

Long Island Power Authority
2024 Approved and 2025 Projected Budgets

Utility Debt Securitization Authority

The UDSA was created by Part B of Chapter 173, Laws of New York, 2013 (the “Securitization Law”), allowing for the retirement of certain outstanding indebtedness of LIPA through the issuance of securitized restructuring bonds (Restructuring Bonds) by the UDSA. UDSA (rated triple-A) provides a lower cost of financing than issuing LIPA bonds. The Restructuring Bonds are to be repaid by an irrevocable, non-bypassable restructuring charge on all LIPA customer bills.

The Securitization Law permitted issuance of UDSA Restructuring Bonds in an amount not to exceed \$4.5 billion. LIPA’s Board adopted Financing Order No. 1 through Financing Order No. 5 reaching the statutory capacity. Each financing order authorized Restructuring Bonds secured by a separate restructuring charge created pursuant to that financing.

On August 2, 2021, changes to the Securitization Law were authorized to permit the issuance of additional securitized bonds for refinancing LIPA and UDSA bonds and to fund LIPA transmission and distribution system resiliency investments. With these legislative changes, the UDSA may issue an initial par amount of up to \$8.0 billion of securitized bonds (inclusive of the bonds already issued).

A total of \$5.4 billion of UDSA Restructuring Bonds have been issued through October 2023. However, on November 8, 2023, UDSA priced \$833 million Series 2023 Restructuring Bonds. The Series 2023 Bonds are scheduled to be issued in December 2023 and will refund the remaining 2013 UDSA Restructuring Bonds, producing an additional \$44.6 million in net present value savings. In addition, approximately \$136 million of those bonds will fund LIPA resiliency investments. After this transaction, the remaining statutory capacity will be approximately \$1.7 billion.

Since 2013, UDSA Restructuring Bonds have generated total net present value debt service savings of \$579 million for LIPA’s customers.

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

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(\$ in thousands)

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Description	2022	2023		2024		2025	
	Actual	Approved	Projected	Approved	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 391,366	\$ 422,222	\$ 401,876	\$ 378,366	\$ (43,856)	\$ 400,785	\$ 22,419
Operating Expenses							
Uncollectible Accounts	1,536	3,196	3,301	2,781	(415)	2,793	12
General and Administrative Expense							
Ongoing Servicer Fee	2,417	2,718	2,718	2,125	(593)	2,125	-
Administration Fees	525	600	600	600	-	600	-
Bond Administration Fees	323	380	495	507	128	520	13
Directors and Officers Insurance	306	347	347	347	-	364	17
Accounting, Legal & Misc. Fees	198	105	209	194	89	204	10
Total General and Administrative Expense	3,768	4,149	4,369	3,773	(376)	3,813	40
Amortization of Restructuring Property	215,566	308,490	301,406	238,348	(70,142)	256,800	18,452
Interest Expense	181,112	184,040	184,040	177,858	(6,182)	174,475	(3,382)
Amortization of Premium	(41,324)	(45,189)	(46,694)	(42,231)	2,958	(37,406)	4,825
Amortization of Deferred Debt Issuance Costs	2,031	2,318	2,320	2,149	(169)	2,018	(130)
Total Interest Expense	141,819	141,169	139,666	137,775	(3,394)	139,087	1,312
Reserve Fund Earnings	2,306	1,481	9,398	7,036	5,555	5,629	(1,407)
Change in Net Position	\$ 30,982	\$ (33,301)	\$ (37,469)	\$ 2,725	\$ 36,026	\$ 3,921	\$ 1,196