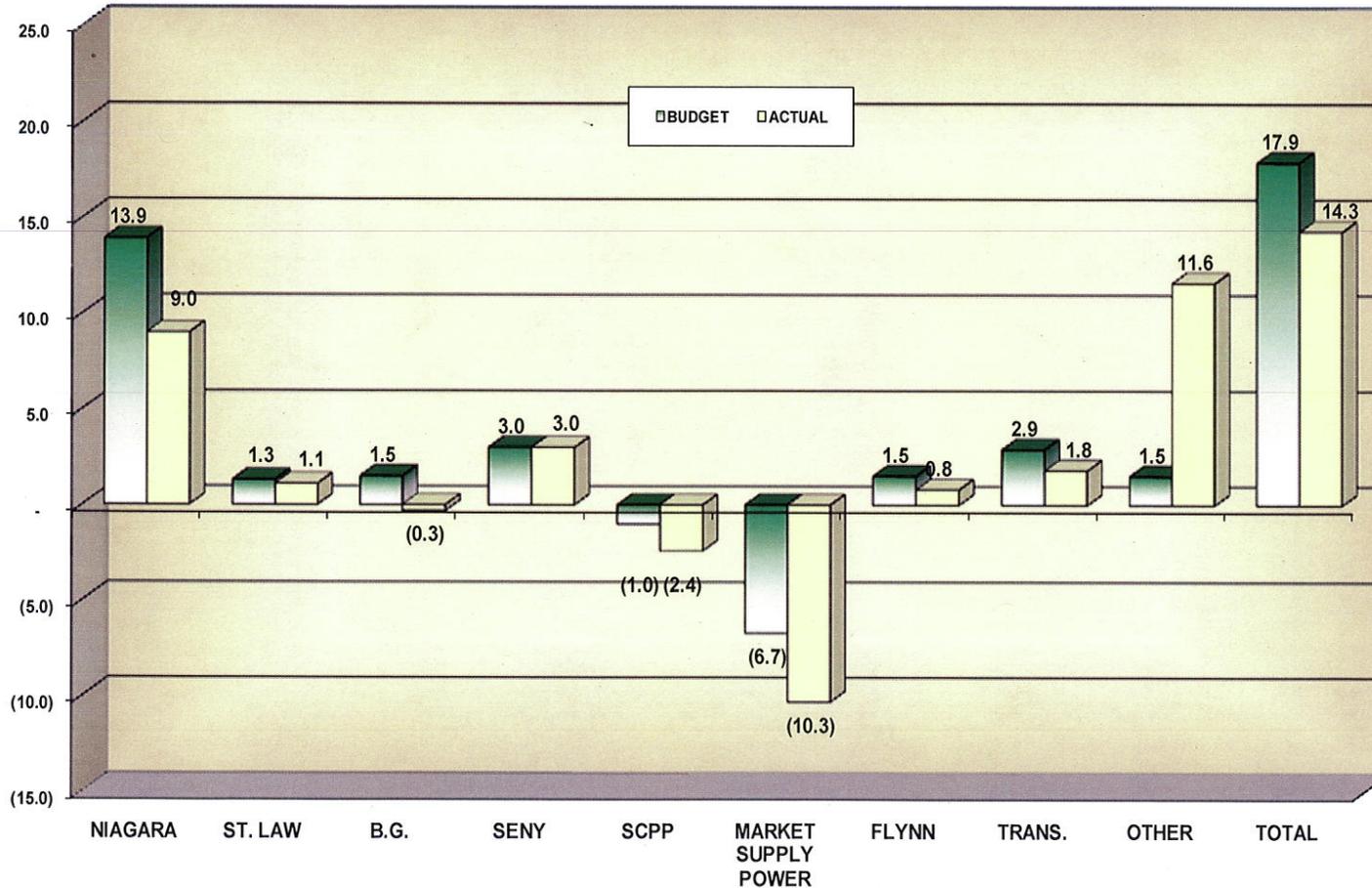


NEW YORK POWER AUTHORITY

REPORT OF THE CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED DECEMBER 31, 2008

Net Revenues By Facility Preliminary-December 2008 * (\$ in millions)



Major Factors	Better (Worse)
Niagara Lower ancillary service revenues & higher O&M.	(4.9)
MSP Higher P4J rebates due to higher market energy prices.	(3.6)
Blenheim-Gilboa Lower volumes and prices on market based sales	(1.8)
SCPP'S Lower production and lower spark spreads.	(1.4)
Other Primarily MTM gain on investments** (16.6), partially offset by accrued contributions to NYS (4.5).	10.1
Misc.	(2.0)
TOTAL	(3.6)

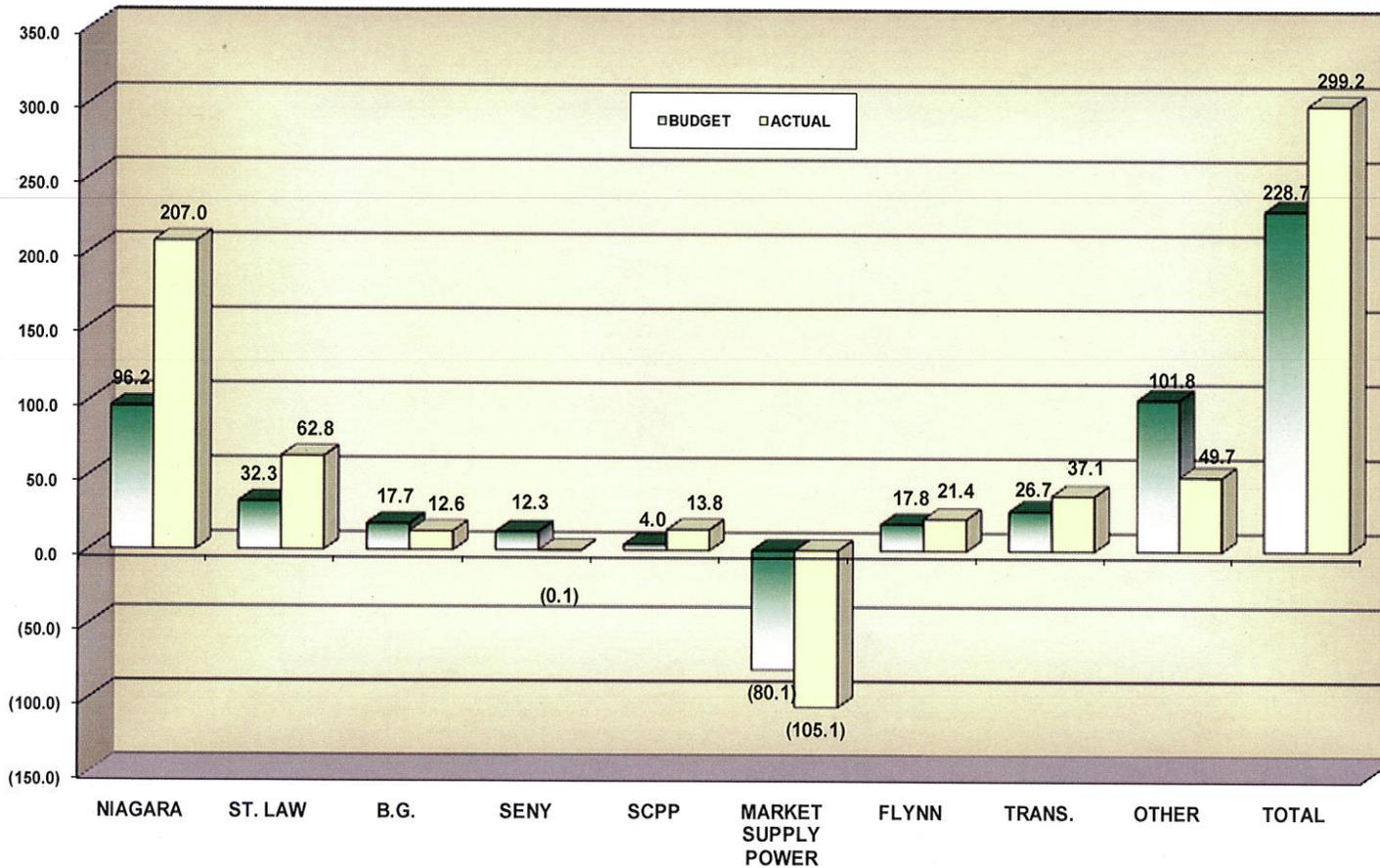
*Subject to adjustments resulting from the external audit and a true-up of estimates to actual amounts.

**Primarily due to a significant decline in market interest rates increasing the value of our holdings. Agency securities increased in value as the Federal Reserve announced intent to purchase such securities on the open market.

Net Revenues By Facility

Preliminary-Year ended December 31, 2008 *

(\$ in millions)

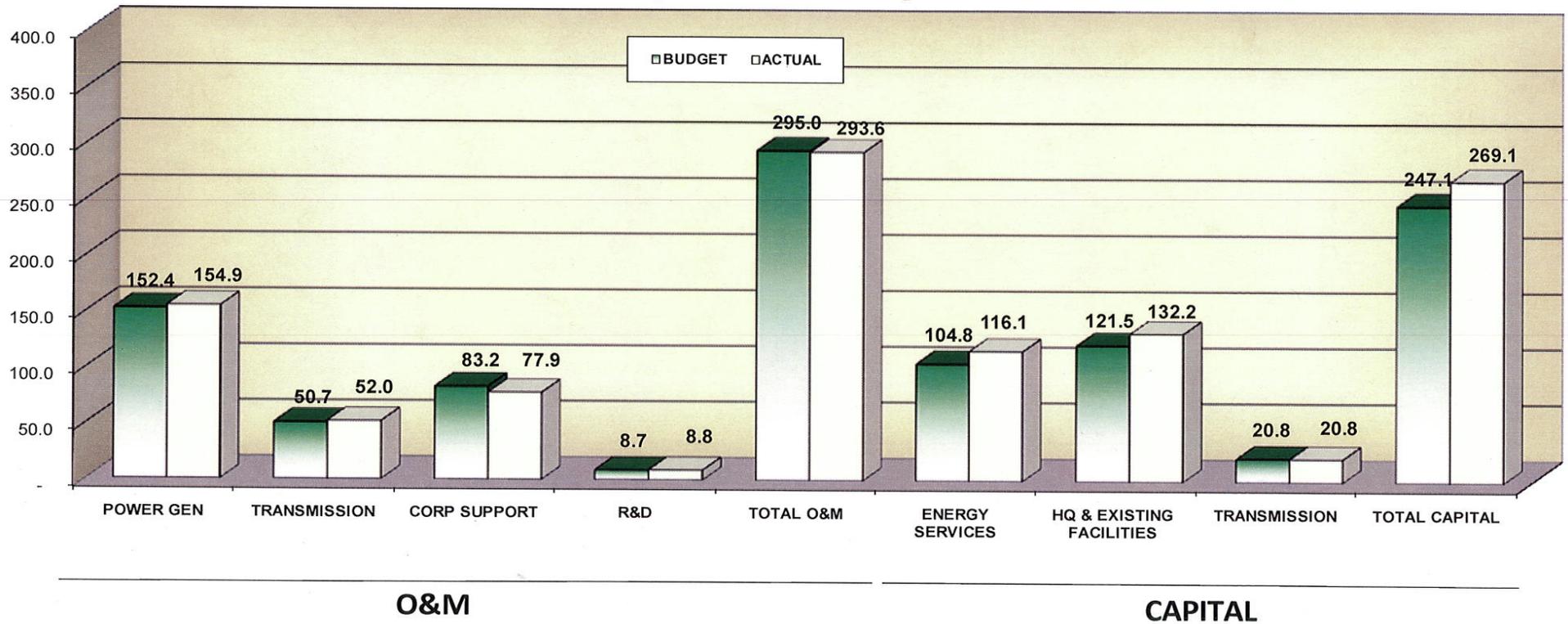


Major Factors	Better (Worse)
Niagara Higher revenues due to higher production (14%).	110.8
St. Lawrence Higher market based sales & lower PP (18% higher production).	30.5
SENY Loss on 500MW compressor (18.5) partially offset by lower depreciation.	(12.4)
SCPP's Higher spark spreads on market-based sales.	9.8
MSP Higher rebates (9.5) & settlements and mark-to market loss on ESCB & P4J rebate swaps (19.8).	(25.0)
Transmission Primarily FACTS congestion rents.	10.4
Misc. Primarily additional accrued contribution to NYS (60).	(53.6)
TOTAL	70.5

*Subject to adjustments resulting from the external audit and a true-up of estimates to actual amounts.

O&M and CAPITAL EXPENDITURES

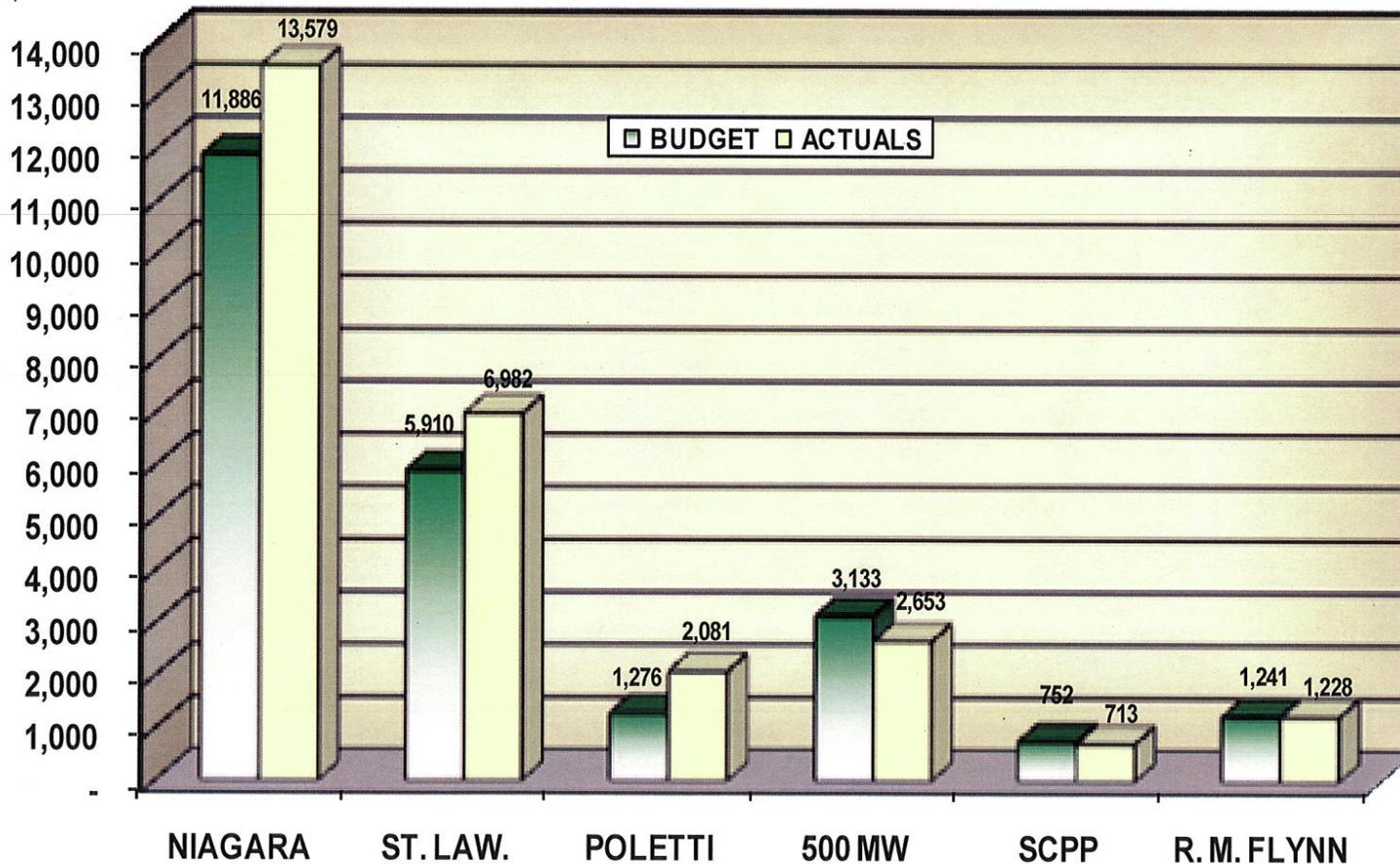
Preliminary-Year ended December 31, 2008 (\$ in millions)



- For the year, O&M expenses were \$1.4 lower than the budget.
- Power Generation expenditures were \$2.5 higher primarily due to higher than anticipated spending at the 500MW facility due to unplanned major repairs to the compressors and generators. This negative was substantially offset by delays in non-recurring projects at Niagara & BG and less than expected contractor expenses for recurring maintenance at Poletti.
- Corporate Support expenses were under budget by \$5.3 due mostly to under spending for ERAC and ERM consultants, IT communications, software, and CSS building maintenance and contract services.
- Higher capital expenditures at HQ and existing facilities resulted primarily from unbudgeted projects at the 500MW facility (compressors) and BG (high pressure cables). Greater spending in energy services was due to accelerated activity related to governmental service projects.

GENERATION

Year ended December 2008 (MWH in thousands)

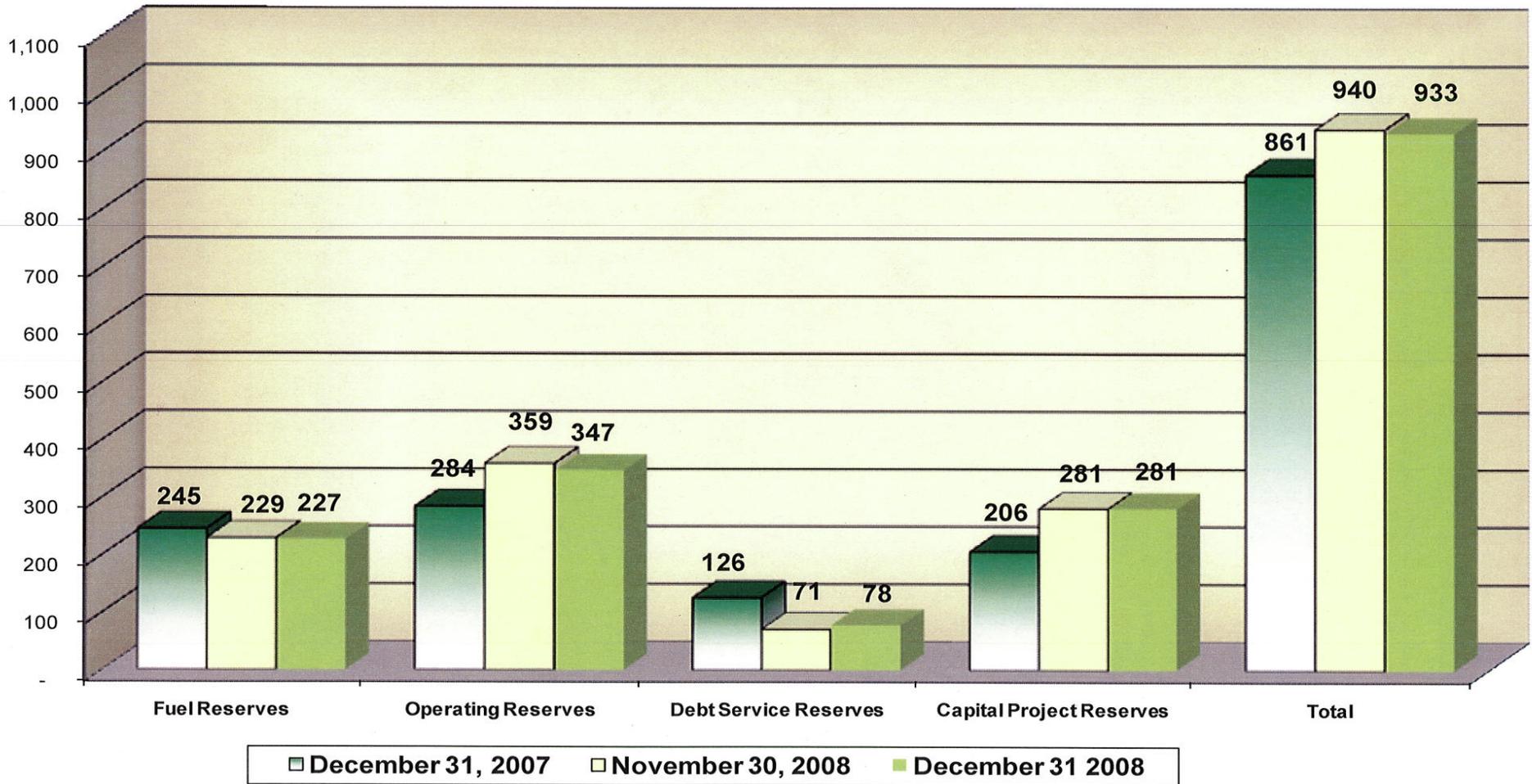


GENERATION
MONTH OF DECEMBER 2008

	BUDGET	ACTUAL	%
NIAGARA	1,169	1,301	11%
ST. LAW	492	548	11%
POLETTI	93	120	29%
500MW	256	284	11%
SCPP	39	26	-33%
FLYNN	110	113	3%
BG	(39)	(17)	-56%
SM. HYDRO	18	17	-6%
Total	2,138	2,392	12%

Production for December was 12% higher than anticipated resulting in 2008 generation (27,164 gwh) which was 13% higher than budgeted (23,990 gwh). For the year, generation was higher Niagara (14%), St. Lawrence (18%) and Poletti (63%) partially offset by lower production at all other facilities.

Operating Fund As of December 31, 2008



Fuel Reserves include \$215.5 million for Nuclear Spent Fuel and \$11.5 million for Energy Hedging Reserve Fund.

**New York Power Authority
Financial Reports
For The Year Ended December 31, 2008**

NET REVENUES			
<i>(in \$ millions)</i>			
PRELIMINARY*			
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenue			
Customer	\$2,041.3	\$2,001.3	\$40.0
Market-Based Power Sales	986.9	723.8	263.1
Ancillary Services	67.2	60.2	7.0
NTAC and Other	100.0	92.6	7.4
	<u>1,154.1</u>	<u>876.6</u>	<u>277.5</u>
	3,195.4	2,877.9	317.4
Operating Expenses			
Purchased Power	1,106.5	1,055.2	(51.3)
Fuel Consumed - Oil & Gas	615.1	542.8	(72.3)
Ancillary Services	135.2	91.1	(44.1)
Wheeling	387.5	384.3	(3.2)
Operations & Maintenance	293.6	295.0	1.4
Depreciation & Amortization	173.1	175.4	2.4
Contributions to State General Fund	85.0	25.0	(60.0)
Other Expenses	157.0	115.9	(41.1)
Allocation to Capital	(9.4)	(8.0)	1.4
	<u>2,943.6</u>	<u>2,676.7</u>	<u>(266.9)</u>
Net Operating Revenues	251.7	201.2	50.6
Investment Income			
Post Nuclear Sale Income	90.7	90.7	-
Interest Income	46.5	53.7	(7.2)
Mark to Market Investments	24.5	12.0	12.5
	<u>161.7</u>	<u>156.4</u>	<u>5.3</u>
Interest and Other Expenses	<u>114.3</u>	<u>128.9</u>	<u>14.6</u>
Net Revenues	<u><u>\$299.2</u></u>	<u><u>\$228.7</u></u>	<u><u>\$70.4</u></u>

* Subject to adjustments resulting from the external audit and a true-up of estimates to actual amounts.

**New York Power Authority
Financial Reports
For The Year Ended December 31, 2008**

COMPARATIVE STATEMENT OF NET ASSETS

(in \$ millions)

PRELIMINARY

	<u>December 2008</u>	<u>December 2007</u>	<u>Net Change</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,366.1	\$3,449.8	(\$83.7)
Construction Work In Progress	<u>163.1</u>	<u>124.5</u>	<u>38.5</u>
Net Utility Plant	3,529.2	3,574.3	(45.2)
Restricted Funds	101.0	93.7	7.3
Construction Funds	215.2	261.2	(46.0)
Investment in Decommissioning Trust Fund	811.8	979.3	(167.5)
Current Assets:			
Cash	.1	.1	-
Investments in Government Securities	961.1	861.4	99.6
Interest Receivable on Investments	7.1	20.1	(13.0)
Receivable-Customers	159.4	175.4	-
Materials & Supplies - Plant & General	84.4	75.6	8.8
- Fuel	40.6	33.8	6.8
Prepayments and Other	193.9	44.3	149.6
Notes Receivable - Nuclear Sale	182.2	193.5	(11.3)
Deferred Charges and Other Assets	<u>504.2</u>	<u>478.6</u>	<u>25.6</u>
TOTAL ASSETS	<u>\$6,790.2</u>	<u>\$6,791.3</u>	<u>(\$1.1)</u>
LIABILITIES AND OTHER CREDITS:			
Long-term Debt			
Bonds	1,702.0	1,869.2	(167.2)
Notes	144.0	150.0	(6.0)
Short-term Notes Payable	272.5	268.5	4.0
Accounts Payable and Accrued Liabilities	934.8	846.2	88.6
Spent Nuclear Fuel Disposal	215.5	211.3	4.2
Decommissioning of Nuclear Plants	811.8	979.3	(167.5)
Deferred Revenue	<u>141.9</u>	<u>198.4</u>	<u>(56.4)</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u>4,222.6</u>	<u>4,522.9</u>	<u>(300.3)</u>
ACCUMULATED NET REVENUES - JANUARY 1	2,268.4	2,033.6	234.8
NET REVENUES	<u>299.2</u>	<u>234.8</u>	<u>64.4</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,790.2</u>	<u>\$6,791.3</u>	<u>(\$1.1)</u>