LIPA Annual Report

LIPA Board of Trustees Meeting

Presented by: Richard Tinelli - Controller

The Power is Yours ™

Discussion Topics

- Public Authority Information System (PARIS) Deliverables
- Annual Financial Statements
- Management’s Discussion & Analysis (Unaudited)
- Summary Statement of Net Position
- Summary Statement of Revenue, Expenses, and Changes in Net Position
- Significant Notes

Public Authority Reporting Information System (PARIS) Deliverables

File Summary Statements - Annual Report:

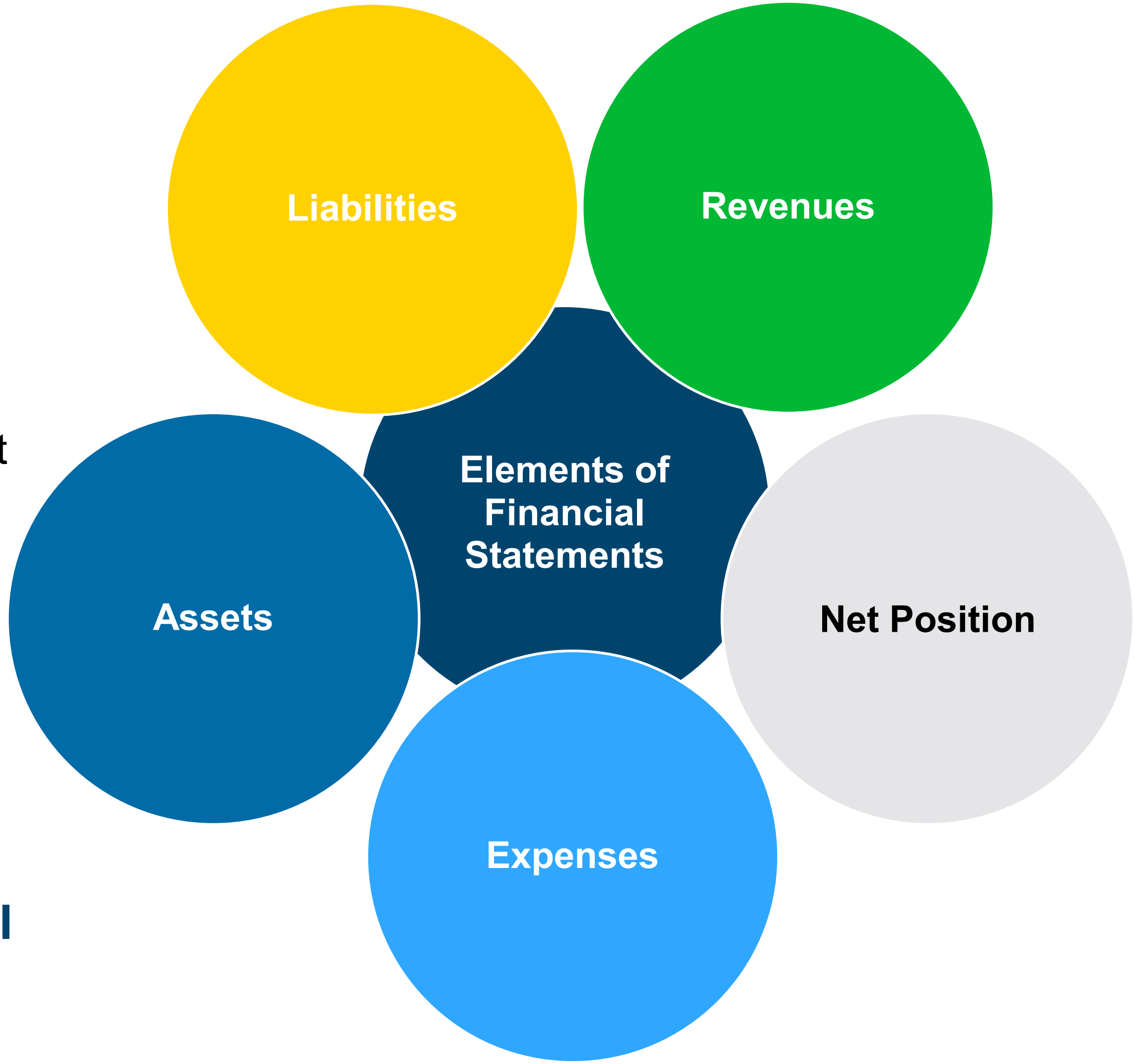
- Statement of Net Position
- Statement of Revenue, Expenses, and Net Position
- Schedule of Debt
- All included in detail in the audited consolidated financial statements

Annual Audit:

- Independent Auditors Report (KPMG Unmodified Opinion)
- Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Accounting Standards*
- Report on Investment Compliance
- Report on Debt Compliance
- Report on the Rate Stabilization Fund agreed upon procedures

Annual Financial Statements

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



Management's Discussion & Analysis (unaudited)

Operational Highlights

- Climate Act and LIPA budget planning to address needs and power plants under Contract
- Certain Litigation Related to Payments in Lieu of taxes
- FEMA Grant Activity

Fiscal Achievements

- Achieved 1.51x coverage vs. 1.40x target
- Utilized $25M of excess coverage generated from operations to defease certain 2026 maturities of Series 1998A and 2000A capital appreciation bonds
- 5% Reduction in Debt-to-Asset ratio from 85% to 80% (Reduced from 110% at 12/31/15)
- Fitch Upgrade of LIPA's credit rating from A (Positive) to A+ (Stable)

Discuss 2024 and 2023 comparison year-over-year analysis

- Variance explanation discussion on subsequent slides

Summary Statement of Net Position

- **Current assets increased $148M** compared to 2023 due to mark-to-market values in the Other Post-Employment Benefits (OPEB) investment account, and higher accounts receivable; offset by lower counterparty collateral posted.
- **Regulatory assets decreased $141M** due to a decrease of $66M in unrealized mark-to-market changes on financial and commodity derivative instruments, $62M scheduled amortizations, and a decrease of $26M in Revenue Decoupling Mechanism (RDM) due to higher revenues than budgeted.
- **Noncurrent assets decreased $120M** due to the Acquisition Adjustment amortization and a decrease in long-term receivables due to FEMA mitigation funds received related to Superstorm Sandy.
- **Long-term debt decreased $311M** as LIPA refinanced $697M debt and $23M of associated premium, $287M scheduled principal payments, $313M LT debt reclassified to current, $25M debt defeasance with excess cash from operations and the scheduled amortizations of totaling $71M; offset by Series 2024 issuance.
- **Current liabilities increased $215M** due to a $313M increase in current maturities of LT debt and accrued expenses; offset by a decrease in mark-to-market values of commodity derivative instruments and lower short-term debt.
- **Noncurrent liabilities decreased $420M** primarily due to the amortization of the lease and SBITA liabilities of $300M, a decrease in the PSEG Long Island's workforce obligation retirement benefits (updated actuarial assumptions), and a decrease in the mark-to-market value of financial and commodity derivative instruments.

		2024	2023	Variance
Assets and deferred outflows of resources:				
Capital assets, net	$	10,711,393	10,590,245	121,148
Current assets		3,153,777	3,006,392	147,385
Regulatory assets		542,129	682,765	(140,636)
Noncurrent assets		547,941	668,021	(120,080)
Deferred outflows of resources		89,613	165,323	(75,710)
Total assets and deferred outflows of resources		**15,044,853**	**15,112,746**	**(67,893)**
Liabilities and deferred inflows of resources:				
Long-term debt, net of current maturities		8,981,393	9,292,423	(311,030)
Current liabilities		1,858,487	1,643,720	214,767
Regulatory liabilities		292,582	118,990	173,592
Noncurrent liabilities		2,097,135	2,517,407	(420,272)
Deferred inflows of resources		782,431	712,785	69,646
Total liabilities and deferred inflows of resources		**14,012,028**	**14,285,325**	**($273,297)**
Total net position		**1,032,825**	**827,421**	**205,404**
Total liabilities, deferred inflows of resources, and net position	$	**15,044,853**	**15,112,746**	**($67,893)**

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

- **Electric operating revenues, net of uncollectible accounts expense, increased $379M** compared to 2023 primarily due to an increase in Power Supply Charge (PSC) revenue, an increase in base delivery revenues and an increase in the DSA primarily due to higher debt service and storm-related costs as compared to budget.
- **Operating and interest charges increased $312M** compared to 2023. The increase was primarily due to higher power supply costs of $20M due to higher sales, higher commodity costs and associated property taxes, increased operations and maintenance costs of $70M from higher storm restoration costs and transmission and distribution costs.
- **Grant Income increased $5M** primarily related to grant funding received for personal protective equipment and safe opening costs related to COVID-19.
- **Change in net position increased $75M** primarily due to favorable budget variances in Utility Depreciation expense and Operating charges

	2024	2023	Variance
Electric revenue, net of uncollectible accounts expense	$ 4,077,409	3,698,833	378,576
Operating expenses	(3,659,108)	(3,351,354)	(307,754)
Interest charges, net	(367,185)	(363,393)	(3,792)
Total operating and interest expenses	(4,026,293)	(3,714,747)	(311,546)
Revenue less operating expenses and interest charges, net	51,116	(15,914)	67,030
Grant income	47,687	42,210	5,477
Other income, net	106,601	103,793	2,808
Total other income, net	154,288	146,003	8,285
Change in net position	205,404	130,089	75,315
Net position, beginning of year	827,421	697,332	130,089
Net position, end of year	$ 1,032,825	827,421	205,404

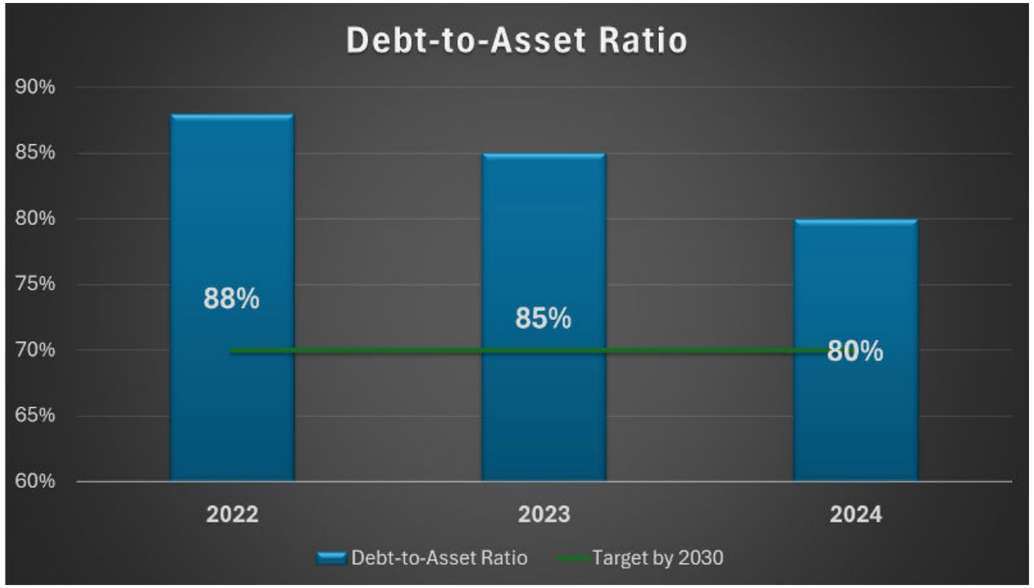
Management's Discussion & Analysis (Unaudited)

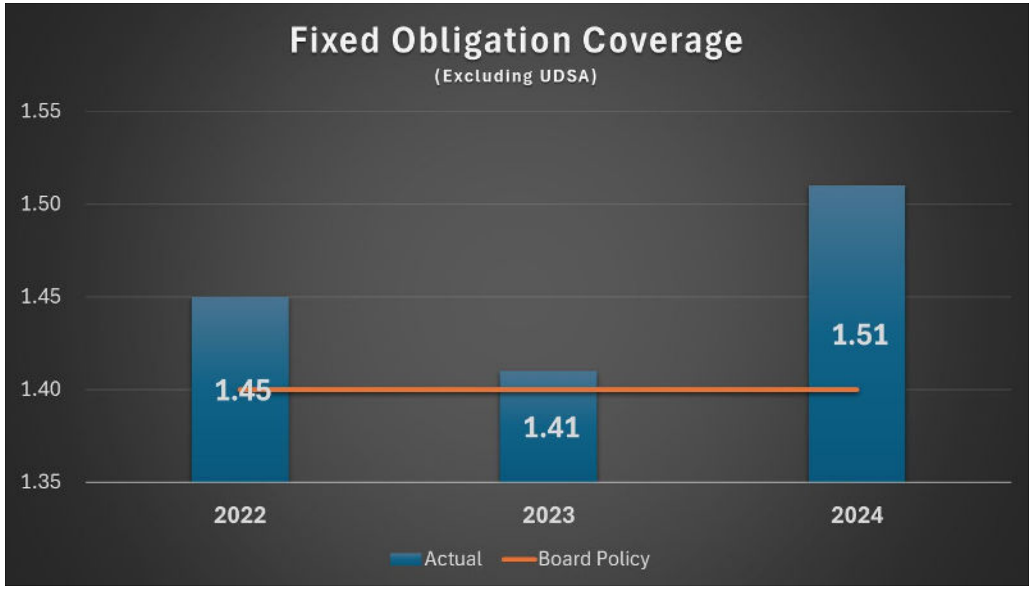
Capital Asset and Financing Activities

- Issued $400M new money
- Issued $650M LIPA refunding for net present value savings of $62M
- Utilized $25M of excess coverage generated from operations to defease certain 2026 maturities of Series 1998A and 2000A capital appreciation bonds

Liquidity and Capital Resources

- Debt-to-Asset Ratio 80%
- 287 days available cash and credit
- Achieved 1.51x fixed obligation coverage compared to Board Policy on Fiscal Sustainability of 1.40x





Management’s Discussion & Analysis (Unaudited)

Bond Ratings

- Board’s Policy on Fiscal Sustainability has resulted in five upgrades to LIPA’s credit ratings since 2013
- In July 2024, Fitch upgraded LIPA’s credit rating from A (Positive) to A+ (Stable)

Rating Agency	2024	2023	2022
Moody’s	A2 (Stable)	A2 (Stable)	A2 (Stable)
S&P	A (Stable)	A (Stable)	A (Stable)
Fitch	A+ (Stable)	A (Positive)	A (Positive)

Significant Notes

OSA - Employee Benefit Obligation – Note 13

- Discount rate increases due to market trends led to a drop in liabilities
- OSA Pension and OPEB liability totaled $540M compared to the OPEB – Dedicated Account held by LIPA of $736M
- 136% Funded (Pension and OPEB)

LIPA Pension Disclosures – Note 14

Commitments and Contingencies – Note 15

- Primarily related to our Purchase Power Agreements

Legal Disclosures – Note 16

Condensed Statements with UDSA (LIPA Component Unit) – Note 17

Questions?

Richard Tinelli
Controller

lipower.org

FOR CONSIDERATION
March 26, 2025

TO: The Board of Trustees

FROM: John Rhodes

SUBJECT: Approval of the 2024 Financial Report of the Long Island Power Authority

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Requested Action

The Board of Trustees (the "Board") is requested to approve the 2024 Financial Report (the "Financial Report") prepared in accordance with Section 2800(1) of the Public Authorities Law ("PAL"), in the form attached as **Exhibit "B."**

2024 Financial Report

Section 2800(1) of the PAL requires LIPA to submit an annual report to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Committee on Ways and Means, the State Comptroller, and the Authorities Budget Office, within ninety days after the end of LIPA's fiscal year. Under Section 2800(1)(a)(2) of the PAL, the Financial Report shall include the following: audited financials; grant and subsidy programs; operating and financial risks; current bond ratings; and long-term liabilities. Section 2800(3) of the PAL requires the Financial Report to be approved by the Board.

Recommendation

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

Attachments

Exhibit "A" Resolution
Exhibit "B" Financial Report of the Long Island Power Authority

Exhibit "A"

RESOLUTION APPROVING THE 2024 FINANCIAL REPORT OF THE LONG ISLAND POWER AUTHORITY

WHEREAS, Section 2800(1) of the Public Authorities Law ("PAL") requires public authorities such as the Long Island Power Authority ("LIPA") to prepare an annual report; and

WHEREAS, LIPA's annual report includes, among other things, a financial report, as defined under Section 2800(1)(a)(2) of the PAL (the "Financial Report"); and

WHEREAS, LIPA has prepared its Financial Report, which, pursuant to Section 2800(3) of the PAL, is subject to the approval of the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves the 2024 Financial Report of the Long Island Power Authority, in the form presented at this meeting.

Dated: March 26, 2025

2024

YEAR-END REPORT

Basic Financial Statements and Required Supplementary Information

(With Independent Auditors' Report Thereon)

December 31, 2024 and 2023

Long Island Power Authority
(A Component Unit of the State of New York)

Contents

KPMG

Independent Auditors' Report

Board of Trustees
Long Island Power Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Long Island Power Authority (LIPA), a component unit of the State of New York, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise LIPA's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of LIPA as of December 31, 2024 and 2023 and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LIPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LIPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LIPA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LIPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the management's discussion and analysis and the schedule of proportionate share of the net pension liability and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

[(Signed) KPMG LLP]

Boston, Massachusetts
March 28, 2025

Introduction

The Long Island Power Authority (LIPA) is a component unit of the State 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 (T&D) system of the Long Island Lighting Company (LILCO) as a wholly owned subsidiary of LIPA. The acquisition included an undivided 18% interest in the Nine Mile Point Unit 2 (NMP2) generating facility located in upstate New York. LIPA provides electric delivery service in the Service Area, which includes approximately 1.2 million customers. The population of the Service Area is approximately 3.0 million.

LIPA has proposed to simplify LIPA's operations by consolidating LIPA and LILCO and has successfully sought a letter ruling from the Internal Revenue Service to confirm there would be no federal tax liability to LIPA or LILCO as a result of the merger of LILCO into LIPA. In June 2024, LIPA's Board approved the merger into LIPA of its wholly owned subsidiary LILCO. In 2020, LIPA's Board approved requested consolidation amendments to its Bond Resolution and the proposed amendments are subject to the consent or deemed consent of the holders of a majority in principal amount of all of LIPA's outstanding bonds. LIPA is awaiting required consents to make effective the amendment and restatement of the Bond Resolution.

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

LIPA is governed by a local Board of Trustees (Board) consisting of nine Trustees, five of whom are appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly. The Board supervises, regulates, and sets policy and rates for LIPA. In accordance with the LIPA Reform Act, codified as Chapter 173, Laws of New York (Reform Act) in 2013, LIPA is required to submit any proposed rate increase to the New York State Department of Public Service DPS (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%; however, LIPA's Board retains final rate-setting power.

The Reform Act also created the Securitization Law, which established LIPA's component unit, the Utility Debt Securitization Authority (UDSA). The Securitization Law's purpose is to provide the statutory authority for the issuance of restructuring bonds that allows UDSA to issue an initial par up to $8.0 billion of securitized bonds (inclusive of the bonds already issued) to refinance outstanding indebtedness for net present value savings or to fund LIPA's T&D system resiliency investments. LIPA and UDSA retired an additional $750 million of its outstanding indebtedness in 2023, bringing the total net present value debt service savings for LIPA's customers to $579 million. There were no additional securitized bonds issued in 2024. UDSA is considered a blended component unit. The activities of UDSA operations are blended with the operations of LIPA for financial reporting purposes.

LIPA contracts for the majority of services necessary to deliver electric service. Since 2014, LIPA has contracted with PSEG Long Island LLC (PSEG Long Island) under the Amended and Restated Operations Services Agreement (A&R OSA) to provide management services. PSEG Long Island is a wholly owned subsidiary of Public Service Enterprise Group (PSEG), and LIPA provides service to customers under the PSEG Long Island brand name. ServCo, a subsidiary company of PSEG Long Island consists of approximately 2,700 employees, including the legacy LILCO and National Grid employees that transitioned employment to ServCo in 2014. The salary and benefit costs of ServCo employees are Pass-Through Expenditures paid by the Authority. Upon the termination of the A&R OSA, PSEG Long Island is required to transfer all Membership Interests in ServCo to LIPA or, at LIPA's direction, its designee, at no cost.

PSEG Long Island performs many utility functions on LIPA's behalf and in return receives (a) a fixed management fee, and (b) a variable fee contingent on meeting certain performance metrics.

In April 2022, LIPA and PSEG Long Island began operating under a new, reformed contract, the Second Amended and Restated Operations Services Agreement (Second A&R OSA), which was approved by LIPA's Board on December 15, 2021, approved by the New York State Attorney General on January 6, 2022, and approved by the State Comptroller on April 1, 2022. The Second A&R OSA includes an increase in PSEG Long Island's annual compensation at risk, strengthened termination rights, enhanced DPS oversight responsibilities, enhanced dedicated management team, and separation of LIPA information technology systems, including the Enterprise Resource Planning system (ERP), among other things. Furthermore, the Second A&R OSA eliminated PSEG Long Island's eight-year term extension option and instead will expire on December 31, 2025. Accordingly, LIPA issued an RFP to rebid the management contract currently held by PSEG Long Island.

LIPA also contracts with PSEG Energy Resources and Trade LLC (PSEG ER&T), a PSEG affiliate, to provide services related to fuel and power supply management and certain commodity activities which expire on December 31, 2025. On May 30, 2024, LIPA issued an RFP seeking proposals to provide such services for a period of five years. On December 18, 2024, LIPA's Board approved a Power Supply Management and Fuel Supply Management Services Agreement (PSMFM Agreement) with The Energy Authority, Inc. (TEA) for a five-year term. The PSMFM Agreement has been approved as to form by the New York State Attorney General and has been submitted to the New York State Comptroller for approval.

LIPA separately maintains power purchase agreements with various third-party power generators.

Overview of the Basic Financial Statements

LIPA's basic financial statements are prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Annual Financial Report for LIPA includes the Basic Financial Statements and the Required Supplementary Information. The Basic Financial Statements consist of the Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, the Statements of Cash Flows, and the Notes to the Financial Statements (Notes). Following the Basic Financial Statements is LIPA's Required Supplementary Information.

Management's Discussion and Analysis (MD&A) provides an overview of LIPA's financial information for the years ended December 31, 2024 and 2023, with certain comparative information as of and for the year ended December 31, 2022. Management's Discussion and Analysis should be read in conjunction with the Basic Financial Statements. The Notes are an integral part of LIPA's Basic Financial Statements and provide additional information on certain components of these statements.

In 2024, LIPA adopted GASB Statement No. 101, *Compensated Absences* on a prospective basis as impact on prior year was not material to the financial statements. In 2023, LIPA adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines a Subscription-Based Information Technology Arrangement (SBITA) as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB Statement No. 96 requires the recognition of a subscription liability and an intangible asset representing the right to use the subscription asset at the commencement of the subscription term. Utility plant and property and equipment for the years ended December 31, 2024 and 2023 are approximately $23 million and $10 million, respectively, and SBITA obligations are approximately $21 million and $8 million, respectively.

The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

The Statements of Revenues, Expenses, and Changes in Net Position report all of LIPA's revenues and expenses for the periods shown.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources, such as investment income and debt financing, and other cash uses such as payments for debt service and capital additions.

The Notes to the Financial Statements provide additional detailed information to support the Financial Statements.

The Required Supplementary Information is required by GASB to accompany the Basic Financial Statements and includes MD&A and information related to LIPA's participation in the New York State and Local Employees' Retirement System.

Forward-Looking Statements

The statements in this MD&A that are not purely historical facts are forward-looking statements based on current expectations of future events. Such forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes to or development in various important factors. Accordingly, actual results may vary from those we presently expect and such variations may be material. We therefore caution against placing undue reliance on the forward-looking statements contained in this MD&A. All forward-looking statements included in this MD&A are made only as of the date of this MD&A and we assume no obligation to update any such forward-looking statements as a result of new information, future events, or other factors.

Operating Highlights

New York State Climate Leadership and Community Protection Act (Climate Act)

The Climate Act, signed in 2019, requires the State to, among other things, achieve a zero-carbon electric grid by 2040 and reduce economy-wide greenhouse gas emissions 85% by 2050. In November 2023, LIPA released its Integrated Resource Plan (IRP) which develops a path for compliance with the Climate and includes future supply and demand-side resources needed for electric power for Long Island and the Rockaways. Conducted every five years, the IRP charts a path towards a zero-carbon electric grid by 2040 while meeting electric customer needs reliably and affordably. The 2023 IRP specifically focuses on actions and decisions that need to occur between now and 2030 to provide reliable, cost-effective service to customers under a range of scenarios and considers factors such as customer usage trends, existing resources, policy and regulatory requirements, changing technology, risks, and opportunities.

The IRP identifies the key activities and investments that LIPA will need to undertake to meet State objectives and those set by its Board. Objectives include supporting and meeting Climate Act goals; retiring fossil-fueled generation; integrating substantial amounts of renewable energy resources; identifying the impacts of beneficial electrification; and increasing the availability of clean energy technologies in disadvantaged communities.

To support LIPA's commitment to the Climate Act goals, LIPA's 2025 budget includes $140 million for utility-scale renewable projects and beneficial electrification programs, including $111 million for energy efficiency and distributed energy programs and an additional $29 million to support offshore wind and electric vehicle adoption.

Power Plants Under Contract

LIPA contracts for approximately 3,700 megawatts (MW) of capacity and related energy from National Grid's legacy fossil-fueled generating plants located on Long Island, through in an Amended and Restated Power Supply Agreement (A&R PSA) that expires in 2028. Prior to the expiration of the A&R PSA, LIPA may exercise its right to ramp down certain of these power plants that may not be required in the future for local reliability, facilitated by the addition of new offshore wind and storage resources.

Under the A&R PSA, are peaking power plants that are impacted by the New York State Department of Environmental Conservation (DEC) regulations, which became effective in May 2023. The regulations reduced the allowable level of nitrogen oxide (NOx) air emissions from these power plants. National Grid, as owner of certain plants, in consultation with LIPA, identified a strategy for compliance for most of the units under contract to LIPA. LIPA has issued ramp-down notices to National Grid for the following three peaking units where retrofits are not cost-effective and the units are not needed for reliability purposes: one unit at Glenwood Landing (15 MW); one unit at West Babylon (52 MW); and one unit at Shoreham (19 MW). Official notice of the ramp-downs was provided to National Grid in April 2024, with a ramp-down effective date of May 1, 2025, subject to timely approval from the New York Independent System Operator (NYISO) and other considerations. In the meantime, the units will operate in compliance with the regulations that are applicable for 2025.

Under the A&R PSA, LIPA pays the property taxes and payments in lieu of taxes (PILOTs) on the PSA power plants either directly or as a reimbursement to National Grid. To improve affordability and fairness for customers, LIPA successfully sought reductions to such assessments and associated property tax bills in litigation that began in 2010. Between 2018 and 2022, LIPA negotiated settlements on certain plants that will reduce taxes to approximately half of their 2018 levels by 2027. The settlements included the (i) Town of Brookhaven and the Village of Port Jefferson for the Port Jefferson power plant (ii) the Huntington Town Board and the Northport-East Northport School District for the Northport power plant, and (iii) Nassau County, North Shore Central School District and Island Park Union Free School District for the E. F. Barrett and Glenwood Landing power plants.

In addition to the PSA, LIPA is party to several power purchase agreements with other third-party generators for approximately 1,800 megawatts of capacity and related products.

In 2023, LIPA entered into a new four-year 55 MW capacity agreement with Calpine Energy Services for its Bethpage combined cycle power plant to support the incremental investment to repair the plant. Additionally, two 90 MW power purchase contracts for the Shoreham and Edgewood power plants, for a total of 180 MW, expired and were not extended. The plants continue to participate in the NYISO markets as merchant generators.

In 2024, LIPA's Board approved two new utility-scale battery storage projects, totaling 129 MW of energy storage. The two projects will help LIPA meet a portion of its load ratio share of New York State's energy storage deployment goal established in the Climate Act, which is currently projected to be about 750 MW by 2030. These projects were selected after LIPA solicited bids in an April 2021 Request for Proposals for the development of bulk energy storage projects to be located on Long Island under build-own-operate-optional-transfer contracts. The contract provides LIPA with the option to purchase the project after a seven-year period.

Certain Litigation Related to Payments in Lieu of Taxes

By statute, LIPA makes PILOTs for real property it acquired from LILCO. Beginning in calendar year 2015, the LIPA Reform Act capped LIPA's PILOT payments to no more than 2% higher per parcel than the prior calendar year. LIPA has paid the PILOT amounts it is authorized to pay by law. Litigation with Suffolk County and its constituent towns over the amounts of LIPA's PILOTs for the tax years 2014/15 to 2020/21 resulted in a judgment against LIPA that is currently on appeal. Enforcement of the judgment is stayed pending the determination of LIPA's appeal. LIPA estimates the potential exposure with penalties and interest to be approximately $186 million through 2024, plus a potential addition of up to $47 million per year in the event of an adverse result on appeal.

In July 2023, Suffolk County filed an additional lawsuit against LIPA and certain Suffolk County towns seeking to have LIPA pay to the County alleged shortfalls in property tax payments for the 2021/2022 tax year. That lawsuit is currently stayed.

In January 2024, LIPA received a decision from the Suffolk County Supreme Court declaring that LIPA's properties located in five of Suffolk County's towns are exempt from taxation. The five towns have appealed the decision. As a regulated entity, LIPA obtained regulatory approval from its Board to defer the recovery of these costs from its customers until the conclusion of the appeal process. LIPA does not believe this litigation will have a material adverse impact on the business or the affairs of LIPA.

For a more complete discussion of the litigation issues, see Note 16 (d) of the Notes to the Financial Statements.

COVID-19

Due to the economic impact of the COVID-19 pandemic, the Board, in 2021, approved a modification to the Delivery Service Adjustment (DSA) electric rate mechanism to capture budget variances related to uncollectible expense during periods affected by a government-ordered or Board-authorized moratorium on service disconnections and up to two years following the end of such moratorium. The moratorium on disconnections for nonpayment ended on May 1, 2022 and as such DSA modification ended on May 1, 2024. Through a combination of New York State and LIPA funded arrears forgiveness programs and the improvement in economic conditions, LIPA's arrears balances and associated uncollectible expense have trended back to historically average levels.

Federal Emergency Management Agency (FEMA) Grant Activity

LIPA received approval from FEMA for a hazard mitigation grant filed under Tropical Storm Isaias disaster totaling approximately $425 million to continue its successful storm hardening program initiated after Superstorm Sandy. This funding will enable LIPA to harden circuits covering 426 miles of its distribution system.

In 2024, LIPA was awarded the second of two $5 million hazard mitigation grants (the first $5 million was awarded in 2023) to harden its infrastructure in underserved communities across Long Island under the FEMA Major Disaster declaration for COVID-19. Furthermore, LIPA received $7 million in FEMA grant funds during 2024 for the reimbursement of incremental costs incurred due to COVID-19 personal protective equipment and safe opening preparation.

(Amounts in thousands, unless otherwise stated)

Financial Condition Overview

LIPA's Condensed Statements of Net Position as of December 31, 2024, 2023, and 2022 are summarized below.

		2024	2023	2022
Assets and deferred outflows of resources:				
Capital assets, net	$	10,711,393	10,590,245	10,464,377
Current assets		3,153,777	3,006,392	2,825,504
Regulatory assets		542,129	682,765	726,741
Noncurrent assets		547,941	668,021	874,174
Deferred outflows of resources		89,613	165,323	155,298
Total assets and deferred outflows of resources		**15,044,853**	**15,112,746**	**15,046,094**
Liabilities and deferred inflows of resources:				
Long-term debt, net of current maturities		8,981,393	9,292,423	9,164,150
Current liabilities		1,858,487	1,643,720	1,474,470
Regulatory liabilities		292,582	118,990	351,456
Noncurrent liabilities		2,097,135	2,517,407	2,712,429
Deferred inflows of resources		782,431	712,785	646,257
Total liabilities and deferred inflows of resources		**14,012,028**	**14,285,325**	**14,348,762**
Total net position				
Net investment in capital assets		673,045	460,406	362,168
Restricted		125,284	316,159	166,828
Unrestricted		234,496	50,856	168,336
		1,032,825	**827,421**	**697,332**
Total liabilities, deferred inflows of resources, and net position	$	**15,044,853**	**15,112,746**	**15,046,094**

Assets and Deferred Outflows of Resources

2024 Compared to 2023

Assets and deferred outflows of resources decreased $68 million compared to 2023 due to decreases of $141 million in regulatory assets, $120 million in noncurrent assets, and $76 million in deferred outflows of resources. These decreases were partially offset by increases of $148 million in current assets, and $121 million in capital assets.

Capital assets, net, increased $121 million compared to 2023 primarily due to higher investment in reliability, load growth, and storm hardening projects. These capital additions were partially offset by asset retirements and annual depreciation expense.

Current assets increased $148 million compared to 2023 primarily due to higher mark-to-market values in the Other Post-Employment Benefits (OPEB) dedicated investment account, and higher accounts receivable. These increases were partially offset by lower counterparty collateral posted by LIPA and lower cash balances.

Regulatory assets decreased $141 million primarily due to a decrease of $66 million in unrealized mark-to-market changes on financial and commodity derivative instruments, a decrease of $26 million in the Revenue Decoupling Mechanism (RDM) due to higher than budgeted revenues, a decrease of $8 million in unfunded actuarially determined reserves due to an updated study related to asbestos litigation exposure, a decrease of $7 million in the Delivery Service Adjustment (DSA), and scheduled annual recovery or amortizations of regulatory assets totaling $65 million. These decreases were partially offset by a $31 million increase in the deferred recovery of costs associated with the estimated potential impact of the Suffolk County property tax litigation. For a full discussion of the regulatory assets and liabilities, see Note 5 to the Notes the Financial Statements.

Noncurrent assets decreased $120 million due to the $111 million of scheduled amortization of the Acquisition Adjustment, a $46 million decrease in other long-term receivables primarily due to the receipt of FEMA funds related to Superstorm Sandy and a $1 million decrease in unrealized charges. These decreases were partially offset by a $18 million market value increase in the Nuclear Decommissioning Trust Fund (NDTF) and a $20 million increase in the long-term portion of the financial and commodity derivative valuations.

Deferred outflows of resources decreased $76 million primarily due to a $35 million decrease resulting from the scheduled amortization of previously deferred costs associated with refunding of higher cost of debt, a $25 million decrease in the deferred unrealized loss on the mark-to-market valuations of commodity derivatives, $15 million decrease in the measurement Asset Retirement Obligation (ARO) related to NMP2 due to an updated study; and a $1 million decrease in deferred Pension and OPEB expenses.

2023 Compared to 2022

Assets and deferred outflows of resources increased $67 million compared to 2022 due to increases of $181 million in current assets, $126 million in capital assets, and $10 million in deferred outflows of resources. These increases were partially offset by decreases of $206 million in noncurrent assets, and $44 million in regulatory assets.

Capital assets, net increased $126 million compared to 2022 primarily due to higher investment in reliability and storm hardening projects. These capital additions were partially offset by asset retirements and annual depreciation expense.

Current assets increased $181 million compared to 2022 primarily due to higher mark-to-market values in the OPEB dedicated investment account, higher cash balances and higher fuel inventory levels. These increases are partially offset by lower accounts receivable due to the resumption of normal collection processes.

Regulatory assets decreased $44 million primarily due to a decrease of $29 million in the DSA, a decrease of $8 million in the OSA-Employee Retirement Benefits resulting from an updated actuarial study and scheduled annual recovery or amortizations of regulatory assets totaling $117 million. These decreases were partially offset by a $50 million increase in unrealized mark-to-market changes on financial and commodity derivative instruments, a $34 million increase in the deferred recovery of costs associated with the estimated potential impact of the Suffolk County property tax litigation, and an increase of $26 million in the RDM due to lower than budgeted revenues. For a full discussion of the regulatory assets and liabilities, see Note 5 to the Notes the Financial Statements.

Noncurrent assets decreased $206 million due to the $111 million of scheduled amortization of the Acquisition Adjustment, a $68 million decrease in the long-term portion of the financial and commodity derivative valuations, and a $49 million decrease in other long-term receivables primarily due to receipt of FEMA funds related to Superstorm Sandy. These decreases were partially offset by a $22 million market value increase in the NDTF.

Deferred outflows of resources increased $10 million primarily due to a $25 million accumulated change in the fair value of LIPA's commodity derivatives, a $15 million increase in the measurement ARO related to NMP2 due to an updated study; partially offset by an $18 million decrease resulting from the scheduled amortization of previously deferred costs associated with refunding of higher cost of debt, a $11 million decrease in the deferred unrealized loss on the mark-to-market valuations of the NDTF, and a $1 million decrease in deferred Pension and OPEB expenses.

Liabilities and Deferred Inflows of Resources

2024 Compared to 2023

Liabilities and deferred inflows of resources decreased $273 million due to a decrease of $420 million in noncurrent liabilities and a decrease of $311 million in long-term debt. These decreases were partially offset by increases of $215 million in current liabilities, $173 million in regulatory liabilities and $70 million in deferred inflows of resources.

Long-term debt, net of current maturities, decreased $311 million as LIPA issued Electric System General Revenue Bonds, Series 2024 totaling $1.006 billion, plus premium received of $99 million, to fund capital improvements and refinance $697 million of debt. Additionally, long-term debt was reduced by (i) $287 million due to scheduled principal payments, (ii) $313 million long-term debt reclassified as current liabilities, (iii) $24 million related to the defeasance of debt and (iv) the scheduled net amortization of premiums and accretions totaling $95 million.

Current liabilities increased $215 million primarily due to a $270 million increase in current maturities of long-term debt, and lease and SBITA liabilities, and a $46 million increase in accounts payable and other accrued expenses. These increases were partially offset by a $56 million decrease in the change in the mark-to-market value of commodity derivative instruments and a $45 million decrease in short-term debt.

Regulatory liabilities increased $173 million primarily due to a $110 million increase in the impact of the updated actuarial study related to the OSA-Employee Retirement Benefits, a $41 million increase in the DSA due to lower than budgeted storm and debt service costs, a $12 million increase in the power supply charge refundable, a $7 million increase of unrealized mark-to-market gains on commodity derivative instruments, a $7 million increase in clean energy cost deferrals, and a $1 million increase in the RDM due to higher than budgeted revenues. These increases were partially offset by a $4 million decrease in the deferrals related to the Utility 2.0 program. For a full discussion of the regulatory assets and liabilities, see Note 5 of the Notes to the Financial Statements.

Noncurrent liabilities decreased $420 million primarily due to the amortization of the lease and SBITA liabilities of $300 million, a $75 million decrease in the PSEG Long Island's workforce obligation retirement benefits resulting from updated assumptions in the actuarial valuation, a $38 million decrease in the mark-to-market value of financial and commodity derivative instruments, a $18 million decrease in the NMP2 ARO resulting from an updated study, a $8 million decrease in long-term liabilities and unrealized credits primarily related to a decrease in customer deposits, and a $4 million decrease due to the amortization of swap instrument premiums. These decreases were partially offset by a $23 million increase in claims and damages related to the Suffolk County property tax litigation.

Deferred inflows of resources increased $70 million primarily due to an increase in the deferred unrealized gain on the mark-to-market valuations of the OPEB and NDTF dedicated investment accounts.

2023 Compared to 2022

Liabilities and deferred inflows of resources decreased $63 million due to decreases of $232 million in regulatory liabilities and $195 million in noncurrent liabilities. These decreases were partially offset by increases of $169 million in current liabilities, $128 million in long-term debt, and $67 million in deferred inflows of resources.

Long-term debt, net of current maturities, increased $128 million as LIPA issued Electric System General Revenue Bonds, Series 2023 totaling $1.057 billion, plus premium received of $63 million, to fund capital improvements and refinance $676 million of debt. In addition, UDSA issued restructuring bonds totaling $833 million, consisting of $36 million of Series 2023 Taxable Restructuring Bonds, $662 million of Series 2023 Tax-Exempt Restructuring Bonds, and $136 million of Series 2023 Tax-Exempt Green Bonds. The proceeds from these bonds, plus $57 million of premium received, refunded certain LIPA and UDSA outstanding indebtedness and funded LIPA resiliency investments. These increases were partially offset by $287 million of current debt maturities classified as current liabilities and the scheduled amortization of premiums totaling $107 million.

Current liabilities increased $169 million primarily due to a $214 million increase in short-term debt to support the collateral posted by LIPA on its commodity positions, $56 million increase in the change in the mark-to-market value of commodity derivative instruments; and a $36 million increase in current maturities of long-term debt, and lease and SBITA liabilities. These increases were partially offset by a $134 million decrease in counterparty collateral and a $3 million decrease in accounts payable and other accrued expenses.

Regulatory liabilities decreased $232 million primarily due to a $163 million elimination of the unrealized mark-to-market gains on commodity derivative instruments, a $65 million decrease in the RDM due to the refund provided to customers in 2023 to return the 2022 over-collection, a $46 million decrease in the impact of the updated actuarial study related to the OSA-Employee Retirement Benefits, and a $5 million decrease in the deferrals related to the Utility 2.0 program. These decreases were partially offset by a $46 million increase in the DSA and a $1 million increase in other various components. For a full discussion of the regulatory assets and liabilities, see Note 5 of the Notes to the Financial Statements.

Noncurrent liabilities decreased $195 million primarily due to the amortization of the lease and SBITA liabilities of $341 million and a $4 million decrease due to the amortization of swap instrument premiums. These decreases were partially offset by a $79 million increase in the PSEG Long Island's workforce obligation retirement benefits resulting from updated assumptions in the actuarial valuation, a $17 million increase in the mark-to-market value of financial and commodity derivative instruments, a $21 million increase in the NMP2 ARO resulting from an updated study, a $23 million increase in claims and damages related to the Suffolk County property tax litigation, and a $10 million increase in long-term liabilities and unrealized credits.

Deferred inflows of resources increased $67 million primarily due to an increase in the deferred unrealized gain on the mark-to-market valuations of the OPEB dedicated investment accounts.

(Amounts in thousands, unless otherwise stated)

Results of Operations

LIPA's Condensed Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2024, 2023, and 2022 are summarized as follows:

	2024	2023	2022
Electric revenue, net of uncollectible accounts expense	$ 4,077,409	3,698,833	4,279,158
Operating expenses	(3,659,108)	(3,351,354)	(3,944,593)
Interest charges, net	(367,185)	(363,393)	(343,080)
Total operating and interest expenses	(4,026,293)	(3,714,747)	(4,287,673)
Revenue less operating expenses and interest charges, net	51,116	(15,914)	(8,515)
Grant income	47,687	42,210	40,766
Other income, net	106,601	103,793	62,702
Total other income, net	154,288	146,003	103,468
Change in net position	205,404	130,089	94,953
Net position, beginning of year	827,421	697,332	602,379
Net position, end of year	$ 1,032,825	827,421	697,332

2024 Compared to 2023

Electric operating revenues, net of uncollectible accounts expense, for 2024 totaled $4.08 billion, an increase of $379 million compared to 2023 due to increases in the (i) Power Supply Charge (PSC) revenue totaling $206 million; (ii) a $95 million increase to base delivery revenues; (iii) an increase of $34 million in the DSA primarily due to higher debt service and storm costs; (iv) lower uncollectible accounts of $32 million; (v) a $10 million increase to the Distributed Energy Resources (DER) revenue and (vi) a $3 million increase in other revenue. These increases were partially offset by amortization of $1 million of Utility 2.0 revenue collected in prior periods.

2023 Compared to 2022

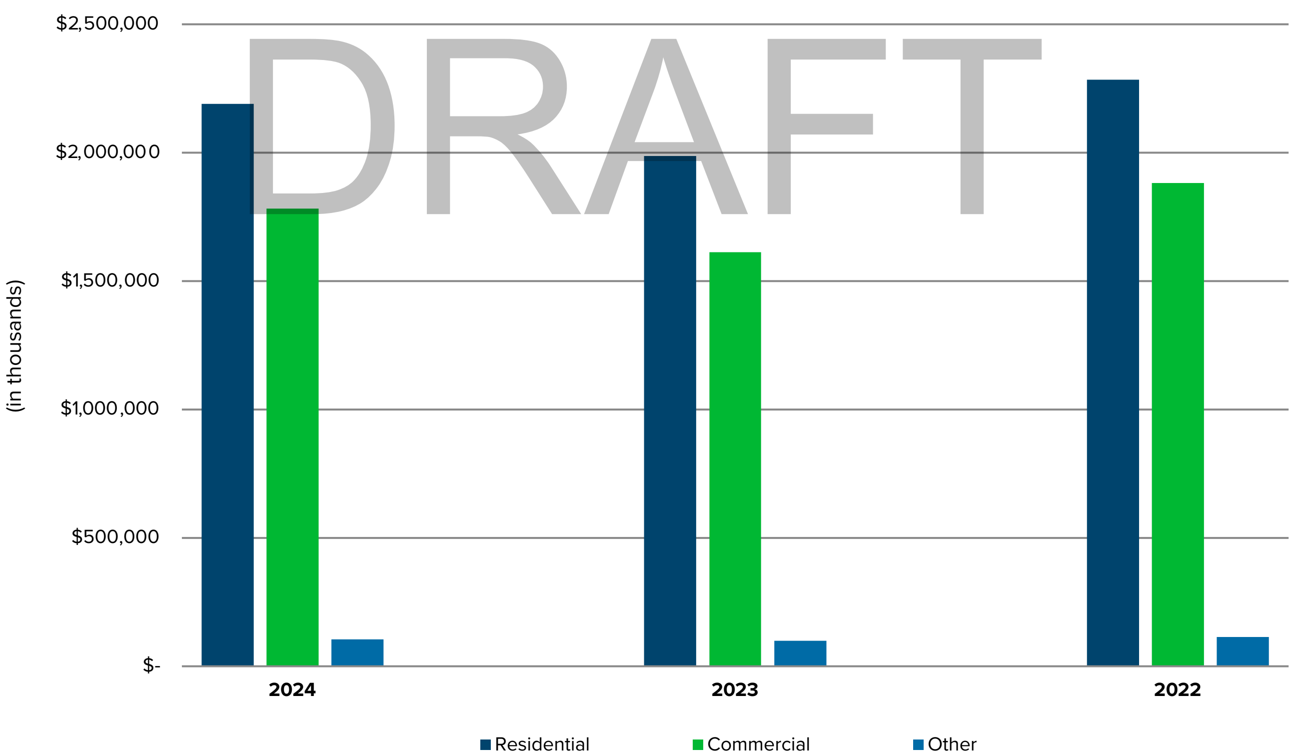
Electric operating revenues, net of uncollectible accounts expense, for 2023 totaled $3.70 billion, a decrease of $580 million compared to 2022 due to decreases in the (i) PSC revenue totaling $610 million; (ii) a decrease of $30 million in the DSA primarily due to lower storm costs; (iii) lower miscellaneous revenues primarily driven by the recognition of lower late payment charges of $17 million; (iv) higher uncollectible accounts of $13 million and (v) amortization of $1 million of Utility 2.0 revenue collected in prior periods. These decreases were partially offset by (i) an $84 million increase to base delivery revenues; and (ii) a $7 million increase to the DER revenue.

(Amounts in thousands, unless otherwise stated)

The following table and chart represent revenue for the years ended December 31, 2024, 2023, and 2022 by customer class (residential, commercial, and other):

Revenues from sales of electricity:		**2024**	**2023**	**2022**
Residential	$	2,189,698	1,987,845	2,283,553
Commercial		1,782,330	1,612,543	1,881,656
Other		105,381	98,445	113,949
Total revenue, net of uncollectibe accounts expense	$	4,077,409	3,698,833	4,279,158

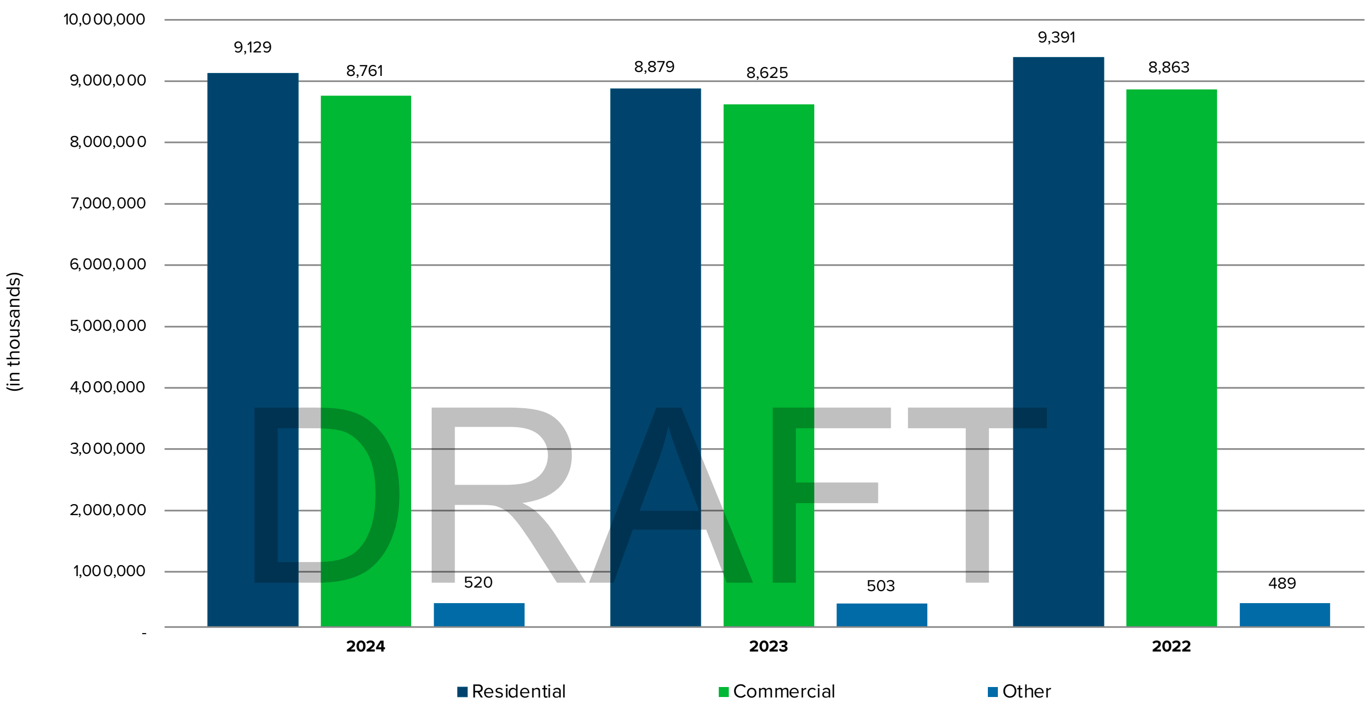
Revenue from Sales of Electricity by Customer Class



(Amounts in thousands, unless otherwise stated)

The following chart shows megawatt hour (MWh) sales for the years ended December 31, 2024, 2023, and 2022 by customer class (residential, commercial and other). The largest customer in the Service Area (the Long Island Rail Road) accounted for less than 2% of total sales, less than 2% of revenue, and is included in "Other" sales. In addition, the ten largest customers in the Service Area accounted for approximately 8% of total sales and 6% of revenue.

Megawatt hours from Sales of Electricity by Customer Class

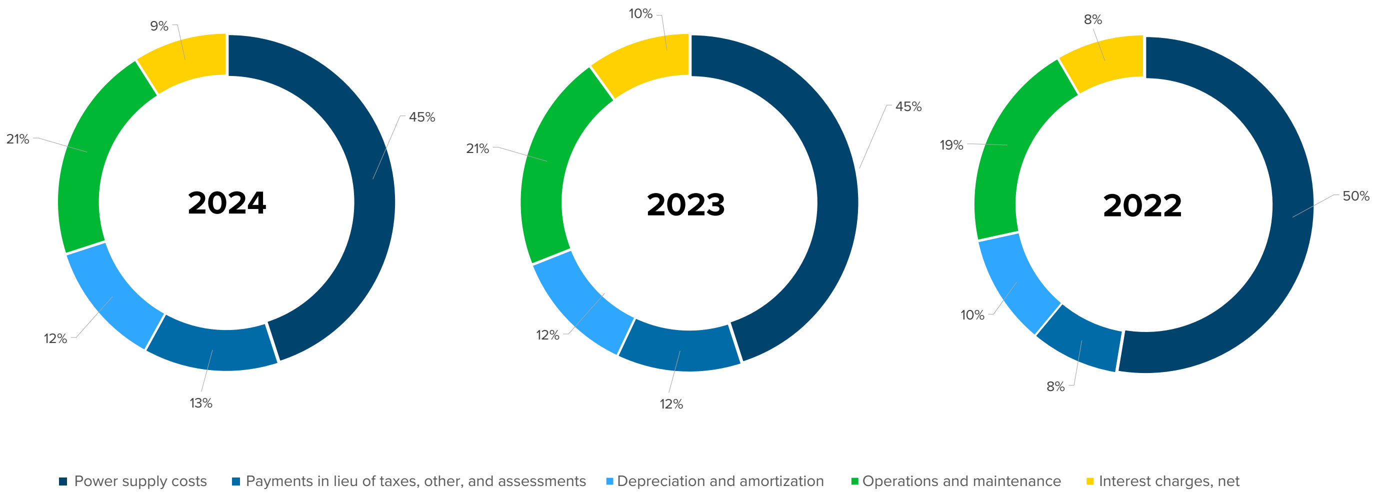


Operating and Interest Charges

For the years ended December 31, 2024, 2023, and 2022, LIPA's expenses were comprised of (i) power supply costs; (ii) operations and maintenance expenses; (iii) PILOTs, other taxes, and assessments (including property taxes on generating assets under contract); (iv) interest charges, net; and (v) depreciation and amortization, as shown below:

Operating and interest charges:		2024	2023	2022
Power supply costs	$	1,799,326	1,651,509	2,160,832
Operations and maintenance		860,939	791,002	792,204
Payments in lieu of taxes, other taxes, and assessments*		520,105	460,789	568,760
Interest charges, net		367,185	363,393	343,080
Depreciation and amortization		478,738	448,054	422,797
Total	$	4,026,293	3,714,747	4,287,673

*Amounts for 2024, 2023 and 2022 excludes approximately $135 million, $126 million, and $146 million, respectively, for sales tax revenue collected by LIPA on behalf of local government jurisdictions and remitted to such jurisdictions.



2024 Compared to 2023

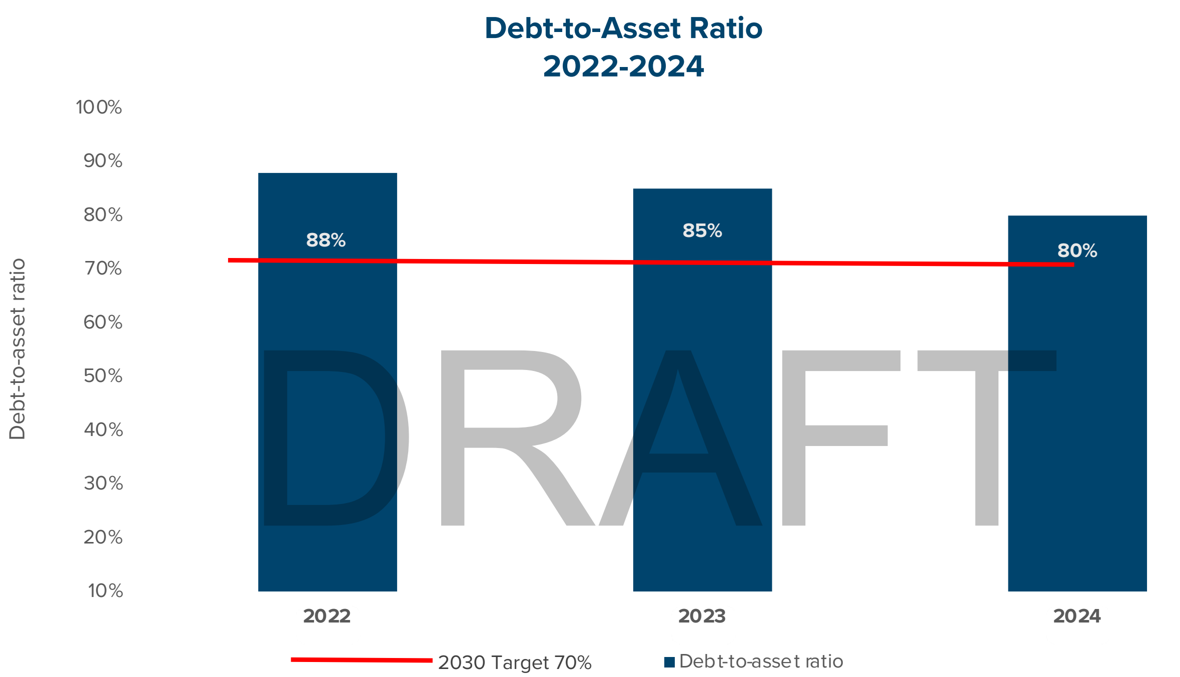
For the year ended December 31, 2024, operating and interest charges totaled $4.03 billion, an increase of $312 million compared to 2023. The increase was primarily due to higher (i) power supply costs of $148 million due to higher sales and higher commodity costs, (ii) increased operations and maintenance costs of $70 million from higher storm restoration costs and transmission and distribution costs, (iii) higher PILOTs, other taxes, and assessments of $59 million related to the PSA power plant property tax settlements (iv) higher depreciation and amortization of $31 million and (v) higher interest charges of $4 million.

2023 Compared to 2022

For the year ended December 31, 2023, operating and interest charges totaled $3.71 billion, a decrease of $573 million compared to 2022. The decrease was primarily due to lower (i) power supply costs of $509 million due to lower sales and lower commodity costs, (ii) PILOTs, other taxes, and assessments of $108 million due to a one-time billing adjustment related to the PSA power plant property tax settlements and (iii) operations and maintenance costs of $1 million. These decreases were partially offset by higher depreciation and amortization of $25 million and higher interest charges of $20 million.

Capital Asset and Financing Activities

LIPA's Board financial policy for fiscal sustainability outlines LIPA's goal 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. To achieve this goal, LIPA seeks to decrease its leverage by reducing its debt-to-assets ratio to 70 percent or less by 2030. LIPA's debt-to-asset ratio has decreased from over 110% as of the end of 2015 to 80% in 2024.



For a full discussion of the Debt-to-Asset ratio calculation, see Note 12(i) of the Notes to the Financial Statements.

The financial policy also seeks to provide low-cost funding sources such as grants and to minimize borrowing costs with securitization of debt and tax-exempt financing. Consistent with that policy, as shown below, during 2024 LIPA issued $650 million to refinance certain of its outstanding bonds. In 2024 and 2023, LIPA and UDSA repaid scheduled debt maturities totaling $287 million and $295 million, respectively. In addition, LIPA also called for early redemption of its Electric System General Revenue Bonds, Capital Appreciation Bonds, Series 1998 totaling approximately $12 million and its Electric System General Revenue Bonds, Capital Appreciation Bonds, Series 2000A, totaling approximately $13 million with cash from operations.

(Amounts in thousands, unless otherwise stated)

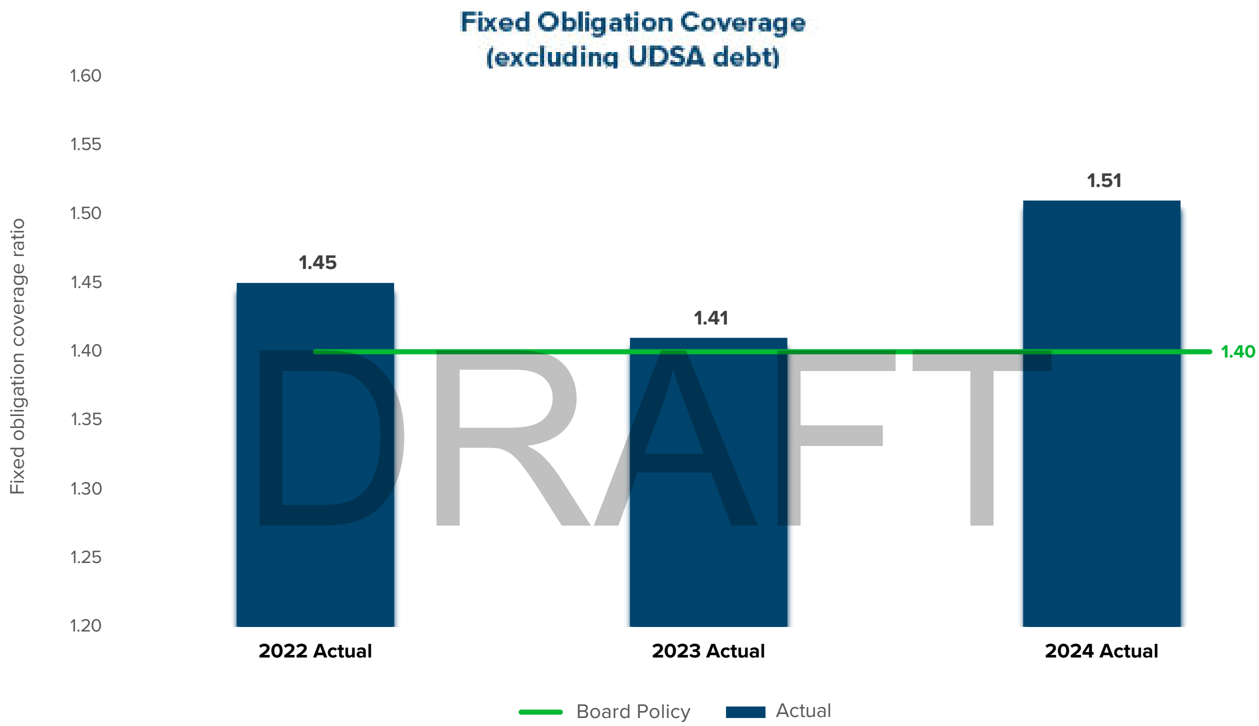
Below is a summary of the financing activity for LIPA and UDSA for the years ended December 31, 2024 and 2023.

		Bonds to fund capital projects	Refinancing/ refunding notes or bonds
2024			
LIPA:			
General Revenue 2024A	$	355,515	361,525
General Revenue 2024B		—	288,480
		355,515	650,005
2023			
LIPA:			
General Revenue 2023A	$	—	137,000
General Revenue 2023B		—	149,700
General Revenue 2023C		—	63,000
General Revenue Series 2023E		400,000	—
General Revenue Series 2023F		—	179,310
General Revenue Series 2023D		—	128,000
UDSA:			
Restructuring Bonds 2023T		—	36,200
Restructuring Bonds 2023TE-1		—	661,500
Restructuring Bonds 2023TE-2 (Green Bonds)		135,515	—
Total	$	535,515	1,354,710

For a full discussion on LIPA's debt activities, see Note 12 of the Notes to the Financial Statements.

Fixed Obligation Coverage Ratios

LIPA's Board policy on fiscal sustainability provides minimum fixed obligation coverage ratios to be incorporated into revenue requirements when setting rates annually. As shown in the chart below, the LIPA budget was approved to achieve fixed obligation coverage targets on LIPA-issued debt and lease payments of a minimum of 1.40x for 2024, 2023 and 2022. For 2024, 2023, and 2022, LIPA exceeded its targets by achieving fixed obligation ratios of 1.51x for 2024, 1.41x for 2023, and 1.45x for 2022.



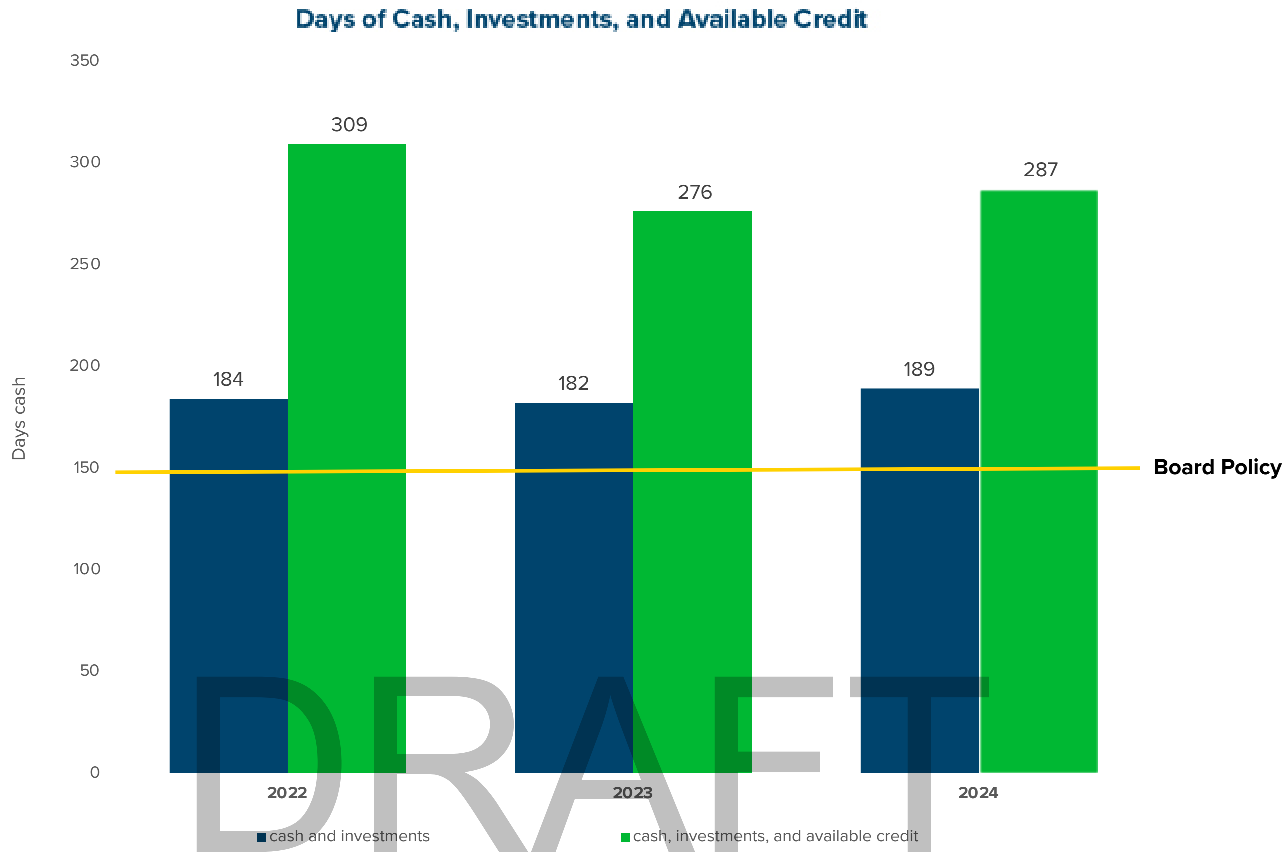
For a full discussion of the fixed obligation coverage ratio calculation, see Note 12(h) of the Notes to the Financial Statements.

Liquidity and Capital Resources

LIPA's Board policy on fiscal sustainability includes a requirement, among others, to maintain a minimum month-end balance of at least $100 million in the Operating Fund and $150 million in the Rate Stabilization Fund.

As of December 31, 2024, 2023, and 2022, LIPA's available sources of liquidity for operating purposes and capital program funding exceeded the policy target with 287 days, 276 days, and 309 days of cash, investments, and available credit, respectively. This represents cash, cash equivalents, investments, and available credit totaling approximately $2.6 billion, $2.5 billion, and $2.6 billion as of December 31, 2024, 2023 and 2022, respectively.

(Amounts in thousands, unless otherwise stated)



The table below summarizes LIPA's operating liquidity and available credit capacity:

		2024	2023	2022
Operating liquidity				
Unrestricted cash, cash equivalents, and investments	$	694,845	685,690	813,585
OPEB Account cash, cash equivalents, and investments		736,023	643,733	522,648
PSEG Long Island working capital requirements		304,612	320,709	228,312
Total operating liquidity		1,735,480	1,650,132	1,564,545
Available credit				
General Revenue Notes – Revolving Credit Facility		200,000	200,000	200,000
General Revenue Notes – Commercial Paper		700,000	655,000	869,000
Total available credit		900,000	855,000	1,069,000
Total cash, cash equivalents, investments, and available credit	$	2,635,480	2,505,132	2,633,545
Restricted cash and cash equivalents				
Clean Energy Compliance Fund	$	20,572	19,991	19,548
Extraordinary working capital		250,000	250,000	-
UDSA		129,695	114,951	153,150
Total restricted cash and cash equivalents	$	400,267	384,942	172,698

Funds included in available cash, cash equivalents, and investments

LIPA's available liquidity balances include accounts dedicated to pre-funding PSEG Long Island's working capital needs totaling approximately $305 million, $321 million, and $228 million, as of December 31, 2024, 2023, and 2022, respectively. This represents approximately 33 operating days of cash as of December 31, 2024. These accounts are owned by LIPA and are available only for LIPA's operating and capital costs. The funds are restricted due to a contractual obligation to pre-fund the accounts from which PSEG Long Island, who acts as agent for LIPA, pays expenses related to operating LIPA's electric system; however, LIPA considers these funds to be part of its working capital as these funds are available to meet its operating and capital needs.

LIPA's available liquidity balance also includes an unrestricted OPEB Account established to pre-fund certain future post-employment retirement obligations for PSEG Long Island employees dedicated to LIPA's operations. These post-employment retirement obligations are a contractual obligation of LIPA. However, in the event that revenues are insufficient to pay reasonable and necessary operating expenses, or to make payments on bonds or parity obligations, these funds are available; as such, they are considered unrestricted cash, cash equivalents, and investments. As of December 31, 2024, 2023, and 2022, the unrestricted OPEB Account had approximately $736 million, $644 million, and $523 million on deposit, respectively. This represents approximately 80 days of cash as of December 31, 2024.

Available credit

LIPA maintains a short-term borrowing program to provide resources to meet interim working capital needs, fund its capital program between long-term debt offerings, and meet any cash flow requirements from severe weather events. Among other factors, LIPA's operating and capital needs vary during the year given the summer peaking and seasonal nature of its sales. As of December 31, 2024, 2023 and 2022, the maximum outstanding total short-term borrowings may not exceed $1.2 billion.

The outstanding balance of LIPA's short-term borrowings totaled $300 million, $345 million and $131 million as of December 31, 2024, 2023, and 2022 respectively. The short-term borrowing programs are supported by bank agreements with various expiration dates from 2025 through 2029. Management renews or replaces the bank agreements as needed prior to their expiration. LIPA believes it will have sufficient liquidity to meet its planned operating, maintenance, and capital programs.

Restricted cash, cash equivalents, and investments

LIPA's restricted cash, cash equivalents, and investments as of December 31, 2024, 2023, and 2022, was $400 million, $385 million, and $173 million, respectively. Restricted cash and cash equivalents include amounts related to UDSA debt service payments and required debt service and operating reserves of $130 million, $115 million, and $153 million, as of December 31, 2024, 2023, and 2022, respectively.

In 2021, LIPA borrowed medium-term notes to fund the restoration costs associated with Tropical Storm Isaias while it awaited reimbursement from FEMA. The medium-term notes have a maturity date of September 1, 2025, and LIPA was not required to repay the notes upon reimbursement from FEMA which occurred in 2022; however, as required by tax regulations such funds are required to be held in demand deposit Treasury State and Local Government Series securities (SLGS) and may only be used for extraordinary working capital expenditures (similar to the expenditures that were financed with the proceeds of the 2021 medium-term notes), and as such these funds totaling $250 million are being held as restricted.

The remaining restricted balances are related to the amounts collected for the Clean Energy Compliance Fund.

Restricted funds are not included in the days cash calculation.

(Amounts in thousands, unless otherwise stated)

Risk Management

LIPA has a dedicated Enterprise Risk Management department that works with each business unit to identify, assess, develop mitigation actions, and monitor and report on risks. Risk management activities are overseen by the Enterprise Risk Management Committee (ERMC) and significant risks are reported and discussed with LIPA's Finance and Audit Committee of the Board.

As part of risk management, LIPA established a power supply risk management hedging program to mitigate a portion of its exposure to fluctuations in commodity prices on behalf of its customers. These activities are overseen by a Power Supply Risk Management Committee (PRMC). LIPA also hedges its interest rate exposure through certain interest rate derivative instruments that are approved by the PRMC based on the Board policy established for interest rate exchange agreements.

Bond Ratings

LIPA's credit ratings are A2 (Stable) by Moody's Investors Service (Moody's), A (Stable) by Standard and Poor's Global Ratings (S&P), and A+ (Stable) by Fitch Ratings (Fitch). The Board's policy on fiscal sustainability has resulted in five upgrades to LIPA's credit ratings since 2013, the latest from Fitch Ratings in July 2024. Fitch upgraded LIPA to an A+ rating with a stable outlook, noting LIPA's improved leverage ratio, which has decreased over the past five years.

Rating Agency	2024	2023	2022
Moody's	A2 (Stable)	A2 (Stable)	A2 (Stable)
S&P	A (Stable)	A (Stable)	A (Stable)
Fitch	A+ (Stable)	A (Positive)	A (Positive)

For the years ended December 31, 2024, 2023 and 2022, UDSA bonds were rated Aaa (sf) by Moody's and AAA (sf) by S&P and Fitch, excluding Series 2022 and Series 2023, for which UDSA did not apply for a Fitch rating.

Certain bonds and notes of LIPA are supported by either a bank letter of credit or are insured against default.

Contacting the Long Island Power Authority

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

Long Island Power Authority

(A Component Unit of the State of New York)

Statements of Net Position
December 31, 2024 and 2023
(Amounts in thousands)

Assets and Deferred Outflows of Resources		**2024**	**2023**
Current assets:			
Cash and cash equivalents	$	376,189	437,431
Restricted cash – working capital requirements		186,800	207,693
Restricted cash – LIPA		250,000	250,000
Restricted cash – UDSA		129,695	114,951
Investments		1,054,679	891,992
Restricted investments – working capital requirements		138,384	133,007
Counterparty collateral – posted by LIPA		6,794	108,039
Accounts receivable (less allowance for uncollectible accounts of $27,426 and $30,746 at December 31, 2024 and December 31, 2023, respectively)		554,965	458,699
Other receivables		100,132	68,728
Fuel inventory		162,797	174,682
Material and supplies inventory		134,269	115,480
Commodity derivative instruments		4,614	—
Regulatory assets to be recovered within one year		91,638	151,030
Prepayments and other current assets		54,459	45,690
Total current assets		3,245,415	3,157,422
Noncurrent assets:			
Utility plant and property and equipment, net		10,711,393	10,590,245
Nuclear decommissioning trust fund (NDTF)		196,288	178,075
Other long-term receivables		95,415	140,976
Unrealized charges		2,790	4,147
Financial derivative instruments		31,316	23,685
Commodity derivative instruments		12,368	—
Regulatory assets for future recovery		450,491	531,735
Acquisition adjustment (net of accumulated amortization)		209,764	321,138
Total noncurrent assets		11,709,825	11,790,001
Total assets		14,955,240	14,947,423
Deferred outflows of resources:			
Deferred defeasance costs on debt refunding		85,020	120,214
NMP2 asset retirement obligation		—	14,791
OPEB activities		2,660	3,201
Pension activities		1,859	2,101
Accumulated decrease in fair value of commodity derivatives		—	25,016
Accumulated decrease in fair value of investments		74	—
Total deferred outflows of resources		89,613	165,323
Total assets and deferred outflows of resources	$	15,044,853	15,112,746

See accompanying Notes to the Financial Statements

Long Island Power Authority
(A Component Unit of the State of New York)

Statements of Net Position
December 31, 2024 and 2023
(Amounts in thousands)

Liabilities, Deferred Inflows of Resources and Net Position		**2024**	**2023**
Current liabilities:			
Short-term debt	$	300,000	345,000
Current maturities of long-term debt		375,760	82,085
Current maturities of UDSA debt		223,965	204,790
Current portion of lease and SBITA liabilities		359,495	402,086
Accounts payable and accrued expenses		480,504	439,512
Regulatory liabilities payable in one year		39,369	17,745
Commodity derivative instruments		—	56,345
Accrued payments in lieu of taxes		8,630	11,343
Accrued interest		72,867	67,630
Customer deposits		37,266	34,929
Total current liabilities		1,897,856	1,661,465
Noncurrent liabilities:			
Long-term debt, net and unamortized premium		5,477,686	5,518,877
Long-term UDSA debt, net and unamortized premium		3,503,707	3,773,546
Lease and SBITA liabilities		1,128,862	1,428,731
Borrowings		21,735	26,130
Operations Services Agreement – employee retirement benefits		540,749	615,890
Financial derivative instruments		27,245	43,166
Commodity derivative instruments		—	21,719
Regulatory liabilities for future payment		253,213	101,245
Asset retirement obligation		109,021	127,028
Long-term liabilities and unrealized credits		37,865	45,955
Claims and damages		231,658	208,788
Total noncurrent liabilities		11,331,741	11,911,075
Total liabilities		13,229,597	13,572,540
Deferred inflows of resources:			
Regulatory credits – grants		567,603	585,775
Lease revenue		2,884	3,031
OPEB activities		2,224	1,663
Pension activities		1,019	125
NMP2 asset retirement obligation		10,052	—
Deferred defeasance costs on debt refunding		17,921	21,908
Accumulated increase in fair value of financial derivatives		31,316	23,685
Accumulated increase in fair value of commodity derivatives		11,180	—
Accumulated increase in fair value of OPEB dedicated account		120,935	70,192
Accumulated increase in fair value of NDTF		16,000	6,406
Accumulated increase in fair value of investments		1,297	—
Total deferred inflows of resources		782,431	712,785
Net position:			
Net investment in capital assets		673,045	460,406
Restricted		125,284	316,159
Unrestricted		234,496	50,856
Total net position		1,032,825	827,421
Total liabilities, deferred inflows of resources, and net position	$	15,044,853	15,112,746

See accompanying Notes to the Financial Statements

Long Island Power Authority
(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023
(Amounts in thousands)

		2024	2023
Operating revenues – electric sales, net of uncollectible accounts expense	$	4,077,409	3,698,833
Operating expenses:			
Operations – power supply charge		1,799,326	1,651,509
Operations – power supply charge – property taxes		165,797	107,961
Operations and maintenance		760,005	717,230
Storm restoration		46,003	23,033
General and administrative		54,931	50,739
Depreciation and amortization		478,738	448,054
Payments in lieu of taxes and assessments		354,308	352,828
Total operating expenses		3,659,108	3,351,354
Operating income		418,301	347,479
Nonoperating revenues and expenses:			
Other income, net:			
Investment income, net		81,621	74,630
Grant income		30,305	24,575
Other		3,055	8,392
Subtotal		114,981	107,597
Nuclear decommissioning trust fund income		8,319	5,114
Deferred grant income amortization		17,382	17,635
Carrying charges on regulatory assets		13,606	15,657
Subtotal		39,307	38,406
Total other income, net		154,288	146,003
Interest charges and (credits):			
Interest on debt		426,679	409,612
Other interest		18,043	22,206
Other interest amortizations		(77,537)	(68,425)
Total interest charges, net		367,185	363,393
Change in net position		205,404	130,089
Net position, beginning of year		827,421	697,332
Net position, end of year	$	1,032,825	827,421

See accompanying Notes to the Financial Statements

Long Island Power Authority
(A Component Unit of the State of New York)

Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(Amounts in thousands)

		2024	2023
Cash flows from operating activities:			
Operating revenues received	$	4,376,529	4,203,993
Payments to suppliers and employees:			
Operations and maintenance		(774,221)	(729,313)
Operations – power supply charge		(1,521,433)	(1,399,550)
Operations – power supply charge – property tax related		(165,797)	(107,961)
Payments-in-lieu-of-taxes		(538,620)	(536,436)
Collateral on commodity derivative transactions, net		101,245	(242,382)
PSEG Long Island pension funding		(25,200)	(18,400)
Net cash provided by operating activities		1,452,503	1,169,951
Cash flows from investing activities:			
Earnings received on investment income		58,558	54,156
Purchase of investment securities		(69,936)	(44,634)
Purchase of restricted investment securities – working capital investments		(5,377)	(5,871)
Purchase of investment securities – OPEB Account and NDTF		(18,300)	(36,300)
Net cash used in investing activities		(35,055)	(32,649)
Cash flows from noncapital financing related activities:			
Grant proceeds		73,501	71,691
Proceeds from credit facility draws and commercial paper program		485,000	675,000
Redemption of credit facility draws and commercial paper program		(530,000)	(461,000)
Other interest costs		(5,604)	—
Interest paid - LIPA		(27,561)	(2,500)
Net cash (used in) provided by noncapital financing related activities		(4,664)	283,191
Cash flows from capital and related financing activities:			
Capital expenditures		(786,610)	(738,570)
Lease and SBITA payments		(396,156)	(366,949)
Proceeds from the issuance of long-term debt		1,101,138	2,014,488
Payments for debt issuance costs		(5,693)	(9,421)
Other interest costs		(5,132)	(13,110)
Interest paid – LIPA		(200,525)	(200,122)
Redemption of long-term debt – LIPA		(82,085)	(32,235)
Payments to bond escrow agent to refinance bonds		(411,910)	(716,688)
Payment to refinance bonds		(284,250)	—
Early defeasance of long-term debt – LIPA		(24,981)	(68,933)
Early defeasance of long-term debt – UDSA		—	(713,513)
Interest paid – UDSA		(179,181)	(184,539)
Redemption of long-term debt – UDSA		(204,790)	(264,660)
Net cash used in capital and related financing activities		(1,480,175)	(1,294,252)
Net (decrease) increase in cash and cash equivalents		(67,391)	126,241
Cash and cash equivalents at beginning of year		1,010,075	883,834
Cash and cash equivalents at end of year	$	942,684	1,010,075

See accompanying Notes to the Financial Statements

Long Island Power Authority
(A Component Unit of the State of New York)

Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(Amounts in thousands)

		2024	2023
Reconciliation to net cash provided by operating activities:			
Operating income	$	418,301	347,479
Adjustments to reconcile operating income to net cash provided by operating			
Depreciation and amortization		478,738	448,054
[1] Other post-employment benefits, non–cash expense		—	19,506
Nuclear fuel burned		9,368	11,071
Shoreham and VBA surcharges		53,716	42,392
Accretion of asset retirement obligation		280	263
Changes in operating assets and liabilities:			
Accounts receivable, net of allowance for uncollectible accounts		(67,317)	214,343
Regulatory assets and liabilities		235,498	(255,898)
Fuel and material and supplies inventory		(6,904)	(66,970)
Accounts payable, accrued expenses, and other		330,823	409,711
Net cash provided by operating activities	$	1,452,503	1,169,951

[1] Beginning in 2024, LIPA amended its revenue requirement calculation to include recovery of Other Post Employment Benefits (OPEBs). Due to this change, the adjustment for Other post-employment benefits, non-cash expense is no longer required

See accompanying Notes to the Financial Statements

(1) Nature of Operations

The Long Island Power Authority (LIPA) is the owner of the electric transmission and distribution (T&D) system located in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area) and is responsible for supplying electricity to customers within the Service Area. LIPA also owns an undivided 18% interest in the Nine Mile Point Unit 2 (NMP2) generating facility, located in upstate New York.

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

LIPA is subject to the LIPA Reform Act (Reform Act) which was passed and codified as Chapter 173, Laws of New York on June 21, 2013, by the New York State Assembly and Senate. The Reform Act is divided into two parts, Part A and Part B.

Part A of the Reform Act addressed the organization of LIPA and Part B, referred to as the Securitization Law, created the Utility Debt Securitization Authority (UDSA). The Securitization Law provided a legislative foundation for UDSA to issue restructuring bonds to allow LIPA to retire a portion of its outstanding indebtedness, providing debt service savings to LIPA's customers on a net present value basis. In 2020, LIPA sought a change to permit UDSA to issue additional securitized bonds for refinancing, storm hardening, and resiliency purposes. The legislation authorizing the change was signed into law on August 2, 2021. With these legislative changes, UDSA may issue an initial par up to $8.0 billion of securitized bonds, inclusive of the bonds already issued.

UDSA has a governing body separate from that of LIPA and has no commercial operations. For a further discussion on UDSA, see Note 4.

LIPA has operating agreements with service providers to provide the majority of services necessary to serve LIPA's customers and has power purchase agreements to meet the majority of its power supply needs. Below is a summary of LIPA's primary operating agreements:

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

In April 2022, LIPA and PSEG Long Island began operating under a new, reformed contract, the Second Amended and Restated Operations Services Agreement. The reformed contract was approved by LIPA's Board on December 15, 2021, approved by the New York State Attorney General on January 6, 2022, and was approved by the State Comptroller on April 1, 2022. The Second A&R OSA includes an increase in PSEG Long Island's annual compensation at risk, strengthened termination rights, enhanced DPS oversight responsibilities, enhanced dedicated management team, and separation of LIPA information technology systems, including the Enterprise Resource Planning system (ERP), among other things. Furthermore, the Second A&R OSA eliminated PSEG Long Island's eight-year term extension option and instead it will expire on December 31, 2025. Accordingly, LIPA issued an RFP to rebid the management contract.

During the years ended December 31, 2024 and 2023, PSEG Long Island was paid approximately $62 million and $60 million, respectively, for the fixed component of its management fee. For 2023, PSEG Long Island was paid approximately $15 million for its variable compensation fee. For 2024 PSEG Long Island may earn variable compensation of up to approximately $22 million, which will be determined by June 2025.

Amended and Restated Power Supply Agreement (A&R PSA): The A&R PSA, which became effective on May 28, 2013, is the successor agreement to the original PSA between National Grid and LIPA. The A&R PSA provides for the sale to LIPA by National Grid of all the capacity, energy, and ancillary services from the oil and gas-fired generating plants on Long Island formerly owned by the Long Island Lighting Company (LILCO). Sales are at cost-based rates, based on wholesale rates regulated by the Federal Energy Regulatory Commission (FERC), which may be modified in accordance with the terms of the A&R PSA for: (i) agreed upon labor and expense indices applied to the base year; (ii) a return of and return on net capital additions, which require approval by LIPA; and (iii) certain reasonably incurred expenses that are outside of the control of National Grid. The annual capacity charge in 2024 and 2023 was approximately $405 million and $316 million, respectively. The 2023 annual capacity charge was impacted by a one-time billing adjustment related to the PSA power plant property tax settlements. The variable charge under both the PSA and A&R PSA is constant at $0.90 per megawatt hour of electric energy generated by the plants. The A&R PSA expires on April 30, 2028.

The A&R PSA has provisions for penalties in the event that annual guarantees for heat rate and unforced capacity are not met. No penalties were assessed in either 2024 or 2023.

In addition to the PSA, LIPA is party to several power purchase agreements with other third-party generators for approximately 1,800 megawatts of capacity and related products.

Fuel Management Agreement and Power Supply Management Agreement: PSEG Energy Resources and Trade LLC (PSEG ER&T) provides fuel management services for both the National Grid generating facilities under contract by LIPA and the other units in LIPA's energy supply portfolio. Certain other services related to power supply management and commodity activities are also provided by PSEG ER&T. During the years ended December 31, 2024 and 2023, PSEG ER&T was paid a management fee totaling approximately $21 million and $20 million respectively. Both contracts are set to expire December 31, 2025. To ensure that these services continue beyond the term of the expiring contracts, on May 30, 2024, LIPA issued an RFP seeking proposals from experienced firms to provide such services for a period of five years. On December 18, 2024, LIPA's Board approved a Power Supply Management and Fuel Supply Management Services Agreement (PSMFM Agreement) with The Energy Authority, Inc. (TEA) for a five-year term. The PSMFM Agreement has been approved as to form by the New York State Attorney General and has been submitted to the New York State Comptroller for approval.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

LIPA complies with all applicable pronouncements of the Governmental Accounting Standards Board (GASB). LIPA's financial statements report certain transactions in accordance with GASB Codification Section RE10, *Regulated Operations* which requires that the effects of the rate-making process be recorded in the financial statements.

LIPA's reporting entity is comprised of itself and (i) its operating subsidiary, LILCO, a wholly owned subsidiary of the Long Island Power Authority, doing business as LIPA; and (ii) UDSA, as blended component units. All significant transactions between LIPA, LILCO, and UDSA have been eliminated.

LIPA also has a legally separate trust under Section 115 of the Internal Revenue Code known as the Long Island Power Authority OPEB Trust (OPEB Trust) to fund its Other Post-Employment Benefit Plan (OPEB) which provides health care benefits to LIPA's qualified retired employees. For further discussion, see Note 11 (f).

(b) Estimates

The accompanying financial statements were prepared in conformity with U.S. generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period as well as the reported amounts of assets and liabilities, including disclosure of contingent assets and liabilities, through the date of the financial statements. Actual results could differ from those estimates.

(c) Cash, Cash Equivalents, and Investments (including Restricted)

Cash and cash equivalents, and restricted cash and cash equivalents, include all highly liquid financial instruments with a maturity of three months or less when purchased.

Funds held by LIPA are administered in accordance with LIPA's investment policies pursuant to Section 2925 of the New York State Public Authorities Law. These policies comply with the New York State Comptroller's investment guidelines for public authorities. Investments' carrying values are reported at fair market value.

Certain amounts have been restricted for specific purposes. For a further discussion, see Note 11 (b).

(d) Counterparty Collateral

LIPA and certain of its commodity counterparties require collateral posting for mark-to-market valuations that exceed established credit limits. As of December 31, 2024 and 2023, LIPA posted approximately $7 million and $108 million, respectively, of counterparty collateral, which is recorded as a current asset.

(e) Material and Supplies Inventory

The material and supplies inventory supports the operations and maintenance of the T&D system. The inventory is accounted for on a weighted average cost basis of accounting.

LIPA also owns 18% of the material and supplies inventory needed to support the operation of the NMP2 nuclear power station. As of December 31, 2024 and 2023, the value of the NMP2 inventory totaled approximately $20 million and $17 million, respectively.

(f) Other Receivables and Other Long-Term Receivables

The current portion of other receivables is comprised primarily of non-electric billings, reimbursable project costs, and LIPA's share of the NMP2 nuclear production tax credit.

The noncurrent portion of other long-term receivables are comprised primarily of (i) the balance of the Federal Emergency Management Agency (FEMA) public assistance mitigation grant; (ii) the net present value of the reimbursable costs to construct the interconnection facilities related to the Neptune cable, which is being paid to LIPA over a 20-year period that commenced in 2007; and (iii) a receivable resulting from a long-term land lease.

(g) Acquisition Adjustment

The Acquisition Adjustment, an intangible asset, represents the difference between the purchase price paid and the net assets acquired from LILCO. The Acquisition Adjustment is being amortized on a straight-line basis through 2026 totaling $111 million annually.

(h) Lease and Subscription-Based Information Technology Arrangements (SBITA) Liabilities

In 2023, LIPA adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 defines a Subscription Based Information Technology Arrangement (SBITA) as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB Statement No. 96 requires the recognition of a subscription liability and an intangible asset representing the right to use the subscription asset at the commencement of the subscription term. LIPA recognized an increase in Utility plant and property and equipment for the years ended December 31, 2024 and 2023 of approximately $23 million and $10 million, respectively, and an increase in SBITA obligations of $21 million and $8 million, respectively.

The lease and SBITA liabilities represent the net present value of various contracts including capacity and/or energy of certain generation and transmission facilities, fleet vehicles, certain facilities, and SBITAs. The capacity and energy contracts are recognized in power supply expense in an amount equal to the contract payment of the leases, as allowed through the rate-making process. The value of the asset and the obligation is reduced each month to properly reflect the remaining net present value of the asset and obligation. The remaining leases and SBITAs are recognized in operating expense in an amount equal to the contract payment of the agreement consistent with LIPA's rate-making process. Effective in 2023, fleet vehicles are no longer leased and are not a component of the lease liability.

(i) Fuel Inventory

LIPA owns the fuel oil used in the generation of electricity at the facilities under contract. Fuel inventory represents the value of low sulfur residual oil and other liquid fuels that LIPA had on hand at each year-end. Fuel inventory is valued using the weighted average cost method. At the time of consumption, an expense is recorded at the weighted average cost.

(j) Borrowings

Borrowings represent the unamortized balance of cash premiums received at the time of entering into certain financial derivative instruments. LIPA is amortizing such premiums over the life of the instrument in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB Statement No. 53).

(k) Commodity and Financial Derivative Instruments

Commodity and financial derivative instruments represent the amount LIPA estimates it would receive or be required to pay in order to terminate its commodity and financial derivative instruments, which approximates fair value.

(Amounts in thousands, unless otherwise stated)

(l) Asset Retirement Obligations (ARO)

Constellation Energy Generation (Constellation), NMP2's majority shareholder, is a FASB reporting entity and as such LIPA estimated its ARO in accordance with FASB Accounting Standards Codification (ASC) 410, Asset Retirement and Environmental Obligations (FASB ASC 410). LIPA recorded its 18% share of accretion expense and change due to updates from Constellation's annual review and analysis of the NMP2 ARO. The 2024 analysis resulted in decreasing LIPA's share of the NMP2 ARO liability by approximately $24 million. The change was primarily attributable to an increase in the probability assumption of extending the plant license which ends in 2046. Changes in ARO as a result of study updates are recognized in Deferred Inflows and Outflows of Resources. The ARO is continually reviewed for adequacy and any necessary changes are updated annually.

LIPA also has a legal obligation to remove certain of its contracted undersea cables in its transmission agreements. Removal of undersea cables pose many potential environmental issues and removal of such cables are rarely completed. Since the timing and extent of any potential asset retirement is unknown, the fair value of any obligations associated with such removal cannot be reasonably estimated.

A summary of LIPA's ARO activity for the years ended December 31, 2024 and 2023 is included below:

	2024	2023
Asset retirement obligation:		
Balance at January 1	$ 127,028	106,439
Change due to updates	(24,468)	14,907
Accretion expense	6,461	5,682
Balance at December 31	$ 109,021	127,028

(m) Long-Term Liabilities and Unrealized Credits

Long-term liabilities and unrealized credits consist primarily of the advance deposits related to construction.

(n) Claims and Damages

Losses arising from claims including workers' compensation claims, property damage, and general liability claims are partially self-insured. Reserves for these claims and damages, as well as property tax litigation, are established if it is probable that a loss has been incurred, and the amount can be reasonably estimated.

(o) Revenues

Operating revenues are comprised of cycle billings for electric service rendered to customers based on meter reads and the accrual of revenues for electric service rendered to customers not billed at year-end. LIPA accrues unbilled revenues by estimating unbilled consumption at the customer meter. Unbilled revenues totaled $198 million and $166 million as of December 31, 2024 and 2023, respectively.

LIPA recognizes an estimate for uncollectible accounts for its receivables related to electric service based upon its historical experience with collections. LIPA records bad debts for its estimated uncollectible accounts related to electric service as a reduction to related operating revenues in the Statements of Revenues, Expenses, and Changes in Net Position. Bad debt expense totaled $17 million and $49 million as of December 31, 2024 and 2023, respectively.

(Amounts in thousands, unless otherwise stated)

(p) General and Administrative

General and administrative expenses are comprised of operating costs of LIPA. Costs associated with its Service Provider, PSEG Long Island, are a component of Operations and Maintenance Expenses.

(q) Depreciation and Amortization

The provisions for depreciation for utility plant result from the application of straight-line rates determined by age life studies of assets in service. The rates are applied to groups of depreciable properties. The average composite depreciation rates were 3.18% and 3.01% for 2024 and 2023, respectively. Property and equipment are being depreciated over its estimated useful life using the straight-line method.

Separately, leasehold improvements are being amortized over the lesser of the life of the assets or the term of the lease, using the straight-line method. Lease and SBITA assets are being amortized over the term of the lease using the effective interest rate method to be consistent with the amortization of the related obligation. The following estimated useful lives are used for utility property:

Category	Useful Life
Generation - Nuclear	60-75 years
Transmission and Distribution	40-75 years
Common	5-55 years
Nuclear fuel in process and in reactor	6 years
Generation assets under lease	10-25 years

(r) Long-Lived Assets

Long-lived assets and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that there is a significant unexpected decline in the service utility of a capital asset. There were no impairment charges recognized in 2024 or 2023.

(s) Payments-in-Lieu-of-Taxes

LIPA makes payments-in-lieu-of-taxes (PILOTs), including for gross income, property, and to the Metropolitan Transportation Authority. In addition, LIPA has entered into various PILOT arrangements for property it owns, upon which generation plants have been built.

(t) Income Taxes

LIPA is a political subdivision of the State and, therefore, is exempt from federal, state, and local income taxes.

(u) Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72), establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity- specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, this information might not be available.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as described below:

Level 1 – measurements that use quoted or published prices (unadjusted) for identical assets or liabilities in active markets that LIPA has the ability to access at the measurement date.

Level 2 – measurements other than quoted or published prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – measurements that use unobservable inputs for an asset or liability. In some valuations, the inputs used may fall into different levels of hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For a further discussion on the fair value hierarchy levels of LIPA's derivatives and investments, see Notes 8 and 11.

(v) Recent Accounting Pronouncements Not Yet Adopted

GASB Statement No. 102, *Certain Risk Disclosures*, requires government financial statements disclose essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for periods beginning after June 15, 2024.

LIPA is currently evaluating the impact of statements effective for future periods on the accompanying financial statements.

(3) Rate Matters

LIPA is empowered by the LIPA Act to set rates for electric service in its Service Area without being required to obtain the approval of the DPS or any other State regulatory body. The LIPA Act requires that any bond resolution of LIPA contain a covenant that it will at all times maintain rates, fees, or charges sufficient to pay the costs of: operation and maintenance of facilities owned or operated by LIPA; PILOTs; renewals, replacements, and capital additions; and the principal of, and interest on, any obligations issued pursuant to such resolution as the same become due and payable. In addition, LIPA must establish or maintain reserves or other funds or accounts required or established by or pursuant to the terms of such resolution.

In 2013, the Reform Act established a rate review process that required LIPA and PSEG Long Island submit for review to DPS a three-year rate proposal for rates and charges that took effect on January 1, 2016. Subsequent to the rate proposal period, LIPA and PSEG Long Island are required to submit a proposed rate increase for DPS review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5%. LIPA's Board retains final rate-setting power. LIPA's annual base rate increase has not exceeded the 2.5% threshold since the three-year rate plan expired at the end of 2018; therefore, no such rate proposal has been submitted to the DPS, although LIPA provides DPS with its budgets and rate adjustments.

LIPA has a cost reconciliation mechanism, referred to as the Delivery Service Adjustment (DSA), to reconcile certain specified budgeted costs to actual costs in each year. The DSA provides cost recovery of under collections or refunding of overcollections for certain items that vary due to external factors, including: debt service (variances in interest rates and capital expenditures), storm restoration expenditures (variances from the budget for storm restoration expenses), non-storm emergency costs, bad debt expense through May 1, 2024, and PSEG Long Island pension and OPEBs. For debt service, any differences between the actual payments and the amount included in the approved budget and approved delivery rates are charged or refunded to customers in the following year, including an allowance for fixed obligation coverage at the factor specified in the Board's financial policy. For storm restoration expenditures, if actual storm restoration costs to be recovered from customers are lower than the budgeted costs, such balances will be managed as a regulatory storm reserve to offset future storm expenditures. If actual storm restoration costs are higher than the budgeted costs, one-third of that balance will be recovered in the subsequent recovery period and the remaining two-thirds will be eligible for recovery during a future recovery period and remain as a regulatory asset.

Eligible non-storm emergency costs are incremental costs authorized by the Board (net of anticipated grant reimbursements) for emergencies other than storms. Eligible bad debt costs are limited to variances of accrued uncollectible expense from the amount in a Board-approved budget during periods affected by a government ordered or Board authorized moratorium on service disconnections and for up to two years following the end of such moratorium. The moratorium on disconnections for nonpayment ended on May 1, 2022 and as such DSA modification also ended on May 1, 2024. Eligible PSEG Long Island pension and OPEB expenses are variances from the amount in a Board-approved budget, related to the service provider's operations, excluding variances in pension and OPEB expenses allocated to capital, storms, or Utility 2.0 (as such variances are already eligible for recovery in other riders).

The DSA is calculated through the end of September each year, which allows for the bill impact to be known in advance of the annual budget approval. Any adjustments are reviewed by DPS and implemented on January 1st for recovery (or refund) over the following 12 months.

LIPA also has a Revenue Decoupling Mechanism (RDM). All six of the investor-owned New York State electric utilities also have RDMs within their tariffs for delivery service. Mechanically, RDMs function by comparing actual delivery service revenues with authorized delivery service revenues and crediting (or collecting) any differences to (or from) customers in future periods. RDMs are intended to cover all sources of variances in delivery service revenues including, among other things, variances attributable to the implementation of energy efficiency or net metering above or below forecasted levels, variances caused by warmer or cooler than normal weather, and variances that result from unforeseen changes in economic conditions.

In addition to the items discussed above, LIPA's tariff also includes:

(i) a Power Supply Charge to allow for adjustments to customers' bills to reflect changes in the cost of fuel, purchased power, and related costs;
(ii) a PILOT's recovery rider to allow rate adjustments to accommodate changes in revenue-based PILOTs;
(iii) a rider providing for the recovery of costs associated with the Shoreham Property Tax Settlement;
(iv) a rider to recover the costs of LIPA's distributed energy resources and energy efficiency programs;
(v) a rider providing for the collection of the New York State assessment imposed by the New York State Legislature; and
(vi) undergrounding surcharges for customers located in participating municipalities.

(4) Component Unit – Utility Debt Securitization Authority

The Reform Act created the Securitization Law, which established UDSA to permit the issuance of restructuring bonds to allow LIPA to retire a portion of its outstanding indebtedness in order to provide debt service savings to LIPA's customers as measured on a net present value basis. The Securitization Law allowed for a total issuance of up to $4.5 billion of UDSA restructuring bonds. In 2017, all such authorization was exhausted. However, in 2020, LIPA sought a change to permit UDSA to issue additional securitized bonds for refinancing, storm hardening, and resiliency purposes. The legislation authorizing the change was signed into law on August 2, 2021, and allows UDSA to issue an initial par up to $8.0 billion of securitized bonds (inclusive of the bonds already issued).

During 2022, LIPA's Board adopted additional Financing Orders No. 6, No. 7, No. 8, and No. 9. On August 2, 2022, UDSA's Board of Trustees approved the issuance of Series 2022 bonds in an amount not to exceed $1.3 billion pursuant to Financing Order No. 6. On September 29, 2022, UDSA issued $54 million Series 2022 Taxable Restructuring Bonds,

(Amounts in thousands, unless otherwise stated)

$787 million Series 2022 Tax-Exempt Restructuring Bonds, and $95 million Series 2022 Tax-Exempt Green Bonds. The proceeds of these Restructuring Bonds, plus $91 million of premium received, refunded $852 million of LIPA and UDSA debt and funded $100 million of LIPA resiliency investments. The 2022 UDSA Restructuring Bonds generated total net present value debt service savings of $42 million for LIPA's customers.

During 2023, UDSA's Board of Trustees approved the issuance of Series 2023 bonds in an amount not to exceed $2 billion pursuant to Financing Order No. 7. On December 15, 2023, UDSA issued $36 million Series 2023 Taxable Restructuring Bonds, $662 million Series 2023 Tax-Exempt Restructuring Bond, and $136 million Series 2023 Tax-Exempt Green Bonds. The proceeds of these Restructuring Bonds, plus $57 million of premium received, refunded $750 million of LIPA and UDSA debt and funded $141 million of LIPA resiliency investments. The 2023 UDSA Restructuring Bonds generated net present value debt service savings of $45 million for LIPA's customers.

There were no additional securitized bonds issued in 2024. UDSA has a remaining statutory capacity of approximately $1.7 billion.

Each issuance of restructuring bonds is separately secured by distinct collateral pursuant to a new financing order. Each financing order is substantively the same and authorizes restructuring bonds to be repaid pursuant to that financing order by an irrevocable contract right to impose, bill, and collect a non-bypassable consumption-based Restructuring Charge from all existing and future retail customers taking electric transmission or distribution service within the Service Area from LIPA or any of its successors or assignees.

Below is a summary of each financing order and initial par amounts issued:

Financing Order	Date Issued	Initial Amount Issued Excluding Premiums	Amount Outstanding	Net Present Value Savings	Restructuring Charge Rate Effective Date
Financing Order No. 1	December 18, 2013	$ 2,022,324	—	131,609	Not applicable*
Financing Order No. 2	October 27, 2015	1,002,115	911,225	127,978	January 1, 2016
Financing Order No. 3	April 7, 2016	636,770	420,490	115,238	April 7, 2016
Financing Order No. 4	September 8, 2016	469,320	127,510	71,647	September 8, 2016
Financing Order No. 5	November 21, 2017	369,465	283,520	45,387	January 1, 2018
Financing Order No. 6	September 29,2022	935,655	890,395	42,080	October 3, 2022
Financing Order No. 7	December 15, 2023	833,215	818,415	44,646	December 15, 2023
		$ 6,268,864	3,451,555	578,585	

* Restructuring Bonds, Series 2013 were fully refunded in 2023 and a restructuring charge for Financing Order No. 1 is no longer required.

To pass through the benefits of securitization to customers, LIPA modified its rate structure to create restructuring offset charges, which are in an amount equal to and opposite the Restructuring Charges; the net result is that the customer bill is less than it would have been absent the sale of restructuring bonds. The restructuring offset charges are adjusted coincident with changes to the Restructuring Charges to maintain that equality.

As discussed in Note 2 (a), UDSA is a component unit of LIPA and all the activities and balances of UDSA are blended into and reported as part of LIPA. See Note 17 for condensed financial information.

(Amounts in thousands, unless otherwise stated)

(5) Regulatory Accounting

LIPA's Board has approved various regulatory mechanisms that result in timing differences between the recognition of revenues and expenses for rate-making purposes and treatment under U.S. generally accepted accounting principles for non-regulated entities. These actions result in regulatory assets and liabilities, which are summarized in the table below:

	2024			2023		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Regulatory assets:						
OSA – employee retirement benefits	$ 9,381	—	9,381	11,554	—	11,554
Shoreham property tax settlement	52,495	190,238	242,733	51,386	230,376	281,762
Property tax litigation	—	185,517	185,517	—	154,067	154,067
Delivery service adjustment	3,913	1,780	5,693	12,091	—	12,091
Employee benefit plan settlement	15,634	—	15,634	15,634	15,634	31,268
Power supply charge recoverable	5,866	25,830	31,696	3,353	31,964	35,317
Debt issuance costs	2,038	13,625	15,663	2,573	16,918	19,491
Revenue decoupling mechanism	—	12,074	12,074	15,192	22,833	38,025
Unfunded actuarially determined reserves	—	—	—	—	8,132	8,132
Southampton visual benefit assessment	1,223	2,170	3,393	1,211	3,246	4,457
Unrealized financial derivative losses	—	19,257	19,257	—	33,553	33,553
Unrealized commodity derivative losses	1,088	—	1,088	38,036	15,012	53,048
Total regulatory assets	$ 91,638	450,491	542,129	151,030	531,735	682,765
Regulatory liabilities:						
Unrealized commodity derivative gains	—	6,890	6,890	—	—	—
OSA – employee retirement benefits	900	142,580	143,480	—	33,841	33,841
Revenue decoupling mechanism	878	—	878	—	—	—
Utility 2.0	6,327	5,195	11,522	15,198	—	15,198
Power supply charge refundable	11,505	20,572	32,077	—	19,992	19,992
Distributed energy resources	1,794	—	1,794	779	—	779
Delivery service adjustment	10,564	77,976	88,540	—	47,412	47,412
Clean energy initiatives	6,746	—	6,746	—	—	—
New York State assessment	655	—	655	1,768	—	1,768
Total regulatory liabilities	$ 39,369	253,213	292,582	17,745	101,245	118,990

(a) OSA – Employee Retirement Benefits

LIPA is responsible for reimbursing PSEG Long Island for retirement benefit costs associated with the PSEG Long Island workforce. The PSEG Long Island workforce includes both electric-serving employees hired under the expired Management Services Agreement (MSA) with National Grid (referred to as transitioned employees) and PSEG Long Island employees hired since the beginning of the OSA on January 1, 2014. The retirement benefit plans are owned, sponsored by, and the legal obligation of PSEG Long Island. However, in most cases, PSEG Long Island employee compensation costs are a contractual cost of LIPA under the OSA, including the cost for these retirement benefits (and any required pre-funding of such benefits).

Retirement benefit obligations are future cash outlays that will be incurred as the PSEG Long Island employees receive retirement benefits and therefore are estimates of such costs. Differences between amounts collected from customers and amounts owed to PSEG Long Island for these benefits may arise from changes in asset values, plan amendments, interest rates, and actuarial assumptions, among other factors, which will be reflected in the balance of the regulatory asset or liability. The OSA – Employee Retirement Benefits regulatory asset and liabilities represents costs and liabilities which have been incurred, but not yet collected in electric rates. This amount will be different from LIPA's liability to PSEG Long Island due to differences between funding and recovery levels.

LIPA contributes to a PSEG Long Island-sponsored pension trust on an ongoing basis to pre-fund pension obligations. Additionally, LIPA sets aside funds in an OPEB Account based upon periodic actuarial studies to ensure that sufficient funds are available to meet future healthcare and other post-employment benefit obligations of the PSEG Long Island workforce.

(b) Shoreham Property Tax Settlement

In January 2000, LIPA reached an agreement with Suffolk County, the Town of Brookhaven, the Shoreham-Wading River Central School District, the Wading River Fire District and the Shoreham- Wading River Library District (which was succeeded by the North Shore Library District) (collectively, the Suffolk Taxing Jurisdictions) and Nassau County regarding the over assessment of the Shoreham Nuclear Power Station. Under the terms of the agreement, LIPA issued $458 million of rebates and credits to customers over a five-year period. To fund such rebates and credits, LIPA used proceeds from its Capital Appreciation Bonds: Series 1998A Electric System General Revenue Bonds totaling $146 million and Series 2000A Electric System General Revenue Bonds totaling $325 million.

As provided under the Settlement, beginning in June 2003, Suffolk County electric customers' bills include a surcharge (the Suffolk Surcharge) to be collected over the succeeding approximately 25-year period to repay the debt service and issuance costs on the bonds issued by LIPA to fund the Settlement as well as the cost of pre-funding certain rebates and credits.

As rates are established at a level sufficient to recover all such costs identified above, LIPA recorded a regulatory asset. The balance remaining represents rebates and credits issued to LIPA's customers, costs of administering the program, plus annual debt service costs on the bonds identified above, less surcharges collected since 2003 and is expected to continue through 2029.

(c) Employee Benefit Plan Settlement

The MSA between LIPA and National Grid provided, among other things, that upon termination of the MSA, when a third-party succeeded National Grid as the service provider, the successor would assume the rights and obligations of National Grid regarding certain employee benefit plan liabilities. The Second A&R OSA with PSEG Long Island, however, did not require PSEG Long Island to assume the employee benefit plan assets and liabilities related to the MSA, which were co-mingled with those of other National Grid employees.

LIPA and National Grid and its affiliates signed an Employee Benefit Plan Settlement in 2013 resolving the parties' respective employee benefit plan funding obligations for National Grid's electric-serving employees. LIPA's Board approved recovery of such costs from customers over the remaining term of the Second A&R OSA, as virtually all former employees of National Grid covered by these plans have been transitioned to PSEG Long Island and continue to serve our customers.

(d) Delivery Service Adjustment

The DSA reconciles certain specified budgeted costs to actual costs in each year. The DSA provides cost recovery or refunding of overcollection for certain items that vary due to external factors, including: debt service (variances in interest rates and capital expenditures), storm restoration expenditures (variances from the budget for storm restoration expenses), non-storm emergency costs, bad debt expense, and PSEG Long Island pension and OPEBs. For debt service, any differences between the actual payments and the amount included in the approved budget and approved delivery rates are charged or refunded to customers in the following year, including an allowance for fixed obligation coverage at the factor specified in the Board's financial policy. For storm restoration expenditures, if actual storm restoration costs to be recovered from customers are lower than the budgeted costs, such balances will be managed as a regulatory storm reserve up to $75 million to offset future storm expenditures. If actual storm restoration costs are higher than the budgeted costs, one-third of that balance will be recovered in the subsequent recovery period and the remaining two-thirds will be eligible for recovery during a future recovery period and remain as a regulatory asset.

In December 2024, the regulatory storm reserve threshold of $75 million was met. In accordance with LIPA's tariff, in the event that the balance in the Storm Event Reserve Fund exceeds the storm reserve cap, the funds in excess of the storm reserve will be used to offset future capital spending. LIPA recognized approximately $2 million in excess storm recovery which contributed to the 2024 coverage target.

(e) Unrealized Derivative Instrument Gains and Losses

LIPA defers its unrealized mark-to-market values relating to commodity and financial derivative instruments which are deemed ineffective under GASB Statement No. 53 and records such amounts as regulatory assets or liabilities.

(f) Property Tax Litigation

By statute, LIPA makes PILOTs for real property it acquired from LILCO. Beginning in calendar year 2015, the LIPA Reform Act capped LIPA's PILOT payments to no more than 2% higher than the prior calendar year. Litigation with Suffolk County and its towns has resulted in a judgment against LIPA for alleged unpaid property taxes for the 2014/15 through 2020/21 tax years. That judgment is currently on appeal. LIPA has paid the PILOT amounts it is authorized to pay by law. In July 2023, Suffolk County filed an additional lawsuit against LIPA and certain Suffolk County towns seeking to have LIPA pay to the County alleged shortfalls in property tax payments for the 2021/22 tax year. That lawsuit is currently stayed.

In January 2024, LIPA received a decision from the Suffolk County Supreme Court declaring that LIPA's properties located in five Suffolk towns are exempt from taxation as of the 2021/22 tax year. This decision is currently on appeal.

LIPA estimated the potential exposure with penalties and interest to be approximately $186 million through 2024, plus a potential addition of up to $47 million per year in the event of an adverse result on appeal.

As a regulated entity, LIPA obtained regulatory approval from its Board to defer the recovery of these costs from its customers until the conclusion of the appeal process. LIPA does not believe this litigation will have a material adverse impact on the business or the affairs of LIPA. See Note 16(d).

(g) Revenue Decoupling Mechanism

The RDM ensures that only LIPA's budgeted and Board-approved revenues for delivery service are collected from customers. The RDM compares actual revenues with authorized revenues and credits (or collects) any differences to (or from) customers. It is intended to cover all sources of variances in delivery service revenues including, among other things, variances attributable to the implementation of energy efficiency or net metering above or below forecasted levels, variances caused by warmer or cooler than normal weather, and variances that result from unforeseen changes in economic conditions.

The RDM is applied to delivery rates on a percentage basis and is reset at the beginning of each year to include the prior year surplus or shortfall between actual and authorized revenues for delivery service. In years when a multi-year rate plan is in effect, the RDM also utilizes such realized prior year surplus or shortfall to update delivery rates for the current year so as to minimize future variances between actual and authorized revenues. In no event may LIPA recover an amount that exceeds authorized delivery revenues. Furthermore, to mitigate significant bill impacts resulting from revenue variances, the RDM rate is set to a maximum of 5% of delivery service revenues for any customer class, with the excess to be recovered from the same customer class in the subsequent period.

Due to the warmer-than-normal weather, LIPA's revenues from residential customers exceeded the budget during the rate-setting period of October 2023 through September 2024. This resulted in a refund of approximately $12 million to the residential customer class, with an additional amount due from LIPA related to periods after the rate-setting period totaling approximately $4 million. LIPA's revenues from commercial customers continued to be lower than budget in 2024 resulting in amounts due to LIPA totaling approximately $11 million, with an additional amount due to LIPA related to periods after the rate-setting period totaling approximately $16 million.

(h) Debt Issuance Costs

LIPA established a regulatory asset for debt issuance costs incurred before 2018. The regulatory asset will be amortized as a component of LIPA's revenue requirement on a systematic basis over the life of the debt to which they relate. LIPA's component unit, UDSA, established a regulatory asset, in accordance with GASB Codification Section RE10, *Regulated Operations*, for debt issuance costs incurred before 2023. The regulatory asset will be amortized as a component of interest expense on a systematic basis over the life of the debt they relate. Debt issuance costs incurred for 2023 and beyond are expensed as incurred.

(i) Power Supply Costs Recoverable or Refundable

LIPA's tariff includes a Power Supply Charge with a monthly reconciliation of power supply costs. For the years ended December 31, 2024 and 2023, actual power supply costs, including estimated costs to operate an undersea cable, were lower than amounts recovered in the Power Supply Charge, resulting in the recognition of a regulatory liability totaling $12 million and $3 million respectively.

Also recoverable through the Power Supply Charge are deferred transition costs associated with the transfer of the power supply management contract to PSEG ER&T. Collection of these costs totaling $19 million are being recovered over eleven years, as approved by LIPA's Board, that began January 1, 2015, and expires December 31, 2025. As of December 31, 2024 and 2023, the remaining balance of such costs totaled $2 million and $3 million, respectively.

Amounts incurred related to various energy projects, the amortization of which are charged to power supply costs over the period of benefit (i.e., the life of the power purchase agreement) are also recoverable as a component of the Power Supply Charge. As of December 31, 2024 and 2023, the balance was $17 million and $21 million, respectively.

Unfunded actuarially determined potential costs relating to generation are a deferred component of the Power Supply Charge and total approximately $13 million. Such amounts will not be reflected in the Power Supply Charge until settlement costs are paid.

Annually, amounts are being recovered to fund the Clean Energy Compliance Fund to be used in the future for clean energy technologies. As of December 31, 2024 and 2023, the regulatory liability balance was $21 million and $20 million, respectively.

(j) Southampton Visual Benefit Assessment

LIPA has recorded the incremental costs to bury a portion of a transmission cable routed through the Town of Southampton as a regulatory asset, which is being recovered from certain customers of the Town in a visual benefit district.

(k) Distributed Energy Resources

The Distributed Energy Resources (DER) charge recovers costs of LIPA's energy efficiency and distributed energy resource programs net of State grants received for these programs. The costs of such programs are authorized by LIPA's Board annually in its approved budget and billed to customers through the DER charge based on energy usage.

(l) Unfunded Actuarially Determined Reserves

Unfunded actuarially determined reserves are amounts recorded for non-cash reserves that are deferred until litigation settlement costs are paid, at which time they are recovered in rates. Such estimates were calculated by an actuary based on experience and are updated every three years. Based on the results of this year's study, LIPA has adequately recovered the estimated litigation exposure and therefore the regulatory asset has been fully amortized. The next study is scheduled for 2026.

(m) Utility 2.0

LIPA's annual Utility 2.0 plan funds new technologies, pilot programs, beneficial electrification, electric vehicles and distributed energy projects. Utility 2.0 actual project costs are reconciled to funding levels set in rates on an annual basis.

(6) Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources (expenses or expenditures) and deferred inflows of resources (revenues) are as follows:

(a) Regulatory Credits – Grants

LIPA received a mitigation grant to fund storm-hardening assets. Under GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, LIPA was permitted to record the funds as income; however, LIPA's Board authorized the deferral of grant income as a regulatory credit and report the revenue over the same time period as the depreciation expense on the grant funded storm hardened capital assets. As of December 31, 2024 and 2023 the deferred grant revenue totaled approximately $568 million and $586 million, respectively.

(b) Deferred Defeasance Costs on Debt Refunding

Deferred defeasance costs on refunded debt represent the difference between the reacquisition price and the carrying amount of refunded debt. These deferred costs are amortized as a component of interest expense over the shorter of the life of the old or new debt.

(c) Changes in Fair Value of Derivative Instruments

The accumulated changes in the mark-to-market valuation of a hedging derivative instrument deemed effective are reported as deferred inflows or deferred outflows of resources on the Statements of Net Position.

As LIPA follows GASB Section RE10, any changes in ineffective other derivative instruments are reported as regulatory assets or liabilities. LIPA's Board has authorized the deferral of these unrealized gains or losses until realized, which corresponds to the period when they are recovered in rates.

(d) Changes in Fair Market Value of NMP2 Decommissioning Trust OPEB Account and other Investments

LIPA maintains a trust for the decommissioning of NMP2. Separately, LIPA maintains an OPEB Account to set aside funds to meet future PSEG Long Island retirement benefit costs. Beginning in 2024, to ensure consist treatment of all LIPA investments, the LIPA Board approved deferral of unrealized gains or losses for all of LIPA's other investments. These other investments primarily consist of the Operating Fund, Construction Fund, and Rate Stabilization Fund. These funds are reported at their fair market value and any unrealized gains or losses are recognized as a component of deferred inflows or deferred outflows of resources in accordance with LIPA's ratemaking process.

(e) Pension and OPEB

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*, LIPA reports as deferred inflows or deferred outflows of resources the differences between expected and actual experience, projected and actual investment earnings on pension plan investments, contributions and the proportionate share of contributions, and changes in LIPA's contributions to the pension system subsequent to the measurement date. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, LIPA reports the changes in LIPA's net OPEB liability that have not been included in OPEB expense as deferred inflows or deferred outflows of resources. Amounts included would result from changes of assumptions, the net difference between projected and actual earnings on the OPEB Trust, and LIPA's contributions subsequent to the measurement date.

(f) Lease Revenue

LIPA receives contractually determined revenue related to leasing agreements with certain power purchase providers for land leases. As of December 31, 2024 and 2023, the lease asset receivable and the corresponding deferred inflow of resources was approximately $3 million.

(g) NMP2 Asset Retirement Obligation Updates

LIPA recorded its 18% share of an update of the 2024 annual review and analysis of the NMP2 ARO which resulted in decreasing LIPA's share of the NMP2 ARO liability. The change was primarily attributable to an increase in the expected operating term of the plant. Changes in ARO as a result of study updates are recognized in Deferred Inflows and Outflows of Resources.

(7) Federal Emergency Management Agency Grants

LIPA is eligible to receive Public Assistance (PA) and Mitigation grants following major disaster declarations. Public Assistance grants provide reimbursement of costs associated with emergency protective measures and the repair and restoration of damaged facilities. Mitigation grants provide funding to harden the system against the future impact of severe weather events. Disaster assistance is subject to eligibility rules applicable to the applicant, facility, work, and cost.

(a) Superstorm Sandy

In 2012, Superstorm Sandy caused significant damage to LIPA's Service Area resulting in the declaration of a federal major disaster area and making LIPA eligible for FEMA grants. In 2013, LIPA and FEMA signed a Letter of Undertaking (LOU) that provides for a Public Assistance grant authorized under Section 428 of the Stafford Act (428 Grant Agreement) for $1.434 billion. As of December 31, 2024 and December 31, 2023, LIPA has a remaining balance due from FEMA of approximately $83 million and $126 million, respectively.

(b) Tropical Storm Isaias

On August 4, 2020, LIPA's Service Area suffered significant damage as a result of Tropical Storm Isaias. The resulting damage to the electrical system caused significant customer outages. Tropical Storm Isaias was declared a federal major disaster on October 2, 2020. LIPA filed for recovery of response and storm restoration costs of approximately $309 million. Major disaster declarations occurring or having an incident period beginning between January 1, 2020 and December 31, 2021 were eligible for a minimum 90% federal cost share. During 2022, LIPA received reimbursement of its restoration costs totaling approximately $276 million.

After Tropical Storm Isaias, LIPA filed for a Hazard Mitigation grant. In 2024, LIPA was awarded approximately $425 million to continue its successful storm-hardening program as well as $3 million to harden two transmission crossings. As of December 31, 2024 no funding has been received or recognized for this grant.

(c) COVID-19

In response to the COVID-19 pandemic, on March 20, 2020, FEMA announced that federal emergency funds were made available for recovery efforts related to the COVID-19 pandemic. The funding is for incremental costs related to safety protocols implemented to protect employees, customers, and the public. In November 2024, LIPA received FEMA grant funding of $7 million for the reimbursement of incremental costs incurred due to COVID-19 related to personal protective equipment and safe opening preparation.

LIPA filed for Mitigation grants under COVID-19 and received approval for funds totaling $10 million, $5 million in Nassau/Queens counties awarded in 2024, and $5 million in Suffolk County awarded in 2023 to replace utility poles in disadvantaged communities. As of December 31, 2024 no funding has been received or recognized for this grant.

(d) Tropical Depression Ida

In September 2021, portions of LIPA's service territory were impacted by Tropical Depression Ida, which resulted in severe flooding in parts of the Service Area leaving downed trees and power lines. LIPA incurred costs of approximately $9 million to restore power and repair system damage. This event was declared a federal disaster and as such LIPA filed for a Public Assistance grant with a 90% match from FEMA. As of December 31, 2024 and 2023, LIPA received approximately $8 million.

(e) Winter Storm Elliott

On March 15, 2023, FEMA declared a federal disaster for a December 2022 winter storm that impacted LIPA's Suffolk County service territory. LIPA incurred costs of approximately $4 million in that county restoring power and repairing the system damages. LIPA has been approved for public assistance grant with a 75% match from FEMA, however, as no grant application has been finalized or approved prior to December 31, 2024 and 2023 no grant income was recognized.

(8) Derivative Instruments

LIPA uses derivative instruments in its normal course of business to limit some of the volatility associated with interest rate changes and market price fluctuations in the purchase of fuel oil, natural gas, and electricity. LIPA does not use derivative instruments for trading or speculative purposes. These contracts are evaluated pursuant to GASB Statement No. 53 to determine whether they meet the definition of derivative instruments and whether they effectively hedge the expected cash flows associated with interest rate and commodity price risk exposures. The fair values of LIPA's derivatives are reported on the Statements of Net Position as either Commodity Derivative Instruments or Financial Derivative Instruments.

LIPA applies hedge accounting for derivative instruments that are deemed effective under GASB Statement No. 53. Under hedge accounting, changes in the fair value of such hedging derivative instruments are a component of deferred inflows or deferred outflows of resources on the Statements of Net Position until the contract is settled, or hedge accounting is terminated. Derivative instruments that do not meet the definition of a hedging derivative instrument are economic hedges, intended to mitigate exposure to fluctuations in interest rates or commodity prices, and are referred to as other derivative instruments. Changes in the fair value of other derivative instruments are deferred until settled or terminated in accordance with LIPA's ratemaking process and recorded as regulatory assets or liabilities.

All settlement payments or receipts for derivative instruments are recorded as either power supply expense for commodity derivative instruments or interest expense for interest rate derivative instruments on the Statements of Revenues, Expenses, and Changes in Net Position in the period settled.

(Amounts in thousands, unless otherwise stated)

LIPA's interest rate and commodity derivative contracts are valued in accordance with GASB Statement No. 72, which establishes a fair value hierarchy: Level 1, Level 2, and Level 3 (as discussed in Note 2 (u)). Interest rate derivative contracts are based on the present value of cash flows using the income approach and the interest rate derivative contracts are classified as Level 2, as their valuation relies primarily on observable inputs.

LIPA's commodity derivative contracts are transacted both over-the-counter and through clearing exchanges and the valuations are based upon price quotes from exchanges. The impacts of credit and non-performance risk by either LIPA or its counterparty were not material to the financial statements.

The following table presents LIPA's derivative instruments measured and recorded at fair value on the Statements of Net Position on a recurring basis and their level within the fair value hierarchy.

Derivative instrument description		Fair value December 31, 2024	Net change in fair value	Fair value December 31, 2023	Type of hedge	Financial statement classification for changes in fair value
Hedging derivative instruments:						
Financial derivatives:						
Fixed-payer	$	31,316	7,631	23,685	Cash flow	Deferred inflows of resources
Commodity derivatives:						
Purchased power swaps		4,258	4,258	—	N/A	Deferred inflows of resources
Natural gas basis swaps		6,922	31,938	(25,016)	N/A	Deferred inflows/outflows of resources
Total	$	42,496	43,827	(1,331)		
Other investment derivative instruments:						
Financial derivatives:						
Synthetic fixed	$	(48,980)	20,316	(69,296)	N/A	Regulatory Asset
Commodity derivatives:						
Power – financial basis		(116)	19,483	(19,599)	N/A	Regulatory Asset
Purchased power swaps		3,797	7,876	(4,079)	N/A	Regulatory Liability
Natural gas swaps		2,121	31,491	(29,370)	N/A	Regulatory Liability
Total	$	(43,178)	79,166	(122,344)		

		2024			2023		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative assets (liabilities):							
Financial derivatives	$	—	31,316	—	—	23,685	—
Financial derivatives		—	(48,980)	—	—	(69,296)	—
Commodity derivatives		17,098	(116)	—	(33,449)	(44,615)	—
	$	17,098	(17,780)	—	(33,449)	(90,226)	—

The terms of LIPA's commodity derivative instruments as of December 31, 2024 are summarized in the table below:

Derivative Instrument	Amount (in thousands)	Units	Beginning Period	Ending Period	Authority Pays Per Unit	Authority Receives
Natural Gas Swaps	61,478	Dthms	1/1/2025	12/1/2027	$ 2.77 to $ 4.53	Natural Gas at Henry Hub
Natural Gas Basis Swaps(1)	56,475	Dthms	1/1/2025	3/1/2027	$ (0.89) to $ 3.15	Gas Basis between Henry Hub & Transco Z6, NY
Purchased PJM Power Swaps	4,766	Mwhs	1/1/2025	12/1/2027	$ 33.75 to $ 68.25	Power at PJM West
Purchased PJM Power Basis	8,136	Mwhs	1/1/2025	12/1/2027	$ (10.75) to $ (3.90)	Power Basis between PJM West to JCPL
Purchased NY Power Swaps	1,026	Mwhs	1/1/2025	12/1/2026	$ 37.50 to $ 49.75	Power at NY Zone-A

(1) There w as one sale transaction for natural gas basis sw aps. The volumes indicated in the above table are the net volumes. The trade price for the sale in $/Dthms w as -0.68, w hich w as w ithin the purchase trade price range of -0.89 to 3.15.

The terms of LIPA's commodity derivative instruments as of December 31, 2023 are summarized in the table below:

Derivative Instrument	Amount (in thousands)	Units	Beginning Period	Ending Period	Authority Pays Per Unit	Authority Receives
Natural Gas Swaps	77,255	Dthms	1/1/2024	12/1/2026	$ 2.50 to $ 6.16	Natural Gas at Henry Hub
Natural Gas Basis Swaps(1)	68,113	Dthms	1/1/2024	3/1/2026	$ (0.95) to $ 7.90	Gas Basis between Henry Hub & Transco Z6, NY
Purchased PJM Power Swaps	5,276	Mwhs	1/1/2024	12/1/2026	$ 27.55 to $ 83.50	Power at PJM West
Purchased PJM Power Basis	7,703	Mwhs	1/1/2024	12/1/2026	$ (10.75) to $ 0.75	Power Basis between PJM West to JCPL

The terms of LIPA's interest rate derivative instruments as of December 31, 2024 and December 31, 2023 are summarized in the table below:

Financial derivative	Effective date	Termination date	LIPA pays	LIPA receives	Original notional	Upfront cash payment	
Fixed-payer swap	6/1/2003	12/1/2029	5.120 %	69.47% SOFR + 0.0795%	$ 587,225	$ 106,400	
Fixed-payer swap	9/1/2022	9/1/2042	1.8571%	70% SOFR + 0.0801%	251,510	—	(a)
						$ 106,400	

(a) LIPA has the option to terminate the swap on September 1, 2027, and monthly thereafter

LIPA entered into interest rate derivative agreements in which variable payments, made or received were based on the London Interbank Offered Rate (LIBOR). LIBOR was used as a reference rate in several of LIPA financial hedging agreements through June 30, 2023. On March 5, 2021, ICE Benchmark Administration (IBA) and the Financial Conduct Authorities (FCA) announced that the LIBOR cessation date for most USD LIBOR tenors, including 1-month LIBOR, would be June 30, 2023. To address the LIBOR cessation, LIPA has adhered to the International Swap Deal Agreements (ISDA) 2020 LIBOR Fallback Protocol (Protocol). Under the Protocol, upon the LIBOR discontinuation, the LIBOR index was replaced by a fallback rate consisting of the Secured Overnight Financing Rate (SOFR) and a spread adjustment. The spread adjustment was fixed upon the announcement of LIBOR cessation dates.

Upon the USD LIBOR discontinuation, the LIBOR-based payments in the swaps converted to the respective fallback rates established under the ISDA Protocol as shown in the table above. GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates and provides exceptions to the existing provisions for hedge accounting termination to ease the accounting requirements related to the transition away from IBORs. Following the Protocol-based conversion, LIPA swap agreements are accounted for in the same manner as before the replacement of the reference rate.

LIPA is exposed to the following risks related to derivative instruments as defined by GASB Statement No 53:

(a) Termination Risk

Termination risk is the risk that a derivative could be terminated by a counterparty prior to its scheduled maturity due to a contractual event with LIPA owing a termination payment. As long as LIPA fulfills its obligations under the contracts, the counterparties do not have the right to terminate these agreements. LIPA believes that termination risk is low because the counterparties may terminate the agreements only upon the occurrence of specific events such as payment defaults, other defaults which remain uncured for 30 days after notice, bankruptcy or insolvency of LIPA (or similar events), or a downgrade of LIPA's and its insurers', if any, credit rating below investment grade. If, at the time of termination, the mark-to-market valuation of the derivative was a liability of LIPA, LIPA could be required to pay that amount to the counterparty. Termination risk associated with all of LIPA's derivatives is limited to the fair market value.

(b) Basis Risk

LIPA is exposed to basis risk on certain of its interest rate swaps because the variable-rate payments received by LIPA, and those paid either pursuant to the terms of the swap or on the associated variable rate debt, may differ. The terms of the interest rate swap transactions are summarized in the table above.

LIPA is exposed to basis risk on a portion of its commodity swaps when the commodity swap payment received is based upon a reference price in a market (e.g., natural gas priced at Henry Hub) that differs from the market in which the hedged item is expected to be bought (natural gas priced at New York City gate). If the correlation between these market prices should change substantially, LIPA may incur costs as a result of the hedging derivative instrument's inability to offset the price of the related commodity.

(c) Collateral Posting

Under certain conditions, LIPA may be required to post collateral related to its interest rate derivative instruments. Under the terms of its interest rate derivative agreements, collateral may be required if LIPA's credit ratings, and in the case of insured swaps, the credit ratings of any related interest rate derivative insurer, fall below minimum levels as provided in each agreement, and LIPA fails to provide alternative credit enhancements. Collateral for its financial derivatives, if required, would approximate fair value. LIPA has never been required to post collateral for its interest rate derivative instruments.

LIPA has collateral requirements with commodity derivative counterparties in the Credit Support Annexes (CSA) of ISDA. Collateral is required to be posted with the counterparty when the negative fair value of the commodity derivative instrument exceeds the unsecured line of credit established with each counterparty as listed in the counterparty table in (d) below. In the event of collateral being posted, the value will equal the difference between the fair value and the amount of the unsecured line of credit. For exchange broker cleared derivative transactions, there is an initial margin requirement on day one of a trade that is calibrated to cover the expected cost of closing out the position in the event of a default. Collateral postings between the exchange clearing broker and LIPA each day thereafter are based on the fair value of the derivative instrument.

(Amounts in thousands, unless otherwise stated)

(d) Credit Risk

Credit risk is the risk that the counterparty (or its guarantor) will default on its obligations under the agreement. LIPA has sought to limit counterparty risk by contracting only with highly rated counterparties or requiring guarantees of the counterparty's obligations. LIPA also makes use of exchange-cleared transactions for a portion of its commodity derivatives. The exchange uses a central clearing counterparty structure along with risk-based margin requirements that limits credit risk exposure.

Below is a table with the credit ratings issued by Moody's Investors Service (Moody's) and Standard and Poor's Global Ratings (S&P) and unsecured line of credit limits of LIPA's counterparties as of December 31, 2024:

Counterparty	Moody's	S&P	Counterparty's unsecured line of credit ($M)
Interest Rate Derivative Instruments:			
Citibank, N.A. New York	Aa3	A+	$ —
UBS AG, Stamford Branch	Aa2	A+	—
Commodity Derivative Instruments:			
BP Energy Company *	A2	A-	$ 15.0
Citigroup Energy, Inc.*	A3	BBB+	10.0
RWE Clean Energy Wholesale Services, Inc. *	Baa2	N/R	5.0
Constellation Energy Generation, LLC	Baa1	BBB+	10.0
J. Aron & Company *	A2	BBB+	40.0
JPMorgan Chase Bank, N.A.	Aa2	AA-	35.0
Macquarie Energy LLC *	Aa2	A+	10.0
Merrill Lynch Commodities, Inc. *	A1	A-	20.0
Mitsui Bussan Commodities Ltd. *	A3	A	12.5
Morgan Stanley Capital Group Inc. *	A1	A-	15.0
Next Era Power Marketing *	Baa1	BBB+	1.0
Pacific Summit Energy LLC *	Baa1	A-	10.0
Societe Generale	A1	A	25.0
The Bank of Nova Scotia	Aa2	A+	25.0

* *Rating reflects the rating of the parent company guarentor*

(Amounts in thousands, unless otherwise stated)

(9) Utility Plant and Property and Equipment

Additions to and replacements of utility plant are capitalized at original cost, which includes material, labor, and indirect costs associated with an addition or replacement. The cost of renewals and betterments relating to units of property is added to utility plant. The cost of property replaced, retired, or otherwise disposed of is deducted from utility plant and, generally, together with dismantling costs less any salvage, are charged to accumulated depreciation. The cost of repairs and minor renewals are charged to operations and maintenance expense. Group properties, such as poles, meters, and wire, are accounted for on an average unit cost basis by year of installation.

The following schedule summarizes LIPA's utility plant and property and equipment as of December 31, 2024:

		Beginning balances	Additions	Transfers/ Disposals	Ending balances
Utility plant	$	10,979,150	649,254	(258,635)	11,369,769
Office equipment, furniture, and leasehold improvements		12,687	1,416	—	14,103
Accumulated depreciation		(2,678,156)	(351,717)	323,808	(2,706,065)
Total utility plant – net		8,313,681	298,953	65,173	8,677,807
Lease and SBITA right-to-use assets:					
Utility plant		3,304,653	—	—	3,304,653
Other		111,992	76,181	(53,911)	134,262
Accumulated depreciation		(1,583,890)	(379,594)	14,550	(1,948,934)
Total lease and SBITA right-to-use assets – net		1,832,755	(303,413)	(39,361)	1,489,981
Construction work in progress		419,972	729,850	(627,901)	521,921
Retirement work in progress		23,837	64,613	(66,766)	21,684
Total work in progress		443,809	794,463	(694,667)	543,605
	$	10,590,245	790,003	(668,855)	10,711,393

(Amounts in thousands, unless otherwise stated)

The following schedule summarizes LIPA's utility plant and property and equipment as of December 31, 2023:

		Beginning balances	Additions	Transfers/ Disposals	Ending balances
Utility plant	$	10,448,931	706,368	(176,149)	10,979,150
Office equipment, furniture, and leasehold improvements		10,866	1,821	—	12,687
Accumulated depreciation		(2,605,230)	(322,735)	249,809	(2,678,156)
Total utility plant – net		7,854,567	385,454	73,660	8,313,681
Lease and SBITA right-to-use assets:					
Utility plant		3,317,209	67,725	(80,281)	3,304,653
Other		129,583	5,108	(22,699)	111,992
Accumulated depreciation		(1,316,954)	(361,422)	94,486	(1,583,890)
Total lease and SBITA right-to-use assets – net		2,129,838	(288,589)	(8,494)	1,832,755
Construction work in progress		446,638	679,702	(706,368)	419,972
Retirement work in progress		33,334	64,163	(73,660)	23,837
Total work in progress		479,972	743,865	(780,028)	443,809
	$	10,464,377	840,730	(714,862)	10,590,245

(10) Nine Mile Point Nuclear Power Station, Unit 2

LIPA owns an undivided 18% interest in NMP2, which is located in Oswego County, New York. NMP2 has a rated net capacity of approximately 1,300 megawatts. LIPA is entitled to 18% of the unit's capacity and energy and is obligated to pay 18% of its operating and maintenance costs, nuclear fuel costs, and costs of capital additions. LIPA's net capital investment in NMP2, excluding nuclear fuel, was approximately $470 million and $484 million as of December 31, 2024, and 2023, respectively. The majority 82% of NMP2 is held by Constellation Energy Generation (Constellation). The operating license for NMP2 expires on October 31, 2046.

(a) Nuclear Plant Decommissioning

As of December 31, 2024, and 2023, LIPA's share of the estimated costs for decommissioning of the unit and restoration of the site is approximately $105 million and $123 million, respectively, and is included in the Statements of Net Position as a component of the Asset Retirement Obligation. LIPA maintains a decommissioning trust fund for its share of the decommissioning costs. As of December 31, 2024, and 2023, the trust fund had approximately $196 million and $178 million, respectively. LIPA believes that deposits to the fund, which are based on actuarial estimates, and the assumed investment returns of these funds during the term of the operating license, will be sufficient to meet its obligations.

(b) Liability for Nuclear Accidents

The Federal Price-Anderson Act (Act) currently requires owners of nuclear power plants to obtain $550 million in private insurance coverage for off-site liability coverage for each reactor site (not each reactor). Constellation maintains this coverage for the Nine Mile Point site, and LIPA reimburses Constellation for its proportionate share of the cost. The Act further stipulates that in the event off-site damages exceed the amount of private insurance coverage, each reactor licensee is retroactively liable for a prorated share of the excess. This liability is limited to $158 million per reactor, payable at no more than approximately $25 million per reactor per incident per year. LIPA's maximum liability under this provision is approximately $28 million, payable at approximately $4 million per incident per year.

(c) Federal Zero-Emission Nuclear Power Production Credit

Section 13105 of the Inflation Reduction Act of 2022 created section 45U, the zero-emission nuclear power production credit, for electricity produced at a qualified nuclear power facility and sold by the taxpayer to an unrelated person in tax years beginning after December 31, 2023, and before January 1, 2033. Tax-exempt and governmental entities such as LIPA, can benefit from this credit through an option called Elective Pay, which treats the full value of the credit as a tax payment. In 2024, LIPA recorded in current assets a receivable of $20 million related to the Internal Revenue Code, Section 45U for the Zero-emission nuclear production credit which represents the credit earned from its 18% interest NMP2 generating facility.

(11) Cash, Cash Equivalents, and Investments

The majority of LIPA's cash, cash equivalents, and investments are either managed by an external investment manager or invested in mutual funds. LIPA's investment of funds is administered in accordance with the applicable provisions of the New York State law, the Bond Resolution, certain banking agreements, and LIPA's investment policy.

(a) Unrestricted cash, cash equivalents, and investments

As of December 31, 2024, and 2023, LIPA had unrestricted cash, cash equivalents, and investments totaling approximately $1.43 billion and $1.33 billion, respectively. The unrestricted funds primarily consist of the Operating Fund, Construction Fund, Rate Stabilization Fund, and OPEB Account.

In the event that LIPA determines there are insufficient revenues to pay reasonable and necessary operating expenses or to make payments on bonds or parity obligations, if any, after notifying the Finance and Audit Committee of LIPA's Board, LIPA may release funds from the OPEB Account for such purposes. As such, the OPEB Account is unrestricted.

Deposits made to LIPA's unrestricted OPEB Account are to fund LIPA's contractual obligations to employees of PSEG Long Island for certain post-employment benefits. LIPA has invested such funds, pursuant to LIPA's investment policy, in domestic and international stock mutual funds (65%), as well as inflation protected and bond market institutional mutual funds (35%) with quarterly rebalancing when an asset class falls outside of a 5% range of its asset weighting. As of December 31, 2024, and 2023, the OPEB Account balance totaled approximately $736 million and $644 million, respectively.

(Amounts in thousands, unless otherwise stated)

The following tables summarize LIPA's unrestricted cash, cash equivalents and investments as of December 31, 2024 and 2023. The credit ratings listed are from Moody's, S&P, and Fitch Ratings, and the rating shown is the lowest-rated obligation within each investment type.

Deposit/investment type	Credit Rating (if applicable)	Percent of portfolio		2024 Fair value	Cash and cash equivalents	Investments
Operating Fund, Construction Fund, Rate Stabilization Fund, and Other operating accounts:						
Cash and collateralized deposits		9 %	$	61,256	61,256	—
Discount notes and bonds:						
Commercial paper	A-1/P-1	2		11,777	—	11,777
Corporate	A-/A3	23		162,684	—	162,684
Federal agencies	Aaa/AA+	—		1,478	—	1,478
Asset backed securities	AAA/Aaa	2		14,461	—	14,461
Municipal bonds	A-/A3	1		3,109	—	3,109
Treasury notes	Aaa/AA+/F1+	18		125,146	—	125,146
Money-market mutual funds		45		314,933	314,933	-
Subtotal		100 %		694,844	376,189	318,655
OPEB Account:						
Mutual funds - equities		67 %		490,229	—	490,229
Mutual funds - fixed income		33		245,795	—	245,795
Subtotal		100 %		736,024	—	736,024
Total			$	1,430,868	376,189	1,054,679

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Deposit/investment type	Credit Rating (if applicable)	Percent of portfolio		2023 Fair value	Cash and cash equivalents	Investments
Operating Fund, Construction Fund, Rate Stabilization Fund, and Other operating accounts:						
Cash and collateralized deposits		6 %	$	39,829	39,829	—
Discount notes and bonds:						
Commercial paper	A-1/P-1	2		13,155	—	13,155
Corporate	A-/A3	10		67,050	—	67,050
Federal agencies	Aaa/AA+	2		14,121	—	14,121
Asset-backed securities	AAA/Aaa	2		13,861	—	13,861
Foreign government bonds	AA-/Aa3	1		4,542	—	4,542
Municipal bonds	A-/A3	—		2,064	—	2,064
Treasury notes	Aaa/AA+/F1+	19		133,466	—	133,466
Money-market mutual funds		58		397,602	397,602	—
Subtotal		100 %		685,690	437,431	248,259
OPEB Account:						
Mutual funds - equities		65 %		419,619	—	419,619
Mutual funds - fixed income		35		224,114	—	224,114
Subtotal		100 %		643,733	—	643,733
Total			$	1,329,423	437,431	891,992

(b) Restricted cash, cash equivalents, and investments

LIPA's restricted cash, cash equivalents, and investments consist of the Working Capital Requirements Account, the Clean Energy Compliance Fund, the Extraordinary Working Capital Account, and UDSA Collection and Reserve Accounts.

Restricted Cash for Working Capital Requirements

In accordance with the Second A&R OSA, LIPA is required to advance fund an account with three months of anticipated T&D operating and capital costs for PSEG Long Island to utilize as LIPA's agent in the management of LIPA's T&D system. Also, pre-funded by LIPA are amounts held by PSEG Long Island to pay taxes, storm restoration costs, and amounts required to fund the Clean Energy Compliance Fund. The accounts totaled $325 million and $341 million as of December 31, 2024 and 2023, respectively, and were invested in accordance with LIPA's investment policy. Due to the contractual obligation of LIPA to pre-fund such accounts, the funds are classified as restricted. Such accounts, except for the Clean Energy Compliance Fund which totaled $21 million and $20 million as of December 31, 2024 and 2023, respectively, is considered by LIPA to be a component of its working capital, as funds are used strictly for LIPA operating needs.

UDSA

Restructuring charge collections are held by the Bond Trustee (Trustee) in Collection Accounts to satisfy debt service on the Restructuring Bonds. The Collection Accounts consist of four subaccounts: General Subaccount, Excess Funds Subaccount, Reserve Subaccount, and Upfront Financing Costs Subaccount. The Collection Accounts (other than the Upfront Financing Costs Subaccount) secure the Restructuring Bonds.

Restricted cash held by the Trustee, as of December 31, 2024 and 2023 includes $73 million and $55 million, respectively, in the General Subaccounts, and $56 million and $60 million, respectively in the Reserve Subaccounts.

UDSA has separate investment guidelines that are specifically designed to address its legal and contractual requirements. These guidelines mandate that such investments be matched to meet bond principal and interest payments.

Extraordinary Working Capital Restricted Funds

In 2021, LIPA borrowed medium-term notes to fund the restoration costs associated with Tropical Storm Isaias while it awaited reimbursement from FEMA. The medium-term notes have a maturity date of September 1, 2025, and LIPA was not required to repay the notes upon reimbursement from FEMA which occurred in 2022; however, as required by tax regulations such funds are required to be held in-demand deposit Treasury State and Local Government Series securities (SLGS) and may only be used for extraordinary working capital expenditures (similar to the expenditures that were financed with the proceeds of the 2021 medium-term notes), and as such these funds totaling $250 million are being held as restricted.

(Amounts in thousands, unless otherwise stated)

The following tables summarize LIPA's restricted cash, cash equivalents and investments as of December 31, 2024 and 2023. The credit ratings listed are from Moody's, S&P, and Fitch Ratings and the ratings shown are the lowest-rated obligation within each investment type.

Deposit/investment type	Credit rating (if applicable)	Percent of portfolio			2024 Fair value	Cash and cash equivalents	Investments
Restricted Accounts for Working Capital Accounts, and Clean Energy Compliance Fund							
Cash and collateralized deposits		31	%	$	180,836	180,836	—
Discount notes and bonds:							
Commercial paper	A-1/P-1	3			14,489	—	14,489
Corporate	A-/A3	10			56,141	—	56,141
Federal agencies	Aaa/AA+	1			3,008	—	3,008
Asset backed securities	AAA/Aaa	2			10,220	—	10,220
Municipal bonds	A-/A3	—			1,588	—	1,588
Treasury notes	Aaa/AA+/F1+	9			52,938	52,938	—
Treasury demand deposits	Aaa/AA+	43			250,000	250,000	—
Money-market mutual funds		1			5,964	5,964	—
Total		100	%	$	575,184	489,738	85,446
UDSA:							
Money-market mutual funds		100	%	$	129,695	129,695	—

Deposit/investment type	Credit rating (if applicable)	Percent of portfolio			2023 Fair value	Cash and cash equivalents	Investments
Restricted Accounts for Working Capital Accounts, and Clean Energy Compliance Fund							
Cash and collateralized deposits		34	%	$	203,580	203,580	—
Discount notes and bonds:							
Commercial paper	A-1/P-1	1			3,383	—	3,383
Corporate	A-/A3	8			48,448	—	48,448
Federal agencies	Aaa/AA+	2			9,115	—	9,115
Asset-backed securities	AAA/Aaa	1			7,680	—	7,680
Treasury bills and notes	Aaa/AA+	53			314,381	250,000	64,381
Money-market mutual funds		1			4,113	4,113	—
Total		100	%	$	590,700	457,693	133,007
UDSA:							
Money-market mutual funds		100	%	$	114,951	114,951	—

(c) Risk

LIPA's investment policy places a limit on investments by sector and issuer and addresses various risks, as described below. LIPA's Board may also specifically authorize, as it deems appropriate, other investments that are consistent with LIPA's investment objectives. LIPA regularly reviews and revises its investment policy.

Credit Risk: The risk that an issuer of a security will not fulfill its obligation to the investor. LIPA mitigates this risk by limiting investments to those carrying either the highest short-term rating or: (i) the two highest long-term ratings for supranationals and collateralized investment agreements; (ii) the three highest long-term ratings for corporates, municipals, and certificates of deposit; and (iii) the highest long-term rating for asset-backed securities. Money-market funds must have the highest fund rating by all nationally recognized statistical rating organizations that rate the fund. Counterparties of repurchase agreements must be rated in the highest short-term rating category, and floating-rate notes should reflect the appropriate sector rating requirements.

Concentration of Credit Risk: The risk of loss attributed to the magnitude of an entity's investment in a sector single issuer. LIPA's investment policy has established limits such that no more than 5%, across all sectors of the investment portfolio, may be invested in the securities of any one non-governmental issuer, and no more than 40% may be invested in the securities of any one Federal Agency. Additionally, issuer limitations exist across other sectors of the portfolio as follows: (i) 10% for supranationals; (ii) 20% for repurchase agreements; and (iii) 25% for money-market funds.

Custodial Credit Risk: For deposits and investments, the risk that in the event of failure of a financial institution or counterparty, LIPA will not be able to recover its deposits, investments, or collateral securities that are in possession of another party. LIPA minimizes this risk by: (i) collateralizing its demand deposits and time deposits; (ii) utilizing financial institutions that are low risk, and highly rated by rating agencies; and (iii) having investments held by designated custodians in the name of LIPA.

As of December 31, 2024, and 2023, approximately $242 million and $243 million, respectively, in deposits were uninsured. LIPA has, through a pledge, assignment, and custodial agreement with its bank, collateralized 102% of the collective funds on deposit. LIPA has highly rated money-market funds of approximately $451 million and $516 million which were uninsured at December 31, 2024 and 2023, respectively.

Interest Rate Risk: The risk of a decline in the value of an investment resulting from interest rate fluctuations. Interest rate risk is commonly associated with investments in fixed-income products. LIPA's investment portfolio is structured to ensure sufficient liquidity is available, and as such, LIPA's investment policy has established maximum maturities by sector. The portfolio may not exceed a 5.5 year average life with certain exceptions as follows: (i) Federal Agency securities have a maximum maturity of 10 years; (ii) certificates of deposit may not exceed 3 years; (iii) banker's acceptances and commercial paper may not exceed 180 and 270 days, respectively; and (iv) repurchase agreements have a maximum maturity of 90 days. Additionally, there are no maturity limitations for investments in money-market or mutual funds.

In order to meet the OPEB Account objectives of funding future retirement benefit obligations while balancing long-term risk and return and providing reasonable diversification, the OPEB Account allocates its assets in domestic and international equity mutual funds and fixed-income mutual funds. The equity funds replicate broad-based, low-cost market index strategies. The fixed-income mutual funds replicate the Barclays U.S. Treasury Inflation Protected Securities Index or the Barclay's Capital U.S. Float Adjusted Aggregate Bond Market Index.

LIPA's OPEB Account investment policy has established fund targets as follows: (i) domestic equity mutual funds at 40%; (ii) international equity mutual funds at 25%; (iii) fixed-income investment mutual funds at 20%; and (iv) fixed-income investments — inflation protected securities mutual funds at 15%, with quarterly rebalancing when an asset class falls outside of a 5% range of its asset weighting.

(d) Nuclear Decommissioning Trust Fund (NDTF)

LIPA maintains a separate investment policy applicable to the long-term investments in the NDTF, which are held to meet LIPA's obligation with respect to the eventual decommissioning of LIPA's 18% interest in the NMP2 nuclear facility. LIPA's policy is to periodically conduct an actuarial study to determine the appropriate level of funding for the NDTF and to maintain an appropriate investment policy so that the value in the trust in 2052 (the year in which decommissioning activities are scheduled to begin based on the 2024 study), will be sufficient to meet decommissioning obligations.

To meet LIPA's objectives of funding future nuclear decommissioning obligations, while balancing long-term risk and return and providing reasonable diversification, the NDTF is invested in domestic and international equity mutual funds and fixed-income mutual funds. The equity funds replicate broad-based, low-cost market index strategies. The fixed-income mutual funds replicate the Barclays U.S. Treasury Inflation Protected Securities Index or the Barclay's Capital U.S. Float Adjusted Aggregate Bond Market Index.

(Amounts in thousands, unless otherwise stated)

LIPA's NDTF investment policy has established fund targets as follows: (i) domestic equity mutual funds at 35%; (ii) international equity mutual funds at 25%; (iii) fixed-income investments mutual funds at 20%; and (iv) fixed-income investments — inflation protected securities mutual funds at 20%, with quarterly rebalancing when an asset class falls outside of a 5% range of its asset weighting.

The NDTF had the following investments as of December 31:

Mutual Fund Investment type		Percent of portfolio			2024 Fair value
Domestic equity		38	%	$	75,180
International equity		23			45,518
Fixed-income investments		21			41,024
Fixed-income investments-inflation protected securities		18			34,566
Total		100	%	$	196,288

Mutual Fund Investment type		Percent of portfolio			2023 Fair value
Domestic equity		35	%	$	70,099
International equity		19			34,019
Fixed-income investments		25			40,518
Fixed-income investments-inflation protected securities	(a)	21			33,439
Total		100	%	$	178,075

(a) The NDTF rebalancing was completed on January 2, 2024, in order to meet policy guideline.

(Amounts in thousands, unless otherwise stated)

(e) Fair Value of Investments

The following table presents LIPA's unrestricted and restricted investments and its NDTF, measured and recorded at fair value on the Statements of Net Position and their level within the fair value hierarchy (as previously defined in Note 2 (u)):

Investment type		2024 Fair Value	Level 1	Level 2	Level 3
Unrestricted and restricted investments:					
Discount notes:					
Commercial paper	$	26,266	—	26,266	—
Corporate		218,825	—	218,825	—
Federal agencies		4,486	—	4,486	—
Asset-backed securities		24,681	—	24,681	—
Municipal bonds		4,697	—	4,697	—
Treasury bills and notes		178,084	178,084	—	—
Money-market mutual funds		736,024	736,024	—	—
Total	$	1,193,063	914,108	278,955	—
NDTF Mutual Funds		196,288	196,288	—	—
Total	$	196,288	196,288	—	—

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Investment type		2023 Fair Value	Level 1	Level 2	Level 3
Unrestricted and restricted investments:					
Discount notes:					
Commercial paper	$	16,538	—	16,538	—
Corporate		137,039	—	137,039	—
Federal agencies		14,121	—	14,121	—
Foreign government bonds		13,657	—	13,657	—
Municipal bonds		2,064	—	2,064	—
Treasury bills and notes		197,847	197,847	—	—
Money-market mutual funds		643,733	643,733	—	—
Total	$	1,024,999	841,580	183,419	—
NDTF Mutual Funds		178,075	178,075	—	—
Total	$	178,075	178,075	—	—

(f) OPEB Trust

LIPA created a legally separate Section 115 Trust (OPEB Trust) to fund its eligible employee and retiree OPEB obligation related to LIPA employees. Based on the funding analysis of an actuarial study, LIPA, in 2017, transferred approximately $19 million from the OPEB Account to the OPEB Trust. Additionally, LIPA funded approximately $1 million and $1 million in 2024 and 2023, respectively, to the OPEB Trust. As of December 31, 2024 and 2023, the OPEB Trust totaled approximately $33 million and $29 million, respectively, which was approximately 107.0% for 2024 and 103.9% for 2023 of its net OPEB liability.

The OPEB Trust is restricted to funding LIPA's employee and retiree OPEB obligations.

(12) Long-Term and Short-Term Debt

(a) Electric System General Revenue Bonds and Subordinated Revenue Bonds

LIPA financed the cost of acquiring the T&D system from LILCO with Electric System General Revenue Bonds. Ongoing capital improvements are funded through the issuance of debt, cash flow from operations provided by coverage and when available, grants. LIPA and LILCO, which is now a subsidiary of LIPA, entered into a Financing Agreement, whereby LILCO transferred to LIPA all of its right, title, and interest in and to the revenues generated from the operation of the T&D system, including the right to collect and receive the same.

All of LIPA's bonds are secured by a Trust Estate as pledged under LIPA's Bond Resolution (the Resolution). The Trust Estate consists principally of the revenues generated by the operation of the T&D system and has been pledged to LIPA.

(Amounts in thousands, unless otherwise stated)

Below is a summary of LIPA's bond transactions completed during the years ended December 31, 2024 and 2023:

2024

Revenue Obligations:	2024A General Revenue Bonds	Par Amount:	$	717,040
Purpose:	Fund $355 million system improvements, refund $362 million 2014 A and pay issuance costs	Date Closed:		August 21, 2024
Revenue Obligations:	2024B General Revenue Bonds	Par Amount:	$	288,480
Purpose:	Refund $284 million 2019B and pay issuance costs	Date Closed:		August 21, 2024

2023

Revenue Obligations:	2023A-1 General Revenue Bonds	Par Amount:	$	92,000
Purpose:	Direct Purchase Refunding of 2020C	Date Closed:		February 24, 2023
Revenue Obligations:	2023A-2 General Revenue Bonds	Par Amount:	$	45,000
Purpose:	Direct Purchase Refunding of 2021C	Date Closed:		February 24, 2023
Revenue Obligations:	2023B General Revenue Bonds	Par Amount:	$	149,700
Purpose:	Direct Purchase Refunding of 2021C	Date Closed:		February 24, 2023
Revenue Obligations:	2023C General Revenue Bonds	Par Amount:	$	63,000
Purpose:	Refund a portion of Series 2015C	Date Closed:		March 15, 2023
Revenue Obligations:	2023D General Revenue Bonds	Par Amount:	$	128,000
Purpose:	Refund debt and pay issuance costs	Date Closed:		August 18, 2023
		NPV savings	$	6,499
Revenue Obligations:	2023E General Revenue Bonds	Par Amount:	$	400,000
Purpose:	Fund system improvements and pay issuance costs	Date Closed:		August 10, 2023
Revenue Obligations:	2023F General Revenue Bonds	Par Amount:	$	179,310
Purpose:	Refund debt and pay issuance costs	Date Closed:		August 10, 2023

(b) Component Unit Bonds – UDSA

LIPA's Board adopted Financing Orders authorizing the issuance of Restructuring Bonds by UDSA to allow LIPA and UDSA to retire a portion of its outstanding indebtedness and to fund transmission and distribution resiliency investments. The Restructuring Bonds are not obligations of LIPA.

UDSA did not execute any issuances in 2024. Below is a summary of UDSA's bond transactions completed during the years ended December 31, 2023.

2023

Restructuring Bonds:	2023 Taxable and Tax Exempt (TE) -1 Restructuring Bonds	Par Amount:	$	697,700
Purpose:	Refinance outstanding LIPA and UDSA indebtedness and pay issuance costs	Date Closed:		December 15, 2023
		NPV savings	$	44,646
Restructuring Bonds:	2023 TE-2 Restructuring Bonds - Green Bonds	Par Amount:	$	135,515
Purpose:	Finance T&D system resiliency projects	Date Closed:		December 15, 2023

(Amounts in thousands, unless otherwise stated)

(c) Summary of Long-term Debt (LIPA and UDSA)

LIPA and UDSA long-term debt as of December 31, 2024 consisted of the following:

	Beginning balance	Accretion/ additions/AdJ.	Maturities	Refundings/ Defeasance	Ending balance	Years of Maturity	Interest Rate (%)	
General revenue bonds/notes:								
Series 1998A	$ 42,545	3,236	—	11,726	34,055	2025-2028	5.30	(a)
Series 2000A	157,671	11,515	—	12,694	156,492	2025-2029	5.93-5.95	(a)
Series 2003C	36,645	—	—	—	36,645	2028-2029	5.25	
Series 2010B	162,605	—	16,905	—	145,700	2025-2041	5.60-5.85	(c)
Series 2014A	413,070	—	—	413,070	—	—	—	
Series 2014B	45,625	—	—	—	45,625	2025-2026	3.98-4.13	
Series 2015B	103,360	—	2,770	—	100,590	2025-2045	3.00-5.00	
Series 2016B	333,260	—	12,835	—	320,425	2026-2046	5.00	
Series 2017	322,040	—	7,410	—	314,630	2026-2047	5.00	
Series 2018	421,450	—	3,450	—	418,000	2026-2039	3.38-5.00	
Series 2019A	197,875	—	11,495	—	186,380	2025-2039	3.00-5.00	
Series 2019B	284,250	—	—	284,250	—	—	—	
Series 2020A	232,975	—	12,160	—	220,815	2025-2040	4.00-5.00	
Series 2020B	250,000	—	—	—	250,000	2040-2050	0.85	
Series 2021	250,000	—	—	—	250,000	2025	1.00	
Series 2021A	349,990	—	8,075	—	341,915	2025-2042	1.50-5.00	
Series 2021B	175,000	—	—	—	175,000	2042-2051	1.50	
Series 2022A	128,860	—	1,500	—	127,360	2025-2044	5.00	
Series 2022B	100,000	—	—	—	100,000	2044-2052	5.00	
Series 2022C	150,000	—	—	—	150,000	2030-2038	2.60-4.07	(b)(d)
Series 2023E	400,000	—	1,500	—	398,500	2025-2053	5.00	
Series 2023F	179,310	—	—	—	179,310	2027-2033	5.00	
Series 2023D	128,000	—	—	—	128,000	2030-2033	2.15-3.65	(b)(d)
Series 2024A	—	717,040	—	—	717,040	2025-2054	4.00-5.25	
Series 2024B	—	288,480	—	—	288,480	2032-2049	3.00	
Direct placement notes:								
Series 2023A-1	91,790	—	920	—	90,870	2025-2042	2.66-4.13	(b)(d)
Series 2023A-2	44,555	—	710	—	43,845	2025-2042	2.57-4.04	(b)(d)
Series 2023B	148,235	—	2,355	—	145,880	2025-2042	2.58-4.05	(b)(d)
Series 2023C	63,000	—	—	—	63,000	2030-2033	2.57-4.04	(b)(d)
Subtotal	5,212,111	1,020,271	82,085	721,740	5,428,557			
UDSA bonds:								
Series 2015	955,255	—	44,030	—	911,225	2025-2035	3.00-5.00	
Series 2016A	553,805	—	133,315	—	420,490	2025-2033	5.00	
Series 2016B	127,510	—	—	—	127,510	2025-2033	4.00-5.00	
Series 2017	283,905	—	385	—	283,520	2025-2039	5.00	
Series 2022T	32,640	—	—	—	32,640	2029-2037	4.65-4.95	
Series 2022TE-1	775,235	—	12,260	—	762,975	2025-2037	5.00	
Series 2022TE-2	94,780	—	—	—	94,780	2038-2050	5.00	
Series 2023T	36,200	—	—	—	36,200	2039	5.67	
Series 2023TE-1	661,500	—	14,800	—	646,700	2025-2039	5.00	
Series 2023TE-2	135,515	—	—	—	135,515	2034-2051	5.00	
Subtotal	3,656,345	—	204,790	—	3,451,555			
	8,868,456	1,020,271	286,875	721,740	8,880,112			
Plus: Net premium	710,842	95,618	82,866	22,588	701,006			
Less: Current maturities	(286,875)				(599,725)			
Total Long-term debt	$ 9,292,423				8,981,393			

(a) Capital Appreciation Bonds
(b) Certain bonds of this series are subject to interest rate exchange agreements
(c) Taxable Build America Bonds subject to federal subsidy, rate shown is pre-subsidy level
(d) Variable rate (rate presented as of December 2024)

(Amounts in thousands, unless otherwise stated)

LIPA and UDSA's long-term debt as of December 31, 2023 consisted of the following:

	Beginning balance	Accretion/ additions	Maturities	Refundings/ Defeasance	Ending balance	Years of Maturity	Interest Rate (%)	
General revenue bonds/notes:								
Series 1998A	$ 52,989	2,526	—	12,970	42,545	2025-2028	5.30	(a)
Series 2000A	201,522	10,509	16,975	37,385	157,671	2025-2029	5.93-5.95	(a)
Series 2003C	36,645	—	—	—	36,645	2028-2029	5.25	
Series 2010B	162,605	—	—	—	162,605	2024-2041	5.45-5.85	(c)
Series 2014A	413,070	—	—	—	413,070	2034-2044	4.00-5.00	
Series 2014B	67,155	—	—	21,530	45,625	2025-2026	3.98-4.13	
Series 2014C FRN	41,240	—	—	41,240	—	—	—	
Series 2015B	105,220	—	—	1,860	103,360	2024-2045	3.00-5.00	
Series 2015C FRN	149,000	—	—	149,000	—	—	—	
Series 2016B	357,100	—	11,640	12,200	333,260	2024-2046	5.00	
Series 2017	329,820	—	—	7,780	322,040	2024-2047	5.00	
Series 2018	425,100	—	—	3,650	421,450	2024-2039	3.38-5.00	
Series 2019A	208,175	—	—	10,300	197,875	2024-2039	3.00-5.00	
Series 2019B	284,250	—	—	—	284,250	2032-2049	1.65	
Series 2020A	232,975	—	—	—	232,975	2024-2040	4.00-5.00	
Series 2020B	250,000	—	—	—	250,000	2040-2050	0.85	
Series 2020C	91,615	—	—	91,615	—	—	—	
Series 2021	250,000	—	—	—	250,000	2025	1.00	
Series 2021A	349,990	—	—	—	349,990	2024-2042	1.50-5.00	
Series 2021B	175,000	—	—	—	175,000	2042-2051	1.50	
Series 2021C	194,390	—	—	194,390	—	—	—	
Series 2022A	130,360	—	1,500	—	128,860	2024-2044	5.00	
Series 2022B	100,000	—	—	—	100,000	2044-2052	5.00	
Series 2022C	150,000	—	—	—	150,000	2030-2038	3.43-4.97	(b)(d)
Series 2023E	—	400,000	—	—	400,000	2024-2053	5.00	
Series 2023F	—	179,310	—	—	179,310	2027-2033	5.00	
Series 2023D	—	128,000	—	—	128,000	2030-2033	3.05-4.48	(d)
Direct placement notes:								
Series 2015A1 FRN	51,000	—	—	51,000	—	—	—	
Series 2015A2 FRN	149,000	—	—	149,000	—	—	—	
Series 2023A-1	—	92,000	210	—	91,790	2024-2042	3.49-5.03	(d)
Series 2023A-2	—	45,000	445	—	44,555	2024-2042	3.40-4.94	(d)
Series 2023B	—	149,700	1,465	—	148,235	2024-2042	3.41-4.95	(d)
Series 2023C	—	63,000	—	—	63,000	2030-2033	3.40-4.94	(d)
Subtotal	4,958,221	1,070,045	32,235	783,920	5,212,111			
UDSA bonds:								
Series 2013T	72,660	—	72,660	—	—	—	—	
Series 2013TE	715,100	—	680	714,420	—	—	—	
Series 2015	967,710	—	12,455	—	955,255	2024-2035	3.00-5.00	
Series 2016A	636,770	—	82,965	—	553,805	2024-2033	5.00	
Series 2016B	153,695	—	26,185	—	127,510	2025-2033	4.00-5.00	
Series 2017	320,620	—	36,715	—	283,905	2024-2039	5.00	
Series 2022T	53,585	—	20,945	—	32,640	2029-2037	4.65-4.95	
Series 2022TE-1	787,290	—	12,055	—	775,235	2024-2037	5.00	
Series 2022TE-2	94,780	—	—	—	94,780	2038-2050	5.00	
Series 2023T	—	36,200	—	—	36,200	2039	5.67	
Series 2023TE-1	—	661,500	—	—	661,500	2024-2039	5.00	
Series 2023TE-2	—	135,515	—	—	135,515	2034-2051	5.00	
Subtotal	3,802,210	833,215	264,660	714,420	3,656,345			
	8,760,431	1,903,260	296,895	1,498,340	8,868,456			
Plus: Net premium	698,494	119,606	79,697	27,561	710,842			
Less: Current maturities	(294,775)				(286,875)			
Total Long-term debt	$ 9,164,150				9,292,423			

(a) Capital Appreciation Bonds
(b) Certain bonds of this series are subject to interest rate exchange agreements
(c) Taxable Build America Bonds subject to federal subsidy, rate shown is pre-subsidy level
(d) Variable rate (rate presented as of the December 31, 2023)

(Amounts in thousands, unless otherwise stated)

The debt service requirements for LIPA's bonds (excluding short-term debt such as general revenue notes and revolving credit facility but including the UDSA Restructuring Bonds) as of December 31, 2024 are as follows:

Due		Principal*	Interest	Net swap payments (receipts)	Total
2025	$	599,725	389,948	7,759	997,432
2026		380,445	371,412	7,761	759,618
2027		423,290	354,363	7,771	785,424
2028		441,645	335,854	4,193	781,692
2029		460,930	316,314	478	777,722
2030–2034		2,350,110	1,240,707	(17,290)	3,573,527
2035–2039		2,015,845	734,990	(12,541)	2,738,294
2040–2044		1,144,985	339,793	(2,507)	1,482,271
2045–2049		761,460	148,502	—	909,962
2050–2054		330,840	35,023	—	365,863
Total	$	8,909,275	4,266,906	(4,376)	13,171,805

* Future interest on capital appreciation bonds are included in principal maturities.

Future debt service on the variable-rate bonds and the floating-rate portion of floating-to-fixed rate swaps is calculated using the relevant indices, including applicable spreads, as of December 31, 2024. Such rates, as shown in the long-term debt summary table, are assumed constant through maturity. For bonds subject to floating-to-fixed rate swap agreements, the "net swap payments" represent the fixed rate swap payment net of the assumed variable rate swap receipts for each agreement.

Terms by which interest rates change for variable rate debt are as follows: The 2022C FRN Bonds bear interest at SIFMA plus the per annum spread of 45 basis points. The rate is reset weekly. The Series 2023A-1 Bonds bear interest at SIFMA plus the per annum spread of 51 basis points. The Series 2023A-2 Bonds bear interest at SIFMA plus the per annum spread of 42 basis points. The Series 2023B Bonds bear interest at SIFMA plus the per annum spread of 43 basis points. The Series 2023C Bonds bear interest at SIFMA plus the per annum spread of 42 basis points. The SIFMA index rate resets weekly.

The Series 2023D Bonds bear interest at the rate of interest per annum determined by the remarketing agent in a weekly mode.

(d) Callable Bonds

LIPA has approximately $4.5 billion of Electric Revenue Bonds callable through 2034. UDSA has approximately $2.2 billion of Restructuring Bonds callable through 2034.

(e) Interest Rate Swap Agreements

LIPA has entered into two interest rate swap agreements with various counterparties to modify the interest rate on outstanding debt. For further discussion, see Note 8.

(Amounts in thousands, unless otherwise stated)

(f) Short-Term Debt

LIPA's short-term borrowing program provides resources to meet interim working capital needs, cash flow requirements due to the seasonality of sales, and cash flow requirements from unforeseen circumstances such as severe weather events. The Board has authorized a maximum authorization of $1.2 billion in short-term borrowings.

LIPA's short-term debt as of December 31, 2024 consisted of the following instruments:

			Maximum Authorized Par Amount	Beginning Balance	Additions	Payments	Ending Balance	Supporting Letter of Credit Expiration Date
General revenue notes:								
Series 2019A	Revolving Credit Agreement	$	200,000	—	—	—	—	3/15/2027
Series 2015 CP 1AB **	Commercial Paper		200,000	—	220,000	105,000	115,000	6/30/2025
Series 2015 CP 2AB **	Commercial Paper		150,000	100,000	25,000	110,000	15,000	6/30/2025
Series 2015 CP 3AB	Commercial Paper		100,000	—	100,000	70,000	30,000	9/29/2026
Series 2015 CP 4AB	Commercial Paper		200,000	135,000	30,000	135,000	30,000	6/26/2029
Series 2015 CP 5AB	Commercial Paper		100,000	30,000	40,000	—	70,000	3/10/2028
Series 2015 CP 6AB	Commercial Paper		250,000	80,000	70,000	110,000	40,000	6/08/2029
	Total short-term debt	$	1,200,000	345,000	485,000	530,000	300,000	

** Management renews or replaces the bank agreements as needed prior to their expiration.

LIPA's short-term debt as of December 31, 2023 consisted of the following instruments:

			Maximum Authorized Par Amount	Beginning Balance	Additions	Payments	Ending Balance	Supporting Letter of Credit Expiration Date
Series 2019A	Revolving Credit Agreement	$	200,000	—	—	—	—	3/15/2027
Series 2015 CP 1AB	Commercial Paper		200,000	51,000	170,000	221,000	—	6/30/2025
Series 2015 CP 2AB	Commercial Paper		150,000	80,000	155,000	135,000	100,000	6/30/2025
Series 2015 CP 3AB	Commercial Paper		100,000	—	35,000	35,000	—	9/29/2026
Series 2015 CP 4AB	Commercial Paper		200,000	—	175,000	40,000	135,000	6/06/2024
Series 2015 CP 5AB	Commercial Paper		100,000	—	60,000	30,000	30,000	3/11/2025
Series 2015 CP 6AB	Commercial Paper		250,000	—	80,000	—	80,000	6/12/2024
	Total short-term debt	$	1,200,000	131,000	675,000	461,000	345,000	

(g) Covenants

LIPA's General Resolution, bond agreements with purchasers of LIPA's direct placement notes, and bank agreements supporting its short-term borrowing program generally include certain covenants, events of default, and remedies including, in some cases, acceleration of the related obligations. In addition, the bond agreements and bank agreements generally include different and/or additional covenants from the General Resolution such as, among others: (i) a requirement that LIPA maintain an amount not less than $150 million in the Rate Stabilization Fund and (ii) a more rigorous rate covenant. Complete copies of LIPA's financing documents for its long-term and short-term borrowings, the bond agreements, bank agreements, and related offering documents have been filed with the Municipal Securities Rulemaking Board's EMMA website.

(h) Fixed Obligation Coverage Ratio

LIPA makes use of a fixed obligation coverage ratio to determine revenue requirements. LIPA's methodology for calculating the fixed obligation coverage ratio excludes certain specified non-cash items from expenses. Depreciation expense and amortization of the Acquisition Adjustment and other regulatory assets are excluded from the coverage calculation. The revenue section of this calculation includes revenues received from certain customers used to satisfy regulatory assets that were established when LIPA issued debt to fund these projects. For calculating the coverage ratios, such cash receipts are available to meet LIPA's fixed obligation requirements, as they are a component of cash flow, but are excluded from revenues for accrual accounting purposes.

Certain interest-related costs, such as interest rate derivative costs, letters of credit and remarketing fees, bond administration costs, and interest related to customer deposits, are treated as ordinary operating expenses without coverage. LIPA and UDSA principal and interest payments, including interest payments on LIPA's short-term borrowing program and payments on leases and SBITAs, are included for coverage.

(Amounts in thousands, unless otherwise stated)

LIPA's Board policy on fiscal sustainability established a fixed obligation coverage ratio of 1.40x for 2024 and 2023 on debt, lease and SBITA payments. LIPA's calculation of its fixed obligation coverage ratio for the years ended December 31, 2024 and 2023 is shown below for informational purposes.

		2024	2023	
Operating revenues, net of uncollectible accounts expense	$	4,077,409	3,698,833	(1)
Other income		114,981	107,597	(1)
Shoreham Settlement & VBA regulatory asset receipts		53,716	42,392	(2)
Total revenues and income		4,246,106	3,848,822	
Operating expenses		(3,659,108)	(3,351,354)	(1)
Add non cash expenses/(deduct cash funding):				
Depreciation and amortizations		478,738	448,054	(1)
Lease & SBITA amortization		399,151	415,001	(3)
OPEB accrual expense		—	19,506	(2) (4)
Other interest expense		(10,736)	(13,110)	(2)
Total expenses		(2,791,955)	(2,481,903)	
Funds available for debt service	**$**	**1,454,151**	**1,366,919**	
Principal and interest – LIPA		310,171	234,857	(2)
Principal and interest – UDSA		383,971	449,199	(2)
Lease & SBITA liabilities		399,151	415,001	(3)
Total fixed obligation debt service	**$**	**1,093,293**	**1,099,057**	
Fixed Obligation Coverage Ratio:				
Excluding UDSA		**1.51**	**1.41**	(5)
Including UDSA		**1.33**	**1.24**	
Board approved budget coverage target:				
Excluding UDSA		**1.40**	**1.40**	
Including UDSA		**1.20**	**1.20**	

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Notes:

(1) See Statements of Revenues, Expenses and Changes in Net Position

(2) See Statements of Cash Flow

(3) See Note 12 (j) (below)

(4) Beginning on 2024, LIPA amended its revenue requirement calculation to include recovery of Other Post Employment Benefits (OPEBs). Due to this change, the adjustment for OPEBs accrual expense is no longer required.

(5) 2024 - Excluding UDSA equal to ($1,454,151 less ($383,971))/($1,093,293 less ($383,971))
2023 - Excluding UDSA equal to ($1,366,919 less ($449,199))/($1,099,057 less ($449,199))

(Amounts in thousands, unless otherwise stated)

(i) Debt-to-Asset Ratio

LIPA's Board policy seeks to reduce the Debt-to-Asset ratio to approximately 70% by 2030. LIPA's Debt-to-Asset ratio is calculated as Gross debt (including short-term debt) less debt service reserve funds divided by Net Utility Plant and property and equipment, (inclusive of grant-funded mitigation assets as discussed in Note 6 (a)), plus net working capital. Net working capital is defined as current assets less current liabilities. See the calculation below.

		2024	2023	
Long-term LIPA and UDSA debt	$	8,880,112	8,868,456	(1)
Short-term debt		300,000	345,000	(1)
Lease and SBITA liabilities		1,488,357	1,830,817	(2)
LIPA Pension obligations (asset)		1,957	2,660	(3)
Unfunded OSA pension obligations		31,038	102,019	(4)
Less:				
UDSA restricted cash		(129,695)	(114,951)	(2)
Adjusted Debt		**10,571,768**	**11,034,001**	
Current assets		3,245,415	3,157,422	(2)
Less amounts included in adjusted debt:				
UDSA restricted cash		(129,695)	(114,951)	(2)
Current assets, net of amounts included in adjusted debt		3,115,720	3,042,471	
Current liabilities		1,897,856	1,661,465	(2)
Less amounts included in adjusted debt:				
Current maturities of long-term LIPA and UDSA debt		(599,725)	(286,875)	(2)
Current maturities of lease and SBITA liabilities		(359,495)	(402,086)	(2)
Short-term debt		(300,000)	(345,000)	(2)
Current liabilities, net of amounts included in adjusted debt		638,636	627,504	
Net working capital (net current assets minus liabilities)		**2,477,084**	**2,414,967**	
Utility plant and property and equipment, net		10,711,393	10,590,245	(2)
Plant assets plus net working capital	$	13,188,477	13,005,212	
Adjusted Debt	$	**10,571,768**	**11,034,001**	
Debt-to-Asset Ratio		**80%**	**85%**	(5)

(1) See Note 12(c) and (f)
(2) See Statement of Net Position
(3) See Note 14(a)
(4) See Note 13
(5) 2024 $10,571,768 / $13,188,477
2023 $11,034,001 / $13,005,212

(Amounts in thousands, unless otherwise stated)

(j) Changes in Nonconcurrent Liabilities

LIPA's other long-term liabilities as of December 31, 2024 were comprised of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Long-term liabilities and unrealized credits	$ 45,955	57,272	(65,362)	37,865
Borrowings	26,130	—	(4,395)	21,735
Claims and damages	208,788	44,631	(21,761)	231,658
Lease and SBITA liabilities	1,428,731	99,283	(399,152)	1,128,862
Total other long-term liabilities	$ 1,709,604	201,186	(490,670)	1,420,120

LIPA's other long-term liabilities as of December 31, 2023 were comprised of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Long-term liabilities and unrealized credits	$ 35,503	27,743	(17,291)	45,955
Borrowings	30,464	—	(4,334)	26,130
Claims and damages	186,014	74,763	(51,989)	208,788
Lease and SBITA liabilities	1,769,865	73,867	(415,001)	1,428,731
Total other long-term liabilities	$ 2,021,846	176,373	(488,615)	1,709,604

For other non-current liabilities not included above, see the following corresponding notes: asset retirement obligations (Note 2(l)), regulatory liabilities (Note 5), financial and commodity derivative instrument liabilities (Note 8), long-term debt for LIPA and UDSA (Note 12 (c)) and OSA employee retirement benefits (Note 13).

(13) OSA — Employee Retirement Benefits Obligations

PSEG Long Island

PSEG Long Island employee pension and OPEB obligations are legal obligations of PSEG Long Island, and the employees covered by these plans are PSEG Long Island employees. However, the cost to employ PSEG Long Island's workforce, including employee pension and other post-employment benefits, are a "pass-through expenditure" and contractual liability of LIPA.

When transitioning National Grid employees to PSEG Long Island, to ensure the National Grid workforce serving LIPA was protected against benefit losses from the transition, the PSEG Long Island benefit plans credited National Grid transitioned employees for service prior to the OSA for purposes such as eligibility, participation, vesting, company match levels, subsidies (including any type of early retirement subsidy), and attainment of retirement dates. In addition, those employees who immediately prior to the OSA effective date could have become eligible to participate in the National Grid post-employment health and life insurance benefit plans are entitled to receive substantially equivalent post-employment health and life insurance benefits from PSEG Long Island. This arrangement created a prior service cost obligation which will be fully amortized in alignment with the expiration of the OSA on December 31, 2025.

(Amounts in thousands, unless otherwise stated)

The following table provides a roll-forward of the changes to the benefit obligations and the fair value of the plan assets during each of the years ended December 31, 2024 and 2023.

	Pension benefits		Post-employment benefits	
	2024	2023	2024	2023
Benefit obligation at beginning of year	$ 535,308	$ 452,117	$ 513,871	$ 454,689
Service cost	27,524	23,929	13,832	12,299
Interest cost	26,311	23,045	25,461	23,392
Actuarial (gain) loss	(54,403)	31,353	(29,330)	35,288
Plan amendment	—	16,107	—	—
Benefits paid	(13,789)	(11,243)	(14,124)	(11,797)
Benefit obligation at end of year	520,951	535,308	509,710	513,871
Fair value of assets at beginning of year	433,289	370,228	—	—
Actual return on plan assets	45,212	55,904	—	—
LIPA contribution	25,200	18,400	14,124	11,797
Benefits paid	(13,789)	(11,243)	(14,124)	(11,797)
Fair value of assets at end of year	489,912	433,289	—	—
LIPA unfunded obligation	$ (31,039)	(102,019)	(509,710)	(513,871)

The table above also provides the funded status of the PSEG Long Island plans and the amounts recognized as the long-term contractual liability on the Statements of Net Position at the end of both years.

The table above does not reflect the balance of LIPA's OPEB Account, which was established to pre-fund the contractual liability for post-employment benefits. LIPA's Board authorized the creation of an OPEB Account to allow LIPA to segregate funds to meet future OPEB obligations for PSEG Long Island employees. As of December 31, 2024 and 2023, LIPA had on deposit in the OPEB Account approximately $736 million and $644 million, respectively. For a further discussion, see Note 11.

The unfunded contractual liability related to pension and post-employment benefits decreased during 2024 due to the impact of an update of certain assumptions regarding the census data, claims costs, excise taxes, and the discount rate.

(Amounts in thousands, unless otherwise stated)

These changes resulted in a net actuarial gain of approximately $54 million for pension benefits and approximately $29 million for post-employment benefits as follows:

	Pension benefits	Post-employment benefits
Updated census data	$ 0.6	$ 4.5
Updated assumptions	3.3	30.0
Impact of adopting granular method	1.2	1.3
Discount rate changes (see table below)	(59.5)	(65.1)
Total loss	$ (54.4)	$ (29.3)

The actuarial valuations related to pension and post-employment benefits involve estimates and assumptions regarding the probability of events in the future. Below are the weighted average assumptions used to calculate actuarial present values of benefit obligations as of December 31, 2024 and 2023:

	Pension benefits		Post-employment benefits	
	2024	2023	2024	2023
Discount rate	5.84 %	5.13 %	5.87 %	5.16 %
Rate of compensation increase	5.50 %	5.54 %	5.50 %	5.54 %

Pension Plan Assets

During 2024 and 2023, LIPA provided $25 million and $18 million, respectively, to PSEG Long Island for deposit in its pension plan trust fund. The trust is sponsored, overseen, and managed by the PSEG Thrift & Pension Investment Committee. The benefit plan assets are maintained separately and are not commingled with other PSEG plans. The benefit plan assets are not LIPA assets and, therefore, are not reflected on the Statements of Net Position. These assets, however, reduce LIPA's contractual obligation to PSEG Long Island for the benefit obligations of the PSEG Long Island employees. The following table outlines the PSEG Long Island pension assets as of December 31, 2024 and 2023:

	2024		2023	
Investment type	Amount	Allocation	Amount	Allocation
Equity	$ 369,032	75.3%	326,279	75.3%
Fixed-income	118,838	24.3%	104,911	24.2%
Other	2,042	0.4%	2,099	0.5%
	$ 489,912	100.0%	433,289	100.0%

National Grid A&R PSA

The capacity charge of the A&R PSA is adjusted each year for the actuarially required contributions for the pension and OPEB (P&OPEB) benefits of the employees that work at these National Grid power plants. The actuarially required contributions are reflected in annual filings by National Grid with FERC. As of the most recent estimate provided by National Grid's actuary dated March 2024, the P&OPEB obligations are estimated to be overfunded by approximately $15 million compared with $19 million in 2023. This funding status is a component in the development of the actuarially required contributions in each year. LIPA does not expect to have a material liability for P&OPEB obligations under the A&R PSA upon termination of the contract.

(14) LIPA Employee Benefits

All full-time LIPA employees must participate in one of two employee retirement plans offered by LIPA, either: (i) the New York State and Local Retirement System (the Retirement System); or (ii) the New York State Voluntary Defined Contribution Plan (VDC). Employees in part-time positions have the option of enrolling in the Retirement System or the VDC if they earn an annualized salary of $75,000 or more.

(a) Pension Plans

(i) Plan Description

The Retirement System is a cost-sharing multiple-employer defined benefit retirement system. The net position of the Retirement System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in the fiduciary net position allocated to the Retirement System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Retirement System. Retirement System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the Retirement System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a New York State statute. The Retirement System is included in New York State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at ***www.osc.state.ny.us/retire/publications*** or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(ii) Benefits

The Retirement System provides retirement benefits as well as death and disability benefits and uses a tier concept to distinguish membership classes (i.e. Tiers 1 through 6) with Tier membership based on the date an employee joins the Retirement System. The Retirement System is noncontributory for Tier 1 and 2 employees who joined on or prior to July 26, 1976.

Tiers 3 and 4 employees, who joined between July 27, 1976 and December 31, 2009, are required to contribute 3% of their gross earnings toward their retirement benefits until the employee either accrues ten years of service credit or has been a member of the Retirement System for ten years after their date of membership. Employees who joined the Retirement System after January 1, 2010 are Tier 5 employees and contribute 3% of their salary during their entire length of service. Employees who joined the Retirement System on or after April 1, 2012 are Tier 6 employees and must contribute for their entire length of service.

Tier 6 contribution rates vary based on annual compensation. During the first three years of membership, the Tier 6 employee contribution rate is based on the employee's annual wage. After this three-year period, the employee's contribution rate will be based on actual earnings in the two years prior. The contribution rate varies between 3% and 6% depending on an employee's actual salary.

All members become vested in the pension plan after five years of credited service. All members are generally eligible to receive benefits at age 55. The benefit is generally 1.66% of final average salary (FAS), multiplied by the number of years of service, for members who retire with less than 20 years of service. The benefit calculation for Tiers 1 and 2 members with greater than 20 years of service credit, or Tiers 3 through 5 members between 20 and 30 years of service credit is calculated using 2% of FAS for each year of service. Tier 3 through 5 members are eligible for an additional 1.5% of FAS applied to each year of service over 30 years. The benefit for Tier 6 members with more than 20 years of service is 1.75% of FAS for 20 years of service plus 2% of FAS for each year of service credit in excess of 20 years. The Retirement System provides an annual automatic cost of living adjustment to members or surviving spouses based on certain eligibility criteria.

(iii) Post-Employment Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) Retirement System recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria.

(iv) Employers' Contributions

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Retirement Systems' fiscal year ending March 31. LIPA's contributions for the year ended December 31, 2024 and 2023, were equal to 100% of the contributions required, and were $1 million.

(v) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2024 and 2023, LIPA reported a liability of $2 million and $3 million, respectively, for its proportionate share of the Retirement System net pension liability. The total pension liability, as reported by the Retirement System, as of March 31, 2024 was determined using an actuarial valuation as of April 1, 2023, with update procedures used to roll-forward the total pension liability to March 31, 2024. LIPA's proportionate share of the net pension liability was based on a projection of LIPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

As of December 31, 2024 and 2023, LIPA's proportionate share was 0.01% of the Retirement System net pension liability.

(Amounts in thousands, unless otherwise stated)

For the years ended December 31, 2024 and 2023, LIPA recognized pension expense of $1 million, respectively. As of December 31, 2024 and 2023, LIPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual expense	$ 630	53	283	75
Net difference between projected and actual earnings on investments	—	956	—	16
Changes in assumptions	740	—	1,293	14
Net difference between LIPA's contributions and proportionate share of contributions	489	10	525	21
	$ 1,859	1,019	2,101	125

The net amount of LIPA's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan years ended December 31:	
2025	$ (176)
2026	526
2027	661
2028	(172)
2029	—
	$ 840

(Amounts in thousands, unless otherwise stated)

(vi) Actuarial Assumptions

For December 31, 2024, the total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll-forward the total pension liability to the measurement date. The actuarial valuation used the following assumptions:

Measurement date:	March 31, 2024
Actuarial valuation date:	April 1, 2023
Actuarial cost method:	Aggregate Cost Method
Inflation:	2.90 %
Salary scale:	4.40 %
Investment rate of return, including inflation (compounded annually, net of expenses):	5.90 %
Cost of living adjustments, annually:	1.50 %
Decrement tables:	April 1, 2015 – March 31, 2020 Retirement System's Experience
Mortality improvement:	Society of Actuaries Scale MP-2021

For December 31, 2023, the total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll-forward the total pension liability to the measurement date. The actuarial valuation used the following assumptions:

Measurement date:	March 31, 2023
Actuarial valuation date:	April 1, 2022
Actuarial cost method:	Aggregate Cost Method
Inflation:	2.90 %
Salary scale:	4.40 %
Investment rate of return, including inflation (compounded annually, net of expenses):	5.90 %
Cost of living adjustments, annually:	1.50 %
Decrement tables:	April 1, 2015 – March 31, 2020 Retirement System's Experience
Mortality improvement:	Society of Actuaries Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(Amounts in thousands, unless otherwise stated)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset class	Long-term expected real rate of return (%)
Domestic equity	4.00
International equity	6.65
Private equity	7.25
Real estate	4.60
Opportunistic/Absolute return strategies	5.25
Credit	5.40
Real assets	5.79
Fixed income	1.50
Cash	0.25

(vii) Discount Rate

The discount rate used to calculate the total pension liability was 5.90% as of December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumes that contributions from pension plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(viii) Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following represents the current-period net pension liability of LIPA's proportionate share of the net pension liability, as of December 31, 2024, calculated using the current-period discount rate assumption of 5.90%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current assumption:

`

	1% Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
LIPA's proportionate share of the net pension liability (asset)	$ 6.2 million	2.0 million	(1.5) million

(Amounts in thousands, unless otherwise stated)

The following represents the current-period net pension liability of LIPA's proportionate share of the net pension liability, as of December 31, 2023, calculated using the current-period discount rate assumption of 5.90%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current assumption:

	1% Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
LIPA's proportionate share of the net pension liability (asset)	$ 6.4 million	2.7 million	(0.5) million

(b) New York State Voluntary Defined Contribution Plan

LIPA offers certain full-time and part-time employees participation in a VDC Plan, which is an alternative to the State's Retirement System. The VDC option is available to all unrepresented State, New York City, and local public employees who are hired on or after July 1, 2013 and are paid at a rate of $75,000 or more on an annual basis. For those employees choosing this option, LIPA is required to contribute 8% of their gross salary and the employee contributes between 3% and 6% depending on salary. All contributions are fully vested after one year.

(c) Deferred Compensation Savings Plan

LIPA also offers all employees an option to participate in a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457(b). This plan permits participants to defer a portion of their salaries until future years. Amounts deferred under the plan are not available to employees or beneficiaries until termination, retirement, death, or an unforeseeable emergency. An independent trustee is also responsible for the administration of this plan.

(d) Other Post-Employment Benefits

OPEBs are a form of employee compensation that are recognized in the same period in which the compensated service is provided by the employees. OPEBs includes post-employment healthcare benefits (including medical, dental, vision, hearing, and other health-related benefits) and other forms of post-employment benefits (including life insurance, disability, and long-term care).

LIPA is a participating employer in the New York State Health Insurance Program (NYSHIP), which is an agent multiple-employer plan administered by the New York State Department of Civil Service. Through NYSHIP, LIPA provides certain medical benefits for eligible retired employees and their dependents. Participation in the NYSHIP program provides for employees and/or their dependents to continue eligibility for these benefits in retirement. Employees with membership in the NYSLRS are eligible for retiree medical insurance if the employee is enrolled in NYSHIP as an enrollee or a dependent at the time of your retirement (enrollment in NYSHIP may be through The Empire Plan, a NYSHIP HMO or the Opt-out Program), has at least one year of full-time service with LIPA and satisfied the requirements for retiring as a member of the Retirement System.

Employees enrolled in the VDC are eligible for retiree medical insurance if the employee is enrolled in NYSHIP as an enrollee or a dependent at the time of your retirement (enrollment in NYSHIP may be through The Empire Plan, a NYSHIP HMO or the Opt-out Program is enrolled in the NYSHIP program), has five years of full-time service with LIPA and meets the age requirement of the Retirement System tier in effect at the time the employee last entered service.

NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State.

LIPA's OPEB liability totaled approximately $31 million and $28 million as of December 31, 2024 and 2023, respectively. LIPA's OPEB Trust, a legally separate Section 115 trust approved by LIPA's Board to accumulate resources for its OPEB obligation, totaled approximately $33 million and $29 million as of December 31, 2024 and 2023, respectively, for a total respective funding of 107.0% and 103.9%. Contributions to the OPEB Trust are based on an actuarial valuation.

(15) Commitments and Contingencies

(a) Leases

In 2020, LIPA adopted the provisions of GASB Statement No. 87. As such LIPA recognized a lease liability and a leased asset for agreements whereby LIPA obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. Below is a description of these lease arrangements:

(i) Capacity Arrangements

In providing electricity to its customers, LIPA has entered into a variety of power purchase agreements that ensure LIPA can meet the electricity needs of its customers. These arrangements range from contracts where LIPA acquires a product such as power without controlling the underlying facility, to arrangements where LIPA obtains the right to control the underlying facility by controlling a plant's output or a transmission line's throughput. LIPA has recorded a lease asset and a corresponding lease liability in each power and transmission contract where it has obtained control. A common feature of arrangements where LIPA has recorded a lease asset and a corresponding lease liability involves the plant owner transferring to LIPA the right to bid capacity prices into the New York State capacity markets during the term of the contract.

The lease assets associated with capacity arrangements include tolling arrangements, capacity-only arrangements, and firm transmission contracts. The lessors to these capacity agreements typically bill LIPA based upon a fixed monthly capacity charge applied to the megawatts under contract for the term of the contract. During the term of the arrangement, the megawatts under contract are subject to a capacity test to determine each year's contractual megawatts, whereas the fixed monthly capacity charge may be subject to adjustment based upon fixed rate scheduled changes, price indexes and other computations. These arrangements do not contain any residual value guarantees by LIPA and LIPA has not paid any termination penalties associated with these agreements in 2024 or 2023. Contractual elements such as service arrangements included within these capacity arrangements have been excluded from the determination of the lease asset and corresponding lease liability. As of December 31, 2024 and 2023, the lease asset, net of amortization, and the corresponding lease liability for capacity arrangements, amounted to approximately $1.4 billion and $1.8 billion, respectively.

(Amounts in thousands, unless otherwise stated)

(ii) Property Leases

LIPA leases 16 facilities throughout Long Island to serve its customers. These sites include its corporate offices, customer service centers, operation centers and staging sites. While terms vary by lease, each lease provides for a monthly lease payment subject to a fixed escalation on the anniversary date of each agreement. None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources in either 2024 or 2023. As of December 31, 2024 and 2023, the lease asset, net of amortization and the corresponding lease liability for property leases amounted to approximately $43 million and $53 million, respectively.

Presented below is a summary of the principal and interest requirements to maturity for the capacity and property lease liability for each of the five subsequent fiscal years and in five-year increments thereafter:

Year		Principal	Interest	Total
2025	$	354,263	32,512	386,775
2026		350,906	23,661	374,567
2027		308,687	15,002	323,689
2028		190,359	8,738	199,097
2029		123,669	4,885	128,554
2030-2034		118,916	6,277	125,193
2035-2039		20,087	998	21,085
Total	$	1,466,887	92,073	1,558,960

(b) Subscription-Based Information Technology Arrangements (SBITA)

In 2023, LIPA adopted the provisions of GASB Statement No. 96. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets, requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. LIPA has entered into SBITA agreements with terms that extend beyond one year, with varying terms expiring through 2033.

Presented below is a summary of the principal and interest requirements to maturity for the SBITA liability for each of the five subsequent fiscal years and in five-year increments thereafter:

Year		Principal	Interest	Total
2025	$	5,232	520	5,752
2026		3,834	409	4,243
2027		3,406	307	3,714
2028		3,403	212	3,615
2029		3,090	117	3,207
2030 -2033		2,506	71	2,577
Total	$	21,471	1,636	23,107

(c) Other Energy Agreements and Transmission Agreements

LIPA has entered into other power purchase agreements with terms that extend beyond one year, with varying terms expiring through 2034. While these agreements do not qualify as leases, certain agreements have minimum payment terms. The approximate minimum obligation associated with such agreements is $2 million per year for remaining term of agreement.

LIPA has natural gas transportation agreements for the delivery of gas to its contracted gas-fueled power generating facilities. Certain of these agreements have minimum obligations. As of December 31, 2024, the approximate minimum obligation associated with such agreements are approximately $4 million for years 2025 through 2028 and approximately $2 million for 2029.

LIPA also has natural gas physical supply contracts that have no fixed costs associated with them.

LIPA has several contracts to purchase renewable energy and energy from waste facilities. These contracts do not have minimum obligations and LIPA only pays if the energy is delivered. For the years ended December 31, 2024 and 2023, LIPA recognized approximately $159 million and $82 million for energy related to these contracts, respectively.

LIPA also has a 20-year power purchase agreement for a 130-megawatt offshore wind farm installed off the coast of Long Island that went commercially operational January 1, 2024. LIPA will only pay for energy when delivered.

As provided by LIPA's tariff, the cost of all the facilities noted above are includable and recoverable through the Power Supply Charge.

(d) Insurance Programs

LIPA's insurance program is comprised of a combination of policies from major insurance companies, self-insurance, and contractual transfer of liability, including naming LIPA as an additional named insured and indemnification.

LIPA has purchased Workers' Compensation insurance from the New York State Insurance Fund to provide coverage for claims arising from employee accidents or injuries. In addition, LIPA carries Employment Practices Liability Insurance from a major insurance company and LIPA's office property and liability coverage is administered by the New York State Office of General Services Bureau of Risk & Insurance Management through a master policy the State procures for various State entities, including LIPA. Liability related to construction projects and similar risks is transferred through contractual indemnification and compliance with insurance requirements. LIPA also has insurance coverage on its interest in NMP2 as disclosed in Note 10.

LIPA has commercially available excess general liability, property, and cyber insurance for claims above its self-insurance provisions. For general liability, including automobile liability, LIPA is self- insured up to $3.0 million per occurrence. For property damage and extra expense combined, LIPA is self-insured up to $2.5 million per occurrence. For property damage or loss due to a named windstorm and flood, 2% of the value at risk is self-insured per occurrence with a minimum of $2.5 million and up to a maximum self-insured level of $7.5 million. For cyber-related events, including an event relating to LIPA's information technology system, LIPA is self-insured for up to $15 thousand per event. Similarly, LIPA's service provider, PSEG Long Island, also maintains cyber insurance covering events related to information technology and operating systems where LIPA is an additional named insured.

LIPA has no general property insurance for damage to its poles and wires and is self-insured, as insurance for this type of risk is unavailable.

(16) Legal Proceedings

(a) PSEG Long Island

PSEG Long Island's liability for third-party claims in performing its obligations to operate and maintain LIPA's T&D system is generally limited to the aggregate loss and expense between $2.5 million and $5.0 million in any contract year other than for loss and expense attributable to PSEG Long Island's gross negligence or willful misconduct, for which there is no limitation on PSEG Long Island's liability. PSEG Long Island is not financially responsible for any liabilities that occurred prior to January 1, 2014.

(b) Superstorm Sandy

Four purported class action lawsuits were filed against LIPA and National Grid related to Superstorm Sandy that contain common allegations of wrongdoing and/or gross negligence relating to LIPA's and National Grid's preparedness and response to the storm. These actions seek monetary damages, fees, and other relief. The four suits were consolidated into a single class action.

In June 2018, the trial court granted plaintiffs' motion to certify a class consisting of residential customers who lost power for more than three days and did not require an electrical inspection due to flooding before service could be restored. LIPA appealed that ruling. On December 29, 2021, the appellate court issued a decision and order reversing the lower court's class certification order. The plaintiffs filed a motion to renew and reargue the December 29, 2021 ruling and in the alternative for leave to appeal to New York's highest court. On Wednesday, January 18, 2023, the appellate division denied plaintiffs' motion. In April 2023, the remaining individual plaintiffs voluntarily discontinued the case. This matter is now closed.

Twelve more individual actions have been filed on behalf of the owners of approximately 100 properties in the Breezy Point, Belle Harbor, and Rockaway Park neighborhoods of the Rockaway Peninsula, in the Queens portion of the Service Area. These suits allege generally that the failure to de-energize the electrical system in the Rockaways in advance of the tidal surges experienced during the storm resulted in fires that caused various types of property damage, ranging from all or partial loss of plaintiffs' customers' homes. In February 2018, the Court of Appeals, New York State's highest court, affirmed lower court rulings that LIPA is not entitled at this point to the dismissal of the fire cases.

These are being defended, and although the amounts sought in damages are significant, the outcome of these matters cannot be predicted with certainty at this time. LIPA does not believe that they will have a material impact on the operating results or financial condition of LIPA.

(c) Environmental

National Grid and LIPA are parties to Liabilities Undertaking and Indemnification Agreements which, when taken together, provide, generally, that environmental liabilities will be divided between National Grid and LIPA on the basis of whether they relate to assets transferred to National Grid or retained by LIPA as part of the 1998 LIPA/LILCO Merger (Merger). In addition, to clarify and supplement these agreements, National Grid and LIPA also entered into an agreement to allocate between them certain liabilities, including environmental liabilities, arising from events occurring prior to the Merger and relating to the business and operations to be conducted by LIPA after the Merger (the Retained Business) and to the business and operations to be conducted by National Grid after the Merger (the Transferred Business).

National Grid is responsible for all liabilities arising from all manufactured gas plant operations on Long Island (MGP Sites), including those currently or formerly operated by National Grid or any of its predecessors, whether or not such MGP Sites were related to the Transferred Business or the Retained Business. In addition, National Grid is responsible for all environmental liabilities traceable to the Transferred Business and certain scheduled environmental liabilities. Environmental liabilities that arise from the non-nuclear generating business (a Transferred Business) may be recoverable by National Grid as part of the capacity charge under the A&R PSA. LIPA is responsible for all environmental liabilities traceable to the Retained Business and certain scheduled environmental liabilities.

Environmental liabilities, other than those related to MGP sites that existed as of the date of the Merger that are untraceable, including untraceable liabilities that arise out of common and/or shared services, have been allocated to LIPA and National Grid, as provided for in the Merger.

The A&R PSA addresses the terms by which LIPA will continue to purchase electricity from certain National Grid facilities. Generally, National Grid's liabilities under this contract are limited to losses due to gross negligence or willful misconduct or violations of environmental laws not consistent with prudent utility practices.

(d) Litigation Related to Payments-in-Lieu-of-Taxes

As of January 1, 2015, the Reform Act limits the amounts of PILOTs LIPA can pay on certain properties to no more than 2% higher per parcel from the previous calendar year. In 2017, LIPA received notices from Suffolk County claiming to enforce liens against certain LIPA properties for alleged unpaid real property taxes. LIPA has paid the PILOT amounts it is authorized to pay by law. Furthermore, LIPA believes Suffolk County lacks legal authority to enforce a tax lien on LIPA's property. LIPA filed a legal action to negate any attempt by Suffolk County to enforce the alleged tax liens. LIPA also filed suit against the ten Suffolk County towns to ensure that they comply with the annual 2% limit on growth in such property tax PILOTs.

On April 1, 2021, the Supreme Court, Suffolk County issued a Decision and Order that found: (1) LIPA's T&D properties are not exempt from real-property taxation for tax years 2014/15 through 2019/20 by reason of LIPA's failure to timely challenge its assessment as non-exempt, taxable properties by the Town Assessors during those tax years; and (2) compelling LIPA to pay to Suffolk County alleged unpaid real property taxes levied against the T&D properties for tax years 2014/15 through 2019/20. A judgment was entered on October 8, 2021. By stipulation, the judgment includes the 2020/21 tax year. LIPA appealed from the judgment. The appeal has been fully briefed and submitted. Enforcement of the judgment is stayed, pending the determination of LIPA's appeal.

In 2021, LIPA filed actions against the ten Suffolk County towns to declare LIPA's properties tax exempt as of the 2021/22 tax year. In response to those actions, five Suffolk County towns declared LIPA's parcels exempt from property taxes.

In July 2023, Suffolk County filed an additional lawsuit against LIPA and certain Suffolk County towns seeking to have LIPA pay to the County alleged shortfalls in property tax payments for the 2021/2022 tax year. That lawsuit is currently stayed.

In January 2024, Supreme Court, Suffolk County issued a decision and order declaring LIPA's properties in five Suffolk towns tax exempt as of the 2021/22 tax year. The five towns have appealed the decision. LIPA estimates the potential exposure with penalties and interest to be approximately $186 million through 2024, plus a potential addition of up to $47 million per year in the event of an adverse result on appeal. As a regulated entity, LIPA obtained regulatory approval from its Board to defer the recovery of these costs from its customers until the conclusion of the appeal process. LIPA does not believe this litigation will have a material adverse impact on the business or the affairs of LIPA.

(e) Asbestos Proceedings

Litigation is pending in New York State Court against LIPA, LILCO, National Grid and various other defendants involving thousands of plaintiffs seeking damages for personal injuries or wrongful death allegedly caused by exposure to asbestos. The cases for which LIPA may have financial responsibility involve employees of various contractors and subcontractors engaged in the construction or renovation of certain power plants formerly owned by LILCO. These cases include extraordinarily large damage claims, which have historically proven to be excessive. The actual aggregate amount paid to plaintiffs alleging exposure to asbestos at these power plants over the years has not been material to LIPA. Due to the nature of how these cases are litigated, it is difficult to determine how many of the remaining cases that have been filed (or of those that will be filed in the future) involve plaintiffs who were exposed to asbestos at any of these power plants. Based upon experience, it does not appear that currently pending or future claims involving plaintiffs who allege exposure to asbestos at any of these power plants will have a material impact on the operating results or financial condition of LIPA.

(17) Component Unit Condensed Statements

UDSA is a component unit of LIPA and all the activities and balances of UDSA are blended into and reported as part of LIPA. The condensed information for December 31, 2024 and 2023 are detailed on the following pages:

(Amounts in thousands, unless otherwise stated)

Condensed Statement of Net Position
December 31, 2024

	LIPA	UDSA	Eliminations	Total
Assets and deferred outflows of resources:				
Capital assets, net	$ 10,711,393	—	—	10,711,393
Current assets	2,974,630	179,147	—	3,153,777
Regulatory assets	529,820	12,309	—	542,129
Noncurrent assets	547,941	3,637,311	(3,637,311)	547,941
Deferred outflows of resources	82,564	7,049	—	89,613
Total assets and deferred outflows of resources	14,846,348	3,835,816	(3,637,311)	15,044,853
Liabilities, deferred inflows of resources, and net position:				
Long-term debt, net of current maturities	5,477,686	3,503,707	—	8,981,393
Current liabilities	1,626,634	231,853	—	1,858,487
Regulatory liabilities	292,582	—	—	292,582
Noncurrent liabilities	5,734,446	—	(3,637,311)	2,097,135
Deferred inflows of resources	764,510	17,921	—	782,431
Net position	950,490	82,335	—	1,032,825
Total liabilities, deferred inflows of resources, and net position	$ 14,846,348	3,835,816	(3,637,311)	15,044,853

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the year ended December 31, 2024

	LIPA	UDSA	Eliminations	Total
Operating revenues	$ 3,691,670	388,487	(2,748)	4,077,409
Operating expenses	3,407,157	254,699	(2,748)	3,659,108
Operating income	284,513	133,788	—	418,301
Other income, net	144,651	9,637	—	154,288
Interest charges, net	234,519	132,666	—	367,185
Change in net position	194,645	10,759	—	205,404
Net position, beginning of year	755,845	71,576	—	827,421
Net position, end of year	$ 950,490	82,335	—	1,032,825

Condensed Statement of Cash Flows
For the year ended December 31, 2024

	LIPA	UDSA	Eliminations	Total
Net cash provided by operating activities	$ 1,062,999	389,504	—	1,452,503
Net cash (used in) provided by investing activities	(44,692)	9,637	—	(35,055)
Net cash (used in) noncapital related activities	(4,664)	—	—	(4,664)
Net cash (used in) capital and related financing activities	(1,095,778)	(384,397)	—	(1,480,175)
Net (decrease) increase in cash and cash equivalents	(82,135)	14,744	—	(67,391)
Cash and cash equivalents at beginning of year	895,124	114,951	—	1,010,075
Cash and cash equivalents at end of year	$ 812,989	129,695	—	942,684

(Amounts in thousands, unless otherwise stated)

Condensed Statement of Net Position
December 31, 2023

	LIPA	UDSA	Eliminations	Total
Assets and deferred outflows of resources:				
Capital assets, net	$ 10,590,245	—	—	10,590,245
Current assets	2,837,978	168,414	—	3,006,392
Regulatory assets	668,606	14,159	—	682,765
Noncurrent assets	668,021	3,888,672	(3,888,672)	668,021
Deferred outflows of resources	156,770	8,553	—	165,323
Total assets and deferred outflows of resources	14,921,620	4,079,798	(3,888,672)	15,112,746
Liabilities, deferred inflows of resources, and net position:				
Long-term debt, net of current maturities	5,518,877	3,773,546	—	9,292,423
Current liabilities	1,430,952	212,768	—	1,643,720
Regulatory liabilities	118,990	—	—	118,990
Noncurrent liabilities	6,406,079	—	(3,888,672)	2,517,407
Deferred inflows of resources	690,877	21,908	—	712,785
Net position	755,845	71,576	—	827,421
Total liabilities, deferred inflows of resources, and net position	$ 14,921,620	4,079,798	(3,888,672)	15,112,746

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the year ended December 31, 2023

	LIPA	UDSA	Eliminations	Total
Operating revenues	$ 3,311,212	390,914	(3,293)	3,698,833
Operating expenses	3,053,077	301,570	(3,293)	3,351,354
Operating income	258,135	89,344	—	347,479
Other income, net	135,258	10,745	—	146,003
Interest charges, net	216,260	147,133	—	363,393
Change in net position	177,133	(47,044)	—	130,089
Net position, beginning of year	578,712	118,620	—	697,332
Net position, end of year	$ 755,845	71,576	—	827,421

Condensed Statement of Cash Flows
For the year ended December 31, 2023

	LIPA	UDSA	Eliminations	Total
Net cash provided by operating activities	$ 767,668	402,283	—	1,169,951
Net cash (used in) provided by investing activities	(43,394)	10,745	—	(32,649)
Net cash provided by noncapital related activities	283,191	—	—	283,191
Net cash (used in) capital and related financing activities	(843,025)	(451,227)	—	(1,294,252)
Net increase (decrease) in cash and cash equivalents	164,440	(38,199)	—	126,241
Cash and cash equivalents at beginning of year	730,684	153,150	—	883,834
Cash and cash equivalents at end of year	$ 895,124	114,951	—	1,010,075

(18) Subsequent Events

Subsequent events have been evaluated through March 26, 2025, which is the date that the financial statements were available to be issued.

Long Island Power Authority
(A Component Unit of the State of New York)

Required Supplementary Information (Unaudited)

Schedule of LIPA's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System

As of measurement date March 31,		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportionate percentage of net pension liability		0.0132889%	0.0124099%	0.0102049%	0.0098574%	0.0103052%	0.0103343%	0.0096075%	0.0099883%	0.0106679%	0.0280362%
Proportionate share of the net pension liability	$	1,956,671	2,661,188	(834,210)	9,815	2,728,884	732,219	310,076	938,526	1,712,234	947,131
LIPA's covered-employee payroll	$	10,414,143	5,625,250	4,727,500	4,720,000	4,279,104	3,883,794	4,088,041	3,782,636	3,511,480	8,246,620
LIPA's proportionate share of the net pension liability as a percentage of its covered-employee payroll		18.79%	47.31%	-17.65%	0.21%	63.77%	18.85%	7.58%	24.81%	48.76%	11.49%
Plan fiduciary net position as a percentage of the total pension liability		93.88%	90.78%	103.65%	99.95%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

Schedule of LIPA's Contributions
New York State and Local Employees' Retirement System

As of December 31,		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$	843,064	631,851	579,984	723,107	605,939	568,817	608,517	558,890	198,948	850,124
Contributions in relation to statutorily required contributions	$	843,064	631,851	579,984	723,107	605,939	568,817	608,517	558,890	198,948	850,124
Contribution deficiency (excess)		—	—	—	—	—	—	—	—	—	—
LIPA's covered-employee payroll	$	10,414,143	5,625,250	4,727,500	4,720,000	4,279,104	3,883,794	4,088,041	3,782,636	3,511,480	8,246,620
Contributions as a percentage of covered payroll		8.10%	11.23%	12.27%	15.32%	14.16%	14.65%	14.89%	14.78%	5.67%	10.31%

See accompanying independent auditors' report lipower.org/investors

LIPA