Utility Debt Securitization Authority Restructuring Bonds, Series 2016A

Utility Tariff/Stranded Cost Bonds Asset-Backed Securities

Presale Report

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Related Presale Appendix

Utility Debt Securitization Authority Restructuring Bonds Series 2015 (September 2015)

Related Criteria

Rating Criteria for U.S. Utility Tariff Bonds (December 2015)

Global Structured Finance Rating Criteria (July 2015)

Counterparty Criteria for Structured Finance and Covered Bonds (May 2014)

Criteria for Servicing Continuity Risk in Structured Finance (July 2014)

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Capital Structure

Class	Expected Rating	Expected Outlook	Amount ($ Mil.)	CE (%)[a]	Interest Rate (%)	Final Maturity
T-1	AAAsf	Stable	41.04	2.00	TBD	6/15/25
T-2	AAAsf	Stable	41.87	2.00	TBD	12/15/25
T-3	AAAsf	Stable	65.49	2.00	TBD	6/15/26
T-4	AAAsf	Stable	67.13	2.00	TBD	12/15/26
T-5	AAAsf	Stable	40.87	2.00	TBD	6/15/27
T-6	AAAsf	Stable	41.89	2.00	TBD	12/15/27
T-7	AAAsf	Stable	41.22	2.00	TBD	6/15/28
T-8	AAAsf	Stable	42.25	2.00	TBD	12/15/28
Total			**381.73**			

Expected ratings do not reflect final ratings and are based on information provided by the issuers as of Feb. 17, 2016. These expected ratings are contingent on final documents conforming to information already received. Ratings are not a recommendation to buy, sell or hold any security. The prospectus, prospectus supplement and other material should be reviewed prior to any purchase. Note: Tranche thickness metrics do not apply to utility tariff transactions. [a]Does not include true-up mechanism. TBD – To be determined.

Transaction Summary

Fitch Ratings expects to rate the series 2016A restructuring bonds issued by the Utility Debt Securitization Authority (UDSA, or the issuer), as listed above. The $382 million in bonds for Series 2016A will be the third issuance from the UDSA. The issuer is a special-purpose corporate municipal instrumentality, body corporate and politic, political subdivision, and public benefit corporation of the State of New York. The issuer was created by Part B (the securitization law) of the LIPA Reform Act (the Act), which was passed by the New York State Assembly and Senate on June 21, 2013.

On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58 of the laws of New York, 2015, which amended the securitization law to allow for additional issuances of restructuring bonds, not to exceed $4.5 billion (inclusive of the $2.02 billion and $1.00 billion 2013T/TE and 2015 restructuring bonds, respectively) in aggregate. On May 13, 2015, Chapter 58 was finalized with no challenges filed. Subsequently on June 26, 2015, the financing orders No. 2, 3 (applicable for Series 2016A), and 4 were adopted that authorized the creation of additional restructuring property. On Aug. 14, 2015, the financing orders became irrevocable, final and non-appealable. In aggregate, UDSA has been permitted to issue an amount not to exceed $2.48 billion in one or more issuances of restructuring bonds *(refer to the Legal Structure and Analysis section on page 9 for further detail related to the legislation).* On Oct. 27, 2015, UDSA issued approximately $1 billion additional bonds via the Series 2015. In aggregate, UDSA has issued $3.02 billion in bonds; therefore, an additional $1.48 billion in additional issuances is left remaining. Upon closing of the Series 2016A, total issuance will be approximately $3.4 billion.

The Act, among other things, allows for the retirement of certain outstanding indebtedness of the Long Island Power Authority (the authority) through the issuance of restructuring bonds. The authority is a corporate municipal instrumentality and political subdivision of the State of New York and conducts its

business through a wholly owned subsidiary, Long Island Lighting Company (LIPA). The securitization law authorizes the authority to adopt a financing order approving the issuance of the restructuring bonds.

The collateral for the restructuring bonds consists primarily of the Series 2016A restructuring property, which represents the right to impose, charge and collect through the applicable nonbypassable restructuring charges (RCs) payable by retail electric customers within the service area of LIPA. The transaction will consist of tax-exempt bonds.

Key Rating Drivers

Statutory and Regulatory Framework: The strength and stability of the underlying RCs are established by the financing order issued by the authority as part of the Act. The financing order establishes the irrevocable and nonbypassable RCs and defines bondholders' property rights in the 2016A restructuring property. The financing order contains the key elements important in a utility tariff securitization, as discussed in detail on page 19.

Adequate Credit Enhancement via True-Ups: Mandatory annual true-up filings adjust RCs to ensure collections are sufficient to provide all scheduled payments of principal and interest, pay fees and expenses and replenish the debt service (1.50%) and operating reserve (0.50%) subaccounts. Furthermore, semiannual and quarterly true ups may occur if necessary but must meet certain defined parameters.

Supports 'AAAsf' Stresses: Demand shifts in consumption can be caused by various factors, such as the introduction of new technologies, demographic changes or shifting usage patterns, which present greater risk in this transaction relative to others in this asset class, given the longer tenor of the restructuring bonds. Fitch's 'AAAsf' scenario analysis stresses key model variables, such as consumption variance, chargeoff rates and delinquencies, to address this risk. Under Fitch's 'AAAsf' stress assumptions, the aggregate RC for the Series 2013T/TE, and Series 2015, and Series 2016A transactions is 3.44 (cents/kWh), or 16.52% of the residential customer bill, which is consistent for 'AAAsf' ratings.

Sound Legal Structure: Fitch reviews all associated legal opinions furnished to analyze the integrity of the legal structure.

Transaction Comparison

	Utility Debt Securitization Authority Restructuring Bonds Series 2016A	Utility Debt Securitization Authority Restructuring Bonds Series 2015	State of Hawaii Department of Business, Economic Development, and Tourism Green Energy Market Securitization Bonds 2014 Series A
Closing Date	March 15, 2016[a]	Oct. 27, 2015	Nov. 13, 2014
Note Balances ($ Mil.)			
Classes 1-8	381.73	1,002.12	50.00
	—	—	100.00
Aggregate Balance	381.73	1,002.12	150.00
Interest Rate (%)[b]			
Classes 1–8	TBD	5.00	Class A-1 1.467
	—	—	Class A-2 3.242
Expected Maturity (Years)	10	20	6
Legal Final Maturity(Years)	12	22	15
Initial Tariff Charge (Cents/kWh)	0.155[d]	0.44	1.29
Initial Tariff Charge (% of Residential Bill)	0.74[e]	2.10[e]	0.84
Initial Customer Class Allocation Factors (%)			
Residential	—	—	45
Commercial	—	—	—
Street Lighting	—	—	55% on pro-rata basis between, small, medium, and large commercial and street lighting
Other	—	—	—
Capital Subaccount (%)	2.00[f]	2.00[f]	0.50
Fitch Ratings			
Classes 1–8	AAAsf (Rating Outlook Stable)[c]	AAAsf (Rating Outlook Stable)	AAAsf (Rating Outlook Stable)

[a]Subject to change. [b]Per annum. [c]Expected. [d]Estimated charge provided by LIPA. [e]Based on estimated annual avg. residential bills provided by LIPA. [f]Includes operating and debt service subaccounts.

Transaction Parties

Role	Name	Fitch Rating
Issuing Entity	Utility Debt Securitization Authority Series 2016A	NR
Issuers	Utility Debt Securitization Authority	NR
Seller	Long Island Power Authority	'A–'; Rating Outlook Stable
Servicer	Long Island Lighting Company	NR
T&D System Manager	PSEG-LI	'BBB+'; Rating Outlook Stable
Bond Trustee	Bank of New York Mellon	'F1+/AA–'; Rating Outlook Stable
Co-Underwriter	RBC Capital Markets	'F1+/AA'; Rating Outlook Negative
Co-Underwriter	Barclays	'F1/A'; Rating Outlook Stable
Co-Underwriter	Bank of America Merrill Lynch	'F1/A'; Rating Outlook Stable
Co-Underwriter	Citi Group Capital Markets Inc.	'F1/A'; Rating Outlook Stable

NR – Not rated.

Credit Analysis

The cash flow supporting the restructuring bonds is generated by payments from retail electric customers in LIPA's service area. Fitch reviewed the customer composition of LIPA's service area to determine the size and usage level of the customer base, customer chargeoffs, regional economic sensitivities and weather-related seasonality. Base case assumptions are derived based on this

review. Fitch then applies various stresses, consistent with its rating criteria, to the base case assumptions. These stressed scenarios are incorporated in cash flow modeling scenarios described in the Cash Flow Analysis section on page 5.

As the U.S. economy continues to experience a slow recovery, any material negative shifts in this process could reverse historical performance trends; the highest absolute variance and chargeoffs were utilized as base assumptions. Consistent with Fitch's 'AAAsf' stress scenario, the base case assumptions were stressed by a 5.0x multiple. Fitch believes the 'AAAsf' stresses account for potential asset deterioration from future weakness in the U.S. economy. See Fitch Research on "2016 Outlook: Global Sovereigns" dated December 2015, and "Fitch Affirms United States' 'AAA'; Outlook Stable," dated April 2015).

Criteria Application

Fitch's credit and legal analysis, modeling assumptions and cash flow results for the transaction's expected ratings are consistent with its existing utility tariff criteria (*for more information, see Fitch Research on "Rating Criteria for U.S. Utility Tariff Bonds," dated December 2015*).

Data Adequacy

Consumption forecast data provided by LIPA were used in Fitch's analysis. Forecasts are prepared using regression analysis for three major sectors — residential, commercial and other public authorities. The independent variables include electricity usage, weather patterns, demographics, economic performance and co-generation. LIPA provided Fitch with 11 years of forecast data from 2005–2015 for residential, commercial, street lighting and other government customers. In addition, LIPA provided a single aggregate chargeoff data set from 2005–2015.

The consumption forecast and chargeoff data Fitch received from LIPA were deemed adequate, and, thus, no adjustments were applied to Fitch's analysis. Data were provided by the originator and transaction sponsor and reviewed by an internationally recognized accounting firm. The consumption forecast and chargeoff data in the offering memorandum were also reviewed by an internationally recognized accounting firm. The reviewed data were utilized to determine base case variance forecasts and chargeoffs in Fitch's analysis.

Additionally, Fitch relied on detailed stratifications of the collateral pool to ascertain the characteristics of the pool that could impact transaction performance. The data were provided by the originator and transaction sponsor and reviewed by an internationally recognized accounting firm. The stratifications provided in the offering memorandum were also reviewed by an internationally recognized accounting firm. As such, no adjustments were made to Fitch's analysis.

Model

Fitch utilized a proprietary internal cash flow model, which is customized to reflect the payment structure of the transaction and tests the impact of stressing various assumptions, including historical writeoff and consumption-variance patterns. The output of the cash flow model is reviewed to verify that the rated bonds are fully paid under each stress scenario.

Cash Flow Analysis

Fitch integrates the primary asset- and liability-side data presented in the underwriter model into its own internal utility tariff bond cash flow model. The assumptions embedded in the Fitch cash flow model are customized to reflect the terms outlined in the financing order and other transaction documents. Such an approach provides Fitch with a consistent basis for comparison across different utility tariff transactions and the flexibility to layer on additional stress parameters, if any, not already factored in underwriter models. While the cash flow model is taken into consideration in determining the final rating, ratings are ultimately assigned by a Fitch credit committee, which takes into consideration both quantitative and qualitative factors.

Fitch's methodology focuses on applying an absolute variance percentage to collections of the RC cash flows. For the purposes of this transaction, Fitch has applied variance percentages separately to forecast consumption of each customer class. However, the same RC is applied to each customer class, as the financing order does not specify different allocation percentages for the various customer classes. Risk factors include economic recession, demographic shifts, extreme weather changes, increased usage of self-generated energy sources and errors in forecasting. Fitch assumes that the risk of loss of cash flow due to technological changes or other fundamental shifts in consumption will increase materially over time.

The ability of the transaction to withstand significant stresses demonstrates the effectiveness of the true-up mechanism. However, another key consideration is an evaluation of the resulting RC in relation to the total customer bill and other utility tariff securitizations. Fitch believes that if the RC becomes a significant portion of the total bill, the incentive to find ways to bypass the system and avoid the charge increases. Under the base case scenario, RCs charged to residential customers are expected to be stable for the first 15 years but increase over the final five years due to the increase debt service toward the tail end of the transactions life.

Base Case

Fitch's criteria assume that special tariffs (under all scenarios) in excess of 20% of the residential customer's bill over a long financing term would be inconsistent with a 'AAAsf' rating. The initial charge would represent approximately 0.155 (cents/kWh), or 0.74% of the total residential bills. Notably, given the volatility in commodity prices over the past few years, the level of tariff charge as a percentage of a customer's bill may be subject to fluctuation.

The base case cash flow projection utilizes the forecast of electricity consumption from LIPA and assumes that collections and losses are consistent with historical experience. Over the term of the restructuring bonds, the RC charged to customers is expected to remain mostly stable for LIPA customers.

'AAAsf' Stress Case

Fitch's 'AAAsf' stress case stresses several model variables, each of which is meant to incorporate multiple risk factors resulting in a reduction in cash flow below projections. The stress forecast errors for residential, commercial, street lighting and other customers are 26.60%, 18.65%, 31.20% and 68.20%, respectively. The forecast errors represent 5.0x the historical 10-year peak, absolute-value forecast variance for each customer class between 2005 and 2015.

For the residential, commercial, street lighting and other classes, these base errors were applied to the first year and increased 1% annually thereafter for the first 10 years, then by 1.5% for the next five years and 2% thereafter. This resulted in forecast errors in year 5 of 31.60%, 23.65%, 36.20%

and 73.20%, respectively. The stress levels are a proxy for uncertainty associated with event risks and entry of competition, including self-generation and new technology. In applying these variances, Fitch also assumes LIPA's forecast consumption is at base case consumption levels for each customer class for two years before correctly reforecasting for the stressed consumption levels.

To address collection risk and the possible risk of default by LIPA, Fitch also assumed that 100% of billings in the peak one month of consumption in each year are charged off, with no recovery. In addition, the successor servicing fee was modeled at the maximum 0.60% of the initial principal amount of the bonds.

Fitch also applied a multiple of 5.0x to the historical 10-year-peak chargeoffs. LIPA was unable to provide chargeoff data segmented by the four customer classes. Therefore, Fitch's 'AAAsf' chargeoff assumption was based on the peak chargeoff on LIPA's aggregate portfolio. The application of the peak aggregate chargeoff amount is deemed appropriate, as the RC applied to all customers is the same and not based on separately defined allocation factors. This resulted in chargeoffs of 3.80% (0.76% times 5.0x) for each customer class. To model delinquencies, the collection curve is lengthened such that 50% of collections for billed amounts are subject to a 30-day delay for two months, with receipt of remaining collections occurring in month four after the billing date. True-ups were assumed to occur on a semiannual basis.

While the application of 'AAAsf' stress assumptions resulted in fluctuation of RCs throughout the life of the transaction, the overall collections were sufficient to repay the restructuring bonds in full prior to the legal final maturity date. This fluctuation in RCs was the result of the implementation of the true-up mechanism to make up collection shortfalls to ensure required payments were met at the next payment date. Increases in RCs to make up the collection shortfalls resulted in excess collections for some payment periods.

In Fitch's analysis, due to the aforementioned methodology and assumptions, the highest RC for the Series 2016A amount represented approximately 1.11 (cents/kWh), or 5.33% of the total rate charged to residential customers, which occurs in the last year of the transaction's life. This peak rate exists for 12 months and then declines and never exceeds the peak level.

Additionally, given the fact LIPA's customers will be charged the 2013T/TE RC, 2015 RC, and 2016A RC, Fitch assessed the impact of the combined tariff charge on the residential customer bill under 'AAAsf' stress scenarios. In this analysis, Fitch aggregated the combined RCs over the tenure of both transactions and compared the peak aggregate RC relative to the total residential customer bill. The peak aggregate RC is 3.44 (cents/kWh), or 16.52% of the customer bill, which is below 20% the 'AAAsf' threshold detailed in Fitch's criteria. The peak aggregate RC lasts only four months and subsequently declines, as this period has the peak debt service requirements on an aggregate basis for the three transactions. The peak aggregate RC declines as the aggregate required debt service and amortization schedules are more level throughout the remainder of the transactions life. As the peak 'AAAsf' aggregate RC is below the 20%, there is no negative rating impact on the Series 2013T/TE and Series 2015 bonds.

Commercial Stress Case

LIPA does not have any industrial customers within its service area but has a large concentration of commercial customers. The commercial customer class represents approximately 49% of total consumption and 44% of total revenue. Typically, Fitch would apply a "no industrial" stress to address concentration risk and risk related to co-generation from large industrial customers. While Fitch does not believe commercial customers pose as much concentration risk as industrial customers, a stressed scenario was incorporated to evaluate the impact on the RC for residential

customers if 50% of the commercial customers were to leave the grid/service territory. This scenario assumed the base case conditions without collections from 50% of the commercial customers.

The elimination of consumption from 50% of the commercial class results in moderately higher RC applied to the residential customers to support the transaction for LIPA. In Fitch's analysis, the highest RC amount represented approximately 0.84 (cents/kWh), or 4.02% of the total rate charged to residential customers. As in the 'AAAsf' stress scenario, implementation of the true-up mechanism led to the restructuring bonds being repaid by the legal final maturity date.

For all scenarios described above, the RC as a percentage of the total rate charged to residential customers was calculated using the estimated annual average residential bills provided by LIPA.

Credit Enhancement

The primary form of CE is the true-up mechanism.

As established in the financing order, the primary source of credit enhancement (CE) is the true-up mechanism. The true-up mechanism requires that the charges are to be reviewed and adjusted annually (annual true-up) to correct for any overcollections or undercollections of charges during the preceding 12 months and to provide for the expected recovery of RCs sufficient to provide all payments of principal and interest and all ongoing financing costs, as well as to replenish the debt service and operating reserve subaccounts in connection with the restructuring bonds.

The true-up mechanism has been slightly modified relative to the Series 2013T/TE and 2015 transactions. Specifically, the annual true-up date for Series 2016A has been moved to November 15 for each year compared to the annual true-up date of January 1 for the prior two transactions. In addition to the annual true-ups, the financing order allows for true-ups to occur semiannually (midyear review) if the servicer determines that forecasts of RC collections will be insufficient to make all payments of principal and interest and ongoing financing costs during the current or next succeeding payment period. The midyear true-up is conducted on April 15th, with the adjustment taking into effect on May 15th. In the prior two transactions the midyear true-up was only completed in the event there were undercollections. For the Series 2016A, a voluntary midyear true-up has been incorporated, allowing for LIPA to make a midyear adjustment to account for overcollections.

The purpose of these changes is to accommodate the lag between the true-up change and billing and collection process. Furthermore, the change would result in more stable RC's over the life of the transaction and reduce over-collections. Under the voluntary mid-year true-up, the reduction in over-collections occurs because the collection of the adjusted 2016A RC commences approximately 46 days sooner than it would under the old methodology providing more time for collections at the adjusted rate before the first debt service payment date in the following collection period, thereby permitting a lower 2016A RC to be established and resulting in a corresponding reduction in over-collections. LIPA intends to amend the true-up mechanisms in the Series 2013T/TE and Series 2015 to be consistent with the changes incorporated in the Series 2016A.

As the primary form of CE for the Series 2016A, the annual and midyear true-ups will be used to:

- To replenish any draws on the debt service and operating reserve subaccounts.
- The annual true-up, to correct any overcollections or undercollections of charges to ensure timely payment of bonds. The semiannual true-up is used to correct for any undercollections and overcollections, if necessary. The mandatory semiannual true-up is

completed for undercollections, while the voluntary semiannual true-up is completed for overcollections.

- To pay bonds in full on the scheduled expected payment date.

If any bonds are outstanding following the last scheduled maturity date of the bonds or any series, the servicer is also required to make true-up adjustments quarterly to ensure timely payments. Lastly, the financing order permits the servicer to make true-up adjustments more frequently at any time, as necessary, to make all timely payments of interest, principal and ongoing financing costs.

The servicer is responsible for calculating and making the necessary true-up adjustments, in accordance with terms of the servicing agreement. For each adjustment, LIPA will file a notice of adjustment with the authority, which will include a description of the adjustment calculation and the mathematical formulas used for such calculations and the amounts of each variable used in the formulas. Pursuant to the financing order, the authority will review and confirm the accuracy of the true-up calculations.

A debt service and operating reserve subaccounts will be established at closing. The debt service reserve required level is equal to the greater of (a) 1.50% of the aggregate principal amount of the 2016A bonds then outstanding minus the minimum principal amount of the bonds expected to be paid based on the expected amortization schedule or (b) $0. The required operating reserve level is an amount equal to 0.50% of the initial aggregate principal amount of the bonds. An excess funds subaccount for the issuer will also be established, which will be funded with excess funds, to the extent available, throughout the term of the transaction. True-ups will be calculated to utilize and eliminate any deposits in the excess funds subaccount.

The two reserve subaccounts and excess funds subaccount will be available to fund payment shortfalls. On any payment date, if funds in the general subaccount are insufficient to meet payments of fees, expenses, interest or principal, the trustee will draw first from the excess funds subaccount and then from the two reserve subaccounts.

Transaction and Legal Structure

Interest Allocation

Interest is payable on a semiannual basis on each payment date. Interest will be calculated on a 30/360 day basis.

Principal Allocation

Principal payments on each class of bonds will be made in accordance with an expected amortization schedule to reduce the principal balance to the amount specified in the amortization schedule for that payment date but not below that amount. The bonds will pay principal according to the amortization schedule; however, a portion will pay principal in lump sum bullet payments. The bonds' amortization cannot be paid faster than the expected amortization schedule (except under an early amortization event). Instead, receipts of any excess of the amounts necessary to amortize the bonds, according to the amortization schedule, will be used to fund deficiencies in the reserve subaccounts and allocated to the excess funds account. Amounts in the excess funds account will be taken into consideration in calculating the next true-up adjustment.

Priority of Payments

RCs are applied semiannually, in the following order of priority:

1) To the trustee for fees, expenses and indemnity amount not in excess of $800,000 in each calendar year.
2) To the servicer, the servicing fee (0.05% or not in excess of 0.60% of the aggregate initial principal balance each year).
3) Current and unpaid administration fees to the administrator.
4) Payment of all other ongoing financing costs.
5) Interest on the restructuring bonds and past-due interest.
6) Any principal then required to be paid on the bonds as a result of acceleration upon an event of default or at final maturity.
7) Any principal then scheduled to be paid on the bonds, in accordance with the expected amortization schedule.
8) To the trustee for fees, expenses and indemnity in excess of $800,000 in each calendar year.
9) Unpaid servicing fees to the servicer (not in excess of 0.60% of the aggregate initial principal balance each year).
10) To replenish any amount drawn from the debt service reserve subaccount.
11) To replenish any amount drawn from the operating reserve subaccount.
12) The amount, if any, by which the amount in the DSR subaccount exceeds the required DSR level shall be held in the DSR subaccount until the next payment date. The excess will be either used to pay steps 5–7 above prior to any other monies available for such purpose, if required, or will be held in the DSR subaccount until fully applied.
13) The allocation of the remainder, if any, to the excess funds subaccount.

Events of Default

To protect bondholders from issuer insolvency or deterioration in credit quality, the structure includes several events of default, as listed below:

- Failure to pay interest or redemption price when due and continues for five business days.
- Failure to pay principal of any tranche of a bond on the final maturity date of such tranche.
- Failure to perform a covenant.
- A breach of representations or warranties.
- Certain events of bankruptcy, insolvency, receivership or liquidation of the issuer.
- An action in violation of the financing order or the state pledge.

If a bond event of default should occur and is continuing, the trustee or holders may declare all the bonds to be immediately due and payable. All the principal payments on the bonds, together with accrued and unpaid interest thereon, shall become immediately due and payable.

Legal Structure and Analysis

The issuer (UDSA) is a special-purpose corporate municipal instrumentality, body corporate and politic, political subdivision, and public benefit corporation of the State of New York. The issuer was created by Part B (the securitization law) of the Act (codified as Chapter 173, Laws of New York), which was passed by the New York State Assembly and Senate on June 21, 2013. The issuer has no commercial operations. The issuer was formed solely to purchase and own the 2016A restructuring property and to issue the bonds, which are to be secured by the 2016A restructuring property. The issuer is not permitted to engage in any activities, except as

specifically authorized under the securitization law. Furthermore, the issuer is not permitted to be a debtor under Chapter 9 or any other provision of the Bankruptcy Code.

The Act, among other things, allows for the retirement of certain outstanding indebtedness of the authority through the issuance of restructuring bonds. The authority is a corporate municipal instrumentality and political subdivision of the State of New York and has a wholly owned subsidiary, LIPA. The securitization law authorizes the authority to adopt a financing order approving the issuance of the restructuring bonds.

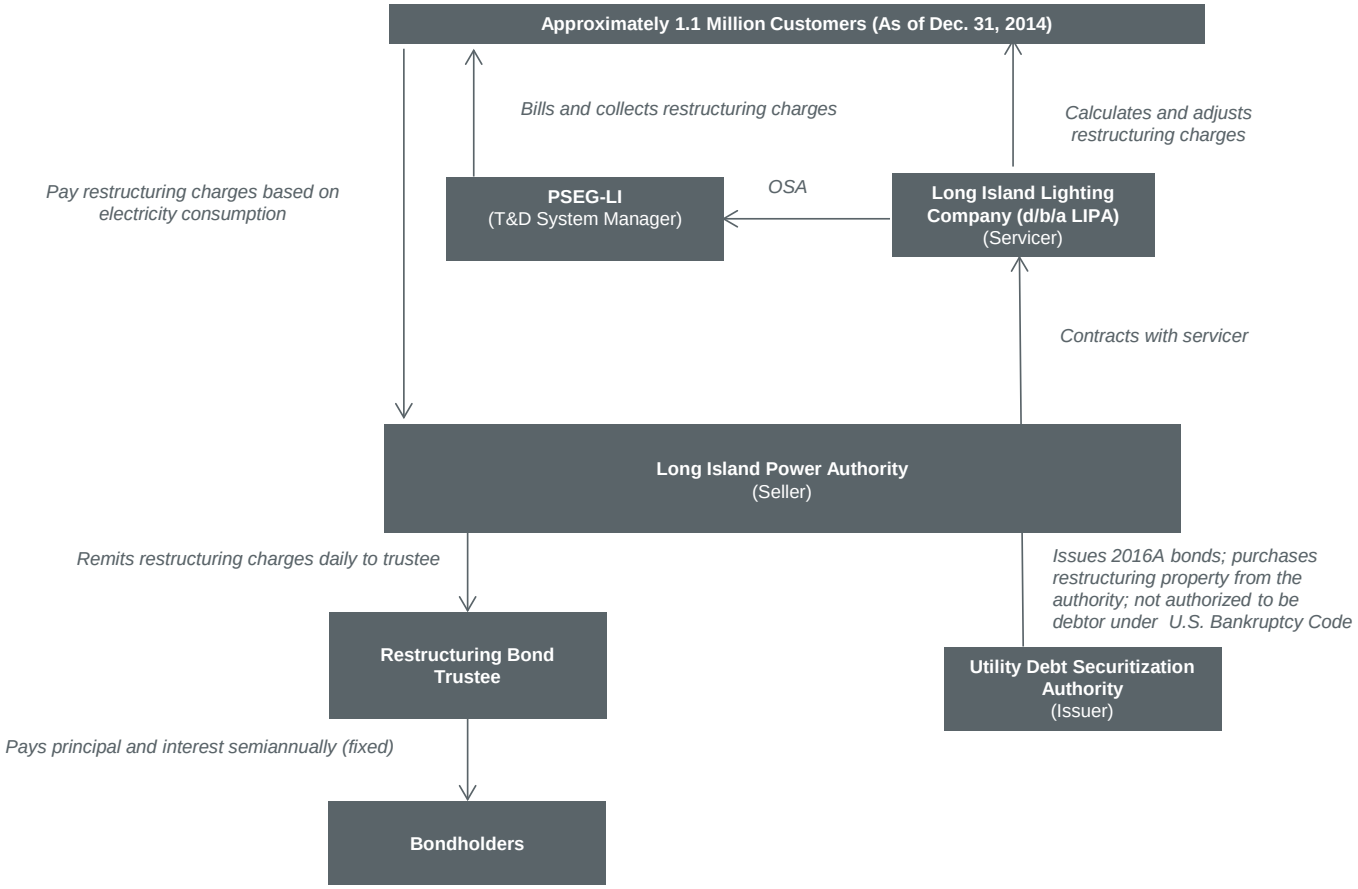
The securitization law was signed by the governor of New York on July 29, 2013 and became non-appealable on Aug. 28, 2013. On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58 of the laws of New York, 2015, which amended the securitization law to allow for additional issuances of restructuring bonds. On April 13, 2015, the governor signed Chapter 58 into law. On May 13, 2015, the time for filing any challenges to the LIPA Reform Act, as amended by such Chapter 58, expired and no such challenges were filed.

Any additional issuance of restructuring bonds will be separately secured by distinct collateral pursuant to a new financing order and transaction documents. On June 26, 2015, the authority trustees adopted financing orders No. 2 (Series 2015), No. 3 (Series 2016A) and No. 4. These financing orders allow the issuer to issue restructuring bonds three times by Dec. 31, 2016. All such financing orders are substantively the same, and each permits the issuer to issue, in one or more issuances, new restructuring bonds in an aggregate amount not to exceed $2,477,676,000. Upon closing of the Series 2016, total issuance is expected to $3,410,034,000 from three transactions, resulting in approximately $932 million in available future issuance. Each such financing order also authorizes restructuring bonds that will be secured by a separate restructuring charge that would be created pursuant to that financing order.

The issuer will purchase the 2016A restructuring property from the authority. The proceeds from the sale of the restructuring bonds are being issued to purchase, redeem, repay or defease the refunded debt of the authority. The retirement of certain of the authority's outstanding indebtedness is expected to result in savings to customers in LIPA's service area. Collateral for the bonds consists primarily of the 2016A restructuring property, which represents the right to impose, charge and collect through the applicable nonbypassable RCs payable by retail electric customers within LIPA's service area.

As detailed in the financing order No. 3, the issuer and LIPA have entered into a servicing agreement that requires the servicer to perform the billing and collections related to the RCs. LIPA has entered into an operations servicing agreement with Public Service Electric and Gas Co. of Long Island (PSEG-LI), the purpose of which is to provide operating personnel and a to oversee the power supply resources necessary to provide electric service to the service area. Since Jan. 1, 2014, PSEG-LI, a wholly owned subsidiary of PSEG, has been responsible for all services related to the T&D system of LIPA. LIPA is responsible for calculating and making the necessary true-up adjustments, in accordance with terms of the servicing agreement.

Summary of Transaction



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Asset Analysis

Customer Service Territory

LIPA's service area consists of Nassau and Suffolk counties and the Rockaway Peninsula in Queens, with a population of roughly 3.0 million people; electric service is provided to about 1.1 million customers.

The utility's customer base consists of four customer classes — residential, commercial, street lighting and other public authorities. The largest customer classes by usage (GWh) are the residential and commercial classes, which accounted for approximately 48% and 49% of sales

through year-end 2015, respectively. In aggregate, street lighting and other public authorities only represent 2.9% of total sales. Consistent with the methodology detailed in the financing order, the same RC will be charged to all customer classes.

Customer Service Territory

(As of Dec. 31, 2015)

Customer Breakdown	Consumption (GWh)	% of Total Consumption	% of Total Revenue
Residential	9,611	48.2	54.4
Commercial	9,730	48.8	43.5
Public Street and Highway Lighting	144	0.7	0.7
Other Public Authorities	441	2.2	1.5
Total	**19,926**	**100.00**	**100.00**

GWh – Gigawatt hour. Note: Numbers may not add due to rounding.

Collections Experience

Due to the essential nature of electric service, historical writeoff and delinquency rates are generally low. During the past seven years, the number of days on average that customers take to pay invoices as calculated by the average days sales outstanding (DSO) was 37.00 days. The peak DSO experienced was 39.40 days in 2013. As of year-end 2015, DSO was 36.78. Similarly, historical net chargeoffs have also been low dating back to 2005, with an historical high of 0.76% reached in 2009. Net chargeoffs have been relatively stable, despite the outages and decrease in consumption experienced in 2012 due to Hurricane Sandy. In 2012, chargeoffs actually declined to 0.58% from 0.68% in 2011. As of year-end 2015, net chargeoffs were 0.67%.

Historical Days Sales Outstanding

	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
Average Days Sales Outstanding	36.78	37.13	39.40	39.23	38.55	35.68	32.61

Net Chargeoff Experience

($000)

	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
Billed Electric Revenues	3,572,133	3,753,765	3,834,255	3,413,091	3,620,532	3,853,894	3,522,435
Net Chargeoffs	23,948	24,659	20,969	19,750	24,753	24,266	26,753
As % of Billed Revenue	0.67	0.66	0.55	0.58	0.68	0.63	0.76

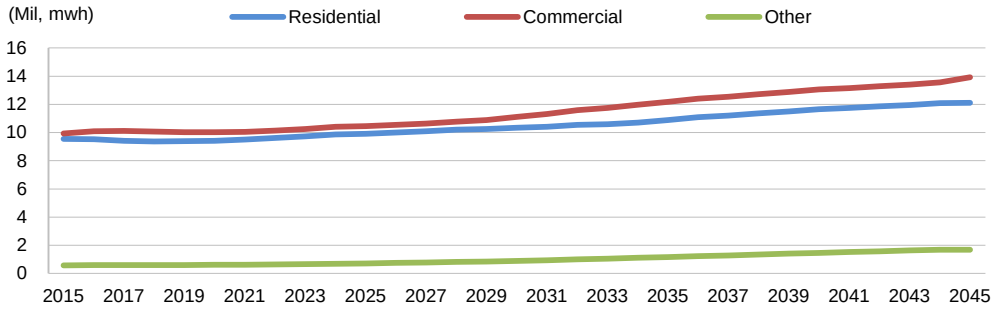
Consumption Forecasting

For the next 30 years (tenure of the bonds of all UDSA bonds issued), LIPA expects average population to remain relatively stable at current levels; the measure is forecast to grow approximately 6.7%. Over the same 30-year period, unemployment is forecast to average approximately 4.5%, and personal income is expected to increase on average 3.8% per year. Single-family housing starts are expected to normalize by 2019.

LIPA monitors the performance of its sales (consumption) forecast and makes midyear corrections as needed. LIPA typically reviews its forecasts in the first quarter of the year and revisits them in the summer as it prepares its forecast for the following year. Similar modifications would be made for the semiannual review and potential true-up of the RC. Forecasts are prepared for three major

sectors: residential, commercial, and other public authorities. A separate forecast is prepared for electric vehicle energy consumption, which is then allocated to residential and commercial sales. Since Jan. 1, 2014, PSEG-LI has been responsible for all T&D operations of LIPA, including consumption forecasting. As part of the transition to PSEG-LI, the bulk of National Grid's current staff was retained. As such, the forecasting methodology has remained relatively unchanged.

Consumption Forecast



Source: LIPA.

Securitization History

This issuance of bonds by UDSA is the third issuance of a utility tariff/stranded cost securitization by UDSA and LIPA. The UDSA Series 2013T/TE and Series 2015 transactions closed in December 2013 and October 2015. Both transactions are performing within Fitch's initial expectations.

Counterparty Risk

Commingling

From the closing date, LIPA (as the named servicer) and PSEG-LI (as the T&D system manager) will be responsible for collecting RCs and transferring these funds to the allocation account. Subsequently, the allocation agent is required to transfer these amounts to the trustee for deposit into the collection account. As of November 2015, LIPA's electric system revenue bonds were rated 'A–', with a Stable Rating Outlook, by Fitch. PSEG-LI is a wholly owned subsidiary of PSEG (rated BBB+/Stable). The transaction documents require that the servicer deposit all collections received from the allocation account into the collection account no later than two business days after receipt of such amounts, which is consistent with Fitch's commingling criteria, given Fitch's ratings on the servicer. The authority will segregate RCs from other funds it collects from customers or from the general revenue account.

The transaction also includes liquidity in the form of a 1.50% debt service and 0.50% operating reserve subaccounts established by LIPA that provide short-term liquidity. Furthermore, receipt of RCs will generally be processed and remitted electronically to the trust account daily, mitigating concerns related to commingling of trust cash flow with other LIPA cash flows. Additionally, the transaction's waterfall structure provides for interest to be paid while principal amortization shortfalls are covered via the true-up mechanism. The true-up mechanism provides adequate supplementary CE, consistent with Fitch's counterparty criteria.

Performance Analytics

After a rating has been assigned by Fitch, the ongoing monitoring of such rating is transitioned to a performance analytics (PA) analyst. The PA analyst is responsible for collecting and analyzing relevant transaction data and presenting collected information to a rating committee, as described below. Although monitored upon receipt of a servicer certificate, each transaction is thoroughly reviewed at least once annually. Fitch will investigate and resolve any identified potential data issues prior to proceeding with the analysis of that transaction. If data critical to the analysis are unavailable or determined to be insufficient, Fitch may consequently withdraw the related ratings.

Fitch expects to receive periodic servicer certificates (received at least annually) to be utilized in its review process. Servicer certificates and performance for every transaction are tracked on a quarterly or semiannual basis, depending on bond payment frequencies. Based on performance data, if bonds are not amortizing as expected or if the subaccounts are not at levels required by the transaction's documentation, an analyst from Fitch's PA team will make inquiries with the issuer, possibly triggering an in-depth review. Transaction-specific performance is published on Fitch's surveillance website. Metrics such as bond amortization, true-up amounts, collections and CE levels are tracked and available to investors.

Utilizing the data gathered from the servicer certificates and aggregated on Fitch's internal database, the PA analyst evaluates the various performance metrics listed above, as well as the evaluation of microeconomic and macroeconomic issues affecting the issuer. These metrics are compared with initial expectations and industry/sector trends. Fitch will contact the servicer/issuer if additional detail is needed regarding performance changes within the transaction. Additional information requests may include further tariff detail, billing collections and color on consumption variance.

Furthermore, Fitch expects to receive data demonstrating the size of the tariff charge relative to the total customer bill to verify that the charge is not approaching threshold levels. To date, Fitch has not employed the use of its cash flow model as part of the review process, as other performance measures as described above are sufficient for Fitch's analysis. Given the effectiveness of the true-up mechanism in all Fitch-rated transactions, there have not been any negative rating actions taken in this sector. However, in a circumstance where the true-up does not provide adequate credit support, resulting in shortfalls in the subaccounts, significant changes in amortization and an increase in the tariff beyond the 20% threshold, an in-depth review of the transaction would be completed.

The in-depth review would include updated stress cash flow modeling scenarios. As such, Fitch would expect to receive an updated consumption forecast from the utility. Consistent with the rating methodology for new transactions, Fitch would apply a 5.0x multiple to the absolute peak variance for each customer class and the peak net loss/chargeoffs in its cash flow model. Additionally, the incorporation of all the 'AAAsf' stresses detailed on pages 11–13 would also be included. The goal of this analysis is to evaluate the impact on the peak special tariff as a percentage of the residential customer bill.

A tariff in excess of 20% would not be consistent with a 'AAAsf' rating. In circumstances where the tariff is in excess of 20%, utilizing the 5.0x multiple on the variance and net loss/chargeoff assumptions would suggest a potential for negative rating action. As such, Fitch would incorporate lower multiples for lower rating categories in its cash flow modeling scenarios. The rating multiples applied would be 4.0x, 3.0x and 2.0x for 'AAsf', 'Asf' and 'BBBsf', respectively. For example, if under a 4.0x multiple on the variance and net loss/chargeoff assumptions resulted in the peak tariff falling below the 20% threshold, the transaction would be considered for a downgrade to 'AAsf' from 'AAAsf'.

The analysis and recommendations are then presented to a rating committee. A rating committee review will result in a rating action — an upgrade, downgrade or affirmation — and a Rating Outlook or Rating Watch being assigned/reviewed. Fitch keeps investors informed about reviews and rating actions through its website at www.fitchratings.com. More information on Fitch's surveillance products is also available on its website.

Rating Actions

All rating actions are determined by committee consensus. The committees are chaired by a Fitch managing director or senior director. Current performance data and Fitch criteria are used to evaluate the transactions and ratings.

Fitch expects its ratings to withstand some level of fluctuation in collateral performance without creating additional rating volatility. If Fitch's review shows that the transaction is not performing as expected, ratings will be placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and to indicate the likely direction of such change. Under Rating Watch, ratings are designated as Positive, indicating a potential upgrade; Negative, for a potential downgrade; or Evolving, if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

Rating Sensitivity

Break-the-Bond Case

While Fitch believes that bondholders are protected from the various aforementioned risks based on the 'AAAsf' cash flow stress case, the break-the-bond case provides an alternative means by which to measure the potential effects of rapid, significant declines in power consumption while capping the residential RC at 20% of the total residential customers' bill.

In this scenario, the structure is able to withstand a maximum consumption decline of approximately 59.70% in year one. This is the level of forecast energy consumption decline that would cause a default in required payments on bonds or cause the RC to exceed 20% of the total residential customers' bill. Despite this severe decline in consumption, due to the true-up mechanism, RCs are able to pay all debt service by the legal final maturity date.

Origination and Servicing

As detailed in the financing order associated with the UDSA series 2013T/TE transaction, the issuer and LIPA entered into a servicing agreement that requires the servicer to perform the billing and collections related to the RCs. On Dec. 15, 2011, LIPA executed a 10-year existing operations servicing agreement (existing OSA) with PSEG-LI, which is responsible for providing the management services related to LIPA's T&D system. LIPA re-negotiated the OSA extending the term to 12 years, expiring on Dec. 31, 2025. In conjunction with the OSA, LIPA and PSEG-LI also signed a two-year transition services agreement (TS) that required PSEG-LI to perform a variety of specified activities related to the transition from National Grid to PSEG-LI as the primary management service provider for LIPA's T&D system, which expired on Dec. 31, 2013.

PSEG-LI assumed full operating responsibilities on Jan. 1, 2014. PSEG-LI is the service provider under the terms of the OSA and is required, among other things, to perform the billing and collections services required of the servicer under the servicing agreement. The financing order No. 3 provides the same provisions related to the servicing agreement.

The OSA contains customary events of defaults, including bankruptcy, payment failures and failure to perform material obligations under the agreement, as well as cure rights. Upon termination or expiration of the OSA, PSEG-LI is only obligated to perform certain back-end transition services and to otherwise assist in the transition to another successor service provider.

Additionally, the Act requires PSEG-LI to prepare and maintain an emergency response plan to ensure the reasonably prompt restoration of service in the case of an emergency event and establish separate responsibilities of the authority and the service provider. Furthermore, PSEG-LI is required to submit for review to the Department of Public Services (DPS) a report detailing PSEG-LI's planned capital expenditures and consider, consistent with maintaining system reliability, renewable generation and energy efficiency program results and options in establishing capital plans.

Furthermore, PSEG-LI is required to submit to the DPS for review data, information and reports on PSEG-LI's actual performance related to the metrics defined in the OSA, including the authority's evaluation thereof, prior to the authority's determination of PSEG-LI's annual incentive compensation. The OSA also included a long-term objective of providing for rate stability during the first two years (2014–2015) following the close of the UDSA series 2013T/TE transaction.

On Jan. 30, 2015, a three-year rate plan for the 2016–2018 period was submitted by PSEG-LI to the authority for review by DPS. Following review of the rate plan by DPS, approval is required by the authority's board. The DPS submitted its recommendations to the authority's board on September 2015. After the 2016–2018 period, the authority and PSEG-LI are only required to submit a proposed rate increase for DPS review if it would increase the rates and charges by an amount that would increase the authority's annual revenues by more than 2.5%. In addition, the authority may place rates in effect on an interim basis, and such interim rates are subject to prospective adjustment only.

The transition from National Grid to PSEG-LI began In December 2011 and is largely complete. The primary focus of the transition was on due diligence and analysis with an emphasis on knowledge transfer, transition change implementation and testing. The transition phase included, among other things, the reviews of various aspects, such as evaluation of service facilities, staffing, processes and procedures and software applications. To ensure stability, the majority of high-level associates have become incumbents, and nearly three-quarters of current supervisors have transitioned from National Grid to PSEG-LI. The PSEG-LI management company is expected to consist of about 20 employees at the director level and higher. PSEG-LI servicing company staff consists of roughly 2,200 employees, which will include a substantial majority of the current National Grid work force as well as individuals from LIPA.

There was no major relocation of operations on Long Island. Major vendors transitioned "as is," and all customer service offices remained open. Systems and software applications were transitioned to PSEG-LI through lease or ownership. With respect to improvement, the objective was to implement PSEG's strong culture at PSEG-LI while utilizing the best practices of both companies to improve customer satisfaction and operational excellence. To date, PSEG-LI has made measurable progress toward achieving or maintaining the performance metrics set forth in the OSA, made progress in the J.D. Power Residential and Business customer satisfaction surveys, initiated over 40 business process change initiatives, completed a new emergency response plan, and submitted its first annual utility 2.0 long range plan.

LIPA, as named servicer, will be paid a servicing fee of 0.05% of the aggregate initial principal amount of the bonds. The servicing fee will be increased to 0.60% per year of the aggregate initial principal balance of the bonds if a successor servicer is not affiliated with the owner of

the T&D system assets or not performing similar services for the owner of the T&D system assets. Any servicing fee in excess of 0.60% per year must be approved by the authority and the trustee. As servicer, LIPA will also be responsible for monitoring the collateral, calculating the RCs and making the necessary true-up adjustments, in accordance with terms of the servicing agreement. As the T&D systems manager, PSEG-LI will bill and make collections of the RCs. PSEG-LI will be paid an annual management fee detailed in the existing OSA for assuming operating responsibilities of LIPA's T&D system.

The provision of electric service to customers by the authority is governed by the Home Energy Fair Practices Act (HEFPA; Article 2 of the New York Public Service Law). Pursuant to § 11.12 of HEFPA, deposits can be required from residential customers in a number of circumstances, such as for seasonal or short-term service or for customers who have filed for bankruptcy. The deposit can be as much as twice the average monthly bill for a calendar year. The customer may pay the deposit in installments, and the customer earns interest on the deposit for as long as the authority holds that amount. The deposit is automatically returned to the customer if the customer is not delinquent in the payment of bills during the one-year period from the payment of the deposit. For commercial customers, a deposit may be required if the customer's credit quality is deemed high risk for default, as determined by an algorithm developed by National Grid and Dunn & Bradstreet, which was subsequently adopted by PSEG-LI.

LIPA, via PSEG-LI, generates bills in a three-step process: meter reading; bill calculation; and bill printing and mailing. Meters are read on a bimonthly cycle for approximately 986,000 residential and small commercial customers (about 89% of customers). Meters are read on a monthly cycle for roughly 44,000 larger commercial demand-metered customers (roughly 4% of customers) and about 83,000 residential customers with special situations (such as electric space heating [7% of customers]). The majority of the meters are read manually by meter readers, except for roughly 25,994 accounts (2.3% of customers) that are read using hand-held remote sensing (17,515) and remote telecommunications or experimental Smart Meter technologies (8,479).

Once the meter readings are received, bills are calculated and generated and transmitted to a vendor for printing and mailing. The billing cycle differs from the meter reading cycle in that many residential customers who have their meters read bimonthly receive bills on a monthly basis. Approximately 853,000 residential customers receive monthly bills, which, combined with the roughly 83,000 commercial accounts billed monthly, result in 936,000 customers (84% of customers) who receive bills monthly, rather than bimonthly.

Collection practices, including the ability to terminate (disconnect) service, are governed by HEFPA. Bills are due immediately and payable in 20 days to avoid late payment charges and other collection activities. Bill notices and outbound telephone calls may begin as early as 30 days after a bill is issued, if payment is not received. The standard deferred payment agreement requires payment of up to 15% of the bill immediately, and monthly payments of the balance over 10 months, plus the payment of all current charges going forward. Customers that do not make payment of their outstanding arrears or enter into a deferred payment agreement are subject to termination of service (disconnection) for nonpayment. To execute the termination, a field visit is performed to offer a final opportunity to make the payment, evaluate the situation from a safety perspective and, if called for, immediately disconnect the customer.

Long Island Lighting Company (d/b/a LIPA)

LIPA is a New York corporation and a wholly owned subsidiary of the authority. The authority conducts and manages LIPA's business and affairs. The authority and LIPA are parties to a

financing agreement providing for their respective duties and obligations relating to the financing and operation of the retail electric business in LIPA's service area.

LIPA is one of the largest municipal electric distribution systems in the U.S., serving an area with a population of about three million people and approximately 1.1 million customers. LIPA operates a virtual monopoly for transmission and distribution services within two of the wealthiest counties in the country, Nassau and Suffolk. On July 29, 2013, the LIPA Reform Act was signed into law, further consolidating the operating functions under a single operator (PSEG-LI) and simplifying operations. PSEG-LI will be the T&D systems manager for all LIPA T&D daily operations.

On Nov. 13, 2015, Fitch affirmed the ratings on LIPA's outstanding electric revenue bonds at 'A–', and revised the Rating Outlook to Stable from Negative. LIPA's debt rating takes into account $2.9 billion in outstanding securitization bonds (rated 'AAAsf'/Stable Outlook), issued by the Utility Debt Securitization Authority (UDSA) in December 2013 and October 2015, to economically refund a portion of LIPA's existing debt. Revenues collected by LIPA to pay debt service on the securitization bonds (a nonbypassable consumption-based surcharge) are not subject to the lien of the general or subordinated LIPA resolutions. The rating further incorporates $2.4 billion in outstanding capital lease obligations and $449 million in subordinated debt (not rated by Fitch) as of Sept. 30, 2015.

LIPA maintains sound utility fundamentals including a flexible, stable power supply mix, an affluent diversified customer base, an approved rate mechanism to stabilize sizeable fuel and purchased power related cash flow, and solid electric service reliability. The Outlook revision to Stable from Negative reflects constructive treatment by the Department of Public Service (DPS), a staff arm of the New York Public Service Commission, in its initial three-year rate review of LIPA. While the rate proceeding this year resulted in a 26% reduction in LIPA's final revenue request, the DPS's recommendations provide for sound long-term financial goals and policies, sufficient to stabilize LIPA's rating at the 'A–' level. Despite charges that have become regionally more competitive over time and the added scrutiny of the DPS, political and consumer rate pressures persist as average residential rates are about 19.6 cents/kilowatt hour (kWh).

LIPA remains considerably levered with $10.6 billion of debt at FYE2014 (including capital lease and securitization obligation), and debt per retail customer of $9,539, compared to the peer utility median of $3,412. Although Fitch recognizes the benefits of the separately secured securitization debt, the repayment profile remains an obligation of the ratepayer. Positively, LIPA's three-year rate plan aims to reduce debt financing of future capital expenditures to 60%–65%, which should moderate future borrowings. LIPA's liquidity is solid at 73 days operating cash and 153 days including available short-term notes and an external bank facility. Federal reimbursement of storm costs progressed as expected and did not materially compromise LIPA's liquidity. The final tally for recoverable costs related to Superstorm Sandy (October 2012) totaled $704 million, down from initial estimates of more than $800 million. The federal assistance grants covered 90% of the storm costs, net of insurance proceeds.

Appendix A: Other Aspects

Restructuring Property

2016A restructuring property means all the property, rights and interests, including the irrevocable right to impose, bill and collect RCs, of the authority, established pursuant to the financing order, that are transferred to the issuer pursuant to the sale agreement.

Nonbypassability

RCs are nonbypassable, meaning that customers must pay them, regardless of their electric-generation supplier and whether or not the distribution system is being operated by LIPA or a successor.

Utility Successor

Any successor to LIPA, subject to the financing order, shall perform and satisfy all obligations of LIPA under the financing order.

Irrevocability

The financing order will be irrevocable when final, and the authority may not reduce, impair, postpone or terminate the RC or 2016A restructuring property.

State Pledge

The State of New York pledges to, and agrees with, bondholders, any assignee and any financing parties under the financing order that the state will not take or permit any action that impairs the value of the 2016A restructuring property.

True-Up Adjustment

LIPA, subject to a final financing order, shall file with the authority at least annually or, if determined necessary by the servicer, semiannually or more frequently to ensure that expected collections of RCs are adequate to pay all scheduled payments of principal and interest on the bonds and all ongoing financing costs when due. The RC is based on estimates of consumption for each customer class and other mathematical factors detailed in the financing order. LIPA must file with the authority and issuer approximately 30 days prior to the effective date of the adjustment.

Security Interest

A valid and binding security interest in the restructuring property and other collateral will be created, perfected and enforced to secure the repayment of the principal and interest on the restructuring bonds.

True Sale/Bankruptcy Remote

Any sale, assignment or transfer of the 2016A restructuring property shall be an absolute transfer and true sale of the seller's right, title and interest in, to and under the 2016A restructuring property.

Appendix B: Transaction Overview

Utility Debt Securitization Authority Restructuring Bonds, Series 2016A U.S./ABS

Capital Structure

Class	Expected Ratings	Expected Rating Outlook	Size (%)	Size ($ Mil.)	CE (%)[a]	Expected Interest Rate (%)	PMT Freq.	Legal Final Maturity	ISIN/CUSIP
T-1	AAAsf	Stable	10.75	41.04	2.00	TBD	Semiannually	6/15/25	TBD
T-2	AAAsf	Stable	10.97	41.87	2.00	TBD	Semiannually	12/15/25	TBD
T-3	AAAsf	Stable	17.15	65.49	2.00	TBD	Semiannually	6/15/26	TBD
T-4	AAAsf	Stable	17.58	67.13	2.00	TBD	Semiannually	12/15/26	TBD
T-5	AAAsf	Stable	10.71	40.87	2.00	TBD	Semiannually	6/15/27	TBD
T-6	AAAsf	Stable	10.97	41.89	2.00	TBD	Semiannually	12/15/27	TBD
T-7	AAAsf	Stable	10.80	41.22	2.00	TBD	Semiannually	6/15/28	TBD
T-8	AAAsf	Stable	11.17	42.25	2.00	TBD	Semiannually	12/15/28	TBD
Total			**100.00**	**381.73**					

[a]Does not include true-up mechanism. CE – Credit enhancement. PMT – Payment. TBD – To be determined.

Credit Enhancement Debt Service Reserve Subaccount: 1.50%; Operating Reserve Subaccount: 0.50%
True-Up: Unlimited
Excess Funds Subaccount: Not Funded at Close

Key Information

Details:

Closing Date	Oct. 27, 2015 (Subject to Change)
Country of Assets and Type	U.S./ABS
Country of SPV	U.S.
Analyst	Du Trieu +1 312 368-2091 Yun Tian +1 212 908-0307
Performance Analyst	Andrew Tinari +1 312-368-3127

Parties:

Issuer	Utility Debt Securitization Authority
Seller/Servicer	Long Island Power Authority
T&D System Manager	PSEG-LI
Bond Trustee	Bank of New York Mellon
Underwriters	RBC Capital Markets, Barclays, Bank of America, Citigroup

Key Rating Drivers

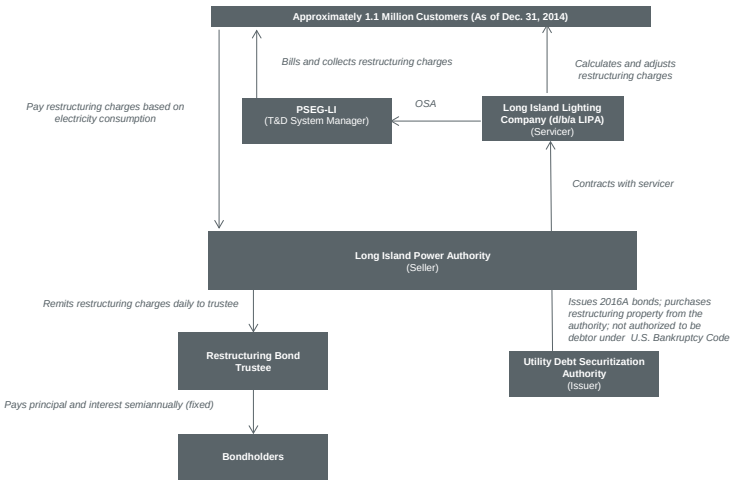
Statutory and Regulatory Framework: The strength and stability of the underlying RCs are established by the financing order issued by the authority as part of the Act. The financing order establishes the irrevocable and nonbypassable RCs and defines bondholders' property rights in the 2016A restructuring property. The financing order contains the key elements important in a utility tariff securitization, as discussed in detail on page 19.

Adequate Credit Enhancement via True-Ups: Mandatory annual true-up filings adjust RCs to ensure collections are sufficient to provide all scheduled payments of principal and interest, pay fees and expenses and replenish the debt service (1.50%) and operating reserve (0.50%) subaccounts. Furthermore, semiannual and quarterly true ups may occur if necessary but must meet certain defined parameters.

Supports 'AAAsf' Stresses: Demand shifts in consumption can be caused by various factors, such as the introduction of new technologies, demographic changes or shifting usage patterns, which present greater risk in this transaction relative to others in this asset class, given the longer tenor of the restructuring bonds. Fitch's 'AAAsf' scenario analysis stresses key model variables, such as consumption variance, chargeoff rates and delinquencies, to address this risk. Under Fitch's 'AAAsf' stress assumptions, the aggregate RC for the Series 2013T/TE, and Series 2015, and Series 2016A transactions is 3.44 (cents/kWh), or 16.52% of the residential customer bill, which is consistent for 'AAAsf' ratings.

Sound Legal Structure: Fitch reviews all associated legal opinions furnished to analyze the integrity of the legal structure.

Summary of Transaction



The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.