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October 17, 2016

Mr. Robert Gurman, Vice-Chairman
Utility Debt Securitization Authority
c/o Long Island Power Authority
333 Earle Ovington Blvd. Ste. 403
Uniondale, NY 11553

Subject: Notice of Adjustment for 2016A Bonds

Pursuant to the Restructuring Cost Financing Order No. 3 of the Long Island Power Authority (“Authority”) dated June 26, 2015 (the “Financing Order”) and the Restructuring Property Servicing Agreement, dated as of April 7, 2016 (the “Servicing Agreement”), between the LONG ISLAND LIGHTING COMPANY, as Servicer, and the UTILITY DEBT SECURITIZATION AUTHORITY, the undersigned does hereby provide notice of an adjustment to the Charge to take effect on the Adjustment Date specified below.

Adjustment Date: November 15, 2016

Adjusted Charge: \$0.001870 per kWh

The adjusted Charge was calculated as the higher of the charge required to meet the June 15, 2017 payment and the charge required to meet both payments due in 2017, as shown on the table below.

Respectfully,

/s/ Justin H. Bell

Justin H. Bell
Director of Rates and Regulation
Long Island Power Authority
As Servicer to the Utility Debt Securitization Authority

Utility Debt Securitization Authority – 2016A Bonds
Securitization Charge to be Effective on November 15, 2016

<u>Expense Component</u>	<u>Payment Due</u> <u>6/15/17</u>	<u>2017 Combined</u>
Principal Due	\$0	\$0
Interest Due	\$15,919,250	\$31,838,500
Reserve Fund Earnings	\$0	\$0
Replenish Reserve Fund	\$0	\$0
Revenue from Prior Periods	\$0	\$0
Ongoing Servicer Fee	\$159,193	\$318,385
Administration Fees	\$50,000	\$100,000
Bond Administration Fees	\$32,500	\$65,000
Bond Trustee Fees and Expenses	\$7,000	\$14,000
Legal Fees	\$5,000	\$10,000
Accounting Fees	\$16,875	\$33,750
Directors and Officers Insurance	\$28,906	\$57,811
<u>Miscellaneous</u>	<u>\$3,125</u>	<u>\$6,250</u>
Total to be Recovered	\$16,221,848	\$32,443,696
Allowance for Write-off at .620% (see note 1)	\$101,203	\$202,406
Revenue to be Recovered	\$16,323,051	\$32,646,102
kWhs (based on 36 Days Sales Outstanding)	8,749,398,573	19,232,291,737
Last Billing Date (see note 2)	May 10, 2017	November 9, 2017
Securitization Charge (per kWh)	\$0.001870	\$0.001697

Notes:

- 1) $\$101,203 / \$16,323,051 = .620\%$
Write-off rate based on PSEG Scorecard YTD August 2016
- 2) Billings on November 9 will be received 36 days later on December 15
Billed sales reflect latest projections as of September 2016
Days Sales Outstanding based on PSEG Scorecard YTD August 2016

Required Distribution List:

UDSA Trustees:

Bruce Levy
Robert Gurman

Bond Administrator:

LIPA
333 Earle Ovington Blvd. Ste. 403
Uniondale, NY 11782
Attention: Bobbi O'Connor, Deputy General
Counsel

Bond Trustee:

The Bank of New York Mellon
101 Barclay Street, Floor 7- West
New York, NY 10286
Attention: Frederic Belen

Bond Issuer:

Utility Debt Securitization Authority
c/o Long Island Power Authority
333 Earle Ovington Blvd. Ste. 403
Uniondale, NY 11782
Attention: Jon Mostel, General Counsel

Allocation Agent:

Long Island Power Authority

Rating Agencies:

Moody's Investors Service, Inc.
25th Floor, 7 World Trade Center, 250
Greenwich Street
New York, New York 10007
Attention: ABS/RMBS Monitoring
Department

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit Surveillance

Fitch Ratings
One State Street Plaza
New York, New York 10004
Attention: ABS Surveillance

Electronic Municipal Market Access:

Filed electronically by
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