

APPROVAL OF THE UTILITY DEBT SECURITIZATION AUTHORITY'S 2018 BUDGET

RESOLVED, that the proposed 2018 budget of the Utility Debt Securitization Authority ("Authority"), which is attached hereto as Exhibit A, is hereby approved; and

BE IT FURTHER RESOLVED, that the Authority intends to finance the requirements of the 2018 budget, as adjusted from time to time, through the collection of restructuring charges as provided for in Part B of the LIPA Reform Act, signed into law on July 29, 2013, as amended, and the financing orders adopted by the Long Island Power Authority's Board of Trustees on October 3, 2013, June 26, 2015 and July 26, 2017.

Long Island Power Authority
2018 Approved and 2019 Projected Budgets

Utility Debt Securitization Authority
(Thousands of Dollars)

Description	2016	2017		2018		2019	
	Actual	Approved	Projected	Approved	Change from Prior Year	Projected	Change from Prior Year
Operating Revenues	\$ 278,975	\$ 263,923	\$ 262,801	\$ 330,276	\$ 66,353	\$ 332,841	\$ 2,565
LIPA Operating Expenses							
Allowance for Bad Debt	\$ 1,713	\$ 1,900	\$ 1,761	\$ 2,213	\$ 313	\$ 2,230	\$ 17
General and Administrative Expense							
Ongoing Servicer Fee	\$ 1,903	\$ 2,065	\$ 2,065	\$ 2,265	\$ 200	\$ 2,265	\$ -
Administration Fees	300	400	364	500	100	500	-
Bond Administration Fees	316	400	163	250	(150)	250	-
Bond Trustee Fees and Expenses	-	56	70	70	14	70	-
Legal Fees	-	40	40	40	-	40	-
Accounting Fees	90	149	203	165	16	165	-
Directors and Officers Insurance	378	390	314	410	20	410	-
Miscellaneous	-	25	25	32	7	32	-
Total General and Administrative Expense	\$ 2,986	\$ 3,525	\$ 3,244	\$ 3,732	\$ 207	\$ 3,732	\$ -
Amortization of Restructuring Property	\$ 104,566	\$ 101,838	\$ 101,838	\$ 166,440	\$ 64,602	\$ 174,052	\$ 7,612
Interest Expense Accrual	\$ 164,574	\$ 185,899	\$ 185,279	\$ 201,528	\$ 15,629	\$ 196,118	\$ (5,410)
Amortization of Issue Premium	(32,376)	(43,153)	(42,953)	(45,918)	(2,765)	(44,723)	1,195
Amortization of Issuance Costs	2,164	2,445	2,465	2,518	73	2,361	(156)
Total Interest Expense	\$ 134,362	\$ 145,191	\$ 144,791	\$ 158,127	\$ 12,936	\$ 153,756	\$ (4,371)
Reserve Fund Earnings	\$ 225	\$ -	\$ 593	\$ 550	\$ 550	\$ 550	\$ -
Excess of Revenues Over Expenses	\$ 35,573	\$ 11,469	\$ 11,760	\$ 313	\$ (11,156)	\$ (380)	\$ (693)

Long Island Power Authority
2018 Approved and 2019 Projected Operating and Capital Budgets

Utility Debt Securitization Authority

The LIPA Reform Act, as amended, created the Utility Debt Securitization Authority (“UDSA”) to issue restructuring bonds in an aggregate amount not to exceed \$4.5 billion so as to refinance a portion of the Authority’s existing debt at a lower cost. The UDSA has no commercial operations and was formed solely to issue bonds to refinance Authority debt. The UDSA has bond ratings of Aaa(sf), AAA(sf) and AAA(sf) from Moody’s, Standard & Poor’s and Fitch Ratings, respectively, compared to ratings of A3, A-, and A-, respectively, for Authority issued bonds.

The Authority issued approximately \$2.0 billion of UDSA bonds in 2013, \$1.0 billion in October 2015, two additional series totaling an additional \$1.1 billion in 2016, and \$369.4 million in 2017.

The Authority’s customer bills recover UDSA Restructuring Charges on every kilowatt hour of energy delivered and the Authority’s own delivery charges are reduced by an amount that corresponds to the UDSA charges in each period; however, the UDSA charges are not Revenues subject to the Authority’s bond resolutions.

The UDSA’s revenues and expenses are consolidated with those of the Authority for financial reporting purposes; and therefore the information on UDSA presented herein is also reflected within the categories of revenue and expense of the Authority’s Operating Budgets shown elsewhere. This supplemental page is shown separately as an information item for the reader.