Vinay Dayal
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To: Finance & Audit Committee
LIPA Board of Trustees

October 20, 2026

Re: Quarterly Report on Interest Rate Exchange Agreements
Quarter Ended September 30, 2026

Dear Finance & Audit Committee Members:

The Long Island Power Authority ("the Authority or LIPA") is filing this report pursuant to reporting requirements outlined in the Comprehensive Guidelines for the Use of Interest Rate Exchange Agreements, as approved by the Board of Trustees on March 29, 2017.

Description of the Interest Rate Exchange Agreements

As of September 30, 2026, LIPA had the following interest rate swap agreements outstanding:

Counterparty	Type of Swap	Notional Outstanding ($000)	Effective Date	Maturity Date
UBS AG	Floating-to-Fixed	$587,225	6/1/2003	12/1/2029
Citibank, N.A.	Floating-to-Fixed	$250,030	9/1/2022	9/1/2042

As of September 30, 2026, the estimated aggregate mark-to-market value of the transactions was approximately $17.9 million (please see Appendix A). The mark-to-market value excludes transaction costs and is calculated at prevailing mid-market rates. Therefore, it represents the estimated amount that LIPA would either owe or be owed to or from the counterparties if the transactions were terminated on that date, absent transaction costs.

Counterparty Ratings

As of September 30, 2026, the Authority's counterparties had the following ratings and outlooks:

Counterparty	Moody's		S&P		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
UBS AG	Aa2	Stable	A+	Stable	AA	Stable
Citibank, N.A.	Aa3	Stable	A+	Stable	AA-	Positive

Risks

The Authority is subject to certain risks under its interest rate swap transactions, including:

Counterparty Risk: the risk that a counterparty (or its guarantor) will fail to make a payment or default under the swap agreement and LIPA will lose the benefit of the hedge. If a counterparty

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were to default under its agreement when owing a termination payment to LIPA, LIPA may have to pay another entity to assume the position of the defaulting counterparty. The swap agreements contain various termination events and collateral posting provisions to mitigate counterparty risk for lower-rated entities (see Appendix B).

Termination Risk: the risk that a counterparty will terminate a swap with LIPA owing a termination payment. Only LIPA is entitled to terminate these transactions from time-to-time for any reason at market. In addition, LIPA has the right to terminate the swap with Citibank at par on any fixed rate payer period end date beginning September 1, 2027, which mitigates the termination risk that LIPA has with Citibank. The counterparties may only terminate upon the occurrence of certain events such as payment defaults, other defaults which remain uncured for 30 days after notice, the bankruptcy or insolvency of LIPA (or similar events), certain downgrades of LIPA's and a swap insurer's (if any) credit rating, and events related to the underlying bonds. As of September 30, 2026, the credit ratings of LIPA and its swap insurer were as follows:

Entity	Moody's		S&P		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
LIPA	A2	Positive	A	Stable	A+	Stable
Assured Guaranty Inc.[1]	A1	Stable	AA	Stable	-	-

[1]Insurer on swap with UBS. In 2024, AGM merged with AG, Inc which took over obligations.

Collateral Posting Risk: the risk that LIPA will be required to post collateral to its counterparties to secure a negative mark-to-market valuation. There are currently no Credit Support Annexes (CSAs) in place with either dealer; therefore, there are no collateral requirements at this time under any rating level. A CSA may be executed to cure a rating downgrade termination event (noted in Appendix B).

Basis Risk: the risk of a mismatch in the variable rates paid and received by LIPA.

Under the floating-to-fixed swaps with UBS and Citi, LIPA is subject to the risk that the variable-rates received (69.47% SOFR + 0.0795% for UBS swap, and 70% SOFR + 0.0801% for Citi swap) may be different than the rate payable on any variable-rate refunding bonds.

The Authority views basis risk as a limited form of variable-rate exposure, and therefore takes Basis Risk into account when analyzing outstanding interest rate exposure.

/s/ Vinay T. Dayal
Vinay T. Dayal, Director of Finance and Treasury

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Appendix A: Swap Details

Swap Type	**Floating-to-Fixed**		**Total**
Counterparty	UBS	Citibank	
Original Notional Amount	$587,225,000	$251,510,000	**$838,735,000**
Outstanding Notional Amount	$587,225,000	$250,030,000	**$837,255,000**
Termination Date	12/1/2029	9/1/2042	-
LIPA Pays	5.12%	1.8571%	-
LIPA Receives	69.47% of SOFR + 0.0795%	70% of SOFR + 0.0801%	-
First Counterparty Payment Date	7/1/2003	10/3/2022	-
First LIPA Payment Date	7/1/2003	10/3/2022	-
Up Front Cash Payment to LIPA	$82,000,000	-	**$82,000,000**
Payments Made by LIPA as of 9/30/2026	($698,949,123)	($18,669,644)	**($717,618,767)**
Payments Received by LIPA as of 9/30/2026 (excluding upfront payment)	$186,638,552	$32,811,250	**$219,449,802**
LIPA Accrued Interest as of 9/30/2026	($2,421,977)	($374,044)	**($2,796,021)**
Counterparty Accrued Interest as of 9/30/2026	$1,244,799	$541,474	**$1,786,274**
Mid Mark-to-Market Valuation @ 9/30/2026	($23,327,861)	$41,252,292	**$17,924,432**
DV01 (Sensitivity to 1bp Increase in SOFR Swap Rates) @ 9/30/2026	$81,076	$128,435	**$209,510**
Ratio 01 (Sensitivity to 1% Increase in SIFMA/SOFR Ratios @ 9/30/2026	-	-	-
Collateral Posted by LIPA @ 9/30/2026	-	-	-
Collateral Held by LIPA @ 9/30/2026	-	-	-

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Appendix B: Additional Termination Events/Collateral Posting Thresholds

LIPA Electric System General Revenue: A2 (Moody's), A (S&P), A+ (Fitch) **Assured Guaranty Inc.: A1 (Moody's), AA (S&P)**		
ISDA Terms for LIPA	Uninsured	Insured
	Citibank	**UBS (AGM)**
Original ISDA Date	6/25/2004	9/25/2002
Source of Payment		
Scheduled Payments	Parity to Subordinate Debt	Parity to Subordinate Debt
Termination Payments	Parity to Subordinate Debt	Parity to Subordinate Debt
ATE (below)	Baa2 (Moody's) or BBB (S&P or Fitch)[1] Baa3 (Moody's) or BBB- (S&P or Fitch)	A3 (Moody's) or A- (S&P)[2]
Insurer Event (below)		A2 (Moody's) and A (S&P)[2]
CSA Terms	No CSA	No CSA
Threshold (Lowest Rating)		
4 Aa3 or AA- and above		
5 A1 or A+		
6 A2 or A		
7 A3 or A-		
Baa1 or BBB+		
Baa2 or BBB		
Baa3 or BBB-		
Below Baa3 or BBB- / NR		
Minimum Transfer Valuation Date		
Notes:	[1]ATE if Citi has notified LIPA of the downgrade, and LIPA does not either (a) provide a guarantee/insurance, (b) transfer to an acceptable counterparty, or (c) execute a CSA within 20 days. [2]ATE if, within 30 days of receiving notice of an Insurer Event, LIPA does not provide a Credit Support Provider, deliver proof of ratings of A3 (Moody's) or A- (S&P), or execute a CSA.	

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Appendix B (continued):

LIPA Electric System General Revenue: A2 (Moody's), A (S&P), A+ (Fitch)		
ISDA Terms for Dealers		
	Citibank	**UBS**
Original ISDA Date	6/25/2004	9/25/2002
Dealer Rating (M / S / F)	Aa3 / A+ / AA-	Aa2 / A+ / AA
ATE (below)	A3 (Moody's) or A- (S&P or Fitch)[1] Baa3 (Moody's) or BBB- (S&P or Fitch)	A3 (Moody's) or A- (S&P)[2]
CSA Terms	No CSA	No CSA
Threshold (Lowest Rating) Aa3 or AA- and above A1 or A+ A2 or A A3 or A- Baa1 or BBB+ Baa2 or BBB Baa3 or BBB- Below Baa3 or BBB- / NR Minimum Transfer Valuation Date		
Notes:	[1]ATE if LIPA has notified Citi of the downgrade, and Citi does not either (a) provide a guarantee/insurance, (b) transferred to an acceptable counterparty, or (c) executed a CSA within 20 days. [2]May also include an equivalent rating determined by a nationally-recognized ratings service acceptable to both parties. It shall constitute an ATE if, within 30 days, UBS does not execute a CSA.	