MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms LIPA's (NY) A2 rating; outlook revised to positive from stable

24 Jul 2026

New York, July 24, 2026 -- Moody's Ratings (Moody's) has affirmed Long Island Power Authority's (NY) (LIPA or the Authority) A2 senior lien revenue bonds and assigned an A2 rating to LIPA's planned issuance of approximately $770 million in Electric System General Revenue Bonds, Series 2026B and $176 million Electric System General Revenue Bonds, Series 2026C (Fixed Rate Mandatory Tender Bonds). The rating outlook for LIPA has been revised to positive from stable.

RATINGS RATIONALE

The A2 rating affirmation considers LIPA's monopoly position as a provider of an essential service to a large and diversified customer base on Long Island, New York with strong service area economic characteristics. Other positive credit factors include a suite of cost recovery mechanisms that support a stable and predictable cash flow profile, the utility's meaningful size and scale, and significant cash reserves. These considerations provide a high degree of consistency to the utility's annual cash flow, as demonstrated by a fixed obligation charge coverage ratio that ranged between 1.3-1.4x over the past two years, a trend which we expect will continue. Other credit attributes include a debt ratio that has declined from around 97% in 2020 to 77% at year-end 2025, even as LIPA has made material investments into its system.

RATING OUTLOOK

The revision of the outlook to positive from stable reflects expectations for continued improvements in LIPA's key financial metrics driven in part by the company's stated policy goal of achieving 70% debt ratio by 2030 and sound operational performance.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

Continued operational and financial improvement over the next 12-18 months, including satisfactory reliability measures combined with a reduction in LIPA's debt ratio to 75% or less and the maintenance of days cash on hand and fixed obligation charge coverage ratio at more than 200 days and 1.3x, respectively, could trigger upward rating pressure.

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

Considering the positive outlook, downward rating pressure is not currently anticipated. The outlook, however, could be revised to stable should the utility encounter material operational difficulties, including reconnecting customers in a timely manner after a major storm-induced outage or unexpected decline in financial metrics, including fixed obligation charge coverage ratio falling below 1.3x or an uptick in its debt ratio.

PROFILE

LIPA was established in 1986 as a corporate municipal instrumentality of the State of New York under the Long Island Power Authority Act (the LIPA Act). In 1998, the Authority became the retail supplier of electric service in most of Nassau and Suffolk Counties and the Rockaway Peninsula of Queens by acquiring the Long Island Lighting Company (LILCO). LIPA's assets currently consist of a transmission and distribution system that is used to serve approximately 1.2 million customers in an approximately 1,230 square mile service territory.

METHODOLOGY

The principal methodology used in these ratings was US Public Power Electric Utilities with Generation Ownership Exposure published in January 2023 and available at https://ratings.moodys.com/rmc-documents/398041. Alternatively, please see the Rating Methodologies page onhttps://ratings.moodys.com for a copy of this methodology.

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