# LIPA Q2 2026 Financial Report

*Finance and Audit Committee Meeting*

**Presented by**: Richard Tinelli - Controller

The Power is Yours ™

# Discussion Topics

- Quarterly Report Overview
- Statement of Net Position – June 2026 vs. December 2025
- Statement of Revenue, Expenses, and Changes in Net Position – June 2026 vs. June 2025

# Quarterly Report Overview

**LIPA's 2nd Quarter financial statements detail the financial results for January through June 2026. The following views are presented:**

- **Statements of Net Position (Balance Sheet)**
  - June 30, 2026 vs. December 31, 2025
- **Statements of Revenue, Expenses, and Changes in Net Position (Income Statement)**
  - Six Months Ended June 30, 2026 vs. 2025
- **Statements of Cash Flows**
  - Six Months Ended June 30, 2026 vs. 2025

**LIPA's Quarterly Financial Statements are filed on LIPA's website, as well as, the Electronic Municipal Market Access ("EMMA") website within 45 days of the ending of the period**

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

- **Current assets decreased $181M** 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 prepayments which are both primarily a result of cyclical activity.
- **Regulatory assets increased $58M** primarily related to higher power supply charges recoverable due to the seasonal timing of capacity cost recovery, which is weighted toward the summer period to align with peak demand. The increase was partially offset by scheduled amortizations and recoveries.
- **Long-term debt decreased $187M** primarily related to scheduled maturity payments and amortization of premium.
- **Current liabilities increased by $149M** primarily related to an increase in short-term debt to fund operations in advance of peak season collections.
- **Noncurrent liabilities decreased by $159M** primarily related to amortization of lease and SBITA liabilities.

| | | June 2026 (unaudited) | December 2025 (audited) | Variance |
|---|---|---|---|---|
| Assets and deferred outflows of resources | | | | |
| Capital assets, net | $ | 10,963,320 | 10,883,888 | 79,432 |
| Current assets | | 2,999,917 | 3,181,232 | (181,315) |
| Regulatory assets | | 482,825 | 424,799 | 58,026 |
| Noncurrent assets | | 447,391 | 493,896 | (46,505) |
| Deferred outflows of resources | | 95,148 | 102,827 | (7,679) |
| Total assets and deferred outflows of resources | | 14,988,601 | 15,086,642 | (98,041) |
| Liabilities and deferred inflows of resources | | | | |
| Long-term debt, net of current maturities | | 8,821,274 | 9,008,677 | (187,403) |
| Current liabilities | | 1,884,683 | 1,735,913 | 148,769 |
| Regulatory liabilities | | 377,785 | 362,345 | 15,439 |
| Noncurrent liabilities | | 1,529,388 | 1,688,004 | (158,616) |
| Deferred inflows of resources | | 1,087,767 | 1,016,329 | 71,438 |
| Total liabilities and deferred inflows of resources | | 13,700,896 | 13,811,269 | (110,372) |
| Total net position | | 1,287,705 | 1,275,374 | 12,331 |
| Total liabilities, deferred inflows of resources, and net position | $ | 14,988,601 | 15,086,642 | (98,041) |

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

- **Operating revenues increased $253M** primarily due to an increase in Power Supply Charge (PSC) revenue, DSA revenue and base delivery revenues.
- **Operating expenses increased $242M** primarily due to higher power supply costs due to higher commodity costs and higher storm restoration costs.
- **Other income, net decreased $15M** 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 Q2 2025. Lower interest rates on all investment balances further contributed to the decrease.

| | | June 2026 | June 2025 | Variance |
|---|---|---|---|---|
| Operating revenues | $ | 2,277,527 | 2,024,123 | 253,404 |
| Operating expenses | | (2,146,327) | (1,904,348) | (241,979) |
| Interest charges, net | | (170,023) | (174,152) | 4,129 |
| Total operating and interest expenses | | (2,316,350) | (2,078,500) | (237,850) |
| Revenue less operating expenses and | | (38,824) | (54,377) | 15,553 |
| Noncapital subsidies | | 10,014 | 10,000 | 14 |
| Grant income | | 10,230 | 11,177 | (947) |
| Other income, net: | | 30,910 | 46,098 | (15,188) |
| Total other income, net | | 41,140 | 57,275 | (16,135) |
| Change in net position | | 12,331 | 12,898 | (567) |
| Net position, beginning of period | | 1,275,374 | 1,032,825 | 242,549 |
| Net position, end of period | $ | 1,287,704 | 1,045,723 | 241,981 |

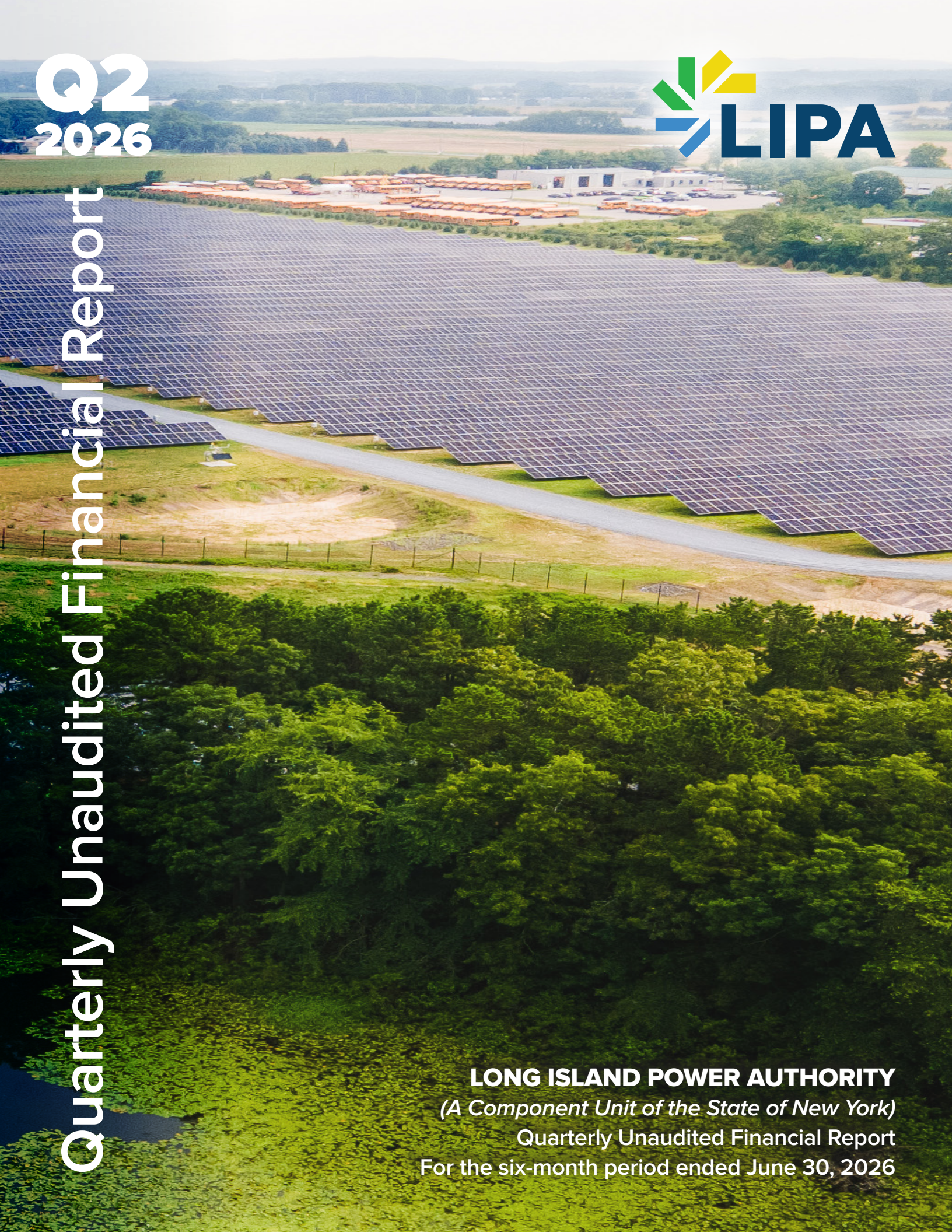
# Questions?

**Richard Tinelli**
Controller

lipower.org

Q2 2026

Quarterly Unaudited Financial Report



# 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)*

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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 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** | |

# 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)*

## 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 |

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## 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 |