

# 2013 Operating Budget

(\$ Millions)

	<b>Operating Budget 2013</b>
<b><u>Operating Revenues:</u></b>	
Customer Revenues.....	\$2,119.6
NYISO Market Revenues.....	<u>678.6</u>
<b>Total Operating Revenues</b>	<b>2,798.1</b>
<b><u>Operating Expenses:</u></b>	
Purchased Power.....	773.8
Fuel oil and gas.....	322.9
Wheeling Expenses.....	582.9
O&M Expenses.....	413.4
Other Expenses.....	201.1
Depreciation and Amortization.....	<u>227.8</u>
<b>Total Operating Expenses</b>	<b>2,522.0</b>
<b>NET OPERATING REVENUES</b>	<b>276.2</b>
<b><u>Other Income:</u></b>	
Investment Income.....	27.7
Other Income.....	<u>76.6</u>
<b>Total Other Income</b>	<b>104.2</b>
<b><u>Non-Operating Expenses</u></b>	
Interest & Other Expenses.....	185.0
Contributions to State.....	<u>65.0</u>
<b>Total Non-Operating Expenses</b>	<b>250.0</b>
<b>NET INCOME</b>	<b><u>\$130.4</u></b>

# 2012 - 2013 Plan Variance

## (\$ Millions)

	Original Budget <u>2012</u>	Forecast <u>2012</u>	Budget <u>2013</u>	2012 Forecast vs. 2013 Budget <u>Variance</u>
<b><u>Operating Revenues:</u></b>				
Customer Revenues	\$2,173.0	\$2,032.4	\$2,119.6	\$87.1
NYISO Market Revenues	<u>\$695.9</u>	<u>\$650.1</u>	<u>\$678.6</u>	<u>\$28.4</u>
<b>Total Operating Revenues</b>	\$2,869.0	\$2,682.6	\$2,798.1	\$115.6
<b><u>Operating Expenses:</u></b>				
Purchased Power	\$825.8	\$736.8	\$773.8	\$37.0
Fuel oil and gas	\$329.5	\$234.8	\$322.9	\$88.1
Wheeling Expenses	\$610.2	\$598.1	\$582.9	(\$15.2)
O&M Expenses	\$359.2	\$355.6	\$413.4	\$57.8
Other Expenses	\$194.3	\$209.8	\$201.1	(\$8.7)
Depreciation and Amortization	<u>\$222.2</u>	<u>\$225.9</u>	<u>\$227.8</u>	<u>\$1.9</u>
<b>Total Operating Expenses</b>	\$2,541.2	\$2,360.9	\$2,522.0	\$161.0
<b>NET OPERATING REVENUES</b>	<b>\$327.7</b>	<b>\$321.6</b>	\$276.2	(\$45.5)
<b><u>Other Income:</u></b>				
Investment Income	\$31.4	\$34.1	\$27.7	(\$6.5)
Other Income	<u>\$87.5</u>	<u>\$86.9</u>	<u>\$76.6</u>	<u>(\$10.3)</u>
<b>Total Other Income</b>	\$119.0	\$121.0	\$104.2	(\$16.8)
<b><u>Non-Operating Expenses</u></b>				
Interest & Other Expenses	\$195.1	\$186.9	\$185.0	(\$1.9)
Contributions to State	<u>\$85.0</u>	<u>\$85.0</u>	<u>\$65.0</u>	<u>(\$20.0)</u>
<b>Total Non-Operating Expense</b>	\$280.1	\$271.9	\$250.0	(\$21.9)
<b>NET INCOME</b>	\$166.6	\$170.8	\$130.4	(\$40.3)

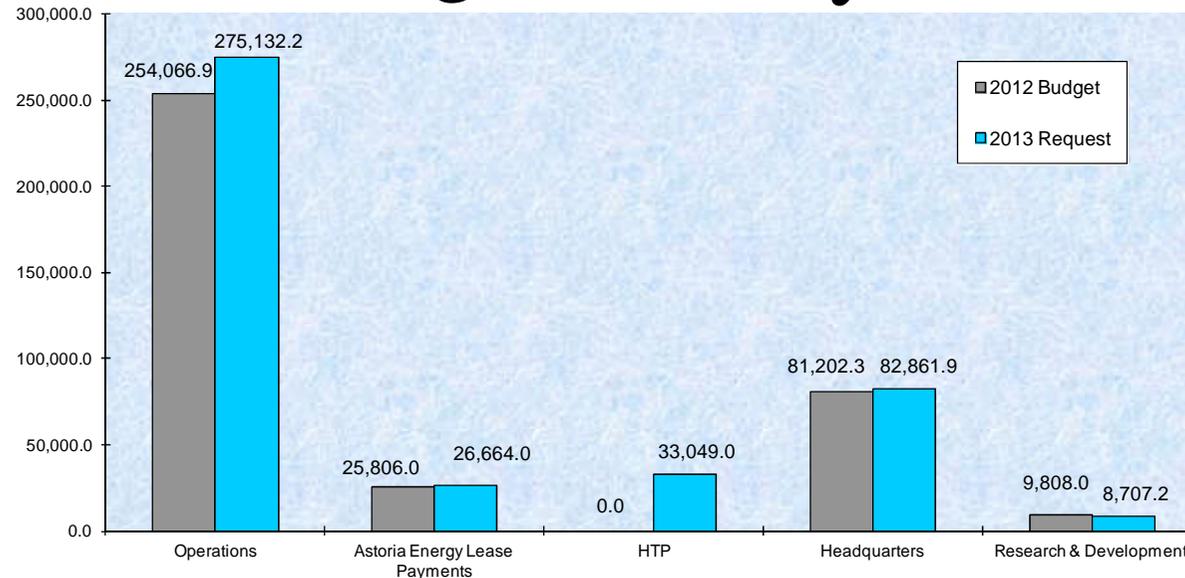
# 2013 Operating Forecast by Project (\$ Thousands)

	<i>Niagara</i>	<i>St. Lawrence</i>	<i>Blenheim</i>	<i>SENY</i>	<i>Small Hydro</i>	<i>SCPP</i>	<i>Mkt Sup Power</i>	<i>Flynn</i>	<i>Trans- mission</i>	<i>Misc.</i>	<i>Year End</i>
<b>Operating Revenues</b>											
Customer Revenue	257,318	139,493	8,359	1,482,819			143,432	101,154	66,913	(79,916)	2,119,572
ISO Revenues	93,719	31,827	48,100	311,084	7,217	84,953			126,399	(52,668)	650,632
Ancillary Services	15,742	1,573	2,172	7,675	20	753					27,935
<b>Operating Revenues</b>	<b>366,779</b>	<b>172,893</b>	<b>58,631</b>	<b>1,801,578</b>	<b>7,238</b>	<b>85,706</b>	<b>143,432</b>	<b>101,154</b>	<b>193,312</b>	<b>(132,584)</b>	<b>2,798,139</b>
<b>Operating Expenses</b>											
Purchase Power	(11,303)	(31,790)	(9,473)	(577,031)		(1,488)	(124,123)			138,345	(616,865)
Ancillary Services	(24,733)	(11,184)	(65)	(32,366)	(42)	(111)	(7,628)				(76,129)
Transmission Congestion	(21,364)	(7,026)		(45,642)			(6,808)				(80,840)
Fuel				(229,117)		(23,999)		(69,752)			(322,868)
Wheeling	(7,629)	(1,313)		(573,012)			(633)	(360)			(582,947)
O&M	(90,475)	(50,897)	(33,170)	(79,420)	(10,495)	(27,904)	(1,902)	(12,434)	(119,717)		(426,414)
Other	(32,351)	(4,949)	(3,397)	(14,340)	(810)	(485)	(109,217)	(1,926)	(8,478)	(25,135)	(201,089)
Depreciation & Amortization	(36,058)	(19,820)	(9,084)	(93,870)	(2,916)	(18,596)	(798)	(5,331)	(41,331)		(227,803)
Allocation to Capital	3,555	2,009	1,471	1,861	351	210	94	408	3,034		12,993
<b>Operating Expenses</b>	<b>(220,356)</b>	<b>(124,971)</b>	<b>(53,717)</b>	<b>(1,642,937)</b>	<b>(13,913)</b>	<b>(72,373)</b>	<b>(251,016)</b>	<b>(89,395)</b>	<b>(166,492)</b>	<b>113,210</b>	<b>(2,521,961)</b>
<b>Nonoperating Revenues</b>											
Investment Income										36,665	36,665
Mark-to-Mark Adjustment										(9,000)	(9,000)
Other Income								805		75,768	76,573
<b>Nonoperating Revenues</b>								<b>805</b>		<b>103,433</b>	<b>104,238</b>
<b>Nonoperating Expenses</b>											
Contributions to State										(65,000)	(65,000)
Interest & Other Expenses	(27,850)	(17,437)	128	(111,876)	(872)	(7)	(4)	(15)	(10,651)	(16,395)	(184,978)
<b>Nonoperating Expenses</b>	<b>(27,850)</b>	<b>(17,437)</b>	<b>128</b>	<b>(111,876)</b>	<b>(872)</b>	<b>(7)</b>	<b>(4)</b>	<b>(15)</b>	<b>(10,651)</b>	<b>(81,395)</b>	<b>(249,978)</b>
<b>Net Income</b>	<b>118,573</b>	<b>30,486</b>	<b>5,042</b>	<b>46,765</b>	<b>(7,548)</b>	<b>13,326</b>	<b>(107,588)</b>	<b>12,549</b>	<b>16,168</b>	<b>2,664</b>	<b>130,438</b>

# O & M 2012-2013 Budget

\$ Thousands			INCREASE / (DECREASE)				INCREASE / (DECREASE)	
	2012 Budget	2013 Budget	\$'s	%	2012 Budget	2013 Budget	\$'s	%
<b>EXECUTIVE OFFICE</b>								
Executive	2,570.0	2,440.4	(129.7)	(5.0%)				
Law	7,842.6	7,894.9	52.3	0.7%				
Internal Audit	1,981.7	2,041.7	60.0	3.0%				
Public, Governmental & Regulatory Affairs	1,476.6	1,614.7	138.1	9.4%				
Corporate Communications	4,012.8	4,133.8	121.0	3.0%				
Strategic Planning	5,108.6	5,727.4	618.8	12.1%				
<b>Office Total</b>	<b>22,992.3</b>	<b>23,852.9</b>	<b>860.6</b>	<b>3.7%</b>				
<b>BUSINESS SERVICES</b>								
EVP Business Services	420.2	582.4	162.2	38.6%				
Controller	4,889.0	5,603.7	714.7	14.6%				
Finance	4,686.6	3,918.1	(768.5)	(16.4%)				
Treasury	1,143.2	1,301.2	158.0	13.8%				
Energy Risk Assessment & Control	55.0	205.8	150.8	273.9%				
<b>Office Total</b>	<b>11,194.1</b>	<b>11,611.2</b>	<b>417.2</b>	<b>3.7%</b>				
<b>CORPORATE SUPPORT SERVICES</b>								
SVP Corporate Support Services	781.1	684.0	(97.0)	(12.4%)				
Corporate Support Services	8,466.6	8,956.2	489.5	5.8%				
Procurement	3,507.0	3,425.0	(82.0)	(2.3%)				
Fleet Management	1,063.8	1,366.4	302.6	28.4%				
Information Technology	22,078.9	23,386.6	1,307.7	5.9%				
Human Resources	4,952.4	5,846.4	894.0	18.1%				
<b>Office Total</b>	<b>40,849.8</b>	<b>43,664.6</b>	<b>2,814.8</b>	<b>6.9%</b>				
<b>ENERGY MARKETING &amp; ECONOMIC DEVELOPMENT</b>								
Energy Services	2,020.4	2,173.0	152.7	7.6%				
Marketing	4,145.7	1,560.1	(2,585.6)	(62.4%)				
<b>Office Total</b>	<b>6,166.1</b>	<b>3,733.1</b>	<b>(2,433.0)</b>	<b>(39.5%)</b>				
<b>OPERATIONS</b>								
Operations Headquarters	22,090.7	23,413.8	1,323.1	6.0%				
Clark	23,806.5	19,744.7	(4,061.8)	(17.1%)				
Blenheim-Gilboa	20,119.4	20,272.7	153.3	0.8%				
500MW	31,606.1	29,385.0	(2,221.1)	(7.0%)				
Flynn	10,298.9	8,856.6	(1,442.3)	(14.0%)				
SENY	6,920.1	7,057.9	137.7	2.0%				
SCPP	23,468.6	26,061.9	2,593.3	11.1%				
Niagara	55,770.2	59,308.8	3,538.6	6.3%				
St. Lawrence	24,545.6	33,287.5	8,741.9	35.6%				
Small Hydros	5,414.3	7,418.5	2,004.1	37.0%				
Transmission Lines	<u>30,026.3</u>	<u>40,324.9</u>	<u>10,298.6</u>	<u>34.3%</u>				
<b>Office Total</b>	<b>254,066.9</b>	<b>275,132.2</b>	<b>21,065.3</b>	<b>8.3%</b>				
<b>Research &amp; Development</b>	<b>9,808.0</b>	<b>8,707.2</b>	<b>(1,100.8)</b>	<b>(11.2%)</b>				
<b>TOTAL NYPA</b>	<b>345,077.2</b>	<b>366,701.2</b>	<b>21,624.0</b>	<b>6.3%</b>				
<b>Astoria Energy II Lease</b>	<b>25,806.0</b>	<b>26,664.0</b>	<b>858.0</b>	<b>3.3%</b>				
<b>HTP</b>	<b>-</b>	<b>33,049.0</b>	<b>33,049.0</b>	<b>0.0%</b>				
<b>Grand Total</b>	<b>370,883.2</b>	<b>426,414.2</b>	<b>55,531.0</b>	<b>15.0%</b>				

# O & M: 2012 – 2013 Summary (\$ Thousands)



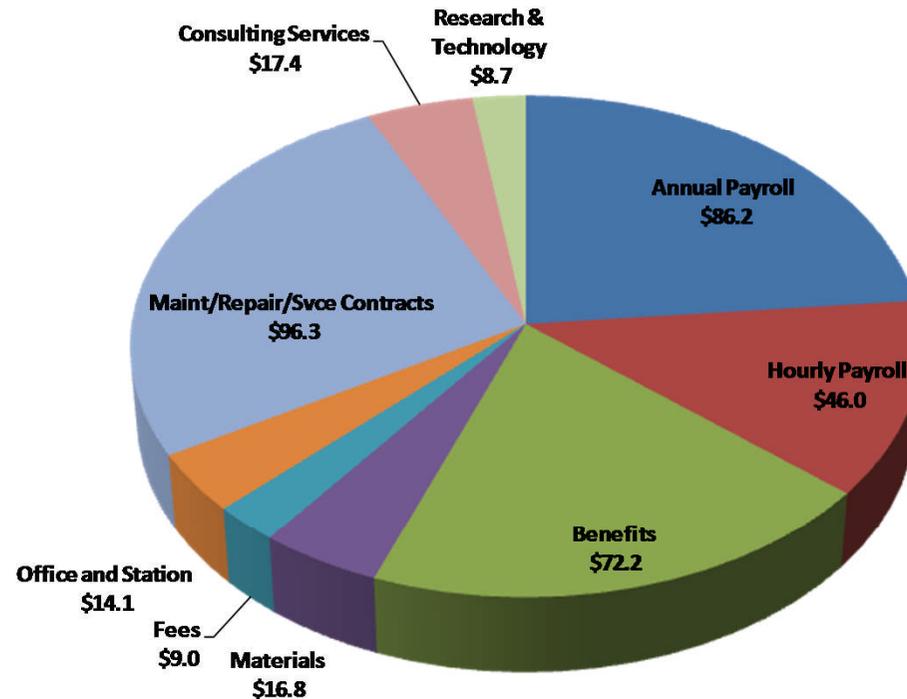
## HIGHLIGHTS

- \* The 2013 base request of \$366.7 million, which excludes lease payments of \$26.7 million for Astoria Energy and \$33.0 million for HTP, is \$21.6 million (6.3%) greater than the 2012 approved budget. When including the O&M component of the Astoria Energy facility lease payment which is fully recovered in customer rates, and the HTP lease, the 2013 request is \$426.4 million.
- \* The requested staffing level is for 1,742 positions, up 27 (1.6%) from January 2012. The increase represents thirteen (13) positions added during 2012, the request for fifteen (15) newpositions in 2013 (six Headquarters positions and nine Operations succession planning positions) and one position elimination in 2012.
- \* The Fringe Benefits (O&M Component) increase of \$7.3 million is mostly driven by a substantial increase in pension costs (\$4.7 million) due to the performance of the New York State Retirement System portfolio from 2008 through mid-2012, a \$1.0 million increase in Medical Insurance and a \$1.6 million increase in OPEB reflecting new actuarial assumptions and revised
- \* Planned outage costs for 2013 total \$13.1 million which is \$0.1 million less than the 2012 outage budget. The following is a breakdown of the outage request by facility:
 

-	500MW	\$7.7 million
-	SCPP's	\$5.4 million
- \* HQ request is \$1.6 million higher than 2012. Major Increases is in fringe benefits (medical, pension and OPEB) and less WPO rental income are mostly offset by various reductions and increased assignment of costs to the operating facilities.
- \* The increase in Operations mainly reflects an increase of \$13.1 million in non-recurring work and an increase in fringe benefits.

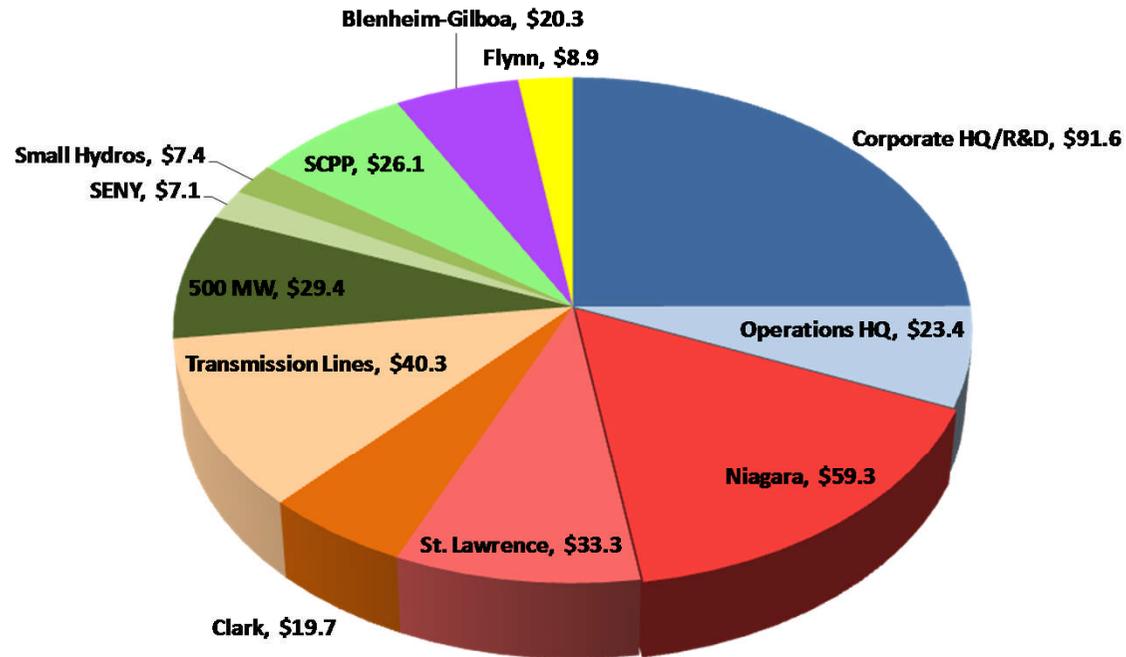
# O & M: 2013 Budget by Cost Element (\$ Millions)

**\$366.7M**  
**(excludes AEII & HTP Leases)**



# O & M: 2013 Budget by Facility (\$ Millions)

**\$366.7M**  
(excludes AEII and HTP leases)



\* Astoria does not reflect annual Lease payments

# O & M: Headcount 2012 – 2013

## Headcount 2012-2013

A net increase of 27 positions reflects:

- \* The request for 15 new positions included in the 2013 Budget
- \* 13 positions added in 2012
- \* Elimination of 1 position

	<u>01/01/12</u>	<u>09/30/12</u>	<u>2013 Request</u>	<u>1/1/12-2013 Inc/(Dec)</u>
<b>Headquarters</b>				
Executive Offices	144	147	149	5
Business Services	108	104	104	(4)
Corporate Support Services	244	246	246	2
Marketing & Economic Development	<u>132</u>	<u>138</u>	<u>142</u>	<u>10</u>
<b>Headquarters Total</b>	<b>628</b>	<b>635</b>	<b>641</b>	<b>13</b>
<b>Operations</b>				
Operations HQ	323	327	328	5
Transmission/Clark	128	129	130	2
Blenheim-Gilboa	109	108	110	1
Poletti/500MW	67	67	67	0
R.M. Flynn	22	22	22	0
Niagara	260	260	260	0
St. Lawrence	<u>178</u>	<u>178</u>	<u>184</u>	<u>6</u>
<b>Operations Total</b>	<b>1,087</b>	<b>1,091</b>	<b>1,101</b>	<b>14</b>
<b>NYPA Total</b>	<b>1,715</b>	<b>1,726</b>	<b>1,742</b>	<b>27</b>

# Capital & Energy Services

## Budget Variance from 2012-2013

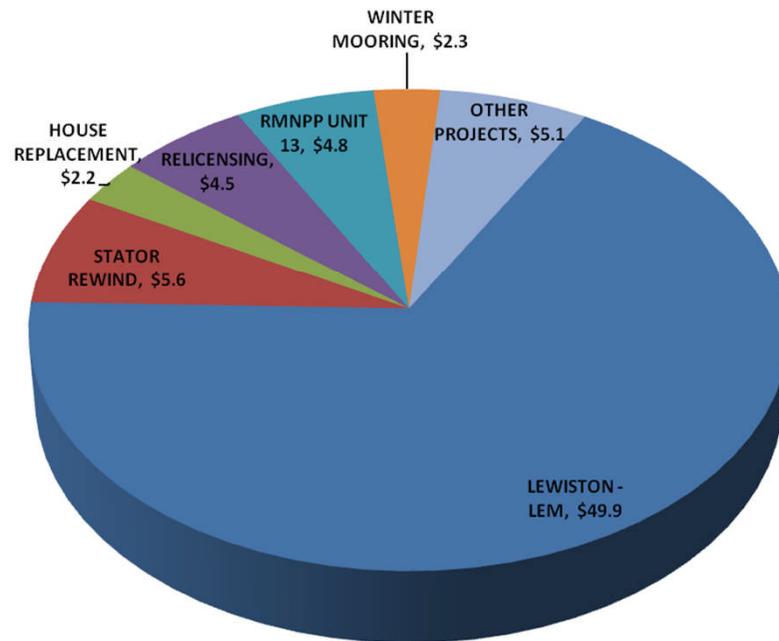
\$ Thousands	2012 CAPITAL BUDGET	2013 CAPITAL REQUEST	INCREASE / DECREASE	% CHANGE
<b>GENERATION FACILITIES</b>				
TRANSMISSION	\$28,311	\$53,923	\$25,612	90.47%
NIAGARA *	\$54,139	\$74,405	\$20,266	37.43%
ST. LAWRENCE *	\$35,457	\$15,765	-\$19,692	-55.54%
BLLENHEIM- GILBOA *	\$7,281	\$5,013	-\$2,269	-31.16%
500 MW	\$9,708	\$9,817	\$110	1.13%
SCPP	\$3,570	\$3,436	-\$134	>100%
FLYNN	\$3,365	\$661	-\$2,704	-80.36%
SMALL HYDRO PLANTS	<u>\$4,218</u>	<u>\$5,165</u>	<u>\$946</u>	<u>&gt;100%</u>
<b>SUB-TOTAL</b>	\$146,050	\$168,185	\$22,136	15.16%
<b>HEADQUARTERS</b>	<u>\$20,715</u>	<u>\$24,092</u>	<u>\$3,378</u>	<u>16.31%</u>
<b>TOTAL CAPITAL</b>	\$166,764	\$192,277	\$25,513	15.30%
<b>ENERGY SERVICES</b>	<u>\$200,000</u>	<u>\$200,793</u>	<u>\$793</u>	<u>0.40%</u>
<b>TOTAL CAPITAL WITH ENERGY SERVICES</b>	<u>\$366,764</u>	<u>\$393,071</u>	<u>\$26,306</u>	<u>7.17%</u>

\* Includes Relicensing and Compliance Implementation Expense

# Niagara Project 2013 Capital Budget Request (\$ Millions)

TOTAL NYPA CAPITAL = \$192.3 MILLION  
 NIAGARA INITIATIVES = \$ 74.4 MILLION / 38.7% OF TOTAL

## Major Niagara Projects

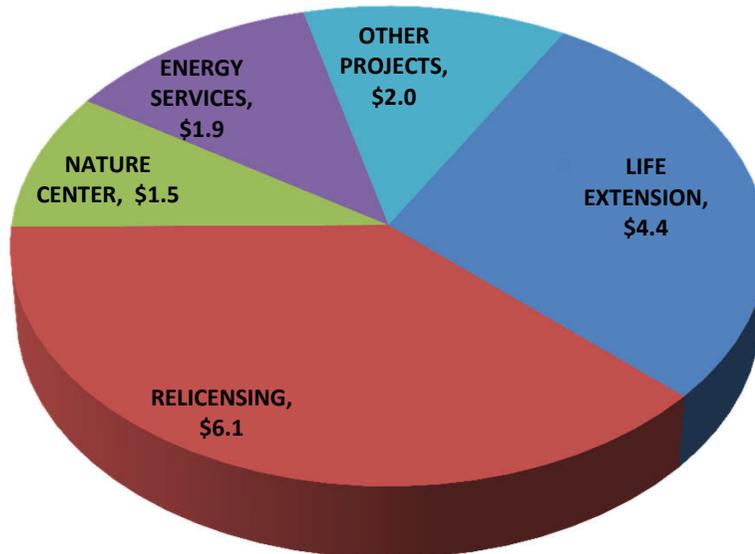


LEWISTON PUMP GENERATION PLANT-LIFE EXTENSION	\$ 49.9
NIAGARA STATOR REWIND	\$ 5.6
SOUTH ACCESS GUARD HOUSE REPLACEMENT	\$ 2.2
NIAGARA RELICENSING - COMPLIANCE & IMPLEMENTATION	\$ 4.5
RMNPP UNIT 13 STANDARDIZATION	\$ 4.8
NIAGARA - WINTER MOORING SITE	\$ 2.3
ALL OTHER NIAGARA PROJECTS	\$ 5.1
<b>TOTAL NIAGARA</b>	<b>\$ 74.4</b>

# St. Lawrence Project 2013 Capital Budget Request (\$ Millions)

TOTAL NYPA CAPITAL = \$192.3 MILLION  
ST. LAWRENCE INITIATIVES = \$ 15.8 MILLION / 8.2% OF TOTAL

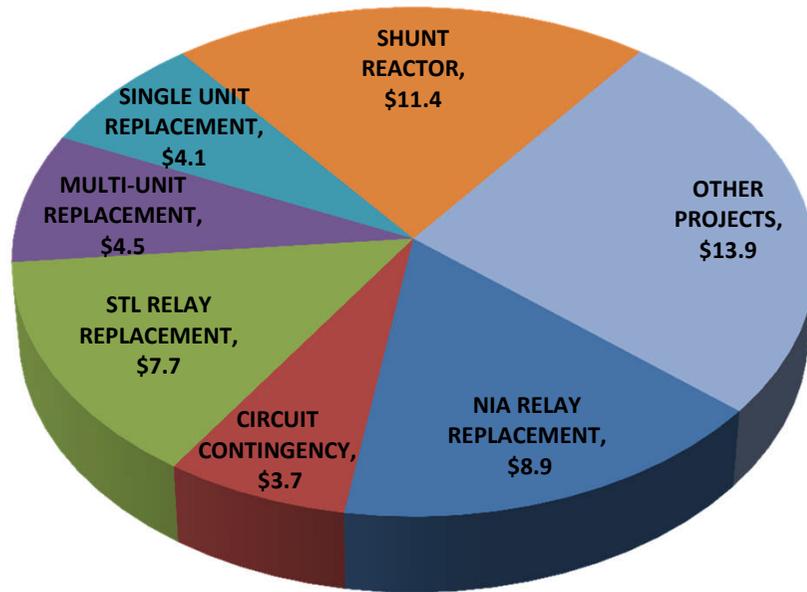
## Major St. Lawrence Projects



STL LIFE EXTENSION	\$ 4.4
STL RELICENSING COMPLIANCE & IMPLEMENTATION	\$ 6.1
STL NATURE CENTER	\$ 1.5
STL SERVICES UPGRADES	\$ 1.9
ALL OTHER STL PROJECTS	\$ 2.0
<b>TOTAL ST. LAWRENCE</b>	<b>\$ 15.8</b>

# Transmission Facilities 2013 Capital Budget Request (\$ Millions)

TOTAL NYPA CAPITAL = \$192.3 MILLION  
TRANSMISSION INITIATIVES = \$ 54.1 MILLION / 28.1% OF TOTAL



## Major Transmission Projects

NIAGARA RELAY REPLACEMENT PROGRAM	\$ 8.9
MOSES-WILLIS DOUBLE CIRCUIT CONTINGENCY	\$ 3.7
ST. LAWRENCE BREAKER AND RELAY REPLACEMENT	\$ 7.6
MASSENA 765/230kV MULTI-UNIT AUTOTRANSFORMER REPLACEMENT	\$ 4.5
MASSENA 765/230kV SINGLE UNIT AUTOTRANSFORMER REPLACEMENT	\$ 4.1
COOPERS CORNER SHUNT REACTOR	\$ 11.4
ALL OTHER TRANSMISSION PROJECTS	<u>\$ 13.9</u>
<b>TOTAL TRANSMISSION</b>	<b>\$ 54.1</b>

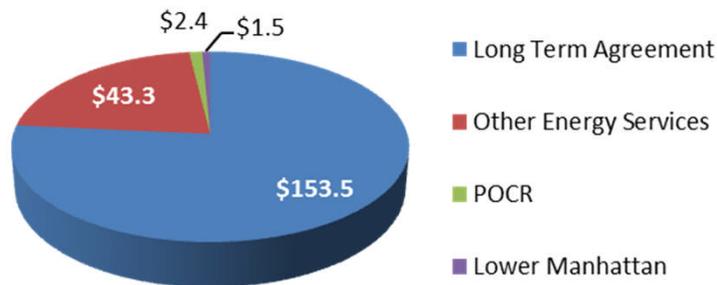
# ENERGY SERVICES

## 2013 BUDGET (\$ Thousands)

	2012 Budget	2013 Budget	INCREASE/(DECREASE)	
			\$'s	%
Long Term SENY Governmental Customers Program	144,921	153,540	8,619	5.95%
Other NYPA Funded Programs	50,756	43,331	(7,425)	-14.63%
POCR Funded Programs	2,195	2,422	227	10.32%
Lower Manhattan Energy Initiative	2,128	1,500	(628)	-29.50%
<b>TOTAL ENERGY SERVICES</b>	<b>\$ 200,000</b>	<b>\$200,793</b>	<b>\$793</b>	<b>0.40%</b>

# 2013 Energy Services Capital Plan Request (\$ Millions)

\$201 million



### Long Term Agreement Program:

The Long Term Energy Program includes the Governmental Services Program and the Peak Load Management Program. The Governmental Services Program encompasses energy efficiency and clean technology projects for the Authority's governmental customers in the downstate region. The Peak Load Management Program will be used to upgrade generation equipment and related systems at facilities of customers participating in the Peak Load Management Program.

### Other Energy Services Programs:

Other programs that are part of the Energy Service capital plan include the Energy Service Program, NYPA facility efficiency program, the Municipal and Cooperative Electric Vehicle program and the Clean Air for Schools Program. These programs will provide public entities with a comprehensive mix of energy efficiency measures, which include, but are not limited to, lighting, boilers, chillers, motors, energy management systems, sensors and drive power improvements.

### Petroleum Overcharge Restitution (POCR):

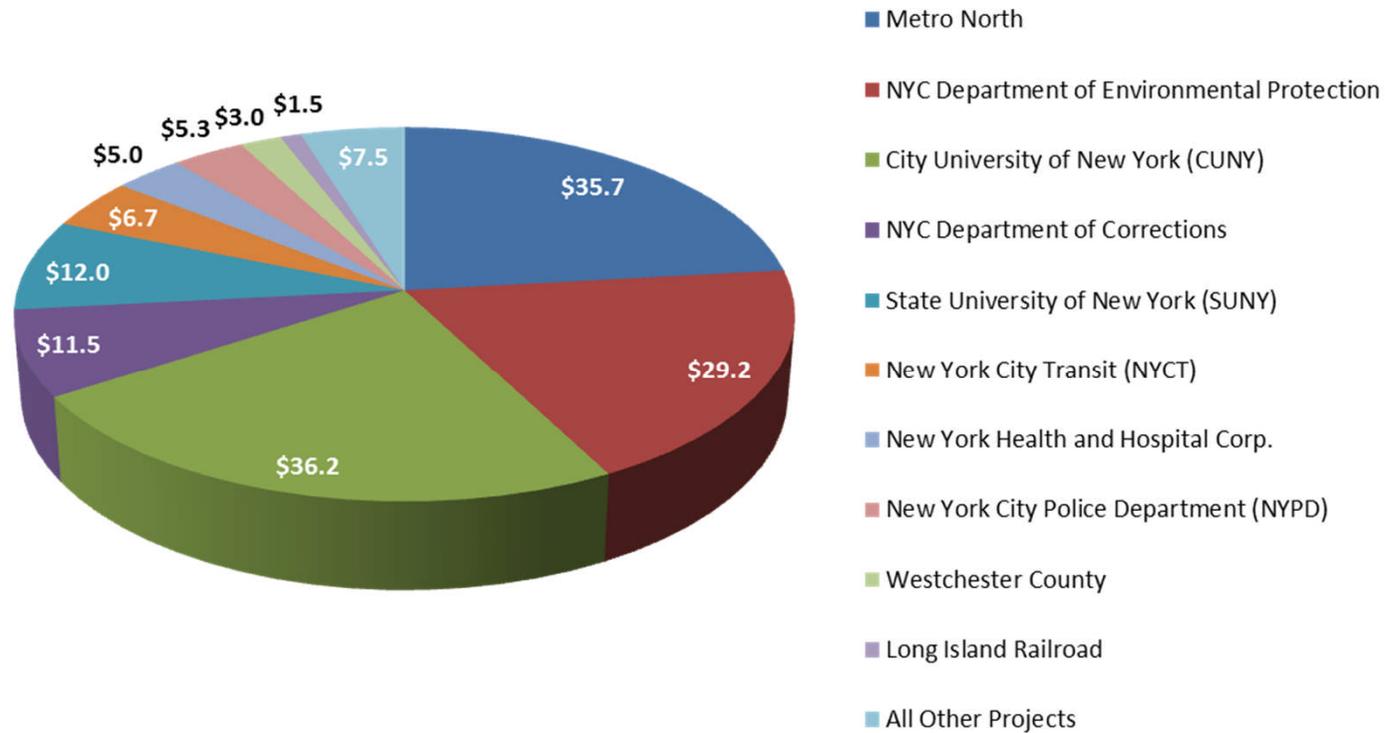
Grants will be provided to participants who implement energy efficient projects. Eligible measures include lighting, motors, roofing, window replacement, fuel cells, energy management systems, HVAC and other projects that meet the eligibility criteria.

### Lower Manhattan Energy Initiative Program:

The State of New York has appropriated \$25.0 million for the Lower Manhattan Energy Independence Initiative (LMEI Account). These funds will be allocated to the Power Authority to fund energy efficiency measures and clean energy technologies for the World Trade Center (WTC) site. The 2013 planned expenditures are for the procurement of fuel cells and the WTC Memorial Foundation.

# Energy Services 2013 Long Term Agreement Program (\$ Millions)

\$154 million



# Energy Services

## 2013 Other Energy Services Programs (\$ Millions)

\$43 million

