

Utility Debt Securitization Authority Restructuring Bonds Series 2022 Assigned Ratings

September 29, 2022

Overview

- Utility Debt Securitization Authority's series 2022 issuance is an ABS transaction backed by restructuring property.
- We assigned our ratings to the series 2022T, 2022TE1, and 2022TE2 bonds.
- The ratings reflect our view of the transaction's structure and each tranche's ability to withstand our cash flow stress scenarios, among other factors.

NEW YORK (S&P Global Ratings) Sept. 29, 2022--S&P Global Ratings today assigned its ratings to Utility Debt Securitization Authority's (UDSA's) fixed-rate restructuring bonds series 2022 (see list).

The bond issuance is an ABS transaction backed by restructuring property. The transaction is sponsored by Long Island Power Authority (the Authority) and its wholly owned subsidiary, the Long Island Lighting Co. doing business as LIPA. Most of the proceeds from the bond issuance will be used to retire certain of the Authority's outstanding debt and refund a portion of UDSA's series 2013 restructuring bonds, with the remainder used to finance system resiliency costs.

The ratings reflect:

- The issuer's irrevocable right, title, and interest in and to all revenues, collections, claims, and payments from non-bypassable restructuring charges, based on electricity usage;
- The size, diversity, and economic strength of the service territory and the related customer demographics;
- All rights to obtain periodic true-up adjustments to the restructuring charges from LIPA's electricity customers, based on the financing order issued by the Authority and approved by the New York Public Authorities Control Board and the servicing agreement;
- The transaction structure, including an operating cost reserve fund and a debt service reserve fund, both of which will be replenished, if necessary, through the true-up mechanism; and
- Our view of each tranche's ability to withstand our cash flow stress scenarios and the length of time between each tranche's expected and legal final maturity dates, which we accounted for in our analysis.

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Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | ABS: Global Methodology And Assumptions For Nonfinancial Future Flow Transactions, Jan. 16, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Presale: Utility Debt Securitization Authority (Series 2022), Sept. 13, 2022
- Summary: Long Island Power Authority, New York; Retail Electric, Aug. 5, 2022
- Industry Top Trends Midyear 2022: Relapse, Recession, Resilience, July 25, 2022
- How Will North American Utilities Cope With Higher Interest Rates, Steeper Commodity Prices, And Inflation, March 8, 2022
- For The First Time Ever, The Median Investor-Owned Utility Ratings Falls To The 'BBB' Category, Jan. 20, 2022
- Keeping The Lights On: U.S. Utilities' Exposure To Physical Climate Risks, Sept. 16, 2021
- North American Regulated Utilities' Negative Outlook Could See Modest Improvement, Jan. 20, 2021
- Updates And Insights On Regulatory Jurisdictions Shaping Policies For North American Utilities, Nov. 9, 2020
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- Cash Flow Analyses Are Not Generally Needed for Rate Reduction Bond Transaction Surveillance Due to True-Up Mechanisms, June 11, 2015

Ratings Assigned

Utility Debt Securitization Authority (Series 2022)

- Series 2022T, T1-Term(i), \$20,945,000: AAA (sf)
- Series 2022T, T2-Term(i), \$11,650,000: AAA (sf)
- Series 2022T, T3-Term(i), \$20,990,000: AAA (sf)
- Series 2022TE1, TE1-1-Serial(ii), \$5,955,000: AAA (sf)
- Series 2022TE1, TE1-2-Serial(ii), \$6,100,000: AAA (sf)
- Series 2022TE1, TE1-3-Serial(ii), \$6,055,000: AAA (sf)
- Series 2022TE1, TE1-4-Serial(ii), \$6,205,000: AAA (sf)
- Series 2022TE1, TE1-5-Serial(ii), \$12,010,000: AAA (sf)
- Series 2022TE1, TE1-6-Serial(ii), \$12,300,000: AAA (sf)
- Series 2022TE1, TE1-7-Serial(ii), \$49,330,000: AAA (sf)
- Series 2022TE1, TE1-8-Serial(ii), \$50,560,000: AAA (sf)
- Series 2022TE1, TE1-9-Serial(ii), \$67,560,000: AAA (sf)
- Series 2022TE1, TE1-10-Serial(ii), \$69,250,000: AAA (sf)
- Series 2022TE1, TE1-11-Serial(ii), \$38,975,000: AAA (sf)
- Series 2022TE1, TE1-12-Serial(ii), \$39,950,000: AAA (sf)
- Series 2022TE1, TE1-13-Serial(ii), \$49,690,000: AAA (sf)
- Series 2022TE1, TE1-14-Serial(ii), \$50,930,000: AAA (sf)
- Series 2022TE1, TE1-15-Serial(ii), \$30,740,000: AAA (sf)
- Series 2022TE1, TE1-16-Serial(ii), \$31,500,000: AAA (sf)
- Series 2022TE1, TE1-17-Serial(ii), \$17,090,000: AAA (sf)
- Series 2022TE1, TE1-18-Serial(ii), \$17,515,000: AAA (sf)
- Series 2022TE1, TE1-19-Serial(ii), \$17,765,000: AAA (sf)
- Series 2022TE1, TE1-20-Serial(ii), \$18,205,000: AAA (sf)
- Series 2022TE1, TE1-21-Term(ii), \$26,590,000: AAA (sf)
- Series 2022TE1, TE1-22-Term(ii), \$5,490,000: AAA (sf)
- Series 2022TE1, TE1-23-Term(ii), \$900,000: AAA (sf)
- Series 2022TE1, TE1-24-Term(ii), \$93,930,000: AAA (sf)
- Series 2022TE1, TE1-25-Term(ii), \$62,695,000: AAA (sf)
- Series 2022TE2, TE2-1-Term(ii), \$5,330,000: AAA (sf)
- Series 2022TE2, TE2-2-Term(ii), \$5,600,000: AAA (sf)

Utility Debt Securitization Authority Restructuring Bonds Series 2022 Assigned Ratings

- Series 2022TE2, TE2-3-Term(ii), \$5,885,000: AAA (sf)
- Series 2022TE2, TE2-4-Term(ii), \$6,180,000: AAA (sf)
- Series 2022TE2, TE2-5-Term(ii), \$6,490,000: AAA (sf)
- Series 2022TE2, TE2-6-Term(ii), \$37,745,000: AAA (sf)
- Series 2022TE2, TE2-7-Term(ii), \$27,550,000: AAA (sf)

(i) Federally taxable. (ii) Federally tax-exempt.

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