



UDSA Q3 2025 Financial Report

UDSA Board of Trustees Meeting

Presented by: Richard Tinelli — Controller

Discussion Topics

 Quarterly Report Overview

 Statement of Net Position – September 2025 vs. December 2024

 Statements of Revenue, Expenses, and Changes in Net Position
– September 2025 vs. September 2024

 Long-Term Debt Summary

Quarterly Report Overview

UDSA's 3rd Quarter financial statements detail the financial results for January through September 2025. The following views are presented:

- **Statement of Net Position (Balance Sheet)**
 - September 30, 2025 vs. December 31, 2024
- **Statement of Revenue, Expenses, and Changes in Net Position (Income Statement)**
 - Nine Months Ended September 30, 2025 vs. 2024
- **Statement of Cash Flows**
 - Nine Months Ended September 30, 2025 vs. 2024

UDSA's Quarterly Financial Statements are filed on UDSA's website, as well as the Electronic Municipal Market Access ("EMMA") website within 45 days of the ending of the period.

Statement of Net Position – September 2025 vs. December 2024

- **Current assets increased \$98M** due to higher cash and cash equivalents. This is related to timing as in September customer receipts are accumulating to satisfy scheduled debt service payments in December.
- **Noncurrent assets decreased \$198M** due to the scheduled amortization of the Restructuring Property.
- **Current liabilities increased \$45M** primarily related to accrued interest.
- **Noncurrent Liabilities decreased by \$145M** related to scheduled debt service payments and amortization of premium.

	Sep-25 (unaudited)	Dec-24 (audited)	Variance
Assets and Deferred Outflows of Resources			
Current Assets	276,772	179,147	97,625
Noncurrent assets	3,451,786	3,649,620	(197,834)
Deferred defeasance costs on debt refunding	5,954	7,049	(1,095)
Total assets and deferred outflows	<u>\$ 3,734,512</u>	<u>3,835,816</u>	<u>(101,304)</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities	277,295	231,853	45,442
Noncurrent liabilities	3,358,379	3,503,707	(145,328)
Deferred defeasance costs on debt refunding	15,522	17,921	(2,399)
Net position – restricted	<u>83,316</u>	<u>82,335</u>	<u>981</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,734,512</u>	<u>3,835,816</u>	<u>(101,304)</u>

Statements of Revenue, Expenses, and Changes in Net Position – September 2025 vs. September 2024

- **Operating revenues decreased \$16M** primarily due to lower restructuring charges.
- **Operating expenses increased \$8M** primarily due to increases in the amortization of the Restructuring Property.
- **Interest charges and (credits) decreased \$4M** related to lower outstanding debt

	2025	2024	Variance
Operating revenue, net of uncollectible accounts expense	\$ 290,335	306,461	(16,126)
Operating expenses	(199,036)	(191,042)	(7,994)
Operating income	<u>91,299</u>	<u>115,419</u>	<u>(24,120)</u>
Interest income	5,912	6,777	(865)
Interest charges and (credits):	(96,230)	(99,884)	3,654
Change in net position	<u>981</u>	<u>22,312</u>	<u>(21,331)</u>
Restricted net position, beginning of year	82,335	71,576	10,759
Restricted net position, end of period	<u>\$ 83,316</u>	<u>93,888</u>	<u>(10,572)</u>

Questions?

Richard Tinelli
Controller

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UTILITY DEBT SECURITIZATION AUTHORITY
(A Component Unit of the Long Island Power Authority)
Quarterly Unaudited Financial Report
For the nine-month period ended September 30, 2025

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

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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 nine-month period ended September 30, 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
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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 September 30, 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	859,460	127,978	January 1, 2016
No. 3	April 7, 2016	636,770	379,260	115,238	April 7, 2016
No. 4	September 8, 2016	469,320	124,570	71,647	September 8, 2016
No. 5	November 21, 2017	369,465	283,325	45,387	January 1, 2018
No. 6	September 29, 2022	935,655	878,385	42,080	October 3, 2022
No. 7	December 15, 2023	833,215	815,915	44,646	December 15, 2023
		<u>\$ 6,268,864</u>	<u>3,340,915</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.

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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
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Statements of Net Position
September 30, 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	\$ 217,412	129,695
Accounts receivable, net of allowance for uncollectible accounts of \$205 and \$208, respectively	59,307	49,161
Prepaid expenses	53	291
Total current assets	<u>276,772</u>	<u>179,147</u>
Noncurrent assets:		
Restructuring property, net of accumulated amortization	3,440,785	3,637,311
Regulatory asset – unamortized debt issuance costs	11,001	12,309
Total noncurrent assets	<u>3,451,786</u>	<u>3,649,620</u>
Total assets	<u>3,728,558</u>	<u>3,828,767</u>
Deferred outflows of resources:		
Deferred defeasance costs on debt refunding	5,954	7,049
Total assets and deferred outflows of resources	<u>\$ 3,734,512</u>	<u>3,835,816</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Current maturities of long-term debt	\$ 227,555	223,965
Accrued interest	48,396	7,144
Accrued expenses	1,344	744
Total current liabilities	<u>277,295</u>	<u>231,853</u>
Noncurrent liabilities:		
Long-term debt, net	3,113,360	3,227,590
Unamortized premium of long-term debt	244,886	276,117
Long-term liabilities and unrealized credits	133	-
Total noncurrent liabilities	<u>3,358,379</u>	<u>3,503,707</u>
Total liabilities	<u>3,635,674</u>	<u>3,735,560</u>
Deferred inflows of resources:		
Deferred defeasance costs on debt refunding	15,522	17,921
Net position – restricted	<u>83,316</u>	<u>82,335</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,734,512</u>	<u>3,835,816</u>

UTILITY DEBT SECURITIZATION AUTHORITY
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Statements of Revenues, Expenses, and Changes in Net Position
Nine-month period ended September 30, 2025 and 2024
(unaudited)
(Amounts in thousands)

	<u>2025</u>	<u>2024</u>
Operating revenue, net of uncollectible accounts expense	\$ 290,335	306,461
Operating expenses:		
Amortization of restructuring property	196,526	188,521
Servicing, administrative and other fees	2,511	2,521
Total operating expenses	<u>199,036</u>	<u>191,042</u>
Operating income	<u>91,299</u>	<u>115,419</u>
Nonoperating revenue and expenses:		
Interest income	5,912	6,777
Income before interest charges and (credits)	<u>97,211</u>	<u>122,196</u>
Interest charges and (credits):		
Interest on debt	126,984	134,806
Other interest	471	349
Other interest amortizations	(31,225)	(35,271)
Total non-operating expenses, net	<u>96,230</u>	<u>99,884</u>
Change in net position	<u>981</u>	<u>22,312</u>
Net position, beginning of year	<u>82,335</u>	<u>71,576</u>
Net position, end of period	\$ <u><u>83,316</u></u>	<u><u>93,888</u></u>

UTILITY DEBT SECURITIZATION AUTHORITY
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Statements of Cash Flows
Nine-month period ended September 30, 2025 and 2024
(unaudited)
(Amounts in thousands)

	2025	2024
Cash flows from operating activities:		
Operating revenues received	\$ 280,190	292,844
Servicing, administrative and other fees	(1,542)	(1,632)
Net cash provided by operating activities	<u>278,648</u>	<u>291,212</u>
Cash flows from investing activities:		
Interest Income	5,912	6,777
Net cash provided by investing activities	<u>5,912</u>	<u>6,777</u>
Cash flows from financing activities:		
Interest paid	(85,732)	(90,851)
Redemption of long-term debt	(110,640)	(100,825)
Other interest costs	(471)	(347)
Debt issuance costs	-	(8)
Net cash used in financing activities	<u>(196,843)</u>	<u>(192,031)</u>
Net increase in cash and cash equivalents	87,717	105,958
Cash and cash equivalents at beginning of year	<u>129,695</u>	<u>114,951</u>
Cash and cash equivalents at end of period	\$ <u>217,412</u>	<u>220,909</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 91,299	115,419
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of restructuring property	196,526	188,521
Changes in operating assets and liabilities:		
Prepaid expenses and accrued expenses	969	879
Accounts receivable	<u>(10,146)</u>	<u>(13,607)</u>
Net cash provided by operating activities	\$ <u>278,648</u>	<u>291,212</u>

UTILITY DEBT SECURITIZATION AUTHORITY
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Management's Discussion and Analysis (Unaudited)

Nine-Month Period ended September 30, 2025 Compared to 2024

The UDSA results for the nine months ended September 30, 2025, showed a decrease of \$21 million in the change in net position compared to the first nine 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 \$16 million compared to 2024 primarily due to lower restructuring charges.

Operating expenses

Operating expenses increased \$8 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 \$8 million compared to 2024 due to lower debt outstanding in the third quarter of 2025 compared to 2024.

Other interest amortization decreased \$4 million due to lower premiums outstanding in the third 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.

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The UDSA's long-term debt as of September 30, 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	-	51,765	-	859,460	2025-2035	3.00-5.00
Series 2016A	420,490	-	41,230	-	379,260	2025-2033	5.00
Series 2016B	127,510	-	2,940	-	124,570	2025-2033	4.00-5.00
Series 2017	283,520	-	195	-	283,325	2025-2039	5.00
Series 2022T	32,640	-	-	-	32,640	2029-2037	4.65-4.95
Series 2022TE-1	762,975	-	12,010	-	750,965	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	-	2,500	-	644,200	2025-2039	5.00
Series 2023TE-2	135,515	-	-	-	135,515	2034-2051	5.00
Subtotal	3,451,555	-	110,640	-	3,340,915		
Less: current maturities	(223,965)				(227,555)		
Total long-term debt	<u>3,227,590</u>				<u>3,113,360</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
	<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.