

## **FOR CONSIDERATION**

May 18, 2022

**TO:** The Finance and Audit Committee

**FROM:** Thomas Falcone

**SUBJECT:** Recommendation for Adoption of Utility Debt Securitization Authority Financing Orders and Related Authorizations

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### **Requested Action**

The Finance and Audit Committee (the “Committee”) is requested to adopt a resolution, attached hereto as **Exhibit “A”**, recommending adoption of four Utility Debt Securitization Authority (“UDSA”) Financing Orders (numbered 6 through 9) attached hereto as **Exhibit “B”**.

### **Background**

The LIPA Reform Act, Part B of Chapter 173, as amended, authorizes the issuance and sale of restructuring bonds by UDSA. Securitized restructuring bonds issued by a bankruptcy-remote entity pursuant to appropriate legislation receive higher credit ratings from the rating agencies than the credit ratings carried by LIPA’s debt, resulting in a lower cost of funds. Lowering associated debt service will be beneficial to the economic well-being of the residents of Long Island and promote commerce and industry in LIPA’s service area.

On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369 of the laws of New York 2021 (“Chapter 369”), which amended the LIPA Reform Act to permit, among other things, the adoption by LIPA of additional financing orders and the issuance by UDSA of additional restructuring bonds in an aggregate principal amount not to exceed \$8 billion less any previously issued restructuring bonds of approximately \$4.5 billion. On August 2, 2021, the Governor signed such Chapter 369 into law. Chapter 369 also amended the LIPA Reform Act to permit UDSA to issue restructuring bonds to refund both LIPA and UDSA Bonds and to finance “System Resiliency Costs,” which are defined as the costs of rebuilding, improving or constructing transmission and distribution system assets to increase resiliency of such assets, better withstand changes in climate, absorb impacts from outage-inducing events, and recover quickly from outages including but not limited to, improvements to and replacement of poles and wires, moving power lines underground, raising substations, constructing flood barriers, and system automation and costs of purchasing, redeeming or defeasing LIPA debt incurred to finance such costs or reimbursing the Authority for amounts already spent on such costs. Such costs are as reflected in the LIPA’s capital budgets.

Consistent with the LIPA Reform Act as amended by Chapter 369, LIPA has provided copies of the proposed orders to the Department of Public Service (“DPS”) and consulted with DPS on the orders.

The LIPA 2022 Plan of Finance anticipated the issuance of UDSA bonds as a method to reduce debt costs for customers on a net present value basis.

LIPA staff continually monitors the debt portfolio of LIPA and UDSA bonds for market opportunities to reduce the costs of debt for our customers. Financing Orders are the first step in the process of issuing additional UDSA restructuring bonds and LIPA is considering issuing them to (i) refund certain outstanding bonds issued by the Authority and UDSA, (ii) finance System Resiliency Costs and (iii) pay upfront financing costs.

### **Financing Orders**

Four Financing Orders are presented for consideration, each identical in content but for the number thereof, which will be available for use by LIPA, based on market conditions, through December 31, 2025. The Financing Orders give LIPA the options stated above to (i) purchase, redeem, repay or defease the debt issued by the Authority and UDSA, which may require the payment of certain costs incurred or paid pursuant to agreements by the Authority or the Securitization Authority with tender agents, escrow agents and others for related activities. Further, in connection with such purchases, redemptions, repayments or defeasances, interest rate swap contracts or other financial contracts relating to LIPA's debt may be terminated, novated or amended pursuant to agreements between the parties or, in the case of novation, additional parties, (ii) issue restructuring bonds to finance System Resiliency Costs and (iii) pay upfront financing costs as described in Section 3 of each Financing Order.

The issuance of UDSA Restructuring Bonds, depending on the specific Plan of Finance, will be for the purpose of optimizing the debt portfolio for our customers, creating debt service savings and/or lowering costs to consumers of electric transmission and distribution services in the service area on a net present value basis. These savings could be hundreds of millions of dollars for our customers depending on market conditions.

In order to facilitate the issuance of the Restructuring Bonds, the New Financing Orders each create a separate Restructuring Property as defined therein, which is the right to bill and collect from customers the non-bypassable Charge necessary to pay the series of New Bonds secured by such Restructuring Property and other Ongoing Financing Costs (as defined in the each New Financing Order) including the costs required to service such New Bonds, collect the Charge, administer the Securitization Authority, and pay other expenses associated with such New Bonds. In order to provide for timely payment of principal and interest on the New Bonds and payment of other Ongoing Financing Costs, each New Financing Order establishes a true-up adjustment mechanism to adjust the level of the Charge established thereunder to correct for any over-collection or under-collection. Each New Financing Order authorizes the sale of the Restructuring Property created thereby to UDSA pursuant to a sale agreement (each a "Sale Agreement") in exchange for the net proceeds from the sale of the New Bonds issued pursuant to such New Financing Order less the costs required to issue such New Bonds (collectively, as defined in such New Financing Order, the "Upfront Financing Costs"). A draft form of a Sale Agreement is attached hereto as **Exhibit "C"**.

In addition to a Sale Agreement, various other agreements relating to the Restructuring Property and the Charge will be entered into by the Authority or Long Island Lighting Company d/b/a LIPA pursuant to each New Financing Order, including a Servicing Agreement and an Administration Agreement, all as described in such New Financing Order. A draft form of a Servicing Agreement

is attached hereto as **Exhibit “D”** and a draft form of the Administration Agreement is attached hereto as **Exhibit “E”**.

Each New Financing Order approves the issuance and sale of New Bonds, in one or more series or tranches, to be sold at one or more times pursuant to one or more bond purchase agreements and further approves the costs of purchasing, redeeming, repaying or defeasing a portion of the Target Debt as described in such New Financing Order (“Debt Retirement Costs”), System Resiliency Costs and Upfront Financing Costs relating to the New Bonds issued pursuant to such New Financing Order.

Each New Financing Order authorizes one or more LIPA officers (each an “Authorized Designee”) to review and approve the pricing and terms of the related New Bonds and various related documents and to confirm in a notice to UDSA that the pricing of the New Bonds issued under any New Financing Order complies with such New Financing Order.

As provided in Part B of the LIPA Reform Act, the State of New York has pledged and agreed that the State will not in any way take or permit any action that limits, alters or impairs the value of Restructuring Property created by Restructuring Cost Financing orders previously adopted and by each New Financing Order or, except as required by the adjustment mechanism described in the related restructuring cost financing order, reduce, alter or impair the Charge established by such restructuring cost financing order that is imposed, collected and remitted for the benefit of the owners of the restructuring bonds secured by restructuring property, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of such restructuring bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full.

### **Public Comment on the Financing Orders**

As discussed above, the Financing Orders reflect opportunities to save debt service costs and improve system resiliency. Two public comment periods were held on April 14, 2022, at 10:00 a.m. and at 6:00 p.m., with an additional 30 days for written public comments. To date, no public comments have been received. Recommendations

Based upon the foregoing, I recommend that the Finance and Audit Committee recommend that the Board adopt the resolutions attached hereto authorizing the four UDSA Financing Orders, to be effective through December 31, 2025, which permit the issuance of restructuring bonds in a principal amount not to exceed \$8.0 billion less any previously issued restructuring bonds and permitting the issuance of such restructuring bonds to (i) purchase, redeem, repay or defease the debt issued by LIPA and UDSA (ii) finance System Resiliency Costs and (iii) pay upfront financing costs as described in Section 3 of each Financing Order.

### **Attachments**

<b><u>Exhibit “A”</u></b>	Resolution
<b><u>Exhibit “B”</u></b>	Financing Orders
<b><u>Exhibit “C”</u></b>	Sale Agreement
<b><u>Exhibit “D”</u></b>	Servicing Agreement

**Exhibit “E”** Administration Agreement

**Exhibit “F”** DPS Consultation Letter, dated May 17, 2022

**RECOMMENDATION TO ADOPT FINANCING ORDERS**

RESOLVED, that the Finance and Audit Committee recommends that the Board adopt the resolutions attached hereto authorizing the four UDSA Financing Orders, to be effective through December 31, 2025, which permit the issuance of restructuring bonds in a principal amount not to exceed \$8.0 billion less any previously issued restructuring bonds and permitting the issuance of such restructuring bonds to (i) purchase, redeem, repay or defease the debt issued by LIPA and UDSA (ii) finance System Resiliency Costs and (iii) pay upfront financing costs as described in Section 3 of each Financing Order.

**LONG ISLAND POWER AUTHORITY****PROPOSED FORM OF RESTRUCTURING COST FINANCING ORDER****ORDER NO. 6**

This restructuring cost financing order is adopted pursuant to Part B of Chapter 173, laws of New York, 2013, as amended (the “LIPA Reform Act”) to authorize and approve (a) the issuance and sale of restructuring bonds in an aggregate principal amount not to exceed the Order Cap (as defined in this order) by the Utility Debt Securitization Authority (the “Securitization Authority”) created by the LIPA Reform Act (restructuring bonds issued pursuant to this order are hereinafter defined as the “Bonds”); (b) the creation of the restructuring property described in this order (the “Restructuring Property”), including the right to impose, bill and collect the transition charges described in this order (the “Charges”), as adjusted from time to time in accordance with this order; (c) the sale of the Restructuring Property by the Long Island Power Authority (the “Authority”) to the Securitization Authority for the consideration described in this order; (d) the imposition, billing and collection of the Charges on, to and from Consumers as provided in this order; (e) the use of the proceeds of the sale of the Bonds to pay Upfront Financing Costs (as defined in this order) and the purchase price of the Restructuring Property; and (f) the use of the proceeds of the sale of the Restructuring Property to pay the approved restructuring costs described in this order.

**DISCUSSION AND STATUTORY OVERVIEW**

On May 28, 1998, the Authority acquired all of the capital stock and associated assets, including transmission and distribution system assets, of Long Island Lighting Company (doing business as “LIPA”). As of March 31, 2022, the Authority had approximately \$5.519 billion dollars in outstanding debt.

Lowering debt levels and associated debt service will be beneficial to the economic well-being of the residents of Long Island and promote commerce and industry in the Authority’s service area.

Securitized restructuring bonds issued by a bankruptcy-remote entity pursuant to appropriate legislation receive higher credit ratings from the rating agencies than the credit ratings carried by the Authority’s debt, resulting in a lower cost of funds. To accomplish the public purpose of reducing the debt service on the Authority’s outstanding debt through the use of lower-cost securitized restructuring bonds, the LIPA Reform Act was introduced (a) to organize the Securitization Authority, a special purpose corporate municipal instrumentality of the State, for the limited purpose of issuing the restructuring bonds, which restructuring bonds will create no new financial obligations or liabilities for the Authority or the State, and to use a portion of the proceeds thereof to purchase the restructuring property from the Authority to enable the Authority to purchase, redeem, repay or defease a portion of the Authority’s outstanding debt, and (b) to enact provisions designed to cause the restructuring bonds (including the Bonds) to receive the highest credit ratings from the rating agencies, including a provision containing a statutory agreement and pledge by the State of New York, which provides in pertinent part that the State will not in any way take or permit any action to revoke, modify, impair, postpone, terminate or

amend the LIPA Reform Act in any manner that is materially adverse to the owners of the Bonds until the Bonds are no longer outstanding and all amounts due and owing under the related transaction documents have been paid in full.

On June 21, 2013, the New York State Assembly and Senate adopted the LIPA Reform Act. On July 29, 2013, the Governor signed the LIPA Reform Act into law. On August 28, 2013, the time for filing any challenges to the LIPA Reform Act expired and no such challenges were filed.

On December 18, 2013, pursuant to Restructuring Cost Financing Order No. 1 (“Order No. 1”) adopted by the Authority on October 3, 2013, the Securitization Authority issued \$2,022,324,000 of its Restructuring Bonds, Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt) (collectively, the “2013 Bonds”). The Securitization Authority used the proceeds of the 2013 Bonds to purchase the restructuring property created by Order No. 1, including transition charges. The restructuring property created by Order No. 1 was pledged by the Securitization Authority to the payment of the 2013 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58, the laws of New York, 2015 (“Chapter 58”) which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$4.5 billion less any previously issued restructuring bonds. On April 13, 2015, the Governor signed such Chapter 58 into law. On May 13, 2015, the time for filing any challenges to the LIPA Reform Act, as amended by such Chapter 58, expired and no such challenges were filed.

On June 26, 2015, the Authority Trustees adopted Restructuring Financing Cost Order No. 2 (“Order No. 2”), Restructuring Cost Financing Order No. 3 (“Order No. 3”) and Restructuring Cost Financing Order No. 4 (“Order No. 4” and, together with Order No. 2 and Order No. 3, the “2015 Financing Orders”), which allowed the Securitization Authority to issue additional restructuring bonds prior to December 31, 2016. The 2015 Financing Orders each created restructuring properties specific to each of the 2015 Financing Orders and separate from the restructuring properties created by Order No. 1 and each of the other 2015 Financing Orders. Each of the 2015 Financing Orders permitted the Securitization Authority to issue restructuring bonds, a portion of the proceeds of which were used to purchase the restructuring properties created by each of the particular 2015 Financing Orders. The 2015 Financing Orders limited the total principal amount of restructuring bonds authorized under each of the 2015 Financing Orders to an amount not to exceed the amount authorized by the LIPA Reform Act, as amended, minus the amount of restructuring bonds previously issued under Order No. 1 and the 2015 Financing Orders.

On October 27, 2015, pursuant to Order No. 2, the Securitization Authority issued \$1,002,115,000 of its Restructuring Bonds, Series 2015 (the “2015 Bonds”). The Securitization Authority used the proceeds of the 2015 Bonds to purchase the restructuring property created by Order No. 2, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2015 Bonds. On April 7, 2016, pursuant to Order

No. 3, the Securitization Authority issued \$636,770,000 of its Restructuring Bonds, Series 2016A (the “2016A Bonds”). The Securitization Authority used the proceeds of the 2016A Bonds to purchase the restructuring property created by Order No. 3, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016A Bonds. On September 8, 2016, pursuant to Order No. 4, the Securitization Authority issued \$469,320,000 of Restructuring Bonds, Series 2016B (the “2016B Bonds”). The Securitization Authority used the proceeds of the 2016B Bonds to purchase the restructuring property created by Order No. 4, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016B Bonds. The Authority used the net proceeds from the sale of the restructuring properties created by the 2015 Financing Orders to retire debt and other obligations of the Authority.

On November 11, 2017, pursuant to Restructuring Cost Financing Order No. 5 (“Order No. 5”) adopted by the Authority on July 26, 2017, the Securitization Authority issued \$369,465,000 of its Restructuring Bonds, Series 2017 (the “2017 Bonds”). The Securitization Authority used the proceeds of the 2017 Bonds to purchase the restructuring property created by Order No. 5, including transition charges. The restructuring property created by Order No. 5 was pledged by the Securitization Authority to the payment of the 2017 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369, the laws of New York, 2021 (“Chapter 369”), which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees, in consultation with DPS, of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$8 billion less any previously issued restructuring bonds and permitting the issuance of such restructuring bonds to refund bonds issued by the Securitization Authority and to finance System Resiliency Costs (as defined herein and in Chapter 369). On August 2, 2021, the Governor signed such Chapter 369 into law.

As of the date of this Restructuring Cost Financing Order, the Securitization Authority has heretofore issued \$4,499,994,000 aggregate principal amount of restructuring bonds.

Pursuant and in accordance with the amendments to the LIPA Reform Act effectuated by Chapter 369, this Financing Order together with three other restructuring cost financing orders have been prepared in consultation with the Department of Public Service (the “DPS”).

As required by subdivision 2 of section 3 of the LIPA Reform Act, the Authority has scheduled (and held) the following public statement hearings on this order conducted virtually at 10:00 a.m. and 6:00 p.m. respectively on April 14, 2022. Notice of the public hearings was included on LIPA’s website, along with this draft Restructuring Cost Financing Order, and press releases were issued to the media. The Authority also accepted written public comments on the financing orders via mail and e-mail at [UDSA2022@lipower.org](mailto:UDSA2022@lipower.org).

As used in this order, the term “Consumer” shall mean any consumer as defined by the LIPA Reform Act; the term “Service Area” shall mean the service area as defined by the LIPA Reform Act, i.e. the geographical area within which LIPA provided electric transmission and



distribution services as of July 29, 2013, implementation date of the LIPA Reform Act; the term “Servicer” shall mean LIPA as initial servicer and any successor servicer as defined by the LIPA Reform Act; the term “T&D System Assets” shall mean the T&D system assets as defined by the LIPA Reform Act, i.e. the physically integrated system of electric transmission and distribution facilities (and other general property and equipment used in connection therewith) owned by LIPA as of the effective date of the LIPA Reform Act or thereafter acquired for use by LIPA or its successors in providing retail electric utility service to Consumers in the Service Area; and, at the time of issuance of any Bonds under this restructuring cost financing order, the term “Order Cap” shall mean an amount equal to \$8 billion less the sum of the original principal amount of restructuring bonds issued prior to such time pursuant to the LIPA Reform Act under any other restructuring cost financing order. To facilitate compliance and consistency with applicable statutory provisions, this order adopts the definitions in the LIPA Reform Act for all terms used in this order that are defined in the LIPA Reform Act unless otherwise defined in this order.

If the Bonds are approved and issued, the Servicer shall impose, bill and collect, from Consumers of electric transmission and distribution services in the Service Area, the Charges, as adjusted from time to time in accordance with this order, until the principal of and interest on the Bonds and the related ongoing financing costs have been paid in full.

The imposition, billing and collection of the Charges shall be from all Consumers of transmission and distribution services in the Service Area.

This order includes a mechanism requiring that the Charges be reviewed and adjusted periodically, to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other ongoing financing costs as described in this order.

This order shall become a final rate order by the Authority when the board of Trustees of the Authority approves this order and the Public Authorities Control Board (“PACB”) approves or is deemed to have approved this order as provided in the LIPA Reform Act.

This order shall become an irrevocable rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. In accordance with subdivision 3 of section 3 of the LIPA Reform Act, the validity of this order may only be challenged by an aggrieved party pursuant to an action, suit or proceeding filed directly to the Supreme Court, Appellate Division, Second Judicial Department, within thirty days after this order becomes a final rate order by the Authority.

## DESCRIPTION OF PROPOSED TRANSACTION

### FINDINGS OF FACT

1. Target Debt: The Authority has caused a review of its outstanding debt and the outstanding debt of the Securitization Authority to be made and finds that a portion of the debt issued by the Authority and the Securitization Authority (collectively, the “Target Debt”) could be purchased, redeemed, repaid or defeased with the net proceeds from the sale of the Restructuring Property created by this order. The Target Debt is listed on Exhibit A hereto.

2. Debt Retirement Costs: The Authority finds that purchasing, redeeming, repaying or defeasing the Target Debt will require the payment of certain costs (the “Debt Retirement Costs”), which may include costs incurred or paid pursuant to agreements by the Authority or the Securitization Authority with tender agents, escrow agents and others for related activities. Further, in connection with such purchases, redemptions, repayments or defeasances, interest rate swap contracts or other financial contracts relating to the Authority’s debt may be terminated, novated or amended pursuant to agreements between the parties or, in the case of novation, additional parties. The Authority finds that the Bonds should be rated by one or more nationally recognized bond rating agencies, pursuant to agreements with them heretofore or hereafter entered into by the Authority or the Securitization Authority. The Debt Retirement Costs are hereby described as the principal, redemption price, or purchase price of the Target Debt, the purchase price of any securities purchased to defease the Target Debt, any accrued interest or premium, any tender offer or purchase fees or expenses, the costs of terminating any swap contracts or other financial contracts related to the Authority’s debt, any rebate, yield reduction payments or other amounts payable to preserve or protect the federal tax-exempt status of the Target Debt, and any other costs of purchasing, redeeming, repaying or defeasing the Target Debt. These costs may vary significantly in response to market conditions and as a result of the terms of the Target Debt to be purchased, redeemed, repaid or defeased (e.g. whether the Authority or the Securitization Authority has to tender for such debt or repurchase such debt on the open market or otherwise has the right to redeem, repay or defease such debt). Debt Retirement Costs and net present value savings may also be impacted by changes in market interest rates, including long-term borrowing rates and short-term investment rates, among others. The lower prevailing interest rates are at the time of retirement, the higher the cost to effect such retirement may be. All else being equal, the impact of any increase in Debt Retirement Costs should be somewhat offset by a lower cost of the Bonds. Therefore, the Authority finds that it should select, on or about the date of issuance of the Bonds, the amounts of the specific debt securities or other instruments of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property in any manner, consistent with market conditions, that is expected to result in savings to Consumers on a net present value basis.

3. Upfront Financing Costs: The Authority finds that the issuance of the Bonds will require the payment of the upfront financing costs described as follows (the “Upfront Financing Costs”):

- expenses associated with the efforts to prepare or obtain approval of this order or any other restructuring cost financing order adopted contemporaneously with this order;

- the funding of a Reserve Subaccount (as defined in the hereinafter referred to Indenture);
- fees and expenses associated with the structuring, marketing, and issuance of the Bonds:
  - counsel and advisor fees and expenses payable by the Authority, the Securitization Authority and the underwriters;
  - structural advisory fees payable by the Authority;
  - underwriting fees and expenses;
  - original issue discount;
  - rating agency fees;
  - Indenture Trustee fees (including counsel fees);
  - escrow agent fees;
  - accounting and auditing fees;
  - printing and marketing expenses;
  - compliance fees;
  - filing fees;
  - listing fees;
  - bond issuance charges;
  - any taxes or payments in lieu of taxes payable by the Securitization Authority or the Authority with respect to the issuance of the Bonds or the sale of the Restructuring Property; and
  - amounts advanced by the Authority or the Securitization Authority for the payment of Upfront Financing Costs.

The Authority recognizes that the amounts and types of Upfront Financing Costs will be determined on or about the date of sale of the Bonds, as such costs are dependent upon the final sizing of the Bonds and marketing and rating agency considerations, such as the size of the Required Reserve Level (as defined in the Indenture). The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of Upfront Financing Costs based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

4. System Resiliency Costs: The Authority finds that the adoption of this order for the purpose of issuing restructuring bonds to finance System Resiliency Costs would result in lower costs to consumers of electric transmission and distribution services in the service area on a net present value basis than funding of such costs by the Authority. Pursuant to Section 2, Subdivision 17-a, of the LIPA Reform Act, System Resiliency Costs means, to the extent approved as such under a restructuring cost financing order, the costs of rebuilding, improving or constructing transmission and distribution system assets to increase resiliency of such assets, better withstand changes in climate, absorb impacts from outage-inducing events, and recover quickly from outages including but not limited to, improvements to and replacement of poles and wires, moving power lines underground, raising substations, constructing flood barriers, and system automation and costs of purchasing, redeeming or defeasing debt of the Authority incurred to finance such costs or reimbursing the Authority for amounts already spent on such costs. All such costs, to the extent included in the Authority's Capital Budget as the same may be amended from time to time are hereby approved as System Resiliency Costs for purposes of the LIPA Reform Act and this financing order. A schedule listing those projects included in the current Capital Budget, the cost of which in whole or in part would constitute System Resiliency Costs, is attached hereto as **Exhibit D**.

The Authority determines that a portion of the Bonds may finance the payment of System Resiliency Costs.

The amount of Debt Retirement Costs, Upfront Financing Costs and System Resiliency Costs (collectively, the "Restructuring Costs") that the Authority proposes to pay through the sale of the Restructuring Property and the issuance of the Bonds shall not exceed a principal amount equal to the Order Cap.

5. Structure of the Bonds: Based upon the estimated amounts of Restructuring Costs, the Authority finds that the initial principal amount of the Bonds to be issued shall not exceed the Order Cap.

The Bonds are expected to be issued on a date that is after the time for any challenges or appeals to this order has expired and before December 31, 2025.

The Bonds are expected to be structured as follows: One or more series and/or tranches of (a) federally taxable Bonds with different maturities and amortization schedules and/or (b) Bonds the interest on which will be excluded from gross income for federal income tax purposes with different maturities and with or without amortization or sinking funds. Such Bonds may be subject to redemption prior to their respective maturities. Pursuant to the terms of the LIPA Reform Act, the transfer and the income from all Bonds will be free from taxation by the State of New York or any municipality in the State, except for estate and gift taxes. Each series or tranche of the Bonds is expected to have a scheduled final maturity date (a date by which such series or tranche is expected to be paid in full, based on the expected receipt of Charges) and a legal final maturity date (a date by which the final principal payment on such series or tranche must be paid in order to avoid a default under the transaction documents and which is expected to be two years after the scheduled final maturity date); provided that the legal final maturity date for any series or tranche of the Bonds shall be no later than thirty years after the date of issuance of the Bonds and the final scheduled maturity of any series of Bonds the proceeds of which will be applied to purchase,

redeem, repay or defease Target Debt shall be no later than the final scheduled maturity date of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

Debt service on the Bonds will be based upon a number of variables, including, but not limited to, the portion of the Target Debt which may be economically refunded or defeased or which may be purchased pursuant to a tender process, which will be determined on or about the date of sale of the Bonds, based on the then-prevailing interest rate environment. Based upon reasonable assumptions relating to those variables, including current market conditions, scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, each as adopted by the Authority on May 18, 2022, together with the Bonds, are expected to be no greater than \$700 million.

If directed by the Authority, the Securitization Authority shall issue a Bond to the Authority payable from and secured by a lien on the Collateral (as defined in the Indenture) subject and subordinate to all other Bonds in an amount not to exceed the initial cash contribution, if any, by the Authority to the Reserve Subaccount (the “Subordinate Note”). For the purposes of this order the term “Bonds” shall include the Subordinate Note except with respect to references to ratings thereon, sales thereof to the underwriters and the calculation of amounts required to be deposited to the Reserve Subaccount and the initial annual servicing fee.

The final terms of the Bonds will be approved by an Authority Designee (defined below) as provided in this order.

6. Ongoing Financing Costs: The Authority does not expect any federal, state or local taxes, payments in lieu of taxes, franchise fees or license fees to be imposed on the Charge revenues. The Authority finds that the terms of the Bonds will require the payment of the following ongoing financing costs (the “Ongoing Financing Costs”):

- principal (including amortization, sinking fund or redemption payments), redemption premiums, if any, and interest on the Bonds;
- servicing fees and expenses;
- administrative fees and expenses;
- Indenture Trustee fees and expenses (including counsel fees);
- legal fees and expenses;
- accounting fees and expenses;
- rating agency fees;
- any taxes payable by the Securitization Authority;

- any Upfront Financing Costs that cannot be paid from the proceeds of the sale of the Bonds, including but not limited to, an amount sufficient to fund the Reserve Subaccount over the time period, and to the extent, specified in the Issuance Advice Letter (defined below);
- any amounts required to replenish the Reserve Subaccount;
- indemnities;
- fees and expenses associated with variable rate Bonds;
- expenses of the Securitization Authority; and
- rebate and yield reduction payments.

The Authority recognizes that most Ongoing Financing Costs will not be known until after this order is finalized, e.g. the expected principal and interest payable on the Bonds will not be known until the Bonds are priced, the fees may be estimated at the time the Bonds are issued but they may increase over the life of the Bonds, the expenses will vary from year to year depending upon what services or activities are required to be performed in each year, and some possible Ongoing Financing Costs (such as replenishment of the Reserve Subaccount or indemnities) depend upon contingencies that may never happen. The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of the annual Ongoing Financing Costs that are likely to be incurred based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

7. Savings: The Authority finds that the issuance of Bonds is expected to result in savings to the Consumers of electric transmission and distribution services in the Service Area on a net present value basis. In case of Bonds issued to provide proceeds to pay Debt Retirement Costs, the Authority finds that such savings on a net present value basis (“Net Present Value Savings”) should be calculated as the difference between (i) the present value of the Aggregate Expected Debt Service and (ii) the present value of the Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order:

“Securitization Debt Service” shall mean the principal of and interest on Bonds issued to provide proceeds to pay for Debt Retirement Costs, such principal and interest to be calculated assuming that such Bonds are paid on their expected maturity dates (or in the case of Bonds subject to sinking fund redemption, their expected sinking fund redemption dates) rather than the legal maturity dates, and expected other Ongoing Financing Costs (less the amounts in the reserve account and other collateral accounts, including earnings thereon, when such amounts are expected to be applied to the payment of principal of or interest on such Bonds or the payment of other Ongoing Financing Costs relating to such Bonds), to be calculated based upon estimates of the amounts that are expected to be paid semi-annually until such Bonds are paid in full.

“Aggregate Expected Debt Service” shall mean the sum of the Expected Debt Service by Category for the portion of each category of Target Debt that is to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property as described in the Issuance Advice Letter (defined below).

“Expected Debt Service by Category” shall mean:

- (a) in the case of outstanding fixed rate Target Debt, the stated principal of and interest on such bonds, such principal and interest to be calculated assuming that the bonds are paid on their stated maturity dates or, in the case of bonds subject to mandatory sinking fund installments, their sinking fund payment dates;
- (b) in the case of the Authority's outstanding variable rate demand bonds that the Authority plans to refinance in a fixed rate mode absent securitization, the expected principal and interest payments on such bonds assuming that such bonds were to be refinanced in a fixed rate mode pursuant to the terms thereof, the prices and yield of such refinancing to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority.
- (c) in the case of any outstanding debt under the Authority's revolving line of credit that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (d) in the case of any of the Authority's commercial paper balances that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (e) Further, in the case of any such variable rate bonds, revolving line of credit or commercial paper balances for which an associated interest rate swap is to be terminated, in whole or in part, or amended, the size of such refinancing would be adjusted to reflect the costs of any termination or amendment of such interest rate swap and whether such swap termination payment may be financed with the proceeds of federally tax-exempt or taxable bonds.

In case of Bonds issued to provide proceeds to finance System Resiliency Costs, the Authority finds that Net Present Value Savings should be calculated as the difference between (i) the present value of the Assumed System Resiliency Debt Service and (ii) the present value of the

Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order “Assumed System Resiliency Debt Service” shall mean the expected principal and interest payments on a series of fixed rate Authority bonds that would otherwise be issued by the Authority to fund System Resiliency Costs, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.

The Authority finds that the debt service on the Bonds will include interest payable on the Bonds and scheduled principal, sinking fund or redemption payments on the Bonds. The estimated Securitization Debt Service is expected to be less, on a net present value basis, than the Aggregate Expected Debt Service that would be included in the Authority’s rates absent the securitization contemplated by this order but including the planned refinancings described in the definition of Expected Debt Service by Category.

8. Benefits to Consumers: The Authority finds that the primary benefit to Consumers in the Service Area that is expected to result from the sale of the Restructuring Property and the Bonds as opposed to traditional financing mechanisms arises from the lower effective interest cost expected to be payable on the Bonds, after taking into account the issuance costs of the Bonds, as compared with the Aggregate Expected Debt Service.

9. Allocation Methodology: The Authority finds that the appropriate and reasonable methodology for allocating Charges on an equal percentage basis among customer service classifications, including those service classifications that pay demand (kW) charges or fixed monthly charges, is as follows: The Charges will be allocated among all customer service classifications by (a) determining the Charge per kWh using the adjustment mechanism and mathematical formula described in Exhibit B hereto and (b) billing each Consumer for a Charge equal to the product of multiplying such Charge per kWh by the number of net kWhs of electric energy delivered to such Consumer during the period covered by such bill, so long as such Consumer is connected to the T&D System Assets and is taking electric delivery service located within the Service Area, whether or not such Consumer produces its own electricity or purchases electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

The Authority has analyzed the impact of this methodology on Consumers’ bills and finds that the impact on Consumers’ bills is expected to be as follows: The amounts billed to Consumers for transmission and distribution services (including debt service on the Authority’s debt) and the Charges are expected to be less, on a net present value basis, than the amounts that would have been billed to such Consumers for transmission and distribution services (including Aggregate Expected Debt Service) absent the purchasing, redeeming, repaying or defeasing of all or a portion of the Target Debt through the issuance of Bonds.



10. Charges Generally: The Authority finds that it is appropriate to identify the Charges included in each Consumer's bill by means of a separate line item, a footnote or other description of the amount of the Charge or Charge per kWh and a statement to the effect that the Charges belong to the Securitization Authority.

11. Adjustment Mechanism: The Authority finds that the adjustment mechanism and mathematical formula described in Exhibit B hereto is just and reasonable and will reduce the risks related to the Bonds, resulting in lower transition charges and greater benefits to Consumers. The Authority finds that it is desirable that each Charge adjustment take effect as described in such Exhibit B and that it will not be reasonably practical to change a mathematically inaccurate Charge adjustment (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) sooner than the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

12. Restructuring Property: The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

13. Basic Documents: Pursuant to due authorization the Authority shall approve the selection of underwriters, including the senior underwriters, for the issuance of the Bonds satisfactory to the Authority and shall advise the Securitization Authority of such selection in the written notice to be provided to the Securitization Authority pursuant to Ordering Paragraph 15 below.

The Authority contemplates that either the Securitization Authority or the Securitization Authority and the Authority will enter into one or more agreements (each a "Bond Purchase Agreement") with the senior underwriter or underwriters, as representative of one or more underwriters, to purchase the Bonds.

If directed by the Authority, the Securitization Authority shall, simultaneously with the delivery of Bonds to the senior underwriters and with the delivery of a cash contribution to the Reserve Subaccount, issue the Subordinate Note to the Authority.

The Authority contemplates that the Securitization Authority will enter into an indenture (the "Indenture") with a bank or trust company acceptable to the Authority to act as initial indenture trustee (the "Indenture Trustee") pursuant to which the Bonds (including the Subordinate Note, if any) are to be issued.

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Servicing Agreement”) with LIPA to act as initial Servicer to perform all duties of the Securitization Authority relating to the Restructuring Property and the Bonds. The Authority contemplates that LIPA will contract with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement. The Authority finds that a servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds, together with the reimbursement of expenses incurred by the Servicer in the performance of its duties as Servicer, approximates the estimated incremental cost of imposing, billing and collecting the Charges, preparing servicing reports and performing other customary servicing services required in connection with the Bonds in the case of a Servicer that otherwise bills and collects T&D rates from Consumers in the Service Area and is reasonable.

The Authority contemplates that the initial Servicer will file with the Authority and the Securitization Authority, no later than the third business day after the pricing of the Bonds, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C** (the “Issuance Advice Letter”).

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Administration Agreement”) with LIPA to act as initial administrator of the Securitization Authority to perform all duties of the Securitization Authority under the Public Authorities Law and other applicable law or otherwise not covered by the Servicing Agreement.

The Authority contemplates that LIPA may enter into one or more agreements with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement as sub-servicer or otherwise.

The Authority contemplates that the Authority and the Securitization Authority will enter into an agreement (the “Sale Agreement”) for the sale of the Restructuring Property by the Authority to the Securitization Authority.

14. **Collateral Accounts**: The Authority finds that it is appropriate and desirable that the Securitization Authority create a collection account, the Reserve Subaccount and such other accounts and subaccounts described in the Indenture with the Indenture Trustee, and that the Reserve Subaccount in an amount not to exceed 5% of the initial aggregate principal amount of the Bonds, or as otherwise provided in the Issuance Advice Letter, be funded by means of a cash contribution of the Authority, a portion of the proceeds of the Bonds and/or as an Upfront Financing Cost to be recovered after the issuance of the Bonds (all as to be determined in the Issuance Advice Letter), or such other amount as may be required in order to satisfy rating agency or regulatory requirements and to successfully market the Bonds.

15. **Authority Designee**: As the pricing and terms of the Bonds, the precise amount of the Restructuring Costs, Upfront Financing Costs and Ongoing Financing Costs and the terms of the Basic Documents will not be known as of the date of this order, and market conditions may require expedited approval or other action by the Authority in order to accomplish the purposes of this order, the Authority deems it reasonable to appoint one or more officers of the Authority (each an “Authority Designee”) to be designated by a resolution of the Trustees of the Authority to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and

terms of the Bonds, the amounts of the Restructuring Costs, expected Upfront Financing Costs and expected Ongoing Financing Costs, the Net Present Value Savings, the terms of the Basic Documents and take such other actions as are authorized in this order.

16. General Bond Resolution: The Authority finds that the sale of the Restructuring Property by the Authority to the Securitization Authority (i) is desirable in the conduct of the business of the System (as defined in the General Bond Resolution) and (ii) does not materially impair the ability of the Authority to comply with Section 701 of the General Bond Resolution.

17. Submission to PACB: After the conclusion of the public statement hearings and the Authority's review of any comments received and consultation with the DPS with respect thereto, the Authority will finalize this order and submit it to the PACB for approval or disapproval. If the PACB fails to approve or disapprove the finalized order within thirty days after receipt as provided in subdivision 2 of section 3 of the LIPA Reform Act, the PACB shall be deemed to have approved the finalized order.

## **CONCLUSIONS OF LAW**

1. Jurisdiction and Authority: The Authority has jurisdiction and authority to adopt this order.

2. Compliance with LIPA Reform Act: The structure of the Bonds is consistent with the LIPA Reform Act, and the Bonds are restructuring bonds under the LIPA Reform Act.

The Restructuring Costs are approved restructuring costs under the LIPA Reform Act.

The Restructuring Property is restructuring property under the LIPA Reform Act.

The Charges are transition charges under the LIPA Reform Act.

This order meets the requirements of a restructuring cost financing order under the LIPA Reform Act.

3. Irrevocability of Order: As provided in subdivision 4(a) of section 5 of the LIPA Reform Act, this order shall be an irrevocable final rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. As provided in subdivision 5(a) of section 5 of the LIPA Reform Act, this order shall remain in effect and unabated until the Bonds issued pursuant to this order have been paid in full and all Ongoing Financing Costs are paid or performed in full.

4. Irrevocability of Charges: As provided in subdivision 7 of section 3 of the LIPA Reform Act, upon the issuance of the Bonds, the Charges, including any adjustments thereof as provided in this order, shall be deemed established by the Authority as irrevocable, final and effective without further action by the Authority or any other entity.

5. Adjustment Mechanism: The adjustment mechanism, and all other obligations of the State and the Authority set forth in this order, will be irrevocable, final and effective without further action by the Authority, or any other entity, upon issuance of the Bonds as provided in this order and will be legally enforceable against the State and the Authority.

6. Non-bypassability: As provided in subdivision 5(c) of section 5 of the LIPA Reform Act, for so long as the Bonds are outstanding, the Charges authorized in this order shall be non-bypassable and shall apply to all Consumers connected to the T&D System Assets and taking electric delivery service located within the Service Area, whether or not the Consumers produce their own electricity or purchase electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

7. Indemnities: Any indemnity payments required to be paid by the Securitization Authority to the Authority, the Indenture Trustee, the underwriters or other persons pursuant to agreements entered into in connection with the sale of the Bonds will be Ongoing Financing Costs recoverable pursuant to this order and the LIPA Reform Act.

8. No Other Liens: The Charges are Transition Charges as defined in the General Bond Resolution of the Authority and are not subject to the lien of the General Bond Resolution.

9. Partial Payments: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, to the extent that any Consumer makes a partial payment of a bill containing both transition charges, including the Charges, and any other charges, such payment shall be allocated pro rata between transition charges and the other charges unless the Consumer specifies that a greater proportion of such payment is to be allocated to transition charges, except that the other charges shall be reduced by the amount of any claims of setoff, counterclaim, surcharge or defense for purposes of such calculation.

10. True Sale: As provided in subdivision 3(a) of section 7 of the LIPA Reform Act, the sale of the Restructuring Property to the Securitization Authority as contemplated by this order shall be treated as an absolute transfer of all of the transferor's right, title and interest (as in a true sale) and not as a pledge or other financing, of the Restructuring Property, other than for federal, state and local income and franchise tax purposes. As provided in subdivision 3(b) of section 7 of the LIPA Reform Act, the transfer of the Restructuring Property shall be perfected, vested, valid and binding from the time when the transfer is made, and such transfer shall be perfected, vested, valid and binding as against the transferor, all parties having claims of any kind in tort, contract or otherwise against the transferor, and all other transferees of the transferor, irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees. As provided in subdivision 3(c) of section 7 of the LIPA Reform Act, the characterization of the sale, assignment or transfer as an absolute transfer and true sale and the corresponding characterization of the property interest of the purchaser, shall not adversely be affected or impaired by, among other things, the occurrence of any of the following factors: (i) commingling of revenues or other proceeds from Charges with other amounts; (ii) the retention by the seller of: (A) a partial or residual interest, including an equity interest, in the Restructuring Property, whether direct or indirect, or whether subordinate or otherwise; or (B) the right to recover costs associated with taxes, payments in lieu of taxes, franchise fees or license fees imposed on

the collection of the Charges; (iii) any recourse that the purchaser may have against the seller; (iv) any indemnification rights, obligations or repurchase rights made or provided by the seller; (v) the obligation of the seller to collect Charges on behalf of an assignee, including but not limited to, any retention by the seller to bare legal title for the purpose of collecting Charges; (vi) the treatment of the sale, assignment or transfer for tax, financial reporting or other purposes; (vii) any subsequent order of the Authority amending this order pursuant to subdivision 4(b) of section 5 of the LIPA Reform Act to the extent permitted by this order; or (viii) any application of the adjustment mechanism described in this order as provided in subdivision 3 of section 5 of the LIPA Reform Act. As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, the Restructuring Property may be transferred, sold, conveyed or assigned to the Securitization Authority.

11. Pledge of Restructuring Property: As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, all or any portion of the Restructuring Property may be pledged to secure the payment of the Bonds, amounts payable to financing parties, amounts payable to holders of the Bonds, amounts payable under any ancillary agreement and other Ongoing Financing Costs. As provided in subdivision 2 of section 7 of the LIPA Reform Act, any pledge of the Restructuring Property or proceeds thereof made by the Securitization Authority shall be perfected, valid and binding from the time when the pledge is made. The proceeds, moneys, revenues or proceeds so pledged and thereafter received by the Securitization Authority of restructuring property shall immediately be subject to the lien of such pledge, and such lien shall be perfected, without any physical delivery thereof or further act. The lien of any such pledge shall be perfected, valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Securitization Authority irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees.

12. Existence of Restructuring Property: As provided in subdivision 1(a) of section 7 of the LIPA Reform Act, the Restructuring Property created pursuant to this order shall constitute an existing, present property right. As provided in subdivision 1(b) of section 7 of the LIPA Reform Act, all Restructuring Property created pursuant to this order shall continue to exist until the Bonds issued pursuant to this order are paid in full and all Ongoing Financing Costs have been paid in full.

13. Successor Owners: As provided in subdivision 1(f) of section 7 of the LIPA Reform Act, any successor owner of the T&D System Assets and any successor Servicer shall be bound by the requirements of the LIPA Reform Act and shall perform and satisfy all obligations of a Servicer in the same manner and to the same extent under this order as did LIPA as the initial Servicer, including, without limitation, the obligation to impose, bill and collect the Charges and to pay such collections to the person entitled to receive the Charge revenues, i.e. the Indenture Trustee for the benefit of the owners of the Bonds. As provided in subdivision 1 of Section 8 of the LIPA Reform Act, the Authority has a statutory right to examine the books and records of LIPA or any successor owner of the T&D System Assets for the purpose of investigating compliance with the provisions of the LIPA Reform Act and this order.

14. Bankruptcy: As provided in subdivision 1(d) of section 7 and subdivision 5(b) of section 5 of the LIPA Reform Act, this order shall remain in full force and effect and unabated notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to

a Servicer, the Authority, LIPA or any successor owner of the T&D System Assets or any affiliate thereof or of any other person or entity or the commencement of any judicial or nonjudicial proceeding therefor. As provided in subdivision 3 of section 4 of the LIPA Reform Act, the Securitization Authority shall not be authorized to be a debtor under any provision of the United States Bankruptcy Code. Also in subdivision 3 of section 4 of the LIPA Reform Act, the State of New York has pledged, contracted and agreed with the owners of the Bonds that, until at least one year and one day after all Bonds have ceased to be outstanding and all Ongoing Financing Costs have been paid, the State will not limit or alter the denial of authority to the Securitization Authority to be a debtor under any provision of the United States Bankruptcy Code.

15. Setoff, Counterclaim or Defense: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, the Restructuring Property, the Charges, the Charge revenues, and the interests of the Indenture Trustee, the holders of any Bonds, and any other person in the Restructuring Property or in the Charge revenues, are not subject to setoff, counterclaim, surcharge or defense by a Servicer, Consumer, the Authority, LIPA or any successor owner of the T&D System Assets or any other person or in connection with any default, bankruptcy, reorganization or other insolvency proceeding of the Authority, LIPA or any successor owner of the T&D system assets, any affiliate thereof or any other entity or otherwise.

16. Sequestration: As provided in subdivision 1(d) of section 7 of the LIPA Reform Act, if the owner of the T&D system asset, Servicer, third-party biller, or any other person or entity authorized to collect the Charges, defaults on any required remittance of Charge revenues, any court in the State of New York, upon application by an interested party and without limiting any other remedies available to the applying party, shall order the sequestration and payment of the Charge revenues for the benefit of the owners or pledgees of the Restructuring Property, i.e. the Securitization Authority or the Indenture Trustee for the benefit of the owners of the Bonds.

17. Third-party Billers: As provided in section 16 of the LIPA Reform Act, if and to the extent that third parties are allowed to bill and/or collect any Charges, the Authority, any successor regulator, and any owner of the T&D System Assets will take steps to ensure non-bypassability and minimize the likelihood of default by third-party billers, which shall include (i) operational standards and minimum credit requirements for any such third-party biller, or require a cash deposit, letter of credit or other credit mitigant in lieu thereof, to minimize the likelihood that defaults by a third-party biller would result in an increase in Charges thereafter billed to Consumers, (ii) a finding that, regardless of who is responsible for billing, Consumers shall continue to be responsible for the Charges, (iii) if a third party meters and bills for the Charges, that the owner of the T&D System Assets and any Servicer must have access to information on billing and usage by Consumers to provide for proper reporting to the Securitization Authority and to perform its obligations as Servicer, (iv) in the case of a default by a third-party biller, billing responsibilities must be promptly transferred to another party to minimize potential losses, and (v) the failure of Consumers to pay Charges shall allow service termination by the owner of the T&D System Assets on behalf of the Securitization Authority of the Consumers failing to pay Charges in accordance with service termination rules and orders applicable to T&D rates. Any costs associated with such third-party billing and/or collection shall be included as part of the recoverable Ongoing Financing costs or other rates or charges, as appropriate. Further, the Authority and any successor regulator shall not permit implementation of any third-party billing or collection that would result in a reduction or withdrawal of the then

current ratings on any tranche or series of the Bonds by any nationally recognized statistical rating organization designated by the Securitization Authority.

18. Securitization Authority: As provided in subdivision 1 of section 4 of the LIPA Reform Act, the Securitization Authority has been duly created.

19. State Pledge: As provided in section 9 of the LIPA Reform Act, the State of New York has pledged and agreed with the holders of the Bonds, any assignee and all financing entities that the State will not in any way take or permit any action that limits, alters or impairs the value of Restructuring Property or, except as required by the adjustment mechanism described in this order, reduce, alter or impair the Charges that are imposed, collected and remitted for the benefit of the owners of the Bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of the Bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full. As further provided in section 9 of the LIPA Reform Act, the foregoing pledge may be included in the Bonds, the Indenture, the offering memorandum or official statement, and other ancillary agreements and documentation related to the issuance and marketing of the Bonds.

20. Not Debt of State: As provided in subdivision 3 of section 6 of the LIPA Reform Act, the Bonds shall not constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other political subdivision, agency or instrumentality of the State.

21. Limitations: As provided in subdivision 1(v) of section 5 of the LIPA Reform Act, no limitation, express or implied, on Upfront Financing Costs or Ongoing Financing Costs shall impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms. This means that there is no limitation on the amount of Upfront Financing Costs or Ongoing Financing Costs that would impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms.

22. Legal Investments: As provided in subdivision 4 of section 6 of the LIPA Reform Act, the Bonds are legal investments for the state and all municipalities, insurance companies, banks, trusts and other persons or entities, who are authorized to invest in bonds or other obligations of the state.

23. Regulation of the Owner of the T&D System Assets: As provided in subdivision 1(b) of section 8 of the LIPA Reform Act, neither the Authority nor any successor regulator may consider the Bonds to be debt of any owner of the T&D System Assets, consider the Charges to be revenue of any owner of the T&D System Assets, consider the approved Restructuring Costs or Ongoing Financing Costs to be costs of any owner of the T&D System Assets or any affiliate, or determine that any action taken by any owner of the T&D System Assets that is consistent with this order is unjust or unreasonable from a regulatory or ratemaking perspective.

24. Additional Restructuring Bonds: The Securitization Authority may issue one or more series of restructuring bonds in addition to the Bonds secured by restructuring property other than the Restructuring Property created pursuant to this order under one or more restructuring cost financing orders in addition to this order, as such terms are defined in the LIPA Reform Act.

## ORDERING PARAGRAPHS

1. The Authority hereby approves the recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, in an amount not to exceed the Order Cap from the proceeds of the sale of the Restructuring Property. The Authority hereby approves the Restructuring Costs, including the Upfront Financing Costs, as approved restructuring costs within the meaning of the LIPA Reform Act.
2. The Authority hereby approves the sale of the Restructuring Property to the Securitization Authority for an amount equal to the proceeds of the sale of the Bonds less the amount required to pay all Upfront Financing Costs (but not including the deposit into the Reserve Subaccount) by the Authority known to or estimated by the Authority at the time of the sale of the Bonds.
3. The Authority approves the issuance and sale of Bonds in an aggregate principal amount not to exceed the Order Cap, in one or more series or tranches to be sold at one or more times, pursuant to the Bond Purchase Agreement.
4. The Authority hereby approves the recovery and payment of all Upfront Financing Costs known to or estimated by the Authority at the time of the sale of the Bonds from the proceeds of the sale of the Bonds.
5. The Authority hereby approves the recovery and payment of any Upfront Financing Costs not known to or in excess of the estimates by the Authority at the time of the sale of the Bonds as Ongoing Financing Costs.
6. The Authority hereby authorizes and approves the imposition, billing and collection of the Charges to recover from Consumers the principal and interest payable on the Bonds and the other Ongoing Financing Costs. Such Charges shall be in an amount sufficient at all times to provide for the full and timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs.
7. The Authority hereby approves the financing, recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, through the sale of the Restructuring Property and the issuance of the Bonds.
8. The Authority hereby approves the adjustment mechanism and mathematical formula specified in **Exhibit B** to this order. The adjustment mechanism shall be used to determine the initial Charge, which shall be specified in the Issuance Advice Letter. The adjustment mechanism shall thereafter be applied at least annually to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs. The Authority hereby approves the request of the Securitization Authority that each adjustment to the Charge shall automatically become effective on the date specified in the notice of such adjustment that is filed with the Authority, which effective date shall be within the 60 day period following the filing of such notice of adjustment. Each Charge adjustment shall take effect as described in such **Exhibit B** and each mathematically inaccurate Charge adjustment shall be changed (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) effective as



of the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

9. The Authority hereby approves the recovery and payment of all Ongoing Financing Costs from the collections of the Charges.

10. The Authority shall be the entity in which initial ownership of the Restructuring Property will vest.

11. The Restructuring Property will be created when the Restructuring Property is sold to the Securitization Authority as provided in the Sale Agreement. The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

12. The Restructuring Property shall be used to pay and secure the payment of the Bonds and other Ongoing Financing Costs. The Servicer, on behalf of the owner of the Restructuring Property, is hereby authorized to impose, bill and collect the Charges, and to adjust such Charges from time to time pursuant to the adjustment mechanism set forth in **Exhibit B** hereto, to pay debt service on the Bonds and other Ongoing Financing Costs on a timely basis.

13. The Authority hereby approves the Servicing Agreement, the Administration Agreement, the Indenture, Sale Agreement and the Bond Purchase Agreement (the “Basic Documents”), with such changes as the trustee, officer or other authorized representative of the Securitization Authority, the Authority or LIPA signing such Basic Document may approve, such approval to be conclusively evidenced by the signature of such trustee, officer or other authorized representative on such Basic Document.

14. The Authority hereby approves the subcontracting by the Servicer of some of its duties under the Servicing Agreement to the operator of the T&D System Assets as sub-servicer or otherwise. The Authority directs that the Servicer submit to the Authority and the owner of the T&D System Assets, at least one month before its effective date or at such other time specified by the Authority, any contract that authorizes a third party to bill and/or collect the Charges, for review and any steps or other action required by Section 16 of the LIPA Reform Act.

15. The Securitization Authority shall sign the Bond Purchase Agreement at the time specified by the Authority in a written notice sent to the Securitization Authority, which time shall be no later than December 31, 2025.

16. Since payments by Consumers will include payments of the Charge which will be subject to the lien of the Indenture as well as payments of other transition charges, transmission and distribution and other charges that will be subject to the lien of the General Bond Resolution of the Authority, the Authority hereby authorizes the commingling of these payments in one or more segregated accounts (subject to a lockbox, escrow, intercreditor or other agreement or arrangement to protect the interests of the owners of the Bonds and the Securitization Authority as well as the interests of the secured creditors of the Authority) or in the Authority's revenue account until the amounts of the Charges included in the payments can be estimated or determined and transferred to the collection account maintained with the Indenture Trustee and the amounts that are subject to the lien of the General Bond Resolution can be estimated or determined and transferred to the appropriate account of the Authority. To the extent necessary to provide for timely payment of the Bonds and other Ongoing Financing Costs, the Authority hereby authorizes the transfer of estimated amounts subject to reconciliation as soon as practicable, but no less often than monthly. The estimated amounts shall be reconciled with the actual collections at least annually. The estimated amounts may be based on a collections curve or other information produced by the Servicer's billing system.

17. The Securitization Authority is not authorized to incur any debt other than the Bonds and its obligations under or in accordance with the Basic Documents or successor agreements or other rate reduction bonds and its obligations under or in accordance with the documents entered into in connection therewith. The Securitization Authority is not authorized to incur any Upfront Financing Costs unless specifically authorized by the Authority.

18. The Bonds shall be without recourse to the credit or any assets of the Authority or LIPA.

19. The Bonds shall be without recourse to the credit or any assets of the Securitization Authority other than the Restructuring Property, the collection account, the Reserve Subaccount, and any other collateral for the Bonds described in the Indenture.

20. The initial Servicer shall file with the Authority and the Securitization Authority, no later than the third business day after the completion of the pricing of the Bonds in accordance with the Bond Purchase Agreement, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C**.

21. The Servicer shall file at least semi-annually with the Authority and the Indenture Trustee a periodic report showing the billing and collection of Charges, remittances to the Indenture Trustee, the application of Charge revenues to debt service on the Bonds and other Ongoing Financing Costs by the Indenture Trustee as directed by the Servicer, and the balances in the collection account and the Reserve Subaccount as of a particular date.

22. The amounts in the Reserve Subaccount shall be fully used, to the extent practicable, to make the final payments of principal and interest on the Bonds (including any Subordinate Note) and other Ongoing Financing Costs. If any amount remains in the Reserve Subaccount after the Bonds and any other Ongoing Financing Costs have been paid in full, the remaining amount shall be applied to make refunds to Consumers on the same basis as such Consumers would have then been obligated to pay Charges.

23. If an event of default with respect to the Bonds has occurred and is continuing, the transfer of the Restructuring Property to a third party as provided in the Indenture is hereby approved.

24. The Securitization Authority is hereby authorized to contract with LIPA as initial Servicer for an initial annual servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds and (without duplication) for reimbursement of all expenses incurred by LIPA in the performance of its duties as Servicer, to enable LIPA to recover the incremental costs to LIPA of performing the services required under the Servicing Agreement, including the incremental costs payable to the operator of the T&D System Assets, accountants, or any other entity with whom LIPA contracts to perform any portion of such services, in each case payable from collections of the Charges. The Securitization Authority is hereby authorized to agree with any Servicer to change the annual servicing fee from time to time to approximate the estimated incremental cost of performing the services required by Servicing Agreement. The Securitization Authority is hereby authorized to contract with a successor Servicer for a larger servicing fee if such successor Servicer is not affiliated with the owner of the T&D System Assets or is not performing similar services with respect to the base rates of the owner of the T&D System Assets if such larger fee is reasonably necessary, in the determination of the Authority or the Indenture Trustee, to employ a reliable successor Servicer.

25. The Authority hereby authorizes each Authority Designee to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and terms of the Bonds, the amounts of approved Restructuring Costs, the expected Upfront Financing Costs and the expected Ongoing Financing Costs (which may include estimates thereof), and the terms of the Basic Documents, all within the parameters specified in this order, and to confirm, by and on behalf of the Authority, that the pricing of the Bonds set forth in the Issuance Advice Letter complies with this order. The Authority Designee's approval or confirmation pursuant to this order shall constitute the Authority's approval or confirmation, and shall be final and incontestable, without need of further action by the Authority. No approval of expected Upfront Financing Costs or expected Ongoing Financing Costs shall be interpreted to limit the amount of Upfront Financing Costs or Ongoing Financing Costs that are approved by this order.

26. This order shall not be amended after the Bonds have been issued. This order may only be amended on or prior to the date of issuance of the Bonds, but before the Bonds have been issued, (i) at the request of the Authority and (ii) upon approval by the PACB within thirty days of receipt of such amendment; provided, however, that if no approval or disapproval is made within such time, the amendment shall be deemed approved as provided in subsection 4(b) of section 5 of the LIPA Reform Act.

27. This order shall not be interpreted to alter or limit the rights vested in the Authority to establish sufficient T&D rates to pay and perform all of its obligations and contracts with the Authority's bondholders and others in accordance with the terms thereof.

**EXHIBIT A**  
**TARGET DEBT**

**THE AUTHORITY**

<b><u>Series</u></b>	<b><u>Maturity</u></b>	<b><u>Maturity Amount</u></b>	<b><u>Interest Rate</u></b>
2021C	3/1/2023	\$ 194,390,000	0.359%
2021B	9/1/2051	175,000,000	Variable
2021A	9/1/2022	2,855,000	5.000%
2021A	9/1/2023	2,910,000	5.000%
2021A	9/1/2024	8,075,000	5.000%
2021A	9/1/2025	8,480,000	5.000%
2021A	9/1/2026	8,905,000	5.000%
2021A	9/1/2027	9,345,000	5.000%
2021A	9/1/2028	9,815,000	5.000%
2021A	9/1/2029	10,305,000	5.000%
2021A	9/1/2030	5,000,000	1.500%
2021A	9/1/2030	34,745,000	5.000%
2021A	9/1/2031	42,405,000	5.000%
2021A	9/1/2032	45,355,000	4.000%
2021A	9/1/2033	48,625,000	4.000%
2021A	9/1/2034	12,020,000	5.000%
2021A	9/1/2035	12,620,000	5.000%
2021A	9/1/2036	13,250,000	5.000%
2021A	9/1/2037	13,915,000	4.000%
2021A	9/1/2038	14,470,000	4.000%
2021A	9/1/2039	15,050,000	4.000%
2021A	9/1/2040	15,650,000	3.000%
2021A	9/1/2041	16,120,000	4.000%
2021A	9/1/2042	5,840,000	4.000%
2021MTN	9/1/2025	250,000,000	1.000%
2020C	3/1/2023	91,615,000	0.764%
2020B	9/1/2050	250,000,000	Variable
2020A	9/1/2023	2,500,000	5.000%
2020A	9/1/2024	12,160,000	5.000%
2020A	9/1/2025	12,770,000	5.000%
2020A	9/1/2026	10,530,000	5.000%
2020A	9/1/2027	11,055,000	5.000%
2020A	9/1/2028	11,610,000	5.000%
2020A	9/1/2029	12,190,000	5.000%
2020A	9/1/2030	12,800,000	5.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2020A	9/1/2031	\$ 13,440,000	5.000%
2020A	9/1/2032	14,110,000	5.000%
2020A	9/1/2033	14,820,000	5.000%
2020A	9/1/2034	15,560,000	5.000%
2020A	9/1/2035	16,335,000	5.000%
2020A	9/1/2036	17,155,000	5.000%
2020A	9/1/2037	18,010,000	5.000%
2020A	9/1/2038	18,910,000	5.000%
2020A	9/1/2039	19,855,000	4.000%
2020A	9/1/2040	1,665,000	4.000%
2019B	9/1/2049	284,250,000	Variable
2019A	9/1/2023	2,500,000	5.000%
2019A	9/1/2024	11,495,000	5.000%
2019A	9/1/2025	12,070,000	5.000%
2019A	9/1/2026	12,675,000	5.000%
2019A	9/1/2027	13,310,000	5.000%
2019A	9/1/2028	13,975,000	5.000%
2019A	9/1/2029	14,675,000	5.000%
2019A	9/1/2030	15,405,000	5.000%
2019A	9/1/2031	16,175,000	5.000%
2019A	9/1/2034	17,550,000	4.000%
2019A	9/1/2035	18,250,000	4.000%
2019A	9/1/2036	18,980,000	3.000%
2019A	9/1/2037	19,550,000	4.000%
2019A	9/1/2038	20,335,000	4.000%
2019A	9/1/2039	3,730,000	4.000%
2018	9/1/2023	2,900,000	5.000%
2018	9/1/2024	3,450,000	5.000%
2018	9/1/2025	3,650,000	5.000%
2018	9/1/2026	12,095,000	5.000%
2018	9/1/2027	22,495,000	5.000%
2018	9/1/2028	24,325,000	5.000%
2018	9/1/2029	26,205,000	5.000%
2018	9/1/2031	6,255,000	3.375%
2018	9/1/2032	5,625,000	5.000%
2018	9/1/2033	50,500,000	5.000%
2018	9/1/2034	62,210,000	5.000%
2018	9/1/2035	66,325,000	5.000%
2018	9/1/2036	11,485,000	5.000%
2018	9/1/2037	44,645,000	5.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2018	9/1/2038	\$ 46,820,000	5.000%
2018	9/1/2039	39,015,000	5.000%
2017	9/1/2023	7,060,000	5.000%
2017	9/1/2024	7,410,000	5.000%
2017	9/1/2025	7,780,000	5.000%
2017	9/1/2026	8,170,000	5.000%
2017	9/1/2027	8,580,000	5.000%
2017	9/1/2028	9,010,000	5.000%
2017	9/1/2029	9,460,000	5.000%
2017	9/1/2030	9,930,000	5.000%
2017	9/1/2031	10,430,000	5.000%
2017	9/1/2032	10,950,000	5.000%
2017	9/1/2033	11,500,000	5.000%
2017	9/1/2034	12,070,000	5.000%
2017	9/1/2035	12,675,000	5.000%
2017	9/1/2036	13,310,000	5.000%
2017	9/1/2037	13,975,000	5.000%
2017	9/1/2042	81,085,000	5.000%
2017	9/1/2047	103,485,000	5.000%
2016B	9/1/2022	5,640,000	5.000%
2016B	9/1/2023	11,640,000	5.000%
2016B	9/1/2024	12,835,000	5.000%
2016B	9/1/2025	12,200,000	5.000%
2016B	9/1/2026	11,160,000	5.000%
2016B	9/1/2027	17,960,000	5.000%
2016B	9/1/2028	11,540,000	5.000%
2016B	9/1/2029	14,300,000	5.000%
2016B	9/1/2030	28,340,000	5.000%
2016B	9/1/2031	24,195,000	5.000%
2016B	9/1/2032	27,370,000	5.000%
2016B	9/1/2033	8,005,000	5.000%
2016B	9/1/2034	11,010,000	5.000%
2016B	9/1/2035	8,780,000	5.000%
2016B	9/1/2036	40,000,000	5.000%
2016B	9/1/2041	51,730,000	5.000%
2016B	9/1/2046	66,035,000	5.000%
2015C	5/1/2033	149,000,000	Variable
2015B	9/1/2023	2,635,000	5.000%
2015B	9/1/2024	2,770,000	5.000%
2015B	9/1/2025	1,050,000	3.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2015B	9/1/2025	\$ 1,860,000	5.000%
2015B	9/1/2026	3,030,000	5.000%
2015B	9/1/2027	3,185,000	5.000%
2015B	9/1/2028	3,345,000	5.000%
2015B	9/1/2029	3,510,000	5.000%
2015B	9/1/2030	3,685,000	5.000%
2015B	9/1/2031	3,870,000	5.000%
2015B	9/1/2032	4,065,000	5.000%
2015B	9/1/2033	4,265,000	5.000%
2015B	9/1/2034	4,480,000	5.000%
2015B	9/1/2035	4,705,000	5.000%
2015B	9/1/2036	4,940,000	5.000%
2015B	9/1/2037	5,185,000	5.000%
2015B	9/1/2038	5,445,000	5.000%
2015B	9/1/2040	11,660,000	4.000%
2015B	9/1/2045	34,170,000	5.000%
2015A-2	12/1/2029	149,000,000	Variable
2015A-1	5/1/2033	51,000,000	Variable
2014C	5/1/2033	150,000,000	Variable
2014B	9/1/2024	21,530,000	3.883%
2014B	9/1/2025	22,365,000	3.983%
2014B	9/1/2026	23,260,000	4.133%
2014A	9/1/2034	48,215,000	5.000%
2014A	9/1/2035	29,360,000	5.000%
2014A	9/1/2039	60,000,000	4.000%
2014A	9/1/2039	71,990,000	5.000%
2014A	9/1/2044	203,505,000	5.000%
2012B	9/1/2022	11,880,000	5.000%
2012B	9/1/2023	13,810,000	5.000%
2012B	9/1/2024	9,705,000	5.000%
2012B	9/1/2025	9,900,000	5.000%
2012B	9/1/2026	60,055,000	5.000%
2012B	9/1/2027	25,230,000	5.000%
2012B	9/1/2029	45,170,000	5.000%
2012A	9/1/2037	37,390,000	5.000%
2012A	9/1/2042	3,605,000	5.000%
2010B (BABs)	5/1/2024	16,905,000	5.450%
2010B (BABs)	5/1/2025	17,520,000	5.600%
2010B (BABs)	5/1/2026	18,180,000	5.700%
2010B (BABs)	5/1/2041	110,000,000	5.850%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2003C	9/1/2029	\$ 36,645,000	Variable
2000A (CAB)	6/1/2022	36,390,000	-
2000A (CAB)	6/1/2023	36,885,000	-
2000A (CAB)	6/1/2024	37,385,000	-
2000A (CAB)	6/1/2025	37,890,000	-
2000A (CAB)	6/1/2026	38,400,000	-
2000A (CAB)	6/1/2027	38,915,000	-
2000A (CAB)	6/1/2028	39,435,000	-
2000A (CAB)	6/1/2029	39,965,000	-
1998A (CAB)	12/1/2022	12,970,000	-
1998A (CAB)	12/1/2023	12,970,000	-
1998A (CAB)	12/1/2024	12,970,000	-
1998A (CAB)	12/1/2025	12,970,000	-
1998A (CAB)	12/1/2026	12,970,000	-
1998A (CAB)	12/1/2027	12,970,000	-
1998A (CAB)	12/1/2028	12,965,000	-
2015 GR-Notes		1,000,000,000	Variable
2019A RCA		200,000,000	Variable



# SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2013-TE	12/15/2023	\$ 680,000	5.000%
2013-TE	6/15/2024	14,595,000	5.000%
2013-TE	12/15/2024	14,960,000	5.000%
2013-TE	12/15/2025	25,130,000	5.000%
2013-TE	12/15/2026	77,740,000	5.000%
2013-TE	12/15/2027	190,640,000	5.000%
2013-TE	12/15/2028	178,425,000	5.000%
2013-TE	12/15/2029	186,045,000	5.000%
2013-TE	12/15/2030	73,015,000	5.000%
2013-TE	12/15/2031	55,130,000	5.000%
2013-TE	12/15/2032	45,130,000	5.000%
2013-TE	12/15/2033	44,370,000	5.000%
2013-TE	12/15/2034	5,470,000	5.000%
2013-TE	12/15/2035	880,000	5.000%
2013-TE	12/15/2036	93,910,000	5.000%
2013-TE	12/15/2037	103,030,000	5.000%
2013-TE	12/15/2038	103,670,000	5.000%
2013-TE	12/15/2039	161,570,000	5.000%
2013-T	12/15/2023	114,641,000	3.435%
2015	12/15/2022	10,825,000	5.000%
2015	6/15/2023	6,150,000	5.000%
2015	12/15/2023	6,305,000	5.000%
2015	6/15/2024	21,745,000	5.000%
2015	12/15/2024	22,285,000	5.000%
2015	6/15/2025	51,765,000	5.000%
2015	12/15/2025	53,055,000	5.000%
2015	12/15/2026	8,300,000	5.000%
2015	12/15/2027	4,835,000	5.000%
2015	12/15/2028	6,350,000	5.000%
2015	12/15/2029	5,320,000	3.000%
2015	12/15/2030	133,600,000	5.000%
2015	12/15/2030	30,000,000	3.000%
2015	12/15/2031	133,135,000	5.000%
2015	12/15/2032	91,130,000	5.000%
2015	12/15/2033	99,725,000	5.000%
2015	12/15/2034	129,130,000	5.000%
2015	12/15/2035	50,000,000	4.000%
2015	12/15/2035	114,880,000	5.000%
2016A	6/15/2023	40,970,000	5.000%
2016A	12/15/2023	41,995,000	5.000%

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2016A	6/15/2024	\$ 65,835,000	5.000%
2016A	12/15/2024	67,480,000	5.000%
2016A	6/15/2025	41,230,000	5.000%
2016A	12/15/2025	42,260,000	5.000%
2016A	6/15/2026	41,600,000	5.000%
2016A	12/15/2026	42,640,000	5.000%
2016A	12/15/2027	810,000	5.000%
2016A	12/15/2028	850,000	5.000%
2016A	12/15/2029	890,000	5.000%
2016A	12/15/2030	20,560,000	5.000%
2016A	12/15/2031	54,260,000	5.000%
2016A	12/15/2032	113,520,000	5.000%
2016A	12/15/2033	61,870,000	5.000%
2016B	12/15/2022	46,050,000	5.000%
2016B	6/15/2023	12,930,000	5.000%
2016B	12/15/2023	13,255,000	5.000%
2016B	6/15/2025	2,940,000	5.000%
2016B	12/15/2025	3,010,000	5.000%
2016B	12/15/2028	36,645,000	5.000%
2016B	12/15/2030	4,350,000	5.000%
2016B	12/15/2031	26,830,000	5.000%
2016B	12/15/2032	28,185,000	5.000%
2016B	12/15/2033	10,000,000	4.000%
2016B	12/15/2033	15,550,000	5.000%
2017	12/15/2022	11,725,000	5.000%
2017	6/15/2023	18,130,000	5.000%
2017	12/15/2023	18,585,000	5.000%
2017	6/15/2024	190,000	5.000%
2017	12/15/2024	195,000	5.000%
2017	6/15/2025	195,000	5.000%
2017	12/15/2025	200,000	5.000%
2017	6/15/2026	205,000	5.000%
2017	12/15/2026	210,000	5.000%
2017	6/15/2027	220,000	5.000%
2017	12/15/2027	225,000	5.000%
2017	12/15/2028	465,000	5.000%
2017	12/15/2029	485,000	5.000%
2017	12/15/2030	510,000	5.000%
2017	12/15/2031	535,000	5.000%
2017	12/15/2032	565,000	5.000%

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2017	12/15/2033	\$ 595,000	5.000%
2017	12/15/2034	625,000	5.000%
2017	12/15/2035	655,000	5.000%
2017	12/15/2036	63,235,000	5.000%
2017	12/15/2037	62,085,000	5.000%
2017	12/15/2038	69,810,000	5.000%
2017	12/15/2039	82,700,000	5.000%

## EXHIBIT B

### ADJUSTMENT MECHANISM AND MATHEMATICAL FORMULA

#### Adjustment Calculation

The Servicer will make adjustments to the Charge at least annually, beginning no more than 12 months from issuance of the Bonds and continuing until the scheduled final maturity of the Bonds (or any series of Bonds). The Annual True-up (defined below) will be performed on a mandatory basis; the Mid-year Review (defined below) will also be performed on a mandatory basis and the Mid-year True-up (defined below) will only be performed if the Servicer projects undercollections. For each true-up, the Servicer will file with the Securitization Authority a notice of adjustment to the Charge approximately 30 days prior to the effective date.

Annually, the Servicer will file a notice of adjustment (i) to correct for any over-collections or under-collections to date and anticipated to be experienced up to the date of the next annual adjustment and (ii) to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Annual True-up”). Approximately five months after the effective date of each Annual True-up, the Servicer will perform a review to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Mid-year Review”). If the Servicer projects that the Charge collections will be insufficient to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs, the Servicer will file a notice of adjustment (the “Mid-year True-up”). Additionally, the Servicer may file at any time an optional notice of adjustment to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Optional True-up”).

Following the last scheduled final maturity date of the Bonds (or any series of Bonds), if any such Bonds remain outstanding after such scheduled final maturity date, the Servicer will file quarterly adjustments to the Charge to ensure that the Charge collections will be sufficient to pay timely interest and principal in full on the Bonds (or any series of Bonds) that remain outstanding after their scheduled final maturity date and to make timely payment on all other Ongoing Financing Costs on the next payment date.

All adjustments will be designed to cause (i) the outstanding principal balance of the Bonds (or any series of Bonds) to be equal to the scheduled balance (based on the expected amortization schedule) with respect to such Bonds (or any series of Bonds); (ii) the amount in the Reserve Subaccount to be equal to the required reserve level; and (iii) with respect to the Annual True-up only, any residual or excess funds subaccount to be targeted to be zero by the payment date immediately preceding the effective date of the next Annual True-up or by the final payment date on the Bonds, if the next payment date is the final payment date of all of the Bonds (or any series of Bonds).

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Annual True-up in the following manner:

- (1) Calculate under-collections or over-collections of Charge collections from all prior collection periods on a cumulative basis by subtracting (a) the sum of (i) principal and interest paid and scheduled to be paid on the Bonds through the effective date of the next Annual True-up and (ii) all Ongoing Financing Costs paid and expected to be payable through the effective date of the next Annual True-up from (b) the Charge collections to date as well as all Charge collections projected to be received prior to the effective date of the next Annual True-up.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges for that collection period.
- (3) Sum amounts in steps (1) and (2) above.
- (4) Divide the amount in step (3) above by the forecasted energy billing units to determine the Charge for the upcoming collection period.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will perform the Mid-year Review approximately five months after the effective date of each Annual True-up, calculated in the following manner:

- (1) Determine the Charge collections from the current collection period, taking into account actual collections and collections projected to be received during the current collection period.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (3) If step (2) is greater than step (1), the Servicer will institute a Mid-year True-up in the manner described below.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Mid-year True-up in the following manner:

- (1) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (2) Divide the amount in step (1) above by the forecasted energy billing units to determine the Charge for a collection period.

## **EXHIBIT C**

### **FORM OF ISSUANCE ADVICE LETTER**

\_\_ day of \_\_\_\_, 202[2][3]

#### **LONG ISLAND POWER AUTHORITY**

**ORDER NO. \_**

### **ISSUANCE ADVICE LETTER FOR RESTRUCTURING BONDS**

Pursuant to the Restructuring Cost Financing Order No. \_ (the “Financing Order”) issued by the Authority on \_\_, 2022, LIPA, as the initial servicer of the Bonds, hereby submits this Issuance Advice Letter with respect to the Bonds priced on \_\_\_\_, 202\_. Any capitalized terms not defined in this Issuance Advice Letter shall have the meanings ascribed to them in the Financing Order.

#### **PURPOSE:**

This filing sets forth the following:

- (a) Terms of Issuance, including pricing and principal amount of the Bonds;
- (b) The net proceeds from the sale of the Bonds and estimated Upfront Financing Costs;
- (c) The initial Charge;
- (d) In case of Bonds issued to refinance the Authority’s debt or debt of the Securitization Authority, the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property to be purchased by the Securitization Authority with the net proceeds from the sale of such Bonds;
- (e) In case of Bonds issued to finance System Resiliency Costs, a description of the System Resiliency Costs to be financed and the amount thereof;
- (f) The expected savings to Consumers; and
- (g) Confirmation of compliance with the requirements of the Financing Order.

<b>Issuer:</b>	Utility Debt Securitization Authority
<b>Total Amount Issued (Taxable):</b>	\$[ ]
<b>Total Amount Issued (Non-Taxable):</b>	\$[ ]
<b>[Subordinate Note]</b>	
<b>Trustee: [*]</b>	[ ]
<b>Sale Date: [*]</b>	[ ]
<b>Closing Date:</b>	[ ]
<b>Bond Ratings: [*]</b>	S&P [AAA], Fitch [AAA], Moody's [Aaa]
<b>Target Amortization Schedule: [*]</b>	See Schedule B.
<b>Call Provisions:[*]</b>	
<b>Payments to Holders:[*]</b>	Semiannually, Beginning on [ ]
<b>Required Reserve Level</b>	[0.5% of the initial aggregate principal amount of the Bonds]
[*Not applicable to Subordinate Note]	

The principal amounts of each Tranche of the Bonds to be issued and sold by the Securitization Authority on \_\_\_\_\_, 202\_\_ are as follows:

The maximum scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, together with the Bonds, is calculated to be \$\_\_\_\_\_, which is [less][greater] than the expected aggregate maximum scheduled annual principal and interest payments of \$[\_\_\_\_\_] as set forth in said restructuring cost financing orders.

The final scheduled maturity of each series of Bonds shall be no later than the final scheduled maturity date of the Authority or Securitization Authority bonds to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.



The Bonds, taken as a whole, are expected to have the following weighted average yield and life:

<b>Effective Annual Weighted Average Yield on the Bonds:</b>	[ ]%
<b>Expected Weighted Average Life of Issuance:</b>	[ ] yrs

**B. NET PROCEEDS: UPFRONT FINANCING COSTS:**

The net proceeds from the sale of the Bonds are as follows:

	<u>AMOUNT</u>
1 <b>Gross Proceeds</b>	
2 Rating agency fees	
3 Bond Trustee fee	
4 Printing and filing fees (estimated)	
5 Accountant's / auditor's fees (estimated)	
Legal fees and expenses for Authority's/Bond Issuer's counsel	
6 (estimated)	
7 Legal fees and expenses for Bond Trustee's counsel (estimated)	
8 Legal fees and expenses for underwriters' counsel (estimated)	
9 Fees and expenses for Authority's financial advisor (estimated)	
10 Underwriting fees/expenses (estimated)	
11 Original issue discount (estimated)	
12 Deposit to Reserve Subaccount	
13 [Other]	
14 <b>Total estimated Upfront Financing Costs</b> (Sum of Lines 2 through 13)	
15 <b>Net Proceeds</b> (Line 1 — Line 14)	

**INITIAL CHARGE:**

The initial Charge, calculated pursuant to the Financing Order, is \$\_ /kWh.

The table below shows the current assumptions for variables used in the calculation of the initial Charge.

**Input Values For Initial Charge**

Applicable period: from _____, _____ to _____, _____	
Forecasted retail kWh sales for the applicable period:	_____
Scheduled Bond payments and estimated other Ongoing Financing Costs for the applicable period:	\$ _____
Percent of billed amounts expected to be charged-off:	%
Forecasted % of billed amounts paid during the applicable period:	%

Forecasted retail kWh sales billed and collected during the applicable period:

Total billing requirement for applicable period: \$ \_\_\_\_\_

Initial Charge per kWh \$ \_\_\_\_\_

**C. TARGET DEBT; SYSTEM RESILIENCY COSTS TO BE FUNDED:**

The Net Proceeds from the sale of the Bonds will be used to purchase the Restructuring Property. The portions of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property and the Restructuring Costs are set forth in Schedule A-1 hereto.

The System Resiliency Costs to be financed with the Net Proceeds are set forth in Schedule A-2 hereto.

**D. EXPECTED SAVINGS:**

The expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Expected LIPA Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

In the case of Bonds issued to finance System Resiliency Costs, the expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Assumed System Resiliency Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**E. BASIC DOCUMENTS:**

Attached to this Issuance Advice Letter are forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement to be executed and delivered in connection with the issuance of the Bonds.

Respectfully submitted:

LONG ISLAND LIGHTING COMPANY (LIPA),  
as Servicer

By: \_\_\_\_\_  
[Title]

## **CONFIRMATION AND APPROVAL**

The undersigned Authority Designee, as and on behalf of the Authority, hereby (a) confirms that the pricing of the Bonds and the other matters described in foregoing Issuance Advice Letter comply with the Financing Order and (b) approves (i) the Restructuring Costs, the expected Upfront Financing Costs, the expected Ongoing Financing Costs described in the Issuance Advice Letter, and (ii) the forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement attached to the Issuance Advice Letter.

LONG ISLAND POWER AUTHORITY

By: \_\_\_\_\_  
[Title]

**SCHEDULE A-1**

**TARGET DEBT TO BE PURCHASED, REDEEMED, REPAYED OR DEFEASED**  
**("RETIRED")**

Description	Amount to be Retired	Total Outstanding Principal Amount	Current Maturity	Interest Rate
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**SCHEDULE A-2**

**[Description of System Resiliency Costs to be financed and estimated amount thereof to be inserted here.]**

**SCHEDULE B**  
**SCHEDULED BOND PAYMENTS**

<b>SERIES [ ] , TRANCH [ ]</b>	<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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**SCHEDULED SUBORDINATE NOTE PAYMENTS**

<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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## SCHEDULE C

### **ESTIMATED OTHER ONGOING FINANCING COSTS**

#### **ANNUAL AMOUNT**

Ongoing Servicer fee (LIPA as Servicer)	
Servicing expenses	
Administration fees and expenses	
Bond Trustee Fees and Expenses	
Legal fees	
Accounting fees	
Rating Agency fees	
Reporting and filing fees	
[Amount sufficient to fund the Reserve	
Subaccount over a period of not more than ____	
months]	
Miscellaneous	
<b>TOTAL ESTIMATED OTHER ONGOING</b>	
<b>FINANCING COSTS</b>	

The Ongoing Financing Costs detailed in the table above are authorized by the Financing Order and approved by the Authority Designee.

**Note: The amounts shown for each category of Ongoing Financing Costs on this attachment are the expected expenses for the first year of the Bonds. Charges will be adjusted at least annually (and at least quarterly after the scheduled final maturity date for the Bonds, or any series of Bonds, if any such Bonds remain outstanding after such scheduled final maturity date, until such Bonds are paid in full) to reflect any changes in Ongoing Financing Costs through the adjustment mechanism described in the Financing Order.**

**SCHEDULE D**  
**SUMMARY OF EXPECTED CHARGES**

<b>Year</b>	<b>Bond Payments<sup>1</sup></b>	<b>Other Ongoing Financing Costs<sup>2</sup></b>	<b>Charge Requirement<sup>3</sup></b>	<b>Present Value of Expected Charges<sup>4</sup></b>
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<sup>1</sup> From Schedule B.

<sup>2</sup> From Schedule C.

<sup>3</sup> Sum of Bond payments and Ongoing Financing Costs, adjusted for applicable taxes, uncollectible and billing lags.

<sup>4</sup> The discount rate used is the “all-in” true interest cost of the Bonds.



**SCHEDULE E**

**SUMMARY OF AGGREGATE EXPECTED DEBT SERVICE  
ATTRIBUTABLE TO THE TARGET DEBT TO BE PURCHASED, REDEEMED,  
REPAID OR  
DEFEASED (“RETIRED”)**

<b>Fixed Rate Bonds by Series or CUSIP</b>	<b>Principal Amount to be Retired</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Present Value of Expected Payments</b>
------------------------------------------------	-----------------------------------------------	-----------------	----------------------	---------------------------------------------------

<b>Other Debt</b>	<b>Principal Amount to be Retired</b>	<b>Assumed Maturity if Refinanced</b>	<b>Estimated Interest Rate if Refinanced</b>	<b>Present Value of Expected Payments</b>
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# EXHIBIT D

## SYSTEM RESILIENCY COSTS IN CURRENT CAPITAL BUDGET

### TRANSMISSION & DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1891	Storm Hardening	Various	Storm hardening program	Program	70,000,000	70,000,000	75,000,000	75,000,000	75,000,000
2073	Reliability	Newbridge (5M)	Bank # 1 failure	Specific	2,291,026	-	-	-	-
2077	Reliability	Newbridge	Newbridge Road (5M) - Purchase 345-138kV MVA	Specific	4,401,100	-	-	-	-
1557	Reliability	Northport	Phase Shifter - Replacement LTC controls or perform upgrade	Specific	171,998	-	-	-	-
1931	Reliability	Greenlawn	Elwood splice upgrade project	Specific	1,380,000	-	-	-	-
1970	Reliability	Various	Two Way Radio System 16th Radio Frequency Site	Specific	350,000	350,000	-	-	-
1022	Reliability	Fire Island Pines	Install New 23 kV Circuit to Ocean Beach Substation	Specific	1,086,418	21,365,089	21,240,514	-	-
1541	Reliability	East Garden City	Switchgear replacement	Specific	16,579,264	12,284,861	17,048,414	-	-
1183	Reliability	Various	Upgrade supervisory controllers for Capacitor Banks	Program	3,430,000	3,560,000	-	-	-
1250	Reliability	Various	Transformer monitoring	Program	2,950,000	2,950,000	2,950,000	3,000,000	3,000,000
1293	Reliability	Various	Distribution circuit improvement program (CIP)	Program	16,000,000	9,000,000	9,000,000	9,000,000	9,000,000
1299	Reliability	Various	Remote terminal unit replacement/upgrades	Program	2,796,000	2,700,000	2,700,000	2,700,000	2,700,000
1309	Reliability	Various	Distribution breaker replacements	Program	748,000	748,000	748,000	748,000	748,000
1311	Reliability	Various	Mechanical relay replacements	Program	684,800	800,000	800,000	800,000	800,000
1321	Reliability	Various	Transformer major component replacements	Program	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
1325	Reliability	Various	Pipe type cable low pressure trip	Program	1,366,000	1,366,000	1,366,000	1,366,000	1,366,000
1327	Reliability	Various	Pipe type cable terminal pressure monitoring upgrade program	Program	904,998	-	-	-	-
1332	Reliability	Various	Transmission protection and controls upgrades	Program	2,758,400	3,200,000	3,200,000	3,200,000	3,200,000
1783	Reliability	Various	Upgrade corrosion protection system for pipe type cable	Program	2,000,000	1,750,000	600,000	1,500,000	1,500,000
1788	Reliability	Various	Cap and pin insulator replacements	Program	800,000	425,000	425,000	425,000	425,000
2020	Reliability	Various	Replace (13) trailer mounted capacitor banks with fixed banks	Program	5,154,000	6,154,000	5,654,000	2,654,000	2,654,000
2021	Reliability	Various	Distribution switchgear replacements	Program	1,500,000	2,000,000	4,600,000	4,600,000	4,600,000
2044	Reliability	Various	Substation transformers replacements	Program	5,000,000	11,150,000	7,300,000	5,500,000	5,500,000

## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	Estimated Amounts				
					2022	2023	2024	2025	2026
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
2049	Reliability	Various	Distribution pole mounted switches and RTU replacements	Program	500,000	500,000	500,000	500,000	500,000
2145	Reliability	Various	Transmission wood pole replacement on the LIRR right-of-way	Program	300,000	3,000,000	12,220,000	-	-
2205	Reliability	Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	70,000	4,691,660	4,691,660	4,691,660	-
1565	Reliability	Various	Substation distribution circuit relay upgrade	Program	402,600	500,000	500,000	500,000	500,000
2225	Reliability	Various	Rear yard distribution circuits relocation/undergrounding	Program	500,000	5,433,000	-	-	-
1269	Reliability	Various	Distribution system improvements - services, branch lines & customer requests	Blanket	30,974,918	32,523,664	34,149,847	35,857,339	37,650,206
1273	Reliability	Various	Substation equipment failures	Blanket	7,000,000	8,000,000	9,000,000	10,000,000	10,000,000
1275	Reliability	Various	System spares	Blanket	14,600,000	5,800,000	5,800,000	5,100,000	5,100,000
1283	Reliability	Various	Underground distribution cable upgrades	Program	15,200,000	17,000,000	18,000,000	19,000,000	20,000,000
1287	Reliability	Various	Distribution pole replacements	Blanket	13,782,252	14,195,720	14,621,591	15,060,239	15,512,046
1289	Reliability	Various	Distribution multiple customer outages (MCO)	Blanket	7,490,325	7,715,035	7,946,486	8,184,880	8,430,427
1291	Reliability	Various	Residential underground cables upgrades	Program	11,400,000	13,000,000	14,000,000	15,000,000	16,000,000
1297	Reliability	Various	Transmission pole replacements	Blanket	744,568	781,797	820,887	861,931	905,028
1301	Reliability	Various	Transmission & Distribution Wood Pole Reinforcement	Blanket	1,600,000	8,400,000	5,000,000	5,000,000	5,000,000
1837	Reliability	Various	Distribution Automation Repeater Network and Site Upgrades	Blanket	675,000	675,000	400,000	400,000	400,000
2124	Reliability	Various	Replacement of Non-restorable Distribution Wood Pole Rejects	Blanket	12,814,200	6,960,484	12,814,200	12,814,200	12,814,200
2121	Other	Arverne	MTA Beach 67th Relocation	Specific	2,591,740	-	-	-	-
1094	Other	Hicksville	Transmission operations control room facility replacement	Specific	10,907,012	15,329,681	34,500,000	8,000,000	30,363,307
1492	Other	Various	Substation security upgrade	Program	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
1278	Other	Various	Transfer distribution facilities to new telephone poles	Blanket	12,800,000	10,059,000	10,562,000	11,090,000	11,645,000
1747	Load Growth	South Fork	Upgrade Transmission Lines from 23 kV to 33 kV	Specific	692,534	-	-	-	-
1853	Load Growth	Ocean Beach	Install new 4kV circuit	Specific	6,004,917	-	-	-	-
1987	Load Growth	Arverne	Install new 33kV circuit to Far Rockaway substation	Specific	14,324,020	8,912,000	-	-	-
1043	Load Growth	Round Swamp	Construct new 69/13kV substation	Specific	9,399,995	-	-	-	-
2131	Load Growth	Eastport	Reconductor conversion and reinforcement	Specific	2,978,199	-	-	-	-

## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1988	Load	Rockaway	Install new 33 kV circuit to Arverne	Specific	7,978,440	11,250,740	10,831,000	-	-
	Growth	Beach							
1123	Load	Massapequa	Construct new 69/13kV substation	Specific	11,511,825	13,777,000	-	-	-
	Growth								
1991	Load	Bridgehampton	Install 2 new feeders and conversion and reinforcement	Specific	5,006,228	2,493,172	4,387,358	-	-
	Growth								
2069	Load	Bridgehampton	Install new 3rd bank and switchgear	Specific	4,186,866	3,773,014	-	-	-
	Growth								
1476	Load	Bridgehampton	Install New 69kv Circuit to Buell Substation	Specific	1,121,000	878,000	23,719,000	16,198,000	-
	Growth								
1456	Load	Elwood	Install new distribution bank and switchgear	Specific	211,529	3,661,969	11,615,125	16,798,570	-
	Growth								
1795	Load	Various	Residential underground development to serve new business	Blanket	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
	Growth								
Grand Total					\$368,870,172	\$367,863,886	\$407,461,082	\$314,299,819	\$304,063,214

## **LONG ISLAND POWER AUTHORITY**

### **PROPOSED FORM OF RESTRUCTURING COST FINANCING ORDER**

#### **ORDER NO. 7**

This restructuring cost financing order is adopted pursuant to Part B of Chapter 173, laws of New York, 2013, as amended (the “LIPA Reform Act”) to authorize and approve (a) the issuance and sale of restructuring bonds in an aggregate principal amount not to exceed the Order Cap (as defined in this order) by the Utility Debt Securitization Authority (the “Securitization Authority”) created by the LIPA Reform Act (restructuring bonds issued pursuant to this order are hereinafter defined as the “Bonds”); (b) the creation of the restructuring property described in this order (the “Restructuring Property”), including the right to impose, bill and collect the transition charges described in this order (the “Charges”), as adjusted from time to time in accordance with this order; (c) the sale of the Restructuring Property by the Long Island Power Authority (the “Authority”) to the Securitization Authority for the consideration described in this order; (d) the imposition, billing and collection of the Charges on, to and from Consumers as provided in this order; (e) the use of the proceeds of the sale of the Bonds to pay Upfront Financing Costs (as defined in this order) and the purchase price of the Restructuring Property; and (f) the use of the proceeds of the sale of the Restructuring Property to pay the approved restructuring costs described in this order.

#### **DISCUSSION AND STATUTORY OVERVIEW**

On May 28, 1998, the Authority acquired all of the capital stock and associated assets, including transmission and distribution system assets, of Long Island Lighting Company (doing business as “LIPA”). As of March 31, 2022, the Authority had approximately \$5.519 billion dollars in outstanding debt.

Lowering debt levels and associated debt service will be beneficial to the economic well-being of the residents of Long Island and promote commerce and industry in the Authority’s service area.

Securitized restructuring bonds issued by a bankruptcy-remote entity pursuant to appropriate legislation receive higher credit ratings from the rating agencies than the credit ratings carried by the Authority’s debt, resulting in a lower cost of funds. To accomplish the public purpose of reducing the debt service on the Authority’s outstanding debt through the use of lower-cost securitized restructuring bonds, the LIPA Reform Act was introduced (a) to organize the Securitization Authority, a special purpose corporate municipal instrumentality of the State, for the limited purpose of issuing the restructuring bonds, which restructuring bonds will create no new financial obligations or liabilities for the Authority or the State, and to use a portion of the proceeds thereof to purchase the restructuring property from the Authority to enable the Authority to purchase, redeem, repay or defease a portion of the Authority’s outstanding debt, and (b) to enact provisions designed to cause the restructuring bonds (including the Bonds) to receive the highest credit ratings from the rating agencies, including a provision containing a statutory agreement and pledge by the State of New York, which provides in pertinent part that the State will not in any way take or permit any action to revoke, modify, impair, postpone, terminate or

amend the LIPA Reform Act in any manner that is materially adverse to the owners of the Bonds until the Bonds are no longer outstanding and all amounts due and owing under the related transaction documents have been paid in full.

On June 21, 2013, the New York State Assembly and Senate adopted the LIPA Reform Act. On July 29, 2013, the Governor signed the LIPA Reform Act into law. On August 28, 2013, the time for filing any challenges to the LIPA Reform Act expired and no such challenges were filed.

On December 18, 2013, pursuant to Restructuring Cost Financing Order No. 1 (“Order No. 1”) adopted by the Authority on October 3, 2013, the Securitization Authority issued \$2,022,324,000 of its Restructuring Bonds, Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt) (collectively, the “2013 Bonds”). The Securitization Authority used the proceeds of the 2013 Bonds to purchase the restructuring property created by Order No. 1, including transition charges. The restructuring property created by Order No. 1 was pledged by the Securitization Authority to the payment of the 2013 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58, the laws of New York, 2015 (“Chapter 58”) which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$4.5 billion less any previously issued restructuring bonds. On April 13, 2015, the Governor signed such Chapter 58 into law. On May 13, 2015, the time for filing any challenges to the LIPA Reform Act, as amended by such Chapter 58, expired and no such challenges were filed.

On June 26, 2015, the Authority Trustees adopted Restructuring Financing Cost Order No. 2 (“Order No. 2”), Restructuring Cost Financing Order No. 3 (“Order No. 3”) and Restructuring Cost Financing Order No. 4 (“Order No. 4” and, together with Order No. 2 and Order No. 3, the “2015 Financing Orders”), which allowed the Securitization Authority to issue additional restructuring bonds prior to December 31, 2016. The 2015 Financing Orders each created restructuring properties specific to each of the 2015 Financing Orders and separate from the restructuring properties created by Order No. 1 and each of the other 2015 Financing Orders. Each of the 2015 Financing Orders permitted the Securitization Authority to issue restructuring bonds, a portion of the proceeds of which were used to purchase the restructuring properties created by each of the particular 2015 Financing Orders. The 2015 Financing Orders limited the total principal amount of restructuring bonds authorized under each of the 2015 Financing Orders to an amount not to exceed the amount authorized by the LIPA Reform Act, as amended, minus the amount of restructuring bonds previously issued under Order No. 1 and the 2015 Financing Orders.

On October 27, 2015, pursuant to Order No. 2, the Securitization Authority issued \$1,002,115,000 of its Restructuring Bonds, Series 2015 (the “2015 Bonds”). The Securitization Authority used the proceeds of the 2015 Bonds to purchase the restructuring property created by Order No. 2, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2015 Bonds. On April 7, 2016, pursuant to Order

No. 3, the Securitization Authority issued \$636,770,000 of its Restructuring Bonds, Series 2016A (the “2016A Bonds”). The Securitization Authority used the proceeds of the 2016A Bonds to purchase the restructuring property created by Order No. 3, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016A Bonds. On September 8, 2016, pursuant to Order No. 4, the Securitization Authority issued \$469,320,000 of Restructuring Bonds, Series 2016B (the “2016B Bonds”). The Securitization Authority used the proceeds of the 2016B Bonds to purchase the restructuring property created by Order No. 4, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016B Bonds. The Authority used the net proceeds from the sale of the restructuring properties created by the 2015 Financing Orders to retire debt and other obligations of the Authority.

On November 11, 2017, pursuant to Restructuring Cost Financing Order No. 5 (“Order No. 5”) adopted by the Authority on July 26, 2017, the Securitization Authority issued \$369,465,000 of its Restructuring Bonds, Series 2017 (the “2017 Bonds”). The Securitization Authority used the proceeds of the 2017 Bonds to purchase the restructuring property created by Order No. 5, including transition charges. The restructuring property created by Order No. 5 was pledged by the Securitization Authority to the payment of the 2017 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369, the laws of New York, 2021 (“Chapter 369”), which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees, in consultation with DPS, of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$8 billion less any previously issued restructuring bonds and permitting the issuance of such restructuring bonds to refund bonds issued by the Securitization Authority and to finance System Resiliency Costs (as defined herein and in Chapter 369). On August 2, 2021, the Governor signed such Chapter 369 into law.

As of the date of this Restructuring Cost Financing Order, the Securitization Authority has heretofore issued \$4,499,994,000 aggregate principal amount of restructuring bonds.

Pursuant and in accordance with the amendments to the LIPA Reform Act effectuated by Chapter 369, this Financing Order together with three other restructuring cost financing orders have been prepared in consultation with the Department of Public Service (the “DPS”).

As required by subdivision 2 of section 3 of the LIPA Reform Act, the Authority has scheduled (and held) the following public statement hearings on this order conducted virtually at 10:00 a.m. and 6:00 p.m. respectively on April 14, 2022. Notice of the public hearings was included on LIPA’s website, along with this draft Restructuring Cost Financing Order, and press releases were issued to the media. The Authority also accepted written public comments on the financing orders via mail and e-mail at [UDSA2022@lipower.org](mailto:UDSA2022@lipower.org).

As used in this order, the term “Consumer” shall mean any consumer as defined by the LIPA Reform Act; the term “Service Area” shall mean the service area as defined by the LIPA Reform Act, i.e. the geographical area within which LIPA provided electric transmission and

distribution services as of July 29, 2013, implementation date of the LIPA Reform Act; the term “Servicer” shall mean LIPA as initial servicer and any successor servicer as defined by the LIPA Reform Act; the term “T&D System Assets” shall mean the T&D system assets as defined by the LIPA Reform Act, i.e. the physically integrated system of electric transmission and distribution facilities (and other general property and equipment used in connection therewith) owned by LIPA as of the effective date of the LIPA Reform Act or thereafter acquired for use by LIPA or its successors in providing retail electric utility service to Consumers in the Service Area; and, at the time of issuance of any Bonds under this restructuring cost financing order, the term “Order Cap” shall mean an amount equal to \$8 billion less the sum of the original principal amount of restructuring bonds issued prior to such time pursuant to the LIPA Reform Act under any other restructuring cost financing order. To facilitate compliance and consistency with applicable statutory provisions, this order adopts the definitions in the LIPA Reform Act for all terms used in this order that are defined in the LIPA Reform Act unless otherwise defined in this order.

If the Bonds are approved and issued, the Servicer shall impose, bill and collect, from Consumers of electric transmission and distribution services in the Service Area, the Charges, as adjusted from time to time in accordance with this order, until the principal of and interest on the Bonds and the related ongoing financing costs have been paid in full.

The imposition, billing and collection of the Charges shall be from all Consumers of transmission and distribution services in the Service Area.

This order includes a mechanism requiring that the Charges be reviewed and adjusted periodically, to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other ongoing financing costs as described in this order.

This order shall become a final rate order by the Authority when the board of Trustees of the Authority approves this order and the Public Authorities Control Board (“PACB”) approves or is deemed to have approved this order as provided in the LIPA Reform Act.

This order shall become an irrevocable rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. In accordance with subdivision 3 of section 3 of the LIPA Reform Act, the validity of this order may only be challenged by an aggrieved party pursuant to an action, suit or proceeding filed directly to the Supreme Court, Appellate Division, Second Judicial Department, within thirty days after this order becomes a final rate order by the Authority.



## DESCRIPTION OF PROPOSED TRANSACTION

### FINDINGS OF FACT

1. Target Debt: The Authority has caused a review of its outstanding debt and the outstanding debt of the Securitization Authority to be made and finds that a portion of the debt issued by the Authority and the Securitization Authority (collectively, the “Target Debt”) could be purchased, redeemed, repaid or defeased with the net proceeds from the sale of the Restructuring Property created by this order. The Target Debt is listed on Exhibit A hereto.

2. Debt Retirement Costs: The Authority finds that purchasing, redeeming, repaying or defeasing the Target Debt will require the payment of certain costs (the “Debt Retirement Costs”), which may include costs incurred or paid pursuant to agreements by the Authority or the Securitization Authority with tender agents, escrow agents and others for related activities. Further, in connection with such purchases, redemptions, repayments or defeasances, interest rate swap contracts or other financial contracts relating to the Authority’s debt may be terminated, novated or amended pursuant to agreements between the parties or, in the case of novation, additional parties. The Authority finds that the Bonds should be rated by one or more nationally recognized bond rating agencies, pursuant to agreements with them heretofore or hereafter entered into by the Authority or the Securitization Authority. The Debt Retirement Costs are hereby described as the principal, redemption price, or purchase price of the Target Debt, the purchase price of any securities purchased to defease the Target Debt, any accrued interest or premium, any tender offer or purchase fees or expenses, the costs of terminating any swap contracts or other financial contracts related to the Authority’s debt, any rebate, yield reduction payments or other amounts payable to preserve or protect the federal tax-exempt status of the Target Debt, and any other costs of purchasing, redeeming, repaying or defeasing the Target Debt. These costs may vary significantly in response to market conditions and as a result of the terms of the Target Debt to be purchased, redeemed, repaid or defeased (e.g. whether the Authority or the Securitization Authority has to tender for such debt or repurchase such debt on the open market or otherwise has the right to redeem, repay or defease such debt). Debt Retirement Costs and net present value savings may also be impacted by changes in market interest rates, including long-term borrowing rates and short-term investment rates, among others. The lower prevailing interest rates are at the time of retirement, the higher the cost to effect such retirement may be. All else being equal, the impact of any increase in Debt Retirement Costs should be somewhat offset by a lower cost of the Bonds. Therefore, the Authority finds that it should select, on or about the date of issuance of the Bonds, the amounts of the specific debt securities or other instruments of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property in any manner, consistent with market conditions, that is expected to result in savings to Consumers on a net present value basis.

3. Upfront Financing Costs: The Authority finds that the issuance of the Bonds will require the payment of the upfront financing costs described as follows (the “Upfront Financing Costs”):

- expenses associated with the efforts to prepare or obtain approval of this order or any other restructuring cost financing order adopted contemporaneously with this order;

- the funding of a Reserve Subaccount (as defined in the hereinafter referred to Indenture);
- fees and expenses associated with the structuring, marketing, and issuance of the Bonds:
  - counsel and advisor fees and expenses payable by the Authority, the Securitization Authority and the underwriters;
  - structural advisory fees payable by the Authority;
  - underwriting fees and expenses;
  - original issue discount;
  - rating agency fees;
  - Indenture Trustee fees (including counsel fees);
  - escrow agent fees;
  - accounting and auditing fees;
  - printing and marketing expenses;
  - compliance fees;
  - filing fees;
  - listing fees;
  - bond issuance charges;
  - any taxes or payments in lieu of taxes payable by the Securitization Authority or the Authority with respect to the issuance of the Bonds or the sale of the Restructuring Property; and
  - amounts advanced by the Authority or the Securitization Authority for the payment of Upfront Financing Costs.

The Authority recognizes that the amounts and types of Upfront Financing Costs will be determined on or about the date of sale of the Bonds, as such costs are dependent upon the final sizing of the Bonds and marketing and rating agency considerations, such as the size of the Required Reserve Level (as defined in the Indenture). The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of Upfront Financing Costs based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

4. System Resiliency Costs: The Authority finds that the adoption of this order for the purpose of issuing restructuring bonds to finance System Resiliency Costs would result in lower costs to consumers of electric transmission and distribution services in the service area on a net present value basis than funding of such costs by the Authority. Pursuant to Section 2, Subdivision 17-a, of the LIPA Reform Act, System Resiliency Costs means, to the extent approved as such under a restructuring cost financing order, the costs of rebuilding, improving or constructing transmission and distribution system assets to increase resiliency of such assets, better withstand changes in climate, absorb impacts from outage-inducing events, and recover quickly from outages including but not limited to, improvements to and replacement of poles and wires, moving power lines underground, raising substations, constructing flood barriers, and system automation and costs of purchasing, redeeming or defeasing debt of the Authority incurred to finance such costs or reimbursing the Authority for amounts already spent on such costs. All such costs, to the extent included in the Authority's Capital Budget as the same may be amended from time to time are hereby approved as System Resiliency Costs for purposes of the LIPA Reform Act and this financing order. A schedule listing those projects included in the current Capital Budget, the cost of which in whole or in part would constitute System Resiliency Costs, is attached hereto as **Exhibit D**.

The Authority determines that a portion of the Bonds may finance the payment of System Resiliency Costs.

The amount of Debt Retirement Costs, Upfront Financing Costs and System Resiliency Costs (collectively, the "Restructuring Costs") that the Authority proposes to pay through the sale of the Restructuring Property and the issuance of the Bonds shall not exceed a principal amount equal to the Order Cap.

5. Structure of the Bonds: Based upon the estimated amounts of Restructuring Costs, the Authority finds that the initial principal amount of the Bonds to be issued shall not exceed the Order Cap.

The Bonds are expected to be issued on a date that is after the time for any challenges or appeals to this order has expired and before December 31, 2025.

The Bonds are expected to be structured as follows: One or more series and/or tranches of (a) federally taxable Bonds with different maturities and amortization schedules and/or (b) Bonds the interest on which will be excluded from gross income for federal income tax purposes with different maturities and with or without amortization or sinking funds. Such Bonds may be subject to redemption prior to their respective maturities. Pursuant to the terms of the LIPA Reform Act, the transfer and the income from all Bonds will be free from taxation by the State of New York or any municipality in the State, except for estate and gift taxes. Each series or tranche of the Bonds is expected to have a scheduled final maturity date (a date by which such series or tranche is expected to be paid in full, based on the expected receipt of Charges) and a legal final maturity date (a date by which the final principal payment on such series or tranche must be paid in order to avoid a default under the transaction documents and which is expected to be two years after the scheduled final maturity date); provided that the legal final maturity date for any series or tranche of the Bonds shall be no later than thirty years after the date of issuance of the Bonds and the final scheduled maturity of any series of Bonds the proceeds of which will be applied to purchase,

redeem, repay or defease Target Debt shall be no later than the final scheduled maturity date of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

Debt service on the Bonds will be based upon a number of variables, including, but not limited to, the portion of the Target Debt which may be economically refunded or defeased or which may be purchased pursuant to a tender process, which will be determined on or about the date of sale of the Bonds, based on the then-prevailing interest rate environment. Based upon reasonable assumptions relating to those variables, including current market conditions, scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, each as adopted by the Authority on May 18, 2022, together with the Bonds, are expected to be no greater than \$700 million.

If directed by the Authority, the Securitization Authority shall issue a Bond to the Authority payable from and secured by a lien on the Collateral (as defined in the Indenture) subject and subordinate to all other Bonds in an amount not to exceed the initial cash contribution, if any, by the Authority to the Reserve Subaccount (the “Subordinate Note”). For the purposes of this order the term “Bonds” shall include the Subordinate Note except with respect to references to ratings thereon, sales thereof to the underwriters and the calculation of amounts required to be deposited to the Reserve Subaccount and the initial annual servicing fee.

The final terms of the Bonds will be approved by an Authority Designee (defined below) as provided in this order.

6. Ongoing Financing Costs: The Authority does not expect any federal, state or local taxes, payments in lieu of taxes, franchise fees or license fees to be imposed on the Charge revenues. The Authority finds that the terms of the Bonds will require the payment of the following ongoing financing costs (the “Ongoing Financing Costs”):

- principal (including amortization, sinking fund or redemption payments), redemption premiums, if any, and interest on the Bonds;
- servicing fees and expenses;
- administrative fees and expenses;
- Indenture Trustee fees and expenses (including counsel fees);
- legal fees and expenses;
- accounting fees and expenses;
- rating agency fees;
- any taxes payable by the Securitization Authority;

- any Upfront Financing Costs that cannot be paid from the proceeds of the sale of the Bonds, including but not limited to, an amount sufficient to fund the Reserve Subaccount over the time period, and to the extent, specified in the Issuance Advice Letter (defined below);
- any amounts required to replenish the Reserve Subaccount;
- indemnities;
- fees and expenses associated with variable rate Bonds;
- expenses of the Securitization Authority; and
- rebate and yield reduction payments.

The Authority recognizes that most Ongoing Financing Costs will not be known until after this order is finalized, e.g. the expected principal and interest payable on the Bonds will not be known until the Bonds are priced, the fees may be estimated at the time the Bonds are issued but they may increase over the life of the Bonds, the expenses will vary from year to year depending upon what services or activities are required to be performed in each year, and some possible Ongoing Financing Costs (such as replenishment of the Reserve Subaccount or indemnities) depend upon contingencies that may never happen. The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of the annual Ongoing Financing Costs that are likely to be incurred based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

7. Savings: The Authority finds that the issuance of Bonds is expected to result in savings to the Consumers of electric transmission and distribution services in the Service Area on a net present value basis. In case of Bonds issued to provide proceeds to pay Debt Retirement Costs, the Authority finds that such savings on a net present value basis (“Net Present Value Savings”) should be calculated as the difference between (i) the present value of the Aggregate Expected Debt Service and (ii) the present value of the Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order:

“Securitization Debt Service” shall mean the principal of and interest on Bonds issued to provide proceeds to pay for Debt Retirement Costs, such principal and interest to be calculated assuming that such Bonds are paid on their expected maturity dates (or in the case of Bonds subject to sinking fund redemption, their expected sinking fund redemption dates) rather than the legal maturity dates, and expected other Ongoing Financing Costs (less the amounts in the reserve account and other collateral accounts, including earnings thereon, when such amounts are expected to be applied to the payment of principal of or interest on such Bonds or the payment of other Ongoing Financing Costs relating to such Bonds), to be calculated based upon estimates of the amounts that are expected to be paid semi-annually until such Bonds are paid in full.

“Aggregate Expected Debt Service” shall mean the sum of the Expected Debt Service by Category for the portion of each category of Target Debt that is to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property as described in the Issuance Advice Letter (defined below).

“Expected Debt Service by Category” shall mean:

- (a) in the case of outstanding fixed rate Target Debt, the stated principal of and interest on such bonds, such principal and interest to be calculated assuming that the bonds are paid on their stated maturity dates or, in the case of bonds subject to mandatory sinking fund installments, their sinking fund payment dates;
- (b) in the case of the Authority's outstanding variable rate demand bonds that the Authority plans to refinance in a fixed rate mode absent securitization, the expected principal and interest payments on such bonds assuming that such bonds were to be refinanced in a fixed rate mode pursuant to the terms thereof, the prices and yield of such refinancing to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority.
- (c) in the case of any outstanding debt under the Authority's revolving line of credit that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (d) in the case of any of the Authority's commercial paper balances that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (e) Further, in the case of any such variable rate bonds, revolving line of credit or commercial paper balances for which an associated interest rate swap is to be terminated, in whole or in part, or amended, the size of such refinancing would be adjusted to reflect the costs of any termination or amendment of such interest rate swap and whether such swap termination payment may be financed with the proceeds of federally tax-exempt or taxable bonds.

In case of Bonds issued to provide proceeds to finance System Resiliency Costs, the Authority finds that Net Present Value Savings should be calculated as the difference between (i) the present value of the Assumed System Resiliency Debt Service and (ii) the present value of the

Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order “Assumed System Resiliency Debt Service” shall mean the expected principal and interest payments on a series of fixed rate Authority bonds that would otherwise be issued by the Authority to fund System Resiliency Costs, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.

The Authority finds that the debt service on the Bonds will include interest payable on the Bonds and scheduled principal, sinking fund or redemption payments on the Bonds. The estimated Securitization Debt Service is expected to be less, on a net present value basis, than the Aggregate Expected Debt Service that would be included in the Authority’s rates absent the securitization contemplated by this order but including the planned refinancings described in the definition of Expected Debt Service by Category.

8. Benefits to Consumers: The Authority finds that the primary benefit to Consumers in the Service Area that is expected to result from the sale of the Restructuring Property and the Bonds as opposed to traditional financing mechanisms arises from the lower effective interest cost expected to be payable on the Bonds, after taking into account the issuance costs of the Bonds, as compared with the Aggregate Expected Debt Service.

9. Allocation Methodology: The Authority finds that the appropriate and reasonable methodology for allocating Charges on an equal percentage basis among customer service classifications, including those service classifications that pay demand (kW) charges or fixed monthly charges, is as follows: The Charges will be allocated among all customer service classifications by (a) determining the Charge per kWh using the adjustment mechanism and mathematical formula described in Exhibit B hereto and (b) billing each Consumer for a Charge equal to the product of multiplying such Charge per kWh by the number of net kWhs of electric energy delivered to such Consumer during the period covered by such bill, so long as such Consumer is connected to the T&D System Assets and is taking electric delivery service located within the Service Area, whether or not such Consumer produces its own electricity or purchases electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

The Authority has analyzed the impact of this methodology on Consumers’ bills and finds that the impact on Consumers’ bills is expected to be as follows: The amounts billed to Consumers for transmission and distribution services (including debt service on the Authority’s debt) and the Charges are expected to be less, on a net present value basis, than the amounts that would have been billed to such Consumers for transmission and distribution services (including Aggregate Expected Debt Service) absent the purchasing, redeeming, repaying or defeasing of all or a portion of the Target Debt through the issuance of Bonds.

10. Charges Generally: The Authority finds that it is appropriate to identify the Charges included in each Consumer's bill by means of a separate line item, a footnote or other description of the amount of the Charge or Charge per kWh and a statement to the effect that the Charges belong to the Securitization Authority.

11. Adjustment Mechanism: The Authority finds that the adjustment mechanism and mathematical formula described in Exhibit B hereto is just and reasonable and will reduce the risks related to the Bonds, resulting in lower transition charges and greater benefits to Consumers. The Authority finds that it is desirable that each Charge adjustment take effect as described in such Exhibit B and that it will not be reasonably practical to change a mathematically inaccurate Charge adjustment (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) sooner than the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

12. Restructuring Property: The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

13. Basic Documents: Pursuant to due authorization the Authority shall approve the selection of underwriters, including the senior underwriters, for the issuance of the Bonds satisfactory to the Authority and shall advise the Securitization Authority of such selection in the written notice to be provided to the Securitization Authority pursuant to Ordering Paragraph 15 below.

The Authority contemplates that either the Securitization Authority or the Securitization Authority and the Authority will enter into one or more agreements (each a "Bond Purchase Agreement") with the senior underwriter or underwriters, as representative of one or more underwriters, to purchase the Bonds.

If directed by the Authority, the Securitization Authority shall, simultaneously with the delivery of Bonds to the senior underwriters and with the delivery of a cash contribution to the Reserve Subaccount, issue the Subordinate Note to the Authority.

The Authority contemplates that the Securitization Authority will enter into an indenture (the "Indenture") with a bank or trust company acceptable to the Authority to act as initial indenture trustee (the "Indenture Trustee") pursuant to which the Bonds (including the Subordinate Note, if any) are to be issued.



The Authority contemplates that the Securitization Authority will enter into an agreement (the “Servicing Agreement”) with LIPA to act as initial Servicer to perform all duties of the Securitization Authority relating to the Restructuring Property and the Bonds. The Authority contemplates that LIPA will contract with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement. The Authority finds that a servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds, together with the reimbursement of expenses incurred by the Servicer in the performance of its duties as Servicer, approximates the estimated incremental cost of imposing, billing and collecting the Charges, preparing servicing reports and performing other customary servicing services required in connection with the Bonds in the case of a Servicer that otherwise bills and collects T&D rates from Consumers in the Service Area and is reasonable.

The Authority contemplates that the initial Servicer will file with the Authority and the Securitization Authority, no later than the third business day after the pricing of the Bonds, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C** (the “Issuance Advice Letter”).

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Administration Agreement”) with LIPA to act as initial administrator of the Securitization Authority to perform all duties of the Securitization Authority under the Public Authorities Law and other applicable law or otherwise not covered by the Servicing Agreement.

The Authority contemplates that LIPA may enter into one or more agreements with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement as sub-servicer or otherwise.

The Authority contemplates that the Authority and the Securitization Authority will enter into an agreement (the “Sale Agreement”) for the sale of the Restructuring Property by the Authority to the Securitization Authority.

14. Collateral Accounts: The Authority finds that it is appropriate and desirable that the Securitization Authority create a collection account, the Reserve Subaccount and such other accounts and subaccounts described in the Indenture with the Indenture Trustee, and that the Reserve Subaccount in an amount not to exceed 5% of the initial aggregate principal amount of the Bonds, or as otherwise provided in the Issuance Advice Letter, be funded by means of a cash contribution of the Authority, a portion of the proceeds of the Bonds and/or as an Upfront Financing Cost to be recovered after the issuance of the Bonds (all as to be determined in the Issuance Advice Letter), or such other amount as may be required in order to satisfy rating agency or regulatory requirements and to successfully market the Bonds.

15. Authority Designee: As the pricing and terms of the Bonds, the precise amount of the Restructuring Costs, Upfront Financing Costs and Ongoing Financing Costs and the terms of the Basic Documents will not be known as of the date of this order, and market conditions may require expedited approval or other action by the Authority in order to accomplish the purposes of this order, the Authority deems it reasonable to appoint one or more officers of the Authority (each an “Authority Designee”) to be designated by a resolution of the Trustees of the Authority to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and

terms of the Bonds, the amounts of the Restructuring Costs, expected Upfront Financing Costs and expected Ongoing Financing Costs, the Net Present Value Savings, the terms of the Basic Documents and take such other actions as are authorized in this order.

16. General Bond Resolution: The Authority finds that the sale of the Restructuring Property by the Authority to the Securitization Authority (i) is desirable in the conduct of the business of the System (as defined in the General Bond Resolution) and (ii) does not materially impair the ability of the Authority to comply with Section 701 of the General Bond Resolution.

17. Submission to PACB: After the conclusion of the public statement hearings and the Authority's review of any comments received and consultation with the DPS with respect thereto, the Authority will finalize this order and submit it to the PACB for approval or disapproval. If the PACB fails to approve or disapprove the finalized order within thirty days after receipt as provided in subdivision 2 of section 3 of the LIPA Reform Act, the PACB shall be deemed to have approved the finalized order.

## **CONCLUSIONS OF LAW**

1. Jurisdiction and Authority: The Authority has jurisdiction and authority to adopt this order.

2. Compliance with LIPA Reform Act: The structure of the Bonds is consistent with the LIPA Reform Act, and the Bonds are restructuring bonds under the LIPA Reform Act.

The Restructuring Costs are approved restructuring costs under the LIPA Reform Act.

The Restructuring Property is restructuring property under the LIPA Reform Act.

The Charges are transition charges under the LIPA Reform Act.

This order meets the requirements of a restructuring cost financing order under the LIPA Reform Act.

3. Irrevocability of Order: As provided in subdivision 4(a) of section 5 of the LIPA Reform Act, this order shall be an irrevocable final rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. As provided in subdivision 5(a) of section 5 of the LIPA Reform Act, this order shall remain in effect and unabated until the Bonds issued pursuant to this order have been paid in full and all Ongoing Financing Costs are paid or performed in full.

4. Irrevocability of Charges: As provided in subdivision 7 of section 3 of the LIPA Reform Act, upon the issuance of the Bonds, the Charges, including any adjustments thereof as provided in this order, shall be deemed established by the Authority as irrevocable, final and effective without further action by the Authority or any other entity.

5. Adjustment Mechanism: The adjustment mechanism, and all other obligations of the State and the Authority set forth in this order, will be irrevocable, final and effective without further action by the Authority, or any other entity, upon issuance of the Bonds as provided in this order and will be legally enforceable against the State and the Authority.

6. Non-bypassability: As provided in subdivision 5(c) of section 5 of the LIPA Reform Act, for so long as the Bonds are outstanding, the Charges authorized in this order shall be non-bypassable and shall apply to all Consumers connected to the T&D System Assets and taking electric delivery service located within the Service Area, whether or not the Consumers produce their own electricity or purchase electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

7. Indemnities: Any indemnity payments required to be paid by the Securitization Authority to the Authority, the Indenture Trustee, the underwriters or other persons pursuant to agreements entered into in connection with the sale of the Bonds will be Ongoing Financing Costs recoverable pursuant to this order and the LIPA Reform Act.

8. No Other Liens: The Charges are Transition Charges as defined in the General Bond Resolution of the Authority and are not subject to the lien of the General Bond Resolution.

9. Partial Payments: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, to the extent that any Consumer makes a partial payment of a bill containing both transition charges, including the Charges, and any other charges, such payment shall be allocated pro rata between transition charges and the other charges unless the Consumer specifies that a greater proportion of such payment is to be allocated to transition charges, except that the other charges shall be reduced by the amount of any claims of setoff, counterclaim, surcharge or defense for purposes of such calculation.

10. True Sale: As provided in subdivision 3(a) of section 7 of the LIPA Reform Act, the sale of the Restructuring Property to the Securitization Authority as contemplated by this order shall be treated as an absolute transfer of all of the transferor's right, title and interest (as in a true sale) and not as a pledge or other financing, of the Restructuring Property, other than for federal, state and local income and franchise tax purposes. As provided in subdivision 3(b) of section 7 of the LIPA Reform Act, the transfer of the Restructuring Property shall be perfected, vested, valid and binding from the time when the transfer is made, and such transfer shall be perfected, vested, valid and binding as against the transferor, all parties having claims of any kind in tort, contract or otherwise against the transferor, and all other transferees of the transferor, irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees. As provided in subdivision 3(c) of section 7 of the LIPA Reform Act, the characterization of the sale, assignment or transfer as an absolute transfer and true sale and the corresponding characterization of the property interest of the purchaser, shall not adversely be affected or impaired by, among other things, the occurrence of any of the following factors: (i) commingling of revenues or other proceeds from Charges with other amounts; (ii) the retention by the seller of: (A) a partial or residual interest, including an equity interest, in the Restructuring Property, whether direct or indirect, or whether subordinate or otherwise; or (B) the right to recover costs associated with taxes, payments in lieu of taxes, franchise fees or license fees imposed on

the collection of the Charges; (iii) any recourse that the purchaser may have against the seller; (iv) any indemnification rights, obligations or repurchase rights made or provided by the seller; (v) the obligation of the seller to collect Charges on behalf of an assignee, including but not limited to, any retention by the seller to bare legal title for the purpose of collecting Charges; (vi) the treatment of the sale, assignment or transfer for tax, financial reporting or other purposes; (vii) any subsequent order of the Authority amending this order pursuant to subdivision 4(b) of section 5 of the LIPA Reform Act to the extent permitted by this order; or (viii) any application of the adjustment mechanism described in this order as provided in subdivision 3 of section 5 of the LIPA Reform Act. As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, the Restructuring Property may be transferred, sold, conveyed or assigned to the Securitization Authority.

11. Pledge of Restructuring Property: As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, all or any portion of the Restructuring Property may be pledged to secure the payment of the Bonds, amounts payable to financing parties, amounts payable to holders of the Bonds, amounts payable under any ancillary agreement and other Ongoing Financing Costs. As provided in subdivision 2 of section 7 of the LIPA Reform Act, any pledge of the Restructuring Property or proceeds thereof made by the Securitization Authority shall be perfected, valid and binding from the time when the pledge is made. The proceeds, moneys, revenues or proceeds so pledged and thereafter received by the Securitization Authority of restructuring property shall immediately be subject to the lien of such pledge, and such lien shall be perfected, without any physical delivery thereof or further act. The lien of any such pledge shall be perfected, valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Securitization Authority irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees.

12. Existence of Restructuring Property: As provided in subdivision 1(a) of section 7 of the LIPA Reform Act, the Restructuring Property created pursuant to this order shall constitute an existing, present property right. As provided in subdivision 1(b) of section 7 of the LIPA Reform Act, all Restructuring Property created pursuant to this order shall continue to exist until the Bonds issued pursuant to this order are paid in full and all Ongoing Financing Costs have been paid in full.

13. Successor Owners: As provided in subdivision 1(f) of section 7 of the LIPA Reform Act, any successor owner of the T&D System Assets and any successor Servicer shall be bound by the requirements of the LIPA Reform Act and shall perform and satisfy all obligations of a Servicer in the same manner and to the same extent under this order as did LIPA as the initial Servicer, including, without limitation, the obligation to impose, bill and collect the Charges and to pay such collections to the person entitled to receive the Charge revenues, i.e. the Indenture Trustee for the benefit of the owners of the Bonds. As provided in subdivision 1 of Section 8 of the LIPA Reform Act, the Authority has a statutory right to examine the books and records of LIPA or any successor owner of the T&D System Assets for the purpose of investigating compliance with the provisions of the LIPA Reform Act and this order.

14. Bankruptcy: As provided in subdivision 1(d) of section 7 and subdivision 5(b) of section 5 of the LIPA Reform Act, this order shall remain in full force and effect and unabated notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to

a Servicer, the Authority, LIPA or any successor owner of the T&D System Assets or any affiliate thereof or of any other person or entity or the commencement of any judicial or nonjudicial proceeding therefor. As provided in subdivision 3 of section 4 of the LIPA Reform Act, the Securitization Authority shall not be authorized to be a debtor under any provision of the United States Bankruptcy Code. Also in subdivision 3 of section 4 of the LIPA Reform Act, the State of New York has pledged, contracted and agreed with the owners of the Bonds that, until at least one year and one day after all Bonds have ceased to be outstanding and all Ongoing Financing Costs have been paid, the State will not limit or alter the denial of authority to the Securitization Authority to be a debtor under any provision of the United States Bankruptcy Code.

15. Setoff, Counterclaim or Defense: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, the Restructuring Property, the Charges, the Charge revenues, and the interests of the Indenture Trustee, the holders of any Bonds, and any other person in the Restructuring Property or in the Charge revenues, are not subject to setoff, counterclaim, surcharge or defense by a Servicer, Consumer, the Authority, LIPA or any successor owner of the T&D System Assets or any other person or in connection with any default, bankruptcy, reorganization or other insolvency proceeding of the Authority, LIPA or any successor owner of the T&D system assets, any affiliate thereof or any other entity or otherwise.

16. Sequestration: As provided in subdivision 1(d) of section 7 of the LIPA Reform Act, if the owner of the T&D system asset, Servicer, third-party biller, or any other person or entity authorized to collect the Charges, defaults on any required remittance of Charge revenues, any court in the State of New York, upon application by an interested party and without limiting any other remedies available to the applying party, shall order the sequestration and payment of the Charge revenues for the benefit of the owners or pledgees of the Restructuring Property, i.e. the Securitization Authority or the Indenture Trustee for the benefit of the owners of the Bonds.

17. Third-party Billers: As provided in section 16 of the LIPA Reform Act, if and to the extent that third parties are allowed to bill and/or collect any Charges, the Authority, any successor regulator, and any owner of the T&D System Assets will take steps to ensure non-bypassability and minimize the likelihood of default by third-party billers, which shall include (i) operational standards and minimum credit requirements for any such third-party biller, or require a cash deposit, letter of credit or other credit mitigant in lieu thereof, to minimize the likelihood that defaults by a third-party biller would result in an increase in Charges thereafter billed to Consumers, (ii) a finding that, regardless of who is responsible for billing, Consumers shall continue to be responsible for the Charges, (iii) if a third party meters and bills for the Charges, that the owner of the T&D System Assets and any Servicer must have access to information on billing and usage by Consumers to provide for proper reporting to the Securitization Authority and to perform its obligations as Servicer, (iv) in the case of a default by a third-party biller, billing responsibilities must be promptly transferred to another party to minimize potential losses, and (v) the failure of Consumers to pay Charges shall allow service termination by the owner of the T&D System Assets on behalf of the Securitization Authority of the Consumers failing to pay Charges in accordance with service termination rules and orders applicable to T&D rates. Any costs associated with such third-party billing and/or collection shall be included as part of the recoverable Ongoing Financing costs or other rates or charges, as appropriate. Further, the Authority and any successor regulator shall not permit implementation of any third-party billing or collection that would result in a reduction or withdrawal of the then

current ratings on any tranche or series of the Bonds by any nationally recognized statistical rating organization designated by the Securitization Authority.

18. Securitization Authority: As provided in subdivision 1 of section 4 of the LIPA Reform Act, the Securitization Authority has been duly created.

19. State Pledge: As provided in section 9 of the LIPA Reform Act, the State of New York has pledged and agreed with the holders of the Bonds, any assignee and all financing entities that the State will not in any way take or permit any action that limits, alters or impairs the value of Restructuring Property or, except as required by the adjustment mechanism described in this order, reduce, alter or impair the Charges that are imposed, collected and remitted for the benefit of the owners of the Bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of the Bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full. As further provided in section 9 of the LIPA Reform Act, the foregoing pledge may be included in the Bonds, the Indenture, the offering memorandum or official statement, and other ancillary agreements and documentation related to the issuance and marketing of the Bonds.

20. Not Debt of State: As provided in subdivision 3 of section 6 of the LIPA Reform Act, the Bonds shall not constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other political subdivision, agency or instrumentality of the State.

21. Limitations: As provided in subdivision 1(v) of section 5 of the LIPA Reform Act, no limitation, express or implied, on Upfront Financing Costs or Ongoing Financing Costs shall impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms. This means that there is no limitation on the amount of Upfront Financing Costs or Ongoing Financing Costs that would impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms.

22. Legal Investments: As provided in subdivision 4 of section 6 of the LIPA Reform Act, the Bonds are legal investments for the state and all municipalities, insurance companies, banks, trusts and other persons or entities, who are authorized to invest in bonds or other obligations of the state.

23. Regulation of the Owner of the T&D System Assets: As provided in subdivision 1(b) of section 8 of the LIPA Reform Act, neither the Authority nor any successor regulator may consider the Bonds to be debt of any owner of the T&D System Assets, consider the Charges to be revenue of any owner of the T&D System Assets, consider the approved Restructuring Costs or Ongoing Financing Costs to be costs of any owner of the T&D System Assets or any affiliate, or determine that any action taken by any owner of the T&D System Assets that is consistent with this order is unjust or unreasonable from a regulatory or ratemaking perspective.

24. Additional Restructuring Bonds: The Securitization Authority may issue one or more series of restructuring bonds in addition to the Bonds secured by restructuring property other than the Restructuring Property created pursuant to this order under one or more restructuring cost financing orders in addition to this order, as such terms are defined in the LIPA Reform Act.

## ORDERING PARAGRAPHS

1. The Authority hereby approves the recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, in an amount not to exceed the Order Cap from the proceeds of the sale of the Restructuring Property. The Authority hereby approves the Restructuring Costs, including the Upfront Financing Costs, as approved restructuring costs within the meaning of the LIPA Reform Act.
2. The Authority hereby approves the sale of the Restructuring Property to the Securitization Authority for an amount equal to the proceeds of the sale of the Bonds less the amount required to pay all Upfront Financing Costs (but not including the deposit into the Reserve Subaccount) by the Authority known to or estimated by the Authority at the time of the sale of the Bonds.
3. The Authority approves the issuance and sale of Bonds in an aggregate principal amount not to exceed the Order Cap, in one or more series or tranches to be sold at one or more times, pursuant to the Bond Purchase Agreement.
4. The Authority hereby approves the recovery and payment of all Upfront Financing Costs known to or estimated by the Authority at the time of the sale of the Bonds from the proceeds of the sale of the Bonds.
5. The Authority hereby approves the recovery and payment of any Upfront Financing Costs not known to or in excess of the estimates by the Authority at the time of the sale of the Bonds as Ongoing Financing Costs.
6. The Authority hereby authorizes and approves the imposition, billing and collection of the Charges to recover from Consumers the principal and interest payable on the Bonds and the other Ongoing Financing Costs. Such Charges shall be in an amount sufficient at all times to provide for the full and timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs.
7. The Authority hereby approves the financing, recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, through the sale of the Restructuring Property and the issuance of the Bonds.
8. The Authority hereby approves the adjustment mechanism and mathematical formula specified in **Exhibit B** to this order. The adjustment mechanism shall be used to determine the initial Charge, which shall be specified in the Issuance Advice Letter. The adjustment mechanism shall thereafter be applied at least annually to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs. The Authority hereby approves the request of the Securitization Authority that each adjustment to the Charge shall automatically become effective on the date specified in the notice of such adjustment that is filed with the Authority, which effective date shall be within the 60 day period following the filing of such notice of adjustment. Each Charge adjustment shall take effect as described in such **Exhibit B** and each mathematically inaccurate Charge adjustment shall be changed (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) effective as

of the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

9. The Authority hereby approves the recovery and payment of all Ongoing Financing Costs from the collections of the Charges.

10. The Authority shall be the entity in which initial ownership of the Restructuring Property will vest.

11. The Restructuring Property will be created when the Restructuring Property is sold to the Securitization Authority as provided in the Sale Agreement. The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

12. The Restructuring Property shall be used to pay and secure the payment of the Bonds and other Ongoing Financing Costs. The Servicer, on behalf of the owner of the Restructuring Property, is hereby authorized to impose, bill and collect the Charges, and to adjust such Charges from time to time pursuant to the adjustment mechanism set forth in **Exhibit B** hereto, to pay debt service on the Bonds and other Ongoing Financing Costs on a timely basis.

13. The Authority hereby approves the Servicing Agreement, the Administration Agreement, the Indenture, Sale Agreement and the Bond Purchase Agreement (the “Basic Documents”), with such changes as the trustee, officer or other authorized representative of the Securitization Authority, the Authority or LIPA signing such Basic Document may approve, such approval to be conclusively evidenced by the signature of such trustee, officer or other authorized representative on such Basic Document.

14. The Authority hereby approves the subcontracting by the Servicer of some of its duties under the Servicing Agreement to the operator of the T&D System Assets as sub-servicer or otherwise. The Authority directs that the Servicer submit to the Authority and the owner of the T&D System Assets, at least one month before its effective date or at such other time specified by the Authority, any contract that authorizes a third party to bill and/or collect the Charges, for review and any steps or other action required by Section 16 of the LIPA Reform Act.

15. The Securitization Authority shall sign the Bond Purchase Agreement at the time specified by the Authority in a written notice sent to the Securitization Authority, which time shall be no later than December 31, 2025.



16. Since payments by Consumers will include payments of the Charge which will be subject to the lien of the Indenture as well as payments of other transition charges, transmission and distribution and other charges that will be subject to the lien of the General Bond Resolution of the Authority, the Authority hereby authorizes the commingling of these payments in one or more segregated accounts (subject to a lockbox, escrow, intercreditor or other agreement or arrangement to protect the interests of the owners of the Bonds and the Securitization Authority as well as the interests of the secured creditors of the Authority) or in the Authority's revenue account until the amounts of the Charges included in the payments can be estimated or determined and transferred to the collection account maintained with the Indenture Trustee and the amounts that are subject to the lien of the General Bond Resolution can be estimated or determined and transferred to the appropriate account of the Authority. To the extent necessary to provide for timely payment of the Bonds and other Ongoing Financing Costs, the Authority hereby authorizes the transfer of estimated amounts subject to reconciliation as soon as practicable, but no less often than monthly. The estimated amounts shall be reconciled with the actual collections at least annually. The estimated amounts may be based on a collections curve or other information produced by the Servicer's billing system.

17. The Securitization Authority is not authorized to incur any debt other than the Bonds and its obligations under or in accordance with the Basic Documents or successor agreements or other rate reduction bonds and its obligations under or in accordance with the documents entered into in connection therewith. The Securitization Authority is not authorized to incur any Upfront Financing Costs unless specifically authorized by the Authority.

18. The Bonds shall be without recourse to the credit or any assets of the Authority or LIPA.

19. The Bonds shall be without recourse to the credit or any assets of the Securitization Authority other than the Restructuring Property, the collection account, the Reserve Subaccount, and any other collateral for the Bonds described in the Indenture.

20. The initial Servicer shall file with the Authority and the Securitization Authority, no later than the third business day after the completion of the pricing of the Bonds in accordance with the Bond Purchase Agreement, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C**.

21. The Servicer shall file at least semi-annually with the Authority and the Indenture Trustee a periodic report showing the billing and collection of Charges, remittances to the Indenture Trustee, the application of Charge revenues to debt service on the Bonds and other Ongoing Financing Costs by the Indenture Trustee as directed by the Servicer, and the balances in the collection account and the Reserve Subaccount as of a particular date.

22. The amounts in the Reserve Subaccount shall be fully used, to the extent practicable, to make the final payments of principal and interest on the Bonds (including any Subordinate Note) and other Ongoing Financing Costs. If any amount remains in the Reserve Subaccount after the Bonds and any other Ongoing Financing Costs have been paid in full, the remaining amount shall be applied to make refunds to Consumers on the same basis as such Consumers would have then been obligated to pay Charges.

23. If an event of default with respect to the Bonds has occurred and is continuing, the transfer of the Restructuring Property to a third party as provided in the Indenture is hereby approved.

24. The Securitization Authority is hereby authorized to contract with LIPA as initial Servicer for an initial annual servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds and (without duplication) for reimbursement of all expenses incurred by LIPA in the performance of its duties as Servicer, to enable LIPA to recover the incremental costs to LIPA of performing the services required under the Servicing Agreement, including the incremental costs payable to the operator of the T&D System Assets, accountants, or any other entity with whom LIPA contracts to perform any portion of such services, in each case payable from collections of the Charges. The Securitization Authority is hereby authorized to agree with any Servicer to change the annual servicing fee from time to time to approximate the estimated incremental cost of performing the services required by Servicing Agreement. The Securitization Authority is hereby authorized to contract with a successor Servicer for a larger servicing fee if such successor Servicer is not affiliated with the owner of the T&D System Assets or is not performing similar services with respect to the base rates of the owner of the T&D System Assets if such larger fee is reasonably necessary, in the determination of the Authority or the Indenture Trustee, to employ a reliable successor Servicer.

25. The Authority hereby authorizes each Authority Designee to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and terms of the Bonds, the amounts of approved Restructuring Costs, the expected Upfront Financing Costs and the expected Ongoing Financing Costs (which may include estimates thereof), and the terms of the Basic Documents, all within the parameters specified in this order, and to confirm, by and on behalf of the Authority, that the pricing of the Bonds set forth in the Issuance Advice Letter complies with this order. The Authority Designee's approval or confirmation pursuant to this order shall constitute the Authority's approval or confirmation, and shall be final and incontestable, without need of further action by the Authority. No approval of expected Upfront Financing Costs or expected Ongoing Financing Costs shall be interpreted to limit the amount of Upfront Financing Costs or Ongoing Financing Costs that are approved by this order.

26. This order shall not be amended after the Bonds have been issued. This order may only be amended on or prior to the date of issuance of the Bonds, but before the Bonds have been issued, (i) at the request of the Authority and (ii) upon approval by the PACB within thirty days of receipt of such amendment; provided, however, that if no approval or disapproval is made within such time, the amendment shall be deemed approved as provided in subsection 4(b) of section 5 of the LIPA Reform Act.

27. This order shall not be interpreted to alter or limit the rights vested in the Authority to establish sufficient T&D rates to pay and perform all of its obligations and contracts with the Authority's bondholders and others in accordance with the terms thereof.

**EXHIBIT A**  
**TARGET DEBT**

**THE AUTHORITY**

<b><u>Series</u></b>	<b><u>Maturity</u></b>	<b><u>Maturity Amount</u></b>	<b><u>Interest Rate</u></b>
2021C	3/1/2023	\$ 194,390,000	0.359%
2021B	9/1/2051	175,000,000	Variable
2021A	9/1/2022	2,855,000	5.000%
2021A	9/1/2023	2,910,000	5.000%
2021A	9/1/2024	8,075,000	5.000%
2021A	9/1/2025	8,480,000	5.000%
2021A	9/1/2026	8,905,000	5.000%
2021A	9/1/2027	9,345,000	5.000%
2021A	9/1/2028	9,815,000	5.000%
2021A	9/1/2029	10,305,000	5.000%
2021A	9/1/2030	5,000,000	1.500%
2021A	9/1/2030	34,745,000	5.000%
2021A	9/1/2031	42,405,000	5.000%
2021A	9/1/2032	45,355,000	4.000%
2021A	9/1/2033	48,625,000	4.000%
2021A	9/1/2034	12,020,000	5.000%
2021A	9/1/2035	12,620,000	5.000%
2021A	9/1/2036	13,250,000	5.000%
2021A	9/1/2037	13,915,000	4.000%
2021A	9/1/2038	14,470,000	4.000%
2021A	9/1/2039	15,050,000	4.000%
2021A	9/1/2040	15,650,000	3.000%
2021A	9/1/2041	16,120,000	4.000%
2021A	9/1/2042	5,840,000	4.000%
2021MTN	9/1/2025	250,000,000	1.000%
2020C	3/1/2023	91,615,000	0.764%
2020B	9/1/2050	250,000,000	Variable
2020A	9/1/2023	2,500,000	5.000%
2020A	9/1/2024	12,160,000	5.000%
2020A	9/1/2025	12,770,000	5.000%
2020A	9/1/2026	10,530,000	5.000%
2020A	9/1/2027	11,055,000	5.000%
2020A	9/1/2028	11,610,000	5.000%
2020A	9/1/2029	12,190,000	5.000%
2020A	9/1/2030	12,800,000	5.000%

## THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2020A	9/1/2031	\$ 13,440,000	5.000%
2020A	9/1/2032	14,110,000	5.000%
2020A	9/1/2033	14,820,000	5.000%
2020A	9/1/2034	15,560,000	5.000%
2020A	9/1/2035	16,335,000	5.000%
2020A	9/1/2036	17,155,000	5.000%
2020A	9/1/2037	18,010,000	5.000%
2020A	9/1/2038	18,910,000	5.000%
2020A	9/1/2039	19,855,000	4.000%
2020A	9/1/2040	1,665,000	4.000%
2019B	9/1/2049	284,250,000	Variable
2019A	9/1/2023	2,500,000	5.000%
2019A	9/1/2024	11,495,000	5.000%
2019A	9/1/2025	12,070,000	5.000%
2019A	9/1/2026	12,675,000	5.000%
2019A	9/1/2027	13,310,000	5.000%
2019A	9/1/2028	13,975,000	5.000%
2019A	9/1/2029	14,675,000	5.000%
2019A	9/1/2030	15,405,000	5.000%
2019A	9/1/2031	16,175,000	5.000%
2019A	9/1/2034	17,550,000	4.000%
2019A	9/1/2035	18,250,000	4.000%
2019A	9/1/2036	18,980,000	3.000%
2019A	9/1/2037	19,550,000	4.000%
2019A	9/1/2038	20,335,000	4.000%
2019A	9/1/2039	3,730,000	4.000%
2018	9/1/2023	2,900,000	5.000%
2018	9/1/2024	3,450,000	5.000%
2018	9/1/2025	3,650,000	5.000%
2018	9/1/2026	12,095,000	5.000%
2018	9/1/2027	22,495,000	5.000%
2018	9/1/2028	24,325,000	5.000%
2018	9/1/2029	26,205,000	5.000%
2018	9/1/2031	6,255,000	3.375%
2018	9/1/2032	5,625,000	5.000%
2018	9/1/2033	50,500,000	5.000%
2018	9/1/2034	62,210,000	5.000%
2018	9/1/2035	66,325,000	5.000%
2018	9/1/2036	11,485,000	5.000%
2018	9/1/2037	44,645,000	5.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2018	9/1/2038	\$ 46,820,000	5.000%
2018	9/1/2039	39,015,000	5.000%
2017	9/1/2023	7,060,000	5.000%
2017	9/1/2024	7,410,000	5.000%
2017	9/1/2025	7,780,000	5.000%
2017	9/1/2026	8,170,000	5.000%
2017	9/1/2027	8,580,000	5.000%
2017	9/1/2028	9,010,000	5.000%
2017	9/1/2029	9,460,000	5.000%
2017	9/1/2030	9,930,000	5.000%
2017	9/1/2031	10,430,000	5.000%
2017	9/1/2032	10,950,000	5.000%
2017	9/1/2033	11,500,000	5.000%
2017	9/1/2034	12,070,000	5.000%
2017	9/1/2035	12,675,000	5.000%
2017	9/1/2036	13,310,000	5.000%
2017	9/1/2037	13,975,000	5.000%
2017	9/1/2042	81,085,000	5.000%
2017	9/1/2047	103,485,000	5.000%
2016B	9/1/2022	5,640,000	5.000%
2016B	9/1/2023	11,640,000	5.000%
2016B	9/1/2024	12,835,000	5.000%
2016B	9/1/2025	12,200,000	5.000%
2016B	9/1/2026	11,160,000	5.000%
2016B	9/1/2027	17,960,000	5.000%
2016B	9/1/2028	11,540,000	5.000%
2016B	9/1/2029	14,300,000	5.000%
2016B	9/1/2030	28,340,000	5.000%
2016B	9/1/2031	24,195,000	5.000%
2016B	9/1/2032	27,370,000	5.000%
2016B	9/1/2033	8,005,000	5.000%
2016B	9/1/2034	11,010,000	5.000%
2016B	9/1/2035	8,780,000	5.000%
2016B	9/1/2036	40,000,000	5.000%
2016B	9/1/2041	51,730,000	5.000%
2016B	9/1/2046	66,035,000	5.000%
2015C	5/1/2033	149,000,000	Variable
2015B	9/1/2023	2,635,000	5.000%
2015B	9/1/2024	2,770,000	5.000%
2015B	9/1/2025	1,050,000	3.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2015B	9/1/2025	\$ 1,860,000	5.000%
2015B	9/1/2026	3,030,000	5.000%
2015B	9/1/2027	3,185,000	5.000%
2015B	9/1/2028	3,345,000	5.000%
2015B	9/1/2029	3,510,000	5.000%
2015B	9/1/2030	3,685,000	5.000%
2015B	9/1/2031	3,870,000	5.000%
2015B	9/1/2032	4,065,000	5.000%
2015B	9/1/2033	4,265,000	5.000%
2015B	9/1/2034	4,480,000	5.000%
2015B	9/1/2035	4,705,000	5.000%
2015B	9/1/2036	4,940,000	5.000%
2015B	9/1/2037	5,185,000	5.000%
2015B	9/1/2038	5,445,000	5.000%
2015B	9/1/2040	11,660,000	4.000%
2015B	9/1/2045	34,170,000	5.000%
2015A-2	12/1/2029	149,000,000	Variable
2015A-1	5/1/2033	51,000,000	Variable
2014C	5/1/2033	150,000,000	Variable
2014B	9/1/2024	21,530,000	3.883%
2014B	9/1/2025	22,365,000	3.983%
2014B	9/1/2026	23,260,000	4.133%
2014A	9/1/2034	48,215,000	5.000%
2014A	9/1/2035	29,360,000	5.000%
2014A	9/1/2039	60,000,000	4.000%
2014A	9/1/2039	71,990,000	5.000%
2014A	9/1/2044	203,505,000	5.000%
2012B	9/1/2022	11,880,000	5.000%
2012B	9/1/2023	13,810,000	5.000%
2012B	9/1/2024	9,705,000	5.000%
2012B	9/1/2025	9,900,000	5.000%
2012B	9/1/2026	60,055,000	5.000%
2012B	9/1/2027	25,230,000	5.000%
2012B	9/1/2029	45,170,000	5.000%
2012A	9/1/2037	37,390,000	5.000%
2012A	9/1/2042	3,605,000	5.000%
2010B (BABs)	5/1/2024	16,905,000	5.450%
2010B (BABs)	5/1/2025	17,520,000	5.600%
2010B (BABs)	5/1/2026	18,180,000	5.700%
2010B (BABs)	5/1/2041	110,000,000	5.850%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2003C	9/1/2029	\$ 36,645,000	Variable
2000A (CAB)	6/1/2022	36,390,000	-
2000A (CAB)	6/1/2023	36,885,000	-
2000A (CAB)	6/1/2024	37,385,000	-
2000A (CAB)	6/1/2025	37,890,000	-
2000A (CAB)	6/1/2026	38,400,000	-
2000A (CAB)	6/1/2027	38,915,000	-
2000A (CAB)	6/1/2028	39,435,000	-
2000A (CAB)	6/1/2029	39,965,000	-
1998A (CAB)	12/1/2022	12,970,000	-
1998A (CAB)	12/1/2023	12,970,000	-
1998A (CAB)	12/1/2024	12,970,000	-
1998A (CAB)	12/1/2025	12,970,000	-
1998A (CAB)	12/1/2026	12,970,000	-
1998A (CAB)	12/1/2027	12,970,000	-
1998A (CAB)	12/1/2028	12,965,000	-
2015 GR-Notes		1,000,000,000	Variable
2019A RCA		200,000,000	Variable

# SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2013-TE	12/15/2023	\$ 680,000	5.000%
2013-TE	6/15/2024	14,595,000	5.000%
2013-TE	12/15/2024	14,960,000	5.000%
2013-TE	12/15/2025	25,130,000	5.000%
2013-TE	12/15/2026	77,740,000	5.000%
2013-TE	12/15/2027	190,640,000	5.000%
2013-TE	12/15/2028	178,425,000	5.000%
2013-TE	12/15/2029	186,045,000	5.000%
2013-TE	12/15/2030	73,015,000	5.000%
2013-TE	12/15/2031	55,130,000	5.000%
2013-TE	12/15/2032	45,130,000	5.000%
2013-TE	12/15/2033	44,370,000	5.000%
2013-TE	12/15/2034	5,470,000	5.000%
2013-TE	12/15/2035	880,000	5.000%
2013-TE	12/15/2036	93,910,000	5.000%
2013-TE	12/15/2037	103,030,000	5.000%
2013-TE	12/15/2038	103,670,000	5.000%
2013-TE	12/15/2039	161,570,000	5.000%
2013-T	12/15/2023	114,641,000	3.435%
2015	12/15/2022	10,825,000	5.000%
2015	6/15/2023	6,150,000	5.000%
2015	12/15/2023	6,305,000	5.000%
2015	6/15/2024	21,745,000	5.000%
2015	12/15/2024	22,285,000	5.000%
2015	6/15/2025	51,765,000	5.000%
2015	12/15/2025	53,055,000	5.000%
2015	12/15/2026	8,300,000	5.000%
2015	12/15/2027	4,835,000	5.000%
2015	12/15/2028	6,350,000	5.000%
2015	12/15/2029	5,320,000	3.000%
2015	12/15/2030	133,600,000	5.000%
2015	12/15/2030	30,000,000	3.000%
2015	12/15/2031	133,135,000	5.000%
2015	12/15/2032	91,130,000	5.000%
2015	12/15/2033	99,725,000	5.000%
2015	12/15/2034	129,130,000	5.000%
2015	12/15/2035	50,000,000	4.000%
2015	12/15/2035	114,880,000	5.000%
2016A	6/15/2023	40,970,000	5.000%
2016A	12/15/2023	41,995,000	5.000%



## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2016A	6/15/2024	\$ 65,835,000	5.000%
2016A	12/15/2024	67,480,000	5.000%
2016A	6/15/2025	41,230,000	5.000%
2016A	12/15/2025	42,260,000	5.000%
2016A	6/15/2026	41,600,000	5.000%
2016A	12/15/2026	42,640,000	5.000%
2016A	12/15/2027	810,000	5.000%
2016A	12/15/2028	850,000	5.000%
2016A	12/15/2029	890,000	5.000%
2016A	12/15/2030	20,560,000	5.000%
2016A	12/15/2031	54,260,000	5.000%
2016A	12/15/2032	113,520,000	5.000%
2016A	12/15/2033	61,870,000	5.000%
2016B	12/15/2022	46,050,000	5.000%
2016B	6/15/2023	12,930,000	5.000%
2016B	12/15/2023	13,255,000	5.000%
2016B	6/15/2025	2,940,000	5.000%
2016B	12/15/2025	3,010,000	5.000%
2016B	12/15/2028	36,645,000	5.000%
2016B	12/15/2030	4,350,000	5.000%
2016B	12/15/2031	26,830,000	5.000%
2016B	12/15/2032	28,185,000	5.000%
2016B	12/15/2033	10,000,000	4.000%
2016B	12/15/2033	15,550,000	5.000%
2017	12/15/2022	11,725,000	5.000%
2017	6/15/2023	18,130,000	5.000%
2017	12/15/2023	18,585,000	5.000%
2017	6/15/2024	190,000	5.000%
2017	12/15/2024	195,000	5.000%
2017	6/15/2025	195,000	5.000%
2017	12/15/2025	200,000	5.000%
2017	6/15/2026	205,000	5.000%
2017	12/15/2026	210,000	5.000%
2017	6/15/2027	220,000	5.000%
2017	12/15/2027	225,000	5.000%
2017	12/15/2028	465,000	5.000%
2017	12/15/2029	485,000	5.000%
2017	12/15/2030	510,000	5.000%
2017	12/15/2031	535,000	5.000%
2017	12/15/2032	565,000	5.000%

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2017	12/15/2033	\$ 595,000	5.000%
2017	12/15/2034	625,000	5.000%
2017	12/15/2035	655,000	5.000%
2017	12/15/2036	63,235,000	5.000%
2017	12/15/2037	62,085,000	5.000%
2017	12/15/2038	69,810,000	5.000%
2017	12/15/2039	82,700,000	5.000%

## EXHIBIT B

### ADJUSTMENT MECHANISM AND MATHEMATICAL FORMULA

#### Adjustment Calculation

The Servicer will make adjustments to the Charge at least annually, beginning no more than 12 months from issuance of the Bonds and continuing until the scheduled final maturity of the Bonds (or any series of Bonds). The Annual True-up (defined below) will be performed on a mandatory basis; the Mid-year Review (defined below) will also be performed on a mandatory basis and the Mid-year True-up (defined below) will only be performed if the Servicer projects undercollections. For each true-up, the Servicer will file with the Securitization Authority a notice of adjustment to the Charge approximately 30 days prior to the effective date.

Annually, the Servicer will file a notice of adjustment (i) to correct for any over-collections or under-collections to date and anticipated to be experienced up to the date of the next annual adjustment and (ii) to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Annual True-up”). Approximately five months after the effective date of each Annual True-up, the Servicer will perform a review to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Mid-year Review”). If the Servicer projects that the Charge collections will be insufficient to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs, the Servicer will file a notice of adjustment (the “Mid-year True-up”). Additionally, the Servicer may file at any time an optional notice of adjustment to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Optional True-up”).

Following the last scheduled final maturity date of the Bonds (or any series of Bonds), if any such Bonds remain outstanding after such scheduled final maturity date, the Servicer will file quarterly adjustments to the Charge to ensure that the Charge collections will be sufficient to pay timely interest and principal in full on the Bonds (or any series of Bonds) that remain outstanding after their scheduled final maturity date and to make timely payment on all other Ongoing Financing Costs on the next payment date.

All adjustments will be designed to cause (i) the outstanding principal balance of the Bonds (or any series of Bonds) to be equal to the scheduled balance (based on the expected amortization schedule) with respect to such Bonds (or any series of Bonds); (ii) the amount in the Reserve Subaccount to be equal to the required reserve level; and (iii) with respect to the Annual True-up only, any residual or excess funds subaccount to be targeted to be zero by the payment date immediately preceding the effective date of the next Annual True-up or by the final payment date on the Bonds, if the next payment date is the final payment date of all of the Bonds (or any series of Bonds).

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Annual True-up in the following manner:

- (1) Calculate under-collections or over-collections of Charge collections from all prior collection periods on a cumulative basis by subtracting (a) the sum of (i) principal and interest paid and scheduled to be paid on the Bonds through the effective date of the next Annual True-up and (ii) all Ongoing Financing Costs paid and expected to be payable through the effective date of the next Annual True-up from (b) the Charge collections to date as well as all Charge collections projected to be received prior to the effective date of the next Annual True-up.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges for that collection period.
- (3) Sum amounts in steps (1) and (2) above.
- (4) Divide the amount in step (3) above by the forecasted energy billing units to determine the Charge for the upcoming collection period.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will perform the Mid-year Review approximately five months after the effective date of each Annual True-up, calculated in the following manner:

- (1) Determine the Charge collections from the current collection period, taking into account actual collections and collections projected to be received during the current collection period.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (3) If step (2) is greater than step (1), the Servicer will institute a Mid-year True-up in the manner described below.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Mid-year True-up in the following manner:

- (1) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (2) Divide the amount in step (1) above by the forecasted energy billing units to determine the Charge for a collection period.

## **EXHIBIT C**

### **FORM OF ISSUANCE ADVICE LETTER**

\_\_ day of \_\_\_\_, 202[2][3]

#### **LONG ISLAND POWER AUTHORITY**

**ORDER NO. \_**

### **ISSUANCE ADVICE LETTER FOR RESTRUCTURING BONDS**

Pursuant to the Restructuring Cost Financing Order No. \_ (the “Financing Order”) issued by the Authority on \_\_, 2022, LIPA, as the initial servicer of the Bonds, hereby submits this Issuance Advice Letter with respect to the Bonds priced on \_\_\_\_, 202\_. Any capitalized terms not defined in this Issuance Advice Letter shall have the meanings ascribed to them in the Financing Order.

#### **PURPOSE:**

This filing sets forth the following:

- (a) Terms of Issuance, including pricing and principal amount of the Bonds;
- (b) The net proceeds from the sale of the Bonds and estimated Upfront Financing Costs;
- (c) The initial Charge;
- (d) In case of Bonds issued to refinance the Authority’s debt or debt of the Securitization Authority, the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property to be purchased by the Securitization Authority with the net proceeds from the sale of such Bonds;
- (e) In case of Bonds issued to finance System Resiliency Costs, a description of the System Resiliency Costs to be financed and the amount thereof;
- (f) The expected savings to Consumers; and
- (g) Confirmation of compliance with the requirements of the Financing Order.

**A. ACTUAL TERMS OF ISSUANCE:**

<b>Issuer:</b>	Utility Debt Securitization Authority
<b>Total Amount Issued (Taxable):</b>	\$[ ]
<b>Total Amount Issued (Non-Taxable):</b>	\$[ ]
<b>[Subordinate Note]</b>	
<b>Trustee: [*]</b>	[ ]
<b>Sale Date: [*]</b>	[ ]
<b>Closing Date:</b>	[ ]
<b>Bond Ratings: [*]</b>	S&P [AAA], Fitch [AAA], Moody's [Aaa]
<b>Target Amortization Schedule: [*]</b>	See Schedule B.
<b>Call Provisions:[*]</b>	
<b>Payments to Holders:[*]</b>	Semiannually, Beginning on [ ]
<b>Required Reserve Level</b>	[0.5% of the initial aggregate principal amount of the Bonds]

[\*Not applicable to Subordinate Note]

The initial annual Servicing Fee as a percentage of the original Bond principal balance is \_\_\_\_%.

The principal amounts of each Tranche of the Bonds to be issued and sold by the Securitization Authority on \_\_\_\_\_, 202\_\_ are as follows:

Tranche	Principal Amount	Expected Final Maturity	Legal Final Maturity	Interest Rate	Yield
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
Total					

The maximum scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, together with the Bonds, is calculated to be \$\_\_\_\_\_, which is [less][greater] than the expected aggregate maximum scheduled annual principal and interest payments of \$[\_\_\_\_] as set forth in said restructuring cost financing orders.

None of the Bonds will have a legal final maturity exceeding 30 years from the date of their issuance.

The final scheduled maturity of each series of Bonds shall be no later than the final scheduled maturity date of the Authority or Securitization Authority bonds to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

The Bonds, taken as a whole, are expected to have the following weighted average yield and life:

<b>Effective Annual Weighted Average Yield on the Bonds:</b>	[ ]%
<b>Expected Weighted Average Life of Issuance:</b>	[ ] yrs

**B. NET PROCEEDS: UPFRONT FINANCING COSTS:**

The net proceeds from the sale of the Bonds are as follows:

	<u>AMOUNT</u>
1 <b>Gross Proceeds</b>	
2 Rating agency fees	
3 Bond Trustee fee	
4 Printing and filing fees (estimated)	
5 Accountant's / auditor's fees (estimated)	
Legal fees and expenses for Authority's/Bond Issuer's counsel	
6 (estimated)	
7 Legal fees and expenses for Bond Trustee's counsel (estimated)	
8 Legal fees and expenses for underwriters' counsel (estimated)	
9 Fees and expenses for Authority's financial advisor (estimated)	
10 Underwriting fees/expenses (estimated)	
11 Original issue discount (estimated)	
12 Deposit to Reserve Subaccount	
13 [Other]	
14 <b>Total estimated Upfront Financing Costs</b> (Sum of Lines 2 through 13)	
15 <b>Net Proceeds</b> (Line 1 — Line 14)	

**INITIAL CHARGE:**

The initial Charge, calculated pursuant to the Financing Order, is \$\_ /kWh.

The table below shows the current assumptions for variables used in the calculation of the initial Charge.

**Input Values For Initial Charge**

Applicable period: from _____, _____ to _____, _____	
Forecasted retail kWh sales for the applicable period:	_____
Scheduled Bond payments and estimated other Ongoing Financing Costs for the applicable period:	\$ _____
Percent of billed amounts expected to be charged-off:	%
Forecasted % of billed amounts paid during the applicable period:	%



Forecasted retail kWh sales billed and collected during the applicable period:

Total billing requirement for applicable period: \$ \_\_\_\_\_

Initial Charge per kWh \$ \_\_\_\_\_

**C. TARGET DEBT; SYSTEM RESILIENCY COSTS TO BE FUNDED:**

The Net Proceeds from the sale of the Bonds will be used to purchase the Restructuring Property. The portions of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property and the Restructuring Costs are set forth in Schedule A-1 hereto.

The System Resiliency Costs to be financed with the Net Proceeds are set forth in Schedule A-2 hereto.

**D. EXPECTED SAVINGS:**

The expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Expected LIPA Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

In the case of Bonds issued to finance System Resiliency Costs, the expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Assumed System Resiliency Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**E.     BASIC DOCUMENTS:**

Attached to this Issuance Advice Letter are forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement to be executed and delivered in connection with the issuance of the Bonds.

Respectfully submitted:

LONG ISLAND LIGHTING COMPANY (LIPA),  
as Servicer

By: \_\_\_\_\_  
[Title]

## **CONFIRMATION AND APPROVAL**

The undersigned Authority Designee, as and on behalf of the Authority, hereby (a) confirms that the pricing of the Bonds and the other matters described in foregoing Issuance Advice Letter comply with the Financing Order and (b) approves (i) the Restructuring Costs, the expected Upfront Financing Costs, the expected Ongoing Financing Costs described in the Issuance Advice Letter, and (ii) the forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement attached to the Issuance Advice Letter.

LONG ISLAND POWER AUTHORITY

By: \_\_\_\_\_  
[Title]

**SCHEDULE A-1**

**TARGET DEBT TO BE PURCHASED, REDEEMED, REPAYED OR DEFEASED**  
**("RETIRED")**

<b>Description</b>	<b>Amount to be Retired</b>	<b>Total Outstanding Principal Amount</b>	<b>Current Maturity</b>	<b>Interest Rate</b>
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**SCHEDULE A-2**

**[Description of System Resiliency Costs to be financed and estimated amount thereof to be  
inserted here.]**

**SCHEDULE B**

**SCHEDULED BOND PAYMENTS**

<b>SERIES [ ] , TRANCH [ ]</b>	<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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**SCHEDULED SUBORDINATE NOTE PAYMENTS**

<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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## SCHEDULE C

### **ESTIMATED OTHER ONGOING FINANCING COSTS**

#### **ANNUAL AMOUNT**

Ongoing Servicer fee (LIPA as Servicer)	
Servicing expenses	
Administration fees and expenses	
Bond Trustee Fees and Expenses	
Legal fees	
Accounting fees	
Rating Agency fees	
Reporting and filing fees	
[Amount sufficient to fund the Reserve	
Subaccount over a period of not more than ____	
months]	
Miscellaneous	
<b>TOTAL ESTIMATED OTHER ONGOING</b>	
<b>FINANCING COSTS</b>	

The Ongoing Financing Costs detailed in the table above are authorized by the Financing Order and approved by the Authority Designee.

**Note: The amounts shown for each category of Ongoing Financing Costs on this attachment are the expected expenses for the first year of the Bonds. Charges will be adjusted at least annually (and at least quarterly after the scheduled final maturity date for the Bonds, or any series of Bonds, if any such Bonds remain outstanding after such scheduled final maturity date, until such Bonds are paid in full) to reflect any changes in Ongoing Financing Costs through the adjustment mechanism described in the Financing Order.**

**SCHEDULE D**  
**SUMMARY OF EXPECTED CHARGES**

<b>Year</b>	<b>Bond Payments<sup>1</sup></b>	<b>Other Ongoing Financing Costs<sup>2</sup></b>	<b>Charge Requirement<sup>3</sup></b>	<b>Present Value of Expected Charges<sup>4</sup></b>
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<sup>1</sup> From Schedule B.

<sup>2</sup> From Schedule C.

<sup>3</sup> Sum of Bond payments and Ongoing Financing Costs, adjusted for applicable taxes, uncollectible and billing lags.

<sup>4</sup> The discount rate used is the “all-in” true interest cost of the Bonds.

**SCHEDULE E**

**SUMMARY OF AGGREGATE EXPECTED DEBT SERVICE  
ATTRIBUTABLE TO THE TARGET DEBT TO BE PURCHASED, REDEEMED,  
REPAID OR  
DEFEASED (“RETIRED”)**

<b>Fixed Rate Bonds by Series or CUSIP</b>	<b>Principal Amount to be Retired</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Present Value of Expected Payments</b>
------------------------------------------------	-----------------------------------------------	-----------------	----------------------	---------------------------------------------------

<b>Other Debt</b>	<b>Principal Amount to be Retired</b>	<b>Assumed Maturity if Refinanced</b>	<b>Estimated Interest Rate if Refinanced</b>	<b>Present Value of Expected Payments</b>
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# **EXHIBIT D** **SYSTEM RESILIENCY COSTS IN CURRENT CAPITAL BUDGET**

## TRANSMISSION & DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1891	Storm Hardening	Various	Storm hardening program	Program	70,000,000	70,000,000	75,000,000	75,000,000	75,000,000
2073	Reliability	Newbridge (5M)	Bank # 1 failure	Specific	2,291,026	-	-	-	-
2077	Reliability	Newbridge	Newbridge Road (5M) - Purchase 345-138kV MVA	Specific	4,401,100	-	-	-	-
1557	Reliability	Northport	Phase Shifter - Replacement LTC controls or perform upgrade	Specific	171,998	-	-	-	-
1931	Reliability	Greenlawn	Elwood splice upgrade project	Specific	1,380,000	-	-	-	-
1970	Reliability	Various	Two Way Radio System 16th Radio Frequency Site	Specific	350,000	350,000	-	-	-
1022	Reliability	Fire Island Pines	Install New 23 kV Circuit to Ocean Beach Substation	Specific	1,086,418	21,365,089	21,240,514	-	-
1541	Reliability	East Garden City	Switchgear replacement	Specific	16,579,264	12,284,861	17,048,414	-	-
1183	Reliability	Various	Upgrade supervisory controllers for Capacitor Banks	Program	3,430,000	3,560,000	-	-	-
1250	Reliability	Various	Transformer monitoring	Program	2,950,000	2,950,000	2,950,000	3,000,000	3,000,000
1293	Reliability	Various	Distribution circuit improvement program (CIP)	Program	16,000,000	9,000,000	9,000,000	9,000,000	9,000,000
1299	Reliability	Various	Remote terminal unit replacement/upgrades	Program	2,796,000	2,700,000	2,700,000	2,700,000	2,700,000
1309	Reliability	Various	Distribution breaker replacements	Program	748,000	748,000	748,000	748,000	748,000
1311	Reliability	Various	Mechanical relay replacements	Program	684,800	800,000	800,000	800,000	800,000
1321	Reliability	Various	Transformer major component replacements	Program	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
1325	Reliability	Various	Pipe type cable low pressure trip	Program	1,366,000	1,366,000	1,366,000	1,366,000	1,366,000
1327	Reliability	Various	Pipe type cable terminal pressure monitoring upgrade program	Program	904,998	-	-	-	-
1332	Reliability	Various	Transmission protection and controls upgrades	Program	2,758,400	3,200,000	3,200,000	3,200,000	3,200,000
1783	Reliability	Various	Upgrade corrosion protection system for pipe type cable	Program	2,000,000	1,750,000	600,000	1,500,000	1,500,000
1788	Reliability	Various	Cap and pin insulator replacements	Program	800,000	425,000	425,000	425,000	425,000
2020	Reliability	Various	Replace (13) trailer mounted capacitor banks with fixed banks	Program	5,154,000	6,154,000	5,654,000	2,654,000	2,654,000
2021	Reliability	Various	Distribution switchgear replacements	Program	1,500,000	2,000,000	4,600,000	4,600,000	4,600,000
2044	Reliability	Various	Substation transformers replacements	Program	5,000,000	11,150,000	7,300,000	5,500,000	5,500,000

## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	Estimated Amounts				
					2022	2023	2024	2025	2026
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
2049	Reliability	Various	Distribution pole mounted switches and RTU replacements	Program	500,000	500,000	500,000	500,000	500,000
2145	Reliability	Various	Transmission wood pole replacement on the LIRR right-of-way	Program	300,000	3,000,000	12,220,000	-	-
2205	Reliability	Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	70,000	4,691,660	4,691,660	4,691,660	-
1565	Reliability	Various	Substation distribution circuit relay upgrade	Program	402,600	500,000	500,000	500,000	500,000
2225	Reliability	Various	Rear yard distribution circuits relocation/undergrounding	Program	500,000	5,433,000	-	-	-
1269	Reliability	Various	Distribution system improvements - services, branch lines & customer requests	Blanket	30,974,918	32,523,664	34,149,847	35,857,339	37,650,206
1273	Reliability	Various	Substation equipment failures	Blanket	7,000,000	8,000,000	9,000,000	10,000,000	10,000,000
1275	Reliability	Various	System spares	Blanket	14,600,000	5,800,000	5,800,000	5,100,000	5,100,000
1283	Reliability	Various	Underground distribution cable upgrades	Program	15,200,000	17,000,000	18,000,000	19,000,000	20,000,000
1287	Reliability	Various	Distribution pole replacements	Blanket	13,782,252	14,195,720	14,621,591	15,060,239	15,512,046
1289	Reliability	Various	Distribution multiple customer outages (MCO)	Blanket	7,490,325	7,715,035	7,946,486	8,184,880	8,430,427
1291	Reliability	Various	Residential underground cables upgrades	Program	11,400,000	13,000,000	14,000,000	15,000,000	16,000,000
1297	Reliability	Various	Transmission pole replacements	Blanket	744,568	781,797	820,887	861,931	905,028
1301	Reliability	Various	Transmission & Distribution Wood Pole Reinforcement	Blanket	1,600,000	8,400,000	5,000,000	5,000,000	5,000,000
1837	Reliability	Various	Distribution Automation Repeater Network and Site Upgrades	Blanket	675,000	675,000	400,000	400,000	400,000
2124	Reliability	Various	Replacement of Non-restorable Distribution Wood Pole Rejects	Blanket	12,814,200	6,960,484	12,814,200	12,814,200	12,814,200
2121	Other	Arverne	MTA Beach 67th Relocation	Specific	2,591,740	-	-	-	-
1094	Other	Hicksville	Transmission operations control room facility replacement	Specific	10,907,012	15,329,681	34,500,000	8,000,000	30,363,307
1492	Other	Various	Substation security upgrade	Program	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
1278	Other	Various	Transfer distribution facilities to new telephone poles	Blanket	12,800,000	10,059,000	10,562,000	11,090,000	11,645,000
1747	Load Growth	South Fork	Upgrade Transmission Lines from 23 kV to 33 kV	Specific	692,534	-	-	-	-
1853	Load Growth	Ocean Beach	Install new 4kV circuit	Specific	6,004,917	-	-	-	-
1987	Load Growth	Arverne	Install new 33kV circuit to Far Rockaway substation	Specific	14,324,020	8,912,000	-	-	-
1043	Load Growth	Round Swamp	Construct new 69/13kV substation	Specific	9,399,995	-	-	-	-
2131	Load Growth	Eastport	Reconductor conversion and reinforcement	Specific	2,978,199	-	-	-	-

## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					2022	2023	2024	2025	2026
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1988	Load	Rockaway	Install new 33 kV circuit to Arverne	Specific	7,978,440	11,250,740	10,831,000	-	-
	Growth	Beach							
1123	Load	Massapequa	Construct new 69/13kV substation	Specific	11,511,825	13,777,000	-	-	-
	Growth								
1991	Load	Bridgehampton	Install 2 new feeders and conversion and reinforcement	Specific	5,006,228	2,493,172	4,387,358	-	-
	Growth								
2069	Load	Bridgehampton	Install new 3rd bank and switchgear	Specific	4,186,866	3,773,014	-	-	-
	Growth								
1476	Load	Bridgehampton	Install New 69kv Circuit to Buell Substation	Specific	1,121,000	878,000	23,719,000	16,198,000	-
	Growth								
1456	Load	Elwood	Install new distribution bank and switchgear	Specific	211,529	3,661,969	11,615,125	16,798,570	-
	Growth								
1795	Load	Various	Residential underground development to serve new business	Blanket	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
	Growth								
Grand Total					\$368,870,172	\$367,863,886	\$407,461,082	\$314,299,819	\$304,063,214

## **LONG ISLAND POWER AUTHORITY**

### **PROPOSED FORM OF RESTRUCTURING COST FINANCING ORDER**

#### **ORDER NO. 8**

This restructuring cost financing order is adopted pursuant to Part B of Chapter 173, laws of New York, 2013, as amended (the “LIPA Reform Act”) to authorize and approve (a) the issuance and sale of restructuring bonds in an aggregate principal amount not to exceed the Order Cap (as defined in this order) by the Utility Debt Securitization Authority (the “Securitization Authority”) created by the LIPA Reform Act (restructuring bonds issued pursuant to this order are hereinafter defined as the “Bonds”); (b) the creation of the restructuring property described in this order (the “Restructuring Property”), including the right to impose, bill and collect the transition charges described in this order (the “Charges”), as adjusted from time to time in accordance with this order; (c) the sale of the Restructuring Property by the Long Island Power Authority (the “Authority”) to the Securitization Authority for the consideration described in this order; (d) the imposition, billing and collection of the Charges on, to and from Consumers as provided in this order; (e) the use of the proceeds of the sale of the Bonds to pay Upfront Financing Costs (as defined in this order) and the purchase price of the Restructuring Property; and (f) the use of the proceeds of the sale of the Restructuring Property to pay the approved restructuring costs described in this order.

#### **DISCUSSION AND STATUTORY OVERVIEW**

On May 28, 1998, the Authority acquired all of the capital stock and associated assets, including transmission and distribution system assets, of Long Island Lighting Company (doing business as “LIPA”). As of March 31, 2022, the Authority had approximately \$5.519 billion dollars in outstanding debt.

Lowering debt levels and associated debt service will be beneficial to the economic well-being of the residents of Long Island and promote commerce and industry in the Authority’s service area.

Securitized restructuring bonds issued by a bankruptcy-remote entity pursuant to appropriate legislation receive higher credit ratings from the rating agencies than the credit ratings carried by the Authority’s debt, resulting in a lower cost of funds. To accomplish the public purpose of reducing the debt service on the Authority’s outstanding debt through the use of lower-cost securitized restructuring bonds, the LIPA Reform Act was introduced (a) to organize the Securitization Authority, a special purpose corporate municipal instrumentality of the State, for the limited purpose of issuing the restructuring bonds, which restructuring bonds will create no new financial obligations or liabilities for the Authority or the State, and to use a portion of the proceeds thereof to purchase the restructuring property from the Authority to enable the Authority to purchase, redeem, repay or defease a portion of the Authority’s outstanding debt, and (b) to enact provisions designed to cause the restructuring bonds (including the Bonds) to receive the highest credit ratings from the rating agencies, including a provision containing a statutory agreement and pledge by the State of New York, which provides in pertinent part that the State will not in any way take or permit any action to revoke, modify, impair, postpone, terminate or

amend the LIPA Reform Act in any manner that is materially adverse to the owners of the Bonds until the Bonds are no longer outstanding and all amounts due and owing under the related transaction documents have been paid in full.

On June 21, 2013, the New York State Assembly and Senate adopted the LIPA Reform Act. On July 29, 2013, the Governor signed the LIPA Reform Act into law. On August 28, 2013, the time for filing any challenges to the LIPA Reform Act expired and no such challenges were filed.

On December 18, 2013, pursuant to Restructuring Cost Financing Order No. 1 (“Order No. 1”) adopted by the Authority on October 3, 2013, the Securitization Authority issued \$2,022,324,000 of its Restructuring Bonds, Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt) (collectively, the “2013 Bonds”). The Securitization Authority used the proceeds of the 2013 Bonds to purchase the restructuring property created by Order No. 1, including transition charges. The restructuring property created by Order No. 1 was pledged by the Securitization Authority to the payment of the 2013 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58, the laws of New York, 2015 (“Chapter 58”) which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$4.5 billion less any previously issued restructuring bonds. On April 13, 2015, the Governor signed such Chapter 58 into law. On May 13, 2015, the time for filing any challenges to the LIPA Reform Act, as amended by such Chapter 58, expired and no such challenges were filed.

On June 26, 2015, the Authority Trustees adopted Restructuring Financing Cost Order No. 2 (“Order No. 2”), Restructuring Cost Financing Order No. 3 (“Order No. 3”) and Restructuring Cost Financing Order No. 4 (“Order No. 4” and, together with Order No. 2 and Order No. 3, the “2015 Financing Orders”), which allowed the Securitization Authority to issue additional restructuring bonds prior to December 31, 2016. The 2015 Financing Orders each created restructuring properties specific to each of the 2015 Financing Orders and separate from the restructuring properties created by Order No. 1 and each of the other 2015 Financing Orders. Each of the 2015 Financing Orders permitted the Securitization Authority to issue restructuring bonds, a portion of the proceeds of which were used to purchase the restructuring properties created by each of the particular 2015 Financing Orders. The 2015 Financing Orders limited the total principal amount of restructuring bonds authorized under each of the 2015 Financing Orders to an amount not to exceed the amount authorized by the LIPA Reform Act, as amended, minus the amount of restructuring bonds previously issued under Order No. 1 and the 2015 Financing Orders.

On October 27, 2015, pursuant to Order No. 2, the Securitization Authority issued \$1,002,115,000 of its Restructuring Bonds, Series 2015 (the “2015 Bonds”). The Securitization Authority used the proceeds of the 2015 Bonds to purchase the restructuring property created by Order No. 2, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2015 Bonds. On April 7, 2016, pursuant to Order

No. 3, the Securitization Authority issued \$636,770,000 of its Restructuring Bonds, Series 2016A (the “2016A Bonds”). The Securitization Authority used the proceeds of the 2016A Bonds to purchase the restructuring property created by Order No. 3, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016A Bonds. On September 8, 2016, pursuant to Order No. 4, the Securitization Authority issued \$469,320,000 of Restructuring Bonds, Series 2016B (the “2016B Bonds”). The Securitization Authority used the proceeds of the 2016B Bonds to purchase the restructuring property created by Order No. 4, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016B Bonds. The Authority used the net proceeds from the sale of the restructuring properties created by the 2015 Financing Orders to retire debt and other obligations of the Authority.

On November 11, 2017, pursuant to Restructuring Cost Financing Order No. 5 (“Order No. 5”) adopted by the Authority on July 26, 2017, the Securitization Authority issued \$369,465,000 of its Restructuring Bonds, Series 2017 (the “2017 Bonds”). The Securitization Authority used the proceeds of the 2017 Bonds to purchase the restructuring property created by Order No. 5, including transition charges. The restructuring property created by Order No. 5 was pledged by the Securitization Authority to the payment of the 2017 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369, the laws of New York, 2021 (“Chapter 369”), which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees, in consultation with DPS, of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$8 billion less any previously issued restructuring bonds and permitting the issuance of such restructuring bonds to refund bonds issued by the Securitization Authority and to finance System Resiliency Costs (as defined herein and in Chapter 369). On August 2, 2021, the Governor signed such Chapter 369 into law.

As of the date of this Restructuring Cost Financing Order, the Securitization Authority has heretofore issued \$4,499,994,000 aggregate principal amount of restructuring bonds.

Pursuant and in accordance with the amendments to the LIPA Reform Act effectuated by Chapter 369, this Financing Order together with three other restructuring cost financing orders have been prepared in consultation with the Department of Public Service (the “DPS”).

As required by subdivision 2 of section 3 of the LIPA Reform Act, the Authority has scheduled (and held) the following public statement hearings on this order conducted virtually at 10:00 a.m. and 6:00 p.m. respectively on April 14, 2022. Notice of the public hearings was included on LIPA’s website, along with this draft Restructuring Cost Financing Order, and press releases were issued to the media. The Authority also accepted written public comments on the financing orders via mail and e-mail at [UDSA2022@lipower.org](mailto:UDSA2022@lipower.org).

As used in this order, the term “Consumer” shall mean any consumer as defined by the LIPA Reform Act; the term “Service Area” shall mean the service area as defined by the LIPA Reform Act, i.e. the geographical area within which LIPA provided electric transmission and

distribution services as of July 29, 2013, implementation date of the LIPA Reform Act; the term “Servicer” shall mean LIPA as initial servicer and any successor servicer as defined by the LIPA Reform Act; the term “T&D System Assets” shall mean the T&D system assets as defined by the LIPA Reform Act, i.e. the physically integrated system of electric transmission and distribution facilities (and other general property and equipment used in connection therewith) owned by LIPA as of the effective date of the LIPA Reform Act or thereafter acquired for use by LIPA or its successors in providing retail electric utility service to Consumers in the Service Area; and, at the time of issuance of any Bonds under this restructuring cost financing order, the term “Order Cap” shall mean an amount equal to \$8 billion less the sum of the original principal amount of restructuring bonds issued prior to such time pursuant to the LIPA Reform Act under any other restructuring cost financing order. To facilitate compliance and consistency with applicable statutory provisions, this order adopts the definitions in the LIPA Reform Act for all terms used in this order that are defined in the LIPA Reform Act unless otherwise defined in this order.

If the Bonds are approved and issued, the Servicer shall impose, bill and collect, from Consumers of electric transmission and distribution services in the Service Area, the Charges, as adjusted from time to time in accordance with this order, until the principal of and interest on the Bonds and the related ongoing financing costs have been paid in full.

The imposition, billing and collection of the Charges shall be from all Consumers of transmission and distribution services in the Service Area.

This order includes a mechanism requiring that the Charges be reviewed and adjusted periodically, to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other ongoing financing costs as described in this order.

This order shall become a final rate order by the Authority when the board of Trustees of the Authority approves this order and the Public Authorities Control Board (“PACB”) approves or is deemed to have approved this order as provided in the LIPA Reform Act.

This order shall become an irrevocable rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. In accordance with subdivision 3 of section 3 of the LIPA Reform Act, the validity of this order may only be challenged by an aggrieved party pursuant to an action, suit or proceeding filed directly to the Supreme Court, Appellate Division, Second Judicial Department, within thirty days after this order becomes a final rate order by the Authority.

## DESCRIPTION OF PROPOSED TRANSACTION

### FINDINGS OF FACT

1. Target Debt: The Authority has caused a review of its outstanding debt and the outstanding debt of the Securitization Authority to be made and finds that a portion of the debt issued by the Authority and the Securitization Authority (collectively, the “Target Debt”) could be purchased, redeemed, repaid or defeased with the net proceeds from the sale of the Restructuring Property created by this order. The Target Debt is listed on Exhibit A hereto.

2. Debt Retirement Costs: The Authority finds that purchasing, redeeming, repaying or defeasing the Target Debt will require the payment of certain costs (the “Debt Retirement Costs”), which may include costs incurred or paid pursuant to agreements by the Authority or the Securitization Authority with tender agents, escrow agents and others for related activities. Further, in connection with such purchases, redemptions, repayments or defeasances, interest rate swap contracts or other financial contracts relating to the Authority’s debt may be terminated, novated or amended pursuant to agreements between the parties or, in the case of novation, additional parties. The Authority finds that the Bonds should be rated by one or more nationally recognized bond rating agencies, pursuant to agreements with them heretofore or hereafter entered into by the Authority or the Securitization Authority. The Debt Retirement Costs are hereby described as the principal, redemption price, or purchase price of the Target Debt, the purchase price of any securities purchased to defease the Target Debt, any accrued interest or premium, any tender offer or purchase fees or expenses, the costs of terminating any swap contracts or other financial contracts related to the Authority’s debt, any rebate, yield reduction payments or other amounts payable to preserve or protect the federal tax-exempt status of the Target Debt, and any other costs of purchasing, redeeming, repaying or defeasing the Target Debt. These costs may vary significantly in response to market conditions and as a result of the terms of the Target Debt to be purchased, redeemed, repaid or defeased (e.g. whether the Authority or the Securitization Authority has to tender for such debt or repurchase such debt on the open market or otherwise has the right to redeem, repay or defease such debt). Debt Retirement Costs and net present value savings may also be impacted by changes in market interest rates, including long-term borrowing rates and short-term investment rates, among others. The lower prevailing interest rates are at the time of retirement, the higher the cost to effect such retirement may be. All else being equal, the impact of any increase in Debt Retirement Costs should be somewhat offset by a lower cost of the Bonds. Therefore, the Authority finds that it should select, on or about the date of issuance of the Bonds, the amounts of the specific debt securities or other instruments of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property in any manner, consistent with market conditions, that is expected to result in savings to Consumers on a net present value basis.

3. Upfront Financing Costs: The Authority finds that the issuance of the Bonds will require the payment of the upfront financing costs described as follows (the “Upfront Financing Costs”):

- expenses associated with the efforts to prepare or obtain approval of this order or any other restructuring cost financing order adopted contemporaneously with this order;



- the funding of a Reserve Subaccount (as defined in the hereinafter referred to Indenture);
- fees and expenses associated with the structuring, marketing, and issuance of the Bonds:
  - counsel and advisor fees and expenses payable by the Authority, the Securitization Authority and the underwriters;
  - structural advisory fees payable by the Authority;
  - underwriting fees and expenses;
  - original issue discount;
  - rating agency fees;
  - Indenture Trustee fees (including counsel fees);
  - escrow agent fees;
  - accounting and auditing fees;
  - printing and marketing expenses;
  - compliance fees;
  - filing fees;
  - listing fees;
  - bond issuance charges;
  - any taxes or payments in lieu of taxes payable by the Securitization Authority or the Authority with respect to the issuance of the Bonds or the sale of the Restructuring Property; and
  - amounts advanced by the Authority or the Securitization Authority for the payment of Upfront Financing Costs.

The Authority recognizes that the amounts and types of Upfront Financing Costs will be determined on or about the date of sale of the Bonds, as such costs are dependent upon the final sizing of the Bonds and marketing and rating agency considerations, such as the size of the Required Reserve Level (as defined in the Indenture). The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of Upfront Financing Costs based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

4. System Resiliency Costs: The Authority finds that the adoption of this order for the purpose of issuing restructuring bonds to finance System Resiliency Costs would result in lower costs to consumers of electric transmission and distribution services in the service area on a net present value basis than funding of such costs by the Authority. Pursuant to Section 2, Subdivision 17-a, of the LIPA Reform Act, System Resiliency Costs means, to the extent approved as such under a restructuring cost financing order, the costs of rebuilding, improving or constructing transmission and distribution system assets to increase resiliency of such assets, better withstand changes in climate, absorb impacts from outage-inducing events, and recover quickly from outages including but not limited to, improvements to and replacement of poles and wires, moving power lines underground, raising substations, constructing flood barriers, and system automation and costs of purchasing, redeeming or defeasing debt of the Authority incurred to finance such costs or reimbursing the Authority for amounts already spent on such costs. All such costs, to the extent included in the Authority's Capital Budget as the same may be amended from time to time are hereby approved as System Resiliency Costs for purposes of the LIPA Reform Act and this financing order. A schedule listing those projects included in the current Capital Budget, the cost of which in whole or in part would constitute System Resiliency Costs, is attached hereto as **Exhibit D**.

The Authority determines that a portion of the Bonds may finance the payment of System Resiliency Costs.

The amount of Debt Retirement Costs, Upfront Financing Costs and System Resiliency Costs (collectively, the "Restructuring Costs") that the Authority proposes to pay through the sale of the Restructuring Property and the issuance of the Bonds shall not exceed a principal amount equal to the Order Cap.

5. Structure of the Bonds: Based upon the estimated amounts of Restructuring Costs, the Authority finds that the initial principal amount of the Bonds to be issued shall not exceed the Order Cap.

The Bonds are expected to be issued on a date that is after the time for any challenges or appeals to this order has expired and before December 31, 2025.

The Bonds are expected to be structured as follows: One or more series and/or tranches of (a) federally taxable Bonds with different maturities and amortization schedules and/or (b) Bonds the interest on which will be excluded from gross income for federal income tax purposes with different maturities and with or without amortization or sinking funds. Such Bonds may be subject to redemption prior to their respective maturities. Pursuant to the terms of the LIPA Reform Act, the transfer and the income from all Bonds will be free from taxation by the State of New York or any municipality in the State, except for estate and gift taxes. Each series or tranche of the Bonds is expected to have a scheduled final maturity date (a date by which such series or tranche is expected to be paid in full, based on the expected receipt of Charges) and a legal final maturity date (a date by which the final principal payment on such series or tranche must be paid in order to avoid a default under the transaction documents and which is expected to be two years after the scheduled final maturity date); provided that the legal final maturity date for any series or tranche of the Bonds shall be no later than thirty years after the date of issuance of the Bonds and the final scheduled maturity of any series of Bonds the proceeds of which will be applied to purchase,

redeem, repay or defease Target Debt shall be no later than the final scheduled maturity date of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

Debt service on the Bonds will be based upon a number of variables, including, but not limited to, the portion of the Target Debt which may be economically refunded or defeased or which may be purchased pursuant to a tender process, which will be determined on or about the date of sale of the Bonds, based on the then-prevailing interest rate environment. Based upon reasonable assumptions relating to those variables, including current market conditions, scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, each as adopted by the Authority on May 18, 2022, together with the Bonds, are expected to be no greater than \$700 million.

If directed by the Authority, the Securitization Authority shall issue a Bond to the Authority payable from and secured by a lien on the Collateral (as defined in the Indenture) subject and subordinate to all other Bonds in an amount not to exceed the initial cash contribution, if any, by the Authority to the Reserve Subaccount (the “Subordinate Note”). For the purposes of this order the term “Bonds” shall include the Subordinate Note except with respect to references to ratings thereon, sales thereof to the underwriters and the calculation of amounts required to be deposited to the Reserve Subaccount and the initial annual servicing fee.

The final terms of the Bonds will be approved by an Authority Designee (defined below) as provided in this order.

6. Ongoing Financing Costs: The Authority does not expect any federal, state or local taxes, payments in lieu of taxes, franchise fees or license fees to be imposed on the Charge revenues. The Authority finds that the terms of the Bonds will require the payment of the following ongoing financing costs (the “Ongoing Financing Costs”):

- principal (including amortization, sinking fund or redemption payments), redemption premiums, if any, and interest on the Bonds;
- servicing fees and expenses;
- administrative fees and expenses;
- Indenture Trustee fees and expenses (including counsel fees);
- legal fees and expenses;
- accounting fees and expenses;
- rating agency fees;
- any taxes payable by the Securitization Authority;

- any Upfront Financing Costs that cannot be paid from the proceeds of the sale of the Bonds, including but not limited to, an amount sufficient to fund the Reserve Subaccount over the time period, and to the extent, specified in the Issuance Advice Letter (defined below);
- any amounts required to replenish the Reserve Subaccount;
- indemnities;
- fees and expenses associated with variable rate Bonds;
- expenses of the Securitization Authority; and
- rebate and yield reduction payments.

The Authority recognizes that most Ongoing Financing Costs will not be known until after this order is finalized, e.g. the expected principal and interest payable on the Bonds will not be known until the Bonds are priced, the fees may be estimated at the time the Bonds are issued but they may increase over the life of the Bonds, the expenses will vary from year to year depending upon what services or activities are required to be performed in each year, and some possible Ongoing Financing Costs (such as replenishment of the Reserve Subaccount or indemnities) depend upon contingencies that may never happen. The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of the annual Ongoing Financing Costs that are likely to be incurred based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

7. Savings: The Authority finds that the issuance of Bonds is expected to result in savings to the Consumers of electric transmission and distribution services in the Service Area on a net present value basis. In case of Bonds issued to provide proceeds to pay Debt Retirement Costs, the Authority finds that such savings on a net present value basis (“Net Present Value Savings”) should be calculated as the difference between (i) the present value of the Aggregate Expected Debt Service and (ii) the present value of the Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order:

“Securitization Debt Service” shall mean the principal of and interest on Bonds issued to provide proceeds to pay for Debt Retirement Costs, such principal and interest to be calculated assuming that such Bonds are paid on their expected maturity dates (or in the case of Bonds subject to sinking fund redemption, their expected sinking fund redemption dates) rather than the legal maturity dates, and expected other Ongoing Financing Costs (less the amounts in the reserve account and other collateral accounts, including earnings thereon, when such amounts are expected to be applied to the payment of principal of or interest on such Bonds or the payment of other Ongoing Financing Costs relating to such Bonds), to be calculated based upon estimates of the amounts that are expected to be paid semi-annually until such Bonds are paid in full.

“Aggregate Expected Debt Service” shall mean the sum of the Expected Debt Service by Category for the portion of each category of Target Debt that is to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property as described in the Issuance Advice Letter (defined below).

“Expected Debt Service by Category” shall mean:

- (a) in the case of outstanding fixed rate Target Debt, the stated principal of and interest on such bonds, such principal and interest to be calculated assuming that the bonds are paid on their stated maturity dates or, in the case of bonds subject to mandatory sinking fund installments, their sinking fund payment dates;
- (b) in the case of the Authority's outstanding variable rate demand bonds that the Authority plans to refinance in a fixed rate mode absent securitization, the expected principal and interest payments on such bonds assuming that such bonds were to be refinanced in a fixed rate mode pursuant to the terms thereof, the prices and yield of such refinancing to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority.
- (c) in the case of any outstanding debt under the Authority's revolving line of credit that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (d) in the case of any of the Authority's commercial paper balances that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (e) Further, in the case of any such variable rate bonds, revolving line of credit or commercial paper balances for which an associated interest rate swap is to be terminated, in whole or in part, or amended, the size of such refinancing would be adjusted to reflect the costs of any termination or amendment of such interest rate swap and whether such swap termination payment may be financed with the proceeds of federally tax-exempt or taxable bonds.

In case of Bonds issued to provide proceeds to finance System Resiliency Costs, the Authority finds that Net Present Value Savings should be calculated as the difference between (i) the present value of the Assumed System Resiliency Debt Service and (ii) the present value of the

Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order “Assumed System Resiliency Debt Service” shall mean the expected principal and interest payments on a series of fixed rate Authority bonds that would otherwise be issued by the Authority to fund System Resiliency Costs, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.

The Authority finds that the debt service on the Bonds will include interest payable on the Bonds and scheduled principal, sinking fund or redemption payments on the Bonds. The estimated Securitization Debt Service is expected to be less, on a net present value basis, than the Aggregate Expected Debt Service that would be included in the Authority’s rates absent the securitization contemplated by this order but including the planned refinancings described in the definition of Expected Debt Service by Category.

8. Benefits to Consumers: The Authority finds that the primary benefit to Consumers in the Service Area that is expected to result from the sale of the Restructuring Property and the Bonds as opposed to traditional financing mechanisms arises from the lower effective interest cost expected to be payable on the Bonds, after taking into account the issuance costs of the Bonds, as compared with the Aggregate Expected Debt Service.

9. Allocation Methodology: The Authority finds that the appropriate and reasonable methodology for allocating Charges on an equal percentage basis among customer service classifications, including those service classifications that pay demand (kW) charges or fixed monthly charges, is as follows: The Charges will be allocated among all customer service classifications by (a) determining the Charge per kWh using the adjustment mechanism and mathematical formula described in Exhibit B hereto and (b) billing each Consumer for a Charge equal to the product of multiplying such Charge per kWh by the number of net kWhs of electric energy delivered to such Consumer during the period covered by such bill, so long as such Consumer is connected to the T&D System Assets and is taking electric delivery service located within the Service Area, whether or not such Consumer produces its own electricity or purchases electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

The Authority has analyzed the impact of this methodology on Consumers’ bills and finds that the impact on Consumers’ bills is expected to be as follows: The amounts billed to Consumers for transmission and distribution services (including debt service on the Authority’s debt) and the Charges are expected to be less, on a net present value basis, than the amounts that would have been billed to such Consumers for transmission and distribution services (including Aggregate Expected Debt Service) absent the purchasing, redeeming, repaying or defeasing of all or a portion of the Target Debt through the issuance of Bonds.

10. Charges Generally: The Authority finds that it is appropriate to identify the Charges included in each Consumer's bill by means of a separate line item, a footnote or other description of the amount of the Charge or Charge per kWh and a statement to the effect that the Charges belong to the Securitization Authority.

11. Adjustment Mechanism: The Authority finds that the adjustment mechanism and mathematical formula described in Exhibit B hereto is just and reasonable and will reduce the risks related to the Bonds, resulting in lower transition charges and greater benefits to Consumers. The Authority finds that it is desirable that each Charge adjustment take effect as described in such Exhibit B and that it will not be reasonably practical to change a mathematically inaccurate Charge adjustment (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) sooner than the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

12. Restructuring Property: The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

13. Basic Documents: Pursuant to due authorization the Authority shall approve the selection of underwriters, including the senior underwriters, for the issuance of the Bonds satisfactory to the Authority and shall advise the Securitization Authority of such selection in the written notice to be provided to the Securitization Authority pursuant to Ordering Paragraph 15 below.

The Authority contemplates that either the Securitization Authority or the Securitization Authority and the Authority will enter into one or more agreements (each a "Bond Purchase Agreement") with the senior underwriter or underwriters, as representative of one or more underwriters, to purchase the Bonds.

If directed by the Authority, the Securitization Authority shall, simultaneously with the delivery of Bonds to the senior underwriters and with the delivery of a cash contribution to the Reserve Subaccount, issue the Subordinate Note to the Authority.

The Authority contemplates that the Securitization Authority will enter into an indenture (the "Indenture") with a bank or trust company acceptable to the Authority to act as initial indenture trustee (the "Indenture Trustee") pursuant to which the Bonds (including the Subordinate Note, if any) are to be issued.

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Servicing Agreement”) with LIPA to act as initial Servicer to perform all duties of the Securitization Authority relating to the Restructuring Property and the Bonds. The Authority contemplates that LIPA will contract with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement. The Authority finds that a servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds, together with the reimbursement of expenses incurred by the Servicer in the performance of its duties as Servicer, approximates the estimated incremental cost of imposing, billing and collecting the Charges, preparing servicing reports and performing other customary servicing services required in connection with the Bonds in the case of a Servicer that otherwise bills and collects T&D rates from Consumers in the Service Area and is reasonable.

The Authority contemplates that the initial Servicer will file with the Authority and the Securitization Authority, no later than the third business day after the pricing of the Bonds, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C** (the “Issuance Advice Letter”).

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Administration Agreement”) with LIPA to act as initial administrator of the Securitization Authority to perform all duties of the Securitization Authority under the Public Authorities Law and other applicable law or otherwise not covered by the Servicing Agreement.

The Authority contemplates that LIPA may enter into one or more agreements with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement as sub-servicer or otherwise.

The Authority contemplates that the Authority and the Securitization Authority will enter into an agreement (the “Sale Agreement”) for the sale of the Restructuring Property by the Authority to the Securitization Authority.

14. **Collateral Accounts**: The Authority finds that it is appropriate and desirable that the Securitization Authority create a collection account, the Reserve Subaccount and such other accounts and subaccounts described in the Indenture with the Indenture Trustee, and that the Reserve Subaccount in an amount not to exceed 5% of the initial aggregate principal amount of the Bonds, or as otherwise provided in the Issuance Advice Letter, be funded by means of a cash contribution of the Authority, a portion of the proceeds of the Bonds and/or as an Upfront Financing Cost to be recovered after the issuance of the Bonds (all as to be determined in the Issuance Advice Letter), or such other amount as may be required in order to satisfy rating agency or regulatory requirements and to successfully market the Bonds.

15. **Authority Designee**: As the pricing and terms of the Bonds, the precise amount of the Restructuring Costs, Upfront Financing Costs and Ongoing Financing Costs and the terms of the Basic Documents will not be known as of the date of this order, and market conditions may require expedited approval or other action by the Authority in order to accomplish the purposes of this order, the Authority deems it reasonable to appoint one or more officers of the Authority (each an “Authority Designee”) to be designated by a resolution of the Trustees of the Authority to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and



terms of the Bonds, the amounts of the Restructuring Costs, expected Upfront Financing Costs and expected Ongoing Financing Costs, the Net Present Value Savings, the terms of the Basic Documents and take such other actions as are authorized in this order.

16. General Bond Resolution: The Authority finds that the sale of the Restructuring Property by the Authority to the Securitization Authority (i) is desirable in the conduct of the business of the System (as defined in the General Bond Resolution) and (ii) does not materially impair the ability of the Authority to comply with Section 701 of the General Bond Resolution.

17. Submission to PACB: After the conclusion of the public statement hearings and the Authority's review of any comments received and consultation with the DPS with respect thereto, the Authority will finalize this order and submit it to the PACB for approval or disapproval. If the PACB fails to approve or disapprove the finalized order within thirty days after receipt as provided in subdivision 2 of section 3 of the LIPA Reform Act, the PACB shall be deemed to have approved the finalized order.

## **CONCLUSIONS OF LAW**

1. Jurisdiction and Authority: The Authority has jurisdiction and authority to adopt this order.

2. Compliance with LIPA Reform Act: The structure of the Bonds is consistent with the LIPA Reform Act, and the Bonds are restructuring bonds under the LIPA Reform Act.

The Restructuring Costs are approved restructuring costs under the LIPA Reform Act.

The Restructuring Property is restructuring property under the LIPA Reform Act.

The Charges are transition charges under the LIPA Reform Act.

This order meets the requirements of a restructuring cost financing order under the LIPA Reform Act.

3. Irrevocability of Order: As provided in subdivision 4(a) of section 5 of the LIPA Reform Act, this order shall be an irrevocable final rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. As provided in subdivision 5(a) of section 5 of the LIPA Reform Act, this order shall remain in effect and unabated until the Bonds issued pursuant to this order have been paid in full and all Ongoing Financing Costs are paid or performed in full.

4. Irrevocability of Charges: As provided in subdivision 7 of section 3 of the LIPA Reform Act, upon the issuance of the Bonds, the Charges, including any adjustments thereof as provided in this order, shall be deemed established by the Authority as irrevocable, final and effective without further action by the Authority or any other entity.

5. Adjustment Mechanism: The adjustment mechanism, and all other obligations of the State and the Authority set forth in this order, will be irrevocable, final and effective without further action by the Authority, or any other entity, upon issuance of the Bonds as provided in this order and will be legally enforceable against the State and the Authority.

6. Non-bypassability: As provided in subdivision 5(c) of section 5 of the LIPA Reform Act, for so long as the Bonds are outstanding, the Charges authorized in this order shall be non-bypassable and shall apply to all Consumers connected to the T&D System Assets and taking electric delivery service located within the Service Area, whether or not the Consumers produce their own electricity or purchase electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

7. Indemnities: Any indemnity payments required to be paid by the Securitization Authority to the Authority, the Indenture Trustee, the underwriters or other persons pursuant to agreements entered into in connection with the sale of the Bonds will be Ongoing Financing Costs recoverable pursuant to this order and the LIPA Reform Act.

8. No Other Liens: The Charges are Transition Charges as defined in the General Bond Resolution of the Authority and are not subject to the lien of the General Bond Resolution.

9. Partial Payments: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, to the extent that any Consumer makes a partial payment of a bill containing both transition charges, including the Charges, and any other charges, such payment shall be allocated pro rata between transition charges and the other charges unless the Consumer specifies that a greater proportion of such payment is to be allocated to transition charges, except that the other charges shall be reduced by the amount of any claims of setoff, counterclaim, surcharge or defense for purposes of such calculation.

10. True Sale: As provided in subdivision 3(a) of section 7 of the LIPA Reform Act, the sale of the Restructuring Property to the Securitization Authority as contemplated by this order shall be treated as an absolute transfer of all of the transferor's right, title and interest (as in a true sale) and not as a pledge or other financing, of the Restructuring Property, other than for federal, state and local income and franchise tax purposes. As provided in subdivision 3(b) of section 7 of the LIPA Reform Act, the transfer of the Restructuring Property shall be perfected, vested, valid and binding from the time when the transfer is made, and such transfer shall be perfected, vested, valid and binding as against the transferor, all parties having claims of any kind in tort, contract or otherwise against the transferor, and all other transferees of the transferor, irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees. As provided in subdivision 3(c) of section 7 of the LIPA Reform Act, the characterization of the sale, assignment or transfer as an absolute transfer and true sale and the corresponding characterization of the property interest of the purchaser, shall not adversely be affected or impaired by, among other things, the occurrence of any of the following factors: (i) commingling of revenues or other proceeds from Charges with other amounts; (ii) the retention by the seller of: (A) a partial or residual interest, including an equity interest, in the Restructuring Property, whether direct or indirect, or whether subordinate or otherwise; or (B) the right to recover costs associated with taxes, payments in lieu of taxes, franchise fees or license fees imposed on

the collection of the Charges; (iii) any recourse that the purchaser may have against the seller; (iv) any indemnification rights, obligations or repurchase rights made or provided by the seller; (v) the obligation of the seller to collect Charges on behalf of an assignee, including but not limited to, any retention by the seller to bare legal title for the purpose of collecting Charges; (vi) the treatment of the sale, assignment or transfer for tax, financial reporting or other purposes; (vii) any subsequent order of the Authority amending this order pursuant to subdivision 4(b) of section 5 of the LIPA Reform Act to the extent permitted by this order; or (viii) any application of the adjustment mechanism described in this order as provided in subdivision 3 of section 5 of the LIPA Reform Act. As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, the Restructuring Property may be transferred, sold, conveyed or assigned to the Securitization Authority.

11. Pledge of Restructuring Property: As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, all or any portion of the Restructuring Property may be pledged to secure the payment of the Bonds, amounts payable to financing parties, amounts payable to holders of the Bonds, amounts payable under any ancillary agreement and other Ongoing Financing Costs. As provided in subdivision 2 of section 7 of the LIPA Reform Act, any pledge of the Restructuring Property or proceeds thereof made by the Securitization Authority shall be perfected, valid and binding from the time when the pledge is made. The proceeds, moneys, revenues or proceeds so pledged and thereafter received by the Securitization Authority of restructuring property shall immediately be subject to the lien of such pledge, and such lien shall be perfected, without any physical delivery thereof or further act. The lien of any such pledge shall be perfected, valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Securitization Authority irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees.

12. Existence of Restructuring Property: As provided in subdivision 1(a) of section 7 of the LIPA Reform Act, the Restructuring Property created pursuant to this order shall constitute an existing, present property right. As provided in subdivision 1(b) of section 7 of the LIPA Reform Act, all Restructuring Property created pursuant to this order shall continue to exist until the Bonds issued pursuant to this order are paid in full and all Ongoing Financing Costs have been paid in full.

13. Successor Owners: As provided in subdivision 1(f) of section 7 of the LIPA Reform Act, any successor owner of the T&D System Assets and any successor Servicer shall be bound by the requirements of the LIPA Reform Act and shall perform and satisfy all obligations of a Servicer in the same manner and to the same extent under this order as did LIPA as the initial Servicer, including, without limitation, the obligation to impose, bill and collect the Charges and to pay such collections to the person entitled to receive the Charge revenues, i.e. the Indenture Trustee for the benefit of the owners of the Bonds. As provided in subdivision 1 of Section 8 of the LIPA Reform Act, the Authority has a statutory right to examine the books and records of LIPA or any successor owner of the T&D System Assets for the purpose of investigating compliance with the provisions of the LIPA Reform Act and this order.

14. Bankruptcy: As provided in subdivision 1(d) of section 7 and subdivision 5(b) of section 5 of the LIPA Reform Act, this order shall remain in full force and effect and unabated notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to

a Servicer, the Authority, LIPA or any successor owner of the T&D System Assets or any affiliate thereof or of any other person or entity or the commencement of any judicial or nonjudicial proceeding therefor. As provided in subdivision 3 of section 4 of the LIPA Reform Act, the Securitization Authority shall not be authorized to be a debtor under any provision of the United States Bankruptcy Code. Also in subdivision 3 of section 4 of the LIPA Reform Act, the State of New York has pledged, contracted and agreed with the owners of the Bonds that, until at least one year and one day after all Bonds have ceased to be outstanding and all Ongoing Financing Costs have been paid, the State will not limit or alter the denial of authority to the Securitization Authority to be a debtor under any provision of the United States Bankruptcy Code.

15. Setoff, Counterclaim or Defense: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, the Restructuring Property, the Charges, the Charge revenues, and the interests of the Indenture Trustee, the holders of any Bonds, and any other person in the Restructuring Property or in the Charge revenues, are not subject to setoff, counterclaim, surcharge or defense by a Servicer, Consumer, the Authority, LIPA or any successor owner of the T&D System Assets or any other person or in connection with any default, bankruptcy, reorganization or other insolvency proceeding of the Authority, LIPA or any successor owner of the T&D system assets, any affiliate thereof or any other entity or otherwise.

16. Sequestration: As provided in subdivision 1(d) of section 7 of the LIPA Reform Act, if the owner of the T&D system asset, Servicer, third-party biller, or any other person or entity authorized to collect the Charges, defaults on any required remittance of Charge revenues, any court in the State of New York, upon application by an interested party and without limiting any other remedies available to the applying party, shall order the sequestration and payment of the Charge revenues for the benefit of the owners or pledgees of the Restructuring Property, i.e. the Securitization Authority or the Indenture Trustee for the benefit of the owners of the Bonds.

17. Third-party Billers: As provided in section 16 of the LIPA Reform Act, if and to the extent that third parties are allowed to bill and/or collect any Charges, the Authority, any successor regulator, and any owner of the T&D System Assets will take steps to ensure non-bypassability and minimize the likelihood of default by third-party billers, which shall include (i) operational standards and minimum credit requirements for any such third-party biller, or require a cash deposit, letter of credit or other credit mitigant in lieu thereof, to minimize the likelihood that defaults by a third-party biller would result in an increase in Charges thereafter billed to Consumers, (ii) a finding that, regardless of who is responsible for billing, Consumers shall continue to be responsible for the Charges, (iii) if a third party meters and bills for the Charges, that the owner of the T&D System Assets and any Servicer must have access to information on billing and usage by Consumers to provide for proper reporting to the Securitization Authority and to perform its obligations as Servicer, (iv) in the case of a default by a third-party biller, billing responsibilities must be promptly transferred to another party to minimize potential losses, and (v) the failure of Consumers to pay Charges shall allow service termination by the owner of the T&D System Assets on behalf of the Securitization Authority of the Consumers failing to pay Charges in accordance with service termination rules and orders applicable to T&D rates. Any costs associated with such third-party billing and/or collection shall be included as part of the recoverable Ongoing Financing costs or other rates or charges, as appropriate. Further, the Authority and any successor regulator shall not permit implementation of any third-party billing or collection that would result in a reduction or withdrawal of the then

current ratings on any tranche or series of the Bonds by any nationally recognized statistical rating organization designated by the Securitization Authority.

18. Securitization Authority: As provided in subdivision 1 of section 4 of the LIPA Reform Act, the Securitization Authority has been duly created.

19. State Pledge: As provided in section 9 of the LIPA Reform Act, the State of New York has pledged and agreed with the holders of the Bonds, any assignee and all financing entities that the State will not in any way take or permit any action that limits, alters or impairs the value of Restructuring Property or, except as required by the adjustment mechanism described in this order, reduce, alter or impair the Charges that are imposed, collected and remitted for the benefit of the owners of the Bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of the Bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full. As further provided in section 9 of the LIPA Reform Act, the foregoing pledge may be included in the Bonds, the Indenture, the offering memorandum or official statement, and other ancillary agreements and documentation related to the issuance and marketing of the Bonds.

20. Not Debt of State: As provided in subdivision 3 of section 6 of the LIPA Reform Act, the Bonds shall not constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other political subdivision, agency or instrumentality of the State.

21. Limitations: As provided in subdivision 1(v) of section 5 of the LIPA Reform Act, no limitation, express or implied, on Upfront Financing Costs or Ongoing Financing Costs shall impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms. This means that there is no limitation on the amount of Upfront Financing Costs or Ongoing Financing Costs that would impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms.

22. Legal Investments: As provided in subdivision 4 of section 6 of the LIPA Reform Act, the Bonds are legal investments for the state and all municipalities, insurance companies, banks, trusts and other persons or entities, who are authorized to invest in bonds or other obligations of the state.

23. Regulation of the Owner of the T&D System Assets: As provided in subdivision 1(b) of section 8 of the LIPA Reform Act, neither the Authority nor any successor regulator may consider the Bonds to be debt of any owner of the T&D System Assets, consider the Charges to be revenue of any owner of the T&D System Assets, consider the approved Restructuring Costs or Ongoing Financing Costs to be costs of any owner of the T&D System Assets or any affiliate, or determine that any action taken by any owner of the T&D System Assets that is consistent with this order is unjust or unreasonable from a regulatory or ratemaking perspective.

24. Additional Restructuring Bonds: The Securitization Authority may issue one or more series of restructuring bonds in addition to the Bonds secured by restructuring property other than the Restructuring Property created pursuant to this order under one or more restructuring cost financing orders in addition to this order, as such terms are defined in the LIPA Reform Act.

## ORDERING PARAGRAPHS

1. The Authority hereby approves the recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, in an amount not to exceed the Order Cap from the proceeds of the sale of the Restructuring Property. The Authority hereby approves the Restructuring Costs, including the Upfront Financing Costs, as approved restructuring costs within the meaning of the LIPA Reform Act.
2. The Authority hereby approves the sale of the Restructuring Property to the Securitization Authority for an amount equal to the proceeds of the sale of the Bonds less the amount required to pay all Upfront Financing Costs (but not including the deposit into the Reserve Subaccount) by the Authority known to or estimated by the Authority at the time of the sale of the Bonds.
3. The Authority approves the issuance and sale of Bonds in an aggregate principal amount not to exceed the Order Cap, in one or more series or tranches to be sold at one or more times, pursuant to the Bond Purchase Agreement.
4. The Authority hereby approves the recovery and payment of all Upfront Financing Costs known to or estimated by the Authority at the time of the sale of the Bonds from the proceeds of the sale of the Bonds.
5. The Authority hereby approves the recovery and payment of any Upfront Financing Costs not known to or in excess of the estimates by the Authority at the time of the sale of the Bonds as Ongoing Financing Costs.
6. The Authority hereby authorizes and approves the imposition, billing and collection of the Charges to recover from Consumers the principal and interest payable on the Bonds and the other Ongoing Financing Costs. Such Charges shall be in an amount sufficient at all times to provide for the full and timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs.
7. The Authority hereby approves the financing, recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, through the sale of the Restructuring Property and the issuance of the Bonds.
8. The Authority hereby approves the adjustment mechanism and mathematical formula specified in **Exhibit B** to this order. The adjustment mechanism shall be used to determine the initial Charge, which shall be specified in the Issuance Advice Letter. The adjustment mechanism shall thereafter be applied at least annually to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs. The Authority hereby approves the request of the Securitization Authority that each adjustment to the Charge shall automatically become effective on the date specified in the notice of such adjustment that is filed with the Authority, which effective date shall be within the 60 day period following the filing of such notice of adjustment. Each Charge adjustment shall take effect as described in such **Exhibit B** and each mathematically inaccurate Charge adjustment shall be changed (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) effective as

of the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

9. The Authority hereby approves the recovery and payment of all Ongoing Financing Costs from the collections of the Charges.

10. The Authority shall be the entity in which initial ownership of the Restructuring Property will vest.

11. The Restructuring Property will be created when the Restructuring Property is sold to the Securitization Authority as provided in the Sale Agreement. The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

12. The Restructuring Property shall be used to pay and secure the payment of the Bonds and other Ongoing Financing Costs. The Servicer, on behalf of the owner of the Restructuring Property, is hereby authorized to impose, bill and collect the Charges, and to adjust such Charges from time to time pursuant to the adjustment mechanism set forth in **Exhibit B** hereto, to pay debt service on the Bonds and other Ongoing Financing Costs on a timely basis.

13. The Authority hereby approves the Servicing Agreement, the Administration Agreement, the Indenture, Sale Agreement and the Bond Purchase Agreement (the “Basic Documents”), with such changes as the trustee, officer or other authorized representative of the Securitization Authority, the Authority or LIPA signing such Basic Document may approve, such approval to be conclusively evidenced by the signature of such trustee, officer or other authorized representative on such Basic Document.

14. The Authority hereby approves the subcontracting by the Servicer of some of its duties under the Servicing Agreement to the operator of the T&D System Assets as sub-servicer or otherwise. The Authority directs that the Servicer submit to the Authority and the owner of the T&D System Assets, at least one month before its effective date or at such other time specified by the Authority, any contract that authorizes a third party to bill and/or collect the Charges, for review and any steps or other action required by Section 16 of the LIPA Reform Act.

15. The Securitization Authority shall sign the Bond Purchase Agreement at the time specified by the Authority in a written notice sent to the Securitization Authority, which time shall be no later than December 31, 2025.

16. Since payments by Consumers will include payments of the Charge which will be subject to the lien of the Indenture as well as payments of other transition charges, transmission and distribution and other charges that will be subject to the lien of the General Bond Resolution of the Authority, the Authority hereby authorizes the commingling of these payments in one or more segregated accounts (subject to a lockbox, escrow, intercreditor or other agreement or arrangement to protect the interests of the owners of the Bonds and the Securitization Authority as well as the interests of the secured creditors of the Authority) or in the Authority's revenue account until the amounts of the Charges included in the payments can be estimated or determined and transferred to the collection account maintained with the Indenture Trustee and the amounts that are subject to the lien of the General Bond Resolution can be estimated or determined and transferred to the appropriate account of the Authority. To the extent necessary to provide for timely payment of the Bonds and other Ongoing Financing Costs, the Authority hereby authorizes the transfer of estimated amounts subject to reconciliation as soon as practicable, but no less often than monthly. The estimated amounts shall be reconciled with the actual collections at least annually. The estimated amounts may be based on a collections curve or other information produced by the Servicer's billing system.

17. The Securitization Authority is not authorized to incur any debt other than the Bonds and its obligations under or in accordance with the Basic Documents or successor agreements or other rate reduction bonds and its obligations under or in accordance with the documents entered into in connection therewith. The Securitization Authority is not authorized to incur any Upfront Financing Costs unless specifically authorized by the Authority.

18. The Bonds shall be without recourse to the credit or any assets of the Authority or LIPA.

19. The Bonds shall be without recourse to the credit or any assets of the Securitization Authority other than the Restructuring Property, the collection account, the Reserve Subaccount, and any other collateral for the Bonds described in the Indenture.

20. The initial Servicer shall file with the Authority and the Securitization Authority, no later than the third business day after the completion of the pricing of the Bonds in accordance with the Bond Purchase Agreement, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C**.

21. The Servicer shall file at least semi-annually with the Authority and the Indenture Trustee a periodic report showing the billing and collection of Charges, remittances to the Indenture Trustee, the application of Charge revenues to debt service on the Bonds and other Ongoing Financing Costs by the Indenture Trustee as directed by the Servicer, and the balances in the collection account and the Reserve Subaccount as of a particular date.

22. The amounts in the Reserve Subaccount shall be fully used, to the extent practicable, to make the final payments of principal and interest on the Bonds (including any Subordinate Note) and other Ongoing Financing Costs. If any amount remains in the Reserve Subaccount after the Bonds and any other Ongoing Financing Costs have been paid in full, the remaining amount shall be applied to make refunds to Consumers on the same basis as such Consumers would have then been obligated to pay Charges.



23. If an event of default with respect to the Bonds has occurred and is continuing, the transfer of the Restructuring Property to a third party as provided in the Indenture is hereby approved.

24. The Securitization Authority is hereby authorized to contract with LIPA as initial Servicer for an initial annual servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds and (without duplication) for reimbursement of all expenses incurred by LIPA in the performance of its duties as Servicer, to enable LIPA to recover the incremental costs to LIPA of performing the services required under the Servicing Agreement, including the incremental costs payable to the operator of the T&D System Assets, accountants, or any other entity with whom LIPA contracts to perform any portion of such services, in each case payable from collections of the Charges. The Securitization Authority is hereby authorized to agree with any Servicer to change the annual servicing fee from time to time to approximate the estimated incremental cost of performing the services required by Servicing Agreement. The Securitization Authority is hereby authorized to contract with a successor Servicer for a larger servicing fee if such successor Servicer is not affiliated with the owner of the T&D System Assets or is not performing similar services with respect to the base rates of the owner of the T&D System Assets if such larger fee is reasonably necessary, in the determination of the Authority or the Indenture Trustee, to employ a reliable successor Servicer.

25. The Authority hereby authorizes each Authority Designee to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and terms of the Bonds, the amounts of approved Restructuring Costs, the expected Upfront Financing Costs and the expected Ongoing Financing Costs (which may include estimates thereof), and the terms of the Basic Documents, all within the parameters specified in this order, and to confirm, by and on behalf of the Authority, that the pricing of the Bonds set forth in the Issuance Advice Letter complies with this order. The Authority Designee's approval or confirmation pursuant to this order shall constitute the Authority's approval or confirmation, and shall be final and incontestable, without need of further action by the Authority. No approval of expected Upfront Financing Costs or expected Ongoing Financing Costs shall be interpreted to limit the amount of Upfront Financing Costs or Ongoing Financing Costs that are approved by this order.

26. This order shall not be amended after the Bonds have been issued. This order may only be amended on or prior to the date of issuance of the Bonds, but before the Bonds have been issued, (i) at the request of the Authority and (ii) upon approval by the PACB within thirty days of receipt of such amendment; provided, however, that if no approval or disapproval is made within such time, the amendment shall be deemed approved as provided in subsection 4(b) of section 5 of the LIPA Reform Act.

27. This order shall not be interpreted to alter or limit the rights vested in the Authority to establish sufficient T&D rates to pay and perform all of its obligations and contracts with the Authority's bondholders and others in accordance with the terms thereof.

**EXHIBIT A**  
**TARGET DEBT**

**THE AUTHORITY**

<b><u>Series</u></b>	<b><u>Maturity</u></b>	<b><u>Maturity Amount</u></b>	<b><u>Interest Rate</u></b>
2021C	3/1/2023	\$ 194,390,000	0.359%
2021B	9/1/2051	175,000,000	Variable
2021A	9/1/2022	2,855,000	5.000%
2021A	9/1/2023	2,910,000	5.000%
2021A	9/1/2024	8,075,000	5.000%
2021A	9/1/2025	8,480,000	5.000%
2021A	9/1/2026	8,905,000	5.000%
2021A	9/1/2027	9,345,000	5.000%
2021A	9/1/2028	9,815,000	5.000%
2021A	9/1/2029	10,305,000	5.000%
2021A	9/1/2030	5,000,000	1.500%
2021A	9/1/2030	34,745,000	5.000%
2021A	9/1/2031	42,405,000	5.000%
2021A	9/1/2032	45,355,000	4.000%
2021A	9/1/2033	48,625,000	4.000%
2021A	9/1/2034	12,020,000	5.000%
2021A	9/1/2035	12,620,000	5.000%
2021A	9/1/2036	13,250,000	5.000%
2021A	9/1/2037	13,915,000	4.000%
2021A	9/1/2038	14,470,000	4.000%
2021A	9/1/2039	15,050,000	4.000%
2021A	9/1/2040	15,650,000	3.000%
2021A	9/1/2041	16,120,000	4.000%
2021A	9/1/2042	5,840,000	4.000%
2021MTN	9/1/2025	250,000,000	1.000%
2020C	3/1/2023	91,615,000	0.764%
2020B	9/1/2050	250,000,000	Variable
2020A	9/1/2023	2,500,000	5.000%
2020A	9/1/2024	12,160,000	5.000%
2020A	9/1/2025	12,770,000	5.000%
2020A	9/1/2026	10,530,000	5.000%
2020A	9/1/2027	11,055,000	5.000%
2020A	9/1/2028	11,610,000	5.000%
2020A	9/1/2029	12,190,000	5.000%
2020A	9/1/2030	12,800,000	5.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2020A	9/1/2031	\$ 13,440,000	5.000%
2020A	9/1/2032	14,110,000	5.000%
2020A	9/1/2033	14,820,000	5.000%
2020A	9/1/2034	15,560,000	5.000%
2020A	9/1/2035	16,335,000	5.000%
2020A	9/1/2036	17,155,000	5.000%
2020A	9/1/2037	18,010,000	5.000%
2020A	9/1/2038	18,910,000	5.000%
2020A	9/1/2039	19,855,000	4.000%
2020A	9/1/2040	1,665,000	4.000%
2019B	9/1/2049	284,250,000	Variable
2019A	9/1/2023	2,500,000	5.000%
2019A	9/1/2024	11,495,000	5.000%
2019A	9/1/2025	12,070,000	5.000%
2019A	9/1/2026	12,675,000	5.000%
2019A	9/1/2027	13,310,000	5.000%
2019A	9/1/2028	13,975,000	5.000%
2019A	9/1/2029	14,675,000	5.000%
2019A	9/1/2030	15,405,000	5.000%
2019A	9/1/2031	16,175,000	5.000%
2019A	9/1/2034	17,550,000	4.000%
2019A	9/1/2035	18,250,000	4.000%
2019A	9/1/2036	18,980,000	3.000%
2019A	9/1/2037	19,550,000	4.000%
2019A	9/1/2038	20,335,000	4.000%
2019A	9/1/2039	3,730,000	4.000%
2018	9/1/2023	2,900,000	5.000%
2018	9/1/2024	3,450,000	5.000%
2018	9/1/2025	3,650,000	5.000%
2018	9/1/2026	12,095,000	5.000%
2018	9/1/2027	22,495,000	5.000%
2018	9/1/2028	24,325,000	5.000%
2018	9/1/2029	26,205,000	5.000%
2018	9/1/2031	6,255,000	3.375%
2018	9/1/2032	5,625,000	5.000%
2018	9/1/2033	50,500,000	5.000%
2018	9/1/2034	62,210,000	5.000%
2018	9/1/2035	66,325,000	5.000%
2018	9/1/2036	11,485,000	5.000%
2018	9/1/2037	44,645,000	5.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2018	9/1/2038	\$ 46,820,000	5.000%
2018	9/1/2039	39,015,000	5.000%
2017	9/1/2023	7,060,000	5.000%
2017	9/1/2024	7,410,000	5.000%
2017	9/1/2025	7,780,000	5.000%
2017	9/1/2026	8,170,000	5.000%
2017	9/1/2027	8,580,000	5.000%
2017	9/1/2028	9,010,000	5.000%
2017	9/1/2029	9,460,000	5.000%
2017	9/1/2030	9,930,000	5.000%
2017	9/1/2031	10,430,000	5.000%
2017	9/1/2032	10,950,000	5.000%
2017	9/1/2033	11,500,000	5.000%
2017	9/1/2034	12,070,000	5.000%
2017	9/1/2035	12,675,000	5.000%
2017	9/1/2036	13,310,000	5.000%
2017	9/1/2037	13,975,000	5.000%
2017	9/1/2042	81,085,000	5.000%
2017	9/1/2047	103,485,000	5.000%
2016B	9/1/2022	5,640,000	5.000%
2016B	9/1/2023	11,640,000	5.000%
2016B	9/1/2024	12,835,000	5.000%
2016B	9/1/2025	12,200,000	5.000%
2016B	9/1/2026	11,160,000	5.000%
2016B	9/1/2027	17,960,000	5.000%
2016B	9/1/2028	11,540,000	5.000%
2016B	9/1/2029	14,300,000	5.000%
2016B	9/1/2030	28,340,000	5.000%
2016B	9/1/2031	24,195,000	5.000%
2016B	9/1/2032	27,370,000	5.000%
2016B	9/1/2033	8,005,000	5.000%
2016B	9/1/2034	11,010,000	5.000%
2016B	9/1/2035	8,780,000	5.000%
2016B	9/1/2036	40,000,000	5.000%
2016B	9/1/2041	51,730,000	5.000%
2016B	9/1/2046	66,035,000	5.000%
2015C	5/1/2033	149,000,000	Variable
2015B	9/1/2023	2,635,000	5.000%
2015B	9/1/2024	2,770,000	5.000%
2015B	9/1/2025	1,050,000	3.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2015B	9/1/2025	\$ 1,860,000	5.000%
2015B	9/1/2026	3,030,000	5.000%
2015B	9/1/2027	3,185,000	5.000%
2015B	9/1/2028	3,345,000	5.000%
2015B	9/1/2029	3,510,000	5.000%
2015B	9/1/2030	3,685,000	5.000%
2015B	9/1/2031	3,870,000	5.000%
2015B	9/1/2032	4,065,000	5.000%
2015B	9/1/2033	4,265,000	5.000%
2015B	9/1/2034	4,480,000	5.000%
2015B	9/1/2035	4,705,000	5.000%
2015B	9/1/2036	4,940,000	5.000%
2015B	9/1/2037	5,185,000	5.000%
2015B	9/1/2038	5,445,000	5.000%
2015B	9/1/2040	11,660,000	4.000%
2015B	9/1/2045	34,170,000	5.000%
2015A-2	12/1/2029	149,000,000	Variable
2015A-1	5/1/2033	51,000,000	Variable
2014C	5/1/2033	150,000,000	Variable
2014B	9/1/2024	21,530,000	3.883%
2014B	9/1/2025	22,365,000	3.983%
2014B	9/1/2026	23,260,000	4.133%
2014A	9/1/2034	48,215,000	5.000%
2014A	9/1/2035	29,360,000	5.000%
2014A	9/1/2039	60,000,000	4.000%
2014A	9/1/2039	71,990,000	5.000%
2014A	9/1/2044	203,505,000	5.000%
2012B	9/1/2022	11,880,000	5.000%
2012B	9/1/2023	13,810,000	5.000%
2012B	9/1/2024	9,705,000	5.000%
2012B	9/1/2025	9,900,000	5.000%
2012B	9/1/2026	60,055,000	5.000%
2012B	9/1/2027	25,230,000	5.000%
2012B	9/1/2029	45,170,000	5.000%
2012A	9/1/2037	37,390,000	5.000%
2012A	9/1/2042	3,605,000	5.000%
2010B (BABs)	5/1/2024	16,905,000	5.450%
2010B (BABs)	5/1/2025	17,520,000	5.600%
2010B (BABs)	5/1/2026	18,180,000	5.700%
2010B (BABs)	5/1/2041	110,000,000	5.850%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2003C	9/1/2029	\$ 36,645,000	Variable
2000A (CAB)	6/1/2022	36,390,000	-
2000A (CAB)	6/1/2023	36,885,000	-
2000A (CAB)	6/1/2024	37,385,000	-
2000A (CAB)	6/1/2025	37,890,000	-
2000A (CAB)	6/1/2026	38,400,000	-
2000A (CAB)	6/1/2027	38,915,000	-
2000A (CAB)	6/1/2028	39,435,000	-
2000A (CAB)	6/1/2029	39,965,000	-
1998A (CAB)	12/1/2022	12,970,000	-
1998A (CAB)	12/1/2023	12,970,000	-
1998A (CAB)	12/1/2024	12,970,000	-
1998A (CAB)	12/1/2025	12,970,000	-
1998A (CAB)	12/1/2026	12,970,000	-
1998A (CAB)	12/1/2027	12,970,000	-
1998A (CAB)	12/1/2028	12,965,000	-
2015 GR-Notes		1,000,000,000	Variable
2019A RCA		200,000,000	Variable

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2013-TE	12/15/2023	\$ 680,000	5.000%
2013-TE	6/15/2024	14,595,000	5.000%
2013-TE	12/15/2024	14,960,000	5.000%
2013-TE	12/15/2025	25,130,000	5.000%
2013-TE	12/15/2026	77,740,000	5.000%
2013-TE	12/15/2027	190,640,000	5.000%
2013-TE	12/15/2028	178,425,000	5.000%
2013-TE	12/15/2029	186,045,000	5.000%
2013-TE	12/15/2030	73,015,000	5.000%
2013-TE	12/15/2031	55,130,000	5.000%
2013-TE	12/15/2032	45,130,000	5.000%
2013-TE	12/15/2033	44,370,000	5.000%
2013-TE	12/15/2034	5,470,000	5.000%
2013-TE	12/15/2035	880,000	5.000%
2013-TE	12/15/2036	93,910,000	5.000%
2013-TE	12/15/2037	103,030,000	5.000%
2013-TE	12/15/2038	103,670,000	5.000%
2013-TE	12/15/2039	161,570,000	5.000%
2013-T	12/15/2023	114,641,000	3.435%
2015	12/15/2022	10,825,000	5.000%
2015	6/15/2023	6,150,000	5.000%
2015	12/15/2023	6,305,000	5.000%
2015	6/15/2024	21,745,000	5.000%
2015	12/15/2024	22,285,000	5.000%
2015	6/15/2025	51,765,000	5.000%
2015	12/15/2025	53,055,000	5.000%
2015	12/15/2026	8,300,000	5.000%
2015	12/15/2027	4,835,000	5.000%
2015	12/15/2028	6,350,000	5.000%
2015	12/15/2029	5,320,000	3.000%
2015	12/15/2030	133,600,000	5.000%
2015	12/15/2030	30,000,000	3.000%
2015	12/15/2031	133,135,000	5.000%
2015	12/15/2032	91,130,000	5.000%
2015	12/15/2033	99,725,000	5.000%
2015	12/15/2034	129,130,000	5.000%
2015	12/15/2035	50,000,000	4.000%
2015	12/15/2035	114,880,000	5.000%
2016A	6/15/2023	40,970,000	5.000%
2016A	12/15/2023	41,995,000	5.000%

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2016A	6/15/2024	\$ 65,835,000	5.000%
2016A	12/15/2024	67,480,000	5.000%
2016A	6/15/2025	41,230,000	5.000%
2016A	12/15/2025	42,260,000	5.000%
2016A	6/15/2026	41,600,000	5.000%
2016A	12/15/2026	42,640,000	5.000%
2016A	12/15/2027	810,000	5.000%
2016A	12/15/2028	850,000	5.000%
2016A	12/15/2029	890,000	5.000%
2016A	12/15/2030	20,560,000	5.000%
2016A	12/15/2031	54,260,000	5.000%
2016A	12/15/2032	113,520,000	5.000%
2016A	12/15/2033	61,870,000	5.000%
2016B	12/15/2022	46,050,000	5.000%
2016B	6/15/2023	12,930,000	5.000%
2016B	12/15/2023	13,255,000	5.000%
2016B	6/15/2025	2,940,000	5.000%
2016B	12/15/2025	3,010,000	5.000%
2016B	12/15/2028	36,645,000	5.000%
2016B	12/15/2030	4,350,000	5.000%
2016B	12/15/2031	26,830,000	5.000%
2016B	12/15/2032	28,185,000	5.000%
2016B	12/15/2033	10,000,000	4.000%
2016B	12/15/2033	15,550,000	5.000%
2017	12/15/2022	11,725,000	5.000%
2017	6/15/2023	18,130,000	5.000%
2017	12/15/2023	18,585,000	5.000%
2017	6/15/2024	190,000	5.000%
2017	12/15/2024	195,000	5.000%
2017	6/15/2025	195,000	5.000%
2017	12/15/2025	200,000	5.000%
2017	6/15/2026	205,000	5.000%
2017	12/15/2026	210,000	5.000%
2017	6/15/2027	220,000	5.000%
2017	12/15/2027	225,000	5.000%
2017	12/15/2028	465,000	5.000%
2017	12/15/2029	485,000	5.000%
2017	12/15/2030	510,000	5.000%
2017	12/15/2031	535,000	5.000%
2017	12/15/2032	565,000	5.000%



## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2017	12/15/2033	\$ 595,000	5.000%
2017	12/15/2034	625,000	5.000%
2017	12/15/2035	655,000	5.000%
2017	12/15/2036	63,235,000	5.000%
2017	12/15/2037	62,085,000	5.000%
2017	12/15/2038	69,810,000	5.000%
2017	12/15/2039	82,700,000	5.000%

## EXHIBIT B

### ADJUSTMENT MECHANISM AND MATHEMATICAL FORMULA

#### Adjustment Calculation

The Servicer will make adjustments to the Charge at least annually, beginning no more than 12 months from issuance of the Bonds and continuing until the scheduled final maturity of the Bonds (or any series of Bonds). The Annual True-up (defined below) will be performed on a mandatory basis; the Mid-year Review (defined below) will also be performed on a mandatory basis and the Mid-year True-up (defined below) will only be performed if the Servicer projects undercollections. For each true-up, the Servicer will file with the Securitization Authority a notice of adjustment to the Charge approximately 30 days prior to the effective date.

Annually, the Servicer will file a notice of adjustment (i) to correct for any over-collections or under-collections to date and anticipated to be experienced up to the date of the next annual adjustment and (ii) to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Annual True-up”). Approximately five months after the effective date of each Annual True-up, the Servicer will perform a review to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Mid-year Review”). If the Servicer projects that the Charge collections will be insufficient to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs, the Servicer will file a notice of adjustment (the “Mid-year True-up”). Additionally, the Servicer may file at any time an optional notice of adjustment to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Optional True-up”).

Following the last scheduled final maturity date of the Bonds (or any series of Bonds), if any such Bonds remain outstanding after such scheduled final maturity date, the Servicer will file quarterly adjustments to the Charge to ensure that the Charge collections will be sufficient to pay timely interest and principal in full on the Bonds (or any series of Bonds) that remain outstanding after their scheduled final maturity date and to make timely payment on all other Ongoing Financing Costs on the next payment date.

All adjustments will be designed to cause (i) the outstanding principal balance of the Bonds (or any series of Bonds) to be equal to the scheduled balance (based on the expected amortization schedule) with respect to such Bonds (or any series of Bonds); (ii) the amount in the Reserve Subaccount to be equal to the required reserve level; and (iii) with respect to the Annual True-up only, any residual or excess funds subaccount to be targeted to be zero by the payment date immediately preceding the effective date of the next Annual True-up or by the final payment date on the Bonds, if the next payment date is the final payment date of all of the Bonds (or any series of Bonds).

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Annual True-up in the following manner:

- (1) Calculate under-collections or over-collections of Charge collections from all prior collection periods on a cumulative basis by subtracting (a) the sum of (i) principal and interest paid and scheduled to be paid on the Bonds through the effective date of the next Annual True-up and (ii) all Ongoing Financing Costs paid and expected to be payable through the effective date of the next Annual True-up from (b) the Charge collections to date as well as all Charge collections projected to be received prior to the effective date of the next Annual True-up.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges for that collection period.
- (3) Sum amounts in steps (1) and (2) above.
- (4) Divide the amount in step (3) above by the forecasted energy billing units to determine the Charge for the upcoming collection period.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will perform the Mid-year Review approximately five months after the effective date of each Annual True-up, calculated in the following manner:

- (1) Determine the Charge collections from the current collection period, taking into account actual collections and collections projected to be received during the current collection period.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (3) If step (2) is greater than step (1), the Servicer will institute a Mid-year True-up in the manner described below.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Mid-year True-up in the following manner:

- (1) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (2) Divide the amount in step (1) above by the forecasted energy billing units to determine the Charge for a collection period.

## **EXHIBIT C**

### **FORM OF ISSUANCE ADVICE LETTER**

\_\_ day of \_\_\_\_, 202[2][3]

**LONG ISLAND POWER AUTHORITY**

**ORDER NO. \_**

### **ISSUANCE ADVICE LETTER FOR RESTRUCTURING BONDS**

Pursuant to the Restructuring Cost Financing Order No. \_ (the “Financing Order”) issued by the Authority on \_\_, 2022, LIPA, as the initial servicer of the Bonds, hereby submits this Issuance Advice Letter with respect to the Bonds priced on \_\_\_\_, 202\_. Any capitalized terms not defined in this Issuance Advice Letter shall have the meanings ascribed to them in the Financing Order.

#### **PURPOSE:**

This filing sets forth the following:

- (a) Terms of Issuance, including pricing and principal amount of the Bonds;
- (b) The net proceeds from the sale of the Bonds and estimated Upfront Financing Costs;
- (c) The initial Charge;
- (d) In case of Bonds issued to refinance the Authority’s debt or debt of the Securitization Authority, the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property to be purchased by the Securitization Authority with the net proceeds from the sale of such Bonds;
- (e) In case of Bonds issued to finance System Resiliency Costs, a description of the System Resiliency Costs to be financed and the amount thereof;
- (f) The expected savings to Consumers; and
- (g) Confirmation of compliance with the requirements of the Financing Order.

<b>Issuer:</b>	Utility Debt Securitization Authority
<b>Total Amount Issued (Taxable):</b>	\$[ ]
<b>Total Amount Issued (Non-Taxable):</b>	\$[ ]
<b>[Subordinate Note]</b>	
<b>Trustee: [*]</b>	[ ]
<b>Sale Date: [*]</b>	[ ]
<b>Closing Date:</b>	[ ]
<b>Bond Ratings: [*]</b>	S&P [AAA], Fitch [AAA], Moody's [Aaa]
<b>Target Amortization Schedule: [*]</b>	See Schedule B.
<b>Call Provisions:[*]</b>	
<b>Payments to Holders:[*]</b>	Semiannually, Beginning on [ ]
<b>Required Reserve Level</b>	[0.5% of the initial aggregate principal amount of the Bonds]
[*Not applicable to Subordinate Note]	

The principal amounts of each Tranche of the Bonds to be issued and sold by the Securitization Authority on \_\_\_\_\_, 202\_\_ are as follows:

The maximum scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, together with the Bonds, is calculated to be \$\_\_\_\_\_, which is [less][greater] than the expected aggregate maximum scheduled annual principal and interest payments of \$[ ] as set forth in said restructuring cost financing orders.

The final scheduled maturity of each series of Bonds shall be no later than the final scheduled maturity date of the Authority or Securitization Authority bonds to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

The Bonds, taken as a whole, are expected to have the following weighted average yield and life:

<b>Effective Annual Weighted Average Yield on the Bonds:</b>	[ ]%
<b>Expected Weighted Average Life of Issuance:</b>	[ ] yrs

**B. NET PROCEEDS: UPFRONT FINANCING COSTS:**

The net proceeds from the sale of the Bonds are as follows:

	<u>AMOUNT</u>
1 <b>Gross Proceeds</b>	
2 Rating agency fees	
3 Bond Trustee fee	
4 Printing and filing fees (estimated)	
5 Accountant's / auditor's fees (estimated)	
Legal fees and expenses for Authority's/Bond Issuer's counsel	
6 (estimated)	
7 Legal fees and expenses for Bond Trustee's counsel (estimated)	
8 Legal fees and expenses for underwriters' counsel (estimated)	
9 Fees and expenses for Authority's financial advisor (estimated)	
10 Underwriting fees/expenses (estimated)	
11 Original issue discount (estimated)	
12 Deposit to Reserve Subaccount	
13 [Other]	
14 <b>Total estimated Upfront Financing Costs</b> (Sum of Lines 2 through 13)	
15 <b>Net Proceeds</b> (Line 1 — Line 14)	

**INITIAL CHARGE:**

The initial Charge, calculated pursuant to the Financing Order, is \$\_ /kWh.

The table below shows the current assumptions for variables used in the calculation of the initial Charge.

**Input Values For Initial Charge**

Applicable period: from _____, _____ to _____, _____	
Forecasted retail kWh sales for the applicable period:	_____
Scheduled Bond payments and estimated other Ongoing Financing Costs for the applicable period:	\$ _____
Percent of billed amounts expected to be charged-off:	%
Forecasted % of billed amounts paid during the applicable period:	%

Forecasted retail kWh sales billed and collected during the applicable period:

Total billing requirement for applicable period: \$ \_\_\_\_\_

Initial Charge per kWh \$ \_\_\_\_\_

**C. TARGET DEBT; SYSTEM RESILIENCY COSTS TO BE FUNDED:**

The Net Proceeds from the sale of the Bonds will be used to purchase the Restructuring Property. The portions of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property and the Restructuring Costs are set forth in Schedule A-1 hereto.

The System Resiliency Costs to be financed with the Net Proceeds are set forth in Schedule A-2 hereto.

**D. EXPECTED SAVINGS:**

The expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Expected LIPA Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	\$ _____	\$ _____	\$ _____

In the case of Bonds issued to finance System Resiliency Costs, the expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Assumed System Resiliency Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	\$ _____	\$ _____	\$ _____



**E. BASIC DOCUMENTS:**

Attached to this Issuance Advice Letter are forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement to be executed and delivered in connection with the issuance of the Bonds.

Respectfully submitted:

LONG ISLAND LIGHTING COMPANY (LIPA),  
as Servicer

By: \_\_\_\_\_  
[Title]

## **CONFIRMATION AND APPROVAL**

The undersigned Authority Designee, as and on behalf of the Authority, hereby (a) confirms that the pricing of the Bonds and the other matters described in foregoing Issuance Advice Letter comply with the Financing Order and (b) approves (i) the Restructuring Costs, the expected Upfront Financing Costs, the expected Ongoing Financing Costs described in the Issuance Advice Letter, and (ii) the forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement attached to the Issuance Advice Letter.

LONG ISLAND POWER AUTHORITY

By: \_\_\_\_\_  
[Title]

**SCHEDULE A-1**

**TARGET DEBT TO BE PURCHASED, REDEEMED, REPAYED OR DEFEASED**  
**("RETIRED")**

Description	Amount to be Retired	Total Outstanding Principal Amount	Current Maturity	Interest Rate
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**SCHEDULE A-2**

**[Description of System Resiliency Costs to be financed and estimated amount thereof to be inserted here.]**

**SCHEDULE B**

**SCHEDULED BOND PAYMENTS**

<b>SERIES [ ] , TRANCH [ ]</b>	<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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**SCHEDULED SUBORDINATE NOTE PAYMENTS**

<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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## SCHEDULE C

### **ESTIMATED OTHER ONGOING FINANCING COSTS**

#### **ANNUAL AMOUNT**

Ongoing Servicer fee (LIPA as Servicer)	
Servicing expenses	
Administration fees and expenses	
Bond Trustee Fees and Expenses	
Legal fees	
Accounting fees	
Rating Agency fees	
Reporting and filing fees	
[Amount sufficient to fund the Reserve	
Subaccount over a period of not more than ____	
months]	
Miscellaneous	
<b>TOTAL ESTIMATED OTHER ONGOING</b>	
<b>FINANCING COSTS</b>	

The Ongoing Financing Costs detailed in the table above are authorized by the Financing Order and approved by the Authority Designee.

**Note: The amounts shown for each category of Ongoing Financing Costs on this attachment are the expected expenses for the first year of the Bonds. Charges will be adjusted at least annually (and at least quarterly after the scheduled final maturity date for the Bonds, or any series of Bonds, if any such Bonds remain outstanding after such scheduled final maturity date, until such Bonds are paid in full) to reflect any changes in Ongoing Financing Costs through the adjustment mechanism described in the Financing Order.**

**SCHEDULE D**  
**SUMMARY OF EXPECTED CHARGES**

<b>Year</b>	<b>Bond Payments<sup>1</sup></b>	<b>Other Ongoing Financing Costs<sup>2</sup></b>	<b>Charge Requirement<sup>3</sup></b>	<b>Present Value of Expected Charges<sup>4</sup></b>
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<sup>1</sup> From Schedule B.

<sup>2</sup> From Schedule C.

<sup>3</sup> Sum of Bond payments and Ongoing Financing Costs, adjusted for applicable taxes, uncollectible and billing lags.

<sup>4</sup> The discount rate used is the “all-in” true interest cost of the Bonds.

**SCHEDULE E**

**SUMMARY OF AGGREGATE EXPECTED DEBT SERVICE  
ATTRIBUTABLE TO THE TARGET DEBT TO BE PURCHASED, REDEEMED,  
REPAID OR  
DEFEASED (“RETIRED”)**

<b>Fixed Rate Bonds by Series or CUSIP</b>	<b>Principal Amount to be Retired</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Present Value of Expected Payments</b>
------------------------------------------------	-----------------------------------------------	-----------------	----------------------	---------------------------------------------------

<b>Other Debt</b>	<b>Principal Amount to be Retired</b>	<b>Assumed Maturity if Refinanced</b>	<b>Estimated Interest Rate if Refinanced</b>	<b>Present Value of Expected Payments</b>
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# EXHIBIT D

## SYSTEM RESILIENCY COSTS IN CURRENT CAPITAL BUDGET

### TRANSMISSION & DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					2022	2023	2024	2025	2026
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1891	Storm Hardening	Various	Storm hardening program	Program	70,000,000	70,000,000	75,000,000	75,000,000	75,000,000
2073	Reliability	Newbridge (5M)	Bank # 1 failure	Specific	2,291,026	-	-	-	-
2077	Reliability	Newbridge	Newbridge Road (5M) - Purchase 345-138kV MVA	Specific	4,401,100	-	-	-	-
1557	Reliability	Northport	Phase Shifter - Replacement LTC controls or perform upgrade	Specific	171,998	-	-	-	-
1931	Reliability	Greenlawn	Elwood splice upgrade project	Specific	1,380,000	-	-	-	-
1970	Reliability	Various	Two Way Radio System 16th Radio Frequency Site	Specific	350,000	350,000	-	-	-
1022	Reliability	Fire Island Pines	Install New 23 kV Circuit to Ocean Beach Substation	Specific	1,086,418	21,365,089	21,240,514	-	-
1541	Reliability	East Garden City	Switchgear replacement	Specific	16,579,264	12,284,861	17,048,414	-	-
1183	Reliability	Various	Upgrade supervisory controllers for Capacitor Banks	Program	3,430,000	3,560,000	-	-	-
1250	Reliability	Various	Transformer monitoring	Program	2,950,000	2,950,000	2,950,000	3,000,000	3,000,000
1293	Reliability	Various	Distribution circuit improvement program (CIP)	Program	16,000,000	9,000,000	9,000,000	9,000,000	9,000,000
1299	Reliability	Various	Remote terminal unit replacement/upgrades	Program	2,796,000	2,700,000	2,700,000	2,700,000	2,700,000
1309	Reliability	Various	Distribution breaker replacements	Program	748,000	748,000	748,000	748,000	748,000
1311	Reliability	Various	Mechanical relay replacements	Program	684,800	800,000	800,000	800,000	800,000
1321	Reliability	Various	Transformer major component replacements	Program	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
1325	Reliability	Various	Pipe type cable low pressure trip	Program	1,366,000	1,366,000	1,366,000	1,366,000	1,366,000
1327	Reliability	Various	Pipe type cable terminal pressure monitoring upgrade program	Program	904,998	-	-	-	-
1332	Reliability	Various	Transmission protection and controls upgrades	Program	2,758,400	3,200,000	3,200,000	3,200,000	3,200,000
1783	Reliability	Various	Upgrade corrosion protection system for pipe type cable	Program	2,000,000	1,750,000	600,000	1,500,000	1,500,000
1788	Reliability	Various	Cap and pin insulator replacements	Program	800,000	425,000	425,000	425,000	425,000
2020	Reliability	Various	Replace (13) trailer mounted capacitor banks with fixed banks	Program	5,154,000	6,154,000	5,654,000	2,654,000	2,654,000
2021	Reliability	Various	Distribution switchgear replacements	Program	1,500,000	2,000,000	4,600,000	4,600,000	4,600,000
2044	Reliability	Various	Substation transformers replacements	Program	5,000,000	11,150,000	7,300,000	5,500,000	5,500,000



## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	Estimated Amounts				
					2022	2023	2024	2025	2026
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
2049	Reliability	Various	Distribution pole mounted switches and RTU replacements	Program	500,000	500,000	500,000	500,000	500,000
2145	Reliability	Various	Transmission wood pole replacement on the LIRR right-of-way	Program	300,000	3,000,000	12,220,000	-	-
2205	Reliability	Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	70,000	4,691,660	4,691,660	4,691,660	-
1565	Reliability	Various	Substation distribution circuit relay upgrade	Program	402,600	500,000	500,000	500,000	500,000
2225	Reliability	Various	Rear yard distribution circuits relocation/undergrounding	Program	500,000	5,433,000	-	-	-
1269	Reliability	Various	Distribution system improvements - services, branch lines & customer requests	Blanket	30,974,918	32,523,664	34,149,847	35,857,339	37,650,206
1273	Reliability	Various	Substation equipment failures	Blanket	7,000,000	8,000,000	9,000,000	10,000,000	10,000,000
1275	Reliability	Various	System spares	Blanket	14,600,000	5,800,000	5,800,000	5,100,000	5,100,000
1283	Reliability	Various	Underground distribution cable upgrades	Program	15,200,000	17,000,000	18,000,000	19,000,000	20,000,000
1287	Reliability	Various	Distribution pole replacements	Blanket	13,782,252	14,195,720	14,621,591	15,060,239	15,512,046
1289	Reliability	Various	Distribution multiple customer outages (MCO)	Blanket	7,490,325	7,715,035	7,946,486	8,184,880	8,430,427
1291	Reliability	Various	Residential underground cables upgrades	Program	11,400,000	13,000,000	14,000,000	15,000,000	16,000,000
1297	Reliability	Various	Transmission pole replacements	Blanket	744,568	781,797	820,887	861,931	905,028
1301	Reliability	Various	Transmission & Distribution Wood Pole Reinforcement	Blanket	1,600,000	8,400,000	5,000,000	5,000,000	5,000,000
1837	Reliability	Various	Distribution Automation Repeater Network and Site Upgrades	Blanket	675,000	675,000	400,000	400,000	400,000
2124	Reliability	Various	Replacement of Non-restorable Distribution Wood Pole Rejects	Blanket	12,814,200	6,960,484	12,814,200	12,814,200	12,814,200
2121	Other	Arverne	MTA Beach 67th Relocation	Specific	2,591,740	-	-	-	-
1094	Other	Hicksville	Transmission operations control room facility replacement	Specific	10,907,012	15,329,681	34,500,000	8,000,000	30,363,307
1492	Other	Various	Substation security upgrade	Program	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
1278	Other	Various	Transfer distribution facilities to new telephone poles	Blanket	12,800,000	10,059,000	10,562,000	11,090,000	11,645,000
1747	Load Growth	South Fork	Upgrade Transmission Lines from 23 kV to 33 kV	Specific	692,534	-	-	-	-
1853	Load Growth	Ocean Beach	Install new 4kV circuit	Specific	6,004,917	-	-	-	-
1987	Load Growth	Arverne	Install new 33kV circuit to Far Rockaway substation	Specific	14,324,020	8,912,000	-	-	-
1043	Load Growth	Round Swamp	Construct new 69/13kV substation	Specific	9,399,995	-	-	-	-
2131	Load Growth	Eastport	Reconductor conversion and reinforcement	Specific	2,978,199	-	-	-	-

## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1988	Load	Rockaway	Install new 33 kV circuit to Arverne	Specific	7,978,440	11,250,740	10,831,000	-	-
	Growth	Beach							
1123	Load	Massapequa	Construct new 69/13kV substation	Specific	11,511,825	13,777,000	-	-	-
	Growth								
1991	Load	Bridgehampton	Install 2 new feeders and conversion and reinforcement	Specific	5,006,228	2,493,172	4,387,358	-	-
	Growth								
2069	Load	Bridgehampton	Install new 3rd bank and switchgear	Specific	4,186,866	3,773,014	-	-	-
	Growth								
1476	Load	Bridgehampton	Install New 69kv Circuit to Buell Substation	Specific	1,121,000	878,000	23,719,000	16,198,000	-
	Growth								
1456	Load	Elwood	Install new distribution bank and switchgear	Specific	211,529	3,661,969	11,615,125	16,798,570	-
	Growth								
1795	Load	Various	Residential underground development to serve new business	Blanket	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
	Growth								
Grand Total					\$368,870,172	\$367,863,886	\$407,461,082	\$314,299,819	\$304,063,214

## **LONG ISLAND POWER AUTHORITY**

### **PROPOSED FORM OF RESTRUCTURING COST FINANCING ORDER**

#### **ORDER NO. 9**

This restructuring cost financing order is adopted pursuant to Part B of Chapter 173, laws of New York, 2013, as amended (the “LIPA Reform Act”) to authorize and approve (a) the issuance and sale of restructuring bonds in an aggregate principal amount not to exceed the Order Cap (as defined in this order) by the Utility Debt Securitization Authority (the “Securitization Authority”) created by the LIPA Reform Act (restructuring bonds issued pursuant to this order are hereinafter defined as the “Bonds”); (b) the creation of the restructuring property described in this order (the “Restructuring Property”), including the right to impose, bill and collect the transition charges described in this order (the “Charges”), as adjusted from time to time in accordance with this order; (c) the sale of the Restructuring Property by the Long Island Power Authority (the “Authority”) to the Securitization Authority for the consideration described in this order; (d) the imposition, billing and collection of the Charges on, to and from Consumers as provided in this order; (e) the use of the proceeds of the sale of the Bonds to pay Upfront Financing Costs (as defined in this order) and the purchase price of the Restructuring Property; and (f) the use of the proceeds of the sale of the Restructuring Property to pay the approved restructuring costs described in this order.

#### **DISCUSSION AND STATUTORY OVERVIEW**

On May 28, 1998, the Authority acquired all of the capital stock and associated assets, including transmission and distribution system assets, of Long Island Lighting Company (doing business as “LIPA”). As of March 31, 2022, the Authority had approximately \$5.519 billion dollars in outstanding debt.

Lowering debt levels and associated debt service will be beneficial to the economic well-being of the residents of Long Island and promote commerce and industry in the Authority’s service area.

Securitized restructuring bonds issued by a bankruptcy-remote entity pursuant to appropriate legislation receive higher credit ratings from the rating agencies than the credit ratings carried by the Authority’s debt, resulting in a lower cost of funds. To accomplish the public purpose of reducing the debt service on the Authority’s outstanding debt through the use of lower-cost securitized restructuring bonds, the LIPA Reform Act was introduced (a) to organize the Securitization Authority, a special purpose corporate municipal instrumentality of the State, for the limited purpose of issuing the restructuring bonds, which restructuring bonds will create no new financial obligations or liabilities for the Authority or the State, and to use a portion of the proceeds thereof to purchase the restructuring property from the Authority to enable the Authority to purchase, redeem, repay or defease a portion of the Authority’s outstanding debt, and (b) to enact provisions designed to cause the restructuring bonds (including the Bonds) to receive the highest credit ratings from the rating agencies, including a provision containing a statutory agreement and pledge by the State of New York, which provides in pertinent part that the State will not in any way take or permit any action to revoke, modify, impair, postpone, terminate or

amend the LIPA Reform Act in any manner that is materially adverse to the owners of the Bonds until the Bonds are no longer outstanding and all amounts due and owing under the related transaction documents have been paid in full.

On June 21, 2013, the New York State Assembly and Senate adopted the LIPA Reform Act. On July 29, 2013, the Governor signed the LIPA Reform Act into law. On August 28, 2013, the time for filing any challenges to the LIPA Reform Act expired and no such challenges were filed.

On December 18, 2013, pursuant to Restructuring Cost Financing Order No. 1 (“Order No. 1”) adopted by the Authority on October 3, 2013, the Securitization Authority issued \$2,022,324,000 of its Restructuring Bonds, Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt) (collectively, the “2013 Bonds”). The Securitization Authority used the proceeds of the 2013 Bonds to purchase the restructuring property created by Order No. 1, including transition charges. The restructuring property created by Order No. 1 was pledged by the Securitization Authority to the payment of the 2013 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On March 30, 2015, the New York State Assembly and Senate adopted Chapter 58, the laws of New York, 2015 (“Chapter 58”) which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$4.5 billion less any previously issued restructuring bonds. On April 13, 2015, the Governor signed such Chapter 58 into law. On May 13, 2015, the time for filing any challenges to the LIPA Reform Act, as amended by such Chapter 58, expired and no such challenges were filed.

On June 26, 2015, the Authority Trustees adopted Restructuring Financing Cost Order No. 2 (“Order No. 2”), Restructuring Cost Financing Order No. 3 (“Order No. 3”) and Restructuring Cost Financing Order No. 4 (“Order No. 4” and, together with Order No. 2 and Order No. 3, the “2015 Financing Orders”), which allowed the Securitization Authority to issue additional restructuring bonds prior to December 31, 2016. The 2015 Financing Orders each created restructuring properties specific to each of the 2015 Financing Orders and separate from the restructuring properties created by Order No. 1 and each of the other 2015 Financing Orders. Each of the 2015 Financing Orders permitted the Securitization Authority to issue restructuring bonds, a portion of the proceeds of which were used to purchase the restructuring properties created by each of the particular 2015 Financing Orders. The 2015 Financing Orders limited the total principal amount of restructuring bonds authorized under each of the 2015 Financing Orders to an amount not to exceed the amount authorized by the LIPA Reform Act, as amended, minus the amount of restructuring bonds previously issued under Order No. 1 and the 2015 Financing Orders.

On October 27, 2015, pursuant to Order No. 2, the Securitization Authority issued \$1,002,115,000 of its Restructuring Bonds, Series 2015 (the “2015 Bonds”). The Securitization Authority used the proceeds of the 2015 Bonds to purchase the restructuring property created by Order No. 2, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2015 Bonds. On April 7, 2016, pursuant to Order

No. 3, the Securitization Authority issued \$636,770,000 of its Restructuring Bonds, Series 2016A (the “2016A Bonds”). The Securitization Authority used the proceeds of the 2016A Bonds to purchase the restructuring property created by Order No. 3, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016A Bonds. On September 8, 2016, pursuant to Order No. 4, the Securitization Authority issued \$469,320,000 of Restructuring Bonds, Series 2016B (the “2016B Bonds”). The Securitization Authority used the proceeds of the 2016B Bonds to purchase the restructuring property created by Order No. 4, including transition charges, and such restructuring property was pledged by the Securitization Authority to the payment of the 2016B Bonds. The Authority used the net proceeds from the sale of the restructuring properties created by the 2015 Financing Orders to retire debt and other obligations of the Authority.

On November 11, 2017, pursuant to Restructuring Cost Financing Order No. 5 (“Order No. 5”) adopted by the Authority on July 26, 2017, the Securitization Authority issued \$369,465,000 of its Restructuring Bonds, Series 2017 (the “2017 Bonds”). The Securitization Authority used the proceeds of the 2017 Bonds to purchase the restructuring property created by Order No. 5, including transition charges. The restructuring property created by Order No. 5 was pledged by the Securitization Authority to the payment of the 2017 Bonds. The Authority used the net proceeds from the sale of such restructuring property to retire debt and other obligations of the Authority.

On June 8, 2021, the New York State Assembly and Senate adopted Chapter 369, the laws of New York, 2021 (“Chapter 369”), which amended the LIPA Reform Act to permit, among other things, the adoption by the Authority Trustees, in consultation with DPS, of additional restructuring resolutions and the issuance by the Securitization Authority of additional restructuring bonds in an aggregate principal amount not to exceed \$8 billion less any previously issued restructuring bonds and permitting the issuance of such restructuring bonds to refund bonds issued by the Securitization Authority and to finance System Resiliency Costs (as defined herein and in Chapter 369). On August 2, 2021, the Governor signed such Chapter 369 into law.

As of the date of this Restructuring Cost Financing Order, the Securitization Authority has heretofore issued \$4,499,994,000 aggregate principal amount of restructuring bonds.

Pursuant and in accordance with the amendments to the LIPA Reform Act effectuated by Chapter 369, this Financing Order together with three other restructuring cost financing orders have been prepared in consultation with the Department of Public Service (the “DPS”).

As required by subdivision 2 of section 3 of the LIPA Reform Act, the Authority has scheduled (and held) the following public statement hearings on this order conducted virtually at 10:00 a.m. and 6:00 p.m. respectively on April 14, 2022. Notice of the public hearings was included on LIPA’s website, along with this draft Restructuring Cost Financing Order, and press releases were issued to the media. The Authority also accepted written public comments on the financing orders via mail and e-mail at [UDSA2022@lipower.org](mailto:UDSA2022@lipower.org).

As used in this order, the term “Consumer” shall mean any consumer as defined by the LIPA Reform Act; the term “Service Area” shall mean the service area as defined by the LIPA Reform Act, i.e. the geographical area within which LIPA provided electric transmission and

distribution services as of July 29, 2013, implementation date of the LIPA Reform Act; the term “Servicer” shall mean LIPA as initial servicer and any successor servicer as defined by the LIPA Reform Act; the term “T&D System Assets” shall mean the T&D system assets as defined by the LIPA Reform Act, i.e. the physically integrated system of electric transmission and distribution facilities (and other general property and equipment used in connection therewith) owned by LIPA as of the effective date of the LIPA Reform Act or thereafter acquired for use by LIPA or its successors in providing retail electric utility service to Consumers in the Service Area; and, at the time of issuance of any Bonds under this restructuring cost financing order, the term “Order Cap” shall mean an amount equal to \$8 billion less the sum of the original principal amount of restructuring bonds issued prior to such time pursuant to the LIPA Reform Act under any other restructuring cost financing order. To facilitate compliance and consistency with applicable statutory provisions, this order adopts the definitions in the LIPA Reform Act for all terms used in this order that are defined in the LIPA Reform Act unless otherwise defined in this order.

If the Bonds are approved and issued, the Servicer shall impose, bill and collect, from Consumers of electric transmission and distribution services in the Service Area, the Charges, as adjusted from time to time in accordance with this order, until the principal of and interest on the Bonds and the related ongoing financing costs have been paid in full.

The imposition, billing and collection of the Charges shall be from all Consumers of transmission and distribution services in the Service Area.

This order includes a mechanism requiring that the Charges be reviewed and adjusted periodically, to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other ongoing financing costs as described in this order.

This order shall become a final rate order by the Authority when the board of Trustees of the Authority approves this order and the Public Authorities Control Board (“PACB”) approves or is deemed to have approved this order as provided in the LIPA Reform Act.

This order shall become an irrevocable rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. In accordance with subdivision 3 of section 3 of the LIPA Reform Act, the validity of this order may only be challenged by an aggrieved party pursuant to an action, suit or proceeding filed directly to the Supreme Court, Appellate Division, Second Judicial Department, within thirty days after this order becomes a final rate order by the Authority.

## DESCRIPTION OF PROPOSED TRANSACTION

### FINDINGS OF FACT

1. Target Debt: The Authority has caused a review of its outstanding debt and the outstanding debt of the Securitization Authority to be made and finds that a portion of the debt issued by the Authority and the Securitization Authority (collectively, the “Target Debt”) could be purchased, redeemed, repaid or defeased with the net proceeds from the sale of the Restructuring Property created by this order. The Target Debt is listed on Exhibit A hereto.

2. Debt Retirement Costs: The Authority finds that purchasing, redeeming, repaying or defeasing the Target Debt will require the payment of certain costs (the “Debt Retirement Costs”), which may include costs incurred or paid pursuant to agreements by the Authority or the Securitization Authority with tender agents, escrow agents and others for related activities. Further, in connection with such purchases, redemptions, repayments or defeasances, interest rate swap contracts or other financial contracts relating to the Authority’s debt may be terminated, novated or amended pursuant to agreements between the parties or, in the case of novation, additional parties. The Authority finds that the Bonds should be rated by one or more nationally recognized bond rating agencies, pursuant to agreements with them heretofore or hereafter entered into by the Authority or the Securitization Authority. The Debt Retirement Costs are hereby described as the principal, redemption price, or purchase price of the Target Debt, the purchase price of any securities purchased to defease the Target Debt, any accrued interest or premium, any tender offer or purchase fees or expenses, the costs of terminating any swap contracts or other financial contracts related to the Authority’s debt, any rebate, yield reduction payments or other amounts payable to preserve or protect the federal tax-exempt status of the Target Debt, and any other costs of purchasing, redeeming, repaying or defeasing the Target Debt. These costs may vary significantly in response to market conditions and as a result of the terms of the Target Debt to be purchased, redeemed, repaid or defeased (e.g. whether the Authority or the Securitization Authority has to tender for such debt or repurchase such debt on the open market or otherwise has the right to redeem, repay or defease such debt). Debt Retirement Costs and net present value savings may also be impacted by changes in market interest rates, including long-term borrowing rates and short-term investment rates, among others. The lower prevailing interest rates are at the time of retirement, the higher the cost to effect such retirement may be. All else being equal, the impact of any increase in Debt Retirement Costs should be somewhat offset by a lower cost of the Bonds. Therefore, the Authority finds that it should select, on or about the date of issuance of the Bonds, the amounts of the specific debt securities or other instruments of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property in any manner, consistent with market conditions, that is expected to result in savings to Consumers on a net present value basis.

3. Upfront Financing Costs: The Authority finds that the issuance of the Bonds will require the payment of the upfront financing costs described as follows (the “Upfront Financing Costs”):

- expenses associated with the efforts to prepare or obtain approval of this order or any other restructuring cost financing order adopted contemporaneously with this order;

- the funding of a Reserve Subaccount (as defined in the hereinafter referred to Indenture);
- fees and expenses associated with the structuring, marketing, and issuance of the Bonds:
  - counsel and advisor fees and expenses payable by the Authority, the Securitization Authority and the underwriters;
  - structural advisory fees payable by the Authority;
  - underwriting fees and expenses;
  - original issue discount;
  - rating agency fees;
  - Indenture Trustee fees (including counsel fees);
  - escrow agent fees;
  - accounting and auditing fees;
  - printing and marketing expenses;
  - compliance fees;
  - filing fees;
  - listing fees;
  - bond issuance charges;
  - any taxes or payments in lieu of taxes payable by the Securitization Authority or the Authority with respect to the issuance of the Bonds or the sale of the Restructuring Property; and
  - amounts advanced by the Authority or the Securitization Authority for the payment of Upfront Financing Costs.

The Authority recognizes that the amounts and types of Upfront Financing Costs will be determined on or about the date of sale of the Bonds, as such costs are dependent upon the final sizing of the Bonds and marketing and rating agency considerations, such as the size of the Required Reserve Level (as defined in the Indenture). The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of Upfront Financing Costs based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.



4. System Resiliency Costs: The Authority finds that the adoption of this order for the purpose of issuing restructuring bonds to finance System Resiliency Costs would result in lower costs to consumers of electric transmission and distribution services in the service area on a net present value basis than funding of such costs by the Authority. Pursuant to Section 2, Subdivision 17-a, of the LIPA Reform Act, System Resiliency Costs means, to the extent approved as such under a restructuring cost financing order, the costs of rebuilding, improving or constructing transmission and distribution system assets to increase resiliency of such assets, better withstand changes in climate, absorb impacts from outage-inducing events, and recover quickly from outages including but not limited to, improvements to and replacement of poles and wires, moving power lines underground, raising substations, constructing flood barriers, and system automation and costs of purchasing, redeeming or defeasing debt of the Authority incurred to finance such costs or reimbursing the Authority for amounts already spent on such costs. All such costs, to the extent included in the Authority's Capital Budget as the same may be amended from time to time are hereby approved as System Resiliency Costs for purposes of the LIPA Reform Act and this financing order. A schedule listing those projects included in the current Capital Budget, the cost of which in whole or in part would constitute System Resiliency Costs, is attached hereto as **Exhibit D**.

The Authority determines that a portion of the Bonds may finance the payment of System Resiliency Costs.

The amount of Debt Retirement Costs, Upfront Financing Costs and System Resiliency Costs (collectively, the "Restructuring Costs") that the Authority proposes to pay through the sale of the Restructuring Property and the issuance of the Bonds shall not exceed a principal amount equal to the Order Cap.

5. Structure of the Bonds: Based upon the estimated amounts of Restructuring Costs, the Authority finds that the initial principal amount of the Bonds to be issued shall not exceed the Order Cap.

The Bonds are expected to be issued on a date that is after the time for any challenges or appeals to this order has expired and before December 31, 2025.

The Bonds are expected to be structured as follows: One or more series and/or tranches of (a) federally taxable Bonds with different maturities and amortization schedules and/or (b) Bonds the interest on which will be excluded from gross income for federal income tax purposes with different maturities and with or without amortization or sinking funds. Such Bonds may be subject to redemption prior to their respective maturities. Pursuant to the terms of the LIPA Reform Act, the transfer and the income from all Bonds will be free from taxation by the State of New York or any municipality in the State, except for estate and gift taxes. Each series or tranche of the Bonds is expected to have a scheduled final maturity date (a date by which such series or tranche is expected to be paid in full, based on the expected receipt of Charges) and a legal final maturity date (a date by which the final principal payment on such series or tranche must be paid in order to avoid a default under the transaction documents and which is expected to be two years after the scheduled final maturity date); provided that the legal final maturity date for any series or tranche of the Bonds shall be no later than thirty years after the date of issuance of the Bonds and the final scheduled maturity of any series of Bonds the proceeds of which will be applied to purchase,

redeem, repay or defease Target Debt shall be no later than the final scheduled maturity date of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

Debt service on the Bonds will be based upon a number of variables, including, but not limited to, the portion of the Target Debt which may be economically refunded or defeased or which may be purchased pursuant to a tender process, which will be determined on or about the date of sale of the Bonds, based on the then-prevailing interest rate environment. Based upon reasonable assumptions relating to those variables, including current market conditions, scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, each as adopted by the Authority on May 18, 2022, together with the Bonds, are expected to be no greater than \$700 million.

If directed by the Authority, the Securitization Authority shall issue a Bond to the Authority payable from and secured by a lien on the Collateral (as defined in the Indenture) subject and subordinate to all other Bonds in an amount not to exceed the initial cash contribution, if any, by the Authority to the Reserve Subaccount (the “Subordinate Note”). For the purposes of this order the term “Bonds” shall include the Subordinate Note except with respect to references to ratings thereon, sales thereof to the underwriters and the calculation of amounts required to be deposited to the Reserve Subaccount and the initial annual servicing fee.

The final terms of the Bonds will be approved by an Authority Designee (defined below) as provided in this order.

6. Ongoing Financing Costs: The Authority does not expect any federal, state or local taxes, payments in lieu of taxes, franchise fees or license fees to be imposed on the Charge revenues. The Authority finds that the terms of the Bonds will require the payment of the following ongoing financing costs (the “Ongoing Financing Costs”):

- principal (including amortization, sinking fund or redemption payments), redemption premiums, if any, and interest on the Bonds;
- servicing fees and expenses;
- administrative fees and expenses;
- Indenture Trustee fees and expenses (including counsel fees);
- legal fees and expenses;
- accounting fees and expenses;
- rating agency fees;
- any taxes payable by the Securitization Authority;

- any Upfront Financing Costs that cannot be paid from the proceeds of the sale of the Bonds, including but not limited to, an amount sufficient to fund the Reserve Subaccount over the time period, and to the extent, specified in the Issuance Advice Letter (defined below);
- any amounts required to replenish the Reserve Subaccount;
- indemnities;
- fees and expenses associated with variable rate Bonds;
- expenses of the Securitization Authority; and
- rebate and yield reduction payments.

The Authority recognizes that most Ongoing Financing Costs will not be known until after this order is finalized, e.g. the expected principal and interest payable on the Bonds will not be known until the Bonds are priced, the fees may be estimated at the time the Bonds are issued but they may increase over the life of the Bonds, the expenses will vary from year to year depending upon what services or activities are required to be performed in each year, and some possible Ongoing Financing Costs (such as replenishment of the Reserve Subaccount or indemnities) depend upon contingencies that may never happen. The Authority finds that it is appropriate for the Issuance Advice Letter (defined below) to include an estimate of the annual Ongoing Financing Costs that are likely to be incurred based upon the final sizing of the Bonds, estimates from counsel, advisors, underwriters, rating agencies, the Indenture Trustee, accountants, printers, and other professionals and agents, and other factors in light of then-current information.

7. Savings: The Authority finds that the issuance of Bonds is expected to result in savings to the Consumers of electric transmission and distribution services in the Service Area on a net present value basis. In case of Bonds issued to provide proceeds to pay Debt Retirement Costs, the Authority finds that such savings on a net present value basis (“Net Present Value Savings”) should be calculated as the difference between (i) the present value of the Aggregate Expected Debt Service and (ii) the present value of the Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order:

“Securitization Debt Service” shall mean the principal of and interest on Bonds issued to provide proceeds to pay for Debt Retirement Costs, such principal and interest to be calculated assuming that such Bonds are paid on their expected maturity dates (or in the case of Bonds subject to sinking fund redemption, their expected sinking fund redemption dates) rather than the legal maturity dates, and expected other Ongoing Financing Costs (less the amounts in the reserve account and other collateral accounts, including earnings thereon, when such amounts are expected to be applied to the payment of principal of or interest on such Bonds or the payment of other Ongoing Financing Costs relating to such Bonds), to be calculated based upon estimates of the amounts that are expected to be paid semi-annually until such Bonds are paid in full.

“Aggregate Expected Debt Service” shall mean the sum of the Expected Debt Service by Category for the portion of each category of Target Debt that is to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property as described in the Issuance Advice Letter (defined below).

“Expected Debt Service by Category” shall mean:

- (a) in the case of outstanding fixed rate Target Debt, the stated principal of and interest on such bonds, such principal and interest to be calculated assuming that the bonds are paid on their stated maturity dates or, in the case of bonds subject to mandatory sinking fund installments, their sinking fund payment dates;
- (b) in the case of the Authority's outstanding variable rate demand bonds that the Authority plans to refinance in a fixed rate mode absent securitization, the expected principal and interest payments on such bonds assuming that such bonds were to be refinanced in a fixed rate mode pursuant to the terms thereof, the prices and yield of such refinancing to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority.
- (c) in the case of any outstanding debt under the Authority's revolving line of credit that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (d) in the case of any of the Authority's commercial paper balances that the Authority plans to refinance with fixed rate refunding bonds absent securitization, the expected principal and interest payments on a series of fixed rate refunding bonds, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.
- (e) Further, in the case of any such variable rate bonds, revolving line of credit or commercial paper balances for which an associated interest rate swap is to be terminated, in whole or in part, or amended, the size of such refinancing would be adjusted to reflect the costs of any termination or amendment of such interest rate swap and whether such swap termination payment may be financed with the proceeds of federally tax-exempt or taxable bonds.

In case of Bonds issued to provide proceeds to finance System Resiliency Costs, the Authority finds that Net Present Value Savings should be calculated as the difference between (i) the present value of the Assumed System Resiliency Debt Service and (ii) the present value of the

Securitization Debt Service, each discounted at the “all-in” true interest cost (TIC) of such Bonds, using a 30/360 day year and semiannual compounding. For purposes of this order “Assumed System Resiliency Debt Service” shall mean the expected principal and interest payments on a series of fixed rate Authority bonds that would otherwise be issued by the Authority to fund System Resiliency Costs, the prices and yield of such bond issuance to be estimated by the Authority at the time of the sale of the Bonds issued by the Securitization Authority assuming a final maturity equal to the scheduled final maturity of the Bonds and an amortization that would minimize the differences between the maximum and minimum aggregate debt service of the Authority over the term of such bonds absent securitization.

The Authority finds that the debt service on the Bonds will include interest payable on the Bonds and scheduled principal, sinking fund or redemption payments on the Bonds. The estimated Securitization Debt Service is expected to be less, on a net present value basis, than the Aggregate Expected Debt Service that would be included in the Authority’s rates absent the securitization contemplated by this order but including the planned refinancings described in the definition of Expected Debt Service by Category.

8. Benefits to Consumers: The Authority finds that the primary benefit to Consumers in the Service Area that is expected to result from the sale of the Restructuring Property and the Bonds as opposed to traditional financing mechanisms arises from the lower effective interest cost expected to be payable on the Bonds, after taking into account the issuance costs of the Bonds, as compared with the Aggregate Expected Debt Service.

9. Allocation Methodology: The Authority finds that the appropriate and reasonable methodology for allocating Charges on an equal percentage basis among customer service classifications, including those service classifications that pay demand (kW) charges or fixed monthly charges, is as follows: The Charges will be allocated among all customer service classifications by (a) determining the Charge per kWh using the adjustment mechanism and mathematical formula described in Exhibit B hereto and (b) billing each Consumer for a Charge equal to the product of multiplying such Charge per kWh by the number of net kWhs of electric energy delivered to such Consumer during the period covered by such bill, so long as such Consumer is connected to the T&D System Assets and is taking electric delivery service located within the Service Area, whether or not such Consumer produces its own electricity or purchases electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

The Authority has analyzed the impact of this methodology on Consumers’ bills and finds that the impact on Consumers’ bills is expected to be as follows: The amounts billed to Consumers for transmission and distribution services (including debt service on the Authority’s debt) and the Charges are expected to be less, on a net present value basis, than the amounts that would have been billed to such Consumers for transmission and distribution services (including Aggregate Expected Debt Service) absent the purchasing, redeeming, repaying or defeasing of all or a portion of the Target Debt through the issuance of Bonds.

10. Charges Generally: The Authority finds that it is appropriate to identify the Charges included in each Consumer's bill by means of a separate line item, a footnote or other description of the amount of the Charge or Charge per kWh and a statement to the effect that the Charges belong to the Securitization Authority.

11. Adjustment Mechanism: The Authority finds that the adjustment mechanism and mathematical formula described in Exhibit B hereto is just and reasonable and will reduce the risks related to the Bonds, resulting in lower transition charges and greater benefits to Consumers. The Authority finds that it is desirable that each Charge adjustment take effect as described in such Exhibit B and that it will not be reasonably practical to change a mathematically inaccurate Charge adjustment (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) sooner than the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

12. Restructuring Property: The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

13. Basic Documents: Pursuant to due authorization the Authority shall approve the selection of underwriters, including the senior underwriters, for the issuance of the Bonds satisfactory to the Authority and shall advise the Securitization Authority of such selection in the written notice to be provided to the Securitization Authority pursuant to Ordering Paragraph 15 below.

The Authority contemplates that either the Securitization Authority or the Securitization Authority and the Authority will enter into one or more agreements (each a "Bond Purchase Agreement") with the senior underwriter or underwriters, as representative of one or more underwriters, to purchase the Bonds.

If directed by the Authority, the Securitization Authority shall, simultaneously with the delivery of Bonds to the senior underwriters and with the delivery of a cash contribution to the Reserve Subaccount, issue the Subordinate Note to the Authority.

The Authority contemplates that the Securitization Authority will enter into an indenture (the "Indenture") with a bank or trust company acceptable to the Authority to act as initial indenture trustee (the "Indenture Trustee") pursuant to which the Bonds (including the Subordinate Note, if any) are to be issued.

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Servicing Agreement”) with LIPA to act as initial Servicer to perform all duties of the Securitization Authority relating to the Restructuring Property and the Bonds. The Authority contemplates that LIPA will contract with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement. The Authority finds that a servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds, together with the reimbursement of expenses incurred by the Servicer in the performance of its duties as Servicer, approximates the estimated incremental cost of imposing, billing and collecting the Charges, preparing servicing reports and performing other customary servicing services required in connection with the Bonds in the case of a Servicer that otherwise bills and collects T&D rates from Consumers in the Service Area and is reasonable.

The Authority contemplates that the initial Servicer will file with the Authority and the Securitization Authority, no later than the third business day after the pricing of the Bonds, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C** (the “Issuance Advice Letter”).

The Authority contemplates that the Securitization Authority will enter into an agreement (the “Administration Agreement”) with LIPA to act as initial administrator of the Securitization Authority to perform all duties of the Securitization Authority under the Public Authorities Law and other applicable law or otherwise not covered by the Servicing Agreement.

The Authority contemplates that LIPA may enter into one or more agreements with the operator of the T&D System Assets to perform some of LIPA’s duties under the Servicing Agreement as sub-servicer or otherwise.

The Authority contemplates that the Authority and the Securitization Authority will enter into an agreement (the “Sale Agreement”) for the sale of the Restructuring Property by the Authority to the Securitization Authority.

14. **Collateral Accounts**: The Authority finds that it is appropriate and desirable that the Securitization Authority create a collection account, the Reserve Subaccount and such other accounts and subaccounts described in the Indenture with the Indenture Trustee, and that the Reserve Subaccount in an amount not to exceed 5% of the initial aggregate principal amount of the Bonds, or as otherwise provided in the Issuance Advice Letter, be funded by means of a cash contribution of the Authority, a portion of the proceeds of the Bonds and/or as an Upfront Financing Cost to be recovered after the issuance of the Bonds (all as to be determined in the Issuance Advice Letter), or such other amount as may be required in order to satisfy rating agency or regulatory requirements and to successfully market the Bonds.

15. **Authority Designee**: As the pricing and terms of the Bonds, the precise amount of the Restructuring Costs, Upfront Financing Costs and Ongoing Financing Costs and the terms of the Basic Documents will not be known as of the date of this order, and market conditions may require expedited approval or other action by the Authority in order to accomplish the purposes of this order, the Authority deems it reasonable to appoint one or more officers of the Authority (each an “Authority Designee”) to be designated by a resolution of the Trustees of the Authority to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and

terms of the Bonds, the amounts of the Restructuring Costs, expected Upfront Financing Costs and expected Ongoing Financing Costs, the Net Present Value Savings, the terms of the Basic Documents and take such other actions as are authorized in this order.

16. General Bond Resolution: The Authority finds that the sale of the Restructuring Property by the Authority to the Securitization Authority (i) is desirable in the conduct of the business of the System (as defined in the General Bond Resolution) and (ii) does not materially impair the ability of the Authority to comply with Section 701 of the General Bond Resolution.

17. Submission to PACB: After the conclusion of the public statement hearings and the Authority's review of any comments received and consultation with the DPS with respect thereto, the Authority will finalize this order and submit it to the PACB for approval or disapproval. If the PACB fails to approve or disapprove the finalized order within thirty days after receipt as provided in subdivision 2 of section 3 of the LIPA Reform Act, the PACB shall be deemed to have approved the finalized order.

## **CONCLUSIONS OF LAW**

1. Jurisdiction and Authority: The Authority has jurisdiction and authority to adopt this order.

2. Compliance with LIPA Reform Act: The structure of the Bonds is consistent with the LIPA Reform Act, and the Bonds are restructuring bonds under the LIPA Reform Act.

The Restructuring Costs are approved restructuring costs under the LIPA Reform Act.

The Restructuring Property is restructuring property under the LIPA Reform Act.

The Charges are transition charges under the LIPA Reform Act.

This order meets the requirements of a restructuring cost financing order under the LIPA Reform Act.

3. Irrevocability of Order: As provided in subdivision 4(a) of section 5 of the LIPA Reform Act, this order shall be an irrevocable final rate order when the time for any actions, suits, proceedings and appeals challenging this order has lapsed or expired as provided in subdivision 3 of section 3 of the LIPA Reform Act. As provided in subdivision 5(a) of section 5 of the LIPA Reform Act, this order shall remain in effect and unabated until the Bonds issued pursuant to this order have been paid in full and all Ongoing Financing Costs are paid or performed in full.

4. Irrevocability of Charges: As provided in subdivision 7 of section 3 of the LIPA Reform Act, upon the issuance of the Bonds, the Charges, including any adjustments thereof as provided in this order, shall be deemed established by the Authority as irrevocable, final and effective without further action by the Authority or any other entity.



5. Adjustment Mechanism: The adjustment mechanism, and all other obligations of the State and the Authority set forth in this order, will be irrevocable, final and effective without further action by the Authority, or any other entity, upon issuance of the Bonds as provided in this order and will be legally enforceable against the State and the Authority.

6. Non-bypassability: As provided in subdivision 5(c) of section 5 of the LIPA Reform Act, for so long as the Bonds are outstanding, the Charges authorized in this order shall be non-bypassable and shall apply to all Consumers connected to the T&D System Assets and taking electric delivery service located within the Service Area, whether or not the Consumers produce their own electricity or purchase electric generation services from a provider of electric generation services other than the owner of the T&D System Assets and whether or not the T&D System Assets continue to be owned by LIPA.

7. Indemnities: Any indemnity payments required to be paid by the Securitization Authority to the Authority, the Indenture Trustee, the underwriters or other persons pursuant to agreements entered into in connection with the sale of the Bonds will be Ongoing Financing Costs recoverable pursuant to this order and the LIPA Reform Act.

8. No Other Liens: The Charges are Transition Charges as defined in the General Bond Resolution of the Authority and are not subject to the lien of the General Bond Resolution.

9. Partial Payments: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, to the extent that any Consumer makes a partial payment of a bill containing both transition charges, including the Charges, and any other charges, such payment shall be allocated pro rata between transition charges and the other charges unless the Consumer specifies that a greater proportion of such payment is to be allocated to transition charges, except that the other charges shall be reduced by the amount of any claims of setoff, counterclaim, surcharge or defense for purposes of such calculation.

10. True Sale: As provided in subdivision 3(a) of section 7 of the LIPA Reform Act, the sale of the Restructuring Property to the Securitization Authority as contemplated by this order shall be treated as an absolute transfer of all of the transferor's right, title and interest (as in a true sale) and not as a pledge or other financing, of the Restructuring Property, other than for federal, state and local income and franchise tax purposes. As provided in subdivision 3(b) of section 7 of the LIPA Reform Act, the transfer of the Restructuring Property shall be perfected, vested, valid and binding from the time when the transfer is made, and such transfer shall be perfected, vested, valid and binding as against the transferor, all parties having claims of any kind in tort, contract or otherwise against the transferor, and all other transferees of the transferor, irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees. As provided in subdivision 3(c) of section 7 of the LIPA Reform Act, the characterization of the sale, assignment or transfer as an absolute transfer and true sale and the corresponding characterization of the property interest of the purchaser, shall not adversely be affected or impaired by, among other things, the occurrence of any of the following factors: (i) commingling of revenues or other proceeds from Charges with other amounts; (ii) the retention by the seller of: (A) a partial or residual interest, including an equity interest, in the Restructuring Property, whether direct or indirect, or whether subordinate or otherwise; or (B) the right to recover costs associated with taxes, payments in lieu of taxes, franchise fees or license fees imposed on

the collection of the Charges; (iii) any recourse that the purchaser may have against the seller; (iv) any indemnification rights, obligations or repurchase rights made or provided by the seller; (v) the obligation of the seller to collect Charges on behalf of an assignee, including but not limited to, any retention by the seller to bare legal title for the purpose of collecting Charges; (vi) the treatment of the sale, assignment or transfer for tax, financial reporting or other purposes; (vii) any subsequent order of the Authority amending this order pursuant to subdivision 4(b) of section 5 of the LIPA Reform Act to the extent permitted by this order; or (viii) any application of the adjustment mechanism described in this order as provided in subdivision 3 of section 5 of the LIPA Reform Act. As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, the Restructuring Property may be transferred, sold, conveyed or assigned to the Securitization Authority.

11. Pledge of Restructuring Property: As provided in subdivision 1(c) of section 7 of the LIPA Reform Act, all or any portion of the Restructuring Property may be pledged to secure the payment of the Bonds, amounts payable to financing parties, amounts payable to holders of the Bonds, amounts payable under any ancillary agreement and other Ongoing Financing Costs. As provided in subdivision 2 of section 7 of the LIPA Reform Act, any pledge of the Restructuring Property or proceeds thereof made by the Securitization Authority shall be perfected, valid and binding from the time when the pledge is made. The proceeds, moneys, revenues or proceeds so pledged and thereafter received by the Securitization Authority of restructuring property shall immediately be subject to the lien of such pledge, and such lien shall be perfected, without any physical delivery thereof or further act. The lien of any such pledge shall be perfected, valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Securitization Authority irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees.

12. Existence of Restructuring Property: As provided in subdivision 1(a) of section 7 of the LIPA Reform Act, the Restructuring Property created pursuant to this order shall constitute an existing, present property right. As provided in subdivision 1(b) of section 7 of the LIPA Reform Act, all Restructuring Property created pursuant to this order shall continue to exist until the Bonds issued pursuant to this order are paid in full and all Ongoing Financing Costs have been paid in full.

13. Successor Owners: As provided in subdivision 1(f) of section 7 of the LIPA Reform Act, any successor owner of the T&D System Assets and any successor Servicer shall be bound by the requirements of the LIPA Reform Act and shall perform and satisfy all obligations of a Servicer in the same manner and to the same extent under this order as did LIPA as the initial Servicer, including, without limitation, the obligation to impose, bill and collect the Charges and to pay such collections to the person entitled to receive the Charge revenues, i.e. the Indenture Trustee for the benefit of the owners of the Bonds. As provided in subdivision 1 of Section 8 of the LIPA Reform Act, the Authority has a statutory right to examine the books and records of LIPA or any successor owner of the T&D System Assets for the purpose of investigating compliance with the provisions of the LIPA Reform Act and this order.

14. Bankruptcy: As provided in subdivision 1(d) of section 7 and subdivision 5(b) of section 5 of the LIPA Reform Act, this order shall remain in full force and effect and unabated notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to

a Servicer, the Authority, LIPA or any successor owner of the T&D System Assets or any affiliate thereof or of any other person or entity or the commencement of any judicial or nonjudicial proceeding therefor. As provided in subdivision 3 of section 4 of the LIPA Reform Act, the Securitization Authority shall not be authorized to be a debtor under any provision of the United States Bankruptcy Code. Also in subdivision 3 of section 4 of the LIPA Reform Act, the State of New York has pledged, contracted and agreed with the owners of the Bonds that, until at least one year and one day after all Bonds have ceased to be outstanding and all Ongoing Financing Costs have been paid, the State will not limit or alter the denial of authority to the Securitization Authority to be a debtor under any provision of the United States Bankruptcy Code.

15. Setoff, Counterclaim or Defense: As provided in subdivision 1(e) of section 7 of the LIPA Reform Act, the Restructuring Property, the Charges, the Charge revenues, and the interests of the Indenture Trustee, the holders of any Bonds, and any other person in the Restructuring Property or in the Charge revenues, are not subject to setoff, counterclaim, surcharge or defense by a Servicer, Consumer, the Authority, LIPA or any successor owner of the T&D System Assets or any other person or in connection with any default, bankruptcy, reorganization or other insolvency proceeding of the Authority, LIPA or any successor owner of the T&D system assets, any affiliate thereof or any other entity or otherwise.

16. Sequestration: As provided in subdivision 1(d) of section 7 of the LIPA Reform Act, if the owner of the T&D system asset, Servicer, third-party biller, or any other person or entity authorized to collect the Charges, defaults on any required remittance of Charge revenues, any court in the State of New York, upon application by an interested party and without limiting any other remedies available to the applying party, shall order the sequestration and payment of the Charge revenues for the benefit of the owners or pledgees of the Restructuring Property, i.e. the Securitization Authority or the Indenture Trustee for the benefit of the owners of the Bonds.

17. Third-party Billers: As provided in section 16 of the LIPA Reform Act, if and to the extent that third parties are allowed to bill and/or collect any Charges, the Authority, any successor regulator, and any owner of the T&D System Assets will take steps to ensure non-bypassability and minimize the likelihood of default by third-party billers, which shall include (i) operational standards and minimum credit requirements for any such third-party biller, or require a cash deposit, letter of credit or other credit mitigant in lieu thereof, to minimize the likelihood that defaults by a third-party biller would result in an increase in Charges thereafter billed to Consumers, (ii) a finding that, regardless of who is responsible for billing, Consumers shall continue to be responsible for the Charges, (iii) if a third party meters and bills for the Charges, that the owner of the T&D System Assets and any Servicer must have access to information on billing and usage by Consumers to provide for proper reporting to the Securitization Authority and to perform its obligations as Servicer, (iv) in the case of a default by a third-party biller, billing responsibilities must be promptly transferred to another party to minimize potential losses, and (v) the failure of Consumers to pay Charges shall allow service termination by the owner of the T&D System Assets on behalf of the Securitization Authority of the Consumers failing to pay Charges in accordance with service termination rules and orders applicable to T&D rates. Any costs associated with such third-party billing and/or collection shall be included as part of the recoverable Ongoing Financing costs or other rates or charges, as appropriate. Further, the Authority and any successor regulator shall not permit implementation of any third-party billing or collection that would result in a reduction or withdrawal of the then

current ratings on any tranche or series of the Bonds by any nationally recognized statistical rating organization designated by the Securitization Authority.

18. Securitization Authority: As provided in subdivision 1 of section 4 of the LIPA Reform Act, the Securitization Authority has been duly created.

19. State Pledge: As provided in section 9 of the LIPA Reform Act, the State of New York has pledged and agreed with the holders of the Bonds, any assignee and all financing entities that the State will not in any way take or permit any action that limits, alters or impairs the value of Restructuring Property or, except as required by the adjustment mechanism described in this order, reduce, alter or impair the Charges that are imposed, collected and remitted for the benefit of the owners of the Bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of the Bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full. As further provided in section 9 of the LIPA Reform Act, the foregoing pledge may be included in the Bonds, the Indenture, the offering memorandum or official statement, and other ancillary agreements and documentation related to the issuance and marketing of the Bonds.

20. Not Debt of State: As provided in subdivision 3 of section 6 of the LIPA Reform Act, the Bonds shall not constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other political subdivision, agency or instrumentality of the State.

21. Limitations: As provided in subdivision 1(v) of section 5 of the LIPA Reform Act, no limitation, express or implied, on Upfront Financing Costs or Ongoing Financing Costs shall impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms. This means that there is no limitation on the amount of Upfront Financing Costs or Ongoing Financing Costs that would impair the ability of the Securitization Authority to pay and service the Bonds in accordance with their terms.

22. Legal Investments: As provided in subdivision 4 of section 6 of the LIPA Reform Act, the Bonds are legal investments for the state and all municipalities, insurance companies, banks, trusts and other persons or entities, who are authorized to invest in bonds or other obligations of the state.

23. Regulation of the Owner of the T&D System Assets: As provided in subdivision 1(b) of section 8 of the LIPA Reform Act, neither the Authority nor any successor regulator may consider the Bonds to be debt of any owner of the T&D System Assets, consider the Charges to be revenue of any owner of the T&D System Assets, consider the approved Restructuring Costs or Ongoing Financing Costs to be costs of any owner of the T&D System Assets or any affiliate, or determine that any action taken by any owner of the T&D System Assets that is consistent with this order is unjust or unreasonable from a regulatory or ratemaking perspective.

24. Additional Restructuring Bonds: The Securitization Authority may issue one or more series of restructuring bonds in addition to the Bonds secured by restructuring property other than the Restructuring Property created pursuant to this order under one or more restructuring cost financing orders in addition to this order, as such terms are defined in the LIPA Reform Act.

## ORDERING PARAGRAPHS

1. The Authority hereby approves the recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, in an amount not to exceed the Order Cap from the proceeds of the sale of the Restructuring Property. The Authority hereby approves the Restructuring Costs, including the Upfront Financing Costs, as approved restructuring costs within the meaning of the LIPA Reform Act.
2. The Authority hereby approves the sale of the Restructuring Property to the Securitization Authority for an amount equal to the proceeds of the sale of the Bonds less the amount required to pay all Upfront Financing Costs (but not including the deposit into the Reserve Subaccount) by the Authority known to or estimated by the Authority at the time of the sale of the Bonds.
3. The Authority approves the issuance and sale of Bonds in an aggregate principal amount not to exceed the Order Cap, in one or more series or tranches to be sold at one or more times, pursuant to the Bond Purchase Agreement.
4. The Authority hereby approves the recovery and payment of all Upfront Financing Costs known to or estimated by the Authority at the time of the sale of the Bonds from the proceeds of the sale of the Bonds.
5. The Authority hereby approves the recovery and payment of any Upfront Financing Costs not known to or in excess of the estimates by the Authority at the time of the sale of the Bonds as Ongoing Financing Costs.
6. The Authority hereby authorizes and approves the imposition, billing and collection of the Charges to recover from Consumers the principal and interest payable on the Bonds and the other Ongoing Financing Costs. Such Charges shall be in an amount sufficient at all times to provide for the full and timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs.
7. The Authority hereby approves the financing, recovery and payment of the Restructuring Costs, including the Upfront Financing Costs, through the sale of the Restructuring Property and the issuance of the Bonds.
8. The Authority hereby approves the adjustment mechanism and mathematical formula specified in **Exhibit B** to this order. The adjustment mechanism shall be used to determine the initial Charge, which shall be specified in the Issuance Advice Letter. The adjustment mechanism shall thereafter be applied at least annually to correct for any over-collection or under-collection of Charges and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs. The Authority hereby approves the request of the Securitization Authority that each adjustment to the Charge shall automatically become effective on the date specified in the notice of such adjustment that is filed with the Authority, which effective date shall be within the 60 day period following the filing of such notice of adjustment. Each Charge adjustment shall take effect as described in such **Exhibit B** and each mathematically inaccurate Charge adjustment shall be changed (after taking into account the estimated overcollections or undercollections resulting from such mathematical error) effective as

of the billing cycle in the month that begins at least 5 days after the Authority notifies the Servicer of its determination that the calculation of such Charge adjustment is mathematically inaccurate.

9. The Authority hereby approves the recovery and payment of all Ongoing Financing Costs from the collections of the Charges.

10. The Authority shall be the entity in which initial ownership of the Restructuring Property will vest.

11. The Restructuring Property will be created when the Restructuring Property is sold to the Securitization Authority as provided in the Sale Agreement. The Restructuring Property shall include the right to impose, bill and collect the Charges described in this order and the right, title and interest (a) in and to the Charges, as adjusted from time to time in accordance with this order; (b) in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charges or constituting Charges, regardless of whether such revenues, collections, claims, payments, money, or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, claims, payments, money or proceeds; (c) in and to all rights to obtain adjustments to the Charges pursuant to the terms of this order; and (d) in and to all rights to receive the foregoing.

12. The Restructuring Property shall be used to pay and secure the payment of the Bonds and other Ongoing Financing Costs. The Servicer, on behalf of the owner of the Restructuring Property, is hereby authorized to impose, bill and collect the Charges, and to adjust such Charges from time to time pursuant to the adjustment mechanism set forth in **Exhibit B** hereto, to pay debt service on the Bonds and other Ongoing Financing Costs on a timely basis.

13. The Authority hereby approves the Servicing Agreement, the Administration Agreement, the Indenture, Sale Agreement and the Bond Purchase Agreement (the "Basic Documents"), with such changes as the trustee, officer or other authorized representative of the Securitization Authority, the Authority or LIPA signing such Basic Document may approve, such approval to be conclusively evidenced by the signature of such trustee, officer or other authorized representative on such Basic Document.

14. The Authority hereby approves the subcontracting by the Servicer of some of its duties under the Servicing Agreement to the operator of the T&D System Assets as sub-servicer or otherwise. The Authority directs that the Servicer submit to the Authority and the owner of the T&D System Assets, at least one month before its effective date or at such other time specified by the Authority, any contract that authorizes a third party to bill and/or collect the Charges, for review and any steps or other action required by Section 16 of the LIPA Reform Act.

15. The Securitization Authority shall sign the Bond Purchase Agreement at the time specified by the Authority in a written notice sent to the Securitization Authority, which time shall be no later than December 31, 2025.

16. Since payments by Consumers will include payments of the Charge which will be subject to the lien of the Indenture as well as payments of other transition charges, transmission and distribution and other charges that will be subject to the lien of the General Bond Resolution of the Authority, the Authority hereby authorizes the commingling of these payments in one or more segregated accounts (subject to a lockbox, escrow, intercreditor or other agreement or arrangement to protect the interests of the owners of the Bonds and the Securitization Authority as well as the interests of the secured creditors of the Authority) or in the Authority's revenue account until the amounts of the Charges included in the payments can be estimated or determined and transferred to the collection account maintained with the Indenture Trustee and the amounts that are subject to the lien of the General Bond Resolution can be estimated or determined and transferred to the appropriate account of the Authority. To the extent necessary to provide for timely payment of the Bonds and other Ongoing Financing Costs, the Authority hereby authorizes the transfer of estimated amounts subject to reconciliation as soon as practicable, but no less often than monthly. The estimated amounts shall be reconciled with the actual collections at least annually. The estimated amounts may be based on a collections curve or other information produced by the Servicer's billing system.

17. The Securitization Authority is not authorized to incur any debt other than the Bonds and its obligations under or in accordance with the Basic Documents or successor agreements or other rate reduction bonds and its obligations under or in accordance with the documents entered into in connection therewith. The Securitization Authority is not authorized to incur any Upfront Financing Costs unless specifically authorized by the Authority.

18. The Bonds shall be without recourse to the credit or any assets of the Authority or LIPA.

19. The Bonds shall be without recourse to the credit or any assets of the Securitization Authority other than the Restructuring Property, the collection account, the Reserve Subaccount, and any other collateral for the Bonds described in the Indenture.

20. The initial Servicer shall file with the Authority and the Securitization Authority, no later than the third business day after the completion of the pricing of the Bonds in accordance with the Bond Purchase Agreement, an Issuance Advice Letter in substantially the form attached hereto as **Exhibit C**.

21. The Servicer shall file at least semi-annually with the Authority and the Indenture Trustee a periodic report showing the billing and collection of Charges, remittances to the Indenture Trustee, the application of Charge revenues to debt service on the Bonds and other Ongoing Financing Costs by the Indenture Trustee as directed by the Servicer, and the balances in the collection account and the Reserve Subaccount as of a particular date.

22. The amounts in the Reserve Subaccount shall be fully used, to the extent practicable, to make the final payments of principal and interest on the Bonds (including any Subordinate Note) and other Ongoing Financing Costs. If any amount remains in the Reserve Subaccount after the Bonds and any other Ongoing Financing Costs have been paid in full, the remaining amount shall be applied to make refunds to Consumers on the same basis as such Consumers would have then been obligated to pay Charges.

23. If an event of default with respect to the Bonds has occurred and is continuing, the transfer of the Restructuring Property to a third party as provided in the Indenture is hereby approved.

24. The Securitization Authority is hereby authorized to contract with LIPA as initial Servicer for an initial annual servicing fee of up to 0.05% of the aggregate initial principal amount of the Bonds and (without duplication) for reimbursement of all expenses incurred by LIPA in the performance of its duties as Servicer, to enable LIPA to recover the incremental costs to LIPA of performing the services required under the Servicing Agreement, including the incremental costs payable to the operator of the T&D System Assets, accountants, or any other entity with whom LIPA contracts to perform any portion of such services, in each case payable from collections of the Charges. The Securitization Authority is hereby authorized to agree with any Servicer to change the annual servicing fee from time to time to approximate the estimated incremental cost of performing the services required by Servicing Agreement. The Securitization Authority is hereby authorized to contract with a successor Servicer for a larger servicing fee if such successor Servicer is not affiliated with the owner of the T&D System Assets or is not performing similar services with respect to the base rates of the owner of the T&D System Assets if such larger fee is reasonably necessary, in the determination of the Authority or the Indenture Trustee, to employ a reliable successor Servicer.

25. The Authority hereby authorizes each Authority Designee to review and approve, as and on behalf of the Authority, the Issuance Advice Letter, the pricing and terms of the Bonds, the amounts of approved Restructuring Costs, the expected Upfront Financing Costs and the expected Ongoing Financing Costs (which may include estimates thereof), and the terms of the Basic Documents, all within the parameters specified in this order, and to confirm, by and on behalf of the Authority, that the pricing of the Bonds set forth in the Issuance Advice Letter complies with this order. The Authority Designee's approval or confirmation pursuant to this order shall constitute the Authority's approval or confirmation, and shall be final and incontestable, without need of further action by the Authority. No approval of expected Upfront Financing Costs or expected Ongoing Financing Costs shall be interpreted to limit the amount of Upfront Financing Costs or Ongoing Financing Costs that are approved by this order.

26. This order shall not be amended after the Bonds have been issued. This order may only be amended on or prior to the date of issuance of the Bonds, but before the Bonds have been issued, (i) at the request of the Authority and (ii) upon approval by the PACB within thirty days of receipt of such amendment; provided, however, that if no approval or disapproval is made within such time, the amendment shall be deemed approved as provided in subsection 4(b) of section 5 of the LIPA Reform Act.

27. This order shall not be interpreted to alter or limit the rights vested in the Authority to establish sufficient T&D rates to pay and perform all of its obligations and contracts with the Authority's bondholders and others in accordance with the terms thereof.



**EXHIBIT A**  
**TARGET DEBT**

**THE AUTHORITY**

<b><u>Series</u></b>	<b><u>Maturity</u></b>	<b><u>Maturity Amount</u></b>	<b><u>Interest Rate</u></b>
2021C	3/1/2023	\$ 194,390,000	0.359%
2021B	9/1/2051	175,000,000	Variable
2021A	9/1/2022	2,855,000	5.000%
2021A	9/1/2023	2,910,000	5.000%
2021A	9/1/2024	8,075,000	5.000%
2021A	9/1/2025	8,480,000	5.000%
2021A	9/1/2026	8,905,000	5.000%
2021A	9/1/2027	9,345,000	5.000%
2021A	9/1/2028	9,815,000	5.000%
2021A	9/1/2029	10,305,000	5.000%
2021A	9/1/2030	5,000,000	1.500%
2021A	9/1/2030	34,745,000	5.000%
2021A	9/1/2031	42,405,000	5.000%
2021A	9/1/2032	45,355,000	4.000%
2021A	9/1/2033	48,625,000	4.000%
2021A	9/1/2034	12,020,000	5.000%
2021A	9/1/2035	12,620,000	5.000%
2021A	9/1/2036	13,250,000	5.000%
2021A	9/1/2037	13,915,000	4.000%
2021A	9/1/2038	14,470,000	4.000%
2021A	9/1/2039	15,050,000	4.000%
2021A	9/1/2040	15,650,000	3.000%
2021A	9/1/2041	16,120,000	4.000%
2021A	9/1/2042	5,840,000	4.000%
2021MTN	9/1/2025	250,000,000	1.000%
2020C	3/1/2023	91,615,000	0.764%
2020B	9/1/2050	250,000,000	Variable
2020A	9/1/2023	2,500,000	5.000%
2020A	9/1/2024	12,160,000	5.000%
2020A	9/1/2025	12,770,000	5.000%
2020A	9/1/2026	10,530,000	5.000%
2020A	9/1/2027	11,055,000	5.000%
2020A	9/1/2028	11,610,000	5.000%
2020A	9/1/2029	12,190,000	5.000%
2020A	9/1/2030	12,800,000	5.000%

## THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2020A	9/1/2031	\$ 13,440,000	5.000%
2020A	9/1/2032	14,110,000	5.000%
2020A	9/1/2033	14,820,000	5.000%
2020A	9/1/2034	15,560,000	5.000%
2020A	9/1/2035	16,335,000	5.000%
2020A	9/1/2036	17,155,000	5.000%
2020A	9/1/2037	18,010,000	5.000%
2020A	9/1/2038	18,910,000	5.000%
2020A	9/1/2039	19,855,000	4.000%
2020A	9/1/2040	1,665,000	4.000%
2019B	9/1/2049	284,250,000	Variable
2019A	9/1/2023	2,500,000	5.000%
2019A	9/1/2024	11,495,000	5.000%
2019A	9/1/2025	12,070,000	5.000%
2019A	9/1/2026	12,675,000	5.000%
2019A	9/1/2027	13,310,000	5.000%
2019A	9/1/2028	13,975,000	5.000%
2019A	9/1/2029	14,675,000	5.000%
2019A	9/1/2030	15,405,000	5.000%
2019A	9/1/2031	16,175,000	5.000%
2019A	9/1/2034	17,550,000	4.000%
2019A	9/1/2035	18,250,000	4.000%
2019A	9/1/2036	18,980,000	3.000%
2019A	9/1/2037	19,550,000	4.000%
2019A	9/1/2038	20,335,000	4.000%
2019A	9/1/2039	3,730,000	4.000%
2018	9/1/2023	2,900,000	5.000%
2018	9/1/2024	3,450,000	5.000%
2018	9/1/2025	3,650,000	5.000%
2018	9/1/2026	12,095,000	5.000%
2018	9/1/2027	22,495,000	5.000%
2018	9/1/2028	24,325,000	5.000%
2018	9/1/2029	26,205,000	5.000%
2018	9/1/2031	6,255,000	3.375%
2018	9/1/2032	5,625,000	5.000%
2018	9/1/2033	50,500,000	5.000%
2018	9/1/2034	62,210,000	5.000%
2018	9/1/2035	66,325,000	5.000%
2018	9/1/2036	11,485,000	5.000%
2018	9/1/2037	44,645,000	5.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2018	9/1/2038	\$ 46,820,000	5.000%
2018	9/1/2039	39,015,000	5.000%
2017	9/1/2023	7,060,000	5.000%
2017	9/1/2024	7,410,000	5.000%
2017	9/1/2025	7,780,000	5.000%
2017	9/1/2026	8,170,000	5.000%
2017	9/1/2027	8,580,000	5.000%
2017	9/1/2028	9,010,000	5.000%
2017	9/1/2029	9,460,000	5.000%
2017	9/1/2030	9,930,000	5.000%
2017	9/1/2031	10,430,000	5.000%
2017	9/1/2032	10,950,000	5.000%
2017	9/1/2033	11,500,000	5.000%
2017	9/1/2034	12,070,000	5.000%
2017	9/1/2035	12,675,000	5.000%
2017	9/1/2036	13,310,000	5.000%
2017	9/1/2037	13,975,000	5.000%
2017	9/1/2042	81,085,000	5.000%
2017	9/1/2047	103,485,000	5.000%
2016B	9/1/2022	5,640,000	5.000%
2016B	9/1/2023	11,640,000	5.000%
2016B	9/1/2024	12,835,000	5.000%
2016B	9/1/2025	12,200,000	5.000%
2016B	9/1/2026	11,160,000	5.000%
2016B	9/1/2027	17,960,000	5.000%
2016B	9/1/2028	11,540,000	5.000%
2016B	9/1/2029	14,300,000	5.000%
2016B	9/1/2030	28,340,000	5.000%
2016B	9/1/2031	24,195,000	5.000%
2016B	9/1/2032	27,370,000	5.000%
2016B	9/1/2033	8,005,000	5.000%
2016B	9/1/2034	11,010,000	5.000%
2016B	9/1/2035	8,780,000	5.000%
2016B	9/1/2036	40,000,000	5.000%
2016B	9/1/2041	51,730,000	5.000%
2016B	9/1/2046	66,035,000	5.000%
2015C	5/1/2033	149,000,000	Variable
2015B	9/1/2023	2,635,000	5.000%
2015B	9/1/2024	2,770,000	5.000%
2015B	9/1/2025	1,050,000	3.000%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2015B	9/1/2025	\$ 1,860,000	5.000%
2015B	9/1/2026	3,030,000	5.000%
2015B	9/1/2027	3,185,000	5.000%
2015B	9/1/2028	3,345,000	5.000%
2015B	9/1/2029	3,510,000	5.000%
2015B	9/1/2030	3,685,000	5.000%
2015B	9/1/2031	3,870,000	5.000%
2015B	9/1/2032	4,065,000	5.000%
2015B	9/1/2033	4,265,000	5.000%
2015B	9/1/2034	4,480,000	5.000%
2015B	9/1/2035	4,705,000	5.000%
2015B	9/1/2036	4,940,000	5.000%
2015B	9/1/2037	5,185,000	5.000%
2015B	9/1/2038	5,445,000	5.000%
2015B	9/1/2040	11,660,000	4.000%
2015B	9/1/2045	34,170,000	5.000%
2015A-2	12/1/2029	149,000,000	Variable
2015A-1	5/1/2033	51,000,000	Variable
2014C	5/1/2033	150,000,000	Variable
2014B	9/1/2024	21,530,000	3.883%
2014B	9/1/2025	22,365,000	3.983%
2014B	9/1/2026	23,260,000	4.133%
2014A	9/1/2034	48,215,000	5.000%
2014A	9/1/2035	29,360,000	5.000%
2014A	9/1/2039	60,000,000	4.000%
2014A	9/1/2039	71,990,000	5.000%
2014A	9/1/2044	203,505,000	5.000%
2012B	9/1/2022	11,880,000	5.000%
2012B	9/1/2023	13,810,000	5.000%
2012B	9/1/2024	9,705,000	5.000%
2012B	9/1/2025	9,900,000	5.000%
2012B	9/1/2026	60,055,000	5.000%
2012B	9/1/2027	25,230,000	5.000%
2012B	9/1/2029	45,170,000	5.000%
2012A	9/1/2037	37,390,000	5.000%
2012A	9/1/2042	3,605,000	5.000%
2010B (BABs)	5/1/2024	16,905,000	5.450%
2010B (BABs)	5/1/2025	17,520,000	5.600%
2010B (BABs)	5/1/2026	18,180,000	5.700%
2010B (BABs)	5/1/2041	110,000,000	5.850%

# THE AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2003C	9/1/2029	\$ 36,645,000	Variable
2000A (CAB)	6/1/2022	36,390,000	-
2000A (CAB)	6/1/2023	36,885,000	-
2000A (CAB)	6/1/2024	37,385,000	-
2000A (CAB)	6/1/2025	37,890,000	-
2000A (CAB)	6/1/2026	38,400,000	-
2000A (CAB)	6/1/2027	38,915,000	-
2000A (CAB)	6/1/2028	39,435,000	-
2000A (CAB)	6/1/2029	39,965,000	-
1998A (CAB)	12/1/2022	12,970,000	-
1998A (CAB)	12/1/2023	12,970,000	-
1998A (CAB)	12/1/2024	12,970,000	-
1998A (CAB)	12/1/2025	12,970,000	-
1998A (CAB)	12/1/2026	12,970,000	-
1998A (CAB)	12/1/2027	12,970,000	-
1998A (CAB)	12/1/2028	12,965,000	-
2015 GR-Notes		1,000,000,000	Variable
2019A RCA		200,000,000	Variable

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2013-TE	12/15/2023	\$ 680,000	5.000%
2013-TE	6/15/2024	14,595,000	5.000%
2013-TE	12/15/2024	14,960,000	5.000%
2013-TE	12/15/2025	25,130,000	5.000%
2013-TE	12/15/2026	77,740,000	5.000%
2013-TE	12/15/2027	190,640,000	5.000%
2013-TE	12/15/2028	178,425,000	5.000%
2013-TE	12/15/2029	186,045,000	5.000%
2013-TE	12/15/2030	73,015,000	5.000%
2013-TE	12/15/2031	55,130,000	5.000%
2013-TE	12/15/2032	45,130,000	5.000%
2013-TE	12/15/2033	44,370,000	5.000%
2013-TE	12/15/2034	5,470,000	5.000%
2013-TE	12/15/2035	880,000	5.000%
2013-TE	12/15/2036	93,910,000	5.000%
2013-TE	12/15/2037	103,030,000	5.000%
2013-TE	12/15/2038	103,670,000	5.000%
2013-TE	12/15/2039	161,570,000	5.000%
2013-T	12/15/2023	114,641,000	3.435%
2015	12/15/2022	10,825,000	5.000%
2015	6/15/2023	6,150,000	5.000%
2015	12/15/2023	6,305,000	5.000%
2015	6/15/2024	21,745,000	5.000%
2015	12/15/2024	22,285,000	5.000%
2015	6/15/2025	51,765,000	5.000%
2015	12/15/2025	53,055,000	5.000%
2015	12/15/2026	8,300,000	5.000%
2015	12/15/2027	4,835,000	5.000%
2015	12/15/2028	6,350,000	5.000%
2015	12/15/2029	5,320,000	3.000%
2015	12/15/2030	133,600,000	5.000%
2015	12/15/2030	30,000,000	3.000%
2015	12/15/2031	133,135,000	5.000%
2015	12/15/2032	91,130,000	5.000%
2015	12/15/2033	99,725,000	5.000%
2015	12/15/2034	129,130,000	5.000%
2015	12/15/2035	50,000,000	4.000%
2015	12/15/2035	114,880,000	5.000%
2016A	6/15/2023	40,970,000	5.000%
2016A	12/15/2023	41,995,000	5.000%

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2016A	6/15/2024	\$ 65,835,000	5.000%
2016A	12/15/2024	67,480,000	5.000%
2016A	6/15/2025	41,230,000	5.000%
2016A	12/15/2025	42,260,000	5.000%
2016A	6/15/2026	41,600,000	5.000%
2016A	12/15/2026	42,640,000	5.000%
2016A	12/15/2027	810,000	5.000%
2016A	12/15/2028	850,000	5.000%
2016A	12/15/2029	890,000	5.000%
2016A	12/15/2030	20,560,000	5.000%
2016A	12/15/2031	54,260,000	5.000%
2016A	12/15/2032	113,520,000	5.000%
2016A	12/15/2033	61,870,000	5.000%
2016B	12/15/2022	46,050,000	5.000%
2016B	6/15/2023	12,930,000	5.000%
2016B	12/15/2023	13,255,000	5.000%
2016B	6/15/2025	2,940,000	5.000%
2016B	12/15/2025	3,010,000	5.000%
2016B	12/15/2028	36,645,000	5.000%
2016B	12/15/2030	4,350,000	5.000%
2016B	12/15/2031	26,830,000	5.000%
2016B	12/15/2032	28,185,000	5.000%
2016B	12/15/2033	10,000,000	4.000%
2016B	12/15/2033	15,550,000	5.000%
2017	12/15/2022	11,725,000	5.000%
2017	6/15/2023	18,130,000	5.000%
2017	12/15/2023	18,585,000	5.000%
2017	6/15/2024	190,000	5.000%
2017	12/15/2024	195,000	5.000%
2017	6/15/2025	195,000	5.000%
2017	12/15/2025	200,000	5.000%
2017	6/15/2026	205,000	5.000%
2017	12/15/2026	210,000	5.000%
2017	6/15/2027	220,000	5.000%
2017	12/15/2027	225,000	5.000%
2017	12/15/2028	465,000	5.000%
2017	12/15/2029	485,000	5.000%
2017	12/15/2030	510,000	5.000%
2017	12/15/2031	535,000	5.000%
2017	12/15/2032	565,000	5.000%

## SECURITIZATION AUTHORITY

<u>Series</u>	<u>Maturity</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2017	12/15/2033	\$ 595,000	5.000%
2017	12/15/2034	625,000	5.000%
2017	12/15/2035	655,000	5.000%
2017	12/15/2036	63,235,000	5.000%
2017	12/15/2037	62,085,000	5.000%
2017	12/15/2038	69,810,000	5.000%
2017	12/15/2039	82,700,000	5.000%



## EXHIBIT B

### ADJUSTMENT MECHANISM AND MATHEMATICAL FORMULA

#### Adjustment Calculation

The Servicer will make adjustments to the Charge at least annually, beginning no more than 12 months from issuance of the Bonds and continuing until the scheduled final maturity of the Bonds (or any series of Bonds). The Annual True-up (defined below) will be performed on a mandatory basis; the Mid-year Review (defined below) will also be performed on a mandatory basis and the Mid-year True-up (defined below) will only be performed if the Servicer projects undercollections. For each true-up, the Servicer will file with the Securitization Authority a notice of adjustment to the Charge approximately 30 days prior to the effective date.

Annually, the Servicer will file a notice of adjustment (i) to correct for any over-collections or under-collections to date and anticipated to be experienced up to the date of the next annual adjustment and (ii) to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Annual True-up”). Approximately five months after the effective date of each Annual True-up, the Servicer will perform a review to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Mid-year Review”). If the Servicer projects that the Charge collections will be insufficient to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs, the Servicer will file a notice of adjustment (the “Mid-year True-up”). Additionally, the Servicer may file at any time an optional notice of adjustment to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and to make timely payment on all other Ongoing Financing Costs (the “Optional True-up”).

Following the last scheduled final maturity date of the Bonds (or any series of Bonds), if any such Bonds remain outstanding after such scheduled final maturity date, the Servicer will file quarterly adjustments to the Charge to ensure that the Charge collections will be sufficient to pay timely interest and principal in full on the Bonds (or any series of Bonds) that remain outstanding after their scheduled final maturity date and to make timely payment on all other Ongoing Financing Costs on the next payment date.

All adjustments will be designed to cause (i) the outstanding principal balance of the Bonds (or any series of Bonds) to be equal to the scheduled balance (based on the expected amortization schedule) with respect to such Bonds (or any series of Bonds); (ii) the amount in the Reserve Subaccount to be equal to the required reserve level; and (iii) with respect to the Annual True-up only, any residual or excess funds subaccount to be targeted to be zero by the payment date immediately preceding the effective date of the next Annual True-up or by the final payment date on the Bonds, if the next payment date is the final payment date of all of the Bonds (or any series of Bonds).

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Annual True-up in the following manner:

- (1) Calculate under-collections or over-collections of Charge collections from all prior collection periods on a cumulative basis by subtracting (a) the sum of (i) principal and interest paid and scheduled to be paid on the Bonds through the effective date of the next Annual True-up and (ii) all Ongoing Financing Costs paid and expected to be payable through the effective date of the next Annual True-up from (b) the Charge collections to date as well as all Charge collections projected to be received prior to the effective date of the next Annual True-up.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges for that collection period.
- (3) Sum amounts in steps (1) and (2) above.
- (4) Divide the amount in step (3) above by the forecasted energy billing units to determine the Charge for the upcoming collection period.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will perform the Mid-year Review approximately five months after the effective date of each Annual True-up, calculated in the following manner:

- (1) Determine the Charge collections from the current collection period, taking into account actual collections and collections projected to be received during the current collection period.
- (2) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (3) If step (2) is greater than step (1), the Servicer will institute a Mid-year True-up in the manner described below.

For the period prior to the scheduled final maturity date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Mid-year True-up in the following manner:

- (1) Calculate the amount of Charges that must be billed during a collection period such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charge for that period.
- (2) Divide the amount in step (1) above by the forecasted energy billing units to determine the Charge for a collection period.

## **EXHIBIT C**

### **FORM OF ISSUANCE ADVICE LETTER**

\_\_ day of \_\_\_\_, 202[2][3]

**LONG ISLAND POWER AUTHORITY**

**ORDER NO. \_**

### **ISSUANCE ADVICE LETTER FOR RESTRUCTURING BONDS**

Pursuant to the Restructuring Cost Financing Order No. \_ (the “Financing Order”) issued by the Authority on \_\_, 2022, LIPA, as the initial servicer of the Bonds, hereby submits this Issuance Advice Letter with respect to the Bonds priced on \_\_\_\_, 202\_. Any capitalized terms not defined in this Issuance Advice Letter shall have the meanings ascribed to them in the Financing Order.

#### **PURPOSE:**

This filing sets forth the following:

- (a) Terms of Issuance, including pricing and principal amount of the Bonds;
- (b) The net proceeds from the sale of the Bonds and estimated Upfront Financing Costs;
- (c) The initial Charge;
- (d) In case of Bonds issued to refinance the Authority’s debt or debt of the Securitization Authority, the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property to be purchased by the Securitization Authority with the net proceeds from the sale of such Bonds;
- (e) In case of Bonds issued to finance System Resiliency Costs, a description of the System Resiliency Costs to be financed and the amount thereof;
- (f) The expected savings to Consumers; and
- (g) Confirmation of compliance with the requirements of the Financing Order.

**A. ACTUAL TERMS OF ISSUANCE:**

<b>Issuer:</b>	Utility Debt Securitization Authority
<b>Total Amount Issued (Taxable):</b>	\$[ ]
<b>Total Amount Issued (Non-Taxable):</b>	\$[ ]
<b>[Subordinate Note]</b>	
<b>Trustee: [*]</b>	[ ]
<b>Sale Date: [*]</b>	[ ]
<b>Closing Date:</b>	[ ]
<b>Bond Ratings: [*]</b>	S&P [AAA], Fitch [AAA], Moody's [Aaa]
<b>Target Amortization Schedule: [*]</b>	See Schedule B.
<b>Call Provisions:[*]</b>	
<b>Payments to Holders:[*]</b>	Semiannually, Beginning on [ ]
<b>Required Reserve Level</b>	[0.5% of the initial aggregate principal amount of the Bonds]

[\*Not applicable to Subordinate Note]

The initial annual Servicing Fee as a percentage of the original Bond principal balance is \_\_\_\_%.

The principal amounts of each Tranche of the Bonds to be issued and sold by the Securitization Authority on \_\_\_\_\_, 202\_\_ are as follows:

Tranche	Principal Amount	Expected Final Maturity	Legal Final Maturity	Interest Rate	Yield
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
		__/__/____	__/__/____		
Total					

The maximum scheduled principal and interest payments in any bond year on all restructuring bonds heretofore issued under Restructuring Cost Financing Order No. 6, Restructuring Cost Financing Order No. 7, Restructuring Cost Financing Order No. 8 and Restructuring Cost Financing Order No. 9, together with the Bonds, is calculated to be \$\_\_\_\_\_, which is [less][greater] than the expected aggregate maximum scheduled annual principal and interest payments of \$[\_\_\_\_] as set forth in said restructuring cost financing orders.

None of the Bonds will have a legal final maturity exceeding 30 years from the date of their issuance.

The final scheduled maturity of each series of Bonds shall be no later than the final scheduled maturity date of the Authority or Securitization Authority bonds to be purchased, redeemed, repaid or defeased with the proceeds of such series of Bonds.

The Bonds, taken as a whole, are expected to have the following weighted average yield and life:

<b>Effective Annual Weighted Average Yield on the Bonds:</b>	[ ]%
<b>Expected Weighted Average Life of Issuance:</b>	[ ] yrs

**B. NET PROCEEDS: UPFRONT FINANCING COSTS:**

The net proceeds from the sale of the Bonds are as follows:

	<u>AMOUNT</u>
1 <b>Gross Proceeds</b>	
2 Rating agency fees	
3 Bond Trustee fee	
4 Printing and filing fees (estimated)	
5 Accountant's / auditor's fees (estimated)	
Legal fees and expenses for Authority's/Bond Issuer's counsel	
6 (estimated)	
7 Legal fees and expenses for Bond Trustee's counsel (estimated)	
8 Legal fees and expenses for underwriters' counsel (estimated)	
9 Fees and expenses for Authority's financial advisor (estimated)	
10 Underwriting fees/expenses (estimated)	
11 Original issue discount (estimated)	
12 Deposit to Reserve Subaccount	
13 [Other]	
14 <b>Total estimated Upfront Financing Costs</b> (Sum of Lines 2 through 13)	
15 <b>Net Proceeds</b> (Line 1 — Line 14)	

**INITIAL CHARGE:**

The initial Charge, calculated pursuant to the Financing Order, is \$\_ /kWh.

The table below shows the current assumptions for variables used in the calculation of the initial Charge.

**Input Values For Initial Charge**

Applicable period: from _____, _____ to _____, _____	
Forecasted retail kWh sales for the applicable period:	_____
Scheduled Bond payments and estimated other Ongoing Financing Costs for the applicable period:	\$ _____
Percent of billed amounts expected to be charged-off:	%
Forecasted % of billed amounts paid during the applicable period:	%

Forecasted retail kWh sales billed and collected during the applicable period:

Total billing requirement for applicable period: \$ \_\_\_\_\_

Initial Charge per kWh \$ \_\_\_\_\_

**C. TARGET DEBT; SYSTEM RESILIENCY COSTS TO BE FUNDED:**

The Net Proceeds from the sale of the Bonds will be used to purchase the Restructuring Property. The portions of the Target Debt to be purchased, redeemed, repaid or defeased with the proceeds of the sale of the Restructuring Property and the Restructuring Costs are set forth in Schedule A-1 hereto.

The System Resiliency Costs to be financed with the Net Proceeds are set forth in Schedule A-2 hereto.

**D. EXPECTED SAVINGS:**

The expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Expected LIPA Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	\$ _____	\$ _____	\$ _____

In the case of Bonds issued to finance System Resiliency Costs, the expected Net Present Value Savings to Consumers, calculated pursuant to the Financing Order, the Securitization Debt Service based upon the scheduled payments on the Bonds specified in Schedule B hereto, the expected other Ongoing Financing Costs specified in Schedule C hereto, and the expected Charges specified in Schedule D hereto, and the Aggregate Expected Debt Service specified in Schedule E hereto, are as follows:

	<b>Assumed System Resiliency Debt Service</b>	<b>Securitization Debt Service</b>	<b>Expected Savings</b>
<b>Net Present Value</b>	\$ _____	\$ _____	\$ _____

**E. BASIC DOCUMENTS:**

Attached to this Issuance Advice Letter are forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement to be executed and delivered in connection with the issuance of the Bonds.

Respectfully submitted:

LONG ISLAND LIGHTING COMPANY (LIPA),  
as Servicer

By: \_\_\_\_\_  
[Title]



## **CONFIRMATION AND APPROVAL**

The undersigned Authority Designee, as and on behalf of the Authority, hereby (a) confirms that the pricing of the Bonds and the other matters described in foregoing Issuance Advice Letter comply with the Financing Order and (b) approves (i) the Restructuring Costs, the expected Upfront Financing Costs, the expected Ongoing Financing Costs described in the Issuance Advice Letter, and (ii) the forms of the Servicing Agreement, Administration Agreement, Indenture, and Sale Agreement attached to the Issuance Advice Letter.

LONG ISLAND POWER AUTHORITY

By: \_\_\_\_\_  
[Title]

**SCHEDULE A-1**

**TARGET DEBT TO BE PURCHASED, REDEEMED, REPAYED OR DEFEASED**  
**("RETIRED")**

<b>Description</b>	<b>Amount to be Retired</b>	<b>Total Outstanding Principal Amount</b>	<b>Current Maturity</b>	<b>Interest Rate</b>
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**SCHEDULE A-2**

**[Description of System Resiliency Costs to be financed and estimated amount thereof to be  
inserted here.]**

**SCHEDULE B**

**SCHEDULED BOND PAYMENTS**

<b>SERIES [ ] , TRANCH [ ]</b>	<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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**SCHEDULED SUBORDINATE NOTE PAYMENTS**

<b>Payment Date</b>	<b>Principal Balance</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>
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## SCHEDULE C

### **ESTIMATED OTHER ONGOING FINANCING COSTS**

#### **ANNUAL AMOUNT**

Ongoing Servicer fee (LIPA as Servicer)	
Servicing expenses	
Administration fees and expenses	
Bond Trustee Fees and Expenses	
Legal fees	
Accounting fees	
Rating Agency fees	
Reporting and filing fees	
[Amount sufficient to fund the Reserve	
Subaccount over a period of not more than ____	
months]	
Miscellaneous	
<b>TOTAL ESTIMATED OTHER ONGOING</b>	
<b>FINANCING COSTS</b>	

The Ongoing Financing Costs detailed in the table above are authorized by the Financing Order and approved by the Authority Designee.

**Note: The amounts shown for each category of Ongoing Financing Costs on this attachment are the expected expenses for the first year of the Bonds. Charges will be adjusted at least annually (and at least quarterly after the scheduled final maturity date for the Bonds, or any series of Bonds, if any such Bonds remain outstanding after such scheduled final maturity date, until such Bonds are paid in full) to reflect any changes in Ongoing Financing Costs through the adjustment mechanism described in the Financing Order.**

## **SCHEDULE D**

### **SUMMARY OF EXPECTED CHARGES**

<b>Year</b>	<b>Bond Payments<sup>1</sup></b>	<b>Other Ongoing Financing Costs<sup>2</sup></b>	<b>Charge Requirement<sup>3</sup></b>	<b>Present Value of Expected Charges<sup>4</sup></b>
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<sup>1</sup> From Schedule B.

<sup>2</sup> From Schedule C.

<sup>3</sup> Sum of Bond payments and Ongoing Financing Costs, adjusted for applicable taxes, uncollectible and billing lags.

<sup>4</sup> The discount rate used is the “all-in” true interest cost of the Bonds.

**SCHEDULE E**

**SUMMARY OF AGGREGATE EXPECTED DEBT SERVICE  
ATTRIBUTABLE TO THE TARGET DEBT TO BE PURCHASED, REDEEMED,  
REPAID OR  
DEFEASED (“RETIRED”)**

<b>Fixed Rate Bonds by Series or CUSIP</b>	<b>Principal Amount to be Retired</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Present Value of Expected Payments</b>
------------------------------------------------	-----------------------------------------------	-----------------	----------------------	---------------------------------------------------

<b>Other Debt</b>	<b>Principal Amount to be Retired</b>	<b>Assumed Maturity if Refinanced</b>	<b>Estimated Interest Rate if Refinanced</b>	<b>Present Value of Expected Payments</b>
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# EXHIBIT D

## SYSTEM RESILIENCY COSTS IN CURRENT CAPITAL BUDGET

### TRANSMISSION & DISTRIBUTION CAPITAL PLAN

SYSTEM RESILIENCY COSTS					Estimated Amounts				
SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1891	Storm Hardening	Various	Storm hardening program	Program	70,000,000	70,000,000	75,000,000	75,000,000	75,000,000
2073	Reliability	Newbridge (5M)	Bank # 1 failure	Specific	2,291,026	-	-	-	-
2077	Reliability	Newbridge	Newbridge Road (5M) - Purchase 345-138kV MVA	Specific	4,401,100	-	-	-	-
1557	Reliability	Northport	Phase Shifter - Replacement LTC controls or perform upgrade	Specific	171,998	-	-	-	-
1931	Reliability	Greenlawn	Elwood splice upgrade project	Specific	1,380,000	-	-	-	-
1970	Reliability	Various	Two Way Radio System 16th Radio Frequency Site	Specific	350,000	350,000	-	-	-
1022	Reliability	Fire Island Pines	Install New 23 kV Circuit to Ocean Beach Substation	Specific	1,086,418	21,365,089	21,240,514	-	-
1541	Reliability	East Garden City	Switchgear replacement	Specific	16,579,264	12,284,861	17,048,414	-	-
1183	Reliability	Various	Upgrade supervisory controllers for Capacitor Banks	Program	3,430,000	3,560,000	-	-	-
1250	Reliability	Various	Transformer monitoring	Program	2,950,000	2,950,000	2,950,000	3,000,000	3,000,000
1293	Reliability	Various	Distribution circuit improvement program (CIP)	Program	16,000,000	9,000,000	9,000,000	9,000,000	9,000,000
1299	Reliability	Various	Remote terminal unit replacement/upgrades	Program	2,796,000	2,700,000	2,700,000	2,700,000	2,700,000
1309	Reliability	Various	Distribution breaker replacements	Program	748,000	748,000	748,000	748,000	748,000
1311	Reliability	Various	Mechanical relay replacements	Program	684,800	800,000	800,000	800,000	800,000
1321	Reliability	Various	Transformer major component replacements	Program	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
1325	Reliability	Various	Pipe type cable low pressure trip	Program	1,366,000	1,366,000	1,366,000	1,366,000	1,366,000
1327	Reliability	Various	Pipe type cable terminal pressure monitoring upgrade program	Program	904,998	-	-	-	-
1332	Reliability	Various	Transmission protection and controls upgrades	Program	2,758,400	3,200,000	3,200,000	3,200,000	3,200,000
1783	Reliability	Various	Upgrade corrosion protection system for pipe type cable	Program	2,000,000	1,750,000	600,000	1,500,000	1,500,000
1788	Reliability	Various	Cap and pin insulator replacements	Program	800,000	425,000	425,000	425,000	425,000
2020	Reliability	Various	Replace (13) trailer mounted capacitor banks with fixed banks	Program	5,154,000	6,154,000	5,654,000	2,654,000	2,654,000
2021	Reliability	Various	Distribution switchgear replacements	Program	1,500,000	2,000,000	4,600,000	4,600,000	4,600,000
2044	Reliability	Various	Substation transformers replacements	Program	5,000,000	11,150,000	7,300,000	5,500,000	5,500,000

## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	Estimated Amounts				
					2022	2023	2024	2025	2026
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
2049	Reliability	Various	Distribution pole mounted switches and RTU replacements	Program	500,000	500,000	500,000	500,000	500,000
2145	Reliability	Various	Transmission wood pole replacement on the LIRR right-of-way	Program	300,000	3,000,000	12,220,000	-	-
2205	Reliability	Various	Transmission wood pole replacement on public/LIPA right-of-way	Program	70,000	4,691,660	4,691,660	4,691,660	-
1565	Reliability	Various	Substation distribution circuit relay upgrade	Program	402,600	500,000	500,000	500,000	500,000
2225	Reliability	Various	Rear yard distribution circuits relocation/undergrounding	Program	500,000	5,433,000	-	-	-
1269	Reliability	Various	Distribution system improvements - services, branch lines & customer requests	Blanket	30,974,918	32,523,664	34,149,847	35,857,339	37,650,206
1273	Reliability	Various	Substation equipment failures	Blanket	7,000,000	8,000,000	9,000,000	10,000,000	10,000,000
1275	Reliability	Various	System spares	Blanket	14,600,000	5,800,000	5,800,000	5,100,000	5,100,000
1283	Reliability	Various	Underground distribution cable upgrades	Program	15,200,000	17,000,000	18,000,000	19,000,000	20,000,000
1287	Reliability	Various	Distribution pole replacements	Blanket	13,782,252	14,195,720	14,621,591	15,060,239	15,512,046
1289	Reliability	Various	Distribution multiple customer outages (MCO)	Blanket	7,490,325	7,715,035	7,946,486	8,184,880	8,430,427
1291	Reliability	Various	Residential underground cables upgrades	Program	11,400,000	13,000,000	14,000,000	15,000,000	16,000,000
1297	Reliability	Various	Transmission pole replacements	Blanket	744,568	781,797	820,887	861,931	905,028
1301	Reliability	Various	Transmission & Distribution Wood Pole Reinforcement	Blanket	1,600,000	8,400,000	5,000,000	5,000,000	5,000,000
1837	Reliability	Various	Distribution Automation Repeater Network and Site Upgrades	Blanket	675,000	675,000	400,000	400,000	400,000
2124	Reliability	Various	Replacement of Non-restorable Distribution Wood Pole Rejects	Blanket	12,814,200	6,960,484	12,814,200	12,814,200	12,814,200
2121	Other	Arverne	MTA Beach 67th Relocation	Specific	2,591,740	-	-	-	-
1094	Other	Hicksville	Transmission operations control room facility replacement	Specific	10,907,012	15,329,681	34,500,000	8,000,000	30,363,307
1492	Other	Various	Substation security upgrade	Program	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
1278	Other	Various	Transfer distribution facilities to new telephone poles	Blanket	12,800,000	10,059,000	10,562,000	11,090,000	11,645,000
1747	Load Growth	South Fork	Upgrade Transmission Lines from 23 kV to 33 kV	Specific	692,534	-	-	-	-
1853	Load Growth	Ocean Beach	Install new 4kV circuit	Specific	6,004,917	-	-	-	-
1987	Load Growth	Arverne	Install new 33kV circuit to Far Rockaway substation	Specific	14,324,020	8,912,000	-	-	-
1043	Load Growth	Round Swamp	Construct new 69/13kV substation	Specific	9,399,995	-	-	-	-
2131	Load Growth	Eastport	Reconductor conversion and reinforcement	Specific	2,978,199	-	-	-	-



## TRANSMISSION &amp; DISTRIBUTION CAPITAL PLAN

SOS ID	CORPORATE CATEGORY	LOCATION	INVESTMENT NAME	CLASSIFICATION	SYSTEM RESILIENCY COSTS				
					Estimated Amounts				
					<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
1988	Load	Rockaway	Install new 33 kV circuit to Arverne	Specific	7,978,440	11,250,740	10,831,000	-	-
	Growth	Beach							
1123	Load	Massapequa	Construct new 69/13kV substation	Specific	11,511,825	13,777,000	-	-	-
	Growth								
1991	Load	Bridgehampton	Install 2 new feeders and conversion and reinforcement	Specific	5,006,228	2,493,172	4,387,358	-	-
	Growth								
2069	Load	Bridgehampton	Install new 3rd bank and switchgear	Specific	4,186,866	3,773,014	-	-	-
	Growth								
1476	Load	Bridgehampton	Install New 69kv Circuit to Buell Substation	Specific	1,121,000	878,000	23,719,000	16,198,000	-
	Growth								
1456	Load	Elwood	Install new distribution bank and switchgear	Specific	211,529	3,661,969	11,615,125	16,798,570	-
	Growth								
1795	Load	Various	Residential underground development to serve new business	Blanket	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
	Growth								
Grand Total					\$368,870,172	\$367,863,886	\$407,461,082	\$314,299,819	\$304,063,214

RESTRUCTURING PROPERTY PURCHASE AND SALE AGREEMENT

between

UTILITY DEBT SECURITIZATION AUTHORITY,

as Bond Issuer

and

LONG ISLAND POWER AUTHORITY

as Seller

Dated as of \_\_\_\_ 1, 202\_\_

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This RESTRUCTURING PROPERTY PURCHASE AND SALE AGREEMENT, dated as of \_\_\_ 1, 202\_, is between Utility Debt Securitization Authority, a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York (the “Bond Issuer”), and the Long Island Power Authority, a corporate municipal instrumentality, body corporate and politic and a political subdivision of the State of New York (together with its successors in interest to the extent permitted hereunder, the “Seller”).

## RECITALS

WHEREAS, the Bond Issuer desires to purchase the Restructuring Property (as defined herein) created pursuant to the Statute and the Financing Order (each as defined herein); and

WHEREAS, the Seller is willing to sell the Restructuring Property to the Bond Issuer.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I. DEFINITIONS

Section 1.01. Definitions. Whenever used in this Agreement, the following words and phrases shall have the following meanings:

“Adjustment Notice” has the meaning specified in Appendix A of the Servicing Agreement.

“Administration Agreement” means the Administration Agreement, dated as of \_\_\_ 1, 202\_, between Long Island Lighting Company, d/b/a LIPA, as Administrator, and the Bond Issuer, as amended and supplemented from time to time.

“Agreement” means this Restructuring Property Purchase and Sale Agreement, as amended and supplemented from time to time.

“Authority” means the Long Island Power Authority and any successor thereto.

“Authorized Officer” means the chief executive officer, the president, any vice president, the treasurer or any assistant treasurer of the Seller.

“Authority Regulations” has the meaning specified in Appendix A of the Servicing Agreement.

“Back-Up Security Interest” has the meaning specified in Section 2.01.

“Basic Documents” means, collectively, this Agreement, the Bond Indenture, the Servicing Agreement, the Administration Agreement, the Continuing Disclosure Agreement and the Bond Purchase Agreement.

“Bonds” means the Bonds issued under the Bond Indenture.

“Bondholder” or “Holder” means the Person in whose name a Bond is registered on the Bond Register.

“Bond Indenture” means the Bond Indenture, dated as of \_\_\_\_ 1, 202\_\_, between the Bond Issuer and the Bond Trustee, as amended and supplemented from time to time.

“Bond Issuer” has the meaning set forth in the preamble of this Agreement.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated \_\_\_\_ 1, 202\_\_, among the Bond Issuer and the underwriters named therein.

“Bond Register” has the meaning specified in Section 2.05 of the Bond Indenture.

“Bond Trustee” means the Person acting as trustee under the Bond Indenture.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York are authorized or obligated by law, regulation or executive order to remain closed.

“Charge” has the meaning specified in the Financing Order, as the same may be adjusted from time to time as provided in the Financing Order.

“Charge Collections” has the meaning specified in Appendix A of the Servicing Agreement.

“Closing Date” means the date of the issuance of the Bonds.

“Collateral” has the meaning specified in the Granting Clause of the Bond Indenture.

“Collection Account” has the meaning specified in Section 8.02(a) of the Bond Indenture.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of \_\_\_\_ 1, 202\_\_, between the Issuer and the Servicer.

“Corporate Trust Office” has the meaning specified in Section 1.01 of the Bond Indenture.

“Customers” means consumers as defined in the Statute.

“Financing Cost” has the meaning specified in Section 1.01 of the Bond Indenture.

“Financing Order” means the Restructuring Cost Financing Order No. [6][7][8][9] of the Authority adopted on \_\_\_\_ 1, 202\_\_.

“Fitch” means Fitch Ratings or its successor.

“Grant” means mortgage, pledge, collaterally assign and grant a Lien upon and a security interest in. A Grant of any agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting Person thereunder, the immediate and continuing

right to claim for, collect, receive and give receipts for payments in respect of and all other monies payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the Granting Person or otherwise, and generally to do and receive anything that the Granting Person is or may be entitled to do or receive thereunder with respect thereto.

“Indemnified Person” has the meaning specified in Section 5.01(g).

“Issuance Advice Letter” means the initial Issuance Advice Letter, dated \_\_\_\_ 1, 202\_\_, filed with the Authority and the Bond Issuer by the Servicer pursuant to Section 3.5 of the Statute.

“Lien” means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

“Losses” has the meaning specified in Section 5.01(d).

“Moody’s” means Moody’s Investors Service, Inc. or its successor.

“Officer’s Certificate” means a certificate signed by any Authorized Officer of the Seller.

“Ongoing Financing Costs” has the meaning specified in the Financing Order.

“Operating Expenses” has the meaning specified in Section 1.01 of the Bond Indenture.

“Opinion of Counsel” means one or more written opinions of counsel who may be an employee of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel.

“Outstanding Amount” has the meaning specified in Section 1.01 of the Bond Indenture.

“Person” means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

“Rating Agencies” means, collectively, S&P, Moody’s and Fitch.

“Required Reserve Level” has the meaning specified in Section 1.01 of the Bond Indenture.

“Reserve Subaccount” has the meaning specified in Section 1.01 of the Bond Indenture.

“Restructuring Costs” has the meaning specified in the final Financing Order.

“Restructuring Property” means the restructuring property that is created simultaneous with the sale of such property by the Seller to the Bond Issuer and continues to exist pursuant to and in accordance with the Financing Order and Section 7 of the Statute.

“Seller” has the meaning set forth in the preamble of this Agreement.

“Servicer Default” means an event specified in Section 6.01 of the Servicing Agreement.

“Servicing Agreement” means the Restructuring Property Servicing Agreement, dated as of \_\_\_ 1, 202\_, between the Long Island Lighting Company, as Servicer, and the Bond Issuer, as amended and supplemented from time to time.

“S&P” means Standard & Poor’s Ratings Services, a division of McGraw Hill Financial, Inc., or its successor.

“Statute” means Part B of Chapter 173 of the State of New York Laws of 2013, as amended to the date hereof.

“UCC” means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

“Upfront Financing Costs” has the meaning specified in the Financing Order.

Section 1.02. Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.
- (c) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;
- (d) “or” is not exclusive; “including” means including without limitation;
- (e) words in the singular include the plural and words in the plural include the singular;
- (f) words of the masculine gender shall mean and include correlative words of the feminine and neuter genders;
- (g) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons, and shall include successors and assigns;
- (h) each time of day shall be local time in The City of New York, New York, except as otherwise specified herein;
- (i) each reference to Bonds includes portions thereof in authorized denominations;
- (j) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Bond Indenture as a whole and not to any particular Article, Section or other subdivision;



(k) all references in this Agreement to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement; and

(l) except as otherwise specified herein, UCC terms shall have the meanings given to such terms in the UCC.

## ARTICLE II. CONVEYANCE OF RESTRUCTURING PROPERTY

Section 2.01. Conveyance of Restructuring Property. In consideration of the Bond Issuer’s delivery to or upon the order of the Seller of an amount equal to the net proceeds of the sale of the Bonds as set forth in Section B of the Issuance Advice Letter (such amount representing the proceeds of the Bonds net of the Upfront Financing Costs as set forth in Section B of the Issuance Advice Letter), the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Bond Issuer, WITHOUT RECOURSE OR WARRANTY, except as specifically set forth herein, all right, title and interest of the Seller in and to the Restructuring Property (such sale, transfer, assignment, setting over and conveyance of the Restructuring Property includes, to the fullest extent permitted by the Statute, the assignment of all revenues, collections, claims, payments, money or proceeds of or arising from the Charge pursuant to the Financing Order) and copies of all books and records related thereto. Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale and, pursuant to Section 7.3 of the Statute and the Financing Order, shall be treated as an absolute transfer of all of the Seller’s right, title and interest in (as in a true sale), and not as a pledge or other financing of, the Restructuring Property, other than for accounting and federal, state and local income and franchise tax purposes. If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be a true sale as provided in Section 7.3 of the Statute and the Financing Order, then such sale, transfer, assignment, setting over and conveyance shall be treated as the creation of a security interest in the Restructuring Property and, without prejudice to its position that it has absolutely transferred all of its right, title and interest in and to the Restructuring Property to the Bond Issuer, the Seller hereby Grants to the Bond Issuer a security interest in the Restructuring Property (including, to the fullest extent permitted by the Statute, the assignment of all revenues, collections, claims, payments, money or proceeds of or arising from the Charge pursuant to the Financing Order) to secure a payment obligation incurred by the Seller in respect of the amount paid by the Bond Issuer to the Seller pursuant to this Agreement (the “Back-Up Security Interest”). A UCC-1 financing statement will be filed in order to perfect the Back-Up Security Interest.

## ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to Section 3.09 hereof, the Seller makes the following representations and warranties, as of the Closing Date, on which the Bond Issuer has relied in acquiring the Restructuring Property.

Section 3.01. Organization and Good Standing. The Seller is duly organized and validly existing as a corporate municipal instrumentality, body corporate and politic and a political subdivision of the State of New York, in good standing under the laws of the State of New York, with the requisite power and authority to own its properties as such properties are currently

owned and to conduct its business as such business is now conducted by it, and has the requisite power and authority to own the Restructuring Property.

Section 3.02. Due Qualification. The Seller is duly qualified to do business, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Seller's business, operations, assets, revenues or properties).

Section 3.03. Power and Authority. The Seller has the requisite power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Seller.

Section 3.04. Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to applicable insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' or secured parties' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

Section 3.05. No Violation. The sale of the Restructuring Property and the consummation of the transactions contemplated by the Statute and this Agreement and the fulfillment of the terms hereof and thereof do not: (i) conflict with or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the Seller or any material indenture, agreement or other instrument to which the Seller is a party or by which it is bound; (ii) result in the creation or imposition of any Lien upon any of the Seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be Granted under the Basic Documents); or (iii) violate any existing law or any existing order, rule or regulation applicable to the Seller of any federal or state court or regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or its properties.

Section 3.06. No Proceedings. There are no proceedings or investigations pending and, to the Seller's knowledge, there are no proceedings or investigations threatened, before any federal or state court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or its properties involving or relating to the Seller or the Bond Issuer or, to the Seller's knowledge, any other Person: (i) asserting the invalidity of this Agreement, the Statute or the Financing Order, (ii) seeking to prevent the consummation of the transactions contemplated by this Agreement or the other Basic Documents, (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the Bonds, or the validity of the Statute or the Financing Order or (iv) seeking to adversely affect the federal or state income tax classification of the Bonds as debt.

Section 3.07. Approvals. No approval, authorization, consent, order or other action of, or filing with, any federal or state court, regulatory body, administrative agency or other governmental instrumentality is required in connection with the execution and delivery by the Seller of this Agreement, the performance by the Seller of the transactions contemplated hereby or the fulfillment by the Seller of the terms hereof, except for those that have been obtained, waived or made and are in full force and effect.

Section 3.08. The Restructuring Property.

(a) Title. It is the intention of the parties hereto that the transfer and assignment herein contemplated constitute a sale of the Restructuring Property from the Seller to the Bond Issuer and that no interest in, or title to, the Restructuring Property shall be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No portion of the Restructuring Property has been sold, transferred, assigned or pledged by the Seller to any Person other than the Bond Issuer. On the Closing Date, immediately upon the sale hereunder, the Seller has transferred, sold and conveyed the Restructuring Property to the Bond Issuer, free and clear of all Liens, except for any Lien that may be Granted under the Basic Documents, and pursuant to Section 7.3 of the Statute and the Financing Order, such transfer shall be treated as an absolute transfer of all of the Seller's right, title and interest (as in a true sale), and not as a pledge or other financing of, the Restructuring Property.

(b) Transfer Filings. On the Closing Date, immediately upon the sale hereunder, the Restructuring Property has been validly transferred and sold to the Bond Issuer, the Bond Issuer shall own all such Restructuring Property free and clear of all Liens (except for any Lien that may be Granted under the Basic Documents) and all filings to be made by the Seller (including filings with the Authority under the Statute and the Financing Order) necessary in any jurisdiction to give the Bond Issuer a valid, perfected ownership interest (subject to any Lien that may be Granted under the Basic Documents) in, and for the Grant by the Bond Issuer to the Bond Trustee of a valid, first priority perfected security interest (except for any Lien that may be Granted under the Basic Documents) in, the Restructuring Property have been made. No further action is required to maintain such ownership interest or the Bond Trustee's perfected security interest (in each case, subject to any Lien that may be Granted under the Basic Documents). Filings have also been made to the extent required in any jurisdiction to perfect the Back-Up Security Interest Granted by the Seller to the Bond Issuer (subject to any Lien that may be Granted under the Basic Documents).

(c) Financing Order and Issuance Advice Letter; Other Approvals. On the Closing Date, under the laws of the State of New York and the United States in effect on the Closing Date, (i) the Financing Order pursuant to which the Restructuring Property has been created is in full force and effect; (ii) the Bondholders are entitled to the protections of the Statute, and the Financing Order is not revocable by the Authority; (iii) the State of New York may not take or permit any action that impairs the value of the Restructuring Property or, except as required by the adjustment mechanism described in the Financing Order, reduce, alter or impair Charges that are imposed, charged, collected or remitted for the benefit of the Bondholders in a manner that would substantially impair the rights of the Bondholders, absent a demonstration by the State of New York that an impairment is a reasonable exercise of its sovereign power and of a character reasonable and appropriate to the public purpose justifying such action, until the Bonds, together

with interest thereon, and all other Ongoing Financing Costs are paid and performed in full; (iv) the process by which the Financing Order was adopted and approved, and the Financing Order and Issuance Advice Letter themselves, comply with all applicable laws, rules and regulations; (v) the Issuance Advice Letter has been filed in accordance with the Financing Order; and (vi) no other approval, authorization, consent, order, registration or other action of, or filing with, any court, Federal or state regulatory body, administrative agency or other governmental instrumentality is required in connection with the creation or sale of the Restructuring Property, except those that have been obtained, waived or made and are in full force and effect.

(d) Assumptions. On the Closing Date, based upon the information available to the Seller on the Closing Date, the assumptions used in calculating the initial Charge are reasonable and are made in good faith. Notwithstanding the foregoing, the Seller makes no representation or warranty that the assumptions used in calculating such Charge will in fact be realized.

(e) Creation of Restructuring Property. Upon the sale by the Seller to the Bond Issuer of all of the Seller's right, title and interest in the Restructuring Property (i) there will arise and constitute an existing present property right and interest of the Bond Issuer in such Restructuring Property which shall continue to exist until such time as the Bonds, together with interest thereon, and all other approved Financing Costs are paid in full; (ii) the creation of the Seller's Restructuring Property is confirmed and is simultaneous with the sale by the Seller to the Bond Issuer of such Restructuring Property; (iii) the Restructuring Property includes the right, title and interest in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Charge, as adjusted from time to time pursuant to the Financing Order, and all rights to obtain adjustments to the Charge pursuant to the Financing Order; and (iv) the owner of the Restructuring Property is legally entitled to collect payments in respect of the Charge in the aggregate sufficient to pay the interest on and principal of the Bonds, to pay the fees and expenses incurred by or allocable to the Bond Issuer in connection with servicing the Bonds, and to replenish the Reserve Subaccount to the Required Reserve Level until the Bonds, together with interest thereon, and all other approved Financing Costs are paid in full. Notwithstanding the foregoing, the Seller makes no representation or warranty that any amounts actually collected in respect of the Charge will in fact be sufficient to meet payment obligations with respect to the Bonds.

(f) Official Statement. The information under the heading "The Seller" in the Preliminary Official Statement relating to the Bonds, dated \_\_\_\_ 1, 202\_\_, as of its date and at all times subsequent thereto up to the Applicable Time (as defined in the Bond Purchase Agreement), does not, and in the Official Statement relating to the Bonds, \_\_\_\_ 1, 202\_\_, as of its date and at all times subsequent thereto up to the Closing Date, will not, contain an untrue statement of a material fact and will not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.09. Limitations on Representations and Warranties. Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty as a result of a change in law by means of a legislative enactment, constitutional amendment or voter initiative or referendum. Notwithstanding anything to the contrary in this Agreement, the Seller makes no representation or warranty that any amounts actually collected in respect of the

Charge will in fact be sufficient to meet payment obligations with respect to the Bonds or that the assumptions used in calculating the Charge will in fact be realized nor shall the Seller be obligated to reduce, or accept a reduction of, any rates or charges to which it would otherwise be entitled in respect of services rendered or to be rendered to Customers in order to permit the payment of the Charge.

#### ARTICLE IV. COVENANTS OF THE SELLER

Section 4.01. Existence. So long as any of the Bonds are outstanding, except as provided under Section 5.02, the Seller (a) will keep in full force and effect its existence, rights and franchises as a corporate municipal instrumentality, body corporate and politic and a political subdivision of the State of New York, and (b) will obtain and preserve its qualification to do business, in each case to the extent that in each such jurisdiction such existence or qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Basic Documents to which the Seller is a party and each other instrument or agreement to which the Seller is a party necessary or appropriate to the proper administration of this Agreement and the transactions contemplated hereby.

Section 4.02. No Liens. Except for the conveyances hereunder or the Back-Up Security Interest, the Seller will not sell, pledge, assign or transfer, or Grant, create, or incur any Lien on, any of the Restructuring Property, or any interest therein, and the Seller shall defend the right, title and interest of the Bond Issuer and the Bond Trustee in, to and under the Restructuring Property against all claims of third parties claiming through or under the Seller. The Long Island Power Authority, in its capacity as Seller, will not at any time assert any Lien against, or with respect to, any of the Restructuring Property.

Section 4.03. Delivery of Collections. If the Seller receives any payments in respect of the Charge or the proceeds thereof when it is not acting as the Servicer, the Seller agrees to pay to the Servicer all payments received by it in respect thereof as soon as practicable after receipt thereof by it.

Section 4.04. Notice of Liens. The Seller shall notify the Bond Issuer and the Bond Trustee promptly after becoming aware of any Lien Granted on any of the Restructuring Property, other than the conveyances hereunder, any Lien under the Basic Documents or for the benefit of the Bond Issuer.

Section 4.05. Compliance with Law. The Seller hereby agrees to comply with its organizational and governing documents and all laws, treaties, rules, regulations and determinations of any governmental instrumentality applicable to it, except to the extent that failure to so comply would not adversely affect the Bond Issuer's or the Bond Trustee's interests in the Restructuring Property or under any of the other Basic Documents to which the Seller is party or the Seller's performance of its obligations hereunder or under any of the other Basic Documents to which it is party.

Section 4.06. Covenants Related to Bonds and Restructuring Property.

(a) So long as any of the Bonds are outstanding, the Seller shall treat the Bonds as debt of the Bond Issuer and not of the Seller, except for financial, accounting or tax reporting purposes.

(b) So long as any of the Bonds are outstanding, the Seller shall indicate in its financial statements that it is not the owner of the Restructuring Property and shall disclose the effects of all transactions between the Seller and the Bond Issuer in accordance with generally accepted accounting principles.

(c) So long as any of the Bonds are outstanding, the Seller shall not own or purchase any Bonds.

(d) The Seller agrees that, upon the transfer and sale by the Seller of the Restructuring Property to the Bond Issuer pursuant to this Agreement, (i) to the fullest extent permitted by law, including the applicable Authority Regulations, the Bond Issuer shall have all of the rights originally held by the Seller with respect to the Restructuring Property, including the right (subject to the terms of the Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any Customer in respect of the Restructuring Property, notwithstanding any objection or direction to the contrary by the Seller and (ii) any payment by any Customer to the Bond Issuer shall discharge such Customer's obligations in respect of the Restructuring Property to the extent of such payment, notwithstanding any objection or direction to the contrary by the Seller.

(e) So long as any of the Bonds are outstanding, (i) the Seller shall not make any statement or reference in respect of the Restructuring Property that is inconsistent with the ownership thereof by the Bond Issuer (other than for financial accounting or tax reporting purposes), and (ii) the Seller shall not take any action in respect of the Restructuring Property except as otherwise contemplated by the Basic Documents.

Section 4.07. Protection of Title. The Seller shall execute and file such filings, including filings with the Authority pursuant to the Statute and UCC filings, and cause to be executed and filed such filings, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the ownership interest of the Bond Issuer, and the security interest of the Bond Trustee, in the Restructuring Property and the Back-Up Security Interest, including all filings required under the Statute and the applicable UCC relating to the transfer of the ownership interest in the Restructuring Property by the Seller to the Bond Issuer, the Granting of a security interest in the Restructuring Property by the Bond Issuer to the Bond Trustee, and the Back-Up Security Interest, and the continued perfection of such ownership interest, security interest and the Back-Up Security Interest. The Seller shall deliver (or cause to be delivered) to the Bond Trustee (with copies to the Bond Issuer) file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall institute any action or proceeding necessary to compel performance by the Authority or the State of New York of any of their obligations or duties under the Statute or the Financing Order, and the Seller agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings

or similar proceedings, as may be reasonably necessary (i) to protect the Bond Issuer, the Bond Trustee, the Bondholders, and any of their respective affiliates, officials, directors, employees, and agents from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation set forth in Article III or (ii) to block or overturn any attempts to cause a repeal of, modification of or supplement to the Statute, the Financing Order, the Issuance Advice Letter, any other Adjustment Notice, or the rights of Bondholders by executive action, legislative enactment or constitutional amendment that would be adverse to the Bond Issuer, the Bond Trustee or the Bondholders. If the Servicer performs its obligations under Section 3.10 of the Servicing Agreement in all respects, such performance shall be deemed to constitute performance of the Seller's obligations pursuant to clause (ii) of the immediately preceding sentence. In such event, the Seller agrees to assist the Servicer as reasonably necessary to perform its obligations under Section 3.10 of the Servicing Agreement in all respects. The costs of any such actions or proceedings shall be payable from Charge Collections as an Operating Expense in accordance with the priorities set forth in Section 8.02(e) of the Bond Indenture. The Seller's obligations pursuant to this Section 4.07 shall survive and continue notwithstanding the fact that the payment of Operating Expenses pursuant to Section 8.02(e) of the Bond Indenture may be delayed (it being understood that the Seller may be required to advance its own funds to satisfy its obligations hereunder).

Section 4.08. Non-Petition Covenant. Notwithstanding any prior termination of this Agreement or the Bond Indenture, but subject to the right of a court of competent jurisdiction to order the sequestration and payment of revenues arising with respect to the Restructuring Property notwithstanding any bankruptcy, reorganization or other insolvency proceedings with respect to any person or entity pursuant to Section 7.1(d) of the Statute, the Seller solely in its capacity as a creditor of the Bond Issuer shall not, prior to the date which is one year and one day after the termination of the Bond Indenture, petition or otherwise invoke or cause the Bond Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Bond Issuer under any Federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Bond Issuer or any substantial part of the property of the Bond Issuer, or, to the fullest extent permitted by law, ordering the winding up or liquidation of the affairs of the Bond Issuer.

Section 4.09. Taxes. So long as any of the Bonds are outstanding, the Seller shall, and shall cause each of its subsidiaries to, pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Restructuring Property; provided that no such tax need be paid if the Seller or one of its subsidiaries is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Seller or such subsidiary has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

Section 4.10. Additional Sales of Restructuring Property. So long as any of the Bonds are outstanding, the Seller shall not sell any "restructuring property" (as defined in the Statute) to secure another issuance of restructuring bonds (as defined in the Statute) if it would cause the

then existing ratings on the Bonds from the Rating Agencies to be downgraded, withdrawn or suspended.

Section 4.11. Tax Exempt Bonds. The Seller covenants that it shall comply with the tax certificates to be executed and delivered by it in connection with the issuance of the Bonds and with letters of instruction, if any, delivered by bond counsel in connection with the issuance of the Bonds, as such tax certificates and letters may be amended from time to time. Notwithstanding anything else in this Agreement to the contrary, the covenants of this Section 4.11 shall survive the payment, redemption or defeasance of the Bonds and the termination of this Agreement.

## ARTICLE V. THE SELLER

### Section 5.01. Liability of Seller: Indemnities.

(a) The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement.

(b) The Seller shall indemnify the Bond Issuer, the Bond Trustee and, the Bondholders for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Bondholders solely as a result of their ownership of Bonds) that may at any time be imposed on or asserted against any such Person under existing law as of the Closing Date as a result of the sale of the Restructuring Property to the Bond Issuer, including any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes; provided, however, that the Bondholders shall be entitled to enforce their rights against the Seller under this Section 5.01(b) solely through a cause of action brought for their benefit by the Bond Trustee.

(c) The Seller shall indemnify the Bond Issuer, the Bond Trustee, and the Bondholders for, and defend and hold harmless each such Person from and against, any and all taxes that may be imposed on or asserted against any such Person under existing law as of the Closing Date as a result of the issuance and sale by the Bond Issuer of the Bonds or the other transactions contemplated herein, including any sales, gross receipts, general corporation, tangible personal property, privilege or license taxes; provided, however, that the Bondholders shall be entitled to enforce their rights against the Seller under this Section 5.01(c) solely through a cause of action brought for their benefit by the Bond Trustee. The Seller shall be reimbursed for any payments under this Section 5.01(c) from Charge Collections as an Operating Expense in accordance with the priorities set forth in Section 8.02(e) of the Bond Indenture.

(d) The Seller shall indemnify the Bond Issuer, the trustees, officers, employees and agents of the Bond Issuer, and the Bondholders for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, actions, suits, claims, damages, payments, costs or expenses of any kind whatsoever (collectively, "Losses") that may be imposed on, incurred by or asserted against each such Person as a result of (i) the Seller's willful misconduct or negligence in the performance of its duties or observance of its covenants under this Agreement, or (ii) the Seller's breach in any material respect of any of its representations and warranties contained in this Agreement, except in the case of both clauses (i)



and (ii) to the extent of Losses either resulting from the willful misconduct or negligence of such indemnified person or resulting from a breach of a representation and warranty made by such indemnified person in any of the Basic Documents that gives rise to the Seller's breach; provided, however, that the Bondholders shall be entitled to enforce their rights against the Seller under this indemnification solely through a cause of action brought for their benefit by the Bond Trustee;

(e) Indemnification under Sections 5.01(b), 5.01(c), 5.01(d) and 5.01(g) shall include reasonable fees and out-of-pocket expenses of investigation and litigation (including reasonable attorneys' fees and expenses), except as otherwise provided in this Agreement.

(f) Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty as a result of a change in law by means of a legislative enactment or constitutional amendment. Notwithstanding anything to the contrary in this Agreement, the Seller makes no representation or warranty that any amounts actually collected in respect of the Charge will in fact be sufficient to meet payment obligations with respect to the Bonds and, hence, the Bond Issuer's allocable portion of the Certificates or that the assumptions used in calculating the Charge will in fact be realized nor shall the Seller be obligated to reduce, or accept a reduction of, any rates or charges to which it would otherwise be entitled in respect of services rendered or to be rendered to customers in order to permit the payment of the Charge.

(g) The Seller shall indemnify and hold harmless the Bond Trustee and any of its affiliates, officials, officers, directors, employees and agents (each an "Indemnified Person") against any and all Losses incurred by any of such Indemnified Persons as a result of (i) the Seller's willful misconduct or negligence in the performance of its duties or observance of its covenants under this Agreement or (ii) the Seller's breach in any material respect of any of its representations and warranties contained in this Agreement, except in the case of both clauses (i) and (ii) to the extent of Losses either resulting from the willful misconduct or negligence of such Indemnified Person or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Seller's breach. The Seller shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, proceeding or investigation without the written consent of the Seller, which consent shall not be unreasonably withheld. The obligations of the Seller under this Section 5.01(g) shall survive the resignation or removal of the foregoing trustees and the termination of the Basic Documents. Promptly after receipt by an Indemnified Person of notice of its involvement in any action, proceeding or investigation, such Indemnified Person shall, if a claim for indemnification in respect thereof is to be made against the Seller under this Section 5.01(g), notify the Seller in writing of such involvement. Failure by an Indemnified Person to so notify the Seller shall relieve the Seller from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.01(g) only to the extent that the Seller suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.01(g), the Seller shall be entitled to assume the defense of any such action, proceeding or investigation. Upon assumption by the Seller of the defense of any such action, proceeding or investigation, the Indemnified Person shall have the right to participate in such action or proceeding and to retain its own counsel. The Seller shall be entitled to appoint counsel of the Seller's choice at the Seller's expense to represent the Indemnified Person in any

action, proceeding or investigation for which a claim of indemnification is made against the Seller under this Section 5.01(g) (in which case the Seller shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the Indemnified Person. Notwithstanding the Seller's election to appoint counsel to represent the Indemnified Person in an action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Seller shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Seller to represent the Indemnified Person would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Indemnified Person and the Seller and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Seller, (iii) the Seller shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action or (iv) the Seller shall authorize the Indemnified Person to employ separate counsel at the expense of the Seller. Notwithstanding the foregoing, the Seller shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than local counsel. The Seller will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 5.01(g) (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding.

(h) The remedies of the Bond Issuer and the Bondholders provided in this Agreement are each such Person's sole and exclusive remedies against the Seller for breach of its representations and warranties in this Agreement.

Section 5.02. Merger or Consolidation of, or Assumption of the Obligations of, Seller. Any Person (a) into which the Seller may be merged or consolidated, (b) that may result from any merger or consolidation to which the Seller shall be a party or (c) that may succeed to the properties and assets of the Seller substantially as a whole, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Seller hereunder, shall be the successor to the Seller under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) if the Seller is the Servicer, no Servicer Default, and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Seller shall have delivered to the Bond Issuer and the Bond Trustee an Officers' Certificate stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, (iii) the Seller shall have delivered to the Bond Issuer and the Bond Trustee an Opinion of Counsel either (A) stating that, in the opinion of such counsel, such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with and (B) either (1) all filings to be made by the Seller, including filings with the Authority pursuant to the Statute and under the applicable UCC, have been executed and filed that are

necessary to fully preserve and protect the interests of the Bond Issuer and the Bond Trustee in the Restructuring Property and reciting the details of such filings, or (2) no such action shall be necessary to preserve and protect such interests and (iv) the Rating Agencies shall have received prior written notice of such transaction from the Seller. When any Person acquires the properties and assets of the Seller substantially as a whole and becomes the successor to the Seller in accordance with the terms of this Section 5.02, then upon satisfaction of all of the other conditions of this Section 5.02, the Seller shall automatically and without further notice be released from all of its obligations hereunder.

Section 5.03. Limitation on Liability of Seller and Others. The Seller and any director, officer, employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising hereunder.

## ARTICLE VI. MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended by the Seller and the Bond Issuer, with (a) ten Business Days' prior written notice given to the Rating Agencies, (b) the prior written consent of the Bond Trustee, and (c) if any amendment would adversely affect in any material respect the interests of any Bondholder, the prior written consent of a majority of the Outstanding Amount of the Bonds affected thereby.

It shall not be necessary for the consent of Bondholders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

Prior to the execution of any amendment to this Agreement, the Bond Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and all conditions precedent have been satisfied. The Bond Trustee may, but shall not be obligated to, enter into any such amendment which affects the Bond Trustee's own rights, duties or immunities under this Agreement or otherwise.

The Bond Issuer shall provide a copy of any amendment to this Agreement to the Bond Trustee and the Rating Agencies promptly after the execution thereof.

Section 6.02. Notices. Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered, or if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid:

- (a) if to the Seller, to:
- Long Island Power Authority  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org
- (b) if to the Bond Issuer, to:
- Utility Debt Securitization Authority  
c/o LIPA, as Administrator  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org
- (c) if to the Bond Trustee, to:
- The Bank of New York Mellon  
[101 Barclay Street - Floor 7-W  
New York, New York 10286  
Attention: Frederic Belen  
Telephone: (212) 815-2588  
Telecopy: (732) 667-9205  
Email: frederic.belen@bnymellon.com]
- (d) if to Moody's, to:
- Moody's Investors Service, Inc.  
[25th Floor, 7 World Trade Center, 250 Greenwich Street  
New York, New York 10007  
Attention: ABS/RMBS Monitoring Department  
Email: ServicerReports@moodys.com  
Facsimile: (212) 553-0573  
Telephone: (212) 553-3686]
- (e) if to S&P, to:
- Standard & Poor's Rating Services  
[55 Water Street  
New York, NY 10041  
Attention: Structured Credit Surveillance  
Telephone: (212) 438-8991  
E-mail: servicer-reports@standardandpoors.com]

(f) if to Fitch, to:

Fitch Ratings  
[33 Whitehall Street  
New York, New York 10004  
Attention: ABS Surveillance  
Email: surveillance-abs-other@fitchratings.com  
Telephone: (212) 908-0500]

(g) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

Section 6.03. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02 and Section 6.09, this Agreement may not be assigned by the Seller.

Section 6.04. Limitations on Rights of Third Parties. The provisions of this Agreement are solely for the benefit of the Seller, the Bond Issuer, the Bondholders, the Bond Trustee and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement, except that the Bondholders shall be entitled to enforce their rights against the Seller under this Agreement solely through a cause of action brought for their benefit by the Bond Trustee. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Restructuring Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 6.05. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.06. Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 6.07. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 6.08. Governing Law. This Agreement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 6.09. Collateral Assignment to Bond Trustee. The Seller hereby acknowledges and consents to the Grant of a security interest and collateral assignment by the Bond Issuer to

the Bond Trustee pursuant to the Bond Indenture for the benefit of the Bondholders and the Bond Trustee of all right, title and interest of the Bond Issuer in, to and under the Restructuring Property and the proceeds thereof and all other Collateral (including, without limitation all of the Bond Issuer's rights hereunder).

Section 6.10. Rule 17g-5 Compliance. The Seller and Bond Issuer agree that any notice, report, document or other information provided by the Seller or Bond Issuer to any Rating Agency under this Agreement or any other Basic Document to which it is a party, for the purpose of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency, shall be provided, substantially concurrently, to the Servicer for posting on the 17g-5 Website.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereto have caused this Restructuring Property Purchase and Sale Agreement to be duly executed by their respective officers as of the day and year first above written.

UTILITY DEBT SECURITIZATION AUTHORITY,  
as Bond Issuer

By: \_\_\_\_\_  
Name:  
Title: Chief Financial Officer

LONG ISLAND POWER AUTHORITY,  
as Seller

By: \_\_\_\_\_  
Name:  
Title: Chief Financial Officer

UTILITY DEBT SECURITIZATION AUTHORITY

as Bond Issuer

AND

LONG ISLAND LIGHTING COMPANY

as Servicer

RESTRUCTURING PROPERTY SERVICING AGREEMENT

Dated as of \_\_\_\_ 1, 202\_\_



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## APPENDICES

Appendix A	Definitions
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This RESTRUCTURING PROPERTY SERVICING AGREEMENT, dated as of \_\_\_\_ 1, 202\_, is made by and between Utility Debt Securitization Authority, a New York public authority (the “Bond Issuer”), and the Long Island Lighting Company, a New York corporation doing business under the name of LIPA (“LIPA”), as Servicer.

## RECITALS

WHEREAS the Servicer is willing to service the Restructuring Property purchased from the Seller by the Bond Issuer; and

WHEREAS the Bond Issuer, in connection with ownership of Restructuring Property, desires to engage the Servicer to carry out the functions described herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01 Definitions. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in Appendix A hereto.

#### Section 1.02 Other Definitional Provisions.

(a) “Agreement” means this Restructuring Property Servicing Agreement, together with all Exhibits, Schedules, Appendices and Annexes hereto, as the same may be amended, supplemented or otherwise modified from time to time.

(b) Non-capitalized terms used herein which are defined in Part B of Chapter 173 of the State of New York Laws of 2013, as amended (the “Statute”), as the context requires, have the meanings assigned to such terms in the Statute, but without giving effect to amendments to the Statute after the date hereof which have a material adverse effect on the Bond Issuer or the Bondholders.

(c) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(d) The words “hereof,” “herein,” “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Appendix and Annex references contained in this Agreement are references to Sections, Schedules, Exhibits, Appendices and Annexes in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation”.

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter forms of such terms.

## ARTICLE II

### APPOINTMENT AND AUTHORIZATION

Section 2.01 Appointment of Servicer; Acceptance of Appointment. The Bond Issuer hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Agreement on behalf of and for the benefit of the Bond Issuer in accordance with the terms of this Agreement. This appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Agreement.

Section 2.02 Authorization. With respect to all or any portion of the Restructuring Property, the Servicer is hereby authorized and empowered by the Bond Issuer to:

(a) execute and deliver, on behalf of itself and/or the Bond Issuer, as the case may be, any and all instruments, documents or notices, and

(b) on behalf of itself and/or the Bond Issuer, as the case may be, make any filing and participate in proceedings of any kind with any governmental authorities, including with the Authority.

The Bond Issuer shall execute and furnish the Servicer with such documents as have been prepared by the Servicer for execution by the Bond Issuer, and with such other documents as may be in the Bond Issuer's possession, as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer's written request, the Bond Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

Section 2.03 Dominion and Control Over the Restructuring Property. Notwithstanding any other provision herein, the Bond Issuer shall have dominion and control over the Restructuring Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Bond Issuer with respect to the Restructuring Property and the Restructuring Property Documentation. The Servicer shall not take any action with respect to the Restructuring Property that is not authorized by this Agreement or that shall impair the rights of the Bond Issuer or the Bond Trustee in the Restructuring Property, in each case unless such action is required by applicable law.

## ARTICLE III

### BILLING SERVICES

Section 3.01 Duties of Servicer. The Servicer, as agent for the Bond Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer will manage, service, administer and make collections in respect of the Charge. The Servicer's duties will include:

(i) obtaining meter reads, calculating electricity usage and billing the Charge in accordance with the Financing Order and collecting (from Customers and Third Parties, as applicable) all Charge Collections;

(ii) responding to inquiries by Customers, Third Parties, the Authority, or any federal, local or other State governmental authority with respect to the Charge;

(iii) delivering bills to customers and Third Parties, accounting for Charge Collections, investigating and resolving delinquencies, processing and depositing collections, making periodic remittances and furnishing periodic reports to the Bond Issuer, the Authority, the Bond Trustee and the Rating Agencies;

(iv) selling, as the agent for the Bond Issuer, as its interest may appear, defaulted or written off accounts in accordance with the Servicer's usual and customary practices for accounts of Customers for T&D Rates;

(v) taking action in connection with True-Up Adjustments as is set forth herein.

Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Agreement shall be qualified in their entirety by the Statute, the Financing Order and any Authority Regulations, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities set forth in Annex 1 which, among other things, relate to data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance.

(b) Notification of Laws and Regulations. The Servicer shall promptly notify the Bond Issuer, the Authority, the Bond Trustee and the Rating Agencies in writing of any laws or Authority Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Agreement.

(c) Other Information. Upon the reasonable request of the Bond Issuer, the Authority, the Administrator, the Bond Trustee, or any Rating Agency, the Servicer shall provide to the Bond Issuer, the Authority, the Bond Trustee or the Rating Agencies, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Restructuring Property to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law for the Bond Issuer, the Authority, the Administrator, the Bond Trustee or the Rating Agencies to monitor the Servicer's performance hereunder. In addition, so long as any of the Bonds of any Tranche are outstanding, the Servicer shall provide to the Bond Issuer, the Authority, the Administrator and to the Bond Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Charge.

### Section 3.02 Collection and Allocation of the Charge.

(a) The Servicer shall use all reasonable efforts, consistent with its customary servicing procedures, to collect all amounts owed in respect of the Charge as and when the same shall become due and shall follow such collection procedures as it follows with respect to collection activities that the Servicer conducts for itself or others. The Servicer shall not change the amount of or reschedule the due date of any scheduled payment of the Charge, except as contemplated in this Agreement or as required by law or court or Authority Regulations; provided, however, that the Servicer may take any of the foregoing actions to the extent that such action would be in accordance with its customary billing and collection practices for T&D Rates. The Servicer shall enforce the obligations of any Third Parties providing billing and collection services with respect to the Charge.

(b) As specified in the Statute and the Financing Order, any amounts received from or on behalf of a Customer that represent a partial payment of unpaid Charges and any other charges payable by the Customer will be allocated pro rata between transition charges, including the Charges, and such other charges unless the Customer specifies that a greater proportion of such payment is to be allocated to transition charges, including the Charges, except that such other charges shall be reduced by the amount of any claims by such Customer of setoff, counterclaim, surcharge or defense for purposes of such calculation.

### Section 3.03 Transfer of Charge Collections.

(a) On each Business Day, commencing on the first Business Day in \_\_\_ 202\_\_ on which payments on bills sent out in \_\_\_ 202\_\_ are received, the Servicer shall calculate the total Charge Collections estimated to have been received from or on behalf of Customers on such Business Day in respect of all previously billed Charges which have been deposited in the Allocation Account and that are required to be remitted from the Allocation Account to the Collection Account (the "Daily Remittance"). Each Daily Remittance shall be calculated according to the procedures set forth in Annex 2 and shall be remitted as soon as reasonably practicable but in any event no later than the second Business Day after such payments are estimated to have been received from the Customers. Not later than 9:00 a.m. New York time on each Business Day, the Servicer shall provide written notice to the Allocation Agent and the Bond Trustee of the amount that the Allocation Agent is required to remit to the Collection Account on such date (i.e., the Daily Remittance). The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the Collateral which it may have received from time to time.

(b) The Servicer agrees and acknowledges that it holds all Charge Collections collected by it and any other proceeds of the Collateral received by it for the benefit of the Bond Trustee and the Holders and that all such amounts will be remitted to the Collection Account or the Allocation Account in accordance with this Section 3.03 and Section 5.11 without any surcharge, fee, offset, charge or other deduction except as set forth in clause (c) below. Except as set forth in clause (c) below, the Servicer further agrees not to make any claim to reduce its obligation to remit or cause to be remitted all Charge Collections collected by it or deposited in the Allocation Account.

(c) Within fifteen days prior to the date any Adjustment Notice is filed with the Authority, the Servicer shall calculate the amount of any Remittance Shortfall or Excess Remittance for the Reconciliation Period, as provided in Section 6(d) of Annex 2. If a Remittance Shortfall exists, the Servicer shall cause the Allocation Agent to make a supplemental remittance from the Allocation Account to the Collection Account within two (2) Business Days after such calculation. If an Excess Remittance exists, the Servicer shall cause such Excess Remittance to be corrected as soon as practicable by (i) reducing the amount of each Daily Remittance from the Allocation Account until the balance of such Excess Remittance has been reduced to zero or (ii) causing payment of the amount of such Excess Remittance to the Servicer (for remittance to the LIPA Bond Trustee) from the General Subaccount or the Excess Funds Subaccount, if necessary. The results of any such reconciliation shall be reported in the next issued Monthly Servicer's Certificate.

(d) Unless otherwise directed to do so by the Bond Issuer, the Servicer shall be responsible for selecting Eligible Investments (as defined in the Indenture) in which the funds in the Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

Section 3.04 Servicing and Maintenance Standards. The Servicer shall, on behalf of the Bond Issuer:

(a) manage, service, administer and make collections in respect of the Restructuring Property with reasonable care and in material compliance with applicable law, including all applicable Authority Regulations, using the same degree of care and diligence that the Servicer exercises with respect to billing and collection activities that the Servicer conducts for itself and others;

(b) follow customary standards, policies and procedures in performing its duties as Servicer that are customary in the electric distribution industry;

(c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce and maintain the Bond Issuer's and the Bond Trustee's rights in respect of the Restructuring Property;

(d) calculate Charges in compliance with the Statute and the Financing Order;

(e) invoice Customers in accordance with the procedures set forth in Annex 2,

except where the failure to comply with any of the foregoing would not materially and adversely affect the Bond Issuer's or the Bond Trustee's interest in the Restructuring Property. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of the Restructuring Property, which, in the Servicer's judgment, may include the taking of legal action pursuant to Section 3.10 or otherwise. Notwithstanding the foregoing, the Servicer shall not change its customary and usual practices and procedures in any manner that would materially and adversely affect the Bond Issuer's or the Bond Trustee's interest in the Restructuring Property unless it shall have provided the Rating Agencies with prior written notice.

Section 3.05 Servicer's Certificates. The Servicer will provide to the Bond Issuer, the Authority and to the Bond Trustee the statements and certificates specified in Annex 1.

Section 3.06 Annual Statement as to Compliance. The Servicer shall deliver to the Bond Issuer, the Authority, the Bond Trustee and each Rating Agency, on or before March 31 of each year beginning March 31, 2023 to and including March 31 succeeding the retiring of the Bonds, an Officer's Certificate, stating that:

(a) a review of the activities of the Servicer (including any party to which the Servicer has subcontracted services under this Agreement) during the preceding calendar year (or relevant portion thereof in the case of the first such Officer's Certificate) and of its performance under this Agreement has been made under such officer's supervision, and

(b) to the best of such officers' knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such period or, if there has been a default in the fulfillment of any such obligation, describing each such default and its status.

Section 3.07 Annual Independent Registered Public Accountants' Report.

(a) The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or its affiliates) to prepare annually, and the Servicer shall deliver annually to the Bond Issuer, the Bond Trustee, the Rating Agencies, and the Authority, on or before March 31 of each year, commencing with 2023 to and including the March 31st succeeding the Final Maturity Date of the Bonds, a report addressed to the Servicer (the "Annual Accountant's Report"), which may be included as part of the Servicer's customary auditing activities, to the effect that such firm has performed certain procedures, agreed between the Servicer and such accountants, in connection with the Servicer's compliance with its obligations under this Agreement during the preceding twelve months ended December 31 (or, in the case of the first Annual Accountant's Report to be delivered on or before March 31, 2023, the period of time from the date of this Agreement until December 31, 202\_), identifying the results of such procedures and including any exceptions noted. In the event such accounting firm requires the Bond Trustee to agree or consent to the procedures performed by such firm, the Bond Issuer shall direct the Bond Trustee in writing to so agree; it being understood and agreed that the Bond Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Bond Issuer, and the Bond Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Report shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the New York Public Authorities Law or the Code of Professional Ethics of the American Institute of Certified Public Accountants, as then in effect.

Section 3.08 Restructuring Property Documentation. To assure uniform quality in servicing the Restructuring Property and to reduce administrative costs, the Servicer shall keep on file, in accordance with its customary procedures, all Restructuring Property Documentation,



it being understood that the Servicer is acting solely as the servicing agent and custodian for the Bond Issuer with respect to the Restructuring Property Documentation.

### Section 3.09 Computer Records: Audits of Documentation.

(a) Safekeeping. The Servicer shall maintain accurate and complete accounts, records and computer systems pertaining to the Restructuring Property and the Restructuring Property Documentation in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between payments or recoveries on (or with respect to) the Charge and the Charge Collections from time to time remitted to the Bond Trustee pursuant to Section 3.03 and to enable the Bond Issuer to comply with this Agreement and the Bond Indenture. The Servicer shall conduct, or cause to be conducted, periodic audits of the Restructuring Property Documentation held by it under this Agreement and of the related accounts, records and computer systems, in such a manner as shall enable the Bond Issuer and the Bond Trustee, as pledgee of the Bond Issuer, to verify the accuracy of the Servicer's record keeping. The Servicer shall promptly report to the Bond Issuer, the Authority, the Administrator, and the Bond Trustee any failure on the Servicer's part to hold the Restructuring Property Documentation and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Bond Issuer or the Bond Trustee of the Restructuring Property Documentation. The Servicer's duties to hold the Restructuring Property Documentation on behalf of the Bond Issuer set forth in this Section 3.09, to the extent such Restructuring Property Documentation has not been previously transferred to a successor Servicer, shall terminate three years after the earlier of the date on which (i) the Servicer is succeeded by a successor Servicer pursuant to the provisions of this Agreement or (ii) no Bonds of any Tranche are outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Restructuring Property Documentation at 333 Earle Ovington Blvd. Ste. 403, Uniondale, New York or at such other office as shall be specified to the Bond Issuer, the Authority and to the Bond Trustee by written notice not later than 30 days prior to any change in location. The Servicer shall permit the Bond Issuer, the Authority, the Administrator and the Bond Trustee or their respective duly authorized representatives, attorneys, agents or auditors at any time during normal business hours to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Restructuring Property, the Charge and the Restructuring Property Documentation. The failure of the Servicer to provide access to such information as a result of an obligation or applicable law (including Authority Regulations) prohibiting disclosure of information regarding customers shall not constitute a breach of this Section 3.09(b).

Section 3.10 Defending Restructuring Property Against Claims. The Servicer shall institute and maintain any action or proceeding necessary to compel performance by the Authority or the State of New York of any of their obligations or duties under the Statute or the Financing Order with respect to the Restructuring Property, and the Servicer agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of or supplement to the Statute or the Financing Order, as the case may be, or the rights of holders of Restructuring

Property that would be adverse to Bondholders. The costs of any such action reasonably allocated by the Servicer to the Restructuring Property shall be payable from Charge Collections as an Ongoing Financing Cost in accordance with the Bond Indenture.

The Servicer's obligations pursuant to this Section 3.10 shall survive and continue notwithstanding the fact that the payment of Ongoing Financing Costs pursuant to the Bond Indenture may be delayed (it being understood that the Servicer may be required to advance its own funds to satisfy its obligations under this Section 3.10).

## ARTICLE IV

### SERVICES RELATED TO TRUE-UP ADJUSTMENTS

Section 4.01 True-Up Adjustments. The Servicer shall perform the calculations and take the actions relating to adjusting the Charge, as set forth in Annex 1.

## ARTICLE V

### THE SERVICER

Section 5.01 Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, on which the Bond Issuer has and will rely in entering into this Agreement relating to the servicing of the Restructuring Property. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of the Restructuring Property to the Bond Issuer and the pledge thereof to the Bond Trustee pursuant to the Bond Indenture.

(a) Organization and Good Standing. The Servicer is a corporation duly organized and in good standing under the laws of the State of New York, with the requisite corporate power and authority to own its properties as such properties are currently owned and to conduct its business as such business is now conducted by it, and has the requisite corporate power and authority to service the Restructuring Property and to hold the Restructuring Property and Restructuring Property Documentation as custodian.

(b) Due Qualification. The Servicer is duly qualified to do business, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Restructuring Property as required by this Agreement) shall require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or adversely affect the servicing of the Restructuring Property).

(c) Power and Authority. The Servicer has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of the Servicer.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against it in accordance with its terms, subject to applicable bankruptcy, receivership, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not: (i) conflict with or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the articles of incorporation or by-laws of the Servicer, or any material indenture, agreement or other instrument to which the Servicer is a party or by which it is bound; (ii) result in the creation or imposition of any Lien upon any of the Servicer's properties pursuant to the terms of any such indenture, agreement or other instrument; or (iii) violate any existing law or any existing order, rule or regulation applicable to the Servicer of any federal or state court or regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties.

(f) Approvals. No approval, authorization, consent, order or other action of, or filing with, any federal or state court, regulatory body, administrative agency or other governmental instrumentality is required in connection with the execution and delivery by the Servicer of this Agreement, the performance by the Servicer of the transactions contemplated hereby or the fulfillment by the Servicer of the terms hereof, except those that have been obtained or made and those that the Servicer is required to make in the future pursuant to Article III or IV hereof.

(g) No Proceedings. There are no proceedings pending and, to the Servicer's knowledge, there are no proceedings threatened and no investigations pending or threatened, before any federal or state court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties involving or relating to the Servicer, the Authority or the Bond Issuer or, to the Servicer's knowledge, any other Person: (i) asserting the invalidity of this Agreement; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement; or (iii) seeking any determination or ruling that might materially adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement.

(h) Reports and Certificates. Each report and certificate delivered in connection with the Issuance Advice Letter or delivered in connection with any filing made to the Authority by the Servicer with respect to the Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; but to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered).

## Section 5.02 Indemnities of Servicer.

(a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(b) The Servicer shall indemnify the Bond Issuer and the Bond Trustee (for itself and on behalf of the Bondholders) and each of their respective trustees, members, managers, officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all Losses that may be imposed upon, incurred by or asserted against any such Person as a result of:

(i) the Servicer's willful misconduct or negligence in the performance of its duties or observance of its covenants under this Agreement or the Servicer's reckless disregard of its obligations and duties under this Agreement;

(ii) the Servicer's breach of any of its representations or warranties in this Agreement; and

(iii) litigation and related expenses relating to its status and obligations as Servicer,

provided, however, that the Servicer shall not be liable for any Losses resulting from the willful misconduct or gross negligence of any Person indemnified pursuant to this Section 5.02 (each, an "Indemnified Person") or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Servicer's breach.

Promptly after receipt by an Indemnified Person of notice of its involvement in any action, proceeding or investigation, such Indemnified Person shall, if a claim for indemnification in respect thereof is to be made against the Servicer under this Section 5.02, notify the Servicer in writing of such involvement. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.02, the Servicer shall be entitled to assume the defense of any such action, proceeding or investigation. Upon assumption by the Servicer of the defense of any such action, proceeding or investigation, the Indemnified Person shall have the right to participate in such action or proceeding and to retain its own counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel. The Indemnified Person shall not settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 5.02 (whether or not the Servicer is an actual or potential party to such claim or action) unless the Servicer agrees in writing to such settlement, compromise or consent and such settlement, compromise or consent includes an unconditional release of the Servicer from all liability arising out of such claim, action, suit or proceeding.

(c) The Servicer shall indemnify the Bond Trustee and its respective officers, directors and agents for, and defend and hold harmless each such Person from and against, any and all Losses that may be imposed upon, incurred by or asserted against any such Person as a result of the acceptance or performance of the trusts and duties contained herein and in the Bond Indenture, except to the extent that any such Loss is due to the willful misconduct, bad faith or gross negligence of the Bond Trustee; provided, however, that the foregoing indemnity is extended to the Bond Trustee solely in its individual capacity and not for the benefit of the Bondholders or any other Person. Such amounts with respect to the Bond Trustee shall be deposited and distributed in accordance with the Bond Indenture.

(d) The Servicer's indemnification obligations under Section 5.02(b) and (c) for events occurring prior to the removal or resignation of the Bond Trustee or the termination of this Agreement shall survive the resignation or removal of the Bond Trustee or the termination of this Agreement and shall include reasonable costs, fees and expenses of investigation and litigation (including the Bond Issuer's and the Bond Trustee's reasonable attorneys' fees and expenses).

(e) Except to the extent expressly provided for in the Basic Documents (including the Servicer's claims with respect to the Servicing Fees), the Servicer hereby releases and discharges the Bond Issuer (including its trustees, officers, employees and agents, if any), and the Bond Trustee (including its respective officers, directors and agents) (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, which the Servicer shall or may have against any such Person relating to the Restructuring Property or the Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) The Servicer will not indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Bonds or for any consequential damages, including any loss of market value of the Bonds, resulting from any default or any downgrade of the ratings on the Bonds.

Section 5.03 Merger or Consolidation of, or Assumption of the Obligations of, Servicer. Any Person (a) into which the Servicer may be merged or consolidated, (b) which may result from any merger or consolidation to which the Servicer shall be a party or (c) which may succeed to the properties and assets of the Servicer substantially as a whole, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Servicer under this Agreement, shall be the successor to the Servicer under this Agreement without the execution or filing of any document or any further act by any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 5.01 shall have been breached and no Servicer Default and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Bond Issuer and the Bond Trustee an Officer's Certificate stating that such consolidation, merger or succession and such agreement of assumption comply with this Section and that all conditions precedent provided for in this Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Bond Issuer and the Bond Trustee an Opinion of Counsel either (A) stating that, in the opinion of such counsel, all statutory filings to

be made by the Servicer, including filings with the Authority pursuant to the Statute and filings under the applicable UCC, that are necessary fully to preserve and protect the interests of the Bond Issuer and the Bond Trustee in the Restructuring Property have been executed and filed and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action is necessary to preserve and protect such interests, (iv) the Rating Agencies shall have received prior written notice of such transaction and (v) the Servicer shall have delivered to the Bond Issuer, the Authority and the Bond Trustee an opinion of independent tax counsel (as selected by, and in form and substance reasonably satisfactory to, the Servicer, and which may be based on a ruling from the Internal Revenue Service) to the effect that, for federal income tax purposes, such consolidation or merger will not result in a material adverse federal income tax consequence to the Bond Issuer, the Bond Trustee or the then existing Bondholders.

The Servicer shall not consummate any transaction referred to in subclauses (a), (b) or (c) above except upon execution of the above described agreement of assumption and compliance with subclauses (i), (ii), (iii), (iv) and (v) above. When any Person acquires the properties and assets of the Servicer substantially as a whole and becomes the successor to the Servicer in accordance with the terms of this Section 5.03, then upon satisfaction of all of the other conditions of this Section 5.03, the Servicer shall automatically and without further notice be released from all its obligations hereunder.

Section 5.04 Assignment. The Servicer may assign any or all of its obligations hereunder to any successor if either (i) the Rating Agency Condition and any other condition specified in the Financing Order have been satisfied, or (ii) the Servicer is replaced by a successor pursuant to Section 5.03.

Section 5.05 Limitation on Liability of Servicer and Others. The Servicer shall not be liable to the Bond Issuer or the Bond Trustee, except as provided under this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement or for errors in judgment; provided, however, that this provision shall not protect the Servicer against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of its duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel reasonably acceptable to the Bond Trustee or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement. Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action incidental to its duties to service the Restructuring Property in accordance with this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability.

Section 5.06 LIPA Not to Resign as Servicer. Subject to the provisions of Sections 5.03 and 5.04, LIPA shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement except upon a determination that LIPA's performance of its duties under this Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of LIPA shall be communicated to the Bond Issuer, the Authority, the Allocation Agent, the Bond Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in

writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Bond Issuer, the Authority, the Allocation Agent and the Trustee concurrently with or promptly after such notice. No such resignation shall become effective until a successor Servicer has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 6.04.

**Section 5.07 Servicing Fee.** The Bond Issuer agrees to pay the Servicer an annual servicing fee (the “Servicing Fee”) for all obligations to be performed by the Servicer under this Agreement. For so long as LIPA is the Servicer, the Servicing Fee shall be 0.05% of the aggregate initial principal amount of the Bonds. The foregoing fee constitutes a fair and reasonable price for the obligations to be performed by the Servicer and approximates the estimated incremental cost of performing the services required by this Agreement exclusive of the expenses payable under Section 5.08. If the Servicer is not affiliated with the owner of the T&D System Assets or not performing similar services with respect to the base rates of the owner of the T&D System Assets, the Servicing Fee shall be an amount agreed upon by the Bond Issuer and the successor Servicer, provided that any Servicing Fee in excess of 0.60% of the aggregate initial principal amount of the Bonds shall be approved by the Authority and the Indenture Trustee, with notice provided to each of the Rating Agencies, and provided, further, that if the Authority fails to approve or disapprove any such Servicing Fee within 30 days following its receipt of a written request to approve the same, the Authority shall be deemed to have approved such Servicing Fee.

**Section 5.08 Servicer Expenses.** Except as otherwise expressly provided herein, the Bond Issuer shall pay all expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other Person, any taxes or payments in lieu of taxes imposed on the Servicer (other than taxes based on the Servicer’s net income) and any expenses incurred in connection with reports to Bondholders, subject to the priorities set forth in Section 8.02(e) of the Bond Indenture).

**Section 5.09 Subservicing.** The Servicer may at any time contract with a subservicer to perform all or any portion of its obligations as Servicer hereunder; provided, however, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable to the Bond Issuer, the Bond Trustee and the Bondholders for the servicing and administering of the Restructuring Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Restructuring Property. The fees and expenses of the subservicer shall be as agreed between the Servicer and its subservicer from time to time, and none of the Bond Issuer, the Bond Trustee or the Bondholders shall have any responsibility therefor. Any such appointment shall not constitute a Servicer resignation under Section 5.06. For purposes of this Section 5.09, the Operation Services Agreement shall be deemed to satisfy the Rating Agency Condition.

**Section 5.10 No Servicer Advances.** The Servicer shall not make any advances of interest on or principal of the Bonds.

Section 5.11 Remittances. No later than the second Business Day following receipt, the Servicer shall cause all payments by or on behalf of Customers, including all Charge Collections (from whatever source), to be deposited into the Allocation Account. As provided in Section 3.03(a), the Servicer shall cause the Allocation Agent to remit the Daily Remittances due on such date to the Bond Trustee for deposit into the Collection Account. The Servicer shall transfer (i) any Indemnity Amounts and (ii) any other proceeds of other Collateral paid to or received by Servicer to the Bond Trustee for deposit in the Collection Account not later than the second Business Day following such receipt.

Section 5.12 Protection of Title. The Servicer shall execute and file such filings and cause to be executed and filed such filings, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interests of the Bond Trustee in the Restructuring Property, including all filings required under the UCC or the Statute relating to the transfer of ownership of or a security interest in the Restructuring Property by the Seller to the Bond Issuer or the security interest granted by the Bond Issuer to the Bond Trustee in the Restructuring Property. The Servicer shall deliver (or cause to be delivered) to the Bond Issuer, the Authority and the Bond Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The costs of any such action reasonably allocated by the Servicer to the Restructuring Property shall be payable from Charge Collections as an Ongoing Financing Cost in accordance with the Bond Indenture. The Servicer's obligations pursuant to this Section 5.12 shall survive and continue notwithstanding the fact that the payment of Ongoing Financing Costs pursuant to the Bond Indenture may be delayed (it being understood that the Servicer may be required to advance its own funds to satisfy its obligations under this Section 5.12).

Section 5.13 Tax Exempt Bonds. The Servicer covenants that it shall comply with the tax certificates to be executed and delivered by it in connection with the issuance of the Bonds and with letters of instruction, if any, delivered by bond counsel in connection with the issuance of the Bonds, as such tax certificates and letters may be amended from time to time. Notwithstanding anything else in this Agreement to the contrary, the covenants of this Section 5.13 shall survive the payment, redemption or defeasance of the Bonds and the termination of this Agreement.

Section 5.14 Compliance with Bond Issuer's Bylaws. The Servicer agrees to comply with the provisions of Article XI of the Bond Issuer's by-laws, including any amendments thereof made with the consent of the Servicer, which consent shall not be unreasonably withheld, to the extent that such provisions are applicable to its duties as agent for the Bond Issuer hereunder and, to the extent that the Servicer employs others to perform such duties in accordance with this Agreement, the Servicer will require that such others comply with such applicable provisions.

## ARTICLE VI

### DEFAULT

Section 6.01 Servicer Default. If any one of the following events (each a "Servicer Default") shall occur and be continuing:



(a) any failure by the Servicer to cause all payments by or on behalf of Customers, including all Charge Collections (from whatever source), received by the Servicer to be deposited into the Allocation Account as provided in Section 5.11 or any failure to cause the Allocation Agent to transfer to the Bond Trustee any required Daily Remittance and cause other amounts received from Collateral to be deposited to the Collections Account pursuant to Section 3.03 hereof that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Bond Issuer or the Bond Trustee; or

(b) any failure by the Servicer duly to observe or perform in any material respect any other covenant or agreement of the Servicer set forth in this Agreement, which failure:

(i) materially and adversely affects the Restructuring Property or the rights of the Bondholders, and

(ii) continues unremedied for a period of 60 days after written notice of such failure has been given to the Servicer by the Bond Issuer, the Authority, the Allocation Agent, the Administrator or the Bond Trustee or after discovery of such failure by an officer of the Servicer; or

(c) any representation or warranty made by the Servicer in this Agreement proves to have been incorrect when made, which has a material adverse effect on the Bond Issuer or the Bondholders and which material adverse effect continues unremedied for a period of 60 days after the date on which written notice thereof has been given to the Servicer by the Bond Issuer, the Authority or the Bond Trustee or after discovery of such failure by an officer of the Servicer, as the case may be; or

(d) an Insolvency Event occurs with respect to the Servicer;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Bond Trustee may, or shall upon the written instruction of the Authority (acting on behalf of Customers) or the Holders of a majority of the outstanding principal amount of the Bonds, by notice then given in writing to the Servicer (and to the Bond Trustee if given by the Bondholders) (a "Termination Notice") may terminate all the rights and obligations (other than the indemnification obligations set forth in Section 5.02 hereof and the obligation under Section 6.04 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Agreement. In addition, upon a Servicer Default, any interested person shall be entitled to apply to any court in New York for sequestration and payment of revenues arising with respect to the Restructuring Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Restructuring Property, the Charge or otherwise, shall, upon appointment of a successor Servicer pursuant to Section 6.04, without further action, pass to and be vested in such successor Servicer and, without limitation, the Bond Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Restructuring Property

Documentation and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Bond Trustee, the Bond Issuer and the Allocation Agent in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Restructuring Property or the Charge. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Restructuring Property Documentation to the successor Servicer. All reasonable costs and expenses (including attorney's fees and expenses) incurred in connection with transferring the Restructuring Property Documentation to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 6.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses.

**Section 6.02 Notice of Servicer Default.** The Servicer shall deliver to the Bond Issuer, the Authority, the Bond Trustee, the Administrator, the Allocation Agent and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice in an Officer's Certificate of any event or circumstance which with the giving of notice or passage of time, or both, would become a Servicer Default under Section 6.01.

**Section 6.03 Waiver of Past Defaults.** The Bond Trustee, with the consent of the Authority and Holders of the majority of the outstanding principal amount of the Bonds, on behalf of all Bondholders, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default under Section 6.01(a). The Servicer shall provide notice of any such waivers to each Rating Agency, promptly after its receipt thereof from the Bond Trustee. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

**Section 6.04 Appointment of Successor.**

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 6.01 or the Servicer's resignation in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee and reimbursement of expenses as provided herein, until a successor Servicer has assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder and upon application of the Bond Trustee, the Authority will designate a successor Servicer. Any appointment of a successor Servicer requires the consent of the Holders of a majority of the outstanding principal amount of the Bonds, and the successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Bond Issuer and the Bond Trustee. If within 30 days after the delivery of the Termination Notice, a new Servicer has not been appointed and accepted such appointment, the Bond Trustee may petition the Authority or a court of competent jurisdiction to appoint a successor Servicer under this Agreement. A Person shall qualify as a successor Servicer only if (i) such Person is permitted to perform the duties of the Servicer pursuant to the Statute, the Authority Regulations, the Financing Order and

this Agreement, (ii) the Rating Agency Condition has been satisfied and (iii) such Person enters into a servicing agreement with the Bond Issuer having substantially the same provisions as this Agreement.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer under this Agreement and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

(c) The successor Servicer may resign only if it is prohibited from serving as such by applicable law.

Section 6.05 Cooperation with Successor. The Servicer covenants and agrees with the Bond Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

#### Section 7.01 Amendment.

(a) This Agreement may be amended by the Servicer and the Bond Issuer, with the consent of the Bond Trustee and the satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment or consent, the Bond Issuer shall furnish written notification of the substance of such amendment or consent to each of the Rating Agencies.

Prior to the execution of any amendment to this Agreement, the Bond Issuer and the Bond Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and the Opinion of Counsel referred to in Section 3.11. The Bond Issuer and the Bond Trustee may, but shall not be obligated to, enter into any such amendment which affects their own rights, duties or immunities under this Agreement or otherwise.

(b) Notwithstanding anything to the contrary in this paragraph, no amendment or modification of this Agreement shall be effective except upon satisfaction of the conditions precedent in this paragraph (b).

(i) At least fifteen days prior to the effectiveness of any such amendment or modification and after obtaining the other necessary approvals set forth in paragraph (a) above (except that the consent of the Bond Trustee may be subject to the consent of Holders if such consent is required or sought by the Bond Trustee in connection with such amendment or modification), the Servicer shall have delivered to the Authority's chief executive officer and general counsel written notification of any proposed amendment, which notification shall contain:

- (A) a reference to the Financing Order;
- (B) an officer's certificate stating that the proposed amendment or modification has been approved by all parties to this Agreement; and
- (C) a statement identifying the person to whom the Authority or its staff is to address any response to the proposed amendment or to request additional time.

(ii) If the Authority or its staff, within fifteen days (subject to extension as provided in clause (iii) below) of receiving a notification complying with paragraph (a) above, shall have delivered to the office of the person specified in paragraph (i)(C) above a written statement that the Authority might object to the proposed amendment or modification, then such proposed amendment or modification shall not be effective unless and until the Authority subsequently delivers a written statement that it does not object to such proposed amendment or modification.

(iii) If the Authority or its staff, within fifteen days of receiving a notification complying with paragraph (a) above, shall have delivered to the office of the person specified in paragraph (i)(C) above a written statement requesting an additional amount of time not to exceed thirty days in which to consider such proposed amendment or modification, then such proposed amendment or modification shall not be effective if, within such extended period, the Authority shall have delivered to the office of the person specified in paragraph (i)(C) above a written statement as described in clause (ii) above, unless and until the Authority subsequently delivers a written statement that it does not object to such proposed amendment or modification.

(iv) If the Authority or its staff shall not have delivered written notice that the Authority might object to such proposed amendment or modification within the time periods described in clause (ii) or clause (iii) above, whichever is applicable, then the Authority shall be conclusively deemed not to have any objection to the proposed amendment or modification and such amendment or modification may subsequently become effective upon satisfaction of the other conditions specified in paragraph (a) above.

(v) Following the delivery of a notice to the Authority by the Servicer under clause (ii) above, the Servicer and the Bond Issuer shall have the right at any time to withdraw from the Authority further consideration of any proposed amendment.

(c) Notwithstanding Sections 7.01(a) and 7.01(b) or anything to the contrary in this Agreement, the Servicer may, with the prior written consent of the Authority, amend Annex 2 to this Agreement in writing with prior written notice given to the Bond Trustee, the Bond Issuer and the Rating Agencies, but without the consent of the Bond Trustee, the Bond Issuer, any Rating Agency or any Holder, solely to address changes to the Servicer's method of calculating Charge Payments as a result of changes to the Servicer's (or its subservicer's) computerized customer information system, including changes which would replace the remittances contemplated by the estimation procedures set forth in Annex 2 with remittances of Charge Collections determined to have been actually received; provided that any such amendment shall not have a material adverse effect on the Holders of the Bonds.

(d) The Servicer shall promptly provide each of the Rating Agencies and the Authority with a copy of any amendment to this Agreement.

Section 7.02 Notices. Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, reputable overnight courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or reputable overnight courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered or transmitted, or if mailed, five days after deposit in the United States mail with proper postage for ordinary mail prepaid:

(a) if to the Servicer, to:

LIPA  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org

(b) if to the Bond Issuer, to:

Utility Debt Securitization Authority  
c/o LIPA, as Administrator  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org

(c) if to the Bond Trustee, to:

The Bank of New York Mellon  
[101 Barclay Street - Floor 7-W  
New York, New York 10286  
Attention: Frederic Belen  
Telephone: (212) 815-2588  
Telecopy: (732) 667-9205  
Email: frederic.belen@bnymellon.com]

(d) if to the Authority, to:

Long Island Power Authority  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org

(e) if to Moody's, to:

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

(f) if to Standard & Poor's, to:

Standard & Poor's Ratings Services  
[55 Water Street  
New York, NY 10041  
Attention: Structured Credit Surveillance  
Telephone: (212) 438-8991  
E-mail: servicer-reports@standardandpoors.com  
Telephone: (212) 438-8991]

(g) if to Fitch, to:

Fitch Ratings  
[33 Whitehall Street  
New York, New York 10004  
Attention: ABS Surveillance  
Email: surveillance-abs-other@fitchratings.com  
Telephone: (212) 908-0500]

(h) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

**Section 7.03 Limitations on Rights of Others.** The provisions of this Agreement are solely for the benefit of the Servicer, the Bond Issuer, the Authority, the Allocation Agent, the Bondholders, the Bond Trustee and the other Persons expressly referred to herein and such Persons shall have the right to enforce the relevant provisions of this Agreement, except that the Bondholders shall be entitled to enforce their rights against the Servicer under this Agreement solely through a cause of action brought for their benefit by the Bond Trustee. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal

or equitable right, remedy or claim in the Restructuring Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 7.04 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.05 Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 7.06 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 7.07 Governing Law. This Agreement shall be construed in accordance with the substantive laws of the State of New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 7.08 Collateral Assignment to Bond Trustee. The Servicer hereby acknowledges and consents to the grant of a security interest and collateral assignment by the Bond Issuer pursuant to the Bond Indenture of all of the Bond Issuer's rights hereunder to the Bond Trustee for the benefit of the holders of the Bonds and the Bond Trustee in and to this Agreement.

Section 7.09 Non-Petition Covenant. Notwithstanding any prior termination of this Agreement or the Bond Indenture, but subject to the right of a court of competent jurisdiction to order the sequestration and payment of revenues arising with respect to the Restructuring Property notwithstanding any bankruptcy, reorganization or other insolvency proceedings with respect to any person or entity pursuant to Section 7.1(d) of the Statute, the Servicer solely in its capacity as creditor of the Bond Issuer, shall not, prior to the date which is one year and one day after the termination of the Bond Indenture with respect to the Bond Issuer, petition or otherwise invoke or cause the Bond Issuer to invoke the process of any court or governmental authority for the purpose of commencing or sustaining an involuntary case against the Bond Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Bond Issuer or any substantial part of the property of the Bond Issuer, or, to the fullest extent permitted by law, ordering the winding up or liquidation of the affairs of the Bond Issuer.

Section 7.10 Termination. This Agreement shall terminate when all Bonds have been retired, redeemed or defeased in full.

Section 7.11 Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Agreement or any other Basic Document to which it is a party for the purposes of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency, shall be, substantially concurrently, posted by the Servicer on the 17g-5 Website.

Section 7.12 Continuing Disclosure Under Rule 15c2-12. The Servicer shall prepare and provide to the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access system ("EMMA"), in the format prescribed by the Municipal Securities Rulemaking Board, the reports, certificates and notices required under the Continuing Disclosure Agreement.

Section 7.13 Third Party Billers.

(a) If at any time in the future the State of New York takes any action to amend the Statute, or the Authority takes any action to adopt, supplement or amend Authority Regulations, in either case, to permit the billing and/or collecting of Charges by Third Parties, the Servicer, on behalf of the Bondholders, shall take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to (A) if the Servicer reasonably believes that such action could result in a downgrade of the Bonds or is otherwise contrary to the Statute or the Financing Order, block or overturn such action of the State or the Authority, as the case may be, including by asserting that such action violates the State Pledge (as defined in the Indenture); and (B) if such challenge or opposition fails, compel performance by the Authority or the State of New York, as the case may be, of their obligations and duties under the Statute and the Financing Order, as applicable, with respect to Third Parties, including but not limited to ensuring that the implementation of any such amendment, supplement, rule or regulation does not result in a downgrade in the credit ratings assigned to the Bonds and otherwise conforms with the matters referenced in Annex 1 hereto;

(i) the Servicer, on behalf of the Bondholders, will take reasonable steps to monitor on an ongoing basis proceedings in the legislature of the State of New York and at the Authority for proposed legislation, rules, regulations or other initiatives that could reasonably result in the taking by the State of New York or the Authority of any action referenced in (a) above; and

(ii) the costs of any action taken by, and the obligations of, the Servicer under this Section shall be treated in the same manner as expenses under Section 5.08.

(b) Should the laws of the State of New York be changed to permit the billing and/or collecting of Charges by Third Parties, the Servicer shall, using the same degree of care and diligence that it exercises with respect to payments owed to it for its own account, implement such procedures and policies as would be necessary to properly enforce the obligations of each Third Party to remit Charges, in accordance with the terms and provisions of the Financing Order.



IN WITNESS WHEREOF, the parties hereto have caused this Restructuring Property Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

UTILITY DEBT SECURITIZATION AUTHORITY,  
as Bond Issuer

By: \_\_\_\_\_  
Name:  
Title: Chief Financial Officer

LONG ISLAND LIGHTING COMPANY,  
as Servicer

By: \_\_\_\_\_  
Name:  
Title: Chief Financial Officer

## ANNEX 1

### CERTIFICATES AND ADJUSTMENTS

The Servicer agrees to comply with the following with respect to the Bond Issuer:

SECTION 1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Appendix A to the Restructuring Property Servicing Agreement dated as of \_\_\_\_ 1, 202\_\_, between the Bond Issuer and LIPA, as Servicer (the “Servicing Agreement”).

SECTION 2. Monthly Servicer Certificates. On or before the 13th Business Day of each calendar month commencing with \_\_\_\_ 202\_\_, the Servicer will deliver to the Allocation Agent, the Bond Issuer, the Authority, the Bond Trustee and each Rating Agency a monthly certificate in substantially the form of Exhibit A hereto (the “Monthly Servicer Certificate”) stating the amount of the total charges received from Customers deposited into the Allocation Account during the preceding calendar month, the estimated amount of Charge Collections transferred to the Collection Account during the preceding calendar month, the amount of any transfers or reductions in respect of Excess Remittances or the Remittance Shortfalls occurring during the preceding calendar month, and the amount of any transfers or reductions in respect of Excess Remittances or Remittance Shortfalls required to occur on any Remittance Date during the current month pursuant to Section 3.03(b) of the Servicing Agreement.

SECTION 3. Semiannual Servicer Certificates. At least one Business Day before each Payment Date, the Servicer shall provide to the Bond Issuer, the Bond Trustee, each Rating Agency and the Authority, a certificate in substantially the form of Exhibit B hereto (the “Semiannual Servicer Certificate”) indicating:

1. the amount to be paid to the Bondholders of each Tranche in respect of principal on such Payment Date in accordance with Section 8.02(e) of the Bond Indenture;
2. the amount to be paid to the Bondholders of each Tranche in respect of interest on such Payment Date in accordance with Section 8.02(e) of the Bond Indenture;
3. the Projected Bond Balance and the Bond Balance for each Tranche as of that Payment Date (after giving effect to the payments on such Payment Date);
4. the amount on deposit in the Reserve Subaccount as of that Payment Date (after giving effect to the transfers to be made from or into the Reserve Subaccount on such Payment Date);
5. the amount, if any, on deposit in the Excess Funds Subaccount as of that Payment Date (after giving effect to the transfers to be made from or into the Excess Funds Subaccount on such Payment Date);
6. the amounts paid to the Bond Trustee since the preceding Payment Date pursuant to Section 8.02(e) of the Bond Indenture;

7. the amounts paid to the Servicer since the preceding Payment Date pursuant to Section 8.02(e) of the Bond Indenture; and

8. the amount of any other transfers and payments to be made on such Payment Date pursuant to Sections 8.02(e) of the Bond Indenture.

SECTION 4. Annual Certificates. The Servicer shall provide the Certificate of Compliance required by Section 3.06 of the Servicing Agreement in substantially the form of Exhibit C hereto.

#### SECTION 5. True-Up Adjustments.

(a) The Servicer will make adjustments to the Charge at least annually, beginning \_\_\_, 202\_ and continuing until the last Scheduled Maturity Date of the Bonds (or any series of Bonds). The Annual True-up (defined below) will be performed on a mandatory basis; the Mid-year Review (defined below) will also be performed on a mandatory basis and the Mandatory Mid-year True-up (defined below) will only be required to be performed if the Servicer projects under collections to be experienced up to the end of the next succeeding Mid-year Calculation Period (as defined below), provided that the Servicer may elect to perform a Voluntary Mid-year True-up (defined below) in any year as provided below. For each Annual True-up, Mandatory Mid-year True-up or Voluntary True-up adjustment (each a “True-Up Adjustment”), the Servicer will file with the Securitization Authority a notice of adjustment to the Charge approximately 30 days prior to the effective date of such adjustment.

(b) Annually, the Servicer will file a notice of adjustment (the “Annual True-up”) (i) to correct for any over-collections or under-collections to date and anticipated to be experienced to the end of the then current Annual Calculation Period, as defined below (the next succeeding December 15), and (ii) to ensure that the Charge during the period commencing on each November 15 and ending on the following November 14 is adequate to pay timely principal and interest on the Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs due during the period beginning on the next December 16 and ending on the following December 15 (each such period, an “Annual Calculation Period”). Before April 15, 2023 and each April 15 thereafter, the Servicer will perform a mid-year review (each a “Mid-year Review”) to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due and to make timely payment on all other Ongoing Financing Costs to the end of the then current Annual Calculation Period. If the Mid-year Review results in a projection that the Charge Collections will be insufficient to make such payments, the Servicer must file a notice of adjustment (the “Mandatory Mid-Year True-Up Adjustment”) to ensure that Charge during the period beginning on May 15 and ending on the following May 14 is adequate to pay timely principal and interest on the Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs due during the period beginning on the next June 16 and ending on the following June 15 (each such period a “Mid-year Calculation Period”). If it is determined that a Mandatory Mid-year True-up is not required, the Servicer may nevertheless voluntarily elect to file a notice of adjustment (i) to correct for any over-collections to date and anticipated to be experienced up to the end of the then current Mid-year Calculation Period and (ii) to ensure that the Charge during the period beginning on May 15 and ending on the following

May 14 is adequate to pay timely principal and interest on the Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs due during the next Mid-year Calculation Period (a “Voluntary Mid-year True-up”). Any such notice of adjustment for a Mandatory Mid-year True-up or a Voluntary Mid-year True-up shall be filed no later than April 15 of such year, any such adjustment to become effective on May 15 of such year of such year. Additionally, the Servicer may file at any time an additional optional notice of adjustment to ensure that the expected collections of the Charge are adequate to pay timely principal and interest on the Bonds when due pursuant to the Expected Amortization Schedule and to make timely payment on all other Ongoing Financing Costs (an “Optional True-up”).

(c) Following the last Scheduled Maturity Date of the Bonds (or any series of Bonds), if any such Bonds remain outstanding after such Scheduled Maturity Date, the Servicer will file quarterly notices of adjustments to the Charge to ensure that the Charge Collections will be sufficient to pay timely interest and principal in full on the Bonds (or any series of Bonds) that remain outstanding after such Scheduled Maturity Date and to make timely payment on all other Ongoing Financing Costs on the next payment date.

(d) All adjustments will be designed to cause (i) the outstanding principal balance of the Bonds (or any series of Bonds) to be equal to the scheduled balance (based on the Expected Amortization Schedule) with respect to such Bonds (or any series of Bonds); (ii) the amount in the Reserve Subaccount to be equal to the Required Reserve Level; (iii) with respect to the Annual True-up only, any amount in the Excess Funds Subaccount to be targeted to be zero by the Payment Date immediately preceding the effective date of the next Annual True-up or by the Final Maturity Date on the Bonds, if the next Payment Date is the Final Maturity Date of all of the Bonds (or any series of Bonds); and (iv) with respect to a Voluntary Mid-year True-up only, any amount in the Excess Funds Subaccount to be targeted to be zero by the Payment Date immediately following the effective date of the next Mid-year Review or by the Final Maturity Date on the Bonds, if the next Payment Date is the Final Maturity Date of all of the Bonds (or any series of Bonds).

(e) For the period prior to the last Scheduled Maturity Date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Annual True-up to be effective as of each November 15 in the following manner:

- (1) Calculate under-collections or over-collections of Charge Collections from all prior Collection Periods on a cumulative basis by subtracting (a) the sum of (i) principal and interest paid and scheduled to be paid on the Bonds through the end of the current Annual Calculation Period and (ii) all Ongoing Financing Costs paid and expected to be payable through the end of the current Annual Calculation Period from (b) the Charge Collections to date and amounts released from the Reserve Subaccount that are in excess of the Required Debt Service Reserve Level as well as all Charge Collections projected to be received prior to the end of the current Annual Calculation Period.
- (2) Calculate the amount of Charges that must be billed through November 14 of the next succeeding calendar year such that the Charges are sufficient (a) to pay timely

- principal and interest on the Bonds when due pursuant to the Expected Amortization Schedule during the Annual Calculation Period ending on December 15 of the next succeeding calendar year, and (b) to make timely payment on all other Ongoing Financing Costs, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges through at least the end of such next succeeding Annual Calculation Period.
- (3) Sum amounts in steps (1) and (2) above.
  - (4) Divide the resulting amount in step (3) above by the forecasted energy billing units for the twelve month period ending on such November 14 of the next succeeding calendar year to determine the Charge to be in effect until the effective date of the next True-up Adjustment.
- (f) For the period prior to the last Scheduled Maturity Date of the Bonds (or any series of Bonds), the Servicer will perform the Mid-year Review before April 15 following the effective date of each Annual True-up, calculated in the following manner:
- (1) Determine the Charge Collections from the applicable Annual Calculation Period, taking into account actual collections and collections projected to be received prior to the end of the current Annual Calculation Period.
  - (2) Calculate the amount of Charges that must be billed prior to the effective date of the next Annual True-up such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due during the current Annual Calculation Period pursuant to the Expected Amortization Schedule and (b) to make timely payment on all other Ongoing Financing Costs during such Annual Calculation Period, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges through at least the end of such Annual Calculation Period.
  - (3) If the amount resulting from the calculation in step (2) is greater than step (1), the Servicer will institute a Mandatory Mid-year True-up in the manner described below.
- (g) For the period prior to the last Scheduled Maturity Date of the Bonds (or any series of Bonds), the Servicer will calculate the adjustments for the Mandatory Mid-year True-up in the following manner:
- (1) Calculate the amount of Charges that must be billed prior to May 15 of the next succeeding calendar year such that the Charges are sufficient (a) to pay timely principal and interest on the Bonds when due pursuant to the Expected Amortization Schedule during the Mid-year Calculation Period ending on June 15 of the next succeeding calendar year and (b) to make timely payment on all other Ongoing Financing Costs during such Mid-year Calculation Period, given (i) projected energy consumption, (ii) projected uncollectibles, and (iii) projected lags in collection of billed Charges through at least end of such Mid-year Calculation Period.

- (2) Divide the amount in step (1) above by the forecasted energy billing units to determine the Charge to be in effect until May 15 of the next succeeding calendar year.

(h) For the period prior to the last Scheduled Maturity Date of the Bonds (or any series of Bonds) if the Servicer elects to implement a Voluntary Mid-year True-up, the Servicer shall calculate the adjustments for the Voluntary Mid-year True-up in the same manner described in clause (e) above with respect to an Annual True-up provided that references in such clause (e) to an Annual Calculation Period shall be deemed to refer to a Mid-year Calculation Period and references in clause (e)(4) to the effective date of the next True-up Adjustment shall be deemed to refer to May 15 of the next succeeding calendar year.

(i) Each Adjustment Notice shall include a description of the adjustment calculation, the mathematical formulas used for such calculations and the amounts of each variable used in such formulas.

(j) If necessary to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of other Ongoing Financing Costs, the Servicer shall prepare and file an Adjustment Notice with the Authority for each Optional True-up. Such filings shall be made at least 30 days prior to the proposed effective date of the proposed adjustments.

(k) Notices.

(1) Notices to the Bond Issuer, Bond Trustee and Rating Agencies. Whenever the Servicer files an Adjustment Notice with the Authority, the Servicer shall send a copy of such filing to the Bond Issuer, the Bond Trustee, the Administrator, the Allocation Agent and the Rating Agencies concurrently therewith, post a copy of such filing on the 17g-5 Website and within thirty (30) days of such filing, to the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board. If any True-Up Adjustment described in any such Adjustment Notice filing does not become effective on the applicable date for any reason, the Servicer shall notify the Bond Issuer, the Allocation Agent, the Bond Trustee and the Rating Agencies by the end of the second Business Day after such applicable date.

(2) Notices to Customers.

(A) After each revised Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer shall, to the extent and in the manner and time frame required by applicable Authority Regulations, if any, cause to be prepared and delivered to customers any required notices announcing such revised Charges.

(B) The Servicer shall comply with the requirements of the LIPA Reform Act and the Financing Order with respect to the identification of the Charges on Bills. In addition, at least once each year, the Servicer shall (to the extent that it does not separately identify the Charges as being owned by the Bond Issuer in the Bills regularly sent to Customers) cause to be prepared and delivered to such Customers a notice stating, in effect, that the Restructuring Property and the Charges are owned solely by the Bond Issuer and not the Servicer. Such

notice shall be included either as an insert to or in the text of the Bills delivered to such Customers or shall be delivered to Customers by electronic means or such other means as the Servicer may from time to time use to communicate with its own Customers.

## ANNEX 2

### PROCEDURES

The Servicer agrees to comply with the following servicing procedures:

#### SECTION 1. Definitions.

(a) Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Restructuring Property Servicing Agreement dated as of \_\_\_\_ 1, 202\_\_, between the Bond Issuer and LIPA, as Servicer (the “Servicing Agreement”).

(b) Whenever used in this Annex 2, the following words and phrases shall have the following meanings:

“Applicable MDMA” means, with respect to each Customer, the meter data management agent or other person providing meter reading services for that Customer’s account.

“Applicable Third Party” means, with respect to each Customer, the Third Party, if any, providing billing or metering services to that Customer.

“Billed Charges” means the amounts billed to Customers pursuant to the Charge, whether billed directly to such Customers by the Servicer or indirectly through a Third Party pursuant to Consolidated Third Party Billing.

“Bills” means each of the regular monthly bills, the summary bills, the initial bills and the Closing Bills issued to Customers or Third Parties by LIPA.

“Budget Payment Plan” means a levelized payment plan offered by LIPA, which, if elected by a Customer, provides for level monthly Bill charges to such Customer. For residential Customers, this charge is calculated by calculating actual electricity usage for the previous 12 months, multiplying that usage by the applicable rates and non-usage sensitive charges and dividing this amount by twelve. The number which results from this calculation is charged to the residential Customer each month. The procedure is similar for small industrial and commercial Customers.

“Charge Effective Date” means the date on which the initial Charge goes into effect pursuant to the Financing Order.

“Closing Bill” means the final bill issued to a Customer at the time service is terminated.

“Consolidated Third Party Billing” means the billing option available to Customers served by a Third Party pursuant to which such Third Party will be responsible for billing and collecting all charges to Customers electing such billing option, including the Charge, and will become obligated to the Servicer for the Billed Charges, all in accordance with applicable Authority Regulations and the Financing Order.



“Days Sales Outstanding” means the average number of days that monthly bills to Customers for electric transmission and distribution services in the Service Area (or, following the authorization of Third Parties to bill and collect Customers for electric transmission and distribution services in the Service Area, monthly bills to Third Parties) remain outstanding during the calendar year immediately preceding the calculation of projected lags in collection of billed Charges pursuant to Annex 2 of the Servicing Agreement. The initial Days Sales Outstanding shall be 39 days until updated pursuant to Annex 2 of the Servicing Agreement.

“Servicer Policies and Practices” means, with respect to the Servicer’s duties under this Annex 2, the policies and practices applicable to such duties that the Servicer (or its sub-servicer) follows with respect to the T&D Rates.

## SECTION 2. Data Acquisition.

(a) Installation and Maintenance of Meters. Except to the extent that a Third Party is responsible for such services, the Servicer shall use commercially reasonable efforts to cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Servicer to obtain usage measurements for each Customer approximately every 30 days or as provided in the applicable tariff.

(b) Meter Reading. At least once each Billing Period, the Servicer shall obtain usage measurements from the Applicable MDMA for each Customer; provided, however, that the Servicer may determine any Customer’s usage on the basis of estimates in accordance with applicable Authority Regulations.

(c) Cost of Metering. The Bond Issuer shall not be obligated to pay any costs associated with the metering duties set forth in this Section 2, including, but not limited to, the costs of installing, replacing and maintaining meters, nor shall the Bond Issuer be entitled to any credit against the Servicing Fee for any cost savings realized by the Servicer or any Third Party as a result of new metering and/or billing technologies.

## SECTION 3. Usage and Bill Calculation.

The Servicer shall obtain a calculation of each Customer’s usage (which may be based on data obtained from such Customer’s meter read or on usage estimates determined in accordance with applicable Authority Regulations) at least once each Billing Period and shall determine therefrom the amount of the Charge to be included on such Customer’s Bill pursuant to the Financing Order and Authority Regulations.

## SECTION 4. Billing.

The Servicer shall implement the Charge as of the Charge Effective Date and shall thereafter bill each Customer or the Applicable Third Party for the respective Customer’s outstanding current and past due charges relating to the Charge, accruing until all payments of principal and interest on the Bonds and all other Ongoing Financing Costs have been paid in accordance with the Indenture, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. In accordance with the Servicer's then-existing Servicer Policies and Practices, as such Servicer Policies and Practices may be modified from time to time, the Servicer shall generate and issue a Bill to each Customer, or, in the case of a Customer who has elected Consolidated Third Party Billing, to an Applicable Third Party, for such Customer's respective Charge as a general practice once approximately every 30 days or such other time period as allowed by the Authority, at the same time, with the same frequency and on the same Bill as that containing the Servicer's T&D Rates to such Customer or Third Party, as the case may be. In the event that the Servicer makes any material modification to these practices, it shall notify the Bond Issuer, the Bond Trustee, the Allocation Agent and the Rating Agencies as soon as practicable, and in no event later than 60 Business Days after such modification goes into effect; provided, however, that the Servicer may not make any modification that will materially adversely affect the Bondholders.

(b) Format.

(i) Pursuant to the Financing Order, each Bill will identify the Charges included in such Bill by means of a footnote or other description of the amount of the Charge or the Charge per kWh and a statement to the effect that the Charges belong to the Bond Issuer.

(ii) In the case of each Customer that has elected Consolidated Third Party Billing, the Servicer shall deliver to the Applicable Third Party itemized charges for such Customer including the amount of such Customer's Charge and text identifying the Bond Issuer as the owner of such Charge.

(iii) The Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to Customers and Third Parties as applicable Authority Regulations shall from time to time prescribe. To the extent that Bill format, structure and text are not prescribed by the Statute, other applicable law or Authority Regulations, the Servicer shall, subject to clauses (i) and (ii) above, determine the format, structure and text of all Bills in accordance with its reasonable business judgment, the Servicer Policies and Practices and prevailing industry standards.

(c) Delivery.

The Servicer shall deliver all Bills to Customers:

(i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices followed by the Servicer with respect to the T&D Rates; or

(ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time use to bill the T&D Rates to Customers. In the case of Customers that have elected Consolidated Third Party Billing, the Servicer shall deliver all Bills to the applicable Third Parties by such means as are prescribed by applicable Authority Regulations, or if not prescribed by applicable Authority Regulations, by such means as are mutually agreed upon by the Servicer and the applicable Third Party and are consistent with Authority Regulations. The Servicer or a Third Party, as applicable, shall pay from its own funds all costs of issuance and delivery of all

Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time.

SECTION 5. Customer Service Functions.

The Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service Customers with respect to the T&D Rates.

SECTION 6. Collections; Payment Processing; Remittances.

(a) Collection Efforts, Policies, Procedures.

(i) The Servicer shall use reasonable efforts to collect all Billed Charges from Customers and Third Parties as and when the same become due and shall follow such collection procedures as it follows with respect to the T&D Rates, including, as follows:

(A) The Servicer shall prepare and deliver overdue notices to Customers and Third Parties in accordance with applicable Authority Regulations and the Servicer Policies and Practices.

(B) The Servicer shall apply late payment charges to outstanding Customer and Third Party balances in accordance with applicable Authority Regulations. All late payment charges and interest collected shall be payable to and retained by the Servicer as a component of its compensation under the Servicing Agreement, and the Bond Issuer shall not have any right to share in the same.

(C) The Servicer shall deliver verbal and written final call notices in accordance with applicable Authority Regulations and Servicer Policies and Practices.

(D) The Servicer shall adhere and carry out disconnection policies in accordance with the Statute, other applicable law and Authority Regulations and Servicer Policies and Practices.

(E) The Servicer may employ the assistance of collections agents in accordance with applicable Authority Regulations and Servicer Policies and Practices.

(F) The Servicer shall apply Customer and Third Party deposits, Customers' letters of credit and Customer posted surety bonds to the payment of delinquent accounts in accordance with applicable Authority Regulations and Servicer Policies and Practices and according to the priorities set forth in Section 6(b)(ii), (iii) and (iv) of this Annex 2.

(G) The Servicer shall promptly take all necessary action in accordance with applicable Authority Regulations to terminate billing of Charges by Third Parties whose payments are delinquent and to collect the Billed Charges directly from the applicable Customers.

(ii) The Servicer shall not waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action:

(A) would be in accordance with the Servicer's customary practices or those of any successor Servicer with respect to comparable assets that it services for itself and for others;

(B) would not materially adversely affect the rights of the Bondholders; and

(C) would comply with applicable law; provided, however, that notwithstanding anything in the Servicing Agreement or this Annex 2 to the contrary, the Servicer is authorized to write off any Billed Charges in accordance with its Servicer Policies and Practices that remain outstanding for 120-150 days.

(iii) The Servicer shall accept payment from Customers in respect of Billed Charges in such forms, by such methods and at such times and places as it accepts payment of the T&D Rates. The Servicer shall accept payment from Third Parties in respect of Billed Charges in such forms, by such methods and at such times and places as the Servicer and each Third Party shall mutually agree in accordance with applicable Authority Regulations.

(b) Payment Processing; Allocation; Priority of Payments.

(i) The Servicer shall post all payments received to Customer accounts as promptly as practicable, and, in any event, substantially all payments shall be posted no later than two Business Days after receipt.

(ii) Subject to clause (iii) below, the Servicer shall apply payments received to each Customer's or Third Party's account in proportion to the charges contained on the outstanding Bill to such Customer or Third Party.

(iii) Any amounts collected by the Servicer that represent partial payments of the total Bill to a Customer or Third Party shall be allocated in accordance with the priorities set forth in Section 3.02(b) of the Servicing Agreement.

(iv) The Servicer shall cause all over-payments to be deposited into the Allocation Account and shall allocate such funds in accordance with clauses (ii) and (iii).

(v) For Customers on a Budget Payment Plan, the Servicer shall treat Charge Collections received from such Customers as if such Customers had been billed for the Charge in the absence of the Budget Payment Plan. Partial payment of a Budget Payment Plan payment shall be allocated according to clause (iii) above, and overpayment of a Budget Payment Plan payment shall be allocated according to clause (iv) above.

(c) Accounts; Records.

(i) The Servicer shall maintain accounts and records as to the Restructuring Property accurately and in accordance with its standard accounting procedures and in sufficient

detail to permit reconciliation between payments or recoveries with respect to the Restructuring Property and the amounts from time to time remitted to the Collection Account in respect of the Restructuring Property.

(ii) The Servicer shall maintain accounts and records as to Third Parties performing Consolidated Third Party Billing for Customers accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between payments or recoveries with respect to the Restructuring Property and amounts owed by such Customers in respect of the Charge.

(d) Calculation of Daily Remittances, Excess Remittances and Remittance Shortfalls.

1. For purposes of calculating the Daily Remittance, (i) all Billed Charges shall be estimated to be collected the same number of days after billing as is equal to the Days Sales Outstanding then in effect (or on the next Business Day) and (ii) the Servicer will, on each Business Day, cause the Allocation Agent to remit to the Collection Account an amount equal to the product of the Billed Charges estimated to be collected on such Business Day multiplied by one hundred percent less the percentage of projected uncollectibles used by the Servicer to calculate the most recent adjustment pursuant to Annex 1 of the Servicing Agreement. Such product shall constitute the amount of Estimated Charge Collections for such Business Day.
2. Pursuant to Section 3.03(c) of the Servicing Agreement, within fifteen days prior to the date on which an Adjustment Notice is filed with the Authority, the Servicer shall calculate and report in the next succeeding Monthly Servicer's Certificate the amount of Actual Charge Collections for all completed Collection Periods during the Reconciliation Period as compared to the Estimated Charge Collections remitted to the Collection Account in respect of such Reconciliation Period and any Excess Remittance or Remittance Shortfall. Actual Charge Collections will be calculated using actual data, including actual electricity consumption, actual uncollectibles and actual lags in collection for the Reconciliation Period. If Third Parties are authorized to bill, collect and remit Charges, the Servicer shall be allowed to use the reimbursement of any Excess Remittance to reimburse any Third Parties for the excess of their remittances over actual Charge Payments received by such Third Parties in accordance with the terms of Authority Regulations.
3. On or before the times specified in Annex 1 to the Servicing Agreement, the Servicer shall, in a timely manner so as to perform all required calculations under Annex 1 to the Servicing Agreement for the True-up Adjustments, update the Days Sales Outstanding, the projected lags in collection of billed Charges and the projected uncollectibles in order to be able to calculate the next True-Up Adjustment and to calculate any change in the Daily Remittances for the next Reconciliation Period.

4. All calculations of collections, each update of the Days Sales Outstanding, the projected lags in collection of billed Charges, the projected uncollectibles and any changes in procedures used to calculate the Estimated Charge Payments pursuant to this Section 6(d) of this Annex 2 shall be made in good faith, and in the case of any update pursuant to clause 6(d)(2) above, in a manner reasonably intended to provide estimates and calculations that are at least as accurate as those that were provided on the Closing Date utilizing the initial procedures.

(e) Remittances.

1. The Servicer shall make or cause payments to the Collection Account or the Allocation Account in accordance with Sections 3.03 and 5.11 and this Annex 2 of the Servicing Agreement.
2. In the event of any change of account or change of institution affecting the remittances, the Bond Issuer shall provide written notice thereof to the Servicer by the earlier of:
  - (A) five Business Days from the effective date of such change, or
  - (B) five Business Days prior to the next applicable Remittance Date.

## EXHIBIT A

### FORM OF MONTHLY SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Servicer: Long Island Lighting Company

Pursuant to the Restructuring Property Servicing Agreement, dated as of \_\_\_\_ 1, 202\_\_ (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify as follows:

1. For period beginning \_\_\_\_\_ and ended \_\_\_\_\_ (the “Certificate Period”):

Deposits into Allocation Account	\$
Actual Charge Collections deposited into Allocation Account	\$
Estimated Charge Collections remitted to Collection Account	\$
Excess Remittance deducted during period	\$
Remittance Shortfall instructed to be transferred to the Collection Account	\$
Excess Remittance instructed to be deducted from future Daily Remittances	\$
Excess Remittance to be paid or transferred from the Collection Account or the Excess Funds Subaccount	\$

2. To the best of the undersigned’s knowledge, the Servicer has fulfilled all of its obligations in all material respects under Section 3.03(a) of the Servicing Agreement throughout the Certificate Period [, except \_\_\_\_\_].

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer Certificate the day of

[Name of Entity]

By \_\_\_\_\_

Name:

Title:

## EXHIBIT B

### FORM OF SEMIANNUAL SERVICER CERTIFICATE

#### Utility Debt Securitization Authority Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of \_\_\_\_ 1, 202\_\_, (the “Servicing Agreement”), between LONG ISLAND LIGHTING COMPANY, as Servicer, and UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify, for the \_\_\_, 20\_\_ Payment Date (the “Current Payment Date”), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Servicing Agreement, or if not defined in the Servicing Agreement, as set forth in the Bond Indenture. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Bond Indenture, as the context indicates.

Collection Period: [\_\_\_\_\_] through [\_\_\_\_\_]

Payment Date: [\_\_\_\_\_]

Date of Certificate: [\_\_\_\_\_]

Cut-Off Date (not more than ten days prior to the date hereof): [\_\_\_\_\_]:

- (a) Available Amounts on Deposit in Collection Account (including Excess Funds Subaccount) as of Cut-Off Date [date not more than ten days prior to date of this certificate]: \$
- (b) Actual or Estimated Remittances from the date in (a) above through the Servicer Business Day preceding Current Payment Date: \$
- (c) Total Amounts Available to Trustee for Payment of Bonds and Other Ongoing Financing Costs: \$



- (d) Allocation of Available Amounts as of Current Payment Date allocable to payment of principal and interest on Bonds on Current Payment Date:

Principal

Aggregate

**Total**

Interest

Aggregate

**Total**

- (e) Outstanding Amount of Bonds prior to, and after giving effect to the payment on the Current Payment Date and the difference, if any, between the Outstanding Amount specified in the Expected Amortization Schedule (after giving effect to payments to be made on such Payment Date set forth above) and the Principal Balance to be Outstanding (following payment on Current Payment Date):

Principal Balance Outstanding (as of the date of this certification):

**Total**

Principal Balance to be Outstanding (following payment on Current Payment Date):

**Total**

- (f) Difference between (e) above and Outstanding Amount specified in the Expected Amortization Schedule:

**Total**

- (g) All other transfers to be made on the Current Payment Date, including amounts to be paid to the Bond Trustee and to the Servicer pursuant to Section 8.02(e) of the Bond Indenture:

Ongoing Financing Costs:

Bond Trustee Fees and Expenses:

Servicer Fees and Expenses:

Administration Fees and Expenses:

Rating Agency Fees:

Accounting Fees:

Funding of Reserve Subaccount (to required amount):

**Total:**

- (h) Estimated amounts on deposit in the Reserve Subaccount and Excess Funds Subaccount after giving effect to the foregoing payments:

Reserve Subaccount

Total:

Excess Funds Subaccount

Total:

In witness hereof, the undersigned has duly executed and delivered this Semiannual Servicer Certificate this \_day of \_\_, 20\_.

[Name of Entity]

By \_\_\_\_\_

Name:

Title:

## EXHIBIT C

### CERTIFICATE OF COMPLIANCE

#### Utility Debt Securitization Authority Restructuring Bonds

Pursuant to the Restructuring Property Servicing Agreement, dated as of \_\_\_\_ 1, 202\_\_, (the “Servicing Agreement”), between LONG ISLAND LIGHTING COMPANY, as Servicer, and UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby certify, for the \_\_\_\_\_, 20\_\_ Payment Date (the “Current Payment Date”), as follows:

The undersigned hereby certifies that he/she is the duly elected and acting [\_\_\_\_] of [\_\_\_\_] and further that:

1. A review of the activities of the Servicer and any of its subcontractors and of its performance under the Servicing Agreement during the twelve months ended [\_\_\_\_], [\_\_\_\_] has been made under the supervision of the undersigned pursuant to Section 3.06 of the Servicing Agreement; and

2. To the best of the undersigned’s knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended [\_\_\_\_], [\_\_\_\_], except \_\_\_\_\_.

Executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name:

Title:

## EXHIBIT D

### ADJUSTMENT NOTICE

Pursuant to the Restructuring Cost Financing Order No. [6][7][8][9] of the Long Island Power Authority (“Authority”) adopted \_\_\_, 202\_\_ (the “Financing Order”) and the Restructuring Property Servicing Agreement, dated as of \_\_\_ 1, 202\_\_ (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby provides notice of an adjustment to the Charge to take effect on the Adjustment Date specified below.

Adjustment Date:

Adjusted Charge:

The adjusted Charge was calculated as follows:

Executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Name:  
Title:

## EXPECTED AMORTIZATION SCHEDULE

<u>Maturity Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
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## APPENDIX A

### DEFINITIONS

Whenever used in this Agreement, the following words and phrases shall have the following meanings:

“Actual Charge Collections” means the Charge Collections, which are calculated pursuant to Section 3.03(c) of the Servicing Agreement and section 6(d) of Annex 2 thereof to have been collected from Customers and deposited into the Allocation Account during a Reconciliation Period.

“Adjustment Date” means the date specified in an Adjustment Notice on which the adjusted Charge described in such Adjustment Notice shall take effect.

“Adjustment Notice” means any filing made with the Authority by the Servicer on behalf of the Bond Issuer to set or adjust the Charge, including the Issuance Advice Letter.

“Allocation Account” means the deposit accounts or other accounts designated by the Authority from time to time and controlled by the Allocation Agent, into which all payments from or on behalf of Customers are to be deposited and from which transfers of estimated Charge Collections and Remittance Shortfalls are to be made to the Collection Account and transfers of Estimated Other Payments are to be made to appropriate accounts of the Authority. Initially, the Allocation Account shall refer to the clearing account(s) that have been established by the Authority with J.P. Morgan Chase Bank.

“Allocation Agent” means the entity designated by the Authority (which may be the Authority) that agrees to control the Allocation Account in trust for the benefit of the Bond Trustee and the Authority Trustee, to accept all payments from or on behalf of Customers for deposit into the Allocation Account, to notify the Servicer on each Business Day of the amount deposited into the Allocation Account on the preceding Business Day, and, to the extent that funds are available in the Allocation Account, to transfer the estimated Charge Collections and Remittance Shortfalls from the Allocation Account to the Collection Account as instructed by the Servicer or the Bond Trustee in writing and to transfer the Estimated Other Payments as instructed by the Authority or the Authority Trustee. The initial Allocation Agent shall be the Authority.

“Annual Accountant’s Report” has the meaning set forth in Section 3.07 of the Servicing Agreement.

“Annual True-up” has the meaning assigned to that term in Annex 1.

“Authority” means the Long Island Power Authority and any successor thereto.

“Authority Regulations” means all regulations, rules, tariffs and laws applicable to public utilities, owners of the T&D System Assets or Third Parties, as the case may be, and promulgated by, enforced by or otherwise within the jurisdiction of the Authority.

“Authority Trustee” means the trustee under the Authority’s Electric System General Revenue Bond Resolution dated May 13, 1998.

“Basic Documents” means the Bond Indenture, the Sale Agreement, this Agreement, the Administration Agreement, the Continuing Disclosure Agreement and the Bond Purchase Agreement.

“Billing Month” means a calendar month during which the Charge is billed to Customers.

“Billing Period” means the period during which the electric transmission and distribution services reflected on a Customer’s Bill were received by such Customer.

“Bills” means each of the regular monthly bills, summary bills and other bills issued to Customers for T&D Rates by the Servicer or by a Third Party.

“Bond” means any bond or other debt security issued pursuant to the Financing Order and the Bond Indenture.

“Bondholders” has the meaning specified in Section 1.01 of the Bond Indenture.

“Bond Balance” means, as of any date, the aggregate Outstanding Amount of all Bonds on such date.

“Bond Indenture” means the Bond Indenture, dated as of \_\_\_ 1, 202\_, between the Bond Issuer and the Bond Trustee, as the same may be amended and supplemented from time to time.

“Bond Issuer” means the Utility Debt Securitization Authority.

“Bond Trustee” has the meaning specified in Section 1.01 of the Bond Indenture.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York, are authorized or obligated by law, regulation or executive order to remain closed.

“Certificate of Compliance” means the certificate referred to in Section 3.06 of this Agreement.

“Charge” means the Charge authorized in the Financing Order, as the same may be adjusted from time to time as provided in the Financing Order.

“Charge Collections” means the payments of the Charges by or on behalf of Customers.

“Closing Date” means \_\_\_, 202\_.

“Collateral” has the meaning specified in Section 1.01 of the Bond Indenture.

“Collection Account” means the account established and maintained by the Bond Trustee in accordance with Section 8.02(a) of the Bond Indenture and any subaccounts contained therein.

“Collection Period” means the period from and including the first day of a calendar month to but excluding the first day of the next calendar month.

“Customers” means consumers as defined in the Statute.

“Daily Remittance Date” means, if the Servicer has not satisfied the conditions of Section 5.11(b) of the Servicing Agreement, each Business Day commencing on the second Business Day following the date on which the Servicer begins remittance procedures under Section 3.03(a)(ii) of the Servicing Agreement.

“EMMA” has the meaning specified in Section 7.12 of the Servicing Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Estimated Charge Collections” means the estimated Charge Collections calculated as provided in Annex 2 of the Servicing Agreement.

“Estimated Other Payments” means all payments by or on behalf of Customers other than estimated Charge Collections and any Remittance Shortfalls net of any Excess Remittance.

“Excess Remittance” means the amount, if any, calculated for a particular Reconciliation Period, by which all Estimated Charge Collections remitted to the Collection Account during such Reconciliation Period exceed Actual Charge Collections received by the Servicer during such Reconciliation Period and taking into account any Excess Remittance or Remittance Shortfall previously paid during such Reconciliation Period.

“Excess Funds Subaccount” means any residual or excess funds subaccount of the Collection Account other than the Reserve Subaccount.

“Expected Amortization Schedule” means the Expected Amortization Schedule attached to this Agreement.

“Expected Final Payment Date” means the Payment Date on which all of the Bonds are scheduled to be paid in full.

“Final Maturity Date” means, with respect to any Tranche of Bonds, the date by which all principal and interest on that Tranche is required to be paid, as specified in the Bond Indenture.

“Fitch” means Fitch, Inc. or its successor.

“Financing Order” means the Restructuring Cost Financing Order No. [6][7][8][9] of the Authority adopted on \_\_\_, 202\_\_.

“Governmental Authority” means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency, or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.



“Holder” or “Bondholder” means the Person in whose name a Bond is registered on the Bond Register, and to the extent specified by the Bond Indenture, the owners of bearer Bonds.

“Independent” has the meaning specified in Section 1.01 of the Bond Indenture.

“Insolvency Event” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Issuance Advice Letter” means the initial Issuance Advice Letter, dated \_\_\_, 202\_\_, filed by the Servicer with the Authority pursuant to the Statute.

“Issuer Annex” means Annex 1 of the Servicing Agreement.

“Lien” has the meaning specified in Section 1.01 of the Bond Indenture.

“LIPA” has the meaning set forth in the preamble to this Agreement.

“Losses” means collectively, any and all liabilities, obligations, losses, damages, payments, costs or expenses of any kind whatsoever.

“Mid-year Review” has the meaning assigned to that term in Annex 1.

“Mid-year True-up” has the meaning assigned to that term in Annex 1.

“Monthly Servicer Certificate” has the meaning assigned to that term in Annex 1 to the Servicing Agreement.

“Moody’s” means Moody’s Investors Service Inc. or its successor.

“Officer’s Certificate” means a certificate of the Servicer signed by a Responsible Officer.

“Ongoing Financing Costs” has the meaning assigned to that term in the Financing Order.

“Opinion of Counsel” means one or more written opinions of counsel who may be an employee of or counsel to the party providing such opinion(s) of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion(s) of counsel.

“Optional True-up” has the meaning assigned to that term in Annex I.

“Operation Services Agreement” means the Amended and Restated Operation Services Agreement between PSE&G Long Island LLC and LIPA, as amended from time to time.

“Outstanding” has the meaning specified in Section 1.01 of the Bond Indenture.

“Outstanding Amount” has the meaning specified in Section 1.01 of the Bond Indenture.

“Payment Date” means, with respect to any Tranche of Bonds, the dates specified in the Bond Indenture for the payment of interest on the Bonds; or if any such date is not a Business Day, the next Business Day.

“Person” has the meaning specified in Section 1.01 of the Bond Indenture.

“Principal Balance” means, as of any Payment Date, the sum of the outstanding principal amount of the Bonds.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Bond Balance” means, as of any Payment Date, the sum of the projected outstanding principal amount of the Bonds for such Payment Date set forth in the Expected Amortization Schedule.

“Rating Agency” means, as of any date, any rating agency rating the Bonds of any Tranche at the time of issuance thereof at the request of the Bond Issuer. If no such organization or successor is any longer in existence, “Rating Agency” shall be a nationally recognized statistical rating organization or other comparable Person designated by the Bond Issuer, notice of which designation shall be given to the Bond Trustee, the Authority and the Servicer.

“Rating Agency Condition” means, with respect to any action, not less than ten Business Days’ prior written notification to each Rating Agency of such action, and written confirmation from each of Standard & Poor’s and Moody’s to the Servicer, the Bond Trustee and the Bond Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Bond Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of any Tranche of Bonds; provided, that if within such ten Business Day period, any Rating Agency (other than Standard & Poor’s) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Bond Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to

such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Reconciliation Period" means the twelve-month period ending the last day of the Collection Period preceding the calculation of Remittance Shortfalls or Excess Remittances under Section 3.03(c) the Servicing Agreement; provided, that the initial Reconciliation Period shall commence on the Closing Date and may be less than twelve months.

"Remittance" means each transfer hereunder of estimated Charge Collections or Remittance Shortfalls from the Allocation Account to the Collection Account.

"Remittance Date" means each Business Day on which a Remittance is to be made by the Servicer pursuant to Section 3.03 of this Agreement.

"Remittance Shortfall" means the amount, if any, calculated for a particular Reconciliation Period, by which Actual Charge Collections received by the Servicer during such Reconciliation Period exceed all Estimated Charge Collections remitted to the Collection Account during such Reconciliation Period and taking into account any Excess Remittance or Remittance Shortfall previously paid during such Reconciliation Period.

"Required Debt Service Reserve Level" has the meaning specified in Section 1.01 of the Bond Indenture.

"Required Reserve Level" has the meaning specified in Section 1.01 of the Bond Indenture.

"Reserve Subaccount" has the meaning specified in Section 1.01 of the Bond Indenture.

"Responsible Officer" means the chief executive officer, the president, any vice president, the treasurer, any assistant treasurer, the clerk, any assistant clerk, the controller or the director of finance and cash management of the Servicer.

"Restructuring Property" means the Restructuring Property that is created pursuant to the Financing Order and is sold by the Seller to the Bond Issuer under the Sale Agreement.

"Restructuring Property Documentation" means all documents relating to the Restructuring Property, including copies of the Financing Order and all documents filed with the Authority in connection with any Adjustment Notice.

"Retirement of the Bonds" means the day on which the final payment is made to the Bond Trustee in respect of the last outstanding Bond.

"Rule 15c2-12" or the "Rule" means Rule 15c2-12 of the SEC under the Securities Exchange Act of 1934, as amended.

“Sale Agreement” means the Restructuring Property Purchase and Sale Agreement dated as of \_\_\_ 1, 202\_, between the Long Island Power Authority, as Seller, and the Bond Issuer, as the same may be amended and supplemented from time to time.

“Scheduled Maturity Date” has the meaning specified in Section 1.01 of the Bond Indenture.

“SEC” means the U.S. Securities and Exchange Commission.

“Seller” means the Long Island Power Authority, a New York public authority, and its permitted successors and assigns under the Sale Agreement.

“Semiannual Servicer Certificate” has the meaning assigned to that term in Annex 1 to this Agreement.

“Service Area” means the geographical area within which LIPA provided electric distribution services as of [July 29, 2013].

“Servicer” means LIPA, as the servicer of the Restructuring Property, or each successor (in the same capacity) pursuant to Section 5.03 or 6.04 of this Agreement.

“Servicer Default” means an event specified in Section 6.01 of this Agreement.

“Servicing Fee” has the meaning set forth in Section 5.07 of this Agreement.

“Sponsor” means the Authority and its permitted successors and assigns under the Sale Agreement.

“Standard & Poor’s” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. or its successor.

“Statute” means Part B of Chapter 173, Laws of New York, 2013, as amended to the date hereof.

“T&D System Assets” means the T&D system assets as defined in the Statute.

“T&D Rates” means the rates and charges for electric transmission and distribution services in the Service Area. “T&D Rates” shall not include charges for the generation or resale of electricity or any charges imposed to fund public purpose programs.

“Termination Notice” has the meaning assigned to that term in Section 6.01 of this Agreement.

“Third Party” means an entity (other than the Servicer and its agents, subservicers or subcontractors) who bills and collects the Charge to and from Customers in accordance with the Statute, Authority Regulations and any order of the Authority.

“Tranche” or “Tranche of Bonds” has the meaning specified in Section 1.01 of the Bond Indenture.

“True-Up Adjustment” means each adjustment to the Charge made in accordance with Annex 1 of this Agreement.

“Written Notice”, “written notice” or “notice in writing” means notice in writing which may be delivered by hand or first class mail and also means electronic transmission.

“17g-5 Website” has the meaning specified in Section 1.01 of the Bond Indenture.

**ADMINISTRATION AGREEMENT**

This Administration Agreement, dated as of \_\_\_\_ 1, 202\_\_, is made by and between Utility Debt Securitization Authority, a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York (the “Bond Issuer”), and the Long Island Lighting Company, a New York corporation doing business under the name of LIPA (“LIPA”), as Administrator (the “Administrator”).

**RECITALS**

A. The Bond Issuer is issuing the Bonds pursuant to the Bond Indenture dated as of \_\_\_\_ 1, 202\_\_ (as amended, modified or supplemented from time to time in accordance with the provisions thereof, the “Bond Indenture”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Bond Indenture or Servicing Agreement (hereinafter defined).

B. The Bond Issuer has entered into certain agreements in connection with the issuance of the Bonds, including (i) a Restructuring Property Purchase and Sale Agreement dated as of \_\_\_\_ 1, 202\_\_ (the “Sale Agreement”), between the Bond Issuer and the Long Island Power Authority, as Seller (in such capacity, the “Seller”), (ii) a Restructuring Property Servicing Agreement dated as of \_\_\_\_ 1, 202\_\_ (the “Servicing Agreement”), between the Bond Issuer and LIPA, as Servicer (in such capacity, the “Servicer”), (iii) a Bond Purchase Agreement dated as of \_\_\_\_, 202\_\_ (the “Bond Purchase Agreement”), among the Bond Issuer and the Underwriters named therein, and (iv) the Bond Indenture. The Sale Agreement, the Servicing Agreement, the Bond Purchase Agreement and the Bond Indenture, all as amended or modified from time to time, are herein referred to collectively as the “Related Agreements”.

C. Pursuant to the Related Agreements, the Bond Issuer is required to perform certain duties in connection with the Bonds and the collateral therefor pledged pursuant to the Bond Indenture (the “Collateral”) and to maintain its existence and comply with applicable laws.

D. The Bond Issuer desires to have the Administrator perform certain duties of the Bond Issuer referred to in the preceding clause, and to provide such additional services consistent with the terms of this Agreement and the Related Agreements as the Bond Issuer may from time to time request.

E. The Administrator is willing to perform such services and provide such facilities for the Bond Issuer on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

**ARTICLE I.**  
**Duties of Administrator**

Section 1.01 Appointment of Administrator: Acceptance of Appointment. The Bond Issuer hereby appoints the Administrator, and the Administrator hereby accepts such

appointment, to perform the Administrator's obligations pursuant to this Agreement on behalf of and for the benefit of the Bond Issuer in accordance with the terms of this Agreement and applicable law.

Section 1.02 Duties of the Administrator. The Administrator agrees to perform all its duties as Administrator hereunder in accordance with the terms of this Agreement and applicable law.

(a) To the extent not required to be performed by the Servicer, the Administrator shall provide for the performance by the Bond Issuer of its obligations under each of the Related Agreements and shall prepare for execution by the Bond Issuer, or shall cause the preparation by other appropriate Persons (including third parties with respect to professional services, to the extent required or contemplated in accordance with the terms of this Agreement) of all such documents, reports, filings, instruments, notices, certificates and opinions as it shall be the duty of the Bond Issuer to prepare, file or deliver pursuant to the Related Agreements. In furtherance of and without limiting the generality of the foregoing, the Administrator shall provide for the performance by the Bond Issuer of its duties pursuant to the Bond Indenture, including such of the foregoing as are required with respect to the following matters under the Bond Indenture (references are to sections of the Bond Indenture):

(i) confirmation that any non-responding Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation (for a definition of Rating Agency Condition see Section 1.01);

(ii) the preparation of or obtaining of the documents and instruments required for authentication of the Bonds, if any, and delivery of the same to the Bond Trustee and such other actions on behalf of the Bond Issuer as are necessary for the issuance and delivery of the Bonds, whether for original issuance, exchanges, transfers, replacements or redemptions (Sections 2.03, 2.05, 2.06, 2.10 and 10.07);

(iii) the duty to cause a Bond Register to be kept and to give the Bond Trustee notice of any appointment of a new Bond Registrar and the location, or change in location, of the Bond Register (Section 2.05);

(iv) the fixing or causing to be fixed of any special record date and the notification of each affected Bondholder with respect to special record dates, payment dates, and the amount of defaulted interest (plus interest on such defaulted interest) to be paid, if any (Section 2.08(c));

(v) advising the Bond Trustee of an election to terminate the book-entry system through a Clearing Agency with respect to the Bonds (Section 2.16(f));

(vi) maintenance of an office or agency in the Borough of Manhattan, City of New York, New York, where Bonds may be surrendered for registration of transfer or exchange, which may be the Bond Trustee (Section 3.02);

(vii) the duty to cause newly appointed Paying Agents, if any, to deliver to the Bond Trustee the instrument specified in the Bond Indenture regarding funds held in trust (Section 3.03);

(viii) the direction to Paying Agents to pay to the Bond Trustee all sums held in trust by such Paying Agents (Section 3.03);

(ix) to the extent not required to be performed by the Servicer, the preparation of all supplements and amendments to the Bond Indenture, filings pursuant to the Statute or the Financing Order, instruments of further assurance and other instruments, necessary to protect the Collateral (Section 3.04);

(x) the identification to the Bond Trustee in an Officer's Certificate of any Person with whom the Bond Issuer has contracted to perform its duties under the Bond Indenture (Section 3.05(a));

(xi) the delivery of notice to the Bond Trustee and the Rating Agencies of each Event of Default and each default by the Servicer or Seller of its obligations under the Servicing Agreement or the Sale Agreement, respectively (Sections 3.05(c), 3.12 and 5.01);

(xii) notification of the appointment of any successor Servicer (Section 3.05(e));

(xiii) the preparation and filing of all documents required under the Statute relating to the transfer of the ownership or security interest in the Restructuring Property (Section 3.04);

(xiv) the preparation of an Officer's Certificate and Independent Certificate relating to (i) the satisfaction and discharge of the Bond Indenture under Section 4.01 of the Bond Indenture or (ii) a Legal Defeasance under Section 4.02 of the Bond Indenture;

(xv) sending a copy of each Certificate of Compliance delivered to it pursuant to Section 3.06 of the Servicing Agreement and Annual Accountant's Report delivered to it pursuant to Section 3.07 of the Servicing Agreement to the Bond Trustee, the Bondholders and the Rating Agencies and to the Servicer. (Section 6.06(c));

(xvi) the furnishing to the Bond Trustee of (i) each Record Date and (ii) the names and addresses of Bondholders during any period when the Bond Trustee is not the Bond Registrar (Section 7.03);



(xvii) to the extent not required to be performed by the Servicer, the opening of one or more segregated trust accounts in the Bond Trustee's name, the preparation of Issuer Orders, and the obtaining of Opinions of Counsel and the taking of all other actions necessary with respect to investment and reinvestment of funds in the Collection Account including transfer of the Collection Account to an Eligible Institution if it ceases to be maintained at an Eligible Institution (Sections 8.02 and 8.03);

(xviii) to the extent not required to be performed by the Servicer, the preparation, obtaining or filing of the instruments, opinions and certificates and other documents required for the release of collateral (Sections 8.04 and 8.05);

(xix) appointment of a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by the Bond Indenture and, upon any resignation by such firm, providing written notice thereof to the Bond Trustee and promptly appointing a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation (Section 8.06);

(xx) the preparation of Issuer Orders and the obtaining of Officers' Certificates with respect to the execution of supplemental bond indentures (Sections 9.01, 9.02 and 9.03);

(xxi) the preparation of new Bonds conforming to any supplemental bond indenture (Section 9.04);

(xxii) in the case of any redemption of Bonds at the direction of the Bond Issuer, giving written notice to the Bond Trustee of the Bond Issuer's direction to redeem such Bonds (Section 10.03);

(xxiii) the notification of the Bond Trustee of any notice received by the Bond Issuer from the Bondholders (Section 11.02)); and

(xxiv) interacting with the Allocation Agent with respect to Excess Remittances and Remittance Shortfalls (Section 8.02(c)).

(b) The Administrator shall also furnish the Bond Issuer with ordinary clerical, bookkeeping and other administrative services necessary and appropriate for the Bond Issuer, including, without limitation, the following services:

(i) to the extent not required to be performed by the Servicer, the preparation and, after execution by the Bond Issuer, the filing with the applicable Governmental Authorities, the Rating Agencies and the Bond Trustee of the annual reports, periodic reports, applications, certificates and other filings and of the information, documents, statements and other reports required to be filed on a

periodic basis with, and summaries thereof as may be required by rules and regulations prescribed by, the applicable Governmental Authorities;

(ii) maintain at the facilities (referenced in Section 2.01 below) general accounting records of the Bond Issuer (the “Account Records”), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Bond Issuer’s financial statements by the Bond Issuer’s independent accountants;

(iii) prepare for execution by the Bond Issuer and cause to be filed such income, franchise or other tax returns of the Bond Issuer as may be required to be filed by applicable law (the “Tax Returns”), perform any obligations of the Bond Issuer under its tax covenants and agreements pursuant to Bond Indenture Section 3.14 and cause to be paid on behalf of the Bond Issuer from the Bond Issuer’s funds any taxes required to be paid by the Bond Issuer under applicable law;

(iv) prepare or cause to be prepared for execution by the Bond Issuer’s trustees minutes of the meetings of the Bond Issuer’s trustees and such other documents deemed appropriate by the Bond Issuer to maintain the separate public authority existence and good standing of the Bond Issuer (the “Bond Issuer Minutes”) or otherwise required under the Related Agreements (together with the Account Records, the Tax Returns, the Bond Issuer Minutes and its by-laws, the “Bond Issuer Documents”), and any other documents deliverable by the Bond Issuer thereunder or in connection therewith; and

(v) hold, maintain and preserve at the facilities (or such other place as shall be required by any of the Related Agreements) executed copies (to the extent applicable) of the Bond Issuer Documents and other documents executed by the Bond Issuer thereunder or in connection therewith.

(c) To the full extent allowable under applicable law, the Administrator shall enforce each of the rights of the Bond Issuer under the Related Agreements;

(d) The Administrator shall provide for the defense, at the direction of the Bond Issuer’s Trustees, of any action, suit or proceeding brought against the Bond Issuer or affecting the Bond Issuer or any of its assets or the Collateral. (Bond Indenture Sections 3.04(d) and 6.07).

**Section 1.03 Additional Duties.** (a) In addition to the duties of the Administrator set forth above, the Administrator shall (1) undertake such other administrative services as may be appropriate, necessary or requested by the Bond Issuer and (2) provide such other services as are incidental to those set forth in Section 1.02 or this Section 1.03 or as the Bond Issuer and Administrator may agree. As part of its administrative services, the Administrator shall obtain and maintain a directors’ and officers’ insurance policy covering the trustees of the Bond Issuer

(which policy may cover the officers of the Bond Issuer as well), the Administrator shall pay the premiums therefor as a reimbursable expense hereunder to the extent there are insufficient funds on deposit in the Collection Account to pay such premiums when due in accordance with the priorities specified in the Bond Indenture, and the reimbursement of such expense shall have the priority specified in the Bond Indenture for such premiums. Subject to Section 5.01 of this Agreement, and in accordance with the directions of the Bond Issuer, the Administrator shall administer, perform or supervise the performance of such other activities in connection with the Collateral and the Related Agreements as are not covered by any of the foregoing provisions and as are expressly requested by the Bond Issuer and are reasonably within the capability of the Administrator.

(b) In carrying out the foregoing duties or any of its other obligations under this Agreement, the Administrator may enter into transactions with or otherwise deal with any of its Affiliates; provided, however, that the terms of any such transactions or dealings shall be, in the Administrator's reasonable opinion, no less favorable to the Bond Issuer than would be available from unaffiliated parties.

(c) In providing the services under this Article I and as otherwise provided under this Administration Agreement, the Administrator will not knowingly take any actions on behalf of the Bond Issuer which (i) the Bond Issuer is prohibited from taking under the Related Agreements, or (ii) would cause the Bond Issuer to be in violation of any federal, state or local law. Promptly upon obtaining knowledge that it has taken any such actions, the Administrator shall take all reasonable steps to cure such breach or violation and to cause the Bond Issuer to be in compliance with the applicable Related Agreement or law.

(d) The Administrator covenants that with respect to Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes (hereinafter "Tax Exempt Bonds") it shall comply with the tax certificates to be executed and delivered by it in connection with the issuance of the Tax Exempt Bonds and with letters of instruction, if any, delivered by bond counsel in connection with the issuance of the Tax Exempt Bonds, as such tax certificates and letters may be amended from time to time. Notwithstanding anything else in this Agreement to the contrary, the covenants of this Section 1.03(d) shall survive the payment, redemption or defeasance of the Tax Exempt Bonds and the termination of this Agreement. For the avoidance of doubt, all the Bonds constitute Tax Exempt Bonds.

(e) In performing its duties hereunder, the Administrator shall use the same degree of care and diligence that the Administrator exercises with respect to performing such duties for its own account and, if applicable, for others.

(f) The Administrator agrees to comply with the provisions of Article XI of the Bond Issuer's by-laws, including any amendments thereof made with the consent of the Administrator, which consent shall not be unreasonably withheld, to the extent that such provisions are applicable to its duties as agent for the Bond Issuer hereunder and, to the extent that the Administrator employs others to perform such duties in accordance with this Agreement, the Administrator will require that such others comply with such applicable provisions.

Section 1.04 Non-Ministerial Matters. (a) With respect to matters that in the reasonable judgment of the Administrator are non-ministerial, the Administrator shall not take any action unless the Administrator shall have notified the Bond Issuer of the proposed action and the Bond Issuer shall have consented. For the purpose of the preceding sentence, “non-ministerial matters” shall include, without limitation:

- (i) the amendment of, or any supplement to, the Bond Indenture;
- (ii) the initiation of any claim or lawsuit by the Bond Issuer and the compromise of any action, claim or lawsuit brought by or against the Bond Issuer (other than in connection with the collection of the Charge);
- (iii) the amendment, change or modification of the Related Agreements;
- (iv) the appointment of successor Bond Registrars, successor Paying Agents and successor Bond Trustees pursuant to the Bond Indenture or the appointment of successor Administrators or successor Servicers, or the consent to the assignment by the Bond Registrar, Paying Agent or Bond Trustee of its obligations under the Bond Indenture (Bond Indenture Section 6.08); and
- (v) the removal of the Bond Trustee (Bond Indenture Section 6.08).

(b) Notwithstanding anything to the contrary in this Agreement, the Administrator shall not be obligated to, and hereby agrees that it shall not, take any action that the Bond Issuer directs the Administrator not to take on its behalf.

## ARTICLE II. Facilities

Section 2.01 Facilities. During the term of this Agreement, the Administrator shall make available to or provide the Bond Issuer with such facilities and reasonable ancillary services as are necessary to conduct the business of the Bond Issuer and to comply with the terms of the Related Agreements. Such facilities shall include office space to serve as the principal place of business of the Bond Issuer. Initially such office space will be located at 333 Earle Ovington Blvd., Ste. 403, Uniondale, New York 11553. All facilities provided to the Bond Issuer hereunder shall be provided without warranty of any kind.

## ARTICLE III. Compensation

Section 3.01 Compensation. As compensation for the performance of the Administrator’s obligations under this Agreement, including the provision of facilities pursuant to Section 2.01, the Administrator shall be entitled to an annual fee (the “Administration Fee”) equal to \$100,000 payable in equal semiannual installments on each Payment Date as defined in Section 2.02(g)(iii) of the Bond Indenture. In addition, to the extent not included in the Administration Fee, the Bond Issuer shall reimburse the Administrator for all filing fees and expenses, legal fees, fees of outside auditors and other out-of-pocket expenses incurred by the

Administrator in the course of performing its duties hereunder. The Administrator's compensation and other expenses payable hereunder shall be paid from the Collection Account pursuant to, and in accordance with, Section 8.02(e) of the Bond Indenture, and the Administrator shall have no recourse against the Bond Issuer for payment of such amounts other than in accordance with Section 8.02 of the Bond Indenture.

#### ARTICLE IV. Additional Information

Section 4.01 Additional Information To Be Furnished to Bond Issuer. The Administrator shall furnish to the Bond Issuer from time to time such additional information regarding the Collateral as the Bond Issuer shall reasonably request.

#### ARTICLE V. Miscellaneous Provisions

Section 5.01 Independence of Administrator. For all purposes of this Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Bond Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Bond Issuer, the Administrator shall have no authority to act for or represent the Bond Issuer in any way and shall not otherwise be deemed an agent of the Bond Issuer.

Section 5.02 No Joint Venture. Nothing contained in this Agreement shall (a) constitute the Administrator and the Bond Issuer as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (b) be construed to impose any liability as such on any of them or (c) be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

Section 5.03 Other Activities of Administrator. Nothing herein shall prevent the Administrator or its Affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an administrator for any other person or entity even though such person or entity may engage in business activities similar to those of the Bond Issuer.

Section 5.04 Term of Agreement: Resignation and Removal of Administrator. (a) This Agreement shall continue in force for one year and one day after the retirement of all Bonds issued pursuant to the Bond Indenture.

(b) Subject to Sections 5.04(e) and 5.04(f), the Administrator may resign its duties hereunder by providing the Bond Issuer with at least 60 days prior written notice.

(c) Subject to Sections 5.04(e) and 5.04(f), the Bond Issuer may remove the Administrator without cause by providing the Administrator with at least 60 days prior written notice.

(d) Subject to Sections 5.04(e) and 5.04(f), at the sole option of the Bond Issuer, the Administrator may be removed immediately upon written notice of termination from the Bond Issuer to the Administrator if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Agreement and, after notice of such default, shall not cure such default within ten days (or, if such default is curable but cannot be cured in such time, shall not give within ten days such assurance of cure as shall be reasonably satisfactory to the Bond Issuer);

(ii) a court having jurisdiction in the premises shall enter a decree or order for relief, and such decree or order shall not have been vacated within 60 days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in clause (ii) or (iii) of this Section shall occur, it shall give written notice thereof to the Bond Issuer and the Bond Trustee within seven days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section 5.04 shall be effective until (i) a successor Administrator shall have been appointed by the Bond Issuer and (ii) such successor Administrator shall have agreed in writing to be bound by the terms of this Agreement in the same manner as the Administrator is bound hereunder. The Bond Issuer shall promptly provide written notice to each of the Rating Agencies prior to the effectiveness of any resignation or removal of the Administrator.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

Section 5.05 Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Agreement pursuant to Section 5.04(a) or the resignation or removal of the Administrator pursuant to Sections 5.04(b) or 5.04(c), respectively, the Administrator shall be entitled to be paid all fees accrued to it and expenses accrued by it in the performance of its duties hereunder through the date of such termination, resignation or removal, to the extent permitted under Article III. The Administrator shall forthwith upon such termination pursuant to Section 5.04(a) deliver to the Bond Issuer all property and documents of or relating to the Collateral then in the custody of the Administrator. In the event of the resignation or removal of the Administrator pursuant to Sections 5.04(b) or 5.04(c), respectively,

the Administrator shall cooperate with the Bond Issuer and take all reasonable steps requested to assist the Bond Issuer in making an orderly transfer of the duties of the Administrator.

Section 5.06 Notices. Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Administration Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered, or if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid:

(a) if to the Bond Issuer, to:

Utility Debt Securitization Authority  
c/o LIPA, as Administrator  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org

(b) if to the Administrator, to:

LIPA  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: \_\_\_\_@lipower.org

(c) if to the Bond Trustee, to:

The Bank of New York Mellon  
[101 Barclay Street - Floor 7-W  
New York, New York 10286  
Attention: Frederic Belen  
Telephone: (212) 815-2588  
Telecopy: (732) 667-9205  
Email: frederic.belen@bnymellon.com]

or to such other address as any party shall have provided to the other parties in writing. Any notice required to be in writing hereunder shall be deemed given if such notice is mailed by certified mail, postage prepaid, telecopied or hand-delivered to the address of such party as provided above, except that notices to the Bond Trustee are effective only upon receipt.

Section 5.07 Amendments. This Agreement may be amended in writing by the Administrator and the Bond Issuer with the written consent of the Bond Trustee, but without the consent of any of the Bondholders, to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Bondholders; provided, however, that such action shall not, as evidenced by an Officer's Certificate delivered to the Bond Trustee, adversely affect in any material respect the interests of any Bondholder.

This Agreement may also be amended in writing from time to time by the Administrator and the Bond Issuer with the written consent of the Bond Trustee and, subject to the first paragraph of this Section 5.07, the written consent of the Holders of Bonds evidencing not less than a majority of the Outstanding Amount of the Bonds of all Series, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Bondholders; provided, however, that no such amendment shall increase or reduce in any manner the amount of, or accelerate or delay the timing of, Charge Collections without the consent of the Holders of all the outstanding Bonds.

Prior to the effectiveness of any such amendment, the Administrator shall provide written notice of such amendment to each of the Rating Agencies and promptly after the execution of any such amendment and the requisite consents, the Administrator shall furnish a copy of such amendment to the Bond Trustee and each of the Rating Agencies.

Approval by Bondholders of the substance of any proposed amendment or consent shall constitute sufficient consent of the Bondholders pursuant to this Section, and it shall not be necessary that Bondholders approve of the particular form of any amendment or consent.

Prior to its consent to any amendment to this Agreement, the Bond Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that such amendment is authorized or permitted by this Agreement. The Bond Trustee may, but shall not be obligated to, enter into any such amendment which affects the Bond Trustee's own rights, duties or immunities under this Agreement or otherwise.

Section 5.08 Successors and Assigns. Except as provided below and in Section 5.17, this Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Bond Issuer and the Bond Trustee and is subject to the satisfaction of the Rating Agency Condition in respect thereof. An assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. This Agreement may be assigned by the Administrator without the consent of the Bond Issuer and the Bond Trustee to a corporation or other organization that is a successor (by merger, consolidation or purchase of assets) to the Administrator, provided that such successor organization executes and delivers to the Bond Issuer and the Bond Trustee an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder and the Rating Agency Condition is satisfied. Subject to the foregoing, this Agreement shall bind any successors or assigns of the parties hereto. Nothing in this Agreement



shall prevent the Administrator from subcontracting with other persons or entities to perform all or part of its duties under this Agreement, but such subcontracting shall not release the Administrator from any of its obligations under this Agreement. The Administrator shall provide prompt written notice of any such subcontracting to each of the Rating Agencies.

Section 5.09 Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Administrator, the Bond Issuer, the Bond Trustee, the Bondholders and the other Persons expressly referred to herein. The Bondholders shall be entitled to enforce their rights and remedies against the Administrator under this agreement solely through a cause of action brought for their benefit by the Bond Trustee, and nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Restructuring Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein, except for the indemnities specifically provided in Section 5.15. The Persons listed in this section as having the benefit of this Agreement and the indemnified Persons listed in Section 5.15 shall have rights of enforcement with respect to this Agreement.

Section 5.10 GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 5.11 Headings. The section headings hereof have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Agreement.

Section 5.12 Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall together constitute but one and the same agreement.

Section 5.13 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 5.14 Non-Petition Covenant. Notwithstanding any prior termination of this Agreement or the Bond Indenture, but subject to the right of a court in New York to order the sequestration and payment of revenues arising with respect to the Restructuring Property notwithstanding any bankruptcy, reorganization or other insolvency proceedings with respect to any person or entity pursuant to Section 7.1(d) of the Statute, the Administrator, solely in its capacity as a creditor of the Bond Issuer, shall not, prior to the date which is one year and one day after the termination of the Bond Indenture with respect to the Bond Issuer, petition or otherwise invoke or cause the Bond Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Bond Issuer under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Bond Issuer or

any substantial part of the property of the Bond Issuer, or, to the fullest extent permitted by law, ordering the winding up or liquidation of the affairs of the Bond Issuer.

Section 5.15 Indemnification. The Administrator shall indemnify the Bond Issuer, the Bond Trustee, and their respective trustees, officers, officials, directors, employees and agents (each an “Indemnified Person”) for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, actions, suits, claims, losses, damages, payments, costs or expenses of any kind whatsoever that may be imposed on, incurred by or asserted against any such Person as a result of the Administrator’s willful misconduct or negligence in the performance of its duties or observance of its covenants under this Agreement. The Bondholders shall be entitled to enforce their rights and remedies against the Administrator under this indemnification solely through a cause of action brought for their benefit by the Bond Trustee. The Administrator will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 5.15, (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding. The indemnification obligations of the Administrator under this Section 5.15 shall survive the termination of this Agreement and the resignation or removal of the Bond Trustee.

Section 5.16 Administrator’s Liability. Except as otherwise provided herein, the Administrator assumes no liability other than to render or stand ready to render the services called for herein, and neither the Administrator nor any of its directors, officers, employees, subsidiaries or affiliates shall be responsible for any action of the Bond Issuer or any of the trustees, officers, employees, subsidiaries or affiliates of the Bond Issuer (other than the Administrator itself). The Administrator shall not be liable for nor shall it have any obligation with regard to any of the liabilities, whether direct or indirect, absolute or contingent of the Bond Issuer or any of the trustees, officers, employees, subsidiaries or affiliates of the Bond Issuer (other than the Administrator itself).

Section 5.17 Collateral Assignment to Bond Trustee. The Administrator hereby acknowledges and consents to the Grant of a security interest and collateral assignment by the Bond Issuer to the Bond Trustee for the benefit of the Bondholders and the Bond Trustee pursuant to the Bond Indenture of all of the Bond Issuer’s rights hereunder.

Section 5.18 Rule 17g-5 Compliance. The Administrator agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Administrator to any Rating Agency under this Agreement or any other Basic Document to which it is a party for the purposes of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency shall be provided, substantially concurrently, to the Servicer for posting on the 17g-5 Website.

IN WITNESS WHEREOF, the parties have caused this Administration Agreement to be duly executed and delivered under seal as of the day and year first above written.

UTILITY DEBT SECURITIZATION AUTHORITY,  
as Bond Issuer

By: \_\_\_\_\_  
Name:  
Title: Chief Financial Officer

LONG ISLAND LIGHTING COMPANY,  
as Administrator

By: \_\_\_\_\_  
Name:  
Title: Chief Financial Officer



## Department of Public Service

**Rory M. Christian**  
Chair and  
Chief Executive Officer

125 East Bethpage Road, Plainview, NY 11803  
[www.dps.ny.gov/longisland](http://www.dps.ny.gov/longisland)

May 17, 2022

Via E-mail & U.S. Mail:

Thomas Falcone  
CEO  
Long Island Power Authority  
333 Earle Ovington Blvd. Suite 403  
Uniondale, NY 11553  
[tfalcone@lipower.org](mailto:tfalcone@lipower.org)

Re: UDSA Consultation with the Department of Public Service

Dear Mr. Falcone,

On April 28, 2022, the Long Island Power Authority (LIPA) sent a letter to the Department of Public Service (Department) seeking consultation before submitting new Financing Orders to the LIPA Board of Directors, pursuant to the LIPA Reform Act, as amended.<sup>1</sup> The Department has reviewed this consultation letter and LIPA's current net present value (NPV) analysis regarding the sale of its restructuring bonds. The Department concurs with LIPA's planned course of action regarding the issue and sale of Restructuring Debt, as described in its consultation letter.

As stated in LIPA's consultation letter, these Financing Orders would authorize the Utility Debt Securitization Authority (UDSA) to issue approximately \$3.5 billion of restructuring bonds (Restructuring Debt). The proceeds will be used to refinance a portion of LIPA's and/or UDSA's existing debt, and/or to finance certain System Resiliency Costs. LIPA provided a list of its eligible bonds for refinancing consisting of approximately \$6.2 billion of existing LIPA debt and approximately \$3.3 billion of existing UDSA debt. LIPA also provided a list of System Resiliency projects that are expected to cost approximately \$369 million in total, some or all of which could be financed directly by the Restructuring Debt.

The Department has reviewed this consultation letter and LIPA's current net present value (NPV) analysis regarding the sale of its restructuring bonds. The Department also reviewed the terms of LIPA's current Financing Orders, and met with LIPA's Director of Finance and Treasury, Mr. Vinay Dayal, on May 11, 2022, to discuss the terms and factors employed in analyzing its

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<sup>1</sup> Chapter 369 of the Laws of 2021.

proposed restructuring plans. After the Department's review of LIPA's current NPV analysis, it was determined that LIPA's planned course of action appears reasonable. As a result, the Department concurs with LIPA's planned course of action with regard to the issue and sale of Restructuring Debt, as described in its consultation letter. Details about the review of this request are discussed below.

UDSA is a state entity originally formed in 2013 under the LIPA Reform Act to enable LIPA to refinance its current debt at more favorable terms. UDSA is rated "Aaa" by Moody's Investor Service (Moody's), "AAA" by Standard and Poors Global Ratings (S&P), and "AAA" by Fitch Ratings Service (Fitch). LIPA's credit rating, meanwhile, is five notches lower; it is rated "A2" by Moody's, "A" by S&P, and "A" by Fitch. Since it is considered less risky to creditors, it is reasonable to assume that "AAA" rated debt carries more favorable terms for the issuer than single "A" rated debt.

Upon review, the Department finds that LIPA's assumptions are reasonable, the methodology of its NPV analysis is sound, and that cost savings would exist under the assumed conditions. In addition, the issuance of long-term debt by UDSA as opposed to LIPA, either to refinance currently existing debt or to support System Resiliency efforts, is reasonable given the interest rate savings that can be achieved via the use of UDSA debt.

It should be noted that interest rates have increased significantly since the start of this year. This lessens, but does not eliminate, the estimated amounts of savings that LIPA may be able to achieve, relative to the time that legislation authorizing additional Restructuring Debt was adopted. However, the proposed Financing Orders, if approved, would provide LIPA with the flexibility to issue the Restructuring Debt at advantageous times through December 2025.

The Department assumes that at the time of any refinancing, a similar NPV analysis as the one provided will be used to determine if it is financially advantageous to go forward with such a refinancing. In cases involving refinancing variable-rate debt or financing System Resiliency costs, the NPV analysis would compare proposed UDSA bonds to the terms of a hypothetical issuance of fixed-rate LIPA bonds. This would be the most accurate means of estimating savings under those circumstances. Overall, the Department finds that it is reasonable to issue the Restructuring Debt in the amounts and manner described in LIPA's consultation letter.

In conclusion, based on the Department's review of the financial documents submitted by LIPA, the meeting with Mr. Vinay Dayal, and a review of the NPV analysis provided by LIPA, the Department concurs with LIPA's plan to issue and sell restructuring bonds through December 2025.

Should you have any questions regarding this matter please contact Sanielle Worrell in the Long Island Office by phone at 516-490-2302 or [Sanielle.Worrell@dps.ny.gov](mailto:Sanielle.Worrell@dps.ny.gov).

Sincerely,

A handwritten signature in black ink, reading "Carrie M. Gallagher". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Carrie M. Gallagher  
Director DPS Long Island

cc: Bobbi O'Connor, LIPA General Counsel and Secretary to the Board of Trustees  
Jeffery Hogan, DPS OAAF  
Sanielle Worrell, DPS LIO  
Nicholas Forst, DPS LIO  
Peter Hilerio, DPS LIO