



333 Earle Ovington Boulevard
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October 16, 2017

Mr. Robert Gurman, Vice-Chairman
Utility Debt Securitization Authority
c/o Long Island Power Authority
333 Earle Ovington Blvd. Ste. 403
Uniondale, NY 11553

Subject: Notice of Adjustment for 2016B Bonds

Pursuant to the Restructuring Cost Financing Order No. 4 of the Long Island Power Authority (“Authority”) dated June 26, 2015 (the “Financing Order”) and the Restructuring Property Servicing Agreement, dated as of September 8, 2016 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby provide notice of an adjustment to the Charge to take effect on the Adjustment Date specified below.

Adjustment Date: November 15, 2017

Adjusted Charge: \$0.005679 per kWh

The adjusted Charge was calculated as the higher of the charge required to meet the June 15, 2018 debt service payment and the charge required to meet both the June 15, 2018 payment and the December 15, 2018 payment, as shown on the table below.

Respectfully,

/s/ Justin H. Bell

Justin H. Bell
Director of Rates and Regulation
Long Island Power Authority
As Servicer to the Utility Debt Securitization Authority

Utility Debt Securitization Authority - 2016B TE Bonds
 Securitization Charge to be Effective on November 15, 2017

| <u>Expense Component</u> | <u>Payment Due</u> <u>6/15/18</u> | <u>2018</u> <u>Combined</u> |
|--|--------------------------------------|--------------------------------|
| Principal Due | \$37,715,000 | \$76,370,000 |
| Interest Due | \$10,196,750 | \$19,450,625 |
| Ongoing Servicer Fee | \$117,330 | \$234,660 |
| Administration Fees | \$49,998 | \$99,996 |
| Bond Administration Fees | \$50,000 | \$100,000 |
| Bond Trustee Fees and Expenses | \$7,000 | \$14,000 |
| Legal Fees | \$5,000 | \$10,000 |
| Accounting Fees | \$8,452 | \$16,903 |
| Directors and Officers Insurance | \$23,264 | \$46,528 |
| <u>Miscellaneous</u> | <u>\$3,500</u> | <u>\$7,000</u> |
| Total to be Recovered | \$48,176,294 | \$96,349,712 |
| Allowance for Write-off at .610% ¹ | \$295,679 | \$591,340 |
| Revenue to be Recovered | \$48,471,973 | \$96,941,053 |
| kWhs (based on 37 Days Sales Outstanding) ² | 8,534,749,801 | 18,940,957,095 |
| Last Billing Date | May 9, 2018 | November 8, 2018 |
| Securitization Charge (per kWh) | \$0.005679 | \$0.005118 |

Notes:

- 1) $\$295,679 / \$48,471,973 = .610\%$
 Write-off rate based on PSEG Scorecard YTD August 2017
- 2) Days Sales Outstanding based on PSEG Scorecard YTD August 2017
 Billings on May 9 will be received 37 days later on June 15
 Billings on November 8 will be received 37 days later on December 15
 Billed sales reflect latest projections as of September 2017

Required Distribution List:

UDSA Trustees:

Bruce Levy
Robert Gurman

Bond Administrator:

LIPA
333 Earle Ovington Blvd. Ste. 403
Uniondale, NY 11782
Attention: Jon Mostel, General Counsel

Bond Trustee:

The Bank of New York Mellon
101 Barclay Street, Floor 7- West
New York, NY 10286
Attention: Frederic Belen

Bond Issuer:

Utility Debt Securitization Authority
c/o Long Island Power Authority
333 Earle Ovington Blvd. Ste. 403
Uniondale, NY 11782
Attention: Jon Mostel, General Counsel

Allocation Agent:

Long Island Power Authority

Rating Agencies:

Moody's Investors Service, Inc.
25th Floor, 7 World Trade Center, 250
Greenwich Street
New York, New York 10007
Attention: ABS/RMBS Monitoring
Department

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit Surveillance

Fitch Ratings
One State Street Plaza
New York, New York 10004
Attention: ABS Surveillance

Electronic Municipal Market Access:

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Squire Sanders