

NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2006

**Financial Reports
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**NEW YORK POWER AUTHORITY
FINANCIAL REPORT
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2006**

(\$ in millions)

<u>Financial Summary</u>	<u>2006 YTD</u>		<u>February 2006</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$11.8	\$8.4	\$10.2	\$0.1
Net revenues (loss)	2.3	(1.3)	5.3	(4.3)
O&M (incl. administrative)	38.1	37.0	18.1	17.4
Generation (gwh's)	4,326	4,201	2,135	2,003
		<u>Prior</u>	<u>December</u>	
	<u>Current</u>	<u>Month</u>	<u>2005</u>	
Reserves	\$233	\$244	\$233	

Net revenues through February 28, 2006 were \$2.3 which was \$3.6 better than budgeted including higher net operating revenues (\$3.4) and higher non-operating income (\$0.2). Higher net operating revenues at the hydro facilities (\$25.2) and the MSP market area (\$5.5) were substantially offset by a negative variance at SENY (\$21.6). The positive results at the hydro facilities were due to higher than expected water flows resulting in 12% higher production. The MSP market area showed better than anticipated operating results due to lower prices on ISO purchases. The negative variance at SENY was due primarily to lower than expected sales to the ISO. Non-operating income included lower than anticipated costs on variable rate debt, partially offset by a higher than expected mark-to-market loss on the Authority's investment portfolio.

Net revenues for the month of February were \$5.3 which was \$9.6 better than anticipated. This positive variance was primarily attributable to higher net operating revenues (\$10.2) partially offset by lower non-operating income (\$0.6). Higher net operating revenues at the hydro facilities (\$13.2, 15% higher generation) and in the MSP market area (\$3.4, lower prices on ISO purchases) were partially offset by lower net operating revenues in the SENY market area (\$5.0, primarily lower than anticipated sales to the ISO). Non-operating income included a mark-to-market loss on the Authority's investment portfolio, due to an increase in market interest rates during the month, partially offset by lower costs on variable rate debt. Production for February (2,135 gwh) was 7% higher than anticipated (2,003 gwh) primarily due to higher generation at the hydro facilities (192 gwh) partially offset by lower fossil production (60 gwh).

NYPA
Net Revenues
For The Two Months ended February 28, 2006
(\$ in 000'S)

	<u>Annual Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenues				
Customer	\$1,829,029	\$297,423	\$314,514	(\$17,091)
ISO-Energy	947,271	106,171	197,396	(91,225)
Ancillary Services	64,654	17,604	10,345	7,259
NTAC and Other	80,134	13,019	13,563	(544)
Total ISO	<u>1,092,059</u>	<u>136,794</u>	<u>221,304</u>	<u>(84,510)</u>
	2,921,088	434,217	535,818	(101,601)
Operating Expenses				
Purchased Power:				
Entergy	158,785	27,895	26,640	(1,255)
Other	1,048,307	148,571	221,978	73,407
Ancillary Services	83,746	11,654	14,215	2,561
Fuel Consumed - Oil & Gas	623,649	96,425	124,777	28,352
Wheeling	302,119	40,186	41,937	1,751
Operations & Maintenance	259,964	38,068	37,016	(1,052)
Other expenses	137,914	32,105	32,382	277
Depreciation & Amortization	176,402	28,258	29,400	1,142
Allocation to Capital	(8,794)	(786)	(953)	(167)
	<u>2,782,092</u>	<u>422,376</u>	<u>527,392</u>	<u>105,016</u>
Net Operating Revenues	138,996	11,841	8,426	3,415
Interest Income and Realized Gains	63,763	9,620	10,556	(936)
Mark to Market Adjustment	(2,000)	(1,396)	(1,000)	(396)
Investment Income	<u>61,763</u>	<u>8,224</u>	<u>9,556</u>	<u>(1,332)</u>
Interest and Other Expenses	114,874	17,759	19,267	1,508
Net Revenues	<u><u>85,885</u></u>	<u><u>2,306</u></u>	<u><u>(1,285)</u></u>	<u><u>3,591</u></u>

New York Power Authority
Net Revenues by Facility
For the Two Months ended February 28, 2006
(\$ in 000's)

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	\$ 65,312	\$ 2,725	\$ 169,177	\$ 1,322	\$ 47,384	\$ 23,791	\$ 15,234	\$ (27,522)	\$ 297,423
ISO-Energy	8,203	13,532	68,929	7,780	7,727				106,171
Ancillary Services	15,052	1,174	1,223	155					17,604
NTAC and Other						13,019			13,019
Total ISO	23,255	14,706	70,152	7,935	7,727	13,019			136,794
88,567	17,431	239,329	9,257	55,111	23,791	28,253	(27,522)		434,217
Operating Expenses									
Purchased Power:									
Energy	15,479	12,019	27,895	174	52,254		5	(28,485)	27,895
Other	3,283	60	6,959	5	1,347				148,571
Ancillary Services			72,218	4,591		19,616			11,654
Fuel Consumed - Oil & Gas			36,670		1,558	48			96,425
Wheeling	1,910	4,216	6,483	1,572	267	1,172	9,085		40,186
Operations & Maintenance	15,273	498	2,026	19	9,756	137	1,810	14,681	38,068
Other expenses	3,178	986	9,415	4,836	141	871	6,528		32,105
Depreciation & Amortization	5,481	(95)	(133)	(3)		(26)	(190)		28,258
Allocation to Capital	(339)	17,684	258,658	11,194	65,323	21,818	17,238	(13,804)	(786)
44,265	17,684	258,658	11,194	65,323	21,818	17,238	(13,804)		422,376
Net Operating Revenues	44,302	(253)	(19,329)	(1,937)	(10,212)	1,973	11,015	(13,718)	11,841
Investment and Other Income			538					7,686	8,224
Interest and Other Expenses	(2,715)	(25)	(6,389)	(132)	(15)	(680)	(5,188)	(2,615)	(17,759)
Net Revenues (loss)	41,587	(278)	(25,180)*	(2,069)	(10,227)	1,293	5,827	(8,647)	2,306
Budget	16,069	(1,342)	(3,338)	(336)	(15,730)	6,521	6,123	(9,252)	(1,285)
Variance	\$ 25,518	\$ 1,064	\$ (21,842)	\$ (1,733)	\$ 5,503	\$ (5,228)	\$ (296)	\$ 605	\$ 3,591

* Reflects loss of \$44.2 million partially offset by \$19 million anticipated recovery from NYC Govt. customers (based on sharing plan elected for 2006 under LT Supplemental Energy Supply Agreement).

NEW YORK POWER AUTHORITY
VARIANCE FROM BUDGET
MAJOR FACTORS
For the Two Months Ended February 28, 2006
(Millions)

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Lower ISO energy revenues (lower prices)	(\$3.3)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	6.3	
	o Lower purchased power costs (lower volumes & prices)	25.4	
	o Higher Niagara site O&M (maintenance)	(0.6)	
	o Higher allocated administrative costs	(0.7)	
	o Other	(1.6)	
			25.5
Blenheim-Gilboa	o Higher ISO energy revenues (higher volumes)	9.2	
	o Higher purchased power costs (higher volumes)	(8.6)	
	o Other	0.4	
			1.0
SENY	o Lower revenues (primarily lower prices on sales to the ISO)	(66.5)	
	o Lower purchased power costs (lower prices)	26.4	
	o Lower fuel costs (lower generation)	15.4	
	o Other	2.9	
SCPP	o Lower ISO revenues (lower volumes & prices)	(11.6)	
	o Lower fuel costs (lower generation & lower prices)	9.9	
			(1.7)
Market Supply Power	o Lower revenues	(12.2)	
	o Lower purchased power costs (lower prices & volumes)	16.7	
	o Other	1.0	
			5.5
Flynn	o Lower revenues (lower prices on Long Island)	(8.5)	
	o Lower fuel costs (lower prices)	3.2	
	o Other	0.1	
			(5.2)
Transmission	o Lower NTAC & other revenues	(0.5)	
	o Other	0.2	
			(0.3)
Consolidating adjustments			0.6
Net Revenues			\$3.6

NYPA
Operations & Maintenance
For the Two Months Ended February 28, 2006

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
Power Generation		
Headquarters Support	\$2.1	\$0.9
Blenheim-Gilboa	2.4	2.4
Charles Poletti	2.3	2.5
500 MW	0.7	1.4
R.M. Flynn	0.7	0.8
SCPP	1.4	1.5
Small Hydros	0.4	0.6
Niagara	6.5	5.9
St. Lawrence	<u>2.4</u>	<u>2.8</u>
	18.8	18.7
Transmission		
ECC/Headquarters	1.4	1.4
Transmission Facilities	<u>5.2</u>	<u>5.3</u>
	6.7	6.7
Corporate Support		
Executive Office	2.1	1.9
Business Services	4.4	3.4
HR & Corporate Support	3.4	3.6
Marketing & Econ. Devel.	1.2	1.1
Energy Services	<u>0.5</u>	<u>0.4</u>
	11.5	10.6
Research & Development & Other	1.1	1.0
Total	<u>\$38.1</u>	<u>\$37.0</u>

Through February, O&M expenses were \$1.1 million (3%) over budget.

Power Generation was slightly over budget, as higher spending at Niagara and Headquarters was substantially offset by underruns at St. Lawrence and the 500 MW Plant. Niagara spending was over budget by \$0.6 million primarily due to greater than anticipated charges for routine maintenance activities and some non-recurring tasks proceeding earlier than scheduled (LPGP Feeder Relay System and modification of HVAC equipment). The Power Generation HQ overrun reflects less than anticipated payroll charged to the RMNPP upgrade combined with greater than expected facility engineering and technical support for recurring O&M projects, particularly for Flynn, Clark and St. Lawrence Transmission. St. Lawrence under spending mostly resulted from the delayed start of the 300 ton crane major maintenance. The 500 MW underrun was due to less than expected materials and waste disposal charges.

HQ Corporate Support expenses were collectively \$0.9 million over budget due primarily to earlier than anticipated spending for IT contractor services.

**NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)**

	FEBRUARY <u>2006</u>	DECEMBER <u>2005</u>	<u>NET CHANGE</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,121,212	\$3,145,208	(23,996)
Construction Work In Progress	131,985	121,217	10,768
Net Utility Plant	<u>\$3,253,197</u>	<u>\$3,266,425</u>	<u>(13,228)</u>
Restricted Funds	78,194	79,258	(1,064)
Construction Funds	131,791	147,415	(15,624)
Investment In Decommissioning Trust Fund	865,553	851,346	14,207
Current Assets:			
Cash	72	72	-
Investments In Government Securities	543,328	572,457	(29,129)
Interest Receivable On Investments	12,624	12,069	555
Receivables-Customers	221,224	210,196	11,028
Materials & Supplies-Plant & General	64,440	63,352	1,088
-Fuel	26,999	26,442	557
Prepayments And Other	46,765	45,401	1,364
Notes Receivable-Nuclear Sale	262,171	257,349	4,822
Deferred Charges And Other Assets	<u>652,898</u>	<u>645,112</u>	<u>7,786</u>
TOTAL ASSETS	<u>\$6,159,256</u>	<u>\$6,176,894</u>	<u>(\$17,638)</u>
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	\$1,904,518	\$1,935,378	(30,860)
Notes	161,835	161,835	-
Short-Term Notes Payable	212,520	218,241	(5,721)
Accounts Payable And Accrued Liabilities	510,072	503,026	7,046
Spent Nuclear Fuel Disposal	193,711	192,374	1,337
Decommissioning Of Nuclear Plants	865,553	851,346	14,207
Deferred Revenue	<u>412,193</u>	<u>418,155</u>	<u>(5,962)</u>
TOTAL LIABILITIES AND OTHER CREDITS	4,260,402	4,280,355	(19,953)
ACCUMULATED NET REVENUES-JANUARY 1	1,896,548	1,838,026	58,522
NET REVENUES	<u>2,306</u>	<u>58,513</u>	<u>(56,207)</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,159,256</u>	<u>\$6,176,894</u>	<u>(\$17,638)</u>

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2006

Facility	Year-to-date February			Month of February 2006				
	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	2,439,444	2,170,000	269,444	12.42%	1,177,980	1,030,000	147,980	14.37%
St. Lawrence	1,017,910	920,000	97,910	10.64%	507,002	440,000	67,002	15.23%
Combined	3,457,354	3,090,000	367,354	11.89%	1,684,982	1,470,000	214,982	14.62%
Poletti	257,578	523,840	(266,262)	-50.83%	117,416	241,202	(123,786)	-51.32%
500MW	398,784	306,260	92,524	30.21%	232,802	151,564	81,238	53.60%
SCPP	33,197	62,455	(29,258)	-46.85%	15,559	33,017	(17,458)	-52.88%
Blenheim Gilboa	(77,599)	(14,880)	(62,719)	421.50%	(37,022)	(5,234)	(31,788)	607.34%
Small Hydro	42,887	23,541	19,346	82.18%	19,667	11,174	8,493	76.01%
R. M. Flynn	213,787	209,492	4,295	2.05%	101,231	100,776	455	0.45%
Total	4,325,988	4,200,708	125,280	2.98%	2,134,635	2,002,499	132,136	6.60%

**NYPA
Capital Expenditures
For the Two Months Ended February 28, 2006**

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
New Generation	\$3.4	\$3.8
Energy Services	16.0	12.7
Existing Facilities	7.1	11.5
Transmission	0.4	3.6
Headquarters	3.3	1.2
General Plant and Minor Additions	<u>0.7</u>	<u>0.9</u>
	<u>\$30.9</u>	<u>\$33.7</u>

Capital expenditures through February 2006 were \$30.9 million, which was 8.3% lower than the budget of \$33.7 million. Expenditures for **Existing Facilities** improvements were \$4.4 million under budget. The underrun was primarily the result of less than anticipated usage of consultants for the Niagara Relicensing projects, coupled with delays related to the New License and comprehensive settlement agreement for St. Lawrence. The temporary underrun in **Transmission** projects of \$3.2 million will diminish as substation work proceeds. Expenditures for **New Generation** projects were \$0.4 million under budget. This variance will dissipate over the next few months as the community work related to the SSCP's is completed. **Energy Services** was \$3.3 million over budget primarily due to accelerated construction activity for the NYC governmental customers under the Long Term Agreement Programs.

There were no expenditures authorized by the President this month, under the Expenditure Authorization Procedure.

**Demand Side Management
Cost Summary (Inception to Date)
February 28, 2006
(\$ in 000's)**

(A) DSM Projects

Authorized	Program	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
\$130,000	SENY HELP	\$0	\$133,983	\$133,983	\$133,983	\$0
60,000	Statewide	0	57,620	57,620	57,620	0
40,000	Public Schools	0	39,841	39,841	38,130	1,711
51,000	LI HELP	0	48,615	48,615	47,808	807
7,500	Wattbusters	0	6,131	6,131	5,045	1,086
15,000	SENY New Constr	0	3,372	3,372	2,490	882
14,600	Industrial	0	6,480	6,480	6,297	183
183,050	Electrotechnologies LTEPA	9,262	73,912	83,174	40,146	43,028
5,000	County & Muni's	0	1,799	1,799	1,762	37
75,000	Public Housing LTEPA	0	70,825	70,825	59,911	10,914
5,000	Coal Conversion LTEPA	0	5,000	5,000	673	4,327
140,000	Non-Elect End Use LTEPA	13,020	61,218	74,238	19,543	54,695
130,000	SENY HELP LTEPA	1,772	92,238	94,010	56,688	37,322
433,000	NYPA Energy Services Program	31,571	87,905	119,476	23,833	95,643
26,000	Landfill Gases Program	903		903		903
35,000	Peak Load Mgmt	1,268	165	1,433		1,433
13,000	Distributed Generation	1,681		1,681		1,681
1,200	MUNI Vehicle Program	0	372	372	92	280
4,085	Other	0	746	746	687	59
500,000	SENY Govt Cust Energy Serv	11,045	1,939	12,984		12,984
<u>\$1,868,435</u>		<u>\$70,522</u>	<u>\$692,161</u>	<u>\$762,683</u>	<u>\$494,708</u>	<u>\$267,975</u>

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
<u>\$ 16,390</u>	Colleges & Universities	<u>\$ 16,390</u>	<u>\$ 15,623 (1)</u>	<u>\$ 767</u>

GRANTS

Authorized	Program	Issued
9,105	Coal Conversion Pilot	9,105
4,558	Hybrid Bus Program	\$ 4,558
663	Solar Grants	663
3,000	NYSERDA	3,000
19,876	(1) Energy Services Programs	13,821
7 31,042	(1) POCR Grants	12,255
<u>\$ 68,244</u>		<u>\$ 43,402</u>

(C) CASP Funding

Authorized	Program	Issued
132,047	(2) Coal Conversion	118,819

(D) Board of Ed Funding

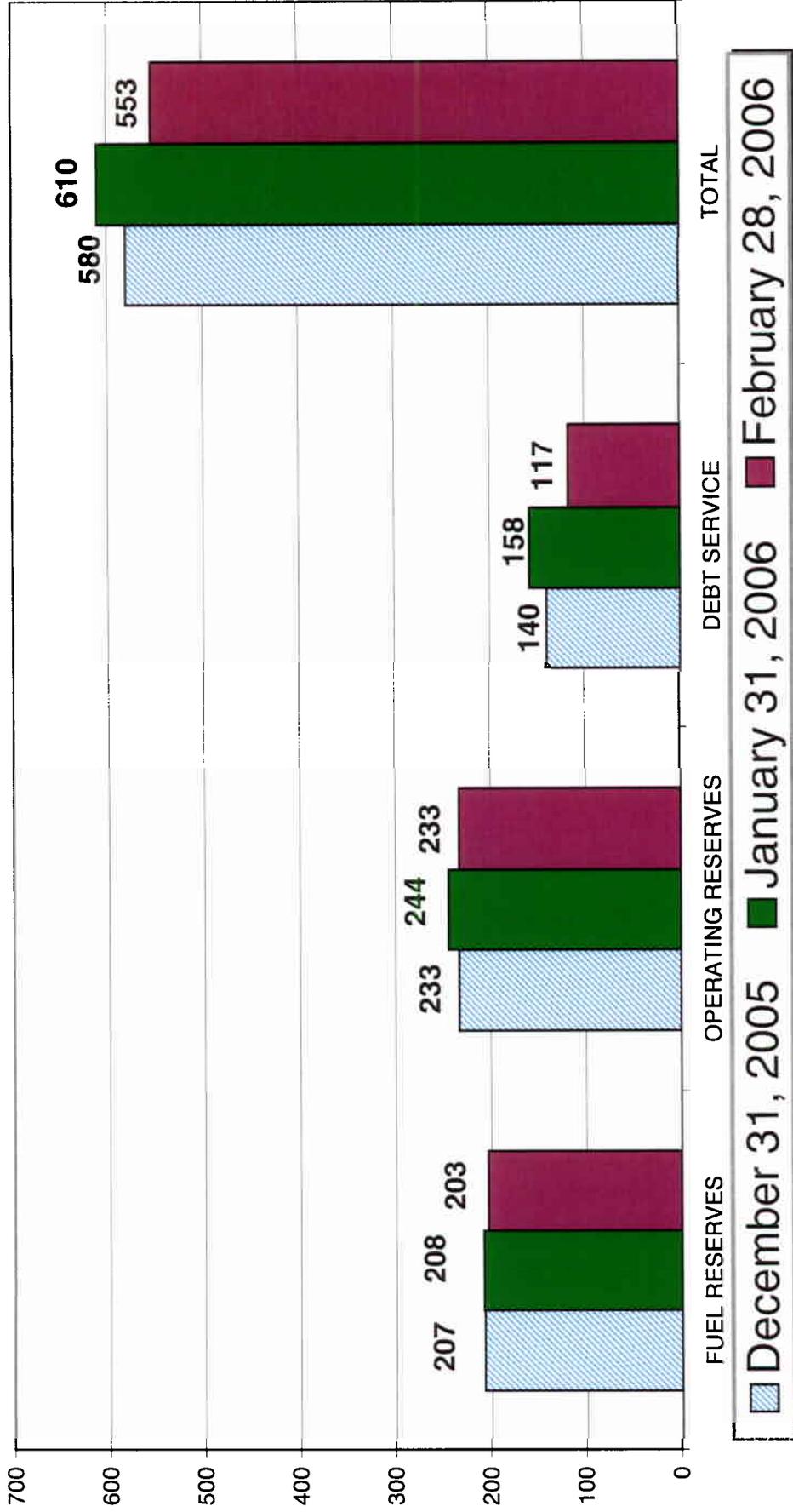
Authorized	Program	Issued
38,628	(2) Climate Controls (NYC BOE)	34,051

(D) NYC Housing Auth Funding

Authorized	Program	Issued
12,642	(2) NYCHA Hot Water Heaters	1,479

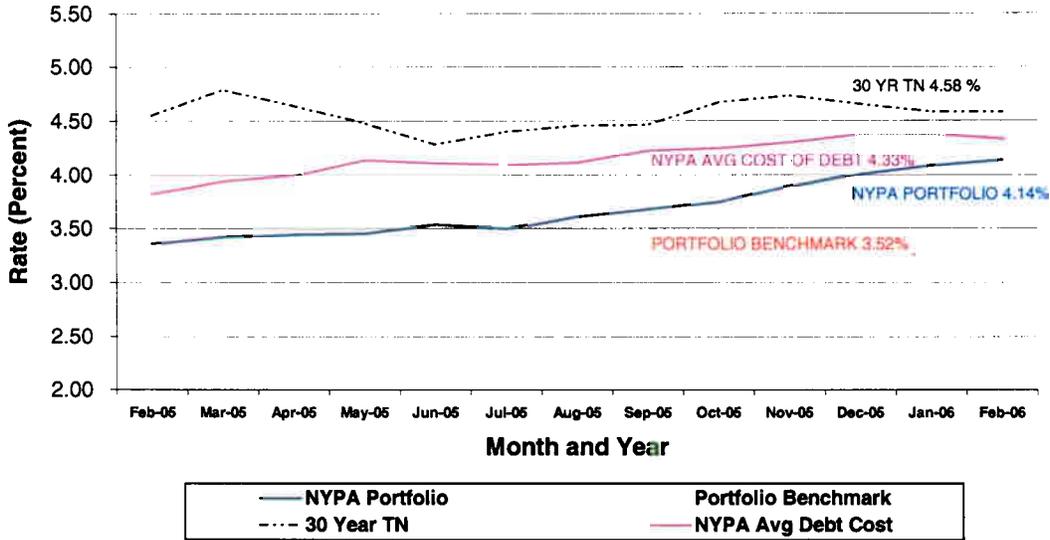
- (1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POCR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.

**NEW YORK POWER AUTHORITY
OPERATING FUND
(\$ MILLIONS)**



Fuel Reserves include \$193.7 million for Nuclear Spent Fuel and \$8.8 million for Energy Hedging Reserve Fund.

Portfolio Performance



Financing Rates

