



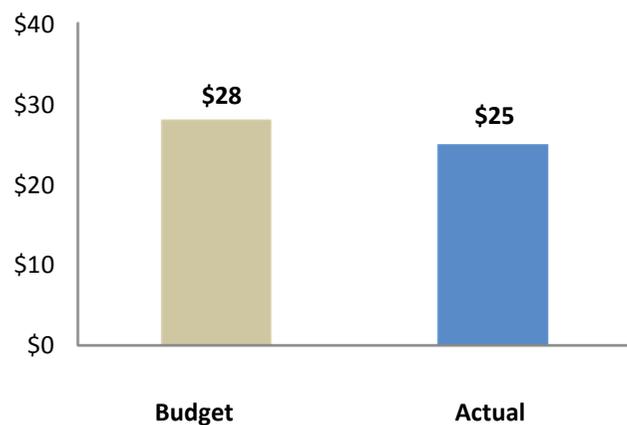
Chief Financial Officer Report

September 29, 2015

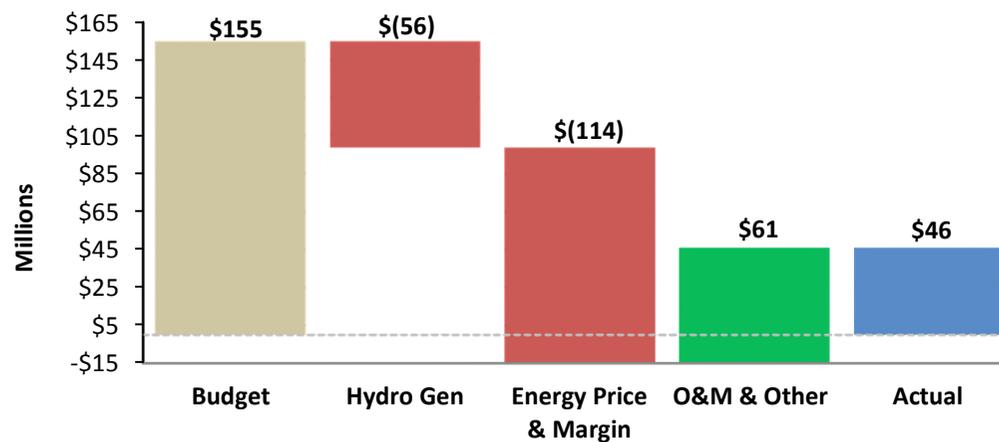
Net Income

- During the month of August, the Authority had net income of \$25.1 million, which was \$3.1 million less than the budgeted \$28.2 million, due primarily to a lower net margin on sales (\$10.2 million), partially offset by lower operating expenses. The lower net margin on sales was substantially attributable to lower market energy prices. Hydro production for the month was 7% above the budget.
- Net income for the year to date was \$46 million, which was \$108.8 million lower than budgeted due to lower hydro production (\$56 million), and lower market energy prices (\$114 million), partially offset by lower O&M and other (\$61 million). Lower production resulted from low precipitation and a less than normal winter ice thaw early in the year. Lower O&M and other expenses reflect delays in programs including Five City Master Plan, Western NY Workforce Development and Customer Energy Solutions.

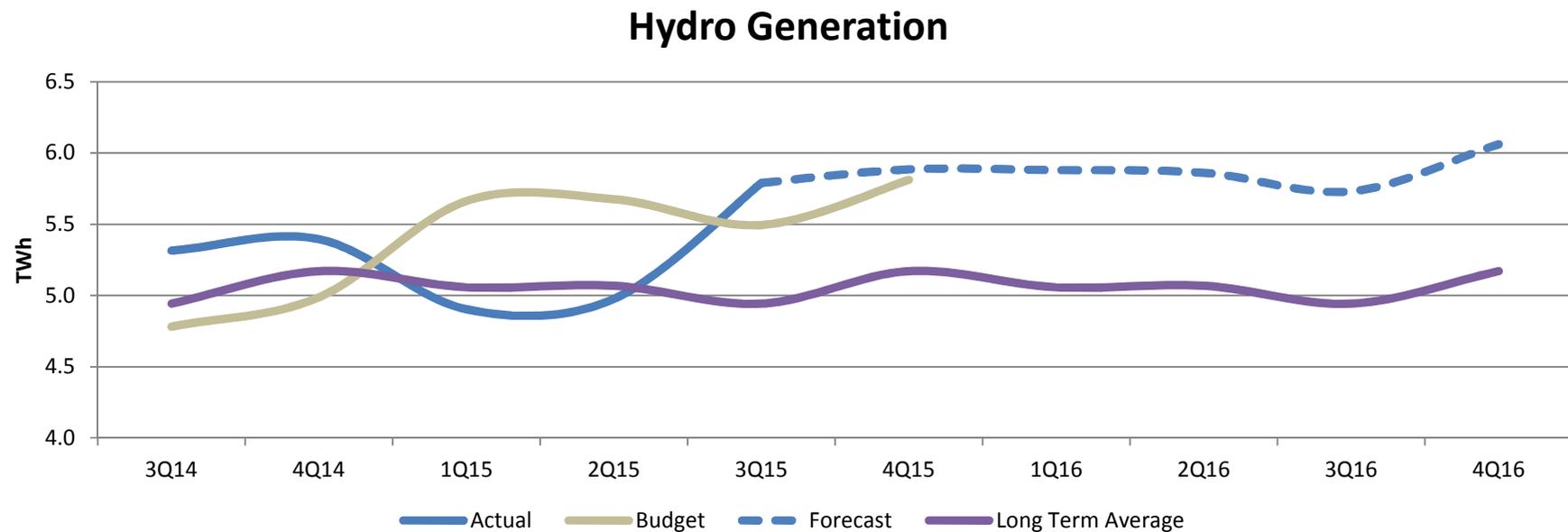
August 2015



Year-to-date – August 2015

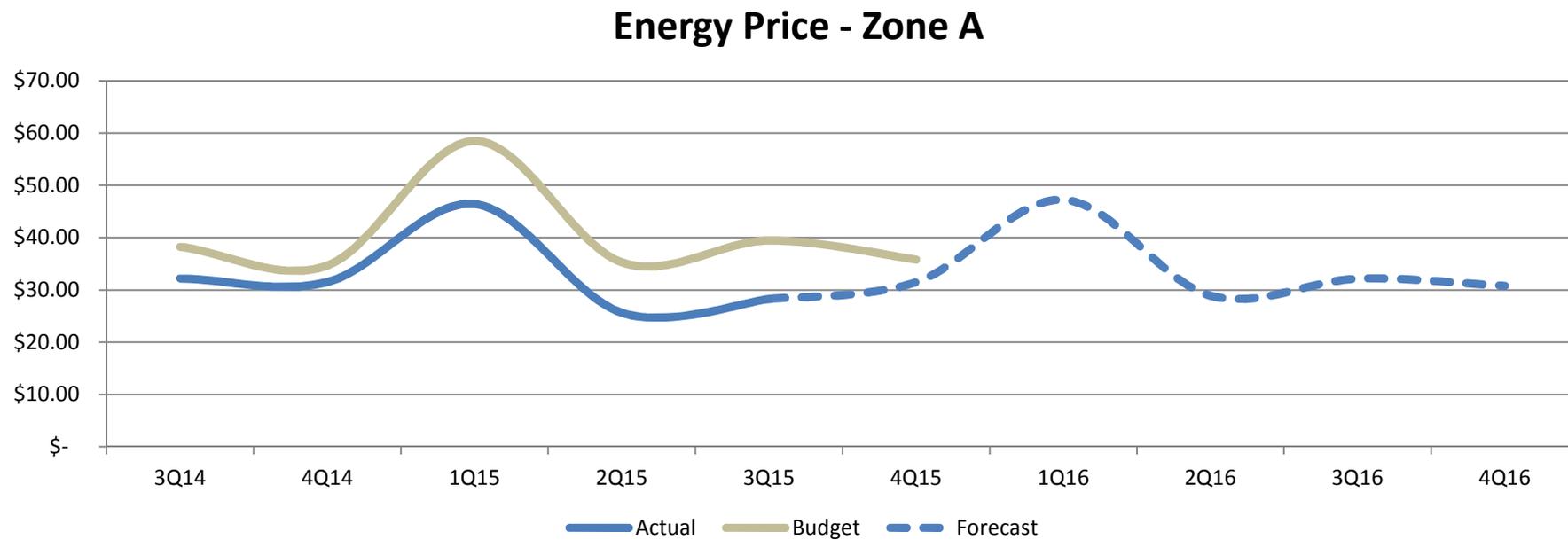


Hydro Generation



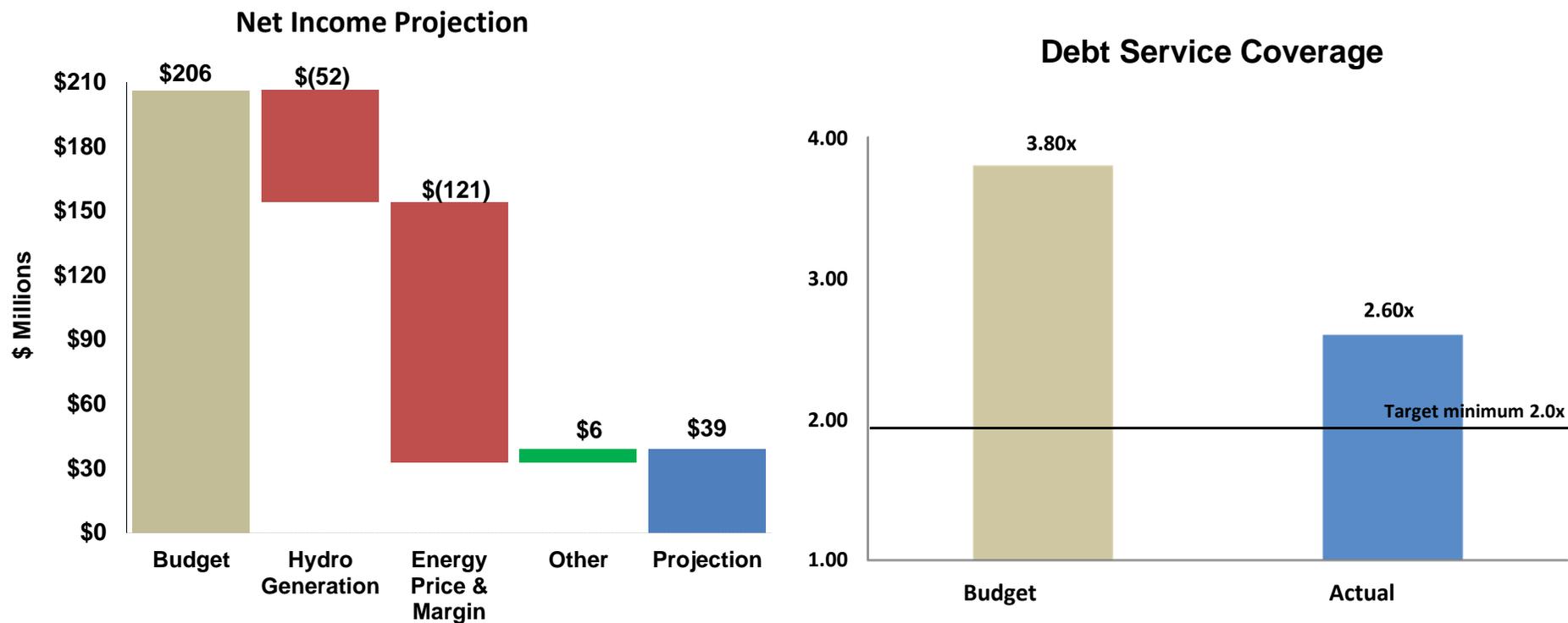
Increased hydro volume expected towards the end of 2015 and for 2016. The September update includes a .1Twh increase in hydro production related to 2015 (compared to last month's projection).

Energy Price Forecast



Energy Zone A (Western NY) prices continue to be significantly below budget. Current projection is 22% below budget for the year.

Year-End Net Income Projection & Debt Service Coverage

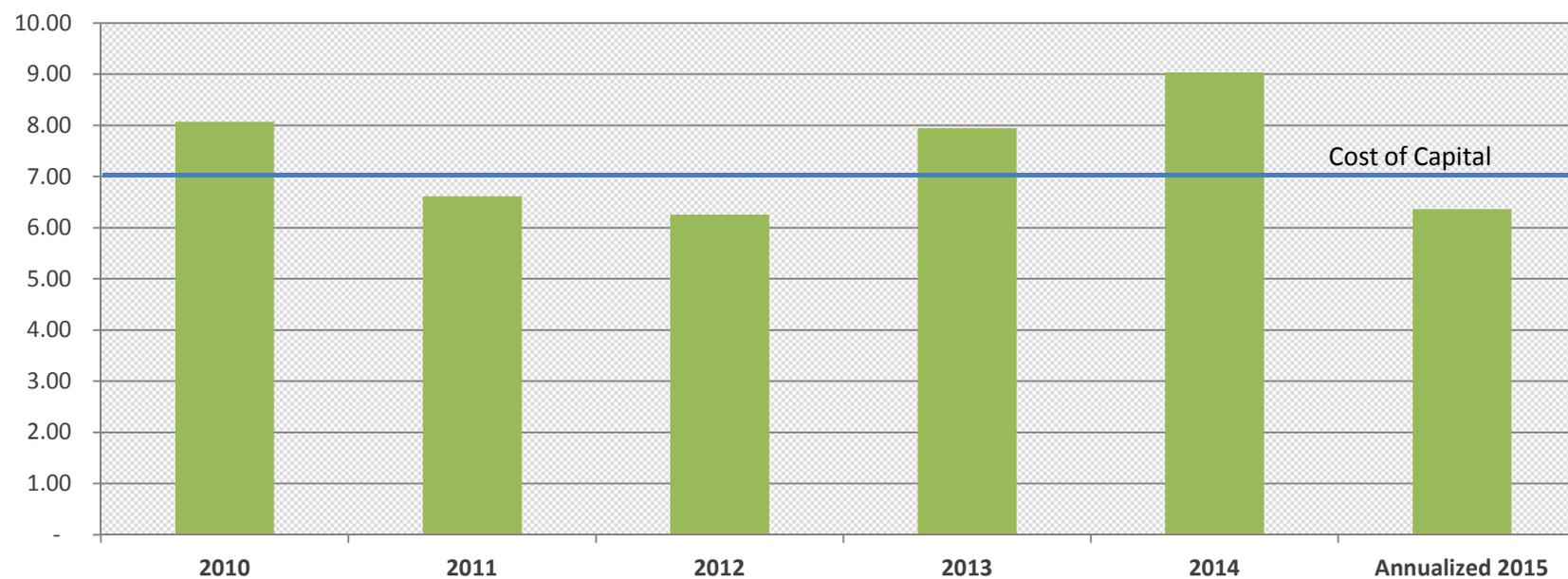


Net income for the year is projected to be \$39 million, \$167 million lower than the budget primarily due to the lower hydro production and lower market energy prices (projections for hydro production increased .1 Twh since last month, and energy margins are projected to be slightly higher than previously anticipated).

Return on Invested Capital (ROIC) & Economic Value Added (EVA) Metrics

- Return on Invested Capital (ROIC) is a commonly used measure to assess how much of a return we are making on our investments
 - $ROIC = \text{Net Operating Income} \div \text{Net Plant Investment}$
- Economic Value Added (EVA) is a financial measure that accounts for the ROIC and the weighted average cost of capital (WACC) in one measure.
 - $EVA = \text{Net Operating Income} \text{ minus } (\text{Net Plant Investment} \times WACC)$

Return on Invested Capital (%): 2010-2015



Economic Value Added: 2010-2015

