

Chief Financial Officer – Summary Report

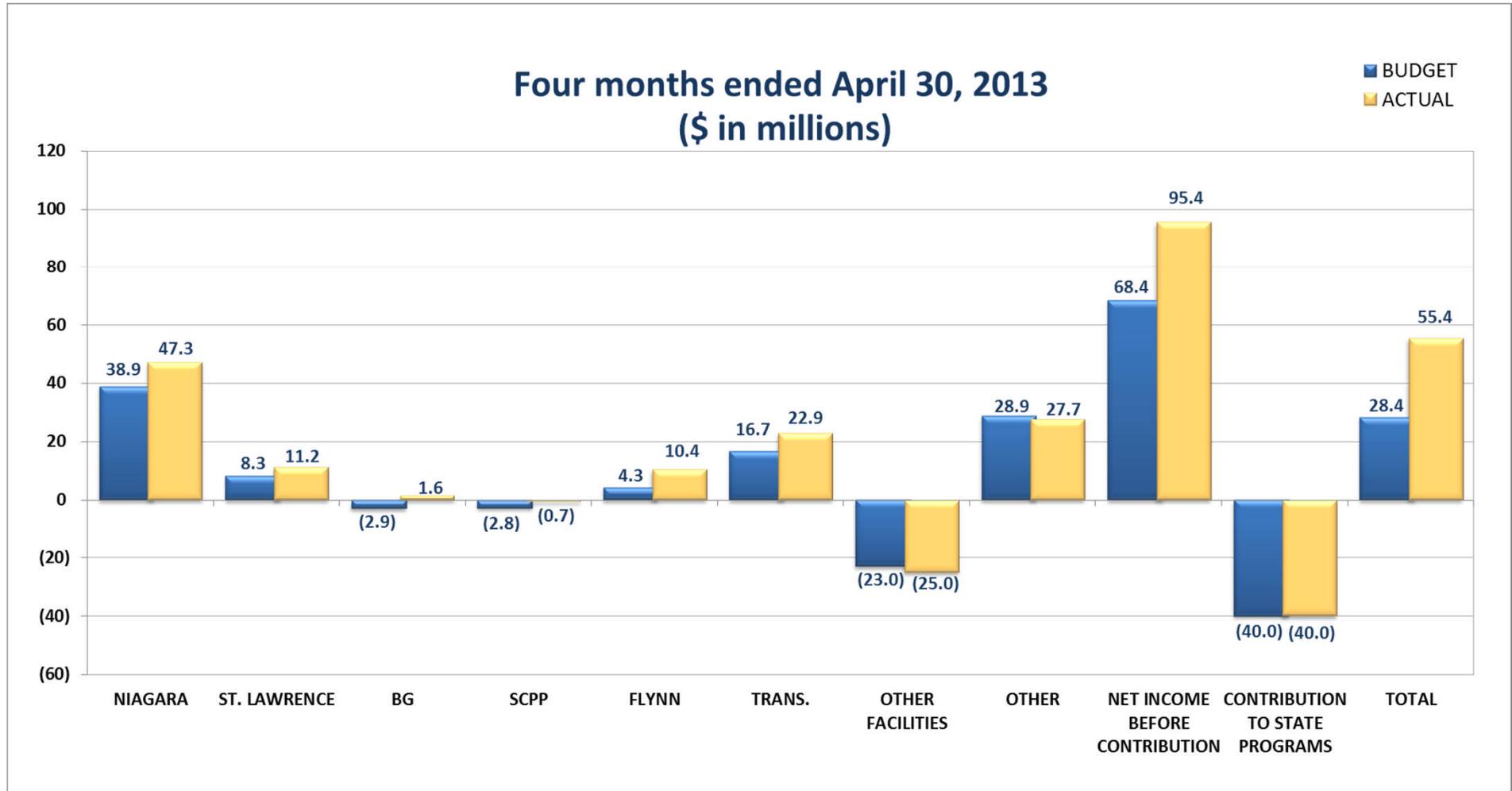
For the four months ended April 30, 2013

Executive Summary

■ Net Income

- Net income through April was \$55.4 million, which was \$27.0 million higher than the budget largely due to a higher net margin on sales (\$28.9 million) partially offset by higher operations maintenance expenses (\$2.3 million)
- Positive variances in net margins at the generating facilities (\$23.8 million) were substantially attributable to higher capacity and energy prices on market-based sales
 - Higher capacity prices stemming from the closing certain generating stations statewide has resulted in a positive impact, primarily at Niagara and Blenheim-Gilboa
 - Energy prices remained higher than anticipated, particularly in the downstate market, resulting in higher margins at Flynn and the SCPPs
- Transmission facility results were also higher than budget (\$5.1 million)
 - Proportionally higher energy prices in the downstate markets increased congestion costs, which had a positive impact on revenue earned by the Authority's FACTS project
- Year-to-date operations and maintenance expenses were higher primarily due to increased spending at the SCPP's (Brentwood combustion turbine and Gowanus bulkhead repairs)

Net Income



Executive Summary

■ Year-End Projection

- Net Income is expected to remain at levels above budget for the year with firmer capacity and energy prices and slightly higher than budgeted hydro generation as the principal drivers
 - **Capacity Prices** – With higher than expected capacity prices, Staff took steps to lock in these revenues by selling approximately half of the surplus capacity in the NYISO 6-month summer strip auction, thereby protecting these revenues from any potential downturn in the market
 - **Hydro Flows** – Coming out of the winter season, hydro generation is currently projected to run about 2% above budget for the year, but still about 7% below long-term average
- At currently projected levels, the Authority’s business requirements for cash flow, and liquidity are expected to be met

■ Risk Management Activities

- Following the Board’s approval last meeting of the updated governance documents – (the **Corporate Policy–Risk Management** and the **Executive Risk Management Committee Charter**) – work continues on a refresh of the risk inventory and the development of forward-looking Key Risk Indicators (KRIs)
- A full report will be provided later during this meeting