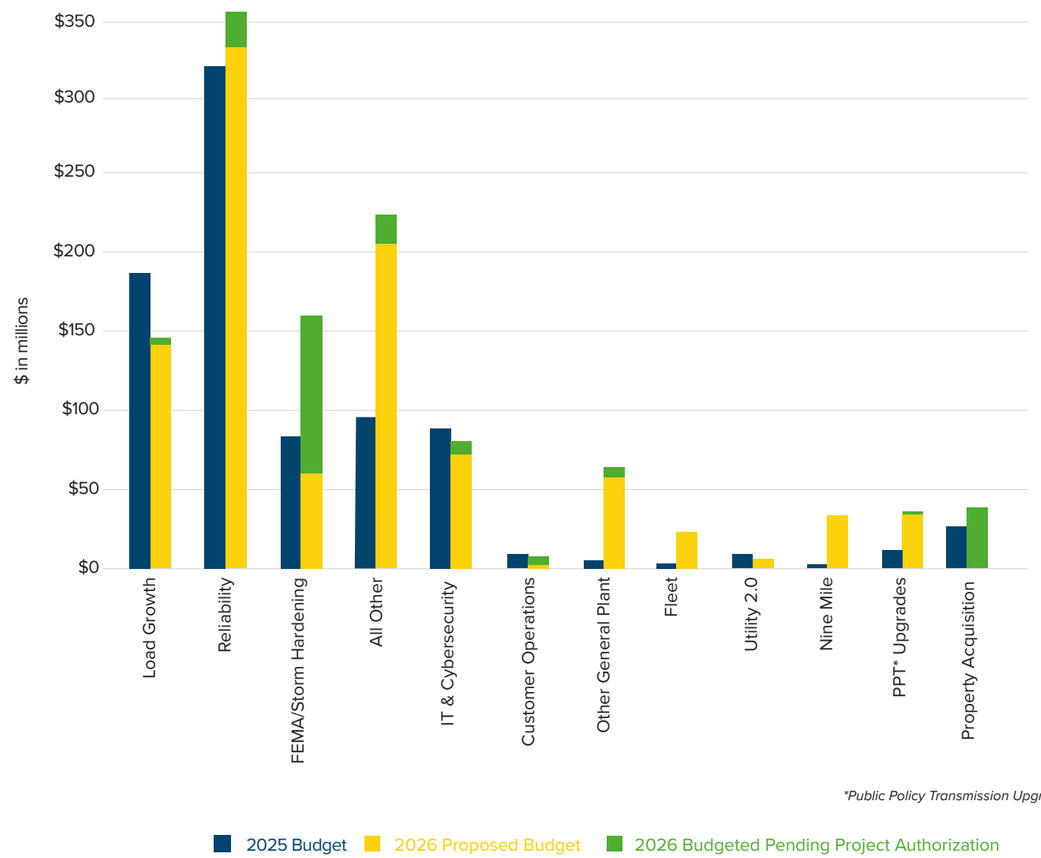
The proposed 2026 capital budget continues significant investments in the electric grid to enhance reliability, resiliency, and information technology systems. Key initiatives for 2026 include transmission upgrade projects, a new operations yard, a facility operations replacement, pole replacement programs, grid automation projects, and load growth support projects.

The budget includes $179.4 million, ($46.1 million) in carry over funds from 2025 for pending project authorizations. This category represents projects that LIPA expects to be budgeted within the PSEG Long Island capital budget; however, LIPA is either awaiting additional project information or the project is dependent on external factors, such as market values related to property acquisitions. As LIPA obtains sufficient information to determine whether the budget is reasonable or acquisition costs are known, amounts will be transferred to the PSEG Long Island budget. These pending project authorizations primarily relate to transmission and distribution system initiatives ($34.3 million), information technology and cybersecurity ($3.4 million), customer service projects ($5.8 million), other general plant ($7.8 million), FEMA ($93.1 million), and property acquisition ($34.7 million), as detailed in Section III.

The 2026 PSEG Long Island budget also includes $153.0 million for the hazard mitigation program, which is largely funded by FEMA. Projects like this, undertaken after Superstorm Sandy, have shown valuable improvements to system reliability when compared to unmitigated sections of the electric grid. This program includes strengthening transmission crossings over area highways and replacing approximately 770 poles in low- to moderate-income neighborhoods across LIPA's service territory (scheduled for completion by the end of 2026).

Additional work under existing FEMA grants included in the 2026 proposed budget incorporates the beginning of two new programs: (i) the installation of 8,500 branch-line reclosers (scheduled for completion in 2027) and (ii) the hardening of 166 overhead circuits (scheduled for completion in 2029).

Figure 15: Proposed 2026 Capital Budget as Compared to 2025



**Public Policy Transmission Upgrades*

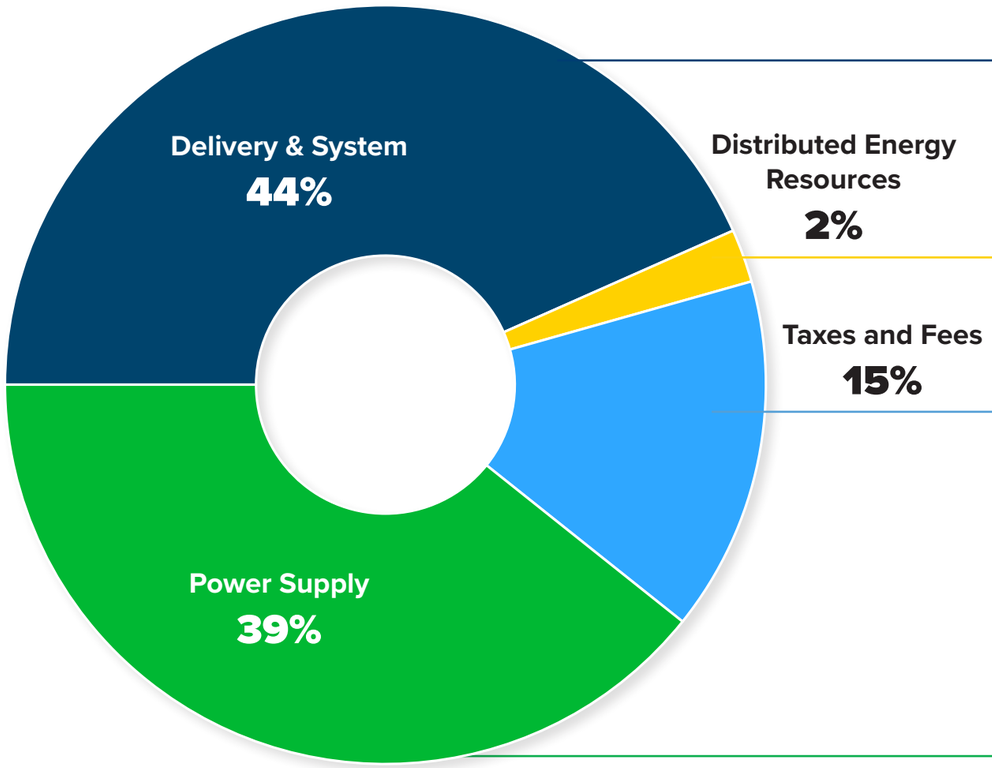
WHAT MAKES UP YOUR **ELECTRIC BILL**

The residential customer electric bill consists of multiple charges that recover various costs. Charges are based on:

- Usage (kilowatt-hours (kWh) or days multiplied by price ($/kWh, $/day); or
- Percent of other charges (i.e., revenue and sales taxes).

The Board approves rates for Delivery Service and all other rates are based on Board-approved formulas that recover specific costs. Bills depend on actual usage and electricity costs, while the budget uses forecasts.

Figure 16: 2026 Proposed Electric Bill Breakdown



Delivery & System

Delivery & System: PSEG Long Island operations and maintenance (O&M), LIPA O&M, and debt service minus other income

- *Billing Factor:* kWh and number of days

Delivery Service Adjustment: If applicable, variances in debt service, storm expense, pensions, and OPEBs

Revenue Decoupling Mechanism: Variances in revenues

- *Billing Factor:* % of delivery revenues

Distributed Energy Resources

Distributed Energy Resources: Utility 2.0 and energy efficiency program expenses

- *Billing Factor:* kWh

Payments in Lieu of Taxes (PILOTs), Assessments, and Sales Tax

New York State Assessment: Department of Public Service and other government assessments

- *Billing Factor:* % of delivery revenues

Suffolk Property Tax Adjustment: Settlement costs from Suffolk County customers

Revenue-Based PILOTs: Revenue taxes are assessed by state and local municipalities

Sales Tax: Collected on behalf of New York State, Suffolk County, Nassau County, and Queens County

- *Billing Factor: % of above charges*

Power Supply

Power Supply & Merchant Function Charge: Power supply capacity, commodity, and renewables, as well as other costs related to power supply (bad debt, collections expenses, procurement, and working capital)

- *Billing Factor:* kWh and number of days

Projected Electric Bills for 2025

The 2025 actual projected bill for a typical residential customer is estimated to be $4.85 higher per month (2.5%) than budgeted in 2025, with approximately $4.37 due to higher power supply costs.

The 2025 budget projected an average of 11.8 cents per kWh in residential customer power supply cost in 2025. However, the actual residential customer power supply cost on average was approximately 12.5 cents per kWh due to higher-than-expected commodity prices compared to when the budget was prepared last year. The remaining increase of $0.48 was due to increased average electricity use per typical residential customer, due to weather-related impacts.

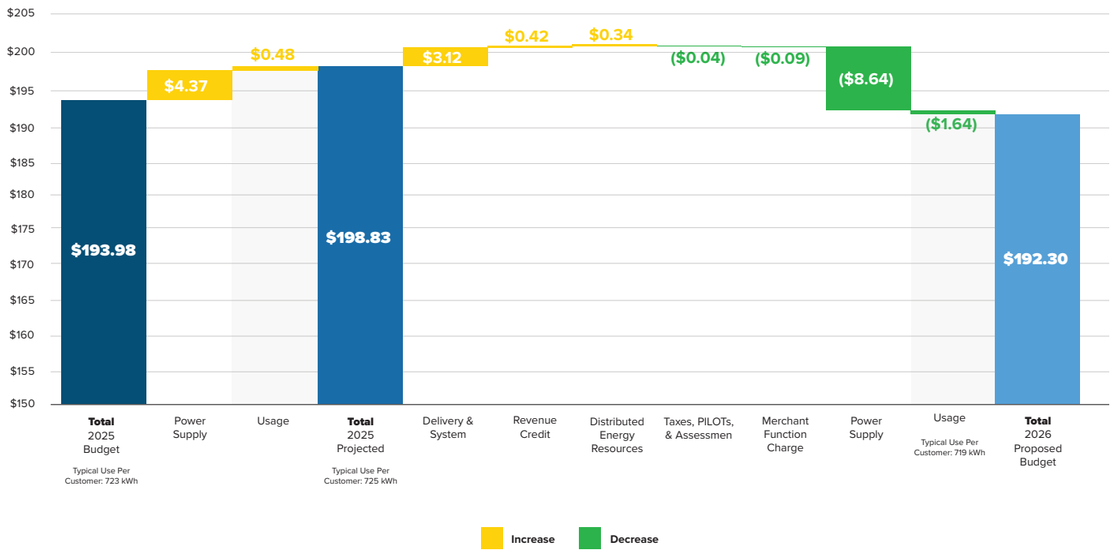
Projected Electric Bills for 2026

In 2026, operating revenue requirements are projected to decrease by 0.8% compared to the 2025 approved budget.

The typical residential customer bill in 2026 is projected to be $6.53 (-3.3%) lower than the projected actual bill in 2025, as shown in Figure 17. Approximately $1.64 is due to an estimated decrease in average electricity use per typical residential customer.

The 2026 budget projects that the average residential customer will use 719 kWh of electricity per month in 2026, compared to projected usage of 725 kWh in 2025 (723 kWh budgeted). The 6 kWh decrease in projected usage is due to an increase in budgeted funds related to energy efficiency residential programs. Assuming there is no change in usage by a typical residential customer, the projected bill is still estimated to decrease, primarily due to lower power supply costs.

Figure 17: Projected Change in Typical Residential Customer Bill 2026 Proposed Budget vs. 2025 Approved



Delivery and System Costs

While PSEG Long Island operations and maintenance costs have remained relatively flat year over year, LIPA's operating budget is increasing by $5 million to support certain ongoing clean energy initiatives, including the Homes and Community Renewal Program, Circuit Program, Integrated Energy Data Resource Program, and Linear Generator Pilot Program.

In addition, higher debt service requirements and related coverage are driving the most significant portion of the projected delivery and system increase. Annually, LIPA issues general revenue bonds to finance a portion of its system improvements. The revenue generated by these bonds is supplemented with operating revenue from its fixed obligation coverage factor. The annual budget includes debt service requirement costs associated with its bonds, as well as coverage of 40%, allowing LIPA to currently fund a portion of its capital expenditures.

Utilizing coverage to support capital investments in long-term system improvements supports LIPA's commitment to reduce its debt-to-asset ratio and ensure its financial plans include prudent levels of borrowing.

The debt service requirements related to our capital improvement financing and the related coverage obligations are increasing by approximately $53 million in 2026; however, with a projected decrease in usage combined with lower power supply costs (discussed further below), the average customer bill is expected to be lower in 2026 than in 2025.

Power Supply Costs

LIPA purchases electricity, natural gas, and fuel oil to meet customer needs. LIPA budgets for power supply costs at prevailing market prices, which are reconciled to actual costs through a Power Supply Charge that changes each month throughout the year and appears as a separate line item on customer bills, ensuring our customers only pay for the actual power supply costs.

LIPA is projecting lower power supply costs of $219 million in the proposed 2026 budget compared to the 2025 projected costs (and $91 million compared to the 2025 budget), which results in a decrease to the projected bill of $8.64 (-4.3%).

The largest factors contributing to the $219 million decrease in power supply costs in 2026 include:

- $148 million decrease in commodity costs due to less on-island generation
- $29 million decrease in Regional Greenhouse Gas Initiative allowances driven by market prices
- $21 million decrease in Zero-Emission Credits net of the impacts to the nuclear production tax credit related to LIPA's 18% ownership in the Nine Mile Point 2 nuclear facility
- $22 million decrease in fees and transition costs related to services under the new Power and Fuel Management Services Agreement
- $10 million decrease in pass-through property taxes on power plants due to continuing benefits of tax settlements (see discussion on Power Plant Tax Settlements on page 51)
- Partially offset by an $11 million increase in capacity, purchased power, and renewables (net of the settlement concerning the costs and responsibilities for a specific transmission project within the Regional Transmission Expansion Plan)

Prepay Transaction

In October 2024, LIPA executed a prepaid power purchase agreement with the Southeast Energy Authority (SEA), a not-for-profit governmental public corporation, for the purchase of 100 MW of market-based energy at a fixed discount to daily market prices, which began in 2025.

In January 2025, LIPA then executed an additional prepaid power purchase agreement with SEA to purchase another 100 MW.

The combined annual savings for LIPA's customers from these two agreements are expected to be approximately $10 million, for a total estimated savings of $73 million over the initial term of approximately 7 years. These annual savings are reflected in LIPA's annual budget and will be passed through directly to customers through lower power supply charges.

Distributed Energy Resource and Other Revenue Charges or Credits

LIPA's Distributed Energy Resource charge will increase by $0.34 for a typical residential customer in 2026, as more funding for energy efficiency programs is targeted to our residential customer class.

LIPA's Revenue Decoupling Mechanism (RDM) and Delivery Service Adjustments (DSA) are reconciled annually. The annual reconciliation compares budgeted sales for each customer class and budgeted debt service, net of investment income, to actual experience. If residential sales exceed the budget, or if the cost of debt service, net of investment income, is favorable and under budget, as they were in 2025, the excess revenue is credited back to customers in the following year. The RDM and DSA will provide customers with credits of $1.13 per month in 2026, derived from higher-than-budgeted 2025 sales and higher earnings related to certain investments in 2025. This amount is lower than the projected 2025 bill credit of $1.55.

While we are seeing a slight increase in delivery revenue in 2026 proposed electric bills, the decrease in expected power supply costs will offset this increase, providing a lower electric bill compared to both the projected and budgeted 2025 typical residential bill.

LIPA continues to maintain competitive electric rates within its region for its typical residential customers. Furthermore, as a public power utility, LIPA does not profit from any of its operations.

*Customers can save energy and money with a smart thermostat. Rebates are available on PSEG Long Island's **website**.*

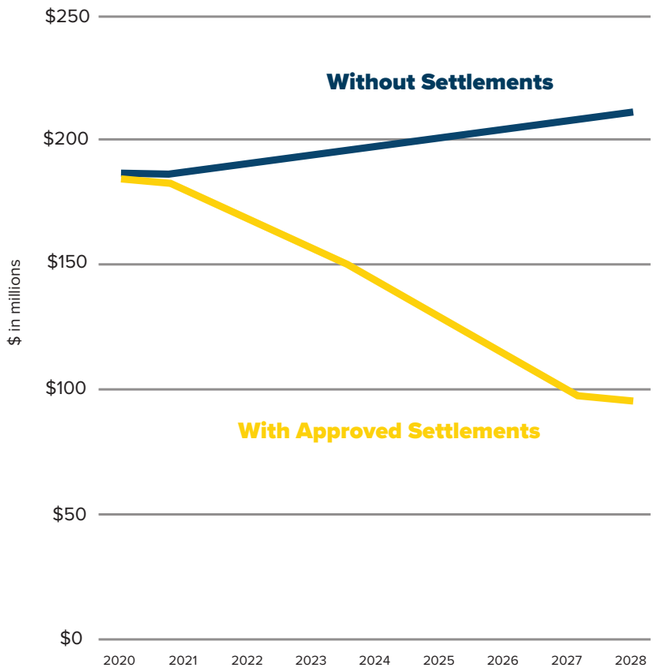
Power Plant Tax Settlements Will Save Customers $554 Million Through 2028

Taxes represent a significant expense at $663 million or approximately 15% of customer bills. While property taxes fund valuable public services, including schools, public safety, and transportation, the taxes paid on older power plants are disproportionately high due to overassessments that have raised the costs of power for Long Island electric customers for over three decades.

To improve affordability and fairness for our customers, LIPA sought to lower the tax bills on four of the highest-taxed properties: vintage, fossil-fueled power plants located in Northport, Port Jefferson, Island Park, and Glenwood Landing. Between 2018 and 2022, LIPA finalized four settlements related to these power plants, closing the chapter on a decades-old issue and saving customers $554 million through 2028, as shown in Figure 18.

These fair compromises assist local communities in adjusting to a more sustainable tax base over several years, guarantee continued tax payments to the host school districts through 2027, and protect local taxpayers from hundreds of millions of dollars of refund liability for past tax overassessments.

Figure 18: Power Plant Tax Settlements Will Save Customers $554 Million Through 2028



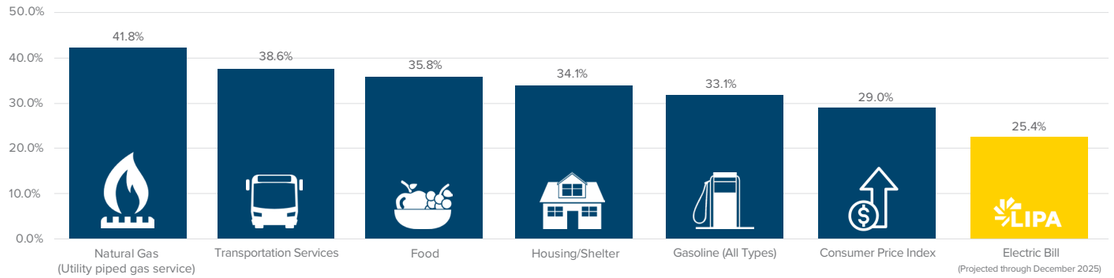
Port Jefferson Power Station

ELECTRIC BILLS OVER TIME

Inflation: LIPA Electricity Prices Remain Below the Rate of Inflation

LIPA remains committed to providing customers with electricity at the lowest possible cost. As the price of goods and services throughout the country has increased, so have utility bills. Long Island's average residential bills continue to remain stable and below the rate of inflation, as shown in Figure 19, even as neighboring states experience significant increases driven by wholesale market volatility, grid investment surges driven by large-load growth, and clean energy surcharges.

Figure 19: Rising Costs of Goods and Services Since 2018



***Note**: Commodity costs are reflective of December 2018 through August 2025 (actual). LIPA's projected residential bill for 2026 is forecasted to decrease.*

Keeping Costs Low for Customers

The LIPA Board of Trustees has tasked staff with managing costs to minimize the burden on customers. Operating lean means balancing cost and service to get the most out of every dollar.

In the 2026 budget, there will be $1.4 billion in cumulative savings from operating lean, equal to 33% of electric bills or about $64 per month for a typical residential customer, as shown in Figure 20. These savings are the result of more than a decade of strategic cost-control decisions and initiatives.

LIPA's disciplined approach to managing costs includes renegotiating power supply contracts, reducing wholesale market exposure, power supply hedging, and operating under the LIPA Reform Act's 2% tax cap.

Figure 20: Saving Customers Over a Billion Dollars in 2026 from Operating Lean

Budget Savings Mechanism	*(in $ millions)*
LIPA Reform Act 2% Tax Cap	$599
Discontinued Investments in Combined-Cycle Plants	$348
Power Plant Property Tax Savings	$104
Renegotiating Expiring Power Purchase Agreements	$92
Operating Savings, Cost Avoidance, and Productivity	$86
Reduction to Wholesale Market and Off-Island Transmission	$59
Investing in Cost-Effective Energy Efficiency	$51
Commodity Hedging (Based on current prices)	$37
Refinancing Existing Debt and Debt Service Savings	$31
Smart Meter Savings	$25
Power Supply Pension and Retirement Savings	$8
Total (in $ millions)	**$1,440**

Oldogue Wildlife Refuge

LIPA LONG ISLAND POWER AUTHORITY

SECTION III

2026 PROPOSED BUDGET

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Revenue Requirements

LIPA's annual revenue requirements are budgeted to decrease 0.8% from $4.34 billion in 2025 to $4.30 billion in 2026. This decrease is primarily driven by lower power supply costs partially offset by higher debt service costs including coverage on fixed obligations.

LIPA's revenue requirements are calculated in accordance with the practices of large public power utilities in the United States (the Public Power Model) and reflect the recovery of operating expenses in the current year plus debt and other fixed obligations, including fiscally sound levels of fixed obligation coverage.

LIPA's methodology for calculating revenue requirements and fixed obligation coverage excludes certain non-cash expenses such as depreciation and amortization (the costs of which are generally recovered in revenues through debt service payments).

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Revenue Requirements

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Operating and Managed Expenses							
PSEG Long Island Operating Expenses	$ 678,823	$ 696,000	$ 700,757	$ 698,000	$ 2,000	$ 722,773	$ 24,773
PSEG Long Island Managed Expenses	113,212	156,242	106,157	148,906	(7,337)	141,156	(7,750)
PILOTs - Property-Based Taxes	301,613	304,941	304,772	310,506	5,564	316,117	5,611
PILOTs - Revenue-Based Taxes	43,198	45,965	44,470	46,794	828	49,084	2,290
LIPA Operating Expenses	87,569	108,265	100,052	108,216	(49)	108,916	700
LIPA Managed Expenses	7,125	9,000	8,854	13,573	4,573	13,500	(73)
Total Operating and Managed Expenses	**1,231,540**	**1,320,414**	**1,265,062**	**1,325,993**	**5,579**	**1,351,546**	**25,553**
Cash Adjustments							
Other Interest Costs	10,736	13,733	18,902	19,159	5,426	19,210	52
Suffolk Property Tax Settlement (Principal Only)	(39,030)	(41,201)	(43,780)	(44,665)	(3,464)	(48,326)	(3,660)
Visual Benefits Assessment (Principal Only)	(1,081)	(1,113)	(1,125)	(1,126)	(14)	(1,177)	(50)
Total Cash Adjustments	**(29,374)**	**(28,581)**	**(26,002)**	**(26,633)**	**1,948**	**(30,292)**	**(3,659)**
Other Income							
Other Income and Deductions	98,282	67,403	76,578	64,969	(2,434)	62,307	(2,662)
Grant Income	29,516	22,333	22,560	22,037	(296)	32,037	10,000
Total Other Income	**127,798**	**89,735**	**99,138**	**87,006**	**(2,729)**	**94,344**	**7,338**
Debt Service							
UDSA Debt Service	383,971	392,662	392,662	386,435	(6,226)	369,505	(16,930)
LIPA Debt Service	310,171	368,637	357,750	399,094	30,457	459,839	60,745
Coverage	360,859	304,835	367,104	325,419	20,584	350,253	24,833
Total Debt Service	**1,055,001**	**1,066,134**	**1,117,515**	**1,110,949**	**44,815**	**1,179,597**	**68,649**
Power Supply Charge	**1,965,123**	**2,068,435**	**2,196,610**	**1,977,335**	**(91,100)**	**2,098,257**	**120,923**
Total Revenue Requirements	**$ 4,094,492**	**$ 4,336,666**	**$ 4,454,046**	**$ 4,300,637**	**$ (36,029)**	**$ 4,504,765**	**$ 204,127**

LIPA LONG ISLAND POWER AUTHORITY

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Consolidated Statement of Revenues, Expenses, and Change in Net Position

LIPA's projection of Revenues and Expenses uses the accrual basis of accounting, which results in a Change in Net Position of $224.3 million in 2026 and $313.2 million in 2027. Further information on the components of Revenues and Expenses are included on supplemental pages herein.

The $50.3 million year-over-year increase in the Change in Net Position stems from higher revenue requirements (net of power supply) resulting from revenues generated from coverage as compared to non-cash depreciation and amortization expenses remaining essentially flat.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

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

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Revenues	**$ 4,094,492**	**$ 4,336,666**	**$ 4,454,047**	**$ 4,300,637**	**$ (36,029)**	**$ 4,504,765**	**$ 204,127**
Power Supply Charge	1,965,123	2,068,435	2,196,610	1,977,335	(91,100)	2,098,257	120,923
Revenue Net of Power Supply Charge	**2,129,369**	**2,268,231**	**2,257,437**	**2,323,303**	**55,071**	**2,406,508**	**83,205**
PSEG Long Island Operating & Managed Expenses							
PSEG Long Island Operating Expenses	678,823	696,000	700,757	698,000	2,000	722,773	24,773
PSEG Long Island Managed Expenses	113,212	156,242	106,157	148,906	(7,337)	141,156	(7,750)
Utility Depreciation	339,939	374,821	367,850	411,059	36,238	480,207	69,148
PILOTs - Revenue-Based Taxes	43,198	45,965	44,470	46,794	828	49,084	2,290
PILOTs - Property-Based Taxes	301,613	304,941	304,772	310,506	5,564	316,117	5,611
LIPA Operating Expenses	87,569	108,265	100,052	108,216	(49)	108,916	700
LIPA Managed Expenses	7,125	9,000	8,854	13,573	4,573	13,500	(73)
LIPA Depreciation and Amortization	138,799	138,669	138,296	100,177	(38,492)	1,788	(98,389)
Interest Expense	367,186	374,203	367,597	373,321	(882)	385,295	11,974
Total Expenses	**2,077,464**	**2,208,107**	**2,138,804**	**2,210,550**	**2,443**	**2,218,835**	**8,286**
Other Income and Deductions	**106,601**	**74,104**	**83,073**	**71,825**	**(2,280)**	**69,161**	**(2,663)**
Grant Income	**46,898**	**39,719**	**39,937**	**39,678**	**(41)**	**56,403**	**16,725**
Change in Net Position	**$ 205,404**	**$ 173,947**	**$ 241,642**	**$ 224,256**	**$ 50,309**	**$ 313,237**	**$ 88,981**

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Sales and Revenue

Revenues are derived primarily from retail sales of electricity to residential and commercial customers. Also included are revenues from electric sales to public authorities and street lighting. In accordance with LIPA's Tariff for Electric Service (the Tariff), LIPA's Delivery Charge recovers the costs associated with maintaining and improving the transmission and distribution system and serving customers. LIPA recovers costs associated with purchasing and producing electric energy (fuel and purchased power) through the Power Supply Charge. LIPA also has various surcharges and non-electric service charges, such as those to recover costs associated with its distributed energy programs, assessments, revenue-related PILOTs, fees for pole attachments, late payment charges to customers whose bills are in arrears, and other miscellaneous service fees.

PSEG Long Island's proposed sales forecast for 2026 projects an overall 0.4% decrease from the approved 2025 Budget, reflecting a 0.1% decrease in residential sales and a 0.7% decrease in the commercial sales. The changes are due to reductions resulting from increased energy efficiency programs in the residential sector. The 2026 Revenue Decoupling Mechanism (RDM) has resulted in a collection from customers totaling $10.0 million due to slightly cooler than expected temperatures.The Delivery Service Adjustment (DSA) is projected to refund approximately $20.0 million due to lower than anticipated debt service cost.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Sales and Revenues

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Sales of Electricity (MWh)								
Residential Sales		9,129,429	8,946,679	8,979,132	8,933,838	(12,841)	9,017,636	83,797
Commercial Sales		8,760,619	9,012,686	8,839,362	8,950,715	(61,970)	9,092,537	141,822
Other Sales to Public Authorities/Street Lighting		519,826	513,628	520,614	510,213	(3,415)	509,848	(365)
Total Sales of Electricity (MWh)		**18,409,874**	**18,472,992**	**18,339,108**	**18,394,766**	**(78,226)**	**18,620,021**	**225,255**
Revenues by Sector								
Residential		$ 2,274,304	$ 2,304,301	$ 2,381,741	$ 2,320,859	$ 16,558	$ 2,450,062	$ 129,204
Commercial		1,848,610	1,960,184	1,965,544	1,912,184	(48,000)	2,003,782	91,598
Other Public Authorities/Street Lighting		67,728	72,570	73,567	69,885	(2,685)	71,753	1,868
Other Regulatory Amortizations and Deferrals		(133,758)	(34,458)	(3,664)	(39,656)	(5,198)	(57,514)	(17,859)
Miscellaneous Revenues		37,607	34,069	36,858	37,365	3,296	36,682	(683)
Total Revenues		**$ 4,094,492**	**$ 4,336,666**	**$ 4,454,047**	**$ 4,300,637**	**$ (36,029)**	**$ 4,504,765**	**$ 204,127**
Revenue by Component								
Delivery Charge (RDM Target)	(a)	$ 1,968,063	$ 2,064,025	$ 2,063,312	$ 2,123,090	$ 59,065	$ 2,194,888	$ 71,798
Merchant Function Charge (RDM Target)	(a) (b)	25,718	23,131	23,180	21,939	(1,192)	22,252	313
Customer Benefit Contribution (RDM Target)	(a) (c)	-	2,644	2,323	3,338	694	3,509	171
Power Supply Charge	(d)	1,972,576	2,068,435	2,153,068	1,977,335	(91,101)	2,098,257	120,923
Energy Efficiency and Distributed Energy (DER)		79,491	79,833	79,352	74,366	(5,467)	85,937	11,571
New York State Assessment		9,440	12,237	10,898	11,215	(1,021)	12,585	1,369
Suffolk Property Tax Settlement		52,493	52,495	55,073	53,628	1,133	54,785	1,158
Visual Benefits Assessment (VBA)		1,223	1,223	1,234	1,202	(21)	1,217	15
Revenue Related PILOTS		43,198	45,965	44,470	46,794	828	49,084	2,290
RDM Collection/(Refund)		26,314	(889)	(1,316)	9,982	10,872	3,082	(6,901)
DSA Collection/(Refund)		12,126	(12,044)	(10,741)	(19,962)	(7,918)	-	19,962
Other Regulatory Amortizations and Deferrals	(e)	(133,758)	(34,458)	(3,664)	(39,656)	(5,198)	(57,514)	(17,859)
Miscellaneous Revenues		37,607	34,069	36,858	37,365	3,296	36,682	(683)
Total Revenue Requirements		**$ 4,094,492**	**$ 4,336,666**	**$ 4,454,046**	**$ 4,300,637**	**$ (36,029)**	**$ 4,504,765**	**$ 204,127**

Notes:
(a) These three items comprise the Revenue Decoupling Mechanism (RDM) target totaling $2.148 billion in 2026.
(b) The Merchant Function Charge (RDM Target) was applicable to customers receiving supply from LIPA beginning in 2023.
(c) Customer Benefit Contribution (RDM Target) recovers funds that support public benefit programs from customers who install Distributed Generation.
(d) Due to the timing of collection and accounting deferrals, the actual and projected power supply charge will not match the totals on the Power Supply Charge page.
(e) Other Regulatory Amortizations and Deferrals reverses current year deferrals that are incorporated in items listed above.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Power Supply Charge

Power Supply Charges are budgeted at $2.0 billion for 2026, a decrease of $91.1 million as compared to the approved Budget for 2025. The decrease is mainly attributable to lower projected costs for Regional Greenhouse Gas Initiative (RGGI) allowances, a decrease in commodity costs due to less on-island generation and a decrease in Zero Emission Credit costs due to lower pricing. These decreases are partially offset by higher Purchased Power and Renewable costs as well as a reduction in the credit related to the Zero Emissions Nuclear Production Credit program.

Power supply charge projections are prepared utilizing a generation economic dispatch model that considers, among other variables, the availability and efficiency of generating resources, energy and fuel prices, and environmental regulatory requirements.

In addition to the costs for gas and oil consumed in the generation of electricity, Power Supply Charges include the cost of emission allowances, charges under LIPA's bilateral contracts with on-Island generators, transmission usage charges for third-party owned transmission facilities, energy and capacity purchases from the New York, New England and PJM independent system operators (ISOs), costs associated with LIPA's participation in NYSERDA programs to meet CLCPA goals, services received under the power supply and fuel management agreements, energy from renewable resources, as well as LIPA's 18% share of the Nine Mile Point 2 (NMP2) nuclear generating station. Taxes associated with the National Grid Power Supply Agreement (PSA), certain PILOTs, and NMP2 are also included.

Description	2026 vs. 2025 Budget Net Change	Cause
Capacity	($2.4)	Updated projection of capacity contract costs, reflecting contract expiration offset by an increase in PSA capacity costs.
Purchased Power	$52.0	Higher ISO market energy purchases due to higher gas prices and lower on-island generation offset by PJM transmission settlement charges.
Commodity (Gas & Oil)	($65.4)	Less on-island generation and an increase in Mark-to-Market gains.
Renewables	$25.8	Increase reflects LIPA's participation in NYSERDA's Tier 4 REC program.
Nine Mile Point 2 Nuclear	$41.5	Decrease in the Nuclear Production Tax Credit and ZEC revenue related to LIPA's 18% ownerships share in NMP2.
Regional Greenhouse Gas Initiative (RGGI)	($71.6)	Decrease in allowance pricing, lower on-island generation, and exclusion of emission projections for generators that do not procure allowances.
Zero Emission Credit (ZEC)	($48.2)	Decrease in the ZEC price.
Fuel & Power Supply Management Services	($9.8)	Lower fees associated with change in service provider for Power Supply Management and Fuel Supply Management Services.
Other & Transmission	($2.0)	
Pass-through Property Taxes	($11.0)	Impact of property tax settlements.
Total	**($91.1)**	

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Power Supply Charge

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Capacity							
Capacity Charges	$ 368,033	$ 352,672	$ 358,341	$ 339,434	$ (13,238)	$ 347,514	$ 8,080
National Grid Capacity (PSA)	262,864	273,789	275,695	284,577	10,788	287,551	2,973
Total Capacity	**630,897**	**626,461**	**634,036**	**624,011**	**(2,449)**	**635,065**	**11,054**
Purchased Power							
Purchased Power	471,018	538,353	591,752	590,349	51,995	680,299	89,951
Total Purchased Power	**471,018**	**538,353**	**591,752**	**590,349**	**51,995**	**680,299**	**89,951**
Commodity							
Natural Gas	301,694	247,685	306,843	182,594	(65,090)	161,159	(21,435)
Fuel Oil	35,673	36,477	60,365	36,182	(296)	31,564	(4,618)
Total Commodity	**337,367**	**284,162**	**367,208**	**218,776**	**(65,386)**	**192,723**	**(26,053)**
Renewables							
Renewable Power	141,517	170,978	176,335	196,742	25,764	228,941	32,199
Total Renewables	**141,517**	**170,978**	**176,335**	**196,742**	**25,764**	**228,941**	**32,199**
Other							
Transmission	25,573	42,435	39,076	40,486	(1,950)	44,892	4,407
Nine Mile Nuclear Fuel	11,851	(5,658)	41,724	35,859	41,517	21,262	(14,597)
Regional Greenhouse Gas Initiative (RGGI)	87,690	134,810	91,753	63,253	(71,557)	56,406	(6,847)
Zero Emissions Credits	67,776	88,046	54,503	39,860	(48,186)	79,691	39,831
Fuel and Power Supply Management Services	22,066	22,159	34,099	12,358	(9,801)	11,975	(383)
Other	3,571	3,613	3,596	3,580	(34)	3,633	54
Total Other	**218,528**	**285,405**	**264,751**	**195,395**	**(90,010)**	**217,859**	**22,464**
Pass Through Property Taxes							
National Grid (PSA)	152,501	149,944	148,903	138,225	(11,719)	129,273	(8,953)
Fast Track Units	7,885	8,195	8,213	8,469	274	8,732	262
NMP2	5,411	4,936	5,411	5,367	430	5,367	-
Total Pass Through Property Taxes	**165,797**	**163,076**	**162,528**	**152,062**	**(11,014)**	**143,371**	**(8,691)**
Total Power Supply Charge	**$ 1,965,123**	**$ 2,068,435**	**$ 2,196,610**	**$ 1,977,335**	**$ (91,100)**	**$ 2,098,257**	**$ 120,923**

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Operating Expenses

Total Operating Expenses are budgeted at $968.7 million in 2026 and projected at $986.3 million in 2027.

Operating Expenses are costs associated with operating and maintaining LIPA's transmission and distribution system and consists of four major categories:

(i) **PSEG Long Island Operating Expenses** (expenses that PSEG Long Island must remain within 2% of budget to earn variable compensation) including costs related to: Transmission & Distribution, Business Services, Customer Services, Energy Efficiency & DER, Asset Management, Construction & Operations Services, Power System Management, Information Technology & Cybersecurity, and Utility 2.0 Costs as detailed on Section III Page 28.

(ii) **PSEG Long Island Managed Expenses** (expenses which PSEG Long Island manages but are substantially outside of its control) including costs related to New York State assessments, uncollectible accounts, pensions and Other Post Employment Benefits (OPEB) costs, and storm preparation and restoration. The 2026 budget for storm preparation and restoration costs is $82.0 million which is in-line with the 10-year inflation-adjusted average, excluding Tropical Storm Isaias.

(iii) **LIPA's Operating Expenses** including the PSEG Long Island management fee and costs related to LIPA staff and outside professional services, as detailed on Section III Page 30.

(iv) **LIPA's Managed Expenses** include a corporate reserve for risk and contingency, and costs related to clean energy initiatives.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Operating Expenses

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
PSEG Long Island Operating Expenses	**$ 678,823**	**$ 696,000**	**$ 700,757**	**$ 698,000**	**$ 2,000**	**$ 722,773**	**$ 24,773**
PSEG Long Island Managed Expenses							
Uncollectible Accounts	17,083	23,412	19,195	23,207	(205)	23,159	(48)
Storm Restoration	46,003	83,500	37,354	82,000	(1,500)	72,000	(10,000)
NYS Assessment	9,497	12,237	10,898	11,215	(1,021)	12,585	1,369
Accretion of Asset Retirement Obligation	280	298	298	318	20	339	21
Pension (PSEG Long Island O&M Related Expense)	16,915	11,377	9,722	5,882	(5,495)	5,396	(486)
OPEB (PSEG Long Island O&M Related Expense)	20,008	22,252	19,938	21,204	(1,048)	22,572	1,368
Miscellaneous	3,425	3,166	8,752	5,079	1,913	5,105	26
Total PSEG Long Island Managed Expenses	**113,212**	**156,242**	**106,157**	**148,906**	**(7,337)**	**141,156**	**(7,750)**
Total PSEG Long Island Operating & Managed Expenses	**792,035**	**852,242**	**806,914**	**846,905**	**(5,337)**	**863,929**	**17,024**
LIPA Expenses							
Management Fee (incl. Variable Compensation)	74,767	83,310	83,310	84,383	1,073	84,383	-
Capitalized Management Fee	(34,215)	(35,102)	(35,729)	(36,189)	(1,087)	(36,189)	-
LIPA Operating Expenses	47,016	60,057	52,471	60,022	(35)	60,722	700
LIPA Managed Expenses	7,125	9,000	8,854	13,573	4,573	13,500	(73)
LIPA Operating & Managed Expenses	**94,694**	**117,265**	**108,906**	**121,788**	**4,523**	**122,416**	**627**
Total PSEG Long Island & LIPA Operating Expenses	**$ 886,729**	**$ 969,507**	**$ 915,820**	**$ 968,694**	**$ (814)**	**$ 986,345**	**$ 17,651**

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Depreciation and Amortization Expenses

Depreciation and Amortization expense is budgeted at $511.2 million in 2026 and projected at $482.0 million in 2027.

PSEG Long Island Managed Utility Depreciation consists of depreciation of transmission and distribution plant, fleet, facilities, information technology, and FEMA storm hardened assets. The budgeted Utility Depreciation for 2026 reflects an increase of $36.2 million primarily driven by increased capital spend, including shorter lived informational technology assets.

LIPA Depreciation and Amortization consists primarily of the amortization of the Acquisition Adjustment at $98.4 million annually. The Acquisition Adjustment, which will be fully amortized in October 2026, is an intangible asset resulting from the merger with the Long Island Lighting Company in 1998. Also included is the amortization of certain regulatory assets related to pension and OPEB expenses for the former National Grid and current PSEG Long Island employees that directly served LIPA's customers. These retirement benefit expenses are a contractual obligation of LIPA and were amortized to align to the remaining life of the A&R OSA that expires on December 31, 2025. See LIPA's audited financial statements for more information.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Depreciation and Amortization Expenses

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
PSEG Long Island Managed Utility Depreciation		$ 320,626	$ 355,503	$ 348,542	$ 391,458	$ 35,954	$ 453,133	$ 61,676
Depreciation Expense Related to FEMA Capital Projects		19,313	19,318	19,307	19,601	283	27,073	7,473
Total PSEG Long Island Managed Utility Depreciation		**339,939**	**374,821**	**367,850**	**411,059**	**36,238**	**480,207**	**69,148**
LIPA Depreciation and Amortization								
Amortization of Acquisition Adjustment	(a)	111,375	111,375	111,375	98,389	(12,985)	-	(98,389)
Amortization of OPEB & Pension Deferrals	(b)	25,014	25,014	25,014	-	(25,014)	-	-
Depreciation - LIPA		2,410	2,280	1,907	1,788	(492)	1,788	-
Total LIPA Depreciation and Amortization		**138,799**	**138,669**	**138,296**	**100,177**	**(38,492)**	**1,788**	**(98,389)**
Total Depreciation and Amortization Expenses		**$ 478,738**	**$ 513,490**	**$ 506,146**	**$ 511,236**	**$ (2,254)**	**$ 481,995**	**$ (29,241)**

(a) Amortization of Acquisition Adjustment will be completed in 2026.
(b) Amortization of OPEB & Pension Deferrals has been completed in 2025.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Taxes, Payments-in-Lieu of Taxes and Assessments

Payments-In-Lieu of Taxes (PILOTs) and Assessments are budgeted at $663.3 million in 2026 and projected at $671.3 million in 2027 or approximately 15% of customer bills.

Revenue-based PILOTs are calculated using gross revenues received from the sale of electricity and other sources of revenue and are subject to true up to actual cost through a PILOT payments recovery rider.

Property based PILOTs are associated with T&D property owned by LILCO in 1998 that are now subject to PILOTs under LIPA ownership.

LIPA also incurs property-based taxes and PILOTs associated with generating assets owned or under contract to LIPA. These costs, as with all power supply costs, are reconciled to actual costs. Taxes related to generating units under contract to LIPA that are paid directly by LIPA, through the National Grid PSA were budgeted at $149.9 million in 2025. The 2026 and 2027 projected taxes are $138.2 million and $129.3 million, respectively. These projected taxes include the impact of the property tax settlements concluded by LIPA with the Village of Port Jefferson, the Town of Brookhaven, the Town of Huntington, the Northport - East Northport school district, Nassau County, and the Island Park school district.

The property-based PILOTs related to the Fast Track Units are budgeted at $8.5 million in 2026, consistent with 2025 levels.

As LIPA owns 18% of the Nine Mile Point 2 nuclear power plant, it is also responsible for paying a share of the property taxes. LIPA's share of these taxes are budgeted at approximately $5.4 million in 2026.

The New York State Assessment recovers costs related to Department of Public Service oversight of LIPA and PSEG Long Island's operations. This cost is $11.2 million in 2026.

LIPA collects sales taxes on behalf of local municipalities. Those taxes are estimated at $142.5 million in 2026 and $149.9 million in 2027.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Taxes, Payments-in-Lieu of Taxes and Assessments

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
PILOTs - Revenue-Based Taxes		$ 43,198	$ 45,965	$ 44,470	$ 46,794	$ 828	$ 49,084	$ 2,290
PILOTs - Property-Based Taxes		301,613	304,941	304,772	310,506	5,564	316,117	5,611
Property Taxes in Power Supply Charge								
National Grid (PSA) Property Taxes		152,501	149,944	148,903	138,225	(11,719)	129,273	(8,953)
Fast Track Units		7,885	8,195	8,213	8,469	274	8,732	262
NMP2 PILOTs		5,411	4,936	5,411	5,367	400	5,367	-
Total Property Taxes in Power Supply Charge		**165,797**	**163,076**	**162,528**	**152,062**	**(11,014)**	**143,371**	**(8,691)**
Other Taxes and Assessments								
New York State Assessment		9,497	12,237	10,898	11,215	(1,021)	12,585	1,369
New York State Office of Real Property Services		217	225	223	224	(1)	224	-
Total Other Taxes and Assessments		**9,714**	**12,461**	**11,121**	**11,439**	**(1,022)**	**12,809**	**1,369**
Total Taxes and Assessments Before Sales Taxes		**520,323**	**526,444**	**522,890**	**520,801**	**(5,643)**	**521,381**	**580**
Sales Taxes	(a)	135,992	145,356	141,935	142,522	(2,835)	149,897	7,375
Total PILOTs, Sales, State and Local Taxes and Assessments		**$ 656,314**	**$ 671,800**	**$ 664,825**	**$ 663,322**	**$ (8,478)**	**$ 671,278**	**$ 7,955**

Notes:
(a) Sales tax revenue is collected by LIPA in accordance with local municipal law. Sales taxes are recorded as liabilities by LIPA as they are collected on behalf of and transferred to local government jurisdictions.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Other Income and Deductions

Other Income and Deductions are budgeted at $71.8 million in 2026 and projected at $69.2 million in 2027.

Other Income and Deductions consists of income and interest generated from LIPA's short-term investments, including the Rate Stabilization Fund and the Construction Fund, realized earnings on the Nine Mile Point 2 Nuclear Decommissioning Trust Fund, realized earnings on the OPEB Account, carrying charges accrued on deferred balances related to the Suffolk Property Tax Settlement, and miscellaneous sources of revenues and expenses.

Projected interest rates on short-term investments are updated to prevailing interest rates annually as part of the budget process and differences between projected and actual interest rates are reconciled annually through the Delivery Service Adjustment.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Other Income and Deductions

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Short-Term Investment Income	$ 43,776	$ 27,747	$ 31,413	$ 24,393	$ (3,355)	$ 24,393	$ -
Interest Income from:							
Suffolk Property Tax Settlement	13,464	11,293	11,293	8,962	(2,331)	6,460	(2,503)
Visual Benefits Assessment	142	110	109	76	(35)	40	(35)
OPEB Account	24,666	13,248	18,776	17,959	4,711	17,959	-
PSEG Long Island Funding Accounts	13,180	13,389	12,895	11,318	(2,071)	11,318	-
Miscellaneous Income and Deductions - LIPA	1,914	400	712	518	118	518	-
Miscellaneous Income and Deductions - PSEG Long Island	1,141	1,215	1,381	1,742	527	1,617	(125)
Subtotal Other Income and Deductions	**98,282**	**67,403**	**76,578**	**64,969**	**(2,434)**	**62,307**	**(2,662)**
Nuclear Decommissioning Trust Fund	8,319	6,701	6,495	6,855	154	6,855	-
Total Other Income and Deductions	**$ 106,601**	**$ 74,104**	**$ 83,073**	**$ 71,825**	**$ (2,280)**	**$ 69,161**	**$ (2,663)**

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Grant Income

Grant Income consists of a grant of $20.0 million from NYSERDA's Regional Greenhouse Gas Initiative (RGGI) funds to support energy efficiency and electrification programs. LIPA pays for RGGI allowances as part of its Power Supply Charge. This RGGI grant represents the return of a portion of those funds to support programs on Long Island.

Also included in Grant Income is approximately $2.0 million in subsidy payments from the United States Treasury equal to approximately 29% of the interest on LIPA's debt issued as Build America Bonds.

In February 2014, LIPA signed a Letter of Undertaking with FEMA that provides for $730.0 million of grant funding for storm hardening measures. To better reflect the nature of this grant it is being amortized to Grant Income in an amount equal to the depreciation expense incurred as a result of the storm hardening program. This amortization is estimated at $17.6 million in 2026 and $24.4 million in 2027.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Grant Income

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Build America Bonds Subsidy - U.S. Treasury		$ 2,890	$ 2,333	$ 2,529	$ 2,037	$ (296)	$ 2,037	$ -
Efficiency & DER - RGGI Funding		20,000	20,000	20,000	20,000	-	20,000	-
FEMA Grant Income	(a)	6,626	-	(3)	-	-	10,000	10,000
Other Grant Income		-	-	34	-	-	-	-
Subtotal Grant Income		**29,516**	**22,333**	**22,560**	**22,037**	**(296)**	**32,037**	**10,000**
Amortization of Deferred FEMA Grant		17,382	17,386	17,377	17,641	255	24,366	6,725
Total Grant Income		**$ 46,898**	**$ 39,719**	**$ 39,937**	**$ 39,678**	**$ (41)**	**$ 56,403**	**$ 16,725**

(a) The 2027 budget includes FEMA related grant income of $10.0 million for the replacement of poles in disadvantaged communities.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Interest Expense

Interest expense is budgeted at $373.3 million for 2026 and projected at $385.3 million in 2027. The budget is based on forecasted levels of outstanding debt, interest rates, associated fees, and the amortization of previously deferred debt related charges and credits. Actual interest rates on projected bond issues and variable rate debt are updated to prevailing interest rates each year as part of the annual budget process. Differences between projected and actual debt service payments are reconciled annually through the Delivery Service Adjustment ensuring customers pay only actual costs.

Interest expense reflects the accrual of interest on outstanding debt in the calendar year. It can differ from interest payments made to bondholders with respect to timing, but the actual amounts will be the same over the life of the bonds.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Interest Expense

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Accrued Interest Expense on Debt Securities		$ 426,679	$ 428,299	$ 414,098	$ 426,222	$ (2,077)	$ 434,974	$ 8,751
Amortization of Premium		(82,866)	(81,163)	(80,442)	(78,292)	2,872	(75,907)	2,385
Interest Expense on Debt Securities (Accrued)		**343,813**	**347,136**	**333,656**	**347,931**	**795**	**359,067**	**11,136**
Other Interest Expense								
Amortization of Deferred Debt Issuance Costs		2,226	2,038	2,021	1,862	(177)	1,699	(162)
Amortization of Deferred Defeasance Costs		9,061	7,459	7,223	7,606	147	7,736	130
Other Interest Amortizations		(4,353)	(6,018)	(6,018)	(6,081)	(63)	(6,144)	(63)
Bond Issuance Costs		5,703	9,855	9,399	2,844	(7,011)	3,726	882
Other	(a)	-	-	2,414	-	-	-	-
Other Interest Amortizations (Accrued)		**12,637**	**13,334**	**15,038**	**6,231**	**(7,103)**	**7,017**	**786**
Interest Rate Swap Payments		3,617	6,423	9,279	10,569	4,146	10,576	8
Letter of Credit and Remarketing Fees		5,317	5,364	6,956	7,121	1,757	7,139	18
Interest on Customer Security Deposits		794	803	428	430	(373)	430	-
Bond Administration Costs, Bank Fees and Other		1,008	1,143	2,239	1,040	(103)	1,066	26
Other Interest Costs (Cash)		**10,736**	**13,733**	**18,902**	**19,159**	**5,426**	**19,210**	**52**
Total Interest Expense		**$ 367,186**	**$ 374,203**	**$ 367,597**	**$ 373,321**	**$ (882)**	**$ 385,295**	**$ 11,974**

(a) LIPA incurred costs related to the 2021 Medium-term tax exempt notes.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Debt Service Requirements

Debt service consists of principal and interest payments due to bondholders. Debt service payments are reported separately for LIPA debt and UDSA debt. LIPA has issued debt through the UDSA to provide net present value savings to customers.

Consistent with the Public Power Model, LIPA recovers “fixed obligation coverage.” Fixed obligation coverage provides for a portion of LIPA’s capital program funded by cash flow in each year rather than by new borrowings. Fixed obligation coverage is a ratio based on LIPA’s annual debt service payments plus the imputed payments associated with lease obligations such as power supply contracts and office and vehicle leases and subscription-based information technology arrangement (SBITA) payments.

The 2026 budget supports the LIPA’s Board Policy on Fiscal Sustainability, including:

(i) **Improved Bond Ratings**: LIPA’s bond rating is A2 (stable), A (stable) and A+ (stable) (Moody’s, S&P, and Fitch, respectively). LIPA’s target is to achieve AA-category ratings by 2030 by reducing LIPA’s debt-to-asset ratio to 70% or less. Fitch Ratings upgraded LIPA’s bond rating to A+ in July 2024, citing the Authority’s "very strong service area" and a long-term policy to gradually reduce debt.

(ii) **1.40x Fixed Obligation Coverage Target**: LIPA targets a Fixed Obligation Coverage Ratio of no less than 1.40x.

(iii) **150 Day Liquidity Target**: LIPA targets minimum cash-on-hand and available credit of 150 days operating expenses.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Debt Service Requirements

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
LIPA Debt Service							
LIPA Debt Service on Fixed Rate Debt	$ 257,528	$ 317,642	$ 317,603	$ 357,167	$ 39,526	$ 416,896	$ 59,729
LIPA Debt Service on Variable Rate Debt	52,643	50,995	40,147	41,927	(9,069)	42,943	1,016
Total LIPA Debt Service	**310,171**	**368,637**	**357,750**	**399,094**	**30,457**	**459,839**	**60,745**
UDSA Debt Service	**383,971**	**392,662**	**392,662**	**386,435**	**(6,226)**	**369,505**	**(16,930)**
LIPA Lease Obligations	**399,151**	**393,451**	**415,683**	**414,454**	**21,003**	**415,793**	**1,338**
Coverage - LIPA Obligations							
LIPA Debt Service	310,171	368,637	357,750	399,094	30,457	459,839	60,745
LIPA Lease Obligations	399,151	393,451	415,683	414,454	21,003	415,793	1,338
Coverage	360,859	304,835	367,104	325,419	20,584	350,253	24,833
LIPA Obligations and Coverage	**$ 1,070,181**	**$ 1,066,923**	**$ 1,140,536**	**$ 1,138,968**	**$ 72,045**	**$ 1,225,885**	**$ 86,917**
Projected Coverage Ratio on LIPA Obligations	*1.51 x*	*1.40 x*	*1.47 x*	*1.40 x*		*1.40 x*	
Board Policy Target Coverage Ratio on LIPA Obligations	*1.40 x*	*1.40 x*	*1.40 x*	*1.40 x*		*1.40 x*	
Coverage - LIPA and UDSA Obligations							
LIPA and UDSA Obligations	1,093,293	1,154,750	1,166,094	1,199,984	45,234	1,245,137	45,154
Coverage	360,859	304,835	367,104	325,419	20,584	350,253	24,833
LIPA and UDSA Obligations and Coverage	**$ 1,454,152**	**$ 1,459,585**	**$ 1,533,198**	**$ 1,525,403**	**$ 65,818**	**$ 1,595,390**	**$ 69,987**
Projected Coverage Ratio on LIPA & UDSA Obligations	*1.33 x*	*1.26 x*	*1.31 x*	*1.27 x*		*1.28 x*	
Board Policy Target Coverage Ratio on LIPA & UDSA Obligations	*1.20 x*	*1.20 x*	*1.20 x*	*1.20 x*		*1.20 x*	

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Capital Expenditures

Capital Expenditures are budgeted at $1.2 billion in 2026 (this includes $143.6 million in carry over funds from 2025) and are projected at $1.1 billion in 2027.

Transmission and Distribution projects are prioritized through a structured value and risk evaluation process to ensure alignment with system reliability, resiliency, load growth, and regulatory requirements. The new operations facility will strengthen system reliability, security, and operational sustainability by introducing advanced technologies that improve operator visibility and situational awareness and deliver a higher level of service reliability for Long Island customers. In addition, the plan includes reactive and proactive reliability initiatives that address customer needs and improve overall system performance. Strategic investments for property acquisitions will also support system load growth, and future infrastructure requirements. Additionally, asset health replacement programs and projects will upgrade critical system components within substations assuring reliable service to LIPA's customers.

Information Technology & Cybersecurity (IT) projects include investments in core technology operations platforms and replacement of end-of-life products to ensure reliable systems that support business operations. IT projects represent business-driven priorities to deliver new functionality and application enhancements in the Customer Information and Billing, Transmission and Distribution, and Corporate Business Areas.

Nine Mile Point 2 Capital Expenditures relates to LIPA's share of capital expenses for the NMP2 nuclear generating station. Similar to 2024, 2026 is a refueling-outage year. LIPA's share of the capital cost of the fuel for the 2024 outage was $19.5 million, while its share of the nuclear fuel for the 2026 outage is anticipated to be $24.2 million.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Capital Expenditures

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Transmission and Distribution								
Regulatory Driven		$ 50	$ 3,049	$ 4,015	$ 780	$ (2,269)	$ 1,767	$ 987
Load Growth		170,448	193,390	175,483	139,836	(53,554)	112,119	(27,717)
Reliability		314,005	316,857	310,636	334,526	17,669	436,852	102,326
Storm Hardening		68,363	52,732	54,197	4,339	(48,394)	3,818	(521)
Economic, Salvage, Tools, Equipment & Other		48,971	53,260	41,628	163,695	110,435	121,670	(42,024)
Total Transmission and Distribution Projects		**601,837**	**619,288**	**585,959**	**643,176**	**23,888**	**676,226**	**33,050**
Other PSEG Long Island Capital Expenditures								
IT & Cybersecurity		88,499	89,053	86,550	67,270	(21,783)	60,841	(6,429)
Customer Operations		7,954	9,114	7,808	3,610	(5,504)	9,727	6,117
Other General Plant		17,302	58,009	6,083	61,069	3,059	74,984	13,915
Fleet		7,703	15,253	4,480	27,665	12,411	23,171	(4,493)
Utility 2.0		4,059	13,237	10,185	10,193	(3,044)	9,912	(282)
Budget Amendment for Carry Over Projects	(a)	-	(97,423)	-	-	97,423	-	-
Total T&D and Other Projects		**727,355**	**706,532**	**701,065**	**812,982**	**106,450**	**854,860**	**41,878**
Public Policy Transmission Upgrades		16,414	15,401	16,312	38,179	22,777	51,352	13,173
FEMA Storm Hardening		1,706	36,677	16,399	59,900	23,223	128,202	68,302
Storm Capitalization		6,661	3,340	7,537	8,200	4,860	7,200	(1,000)
Total PSEG Long Island Capital Budget		**752,135**	**761,950**	**741,313**	**919,261**	**157,310**	**1,041,614**	**122,353**
Nine Mile Point 2		29,411	4,268	5,541	34,565	30,296	3,814	(30,750)
Property Acquisition and Development		-	31,090	24,321	5,800	(25,290)	38,400	32,600
LIPA - Other		1,416	6,000	1,986	5,000	(1,000)	5,000	-
PSEG Long Island Pending Project Authorizations	(b)	-	70,071	-	179,380	109,308	-	(179,380)
Budget Amendment for Carry Over Pending Project Authorizations	(a)	-	(46,148)	-	-	46,148	-	-
Capitalized Management Fee		34,215	35,102	35,729	36,189	1,087	36,189	-
Total Capital Expenditures		**$ 817,177**	**$ 862,334**	**$ 808,890**	**$ 1,180,194**	**$ 317,860**	**$ 1,125,017**	**$ (55,177)**
Funding for Capital Expenditures								
FEMA Contribution (90% of Project Costs)	(c)		$ 33,009	$ 14,759	$ 137,708	$ 104,699	$ 115,382	$ (22,326)
Coverage from Operating Revenue								
Total Coverage	(d)		304,835	304,835	325,419	20,584	350,253	24,833
Funding Required from Debt	(e)		524,490	489,296	717,067	192,577	659,383	(57,684)
Total Funding for Capital Expenditures			**$ 862,335**	**$ 808,890**	**$ 1,180,194**	**$ 317,860**	**$ 1,125,017**	**$ (55,177)**
Percent of Capital Funded from Debt:								
Projected Percent of Capital Funded from Debt			61%	60%	61%		59%	

Notes:
(a) The Approved 2025 Capital budget of $1.0 billion has been reduced to reflect ($143.6) million budget amendment carry over to 2026.
(b) PSEG Long Island Pending Project Authorizations are budgeted resources held outside the PSEG Long Island Budget pending additional project information. In 2025, LIPA released $17M for T&D, $41M for IT projects, $3M for Cyber projects, $6M for Customer Operations projects, $1M for Other General Plant projects, $2M for Fleet, $3M for FEMA and $31M for Property Acquisition.
(c) Includes PSEG Long Island Pending Project Authorizations and 2025 Carryover related to FEMA projects
(d) 2025 Projected total coverage relects the 2025 budget as amounts cannot be assumed to lower borrowings until after year end. This amount differs from the Debt Service page.
(e) Funding Required from Debt excludes carryover bond proceeds and cost of issuance on borrowing requirements.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

MAJOR PROJECTS
(Projects with a total cost greater than $25 million)

Description	Justification	In Service Date	Cash Flow ($ millions) Total Project Cost Estimate (a)	Project to Date through 12/31/25	2026	2027	2028 and Beyond
Bridgehampton - Buell: Install a new 69kV underground cable	Load growth in the South Fork.	2025	$ 50.0	$ 49.9	$ 0.1	$ -	$ -
North Bellmore: Install 33MVA bank, switchgear and feeders	Increase load growth at North Bellmore substation.	2026	26.3	10.5	16.9	0.0	-
Southampton: Install new 138kV cable to Deerfield	Increase in projected South Fork load requirements.	2026	54.1	9.5	44.0	0.5	0.1
Facility Operations Replacement: Replace the existing Facility Operations	Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2027	242.3	17.4	130.8	90.6	3.3
West Hempstead: Install four 69/13kV 33MVA Transformers	Increase reliability at West Hempstead substation by replacing the current degraded assets.	2028	32.0	1.1	11.6	12.9	7.0
Elmont: Substation Rebuild and Feeder Conversions	Increase load growth in Elmont.	2029	37.5	0.3	7.3	8.8	21.1
Syosset: Replace UG section of 138-676 circuit to Greenlawn	Part of NYISO PPTN. Project would replace the underground portion of an existing LIPA 138kV line, offering higher capacity.	2029	85.0	2.8	2.3	2.2	77.8
Northport: Install new 138kV Phase Angle Regulator	Part of NYISO PPTN. Project would install a second 138kV PAR at Northport.	2029	47.6	6.4	7.3	1.0	32.9
Customer Information System (CIS) Implementation	Replace outdated system of record for customer account information.	2030	125.0	-	-	35.0	85.0
Newbridge: Convert 138kV Ckt StewAve-Ruland 138-467/567 to 345kV	Part of NYISO PPTN. Project would convert existing LIPA 138kV lines to 345kV, offering higher capacity.	2030	41.9	1.7	1.9	2.0	36.3
Syosset: Install PAR on terminal of proposed new 138kV Ckt	Part of NYISO PPTN. Project would install a phase angle regulator on the line terminal for a new 138kV line.	2030	33.6	2.9	0.6	1.5	28.6
Fire Island Pines: Install new 23 kV circuit to Ocean Beach	Increase reliability to Fire Island.	2031	46.8	3.8	0.2	2.9	39.8
South Farmingdale: Partial substation rebuild	Increase reliability at South Farmingdale substation by replacing the current degraded assets.	2032	36.5	-	-	0.3	36.2
Indian Head: Total substation rebuild	Increase reliability at Indian Head substation by replacing the current degraded assets.	2032	58.3	-	-	0.2	58.2
Far Rockaway: New circuit to supply the load pocket	Increase reliability by installing a new 138kV circuit (operated at 69kV) from east of the Far Rockaway area to Far Rockaway, to bring additional resource into Far Rockaway pocket.	2032	165.1	0.3	0.2	2.2	162.4
Facility Operations Replacement: Replace the existing Operations Facility	Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2033	68.9	0.0	-	0.0	68.9
Wainscott: New substation with new express 138kV feed from Edwards Avenue	Increase load growth at Township of East Hampton.	2033	683.8	-	0.2	12.3	670.6
Total Major Projects (b)			**$ 1,834.8**	**$ 106.5**	**$ 223.5**	**$ 172.3**	**$ 1,328.3**

Notes:
(a) Total project cost estimate may exceed the sum of project to date expenditures and future year budgets in instances where full risk & contingency (R&C) is not utilized.
(b) Amounts may include funding associated risk & contingency (R&C).

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Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

PSEG Long Island Operating Expenses

PSEG Long Island Operating Expenses are related to the following major areas: Transmission & Distribution, Business Services, Customer Services, Energy Efficiency & DER, Asset Management, Construction & Operations Services, Power System Management, Information Technology & Cybersecurity, and Utility 2.0 Costs. Total operating expenses are budgeted at $698.0 million in 2026 and are projected at $722.8 million in 2027.

The PSEG Long Island 2026 operating budget, including the Utility 2.0 Program, is flat to 2025. Productivity savings of $33.6 million are offsetting inflationary and new initiative increases.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

PSEG Long Island Operating Expenses

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
PSEG Long Island Operating Expenses								
Transmission & Distribution		$ 202,473	$ 195,460	$ 208,272	$ 188,387	$ (7,074)	$ 193,616	$ 5,230
Business Services		89,200	68,949	79,120	80,737	11,789	83,088	2,351
Customer Services		121,546	127,939	124,393	126,476	(1,463)	129,965	3,489
Energy Efficiency & DER		90,556	95,903	94,693	88,212	(7,692)	90,762	2,550
Asset Management		10,187	13,425	11,188	12,181	(1,244)	12,502	320
Construction & Operations Services		37,585	48,115	41,214	46,783	(1,332)	48,113	1,330
Power System Management		20,500	23,009	21,346	22,129	(880)	22,737	608
IT & Cybersecurity		97,216	109,490	108,390	119,390	9,901	122,806	3,416
Utility 2.0 Costs		9,559	13,710	12,140	13,705	(5)	19,185	5,480
Total PSEG Long Island Operating Expenses	(a) (b)	**$ 678,823**	**$ 696,000**	**$ 700,757**	**$ 698,000**	**$ 2,000**	**$ 722,773**	**$ 24,773**

Notes:
(a) PSEG Long Island Operating expenses for 2026 may shift between the various lines of business based on potential organizational structure modifications.
(b) In 2025, LIPA transferred $9.0M for IT and $1.0M for Customer Service to PSEG Long Island Operating Expense that was originally designated “Pending Project Authorization” in LIPA-Approved FY Budget.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

LIPA Operating & Managed Expenses

LIPA Operating & Managed Expenses are budgeted at $121.8 million in 2026 and are projected at $122.4 million in 2027. The 2026 budget represents a increase of $4.5 million[(a)] as compared to the Approved Budget for 2025 and total Full-Time Employees (FTEs) of 91 and 2 Part-TIme Employees.

LIPA Operating Expenses include the PSEG Long Island Management Fee, costs related to LIPA staff, and outside professional services.

LIPA's Managed Expenses including a corporate reserve for risk and contingency, clean energy initiatives, and amounts held pending for PSEG Long Island project authorizations.

LIPA has requested regulatory accounting from its Board to defer the $2.0 million collected in the 2025 Budget related to certain New York Research Development Authority programs but not expended during 2025.

Due to the implementation of a new Government Accounting Standard in 2024, LIPA recorded a negative adjustment to Employee Salaries and Benefits totaling approximately $4.0 million.

(a) Due to the implementation of a new Government Accounting Standard in 2024, LIPA recorded a negative adjustment to Employee Salaries and Benefits totaling approximately $4.0 million.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

LIPA Operating & Managed Expenses

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
LIPA Operating Expenses								
PSEG Long Island Management Fee		$ 74,767	$ 83,310	$ 83,310	$ 84,383	$ 1,073	$ 84,383	$ -
Capitalized Management Fee		(34,215)	(35,102)	(35,729)	(36,189)	(1,087)	(36,189)	-
Total PSEG Long Island Management Fee		**40,553**	**48,208**	**47,581**	**48,193**	**(14)**	**48,193**	**-**
Employee Salaries & Benefits	(a)	16,829	23,479	22,367	24,246	766	25,201	955
Pension & OPEBs		2,112	2,957	2,469	3,165	208	1,931	(1,234)
Insurance & Claims Reserve		2,685	3,172	(3,181)	2,956	(216)	3,045	89
Office Rent		1,628	1,702	1,862	1,965	263	2,024	59
Engineering		832	1,020	269	1,020	-	1,051	31
Legal		3,512	5,450	6,730	5,645	195	5,814	169
Financial Services and Cash Management		1,588	1,677	1,660	1,757	80	1,810	53
Accounting Services		869	1,451	1,447	1,416	(35)	1,459	42
Information Technology		9,993	9,493	9,300	9,539	46	9,825	286
DPS Management Audit		551	-	-	-	-	-	-
Outside Services & Consulting Support		4,948	7,530	7,353	6,162	(1,368)	6,346	185
Other		1,469	2,127	2,195	2,152	25	2,216	65
Total LIPA Operating Expense		**47,016**	**60,057**	**52,471**	**60,022**	**(35)**	**60,722**	**700**
LIPA Managed Expenses								
Clean Energy Initiatives		7,125	2,000	1,854	6,573	4,573	6,500	(73)
Corporate Reserve for Risk & Contingencies		-	7,000	7,000	7,000	-	7,000	-
Total LIPA Managed Expense		**7,125**	**9,000**	**8,854**	**13,573**	**4,573**	**13,500**	**(73)**
Total LIPA Operating & Managed Expenses		**$ 94,694**	**$ 117,265**	**$ 108,906**	**$ 121,788**	**4,523**	**$ 122,416**	**627**

(a) Due to the implementation of a new Government Accounting Standard in 2024, LIPA recorded a negative adjustment to Employee Salaries and Benefits totaling approximately $4.0 million.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Utility Debt Securitization Authority

The UDSA was created by Part B of Chapter 173, Laws of New York, 2013 (the "Securitization Law"), allowing for the retirement of certain outstanding indebtedness of LIPA through the issuance of securitized restructuring bonds (Restructuring Bonds) by the UDSA. UDSA (rated triple-A) provides a lower cost of financing than issuing LIPA bonds. The Restructuring Bonds are to be repaid by an irrevocable, nonbypassable restructuring charge on all LIPA customer bills.

The Securitization Law permitted issuance of UDSA Restructuring Bonds in an amount not to exceed $4.5 billion. LIPA's Board adopted Financing Order No. 1 through Financing Order No. 5 reaching the statutory capacity. Each financing order authorized Restructuring Bonds secured by a separate restructuring charge created pursuant to that financing.

On August 2, 2021, changes to the Securitization Law were authorized to permit the issuance of additional securitized bonds for refinancing LIPA and UDSA bonds and to fund LIPA transmission and distribution system resiliency investments. With these legislative changes, the UDSA may issue an initial par amount of up to $8.0 billion of securitized bonds (inclusive of the bonds already issued). As such, on May 18, 2022, LIPA's Board adopted Financing Order No. 6 through Financing Order No. 9 effective through December 31, 2025, to enable use of the expanded statutory authority.

A total of $6.3 billion of UDSA Restructuring Bonds have been issued through December 2023. The remaining statutory capacity is approximately $1.7 billion. Since 2013, UDSA Restructuring Bonds have generated total net present value debt service savings of $579 million for LIPA's customers.

In December 2025, UDSA intends to issue additional bonds to refinance its callable Series 2015 Bonds, subject to market conditions. Given the uncertainty of the market conditions, the 2026 budgeted revenue reflects a continuation of the Series 2015 Bonds consistent with the restructuring charge rate set on November 15, 2025.

In addition, in December 2025, UDSA intends to issue $150 million in restructuring bonds to fund LIPA's system resiliency costs associated with the transmission and distribution system. The 2026 budget assumes such bonds bear interest at 5%.

Any additional savings achieved through this UDSA bond transaction will be passed onto customers through lower-cost financing.

UDSA is considered a blended component unit of LIPA as the results of operations are blended with LIPA for financial reporting purposes.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Utility Debt Securitization Authority

Description	2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Revenues	**$ 390,722**	**$ 383,941**	**$ 384,943**	**$ 401,261**	**$ 17,320**	**$ 377,398**	**$ (23,863)**
Operating Expenses							
Uncollectible Accounts	2,235	1,929	1,443	1,988	59	1,868	(120)
General and Administrative Expense							
Ongoing Servicer Fee	2,148	2,123	2,123	2,123	-	2,123	-
Administration Fees	600	600	600	600	-	600	-
Bond Administration Fees	420	475	6,578	418	(57)	428	10
Directors and Officers Insurance	326	343	318	343	-	353	10
Accounting, Legal & Misc. Fees	265	250	347	211	(38)	217	6
Total General and Administrative Expense	**3,757**	**3,790**	**9,966**	**3,695**	**(96)**	**3,722**	**27**
Amortization of Restructuring Property	**251,361**	**262,034**	**262,034**	**263,819**	**1,785**	**252,914**	**(10,905)**
Interest Expense	178,755	168,230	168,230	162,527	(5,703)	151,094	(11,433)
Amortization of Premium	(48,357)	(42,984)	(42,984)	(38,250)	4,734	(34,101)	4,148
Amortization of Deferred Debt Issuance Costs	1,849	1,732	1,732	1,598	(134)	1,448	(150)
Total Interest Expense	**132,247**	**126,978**	**126,978**	**125,875**	**(1,103)**	**118,440**	**(7,435)**
Reserve Fund Earnings	**9,637**	**5,020**	**7,536**	**7,239**	**2,219**	**7,239**	**-**
Change in Net Position	**$ 10,759**	**$ (5,772)**	**$ (7,943)**	**$ 13,123**	**$ 18,896**	**$ 7,693**	**$ (5,430)**

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Projected Borrowing Requirements and Bank Facilities

LIPA will fund $1042.5 million of infrastructure investments in 2026 with projected debt issuances of $671.1 million (this includes $143.6 million in carry over funds from 2025), or approximately 61% debt financing. The balance of capital expenditures will be pay-as-you-go funded from fixed obligation coverage. LIPA expects to generate fixed obligation coverage from operations of $325.4 million and $350.3 million in 2026 and 2027, respectively.

LIPA has direct purchase bonds, notes or Revolving Credit Facilities that are either supported by bank facilities or are directly purchased by banks. The table provides information on the budget year within which expiration dates are due for each of the bank facilities. See the Investor Relations section of LIPA's website for further details on expiration dates.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Projected Borrowing Requirements and Bank Facilities

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
Borrowing Requirements with Cost of Issuance	(a)	**401,905**	**599,744**	**447,334**	**554,731**	**(45,013)**	**663,109**	**108,378**
Series 2015 GR-1A/B		-	200,000	200,000	-	(200,000)	-	-
Series 2015 GR-2A/B		-	150,000	150,000	-	(150,000)	-	-
Series 2015 GR-3A/B		-	-	-	100,000	100,000	-	(100,000)
Series 2015 GR-4A/B		200,000	-	-	-	-	-	-
Series 2015 GR-5A/B		-	100,000	100,000	-	(100,000)	-	-
Series 2015 GR-6A/B		250,000	-	-	-	-	-	-
Series 2023A-2		-	-	-	43,150	43,150	-	(43,150)
Series 2023B		-	-	-	143,580	143,580	-	(143,580)
Series 2023C		-	-	-	63,000	63,000	-	(63,000)
Revolving Credit Facility		-	-	-	-	-	200,000	200,000
Bonds Subject to Mandatory Refinancing & Bank Facilities		**$ 450,000**	**$ 450,000**	**$ 450,000**	**$ 349,730**	**$ (100,270)**	**$ 200,000**	**$ (149,730)**

Notes:
(a) The Projected Borrowing amount is a calculated value. Actual borrowing level may differ due to premium and other considerations.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Capital Structure

LIPA expects to fund its capital investments utilizing a combination of grants, short and long-term debt financing, and pay as-you-go funding from revenue (i.e. fixed obligation coverage).

After funding $3.9 billion in infrastructure investments from 2024 through 2027, total projected debt outstanding for LIPA and UDSA will rise approximately $433.4 million.

Lease Obligations will decrease by $32.8 million, from $1.49 billion in 2024 to $1.46 billion in 2027. Lease Obligations and subscription-based information technology arrangement (SBITA) reflect the net present value of lease contracts that are considered financing arrangements under Governmental Accounting Standards Board standards.

Combined debt and lease balances will increase by $400.6 million, from $10.7 billion at the end of 2024 to $11.1 billion at the end of 2027.

LIPA's Debt to Capital Ratio is projected to decrease from 87.0% in 2024 to 82.7% in 2027. The Debt to Asset Ratio is projected to decline from 80.2% in 2024 to 74.2% in 2027. Both ratios are expected to continue to decline over time to achieve the Board's policy target of a 70.0% Debt to Asset Ratio by 2030.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

Capital Structure

Description		2024 Actual	2025 Approved	2025 Projected	2026 Proposed	2026 Change from Prior Year	2027 Projected	2027 Change from Prior Year
UDSA Long Term Debt Outstanding		$ 3,451,555	$ 3,227,590	$ 3,227,590	$ 3,144,420	$ (83,170)	$ 2,924,635	$ (219,785)
LIPA Long Term Debt Outstanding		5,428,557	5,086,389	5,037,200	5,319,323	232,934	5,617,458	298,135
LIPA Short Term Debt Outstanding		300,000	356,251	311,251	397,343	41,092	408,328	10,985
Total LIPA Debt Outstanding		**5,728,557**	**5,442,640**	**5,348,451**	**5,716,666**	**274,026**	**6,025,785**	**309,120**
LIPA Long Term Debt To Be Issued	(a)	-	599,744	291,080	554,731	(45,013)	663,109	108,378
UDSA Long Term Debt To Be Issued	(a)	-	-	156,254	-	-	-	-
Projected UDSA Debt		3,451,555	3,227,590	3,383,844	3,144,420	(83,170)	2,924,635	(219,785)
Projected LIPA Debt		5,728,557	6,042,384	5,639,531	6,271,397	229,013	6,688,895	417,498
Total Projected Debt		**9,180,112**	**9,269,974**	**9,023,375**	**9,415,817**	**145,843**	**9,613,530**	**197,713**
Lease Obligations	(b)	1,489,981	1,128,868	1,205,634	822,407	(306,461)	1,457,180	634,773
Total Debt and Lease Obligations		**10,670,093**	**10,398,841**	**10,229,010**	**10,238,224**	**(160,618)**	**11,070,709**	**832,485**
Excess of Revenues Over Expenses		**205,404**	**173,947**	**241,642**	**224,256**	**50,309**	**313,237**	**88,981**
Net Position Before Deferred Grants		1,032,825	1,168,188	1,274,467	1,498,723	330,535	1,811,960	313,237
Deferred Grants	(c)	567,603	552,208	548,285	530,593	(21,615)	505,614	(24,979)
Net Position		**$ 1,600,428**	**$ 1,720,396**	**$ 1,822,752**	**$ 2,029,316**	**$ 308,920**	**$ 2,317,574**	**$ 288,258**
Debt to Capital Ratio	(d)	**87.0%**	**85.8%**	**84.9%**	**83.5%**	**-2.3%**	**82.7%**	**-0.8%**
Debt to Asset Ratio	(e)	**80.2%**	**78.5%**	**76.3%**	**74.6%**	**-3.8%**	**74.2%**	**-0.4%**

Notes:
(a) Long-term debt to be issued reflects projected borrowing requirements to fund Capital Expenditures excluding carry over proceeds from the prior year, bond premium, and bond refinancing.
(b) Lease obligations includes subscription-based information technology arrangement (SBITA).
(c) Deferred Grants are funds received from FEMA for a $730.0 million storm hardening program. LIPA has deferred recognition of the grant income to align the grant receipts with the associated depreciation expense of the assets funded through the grant.
(d) Debt to Capital Ratio is calculated by taking (i) debt and leases and dividing by (ii) debt, leases, and Net Position.
(e) Debt to Asset Ratio is calculated by taking (i) debt and leases and dividing by (ii) utility plant assets and working capital.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
Glenwood Landing	Shore Road substation - install 138kV 80MVAR reactor	Jun-26	$ 5,010	$ 4,071	$ 740	$ -
Southampton	Southampton Add 3rd 69 kV - 13kV 33 MVA Bank	Jun-30	11,510	-	-	267
Northport Substation	Northport substation bulk power system (BPS) upgrades	Oct-33	16,606	-	40	1,500
Total Regulatory Driven Projects			**$ 33,125**	**$ 4,071**	**$ 780**	**$ 1,767**
Central Islip	Tech Park - new feeder (7S-8H3)	Aug-25	9,254	9,158	97	-
Bridgehampton/East Hampton	Bridgehampton – install new 69kV circuit to Buell substation	Dec-25	49,959	49,870	89	-
Miller Place Substation	Miller Place - install 3rd 138/13kV 33MVA distribution bank and feeders	Dec-25	19,291	18,087	1,246	-
East Hampton	East Hampton Village - 4kV to 13kV conversion	Dec-25	15,132	14,316	616	-
North Bellmore	North Bellmore (5RK) - install 33MVA bank, switchgear and feeders	Dec-26	26,300	10,482	15,074	21
Setauket	Port Jefferson - install new 13kV distribution feeder	Dec-26	11,606	955	9,631	118
Town of Southampton	Southampton - install new 138kV cable to Deerfield	Dec-26	54,122	9,495	41,915	546
Southampton	Deerfield - reconfigure 69kV double circuit to Canal substation	May-27	3,049	1,058	249	1,741
Ocean Beach	Ocean Beach - overhead reconductoring (7LM-1R6 & 7HM-644)	Jun-27	9,713	4,232	269	5,212
Moriches Substation	Moriches - install series reactor on 69kV circuit to South Manor	Jun-27	2,052	148	412	1,492
East Hampton	East Hampton Village - 4kV to 13kV conversion circuits (9L-782 & 9E-991)	Dec-27	12,591	364	5,719	6,149
Hewlett	Hewlett (2R), two new 13kV feeders	May-28	11,607	-	467	4,439
Wildwood	Wildwood – replace 14 MVA bank with a 33 MVA bank and add switchgear	Jun-28	16,949	-	624	5,788
Arverne	Arverne - east development, new feeder C&R phase 2	Jun-28	5,782	704	277	4,674
Peconic	Peconic - install 1 new 13kV feeder to west conversion & reinforcement	May-29	18,137	-	704	1,035
South Manor	South Manor (8SM) install 40 MVA bank and 3000 amp switchgear	May-29	12,338	-	507	3,678
Peconic	Peconic – replace 2 - 14 MVA banks with 2 - 40 MVA banks	Jun-29	21,033	-	587	1,119
Salisbury	Newbridge - upgrade 69kV circuit to Meadowbrook (69-466)	May-30	6,700	-	-	670
Franklin Square	Whiteside (3J), new 40 MVA bank, switchgear, two distribution feeders and C&R	Jun-30	20,763	-	-	801
New South Road	New south road (5X) - expand 69/13kV substation & distribution cables	Jun-30	21,325	7,579	83	53
East Suffolk	New Wainscott substation with new express 138kV feed from Edwards Avenue	Jun-33	683,782	-	246	12,250
Various	Residential/commercial underground development (RUD/CIPUD)	Dec-26	-	112,813	17,390	17,390
Various	Distribution facilities to serve new business	Blanket	-	427,879	43,634	44,943
Total Load Growth Projects			**$ 1,031,485**	**$ 667,141**	**$ 139,836**	**$ 112,119**

Notes:
a) Project to date expenditures includes projects that began prior to 2025.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Autho h
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
2WB Barrett Sub	Barrett (2WB) Bank#4 Replacement	Dec-25	$ 3,238	$ 2,126	$ 631	$ -
Far Rockaway	East Network Rehabilitation	Jun-26	9,697	1,213	6,674	-
Greenlawn	Huntington Village load pocket - substation supply hardening	Sep-26	5,392	847	3,835	-
Port Jefferson	Control power and lighting upgrades at 8F Port Jefferson	Dec-26	2,985	-	2,985	-
Buell	Buell to Southold- 69kV spare cable	Dec-26	3,000	-	-	-
City of Long Beach	Long Beach (2M) - aerial cable replacement at Park Place (599)	Apr-27	6,793	351	2,500	3,480
Island Park/Long Beach	Reynolds Channel - reconductor 33-315 submarine cable	Jun-27	10,485	1,395	250	8,840
Syosset	Transformer replacement: 5K Syosset bank 5	Jun-27	11,514	2,477	4,471	4,565
Holbrook	Transformer replacement: 8D Holbrook bank 2/2A	Jun-27	17,587	2,486	7,873	7,228
Various	Distribution automation radio cellular modem secure network interface (APN)	Jun-27	975	-	750	225
Far Rockaway	Transformer replacement: 2H Far Rockaway bank 5	Nov-27	6,451	974	203	5,274
Far Rockaway	Transformer replacement: 2H Far Rockaway bank 6	Dec-27	6,451	974	201	5,276
Oceanside	Transformer replacement: 2WB Barrett bank 3	Dec-27	12,610	1,099	1,146	10,365
Canal DVAR Replacement	DRSS at Canal upgrades	Dec-27	6,000	-	-	3,000
Bayport	Bayport - Fire Island Pines - replace 23kV aerial cable A/W 23-748	Jun-28	17,138	452	-	10,073
Pilgrim	Transformer replacement: 6DL Pilgrim bank 3	Jun-28	12,011	316	703	1,086
Holbrook	Transformer replacement: 8D Holbrook bank 1	Jun-28	12,833	2,632	4,476	1,515
West Hempstead (3R)	West Hempstead(3R) - install four 69/13kV 33MVA transformers & associated work	Jul-28	32,042	1,079	11,589	12,938
Huntington Substation	Huntington Village (6GL) - partial substation rebuild and expansion	Dec-28	16,809	24	477	922
Newbridge Road	Transformer replacement: 5M Newbridge Road bank 6	Mar-29	9,890	520	310	852
Lake Success	Transformer replacement: 3AF Lake Success bank 5	Apr-29	13,534	1,326	50	3,043
Elmont	Elmont (3G) - substation rebuild and feeder conversions	Jul-29	37,541	274	7,309	8,832
Newbridge Road	Transformer replacement: 5M Newbridge Road bank 7	Dec-29	9,889	520	310	852
Port Jefferson	Transformer replacement: 8F Port Jefferson bank 8	Apr-30	10,116	565	440	913
Port Jefferson	Transformer replacement: 8F Port Jefferson bank 7	Apr-30	10,116	565	440	913
Riverhead	Transformer replacement: 9A Riverhead bank 8	Apr-30	14,950	1,192	92	2,703
Riverhead	Transformer replacement: 9A Riverhead bank 7	Apr-30	14,867	1,192	92	2,703
Moriches	Moriches (8RX) - substation control enclosure replacement	Jun-30	4,720	-	-	53
Barrett Substation	Barrett 138/33kV bank #4 upgrade	Sep-30	23,977	72	24	147
Fire Island	Fire Island Pines - install new 23 kV circuit to Ocean Beach substation	Apr-31	46,821	3,833	235	2,938
Northport	Transformer replacement: 6RL Elwood bank 3	Jun-31	9,911	537	342	801
Indian Head Substation	Indian Head (6HL) total substation rebuild	Apr-32	58,345	-	-	186
South Farmingdale	South Farmingdale (7UM) partial substation rebuild	May-32	36,485	-	-	266
Far Rockaway	Far Rockaway new circuit to supply the load pocket	May-32	165,065	258	229	2,158
Ruland Road	Transformer replacement: 6U Ruland Road bank 2	Jun-32	12,068	1,171	54	1,460
Ruland Road	Transformer replacement: 6U Ruland Road bank 1	Jun-32	12,069	1,171	55	1,460
Pilgrim	Transformer replacement: 6DL Pilgrim bank 4	Jun-32	13,301	1,326	45	2,984
Greenlawn	Transformer replacement: 6UL Greenlawn bank 5	Jun-32	11,298	522	1,114	1,696
Greenlawn Substation	Greenlawn (6UL) partial substation rebuild	Oct-32	295	-	-	295
Various	Upgrade supervisory controllers for capacitor banks	Program	-	18,234	3,550	1,080
Various	Transformer monitoring	Program	-	16,371	3,840	4,000
Various	System spares	Program	-	63,929	17,450	37,083
Various	Underground distribution cable replacement	Program	-	161,931	18,127	21,420
Various	Public works	Program	-	107,683	6,520	8,950
Various	Residential underground cables upgrades	Program	-	86,151	17,608	18,608
Various	Distribution circuit improvement program (CIP)	Program	-	159,104	14,960	15,708
Various	Remote terminal unit (RTU) replacement/upgrade program	Program	-	25,054	3,000	3,565
Various	Distribution breaker replacements	Program	-	8,845	1,131	930
Various	Mechanical relay replacements	Program	-	6,365	785	800
Various	Substation battery replacements	Program	-	5,834	162	216
Various	Substation control power transformer replacements	Program	-	809	300	300
Various	Transformer major component replacements	Program	-	15,285	2,500	1,750
Various	Pipe type cable low pressure trip	Program	-	9,373	1,500	1,366
Various	Pipe type cable terminal pressure monitoring upgrade program	Program	-	9,474	789	-
Various	Transmission pipe type cable pump house upgrade / replacement	Program	-	11,384	2,500	1,060
Various	Transmission protection and controls upgrades program	Program	-	15,715	3,660	3,665
Various	Transmission breaker replacement program	Program	-	40,584	5,141	5,141
Various	Transformer load tap changer replacements	Program	-	4,531	0	690
Various	Substation lightning & grounding upgrades	Program	-	7,786	-	790

Long Island Power Autho h
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
Various	Protection lease line upgrade program	Program	-	7,715	438	-
Various	Upgrade corrosion protection system for pipe type cable	Program	-	13,022	3,314	1,500
Various	Cap and pin insulator replacements	Program	-	4,291	-	800
Repeater Sites	Distribution automation repeater network and site upgrades	Program	-	3,370	400	400
IP Repeater Sites	Distribution automation repeater site alarm monitoring system	Program	-	650	240	-
Various	Replace trailer mounted capacitor banks with fixed banks	Program	-	17,764	3,142	2,078
Various	Distribution switchgear replacements	Program	-	14,151	7,000	11,607
Various	Distribution pole mounted switches and RTU replacements	Program	-	1,023	300	300
Various	Annunciator replacement	Program	-	1,107	510	462
Various	Transmission wood pole replacement on the LIRR right-of-way	Program	-	33,947	500	-
Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	-	31,571	890	-
Various	Distribution voltage remediation program	Program	-	11,915	3,000	3,000
Various	Underground transmission cable upgrades	Program	-	500	2,000	20,000
Various	Substation battery relocation	Program	-	1,317	760	1,010
Various	Distribution automation repeater antenna & cable replacement program	Program	-	669	330	386
Various	Network protectors electromechanical relay replacement	Program	-	571	218	90
Various	ACRV - automatic circuit recloser viper install/convert	Program	-	7,139	1,664	3,584
Various	Telecom radio tower & subscriber battery replacement	Program	-	835	540	150
Roslyn	Re-energize transmission circuit 69-484.	Program	-	-	800	-
Various	Substation exit feeder replacements	Program	-	300	5,000	2,000
Various	Reactive service restoration for underground cables	Program	-	-	5,000	5,826
Various	Early Fault Detection	Specific	-	-	500	-
Various	Mobile pump skid	Program	-	-	500	-
Various	Defective distribution transformers upgrades and replacements	Blanket	-	260,871	24,000	26,570
Various	Distribution system improvements - services, branch lines & customer requests	Blanket	-	373,676	43,545	45,881
Various	Substation equipment failures	Blanket	-	100,128	10,000	10,609
Various	Accidents	Blanket	-	114,399	12,420	12,628
Various	Distribution pole replacements	Blanket	-	157,558	14,163	14,588
Various	Distribution multiple customer outages (MCO)	Blanket	-	85,904	7,228	8,931
Various	Transmission system failures	Blanket	-	17,091	1,984	2,043
Various	Transmission pole replacements	Blanket	-	14,668	1,380	1,422
Various	Transmission & distribution wood pole reinforcement	Blanket	-	40,930	3,450	5,378
Dispatch Operations Centers	Two way radio system operations center dispatch communications equipment	Blanket	-	303	175	175
Various	Replacement of non-restorable distribution wood pole rejects	Blanket	-	56,103	15,500	13,304
Various	Two way radio system mobile radios & antenna for Fleet	Blanket	-	402	210	221
Various	Climate driven transmission pole replacements	Blanket	-	-	-	3,175
Various	Climate driven distribution pole replacements	Blanket	-	-	-	1,194
Various	Climate driven distribution pad mount switchgear program	Blanket	-	-	-	375
Total Reliability Projects			**$ 709,266**	**$ 2,181,826**	**$ 334,526**	**$ 436,852**

Notes:
a) Project to date expenditures includes projects that began prior to 2025.
b) Excludes PSEG Long Island Pending Project Authorizations that are held outside the PSEG Long Island budget pending additional information.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
Transmission & Distribution

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
Ocean Beach	Ocean Beach (7LM) - raise select equipment	Jun-27	8,589	299	3,970	3,818
Various	Storm hardening program (Power On)	Dec-26	-	386,790	369	-
Total Storm Hardening Projects			**8,589**	**387,089**	**4,339**	**3,818**
Various	URB form automation and process modernization	May-26	500	-	500	-
Melville	Ruland road new 13kV switchgear	Jun-26	10,208	1,295	7,433	-
Confidential	Facility Operations Replacement	Dec-27	242,268	17,388	122,951	90,600
Various	Radio device management system	Dec-27	2,526	-	1,925	601
Various	LIRR program	Dec-26	-	21,124	5,002	4,175
Various	Substation security upgrades program	Program	-	36,030	7,000	10,000
Various	Substation distribution circuit relay upgrade	Program	-	3,866	805	841
Various	Transient cyber asset laptop computers for NERC compliance	Program	-	300	2,000	100
Various	Minor capital substation improvements	Program	-	1,000	1,000	1,000
Southold	Removal of abandoned towers in Southold	Program	-	-	1,578	-
Various	Capital tools	Blanket	-	31,250	3,000	3,200
Various	Transfer distribution facilities to new telephone poles	Blanket	-	91,564	10,500	11,153
Total Economic, Salvage, Tools, Equipment & Other			**255,502**	**203,817**	**163,695**	**121,670**
Grand Total Transmission & Distribution			**$ 2,037,968**	**$ 3,443,943**	**$ 643,176**	**$ 676,226**

Notes:
a) Project to date expenditures includes projects that began prior to 2025.
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Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
IT & Cybersecurity

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
GE PowerOn Reliance Upgrade	2026	$ 9,793	$ 9,243	$ 550	$ -
Cyber Security Tools for Energy Management System (EMS)	2026	6,875	6,117	758	-
ADMS Network Model and Roadmap - 2025	2026	436	111	325	-
Materials Management AIDC Technology for Long Island	2026	2,550	-	2,550	-
Outage Data Reporting to New York City	2026	370	-	370	-
iTOA (Integrated Tools for Operations)	2026	1,500	-	1,500	-
SAS Visual Analytics – LCP Upgrade	2026	1,200	-	1,200	-
Drone in a Box	2026	1,650	-	984	666
AIDASH Climate Risk Intelligence System (CRIS)	2027	995	-	-	430
Salesforce replacement for T&D Incident & Outage Reporting and SGIP Power Markets	2027	1,135	-	365	770
ADMS - DSCADA Upgrade	2027	19,360	-	12,560	6,800
Total Transmission & Distribution		**45,865**	**15,472**	**21,162**	**8,666**
2026 - Annual Customer Rate - Tariff Change	2026	550	350	200	-
Time of Day (TOD) Default Rate - 2025	2026	2,966	2,599	367	-
Self Service Containment Enhancements	2026	413	-	-	-
Office of Temporary and Disability Assistance (OTDA) New Data Sharing Program	2026	500	-	500	-
AMI & MDM Enhancement 2026	2026	600	-	600	-
AMI & MDM Enhancement 2025	2026	600	-	600	-
CyberArk for CNI - EMS	2027	4,000	-	2,200	1,800
2027 - Annual Customer Rate - Tariff Change	2027	500	-	300	200
Customer Information System (CIS) Implementation	2030	125,000	-	-	35,000
Total Customer Service		**135,129**	**2,949**	**4,767**	**37,000**
OMS CAD Oracle Database Upgrade LCP	2025	1,515	1,290	-	-
Access Control Replacement Project	2025	4,584	4,409	175	-
GRC Tool Deployment	2026	2,738	2,188	549	-
Multi Factor Authentication	2026	945	895	50	-
PEP+ Replacement Including NACHA Bank Account Validation	2026	800	550	250	-
ServiceNow: N-1 Upgrade	2026	350	-	350	-
ServiceNow Enhancements (Post-Separation)	2026	400	-	400	-
Kubra Enhancement 2025	2026	1,163	296	822	-
SAP Enhancements (Post-Separation)	2026	500	-	500	-
Ransomware: Enterprise Offline Backup	2026	4,600	3,000	1,600	-
ServiceNow: HAM/SAM	2026	1,000	-	1,000	-
SuccessFactors: General Wage Increase Project	2026	300	-	300	-
DRSS Upgrade	2026	1,600	-	1,600	-
SuccessFactors: Service Pack Update	2026	250	-	250	-
Switch/Router LCP 2026	2026	2,100	-	2,100	-
Ransomware: Network Segmentation	2026	1,350	-	1,350	-
Standard Data Platform 2024/2025	2026	3,683	3,383	297	-
Enterprise Data Catalog Solution Phase 1	2026	1,200	-	1,200	-
Muni Portal for Kubra 2026	2026	750	-	100	-
Business Intelligence and Enterprise Analytics 2026	2026	2,400	-	2,400	-
MS365 - SharePoint Phase 1 2026	2026	875	-	875	-
Laptop LCP 2026	2026	1,130	-	1,130	-
Mainframe LCP 2026	2026	368	-	368	-
Storage LCP SAN Switch Replacement	2026	3,500	-	3,500	-
Storage LCP UNITY 600F	2026	750	-	750	-
Windows Server 2016 Upgrade	2026	1,500	-	1,500	-
Mainframe Resiliency Enhancements	2026	500	-	500	-
Redhat Linux 7 Upgrade - LCP	2026	600	-	600	-
CCaaS IVR Enhancements/Continuous Improvements	2026	1,000	-	-	-
Verizon TLS Routers LCP - 2025	2026	1,192	1,092	100	-
JMUX Replacement	2027	9,691	3,991	2,600	3,100
Field Mobility Replacement (using AGOL)	2027	1,500	-	800	700
PI Manual Logger Replacement	2027	2,000	-	1,500	500
IT Portfolio Planning System	2028	1,600	-	525	875

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
IT & Cybersecurity

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
ESRI Utility Network Migration	2028	12,000	500	5,250	5,250
Total Information Technology		**70,435**	**21,595**	**35,291**	**10,425**
NIST CSF 2024 Assessment Response	2025	1,435	1,335	100	-
Ransomware: Threat Detection and Response (TDR)	2026	3,150	400	2,300	-
MS365 - E5 Migration	2026	1,750	-	1,750	-
DPS: Cyber Security Framework for AMI (Recomm #69)	2026	700	-	650	50
DPS: Establish a Privacy Program (Recomm #74)	2026	450	-	350	100
LI/NJ Zero Trust Network	2027	4,000	-	500	3,500
Ransomware: Device Containment	2027	1,600	-	400	1,100
Total Cyber Security		**13,085**	**1,735**	**6,050**	**4,750**
Grand Total IT & Cybersecurity Projects		**$ 264,514**	**$ 41,751**	**$ 67,270**	**$ 60,841**

Notes:
a) Project to date expenditures includes projects that began prior to 2025.
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Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
Utility 2.0

Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026	Projected 2027
Electric Vehicle (EV) Program	2027	$ 8,380	$ 4,390	$ 4,107	$ 387
Electric Vehicle (EV) Make-Ready Phase II	2027	11,034	7,052	1,445	1,370
Fleet Make Ready Program	2027	4,164	-	1,941	2,223
IEDR Platform	2027	6,728	3,114	2,700	931
New Progam Funding	Program	-		-	5,000
Total Utility 2.0 Projects		**$ 30,307**	**$ 14,556**	**$ 10,193**	**$ 9,912**

Notes:
a) Project to date expenditures includes projects that began prior to 2025.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
All Other

Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
	Purchase Electric Meters	Blanket	$ -	$ -	$ 2,591	$ 3,807
	Meter Services Capital Labor	Blanket	-	-	-	4,952
	Tools/Equipment - Meter Services	Blanket	-	-	500	550
	Solar Battery Backup Kit	Blanket	-	-	350	418
	AMI System Replacement	Blanket	-	-	-	-
	AMI 2.0 Modem Upgrade	Program	-	-	169	-
Total Customer Service Projects			**-**	**-**	**3,610**	**9,727**
	Facilities Leasehold Improvements	Program	-	-	-	1,488
	New Operation Yard	Dec-26	88,831	16,651	61,069	1,101
	Property Strategy - Riverhead Acquisition & Development	Dec-28	22,713	-	-	20,125
	Property Strategy - Melville Acquisition and Development	Dec-28	49,005	-	-	28,750
	Property Strategy - Patchogue Ops Ctr. Acquisition Only	Dec-29	23,520	-	-	23,520
Total Other General Plant Projects			**184,069**	**16,651**	**61,069**	**74,984**
	Vehicle Purchases	Program	-	-	27,665	23,171
Total Fleet Projects			**-**	**-**	**27,665**	**23,171**
Total T&D and Other Projects			**$ 2,516,857**	**$ 3,516,901**	**$ 812,982**	**$ 854,860**
Valley Stream	Valley Stream - upgrade relays at 138kV substation (Q#1289-upgrade)	Nov-26	1,064	153	778	-
Stewart Avenue	Stewart Avenue - upgrade relays at 138kV substation (Q#1289-upgrade)	Dec-26	1,458	177	1,013	44
Shoreham	Shoreham – construction of 50MW battery energy storage system	Dec-26	2,165	1,068	1,381	-
Valley Stream	Valley Stream - install reactor on 138-262 ckt to Stewart Avenue(Q#1289-upgrade)	Apr-27	13,432	1,003	3,905	8,524
Lake Success	Lake Success (3AF) - upgrade relays at 138kV substation (Q#1289-upgrade)	Apr-27	5,357	286	2,498	2,604
Ruland Road	Ruland - install reactors on 138-561/562 circuits to Newbridge (Q#1289-upgrade)	May-27	7,350	596	3,922	2,917
Newbridge	Newbridge - replace 138kV breaker 1460 (Q#1289-upgrade)	May-27	6,017	167	2,738	3,139
Holbrook	Holbrook - replace 138kV switch 1322 with a breaker (Q#1289-upgrade)	May-27	3,071	112	1,157	1,770
Shore Road	Shore Road - expand 138kV to ring bus to connect new lines (Q#1289-NUF)	Apr-28	20,570	161	1,214	11,283
Stewart Avenue	Stewart Avenue - install reactors on circuits 138-462/463 (Q#1289-upgrade)	Apr-28	23,460	1,658	5,066	6,486
Barrett	Barrett - upgrade relays at 138kV substation (Q#1289-upgrade)	May-28	2,163	59	134	925
Ruland Road	Ruland expand 138kV, connect new lines (Q#1289-NUF)	Oct-28	12,221	114	1,989	4,591
Pilgrim	Pilgrim - replace 138kV breakers PPTN (Q#1289-NUF)	May-29	3,189	27	104	285
Northport	Northport - install new 138kV phase angle regulator (Q#1289-upgrade)	Dec-29	47,609	6,360	7,341	975
Syosset, Oakwood, Greenlawn	Syosset - replace UG section of 138-676 circuit to Greenlawn (Q#1289-upgrade)	Dec-29	85,018	2,789	2,297	2,155
Northport	Northport - replace 138kV breakers PPTN (Q#1289-NUF)	Dec-29	9,546	145	198	2,190
Syosset	Syosset - install PAR on terminal of proposed new 138kV ckt (Q#1289-NUF)	Apr-30	33,590	2,890	571	1,510
Stewart Avenue, Newbridge, Ruland	Newbridge-convert 138kV ckt Stewave-Ruland 138-467/567 to 345kV (Q#1289-upgrade)	May-30	41,914	1,744	1,870	1,955
Total Public Policy Transmission Upgrades			**319,194**	**19,509**	**38,179**	**51,352**
FEMA Grant: Storm Hardening			**-**	**-**	**59,900**	**128,202**
Storm Capitalization			**-**	**-**	**8,200**	**7,200**
Total PSEG Long Island Capital Budget					**$ 919,260**	**$ 1,041,614**

Notes:
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Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
($ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures
Pending Authorization

Location	Investment Description	2026 Pending Authorization
Glenwood Landing	Shore Road substation - install 138kV 80MVAR reactor	200
North Bellmore	North Bellmore (5RK) - install 33MVA bank, switchgear and feeders	1,866
Town of Southampton	Southampton - install new 138kV cable to Deerfield	2,052
Setauket	Port Jefferson - install new 13kV distribution feeder	902
East Hampton	East Hampton Village - 4kV to 13kV conversion circuits (9L-782 & 9E-991)	332
Miller Place Substation	Miller Place - install 3rd 138/13kV 33MVA distribution bank and feeders	158
East Hampton	East Hampton Village - 4kV to 13kV conversion	200
Various	Defective distribution transformers upgrades and replacements	1,796
Various	Distribution system improvements - services, branch lines & customer requests	1,000
Various	Substation equipment failures	300
Various	System spares	3,000
Various	Public works	500
Various	Distribution multiple customer outages (MCO)	1,267
Various	Remote terminal unit (RTU) replacement/upgrade program	569
Various	Transformer major component replacements	310
Various	Pipe type cable low pressure trip	345
Various	Transmission pipe type cable pump house upgrade / replacement	201
Various	Substation lightning & grounding upgrades	790
Various	Replace trailer mounted capacitor banks with fixed banks	500
Various	Distribution switchgear replacements	350
Various	Replacement of non-restorable distribution wood pole rejects	330
Greenlawn	Huntington Village load pocket - substation supply hardening	710
Various	Transmission wood pole replacement on the LIRR right-of-way	440
Various	Substation battery relocation	250
Various	ACRV - automatic circuit recloser viper install/convert	500
City of Long Beach	Long Beach (2M) - aerial cable replacement at Park Place (599)	462
Roslyn	Re-energize transmission circuit 69-484.	80
Various	Reactive service restoration for underground cables	826
2WB Barrett Sub	Barrett (2WB) Bank#4 Replacement	480
Barrett Substation	Barrett 138/33kV bank #4 upgrade	20
Far Rockaway	East Network Rehabilitation	1,810
Bayport	Bayport - Fire Island Pines - replace 23kV aerial cable A/W 23-748	100
Ocean Beach	Ocean Beach (7LM) - raise select equipment	500
Confidential	Facility Operations Replacement (PTCC)	7,850
Various	Capital tools	200
Various	Transfer distribution facilities to new telephone poles	218
Various	LIRR program	1,165
Melville	Ruland road new 13kV switchgear	1,480
Southold	Removal of abandoned towers in Southold	297
Total Transmission & Distribution		**34,357**
	AIDASH Climate Risk Intelligence System (CRIS)	565
	CCaaS IVR Enhancements/Continuous Improvements	1,000
	Self Service Containment Enhancements	413
	Standard Data Platform 2024/2025	3
	OMS CAD Oracle Database Upgrade LCP	225
	Kubra Enhancement 2025	45
	Muni Portal for Kubra 2026	650
	Ransomware: Threat Detection and Response (TDR)	450
Total IT & Cybersecurity		**3,351**
	Meter Services Capital Labor	4,761
	Purchase Electric Meters	259
	Solar Battery Backup Kit	35
	Work Optimization	321
	AMI 2.0 Modem Upgrade	17
	AMI 2.0 Mesh-IP	357
Total Customer Service		**5,750**
	New Operation Yard	4,974
	Facilities Leasehold Improvements	2,779
Total Other General Plant		**7,753**
Valley Stream	Valley Stream - upgrade relays at 138kV substation (Q#1289-upgrade)	133
Stewart Avenue	Stewart Avenue - upgrade relays at 138kV substation (Q#1289-upgrade)	224

Long Island Power Authority
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2026 Proposed and 2027 Projected Capital Expenditures
Pending Authorization

Location	Investment Description	2026 Pending Authorization
Total Public Policy Transmission Upgrades		**357**
	FEMA 406 HMGP - Isaias hazard mitigation project	93,108
Total FEMA		**93,108**
Wainscott	CLCPA property related acquisition - SOS 2463	7,000
West Babylon	CLCPA West Babylon - property acquisition	3,072
Oceanside	Public Policy property related acquisition	9,900
Lake Ronkonkoma	Ronkonkoma - land purchase	500
Dearfield	Deerfield - property acquisition	6,200
Westbury	New Cassel - adjacent land acquisition	3,325
North Patchogue	North Patchogue land purchase	4,705
Total Property Acquisition		**34,702**
Total Pending Project Authorization		**$ 179,380**

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
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2026 Proposed and 2027 Projected Capital Expenditures
2025 Carry Over

Location	Investment Description	2025 PSEG Long Island Proposed Carry Over	2025 Pending Project Authorization Carry Over	Total 2025 Carry Over
New South Road	New south road (5X) - expand 69/13kV substation & distribution cables	$ 83	$ -	$ 83
North Bellmore	North Bellmore (5RK) - install 33MVA bank, switchgear and feeders	7,737	-	7,737
Miller Place Substation	Miller Place - install 3rd 138/13kV 33MVA distribution bank and feeders	200	158	358
Ocean Beach	Ocean Beach - overhead reconductoring (7LM-1R6 & 7HM-644)	269	-	269
East Hampton	East Hampton Village - 4kV to 13kV conversion	-	200	200
Total Load Growth Projects		**8,290**	**358**	**8,648**
Fire Island	Fire Island Pines - install new 23 kV circuit to Ocean Beach substation	235	-	235
Elmont	Elmont (3G) - substation rebuild and feeder conversions	254	-	254
West Hempstead (3R)	West Hempstead(3R) - install four 69/13kV 33MVA transformers & associated work	136	-	136
Bayport	Bayport - Fire Island Pines - replace 23kV aerial cable A/W 23-748	-	100	100
Total Reliability Projects		**625**	**100**	**725**
Ocean Beach	Ocean Beach (7LM) - raise select equipment	580	-	580
Confidential	Facility Operations Replacement	5,785	-	5,785
Total Tools, Equipment and Other Projects		**6,365**	**-**	**6,365**
Total Transmission & Distribution		**15,280**	**458**	**15,738**
	OMS CAD Oracle Database Upgrade LCP	-	225	225
	ADMS Network Model and Roadmap - 2025	325	-	325
	Kubra Enhancement 2025	559	45	604
	PEP+ Replacement Including NACHA Bank Account Validation	250	-	250
	AMI & MDM Enhancement 2025	600	-	600
	NIST CSF 2024 Assessment Response	100	-	100
	Standard Data Platform 2024/2025	297	3	300
	GRC Tool Deployment	549	-	549
	Verizon TLS Routers LCP - 2025	100	-	100
	Ransomware: Threat Detection and Response (TDR)	-	450	450
	Ransomware: Network Segmentation	750	-	750
Total IT & Cybersecurity		**3,530**	**723**	**4,253**
	Vehicle Purchases	10,773	-	10,773
Total Fleet		**10,773**	**-**	**10,773**
	Facilities Leasehold Improvements	-	905	905
	New Operation Yard	51,943	-	51,943
Total Other General Plant		**51,943**	**905**	**52,848**
Shoreham	Shoreham – construction of 50MW battery energy storage system	1,381	-	1,381
Lake Success	Lake Success (3AF) - upgrade relays at 138kV substation (Q#1289-upgrade)	110	-	110
Barrett	Barrett - upgrade relays at 138kV substation (Q#1289-upgrade)	122	-	122
Syosset, Oakwood, Greenlawn	Syosset - replace UG section of 138-676 circuit to Greenlawn (Q#1289-upgrade)	222	-	222
Stewart Avenue	Stewart Avenue - install reactors on circuits 138-462/463 (Q#1289-upgrade)	337	-	337
Newbridge	Newbridge - replace 138kV breaker 1460 (Q#1289-upgrade)	318	-	318
Holbrook	Holbrook - replace 138kV switch 1322 with a breaker (Q#1289-upgrade)	421	-	421
Ruland Road	Ruland - install reactors on 138-561/562 circuits to Newbridge (Q#1289-upgrade)	464	-	464
Northport	Northport - replace 138kV breakers PPTN (Q#1289-NUF)	190	-	190
Pilgrim	Pilgrim - replace 138kV breakers PPTN (Q#1289-NUF)	104	-	104
Total Public Policy Transmission Upgrades		**3,670**	**-**	**3,670**
West Babylon	CLCPA West Babylon - property acquisition	-	3,072	3,072
Oceanside	Public Policy property related acquisition	-	9,900	9,900
Port Washington	Port Washington - adjacent land acquisition	1,847	-	1,847
Lindbergh	Lindbergh Substn Expansion-Land Purchase	3,953	800	4,753
Wainscott	CLCPA property related acquisition - SOS 2463	-	6,000	6,000
Total Property Acquisition		**5,800**	**19,772**	**25,572**
	FEMA 406 HMGP - Isaias Hazard Mitigation Project	-	24,290	24,290
	FEMA Defect Pole Replacement Suffolk	3,024	-	3,024
	FEMA Defect Pole Replacement Queens/Nassau	2,537	-	2,537
	FEMA 404 - 3 Transmission Crossings Upgrade	362	-	362
Total FEMA		**5,923**	**24,290**	**30,213**
	Electric Vehicle (EV) Make-Ready Phase II	505	-	505
Total Utility 2.0		**505**	**-**	**505**
Total 2025 Carry Over		**97,423**	**46,148**	**143,572**

LIPA's Relationship with New York State Government

LIPA is a component unit of New York State. LIPA became the retail supplier of electric service in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area), on May 28, 1998 by acquiring the transmission and distribution system of the Long Island Lighting Company as a wholly owned subsidiary. LIPA provides electric delivery service in the Service Area, which includes approximately 1.2 million customers. The population of the Service Area is approximately 2.9 million. In order to assist LIPA in providing electric service to its customers, LIPA entered into operating agreements to provide operating personnel and a significant portion of the power supply resources necessary to provide electric service.

Under LIPA's business model, essentially all costs of operating and maintaining LIPA's T&D system incurred by PSEG Long Island are paid for by LIPA.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Budget Process

Under the terms of the LIPA Reform Act and the Second Amended and Restated Operations Services Agreement, the LIPA Consolidated Budget and Financial Plan are jointly developed by LIPA and its Service Provider, PSEG Long Island.

The LIPA Consolidated Budget outlines projected spending by major expense and revenue category. The budget reflects the operating and capital costs required to provide electric service in the Service Area.

Budget Development Schedule:

- May through October:
  - LIPA and PSEG Long Island develop projections of current year spending and preliminary budget forecasts for the upcoming year and financial plan.
- July through August:
  - PSEG Long Island submits an Operating Budget request to LIPA, including base Budget inflation and productivity projections as well as new programmatic funding requests.
  - PSEG Long Island provides LIPA with preliminary Capital project spending projections.
- August and September
  - LIPA conducts a review and analysis of PSEG Long Island budget submission. LIPA provides PSEG Long Island with feedback and budget recommendations.
  - LIPA produces budget schedules for other Operating Expenses, Debt Service, and Investment Income.
  - LIPA provides PSEG Long Island its portion of the Consolidated Budget.
- October
  - PSEG Long Island produces a LIPA Consolidated Budget.
  - The LIPA Consolidated Budget is reviewed by senior level staff from both LIPA and PSEG Long Island.
  - The LIPA Consolidated Budget is approved by LIPA's CEO.
- November:
  - The Board of Trustees is briefed on the budget during regular board meeting.
  - Public Hearings are held in November to solicit comments from the public.
- December: The Board of Trustees votes on the adoption of the LIPA Consolidated Budget.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Certification

I hereby certify that, to the best of my knowledge and belief after reasonable inquiry, the budget information and financial projections contained herein for the years ending December 31, 2025 through December 31, 2027 have been developed based on reasonable assumptions and methods of estimation and that the requirements of 2 NYCRR Part 203 have been satisfied.

/s/
Carrie Meek Gallagher
Chief Executive Officer
Long Island Power Authority

Dated: December 17, 2025

IV. Billing Process and Payment of Bills (continued):

A. Meter Reading, Billing Periods, and Estimated Bills (continued):
Estimated Bills for Nonresidential Customers (continued):

d) Suspension of No-Access Notices and Charges

Except for demand-billed Customers, the Authority may, if it chooses, stop issuing no-access notices or charges for up to ninety (90) days, if the Access Controller contacts the Authority and provides a valid reason for postponing access.

e) Responsibility for Legal Costs

The Access Controller shall pay all the legal costs involved with gaining access to the Customer's meter.

9. Delivery of Bills

The Authority will deliver bills to Customers, by mail or by hand, to the service address, to an address provided by the Customer, or to the last known address of the Customer.

10. Daylight Savings Time

~~Effective March 2007, where metering constraints limit the ability to reflect the revised start and end dates for Daylight Savings Time (DST), Rate Codes 282, 284, M284, 285, M285, 277, 289, 680 and 681 shall continue to~~ All rates shall be metered at DST between the ~~first~~ second Sunday ~~of April~~in March and the ~~last~~ first Sunday ~~of October~~in November and at Eastern Standard Time (EST) for the remainder of the year. Furthermore, when meters~~- of the above mentioned rate codes~~ are re-programmed or replaced, their energy shall be metered and billed in accordance with the applicable DST time frame, as defined by federal law.

~~Effective October 2013, if a Customer's meter is configured to measure and record usage based on prevailing time, the definition of rating periods will be based on prevailing time. This includes Service Classifications (rate codes) 2-VMRP (288). This change will apply to all newly installed meters. Furthermore, when meters of the above mentioned rate codes are re-programmed or replaced, their energy shall be metered and billed in accordance with prevailing time and not DST.~~

VIII.SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 580)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are set forth below.

Rate Code 194 Service	June to September Inclusive	October to May Inclusive
Service Charge per Day	$ 0.5~~6~~400	$ 0.5~~6~~400
Energy Charge per kWh		
Peak Hours	$ 0.2217~~127~~	$ 0.188~~509~~
Off-Peak Hours	$ 0.1093~~49~~	$ 0.0929~~891~~

Periods:
Peak Hours: 3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak Hours: 7:00 PM – 3:00 PM Monday through Friday, and all hours on Saturday, Sunday and Federal Holidays

Rate Code 195 Service	June to September Inclusive	October to May Inclusive
Service Charge per Day	$ 0.5~~6~~400	$ 0.5~~6~~400
Energy Charge per kWh		
Peak Hours	$ 0.2979~~859~~	$ 0.2440~~341~~
Off-Peak Hours	$ 0.1388~~32~~	$ 0.0929~~891~~
Super Off-Peak Hours	$ 0.0452~~34~~	$ 0.0450~~32~~

Periods:
Peak Hours: 3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak Hours: 6:00 AM – 3:00 PM and 7:00 PM – 10:00 PM Monday through Friday, and 6:00 AM – 10:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak: 10:00 PM – 6:00 AM all days

Rate Code 180 Service	June to September Inclusive	October to May Inclusive
Service Charge per Day	$ 0.5~~6~~400	$ 0.5~~6~~400
Energy Charge per kWh per month		
First 250 kWh @	$ 0.1064~~21~~	$ 0.1064~~21~~
Over 250 kWh @	$ 0.1348~~294~~	$ 0.1064~~21~~

VIII.SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 580)
Rates and Charges per Meter (continued):

Rate Code 580 (Space Heating)	June to September Inclusive	October to May Inclusive
Service Charge per Day	$ 0.56~~4~~00	$ 0.56~~4~~00
Energy Charge per kWh per month		
First 250 kWh @	$ 0.1064~~21~~	$ 0.1064~~21~~
Next 150 kWh @	$ 0.1348~~294~~	$ 0.1064~~21~~
Over 400 kWh @	$ 0.1348~~294~~	$ 0.0585~~61~~

VIII.SERVICE CLASSIFICATIONS (continued):

C.1 SERVICE CLASSIFICATION NO. 1-VTOU
Voluntary Residential Service with Time-of-Use Rates (continued):
(Rate Codes: 190, 191, 192, 193)

6. Rates & Charges Per Meter:

a) Schedule of Rates:
The Rates for this service code are set below:

Rate Code 190

Service Charge per Day: $ 0.5640 per day

Energy Charge per kWh	Summer Season	Winter Season	Shoulder Season
Peak	$ 0.2697588	$ 0.2222132	$ 0.169829
Off-Peak	$ 0.115710	$ 0.115710	$ 0.115710
Super Off-Peak	$ 0.06946	$ 0.06946	$ 0.06946

Periods:
Peak: 4:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak: 6:00 AM – 4:00 PM and 7:00 PM – 10:00 PM Monday through Friday, and 6:00 AM – 10:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak: 10:00 PM – 6:00 AM all days

Rate Code 191

Service Charge per Day: $ 0.5640 per day

Energy Charge per kWh	Summer Season	Winter Season	Shoulder Season
Peak	$ 0.2324230	$ 0.1862787	$ 0.146607
Off-Peak	$ 0.115710	$ 0.115710	$ 0.115710
Super Off-Peak	$ 0.06946	$ 0.06946	$ 0.06946

Periods:
Peak: 4:00 PM – 8:00 PM Monday through Friday excluding Federal Holidays
Off-Peak: 7:00 AM – 4:00 PM and 8:00 PM – 11:00 PM Monday through Friday, and 7:00 AM – 11:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak: 11:00 PM – 7:00 AM all days

VIII.SERVICE CLASSIFICATIONS (continued):

C.1 SERVICE CLASSIFICATION NO. 1-VTOU
Voluntary Residential Service with Time-of-Use Rates (continued):
(Rate Codes: 190, 191, 192, 193)
Rates & Charges Per Meter (continued):

Rate Code 192

Service Charge per Day: $ 0.56400 per day

Energy Charge per kWh	Summer Season	Winter Season	Shoulder Season
Peak	$ 0.2336242	$ 0.1972892	$ 0.157814
Off-Peak	$ 0.115710	$ 0.115710	$ 0.115710
Super Off-Peak	$ 0.069466	$ 0.069466	$ 0.069466

Periods:
Peak: 3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak: 6:00 AM – 3:00 PM and 7:00 PM – 10:00 PM Monday through Friday, and 6:00 AM – 10:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak: 10:00 PM – 6:00 AM all days

Rate Code 193

Service Charge per Day: $ 0.56400 per day

Energy Charge per kWh	Summer Season	Winter/Shoulder Season
Daytime	$ 0.1438380	$ 0.117326
Nighttime	$ 0.069466	$ 0.069466

Periods:
Daytime: 6:00 AM – 11:00 PM all days
Nighttime: 11:00 PM – 6:00 AM all days

VIII.SERVICE CLASSIFICATIONS (continued):

D. SERVICE CLASSIFICATION NO. 2 - General Service - Small:
(Rate Code: 280)

1. Who Is Eligible

   a) Customers who will use the service for purposes other than Residential, when the Authority estimates that the Applicant's demand will be less than 7 kW, subject to Special Provision 8.c) below. The Authority may bill the Customer on a metered or unmetered basis.

   b) A Customer, as described in a. above, that has the option under Service Classification No. 12 – Backup and Supplemental Service, of choosing to pay the rates and charges associated with a different Service Classification.

2. Who Is Not Eligible

   Traffic Signals, caution signals and operating control equipment for all such signals are not eligible for service under this Service Classification.

3. Character of Service

   a) Continuous, 60 hertz, alternating current.

   b) Radial secondary service at approximately 120/208, 120/240, or 277/480 volts, single or three-phase; network system 120/208 or 277/480 volts, single or three-phase; depending on the size and characteristics of the load and the circuit supplying the service.

4. Rates and Charges per Meter:

   a) Schedule of Rates

   The rates for this service are set forth below.

Rate Code 280	June to September Inclusive	October to May Inclusive
Service Charge per day	$ 0.5640~~0~~	$ 0.5640~~0~~
Energy Charge per kWh	$ 0.1478~~18~~	$ 0.1186~~38~~

VIII.SERVICE CLASSIFICATIONS (continued):

E. SERVICE CLASSIFICATION NO. 2-VMRP
Voluntary Small General Service With Multiple Rate Periods: (continued)
(Rate Code: 292)

6. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below.

Rate Code 292

Service Charge per day $ 0.56~~4~~00

Energy Charge per kWh	Summer Season	Winter Season	Shoulder Season
Peak	$ 0.2551~~448~~	$ 0.2061~~1978~~	$ 0.1447~~389~~
Off-Peak	$ 0.12913~~9~~	$ 0.12913~~9~~	$ 0.12913~~9~~
Super Off-Peak	$ 0.0775~~44~~	$ 0.0775~~44~~	$ 0.0775~~44~~

Periods:

Peak:	3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak:	6:00 AM – 3:00 PM and 7:00 PM – 11:00 PM Monday through Friday, and 6:00 AM – 11:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak:	11:00 PM – 6:00 AM all days

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

i) Customer Benefit Contribution Charge as identified in Section VII.L
ii) Visual Benefit Assessment as identified in Section VII.G
iii) Undergrounding Charge as identified in Section III.D

VIII.SERVICE CLASSIFICATIONS (continued):

F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued): (Rate Codes: 281, 283, 291)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are set forth below.

	Secondary Service	
Rate Code 281	June to September Inclusive	October to May Inclusive
Service Charge per day	$ 2.9280	$ 2.9280
Demand Charge per kW of demand	$ 22.221.32	$ 20.3819.56
Energy Charge per kWh	$ 0.037560	$ 0.01471

	Primary Service	
Rate Code 281	June to September Inclusive	October to May Inclusive
Service Charge per day	$ 2.9280	$ 2.9280
Demand Charge per kW of demand	$ 20.7519.91	$ 18.9519
Energy Charge per kWh	$ 0.036954	$ 0.014135
Demand Charge per KVAR of Reactive Demand	$ 0.270	$ 0.270

b) Rate Code 283 - Seasonal

The following changes to 3.a) above apply to Customers who terminate service for at least four (4) continuous months from October through May and submit a signed Application:

VII. SERVICE CLASSIFICATIONS (continued):

G. SERVICE CLASSIFICATION NO. 2L - VMRP

Voluntary Large Demand Metered Service With Multiple Rate Periods (continued):
(Rate Code: 294)

3. Rates and Charges per Meter per Month:

a) Schedule of Rates

The rates for this service code are set forth below.

Rate Code 294

Service Charge per day $ 2.92~~80~~

Energy Charge per kWh	Summer Season	Winter Season	Shoulder Season
Peak	$ 0.057~~855~~	$ 0.024~~636~~	$ 0.024~~030~~
Off-Peak	$ 0.037~~560~~	$ 0.014~~71~~	$ 0.014~~71~~
Super Off-Peak	$ 0.022~~516~~	$ 0.008~~84~~	$ 0.008~~84~~

Demand Charge per kW	Summer Season	Winter Season	Shoulder Season
Peak	$ 20.19~~19.37~~	$ 14.65~~06~~	$ 14.65~~06~~
Off-Peak	$ 9.64~~25~~	$ 9.03~~8.67~~	$ 9.03~~8.67~~

Periods:

Peak:	3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak:	6:00 AM – 3:00 PM and 7:00 PM – 11:00 PM Monday through Friday, and 6:00 AM – 11:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak:	11:00 PM – 6:00 AM all days

Summer Season: June 1 through September 30 inclusive
Winter Season: December 1 through March 31 inclusive
Shoulder Season: April 1 through May 31 inclusive and October 1 through November 30 inclusive.

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge. Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

4. Power Supply Charges:

a) The Power Supply Charge will vary for each period.

b) The Authority will publish the rates as part of the Statement of Power Supply Charge. The Statement will be available at the Authority's business offices.

VIII.SERVICE CLASSIFICATIONS (continued):

I. SERVICE CLASSIFICATION NO. 2 - MRP
Large General and Industrial Service With Multiple Rate Periods (continued):
(Rate Codes: 284, 285, M284, M285)
Character of Service (continued):

a) The Authority may consider loads with a minimum estimated demand of 10,000 kW for service at 69,000 volts or higher.

b) The Primary Rate will also apply to Customers served at 23,000 or 33,000 volts.

c) The Transmission Rate will apply to Customers served at 69,000 volts or higher.

2. Rates and Charges per Meter per Month:

a) Schedule of Rates

The rates for the service code are set forth below.

Rate Code 285	Secondary	Primary	Transmission
Service Charge per day	$ 3.836	$ 5.204.99	$ 5.204.99
		Rate Periods**	
	1	2	3
	Off-Peak all year midnight to 7 a.m.	On-Peak * June-Sept. except Sundays 10 a.m. to 10 p.m.	Intermediate all other hours
Demand Charge per kW			
Secondary	none	$ 30.003.33	$ 13.031.05
Primary	none	$ 24.827.58	$ 9.3410.95
Transmission	none	$ 20.512.79	$ 8.987.66
Energy Charge per kWh			
Secondary	$ 0.007168	$ 0.048969	$ 0.0311298
Primary	$ 0.004139	$ 0.042508	$ 0.027160
Transmission	$ 0.004139	$ 0.039882	$ 0.025242
Minimum Demand Charge per Meter per kW per Rate Period			
Secondary	none	$ 33.50	$ 9.21
Primary	none	$ 28.76	$ 8.13
Transmission	none	$ 23.79	$ 6.68

*For Rate M285, the modified peak period is from 3 p.m. to 10 p.m. on weekdays (Monday – Friday)
** See Paragraph IV.A.10, “Daylight Savings Time”, on Leaf No. 99.

VIII.SERVICE CLASSIFICATIONS (continued):

I. SERVICE CLASSIFICATION NO. 2 - MRP
Large General and Industrial Service With Multiple Rate Periods (continued):
(Rate Codes: 284, 285, M284, M285)
Rates and Charges per Meter per Month (continued):

Rate Code 284	Secondary	Primary	Transmission
Service Charge per day	$ 3.83~~68~~	$ 5.20~~4.99~~	$ 5.20~~4.99~~
		Rate Periods**	
	1	2	3
	Off-Peak all year 11 p.m. to 7 a.m.	On-Peak * June - Sept weekdays 12 noon to 8 p.m.	Intermediate all other hours
Demand Charge per kW			
Secondary	none	$ 59.02~~65.58~~	$ 11.68~~9.68~~
Primary	none	$ 49.44~~54.93~~	$ 8.94~~7.42~~
Transmission	none	$ 36.96~~41.06~~	$ 6.67~~5.53~~
Energy Charge per kWh			
Secondary	$ 0.0001	$ 0.041700	$ 0.026857
Primary	$ 0.0001	$ 0.029886	$ 0.00497
Transmission	$ 0.0001	$ 0.027968	$ 0.00475
Minimum Demand Charge per Meter per kW per Rate Period			
Secondary	none	$ 54.99	$ 7.25
Primary	none	$ 49.57	$ 6.68
Transmission	none	$ 36.88	$ 5.06

* For Rate Code M284, the modified peak period is from 3 p.m. to 8 p.m.

** See Paragraph IV.A.10, “Daylight Savings Time”, on Leaf No. 99.

b) Adjustments to Rates and Charges

Each Customer’s bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

VIII.SERVICE CLASSIFICATIONS (continued):

J.1 SERVICE CLASSIFICATION NO. 2 – EVC 285
Commercial Electric Vehicle Charging Rates for 285 Customers:
(Rate Codes: E1295, E2295, E3295, E4295)

1. Periods

Time Period	Summer (June-September)	Winter (October-May)
Peak	3 PM – 7 PM, M-F (excluding Federal Holidays)	N/A
Off-Peak	6 AM – 3 PM and 7 PM – 11 PM, M-F 6 AM – 11 PM, S-S	6 AM – 11 PM, Every day
Super Off-Peak	11 PM – 6 AM, Every day	11 PM – 6 AM, Every day

2. Rates and Charges per Meter per Month

a) Schedule of Rates

The rates for the service code are set forth below.

Rate Code E1295 (Tier 1): Customers with an Annual LF less than or equal to ten percent (LF ≤ 10%)

	Secondary	Primary	Transmission
Service Charge per day	$3.8368	$5.204.99	$5.204.99
Demand Charges, per kW of maximum demand			
On Peak	$0.00	$0.00	$0.00
Off-Peak	$0.00	$0.00	$0.00
Energy Charge, per kWh			
On Peak	$0.1524462	$0.1210161	$0.106825
Off-Peak	$0.076332	$0.0611586	$0.053009
Super Off-Peak	$0.045739	$0.036752	$0.031805

VIII.SERVICE CLASSIFICATIONS (continued):

J.1 SERVICE CLASSIFICATION NO. 2 – EVC 285
Commercial Electric Vehicle Charging Rates for 285 Customers:
(Rate Codes: E1295, E2295, E3295, E4295)
Rates and Charges per Meter per Month (continued):

Rate Code E2295 (Tier 2): Customers with an Annual LF greater than ten percent and less than or equal to fifteen percent (10% > LF ≤ 15%)

	Secondary	Primary	Transmission
Service Charge per day	$3.8368	$5.204.99	$5.204.99
Demand Charges, per kW of maximum demand			
On Peak	$4.472892	$3.695376	$3.032.9121
Off-Peak	$4.093.9272	$3.372333	$2.776618
Energy Charge, per kWh			
On Peak	$0.129846	$0.1035 0993	$0.0907870
Off-Peak	$0.064620	$0.052100	$0.045739
Super Off-Peak	$0.038872	$0.031300	$0.027463

Rate Code E3295 (Tier 3): Customers with an Annual LF greater than 15 percent and less than or equal to 20 percent (15% > LF ≤ 20%)

	Secondary	Primary	Transmission
Service Charge per day	$3.8368	$5.204.99	$5.204.99
Demand Charges, per kW of maximum demand			
On Peak	$8.945785	$7.370751	$6.075.8245
Off-Peak	$8.187.8544	$6.744666	$5.553235
Energy Charge, per kWh			
On Peak	$0.106017	$0.085924	$0.076029
Off-Peak	$0.053009	$0.043114	$0.038368
Super Off-Peak	$0.031805	$0.025848	$0.023021

VIII.SERVICE CLASSIFICATIONS (continued):

J.1 SERVICE CLASSIFICATION NO. 2 – EVC 285
Commercial Electric Vehicle Charging Rates for 285 Customers:
(Rate Codes: E1295, E2295, E3295, E4295)
Rates and Charges per Meter per Month (continued):

Rate Code E4295 (Tier 4): Customers with an Annual Load Factor greater than 20 percent and less than 25 percent (20% > LF < 25%)

	Secondary	Primary	Transmission
Service Charge per day	$3.8368	$5.204.99	$5.204.99
Demand Charges, per kW of maximum demand			
On Peak	$13.412.8675	$11.060.6127	$9.108.7366
Off-Peak	$12.281.7817	$10.119.6999	$8.327.9853
Energy Charge, per kWh			
On Peak	$0.083602	$0.067750	$0.0619594
Off-Peak	$0.0414397	$0.034228	$0.0310297
Super Off-Peak	$0.024838	$0.0205197	$0.018578

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

3. How Demand is Determined

The Authority will furnish and maintain a demand meter of standard type to determine the demand. The demand is the maximum 15-minute demand during the month in each Rate Period, taken to the nearest one-tenth (1/10) kilowatt.

VIII.SERVICE CLASSIFICATIONS (continued):

K. SERVICE CLASSIFICATION NO. 5
Traffic Signal Lighting (continued):
(Rate Code: 980)

4. Definition of Control Mechanism for Billing Purposes:

   A control mechanism is a device that controls the signal lights and other traffic/pedestrian equipment at an intersection.

5. Rates and Charges

   a) Rates per Signal Face of Light per Month

   $ 10.65~~22~~ per control mechanism per month.
   $ 3.15~~02~~ per incandescent signal face per month.
   $ 4.34~~16~~ per LED signal face per month

   b) Adjustment to Rates and Charges

   Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

6. Terms of Payment

   The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

7. Term of Service

   a) The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

   b) The Customer shall give the Authority thirty (30) days written notice when requesting termination of service.

   c) The Authority may terminate service to the Customer in accordance with the provisions of the Tariff, after giving the Customer thirty (30) days written notice.

VIII.SERVICE CLASSIFICATIONS (continued):

L. SERVICE CLASSIFICATION NO. 7
Outdoor Area Lighting:
(Rate Code: 780)

1. Who Is Eligible

Customers who used this service for outdoor lighting before December 5, 1986, provided:

a) Suitable overhead distribution facilities exist, except,

b) When only one (1) span of overhead secondary cable per lighting fixture is needed. In such cases, the Authority will provide the cable on existing poles.

2. Character of Service

a) Unmetered, single-phase, 60 hertz, alternating current supplied to Authority-owned, operated, and maintained lighting facilities, and

b) Provided for approximately 4,210 hours per year (4,222 for a leap year), at suitable voltages chosen by the Authority, and

c) Provided to mercury vapor and incandescent lighting facilities.

3. Rates and Charges

a) Rates per Mercury Vapor Facility per Month

Type Luminaire	Approximate Lumens	Total Watts	Monthly Rates
Area Light*	7,000	200	$ 19.63~~8.84~~
Area Light*	21,000	455	$ 27.87~~6.74~~
Flood Light*	21,000	455	$ 30.41~~29.18~~
Flood Light*	52,000	1,100	$ 63.81~~1.23~~

b) Rates per Incandescent Facility per Month

Type Luminaire	Approximate Lumens	Total Watts	Monthly Rates
Flood Light*	100 c.p.	92	$ 8.04~~7.71~~
Flood Light*	250 c.p.	189	$ 13.70~~15~~

* These luminaires are no longer available for new installations or unit replacements.

c) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

VIII.SERVICE CLASSIFICATIONS (continued):

M. SERVICE CLASSIFICATION NO. 7A
Outdoor Area Lighting - HPS (High Pressure Sodium), MH (Metal Halide), and LED (Light Emitting Diode):
(Rate Codes: 781, 782)

1. Who Is Eligible

   Customers who will use this service for outdoor lighting, provided:

   a) Suitable overhead distribution facilities exist, except

   b) When only one (1) span of overhead secondary cable per lighting fixture is needed. In such cases, the Authority will provide the cable on existing poles. Charges for additional cable and poles are given below.

2. Character of Service

   d) Unmetered, single-phase, 60 hertz, alternating current supplied to Authority-owned, operated, and maintained lighting facilities, and

   e) Provided for approximately 4,090 hours per year (4,102 for a leap year), at suitable voltages chosen by the Authority, and

   f) Provided to high pressure sodium (HPS), metal halide (MH) and light emitting diode (LED) facilities.

3. Rates and Charges

   a) Rates per Lighting Facility per Month

Lamp Type	Type Luminaire	Approximate Lumens	Total Watts	Monthly Rates
HPS*	Area Light	6,400	108	$ 28.58~~7.43~~
HPS*	Flood Light	27,500	309	$ 35.05~~3.63~~
HPS*	Flood Light	50,000	476	$ 46.58~~4.70~~
MH*	Flood Light	36,000	453	$ 47.38~~5.47~~
MH*	Flood Light	110,000	1,093	$ 51.61~~49.53~~
HPS**	Full Cut-off	4,000	63	$ 38.82~~7.25~~
HPS**	Full Cut-off	6,300	91	$ 38.95~~7.38~~
HPS**	Full Cut-off	9,500	128	$ 39.50~~7.90~~

VIII.SERVICE CLASSIFICATIONS (continued):

M. SERVICE CLASSIFICATION NO. 7A
Outdoor Area Lighting - HPS (High Pressure Sodium), MH (Metal Halide), and LED (Lighting Emitting Diode) (continued):
(Rate Codes: 781, 782)
Rates and Charges (continued):

Lamp Type	Type Luminaire	Approximate Lumens	Total Watts	Monthly Rates
HPS**	Full Cut-off	28,500	305	$ 44.27~~2.48~~
HPS**	Full Cut-off	50,000	455	$ 57.03~~4.73~~
MH**	Full Cut-off	20,500	288	$ 44.50~~2.70~~
MH**	Full Cut-off	36,000	455	$ 57.03~~4.73~~
LED***	Full Cut-off	19,270	150	$ 44.27~~2.48~~
LED***	Full Cut-off	29,100	250	$ 57.03~~4.73~~
LED	Full Cut-off	19,850	130	$ 44.27~~2.48~~
LED	Full Cut-off	30,300	210	$ 57.03~~4.73~~

*Commencing October 1, 2003, not available for new installations or replacements.

** Effective January 1, 2019 these luminaires are no longer available for new installations or unit replacements. Effective January 1, 2022, bulbs and photocells replacements for these luminaires will also no longer be available.

***Effective June 1, 2024, these luminaires are no longer available for new installations or unit replacements.

b) The charge for Additional Overhead Secondary Cable and Poles dedicated to the Customer is $22.27~~1.37~~ per span per month.

c) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

4. Minimum Charge

The monthly Minimum Charge is the facilities charge computed under the rates in 3. a), b) and c) above for the number of lighting facilities in place on the billing date.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

VIII.SERVICE CLASSIFICATIONS (continued):

N. SERVICE CLASSIFICATION NO. 10
Public Street and Highway Lighting Energy and Connections:
(Rate Codes: 1580, 1581)

1. Who Is Eligible

   a) Customers who will use this service for lighting of public streets, highways, parks, parking fields, and similar areas where facilities are owned and maintained by governmental agencies or their agents, and

   b) The Authority will furnish service only after suitable agreements are signed that cover energy requirements and service connections.

2. Character of Service

   a) Unmetered, single-phase, 60 hertz, alternating current supplied to Customer-owned, operated, and maintained lighting facilities (a lighting facility includes luminaries, posts, supply circuits, and all associated equipment needed), and

   b) Provided at suitable voltages chosen by the Authority.

3. Rates and Charges

   a) The Energy Charge per Lighting Facility per Month is $0.06320~~06~~ per kWh, for the monthly kWh of unmetered lighting service specified in the Tariff.

   b) The Underground Connection Charge per Month is $4.7959~~59~~ per Energy Delivery Point serving one or more underground-supplied lighting facility as described in Special Provision 7.*a.* below.

   c) Adjustments to Rates and Charges

      Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Delivery Service Adjustment, and the Securitization Offset Charge.

4. Minimum Charge

   The monthly Minimum Charge is the total Underground Connection Charge, plus Adjustments to Rates and Charges.

5. Terms of Payment

   The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

NEW YORK STATE | Department of Public Service

KATHY HOCHUL
Governor

RORY M. CHRISTIAN
Chief Executive Officer

December 8, 2025

Via E-mail and U.S. Mail
Honorable Tracey A. Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
LIPATrustees@lipower.org

Re: Matter 25-00924 – Recommendations Regarding Long Island Power Authority's Proposed Modifications to its Tariff for Electric Service

Dear Chairwoman Edwards:

I am pleased to provide the recommendations of the New York State Department of Public Service (DPS or the Department) regarding the proposed changes to the Tariff for Electric Service (Tariff) by the Long Island Power Authority (LIPA or the Authority), effective January 1, 2026. The LIPA Reform Act empowers the Department to make recommendations concerning the operations and terms and conditions of service provided by the Authority and its Service Provider. The Department recommends that the LIPA Board of Trustees (Board) adopt the Authority's proposals with minor modifications as discussed herein.

LIPA proposes five modifications to its Tariff. These changes to the Tariff include proposals to: 1) implement rate adjustments as determined through LIPA's annual budget process including updating provisions related to Daylight Savings Time (DST), 2) implement the New York State Energy Affordability Guarantee Pilot (EAG Pilot or Pilot), 3) allow ReCharge New York (Recharge NY) customers to participate in the Long Island Choice program, 4) introduce Standby Rates, and 5) clarify that the threshold between primary distribution lines and transmission lines for rate purposes is 23,000 volts. DPS Staff also addresses the modification to remove reference to the Specifications and Requirements for Electrical Installations manual or Redbook.

In accordance with the State Administrative Procedure Act, LIPA solicited public comments for each of the proposals, by November 29, 2025. LIPA accepted written comments submitted to a designated email provided on their website, and held three public comment sessions. The first Public Comment Session was held on November 18, 2025, in the Rockaways. The second and third were both held on November 24, 2025, one in Suffolk County, the other in Nassau County. Public comments regarding LIPA's

overall budget forecast were received, however, none of the comments related to the specific proposals contained herein.

Annual Rate Update

LIPA proposes to modify its Tariff to reflect rate adjustments as part of their annual budget process. Additionally, LIPA proposes to eliminate Tariff provisions for older metering technology that is unable to automatically adjust to DST, effective January 1, 2026.

Staff reviewed LIPA's proposed budget for 2026 as well as LIPA's proposed rate adjustments to confirm they are aligned with the revenue requirement associated with the 2026 budget. Staff also conducted bill impact analysis to assess the rate update's impact on customer's bills. While each customer's bill will vary depending on their specific rate class and usage, bill impact analyses can provide insight to how customer bills will be impacted based on comparing the proposed 2026 rates against current rates. The bill impacts utilized in these analyses represent customers with average electric usage as compared to the rest of their service class.

Residential customers on flat rate 180, with a monthly usage of 719 kWh can anticipate an increase in their total monthly bill of $0.46, or 0.23 percent. Customers on the default residential Time of Day (TOD) rate 194 with a monthly usage of 719 kWh can anticipate an increase in their total monthly bill of $0.77, or 0.39 percent. As LIPA is completing the migration of residential customers to TOD rates by the end of 2025, most customers will have the potential to save money by shifting their usage to off peak hours. While TOD rates are now LIPA's default rate for residential customers, all residential customers retain the option to opt out of TOD rates and receive service under the traditional flat rate 180.

Small commercial customers on rate 280 with a monthly usage of 418 kWh can anticipate a decrease in their total monthly bill of $9.46, or 7.13 percent. Large commercial customers on rate 281 with a monthly usage of 4,608 kWh can anticipate a decrease in their total monthly bill of $12.88, or 1.04 percent. Finally, customers on rate 285, which applies to mandatory large demand metered service with multiple rate periods, can anticipate a decrease in their total monthly bill of $179.90, or 0.90 percent. The reduction for rate 281 and 285 customers is mainly attributable to monthly savings from the Power Supply Charge and the Distributed Energy Resource (DER) Charge.

LIPA also proposes to eliminate outdated language in the Tariff intended to accommodate older meters which are unable to change the periods of DST as mandated by Federal law. The Energy Policy Act of 2005 changed the start and end

dates of DST and became effective in 2007.[1] At the time, LIPA utilized electric meters on their system which were unable to automatically adjust to these changes. For customers on time varying rates, these meters measured electric usage during the different rate periods for billing purposes (on-peak, off-peak, intermediate), however, these meters were unable to update to the new start and end dates of DST. There was a period at the beginning and end of DST during which the meters' energy measurement for each rate period were not aligned with the times as listed in the Tariff. Accordingly, the Tariff included language to clarify that, until the meters could be updated, the rate periods would continue to be applied at the old DST start and end times. LIPA has since replaced these older meters with modern Advanced Metering Infrastructure which automatically implement the DST periods in effect, thus these provisions are no longer needed.

Staff has reviewed LIPA's proposed Annual Rate update for 2026. We have determined the rate updates are consistent with LIPA's annual budget process and have been appropriately applied to each of the customer service classifications. Staff has also reviewed and supports the proposal to eliminate the language in the Tariff related to DST provisions which are no longer needed. For these reasons, DPS recommends that the LIPA Board adopt the Annual Rate Update and this modification as proposed.

EAG Pilot

LIPA proposes to modify its Tariff to allow ratepayers within its service territory to enroll and participate in the New York State EAG Pilot program, effective January 1, 2026. Enrollment in the Pilot will be open to eligible low-income customers within LIPA's service territory who fully electrify their home's space and water heating with heat pumps via participation in the EmPower Plus program, which is administered by the New York State Energy Research and Development Authority (NYSERDA). Staff recommends that the Board adopt and implement the EAG Pilot as proposed.

On May 20, 2016, the Public Service Commission (PSC or Commission) established a policy that the target energy burden for low-income customers should not exceed six percent of their household income.[2] In addition, New York State endeavors to decarbonize buildings to reduce greenhouse gas emissions and achieve the goals set by the Climate Leadership and Community Protection Act (CLCPA). As the State advances these goals, the PSC aims to ensure that low-income customers who adopt beneficial electrification upgrades in their homes do not experience an energy burden

[1] Pub. L. 109-58 (August 8, 2005).

[2] Case 14-M-0565, Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers, Order Adopting Low Income Program Modifications and Directing Utility Filings (issued May 20, 2016), p. 3.

that exceeds six percent of their household income.[3] As such, through the EAG Pilot, the Commission is building on its existing programs and policies to enable affordable electrification.

As part of the 2024-2025 New York State Budget, $50 million was appropriated to the Department for disbursement to utilities, including LIPA, to provide an Energy Affordability Guarantee (Guarantee) via a bill credit to low-income customers who are enrolled in EmPower Plus and have fully electrified their homes in compliance with the standards set by NYSERDA.[4] The budget appropriation states that the Guarantee would be established so that EmPower Plus customers should not spend greater than six percent of household income on electric utility bills for the estimated useful life of the related electrification project. The PSC has the authority to determine a cap based on the customer's annual total electric consumption in kilowatt hours when setting terms for the program. The budget appropriation also requires that the Guarantee stay at the residence which was initially enrolled in EmPower Plus and explains that it cannot be transferred to another residence if the applicant were to relocate. Moreover, a new tenant or owner of the enrolled residence can assume the Guarantee if they are eligible for the program upon application.

On August 15, 2024, the Commission issued an Order to establish the terms and parameters of an EAG Pilot.[5] DPS Staff subsequently filed an Implementation Plan on November 15, 2024 that details how the Pilot will operate for the first two years in collaboration with an Implementation Contractor (IC).[6] The PSC Order outlined the design and parameters of the Pilot as directed by the State Budget appropriation.[7] The DPS Implementation Plan contains operational details and establishes milestones during for the first two years of the Pilot.[8] The Order and the Implementation plan both go into detail regarding customer eligibility requirements, how the Guarantee credit will be calculated, the frequency and duration that the Guarantee credit will be provided, the limit or cap on the Guarantee, and the circumstances under which the Guarantee credit could be transferred to a new resident. The deadline for enrollment in the Pilot will be January 1, 2026, or until 1,000 participants are enrolled. Staff is working with NYSERDA in an effort to enroll a minimum of 100 participants in each electric service territory.[9] The IC will review all applications and income certifications, make determinations on eligibility and enrollment, and calculate participants' energy burden and Guarantee

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3 Case 25-M-0249, In the Matter of the 2026-2030 Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio, Order Authorizing Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio for 2026-2030 (issued May 15, 2025), p. 32.

4 See Laws of 2024, Chapter 53, Aid to Localities Appropriation (enacted May 1, 2024).

5 Case 14-M-0565, supra, Order Approving Energy Affordability Guarantee Pilot (issued August 15, 2024) (EAG Pilot Order).

6 Case 14-M-0565, supra, Energy Affordability Guarantee Pilot Implementation Plan (filed November 15, 2024) (EAG Pilot Implementation Plan).

7 EAG Pilot Order, p. 2.

8 EAG Pilot Implementation Plan, p. 1.

9 EAG Pilot Implementation Plan, p. 6.

credit, if applicable. DPS is working with LIPA and PSEG LI to ensure that at least 100 participants are enrolled in LIPA's service territory, although Staff anticipates that enrollment will extend past January 1, 2026, to reach 100 participants.

EAG Pilot applicants' household income must be at or below 60 percent of the state median income (SMI), consistent with current ratepayer-funded low-income programs. Applicants must also be enrolled in EmPower Plus, which likewise defines low-income customers as at or below 60 percent of the SMI.[10] Applicants must submit the required income documentation to the IC and give consent for their billing data and energy consumption to be shared between the utility and the IC.[11] Also, applicants must apply to the utility's Energy Affordability Program (EAP), if not already enrolled. Participants will be required to certify their income annually with the IC, though there will be a two-month grace period, for the purposes of calculating their energy burden and their Guarantee credit, if necessary. Participants will not be removed from the Pilot if their household income increases after enrollment.[12] Participants will only be removed from the program by choice, by moving out of the enrolled residence, failing to recertify household income annually within the two-month grace period, or after 15 years of enrollment in the Pilot, or at any point up to 15 years if the electrification project that was utilized to enroll in the Pilot reaches the end of its useful life.[13] Customers who are on budget billing, have arrears, and/or have a Deferred Payment Agreement may also participate in the Pilot.[14]

The IC will calculate the Guarantee each month for individual participants by applying the participant's six percent target energy burden to the net electric bill. The net electric bill is determined by subtracting the participant's monthly EAP credit from their monthly electric charge. The IC will communicate with the utilities if a participant's net electric bill exceeded their six percent energy burden and provide the amount of the credit to be applied to the following month's bill. In situations where a billing adjustment is required after a credit has been applied due to estimated meter reads, cancellations or rebills, budget billing or errors, the increase or decrease will be reflected on a subsequent bill and the IC will explain the reasoning for the adjustment.[15] Regarding the Guarantee limit, the cap on electricity consumption for which a credit will be granted to a participant will be 150 percent of the average electricity consumption of low-income electric heat customers within each service territory.[16] The limit will therefore vary by utility. The methodology and the Guarantee limit may be updated annually.[17] Participants can be enrolled in the Pilot and receive the Guarantee credit for up to 15

[10] EAG Pilot Order, p. 9 and EAG Pilot Implementation Plan, p. 3.
[11] EAG Pilot Implementation Plan, p. 8.
[12] EAG Pilot Implementation Plan, p. 3.
[13] EAG Pilot Order, pp. 43-45; EAG Pilot Implementation Plan, p. 5.
[14] EAG Pilot Implementation Plan, p. 10.
[15] EAG Pilot Order, p. 38; EAG Pilot Implementation Plan, pp. 4 and 9-10.
[16] EAG Pilot Implementation Plan, p. 5.
[17] EAG Pilot Order, pp. 37-38; EAG Pilot Implementation Plan, p. 5.

years.[18] In cases where a tenant moves out of a residence that is enrolled in the Pilot, the new tenant must prove income eligibility in order to participate in the Pilot for the remainder of the 15 year enrollment period.

LIPA's proposal to modify its tariff and implement the EAG Pilot within its service territory aligns with the criteria outlined in the New York State Budget appropriation, the EAG Pilot Order, and Staff's EAG Pilot Implementation Plan. There are no financial implications to LIPA or its ratepayers from the Pilot as the funding for the Guarantee credits will be provided from the Budget appropriation.

The proposed tariff modification will help to ensure that electric rates remain affordable for low-income customers. Low-income customers who electrify their homes should not have their energy burden exceed 6 percent of their household income, consistent with the EAG Pilot Order and the Commission's EAP. The EAG Pilot will also support the CLCPA's clean energy goals. As such, Staff supports the tariff modification and recommends that the Board adopt the EAG Pilot proposal and implements it as proposed.

ReCharge New York

LIPA proposes to modify its Tariff to allow customers to simultaneously participate in the ReCharge New York program (ReCharge NY or RNY) and LIPA's Long Island Choice program (LI Choice). LIPA also proposes to make certain changes to its LI Choice Operating Procedures and Uniform Business Practices (UBP). ReCharge NY is a New York State economic development program administered by the New York Power Authority that provides eligible industrial and commercial customers with up to 910 megawatts of low-cost power to bolster electric load and job retention throughout the state. LI Choice is LIPA's retail choice program, which allows customers to contract with Energy Service Companies (ESCO) to procure their power supply. Pursuant to this proposal, ReCharge NY customers will have the option to purchase their supplemental power from either LIPA or an ESCO through LI Choice.

ReCharge NY was first implemented in NYS and in LIPA's service territory on July 1, 2012. Currently, approximately 300 customers participate and receive discounted power through this program. This proposal will align LIPA's operation of the program with the state's Investor-Owned Utilities (IOUs) and the Commission's Orders by allowing ReCharge NY customers to elect to purchase their supplemental power needs from ESCOs. Allowing customers to choose their supplemental power provider may result in additional savings for these customers through their ability to negotiate contracts with ESCOs.

[18] EAG Pilot Order, p. 13; EAG Pilot Implementation Plan, p. 5.

LIPA's proposal also includes modifications to its LI Choice Operating Procedures and the UBP which apply to ESCOs operating in their service territory to reflect the modification to allow customers to participate in ReCharge NY and to clarify certain limitations given current system capabilities. The modifications clarify that Electronic Data Interchange (EDI) and consolidated billing are not currently available for ReCharge NY customers who participate in LI Choice. These capabilities will be offered at a future date when LIPA's billing system is upgraded to offer these capabilities. Additionally, the proposal clarifies that incentives for customers enrolled in LIPA's other Business development programs are limited to the load provided by ESCOs when these customers participate in LI Choice and are enrolled in ReCharge.

Any financial impacts to LIPA will depend on the number of RNY participants that contract with an ESCO rather than LIPA for their supplemental power requirements. Staff supports this proposal as it provides additional savings options for Recharge NY customers, and therefore recommends this proposal be adopted as proposed.

Standby Rates

LIPA proposes to modify its Tariff to introduce Standby Rates through Standby Service (Service Classification No. 12 or SC-12) and eliminate existing Tariff provisions for Back-up and Supplemental Service. In addition, LIPA proposes to modify its Tariff provisions for Buyback Services (Service Classification No. 11 or SC-11). These proposed changes will more closely align LIPA's Tariff with the Commission's Orders and the practices of the state's other electric utilities.

LIPA proposes to rename Service Classification No. 12 from "Back-Up and Supplemental Service" to "Standby Service." LIPA's proposal will introduce Standby Rates for non-exempt commercial customers with on-site generating equipment and will make the rates available to most other customers, including mass-market customers, as an optional rate.[19] Under this proposal, commercial customers will be assigned Rate Code 682, replacing Rate Code 681. Rate Code 682 will have eleven sub-rate codes to reflect customer types and phase-in options. Residential customers may opt into Standby Service under Rate Code 179.

For the IOUs in New York State, Standby Service was initially designed for customers who self-supply some or all of their electricity needs from on-site generation sources. Enrollment in Standby Service is mandatory for all customers operating on-site generation facilities, subject to specified exemptions based on technology type and customer class. Buyback Service was designed for customers who utilize on-site generation for the purpose of exporting electricity to the utility-owned distribution system. Participation in Buyback Service is required for all customers intending to inject

[19] Mass market customers are defined as Residential and Small Commercial customers not billed on a demand-basis.

power into the grid, except where exemptions are provided on the basis of technology or customer size. In the Commission's 2019 Order on Standby and Buyback Service Rates, the Commission initiated a number of efforts to improve Standby and Buyback Service Rates "to more accurately reflect costs and benefits and to ensure that those rates are available to all interested ratepayers."[20]

The Standby Rates are designed to be revenue-neutral to the Otherwise Applicable Service Class (OASC), which means they are intended to collect the same amount of revenue from all members of their OASC under Standby Service Rates as is collected under the default rates for the OASC. In addition, LIPA's Standby Rate design and revenue allocation align with the Commission's Allocated Cost of Service (ACOS) Order.[21] The ACOS Order directed the IOUs to file an ACOS study, described the study methodology, and explained that the purpose of the ACOS study is to accurately categorize costs and achieve "the most accurate Standby and Buyback Service rate designs possible."[22] The ACOS study utilizes a decision tree methodology consisting of eight sequential questions. Depending on the specific voltage level, these questions are applied in a different order. The individual questions relate to the cost attributes, impacts, and whether the cost increases or decreases as a direct result of another system change. The decision tree enables the determination of which portion of a given cost is considered customer, shared, or local.[23]

PSEG LI's most recently completed an Embedded Cost of Service ("ECOS") study was in 2019, and these results were used to complete the ACOS study, which determined the costs allocated to the customer, shared, or local categories.[24] PSEG LI applied the decision tree questions and framework, as per the ACOS Order, to the costs in each FERC account across the various functions and classifications contained in the ECOS. As directed in the ACOS order, the decision tree assessment was also applied separately for costs associated with the interconnection voltage of each service class and for costs associated with voltages higher than the interconnection voltage of each service class. Based on the outcomes of the assessment, PSEG LI allocated the costs for each service classification at each function and classification combination to the shared, local, and customer categories used for the Standby Rate design.

LIPA's proposed Standby Service Rates will consist of three elements, consistent with the state's the IOUs: (1) Service Charge, (2) Contract Demand Charge, and (3) As-

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20 Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources, Order on Standby and Buyback Service Rate Design and Establishing Optional Demand-based Rates (issued May 16, 2019), p. 3.

21 Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources, Order Establishing an Allocated Cost of Service Methodology for Standby and Buyback Service Rates and Energy Storage Contract Demand Charge Exemptions (issued March 16, 2022) (ACOS Order).

22 ACOS Order, p. 21.

23 ACOS Order, Appendix B, pp. 1-3.

24 Response to DPS-25040.

used Daily Demand Charge. LIPA states that it set the Service Charge for both the Standby and Buyback Service Rates equivalent to the Service Charge applicable to the OASC. Contract Demand charges are based on an individual customer's maximum demand and are designed to recover costs associated with Local facilities put in place primarily to serve the individual customer. The As-Used Daily Demand Charge is based on daily peak, off-peak, and super off-peak periods, and is designed to recover costs associated with shared facilities.

LIPA proposes two separate methods of measuring demand for Standby Rates, depending on customer service classification. For non-mass market customers, LIPA will measure usage during each 15-minute interval of an hour and multiply the largest of the 15-minute intervals by four to determine hourly demand in Kilowatts (kW). For mass market customers, LIPA proposes to use a 60-minute demand interval calculated by adding the four 15-minute intervals in the hour to measure both energy and demand.[25] Staff agrees that this method is consistent with the Commission policy as discussed in the Standby Update Order in case 15-E-0751,[26] however, language in LIPA's proposed tariff Leaf Nos. 264I and 264J, concerning demand measurement, requires modification.

On both tariff leaves, LIPA states that for mass market customers, "shall have the determination of their Contract Demand (kW) and As Used Daily Demand (kW) based on a 60-minute integrated metered demand, which shall be determined as the sum of the four 15-minute *demands* in an hour." (*emphasis added*). This proposed language does not accurately reflect the measurement methodology discussed above or the method approved in the Standby Update Order, which calculates 60-minute integrated demand by summing four 15-minute intervals – i.e., kilowatt-hour energy readings.[27] Accordingly, Staff recommends that this language be changed to reflect that the 60-minute integrated metered demand "shall be determined as the sum of the four 15-minute *intervals* in an hour" for mass market customers.(*emphasis added*).

In the ACOS Order, the Commission recognized that the updated Standby and Buyback Service Rates for the IOUs would be significantly different than their prior rates.[28] This difference can result in significant bill impacts for existing customers who may have relied on prior rates and rate-setting methodology to justify business decisions regarding installation of generation. To mitigate the high bill impact for existing customers, the Commission directed the IOUs to implement a five-year phase-in of the new rates.[29] LIPA currently does not offer a Standby Rate option; however, the proposed Standby rates similarly represent a significant departure from its current rate design of Back-Up and Supplemental Service Rates.

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25 Proposal Concerning Modifications to LIPA's Tariff for Electric Service, p. 4.
26 Case 15-E-0751, supra, Order Establishing Updated Standby Service Rates and Implement Optional Mass Market Demand Rates (issued October 13, 2023) (Standby Update Order).
27 Standby Update Order, pp. 83-84.
28 ACOS Order, pp. 96-97.
29 ACOS Order, p. 98.

To address concerns over the potential bill impacts for existing customers who will be required to take Standby Rates, LIPA proposes a similar phase-in over five years. LIPA states that the phase-in period will be fixed and will not vary by customer. The phase-in period will occur from January 1, 2026 (Phase-In Year 1) until December 31, 2030 (Phase-In Year 5). Thus, the full Standby Rates will become effective for all Phase-In customers on January 1, 2031. For existing customers, the phase-in Standby Rate will be the default, while migrating to full Standby Rates will be available on an opt-in basis. LIPA's proposal for phase-in design mirrors that of the IOUs, where participating customers will pay rates based on an 83.3 percent to 16.7 percent blend of the parent service class revenue (current rates) and Standby Rates during Phase-in Year 1. Each year thereafter, the blend will shift by 16.7 percent, decreasing the portion based on current rates and increasing the portion based on the Standby Rates. After the fifth year, customers will be fully transitioned to the Standby Rates. Staff agrees that LIPA's proposed phase-in period and calculation methodology are consistent with the IOUs' approach and will be beneficial for existing customers.

Customers in LIPA's service territory who are not required to take Standby Service but choose to do so voluntarily will be referred to as "Optional Rate Customers." In the proposal, LIPA states that Optional Rate Customers can switch back to the applicable non-Standby rate available to them at any time.[30] LIPA also explains that to prevent seasonal fluctuation in rate design, Optional Rate Customers that switch back to a flat rate will not be allowed on Standby Rates and other time-varying rate codes for a period of not less than one year. Staff supports the proposed treatment of Optional Rate Customers as discussed in LIPA's proposal memo, and recommends that such language be explicitly included on Leaf No. 264A in section P.1(e) as follows:

> " e) Customers that opt into SC-12, who do not otherwise meet the requirements of Standby Service ("Optional Rate Customers"). Any customer may opt into SC-12 with the exception of SC-5, SC-7, SC-10, SC-13 customers, unmetered customers and non-AMI metered customers. *Optional Rate Customers can switch back to applicable non-Standby rates available to them at any time, however, to avoid customers switching to take advantage of seasonal fluctuations in rate design, Optional Rate Customers that switch back to a non-time-varying flat rate will not be allowed on Standby rates or other time-varying rate code for a period of not less than one year*." (*emphasis added*).

LIPA's revised tariff Leaf No. 264D enumerates which customer types are exempt from mandatory Standby Service.[31] As proposed, these exempt customers will continue to be served under their otherwise applicable service classification unless they make a one-time irrevocable election to enroll in either the Full Standby Rate or the Phase-In

[30] Proposal Concerning Modifications to LIPA's Tariff for Electric Service, p. 3.
[31] Proposal Concerning Modifications to LIPA's Tariff for Electric Service, Original Leaf No. 264D, p. 18.

Standby Rate, if the phase-in period is still active. Customers that qualify for the Environmentally Advantageous Technologies (EAT) Exemption may also opt into Standby Rates or the Phase-In period by submitting a written request to LIPA at least thirty (30) days before beginning operation of their On-Site Generation (OSG). To clarify that this one-time irrevocable election applies to the decision of forfeiting or refusing the exemption as opposed to the choice between electing to be served under Phase-In or full Standby Rates, Staff recommends the language on Tariff Leaf 264D section P.4 "Exemptions from SC-12" be modified as stated below:

> "The following customers shall not be subject to SC-12, but shall be served under the customer's otherwise applicable service classification unless Customers make a one-time irrevocable election *to forfeit or refuse the exemption* and join the Standby Rate or the in-progress Phase-In period of Standby Rates, identified in SC-12.14.g if still applicable..." (*emphasis added*).

LIPA also proposes to make several modifications to its Tariff's Buyback Service provisions, offered under SC-11. Similar to the proposed Standby Service, LIPA's proposed Buyback Rates are modified to ensure that customer-owned generators connected to the utility's distribution systems pay their fair share of fixed system costs and costs related directly to serving them as customers.

LIPA's Buyback Rates will now include a customer charge and a buyback contract demand charge for the customer's injections into the system. LIPA proposes to waive the customer charge for Buyback Service if the customer is served under both SC-11 and another service classification through the same service connection. The Buyback Contract Demand will be determined by the amount of load delivered to the Authority's system that exceeds the Contract Demand billed under SC-12, or the portion that exceeds the demand billed under any other applicable service classification. Similar to Standby Service, the Buyback Service Customer Charge is designed to recover fixed system costs, while the Contract Demand Charge is designed to recover the costs of local facilities specifically installed to meet individual customer needs. The Buyback service does not have a daily as-used component; instead, LIPA will pay Buyback Service customers for net energy injections and resulting capacity.

LIPA proposes an exemption provision in its Buyback Service for standalone Energy Storage Systems (ESS). Any standalone ESS system that submits a complete application i.e., Step 3 of PSEG LI's Small Generator Interconnection Procedures (SGIP) process before December 31, 2030, will be exempt from Buyback Contract Demand Charges for a period of 15 years beginning as of the project's in-service date. In the ACOS Order, the Commission found that a limited exemption from Buyback Service Contract Demand Charges for stand-alone ESS would support New York's broader storage goals and approved an exemption for 15 years beginning on such

system's in-service date.[32] The Commission also directed the utilities to carefully observe and report actual cost shifts incurred by the exemption. Pursuant to the ACOS Order, the exemption applied to ESS facilities that either 1) paid a 25 percent deposit toward interconnection costs or 2) signed an interconnection agreement by December 31, 2025.[33] In September 2025, DPS Staff submitted a proposal recommending that this eligibility deadline be extended to the end of 2030, citing the need to support continued development of beneficial energy storage projects.[34]

Staff supports LIPA's proposed Buyback Exemption and the proposed time period for such exemptions for standalone ESS. LIPA's proposed Buyback Exemption aligns with Staff's proposal as it will further incentivize ESS projects in LIPA's service territory, advancing the states' policy goals. Staff also recommends that LIPA continue to monitor the Commission's future decisions regarding the potential extension of the Buyback Exemption and regularly assess Long Island's evolving energy storage needs to determine whether additional modifications to the proposed deadline are warranted. In addition, Staff recommends that LIPA and PSEG LI monitor any cost shift(s) due to the Buyback Exemption and file an annual report to DMM in case 19-E-0079, detailing: 1) the number of participating customers in Buyback exemption by service classification; 2) the total Buyback Service Contract Demand kW participating, by service classification; and 3) the total calculated cost shift by service classification (calculated as a product of the annual kW participating and the otherwise applicable Buyback Service Contract Demand Charge for that year).

LIPA provided bill impact analysis of the proposed rates, based on 2024 customer load data, for the 70 customers who will be assigned to Standby Service on a mandatory basis.[35] Sixteen of the customers on the proposed Phase-In Standby Rates may experience decreases in their delivery bills, while the remaining 54 may experience increases. LIPA estimates that 12 customers could experience significant delivery bill increases of more than 15 percent compared to current rates. Staff acknowledges that actual bill impacts may shift significantly, as the Standby Rate design is more granular in measuring customer load and incentivizes customers to respond to price signals. To help ensure that the customers who are subject to mandatory Standby Service are adequately informed and educated about the proposed rate structure and potential bill impacts under the proposed Standby service, PSEG LI conducted outreach to all 70 customers to provide an overview and explain the proposed rates, as well as answer any specific questions. Staff believes it is important for LIPA and PSEG LI to continue to engage with these customers about the potential impacts of the Standby Rates as the phase-in occurs and further that LIPA and PSEG LI continue to engage with all customers to maximize customer awareness of LIPA's rates and rate design.

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32 ACOS Order, pp. 125-136.
33 ACOS Order, pp.141.
34 Case 15-E-0751, supra, Staff Proposal on Energy Storage Buyback Exemption (filed September 11, 2025).
35 Response to DPS-25038.

Staff supports LIPA's proposal to introduce Standby Service Rates and to modify its Buyback Service rates. The proposed Standby and Buyback Rates will modernize LIPA's rate structures by introducing more granular, cost-reflective pricing that distinguishes between shared and local infrastructure costs. In addition, the proposed rates will better align LIPA's tariff with relevant PSC orders and the IOUs practice in New York. Therefore, Staff recommends that the proposal be adopted, with the minor modifications discussed in this section.

Transmission Voltage

LIPA proposes to amend its Tariff, effective January 1, 2026, to establish a distinction between rates for Primary distribution line service and rates for Sub/Transmission line service at 23 Kilovolts (kV). The proposal will 1) clarify that customers who take service at or above 23 kV will be billed under rates for Sub/Transmission line service, rather than rates for Primary distribution line service; and 2) establish an Interconnection Agreement (IA) requirement for all new non-residential customers requesting service at or above 23 kV.

Currently, the Tariff assigns rates for Sub/Transmission line service to customers taking service at or above 69 kV. LIPA's proposal will reclassify the voltage threshold for Sub/Transmission line service from 69 kV to 23 kV. This change will affect commercial customers in Service Classifications (SCs) 2-L, 2L-VMRP, 2-MRP, and SC-13, reassigning customers served at 23 kV and 33 kV from Primary distribution line service to Sub/Transmission line service rates.

23 kV is the more accurate technical breakpoint between Primary distribution line and Sub/Transmission line service, from a system design and configuration perspective, on LIPA's system. Using 23 kV as the threshold to assign customers to different rates ensures that customers taking service at 23 kV and above are charged more consistently with LIPA's incurred costs incurred to build and maintain the electric grid, leading to a more accurate cost allocation and fairer rates for all customers.

LIPA also proposes to mandate that new non-residential customers requesting service at or above 23 kV enter into an IA. These customers typically require very large loads whose unplanned connection or disconnection can significantly impact grid reliability. An agreement with these customers will establish clear guidelines for interconnection, operation, and maintenance of their facility. This will ensure safe, reliable, and efficient integration with the grid and protect LIPA's system from potential instability and from stranded assets.

LIPA anticipates no financial impact from these changes. Existing customers who are currently on the correct rate as determined by their voltage level under the new structure will also not be impacted. Additionally, the IA requirements for new customers

will not impact rates or existing customers. As explained above, this proposal improves the alignment between LIPA's rates and the electric grid's attributes and will also enhance system reliability. DPS, therefore, recommends that the Board adopt the proposed modifications.

Specifications and Requirements for Electrical Installations

In addition to the proposals discussed above, LIPA is also removing a reference in its Tariff to the Specifications and Requirements for Electrical Installations, also known as the Red Book. This document is referenced in the table of contents of LIPA's Tariff under the "Additional Documents" Section, however the document is not formally a part of the Tariff. The Red Book document is available on PSEG LI's website.[36] Removing the reference to the document is consistent with the tariffs of New York State's IOUs. Staff recommends that PSEG LI and LIPA continue to communicate with stakeholders regarding changes made to the Red Book and provide information regarding changes on its website for reference.

Conclusion

Department Staff has reviewed LIPA's proposed Tariff modifications and finds the proposed updates to be consistent with Commission Orders and the Public Service Law. The Department therefore recommends that the Tariff modifications be adopted by the LIPA Board with the modifications as discussed above.

Respectfully submitted,

Rory M. Christian
Chief Executive Officer

CC: Carrie Meek Gallagher, LIPA Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
William Wai, LIPA Director of Rates
David C. Lyons, PSEG LI Interim President and Chief Operating Officer
Andrea Elder-Howell, PSEG LI VP Legal Services
Joseph Trainor, PSEG LI Senior Manager of Rates
Nicholas Forst, DPS LI Acting Director
Peter Hilerio, DPS LI Counsel

[36] PSEG LI, Red Book (2022 Ed.), https://www.psegliny.com/en/buildingrenovationservices/codesandstandards/redbook (accessed November 26, 2025).

Exhibit "E"

NEW YORK STATE | Department of Public Service

KATHY HOCHUL
Governor

RORY M. CHRISTIAN
Chief Executive Officer

November 20, 2025

Via E-mail and U.S. Mail
Hon. Tracey A. Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter 14-01299: In the Matter of PSEG LI Utility 2.0 Long Range Plan - Recommendations Regarding PSEG LI Annual 2025 Update

Dear Chairwoman Edwards:

I am pleased to provide the recommendations of the New York State Department of Public Service (Department, DPS, or DPS Staff) regarding PSEG Long Island's (PSEG LI, or the Company) annual update to the Utility 2.0 Long Range Plan (the 2025 Utility 2.0 Plan), and 2026 Building Efficiency and Electrification (2026 BEE Plan).[1] Pursuant to Public Authorities Law §1020-f(ee); the Long Island Power Authority (LIPA) and its Service Provider PSEG LI submit to DPS on an annual basis any proposed plan related to implementation of distributed generation, building efficiency and electrification (BEE) measures, or advanced grid technology programs having the purpose of providing customers with tools to manage their energy usage, utility bills and improving system reliability and power quality, more efficiently and effectively. In accordance with Public Service Law §§3-b(3)(a) and (g), DPS reviews and makes recommendations to LIPA with respect to the plans and rates and charges, including those related to energy efficiency and renewable energy programs. The Department's recommendations are hereto attached in the accompanying DPS Staff Memorandum.

On July 1, 2025, PSEG LI submitted to DPS its 2025 Utility 2.0 Plan, including its Building Efficiency and Electrification Plan for 2026.[2] In the 2026 Utility 2.0 Plan, PSEG LI organized the Company's programs to align with four of New York State's strategic priorities as we move forward with the clean energy transition and look ahead to achieving the Climate Leadership and Community Protection Act's (CLCPA or Climate Act) goals for 2030 and beyond. The four strategic priorities contained in the Plan include: 1) Solar Photovoltaic (PV); 2) Energy Storage; 3) Building Efficiency and Electrification; and 4) Transportation Electrification.

1 Matter 14-01299, In the Matter of PSEG-LI Utility 2.0 Long Range Plan, PSEG LI Utility 2.0 Long Range Plan and Energy Efficiency Plan (filed July 1, 2025, (2025 Utility 2.0 & 2026 BEE Annual Update).
2 2025 Utility 2.0 & 2026 BEE Annual Update.

As discussed in the Staff Memorandum, DPS Staff recommends adoption of the proposed 2025 Utility 2.0 Plan and 2026 EE Plan in accordance with the discussion and recommendations contained therein. Within the Staff Memorandum DPS Staff discusses specific issues and provides recommendations regarding the EV Make Ready program, EV Phase-In Rates, IEDR reporting requirements, and the Empower Plus program, among others. DPS Staff also recommends that PSEG LI continue utilizing quarterly reports through 2026 to provide updates on the status of Utility 2.0 Plan projects, as well as on the BEE portfolio of projects in accordance with prior DPS recommendations. Staff will continue to monitor the approved programs in accordance with the corresponding performance metrics and quarterly updates.

PSEG LI proposes a total budget of $23.39M in 2026 for its Utility 2.0 Plan Programs. The total budget of $23.39M is broken down into $9.69M for capital expenditures and $13.70M for Operations and Maintenance (O&M) expenditures.[3] DPS Staff reviewed the funding requests for all programs to determine the reasonableness of such requests. For 2026, Staff recommends the total budget of $23.39M for Utility 2.0 programs, which includes gross capital costs in the amount of $9.69M, and gross O&M costs in the amount of $13.70M.

In addition, PSEG LI proposes a total budget of $88.33M for its 2026 BEE Plan Programs. PSEG LI has included a $24.09M Utility 2.0 budget projection for 2027, which includes $4.91M for capital expenditures and $19.18M for O&M expenditures. PSEG LI's 2026 BEE Plan includes fourteen programs which will contribute to the Company's BEE savings targets in 2026. PSEG LI seeks BEE funding of approximately $88.33M for 2026 only, and projects a total energy savings of 519,422 Million British Thermal Units (MMBtu). DPS Staff recommends approval of the proposed 2026 BEE Plan budget.

DPS Staff also reviewed each program contained in the BEE Plan to ensure alignment with New York State energy efficiency policies set forth by the Public Service Commission in Case 18-M-0084 as well as the Climate Leadership and Community Protection Act (CLCPA). Additionally, DPS Staff thoroughly reviewed this year's BEE Plan to ensure alignment with the Public Service Commission's May 2025 LMI EE/ BE and non-LMI EE/BE Orders.[4] Together with its nation-leading clean energy and climate friendly energy efficiency targets, the CLCPA mandates that the members of Disadvantaged Communities are prioritized in spending plans and receive at least 35 percent, with a goal of 40 percent, of the benefits in Clean Energy Programs. PSEG LI stated that they expect to achieve 51 percent in Disadvantaged Community BEE spending in 2026.[5] Staff strongly supports PSEG LI's efforts to exceed the 35 percent Disadvantaged Community spending target.

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3 2025 Utility 2.0 & 2026 BEE Annual Update, pp. 191-193.

4 Case 25-M-0249, 2026-2030 Low-to Moderate-income Energy Efficiency and Building Electrification Portfolio, Order Authorizing Low- to Moderate Income Energy Efficiency and Building Electrification Portfolio (issued May 15, 2025) (2025 LMI EE and BE Order); Case 25-M-0248, 2026-2030 Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolios, Order Authorizing Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolios for 2026-2030 (issued May 15, 2025) (2025 non-LMI EE/BE Order).

5 Responses to U2.0 DPS-25-048, Attachment 1.

Furthermore, PSEG LI offers LMI customers enhanced incentives and rebates throughout their BEE residential portfolio of programs, specifically, through the residential heat pump, building envelope, and REAP programs. These programs provide LMI customers with approximately $24.97M in rebates and incentives. This accounts for 28 percent of the total BEE budget and 62 percent of overall residential BEE spending, totaling 84,100 in MMBtu savings. [6] Both are significant increases in the percentage of residential spending compared to last year's plan which were 21 percent and 38 percent, respectively.

As DPS has stated in prior recommendations, it is critical for LIPA and PSEG LI to realistically consider resource availability within the organization when proposing projects and developing project timelines.[7] LIPA and PSEG LI should conduct accurate cost estimating, and update project budgets and timelines as new information becomes available.

In addition to the program specific recommendations contained in Staff's Memorandum, DPS encourages LIPA and PSEG LI to actively participate and coordinate program offerings with the New York State Research & Development Authority (NYSERDA) the Joint Utility working groups, New York State Clean Heat Joint Management Committee, the Technical Resource Manual (TRM) Management Committee, with DPS, and with other stakeholders to further align LIPA and PSEG LI with the Investor-Owned Utilities (IOUs) to meet overarching state policy milestones, implement clean energy programs, and develop innovative pilot programs. LIPA's and PSEG LI's active coordination and collaboration with these groups is critical for aligning LIPA with best practices in these areas.

DPS also recommends that PSEG LI and LIPA continue to develop and implement innovative and demonstrably beneficial programs for customers to advance the State and Commission's energy goals and policies. DPS looks forward to continuing to work with PSEG LI and LIPA to achieve these goals.

Respectfully Submitted,

Rory M. Christian
Chief Executive Officer

ATTACHMENT

CC: Carrie Meek Gallagher, LIPA Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Dave Lyons, PSEG LI Interim President and Chief Operating Officer
Michael Voltz, PSEG LI Director, Energy Efficiency and Renewables
Nicholas Forst, DPS LI Acting Director
Peter Hilerio, DPS LI Counsel

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6 2025 Utility 2.0 & 2026 BEE Annual Update, p. xiv.

7 Matter 14-01299, supra, 2024 DPS Staff Utility 2.0 Recommendations Staff Memo (filed November 1, 2024), p. 5.

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

October 31, 2025

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff

SUBJECT: Recommendations Regarding the Long Island Power Authority's Proposal for PSEG Long Island's 2026 Performance Metrics

Introduction

This memorandum is provided to the Chief Executive Officer of the Department of Public Service (DPS or the Department) on behalf of the Department Staff (Staff) team who conducted the review, and herein provide their recommendations regarding LIPA's Final 2026 Performance Metrics proposal (Final Metrics Proposal) for PSEG Long Island (PSEG LI or the Company).[1] Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (New OSA) between LIPA and PSEG LI, LIPA proposed 58 metrics comprised of the following scope functions: 1) Transmission and Distribution (T&D); 2) Power Supply & Clean Energy Programs (PS&CE); 3) Business Services (BS); 4) Customer Services (CS); and 5) Information Technology (IT).[2]

Under the terms of the New OSA, LIPA and PSEG LI are required to conduct an annual metrics review process. As part of this process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. PSEG LI may provide comments on this initial proposal to LIPA and DPS, which LIPA must consider in good faith.[3] After reviewing PSEG LI's comments, LIPA submits a Final Metrics Proposal to DPS for its review and recommendation, and to PSEG LI for further comment. Finally, the Department will consider the Final Metrics Proposal, along with PSEG LI's comments, and submit its recommendation to the LIPA Board of Trustees (LIPA Board or Board) for adoption.

Recommendations

Under the terms of the New OSA, Appendix 4.3(C)(I)(B)(1) and DPS' statutory responsibilities under Public Service Law §3-b(3)(h), DPS submits its recommendations concerning LIPA's Final Metrics Proposal, i.e., the DPS Recommended Metrics to the LIPA Board. Staff has reviewed LIPA's Final Metrics Proposal, as well as PSEG LI's comments, and recommends the adoption of all 58 proposed metrics without modification. Appendix A contains a list of the 58 metrics that Staff recommends for approval.

Consistent with the timing of LIPA's budgeting process, LIPA began its 2026 metrics process on July 23, 2025, by submitting a list of proposed metrics to PSEG LI and DPS. From July to September, LIPA and PSEG LI discussed the targets of each metric and exchanged information concerning LIPA's proposed metrics. Throughout the process, PSEG LI provided multiple rounds of edits to LIPA and DPS. Further, DPS monitored the progress of these discussions.

On October 1, 2025, LIPA submitted its Final Metrics Proposal to DPS, which reflected a full consensus on the 58 proposed metrics.

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1 LIPA 2026 Proposed PSEG Long Island Performance Metrics (filed October 1, 2025) (LIPA's 2026 Metrics Proposal).

2 Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (effective April 1, 2022).

3 Id.

The proposed 2026 metrics package reflects targets that aim to increase operational efficiency, customer satisfaction, system reliability, and further progress towards the goals set by the Climate Leadership and Community Protection Act (CLCPA). As these targets are incentive based, the annual goals reflect an expectation of exceptional performance from PSEG LI. Unlike certain investor-owned utility (IOU) metrics which contain punitive measures if the target is not met, PSEG LI's performance metrics incentivize improved or good performance by providing compensation for the attainment of the metric targets. Quantitative targets that are comparable to IOU performance are often set at top quartile/decile performance among industry peers. As such, if PSEG LI does not achieve certain metric targets, it is often but not always recognized as an opportunity for improvement as opposed to an area of poor performance.

To ensure consistency with the IOUs, PSEG LI's performance is evaluated using a set of reliability and customer service metrics aligned with industry and regulatory standards. Reliability performance is measured through key indices such as the System Average Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), and Customer Average Interruption Duration Index (CAIDI), as defined by Institute of Electrical and Electronics Engineers (IEEE) and reported in accordance with DPS' requirements. In addition, PSEG LI is evaluated on key customer service metrics consistent with those applied to the IOUs, including call answer rate, customer satisfaction survey scoring, and customer complaint rate. The use of these standardized metrics enables the DPS and other stakeholders to objectively assess PSEG LI's operational performance and customer service outcomes, promoting transparency, accountability, and continuous improvement in PSEG LI's performance as compared to NYS' other IOUs.

Regarding staff's analysis of recent reliability performance trends and historical data, staff concluded that LIPA's proposed 2026 reliability performance targets and the associated multi-tiered incentive structure appropriately balances the objectives of maintaining high reliability standards, while providing a fair and transparent framework for incentive compensation.

The proposed 2026 targets, which set SAIDI at 56.0 and SAIFI at 0.68, continue to encourage incremental improvements consistent with historical performance levels. PSEG LI's SAIDI has improved from 66.0 in 2020 to 59.3 in 2024, while its SAIFI has improved from 0.80 in 2020 to 0.72 in 2024. Over the same five-year period, PSEG LI has been held to progressively more stringent targets, with the SAIDI target tightening from 59.0 in 2020 to 56.5 in 2024 and the SAIFI target tightening from 0.76 in 2020 to 0.67 in 2024. Moreover, the inclusion of graduated incentive tiers – offering 50 percent and 75 percent of incentive payouts based on achieving progressively higher reliability thresholds – encourages incremental improvement, promotes sustained operational excellence, and protects customers from paying full incentives for marginal performance. Overall, staff finds that the proposed 2026 targets and tiered incentive structure are achievable and sufficiently rigorous to drive continued reliability improvements, meet customer expectations, and ensure accountability.

Based upon its review, Staff recommends that all 58 metrics be adopted as proposed by LIPA. Of these 58 metrics, 17 metrics are in the T&D scope function, 12 metrics are in the CS scope function, 9 metrics are in the PS&CE scope function, 9 are in

the IT scope function, and 11 metrics are in the BS scope function. Appendix A contains a list of the 58 metrics recommended for adoption as proposed.

DPS Staff recommends that the LIPA Board adopt all 58 of the proposed metrics without modification. DPS Staff's recommendations contained herein should be considered the DPS Recommended Metrics under the terms of the New OSA.

Appendix A

Metrics Recommended for Adoption without Modification

Metric #	Metric Title
T&D-06	Primary Transmission Control Center (PTCC) Replacement
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)
T&D-13	Safety – Serious Injury Incident Rate (SIIR)
T&D-14	Safety – OSHA Recordable Incidence Rate
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate
T&D-18	Improve Reliability Through Work Management Enhancements - Workforce Management Plans
T&D-24	Improve Reliability Through Vegetation Management Work Plan
T&D-37	Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan
T&D-40	Reduce Double Wood Poles
T&D-50	Storm Outage Response Performance
T&D-54	Storm Crewing Efficiency and Prudency
T&D-57	Improve Underground (UG) Reliability Performance
T&D-58	Distribution System Automation and Advanced Operations
CS-02	J.D. Power – Residential
CS-03	J.D. Power – Business
CS-11	Contact Center Service Level with Live Agent Calls
CS-13	First Call Resolution
CS-14	Net Dollars Written Off
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)
CS-17	Low to Moderate Income (LMI) Program Participation
CS-19	DPS Customer Complaint Rate
CS-31	Call Average Handle Time (AHT)
CS-36	E-Bill Enrollment
CS-37	Self-Service Containment Enhancements
CS-40	Outage Information Satisfaction & Cause Code
PS&CE-05	Beneficial Electrification – Building Electrification
PS&CE-06	Electric Vehicle (EV) Make-Ready
PS&CE-14	Transportation Strategic Initiatives
PS&CE-16	Residential Time-of-Day Participation Rate
PS&CE-17	Disadvantaged Communities (DACs) – Spend %
PS&CE-18	Solar Interconnection
PS&CE-19	Building Weatherization
PS&CE-20	Demand Response
PS&CE-21	Large Loads Performance Requirements

Appendix A

Metrics Recommended for Adoption without Modification (Cont.)

Metric #	Metric Title
IT-03	System Resiliency – Business Continuity Plans and Functional Drills
IT-04	System and Software Lifecycle Management
IT-05	Project Performance – In-flight Projects
IT-06	Project Performance – New 2026 Projects
IT-09	IT Planning – Ransomware Readiness and Response
IT-10	System Resiliency – Disaster Recovery Plans and Testing
IT-11	System Cost Effectiveness
IT-12	System Reliability
IT-13	IT Service Management
BS-13	Information Request (IR) Responses
BS-22	Timely, Accurate, and Supported Storm Event Invoicing
BS-42	Develop Annual Work Based Budget for select Transmission & Distribution category for LIPA's review and approval
BS-43	Implement Standards and Methods to Reduce Project Variances
BS-44	Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits
BS-45	Develop Methods and Standards for Tracking Productivity Gains and Sharing CapEx and OpEx savings
BS-48	Strategic Supplier MSAs
BS-50	Time to Start
BS-53	Non-Utility Billing Collections
BS-54	Competitive Transactions
BS-55	Procurement Savings

NEW YORK STATE | Department of Public Service

KATHY HOCHUL
Governor

RORY M. CHRISTIAN
Chief Executive Officer

October 31, 2025

Via E-mail and U.S. Mail
Honorable Tracey Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter 25-02102: Recommendations Regarding LIPA's Proposed 2026 Final Performance Metrics

Dear Chairwoman Edwards:

I am pleased to provide the recommendations of the New York State Department of Public Service (Department, DPS, or DPS Staff) regarding the Long Island Power Authority's (LIPA's) Final 2026 Performance Metrics proposal (LIPA Final Proposal) for PSEG Long Island (PSEG LI or the Company).[1] Pursuant to the requirements of the Second Amended and Restated Operating Services Agreement (the New OSA) between LIPA and PSEG LI, LIPA proposed 58 metrics covering five scope functions: 1) Transmission and Distribution (T&D); 2) Power Supply & Clean Energy Programs (PS&CE); 3) Business Services (BS); 4) Customer Services (CS); and 5) Information Technology (IT).[2] DPS recommends adoption of all 58 metrics as proposed by LIPA without modification.

Under the terms of the New OSA, LIPA and PSEG LI are required to conduct an annual metrics review process.[3] Initiating this annual process, LIPA sends an initial metrics proposal to PSEG LI for its review and comment. Then, PSEG LI may provide its comments to LIPA and DPS, which LIPA must consider in good faith.[4] After reviewing PSEG LI's comments, LIPA submits a Final Proposal to DPS for its review and recommendation, as well as to PSEG LI for further comment concerning the Final Proposal. Finally, the Department considers the Final Proposal, along with PSEG LI's comments, and submits its recommendation to the LIPA Board of Trustees (LIPA Board or the Board) for adoption.

1 LIPA 2026 Proposed PSEG Long Island Performance Metrics (submitted October 1st, 2025) (LIPA's 2026 Metrics Proposal).
2 Second Amended and Restated Operations and Services Agreement Between the Long Island Power Authority and PSEG Long Island, LLC, Appendix 4.3(C)(I)(B) (in effect April 1, 2022) (New OSA).
3 New OSA, Appendix 4.3(C)(I)(B).
4 Id.

DPS reviewed LIPA's Final Proposal and recommends adoption of all 58 metrics as proposed by LIPA without modification. The attached DPS Staff Memorandum outlines the process undertaken and details the Department's recommendations for adoption of the 58 metrics recommended for approval.

These 58 metrics encompass all five scope functions, which include Transmission and Distribution; Power Supply & Clean Energy Programs; Business Services; Customer Services; and Information Technology, as well as critical operation services such as reliability, safety, and customer satisfaction, and will help ensure that PSEG LI maintains and enhances its performance on behalf of customers. More specifically, the proposed metrics focus on incentivizing PSEG LI to improves its performance by reducing customer outage time, promoting workplace safety, and increasing reliability.

DPS Staff recommends adoption of several metrics that pertain to PSEG LI's compliance with the State's clean energy goals. Specifically, these metrics contain deliverables to promote building electrification, encourage electric vehicle adoption on Long Island, enhance the solar interconnection process and realize investments in Disadvantaged Communities. Likewise, DPS Staff recommends adoption of metrics that will directly target improvements in areas that impact customers' experience and will require PSEG LI to increase live agent customer call efficiency and maintain a low customer complaint rate. DPS Staff also recommends the adoption of metrics that will require PSEG LI to improve their IT system resiliency and IT project cost effectiveness.

The proposed metrics adhere to the performance metric criteria contained in the New OSA.[5] These criteria state that metrics must be reasonably achievable and objectively verifiable. Further, the achievement of these metrics should not be based on LIPA's subjective judgment. Finaly, metrics should align with the policies, goals, and strategies outlined by New York State, and by the LIPA Board.

The DPS Recommended Metrics ensure that PSEG LI provides Long Island residents with improved performance across all five scope functions, with particular focus on customer satisfaction, system reliability, and furthering progress toward the State's clean energy goals. These metrics adequately incentivize and challenge PSEG LI to achieve the level and quality of service expected of a utility in New York State.

[5] New OSA, Appendix 4.3(C)(I)(D).

As such, DPS recommends that the LIPA Board adopt the DPS Recommended Metrics as discussed in the attached DPS Staff Memorandum.

Respectfully Submitted,

Rory M. Christian
Chief Executive Officer

ATTACHMENT

CC: Carrie Meek Gallagher, LIPA Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Dave Lyons, PSEG LI Interim President and Chief Operating Officer
Andrea Elder-Howell, PSEG LI Vice President Legal Services
Nicholas Forst, DPS LI Acting Director
Peter Hilerio, DPS LI Counsel

Exhibit "G"

September 2025

2026 Proposed PSEG Long Island Performance Metrics

LIPA

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2026 Performance Metrics

BS-13: Information Request (IR) Responses

Board Policy: N/A	**Board PIPs**: N/A
LIPA Exec. Sponsor: Bobbi OConnor	**LIPA Proj. Mgr**: Lisa Zafonte
PSEGLI Exec. Sponsor: Andrea Elder-Howell	**PSEGLI Proj. Mgr**: Michael Ennis
PSEGLI Director: Kara Krueger	**DPS Contact**: Nicholas Forst
Allocated Compensation (2021 Dollars): $150,000	

Historical Context YE Results (Quantitative Metrics Only)						
2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
90%	95.1%	94%	100%	94%	100%	94%

OBJECTIVE

To respond to information and document requests from LIPA (such information and document requests referred to in this metric as "IRs") from a broad range of areas, including internal audit, for data, records, and information that PSEG Long Island generates or maintains in connection with providing operations services under the Second A&R OSA, within 10 days of such requests, except where LIPA agrees to exceptions to such response time as described in Targets and Calculations.

TARGETS AND CALCULATIONS

Respond to a minimum of 94% of LIPA IRs with responses that are timely (as defined below) and are reasonably acceptable to LIPA in terms of substance.

IRs fall into the following two categories:

• IRs for documents LIPA believes already exist in some format (e.g., electronic, paper) in PSEG Long Island's records and do not require the generation of new content (“Existing Documents”); and

• IRs for documents that require PSEG Long Island to generate information, in a format that does not currently exist (“Created Documents”).

For the avoidance of doubt, requests that PSEG Long Island retrieve documents from IT platforms maintained by PSEG Long Island do not constitute IRs for “Created Documents.” In addition, collection of documents from multiple sources does not constitute the generation of “Created Documents.” Documents electronically maintained by PSEG Long Island for LIPA under the Second A&R OSA, whether such documents exist and are maintained today or at any time during the remainder of the contract, are “Existing Documents” for purposes of this metric, regardless of whether they are housed on an IT platform dedicated to LIPA documents or on a platform integrated with non-LIPA documents.

BS-13: Information Request (IR) Responses

Targets:

IRs for Existing Documents will be subject to the 10/11-day rule mentioned below, subject to LIPA's discretion to grant extensions on a case-by-case basis.

IRs for Created Documents will be subject to the 10/11-day rule plus an additional 15 days upon 3 days' notice to LIPA with a reasonable explanation of why the document is a Created Document as opposed to an Existing Document. The three days' notice shall be provided prior to the IR's due date calculated under the 10/11-day rule. For Created Documents, additional extensions of time to respond beyond the automatic 15-day extension will be considered on a case-by-case basis consistent with the terms of the metric.

If PSEG Long Island requires additional time to respond to an IR for an Existing Document, a request for an extension of time must be made within 7 days of PSEG Long Island's initial receipt of the IR.

If PSEG Long Island requires additional time to respond to an IR for a Created Document (beyond the additional 15 days permitted above upon notice to LIPA), a request for an additional extension of time must be made within 14 days of the IR with a proposed new due date and a reasonable explanation of why the extension is necessary.

Calculations:

All calculations of "days" are based on calendar days.

For IRs issued by 2:00PM, a response to such request is expected within 10 days, and for IRs issued after 2:00PM, a response to such request is expected within 11 days (with the number of days adjusted for Created Documents above).

If a deadline falls on a Saturday, Sunday or holiday, it automatically becomes due on the next business day.

Should an IR need clarification, PSEG Long Island will notify LIPA within 2 days of receiving the IR. Once clarification is received from LIPA, the 10/11 day clock will re-start for the submission of the IR by the required due date. For example, if PSEG Long Island receives an IR on Monday that it reasonably believes requires clarification, it will request such clarification by Wednesday of that week. Calculation of the due date for the IR will begin once PSEG Long Island receives clarification from LIPA. So, if clarification is requested on Wednesday and LIPA provides clarification on Thursday, the clock begins on Thursday.

EXCLUSIONS

Where LIPA has agreed to an exclusion to the above or to a longer time frame, the exclusion or extended time frame will apply.

BS-13: Information Request (IR) Responses

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island will report monthly to LIPA on the percent of Information Requests substantively responded to within the specified time frame, as tracked through LIPA's SmartSheet system.	Monthly

2026 Performance Metrics

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Board Policy: Fiscal Sustainability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Kenneth Kane
PSEGLI Exec. Sponsor: Peggy Keane	**PSEGLI Proj. Mgr**: Zuly Suarez
PSEGLI Director: Martin Shames	**DPS Contact**: Daniel Pohoreckyj
Allocated Compensation (2021 Dollars): $150,000	

OBJECTIVE

To ensure PSEG Long Island provides timely, accurate, and appropriately-supported Storm Event costs to LIPA.

TARGETS AND CALCULATIONS

For Storm Events, PSEG Long Island shall:

1. Provide an estimated dollar value of damages by County (using preliminary estimated job counts that are subject to change based on final review), for each Storm Event, when requested by LIPA, within 10 days of the end of the follow-up period defined in ERIP-FIN-001 (Storm Accounting Protocols for Storm Events).

2. For 2024-2025 Storm Events whereby invoicing is due in 2026, submit "Invoice 1" within 3 months of the end date of the Storm Event which shall consist of:
(i) PSEG Long Island Labor; (ii) Indirect Labor (Fleet/Materials Handling); (iii) Labor Burdens (contract labor burdens); (iv) Indirect outside Services (Fleet/Materials Handling); (v) Employee Expenses (Logistics and Travel and Subsistence); and (vi) Materials.

3. For 2025-2026 Storm Events whereby invoicing is due in 2026, submit "Invoice 2" within 6 months of the end date of the Storm Event which shall consist of: (i) Foreign crew tree trim, HV & LV; (ii) Damage Assessors; (iii) Wire watchers; (iv) Logistics (outside services); and (v) Other contractor invoices in support restoration.

For any 2025-2026 FEMA events whereby reporting/invoicing would be due in 2026, invoices shall be organized according to the Categories as defined in the Damage Inventory Line Item (DILI) and the timelines as outlined below (based on CAM FI-H1-16):

- Within 3 months from the Date of DILI: Category B – Call Center & Emergency Operations Center Costs, including PSEG Long Island Labor, Labor Burdens & Logistics
- Within 4 months of Date of DILI provide Category B – Environmental Spills Clean-up cost
- Within 5 months of Date of DILI provide Category F – PSEG Long Island Labor and Burdens
- Within 6 months of Date of DILI provide Category F – Materials
- Within 7 months of Date of DILI provide Category F – Fleet
- Within 8 months of Date of DILI provide Category F – Logistics
- Within 10 months of Date of DILI provide Category F – Outside Services and Proof of Payment for all Categories Above

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Timeliness is defined as meeting each of the above-stated deliverable timelines for a Storm Event. These dates can be modified by mutual consent, which shall not be unreasonably withheld, in writing by both parties depending upon the size of the event as stated on CAM-FI-H15. All such modifications will be documented through the metric exception process.

• Accuracy – LIPA will perform Independent Verification and Validation of 5 or more Storm Events for which storm invoices are presented in 2026 (storm could be declared in 2025) for compliance as defined in the 2nd Amended and Restated OSA (OSA).

- o For any Non-FEMA Storm Event, all adjustments related to the sum of PSEG Long Island labor, Employee expenses, and Materials provided in Invoice 1, or the total of Invoice 2 (measured separately) cannot exceed 5% of total applicable invoice to meet the accuracy standard for an event (i.e. the sum of PSEG Long Island Labor, Employee expenses, and Materials included in Invoice 1 = $2M – adjustments to Invoice 1 cannot be greater than $100k).
- o For FEMA events, the accuracy measurement will be measured on each month's Category package, described above accordance with CAM-FI-H16, Appendix A.
- o LIPA has 45 days to inform PSEG Long Island of any disputed costs submitted and PSEG Long Island has 10 business days to substantiate or remove such costs as outlined in CAM-FI-H15 and CAM-FI-H16.

Target: PSEG Long Island must meet both the Accuracy and Timeliness standard on 90% of Storm Events (rounded to nearest whole number, i.e. 20 storms @90%=18 storms; 15 storms @90%=14 storms) to earn the compensation.

PSEG Long Island shall provide a Monthly Status Report demonstrating metric performance for the prior month in a LIPA-approved format.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. "LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-02-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-03-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-04-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-05-15
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-06-12
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-07-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-08-14

BS-22: Timely, Accurate, and Supported Storm Event Invoicing

Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-09-11
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-10-12
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-11-13
Provide a Monthly Status Report demonstrating metric performance for the prior month.	2026-12-11

2026 Performance Metrics

BS-42: Develop Annual Work Based Budget for select Transmission & Distribution category for LIPA's review and approval

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Thomas Kelly
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Martin Shames
PSEGLI Director: Martin Shames	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $600,000	

OBJECTIVE

To ensure appropriate scope of work is assigned to Transmission and Distribution (T&D) work category and there is a comprehensive and auditable justification of costs basis.

TARGETS AND CALCULATIONS

1. Provide a scope document that outlines the process for piloting and assessing the applicability of a work based approach within selected work categories within the T&D O&M budget. **Earn 25%**

2. Develop and submit a detailed budget proposal for to enhance planning for a select set of T&D work categories as part of the 2027 budget cycle. The proposal should include clear cost drivers, supporting documentation for major line items, and justification of any major year-over-year changes, following zero-based budgeting principles where practical. **Earn 45%**

3. Prepare the 2027 T&D budget to reflect continuous improvement efforts, demonstrating efficiency gains and cost avoidance compared to 2025 where achievable, with transparent documentation of cost drivers. **Earn 30%**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

BS-42: Develop Annual Work Based Budget for select Transmission & Distribution category for LIPA's review and approval

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Develop a scope document that outlines the approach for piloting work-based budgeting in selected T&D work categories, including roles, responsibilities, and process steps.	2026-03-31
PSEGLI to provide for LIPA review and feedback a proposed schedule to pilot work-based reviews in the most applicable T&D work categories.	2026-04-30
PSEGLI completes the work based pilot for the selected T&D cost categories and submits the results to LIPA for review and approval	2026-08-15
Develop an evaluation of insights gained from the pilot, along with recommendations for potential refinement or broader application in subsequent budget years.	2026-12-31

2026 Performance Metrics

BS-43: Implement Standards and Methods to Reduce Project Variances

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Thomas Kelly
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Martin Shames
PSEGLI Director: Martin Shames	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

To improve capital project estimating and reporting on variances to ensure prudent planning for capital projects addressing concerns of management audit.

TARGETS AND CALCULATIONS

1. Beginning in June, provide monthly enhanced capital project variance reporting to explain year-to-date financial variances relative to the scope and timeline of the project (e.g., earn vs. burn, unit cost vs. units completed). Ensure report captures 50% of the capital budget. **Earn 30%**

2. Beginning after June close, provide year-end forecasts for ten (10) highest valued capital budgeted projects and provide detailed analysis of forecasted variances for any +/- 10%. **Earn 20%**

3. Conduct analysis of ten (10) large Capital projects (as mutually agreed upon by PSEG Long Island and LIPA) put in service since 2024 (if the ten (10) can't be met using 2024, review prior years for applicable projects) to analyze variances of final spend vs original as well as drivers of changes in approved estimates. Document variance %, variance drivers, % of risk and contingency used, and lessons learned. Incorporate lessons learned into project estimating processes and documentation. **Earn 20%**

4. Complete an end-to-end review of the capital budget process, including the number of staff that is managing the PJD, URB, and forecasting process. Quantify cost of managing the capital process and identify areas for improvement and efficiencies to be implemented in 2027. **Earn 30%**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long

2026 Performance Metrics

BS-43: Implement Standards and Methods to Reduce Project Variances

Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Enhance variance reporting to show for Capital Project financial variances relative to scope and timeline.	2026-06-30
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline.	2026-07-31
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline.	2026-08-31
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline.	2026-09-30
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline.	2026-10-31
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline.	2026-11-30
Create and submit to LIPA report to show for Capital Projects relative financial variances relative to scope and timeline.	2026-12-31
Provide year-end forecasts for ten (10) highest valued capital budgeted projects and provide detailed analysis of forecasted variances for any +/- 10%.	Recurring monthly after 2026-07-31
Identify ten (10) largest projects since 2021 for analysis of estimate changes and variances.	2026-03-31
Provide documentation of drivers and lessons learned from analysis of ten (10) largest projects since 2021 variances and changes in approved estimated.	2026-08-31
Incorporate changes into project estimating processes and documentation.	2026-12-15
Provide LIPA an end-to-end review of the capital budget process, including the number of staff that is managing the PJD, URB, and forecasting process. Quantify cost of managing the capital process and identify areas for improvement and efficiencies to be implemented in 2027.	2026-12-31

2026 Performance Metrics

BS-44: Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Richard Tinelli
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Martin Shames
PSEGLI Director: Martin Shames	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $250,000	

OBJECTIVE

Ensure overheads are appropriately allocated based on valid causation principals addressing the concerns of the management audit finding in section IV-2.

TARGETS AND CALCULATIONS

Develop monthly assessment analysis report to incorporate the following:

1. Develop Overhead rate (Assessed Costs / Direct Charges = Overhead Rate) monthly trending reports for Capital Projects. On a quarterly basis, select 3 significant Capital Projects for further review and investigation of assessed costs (e.g. New Business/Distribution Pole Replacement) based on size and/or if an outlier in terms of assessment rate as compared to similar projects and company-wide rate. Document appropriate cost causation leveraging the documentation from 2025 BS-44 Metric audits and deliverables (Analysis documenting what is being charged into the 5 largest pools). A clear standardized package should be utilized to document and evidence the review and justification of assessments be charged to the project. The package should clearly breakdown the assessed costs being charged to the project and (1) Identify the operating area originating the cost (2) what specific work activities are being performed are supporting the project (3) identify process improvements, if required. (Q1 30% / Q2 30% / Q3 30%)
2. Provide support for assessment factors used in the 2027 Budget Cycle. (10%)

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long

BS-44: Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits

Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Provide documentation evidencing review of 3 Capital Projects for Q1 2026 which clearly explains and justifies the costs being assessed to each selected project and justifies how these costs specifically support the work being done. Propose process improvements if required.	2026-05-31
Provide documentation evidencing review of 3 Capital Projects for Q2 2026 which clearly explains and justifies the costs being assessed to each selected project and justifies how these costs specifically support the work being done. Propose process improvements if required.	2026-08-31
Provide support for the assessment factor used for the 2027 Budget Cycle.	2026-09-30
Provide documentation evidencing review of 3 Capital Projects for Q3 2026 which clearly explains and justifies the costs being assessed to each selected project and justifies how these costs specifically support the work being done. Propose process improvements if required.	2026-11-31

2026 Performance Metrics

BS-45: Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings

Board Policy: Customer Value & Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Thomas Kelly
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Martin Shames
PSEGLI Director: Martin Shames	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $150,000	

OBJECTIVE

To ensure savings opportunities sought from major specific types of capital projects or operational projects are achieved (productivity gains or operational efficiencies resulting in savings) as anticipated and addresses the finding of the management audit section XVI-2.

TARGETS AND CALCULATIONS

1. Develop Smartsheets/Excel to track anticipated gains and productivity for projects selected for the continuation of the 2025 pilot program. Develop a process where new capital projects that claim will achieve productivity gains or operational efficiencies resulting in savings in the Project Justification Document (PJD) will be added to Smartsheet tracker developed during 2025. **Earn 15%**

2. Select two (2) additional T&D and IT Capital Projects based on Total Project Costs in-service by 2025 or before going two (2) years back that mention productivity gains or operational efficiencies resulting in savings on PJD, and add to the tracker to monitor savings or productivity gains on a forward-looking basis. Explain variances of +/- 25%. **Earn 25%**

3. Propose an O&M project that may provide potential for O&M savings and submit a plan for LIPA's review and approval demonstrating savings potential to LIPA's ratepayers. **Earn 30%**

4. Beginning with 2Q data, provide quarterly report to LIPA to demonstrate savings or productivity gains as tracked in Smartsheet/Excel. **Earn 30%**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring

BS-45: Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings

the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Develop a process where new capital projects that claim will achieve productivity gains or operational efficiencies resulting in savings in the Project Justification Document (PJD) will be added to Smartsheet tracker.	2026-04-30
Select 2 additional T&D and IT Capital Projects based on Total Project Costs in-service by 2025 or before going 2 years back that mention productivity gains or operational efficiencies resulting in savings on PJD and add to tracker to monitor savings or productivity gains on a forward-looking basis. Explain variances of +/- 25%.	2026-06-15
Propose an O&M project that may provide potential for O&M savings and submit a plan for LIPA's review and approval demonstrating savings potential to LIPA's ratepayers.	2026-07-31
Provide 3Q report to LIPA.	2026-10-31
Provide 4Q report to LIPA.	2027-01-15

2026 Performance Metrics

BS-48: Strategic Supplier MSAs

Board Policy: Procurement	**Board PIPs**: N/A
LIPA Exec. Sponsor: Bobbi O'Connor	**LIPA Proj. Mgr**: Joseph LaMotta
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Suzanne Berry, Ehud Cohen
PSEGLI Director: N/A	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $550,000	

OBJECTIVE

To develop a comprehensive plan to establish Master Service Agreements (MSAs) for strategic spend categories. This will involve analyzing procurement spend, collaborating with internal business units to understand long-term requirements, conducting a supplier market analysis, and developing a strategic sourcing plan for MSA implementation.

TARGETS AND CALCULATIONS

1. Analysis of Procurement Spend:
   a. Collect procurement spend data, including vendor details and contract terms. Analyze and categorize this data to identify spend categories of strategic importance where the establishment of long-term contracts (e.g. MSAs) could be mutually beneficial to vendor and company. In collaboration with LIPA, use the analysis to develop a list of five (5) strategic spend categories where longer-term MSAs would streamline the procurement process and(or) allow the company more favorable commercial terms (including cost savings from increased order volumes, production slots).
   Examples: Transformers, Wire and Cable, Switchgear Components, Switchgear, Capacitors

2. Collaborate with Internal Business Units:
   a. Review the five (5) strategic spend categories with stakeholders from relevant business units. Conduct interviews, workshops, or surveys to synthesize and document long-term business requirements for each category.
   b. Standardize specifications/work scope with stakeholders from relevant business units for each category.

3. Develop Supply Market Analysis:
   a. Conduct a supplier market analysis to identify potential strategic vendors associated with each strategic spend category. Market analysis to include external vendors and incumbent supply base.

4. Develop a Sourcing Strategy and Execution Plan:
   a. Develop a strategic sourcing strategy for each strategic spend category. Each sourcing strategy should identify a sourcing method (e.g. RFx, non-competitive award, e-auction), purchasing method (e.g. blanket PO, Catalog), and preferred pricing methodology (e.g. Lump sum, unit price, T&M) for each strategic spend category.
   b. Develop an execution plan with key milestones for each category. The plan(s) will be submitted to LIPA for approval.

5. Execution of Sourcing Strategy:
   a. MSA re-negotiation and issue multi-year blanket purchase order (PO) based on the multi-year plan, or
   b. Initiate MSA RFP release

2026 Performance Metrics

BS-48: Strategic Supplier MSAs

Target improvement for 2026:

- 50% Compensation for Completion of Plan Development (Steps 1 through 4)
- 50% Execute Master Services Agreement for the five (5) strategic spend categories.
  - Issue multi-year blanket PO based on the multi-year plan, or
  - Execution of MSA RFP or renegotiation based on plan milestones per project timeline
  - Compensation will be prorated based on percent completion

EXCLUSIONS

- Operational Spend Categories: Non-strategic spend categories that do not warrant MSA agreements will be excluded from the analysis and plan.
- Non-Procurement Spend: Company transactions that are not managed by PSEG Long Island Procurement Group (e.g. Activities associated with the Office of Chief Executive or Board of Directors, PSEG Treasury transactions or Non-Purchase Order Payments)
- Historical Spend Data: Historical spend data older than 2 years may be excluded if it is no longer relevant for current strategic planning.

DELIVERABLES

Deliverable Name	Target Due Date
Procurement Spend Analysis Report and a list of five (5) strategic spend categories where longer-term MSAs would streamline the procurement process and (or) allow the company more favorable commercial terms (step 1).	2026-03-31
Evidence of completion of steps 2-4 for each strategic spend category.	2026-06-30
Evidence of execution of sourcing strategy deliverables (step 5).	As execution strategies have been completed no later than 2026-12-31

2026 Performance Metrics

BS-50: Time to Start

Board Policy: Customer Value and Affordability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Bobbi O'Connor	**LIPA Proj. Mgr**: Barbara Ann Dillon
PSEGLI Exec. Sponsor: David Lyons	**PSEGLI Proj. Mgr**: Beverly Esposito
PSEGLI Director: Jodi Varon	**DPS Contact**: Jami Nafiul, Seth Johnson, Monique Clarke-Kerr
Allocated Compensation (2021 Dollars): $100,000	

OBJECTIVE

To measure the efficiency of the recruitment and onboarding process and reduce a candidate's Time to Start in position, thereby increasing effectiveness and productivity.

TARGETS AND CALCULATIONS

Time to Start measures average number of calendar days from the date a job requisition is created in the system to the date a new hire begins work except that for purposes of 2026:

- Candidates who are Senior Managers under the OSA that require LIPA approval will be measured from date a job requisition is created in the system to the date the Senior Manager begins work, minus the number of days between a qualified candidate is presented to LIPA for interview and the day LIPA provides a response to PSEG Long Island's request for approval. .
- Candidates who receive offers with future start dates contingent upon graduation (interns, entry level engineers) will be measured from date a job requisition is created in the system to the date an offer is accepted by the candidate.
- Candidates for Apprentice Lineperson will be measured from the date a job requisition is created in the system to the date a new hire begins work, but excludes the period of time associated with testing.

<u>2026 Target</u>

100% of allocated compensation for 5% reduction from 2025 YE target.
50% of allocated compensation for 2.5% reduction (up to 4.9%) from 2025 YE target.

Inclusive of all requisitions closed in 2026 (MAST, Union, Temporary, Full-time)

EXCLUSIONS

Excluding situations or business conditions that arise that LIPA determines or agrees are out of the Service Provider's control.

BS-50: Time to Start

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Time to Start (Elapsed)	Quarterly

2026 Performance Metrics

BS-53: Non-Utility Billing Collections

Board Policy: Customer Value, Affordability, & Rate Design/Fiscal Sustainability	**Board PIPs**: N/A
LIPA Exec. Sponsor: Donna Mongiardo	**LIPA Proj. Mgr**: Rich Tinelli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: N/A	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $250,000	

OBJECTIVE

Effective management for aged non-utility billing receivables to maintain a solid financial position, increase liquidity, and reduce interest charges incurred.

TARGETS AND CALCULATIONS

Definition: Non-Utility Billing invoices are billed out for miscellaneous projects performed by PSEGLI employees and resources that are not directly related to utility services. The financing costs to fund these projects are incurred by LIPA customers. Any delay in the collection of Non-Utility Billing invoices requires LIPA to incur additional interest costs, which are passed along to customers.

The definition of this metric relates to the collection of invoices that meet two criteria

- Invoice is greater than $50K and
- Invoice is outstanding greater than 300 Days

PSEGLI to provide a listing of write-offs for any invoices greater than $50K occurring throughout 2026.

Targets for 2026:

Comparison of 12/31/25 aging report to 12/31/26 aging report:

- 100% of Compensation for a 75% reduction of invoices that meet the criteria.
- 75% of Compensation for 50% reduction of invoices that meet the criteria.
- 50% of Compensation for 25% reduction of invoices that meet the criteria.

CALCULATION:

The sum of the number of open invoices ≥ $50K and 300 days on the Non-Product Aging report (less the exclusions listed below) based on the 12/31/2025 aging report will set the benchmark for all targets above.

For example, if the 12/31/2025 aging report has 20 invoices that meet the criteria, the targets are the following:

- 20 X 75% Reduction = 5 Invoices that meet the criteria at 12/31/26

Any invoice where ≥ 98% of the outstanding receivables were collected would be treated as an invoice that has been paid.

2026 Performance Metrics

BS-53: Non-Utility Billing Collections

EXCLUSIONS

Any invoices that are under active litigation or has an active payment agreement (defined as having received a payment within the last 45 days). PSEG Long Island to provide a listing of any invoices that are transferred into one of these categories throughout 2026.

NYS DOT: the remaining 10% balance of reimbursement work since the work is dependent upon audit and outside of the control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: • Final 12/31/25 aging report with a summary of target benchmark. The summary should include total invoices that meet the criteria and any exclusions to arrive at target benchmark. • Details of all invoices that create the total population (including excluded items) should be presented in a separate sheet, including Customer Name, PO#, Bill Date, Invoice Amount, Days Outstanding	1/31/2026
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: Non-Utility AR Aging Report with Monthly Summary that tracks progress vs. target benchmark. The report should include: • Listing of any invoices written off that are $50K or greater • Listing of any invoices that have been transferred to an “Exclusion” category	2/28/26 and monthly going forward

2026 Performance Metrics

BS-54: Competitive Transactions

Board Policy: Procurement	**Board PIPs**: N/A
LIPA Exec. Sponsor: Bobbi O'Connor	**LIPA Proj. Mgr**: Joseph LaMotta
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Suzanne Berry
PSEGLI Director: N/A	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2026 Dollars): $350,000	

OBJECTIVE

To encourage the use of competitive contracting and transacting to ensure PSEG Long Island as agent for LIPA can enter into agreements with vendors that ensure the best overall value for LIPA.

TARGETS AND CALCULATIONS

Percent of Procurement Purchase Order (PO) transactions that are classified as competitive (less exclusions) vs. the total number of PO transactions (less exclusions) during that Month along with a calculation that covers YTD.

Formula:

$$\frac{\text{Competitive Transactions Less Exclusions}}{\text{Total Transactions Less Exclusions}}$$

Baseline for 2026: 68.0% (Trailing 3 Year average)

Target improvement for 2026:

- 100% of Compensation for 4% or greater increase in competitive transactions over trailing 3-year average (68%)
- 75% of Compensation for 2.5% increase in competitive transactions over trailing 3-year average
- 50% of Compensation for 1% increase in competitive transactions over trailing 3-year average

EXCLUSIONS

The following transactions will be excluded from both numerator and denominator:

- Emergency transactions will NOT be included because of the need to execute a transaction quickly to resolve a situation that has resulted or would result in an interruption of service, damage or loss of PSEG Long Island assets, presents an imminent health or safety hazard to an employee or the public, or similar scenario as declared by an officer of PSEG Long Island. In such scenarios, competitively bidding a transaction would cause undue delays.
- "Discretionary" transactions will NOT be included as NY State encourages "Discretionary" transactions to provide single sourced options for diverse suppliers in support of NY State's supplier diversity requirements.
- Local Orders will NOT be included as these transactions are processed outside of the Procurement Organization. Local Orders allow the business to purchase low valued material and services (Up to $20k) on an expedited basis with pre-approved vendors.

BS-54: Competitive Transactions

- Single/Sole source events where both LIPA and PSEG Long Island mutually agreed that the vendor transaction will provide a strategic benefit to operations will NOT be included.
- Non-Procurement Spend will NOT be included: Company transactions that are not managed by PSEG Long Island Procurement Group (e.g. Activities associated with the Office of Chief Executive or Board of Directors, PSEG Treasury transactions or Non-Purchase Order Payments)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Competitive Transactions	Monthly

2026 Performance Metrics

BS-55: Procurement Savings

Board Policy: Procurement	**Board PIPs**: N/A
LIPA Exec. Sponsor: Bobbi O'Connor	**LIPA Proj. Mgr**: Joseph LaMotta
PSEGLI Exec. Sponsor: Sonny Chung	**PSEGLI Proj. Mgr**: Suzanne Berry
PSEGLI Director: N/A	**DPS Contact**: Jami Nafiul, Seth Johnson
Allocated Compensation (2021 Dollars): $250,000	

OBJECTIVE

To establish a cost savings-cost avoidance program that tracks and monitors cost reduction activity associated with competitive sourcing events.

To reduce the cost of goods and services over the next fiscal year by applying industry best-in-class sourcing strategies, supplier negotiations, and the use of procurement process optimization. Cost reduction to be achieved while maintaining or improving the quality and reliability of goods and services.

TARGETS AND CALCULATIONS

The program will be measured by successful development of a cost savings-cost avoidance policy, program implementation, and reporting.

Policy Development – PSEG Long Island to define clear objectives for cost savings-cost avoidance, including which sourcing events it will cover and how savings and avoidance will be measured. PSEG Long Island will establish criteria for calculating savings and avoidance, and to secure approval from key stakeholders. PSEG Long Island will communicate the policy effectively to all relevant teams.

Target Compensation – 10% for completion of policy and communication of the policy to Procurement Organization and LIPA.

Program Implementation - Create standardized procedures for tracking sourcing events and calculating savings. Integrate the necessary tools for data management, and provide comprehensive training for staff on the new processes. Establish reporting mechanisms, including data collection methods, and set up a system for ongoing monitoring (e.g. Self-Assessment) and review to refine processes as needed.

Target Compensation – 45% for completion of cost savings-cost avoidance tracking procedures, training rollout and development of ongoing monitoring to ensure compliance.

Reporting - In executing the reporting phase, design clear report templates and automate data capture to streamline the process. Generate and analyze reports on a quarterly basis to assess the program's effectiveness, identify trends, and highlight significant findings. Share insights with stakeholders and use feedback to continuously improve the cost savings-cost avoidance policy.

BS-55: Procurement Savings

Target Compensation – 45% for submission of three (3) cost savings-cost avoidance summary reports to LIPA. Reports are to be submitted on a quarterly basis no later than 10 calendar days from quarter close. The first report is to be submitted no later than 4/10/25

EXCLUSIONS

The cost savings-cost avoidance program will apply to Procurement transactions associated with new competitive sourcing events. Excluded from the program is Non-Procurement Spend, Company transactions that are not managed by PSEG Long Island Procurement Group (e.g. Activities associated with the Office of Chief Executive or Board of Directors, PSEG Treasury transactions or Non-Purchase Order Payments).

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Quarterly Scorecard Reporting Requirement for Cost Reduction	Quarterly
Cost savings-cost avoidance policy	2026-01-31
Cost savings-cost avoidance program implementation	2026-03-31

2026 Performance Metrics

CS-02: J.D. Power – Residential

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Mike Presti	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#8 | 730	#16 | 677	#13 | NA	#14 | 690	#10 | 740	#09 | 702	#5	#10	1st Quartile

OBJECTIVE

Drive toward achievement of top quartile customer satisfaction within J.D. Power Residential East Large segment.

TARGETS AND CALCULATIONS

Definition: Measures PSEG Long Island's position in the overall J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for Residential Customers for the "East Region, Large Segment."

Calculation: PSEG Long Island's relative performance for J.D. Power Customer Satisfaction Survey (Residential) 2026 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position represents results fielded in 2026 and will be the final year-end results publicly reported by J.D. Power. PSEG Long Island's performance will be measured by either:

- the percentile placement, determined by the utilities' year-end scores, or
- the position improvement over PSEG Long Island's 2025 year-end syndicated results

Incentive to be allocated as follows:

• 100% if achieve 25.0 percentile (top quartile) performance, or

• 75% if achieve 37.5 percentile (upper half of second quartile) performance or a 4-position improvement from 2025 year-end syndicated results, or

• 50% if achieve 50 percentile (bottom half of second quartile) performance or a 3-position improvement from 2025 year-end syndicated results

PSEG Long Island will not be compensated for any position improvement if the 2026 syndicated result is below 62.5 percentile (top half of third quartile).

CS-02: J.D. Power – Residential

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2026 target based on JD Power's 2025 results.	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the Scorecard Reporting Requirement for J.D. Power - Residential (aligned to quarterly J.D. Power reporting)	Quarterly

2026 Performance Metrics

CS-03: J.D. Power – Business

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Mike Presti	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#6 | 789	#12 | 737	#9 | NA	#12 | 710	#9 | NA	#9	#9	#11	1st Quartile

OBJECTIVE

Drive toward achievement of top quartile customer satisfaction within J.D. Power Business East Large segment.

TARGETS AND CALCULATIONS

Definition: Measures PSEG Long Island's position in the overall J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for Business Customers for the "East Region, Large Segment."

Calculation: PSEG Long Island's relative performance for J.D. Power Customer Satisfaction Survey (Business) 2026 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position represents results fielded in 2026 and will be the final year-end results publicly reported by J.D. Power. PSEG Long Island's performance will be measured by either:

- the percentile placement, determined by the utilities' year-end scores, or
- the position improvement over PSEG Long Island's 2025 year-end syndicated results

Incentive to be allocated as follows:
• 100% if achieve 25.0 percentile (top quartile) performance, or
• 75% if achieve 37.5 percentile (upper half of second quartile) performance or a 3-position improvement from 2025 year-end syndicated results, or
• 50% if achieve 50 percentile (bottom half of second quartile) performance or a 2-position improvement from 2025 year-end syndicated results

PSEG Long Island will not be compensated for any position improvement if the 2026 syndicated result is below 75 percentile (third quartile).

CS-03: J.D. Power – Business

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2026 target based on JD Power's 2025 results	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the Scorecard Reporting Requirement for J.D. Power - Business (aligned to Bi-Annual J.D. Power reporting)	Biannually

2026 Performance Metrics

CS-11: Contact Center Service Level with Live Agent Calls

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Merkle, Lorraine Barrucco
PSEGLI Director: Jessica Tighe	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	80.3%	80%	29.2%	80%	41.8%	77%	41.3%	77%

OBJECTIVE

Measure response of Customer Service Representatives to customer calls to promote efficient staffing and customer satisfaction.

TARGETS AND CALCULATIONS

Definition: The Contact Center Service Level is the percent of Main Campaign inbound calls answered (i.e. handled) by a representative within the following parameters:
- Within 30 seconds during blue sky days and any storms defined as “non-major,” and
- Within 90 seconds during “major storms"*

*A major storm is defined as any storm which causes service interruptions of at least ten percent of customers in an operating area, or if the interruptions last for 24 hours or more.

Calls that abandon within 30 seconds after transferring to a representative are not included in the count of offered (i.e. queued) calls.

Calculation:
Service Level % = (Major storm day inbound calls handled in 90 seconds + non-storm inbound calls handled in 30 seconds) / (Total queued calls – queued calls abandoned within 30 seconds)

Target: ≥ 77% of calls answered within service level for contract year

Rounding protocols using the second significant digit will be implemented for target measurement purposes.

CS-11: Contact Center Service Level with Live Agent Calls

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Contact Center Service Level with Live Agent Calls 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-13: First Call Resolution

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Merkel, Lorraine Barrucco
PSEGLI Director: Jessica Tighe	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $100,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		**2022**		**2023**		**2024**		**2025**
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
82.8%	83.0%	80.0%	79.4%	81.0%	80.6%	N/A	80.1%	81.0%

Objective

Measure call center proficiency in satisfactorily resolving customer issues and questions at the time of initial call.

Targets and Calculations

Survey immediately after calls from residential and commercial customers to measure whether the customer issue was handled on the first call. The question used for calculation of this metric is Question #5 in the Customer Rep SAT Survey V2: "Was this the first time you contacted us to resolve this issue?" for the Main Campaign.

Calculation: Blended (Residential + Commercial calls) for issues handled on the first call / total number of responses

Target: ≥ 81.0% overall performance for the Contract Year

There is no rounding protocol. Performance must achieve or exceed the target.

Exclusions

In the event of a storm that produces 100,000 or more outages, FCR results will be excluded up to 3 additional days after the active outages fall below 100,000 or the conclusion of the major storm, whichever is sooner.

Deliverables

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for First Call Resolution 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-14: Net Dollars Written Off

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: Brigitte Wynn	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $350,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023*		2024*		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.54%	0.28%	0.77%	0.55%	$29,576,986	$34,315,841	$20,836,630	$20,403,370	0.51%

Objective

Actively manage the receivables and associated write-offs and recoveries to maintain a solid financial position.

Targets and Calculations

Definition: Net Write-Offs as a % of revenue measures the effectiveness of recovery efforts of uncollectible revenue. It is an overall measure of the possibility of the business incurring bad debts.

Measured as the total net dollars written-off for January 1, 2026 to December 31, 2026.

Calculation: The total amount of write-offs / by the total revenue and multiplied by 100

Targets:
≤ 0.42% for 100% of incentive compensation
≤ 0.44% for 75% of incentive compensation

Exclusions

Both parties agree to revisit the metric result if a statewide moratorium on shut off is instituted for residential customers or if regulatory changes are implemented that are beyond the control of PSEG LI which impede the ability to effectively utilize various collection tools and strategies.

CS-14: Net Dollars Written Off

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Net Write-Offs 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil, Lynda Thompson
PSEGLI Director: Balaji Ambriyath, Brigitte Wynn	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $350,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	68.3%	N/A	65.63%	48.03%	55.82%	48.58%	50.18%	51.91%

OBJECTIVE

Effective management for aged receivables > 90 days to maintain a solid financial position.

TARGETS AND CALCULATIONS

Definition: Accounts receivable (AR) > 90 days measures the percent of past-due AR that have aged more than 90 days (i.e. excluding current AR).

Calculation: AR aging % YTD = Rolling 12-month total dollars outstanding more than 90 days/ Rolling 12-month total dollars outstanding 30 and more days past due.

Target:
≤ 47.04% = 100% of incentive compensation
≤ 48.18% = 75% of incentive compensation

EXCLUSIONS

Both parties agree to revisit the metric result if a statewide moratorium on shut off is instituted for residential customers or if regulatory changes are implemented that are beyond the control of PSEG LI which impede the ability to effectively utilize various collection tools and strategies.

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Arrears Aging Percent > 90 Days Past Due (Arrears %>90) 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-17: Low to Moderate Income (LMI) Program Participation

Board Policy: Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Kim Soreil
PSEGLI Director: Brigitte Wynn	**DPS Contact**: Denise Prestinari
Allocated Compensation (2021 Dollars): $400,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
35000	46917	55000	42528	50000	41933	50000	38716	40000

OBJECTIVE

Increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR).

TARGETS AND CALCULATIONS

Definition: Count the number of unique valid LMI program enrollees in any month during the calendar year 2026.

Target and Calculation: Meet stated LMI program enrollees in any month during the calendar year 2026 for Allocated Compensation as follows:

≥47,500 LMI enrolled customers = 100% of incentive compensation
≥45,000 LMI enrolled customers = 75% of incentive compensation
≥42,500 LMI enrolled customers = 50% of incentive compensation

EXCLUSIONS

Customers who have not met the 18-month renewal process.
Customers who are enrolled in the Enhanced Energy Assistance Program (EEAP) to be tracked separately and not part of this metric calculation for 2026.

CS-17 metric will be revisited if program(s) are eliminated or changed that (is) are used to enroll customers in the LMI rate program.

CS-17: Low to Moderate Income (LMI) Program Participation

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-19: DPS Customer Complaint Rate

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Steve Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Edyta Keppler
PSEGLI Director: Mike Presti	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $100,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
6.5 |NA	11.8 | #6	5.0 |NA	2.0 |#1	4.2 | N/A	3.3 | #1	#1	#1	#1

OBJECTIVE

Keep customer regulatory complaints to a minimum.

TARGETS AND CALCULATIONS

Definition: Total number of initial customer complaints registered with the NY Department of Public Service, Public Service Commission

Calculation:
- Monthly: Initial Complaint Rate = (Initial Complaints Total / Customer Population) * 100,000 Customers
- YTD: Rolling 12-month Initial Complaint Rate = [(Rolling 12-Month Initial Complaints Total / 12) / Customer Population] * 100,000 Customer

Target: Achieve the top position (#1) for Rolling 12-month Initial Complaint Rate for electric and combination companies within the peer group at yearend. The peer group will include all electric and combination companies in New York State, which includes the below:
- Central Hudson Gas & Electric Corp.
- Con Edison of New York
- National Grid-Upstate
- New York State Electric & Gas Corp.
- Orange & Rockland
- Rochester Gas & Electric Corp.

EXCLUSIONS

None

CS-19: DPS Customer Complaint Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for DPS Customer Complaint Rate 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-31: Call Average Handle Time (AHT)

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Merkle; Lorraine Barrucco
PSEGLI Director: Jessica Tighe	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $200,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		**2022**		**2023**		**2024**		**2025**
YE Target	**YE Result**	**YE Target**	**YE Result**	**YE Target**	**YE Result**	**YE Target**	**YE Result**	**YE Target**
N/A	388	N/A	433	N/A	438	376	471*	433

*Excludes TOD calls. 472 with TOD

Objective

Improve agent efficiency in responding to customer inbound phone inquiries

Targets and Calculations

Definition: The AHT for this metric is the average duration of calls answered by the Call Center reps in the Main Campaign as tracked in the PSEG Long Island Call Center Daily Monthly YTD Summary report.

Calculation: AHT = The sum of the call duration (Talk time + Conference time + Hold time + After call work time) in seconds of rep answered calls / Total number of representative-answered calls

Target:
≤ 433 seconds = 100% incentive compensation
≤ 438 seconds = 75% incentive compensation

Exclusions

In the event of a major storm that produces 100,000 or more outages, AHT results will be excluded up to 3 additional days after the active outages fall below 100,000 or the conclusion of the major storm, whichever is sooner.

Deliverables

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Call Average Handle Time 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-36: E-Bill Enrollment

Board Policy: Customer Experience; Customer Value, Affordability & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Steve Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Michelle Somers
PSEGLI Director: Mike Presti	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $300,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	42.2%	N/A	43.8%	N/A	45.1%	N/A	47.5%	52.0%

OBJECTIVE

Increase enrollments in paperless billing to ensure timely bill receipt and reduce postage costs.

TARGETS AND CALCULATIONS

Definition: The e-bill enrollment rate is the percent of customer accounts actively enrolled in a paperless bill delivery method by year end 2026. Customer accounts enrolled in dual-delivery (paperless + paper) are not included in the numerator. Customer bill credits cannot be used to incentivize customers to achieve the metric target.

Calculation: E-bill Enrollment % = (Third-party e-bill enrollments + Kubra e-bill enrollments) / Total number of active residential and commercial accounts at year end 2026

Target:
100% incentive compensation for ≥ 30,000 enrollments above 2025 year-end results, or
75% incentive compensation for ≥ 25,000 enrollments above 2025 year-end results

EXCLUSIONS

None

CS-36: E-Bill Enrollment

DELIVERABLES

Deliverable Name	Target Due Date
PSEGLI to submit target as a % of total active accounts based on 2025 year-end results.	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for E-Bill Enrollment 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-37: Self-Service Containment Enhancements

Board Policy: Customer Experience; Customer Value, Affordability & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Stephen Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Nayan Parikh
PSEGLI Director: Mike Presti	**DPS Contact**: Mike Sherman
Allocated Compensation (2021 Dollars): $500,000	

Objective

Enhance self-service eligibility rules to allow more customers to transact in a self-service channel and reduce call transfers to a call center rep.

Targets and Calculations

This project is to enhance the self-service channels with the following eligibility rule changes:

1. Allow customers in collections to transact in self-service up to the point when the disconnect work order is fielded.
2. Allow customers with 2 or more returned ACH/check payments in a 12-month period to make credit card payments.

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Meet with LIPA and present an overview of the solution design	2026-02-20
Go-live	2026-11-30

2026 Performance Metrics

CS-40: Outage Information Satisfaction & Cause Code

Board Policy: Customer Experience	**Board PIPs**: N/A
LIPA Exec. Sponsor: Steve Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino; Mike Sullivan	**PSEGLI Proj. Mgr**: Edyta Keppler; Jason Goldsmith
PSEGLI Director: Mike Presti; Larry Torres	**DPS Contact**: Chris Ronacher
Allocated Compensation (2021 Dollars): $300,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	N/A	N/A	64.4%|N/A	70.0%|N/A	63.3%|32.8%	71.1%|N/A	69.3%|65.7%	N/A

OBJECTIVE

Improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage

TARGETS AND CALCULATIONS

1. Measure overall satisfaction with the information received during the outage (50% compensation)

Survey all impacted customers after a residential customer experience of an outage to measure whether the customer was satisfied when asked the following question on the outage survey, "Overall satisfaction with the information received during the outage." Measured on a scale of 1 to 10 with 10 being extremely satisfied and 1 being extremely dissatisfied.

Calculation: % of Satisfied Customers = Reponses with a Rating of 6-10 for the Target Question / Total Number of 1- 10 Responses to the Target Question

Target:
≥ 74.0% satisfaction = 100% of Allocated Incentive Compensation for survey component, or
≥ 72.0% satisfaction = 75% of Allocated Incentive Compensation for survey component

There is no rounding protocol. Performance must achieve or exceed the target.

2. Measure the % of outage restoration notifications that contain a cause code. (50% compensation)

Determine the percentage of accounts that received restoration notifications with a cause code, out of all accounts that received restoration notifications. Accounts will be counted by outage incident.

Calculation: % of Cause Code = Number of accounts with a cause code restoration notification / Total accounts with a restoration notification

CS-40: Outage Information Satisfaction & Cause Code

Target:
≥ 5 percentage point improvement over 2025 year-end performance = 100% of Allocated Incentive Compensation for cause code component, or
≥ 3 percentage point improvement over 2025 year-end performance = 75% of Allocated Incentive Compensation for cause code component

There is no rounding protocol. Performance must achieve or exceed the target.

EXCLUSIONS

A catastrophic storm where outages last three days or more will be excluded from this metric

DELIVERABLES

Deliverable Name	Target Due Date
PSEGLI to submit cause code target as % of 2025 total accounts with a restoration notification	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Outage Information Satisfaction & Cause Code 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

Board Policy: Information Technology and Cyber Security	**Board PIPs**: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Greg Flay
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Frank Savin
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

The objective of this metric is to have an effective business continuity program that is well-designed, robust, and tested. For 2026, this metric targets the critical "Class 1" business processes impacted by the loss of the following critical systems:

- DSCADA
- EMS
- OMS/CAD

Two additional systems were considered but are not in scope for the 2026 metric are the PI Historian system and Mulesoft. PI Historian does not support any Class 1 processes, and the loss of data flowing through Mulesoft results in impaired functionality for the three systems included in scope. Loss of those systems is already covered in the BC planning for processes using those systems.

PSEG-LI shall enhance its business continuity management program by addressing the nine recommendations contained in the 2024 IT Systems Resiliency Report indicated below.

- RC.CI3.E5
- RC.CI3.ECO6
- RC.GF3.RR8
- RC.GV3.IP2
- RC.GV3.MR1
- RC.GV3.PF6
- RC.RA3.BI3
- RC.SP3.PD4
- RC.SP3.TA7

The improvements will leverage guidance from ISO standards such as 22301:2019 or others as applicable. The components of the BC program should be annually reviewed, updated, and approved by LIPA. The program should be successfully and thoroughly exercised via functional drills for all in-scope critical processes.

Background

PSEG-LI states that the business continuity program currently consists of the following:

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

- A PSEG enterprise-level risk management policy
- A PSEG enterprise-level emergency management practice area
- A PSEG enterprise-level business continuity work instruction, which references departmental business continuity plans. PSEG-LI has been granted permission to develop its own business continuity work instruction, but has not yet written it.
- PSEG-LI department-specific business continuity plans, which identify critical business processes and plans for dealing with the following situations: Facility Loss, Personnel Loss, Information Technology Loss, Equipment Loss, and Vendor Loss
- PSEG-LI business impact analyses, which map the loss of systems to the associated impact on business processes.
- PSEG-LI workaround documents, which detail, by business process, how to continue business operations in the event of a loss of one or more systems supporting that business process

Components of the BC program that would normally be contained in a business continuity policy per ISO 22301:2019 will need to be developed in one of the documents under PSEG-LI control or in a new document, if they are not already addressed in the PSEG risk management policy or in the PSEG emergency management practice area.

TARGETS AND CALCULATIONS

A. All planned scope and work for 2026 in the LIPA-approved IT-03 Project Implementation Plan (PIP), will be completed in 2026 in accordance with the approved PIP. PSEG Long Island is responsible for allocating appropriate budget in accordance with the established schedule for the 2026 budget cycle.

B. Any planned 2025 IT-03 scope of work not completed in 2025 will be completed in 2026. Associated deliverables will be added to this metric after the year-end closeout of the 2025 IT-03 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2026.

C. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA representative or LIPA-engaged third-party consultant, to be conducted in Q4 2026. The assessment will include reviewing the BC Program documents and witnessing exercises for the business processes that utilize the critical systems identified in the mutually agreed-upon PIP. LIPA's approval of the deliverables will be based on the consultant's recommendations resulting from this assessment. All BCP and Functional Drills Recommendations of the 2024 IT Systems Resiliency Report that have not already been determined to have been fully met by a LIPA representative or LIPA-engaged third-party Consultant pursuant to the 2025 IT-03 metric will be assessed for gap-closure.

D. PSEG Long Island to capture lessons learned from the exercises and put them into an After-Action Report. PSEG Long Island is to submit a revised PIP for LIPA approval with additional deliverables arising from the After-Action Report and their due dates, as well as any BCPs that have been updated to incorporate any of the lessons learned.

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

Expected outcomes for 2026:

- As determined by a LIPA representative or LIPA-engaged third-party consultant in a gap closure assessment, in-scope recommendations have been fully implemented.
- BC program documents related to the critical systems and their associated critical business processes have been reviewed by a LIPA representative or LIPA-engaged third-party consultant and are approved by LIPA.
- BC program documents provide clear and concrete direction for maintaining critical functions and processes in realistic disaster scenarios, including unplanned partial or complete loss of one or more critical systems and/or infrastructure.
- BC program documents and the design of the functional drills are in accordance with the in-scope recommendations of the 2024 IT Systems Resiliency Assessment.
- BC program documents have been successfully updated and exercised for the critical systems and their associated critical business processes, with the functional drills witnessed and their success assessed by a LIPA representative or LIPA-engaged third-party consultant.

Target:
Minimum Baseline Target for receiving compensation requires:
(i) PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc., and providing all requested information and data in a timely manner.

(ii) 2026 deliverables in the LIPA-approved PIP or in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

If the Minimum Baseline Targets are met, incentive will be allocated based on the determination of the gap-closure assessment of the BCP and Functional Drills Recommendations of the 2024 IT Systems Resiliency Report, as follows:
• 70% of compensation for successful completion of the high priority identified gaps, as determined by the gap-closure assessment:
    o RC.GV3.MR1
    o RC.GV3.IP2
    o RC.RA3.BI3
    o RC.SP3.PD4
    o RC.CI3.E5
    o RC.CI3.ECO6
• 20% of compensation for successful completion of the medium priority identified gaps, as determined by the gap-closure assessment:
    o RC.GV3.PF6
    o RC.SP3.TA7

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

• 10% of compensation for successful completion of the low priority identified gaps, as determined by the gap-closure assessment:

o RC.GF3.RR8

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for i) delays directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
All 2026 Deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Successful exercise of the LIPA-approved business continuity program elements in functional drills, as specified in the LIPA-approved PIP	2026-10-31
Lessons Learned from the exercises and a revised PIP incorporating the lessons learned	2026-11-14
Successful gap-closure assessment with active PSEG-LI participation	2026-12-31

2026 Performance Metrics

IT-04: System and Software Lifecycle Management

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Maurice Johnson
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

OBJECTIVE

All IT and OT applications and technology assets managed by PSEG Long Island on behalf of LIPA, including computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor.

TARGETS AND CALCULATIONS

% of defined systems within the vendor's general support lifecycle, weighted by the tiered approach utilizing Recovery Time Objectives (RTO) to assign weights based on the priority of the application or technology defined below

Tiered Approach:
Systems and applications will be categorized into tiers based on RTO ranges:

Tier	Tier Name	RTO Range	Description in Utility Context
Tier 0	Critical	0-4 hours	Mission-critical systems requiring near-immediate recovery
Tier 1	High	5-8 hours	High-priority systems essential for core operations. Recovery must be swift to avoid significant disruptions.
Tier 2	Moderate	9-24 hours	Important but non-immediate systems. Tolerable for short-term interruptions without catastrophic effects.
Tier 3	Low	>24 hours	Supportive or low-impact systems. Extended recovery is acceptable with minimal business repercussions.

Weighting by Tiers (Multipliers reflect business risk/priority in overall metric calculation)	Tier Name	Associated Weighting Factor
Tier 0	Critical	10 x
Tier 1	High	5 x
Tier 2	Moderate	3 x
Tier 3	Low	1 x

IT-04: System and Software Lifecycle Management

Calculation:

$$\text{System and Software Lifecycle Management \% Achievement} = \frac{\Sigma\ (\text{Units Within Vendor Support x Multiplier})}{\Sigma\ (\text{Maximum Possible Points})}$$

Units for inclusion for calculation purposed will only include the following:

1. Production Systems
2. Disaster Recovery Environments
3. Q/A environments where they exist.

Calculation Example:

App	Tier	Tier Factor	Units	Units within Vendor Support	Weighted Units *= tier factor x units*	Weight % *= weighted units / total number of weighted units*	Incentive at Risk *= weight % x total target incentive*	Incentive Earned *= (units within vendor support / total units) x target incentive*
Technology 1	3	1	10	8	10	2.13%	$2,127.66	$1,702.13
Technology 2	3	1	5	5	5	1.06%	$1,063.83	$1,063.83
Technology 3	3	1	10	9	10	2.13%	$2,127.66	$1,914.89
Technology 4	3	1	1	1	1	0.21%	$212.77	$212.77
Application 1	2	3	15	14	45	9.57%	$9,574.47	$8,936.17
Application 2	0	10	24	24	240	51.06%	$51,063.83	$51,063.83
Application 3	0	10	15	10	150	31.91%	$31,914.89	$21,276.60
Application 4	3	1	9	7	9	1.91%	$1,914.89	$1,489.36
Total			**89**	**78**	**470**	**100%**	**$100,000.00**	**$87,659.57**

Exclusions

SAS systems will not be included. Units that don't meet the above defined inclusion criteria.

Deliverables

Deliverable Name	Target Due Date
Submit list of current inventories	2026-01-02
Submit the current IT and OT asset inventory, as specified in this metric.	2026-01-31
Submit the current IT and OT asset inventory, as specified in this metric.	2026-12-15

2026 Performance Metrics

IT-05: Project Performance - In-flight Projects

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Brian Rudowski, Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Multiple
PSEGLI Director: Irving Landesbaum, Joseph Jacko, Larry Rocha, Lavanya Myneni	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $300000	

OBJECTIVE

IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, as demonstrated by:

1. Project Implementation Plans (PIPs) in an acceptable format, approved by LIPA, for all in scope projects.
2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be in a LIPA-approved format and will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA.
3. Planned project work completed on time and budget.

TARGETS AND CALCULATIONS

This metric includes all in-flight 2025 IT Project Performance Metrics (IT-05 and IT-06) projects that have LIPA-approved PIPs and LIPA-approved work plans for 2026, with the Deliverables and Due Dates as specified in the LIPA-approved PIPs.

Any approved Exception Request for a 2025 IT-05 or IT-06 project that moves a Deliverable Due Date from 2025 to 2026 will automatically result in that Deliverable being incorporated into this metric and will move the associated project in-scope if previously out-of-scope. Additionally, any 2025 Deliverables for IT-05 or IT-06 projects that are not completed in 2025 will be automatically incorporated into this metric for remediation even if the Due Date is not officially adjusted through the Exception process.

The in-scope Projects and Deliverables listing will be compiled and updated through 2025 year-end closeout as the 2025 IT-05 and IT-06 projects complete PIP reviews and progress through execution, and the projects that meet the criterion for inclusion are determined. The final Deliverables and Due Dates for the metric will be as specified in the LIPA-approved PIPs for the projects, with any applicable adjustments resulting from the Exception Request process or as determined by LIPA for deliverables that have been incorporated for remediation without approved Exception Requests.

All submitted deliverables shall be clear, comprehensive, and substantive.

Target:

100% of the in-scope projects meet the following targets:

- 100% of the 2026 Deliverables specified in the LIPA-approved PIP or in this metric are submitted by the specified due date and subsequently accepted by LIPA.
- 100% of the planned 2026 work specified in the LIPA-approved PIP or in this metric is completed in 2025.
- Projects completed in 2026 satisfy the End State and Success Criteria detailed in the LIPA-approved PIP.

IT-05: Project Performance - In-flight Projects

Incentive will be awarded as follows:

- The incentive will be based on the allocated portion of in-scope projects that are completed in 2025 in alignment with the planned 2025 work specified in the LIPA-approved PIP
- No incentive if the target is met for less than 50% of in-scope projects

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

Exclusions

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

Any exceptions sought for a deliverable must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the deliverable due date.

Any requests by PSEG Long Island to remove a project from the in-scope projects list must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the first deliverable due date.

Deliverables

Deliverable Name	Target Due Date
2026 Deliverables from LIPA-approved PIPs for all in-scope projects	Per LIPA-approved PIPs

2026 Performance Metrics

IT-06: New 2026 Projects

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Brian Rudowski, Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Multiple
PSEGLI Director: Irving Landesbaum, Joseph Jacko, Larry Rocha, Lavanya Myneni	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $700,000	

OBJECTIVE

IT Projects completed on time, on budget, with full scope and high quality, as demonstrated by:

- Project durations that are equal to the duration specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error of (+/- 30 days).
- Project costs that are equal to the estimated cost specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error (+20%/-15%).
- Quality of Project Execution as measured through a defined scorecard which will capture delivered project scope and quality which will be mutually developed in Q1 of 2026 by the parties outlining the deliverables and rubric for objectively measuring project delivery quality.

TARGETS AND CALCULATIONS

The incentive for each project is allocated from the total for IT-06 by its Board-approved Capital budget for 2026. The total compensation for each project is divided into components for cost, schedule, scope, and quality.

- **Cost (40%)**: Project costs, that are equal to the duration specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error of (+/- 30 days).
- **Schedule (30%)**: Project schedules, that are equal to the estimated cost specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error (+20%/-15%).
- **Quality (30%)**: Project Quality, as measured through a defined scorecard which will capture delivered project scope and quality which will be mutually developed in Q1 of 2026 by the parties outlining the deliverables and rubric for objectively measuring project delivery quality.
    - The grading rubric will have a define scoring methodology that would incentivize outcomes based on below grading structure:
        - A – 100%
        - B – 85%
        - C – 70%

This metric includes the following projects:

- All new IT Projects at or over $1 million in Capital Budget project lifecycle costs that have an approved 2026 Capital Budget and are expected to be closed during the 2026 metric performance period. In-flight projects and projects planned per the SGP Stage 5 project deliverables that close after the 2026 performance period will be

IT-06: New 2026 Projects

measured in future performance metrics. For the purposes of this metric, project closure occurs following the hyper-care or equivalent monitoring period, when the Project Closeout Report (as defined in this metric) is prepared.

The in-scope project list will be compiled based on the Board-approved 2026 PSEG Long Island Capital Budget.

Target:
100% of the in-scope projects delivered on time, on budget, with full scope and high quality. Payout is proportional to the allocated value of projects based on the Board-approved budget for the project.

Example Calculation:

		Project 1	Project 2	Project 3	Project 4	Total
Budget	**Allocations**	$1,000,000	$2,000,000	$5,000,000	$10,000,000	**$18,000,000**
Weight		*6%*	*11%*	*28%*	*56%*	***100%***
Target Incentive (2021 Dollars)	***100%***	$38,889	$77,778	$194,444	$388,889	**$700,000**
Cost Within Tolerance		Yes	No	Yes	Yes	
Cost Incentive	**40%**	$15,556	$0	$77,778	$155,556	
Schedule within Tolerance		No	No	Yes	Yes	
Schedule Incentive	**30%**	$0	$0	$58,333	$116,667	
Quality Score		C	F	B	A	
Quality Incentive	**30%**	$8,167	$0	$49,583	$116,667	
Total Incentive Earned		**$23,722**	**$0**	**$185,694**	**$388,889**	**$598,306**

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

IT-06: New 2026 Projects

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

Any exceptions sought for a deliverable must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the deliverable due date.

DELIVERABLES

Deliverable Name	Target Due Date
LIPA and PSEG Long Island to develop and mutually agree upon Quality component of the metric and applicable documentation for submission and grading rubric for incentive payout determination	2026-03-31
Project Monthly Status Reports	10th of Every Month
Project Closeout Reports	Within 30 Days of Project Closeout

2026 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Brian Rudowski
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: N/A
PSEGLI Director: Irving Landesbaum, John Kupcinski	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Development and Implementation of Ransomware Readiness and Response plans to ensure that any suspected or confirmed ransomware incidents are responded to consistently, controlled, and effectively.

TARGETS AND CALCULATIONS

All planned scope and work for 2026 in the LIPA-approved Ransomware Readiness and Response Project Implementation Plan (PIP) and in any subsequent LIPA-approved detailed plans developed according to the PIP, for which reasonable and supported budget is approved and funded will be completed in 2026 in accordance with the plans.

Any planned 2025 IT-09 scope of work not completed in 2025 will be completed in 2026. Associated deliverables will be added to this metric after the year-end closeout of the 2025 IT-09 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval.

All Recommendations of the 2024 Ransomware Readiness and Response Roadmap that are planned to be completed in or prior to 2026 per the LIPA-approved PIP, and that have not already been determined to have been fully met by a LIPA-engaged third-party Consultant pursuant to the 2025 IT-09 metric, will be assessed for gap-closure and determined to be fully met by a LIPA-engaged third-party Consultant in 2026.

Restoration of backups for all priority systems/subsystems (on-premise and cloud) identified in the PIP will be successfully tested in 2026. If testing the full restoration of backups is not feasible for a given system, PSEG Long Island may test the restoration of a representative subset of the backups to demonstrate that the backups were completed successfully and are viable. The testing approach for each system will be provided in Test Plans, which will be submitted to LIPA for review and approval before the system is tested.

The Ransomware Response and Recovery Plan will be exercised from incident through resumption to normal in 2026, in accordance with the Plan. Lessons learned from the exercise will be incorporated into the Ransomware Response and Recovery Plan or added as deliverables/actions into a revised PIP. Revisions to the Ransomware Response and Recovery Plan or the PIP will be submitted to LIPA for review and approval in 2026. The exercise will be observed by LIPA and/or a LIPA-engaged third-party Consultant.

2026 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

Expected End State outcomes after full implementation per LIPA-approved PIP:

i) A written LIPA-approved Recovery Readiness Plan is in effect, providing detailed processes and procedures for regular data backups that are consistent with NIST/NCCOE Recommendations. Each of the priority systems/subsystems is explicitly addressed.

ii) All identified priority systems/subsystems are regularly backed up in accordance with the Recovery Readiness Plan. Backups may be conducted at system-specific or infrastructure levels as long as all essential components of all priority systems/subsystems are fully covered. For SaaS systems, vendors have provided documentation on their current backup and restore processes, which has been analyzed for potential gaps under ransomware attack scenarios. Remediation plans from vendors have been requested/negotiated for any identified gaps, and all gaps have been either closed or addressed with contingency plans in the Ransomware Response and Recovery Plan. If any vendors have been unwilling or unable to provide sufficient documentation or adequate remediation plans, PSEG Long Island will follow its risk management process for third parties.

iii) Restoration of backups for priority systems/subsystems are tested annually. For SaaS systems, requirements to ensure that uncontaminated data can be restored in case of contamination are documented for each system, and the vendor provides written evidence/assurance that the requirements are met, including, at a minimum, clearly defined SLAs for data recovery, backups, and restoration (RTO, RPO). If any vendors have been unwilling or unable to provide sufficient documentation or adequate evidence/assurance, PSEG Long Island will follow its risk management process for third parties.

iv) A written LIPA-approved Ransomware Response and Recovery Plan consistent with NIST/NCCOE Recommendations is in effect, addressing assessment and validation of attack vectors and level of breach, containment of breach; incident command and stakeholder communications; approach to business continuity, recovery, and resumption to normal; recovery of systems; and regular, periodic testing of the response from incident through resumption to normal for the entire organization.

v) The Ransomware Response and Recovery Plan provides a Business Response Playbook/Runbook that delivers policies and procedures for plan activation, internal executive communication (including LIPA), external communication, coordination, business continuity until systems are restored/recovered, and procedures and process for resumption to normal including input of any manually captured data. The Business Response Playbook/ Runbook can be similar to the Storm ERIP but more limited in scope.

vi) The Ransomware Response and Recovery Plan provides a Technical Response Playbook/Runbook that provides step-by-step procedures to guide validation and assessment, containment, data recovery, post-recovery data integrity assessment, and resumption of services. Procedures are detailed for priority systems and subsystems, including communication and coordination with vendors for SaaS systems.

vii) Thorough testing of the response is planned to be conducted annually.

IT-09: IT Planning - Ransomware Readiness and Response

In 2026, a LIPA-engaged third-party Consultant will conduct a gap-closure assessment of the Ransomware Readiness Assessment conducted by a LIPA-engaged third-part Consultant (Ernst & Young) in 2024. The 2026 assessment will evaluate closure of the recommendations that are planned to be completed in 2026 per the LIPA-approved PIP.

Incentive will be awarded as follows:

• 20% of allocated incentive compensation for completion of the 2026 LIPA-observed annual exercise of the Ransomware Response and Recovery Plan and incorporation of Lessons Learned into the Ransomware Response and Recovery Plan or revised PIP, as specified in this metric, with deliverables submitted by the specified due dates and subsequently accepted by LIPA. 'LIPA-observed' means observed by LIPA and/or a LIPA-engaged third-party Consultant.

• 80% of allocated incentive compensation for meeting the following targets:

- 100% of 2026 deliverables in the LIPA-approved PIP or in this metric are submitted by the specified due dates and subsequently accepted by LIPA, excluding the deliverables for the 2026 annual exercise of the Ransomware Response and Recovery Plan and the incorporation of Lessons Learned into the Ransomware Response and Recovery Plan or revised PIP.
- 100% of any 2025 Deliverables that are added to this metric for completion after the year-end closeout of the 2025 IT-09 metric are submitted by the specified due date and subsequently accepted by LIPA.
- PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc., and providing all requested information and data in a timely manner.
- 100% of the Recommendations of the 2024 Ransomware Readiness and Response Roadmap that are planned to be completed in or prior to 2026 per the LIPA-approved PIP are determined to be fully met by a LIPA-engaged third-party Consultant in 2026.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations. PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

IT-09: IT Planning - Ransomware Readiness and Response

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Monthly progress reports and status briefing	Monthly
All 2026 deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Test plans and results for testing the restoration of backups for all priority systems/subsystems identified in the PIP	Per LIPA-approved PIP
Annual exercise of the Ransomware Response and Recovery Plan and Lessons Learned	2026-10-31
Revised PIP with additional after-actions from the exercise	2026-11-15
Close-out Report	2026-12-01
PSEG Long Island has fully participated in the gap-closure assessment, including making relevant personnel available and providing requested information and data and access to relevant systems, in a timely manner.	2026-12-31

2026 Performance Metrics

IT-10: System Resiliency - Disaster Recovery Plans and Testing

Board Policy: Information Technology and Cyber Security	**Board PIPs**: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: Tikka Singh
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Well-designed and robust IT System Resiliency Planning that includes Disaster Recovery Plans (DRPs) that are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised, for all critical systems. Plans should be developed and implemented using guidance from ISO 22301:2019, as applicable.

TARGETS AND CALCULATIONS

A. All planned scope and work for 2026 in the LIPA-approved IT-10 PIP, for which a reasonable and supported budget is approved and funded, will be completed in 2026 in accordance with the approved PIP. PSEG Long Island is responsible for requesting budget in accordance with the established schedule for the 2026 budget cycle.

B. Any planned 2025 IT-10 scope of work not completed in 2025 will be completed in 2026. Associated deliverables will be added to this metric after the year-end closeout of the 2025 IT-10 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval.

C. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA representative or LIPA-engaged third-party consultant, to be conducted in Q42026. The assessment will include reviewing the DRP documents and witnessing testing for the critical systems identified in the approved PIP. LIPA's approval of the associated DRP and testing deliverables will be based on the consultant's recommendations resulting from this assessment. All DRP and Testing Recommendations of the 2024 IT Systems Resiliency Report that have not already been determined to have been fully met by a LIPA-engaged third-party Consultant pursuant to the 2025 IT-10 metric will be assessed for gap-closure.

D. PSEG Long Island to capture lessons learned from the testing and put them into an After-Action Report. PSEG Long Island is to submit a revised PIP for LIPA approval with additional deliverables arising from the After-Action Report and their due dates, as well as any DRPs that have been updated to incorporate any of the lessons Learned. Lessons learned that are required for gap-closure will be included in the revised PIP, otherwise they will be incorporated into respective DRPs.

IT-10: System Resiliency - Disaster Recovery Plans and Testing

Expected outcomes for 2026:

- The Future State Roadmap's Disaster Recovery Plans and Testing recommendations have been fully implemented, as determined by a LIPA-engaged third-party Consultant in a gap-closure assessment.
- DRPs for the critical systems identified in the mutually agreeable and LIPA-approved PIP have been reviewed by the third-party Consultant and approved by LIPA based on the Consultant's recommendation. The DRPs provide clear and concrete direction for recovery and restoration of the systems in realistic disaster scenarios, including unplanned partial or complete loss of one or more critical systems and/or infrastructure components.
- The DRPs and the design of the tests are in accordance with the recommendations of the 2024 IT Systems Resiliency Assessment.
- LIPA-approved DRPs have been successfully exercised for the critical systems identified in the mutually agreeable and LIPA-approved PIP, with the tests witnessed, and their success assessed, by a LIPA-engaged third-party Consultant.

Target:

Minimum Baseline Target for receiving compensation requires:

(i) PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc. and providing all requested information and data in a timely manner.

(ii) 2026 deliverables in the LIPA-approved PIP or in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

If the Minimum Baseline Targets are met, incentive will be allocated based on the determination of the gap-closure assessment of the DRP and Testing Recommendations of the 2024 IT Systems Resiliency Report, as follows:

- 70% of compensation for successful completion of the high priority identified gaps, as determined by the gap-closure assessment
  - o RC.GV10.DR1
  - o RC.GV10.DR2
  - o RC.GV10.DR3
  - o RC.GV10.DR4
- 20% of compensation for successful completion of the medium priority identified gaps, as determined by the gap-closure assessment
  - o RC.GV10.DR5
  - o RC.GV10.DR6
  - o RC.GV10.DR7
- 10% of compensation for successful completion of the low priority identified gaps, as determined by the gap-closure assessment
  - o RC.GV10.DR9
  - o RC.GV10.DR8

IT-10: System Resiliency - Disaster Recovery Plans and Testing

- RC.GV10.DR10
- RC.GV10.DR11

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
All 2026 Deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Successful exercise of LIPA-approved DRPs as specified in the LIPA-approved PIP	2026-12-15
Lessons Learned from the exercises and a revised PIP incorporating the lessons learned	2026-12-15
PSEG Long Island has fully participated in the gap-closure assessment, including making relevant personnel available and providing requested information and data and access to relevant systems, in a timely manner.	2026-12-31

2026 Performance Metrics

IT-11: System Cost Effectiveness

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Omar Shareef
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: N/A
PSEGLI Director: Joseph Jacko	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $200,000	

Objective

The objective for this metric is to enable the reduction of the operating and maintenance costs associated with PSEG-LI platforms. To do this, we need to first have a baseline of the total cost of ownership (TCO) for tier 1 and tier 2 major applications and technologies. The objective of this metric is to develop the processes and systems required to measure TCO, and then to measure TCO for all tier 1 and 2 technology or application platforms using this process. The TCO for a given technology should include the annual cost of associated hardware, software, third-party services, and internal labor assigned to support the technology or application asset.

This TCO calculation capability will be used in future performance metric years (2027 and beyond) to set targets for cost reduction.

Targets and Calculations

Targets for 2026:
100% compensation for calculating TCO for the Tier 1 and Tier 2 major applications and technologies.

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Deliver Tier 1 and Tier 2 applications and technologies list	2026-01-15
Deliver Tier 1 and Tier 2 applications and technology draft TCO report (first 5 months)	2026-06-30
Deliver Tier 1 and Tier 2 applications and technology final TCO report (FY 2026)	2027-01-20

2026 Performance Metrics

IT-12: System Reliability

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgrs**: Sidney Shelton and Brian Rudowski
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgrs**: N/A
PSEGLI Director: Irving Landesbaum/John Kupcinski	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

OBJECTIVE

The objective of this metric is to ensure that PSEG Long Island maintains reliable systems by measuring uptime and system availability.

TARGETS AND CALCULATIONS

Reliability is measured as aggregate uptime for major applications and technologies, weighted by the tiered approach utilizing Recovery Time Objectives (RTO) to assign weights based on the priority of the application or technology defined below. The target for 2026 is 99% or higher reliability and will be based on a defined list of systems.

Tiered Approach:
Systems and applications will be categorized into tiers based on RTO ranges:

Tier	Tier Name	RTO Range	Description in Utility Context
Tier 0	Critical	0-4 hours	Mission-critical systems requiring near-immediate recovery
Tier 1	High	5-8 hours	High-priority systems essential for core operations. Recovery must be swift to avoid significant disruptions.
Tier 2	Moderate	9-24 hours	Important but non-immediate systems. Tolerable for short-term interruptions without catastrophic effects.
Tier 3	Low	>24 hours	Supportive or low-impact systems. Extended recovery is acceptable with minimal business repercussions.

Below is a sample calculation utilizing the above methodology for a month – results will be reported monthly and cumulative YE results will be the basis of whether result was achieved to earn incentive compensation:

January 2026 Month

App	Tier	Points	Weight %	Downtime Minutes	Uptime Minutes	Total Minutes	Uptime %	Aggregate %
Application 1	0	10	22.22%	0	44,640	44,640	100.0%	22.2%
Application 2	0	10	22.22%	0	44,640	44,640	100.0%	22.2%
Application 3	0	10	22.22%	15	44,625	44,640	100.0%	22.2%
Application 4	1	5	11.11%	45	44,595	44,640	99.9%	11.1%
Application 5	1	5	11.11%	150	44,490	44,640	99.7%	11.1%

2026 Performance Metrics

IT-12: System Reliability

App	Tier	Points	Weight %	Downtime Minutes	Uptime Minutes	Total Minutes	Uptime %	Aggregate %
Application 6	2	3	6.67%	15	44,625	44,640	100.0%	6.7%
Application 7	3	1	2.22%	450	44,190	44,640	99.0%	2.2%
Application 8	3	1	2.22%	45	44,595	44,640	99.9%	2.2%
Aggregate Reliability %		**45**	**100.00%**					**99.9%**

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1. Unplanned Outage/Uptime Report	Monthly
Submit list of defined systems and scope	2026-01-02

2026 Performance Metrics

IT-13: IT Service Management

Board Policy: Information Technology and Cyber Security	**Board PIPs**: N/A
LIPA Exec. Sponsor: Greg Flay	**LIPA Proj. Mgr**: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	**PSEGLI Proj. Mgr**: N/A
PSEGLI Director: Irving Landesbaum	**DPS Contact**: John Goench
Allocated Compensation (2021 Dollars): $100,000	

Objective

This metric's objective is to ensure that the PSEG-LI IT/Cyber team adequately meets the technology service management needs of the PSEG-LI operating company as measured by meeting or exceeding service level targets.

Targets and Calculations

This metric consists of several measures:

- **30% of Incentive Compensation - Incident Response**, as measured by the % of tickets responded to within SLA.
  - 100% of incentive compensation for performance ≥ 95%.
  - 75% of incentive compensation for performance ≥ 90% but < 95%
  - 0% of incentive compensation for any performance < 90%
- **30% of Incentive Compensation - Incident Resolution**, as measured by the % of tickets resolved within SLA.
  - 100% of incentive compensation for performance ≥ 95%.
  - 75% of incentive compensation for performance ≥ 90% but < 95%
  - 0% of incentive compensation for any performance < 90%
- **10% of Incentive Compensation - Service Request Completion SLA**, establishment of baseline within ServiceNow as measured by the % of tickets completed within SLA
- **30% of Incentive Compensation - Customer Satisfaction**, as measured by the Moment of Truth metric.
  - 100% of incentive compensation for performance ≥ 3.80
  - 75% of incentive compensation for performance ≥ 3.74 but < 3.80
  - 0% of incentive compensation for any performance < 3.74

Exclusions

None

Deliverables

Deliverable Name	Target Due Date
Complete the development of the Service Request Service Level Agreement (SLA) capabilities for the ability to measure and capture baseline performance within ServiceNow System	2026-06-30
Provide baseline performance result for July-December 2026 for Service Request Service Level Agreement (SLA) via ServiceNow System	2027-01-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) PSEGLI IT Monthly SteerCo PowerPoint Presentation – results will also be reported in the monthly PSEG LI OSA scorecard within a dashboard	Monthly

2026 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Dan Zaweski
PSEGLI Director: Michael Voltz	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

Achieve the Beneficial Electrification targets from the Utility 2.0 filing, including any LIPA and DPS recommended changes to the targets in alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification and home electrification ready.

TARGETS AND CALCULATIONS

The Target for 2026 is determined by Utility 2.0, which was filed on July 1, 2025. Achieve all of the following implementation targets by December 31, 2026:

100% of compensation allocated to this metric for paying rebates for a total of 5,808 dwellings (total of single-family and multi-family). Dwellings (total of single-family and multi-family) are considered to be homes served by whole-house heat pump systems. The heat pump system must be the primary heating source (minimum 100% heating load) to qualify as an electrified home under the statewide million homes initiative. The dwellings target identified may be modified to be commensurate with the LIPA-approved energy efficiency budget and plan.

PSEG Long Island will submit a monthly Tier 1, Tier 2, and TRC KPI report, which includes measures and costs, and meet with LIPA to present results. PSEG Long Island will also submit raw data to support IV&V of this metric.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
1) PSEG Long Island submits their calculation of the target based on the LIPA and DPS recommendations and final approved budget.	2026-01-15
2) Upload to the LIPA designated folder on the LIPA SharePoint Site the following: a. Monthly Scorecard Report b. Any additional supporting documentation as required Monthly	Monthly

2026 Performance Metrics

PS&CE- 06: Electric Vehicle (EV) Make-Ready

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Paul Dibenedetto
PSEGLI Director: Michael Voltz	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $300,000	

OBJECTIVE

Achieve EV Make-Ready Targets and Fleet Make-Ready Targets, including any LIPA and DPS, recommended changes to the targets.

TARGETS AND CALCULATIONS

Achieve the following implementation targets above base targets set in Utility 2.0 by December 31, 2026:

- 35% of compensation allocated to this metric for "Plugs energized" Level 2: 720
- 35% of compensation allocated to this metric for "Plugs energized" DCFC: 115
- 30% of compensation allocated to this metric for achieving the Fleet Make Ready enrollment target: 20

Energize = Total population of DCFC and Level 2 ports that have a meter set and put into service in 2026 or made operational if tied into an existing meter.

Enrollment = PSEG Long Island commits funds to a make-ready project

Each target is measured on a pass/fail basis. A pass is earned by full completion of that target.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

PS&CE-14: Transportation Strategic Initiatives

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Pervez Khaled
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Paul Dibenedetto
PSEGLI Director: Michael Voltz	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $140,000	

OBJECTIVE

The purpose of this metric is to develop a large-scale residential active managed charging pilot, targeting 2,000 to 4,000 vehicles. This will be achieved by designing and issuing an RFP to identify a selected vendor with the appropriate solution, with the intention of the selected vendor intending on implementing this program in 2027. As part of the process, leverage the insights from PSEG Long Island's managed charging roadmap, the existing pilot with Optiwatt and LIPA active managed charging roadmap to proactively coordinate with key stakeholders – including IT and analytics, customer operations, and T&D. This pilot is intended to help identify scalable solutions that can be integrated with T&D operations.

The goals of the pilot are:

- Understand customer charging behaviors
- Given the limited power supply capacity on the island, determine the appropriate incentive level(s) that will motivate customers to participate in a managed charging program and allow LIPA/PSEG LI to extract the most value out of the electric vehicles to provide grid services for our customers
- Demonstrate whether residential active managed charging would extend the life of distribution transformers & feeders, and/or defer the asset upgrade if coordinated with grid planning.

TARGETS AND CALCULATIONS

The compensation allocation for this metric is explained below:

- 50% of the compensation allocated to this metric for drafting and issuing a managed charging pilot RFP.
- 50% of the compensation allocated to this metric for selecting a vendor.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Brief memo informing LIPA that the RFP has been designed, developed, and rolled-out as an RFP. As part of leading up to RFP, LIPA should have the opportunity to provide feedback on the draft RFP.	2026-04-30
Brief memo informing LIPA that PSEG LI has selected a vendor to deploy this pilot.	2026-12-15

2026 Performance Metrics

PS&CE-16: Residential Time-of-Day Participation Rate

Board Policy: Resource Planning and Clean Energy, Customer Value, Affordability, & Rate Design	**Board PIPs**: N/A
LIPA Exec. Sponsor: Steve Driscoll	**LIPA Proj. Mgr**: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Brian Kurtz
PSEGLI Director: Michael Voltz	**DPS Contact**: Sean Walters
Allocated Compensation (2021 Dollars): $400,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	N/A	N/A	N/A	N/A	N/A	N/A	97%	85%

OBJECTIVE

Achieve a Time-of-Day (TOD) participation rate in line with successful California utilities for TOD opt-out programs.

TARGETS AND CALCULATIONS

Calculation:
Participation Rate % (Running Total) = Number of active customer accounts on a Time-of-Day rate (194 or 195) / Number of active customer accounts that were eligible for migration (including opt-ins) or could have been defaulted at move-in

The source of the data is Datawarehouse reporting.

TOD migration/opt-in or move in default eligible customer accounts (after January 29, 2024) excludes: customers previously on Rates 181, 182, 184, 188, 190, 191, 192, 193, 480, 481, and 580; customers registered under Life Support System; customers who are on the Household Assistance Rate (HAR) that are classified by PSEG Long Island as non-benefiters at the time of group assignment; customers on Tier 4 discount rate (HAR); summary billing; customers not eligible for the TOD rates.

Target:

- ≥ 85% for 100% of allocated incentive compensation, or
- ≥ 80% for 75% of allocated incentive compensation, or
- ≥ 75% for 50% of allocated incentive compensation

There is no rounding protocol. Performance must achieve or exceed the target.

PS&CE-16: Residential Time-of-Day Participation Rate

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

PS&CE-17: Disadvantaged Communities (DACs) - Spend %

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Dan Zaweski
PSEGLI Director: Michael Voltz	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $160,000	

OBJECTIVE

Achieve the statewide goal of ensuring that at least 35% of the rebate, incentive and direct services (REAP) spending, and electric vehicle benefits go to customers who meet the criteria of low income or live in designated disadvantaged communities (DACs) as set forth in the NYS Climate Act for the following programs:

- Energy Efficiency and Beneficial Electrification Programs, including the Homes and Community Renewal (HCR) program.
- Electric Vehicle Programs including:
  - Residential Charger Rebate Program
  - EV Make Ready Program
  - Fleet Make Ready Program
  - DCFC Incentive Program (Demand Charge Rebate)
  - NYSERDA Clean Transportation Prize

TARGETS AND CALCULATIONS

The target for 2026 to receive 100% incentive compensation will be to achieve 35% DAC spending based on the formula below:

Formula in accordance with the reporting template set forth by NYSERDA for reporting annual progress toward achieving NYS goals.

$$DAC\ Spend\ (\%) = \frac{DAC\ Qualified\ Rebates, Incentives, and\ Direct\ Services\ Spend\ (\$)}{Overall\ Rebates, Incentives, and\ Direct\ Services\ Spend\ (\$)}$$

Numerator: Calculate the total dollar amount of Energy Efficiency, Beneficial Electrification, and Electric Vehicle Charging rebates and incentives paid to customers (or contractors representing such customers) either

a. at or below 60% of state median income*, or

b. customer located in designated DAC communities

Denominator: Calculate the total dollar amount of Energy Efficiency, Beneficial Electrification, and Electric Vehicle Charging rebates and incentives paid to customers (or contractors representing such customers) plus the total direct services spending by TRC on the REAP program

*This excludes Moderate Income customers (at or below 60% AMI)

EXCLUSIONS

None

PS&CE-17: Disadvantaged Communities (DACs) - Spend %

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly
Program lLevel documentation for DAC % are determined on a quarterly basis. (This data undergoes full QA/QC on an annual basis and will be submitted for NYSERDA statewide reporting when the template and guidance documents are finalized.)	Quarterly

2026 Performance Metrics

PS&CE-18: Solar Interconnection

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Curt Dahl	**PSEGLI Proj. Mgr**: Scott Brown
PSEGLI Director: Yuri Fishman	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

Work with industry stakeholders and LIPA to understand opportunities and challenges in advancing our DER portfolio and develop a plan to address those issues in 2026 and 2027.

TARGETS AND CALCULATIONS

Targets for 2026:

The targets below focus on enhancements to solar interconnection process.

Solar Interconnection

60% of Compensation for completing a report on Areas for Enhancement and Current Challenges in the solar interconnection process (Deliverable 1A). This report will be developed by considering feedback from stakeholders including the New York Solar Energy Industry Association, multiple Long Island solar developers, and others per PSEG LI's discretion. The report should identify elements of the solar interconnection process that could be improved and what the likely impact of those shortcomings is having on solar deployment on Long Island. It should be noted that some of the challenges may be external to PSEG LI operations- things like misperceptions about the program, local government and permitting rules as well as policies, the supply of materials, governmental actions or even developer practices. Identifying them along with PSEG LI enhancement opportunities will create a balanced view of what may further enhance the potential opportunities for solar.

25% of Compensation for completing a solar interconnection process enhancement plan for reducing the difficulty of and timeframe for securing interconnection for solar projects (Deliverable 1B). This plan should address all of the reasonably addressable challenges identified in the previous report. When challenges exist outside of PSEG LI control, the report should make some recommendation about how PSEG LI and/or LIPA might contribute to improving the situation. This could be through activities like communication, education, or collaborative planning. This scope will be limited to discussions with Long Island DER developers, NYSEIA, and to interconnection working groups (This scope will not include research or analysis on a national basis). The process enhancement plan will consider this feedback in developing the plan.

15% of Compensation for completing at least one operational change that addresses a delay/difficulty point identified in the enhancement plan. It is LIPA's desire to see this analysis and remedial action happen as quickly

PS&CE-18: Solar Interconnection

as possible. Hence, if PSEG LI can address at least one element of the enhancement plan within 2026, this additional incentive money will be awarded. Proof of completion of this change can be submitted in the form of a brief memo describing the change and which aspect of the enhancement plan it addressed (Deliverable lC).

EXCLUSIONS

Schedule relief may be granted for

i) delays directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island or
iii) Demonstrated scheduling challenges with industry stakeholders

DELIVERABLES

Deliverable Name	Target Due Date
Report on areas of enhancement and current challenges in the solar interconnection process.	2026-07-01
Develop a solar interconnection process enhancement plan	2026-09-01
Memo describing one operational change made to address an element of the solar interconnection process improvement plan.	2026-12-31

2026 Performance Metrics

PS&CE-19: Building Weatherization

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: Daniel Zaweski
PSEGLI Director: Michael Voltz	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $280,000	

OBJECTIVE

Achieve the building weatherization targets from the Utility 2.0 filing, including any LIPA and DPS recommended changes to the targets in alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification and home electrification ready.

TARGETS AND CALCULATIONS

Target for 2026 will be determined by Utility 2.0 which is filed on July 1, 2025. Achieve all the following implementation targets by December 31, 2026:

- 50% of compensation allocated to weatherizing at least 1,785 dwellings (total of market rate and Low Income)
- 50% of compensation allocated to this metric for achieving 23,682 MMBTU savings from building weatherization of homes

For the purposes of the building weatherization metric, dwellings (total of single family and multi-family) do not have to be served by whole house heat pump systems in order to qualify. The dwellings target identified may be modified to be commensurate with the LIPA approved energy efficiency budget and plan.

PSEG Long Island to submit a monthly Tier 1, Tier 2, and TRC KPI report which includes measures and cost, and meet with LIPA to present results. PSEG Long Island to also submit raw data to support IV&V of this metric.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required Monthly	Monthly

2026 Performance Metrics

PS&CE-20: Demand Response

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	**PSEGLI Proj. Mgr**: TBD
PSEGLI Director: Michael Voltz	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $200,000	

OBJECTIVE

Work with industry stakeholders and LIPA to understand opportunities and challenges in advancing our DER portfolio and develop a plan to address those issues in 2026 and 2027.

TARGETS AND CALCULATIONS

Demand Response

PSEG Long Island will reach out to solar and battery storage developers, and their customers, to increase the number of residential battery storage systems enrolled in the DLM tariff. There are currently 537 residential accounts with battery storage that are enrolled in the CSRP/DLRP tariffs. The goal would be to increase that number to 900 accounts by the end of 2026. This could be accomplished through a combination of encouraging new battery storage installations, reaching out to those customers who already own batteries, but are not currently enrolled, and educating customers about the potential benefits of using batteries in conjunction with time-of-day rates.

100% of Compensation for bringing the total number of residential accounts with battery storage that are enrolled in the CSRP/DLRP tariffs up to 900 by December 31, 2026.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Quarterly Scorecard Reporting Requirement for Demand Response 2) Any additional supporting documentation as required	Quarterly

2026 Performance Metrics

PS&CE-21: Large Loads Performance Requirements

Board Policy: Resource Planning and Clean Energy	**Board PIPs**: N/A
LIPA Exec. Sponsor: Gary Stephenson	**LIPA Proj. Mgr**: Tom Simpson
PSEGLI Exec. Sponsor: Curt Dahl	**PSEGLI Proj. Mgr**: Nicholas Culpepper
PSEGLI Director: Anie Philip/Lucyna Khazanovich	**DPS Contact**: Ed Wilkowski
Allocated Compensation (2021 Dollars): $120,000	

OBJECTIVE

Develop and implement process improvements regarding interconnection of Large Loads[1]. Work with industry experts in organizations like NERC, NYSRC, NYTOs and NYISO to participate, monitor and support progress with any potential Large Load requirements, processes, and/or regulations. Apply LIPA performance requirements to applicable Large Loads proposing interconnection to the LIPA system and refine internal processes based on developments in the industry.

TARGETS AND CALCULATIONS

A. 40% of compensation to incorporate Large Loads Performance requirements in 2026 FERC filing.

B. 20% of compensation to formalize criteria for inclusion in load forecast and consideration in various planning studies.

C. 20% of compensation for implementing planning performance requirements for Large Loads applying to the NYISO and TO study processes, through establishing screening criteria for specialized studies.

D. 20% of compensation for completing a process flowchart covering applicable conditions and process steps that developers of Large Load facilities must follow before its In Service Date.

EXCLUSIONS

Schedule relief may be granted for

I. delays directed or requested by LIPA or
II. situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island or

The targets and dates above for Large Loads are predicated on existing regulatory and other requirements. The targets and projects completion dates may be subject to change – including potential removal – in the event industry changes implemented by FERC/NERC/NYSRC/NYISO would prohibit the completion of a target or the metric's overall objective.

[1] Large Loads is currently defined by NERC Large Loads Task Force as "Any commercial or industrial individual load facility or aggregation of load facilities at a single site behind one or more point(s) of interconnection that can pose reliability risks to the BPS due to its demand, operational characteristics, or other factors. Examples include, but are not limited to, data centers, cryptocurrency mining facilities, hydrogen electrolyzers, manufacturing facilities, and arc furnaces." Defining Large Loads is currently under discussion within various industry groups and as such those efforts and Large Loads Performance Requirements will further clarify the applicability to LIPA Transmission System.

PS&CE-21: Large Loads Performance Requirements

DELIVERABLES

Deliverable Name	Target Due Date
A – Include new LIPA Large Load Performance requirements in 2026 FERC 715 filing.	2026-04-01
B – Formalize criteria for inclusion in load forecast and consideration in various planning studies.	2026-06-01
C – Implement planning performance requirements for Large Loads applying to the NYISO and TO study processes, through establishing screening criteria for specialized studies.	2026-06-01
D – Draft a Large Load interconnection process flowchart covering applicable conditions and process steps that developers of Large Load facilities must follow before its In Service Date.	2026-11-01

2026 Performance Metrics

T&D-06: Primary Transmission Control Center (PTCC) Replacement

Board Policy: Transmission & Distribution Operations	**Board PIPs**: RE-02: PTCC and ATCC Strategy
LIPA Exec. Sponsor: Werner Schweiger/Umair Zia	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Christopher Pezzino
PSEGLI Director: Paul Simmons	**DPS Contact**: Qin Shi
Allocated Compensation (2021 Dollars): $650,000	

OBJECTIVE

Execute the Project Implementation Plan (PIP) containing the key milestones for the construction of the Primary Transmission Control Center (PTCC).

TARGETS AND CALCULATIONS

Execute all identified and mutually agreed upon 2026 deliverables from the multi-year PTCC PIP approved in 2023, as amended by the Parties per the latest project schedule on or before their respective timeframes. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

Parties agree to refine the 2026 deliverables (Key Project Milestones – 90% of compensation) and target due dates by January 15, 2026, to reflect the current up-to-date overall project schedule at the close of 2025.

Target:

PSEG Long Island shall receive 9% compensation for each milestone achieved as part of the construction schedule for a total of **90% compensation.**

The remaining 10% compensation shall be allocated based upon the achievement of cost management per the following criteria*:

- Not to exceed 10% of the 2026 allocated budget and completion of all metric deliverable activities planned in the 2026 project plan, and
- Not to exceed 5% of the final Guaranteed Maximum Price (GMP) estimate after 75% of the trade packages are anticipated to be awarded by the end of Q1 2026.

* Note from Above: The Parties have agreed in principle to the above construct for the Budget/Cost Management Compensation component of T&D-06. A collaborative approach is in progress to perform a deeper dive into project cost details as well as the expected timing of events that will yield more refined cost estimates. The objective is to reach a mutually agreed to final position that delineates the exact specifications that would need to be satisfied to successfully meet this portion of the metric. The Parties commit to complete this analysis and refinement efforts during 2025 Q4 and will communicate with DPS and other stakeholders accordingly. The Metric Exception process will be utilized to finalize any changes to what is stated above, and will include supporting information, where applicable.

T&D-06: Primary Transmission Control Center (PTCC) Replacement

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be reasonably coherent, error free, well structured, consistent with all deliverable requirements, and aligned with achieving the metric objectives.

PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA-approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Schedule relief may be granted for delays

i) directed or requested by LIPA or

ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

PSEG Long Island shall receive 9% compensation for each milestone achieved as part of the construction schedule for a total of **90% compensation.** Additional detail in T&D-06 Appendix.

Deliverable Name		Target Due Date	Due Date
Site Preparation Complete – Team is mobilized, temporary construction fence installed, temporary parking area installed, clear trees, grading for building pad.	T&D-06.01	QTR 1	2026-03-31
Temp Power Complete - Temporary installation of two services supporting construction activity.	T&D-06.02	QTR 2	2026-06-30
Foundation Complete - Completion of underground supporting structure, including slab, footings, and under slab rough in.	T&D-06.03	QTR 3	2026-08-31
Slab on Grade Complete - Building concrete sub floor is complete.	T&D-06.04	QTR 3	2026-09-30
Steel Topping Out - The above-ground structural elements of the building, including slabs, columns, and beams. The superstructure is constructed from reinforced concrete.	T&D-06.05	QTR 4	2026-10-30

T&D-06: Primary Transmission Control Center (PTCC) Replacement

Superstructure Concrete Complete - The above-ground structural elements of the building, including slabs, columns, and beams. The superstructure is constructed from reinforced concrete.	T&D-06.06	QTR 4	2026-11-30
Precast Façade 50% Complete - The perimeter skin (exterior walls) are installed.	T&D-06.07	QTR 4	2026-12-31
Preliminary (30%) Low Voltage Design Drawing Packages - Low Voltage Design Drawing packages all non-electrical, communication wiring for the building, including backbones, risers, data center, security command center.	T&D-06.08	QTR 1	2026-02-28
Final (100%) Low Voltage Design Drawing Packages - Low Voltage Design Drawing packages all non-electrical, communication wiring for the building, including backbones, risers, data centers, security command centers.	T&D-06.09	QTR 2	2026-06-30
Final (100%) Network Design Drawing Packages - Includes IP addresses, VLANs, connections, subnet masks, gateway(s), firewall(s) and switches.	T&D-06.10	QTR 4	2026-10-31

2026 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $600,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
59	54.7	59	56	57.5	56.3	56.5	59.3	56.5

Objective

Continuous improvement of SAIDI (System Average Interruption Duration Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

Targets and Calculations

Total duration of sustained interruption (>= 5 minutes) for the average customer during each Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.2.

SAIDI = Σ(ri * Ni) / NT – (measured in minutes); where:
Σ = Summation function.
ri = Restoration time, minutes.
Ni = Total number of customers interrupted 5 minutes or more.
NT = Total number of customers served (fixed at beginning of the Contract Year).

Target:

1. For 100% of the allocated incentive compensation, achieve a SAIDI of ≤ 56.0 minutes
2. For 75% of the allocated incentive compensation, achieve a SAIDI of ≤ 58.0 minutes
3. For 50% of the allocated incentive compensation, achieve a SAIDI of ≤ 59.0 minutes

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIDI 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.76	0.68	0.76	0.68	0.7	0.69	0.67	0.72	0.68

OBJECTIVE

Continuous improvement of SAIFI (System Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of sustained interruption (>= 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

SAIFI = Σ(Ni) / NT; where:
Σ = Summation function.
Ni = Total number of customers interrupted 5 minutes or more.
NT = Total number of customers served (fixed at beginning of the Contract Year).

Target:

1. For 100% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.68
2. For 75% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.70
3. For 50% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.72

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIFI 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
2.56	1.78	1.89	1.67	1.70	1.45	1.50	1.46	1.53

OBJECTIVE

Continuous improvement of MAIFI (Momentary Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of momentary interruptions (less than 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

MAIFI = Σ(Ni) / NT; where:
Σ = Summation function
Ni = Total number of customers interrupted less than five (5) minutes
NT = Total number of customers served (fixed at beginning of the Contract Year)

Target:

1. For 100% of the allocated incentive compensation, achieve a MAIFI of ≤ 1.34
2. For 75% of the allocated incentive compensation, achieve a MAIFI of ≤ 1.40
3. For 50% of the allocated incentive compensation, achieve a MAIFI of ≤ 1.46

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for MAIFI 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $375,000	

Historical Context YE Results (Quantitative Metrics Only)				
2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target
21000	23730	100%	75%	100%

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages ("S-MCO" or "S-MCOs"), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions.

The metric measures the number of customers that have experienced the following levels of S-MCOs (outages greater than or equal to 5 minutes in duration) over a rolling 12-month period, as of December 31, 2026:

A) A level of >= 6 S-MCOs
B) A level of >= 8 S-MCOs
C) A level of >= 10 S-MCOs
D) A level of >= 12 S-MCOs

The S-MCO metric is stated in number of customers and computed in accordance with IEEE Standard 1366, Section 4.2.1.

Targets: Achieve an S-MCO performance, as of December 31, 2026:
A) Equal to <= 2,275 customers with >= 6 S-MCOs
B) Equal to <= 350 customers with >= 8 S-MCOs
C) Equal to <= 25 customers with >= 10 S-MCOs
D) Equal to 0 customers with >= 12 S-MCOs

- Successfully achieving 1 of the 4 criteria = 25% of the allocated incentive compensation.
- Successfully achieving 2 of the 4 criteria = 50% of the allocated incentive compensation.
- Successfully achieving 3 of the 4 criteria = 75% of the allocated incentive compensation.
- Successfully achieving 4 of the 4 criteria = 100% of the allocated incentive compensation.

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Major Storms as defined by NY Department of Public Service and NYCRR 97.1

Exclusion for planned intentional interruptions taken to affect improvements to system associated with these customers to improve reliability.

Outages shall be counted at an incident level due to forced outage restoration multistep recording as with predominantly underground areas.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for S-MCOs 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $375,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
	73677	92500	72198	76300	50502	54000	52461	54000

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Momentary Multiple Customer Outages ("M-MCO" or "M-MCOs"), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions.

The metric measures the number of customers that have experienced 6 or more momentary interruptions (<5 minutes in duration) over a rolling 12-month period.

M-MCO = Total count of customers experiencing 6 or more interruptions of <5 minutes in the last 12 months.

The M-MCO metric is stated in number of customers.

Computed in accordance with IEEE Standard 1366, Section 4.2.1.

Target:

1. For 100% of the allocated incentive compensation, achieve an M-MCO of ≤ 36,000
2. For 50% of the allocated incentive compensation, achieve an M-MCO of ≤ 41,000

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for M-MCOs 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Gregory Player	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $600,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
		0.11	0.03	0	0.06	0	0.14	0

OBJECTIVE

To safely maintain, construct, and operate the Electric T&D system without risk of serious injuries and/or fatalities.

TARGETS AND CALCULATIONS

The prevention of fatalities and serious life altering injuries to a contractor employee or a PSEG Long Island employee associated with the operation, construction and/or maintenance of the Long Island Electric T&D System that are within the control of the contractor/employee (i.e. PSEG Long Island employee or contractor employee) in performance of their duties and/or the employer.

Fatalities and life-altering injuries in accordance with the EEI established criteria shown in the supporting documentation.

Injuries will be reported timely, using the PSEG Long Island Incident Alert process and internal guidelines for reporting and recording safety events, no later than seven (7) days from notification to PSEG Long Island of an event as required by the OSHA recordkeeping rule.

Serious Injury Incidence Rate (SIIR) for the calendar year of the OSA Contract.

The Serious Injury Incidence Rate (SIIR) is calculated using the formula (# cases x 200,000/exposure hours), where exposure hours equal the total of PSEG Long Island employee and contractor hours worked.

Target: A Serious Injury Incidence Rate (SIIR) of 0.00. Any qualifying life altering serious injury or fatality that occurs to an employee or contractor working on the system would constitute an automatic failure of this metric. All incidents that meet the criteria will be reviewed with LIPA.

EXCLUSIONS

LIPA will review qualifying incidents on a case-by-case basis and at their discretion, grant exclusions for up to two non-life-altering injuries (e.g., simple fractures and other milder injuries) that occur during the Contract Year.

2026 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

This metric excludes all non-work-related events consistent with the OSHA exceptions for non-recordable cases, i.e. https://www.osha.gov/laws-regs/interlinking/standards/1904.5(b)(2).

The following are examples of non-work-related events consistent with the OSHA exceptions for non-recordable cases and are not considered exclusions for the two non-life-altering injuries referenced above:

Injuries that occur on company property or while the worker is engaged in a work activity but would have occurred at the same time and at the same level of severity even if the employee was not engaged in a work activity (epileptic seizure, diabetic seizure, heart attacks, sudden joint failure, etc.).
• Injuries that are related to commuting to or from a place of employment outside of work hours.
• Injuries that result solely from normal body movements unrelated to work (sneezing, coughing, bending over to tie a shoe, walking, etc.).
• Injuries that result solely from personal tasks performed outside of assigned work hours (retrieving ice for personal use, holding community meeting at employer premises, etc.).
• Injuries that occur in a travel hotel unrelated to work.
• Injuries that occur where the employee is present at the site as a member of the general public, unrelated to his or her employment status.
• Injuries that result from voluntary participation in wellness, medical, or fitness programs, or recreational activity (teambuilding events).
• Injuries where symptoms surface at work from a known non-work-related event or exposure (yard work, sporting events, etc.).
• Injuries that result from eating/drinking or preparing food/drink for personal consumption (food/drink not provided by employer).
• Injuries that result from personal grooming, self-medication for a non-work-related condition, or intentionally self-inflicted injuries.
• Injuries that result from non-preventable vehicle accidents.
• The illness is a mental illness. Mental illness will not be considered work-related unless the employee voluntarily provides the employer with an opinion from a physician or other licensed health care professional with appropriate training and experience (psychiatrist, psychologist, psychiatric nurse practitioner, etc.) stating that the employee has a mental illness that is work-related.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SIIR 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-14: Safety – OSHA Recordable Incidence Rate

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Gregory Player	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Continuous improvement in employee safety as recorded by OSHA recordable incidents in alignment with LIPA Board of Trustees policy seeking top decile performance. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

Total illness and injury rate. The total OSHA (Occupational Safety and Health Administration) recordable injury and illness cases based on the exposure of 100 full-time workers, using 200,000 hours as the equivalent. This metric includes hearing loss.

Number of OSHA cases x 200,000 hours / Total hours worked (Note: 200,000 = 100 employees x 2,000 hours per employee per year).

Target:

- 100% - Achieve an OSHA Incidence Rate that is two (2) incidents better than the average of the 3-year top decile performance (2022-2024 performance benchmarks)
- 85% - Achieve an OSHA Incidence Rate that is 1 incident better than the average of the 3-year top decile performance (2022-2024 performance benchmarks)
- 70% - Achieve an OSHA Incidence Rate that is in the average of the 3-year top decile performance (2022-2024 performance benchmarks)

Rounding protocols will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

T&D-14: Safety – OSHA Recordable Incidence Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for OSHA RIR 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

Board Policy: Safety	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	**PSEGLI Proj. Mgr**: Theodore Kern
PSEGLI Director: Gregory Player	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Continuous improvement in employee safety as recorded by the Motor Vehicle Accident (MVA) Rate. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

The rate compares the total number of motor vehicle accidents relative to the total number of miles driven for a given period of time. This number is inclusive of all motor vehicle accidents. The year-end performance records all miles driven and accidents that have occurred over the Contract Year.

(Total Number of MVAs) x 1,000,000 / Miles Driven

1. Two data points will be leveraged in setting the targets for both MVA components: 3-Year Average Performance MVA Rate– All MVAs
2. 3-Year Average Performance MVA Preventable Incident Rate – Preventable MVAs

50% of compensation for Motor Vehicle Accident (MVA) Rate at Company Level

- 100% of allocated compensation for achieving an improvement over 3-Year Average Performance MVA Rate (2023-2025)

50% of incentive compensation allocated to reduction of preventable incidents

- 100% of allocated compensation for achieving an improvement 10% reduction over 3-Year Average Performance MVA Preventable Incident Rate (2023-2025)

Rounding protocols for both targets will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for MVA Rate 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

Board Policy: Transmission & Distribution Operations	**Board PIPs**: WM PIPs
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Fritz Ferdinand, Jenna Roberts, Daniel Mayberry
PSEGLI Director: John Mccumiskey, Joseph Cicalo	**DPS Contact**: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): $600,000	

OBJECTIVE

Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified dates, including achieving all elements of the LIPA- approved 2027 Workforce Management Plan by December 1, 2026.

The Workforce Management Plan includes:
1. Histogram by labor source (in-house / Contractor) and functional area (Divisions, P&C)
2. Histogram by settlement (Capital, O&M)
3. Hours by High-Level Settlement
4. Hours by Low-Level Settlement
5. Monthly work plan at a division level (for each of the four divisions) providing planned units for proactive blankets and programs and planned hours for reactive (emergent) programs (includes monthly actual units completed for variance purposes)

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG Long Island, and DPS. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations. Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

"LIPA Approved format", where specified, is to be generated by PSEG Long Island unless otherwise agreed to by the parties.

EXCLUSIONS

Workforce management plans are limited to the following major workforce groups:
- Overhead, Underground, Substation Maintenance, Relay, Distribution Design, Transmission Engineering, Substation Engineering, Protection Engineering, and Substation Maintenance Civil.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island holds Q1 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD – Planned Vs. Forecast Units Complete PYE	2026-04-25
PSEG Long Island holds Q2 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2026-07-25
Initial submission of 2027 Workforce Management Plan for LIPA approval by August 31, 2026 (approval not be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed.	2026-08-31
PSEG Long Island holds Q3 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2026-10-26
Final submission of 2027 Workforce Management Plan for LIPA approval by November 14, 2026 (approval not be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed	2026-11-14
Successfully deliver all elements of the LIPA-approved 2026 Workforce Management Plan by January 29, 2027.	2027-01-29
PSEG Long Island holds Q4 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2027-01-26
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting for Work Plan Variance for 2026 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-24: Improve Reliability Through Vegetation Management Work Plan

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Mark Cerqueira
PSEGLI Director: Patrick Dempsey	**DPS Contact**: Jami Nafiul, Reshma Mathew
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Develop and execute Vegetation Management Work Plans and budgets.

TARGETS AND CALCULATIONS

The Distribution Vegetation Programs is inclusive of three distinct programs:

1. Cycle Trim
2. Trim-to-Sky
3. Hazard Tree Removal

The metric will measure the following:

1. Completion of 2026 Planned Units – By December 31, 2026, execution of 100% of the work identified in the 2026 Vegetation Management Work Plan approved in August of 2025. For Cycle Trim and Trim-to-Sky to be considered trimmed and count towards metric achievement, 100% of a circuit must be trimmed per the Vegetation Management Specification (includes mainline trim-to-sky and substation, as per the 2026 Vegetation Management Work Plan) in the year. For Hazard Tree completion of the associated identified number of trees and limbs, as per the 2026 Vegetation Management Work Plan.
2. Budget Adherence – Actual spending that is within up to +5% of the Board-approved program level targets for cycle trim, trim-to-sky, and hazard tree program at the programmatic level. PSEG Long Island will have the ability to reallocate the funding at the program level if needed.
3. 2027 Work Plan Development – The Vegetation Work Plans for Cycle Trim and Trim-to-Sky shall identify the minimum of ¼ of the overhead distribution system (which equates to approximately 2,200 miles) and budgets. The work plans will be provided to LIPA for approval, which shall not be unreasonably withheld, by August 28, 2026.

   Hazard tree and limb units include storm hardening and base vegetation budgets. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.

Targets:

- Each program will be worth 1/3 of the applicable incentive compensation. To achieve the incentive compensation for the specific program PSEG Long Island must complete 100.0% of the work identified in the

T&D-24: Improve Reliability Through Vegetation Management Work Plan

program and actual spending must be within +5% of the Board-approved program level targets for cycle trim, trim-to-sky and hazard tree program at the programmatic level.

EXCLUSIONS

1. Schedule relief may be granted for:
i) delays directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

2. Vegetation trimmed as part of a storm response will not be included in completion count if charged to the storm account.

DELIVERABLES

Deliverable Name	Target Due Date
Submit January report of work completed vs. schedule and budget at the monthly meeting.	2026-02-14
Submit February report of work completed vs. schedule and budget at the monthly meeting.	2026-03-14
Submit March report of work completed vs. schedule and budget at the monthly meeting.	2026-04-18
Submit April report of work completed vs. schedule and budget at the monthly meeting.	2026-05-16
Submit May report of work completed vs. schedule and budget at the monthly meeting.	2026-06-20
Submit June report of work completed vs. schedule and budget at the monthly meeting.	2026-07-18
Submit July report of work completed vs. schedule and budget at the monthly meeting.	2026-08-19
The 2027 Vegetation Work Plan shall identify the minimum of 1/4 of the overhead distribution system (which equates to approximately 2,200 miles) and budgets and be provided to LIPA for approval, which shall not be unreasonably withheld, by August 28, 2026.	2026-08-28
Submit August report of work completed vs. schedule and budget at the monthly meeting.	2026-09-19
Submit September report of work completed vs. schedule and budget at the monthly meeting.	2026-10-17
Submit October report of work completed vs. schedule and budget at the monthly meeting.	2026-11-14
Submit November report of work completed vs. schedule and budget at the monthly meeting.	2026-12-19
Submit 2026 YE closeout report of work completed vs schedule and budget	2026-12-28

2026 Performance Metrics

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Board Policy: Transmission & Distribution Operations, Customer Value, Affordability, & Rate Design	**Board PIPs**: WM PIPs
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Peter Mladinich
PSEGLI Exec. Sponsor: Margaret Keane	**PSEGLI Proj. Mgr**: Shaun Jeter
PSEGLI Director: Robert Rowe	**DPS Contact**: Jami Nafiul, Qin Shi
Allocated Compensation (2021 Dollars): $650,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
				100%	100%	100%	100%	100%

OBJECTIVE

Adherence to Targeted Program planned units and unit costs.

TARGETS AND CALCULATIONS

Targeted Programs, distinct and separate from Projects, must include units of work to be completed within one year. Units of work must be deemed as complete to count as a completed unit.

Unit costs will be reviewed and modified pending the completion of the scheduled audit of Compatibility Unit Estimate (CUE) accuracy review.

By December 29, 2026, complete program planned units/miles within prescribed cost range consistent with Program Workplan PJDs for the following Targeted Programs:

1. Distribution Circuit Improvement Program (CIP) (SOS-1293) – 400 miles at cost of $17,955 /mile.
2. Transmission breaker replacement (SOS-1452) – 15 units at cost of $96,000/breaker.
3. Underground distribution cable upgrades (SOS-1283) – 57,970 feet at cost of $200/foot.
4. Upgrade Supervisory Controller for Capacitor Banks (SOS-1183) – 130 units at a cost of $27,300 /unit.
5. Residential underground cables (SOS-1291) – 92,671 feet at cost of $190/foot.
6. Replacement of non-restorable distribution pole rejects (SOS -2124) – 1,050 units at cost of $15,076 /pole.
7. Single Phase Recloser Devices (SOS-2389) – 4,680 units at a cost of $10,144.37/unit.
8. Transformer Monitoring (SOS-1250) – 40 units at cost of $96,000/unit.

Note: Volumetric and cost targets to be based on PJDs submitted in September 2025. The final measurement for this will be based on the latest LIPA-approved PJD.

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Achievement for volumetric elements will be calculated as the difference between the planned units/jobs/miles/feet and the actual units/jobs/miles/feet achieved by December 29, 2026, divided by the planned units/jobs/miles/feet.

Achievement for cost elements will be calculated as the difference between the planned per unit and per foot costs and the actual per unit and per foot costs achieved by December 29, 2026, divided by the planned per unit and per foot costs.

Target: For the volumetric elements, complete ≥ 92.0% of the planned units/miles within the established target and based on the latest LIPA-approved PJD documentation. For the cost elements, achieve +/-5% of the planned per unit and per-mile costs within the established target and based on the latest LIPA-approved PJD documentation.

EXCLUSIONS

Schedule relief may be granted for delays
i) directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Completion of Program Planned Units Per Workplan. 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-40: Reduce Double Wood Poles

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Tyler Pearsall, William Moir
PSEGLI Director: Richard Henderson	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $250,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
9110	6295	6295	6477	5289	7567	6810	7680	7296

Objective

As a safety and system reliability matter, continue to manage the amount of Double Wood Poles on the T&D system.

Targets and Calculations

Amount of double wood poles, as recorded in the National Joint Utilities Notification System (NJUNS), on December 31, 2026. Targets will be measured and stated in pole counts in the format of #,###.

Target: Achieve the following Double Wood Pole year-over-year performance criteria as of December 31, 2026:

1. For 75% of the allocated incentive compensation, achieve a PSEG Long Island Next-To-Go (NTG) that is 10% lower than the 2025 YE level.
2. For 100% of the allocated incentive compensation, successfully achieve the target stated in criterion #1 and and also achieve an overall Double Wood Pole count that is >= 5% lower than the 2025 YE level.

Note: Discrete 2026 pole count target numbers will be calculated for each of the above two criteria after the close of 2025, reflecting performance as of December 31, 2025.

Exclusions

None

T&D-40: Reduce Double Wood Poles

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Double Wood Poles 2) Documentation demonstrating NJUNS timely data-entry of all Double Wood Poles identified during the physical asset verification project. 3) Any additional supporting documentation, as required, including meeting minutes of bi-monthly meetings with external stakeholders.	Monthly

2026 Performance Metrics

T&D-50: Storm Outage Response Performance

Board Policy: Transmission & Distribution Operations	**Board PIPs**: 3.2.2.3: CGI Outage Management System
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Tim Lupski
PSEGLI Director: Larry Torres, Pat Hession, Richard Henderson	**DPS Contact**: Mohammed Hasan, Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Measure and improve the overall outage management and response effectiveness during storms with customer outage durations of < 48 hours.

TARGETS AND CALCULATIONS

Demonstrate excellent performance as reflected in the Small Storm Scorecard ("Scorecard") for applicable OSA storms of >=24 hours and < 48 hours in length.

The Scorecard is based on a total maximum score of 1,000 points. Note: certain elements of the Scorecard will not be applicable for all storms. In those cases, a maximum eligible score of less than 1,000 points will result and be applicable to that specific storm. The % achievement calculations for that specific storm will then be calculated in the normal fashion on the lower point basis.

Each qualifying storm will be scored by PSEG Long Island within 15 business days from the end of the storm. LIPA will then perform IV&V and will render its own score within 10 business days of receiving the Scorecard from PSEG Long Island. In the event of an overall score discrepancy, the Parties will meet to discuss and reconcile. If full resolution does not occur, the final (original or modified) LIPA score shall serve as the official score for metric purposes.

Official reporting monthly as part of the T&D Balanced Scorecard monthly report and meeting between LIPA, PSEG Long Island, and DPS is required. Timely meetings to be held between the Parties within 10 business days after storm scorecards have been submitted by both PSEG Long Island and LIPA to conduct in-depth discussions specific to the qualifying storm.

The rating period will be for storms that commence on or after 12:00 a.m. EST on January 1, 2026, through storms ending on or before midnight December 31, 2026.

The elements and maximum point values of the Scorecard are shown below, with line-item detail and calculations contained in a Scorecard provided by LIPA (See Scorecard Structure in Figures 1-4 below):

1) PREPARATION AND CLOSE-OUT (15% of Total – 150 Points)
    a. Event Anticipation
    b. Technology Performance

T&D-50: Storm Outage Response Performance

c. Storm Close Out

2) OPERATIONAL RESPONSE (55% of Total – 550 Points)
   a. Storm CAIDI
   b. Down Wires
   c. Estimated Time of Restoration (ETR)
      i. ETR Changes (measured by total ETRs provided to customer(s) on the incident)
      ii. ETR Accuracy (measured by final ETR to Restored time)
   d. County EOC Communication
   e. Utility Communication
   f. Safety
      i. Measure of any employee or contractor serious injury doing hazard work during storm/ outage and restoration (in accordance with SIIR metric)
      ii. Preventable Motor Vehicle Accidents (in accordance with the prior MVA rate metric)
3) COMMUNICATION (30% of Total – 300 Points)
   a. Call Answer Rates
   b. Web Availability
   c. Customer Communications
   d. Social Media Engagement

Note: For applicable Storm Scorecard line items, the baseline will be established as soon as practicable after December 31, 2025. The Parties will then review and reach an agreement on the baseline levels applicable to be measured against for qualifying 2026 storms.

Target:
Incentive compensation will be awarded, based on the average point score for all qualifying storms over the course of the rating period, as follows:

1) 100% of the allocated incentive compensation awarded for an average score of >= 80.0% attainment of all eligible points for the rating period
2) 50% of the allocated incentive compensation awarded for an average score of >= 70.0% attainment of all eligible points for the rating period
3) 0% incentive compensation awarded for an average score of < 70.0% attainment of all eligible points for the rating period

Further, automatic metric failure will occur if one or more qualifying storms during the rating period earns a score(s) of <50.0% of the total maximum achievable points for that particular storm(s). In such case, no incentive compensation will be awarded for this metric, irrespective of performance for all other qualifying storms.

If there are no qualifying storms that occur in 2026, the full allocated incentive compensation will be reallocated on a pro-rata basis among the Electric T&D Scope Function

T&D-50: Storm Outage Response Performance

EXCLUSIONS

1) Storms that occur in whole or in part outside the established metric rating period
2) Planned (Scheduled) Outages
3) If a second storm occurs during the 5-day restoration period, then the Storm Brief and SAS report for the first storm will be due 10 business days after the end date of the second storm. The Storm Brief and SAS report due date for the second storm will not change and will be required as described in the definition of Measure in the Scorecard.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Storm Outage Response Performance (Small Storm Scorecard) 2) Any additional supporting documentation as required	10 business days after a qualifying event
For each qualifying storm, the Parties will meet and discuss within 10 business days after both PSEG Long Island and LIPA have provided storm scorecards to the other Party.	10 business days After Storm Scores have been provided by both Parties.

2026 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudency

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger	**LIPA Proj. Mgr**: Brian Gallagher, Donald Schaaf, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Matt Otto/Abhinav Kumar
PSEGLI Director: Pat Hession/Rich Henderson	**DPS Contact**: Qin Shi, Umar Sultan
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

To achieve safe, efficient, and cost-effective restoration for our customers. This will be accomplished by ensuring that staffing levels for each recognized storm are within established ERP Storm Resource Matrix Guidelines submitted and approved by LIPA and DPS annually.

TARGETS AND CALCULATIONS

PSEG Long Island is to provide a copy of the crewing rosters/crew transfer sheet/emergency storm report and the completed LIPA Storm Staffing Spreadsheet within 20 calendar days of end of storm declaration.

Eligible storms are those events that qualify under the definition contained in the 2nd Amended & Restated (A&R) OSA ("OSA").

For 100% of the allocated incentive compensation, PSEG Long Island is to:

1) Demonstrate utilization of qualified High Voltage (HV) 2-man distribution crews, which should account for a minimum of 60% of the HV restoration staffing. This is limited to internal PSEG Long Island Overhead (OH)/ Underground (UG) crews, on-island OH/UG crews, and HV mutual aid crews. This metric is to be measured based on how PSEG Long Island sets up crews for a storm event. A High Voltage 2-man OH distribution crew is defined as a crew containing 2 HV FTEs (inclusive of a minimum of one working foreman and a second qualified HV FTE) with one vehicle, while an UG HV 2-man crew may have no more than two vehicles. All apprentices are considered part of the crew make-up. **(40% Total Compensation)**
2) Demonstrate a minimum of **90%** compliance with the ERP Storm Resource Matrix Guidelines. **(10% Total Compensation)**
3) Enhance Internal Restoration Crew Technology Utilization, Information, and Performance: During Storm Restoration OH/UG Lines high voltage crews, On-Island high voltage contractor crews, and Measurement Services low voltage crews are expected to be en-route to their first job within 1 hour from the start of their scheduled shift, or the first job is dispatched within 1 hour of start of scheduled shift, then crews are expected to be en-route within 1 hour from dispatched time. Demonstrate a 70% success rate to achieve full award of the metric.
    - The criteria for OH/UG Lines and Measurement Services is: scheduled pre-established shifts, job is dispatched prior to shift start time, or the first job is dispatched within 1 hour from shift start time, the vehicle must be within a designated yard, and it is measured by the crew leader.
        - The measurement is the yard geo-fence exit time minus the shift start time, or job OMS

T&D-54: Storm Crewing Efficiency and Prudency

dispatched time if after start of shift

- The criteria for the On-Island Contractors is: scheduled pre-established shift times, job is dispatched prior to shift start time, or the first job is dispatched within 1 hour from shift start time, and the lead crew job status of en-route in CAD
    - The measurement is the CAD lead crew en-route time minus shift start time, or the first job dispatched time if after start of shift. **(30% Total Compensation)**

4) Damage Assessment Performance:
    a. Complete 100% damage assessment on all locked out OH transmission circuits within 24 hours of the start of restoration. **(10% Total Compensation)**
    b. Complete 100% damage assessment of the 3-Phase mainline and unfused branchline of all OH distribution breaker locked out circuits within 48 hours of the start of restoration. **(10% Total Compensation)**

Calculations:

1) Calculation to be predicated on total qualified HV crews comprising 2-man crews divided by total qualified HV crews. This is to be calculated on a cumulative basis for OSA storms in 2026.
2) The success rate will be determined by dividing the total points achieved by the total points available for the Storm Resource Matrix. Success rate will be measured on a cumulative basis for the year 2026.
    a. On-Island High Voltage (HV) FTEs (includes on-island contractors): 30% weighting
    b. Non-PSEG LI HV Line FTEs (Mutual Aid): 30% weighting
    c. Line Clearance FTEs (includes off-island contractors): 20% weighting
    d. Damage Assessment (includes contractors): 5% weighting
    e. Wire Watch (WW) (includes contractors): 5% weighting
    f. Low Voltage (LV) (includes contractors): 5% weighting
    g. Make Safe to Clear (MSTC) (includes contractors): 5% weighting

Note: For storms that are deemed not to require mutual aid, Item 2a. will carry a weighting of 60%, and correspondingly, Item 2b. will not be applicable and will carry a weighting of 0%.

3) The success rate shall be calculated as the overall total occurrences that met the stated “enroute” 1-hour criteria divided by the total “enroute” occurrences recorded for all OSA storms during the measurement period. This is to be calculated on a cumulative basis for the year 2026.
4) Damage Assessment Performance:
    a. Cumulative total # of transmission lockouts that were Damaged Assessed within 24 hours divided by the total # of transmission lockouts during 2026 OSA storms.
    b. Cumulative total # of distribution lockouts that were Damaged Assessed within 48 hours divided by the total # of distribution lockouts during 2026 OSA storms.

100% of all deliverables delivered by the specified date in the deliverables section.

T&D-54: Storm Crewing Efficiency and Prudency

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG Long Island and DPS.

EXCLUSIONS

Relief may be granted for delays

i) directed or requested by LIPA or
ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island will complete "Summary of Staffing Levels" spreadsheet and provide an Excel worksheet that summarizes crew composition to support the 2-man High Voltage (HV) crews supported by documentation such as crew transfer sheets, crew rosters, etc., for every qualifying storm that occurs in calendar year 2026. PSEG Long Island will also supply an Excel Resource Matrix Compliance worksheet for each OSA 2026 storm. PSEG Long Island will supply documentation that validates damage assessment performance for Transmission Lockouts within 24 hours and Distribution Lockouts within 48 hours for each OSA 2026 storm. (The above is applicable to Metric criteria 1, 2, and 4)Upload to the LIPA designated folder on the	Within 20 calendar days of storm end declaration
PSEG Long Island will complete a report that demonstrates the stated enroute criteria as calculated in the metric (Criterion #3) for every OSA storm occurring in the year of 2026.	Within 20 calendar days of storm end declaration

2026 Performance Metrics

T&D-57: Improve Underground (UG) Reliability Performance

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger/Umair Zia	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $400,000	

OBJECTIVE

Improve Underground (UG) system reliability as measured against historical 3-year average number of incidents and CAIDI specific to UG-related outages.

TARGETS AND CALCULATIONS

Mainline

1. Number of UG Incidents – Target: <=3-year (2023-2025) average
2. UG CAIDI – Target: <=3-year (2023-2025) average

Branchline

3. Number of UG Incidents – Target: <=3-year (2023-2025) average
4. UG CAIDI – Target: <=3-year (2023-2025) average

- An amount of 25% of the overall allocated metric compensation will be awarded for successfully meeting each of the four stated components.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Improve Underground (UG) Reliability Performance	Monthly

2026 Performance Metrics

T&D-58: Distribution System Automation and Advanced Operations

Board Policy: Transmission & Distribution Operations	**Board PIPs**: N/A
LIPA Exec. Sponsor: Werner Schweiger/Umair Zia	**LIPA Proj. Mgr**: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	**PSEGLI Proj. Mgr**: Wayne Baldassare
PSEGLI Director: John Mccumiskey	**DPS Contact**: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): $500,000	

OBJECTIVE

Advance the automation of the Electric Distribution System through the deployment of technologies such as reclosers, Fault Location, Isolation, and Service Restoration (FLISR) schemes and an Advanced Distribution Management System (ADMS).

TARGETS AND CALCULATIONS

1. Feeder Coordination Study and Protection Settings for ACRVs: Target all remaining ~160 Circuits with microprocessor relays. (Coordination Study to be completed and approved by December 31, 2026.)

2. Operationalize ACRVs:
    a. By January 31, 2026, identify all units from the 2025 Coordination Study to be completed in 2026. Complete all feasible units identified from the 2025 Coordination Study by May 29, 2026.
    b. Complete at least 40% of the units identified in the 2026 Coordination Study by December 31, 2026.

3. Phase 1 FLISR Implementation: Successfully implement FLISR on the first 42 circuits, and develop an after-action review of the completed implementation, including process changes, and electronic mapping requirements by May 29, 2026. By June 30, 2026, LIPA and PSEG Long Island will collaborate and establish a mutually agreed upon additional number of circuits to have FLISR implemented for the remainder of 2026.

4. NextGen Distribution Control Room: PSEG Long Island will develop a detailed Project Implementation Plan for the NextGen Distribution Control Room, based on the blueprint currently in development. The plan will address people, process and facilities. *Note: The IT/OT component of the plan is listed under the IT area/metric(s).*

Targets for 2026:

- 100% Compensation for successful completion of all elements listed in Criteria 1, 2a, 2b, 3 and 4.
- 75% Compensation for successful completion of any 4 of the 5 listed Criteria of 1, 2a, 2b, 3, and 4, and at least 50% successful completion of the remaining (uncompleted) element.
- 50% Compensation for successful completion of any 3 of the 5 listed Criteria of 1, 2a, 2b, 3 and 4, and at least 50% successful completion of each of the remaining two (uncompleted) elements.
- 25% Compensation for successful completion of any 2 of the 5 listed Criteria of 1, 2a, 2b, 3 and 4, and at least 50% successful completion of each of the remaining three (uncompleted) elements.

T&D-58: Distribution System Automation and Advanced Operations

EXCLUSIONS

Schedule relief may be granted for delays

i. directed or requested by LIPA or

ii. situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
1. Complete all remaining ~160 Circuits with Microprocessor Relays, Feeder Coordination Study and Protection Settings for ACRVs.	2026-12-31
2a.1. – Identify all units from the 2025 Coordination Study to be completed in 2026.	2026-01-31
2a.2. – Complete all feasible units identified from the 2025 Coordination Study by May 29, 2026.	2026-05-29
2b – Complete at least 40% of the units identified in the 2026 Coordination Study by December 31, 2026.	2026-12-31
3.1 – Successfully implement FLISR on the first 42 circuits, and develop an after-action review of the completed implementation, including process changes, and electronic mapping requirements by May 29, 2026.	2026-05-29
3.2 – By June 30, 2026, LIPA and PSEGLI will collaborate and establish a mutually agreed upon additional number of circuits to have FLISR implemented for the remainder of 2026.	2026-06-30
3.3 – Complete 100% of mutually agreed upon circuits to be completed in 2026.	2026-12-31
4 - PSEG Long Island will develop a detailed draft Project Implementation Plan for 2027 outlining objectives for the NextGen Distribution Control Room, based on the blueprint currently in development. The plan will address people, process and facilities. Note: The IT/OT component of the plan will be addressed under the IT area/metric(s).	2026-08-15
4.1 - PSEG Long Island will deliver a detailed final Project Implementation Plan for 2027 with budgetary requests for 2027 outlining objectives for the NextGen Distribution Control Room, based on the blueprint currently in development. The plan will address people, process and facilities. Note: The IT/OT component of the plan will be addressed under the IT area/metric(s).	2026-09-15

LONG ISLAND POWER AUTHORITY

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PUBLIC HEARING:

Proposal Concerning Proposed Changes to

LIPA's Tariff

----------X

Rockaway YMCA

207 Beach 73rd Street

Arverne, New York 11692

November 18, 2025

6:00 p.m.

B e f o r e:

WILLIAM WAI,

THE PRESIDING OFFICER

A P P E A R A N C E S :

William Wai, Presiding Officer

Gaspare G. Tumminello, Manager

Thomas Kelly, Director of Budget

Soneka V. Cowles, Stenographer

P R O C E E D I N G S

MR. WAI: Good evening. Welcome to this evening's public hearing of Long Island Power Authority. My name is William Wai, and I will be the Presiding Officer for the hearing this evening. Also with me is Thomas Kelly, Director of Budget, at LIPA.

The purpose of this hearing is to receive public comments regarding proposed changes to the Authority's Tariff on five topics. Copy of the Tariff's proposals are available on the Authority's website, www.lipower.org, and they will be incorporated into the record for this hearing.

The procedures for this evening's hearing is fairly simple. In a moment, Tom and I will provide a short overview of LIPA's 2026 budget and the Tariff's change proposals.

After that, I'm going to call for comments from the public on the sign-up sheet. When you are called to speak, please come close by and start by telling us your name and whether you are speaking on behalf of any organization or group. If you want to speak this evening and have not signed in yet, you will need to do so before speaking.

Please note that the purpose of this

hearing is to receive your comments; we will not be responding to any questions or comments today. Your comments will be relayed to the Authority's Staff and Board of Trustees for their consideration at the next Board meeting.

If you have questions, as opposed to comments, we'd be happy to discuss them with you after the sessions, and you can also e-mail or write to us with any comments you might have, and they'll be included for the record to the Trustees.

Now, let's turn to the proposal. There are five topics for today's hearing. First topic is Implementing Rate Adjustments as determined through LIPA's annual budget process. I will turn it over to Tom to discuss LIPA's 2026 budgeting process.

MR. KELLY: Good evening, and thank you, William. I am Tom Kelly, Director of Budget for LIPA. Over the next few pages, I will take you through the highlights of the 2026 budget and the Board objectives that drive the process.

Starting with the Board Objectives for Standards and Service to Customers. The LIPA Board provides strategic direction through a set of government policies that define our purpose and vision as well as

strategic outcomes in all areas of utility operations.

The budget process starts with these objectives and set by the Board as reflected in LIPA'S policies: Transmission and Distribution Operations; Customer Experience; Information Technology and Cybersecurity; Clean Energy and Power Supply; Customer Value, Affordability, and Rate Design; Fiscal Sustainability.

I will now turn to Budget by the Numbers, and start with where I ended the page before on Fiscal Sustainability. The 2026 Proposed Budget Maintains Fiscal Sustainability. LIPA is on track to meet the targets set forth and the Board's Fiscal Sustainability Policy, having a debt-to-asset ratio of 70 percent or less by year 2030 with a projected debt-to-asset ratio of 78 percent in 2025. Achieving a 70 percent debt ratio coupled with other credit strengths should position the Authority for AA-category credit ratings comparable to other large public power utilities.

Turning to the proposed 2026 Operating Revenue Budget. Despite increases and labor costs and overall inflation, LIPA and PSEG Long Island have managed to maintain operating costs flat in 2026, while ensuring sufficient funding to maintain and operate the electric

system in a manner that meets policy objectives set forth by the Board. A total operating revenue is expected to decrease by 36 million or down 0.8 percent, resulting in a total 2026 budgeted revenue of 4.30 billion, that was compared to 4.34 billion in 2025.

Addressing and Planning for Extreme Weather Events, LIPA's Storm Budget Funds the preparation, response, and repairs necessary to restore electric service after major storms. The proposed 2026 Storm Budget of 82 million is 1.5 million below the 2025 budget level to align with new standards under the extended contract with PSEG Long Island, and the Storm Budget is based on inflation-adjusted historical averages.

Moving to the proposed 2026 Capital Budget. The proposed 2026 Capital Budget is 1.04 billion, an increase of 30.7 million. This increase is due to the required refueling costs related to LIPA's 18 percent ownership of Nine Mile Point 2 nuclear generating power plant. The 2026 Capital Budget will continue to allow for significant investments in the electric grid, including transmission upgrade projects, a new operations yard, and facility operations replacement, pole replacement programs, grid automation projects, and load growth support projects.

Turning to the projected change in the

Typical Residential Customer Bill in 2026. The typical residential bills are projected at $6.53 or 3.3 percent lower in 2026 at $192.30. Due to an estimated decrease in the average electricity used per residential customer of approximately $1.64. The 2026 budget projects that the average residential customer will use 719 kilowatts of electricity per month in 2026, compared to the projected usage of 725 in year 2025.

Speaking to the 2026 Power Supply Cost is projecting lower power supply costs next year contributing $8.64, or down 4.3 percent, to the monthly bill impact. Factors contributing to this decrease of 219 million include:

148 million decrease in commodity cost due to less on-island generation; 29 million decrease in Regional Greenhouse Gas Initiative allowances driven by market prices; 21 million and Zero Emission Credits net of the impacts to the nuclear production tax credit related to LIPA's 18 percent ownership and Nine Mile Point 2 nuclear facility; 22 million decrease in fees and transition costs related to services under the new Power and Fuel Management Services Agreement; 10 million decrease in pass-through property taxes on power plants due to continuing benefits of tax settlements; All of that is partially offset by 11

million increase in capacity, purchase power, and renewables.

And last, I want to show on this page, that electricity prices remain below inflation as the prices of goods and services throughout the country has increased so have utility bills, but LIPA's average residential customer bills continue to remain stable and below the rate of inflation, even as neighboring states experience significant increases driven by wholesale market volatility, grid investment surges, and clean energy surcharges.

I will now turn it over to William to talk about the Tariff's.

MR. WAI: Thanks, Tom. So, Tom go over the budgeting process for rate adjustment.

Our second proposal implement New York State Energy Affordability Guarantee, EAG, Pilot Program. The third proposal that we have today is our Long Island Choice Participation of Non-net Metered Recharge New York customers. Our fourth proposal is to implement a Updated or New Rate Designs for the Buyback Service and Standby Service to stay in line with the New York State practices. Lastly, we are also clarifying the Applicable Rates and Interconnection Agreement for Electric Services at 23,000

kilowatt or above.

That concludes our brief discussion of the proposals. Now, I'm opening up the floor for comments. Do we have anybody?

There are currently no public members participating in the room. Let's wait a few minutes. Let's get off the record.

(A recess was taken.)

MR. WAI: Let's get back on the record now. Now the time is 6:29. There are no public participants here to make comments. Let's close the evening for the public hearing.

Thank you.

(Whereupon, at 6:30 p.m., the meeting was adjourned.)

C E R T I F I C A T E

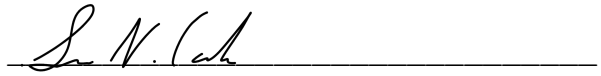
STATE OF NEW YORK)
) ss.:
COUNTY OF QUEENS)

I, Soneka V. Cowles, a Notary Public within and for the State of New York, do hereby certify:

I reported the proceedings in the within-entitled matter, and that the within transcript is a true record of such proceedings.

I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of November, 2025.



Soneka V. Cowles

LONG ISLAND POWER AUTHORITY

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PUBLIC HEARING:

Proposal Concerning Proposed Changes to

LIPA's Tariff

----------X

H. Lee Dennison Building

Media Room 182

100 Veterans Memorial Highway

Hauppauge, New York

November 24, 2025

10:00 a.m.

B e f o r e:

WILLIAM WAI,

THE PRESIDING OFFICER

A P P E A R A N C E S :

William Wai, Presiding Officer

Gaspare G. Tumminello, Manager

Thomas Kelly, Director of Budget

Soneka V. Cowles, Stenographer

P R O C E E D I N G S

MR. WAI: Good morning. Welcome to this morning's public hearing of Long Island Power Authority. My name is William Wai, and I will be the Presiding Officer for the hearing this morning. Also with me is Tom Kelly, Director of Budget, at LIPA.

The purpose of this hearing is to receive public comments regarding proposed changes to the Authority's Tariff on five topics. A copy of the Tariff's proposals are available on the Authority's website, www.lipower.org, and they will be incorporated into the record for this hearing.

The procedures for this morning's hearing is fairly simple. In a moment, Tom and I will provide a short overview of LIPA's 2026 budget and the Tariff's change proposals.

After that, I'm going to call for comments from the public on the sign-up sheet. When you are called to speak, please come close and start by telling us your name and whether you are speaking on behalf of any organization or group. If you want to speak this morning and have not signed in yet, you will need to do so before speaking.

Please note that the purpose of this

hearing is to receive your comments; we will not be responding to any questions or comments today. Your comments will be relayed to the Authority's Staff and Board of Trustees for their consideration at the next Board meeting.

If you have questions, as opposed to comments, we would be happy to discuss them with you after the sessions, and you can also e-mail or write to us with any comments you might have, and they will be included for the record to the Trustees.

Now, let's turn to the proposal. There are five topics for today's hearing. First topic is implementing Rate Adjustments as determined through LIPA's annual budgeting process. I will turn it over to Tom to discuss LIPA's 2026 budgeting process.

MR. KELLY: Thank you, William, and good morning. I am Tom Kelly, Director of Budget for LIPA. Over the next few pages, I will take you through the highlights of the 2026 budget, as well as the Board objectives that help drive the process.

Starting with the key policies on the objectives on Page 4, Board Objectives for Standards and Service to Customers. The LIPA Board provides strategic direction through a set of governance policies that define

our purpose and vision as well as strategic outcomes in all areas of utility operations.

The budget process starts with these objectives and set by the Board as reflected in LIPA's policies: Transmission and Distribution Operations; Customer Experience; Information Technology and Cybersecurity; Clean Energy and Power Supply; Customer Value, Affordability, and Rate Design; and Fiscal Sustainability.

As you see the Fiscal Sustainability is one of the objectives, and as we think about the budget and I transition to the budget, the 2026 Proposed Budget Maintains Fiscal Sustainability. LIPA is on track to meet the targets set forth and the Board's Fiscal Sustainability Policy, where we are able to achieve 70 percent or less by year 2030, with a projected debt-to-asset ratio of 78 percent in 2025. Achieving this 70 percent debt ratio, coupled with other credit strengths, should position the Authority for AA-category credit ratings comparable to other large public power utilities.

Sharing now the proposed 2026 Operating Revenue Budget. Despite increases and labor costs and overall inflation, LIPA and PSEG Long Island have managed to maintain operating costs flat in 2026, while ensuring

sufficient funding to maintain and operate the electric system in a manner that meets policy objectives set forth by the Board. A total operating revenue is expected to decrease by 36 million or down 0.8 percent, resulting in a total 2026 budgeted revenue of 4.30 billion, compared to 4.34 billion in 2025.

Additionally, there's planning for extreme weather events, LIPA's Storm Budget Funds the preparation, response, and repairs necessary to restore electric service after major storms. The proposed 2026 Storm Budget of 82 million is 1.5 million below the 2025 budget level to align with new standards under the extended contract with PSEG Long Island. The Storm Budget is based on inflation-adjusted historical averages.

Turning to the proposed 2026 Capital Budget. The proposed 2026 Capital Budget is 1.04 billion, an increase of 30.7 million, or 3.1 percent. Increase is due to the required refueling costs related to LIPA's 18 percent ownership of Nine Mile Point 2 nuclear generating power plant. The '26 Capital Budget will continue to allow for significant investments in the electric grid, including transmission upgrade projects, a new operations yard, and facility operations replacement, pole replacement programs, grid automation projects, and load growth support projects.

The projected change in the Typical Residential Customer Bill in 2026. The Typical Residential Bills are projected at $6.53 or 3.3 percent lower in 2026 than budgeted in 2025, and the proposed budget is $192.30. An estimated decrease in the average electricity used per residential customer is approximately $1.64. The 2026 budget projects that the average residential customer will use 719 kilowatts of electricity per month in 2026, compared to the projected usage of 725 in 2025.

The 2026 Power Supply Cost, LIPA is projecting lower power supply costs next year, contributing $8.64, or 4.3 percent lower, to the monthly bill. There are a number of factors that contributed to that 219 million, which would include:

148 million decrease in commodity cost due to less on-island generation; 29 million decrease in Regional Greenhouse Gas Initiative allowances driven by market prices; 21 million and Zero Emission Credits net of the impacts to the nuclear production tax credit related to LIPA's 18 percent ownership and Nine Mile Point 2 nuclear facility; 22 million decrease in fees and transition costs related to services under the new Power and Fuel Management Services Agreement; a 10 million decrease in pass-through property taxes on power plants due to continuing benefits

of tax settlements; that will be offset by a 11 million increase in capacity, purchase power, and renewables.

Now, sharing the electricity prices relative to remaining below inflation. As the prices of goods and services throughout the country has increased so have utility bills, but LIPA's average residential customer bills continued to remain stable and below the rate of inflation, even as neighboring states experience significant increases driven by wholesale market volatility, grid investment surges, and clean energy surcharges.

I will now turn it over to William to talk about the Tariff Proposals.

PRESIDING OFFICER WAI: Thanks, Tom. The second proposal implemented New York State Energy Affordability Guarantee, EAG, Pilot Program to qualifying customers. The next is providing an option for LIPA's Non-net-metered Recharge New York customers to participate in our Long Island Program. The fourth proposal is to implement a new statewide Rate Designs for the Buyback and the Standby Services to stay consistent with the regulated electric utilities in the state.

Lastly, we propose to clarify the applicable Rates and the requirement of Interconnection

Agreement for customers taking services at or above 23,000 volts.

That concludes our brief presentation. Now, let's open up the floor for comments. Do we have anybody? There are currently no public participants in the room. Let's wait a few minutes. Let's get off the record.

(A recess was taken.)

MR. WAI: Let's get back on the record now. Now the time is 10:30 a.m., and there are no public participants here to make comments. Let's close this public hearing.

Thank you.

(Whereupon, at 10:30 a.m., the meeting was adjourned.)

C E R T I F I C A T E

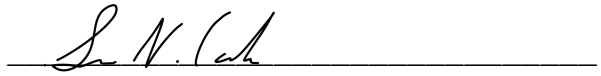
STATE OF NEW YORK)
) ss.:
COUNTY OF QUEENS)

I, Soneka V. Cowles, a Notary Public within and for the State of New York, do hereby certify:

I reported the proceedings in the within-entitled matter, and that the within transcript is a true record of such proceedings.

I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of November, 2025.



Soneka V. Cowles

LONG ISLAND POWER AUTHORITY

----------X

PUBLIC HEARING:

Proposal Concerning Proposed Changes to

LIPA's Tariff

----------X

LIPA

333 Earle Ovington Boulevard

Uniondale, New York 11553

November 24, 2025

6:00 p.m.

B e f o r e:

WILLIAM WAI,

THE PRESIDING OFFICER

A P P E A R A N C E S :

William Wai, Presiding Officer

Gaspare G. Tumminello, Manager

Donna Mongiardo, Chief Financial Officer

Soneka V. Cowles, Stenographer

P R O C E E D I N G S

MR. WAI: Good evening. Welcome to this evening's public hearing of Long Island Power Authority. My name is William Wai, and I will be the Presiding Officer for the hearing this evening. Along with me is Donna Mongiardo, LIPA's Chief Financial Officer. The purpose of this hearing is to receive public comments regarding the proposed changes to the Authority's Tariff on five topics. Copy of the Tariff's proposals are available on LIPA's website, www.lipower.org, and they will be incorporated into the records for this hearing.

The procedures for this evening's hearing is fairly simple. In a moment, Donna and I will provide a brief overview of LIPA's 2026 budget and the tariff change proposals. After that, I'm going to call for comments from the public on the sign-up sheet. When you're called to speak, please come close to the microphone and unmute yourself. If you are participating virtually, start by telling us your name and who you are speaking on behalf of any organization or group. If you want to speak this evening and have not signed in yet, you will need to do so before speaking.

Please note that, as the purpose of this hearing is to receive your comments, we will not be

responding to questions or comments today. Your comments will be relayed to the Authority's Staff and Board of Trustees for their consideration at the next Board meeting. If you have questions as opposed to comments, we'd be happy to discuss with you after the hearing, and you also can e-mail us or write us with any comments you have, and they will be included for the record to the Trustees.

Now, let's turn to the proposal. Again, the first proposal is rate adjustments as determined through the LIPA's annual budget process. I will turn it over to Donna to discuss LIPA's 2026 Budget.

MS. MONGIARDO: Thank you, William. For today's discussion topics, we have our Board objectives. The proposed 2026 Budget, and William will go over the Tariff's proposals, and like he said, public comments.

Next page, Board Objectives. So LIPA sets out to meet our Board Objectives when we start our budgeting process, the budget process starts with all of these: We have T and D; Customer Service and Experience; Clean Energy and Power Supply; and then we have Customer Affordability, which is very important to us and Rate Design; and Fiscal Sustainability, which leads us to the next slide.

We want to show that LIPA's 2026 Budget is on target to meet the Board's policy on Fiscal Sustainability. We are on track here. We have a debt-to-asset ratio target of 70 percent by 2030. Currently, we are at 70; by the end of 2025, we expect to be at 75 percent. I'm sorry, I can't -- it's 78 percent. I can't see. It's like an eye test, it's so small. Gaspare, I can't see it. So yeah, on the right-hand side of the chart, you'll see that we are expecting to be at 70 percent by 2030. Achieving a 70 percent debt-to-ratio, coupled with our other credit strengths, should position the authority for AA minus credit category ratings comparable to other large public power utilities, which is set forth in the Fiscal Sustainability Policy.

Next page, Operating Budget. So on the left-hand side of the page, we have LIPA's 2025 budget, which was $4.3 billion, and if you follow these along, you'll see on the right-hand side of the page, we have our 2026 Proposed Budget, which is $4.3 billion slightly lower than where we were for 2025. Despite our increases in labor costs and overall inflation, LIPA and PSEG have managed to maintain operating costs that are flat in 2026 while ensuring sufficient funding to maintain and operate the electric system in a manner that meets those Board

policy objectives that we reviewed at the beginning.

So next page, we have also continued to keep our Storm Budget at about $83 million a year, it's 82. We transferred 1.5 million to PSEG to align with new standards under the extended contract with PSEG Long Island. So the total Storm Budget is 82 million but their threshold also increased, and that Storm Budget is based on inflation-adjusted historical averages, and we'll continue to monitor that through the next budget cycle.

Next page, our Capital Budget is also flat, it's 1.04 billion. It appears as an increase, but LIPA and PSEG are flat. We had Nine Mile Point 2, which has every other year they do refueling at the generating power plant, so that is the reason for the increase of $30 million. So PSEG and LIPA's Capital Budget continues to allow for significant investments in the grid. We have transmission upgrade projects, new operations yard, a facility operations replacement, pole replacement programs, some grid automation projects, and load growth support.

Next page, this is our Typical Residential Customer Bill projection. So it goes, on the left-hand side of the page, we had projected with 2025's budget, we had estimated that our Typical Residential Customer Bill would be $193.98. However, with the higher

power supply costs in 2025, we are expecting that to come closer to $198.83. So that's $4.37 increase in power supply, and also $0.48 increase of attributable to increased usage, which had to do with the heat over the summer.

So starting at that point, our 2025 projection, we're estimating that bills would go down $6.53, 3.3 percent. So we have a deliverance in delivery which is going up by $3.12, that's primarily due to debt service, which we saw in the previous page, and offsetting that is power supply cost, which we are projecting to go down $8.64. We're also projecting usage to come down by contributing $1.64. That is due to some of our Residential Energy Efficiency programs this year. So for 2026, we are projecting a bill of $192.30 for our typical residential customer.

Next page, Gaspare. This just highlights some of the contributing factors to the decrease in the power supply costs. We do expect to decrease in the commodity cost due to less on-island generation, which would then drive lower gas usage. 29 million decrease in RGGI costs driven by market prices. 21 million decrease in Zero Emission Credits due to the impacts of the nuclear production tax credit related to our ownership at Nine Mile

Point 2. We have some decreased fees on transition costs related to the new power and fuel Management Services Agreement, and our continuing decline in the pass-through property taxes on the power plants.

Next page, electricity prices remain Below Inflation as the price of goods and services throughout the country have increased, so have utility bills, but LIPA's average residential customer bill continues to remain stable. It's below the rate of inflation even as neighboring states experience significant increases driven by wholesale Market volatility, grid investment surges, and clean energy surcharges. So you see, LIPA is about 25 percent compared to natural gas on the left-hand side, which is 41 percent.

Does that conclude the presentation? Yes, so I'll hand it back over to William.

MR. WAI: Thank you, Donna. So again, the first proposal is implementation of rate adjustments that is determined through LIPA's annual budget process. Our second proposal is to implement a New York State's pilot program that provides the Energy Affordability Guarantee to qualified customers LIPA served. The next proposal is to provide an option for LIPA's Non-net-metered ReCharge New York customers to participate in the Long

Island Choice program.

The Fourth proposal is to implement the new statewide Rate Designs for the Buyback Services and the Standby Services to stay consistent with the regulated electric utilities in the state. And finally, we propose to clarify the applicable Rates and the requirement of Interconnection Agreement for customers taking services at or above 23,000 volts.

That concludes our brief presentation. Now, I will open the floor for public comments. Now, let's start with the sign-on sheet, and I have Fred Harrison, please.

MR. HARRISON: You know, I said to you when I walked into the room that I very much appreciate staff that put into this budget. It can be no easy task trying to keep electric rates as affordable as possible, and it's no easy task for ratepayers, like myself, who have a -- who have a long background in rates going back into the 1970s, but to make sense of all the spending LIPA does to keep the grid operating. I have to say it's particularly challenging because there's no formal means to ask questions once the budget is presented.

Showing my age, where I cut my teeth on this subject, it used to be under local rate hearings, and

going there was a process of being able to issue interrogatories that required responses. So ratepayers and interested parties could learn what they actually needed to learn to make better sense, and here I have to say that for all of LIPA's transparency, and there's a lot of transparency, I can spend hours reading LIPA's material. It's not hidden. You don't get to ask questions, though, and I have to be honest, that's a real problem.

You know, public hearings like this let people like me vent a bit, but it's not a process, you know, that takes ratepayers really into account. There are some elements of the 2026 Budget that raised some questions to me, obvious questions. With rising costs, how is LIPA managed to project to produce the utility bills. Now, certainly I would never object to a cut in ratepayers' bills? I think that's wonderful, but forgive me if I'm a bit skeptical of this prediction.

For several years now, LIPA has been underestimating ratepayer bills. Forecasts were off in 2022, and 2023, and in 2024 we had a 11.6 percent rate increase. Will the same thing happen this year? Now, I understand wanting to put an optimistic smile on for ratepayers, but immediately after last week's budget presentation, I want home for lunch, only the to read an

article in The Wall Street Journal projecting increased natural gas prices for 2026.

According to the U.S. and Energy Information Agency, Henry Hub Natural Gas prices are expected to average of $4 in 2026, 16 percent higher than in 2025. Morgan Stanley projects even higher natural gas costs, with prices hitting $5 in 2026. The cause is well known. Dramatic increases in U.S. liquefied natural gas exports, but what would this mean for LIPA ratepayers? Even if the hopes for projections of a warmer Long Island winter and cooler summer turn out to be true. Will that really keep prices down? LIPA no more controls global weather than it does market fuel costs.

And while LIPA may have excellent professional assistants and supply hedging, is that going to change the direction of global fuel prices? Wouldn't it be more accurate and fairer to ratepayers to set out a range of possible monthly charges? Explaining what each bill that so as long as our electricity is tied to the global market, like the tune is a victim of the fossil fuel industry. We could give monthly fuel cost so people could see what the fossil fuel system is actually called for. These are straightforward with ratepayers, and of course, when you're straightforward with ratepayers, that builds

confidence; surprise bill hikes do not.

Now, of course, for me, I'm a volunteer leader with Food and Water Watch, the big lesson takeaway is that while we may have to rely on an all-of-the-above power system right now, expensive, and highly polluting fossil fuel-generated electricity is not the long-term answer to what plagues us. Renewable energy is like solar and storage, and ground source heat pumps. For me LIPA needs to redouble its efforts in its direction, and I don't think it would be that hard. LIPA has an incredibly capable staff that could easily do this kind of work, and if they needed assistance to figure out a way to implement, for example, a Long Island solar roadmap or other serious proposals, they would always have the good assistance of the people at PSEG. They're smart too. Now, that would be a budget proposal I think most ratepayers would cheer on. Thank you.

MR. WAI: Thank you. Next, I have Daniel.

MR. CARBON: Yes.

MR. WAI: You can start by the microphone.

MR. CARBON: I want to hand these out to everybody. I have four copies.

MR. WAI: Okay.

MR. CARBON: Name is Daniel Carbon. I'm a licensed professional engineer. I reside at 3 Harbor Hill Drive, Huntington, New York. I've been involved in energy conservation work since 1980, and I became a registered professional engineer in New York State in 1988. Early this year, I applied for the position of CEO at LIPA, but they didn't hire me. So I'm going to talk about the things I would have done if I was hired as the CEO of LIPA, and obviously, this affects the budget, which is what we are here for today.

So here's what I would do. I would conduct an engineer study to determine if the north port unloading platform is strong enough to support a 12-to-15-megawatt wind turbine, and snake power lines through the oil pipelines to the north port power plant to interconnect the electric grid. I understand that oil is no longer used to power the North Port power plant, so it's something that money could be spent on an engineering study to look and see if the oil unloading -- oil unloading platform is sturdy enough to put up a 12-to-15-megawatt wind turbine. Once that's done, put it up, and it'll be owned by LIPA. Once the -- once the LIPA pays off the cost of installing the wind turbine, the electricity coming out

of it will essentially be almost free except for the maintenance of the facility. It keeps the rates down.

The second, work with the North Port Harborfield School District to construct the three-megawatt Vestas wind turbine at the Oldfield Middle School, as the school district has seven acres of vacant land on the east side of the property. LIPA would work out a special rate schedule with a wheeling charge to transfer power to the other schools in the district. There's a subtransmission line on the north side of the property at the Oldfield Middle School, and basically, the school district would own the wind turbine, and they would work with LIPA to work out a special wheeling rate.

Let's say, one-tenth of a cent per kilowatt hour to wheel the power over to the other schools, and any surplus power would be sold back to LIPA when they need it. Set up a find the rotten Wilco pole to give people $20 for each rotten Wilco pole reported to LIPA. Hire some employees or spouses, their children under 18 years old can become pole inspector's factors.

In one of the LIPA meetings, I attached -- I gave them an article from Suffolk Light from the late 90s about how Daniel Carbon would use his wooden shoes to check the -- check the sturdiness of the Wilco poles. So

one day, Wilco, in its infinite wisdom, decided to give a defective pole on New York Avenue and Huntington Station to the Town of Huntington. I called up my friend, Jane. Jane, I've got a story for you about how Wilco gets rid of its poles by giving them away, and have the Town of Huntington spend $1,500 of its own money. Now they own the pole.

So Jay Lee Bark wrote a full-page story about Daniel Carbon whacking the Wilco poles with his wooden shoes to find the rotten ones, and when I pay my Wilco bill, I decided to copy the article in with the bill. As I understand from a Wilco employee, they actually posted the article on the bulletin boards. I can assure you there's thousands and thousands of defective Wilco poles out there that still need replacement.

I see in your budget, you're spending money on pole replacement, which is -- and you did a lot after Hurricane Sandy, but there's still a lot of really badly rotten poles out there. There's one pole that I reported next to the Syosset Railroad Station at the ticket office, it's so hollow, if you cut it into sections and put drum hats on each section Ringo Starr could play his drums. Peter Garland at one of the LIPA meetings suggested a $20 fee. Why not $50? Then people will really have an

incentive to find those old, rotten Wilco poles.

Next item, conduct a service area infrared survey to determine whose roof has sufficient installation to reduce the peak heating and cooling loads. Doing this on a cold winter night across the entire service area, Nassau, Suffolk County, and the Rockaway Peninsulas, and then what we can do is take that infrared survey, and put it on the LIPA website so that everybody can find out how badly insulated their roof is.

When my parents moved out of the house I'm living in 1979, I had the roof reinsulated. Beforehand, if it snowed, the snow would melt off the roof from the heat from the inside. Now, when it snows, the snow stays on the roof frozen until the temperature outside is above 32 degrees, at which point it starts melting. Moreover, that additional snow acts as insulation about R1 to the inch. So 10 inches of snow gives me another 10, R10 on top of the roof. It's a flat roof on the house, and it's much more comfortable; it's unbelievable. How much comfort I've had from reinsulation, and there's so many houses built on the island before 1974. They simply don't have adequate insulation.

It's something that really that we're going to spend money on. Remember, budgets are political

documents. To spend money to do this, and tell everybody that they're doing it, and I will talk to more about the billing surge later. Removing rest from resting transmission towers and repaint them using rust-resistant paint. I was on Dale Road, which goes from Jericho Turnpike Southeast to Commack Road, and there's a couple transmission towers going along the road. Look at them. Oh, my God. I couldn't believe how much rust is on these transmission towers.

We've got to get them repainted, or call in a company that knows how to put galvanizing on to make sure they're going to stay sturdy for a little longer. Paint pole transformers white so they don't overheat in the summer on hot summer days. Many years ago, when I was a stockholder at Wilco. I wrote Dr. Caddis Casino a letter. How come Wilco doesn't paint the full transformers white so they don't overheat the summer months, and then in several meetings months later, I asked the same question. Dr Caddis Casinos said, yes, Mr. Carbon, I did see -- we did read your letter. We did reply to it.

Another thing that could be done. Make sure all pole transformers are properly grounded out. I had a problem at my house where I discovered that neutral current was coming in under neutral. Finally, it got

corrected. It was causing all sorts of havoc in the electrical system in my house. Ask the New York State legislature to outlaw municipalities, condos, co-ops, and homeowner associations on banning outdoor clotheslines. It's a simple letter to send to the governor and to the state assembly, and to the state Senate. If I was CEO, I'd have that done, and moreover, I'd put out a press release to that effect, and put pressure on the powers of Albany to outdoor -- to outlaw municipalities, condos, co-ops, and homeowner associations on banning outdoor clotheslines.

I have an outdoor clothesline at my house. It's a solar and wind powered. I use it 12 months out of the year, and what I learned is something very interesting. Clothes dry faster in the winter than they do in the summer. Do you know why? Do you know why? Lower humidity. It works. It works. When my electric fryer broke, I decided not to -- not to replace it.

Next page, meet with licensed electricians to discuss issues between them and LIPA, and I'm sure you would have interesting discussions and complaints from licensed electrical contractors dealing with the company. We need to have these periodic meetings and spend a little money, and find out what's going on. Maybe there are issues. When a north port power plant is

no longer needed, bring in controlled demolition to blow it up. Have a good riddance party with champagne at the entrance at the boat ramp, launching ramp, and Eaton's Neck Road, and invite all the public to witness the power plant being blown up. When it's not going to be needed, once we install enough wind turbines offshore.

My understanding is the power plant is only used about 15 to 20 percent of time due to its inefficiencies. Combine cycle gas powered power, and get a 55 to 65 percent of efficiency, in terms of converting heat to electrical energy, the North Port power plant, when it runs it's roughly 36 to 38 percent, and it's burning mostly gas. So it's terribly inefficient.

Subdivide the property, retain the national gas line through the property, and sell the remainder to Town Heights for $1.00 of park land. Sell a small piece of property on the south side of Eaton's Neck Road to the Town of Huntington is less than an acre. One of these pieces of property that there's no access to on a road, and it joined to Town of Huntington Park. Sell them $1.00 to the Ingram National Nature Preserve. Convey the shore of nuclear power plant to the nature conservancy or North Shore landlines as a nature preserve. It's still own the property, whether it's National Grid or LIPA, I'm not

sure, and it's a beautiful piece of property, which should not be given to the state for as a park land, but rather should be in some sort of nature preserve.

Reinstate the 188 residential time of -- time of day electrical rate. Those people who are on that rate saw their bills go up. I was on that rate for a little over 40 years since it was first instituted. I guess around 1984 or something. I'm not sure how much the rates went up because my normal monthly electric bill is between $50 and $60 a month, so I'd have to really research and find out how I'm getting screwed by -- because at one time I called up LIPA and asked should I change rates, and they said no stay on the 188 rate it's cheaper for you, and then they pulled this little trick, and got rid of the rate.

Print bills on 100 percent recyclable paper. Print on each bill a note calculating the percent increase or decrease in the same month, year ago, indicated it is not adjusted for weather conditions. Right now, the bills have this bar graph, which is basically to the nearest kilowatt hour, but when you're using five, six, or seven kilowatt hours a day for electricity, which is what my house is down to. I every month recalculate that to find out what I'm doing, and compared to last year on this

October, November bill was six kilowatt hours a day. I got down to 5.75. Unfortunately, I can't reduce the bill too much lower, and the reason is very simple: I have a wife, and she doesn't understand everything. I try to convince her of certain things, which is nearly impossible and not worth the fight.

For accounts over $100,000 in annual billing, daily billing of electricity with accounts debited daily with increased cash flow. An interesting idea I thought of many years ago, and I give people one-half percent decrease in their electric bill for having this daily billing of electricity increases the cash flow, especially on the large accounts. Something that somebody should look into.

Identify residential accounts with the highest use of electricity and target them for serious energy conservation efforts. I have done a lot of residential building inspections and residential energy evaluations over the years, and I'm shocked at how high some of the bills are on the highest accounts. The rich waste more energy than the poor. The top 20 percent probably use more electricity, and than the 80 at the bottom. The top ten percent probably use half of the residential electricity. We need to seriously go after

these high toes and get them to use their electrical usage.

I reduced the electrical usage in my house from -- well, it was running like 2500 kilowatt hours every 60 days, or this is when my parents were there 40 kilometers a day, and now I'm down to five or six, and it's the same 4200 square foot house. I did a lot of energy conservation work there, and what really makes difference is daylight LEDs. Not the stupid cool light or warm light, daylight, because it's much brighter, and this room has terrible lighting. It should be 5000k, not 3500 or 3,000. They need to do energy conservation in their own buildings. Identify a resistance electric heat users and get these buildings better insulated. A big problem, especially those built before the energy crisis in 1974.

Provide Ben and Jerry's ice cream for refreshments at LIPA Board meetings. That came about because I was a stockholder of Wilco, and at one time in one stockholders' meeting, Wilco provided no refreshments. So I said to Dr. Caddis Casinos, we need better refreshers at the next stockholders' meeting. How about Ben and Jerry's ice cream? And he said, too much cholesterol. Bad for my heart. But I would have answered him other companies have Ben and Jerry's ice cream at their stockholders meeting. Ben and Jerry's, of course.

Setup pay-by-the-pound salad bars in all company lunch rooms. Healthier, and when you have fresh salads, you don't have to cook. In my house, one of the ways I keep the electric bill down is eating lots of fresh fruits and vegetables, but in order to save $0.25 on the electricity bill, I have to eat $25 worth of blueberries. I know you're enjoying my talk. Okay.

Locate all their primary lines and replace them with coded electric lines. I've seen this in some areas on Long Island. It means that the crews who fix and repair the lines they know where they are. Just ask them, they'll tell you. Retire at least $200 million in debt each year. By 2175, LIPA should be debt-free. Get the debt retired. There's no reason to have it around.

I know you spending a lot on capital, and you're trying to get the debt-to-asset ratio reduced, but really, we've really got to get the debt eliminated. It's going to take a lot of hard work. All the accounts should be net zero. If someone wants to hook up, they've got to be a net zero building. Require TV solar on all new accounts and new buildings being built. You can do it. It can be put into the rate schedule. Place help-wanted advertising on bill inserts. People will start reading them to find jobs, and moreover, it cost you very little to

do it because you're putting bill inserts in anyway. Why spend money on Indeed or expensive headhunter firms?

Settle all claims in 30 days from start to finish. Admit when you're wrong. In September of 2024, a trunk fell off a oak tree. It was 20 inches in diameter, 80 feet long, weighing probably three or four tons. When it came down, it arched over my car, which was parked in a long Harbor Hill Drive. I called up LIPA. We've got a fire on the road. The down power lines. I called the Long Island police. We got a road that's blocked by the train. LIPA comes; it's 2:15 in the morning. LIPA comes 3:30 in the morning, cuts up the train, but the tree, which is arched over the car, the position shifts, scrunches the car.

It took me going to two LIPA Board meetings and five months to get it settled. There's no reason why we can't settle claims within 30 days, especially when it's obvious it's the utility's fault. They didn't want to admit it, but I had a meeting with Tracy Edwards, who I personally know, and she had made sure the claim was settled. Sometimes people at the top have no idea what's going on at the bottom, and she had no idea that they weren't settling claims quickly.

A 800 number to report outages,

1-800-NO-WILCO. CEO to be stuck at call center taking phone calls during hurricanes. They run out of people to answer the phones. Stick them down there, and everyone wonders where he is. Well, they ran out of people to answer the phone. Give him that job, then he'll know how bad truly things are. Look at the Caddis Casinos, during Hurricane Gloria, he was on vacation. That was bad karma. He left for Italy and Greece, and then Hurricane Gloria came in 1985.

Work with truck manufacturers to develop pure EV electric bucket truck vehicles. Place EV charging stations at company facilities for use by employees. Convert lawn areas on company grounds to pollinator flower gardens and prairies. It reduces costs of maintaining grass, which is kind of stupid. At my house, I got rid of the lawn by not mowing it, so it's now a forest. It cost me nothing, and I have a special landscaping service, Doe and Buck Landscapers. Do you know who they are? Do you know who they are, Doe and Buck landscapers? It's a deer.

Hire a planting colleges to identify sites with unusual plants such as Bird's-Foot Violet along major transmission corridor lines. In Western North Carolina, I saw hundreds of Bird's-Foot Violet under a

transmission line. Very, very beautiful plants. Make blower door test a part of the residential energy audits. When I asked -- when I spoke with Caddis Casinos about this, he didn't know what a blower door test was. This is 1994, and I explained to him how it works. You put it, open up the front door, put a temporary door in, put in a fan, pressurize the house to determine the leakage rate, and he says to me, I wonder how leaking my mansion is. He lived in Mill Neck.

Put full-spectrum lighting in all facilities to improve lighting. As I said, you've got terrible lighting at the lighting company. Develop plans to use full-spectrum lighting at night and at street lighting. Prepare energy conservation management plans for all facilities buildings, even the ones that you rent. Put VD systems on roofs of all buildings owned by the company international grid. Allow five minutes of time for each person to speak at the LIPA's public board meetings. Right now it's three minutes, and get -- everybody gets cut off. It's not polite.

Compliance for Freedom Information Law requests. Compliance with Secrecy Minimum Required Review Act. Everybody at LIPA should see the movie I am Greta on Hulu. Everyone should read Greta Thunberg's the climate

book. No one should be fired for whistleblowing or conveying bad news of any kind. The next sentence is will they hire Daniel Carbon as the next CEO? Well, they hired somebody else, but these ideas need to be put through.

Now, I want to talk to you about time-of-day rates. I got this bill stuffer from my recent bill. So I made copies to put into the public record. Here, and we need to spend money on putting together a better bill stuffer. This is written in very fine print. It's very small print on a gray background. It's hard to read. Do you think anybody's gonna read it? I didn't even read it. I couldn't even read it. Somebody should go create a new bill stuffer that explains how the time-of-day rates work so people can read it on large enough print, and it becomes something that somebody really -- it's going to have an impact on the people who get their bill.

Better still, if I was CEO, I would write it as a personal note to every ratepayer, this is how it works. Just explain to them that because we have a lot of solar on Long Island after 3:00 p.m., the amount of solar PV being generated drops off very significantly. So we got this horrible peak between 3:00 and 7:00 p.m., and then we have to fire up these inefficient power plants to meet the demand, and explain things to do to reduce your

electrical use between 3:00 and 7:00 p.m., and the way I do it at my house is I ate mostly raw food for supper, raw salads.

Before I left here, I had a cut-up apple. That's what I had. I had a cut-up apple, and I don't remember what else I ate, but I know I had a cut-up apple. That was part of my dinner. So we gotta a lot of work to do to encourage people to really understand how time-of-day rates really work for them. A lot of people are not ignoring the fact they can save money on their electric bill. If they only knew how to do it. Being explained in great detail on a better, much better bill insert than this piece of crap, which is basically unreadable, cute, but it doesn't really -- the prints to fine for someone to really read it and understand it.

I want to thank you for giving me the opportunity to speak, and fortunately, we have no 3-minute time limit for testimony. Thank you. Any comments from anyone?

MR. WAI: Thank you for your comments, Daniel. Do we have anybody online?

MR. TUMMINELLO: No one has their hand raised.

MR. WAI: Okay. There are currently no

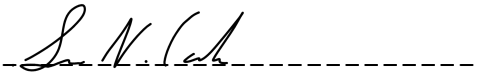
additional public participants in this room, and the information will be online. So I will post this evening's public hearing. Thank you.

(Whereupon, at 6:47 p.m., the meeting was adjourned.)

STATE OF NEW YORK)
) ss.:
COUNTY OF QUEENS)

I, Soneka V. Cowles, a Shorthand (Stenotype) Reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing Statement On the Record, taken at the time and place aforesaid, is a true and correct transcription of the teleconference audio.

IN WITNESS WHEREOF, I have hereunto set my name this 24th day of November, 2025.



Soneka V. Cowles