

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)
Quarterly Unaudited Financial Report
For the three-month period ended March 31, 2025

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)

Table of Contents

	Page
Introduction	1-3
Basic Financial Statements (Unaudited)	
Statements of Net Position	4
Statements of Revenues, Expenses, and Changes in Net Position	5
Statements of Cash Flows	6
Management's Discussion and Analysis (Unaudited)	7-8

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)

Introduction

Overview of the Financial Statements

The Utility Debt Securitization Authority (UDSA) publishes interim financial results on a quarterly basis with a fiscal year ending December 31. The interim Basic Financial Statements and related Management's Discussion and Analysis do not include all the information and notes required under Generally Accepted Accounting Principles (GAAP) for annual consolidated financial statements. Therefore, the Management's Discussion and Analysis of UDSA's three-month period ended March 31, 2025 compared to 2024 should be read in conjunction with the annual audited consolidated financial statements, which may be found on UDSA's website at www.lipower.org/UDSA.

The Basic Financial Statements consist of the Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, and the Statements of Cash Flows.

The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

The Statements of Revenues, Expenses, and Changes in Net Position report all UDSA's revenues and expenses for the periods shown.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources, such as investment income, and other cash uses such as payments for debt service.

The UDSA's basic financial statements are prepared on an accrual basis in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). The UDSA is considered a blended component unit of the Long Island Power Authority (LIPA). The assets, liabilities, and results of operations are blended with the operations of LIPA for financial reporting purposes in LIPA's Basic Financial Statements.

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)

Nature of Operations

UDSA was created by Part B of Chapter 173, Laws of New York, 2013 (as amended by Chapter 58 of the Laws of New York, 2015, and then by Chapter 369 of the Laws of New York, 2021, the "Securitization Law"), allowing for the retirement of certain outstanding indebtedness of LIPA through the issuance of securitized restructuring bonds (Restructuring Bonds) by UDSA. The Restructuring Bonds are to be repaid by an irrevocable, non-bypassable restructuring charge on all LIPA customer bills.

The Securitization Law permitted LIPA's Board of Trustees (Board) to adopt financing orders pursuant to which UDSA issued Restructuring Bonds in an amount not to exceed \$4.5 billion. LIPA's Board adopted Financing Order No. 1 on October 3, 2013, Financing Orders No. 2, No. 3, and No. 4 on June 26, 2015, and Financing Order No. 5 on September 29, 2017, each authorizing UDSA to issue Restructuring Bonds.

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. Funding from UDSA bonds provides a lower cost to customers than issuing LIPA bonds for the same purpose. With these legislative changes UDSA may issue an initial par amount of up to \$8.0 billion of securitized bonds (inclusive of the bonds already issued).

Each financing order authorized Restructuring Bonds secured by a separate restructuring charge created pursuant to that financing.

UDSA refinancings have saved LIPA customers \$579 million of net present value debt savings since 2013.

As of March 31, 2025, a total of \$6.3 billion of UDSA Restructuring Bonds have been issued resulting in \$1.7 billion in remaining statutory capacity. UDSA's Financing Orders are summarized below:

Financing Order	Date Issued	Initial Amount Issued Excluding Premiums	Amount Outstanding	Net Present Value Savings	Restructuring Charge Rate Effective Date
No. 1	December 18, 2013	\$ 2,022,324	—	131,609	Not Applicable*
No. 2	October 27, 2015	1,002,115	911,225	127,978	January 1, 2016
No. 3	April 7, 2016	636,770	420,490	115,238	April 7, 2016
No. 4	September 8, 2016	469,320	127,510	71,647	September 8, 2016
No. 5	November 21, 2017	369,465	283,520	45,387	January 1, 2018
No. 6	September 29, 2022	935,655	890,395	42,080	October 3, 2022
No. 7	December 15, 2023	833,215	818,415	44,646	December 15, 2023
		<u>\$ 6,268,864</u>	<u>3,451,555</u>	<u>578,585</u>	

*Restructuring Bonds, Series 2013 were fully refunded in 2023 and a restructuring charge for Financing Order No. 1 is no longer required.

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)

Bond Ratings

UDSA's credit ratings by Moody's Investors Service (Moody's), Standard and Poor's Global Ratings (S&P), and Fitch Ratings (Fitch) are listed below.

Bond Series	Moody's	S&P	Fitch
Series 2015	Aaa (sf)	AAA (sf)	AAAsf
Series 2016A	Aaa (sf)	AAA (sf)	AAAsf
Series 2016B	Aaa (sf)	AAA (sf)	AAAsf
Series 2017	Aaa (sf)	AAA (sf)	AAAsf
Series 2022	Aaa (sf)	AAA (sf)	Not applied for
Series 2023	Aaa (sf)	AAA (sf)	Not applied for

Contacting the Utility Debt Securitization Authority

This financial report is designed to provide the UDSA's bondholders, and other interested parties, with a general overview of the UDSA's finances and to demonstrate its accountability for the funds it receives. For more information, contact the Utility Debt Securitization Authority, in care of the Long Island Power Authority, at 333 Earle Ovington Blvd., Suite 403, Uniondale, New York 11553, or visit the UDSA's website at www.lipower.org/UDSA.

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)
Statements of Net Position
March 31, 2025 and December 31, 2024
(Amounts in thousands)

	2025 (unaudited)	2024 (audited)
Assets and Deferred Outflows of Resources		
Current assets:		
Restricted cash and cash equivalents	\$ 218,782	129,695
Accounts receivable, net of allowance for uncollectible accounts of \$188 and \$208, respectively	47,683	49,161
Prepaid expenses	212	291
Total current assets	<u>266,677</u>	<u>179,147</u>
Noncurrent assets:		
Restructuring property, net of accumulated amortization	3,571,803	3,637,311
Regulatory asset – unamortized debt issuance costs	11,867	12,309
Total noncurrent assets	<u>3,583,670</u>	<u>3,649,620</u>
Total assets	<u>3,850,347</u>	<u>3,828,767</u>
Deferred outflows of resources:		
Deferred defeasance costs on debt refunding	6,677	7,049
Total assets and deferred outflows of resources	<u>\$ 3,857,024</u>	<u>3,835,816</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Current maturities of long-term debt	\$ 223,965	223,965
Accrued interest	50,010	7,144
Accrued expenses	1,482	744
Total current liabilities	<u>275,457</u>	<u>231,853</u>
Noncurrent liabilities:		
Long-term debt, net	3,227,590	3,227,590
Unamortized premium of long-term debt	265,507	276,117
Total noncurrent liabilities	<u>3,493,097</u>	<u>3,503,707</u>
Total liabilities	<u>3,768,554</u>	<u>3,735,560</u>
Deferred inflows of resources:		
Deferred defeasance costs on debt refunding	17,121	17,921
Net position – restricted	71,349	82,335
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,857,024</u>	<u>3,835,816</u>

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)
Statements of Revenues, Expenses, and Changes in Net Position
Three-month period ended March 31, 2025 and 2024
(unaudited)
(Amounts in thousands)

	<u>2025</u>	<u>2024</u>
Operating revenue, net of uncollectible accounts expense	\$ 85,744	90,704
Operating expenses:		
Amortization of restructuring property	65,508	62,840
Servicing, administrative and other fees	<u>814</u>	<u>896</u>
Total operating expenses	66,322	63,736
Operating income	<u>19,422</u>	<u>26,968</u>
Nonoperating revenue and expenses:		
Interest income	<u>1,864</u>	<u>2,008</u>
Income before interest charges and (credits)	<u>21,286</u>	<u>28,976</u>
Interest charges and (credits):		
Interest on debt	42,866	45,427
Other interest	1	(2)
Other interest amortizations	<u>(10,595)</u>	<u>(12,028)</u>
Total non-operating expenses, net	32,272	33,397
Change in net position	<u>(10,986)</u>	<u>(4,421)</u>
Net position, beginning of year	<u>82,335</u>	<u>71,576</u>
Net position, end of period	<u>\$ 71,349</u>	<u>67,155</u>

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)
Statements of Cash Flows
Three-month period ended March 31, 2025 and 2024
(unaudited)
(Amounts in thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Operating revenues received	\$ 87,223	74,064
Servicing, administrative and other fees	<u>1</u>	<u>—</u>
Net cash provided by operating activities	<u>87,224</u>	<u>74,064</u>
Cash flows from investing activities:		
Interest income	<u>1,864</u>	<u>2,008</u>
Net cash provided by investing activities	<u>1,864</u>	<u>2,008</u>
Cash flows from financing activities:		
Other interest costs	<u>(1)</u>	<u>—</u>
Net cash used in financing activities	<u>(1)</u>	<u>—</u>
Net increase in cash and cash equivalents	89,087	76,072
Restricted cash and cash equivalents, beginning of year	<u>129,695</u>	<u>114,951</u>
Restricted cash and cash equivalents, end of period	<u>\$ 218,782</u>	<u>191,023</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 19,422	26,968
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of restructuring property	65,509	62,840
Changes in operating assets and liabilities:		
Prepaid expenses and accrued expenses	818	897
Accounts receivable	<u>1,475</u>	<u>(16,641)</u>
Net cash provided by operating activities	<u>\$ 87,224</u>	<u>74,064</u>

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)

Management's Discussion and Analysis (Unaudited)

Three-Month Period ended March 31, 2025 Compared to 2024

The UDSA results for the three months ended March 31, 2025, showed a decrease of \$7 million in the change in net position compared to the first three months of 2024. The net position and changes in net position reflect the timing differences between the accrual-based accounting required under GAAP and the ratemaking treatment followed by the UDSA. 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, which differs from accrued revenues and expenses.

Operating revenues

Operating revenues decreased \$5 million compared to 2024 primarily due to lower restructuring charges.

Operating expenses

Operating expenses increased \$3 million compared to 2024 primarily due to increases in the amortization of the restructuring property which the UDSA recognizes on a proportionate basis annually based upon the total principal payments due and premiums outstanding on its restructuring bonds.

Nonoperating revenues and expenses

Interest expense decreased \$3 million compared to 2024 due to lower debt outstanding in the first quarter of 2025 compared to 2024.

Other interest amortization decreased \$1 million due to lower premiums outstanding in the first quarter of 2025 compared to 2024.

Long-Term Debt

The Financing Orders adopted by LIPA's Board authorized the issuance of Restructuring Bonds by the UDSA to provide funds for the purchase of Restructuring Property from LIPA. Each Restructuring Property is secured only by their respective Restructuring Bonds. In each restructuring transaction, LIPA used the net proceeds from the sale of the Restructuring Property to refund debt and other obligations of LIPA or to fund resiliency investments, producing net present value savings to LIPA's utility customers.

Interest payments on all the Restructuring Bonds are paid semi-annually every June 15th and December 15th. Restructuring Charges are set to collect amounts sufficient to pay the principal of, and interest on, the bonds on a timely basis and any ongoing financing costs.

UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)

The UDSA's long-term debt as of March 31, 2025, consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Maturities</u>	<u>Refundings</u>	<u>Ending balance</u>	<u>Years of Maturity</u>	<u>Interest Rate (%)</u>
Restructuring bonds:							
Series 2015	911,225	—	—	—	911,225	2025-2035	3.00-5.00
Series 2016A	420,490	—	—	—	420,490	2025-2033	5.00
Series 2016B	127,510	—	—	—	127,510	2025-2033	4.00-5.00
Series 2017	283,520	—	—	—	283,520	2025-2039	5.00
Series 2022T	32,640	—	—	—	32,640	2029-2037	4.65-4.95
Series 2022TE-1	762,975	—	—	—	762,975	2025-2037	5.00
Series 2022TE-2	94,780	—	—	—	94,780	2038-2050	5.00
Series 2023T	36,200	—	—	—	36,200	2039	5.67
Series 2023TE-1	646,700	—	—	—	646,700	2025-2039	5.00
Series 2023TE-2	135,515	—	—	—	135,515	2034-2051	5.00
Subtotal	<u>3,451,555</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,451,555</u>		
Less: current maturities	<u>(223,965)</u>				<u>(223,965)</u>		
Total long-term debt	<u>\$ 3,227,590</u>				<u>3,227,590</u>		

The annual debt service requirements for the UDSA's bonds are as follows:

<u>Due</u>		<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service Requirements</u>
2025	\$	223,965	168,697	392,662
2026		231,310	157,409	388,719
2027		222,120	145,957	368,077
2028		222,595	134,845	357,440
2029		238,310	123,557	361,867
2030–2034		1,183,615	429,125	1,612,740
2035–2039		930,955	186,853	1,117,808
2040–2044		74,625	41,656	116,281
2045–2049		95,500	20,757	116,257
2050–2051		28,560	1,317	29,877
Total	\$	<u>3,451,555</u>	<u>1,410,171</u>	<u>4,861,726</u>

UDSA has approximately \$2.2 billion of Restructuring Bonds that become callable from 2025 through 2034.