



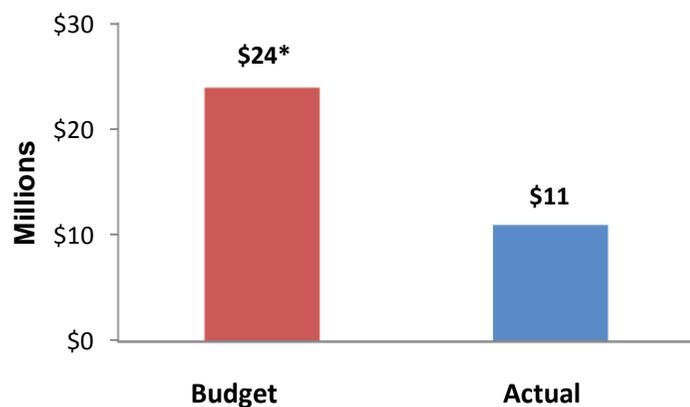
Chief Financial Officer Report

July 30, 2015

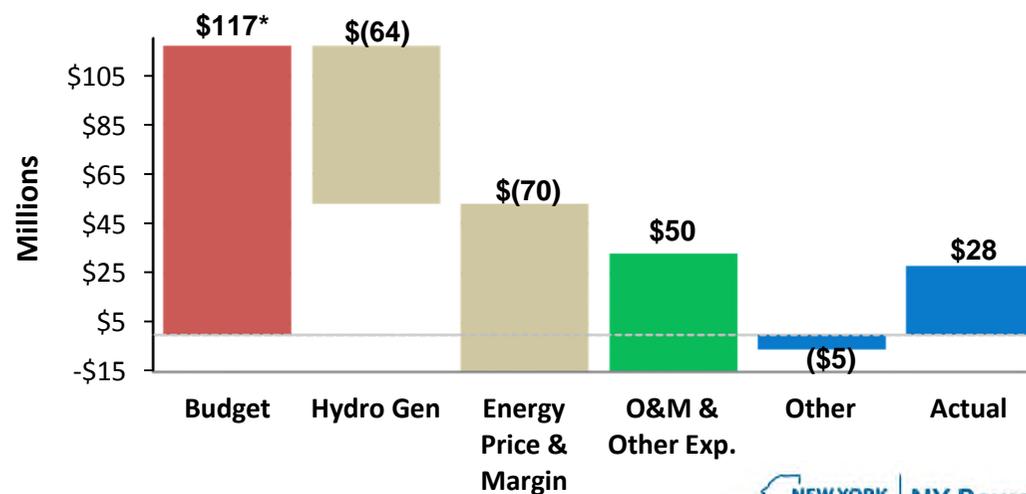
Net Income

- During the month of June, the Authority had net income of \$11.1 million which was \$12.8 million less than the budgeted \$23.9 million (excluding the New York State contribution)* due primarily to a lower net margin on sales (\$16.5 million), partially offset by lower operating expenses.
- Net income for the year to date was \$27.8 million, which was \$89.5 million lower than budgeted (excluding the state contribution) due to lower hydro production (\$64 million), and lower energy prices on market sales (\$70 million), partially offset by lower O&M and other expenses (\$50 million). Lower production resulted from low precipitation and a less than normal winter ice thaw. Lower O&M and other expenses reflected timing differences including Industrial Incentive Awards, Western NY Workforce Development, and Customer Energy Solutions.

June 2015

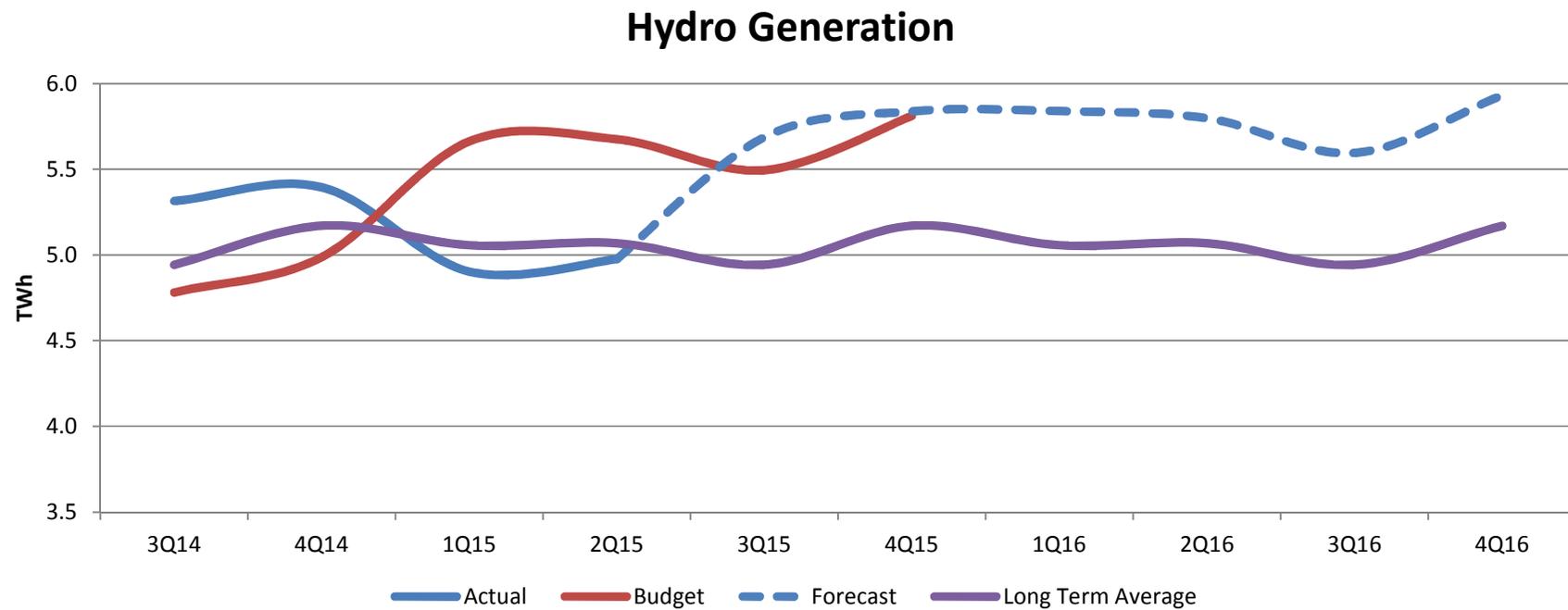


Year-to-date – June 2015



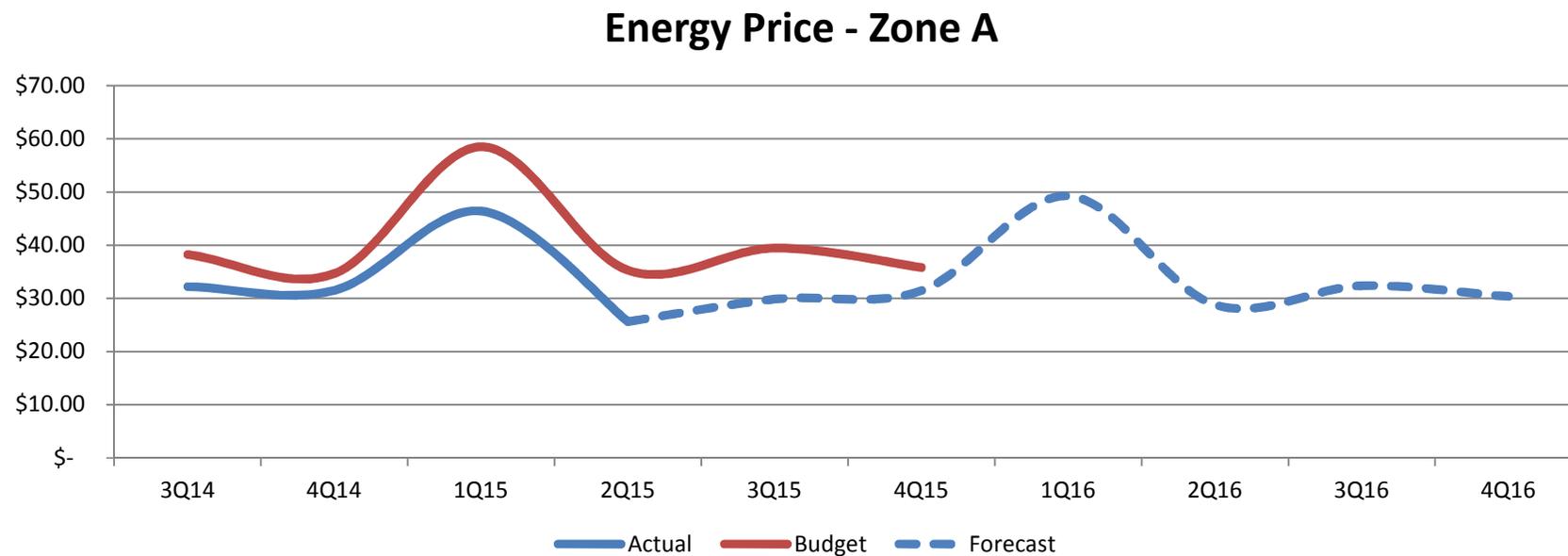
*Excluding State contribution (\$25 million included in original budget for June, to be considered by the Board in July).

Hydro Generation



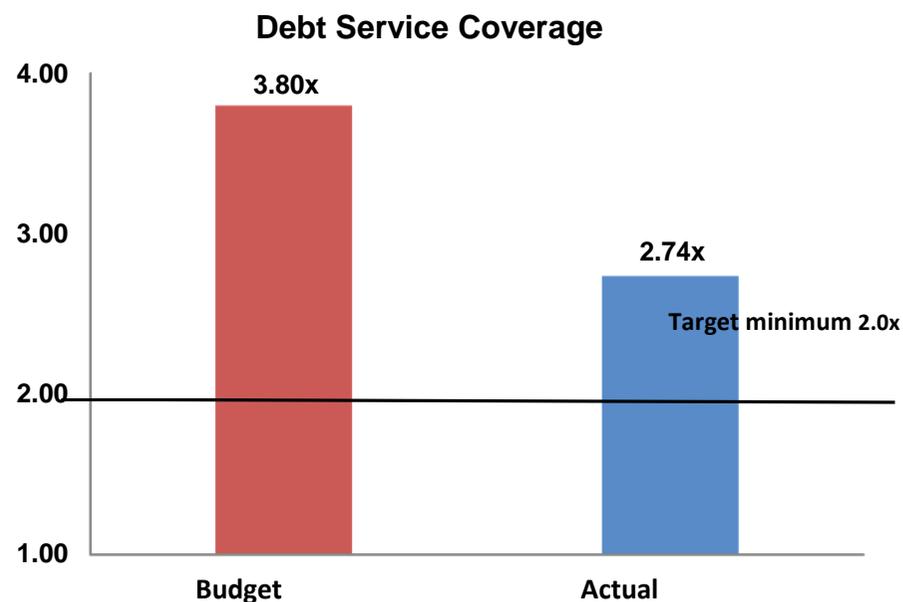
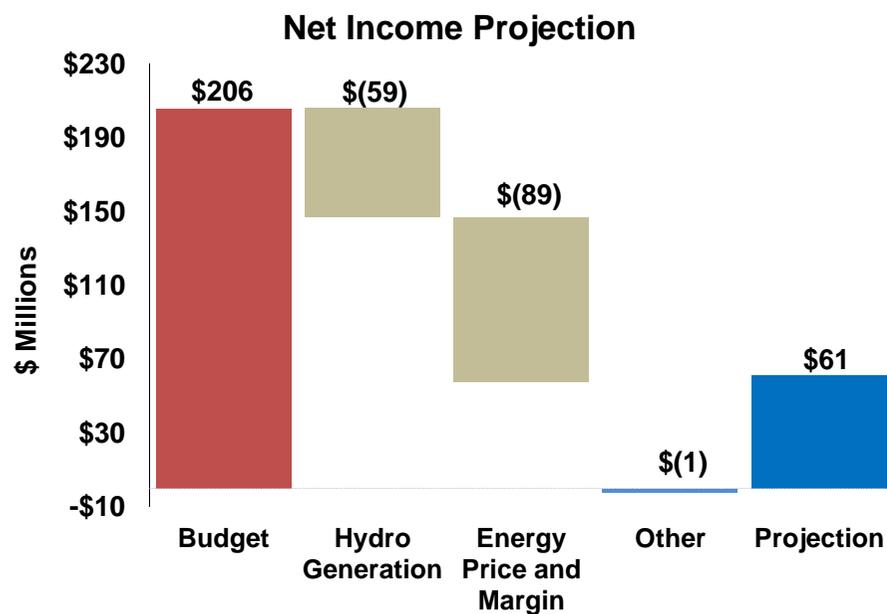
Increased hydro volume expected towards the end of 2015 and for 2016. The July update includes a .9Twh increase in hydro production related to 2015 due to record June rainfalls.

Energy Price Forecast



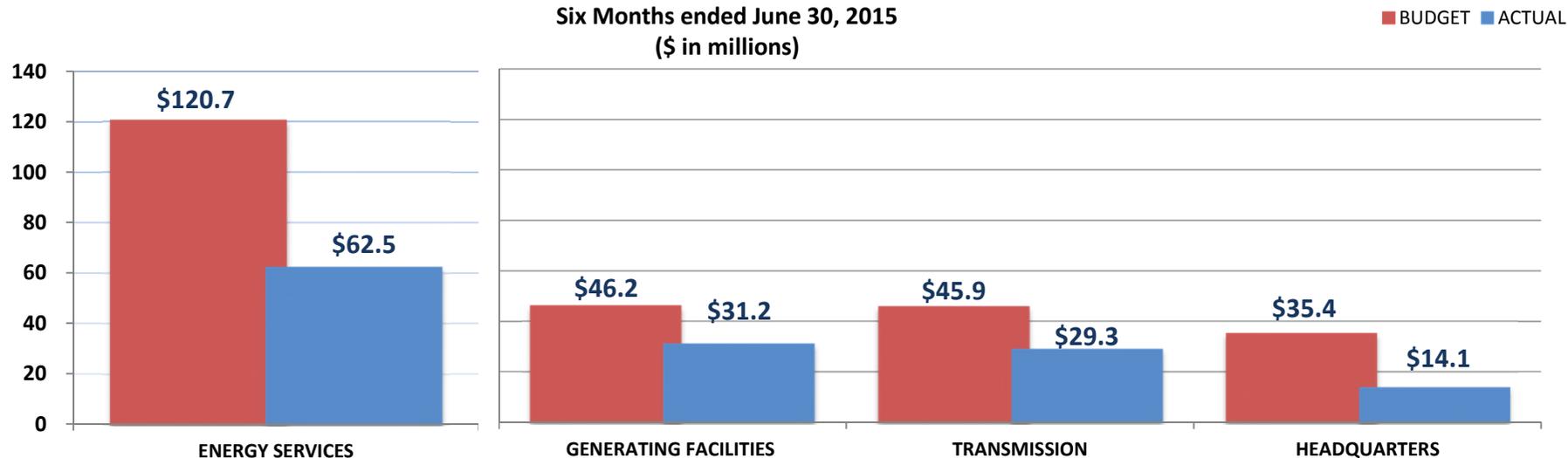
Niagara prices forecasted to remain below budget (energy prices 21% below budget in WNY for 2015).

Year-End Net Income Projection & Debt Service Coverage



Net income for the year is projected to be \$61 million, \$145 million lower than the budget primarily due to the aforementioned lower hydro production and lower energy prices (projections for hydro production increased .9 Twh since last month, and energy margins are projected to be 10% lower than previously anticipated resulting from lower gas prices).

Capital Expenditures
Six Months ended June 30, 2015
 (\$ in millions)



Energy Services expenditures were under budget by \$58.2 million due to delayed startups in the Governmental and Statewide Energy Services programs. Total expenditures by year-end are expected to be \$160 million vs. a budget of \$241 million.

Capital expenditures for NYPA facilities were under budget by \$52.4 million through June. Generating Facilities were under budget by \$15 million primarily due to the deferral of motor/generator work resulting from performance issues for the Lewiston Pump Generation Plant-LEM. Transmission expenditures were under budget by \$16.6 million due to a delay in the startup of the Massena 765/230KV Multi-Unit-Transformer Project and the CEC Switch yard LEM. Headquarters expenditures were under budget primarily due to the delay with the implementation of the Critical Infrastructure Protocol project. This project was approved in late 2014 and work commenced in March 2015. Total spending by year-end is anticipated to be \$241 million vs. a budget of \$264 million.