



# LIPA Q1 2026 Financial Report

*Finance and Audit Committee Meeting*



**Presented by:** Richard Tinelli - Controller

# Discussion Topics

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Statement of Net Position – March 2026 vs. December 2025



Statement of Revenue, Expenses, and Changes in Net Position – March 2026 vs. March 2025

## Statement of Net Position – March 2026 vs. December 2025

- **Current assets decreased \$325M** primarily related to a decrease in cash and investments which is in alignment with historical seasonal trends. The decrease was partially offset by increases in accounts receivable and fuel inventory which were both correlated to rising commodity market prices and weather impact.
- **Regulatory assets increased \$190M** primarily related to higher power supply charges recoverable due to rising commodity market prices. The increase was partially offset by scheduled amortizations and recoveries.
- **Noncurrent liabilities decreased \$104M** primarily related to a scheduled decreases in lease obligations, as well as a decrease in the NMP2 asset retirement obligation due to updated assumptions.

	March 2026 (unaudited)	December 2025 (audited)	Variance
Assets and deferred outflows of resources			
Capital assets, net	\$ 10,900,456	10,883,888	16,568
Current assets	2,855,743	3,181,232	(325,489)
Regulatory assets	614,305	424,799	189,507
Noncurrent assets	452,145	493,896	(41,751)
Deferred outflows of resources	98,983	102,827	(3,844)
Total assets and deferred outflows of resources	<u>14,921,633</u>	<u>15,086,642</u>	<u>(165,010)</u>
Liabilities and deferred inflows of resources			
Long-term debt, net of current maturities	8,990,825	9,008,677	(17,852)
Current liabilities	1,750,511	1,735,913	14,597
Regulatory liabilities	351,921	362,345	(10,425)
Noncurrent liabilities	1,583,812	1,688,004	(104,192)
Deferred inflows of resources	995,767	1,016,329	(20,562)
Total liabilities and deferred inflows of resources	<u>13,672,835</u>	<u>13,811,269</u>	<u>(138,433)</u>
Total net position	<u>1,248,797</u>	<u>1,275,374</u>	<u>(26,576)</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>14,921,633</u>	<u>15,086,642</u>	<u>(165,010)</u>

## Statements of Revenue, Expenses, and Changes in Net Position – March 2026 vs. March 2025

- **Operating revenues increased \$233M** primarily due to an increase in Power Supply Charge (PSC) revenue and base delivery revenues.
- **Operating expenses increased \$233M** primarily due to higher power supply costs due to higher commodity costs and higher storm restoration costs.
- **Grant income decreased \$5M** primarily related to the expiration of the RGGI grant. Subsequent to Q1, LIPA has finalized an agreement for the 2026 program year.
- **Other income, net decreased \$9M** primarily related to lower investment income due to the utilization of \$250M in SLGS in September 2025 to repay the 2021 MTNs. These investments were earning income in Q1 2025.
- **Change in net position decreased \$14M** primarily due higher favorable budget variances in 2025 vs. 2026.

	March 2026	March 2025	Variance
Operating revenues	\$ 1,232,380	999,654	232,726
Operating expenses	(1,193,018)	(958,923)	(234,095)
Interest charges, net	(84,818)	(85,930)	1,112
Total operating and interest expenses	<u>(1,277,835)</u>	<u>(1,044,853)</u>	<u>(232,982)</u>
Revenue less operating expenses and interest charges, net	<u>(45,455)</u>	<u>(45,199)</u>	<u>(256)</u>
Grant income	5,219	10,483	(5,264)
Other income, net:	13,661	22,339	(8,678)
Total other income, net	<u>18,879</u>	<u>32,822</u>	<u>(13,943)</u>
Change in net position	<u>(26,576)</u>	<u>(12,377)</u>	<u>(14,199)</u>
Net position, beginning of year	<u>1,275,374</u>	<u>1,032,825</u>	<u>242,549</u>
Net position, end of year	<u>\$ 1,248,798</u>	<u>1,020,448</u>	<u>228,350</u>

# Questions?

**Richard Tinelli**  
Controller

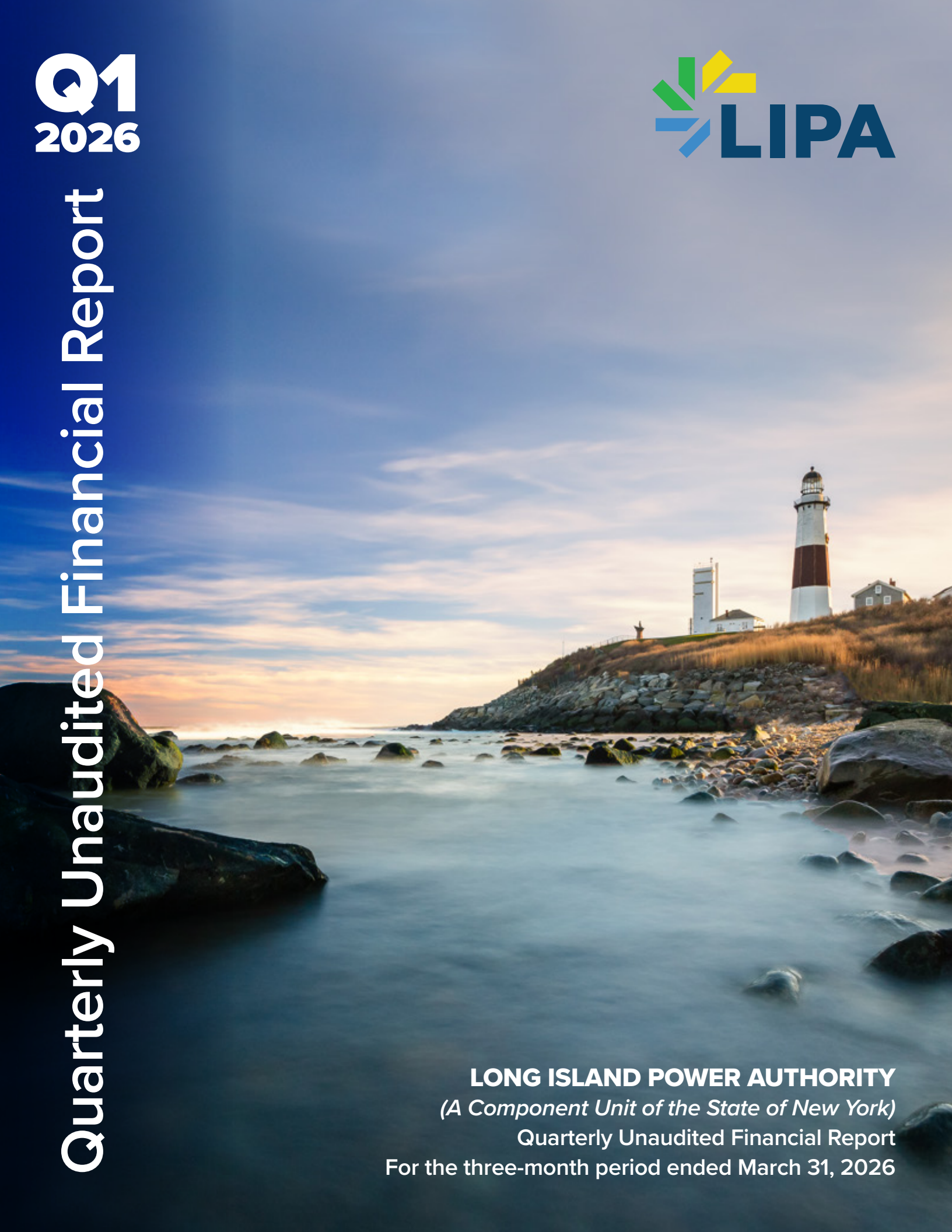
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[lipower.org](http://lipower.org)



**Q1**  
**2026**

**Quarterly Unaudited Financial Report**



**LONG ISLAND POWER AUTHORITY**  
*(A Component Unit of the State of New York)*  
Quarterly Unaudited Financial Report  
For the three-month period ended March 31, 2026

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

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# LONG ISLAND POWER AUTHORITY

*(A Component Unit of the State of New York)*

## Introduction

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

LIPA became the retail supplier of electric service in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area) on May 28, 1998 by acquiring the transmission and distribution (T&D) system of the Long Island Lighting Company (LILCO) as a wholly owned subsidiary of LIPA. The acquisition included an undivided 18% interest in the Nine Mile Point Unit 2 (NMP2) generating facility located in upstate New York. In 2025, LILCO was absorbed into LIPA by merger and as such has ceased to exist as an entity, with LIPA being its successor. LIPA provides electric delivery service in the Service Area, which includes approximately 1.2 million customers. The population of the Service Area is approximately 3.0 million.

LIPA is governed by a local Board of Trustees (Board) consisting of nine Trustees, five of whom are appointed by the Governor, two by the Temporary President of the State Senate, and two by the Speaker of the State Assembly. The Board supervises, regulates, and sets policy and rates for LIPA. In accordance with the LIPA Reform Act, codified as Chapter 173, Laws of New York (Reform Act) in 2013, LIPA is required to submit any proposed rate increase to the New York State Department of Public Service (DPS) for review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5%; however, LIPA's Board retains final rate-setting power.

The Reform Act also created the Securitization Law, which established LIPA's component unit, the Utility Debt Securitization Authority (UDSA). The Securitization Law's purpose is to provide the statutory authority for the issuance of restructuring bonds that allows UDSA to issue an initial par up to \$8.0 billion of securitized bonds (inclusive of bonds already issued) to refinance outstanding indebtedness for a net present value debt savings or to fund LIPA's T&D system resiliency investments. UDSA is considered a blended component unit. The activities of UDSA operations are consolidated with the operations of LIPA for financial reporting purposes.

As of March 31, 2026, a total of \$7.36 billion of UDSA Restructuring Bonds have been issued, resulting in \$641 million in remaining statutory capacity. Since 2013, approximately \$699 million of net present value debt service savings has been generated for LIPA's customers as of result of the UDSA refunding transactions.

LIPA contracts for the majority of services necessary to deliver electric service. Commencing January 1, 2014, LIPA contracted with PSEG Long Island LLC (PSEG Long Island) to provide management services under the Amended and Restated Operations Services Agreement (2014 OSA). The 2014 OSA was further amended and restated, effective April 1, 2022 (the OSA or Reformed OSA). The OSA had a base term of 12 years, which expired December 31, 2025, with an option to extend for up to five years upon mutual agreement of the parties, which the LIPA Board elected to exercise. The First Amendment to the Second Amended and Restated OSA expires on December 31, 2030.

# LONG ISLAND POWER AUTHORITY

*(A Component Unit of the State of New York)*

PSEG Long Island is a wholly owned subsidiary of Public Service Enterprise Group (PSEG), and LIPA provides service to customers under the PSEG Long Island brand name. ServCo, a subsidiary company of PSEG Long Island consists of approximately 2,800 employees, including the legacy LILCO and National Grid employees that transitioned employment to ServCo in 2014. The salary and benefit costs of ServCo employees are Pass-Through Expenditures paid by the Authority. Upon the termination of the OSA, PSEG Long Island is required to transfer all Membership Interests in ServCo to LIPA or, at LIPA's direction, its designee, at no cost.

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

LIPA also contracts services related to fuel and power supply management and certain commodity activities. After a competitive procurement process, on December 18, 2024, LIPA's Board approved a new Power Supply Management and Fuel Supply Management Services Agreement (PSMFM Agreement) with The Energy Authority, Inc. (TEA) for a five-year term. TEA has begun providing services under the PSMFM Agreement effective January 1, 2026.

Certain other services related to power supply management and commodity activities are also provided by these management agreements.

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

## **Overview of Basic Financial Statements**

LIPA is engaged in business-type activities and follows financial reporting for enterprise funds. LIPA's unaudited Basic Financial Statements consist of Statements of Net Position, the Statements of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows. These financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

LIPA publishes interim financial results on a quarterly basis with a fiscal year ending December 31. The interim basic financial statements and related Management's Discussion and Analysis do not include all the information and notes required under GAAP for annual basic financial statements. Therefore, the Management's Discussion and Analysis of LIPA's three-month period ended March 31, 2026, compared to 2025 should be read in conjunction with the annual audited basic financial statements, which may be found on LIPA's website at [www.lipower.org](http://www.lipower.org).

LIPA's reporting entity is comprised of itself and UDSA, as a blended component unit. All significant transactions between LIPA and UDSA have been eliminated.

## **Contacting the Long Island Power Authority**

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

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

## Statements of Net Position

March 31, 2026 and December 31, 2025

(Amounts in thousands)

<b>Assets and Deferred Outflows of Resources</b>	<b>2026</b>	<b>2025</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Current assets:		
Cash and cash equivalents	\$ 364,415	871,065
Restricted cash – working capital requirements	130,574	182,654
Restricted cash – UDSA	209,798	106,001
Investments	868,959	874,572
Restricted investments – working capital requirements	158,986	125,685
Counterparty collateral – posted by LIPA	28,805	—
Accounts receivable (less allowance for uncollectible accounts of \$26,635 and \$26,174 at March 31, 2026 and December 31, 2025, respectively)	616,863	577,536
Other receivables	107,024	99,851
Fuel inventory	134,529	114,918
Material and supplies inventory	137,533	136,058
Commodity derivative instruments	15,982	33,071
Regulatory assets to be recovered within one year	302,254	112,187
Prepayments and other current assets	82,275	59,820
Total current assets	<u>3,157,997</u>	<u>3,293,418</u>
Noncurrent assets:		
Utility plant and property and equipment, net	10,900,456	10,883,888
Nuclear decommissioning trust fund (NDTF)	227,199	229,488
Other long-term receivables	93,137	93,987
Unrealized charges	3,156	3,161
Financial derivative instruments	26,914	27,408
Commodity derivative instruments	2,665	15,236
Regulatory assets for future recovery	312,052	312,612
Operations servicers agreement - employee retirement benefits	28,527	26,227
Acquisition adjustment (net of accumulated amortization)	70,546	98,389
Total noncurrent assets	<u>11,664,652</u>	<u>11,690,396</u>
Total assets	<u>14,822,649</u>	<u>14,983,814</u>
Deferred outflows of resources:		
Deferred defeasance costs on debt refunding	95,025	98,733
OPEB activities	2,772	2,845
Pension activities	1,187	1,248
Total deferred outflows of resources	<u>98,984</u>	<u>102,826</u>
Total assets and deferred outflows of resources	<u>\$ 14,921,633</u>	<u>15,086,640</u>

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

## Statements of Net Position

March 31, 2026 and December 31, 2025

(Amounts in thousands)

Liabilities, Deferred Inflows of Resources and Net Position	2026 (unaudited)	2025 (audited)
Current liabilities:		
Short-term debt	\$ 388,000	288,000
Current maturities of long-term debt	124,240	124,240
Current maturities of UDSA debt	227,780	227,780
Current portion of lease and SBITA liabilities	398,451	394,013
Counterparty collateral – held by LIPA	—	28,299
Accounts payable and accrued expenses	488,847	537,518
Regulatory liabilities payable in one year	101,604	100,692
Commodity derivative instruments	2,371	—
Accrued payments in lieu of taxes	12,368	16,907
Accrued interest	68,236	79,200
Customer deposits	40,218	39,956
Total current liabilities	<u>1,852,115</u>	<u>1,836,605</u>
Noncurrent liabilities:		
Long-term debt, net and unamortized premium	5,741,934	5,749,238
Long-term UDSA debt, net and unamortized premium	3,248,891	3,259,438
Lease and SBITA liabilities	744,133	840,992
Borrowings	16,154	17,278
Operations Services Agreement – employee retirement benefits	507,470	501,437
Financial derivative instruments	23,672	28,712
Commodity derivative instruments	13,589	—
Regulatory liabilities for future payment	250,316	261,653
Asset retirement obligation	92,082	118,114
Long-term liabilities and unrealized credits	31,973	28,967
Claims and damages	154,739	152,504
Total noncurrent liabilities	<u>10,824,953</u>	<u>10,958,333</u>
Total liabilities	<u>12,677,068</u>	<u>12,794,938</u>
Deferred inflows of resources:		
Regulatory credits – grants	543,980	548,582
Lease revenue	4,302	2,732
OPEB activities	4,608	4,608
Pension activities	29	29
NMP2 asset retirement obligation	34,270	6,765
Deferred defeasance costs on debt refunding	120,940	126,037
Accumulated increase in fair value of financial derivatives	26,914	27,408
Accumulated increase in fair value of commodity derivatives	18,647	38,702
Accumulated increase in fair value of OPEB Account	203,327	218,380
Accumulated increase in fair value of NDTF	38,227	41,575
Accumulated increase in fair value of investments	523	1,510
Total deferred inflows of resources	<u>995,767</u>	<u>1,016,328</u>
Net position:		
Net investment in capital assets	639,998	603,245
Restricted	135,346	54,481
Unrestricted	473,454	617,648
Total net position	<u>1,248,798</u>	<u>1,275,374</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,921,633</u>	<u>15,086,640</u>

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

## Statements of Revenues, Expenses, and Changes in Net Position

Three-Month Period Ending March 31, 2026 and 2025

(unaudited)

(Amounts in thousands)

	<u>2026</u>	<u>2025</u>
Operating revenues – electric sales, net of uncollectible accounts expense	\$ 1,232,380	999,654
Operating expenses:		
Operations – power supply charge	712,599	499,226
Operations – power supply charge – property taxes	38,042	41,156
Operations and maintenance	186,860	187,736
Storm restoration	22,532	6,769
General and administrative	14,965	13,346
Depreciation and amortization	126,236	122,621
Payments in lieu of taxes and assessments	91,783	88,069
Total operating expenses	<u>1,193,017</u>	<u>958,923</u>
Operating income	<u>39,363</u>	<u>40,731</u>
Nonoperating revenues and expenses:		
Other income, net:		
Investment income, net	13,089	17,422
Grant income	877	6,140
Other	<u>(3,049)</u>	<u>556</u>
Subtotal	<u>10,917</u>	<u>24,118</u>
Nuclear decommissioning trust fund income	1,060	1,225
Deferred grant income amortization	4,341	4,343
Carrying charges on regulatory assets	<u>2,561</u>	<u>3,136</u>
Subtotal	<u>7,962</u>	<u>8,704</u>
Total other income, net	<u>18,879</u>	<u>32,822</u>
Interest charges and (credits):		
Interest on debt	101,874	102,208
Other interest	6,099	3,143
Other interest amortizations	<u>(23,155)</u>	<u>(19,421)</u>
Total interest charges, net	<u>84,818</u>	<u>85,930</u>
Change in net position	<u>(26,576)</u>	<u>(12,377)</u>
Net position, beginning of year	<u>1,275,374</u>	<u>1,032,825</u>
Net position, end of period	<u>\$ 1,248,798</u>	<u>1,020,448</u>

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

## Statements of Cash Flows

Three-Month Period Ending March 31, 2026 and 2025

(unaudited)

(Amounts in thousands)

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities:		
Operating revenues received	\$ 1,152,702	1,077,902
Payments to suppliers and employees:		
Operations and maintenance	(290,399)	(271,591)
Operations – power supply charge	(703,024)	(492,049)
Operations – power supply charge – property tax related	(38,042)	(41,156)
Payments-in-lieu-of-taxes	(168,544)	(161,460)
Collateral on commodity derivative transaction, net	(57,105)	30,641
PSEG Long Island pension funding	(3,800)	(5,850)
Net cash (used in) provided by operating activities	<u>(108,212)</u>	<u>136,437</u>
Cash flows from investing activities:		
Earnings received on investment income	8,725	13,014
Sales and maturities of investment securities	1	145,159
Sales and maturities of restricted investment securities – working capital investments	—	2,439
Purchase of restricted investment securities – working capital investments	(33,302)	—
Purchase of investment securities – OPEB Account and NDTF	(5,207)	(2,751)
Net cash (used in) provided by investing activities	<u>(29,783)</u>	<u>157,861</u>
Cash flows from noncapital financing related activities:		
Grant Proceeds	5,001	5,000
Proceeds from credit facility draws and commercial paper program	100,000	—
Redemption of credit facility draws and commercial paper program	—	(12,000)
Other interest costs	(2,557)	(2,847)
Interest paid – LIPA	(3,798)	(4,520)
Net cash provided by (used in) noncapital financing related activities	<u>98,646</u>	<u>(14,367)</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(202,827)	(163,583)
Lease and SBITA payments	(102,721)	(120,381)
Grant Proceeds	1,244	—
Proceeds from credit facility draws and commercial paper program	186,730	—
Redemption of credit facility draws and commercial paper program	(186,730)	—
Proceeds from the issuance of long-term debt	250,655	—
Payments for debt issuance costs	(634)	—
Other interest costs	(3,592)	(2,198)
Interest paid – LIPA	(107,979)	(98,090)
Refunding of long-term debt – LIPA	(249,730)	—
Early defeasance of long-term debt – LIPA	—	(24,994)
Net cash used in capital and related financing activities	<u>(415,584)</u>	<u>(409,246)</u>
Net decrease in cash and cash equivalents	(454,933)	(129,315)
Cash and cash equivalents at beginning of year	<u>1,159,720</u>	<u>942,684</u>
Cash and cash equivalents at end of period	<u>\$ 704,787</u>	<u>813,369</u>

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

## Statements of Cash Flows

Three-Month Period Ending March 31, 2026 and 2025

(unaudited)

(Amounts in thousands)

	<u>2026</u>	<u>2025</u>
Reconciliation to net cash provided by operating activities:		
Operating income	\$ 39,363	40,731
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	126,236	122,622
Nuclear fuel burned	2,392	2,442
Shoreham and VBA surcharges	14,041	12,845
Accretion of asset retirement obligation	1,473	72
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance for uncollectible accounts	(45,650)	55,666
Regulatory assets and liabilities	(191,255)	(91,557)
Fuel and material and supplies inventory	(21,085)	14,850
Accounts payable, accrued expenses, and other	(33,727)	(21,234)
Net cash (used in) provided by operating activities	<u>\$ (108,212)</u>	<u>136,437</u>

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Three-Month Period Ending March 31, 2026

(Amounts in thousands)

## Financial Condition Overview

Three-Month Period Ended March 31, 2026 compared to 2025

### Change in net position

Net position decreased \$27 million for the three-month period ended March 31, 2026, compared to the decrease for the three-month period ended March 31, 2025 of \$12 million.

### Operating revenues

Operating revenue increased \$233 million compared to the three-month period of 2025, primarily due to (i) an increase in the Power Supply Charge and (ii) an increase in base delivery revenue.

### Operating expenses

Power supply costs, including property taxes, increased \$210 million compared to the same three-month period of 2025 primarily related to higher commodity prices, an increase in fuel oil consumption and increased purchase power costs driven by colder weather and winter storms.

Storm restoration expenses increased \$16 million compared to the same three-month period of 2025 due to a higher level of storm severity and required resources for restoration. PSEG Long Island responded to two major storms through March 2026, one of which included mutual aid assistance, compared with four major storm events through March 2025, none of which included mutual aid assistance.

Depreciation and amortization increased by \$4 million compared to the same three-month period of 2025 due to higher utility plant balances.

### Non-operating revenues and expenses

Other income decreased \$14 million compared to the same three-month period of 2025 primarily due to a \$5 million decrease in grant income related to the expiration of the Regional Greenhouse Gas Initiative grant from New York State Energy and Research Development Authority (NYSERDA). LIPA and NYSERDA are finalizing an agreement for 2026. Other income was also reduced by lower investment income of \$4 million due to lower investment balances and a \$4 million loss on disposition of property.

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Three-Month Period Ending March 31, 2026

(Amounts in thousands)

## Liquidity and Capital Resources

LIPA's policy is to, at all times, maintain cash on hand and available credit equivalent to at least 150 days of operating expenses. As of March 31, 2026 and December 31, 2025, LIPA's available sources of liquidity for operating purposes and capital program funding, as displayed below, exceeded the policy target.

	March 31, 2026	Days Cash	December 31, 2025	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash, cash equivalents, and investments	\$ 364,816		871,467	
OPEB Account cash, cash equivalents, and investments	868,558		874,170	
PSEG Long Island working capital requirements	268,390		287,255	
<b>Total operating liquidity</b>	<b>1,501,764</b>	<b>166</b>	<b>2,032,892</b>	<b>219</b>
<b>Available credit</b>				
General Revenue Notes – Revolving Credit Facility	200,000		200,000	
General Revenue Notes – Commercial Paper	612,000		712,000	
Total available credit	812,000		912,000	
<b>Total cash, cash equivalents, investments, and available credit</b>	<b>\$ 2,313,764</b>	<b>256</b>	<b>2,944,892</b>	<b>317</b>
<b>Restricted cash and cash equivalents</b>				
Clean Energy Compliance Fund	21,170		21,084	
UDSA	209,798		106,001	
<b>Total restricted cash and cash equivalents</b>	<b>\$ 230,968</b>		<b>127,085</b>	

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Three-Month Period Ending March 31, 2026

(Amounts in thousands)

## Consolidated Debt

LIPA's consolidated debt as of March 31, 2026 and December 31, 2025 is comprised of the following:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Long-term debt:		
General revenue bonds/notes	\$ 5,461,377	5,458,630
Unamortized premiums	404,797	414,848
Less: Current maturities	<u>(124,240)</u>	<u>(124,240)</u>
	<u>5,741,934</u>	<u>5,749,238</u>
UDSA restructuring bonds	3,215,995	3,215,995
Unamortized premiums	260,676	271,223
Less: Current maturities	<u>(227,780)</u>	<u>(227,780)</u>
	<u>3,248,891</u>	<u>3,259,438</u>
Total Long-term debt	<u>\$ 8,990,825</u>	<u>9,008,676</u>
Short-term debt:		
General Revenue Notes – Commercial Paper	\$ 388,000	288,000
Total Short-term debt	<u>\$ 388,000</u>	<u>288,000</u>

# LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis (Unaudited)

Three-Month Period Ending March 31, 2026

(Amounts in thousands)

### Regulatory Assets and Liabilities

The table below displays LIPA's costs to be recovered from or returned to, LIPA's customers in a future period (regulatory assets or liabilities). Regulatory assets increased \$190 million primarily due to an increase in power supply charges to be recovered from customers offset by decreases in the Shoreham property tax settlement. Regulatory liabilities decreased \$10 million primarily due to decreases in the unrealized commodity derivative gains.

	March 31, 2026			December 31, 2025		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Regulatory assets:						
OSA – employee retirement benefits	\$ 350	—	350	300	—	300
Shoreham property tax settlement	53,002	132,455	185,457	53,628	143,330	196,958
Property tax litigation	—	120,395	120,395	—	117,875	117,875
Power supply charge recoverable	239,245	19,292	258,537	45,122	19,898	65,020
Debt issuance costs	1,299	7,792	9,091	1,343	8,095	9,438
Revenue decoupling mechanism	—	—	—	10,006	—	10,006
Visual Benefit and Undergrounding Charge	1,206	815	2,021	1,226	1,065	2,291
Unrealized financial derivative losses	—	17,715	17,715	—	22,349	22,349
Unrealized commodity derivative losses	2,371	13,588	15,959	—	—	—
New York State assessment	4,781	—	4,781	562	—	562
Total regulatory assets	\$ 302,254	312,052	614,306	112,187	312,612	424,799
Regulatory liabilities:						
Unrealized commodity derivative gains	—	—	—	1,228	8,377	9,605
OSA – employee retirement benefits	7,000	214,830	221,830	7,600	216,005	223,605
Revenue decoupling mechanism	12,568	—	12,568	—	4,214	4,214
Utility 2.0	3,896	3,137	7,033	5,195	2,335	7,530
Power supply charge refundable	—	19,473	19,473	—	21,084	21,084
Distributed energy resources	3,781	—	3,781	2,796	—	2,796
Delivery service adjustment	69,406	12,876	82,282	78,238	9,638	87,876
Clean energy initiatives	4,953	—	4,953	5,635	—	5,635
Total regulatory liabilities	\$ 101,604	250,316	351,920	100,692	261,653	362,345

