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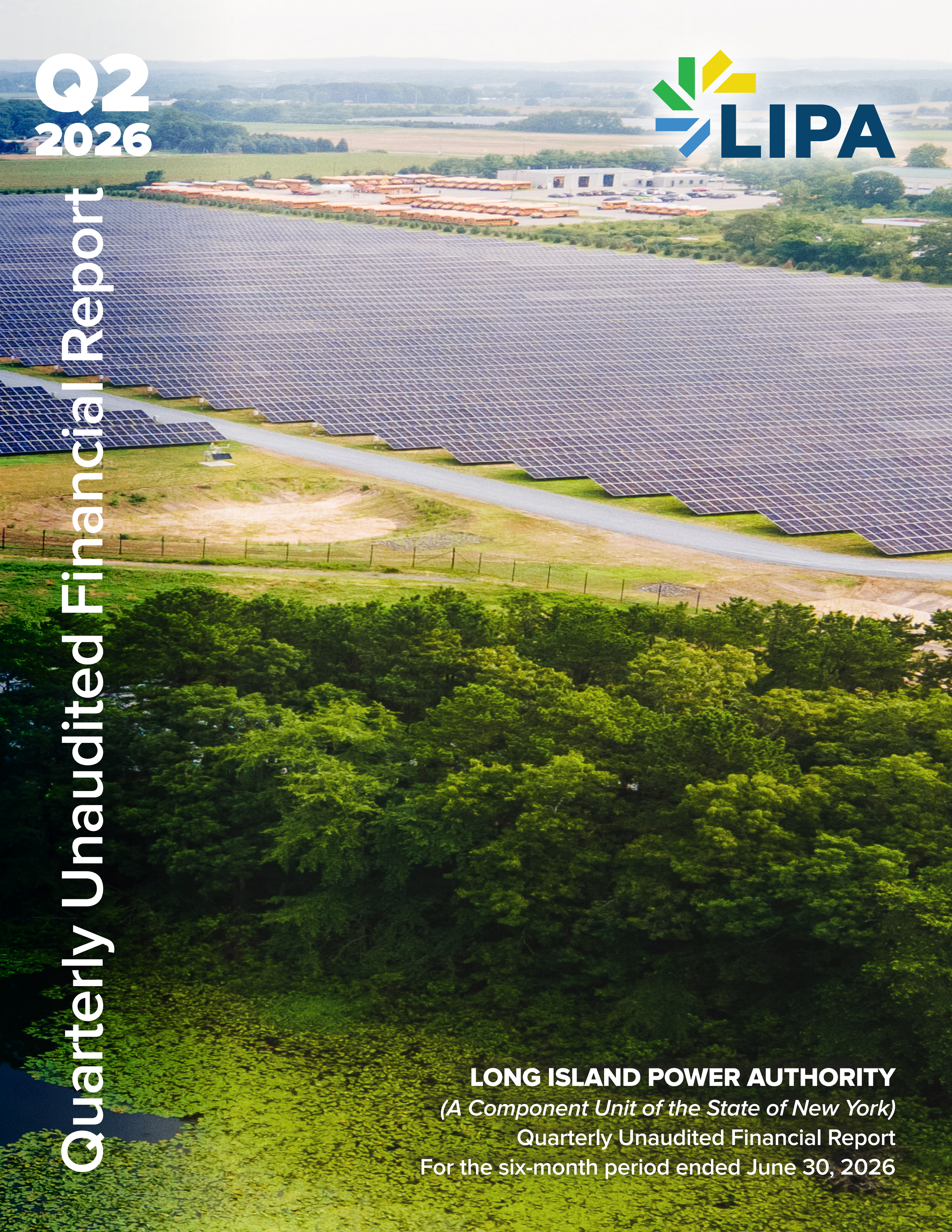

Quarterly Unaudited Financial Report

LIPA

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Quarterly Unaudited Financial Report

For the six-month period ended June 30, 2026

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Table of Contents

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 electric transmission and distribution (T&D) system of the Long Island Lighting Company (LILCO), at which point LILCO became 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 (the 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 June 30, 2026, a total of $7.36 billion of UDSA Restructuring Bonds have been issued, with $641 million remaining in statutory capacity. Since 2013, approximately $699 million of net present value debt service savings has been generated for LIPA's customers as a 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 and operations 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 Reformed OSA expires on December 31, 2030.

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 limited liability company of PSEG Long Island employs approximately 2,800 persons. The salary and benefit costs of ServCo employees are Pass-Through Expenditures paid by LIPA. 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 six-month period ended June 30, 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.

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.

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Net Position

June 30, 2026 and December 31, 2025

(Amounts in thousands)

Assets and Deferred Outflows of Resources		**2026 (unaudited)**	**2025 (audited)**
Current assets:			
Cash and cash equivalents	$	319,334	871,065
Restricted cash – working capital requirements		166,552	182,654
Restricted cash – UDSA		106,923	106,001
Investments		959,006	874,572
Restricted investments – working capital requirements		142,916	125,685
Counterparty collateral – posted by LIPA		37,106	—
Accounts receivable (less allowance for uncollectible accounts of $27,808 and $26,174 at June 30, 2026 and December 31, 2025, respectively)		731,947	577,536
Other receivables		96,613	99,851
Fuel inventory		144,267	114,918
Material and supplies inventory		132,295	136,058
Commodity derivative instruments		17,953	33,071
Regulatory assets to be recovered within one year		157,835	112,187
Prepayments and other current assets		145,004	59,820
Total current assets		3,157,751	3,293,418
Noncurrent assets:			
Utility plant and property and equipment, net		10,963,320	10,883,888
Nuclear decommissioning trust fund (NDTF)		248,442	229,488
Other long-term receivables		93,060	93,987
Unrealized charges		3,226	3,161
Financial derivative instruments		28,722	27,408
Commodity derivative instruments		412	15,236
Regulatory assets for future recovery		324,990	312,612
Operations servicers agreement - employee retirement benefits		30,827	26,227
Acquisition adjustment (net of accumulated amortization)		42,702	98,389
Total noncurrent assets		11,735,701	11,690,396
Total assets		14,893,452	14,983,814
Deferred outflows of resources:			
Deferred defeasance costs on debt refunding		91,324	98,733
OPEB activities		2,699	2,845
Pension activities		1,126	1,248
Total deferred outflows of resources		95,149	102,826
Total assets and deferred outflows of resources	$	14,988,601	15,086,640

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Net Position

June 30, 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	$	477,000	288,000
Current maturities of long-term debt		144,975	124,240
Current maturities of UDSA debt		227,175	227,780
Current portion of lease and SBITA liabilities		401,686	394,013
Counterparty collateral – held by LIPA		—	28,299
Accounts payable and accrued expenses		494,830	537,518
Regulatory liabilities payable in one year		130,984	100,692
Commodity derivative instruments		10,558	—
Accrued payments in lieu of taxes		9,737	16,907
Accrued interest		77,922	79,200
Customer deposits		40,801	39,956
Total current liabilities		2,015,668	1,836,605
Noncurrent liabilities:			
Long-term debt, net and unamortized premium		5,694,795	5,749,238
Long-term UDSA debt, net and unamortized premium		3,126,479	3,259,438
Lease and SBITA liabilities		656,872	840,992
Borrowings		15,026	17,278
Operations Services Agreement – employee retirement benefits		512,206	501,437
Financial derivative instruments		17,711	28,712
Commodity derivative instruments		14,986	—
Regulatory liabilities for future payment		246,801	261,653
Asset retirement obligation		93,404	118,114
Long-term liabilities and unrealized credits		36,559	28,967
Claims and damages		182,624	152,504
Total noncurrent liabilities		10,597,463	10,958,333
Total liabilities		12,613,131	12,794,938
Deferred inflows of resources:			
Regulatory credits – grants		539,527	548,582
Lease revenue		2,699	2,732
OPEB activities		4,608	4,608
Pension activities		29	29
NMP2 asset retirement obligation		33,899	6,765
Deferred defeasance costs on debt refunding		115,868	126,037
Accumulated increase in fair value of financial derivatives		28,722	27,408
Accumulated increase in fair value of commodity derivatives		18,365	38,702
Accumulated increase in fair value of OPEB Account		285,339	218,380
Accumulated increase in fair value of NDTF		58,429	41,575
Accumulated increase in fair value of investments		281	1,510
Total deferred inflows of resources		1,087,766	1,016,328
Net position:			
Net investment in capital assets		875,904	603,245
Restricted		58,043	54,481
Unrestricted		353,757	617,648
Total net position		1,287,704	1,275,374
Total liabilities, deferred inflows of resources, and net position	$	14,988,601	15,086,640

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position

Six-Month Period Ending June 30, 2026 and 2025

(unaudited)

(Amounts in thousands)

		2026	2025
Operating revenues – electric sales, net of uncollectible accounts expense	$	2,277,527	2,024,123
Operating expenses:			
Operations – power supply charge		1,196,667	990,075
Operations – power supply charge – property taxes		76,159	81,810
Operations and maintenance		381,208	368,482
Storm restoration		29,891	12,062
General and administrative		26,464	25,939
Depreciation and amortization		253,016	248,172
Payments in lieu of taxes and assessments		182,923	177,808
Total operating expenses		2,146,328	1,904,348
Operating income		131,199	119,775
Noncapital subsidies:			
Grant income		10,014	10,000
Total noncapital subsidies		10,014	10,000
Operating income and noncapital subsidies		141,213	129,775
Other nonoperating revenues and expenses:			
Other income, net:			
Investment income, net		24,531	36,467
Grant income (capital related)		1,547	2,489
Other		(675)	1,145
Subtotal		25,403	40,101
Nuclear decommissioning trust fund income		2,100	2,372
Deferred grant income amortization		8,683	8,688
Carrying charges on regulatory assets		4,955	6,114
Subtotal		15,738	17,174
Total other income, net		41,141	57,275
Interest charges and (credits):			
Interest on debt		204,441	204,534
Other interest		11,893	8,671
Other interest amortizations		(46,310)	(39,053)
Total interest charges, net		170,024	174,152
Change in net position		12,330	12,898
Net position, beginning of year		1,275,374	1,032,825
Net position, end of period	$	1,287,704	1,045,723

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Cash Flows

Six-Month Period Ending June 30, 2026 and 2025

(unaudited)

(Amounts in thousands)

		2026	2025
Cash flows from operating activities:			
Operating revenues received	$	2,321,944	2,072,323
Payments to suppliers and employees:			
Operations and maintenance		(539,245)	(457,958)
Operations - power supply charge		(1,042,459)	(785,126)
Operations - power supply charge - property tax related		(76,159)	(81,810)
Payments-in-lieu-of-taxes		(360,549)	(331,672)
Collateral on commodity derivative transaction, net		(65,405)	(6,852)
PSEG Long Island pension funding		(7,600)	(11,700)
Net cash provided by operating activities		230,527	397,205
Cash flows from investing activities:			
Earnings received on investment income		15,939	24,663
Sales and maturities of investment securities		402	318,207
Sales and maturities of restricted investment securities - working capital investments		—	17,083
Purchase of restricted investment securities - working capital investments		(17,232)	—
Purchase of investment securities - OPEB Account and NDTF		(9,557)	(5,825)
Net cash (used in) provided by investing activities		(10,448)	354,128
Cash flows from noncapital financing related activities:			
Grant Proceeds		15,014	10,936
Proceeds from credit facility draws and commercial paper program		225,000	125,000
Redemption of credit facility draws and commercial paper program		(303,000)	(12,000)
Other interest costs		(3,774)	(4,317)
Interest paid – LIPA		(6,617)	(8,346)
Net cash (used in) provided by noncapital financing related activities		(73,377)	111,273
Cash flows from capital and related financing activities:			
Capital expenditures		(434,333)	(354,642)
Lease and SBITA payments		(213,748)	(201,852)
Grant Proceeds		1,244	1,431
Proceeds from credit facility draws and commercial paper program		453,730	—
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		(827)	—
Other interest costs		(7,204)	(5,247)
Interest paid – LIPA		(115,765)	(107,588)
Redemption of long-term debt – LIPA		(18,180)	(55,410)
Refunding of long-term debt - LIPA		(249,730)	—
Early defeasance of long-term debt – LIPA		—	(24,994)
Interest paid – UDSA		(80,255)	(85,731)
Redemption of long-term debt – UDSA		(112,470)	(110,640)
Net cash used in capital and related financing activities		(713,613)	(944,673)
Net decrease in cash and cash equivalents		(566,911)	(82,068)
Cash and cash equivalents at beginning of year		1,159,720	942,684
Cash and cash equivalents at end of period	$	592,809	860,616

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Cash Flows

Six-Month Period Ending June 30, 2026 and 2025

(unaudited)

(Amounts in thousands)

		2026	2025
Reconciliation to net cash provided by operating activities:			
Operating income	$	131,199	119,775
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization		253,016	248,173
Nuclear fuel burned		4,503	4,870
Shoreham and VBA surcharges		27,386	24,682
Accretion of asset retirement obligation		2,424	2,820
Changes in operating assets and liabilities:			
Accounts receivable, net of allowance for uncollectible accounts		(150,246)	(55,714)
Regulatory assets and liabilities		(41,604)	(84,615)
Fuel and material and supplies inventory		(25,586)	13,532
Accounts payable, accrued expenses, and other		29,435	123,682
Net cash provided by operating activities	$	230,527	397,205

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Six-Month Period Ending June 30, 2026

(Amounts in thousands)

Financial Condition Overview

Six-Month Period Ended June 30, 2026 compared to 2025

Change in net position

Net position increased $12 million for the six-month period ended June 30, 2026, compared to the increase for the six-month period ended June 30, 2025 of $13 million.

Operating revenues

Operating revenue increased $253 million compared to the six-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 $201 million compared to the same six-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.

Operations and maintenance expenses increased $13 million compared to the same six-month period in 2025 due to higher information technology ongoing maintenance and subscription software costs related to the completion of the system separation project and higher facility costs due to increased snow removal costs related to winter storms.

Storm restoration expenses increased $18 million compared to the same six-month period of 2025 due to a higher level of storm severity and required resources for restoration. PSEG Long Island responded to six major storms through June 2026, one of which included mutual aid assistance, compared with six major storm events through June 2025, none of which included mutual aid assistance.

Depreciation and amortization increased $5 million compared to the same six-month period in 2025, primarily due to higher capital investment in information technology assets, which have shorter depreciable lives.

Non-operating revenues and expenses

Other income decreased $16 million compared to the same six-month period of 2025 primarily due to lower investment income of $12 million resulting from lower investment balances combined with lower interest rates. The lower investment balances are primarily related to the repayment of the 2021 medium-term notes totaling $250 million in 2025. The notes were issued to fund restoration costs related to Tropical Storm Isaias while awaiting Federal Emergency Management Agency (FEMA) reimbursement. FEMA reimbursement was received in 2022 but the notes were not due until 2025 and as such were earning interest in allowable restricted investment accounts. Other income was also reduced by $4 million due to the recognition of a loss on disposition of property.

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Six-Month Period Ending June 30, 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 June 30, 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.

		June 30, 2026	Days Cash	December 31, 2025	Days Cash
Operating liquidity					
Unrestricted cash, cash equivalents, and investments	$	319,335		871,467	
OPEB Account cash, cash equivalents, and investments		959,006		874,170	
PSEG Long Island working capital requirements		291,969		287,255	
Total operating liquidity		**1,570,310**	**174**	**2,032,892**	**219**
Available credit					
General Revenue Notes – Revolving Credit Facility		200,000		200,000	
General Revenue Notes – Commercial Paper		523,000		712,000	
Total available credit		723,000		912,000	
Total cash, cash equivalents, investments, and available credit	$	**2,293,310**	**253**	**2,944,892**	**317**
Restricted cash and cash equivalents					
Clean Energy Compliance Fund		17,500		21,084	
UDSA		106,923		106,001	
Total restricted cash and cash equivalents	$	**124,423**		**127,085**	

(Amounts in thousands)

Consolidated Debt

LIPA's consolidated debt as of June 30, 2026 and December 31, 2025 is comprised of the following:

		June 30, 2026	December 31, 2025
Long-term debt:			
General revenue bonds/notes	$	5,445,037	5,458,630
Unamortized premiums		394,733	414,848
Less: Current maturities		(144,975)	(124,240)
		5,694,795	5,749,238
UDSA restructuring bonds		3,103,525	3,215,995
Unamortized premiums		250,129	271,223
Less: Current maturities		(227,175)	(227,780)
		3,126,479	3,259,438
Total Long-term debt	$	8,821,274	9,008,676
Short-term debt:			
General Revenue Notes - Commercial Paper	$	477,000	288,000
Total Short-term debt	$	477,000	288,000

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Six-Month Period Ending June 30, 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 $58 million primarily due to an increase in power supply charges to be recovered from customers. Regulatory liabilities increased $15 million primarily due to increases in the revenue decoupling mechanism.

	June 30, 2026			December 31, 2025		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Regulatory assets:						
OSA – employee retirement benefits	$ 400	—	400	300	—	300
Shoreham property tax settlement	53,446	121,039	174,485	53,628	143,330	196,958
Property tax litigation	—	150,033	150,033	—	117,875	117,875
Power supply charge recoverable	89,622	18,685	108,307	45,122	19,898	65,020
Debt issuance costs	1,256	7,489	8,745	1,343	8,095	9,438
Revenue decoupling mechanism	—	—	—	10,006	—	10,006
Visual Benefit and Undergrounding Charge	1,209	597	1,806	1,226	1,065	2,291
Unrealized financial derivative losses	—	12,160	12,160	—	22,349	22,349
Unrealized commodity derivative losses	10,558	14,987	25,545	—	—	—
New York State assessment	1,344	—	1,344	562	—	562
Total regulatory assets	$ 157,835	324,990	482,825	112,187	312,612	424,799
Regulatory liabilities:						
Unrealized commodity derivative gains	—	—	—	1,228	8,377	9,605
OSA – employee retirement benefits	6,400	213,654	220,054	7,600	216,005	223,605
Revenue decoupling mechanism	41,563	—	41,563	—	4,214	4,214
Utility 2.0	2,597	3,813	6,410	5,195	2,335	7,530
Power supply charge refundable	—	17,500	17,500	—	21,084	21,084
Distributed energy resources	4,637	—	4,637	2,796	—	2,796
Delivery service adjustment	71,011	11,833	82,844	78,238	9,638	87,876
Clean energy initiatives	4,776	—	4,776	5,635	—	5,635
Total regulatory liabilities	$ 130,984	246,801	377,785	100,692	261,653	362,345


LIPA