

OFFERING MEMORANDUM DATED DECEMBER 22, 2014

For a discussion of the tax-status of the Series 2014 CP Notes, see "TAX MATTERS" herein.

\$300,000,000
Long Island Power Authority
Commercial Paper Notes
\$200,000,000 Series 2014 CP-1 **\$100,000,000 Series 2014 CP-2**
consisting of consisting of
Series 2014 CP-1A (Federally Taxable) and **Series 2014 CP-2A (Federally Taxable) and**
Series 2014 CP-1B (Tax-Exempt) **Series 2014 CP-2B (Tax-Exempt)**

The Long Island Power Authority Commercial Paper Notes, Series 2014 CP-1 (the "Series 2014 CP-1 Notes") and Series 2014 CP-2 (the "Series 2014 CP-2 Notes" and together with the Series 2014CP-1 Notes, the "Series 2014 CP Notes") offered hereby are issued in accordance with the terms and provisions of the Long Island Power Authority Act, being Title 1-A of Article 5 (§1020 *et. seq.*) of the Public Authorities Law of the State of New York, as amended, (the "Act") and the Electric System General Subordinated Revenue Bond Resolution adopted by the Long Island Power Authority (the "Authority") on May 20, 1998, as amended and supplemented (herein called the "Subordinated Resolution"), including as supplemented by the Fourth Supplemental Subordinated Resolution adopted by the Authority on August 6, 2014 (herein called the "Supplemental Resolution"), authorizing the issuance at one time, or from time to time, of the Series 2014 CP Notes as described herein.

The Series 2014 CP-1 Notes will be issued in two subseries designated as "Commercial Paper Notes, Series 2014 CP-1A (Federally Taxable)" (the "Series 2014 CP-1A Taxable Notes") and "Commercial Paper Notes, Series 2014 CP-1B (Tax-Exempt)" (the "Series 2014 CP-1B Tax-Exempt Notes"). The Series 2014 CP-2 Notes will be issued in two subseries designated as "Commercial Paper Notes, Series 2014 CP-2A (Federally Taxable)" (the "Series 2014 CP-2A Taxable Notes") and "Commercial Paper Notes, Series 2014 CP-2B (Tax-Exempt)" (the "Series 2014 CP-2B Tax-Exempt Notes"). *The Series 2014 CP-1A Taxable Notes and the Series 2014 CP-2A Taxable Notes are collectively referred to as the Series 2014 CP Taxable Notes. The Series 2014 CP-1B Tax-Exempt Notes and the Series 2014 CP-2B Tax-Exempt Notes are collectively referred to as the Series 2014 CP Tax-Exempt Notes.*

In connection with the issuance of the Series 2014 CP Notes, the Authority has entered into a Reimbursement Agreement (collectively, the "Reimbursement Agreements") with each of Royal Bank of Canada ("Royal Bank"), acting through its branch currently located at 200 Vesey Street, New York, New York, and State Street Bank and Trust Company ("State Street" and together with Royal Bank, the "Banks"), pursuant to which each of the Banks issued in favor of The Bank of New York Mellon, New York, New York, as Issuing and Paying Agent (the "Issuing and Paying Agent") an irrevocable direct pay Letter of Credit (collectively, the "Letters of Credit") in the stated amount set forth herein plus an amount to pay interest (in an aggregate amount calculated at the rate of 10% per annum for a period of 270 days and a year of 360 days) due on the Series 2014 CP Notes as provided therein. The Letter of Credit for the Series 2014 CP-1 Notes is scheduled to expire on December 21, 2017, unless extended or earlier terminated pursuant to its respective terms. The Letter of Credit for the Series 2014 CP-2 Notes is scheduled to expire on December 15, 2017, unless extended or earlier terminated pursuant to its respective terms. Each Bank is obligated only for the amount payable under its related Letter of Credit for the related series (each, a "Series") of Series 2014 CP Notes as described herein and is not obligated to pay any amount payable under any other Letter of Credit or for any Series 2014 CP Notes unrelated to its Letter of Credit. Each Bank provided its Letter of Credit to support a separate Series of the Series 2014 CP Notes as follows:

<u>Bank</u>	<u>Notes</u>
Royal Bank of Canada	Series 2014 CP-1
State Street Bank and Trust Company	Series 2014 CP-2

To the extent not paid from the proceeds of draws under the related Letter of Credit, the principal of and interest on the related Series of Notes are payable solely from the proceeds of (1) other Series 2014 Notes and (2) pursuant to the Subordinated Resolution, the revenues generated by the electric transmission and distribution system (the "System") owned by the Authority's subsidiary, LIPA, subject to prior payment of operating expenses of the System and subject and subordinate in all respects to the prior payment therefrom and pledge thereof created in favor of Bonds issued under the Electric System General Bond Resolution of the Authority and all Parity Obligations. See "SECURITY FOR THE SERIES 2014 CP NOTES" below.

The Series 2014 CP Notes are not a debt of the State of New York or any municipality and neither the State nor any municipality shall be liable thereon.

The Series 2014 CP Notes will be executed and delivered only as fully registered notes without coupons, in the principal amount of \$100,000 and additional increments of \$1,000 above \$100,000. The Series 2014 CP Notes will be initially executed and delivered under a book-entry-only system and will be registered in the name of Cede & Co., as Noteholder and nominee of The Depository Trust Company, New York, New York. Principal and interest on the Series 2014 CP Notes will be payable through the Issuing and Paying Agent.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2014 CP Notes. Investors are advised to read the entire Offering Memorandum, including any portion hereof included by reference, to obtain information essential to the making of an informed decision.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Dealers to give any information or to make any representation, other than the information and representations contained in this Offering Memorandum, in connection with the offering of the Series 2014 CP Notes, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Dealers. This Offering Memorandum does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2014 CP Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information set forth herein has been furnished by the Authority and LIPA and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, LIPA, PSEG-LI, National Grid or the Banks since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

This Offering Memorandum contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate”, “project”, “anticipate”, “expect”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Authority’s and LIPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The Dealers have provided the following sentence for inclusion in this Offering Memorandum: The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Dealers do not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE OFFERING MEMORANDUM AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING MEMORANDUM CONSISTS OF THE COVER PAGE, THE INSIDE COVER PAGE, THE TABLE OF CONTENTS, THE MAIN BODY, THE APPENDICES AND THE INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE HEREIN. THE OFFERING MEMORANDUM SHOULD BE READ IN ITS ENTIRETY. INFORMATION CONTAINED ON THE AUTHORITY’S WEB SITE DOES NOT CONSTITUTE PART OF THIS OFFERING MEMORANDUM.

LONG ISLAND POWER AUTHORITY

333 Earle Ovington Blvd.
Uniondale, New York 11553
Telephone: (516) 222-7700

BOARD OF TRUSTEES

Ralph V. Suozzi — Chairman

Elkan Abramowitz
Marc S. Alessi*
Sheldon L. Cohen
Matthew Cordaro

Mark Fischl
Jeffrey H. Greenfield
Thomas J. McAteer
Suzette C. Smookler

AUTHORITY MANAGEMENT

John D. McMahon—*Chief Executive Officer*
Thomas Falcone—*Chief Financial Officer*
Bobbi O'Connor**—*Acting General Counsel and Secretary*
Rick Shansky—*Managing Director of Contract Oversight*
Jim Parmalee***—*Managing Director of Power Supply Long Island*
Kenneth Kane—*Managing Director of Finance and Budgeting*
Donna Mongiardo—*Controller*

Bond Counsel

Hawkins Delafield & Wood LLP
New York, New York

Independent Accountants

KPMG LLP
Melville, New York

Disclosure Counsel

Squire Patton Boggs (US) LLP
New York, New York

Issuing and Paying Agent

The Bank of New York Mellon
New York, New York

Financial Advisor

Public Financial Management, Inc.
New York, New York

* Mr. Alessi has resigned as Trustee effective December 31, 2014. As of the date hereof, a replacement has not been named.

** At the Authority's December 17, 2014 Board meeting, the Trustees approved the appointment of Jon Mostel as General Counsel effective January 2, 2015.

*** Beginning on January 1, 2015, a PSEG Long Island affiliate is expected to provide the power supply and fuel management services pursuant to the OSA (defined herein). Mr. Parmalee is expected to join PSEG Long Island and there will be no Managing Director of Power Supply Long Island position at the Authority as of January 1, 2015.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE SERIES 2014 CP NOTES	2
Purpose of the Series 2014 CP Notes	2
Description of the Series 2014 CP Notes	2
SECURITY FOR THE SERIES 2014 CP NOTES	3
General	3
Letters of Credit and Security for the Series 2014 CP Notes	3
Security for the Series 2014 CP Notes other than Letters of Credit	4
THE AUTHORITY	4
TAX MATTERS	5
Series 2014 CP Taxable Notes	5
Series 2014 CP Tax-Exempt Notes	6
APPROVAL OF LEGAL PROCEEDINGS	7
RATINGS	7
LEGALITY FOR INVESTMENT	7
ADDITIONAL INFORMATION.....	7
APPENDIX A – The Banks	A-1
APPENDIX B – Book-Entry-Only System	B-1
APPENDIX C – Bond Counsel Opinion	C-1
APPENDIX D – Summary of the CP Reimbursement Agreements.....	D-1

OFFERING MEMORANDUM

of the Long Island Power Authority Relating to its

\$300,000,000

Long Island Power Authority Commercial Paper Notes

\$200,000,000 Series 2014 CP-1

consisting of

**Series 2014 CP-1A (Federally Taxable) and
Series 2014 CP-1B (Tax-Exempt)**

\$100,000,000 Series 2014 CP-2

consisting of

**Series 2014 CP-2A (Federally Taxable) and
Series 2014 CP-2B (Tax-Exempt)**

INTRODUCTION

The Long Island Power Authority Commercial Paper Notes Series 2014 CP-1 (the “Series 2014 CP-1 Notes”) and Series 2014 CP-2 (the “Series 2014 CP-2 Notes” and together with the Series 2014 CP-1 Notes, the “Series 2014 CP Notes”), are being issued by the Long Island Power Authority (the “Authority”) pursuant to the Long Island Power Authority Act, being Title 1-A of Article 5 (§1020 *et seq.*) of the Public Authorities Law of the State of New York, as amended (the “Act”), and the Electric System General Subordinated Revenue Bond Resolution of the Authority adopted on May 20, 1998 (the “General Subordinated Resolution”), as supplemented by the Fourth Supplemental Subordinated Resolution of the Authority adopted on August 6, 2014, authorizing the Series 2014 CP Notes (the “Supplemental Resolution”). The General Subordinated Resolution, as supplemented to the date hereof, including as supplemented by the Supplemental Resolution and as it may be further supplemented or amended in the future, is herein called the “Subordinated Resolution.”

Pursuant to the Authority’s Certificate of Determination relating to the Series 2014 CP Notes (the “Certificate of Determination”), the aggregate principal amount of all Series 2014 CP-1 Notes outstanding at any time shall not exceed \$200,000,000 and the aggregate principal amount of all Series 2014 CP-2 Notes outstanding at any time shall not exceed \$100,000,000. In addition, the Supplemental Resolution provides that, in the aggregate, the principal amount of (i) the Series 2014 CP Notes described herein, (ii) the Authority’s Existing Commercial Paper Notes Series CP-1 through CP-3 issued from time to time under the Third Supplemental Resolution (the “Existing Commercial Paper Notes”) and (iii) Senior Notes (as described in the Fourth Supplemental Resolution) outstanding at any time, together with the amount available under the Authority’s revolving credit agreement, may not be in excess of \$1,000,000,000.

The Series 2014 CP-1 Notes will be issued in two subseries designated as “Commercial Paper Notes, Series 2014 CP-1A (Federally Taxable)” (the “Series 2014 CP-1A Taxable Notes”) and “Commercial Paper Notes, Series 2014 CP-1B (Tax-Exempt)” (the “Series 2014 CP-1B Tax-Exempt Notes”). The Series 2014 CP-2 Notes will be issued in two subseries designated as “Commercial Paper Notes, Series 2014 CP-2A (Federally Taxable)” (the “Series 2014 CP-2A Taxable Notes”) and “Commercial Paper Notes, Series 2014 CP-2B (Tax-Exempt)” (the “Series 2014 CP-2B Tax-Exempt Notes”). The Series 2014 CP-1A Taxable Notes and the Series 2014 CP-2A Taxable Notes are collectively referred to as the Series 2014 CP Taxable Notes. The Series 2014 CP-1B Tax-Exempt Notes and the Series 2014 CP-2B Tax-Exempt Notes are collectively referred to as the Series 2014 CP Tax-Exempt Notes.

Unless the Authority elects at or prior to the time of the issuance of any Series 2014 CP Note, as evidenced by a supplement to the Certificate of Determination, the Series 2014 CP Notes will be issued as Series 2014 Taxable Notes, the interest on which is intended to be subject to federal income taxation. The Authority may by delivery to the Trustee of a supplement to the Certificate of Determination specify that some or all of the Series 2014 CP Notes be delivered as Series 2014 CP Tax-Exempt Notes, the interest on which is intended to be excluded from gross

income for federal income tax purposes. If no such election is made by the Authority, all Series 2014 CP Notes shall be issued as Series 2014 CP Taxable Notes. See "TAX MATTERS."

The Series 2014 CP Notes will be issued under the Issuing and Paying Agency Agreement, dated as of December 1, 2014 (the "Issuing and Paying Agency Agreement"), between the Authority and The Bank of New York Mellon, acting as Issuing and Paying Agent (the "Issuing and Paying Agent").

RBC Capital Markets, LLC has been appointed to serve as the dealer for the Series 2014 CP-1 Notes. Citigroup Global Markets Inc. has been appointed to serve as the dealer for the Series 2014 CP-2 Notes.

Unless otherwise indicated, capitalized terms not defined in this Offering Memorandum have the meanings set forth in Appendix D.

THE SERIES 2014 CP NOTES

Purpose of the Series 2014 CP Notes

Pursuant to the Supplemental Resolution and the Certificate of Determination, the proceeds of the Series 2014 CP Notes may be used (i) to pay or reimburse for costs of improvements to the System (defined below), (ii) to pay or reimburse for operating expenses relating to the System, (iii) to pay or reimburse for any amounts due under any financial contract entered into in connection with the Series 2014 CP Notes, (iv) to refund Series 2014 CP Notes or any other authorized obligations under the Supplemental Resolution or repay any amount drawn under a related credit facility, (v) to refund borrowings under the Authority's Revolving Credit Agreement, (vi) to refund Existing Commercial Paper Notes or repay any amount drawn under a related credit facility, (vii) to refund Senior Notes or to repay any amount drawn under a related credit facility or to pay the Purchase Price of Senior Notes, (viii) to pay fees and expenses incurred in conjunction with each of the foregoing and (ix) such other purposes as may be specified by subsequent Authority resolution.

Description of the Series 2014 CP Notes

The Series 2014 CP Notes will be dated the date of their delivery, will be issued as interest-bearing and not as discount obligations in denominations of \$100,000 or any integral multiple thereof and, except as described below, will be issued in book-entry form through the book-entry system of The Depository Trust Company ("DTC"). See "Appendix B-Book-Entry-Only System." Each Note will bear interest from its date of issuance at the rate determined at the date of issuance (which may not exceed 15% per annum) and payable at maturity. In accordance with the limitation set forth in the Supplemental Resolution and the Certificate of Determination, the Authority and the Issuing and Paying Agent have agreed in the Issuing and Paying Agency Agreement not to issue or permit the issuance of Notes to the extent that the sum of the aggregate amount of interest payable (including any portion thereof not yet accrued) of all outstanding Notes (after giving effect to such issuance) would exceed the amount that may be drawn under the Letters of Credit to pay interest on the Series 2014 CP Notes. As described below, in connection with the issuance of the Series 2014 CP Notes and pursuant to the related Reimbursement Agreement, each Bank has issued in favor of the Issuing and Paying Agent its irrevocable direct pay Letter of Credit to pay principal and interest (in an aggregate amount calculated at the rate of 10% per annum for a period of 270 days and a year of 360 days) due on the Series 2014 CP Notes supported by such Letter of Credit as provided therein (See "SECURITY FOR THE SERIES 2014 CP NOTES - Letters of Credit and Security for the Series 2014 CP Notes" below).

The Series 2014 CP Notes are not subject to acceleration of principal or interest and are not subject to redemption prior to maturity. The Series 2014 CP Notes will mature no later than 270 days from their date of issuance; provided that, so long as the applicable Letter of Credit (See "SECURITY FOR THE SERIES 2014 CP NOTES" below) or a substitute letter of credit is in effect for the Series 2014 CP Notes of a series (each, a "Series"), no Notes of such Series may be issued with a maturity date which extends beyond a date which is two business days prior to the termination date of the applicable Letter of Credit for such Series.

In the case of Series 2014 CP Taxable Notes, interest shall be calculated on the basis of a 360 day year of twelve 30 day months for the actual number of days elapsed to the dates on which such Series 2014 CP Taxable

Notes mature. In the case of Series 2014 CP Tax-Exempt Notes, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed to the dates on which such Series 2014 CP Tax-Exempt Notes mature. The principal of and interest on the Series 2014 CP Notes will be paid at maturity to DTC and distributed by it to its Participants as described in “Appendix B-Book-Entry-Only System.”

SECURITY FOR THE SERIES 2014 CP NOTES

General

The Series 2014 CP Notes are issued pursuant to the Subordinated Resolution and constitute Subordinated Indebtedness under the Authority’s Electric System General Bond Resolution, adopted on May 13, 1998, as supplemented and amended (the “Resolution”). The principal of and interest on the Series 2014 CP Notes are payable from the proceeds of (1) draws under the related Letter of Credit, (2) other Series 2014 CP Notes and (3) pursuant to the Subordinated Resolution, the revenues generated by the electric transmission and distribution system (the “System”), owned by the Authority’s subsidiary, LIPA, subject to prior payment of operating expenses of the System and subject and subordinate in all respects to the prior payment therefrom and pledge thereof created in favor of Bonds (as defined in the Resolution) issued under the Resolution and all Parity Obligations (as defined in the Resolution). For a summary of certain provisions of the Resolution and the Subordinated Resolution, see the complete documents, which have been filed with EMMA and are included herein by specific cross-reference.

The Series 2014 CP Notes are not a debt of the State of New York (the “State”) or any municipality and neither the State nor any municipality shall be liable thereon. The Authority shall not have the power to pledge the credit, the revenues or the taxing power of the State or any municipality, and neither the credit, the revenues nor the taxing power of the State or any municipality shall be, or shall be deemed to be, pledged to the payment of any of the Series 2014 CP Notes. The Authority has no taxing power.

The Authority expects to pay the principal of and interest on the Series 2014 CP Notes of a Series with the proceeds of draws under the Letter of Credit related to such Series, and to immediately reimburse the respective Bank for such draws with the proceeds of the sale of additional Series 2014 CP Notes or retire such Notes with other moneys either by the issuance of long-term Bonds issued under the Resolution or from other available moneys.

Letters of Credit and Security for the Series 2014 CP Notes

In connection with the issuance of the Series 2014 CP Notes, the Authority has entered into a Reimbursement Agreement with each of the Banks, pursuant to which each of the Banks issued in favor of the Issuing and Paying Agent its irrevocable direct pay Letter of Credit for the stated amounts set forth below to pay principal and the amounts set forth below to pay interest (in an aggregate amount calculated at the rate of 10% per annum for a period of 270 days and a year of 360 days) due on the Series 2014 CP Notes supported by such Letter of Credit as provided therein. Each of the Banks is obligated only for the amount payable under its Letter of Credit for the related series of Series 2014 CP Notes and is not obligated to pay any amount payable under the other Letter of Credit or for any Series 2014 CP Notes unrelated to its Letter of Credit. Each Bank provided its Letter of Credit in the amounts set forth below for the Series of Series 2014 CP Notes listed:

<u>Bank</u>	<u>Notes</u>	<u>Principal Amount</u>	<u>Interest Component</u>
Royal Bank of Canada	Series 2014 CP-1	\$200,000,000	\$15,000,000
State Street Bank and Trust Company	Series 2014 CP-2	100,000,000	7,500,000

The Letter of Credit for the Series 2014 CP-1 Notes is scheduled to expire on December 21, 2017, and the Letter of Credit for the Series 2014 CP-2 Notes is scheduled to expire on December 15, 2017, in each case, unless extended or earlier terminated pursuant to its respective terms. The Supplemental Resolution provides that no Letter of Credit shall be substituted for, with respect to any Notes it secures, prior to the maturity of such Notes.

For a summary of certain provisions of the Reimbursement Agreements, see Appendix D attached hereto.

For information relating to the Banks, see Appendix A attached hereto.

Security for the Series 2014 CP Notes other than Letters of Credit

To the extent not paid from the proceeds of draws under the related Letter of Credit, the principal of and interest on the Series 2014 CP Notes are payable solely from the proceeds of (1) other Series 2014 CP Notes and (2) pursuant to the Subordinated Resolution, the revenues generated by the System subject to prior payment of operating expenses of the System and subject and subordinate in all respects to the prior payment therefrom and pledge thereof created in favor of Bonds issued under the Resolution and all Parity Obligations.

THE AUTHORITY

The Authority, acting through its wholly-owned subsidiary, the Long Island Lighting Company (“LILCO”) which does business as the retail electric supplier on Long Island, New York, under the name LIPA (“LIPA”), provides electric service in its service area which includes two counties on Long Island — Nassau County (“Nassau County”) and Suffolk County (“Suffolk County”) (except for the Nassau County villages of Freeport and Rockville Centre and the Suffolk County village of Greenport, each of which has its individually owned municipal electric system) — and a small portion of the Borough of Queens of The City of New York known as the Rockaways.

The Authority is a corporate municipal instrumentality and a political subdivision of the State exercising essential governmental and public powers. The Authority was created by the State Legislature under and pursuant to the Act. LIPA is a stock corporation formed and existing under the Business Corporation Law of the State of New York.

The Authority and LIPA are parties to a Financing Agreement (the “Financing Agreement”) providing for their respective duties and obligations relating to the financing and operation of retail electric service in LIPA’s service area. See the summary of the Financing Agreement, which is issued by specific cross-reference herein.

The following documents filed with the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board (“MSRB”) by the Authority are included by specific cross-reference in this Offering Memorandum:

- Part 2 of the Authority’s Official Statement pertaining to the Fixed Rate 2014 Bonds (defined below) (dated December 4, 2014, which speaks of that date);
- The Authority’s Annual Report for the Fiscal Year 2013 (which includes the Authority’s Basic Financial Statements December 31, 2013 and 2012 (With Independent Auditors’ Report Thereon) and Management’s Discussion and Analysis (Unaudited);
- Interim Financial Information of the Authority as of September 30, 2014, and September 30, 2013 (Unaudited);
- The Glossary of Defined Terms;
- The Resolution;
- The Financing Agreement; and
- The Subordinated Resolution.

For convenience, copies of these documents can be found on the Authority’s website (www.lipower.org) under the caption “Financials.” No statement on the Authority’s website is included by specific cross-reference herein.

In addition, pursuant to the continuing disclosure undertakings executed by the Authority in connection with its outstanding bonds, the Authority files annual reports and notices of certain material events with EMMA, and Official Statements prepared by the Authority in connection with sales of its bonds from time to time are filed with the EMMA. Holders of the Series 2014 CP Notes issued from time to time pursuant to the Supplemental Resolution should review such annual reports, notices and Official Statements for information about the Authority. Annual

reports, notices of material events and Official Statements filed with EMMA after the date of this Offering Memorandum are hereby incorporated by reference herein.

In addition to the issuance of the Series 2014 CP Notes, in December 2014 and January 2015, the Authority (i) issued approximately \$413 million fixed rate Electric System General Revenue Bonds, Series 2014A (the “Series 2014A Bonds”) and approximately \$165 million fixed rate Electric System General Revenue Bonds, Series 2014B (Federally Taxable) (the “Series 2014B Bonds” and together with the Series 2014A Bonds, the “Fixed Rate 2014 Bonds”) on December 16, 2014, (ii) issued \$150 million of Floating Rate Notes pursuant to a public offering separate from, but at the same time as, the Fixed Rate 2014 Bonds (the “Series 2014C Bonds”), and expects to issue an additional approximately \$200 million of Floating Rate Notes pursuant to a private placement, (iii) expects to extend certain Letters of Credit on approximately \$175 million of its outstanding variable rate Bonds for up to four years, and (iv) expects to issue up to \$325 million senior lien notes with associated letters of credit (with 3-5 year staggered renewal terms). The Series 2014A Bonds were issued (1) to fund certain system improvements, (2) to refund certain outstanding bonds of the Authority and (3) to pay costs relating to the issuance of the Series 2014A Bonds. The Series 2014B Bonds were issued (1) to fund certain system improvements and other costs and (2) to pay costs relating to the issuance of the Series 2014B Bonds. The Series 2014C Bonds were issued to refund certain outstanding variable rate bonds of the Authority. **To the extent any of those securities are offered publicly, separate disclosure documents will be prepared in connection with such offerings.**

TAX MATTERS

Series 2014 CP Taxable Notes

Under the Code, interest on the Series 2014 CP Taxable Notes is included in gross income for Federal income tax purposes. However, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2014 CP Taxable Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Series 2014 CP Taxable Notes by original purchasers of the Series 2014 CP Taxable Notes who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2014 CP Taxable Notes will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2014 CP Taxable Notes as a position in a “hedge” or “straddle”, or holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, or holders who acquire Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Notes should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2014 CP Taxable Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Characterization as Short-Term Obligations

Each Note is a “Short-Term Obligation” for Federal income tax purposes and, as such, is subject to rules contained in Sections 1281 through 1283 of the Code if the holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Note is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon and held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and any “acquisition discount” with respect to, the Note accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant yield basis using a constant interest rate and daily compounding. For purposes of the preceding sentence, the term “acquisition discount” means the excess of the stated redemption price of a Note at maturity over the holder’s tax basis therefor.

A holder of a Note not described in the preceding paragraph, including a cash method taxpayer, must report interest income in accordance with the holder's regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Disposition and Defeasance

Generally, upon the sale, exchange, retirement, or other disposition (which would include a legal defeasance) of a Note, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Note.

The Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2014 CP Taxable Notes to be deemed to be no longer outstanding under the Resolution (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2014 CP Taxable Notes subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate holders of the Series 2014 CP Taxable Notes with respect to payments of the principal of, payments of interest on, and the proceeds of the sale of a Note before maturity within the United States. Backup withholding may apply to holders of Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holder

The term "U.S. Holder" means a beneficial owner of a Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2014 CP Taxable Notes under state law and could affect the market price or marketability of the Series 2014 CP Taxable Notes. Prospective purchasers of the Series 2014 CP Taxable Notes should consult their own tax advisors regarding the foregoing matters.

Series 2014 CP Tax-Exempt Notes

The Certificate of Determination requires as a condition to issuance of the Series 2014 CP Tax-Exempt Notes that an opinion of Bond Counsel be delivered to the effect that, under then-existing statutes and court decisions and assuming continuing compliance with certain tax covenants to be described in such opinion, interest on the Series 2014 CP Tax-Exempt Notes is excluded from gross income for Federal income tax purposes. In rendering any such opinion, Bond Counsel will rely on certain representations, certifications of facts, and statements of reasonable expectations made by the Authority and LIPA in connection with the issuance of the Series 2014 CP Tax-Exempt Notes, and Bond Counsel will assume compliance by the Authority and LIPA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2014 CP Tax-Exempt Notes from gross income for federal income tax purposes. A supplement to this Offering Memorandum will be supplied to purchasers of Tax-Exempt Notes further describing such opinion and the tax treatment of such Series 2014 CP Tax-Exempt Notes and containing a copy of such opinion of Bond Counsel.

Prospective purchasers of Series 2014 CP Tax-Exempt Notes should review such Supplement and opinion prior to purchasing Series 2014 CP Tax-Exempt Notes.

APPROVAL OF LEGAL PROCEEDINGS

Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, will render an opinion with respect to the validity of the Series 2014 CP Notes in the form set forth in Appendix C to this Offering Memorandum. Certain legal matters with respect to the Authority and LIPA will be passed upon by Bobbi O'Connor, Esquire, Acting General Counsel to the Authority and LIPA. Certain legal matters will be passed upon for the Banks in connection with the delivery of the Letters of Credit by Chapman and Cutler LLP, Chicago, Illinois, Counsel to the Banks.

RATINGS

Fitch, Inc. ("Fitch") has rated the Series CP-1 Notes "F1+" and the Series CP-2 Notes "F1+" in each case based upon the issuance by the respective Bank of its Letter of Credit. Moody's Investors Service, Inc. ("Moody's") has rated the Series CP-1 Notes "P-1" and the Series CP-2 Notes "P-1" in each case based upon the issuance by the respective Bank of its Letter of Credit. Standard and Poor's Ratings Services ("S&P") has rated the Series CP-1 Notes "A-1+" and the Series CP-2 Notes "A-1+" in each case based upon the issuance by the respective Bank of its Letter of Credit. The respective ratings by Fitch, Moody's and S&P of the Series 2014 CP Notes reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004; Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings for the Series 2014 CP Notes will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2014 CP Notes.

LEGALITY FOR INVESTMENT

The Act provides that the Series 2014 CP Notes will be legal investments for public officers and bodies of the State and all municipalities, insurance companies and associations and other persons carrying on an insurance business, banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, all trusts, estates and guardianships, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, or may properly and legally invest funds, including capital in their control or belonging to them. Under the Act, the Series 2014 CP Notes are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

ADDITIONAL INFORMATION

The references herein to the Letters of Credit, the Reimbursement Agreements, the Resolution, the Subordinated Resolution, the Financing Agreement and the Issuing and Paying Agency Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to such documents for full and complete statements of such documents. Copies of such documents are on file at the Trustee. Copies of certain of such documents may also be obtained from EMMA.

ROYAL BANK OF CANADA

Royal Bank of Canada (referred to in this Appendix A-1 as "Royal Bank") is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec H3C 3A9, Canada. Royal Bank is the parent company of RBC Capital Markets, LLC, the Dealer for the Series 2014 CP-1 Notes.

Royal Bank is Canada's largest bank, and one of the largest banks in the world, based on market capitalization. Royal Bank is one of North America's leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis. Royal Bank and its subsidiaries employ approximately 78,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 38 other countries.

Royal Bank had, on a consolidated basis, as at October 31, 2014, total assets of C\$940.6 billion (approximately US\$834.5 billion*), equity attributable to shareholders of C\$52.7 billion (approximately US\$46.7 billion*) and total deposits of C\$614.1 billion (approximately US\$544.8 billion*). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank's audited Consolidated Financial Statements included in its Annual Report for the fiscal year ended October 31, 2014.

The senior long-term unsecured debt of Royal Bank has been assigned ratings of AA- (negative outlook) by Standard & Poor's Ratings Services, Aa3 (negative outlook) by Moody's Investors Service and AA (stable outlook) by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol "RY." Its preferred shares are listed on the Toronto Stock Exchange.

Upon written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Offering Memorandum is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario M5J 2W7, Canada, or by calling (416) 955-7802, or by visiting rbc.com/investorrelations.

The delivery of this Offering Memorandum does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

*As at October 31, 2014: C\$1.00=US\$0.887233

STATE STREET BANK AND TRUST COMPANY

State Street Bank and Trust Company (the “Bank”) is a wholly-owned subsidiary of State Street Corporation (the “Corporation”). The Corporation (NYSE: STT) provides financial services to institutional investors, including investment servicing, investment management and investment research and trading. With \$27.43 trillion in assets under custody and administration and \$2.35 trillion in assets under management as of December 31, 2013, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of the Bank as of December 31, 2013 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2013, the Corporation had consolidated total assets of \$243.29 billion, total deposits (including deposits in non-U.S. offices) of \$182.27 billion, total investment securities of \$116.91 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$13.46 billion and total shareholders’ equity of \$20.38 billion.

The Bank’s *Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only -- FFIEC 031* (the “Call Reports”) through December 31, 2013 have been submitted through the Federal Financial Institutions Examination Council and provided to the Board of Governors of the Federal Reserve System, the primary U.S. federal banking agency responsible for regulating the Corporation and the Bank. Publicly available portions of those Call Reports, and future Call Reports so submitted by the Bank, are available on the Federal Deposit Insurance Corporation’s website at www.fdic.gov. The Call Reports are prepared in conformity with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles.

Additional financial and other information related to the Corporation and the Bank, including the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2013 and additional annual, quarterly and current reports subsequently filed or furnished by the Corporation with the U.S. Securities and Exchange Commission (the “SEC”), can be accessed free of charge on the SEC’s website at www.sec.gov.

Any statement contained in any document referred to above shall be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained herein or in any subsequently submitted, filed or furnished document that also is referred to above modifies or supersedes such statement. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank or the Corporation since the date hereof, or that information contained or referred to in this Appendix is correct as of any time subsequent to this date.

A copy of any or all of the publicly available portions of the documents referred to above, other than exhibits to such documents, may be obtained without charge to each person to whom a copy of this Offering Memorandum has been delivered, on the written request of any such person. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

The Series 2014 CP-2 Letter of Credit is an obligation solely of the Bank and is not an obligation of, or otherwise guaranteed by, the Corporation or any of its affiliates (other than the Bank). Neither the Corporation nor any of its affiliates (other than the Bank) is required to make payments under the Series 2014 CP-2 Letter of Credit. None of the Bank, the Corporation or any of their respective affiliates makes any representation as to, or is responsible for the suitability of the Series 2014 CP-2 Notes for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations. The Series 2014 CP-2 Notes are not direct obligations of, or guaranteed by, the Bank, the Corporation or any of their respective affiliates, except to the extent provided by in the Series 2014 CP-2 Letter of Credit.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2014 CP Notes. The Series 2014 CP Notes will be issued as fully-registered bonds in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Series 2014 CP Notes in the aggregate principal amount of the maturity of such Notes, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s Rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2014 CP Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 CP Notes on DTC’s records. The ownership interest of each actual purchaser of Series 2014 CP Notes (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 CP Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014 CP Notes, except in the event that use of the book-entry system for a Series of the Series 2014 CP Notes is discontinued.

To facilitate subsequent transfers, all Series 2014 CP Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014 CP Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 CP Notes; DTC’s records reflect only the identity of the Direct DTC Participants to whose accounts such Series 2014 CP Notes are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 CP Notes within a maturity of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (or any other DTC nominee) will consent or vote with respect to Series 2014 CP Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014 CP Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2014 CP Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct DTC Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to a Series of the Series 2014 CP Notes at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2014 CP Notes are required to be printed and delivered.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2014 CP Notes registered in its name for the purposes of payment of the redemption proceeds and principal and interest on the Series 2014 CP Notes, giving any notice permitted or required to be given to registered owners under the Subordinated Resolution, registering the transfer of the Series 2014 CP Notes, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2014 CP Notes under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2014 CP Notes; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2014 CP Notes will be printed and delivered to DTC.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this Appendix B has been extracted from information given by DTC. Neither the Authority, the Trustee nor the dealers make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH PARTICIPANTS, INDIRECT DTC PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY'S OBLIGATION UNDER THE ACT AND THE BOND RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

BOND COUNSEL OPINION

December __, 2014

Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, NY 11553

Ladies and Gentlemen:

We have examined a certified record of proceedings relating to the authorization of Commercial Paper Notes, Series 2014 CP-1 (the "Series 2014 CP-1 Notes") and Series 2014 CP-2 (the "Series 2014 CP-2 Notes" and, collectively with the Series 2014 CP-2 Notes, the "Series 2014 CP Notes") of the Long Island Power Authority (the "Authority"), a corporate municipal instrumentality of the State of New York (the "State") constituting a body corporate and politic and a political subdivision of the State, in an aggregate principal amount outstanding at any time not to exceed \$300,000,000.

The Series 2014 CP Notes are to be issued under and pursuant to the Constitution and statutes of the State, including the Long Island Power Authority Act, being Title 1-a of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the "Act"), and under and pursuant to proceedings of the Authority duly taken, including a resolution adopted by the Trustees of the Authority on May 20, 1998, entitled "Electric System General Subordinated Revenue Bond Resolution," as supplemented by a resolution adopted by said Trustees on August 6, 2014, entitled "Fourth Supplemental Subordinated Resolution" (collectively, the "Resolution"). Pursuant to the terms of the Resolution and Certificates of Determination (as defined in said Fourth Supplemental Subordinated Resolution) delivered on behalf of the Authority pursuant to the Resolution, the Authority intends to issue from time to time not in excess of \$300,000,000 aggregate principal amount of Series 2014 CP Notes outstanding at any time.

The Series 2014 CP-1 Notes are authorized to be issued in two subseries designated as "Commercial Paper Notes, Series 2014 CP-1A (Federally Taxable)" (the "Series 2014 CP-1A Taxable Notes") and "Commercial Paper Notes, Series 2014 CP-1B (Tax-Exempt)" (the "Series 2014 CP-1B Tax-Exempt Notes"). The Series 2014 CP-2 Notes are authorized to be issued in two subseries designated as "Commercial Paper Notes, Series 2014 CP-2A (Federally Taxable)" (the "Series 2014 CP-2A Taxable Notes") and "Commercial Paper Notes, Series 2014 CP-2B (Tax-Exempt)" (the "Series 2014 CP-2B Tax-Exempt Notes"). The Series 2014 CP-1A Taxable Notes and the Series 2014 CP-2A Taxable Notes are collectively referred to herein as the "Series 2014 CP Taxable Notes." The Series 2014 CP-1B Tax-Exempt Notes and the Series 2014 CP-2B Tax-Exempt Notes are collectively referred to herein as the "Series 2014 CP Tax-Exempt Notes."

Terms used herein and not defined herein shall, for all purposes hereof, have the respective meanings given to them in the Resolution.

Based upon the foregoing, we are of the opinion that:

1. The Authority is duly created and validly existing under the laws of the State, including the Constitution of the State and the Act. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Authority has the right and power under the Act to adopt the Resolution and to perform its obligations thereunder, including its rate covenant relating to the establishment and maintenance of System fees, rates, rents, charges and surcharges; provided, however, that the Act directs the Authority to seek the review and recommendation of the New York State Public Service Commission as to certain rate proposals prior to implementation unless the Authority determines, after complying with certain procedural requirements and subject to any applicable judicial review proceeding, that any particular recommendation is inconsistent with the Authority's sound fiscal operating practices, any existing contractual or operating obligations or the provision of safe and adequate service. Notwithstanding the direction to seek such review and recommendation, the Act permits the Authority to place rates and charges into effect on an interim basis subject to possible prospective rate adjustment.

3. The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority, and is enforceable in accordance with its terms. The Resolution creates the valid pledge which it purports to create of the Trust Estate (as defined and to the extent provided in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. For purposes of such pledge, the Trust Estate does not include certain Funds created by the Electric System General Revenue Bond Resolution, adopted by the Trustees of the Authority on May 13, 1998 (the "General Bond Resolution"), and such pledge is subject and subordinate in all respects to the pledge of the Trust Estate made by the General Bond Resolution in favor of the "Bonds" and "Parity Obligations", each as defined in the General Bond Resolution.

4. Upon due issuance of Series 2014 CP Notes as provided in the Resolution and the Issuing and Paying Agency Agreement, and receipt by or on behalf of the Authority of payment therefor, the Series 2014 CP Notes will be duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolution, and will be valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as and to the extent provided in the Resolution. The Authority has no taxing power, the Series 2014 CP Notes are not debts of the State or of any municipality thereof, and the Series 2014 CP Notes will not constitute a pledge of the credit, revenues or taxing power of the State or of any municipality thereof. The Authority reserves the right to issue additional bonds on the terms and conditions, and for the purposes, provided in the Resolution, on a parity of security and payment with the Series 2014 CP Notes.

5. Any registration with, consent of, or approval by, any governmental agency, board, or commission that is necessary for the execution and delivery and the issuance of the Series 2014 CP Notes has been obtained.

6. The adoption of the Resolution, compliance with all of the terms and conditions of the Resolution and the Series 2014 CP Notes, and the execution and delivery of the Series 2014 CP Notes, will not result in a violation of or be in conflict with any term or provision of any existing law, or of any approval by any governmental agency, board or commission necessary for the adoption of, or performance of the Authority's obligations under, the Resolution.

7. The Financing Agreement, dated as of May 1, 1998, between the Authority and Long Island Lighting Company d/b/a LIPA (as successor by merger to LIPA Acquisition Corp.) (the "Subsidiary") has been duly authorized, executed and delivered by the Authority and the Subsidiary and is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms.

8. Interest on the Series 2014 CP Taxable Notes is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

9. Under existing statutes, interest on the Series 2014 CP Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, and the Series 2014 CP Notes are exempt from all taxation directly imposed thereon by or under the authority of the State, except estate or gift taxes and taxes on transfers.

The opinions expressed in paragraphs 2, 3, 4 and 7 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights, and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 8 and 9, we express no opinion regarding any other Federal or state tax consequences with respect to the Series 2014 CP Notes. This opinion is issued under existing statutes and court decisions as of the date hereof and we assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance or change in law or interpretation, or otherwise.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2014 CP Notes.

You may continue to rely upon this opinion to the extent (i) we have not advised you that this opinion may no longer be relied upon, (ii) there is no change in pertinent existing law or regulations or in interpretations thereof subsequent to the date of issuance of this opinion, (iii) the representations, warranties, covenants and agreements contained in the Resolution, and in certificates executed and delivered by authorized officers of the Authority and the Subsidiary (and supplements and additions thereto satisfactory to us), remain true and accurate and are complied with and (iv) no litigation is pending affecting the issuance, legality or validity of any Series 2014 CP Notes.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever. Without limiting the generality of the foregoing, we undertake no responsibility to either (i) notify you or any other person prior to the delivery of any Series 2014 CP Notes if the conditions stated in the preceding paragraph have not been met or (ii) to review any legal matters incident to the authorization, issuance and validity of the Series 2014 CP Notes after the date hereof.

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2014 CP Notes. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority or the programs to be financed with the Series 2014 CP Notes other than the record of proceedings referred to above, and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2014 CP Notes.

Very truly yours,

SUMMARY OF CERTAIN PROVISIONS OF THE CP REIMBURSEMENT AGREEMENTS

The following summary does not purport to be complete or definitive and is qualified in its entirety by reference to the CP Reimbursement Agreements, which should be read in their entirety. Terms not defined in this Appendix D have the meanings assigned to them in the related CP Reimbursement Agreement.

Pursuant to each CP Reimbursement Agreement, the occurrence of any of the following events, among others, shall constitute an Event of Default thereunder. Reference is made to each CP Reimbursement Agreement for a complete listing of all Events of Default:

THE ROYAL BANK CP REIMBURSEMENT AGREEMENT (THE “ROYAL BANK RA”)

Events of Default.

(i) The Authority shall fail to pay to Royal Bank when due (whether upon demand or otherwise) any of the Payment Obligations (as defined in the Royal Bank RA) or shall fail to remit or deposit funds as and when required by the Royal Bank RA, by the Resolution (as defined in the Royal Bank RA) or by the 2014 CP-1 Notes (as defined in the Royal Bank RA); or

(ii) The Authority shall fail to observe any warranty made by it under the Royal Bank RA or to perform any covenant, condition or agreement under the Royal Bank RA or in any of the other Authority Documents on its part to be observed or performed (other than a failure referred to in clause (i) under this subheading “*Events of Default*”), and (A) in the case of certain covenants set forth in the Royal Bank RA such failure shall not have been cured after the earlier to occur of (1) written notice of such failure delivered to the Authority by Royal Bank and (2) the Authority’s actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure and (B) in the case of all other covenants such failure shall not have been cured within thirty (30) days after the earlier to occur of (1) the date of delivery of written notice of such failure to the Authority by Royal Bank and (2) the date on which the Authority has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure; or

(iii) The Authority or the LIPA Subsidiary shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Authority or the LIPA Subsidiary or of all or a substantial part of its property, (B) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (C) make a general assignment for the benefit of its creditors, (D) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (E) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, (F) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Authority or the LIPA Subsidiary in any involuntary case under said Federal Bankruptcy Code, (G) be a party to a moratorium or repudiation with respect to any of its debt, debt restructuring, debt adjustment or other comparable extraordinary event or (H) take any action for the purpose of effecting any of the foregoing; or

(iv) A proceeding or case shall be commenced, without the application or consent of the Authority or the LIPA Subsidiary, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the Authority or the LIPA Subsidiary, (B) the appointment of a trustee, receiver, custodian, liquidator or the like, of the Authority or the LIPA Subsidiary, or of all or any substantial part of the Authority’s or the LIPA Subsidiary’s assets, or (C) similar relief in respect of the Authority or the LIPA Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition, moratorium, repudiation or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the Authority or the LIPA Subsidiary shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(v) Any representation or warranty made by the Authority or the LIPA Subsidiary in any of the Bank Documents (as defined in the Royal Bank RA), Authority Documents (as defined in the Royal Bank RA) or Subsidiary Documents (as defined in the Royal Bank RA), or in the Royal Bank RA, or in any

certificate, financial report or other statement furnished by the Authority or the LIPA Subsidiary pursuant to the Royal Bank RA, any other Bank Document, any Subsidiary Documents or any Authority Documents, shall prove to be untrue or incomplete in any material respect when made; or

(vi) The independent certified public accountants retained by the Authority shall fail or refuse to deliver an opinion, unqualified in scope (other than an opinion qualified as a result of a change in application of GAAP, such change being one with which such accountants concur) with respect to the financial statements of the Authority; or

(vii) (a) Any material provision of the Royal Bank RA, the Authority Documents, or any other Document (other than the Letter of Credit (as defined in the Royal Bank RA)) (i) shall at any time for any reason cease to be valid and binding on the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (ii) shall be declared to be null and void, or (b) the validity or enforceability thereof shall be contested by the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (c) the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party) shall deny that it has any or further liability or obligation under the Royal Bank RA, any of the Authority Documents or any of the other Bank Documents; or

(viii) One or more final, non-appealable judgments against the Authority or the LIPA Subsidiary for the payment of money not covered by insurance, the operation and result of which, individually or in the aggregate, equal or exceed \$25,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undissatisfied for a period of ninety (90) days; or

(ix) The Authority or the LIPA Subsidiary fails to pay any debt or obligation owing under a financial instrument or contract and the outstanding principal or obligations under such financial instrument or contract exceeds, individually or in the aggregate, \$25,000,000, and such failure results in an acceleration of the obligations thereunder; or

(x) The occurrence of an event of default or an event which, with the passage of time or the giving of notice, or both, would be an event of default under any other Bank Document, Subsidiary Document or Authority Document, if the result is to permit an acceleration of the obligations thereunder; or

(xi) The Authority fails to make any payment with respect to any 2014 CP-1 Notes or any other Debt (as defined in the Royal Bank RA) payable from Revenues (as defined in the Royal Bank RA) when due, or any Parity Contract Obligations (as defined in the Royal Bank RA) or any Financial Contract (as defined in the Royal Bank RA) that is secured or payable on a basis senior to or on a parity or subordinate to Payment Obligations (as defined in the Royal Bank RA), or any other event or condition shall occur which would permit the acceleration of the maturity of any such 2014 CP-1 Notes or other Debt payable from Revenues, any Parity Contract Obligations or Financial Contract; or

(xii) The Authority or the LIPA Subsidiary, or any member of its Controlled Group (as defined in the Royal Bank RA), shall fail to pay when due an amount or amounts aggregating in excess of \$25,000,000 which it shall have become liable to pay to the PBGC (as defined in the Royal Bank RA) or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$25,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by the Authority or the LIPA Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Authority or the LIPA Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(xiii) The LIPA Subsidiary shall fail to make any payment under the Financing Agreement (as defined in the Royal Bank RA) or on the Note delivered thereunder as and when due; or

(xiv) (a) The Authority shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness or any obligation under any Financial Contract of the Authority secured by or payable from the Trust Estate (as defined in the Royal Bank RA) that is senior to or on a parity with the 2014 CP-1 Notes or (b) any Governmental Authority (as defined in the Royal Bank RA) having appropriate jurisdiction over the Authority shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt

adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2014 CP-1 Notes or any other indebtedness or any obligation under any Financial Contract of the Authority secured by the Trust Estate; or

(xv) The long term unenhanced rating by any of the Rating Agencies (as defined in the Royal Bank RA) then rating the Bonds (as defined in the Royal Bank RA) or any other indebtedness of the Authority senior to or on a parity with the Bonds and secured by and payable from the Trust Estate shall be withdrawn or suspended for credit related reasons or is reduced below “Baa3” (or its equivalent) by Moody’s, “BBB-” (or its equivalent) by S&P, or “BBB-” (or its equivalent) by Fitch.

Remedies. Upon the occurrence and continuance of an Event of Default described above, Royal Bank may, in its sole discretion, but shall not be obligated to:

(a) accelerate the Maturity Date (as defined in the Royal Bank RA) of the Bank Note (as defined in the Royal Bank RA) and all Unreimbursed Amounts and Bank Loans (as defined in the Royal Bank RA), together with all interest thereon and such amounts shall thereafter bear interest at the Default Rate until paid in full; *provided, however*, that such acceleration shall occur immediately upon the occurrence of an Event of Default set forth in clause (iii) or (iv) under the subheading “*Events of Default*” above;

(b) declare that the Bank Note and all Unreimbursed Amounts and Bank Loans, whether or not accelerated, shall thereafter bear interest at the Default Rate until paid in full;

(c) terminate or suspend the authority of the Authority and the Issuing and Paying Agent to issue any further 2014 CP-1 Notes and reduce the Stated Amount of the Letter of Credit to an amount equal to the principal amount of 2014 CP-1 Notes then Outstanding supported by the Letter of Credit, plus interest payable thereon at maturity of the 2014 CP-1 Notes, by delivering to the Issuing and Paying Agent a Notice of No Issuance (as defined in the Royal Bank RA) in the form of Annex F to the Letter of Credit;

(d) issue a Final Drawing Notice (as defined in the Royal Bank RA) (the effect of which shall be to cause the Termination Date (as defined in the Royal Bank RA) of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Issuing and Paying Agent);

(e) enforce the rights and obligations of the Authority under the Authority Documents (as defined in the Royal Bank RA) as if Royal Bank were a party thereto; or

(f) exercise any other remedies available at law or in equity.

Upon the occurrence of an Event of Default and exercise by Royal Bank of the remedy contained in clause (c) under this subheading “*Remedies*” the Stated Amount of the Letter of Credit shall be immediately and permanently reduced by an amount equal to the amount of each subsequent Drawing.

The State Street CP Reimbursement Agreement (the “State Street RA”)

Events of Default.

(i) The Authority shall fail to pay to State Street when due (whether upon demand or otherwise) any of the Payment Obligations (as defined in the State Street RA) or shall fail to remit or deposit funds as and when required by the State Street RA, by the Resolution (as defined in the State Street RA) or by the 2014 CP-2 Notes (as defined in the State Street RA); or

(ii) The Authority shall fail to observe any warranty made by it under the State Street RA or to perform any covenant, condition or agreement under the State Street RA) or in any of the other Authority Documents on its part to be observed or performed (other than a failure referred to in clause (i) under this subheading “*Events of Default*”), and (A) in the case of certain covenants set forth in the State Street RA such failure shall not have been cured after the earlier to occur of (1) written notice of such failure delivered to the Authority by State Street and (2) the Authority’s actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure, and (B) in the case of all other covenants such failure shall not have been cured within thirty (30) days after the earlier to occur of (i) the date of delivery of written notice of such failure to the Authority by State Street, and (ii) the date on which the Authority has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure; or

(iii) The Authority or the LIPA Subsidiary shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Authority or the LIPA Subsidiary or of all or a substantial part of its property, (B) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (C) make a general assignment for the benefit of its

creditors, (D) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (E) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, (F) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Authority or the LIPA Subsidiary in any involuntary case under said Federal Bankruptcy Code, (G) be a party to a moratorium or repudiation with respect to any of its debt, debt restructuring, debt adjustment, or other comparable extraordinary event or (H) take any action for the purpose of effecting any of the foregoing; or

(iv) A proceeding or case shall be commenced, without the application or consent of the Authority or the LIPA Subsidiary, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the Authority or the LIPA Subsidiary, (B) the appointment of a trustee, receiver, custodian, liquidator or the like, of the Authority or the LIPA Subsidiary, or of all or any substantial part of the Authority's or the LIPA Subsidiary's assets, or (C) similar relief in respect of the Authority or the LIPA Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition, moratorium, repudiation or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the Authority or the LIPA Subsidiary shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(v) Any representation or warranty made by the Authority or the LIPA Subsidiary in any of the Bank Documents (as defined in the State Street RA), Authority Documents (as defined in the State Street RA) or Subsidiary Documents (as defined in the State Street RA), or in the State Street RA, or in any certificate, financial report or other statement furnished by the Authority or the LIPA Subsidiary pursuant to the State Street RA, any other Bank Document, any Subsidiary Documents or any Authority Documents, shall prove to be untrue or incomplete in any material respect when made; or

(vi) The independent certified public accountants retained by the Authority shall fail or refuse to deliver an opinion, unqualified in scope (other than an opinion qualified as a result of a change in application of GAAP (as defined in the State Street RA), such change being one with which such accountants concur) with respect to the financial statements of the Authority; or

(vii) (a) Any material provision of the State Street RA, the Authority Documents, or any other Document (other than the Letter of Credit (as defined in the State Street RA)) (i) shall at any time for any reason cease to be valid and binding on the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (ii) shall be declared to be null and void, or (b) the validity or enforceability thereof shall be contested by the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (c) the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party) shall deny that it has any or further liability or obligation under the State Street RA, any of the Authority Documents or any of the other Bank Documents; or

(viii) One or more final, non-appealable judgments against the Authority or the LIPA Subsidiary for the payment of money not covered by insurance, the operation and result of which, individually or in the aggregate, equal or exceed \$25,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of ninety (90) days; or

(ix) The Authority or the LIPA Subsidiary fails to pay any debt or obligation owing under a financial instrument or contract and the outstanding principal or obligations under such financial instrument or contract exceeds, individually or in the aggregate, \$25,000,000, and such failure results in an acceleration of the obligations thereunder; or

(x) The occurrence of an event of default or an event which, with the passage of time or the giving of notice, or both, would be an event of default under any other Bank Document, Subsidiary Document or Authority Document, if the result is to permit an acceleration of the obligations thereunder; or

(xi) The Authority fails to make any payment with respect to any 2014 CP-2 Notes or any other Debt (as defined in the State Street RA) payable from Revenues (as defined in the State Street RA) when due, or any Parity Contract Obligations (as defined in the State Street RA) or any Financial Contract (as defined in the State Street RA) that is secured or payable on a basis senior to or on a parity or subordinate to Payment Obligations, or any other event or condition shall occur which would permit the acceleration of the maturity of any such 2014 CP-2 Notes or other Debt payable from Revenues, any Parity Contract Obligations or Financial Contract; or

(xii) The Authority or the LIPA Subsidiary, or any member of its Controlled Group (as defined in the State Street RA), shall fail to pay when due an amount or amounts aggregating in excess of \$25,000,000 which it shall have become liable to pay to the PBGC (as defined in the State Street RA) or to a Plan (as defined in the State Street RA) under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities (as defined in the State Street RA) in excess of \$25,000,000 (collectively, a “Material Plan”) shall be filed under Title IV of ERISA by the Authority or the LIPA Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Authority or the LIPA Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(xiii) The LIPA Subsidiary shall fail to make any payment under the Financing Agreement (as defined in the State Street RA) or on the Note delivered thereunder as and when due; or

(xiv) (a) The Authority shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness or any obligation under any Financial Contract of the Authority secured by or payable from the Trust Estate (as defined in the State Street RA) that is senior to or on a parity with the 2014 CP-2 Notes or (b) any Governmental Authority (as defined in the State Street RA) having appropriate jurisdiction over the Authority shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2014 CP-2 Notes or any other indebtedness or any obligation under any Financial Contract of the Authority secured by the Trust Estate; or

(xv) The long term unenhanced rating by any of the Rating Agencies (as defined in the State Street RA) then rating the Bonds (as defined in the State Street RA) or any other indebtedness of the Authority senior to or on a parity with the Bonds and secured by and payable from the Trust Estate shall be withdrawn or suspended for credit related reasons or is reduced below “Baa3” (or its equivalent) by Moody’s, “BBB-” (or its equivalent) by S&P, or “BBB-” (or its equivalent) by Fitch.

Remedies. Upon the occurrence and continuance of an Event of Default described above, State Street may, in its sole discretion, but shall not be obligated to:

(a) accelerate the Maturity Date (as defined in the State Street RA) of the Bank Note (as defined in the State Street RA) and all Unreimbursed Amounts and Bank Loans (as defined in the State Street RA), together with all interest thereon and such amounts shall thereafter bear interest at the Default Rate until paid in full; *provided, however*, that such acceleration shall occur immediately upon the occurrence of an Event of Default set forth in clause (iii) or (iv) under the subheading “*Events of Default*” above;

(b) declare that the Bank Note and all Unreimbursed Amounts and Bank Loans, whether or not accelerated, shall thereafter bear interest at the Default Rate until paid in full;

(c) terminate or suspend the authority of the Authority and the Issuing and Paying Agent to issue any further 2014 CP-2 Notes and reduce the Stated Amount of the Letter of Credit to an amount equal to the principal amount of 2014 CP-2 Notes then Outstanding supported by the Letter of Credit, plus interest payable thereon at maturity of the 2014 CP-2 Notes, by delivering to the Issuing and Paying Agent a Notice of No Issuance (as defined in the State Street RA) substantially in the form of Annex F to the Letter of Credit;

(d) issue a Final Drawing Notice (as defined in the State Street RA) (the effect of which shall be to cause the Termination Date (as defined in the State Street RA) of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Issuing and Paying Agent);

(e) enforce the rights and obligations of the Authority under the Related Documents as if State Street were a party thereto; or

(f) exercise any other remedies available at law or in equity.

Upon the exercise by State Street of any remedy contained in clauses (a), (b), (c) or (d) under this subheading “*Remedies*” the Stated Amount of the Letter of Credit shall be immediately and permanently reduced by an amount equal to the amount of each subsequent Drawing.

Glossary of Defined Terms

The following terms, as used in this Appendix D, have the respective meanings provided below:

“Authority Documents” means the Authority Documents defined in the applicable CP Reimbursement Agreement, including, but not limited to the Resolution, the Subordinate Resolution, the Issuing and Paying Agency Agreement, the Dealer Agreement, the related Series of 2014 CP Notes, the related Bank Note, the applicable CP Reimbursement Agreement, each of the applicable Bank Documents to the extent the Authority is a party thereto, the Financing Agreement, and any other Document to which the Authority is a party relating to the transactions contemplated by any of the foregoing documents.

“Bank” or “Banks” means, as applicable, Royal Bank of Canada and State Street Bank and Trust Company and any successor thereto.

“Bank Documents” means (a) the applicable CP Reimbursement Agreement, (b) the applicable CP Letter of Credit, and (c) all certificates, opinions, financing statements and other documents or instruments made or delivered in accordance with any of those agreements, each as amended from time to time in accordance with their respective terms and with the applicable CP Reimbursement Agreement.

“CP Letter of Credit” or “CP Letters of Credit” means, as applicable, the Series 2014 CP-1 Letter of Credit, and Series 2014 CP-2 Letter of Credit issued by the Banks pursuant to the related CP Reimbursement Agreement (including any amended CP Letter of Credit or any substitute CP Letter of Credit issued by the Banks pursuant to the related CP Reimbursement Agreement, but not including any Alternate Credit Facility).

“CP Notes” means, collectively, the 2014 CP-1 Notes in the aggregate principal amount of up to \$200,000,000 and the 2014 CP-2 Notes in the aggregate principal amount of up to \$100,000,000.

“CP Reimbursement Agreement” and “CP Reimbursement Agreements” mean, as applicable, the Reimbursement Agreement between the Authority and Royal Bank of Canada, acting through its branch currently located at 200 Vesey Street, New York, New York, dated as of December 1, 2014 (the “Royal Bank RA”); and the Reimbursement Agreement between the Authority and State Street Bank and Trust Company, dated as of December 1, 2014 (the “State Street RA”), as such agreements may be amended and supplemented from time to time in accordance with their terms.

“Default Rate” means the percentage specified as such in the related CP Reimbursement Agreement.

“Documents” means the related Bank Documents and the Authority Documents.

“Drawing” shall mean a drawing under the related CP Letter of Credit in accordance with its terms to pay the principal of and interest on the related 2014 CP Notes.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Governmental Requirements” means any law, ordinance, order, rule or regulation by a Governmental Body.

“LIPA Subsidiary” means the Long Island Lighting Company d/b/a LIPA, as successor to LIPA Acquisition Corp.

“Material Adverse Effect” means (a) any material adverse effect on the properties, assets, condition (financial or otherwise), results of operations or business prospects of the Authority and the LIPA Subsidiary taken as a whole, and (b) with respect to the obligations of the Authority or the LIPA Subsidiary under the Documents, a material adverse effect upon the Authority’s or the LIPA Subsidiary’s ability to perform its obligations under the related Reimbursement Agreement.

“Stated Amount” shall mean the amount set forth in the related CP Letter of Credit as the “Stated Amount,” as such amount is reduced and reinstated from time to time in accordance with the terms hereof and the related CP Letter of Credit.

“Subsidiary” means, for any Person, any corporation, partnership, or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person or one or more Subsidiaries of such Person. All references to a “Subsidiary” or “Subsidiaries” shall mean a Subsidiary or Subsidiaries of the Authority.

“Subsidiary Documents” means the Financing Document and any document to which the LIPA Subsidiary is a party relating to this transaction.

“Unreimbursed Amount” shall mean with respect to the related CP Letter of Credit, the amount of each Drawing on the related Letter of Credit for which the related Bank has not been reimbursed by or on behalf of the Authority, including, without limitation, the outstanding balance of all Bank Loans owing to such Bank.