

Long Island Power Authority
2025 Approved and 2026 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, nonbypassable 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). On May 18, 2022, LIPA’s Board adopted Financing Order No. 6 through Financing Order No. 9 effective through December 31, 2025, to enable use of the expanded statutory authority.

A total of \$6.3 billion of UDSA Restructuring Bonds have been issued through December 2023. The remaining statutory capacity is 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	2023	2024		2025		2026	
	Actual	Approved	Projected	Approved	Change from Prior Year	Projected	Change from Prior Year
Revenues	\$ 395,354	\$ 378,366	\$ 382,747	\$ 383,941	\$ 5,575	\$ 392,551	\$ 8,610
Operating Expenses							
Uncollectible Accounts	4,440	2,781	1,911	1,929	(851)	1,973	43
General and Administrative Expense							
Ongoing Servicer Fee	2,743	2,125	2,165	2,123	(2)	2,123	-
Administration Fees	600	600	600	600	-	600	-
Bond Administration Fees	368	507	465	475	(32)	487	12
Directors and Officers Insurance	345	347	326	343	-	360	17
Accounting, Legal & Misc. Fees	354	194	270	250	55	262	12
Total General and Administrative Expense	4,411	3,773	3,826	3,791	17	3,832	41
Amortization of Restructuring Property	297,527	238,348	251,361	262,034	23,686	263,819	1,785
Interest Expense	184,298	170,858	178,771	168,230	(2,628)	157,029	(11,201)
Amortization of Premium	(42,952)	(40,727)	(48,373)	(42,984)	(2,257)	(38,250)	4,734
Amortization of Deferred Debt Issuance Costs	5,419	2,149	1,849	1,732	(416)	1,272	(460)
Total Interest Expense	146,765	132,279	132,247	126,978	(5,301)	120,052	(6,927)
Reserve Fund Earnings	10,745	7,036	9,487	5,020	(2,016)	4,769	(251)
Change in Net Position	\$ (47,044)	\$ 8,221	\$ 2,890	\$ (5,772)	\$ (13,992)	\$ 7,644	\$ 13,416