

**APPROVAL OF THE UTILITY DEBT SECURITIZATION AUTHORITY'S 2022 BUDGET**

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**RESOLVED**, that the proposed 2022 budget of the Utility Debt Securitization Authority ("Authority"), which is attached hereto as **Exhibit "A"**, is hereby approved.

Dated: November 16, 2021

**Exhibit "A"** – 2022 Budget

An offshore wind turbine is shown in the background, partially obscured by a large blue and white diagonal graphic element. The turbine is a three-bladed structure on a yellow steel jacket foundation, situated in the ocean under a clear blue sky.

# UTILITY DEBT SECURITIZATION AUTHORITY

(A Component Unit of Long Island Power Authority)

UDSA Board Meeting  
November 16, 2021

# Utility Debt Securitization Authority

(A Component Unit of Long Island Power Authority)

## 2022 Proposed and 2023 Projected Operating Budget

- The LIPA Reform Act, as amended, created the Utility Debt Securitization Authority (UDSA) to issue restructuring bonds in an aggregate amount not to exceed \$8.0 billion to refinance LIPA's debt at a lower cost and fund storm hardening and modernizing.
- 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.
- 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.

# Utility Debt Securitization Authority

(A Component Unit of Long Island Power Authority)

## 2022 Proposed and 2023 Projected Operating Budget

Description	2020	2021		2022		2023	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
<b>Revenues</b>	<b>\$350,684</b>	<b>\$349,589</b>	<b>\$365,046</b>	<b>\$344,993</b>	<b>\$ (4,596)</b>	<b>\$409,594</b>	<b>\$ 64,600</b>
<b>Operating Expenses</b>							
<b>Uncollectible Accounts</b>	<b>1,817</b>	<b>1,790</b>	<b>410</b>	<b>2,802</b>	<b>1,012</b>	<b>3,154</b>	<b>352</b>
<b>General and Administrative Expense</b>							
Ongoing Servicer Fee	2,250	2,250	2,208	2,250	-	2,250	-
Administration Fees	500	500	542	500	-	500	-
Bond Administration Fees	280	390	360	300	(90)	300	-
Directors and Officers Insurance	272	362	285	330	(32)	347	17
Accounting, Legal & Misc. Fees	89	155	155	155	-	155	-
<b>Total General and Administrative Expense</b>	<b>3,391</b>	<b>3,657</b>	<b>3,550</b>	<b>3,535</b>	<b>(122)</b>	<b>3,552</b>	<b>17</b>
<b>Amortization of Restructuring Property</b>	<b>165,980</b>	<b>221,742</b>	<b>234,806</b>	<b>223,082</b>	<b>1,341</b>	<b>263,387</b>	<b>40,305</b>
Interest Expense	192,803	187,619	187,619	179,694	(7,925)	170,835	(8,859)
Amortization of Premium	(45,706)	(45,119)	(45,119)	(42,050)	3,069	(38,116)	3,934
Amortization of Deferred Debt Issuance Costs	2,175	2,039	2,036	1,886	(153)	1,740	(145)
<b>Total Interest Expense</b>	<b>149,272</b>	<b>144,539</b>	<b>144,536</b>	<b>139,530</b>	<b>(5,009)</b>	<b>134,459</b>	<b>(5,071)</b>
<b>Reserve Fund Earnings</b>	<b>775</b>	<b>1,441</b>	<b>37</b>	<b>38</b>	<b>(1,404)</b>	<b>38</b>	<b>-</b>
<b>Change in Net Position</b>	<b>\$ 30,999</b>	<b>\$ (20,697)</b>	<b>\$ (18,218)</b>	<b>\$ (23,918)</b>	<b>\$ (3,222)</b>	<b>\$ 5,079</b>	<b>\$ 28,997</b>

# Utility Debt Securitization Authority

(A Component Unit of Long Island Power Authority)

## 2022 Proposed and 2023 Projected Operating Budget

- **2022 Budget vs. 2021 Budget:**

- Revenue is set annually at an amount sufficient to recover debt service and other cash operating expenses. Revenue is budgeted to be \$345 million for 2022 which is a \$4 million decrease compared to 2021 budgeted revenue. This decrease is due to lower 2022 scheduled debt service payments partially offset by an increase in the June 2023 debt service which is billed in last month of 2022.
- The amortization of restructuring property is amortized relative to scheduled debt service, and as the debt service will be lower in 2022 than in 2021, the budgeted amortization was decreased accordingly