

**RECOMMENDATION TO APPROVE THE UTILITY DEBT SECURITIZATION
AUTHORITY'S 2019 BUDGET**

RESOLVED, that the Finance and Audit Committee of the Utility Debt Securitization Authority (“Authority”) hereby recommends approval of the Authority’s proposed 2019 budget, which is attached hereto as **Exhibit “A”**; 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.