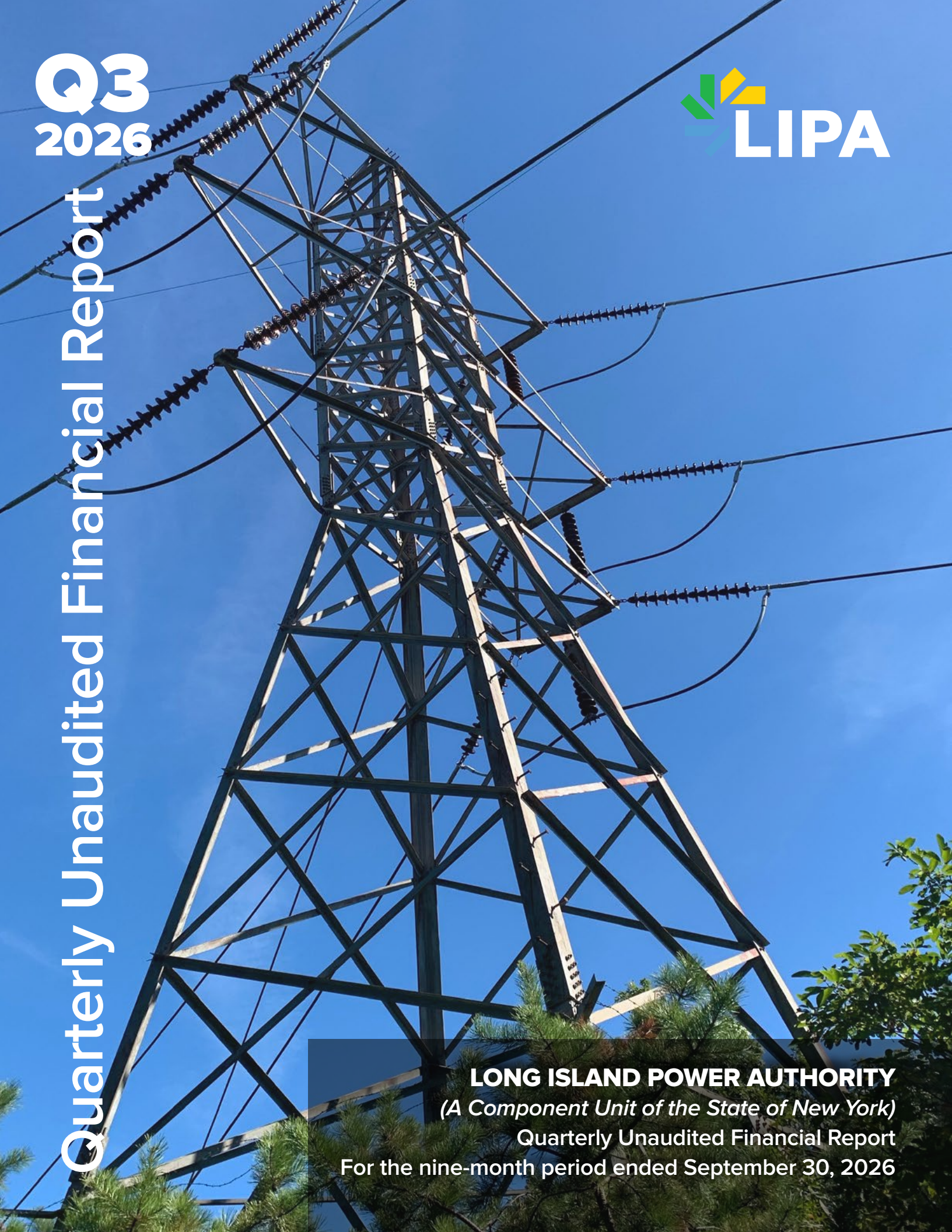
Q3 2026

Quarterly Unaudited Financial Report

LIPA



LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Quarterly Unaudited Financial Report

For the nine-month period ended September 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

LIPA was 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 September 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 2,700 people. 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 the 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 nine-month period ended September 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.

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

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

September 30, 2026 and December 31, 2025

(Amounts in thousands)

		2026 (unaudited)	2025 (audited)
Assets and Deferred Outflows of Resources			
Current assets:			
Cash and cash equivalents	$	580,766	871,065
Restricted cash – working capital requirements		194,112	182,654
Restricted cash – UDSA		217,330	106,001
Investments		1,123,697	874,572
Restricted investments – working capital requirements		198,787	125,685
Counterparty collateral – posted by LIPA		86,365	—
Accounts receivable (less allowance for uncollectible accounts of $30,490 and $26,174 at September 30, 2026 and December 31, 2025, respectively)		853,101	577,536
Other receivables		62,780	99,851
Fuel inventory		161,285	114,918
Material and supplies inventory		129,213	136,058
Commodity derivative instruments		9,456	33,071
Regulatory assets to be recovered within one year		159,612	112,187
Prepayments and other current assets		97,855	59,820
Total current assets		3,874,359	3,293,418
Noncurrent assets:			
Utility plant and property and equipment, net		11,015,234	10,883,888
Nuclear decommissioning trust fund (NDTF)		246,701	229,488
Other long-term receivables		91,604	93,987
Unrealized charges		2,755	3,161
Financial derivative instruments		38,697	27,408
Commodity derivative instruments		—	15,236
Regulatory assets for future recovery		319,730	312,612
Operations services agreement - employee retirement benefits		36,927	26,227
Acquisition adjustment (net of accumulated amortization)		14,858	98,389
Total noncurrent assets		11,766,506	11,690,396
Total assets		15,640,865	14,983,814
Deferred outflows of resources:			
Deferred defeasance costs on debt refunding		87,673	98,733
OPEB activities		2,626	2,845
Pension activities		979	1,248
Accumulated decrease in fair value of commodity derivatives		498	—
Accumulated decrease in fair value of investments		930	—
Total deferred outflows of resources		92,706	102,826
Total assets and deferred outflows of resources	$	15,733,571	15,086,640

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Net Position

September 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	$	537,000	288,000
Current maturities of long-term debt		164,965	124,240
Current maturities of UDSA debt		227,175	227,780
Current portion of lease and SBITA liabilities		377,155	394,013
Counterparty collateral – held by LIPA		—	28,299
Accounts payable and accrued expenses		510,004	537,518
Regulatory liabilities payable in one year		118,629	100,692
Commodity derivative instruments		33,447	—
Accrued payments in lieu of taxes		9,079	16,907
Accrued interest		71,064	79,200
Customer deposits		41,373	39,956
Total current liabilities		2,089,891	1,836,605
Noncurrent liabilities:			
Long-term debt, net and unamortized premium		6,052,322	5,749,238
Long-term UDSA debt, net and unamortized premium		3,116,440	3,259,438
Lease and SBITA liabilities		598,107	840,992
Borrowings		13,894	17,278
Operations services agreement – employee retirement benefits		516,364	501,437
Financial derivative instruments		9,362	28,712
Commodity derivative instruments		36,464	—
Regulatory liabilities for future payment		245,152	261,653
Asset retirement obligation		94,741	118,114
Long-term liabilities and unrealized credits		51,761	28,967
Claims and damages		188,225	152,504
Total noncurrent liabilities		10,922,832	10,958,333
Total liabilities		13,012,723	12,794,938
Deferred inflows of resources:			
Regulatory credits – grants		534,870	548,582
Lease revenue		3,640	2,732
OPEB activities		4,608	4,608
Pension activities		1,479	29
NMP2 asset retirement obligation		33,536	6,765
Deferred defeasance costs on debt refunding		145,282	126,037
Accumulated increase in fair value of financial derivatives		38,697	27,408
Accumulated increase in fair value of commodity derivatives		9,456	38,702
Accumulated increase in fair value of OPEB Account		274,884	218,380
Accumulated increase in fair value of NDTF		55,793	41,575
Accumulated increase in fair value of investments		—	1,510
Total deferred inflows of resources		1,102,245	1,016,328
Net position:			
Net investment in capital assets		918,200	603,245
Restricted		218,171	54,481
Unrestricted		482,232	617,648
Total net position		1,618,603	1,275,374
Total liabilities, deferred inflows of resources, and net position	$	15,733,571	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

Nine-Month Period Ended September 30, 2026 and 2025

(unaudited)

(Amounts in thousands)

		2026	2025
Operating revenues – electric sales, net of uncollectible accounts expense	$	3,896,126	3,556,415
Operating expenses:			
Operations – power supply charge		1,920,309	1,638,436
Operations – power supply charge – property taxes		113,761	121,167
Operations and maintenance		565,800	569,078
Storm restoration		68,860	14,874
General and administrative		38,422	33,701
Depreciation and amortization		384,191	377,152
Payments in lieu of taxes and assessments		281,942	275,204
Total operating expenses		3,373,285	3,029,612
Operating income		522,841	526,803
Noncapital subsidies:			
Grant income		15,014	15,000
Total noncapital subsidies		15,014	15,000
Operating income and noncapital subsidies		537,855	541,803
Other nonoperating revenues and expenses:			
Other income, net:			
Investment income, net		40,433	51,759
Grant income (capital related)		2,234	3,148
Other		5,187	3,444
Subtotal		47,854	58,351
Nuclear decommissioning trust fund income		2,995	3,610
Deferred grant income amortization		13,187	13,035
Carrying charges on regulatory assets		7,015	8,775
Subtotal		23,197	25,420
Total other income, net		71,051	83,771
Interest charges and (credits):			
Interest on debt		312,096	307,529
Other interest		23,163	19,778
Other interest amortizations		(69,582)	(58,109)
Total interest charges, net		265,677	269,199
Change in net position		343,229	356,375
Net position, beginning of year		1,275,374	1,032,825
Net position, end of period	$	1,618,603	1,389,200

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Cash Flows

Nine-Month Period Ending September 30, 2026 and 2025

(unaudited)

(Amounts in thousands)

	2026	2025
Cash flows from operating activities:		
Operating revenues received	$ 3,866,840	3,515,566
Payments to suppliers and employees:		
Operations and maintenance	(725,645)	(666,848)
Operations - power supply charge	(1,616,828)	(1,273,570)
Operations - power supply charge - property tax related	(113,761)	(121,167)
Payments-in-lieu-of-taxes	(486,002)	(449,767)
Collateral on commodity derivative transaction, net	(114,664)	3,625
PSEG Long Island pension funding	(15,200)	(23,400)
Net cash provided by operating activities	794,740	984,438
Cash flows from investing activities:		
Earnings received on investment income	26,267	35,038
Sales and maturities of investment securities	402	318,253
Purchase of investment securities	(165,781)	—
Sales and maturities of restricted investment securities - working capital investments	—	31,333
Purchase of restricted investment securities - working capital investments	(73,102)	—
Purchase of investment securities - OPEB Account and NDTF	(13,744)	(9,394)
Net cash (used in) provided by investing activities	(225,958)	375,230
Cash flows from noncapital financing related activities:		
Grant proceeds	31,641	11,406
Proceeds from credit facility draws and commercial paper program	475,000	200,000
Redemption of credit facility draws and commercial paper program	(443,000)	(212,000)
Other interest costs	(5,000)	(5,909)
Interest paid – LIPA	(10,598)	(14,284)
Net cash provided by (used in) noncapital financing related activities	48,043	(20,787)
Cash flows from capital and related financing activities:		
Capital expenditures	(659,927)	(561,706)
Lease and SBITA payments	(315,928)	(304,064)
Grant proceeds	2,485	2,837
Proceeds from credit facility draws and commercial paper program	448,730	—
Redemption of credit facility draws and commercial paper program	(231,730)	—
Proceeds from the issuance of long-term debt	1,306,285	907,786
Payments for debt issuance costs	(5,981)	(3,085)
Other interest costs	(11,052)	(7,781)
Interest paid – LIPA	(223,969)	(203,811)
Redemption of long-term debt – LIPA	(124,240)	(362,790)
Refunding of long-term debt - LIPA	(750,205)	(453,710)
Early defeasance of long-term debt – LIPA	(26,080)	(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	(784,337)	(1,207,689)
Net (decrease) increase in cash and cash equivalents	(167,512)	131,192
Cash and cash equivalents at beginning of year	1,159,720	942,684
Cash and cash equivalents at end of period	$ 992,208	1,073,876

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Statements of Cash Flows

Nine-Month Period Ending September 30, 2026 and 2025

(unaudited)

(Amounts in thousands)

		2026	2025
Reconciliation to net cash provided by operating activities:			
Operating income	$	522,841	526,803
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization		384,191	377,152
Nuclear fuel burned		7,090	7,286
Shoreham and VBA surcharges		47,205	44,506
Accretion of asset retirement obligation		3,398	4,263
Changes in operating assets and liabilities:			
Accounts receivable, net of allowance for uncollectible accounts		(236,111)	(208,598)
Regulatory assets and liabilities		(32,248)	(54,269)
Fuel and material and supplies inventory		(39,521)	16,945
Accounts payable, accrued expenses, and other		137,895	270,350
Net cash provided by operating activities	$	794,740	984,438

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Nine-Month Period Ended September 30, 2026

(Amounts in thousands)

Financial Condition Overview

Nine-Month Period Ended September 30, 2026 compared to 2025

Change in net position

Net position increased $343 million for the nine-month period ended September 30, 2026, compared to the increase for the nine-month period ended September 30, 2025 of $356 million.

Operating revenues

Operating revenue increased $340 million compared to the nine-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 $274 million compared to the same nine-month period of 2025 primarily related to higher commodity prices, increased purchase power costs driven by colder weather and winter storms, and higher regional greenhouse initiative (RGGI) charges.

Storm restoration expenses increased $54 million compared to the same nine-month period of 2025 due to a higher level of storm severity and required resources for restoration. PSEG Long Island responded to ten major storms through September 2026, two of which included mutual aid assistance, compared with nine major storm events through September 2025, none of which included mutual aid assistance.

General and administrative expense increased $5 million compared to the same nine-month period of 2025 due to a lower than expected charge incurred in 2026 related to the resolution of a legal matter.

Depreciation and amortization increased $7 million compared to the same nine-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 $13 million compared to the same nine-month period of 2025, primarily due to lower investment income of $11 million resulting from lower 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 the third quarter of 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.

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Nine-Month Period Ended September 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 September 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..

Liquidity Position

		September 30, 2026	Days Cash	December 31, 2025	Days Cash
Operating liquidity					
Unrestricted cash, cash equivalents, and investments	$	746,547		871,467	
OPEB Account cash, cash equivalents, and investments		957,916		874,170	
PSEG Long Island working capital requirements		377,355		287,255	
Total operating liquidity		**2,081,818**	**230**	**2,032,892**	**219**
Available credit					
General Revenue Notes – Revolving Credit Facility		200,000		200,000	
General Revenue Notes – Commercial Paper		463,000		712,000	
Total available credit		663,000		912,000	
Total cash, cash equivalents, investments, and available credit	$	**2,744,818**	**303**	**2,944,892**	**317**
Restricted cash and cash equivalents					
Clean Energy Compliance Fund		15,544		21,084	
UDSA		217,330		106,001	
Total restricted cash and cash equivalents	$	**232,874**		**127,085**	

LONG ISLAND POWER AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis (Unaudited)

Nine-Month Period Ended September 30, 2026

(Amounts in thousands)

Consolidated Debt

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

		September 30, 2026	December 31, 2025
Long-term debt:			
General revenue bonds/notes	$	5,809,254	5,458,630
Unamortized premiums		408,033	414,848
Less: Current maturities		(164,965)	(124,240)
		6,052,322	5,749,238
UDSA restructuring bonds		3,103,525	3,215,995
Unamortized premiums		240,090	271,223
Less: Current maturities		(227,175)	(227,780)
		3,116,440	3,259,438
Total Long-term debt	$	9,168,762	9,008,676
Short-term debt:			
General Revenue Notes - Commercial Paper	$	537,000	288,000
Total Short-term debt	$	537,000	288,000

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 $55 million primarily due to an increase in unrealized commodity derivative losses.

	September 30, 2026			December 31, 2025		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Regulatory assets:						
OSA – employee retirement benefits	$ 450	—	450	300	—	300
Shoreham property tax settlement	54,779	101,931	156,710	53,628	143,330	196,958
Property tax litigation	—	153,141	153,141	—	117,875	117,875
Power supply charge recoverable	65,299	18,079	83,378	45,122	19,898	65,020
Debt issuance costs	1,111	6,251	7,362	1,343	8,095	9,438
Revenue decoupling mechanism	—	—	—	10,006	—	10,006
Visual benefit and undergrounding charge	1,214	145	1,359	1,226	1,065	2,291
Unrealized financial derivative losses	—	4,217	4,217	—	22,349	22,349
Unrealized commodity derivative losses	33,447	35,966	69,413	—	—	—
New York State assessment	3,312	—	3,312	562	—	562
Total regulatory assets	$ 159,612	319,730	479,342	112,187	312,612	424,799
Regulatory liabilities:						
Unrealized commodity derivative gains	—	—	—	1,228	8,377	9,605
OSA – employee retirement benefits	5,800	212,479	218,279	7,600	216,005	223,605
Revenue decoupling mechanism	40,255	—	40,255	—	4,214	4,214
Utility 2.0	1,299	5,347	6,646	5,195	2,335	7,530
Power supply charge refundable	12,638	14,430	27,068	—	21,084	21,084
Distributed energy resources	4,672	—	4,672	2,796	—	2,796
Delivery service adjustment	50,600	12,896	63,496	78,238	9,638	87,876
Clean energy initiatives	3,365	—	3,365	5,635	—	5,635
Total regulatory liabilities	$ 118,629	245,152	363,781	100,692	261,653	362,345


LIPA