

New York Power Authority
Net Income - Actual vs. Budgeted
For The Year ended December 31, 2012
(\$ in millions)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Operating Revenues			
Customer	\$ 1,994	\$ 2,173	\$ (179)
NYISO Market Revenues	679	700	(21)
Total Operating Revenues	<u>2,673</u>	<u>2,873</u>	<u>(200)</u>
Operating Expenses			
Purchased Power	743	829	87
Fuel Consumed - Oil & Gas	228	330	102
Wheeling	598	610	13
Operations & Maintenance	551	554	3
Depreciation & Amortization	226	222	(4)
Total Operating Expenses	<u>2,345</u>	<u>2,545</u>	<u>200</u>
Operating Income	<u>328</u>	<u>328</u>	<u>-</u>
Nonoperating Revenues and Expenses			
Nonoperating Revenues			
Investment Income	36	32	4
Other Income	83	87	(4)
Total Nonoperating Revenues	<u>119</u>	<u>119</u>	<u>-</u>
Nonoperating Expenses			
Contribution to New York State	85	85	-
Interest and Other Expenses	187	195	8
Total Nonoperating Expenses	<u>272</u>	<u>280</u>	<u>8</u>
Net Income	<u>\$ 175</u>	<u>\$ 167</u>	<u>\$ 8</u>

Net income for the year ended December 31, 2012 was \$175 compared to a budget of \$167 resulting in an \$8 favorable variance due primarily to lower non-operating expense (\$8). Operating income was on budget for the year.

Non-operating expenses were lower than expected due to lower than budgeted interest costs resulting from lower market interest rates. Operating income was on budget as lower purchased power (\$87) and fuel costs (\$102) were offset by lower operating revenues (\$200). Purchased power and fuel costs were lower due to lower market prices. Statewide wholesale energy prices declined by 21% relative to the budget primarily due to lower natural gas prices. Lower operating revenues reflected lower prices on market-based sales and the pass-through of lower fuel, purchased power, and NYISO related costs to customers.