

APPROVAL OF THE UTILITY DEBT SECURITIZATION AUTHORITY'S 2023 BUDGET

RESOLVED, that the proposed 2023 budget of the Utility Debt Securitization Authority ("Authority"), which is attached hereto as **Exhibit "A"**, is hereby approved.

Dated: December 12, 2022

Exhibit "A" – 2023 Budget

An offshore wind turbine is shown in the background, partially obscured by a large blue diagonal graphic element. The turbine is blue and yellow, standing on a yellow platform in the ocean. The sky is clear blue.

UTILITY DEBT SECURITIZATION AUTHORITY

(A Component Unit of Long Island Power Authority)

UDSA Board Meeting
December 12, 2022

Utility Debt Securitization Authority

(A Component Unit of Long Island Power Authority)

2023 Proposed and 2024 Projected Operating Budget

- In August 2021, New York’s Governor signed a bill into law authorizing the issuance of additional securitized bonds for refinancing and to fund LIPA transmission and distribution system resiliency investments. With these legislative changes the UDSA may issue up to \$8.0 billion of securitized bonds (inclusive of the bonds already issued).
- UDSA (rated triple-A) provides a lower cost of financing than LIPA bonds. As such, in September 2022, UDSA refinanced approximately \$852 million of LIPA and UDSA bonds achieving net present value debt service savings of \$42 million. UDSA also funded \$100 million of 2022 storm hardening investments using LIPA’s first “green bond” transaction.
- UDSA financings have saved LIPA customers \$534 million in net present value debt service savings since 2013. A total of \$5.3 billion of UDSA Restructuring Bonds have been issued resulting in approximately \$2.7 billion remaining in statutory capacity.
- The operations of the UDSA are presented as a proprietary fund following the accrual basis of accounting in order to recognize the flow of economic resources. Revenue which is based on the UDSA’s Restructuring Charge is set at an amount sufficient to recover the debt service payments and other cash operating expenses that the UDSA incurs in any given year.
- The UDSA is considered a blended component unit of LIPA. The results of operations are consolidated with LIPA for financial reporting purposes.

Utility Debt Securitization Authority

(A Component Unit of Long Island Power Authority)

2023 Proposed and 2024 Projected Operating Budget

Description	2021	2022		2023		2024	
	Actual	Approved	Projected	Proposed	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 354,665	\$ 344,993	\$ 370,828	\$ 422,222	\$ 77,229	\$ 395,545	\$ (26,678)
Operating Expenses							
Uncollectible Accounts	256	2,801	1,898	3,196	395	2,779	(417)
General and Administrative Expense							
Ongoing Servicer Fee	2,208	2,250	2,350	2,718	468	2,718	-
Administration Fees	542	500	525	600	100	600	-
Bond Administration Fees	314	152	331	380	227	389	9
Directors and Officers Insurance	286	330	330	347	17	364	17
Accounting, Legal & Misc. Fees	82	155	105	105	(50)	105	-
Total General and Administrative Expense	3,433	3,388	3,642	4,149	762	4,176	27
Amortization of Restructuring Property	234,806	223,082	225,566	308,490	85,408	263,685	(44,805)
Interest Expense	187,643	179,694	183,144	184,040	4,346	170,849	(13,191)
Amortization of Premium	(45,119)	(42,050)	(43,698)	(53,018)	(10,968)	(44,443)	8,575
Amortization of Deferred Debt Issuance Costs	2,035	1,886	1,885	2,672	787	2,148	(524)
Total Interest Expense	144,558	139,530	141,330	133,694	(5,836)	128,554	(5,140)
Reserve Fund Earnings	39	38	1,027	1,481	1,444	1,481	-
Change in Net Position	\$ (28,349)	\$ (23,770)	\$ (581)	\$ (25,826)	\$ (2,056)	\$ (2,169)	\$ 23,657