



2026 Proposed Budget

November 12, 2025



Discussion Topics

 Operational Performance

 Budget by the Numbers

 Public Comment Sessions

 Proposed Metrics

The background of the slide features a photograph of a wind turbine on the ocean. The image is overlaid with a semi-transparent blue filter and several large, light-blue geometric shapes, including rectangles and triangles, which are arranged in a pattern that suggests movement or data flow. The text "Operational Performance" is centered in the middle of the slide in a white, sans-serif font.

Operational Performance

Board Objectives for Standards and Service to Customers

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

Key Policy Objectives

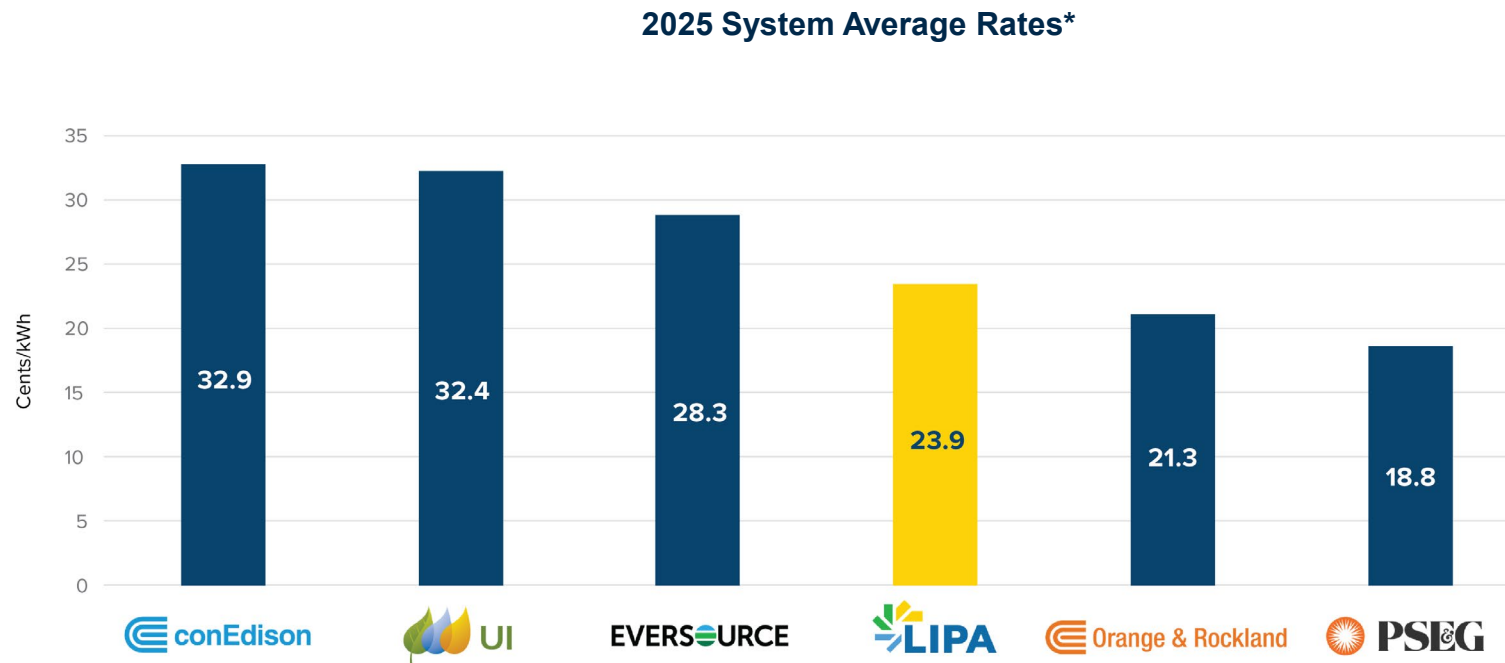


Category	Objectives
TRANSMISSION & DISTRIBUTION OPERATIONS	<ul style="list-style-type: none">• Top 10% reliability among peer utilities• Improve circuit conditions that cause repeated customer outages• Invest in system resiliency to reduce the number and duration of outages and assure timely and accurate communications to customers regarding restoration times from severe weather• Independently verify that emergency restoration plans are complete and tested
CLEAN ENERGY & POWER SUPPLY	<ul style="list-style-type: none">• Achieve a zero-carbon electric grid by 2040• Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions across the service territory through energy efficiency and beneficial electrification• Improve equity for disadvantaged communities• Plan for a power supply portfolio that meets or exceeds industry standards for reliability
CUSTOMER EXPERIENCE	<ul style="list-style-type: none">• Deliver top 25% customer satisfaction in J.D. Power studies• Continual improvement in ease of customer interaction, as measured by customer surveys• Invest in technology to enhance the convenience of billing, payments, appointments, emergency restorations, etc.• Effectively target communications across customer segments and socioeconomic groups, with particular attention to low-income and disadvantaged communities
CUSTOMER VALUE, AFFORDABILITY, AND RATE DESIGN	<ul style="list-style-type: none">• Prioritize investments for customers to balance cost and service quality• Communicate the benefits and cost drivers of any rate increases to customers• Maintain competitive electric rates, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals• Offer programs to low-income and disadvantaged customers to maintain electric bills that are a reasonable percentage of household income
INFORMATION TECHNOLOGY & CYBERSECURITY	<ul style="list-style-type: none">• Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems (measured against industry-standard frameworks)• Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor• Conduct quarterly internal vulnerability assessments, annual third-party vulnerability assessments, and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities
FISCAL SUSTAINABILITY	<ul style="list-style-type: none">• Achieve AA-category credit ratings by reducing LIPA's debt-to-assets ratio to 70% or less by 2030• Maximize grants and low-cost funding sources• Develop budgets and financial plans that maximize customer value and aggressively manage costs• Provide customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans

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

Affordability in a High-Cost Region

- LIPA's system's average electric rate is 23.9 cents per kWh in 2025 – 27% below the highest-priced regional utility.
- The system's average electric rates of the regional utilities range from 18.8 to 32.9 cents per kWh.



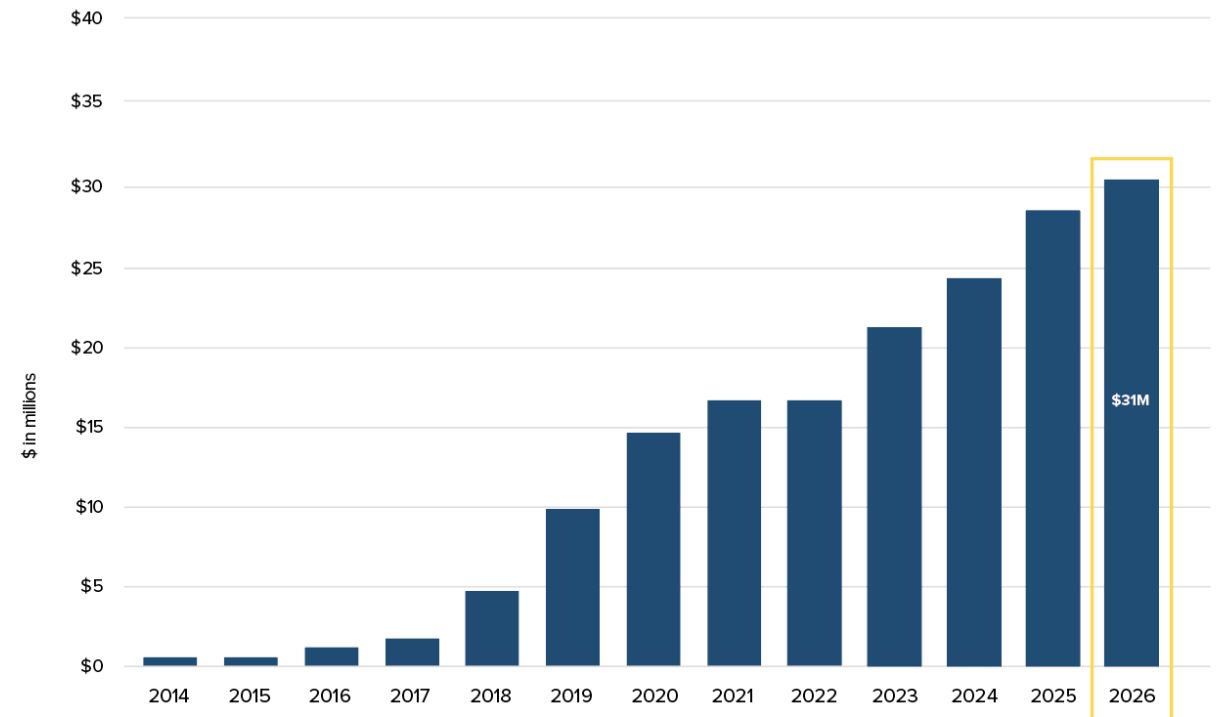
*Regional utility rates include the latest available information as of mid-2025.

Assistance for Vulnerable Customers

- LIPA offers electricity bill discounts to low- to moderate-income customers, aiming to keep energy bills **below 6% of household income**.
- Our discounts provide an estimated **\$31 million in annual savings** to eligible participating customers, which equates to approximately 30% in reductions, and aligns with statewide affordability programs.
- Additional assistance includes enhanced heat pump incentives of up to \$11,000 for low-income households paired with federal rebates incentives of up to \$8,000 for energy-efficient installations.*
- The proposed 2026 budget also includes \$7.5 million for weatherization projects for low- to moderate-income households, helping to reduce heating and cooling bills and improve comfort.

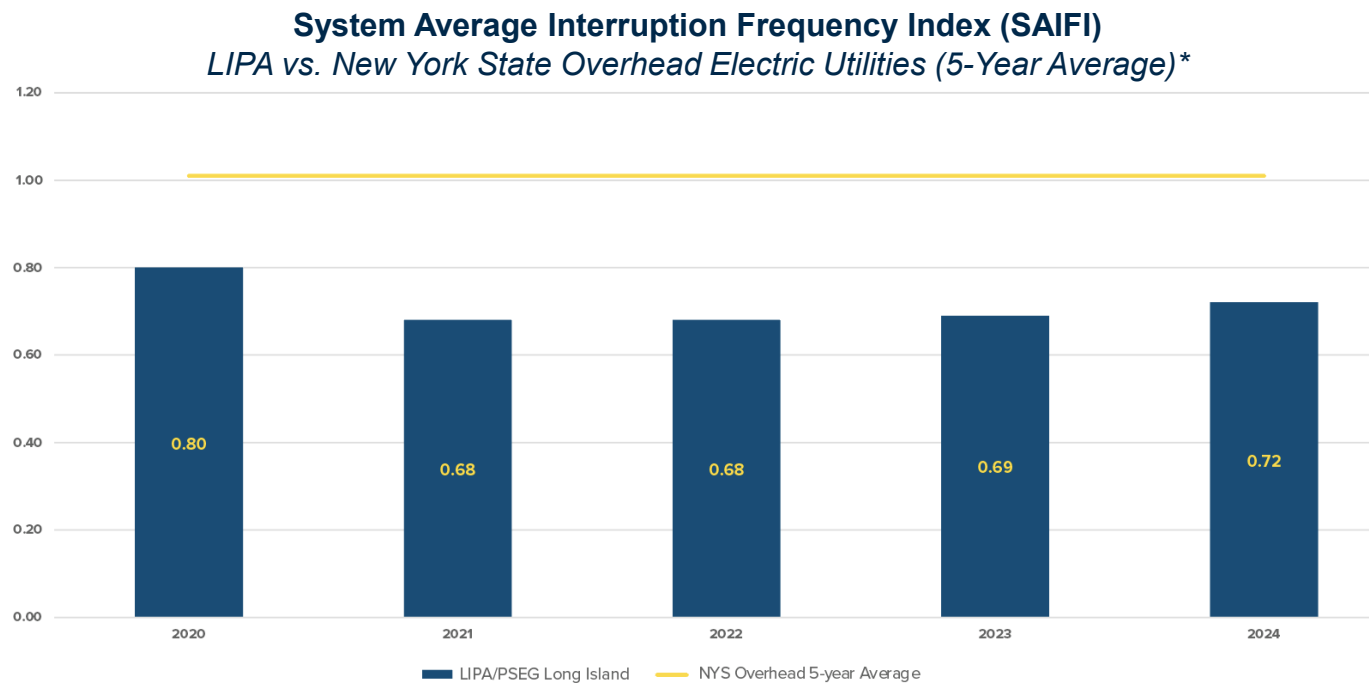
**The New York State Energy Research and Development Authority (NYSERDA) administers Home Electrification Appliance Rebate (HEAR) funding through the Inflation Reduction Act.*

Funding for Low-Income Customer Discounts



Best-in-Class Reliability

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



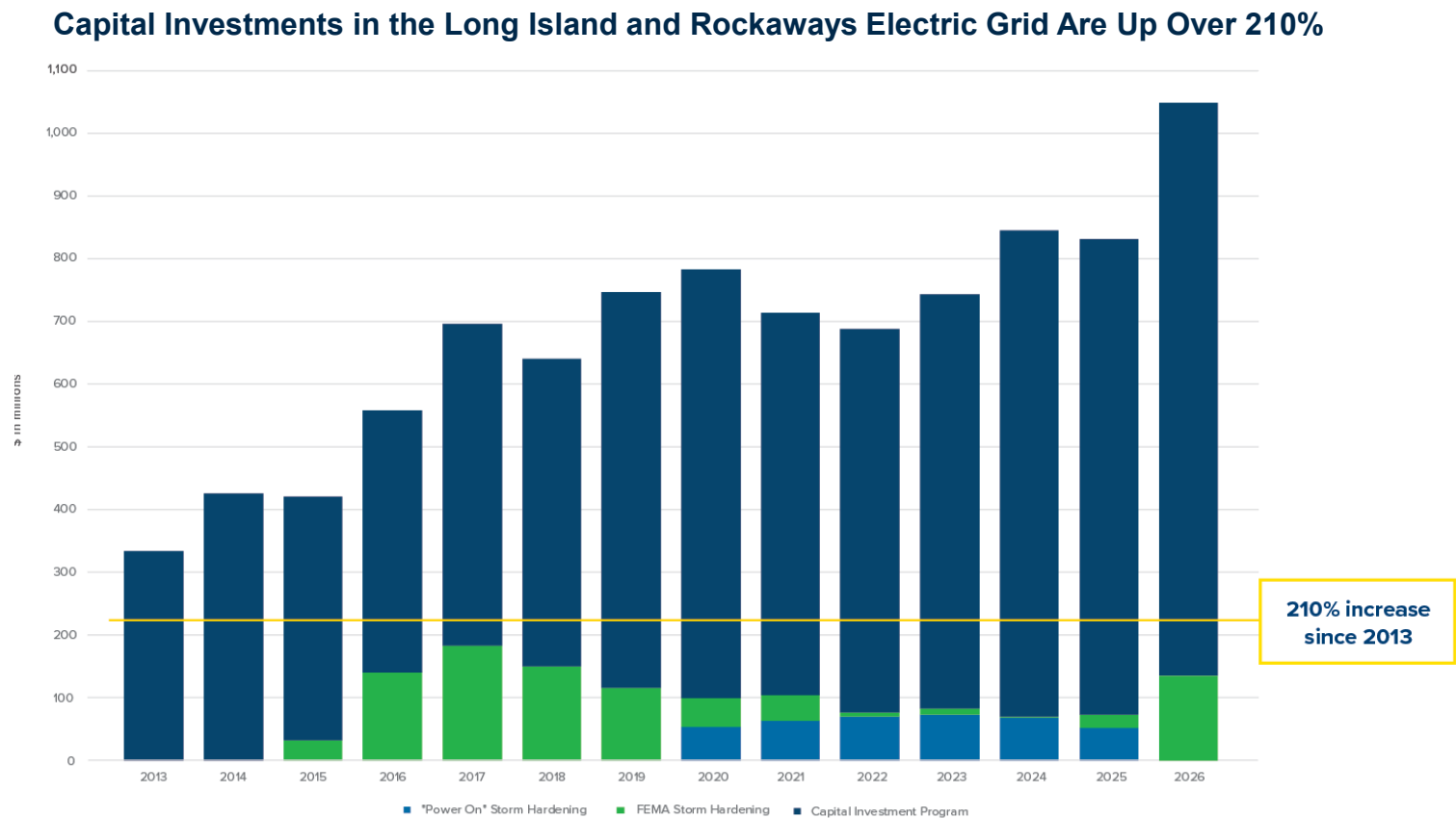
**Excludes Con Edison, which is primarily an underground transmission system.*

Source: [New York State Department of Public Service Electric Reliability Performance Reports](#)



Record Investments

- LIPA is investing over \$1 billion annually to strengthen and transform the electric grid.
- These investments are targeted toward system resilience, clean energy, transmission backbone, customer technology and experience, and modernized rate structures.



Utilizing Status as a Public Power Utility

- A resilient grid means fewer outages, faster recovery, and increased safety during extreme weather events. Federal grants play a vital role in strengthening LIPA’s system and reducing costs for customers.
- LIPA’s status as a public power utility makes it eligible for storm recovery federal grants not available to for-profit utilities. LIPA has received multiple grants to help offset the costs of storm recovery and climate resiliency for its customers, totaling \$1.0 billion.

Summary of FEMA Grants for Storm Recovery Costs and Hardening Programs

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

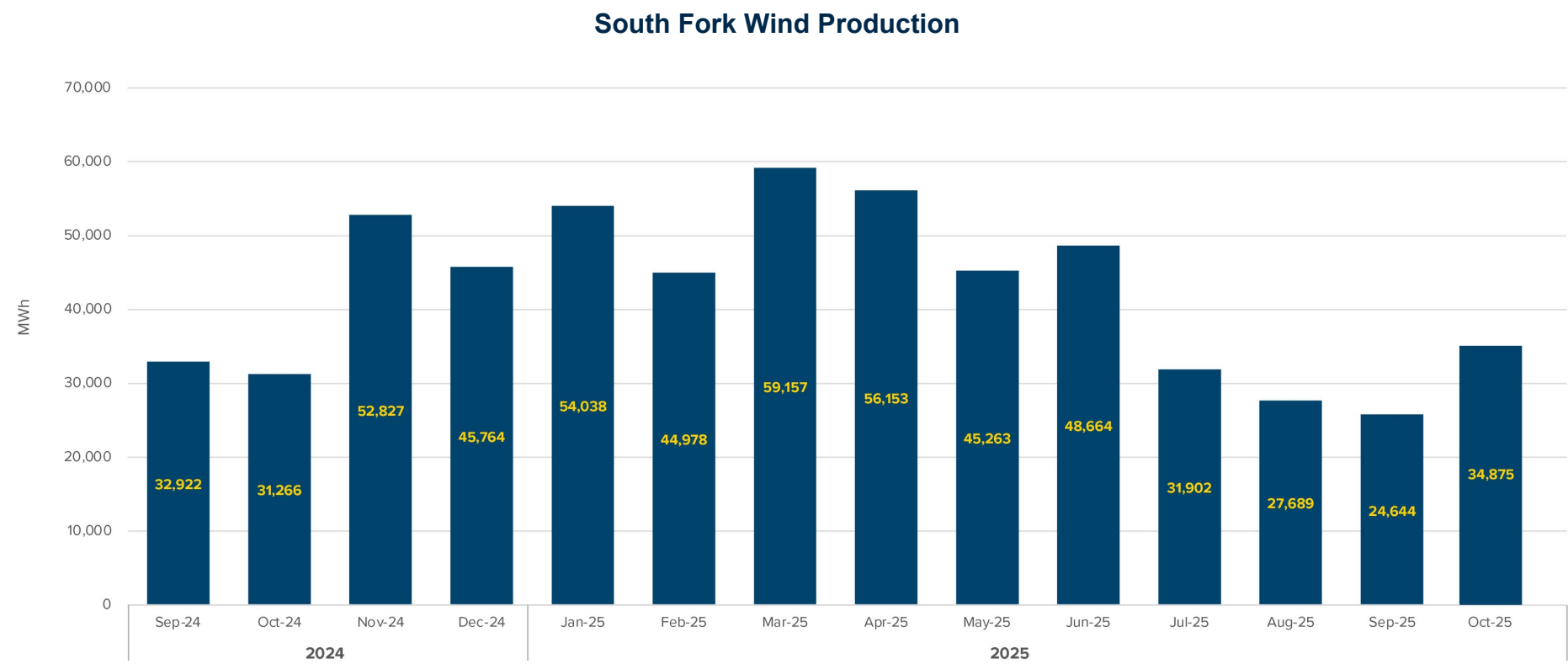
* While \$722M was awarded, LIPA has received approximately \$690M amount to date.

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



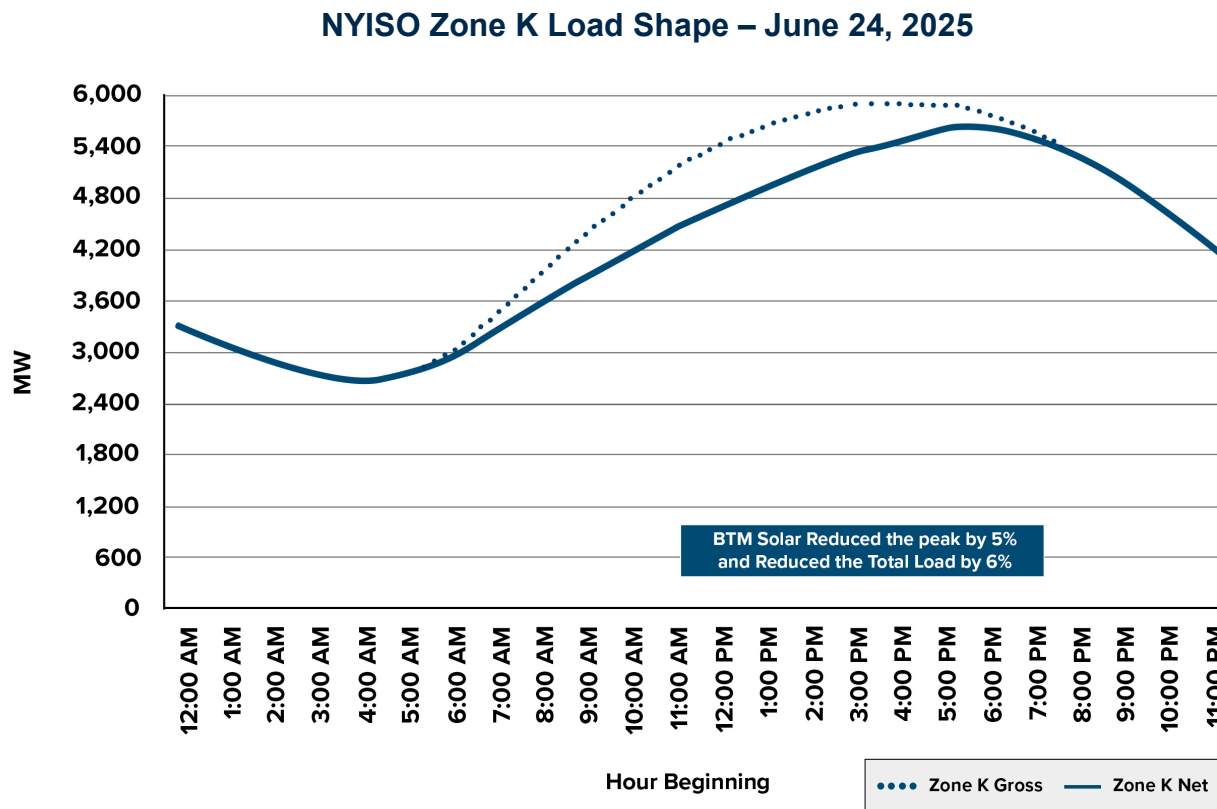
Leading the Way: Offshore Wind

- In its first year of operation, South Fork Wind (132 MW) has proven that offshore wind is a reliable energy source, producing close to forecasted volumes.



A Grid Under Transformation

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






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Budget by the Numbers

2026 Proposed Budget Maintains Fiscal Sustainability

- LIPA’s budgeting process for recovery of debt service plus a fixed obligation ratio has proven effective, leading to five credit rating upgrades since 2013 and stable outlooks from Moody’s Investors Service (Moody’s), Standard and Poor’s Global Ratings (S&P), and Fitch Ratings (Fitch).
- In July 2024, Fitch upgraded LIPA to an **“A+” rating with a stable outlook**, from its previous “A” rating.

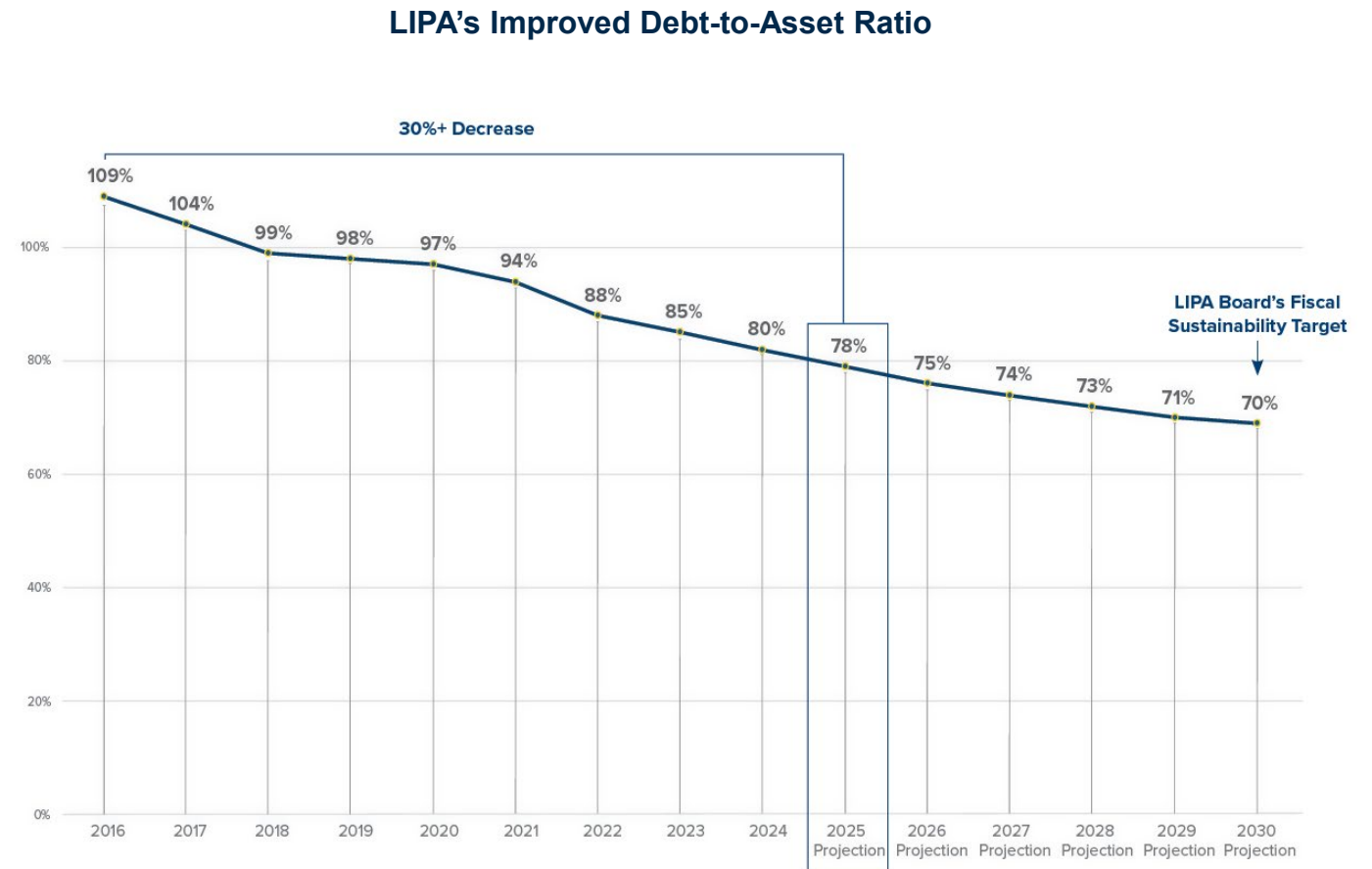
LIPA Continues to Maintain Positive Credit Ratings

	2013 Ratings (Outlook)	2025 Ratings (Outlook)
	A- (Negative)	A (Stable)
	A- (Negative)	A+ (Stable)
	Baa1 (Negative)	A2 (Stable)



2026 Proposed Budget Maintains Fiscal Sustainability

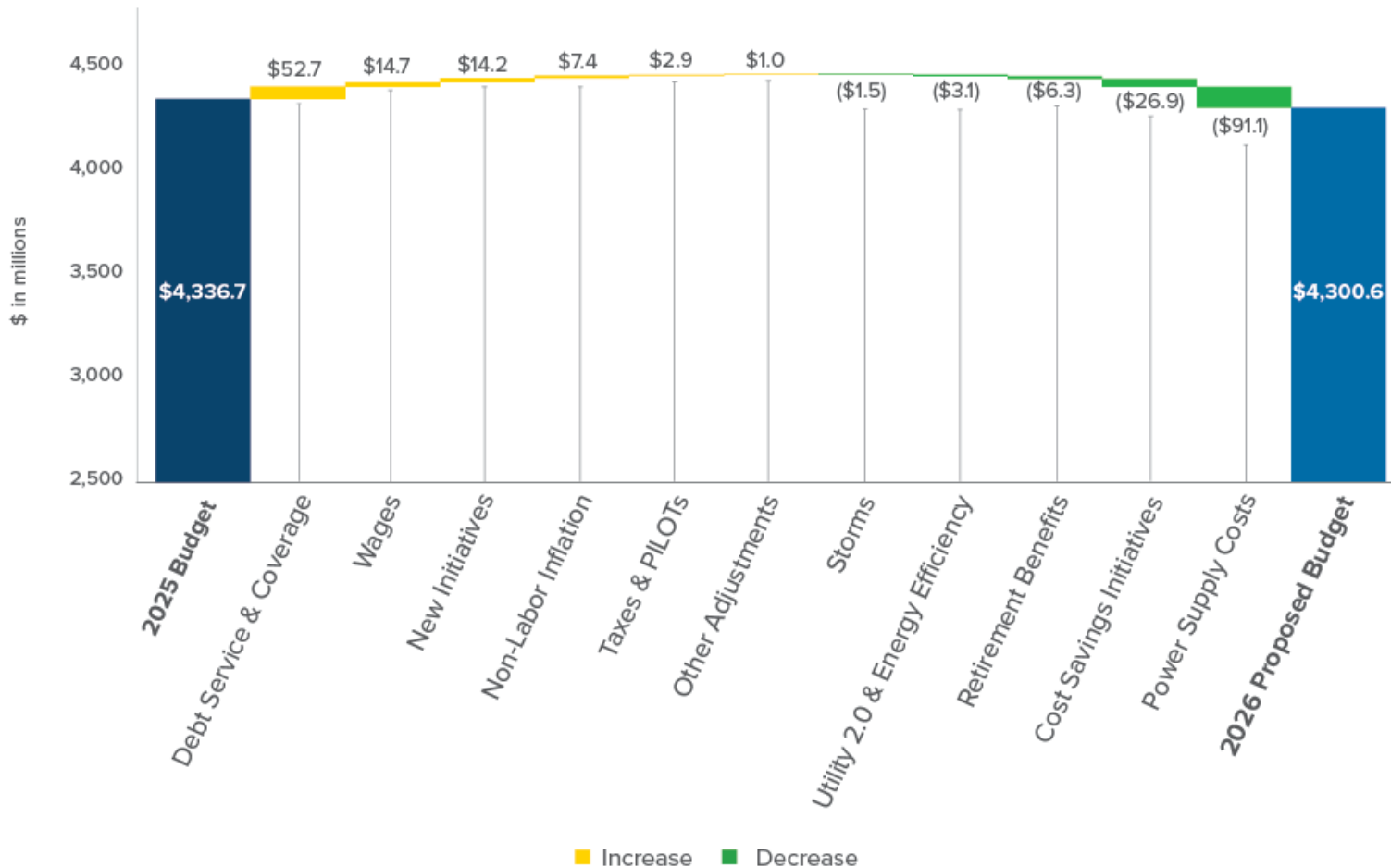
- LIPA is on track to meet the targets set forth in the Board's Fiscal Sustainability Policy (debt-to-asset ratio to 70% or less by 2030) with a projected debt-to-asset ratio of 78% in 2025.
- Achieving a 70% debt ratio, coupled with other credit strengths, should position the Authority for AA-category credit ratings, comparable to other large public power utilities.



Proposed 2026 Operating Revenue Budget

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

Proposed 2026 Operating Revenue Budget as Compared to 2025



Planning for Extreme Weather Events

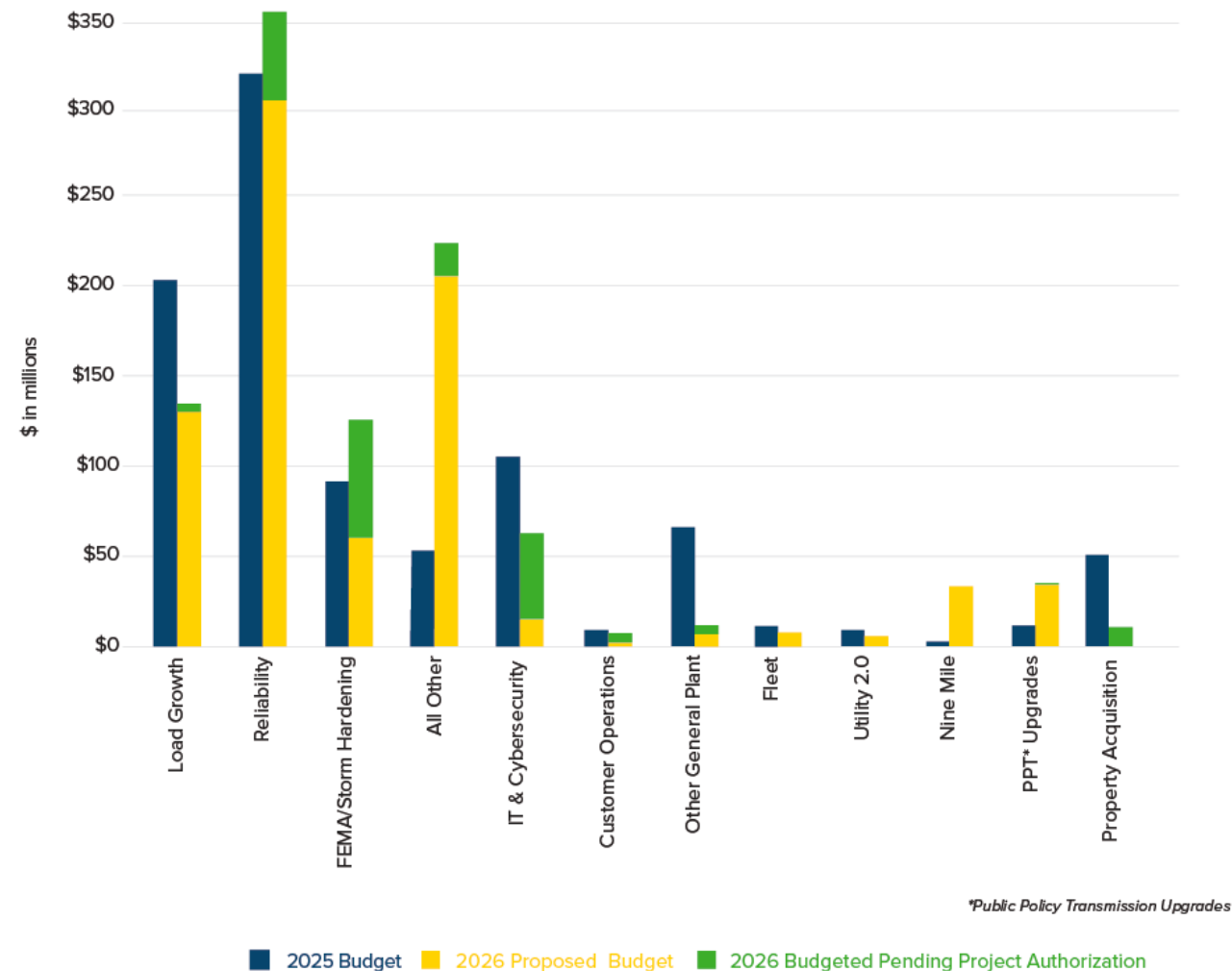
- LIPA’s storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms.
- The proposed 2026 storm budget of \$82 million is \$1.5 million below the 2025 budget level to align with new standards under the extended contract with PSEG Long Island. The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



Proposed 2026 Capital Budget

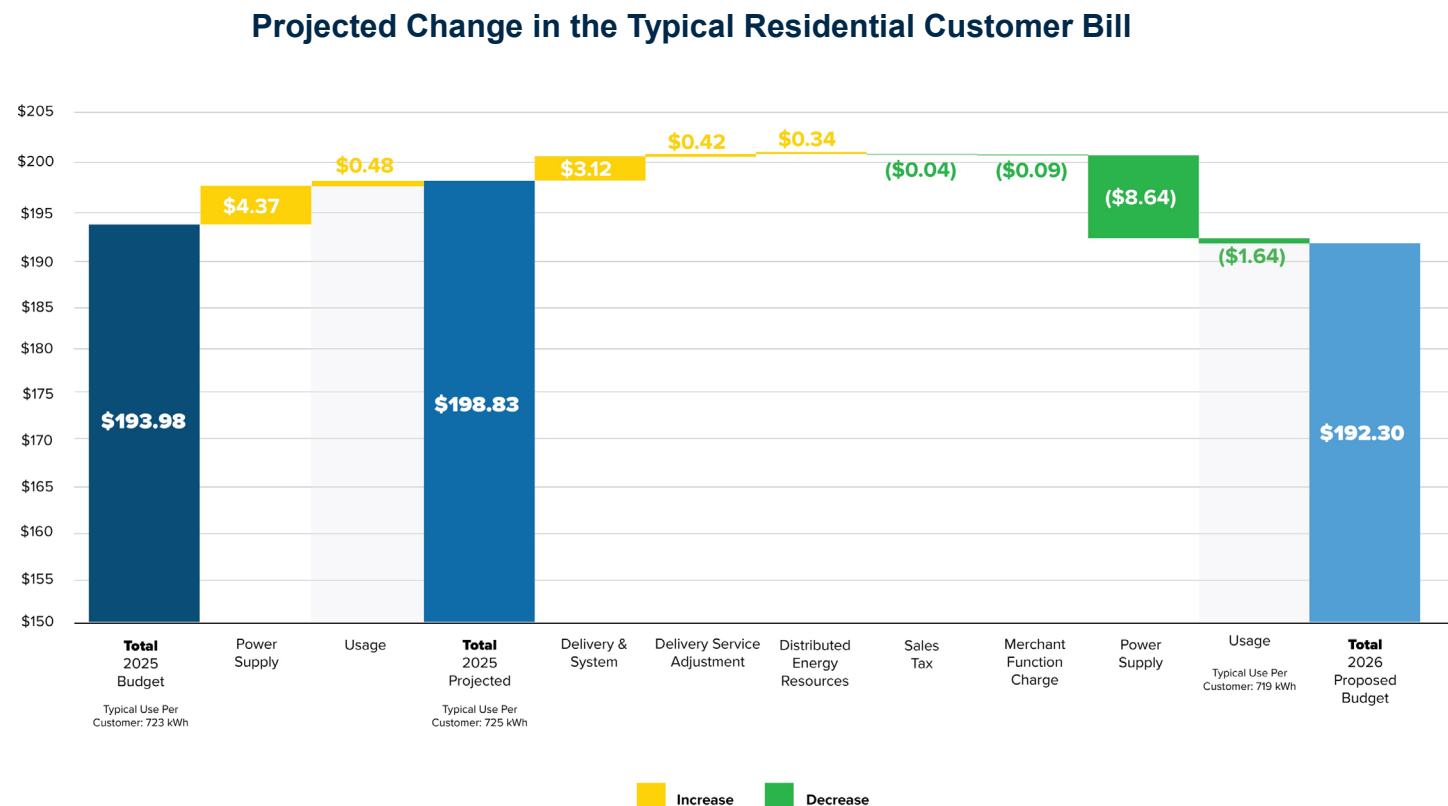
- The proposed 2026 capital budget is \$1.04 billion, an increase of \$30.7 million (3.1%).
- Increase is due to the required refueling costs related to LIPA’s 18% ownership of Nine Mile Point 2 nuclear generating power plant.
- The 2026 capital budget will continue to allow for significant investments in the electric grid, including transmission upgrade projects, a new operations yard, construction of a new transmission control room, pole replacement programs, grid automation projects, and load growth support projects.

Changes in the 2026 Capital Budget as Compared to 2025



Projected Change in Typical Residential Customer Bill in 2026

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



2026 Power Supply Costs

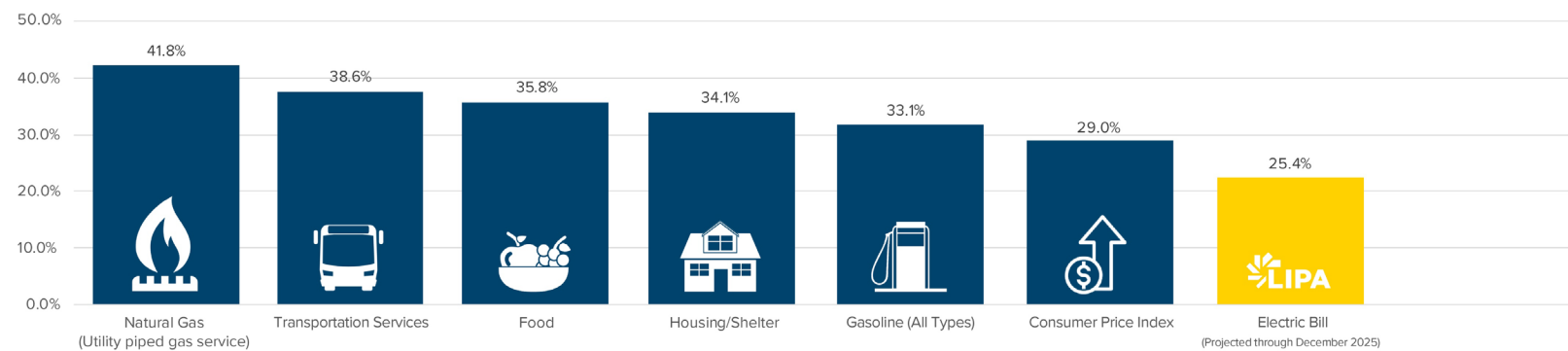
LIPA is projecting lower power supply costs next year, contributing \$8.64 (-4.3%) to the monthly bill impact. Factors contributing to the \$219 million decrease in power supply costs include:

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

Electricity Prices Remain **Below** Inflation

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

Rising Costs of Goods and Services Since 2018



Minimizing Costs to Customers

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

Saving Customers Over a Billion Dollars in 2026 from Operating Lean

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

The background of the slide features a photograph of a wind turbine in the foreground, with its blades partially visible. In the distance, several other wind turbines are scattered across a calm blue sea under a clear sky. Overlaid on the right side of the image are several large, semi-transparent geometric shapes, including rectangles and triangles, in various shades of blue, creating a modern, architectural feel.

Public Comment Sessions

Upcoming Public Comment Sessions

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

- There are opportunities to attend and/or speak at the public comment sessions listed below. To participate virtually, visit lipower.org.
- Submit written comments on the proposed budget to tariffchanges@lipower.org by November 28, 2025.
- The LIPA Board of Trustees will vote on the 2026 Budget at its last meeting of the year on December 17.

Public Comment Session #1 Tuesday, November 18, 2025 – 6 PM	Rockaway YMCA 207 Beach 73rd Street Queens, New York 11692
Public Comment Session #2 Monday, November 24, 2025 – 10 AM	H. Lee Dennison Building, 100 Veterans Memorial Highway, Hauppauge, NY 11788
Public Comment Session #3 Monday, November 24, 2025 – 6 PM	The OMNI Building 333 Earle Ovington Blvd., 4th Floor, Uniondale, NY 11553



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2026 Proposed Metrics

Accountability for Performance

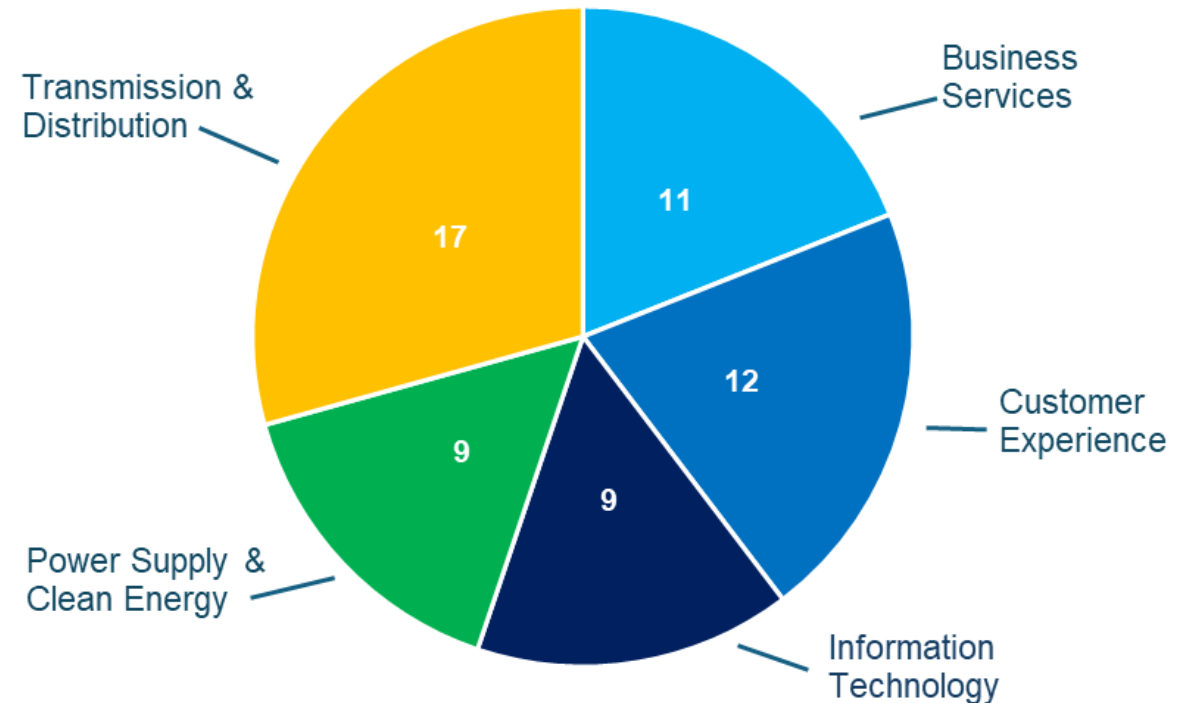
- For 2026, LIPA has proposed **58 Performance Metrics**, which the Department of Public Service independently reviewed and recommended to the LIPA Board.
- The metrics are distributed across all the management services provided to LIPA and its customers.
- Variable compensation dollars are at risk based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

2026 Performance Standards – Summary

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

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

2026 Performance Metrics by Scope



New or Reintroduced Performance Metrics for 2026

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

2026 Performance Metrics – Selected Highlights

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

2026 Performance Metrics – Selected Highlights

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

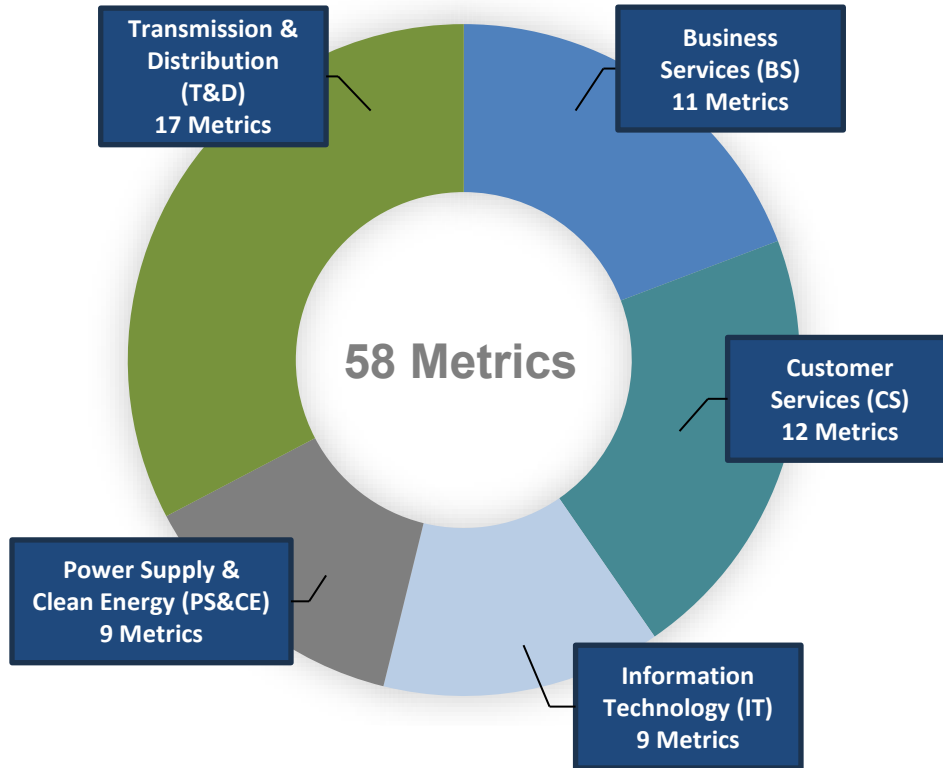


Department
of Public Service

DPS Long Island

**Matter 25-02102 – Recommendations
Regarding LIPA's Proposed 2026 Final
Performance Metrics**

LIPA 2026 Proposed Performance Metrics



* Based on LIPA's submission - 10/01/2025

Allocated Compensation* by Metric Scope Functions

BS	\$3.0M
CS	\$4.0M
IT	\$3.0M
PS&CE	\$2.0M
T&D	\$8.0M
Total	\$20M

*Compensation is in 2021 dollars and not adjusted for inflation

DPS Recommendations

Recommends the adoption of all 58 proposed metrics without modification

- Full consensus between LIPA and PSEG LI

Consistency with IOUs

- Key metrics aligned with IOU metrics
- Targets set at top decile or quartile performance

Reliability targets support high standards

- Stringent targets incentivize improved performance
- Reduced compensation for only incremental improvements
- PSEG LI maintains high performance compared to other IOUs



Questions?



At LIPA, the Power is **Yours**[™]

Proudly serving Long Island and the Rockaways for over 25 years

AN ELECTRIC GRID IN **TRANSFORMATION**

2026 Annual Budget Report

Aerial photo of the south shore of Long Island



PROUDLY SERVING LONG ISLAND AND THE ROCKAWAYS

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



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



CEO MESSAGE



Photo Courtesy of Bob Giglione, Long Island Press



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

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

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

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

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

Carrie Meek Gallagher

Carrie Meek Gallagher
Chief Executive Officer

ABOUT LIPA

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

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

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

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

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

Purpose

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

Vision

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

To achieve our vision, LIPA will:

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

Values

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

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



FAST FACTS



Customers

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



Energy Requirements

19,884,053 megawatt-hours



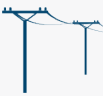
2025 Peak Demand

5,616 megawatts



Historic Peak Demand

5,915 megawatts (2011)



Distribution System

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



Substations

Transmission: 29
Distribution: 157



Transmission System

Miles overhead: 1,007
Miles underground: 412



2026 Proposed Budget

Operating: \$4.4 billion
Capital: \$1.0 billion

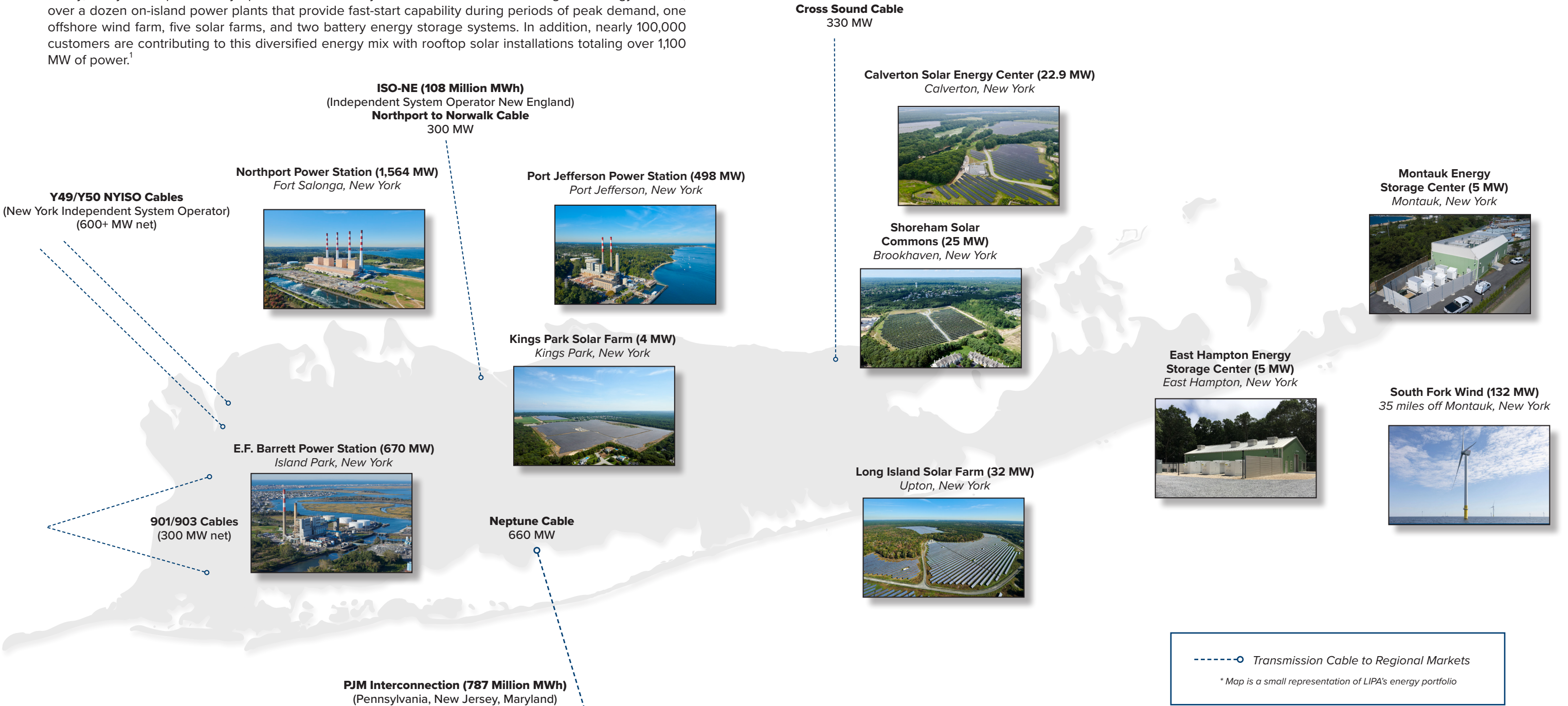


OUR ELECTRIC GRID

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

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

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



¹ Latest data available as of Q2 2025.

BOARD OF TRUSTEES

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

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



Tracey Edwards
Chair



Valerie Anderson Campbell
Vice Chair



Vanessa Baird-Streeter
Trustee



Anthony La Pinta
Trustee



Claudia Lovas
Trustee



Dominick Macchia
Trustee



Mili Makhijani
Trustee



David Manning
Trustee



Mary Ellen Mendelsohn
Trustee



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

STRATEGIC DIRECTION & KEY POLICY OBJECTIVES

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

Figure 1: Key Policy Objectives

TRANSMISSION & DISTRIBUTION OPERATIONS

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

CLEAN ENERGY & POWER SUPPLY

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

CUSTOMER EXPERIENCE

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

CUSTOMER VALUE, AFFORDABILITY, & RATE DESIGN

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

INFORMATION TECHNOLOGY & CYBERSECURITY

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

FISCAL SUSTAINABILITY

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

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

EXECUTIVE MANAGEMENT

Leading with Experience

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

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



Carrie Meek Gallagher
Chief Executive Officer



Bobbi O'Connor
General Counsel and Board Secretary



Greg Flay
Chief Information Officer



Donna Mongiardo, CPA
Chief Financial Officer



Werner Schweiger
Acting Chief Operating Officer



Kenneth Kane, CPA
Senior Vice President,
Investment Planning



Gary Stephenson
Senior Vice President, Power Supply



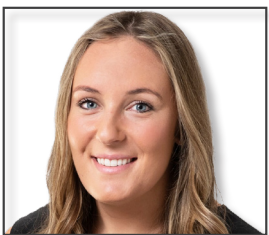
Barbara Ann Dillon, Esq., PHR
Senior Advisor, Human Resources
and Administration



Tom Locascio
Vice President, Corporate Affairs
and Chief of Staff



Robyn Fellrath
Special Assistant to the CEO



Jen Hayen
Director of Communications



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

SECTION I

OPERATIONAL HIGHLIGHTS



OPERATIONAL PERFORMANCE OUTLOOK

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

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AFFORDABILITY IN A HIGH-COST REGION

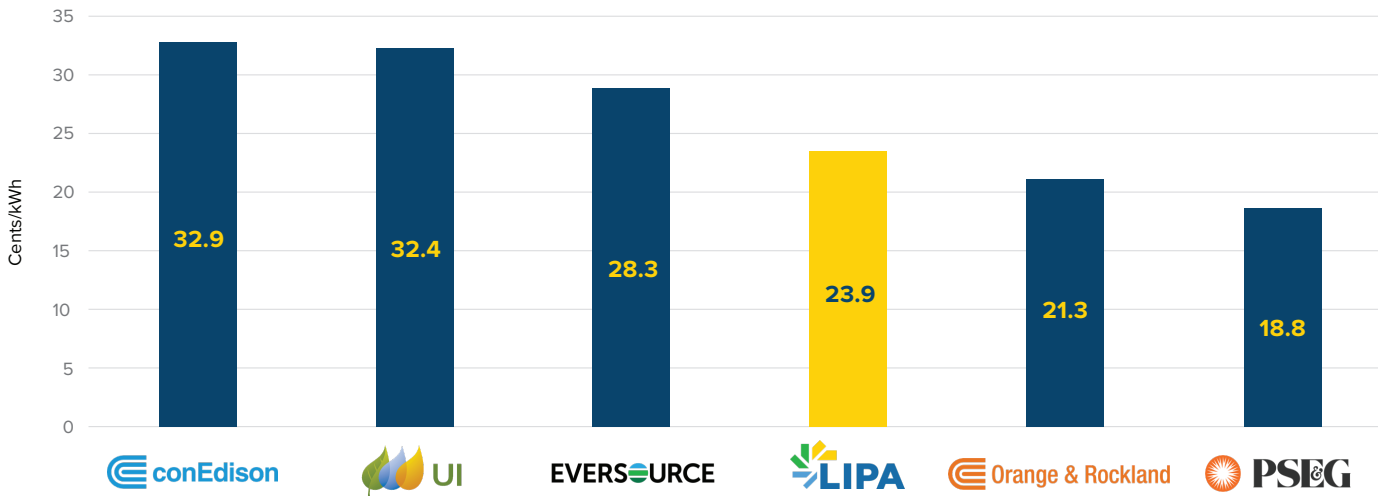
Electric bills in the Northeast and Mid-Atlantic have risen by nearly 22% since 2022, outpacing general inflation by seven percentage points.² With diligent planning, LIPA has managed to keep increases below inflation and maintain competitive electric rates, compared to other regional utilities, as shown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

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

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

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

Figure 2: 2025 System Average Rates*



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

Assistance for Vulnerable Customers

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

LIPA has set a goal for PSEG Long Island to expand participation in the low- to moderate-income discount program to approximately 50,000 participants by the end of 2026. Additional financial assistance includes enhanced heat pump incentives of up to \$11,000 for low-income households, which may be paired with Inflation Reduction Act rebates (administered by the New York State Energy Research and Development

Authority) of up to \$8,000 for energy-efficient installations.³ LIPA also provides enhanced support for low-income households to improve the energy efficiency of their homes, and households that participate can receive personalized energy audits.

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

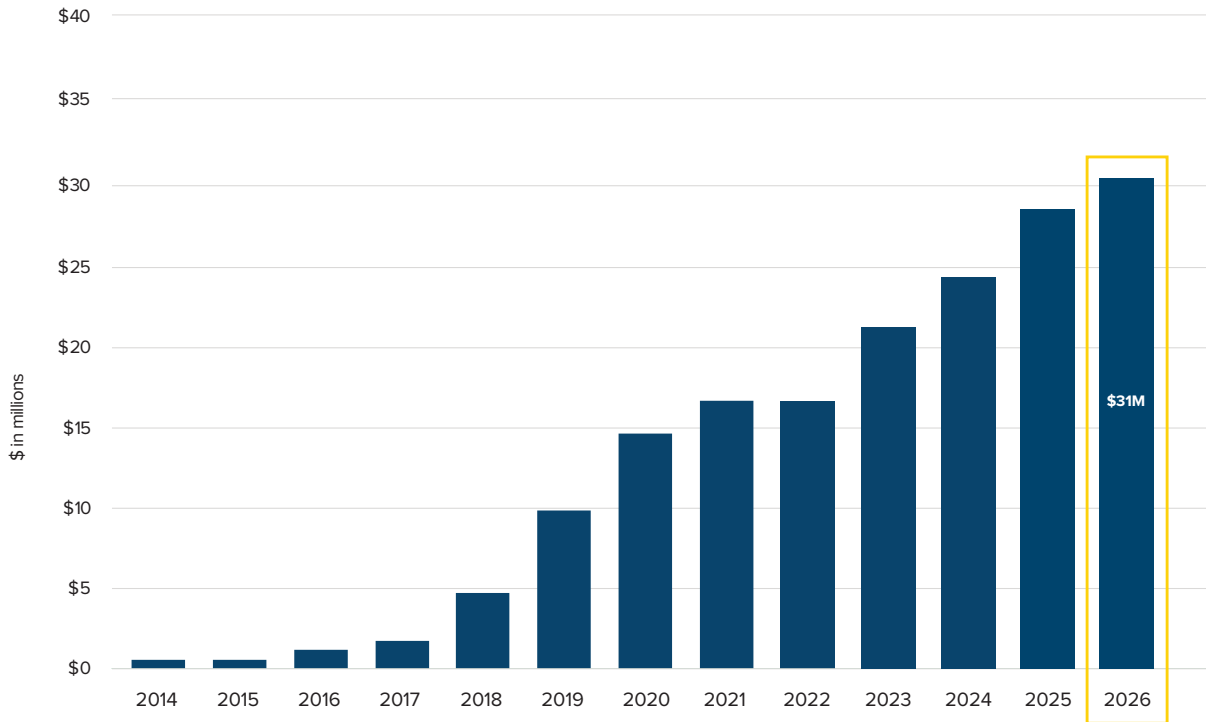
LIPA has also budgeted approximately \$2.5 million to support New York State Homes and Community Renewal, which administers a Weatherization Assistance Program (WAP) across the state. In addition to this support, low-income households are eligible to participate in the PSEG Long Island Residential Energy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

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

Additional initiatives include:

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

Figure 3: Funding for Low-Income Customer Discounts



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

² Source: Energy Information Agency



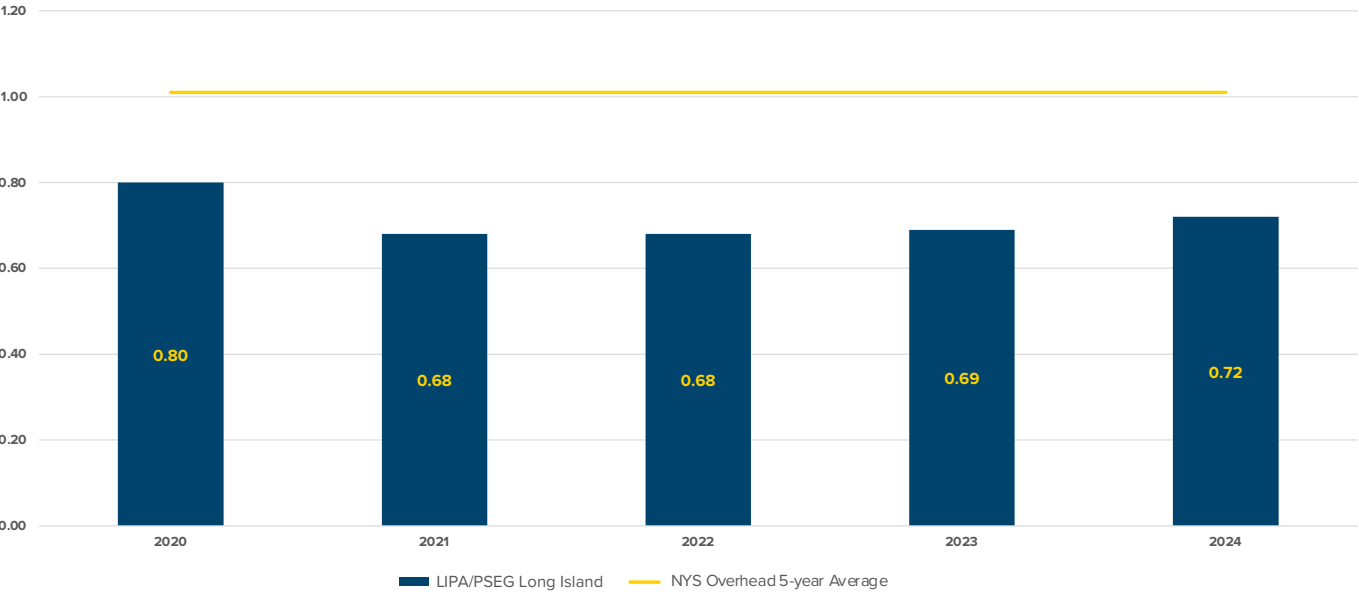
BEST-IN-CLASS RELIABILITY

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

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

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

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



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

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



PSEG Long Island crews performing storm hardening work.

Photo courtesy of PSEG Long Island

RECORD INVESTMENTS

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

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

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

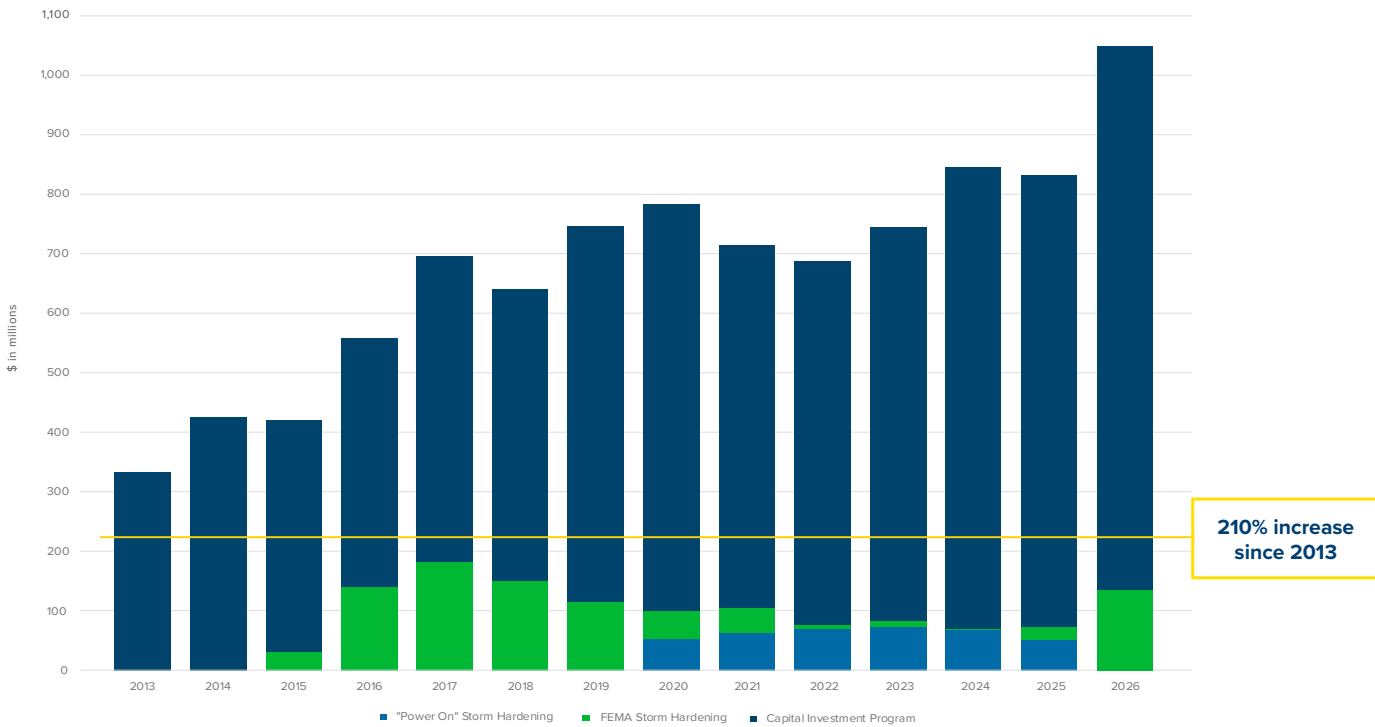
Transmission Backbone: Upgrading the transmission backbone to increase grid flexibility with projects like Propel NY Energy, which will add two new high-voltage interties connecting Long Island to New York City and Westchester County.

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

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

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

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



VALUE OF PUBLIC POWER

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

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

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

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

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

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

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

LEADING THE WAY: OFFSHORE WIND

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

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

Figure 7: South Fork Wind Production

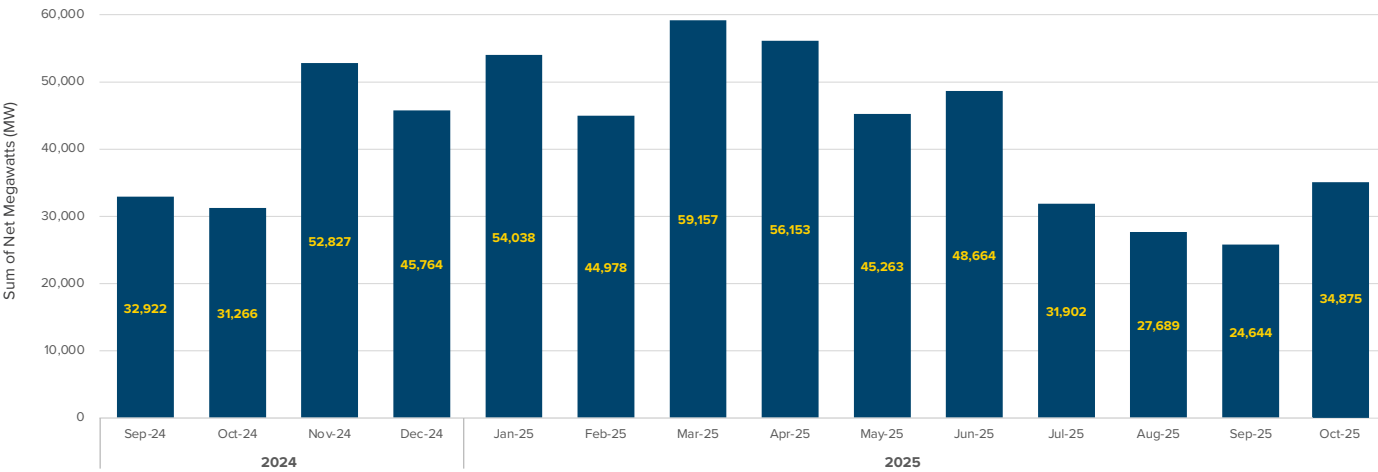


Photo courtesy of Ørsted

A GRID UNDER TRANSFORMATION

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

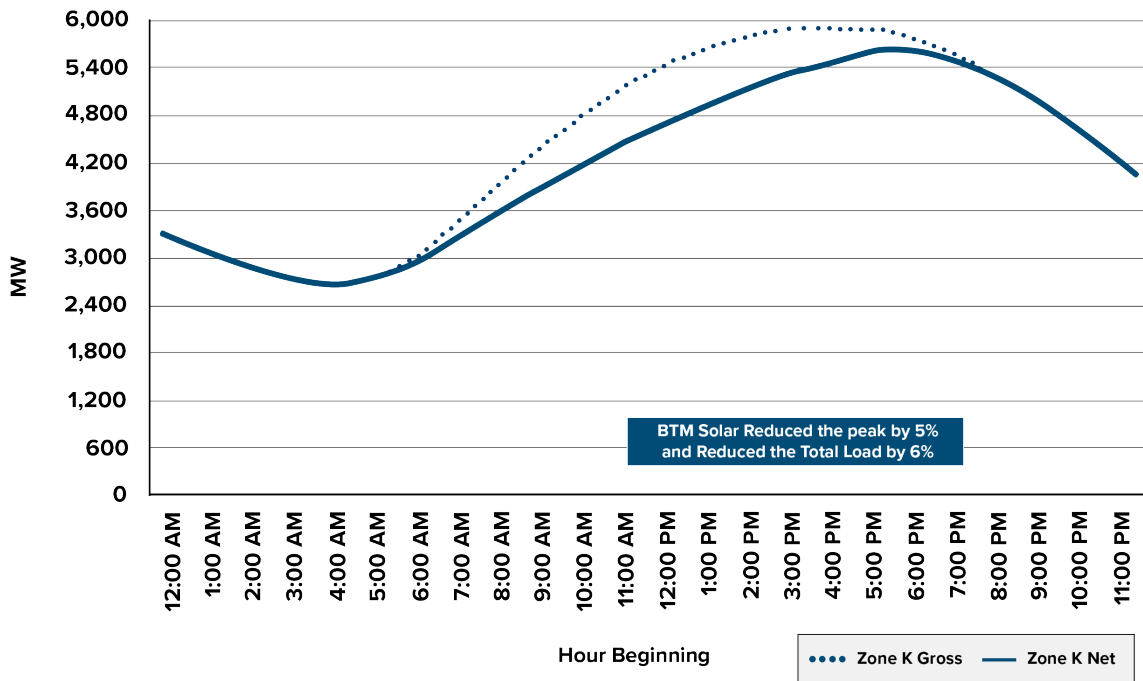
On June 24, 2025, Long Island reached its highest peak in over a decade during a heat dome with 5,616 MW. Distributed, behind-the-meter (BTM) solar reduced the peak by 5% (283 MW) and the total load by 6%, as shown in Figure 8.

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

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

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

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



* BTM solar data source is “estimated actuals”



Paradise Point, Peconic Bay



SECTION II

BUDGET BY THE NUMBERS

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OUR FINANCIAL ROLE

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

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

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

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

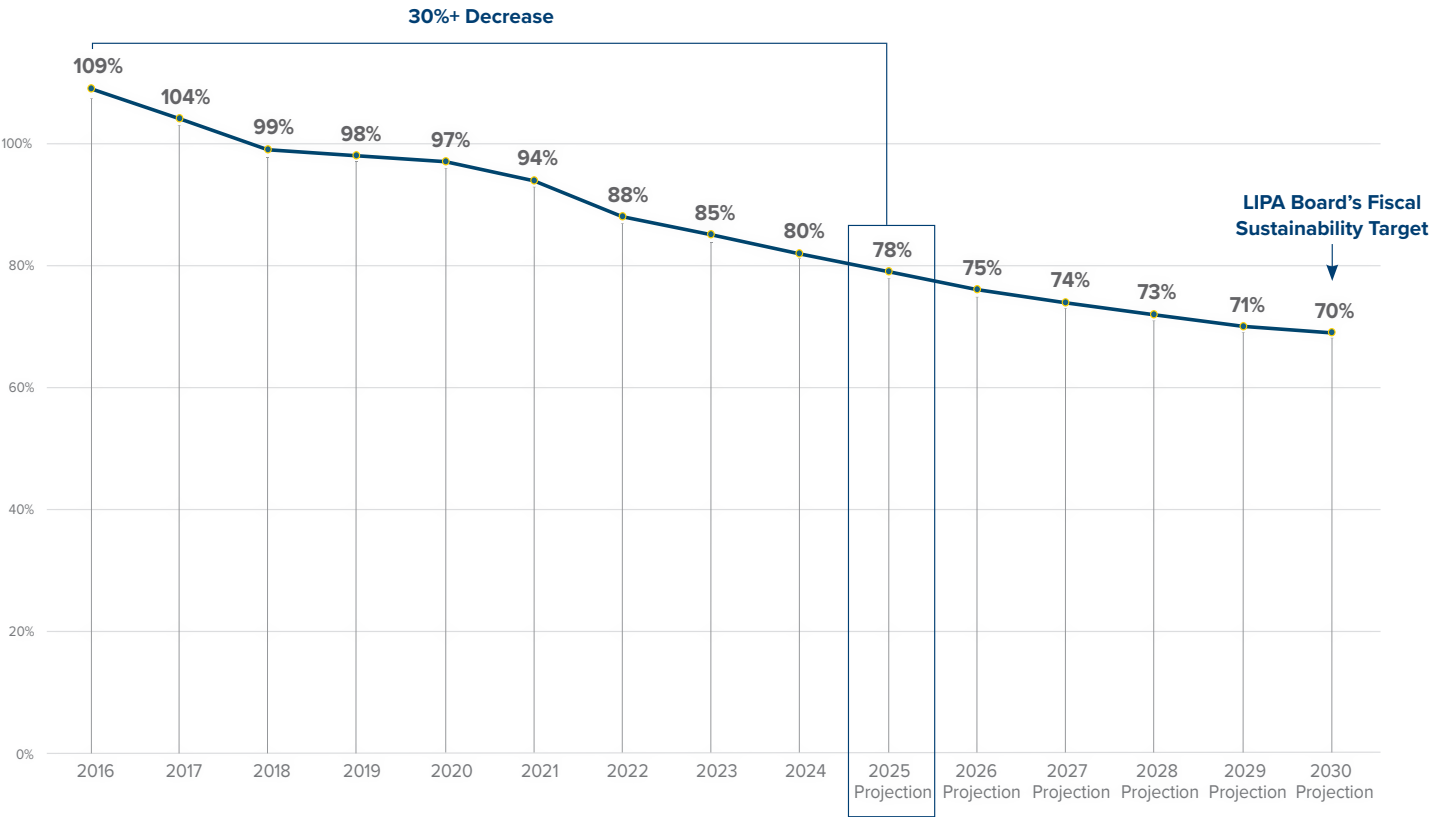
Fiscal Sustainability

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

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

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

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



Improving LIPA's Credit Ratings

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

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

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

Figure 10: LIPA Continues to Maintain Positive Credit Ratings

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

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

These include:

Series 2025A: ~\$425 million in electric system general revenue bonds (fixed rate bonds).

- Refunded certain Series 2015B Bonds for a net present value debt service savings of \$5.4 million.
- Funded ~\$151 million of system improvements.

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

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



Reducing Costs Through the Utility Debt Securitization Authority

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

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

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

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

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

HOW ARE BUDGETS DEVELOPED?

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

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

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

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

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

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

Budgetary Risks

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

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

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

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

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

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

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



ENTERPRISE RISK MANAGEMENT

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

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

PROPOSED 2026 BUDGET

The proposed 2026 budget consists of an operating budget of \$4.4 billion and a capital budget of \$1.0 billion. The operating budget, shown in Figure 11, funds the delivery and power supply costs, energy efficiency and distributed energy programs, taxes, and debt service (and related coverage).

Figure 11: Proposed 2026 Operating Budget

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

Figure 12: Proposed 2026 Capital Budget

2026 Proposed Operating Budget
(\$ thousands)

Operating Revenues	\$ 4,300,628
Grant & Other Income	87,006
Total Revenue & Income	\$ 4,387,634
Power Supply Costs	\$ 1,825,273
Delivery Costs	942,061
PILOTs, Taxes & Fees	509,352
Interest Payments	426,222
Debt Reduction	684,726
Operating Budget	\$ 4,387,634
Fixed Obligation Coverage	
LIPA Debt Plus Leases	1.40x
LIPA & UDSA Plus Leases	1.27x

2026 Proposed Capital Budget
(\$ thousands)

Capital Projects	\$ 878,894
Nine Mile Point 2	34,565
FEMA & PSEG Long Island Storm Hardening	123,164
Capital Budget	\$ 1,036,623
Funding from Operating Budget	\$ 325,419
FEMA Grants	110,516
Debt Issued to Fund Projects	600,688
Funding Sources	\$ 1,036,623

Percent of Capital Projects Funded from Debt 58%



2026 PROPOSED OPERATING BUDGET

What is an Operating Budget?

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

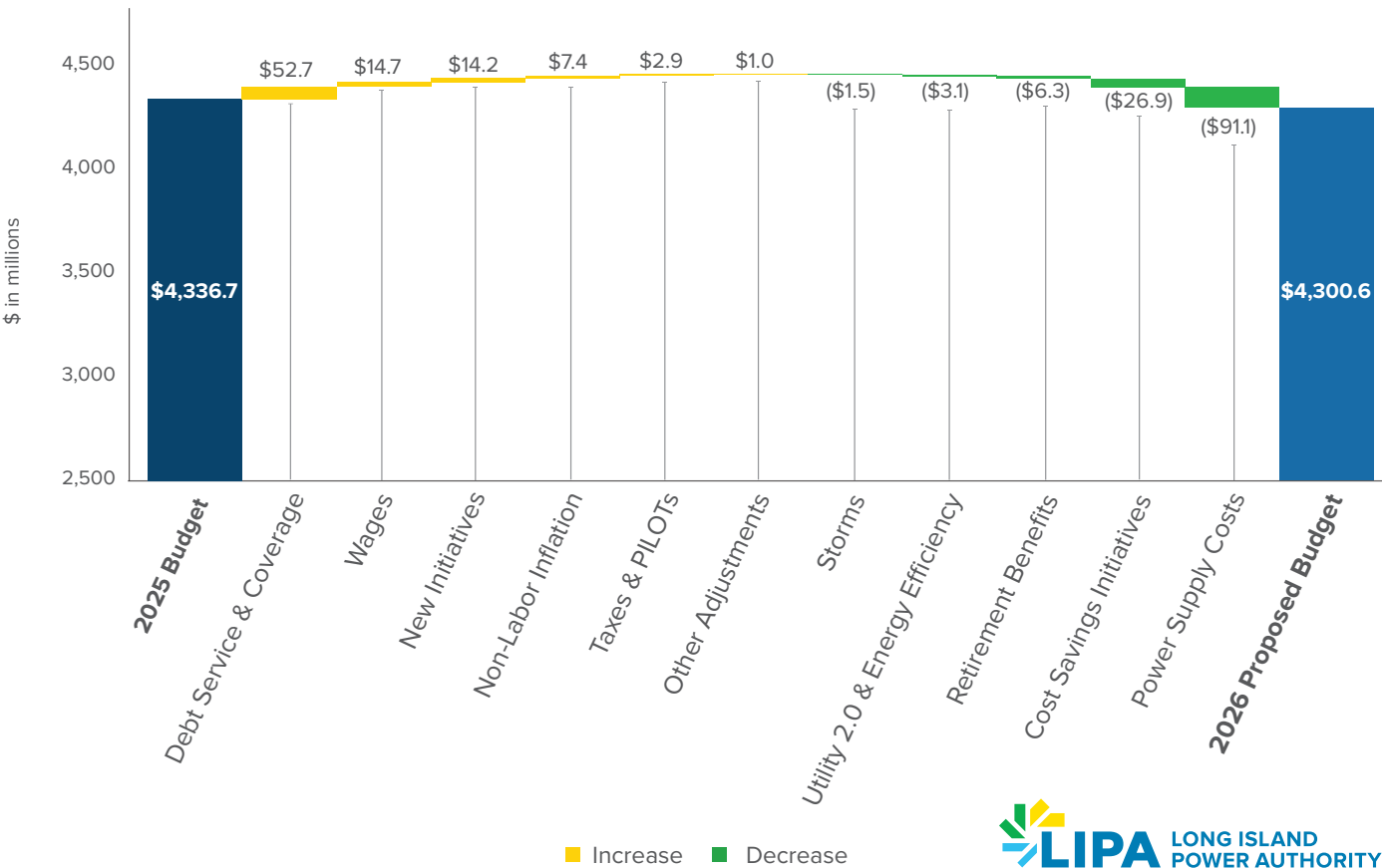
Operating Budget Changes

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

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

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

Figure 13: Proposed 2026 Operating Budget as Compared to 2025



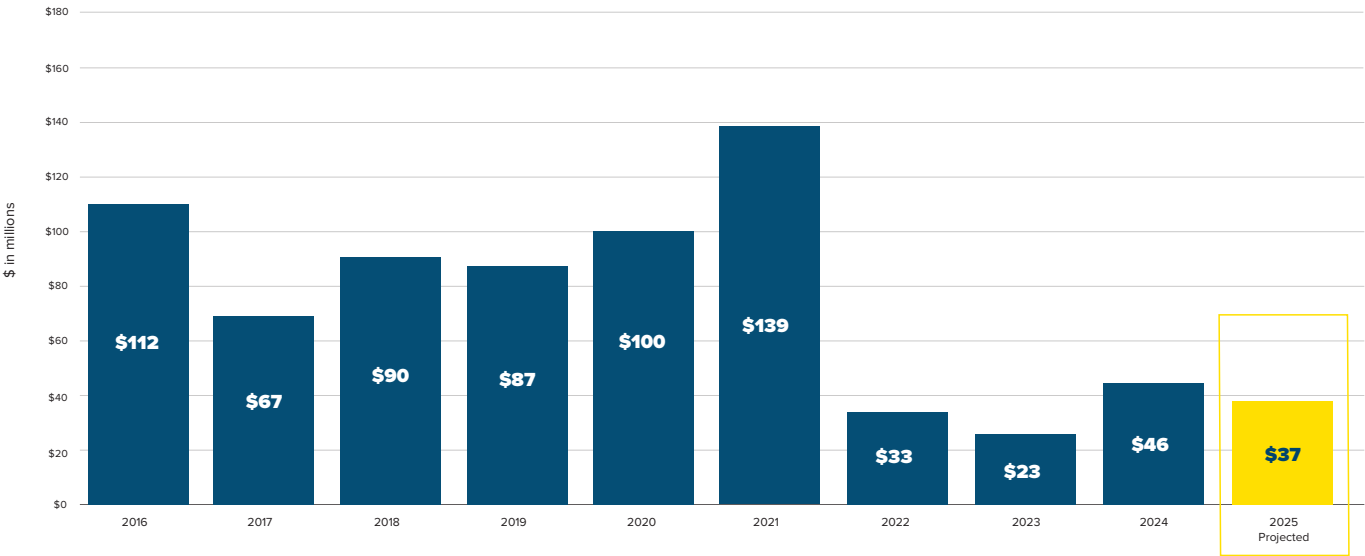
Changes in Major Categories of the 2026 Proposed Operating Budget

New Initiatives	New Initiatives are budgeted at \$14.2 million for 2026, including planning for new information technology systems, business continuity plans, continued support for the transition to Time-of-Day rates, and additional procurement services.
Wages	Wages are projected to increase by \$14.7 million (3.0%) in 2026.
Non-Labor Inflation	Based on projected inflation, non-labor expenses are budgeted to increase by \$7.4 million (2.7%) in 2026.
Retirement Benefits	Employee retirement benefits (including pensions and post-employment benefits) are budgeted to decrease by \$6.3 million. Amounts are calculated on an actuarial basis (updated annually) and can be volatile due to market conditions. As such, these costs are subject to reconciliation under LIPA’s Delivery Service Adjustment.
Debt Service Requirements and Coverage	Debt service payments and related coverage (i.e., the cash contribution to capital projects in lieu of issuing debt) are budgeted to increase by \$52.7 million (4.6%) in 2026. This is comprised of an increase in debt service payments, including other interest costs of \$29.7 million, a corresponding increase in associated fixed-obligation coverage of \$20.6 million, and lower estimated investment earnings of \$2.4 million.
Storm Budget	LIPA’s storm budget funds the preparation, response, and repairs necessary to restore electric service after major storms. For 2026, the storm budget of \$82.0 million is \$1.5 million below the 2025 budget level to align with new standards under the extended contract with PSEG Long Island. As shown in Figure 14, storm costs can vary significantly from year to year, depending upon the severity of weather events.
Utility 2.0 & Energy Efficiency	Utility 2.0 and Energy Efficiency funding supports programs designed to promote energy efficiency, clean energy, and beneficial electrification. The budgets are based on an annual filing made by PSEG Long Island with LIPA and the Department of Public Service each year in July. The Utility 2.0 and Energy Efficiency budget will decrease by \$7.7 million (7.6%) in 2026 with more funding shifted to residential programs. Offsetting that decrease is an additional \$4.6 million for LIPA’s ongoing clean energy initiatives. <ul style="list-style-type: none">Approximately \$2.0 million collected in the 2025 budget related to certain New York State Energy Research and Development Authority programs will be deferred for use in 2026.
Cost Savings Initiatives	PSEG Long Island will maintain its operating expenses at \$698 million in 2026 through productivity and other cost-saving initiatives.



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

Figure 14: LIPA Storm Costs (in \$ millions)



Note: Storm costs normalized for Tropical Storm Isaias

Photo courtesy of PSEG Long Island

2026 PROPOSED CAPITAL BUDGET

What is a Capital Budget?

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

Capital Budget Changes

As shown in Figure 15, the proposed 2026 capital budget is \$1.04 billion, an increase of \$30.7 million (3.1%) due to the required refueling costs related to LIPA's 18% ownership of the Nine Mile Point 2 nuclear power facility.

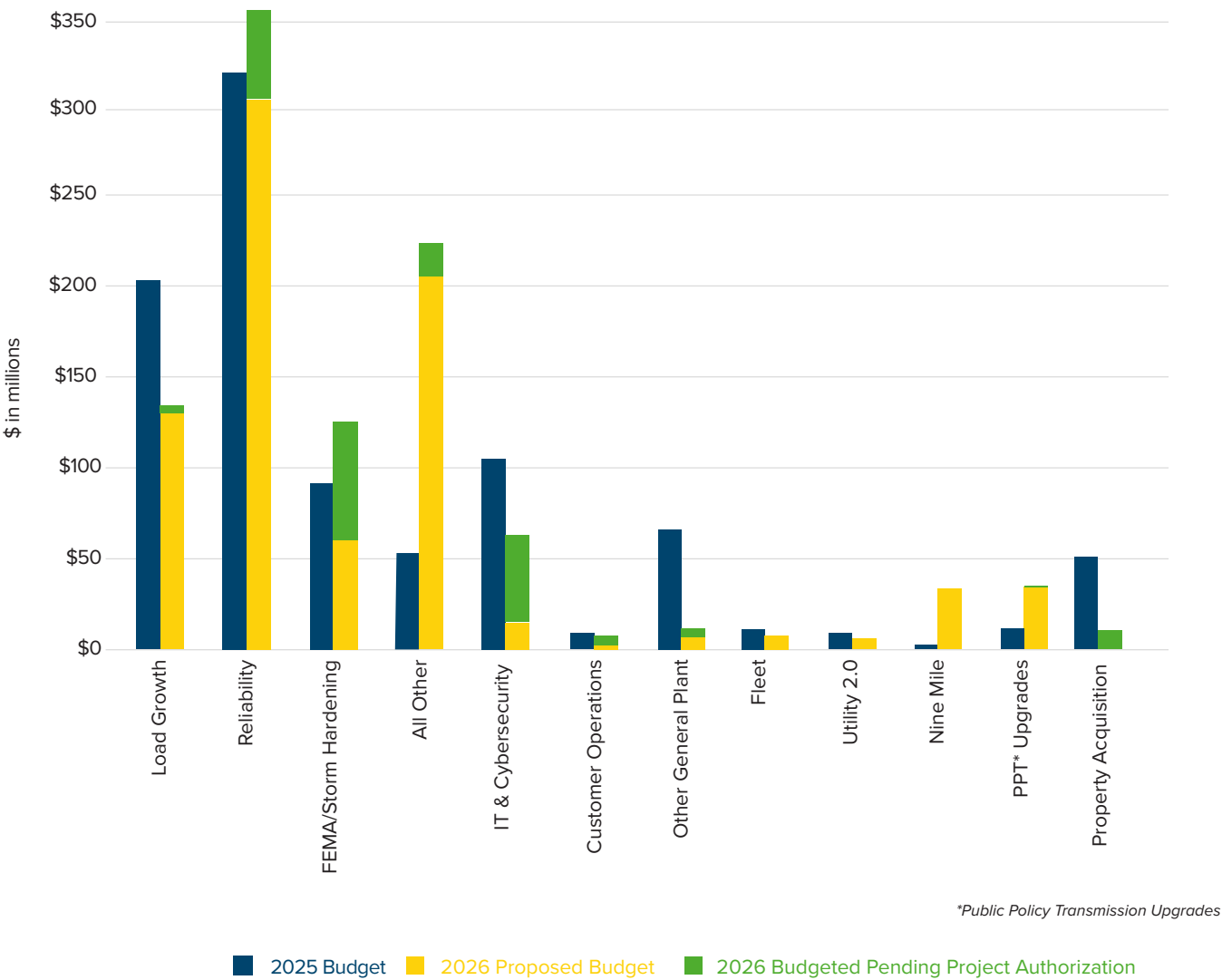
The proposed 2026 capital budget continues significant investments in the electric grid to enhance reliability, resiliency, and information technology systems. Key initiatives for 2026 include transmission upgrade projects, a new operations yard, a facility operations replacement, pole replacement programs,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

The budget includes \$220.0 million for pending project authorizations. This category represents projects that LIPA expects to be budgeted within the PSEG Long Island capital budget; however, LIPA is either awaiting additional project information or the project is dependent on external factors, such as market values related to property acquisitions. As LIPA obtains sufficient information to determine whether the budget is reasonable or acquisition costs are known, amounts will be transferred to the PSEG Long Island budget. These pending project authorizations primarily relate to transmission and distribution system initiatives (\$140.3 million), information technology and cybersecurity (\$52.1 million), customer service projects (\$5.4 million), other general plant (\$6.8 million), and property acquisition (\$14.9 million), as detailed in Section III.

The 2026 PSEG Long Island budget also includes \$122.8 million for the hazard mitigation program, which is largely funded by FEMA. Projects like this, undertaken after Superstorm Sandy, have shown valuable improvements to system reliability when compared to unmitigated sections of the electric grid. This program includes strengthening transmission crossings over area highways and replacing approximately 770 poles in low- to moderate-income neighborhoods across LIPA's service territory (scheduled for completion by the end of 2026).

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

Figure 15: Proposed 2026 Capital Budget as Compared to 2025



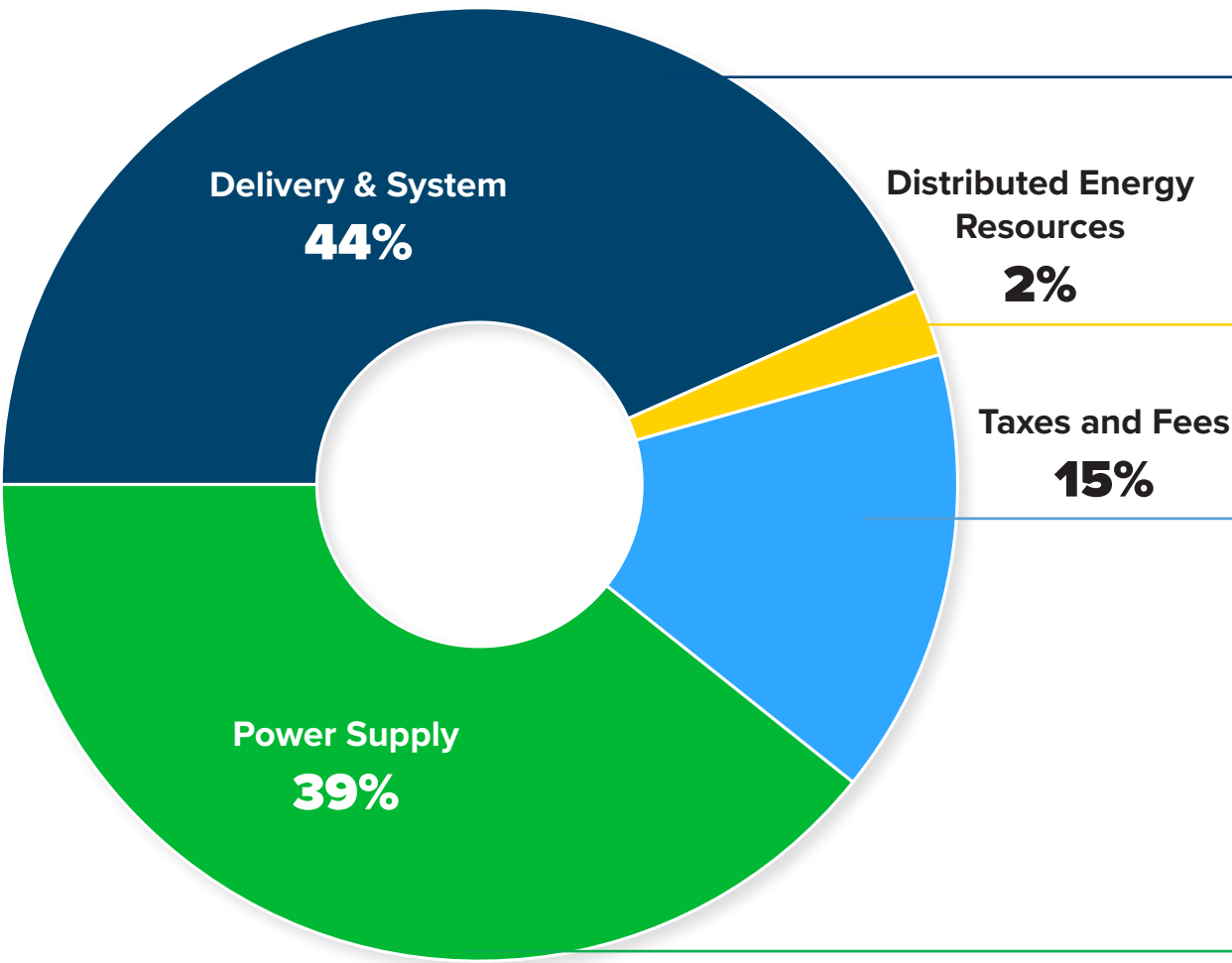
WHAT MAKES UP YOUR ELECTRIC BILL

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

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

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

Figure 16: 2026 Proposed Electric Bill Breakdown



Delivery & System

- Delivery & System:** PSEG Long Island operations and maintenance (O&M), LIPA O&M, and debt service minus other income
- *Billing Factor:* kWh and number of days
- Delivery Service Adjustment:** If applicable, variances in debt service, storm expense, pensions, and OPEBs
- Revenue Decoupling Mechanism:** Variances in revenues
- *Billing Factor:* % of delivery revenues

Distributed Energy Resources

- Distributed Energy Resources:** Utility 2.0 and energy efficiency program expenses
- *Billing Factor:* kWh

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

- New York State Assessment:** Department of Public Service and other government assessments
- *Billing Factor:* % of delivery revenues
- Suffolk Property Tax Adjustment:** Settlement costs from Suffolk County customers
- Revenue-Based PILOTs:** Revenue taxes are assessed by state and local municipalities
- Sales Tax:** Collected on behalf of New York State, Suffolk County, Nassau County, and Queens County
- *Billing Factor:* % of above charges

Power Supply

- Power Supply & Merchant Function Charge:** Power supply capacity, commodity, and renewables, as well as other costs related to power supply (bad debt, collections expenses, procurement, and working capital)
- *Billing Factor:* kWh and number of days

Projected Electric Bills for 2025

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

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

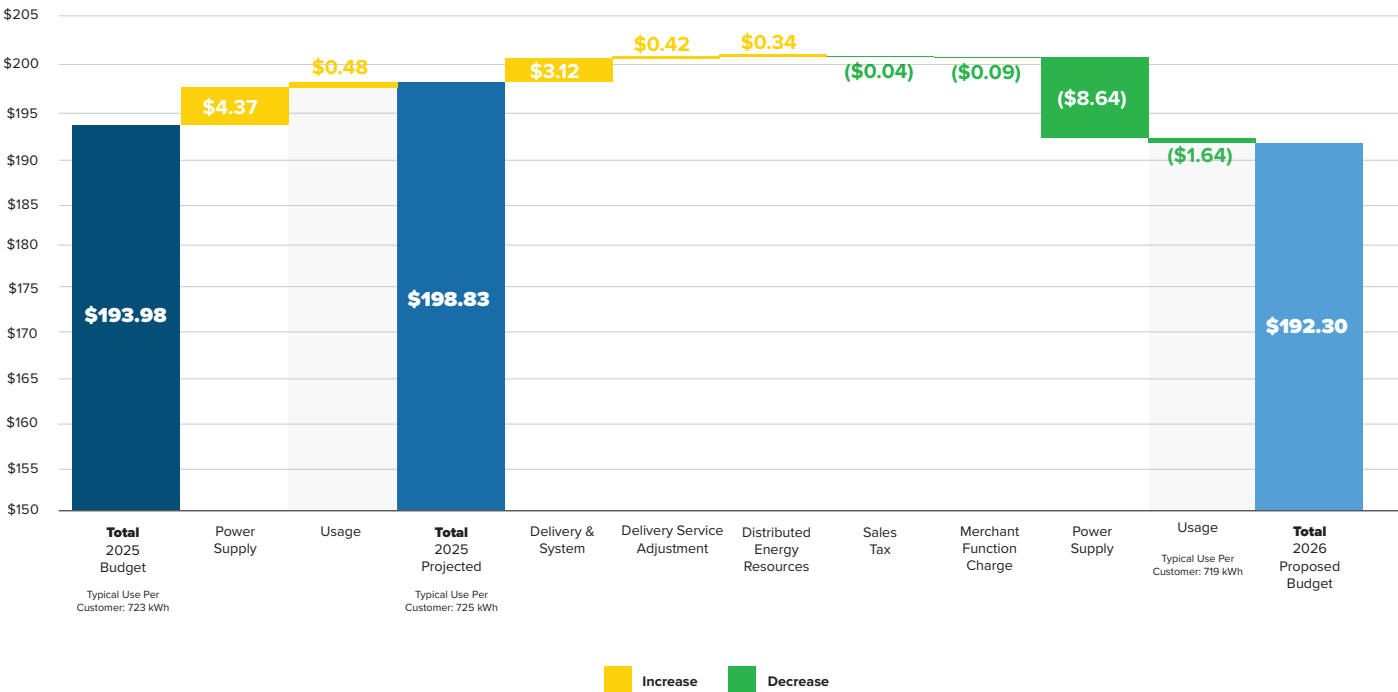
Projected Electric Bills for 2026

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

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

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

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



Delivery and System Costs

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

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

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

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

Power Supply Costs

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

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

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

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

Prepay Transaction

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

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

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

Distributed Energy Resource and Other Revenue Charges or Credits

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

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

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

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



Customers can save energy and money with a smart thermostat. Rebates are available on PSEG Long Island's [website](#).

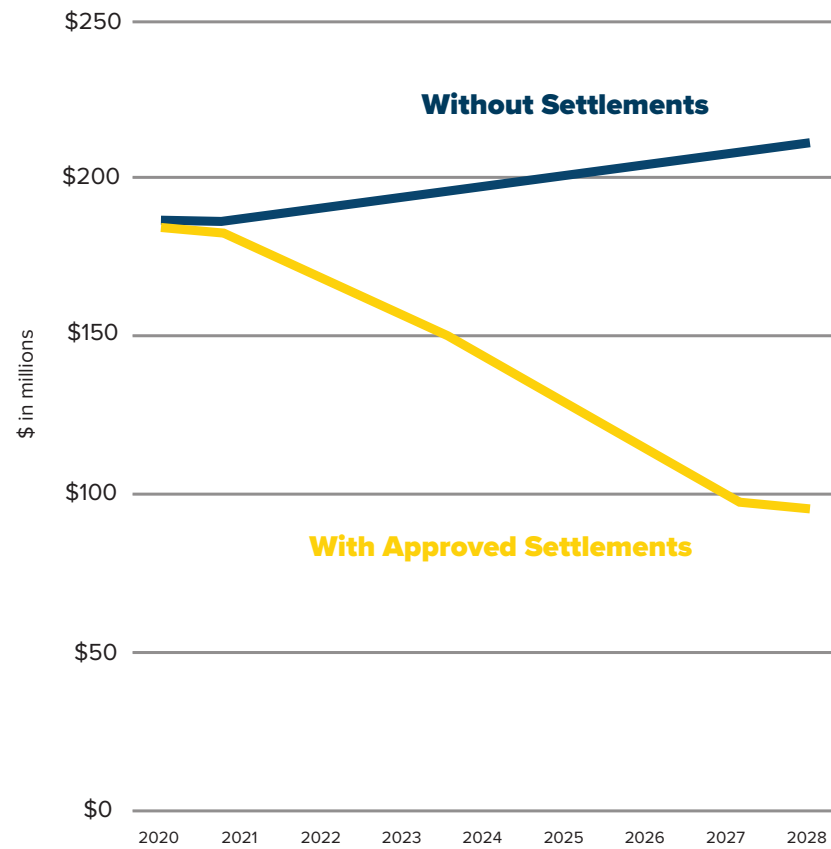
Power Plant Tax Settlements Will Save Customers \$554 Million Through 2028

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

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

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

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



Port Jefferson Power Station

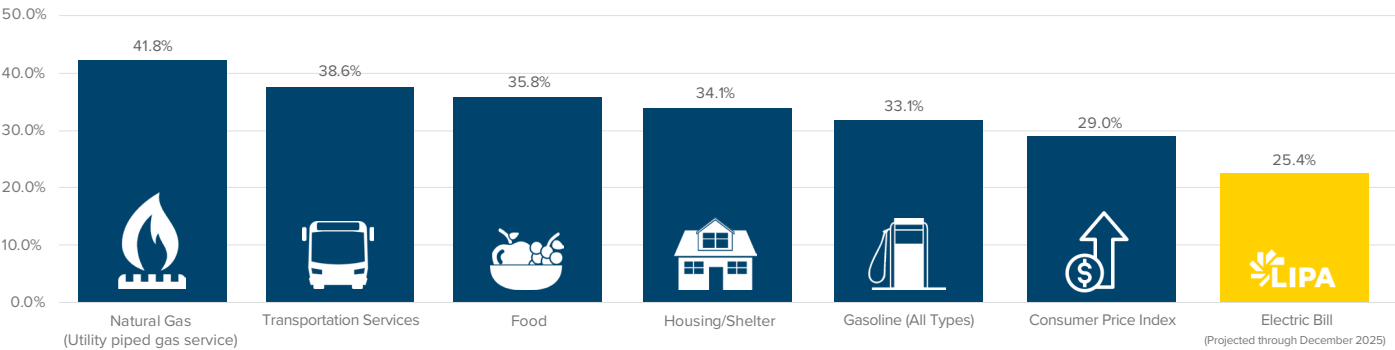


ELECTRIC BILLS OVER TIME

Inflation: LIPA Electricity Prices Remain Below the Rate of Inflation

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

Figure 19: Rising Costs of Goods and Services Since 2018



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

Keeping Costs Low for Customers

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

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

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

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

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

Quogue Wildlife Refuge



SECTION III

2026 PROPOSED BUDGET

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Revenue Requirements

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

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

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

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

Revenue Requirements							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Operating and Managed Expenses							
PSEG Long Island Operating Expenses	\$ 678,823	\$ 696,000	\$ 700,757	\$ 698,000	\$ 2,000	\$ 722,773	\$ 24,773
PSEG Long Island Managed Expenses	113,212	156,242	106,157	148,905	(7,337)	141,154	(7,750)
PILOTs - Property-Based Taxes	301,613	304,941	304,772	310,506	5,564	316,117	5,611
PILOTs - Revenue-Based Taxes	43,198	45,965	44,470	46,785	820	49,075	2,290
LIPA Operating Expenses	87,569	108,265	100,052	108,216	(49)	108,916	700
LIPA Managed Expenses	7,125	9,000	8,854	13,573	4,573	13,500	(73)
Total Operating and Managed Expenses	1,231,540	1,320,414	1,265,062	1,325,984	5,570	1,351,535	25,551
Cash Adjustments							
Other Interest Costs	10,736	13,733	18,902	19,159	5,426	19,210	52
Suffolk Property Tax Settlement (Principal Only)	(39,030)	(41,201)	(43,780)	(44,665)	(3,464)	(48,326)	(3,660)
Visual Benefits Assessment (Principal Only)	(1,081)	(1,113)	(1,125)	(1,126)	(14)	(1,177)	(50)
Total Cash Adjustments	(29,374)	(28,581)	(26,002)	(26,633)	1,948	(30,292)	(3,659)
Other Income							
Other Income and Deductions	98,282	67,403	76,578	64,969	(2,434)	62,307	(2,662)
Grant Income	29,516	22,333	22,560	22,037	(296)	32,037	10,000
Total Other Income	127,798	89,735	99,138	87,006	(2,729)	94,344	7,338
Debt Service							
UDSA Debt Service	383,971	392,662	392,662	386,435	(6,226)	369,505	(16,930)
LIPA Debt Service	310,171	368,637	357,750	399,094	30,457	459,839	60,745
Coverage	360,859	304,835	367,104	325,419	20,584	350,253	24,833
Total Debt Service	1,055,001	1,066,134	1,117,515	1,110,949	44,815	1,179,597	68,649
Power Supply Charge	1,965,123	2,068,435	2,196,610	1,977,335	(91,100)	2,098,257	120,923
Total Revenue Requirements	\$ 4,094,492	\$ 4,336,666	\$ 4,454,046	\$ 4,300,628	\$ (36,038)	\$ 4,504,754	\$ 204,126

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

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

LIPA's projection of Revenues and Expenses uses the accrual basis of accounting, which results in a Change in Net Position of \$224.1 million in 2026 and \$309.2 million in 2027. Further information on the components of Revenues and Expenses are included on supplemental pages herein.

The \$50.2 million year-over-year increase in the Change in Net Position stems from higher revenue requirements (net of power supply) resulting from revenues generated from coverage as compared to non-cash depreciation and amortization expenses remaining essentially flat.

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

Consolidated Statements of Revenues, Expenses, and Changes in Net Position							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 4,094,492	\$ 4,336,666	\$ 4,454,047	\$ 4,300,628	\$ (36,038)	\$ 4,504,754	\$ 204,126
Power Supply Charge	1,965,123	2,068,435	2,196,610	1,977,335	(91,100)	2,098,257	120,923
Revenue Net of Power Supply Charge	2,129,369	2,268,231	2,257,437	2,323,293	55,062	2,406,496	83,203
PSEG Long Island Operating & Managed Expenses							
PSEG Long Island Operating Expenses	678,823	696,000	700,757	698,000	2,000	722,773	24,773
PSEG Long Island Managed Expenses	113,212	156,242	106,157	148,905	(7,337)	141,154	(7,750)
Utility Depreciation	339,939	374,821	367,850	411,251	36,430	484,844	73,594
PILOTs - Revenue-Based Taxes	43,198	45,965	44,470	46,785	820	49,075	2,290
PILOTs - Property-Based Taxes	301,613	304,941	304,772	310,506	5,564	316,117	5,611
LIPA Operating Expenses	87,569	108,265	100,052	108,216	(49)	108,916	700
LIPA Managed Expenses	7,125	9,000	8,854	13,573	4,573	13,500	(73)
LIPA Depreciation and Amortization	138,799	138,669	138,296	100,177	(38,492)	1,788	(98,389)
Interest Expense	367,186	374,203	367,597	373,321	(882)	385,295	11,974
Total Expenses	2,077,464	2,208,107	2,138,804	2,210,732	2,625	2,223,462	12,729
Other Income and Deductions	106,601	74,104	83,073	71,825	(2,280)	69,161	(2,663)
Grant Income	46,898	39,719	39,937	39,729	11	57,016	17,287
Change in Net Position	\$ 205,404	\$ 173,947	\$ 241,642	\$ 224,114	\$ 50,167	\$ 309,212	\$ 85,098

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Sales and Revenue

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

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

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

Sales and Revenues								
Description	2024	2025		2026		2027		
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year	
Sales of Electricity (MWh)								
Residential Sales	9,129,429	8,946,679	8,979,132	8,933,838	(12,841)	9,017,636	83,797	
Commercial Sales	8,760,619	9,012,686	8,839,362	8,950,715	(61,970)	9,092,537	141,822	
Other Sales to Public Authorities/Street Lighting	519,826	513,628	520,614	510,213	(3,415)	509,848	(365)	
Total Sales of Electricity (MWh)	18,409,874	18,472,992	18,339,108	18,394,766	(78,226)	18,620,021	225,255	
Revenues by Sector								
Residential	\$ 2,274,304	\$ 2,304,301	\$ 2,381,741	\$ 2,320,566	\$ 16,265	\$ 2,449,760	\$ 129,195	
Commercial	1,848,610	1,960,184	1,965,544	1,912,474	(47,710)	2,004,067	91,593	
Other Public Authorities/Street Lighting	67,728	72,570	73,567	69,885	(2,685)	71,753	1,868	
Other Regulatory Amortizations and Deferrals	(133,758)	(34,458)	(3,664)	(39,662)	(5,204)	(57,508)	(17,847)	
Miscellaneous Revenues	37,607	34,069	36,858	37,365	3,296	36,682	(683)	
Total Revenues	\$ 4,094,492	\$ 4,336,666	\$ 4,454,047	\$ 4,300,628	\$ (36,038)	\$ 4,504,754	\$ 204,126	
Revenue by Component								
Delivery Charge (RDM Target)	(a) \$ 1,968,063	\$ 2,064,025	\$ 2,063,312	\$ 2,123,818	\$ 59,793	\$ 2,195,633	\$ 71,815	
Merchant Function Charge (RDM Target)	(a) (b) 25,718	23,131	23,180	21,939	(1,192)	22,252	313	
Customer Benefit Contribution (RDM Target)	(a) (c) -	2,644	2,323	2,609	(35)	2,762	153	
Power Supply Charge	(d) 1,972,576	2,068,435	2,153,068	1,977,335	(91,101)	2,098,257	120,923	
Energy Efficiency and Distributed Energy (DER)	79,491	79,833	79,352	74,366	(5,467)	85,937	11,571	
New York State Assessment	9,440	12,237	10,898	11,215	(1,021)	12,585	1,369	
Suffolk Property Tax Settlement	52,493	52,495	55,073	53,628	1,133	54,785	1,158	
Visual Benefits Assessment (VBA)	1,223	1,223	1,234	1,202	(21)	1,217	15	
Revenue Related PILOTS	43,198	45,965	44,470	46,785	820	49,075	2,290	
RDM Collection/(Refund)	26,314	(889)	(1,316)	9,988	10,878	3,076	(6,913)	
DSA Collection/(Refund)	12,126	(12,044)	(10,741)	(19,962)	(7,918)	-	19,962	
Other Regulatory Amortizations and Deferrals	(e) (133,758)	(34,458)	(3,664)	(39,662)	(5,204)	(57,508)	(17,847)	
Miscellaneous Revenues	37,607	34,069	36,858	37,365	3,296	36,682	(683)	
Total Revenue Requirements	\$ 4,094,492	\$ 4,336,666	\$ 4,454,046	\$ 4,300,628	\$ (36,038)	\$ 4,504,754	\$ 204,126	

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

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Power Supply Charge

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

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

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

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

Long Island Power Authority
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(\$ in thousands)

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

Long Island Power Authority
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Operating Expenses

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

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

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

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

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

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

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

Operating Expenses							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PSEG Long Island Operating Expenses	\$ 678,823	\$ 696,000	\$ 700,757	\$ 698,000	\$ 2,000	\$ 722,773	\$ 24,773
PSEG Long Island Managed Expenses							
Uncollectible Accounts	17,083	23,412	19,195	23,206	(206)	23,157	(49)
Storm Restoration	46,003	83,500	37,354	82,000	(1,500)	72,000	(10,000)
NYS Assessment	9,497	12,237	10,898	11,215	(1,021)	12,585	1,369
Accretion of Asset Retirement Obligation	280	298	298	318	20	339	21
Pension (PSEG Long Island O&M Related Expense)	16,915	11,377	9,722	5,882	(5,495)	5,396	(486)
OPEB (PSEG Long Island O&M Related Expense)	20,008	22,252	19,938	21,204	(1,048)	22,572	1,368
Miscellaneous	3,425	3,166	8,752	5,079	1,913	5,105	26
Total PSEG Long Island Managed Expenses	113,212	156,242	106,157	148,905	(7,337)	141,154	(7,750)
Total PSEG Long Island Operating & Managed Expenses	792,035	852,242	806,914	846,904	(5,338)	863,927	17,023
LIPA Expenses							
Management Fee (incl. Variable Compensation)	74,767	83,310	83,310	84,383	1,073	84,383	-
Capitalized Management Fee	(34,215)	(35,102)	(35,729)	(36,189)	(1,087)	(36,189)	-
LIPA Operating Expenses	47,016	60,057	52,471	60,022	(35)	60,722	700
LIPA Managed Expenses	7,125	9,000	8,854	13,573	4,573	13,500	(73)
LIPA Operating & Managed Expenses	94,694	117,265	108,906	121,788	4,523	122,416	627
Total PSEG Long Island & LIPA Operating Expenses	\$ 886,729	\$ 969,507	\$ 915,820	\$ 968,693	\$ (815)	\$ 986,343	\$ 17,650

Long Island Power Authority
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Depreciation and Amortization Expenses

Depreciation and Amortization expense is budgeted at \$511.4 million in 2026 and projected at \$486.6 million in 2027.

PSEG Long Island Managed Utility Depreciation consists of depreciation of transmission and distribution plant, fleet, facilities, information technology, and FEMA storm hardened assets. The budgeted Utility Depreciation for 2026 reflects an increase of \$36.4 million primarily driven by increased capital spend, including shorter lived informational technology assets.

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

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

Depreciation and Amortization Expenses							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PSEG Long Island Managed Utility Depreciation	\$ 320,626	\$ 355,503	\$ 348,542	\$ 391,593	\$ 36,090	\$ 457,090	\$ 65,497
Depreciation Expense Related to FEMA Capital Projects	19,313	19,318	19,307	19,658	340	27,755	8,097
Total PSEG Long Island Managed Utility Depreciation	339,939	374,821	367,850	411,251	36,430	484,844	73,594
LIPA Depreciation and Amortization							
Amortization of Acquisition Adjustment (a)	111,375	111,375	111,375	98,389	(12,985)	-	(98,389)
Amortization of OPEB & Pension Deferrals (b)	25,014	25,014	25,014	-	(25,014)	-	-
Depreciation - LIPA	2,410	2,280	1,907	1,788	(492)	1,788	-
Total LIPA Depreciation and Amortization	138,799	138,669	138,296	100,177	(38,492)	1,788	(98,389)
Total Depreciation and Amortization Expenses	\$ 478,738	\$ 513,490	\$ 506,146	\$ 511,428	\$ (2,062)	\$ 486,632	\$ (24,796)

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

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Taxes, Payments-in-Lieu of Taxes and Assessments

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

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

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

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

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

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

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

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

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

Taxes, Payments-in-Lieu of Taxes and Assessments							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
PILOTs - Revenue-Based Taxes	\$ 43,198	\$ 45,965	\$ 44,470	\$ 46,785	\$ 820	\$ 49,075	\$ 2,290
PILOTs - Property-Based Taxes	301,613	304,941	304,772	310,506	5,564	316,117	5,611
Property Taxes in Power Supply Charge							
National Grid (PSA) Property Taxes	152,501	149,944	148,903	138,225	(11,719)	129,273	(8,953)
Fast Track Units	7,885	8,195	8,213	8,469	274	8,732	262
NMP2 PILOTs	5,411	4,936	5,411	5,367	400	5,367	-
Total Property Taxes in Power Supply Charge	165,797	163,076	162,528	152,062	(11,014)	143,371	(8,691)
Other Taxes and Assessments							
New York State Assessment	9,497	12,237	10,898	11,215	(1,021)	12,585	1,369
New York State Office of Real Property Services	217	225	223	224	(1)	224	-
Total Other Taxes and Assessments	9,714	12,461	11,121	11,439	(1,022)	12,809	1,369
Total Taxes and Assessments Before Sales Taxes	520,323	526,444	522,890	520,792	(5,652)	521,371	579
Sales Taxes	(a) 135,992	145,356	141,935	142,521	(2,835)	149,896	7,375
Total PILOTs, Sales, State and Local Taxes and Assessments	\$ 656,314	\$ 671,800	\$ 664,825	\$ 663,313	\$ (8,487)	\$ 671,268	\$ 7,954

Notes:

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

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Other Income and Deductions

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

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

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

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

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

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Grant Income

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

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

In February 2014, LIPA signed a Letter of Undertaking with FEMA that provides for \$730.0 million of grant funding for storm hardening measures. To better reflect the nature of this grant it is being amortized to Grant Income in an amount equal to the depreciation expense incurred as a result of the storm hardening program. This amortization is estimated at \$17.7 million in 2026 and \$25.0 million in 2027.

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

Grant Income							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Build America Bonds Subsidy - U.S. Treasury	\$ 2,890	\$ 2,333	\$ 2,529	\$ 2,037	\$ (296)	\$ 2,037	\$ -
Efficiency & DER - RGGI Funding	20,000	20,000	20,000	20,000	-	20,000	-
FEMA Grant Income	(a) 6,626	-	(3)	-	-	10,000	10,000
Other Grant Income	-	-	34	-	-	-	-
Subtotal Grant Income	29,516	22,333	22,560	22,037	(296)	32,037	10,000
Amortization of Deferred FEMA Grant	17,382	17,386	17,377	17,692	306	24,979	7,287
Total Grant Income	\$ 46,898	\$ 39,719	\$ 39,937	\$ 39,729	\$ 11	\$ 57,016	\$ 17,287

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

Long Island Power Authority
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Interest Expense

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

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

Long Island Power Authority
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(\$ in thousands)

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

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

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Debt Service Requirements

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

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

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

- (i) **Improved Bond Ratings:** LIPA’s bond rating is A2 (stable), A (stable) and A+ (stable) (Moody’s, S&P, and Fitch, respectively). LIPA’s target is to achieve AA-category ratings by 2030 by reducing LIPA’s debt-to-asset ratio to 70% or less. Fitch Ratings upgraded LIPA’s bond rating to A+ in July 2024, citing the Authority’s "very strong service area" and a long-term policy to gradually reduce debt.
- (ii) **1.40x Fixed Obligation Coverage Target:** LIPA targets a Fixed Obligation Coverage Ratio of no less than 1.40x.
- (iii) **150 Day Liquidity Target:** LIPA targets minimum cash-on-hand and available credit of 150 days operating expenses.

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

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

Long Island Power Authority
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Capital Expenditures

Capital Expenditures are budgeted at \$1.0 billion in 2026 and are projected at \$1.1 billion in 2027.

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

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

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

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

Capital Expenditures							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Transmission and Distribution							
Regulatory Driven	\$ 50	\$ 3,049	\$ 4,015	\$ 780	\$ (2,269)	\$ 1,767	\$ 987
Load Growth	170,448	193,390	175,483	131,547	(61,844)	112,119	(19,428)
Reliability	314,005	316,857	310,636	307,152	(9,704)	436,852	129,700
Storm Hardening	68,363	52,732	54,197	369	(52,364)	3,818	3,449
Economic, Salvage, Tools, Equipment & Other	48,971	53,260	41,628	157,335	104,075	121,670	(35,664)
Total Transmission and Distribution Projects	601,837	619,288	585,959	597,182	(22,106)	676,226	79,044
Other PSEG Long Island Capital Expenditures							
IT & Cybersecurity	88,499	89,053	86,550	14,187	(74,866)	60,841	46,654
Customer Operations	7,954	9,114	7,808	3,610	(5,504)	9,727	6,117
Other General Plant	17,302	58,009	6,083	9,126	(48,884)	74,984	65,859
Fleet	7,703	15,253	4,480	10,004	(5,249)	23,171	13,167
Utility 2.0	4,059	13,237	10,185	9,688	(3,549)	9,912	223
Total T&D and Other Projects	727,355	803,956	701,065	643,797	(160,159)	854,860	211,064
Public Policy Transmission Upgrades	16,414	15,401	16,312	34,866	19,465	51,352	16,486
FEMA Storm Hardening	1,706	36,677	16,399	53,977	17,301	128,202	74,224
Storm Capitalization	6,661	3,340	7,537	8,200	4,860	7,200	(1,000)
Total PSEG Long Island Capital Budget	752,135	859,374	741,313	740,840	(118,533)	1,041,614	300,774
Nine Mile Point 2	29,411	4,268	5,541	34,565	30,296	3,814	(30,750)
Property Acquisition and Development	-	31,090	24,321	-	(31,090)	38,400	38,400
LIPA - Other	1,416	6,000	1,986	5,000	(1,000)	5,000	-
PSEG Long Island Pending Project Authorizations	(a)	70,071	-	220,028	149,957	-	(220,028)
Estimate for Carry Over Projects	(b)	-	146,000	-	-	-	-
Capitalized Management Fee	34,215	35,102	35,729	36,189	1,087	36,189	-
Total Capital Expenditures	\$ 817,177	\$ 1,005,906	\$ 954,890	\$ 1,036,623	\$ 30,717	\$ 1,125,017	\$ 88,395
Funding for Capital Expenditures							
FEMA Contribution (90% of Project Costs)	(c)	\$ 33,009	\$ 14,759	\$ 110,516	\$ 77,507	\$ 115,382	\$ 4,865
Coverage from Operating Revenue							
Total Coverage	(d)	304,835	304,835	325,419	20,584	350,253	24,833
Funding Required from Debt	(e)	668,062	635,296	600,687	(67,375)	659,383	58,696
Total Funding for Capital Expenditures		\$ 1,005,907	\$ 954,890	\$ 1,036,623	\$ 30,717	\$ 1,125,017	\$ 88,395
Percent of Capital Funded from Debt:							
Projected Percent of Capital Funded from Debt		66%	67%	58%		59%	

Notes:
(a) PSEG Long Island Pending Project Authorizations are budgeted resources held outside the PSEG Long Island Budget pending additional project information. In 2025, LIPA released \$17M for T&D, \$41M for IT projects, \$3M for Cyber projects, \$6M for Customer Operations projects, \$1M for Other General Plant projects, \$2M for Fleet, \$3M for FEMA and \$31M for Property Acquisition.
(b) Estimate for carryover projects are pending and are subject to change. These amounts are needed to calculate Total Funding for Capital Expenditures as amounts cannot be assumed to lower borrowings until after year end.
(c) Includes PSEG Long Island Pending Project Authorizations related to FEMA projects
(d) 2025 Projected total coverage reflects the 2025 budget as amounts cannot be assumed to lower borrowings until after year end. This amount differs from the Debt Service page.
(e) Funding Required from Debt excludes carryover bond proceeds and cost of issuance on borrowing requirements.

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

MAJOR PROJECTS (Projects with a total cost greater than \$25 million)									
			Cash Flow (\$ millions)						
Description	Justification	In Service Date	Total Project Cost Estimate (a)	Project to Date through 12/31/25	2026	2027	2028 and Beyond		
Bridgehampton - Buell: Install a new 69kV underground cable	Load growth in the South Fork.	2025	\$ 50.0	\$ 49.9	\$ 0.1	\$ -	\$ -	\$ -	-
North Bellmore: Install 33MVA bank, switchgear and feeders	Increase load growth at North Bellmore substation.	2026	26.3	10.5	9.2	0.0	-	-	-
Southampton: Install new 138kV cable to Deerfield	Increase in projected South Fork load requirements.	2026	54.1	9.5	44.0	0.5	0.1		
Facility Operations Replacement: Replace the existing Facility Operations	Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2027	242.3	17.4	125.0	90.6	3.3		
West Hempstead: Install four 69/13kV 33MVA Transformers	Increase reliability at West Hempstead substation by replacing the current degraded assets.	2028	32.0	1.1	12.3	12.9	7.0		
Elmont: Substation Rebuild and Feeder Conversions	Increase load growth in Elmont.	2029	37.5	0.3	7.1	8.8	21.1		
Syosset: Replace UG section of 138-676 circuit to Greenlawn	Part of NYISO PPTN. Project would replace the underground portion of an existing LIPA 138kV line, offering higher capacity.	2029	85.0	2.8	2.1	2.2	77.8		
Northport: Install new 138kV Phase Angle Regulator	Part of NYISO PPTN. Project would install a second 138kV PAR at Northport.	2029	47.6	6.4	7.3	1.0	32.9		
Customer Information System (CIS) Implementation	Replace outdated system of record for customer account information.	2030	125.0	-	-	35.0	85.0		
Newbridge: Convert 138kV Ckt StewAve-Ruland 138-467/567 to 345kV	Part of NYISO PPTN. Project would convert existing LIPA 138kV lines to 345kV, offering higher capacity.	2030	41.9	1.7	1.9	2.0	36.3		
Syosset: Install PAR on terminal of proposed new 138kV Ckt	Part of NYISO PPTN. Project would install a phase angle regulator on the line terminal for a new 138kV line.	2030	33.6	2.9	0.6	1.5	28.6		
Fire Island Pines: Install new 23 kV circuit to Ocean Beach	Increase reliability to Fire Island.	2031	46.8	3.8	-	2.9	39.8		
South Farmingdale: Partial substation rebuild	Increase reliability at South Farmingdale substation by replacing the current degraded assets.	2032	36.5	-	0.5	0.3	36.2		
Indian Head: Total substation rebuild	Increase reliability at Indian Head substation by replacing the current degraded assets.	2032	58.3	-	0.5	0.2	58.2		
Far Rockaway: New circuit to supply the load pocket	Increase reliability by installing a new 138kV circuit (operated at 69kV) from east of the Far Rockaway area to Far Rockaway, to bring additional resource into Far Rockaway pocket.	2032	165.1	0.3	0.2	2.2	162.4		
Facility Operations Replacement: Replace the existing Operations Facility	Support future expansion of the LIPA T&D system and maintain a high level of system reliability.	2033	68.9	0.0	-	0.0	68.9		
Wainscott: New substation with new express 138kV feed from Edwards Avenue	Increase load growth at Township of East Hampton.	2033	683.8	-	0.2	12.3	670.6		
Total Major Projects (b)			\$ 1,834.8	\$ 106.5	\$ 210.9	\$ 172.3	\$ 1,328.3		

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

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Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

PSEG Long Island Operating Expenses

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

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

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

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

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

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

LIPA Operating & Managed Expenses

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

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

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

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

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

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

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

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

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

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Utility Debt Securitization Authority

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

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

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

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

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

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

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

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

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

Utility Debt Securitization Authority							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 390,722	\$ 383,941	\$ 384,943	\$ 403,161	\$ 19,220	\$ 379,298	\$ (23,863)
Operating Expenses							
Uncollectible Accounts	2,235	1,929	1,443	1,988	59	1,868	(120)
General and Administrative Expense							
Ongoing Servicer Fee	2,148	2,123	2,123	2,123	-	2,123	-
Administration Fees	600	600	600	600	-	600	-
Bond Administration Fees	420	475	6,578	418	(57)	428	10
Directors and Officers Insurance	326	343	318	343	-	353	10
Accounting, Legal & Misc. Fees	265	250	347	211	(38)	217	6
Total General and Administrative Expense	3,757	3,790	9,966	3,695	(96)	3,722	27
Amortization of Restructuring Property	251,361	262,034	262,034	263,819	1,785	252,914	(10,905)
Interest Expense	178,755	168,230	168,230	164,427	(3,803)	152,994	(11,433)
Amortization of Premium	(48,357)	(42,984)	(42,984)	(38,250)	4,734	(34,101)	4,148
Amortization of Deferred Debt Issuance Costs	1,849	1,732	1,732	1,598	(134)	1,448	(150)
Total Interest Expense	132,247	126,978	126,978	127,775	797	120,340	(7,435)
Reserve Fund Earnings	9,637	5,020	7,536	7,239	2,219	7,239	-
Change in Net Position	\$ 10,759	\$ (5,772)	\$ (7,943)	\$ 13,123	\$ 18,896	\$ 7,693	\$ (5,430)

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Projected Borrowing Requirements and Bank Facilities

LIPA will fund \$926.1 million of infrastructure investments in 2026 with projected debt issuances of \$554.7 million or approximately 58% debt financing. The balance of capital expenditures will be pay-as-you-go funded from fixed obligation coverage. LIPA expects to generate fixed obligation coverage from operations of \$325.4 million and \$350.3 million in 2026 and 2027, respectively.

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

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

Projected Borrowing Requirements and Bank Facilities								
Description	2024		2025		2026		2027	
	Actual		Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Borrowing Requirements with Cost of Issuance	(a)	401,905	599,744	593,334	504,531	(95,213)	663,109	158,578
Series 2015 GR-1A/B	-		200,000	200,000	-	(200,000)	-	-
Series 2015 GR-2A/B	-		150,000	150,000	-	(150,000)	-	-
Series 2015 GR-3A/B	-		-	-	100,000	100,000	-	(100,000)
Series 2015 GR-4A/B	200,000		-	-	-	-	-	-
Series 2015 GR-5A/B	-		100,000	100,000	-	(100,000)	-	-
Series 2015 GR-6A/B	250,000		-	-	-	-	-	-
Series 2023A-2	-		-	-	43,150	43,150	-	(43,150)
Series 2023B	-		-	-	143,580	143,580	-	(143,580)
Series 2023C	-		-	-	63,000	63,000	-	(63,000)
Revolving Credit Facility	-		-	-	-	-	200,000	200,000
Bonds Subject to Mandatory Refinancing & Bank Facilities	\$	450,000	\$	450,000	\$	349,730	\$	200,000
				\$		(100,270)		\$
								(149,730)

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

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets

Capital Structure

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

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

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

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

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

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

Capital Structure							
Description	2024	2025		2026		2027	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
UDSA Long Term Debt Outstanding	\$ 3,451,555	\$ 3,227,590	\$ 3,227,590	\$ 3,144,420	\$ (83,170)	\$ 2,924,635	\$ (219,785)
LIPA Long Term Debt Outstanding	5,428,557	5,086,389	5,037,200	5,319,323	232,934	5,617,458	298,135
LIPA Short Term Debt Outstanding	300,000	356,251	311,251	397,343	41,092	408,328	10,985
Total LIPA Debt Outstanding	5,728,557	5,442,640	5,348,451	5,716,666	274,026	6,025,785	309,120
LIPA Long Term Debt To Be Issued	(a) -	599,744	437,080	504,531	(95,213)	663,109	158,578
UDSA Long Term Debt To Be Issued	(a) -	-	156,254	-	-	-	-
Projected UDSA Debt	3,451,555	3,227,590	3,383,844	3,144,420	(83,170)	2,924,635	(219,785)
Projected LIPA Debt	5,728,557	6,042,384	5,785,531	6,221,197	178,813	6,688,895	467,698
Total Projected Debt	9,180,112	9,269,974	9,169,375	9,365,617	95,643	9,613,530	247,913
Lease Obligations	(b) 1,489,981	1,128,868	1,205,634	822,407	(306,461)	1,457,180	634,773
Total Debt and Lease Obligations	10,670,093	10,398,841	10,375,010	10,188,024	(210,817)	11,070,709	882,685
Excess of Revenues Over Expenses	205,404	173,947	241,642	224,114	50,167	309,212	85,098
Net Position Before Deferred Grants	1,032,825	1,168,188	1,274,467	1,498,582	330,394	1,807,794	309,212
Deferred Grants	(c) 567,603	552,208	548,285	530,593	(21,615)	505,614	(24,979)
Net Position	\$ 1,600,428	\$ 1,720,396	\$ 1,822,752	\$ 2,029,175	\$ 308,779	\$ 2,313,408	\$ 284,233
Debt to Capital Ratio	(d) 87.0%	85.8%	85.1%	83.4%	-2.4%	82.7%	-0.7%
Debt to Asset Ratio	(e) 80.2%	78.5%	76.3%	74.6%	-3.8%	74.2%	-0.4%

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

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

2026 Proposed and 2027 Projected Capital Expenditures Transmission & Distribution						
Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
Glenwood Landing	Shore Road substation - install 138kV 80MVAR reactor	Jun-26	\$ 5,010	\$ 4,071	\$ 740	\$ -
Southampton	Southampton Add 3rd 69 kV - 13kV 33 MVA Bank	Jun-30	11,510	-	-	267
Northport Substation	Northport substation bulk power system (BPS) upgrades	Oct-33	16,606	-	40	1,500
Total Regulatory Driven Projects			\$ 33,125	\$ 4,071	\$ 780	\$ 1,767
Central Islip	Tech Park - new feeder (7S-8H3)	Aug-25	9,254	9,158	97	-
Bridgehampton/East Hampton	Bridgehampton – install new 69kV circuit to Buell substation	Dec-25	49,959	49,870	89	-
Miller Place Substation	Miller Place - install 3rd 138/13kV 33MVA distribution bank and feeders	Dec-25	19,291	18,087	1,046	-
East Hampton	East Hampton Village - 4kV to 13kV conversion	Dec-25	15,132	14,316	616	-
North Bellmore	North Bellmore (5RK) - install 33MVA bank, switchgear and feeders	Dec-26	26,300	10,482	7,336	21
Setauket	Port Jefferson - install new 13kV distribution feeder	Dec-26	11,606	955	9,631	118
Town of Southampton	Southampton - install new 138kV cable to Deerfield	Dec-26	54,122	9,495	41,915	546
Southampton	Deerfield - reconfigure 69kV double circuit to Canal substation	May-27	3,049	1,058	249	1,741
Ocean Beach	Ocean Beach - overhead reconductoring (7LM-1R6 & 7HM-644)	Jun-27	9,713	4,232	-	5,212
Moriches Substation	Moriches - install series reactor on 69kV circuit to South Manor	Jun-27	2,052	148	412	1,492
East Hampton	East Hampton Village - 4kV to 13kV conversion circuits (9L-782 & 9E-991)	Dec-27	12,591	364	5,719	6,149
Hewlett	Hewlett (2R), two new 13kV feeders	May-28	11,607	-	467	4,439
Wildwood	Wildwood – replace 14 MVA bank with a 33 MVA bank and add switchgear	Jun-28	16,949	-	624	5,788
Arverne	Arverne - east development, new feeder C&R phase 2	Jun-28	5,782	704	277	4,674
Peconic	Peconic - install 1 new 13kV feeder to west conversion & reinforcement	May-29	18,137	-	704	1,035
South Manor	South Manor (8SM) install 40 MVA bank and 3000 amp switchgear	May-29	12,338	-	507	3,678
Peconic	Peconic – replace 2 - 14 MVA banks with 2 - 40 MVA banks	Jun-29	21,033	-	587	1,119
Salisbury	Newbridge - upgrade 69kV circuit to Meadowbrook (69-466)	May-30	6,700	-	-	670
Franklin Square	Whiteside (3J), new 40 MVA bank, switchgear, two distribution feeders and C&R	Jun-30	20,763	-	-	801
New South Road	New south road (5X) - expand 69/13kV substation & distribution cables	Jun-30	21,325	7,579	-	53
East Suffolk	New Wainscott substation with new express 138kV feed from Edwards Avenue	Jun-33	683,782	-	246	12,250
Various	Residential/commercial underground development (RUD/CIPUD)	Dec-26	-	112,813	17,390	17,390
Various	Distribution facilities to serve new business	Blanket	-	427,879	43,634	44,943
Total Load Growth Projects			\$ 1,031,485	\$ 667,141	\$ 131,547	\$ 112,119

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

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

2026 Proposed and 2027 Projected Capital Expenditures Transmission & Distribution						
Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
2WB Barrett Sub	Barrett (2WB) Bank#4 Replacement	Dec-25	\$ 3,238	\$ 2,126	\$ 631	\$ -
Far Rockaway	East Network Rehabilitation	Jun-26	9,697	1,213	6,674	-
Greenlawn	Huntington Village load pocket - substation supply hardening	Sep-26	5,392	847	3,835	-
Port Jefferson	Control power and lighting upgrades at 8F Port Jefferson	Dec-26	2,985	-	-	-
Buell	Buell to Southold- 69kV spare cable	Dec-26	3,000	-	-	-
City of Long Beach	Long Beach (2M) - aerial cable replacement at Park Place (599)	Apr-27	6,793	351	2,500	3,480
Island Park/Long Beach	Reynolds Channel - reconductor 33-315 submarine cable	Jun-27	10,485	1,395	250	8,840
Syosset	Transformer replacement: 5K Syosset bank 5	Jun-27	11,514	2,477	4,471	4,565
Holbrook	Transformer replacement: 8D Holbrook bank 2/2A	Jun-27	17,587	2,486	7,873	7,228
Various	Distribution automation radio cellular modem secure network interface (APN)	Jun-27	975	-	750	225
Far Rockaway	Transformer replacement: 2H Far Rockaway bank 5	Nov-27	6,451	974	203	5,274
Far Rockaway	Transformer replacement: 2H Far Rockaway bank 6	Dec-27	6,451	974	201	5,276
Oceanside	Transformer replacement: 2WB Barrett bank 3	Dec-27	12,610	1,099	1,146	10,365
Canal DVAR Replacement	DRSS at Canal upgrades	Dec-27	6,000	-	-	3,000
Bayport	Bayport - Fire Island Pines - replace 23kV aerial cable A/W 23-748	Jun-28	17,138	452	-	10,073
Pilgrim	Transformer replacement: 6DL Pilgrim bank 3	Jun-28	12,011	316	703	1,086
Holbrook	Transformer replacement: 8D Holbrook bank 1	Jun-28	12,833	2,632	4,476	1,515
West Hempstead (3R)	West Hempstead(3R) - install four 69/13kV 33MVA transformers and associated work	Jul-28	32,042	1,079	10,952	12,938
Huntington Substation	Huntington Village (6GL) - partial substation rebuild and expansion	Dec-28	16,809	24	477	922
Newbridge Road	Transformer replacement: 5M Newbridge Road bank 6	Mar-29	9,890	520	310	852
Lake Success	Transformer replacement: 3AF Lake Success bank 5	Apr-29	13,534	1,326	50	3,043
Elmont	Elmont (3G) - substation rebuild and feeder conversions	Jul-29	37,541	274	7,055	8,832
Newbridge Road	Transformer replacement: 5M Newbridge Road bank 7	Dec-29	9,889	520	310	852
Port Jefferson	Transformer replacement: 8F Port Jefferson bank 8	Apr-30	10,116	565	440	913
Port Jefferson	Transformer replacement: 8F Port Jefferson bank 7	Apr-30	10,116	565	440	913
Riverhead	Transformer replacement: 9A Riverhead bank 8	Apr-30	14,950	1,192	92	2,703
Riverhead	Transformer replacement: 9A Riverhead bank 7	Apr-30	14,867	1,192	92	2,703
Moriches	Moriches (8RX) - substation control enclosure replacement	Jun-30	4,720	-	-	53
Barrett Substation	Barrett 138/33kV bank #4 upgrade	Sep-30	23,977	72	24	147
Fire Island	Fire Island Pines - install new 23 kV circuit to Ocean Beach substation	Apr-31	46,821	3,833	-	2,938
Northport	Transformer replacement: 6RL Elwood bank 3	Jun-31	9,911	537	342	801
Indian Head Substation	Indian Head (6HL) total substation rebuild	Apr-32	58,345	-	-	186
South Farmingdale	South Farmingdale (7UM) partial substation rebuild	May-32	36,485	-	-	266
Far Rockaway	Far Rockaway new circuit to supply the load pocket	May-32	165,065	258	229	2,158
Ruland Road	Transformer replacement: 6U Ruland Road bank 2	Jun-32	12,068	1,171	54	1,460
Ruland Road	Transformer replacement: 6U Ruland Road bank 1	Jun-32	12,069	1,171	55	1,460
Pilgrim	Transformer replacement: 6DL Pilgrim bank 4	Jun-32	13,301	1,326	45	2,984
Greenlawn	Transformer replacement: 6UL Greenlawn bank 5	Jun-32	11,298	522	1,114	1,696
Greenlawn Substation	Greenlawn (6UL) partial substation rebuild	Oct-32	295	-	-	295
Specific	Reconductor/replace 33-211 Far Rockaway to Rockaway Beach	TBD	-	-	-	-
Lynbrook	Lynbrook total station rebuild	TBD	-	-	-	-
Various	Upgrade supervisory controllers for capacitor banks	Program	-	18,234	3,550	1,080
Various	Transformer monitoring	Program	-	16,371	3,840	4,000
Various	System spares	Program	-	63,929	15,450	37,083
Various	Underground distribution cable replacement	Program	-	161,931	11,594	21,420
Various	Public works	Program	-	107,683	-	8,950
Various	Residential underground cables upgrades	Program	-	86,151	17,608	18,608
Various	Distribution circuit improvement program (CIP)	Program	-	159,104	14,960	15,708
Various	Remote terminal unit (RTU) replacement/upgrade program	Program	-	25,054	2,569	3,565
Various	Distribution breaker replacements	Program	-	8,845	1,131	930
Various	Mechanical relay replacements	Program	-	6,365	500	800
Various	Substation battery replacements	Program	-	5,834	162	216
Various	Substation control power transformer replacements	Program	-	809	200	300
Various	Transformer major component replacements	Program	-	15,285	2,000	1,750
Various	Pipe type cable low pressure trip	Program	-	9,373	1,000	1,366
Various	Pipe type cable terminal pressure monitoring upgrade program	Program	-	9,474	500	-
Various	Transmission pipe type cable pump house upgrade / replacement	Program	-	11,384	2,000	1,060

Long Island Power Authority
2026 Proposed and 2027 Projected Budgets
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2026 Proposed and 2027 Projected Capital Expenditures Transmission & Distribution						
Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
Various	Transmission protection and controls upgrades program	Program	-	15,715	3,660	3,665
Various	Transmission breaker replacement program	Program	-	40,584	4,275	5,141
Various	Transformer load tap changer replacements	Program	-	4,531	0	690
Various	Substation lightning & grounding upgrades	Program	-	7,786	-	790
Various	Protection lease line upgrade program	Program	-	7,715	438	-
Various	Upgrade corrosion protection system for pipe type cable	Program	-	13,022	4,914	1,500
Various	Cap and pin insulator replacements	Program	-	4,291	-	800
Repeater Sites	Distribution automation repeater network and site upgrades	Program	-	3,370	400	400
IP Repeater Sites	Distribution automation repeater site alarm monitoring system	Program	-	650	240	-
Various	Replace trailer mounted capacitor banks with fixed banks	Program	-	17,764	3,642	2,078
Various	Distribution switchgear replacements	Program	-	14,151	7,350	11,607
Various	Distribution pole mounted switches and RTU replacements	Program	-	1,023	300	300
Various	Annunciator replacement	Program	-	1,107	510	462
Various	Transmission wood pole replacement on the LIRR right-of-way	Program	-	33,947	940	-
Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	-	31,571	890	-
Various	Distribution voltage remediation program	Program	-	11,915	3,000	3,000
Various	Underground transmission cable upgrades	Program	-	500	2,000	20,000
Various	Substation battery relocation	Program	-	1,317	675	1,010
Various	Distribution automation repeater antenna & cable replacement program	Program	-	669	330	386
Various	Network protectors electromechanical relay replacement	Program	-	571	218	90
Various	ACRV - automatic circuit recloser viper install/convert	Program	-	7,139	1,000	3,584
Various	Telecom radio tower & subscriber battery replacement	Program	-	835	540	150
Roslyn	Re-energize transmission circuit 69-484	Program	-	-	800	-
Various	Substation exit feeder replacements	Program	-	300	2,000	2,000
Various	Reactive service restoration for underground cables	Program	-	-	5,000	5,826
Various	Eye wash station replacements	Program	-	-	-	-
Various	Distribution feeder monitors	Program	-	-	-	-
Various	Mobile pump skid	Program	-	-	-	-
Various	Defective distribution transformers upgrades and replacements	Blanket	-	260,871	24,000	26,570
Various	Distribution system improvements - services, branch lines & customer requests	Blanket	-	373,676	43,545	45,881
Various	Substation equipment failures	Blanket	-	100,128	10,000	10,609
Various	Accidents	Blanket	-	114,399	12,420	12,628
Various	Distribution pole replacements	Blanket	-	157,558	13,163	14,588
Various	Distribution multiple customer outages (MCO)	Blanket	-	85,904	7,228	8,931
Various	Transmission system failures	Blanket	-	17,091	1,984	2,043
Various	Transmission pole replacements	Blanket	-	14,668	-	1,422
Various	Transmission & distribution wood pole reinforcement	Blanket	-	40,930	3,450	5,378
Dispatch Operations Centers	Two way radio system operations center dispatch communications equipment	Blanket	-	303	175	175
Various	Replacement of non-restorable distribution wood pole rejects	Blanket	-	56,103	15,000	13,304
Various	Two way radio system mobile radios & antenna for Fleet	Blanket	-	402	210	221
Various	Climate driven transmission pole replacements	Blanket	-	-	-	3,175
Various	Climate driven distribution pole replacements	Blanket	-	-	-	1,194
Various	Climate driven distribution pad mount switchgear program	Blanket	-	-	-	375
Total Reliability Projects			\$ 709,266	\$ 2,181,826	\$ 307,152	\$ 436,852

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

2026 Proposed and 2027 Projected Capital Expenditures Transmission & Distribution						
Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
Ocean Beach	Ocean Beach (7LM) - raise select equipment	Jun-27	8,589	299	-	3,818
Various	Storm hardening program (Power On)	Dec-26	-	386,790	369	-
Total Storm Hardening Projects			8,589	387,089	369	3,818
Various	URB form automation and process modernization	May-26	500	-	500	-
Melville	Ruland road new 13kV switchgear	Jun-26	10,208	1,295	7,433	-
Confidential	Facility Operations Replacement	Dec-27	242,268	17,388	117,166	90,600
Various	Radio device management system	Dec-27	2,526	-	1,925	601
TBD	Facility Operations Replacement	Dec-33	68,900	0	-	0
Various	LIRR program	Dec-26	-	21,124	5,002	4,175
Various	Substation security upgrades program	Program	-	36,030	6,500	10,000
Various	Substation distribution circuit relay upgrade	Program	-	3,866	730	841
Various	Transient cyber asset laptop computers for NERC compliance	Program	-	300	2,000	100
Various	Minor capital substation improvements	Program	-	1,000	1,000	1,000
Southold	Removal of abandoned towers in Southold	Program	-	-	1,578	-
Various	Capital tools	Blanket	-	31,250	3,000	3,200
Various	Transfer distribution facilities to new telephone poles	Blanket	-	91,564	10,500	11,153
Total Economic, Salvage, Tools, Equipment & Other			324,402	203,817	157,335	121,670
Grand Total Transmission & Distribution			\$ 2,106,868	\$ 3,443,943	\$ 597,182	\$ 676,226

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

2026 Proposed and 2027 Projected Capital Expenditures IT & Cybersecurity					
Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
GE PowerOn Reliance Upgrade	2026	\$ 9,793	\$ 9,243	\$ 251	\$ -
Cyber Security Tools for Energy Management System (EMS)	2026	6,875	6,117	278	-
ADMS Network Model and Roadmap - 2025	2026	436	111	-	-
Materials Management AIDC Technology for Long Island	2026	2,550	-	250	-
Outage Data Reporting to New York City	2026	370	-	370	-
iTOA (Integrated Tools for Operations)	2026	1,500	-	250	-
SAS Visual Analytics – LCP Upgrade	2026	1,200	-	250	-
Drone in a Box	2026	1,650	-	250	666
AIDASH Climate Risk Intelligence System (CRIS)	2027	995	-	-	430
Salesforce replacement for T&D Incident & Outage Reporting and SGIP Power Markets	2027	1,135	-	365	770
ADMS - DSCADA Upgrade	2027	19,360	-	1,000	6,800
Total Transmission & Distribution		45,865	15,472	3,264	8,666
2026 - Annual Customer Rate - Tariff Change	2026	550	350	200	-
Time of Day (TOD) Default Rate - 2025	2026	2,966	2,599	367	-
Self Service Containment Enhancements	2026	413	-	-	-
Office of Temporary and Disability Assistance (OTDA) New Data Sharing Program	2026	500	-	500	-
AMI & MDM Enhancement 2026	2026	600	-	-	-
AMI & MDM Enhancement 2025	2026	600	-	-	-
CyberArk for CNI - EMS	2027	4,000	-	200	1,800
2027 - Annual Customer Rate - Tariff Change	2027	500	-	300	200
Customer Information System (CIS) Implementation	2030	125,000	-	-	35,000
Total Customer Service		135,129	2,949	1,567	37,000
OMS CAD Oracle Database Upgrade LCP	2025	1,515	1,290	-	-
Access Control Replacement Project	2025	4,584	4,409	175	-
GRC Tool Deployment	2026	2,738	2,188	-	-
Multi Factor Authentication	2026	945	895	50	-
PEP+ Replacement Including NACHA Bank Account Validation	2026	800	550	-	-
ServiceNow: N-1 Upgrade	2026	350	-	100	-
ServiceNow Enhancements (Post-Separation)	2026	400	-	100	-
Kubra Enhancement 2025	2026	1,163	296	263	-
SAP Enhancements (Post-Separation)	2026	500	-	100	-
Ransomware: Enterprise Offline Backup	2026	4,600	3,000	1,600	-
ServiceNow: HAM/SAM	2026	1,000	-	250	-
SuccessFactors: General Wage Increase Project	2026	300	-	100	-
DRSS Upgrade	2026	1,600	-	250	-
SuccessFactors: Service Pack Update	2026	250	-	100	-
Switch/Router LCP 2026	2026	2,100	-	250	-
Ransomware: Network Segmentation	2026	1,350	-	250	-
Standard Data Platform 2024/2025	2026	3,683	3,383	-	-
Enterprise Data Catalog Solution Phase 1	2026	1,200	-	250	-
Muni Portal for Kubra 2026	2026	750	-	-	-
Business Intelligence and Enterprise Analytics 2026	2026	2,400	-	-	-
MS365 - SharePoint Phase 1 2026	2026	875	-	-	-
Laptop LCP 2026	2026	1,130	-	-	-
Mainframe LCP 2026	2026	368	-	368	-
Storage LCP SAN Switch Replacement	2026	3,500	-	250	-
Storage LCP UNITY 600F	2026	750	-	250	-
Windows Server 2016 Upgrade	2026	1,500	-	500	-
Mainframe Resiliency Enhancements	2026	500	-	250	-
Redhat Linux 7 Upgrade - LCP	2026	600	-	250	-
CCaaS IVR Enhancements/Continuous Improvements	2026	1,000	-	-	-
Verizon TLS Routers LCP - 2025	2026	1,192	1,092	-	-
JMUX Replacement	2027	9,691	3,991	2,600	3,100
Field Mobility Replacement (using AGOL)	2027	1,500	-	-	700
PI Manual Logger Replacement	2027	2,000	-	-	500

Long Island Power Authority
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(\$ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures IT & Cybersecurity					
Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
IT Portfolio Planning System	2028	1,600	-	100	875
ESRI Utility Network Migration	2028	12,000	500	250	5,250
Total Information Technology		70,435	21,595	8,656	10,425
NIST CSF 2024 Assessment Response	2025	1,435	1,335	-	-
Ransomware: Threat Detection and Response (TDR)	2026	3,150	400	250	-
MS365 - E5 Migration	2026	1,750	-	-	-
DPS: Cyber Security Framework for AMI (Recomm #69)	2026	700	-	250	50
DPS: Establish a Privacy Program (Recomm #74)	2026	450	-	-	100
LI/NJ Zero Trust Network	2027	4,000	-	200	3,500
Ransomware: Device Containment	2027	1,600	-	-	1,100
Total Cyber Security		13,085	1,735	700	4,750
Grand Total IT & Cybersecurity Projects		\$ 264,514	\$ 41,751	\$ 14,187	\$ 60,841

Notes:
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Long Island Power Authority
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2026 Proposed and 2027 Projected Capital Expenditures Utility 2.0					
Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026	Projected 2027
Electric Vehicle (EV) Program	2027	\$ 8,380	\$ -	\$ 4,107	\$ 387
Electric Vehicle (EV) Make-Ready Phase II	2027	11,034	-	940	1,370
Fleet Make Ready Program	2027	4,164	-	1,941	2,223
IEDR Platform	2027	6,728	-	2,700	931
New Progam Funding	Program	-	-	-	5,000
Total Utility 2.0 Projects		\$ 30,307	\$ -	\$ 9,688	\$ 9,912

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

Long Island Power Authority
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(\$ in thousands)

2026 Proposed and 2027 Projected Capital Expenditures All Other						
Location	Investment Description	In Service Date	Total Project Cost	Project to Date through 12/31/25 (a)	Proposed 2026 (b)	Projected 2027
	Purchase Electric Meters	Blanket	\$ -	\$ -	\$ 2,591	\$ 3,807
	Meter Services Capital Labor	Blanket	-	-	-	4,952
	Tools/Equipment - Meter Services	Blanket	-	-	500	550
	Solar Battery Backup Kit	Blanket	-	-	350	418
	AMI System Replacement	Blanket	-	-	-	-
	AMI 2.0 Modem Upgrade	Program	-	-	169	-
	Work Optimization	Specific	-	-	-	-
Total Customer Service Projects			-	-	3,610	9,727
	Facilities Leasehold Improvements	Program	-	-	-	1,488
	New Operation Yard	Dec-26	88,831	16,651	9,126	1,101
	Property Strategy - Riverhead Acquisition & Development	Dec-28	22,713	-	-	20,125
	Property Strategy - Melville Acquisition and Development	Dec-28	49,005	-	-	28,750
	Property Strategy - Patchogue Ops Ctr. Acquisition Only	Dec-29	23,520	-	-	23,520
Total Other General Plant Projects			184,069	16,651	9,126	74,984
	Fleet	Program	-	-	10,004	23,171
Total Fleet Projects			-	-	10,004	23,171
Total T&D and Other Projects			\$ 2,585,757	\$ 3,502,345	\$ 643,797	\$ 854,860
Valley Stream	Valley Stream - upgrade relays at 138kV substation (Q#1289-upgrade)	Nov-26	1,064	153	911	-
Stewart Avenue	Stewart Avenue - upgrade relays at 138kV substation (Q#1289-upgrade)	Dec-26	1,458	177	1,237	44
Shoreham	Shoreham – construction of 50MW battery energy storage system	Dec-26	2,165	1,068	-	-
Valley Stream	Valley Stream - install reactor on 138-262 ckt to Stewart Avenue(Q#1289-upgrade)	Apr-27	13,432	1,003	3,905	8,524
Lake Success	Lake Success (3AF) - upgrade relays at 138kV substation (Q#1289-upgrade)	Apr-27	5,357	286	2,388	2,604
Ruland Road	Ruland - install reactors on 138-561/562 circuits to Newbridge (Q#1289-upgrade)	May-27	7,350	596	3,458	2,917
Newbridge	Newbridge - replace 138kV breaker 1460 (Q#1289-upgrade)	May-27	6,017	167	2,420	3,139
Holbrook	Holbrook - replace 138kV switch 1322 with a breaker (Q#1289-upgrade)	May-27	3,071	112	736	1,770
Shore Road	Shore Road - expand 138kV to ring bus to connect new lines (Q#1289-NUF)	Apr-28	20,570	161	1,214	11,283
Stewart Avenue	Stewart Avenue - install reactors on circuits 138-462/463 (Q#1289-upgrade)	Apr-28	23,460	1,658	4,729	6,486
Barrett	Barrett - upgrade relays at 138kV substation (Q#1289-upgrade)	May-28	2,163	59	12	925
Ruland Road	Ruland expand 138kV, connect new lines (Q#1289-NUF)	Oct-28	12,221	114	1,989	4,591
Pilgrim	Pilgrim - replace 138kV breakers PPTN (Q#1289-NUF)	May-29	3,189	27	-	285
Northport	Northport - install new 138kV phase angle regulator (Q#1289-upgrade)	Dec-29	47,609	6,360	7,341	975
Syosset, Oakwood, Greenlawn	Syosset - replace UG section of 138-676 circuit to Greenlawn (Q#1289-upgrade)	Dec-29	85,018	2,789	2,075	2,155
Northport	Northport - replace 138kV breakers PPTN (Q#1289-NUF)	Dec-29	9,546	145	8	2,190
Syosset	Syosset - install PAR on terminal of proposed new 138kV ckt (Q#1289-NUF)	Apr-30	33,590	2,890	571	1,510
Stewart Avenue, Newbridge, Ruland	Newbridge-convert 138kV ckt Stewave-Ruland 138-467/567 to 345kV (Q#1289-upgrade)	May-30	41,914	1,744	1,870	1,955
Total Public Policy Transmission Upgrades			319,194	19,509	34,866	51,352
FEMA Grant: Storm Hardening			-	-	53,977	128,202
Storm Capitalization			-	-	8,200	7,200
Total PSEG Long Island Capital Budget					\$ 740,840	\$ 1,041,614

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

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

2026 Proposed and 2027 Projected Capital Expenditures Pending Authorization		
Location	Investment Description	2026 Pending Authorization
Glenwood Landing	Shore Road substation - install 138kV 80MVAR reactor	200
North Bellmore	North Bellmore (5RK) - install 33MVA bank, switchgear and feeders	1,866
Town of Southampton	Southampton - install new 138kV cable to Deerfield	2,052
Setauket	Port Jefferson - install new 13kV distribution feeder	902
East Hampton	East Hampton Village - 4kV to 13kV conversion circuits (9L-782 & 9E-991)	332
Various	Defective distribution transformers upgrades and replacements	1,796
Various	Distribution system improvements - services, branch lines & customer request	1,000
Various	Substation equipment failures	300
Various	System spares	2,000
Various	Public works	7,020
Various	Distribution pole replacements	1,000
Various	Distribution multiple customer outages (MCO)	1,267
Various	Transmission pole replacements	1,380
Various	Remote terminal unit (RTU) replacement/upgrade program	1,000
Various	Mechanical relay replacements	285
Various	Substation control power transformer replacements	100
Various	Transformer major component replacements	810
Various	Pipe type cable low pressure trip	845
Various	Pipe type cable terminal pressure monitoring upgrade program	289
Various	Transmission pipe type cable pump house upgrade / replacement	701
Various	Substation lightning & grounding upgrades	790
Various	Replacement of non-restorable distribution wood pole rejects	830
Greenlawn	Huntington Village load pocket - substation supply hardening	710
Various	Substation battery relocation	335
Various	ACRV - automatic circuit recloser viper install/convert	1,164
City of Long Beach	Long Beach (2M) - aerial cable replacement at Park Place (599)	462
Roslyn	Re-energize transmission circuit 69-484.	80
Various	Reactive service restoration for underground cables	826
2WB Barrett Sub	Barrett (2WB) Bank#4 Replacement	480
Barrett Substation	Barrett 138/33kV bank #4 upgrade	20
Far Rockaway	East Network Rehabilitation	1,810
Various	Underground distribution cable replacement	7,000
Various	Transmission breaker replacement program	866
West Hempstead (3R)	West Hempstead(3R) - install four 69/13kV 33MVA transformers and associated work	1,320
South Farmingdale	South Farmingdale (7UM) partial substation rebuild	500
Indian Head Substation	Indian Head (6HL) total substation rebuild	500
Port Jefferson	Control power and lighting upgrades at 8F Port Jefferson	2,985
Specific	Reconductor/replace 33-211 Far Rockaway to Rockaway Beach	500
Various	Eye wash station replacements	1,000
Various	Distribution feeder monitors	500
Canal DVAR Replacement	DRSS at Canal upgrades	3,000
Lynbrook	Lynbrook total station rebuild	500
Buell	Buell to Southold- 69kV spare cable	3,000
Various	Mobile pump skid	500
Ocean Beach	Ocean Beach (7LM) - raise select equipment	3,891
Confidential	Facility Operations Replacement	7,850
Various	Capital tools	200
Various	Transfer distribution facilities to new telephone poles	218
Various	LIRR program	1,165
Various	Substation security upgrades program	500
Various	Substation distribution circuit relay upgrade	75
Melville	Ruland road new 13kV switchgear	1,480
Southold	Removal of abandoned towers in Southold	297
Various	Minor capital substation improvements	1,000
Total Transmission & Distribution		71,500
	iTOA (Integrated Tools for Operations)	1,250
	GE PowerOn Reliance Upgrade	299
	Materials Management AIDC Technology for Long Island	2,300
	Cyber Security Tools for Energy Management System (EMS)	480
	Drone in a Box	734
	ADMS - DSCADA Upgrade	11,560
	SAS Visual Analytics – LCP Upgrade	950
	AIDASH Climate Risk Intelligence System (CRIS)	565
	AMI & MDM Enhancement 2026	600
	CCaaS IVR Enhancements/Continuous Improvements	1,000
	Self Service Containment Enhancements	413

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

2026 Proposed and 2027 Projected Capital Expenditures Pending Authorization		
Location	Investment Description	2026 Pending Authorization
	IT Portfolio Planning System	425
	Enterprise Data Catalog Solution Phase 1	950
	ESRI Utility Network Migration	5,000
	CyberArk for CNI - EMS	2,000
	Muni Portal for Kubra 2026	750
	Windows Server 2016 Upgrade	1,000
	PI Manual Logger Replacement	1,500
	Field Mobility Replacement (using AGOL)	800
	Switch/Router LCP 2026	1,850
	Ransomware: Network Segmentation	350
	DRSS Upgrade	1,350
	MS365 - SharePoint Phase 1 2026	875
	ServiceNow: N-1 Upgrade	250
	SuccessFactors: Service Pack Update	150
	ServiceNow: HAM/SAM	750
	SuccessFactors: General Wage Increase Project	200
	ServiceNow Enhancements (Post-Separation)	300
	Business Intelligence and Enterprise Analytics 2026	2,400
	SAP Enhancements (Post-Separation)	400
	Mainframe Resiliency Enhancements	250
	Storage LCP UNITY 600F	500
	Storage LCP SAN Switch Replacement	3,250
	Laptop LCP 2026	1,130
	Redhat Linux 7 Upgrade - LCP	350
	DPS: Cyber Security Framework for AMI (Recomm #69)	400
	Ransomware: Device Containment	400
	Ransomware: Threat Detection and Response (TDR)	2,050
	MS365 - E5 Migration	1,750
	DPS: Establish a Privacy Program (Recomm #74)	350
	LI/NJ Zero Trust Network	300
Total IT & Cybersecurity		52,181
	Meter Services Capital Labor	4,761
	Purchase Electric Meters	259
	Solar Battery Backup Kit	35
	Work Optimization	321
	AMI 2.0 Modem Upgrade	17
Total Customer Service		5,393
	New Operation Yard	4,974
	Facilities Leasehold Improvements	1,874
Total Other General Plant		6,848
Valley Stream	Valley Stream - upgrade relays at 138kV substation (Q#1289-upgrade)	133
Stewart Avenue	Stewart Avenue - upgrade relays at 138kV substation (Q#1289-upgrade)	224
Total Public Policy Transmission Upgrades		357
	FEMA 406 HMGP - Isaias hazard mitigation project	68,818
Total FEMA		68,818
Wainscott	CLCPA property related acquisition - SOS 2463	200
Lake Ronkonkoma	Ronkonkoma - land purchase	500
Deerfield	Deerfield - property acquisition	6,200
Westbury	New Cassel - adjacent land acquisition	3,325
North Patchogue	North Patchogue land purchase	4,705
Total Property Acquisition		14,930
Total Pending Project Authorization		\$ 220,028

LIPA’s Relationship with New York State Government

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

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



Budget Process

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

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

Budget Development Schedule:

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



October 31, 2025

Via E-mail and U.S. Mail

Honorable Tracey Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

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

Dear Chairwoman Edwards:

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

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

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

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

³ New OSA, Appendix 4.3(C)(I)(B).

⁴ Id.

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

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

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

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

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

⁵ New OSA, Appendix 4.3(C)(I)(D).

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Rory M. Christian", written in a cursive style.

Rory M. Christian
Chief Executive Officer

ATTACHMENT

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

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

October 31, 2025

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff

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

Introduction

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

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

Recommendations

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

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

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

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

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

³ Id.

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

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

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

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

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

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

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

Appendix A

Metrics Recommended for Adoption without Modification

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

Appendix A

Metrics Recommended for Adoption without Modification (Cont.)

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



Carrie Meek Gallagher
Chief Executive Officer
cmgallagher@lipower.org

October 1, 2025

Mr. Rory M. Christian
Chief Executive Officer
New York Department of Public Service
125 East Bethpage Road
Plainview, NY 11803

Dear CEO Christian,

Enclosed is LIPA's proposed set of performance metrics for PSEG Long Island for 2026. We submit these metrics for your review and recommendation to the LIPA Board of Trustees.

This year's process has been forward-looking and constructive. Our teams worked together not only to update existing measures but also to introduce refinements that better capture the outcomes customers care about most: affordability, reliability, and service quality. We believe the 2026 metrics continue to raise expectations in a way that is both practical and ambitious, supporting continuous improvement while aligning with expectations of all New York utilities.

We value the Department's partnership and perspective as we advance this work, and we appreciate your review. Please don't hesitate to reach out if you or your staff would like to discuss the details further.

Sincerely,

A handwritten signature in blue ink that reads "Carrie Meek Gallagher".

Carrie Meek Gallagher
Chief Executive Officer
Long Island Power Authority

Enclosure

cc: Dave Lyons, Interim President and COO – PSEG Long Island

David Lyons

Interim President & Chief Operating Officer, PSEG Long Island

175 E Old Country Rd.
Hicksville, NY 11801
Phone: 973-796-0791
David.Lyons@pseg.com



October 1, 2025

Mr. Rory M. Christian
Chief Executive Officer and Chair
New York State Public Service Commission
125 East Bethpage Road
Plainview, NY 11803

Dear Mr. Christian,

Enclosed is LIPA's proposed set of performance metrics for PSEG Long Island for 2026. PSEG Long Island is in full support of the package as proposed. More so than ever, the process was marked by collaboration, transparency, and a shared commitment to LIPA and PSEG Long Island's joint mission of providing safe, clean, reliable, and affordable energy to our customers.

Through constructive dialogue and partnership, we reached alignment on all **58 metrics** included within the 2026 package.

This outcome reflects the dedication of both parties to engage openly and thoughtfully in creating these critical measurements for advancing operational excellence and enhancing customer value. Both teams focused on refining and developing metrics that reflect our continued commitment to customer service, reliability, and outstanding operational performance.

I would like to take this opportunity to recognize the collaborative approach that has been demonstrated throughout this process between the LIPA and PSEG Long Island teams. Both LIPA and PSEG Long Island staff worked closely to develop reasonable stretch goals that maintain flat budgets and drive meaningful value for our customers.

Together, we can continue our success as the No. 1 overhead electric service provider in New York State in reliability and customer satisfaction. We appreciate your review and please do not hesitate to reach out if further clarification or assistance is needed during the process.

A handwritten signature in black ink, appearing to read "David C. Lyons".

David Lyons

Interim – President and Chief Operating Officer
PSEG Long Island

Cc: Carrie Meek Gallagher, Chief Executive Officer, Long Island Power Authority
Nicholas Forst, Acting Director, DPS Long Island Office



September 2025

2026 Proposed PSEG Long Island Performance Metrics



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2026 Performance Metrics	
BS-13	Information Request (IR) Responses
BS-22	Timely, Accurate, and Supported Storm Event Invoicing
BS-42	Develop Annual Zero Based Budget (ZBB) for T&D
BS-43	Implement Standards and Methods to Reduce Project Variances
BS-44	Establish Annual Assessment Allocation Model
BS-45	Develop Methods and Standards for Tracking Productivity Gains
BS-48	Strategic Supplier MSAs
BS-50	Time to Start
BS-53	Non-Utility Billing Collections
BS-54	Competitive Transactions
BS-55	Procurement Savings
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CS-03	J.D. Power – Business
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CS-36	E-Bill Enrollment
CS-37	Self-service Containment Enhancements
CS-40	Outage Information Satisfaction and Cause Code
IT-03	System Resiliency – Business Continuity Plans and Functional Drills
IT-04	System and Software Lifecycle Management
IT-05	Project Performance – In-flight Projects
IT-06	Project Performance – New 2026 Projects
IT-09	IT Planning – Ransomware Readiness and Response
IT-10	System Resiliency – Disaster Recovery Plans and Testing
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PS&CE-06	Electric Vehicle (EV) Make-Ready
PS&CE-14	Transportation Strategic Initiatives
PS&CE-16	Residential Time-of-Day Participation Rate
PS&CE-17	Disadvantaged Communities (DACs) – Spend %

PS&CE-18	Solar Interconnection
PS&CE-19	Building Weatherization
PS&CE-20	Demand Response
PS&CE-21	Large Load Performance Requirements
T&D-06	Primary Transmission Control Center (PTCC) Replacement
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)
T&D-13	Safety – Serious Injury Incident Rate (SIIR)
T&D-14	Safety – OSHA Recordable Incidence Rate
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate
T&D-18	Improve Reliability Through Work Management Enhancements
T&D-24	Improve Reliability Through Vegetation Management Work Plan
T&D-37	Improve Reliability and Resiliency Through Completion of Program Planned Units
T&D-40	Reduce Double Wood Poles
T&D-50	Storm Outage Response Performance
T&D-54	Storm Crewing Efficiency and Prudency
T&D-57	Improve Underground (UG) Reliability Performance
T&D-58	Distribution System Automation and Advanced Operations

2026 Performance Metrics

BS-13: Information Request (IR) Responses

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

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

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

IRs fall into the following two categories:

- IRs for documents LIPA believes already exist in some format (e.g., electronic, paper) in PSEG Long Island's records and do not require the generation of new content ("Existing Documents"); and
- IRs for documents that require PSEG Long Island to generate information, in a format that does not currently exist ("Created Documents").

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

2026 Performance Metrics

BS-13: Information Request (IR) Responses

Targets:

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

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

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

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

Calculations:

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

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

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

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

EXCLUSIONS

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

2026 Performance Metrics

BS-13: Information Request (IR) Responses

DELIVERABLES

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

2026 Performance Metrics

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

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

For Storm Events, PSEG Long Island shall:

1. Provide an estimated dollar value of damages by County (using preliminary estimated job counts that are subject to change based on final review), for each Storm Event, when requested by LIPA, within 10 days of the end of the follow-up period defined in ERIP-FIN-001 (Storm Accounting Protocols for Storm Events).
2. For 2024-2025 Storm Events whereby invoicing is due in 2026, submit "Invoice 1" within 3 months of the end date of the Storm Event which shall consist of:
(i) PSEG Long Island Labor; (ii) Indirect Labor (Fleet/Materials Handling); (iii) Labor Burdens (contract labor burdens); (iv) Indirect outside Services (Fleet/Materials Handling); (v) Employee Expenses (Logistics and Travel and Subsistence); and (vi) Materials.
3. For 2025-2026 Storm Events whereby invoicing is due in 2026, submit "Invoice 2" within 6 months of the end date of the Storm Event which shall consist of: (i) Foreign crew tree trim, HV & LV; (ii) Damage Assessors; (iii) Wire watchers; (iv) Logistics (outside services); and (v) Other contractor invoices in support restoration.

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

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

2026 Performance Metrics

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

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

- Accuracy – LIPA will perform Independent Verification and Validation of 5 or more Storm Events for which storm invoices are presented in 2026 (storm could be declared in 2025) for compliance as defined in the 2nd Amended and Restated OSA (OSA).
 - o For any Non-FEMA Storm Event, all adjustments related to the sum of PSEG Long Island labor, Employee expenses, and Materials provided in Invoice 1, or the total of Invoice 2 (measured separately) cannot exceed 5% of total applicable invoice to meet the accuracy standard for an event (i.e. the sum of PSEG Long Island Labor, Employee expenses, and Materials included in Invoice 1 = \$2M – adjustments to Invoice 1 cannot be greater than \$100k).
 - o For FEMA events, the accuracy measurement will be measured on each month's Category package, described above accordance with CAM-FI-H16, Appendix A.
 - o LIPA has 45 days to inform PSEG Long Island of any disputed costs submitted and PSEG Long Island has 10 business days to substantiate or remove such costs as outlined in CAM-FI-H15 and CAM-FI-H16.

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

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

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

EXCLUSIONS

None

DELIVERABLES

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

2026 Performance Metrics

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

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

2026 Performance Metrics

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

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

1. Provide a scope document that outlines the process for piloting and assessing the applicability of a work based approach within selected work categories within the T&D O&M budget. **Earn 25%**
2. Develop and submit a detailed budget proposal for to enhance planning for a select set of T&D work categories as part of the 2027 budget cycle. The proposal should include clear cost drivers, supporting documentation for major line items, and justification of any major year-over-year changes, following zero-based budgeting principles where practical. **Earn 45%**
3. Prepare the 2027 T&D budget to reflect continuous improvement efforts, demonstrating efficiency gains and cost avoidance compared to 2025 where achievable, with transparent documentation of cost drivers. **Earn 30%**

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

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

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

2026 Performance Metrics

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

EXCLUSIONS

None

DELIVERABLES

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

2026 Performance Metrics

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

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

1. Beginning in June, provide monthly enhanced capital project variance reporting to explain year-to-date financial variances relative to the scope and timeline of the project (e.g., earn vs. burn, unit cost vs. units completed). Ensure report captures 50% of the capital budget. **Earn 30%**
2. Beginning after June close, provide year-end forecasts for ten (10) highest valued capital budgeted projects and provide detailed analysis of forecasted variances for any +/- 10%. **Earn 20%**
3. Conduct analysis of ten (10) large Capital projects (as mutually agreed upon by PSEG Long Island and LIPA) put in service since 2024 (if the ten (10) can't be met using 2024, review prior years for applicable projects) to analyze variances of final spend vs original as well as drivers of changes in approved estimates. Document variance %, variance drivers, % of risk and contingency used, and lessons learned. Incorporate lessons learned into project estimating processes and documentation. **Earn 20%**
4. Complete an end-to-end review of the capital budget process, including the number of staff that is managing the PJD, URB, and forecasting process. Quantify cost of managing the capital process and identify areas for improvement and efficiencies to be implemented in 2027. **Earn 30%**

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

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

2026 Performance Metrics

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

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

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

EXCLUSIONS

None

DELIVERABLES

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

2026 Performance Metrics

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

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

Develop monthly assessment analysis report to incorporate the following:

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

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

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

2026 Performance Metrics

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

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

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

EXCLUSIONS

None

DELIVERABLES

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

2026 Performance Metrics

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

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

1. Develop Smartsheets/Excel to track anticipated gains and productivity for projects selected for the continuation of the 2025 pilot program. Develop a process where new capital projects that claim will achieve productivity gains or operational efficiencies resulting in savings in the Project Justification Document (PJD) will be added to Smartsheet tracker developed during 2025. **Earn 15%**
2. Select two (2) additional T&D and IT Capital Projects based on Total Project Costs in-service by 2025 or before going two (2) years back that mention productivity gains or operational efficiencies resulting in savings on PJD, and add to the tracker to monitor savings or productivity gains on a forward-looking basis. Explain variances of +/- 25%. **Earn 25%**
3. Propose an O&M project that may provide potential for O&M savings and submit a plan for LIPA's review and approval demonstrating savings potential to LIPA's ratepayers. **Earn 30%**
4. Beginning with 2Q data, provide quarterly report to LIPA to demonstrate savings or productivity gains as tracked in Smartsheet/Excel. **Earn 30%**

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

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

2026 Performance Metrics

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

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

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

EXCLUSIONS

None

DELIVERABLES

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

2026 Performance Metrics

BS-48: Strategic Supplier MSAs

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

1. Analysis of Procurement Spend:

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

Examples: Transformers, Wire and Cable, Switchgear Components, Switchgear, Capacitors

2. Collaborate with Internal Business Units:

a. Review the five (5) strategic spend categories with stakeholders from relevant business units. Conduct interviews, workshops, or surveys to synthesize and document long-term business requirements for each category.

b. Standardize specifications/work scope with stakeholders from relevant business units for each category.

3. Develop Supply Market Analysis:

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

4. Develop a Sourcing Strategy and Execution Plan:

a. Develop a strategic sourcing strategy for each strategic spend category. Each sourcing strategy should identify a sourcing method (e.g. RFx, non-competitive award, e-auction), purchasing method (e.g. blanket PO, Catalog), and preferred pricing methodology (e.g. Lump sum, unit price, T&M) for each strategic spend category.

b. Develop an execution plan with key milestones for each category. The plan(s) will be submitted to LIPA for approval.

5. Execution of Sourcing Strategy:

a. MSA re-negotiation and issue multi-year blanket purchase order (PO) based on the multi-year plan, or

b. Initiate MSA RFP release

2026 Performance Metrics

BS-48: Strategic Supplier MSAs

Target improvement for 2026:

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

EXCLUSIONS

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

DELIVERABLES

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

2026 Performance Metrics

BS-50: Time to Start

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

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

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

2026 Target

100% of allocated compensation for 5% reduction from 2025 YE target.

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

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

EXCLUSIONS

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

2026 Performance Metrics

BS-50: Time to Start

DELIVERABLES

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

2026 Performance Metrics

BS-53: Non-Utility Billing Collections

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

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

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

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

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

Targets for 2026:

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

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

CALCULATION:

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

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

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

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

2026 Performance Metrics

BS-53: Non-Utility Billing Collections

EXCLUSIONS

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

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

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: <ul style="list-style-type: none">Final 12/31/25 aging report with a summary of target benchmark. The summary should include total invoices that meet the criteria and any exclusions to arrive at target benchmark.Details of all invoices that create the total population (including excluded items) should be presented in a separate sheet, including Customer Name, PO#, Bill Date, Invoice Amount, Days Outstanding	1/31/2026
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: Non-Utility AR Aging Report with Monthly Summary that tracks progress vs. target benchmark. The report should include: <ul style="list-style-type: none">Listing of any invoices written off that are \$50K or greaterListing of any invoices that have been transferred to an "Exclusion" category	2/28/26 and monthly going forward

2026 Performance Metrics

BS-54: Competitive Transactions

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

OBJECTIVE

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

TARGETS AND CALCULATIONS

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

Formula:

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

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

Target improvement for 2026:

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

EXCLUSIONS

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

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

2026 Performance Metrics

BS-54: Competitive Transactions

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

DELIVERABLES

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

2026 Performance Metrics

BS-55: Procurement Savings

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

OBJECTIVE

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

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

TARGETS AND CALCULATIONS

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

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

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

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

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

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

2026 Performance Metrics

BS-55: Procurement Savings

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

EXCLUSIONS

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

DELIVERABLES

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

2026 Performance Metrics

CS-02: J.D. Power – Residential

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Edyta Keppler
PSEGLI Director: Mike Presti	DPS Contact: Chris Ronacher
Allocated Compensation (2021 Dollars): \$450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#8 730	#16 677	#13 NA	#14 690	#10 740	#09 702	#5	#10	1 st Quartile

OBJECTIVE

Drive toward achievement of top quartile customer satisfaction within J.D. Power Residential East Large segment.

TARGETS AND CALCULATIONS

Definition: Measures PSEG Long Island's position in the overall J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for Residential Customers for the "East Region, Large Segment."

Calculation: PSEG Long Island's relative performance for J.D. Power Customer Satisfaction Survey (Residential) 2026 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position represents results fielded in 2026 and will be the final year-end results publicly reported by J.D. Power. PSEG Long Island's performance will be measured by either:

- the percentile placement, determined by the utilities' year-end scores, or
- the position improvement over PSEG Long Island's 2025 year-end syndicated results

Incentive to be allocated as follows:

- 100% if achieve 25.0 percentile (top quartile) performance, or
- 75% if achieve 37.5 percentile (upper half of second quartile) performance or a 4-position improvement from 2025 year-end syndicated results, or
- 50% if achieve 50 percentile (bottom half of second quartile) performance or a 3-position improvement from 2025 year-end syndicated results

PSEG Long Island will not be compensated for any position improvement if the 2026 syndicated result is below 62.5 percentile (top half of third quartile).

2026 Performance Metrics

CS-02: J.D. Power – Residential

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2026 target based on JD Power’s 2025 results.	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the Scorecard Reporting Requirement for J.D. Power - Residential (aligned to quarterly J.D. Power reporting)	Quarterly

2026 Performance Metrics

CS-03: J.D. Power – Business

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Edyta Keppler
PSEGLI Director: Mike Presti	DPS Contact: Chris Ronacher
Allocated Compensation (2021 Dollars): \$450,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
#6 789	#12 737	#9 NA	#12 710	#9 NA	#9	#9	#11	1 st Quartile

OBJECTIVE

Drive toward achievement of top quartile customer satisfaction within J.D. Power Business East Large segment.

TARGETS AND CALCULATIONS

Definition: Measures PSEG Long Island's position in the overall J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for Business Customers for the "East Region, Large Segment."

Calculation: PSEG Long Island's relative performance for J.D. Power Customer Satisfaction Survey (Business) 2026 year-end syndicated as reported by J.D. Power for "East Region, Large Segment." This year-end syndicated position represents results fielded in 2026 and will be the final year-end results publicly reported by J.D. Power. PSEG Long Island's performance will be measured by either:

- the percentile placement, determined by the utilities' year-end scores, or
- the position improvement over PSEG Long Island's 2025 year-end syndicated results

Incentive to be allocated as follows:

- 100% if achieve 25.0 percentile (top quartile) performance, or
- 75% if achieve 37.5 percentile (upper half of second quartile) performance or a 3-position improvement from 2025 year-end syndicated results, or
- 50% if achieve 50 percentile (bottom half of second quartile) performance or a 2-position improvement from 2025 year-end syndicated results

PSEG Long Island will not be compensated for any position improvement if the 2026 syndicated result is below 75 percentile (third quartile).

2026 Performance Metrics

CS-03: J.D. Power – Business

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island submits 2026 target based on JD Power’s 2025 results	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the Scorecard Reporting Requirement for J.D. Power - Business (aligned to Bi-Annual J.D. Power reporting)	Biannually

2026 Performance Metrics

CS-11: Contact Center Service Level with Live Agent Calls

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkle, Lorraine Barrucco
PSEGLI Director: Jessica Tighe	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	80.3%	80%	29.2%	80%	41.8%	77%	41.3%	77%

OBJECTIVE

Measure response of Customer Service Representatives to customer calls to promote efficient staffing and customer satisfaction.

TARGETS AND CALCULATIONS

Definition: The Contact Center Service Level is the percent of Main Campaign inbound calls answered (i.e. handled) by a representative within the following parameters:

- Within 30 seconds during blue sky days and any storms defined as “non-major,” and
- Within 90 seconds during “major storms”*

*A major storm is defined as any storm which causes service interruptions of at least ten percent of customers in an operating area, or if the interruptions last for 24 hours or more.

Calls that abandon within 30 seconds after transferring to a representative are not included in the count of offered (i.e. queued) calls.

Calculation:

Service Level % = (Major storm day inbound calls handled in 90 seconds + non-storm inbound calls handled in 30 seconds) / (Total queued calls – queued calls abandoned within 30 seconds)

Target: ≥ 77% of calls answered within service level for contract year

Rounding protocols using the second significant digit will be implemented for target measurement purposes.

2026 Performance Metrics

CS-11: Contact Center Service Level with Live Agent Calls

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Contact Center Service Level with Live Agent Calls 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-13: First Call Resolution

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkel, Lorraine Barrucco
PSEGLI Director: Jessica Tighe	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$100,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
82.8%	83.0%	80.0%	79.4%	81.0%	80.6%	N/A	80.1%	81.0%

OBJECTIVE

Measure call center proficiency in satisfactorily resolving customer issues and questions at the time of initial call.

TARGETS AND CALCULATIONS

Survey immediately after calls from residential and commercial customers to measure whether the customer issue was handled on the first call. The question used for calculation of this metric is Question #5 in the Customer Rep SAT Survey V2: "Was this the first time you contacted us to resolve this issue?" for the Main Campaign.

Calculation: Blended (Residential + Commercial calls) for issues handled on the first call / total number of responses

Target: $\geq 81.0\%$ overall performance for the Contract Year

There is no rounding protocol. Performance must achieve or exceed the target.

EXCLUSIONS

In the event of a storm that produces 100,000 or more outages, FCR results will be excluded up to 3 additional days after the active outages fall below 100,000 or the conclusion of the major storm, whichever is sooner.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for First Call Resolution 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-14: Net Dollars Written Off

Board Policy: Customer Value, Affordability, & Rate Design	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$350,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023*		2024*		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.54%	0.28%	0.77%	0.55%	\$29,576,986	\$34,315,841	\$20,836,630	\$20,403,370	0.51%

OBJECTIVE

Actively manage the receivables and associated write-offs and recoveries to maintain a solid financial position.

TARGETS AND CALCULATIONS

Definition: Net Write-Offs as a % of revenue measures the effectiveness of recovery efforts of uncollectible revenue. It is an overall measure of the possibility of the business incurring bad debts.

Measured as the total net dollars written-off for January 1, 2026 to December 31, 2026.

Calculation: The total amount of write-offs / by the total revenue and multiplied by 100

Targets:

≤ 0.42% for 100% of incentive compensation

≤ 0.44% for 75% of incentive compensation

EXCLUSIONS

Both parties agree to revisit the metric result if a statewide moratorium on shut off is instituted for residential customers or if regulatory changes are implemented that are beyond the control of PSEG LI which impede the ability to effectively utilize various collection tools and strategies.

2026 Performance Metrics

CS-14: Net Dollars Written Off

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Net Write-Offs 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

Board Policy: Customer Value, Affordability, & Rate Design	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil, Lynda Thompson
PSEGLI Director: Balaji Ambriyath, Brigitte Wynn	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$350,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	68.3%	N/A	65.63%	48.03%	55.82%	48.58%	50.18%	51.91%

OBJECTIVE

Effective management for aged receivables > 90 days to maintain a solid financial position.

TARGETS AND CALCULATIONS

Definition: Accounts receivable (AR) > 90 days measures the percent of past-due AR that have aged more than 90 days (i.e. excluding current AR).

Calculation: AR aging % YTD = Rolling 12-month total dollars outstanding more than 90 days/ Rolling 12-month total dollars outstanding 30 and more days past due.

Target:

≤ 47.04% = 100% of incentive compensation

≤ 48.18% = 75% of incentive compensation

EXCLUSIONS

Both parties agree to revisit the metric result if a statewide moratorium on shut off is instituted for residential customers or if regulatory changes are implemented that are beyond the control of PSEG LI which impede the ability to effectively utilize various collection tools and strategies.

2026 Performance Metrics

CS-15: Arrears Aging Percent > 90 Days Past Due (Arrears %>90)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Arrears Aging Percent > 90 Days Past Due (Arrears %>90) 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-17: Low to Moderate Income (LMI) Program Participation

Board Policy: Customer Value, Affordability, & Rate Design	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Erin Mullen
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Kim Soreil
PSEGLI Director: Brigitte Wynn	DPS Contact: Denise Prestinari
Allocated Compensation (2021 Dollars): \$400,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
35000	46917	55000	42528	50000	41933	50000	38716	40000

OBJECTIVE

Increase the Low to Moderate Income (LMI) program customer enrollment in the Household Assistance Rate (HAR).

TARGETS AND CALCULATIONS

Definition: Count the number of unique valid LMI program enrollees in any month during the calendar year 2026.

Target and Calculation: Meet stated LMI program enrollees in any month during the calendar year 2026 for Allocated Compensation as follows:

≥47,500 LMI enrolled customers = 100% of incentive compensation

≥45,000 LMI enrolled customers = 75% of incentive compensation

≥42,500 LMI enrolled customers = 50% of incentive compensation

EXCLUSIONS

Customers who have not met the 18-month renewal process.

Customers who are enrolled in the Enhanced Energy Assistance Program (EEAP) to be tracked separately and not part of this metric calculation for 2026.

CS-17 metric will be revisited if program(s) are eliminated or changed that (is) are used to enroll customers in the LMI rate program.

2026 Performance Metrics

CS-17: Low to Moderate Income (LMI) Program Participation

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Low to Moderate Income (LMI) Program Participation 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-19: DPS Customer Complaint Rate

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Edyta Keppler
PSEGLI Director: Mike Presti	DPS Contact: Chris Ronacher
Allocated Compensation (2021 Dollars): \$100,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
6.5 NA	11.8 #6	5.0 NA	2.0 #1	4.2 N/A	3.3 #1	#1	#1	#1

OBJECTIVE

Keep customer regulatory complaints to a minimum.

TARGETS AND CALCULATIONS

Definition: Total number of initial customer complaints registered with the NY Department of Public Service, Public Service Commission

Calculation:

- Monthly: Initial Complaint Rate = (Initial Complaints Total / Customer Population) * 100,000 Customers
- YTD: Rolling 12-month Initial Complaint Rate = [(Rolling 12-Month Initial Complaints Total / 12) / Customer Population] * 100,000 Customer

Target: Achieve the top position (#1) for Rolling 12-month Initial Complaint Rate for electric and combination companies within the peer group at yearend. The peer group will include all electric and combination companies in New York State, which includes the below:

- Central Hudson Gas & Electric Corp.
- Con Edison of New York
- National Grid-Upstate
- New York State Electric & Gas Corp.
- Orange & Rockland
- Rochester Gas & Electric Corp.

EXCLUSIONS

None

2026 Performance Metrics

CS-19: DPS Customer Complaint Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for DPS Customer Complaint Rate 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-31: Call Average Handle Time (AHT)

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Merkle; Lorraine Barrucco
PSEGLI Director: Jessica Tighe	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$200,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	388	N/A	433	N/A	438	376	471*	433

*Excludes TOD calls. 472 with TOD

OBJECTIVE

Improve agent efficiency in responding to customer inbound phone inquiries

TARGETS AND CALCULATIONS

Definition: The AHT for this metric is the average duration of calls answered by the Call Center reps in the Main Campaign as tracked in the PSEG Long Island Call Center Daily Monthly YTD Summary report.

Calculation: $AHT = \frac{\text{The sum of the call duration (Talk time + Conference time + Hold time + After call work time)}}{\text{Total number of representative-answered calls}}$

Target:

≤ 433 seconds = 100% incentive compensation

≤ 438 seconds = 75% incentive compensation

EXCLUSIONS

In the event of a major storm that produces 100,000 or more outages, AHT results will be excluded up to 3 additional days after the active outages fall below 100,000 or the conclusion of the major storm, whichever is sooner.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Call Average Handle Time 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-36: E-Bill Enrollment

Board Policy: Customer Experience; Customer Value, Affordability & Rate Design	Board PIPs: N/A
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Michelle Somers
PSEGLI Director: Mike Presti	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$300,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	42.2%	N/A	43.8%	N/A	45.1%	N/A	47.5%	52.0%

OBJECTIVE

Increase enrollments in paperless billing to ensure timely bill receipt and reduce postage costs.

TARGETS AND CALCULATIONS

Definition: The e-bill enrollment rate is the percent of customer accounts actively enrolled in a paperless bill delivery method by year end 2026. Customer accounts enrolled in dual-delivery (paperless + paper) are not included in the numerator. Customer bill credits cannot be used to incentivize customers to achieve the metric target.

Calculation: E-bill Enrollment % = (Third-party e-bill enrollments + Kubra e-bill enrollments) / Total number of active residential and commercial accounts at year end 2026

Target:

100% incentive compensation for ≥ 30,000 enrollments above 2025 year-end results, or
75% incentive compensation for ≥ 25,000 enrollments above 2025 year-end results

EXCLUSIONS

None

2026 Performance Metrics

CS-36: E-Bill Enrollment

DELIVERABLES

Deliverable Name	Target Due Date
PSEGLI to submit target as a % of total active accounts based on 2025 year-end results.	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for E-Bill Enrollment 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

CS-37: Self-Service Containment Enhancements

Board Policy: Customer Experience; Customer Value, Affordability & Rate Design	Board PIPs: N/A
LIPA Exec. Sponsor: Stephen Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Nayan Parikh
PSEGLI Director: Mike Presti	DPS Contact: Mike Sherman
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

Enhance self-service eligibility rules to allow more customers to transact in a self-service channel and reduce call transfers to a call center rep.

TARGETS AND CALCULATIONS

This project is to enhance the self-service channels with the following eligibility rule changes:

1. Allow customers in collections to transact in self-service up to the point when the disconnect work order is fielded.
2. Allow customers with 2 or more returned ACH/check payments in a 12-month period to make credit card payments.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Meet with LIPA and present an overview of the solution design	2026-02-20
Go-live	2026-11-30

2026 Performance Metrics

CS-40: Outage Information Satisfaction & Cause Code

Board Policy: Customer Experience	Board PIPs: N/A
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino; Mike Sullivan	PSEGLI Proj. Mgr: Edyta Keppler; Jason Goldsmith
PSEGLI Director: Mike Presti; Larry Torres	DPS Contact: Chris Ronacher
Allocated Compensation (2021 Dollars): \$300,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	N/A	N/A	64.4% N/A	70.0% N/A	63.3% 32.8%	71.1% N/A	69.3% 65.7%	N/A

OBJECTIVE

Improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage

TARGETS AND CALCULATIONS

1. Measure overall satisfaction with the information received during the outage (50% compensation)

Survey all impacted customers after a residential customer experience of an outage to measure whether the customer was satisfied when asked the following question on the outage survey, "Overall satisfaction with the information received during the outage." Measured on a scale of 1 to 10 with 10 being extremely satisfied and 1 being extremely dissatisfied.

Calculation: % of Satisfied Customers = Responses with a Rating of 6-10 for the Target Question / Total Number of 1- 10 Responses to the Target Question

Target:

≥ 74.0% satisfaction = 100% of Allocated Incentive Compensation for survey component, or

≥ 72.0% satisfaction = 75% of Allocated Incentive Compensation for survey component

There is no rounding protocol. Performance must achieve or exceed the target.

2. Measure the % of outage restoration notifications that contain a cause code. (50% compensation)

Determine the percentage of accounts that received restoration notifications with a cause code, out of all accounts that received restoration notifications. Accounts will be counted by outage incident.

Calculation: % of Cause Code = Number of accounts with a cause code restoration notification / Total accounts with a restoration notification

2026 Performance Metrics

CS-40: Outage Information Satisfaction & Cause Code

Target:

≥ 5 percentage point improvement over 2025 year-end performance = 100% of Allocated Incentive Compensation for cause code component, or

≥ 3 percentage point improvement over 2025 year-end performance = 75% of Allocated Incentive Compensation for cause code component

There is no rounding protocol. Performance must achieve or exceed the target.

EXCLUSIONS

A catastrophic storm where outages last three days or more will be excluded from this metric

DELIVERABLES

Deliverable Name	Target Due Date
PSEGLI to submit cause code target as % of 2025 total accounts with a restoration notification	2026-01-16
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Outage Information Satisfaction & Cause Code 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

Board Policy: Information Technology and Cyber Security	Board PIPs: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Greg Flay
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Frank Savin
PSEGLI Director: Irving Landesbaum	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

The objective of this metric is to have an effective business continuity program that is well-designed, robust, and tested. For 2026, this metric targets the critical “Class 1” business processes impacted by the loss of the following critical systems:

- DSCADA
- EMS
- OMS/CAD

Two additional systems were considered but are not in scope for the 2026 metric are the PI Historian system and Mulesoft. PI Historian does not support any Class 1 processes, and the loss of data flowing through Mulesoft results in impaired functionality for the three systems included in scope. Loss of those systems is already covered in the BC planning for processes using those systems.

PSEG-LI shall enhance its business continuity management program by addressing the nine recommendations contained in the 2024 IT Systems Resiliency Report indicated below.

- RC.CI3.E5
- RC.CI3.ECO6
- RC.GF3.RR8
- RC.GV3.IP2
- RC.GV3.MR1
- RC.GV3.PF6
- RC.RA3.BI3
- RC.SP3.PD4
- RC.SP3.TA7

The improvements will leverage guidance from ISO standards such as 22301:2019 or others as applicable. The components of the BC program should be annually reviewed, updated, and approved by LIPA. The program should be successfully and thoroughly exercised via functional drills for all in-scope critical processes.

Background

PSEG-LI states that the business continuity program currently consists of the following:

2026 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

- A PSEG enterprise-level risk management policy
- A PSEG enterprise-level emergency management practice area
- A PSEG enterprise-level business continuity work instruction, which references departmental business continuity plans. PSEG-LI has been granted permission to develop its own business continuity work instruction, but has not yet written it.
- PSEG-LI department-specific business continuity plans, which identify critical business processes and plans for dealing with the following situations: Facility Loss, Personnel Loss, Information Technology Loss, Equipment Loss, and Vendor Loss
- PSEG-LI business impact analyses, which map the loss of systems to the associated impact on business processes.
- PSEG-LI workaround documents, which detail, by business process, how to continue business operations in the event of a loss of one or more systems supporting that business process

Components of the BC program that would normally be contained in a business continuity policy per ISO 22301:2019 will need to be developed in one of the documents under PSEG-LI control or in a new document, if they are not already addressed in the PSEG risk management policy or in the PSEG emergency management practice area.

TARGETS AND CALCULATIONS

A. All planned scope and work for 2026 in the LIPA-approved IT-03 Project Implementation Plan (PIP), will be completed in 2026 in accordance with the approved PIP. PSEG Long Island is responsible for allocating appropriate budget in accordance with the established schedule for the 2026 budget cycle.

B. Any planned 2025 IT-03 scope of work not completed in 2025 will be completed in 2026. Associated deliverables will be added to this metric after the year-end closeout of the 2025 IT-03 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval, failing which the Due Date will default to 3/31/2026.

C. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA representative or LIPA-engaged third-party consultant, to be conducted in Q4 2026. The assessment will include reviewing the BC Program documents and witnessing exercises for the business processes that utilize the critical systems identified in the mutually agreed-upon PIP. LIPA's approval of the deliverables will be based on the consultant's recommendations resulting from this assessment. All BCP and Functional Drills Recommendations of the 2024 IT Systems Resiliency Report that have not already been determined to have been fully met by a LIPA representative or LIPA-engaged third-party Consultant pursuant to the 2025 IT-03 metric will be assessed for gap-closure.

D. PSEG Long Island to capture lessons learned from the exercises and put them into an After-Action Report. PSEG Long Island is to submit a revised PIP for LIPA approval with additional deliverables arising from the After-Action Report and their due dates, as well as any BCPs that have been updated to incorporate any of the lessons learned.

2026 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

Expected outcomes for 2026:

- As determined by a LIPA representative or LIPA-engaged third-party consultant in a gap closure assessment, in-scope recommendations have been fully implemented.
- BC program documents related to the critical systems and their associated critical business processes have been reviewed by a LIPA representative or LIPA-engaged third-party consultant and are approved by LIPA.
- BC program documents provide clear and concrete direction for maintaining critical functions and processes in realistic disaster scenarios, including unplanned partial or complete loss of one or more critical systems and/or infrastructure.
- BC program documents and the design of the functional drills are in accordance with the in-scope recommendations of the 2024 IT Systems Resiliency Assessment.
- BC program documents have been successfully updated and exercised for the critical systems and their associated critical business processes, with the functional drills witnessed and their success assessed by a LIPA representative or LIPA-engaged third-party consultant.

Target:

Minimum Baseline Target for receiving compensation requires:

(i) PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc., and providing all requested information and data in a timely manner.

(ii) 2026 deliverables in the LIPA-approved PIP or in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

If the Minimum Baseline Targets are met, incentive will be allocated based on the determination of the gap-closure assessment of the BCP and Functional Drills Recommendations of the 2024 IT Systems Resiliency Report, as follows:

- 70% of compensation for successful completion of the high priority identified gaps, as determined by the gap-closure assessment:
 - RC.GV3.MR1
 - RC.GV3.IP2
 - RC.RA3.BI3
 - RC.SP3.PD4
 - RC.CI3.E5
 - RC.CI3.ECO6
- 20% of compensation for successful completion of the medium priority identified gaps, as determined by the gap-closure assessment:
 - RC.GV3.PF6
 - RC.SP3.TA7

2026 Performance Metrics

IT-03: System Resiliency - Business Continuity Plans and Functional Drills

- 10% of compensation for successful completion of the low priority identified gaps, as determined by the gap-closure assessment:

- o RC.GF3.RR8

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

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

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

EXCLUSIONS

Schedule relief may be granted for i) delays directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
All 2026 Deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Successful exercise of the LIPA-approved business continuity program elements in functional drills, as specified in the LIPA-approved PIP	2026-10-31
Lessons Learned from the exercises and a revised PIP incorporating the lessons learned	2026-11-14
Successful gap-closure assessment with active PSEG-LI participation	2026-12-31

2026 Performance Metrics

IT-04: System and Software Lifecycle Management

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Maurice Johnson
PSEGLI Director: Irving Landesbaum	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$100,000	

OBJECTIVE

All IT and OT applications and technology assets managed by PSEG Long Island on behalf of LIPA, including computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor.

TARGETS AND CALCULATIONS

% of defined systems within the vendor's general support lifecycle, weighted by the tiered approach utilizing Recovery Time Objectives (RTO) to assign weights based on the priority of the application or technology defined below

Tiered Approach:

Systems and applications will be categorized into tiers based on RTO ranges:

Tier	Tier Name	RTO Range	Description in Utility Context
Tier 0	Critical	0-4 hours	Mission-critical systems requiring near-immediate recovery
Tier 1	High	5-8 hours	High-priority systems essential for core operations. Recovery must be swift to avoid significant disruptions.
Tier 2	Moderate	9-24 hours	Important but non-immediate systems. Tolerable for short-term interruptions without catastrophic effects.
Tier 3	Low	>24 hours	Supportive or low-impact systems. Extended recovery is acceptable with minimal business repercussions.

Weighting by Tiers (Multipliers reflect business risk/priority in overall metric calculation)	Tier Name	Associated Weighting Factor
Tier 0	Critical	10 x
Tier 1	High	5 x
Tier 2	Moderate	3 x
Tier 3	Low	1 x

2026 Performance Metrics

IT-04: System and Software Lifecycle Management

Calculation:

$$\text{System and Software Lifecycle Management \% Achievement} = \frac{\Sigma (\text{Units Within Vendor Support} \times \text{Multiplier})}{\Sigma (\text{Maximum Possible Points})}$$

Units for inclusion for calculation purposed will only include the following:

1. Production Systems
2. Disaster Recovery Environments
3. Q/A environments where they exist.

Calculation Example:

					= tier factor x units	= weighted units / total number of weighted units	= weight % x total target incentive	= (units within vendor support / total units) x target incentive
App	Tier	Tier Factor	Units	Units within Vendor Support	Weighted Units	Weight %	Incentive at Risk	Incentive Earned
Technology 1	3	1	10	8	10	2.13%	\$2,127.66	\$1,702.13
Technology 2	3	1	5	5	5	1.06%	\$1,063.83	\$1,063.83
Technology 3	3	1	10	9	10	2.13%	\$2,127.66	\$1,914.89
Technology 4	3	1	1	1	1	0.21%	\$212.77	\$212.77
Application 1	2	3	15	14	45	9.57%	\$9,574.47	\$8,936.17
Application 2	0	10	24	24	240	51.06%	\$51,063.83	\$51,063.83
Application 3	0	10	15	10	150	31.91%	\$31,914.89	\$21,276.60
Application 4	3	1	9	7	9	1.91%	\$1,914.89	\$1,489.36
Total			89	78	470	100%	\$100,000.00	\$87,659.57

EXCLUSIONS

SAS systems will not be included. Units that don't meet the above defined inclusion criteria.

DELIVERABLES

Deliverable Name	Target Due Date
Submit list of current inventories	2026-01-02
Submit the current IT and OT asset inventory, as specified in this metric.	2026-01-31
Submit the current IT and OT asset inventory, as specified in this metric.	2026-12-15

2026 Performance Metrics

IT-05: Project Performance - In-flight Projects

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Brian Rudowski, Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Multiple
PSEGLI Director: Irving Landesbaum, Joseph Jacko, Larry Rocha, Lavanya Myneni	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$300000	

OBJECTIVE

IT Projects are conducted in a structured manner with strong and rigorous project planning, monitoring, and controls, as demonstrated by:

1. Project Implementation Plans (PIPs) in an acceptable format, approved by LIPA, for all in scope projects.
2. Monthly Reporting of Project Status by ten days after the close of each month. Monthly Project Status Reporting will be in a LIPA-approved format and will be required starting from the month the PIP is due and continuing through the month that final close-out reports and/or artifacts are accepted by LIPA.
3. Planned project work completed on time and budget.

TARGETS AND CALCULATIONS

This metric includes all in-flight 2025 IT Project Performance Metrics (IT-05 and IT-06) projects that have LIPA-approved PIPs and LIPA-approved work plans for 2026, with the Deliverables and Due Dates as specified in the LIPA-approved PIPs.

Any approved Exception Request for a 2025 IT-05 or IT-06 project that moves a Deliverable Due Date from 2025 to 2026 will automatically result in that Deliverable being incorporated into this metric and will move the associated project in-scope if previously out-of-scope. Additionally, any 2025 Deliverables for IT-05 or IT-06 projects that are not completed in 2025 will be automatically incorporated into this metric for remediation even if the Due Date is not officially adjusted through the Exception process.

The in-scope Projects and Deliverables listing will be compiled and updated through 2025 year-end closeout as the 2025 IT-05 and IT-06 projects complete PIP reviews and progress through execution, and the projects that meet the criterion for inclusion are determined. The final Deliverables and Due Dates for the metric will be as specified in the LIPA-approved PIPs for the projects, with any applicable adjustments resulting from the Exception Request process or as determined by LIPA for deliverables that have been incorporated for remediation without approved Exception Requests.

All submitted deliverables shall be clear, comprehensive, and substantive.

Target:

100% of the in-scope projects meet the following targets:

- 100% of the 2026 Deliverables specified in the LIPA-approved PIP or in this metric are submitted by the specified due date and subsequently accepted by LIPA.
- 100% of the planned 2026 work specified in the LIPA-approved PIP or in this metric is completed in 2025.
- Projects completed in 2026 satisfy the End State and Success Criteria detailed in the LIPA-approved PIP.

2026 Performance Metrics

IT-05: Project Performance - In-flight Projects

Incentive will be awarded as follows:

- The incentive will be based on the allocated portion of in-scope projects that are completed in 2025 in alignment with the planned 2025 work specified in the LIPA-approved PIP
- No incentive if the target is met for less than 50% of in-scope projects

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

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

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

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

Any exceptions sought for a deliverable must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the deliverable due date.

Any requests by PSEG Long Island to remove a project from the in-scope projects list must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the first deliverable due date.

DELIVERABLES

Deliverable Name	Target Due Date
2026 Deliverables from LIPA-approved PIPs for all in-scope projects	Per LIPA-approved PIPs

2026 Performance Metrics

IT-06: New 2026 Projects

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Brian Rudowski, Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Multiple
PSEGLI Director: Irving Landesbaum, Joseph Jacko, Larry Rocha, Lavanya Myneni	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$700,000	

OBJECTIVE

IT Projects completed on time, on budget, with full scope and high quality, as demonstrated by:

- Project durations that are equal to the duration specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error of (+/- 30 days).
- Project costs that are equal to the estimated cost specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error (+20%/-15%).
- Quality of Project Execution as measured through a defined scorecard which will capture delivered project scope and quality which will be mutually developed in Q1 of 2026 by the parties outlining the deliverables and rubric for objectively measuring project delivery quality.

TARGETS AND CALCULATIONS

The incentive for each project is allocated from the total for IT-06 by its Board-approved Capital budget for 2026. The total compensation for each project is divided into components for cost, schedule, scope, and quality.

- **Cost (40%):** Project costs, that are equal to the duration specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error of (+/- 30 days).
- **Schedule (30%):** Project schedules, that are equal to the estimated cost specified during SGP Stage 5 project deliverables, using approved project estimation methodologies, within margins of error (+20%/-15%).
- **Quality (30%):** Project Quality, as measured through a defined scorecard which will capture delivered project scope and quality which will be mutually developed in Q1 of 2026 by the parties outlining the deliverables and rubric for objectively measuring project delivery quality.
 - The grading rubric will have a define scoring methodology that would incentivize outcomes based on below grading structure:
 - A – 100%
 - B – 85%
 - C – 70%

This metric includes the following projects:

- All new IT Projects at or over \$1 million in Capital Budget project lifecycle costs that have an approved 2026 Capital Budget and are expected to be closed during the 2026 metric performance period. In-flight projects and projects planned per the SGP Stage 5 project deliverables that close after the 2026 performance period will be

2026 Performance Metrics

IT-06: New 2026 Projects

measured in future performance metrics. For the purposes of this metric, project closure occurs following the hyper-care or equivalent monitoring period, when the Project Closeout Report (as defined in this metric) is prepared.

The in-scope project list will be compiled based on the Board-approved 2026 PSEG Long Island Capital Budget.

Target:

100% of the in-scope projects delivered on time, on budget, with full scope and high quality. Payout is proportional to the allocated value of projects based on the Board-approved budget for the project.

Example Calculation:

		Project 1	Project 2	Project 3	Project 4	Total
Budget	Allocations	\$1,000,000	\$2,000,000	\$5,000,000	\$10,000,000	\$18,000,000
Weight		6%	11%	28%	56%	100%
Target Incentive (2021 Dollars)	100%	\$38,889	\$77,778	\$194,444	\$388,889	\$700,000
Cost Within Tolerance		Yes	No	Yes	Yes	
Cost Incentive	40%	\$15,556	\$0	\$77,778	\$155,556	
Schedule within Tolerance		No	No	Yes	Yes	
Schedule Incentive	30%	\$0	\$0	\$58,333	\$116,667	
Quality Score		C	F	B	A	
Quality Incentive	30%	\$8,167	\$0	\$49,583	\$116,667	
Total Incentive Earned		\$23,722	\$0	\$185,694	\$388,889	\$598,306

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

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

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

2026 Performance Metrics

IT-06: New 2026 Projects

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

Any exceptions sought for a deliverable must be submitted by PSEG Long Island, via the standard Metric Exception Request process, within ten business days of the deliverable due date.

DELIVERABLES

Deliverable Name	Target Due Date
LIPA and PSEG Long Island to develop and mutually agree upon Quality component of the metric and applicable documentation for submission and grading rubric for incentive payout determination	2026-03-31
Project Monthly Status Reports	10 th of Every Month
Project Closeout Reports	Within 30 Days of Project Closeout

2026 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Brian Rudowski
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: N/A
PSEGLI Director: Irving Landesbaum, John Kupcinski	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

Development and Implementation of Ransomware Readiness and Response plans to ensure that any suspected or confirmed ransomware incidents are responded to consistently, controlled, and effectively.

TARGETS AND CALCULATIONS

All planned scope and work for 2026 in the LIPA-approved Ransomware Readiness and Response Project Implementation Plan (PIP) and in any subsequent LIPA-approved detailed plans developed according to the PIP, for which reasonable and supported budget is approved and funded will be completed in 2026 in accordance with the plans.

Any planned 2025 IT-09 scope of work not completed in 2025 will be completed in 2026. Associated deliverables will be added to this metric after the year-end closeout of the 2025 IT-09 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval.

All Recommendations of the 2024 Ransomware Readiness and Response Roadmap that are planned to be completed in or prior to 2026 per the LIPA-approved PIP, and that have not already been determined to have been fully met by a LIPA-engaged third-party Consultant pursuant to the 2025 IT-09 metric, will be assessed for gap-closure and determined to be fully met by a LIPA-engaged third-party Consultant in 2026.

Restoration of backups for all priority systems/subsystems (on-premise and cloud) identified in the PIP will be successfully tested in 2026. If testing the full restoration of backups is not feasible for a given system, PSEG Long Island may test the restoration of a representative subset of the backups to demonstrate that the backups were completed successfully and are viable. The testing approach for each system will be provided in Test Plans, which will be submitted to LIPA for review and approval before the system is tested.

The Ransomware Response and Recovery Plan will be exercised from incident through resumption to normal in 2026, in accordance with the Plan. Lessons learned from the exercise will be incorporated into the Ransomware Response and Recovery Plan or added as deliverables/actions into a revised PIP. Revisions to the Ransomware Response and Recovery Plan or the PIP will be submitted to LIPA for review and approval in 2026. The exercise will be observed by LIPA and/or a LIPA-engaged third-party Consultant.

2026 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

Expected End State outcomes after full implementation per LIPA-approved PIP:

i) A written LIPA-approved Recovery Readiness Plan is in effect, providing detailed processes and procedures for regular data backups that are consistent with NIST/NCCOE Recommendations. Each of the priority systems/subsystems is explicitly addressed.

ii) All identified priority systems/subsystems are regularly backed up in accordance with the Recovery Readiness Plan. Backups may be conducted at system-specific or infrastructure levels as long as all essential components of all priority systems/subsystems are fully covered. For SaaS systems, vendors have provided documentation on their current backup and restore processes, which has been analyzed for potential gaps under ransomware attack scenarios. Remediation plans from vendors have been requested/negotiated for any identified gaps, and all gaps have been either closed or addressed with contingency plans in the Ransomware Response and Recovery Plan. If any vendors have been unwilling or unable to provide sufficient documentation or adequate remediation plans, PSEG Long Island will follow its risk management process for third parties.

iii) Restoration of backups for priority systems/subsystems are tested annually. For SaaS systems, requirements to ensure that uncontaminated data can be restored in case of contamination are documented for each system, and the vendor provides written evidence/assurance that the requirements are met, including, at a minimum, clearly defined SLAs for data recovery, backups, and restoration (RTO, RPO). If any vendors have been unwilling or unable to provide sufficient documentation or adequate evidence/assurance, PSEG Long Island will follow its risk management process for third parties.

iv) A written LIPA-approved Ransomware Response and Recovery Plan consistent with NIST/NCCOE Recommendations is in effect, addressing assessment and validation of attack vectors and level of breach, containment of breach; incident command and stakeholder communications; approach to business continuity, recovery, and resumption to normal; recovery of systems; and regular, periodic testing of the response from incident through resumption to normal for the entire organization.

v) The Ransomware Response and Recovery Plan provides a Business Response Playbook/Runbook that delivers policies and procedures for plan activation, internal executive communication (including LIPA), external communication, coordination, business continuity until systems are restored/recovered, and procedures and process for resumption to normal including input of any manually captured data. The Business Response Playbook/Runbook can be similar to the Storm ERIP but more limited in scope.

vi) The Ransomware Response and Recovery Plan provides a Technical Response Playbook/Runbook that provides step-by-step procedures to guide validation and assessment, containment, data recovery, post-recovery data integrity assessment, and resumption of services. Procedures are detailed for priority systems and subsystems, including communication and coordination with vendors for SaaS systems.

vii) Thorough testing of the response is planned to be conducted annually.

2026 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

In 2026, a LIPA-engaged third-party Consultant will conduct a gap-closure assessment of the Ransomware Readiness Assessment conducted by a LIPA-engaged third-party Consultant (Ernst & Young) in 2024. The 2026 assessment will evaluate closure of the recommendations that are planned to be completed in 2026 per the LIPA-approved PIP.

Incentive will be awarded as follows:

- 20% of allocated incentive compensation for completion of the 2026 LIPA-observed annual exercise of the Ransomware Response and Recovery Plan and incorporation of Lessons Learned into the Ransomware Response and Recovery Plan or revised PIP, as specified in this metric, with deliverables submitted by the specified due dates and subsequently accepted by LIPA. 'LIPA-observed' means observed by LIPA and/or a LIPA-engaged third-party Consultant.
- 80% of allocated incentive compensation for meeting the following targets:
 - 100% of 2026 deliverables in the LIPA-approved PIP or in this metric are submitted by the specified due dates and subsequently accepted by LIPA, excluding the deliverables for the 2026 annual exercise of the Ransomware Response and Recovery Plan and the incorporation of Lessons Learned into the Ransomware Response and Recovery Plan or revised PIP.
 - 100% of any 2025 Deliverables that are added to this metric for completion after the year-end closeout of the 2025 IT-09 metric are submitted by the specified due date and subsequently accepted by LIPA.
 - PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc., and providing all requested information and data in a timely manner.
 - 100% of the Recommendations of the 2024 Ransomware Readiness and Response Roadmap that are planned to be completed in or prior to 2026 per the LIPA-approved PIP are determined to be fully met by a LIPA-engaged third-party Consultant in 2026.

Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations. PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

2026 Performance Metrics

IT-09: IT Planning - Ransomware Readiness and Response

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

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Monthly progress reports and status briefing	Monthly
All 2026 deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Test plans and results for testing the restoration of backups for all priority systems/subsystems identified in the PIP	Per LIPA-approved PIP
Annual exercise of the Ransomware Response and Recovery Plan and Lessons Learned	2026-10-31
Revised PIP with additional after-actions from the exercise	2026-11-15
Close-out Report	2026-12-01
PSEG Long Island has fully participated in the gap-closure assessment, including making relevant personnel available and providing requested information and data and access to relevant systems, in a timely manner.	2026-12-31

2026 Performance Metrics

IT-10: System Resiliency - Disaster Recovery Plans and Testing

Board Policy: Information Technology and Cyber Security	Board PIPs: 5.02: ERP and BCP Training and Exercises, 5.04: Develop Rigorous BCPs
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: Tikka Singh
PSEGLI Director: Irving Landesbaum	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

Well-designed and robust IT System Resiliency Planning that includes Disaster Recovery Plans (DRPs) that are annually reviewed, updated, approved by LIPA, and successfully and thoroughly exercised, for all critical systems. Plans should be developed and implemented using guidance from ISO 22301:2019, as applicable.

TARGETS AND CALCULATIONS

- A. All planned scope and work for 2026 in the LIPA-approved IT-10 PIP, for which a reasonable and supported budget is approved and funded, will be completed in 2026 in accordance with the approved PIP. PSEG Long Island is responsible for requesting budget in accordance with the established schedule for the 2026 budget cycle.
- B. Any planned 2025 IT-10 scope of work not completed in 2025 will be completed in 2026. Associated deliverables will be added to this metric after the year-end closeout of the 2025 IT-10 metric. PSEG Long Island to submit proposed due dates for the deliverables for LIPA's review and approval.
- C. PSEG Long Island to fully participate in a gap-closure assessment by a LIPA representative or LIPA-engaged third-party consultant, to be conducted in Q42026. The assessment will include reviewing the DRP documents and witnessing testing for the critical systems identified in the approved PIP. LIPA's approval of the associated DRP and testing deliverables will be based on the consultant's recommendations resulting from this assessment. All DRP and Testing Recommendations of the 2024 IT Systems Resiliency Report that have not already been determined to have been fully met by a LIPA-engaged third-party Consultant pursuant to the 2025 IT-10 metric will be assessed for gap-closure.
- D. PSEG Long Island to capture lessons learned from the testing and put them into an After-Action Report. PSEG Long Island is to submit a revised PIP for LIPA approval with additional deliverables arising from the After-Action Report and their due dates, as well as any DRPs that have been updated to incorporate any of the lessons Learned. Lessons learned that are required for gap-closure will be included in the revised PIP, otherwise they will be incorporated into respective DRPs.

2026 Performance Metrics

IT-10: System Resiliency - Disaster Recovery Plans and Testing

Expected outcomes for 2026:

- The Future State Roadmap's Disaster Recovery Plans and Testing recommendations have been fully implemented, as determined by a LIPA-engaged third-party Consultant in a gap-closure assessment.
- DRPs for the critical systems identified in the mutually agreeable and LIPA-approved PIP have been reviewed by the third-party Consultant and approved by LIPA based on the Consultant's recommendation. The DRPs provide clear and concrete direction for recovery and restoration of the systems in realistic disaster scenarios, including unplanned partial or complete loss of one or more critical systems and/or infrastructure components.
- The DRPs and the design of the tests are in accordance with the recommendations of the 2024 IT Systems Resiliency Assessment.
- LIPA-approved DRPs have been successfully exercised for the critical systems identified in the mutually agreeable and LIPA-approved PIP, with the tests witnessed, and their success assessed, by a LIPA-engaged third-party Consultant.

Target:

Minimum Baseline Target for receiving compensation requires:

- (i) PSEG Long Island has fully participated in the gap-closure assessment, including making all relevant PSEG Long Island personnel available as needed for interviews, meetings, etc. and providing all requested information and data in a timely manner.
- (ii) 2026 deliverables in the LIPA-approved PIP or in this metric, are submitted by the specified due dates and subsequently accepted by LIPA.

If the Minimum Baseline Targets are met, incentive will be allocated based on the determination of the gap-closure assessment of the DRP and Testing Recommendations of the 2024 IT Systems Resiliency Report, as follows:

- 70% of compensation for successful completion of the high priority identified gaps, as determined by the gap-closure assessment
 - o RC.GV10.DR1
 - o RC.GV10.DR2
 - o RC.GV10.DR3
 - o RC.GV10.DR4
- 20% of compensation for successful completion of the medium priority identified gaps, as determined by the gap-closure assessment
 - o RC.GV10.DR5
 - o RC.GV10.DR6
 - o RC.GV10.DR7
- 10% of compensation for successful completion of the low priority identified gaps, as determined by the gap-closure assessment
 - o RC.GV10.DR9
 - o RC.GV10.DR8

2026 Performance Metrics

IT-10: System Resiliency - Disaster Recovery Plans and Testing

- o RC.GV10.DR10
- o RC.GV10.DR11

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

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

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

EXCLUSIONS

Schedule relief may be granted for delays i) directed or requested by LIPA or ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
All 2026 Deliverables in the LIPA-approved PIP	Per LIPA-approved PIP
Successful exercise of LIPA-approved DRPs as specified in the LIPA-approved PIP	2026-12-15
Lessons Learned from the exercises and a revised PIP incorporating the lessons learned	2026-12-15
PSEG Long Island has fully participated in the gap-closure assessment, including making relevant personnel available and providing requested information and data and access to relevant systems, in a timely manner.	2026-12-31

2026 Performance Metrics

IT-11: System Cost Effectiveness

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Omar Shareef
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: N/A
PSEGLI Director: Joseph Jacko	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$200,000	

OBJECTIVE

The objective for this metric is to enable the reduction of the operating and maintenance costs associated with PSEG-LI platforms. To do this, we need to first have a baseline of the total cost of ownership (TCO) for tier 1 and tier 2 major applications and technologies. The objective of this metric is to develop the processes and systems required to measure TCO, and then to measure TCO for all tier 1 and 2 technology or application platforms using this process. The TCO for a given technology should include the annual cost of associated hardware, software, third-party services, and internal labor assigned to support the technology or application asset.

This TCO calculation capability will be used in future performance metric years (2027 and beyond) to set targets for cost reduction.

TARGETS AND CALCULATIONS

Targets for 2026:

100% compensation for calculating TCO for the Tier 1 and Tier 2 major applications and technologies.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Deliver Tier 1 and Tier 2 applications and technologies list	2026-01-15
Deliver Tier 1 and Tier 2 applications and technology draft TCO report (first 5 months)	2026-06-30
Deliver Tier 1 and Tier 2 applications and technology final TCO report (FY 2026)	2027-01-20

2026 Performance Metrics

IT-12: System Reliability

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgrs: Sidney Shelton and Brian Rudowski
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgrs: N/A
PSEGLI Director: Irving Landesbaum/John Kupcinski	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$100,000	

OBJECTIVE

The objective of this metric is to ensure that PSEG Long Island maintains reliable systems by measuring uptime and system availability.

TARGETS AND CALCULATIONS

Reliability is measured as aggregate uptime for major applications and technologies, weighted by the tiered approach utilizing Recovery Time Objectives (RTO) to assign weights based on the priority of the application or technology defined below. The target for 2026 is 99% or higher reliability and will be based on a defined list of systems.

Tiered Approach:

Systems and applications will be categorized into tiers based on RTO ranges:

Tier	Tier Name	RTO Range	Description in Utility Context
Tier 0	Critical	0-4 hours	Mission-critical systems requiring near-immediate recovery
Tier 1	High	5-8 hours	High-priority systems essential for core operations. Recovery must be swift to avoid significant disruptions.
Tier 2	Moderate	9-24 hours	Important but non-immediate systems. Tolerable for short-term interruptions without catastrophic effects.
Tier 3	Low	>24 hours	Supportive or low-impact systems. Extended recovery is acceptable with minimal business repercussions.

Below is a sample calculation utilizing the above methodology for a month – results will be reported monthly and cumulative YE results will be the basis of whether result was achieved to earn incentive compensation:

January 2026 Month

App	Tier	Points	Weight %	Downtime Minutes	Uptime Minutes	Total Minutes	Uptime %	Aggregate %
Application 1	0	10	22.22%	0	44,640	44,640	100.0%	22.2%
Application 2	0	10	22.22%	0	44,640	44,640	100.0%	22.2%
Application 3	0	10	22.22%	15	44,625	44,640	100.0%	22.2%
Application 4	1	5	11.11%	45	44,595	44,640	99.9%	11.1%
Application 5	1	5	11.11%	150	44,490	44,640	99.7%	11.1%

2026 Performance Metrics

IT-12: System Reliability

App	Tier	Points	Weight %	Downtime Minutes	Uptime Minutes	Total Minutes	Uptime %	Aggregate %
Application 6	2	3	6.67%	15	44,625	44,640	100.0%	6.7%
Application 7	3	1	2.22%	450	44,190	44,640	99.0%	2.2%
Application 8	3	1	2.22%	45	44,595	44,640	99.9%	2.2%
Aggregate Reliability %		45	100.00%					99.9%

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1. Unplanned Outage/Uptime Report	Monthly
Submit list of defined systems and scope	2026-01-02

2026 Performance Metrics

IT-13: IT Service Management

Board Policy: Information Technology and Cyber Security	Board PIPs: N/A
LIPA Exec. Sponsor: Greg Flay	LIPA Proj. Mgr: Sidney Shelton
PSEGLI Exec. Sponsor: Gregory Filipkowski	PSEGLI Proj. Mgr: N/A
PSEGLI Director: Irving Landesbaum	DPS Contact: John Goench
Allocated Compensation (2021 Dollars): \$100,000	

OBJECTIVE

This metric's objective is to ensure that the PSEG-LI IT/Cyber team adequately meets the technology service management needs of the PSEG-LI operating company as measured by meeting or exceeding service level targets.

TARGETS AND CALCULATIONS

This metric consists of several measures:

- **30% of Incentive Compensation - Incident Response**, as measured by the % of tickets responded to within SLA.
 - 100% of incentive compensation for performance $\geq 95\%$.
 - 75% of incentive compensation for performance $\geq 90\%$ but $< 95\%$
 - 0% of incentive compensation for any performance $< 90\%$
- **30% of Incentive Compensation - Incident Resolution**, as measured by the % of tickets resolved within SLA.
 - 100% of incentive compensation for performance $\geq 95\%$.
 - 75% of incentive compensation for performance $\geq 90\%$ but $< 95\%$
 - 0% of incentive compensation for any performance $< 90\%$
- **10% of Incentive Compensation - Service Request Completion SLA**, establishment of baseline within ServiceNow as measured by the % of tickets completed within SLA
- **30% of Incentive Compensation - Customer Satisfaction**, as measured by the Moment of Truth metric.
 - 100% of incentive compensation for performance ≥ 3.80
 - 75% of incentive compensation for performance ≥ 3.74 but < 3.80
 - 0% of incentive compensation for any performance < 3.74

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Complete the development of the Service Request Service Level Agreement (SLA) capabilities for the ability to measure and capture baseline performance within ServiceNow System	2026-06-30
Provide baseline performance result for July-December 2026 for Service Request Service Level Agreement (SLA) via ServiceNow System	2027-01-15
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) PSEGLI IT Monthly SteerCo PowerPoint Presentation – results will also be reported in the monthly PSEG LI OSA scorecard within a dashboard	Monthly

2026 Performance Metrics

PS&CE-05: Beneficial Electrification – Building Electrification

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Dan Zaweski
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$200,000	

OBJECTIVE

Achieve the Beneficial Electrification targets from the Utility 2.0 filing, including any LIPA and DPS recommended changes to the targets in alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification and home electrification ready.

TARGETS AND CALCULATIONS

The Target for 2026 is determined by Utility 2.0, which was filed on July 1, 2025. Achieve all of the following implementation targets by December 31, 2026:

100% of compensation allocated to this metric for paying rebates for a total of 5,808 dwellings (total of single-family and multi-family). Dwellings (total of single-family and multi-family) are considered to be homes served by whole-house heat pump systems. The heat pump system must be the primary heating source (minimum 100% heating load) to qualify as an electrified home under the statewide million homes initiative. The dwellings target identified may be modified to be commensurate with the LIPA-approved energy efficiency budget and plan.

PSEG Long Island will submit a monthly Tier 1, Tier 2, and TRC KPI report, which includes measures and costs, and meet with LIPA to present results. PSEG Long Island will also submit raw data to support IV&V of this metric.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
1) PSEG Long Island submits their calculation of the target based on the LIPA and DPS recommendations and final approved budget.	2026-01-15
2) Upload to the LIPA designated folder on the LIPA SharePoint Site the following: a. Monthly Scorecard Report b. Any additional supporting documentation as required Monthly	Monthly

2026 Performance Metrics

PS&CE- 06: Electric Vehicle (EV) Make-Ready

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Paul Dibenedetto
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$300,000	

OBJECTIVE

Achieve EV Make-Ready Targets and Fleet Make-Ready Targets, including any LIPA and DPS, recommended changes to the targets.

TARGETS AND CALCULATIONS

Achieve the following implementation targets above base targets set in Utility 2.0 by December 31, 2026:

- 35% of compensation allocated to this metric for “Plugs energized” Level 2: 720
- 35% of compensation allocated to this metric for “Plugs energized” DCFC: 115
- 30% of compensation allocated to this metric for achieving the Fleet Make Ready enrollment target: 20

Energize = Total population of DCFC and Level 2 ports that have a meter set and put into service in 2026 or made operational if tied into an existing meter.

Enrollment = PSEG Long Island commits funds to a make-ready project

Each target is measured on a pass/fail basis. A pass is earned by full completion of that target.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

PS&CE-14: Transportation Strategic Initiatives

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Pervez Khaled
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Paul Dibenedetto
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$140,000	

OBJECTIVE

The purpose of this metric is to develop a large-scale residential active managed charging pilot, targeting 2,000 to 4,000 vehicles. This will be achieved by designing and issuing an RFP to identify a selected vendor with the appropriate solution, with the intention of the selected vendor intending on implementing this program in 2027. As part of the process, leverage the insights from PSEG Long Island's managed charging roadmap, the existing pilot with Optiwatt and LIPA active managed charging roadmap to proactively coordinate with key stakeholders – including IT and analytics, customer operations, and T&D. This pilot is intended to help identify scalable solutions that can be integrated with T&D operations.

The goals of the pilot are:

- Understand customer charging behaviors
- Given the limited power supply capacity on the island, determine the appropriate incentive level(s) that will motivate customers to participate in a managed charging program and allow LIPA/PSEG LI to extract the most value out of the electric vehicles to provide grid services for our customers
- Demonstrate whether residential active managed charging would extend the life of distribution transformers & feeders, and/or defer the asset upgrade if coordinated with grid planning.

TARGETS AND CALCULATIONS

The compensation allocation for this metric is explained below:

- 50% of the compensation allocated to this metric for drafting and issuing a managed charging pilot RFP.
- 50% of the compensation allocated to this metric for selecting a vendor.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Brief memo informing LIPA that the RFP has been designed, developed, and rolled-out as an RFP. As part of leading up to RFP, LIPA should have the opportunity to provide feedback on the draft RFP.	2026-04-30
Brief memo informing LIPA that PSEG LI has selected a vendor to deploy this pilot.	2026-12-15

2026 Performance Metrics

PS&CE-16: Residential Time-of-Day Participation Rate

Board Policy: Resource Planning and Clean Energy, Customer Value, Affordability, & Rate Design	Board PIPs: N/A
LIPA Exec. Sponsor: Steve Driscoll	LIPA Proj. Mgr: Sarah Mandli
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Brian Kurtz
PSEGLI Director: Michael Voltz	DPS Contact: Sean Walters
Allocated Compensation (2021 Dollars): \$400,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
N/A	N/A	N/A	N/A	N/A	N/A	N/A	97%	85%

OBJECTIVE

Achieve a Time-of-Day (TOD) participation rate in line with successful California utilities for TOD opt-out programs.

TARGETS AND CALCULATIONS

Calculation:

Participation Rate % (Running Total) = Number of active customer accounts on a Time-of-Day rate (194 or 195) / Number of active customer accounts that were eligible for migration (including opt-ins) or could have been defaulted at move-in

The source of the data is Datawarehouse reporting.

TOD migration/opt-in or move in default eligible customer accounts (after January 29, 2024) excludes: customers previously on Rates 181, 182, 184, 188, 190, 191, 192, 193, 480, 481, and 580; customers registered under Life Support System; customers who are on the Household Assistance Rate (HAR) that are classified by PSEG Long Island as non-benefiters at the time of group assignment; customers on Tier 4 discount rate (HAR); summary billing; customers not eligible for the TOD rates.

Target:

- ≥ 85% for 100% of allocated incentive compensation, or
- ≥ 80% for 75% of allocated incentive compensation, or
- ≥ 75% for 50% of allocated incentive compensation

There is no rounding protocol. Performance must achieve or exceed the target.

2026 Performance Metrics

PS&CE-16: Residential Time-of-Day Participation Rate

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

PS&CE-17: Disadvantaged Communities (DACs) - Spend %

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Dan Zaweski
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$160,000	

OBJECTIVE

Achieve the statewide goal of ensuring that at least 35% of the rebate, incentive and direct services (REAP) spending, and electric vehicle benefits go to customers who meet the criteria of low income or live in designated disadvantaged communities (DACs) as set forth in the NYS Climate Act for the following programs:

- Energy Efficiency and Beneficial Electrification Programs, including the Homes and Community Renewal (HCR) program.
- Electric Vehicle Programs including:
 - Residential Charger Rebate Program
 - EV Make Ready Program
 - Fleet Make Ready Program
 - DCFC Incentive Program (Demand Charge Rebate)
 - NYSERDA Clean Transportation Prize

TARGETS AND CALCULATIONS

The target for 2026 to receive 100% incentive compensation will be to achieve 35% DAC spending based on the formula below:

Formula in accordance with the reporting template set forth by NYSERDA for reporting annual progress toward achieving NYS goals.

$$DAC\ Spend\ (\%) = \frac{DAC\ Qualified\ Rebates,\ Incentives,\ and\ Direct\ Services\ Spend\ (\$)}{Overall\ Rebates,\ Incentives,\ and\ Direct\ Services\ Spend\ (\$)}$$

Numerator: Calculate the total dollar amount of Energy Efficiency, Beneficial Electrification, and Electric Vehicle Charging rebates and incentives paid to customers (or contractors representing such customers) either

- a. at or below 60% of state median income*, or
- b. customer located in designated DAC communities

Denominator: Calculate the total dollar amount of Energy Efficiency, Beneficial Electrification, and Electric Vehicle Charging rebates and incentives paid to customers (or contractors representing such customers) plus the total direct services spending by TRC on the REAP program

*This excludes Moderate Income customers (at or below 60% AMI)

EXCLUSIONS

None

2026 Performance Metrics

PS&CE-17: Disadvantaged Communities (DACs) - Spend %

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required	Monthly
Program ILevel documentation for DAC % are determined on a quarterly basis. (This data undergoes full QA/QC on an annual basis and will be submitted for NYSDERDA statewide reporting when the template and guidance documents are finalized.)	Quarterly

2026 Performance Metrics

PS&CE-18: Solar Interconnection

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Brian Levite
PSEGLI Exec. Sponsor: Curt Dahl	PSEGLI Proj. Mgr: Scott Brown
PSEGLI Director: Yuri Fishman	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$200,000	

OBJECTIVE

Work with industry stakeholders and LIPA to understand opportunities and challenges in advancing our DER portfolio and develop a plan to address those issues in 2026 and 2027.

TARGETS AND CALCULATIONS

Targets for 2026:

The targets below focus on enhancements to solar interconnection process.

Solar Interconnection

60% of Compensation for completing a report on Areas for Enhancement and Current Challenges in the solar interconnection process (Deliverable 1A). This report will be developed by considering feedback from stakeholders including the New York Solar Energy Industry Association, multiple Long Island solar developers, and others per PSEG LI's discretion. The report should identify elements of the solar interconnection process that could be improved and what the likely impact of those shortcomings is having on solar deployment on Long Island. It should be noted that some of the challenges may be external to PSEG LI operations- things like misperceptions about the program, local government and permitting rules as well as policies, the supply of materials, governmental actions or even developer practices. Identifying them along with PSEG LI enhancement opportunities will create a balanced view of what may further enhance the potential opportunities for solar.

25% of Compensation for completing a solar interconnection process enhancement plan for reducing the difficulty of and timeframe for securing interconnection for solar projects (Deliverable 1B). This plan should address all of the reasonably addressable challenges identified in the previous report. When challenges exist outside of PSEG LI control, the report should make some recommendation about how PSEG LI and/or LIPA might contribute to improving the situation. This could be through activities like communication, education, or collaborative planning. This scope will be limited to discussions with Long Island DER developers, NYSEIA, and to interconnection working groups (This scope will not include research or analysis on a national basis). The process enhancement plan will consider this feedback in developing the plan.

15% of Compensation for completing at least one operational change that addresses a delay/difficulty point identified in the enhancement plan. It is LIPA's desire to see this analysis and remedial action happen as quickly

2026 Performance Metrics

PS&CE-18: Solar Interconnection

as possible. Hence, if PSEG LI can address at least one element of the enhancement plan within 2026, this additional incentive money will be awarded. Proof of completion of this change can be submitted in the form of a brief memo describing the change and which aspect of the enhancement plan it addressed (Deliverable IC).

EXCLUSIONS

Schedule relief may be granted for

- i) delays directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island or
- iii) Demonstrated scheduling challenges with industry stakeholders

DELIVERABLES

Deliverable Name	Target Due Date
Report on areas of enhancement and current challenges in the solar interconnection process.	2026-07-01
Develop a solar interconnection process enhancement plan	2026-09-01
Memo describing one operational change made to address an element of the solar interconnection process improvement plan.	2026-12-31

2026 Performance Metrics

PS&CE-19: Building Weatherization

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Louisa Chan
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: Daniel Zaweski
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$280,000	

OBJECTIVE

Achieve the building weatherization targets from the Utility 2.0 filing, including any LIPA and DPS recommended changes to the targets in alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification and home electrification ready.

TARGETS AND CALCULATIONS

Target for 2026 will be determined by Utility 2.0 which is filed on July 1, 2025. Achieve all the following implementation targets by December 31, 2026:

- 50% of compensation allocated to weatherizing at least 1,785 dwellings (total of market rate and Low Income)
- 50% of compensation allocated to this metric for achieving 23,682 MMBTU savings from building weatherization of homes

For the purposes of the building weatherization metric, dwellings (total of single family and multi-family) do not have to be served by whole house heat pump systems in order to qualify. The dwellings target identified may be modified to be commensurate with the LIPA approved energy efficiency budget and plan.

PSEG Long Island to submit a monthly Tier 1, Tier 2, and TRC KPI report which includes measures and cost, and meet with LIPA to present results. PSEG Long Island to also submit raw data to support IV&V of this metric.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Report 2) Any additional supporting documentation as required Monthly	Monthly

2026 Performance Metrics

PS&CE-20: Demand Response

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Brian Levite
PSEGLI Exec. Sponsor: Louis Debrino	PSEGLI Proj. Mgr: TBD
PSEGLI Director: Michael Voltz	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$200,000	

OBJECTIVE

Work with industry stakeholders and LIPA to understand opportunities and challenges in advancing our DER portfolio and develop a plan to address those issues in 2026 and 2027.

TARGETS AND CALCULATIONS

Demand Response

PSEG Long Island will reach out to solar and battery storage developers, and their customers, to increase the number of residential battery storage systems enrolled in the DLM tariff. There are currently 537 residential accounts with battery storage that are enrolled in the CSRP/DLRP tariffs. The goal would be to increase that number to 900 accounts by the end of 2026. This could be accomplished through a combination of encouraging new battery storage installations, reaching out to those customers who already own batteries, but are not currently enrolled, and educating customers about the potential benefits of using batteries in conjunction with time-of-day rates.

100% of Compensation for bringing the total number of residential accounts with battery storage that are enrolled in the CSRP/DLRP tariffs up to 900 by December 31, 2026.

EXCLUSIONS

None

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Quarterly Scorecard Reporting Requirement for Demand Response 2) Any additional supporting documentation as required	Quarterly

2026 Performance Metrics

PS&CE-21: Large Loads Performance Requirements

Board Policy: Resource Planning and Clean Energy	Board PIPs: N/A
LIPA Exec. Sponsor: Gary Stephenson	LIPA Proj. Mgr: Tom Simpson
PSEGLI Exec. Sponsor: Curt Dahl	PSEGLI Proj. Mgr: Nicholas Culpepper
PSEGLI Director: Anie Philip/Lucyna Khazanovich	DPS Contact: Ed Wilkowski
Allocated Compensation (2021 Dollars): \$120,000	

OBJECTIVE

Develop and implement process improvements regarding interconnection of Large Loads¹. Work with industry experts in organizations like NERC, NYSRC, NYTOs and NYISO to participate, monitor and support progress with any potential Large Load requirements, processes, and/or regulations. Apply LIPA performance requirements to applicable Large Loads proposing interconnection to the LIPA system and refine internal processes based on developments in the industry.

TARGETS AND CALCULATIONS

- A. 40% of compensation to incorporate Large Loads Performance requirements in 2026 FERC filing.
- B. 20% of compensation to formalize criteria for inclusion in load forecast and consideration in various planning studies.
- C. 20% of compensation for implementing planning performance requirements for Large Loads applying to the NYISO and TO study processes, through establishing screening criteria for specialized studies.
- D. 20% of compensation for completing a process flowchart covering applicable conditions and process steps that developers of Large Load facilities must follow before its In Service Date.

EXCLUSIONS

Schedule relief may be granted for

- I. delays directed or requested by LIPA or
- II. situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island or

The targets and dates above for Large Loads are predicated on existing regulatory and other requirements. The targets and projects completion dates may be subject to change – including potential removal – in the event industry changes implemented by FERC/NERC/NYSRC/NYISO would prohibit the completion of a target or the metric’s overall objective.

¹ Large Loads is currently defined by NERC Large Loads Task Force as “Any commercial or industrial individual load facility or aggregation of load facilities at a single site behind one or more point(s) of interconnection that can pose reliability risks to the BPS due to its demand, operational characteristics, or other factors. Examples include, but are not limited to, data centers, cryptocurrency mining facilities, hydrogen electrolyzers, manufacturing facilities, and arc furnaces.” Defining Large Loads is currently under discussion within various industry groups and as such those efforts and Large Loads Performance Requirements will further clarify the applicability to LIPA Transmission System.

2026 Performance Metrics

PS&CE-21: Large Loads Performance Requirements

DELIVERABLES

Deliverable Name	Target Due Date
A – Include new LIPA Large Load Performance requirements in 2026 FERC 715 filing.	2026-04-01
B – Formalize criteria for inclusion in load forecast and consideration in various planning studies.	2026-06-01
C – Implement planning performance requirements for Large Loads applying to the NYISO and TO study processes, through establishing screening criteria for specialized studies.	2026-06-01
D – Draft a Large Load interconnection process flowchart covering applicable conditions and process steps that developers of Large Load facilities must follow before its In Service Date.	2026-11-01

2026 Performance Metrics

T&D-06: Primary Transmission Control Center (PTCC) Replacement

Board Policy: Transmission & Distribution Operations	Board PIPs: RE-02: PTCC and ATCC Strategy
LIPA Exec. Sponsor: Werner Schweiger/Umar Zia	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Christopher Pezzino
PSEGLI Director: Paul Simmons	DPS Contact: Qin Shi
Allocated Compensation (2021 Dollars): \$650,000	

OBJECTIVE

Execute the Project Implementation Plan (PIP) containing the key milestones for the construction of the Primary Transmission Control Center (PTCC).

TARGETS AND CALCULATIONS

Execute all identified and mutually agreed upon 2026 deliverables from the multi-year PTCC PIP approved in 2023, as amended by the Parties per the latest project schedule on or before their respective timeframes. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations.

Parties agree to refine the 2026 deliverables (Key Project Milestones – 90% of compensation) and target due dates by January 15, 2026, to reflect the current up-to-date overall project schedule at the close of 2025.

Target:

PSEG Long Island shall receive 9% compensation for each milestone achieved as part of the construction schedule for a total of **90% compensation**.

The remaining 10% compensation shall be allocated based upon the achievement of cost management per the following criteria*:

- Not to exceed 10% of the 2026 allocated budget and completion of all metric deliverable activities planned in the 2026 project plan, and
- Not to exceed 5% of the final Guaranteed Maximum Price (GMP) estimate after 75% of the trade packages are anticipated to be awarded by the end of Q1 2026.

* Note from Above: The Parties have agreed in principle to the above construct for the Budget/Cost Management Compensation component of T&D-06. A collaborative approach is in progress to perform a deeper dive into project cost details as well as the expected timing of events that will yield more refined cost estimates. The objective is to reach a mutually agreed to final position that delineates the exact specifications that would need to be satisfied to successfully meet this portion of the metric. The Parties commit to complete this analysis and refinement efforts during 2025 Q4 and will communicate with DPS and other stakeholders accordingly. The Metric Exception process will be utilized to finalize any changes to what is stated above, and will include supporting information, where applicable.

2026 Performance Metrics

T&D-06: Primary Transmission Control Center (PTCC) Replacement

All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be reasonably coherent, error free, well structured, consistent with all deliverable requirements, and aligned with achieving the metric objectives.

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

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

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

PSEG Long Island shall receive 9% compensation for each milestone achieved as part of the construction schedule for a total of **90% compensation**. Additional detail in T&D-06 Appendix.

Deliverable Name		Target Due Date	Due Date
Site Preparation Complete – Team is mobilized, temporary construction fence installed, temporary parking area installed, clear trees, grading for building pad.	T&D-06.01	QTR 1	2026-03-31
Temp Power Complete - Temporary installation of two services supporting construction activity.	T&D-06.02	QTR 2	2026-06-30
Foundation Complete - Completion of underground supporting structure, including slab, footings, and under slab rough in.	T&D-06.03	QTR 3	2026-08-31
Slab on Grade Complete - Building concrete sub floor is complete.	T&D-06.04	QTR 3	2026-09-30
Steel Topping Out - The above-ground structural elements of the building, including slabs, columns, and beams. The superstructure is constructed from reinforced concrete.	T&D-06.05	QTR 4	2026-10-30

2026 Performance Metrics

T&D-06: Primary Transmission Control Center (PTCC) Replacement

Superstructure Concrete Complete - The above-ground structural elements of the building, including slabs, columns, and beams. The superstructure is constructed from reinforced concrete.	T&D-06.06	QTR 4	2026-11-30
Precast Façade 50% Complete - The perimeter skin (exterior walls) are installed.	T&D-06.07	QTR 4	2026-12-31
Preliminary (30%) Low Voltage Design Drawing Packages - Low Voltage Design Drawing packages all non-electrical, communication wiring for the building, including backbones, risers, data center, security command center.	T&D-06.08	QTR 1	2026-02-28
Final (100%) Low Voltage Design Drawing Packages - Low Voltage Design Drawing packages all non-electrical, communication wiring for the building, including backbones, risers, data centers, security command centers.	T&D-06.09	QTR 2	2026-06-30
Final (100%) Network Design Drawing Packages - Includes IP addresses, VLANs, connections, subnet masks, gateway(s), firewall(s) and switches.	T&D-06.10	QTR 4	2026-10-31

2026 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$600,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
59	54.7	59	56	57.5	56.3	56.5	59.3	56.5

OBJECTIVE

Continuous improvement of SAIDI (System Average Interruption Duration Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Total duration of sustained interruption (≥ 5 minutes) for the average customer during each Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.2.

$SAIDI = \sum (r_i * N_i) / NT$ – (measured in minutes); where:

\sum = Summation function.

r_i = Restoration time, minutes.

N_i = Total number of customers interrupted 5 minutes or more.

NT = Total number of customers served (fixed at beginning of the Contract Year).

Target:

1. For 100% of the allocated incentive compensation, achieve a SAIDI of ≤ 56.0 minutes
2. For 75% of the allocated incentive compensation, achieve a SAIDI of ≤ 58.0 minutes
3. For 50% of the allocated incentive compensation, achieve a SAIDI of ≤ 59.0 minutes

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

2026 Performance Metrics

T&D-07: System Average Interruption Duration Index (SAIDI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIDI 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$500,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
0.76	0.68	0.76	0.68	0.7	0.69	0.67	0.72	0.68

OBJECTIVE

Continuous improvement of SAIFI (System Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of sustained interruption (≥ 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

$SAIFI = \Sigma(N_i) / NT$; where:

Σ = Summation function.

N_i = Total number of customers interrupted 5 minutes or more.

NT = Total number of customers served (fixed at beginning of the Contract Year).

Target:

1. For 100% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.68
2. For 75% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.70
3. For 50% of the allocated incentive compensation, achieve a SAIFI of ≤ 0.72

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

2026 Performance Metrics

T&D-08: System Average Interruption Frequency Index (SAIFI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SAIFI 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$400,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
2.56	1.78	1.89	1.67	1.70	1.45	1.50	1.46	1.53

OBJECTIVE

Continuous improvement of MAIFI (Momentary Average Interruption Frequency Index) reflecting ongoing significant investments to programs and projects that will improve T&D system performance.

TARGETS AND CALCULATIONS

Frequency of momentary interruptions (less than 5 minutes) within a Contract Year, computed in accordance with IEEE Standard 1366, Section 4.2.1.

$MAIFI = \Sigma(N_i) / NT$; where:

Σ = Summation function

N_i = Total number of customers interrupted less than five (5) minutes

NT = Total number of customers served (fixed at beginning of the Contract Year)

Target:

1. For 100% of the allocated incentive compensation, achieve a MAIFI of ≤ 1.34
2. For 75% of the allocated incentive compensation, achieve a MAIFI of ≤ 1.40
3. For 50% of the allocated incentive compensation, achieve a MAIFI of ≤ 1.46

Rounding protocols using two significant digits will be implemented for target measurement purposes.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

2026 Performance Metrics

T&D-09: Momentary Average Interruption Frequency Index (MAIFI) Reliability

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for MAIFI 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$375,000	

Historical Context YE Results (Quantitative Metrics Only)				
2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target
21000	23730	100%	75%	100%

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Sustained Multiple Customer Outages ("S-MCO" or "S-MCOs"), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions.

The metric measures the number of customers that have experienced the following levels of S-MCOs (outages greater than or equal to 5 minutes in duration) over a rolling 12-month period, as of December 31, 2026:

- A) A level of ≥ 6 S-MCOs
- B) A level of ≥ 8 S-MCOs
- C) A level of ≥ 10 S-MCOs
- D) A level of ≥ 12 S-MCOs

The S-MCO metric is stated in number of customers and computed in accordance with IEEE Standard 1366, Section 4.2.1.

Targets: Achieve an S-MCO performance, as of December 31, 2026:

- A) Equal to $\leq 2,275$ customers with ≥ 6 S-MCOs
- B) Equal to ≤ 350 customers with ≥ 8 S-MCOs
- C) Equal to ≤ 25 customers with ≥ 10 S-MCOs
- D) Equal to 0 customers with ≥ 12 S-MCOs

- Successfully achieving 1 of the 4 criteria = 25% of the allocated incentive compensation.
- Successfully achieving 2 of the 4 criteria = 50% of the allocated incentive compensation.
- Successfully achieving 3 of the 4 criteria = 75% of the allocated incentive compensation.
- Successfully achieving 4 of the 4 criteria = 100% of the allocated incentive compensation.

2026 Performance Metrics

T&D-10: Reduce Sustained Multiple Customer Outages (S-MCOs)

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Major Storms as defined by NY Department of Public Service and NYCRR 97.1

Exclusion for planned intentional interruptions taken to affect improvements to system associated with these customers to improve reliability.

Outages shall be counted at an incident level due to forced outage restoration multistep recording as with predominantly underground areas.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for S-MCOs 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$375,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
	73677	92500	72198	76300	50502	54000	52461	54000

OBJECTIVE

Improve performance for customers with the worst interruption experience, as measured by Momentary Multiple Customer Outages (“M-MCO” or “M-MCOs”), by continuing to improve overall system performance.

TARGETS AND CALCULATIONS

Provide a level of reliability for each customer that is within a reasonable variance from the system average conditions.

The metric measures the number of customers that have experienced 6 or more momentary interruptions (<5 minutes in duration) over a rolling 12-month period.

M-MCO = Total count of customers experiencing 6 or more interruptions of <5 minutes in the last 12 months.

The M-MCO metric is stated in number of customers.

Computed in accordance with IEEE Standard 1366, Section 4.2.1.

Target:

1. For 100% of the allocated incentive compensation, achieve an M-MCO of $\leq 36,000$
2. For 50% of the allocated incentive compensation, achieve an M-MCO of $\leq 41,000$

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

2026 Performance Metrics

T&D-12: Reduce Momentary Multiple Customer Outages (M-MCOs)

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for M-MCOs 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

Board Policy: Safety	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): \$600,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
		0.11	0.03	0	0.06	0	0.14	0

OBJECTIVE

To safely maintain, construct, and operate the Electric T&D system without risk of serious injuries and/or fatalities.

TARGETS AND CALCULATIONS

The prevention of fatalities and serious life altering injuries to a contractor employee or a PSEG Long Island employee associated with the operation, construction and/or maintenance of the Long Island Electric T&D System that are within the control of the contractor/employee (i.e. PSEG Long Island employee or contractor employee) in performance of their duties and/or the employer.

Fatalities and life-altering injuries in accordance with the EEI established criteria shown in the supporting documentation.

Injuries will be reported timely, using the PSEG Long Island Incident Alert process and internal guidelines for reporting and recording safety events, no later than seven (7) days from notification to PSEG Long Island of an event as required by the OSHA recordkeeping rule.

Serious Injury Incidence Rate (SIIR) for the calendar year of the OSA Contract.

The Serious Injury Incidence Rate (SIIR) is calculated using the formula (# cases x 200,000/exposure hours), where exposure hours equal the total of PSEG Long Island employee and contractor hours worked.

Target: A Serious Injury Incidence Rate (SIIR) of 0.00. Any qualifying life altering serious injury or fatality that occurs to an employee or contractor working on the system would constitute an automatic failure of this metric. All incidents that meet the criteria will be reviewed with LIPA.

EXCLUSIONS

LIPA will review qualifying incidents on a case-by-case basis and at their discretion, grant exclusions for up to two non-life-altering injuries (e.g., simple fractures and other milder injuries) that occur during the Contract Year.

2026 Performance Metrics

T&D-13: Safety – Serious Injury Incident Rate (SIIR)

This metric excludes all non-work-related events consistent with the OSHA exceptions for non-recordable cases, i.e. [https://www.osha.gov/laws-regs/interlinking/standards/1904.5\(b\)\(2\)](https://www.osha.gov/laws-regs/interlinking/standards/1904.5(b)(2)).

The following are examples of non-work-related events consistent with the OSHA exceptions for non-recordable cases and are not considered exclusions for the two non-life-altering injuries referenced above:

Injuries that occur on company property or while the worker is engaged in a work activity but would have occurred at the same time and at the same level of severity even if the employee was not engaged in a work activity (epileptic seizure, diabetic seizure, heart attacks, sudden joint failure, etc.).

- Injuries that are related to commuting to or from a place of employment outside of work hours.
- Injuries that result solely from normal body movements unrelated to work (sneezing, coughing, bending over to tie a shoe, walking, etc.).
- Injuries that result solely from personal tasks performed outside of assigned work hours (retrieving ice for personal use, holding community meeting at employer premises, etc.).
- Injuries that occur in a travel hotel unrelated to work.
- Injuries that occur where the employee is present at the site as a member of the general public, unrelated to his or her employment status.
- Injuries that result from voluntary participation in wellness, medical, or fitness programs, or recreational activity (teambuilding events).
- Injuries where symptoms surface at work from a known non-work-related event or exposure (yard work, sporting events, etc.).
- Injuries that result from eating/drinking or preparing food/drink for personal consumption (food/drink not provided by employer).
- Injuries that result from personal grooming, self-medication for a non-work-related condition, or intentionally self-inflicted injuries.
- Injuries that result from non-preventable vehicle accidents.
- The illness is a mental illness. Mental illness will not be considered work-related unless the employee voluntarily provides the employer with an opinion from a physician or other licensed health care professional with appropriate training and experience (psychiatrist, psychologist, psychiatric nurse practitioner, etc.) stating that the employee has a mental illness that is work-related.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for SIIR 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-14: Safety – OSHA Recordable Incidence Rate

Board Policy: Safety	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): \$400,000	

OBJECTIVE

Continuous improvement in employee safety as recorded by OSHA recordable incidents in alignment with LIPA Board of Trustees policy seeking top decile performance. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

Total illness and injury rate. The total OSHA (Occupational Safety and Health Administration) recordable injury and illness cases based on the exposure of 100 full-time workers, using 200,000 hours as the equivalent. This metric includes hearing loss.

Number of OSHA cases x 200,000 hours / Total hours worked (Note: 200,000 = 100 employees x 2,000 hours per employee per year).

Target:

- 100% - Achieve an OSHA Incidence Rate that is two (2) incidents better than the average of the 3-year top decile performance (2022-2024 performance benchmarks)
- 85% - Achieve an OSHA Incidence Rate that is 1 incident better than the average of the 3-year top decile performance (2022-2024 performance benchmarks)
- 70% - Achieve an OSHA Incidence Rate that is in the average of the 3-year top decile performance (2022-2024 performance benchmarks)

Rounding protocols will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

2026 Performance Metrics

T&D-14: Safety – OSHA Recordable Incidence Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for OSHA RIR 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

Board Policy: Safety	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Theodore Kern
PSEGLI Director: Gregory Player	DPS Contact: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): \$400,000	

OBJECTIVE

Continuous improvement in employee safety as recorded by the Motor Vehicle Accident (MVA) Rate. Continued improvement in safety performance shall stem from an increased focus on safety and training, including recognizing, tracking and managing key safety leading indicators, resulting in increased employee safety awareness and diligence.

TARGETS AND CALCULATIONS

The rate compares the total number of motor vehicle accidents relative to the total number of miles driven for a given period of time. This number is inclusive of all motor vehicle accidents. The year-end performance records all miles driven and accidents that have occurred over the Contract Year.

$(\text{Total Number of MVAs}) \times 1,000,000 / \text{Miles Driven}$

- Two data points will be leveraged in setting the targets for both MVA components: 3-Year Average Performance MVA Rate– All MVAs
- 3-Year Average Performance MVA Preventable Incident Rate – Preventable MVAs

50% of compensation for Motor Vehicle Accident (MVA) Rate at Company Level

- 100% of allocated compensation for achieving an improvement over 3-Year Average Performance MVA Rate (2023-2025)

50% of incentive compensation allocated to reduction of preventable incidents

- 100% of allocated compensation for achieving an improvement 10% reduction over 3-Year Average Performance MVA Preventable Incident Rate (2023-2025)

Rounding protocols for both targets will be applied for target setting and actual performance consistent with this metric's stated significant digits.

Note: This metric is applicable to the entire business, not solely the T&D area.

EXCLUSIONS

None

2026 Performance Metrics

T&D-16: Safety – Motor Vehicle Accident (MVA) Rate

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for MVA Rate 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

Board Policy: Transmission & Distribution Operations	Board PIPs: WM PIPs
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Fritz Ferdinand, Jenna Roberts, Daniel Mayberry
PSEGLI Director: John Mccumiskey, Joseph Cicalo	DPS Contact: Sean Walters, Umar Sultan
Allocated Compensation (2021 Dollars): \$600,000	

OBJECTIVE

Develop Work Management Process Enhancements that optimize staffing levels, productivity, and overtime in support of the scheduled T&D work.

TARGETS AND CALCULATIONS

100% of all deliverables delivered by the specified dates, including achieving all elements of the LIPA- approved 2027 Workforce Management Plan by December 1, 2026.

The Workforce Management Plan includes:

1. Histogram by labor source (in-house / Contractor) and functional area (Divisions, P&C)
2. Histogram by settlement (Capital, O&M)
3. Hours by High-Level Settlement
4. Hours by Low-Level Settlement
5. Monthly work plan at a division level (for each of the four divisions) providing planned units for proactive blankets and programs and planned hours for reactive (emergent) programs (includes monthly actual units completed for variance purposes)

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG Long Island, and DPS. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. Once a deliverable is received, LIPA shall timely review and provide feedback to ensure that the deliverable complies with the corresponding deadline and LIPA's expectations. Execute all identified deliverables in the metric on or before their respective timelines. All deliverables are subject to LIPA review and approval, which shall not be unreasonably withheld. All submitted deliverables shall be clear, comprehensive, and substantive. PSEG Long Island may submit deliverables before the Due Date, and time permitting, LIPA will make a reasonable attempt to provide feedback to allow PSEG Long Island to improve and resubmit the deliverable by the Due Date, if LIPA believes improvements and resubmissions are necessary. For deliverables submitted as of the Due Date that are determined to not meet LIPA's standards for approval, LIPA will provide a summary of why and what is needed to bring the deliverables to closure, and PSEG Long Island may resubmit the deliverables within ten business days. If required revisions to address LIPA's feedback will take longer than ten business days to complete, PSEG Long Island will submit an exceptions request with a proposed timeline, including

2026 Performance Metrics

T&D-18: Improve Reliability Through Work Management Enhancements - Workforce Management Plans

justification, which LIPA will reasonably consider. PSEG Long Island shall have only two opportunities post the Due Date to resubmit deliverables to obtain LIPA approval, unless otherwise approved as an exceptions request.

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

EXCLUSIONS

Workforce management plans are limited to the following major workforce groups:

- Overhead, Underground, Substation Maintenance, Relay, Distribution Design, Transmission Engineering, Substation Engineering, Protection Engineering, and Substation Maintenance Civil.

DELIVERABLES

Deliverable Name	Target Due Date
PSEG Long Island holds Q1 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD – Planned Vs. Forecast Units Complete PYE	2026-04-25
PSEG Long Island holds Q2 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2026-07-25
Initial submission of 2027 Workforce Management Plan for LIPA approval by August 31, 2026 (approval not be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed.	2026-08-31
PSEG Long Island holds Q3 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2026-10-26
Final submission of 2027 Workforce Management Plan for LIPA approval by November 14, 2026 (approval not be unreasonably withheld). The Workforce Management Plan shall include monthly and annual resource plans for all Capital and O&M work to be completed	2026-11-14
Successfully deliver all elements of the LIPA-approved 2026 Workforce Management Plan by January 29, 2027.	2027-01-29
PSEG Long Island holds Q4 quarterly review meeting with LIPA to review the progress of the Workforce Management Plan • Plan Vs. Actual Units Complete YTD - Planned Vs. Forecast Units Complete PYE	2027-01-26
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting for Work Plan Variance for 2026 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-24: Improve Reliability Through Vegetation Management Work Plan

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Mark Cerqueira
PSEGLI Director: Patrick Dempsey	DPS Contact: Jami Nafiul, Reshma Mathew
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

Develop and execute Vegetation Management Work Plans and budgets.

TARGETS AND CALCULATIONS

The Distribution Vegetation Programs is inclusive of three distinct programs:

1. Cycle Trim
2. Trim-to-Sky
3. Hazard Tree Removal

The metric will measure the following:

1. Completion of 2026 Planned Units – By December 31, 2026, execution of 100% of the work identified in the 2026 Vegetation Management Work Plan approved in August of 2025. For Cycle Trim and Trim-to-Sky to be considered trimmed and count towards metric achievement, 100% of a circuit must be trimmed per the Vegetation Management Specification (includes mainline trim-to-sky and substation, as per the 2026 Vegetation Management Work Plan) in the year. For Hazard Tree completion of the associated identified number of trees and limbs, as per the 2026 Vegetation Management Work Plan.
2. Budget Adherence – Actual spending that is within up to +5% of the Board-approved program level targets for cycle trim, trim-to-sky, and hazard tree program at the programmatic level. PSEG Long Island will have the ability to reallocate the funding at the program level if needed.
3. 2027 Work Plan Development – The Vegetation Work Plans for Cycle Trim and Trim-to-Sky shall identify the minimum of ¼ of the overhead distribution system (which equates to approximately 2,200 miles) and budgets. The work plans will be provided to LIPA for approval, which shall not be unreasonably withheld, by August 28, 2026.

Hazard tree and limb units include storm hardening and base vegetation budgets. Work plans shall include annual and monthly work and resource plans. Work plans should be coordinated with maintenance and construction work plans, where possible.

Targets:

- Each program will be worth 1/3 of the applicable incentive compensation. To achieve the incentive compensation for the specific program PSEG Long Island must complete 100.0% of the work identified in the

2026 Performance Metrics

T&D-24: Improve Reliability Through Vegetation Management Work Plan

program and actual spending must be within +5% of the Board-approved program level targets for cycle trim, trim-to-sky and hazard tree program at the programmatic level.

EXCLUSIONS

1. Schedule relief may be granted for:
 - i) delays directed or requested by LIPA or
 - ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.
2. Vegetation trimmed as part of a storm response will not be included in completion count if charged to the storm account.

DELIVERABLES

Deliverable Name	Target Due Date
Submit January report of work completed vs. schedule and budget at the monthly meeting.	2026-02-14
Submit February report of work completed vs. schedule and budget at the monthly meeting.	2026-03-14
Submit March report of work completed vs. schedule and budget at the monthly meeting.	2026-04-18
Submit April report of work completed vs. schedule and budget at the monthly meeting.	2026-05-16
Submit May report of work completed vs. schedule and budget at the monthly meeting.	2026-06-20
Submit June report of work completed vs. schedule and budget at the monthly meeting.	2026-07-18
Submit July report of work completed vs. schedule and budget at the monthly meeting.	2026-08-19
The 2027 Vegetation Work Plan shall identify the minimum of 1/4 of the overhead distribution system (which equates to approximately 2,200 miles) and budgets and be provided to LIPA for approval, which shall not be unreasonably withheld, by August 28, 2026.	2026-08-28
Submit August report of work completed vs. schedule and budget at the monthly meeting.	2026-09-19
Submit September report of work completed vs. schedule and budget at the monthly meeting.	2026-10-17
Submit October report of work completed vs. schedule and budget at the monthly meeting.	2026-11-14
Submit November report of work completed vs. schedule and budget at the monthly meeting.	2026-12-19
Submit 2026 YE closeout report of work completed vs schedule and budget	2026-12-28

2026 Performance Metrics

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Board Policy: Transmission & Distribution Operations, Customer Value, Affordability, & Rate Design	Board PIPs: WM PIPs
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Peter Mladinich
PSEGLI Exec. Sponsor: Margaret Keane	PSEGLI Proj. Mgr: Shaun Jeter
PSEGLI Director: Robert Rowe	DPS Contact: Jami Nafiul, Qin Shi
Allocated Compensation (2021 Dollars): \$650,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
				100%	100%	100%	100%	100%

OBJECTIVE

Adherence to Targeted Program planned units and unit costs.

TARGETS AND CALCULATIONS

Targeted Programs, distinct and separate from Projects, must include units of work to be completed within one year. Units of work must be deemed as complete to count as a completed unit.

Unit costs will be reviewed and modified pending the completion of the scheduled audit of Compatibility Unit Estimate (CUE) accuracy review.

By December 29, 2026, complete program planned units/miles within prescribed cost range consistent with Program Workplan PJDs for the following Targeted Programs:

1. Distribution Circuit Improvement Program (CIP) (SOS-1293) – 400 miles at cost of \$17,955 /mile.
2. Transmission breaker replacement (SOS-1452) – 15 units at cost of \$96,000/breaker.
3. Underground distribution cable upgrades (SOS-1283) – 57,970 feet at cost of \$200/foot.
4. Upgrade Supervisory Controller for Capacitor Banks (SOS-1183) – 130 units at a cost of \$27,300 /unit.
5. Residential underground cables (SOS-1291) – 92,671 feet at cost of \$190/foot.
6. Replacement of non-restorable distribution pole rejects (SOS -2124) – 1,050 units at cost of \$15,076 /pole.
7. Single Phase Recloser Devices (SOS-2389) – 4,680 units at a cost of \$10,144.37/unit.
8. Transformer Monitoring (SOS-1250) – 40 units at cost of \$96,000/unit.

Note: Volumetric and cost targets to be based on PJDs submitted in September 2025. The final measurement for this will be based on the latest LIPA-approved PJD.

2026 Performance Metrics

T&D-37: Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan

Achievement for volumetric elements will be calculated as the difference between the planned units/jobs/miles/feet and the actual units/jobs/miles/feet achieved by December 29, 2026, divided by the planned units/jobs/miles/feet.

Achievement for cost elements will be calculated as the difference between the planned per unit and per foot costs and the actual per unit and per foot costs achieved by December 29, 2026, divided by the planned per unit and per foot costs.

Target: For the volumetric elements, complete $\geq 92.0\%$ of the planned units/miles within the established target and based on the latest LIPA-approved PJD documentation. For the cost elements, achieve $\pm 5\%$ of the planned per unit and per-mile costs within the established target and based on the latest LIPA-approved PJD documentation.

EXCLUSIONS

Schedule relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Completion of Program Planned Units Per Workplan. 2) Any additional supporting documentation as required	Monthly

2026 Performance Metrics

T&D-40: Reduce Double Wood Poles

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Tyler Pearsall, William Moir
PSEGLI Director: Richard Henderson	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$250,000	

Historical Context YE Results (Quantitative Metrics Only)								
2021		2022		2023		2024		2025
YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target	YE Result	YE Target
9110	6295	6295	6477	5289	7567	6810	7680	7296

OBJECTIVE

As a safety and system reliability matter, continue to manage the amount of Double Wood Poles on the T&D system.

TARGETS AND CALCULATIONS

Amount of double wood poles, as recorded in the National Joint Utilities Notification System (NJUNS), on December 31, 2026. Targets will be measured and stated in pole counts in the format of #,###.

Target: Achieve the following Double Wood Pole year-over-year performance criteria as of December 31, 2026:

1. For 75% of the allocated incentive compensation, achieve a PSEG Long Island Next-To-Go (NTG) that is 10% lower than the 2025 YE level.
2. For 100% of the allocated incentive compensation, successfully achieve the target stated in criterion #1 and also achieve an overall Double Wood Pole count that is $\geq 5\%$ lower than the 2025 YE level.

Note: Discrete 2026 pole count target numbers will be calculated for each of the above two criteria after the close of 2025, reflecting performance as of December 31, 2025.

EXCLUSIONS

None

2026 Performance Metrics

T&D-40: Reduce Double Wood Poles

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Double Wood Poles 2) Documentation demonstrating NJUNS timely data-entry of all Double Wood Poles identified during the physical asset verification project. 3) Any additional supporting documentation, as required, including meeting minutes of bi-monthly meetings with external stakeholders.	Monthly

2026 Performance Metrics

T&D-50: Storm Outage Response Performance

Board Policy: Transmission & Distribution Operations	Board PIPs: 3.2.2.3: CGI Outage Management System
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Donald Schaaf
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Tim Lupski
PSEGLI Director: Larry Torres, Pat Hession, Richard Henderson	DPS Contact: Mohammed Hasan, Qin Shi
Allocated Compensation (2021 Dollars): \$400,000	

OBJECTIVE

Measure and improve the overall outage management and response effectiveness during storms with customer outage durations of < 48 hours.

TARGETS AND CALCULATIONS

Demonstrate excellent performance as reflected in the Small Storm Scorecard (“Scorecard”) for applicable OSA storms of >=24 hours and < 48 hours in length.

The Scorecard is based on a total maximum score of 1,000 points. Note: certain elements of the Scorecard will not be applicable for all storms. In those cases, a maximum eligible score of less than 1,000 points will result and be applicable to that specific storm. The % achievement calculations for that specific storm will then be calculated in the normal fashion on the lower point basis.

Each qualifying storm will be scored by PSEG Long Island within 15 business days from the end of the storm. LIPA will then perform IV&V and will render its own score within 10 business days of receiving the Scorecard from PSEG Long Island. In the event of an overall score discrepancy, the Parties will meet to discuss and reconcile. If full resolution does not occur, the final (original or modified) LIPA score shall serve as the official score for metric purposes.

Official reporting monthly as part of the T&D Balanced Scorecard monthly report and meeting between LIPA, PSEG Long Island, and DPS is required. Timely meetings to be held between the Parties within 10 business days after storm scorecards have been submitted by both PSEG Long Island and LIPA to conduct in-depth discussions specific to the qualifying storm.

The rating period will be for storms that commence on or after 12:00 a.m. EST on January 1, 2026, through storms ending on or before midnight December 31, 2026.

The elements and maximum point values of the Scorecard are shown below, with line-item detail and calculations contained in a Scorecard provided by LIPA (See Scorecard Structure in Figures 1-4 below):

1) PREPARATION AND CLOSE-OUT (15% of Total – 150 Points)

- a. Event Anticipation
- b. Technology Performance

2026 Performance Metrics

T&D-50: Storm Outage Response Performance

c. Storm Close Out

2) OPERATIONAL RESPONSE (55% of Total – 550 Points)

a. Storm CAIDI

b. Down Wires

c. Estimated Time of Restoration (ETR)

i. ETR Changes (measured by total ETRs provided to customer(s) on the incident)

ii. ETR Accuracy (measured by final ETR to Restored time)

d. County EOC Communication

e. Utility Communication

f. Safety

i. Measure of any employee or contractor serious injury doing hazard work during storm/ outage and restoration (in accordance with SIIR metric)

ii. Preventable Motor Vehicle Accidents (in accordance with the prior MVA rate metric)

3) COMMUNICATION (30% of Total – 300 Points)

a. Call Answer Rates

b. Web Availability

c. Customer Communications

d. Social Media Engagement

Note: For applicable Storm Scorecard line items, the baseline will be established as soon as practicable after December 31, 2025. The Parties will then review and reach an agreement on the baseline levels applicable to be measured against for qualifying 2026 storms.

Target:

Incentive compensation will be awarded, based on the average point score for all qualifying storms over the course of the rating period, as follows:

1) 100% of the allocated incentive compensation awarded for an average score of $\geq 80.0\%$ attainment of all eligible points for the rating period

2) 50% of the allocated incentive compensation awarded for an average score of $\geq 70.0\%$ attainment of all eligible points for the rating period

3) 0% incentive compensation awarded for an average score of $< 70.0\%$ attainment of all eligible points for the rating period

Further, automatic metric failure will occur if one or more qualifying storms during the rating period earns a score(s) of $< 50.0\%$ of the total maximum achievable points for that particular storm(s). In such case, no incentive compensation will be awarded for this metric, irrespective of performance for all other qualifying storms.

If there are no qualifying storms that occur in 2026, the full allocated incentive compensation will be reallocated on a pro-rata basis among the Electric T&D Scope Function

2026 Performance Metrics

T&D-50: Storm Outage Response Performance

EXCLUSIONS

- 1) Storms that occur in whole or in part outside the established metric rating period
- 2) Planned (Scheduled) Outages
- 3) If a second storm occurs during the 5-day restoration period, then the Storm Brief and SAS report for the first storm will be due 10 business days after the end date of the second storm. The Storm Brief and SAS report due date for the second storm will not change and will be required as described in the definition of Measure in the Scorecard.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Storm Outage Response Performance (Small Storm Scorecard) 2) Any additional supporting documentation as required	10 business days after a qualifying event
For each qualifying storm, the Parties will meet and discuss within 10 business days after both PSEG Long Island and LIPA have provided storm scorecards to the other Party.	10 business days After Storm Scores have been provided by both Parties.

2026 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudence

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger	LIPA Proj. Mgr: Brian Gallagher, Donald Schaaf, Nick Caracciola
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Matt Otto/Abhinav Kumar
PSEGLI Director: Pat Hession/Rich Henderson	DPS Contact: Qin Shi, Umar Sultan
Allocated Compensation (2021 Dollars): \$400,000	

OBJECTIVE

To achieve safe, efficient, and cost-effective restoration for our customers. This will be accomplished by ensuring that staffing levels for each recognized storm are within established ERP Storm Resource Matrix Guidelines submitted and approved by LIPA and DPS annually.

TARGETS AND CALCULATIONS

PSEG Long Island is to provide a copy of the crewing rosters/crew transfer sheet/emergency storm report and the completed LIPA Storm Staffing Spreadsheet within 20 calendar days of end of storm declaration.

Eligible storms are those events that qualify under the definition contained in the 2nd Amended & Restated (A&R) OSA ("OSA").

For 100% of the allocated incentive compensation, PSEG Long Island is to:

- 1) Demonstrate utilization of qualified High Voltage (HV) 2-man distribution crews, which should account for a minimum of 60% of the HV restoration staffing. This is limited to internal PSEG Long Island Overhead (OH)/ Underground (UG) crews, on-island OH/UG crews, and HV mutual aid crews. This metric is to be measured based on how PSEG Long Island sets up crews for a storm event. A High Voltage 2-man OH distribution crew is defined as a crew containing 2 HV FTEs (inclusive of a minimum of one working foreman and a second qualified HV FTE) with one vehicle, while an UG HV 2-man crew may have no more than two vehicles. All apprentices are considered part of the crew make-up. **(40% Total Compensation)**
- 2) Demonstrate a minimum of **90%** compliance with the ERP Storm Resource Matrix Guidelines. **(10% Total Compensation)**
- 3) Enhance Internal Restoration Crew Technology Utilization, Information, and Performance: During Storm Restoration OH/UG Lines high voltage crews, On-Island high voltage contractor crews, and Measurement Services low voltage crews are expected to be en-route to their first job within 1 hour from the start of their scheduled shift, or the first job is dispatched within 1 hour of start of scheduled shift, then crews are expected to be en-route within 1 hour from dispatched time. Demonstrate a 70% success rate to achieve full award of the metric.
 - The criteria for OH/UG Lines and Measurement Services is: scheduled pre-established shifts, job is dispatched prior to shift start time, or the first job is dispatched within 1 hour from shift start time, the vehicle must be within a designated yard, and it is measured by the crew leader.
 - The measurement is the yard geo-fence exit time minus the shift start time, or job OMS

2026 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudence

dispatched time if after start of shift

- The criteria for the On-Island Contractors is: scheduled pre-established shift times, job is dispatched prior to shift start time, or the first job is dispatched within 1 hour from shift start time, and the lead crew job status of en-route in CAD
 - The measurement is the CAD lead crew en-route time minus shift start time, or the first job dispatched time if after start of shift. **(30% Total Compensation)**

4) Damage Assessment Performance:

- a. Complete 100% damage assessment on all locked out OH transmission circuits within 24 hours of the start of restoration. **(10% Total Compensation)**
- b. Complete 100% damage assessment of the 3-Phase mainline and unfused branchline of all OH distribution breaker locked out circuits within 48 hours of the start of restoration. **(10% Total Compensation)**

Calculations:

- 1) Calculation to be predicated on total qualified HV crews comprising 2-man crews divided by total qualified HV crews. This is to be calculated on a cumulative basis for OSA storms in 2026.
- 2) The success rate will be determined by dividing the total points achieved by the total points available for the Storm Resource Matrix. Success rate will be measured on a cumulative basis for the year 2026.
 - a. On-Island High Voltage (HV) FTEs (includes on-island contractors): 30% weighting
 - b. Non-PSEG LI HV Line FTEs (Mutual Aid): 30% weighting
 - c. Line Clearance FTEs (includes off-island contractors): 20% weighting
 - d. Damage Assessment (includes contractors): 5% weighting
 - e. Wire Watch (WW) (includes contractors): 5% weighting
 - f. Low Voltage (LV) (includes contractors): 5% weighting
 - g. Make Safe to Clear (MSTC) (includes contractors): 5% weighting

Note: For storms that are deemed not to require mutual aid, Item 2a. will carry a weighting of 60%, and correspondingly, Item 2b. will not be applicable and will carry a weighting of 0%.

- 3) The success rate shall be calculated as the overall total occurrences that met the stated “enroute” 1-hour criteria divided by the total “enroute” occurrences recorded for all OSA storms during the measurement period. This is to be calculated on a cumulative basis for the year 2026.
- 4) Damage Assessment Performance:
 - a. Cumulative total # of transmission lockouts that were Damaged Assessed within 24 hours divided by the total # of transmission lockouts during 2026 OSA storms.
 - b. Cumulative total # of distribution lockouts that were Damaged Assessed within 48 hours divided by the total # of distribution lockouts during 2026 OSA storms.

100% of all deliverables delivered by the specified date in the deliverables section.

2026 Performance Metrics

T&D-54: Storm Crewing Efficiency and Prudence

Reports shall be in a LIPA-approved format and shall be reviewed in a meeting between LIPA, PSEG Long Island and DPS.

EXCLUSIONS

Relief may be granted for delays

- i) directed or requested by LIPA or
- ii) situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
<p>PSEG Long Island will complete “Summary of Staffing Levels” spreadsheet and provide an Excel worksheet that summarizes crew composition to support the 2-man High Voltage (HV) crews supported by documentation such as crew transfer sheets, crew rosters, etc., for every qualifying storm that occurs in calendar year 2026.</p> <p>PSEG Long Island will also supply an Excel Resource Matrix Compliance worksheet for each OSA 2026 storm.</p> <p>PSEG Long Island will supply documentation that validates damage assessment performance for Transmission Lockouts within 24 hours and Distribution Lockouts within 48 hours for each OSA 2026 storm.</p> <p>(The above is applicable to Metric criteria 1, 2, and 4)Upload to the LIPA designated folder on the</p>	Within 20 calendar days of storm end declaration
<p>PSEG Long Island will complete a report that demonstrates the stated enroute criteria as calculated in the metric (Criterion #3) for every OSA storm occurring in the year of 2026.</p>	Within 20 calendar days of storm end declaration

2026 Performance Metrics

T&D-57: Improve Underground (UG) Reliability Performance

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger/Umar Zia	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$400,000	

OBJECTIVE

Improve Underground (UG) system reliability as measured against historical 3-year average number of incidents and CAIDI specific to UG-related outages.

TARGETS AND CALCULATIONS

Mainline

1. Number of UG Incidents – Target: <=3-year (2023-2025) average
2. UG CAIDI – Target: <=3-year (2023-2025) average

Branchline

3. Number of UG Incidents – Target: <=3-year (2023-2025) average
4. UG CAIDI – Target: <=3-year (2023-2025) average

- An amount of 25% of the overall allocated metric compensation will be awarded for successfully meeting each of the four stated components.

All metric targets are based on the anticipation that all 2026 reliability-based program spending will be aligned with 2025 approved budgets. If budgets are reduced, targets will be revisited.

EXCLUSIONS

Excludes only Major Storms as defined by NY Department of Public Service and NYCRR 97.1.

DELIVERABLES

Deliverable Name	Target Due Date
Upload to the LIPA designated folder on the LIPA SharePoint Site the following: 1) Monthly Scorecard Reporting Requirement for Improve Underground (UG) Reliability Performance	Monthly

2026 Performance Metrics

T&D-58: Distribution System Automation and Advanced Operations

Board Policy: Transmission & Distribution Operations	Board PIPs: N/A
LIPA Exec. Sponsor: Werner Schweiger/Umar Zia	LIPA Proj. Mgr: Michael Quinn
PSEGLI Exec. Sponsor: Michael Sullivan	PSEGLI Proj. Mgr: Wayne Baldassare
PSEGLI Director: John Mccumiskey	DPS Contact: Justin Koebele, Qin Shi
Allocated Compensation (2021 Dollars): \$500,000	

OBJECTIVE

Advance the automation of the Electric Distribution System through the deployment of technologies such as reclosers, Fault Location, Isolation, and Service Restoration (FLISR) schemes and an Advanced Distribution Management System (ADMS).

TARGETS AND CALCULATIONS

1. Feeder Coordination Study and Protection Settings for ACRVs: Target all remaining ~160 Circuits with microprocessor relays. (Coordination Study to be completed and approved by December 31, 2026.)
2. Operationalize ACRVs:
 - a. By January 31, 2026, identify all units from the 2025 Coordination Study to be completed in 2026. Complete all feasible units identified from the 2025 Coordination Study by May 29, 2026.
 - b. Complete at least 40% of the units identified in the 2026 Coordination Study by December 31, 2026.
3. Phase 1 FLISR Implementation: Successfully implement FLISR on the first 42 circuits, and develop an after-action review of the completed implementation, including process changes, and electronic mapping requirements by May 29, 2026. By June 30, 2026, LIPA and PSEG Long Island will collaborate and establish a mutually agreed upon additional number of circuits to have FLISR implemented for the remainder of 2026.
4. NextGen Distribution Control Room: PSEG Long Island will develop a detailed Project Implementation Plan for the NextGen Distribution Control Room, based on the blueprint currently in development. The plan will address people, process and facilities. *Note: The IT/OT component of the plan is listed under the IT area/metric(s).*

Targets for 2026:

- 100% Compensation for successful completion of all elements listed in Criteria 1, 2a, 2b, 3 and 4.
- 75% Compensation for successful completion of any 4 of the 5 listed Criteria of 1, 2a, 2b, 3, and 4, and at least 50% successful completion of the remaining (uncompleted) element.
- 50% Compensation for successful completion of any 3 of the 5 listed Criteria of 1, 2a, 2b, 3 and 4, and at least 50% successful completion of each of the remaining two (uncompleted) elements.
- 25% Compensation for successful completion of any 2 of the 5 listed Criteria of 1, 2a, 2b, 3 and 4, and at least 50% successful completion of each of the remaining three (uncompleted) elements.

2026 Performance Metrics

T&D-58: Distribution System Automation and Advanced Operations

EXCLUSIONS

Schedule relief may be granted for delays

- i. directed or requested by LIPA or
- ii. situations or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island.

DELIVERABLES

Deliverable Name	Target Due Date
1. Complete all remaining ~160 Circuits with Microprocessor Relays, Feeder Coordination Study and Protection Settings for ACRVs.	2026-12-31
2a.1. – Identify all units from the 2025 Coordination Study to be completed in 2026.	2026-01-31
2a.2. – Complete all feasible units identified from the 2025 Coordination Study by May 29, 2026.	2026-05-29
2b – Complete at least 40% of the units identified in the 2026 Coordination Study by December 31, 2026.	2026-12-31
3.1 – Successfully implement FLISR on the first 42 circuits, and develop an after-action review of the completed implementation, including process changes, and electronic mapping requirements by May 29, 2026.	2026-05-29
3.2 – By June 30, 2026, LIPA and PSEGLI will collaborate and establish a mutually agreed upon additional number of circuits to have FLISR implemented for the remainder of 2026.	2026-06-30
3.3 – Complete 100% of mutually agreed upon circuits to be completed in 2026.	2026-12-31
4 - PSEG Long Island will develop a detailed draft Project Implementation Plan for 2027 outlining objectives for the NextGen Distribution Control Room, based on the blueprint currently in development. The plan will address people, process and facilities. Note: The IT/OT component of the plan will be addressed under the IT area/metric(s).	2026-08-15
4.1 - PSEG Long Island will deliver a detailed final Project Implementation Plan for 2027 with budgetary requests for 2027 outlining objectives for the NextGen Distribution Control Room, based on the blueprint currently in development. The plan will address people, process and facilities. Note: The IT/OT component of the plan will be addressed under the IT area/metric(s).	2026-09-15



September 2025

2026 Proposed PSEG Long Island Performance Metrics



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BS-43	Implement Standards and Methods to Reduce Project Variances
BS-44	Establish Annual Assessment Allocation Model
BS-45	Develop Methods and Standards for Tracking Productivity Gains
BS-48	Strategic Supplier MSAs
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BS-55	Procurement Savings
CS-02	J.D. Power - Residential
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CS-14	Net Dollars Written Off
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)
CS-17	Low to Moderate Income (LMI) Program Participation
CS-19	DPS Customer Complaint Rate
CS-31	Call Average Handle Time (AHT)
CS-36	E-Bill Enrollment
CS-37	Self-service Containment Enhancements
CS-40	Outage Information Satisfaction and Cause Code
IT-03	System Resiliency – Business Continuity Plans and Functional Drills
IT-04	System and Software Lifecycle Management
IT-05	Project Performance – In-flight Projects
IT-06	Project Performance – New 2026 Projects
IT-09	IT Planning – Ransomware Readiness and Response
IT-10	System Resiliency – Disaster Recovery Plans and Testing
IT-11	System Cost Effectiveness
IT-12	System Reliability
IT-13	IT Service Management
PS&CE-05	Beneficial Electrification – Building Electrification
PS&CE-06	Electric Vehicle (EV) Make-Ready
PS&CE-14	Transportation Strategic Initiatives
PS&CE-16	Residential Time-of-Day Participation Rate
PS&CE-17	Disadvantaged Communities (DACs) – Spend %

PS&CE-18	Solar Interconnection
PS&CE-19	Building Weatherization
PS&CE-20	Demand Response
PS&CE-21	Large Loads Performance Requirements
T&D-06	Primary Transmission Control Center (PTCC) Replacement
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability
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T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)
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T&D-13	Safety – Serious Injury Incident Rate (SIIR)
T&D-14	Safety – OSHA Recordable Incidence Rate
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T&D-37	Improve Reliability and Resiliency Through Completion of Program Planned Units
T&D-40	Reduce Double Wood Poles
T&D-50	Storm Outage Response Performance
T&D-54	Storm Crewing Efficiency and Prudence
T&D-57	Improve Underground (UG) Reliability Performance
T&D-58	Distribution System Automation and Advanced Operations

Business Scope	# of Metrics	Allocated Comp (2021 Dollars)
Business Services	11	\$3,000,000
Customer Experience	12	\$4,000,000
Information Technology	9	\$3,000,000
Power Supply & Clean Energy	9	\$2,000,000
Transmission & Distribution	17	\$8,000,000
Total	58	\$20,000,000

Appendix A

Newly Proposed or Reintroduced Metrics in 2026

Metric Title	Metric #	Objective
Non-Utility Billing Collections	BS-53	Effective management for aged non-utility billing receivables to maintain a solid financial position, increase liquidity, and reduce interest charges incurred.
Competitive Transactions	BS-54	To encourage the use of competitive contracting and transactions to ensure PSEG Long Island, as the agent for LIPA, can enter into agreements with vendors that ensure the best overall value for LIPA.
Procurement Savings	BS-55	To establish a cost savings-cost avoidance program that tracks and monitors cost reduction activity associated with competitive sourcing events.
Self-Service Containment Enhancements	CS-37	Enhance self-service eligibility rules to allow more customers to transact in a self-service channel and reduce call transfers to a call center representative.
Outage Information Satisfaction & Cause Code	CS-40	Improve customer satisfaction with PSEG Long Island's proficiency in providing information for customers who experience an outage.
System Cost Effectiveness	IT-11	The objective of this metric is to enable the reduction of the operating and maintenance costs associated with PSEG Long Island platforms.
System Reliability	IT-12	The objective of this metric is to ensure that PSEG Long Island maintains reliable systems by measuring uptime and system availability.
IT Service Management	IT-13	This metric ensures that the PSEG Long Island IT/Cyber team adequately meets the technology service management needs of the PSEG Long Island operating company as measured by meeting or exceeding service level targets.
Solar Interconnection	PS&CE-18	Work with industry stakeholders and LIPA to understand opportunities and challenges in advancing our DER (Distributed Energy Resources) portfolio and develop a plan to address those issues in 2026 and 2027.
Building Weatherization	PS&CE-19	Achieve the building weatherization targets from the Utility 2.0 filing, including any LIPA and DPS recommended changes to the targets in alignment with the LIPA portion of the 2 million home clean energy goals for whole home electrification and home electrification ready.
Demand Response	PS&CE-20	Collaborate with industry stakeholders and LIPA to understand opportunities and challenges in advancing our DER (Distributed Energy Resources) portfolio and develop a plan to address those issues in 2026 and 2027.

Large Loads Performance Requirements	PS&CE-21	Develop and implement process improvements regarding the interconnection of Large Loads. Work with industry experts in organizations like NERC, NYSRC, NYTOs and NYISO to participate, monitor and support progress with any potential Large Load requirements, processes, and/or regulations. Apply LIPA performance requirements to applicable Large Loads proposing interconnection to the LIPA system and refine internal processes based on developments in the industry.
Safety-OSHA Recordable Incidence Rate	T&D-14	Continuous improvement in employee safety as recorded by OSHA recordable incidents in alignment with the LIPA Board of Trustees policy, seeking top decile performance.
Safety-Motor Vehicle Accident (MVA) Rate	T&D-16	Continuous improvement in employee safety as recorded by the Motor Vehicle Accident (MVA) Rate.
Improve Underground (UG) Reliability Performance	T&D-57	Improve Underground (UG) system reliability as measured against the historical 3-year average number of incidents and CAIDI specific to UG-related outages.
Distribution System Automation and Advanced Operations	T&D-58	Advance the automation of the Electric Distribution System through the deployment of technologies such as reclosers, fault location, isolation, and service restoration (FLISR) schemes, and an Advanced Distribution Management System (ADMS).

Appendix B

2025 Performance Metrics Eliminated in 2026

Metric Title	Metric #	Justification
HR Cost Efficiency Per Employee	BS-51	This metric aimed to achieve cost savings by enhancing the efficient use of resources across PSEG Long Island and its Affiliates, providing HR services. LIPA is suspending the metric for 2026 to allow PSEG Long Island to address the impacts of the system separation and ensure that the necessary adjustments are made before reinstating the metric in 2027.
Unit Price Contract Reassessment	BS-52	The objective of this metric was to evaluate the effectiveness of active unit price contracts in providing market-competitive pricing for labor services. Develop strategies to improve cost savings through the use of more favorable price structures by renegotiating contract terms or executing new sourcing events. This project will be completed by December 31, 2025.
Interactive Voice Response (IVR) Containment	CS-25	This metric is being replaced by CS-37: Self-service Containment Enhancements.
System Separation	IT-07	The separation of LIPA IT systems from PSEG New Jersey systems will be completed by December 31, 2025.
Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis	PS&CE-08	The transition of residential customers to a standard Time-of-Day (TOD) rate will be completed by December 31, 2025. LIPA will continue to track the TOD participation rate in 2026 to ensure that the opt-out rate does not increase substantially.
Heat Pump Strategy to Address Barriers to Customer Adoption	PS&CE-13	The scope of work associated with this metric will be completed by December 31, 2025. PSEG Long Island has implemented programmatic changes to address barriers to customer heat pump adoption as part of this multi-year heat pump strategy metric.
Asset Management Program Implementation-Asset Inventory	T&D-01	The field service surveys and GIS record accuracy of the Outside Plant (OSP) T&D assets will be completed by December 31, 2025.
Construction-Cost Estimating Accuracy	T&D-36	PSEG Long Island has consistently met the target; offering incentive compensation is no longer appropriate.
Program Effectiveness-Vegetation Management	T&D-41	The metric was intended to measure performance improvements in parts of the system that had completed prescribed vegetation management activities. LIPA determined that it was difficult to measure and didn't reflect effectiveness.
Capital Project Process Enhancements	T&D-53	The process improvements dealing with the PSEG Long Island capital project planning, budgeting, and controls process to achieve next-level performance consistent with the NorthStar audit will be completed by December 31, 2025.

Appendix C

Performance Metric Historical Analysis

BS SCOPE	Metric Title	2022	2023	2024	2025	2026
BS-01	Enterprise Risk Management (ERM) Report	X	X			
BS-02	ERM Key Risk Indicators (KRIs)	X				
BS-03	Employee Engagement - Participation Rate	X				
BS-04	Employee Engagement Score	X				
BS-05	Full Time Vacancy Rate	X	X	X		
BS-06	Contract Administration Manual (CAM) Completion	X				
BS-07	2022 Affiliate Cost Benefit Justification 2023 Complete Affiliate Cost and Quality Justifications 2024 Implement Affiliate Service Remediation Plans and Transition Plans	X	X	X		
BS-08	2022 Capital Project Impact Analysis 2023 Improve the Capital Project Impact Analysis and Tracking Process	X	X			
BS-09	Substation Property Tax Report	X				
BS-10	2022 Substation Property Tax Module Plan 2023 Improve Annual Substation Property Tax Reports	X	X			
BS-11	Long Island Choice Reform	X				
BS-12	Advanced Metering Infrastructure (AMI) Opt Out Fees	X				
BS-13	Information Request (IR) Responses	X		X	X	X
BS-14	Legal Staffing	X				
BS-15	Contractor Performance Evaluation System	X				
BS-16	Government & Legislative Affairs	X				
BS-17	Project Outreach	X				
BS-18	2022 Customer Segmentation 2023 Utility Marketing Effectiveness	X	X			
BS-19	Reputation Management and Positive Media Sentiment	X	X			
BS-20	Reputation Management – Share of Voice	X	X			

BS-21	Social Media Engagement and Following	X	X			
BS-22	Timely, Accurate, and Supported Storm Event Invoicing		X	X	X	X
BS-23	FEMA Tropical Storm Isaias Grant -- Engineering to Support Grant Application		X			
BS-24	Improve the Accuracy of Asset Records for Outside Plant		X			
BS-32	Update Low and Moderate Income (LMI) Tariff and Billing		X			
BS-33	Consolidate Real Estate Footprint		X			
BS-34	Improve Budgeting, Billing, and Collection Efforts for Reimbursable Projects			X		
BS-35	Implement Budget Process Improvements			X		
BS-38	Improve the Rate and Tariff Change Implementation Process			X		
BS-40	Implement Improvements to Budget Process Using New Budget System			X		
BS-41	PJD and Capital Budget Process Improvements			X		
BS-42	Develop Annual Zero Based Budget (ZBB) for each "Affiliate Cost" category for LIPA's review and approval				X	X
BS-43	Implement standards and methods to reduce project variances including risk and contingency management (IV-1)				X	X
BS-44	Establish Annual Assessment Allocation Model for LIPA's approval with quarterly selected work orders audits (IV-2)				X	X
BS-45	Develop methods and standards for tracking productivity gains and sharing CapEx and OpEx savings (XVI-2)				X	X
BS-48	Strategic Supplier MSAs				X	X
BS-50	Time to Start				X	X
BS-51	HR Cost Efficiency Per Employee				X	
BS-52	Unit Price Contract Reassessment				X	
BS-53	Non-Utility Billing Collections					X
BS-54	Competitive Transactions					X
BS-55	Procurement Savings					X
CS SCOPE	Metric Title	2022	2023	2024	2025	2026
CS-01	Delivery of Strategic Customer Experience & Billing Projects	X	X	X		

CS-02	J.D. Power – Residential	X	X	X	X	X
CS-03	J.D. Power – Business	X	X	X	X	X
CS-04	Customer Information System (CIS) Modernization	X	X			
CS-05	Customer Transactional Performance Measurement & Analysis	X	X	X		
CS-06	Billing - Inactive Accounts Long-Term Estimates (LTEs)	X				
CS-07	Billing - Active Accounts Long-Term Estimates (LTEs)	X				
CS-08	Unauthorized Use/Advanced Consumption Resolution	X				
CS-09	Billing Exception Cycle Time	X	X			
CS-10	Billing – Cancelled Rebill	X	X	X		
CS-11	Contact Center Service Level with Live Agent Calls	X	X	X	X	X
CS-12	Customer Email Closure Rate	X				
CS-13	First Call Resolution (FCR)	X	X		X	X
CS-14	Net Dollars Written Off	X	X	X	X	X
CS-15	Arrears Aging Percent > 90 Days Past Due (Arrears %>90)	X	X	X	X	X
CS-16	Days Sales Outstanding	X				
CS-17	Low to Moderate Income (LMI) Program Participation	X	X	X	X	X
CS-18	Low to Moderate Income (LMI) Program Automation	X				
CS-19	DPS Customer Complaint Rate	X	X	X	X	X
CS-21	Outage Information Satisfaction		X	X		
CS-22	Advanced Metering Infrastructure Roadmap and 2023 Improvements		X			
CS-23	Deferred Payment Agreement (DPA) Improvement		X			
CS-24	Payment Transaction Ease		X			

CS-25	Interactive Voice Response (IVR) Containment Rate		X	X	X	
CS-26	Life Sustaining Equipment (LSE) Customer Compliance		X			
CS-27	Estimated Bill %		X			
CS-28	Move Process Improvement		X	X		
CS-29	AMI Meter Validation, Estimation, Editing Enhancements and Data Reporting		X			
CS-30	Optimize Contact Center Resource Utilization			X		
CS-31	Call Average Handle Time (AHT)			X	X	X
CS-36	E-Bill Enrollment				X	X
CS-37	Self-Service Expansion					X
CS-40	Outage Information Satisfaction & Ease					X
IT SCOPE	Metric Title	2022	2023	2024	2025	2026
IT-01	Organizational Maturity Level – Doing	X	X	X		
IT-02	Organizational Maturity Level – Managing	X				
IT-03	System Resiliency - Business Continuity Plans and Functional Drills	X	X	X	X	X
IT-04	System and Software Lifecycle Management	X	X	X	X	X
IT-05	2022 System Implementation - 2022 Budget Projects (Tier 1 and Tier 2) 2023 Project Performance - In-flight Projects 2024 Project Performance - In-flight Projects	X	X	X	X	X
IT-06	2022 System Implementation – Board Project Improvement Plans (PIPs) (Tier 1 and 2) 2023 Project Performance – New 2023 Projects 2024 Project Performance – New 2024 Projects	X	X	X	X	X
IT-07	System Segregation	X	X	X	X	
IT-08	2023 Cyber Security Organization - Structure, Staffing and Capabilities		X	X		

	Review 2024 Cyber Security Organization - Implementation					
IT-09	IT Planning - Ransomware Readiness and Response			X	X	X
IT-10	System Resiliency - Disaster Recovery Plans and Testing			X	X	X
IT-11	System Cost Effectiveness					X
IT-12	System Reliability					X
IT-13	IT Service Management					X
PS&CE SCOPE	Metric Title	2022	2023	2024	2025	2026
PS&CE-01	2022 Long Range Planning Studies – Integrated Resource Plan (IRP) 2023 Complete Integrated Resource Plan (IRP) Follow-on Activities 2024 Complete Integrated Resource Plan (IRP) Follow-on Activities	X	X	X		
PS&CE-02	2022 Long Range Planning Studies – Energy Storage Request for Proposal (RFP) 2023 Complete Energy Storage Request for Proposal (RFP) Follow-on Activities	X	X			
PS&CE-03	Energy Efficiency Plan Savings	X	X	X		
PS&CE-04	Utility 2.0 – Distributed Energy Resources (DER) Hosting	X				
PS&CE-05	Beneficial Electrification – Building Electrification	X	X	X	X	X
PS&CE-06	Electric Vehicle (EV) Make-Ready	X	X		X	X
PS&CE-07	Distributed Energy Resources (DER) Interconnection Process	X				
PS&CE-08	2022 Time of Use (TOU) Pricing Options - Space Heating and Large Commercial 2023 Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis 2024 Transition to New "Standard" Time of Day Residential Rates on an Opt-Out Basis	X	X	X	X	
PS&CE-09	Time of Use Pricing Pilot - Year 1 Marketing	X				
PS&CE-11	Implementation of Utility 2.0 Projects		X			
PS&CE-13	Heat Pump Strategy to Address Barriers to Customer Adoption		X	X	X	
PS&CE-14	Transportation Electrification Strategic Initiatives			X	X	X
PS&CE-16	Residential Time-of-Day Participation Rate				X	X

PS&CE-17	Disadvantaged Communities (DACs) - Spend %				X	X
PS&CE-18	Solar Interconnection					X
PS&CE-19	Building Weatherization					X
PS&CE-20	Demand Response					X
PS&CE-21	Large Loads Performance Requirements					X
T&D SCOPE	Metric Title	2022	2023	2024	2025	2026
T&D-01	Asset Management Program Implementation – Asset Inventory	X	X	X	X	
T&D-02	Asset Management Program Implementation – Asset Management Governance	X	X			
T&D-03	Enterprise Asset Management System (EAM) Implementation Plan	X	X			
T&D-04	Transmission and Distribution System Relay Mis-Operations	X	X			
T&D-05	Transmission & Distribution Inadvertent Operation Events	X	X			
T&D-06	PTCC/ATCC Replacement	X	X	X	X	X
T&D-07	System Average Interruption Duration Index (SAIDI) Reliability	X	X	X	X	X
T&D-08	System Average Interruption Frequency Index (SAIFI) Reliability	X	X	X	X	X
T&D-09	Momentary Average Interruption Frequency Index (MAIFI) Reliability	X	X	X	X	X
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	X	X	X	X	X
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	X	X			
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	X	X	X	X	X
T&D-13	Safety – Serious Injury Incident Rate (SIIR)	X	X	X	X	X
T&D-14	Safety – OSHA Recordable Incidence Rate	X	X			X
T&D-15	Safety – OSHA Days Away Rate	X	X			
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	X	X			X
T&D-17	Work Management Enhancements - Enhancements to Short-Term Scheduling	X	X			
T&D-18	2022 Work Management Enhancements - Workforce Management Plans 2023 Work Management Enhancements - Workforce Management Plans 2024 Improve Reliability Through Work Management Enhancements - Workforce Management Plans	X	X	X	X	X

T&D-19	Work Management Enhancements - Improve Planning and Tracking of Work	X				
T&D-20	Work Management Enhancements - Improve and Standardize Compatible Unit Estimating (CUEs)	X				
T&D-21	Work Management Enhancements - Work Management KPIs and Dashboards	X	X			
T&D-22	Work Management Enhancements - Clarify and Rationalize Work Management Roles	X				
T&D-23	Employee Overtime	X	X			
T&D-24	2022 Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence 2023 Vegetation Management Work Plan – Cycle Tree Trim With Vegetation Intelligence 2024 Improve Reliability Through Vegetation Management Work Plan -- Cycle Trim and Trim-to-Sky	X	X	X	X	X
T&D-25	Vegetation Management Work Plan – Trim to Sky (TTS) Circuits	X	X			
T&D-26	2022 Vegetation Management Work Plan – Hazard Tree Removal 2023 Vegetation Management Work Plan – Hazard Tree Removal 2024 Improve Reliability Through Vegetation Management Work Plan – Hazard Tree Removal	X	X	X		
T&D-27	Storm Hardening Work Plan - Overhead Hardening	X	X			
T&D-28	Storm Hardening Work Plan - Underground Hardening	X	X			
T&D-29	2022 Storm Hardening Work Plan - Transmission Load Pockets 2023 T&D System Enhancements	X	X			
T&D-30	2022 Storm Hardening Work Plan - ACRV Commissioning Program 2023 Storm Hardening Work Plan - ACRV Commissioning Program 2024 Improve Resiliency Through Storm Hardening Work Plan - ACRV Commissioning Program	X	X	X		
T&D-31	2022 Storm Hardening Work Plan - LT5H (ASUV) Program 2023 Storm Hardening Work Plan - LT5H (ASUV) Program 2024 Improve Resiliency Through Storm Hardening Work Plan - LT5H (ASUV) Program	X	X	X		
T&D-32	Estimated Time of Restoration (ETR)	X				
T&D-33	2022 Real Estate Strategy 2023 Execute Real Estate Strategy on (i) purchase of a property in Medford for a new operations yard and (ii) National Grid Properties.	X	X			

T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	X	X			
T&D-35	Construction - Project Milestones Achieved	X	X			
T&D-36	Construction - Cost Estimating Accuracy	X	X	X	X	
T&D-37	2023 Completion of Program Planned Units Per Workplan 2024 Improve Reliability and Resiliency Through Completion of Program Planned Units and Management of Unit Costs Per Workplan	X	X	X	X	X
T&D-38	Program Unit Cost Variance	X	X			
T&D-39	Project Completion Consistent with Project Design	X	X			
T&D-40	2023 Double Wood Poles 2024 Reduce Double Wood Poles	X	X	X	X	X
T&D-41	Program Effectiveness - Vegetation Management		X	X	X	
T&D-42	Estimated Time of Restoration (ETR) Process Enhancements		X			
T&D-44	Regulatory Compliance		X	X		
T&D-45	Physical Security		X			
T&D-46	Root Cause Analysis (RCA) Execution and Compliance		X	X		
T&D-48	Program Effectiveness - Storm Hardening		X			
T&D-49	Work Management Effectiveness			X		
T&D-50	Storm Outage Response Performance			X	X	X
T&D-52	Triennial Safety Assessment			X		
T&D-53	Capital Project Process Enhancements				X	
T&D-54	Storm Crewing Efficiency and Prudency				X	X
T&D-57	Improve Underground (UG) Reliability Performance					X
T&D-58	Distribution System Automation and Advanced Operations					X

Appendix D

2026 DPS Required Performance Metrics

System Average Interruption Duration Index (SAIDI) Reliability	T&D-07	LIPA includes SAIDI as a metric instead of Customer Average Interruption Duration Index (CAIDI), although PSEG Long Island does report CAIDI to DPS also. SAIDI measures the average sustained outage of five minutes or more in duration for each customer served.
System Average Interruption Frequency Index (SAIFI) Reliability	T&D-08	SAIFI is a standard utility metric that measures the average number of sustained interruptions of five minutes or more for each customer served.
Outage Notification Incentive Mechanism	T&D-50, CS-40	This metric requires the utility to provide communications to customers, the public, and other external interested parties during electric service outage events. ETR is part of T&D-50: Storm Outage Response Performance and CS-40: Outage Information Satisfaction & Cause Code.
J.D. Power - Residential	CS-02	The IOUs report the outcome of their customer satisfaction surveys to DPS yearly. LIPA utilizes the J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for the "East Region, Large Segment" to measure customer satisfaction.
J.D. Power - Business	CS-03	The IOUs report the outcome of their customer satisfaction surveys to DPS yearly. LIPA utilizes the J.D. Power and Associates Annual Electric Utility Customer Satisfaction Study for the "East Region, Large Segment" to measure customer satisfaction.
Billing - Canceled Rebill	CS-10	This metric was eliminated in 2025 due to the implementation of AMI meters in the field, which is the driving force behind the improvement. With this new technology, there is minimal room for improvement, and therefore, offering incentive compensation is no longer appropriate
Contact Center Service Level with Live Agent Calls	CS-11	Measures the response of customer service representatives to customer calls to promote efficient staffing and customer satisfaction. It is the percent of calls answered within 30 seconds during blue sky days and within 90 seconds during "major storms"
First Call Resolution	CS-13	Measure call center proficiency in satisfactorily resolving customer issues and questions at the time of initial call.
Net Dollars Written Off	CS-14	Actively manage the receivables and associated write-offs and recoveries to maintain a solid financial position.
Arrears Aging Percent > 90 Days Past Due	CS-15	Effective management for aged receivables > 90 days to maintain a solid financial position.
DPS Complaint Rate	CS-19	Keep customer regulatory complaints to a minimum.
Appointments Kept and Missed Appointment Credits		We do not have a metric for this function.