

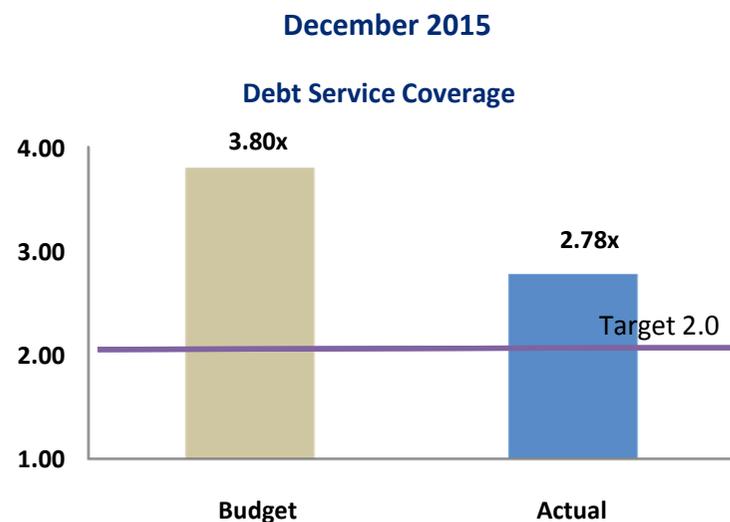
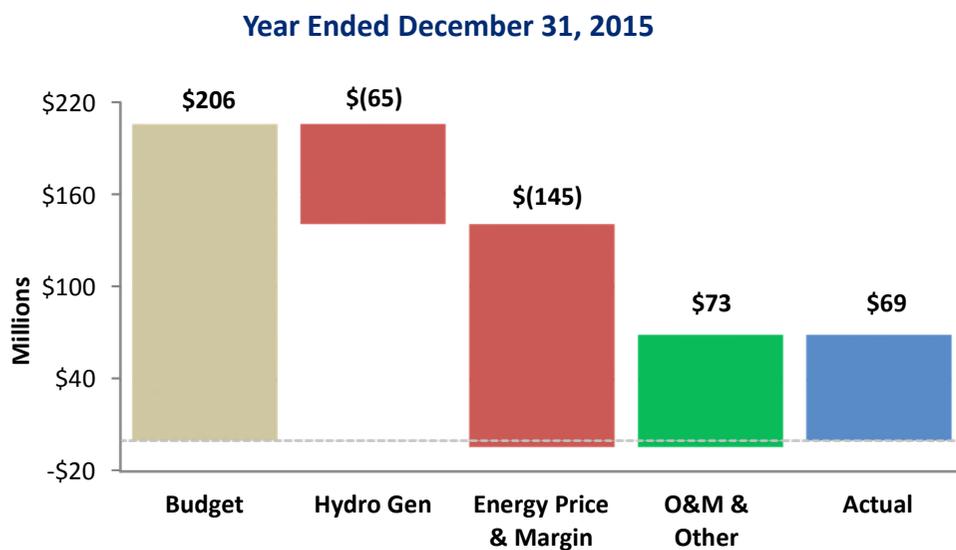


# Chief Financial Officer Report

January 26, 2016

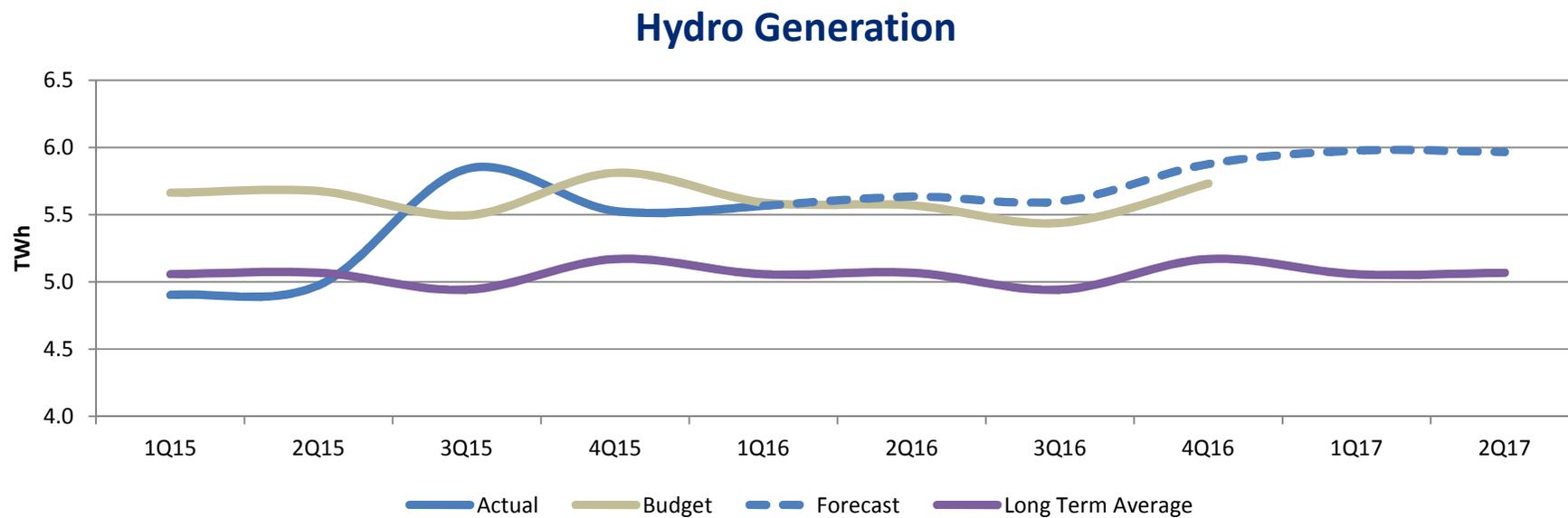
## Net Income\*

- Net income for the year was \$69.3 million, which was \$136.3 million lower than budgeted due to lower hydro production (\$65 million), and lower market energy prices (\$145 million), partially offset by lower O&M and other expenses (\$73 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 underspending in programs including Five City Master Plan, Western NY Workforce Development and Customer Energy Solutions.
- During the month of December, the Authority experienced a net loss of \$5.9 million, which was \$23.1 million worse than the budgeted \$17.2 million net income. These results were due primarily to a lower net margin on sales (\$17.4 million) and a mark-to-market loss on the Authority's investment portfolio (\$2.8 million, higher than anticipated market interest rates). The lower net margin on sales was primarily attributable to significantly lower prices on market sales of hydro energy into the ISO market.



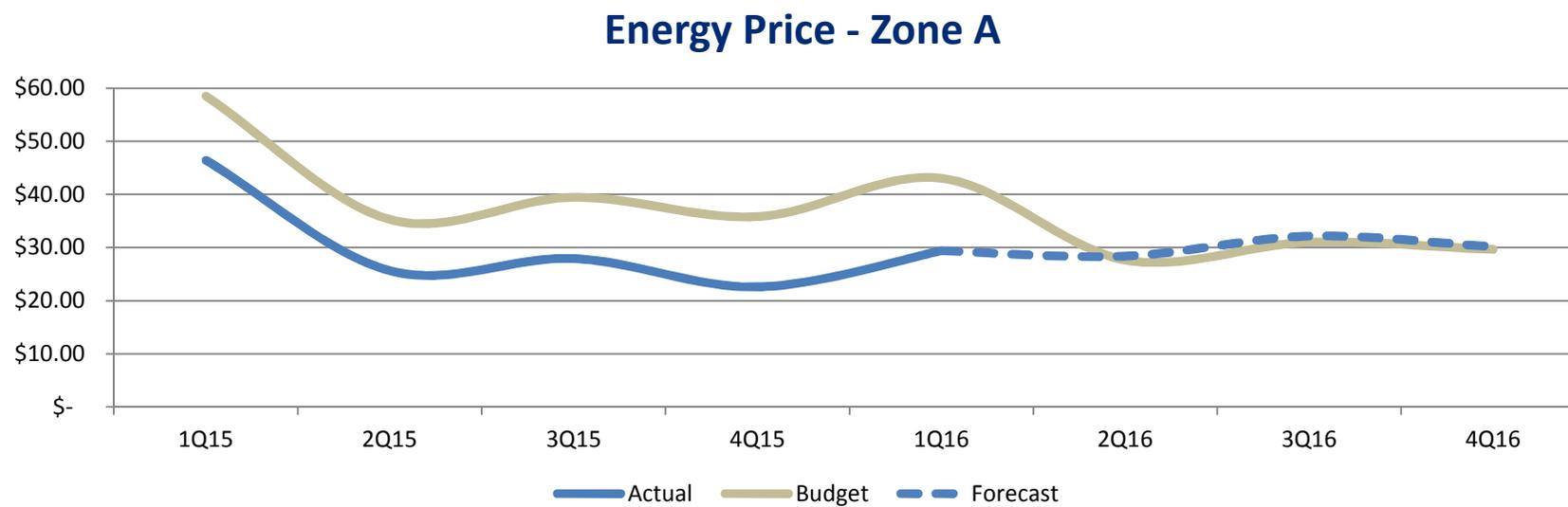
\*Preliminary amounts subject to adjustment based on the true-up of estimated sales and accruals.

## Hydro Generation



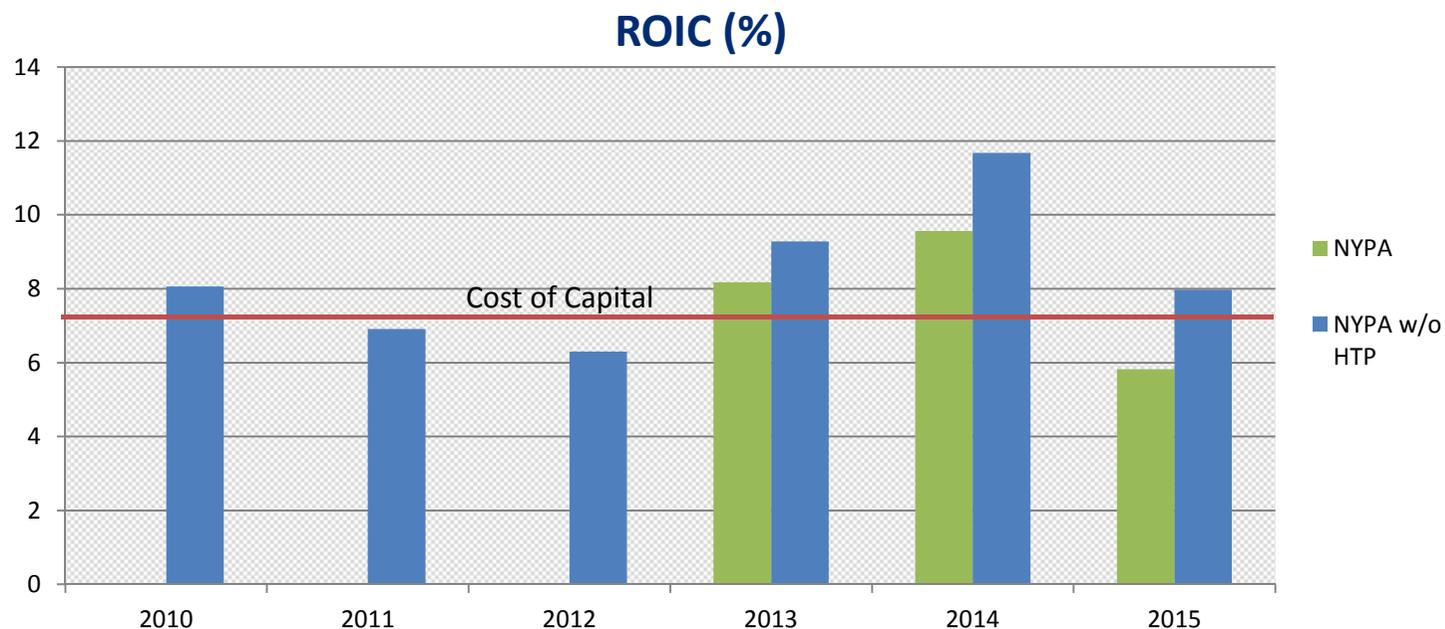
Hydro generation was 6% below budget for the year. Increased hydro volume expected for 2016.

## Energy Price Forecast



Energy Zone A (Western NY) prices continue to be significantly below budget. Zone A price for the year was 28% below the budget.

## NYPA Return on Invested Capital (2010-2015)



**Notes:**

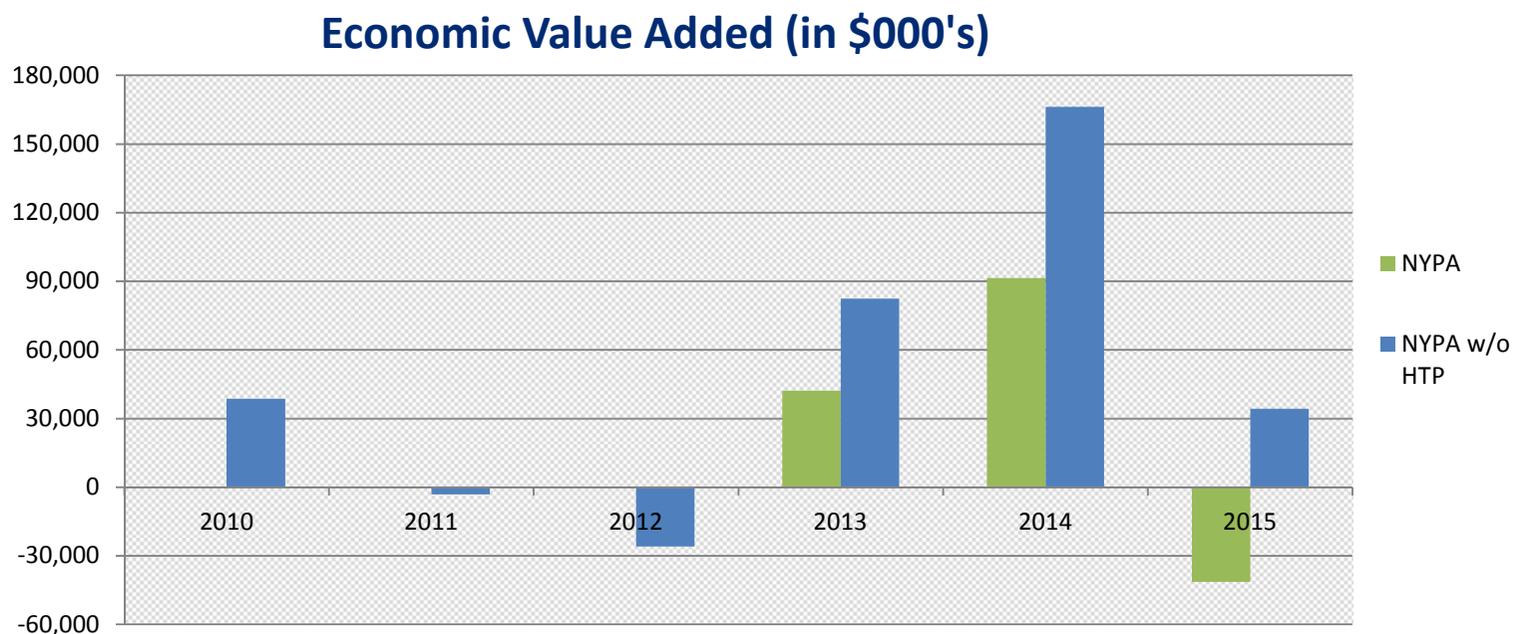
ROIC and EVA charts exclude the impact of various “other expenses” which are not considered part of regular O&M as they fund State requested programs and non-revenue producing initiatives including:

**Energy Projects**, including Battery Charging Stations, and others;

**Economic Development**, including WNY Workforce Development, Five Cities Master Plan, and others;

**Legislative Mandates**, including the NYSERDA Strategic Fuel Reserve, and others.

## NYPA Economic Value Added (2010-2015)



**Notes:**

ROIC and EVA charts exclude the impact of various “other expenses” which are not considered part of regular O&M as they fund State requested programs and non-revenue producing initiatives including:

**Energy Projects**, including Battery Charging Stations, and others;

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