



LIPA Annual Report







LIPA Board of Trustees Meeting

Presented by: Richard Tinelli - Controller

The Power is Yours™



Discussion Topics

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

Public Authority Reporting Information System (PARIS) Deliverables

File Summary Statements - Annual Report:

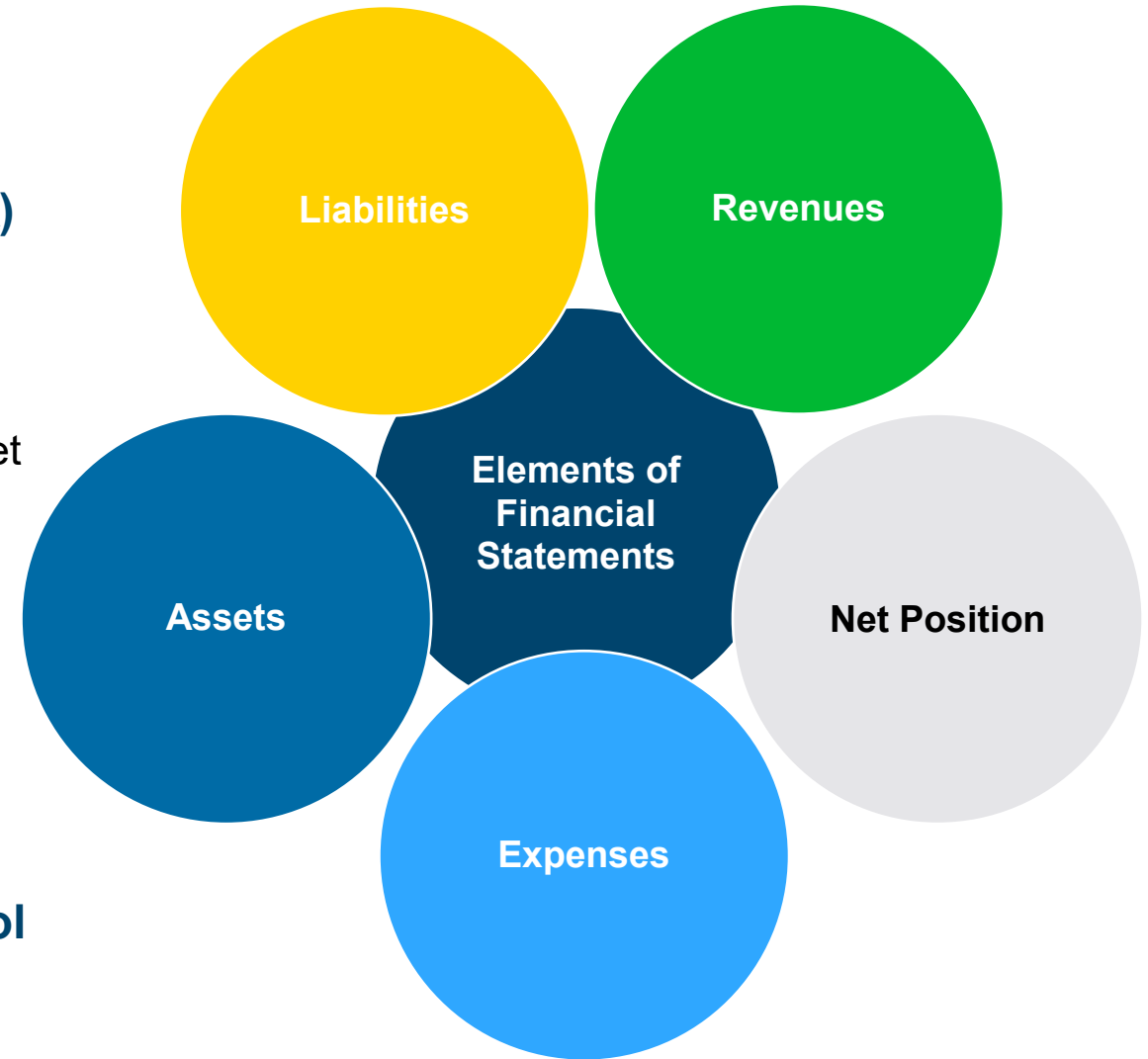
- Statement of Net Position
- Statement of Revenue, Expenses, and Net Position
- Schedule of Debt
- All included in detail in the audited consolidated financial statements

Annual Audit:

- Independent Auditors Report (KPMG Unmodified Opinion)
- Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Accounting Standards*
- UDSA Financial Statements (KPMG Unmodified Opinion) - UDSA Board Approved 3/16/26
- Report on Investment Compliance
- Report on Debt Compliance
- Report on the Rate Stabilization Fund agreed upon procedures

Annual Financial Statements

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



Management's Discussion & Analysis (unaudited)

Fiscal and Operational Achievements

- Achieved 1.50x coverage vs. 1.40x target
- Restructured UDSA Bonds resulting in additional \$120 million of savings for ratepayers
- 4% Reduction in Debt-to-Asset ratio from 80% to 76% (Reduced from 110% at 12/31/15)
- Utilized \$25M of excess coverage generated from operations to defease certain 2026 maturities
- Execution of LIPA/LILCO Merger Complete
- Five-Year Extension of Second A&R Operations Services Agreement
 - “First Amendment to the Second A&R OSA”

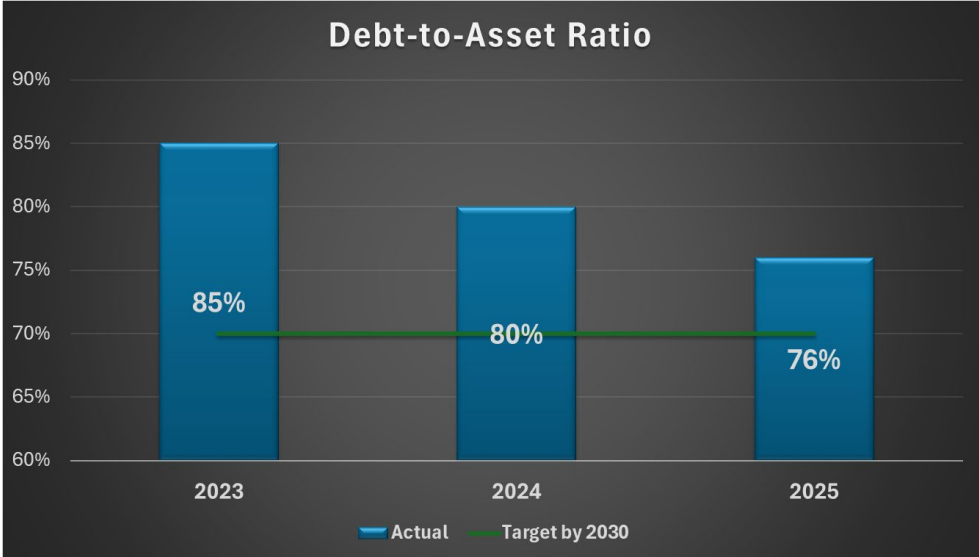
Discuss 2025 and 2024 comparison year-over-year analysis

- Variance explanation discussion on subsequent slides

Management's Discussion & Analysis (Unaudited)

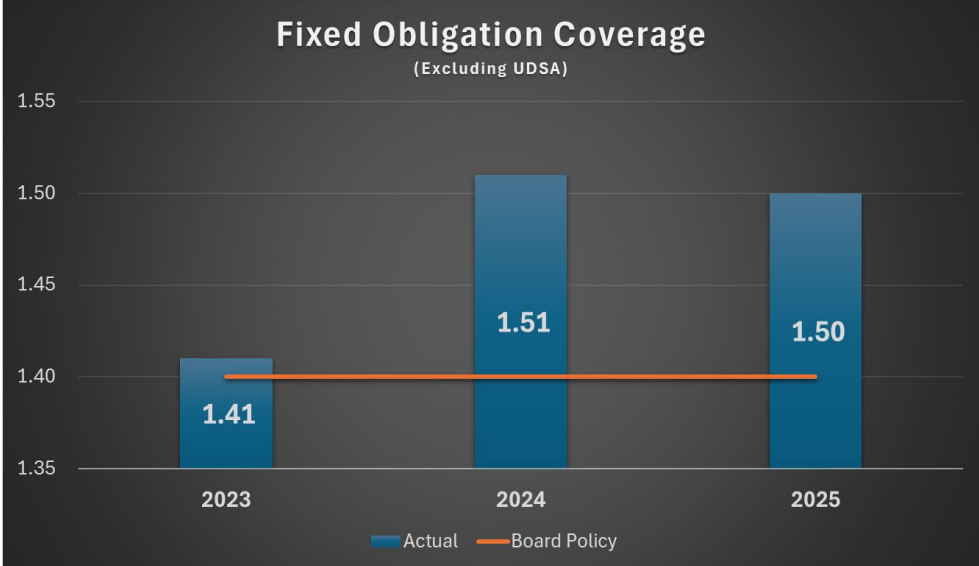
Capital Asset and Financing Activities

- Issued \$570M new money (includes premium)
 - LIPA Issuance - \$450M
 - UDSA Issuance - \$120M
- Issued \$1.412B LIPA/UDSA refunding for net present value savings of \$125M
 - UDSA - \$1.101B Refunded / \$120M PV Savings
 - LIPA - \$454M Refunded / \$5M PV Savings



Liquidity and Capital Resources

- Debt-to-Asset Ratio 76%
- 317 days of available cash, unissued commercial paper notes, and line of credit capacity. Available cash includes the OPEB Dedicated Account and PSEGLI working capital requirements.
- Achieved 1.50x fixed obligation coverage compared to Board Policy on Fiscal Sustainability of 1.40x



Summary Statement of Net Position

- **Regulatory assets decreased \$117M** due to scheduled amortizations and a decrease in the Property Tax Litigation regulatory asset. This was partially offset by higher power supply charges recoverable balance.
- **Current liabilities decreased \$123M** due to a \$248M decrease in current maturities of LT debt primarily related to the repayment of the 2021 MTN in 2025; offset by an increase in accounts payable and ST lease and SBITA liabilities.
- **Noncurrent liabilities decreased \$409M** primarily due to the amortization of the lease and SBITA liabilities of \$288M and a decrease in the PSEG Long Island's workforce obligation retirement benefits (Pension & Other Postemployment Benefits (OPEB)).
- **Deferred inflows increased \$234M** primarily due to deferred investment gains on the OPEB and Nuclear Decommissioning Trust Funds and the deferred gain related to UDSA Series 2025 issuance.

	2025	2024	Variance
Assets and deferred outflows of resources			
Capital assets, net	\$ 10,883,888	10,711,393	172,495
Current assets	3,181,231	3,153,777	27,454
Regulatory assets	424,798	542,129	(117,331)
Noncurrent assets	493,896	547,941	(54,045)
Deferred outflows of resources	102,826	89,613	13,213
Total assets and deferred outflows of resources	<u>15,086,639</u>	<u>15,044,853</u>	<u>41,786</u>
Liabilities and deferred inflows of resources			
Long-term debt, net of current maturities	9,008,677	8,981,393	27,284
Current liabilities	1,735,912	1,858,487	(122,575)
Regulatory liabilities	362,345	292,582	69,763
Noncurrent liabilities	1,688,003	2,097,135	(409,132)
Deferred inflows of resources	1,016,328	782,431	233,897
Total liabilities and deferred inflows of resources	13,811,266	14,012,028	(200,762)
Total net position	1,275,374	1,032,825	242,549
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,086,639</u>	<u>15,044,853</u>	<u>41,786</u>

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

- **Electric operating revenues, net of uncollectible accounts expense, increased \$439M** compared to 2024 primarily due to an increase in Power Supply Charge (PSC) revenue, an increase in base delivery revenues and an increase due to the recognition of revenue in excess of the storm reserve cap.
- **Operating and interest charges increased \$389M** compared to 2024. The increase was primarily due to higher power supply costs due to higher commodity costs and purchased power costs, increased depreciation expense, and increased operations and maintenance costs from higher transmission and distribution costs.
- **Grant income decreased \$6M** primarily related to grant funding received for personal protective equipment and safe opening costs related to COVID-19 in 2024.
- **Other income, net decreased \$7M** primarily related to the reduction in investment income related to the utilization of \$250M in SLGS to repay the 2021 MTN in September 2025.
- **Change in net position increased \$37M** primarily due to the recognition of excess revenue related to the Storm Event Reserve Fund exceeding the storm reserve cap.

	2025	2024	Variance
Electric revenue, net of uncollectible accounts expense \$	4,516,769	4,077,409	439,360
Operating expenses	(4,048,414)	(3,659,108)	(389,306)
Interest charges, net	(367,040)	(367,185)	145
Total operating and interest expenses	(4,415,454)	(4,026,293)	(389,161)
Revenue less operating expenses and interest charges, net	101,315	51,116	50,199
Grant income	41,626	47,687	(6,061)
Other income, net:	99,609	106,601	(6,992)
Total other income, net	141,234	154,288	(13,054)
Change in net position	242,549	205,404	37,145
Net position, beginning of year	1,032,825	827,421	205,404
Net position, end of period \$	1,275,374	1,032,825	242,549

Significant Notes

OSA - Employee Benefit Obligation – Note 13

- Strong asset returns contributed to OSA Pension in Fully Funded Asset position
- Both OSA Pension and OPEB Plans are fully funded

LIPA Pension Disclosures – Note 14

Commitments and Contingencies – Note 15

- Primarily related to our Purchase Power Agreements

Legal Disclosures – Note 16

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

Questions?

Richard Tinelli
Controller

lipower.org

