

For Immediate Release: Thursday, September 25, 2025

**LIPA BOARD APPROVES FIVE-YEAR EXTENSION OF
PSEG LONG ISLAND AGREEMENT, DELIVERING AFFORDABILITY
AND ACCOUNTABILITY FOR CUSTOMERS**

Uniondale, NY — The Long Island Power Authority (LIPA) Board of Trustees today approved an amendment to its Operations Services Agreement with PSEG Long Island, extending the partnership for five years beginning on January 1, 2026. The extension strengthens affordability for ratepayers, enhances accountability, and ensures a competitive procurement process beginning in 2028.

The new agreement reduces costs, tightens budget controls, increases PSEG Long Island's liability cap for certain events, enhances LIPA's oversight of storm preparedness and technical standards, and maintains rigorous performance metrics. Together, these provisions ensure that customers benefit from stronger performance while saving customers an estimated \$17 million in management fees over the existing contract.

Tracey Edwards, Chair of the LIPA Board of Trustees, said, "At a time when utility rates are rising nationwide, LIPA remains focused on keeping costs affordable while holding our service provider accountable for results. This contract extension locks in a flat 2026 budget, delivers an unprecedented reduction in management fees, and strengthens budget oversight. I appreciate PSEG Long Island's partnership in securing an agreement that puts our ratepayers first."

Carrie Meek Gallagher, Chief Executive Officer of LIPA, said, "Our goal is to protect customers and prepare for the future, and that's what this agreement is about. By requiring flat budgets, increasing financial accountability, and strengthening LIPA's role in setting technical standards, we are ensuring affordability today and preserving our assets for tomorrow. This is another step in delivering on our mission of reliable, affordable, and clean energy for all customers."

Valerie Anderson Campbell, Vice Chair of the LIPA Board of Trustees, said, "This agreement puts our customers first. It lowers costs, strengthens accountability, and ensures that PSEG Long Island is held to high standards every year of the contract. The Board and staff worked tirelessly to deliver a better agreement than the one last approved in 2022. The result is clear: customers will see real savings and stronger oversight."

The amended contract delivers meaningful benefits for LIPA customers by lowering costs, holding PSEG Long Island accountable to strong performance, and strengthening reliability and oversight.

Highlights of the agreement include:

- **\$17 Million in Customer Savings:** Reduced management services fee under the extension, compared to continuing the current contract.

- **Accountability Through At-Risk Fees:** Preserves the fixed, variable, and Department of Public Service (DPS) pool structure – keeping a significant share of PSEG’s Long Island’s compensation tied to results.
- **High Standards Maintained:** Guarantees that performance metrics remain no less challenging than today, incentivizing strong performance.
- **Flat 2026 Budget:** Holds the upcoming 2026 budget at 2025 levels, with only very limited exceptions. PSEG Long Island must also provide analysis to keep future budgets flat year-over-year, at LIPA’s request.
- **Stronger Cost Controls:** Imposes new restrictions on shifting funds across budget categories or increasing performance metric funding without LIPA’s approval.
- **Greater Oversight and Transparency:** Requires monthly variance meetings with LIPA, which ensures cost discipline and accountability to customers.
- **FEMA Reimbursement Reforms:** Clarifies requirements to avoid costly disputes and reduce the need for outside consultants – directly benefiting ratepayers.
- **Enhanced Storm Response:** Raises the threshold for declaring storm events to protect customers from unnecessary charges and provides a path for guaranteed resource contracts for high-voltage personnel, subject to LIPA’s approval.
- **Customer Protections Strengthened:** Increases PSEG Long Island’s annual liability cap for certain events from \$40 million to \$55 million, providing greater safeguards for customers.
- **Improved Operational Rights:** Grants LIPA stronger authority to set technical standards, require grid modifications, and direct maintenance to protect assets beyond the contract term.
- **Rigorous Performance Metrics:** Confirms LIPA’s authority to set metrics, subject to DPS review, with at least 50% of variable compensation tied to quantitative results. A new joint committee will use industry benchmarking and Environmental, Social and Governance (ESG) standards, in addition to PSEG Long Island’s historical performance, to set forward-looking targets.
- **Customer Satisfaction Reset:** Resets customer satisfaction metrics beginning in 2026 to ensure a fair and accurate baseline.
- **Preserves 2022 Contract Reforms:** Maintains all key customer protections secured in the 2022 contract.

Ralph LaRossa, Chair of the Board, President and Chief Executive Officer of PSEG, said, “PSEG and PSEG Long Island are proud to maintain our successful partnership with LIPA for

the next five years and continue to improve electric service on Long Island and in the Rockaways. Since 2014, PSEG Long Island has become the No. 1 overhead electric service provider in the State of New York in reliability and customer satisfaction.”

Pat Guidice, Business Manager of IBEW Local 1049, said, “The men and women of IBEW 1049 are proud to serve on the front lines of Long Island’s energy system. We’re committed to ensuring that our skilled workforce has both the tools and resources needed to continue delivering safe and reliable service to our communities.”

John Durso, President of the Long Island Federation of Labor, said, “Affordability for working families and accountability in utility operations are priorities for Long Island – and this agreement provides both. It strengthens LIPA’s oversight of storm response, performance metrics, and workforce stability. This contract protects the ratepayers, as well as the utility workforce, across Long Island.”

Bob Fonti, Chair of the Suffolk Alliance of Chambers and Suffolk Chairman of Long Island Business Council, said, “The partnership between LIPA and PSEG Long Island demonstrates the power of communication, collaboration, and shared concern for the small business community. Together, they are finding solutions that strengthen our downtowns, support local enterprises, and ensure the reliability of our energy grid.”

Matt Cohen, President of the Long Island Association, said, “For Long Island to prosper and stay economically competitive, our region needs a reliable and affordable electric system. We welcome the continued partnership between LIPA and PSEG Long Island, which will prioritize this crucial stability and accountability while providing commercial and residential ratepayers with the 21st-century power grid they deserve.”

Kyle Strober, Executive Director of the Association for a Better Long Island, said, “Reliable and affordable electricity is essential for economic development, job creation, and long-term economic viability. This agreement strikes the right balance – ensuring affordability for customers, maintaining our region’s ability to receive federal funds after catastrophic weather events, and giving LIPA stronger control over how the grid is maintained and modernized. It creates the accountability and predictability that developers, builders, and property owners need to plan long-term investments.”

Adrienne Esposito, Executive Director of Citizens Campaign for the Environment, said, “Strong accountability in utility management is critical to achieving New York’s clean energy goals. By holding PSEG Long Island to higher standards and providing LIPA increased responsibility to direct technical upgrades and maintenance, this agreement will result in stronger customer protections and much-needed progress with our transition to a cleaner, more sustainable grid that benefits both customers and our environment.”

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ABOUT THE LIPA BOARD

LIPA's Board of Trustees consists of nine Long Island and Rockaway residents appointed by New York's elected officials. These unpaid volunteers serve Long Island's electric customers by delivering clean, reliable, and safe electric service at affordable rates.

The Board of Trustees adopts LIPA's annual budget, establishes policies and priorities for the Long Island and Rockaways electric grid, oversees contractual agreements, and manages independent auditors, always acting in the best interest of LIPA's customers.

ABOUT LIPA

LIPA is a not-for-profit public utility that aims to serve our customers and community by providing clean, reliable, and affordable energy to Long Island and the Rockaways. LIPA contracts with PSEG Long Island to manage its electric system to performance standards specified by its Board of Trustees under a long-term contract. For more information, visit lipower.org and follow us on [LinkedIn](#).