

APPROVAL OF THE UTILITY DEBT SECURITIZATION AUTHORITY'S 2019 BUDGET

RESOLVED, that the proposed 2019 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 2019 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.

Dated: December 12, 2018

Exhibit "A" – 2019 Budget

Exhibit A

Long Island Power Authority
2019 Proposed and 2020 Projected Budgets

**Utility Debt Securitization Authority
(Thousands of Dollars)**

Description	2017	2018		2019		2020	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 297,679	\$ 330,276	\$ 330,230	\$ 332,694	\$ 2,419	\$ 324,599	\$ (8,095)
Operating Expenses							
Uncollectible Accounts	1,345	2,213	2,015	2,029	(183)	1,980	(49)
General and Administrative Expense							
Ongoing Servicer Fees	2,146	2,265	2,250	2,250	(15)	2,250	-
Administration Fees	417	500	500	500	-	500	-
Bond Administration Fees	246	250	340	300	50	300	-
Bond Trustee Fees and Expenses	-	70	-	-	(70)	-	-
Legal Fees	5	40	-	-	(40)	-	-
Accounting Fees	135	165	150	150	(15)	200	50
Directors and Officers Insurance	303	410	267	325	(85)	339	14
Miscellaneous	2	32	-	-	(32)	-	-
Total General and Administrative Expense	3,254	3,732	3,507	3,525	(207)	3,589	64
Amortization of Restructuring Property	117,844	166,440	165,533	174,401	7,961	169,993	(4,408)
Interest Expense Accrual	187,163	201,528	200,495	196,248	(5,280)	192,041	(4,207)
Amortization of Premium	(43,663)	(45,918)	(46,136)	(44,779)	1,139	(45,706)	(927)
Amortization of Deferred Debt Issue Costs	2,465	2,518	2,521	2,361	(156)	2,200	(161)
Total Interest Expense	145,965	158,127	156,879	153,831	(4,297)	148,535	(5,295)
Reserve Fund Earnings	989	550	2,306	1,164	614	1,136	(28)
Excess of Revenues Over Expenses	\$ 30,259	\$ 313	\$ 4,601	\$ 73	\$ (241)	\$ 1,638	\$ 1,565

Long Island Power Authority
2019 Proposed and 2020 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 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 \$369.5 million in 2017.

The Authority's customer bills recover UDSA Restructuring Charges (consisting of debt service and administrative fees) 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.