

Utility Debt Securitization Authority Series 2023 Bonds Assigned Ratings

December 15, 2023

Overview

- Utility Debt Securitization Authority's series 2023 issuance is an ABS transaction backed by utility-related restructuring property.
- We assigned our ratings to the series 2023T, 2023TE-1, and 2023TE-2 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) Dec. 15, 2023--S&P Global Ratings today assigned its ratings to Utility Debt Securitization Authority's fixed-rate restructuring bonds series 2023T, 2023TE-1, and 2023TE-2 (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.

Upon the closing date, the bond issuance increased to \$833.215 million from the initial \$823.365 million in the presale report.

The ratings reflect:

- The issuer's irrevocable right, title, and interest in and to all revenues, collections, claims, and payments from nonbypassable restructuring charges, based on electricity usage.
- The large, predominantly residential, and affluent customer base, which contributes to revenue stability and predictability.
- 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 public authorities control board (PACB) and the servicing agreement.
- The transaction structure, including the operating cost reserve and debt service reserve funds, which will be both replenished, if necessary, through the true-up mechanism.
- 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 2023), Sept. 28, 2023
- Summary: Long Island Power Authority, New York; Retail Electric, Aug. 11, 2023
- Industry Top Trends Update North America: Regulated Utilities, July 18, 2023
- Views On North American Utility Regulatory Jurisdictions: Assessment Revisions And Notable Developments, July 10, 2023
- Economic Outlook U.S. Q3 2023: A Sticky Slowdown Means Higher For Longer, June 26, 2023

Ratings Assigned

Utility Debt Securitization Authority (Series 2023)

Series 2023T (federally taxable bonds)

- Tranche 1 \$36,200,000: AAA (sf)

Series 2023TE-1 (federally tax-exempt bonds)

Utility Debt Securitization Authority Series 2023 Bonds Assigned Ratings

- Tranche 1, \$7,000,000: AAA (sf)
- Tranche 2, \$7,800,000: AAA (sf)
- Tranche 3, \$2,500,000: AAA (sf)
- Tranche 4, \$2,500,000: AAA (sf)
- Tranche 5, \$18,995,000: AAA (sf)
- Tranche 6, \$19,470,000: AAA (sf)
- Tranche 7, \$39,120,000: AAA (sf)
- Tranche 8, \$40,100,000: AAA (sf)
- Tranche 9, \$49,065,000: AAA (sf)
- Tranche 10, \$50,295,000: AAA (sf)
- Tranche 11, \$58,935,000: AAA (sf)
- Tranche 12, \$60,410,000: AAA (sf)
- Tranche 13, \$5,240,000: AAA (sf)
- Tranche 14, \$5,370,000: AAA (sf)
- Tranche 15, \$10,045,000: AAA (sf)
- Tranche 16, \$10,300,000: AAA (sf)
- Tranche 17, \$4,425,000: AAA (sf)
- Tranche 18, \$4,540,000: AAA (sf)
- Tranche 19, \$8,675,000: AAA (sf)
- Tranche 20, \$8,895,000: AAA (sf)
- Tranche 21, \$19,130,000: AAA (sf)
- Tranche 22, \$103,435,000: AAA (sf)
- Tranche 23, \$125,255,000: AAA (sf)

Series 2023TE-2 (federally tax-exempt bonds)

- Tranche 1, \$6,555,000: AAA (sf)
- Tranche2, \$6,885,000: AAA (sf)
- Tranche 3, \$7,240,000: AAA (sf)
- Tranche 4, \$7,605,000: AAA (sf)
- Tranche 5, \$7,990,000: AAA (sf)
- Tranche 6, \$8,395,000: AAA (sf)
- Tranche 7, \$8,820,000: AAA (sf)
- Tranche 8, \$51,250,000: AAA (sf)
- Tranche 9, \$30,775,000: AAA (sf)

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