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**ANNUAL REPORT  
OF THE  
UTILITY DEBT SECURITIZATION AUTHORITY**

**For The 2014 Fiscal Year**

**As Required By**

**Continuing Disclosure Agreement**

**Executed With Respect To The Following Bonds:  
Restructuring Bonds Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt)**

**(See Appendix A for a List of Applicable CUSIP\* Numbers)**

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## INTRODUCTION

This Annual Report for the year ended December 31, 2014 (together with the Appendices attached hereto, the “Annual Report”) is furnished by the Long Island Power Authority, a corporate municipal instrumentality and political subdivision of the State of New York (the “Authority”) and by its wholly-owned subsidiary, the Long Island Lighting Company (“LILCO”) which does business under the name LIPA (“LIPA”), as Servicer and designated agent for the Utility Debt Securitization Authority (“UDSA”), to provide the information required by the Continuing Disclosure Agreement executed in connection with UDSA’s Restructuring Bonds Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt) (the “Restructuring Bonds”). The Restructuring Bonds are secured only by the Collateral, consisting primarily of the Restructuring Property. The Restructuring Property consists primarily of the irrevocable contract right to impose, bill, and collect the nonbypassable consumption-based Restructuring Charge from all existing and future retail electric customers taking electric transmission or distribution service within the Service Area (defined below) from LIPA, the Authority or any of its successors or assignees (“Customers”).

UDSA was created as a result of New York State legislation, signed into law on July 29, 2013, referred to as the LIPA Reform Act (the “Reform Act”). Part B of the Reform Act (referred to as the “Securitization Law”), which allowed for the retirement of certain outstanding indebtedness of the Authority through the issuance of the Restructuring Bonds by UDSA. The Authority is the owner of the transmission and distribution system located in the Counties of Nassau and Suffolk (with certain limited exceptions) and a small portion of Queens County known as the Rockaways (the “Service Area”) and is responsible for facilitating the supply of electricity to customers within the Service Area. UDSA is a special purpose corporate municipal instrumentality of the State of New York. UDSA has no commercial operations. The Securitization Law prohibits UDSA from engaging in any other activity except as specifically authorized by the Financing Order adopted by the Authority in connection with the Restructuring Bonds and provides that UDSA is not authorized to be a debtor under any provision of the Bankruptcy Code (Title 11 of the United States Code (11 U.S.C. § 101 et seq.), as amended from time to time).

Attached to this Annual Report as Appendix A is a listing of the CUSIP\* numbers of the Restructuring Bonds to which this Annual Report relates. Certain of the information contained in this Annual Report is in addition to that required by the Continuing Disclosure Agreement. Pursuant to the terms of the Continuing Disclosure Agreement, there is no obligation to update such additional information in the future or include it in any future annual report.

## RECENT DEVELOPMENTS

The Securitization Law permitted only one transaction and on December 18, 2013, UDSA issued the Restructuring Bonds. Legislation was recently enacted that amended the Securitization Law to permit the issuance of additional restructuring bonds by UDSA or a separate “Utility Debt Securitization Authority No. 2” up to an aggregate maximum amount (including the previously-issued Restructuring Bonds) of \$4.5 billion. Any additional issuance of restructuring bonds, whether issued by UDSA or by a new issuer, will be separately secured by distinct collateral pursuant to a new financing order and transaction documents.

## FINANCIAL RESULTS

The financial results of UDSA for the years ended December 31, 2014 and 2013 are contained in the audited basic financial statements included as Appendix B hereto.

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND CONSOLIDATED RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013

Management’s Discussion of Financial Condition and Consolidated Results of Operations for the year ended December 31, 2014 is contained in Appendix B hereto and is incorporated by reference herein.

## SERVICER AND ADMINISTRATOR

### Billing and Collection Policies

#### *Credit Policy*

The provision of electric service to Service Area customers by the Authority is governed by the Home Energy Fair Practices Act (“HEFPA”), which is 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.

All new commercial accounts require a deposit, and the HEFPA Rules allow the Authority to request a deposit from an existing, commercial Customer “whose financial condition is such that it is likely that the customer may default in the future; provided, however, that the utility must have reliable evidence of such condition, such as a report from accepted financial reporting services or credit reporting agencies.” LIPA’s service provider, PSEG Long Island, subscribes to DNBi, a web-based subscription service that monitors the changing risk conditions of commercial customers in the Authority’s portfolio. An algorithm can be customized in conjunction with Dun & Bradstreet which combines several elements that are used to determine which Customers are at high risk for default.

The table below indicates the numbers and dollars of deposits from residential and commercial Customers held by the Authority at the beginning of the past 5 years. Approximately 11.5% of the average monthly revenue for 2014 was secured with a cash deposit. This calculation does not include non-cash securities, such as security bonds and letters of credit.

#### **Deposits on Hand from Residential and Commercial Customers**

<u>Beginning of:</u>	<u>Number of Deposits</u>	<u>Dollars of Deposits (in thousands)</u>
2010	28,746	\$26,939
2011	28,708	26,897
2012	29,545	32,012
2013	31,202	34,218
2014	33,837	35,818

#### *Billing Process*

LIPA’s billing process is managed by PSEG Long Island. Bills are generated in a three-step process: meter reading, bill calculation, and bill printing and mailing. Meters are read on a bi-monthly cycle for approximately 979,000 residential and small commercial Customers (87% of Customers). Meters are read on a monthly cycle for approximately 83,000 larger commercial demand-metered Customers (7% of Customers) and approximately 62,000 residential Customers with special situations such as electric space heating and solar (6% of Customers). The majority of LIPA’s meters are read manually by meter readers, except for approximately 27,230 accounts (2.4% of Customers) that are read using (i) hand-held remote sensing (ERTS) (17,654), and (ii) remote telecommunications or experimental Smart Meter technologies (9,576).

Once the meter readings are received, bills are calculated and generated by PSEG Long Island and transmitted to a vendor for printing and mailing. The billing cycle differs from the meter reading cycle in that many residential Customers that have their meters read bi-monthly receive bills from LIPA on a monthly basis. Approximately 848,000 residential Customers receive monthly bills which, combined with the approximately 83,000 commercial accounts that are billed monthly, makes a total of 931,000 Customers (82% of Customers) that receive bills monthly rather than bi-monthly.

Most of the Customers pay their bills by U.S. Mail. Payments are mailed to a Long Island address where they are retrieved and processed by a vendor working on behalf of PSEG Long Island. Payments are processed to a lock-box which deposits the receipts into the Allocation Account. All other forms of payment are also deposited directly into an Authority bank account when they are processed or received.

### Customer Remittance Payments Processed in 2014 by Type

Type of Payment	Items (in thousands)	Dollars (in millions)
US Mail/Lockbox	4,463	\$1,925
Internet	1,163	287
Home Banking	2,575	578
Direct Debit	891	212
In-house Processing	13	81
Pay Agents	20	3
Pay by Phone	469	164
IVR	448	114
Customer Office	511	223
Large Customers ACH	3	45
Energy Assistance	40	25
Collection Agencies	11	2
	10,606	\$3,658

#### *Collection Policy*

LIPA's collection process is managed by PSEG Long Island. Collection practices, including the ability to terminate (disconnect) service, are governed by HEFPA. LIPA's 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. To conform to HEFPA requirements, a series of notices will appear on the bills for delinquent Customers, indicating that service may be terminated if payment is not received. The Customer must also be offered a deferred payment agreement for outstanding arrears. The standard deferred payment agreement requires payment of up to 15% of the bill, and monthly payments of the balance over ten 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 non-payment. 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.

The ability to terminate is also restricted by weather conditions, in accordance with HEFPA. During warm weather (i.e. summer) conditions, residential service cannot be terminated when the temperature-humidity (heat) index has reached 95 degrees for two consecutive days or the temperature has been 100 degrees for any length of time or heat advisory or excessive heat warnings have been issued. During cold weather (winter) conditions residential service will not be terminated if the high temperature of the day does not rise above 32 degrees. Between November 1<sup>st</sup> and April 15<sup>th</sup>, PSEG Long Island must attempt to contact the customer via telephone or in person 72 hours prior to termination and the field staff must recheck the location on the following day if there was no contact made at the time of termination.

Significant efforts are made through the collections process to avoid both Customer termination, if possible, and write-offs, to the extent practical. PSEG Long Island performs significant outbound calling efforts and field collection visits to give Customers every opportunity to make payment on outstanding balances. Larger commercial Customers are also visited by collections and key account representatives to explore other possible avenues for bringing the account up-to-date. Payment agreements and referrals to the appropriate social service agencies are also used to maximize the payment of outstanding arrears for residential Customers. In the event that a final bill is issued (either because the Customer left the premises without paying their outstanding balances or PSEG Long Island terminated service), an effort is made to identify any new location within the Service Area where the Customer may have moved, and have the outstanding arrears transferred there, and the balance due may be assigned to an outside collection agency for early action. Final accounts are written off to bad debt expense approximately 120 to 150 days after the final bill has been issued. Once the account is written off, the unpaid balances are generally assigned to one of the service provider's collection agencies that pursue additional collection activities in

exchange for a percentage share of the recovery. Net recoveries are returned to LIPA and credited against bad debt expense.

### Revenues, LIPA's Customer Base and Electric Energy Consumption

LIPA's Customer base consists of four primary revenue reporting classes: residential, commercial, street lighting, and other public authorities.

The following tables show the electricity delivered to Customers, total billed retail electricity delivery service revenues and number of Customers for each of the customer rate classes noted below for the year ending December 31, 2014 and each of the four preceding years. There can be no assurance that the retail electricity delivery service sales, retail electric revenues and number of Customers or the composition of any of the foregoing will remain at or near the levels reflected in the following tables.

#### Electricity Delivered to Customers, Total Billed Retail Electricity Delivery Service Revenues and Customers

##### Retail Electric Usage (As Measured by Billed GWh Sales) by Customer Rate Class and Percentage Composition

Customer Rate Class	2010		2011		2012		2013		2014	
Residential	9,972	48.9%	9,849	48.8%	9,735	48.9%	9,536	47.8%	9,390	47.7%
Commercial	9,951	48.8%	9,818	48.7%	9,666	48.4%	9,800	49.2%	9,700	49.3%
Street Lighting	177	0.9%	176	0.9%	169	0.8%	158	0.8%	156	0.8%
Other Public Authorities	276	1.4%	314	1.6%	383	1.9%	437	2.2%	441	2.2%
Total Retail	20,376	100.0%	20,157	100.0%	19,953	100.0%	19,931	100.0%	19,687	100.0%

##### Total Billed Retail Electricity Delivery Service Revenue by Customer Rate Class and Percentage Composition (Dollars in Millions)

Customer Rate Class	2010		2011		2012		2013		2014	
Residential	\$2,009	54.0%	\$1,888	53.8%	\$1,854	54.2%	\$1,955	53.8%	\$1,948	53.6%
Commercial	1,629	43.8%	1,536	43.9%	1,499	43.7%	1,603	44.1%	1,603	44.1%
Street Lighting	28	0.8%	26	0.8%	25	0.7%	26	0.7%	27	0.7%
Other Public Authorities	50	1.4%	52	1.5%	49	1.4%	52	1.4%	56	1.6%
Total Retail	\$3,716	100.0%	\$3,502	100.0%	\$3,427	100.0%	\$3,636	100.0%	\$3,634	100.0%

##### Service Territory Average Number of Metered Customers and Percentage Composition

Customer Rate Class	2010		2011		2012		2013		2014	
Residential	996,790	89%	997,599	89%	997,940	89%	996,442	89.3%	999,565	89.3%
Commercial	115,565	10%	115,370	10%	115,128	10%	114,692	10.3%	114,663	10.2%
Street Lighting	5,296	1%	5,317	1%	5,356	1%	5,018	0.4%	4,963	0.4%
Other Public Authorities	132	0%	129	0%	131	0%	131	0.0%	131	0.0%
Total Retail	1,117,783	100.0%	1,118,415	100.0%	1,118,555	100.0%	1,116,283	100.0%	1,119,321	100.0%

## Forecasting Electricity Consumption

### Annual Forecast Variance For Ultimate Electric Delivery (MWh)

	2010	2011	2012	2013	2014
<b>Residential</b>					
Forecast .....	9,468,343	9,441,933	9,971,900	9,799,153	9,809,010
Actual .....	9,971,614	9,848,965	9,735,407	9,536,152	9,389,926
Variance (%).....	5.32%	4.31%	-2.37%	-2.7%	-4.3%
<b>Commercial</b>					
Forecast .....	9,807,927	9,917,278	10,025,904	10,039,942	9,867,433
Actual .....	9,950,557	9,818,456	9,666,106	9,800,324	9,700,047
Variance (%).....	1.45%	-1.00%	-3.59%	-2.4%	-1.7%
<b>Street Lighting</b>					
Forecast .....	184,710	175,342	173,188	164,907	153,510
Actual .....	177,346	175,646	169,394	157,579	156,158
Variance (%).....	-3.99%	0.17%	-2.19%	-4.4%	1.7%
<b>Other Public Authorities</b>					
Forecast .....	295,140	297,395	443,160	456,200	427,552
Actual .....	276,223	313,716	382,710	437,038	440,950
Variance (%).....	-6.41%	5.49%	-13.64%	-4.2%	3.13%
<b>TOTAL</b>					
Forecast .....	19,756,120	19,831,948	20,614,152	20,460,570	19,978,511
Actual .....	20,375,740	20,156,783	19,953,617	19,931,093	19,687,062
Variance (%).....	3.14%	1.64%	-3.20%	-2.6%	-1.46%

## Loss Experience

The following table sets forth information relating to the annual net charge-offs for LIPA, including net charge-offs of Customers as part of LIPA's annual charge-off reconciliation process:

### Net Charge-Offs as a Percentage of Total Billed Retail Electricity Service Revenues

	As Of 12/31/10	As Of 12/31/11	As Of 12/31/12	As Of 12/31/13	As Of 12/31/14
Billed Electric Revenues (\$000)	3,853,289	3,618,494	3,411,184	3,832,690	3,740,271
Net Charge-Offs (\$000).....	24,038	24,246	19,649	20,603	24,517
Percentage of Billed Revenue.....	0.62%	0.67%	0.58%	0.54%	0.66%

## Days Sales Outstanding

The following table sets forth information relating to the average number of days that LIPA's bills remained outstanding during each of the calendar years referred to below.

### Average Days Sales Outstanding

	As Of 12/31/10	As Of 12/31/11	As Of 12/31/12	As Of 12/31/13	As Of 12/31/14
Average Days Sales Outstanding.....	37.05	40.27	41.88	43.47	37.6

**Write-Off and Delinquencies Experience**

The following table sets forth information relating to the delinquency experience of LIPA during each of the calendar years referred to below.

**Average Monthly Delinquencies of  
Total Annual Billed Retail Electricity Delivery Service Revenues (in thousands)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
30-59 Days .....	\$54,077	\$ 52,766	\$ 50,348	\$ 59,196	\$49,980
60-89 Days .....	\$28,008	\$ 28,940	\$ 28,018	\$ 32,104	\$24,937
90+ Days .....	\$93,661	\$102,208	\$116,791	\$135,828	\$86,419

## APPENDIX A

### List of CUSIP\* Numbers

#### Series 2013T (Federally Taxable)

Tranche	Principal Amount Offered	Scheduled Maturity Date	Final Maturity Date	CUSIP*
2013T				
Series T-1	\$100,000,000	June 15, 2019	June 15, 2021	91802RAT6
Series T-2	\$100,000,000	June 15, 2020	June 15, 2022	91802RAU3
Series T-3	\$100,000,000	June 15, 2021	June 15, 2023	91802RAV1
Series T-4	\$182,934,000	December 15, 2023	December 15, 2025	91802RAW9

#### Series 2013TE (Federally Tax-Exempt)

Tranche	Principal Amount Offered	Scheduled Maturity Date <sup>†</sup>	Final Maturity Date <sup>†</sup>	CUSIP*
2013TE				
Series TE-2	\$15,000,000	December 15, 2015	December 15, 2017	91802RAR0
Series TE-3	\$30,000,000	June 15, 2016	June 15, 2018	91802RAB5
Series TE-4	\$30,000,000	December 15, 2016	December 15, 2018	91802RAC3
Series TE-5	\$680,000	December 15, 2023	December 15, 2025	91802RAS8
Series TE-6	\$14,595,000	June 15, 2024	June 15, 2026	91802RAD1
Series TE-7	\$14,960,000	December 15, 2024	December 15, 2026	91802RAE9
Series TE-8	\$25,130,000	December 15, 2025	December 15, 2027	91802RAF6
Series TE-9	\$77,740,000	December 15, 2026	December 15, 2028	91802RAG4
Series TE-10	\$190,640,000	December 15, 2027	December 15, 2029	91802RAH2
Series TE-11	\$178,425,000	December 15, 2028	December 15, 2030	91802RAJ8
Series TE-12	\$186,045,000	December 15, 2029	December 15, 2031	91802RAK5
Series TE-13	\$73,015,000	December 15, 2030	December 15, 2032	91802RAL3
Series TE-14	\$55,130,000	December 15, 2031	December 15, 2033	91802RAM1
Series TE-15	\$45,130,000	December 15, 2032	December 15, 2034	91802RAN9
Series TE-16	\$44,370,000	December 15, 2033	December 15, 2035	91802RAP4
Series TE-17	\$468,530,000	December 15, 2039	December 15, 2041	91802RAQ2

\* CUSIP numbers have been assigned by an organization not affiliated with USDA or the Authority and are included solely for convenience. Neither USDA nor the Authority is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to the correctness of the CUSIP numbers on the Bonds or as indicated above.

## **APPENDIX B**

### **Audited Basic Financial Statements**



**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Basic Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

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**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Management's Discussion and Analysis

(Unaudited)

December 31, 2014 and 2013

**Overview of the Financial Statements**

This report consists of three parts: management's discussion and analysis (unaudited), the basic financial statements, and the notes to the financial statements.

The financial statements provide summary information about the overall financial condition of the Utility Debt Securitization Authority (UDSA). The notes provide explanation and more details about the contents of the financial statements.

UDSA is considered a special-purpose government entity engaged in business-type activities and follows financial reporting for enterprise funds. UDSA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

***Management's Discussion and Analysis (Unaudited)***

The management's discussion and analysis of UDSA's financial performance provides an overview of UDSA's financial information for the year ended December 31, 2014 and the period ended December 31, 2013. The discussion and analysis should be read in conjunction with the financial statements and accompanying notes, which follow this section. UDSA's basic financial statements are presented as an enterprise fund following the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

UDSA is subject to the provisions of GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 addresses accounting rules for regulated operations. This statement recognizes the economic impact of regulation, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated companies. Accordingly, UDSA records these future economic benefits and obligations as regulatory assets and regulatory liabilities, respectively.

**Nature of Operations**

UDSA was created as a result of New York State legislation, signed into law on July 29, 2013, referred to as the LIPA Reform Act (the Reform Act). Part B of the Reform Act (referred to as the Securitization Law) which allowed for the retirement of certain outstanding indebtedness of the Long Island Power Authority (Authority) through the issuance of securitized restructuring bonds (Restructuring Bonds) by UDSA. The Authority is the owner of the transmission and distribution system located in the Counties of Nassau and Suffolk (with certain limited exceptions) and a small portion of Queens County known as the Rockaways (Service Area) and is responsible for facilitating the supply of electricity to customers within the Service Area.

UDSA is a special purpose corporate municipal instrumentality of the State of New York. UDSA has no commercial operations and is prohibited from engaging in any other activity except as specifically authorized by the Restructuring Cost Financing Order (Financing Order) described below. The Reform Act provides that UDSA is not authorized to be a debtor under any provision of the Bankruptcy Code. Under the Reform Act, the Restructuring Bonds are the only bonds which may be issued by UDSA. UDSA was formed solely to issue the Restructuring Bonds for the purpose of purchasing restructuring property to finance the cost of purchasing,

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Management's Discussion and Analysis

(Unaudited)

December 31, 2014 and 2013

redeeming, or defeasing a portion of the outstanding debt of the Authority. The Restructuring Property is defined as the right, title, and interest (a) in and to rates and charges to recover from customers the debt service requirements on the Restructuring Bonds (referred to as Restructuring Charges); (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Restructuring Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected, or maintained together with or commingled with other revenues, collections, claims, payments, money, or proceeds; and (c) in and to all rights to obtain adjustments to the Restructuring Charges pursuant to the terms of the Financing Order adopted by the Authority's Board of Trustees (Board) on October 3, 2013. This nonbypassable consumption-based Restructuring Charge is billed to all existing and future retail electric customers taking electric transmission or distribution service within the Service Area from the Authority or any of its successors or assignees. The Restructuring Charge is established by UDSA and is not subject to oversight by the Department of Public Service or any other regulatory body. To pass the benefits of securitization to customers, the Authority has modified its rate structure to create a restructuring offset charge, which is an amount equal to and opposite the Restructuring Charge, so that the customer bill is no more than it would have been absent securitization. The securitization offset charge will be adjusted along with changes to the Restructuring Charge.

On December 18, 2013, UDSA issued \$1.54 billion Restructuring Bonds Series 2013TE (Federally Tax Exempt) and \$482.9 million Restructuring Bonds Series 2013T (Federally Taxable) and used the net proceeds to purchase the Restructuring Property from the Authority and pay expenses of issuance.

As of December 31, 2014, long-term debt consists of approximately \$1.9 billion in remaining outstanding Restructuring Bonds as well as approximately \$102 million in unamortized premium.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Management's Discussion and Analysis

(Unaudited)

December 31, 2014 and 2013

Below is summary-level information of UDSA's financial position:

**Summary of Statement of Net Position**  
(Amounts in thousands)

		December 31	
	Assets	2014	2013
Current assets:			
Restricted cash		\$ 22,483	10,513
Accounts receivable		38,338	—
Prepaid assets		322	—
	Total current assets	61,143	10,513
Noncurrent assets:			
Restructuring property		2,018,955	2,112,990
Regulatory asset – unamortized debt issuance costs		13,146	15,095
	Total noncurrent assets	2,032,101	2,128,085
	Total assets	\$ 2,093,244	2,138,598
Liabilities and Net Position			
Current liabilities		\$ 18,644	93,173
Long-term debt		2,019,340	2,048,196
	Total liabilities	2,037,984	2,141,369
Net position – unrestricted		55,260	(2,771)
	Total liabilities and net position	\$ 2,093,244	2,138,598

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Management's Discussion and Analysis

(Unaudited)

December 31, 2014 and 2013

	<b>Year ended December 31, 2014</b>	<b>July 29, 2013 (inception) through December 31, 2013</b>
Operating revenue	\$ 233,437	—
Operating expenses	96,730	—
Operating income	136,707	—
Other income	4	—
	136,711	—
Interest charges and credits	78,680	2,771
Change in net position	58,031	(2,771)
Net position – beginning of year	(2,771)	—
Net position – end of year	\$ 55,260	(2,771)

**Change in Net Position**

The change in net position for the year ended December 31, 2014 resulted in income of \$58 million as compared to a loss of \$3 million for the period ended December 31, 2013. UDSA issued the Restructuring Bonds on December 18, 2013 and the Authority began imposing the Restructuring Charge on customer bills on March 1, 2014.

**Operating Revenues**

For the year ended December 31, 2014 compared to the period ended December 31, 2013, UDSA had higher revenues of \$233 million due to the Restructuring Charge being imposed on the Authority's customer bills effective March 1, 2014.

**Operating Expenses**

For the year ended December 31, 2014, UDSA incurred operating expenses of \$97 million. UDSA recognizes the amortization of the Restructuring Property on a proportionate basis annually based on the total principal payments due for the restructuring bonds. For the period ended December 31, 2013, no principal payments were due, and therefore, no amortization was recorded.

UDSA also recognized \$1.6 million for servicing and administrative costs for the year ended December 31, 2014. The Authority, as Servicer, is required to manage and administer the UDSA bondable Restructuring Property and to collect the Restructuring Charge on UDSA's behalf. The Authority withholds from the Restructuring Charge collections, an annual servicing fee equal to 0.05% of the initial balance of bonds issued for such services. As the Restructuring Charge was not imposed until March 1, 2014, no such fees were charged to UDSA for 2013.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Management's Discussion and Analysis

(Unaudited)

December 31, 2014 and 2013

**Interest Charges and Credits**

Interest charges and credits increased \$76 million. The period ended December 31, 2013 only included 13 days of interest and amortization of both upfront financing costs and premium recognized on the issuance of debt, which occurred on December 18, 2013.

**Cash and Liquidity**

The balance in the Reserve Subaccount was established at a reserve level of 0.5% of the initial principal amount of the Restructuring Bonds originally issued and must be maintained at a level of 0.5% of the Restructuring Bonds outstanding. UDSA's restricted cash totaled approximately \$22 million and \$11 million at December 31, 2014 and 2013, respectively.

**Debt**

UDSA's debt, including current maturities, is comprised of the following instruments (amounts in thousands):

	<u>2014</u>	<u>2013</u>
UDSA Restructuring Bonds:		
Series 2013T	\$ 482,934	482,934
Series 2013TE	1,449,390	1,539,390
	<u>1,932,324</u>	<u>2,022,324</u>
Unamortized premium	102,016	115,872
Less current maturities and short-term debt	<u>(15,000)</u>	<u>(90,000)</u>
Total long-term debt	<u>\$ 2,019,340</u>	<u>2,048,196</u>

Debt decreased during 2014 due to \$90 million of scheduled maturities.

**Investment Ratings**

Below are UDSA's securities as rated by Moody's Investors Service (Moody's), Standard and Poor's Ratings Services (S&P), and Fitch Ratings (Fitch):

	<u>Investment ratings</u>		
	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
UDSA Restructuring Bonds	Aaa (sf)	AAA (sf)	AAA (sf)

**Contacting the Utility Debt Securitization Authority**

This financial report is designed to provide UDSA's bondholders, and other interested parties with a general overview of UDSA'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 the Authority at 333 Earle Ovington Blvd., Suite 403, Uniondale, New York 11553, or visit UDSA's website at [www.lipower.org](http://www.lipower.org).



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## **Independent Auditors' Report**

The Board of Trustees  
Utility Debt Securitization Authority:

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Utility Debt Securitization Authority (UDSA), a component unit of the Long Island Power Authority and the State of New York, which comprise the statement of net position as of December 31, 2014 and 2013, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year ended December 31, 2014 and the period from inception (July 29, 2013) through December 31, 2013 and the related notes to the basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Utility Debt Securitization Authority as of December 31, 2014 and 2013, and the changes in its net position and its cash flows for the year ended December 31, 2014 and for the period from inception (July 29, 2013) to December 31, 2013 in accordance with U.S. generally accepted accounting principles.

### **Other Matters**

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2016, on our consideration of UDSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope and of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UDSA's internal control over financial reporting and compliance.

**KPMG LLP**

March 30, 2015

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Statements of Net Position

(Amounts in thousands)

<b>Assets</b>	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
Current assets:		
Restricted cash	\$ 22,483	10,513
Accounts receivable	38,338	—
Prepaid assets	322	—
Total current assets	<u>61,143</u>	<u>10,513</u>
Noncurrent assets:		
Restructuring property	2,018,955	2,112,990
Regulatory asset – unamortized debt issuance costs	13,146	15,095
Total noncurrent assets	<u>2,032,101</u>	<u>2,128,085</u>
Total assets	<u><u>\$ 2,093,244</u></u>	<u><u>2,138,598</u></u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 15,000	90,000
Accrued interest	3,595	3,173
Accrued expenses	49	—
Total current liabilities	<u>18,644</u>	<u>93,173</u>
Noncurrent liabilities:		
Long-term debt, including unamortized premium	2,019,340	2,048,196
Net position – unrestricted	<u>55,260</u>	<u>(2,771)</u>
Total liabilities and net position	<u><u>\$ 2,093,244</u></u>	<u><u>2,138,598</u></u>

See accompanying notes to basic financial statements.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Statements of Revenues, Expenses, and Changes in Net Position

(Amounts in thousands)

	<b>For the year ended December 31, 2014</b>	<b>Period from July 29, 2013 (inception) through December 31, 2013</b>
Operating revenue	\$ 233,437	—
Operating expenses:		
Amortization of restructuring property	94,035	—
Uncollectible expense	1,067	—
Servicing and administrative fees	1,628	—
Total operating expenses	<u>96,730</u>	<u>—</u>
Operating income	136,707	—
Other income	4	—
	<u>136,711</u>	<u>—</u>
Interest charges:		
Interest expense	88,129	3,173
Amortization of restructuring bond premium and issuance costs	(9,449)	(402)
Total interest charges	<u>78,680</u>	<u>2,771</u>
Change in net position	58,031	(2,771)
Net position, beginning of year	<u>(2,771)</u>	<u>—</u>
Net position, end of period	<u>\$ 55,260</u>	<u>(2,771)</u>

See accompanying notes to basic financial statements.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Statements of Cash Flows

(Amounts in thousands)

	<b>For the year ended December 31, 2014</b>	<b>Period from July 29, 2013 (inception) through December 31, 2013</b>
Cash flows from operating activities:		
Operating revenues received	\$ 194,031	—
Paid to suppliers:		
Servicing and administrative fees	(1,939)	—
Net cash provided by operating activities	<u>192,092</u>	<u>—</u>
Cash flow from investing activities:		
Purchase of restructuring bonds	—	(2,112,990)
Earnings received	4	—
Net cash provided by (used in) investing activities	<u>4</u>	<u>(2,112,990)</u>
Cash flows from financing activities:		
Proceeds from issuance of restructuring bonds	—	2,138,683
Interest paid	(90,029)	—
Redemption of long-term debt	(90,000)	—
Bond issuance and bond administration costs	(96)	(15,180)
Net cash (used in) provided by financing activities	<u>(180,125)</u>	<u>2,123,503</u>
Net increase in cash and cash equivalents	11,970	10,513
Restricted cash and cash equivalents at beginning of year	<u>10,513</u>	<u>—</u>
Restricted cash and cash equivalents at end of the period	<u>\$ 22,483</u>	<u>10,513</u>
Reconciliation to net restricted cash provided by operating activities:		
Operating income	\$ 136,707	—
Adjustments to reconcile operating income to net restricted cash provided by operating activities:		
Amortization of restructuring property	94,035	—
Changes in operating assets and liabilities:		
Prepaid assets and accounts payable	(312)	—
Accounts receivable	(38,338)	—
Net restricted cash provided by operating activities	<u>\$ 192,092</u>	<u>—</u>

See accompanying notes to basic financial statements.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Notes to Basic Financial Statements

December 31, 2014 and 2013

**(1) Basis of Presentation**

The Utility Debt Securitization Authority (UDSA) was created as a result of New York State legislation, signed into law on July 29, 2013, referred to as the LIPA Reform Act (the Reform Act). Part B of the Reform Act (referred to as the Securitization Law) allowed for the retirement of certain outstanding indebtedness of the Long Island Power Authority (Authority) through the issuance of securitized restructuring bonds (Restructuring Bonds) by UDSA. The Authority is the owner of the transmission and distribution system located in the Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County known as the Rockaways (Service Area), and is responsible for facilitating the supply of electricity to customers within the Service Area.

Under Governmental Accounting Standard Board Statement (GASB) No. 61, *The Financial Reporting Entity*, UDSA is considered a blended component unit of the Authority. The assets, liabilities, and results of operations are consolidated with the operation of the Authority for financial reporting purposes.

**(2) Nature of Operations**

UDSA is a special purpose corporate municipal instrumentality of the State of New York (the State). UDSA has no commercial operations and is prohibited from engaging in any other activity except as specifically authorized by a financing order. The Reform Act provides that UDSA is not authorized to be a debtor under any provision of the Bankruptcy Code. Under the Reform Act, the Restructuring Bonds are the only bonds which may be issued by UDSA. UDSA was formed solely to issue the Restructuring Bonds for the purchase of Restructuring Property to finance the cost of purchasing, redeeming, or defeasing a portion of the outstanding debt of the Authority. The Restructuring Property is defined as the right, title, and interest: (a) in and to rates and charges to recover from customers the debt service requirements on the Restructuring Bonds (referred to as Restructuring Charges); (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Restructuring Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected, or maintained together with or commingled with other revenues, collections, claims, payments, money, or proceeds; and (c) in and to all rights to obtain adjustments to the Restructuring Charges. This nonbypassable consumption-based Restructuring Charge is billed to all existing and future retail electric customers taking electric transmission or distribution service within the Service Area from the Authority or any of its successors or assignees. The Restructuring Charge is established by UDSA, and is not subject to oversight by the Department of Public Service or any other regulatory body, including the Authority's Board of Trustees (Board). To pass the benefits of securitization to customers, the Authority has modified its rate structure to create a restructuring offset charge, which is an amount equal to and opposite the Restructuring Charge, so that the customer bill is no more than it would have been absent securitization. The securitization offset charge will be adjusted along with changes to the Restructuring Charge.

The Authority acts as the initial Servicer of the Restructuring Property pursuant to the terms of the Servicing Agreement with UDSA. However, pursuant to the Amended and Restated Operations Services Agreement (A&R OSA), PSEG-LI, among other things, performs the billing and collections, meter reading, and forecasting required of the Servicer under the Servicing Agreement. The Authority is responsible for taking all necessary action in connection with True-Up Adjustments (described below) and certain reporting requirements.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Notes to Basic Financial Statements

December 31, 2014 and 2013

The Restructuring Charges will be adjusted (True-Up Adjustments) at least annually and, if determined by the Servicer in connection with a midyear review process to be necessary, semiannually or more frequently, to ensure that the expected collections of the Restructuring Charges are adequate to timely pay all scheduled payments of principal and interest on the Restructuring Bonds and all other ongoing financing costs when due.

**(3) Summary of Significant Accounting Policies**

**(a) General**

UDSA complies with all applicable pronouncements of GASB. The operations of UDSA are presented as an enterprise fund following the accrual basis of accounting in order to recognize the flow of economic resources. Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The basic financial statements and the notes to the financial statements cover the year ended December 31, 2014 and the period from July 29, 2013 (inception) through December 31, 2013.

**(b) Use of Estimates**

The accompanying financial statements were prepared in conformity with U.S. generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Recent Accounting Pronouncements**

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Statement No. 72 will take effect for periods beginning after June 15, 2015, and will not have a significant impact on the financial position or results of operations of UDSA.

**(d) Accounting for the Effects of Rate Regulation**

UDSA is subject to the provisions of GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 addresses accounting rules for regulated operations. This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated companies. Accordingly, as UDSA's Board is its regulator and authorizes its ratemaking process, UDSA records these future economic benefits and obligations as regulatory assets or regulatory liabilities, respectively.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Notes to Basic Financial Statements

December 31, 2014 and 2013

**(e) *Restricted Cash***

Restricted cash consists of funds held in UDSA's restricted bank accounts to pay the principal, interest, and other expenses associated with the Restructuring Bonds. UDSA has specific investment guidelines that address the legal and contractual requirements of the transaction including that investments must be matched to meet the debt service obligations of the bonds.

The Trustee must maintain a segregated trust account for the bonds known as the Collection Account. The Collection Account for the bonds will consist of four subaccounts: a General Subaccount, an Excess Funds Subaccount, a Reserve Subaccount, and an Upfront Financing Costs Subaccount. For administrative purposes, the subaccounts may be established by the Trustee as separate accounts, which will be recognized collectively as the Collection Account. The balance in the Reserve Subaccount was established at a reserve level of 0.5% of the initial principal amount of the Restructuring Bonds originally issued and must be maintained at a level of 0.5% of the Restructuring Bonds outstanding.

Restricted cash, as of December 31, 2014 and 2013, included approximately \$10.1 million in the Reserve Subaccount and approximately \$0.4 million in the Upfront Financing Costs Subaccount, both held by the Trustee. As of December 31, 2014 and 2013, 100% of restricted cash is invested in money-market mutual funds with maturities of less than three months.

The Trustee shall have sole dominion and exclusive control over all money in the Collection Account and shall apply such money as provided in the Indenture. Each account shall remain at all times with a securities intermediary.

Only the Trustee shall have access to the Collection Account for the purpose of making deposits to and withdrawals from the Collection Account. Funds in the Collection Account shall not to be commingled with any other monies.

**(f) *Regulatory Assets – Unamortized Debt Issuance Costs***

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires that debt issuance costs be expensed in the current financial period. As the UDSA charge provides recovery for debt issuance costs on a systematic basis over the life of the debt, UDSA has classified these costs as a regulatory asset, in accordance with GASB No. 62, to be collected over the life of the debt issuance to which they relate.

**(g) *Restructuring Property***

The Restructuring Property consists primarily of the irrevocable contract right to impose, bill, and collect the nonbypassable consumption-based Restructuring Charge. The Restructuring Property is amortized on a proportionate basis annually based on the total principal payments due for the restructuring bonds as reflected in the Restructuring Charge, subject to the True-Up Adjustments.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Notes to Basic Financial Statements

December 31, 2014 and 2013

**(h) Revenues**

Beginning on March 1, 2014, the Authority implemented the nonbypassable Restructuring Charge on behalf of UDSA. UDSA records revenue for the charge under the accrual method. UDSA accrues unbilled revenues by estimating unbilled consumption at the customer meter. Unbilled revenue totaled \$16 million as of December 31, 2014.

**(i) Income Taxes**

UDSA is a political subdivision of the State and, therefore, is exempt from federal, state, and local income taxes.

**(j) Long-Term and Short-Term Debt**

The Financing Order (Financing Order), adopted by the Authority's Board on October 3, 2013, authorized the creation of the Restructuring Property and issuance of Restructuring Bonds by UDSA to provide funds for the purchase of the Restructuring Property from the Authority. The Authority was authorized to use the proceeds from the sale of the Restructuring Property to purchase, redeem, repay, or defease certain of its outstanding debt.

The Restructuring Bonds are consolidated on the Authority's financial statements, however are not considered direct obligations of the Authority, PSEG-LI, or any of their affiliates. The Restructuring Bonds are also not a debt and do not constitute a pledge of the faith and credit or taxing power of the State or of any county, municipality, or any other political subdivision, agency, or instrumentality of the State other than UDSA. UDSA was formed for the sole purpose of issuing and servicing securitization bonds related to New York State Securitization Legislation.

On December 18, 2013, UDSA issued its Restructuring Bonds Series 2013TE (Tax Exempt), totaling \$1.54 billion and Series 2013T (Federally Taxable) totaling \$482.9 million and are displayed separately in the current and long-term liability section on the statements of net position.

The refunding of a portion of the Authority's outstanding debt produced an approximate \$132 million of net present value savings. The Restructuring Bonds have an average life of 14.3 years and an all in cost of 4.22%.

Interest payments on the Restructuring Bonds are due semiannually, which began on June 15, 2014. Restructuring Charges are set to collect amounts sufficient to pay principal of and interest on the bonds on a timely basis and any ongoing financing costs.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Notes to Basic Financial Statements

December 31, 2014 and 2013

Below is the UDSA's schedule of capitalization for the period ended December 31, (amounts in thousands):

	<u>Year of maturity</u>	<u>Interest rate</u>	<u>2014</u>	<u>2013</u>
UDSA Restructuring Bonds:				
Series 2013T	2017–2023	2.04%-3.44%	\$ 482,934	482,934
Series 2013TE	2015–2039	5.00	1,449,390	1,539,390
			<u>1,932,324</u>	<u>2,022,324</u>
Unamortized premium			102,016	115,872
Less current maturities and short-term debt			<u>(15,000)</u>	<u>(90,000)</u>
Total long-term debt			<u>\$ 2,019,340</u>	<u>2,048,196</u>

The debt service requirements for UDSA's bonds as of December 31, 2014 are as follows (amounts in thousands):

<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 15,000	86,286	101,286
2016	60,000	84,786	144,786
2017	13,148	82,469	95,617
2018	46,433	82,032	128,465
2019	130,761	80,592	211,353
2020–2024	322,827	363,140	685,967
2025–2029	657,980	283,243	941,223
2030–2034	223,115	139,185	362,300
2035–2039	463,060	80,424	543,484
Total	<u>\$ 1,932,324</u>	<u>1,282,157</u>	<u>3,214,481</u>

**(4) Significant Agreements and Related-Party Transactions**

Under the Servicing Agreement entered into by the Authority and UDSA, concurrently with the issuance of the Restructuring Bonds, the Authority, as Servicer, is required to manage and administer the UDSA bondable Restructuring Property and to collect the Restructuring Charge on UDSA's behalf. Under the Finance Order, the Authority withholds from the Restructuring Charge collections an annual servicing fee equal to 0.05% of the initial balance of bonds issued. Pursuant to the A&R OSA, PSEG-LI will perform the billing and collections, meter reading, and forecasting required of the Servicer under the Servicing Agreement.

**UTILITY DEBT SECURITIZATION AUTHORITY**  
(A Component Unit of the Long Island Power Authority)

Notes to Basic Financial Statements

December 31, 2014 and 2013

**(5) Subsequent Events**

In connection with the preparation of the financial statements, management has evaluated subsequent events from December 31, 2014 through March 30, 2015, which was the date the financial statements were available for issuance, and concluded that no additional disclosures were necessary.



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345 Park Avenue  
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**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Board of Trustees  
Utility Debt Securitization Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Utility Debt Securitization Authority (UDSA), which comprise the statement of net position as of December 31, 2014 and the period from inception (July 29, 2013) through December 31, 2013, the related statements of revenues, expenses, and changes in net position, and cash flows for the period then ended, and the related notes to the basic financial statements, which collectively comprise UDSA's basic financial statements, and have issued our report thereon dated March 30, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered UDSA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UDSA's internal control. Accordingly, we do not express an opinion on the effectiveness of UDSA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UDSA's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UDSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UDSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

March 30, 2015

## **APPENDIX C**

### **Semi-Annual Servicer Certificates**

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

**Utility Debt Securitization Authority Restructuring Bonds**

**FORM OF SEMIANNUAL SERVICER CERTIFICATE**

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013, (the “Servicing Agreement”), between LONG ISLAND LIGHTING COMPANY, as Servicer, and UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify, for the December 15, 2014 Payment Date (the “Current Payment Date”), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Servicing Agreement, or if not defined in the Servicing Agreement, as set forth in the Bond Indenture. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Bond Indenture, as the context indicates.

Collection Period: December 18, 2013 through December 14, 2014

Payment Date: December 15, 2014

Date of Certificate: December 14, 2014

Cut-Off Date (not more than ten days prior to the date hereof): December 14, 2014:

- (a) Available Amounts on Deposit in Collection Account (including Excess Funds Subaccount) as of Cut-Off Date [date not more than ten days prior to date of this certificate]: \$180,129,463.67
- (b) Actual or Estimated Remittances from the date in (a) above through the Servicer Business Date preceding Current Payment Date: \$0.00
- (c) Total Amounts Available to Trustee for Payment of Bonds and Other Ongoing Financing Costs: \$180,129,463.67 + \$10,113,165.92 (reserve fund) = \$190,242,629.59
- (d) Allocation of Available Amounts as of Current Payment Date allocable to payment of principal and interest on Bonds on Current Payment Date:

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

Principal

	<u>Aggregate</u>
Series T-1	
Series T-2	
Series T-3	
Series T-4	
Series TE-1	90,000,000.00
Series TE-2	
Series TE-3	
Series TE-4	
Series TE-5	
Series TE-6	
Series TE-7	
Series TE-8	
Series TE-9	
Series TE-10	
Series TE-11	
Series TE-12	
Series TE-13	
Series TE-14	
Series TE-15	
Series TE-16	
Series TE-17	
<b>Total:</b>	90,000,000.00

Interest

	<u>Aggregate</u>
Series T-1	2,024,983.00
Series T-2	2,532,717.00
Series T-3	2,912,525.00
Series T-4	6,231,418.00
Series TE-1	4,462,500.00
Series TE-2	743,750.00
Series TE-3	1,487,500.00
Series TE-4	1,487,500.00
Series TE-5	33,717.00
Series TE-6	723,669.00
Series TE-7	741,767.00
Series TE-8	1,246,029.00
Series TE-9	3,854,608.00
Series TE-10	9,452,567.00
Series TE-11	8,846,906.00
Series TE-12	9,224,731.00
Series TE-13	3,620,327.00
Series TE-14	2,722,529.00
Series TE-15	2,237,696.00
Series TE-16	2,200,013.00
Series TE-17	23,231,279.00
<b>Total:</b>	<b>90,029,730.50</b>

**Utility Debt Securitization Authority**

Semiannual Servicer Certificate

- (e) Outstanding Amount of Bonds prior to, and after giving effect to the payment on the Current Payment Date and the difference, if any, between the Outstanding Amount specified in the Expected Amortization Schedule (after giving effect to payments to be made on such Payment Date set forth above) and the Principal Balance to be Outstanding (following payment on Current Payment Date):

[Continued on Next Page]

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

Principal Balance Outstanding (as of the date of this certification):

Series T-1	100,000,000.00
Series T-2	100,000,000.00
Series T-3	100,000,000.00
Series T-4	182,934,000.00
Series TE-1	90,000,000.00
Series TE-2	15,000,000.00
Series TE-3	30,000,000.00
Series TE-4	30,000,000.00
Series TE-5	680,000.00
Series TE-6	14,595,000.00
Series TE-7	14,960,000.00
Series TE-8	25,130,000.00
Series TE-9	77,740,000.00
Series TE-10	190,640,000.00
Series TE-11	178,425,000.00
Series TE-12	186,045,000.00
Series TE-13	73,015,000.00
Series TE-14	55,130,000.00
Series TE-15	45,130,000.00
Series TE-16	44,370,000.00
Series TE-17	468,530,000.00
<b>Total:</b>	<b>2,022,324,000.00</b>

Principal Balance to be Outstanding (following payment on Current Payment Date):

Series T-1	100,000,000.00
Series T-2	100,000,000.00
Series T-3	100,000,000.00
Series T-4	182,934,000.00
Series TE-1	0.00
Series TE-2	15,000,000.00
Series TE-3	30,000,000.00
Series TE-4	30,000,000.00
Series TE-5	680,000.00
Series TE-6	14,595,000.00
Series TE-7	14,960,000.00
Series TE-8	25,130,000.00
Series TE-9	77,740,000.00
Series TE-10	190,640,000.00
Series TE-11	178,425,000.00
Series TE-12	186,045,000.00
Series TE-13	73,015,000.00
Series TE-14	55,130,000.00
Series TE-15	45,130,000.00
Series TE-16	44,370,000.00
Series TE-17	468,530,000.00
<b>Total:</b>	<b>1,932,324,000.00</b>

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

- (f) Difference between (e) above and Outstanding Amount specified in the Expected Amortization Schedule:

Series T-1	0.00
Series T-2	0.00
Series T-3	0.00
Series T-4	0.00
Series TE-1	0.00
Series TE-2	0.00
Series TE-3	0.00
Series TE-4	0.00
Series TE-5	0.00
Series TE-6	0.00
Series TE-7	0.00
Series TE-8	0.00
Series TE-9	0.00
Series TE-10	0.00
Series TE-11	0.00
Series TE-12	0.00
Series TE-13	0.00
Series TE-14	0.00
Series TE-15	0.00
Series TE-16	0.00
Series TE-17	0.00
<b>Total:</b>	<b>0.00</b>

- (g) All other transfers to be made on the Current Payment Date, including amounts to be paid to the Bond Trustee and to the Servicer pursuant to Section 8.02(e) of the Bond Indenture:

Ongoing Financing Costs:

Bond Trustee Fees and Expenses :	\$0.00
Servicer Fees and Expenses:	1,011,161.90
Administration Fees:	100,000.00
Administration Expenses:	852,070.73
Rating Agency Fees: Fitch	10,000.00
Accounting Fees: (KPMG)	72,332.00
 Funding of Reserve Subaccount (to required amount):	 0.00
Total:	\$2,055,564.73

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

- (h) Estimated amounts on deposit in the Reserve Subaccount and Excess Funds Subaccount after giving effect to the foregoing payments:

Reserve Subaccount

Total : \$10,113,165.92

Excess Funds Subaccount

Total : \$0.00

In witness hereof, the undersigned has duly executed and delivered this Semiannual Servicer Certificate this 23<sup>rd</sup> day of December, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

**Utility Debt Securitization Authority Restructuring Bonds**

**FORM OF SEMIANNUAL SERVICER CERTIFICATE**

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013, (the “Servicing Agreement”), between LONG ISLAND LIGHTING COMPANY, as Servicer, and UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify, for the June 15, 2015 Payment Date (the “Current Payment Date”), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Servicing Agreement, or if not defined in the Servicing Agreement, as set forth in the Bond Indenture. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Bond Indenture, as the context indicates.

Collection Period: December 16, 2014 through June 14, 2015

Payment Date: June 15, 2015

Date of Certificate: June 14, 2015

Cut-Off Date (not more than ten days prior to the date hereof): June 14, 2015:

- (a) Available Amounts on Deposit in Collection Account (including Excess Funds Subaccount) as of Cut-Off Date (June 14, 2015): \$59,739,921.51
- (b) Actual or Estimated Remittances from the date in (a) above through the Servicer Business Date preceding Current Payment Date: \$0.00
- (c) Total Amounts Available to Trustee for Payment of Bonds and Other Ongoing Financing Costs: \$59,739,921.51 + \$10,535,152.13 (reserve fund) = \$70,275,073.64
- (d) Allocation of Available Amounts as of Current Payment Date allocable to payment of principal and interest on Bonds on Current Payment Date:

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

Principal

	<u>Aggregate</u>
Series T-1	
Series T-2	
Series T-3	
Series T-4	
Series TE-1	
Series TE-2	
Series TE-3	
Series TE-4	
Series TE-5	
Series TE-6	
Series TE-7	
Series TE-8	
Series TE-9	
Series TE-10	
Series TE-11	
Series TE-12	
Series TE-13	
Series TE-14	
Series TE-15	
Series TE-16	
Series TE-17	
<b>Total:</b>	0.00

Interest

	<u>Aggregate</u>
Series T-1	1,021,000.00
Series T-2	1,277,000.00
Series T-3	1,468,500.00
Series T-4	3,141,891.45
Series TE-1	0.00
Series TE-2	375,000.00
Series TE-3	750,000.00
Series TE-4	750,000.00
Series TE-5	17,000.00
Series TE-6	364,875.00
Series TE-7	374,000.00
Series TE-8	628,250.00
Series TE-9	1,943,500.00
Series TE-10	4,766,000.00
Series TE-11	4,460,625.00
Series TE-12	4,651,125.00
Series TE-13	1,825,375.00
Series TE-14	1,378,250.00
Series TE-15	1,128,250.00
Series TE-16	1,109,250.00
Series TE-17	11,713,250.00
<b>Total:</b>	<b>43,143,141.45</b>

**Utility Debt Securitization Authority**

Semiannual Servicer Certificate

- (e) Outstanding Amount of Bonds prior to, and after giving effect to the payment on the Current Payment Date and the difference, if any, between the Outstanding Amount specified in the Expected Amortization Schedule (after giving effect to payments to be made on such Payment Date set forth above) and the Principal Balance to be Outstanding (following payment on Current Payment Date):

[Continued on Next Page]

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

**Principal Balance Outstanding (as of the date of this certification):**

Series T-1	100,000,000.00
Series T-2	100,000,000.00
Series T-3	100,000,000.00
Series T-4	182,934,000.00
Series TE-1	0.00
Series TE-2	15,000,000.00
Series TE-3	30,000,000.00
Series TE-4	30,000,000.00
Series TE-5	680,000.00
Series TE-6	14,595,000.00
Series TE-7	14,960,000.00
Series TE-8	25,130,000.00
Series TE-9	77,740,000.00
Series TE-10	190,640,000.00
Series TE-11	178,425,000.00
Series TE-12	186,045,000.00
Series TE-13	73,015,000.00
Series TE-14	55,130,000.00
Series TE-15	45,130,000.00
Series TE-16	44,370,000.00
Series TE-17	468,530,000.00
<b>Total:</b>	<b>1,932,324,000.00</b>

**Principal Balance to be Outstanding (following payment on Current Payment Date):**

Series T-1	100,000,000.00
Series T-2	100,000,000.00
Series T-3	100,000,000.00
Series T-4	182,934,000.00
Series TE-1	0.00
Series TE-2	15,000,000.00
Series TE-3	30,000,000.00
Series TE-4	30,000,000.00
Series TE-5	680,000.00
Series TE-6	14,595,000.00
Series TE-7	14,960,000.00
Series TE-8	25,130,000.00
Series TE-9	77,740,000.00
Series TE-10	190,640,000.00
Series TE-11	178,425,000.00
Series TE-12	186,045,000.00
Series TE-13	73,015,000.00
Series TE-14	55,130,000.00
Series TE-15	45,130,000.00
Series TE-16	44,370,000.00
Series TE-17	468,530,000.00
<b>Total</b>	<b>1,932,324,000.00</b>

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

- (f) Difference between (e) above and Outstanding Amount specified in the Expected Amortization Schedule:

Series T-1	0.00
Series T-2	0.00
Series T-3	0.00
Series T-4	0.00
Series TE-1	0.00
Series TE-2	0.00
Series TE-3	0.00
Series TE-4	0.00
Series TE-5	0.00
Series TE-6	0.00
Series TE-7	0.00
Series TE-8	0.00
Series TE-9	0.00
Series TE-10	0.00
Series TE-11	0.00
Series TE-12	0.00
Series TE-13	0.00
Series TE-14	0.00
Series TE-15	0.00
Series TE-16	0.00
Series TE-17	0.00
<b>Total:</b>	<b>0.00</b>

- (g) All other transfers to be made on the Current Payment Date, including amounts to be paid to the Bond Trustee and to the Servicer pursuant to Section 8.02(e) of the Bond Indenture:

Ongoing Financing Costs:

Bond Trustee Fees and Expenses :	\$0.00
Servicer Fees and Expenses:	505,581.00
Administration Fees:	50,000.00
Administration Expenses:	0.00
Rating Agency Fees: Fitch	0.00
Accounting Fees: (KPMG)	0.00
 Funding of Reserve Subaccount (to required amount):	 0.00
Total:	\$555,581.00

**Utility Debt Securitization Authority**  
Semiannual Servicer Certificate

- (h) Estimated amounts on deposit in the Reserve Subaccount and Excess Funds Subaccount after giving effect to the foregoing payments:

Reserve Subaccount

Total : \$10,535,152.13

Excess Funds Subaccount

Total : \$0.00

In witness hereof, the undersigned has duly executed and delivered this Semiannual Servicer Certificate this 11<sup>th</sup> day of June, 2015.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

**APPENDIX D**

Monthly Servicer Certificates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning March 1, 2014 and ended March 31, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$ 0.00
Actual Charge Collections deposited into Allocation Account	\$ 0.00
Estimated Charge Collections remitted to Collection Account	\$ 0.00
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the eleventh day of April, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Customer Service and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the "Servicing Agreement"), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning April 1, 2014 and ended April 30, 2014 (the "Certificate Period"):

Deposits into Allocation Account	\$ 13,512,040.31
Actual Charge Collections deposited into Allocation Account	\$ 13,512,040.31
Estimated Charge Collections remitted to Collection Account	\$ 13,512,040.31
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned's knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the twelfth day of May, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Customer Service and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the "Servicing Agreement"), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning May 1, 2014 and ended May 31, 2014 (the "Certificate Period"):

Deposits into Allocation Account	\$ 19,858,517.10
Actual Charge Collections deposited into Allocation Account	\$ 19,858,517.10
Estimated Charge Collections remitted to Collection Account	\$ 19,858,517.10
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned's knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the sixteenth day of June, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Customer Service and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning June 1, 2014 and ended June 30, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$ 19,450,693.41
Actual Charge Collections deposited into Allocation Account	\$ 19,450,693.41
Estimated Charge Collections remitted to Collection Account	\$ 19,450,693.41
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the twelfth day of July, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Customer Service and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the "Servicing Agreement"), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning July 1, 2014 and ended July 31, 2014 (the "Certificate Period"):

Deposits into Allocation Account	\$19,141,627.68
Actual Charge Collections deposited into Allocation Account	\$19,141,627.68
Estimated Charge Collections remitted to Collection Account	\$19,141,627.68
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned's knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the eighteenth day of August, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Customer Service and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning August 1, 2014 and ended August 31, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$24,026,687.64
Actual Charge Collections deposited into Allocation Account	\$24,026,687.64
Estimated Charge Collections remitted to Collection Account	\$24,026,687.64
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the seventeenth day of September, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning September 1, 2014 and ended September 31, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$25,825,639.32
Actual Charge Collections deposited into Allocation Account	\$25,825,639.32
Estimated Charge Collections remitted to Collection Account	\$25,825,639.32
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the fifteenth day of October, 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning October 1, 2014 and ended October 31, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$26,236,729.49
Actual Charge Collections deposited into Allocation Account	\$26,236,729.49
Estimated Charge Collections remitted to Collection Account	\$26,236,729.49
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the thirteenth day of November 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning November 1, 2014 and ended November 30, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$22,816,713.20
Actual Charge Collections deposited into Allocation Account	\$22,816,713.20
Estimated Charge Collections remitted to Collection Account	\$22,816,713.20
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the fifteenth day of December 2014.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning December 1, 2014 and ended December 31, 2014 (the “Certificate Period”):

Deposits into Allocation Account	\$23,143,006.25
Actual Charge Collections deposited into Allocation Account	\$23,143,006.25
Estimated Charge Collections remitted to Collection Account	\$23,143,006.25
Remittance Shortfall transfers during period	\$ 0.00
Excess Remittances deducted during period	\$ 0.00
Remittance Shortfall instructed to be transferred to the Collection Account	\$ 0.00
Excess Remittance instructed to be deducted from future Daily Remittances	\$ 0.00
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$ 0.00

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the twelfth day of January 2015.

Long Island Lighting Company d/b/a Long Island Power Authority

By John W. Little

Name: John W. Little

Title: Director of Strategic Planning and Rates

## **APPENDIX E**

### Compliance Certificate

## EXHIBIT C

### CERTIFICATE OF COMPLIANCE

#### Utility Debt Securitization Authority Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of December 18, 2013, (the "Servicing Agreement"), between LONG ISLAND LIGHTING COMPANY, as Servicer, and UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify, for the Dec. 15<sup>th</sup>, 2014 Payment Date (the "Current Payment Date"), as follows:

The undersigned hereby certifies that he/she is the duly elected and acting [CFO] of [Long Island Power Auth] and further that:

1. A review of the activities of the Servicer and any of its subcontractors and of its performance under the Servicing Agreement during the twelve months ended [Dec. 15<sup>th</sup>], [2014] has been made under the supervision of the undersigned pursuant to Section 3.06 of the Servicing Agreement; and

2. To the best of the undersigned's knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended [Dec. 15<sup>th</sup>], [2014], except n/a.

Executed as of this 15<sup>th</sup> day of December, 2014.

Name:

Title:

Thomas F. Fazio  
Chief Financial Officer