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, 2026

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(A Component Unit of the Long Island Power Authority)

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Introduction

Overview of the Financial Statements

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 financial statements. Therefore, the Management's Discussion and Analysis of UDSA's nine-month period ended September 30, 2026 compared to 2025 should be read in conjunction with the annual audited 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 Revenues, 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.

UDSA's basic financial statements are prepared on an accrual basis in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). 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.

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.

Under Financing Order No. 8, on December 15, 2025, UDSA issued $975 million Series 2025 Tax-Exempt Restructuring Bonds, and $115 million Series 2025 Tax-Exempt Green Bonds. The proceeds of these Restructuring Bonds, plus $134 million of premium received, refunded $1.1 billion of UDSA debt, and funded $120 million of LIPA resiliency investments. The 2025 UDSA Restructuring Bonds generated total net present value debt service savings of $120 million for LIPA's customers. No bonds were issued under Financing Order No. 9, and it expired on December 31, 2025.

UDSA refinancings have saved LIPA customers $699 million of net present value debt savings since 2013.

As of September 30, 2026, a total of $7.359 billion of UDSA Restructuring Bonds have been issued, resulting in $641 million in remaining statutory capacity. UDSA's Financing Orders are summarized below:

(Amounts in thousands)

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	—	127,978	Not Applicable**
No. 3	April 7, 2016	636,770	185,925	115,238	April 7, 2016
No. 4	September 8, 2016	469,320	92,870	71,647	September 8, 2016
No. 5	November 21, 2017	369,465	126,030	45,387	January 1, 2018
No. 6	September 29, 2022	935,655	816,755	42,080	October 3, 2022
No. 7	December 15, 2023	833,215	794,420	44,646	December 15, 2023
No. 8	December 15, 2025	1,089,865	1,087,525	120,413	December 15, 2025
		$ 7,358,729	3,103,525	698,998	

*Restructuring Bonds, Series 2013 were fully refunded in 2023 and a restructuring charge for Financing Order No. 1 is no longer required.
**Restructuring Bonds, Series 2015 were fully refunded in 2025 and a restructuring charge for Financing Order No. 2 is no longer required.

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 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
Series 2025	Aaa (sf)	AAA (sf)	AAAsf

Contacting the Utility Debt Securitization Authority

This financial report is designed to provide UDSA's bondholders, and other interested parties, with a general overview of 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 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
September 30, 2026 and December 31, 2025
(Amounts in thousands)

		2026 (unaudited)	2025 (audited)
Assets and Deferred Outflows of Resources			
Current assets:			
Restricted cash and cash equivalents	$	217,330	106,001
Accounts receivable, net of allowance for uncollectible accounts of $170 and $128, respectively		59,191	54,684
Prepaid expenses		53	—
Total current assets		276,574	160,685
Noncurrent assets:			
Restructuring property, net of accumulated amortization		3,287,705	3,491,898
Regulatory asset – unamortized debt issuance costs		5,738	6,558
Total noncurrent assets		3,293,443	3,498,456
Total assets		3,570,017	3,659,141
Deferred outflows of resources:			
Deferred defeasance costs on debt refunding		4,593	5,601
Total assets and deferred outflows of resources	$	3,574,610	3,664,742
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities:			
Current maturities of long-term debt	$	227,175	227,780
Accrued interest		45,175	6,688
Accrued expenses		1,302	172
Total current liabilities		273,652	234,640
Noncurrent liabilities:			
Long-term debt, net		2,876,350	2,988,215
Unamortized premium of long-term debt		240,090	271,223
Long-term liabilities and unrealized credits		—	133
Total noncurrent liabilities		3,116,440	3,259,571
Total liabilities		3,390,092	3,494,211
Deferred inflows of resources:			
Deferred defeasance costs on debt refunding		86,810	98,611
Net position – restricted		97,708	71,920
Total liabilities, deferred inflows of resources and net position	$	3,574,610	3,664,742

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

Statements of Revenues, Expenses, and Changes in Net Position
Nine-month period ended September 30, 2026 and 2025
(unaudited)
(Amounts in thousands)

		2026	2025
Operating revenue, net of uncollectible accounts expense	$	305,850	290,335
Operating expenses:			
Amortization of restructuring property		204,195	196,526
Servicing, administrative and other fees		2,535	2,510
Total operating expenses		206,730	199,036
Operating income		99,120	91,299
Nonoperating revenue and expenses:			
Interest income		4,718	5,912
Income before interest charges and (credits)		103,838	97,211
Interest charges and (credits):			
Interest on debt		118,743	126,984
Other interest		415	471
Other interest amortizations		(41,108)	(31,225)
Total non-operating expenses, net		78,050	96,230
Change in net position		25,788	981
Net position, beginning of year		71,920	82,335
Net position, end of period	$	97,708	83,316

UTILITY DEBT SECURITIZATION AUTHORITY
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Statements of Cash Flows
Nine-month period ended September 30, 2026 and 2025
(unaudited)
(Amounts in thousands)

		2026	2025
Cash flows from operating activities:			
Operating revenue received	$	301,342	280,190
Servicing, administrative and other fees		(1,572)	(1,542)
Net cash provided by operating activities		299,770	278,648
Cash flows from investing activities:			
Interest Income		4,718	5,912
Net cash provided by investing activities		4,718	5,912
Cash flows from financing activities:			
Interest paid		(80,255)	(85,732)
Redemption of long-term debt		(112,470)	(110,640)
Other interest costs		(415)	(471)
Payments for debt issuance costs		(19)	—
Net cash used in financing activities		(193,159)	(196,843)
Net increase in cash and cash equivalents		111,329	87,717
Cash and cash equivalents at beginning of year		106,001	129,695
Cash and cash equivalents at end of period	$	217,330	217,412
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	99,120	91,299
Adjustments to reconcile operating income to net cash provided by operating activities:			
Amortization of restructuring property		204,195	196,526
Changes in operating assets and liabilities:			
Prepaid expenses and accrued expenses		963	969
Accounts receivable		(4,508)	(10,146)
Net cash provided by operating activities	$	299,770	278,648

Management's Discussion and Analysis (Unaudited)

Nine-Month Period ended September 30, 2026 Compared to 2025

UDSA results for the nine months ended September 30, 2026, showed an increase of $25 million in the change in net position compared to the first nine months of 2025. 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 UDSA. UDSA's Restructuring Charge is set at an amount sufficient to recover the debt service payments and other cash operating expenses that UDSA incurs in any given year, which differs from accrued revenues and expenses.

Operating revenues

Operating revenues increased $16 million compared to 2025 primarily due to higher sales and higher restructuring charge rates.

Operating expenses

Operating expenses increased $8 million compared to 2025, primarily due to increases in the amortization of the restructuring property, which 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 2025 reflecting lower debt outstanding in 2026 compared to 2025.

Other interest amortization increased $10 million primarily due to 2026 scheduled amortization of the deferred defeasance costs on the December 2025 refunding transaction under Financing Order No. 8.

Long-Term Debt

The Financing Orders adopted by LIPA's Board authorized the issuance of Restructuring Bonds by 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.

UDSA's long-term debt as of September 30, 2026, consisted of the following:

(Amounts in thousands)

	Beginning balance	Additions	Maturities	Refundings	Ending balance	Years of Maturity	Interest Rate (%)
Restructuring bonds:							
Series 2016A	227,525	—	41,600	—	185,925	2026-2033	5.00
Series 2016B	92,870	—	—	—	92,870	2026-2033	4.00-5.00
Series 2017	126,235	—	205	—	126,030	2026-2039	5.00
Series 2022T	32,640	—	—	—	32,640	2029-2037	4.65-4.95
Series 2022TE-1	738,665	—	49,330	—	689,335	2026-2037	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	641,700	—	18,995	—	622,705	2026-2039	5.00
Series 2023TE-2	135,515	—	—	—	135,515	2034-2051	5.00
Series 2025TE-1	115,135	—	—	—	115,135	2040-2045	3.75-5.00
Series 2025TE-2	974,730	—	2,340	—	972,390	2026-2039	5.00
Subtotal	3,215,995	—	112,470	—	3,103,525		
Less: current maturities	(227,780)				(227,175)		
Total long-term debt	2,988,215				2,876,350		

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

Due		Principal	Interest	Annual Debt Service Requirements
2026	$	227,780	157,699	385,479
2027		226,270	146,325	372,595
2028		226,215	135,013	361,228
2029		238,985	123,512	362,497
2030		243,200	111,585	354,785
2031-2035		992,705	384,379	1,377,084
2036-2040		777,640	167,938	945,578
2041-2045		176,400	51,497	227,897
2046-2050		100,335	15,923	116,258
2051		6,465	162	6,627
Total	$	3,215,995	1,294,032	4,510,027

UDSA has approximately $1.4 billion of Restructuring Bonds that become callable from 2026 through 2035.