

Q2 | 2025



# QUARTERLY

## Unaudited **Financial Report**

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For the Six-Month Period  
Ended June 30, 2025

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

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## Introduction

The Long Island Power Authority (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). LIPA is a component unit of the State of New York (State) and as such is included in the State's annual financial statements.

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 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) 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.

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 has obtained all required consents to make effective the amendment and restatement of the Bond Resolution. LIPA is awaiting rating confirmations that the consolidation will not result in a withdrawal, suspension, or downward revision of the ratings assigned to our bonds. LIPA expects to receive these rating agency confirmations by the end of August 2025. Currently, we expect to complete the merger in September 2025.

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 bonds already issued) to refinance outstanding indebtedness for a net present value debt savings or to fund LIPA's T&D system resiliency investments. UDSA is considered a blended component unit. The activities of UDSA operations are consolidated with the operations of LIPA for financial reporting purposes.

As of June 30, 2025, a total of \$6.3 billion of UDSA Restructuring Bonds have been issued resulting in \$1.7 billion in remaining statutory capacity. UDSA refinancings have saved LIPA customers \$579 million of net present value debt savings since 2013.

LIPA contracts for the majority of services necessary to deliver electric service. Commencing January 1, 2014, LIPA contracted with PSEG Long Island LLC (PSEG Long Island) to provide management services under the Amended and Restated Operations Services Agreement ("2014 OSA"). On December 15, 2021, the 2014 OSA was further amended and restated, effective April 1, 2022 (the "OSA" or "Reformed OSA"). The OSA has a base term of 12 years, expiring December 31, 2025 with an option to extend for up to five years upon mutual agreement of the parties. 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 2,800 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 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 acts as service provider for LIPA in performing many of its obligations and in return receives (a) a fixed management fee, and (b) a variable fee contingent on meeting certain performance metrics.

On May 29, 2024, LIPA launched a request for proposals (“RFP”) to identify the future service provider to LIPA after the OSA expires on December 31, 2025 (the “2024 OSA RFP”). The 2024 OSA RFP sought a service provider for a 10-year term to provide operations services similar to those currently being provided by PSEG Long Island. Following the completion of the solicitation process at its April 30, 2025 meeting, the LIPA Board did not approve LIPA staff’s recommendation for the next service provider. On May 22, 2025, the LIPA Board approved a resolution canceling the 2024 OSA RFP. Under the OSA, LIPA has an option to extend the existing OSA for up to five years upon mutual agreement of LIPA and PSEG Long Island. On June 15, 2025, LIPA’s Board named a team to lead the negotiation of such an extension prior to expiration of the OSA to ensure uninterrupted, reliable, and affordable service for LIPA customers. The extension will be subject to approval by the New York State Attorney General and the Office of State Comptroller.

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 expires 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 by the New York State Attorney General and was approved by the New York State Comptroller in March 2025. TEA will begin providing services under the PSMFM agreements effective January 1, 2026.

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

### Overview of the Basic Financial Statements

LIPA is engaged in business-type activities and follows financial reporting for enterprise funds. LIPA’s unaudited Basic Financial Statements consist of Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These 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).

LIPA publishes interim financial results on a quarterly basis with a fiscal year ending December 31. The interim basic financial statements and related Management’s Discussion and Analysis do not include all the information and notes required under GAAP for annual basic financial statements. Therefore, the Management’s Discussion and Analysis of LIPA’s six-month period ended June 30, 2025, compared to 2024 should be read in conjunction with the annual audited basic financial statements, which may be found on LIPA’s website at [www.lipower.org](http://www.lipower.org).

LIPA’s reporting entity is comprised of itself and (i) its operating subsidiary LILCO and (ii) the UDSA. All significant transactions between LIPA, LILCO, and UDSA have been eliminated.

### 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](http://www.lipower.org).

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

Statements of Net Position  
June 30, 2025 and December 31, 2024  
(Amounts in thousands)

	<b>2025</b> <b>(unaudited)</b>	<b>2024</b> <b>(audited)</b>
<b>Assets and Deferred Outflows of Resources</b>		
Current assets:		
Cash and cash equivalents	\$ 331,060	376,189
Restricted cash – working capital requirements	178,520	186,800
Restricted cash – LIPA	250,000	250,000
Restricted cash – UDSA	101,036	129,695
Investments	801,573	1,054,679
Restricted investments – working capital requirements	121,301	138,384
Counterparty collateral – posted by LIPA	13,646	6,794
Accounts receivable (less allowance for uncollectible accounts of \$27,010 and \$27,426 at June 30, 2025 and December 31, 2024, respectively)	629,413	554,965
Other receivables	80,821	100,132
Fuel inventory	145,967	162,797
Material and supplies inventory	137,567	134,269
Commodity derivative instruments	7,882	4,614
Regulatory assets to be recovered within one year	154,497	91,638
Prepayments and other current assets	160,303	54,459
Total current assets	<u>3,113,586</u>	<u>3,245,415</u>
Noncurrent assets:		
Utility plant and property and equipment, net	10,779,316	10,711,393
Nuclear decommissioning trust fund (NDTF)	212,174	196,288
Other long-term receivables	95,991	95,415
Unrealized charges	3,257	2,790
Financial derivative instruments	26,219	31,316
Commodity derivative instruments	12,877	12,368
Regulatory assets for future recovery	459,201	450,491
Acquisition adjustment (net of accumulated amortization)	154,076	209,764
Total noncurrent assets	<u>11,743,111</u>	<u>11,709,825</u>
Total assets	<u>14,856,697</u>	<u>14,955,240</u>
Deferred outflows of resources:		
Deferred defeasance costs on debt refunding	106,570	85,020
OPEB activities	2,615	2,660
Pension activities	1,859	1,859
Accumulated decrease in fair value of commodity derivatives	4,323	—
Accumulated decrease in fair value of investments	—	74
Total deferred outflows of resources	<u>115,367</u>	<u>89,613</u>
Total assets and deferred outflows of resources	<u>\$ 14,972,064</u>	<u>15,044,853</u>

**Long Island Power Authority**  
(A Component Unit of the State of New York)  
Statements of Net Position  
June 30, 2025 and December 31, 2024  
(Amounts in thousands)

	<b>2025</b> <b>(unaudited)</b>	<b>2024</b> <b>(audited)</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
Current liabilities:		
Short-term debt	\$ 413,000	300,000
Current maturities of long-term debt	338,530	375,760
Current maturities of UDSA debt	227,555	223,965
Current portion of lease and SBITA liabilities	373,251	359,495
Accounts payable and accrued expenses	493,888	480,504
Regulatory liabilities payable in one year	145,463	39,369
Accrued payments in lieu of taxes	7,819	8,630
Accrued interest	71,291	72,867
Customer deposits	38,267	37,266
Total current liabilities	<u>2,109,064</u>	<u>1,897,856</u>
Noncurrent liabilities:		
Long-term debt, net and unamortized premium	5,420,707	5,477,686
Long-term UDSA debt, net and unamortized premium	3,368,258	3,503,707
Lease and SBITA liabilities	993,466	1,128,862
Borrowings	19,514	21,735
Operations Services Agreement – employee retirement benefits	549,381	540,749
Financial derivative instruments	33,005	27,245
Commodity derivative instruments	4,323	—
Regulatory liabilities for future payment	174,797	253,213
Asset retirement obligation	112,072	109,021
Long-term liabilities and unrealized credits	28,254	37,865
Claims and damages	270,466	231,658
Total noncurrent liabilities	<u>10,974,243</u>	<u>11,331,741</u>
Total liabilities	<u>13,083,307</u>	<u>13,229,597</u>
Deferred inflows of resources:		
Regulatory credits – grants	557,764	567,603
Lease revenue	2,831	2,884
OPEB activities	2,224	2,224
Pension activities	1,019	1,019
NMP2 asset retirement obligation	9,820	10,052
Deferred defeasance costs on debt refunding	42,970	17,921
Accumulated increase in fair value of financial derivatives	26,219	31,316
Accumulated increase in fair value of commodity derivatives	640	11,180
Accumulated increase in fair value of OPEB dedicated account	168,662	120,935
Accumulated increase in fair value of NDTF	29,514	16,000
Accumulated increase in fair value of investments	1,371	1,297
Total deferred inflows of resources	<u>843,034</u>	<u>782,431</u>
Net position:		
Net investment in capital assets	694,089	673,045
Restricted	48,375	125,284
Unrestricted	303,259	234,496
Total net position	<u>1,045,723</u>	<u>1,032,825</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,972,064</u>	<u>15,044,853</u>

## Long Island Power Authority

(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position  
Six-Month Period Ending June 30, 2025 and 2024 (Unaudited)  
(Amounts in thousands)

	2025	2024
Operating revenues – electric sales, net of uncollectible accounts expense	\$ 2,024,123	1,821,835
Operating expenses:		
Operations – power supply charge	990,075	809,535
Operations – power supply charge – property taxes	81,810	91,009
Operations and maintenance	368,482	359,659
Storm restoration	12,062	33,546
General and administrative	25,939	25,946
Depreciation and amortization	248,172	239,155
Payments in lieu of taxes and assessments	177,808	175,213
Total operating expenses	1,904,348	1,734,063
Operating income	119,775	87,772
Nonoperating revenues and expenses:		
Other income, net:		
Investment income, net	36,467	35,969
Grant income	12,489	11,713
Other	1,145	3,169
Subtotal	50,101	50,851
Nuclear decommissioning trust fund income	2,372	3,911
Deferred grant income amortization	8,688	8,691
Carrying charges on regulatory assets	6,114	7,193
Subtotal	17,174	19,795
Total other income, net	67,275	70,646
Interest charges and (credits):		
Interest on debt	204,534	211,675
Other interest	8,671	5,793
Other interest amortizations	(39,053)	(38,697)
Total interest charges, net	174,152	178,771
Change in net position	12,898	(20,353)
Net position, beginning of year	1,032,825	827,421
Net position, end of period	\$ 1,045,723	807,068



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

Statements of Cash Flows  
Six-Month Period Ending June 30, 2025 and 2024 (Unaudited)  
(Amounts in thousands)

	<b>2025</b>	<b>2024</b>
Cash flows from operating activities:		
Operating revenues received	\$ 2,072,323	1,863,838
Payments to suppliers and employees:		
Operations and maintenance	(457,958)	(443,868)
Operations - power supply charge	(785,126)	(723,176)
Operations - power supply charge - property tax related	(81,810)	(91,009)
Payments-in-lieu-of-taxes	(331,672)	(320,592)
Collateral on commodity derivative transaction, net	(6,852)	31,249
PSEG Long Island pension funding	(11,700)	(12,600)
Net cash provided by operating activities	<u>397,205</u>	<u>303,842</u>
Cash flows from investing activities:		
Earnings received on investment income	24,663	27,639
Sales and maturities of investment securities	318,207	88,245
Sales and maturities of restricted investment securities - working capital investments	17,083	-
Purchase of restricted investment securities - working capital investments	-	(2,948)
Purchase of investment securities - OPEB Account	(5,825)	(18,000)
Net cash provided by investing activities	<u>354,128</u>	<u>94,936</u>
Cash flows from noncapital financing related activities:		
Grant Proceeds	12,367	6,573
Proceeds from credit facility draws and commercial paper program	125,000	455,000
Redemption of credit facility draws and commercial paper program	(12,000)	(250,000)
Other interest costs	(4,317)	-
Interest paid – LIPA	(8,346)	(1,250)
Net cash provided by noncapital financing related activities	<u>112,704</u>	<u>210,323</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(354,642)	(368,691)
Lease and SBITA payments	(201,852)	(197,289)
Other interest costs	(5,247)	(4,875)
Interest paid – LIPA	(107,588)	(113,430)
Redemption of long-term debt – LIPA	(55,410)	(16,905)
Early defeasance of long-term debt – LIPA	(24,994)	-
Interest paid – UDSA	(85,731)	(90,851)
Redemption of long-term debt – UDSA	(110,640)	(100,825)
Net cash used in capital and related financing activities	<u>(946,104)</u>	<u>(892,866)</u>
Net decrease in cash and cash equivalents	(82,068)	(283,765)
Cash and cash equivalents at beginning of year	<u>942,684</u>	<u>1,010,075</u>
Cash and cash equivalents at end of period	<u>\$ 860,616</u>	<u>726,310</u>



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

Statements of Cash Flows  
Six-Month Period Ending June 30, 2025 and 2024 (Unaudited)  
(Amounts in thousands)

	<u>2025</u>	<u>2024</u>
Reconciliation to net cash provided by operating activities:		
Operating income	\$ 119,775	87,772
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	248,173	239,155
Other post-employment benefits, non-cash expense	-	10,538
Nuclear fuel burned	4,870	4,576
Shoreham and VBA surcharges	24,682	22,292
Accretion of asset retirement obligation	2,820	138
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance for uncollectible accounts	(55,714)	(133,146)
Regulatory assets and liabilities	(84,615)	(23,623)
Fuel and material and supplies inventory	13,532	(4,041)
Accounts payable, accrued expenses, and other	123,682	100,181
Net cash provided by operating activities	<u>\$ 397,205</u>	<u>303,842</u>

**Long Island Power Authority**

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Three-Month Period Ended June 30, 2025

**Financial Condition Overview****Six-Month Period ended June 30, 2025 compared to 2024****Change in Net Position**

Net position increased \$13 million for the six-month period ended June 30, 2025, compared to the decrease for the six-month period ended June 30, 2024 of \$20 million.

**Operating Revenues**

Operating revenue increased \$202 million compared to the six-month period of 2024, primarily due to (i) an increase in the Power Supply Charge and (ii) an increase in base delivery revenue.

**Operating Expenses**

Power supply costs, including property taxes, increased \$171 million compared to the same six-month period of 2024 primarily related to higher commodity prices. This was partially offset by a decrease in property tax payments resulting from litigation settlements.

Operations and maintenance expenses increased \$9 million compared to the same six-month period in 2024 due to higher preventive maintenance activities and higher information technology software costs.

Storm restoration expenses decreased \$21 million compared to the same six-month period of 2024 due to a lower level of storm activity. PSEG Long Island responded to six major storms through June 2025, none of which included mutual aid assistance, compared with eight major storm events through June 2024, two of which included mutual aid assistance.

Depreciation and amortization increased by \$9 million compared to the same six-month period of 2024 due to higher utility plant balances.

**Non-Operating Revenues and Expenses**

Other income decreased \$3 million compared to the same six-month period of 2024 primarily due to a one-time property damage settlement received in 2024 and lower realized capital gains in the Nuclear Decommissioning Trust Fund.

Interest charges and (credits) decreased \$5 million compared to the same six-month period of 2024, primarily due to lower interest expenses resulting from lower debt outstanding.

## Long Island Power Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)  
Six-Month Period Ended June 30, 2025**Liquidity and Capital Resources**

LIPA's policy is to, at all times, maintain cash on hand and available credit equivalent to at least 150 days of operating expenses. As of June 30, 2025 and December 31, 2024, LIPA's available sources of liquidity for operating purposes and capital program funding, as displayed below, exceeded the policy target.

	June 30, 2025	Days Cash	December 31, 2024	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash, cash equivalents, and investments	\$ 331,508		694,845	
OPEB Account cash, cash equivalents, and investments	801,124		736,023	
PSEG Long Island working capital requirements	278,962		304,612	
<b>Total operating liquidity</b>	<b>1,411,594</b>	<b>152</b>	<b>1,735,480</b>	<b>189</b>
<b>Available credit</b>				
General Revenue Notes – Revolving Credit Facility	200,000		200,000	
General Revenue Notes – Commercial Paper	587,000		700,000	
<b>Total available credit</b>	<b>787,000</b>		<b>900,000</b>	
<b>Total cash, cash equivalents, investments, and available credit</b>	<b>\$ 2,198,594</b>	<b>237</b>	<b>2,635,480</b>	<b>287</b>
<b>Restricted cash and cash equivalents</b>				
Clean Energy Compliance Fund	20,859		20,572	
Extraordinary working capital	250,000		250,000	
UDSA	101,036		129,695	
<b>Total restricted cash and cash equivalents</b>	<b>\$ 371,895</b>		<b>400,267</b>	

## Long Island Power Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Six-Month Period Ended June 30, 2025

**Consolidated Debt**

LIPA's consolidated debt as of June 30, 2025 and December 31, 2024 is comprised of the following:

		<b>June 30, 2025</b>	<b>December 31, 2024</b>
Long-term debt:			
General revenue bonds/notes	\$	5,353,712	5,428,558
Unamortized premiums		405,525	424,888
Less: Current maturities		(338,530)	(375,760)
		<u>5,420,707</u>	<u>5,477,686</u>
 UDSA restructuring bonds		 3,340,915	 3,451,555
Unamortized premiums		254,898	276,117
Less: Current maturities		(227,555)	(223,965)
		<u>3,368,258</u>	<u>3,503,707</u>
 Total Long-term debt	\$	 <u>8,788,965</u>	 <u>8,981,393</u>
Short-term debt:			
General Revenue Notes - Commercial Paper	\$	413,000	300,000
Total Short-term debt	\$	<u>413,000</u>	<u>300,000</u>

## Long Island Power Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)  
Six-Month Period Ended June 30, 2025

## Regulatory Assets and Liabilities

The table below displays LIPA's costs to be recovered from or returned to LIPA's customers in a future period (regulatory assets or liabilities). Regulatory assets increased \$72 million primarily due to an increase in power supply charges to be recovered from customers. Regulatory liabilities increased \$28 million primarily due to increases in the delivery service adjustment.

	June 30, 2025			December 31, 2024		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Regulatory assets:						
OSA – employee retirement benefits	\$ 8,040	-	8,040	9,381	-	9,381
Shoreham property tax settlement	52,462	171,644	224,106	52,495	190,238	242,733
Property tax litigation	-	223,655	223,655	-	185,517	185,517
Delivery service adjustment	3,558	-	3,558	3,913	1,780	5,693
Employee benefit plan settlement	7,817	-	7,817	15,634	-	15,634
Power supply charge recoverable	78,100	23,640	101,740	5,866	25,830	31,696
Debt issuance costs	1,927	12,704	14,631	2,038	13,625	15,663
Revenue decoupling mechanism	-	-	-	-	12,074	12,074
Southampton visual benefit assessment	1,225	1,729	2,954	1,223	2,170	3,393
Unrealized financial derivative losses	-	25,829	25,829	-	19,257	19,257
Unrealized commodity derivative losses	-	-	-	1,088	-	1,088
New York State assessment	1,368	-	1,368	-	-	-
Total regulatory assets	\$ 154,497	459,201	613,698	91,638	450,491	542,129
Regulatory liabilities:						
Unrealized commodity derivative gains	7,242	12,877	20,119	-	6,890	6,890
OSA – employee retirement benefits	5,550	140,830	146,380	900	142,580	143,480
Revenue decoupling mechanism	1,310	-	1,310	878	-	878
Utility 2.0	3,163	5,653	8,817	6,327	5,195	11,522
Power supply charge refundable	-	15,437	15,437	11,505	20,572	32,077
Distributed energy resources	1,878	-	1,878	1,794	-	1,794
Delivery service adjustment	115,673	-	115,673	10,564	77,976	88,540
Clean energy initiatives	10,647	-	10,647	6,746	-	6,746
New York State assessment	-	-	-	655	-	655
Total regulatory liabilities	\$ 145,463	174,797	320,261	39,369	253,213	292,582

**South Fork Wind** | 30 miles east of Montauk

Learn more at [lipower.org/investors](https://lipower.org/investors)

