



Utility Debt Securitization Authority

(A Component Unit of Long Island Power Authority)

December 16, 2024

Presented by: Donna Mongiardo, CFO LIPA



Utility Debt Securitization Authority (A Component Unit of Long Island Power Authority)

2025 Proposed Operating Budget

- 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 the 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. The 2025 Proposed Operating Budget is based on the total UDSA Restructuring Bonds outstanding as of 2024.
- 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.

Utility Debt Securitization Authority (A Component Unit of Long Island Power Authority)

2025 Proposed Operating Budget

Description	2023	2024		2025		2026	
	Actual	Approved	Projected	Proposed	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

Utility Debt Securitization Authority (A Component Unit of Long Island Power Authority) 2025 Proposed Operating Budget

Year-over-Year Changes:

- Revenue is set annually at an amount sufficient to recover debt service and other cash operating expenses. Revenue is budgeted to be \$384 million for 2025 which is a \$6 million increase compared to 2024 budgeted revenue. This increase is due to higher 2025 scheduled debt service payments compared to 2024.
- The amortization of restructuring property is amortized relative to scheduled debt service, and as the debt service will be higher in 2025 than in 2024, the budgeted amortization was increased accordingly.

Questions?

Donna Mongiardo
CFO

lipower.org



FOR CONSIDERATION

December 16, 2024

TO: Board of Trustees of the Utility Debt Securitization Authority

FROM: Donna Mongiardo

SUBJECT: Approval of the UDSA 2025 Budget

Requested Action

The Board of Trustees (the “Board”) of the Utility Debt Securitization Authority (“UDSA”) is being requested to adopt a resolution, attached hereto as **Exhibit “A”**, approving the UDSA 2025 budget.

The proposed 2025 budget, more particularly shown on **Exhibit “B”**, totals \$384 million. The proposed 2025 Budget funds general and administrative expenses and debt service related to the UDSA Restructuring Bonds currently outstanding.

Recommendation

Based upon the foregoing, it is recommended that the Board adopt a resolution in the form attached hereto as **Exhibit “A”**.

Exhibit “A” Resolution

Exhibit “B” 2024 Budget

Exhibit "A"

**APPROVAL OF THE UTILITY DEBT SECURITIZATION AUTHORITY'S 2025
BUDGET**

RESOLVED, that the proposed 2025 budget of the Utility Debt Securitization Authority ("Authority"), which is attached hereto as **Exhibit "A"**, is hereby approved.

Dated: December 16, 2024

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Change in Net Position	\$ (47,044)	\$ 8,221	\$ 2,890	\$ (5,772)	\$ (13,992)	\$ 7,644	\$ 13,416