

Utility Debt Securitization Authority  
(A Component Unit of the Long Island Power Authority)  
2021 Proposed and 2022 Projected Operating and Capital Budgets

### Utility Debt Securitization Authority

The LIPA Reform Act 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 LIPA's debt at a lower cost. The issuance of Restructuring Bonds allowed LIPA to retire a portion of its outstanding indebtedness and provide savings to the Authority's customers on a net present value basis.

LIPA's Board adopted Financing Order No. 1 on October 3, 2013, Financing Orders No. 2, No. 3 and No. 4 on June 26, 2015 and Financing Order No. 5 on September 29, 2017, each authorizing the UDSA to issue Restructuring Bonds. Each financing order authorized Restructuring Bonds secured by a separate restructuring charge created pursuant to that financing order. A total of \$4.5 billion of UDSA Restructuring Bonds have been issued, with no statutory capacity remaining.

The operations of the UDSA are presented as a proprietary fund following the accrual basis of accounting in order to recognize the flow of economic resources. Revenue which is based on the UDSA's Restructuring Charge is set at an amount sufficient to recover the debt service payments and other cash operating expenses that the UDSA incurs in any given year.

The UDSA is considered a blended component unit of LIPA. The results of operations are consolidated with LIPA for financial reporting purposes.

UDSA is forecasted to end 2020 with a change in net position of \$15.7 million due to higher than expected revenues. These excess revenues are provided as a credit in the subsequent year's restructuring charge.

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Utility Debt Securitization Authority  
(Thousands of Dollars)

Description	2019	2020		2021		2022	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
<b>Revenues</b>	\$ 308,807	\$ 320,482	\$ 339,416	\$ 349,589	\$ 29,107	\$ 361,539	\$ 11,949
<b>Operating Expenses</b>							
<b>Uncollectible Accounts</b>	1,407	1,850	1,672	1,790	(60)	1,742	(47)
<b>General and Administrative Expense</b>							
Ongoing Servicer Fee	2,065	2,250	2,250	2,250	-	2,250	-
Administration Fees	685	500	500	500	-	500	-
Bond Administration Fees	392	360	389	390	30	390	-
Directors and Officers Insurance	245	339	271	362	23	380	18
Accounting, Legal & Misc. Fees	121	205	155	155	(50)	155	-
<b>Total General and Administrative Expense</b>	<b>3,508</b>	<b>3,654</b>	<b>3,565</b>	<b>3,657</b>	<b>3</b>	<b>3,675</b>	<b>18</b>
<b>Amortization of Restructuring Property</b>	<b>169,341</b>	<b>170,316</b>	<b>170,503</b>	<b>221,742</b>	<b>51,426</b>	<b>216,389</b>	<b>(5,353)</b>
Interest Expense	196,248	192,041	192,807	187,619	(4,422)	179,694	(7,925)
Amortization of Premium	(44,779)	(45,706)	(45,706)	(45,119)	587	(42,050)	3,069
Amortization of Deferred Debt Issue Costs	2,268	2,175	2,169	2,039	(136)	1,886	(153)
<b>Total Interest Expense</b>	<b>153,737</b>	<b>148,510</b>	<b>149,271</b>	<b>144,539</b>	<b>(3,971)</b>	<b>139,530</b>	<b>(5,009)</b>
<b>Reserve Fund Earnings</b>	<b>3,812</b>	<b>4,011</b>	<b>1,283</b>	<b>1,441</b>	<b>(2,569)</b>	<b>1,441</b>	<b>-</b>
<b>Change in Net Position</b>	<b>\$ (15,373)</b>	<b>\$ 164</b>	<b>\$ 15,689</b>	<b>\$ (20,697)</b>	<b>\$ (20,860)</b>	<b>\$ 1,644</b>	<b>\$ 22,341</b>